

Meeting of the Cross Party Group on Co-operatives and Mutuals, 12th November 2020

Virtual Meeting

Attendees

Daniel	Roberts	Wales Co-operative Centre
Mike	Erskine	Wales Co-operative Centre
Kate	Carr	Arc ltd
Alice	Coleman	PLANED
Beverley	Futia	FCC
Jeffrey	Pugh	Pugh Computers Ltd
Rachel	Pedley	Avant
Alex	Cook	Swper. Box CIC
Katherine	Rees	Be Extra- Wellbeing For The Arts CIC
Andrew	Bowden	Cartrefi Conwy
Helen	Cunningham	Bevan Foundation
Mike	Dodd	Flintshire County Council
Jacqui	Wilding	Bronllys Well Being Park CLT Ltd
Rosalind	McGarry	N/A
Karen	Freeman	Beacons Creative
John	Chown	Wales Co-operative Centre
James	Brown	The Urbanists
Jake	Smith	Carers Wales
Vicki	Roskams	Enbarr Enterprises Limited & Enbarr Foundation CIC
Karen	Wilkie	Co-operative Party
Kelly	Thomas	Capture Resources
Cheryl	Davies	Glyncoch Community Regeneration Ltd
Helen	Taylor	N/A
Nicola	Mehegan	Wales cooperative Centre
Cadi	Cliff	Goleudy

Maggie	Gomez	Wales Co-operative Centre
Sarah	Owens	Wales Cooperative Centre
Helen	Parfitt	Senedd
Mike	Gillard	Industry Wales
Richard	Fraser-Williams	Business Wales
Joanne	Jones	Wales Cooperative Centre
David	Madge	Wales Co-operative Centre
Lis	Daly	GWC
Mike	Williams	Wales Co-operative Centre
Geraint	Williams	Business Wales
Derek	Walker	Wales Co-operative Centre
Glenn	Bowen	Wales Co-operative Centre
Paul	Cantrill	Wales Co-operative Centre
Glen	Dodd	Scottish Enterprise
Deb	Oxley	Employee Ownership Association
Mark	Wallis	Wavehill
Robin	Lewis	Senedd
Huw	Irranca-Davies	Member of the Senedd

Panellist Contributions

- *Deb Oxley, Chief Executive of the Employee Ownership Association*

Deb Oxley defined the concept of employee ownership as when a business offers its employees a chance to have a stake and a say in how it is run, through making shares available to all employees or using an all employee trust (most popular method) with employee representation at governance level.

Deb outlined the benefits of Employee Ownership, and highlighted the Ownership Dividend Report (2018) that clearly shows the link between EO and the delivery of discretionary effort at the individual level. When that happens in a group, you get enhanced business performance. In the top 50 EO businesses – as of June 2020 – the mean change in productivity was 6.9% year on year – it was 1% across the rest of UK businesses. Businesses become more resilient, take a longer-term view in decision-making. Employee ownership is better for individuals, businesses, and regional economies.

The levels of inequality being exposed across society were discussed, and employee ownership was discussed as a way of responding to these challenges. The current Covid-10 crisis was a crisis both in health and the economy. There are low levels of personal and business resilience. Business owners are vulnerable. EO businesses are more resilient. Data clearly shows that EO businesses during Covid-19 have done better – laying off fewer people. This backs up evidence from 2010 on the previous financial crash.

In terms of policy, the biggest change in recent years has been the 2014 legislation that led to tax benefits for employee owned businesses. But can't sit on our laurels, we need to protect it. An important priority must be awareness raising, at a business and policy level. Deb concluded by highlighting the #1MillionOwners campaign that calls for government to invest in worker and employee ownership, by Co-operatives UK in partnership with the Employee Ownership Association.

- *Glen Dodd, Scottish Enterprise*

Glen, part of the Co-operative Development Scotland team, discussed the situation in Scotland, where there has been considerable growth in employee ownership in recent years. There are now around 120 EO businesses employing around 7,300 people, and CDS has catalysed around 75 transitions to employee ownership.

Glen discussed the 4 pillars of success in developing this sector in Scotland: Government Support, Strategy, Advisory Service and Marketing.

Government support for employee ownership in Scotland has seen core funding of CDS within Scottish Enterprise, and Glen outlined that this support from Government was because of its potential to retain jobs and businesses in Scotland and through successful succession planning, to improve productivity and economic performance, and to be a core part of the inclusive growth and community wealth building agendas.

The importance of strategy, with specific targets and action plans, was also considered important. There has been a specific target market and a focus on employee ownership as a succession plan, with specific businesses and business owners targeted as potential clients.

Glen noted the importance of the systemised delivery mechanism of CDS, which has specific skillsets and knowledge and has built positive relationships with key stakeholders. Each client gets 3 free days of support, and CDS offers a feasibility study for each potential client's transition to employee ownership and then support for its implementation.

Finally, Glen discussed the importance of marketing this to clients and other stakeholders. This is done in a variety of ways including public relations, events/webinars, targeted campaign activity through blogs, direct mail or social media, and supporting collateral such as case studies and a podcast. This is also supported by a Leadership Group led by business.

- *Nicola Mehegan and Paul Cantrill, Social Business Wales*

Nicola discussed the history of the movement in Wales, starting in 1982, when the Wales Co-operative Centre was established by the Wales TUC who believed co-operatives and mutuals

could play a vital role in economic growth and stability.

Nicola linked the benefits of employee ownership that had been discussed during the meeting to the economic development agenda within the Welsh Government, including the Prosperity for All: Economic Action Plan and the Wellbeing Goals that are key to the Wellbeing of Future Generations Act 2015.

Nicola discussed the team working on Employee Ownership in Wales within the Social Business Wales team, and the range of skills and expertise that they can offer to businesses considering switching to employee ownership. Professor Paul Cantrill, who has significant experience of working on employee ownership in Wales and supporting these businesses throughout their engagement with the team, discussed the many positive examples of businesses that have transitioned to employee ownership in Wales, including most recently Wavehill.

- *Mark Willis, Wavehill*

Wavehill is a social and economic research company that has transitioned to employee-ownership, cementing its team-orientated ethos and collaborative business approach. Established in 1992 with offices in Aberaeron, Bristol, Newcastle and London Wavehill has developed a strong reputation and proven expertise in the fields of social and economic research, evaluation and impact assessment.

Today, the company has a well-established professional team of over 20 researchers and consultants with offices in Aberaeron on the west coast of Wales, Bristol, Newcastle and London. Wavehill has recently transitioned to an employee-owned company. Wavehill have clear company values, an extremely strong team ethic and a culture based on collaboration and respect, so when it came to continuity and succession planning, becoming employee owned was a natural progression for Wavehill. Mark has said:

“For us, it’s a commitment to our team, a number of whom have been with us for many years and have been instrumental to our success. We want to empower them, share in the success that we’ve built and make our employees feel invested in our continued growth.”

Questions and Discussion Summary

- Following the panellists’ contributions there was an interesting discussion of many of the points made in the presentations.
- There was a discussion of the potential for new enterprises to be set up as employee-owned businesses, especially social enterprises or community-focused trusts. The panellists discussed how much of the focus in policy terms on this area has been on firms transitioning to employee ownership, as a result of the succession issues in Wales and across the UK, and as a result of the 2014 legislation that secured tax benefits for employee-owned businesses. However, there are several examples of co-operatives and employee-owned businesses that start in this way, and Social Business Wales are ready to support this.

- The delegate from the Bevan Foundation asked whether there was evidence of businesses who had transitioned to employee ownership reverting back after a period of time – Deb from the EOA said that this was rare, as the benefits of employee ownership meant that businesses were happy to stay in this form of ownership. Glen from Scottish Enterprise did have some examples of this being the case, depending on the best interests of the businesses involved, but that it was rare.
- Finally, there was a discussion on how the Government can legislate to support this and other forms of ownership. There was an opportunity for networking and attendees stated that they would get in touch with the SBW team for further information. The Wales Co-operative Centre noted that their White Paper on doubling the number of employee-owned businesses in Wales will be published soon.