

# The Co-operative Economy In Wales



A different way of doing business



## Introduction

The co-operative and mutual sectors in Wales are an essential element of the country's economic and social development. They are a key part of the Third Sector of the economy, and are increasingly recognised as being able to provide essential goods and services not provided by the public or private sectors.

The figures show that co-operatives and mutuals contribute almost £1 billion in sales and 7,000 jobs to the Welsh economy. The sector provides an alternative form of business ownership and can enable family run-businesses facing retirement or sale to continue through conversion to a co-operative.

The co-operative model is successfully applied in many different ways. We are all familiar with the consumer co-operatives on our shopping streets. Employee-owned co-operatives have grown in popularity over the last twenty-five years or so, and are becoming increasingly well known. Housing co-operatives provide an increasingly important element of the UK's housing market, while secondary co-operatives or *consortia* (where each member is a business in its own right) offer great potential for economic development. Other novel approaches continue to be developed, including community ownership, multi-stakeholder co-operatives,

and a co-operative Community Interest Company. Co-operatives operate in all areas of our society and economy, delivering sustainable, profitable goods and services to diverse markets.

Additionally, in these more uncertain times it is the mutual sector that has proved its secure credentials, as it is the members who own the deposits and assets of the Co-operative Bank and the 59 UK Building Societies in the UK.



## Co-operatives and Mutuals Wales

The co-operative and mutual models of businesses ownership and control have been successfully adopted by over 1,000 businesses in Wales since the early 1980s. Local ownership, democratic control and social, environmental and ethical purpose are brought together in a mix that has a proven track record.

To further the development of the co-operative and mutual sectors in Wales, there is a strong need to raise awareness of

the benefits and the opportunities the sector faces.

Co-operatives and Mutuals Wales works towards an economy that consists of commercial and co-operative businesses in a more equal measure, and where the public sector, particularly through its procurement initiatives, actively encourages the creation and expansion of co-operative businesses.

## A co-operative is...

...an autonomous association of people or businesses united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Co-operatives are based on seven internationally agreed principles:-

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation amongst co-operatives
- Concern for community

## Wales Co-operative Centre Wales Co-operative Centre Canolfan Cydweithredol Cymru

The Wales Co-operative Centre has been established for over 25 years, and covers the whole of Wales. It is the largest Co-operative Development Body in the UK. Co-operatives span a wide section of the business and community sector from small community based cafes and community based credit unions, to the larger employee-owned businesses. The Wales Co-operative Centre has structured itself to concentrate on specific areas:-

1. Community regeneration initiatives such as community co-operatives
2. Financial inclusion initiatives such as credit unions
3. Employee ownership through business succession
4. Co-operative consortia and secondary co-operatives



## Co-operative Values

Throughout the UK the social economy is the fastest growing sector of the economy. Co-operatives and mutuals are an essential part of this growth and are able to base their development on key issues:-

*Social Responsibility* – by providing services not provided by the public or private sectors, encouraging full participation and employee involvement, encouraging social inclusion and environmental sustainability.

*Employment* – through the creation of employee-owned businesses, by helping family-owned businesses survive in a new form, by the creation of community-owned businesses that contribute to the regeneration of the community.

*Partnership* – positively encouraging joint working arrangements through secondary co-operatives, to encourage farmers and other businesses to form joint producer or purchasing co-operatives that increase market share and buying potential.

“... co-operative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the task of creating productive employment, overcoming poverty and achieving social integration ...”

*Kofi Annan, former UN Secretary-General*

## The Bigger Picture

Co-operative enterprise is a major force for sustainable economic and social development not just in Wales, but worldwide.



Co-operatives UK ([www.cooperativesuk.coop](http://www.cooperativesuk.coop)) calculates UK co-operatives turn over £27.4 billion and employ 237,000 people.

The Building Societies Association ([www.bsa.org.uk](http://www.bsa.org.uk)) calculates its 59 member Societies in the UK turn over £6.3 billion and employ 51,578 staff.

The International Co-operative Alliance ([www.ica.coop](http://www.ica.coop)) estimates that at the global level, 800million people are members of co-operatives,

which together employ over 100 million people. In 2007, a survey of co-operative and mutual enterprises worldwide ([www.global300.coop](http://www.global300.coop)) found that the top 300 such businesses alone were together equivalent in scale to the world's tenth largest economy, with a collective turnover nearing \$1 trillion.



## Co-operatives and Mutuals in Wales

type	numbers	turnover (£m)	employees	members
agriculture	26	119	96	2,546
club and institute	9	2	n/a	n/a
financial	2	98	398	n/a
credit unions	32	2	80	36,137
housing	26	0.3	n/a	n/a
other	91	112	454	n/a
retail	17	501	5,039	n/a
building societies	3	114	920	479,687
<b>total</b>	<b>206</b>	<b>948</b>	<b>6,987</b>	<b>518,370</b>

## More than Profit

Co-operatives and mutuals are different from other businesses. They are organised solely to meet the needs of their member-owners. As well as financial success they see the way they run their business as achieving an end in itself: to benefit their members, the communities they serve and the welfare of their employees.

The **Co-operative Group**, the largest consumer co-operative in the world operates stores across Wales. The group also owns the Co-operative Bank, Co-operative Insurance, Smile, Co-operative Pharmacy, Co-operative Travel, and Co-operative Funeralcare. It actively works with its members through local committees, as well as providing a modern version of the 'divi' through its membership card scheme.



**Welsh Lamb & Beef Producers Ltd** is a farmer controlled agricultural co-operative. Livestock farming is of significant commercial importance to rural Wales with the preservation of the family farm critical to the maintenance of Welsh culture and the scenic beauty of the Welsh countryside and landscape. The sustainability of Welsh livestock farming is dependent on the marketing of the outputs of livestock farming. Welsh Lamb & Beef Producers Ltd. is an excellent example of agricultural co-operation in action with farmers achieving considerable successes from working together to promote and market their outputs as branded Welsh Lamb and Welsh Beef, providing farmers with autonomy and independence; therefore, giving them control of their own destiny.

**DLT Training Ltd** provides industrial training services in freight logistics and materials handling to thousands of people a year across the South Wales area, and along with their Construction Plant Operator training, produced a turnover worth over £921,000 in 2005. DLT's origins go back to 1968 when the National Freight Company set up a training division in Bridgend. The company was formed after a management buy-out from British Road Services (BRS) in 1992. In 2006, when the previous owners wanted to retire, eleven employees of DLT Training Ltd, put their savings together and took the plunge to become the company's new directors in a worker co-operative.

**Dylan's Den;** When a group of five mothers at Treorchy Primary School found out that the after-school club was closing down, they decided to solve the problem by setting up their own business, Dylan's Den. With support from the Wales Co-operative Centre, the five Mums decided to go for it and form their own co-operative, keeping on the existing staff. The business provides an essential service for working parents at the school, and is open from 3.20-5.15pm. The five founding members have all become directors, and there are plans to recruit more parents as well as all the staff as members.

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Co-operatives and Mutuals Wales is the representative body (Regional Co-operative Council) for the wider Co-operative movement in Wales, and the National/Regional arm of Co-operatives UK, which is the apex body for all kinds of co-operatives in the UK, and is an Industrial and Provident Society that is democratically controlled by its members.

Co-operatives and Mutuals Wales members include: the Co-operative Group, the Co-operative Bank, Institute for Research into Co-operatives (UWIC), the Wales Co-operative Centre, the Co-operative Party, and ABCUL.

Co-operatives and Mutuals Wales is supported financially by the Co-operative Enterprise Hub