

**SCRUTINY PANEL REVIEW PANEL 3  
CO-OPERATIVE ENTERPRISES  
MINUTES**

**Thursday 4 February 2016**

**PRESENT:** Councillors: David Rodgers (Chair), Theresa Byrne, Patrick Cogan, Fabio Conti, Abdullah Gulaid, Anthony Kelly, Gary Malcolm (Vice-Chair), Dee Martin, Ian Proud, Chris Summers, Lauren Wall and Ray Wall.

**Also Present:**

Cath Attlee	- Head of Integrated Commissioning
Harjeet Bains	- Scrutiny Review Officer
Stephen Day	- Director of Adults' Services
Cllr Penny Jones	
Cllr Aysha Raza	
Lee Teasdale	- Democratic Services Officer

**External Attendees:**

Dr. Christina Clamp	- University of Southern New Hampshire (Via Skype)
Laurie Gregory	- Chairman, The Foster Care Co-operative Limited
John McNeill	- Chair, Healthwatch Ealing
Sion Whellens	- Client Services Director, Calverts Cooperative
Shamin Farah	- Ealing resident
Zarah Nur Abukar	- Ealing resident

**1. Apologies for Absence**  
(Agenda Item 1)

Councillor Shital Manro tendered his apologies.

The Council's Economic Regeneration Manager, Carol Sam, also tendered her apologies because of sudden family illness.

**2. Declarations of Interest**  
(Agenda Item 2)

There were none.

**3. Matters to be considered in Private**  
(Agenda Item 3)

There were none.

**4. Minutes of the Last Meeting (01.10.15)**  
(Agenda Item 4)

**Resolved:** That the minutes of the meeting of 2 December 2015 be agreed as a true and correct record.

**5. Urgent Matters**  
(Agenda Item 5)

There were none

**6. Skype Conference with Dr Christina Clamp**  
(Agenda Item 6)

The Chair introduced the item, advising that Dr Christina Clamp was the Director for Co-operative and Community Economic Development at the University of Southern New Hampshire, and would be able to advise the Panel of her experience in working with, and studying of, worker and care co-operatives in the United States.

The Scrutiny Panel connected with Dr Clamp via SKYPE. Dr Clamp advised the Panel that in order for co-operatives to work, there needed to be a fine balance within the between leadership and commercial viability and competence. It was necessary that people with a working knowledge of successful enterprises, in both the co-operative and private enterprise sectors to be available to enable aspiring co-operative enterprises to develop a robust business plan for their co-operative enterprise proposal, and at the same time, have an understanding of how to apply this to the model and ethos of a co-operative enterprise in practice.

The trend of business conversions in the US from owners nearing retirement to co-operatives owned by former employees was described by Dr Clamp. This was being seen increasingly amongst small businesses, whose owners were looking to retire and did not have heirs in place, or had heirs in different professions who did not wish to take control of the family business.

Rather than allowing an established business with a ready-made customer base to fold, business conversions to employee owned worker co-operatives was increasingly being seen and used as a means of ensuring business continuity that was socially and economically sustainable. In the USA 'Project Equity' had undertaken case studies of examples of this model of business continuity.

Examples were cited of co-operative projects taking place across the length and breadth of the United States. A project in Wisconsin which had received the support of the US Department of Agriculture was highlighted, as was the Evergreen Cooperative operating out of Cleveland, Ohio.

Issues that were considered to hamper the growth of co-operative enterprise development included concerns that initial 'buy-in' to projects did not always lead to long-term sustained interest, and that growing too quickly in general was a sustainability issue for many. The need for slow and consistent periods of growth did not allow for the 'quick win' projects that governments sought.

The Chair thanked Dr Clamp for her insightful contribution and invited Panel Members to comment and ask questions.

The Chair opened the further discussion – stating that the subject of business conversions was an interesting area worthy of further investigation. Reference was made to a project in Scotland where retiring business owners were encouraged to consider the worker co-operative ownership model.

In the discussion with Dr Clamp the Chair asked Dr Clamp to comment on the importance of to 'Anchor Institutions' in the local economy and the impact of their "buying power" on the potential to stimulate the development of co-operative enterprises and other forms of social economic enterprises to 'fill the gaps' in supply and service provision where anchor institutions were found, through detailed analysis of where they commissioned supplies and services, to source supplies and services from outside the immediate local economic area.

This topic had formed part of the recent visit made by Panel Members to Preston City Council and revolved around concerns that very little (>30%) of the money spent within Preston actually stayed within the local economy, with research taking place on whether this gap could be filled. In asking Dr Clamp to comment on this question, the Chair acknowledged that the business service infrastructure of Ealing, which is part of the larger economy of West London, was different from Preston and, perhaps, Cleveland Ohio, which perhaps have more discrete and homogenous supply and service hinterland economies.

Dr Clamp advised that there were similar projects taking place in Cleveland, New York City and Springfield, Massachusetts to identify gaps in the local supply and service economies that might possibly be identified by emergent co-operative enterprises.

Councillor Byrne noted that many of the cities referenced by Dr Clamp had a historical record of progressiveness. Did co-operatives depend upon an already established progressive nature to thrive?

Dr Clamp stated that this question was something she had struggled with throughout her career. In the United States there were still some that co-operatives that tied into the post-1950s anti-communist rhetoric. This was particularly frustrating as historically it was well founded that the first co-operative movement in the country had been established by Benjamin Franklin and that co-operatives often offered an effective strategy regardless of personal political leanings. Therefore, there was a need to 'reframe' co-operatives to emphasise the positivity of their collective community action, that was not unlike the long established co-operative and community activity of 'barn-raising' in rural communities.

Sion Whellens of Calverts Co-operative asked if Dr Clamp had experience of union worker-led worker co-operative enterprise development.. Dr Clamp advised that work had been undertaken with the Cincinnati Worker Co-operative in looking at options around a service union acquiring a hospital.

The Chair asked whether many local municipalities in the United States were playing a role in enabling and supporting co-operative networks.

Dr Clamp highlighted New York City as an example where this was the case, though it was noted that the City was somewhat of an anomaly as the municipality earned significant amounts of tax due to being the location of Wall St.

Wisconsin however, whilst receiving significantly lower tax receipts, was still an exemplar when it came to the enabling and supporting of burgeoning co-operative movement.

Laurie Gregory of The Foster Care Co-operative Limited asked whether there was evidence of any multi-stakeholder cooperative movements within the United States which granted more power to the users.

Dr Clamp stated that within the United States she only knew of a few food co-operatives which embraced the multi-stakeholder model. The largest co-operative to embrace this approach was the Spanish Mondragon Corporation which had a multi-stakeholder approach dating back to the 1960s.

The Chair then drew the SKYPE video conference with Dr Clamp to a close, with the Panel thanking Dr Clamp for her valuable and informative contribution to the discussion of the Scrutiny Panel, which had helped to expand and confirm the evidence on which the panel would base its conclusions.

**Resolved:** That the presentation given by Dr Clamp be noted and Dr Clamp be formally thanked by Ealing Council for her willingness to share her expertise and understanding of co-operative enterprises with members of the Scrutiny Panel.

*The Panel agreed the suggestion of the Chair that Agenda Item 8 (Worker Co-operatives) would be heard before Agenda Item 8 (Care Co-operatives to enable Sion Whellans, who had come to give evidence to the Panel despite a heavy cold, to give his evidence early*

## 7. Worker Co-operatives (Agenda Item 8)

Sion Whellens, Clients Services Director of Calverts Co-operative, a workers' cooperative which provided graphic design and printing services, was invited to address the Panel.

Mr Whellens explained that Calverts had been formed in 1977, and he had joined in 1983. Over the last ten years he had been involved with the wider sector and now represented worker co-operatives at European forums.

Mr Whellens stated that good practice examples could be seen in the social co-operatives of Italy where federation of co-operatives that had a specific social purpose as well as clear business entrepreneurial objectives and positive tax incentives because of the social value they created with, now, thousands of members in hundreds of communities across Italy. He was also impressed by the analogous co-operative culture seen in the United States and Canada. For worker co-operatives to succeed there needed to be confidence that people could move forward together. There was concern that many potentialities were lost because people did not have the confidence to "take control of their own lives".

Mr Whellens stated that support from local authorities in enabling worker co-operatives would be invaluable, as many issues were often logistical – such as finding times and locations for meetings, and particularly the lack of understanding and occasional hostility shown by mainstream banking lenders.

Mr Whellens stated that most business sectors of the economy could form co-operative ventures as long as the ethics of the trade in which they operated did not clash. Co-operatives could form around aspirational business opportunities which

sought to fill in gaps in the market. He advised that failing businesses were likely to fail regardless of whether they were turned into co-operative ventures and that policy existed in Canada not to become involved with failing businesses.

Worker co-operatives in the United Kingdom did not have as strong a historical precedent as countries such as Italy, Spain and France, but it was possible. A project in Wimbledon was highlighted where a proposal had been made to convert underutilised library space into co-operative worker hubs.

Important work was taking place with migrant communities, with work being undertaken on food co-operatives in Tower Hamlets being highlighted. There was a need however, to be aware of the context in which some migrant communities may consider co-operatives – elderly Polish migrants for example may show hostility due to historical precedents.

Mr Whellens advised that Co-operatives UK was launching a National Co-operative Development Framework which would provide an online resource for mentoring and support.

The Chair thanked Mr Whellens for his presentation and invited Panel Members to comment and ask questions.

Councillor Conti asked whether Mr Whellens felt that local authorities could aid in dispelling the public's lack of knowledge and confidence in forming worker cooperatives.

Mr Whellens stated that availability of local advice services would be a great bonus, and that discussion was currently ongoing with regards to the formation of a West London Co-operative Development Agency.

Councillor Gulaid made reference to Somali migrant communities in West London. Many members of the community were involved in low paid occupations with little job stability such as cleaning, mini cab driving and care work. Did Mr Whellens have any experience of working with these communities?

Mr Whellens stated that he had knowledge of a multi-cultural cleaning co-operative who were based at Custom House in Newham. The co-operative was being mentored by the Belfast Cleaning Co-operative Society which was successful and well established.

Councillor Lauren Wall asked if any councils in London were already supporting workers co-operatives. Mr Whellens stated that whilst some were "making good noises" such as Lambeth Council, he was not aware of any active support.

Councillor Ray Wall asked if the modern job market proved to be a barrier to the forming of co-operatives, with many people, particularly younger workers, moving around the job market a lot in the present environment.

Mr Whellens advised that freelancer co-operatives did exist, but he had found in speaking with young people that stability and personal development was preferable to freelancing.

Councillor Kelly asked if there were possibilities for 'quick-win' gaps existing in the Ealing market. Mr Whellens stated that there were very few quick win opportunities and that investment needed to form part of a longer term vision. The best example of a relatively quick win would be to utilise underused space as a location for a co-operative hub.

The Chair led the Panel in expressing thanks to Mr Whellens and closed the item.

**Resolved:** That the presentation given by Sion Whellens be received by the Panel.

## **8. Care Co-operatives** (Agenda Item 7)

### **Ealing Council**

The Chair then invited Cath Attlee – Head of Integrated Commissioning, and Stephen Day – Director of Adults' Services to present a paper which considered the potential around promoting care co-operatives in the borough.

The latest figures had indicated that there were now 111 health and social care co-operatives operating in the UK, with a turnover of £60m in 2015, increased from £40m in 2010. Examples included 'Care and Share Associates' in the North of England, 'Care Co-operatives' in Sussex and Living Lives in Suffolk.

All areas of social care were caught by difficult financial constraints at the present time and there was not any form of 'magic bullet solution' to deliver quality services cheaper, but given the deficit in the agencies providing quality domiciliary home care services in the market, the development of a co-operative home care service provider would be of great interest to the council. Any such new enterprise would, of course, need to be able to meet the Care Quality Commission's safeguarding and quality standards.

There was an appetite for sourcing from local communities and ideally co-operative members would be drawn from those already living in local communities and care staff would be trained and managed locally, reducing the problems of housing and transport costs into the borough.

It was considered that cooperatives could be a powerful tool if the local authority could provide an appropriate context. A key role for the Council would be to support any nascent social care cooperative with developing their business case, establishing their partnerships and accessing development funding from a similar range of organisations.

There were many challenges that would need to be broached for a co-operative setup to be successful – with the key challenge being that of ensuring that the statutory duty of safety and quality of care was not put at risk.

A lot of 'organic' caring community initiatives were already taking place with an increase in users taking control. There was a lot of excitement in terms of what was becoming available, though it was understood that the process would be a 'long haul'.

The Chair thanked the officers for their excellent and informative presentation and invited Panel Members to comment and ask questions.

Councillor Jones stated concerns around the risk-averse nature of local authorities. They needed to be a facilitator/hub provider, but how could they go about this role without getting caught up in a 'tricky' anti-competitive practice area?

Cath Attlee advised that discussion had taken place with the Council's legal team and they felt there was a framework which would allow it to happen. If local authorities were able to show that a co-operative or mutual was providing a public service and reinvesting appropriately then progress could be made. It was felt that there was certainly scope for early 'pump-priming'. The Chair made reference to the 'Social Value Act 2012' which gave wider powers to local authorities.

Councillor Martin made reference to personalised budgets; expressing concern around the risks of ensuring long-term affordability.

Stephen Day stated that a personal budget support service was available to all users and that the Council was willing to work with personalised budget holders on projects. An example was cited in which former users of the Albert Dane Day Centre pooled their personalised budgets to create a cinema club; the Council provided funding six months in advance to help facilitate the club.

Councillor Proud stated that the current layers of bureaucracy needed to be reconsidered so that a more 'sensible' approach could be taken to allow care cooperatives to flourish in the borough.

John McNeill, the Chair of Ealing Healthwatch stated that Healthwatch had no problem with the Council playing an enabling role for care co-operatives. Concern was expressed however, about the level and quality of social care being outsourced to the private sector.

The Chair stated how there were many concerns within the care sector at the present time over demand outstripping capacity. His view was that care co-operatives could form part of a solution to this. Did officers feel that capacity issues were worsening? Officers answered that capacity issues were a concern every single day and that the highest levels of concern were seen with those requiring special needs assistance.

Councillor Cogan stated that due to the necessity of safeguarding bodies such as the CQC, it was difficult to choose small co-operatives over larger organisations which had all safeguarding measures securely in place. Officers noted that many voluntary groups had developed into very professional organisations. Councillor Jones suggested that local authorities could facilitate high quality training.

### **The Foster Care Co-operative Limited**

The Chair then invited Laurie Gregory, Chairman of The Foster Care Co-operative Limited to make a short presentation to the Panel (copy on file).

Mr Gregory stated that the potential around co-operative care movements needed to be capitalised on as a number of agencies would disappear if not. A co-operative was a democratic way to deliver services and providing that there was a genuine

multi-stakeholder model of organisation, service users would finally have voting power in regards to the provision of their own care.

The transfer from in-house and external providers to co-operatives could create positive cash flow for new co-operative care providers. Some initial start-up finance would be necessary from the local authority and/or through grants and loans.

The co-operative approach would mean that the local authority could benefit from a 'special culture', a democratic ethos, common ownership and an entrepreneurial approach combined with user and provider driven concern for the quality of care services provided.

The Chair thanked Mr Gregory for his presentation and invited attendees to comment and ask questions.

Councillor Malcolm asked how long on average it would take for co-operative provision of a service to get off the ground. Mr Gregory estimated that it would take from 6 months to a year depending on the level of controversy involved.

Councillor Conti asked if Mr Gregory had found that the motivations and engagement of users waned over time. Mr Gregory stated that this did happen on occasion, particularly in foster care in relation to meeting attendance. Therefore, incentives were offered such as paying travel costs/provide lunches etc.

## **Recommendations**

The Chair asked that Panel Members consider possible recommendations arising from the meeting as a whole:

- It was considered that there was a role for the Council to enable and facilitate, and to enable the establishment of care co-operatives and worked co-operatives as part of the council's overarching economic and social strategy. There was real space for adding to and enhancing services.
- Preston Council, Cleveland and New York City have shown good examples of how local municipal authorities could provide a forum for debate and mentoring support. The examples set by these authorities could provide a strong template for Ealing as an enabler.
- The concept of anchor institutions was worthy of further investigation, particularly how they sought to identify gaps in service provision that co-operative enterprises might fulfil to keep monies spent by anchor institutions and other key businesses within the local economy in a way that helps to achieve the council's priority objective of making Ealing a wealthier and more prosperous place for residents to live.

Such a strategy was potentially specifically important for those on low pay and in insecure employment. Such an approach to encouraging, enabling and supporting the development of co-operative enterprises as part of the council's business enterprise development, employment and economic strategies would also, over time, help to reduce demand for and manage reliance on the

council's support services, particularly for economically disadvantaged and welfare dependent Ealing residents .

- The role of young people within the local working economy was key. The ways of financing or crowd-funding new 'start-up' co-operative enterprises that could help give them a 'step-up' should be explored?
- It was agreed that to meet the increasing capacity needs in the care sector the development of a care co-operative should be facilitated and enabled by using the council's commissioning powers under its general 'Power of Competence' and under the provisions of the Social Value Act 2012. Any new care co-operative that ideally would be a multi-stakeholder co-operative of user members and care worker providers would need a high and consistent standard of care, coupled together with a sustainable business model. The Council could play a vital role as an enabler, commissioner and mentor for the development of such a care co-operative.
- The importance of users could not be underestimated, and the potential unique benefits of the multi-stakeholder model were worthy of further consideration.
- The potential niche market for migrant community worker co-operatives was noted.
- Potentials around business conversions to be further investigated.
- That it be recognised that co-operatives do not form a route towards privatisation of public services.

**Resolved** – That the conclusions raised during the item be taken forward for consideration in the final report.

## 9. Updated Work Programme (Agenda Item 9)

It was agreed that the Scrutiny Review Officer would produce a first draft of the final report, which would then be edited as appropriate by the Chair and Vice-Chair. Panel Members would then be presented with the opportunity at the last meeting to help in finalising the report. Any further suggestions for recommendations from Panel Members were welcomed.

The Chair had attended a meeting with the University of West London in regards to the potential inclusion of co-operative models on business courses. This was to be considered for future inclusion on the syllabus. There was also the possibility that the Chair may become involved with a series of short (one or two week) courses.

A recommendation was to be considered for the final report in which the Council would further explore its relationship with the University of West London's Business School.

The Chair had also recently attended a meeting in Southwark chaired by Laurie Gregory; a report from the chair providing feedback from the meeting would be circulated to Panel Members in due course.

**Resolved:** That the updated work programme for 2015/2016 be agreed.

**10. Date of Next Meeting**

(Agenda Item 10)

**Resolved:** That the next scheduled meeting of the Panel takes place on 7 April 2016.

Councillor David Rodgers, Chair.

The meeting ended at 9.25pm.