

*Thank you for your interest in co-operative businesses. I hope you find this guide informative and useful. If you have any queries or questions unanswered - please contact us at the CDA and we will do our best to help.*



*Interest in setting up co-operative businesses in Bristol, Bath and the former Avon area has never been higher. The CDA sees an increase in enquiries every year and many new co-operatives have begun trading with our help and support.*

*We hope that you too will be able to take your ideas forward and wish you every success.*

*The Co-operative Development Team at the CDA (an integral part of Brave Enterprise Agency Ltd)*

## **INTRODUCTION**

Locally and nationally, employee ownership works. There are over 70 co-operative businesses (not including the consumer co-op shops run by The Co-op Group or independent Co-op Societies) in Bristol, Bath and the former Avon area in sectors ranging from engineering to office services, from tree surgery to theatre. The average number of workers in a co-operative is 5 but the largest co-operative in the region, Bristol Community Sport Ltd, employs over 400 workers.

Co-operative structures are suitable for businesses of all sizes. It is the appropriate choice for anyone interested in achieving success through team work and stakeholder involvement and provides opportunities for employees facing redundancy, for arts businesses, ethical businesses and for local people wanting to create further employment opportunities.

## **WHAT IS A CO-OPERATIVE?**

A co-operative is a business owned by its members. This means the members own the wealth of the business together, not as individuals. Co-operatives are international and take many forms – Worker Co-ops, Secondary Co-ops, Housing Co-ops etc.

Although they organise in different ways, they all hold in common the same principles, values and ethics which provide guidance as to how they should function. The values are: Self help, Self-responsibility, Democracy, Equality, Equity and Solidarity which reflect the ethic values of honesty, openness, social responsibility and caring for others.

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## SEVEN CO-OPERATIVE PRINCIPLES

The following principles were adopted by the 1995 Centenary Congress of the International Co-operative Alliance (ICA). They reflect how the co-operative values are put into practice.

1. ***Open membership*** Everyone participating in a co-operative business has the right to membership. No-one should be refused membership on the grounds of race, sex, disability, politics or religion. However most employee owned businesses do have a probationary period for new employees before membership is offered.

1. ***Democratic control*** All co-operatives are organised on the principle of one member, one vote. Everyone has an equal say, regardless of seniority or their amount of investment in the business.

2. ***Common ownership*** The assets of a co-operative business are held in trust for the benefit of present and future members of the business. Members decide how the profits are distributed: they can be shared between the members, reinvested in the business, or donated to social causes. Many co-operatives put a high priority on reinvesting in the business.

3. ***Autonomy and Independence*** Co-operatives are autonomous organisations controlled by their members. If they enter into agreements with other organisations, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

4. ***Education, Training and Information*** Co-operatives provide training for their members, elected representatives and employees to contribute effectively to the development of the co-operative. They also aim to promote the nature and benefits of co-operation.

5. ***Co-operation among Co-operatives*** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international networks.

7. ***Social aims alongside economic aims*** Employee owned businesses consider the wider needs of the community in which they work and live. They can do this by providing a conscientious service to customers or supporting charitable community causes.

## TYPES OF CO-OPERATIVES

*Avon CDA can advise you on the most appropriate co-operative structure for your business idea and will help you with the registration process. We use model rules provided by the Industrial and Common Ownership Movement (ICOM), basic registrations can cost as little as £269. This registration fee includes a years membership of ICOM and a complete registration folder and company name plate. More detailed information sheets on each of the structures listed below are available on request.*

**Worker Co-operatives** are businesses that are owned and controlled by the people who work in them. The workers share the responsibilities and the rewards, and a co-operative offers a more sustainable enterprise format than self employment. Setting up a co-operative can offer an alternative to redundancy or closure of a business, as well as a way to start a new venture. A recent trend in worker co-op development has been in **Business Rescue and Succession**, through worker ownership.

**Service and Marketing Co-operatives** sell produce, services or goods on behalf of their members. These are a way for small businesses to come together to take on projects that they could not manage themselves. Co-operatives of artists, craft workers, farmers, fishery businesses provide their members with services such as marketing, equipment hire, facilities, and transport.

**Care Co-operatives** are set up to provide care services to a community that has a need for it. Co-operatives have had success in providing **domiciliary care services** and have enabled the creation of services which are organised flexibly to suit both workers and service users. Another area of growth currently is **child care co-operatives** set up and run either by the parents & guardians of the children who use it or by the people who work in it.

**Community Co-operatives** are owned and controlled by people in the community. Community co-operatives provide a way for people to organise the provision of service that is of benefit to the community and involve those who use it, those who pay for it and those who do the work as “stakeholders” in its ownership, management and control. They aim to sustain themselves by generating an income from the activities in which they are involved. This may be to improve the local environment, offer training or employment opportunities, or maybe provide a service lacking in the area that local people would like to have available. Any profits are used to strengthen the business or provide further services to the community.

**Food and Consumer Co-operatives** are owned and controlled by their customers. **Food co-ops** enable people to buy cheaper, better quality food by using their purchasing power. This can be for vegetables from a wholesaler, wholefoods or staple items that can be bought cheaper in bulk. **Consumer co-ops** such as the many co-operative retail societies (Welcome stores etc) are larger food co-ops. These co-operatives employ staff to carry out the daily running of the enterprise. The members elect the management to run the business.

**Housing Co-operatives** provide housing for their members, and are controlled by the people who live in them. They often provide housing for people who are low priority for local authority housing such as the single homeless or to provide an option for those who are not eligible for, or do not want a mortgage. This becomes a valuable part of the housing offer in the area, and members are committed to managing the properties well because they benefit directly from doing so in terms of lower rents and better quality housing. Another avenue worth exploring is a self-build scheme, whereby prospective tenants who have various skills and are interested in learning on-the-job work in partnership with training organisations and interested parties: development trusts, L.A.s, to write bids to build their own homes, which usually take the form of co-operatives.

**Supported Co-operatives and Social Firms** are enterprises which include high proportions of people who for reasons of physical disability, learning difficulty or long term illness require a supportive environment and may not be able to work at high levels of productivity. This is a group of people who find it very difficult to obtain work or training opportunity and may be users of day care services. Social firms can supply the supportive environment and training opportunity which enables them to become productive, providing a feeling of self-worth. Co-operatively organised social firms additionally provide access to influence and therefore a sense of ownership and responsibility for the enterprise enabling personal development away from the “permanent client” culture.

## **WORKERS CO-OPERATIVES - Frequently asked questions**

*Workers co-operatives come in all shapes and sizes. How the co-operative principles are applied in practice depends upon the type of co-operative and the wishes of the members.*

### ***Do we all get paid the same wage?***

Wage structure and levels are decided solely by the members. There are some co-operatives that have equal pay policy, while others choose to link salary with length of hours, seniority and skills. Wages however, must be set at a sensible level to allow the company to reinvest and grow. Overall, co-operatives are able to offer members a better remuneration package than other companies because they do not have to make payments from profits to shareholders.

### ***What does limited liability mean?***

Should the co-operative have to cease trading, the members cannot be held personally responsible for its trading debts, except to the value of any shares they hold in the business. This will be an equal amount in any co-operative, as this is one of the co-operative principles. In other words, people to whom the business owes money cannot normally claim members' houses or savings in payment. More detailed information on limited liability status is available from the CDA.

### ***What will my legal status be?***

Members of a co-operative have dual legal status. They are considered a member and an employee. Membership is like being a 'shareholder' in an ordinary company, but without any financial stake attached nor any of the tax burdens associated with shareholders. The members decide objectives and set policy in meetings called General Meetings. As employees, members' rights and responsibilities are covered by employment law in the same way as employees of any business. For example, redundancy disputes would be subject to the same set of laws as used in a non-co-operative business. As employees, members are also liable to pay income tax under the PAYE system and make National Insurance contributions. Another common status for employee members is one of director. The members of a business must elect directors and establish the scope of their powers within the company. Each company must have at least two directors. The directors take the legal

responsibility for the management of the business. This does not affect their limited liability status. In smaller co-operatives, often the entire membership become directors of the company.

### ***Do co-operatives have managers?***

Most small co-operatives (three to twelve members) divide the management tasks among the staff and meet together regularly as a team. It is usual that members have director status. Larger co-operatives have devised a number of methods of managing the business. Some use team management within departments with representatives sent out to a co-ordinating committee; others appoint managers in a hierarchical structure. Whatever the management structure the managers are responsible to the directors and the directors are elected from and by the staff.

### ***Are you required to have meetings before anyone can decide anything?***

No, most co-operatives give staff clear job descriptions showing where they can make their own decisions. The co-operative will often have policy guide-lines and staff can make decisions within company policy.

### ***Can a co-operative be taken over?***

A co-operative cannot be taken over because outsiders cannot buy voting shares. The only time outsiders could take over a co-operative is if it became insolvent or bankrupt.

### ***What are the working conditions like?***

Co-operatives work with their members to ensure that the working environment is acceptable to all. For example, many co-operatives have established flexible working hours for members, rotation and job sharing. However, it must be kept in mind that any added conditions must not harm the companies competitive edge by draining resources.

## **HOW THE CDA (AS AN INTEGRAL PART OF BRAVE ENTERPRISE AGENCY LTD) CAN HELP YOU TO START YOUR CO-OPERATIVE BUSINESS**

*We aim to offer a friendly, helpful service and provide straightforward, practical advice as well as the resources to enable you to plan ahead.*

### **ADVICE AND RESOURCES**

The CDA provides quality advice and resources to people wanting to start a new Co-operative business, as well as to existing co-operative businesses in the area.

**EXPERIENCED STAFF** - Staff and advisers at the CDA have experience of co-operative businesses as well as advising and assisting others to succeed.

**FREE SERVICES** – The CDA receives funding from Bristol and Bath & North East Somerset local authorities to provide a number of free services to people starting a new co-operative. However, we are unable to cover the cost of registering the co-operative with either Companies House or The Financial Services Authority. Once a co-operative begins trading we may also charge for some of our services.

**OFFICE RESOURCES** - Available for use by arrangement with the staff:

- photocopier
- fax
- telephone
- computers for word processing, spreadsheets etc.
- meeting room with OHP and video facility.

**CONFIDENTIALITY** - We maintain a strict code of conduct regarding confidentiality. You will be given a copy of this at your first meeting.

### **SETTING UP A CO-OPERATIVE**

**INITIAL MEETING** - Once you have had a chance to read this information pack it is often helpful to come and have an informal meeting at the CDA. This will give you a chance to describe your business idea and we will be able to advise upon how a co-operative business structure could work for you. Together, we will be able to assess what support you might need and how the CDA and / or BRAVE advisers can help. If possible everyone involved in setting up the business should attend. If it is a large group we can have an exploratory session with a few individuals and then make a presentation to the whole group. Usually these meetings are held in our office in Bristol, but we can also arrange to travel to you if your group is too large or you have travel difficulties.

### **BUSINESS PLAN DEVELOPMENT**

A business plan is vital for any enterprise and involves considerable detailed work. The end result is the blueprint for your business. It must be well presented and researched as it will be required by potential lenders and other interested parties. Business counselling sessions are available via the BRAVE business counsellors during the business planning stage.

### **ADVICE ON CO-OPERATIVE REGISTRATION**

Once you know the most appropriate co-operative structure for your business and the business plan is underway, we will assist you with the registration process. The CDA uses model rules provided by the Industrial and Common Ownership Movement (ICOM), basic registrations can cost as little as £269. This registration fee includes a years membership of ICOM and a complete registration folder and company name plate.

***FURTHER INFORMATION AVAILABLE  
FROM THE CDA. JUST GIVE US A CALL...***

**CO-OPERATIVE INFORMATION SHEETS:**

- The Social Economy – an introduction
- Co-operative Principles, Values and Ethics
- Co-operatives – an introduction
- Worker Co-operatives
- Service, Marketing and Secondary Co-operatives
- Community Co-operatives
- Housing co-operatives
- Co-operative Social Firms
- Childcare co-operatives
- Food Co-operatives
- Care Co-operatives

Information on Credit Unions & Community Businesses can be obtained from BACEN, tel: 0117 907 0080

**LOCAL DIRECTORIES AND GUIDES:**

- Directory of local Co-operatives and social enterprises 2002
- A Guide to loans for Social Enterprise (2001)

**RELATED WEBSITES:**

[www.cda-dorset.com](http://www.cda-dorset.com)  
[www.co-active.org.uk](http://www.co-active.org.uk)  
[www.co-opunion.coop](http://www.co-opunion.coop)  
[www.can.coop](http://www.can.coop)  
[www.co-op.co.uk](http://www.co-op.co.uk)  
[www.icof.co.uk](http://www.icof.co.uk)  
[www.socialeconomybristol.org.uk](http://www.socialeconomybristol.org.uk)

**SOUTH WEST CO-OPERATIVE DEVELOPMENT  
CONTACT DETAILS:**

**Covering the former Avon area:**

Avon CDA  
The Coach House  
2 Upper York Street  
Bristol BS2 8QN  
Tel: 0117 989 2536  
E-mail: [info@avoncda.coop](mailto:info@avoncda.coop)

**Covering Wiltshire:**

Jane Ryall  
Co-operative Futures  
C/o Community First  
Wyndhams  
St Josephs Place  
Devizes SN10 1DD  
Tel: 07780 680421  
E-mail: [jryall@communityfirst.org.uk](mailto:jryall@communityfirst.org.uk)

**Covering Gloucestershire:**

Helen McCombe  
Unit 6 City Works  
Alfred Street  
Gloucester GL1 4DF  
Tel: 01452 530300

**Covering Dorset & Poole:**

CDA Dorset  
56 Lytchett Minster  
Poole BH16 6JE  
Tel: 01202 620050  
E-mail: [cda@cda-dorset.com](mailto:cda@cda-dorset.com)

**Covering Devon:**

Co-active Ltd  
25 wolseley Close  
Plymouth PL2 3BY  
Tel: 01752 500888

## **OTHER SERVICES OFFERED BY THE CDA AND BRAVE**

### ***BUSINESS ADVICE***

Free confidential and objective advice provided by accredited BRAVE Business Advisers for planned or new businesses including co-operatives. Access to external sources of specialist assistance, including accounting and legal services

### ***TRAINING IN BUSINESS SKILLS***

The CDA provides specialist training and advice in co-operative management: roles and responsibilities of Company Directors and Company Secretaries and also new member training. BRAVE provide specialist training including monthly 'Starting in Business' courses and 'Start Right' seminars. Bi-weekly Business Planning clinics. One day courses in subjects such as Bookkeeping, Marketing, Customer Care and sectoral seminars such as 'Starting a Small Food Business' and 'Making it in Music'.

### **CO-OPERATIVE BUSINESS FORUM**

Membership of the local Co-operative Business Forum is open to any co-operative within the Former Avon area. The forum aims to facilitate a strong local co-op identity within the co-op sector itself by bringing co-operators together. It will promote mutual aid and trading between co-operatives.

### ***ACCESS TO SOURCES OF FINANCE***

Advice on loan applications and approaching financial institutions can be explored during the business planning stage to ensure that business plans meet their criteria. Lenders will always want to see a completed business plan before they will consider lending any monies. Co-operatives can access loans from specific co-op loan funds such as ABCF and ICOF as well as more mainstream sources such as BEDF and banks.

### ***BUSINESS MENTORING***

BRAVE has 30 business professionals who have offered their time to support pre-start, start-up and micro businesses across the former Avon area. This is a free service designed to provide on-going support to new co-operatives in their first years of trading but can also be made available to established co-operatives by arrangement.

### ***NEW ENTREPRENEURIAL SCHOLARSHIP***

A limited number of scholarships are available for certain wards of Bristol, currently Lawrence Hill, Filwood, Southmead, Knowle, Ashley, Whitchurch Park, Bishopsworth, Hartcliffe, Easton and

Kingsweston. Training, business advice, support and funding are available to enable individuals to launch their business.

### **PRIME**

An initiative to assist people over the age of 50 to become self-employed or to set up their own businesses. It is part of a registered charity and is run by people with experience of small business start up. The PRIME programme is being offered in this area by BRAVE enterprise agency.

### **LIVEWIRE INITIATIVE**

A Scheme to help people between the ages of 16 to 30 to start and develop their own businesses. The scheme provides quality information and advice to guide people through the initial stages of starting up, linking to a source of business advice and hosting a national competition for new business start ups.

### **BRISTOL ENTERPRISE EXTRA (BEE)**

For people living in Ashley, Lawrence Hill or Easton, Lawrence Hill, Filwood and Windmill Hill. The aim of the scheme is to give people a better chance of succeeding in self-employment. A service of business advice sessions and a three day course help people prepare a business plan. A market research grant of £200 and a bursary of £45 a week for six months once the business starts trading.

### **BUSINESS MAGAZINE**

BRAVE publishes a modern business magazine aimed at local pre-start, start-up and micro business world. Four issues per year are produced with a circulation of 5000. Co-operatives will now be a feature within this magazine.

### **SOCIAL ECONOMY BUSINESS DIRECTORY**

In association with Venue magazine, the CDA and BACEN produce a yearly supplement entitled the Social Economy business directory. The CDA encourages all co-ops to be listed and this is a free service to co-ops.

### **MANAGED OFFICE AND RETAIL SPACE**

The Coach house offers managed office and retail space. BRAVE has thirty basic low cost starter units available to small businesses on 'easy in, easy out' terms.

### **GENERAL SERVICES OFFERED**

The CDA and BRAVE can offer administrative services including photocopying and fax services, room hire and others. These services are open to all co-operatives at a non-commercial rate.

## **OTHER USEFUL LOCAL ADDRESSES**

### **Business Enterprise & Training Agencies**

#### **BRISTOL**

##### **Bristol & Avon Enterprise Agency (BRAVE)**

The Coach House  
Small Business Centre  
2 Upper York Street  
St Pauls  
Bristol BS2 8QN  
(0117) 944 5330

##### **Centre for Employment & Enterprise Development (CEED)**

97-107 Wilder Street  
St Pauls  
Bristol BS2 8QU  
(0117) 942 9555

##### **East Bristol Enterprise**

Easton Business Centre  
Felix Road, Easton  
Bristol BS5 0HE  
(0117) 955 4812

##### **Hartcliffe and Withywood Ventures**

The Gatehouse Centre  
Hareclive Road  
Bristol BS13 9JN  
(0117) 9978 1708

##### **Bristol Area Community Enterprise Network (BACEN)**

Ujima House  
97 –107 Wilder Street  
St Pauls  
Bristol BS2 8QU  
(0117) 907 0080

##### **Business Link West**

16 Clifton Park  
Bristol BS8 3BY  
Tel: (0345) 678100

#### **BATH & N.E. SOMERSET**

##### **Bath Enterprise Ltd**

Abbey Chambers  
Bath BA1 1LY  
(01225) 338383

##### **New Work Trust Co. Ltd**

Wansdyke Business Partnership  
Unit 22, Midsomer Enterprise Park  
Radstock Road, Midsomer Norton  
Bath BA3 2BB

#### **NORTH SOMERSET**

##### **Business Link - North Somerset**

The Link Centre  
Oldmixon Crescent  
Weston-Super-Mare BS24 9AY  
(01934) 418118

#### **SOUTH GLOUCESTERSHIRE**

##### **New Work Trust Co. Ltd**

Management Centre  
London Rd  
Warmley  
Bristol BS15 5JH  
(0117) 967 7807

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#### **FINANCE:**

##### **Avon & Bristol Co-operative Finance Ltd**

C/o Avon CDA  
The Coach House  
2 Upper York Street  
St Pauls  
Bristol BS2 8QN  
Tel: 0117 989 2536

##### **Bristol Enterprise Development Fund**

Unit 14, The Coach House  
2 Upper York Street  
St Pauls  
Bristol BS2 8RH  
Tel: (0117) 944 4700

##### **Princes Youth Business Trust**

2<sup>nd</sup> Floor, 106 Whiteladies Road  
Bristol BS8 2QY  
Tel: (0117) 970-6600  
Fax: (0117) 974-2940