Julian Manley
Lynn Froggett
Report
26 February 2016

Co-operative Activity in Preston

A Report written for Preston City Council by the Psychosocial Research Unit, University of Central Lancashire

‘What type of society do we want to live in? How do we share work and share money?’

- Focus Group

Introduction

In 2015 Preston City Council commissioned UCLan to pursue a pilot research project and report into co-operative activity in Preston with a view to contributing to the Council’s policy developments in promoting the local economy and strengthening local democracy. This report is intended to respond to the Council’s aims in city development strategies, which include:

- *Working with a number of ‘anchor based’ institutions*: Following the Cleveland Evergreen Co-operatives example (http://www.evgoh.com), identify ‘anchor’ institutions that are major wealth creators in Preston and encourage more local activity and procurement.

- *Increasing the amount spent on goods and services in the local economy*: Following on from working with anchor institutions, find other ways of encouraging wealth creation in the local economy.

- *Creating a number of new worker owned businesses*: Encourage the creation of worker-owned co-operatives to fill in the gaps identified by local businesses investing elsewhere.

- *Encouraging companies to sell the business to the employees when the owner retires*: Disseminating ‘Simply Buyout’ resource a guide to employees buying businesses instead of investors (http://www.uk.coop/resources/simply-buyout)

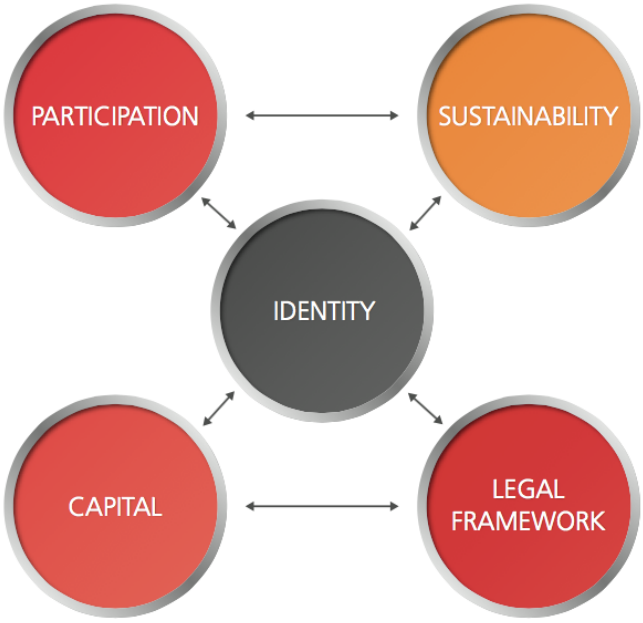
- *Creating or encouraging the establishment of a credit union*: Guild Money Credit Union was created in November 2015 to facilitate affordable and ethical loans for the local economy (http://www.preston.gov.uk/news/2015/nov/guild-money-credit-union-information-day)

Much progress has been made to date, including the publication of the Centre for Local Economic Strategies report 'Creating a Good Local Economy: The Role of Anchor Institutions' (CLES, 2015[1]), that has become the foundation paper for Preston's local economy regeneration strategy. Embedded in this strategy is the recommendation that a resilient local economy could be underpinned by worker-owned co-operatives, which has been specifically mentioned by the Shadow Vice Chancellor in a speech given to the annual Co-operative conference in Manchester for 2016, Ways Forward IV:

> 'And the council is actively seeking opportunities to create local co-operatives as a part of local business succession, working with the local Chamber of Commerce. The aim is to sustain high quality local employment, by giving the chance for workers to keep a business in local hands.'
>
> (John McDonnell MP, Ways Forward IV conference, Manchester, 21.01.16)

Context

2012 was the United Nations International Year of Co-operatives, and there has been a growth of interest in the potential for co-operatives to provide solutions to the crisis of the neo-liberal marketplace since 2008. In January 2013, the International Co-operative Alliance (ICA) published a document intended to create the basis for this new interest in co-operative working: 'Blueprint for a Co-operative Decade'[2]. In it, the authors identify five key areas of development towards a co-operative paradigm: participation, sustainability, capital, legal framework and identity.



Above all, the document points to the importance of co-operative identity for the future development of co-operatives, without which it would be difficult for the other developmental areas to gel.

[1] Matthew Jackson, Deputy Chief Executive and Neil McInroy, Chief Executive of CLES, Manchester

[2] Planning Work Group of the International Co-operative Alliance by Cliff Mills and Will Davies, Centre for Mutual and Employee-owned Business, University of Oxford

‘ Co-operatives don’t simply appear different, thanks to some image makeover – they fundamentally are different.’

- *Blueprint for a Co-operative Decade, p. 20*

Co-operativism, then is being hailed by some (Mason, 2015)[3] as the beginning of a post-capitalist society and a new way forward:

> ‘Almost unnoticed, in the niches and hollows of the market system, whole swaths of economic life are beginning to move to a different rhythm. Parallel currencies, time banks, cooperatives and self-managed spaces have proliferated, barely noticed by the economics profession, and often as a direct result of the shattering of the old structures in the post-2008 crisis.’[4]

Working co-operatively also brings with it a new economics. Novkovic and Webb (2014, pp. 287-288)[5] suggest that such a new economic framework should include the following principles:

- people centred
- steady-state growth
- localised
- built on social relationships
- reducing inequality
- economic democracy
- ethical finance
- sustainability and resilience

Recent work in Scotland suggests that worker-ownership of business can be a driver towards redistribution of income and an economy where local wealth is generated rather than sent elsewhere to serve individualistic and often absent economic interests:

[3] *PostCapitalism*, published by Allen Lane
[4] Paul Mason: http://www.theguardian.com/books/2015/jul/17/postcapitalism-end-of-capitalism-begun
[5] Novkovic, S. and Webb, T. *Co-operatives in a Post-Growth Era*. London: Zed

> ‘The evidence is apparent that employee owned organisations spread wealth more widely (perhaps the only non-fiscal way to counter rising inequality), and are more resilient and innovative than conventionally owned businesses (McQuaid 2013[6]). Such local businesses can often be essential to community resilience. For example, they have a powerful local economic multiplier effect that is lacking in companies with absentee owners.’
>
> (Summers, Timming and Erdal, 2014)[7]

Co-operative work organisations often resonate with the ‘new economy’. This can be seen in the fundamental co-operative emphasis on employment, human interaction and social ends rather than financial profit. The uneasy balance between these social ends and economic purposes of co-operativism has led some to question whether co-operatives are truly part of the ‘social economy’:

> ‘...the nonprofit approach prohibits any form of profit distribution and thus excludes the entire cooperative component of the social economy, since cooperatives generally redistribute a part of their surplus to members’ (Borzaga and Defourny, 2001, p. 9, quoted in Levi and Davis, 2008)[8].

However, as Levi and Davis point out, this misses the point that ‘the criterion of cooperative membership, or stakeholding, is usership rather than shareholding.’[9] What this does highlight, however, is how well placed co-operatives are to create an innovative presence in an economy of change:

> ‘Co-operatives, therefore, defy the idea of separate silos for profit and non profit sectors. Rather they provide a mechanism for linking the social economy activity to the wider marketplace. Whether these big co-operative economic formations end up “demutualising” the co-operative or “socializing” the marketplace is more a cultural and institutional problematic than it is a question of economic classification.’[10]

It is in this linking of social economic activity to the marketplace that we can see how social interactions are a defining feature of co-operative activity:

---

[6] McQuaid R., Canduela J., Egdell V., Dutton M. and, Raeside R. (2013), The Growth of Employee Owned Businesses in Scotland. Report to Scottish Enterprise.
[7] http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Strengthening_Democracy_Programme.pdf
[8] *Y. Levi, P. Davis*, Cooperatives as the “enfants terribles” of economics: Some implications for the social economy*, The Journal of Socio-Economics* 37 (2008) 2178–2188. (p. 2180*)* Borzaga, C., Defourny, J.*, 2001. The Emergence of Social Enterprise.* Routledge, London.
[9] Ibid, p.2187
[10] Ibid, p.2187

> ‘Social network theory and its application to co-operatives as hybrid forms of business organizations … rely not only on market exchanges and hierarchy, but also – by their very nature as member associations – on social interactions.’
>
> (Novkovic and Holm, p. 58, 2012)[11]

In this report, we will be bearing these features in mind along with the seven commonly accepted co-operative principles that form the backbone of co-operative organisations: 1. Voluntary and open membership; 2. Democratic member control; 3. Member economic participation; 4. Autonomy and independence; 5. Education, training and information; 6. Co-operation among co-operatives; 7. Concern for community.[12]

The problem of definition

‘The rise of terms such as ‘social enterprise’, ‘corporate social responsibility’, ‘employee ownership’, ‘social innovation’ adds to the confusion surrounding the actual difference that a co-operative makes.’

-Blueprint for a Co-operative Decade, p. 23

Given this developing scenario, it is perhaps not surprising that there are difficulties with how to define ‘co-operative’, and this also leads to issues with legal definitions. This is important to the present report since it has led to our having to consider organisations that work to loosely defined co-operative values and principles without necessarily being co-operatives as legal entities. Generally, a co-operative could be considered one of the oldest forms of ‘social enterprise’ (itself a concept that refers to a range of organizational models).

[11] Novkovic, S. and Holm, W. ‘Co-operative networks as a source of organizational innovation’, *International Journal of Co-operative Management* ,Volume 6, Number 1.1, October 2012, pp. 51-61.

[12] These principles are commonly accepted, see for example http://ica.coop/en/whats-co-op/co-operative-identity-values-principles

We understand this term in its broadest sense - 'enterprises that trade for a social or environmental purpose' (Spear *et al,* 2009, p. 248)[13] - including community businesses, credit unions, charities, housing associations, and Community Interest Companies (CIC). A social enterprise may take a variety of forms ('registered as companies limited by guarantee, industrial and provident societies, and community interest companies or simply take a number of unincorporated forms' (Spear *et al* 2009, p. 248)). With co-operatives, we are faced by a similar variety of possibilities, at least in the UK where there is no legal definition of 'co-operative'. According to Atherton *et al* (2012)[14], a co-operative is unquestionably so if it is membership owned and democratic; but the same authors then go on to suggest that a co-operative can also be defined by 'ethos', understood in terms of how the entity behaves rather than how it is structured. This then is more difficult to define with clarity. Atherton *et al* talk of a 'scale of co-operation' (p.4) and acknowledge that even this scale is subject to change and interpretation.

Bearing these difficulties in mind, the present report records and discusses organisations in Preston that are working according to what might loosely be defined as a co-operative 'ethos', with a view to establishing the potential for co-operative growth.

Methods

Given the relative scarcity of formally structured co-operatives in Preston at the time of the project, the research has been broad and exploratory in nature. The methodology has been qualitative and on occasions psychosocial in the sense that interviewees were encouraged to bring in personal feelings and spontaneous ideas about the meaning of community and co-operative culture and values as opposed to limiting themselves to responding to questions intended to elicit information. The methods used have been principally open-ended interviews with stakeholders who have been identified as having an interest in co-operatives or who are already involved in co-operative ways of working or volunteering. This information was backed up and supplemented by on-line searches. In the first instance, the interviewees were identified and contacted through Preston City Council, the Guild Co-operative Network and Co-operatives North-West. Following this, the interviewees were themselves able to point to further contacts for interview. Finally, a Focus Group was organised to debate the potential for co-operative development in Preston, to which interviewees were invited.

[13] Spear, R., Cornforth, C. and Aiken, M. 'The Governance Challenges of Social Enterprises: Evidence from a UK empirical study', *Annals of Public and Cooperative Economics*, 80:2, 2009, pp.247-273

[14] Atherton, J., Birchall, J. Mayo, E. and Simon, G., 'Practical tools for defining co-operative and mutual enterprise'. Co-operatives UK.

The focus of the interviews was on understanding to what extent the 'identity' - (as central feature of the 'Blueprint for a Co-operative Decade' cited above) - of the various co-operative-type organisations in Preston could provide a basis for future development of co-operatives in Preston. To this end, the new economic principles and the common co-operative principles mentioned above were constantly held in mind during the interview process.

All quotations are from the interviews unless otherwise specified, and all are anonymised.

Findings: Co-operative activity in Preston

Communities and place

Above left: Friends of Ribbleton Library Polybottle greenhouse (from website)
Above: Friends of Fishwick and St Matts, Community Artwork Project (from website)
Left: Opening of new paths in Highgate Wood (from website)

There are many voluntary groups, organisations, Friends and associations, of all shapes and sizes, each with their own focus, in Preston that take pride in their communities and which are organised according to a sense of place and belonging. Examples include: CRAB

(Communities, residents and businesses); Friends of Highgate Wood; Friends of Fishwick & St Matts; Friends of Ribbleton Library. Such groups are primarily motivated by 'doing good' to and on behalf of the community and making a difference. They might be concerned with a limited clearly focused aim, such as preventing crime (CRAB), regenerating a woodland (Friends of Highgate Wood), or improving the garden area around Ribbleton Library (Friends of Ribbleton Library), or they might have a wider brief of improving the community (Friends of Fishwick and St Matts). However, in pursuing their activities, they all engender feelings of identification and belonging. They are often intentionally apolitical, with some groups specifically refusing to become involved with politics. For example many of the environmental groups that work under the umbrella of the Preston Environmental Forum are approached by political organisations with an interest in environmental issues but there is a fear that any overt political affiliation may put some of their members off participating in the group. Participation, then, is more important than ideology. Groups are staffed by volunteers who are not primarily motivated by making money or generating income, although there are examples of some becoming more interested in financial impacts on their communities if financial support from funding bodies such as the Council were to be removed as part of national government cuts and 'austerity' measures.

Whatever their formal or theoretical organisational structure, and whatever their differences in approach and scope, all of these groups are typified by democratic and co-operative ways of working. This is a fundamental characteristic of all these community collectives and indicates a basic shared understanding of the perceived need to work co-operatively in community in ways that differentiate these groups from top down interventions by professional service providers or a formally elected institutional body such as the Council, even though the Council has often taken on a significant role in starting up the groups. It is the more disadvantaged communities who tend to be more dependent on top down interventions. If, for example, Council services are perceived as failing, there may be a lack of motivation and such communities do not necessarily regard gaps in public services as 'opportunities' to step in: 'There seems to be more disillusionment … last few years Council services have been reduced, and people see things not getting done, they get fed up and say I can't be bothered either.' Some communities, however, can make a big difference to their neighbourhoods within their specific and limited objectives. For example, Friends of Highgate Wood was started up by highly motivated residents with professional backgrounds with the specific objective of improving an environmental space for the benefit of the community. They have been pivotal in the development of pathways through the Wood as well as organising events that draw people to the woods: '…Easter litter picking and Easter egg hunt, swamped with children, families from everywhere, turning environmental area to positive aspect for the community. Before, it was never really seen as place where you would go on Easter Sunday and have fun. Now it's like that and the group is very driven, professional people with knowledge that they can offer.'

Care, vocation and communities of practice

Some community groups exist to pursue ethical practices that are defined by that practice rather than by a sense of belonging to a well defined neighbourhood. Many such groups either work according to a co-operative ethos or even identify themselves as co-operatives, even if they are formally CICs or charities. Self-Advocacy in Lancashire (SAIL), for example, exists to give a voice to people with disabilities. Its legal definition is a CIC, but the intention was that it should be a co-operative. It was explained at interview that SAIL's ethos and way of working was co-operative but that many found it hard to understand that there might be a more formal acknowledgement of the co-operative nature of the organisation. In the process of starting up, some members of the initial meetings thought that being a co-operative was something completely different and identified this difference with existing co-operative groups that they had heard of before: "…and this caused confusion at first with people thinking that they were going to be dealing with the funeral service … once this was explained it was ok because we work that way anyway."

Many of these communities of practice that are working towards ethical and moral support for disadvantaged groups and communities also find it difficult to see that making money should be a concern of theirs. There is a moral objection to the suggestion that a price should be applied to some areas of life, such as care for the vulnerable - "It's difficult to make money out of caring for people with disabilities". It may be, however, (as in the mistaken perception of what a co-operative is), that this division between volunteering 'for the good' and any money-making activity, which somehow relegates the ethical ground upon which the activity is based, is a false or misunderstood one.

Other co-operative style organisations, such as the Preston Vocational Centre, that exists to offer training, learning and development opportunities to young people leading to employment and/or further education, are actively engaged in seeking out funding sources in a world where financial resources are increasingly scarce. In this case, an organisation that is fundamentally vocational is unashamed to think in business terms -

> "…[there are] not many Government contracts anymore, third sector has to be more professional. Good work maintaining values but also need to learn from private sector examples… PVC is small but has running costs, we have to be business minded, business acumen…"

- which does not undermine the desire to work co-operatively, despite an organisational structure that implies a hierarchical decision-making process:

> "Trustees run the organisation … People employed by Trustees. But with consultation."

It would seem, therefore, that there is no reason, in theory at least, why such organisations should not consider adopting a not-for-profit co-operative model that can pursue social goals within a viable financial model.

Preston Vocational Centre, (from website)

"Trustees run the organisation … People employed by Trustees. But with consultation."

An example that demonstrates this point, is a recently constituted co-operative in the Preston area, Link Psychology Co-operative (Ltd.), a group of educational psychologists led by Debbie Shannon who have recently formed a co-operative organisation to pursue an ethical practice without a perceived need to avoid generating money. As this example, (discussed in detail below) demonstrates, the issue at stake may not be the principle of wealth generation but rather the use and outcome of that wealth. This is why it is important that Preston City Council is currently engaged in a local wealth generating exercise that aims to circulate locally generated wealth within Preston itself, thereby encouraging growth and development for local communities. This is also one of the principles of the iconic Mondragón project in Spain, where not only is local wealth generated but arrangements are in place to invest that wealth in the town of Mondragón through fiscal contributions to educational and welfare benefit systems.

Networks of community groups

One of the most striking features of all the community groups that are formed to provide a service to local people and are run largely according to co-operative values is that they naturally and easily fit into networking patterns. Some of this networking arises simply through the necessity of needing mutual support because of the voluntary nature of the organisation. Even a small, modest group, such as the Friends of Ribbleton Library, have a network of support established through needs. According to their web page, (http://www.friendsofribbletonlibrary.com/about-us.html), to date these funders and contacts have included Preston City Council, Lancashire Wildlife Trust, Community Gateway Association, Lancashire County Council, The Educational Trust of John

Farrington, Ribbleton Community First and The Heritage Lottery Fund. Included in a mutual networking support structure are The National Garden Scheme, RHS North West in Bloom, Preston Environmental Forum, and DigIn North West. Among these mutual support groups, we have two important networking organisations: Preston Environmental Forum (PEF) and Community Gateway (Gateway) that we discuss below.

Preston Environmental Forum (PEF)

"Always aware that the purpose of the forum is to work in a cooperative manner."

PEF[15] organises a network of community environmental projects with the aim of helping different environmental groups in Preston meet, share ideas and mutually support each other.

In addition to this, PEF runs its own PEF projects and utilises the knowledge and expertise of members and member groups to run these projects.

PEF is a charity that functions like a co-operative. Its existence and future development is both a reaction to 'austerity' and a proactive movement towards promoting environmental awareness and making Preston a more beautiful and greener place. It largely exists as a network of community environmental projects. As a result of funding cuts, PEF has had to reconsider options that include being independent and autonomous, generating income and considering creating employment:

> "… [we] want the forum to be an organisation that can generate its own income, providing knowledge and expertise, one day take on local authority role…look at employing individuals…"

[15] Preston Environmental Forum has recently changed its name to Let's Grow Preston. We use PEF throughout this report, which was the name that was being used at the time of the research project data collection

The manner of achieving these ends is viewed as being alternative to a common business model, and potentially closer to a co-operative model, which is how the networked groups prefer to operate:

> "…[to] develop more co-operative ways of providing resources, for example, work together to do bulk buying for different groups who are members of the forum,

The bulk buying of seeds through PEF as the bigger organisation for the benefit of the smaller groups, is a succinct demonstration economic co-operative activity, with the smaller organisations co-operating for the common good and also at the same time generating a common wealth. Similarly, just as a co-operative would ask its members to contribute to the co-operative project - which taken to its ultimate development becomes ownership in the worker-owned co-operative model - PEF is considering membership fees:

> "…currently without membership fees, but looking at developing a membership fee."

PEF also provides Public Liability Insurance to its member groups, which is something that many of the member groups could never have achieved on their own.

This shows how the potential for small groups that work co-operatively within their own organisation can become networked together as part of a greater organisation that also works co-operatively. It also demonstrates that where the need to generate wealth and employment becomes necessary or desirable, this can be achieved within these principles of work and organisation without compromising the primary task of all the groups within PEF and PEF itself. It is seen as important, as was pointed out during interview, that PEF and the groups under its umbrella, maintain an independence from the Council or any other institution that might divert PEF from its primary task. This task would be transformed into a partisan movement through identification with, for example, a political party that was radically in favour (or against) seeking environmental positions and/or solutions that could be interpreted as political. A good example of this in Lancashire would be an environmentally informed opposition to fracking, which although one might conjecture (and this *is* conjecture) was supported by most members of PEF, could never become part of a PEF policy or strategy statement, since it would draw attention away from the principle aim of the forum and possibly deter some members from participation:

> "The Forum has tried to fend off fracking organisations to promote anti fracking. The forum isn't the platform for the message. The Forum is not about giving that message out. Same goes for the Green party, during elections and the Forum tries to stay apolitical."

PEF as the larger umbrella organisation has the ambition of expanding, which not all the smaller groups share. This therefore would enable an expansion that could accommodate

smaller non-expanding groups within a larger network that would be expanding, thus demonstrating the flexibility and mutually advantageous nature of the network.

Within the PEF network, we also have examples of networks developing with a bigger, established institution, such as Community Gateway. For example, the Our Food Co-op emerged from a need and desire supported by Gateway for the supply of fresh food and vegetables initially to members of Gateway's Housing Association residents. They are also members of PEF.

Community Gateway Association

"We would call ourselves a co-operative, we are part of the co-operative housing movement…"

Community Gateway video 'Gateway Tenants Committee - We Need You' (You Tube)

Gateway has been in existence for about 10 years following the transfer of housing stocks from Preston City Council. The organisation prides itself on the residents' participation in the management of their housing and community. The tenants:

- have the right to influence the organisation by becoming members. In the Gateway model members can only be tenants or leaseholders. They have the rights at the AGM to vote for and against appointments and bring forward proposals;
- can become members of the Tenants Committee, advising to the Board;
- Tenants also the single largest represented group on the Board (one short of a majority; the other Board members consist of 4 independents and two from the Council).

It is important for tenants to participate in decision-making at Board level in accordance with accepted professional standards, Gateway has provided workshops to train tenants to be able to participate in Board meetings as fully and with as much knowledge as possible. This is important both for the tenants and their contribution to strategic decision making but also to satisfy the Regulator in order to maintain Gateway's status and therefore ability to secure funding. In practice, the Board will often defer to the Tenants Committee. As a result, we are told that there haven't been any significant conflicts in the last ten years of Gateway's existence. In one case, for example, there was a proposal regarding changes to the Estate Caretaker system, and following Tenant consultation, the caretakers were doubled:

> "And that says a lot, you know, and people get that, and the people involved get that, and they're talking to their neighbours, and you get people involved…"

This commitment to authentic strategic participation and democratic management of housing and community has led to a 'flattening out' of hierarchies, so that:

> "Tenants who are involved, whether it's Board members… are in the building, they are as likely to be stood by my desk as the Chief Executive is …"

The feeling is that this level of participation contributes to the success of Gateway, as reflected, for example, in the low arrears.

Apart from this participation, Gateway also goes some way to creating employment for the members. If they need to contract a building company, for example, they would tend to try to go local if possible, thus creating work. An example of local tenants being involved in this way is the local fencing team. The challenges are that this creates mostly entry level jobs and complaints about discriminatory employment practices if jobs are only offered to the tenants.

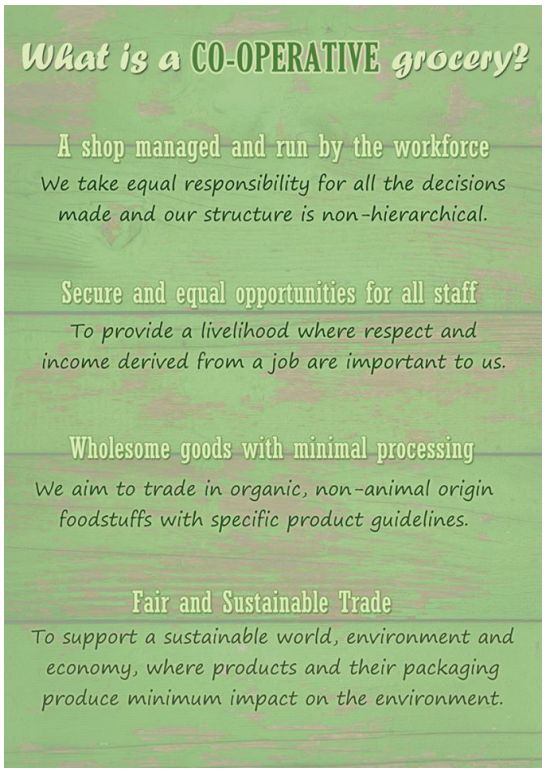
Gateway has actively promoted and continues to support many co-operative type organisations. Some of these include the Preston Vocational Centre, and Our Food Co-op, mentioned above. This demonstrates the potential for a larger organisation that is working largely according to co-operative values and principles to promote start-ups that work in a similar fashion, with the potential at least for further growth and development of the co-operative model.

The role of the Council might be one of proactive support and participation, especially with a view to making the connections and links between the various Council initiatives and policies and key co-operative organisations such as Gateway. Already, for example, Gateway has been identified as one of the 'Anchor institutions' in the Council policy to generate and maintain local wealth. This can be seen as feeding into a policy of promotion of co-operative development. However, it is not always clear that all Council policies are

similarly inter-connected, as for example, can be noted in the difficulty Gateway has had in taking part in the City Deal programme for Preston. With two members of the Council on the Gateway Board, and a policy of local wealth generation coupled with a political and social ideal to promote local democracy, community empowerment and a new economy, it is to be hoped that the Council will continue to develop its role as broker in these inter-connected areas.

Co-operatives in Preston

Community Gateway Association is the biggest co-operative style organisation in Preston. There are a few examples of organisations that actually call themselves 'co-operatives', for example the Our Food Co-op, and Link Psychology Co-operative, both mentioned above, the recently established Preston's Co-operative Grocery (inspired by Unicorn, a well-known and successful workers' co-operative from Manchester), and Beautiful Planet, an alternative café, meeting space and community centre that self-identifies as a not-for-profit worker-owned co-operative.[16]



Preston's Co-operative Grocery

Beautiful Planet is run by volunteers, and has its roots as a squat and protest movement. Volunteers take collective decisions and interest groups self-organise to make a difference in society, originally with an emphasis on the green/environmental agenda, but recently including broader ethical concerns, such as fair trade, refugees and homelessness. Apart from services as a café, Beautiful Planet sees itself as being as a self-funding community centre and rooms are hired out to groups who are working alternatively and ethically.

However, these examples of co-operatives in Preston are unusual. This is due to a general lack of knowledge about co-operatives and a difficulty in understanding the various definitions of 'co-operative'. There are many more co-operative style groups and

[16] There is a list of about 20 co-operatives in the centre of Preston listed in the Co-operatives UK web site, but these include very small organisations that seem to have little connection with co-operativism and the larger Co-operative Group, one of the world's largest consumer co-operatives, which is a national organisation and not the focus of this local study.

organisations than actual co-ops. Many of these organisations are smaller community groups, charities or CICs that are fully committed to co-operative principles without formally being co-operatives.

“If everybody knew that a co-op was an option when starting a business then there would be more co-ops.”

Beautiful Planet

A unique example in Preston of a well established co-operative style business (as opposed to charity or CIC) in Preston is TAS. The TAS Partnership is an employee owned consultancy that works in the passenger transport sector. They have been providing research, analysis and advisory services to the sector for over 25 years.

Every employee in TAS has shares in the group and therefore is an owner. Importantly in terms of workplace democracy, although some have more shares than others, each person has an equal voice. According to the Managing Director of TAS, the difference this makes is:

> “something about communication and self confidence. All decisions are shared with the employee owners and everyone can have a say. When an employee leaves, the organisation buys back the shares, always.”

In the context of the desire to expand and develop co-operative activity in Preston, it is worth noting that even a successful business like TAS recognise the need for networking with similar minded organisations. There was a feeling that the umbrella organisation they were members of, the Employee Ownership Association (http://employeeownership.co.uk), was not necessarily providing the kind of support that was most useful.

Although TAS does its business outside Preston, the fact of the employee buy out of the business has contributed to its remaining in Preston and this in itself contributes to the local economy. As such, TAS would be prepared to contribute to a shared network of co-operative activity in Preston, offering advice, knowledge and expertise on setting up an employee owned organisation.

Why a co-operative? The case of Birley Artist Studios and Project Space

THE BIRLEY

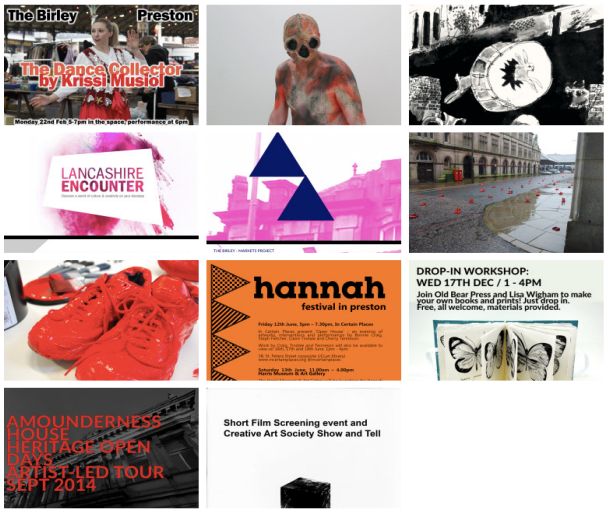
The Birley Artist Studios and Project Space (http://www.postpost.co.uk/thebirley) was constituted as a community Interest Company in September 2014 (formal name 'Post Post Community Interest Company), and is now well established as an alternative artistic presence in Preston. It serves to provide artist's studio space, exhibitions and services to local communities in Preston.

In searching for ways to establish themselves in Preston, a group of young artists, recently graduated from the University of Central Lancashire sought studio space to develop their practices in Preston instead of having to move to a bigger city with studio space readily available such as Manchester.

"The longer things take the more people might want to move to another city…"

Founding artist, Birley Artist Studios and Project Space

Through contacts between the university, especially the In Certain Places initiative (http://incertainplaces.org), which is a project that has been promoting artistic interventions in Preston and the North-West since 2003, the artists were able to negotiate the leasing of Preston City Council empty office space in return for an arts contribution to the local community. In this way, the project is able to satisfy the needs of young artists, keeping their talent within Preston, and the Council's Cultural Framework strategy (http://www.preston.gov.uk/yourservices/events/cultural-framework/). This collaboration is a good example of a 'win-win' scenario between the Council, the University and its students as future citizens of Preston, young artists, and the community that all these stakeholders serve. It also demonstrates how such a positive outcome can emerge through goodwill and imagination, without a great deal of investment. However, at the same time it is also true that the final outcome was fortuitous, in the sense that without the well



Events listed on the Birley webpage (accessed 21.02.16)

established contacts that the University already had with the Council, it seems very likely that the project would have fallen through, either because of the great difficulty in accessing decision makers in the Council - “There isn’t an obvious way to speak to the Council and if there hadn’t been that UCLan link we wouldn’t have been able to do it” - or simply through attrition of time spent waiting with no guaranteed result:

> “There might be a time frame where people might stick around a bit after university but if nothing happens then they are more likely to move to other places like Manchester where there are more opportunities.”

When the founding artists were considering the legal status of the group, again, it was decided that a CIC would be appropriate. The basis for this appeared to be an internet search and and wishing to benefit the community. There was no sense that a co-operative structure was even an option to be considered. The chance-like nature of this process indicates that it may never have happened except by good luck. If the Council is to become an effective agent in promoting the development of such a group, it needs to become a more pro-active broker in the process. This would have to include easy and helpful access to advice and support, coupled with networking opportunities.

Case study: Link Psychology Co-operative

“It really is the way forward in the longer term, feels like a movement towards co-operation generally.”

Debbie Shannon, Link Psychology Co-operative

The following case study has been chosen as a recent example of setting up a co-operative in Preston, the reasons why it was developed as a co-operative and the lessons that can be learned from this example for future potential start ups. It is an example of a well thought out plan due to the prior knowledge and enthusiasm for co-operatives of the founders.

The start up of Link Psychology has its roots in a reaction to Government cuts and ‘austerity’ measures. It became clear to the founders that educational psychology work was moving out of local authorities and that the political scenario was making it difficult to carry out the work. The founders looked at different forms of working and legal entities and decided that they wanted to set up consortium of educational psychologists. It was also agreed that they didn’t want to set up a standard company because as educational psychologists it was important for ethical principles to be at the forefront of their approach.

“What we found was that as resources got tighter, the politics came more to the fore and professional ethics were being squeezed.”

Debbie Shannon, Link Psychology Co-op

Initially there had been a desire to start up as a worker owned co-operative. However this was deemed unsuitable, since all the future co-operative members already had independent practices and were moving away from job provision from the local authorities. In these circumstances, what seemed to be most appropriate was the idea of co-operative consortium, which would provide a shared working opportunity combined with the principles, values and ethical stance that comes with working co-operatively.

The group was able to come to this decision by taking advice from the advisory organisation, Seeds for Change, Co-operatives UK and by taking paid consultancy from the management consultancy group CMS. It was pointed out that without this advice it would have been difficult to be able to sort out the best way forward in the face of what can be a bewildering range of different options. The consultants also went through the necessary documentation for setting up and helped the group to understand the norms and legalities. According to Debbie Shannon, the leader of the process, although it might have been possible to have done this alone, it would have taken much longer, and would have felt much less secure. The advice also made it clear that although a co-operative consortium was the right approach for the immediate future, there would be opportunities to consider a transformation into, for example a worker-owned co-operative, especially if the group were to expand and create employment.

In the absence of clear models to follow and any kind of local support system, it is clear that this group had the advantage of close family ties to knowledgeable people in the co-operative world. The father of one of the founders already had background in co-operativism, and so was a ‘ready resource’ of advice. As in so many of the instances of co-operative start ups, much seems to depend on chance and fortunate connections. This is an important factor to consider when reflecting upon the possible development of co-operatives in Preston, or anywhere else in the UK. It became clear again and again in interviews that the process for setting up a co-op can well be bewildering in its many different options -“More complicated than setting up a company, much more difficult” - and that these practical difficulties made it necessary for the founders of potential co-operatives to have more than an average sense of enthusiasm, drive and knowledge for co-operativism. This can be seen in even what might appear to be relatively easy decisions, such as choosing a bank. According to Debbie Shannon, it was only insider information that made it clear to Link Psychology Co-op that the choice of a co-operative bank - Unity Trust Bank - would be logical and supportive for the co-operative process.

In a way that reflects the complexity of the legal situation in the UK, the co-op is also a limited company and some of the members are limited companies too. The co-operative side of the organisation provides shared benefits, such as services to members in terms of administration, contracts, and the day-to-day running of the group. It also provides the benefit of a sense of belonging to a team as opposed to being an individual. Elements of the business in educational psychology, such as group supervision or training courses for schools, would not be as cost effective for the members working in isolation.

It is clear to the members that the co-op in its present form is open to future development and that as time goes on members who have been used to working alone may find growing opportunities for collaboration under the auspices of the co-operative.

> **"As the co-op grows I would like to do more and more work with the co-op. There will be a see saw and balancing act in the future."**
>
> *Debbie Shannon, Link Psychology, Co-op*

As part of this further development, the co-operative structure provides the resources for training, research and CPD. Any surplus profit that the co-op makes after salaries have been paid is to go back into the co-op and further training. It will also provide an opportunity for work in smaller schools that do not have large budgets for educational psychology and therefore the outcome is more equitable for all. By sharing resources, such as test materials which are often too expensive for an individual educational psychologist, the practice also increases in diversity and choice. The co-operative model provides an opportunity for this group to increase cost effectiveness, but within the ethical framework of the activity. Indeed, although there will be a need to build up financial resources in the future, the co-op was able to start up with only a nominal membership fee, because the capital is clearly recognised as being based on the sharing of skills and resources rather than financial investment.

As a developing co-operative it is expected that there will be opportunities for the creation of employment: there is a need for administrative support and there are plans for a trainee to work with the team, and there are opportunities for joining the co-op either as trainee or post training.

Following the co-operative model, the leadership and governance of the organisation is democratic and based on one person one vote. The members tend to take the lead in their specialist areas but every member is also acquiring the different skills of others in order to be able to fully participate in shared design making:

> “People take on board different aspects, somebody is interested in finance, somebody in a trainee, so we are trying to move things to people who interested in those aspects, but all trained up in general too.”

Just as one of the drivers to individuals creating a co-operative is the possibility of sharing resources, co-operative principles and values, so Link Psychology Co-op would welcome the development of a network of co-operatives that would provide services and a focus for new start ups. This would open out the possibility of sharing experience through training others, for example:

> “If [they were] offering a supporting network then we would join in in some way, co-ops sharing together. We like to be able to share with other co-ops. Training of use to other co-ops we would like to be able to share that.”

Findings of the Focus Group

A Focus Group with some of the interviewees met at the University of Central Lancashire on 20th October 2015 in order to gather together a collective of points of view and opinions around the question of the opportunities and challenges of developing co-operatives in Preston. The main ideas and questions arising from the Focus Group were:

- There is a need for very basic organisation and advice to people who might potentially be interested in setting up co-operatives: from initiating business hubs and links to something as simple as opening up a bank account for a co-op. There is a lack of a unified co-operative business focus. Much advice and information is fragmented and scattered.

- An up-to-date and practical directory would be useful. It is difficult to maintain record of where co-ops are. Co-ops NW has list but it is of limited use, being out of date and incomplete.

- What helps co-ops to develop is co-ops helping each other, which doesn’t necessarily happen spontaneously. There is a need for some support for that to happen, including an identification of needs. Where there is a collection of co-ops it leads to more and more. There is potential in a local network.

- There should be an annual event that gathers all these local co-ops together.

- There is potential for using the independent co-ops that could grow out of Gateway initiatives as examples for others who could replicate the model. This would be an easy

way of beginning a network that would not be completely reliant on the Council and its limited resources.

- There is a limited amount of funding available from the Tudor Trust, for example, but co-ops themselves should be a resource. You need sufficient successful co-ops to invest sufficiently to promote new co-ops. This needs to be factored in as part of the long term vision. Apart from the Council, the Social Enterprise network for Lancashire, might be a useful organisation, they would help to put co-ops into the mix.

- The food co-op is supported by Gateway, and so is the PVC, and if Gateway were ever to pull out, the co-op would continue but would miss that link. It must be difficult for other organisations that don't have Gateway type support..

- There is a suggestion that a consortium could be set up, for example PCC + NHS + UCLan and then this could be used as a model. If a working model could be seen to be successful, then people might decide to stay local.

- There is a need for more information about the advantages of becoming a co-op. This needs to be accompanied by ground level information about the process for setting up a co-op.

- There needs to be a small driving group of people, significantly someone who runs it as a full time job.

- A number of buildings in Preston are closed and mothballed. They should be considered for use in supporting co-operative development.

- It was suggested the support offered to potential co-ops could be support like Northern Lights support for students at UCLan, where you might have a meeting every week, and be assigned someone to share ideas with, ask for help and so on.

- Maybe thinking about co-operative practice rather than becoming co-operatives themselves. Discussion and training activities as exploration without the obligation to turn into co-op.

- Many organisations have become 'trendy' CICs and now regret it… but what are the alternatives? Not obvious to people… There is a limited knowledge around co-ops…

- What can be done to finance a start up co-op?

- We need better education about it all, and this should include the greater question: What type of society do we want to live in? How we share work and share money?

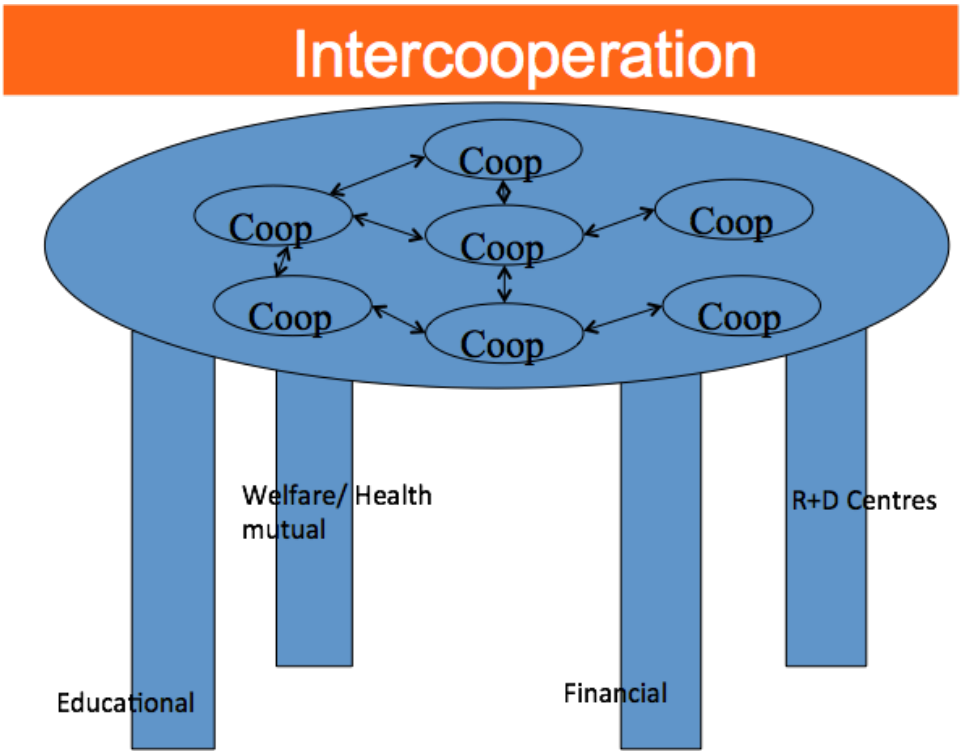
- What about the problem if PCC changes hands and there isn't the same enthusiasm later as there is now? So what then is or should be the role of the Council. Any organisation taking on the networking/educational role would need to also be sustainable in its own right. PCC should not be the only major stakeholder…

- University could have an educational role, put co-op education into first year module, invite people along, not charging, mixing with others from outside… we could tweak what we have already got, cost no more, bring in expertise, students bring fresh insight and others, ought to take lead…

Developing Co-operatives in Preston: The role of Preston City Council

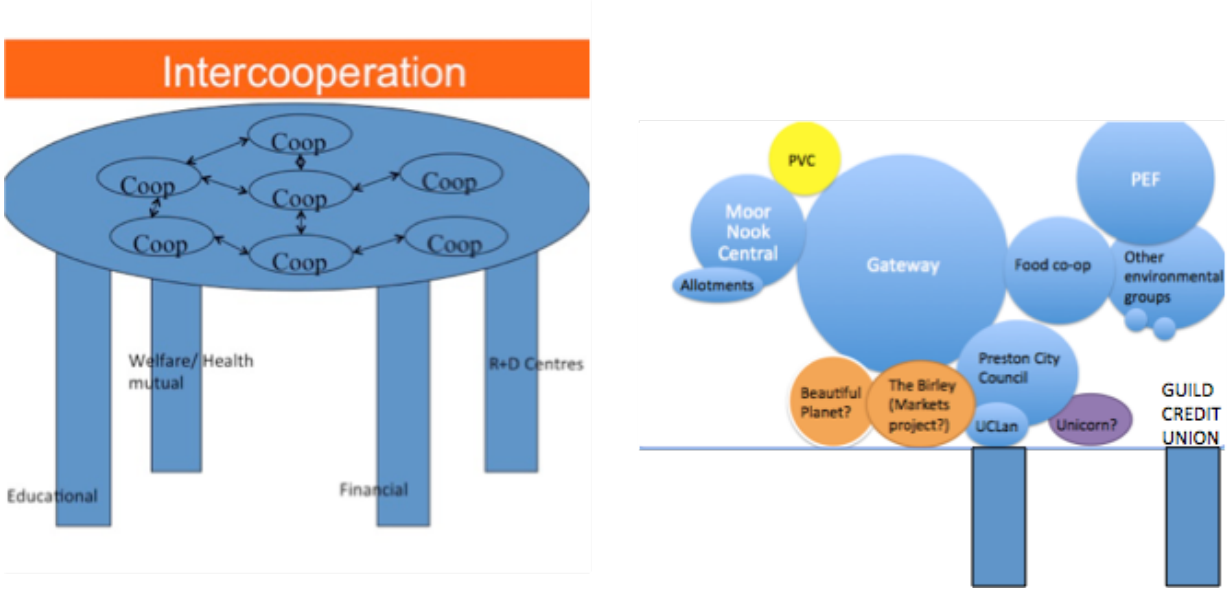
What has emerged from this report is a need for an informed, professional and, pro-active network of support for co-operatives, . It is not currently an obvious or easily understood choice for many small entities that would benefit from co-operative organisation. It is worth . bearing in mind the Mondragón model, where an overarching organisation (the Mondragón Corporation) sustains the links between co-operatives and ensures development through Mondragón's four pillars of co-operativism - Education; Finance; Welfare/health; and Research & Development. There is scope for the Council to take on a strategic role by helping to establish a network of mutual co-operative support, which could be interlinked with areas of public and third sector provision and with access to high quality advice and expertise.

Indeed, the Council by its very nature and through its newly developed strategies, is already part of such a potential network. Its Anchor Institutions policy (CLES, 2015), for example, includes the Council itself, three educational establishments (Preston's College, Cardinal Newman College, the University of Central Lancashire), and one is Gateway, the biggest co-operative-style organisation in Preston. The Council's local wealth building strategy is therefore already connected to some of these pillars for co-operative development. In addition to this, the Council has been proactively successful in setting up a local credit union in Preston, the Guild Money Credit Union, a step in the direction of another of the four co-operative pillars. Although the Mondragón example is still far removed from the situation in Preston! it is interesting to see how these four pillars might compare:



The four pillars of the Mondragón model of co-operativism (Mikel Lezamiz)

Below, we can imagine how such a model might be developed from a natural interconnectivity and facilitated by the Council:



The four pillars of the Mondragón model of co-operativism (left) compared to potential for networking in Preston (right)

The ‘network’ represented as existing in Preston demonstrates an informal interconnectivity. In it we see how an organisation such as Gateway encourages the growth of co-operative type organisations such as Our Food Co-op and the Preston Vocational Centre. In turn, Gateway is connected to Preston City Council through historical ties and by having members of the Council on the Board. The Council directly supports The Birley Artists Studios and has connections to Beautiful Planet, who in turn rent rooms out to

environmental groups that are connected to PEF. Our Food Co-op is also linked to the PEF (Let's Grow Preston), while PEF itself is a network of environmental groups, including local communities of place, such as the Friends of Ribbleton Library. UCLan is one of the Anchor Institutions with a direct link to the Birley Artists Studios that rents rooms our from the Council. The Council itself is directly connected to the credit union.

Given the organic growth of co-operative activity in Preston, and given the potential strength of the Anchor Institutions in Preston, along with the political strategies being developed for Preston, the Council should be in a position to take on a significant role in the organisation and facilitation of a co-operative network for Preston.

Conclusion and Recommendations

The research revealed a healthy commitment to community and local democracy in Preston. It is clear that there is a proactive desire to work for the benefit of the various communities in Preston in ways that reflect co-operative values and principles. It is also clear that there is widespread ignorance about the meaning of 'co-operative' when applied to groups and organisations. This is especially true of the possible meaning of 'co-operative' as applied to business and what business models this might imply.. This, in part, is due to the overwhelming range of co-operative models available as options and an identification of co-operatives with what is immediately obvious on the streets, such as the Co-operative Funeral Care services.

"…and this caused confusion at first with people thinking that they were going to be dealing with the funeral service"

It is also a consequence of the relative isolation of many small developing co-operatives from a wider co-operative movement and hence the inability to draw strength from other co-operatives and a commitment to co-operative ways of living and working within an economic democracy. This could be remedied through stronger links and partnerships, not least between the Council and the University, each of which have a range of international connections which could be further developed, drawing in small organisations so that they see themselves as part of a wider and extending mosaic of co-operative forms and ideas.

This has led to some organisations, especially CICs, being set up without considering the option of developing co-operatives.

Some of the movements and organisations setting up alternative ways of working are a reaction to the national government policies of 'austerity' leading to cuts in public services.

Those groups that are already working in a co-operative manner do to some extent form an unofficial network, which reflects the social capital that is generated from these activities. However, this potential networking advantage is by and large informal and unexploited.

A substantial organisation such as Community Gateway Association can be a catalyst for change and the development of co-operative activity. In the Preston Environmental Forum (now Let's Grow Preston) that there is a potential for mutual help and support among like minded groups that would possibly consider creating more overt co-operative structures in the future. This would benefit such organisations, enabling a more strategic co-operative approach to the generation of wealth and employment.

There is potential for the interweaving of a co-operative development strategy with other economic and social strategies being developed by the Council.

In the light of these findings, we recommend the following:

1. The formal setting up of a network of co-operative groups in Preston that would be initially be facilitated and led by the Council. This would lend it status and legitimacy land link it to city wide goals and initiatives. Although an information and advice is vital there is also scope for a pro-active developmental role. .

2. The network can be developed in line with other local economic and social strategies, especially those policies highlighted by the CLES report in relation to Anchor Institutions and local wealth building and retention. Despite financial cuts, the Council exercises influence in key areas of the local economy and so retains potential as enabler.

3. In conjunction with the network, the four pillars of co-operative development - Education, Finance, R&D, and Welfare/health – can be promoted.

4. A creative approach should be adopted in relation to Council property/offices that are currently out of use, such as renting of disused Council property to fledgling co-operative organisations.

5. National and regional inks to hubs of co-operative activity should be encouraged., Connections to international co-operative organisations such as Mondragón and the Evergreen Co-operatives should be strengthened including reciprocal study visits.

6. Existing knowledge and expertise in existing co-operative activity in Preston should be mapped, recognized and shared with other groups and organisations.

7. A flagship/example of a worker owned co-operative in Preston could be used to demonstrate the ideas and practices that produce a successful co-operative business.

8. The offer by Co-operatives NW to make available their knowledge and expertise in helping to start up co-ops should be taken up. A partnership could be established with Uclan to develop co-operative education and research.

“It’s a good idea to have an example, so that people can say ‘it’s like that place over there’…”

(Adrian Ashton)

Dr Julian Manley (jymanley@uclan.ac.uk)
Professor Lynn Froggett (LFroggett@uclan.ac.uk)

Psychosocial Research Unit
School of Social Work, Care & Community,
University of Central Lancashire
Preston PR1 2HE

PSYCHOSOCIAL RESEARCH UNIT