



Belfast City Council

Report to:	Development Committee
Subject:	Support for cooperatives/EU funding application
Date:	17 April 2012
Reporting Officer:	John McGrillen, Director of Development, ext 3470
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1	Relevant Background Information
1.1	2012 has been recognised as the International Year of Co-operatives by the United Nations.
1.2	Cooperatives are defined as “autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”. As such, they represent a collective approach to the risk and reward associated with enterprise.
1.3	As a business model cooperatives are recognised as being resilient in challenging economic conditions. The fundamental difference of co-operatives is that they have members, not shareholders that make decisions democratically. Members of the cooperative are simultaneously owners of the enterprise and beneficiaries of the enterprise activity.
1.4	There are a number of types of cooperatives including: <ul style="list-style-type: none">- Worker cooperatives – owned and run by the people who work there.- Consumer cooperatives - owned by its customers, employees can generally also become members.- Co-operative consortia – Co-operative consortia are formed when a group of businesses join together as a cooperative. They remain independent businesses, but by working together gain a competitive advantage.
1.5	While cooperatives are widely found in many parts of Europe, there are limited examples of cooperatives in Northern Ireland, outside of a number of well-known agricultural cooperatives and, to some extent, credit unions. In 2011 Cooperatives UK reported the existence of 239 cooperatives in Northern Ireland generating a total turnover of £0.9bn. The number of cooperatives within the UK has been experiencing growth in the since 2008 with 2010 being particularly favourable with growth for the UK sector of 9.2%.

1.6	Cllr McVeigh has asked that support towards the promotion of cooperatives as a business model is further investigated as part of Belfast City Council support towards business. In this context, Belfast City Council has been approached to become a partner in an Interreg IVB proposal focused on the development of cooperatives. The project is expected to last for 3 years and would cost in the region of €2m - €3m.
1.7	Members may be aware that the Interreg IVB programme supports transnational initiatives on a range of topics related to economic, environmental and social development.
1.8	Northern Ireland is located within the North West Europe (NWE) eligible area. This comprises Belgium, France, Ireland, Germany, Luxembourg, the Netherlands and the UK together with Switzerland.

2	Key Issues
2.1	Interreg funding is available at up to 75% of eligible costs within NWE projects. This can include in-kind contributions such as staff time.
2.2	Projects require transnational partners, each of whom is willing to contribute to the learning within the project. To date, Limerick County Council has agreed to take the lead in the project. They have become interested in the concept of cooperatives following the move from the area of a number of foreign direct investment (FDI) schemes. There is concern not only at the loss of jobs in the area but also at the loss of IP (intellectual property) and research and development activity, which was the property of the FDI company. The council is keen to work with those formerly employed in the business to look at alternative forms of enterprise which will ensure that the profits, research, intelligence and networks from any new business initiatives are retained in the area.
2.3	Other partners that have confirmed their commitment to the project include University of Sheffield Hallam; Limerick City Council; Cooperatives Scotland and a Cooperative Development Agency in Netherlands. The Mondragon Corporation – a corporation and federation of worker cooperatives based in the Basque region, Spain – will also participate in the project as an observer (given that it is located outside the eligible area). Mondragon is the seventh largest Spanish company in terms of asset turnover and the leading business group in the Basque country.
2.4	The final details of the project are currently being worked out by the project partners but they are likely to involve some element of embedding knowledge in education programmes as well as practitioner conferences, demonstration projects and visits to enterprises. Local partners will also take a lead in piloting specific initiatives and disseminating lessons learned with other partners. For example, Limerick County Council is working with a professor in the University of Limerick to look at establishing a research cooperative. This will bring together research emanating from the university and, by establishing a cooperative model, will bring together the university and research fellows in a partnership in which risk and reward are shared. The expectation is that it will help retain some of the local talent in the city, thereby supporting the wider economic development and business growth. There is an opportunity to explore a similar opportunity in Belfast, potentially focusing on a different research area.
2.5	The project budget is also being finalised at present. As a project partner, Belfast might be expected to commit up to a total of around €80,000 over the course of the

	project lifetime. This can be made up of both staff time and cash contribution.
2.6	Belfast City Council has been asked to be a partner given its potential to engage local businesses and research institutes to look at possible cooperatives models. There are a number of local cooperatives developing in the city at present, such as a taxi cooperative and a cleaning cooperative. However there may be scope for developing additional cooperatives and the funding available through this project will allow this concept to be developed further. Local organisations such as, Trademark Belfast are currently promoting individuals seeking to form cooperatives within the city. If approved, the cooperative model may form part of a locally based partnership model to take this project forward.
2.7	The deadline for the Interreg application is 11 May 2012, Belfast City Council are required to confirm their willingness to participate in the project in advance of this date.

3	Resource Implications
3.1	<p><u>Financial</u> The financial commitment is currently being finalised. A further report on the financial contribution required by council, if approved will be submitted brought back to Committee to allow a final decision on participation.</p> <p><u>Human Resources</u> The work required will be undertaken by existing staff resources.</p>
3.2	<p><u>Asset and Other Implications</u> No specific asset implications.</p>

4	Equality and Good Relations Considerations
4.1	No specific equality or good relations implications to this report.

5	Recommendations
5.1	<p>Members are asked to:</p> <ul style="list-style-type: none"> - Note the request to register our interest in an Interreg IVB NWE project based on developing cooperatives.

6	Decision Tracking
<p>If approval is given to participate, an update on the project application process will be brought back to Committee to allow a final decision on participation. Timescale: December 2012 Reporting Officer: Shirley McCay</p>	

7	Key to Abbreviations
<p>IP – Intellectual property NWE – North West Europe</p>	