



Doing it ourselves | Technical Appendix

A strategic action plan to double the co-operative economy in Plymouth by 2025

November 2018

Summary

Co-operatives UK were appointed by Plymouth City Council (PCC) in August 2018 to produce a comprehensive report of the co-operative economy for the Plymouth City area and corresponding Strategic Plan that outlined potential interventions to double the size of the local co-operative sector by 2025.

This technical appendix accompanies the final “Strategic action plan to double the co-operative economy in Plymouth by 2025” - published by PCC in November 2018. It seeks to provide an overview of the mapping and research methods that were employed in order to develop the action plan.

For the full dataset and associated analytics, an online dashboard has been created and can be found here.

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1. Primary research

1.1. The main form of primary research was engagement with a project Steering Group. PCC established this wider steering group to inform the work, recognising the value of engaging with key stakeholders to develop the strategy. This steering group was comprised of the following members:

- Cllr Chris Penberthy – Portfolio lead Plymouth City Council
- Anna Peachey - Economy, Partnerships and Regeneration Manager, Plymouth City Council
- Jane Hunt – Economic Development, Plymouth City Council
- Craig McCardle – Director for Integrated Commissioning, Plymouth City Council
- Amanda Ratsey - Economic Development, Plymouth City Council
- Simon Arthurs – Plymouth City Council (Procurement and finance)
- Nicola Huckerby – Co-operative Innovation network
- Brad Pearce - Catered Plymouth
- Alistair MacPherson – Plymouth Energy Community
- Michelle Virgo – Business Manager, Dartington School for Entrepreneurs
- Andrew North – Engagement Manager at the Cooperative Group
- Dirk Rohwedder – Director at SSE hub Dartington

1.2. The Steering Group was convened for the Inception Meeting in August 2018 to finalise the approach. It was then convened in October 2018 to review and comment on interim findings. Steering Group members also provided “offline” input into the project following release of a draft strategic document in October 2018.

2. Data and mapping methodology

- 2.1. The data and mapping work was drawn from Co-operatives UK's dataset that underpins the Co-operative Economy - the nation's only comprehensive report on the UK's co-operative sector. It reveals turnover, membership and employee figures for thousands of co-operative businesses across the UK.
- 2.2. The release of the co-operative economy dataset as Open Data is the result of extensive work over recent years to improve the accuracy and coverage of data on the co-operative sector. The dataset is compiled from the following sources:
 - Annual returns submitted by registered societies to the Financial Conduct Authority (FCA)
 - Annual returns and accounts submitted by companies to Companies House. Data may come direct from Companies House or via an intermediary, such as Endole
 - Statements of accounts published on organisations' websites
 - Annual returns submitted by Co-operatives UK members
 - Department of Education data on school finances
 - Prudential Regulation Authority data on credit unions finances
 - From federal organisations and other collaborating organisations, including the Community Shares Unit and Co-operative College.
- 2.3. Co-operatives UK utilises many different sources of information and seeks to identify and monitor all co-operatives. As there is no single legal definition of a co-operative in the UK, we may not be aware of all co-operatives registered under different corporate forms. The classification of a co-operative is by necessity an interpretation. On this basis, Co-operatives UK operates an Identification Policy which outlines the definition of a co-operative and, alongside this, that of a mutual, to authenticate the identification, description and classification of these businesses in the UK.
- 2.4. Co-operative businesses were identified from the Co-operatives UK dataset. This encompasses the entire mutual economy such as building societies, healthcare mutuals and part-employee owned organisations. Those defined as co-operatives are included in the co-operative economy subset on the basis of legal form, registration using approved model rules, or identification through membership application or other periodic review processes (or any combination of the above). A more detailed explanation of this process is set out in the Endnotes.¹
- 2.5. Some businesses fall within the mutual economy, but do not meet the requirements for a co-operative definition. Mutuals are organisations majority owned and controlled by their members on a fair and equitable basis. Co-operatives are part of this family of businesses alongside other forms of member ownership. *All co-operatives are mutual, not all mutuals are co-operative.* Co-operatives must also subscribe to the following set of cooperative principles: voluntary and open membership, democratic member control,

member economic participation, autonomy and independence, provision of education, training and information, co-operation among co-operatives, and concern for community.

2.6. Common mutual organisations include building societies, consortia mutuals, health mutuals, mutual insurers, community mutuals, employee mutuals and multi-stakeholder mutuals. The line between co-operatives and mutuals is always likely to be overlapping and somewhat fluid, given the range of factors taken into consideration and the wide variation in organisation types. Co-operatives UK continually review and improve the dataset, and have the movement's first fully open dataset to encompass values of transparency and collaboration.

3. Strategic Context (literature review)

3.1. We reviewed a series of strategic documents spanning national, regional and local contexts, to inform the work. These included:

- Co-operatives Unleashed, New Economics Foundation (2018)
- National Co-operative Development Strategy, Co-operatives UK (2017)
- Plymouth Local Economy Strategy (LES) Review (2014)
- Industry-based Forecasts of the Plymouth and GB Economies, the RED Group & Plymouth University (2013)
- Heart of the SW Smart Specialisation Approach, Heart of South West Local Enterprise Partnership (2015)

3.2. The focus of this literature review was to determine a number of synergies between the co-operative sector in Plymouth and strategic context, namely:

- Synergies between national co-operative sector strategies and the local co-operative sector in Plymouth
- Synergies between Plymouth's local economy strategy and the local co-operative sector in Plymouth
- Synergies between the sub-regional economic strategy and local co-operative sector in Plymouth

3.3. The diagram overleaf is an example of an exercise where we cross-referenced the co-operative economy with the six "flagships" included in the Plymouth Local Economic Strategy (LES).

Figure 1: Example cross-referencing exercise (synergies between co-operative economy and local economic strategy)

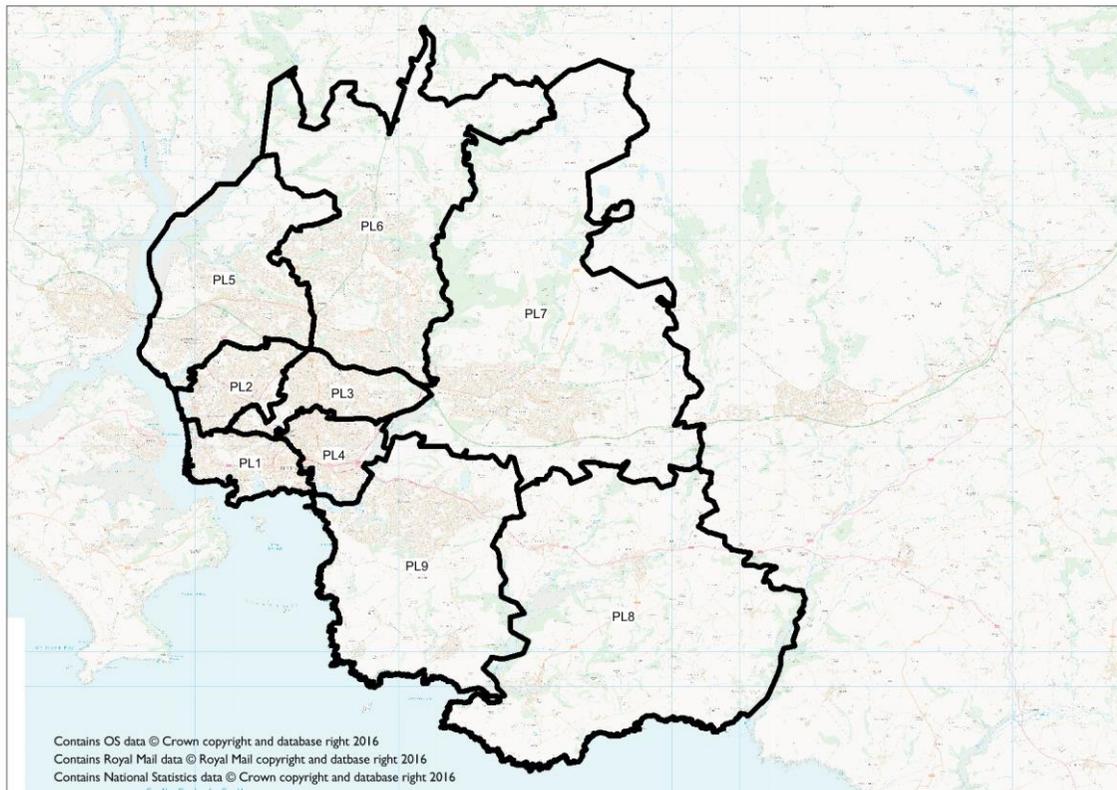


4. Data and mapping analysis

Boundaries

- 4.1. The primary geographical boundary for the work was the Plymouth City area – which was applied to the data analysis through identifying co-operative businesses that were registered in the postcode districts that comprise the Plymouth City area – PL1 through to PL7 (see map below).

Figure 2: Postcode districts comprising the Plymouth City area



- 4.2. Analysis was also undertaken on a wider “functional economic area”, to highlight co-operatives headquartered outside of the Plymouth City Council boundaries but which would likely contribute to the overall Plymouth economy when considering wider functional characteristics such as “travel to work areas”.
- 4.3. In this instance, co-operatives registered with any PL postcode were included in the analysis. The map below shows the wider geography that was considered on this basis.

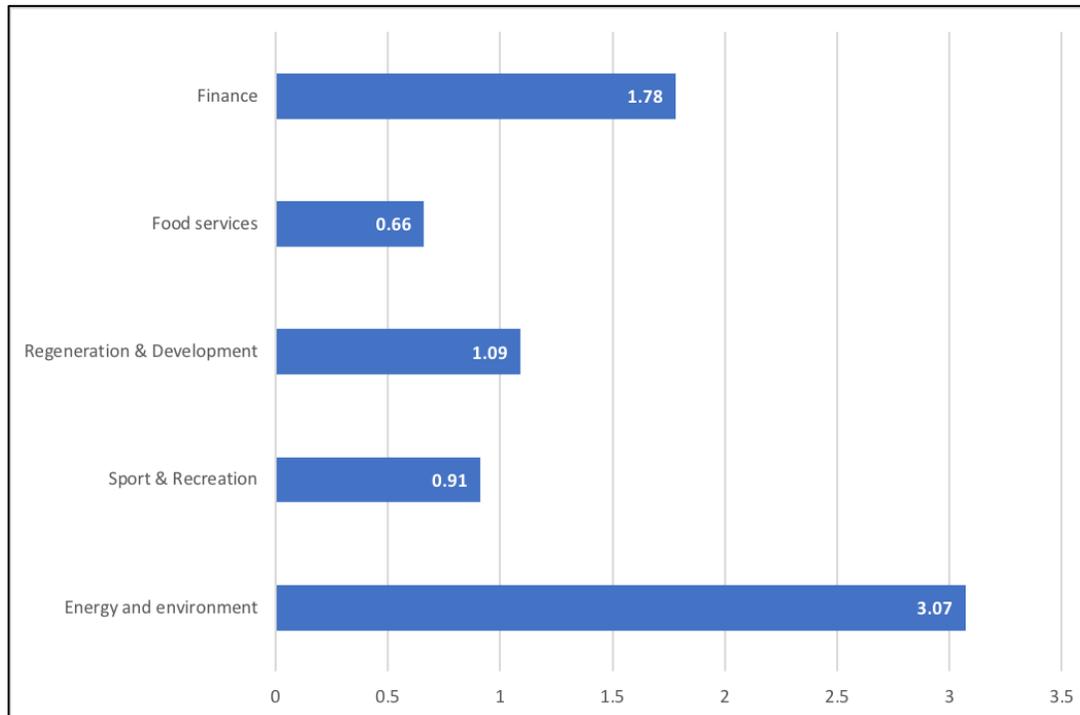
Figure 3: Postcode districts comprising the Plymouth “functional economic area”



Sectors

- 4.4. Sectoral analysis was undertaken to identify the key sectors within the co-operative economy in Plymouth. Naturally, a breakdown of co-operatives by sector in the city were provided in the action plan. However, recognising that this analysis is based a relatively small number of co-operative businesses, we sought to provide an indicator of relative performance for the key sectors in Plymouth. To this end, we developed the Co-operative Economy Quotient (CEQ) to help determine the strategic growth areas.
- 4.5. The CEQ can be interpreted as a local measure of relative co-op sector strength compared to the national position. It compares for each industry, the co-operative share of the local economy in relation to the national co-operative share of the nationwide enterprise base.
- 4.6. For example: While there are only two energy co-operatives in Plymouth - this is still a higher proportion of the Plymouth economy, relative to the national co-operative economy for energy – thus represented by a CEQ greater than 1 which indicates a strong relative performance for this sector.

Figure 4: Co-operative Economy Quotients for Plymouth City area



$$\text{Co-operative Economy Quotient (CEQ)} = (C_L / E_L) / (C_N / E_N)$$

C_L = Number of co-ops within the local sector

E_L = Number of enterprises within the local sector

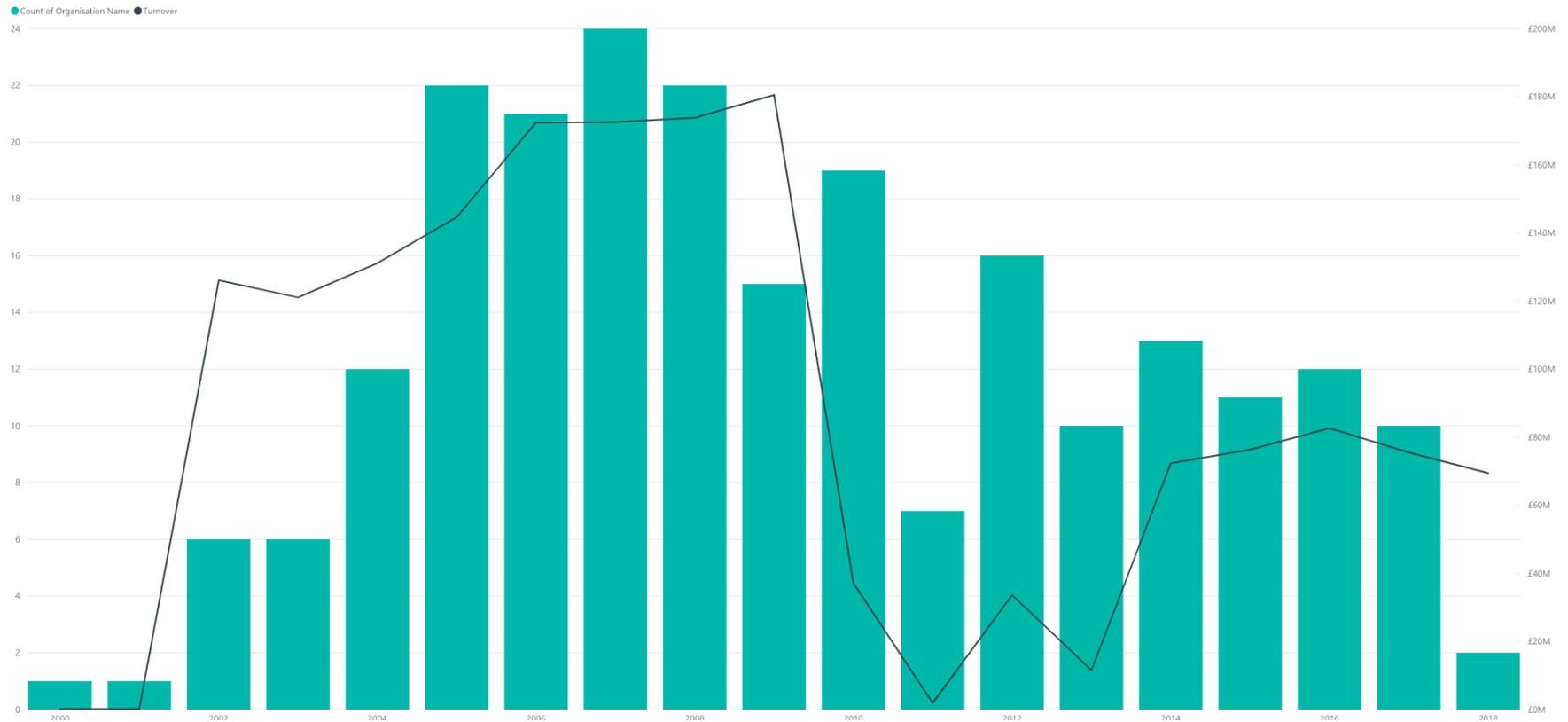
C_N = Number of co-ops within the national sector

E_N = Number of enterprises within national sector

Time-series analysis of the local co-operative economy

- 4.7. Beyond looking at the co-operative economy at present, we also looked at trends over time. The figure below shows the number of trading co-operatives in Plymouth and aggregated turnover since the year 2000. The downturn in co-operatives and turnover in 2011, is almost exclusively due to the merging of Plymouth & Society Co-operative Society Limited with The Co-operative Group. Furthermore, the drop in 2018 is due to the lag of co-operatives submitting their annual return.
- 4.8. Even when accounting for these events, it is recognised that the co-operative sector has not experienced significant “organic growth” in the last decade, which provides a stronger case for active intervention to stimulate co-operative activity locally.

Figure 5: Count of co-operative organisations headquartered in Plymouth and total turnover over time



ⁱ **Endnote: Full process for decisions on co-operative status made by Co-operatives UK**

Decisions on co-operative status made by Co-operatives UK are in part based upon the governing documents of an organisation using the following attributes:

- Registered as a Co-operative Society with the FCA
- Registered as a credit union with the FCA
- Registered with Co-operatives UK approved model rules (in the case of a society registration) or pre-approved articles of association (in the case of companies), which may be registered by Co-operatives UK directly or via Federal or Co-operative Development Body members of Co-operatives UK.

In addition, the governing documents of any registered entity may be defined as a co-operative should they:

- demonstrate adherence to some (at least principles 1-4) or all of the ICA principles via governing documents or other form of validation. These include societies, sub-categorised as Co-operative Society, Community Benefit Society, Registered Society, Company (Limited by Share or Guarantee, or less commonly Public Limited Company), Community Interest Company (CICs), Partnerships (primarily Limited Liability Partnerships (LLPs)) and unincorporated associations.
- If evidence included in governing documents is unclear, then further verification may be sought from secondary rules, member agreements, governing body minutes, policies and procedures. This may result in a request for a governing document to be amended to ensure it adheres to the criteria.

The process of evaluating whether an organisation is a co-operative is completed using a standardised assessment form 'Membership Assessment Form' which is attached to this policy and can be found in the Membership Handbook. This process qualifies the ICA principles for practical application, with 'essential' and 'desirable' criteria which are aligned with the Co-operatives UK Rulebook.