

Sharing Prosperity

Enabling co-operative enterprises to grow the green economy

The **co-operative**
Cymru/Wales



Foreword



With its rich heritage of co-operation and the shared commitment to sustainable development written into the DNA of devolution in Wales, there are few more fruitful areas for business innovation than the emerging green economy and co-operative enterprises.

Why green? We are used to the forward momentum of economic growth, that at some fundamental level we can believe that there is more stuff coming our way, more good and services we can access. When that happens, we have consumer confidence - when we don't, it is a recession. The trouble with this mindset is that it is fast becoming incompatible with the world ahead, because it rests on the assumption that we can strip more resources out of the earth and pump more waste into the biosphere. If we can't, then we need a new framework. In the words of Ruben Nelson, Executive Director, Foresight Canada, we need to "learn the future faster in order to cooperate with our own evolution."

Why co-operative? The co-operative model offers a good fit for the challenges of the transition ahead, both to a low carbon economy but also to a model that can offer resilience for local people and local resources in the face of climate change. It is a proven business model, at small and large scale - from sustainable Finnish woodlands co-operatives to fishery co-ops in India.

There are certainly limits to what we can safely do to the environment, but as this rich and fertile report by Pat Conaty shows, we have yet to discover limits to what we can achieve through co-operation and community.

Ed Mayo
Secretary General
Co-operatives UK

Introduction



Since the economic slump of 2008, there has been an expanding growth of interest in both co-operative and mutual solutions. The Co-operative sector has been growing faster than the conventional economy.¹ The Co-operative Cymru/Wales has commissioned a study into opportunities to assist community environmental organisations to expand their provision through the use of co-operative methods. This report has been approved by the democratic structures of The Co-operative Cymru/Wales and provided a set of findings and recommendations for the Welsh Co-operative and Mutual Commission to consider in the preparation of their strategic report to the Minister for Business, Enterprise, Technology and Science.

Pat Conaty
November 2013

1. Co-operatives UK Annual Report 2012 at: www.uk.coop/documents/co-operatives-uk-annual-report-2012

Background

The remit of The Co-operative Cymru/Wales study is to investigate the landscape for supporting and developing Co-operative and Mutual Enterprises (CMEs) in three main areas:

- Community energy
- Community waste recycling
- Community food and community supported agriculture

In different areas of the UK including Wales there has been a growth in community share issues to develop environmental action. These share issues are supported in England by Co-operatives UK and there has been growing levels of interest in this co-operative/mutual ownership and governance system from groups in Wales.

The Community Shares Unit at Co-operatives UK report an increase from under 10 community share launches a year in 2008 to over 100 a year in 2011 and 2012. Co-operatives UK report that there will soon be more community share offerings taking place yearly than IPOs launched by public companies annually. This marks a significant trend that is pregnant with co-operative economic development potential.

The funding raised from local and social investors and reported by Co-operatives UK is impressive:²

- Average share offer has raised £190k
- Average investment per member of £900
- Average membership attracted per share offer of 200
- £21 million raised in aggregate from 2009-2012

Community buy-outs of pubs and village shops have accounted for 38% of share issues. The single biggest area of activity at 47% has been for developing co-operative or mutually owned energy companies. Share issues for community food schemes

are growing and account for 6% and land acquisition and regeneration projects comprise a further 6%. The Community Shares Unit funding is for projects in England but this work has inspired action in Wales that has been supported by the Wales Co-operative Centre and Co-operatives and Mutuals Wales with the financial support of The Co-operative Group's Enterprise Hub.

In Wrexham, the community buy-outs of the Wrexham FC by supporters and subsequently the Saith Seren pub (£150k raised) shows that one local mutual can inspire the setting up of another. This re-cultivation of a local Co-op culture is also notable in north Pembrokeshire with the success of Cris Tomos and C4G in completing a sequence of successful community share issues for urban regeneration in Cardigan that followed an earlier community buy-out of a school in the nearby village of Hermon. C4G has acquired in Cardigan through community share issues, community loan stock and leveraged bank finance: four warehouses, two retail shops, a redundant police station, the old Court House, three car parks and a cottage.

To explore this expanding area of Co-operative innovation, a one-day conference was held in Newtown on 30 July 2013 for community energy, local food and recycling groups. This report summarises the key findings from this consultation event.

2. Data from the 'Introducing Community Shares' presentation on 30 July 2012 in Newtown by Ged Devlin of the Community Shares Unit at Co-operatives UK.

Review of current activity and opportunities for Co-operative Innovation

Participants at the Newtown consultation event worked in three groups: community energy, local food and community recycling. The separate working groups appraised the current strong and weak points of each of the sectors in the following ways:

Community energy: Co-operative pathways to success

There is some funding and support for projects through programmes such as Ynni'r Fro and Renew Wales but the assistance is not cohesive and existing help is very fragmented with major supply gaps. Community Energy Wales has emerged as an umbrella network for a range of community wind, community hydro, community solar and community anaerobic digestion schemes but this network has no core funding. Support for community renewable energy projects is relatively stronger in England and Scotland than in Wales.

A number of projects are encountering diverse barriers to development that Government support could assist in overcoming. For example, several community energy schemes have been under development over periods ranging from 2 to 10 years. This prolonged gestation period is due to barriers that a co-operative economic development system could remove.

The local community input to the development of these schemes is impressive and this local voluntary action needs to be better harnessed and supported as it can lead to successful local enterprises, to community cohesion and well being and to a reduction in greenhouse gas emissions.

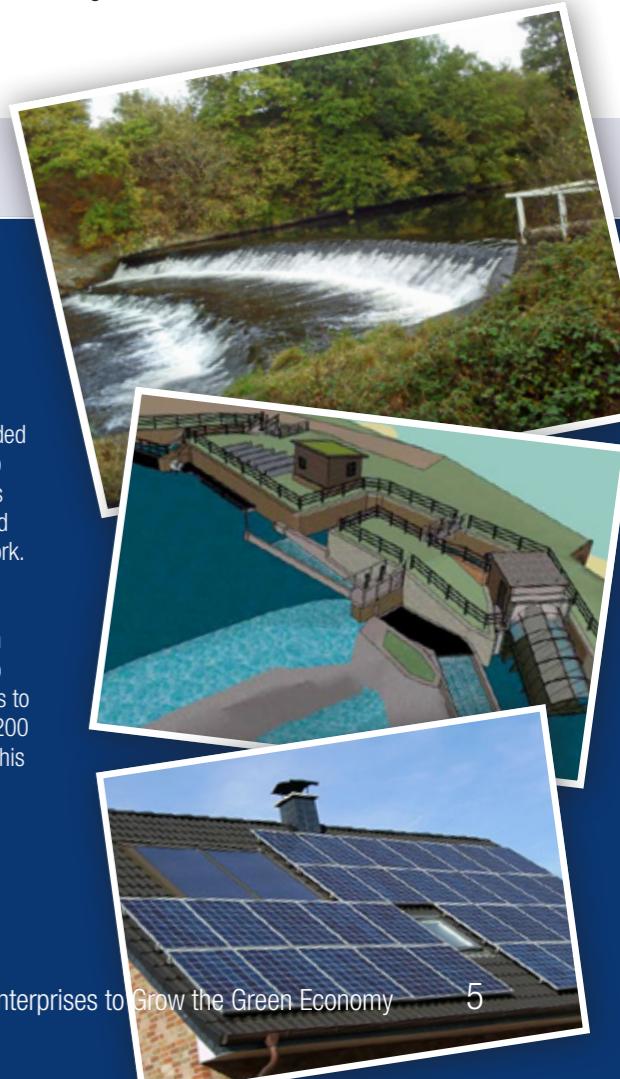
> Case Study 1

Co-operative Finance – Robert Owen Community Banking Fund

Robert Owen Community Banking Fund is a Community Development Finance Institution (CDFI) set up in Mid Wales to provide loans for small businesses to create local jobs and to deliver or package finance for social enterprises and environmental projects. One of its sister companies is Robert Owen Renewables that is working on renewable energy projects including a co-operative hydro scheme under development in Newtown. Home improvement finance is a growing area of activity. For example, a successful green energy project of the CDFI is the Zero Interest Loan Fund that has provided green energy loans up to £5000 to homeowners for the installation of solar PV and other renewable energy retrofit

measures. Capital funding has been provided through a Community Banking Partnership with Powys County Council. Other partners include local credit unions that are involved in the promotional and loan processing work. £2 million of capital for the fund has been raised and £1.5 million of green energy retrofit installations have been approved in recent years. The collaborative partnership has contracted more than 100 installations to local businesses and has attracted some 200 new members to the credit union sector. This project's success exemplifies the strategic potential for local authority, co-op finance sector and small business partnership.

www.rocbf.co.uk



Review of current activity and opportunities for Co-operative Innovation

A major problem is that the funding and support provided to community energy schemes is not structured appropriately, not oriented towards co-operative solutions and there are major gaps in provision. This is a widespread and growing problem. Also securing traditional grants for community energy work rules out access to the Feed-in-Tariff. This is driving the interest in co-operative and mutual solutions that replace grants with social investment mechanisms. To make this enterprise transition, groups need bespoke and specialist advice on appropriate legal structures, co-operative and mutual ownership models and on ways to develop these.

The lack of a service like the Community Shares Unit in England is holding projects back in Wales. Additionally the funding available is not structured to meet the different pre-development, development and operational phases of community energy schemes.

The help from the Wales Co-operative Centre and Co-operatives and Mutual Wales is valued but there is a need for additional specialist expertise and financing. A good example is Egni Co-op in Swansea that is developing a Co-op share offer to raise £150,000 to develop a solar PV project for community buildings locally and in the South Wales valleys. They are struggling to raise £20,000 to cover the legal expertise for leases, structural roof surveys, Energy Performance Certificates on buildings work and other technical assistance to deliver their first community share issue in 2014. Co-op energy groups in Brixton and Bath in England have benefited from a broad range of structured support and access to seed funding for these aspects that has enabled them to carry out a growing number of successful share offers.

Planning policy is not supportive of community and co-operative energy schemes in a strategic way. This works its way through licensing bodies adhering to criteria the impact of which is

strangling community energy development. Unfortunately there is no current focus in Wales on the community benefit of such schemes. This is not the case in Scotland where the Scottish Government has set specific annual targets for community owned renewable energy schemes.

Community ownership as a policy in Scotland has ensured additionally that smaller scale renewable energy has gained growing support from rural communities across Scotland. As a result community energy development in Scotland has been leading edge compared to other parts of the UK.

In Wales communities are competing against the private sector. The community sector offers a triple bottom line return that the private sector cannot provide readily. But the community sector cannot compete successfully with the private sector without access to capital as well as specialist technical and legal expertise. The challenges for community enterprise to convert to

co-operative solutions are daunting. To take just one example, for Egni in Swansea: each community building needs an Energy Performance Certificate and a 20-year lease to be tailored for the solar panels; unless this is done professionally against a tight timetable, the community share issue will not be water tight legally. The complexity can be reduced and more readily managed if the framework of support can be improved. This requires collaborative work with the agencies involved and policy reform in places.

The community renewable energy sector sees co-operative and mutual solutions as the way forward. The Welsh Government is supportive of the Co-operative movement. A three-way community, government and co-operative partnership is needed to co-design a way forward and to unleash the transformative potential.

> Case Study 2

Ecodyfi and Bro Dyfi Community Renewables

Ecodyfi is a social enterprise that promotes the local green economy in the Dyfi valley. The area containing the beautiful estuary and Aberystwyth is recognised as a UNESCO Biosphere Reserve. The mission of Ecodyfi is to protect the local biosphere in ways that support the sustainability and resilience of the bi-lingual communities of the market town of Machynlleth, other villages in the valley and along the coast between Aberystwyth and Aberdyfi. Ecodyfi describes its work as an animator and facilitator of green economy ventures, local ecological activities, social enterprises and services that local communities initiate. The organisation formed as the Dyfi Eco Valley Partnership in 1997 and re-branded as a social enterprise in 2002. It is a democratic organisation with a broad range of local stakeholder members (including local residents, local businesses, voluntary organisations, environmental groups and Ecodyfi staff), all of who pay £1 to join. The work has mushroomed over the past 12 years. In 2001 local action for the first community developed wind turbine was funded from a community share issue

that raised almost half the capital and this was matched subsequently with other grant funds. The successful energy co-operative established and owned by local people trades as Bro Dyfi Community Renewables (BDCR). Income generated from this first 75kW turbine has for many years funded energy saving schemes locally. A second community funded wind turbine of 500kW has been financed again co-operatively with capital raised in 2005 from social investors and other sources. BDCR's 208 individual shareholders subscribed £213,000 for the two turbines. Ecodyfi has facilitated a very diverse and growing range of ecological action by local residents including the development of a community therapeutic garden and mountain bike trails. Support has been provided to a farm business at Maesglas near Mallwyd, to develop a 100 kW hydro scheme, and several sites within the biosphere area have had solar installations to help meet their energy requirements - including Machynlleth Golf Club.

www.ecodyfi.org.uk
bdcr.org.uk



> Case Study 3

The Green Valleys – Co-operative ways to tackle climate change

Green Valleys emerged out of work by local climate change action group in the Brecon Beacons. They wanted to do something practical that would support local communities and farmers in south Powys, the national park and the South Wales valleys to co-develop small scale and co-operative solutions. They were galvanised into action by NESTA's Big Green Challenge to secure £1 million of investment for a convincing and comprehensive community approach. In 2009 they were successful joint winners with two other projects; this secured a grant of £300,000. The focus of their work is in three main areas: co-operative forms of renewable energy, community food schemes and community woodland management.

The members of Green Valleys, which is a community interest company, are recruited actively from those organisations who come forward and take action locally. As a community owned and governed social enterprise, Green Valleys gets behind this direct action to make green enterprises work.

They now have 20 successful social enterprise members. The business model is fascinating. In 2009-10 they set up two linked companies. TGV Hydro is a commercial consultancy company of technical experts that helps communities and private clients in any part of Wales to successfully develop either a community owned hydro scheme or another form of green energy. This business, part funded by the grant as seed capital, employs eight people. Trading surpluses and other income funds the smaller Green Valleys company of two staff that responds to community demand and provides free support to help orient and get community energy, woodland and food projects into first gear. Green Valleys also provides practical training for woodlands management in, for example, the safe use of hand tools, chain saws and other power tools. This setting up work supports local groups to build collaborative partnerships with farmers



and other woodland owners. Green Valleys also acts as a broker to enable local community enterprises set up to gain from landowners access to thin forests, for forest walking and biodiversity and in return to get paid in firewood. Green Valleys has also helped with community share issues for both hydro and solar projects. They have helped secure land for community growing or alternatively for facilitating leases.

www.thegreenvalleys.org

Review of current activity and opportunities for Co-operative Innovation

Local food and community supported agriculture: Co-operative partnership potential

Local horticulture interest is growing and Wales has huge potential to expand opportunities for community food schemes. Though the topography is variable, there are many local sites with good quality soil that are not being utilised and climate conditions are favourable generally for local food schemes.

The National Federation of Community Farms and Gardens has secured Big Lottery Funding to expand its range of support for local food schemes and community supported agriculture. The demand for services from their Growing People programme is fast expanding and the number of community food schemes locally has grown impressively in recent years and the outputs speak for themselves. From only eight community food schemes in 2008, there are now more than 300 operating across Wales.

There is a revived 'back to the land' ethos emerging from this escalation of food growing interest. This is evident from the reports by the garden centre industry that the sale of seeds in 2012 for growing herbs and vegetables outstripped the sale of flower seeds for the first time in decades. Some cities like

Swansea are reporting a ten-fold increase in local food growing projects. The Vetch Veg project in the heart of the city has been inspiring both local residents and groups. The demand in Swansea for example is from all sectors of the community with some sites involving food growers from the Welsh, Bengali and Chinese communities.

Expanding the local food marketplace offers extensive business and employment creating opportunities. Co-operative solutions are key to unlocking the potential. The opportunity to buy local, buy small and buy unpackaged is an attractive alternative for many people in Wales.

Support for local horticulture in Wales has a limited tradition. Currently it is difficult to source Welsh fruit and vegetables. There is a very limited range of home-grown produce. Attitudes in the farming sector do not embrace innovation readily and are guided by 'sticking to what you know.'

There is growing evidence of local food alternatives to just sign up to ventures including Community Supported Agriculture, local box schemes and a proliferation of town based local food schemes to get local people growing including Incredible Edible Abergavenny and the Incredible Edible Chepstow.

The Incredible Edible movement that began a few years ago in Todmorden, West Yorkshire, is increasingly demonstrating ways for turning public spaces into veritable gardens by inspiring and supporting local people to get on and grow things everywhere: on schools sites, at GP surgeries, at police and fire stations, at train stations, at bus stops and on roundabouts. This work helps cultivate locally a collaborative mentality that is critical for long-term success.

A major barrier in Wales to redevelop a local food sector is a current lack of horticultural knowledge and training support – both for the amateur and for developing commercial operations.

Other barriers include: access to sites and land to grow, access to seed funding and social finance, market opportunities and a tendency to compete rather than to co-operate intensively.

Distribution networks and routes to market are very limited. Apparently only one wholesale market exists in Wales. This distribution structure has led to a growing level of food mile profiles for cities and towns in Wales. This reflects insufficient policy thinking on how increased horticultural production can mitigate climate change and increase resilience.

Horticulture Wales and the Organic Centre Wales have done a lot of work on supply chain solutions. Both bodies can provide a source of expertise on policy development. To radically reduce food miles, there is huge potential to examine local supplier to local store possibilities.

New technology makes innovative distribution possible for horticultural products. Existing solutions can be adapted. Wales produces excellent red meat and the farming sector has addressed the problem of supply chain traceability and marketing. For horticultural products, 'Scale-aware' solutions need to be appropriate and range from technology and algorithms at a large scale and right down to word of mouth and phone messaging for small scale.

There are also differing ideas of what is 'local sourcing' that need clarifying and agreement. The Co-operative Group has been actively engaging its managers and elected members in efforts to further develop its local sourcing in Wales and independent co-operative societies, including Mid Counties and Lincolnshire, have also been developing their local sourcing. Large size is not an insuperable barrier to local food procurement as the leading supermarkets in France have been operating such policies and practices successfully for years.

> Case Study 4

Access to land for food growing – Community Land Advisory Service

Local food growing has become increasingly popular over the past ten years and the demand for allotments vastly exceeds supply in a growing number of local authority areas. In some parts of London and in other cities the waiting list has grown to 40 years. Finding land for local food growing is a need that can be met by creative systems that match up local food groups with sympathetic landowners. The National Federation of City Farms and Community Gardens has devised the Community Land Advisory Service (CLAS) as a comprehensive support system for both community food growers and individuals and organisations with land to offer on varying terms. The service acts as a trusted brokerage that informs both parties on how to agree an equitable lease or license for a site on either a temporary or longer-term basis. The service has attracted support from a broad range of public and private sector landowners. Both parties are

assisted to collaborate with impartial advice, with technical guidance, access to different model leases, with a growing range of case studies of good practice and with guidance on insurance arrangements. Food groups of different types can be helped from community gardeners to community supported agriculture partnerships. CLAS has an office and advisory staff in each country of the UK thanks to funding support from the Big Lottery. The service in Wales was launched in July 2013 at the Royal Welsh Agricultural Show. Additional support from the Welsh Government has been provided under the Rural Development Programme for Tyfu Pobl (Growing People) to support the expansion of community food growing throughout rural Wales.

wl.communitylandadvice.org.uk

For further information and case studies in Wales see www.tyfupobl.org.uk/category/project-success-stories



> Case Study 5

'Vetch Veg' – Community Growing Utopia in Swansea

The Garden City model for new towns and future Eco-cities is gaining wider attention and support through a growing campaign by the Town and Country Planning Association. Swansea over the past two years has simply got on with the job. As part of the Cultural Olympiad Wales, the disused and historic Vetch football stadium's pitch has been converted by local residents and local artists into the largest urban community farm in Wales. The former grounds are in the Sandfields and right in the heart of the city. The 'Vetch Veg' project has been described as an Urban Utopia and it has all the facets. On the 2500 square meter pitch, a broad range of residents, from a diversity of ethnic backgrounds and reflecting the Sandfields community, have co-developed 103 raised beds for food growing, set up two polytunnels and worked with the artists to develop a Shed Sculpture as a community hub and resource centre for cooking food together, holding talks, organising cultural events and performances and operating as a resource and information centre - including a library

of gardening books donated by volunteers and the local Oxfam shop. An emerging community farm includes chicken coops and beekeeping. The project has become a focal point of co-operative activity and mutual support. All plots are free to use by individuals, families, organisations (including churches, charities and retirement centres) and those living or based in Sandfields. Vetch Veg is a member of the National Federation of City Farms and Community Gardens. Additional support for the project has come from the artist Owen Griffiths, Adain Avion, Taliesin Arts Centre, Swansea Environmental Forum, Swansea Transition Food Group and the City and County of Swansea. The impact of community food growing on this scale in an inner city area has been profound. Vetch Veg has become rapidly an 'urban commons' for neighbours, families and cultures to meet, to tend their plots, to swap seeds and recipes, to share meals and to celebrate their joint achievements.

vetchveg.tumblr.com/about



Review of current activity and opportunities for Co-operative Innovation

Planning consent for food growing is a barrier for small horticultural and new food co-ops. Pre-planning advice alone can cost £2k. Public procurement discriminates against Co-ops, social enterprises and small business. Procurement restrictions are a 'self-made' barrier as good practice that is not discriminatory exists and we should not 'blame the EU.' To secure changes, there is an opportunity to influence the Planning Bill.

Fragmentation and competition among community and local food groups is a problem that Co-operative practices can address. Here Co-op ways of working are different from that of the traditional non-profit sector and this provides a new way forward. Working in silos can be overcome with co-operative methods and there is scope to move from the present and fragmented 'I culture' to a more united 'We culture.'

Community Waste Recycling: the need for Co-operative Consortia

Community waste recycling offers a diversity of benefits and is highly innovative. It creates jobs for a number of people and for the socially excluded. It has been innovative and indeed pioneered kerb side collection by social enterprises like Cae Post and Cwm Harry Land Trust in Mid Wales. Community recycling is quick to respond, works locally at a low-cost and is committed to working with a diverse range of vulnerable and excluded groups.

Community recycling mobilises volunteers, encourages co-operation, creates opportunities and connects people and communities. Community recycling develops new work opportunities and aims to reduce environmental waste and the waste of those unemployed and others deemed unemployable.

Wales has supported community waste recycling over many years. With funding from the Welsh Government, Cylch operated as a social enterprise by co-ordinating network services to support sector development. The Let's Prove It data collated by Cylch showed that its members were shifting as much tonnage as two average sized Welsh local authorities at less cost and with far wider benefit.

Measuring tonnage collected is straightforward. Measuring social impact by organisations that are attempting to rebuild society is clearly more problematic. However the numbers of people being trained, skilled up and moving through an intermediate labour market process towards arms length employment are easily quantifiable.

The issue of sustainable development in Wales has been given less attention in recent years, though it has been championed

in the past as a strong point of Welsh public policy. Like with the community energy and community food groups, there is a strong feeling that the economy in Wales needs to be reoriented to function more locally and resiliently.

Public procurement does not allow the community recycling networks to access contracts compared to the increasingly large private sector competition – much of which is not based in Wales. This problem has become severe since 2011 when the procurement process was changed. That year local community recycling groups report that the entry bar was raised and they could not complete the PPQ to be considered to tender. The only way forward for them currently seems to be to form sub-contracts where feasible with large corporations. One consequence has been that two local authorities awarded a major waste contract to a provider in Oxfordshire in 2011 with a huge increase in carbon emissions.

> Case Study 6

Rural Regeneration Unit and the Welsh Food Co-op Network

In 2001 Wales and Cumbria were two of the worst hit parts of Great Britain by foot and mouth disease. In the wake of the epidemic a local woman was driving her car in the Lake District and she saw a farmer ploughing a large crop of swedes into the ground. She stopped her car and went over to talk to him. He said he had no choice as they were surplus and there was no market for them. She thought what a waste and how could a local rural market be revived. That day the Rural Regeneration Unit as a social enterprise was triggered as a brilliant idea. Word spread to Wales and the same seed was sown. The Rural Regeneration Unit here was kick-started with a small grant from the Welsh government for two food co-op organisers, one in the south working out of Cardiff and the second based in North Wales and covering the six counties of North Wales. The model in both Cumbria and Wales was the same and based on three ingredients: connect a farmer keen to supply fresh food and vegetables to a low-income community at a fair price, bring together an active group of volunteers locally and find a free venue as a hub. The two organisers were tasked with the goal of helping local groups to set up a network of 27 food co-ops within two years. The idea appealed so much that they set up

77 in this short timescale. Today there are more than 300 local food co-ops operating right across the country. This impressively successful network is run out of community centres, village halls and local schools. There are currently more than 2000 volunteers involved weekly and with a minimum of 4-5 people needed to set up and run co-ops in each new area. An increasing number of farmers and suppliers deliver weekly bags that sell for between £3 and £4 per week. Most co-ops handle 10 to 30 orders per week but some distribute 40 to 60 bags. The service in some areas like Aberporth in Ceredigion supplies also local eggs and meat as well as fresh fish from Milford Haven. Bryn Gwalia food co-op in Mold, Flintshire has also set up their own allotments with raised beds in their community and supplies local veg to their luncheon club. Some of the food co-ops promote membership jointly with their local credit union or run Fruit Tuck Shops in the local school. Christmas in a box schemes are popular through savings in the co-op of a pound a week for a hamper with a fresh turkey and all the trimmings. Annual turnover for the food co-ops is over £900,000 and all achieved by voluntary action.

www.ruralregeneration.org.uk
www.foodcoopswales.org.uk



> Case Study 7

Co-operative energy from waste - Cwm Harry Land Trust

Cwm Harry Land Trust has been a pioneer in community recycling and has focused on food waste treatment over the past 15 years. In the heart of Wales it has pioneered green composting and kerbside collection schemes and established the first Community Supported Agriculture project nationally in 2001. In recent years it has been working on food waste and anaerobic digestion (AD) through a closed loop nutrient recycling system. This scheme if extended has significant co-operative economic development potential to benefit the environment, local households, local businesses and local farmers. Collaborative partnerships are vital to make this work between the major stakeholders including the local authority, Cwm Harry Land Trust and local farmers. Basically food waste would be collected regularly from households and from the commercial food sector and this would be pasteurised at a central waste transfer station; this digestate would be then transported to farms and mixed with slurry in an AD process on each farm. This integrated closed loop nutrient recycling system has the strategic potential to generate biogas energy, electricity sales, surplus heat for local use and compost for farms and local horticulture. The hub and spokes design model requires the establishment of a co-operative consortium to link up the collaborative partners for this co-production strategy to be effectively co-ordinated and co-managed and to comply with strict regulatory standards. If implemented successfully, this project could be a transformative co-operative pathfinder for all areas of rural Wales.

cwmharry.org.uk



Review of current activity and opportunities for Co-operative Innovation

Despite pioneering this work, the loss of contracts by the community-recycling sector has led to a decline to only two kerbside operations in Wales. There is also substantial competition for feedstock within the third sector with large multi-chain charities tending to compete counter-productively for recyclable materials at the expense of smaller, locally based providers.

The role of the community recycler is to hang on to the wealth that the material streams, which flow through our daily lives, possess. It's a new kind of alchemy. This is best observed with bio-waste where the alchemy can take place at a small scale and in front of your eyes. This is home composting at its simplest but technological advances are bringing down re-processing of materials to a local economy scale. This technology is now re-engineering industrial processes in wonderful ways that are rapidly opening up the scope for a new age of local green industries. A new vanguard of 21st century community recyclers could seize and secure this opportunity by combining into co-ops and harnessing these 'convivial tools'.

Co-operatives utilising new technology provide a way for community recycling schemes to expand their operations and to secure the necessary capacity through methods like Co-operative consortia to win and co-deliver contracts. To achieve the potential will require the development of commercial forms of associative economic democracy that Co-operative consortia have delivered elsewhere in Europe. A good example is the Social Co-operatives in Italy with over 14,000 local co-ops in operation nationally that operate successfully with a mixture of paid and volunteer staff. Co-op solutions like this can provide market traction. This mutual solution is both timely and strategically important economically as the future of community recycling lies in services for reuse that will become of greater importance. To operate most efficiently and ecologically, operational units need to be set up at a sub-regional level and networked for robustness.

> Case Study 8

Multi-stakeholder Co-operatives - Lessons from Italy and Quebec

Lessons for successful co-operative economy development methodologies can be gained from Emilia Romagna in northern Italy. Success in this region has been secured through public sector partnerships with the Co-operative sector and through the effectiveness of Co-operative Consortia. Consortia enable smaller co-operatives to secure economies of scale and scope. The Consortia operate at local and provincial level in Italy and provide a range of shared services for a co-operative industry sector. These services include legal, training, technical assistance, administrative and joint tendering. The Consortia also group together under a national Consortium that provides access to social finance at lower rates.

The Italian co-operative movement in Northern Italy has also developed Social

Co-operatives as multi-stakeholder co-operatives. These benefit from a specific law for Social Co-operatives that was passed in 1991. Social Co-operatives in Italy can include as members: paid workers, volunteers, service users and their families and social investors. This model has created over 360,000 jobs across Italy and has spread to other countries including: France, Spain, Portugal, Poland, Hungary and Quebec in Canada.

In Quebec multi-stakeholder co-operatives are called 'Solidarity Co-operatives' under legislation passed in 1997. Most new co-operatives in Quebec have taken this form in recent years and they are involved in rural regeneration and environmental services co-ops.



Recommendations to the Welsh Co-operative and Mutuals Commission

The participants at the consultation event felt that there is a need for a major shift and a reorientation of the economy towards solutions that are more local and resilient. In any event the need to mitigate and adapt to climate change will require this increasingly and specifically to ensure increasing food, energy and flood risk security. Many sectors of the general public recognise this and a changing ethos supporting this is welling up. A move from the dominant 'I culture' to a future 'We culture' seems evident from the dramatic increase in community share issues and an increase in peer to peer lending and crowd funding since 2008.

To co-develop a strategic vision for co-operative ecological action nationally, the Welsh Government should play a lead role in strategic partnership with The Co-operative Group, the Wales Co-operative Centre, Co-operatives and Mutuals Wales and other supportive networks. The following 11 recommendations are made in relation to ten specific action areas:

- Advocacy and awareness-raising
- Co-operative education and the green economy
- Co-operative development and ecological action
- Fostering a collaborative learning culture and new technology
- Public sector procurement and localism
- Planning and community benefit
- Facilitating access to land
- Community shares unit
- Co-operative Facilitation Financing
- Multi-stakeholder co-operatives and Co-operative Consortia
- Public-Social Partnerships for new jobs and mutual enterprise

1. Advocacy and awareness-raising

Co-ops UK evidence shows that co-operatives are more sustainable than other business start ups. This evidence is not known and nor is it understood that they are less likely to fail because of the social capital and other support they attract.

These facts and the data showing the growth and importance of the Co-op sector need to be widely disseminated.

Awareness of the co-operative sector's social, economic and ecological problem solving capacity should be raised by showcasing diverse models of local co-operative enterprise including many social enterprises that are seeking to transform themselves through co-operative structures.

2. Co-operative education and the green economy

Education is vital and needed to inform and enthuse people about the ethos and benefits of working co-operatively for the well being of people and planet.

There is a general lack of understanding within the Welsh Government about co-operatives and community shares. So co-operative education needs to go back to basics and be delivered in schools, in communities and right across the public sector.

Co-operative knowledge transfer should be advanced across Wales to develop the green economy markets. Currently this is happening informally in the environmental sector and also across the border between new Co-ops in Wales and in England. This co-learning needs to be expanded and made part of a focused growth strategy.

A co-operative culture starts in schools. Greater public sector support should be given to existing and future initiatives for co-operative methods and governance within the curriculum.³

3. Useful case studies from a recent IWA/Co-op conference can be found at: www.iwa.org.uk/download/event/212/resources

Recommendations to the Welsh Co-operative and Mutual Commission

3. Co-operative development and ecological action

Co-operatives and mutuals provide a more robust and democratic vehicle for community enterprise in the environmental sector.

The existing co-operative support infrastructure needs to be improved to meet emerging needs that are evident. There is a need for local facilitators to offer support to co-ops and mutuals to be developed for the green economy. Mentoring and peer-to-peer support should be facilitated.

4. Fostering a collaborative learning culture and new technology

Learning by doing and making mistakes needs to be supported positively. Failure should be seen as part of the learning curve on the basis that a consistency and reliability of support will enable co-ops and mutuals to get it right on the second or third attempt.

Co-operative development needs to be reframed and targeted increasingly on multi-stakeholder membership development. Fostering a learning culture should be linked to collaborative partnerships with the small business and public sector. The focus should be on collaboration that actively promotes opportunities to work together at all levels. The aim should be to transform the 'I culture' to a 'We culture' by habituation.

New technologies are crucial to launching a new wave of green co-operative enterprises in Wales. The emerging technologies need to be taken advantage of to reduce costs, to improve communications, to develop co-production services and to advance efficiency and economic democracy in diverse ways by involving multi-stakeholders.

5. Public sector procurement and localism

Any tender process for a contract needs to consider the triple bottom line and take into account the added value of a contract going locally due to the sub-regional multiplier effect of that investment.

The Welsh Government should work closely with local authorities to enable a different market place where local products and sourcing are increasingly available. This means rethinking the current system of public procurement that excludes small co-operatives from the tendering process and does not allow them to compete equitably with the big private sector players. Reducing the complexity of the tendering process is a key place to start.

Rules should be developed that allow and encourage power and money to stay local. For example, sourcing local goods and services should be the default position.

6. Planning and community benefit

There is a strategic need for a specific focus on community benefit within Welsh planning policy, as is the case in both Scotland and England.

The community benefit of co-operatives and mutuals needs to be actively taken into consideration. Planning guidance needs to be strengthened on the basis that co-operatives and mutuals enhance community involvement, support local enterprise and advance sustainable development. Good practice from Scotland should be taken on board with their planning targets for community owned energy projects.

7. Facilitating access to land

Access to land is a major barrier for local food and community energy projects. There is a need to review public sector land use and access. Many local authorities and public bodies do not know the landholdings they have. The Welsh Government should require public sector bodies and local authorities to carry out a regular audit of their landholdings and make this available to local communities in order to inform land use requests.

Flexible arrangements should be developed to allow community land use for sustainable development purposes including local horticulture, community-owned energy schemes and community supported agriculture. For guidance, the Community Land Advisory Service (CLAS) developed by the National Federation of City Farms and Gardens has developed case studies of good public sector practice in the UK and also has model leases ranging from meanwhile use to longer-term agreements.⁴

Public land should be released to schools for growing. Support should be provided to promote school-based food co-ops.

8. Community shares unit

There is a strategic need in Wales to establish a Community Shares Unit like the successful and highly productive service in England that is operated jointly by Co-operatives UK and Locality. A similar Welsh service would enable a growing number of community and social enterprises to become co-operatives or mutuals and thereby expand year on year a strong base of local community ownership. This support service should assist developers of new co-operatives and mutuals to choose an appropriate legal structure and to secure Enterprise Investment Scheme tax relief and to help them negotiate Feed-in-tariff income or the Renewable Heat Incentive for community energy schemes. These two key sources of income can help secure co-operative viability and expansion but also have a local economic multiplier effect that benefits local economies across Wales.

9. Co-operative Facilitation Financing

Community energy and local food projects need access to a system of flexible social financing that both seeds and supports emerging markets. Such a system has been developed for Community Land Trusts for community housing schemes but has not been developed for other co-operative and mutual economy areas. The needs are similar between CLT projects for housing and the early stage financing needs for community energy as well as for some local food enterprises that are community-owned.

A social financing facilitation fund should include a seed funding stage for feasibility and business planning work of up to £5000. This may be provided as a grant. Beyond that planning applications for many environmental projects require technical assistance and professional fees. The National CLT Fund provides venture finance for these pre-development tasks, which are inherently, work at risk.⁵ The arrangements for this fund (which covers England and Wales) are that if planning approval is secured, the loan needs to be repaid and if not, repayment will not be sought. To cover these loan write-offs, each successful applicant for these venture loans agrees to pay a 'solidarity rate' of 25% for the financing. This charge includes the risk premium to recover the un-repayable loans. There is a strategic need in Wales for such a facilitation fund to support community energy projects developing community share issues.

10. Multi-stakeholder co-operatives and Co-operative Consortia

The Welsh Government should support the development of a multi-stakeholder co-operative model for Wales along the lines of the Quebec model for Solidarity Co-ops that support rural regeneration and new markets in the environmental sector.

The introduction and development of co-operative consortia and multi-stakeholder co-operatives would advance the development of a Co-operative economy across Wales and the Welsh Government should back these measures.

11. Public Social Partnerships for new jobs and mutual enterprises

The Welsh Government and local authorities need to recognise the huge amount of 'sweat equity' that local volunteers and local professionals invest in these diverse environmental ventures. There is a growing need to co-develop a new social settlement that could best be framed as a Public-Social Partnership.

Public-Social Partnerships are needed to provide a long-term collaborative strategy for developing the co-operative economy across Wales. The Co-operative sector itself needs to take on an

advocacy role to make this happen and become a Confederation more like the CBI. Frameworks of support are needed to enable local co-operatives and mutuals, the CMEs, to compete at private sector level.

Co-operative ways for the public sector to support the local food sector gives an indication of what more widely could be done in the other sectors we have examined.

The Welsh Government should support and encourage the concept of regional and local food sourcing as a sustainable way of using resources as well as a 'value added' niche market. Small business food producers can become key partners through co-operative networks.

An example of this could be pursued in the local horticulture sector by the public sector providing support for producer food co-ops. This could be supported by reinstating wholesale markets and by funding skill training for new growers in fruit and vegetable horticulture as well as for traditional animal rearing and arable farming.

Co-production between producer and consumer food co-ops could be developed through partnership working with the Rural Regeneration Unit and its existing network of local food co-ops.⁶ This could develop collaborative links between the existing buyer co-ops and new producer co-ops and could leverage as well support from the Welsh Government Rural Development Plan.

Public Social Partnerships need to be co-developed as a positive programme for advancing the Co-operative economy in Wales in order to create new employment and to increase security and well being. This strategy does not pose any threat to public sector jobs and there is a need to develop a dialogue with local authorities and public sector unions to secure a new social settlement. Lessons from the growth of multi-stakeholder co-operatives in Italy and Quebec should be taken on board to understand how such support from the trade unions and from the public sector can be negotiated successfully.

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4. Useful case studies from a recent IWA/Co-op conference can be found at: www.iwa.org.uk/download/event/212/resources

5. See information describing the operation of the National CLT Fund at: www.cltfund.org.uk/clts-weve-funded

6. See the film Local Produce for Local People – Food Co-ops at: www.foodcoopswales.org.uk/our_films.php and an external evaluation of the Rural Regeneration Unit and their Public Health Wales Good Practice scheme award-winning work: wales.gov.uk/about/aboutresearch/social/latestresearch/communityfood/; jsessionid=3C5532E5777007A83AF3A9DFD037460E?lang=en

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