

# DOCUMENT

## **PROGRAMME OF RESEARCH AND ACTION ON THE DEVELOPMENT OF THE LABOUR MARKET**

**Developing support structure for workers'  
cooperatives**



**COMMISSION  
OF THE EUROPEAN COMMUNITIES**

This document has been prepared for use within the Commission. It does not necessarily represent the Commission's official position.

Cataloguing data can be found at the end of this publication

Luxembourg: Office for Official Publications of the European Communities,  
1986

ISBN: 92-825-5888-6

Catalogue number: CB-45-85-381-EN-C

Articles and texts appearing in this document may be reproduced freely in whole or in part providing their source is mentioned.

*Printed in Belgium*

Commission of the European Communities

**PROGRAMME OF RESEARCH AND ACTION ON THE DEVELOPMENT OF THE LABOUR MARKET**

**Developing support structure  
for workers cooperatives**

by

Trade Union Research Unit  
Ruskin College

Document

This document has been prepared for use within the Commission. It does not necessarily represent the Commission's official position.

The research on which these reports were based was financed by the Commission of the European Communities as part of its programme of Research and Actions on the Development of the Labour Market.

The analysis and conclusions are the responsibility of the authors. They do not necessarily reflect any views held within the Commission of the European Communities nor do they commit it to a particular view of the labour market or any other policy matters.



"like slave labour, like serf labour, hired labour is but a transitory and inferior form, destined to disappear before associated labour plying its toil with a willing hand, a ready mind, and a joyous heart."

Marx 1864

"Worker Co-operatives offer a better and higher form of organisation than either private enterprise or nationalisation" - James Callaghan, M.P. speaking at the launch conference of the Wales TUC Co-op Development and Training Centre, April 15th 1983.





### Acknowledgements

I would like to thank the members of the management committee of the Wales Co-operative Development and Training Centre for their support during the research for this project. Thanks are due in particular to George Wright, Secretary of the Wales TUC, and Les Paul, Treasurer of the management committee, for their perseverance and encouragement. The staff and the secretaries of the Co-op Centre provided much useful information without which this report could not have been produced. Finally, I would like to thank Michelle Lloyd, the secretarial assistant to TURU, for her quiet competence, and Ginny Hetherington for her invaluable help with the ultimate production of this report. I alone remain responsible for any errors or faulty interpretations.

Denis Gregory,  
TURU,  
Oxford.

October 1983.



## LIST OF CONTENTS

	<u>page</u>	
Chapter 1	Background to the Project and Research Design	1
Chapter 2	The Wales Co-operative Development and Training Centre	5
Chapter 3	Establishing an Investment Fund for Worker Co-ops	21
Chapter 4	Trade Unions as Support Structures for Co-ops: Constraints and Prospects	31
Chapter 5	Some Preliminary Conclusions from the Wales TUC's Experience	37
Appendix 1	Rules of the Wales Co-operative Development and Training Centre Limited	41
Appendix 2	Proposed Trust Deed for the Wales Local Authorities' Co-operative Deposit and Gift Funds	55
Appendix 3	Potential Co-ops - Ideas and Products being worked upon by the WCD&DC as at October 1983.	78
Appendix 4	The Formation of Co-ops in Wales 1980-83	81
Appendix 5	Some Examples of Promotional Material developed for the Centre	87



## Chapter 1 Background to the Project and Research Design

### 1. Introduction

- 1.1 This report sets out the results of an action research project carried out by the Trade Union Research Unit (TURU), Ruskin College, Oxford in Co-operation with the Wales TUC.
- 1.2 Against the background of the Wales TUC's initiatives on worker co-operatives,\* the project was designed to examine and evaluate the potential support roles and responsibilities which exist for trade union organisations in the general process of the development of worker co-operatives.
- 1.3 The basic research was undertaken over the period January-September 1983. During this time the Wales TUC launched the Wales Co-operative Development and Training Centre (WCDTC). Hence, the timing of the research enabled the pre-planning and start up phase of the centre to be observed and evaluated. The report also includes a description and evaluation of the Wales TUC'S proposed investment fund for Worker Co-ops in the principality.
- 1.4 The original research brief submitted to the EEC in July 1982 identified four crucial elements in the establishment of the centre which an action research project could usefully study and evaluate, namely, the ways in which the Wales TUC began:
- Setting up a communication and contact network with existing worker owned enterprises, local authorities, trade unions, official agencies and Co-operative support groups;
  - preparing documentation and material for promotional and education purposes;
  - developing and testing training modules in specific

---

\* See "Job Creation and Worker Co-operatives in Wales : A Feasibility Study" Wales TUC 1981.

- areas of co-operative management and organisation;
- recruiting and training staff for the centre.

1.5 As well as providing the means to assess the potential for trade union involvement in specific elements in a support infrastructure i.e. the centre and the fund, it was intended that the research would also enable evaluations to be made of the need for, and constraints upon trade union involvement at the individual enterprise level. In particular, how unions might assist in overcoming initial training and organisational difficulties in the early stages of worker co-operatives were considered important areas for study.

1.6 The Wales TUC was felt to be particularly suited for the study since they, more than any other UK based union organisation had accepted that unions must play a direct role in the support structures which surround worker co-ops. More importantly, the WTUC had initiated developments of their own in order to supplement and strengthen the support networks which were already in existence in Wales.

1.7 The Mutual Aid Centre report "Prospects for Workers Co-operatives in Europe"\* echoed the view of many other recent analysts by stressing the importance of support agencies for co-operatives. They also noted the importance of trade union attitudes to worker co-operatives as a potential force either negative or positive on future governmental policy towards co-operatives. Amongst other things Mutual Aid Centre called for more research on "the role that the support organisations do and could play". The work detailed in this report represents a small contribution towards fulfilling this wider research need.

#### Methodology : Why Action Research?

1.8 To make any practical assessment of a trade union organisation as either a support agency in its own right or as part of a wider supportive infrastructure, it was clearly necessary to move beyond the theoretical debate as to what unions could or could not do to help worker co-ops develop. This inevitably, pushed the research design towards a 'live'

\* Submitted to DG V in December 1981 as part of the Programme of Research and Action on the Development of the Labour Market.

examination and evaluation of the Wales TUC's various initiatives on worker co-ops. In any event, it was felt that the theoretical debate would possibly benefit from the opportunity to test some of the conflicts and constraints which are commonly assumed to confine and limit the support which British unions can give to worker co-ops.

- 1.9 For this report, action research is understood to embrace the study and broad evaluation of the sequence of decisions, actions and responses which surrounded the establishment of the WTUC Co-op Development and Training Centre, and those which continue to inform their attempts to found an independent investment fund for worker co-ops.
- 1.10 The principle research method used has been that of participant observation. In plain terms, this involves the research worker participating in the key decisions and actions relevant to the issues identified in the initial research brief. To this end the author of this report joined the management board of the WCD&TC and served as a member of the Board's Sub group dealing with the formulation and foundation of the investment fund. In addition the author had direct responsibilities for certain aspects of the pre-planning and launching of the Centre, participated in the initial drawing up of job specifications and recruitment of key Centre staff, and at the time of writing continues to provide certain specialist inputs to both the management board and the Centre's staff.
- 1.11 To provide an accurate description of the involvement of the WTUC in developing a support structure for co-ops and to begin to evaluate the constraints it is difficult to see how more traditional research methods would have proved more effective given also the very short time scale of the research. Nonetheless, it has to be recognised that the evaluation contained in this report is derived from a close contact with the actual process studied and a strong identification with the objectives of the WCD&TC management Board.
- 1.12 It must, therefore, remain for other researchers to provide a more scientific appraisal of the overall effect of the WTUC's initiative.

What this report can do is to give an insight into the 'real world' problems of a union organisation confronting the problems of how to support worker co-ops.



## Chapter 2

### The Wales Co-operative Development and Training Centre

#### Initial Conception

- 2.1 The WTUC's identification of the need for a strong support structure to assist the birth and development of worker co-ops was born out of practical experience. Between 1976 and 1978 alongside the struggle against closures in BSC plants at Ebbw Vale, East Moors and Shotton, many small and medium sized engineering and manufacturing companies in Wales closed their doors. In a number of cases, notably Triang at Merthyr Tydfil and R.D.L. at Treorchy the Wales TUC was asked for advice by the workforce as to how their jobs might be rescued. This inevitably led to the examination of some form of co-operative as a suitable revival vehicle. At the same time groups of steel workers, particularly at East Moors in Cardiff where an ambitious plan for a worker buyout of the plant was developed, were beginning to consider ways in which they could band together to produce their own jobs.
- 2.2 It was quickly apparent to the leadership and staff of the WTUC that beyond broadly endorsing these worker initiatives, they could do little more than make contact on behalf of these groups with the agencies that had been set up in Wales - the Welsh Development Agency and in London - the Co-operative Development Agency. This proved to be a fruitless but nonetheless instructive exercise. It was clear that the WDA at that time was not attuned to the needs of groups of working people who wanted to form co-operatives. The CDA by comparison was sympathetic to those needs but, paradoxically, incapable of providing the resources (as a result of the very narrow remit it had been given by the then Labour government) to overcome the problem.
- 2.3 As a result, these early initiatives tendered to founder as the workers' initial enthusiasm became frustrated and dissipated at the lack of real support for their efforts.

2.4 With the election of a conservative government in 1979 pledged to cut back public expenditure it was readily apparent that unemployment in Wales would continue to rise as both the manufacturing and service sectors of the economy in Wales bore the brunt of this much more restrictive economic policy. The Wales TUC took the view that more and more groups of workers would be left to their own devices since traditional job creation strategies, never particularly effective in Wales, were now to be set impossible targets with much reduced resources. In these circumstances it was decided to examine the potential for creating jobs from within Wales by the efforts and skills of the communities that exist in the Principality.

2.5 In 1980-81 the Wales TUC commissioned a feasibility study to assess the job creation potential of worker co-ops in Wales. The report produced suggested that across a range of sectors in the economy of Wales co-ops were a feasible corporate form. It argued that three interlocking elements were needed to advance theoretical job creation into reality, namely:

- (a) That the trade union movement in Wales must back worker co-ops;
- (b) That a resource centre to provide the necessary professional and managerial skills to would be and new start co-ops should be established; and
- (c) That an independent investment fund dedicated to the provision of risk capital for new co-ops be founded to operate in parallel with the resource centre.

2.6 These conclusions had been reached as a result of a study of six worker co-ops in Wales, together with an examination of the Banking and professional services supplied by the Caja Laboral Popular in Mondragon, North Spain, and an assessment of the trade union involvement in the co-operative sector of the Italian economy.

2.7 Trade union endorsement for the establishment of a resource centre and fund was formally achieved at the Wales TUC conferences in 1982 and 1983. From mid 1982 until April 1983 efforts were, therefore, concentrated on raising the necessary financial, physical and human resources to bring a co-op resource centre into being.

Finance and the Centre

2.8 Although the original proposal from the feasibility study was for a Centre which would ultimately become self funding, it was clear that for the first 5-7 years it would be heavily reliant on 'soft' funds gathered from governmental and other official sources. In the event, the funding has been drawn from a wider variety of bodies than was originally envisaged. The following table provides a detailed indication of the current (October 1983) funding level and sources.

Table 1. Wales Co-op Development and Training Centre Funds Received and timescale of support.

SOURCE	FUNDING LEVEL £	TIMESCALE
Welsh Office	100,000	Over 3 years
Welsh Development Agency	45,000	" " "
Development Board for rural Wales	5,000	" " "
Local Authorities	51,000	1-3 years
EEC Social Fund	60,000	1 year
(WCD/TC internal records)		

2.9 Perhaps the most encouraging feature of the fund raising exercise has been the response from local authorities in Wales. It is important to note that the sum shown in Table 1 represents funds received. Funds promised from local authorities but not received at the time of writing are expected to double the figure shown.

2.10 During the first part of 1983 every local authority in Wales was contacted by the management Board of the Centre. This was normally followed up by a presentation of the WTUC proposal for the centre and the investment fund in front of either a full council meeting or a specialist

committee of the council concerned. In virtually every case the response to both ideas has been strongly sympathetic.

2.11 The WTUC team essentially has asked for five forms of assistance from each local authority:

- (i) A grant renewable annually towards the cost of establishing and running the Centre - this has been roughly scaled according to the size of the authority. Hence, it was suggested that the County Councils should consider a grant in the order of £10,000 p.a.
- (ii) A deposit into the investment fund once this has been established. The size of the deposit to be determined by the Council but with some commitment towards maintaining that deposit for a fixed period of time - 5 years has been suggested.
- (iii) A contact point within the authority to ensure proper co-ordination of efforts and to keep the authority involved in WCD&TC activities in their particular area.
- (iv) The use of facilities and property controlled by the authority either for activities connected with the promotion of co-operatives or to help the start up phase of new co-ops.
- (v) The drawing up of a property bank to enable the WCD&TC to match the needs of local groups with facilities that exist in their particular area.

2.12 Very few authorities have considered these requests either to be excessive or beyond their ability to meet. Hence, an important first part of the WTUC's strategy of building practical alliances between the Centre and local authorities has been achieved.

2.13 Looking to the future, local authority support is likely to remain necessary and may even assume a greater importance if the Welsh Office support is limited to a three year period. This is not, however, inconsistent with the original conception of the Centre's natural institutional supporters as being formed out of a mobilisation of the combined resources of the labour movement and local Authorities in Wales. Early indications of the strength of this combination can be measured not simply in terms of funds raised, but also in the way in which Clwyd have made available office space for the Centre's workers in North Wales, and the extensive work which South Glamorgan is currently putting in to the renovation and preparation of Llandaff Court as the head office of the Centre.

#### Pre-Planning and Launching the Centre

2.14 Once Welsh Office commitment had been secured to contribute towards the setting up and running costs of the centre - a decision which came through in September 1982 - a planning period prior to the launch of the Centre in April 1983 was initiated. A planning committee of 9 members was put together. This consisted of 6 nominees from the WTUC together with one each from the EEC office in Wales, the CBI Wales and Cardiff City Council. This committee carried the full responsibility for initiating the development programme prior to the official launch of the Centre. All committee members contributed to the programme of visits to local authorities in Wales.

2.15 This committee has now been formally constituted as the management Board of the Centre. It has recently accepted into membership the Director of the British Co-operative Development Agency.

2.16 The pre-planning and development work in the main concerned the committee in:

- Fund raising and general 'missionary' work with local authorities, unions and local support agencies.
- indentifying suitable premises for the Centre and planning the Centres office needs;

- Formulating and registering a constitution for the Centre;
- Continuing discussions with the co-op Bank and other financial institutions on the shape and functions of the proposed investment fund.

Throughout this period regular reports were made to meetings of the WTUC general council. In addition every effort was made to keep the Welsh media informed of progress.

- 2.17 Early in 1983 the Centre recruited its first full time staff, a secretary and liaison officer. The latter was charged with organising the launch conference on April 15th. The conference was attended by over 300 representatives from all quarters of the community in Wales. It was addressed by the Secretary of the Wales TUC and James Callaghan MP who had been a member of the labour government which had established the national CDA in 1976. A special pack of promotional material was produced for the conference (see Appendices) and a number of existing co-operatives in Wales exhibited their goods and services at the conference hall.

#### The Structure and Functions of the Centre

- 2.18 One of the first decisions that the planning committee took was to register the Centre as a co-operative. It was felt that for it to exist in any other form would be wholly inconsistent with its aims and objectives. Hence, the Centre was formally registered under the industrial and Provident Societies Act 1965. The rules of the Centre (attached as Appendix 1) are a modified version of the standard ICOM Co-op rules.

- 2.19 There are two features of the rules which are worthy of note. First of all rule 6 on membership is framed to allow for the future participation as members by:

"People who live or work or have interests within the community ;

any society, company, or other corporate body with interests within the community".

The intention here is to provide an open membership base for the centre, with particular reference to the contributions which worker

co-operatives and local co-op support groups will be able to make to the Centre. The second feature relates to the management of the Centre. The rules provide for this to be the responsibility of a committee comprising:

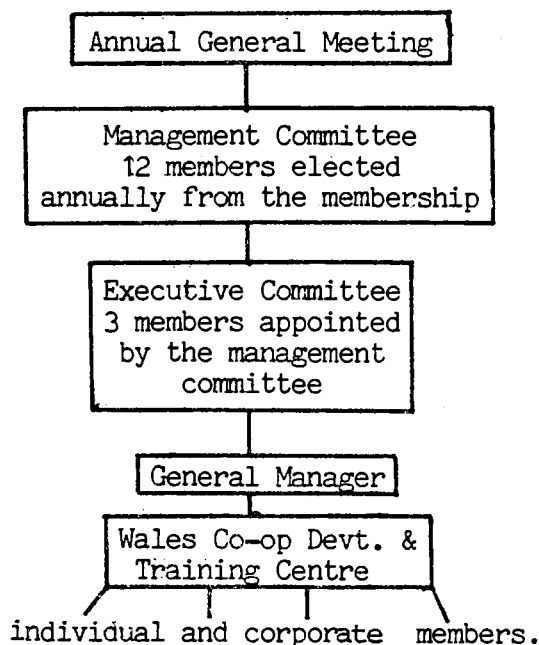
"not less than seven nor more than 12 committee members....  
elected from the members each year at the Annual General  
meeting"

However, to reflect the fact that the Centre originated from a Wales TUC initiative and that that body remains accountable for the public funds flowing to the centre, the WTUC retains the right in the "first three years of the Co-operatives existence" to appoint 7 members of the co-op to serve on the committee". After this three year period the WTUC will have the right to appoint 2 members on to the management committee.

2.20 This latter feature serves to underline both the WTUC's commitment to the Centre, its responsibility to it in its first years, and the longer term intention to widen the base of the centre's membership and to provide for a corresponding widening of involvement in the actual management of the Centre.

2.21 As already stated the management committee of the centre is currently formed by the individuals who comprised the original planning committee. The overall control structure of the Centre is shown in Figure 1.

Figure 1. WCD&TC Structure of Participation and Control



2.22 It should be noted that the individual staff of the Centre are not at present full members of the Co-operative. Currently, they are invited to provide reports to the monthly meetings of the management Committee and are de facto represented at those meetings through the general manager. However, the general manager is not a full member of the co-operative either. As the number of full time staff at the Centre increases this could give rise to some conflict over their lack of formal representation on the management committee. The solution may well lie in providing some form of associate membership for employed staff with the right to an elected representative on the management board.

2.23 The functions of the Centre are shown in figure 2. The design and development of these functions have been heavily conditioned by the need to incorporate flexibility into the building up of professional skills and resources. Hence, all members of staff are expected to carry a training role and will operate as training resources both on and off the job. In addition, it is anticipated that where a staff member has a particular skill, say for example an accountancy training, that skill will be made available outside of his or her particular geographical area.

2.24 The Principle objectives of the Centre can be defined as follows:

- (i) To provide individuals and groups who wish to form worker-owned enterprises with ready and continuing access to technical and consultancy resources, in order that such enterprises can develop independent and robust operational forms.
- (ii) To demonstrate and propagate the value of participative structures within worker owned enterprises;
- (iii) To transmit the necessary management skills to strengthen and educate worker owned enterprises in the critical start-up and development stages;
- (iv) To act as a focal point for the development of common services to co-operatives and worker owned enterprises.

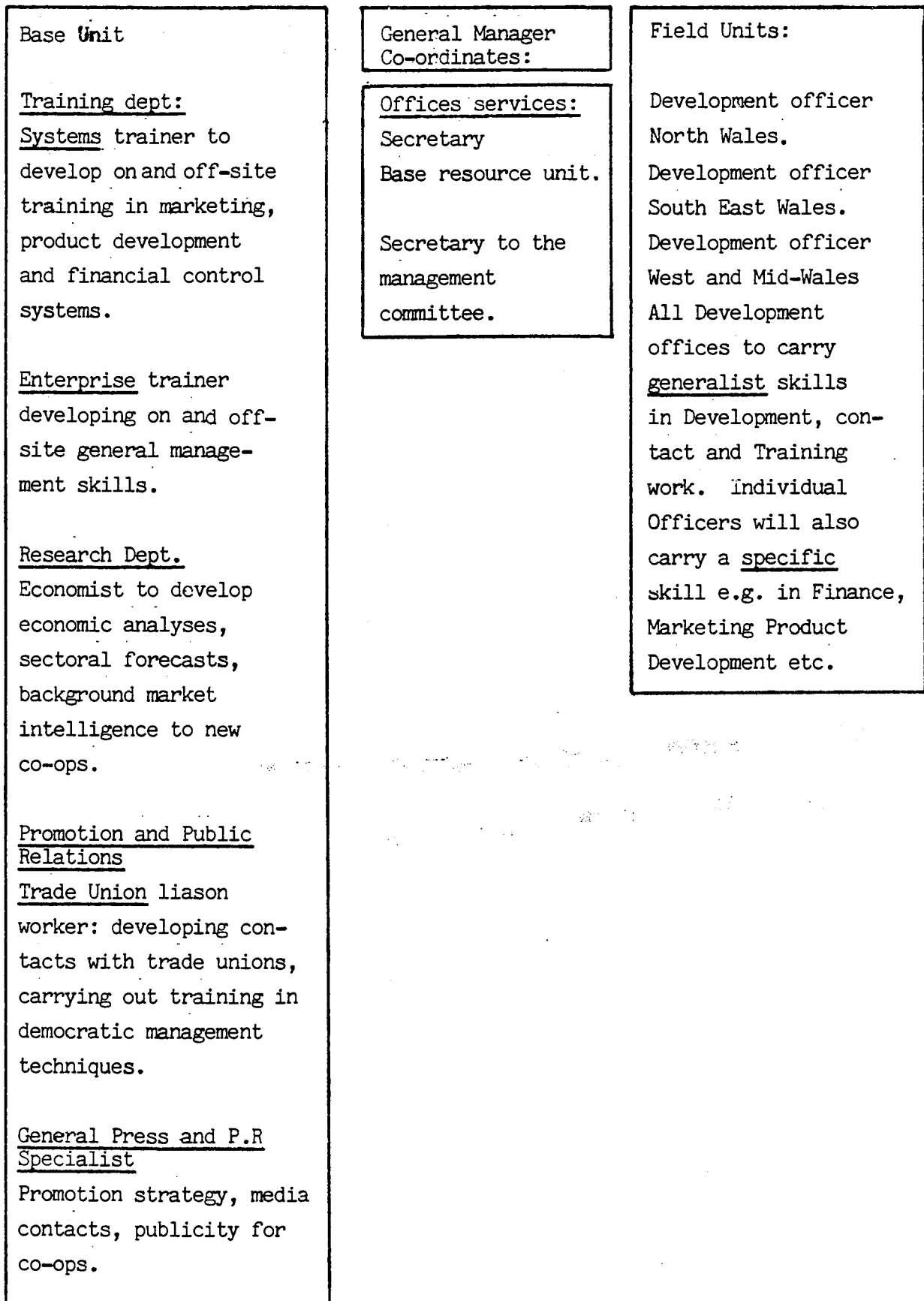


In addition to the more 'tailored' service that would be available, a range of common services will be developed including:

legal, auditing, cost & management, accounting, financial control & cash flow forecasting, buying & stock control, printing & advertising, sales and marketing.

- (v) To support the efforts of local agencies to develop and sustain worker owned enterprises.
- (vi) To broaden public and political awareness of the potential of worker-owned enterprises, by acting as a forum for debate and as an advocate for such legislative change as may be necessary in order to advance the cause of co-operation and worker ownership.
- (vii) To locate and help develop 'alliances' of community resources (physical, fiscal and intellectual) that could provide more locally specific support structures for the development of worker owned enterprises.
- (viii) To continually monitor and investigate market opportunities and to encourage and promote the development of new products and services suitable for adoption by worker owned ventures.

Figure 2. WCD&TC Functions



An Overview of the Centre's First Phase

2.25 It is too early, after only 6 months full time operation to make a realistic assessment of the extent to which the centre is meeting the broad objectives listed in the previous section. What can be described, however, are the strengths and weaknesses which have emerged in this first phase and how they may affect the achievement of these objectives.

2.26 If we take the development period from pre-launch through to the present, three solid achievements stand out:

- (a) The successful fund raising effort;
- (b) The development of good relationships with local co-op support groups;
- (c) A boost to the rate of new co-op formation in Wales directly linked to the Centre's activities.

2.27 With regard to (a) above there can be little doubt that the backing of the Wales TUC has played an important role here. The standing and reputation are elements which have an effect when trying to win endorsement for a support agency for worker co-ops. Equally, important however, is the impact which a union organisation taking positive steps to foster job creation (albeit through worker owned enterprises) has on bodies such as the Welsh Office, the Welsh Development Agency and local authorities. Some part of the support from these bodies was probably due to their recognition that here was a union organisation moving well beyond its traditional defensive postures.

2.28 From the outset the centre was envisaged as a set of resources which would aim amongst other things to fill some of the gaps that could be identified in the existing network of local co-op support groups. The need to work in partnership with local CDA's has always been stressed. Nonetheless, a few local co-op workers viewed the proposed centre with some suspicion. They pointed to the relative lack of interest shown by the WTUC to their work in earlier years. They also felt that the WTUC had taken rather

uncritically to the model of co-op support exemplified by the system developed in Mondragon. Finally, they distrusted what they saw as a "top down" approach which would "parachute in " expertise but could not provide the continuity of support which is so crucial to new co-ops.

2.29 Faced with this the staff of the centre appear to have achieved a considerable strengthening of relationships with individual co-op development agencies. In part this may reflect the fact that two of the centre's full time staff are well known to the CDA network in Wales. More importantly it may indicate that these local agencies have started to view the centre as a supplement rather than as a threat to their particular skills and interests.

2.30 It is difficult to be precise as to exactly how much the centre's establishment has contributed to the rate of co-op formation in Wales. Certainly that rate has grown in the last year and the centre is the only significant addition to the network of support agencies in the Principality established in that time.

Table 2 Co-op Formation in Wales 1980-1983

1980	11	} registered
1982	23	
1983	37	

2.31 By the end of October 1983 the three field officers of the Centre had a combined portfolio of 23 potential co-ops with committed groups of workers (fuller details are given in Appendices). A further 10 ideas for groups or services which could be used to form the basis of co-operatives were being actively researched. Allowing for a wastage rate of 50% on these suggests that between 10-12 co-ops can be expected to register yielding between 60-80 jobs. Should this prove to be the outcome, then the target of 'one co-op per month' will have been achieved during the first year of the Centre's operation. The evidence available to date does not indicate that this is an over optimistic expectation.

- 2.32 The scale and nature of the workload of the field officers does, however, raise important questions as to whether the resources of the Centre are being deployed optimally. There has, perhaps, been an over-emphasis during this first phase to 'produce the goods' i.e. get some co-ops started. This has had two effects. First of all, field officers have felt obliged to respond to virtually every inquiry that came their way no matter how small or obscure. In consequence they are now beginning to feel the effects of being spread too thinly across an expanding number of client groups. Secondly, this has severely limited the centre's resources available for contact and training.
- 2.33 The danger here is that the centre is being pulled away from its initial objective of developing a particular set of skills aimed at both supplementing the resources of existing support agencies but also to operating with groupings who have hitherto remained peripheral to co-op development - i.e. the bulk of the trade union movement in Wales. Whilst the Centre's staff have been and are involved with a small number of trade unionists in the formation of particular co-ops, the need to set up a major education and training programme for a much wider trade union audience remains to be taken up.
- 2.34 Some of these difficulties will doubtless be eased when the Centre is fully staffed. Nonetheless, optimising the impact of those resources will remain a vital task for both the general manager of the centre and the management committee. A primary consideration must be the avoidance of duplication of efforts. In this sense it is important for the centre to maintain its efforts to encourage existing local CDA's and to foster the development of new ones. This will enable the centre to pass on to local resources much of the early developmental work and so release its own resources to concentrate on providing the professional services which for co-ops make the difference between a 'hand to mouth' existence and commercial efficiency.
- 2.35 Two further constraints on the centre's effectiveness are worthy of note. First of all a pressure has been imposed by the delay in moving into the proposed headquarters for the centre at Llandaff Court in Cardiff.

This was unavoidable since substantial renovation was necessary and no criticism of South Glamorgan County Council is implied. Nevertheless, it has resulted in the centre spending its crucial first phase split between an office supplied by the Transport and General Workers Union (TGWU) at Transport House and a small suite of offices supplied by the Banking, Insurance and Finance Union (BIFU) in another part of Cardiff. This has inevitably created problems of co-ordination and has militated against the centre projecting a unified image. Currently, it is estimated that the centre will move into its offices in Llandaff Court in the early part of 1984. Until such time it is likely to continue to suffer some 'physical' constraints on its development.

2.36 The second and probably more serious constraint concerns the problem of recruitment. Apart from the staff already in post it has without doubt proven more difficult than was envisaged to recruit staff for the centre who combine the appropriate business skills with empathy and experience of either the trade union movement or worker co-ops. It may well of course be the case that such individuals either do not exist or are not attracted to the work of the centre. Hopefully, as the centre's profile becomes more fully recognisable and as knowledge of its activities and achievements spreads this latter possibility can be overcome. Either way, however, the recruitment of high quality staff dedicated to co-operative development seems likely to remain something of a stumbling block. Clearly, the centre will have to put more effort into its own training of potential field workers. Moreover, it is difficult to escape the conclusion first put forward in the Mutual Aid Report on prospects for Worker co-ops in Europe, that much greater institutional effort should be directed at training and converting individuals with specific business skills to become enabling agents in the process of job creation.

2.37 It is perhaps, appropriate to end this section with an appraisal of an independent view that was taken by an experienced co-op development worker of the strengths and weaknesses implicit in the conception of the centre. In January 1983 some four months before the centre was launched the following strengths and weaknesses were identified:

Strengths

Weaknesses

- |   |   |
|---|---|
| * Clean Start                                   | * Suspicion about motives                     |
| * Accumulated knowledge of other support models | * Over expectation of job creation potential  |
| * Links with trade unions                       | * Poor links with Welsh Co-ops                |
| * International Co-op contacts                  | * Antagonism from Welsh Co-op Agencies        |
| * Organisational skills                         | * Hierarchical Approach                       |
| * Shop floor contacts                           | * Problems reaching the unemployed            |
| * Welsh identity                                | * Cardiff axis                                |
| * Sympathy with worker democracy                | * Remote from co-op practice                  |
| * Could be innovatory                           | * Entrenched attitudes in the Labour movement |

2.38 Taking the weakness listed first. As already noted, the antagonism from other support agencies and suspicion about the WTUC's motives appear to have largely been overcome. Similarly, with the positioning of resources in North Wales and the extensive work of the field officers in South and West Wales, the accusation of concentration on Cardiff has fallen away. Problems reaching the unemployed certainly exist (the unemployed are far more fragmented and much less likely to congregate in one place than is frequently imagined) but the centre has latterly taken steps to plug into the network of unemployed centres (some 30 established to date) developed by the WTUC. It is also the case that as the centre has raised its profile so its links with the general co-op movement in Wales have improved. It would not now be justified to say that the workers at the centre are remote from the practice of co-ops. Equally the charge of operating a hierarchical model of co-operative development could not be substantiated against the way in which the centre has operated in its first phase. The weaknesses that do remain, are concentrated mainly in the areas of changing attitudes in the trade union movement in Wales. It certainly is the case, that despite the endorsement of the annual conference of the WTUC, reservations as to the role which unions should play towards the development of co-ops still exist (this is examined more fully in a later chapter) and that the first phase of the centre's operation has only made a marginal impact on this problem.

2.39 Of the strength listed, it is perhaps ironic that the links with trade unions, shop floor contacts and sympathy with worker democracy have not combined more forcefully to have a greater effect on trade union attitudes. Certainly the organisational skills of the WTUC have operated to good effect in terms of the fund raising and basic development work which went into the launch of the centre and have helped it through some of the difficulties of the first phase. However, it remains for these skills to be redeployed on the wider trade union movement. That a potential for innovation existed was always implicit in the nature of the initiative itself - i.e. a union organisation setting out to be pro-active rather than reactive. Further evidence is, however, discernible in the way in which the management committee have pursued the concept of an independent investment fund. It is to this that we turn in the next chapter.



### Chapter 3

#### Establishing an Investment Fund for Worker Co-ops.

##### 3.1 Background

Experience with attempts to form co-ops by groups of workers threatened by closure quickly acquainted the WTUC with the difficulties of raising suitable finance. Most U.K.-based financial institutions simply regard a worker-based initiative, particularly when a co-operative is the preferred form, as being too risky for serious consideration. As a result, many co-ops start up with the disadvantage of being under-capitalised.

##### 3.2

Most financial institutions deny any inbuilt bias against co-operatives. Instead, they will frequently argue that co-ops do not pay sufficient attention to profitability and do not prepare their business proposals professionally enough. The WTUC have always taken this criticism seriously. One of the prime objectives of establishing the Centre was to provide the sort of professional skills which bankers would recognise and respect. Equally, there has always been a total acceptance of the need to create co-ops that can survive in a competitive market environment. Despite these acknowledgements the WTUC have found that co-ops they have promoted have consistently run into funding difficulties, seemingly irrespective of the professionalism of their business plan or the promise of their market research.

##### 3.3

By and large the problem comes down to the unwillingness of banks to advance significant amounts of unsecured loan capital, added to their aversion to becoming involved in enterprises that to them are heavily overgeared (i.e. dependent on loans rather than equity). By definition, co-ops are always likely to suffer problems in these respects: very few new starts or rescue' co-ops are going to have much by way of assets against which a loan can be secured. Moreover, since most participants in co-ops have limited personal financial resources, and the rules of co-operatives preclude, in most cases, outside shareholder participation, their ability to accumulate a significant equity base will always be in question.\*

---

\* It is the recognition of these limitations which has forced organisations like the Greater London Enterprise Board to consider new ways of making loan capital available to worker co-ops.

3.4 For all these reasons the WTUC accepted the need to explore ways and means of creating an independent funding instrument which would provide unsecured loan and working capital to worker owned businesses.

3.5 The original conception

It is clear that the success of the Caja Laboral Popular in Mondragon was, and remains, an inspiration to the WTUC. However, rather than take on the daunting job of creating a new bank, the WTUC decided in the first instance to enlist the support of the Co-operative Bank as a possible partner in any future scheme.

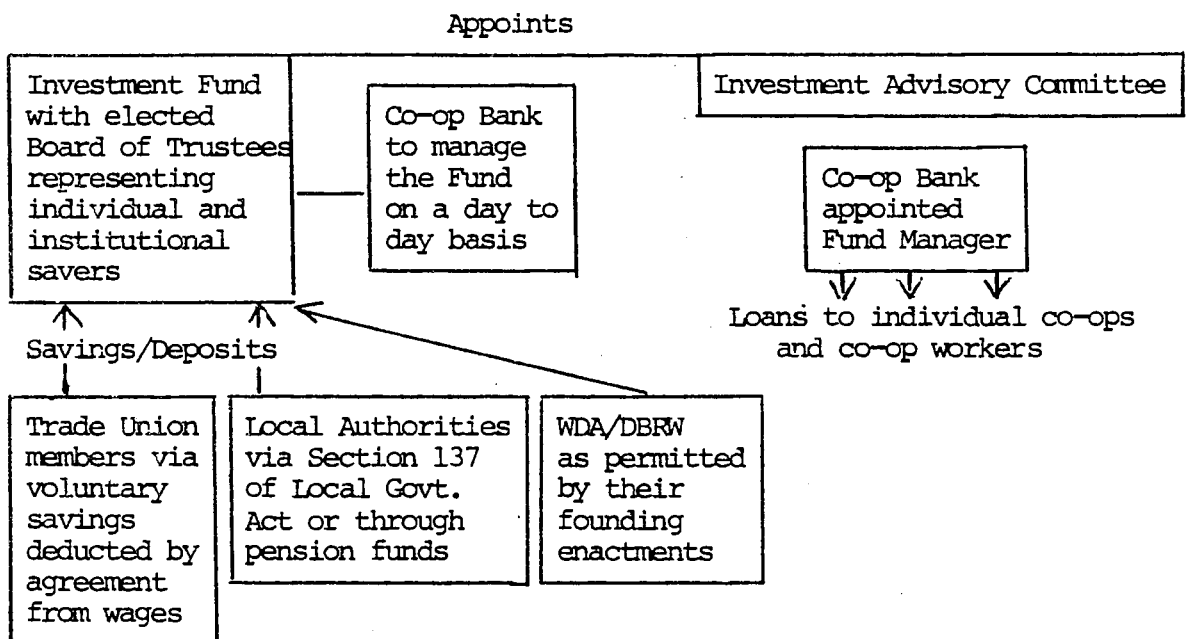
3.6 The idea put to the Co-op Bank in 1982 suggested that:

- (i) an independent savings and investment fund be established;
- (ii) the fund would take savings from trade union members and would make loans to trade unionists involved in the forming or running of worker co-ops;
- (iii) the fund would also be open to deposits from other organisations like unions, local authorities and pension funds;
- (iv) the rate of interest paid to depositors would be set below a commercial rate, but this would be offset by the 'community interest' that would arise from the fund being only used for local job creation;
- (v) the trade unions would have a responsibility to market the savings aspect to their members; and
- (vi) the Co-op Bank would manage the fund, underwrite any loans and take responsibility for the overall husbandry of the fund.

3.7 The original proposal, represented schematically in Figure 3, proved unacceptable to the Co-op Bank's advisers on three counts:

- a) the intention to limit loans to trade union members only - it was argued that this would be deemed by the Bank of England to be too restrictive;
- b) the proposal that the bank would guarantee depositors savings and underwrite loans was deemed to be too risky from the bank's point of view; and in any case would

Figure 3 The original model for an investment fund proposed by the WTUC in 1982



- c) constitute a fiduciary interest for the Bank in the fund which would disqualify the Bank from managing it.

3.8 Some months were subsequently spent by the Co-op Bank and its advisors in searching for a suitable form for the fund which would remain true to the original concept but would prove acceptable to the Co-op Bank Board and ultimately to the Bank of England. During this time the Steering Committee established by the WTUC to plan and launch the Centre and fund, embarked upon an extensive series of presentations to local authorities throughout Wales. The objective was to drum up political and financial support for both initiatives.

3.9 When describing the fund to local authorities the Steering Committee stressed:

- That although the fund was designed to operate in parallel with the proposed centre, its control and investment decisions would be clearly separated;
- that the objective would be to provide a vehicle whereby local savings could be utilised and made available to co-operative initiatives;
- that it was envisaged that the fund would pay a fixed rate of interest for term deposits (minimum 5 years) and possibly a lower rate for short-term savings. Loans would be made to co-ops at a fixed rate of interest and would be tailored to suit the needs (as far as possible) of the enterprise concerned;
- likely depositors with the fund would be: for term deposits - trade unions, local authorities and other sympathetic organisations, and for short-term deposits - individual savers possibly using deductions from pay (as for trade union subscriptions);
- that the fund would be set up and operated jointly by the Co-op Bank and the WTUC subject to Bank of England approval. The Co-op Bank would ensure that the loan functions were underwritten; hence, all savings would be guaranteed.

3.10 In almost every case the local authorities visited by the Committee endorsed the idea of a fund and gave firm indications that they would be prepared to make deposits as and when it was finally established. In one or two cases councils went further and suggested that they would be prepared to match from their own resources any loans made from the fund to Co-op initiatives established in their particular area. It was estimated that some £500,000 in deposits from local authorities could be expected to help establish the fund. There can be little doubt that the WTUC's initiative struck a sympathetic chord with the majority of local authorities visited. Plainly, the fact that the Co-op Bank were involved helped to provide credence to the scheme, but it was equally clear that councillors and their professional advisers accepted the need to mobilise local savings for local job creation.

3.11 The outcome of these meetings was fed back to the Co-op Bank in order to maintain the momentum of the Bank's efforts to come up with workable alternatives to the original idea. Probably as a result of the strong backing for the fund that was coming through from local authorities in Wales, the Bank's next proposal, put forward in July 1983, shifted the major responsibility for the mobilisation of the fund sharply towards local authorities in Wales, with the WTUC occupying essentially a secondary role.

3.12 The Bank, following extensive legal advice, proposed that local authorities in Wales should, via a trust, establish

- a) a deposit fund, to be called the Wales Local Authorities' Co-operative Deposit Fund; and
- b) a gift fund, to be called the Wales Local Authorities' Co-operative Gift Fund,

noting that, "By virtue of Section 2(1)(d) and Schedule 1 of the Banking Act 1979 the acceptance of deposits by local authorities is excepted from the prohibition in Section 1(1) of that Act. Each of the Founders is a local authority within the definition contained in Section 50 of the same Act." In effect, this neatly avoided one of the problems inherent in the original proposal, namely, the possibility that the Bank of England could use the prohibitions on deposit taking in the Banking Act to prevent the fund's formation.

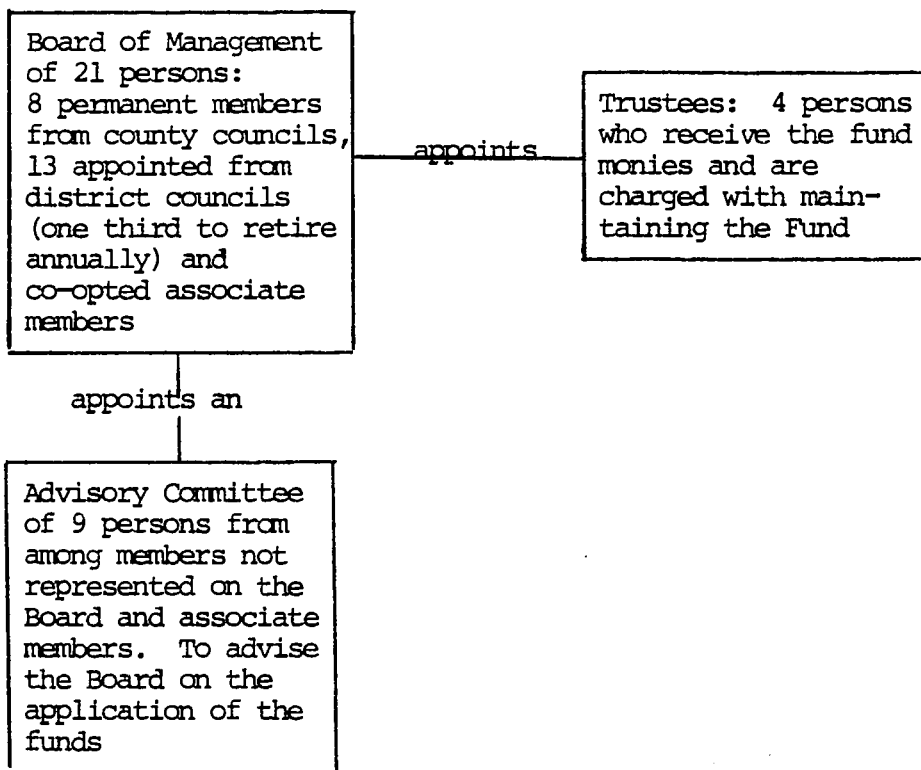
3.13 It was plain that the proposal had moved some way from the original idea put forward by the WIUC almost a year previously. Nonetheless, the Steering Committee on receiving the Bank's view felt that subject to one or two amendments and further discussions with representatives of the local authorities there was no real reason why a trust fund could not be set up which would be acceptable to the WIUC and local authorities in Wales.

3.14 In broad terms, the current version of the trust deed (as at 3rd October 1983) attached in full as Appendix 2 to this report, provides:

- for the Board of management of the funds to be able to make finance available to ventures whose risks would take them outside of the ambit of conventional lending institutions, but who promise if successful to produce a "potential gain in employment";
- for the gift fund to supplement the deposit fund in order to cushion the acceptance of this greater degree of risk;
- for the founders to admit other local authorities to membership and to admit to associate membership persons and bodies other than local authorities. Associate members may also be co-opted onto the Board of management to give "an effective voice to large depositors".  
Although it should be noted that it is not the intention that associate members should have voting rights either when co-opted onto the board of management or at any meeting of the fund's membership;
- for either the gift fund or the deposit fund to be used to advance loans or guarantees with or without security, and without it being necessary for the Board to "have regard either to a need for an adequate return by way of income, or for capital appreciation or profit", provided only that the loans or guarantees offer "the means of attaining or preserving gainful employment for persons who are already suffering or facing the imminent threat of financial hardship as the result of unemployment."

- 3.15 It will be noted from this that the role for trade unions is confined to that of associate members with the possibility of trade union representatives being co-opted onto the board of management or onto the advisory committee to the board. However, at no time are they to be accorded voting rights. In view of the union movement's belief in, and commitment to, industrial democracy it will be surprising if they are prepared to accept this diminution of their influence - particularly if they are to be significant depositors with the fund. Indeed, disenfranchising unions may well prove self-defeating in this respect - unions taking the view that they will only participate if they can exercise some real influence over the key decisions surrounding the operation of the fund.
- 3.16 There must be doubts also as to the acceptability of some of the proposed requirements which the trust deed would impose on local authorities who become members. To secure the deposit fund, for example, it will be a "condition of membership" for each local authority "to underwrite one quarter of the sums advanced to enterprises having their principal or only place of business in the member's area, whether by way of loan or by way of guarantee which the Trustees are called upon to honour and which are found to be irrecoverable."
- 3.17 Given that the eight county councils are being asked to shoulder the burden of the initial start up of the fund by providing a £10,000 deposit each to be maintained in the fund for 6 months, and that the Board may from time to time make further calls on the founders to contribute a share (calculated in proportion to population size) to any sum that may be necessary to maintain the aggregate of the deposit fund at four times its liabilities, it seems highly probable that county council finance officers will balk at the notion of their further underwriting of the fund's loan operations.
- 3.18 The control structure for the gift and deposit fund is shown below in Figure 4.

Figure 4 Deposit and Gift Fund: Proposed Control Structure



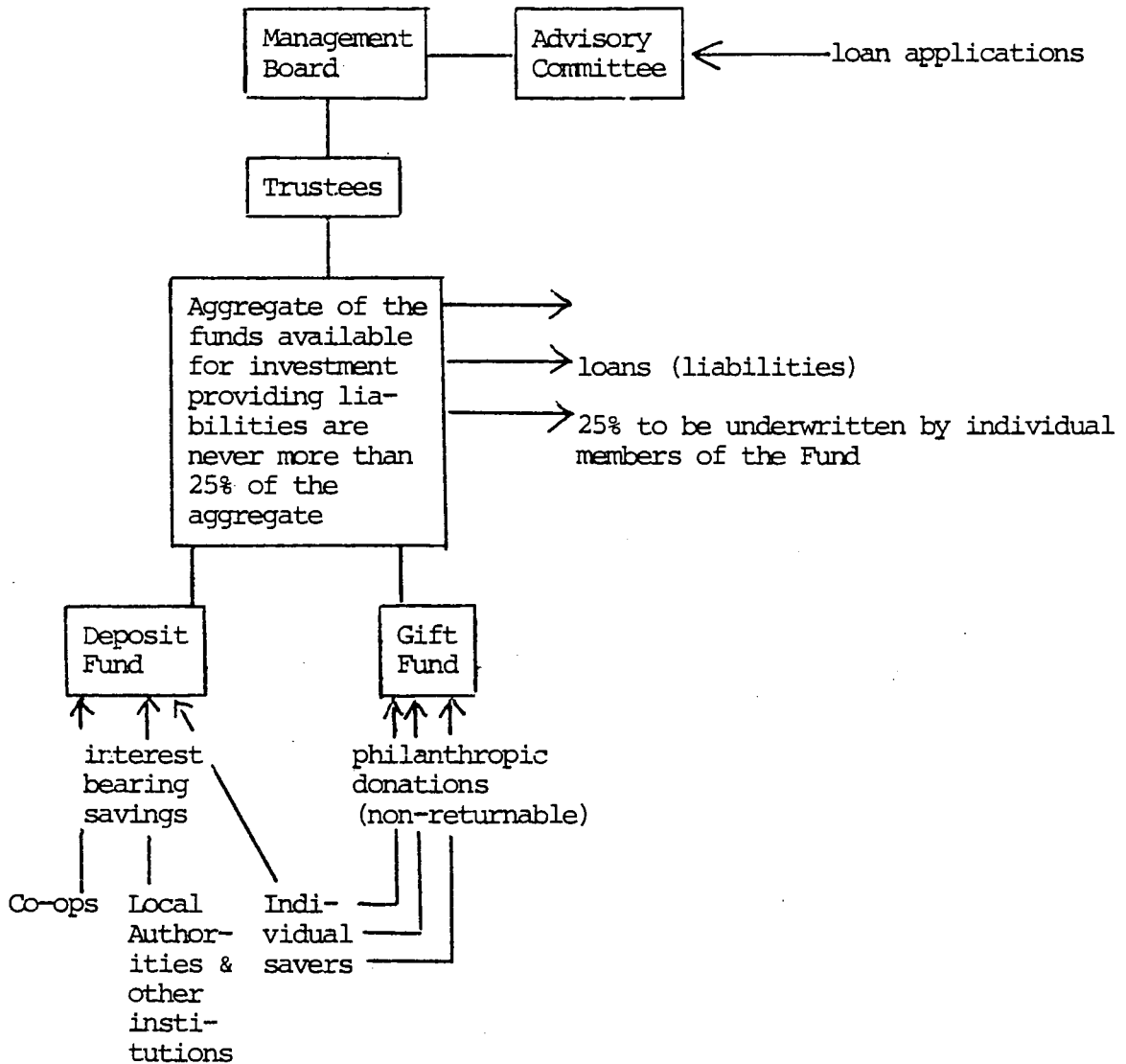
As it is currently framed the Board of Management has supreme power, being capable of both appointing and removing members of the Advisory Committee and individual Trustees.

3.19 It seems likely that individual unions and the WFUC will challenge the lack of genuine representation for them on the Board of Management and may also take issue with the Board's right to appoint members of the Advisory Committee. If this particular body were to be freely elected to represent those members and associate members who were not on the Board, it would at least restore some democracy to the process.

3.20 The way in which this latest proposal will mobilise its funds and place loans is shown schematically in Figure 5 below.



Figure 5 The Operation of the Deposit and Gift Fund



3.21 At the time of writing negotiations are still in train over some of the outstanding points of detail - who, for example, will be the trustees - will the WTUC, for example, be represented directly in the shape of one of the trustees? Moreover, it is not known how the full board of the Co-op Bank will react to the idea - although, since the Bank's role as implied in the proposed trust deed seems to have been confined to that of a banker without any real risk (there is no suggestion that the bank should underwrite or guarantee any of the fund's loans), it is unlikely that there will be any serious objection. The objections to the model proposed are more likely to arise from individual local authorities and the trade union movement for the reasons already outlined.

3.22 Notwithstanding these potential hurdles, the pressures on the WTUC to get some sort of fund that will provide high risk, unsecured loan capital into existence are unlikely to diminish. It would be a pity if the deposit and gift fund idea which contains much of what is required should prove incapable of further moulding and refinement in order to meet the challenges that can confidently be anticipated.

## Chapter 4

### Trade Unions as Support Structures for Co-ops: Constraints and Prospects

#### 4.1 The origins of trade union support

The support, both general and specific, that the trade union movement can be expected to give to worker co-operatives derives from a number of sources. Insofar as the British trade union movement is concerned the following categorisations may provide a preliminary analytical framework:

#### 4.2 'Ideological/historical'

- The basic ideology of the trade union movement, with very few exceptions, commits trade unions to seek and widen the social ownership of the means of production. Hence the constitutions of the major unions contain some reference which can be interpreted to imply at least support for worker co-ops as one particular means towards this end;

- Linked to basic ideology the demand for democratic control over decisions affecting social, economic and production relations at the workplace again prefigures co-operatives as one way of approaching industrial democracy;

- The establishment of a workers' co-operative as a union response to a direct confrontation with capital has a lengthy history. The mid 70's attempts associated with Tony Benn, then Secretary for Industry, to rescue a number of enterprises by forming workers' co-ops were, for example, significantly predated by the formation of the Walsall Lock Company and Equity Shoes of Leicester, both co-operatives born out of strikes and lockouts at the turn of the century and brought into being by local trade unionists.

#### 4.3 'Contemporary/pragmatic'

- In defence of membership interests individual trade unions latterly have viewed worker co-operatives as legitimate (sometimes the only) responses to the contemporary crisis in unemployment. Worker co-operatives can be seen as either 'job saving', as in the case of a

co-operative being formed in order to stop or ameliorate a plant closure, or 'job creating', for example, where redundant workers organise to form an entirely new enterprise;

- Pragmatically, unions may use the threat of a worker take-over (usually taken to imply the establishment of a co-operative) in an attempt to change particularly unfavourable decisions - for example, plant closures or ownership transfers (it is not inconceivable that a worker take-over might be put up to prevent a management buy out).

#### 4.4 'Comparative'

- Whilst in practice the British trade union movement may have adopted a low profile in respect to their involvement in worker co-ops (particularly with regard to the more recently developed ICOM variants), there is significant experience from trade unions elsewhere in Europe and Scandinavia to draw upon. For example, the endorsement of Italian trade unions is held to be a positive factor in the development of what is, in volume terms, the strongest co-operative sector in Europe.\*

#### 4.5 The nature of trade union support

Support from trade unions both individually and as a movement can operate at the macro and micro economic level.

4.6 At the macro-economic level broad endorsement for the concept of worker co-operatives can be translated into political support for, for example, favourable legislation designed to foster the growth of co-operatives, or for more resources to be made available to official agencies pledged to the development of co-operatives. Equally, individual trade unions, or federations of trade unions, might take positive steps to enhance the development of the general and the specifics of worker co-ops. For the most part, examples of these latter types of activity, e.g. the T&GWU support of the Unicorn Shirt Co-op in Taunton, Somerset, and indeed the Wales TUC's initiative in setting up a co-operative centre and an independent investment fund, have stemmed from pragmatic rather than ideological considerations.

---

\* See Jenny Thornley's analysis in "Worker Co-operatives: Jobs or Dreams", Heinemann, 1981.

- 4.7 At the micro-economic level, i.e. at the workplace, union support as well as lending local political weight can take the form of specific assistance to cope with initial start up difficulties. This can vary from help in the preparation of preliminary business plans to the design and implementation of manpower policy and personnel practices. On top of this unions can help via training or access to professional assistance with problems in marketing, finance or the law.
- 4.8 The skills and experience of full-time officials can generally be readily supplemented using the 'union' as a contact point through which external expertise can be channelled.
- 4.9 Monitoring union support for a number of co-operatives in Wales reveals key roles for unions within co-ops. In some ways these could be cast as classic defensive roles, as is the case where union presence is used to minimise any tendency towards self exploitation, or where union vigilance is necessary to avoid bureaucratic degeneracy. Other roles are relatively new: for example, where a union may become involved in the lobbying process to secure finance, premises and markets for a new co-operative.
- 4.10 The union as advocate for an enterprise remains, however, linked to traditional postures. Not so the union as entrepreneur; yet such a role is emerging for key trade unionists (whether full-time official or elected representative) involved in worker co-ops. It is here that experience is probably outweighed by the sheer ingenuity and imagination of some trade unionists. It is also here where charges that co-ops are turning workers into capitalists find their most uncomfortable resonances. As a result, the argument hangs finely balanced between those who accept the defensive and a limited advocacy role for unions, and those who argue that union support must extend beyond this into the areas normally populated by the entrepreneur.
- 4.11 Constraints on union support

Following the framework already sketched, two principal sets of constraints can be identified:

At the macro economic level:

- Faith in the Morrisonian model of nationalisation still apparently conditions the 'conventional wisdom' of the upper levels of the trade union leadership insofar as their historical commitment to widening the social ownership of the means of production is concerned.
- Largely as a result of this, there has been little attempt (or opportunity) to formulate and test out any general theory or guidelines for union involvement in the development of a worker co-operative sector. In their absence caution has tended to prevail.
- Critics within the union movement have employed a variation of the 'lame-duck defence' (ironically they are more often than not on the receiving end of such jibes in the context of their own defence of nationalised industries) specifically against job saving co-ops, i.e. that co-ops will be counter-productive, diversionary and doomed to fail if they attempt to rescue private enterprise failures (this, of course, can sometimes put a union in the paradoxical and ideologically contradictory position of only being able to favour more private enterprise job creation/job saving as opposed to worker owned efforts).

4.12 At the micro economic level:

- Time and resources can be a constraint on the full-time official. New co-operatives require a substantial investment of 'nurture capital' which the demands already imposed upon a full-time official can easily prevent.
- Where the shop stewards or lay representatives assume leading roles in the development and management of a co-op role conflict can arise. In particular, where the role and functions of management are not sufficiently separated from the traditional defensive roles of the steward.\*

---

\* A vivid illustration of this is provided in "Under New Management", the story of the KME Workers Co-op by Tony Eccles, Pan Books, 1981.

4.13 Given the constraints briefly outlined it is, at least for the present and foreseeable future, perhaps more instructive to view unions as enabling organisations as opposed to dedicated agencies for co-op development. In this way a more realistic appraisal can be attempted of their supportive potential.

4.14 Setting up trade union support

As already indicated, the British TUC's support for the development of worker co-operatives has tended to be tacit and passive. Whether this simply reflects the chastening experience of KME, the Scots Daily News and latterly Meriden, or is more indicative of some deeper rooted aversion to worker co-ops is a question worthy of more detailed comment than is possible here.

4.15 Suffice it to say that critics cite this apparent lack of dynamism as proof positive of the TUC's inability to move beyond a limited set of prescriptive and essentially centralist views on the right way to achieve a fully employed and collectively owned economy. This does the TUC less than justice - a preoccupation with the mainstream functions of the economy is inevitable. Moreover, the view that workers' co-operatives as vehicles for job creation are marginal to the problems of 3 million unemployed is not reasonable, although it may underestimate the longer term demonstration effect which an expanding worker co-operative sector could create.

4.16 In view of the TUC's position it is hardly surprising that trade union support for co-operatives has manifested itself around particular plant closures and has developed in those labour markets where unemployment has become chronically high. There is nothing particularly unusual in this - for example, an Italian trade unionist recently commented that one of the reasons why the Italians have more worker co-ops than any other European country was because Italy had experienced more economic crises than any of its European neighbours in the post war period.\*

---

\* Comment made at a CECOP meeting in Brussels in 1982.

4.17            However, if a high level of unemployment is a pre-condition for trade union support for co-ops, how solid can that support be said to be? If much higher levels of employment could be achieved either by orthodox reflation, keynesian remedies or more radically by major reductions in working time, would union support for worker co-ops which, without much doubt, has grown in places like Wales, Scotland, the North East of England and South Yorkshire, evaporate? In other words, is the union endorsement even in the hard hit areas simply a crisis management response?

4.18            It is important that these questions are confronted since the answers will, to a large extent, influence the degree of commitment and support coming through from union organisations. Where co-ops are seen to be a component in an essentially short run crisis management strategy support seems likely to remain lukewarm and essentially passive. On the other hand, where trade unions have witnessed the persistent failures of post war economic management to provide reasonably full employment, and particularly where that failure has continued despite the existence of a significant nationalised sector, i.e. the case in Wales, then the potential of worker co-ops is viewed somewhat differently and the nature of trade union support has proven to be more animated and positive.



## Chapter 5

### Some Preliminary Conclusions from the Wales TUC's Experience

#### 5.1 The Labour Market

In order to evaluate the lessons to be drawn from the Wales TUC's experience as a supportive agency for workers' co-ops, it is important to reiterate the economic context against which that initiative has developed. First and foremost, there have been no appreciable improvements in the prospects for the economy in Wales.

- Since 1979 the numbers out of work in Wales have doubled from 80,000 to 174,000 in September 1983.
- Throughout the period vacancies notified to Job Centres have rarely exceeded 10% of the total unemployed - currently vacancies are running at about 5% of the total unemployed figure.
- By the beginning of 1983 41% of men and 25% of women registered as unemployed had been on the register for more than 12 months.
- Each succeeding year has started with a higher level of school leaver unemployment - despite increasing expenditure on schemes like the Youth Opportunities Programme and the new Youth Training Scheme.
- In the last four years some 100,000 jobs, nearly one third of the workforce in the manufacturing sector, have been lost. Around 31,000 jobs have been lost in the services sector reversing the long-term trend of employment growth in this sector.
- Despite repeated suggestions that the economy was on the verge of recovery, industrial output in Wales has remained static over the last year, at a level some four or five points below that prevailing in 1975.

- 5.2 The political background to these trends has been dominated by the Government's attempts to cut back public expenditure. The public sector in Wales accounts for a disproportionately high level of employment by comparison with Britain as a whole. In consequence, these generalised cuts have had a particularly marked effect on employment in public administration and the nationalised industries. Moreover, cuts in regional assistance have weakened the attractiveness of Wales as a likely location for any 'footloose' investment.
- 5.3 Faced with these elements it is not surprising that the WTUC has viewed its involvement with worker co-ops in job creation terms. Equally, it is no surprise that the leadership particularly of the public services unions in Wales tend to see the WTUC initiative as something of a diversion of resources away from the more direct political challenges posed by a continued pressure on public expenditure and an increased drive towards privatisation.
- 5.4 On the evidence to hand, it is difficult to provide a satisfactory answer to the question of whether the WTUC support for worker co-ops would diminish if strong and sustained growth returned to the economy. Certainly on present trends the question is academic, if not redundant. The reality is a deflated economy with entrenched, mass unemployment. Moreover, even the most 'bullish' forecasters are not suggesting that economic growth will restore the demand for labour on the scale needed to make any real impression on present unemployment levels.
- 5.5 In the absence of any radical changes in working time (which has been a longstanding policy of the WTUC) it is difficult to see unemployment in Wales falling much below its present level. Hence, WTUC support for worker centred employment initiatives is likely to remain strong. Moreover, if we examine the persistence and professionalism which the WTUC have demonstrated from the commissioning of their original feasibility study in 1981, up until the launch of the Co-op Centre in April, there is little doubt that the leadership of the WTUC and key committee chairmen have accepted the need for a tough, coherent long-term approach to the issues involved.

- 5.6            Apart from gaining endorsement from the Welsh Office (no small achievement given the prevailing views of the Government on the trade union movement) the value of the WTUC's commitment and persistence can be measured in terms of the concrete support for the Centre and fund elicited from the local authorities in Wales.
- 5.7            With the Centre launched and through the first six months of operation, and with negotiations over the investment fund at an advanced stage, it is demonstrably the case that the WTUC has advanced much further its support for worker co-ops, than any comparable union organisation in Britain. The early indications are that this has had a positive effect on the existing support infrastructure, and has probably helped boost the rate of new co-op formations - although clearly more time has to elapse before this can be realistically assessed.
- 5.8            It is apparent that the shift from traditional 'reactive' to new 'proactive' postures will not be achieved without meeting some resistance from within the labour movement - particularly with falling union membership and mounting governmental pressures. In many respects this remains the major challenge to the WTUC's initiative. Successive annual conferences since 1981 have endorsed the idea and efforts and an increasing number of trade union activists and officials are becoming interested and involved as part of their individual struggle to hold on to a crumbling job base. As yet, however, the idea of a workers' co-operative remains very much a last resort option.
- 5.9            Raising the profile of the Centre with the wider trade union movement is clearly of primary importance here. And there can be little doubt that the fund, even in the amended form outlined in Chapter 3, will boost the awareness and confidence of workers pondering the decision to 'do it for themselves'.
- 5.10           The latter part of 1983 and first part of 1984 promise to be a testing period for the Centre and its backers at the WTUC. At the time of writing a programme of visits and presentations to the wider reaches of the trade union movement in Wales is being planned. In addition, a redundant office of the T&GWU in Barry, South Wales, is being converted to a training facility. The first targetted client

group for this being full-time officials of unions operating in Wales.

5.11 It would perhaps not be too unreasonable or unrealistic to argue on the basis of the experience detailed in this report, that the WTUC and its creation, the Co-op Centre, have got off to a sound start, have cleared the first hurdles, but still face a long run to the finishing line. Hopefully, the way in which the WTUC tackles this course will continue to serve as an example to others both in Britain and elsewhere where the livelihoods and security of workers is threatened by "forces beyond their control".

APPENDIX 1

RULES OF WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED

registered under the Industrial and Provident Societies Acts 1965-1978 ("the Act")

1. NAME

The name of the society shall be WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED (referred to below as "the Co-operative").

2. OBJECTS

The objects of the Co-operative shall be to carry on as a bona fide co-operative society for the benefit of its members (as members of the community in Wales ("the Community")) the provision of professional training and educational service to promote, establish, develop and support co-operative enterprise, and any related industry, business or trade activities determined from time to time by a General Meeting.

3. POWERS

The Co-operative shall have power to do all things necessary or expedient to fulfill its objects.

4. REGISTERED OFFICE

The registered office of the Co-operative shall be at TRANSPORT HOUSE, 1, CATHEDRAL ROAD, CARDIFF, CF1 9SD.

5. SHARES

(a) THE VALUE OF SHARES

The nominal value of the shares of the Co-operative shall be £1.  
Each member shall hold at least one share, and no member may hold more than the maximum permitted by law.

(b) DESCRIPTION OF SHARES

Shares shall be transferable, but not withdrawable.

(c) TRANSFERS

A member may with the approval of the Management Committee ("the Committee") described in Rule 11 below transfer his shares to any other member.

The application to transfer shares must:

- give details of the shares to be transferred;
- be signed by the transferor;
- be signed by the transferee, to the effect that he accepts the conditions attached to the shares;

and must be approved by the Committee and recorded in the Co-operative's Register of Members.

(d) INTEREST

If the Committee so decides, interest shall be payable on each share, the amount to be fixed by the Annual General Meeting in accordance with Rule 13. The interest paid shall not exceed 5 per cent per annum.

6. MEMBERSHIP

The membership of the Co-operative shall consist of:-

- (a) all those who sign the application for registration;
- (b) people who live or work or have interests within the Community;
- (c) any society, company, or other corporate body with interests within the Community;

whose application for admission has been approved by the Committee and whose names are recorded in the Co-operative's Register of Members.

Any member which is a body corporate may by a resolution of its governing body appoint a representative to act on its behalf and vote at any Meeting of the Co-operative. A copy of the resolution executed under the seal of the body corporate shall be deposited with the Secretary of the Co-operative.

7. APPLICATION FOR MEMBERSHIP

On application for membership and payment for shares by any person or corporate body qualifying under Rule 6 above the Co-operative shall issue each applicant with one share for each £1 paid and an appropriate entry shall be made in the Register of Members.

8. CESSATION OF MEMBERSHIP

Members shall cease to be members if they:

- (a) cease to live or work or have interests within the Community;
- (b) become bankrupt or make any composition or arrangement with their creditors;
- (c) resign in writing to the Secretary;
- (d) transfer all their shares to another person;
- (e) are expelled;
- (f) die.

When a member applies in writing to resign from membership the Committee may:

- (i) repay the value of his shares together with any interest or dividend due, provided that there are no outstanding claims on the shares; such shares shall be cancelled and an appropriate entry shall be made in the Register of Members;
- (ii) transfer the shares to any other member of the Co-operative nominated by the transferor in accordance with Rule 5, or
- (iii) transfer the shares to any person or corporate body approved as eligible for membership in accordance with Rule 6.



9. BORROWING

- (a) The Co-operative may borrow money for its purposes in any way including loans on the security of its assets, provided that the amount outstanding does not exceed £100,000,000. It shall not accept deposits.
- (b) the rate of interest on money borrowed, except on that borrowed by way of bank overdraft or on a mortgage from a building society or local authority, shall not exceed 6½% per annum or 3 per cent above the base lending rate of Co-operative Bank plc.

10. GENERAL MEETINGS

- (a) There shall be regular General Meetings of all members of the Co-operative. These shall be called by the Secretary, giving all members 14 clear days' notice of the date, time, and place of the meeting and the issues upon which decisions are to be taken. The Secretary shall also call a meeting at the written request of one third or more of the members.
- (b) An Annual General Meeting shall be held within six months of the close of the financial year of the Co-operative. Its business shall include:
  - (i) The receipt of the Chairman's Report, Accounts and Balance Sheet;
  - (ii) the appointment of an Auditor;
  - (iii) the election of Committee Members.
- (c) Every member present at any Meeting shall have one vote, and questions shall be decided upon a majority vote of members present. In the event of a tie the Chairman shall have a casting vote.
- (d) No business shall be conducted at any Meeting unless one quarter of the membership or five members, whichever is greater, is present.

11. COMMITTEE

- (a) The management of the Co-operative shall be the responsibility of the Committee.
- (b) The Committee shall comprise not less than seven nor more than twelve Committee Members and shall be elected from the members each year at the Annual General Meeting. During the first three years of the Co-operatives existence the Wales Trades Union Council shall have the power to appoint seven members of the Co-operative to serve on the Committee and thereafter have the power to appoint two members of the Co-operative to so serve. The remainder of the Committee (if any) shall be elected from and by the members at the Annual General Meeting.
- (c) The quorum of the Committee shall be five.
- (d) Any Committee Member may be removed from office by a majority vote at a General Meeting called for the purpose.
- (e) Any remuneration of Committee Members shall be decided by a General Meeting.
- (f) Retiring committee members shall be eligible for re-election without nomination.
- (g) The Committee shall appoint and have the power to remove:
  - a Chairman, who shall also be Chairman of all General Meetings;
  - a Secretary, who shall keep minutes of all Committee and General Meetings;
  - a Treasurer, who shall keep proper accounts of the Co-operatives financial affairs;

- (h) The Committee may appoint a Director, to whom they may delegate the day to day running of the Co-operative and whom they may dismiss subject to a right of appeal, made within two weeks by the Director, to a General Meeting called for the purpose of hearing the appeal.
- (i) The Committee may expel members of the Co-operative subject to a right of appeal, made within one month by the member, to a General Meeting called for the purpose of hearing the appeal.
- (j) The Committee may exercise any powers that may be exercised by the Co-operative, other than those that must be exercised by a General Meeting.

12. INVESTMENT OF FUNDS

The funds of the Co-operative may with the authority of the General Meeting be invested:

- (a) in trustee investments;
- (b) with a local authority;
- (c) in the shares or on the security of any corporate body which has limited liability but which has an issued and paid up capital of at least £1,000,000.

The Co-operative may appoint any of its members to vote on its behalf at the meetings of any other body corporate in which the Co-operative has invested funds and at which it is entitled to vote.

13. APPLICATION OF PROFITS

The profits of the Co-operative shall be applied in the following ways:

- (a) firstly, to creating and maintaining a general reserve for the continuation and development of the Co-operative;
- (b) secondly, to paying interest on shareholdings subject to Rule 5(d);
- (c) thirdly, for the benefit of the Community, or a section of the Community, as decided by a General Meeting;
- (d) fourthly, in furtherance of the objects of the Co-operative as decided by a General Meeting.

14. AUDIT

- (a) The Co-operative shall in accordance with Sections 4 and 8 of the Friendly and Industrial and Provident Societies Act 1968 appoint each year an Auditor to whom the accounts of the Co-operative for that year shall be submitted for audit, as required by that Act.
- (b) The Auditor shall have the rights as to notice of and attendance and audience at General Meetings, access to books and the supply of information as are prescribed by that Act.
- (c) The Auditor shall be appointed by the Co-operative at a General Meeting, and in the case of any Auditor who is a qualified auditor under Section 7 of that Act, the provisions of Sections 5 and 6 of that Act shall apply to his reappointment and removal and to any resolution removing him or appointing another person in his place.

- (d) Every year, not later than the date prescribed by the Act or unless the return is made up to the date allowed by the Registrar not later than three months after such date, the Secretary shall send to the Registrar the annual return, in the form prescribed by the Registrar, about its affairs for the period specified by the Act, together with:
- (i) a copy of the report of the Auditors on the Co-operative's accounts for the period included in the return; and
  - (ii) a copy of all balance sheets drawn up during that period and of the report of the Auditor on those balance sheets.

13. RECORDS AND SEAL

- (a) The Co-operative shall keep in its registered office a Registrar of Members in which the Secretary shall enter the following particulars:
- (i) the names and addresses and place of work of all the members;
  - (ii) a statement of the number of shares held by, and the amount paid up on the shares of each member;
  - (iii) a statement of other property in the Co-operative, including loans, held by each member;
  - (iv) the date at which each person was entered in the Register as a member and the date at which any person ceased to be a member;
  - (v) the names and addresses of the Co-operative with the offices held by each and the date on which they took office.

- (b) Any member changing his address or place of work shall notify the Secretary in writing within one week.
- (c) The Co-operative shall have a Seal to be kept by the Secretary and only used with the authority of a General Meeting; the use of the Seal shall be witnessed by two members and the Secretary.

16. AMENDMENTS TO RULES

- (a) Any of these Rules, other than Rule 11, may be rescinded or amended, or a new rule made, by a vote of two-thirds of members present at a General Meeting, provided that all members of the Co-operative have been given fourteen clear day's notice of the changes proposed.
- (b) Rule 11 may not be rescinded or amended prior to December 31st. 1986 unless all the seven Committee Members nominated by the Wales Trades Union Council and the two-thirds of members at the General Meeting as provided by Rule 16(a) hereof so vote.
- (c) No amendment of these Rules is valid until it is registered by the Registrar.

17. DISSOLUTION

- (a) The Co-operative may be dissolved at any time with the consent of three-quarters of the members, testified by their signatures, or in the case of bodies corporate, by the signature of any of the officers acting under their authority (subject to Section 19(2) of the Industrial and Provident Societies Act 1965) to an instrument of dissolution in the form prescribed by the Treasury Regulations; or by winding-up in the manner provided by the Act.
- (b) On the dissolution or winding-up of the Co-operative, after the satisfaction of all its debts and liabilities, and the redemption of shareholdings, any of the assets remaining shall not be distributed among the members but shall be used for the Community as a whole, as decided by a General Meeting.

18. NOMINATIONS

In accordance with the Act:

- (a) a member may nominate any person to whom any of his property, other than his share, in the Co-operative at the time of his death may be transferred, up to and including the maximum amount authorised by law;
- (b) the Committee shall transfer any such property belonging to a deceased member in accordance with the member's nomination.

19. CLAIMS

In the case of a deceased or bankrupt member of the Committee, on receipt of a claim, shall transfer that member's property, other than his share, in the Co-operative as directed by the personal representative of the deceased member or the trustee in bankruptcy of the bankrupt member respectively. The deceased or bankrupt member's shares shall be transferred to any other member of the Co-operative nominated by the personal representative of the deceased member or the trustee in bankruptcy of the bankrupt member, or to any person or corporate body approved as eligible for membership in accordance with Rule 6.

20. DISPUTES

Any disputes of the kind referred to in Section 60(1) of the Industrial and Provident Societies Act 1965 shall be referred to and decided by the Registrar.



SIGNATURES OF THE FOUNDER MEMBERS

FULL NAMES IN BLOCK CAPITALS

1) *George Wright*

GEORGE HENRY WRIGHT

2) *Paul*

CHARLES LESLIE PAUL

3) *D. J. Seligman*

DAVID JOSEPH SELIGMAN

4) *David John Jenkins*

DAVID JOHN JENKINS

5) *Rhodri Morgan*

RHODRI MORGAN

6) *Lionel John James*

LIONEL JOHN JAMES

7) *Noel Rees Hufton*

NOEL REES HUFTON

8) *Denis Leslie Gregory*

DENIS LESLIE GREGORY

9) *Claus W. Benedict*

CLAUS W. BENEDICT

SIGNATURE OF THE SECRETARY

FULL NAME

*Charles Leslie Paul*

CHARLES LESLIE PAUL

REGISTRATION CERTIFICATE to be affixed below

Form B

**INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965**

Acknowledgment of Registration of Society

Register No. 24287 R Centre  
Wales Co-operative Development & Training/ Limited  
is this day registered under the Industrial and Provident Societies  
Act 1965.

Date 24 October 1983

17 North Audley Street  
LONDON  
W1Y 2AP

Copy kept.

DATED

1983

---

THE WALES LOCAL AUTHORITIES' CO-OPERATIVE  
DEPOSIT FUND

THE WALES LOCAL AUTHORITIES' CO-OPERATIVE  
GIFT FUND

---

DRAFT/

TRUST DEED

---

T13145C929  
3.10.83  
D4



(5) It is intended to admit other local authorities to membership of the Funds and to admit to Associate Membership of the Funds persons and bodies other than local authorities as hereinafter appears; and by co-option to the Board of management to give an effective voice to large depositors.

NOW THIS DEED WITNESSETH as follows:-

Definitions

1. (1) IN this Deed except where the context otherwise requires:-
  - (a) The following expressions have the following respective meanings:-
    - (i) "the Gift Fund" means and includes all assets from time to time held for the purposes of the Gift Fund hereby established.
    - (ii) "the Deposit Fund" means and includes all assets from time to time held for the purposes of the Deposit Fund hereby established.
    - (iii) "the Funds" means the Gift Fund and the Deposit Fund.
    - (iv) "local authority" has the meaning given to that expression by Section 50 of the Banking Act 1979.
    - (v) "the Members" means the Founders and all other local authorities which may be admitted to participate in the purposes of the Funds pursuant to Clause 2(a) hereof.
    - (vi) "the Associate Members" means the persons and bodies other than local authorities which may be admitted to participate in the purposes of the Funds pursuant to Clause 2(b) hereof.

- (vii) "the Appointed Persons" means every person who is for the time being an Appointed Person as defined by Clause 3(1) hereof.
  
- (viii) "the Board" means the Board of management of the Funds as constituted from time to time pursuant to Clause 3 hereof.
  
- (ix) "the Trustees" means the trustees or trustee for the time being for the purposes of the Funds.
  
- (x) "the Advisory Committee" means the Advisory Committee as constituted from time to time pursuant to Clause 5 hereof.
  
- (xi) "the Perpetuity Date" means the eightieth anniversary of the date of this Deed.
  
- (xii) "the Trust Period" means the period commencing on the date of this Deed and ending on whichever shall be the earlier of
  - (A) the seventy-seventh anniversary of the date herof
  
  - (B) such date (if any) as the Board shall appoint to be the date of the expiration of the Trust Period pursuant to Clause 9 hereof.
  
- (xiii) "the Accumulation Period" means whichever shall be the shorter of:-
  - (A) the period commencing on the date of this Deed and ending on the twenty-first anniversary of that date

(B) the Trust Period.

(b) Words importing only the single number include the plural number and vice versa and words importing only the masculine gender include the female gender and vice versa.

(2) The perpetuity period applicable hereto for the purposes of the Perpetuities and Accumulations Act 1964 is the period of eighty years commencing on the date hereof.

#### Additional Members of the Funds

#### 2. DURING the Trust Period

(a) Any local authority which is not one of the Founders and which wishes to participate as a Member in the purposes of the Funds may, subject to the approval of the Board, by executing and delivering a Deed of Participation in the form set out in the Second Schedule hereto, be admitted so to participate.

(b) Associate Membership of the Funds will be open to those persons and bodies not being local authorities as herein defined which make significant contributions to the Funds and are admitted to Associate Membership by the Board but Associate Members shall not be entitled to vote at any meeting.

#### The Board

3. (1) EACH Member or Associate Member may by resolution of its governing body appoint a person (hereinafter called "the Appointed Person") to be its representative for the purposes of this Deed. Any Appointed Person may appoint a deputy to act in his absence. An Appointed Person need not be an elected member or an officer of the Member or Associate Member in question.

(2) As soon as conveniently practicable after the execution of this Deed there shall be a meeting of the Appointed Persons for the purpose of constituting a body of persons, not more than twenty-one in number, to be the Board of management of the Funds.

(3) The Appointed Person representing each of the County Councils in Wales who are Members shall be permanent Board Members.

(4) The remaining positions on the Board (the number of which shall be fixed by the Appointed Persons present at the said meeting subject to variation by the Board from time to time) shall be filled by election from among the Appointed Persons representing District Councils in Wales. Such election shall be by the Appointed Persons representing District Councils present at the said meeting.

(5) After the first three years and after each succeeding year one-third (or the number nearest to but not greater than one-third) of the Appointed Persons representing District Councils shall retire those retiring being those who have been longest in office since their last election and subject thereto being determined by lot.

(6) Their positions shall be filled by election from among those Appointed Persons so representing and (unless there are no such persons willing to serve) who have not previously served on the Board.

(7) The Board shall summon annual meetings of the Appointed Persons representing District Councils for the purpose of holding the said elections.

(8) The Board shall have power to co-opt to the Board persons being or Appointed Persons representing Associate Members but without voting rights.

(9) Subject only to the requirements of the foregoing sub-Clauses,



the Board shall regulate its business in all respects as it considers best.

#### The Trustees

4. (1) AS soon as it shall have been constituted the Board shall by resolution appoint four persons (who may but need not be members of the Board) to be the Trustees for the purposes of this Deed.

(2) The Board shall have power from time to time by resolution to appoint and remove Trustees.

(3) It is intended that there shall at all times be four Trustees and that in the event of any vacancy occurring the Board shall forthwith make up the number to four. All the functions of the Trustees hereunder may however be fully and effectively exercised by Trustees for the time being notwithstanding that their number may be less than four.

(4) The Trustees shall be bound to exercise all the powers hereby vested in them and generally to carry out all their functions hereunder in such manner as shall from time to time be directed by the Board.

#### The Advisory Committee

5. (1) An Advisory Committee shall be appointed by the Board from amongst those Members and Associate Members not represented on the Board and consisting of nine persons. It shall be the function of the Advisory Committee to make suggestions as to the manner in which the Funds shall be dealt with in furtherance of the purposes for which they have been established, and the Board shall have regard to, but shall not be bound by, any suggestions so made. The Advisory Committee shall from time to time report to the Board and give the Board such advice as the Board may from time to time require.

(2) The Board shall have power from time to time by resolution to

appoint and remove members of the Advisory Committee.

(3) The Advisory Committee shall regulate its business in all respects as it considers best.

### The Funds

6. (1) IT is anticipated that the Members will from time to time hereafter accept contributions from themselves from trade unions and other bodies and from the general public so as to form the Gift Fund and the Deposit Fund.

(2) All contributions made for the purposes of the Gift Fund shall be by way of donation and all contributions to the Deposit Fund shall be by way of deposit.

(3) It shall be the duty of each Member to ensure that all persons who pay contributions to it are made fully aware of the purposes of the Funds. Each contributor shall be required to state at the time of contribution whether his contribution is by way of donation or deposit.

(4) All deposits made for the purposes of the Deposit Fund shall carry interest at such rate (if any) and be upon such terms as to call and otherwise as shall from time to time be approved by the Board.

(5) Each Member shall as soon as conveniently practicable after the receipt thereof pay or transfer all donations which it may receive for the purposes of the Gift Fund and all deposits which it may receive for the purposes of the Deposit Fund to the Trustees to be held as an accretion to those Funds respectively.

(6) Subject as provided in Clause 7(3) hereof the Trustees shall at all times maintain the Gift Fund and the Deposit Fund as separate and distinct funds.

The Gift Fund

7. THE Trustees shall hold the Gift Fund and any income thereof upon the trusts and with and subject to the powers and provisions following:-

(1) The Trustees shall have power from time to time during the Trust Period to pay or apply all or any part of the income and all or any part of the capital of the Gift Fund in giving financial assistance to such persons carrying on commercial or industrial undertakings and in such amounts and in such manner as the Board shall in its absolute discretion consider most likely to generate gainful employment.

(2) The Trustees shall have power during the Accumulation Period to accumulate the whole or any part of any income of the Gift Fund in augmentation of the capital of the Fund.

(3) The Trustees shall have power from time to time during the Trust Period to apply the whole or any part of the Gift Fund by adding the same to the Deposit Fund. Provided that this power shall not be capable of being exercised except for the purpose of augmenting the Deposit Fund to such extent as shall be necessary to enable Members to meet any obligations to repay deposits which could not otherwise be repaid in full.

(4) The Trustees may from time to time during the Trust Period by any deed or deeds revocable or irrevocable wholly or partially release or restrict all or any of the foregoing powers.

(5) In default of and subject to and until any exercise of the foregoing powers the Trustees shall during the Trust Period pay or apply any income of the Gift Fund and may during the said Period pay or apply the whole or any part of the capital thereof for or towards all or any of the following purposes so far as the same may be wholly charitable (namely):-

(a) the provision of the means of attaining or preserving gainful

employment for persons who are suffering or facing the imminent threat of financial hardship as the result of unemployment

(b) any other charitable purposes

as the Board shall from time to time direct.

#### The Deposit Fund

8. THE Trustees shall hold the Deposit Fund and any income thereof upon the trusts and with and subject to the powers and provisions following:-

(1) If during the Trust Period any deposit which shall have been received by a Member and paid or transferred by that Member to the Trustees shall become due for repayment to the depositor the Trustees shall raise out of the Deposit Fund and pay to such Member a sum sufficient to enable it to make the repayment. If and to the extent that the funds comprised in the Deposit Fund are not adequate for the purpose the Trustees shall raise and pay the said sum out of any part of the Gift Fund which may be added to the Deposit Fund pursuant to Clause 7(3) hereof as the Board shall direct.

(2) The Trustees shall maintain on deposit at a clearing bank at immediate call a reserve (being part of the Deposit Fund) equivalent to 5 per cent of the total deposits held for the purposes of the Deposit Fund at immediate call and outstanding at any particular time.

(3) Subject as aforesaid and to the provisions of sub-clauses (4) and (5) hereof the Trustees shall have power from time to time during the Trust Period to lay out all or any part of the Deposit Fund in making loans to such persons carrying on commercial and industrial undertakings and in such amounts and in such manner as the Board shall in its absolute discretion consider most likely to generate employment or to guarantee any such

loans made by third parties and to resort to the Deposit Fund for the purpose of honouring any such guarantee. All such loans whether by the Trustees or by third parties may be with or without security or upon such personal credit as the Board shall think fit. In deciding to whom in what amount and upon what terms the loans shall be made or guaranteed it shall not be necessary for the Board to have regard either to a need for an adequate return by way of income, or for capital appreciation or profit.

(4) In exercising their powers to guarantee loans to third parties the Trustees shall with a view to maintaining the ability of the Deposit Fund to meet requirements as they arise for the repayment of deposits and so far as possible without resort to the Gift Fund limit the aggregate sums the subject of such guarantees to one quarter of the value of the Deposit Fund at the time when each such guarantee is given account being taken in calculating the proportion of the guarantee in question at the time.

(5) No loan or guarantee shall be made or given under sub-Clause (3) hereof unless immediately thereafter the aggregate of the following, namely:

- (i) any sums in cash or at call not later than 30 days comprised in the Gift Fund; and
- (ii) the valuation at one quarter up from the lower to the higher of any securities comprised in the Gift Fund quoted on the Stock Exchange, London; and
- (iii) the sum held on deposit as a reserve of the Deposit Fund pursuant to Clause 8(2) hereof; and
- (iv) any sums accumulated in augmentation of the Deposit Fund pursuant to Clause 8(9) hereof;

shall exceed the aggregate of:

- (i) the deposits comprised in the Deposit Fund of which the depositor may call for immediate repayment; and
- (ii) any sums in respect of which the creditors under any guarantees given under sub-Clause (3) hereof may call for immediate repayment.

(6) For the purposes of sub-Clause (4) hereof the value of the Deposit Fund shall include sums underwritten by Members under sub-Clause (7) hereof but save as aforesaid shall exclude the right to repayment of any loan made under sub-Clause (3) hereof.

(7) For the further securing of the sufficiency of the Deposit Fund it is hereby agreed and declared that each local authority which is or becomes a Member shall be required as a condition of membership to underwrite one quarter of the sums advanced to enterprises having their principal or only place of business in the Member's area whether by way of loan or by way of guarantee which the Trustees are called upon to honour and which are found to be irrecoverable. In determining whether the sums are or are not irrecoverable the Trustees shall not be bound to take legal proceedings or to prove in bankruptcy or liquidation if they conclude or are responsibly advised that the prospects of recovery do not justify the outlay.

(8) The Trustees shall during the Trust Period apply any income of the Deposit Fund first in paying to the Members (pro rata in case of deficiency) such sums as may be necessary to enable them to pay any interest to which their respective depositors may be entitled in respect of the deposits made by them for the purposes of the Deposit Fund and shall pay or apply any balance of such income for or towards all or any of the following purposes so far as the same may be wholly charitable (namely):-

- (a) the provision of the means of attaining or preserving gainful employment for persons who are already suffering or facing the imminent threat of financial hardship as the result of

unemployment

- (b) any other charitable purposes

as the Board shall from time to time direct.

(9) Provided that the Trustees may during the Accumulation Period in lieu of paying or applying the said balance of the income of the Deposit Fund for or towards charitable purposes in accordance with the provisions of the preceding sub-Clause accumulate the whole or any part of such balance in augmentation of the Deposit Fund.

9. (1) For the purposes of this Clause only the word "liabilities" shall mean and include the aggregate of the following:

- (i) the deposits comprised in the Deposit Fund other than those deposits if any for which the depositor may call for immediate repayment; and
- (ii) any sums in respect of which the creditors under any guarantees given under Clause 8(3) hereof are entitled to call for repayment other than those sums if any for which those creditors may call for immediate repayment.

(2) Upon the date of this Deed each of the Founders shall make a deposit from its own funds with the Deposit Fund of a sum of ten thousand pounds and shall maintain that initial deposit for the period of six months from the said date.

(3) Three months after the date of this Deed the Board shall make a call upon each of the Founders then in membership for a deposit from the Founder's own funds to be made to the Deposit Fund upon the date six months after the date of this Deed and to be maintained for six months from that date.

(4) The aggregate of the sums prescribed in the call shall be four times the liabilities.

(5) Calls shall be made upon the Founders by the Board by dividing the said aggregate proportionately to the respective population numbers set out in the second column of the First Schedule.

(6) Calls shall be made by the Board from time to time as may be requisite to require the Founders in the proportions referred to in the immediately preceding sub-Clause to maintain deposits equivalent in the aggregate to four times the liabilities but calls need not be made more frequently than once per calendar month.

(7) The Board may in its discretion with the advice and concurrence of the Trustees release modify or waive any of the requirements of this Clause.

#### Power to terminate the Trusts

10. The Board may by written notice given to the then Members at any time before the expiration of seventy-seven years from the date of this Deed and after the number of registered unemployed in Wales has fallen below fifteen thousand appoint that the date of such notice shall be the date of the expiration of the Trust Period.

#### Ultimate Trusts

11. Upon the expiration of the Trust Period (whether on the expiration of the period of seventy-seven years commencing on the date of this Deed or in consequence of an exercise of the power conferred by the preceding Clause hereof) the following provisions shall have effect:-

(1) The Trustees shall proceed to call in and realise the assets then comprising the Deposit Fund, in such manner as the Board shall direct. Such calling in and realisation shall so far as possible be effected without



causing undue financial hardship and difficulties to persons to whom loans shall have been made pursuant to Clause 8(3) hereof but every endeavour shall nevertheless be made to complete the calling in and realisation within two years after the Trust Period has expired.

(2) As and when each part of the Deposit Fund has been called in and realised the Trustees shall pay the Members rateably according to the amounts of the outstanding deposits contributed through them a sufficient part of the total proceeds of such calling in and realisation to enable such Members to return to the respective depositors the amounts of their several deposits and any arrears of interest thereon.

(3) If the proceeds of the calling in and realisation of the Deposit Fund shall be insufficient to give full effect to the provisions of the preceding sub-Clause the Trustees shall have power to resort to the Gift Fund to the extent necessary to make good the deficiency.

(4) If after effect has been given to the provisions of the two preceding sub-Clauses there shall be any remaining surplus of the Funds or either of them the Trustees shall apply such surplus for or towards such charitable purposes as the Board shall select.

#### General investment powers

12. (1) WITHOUT prejudice to the provisions of Clause 8(3) hereof (but subject to the provisions of clause 8(2) hereof) any monies forming part of the Funds for the time being available for investment may be invested or laid out in the purchase of or at interest upon the security of any stocks funds shares securities or other investments or property of whatsoever nature and wheresoever situate whether or not the same shall be authorised by law for the investment of trust money.

(2) Provided that no part of the Funds shall be applied by way of share or equity participation in such manner as to confer upon the Trustees or the Board the role of principal in any business enterprise.

(3) The Trustees shall have full power to vary or transpose any investments or property for or into others of any nature hereby authorised.

(4) The Trustees shall not be obliged to diversify any investment of the Funds notwithstanding any rule of law or equity to the contrary.

(5) Money may be left uninvested on deposit at a Bank on such terms in such amount and for such period as the Board may think fit.

(6) The Trustees may permit any investments or property to be held by any trust corporation or Bank nominee company as nominee for the Trustees and may pay any expenses incurred in connection therewith out of such part of the capital or income of the Funds as the Board shall direct.

#### Accounts

13. THE Board shall arrange for the accounts of the Funds to be prepared and maintained, and not less frequently than once a year for the accounts to be audited.

#### Professional assistance

14. THE Board shall be entitled for the purposes of and at the expense of the Funds to engage such professional assistance of such kinds and upon such terms as to the Board may seem just; but it shall not be entitled to enter into a contract of service with any individual.

15. Without prejudice to the generality of any other powers of the Board, it may, without being in any way accountable therefor, entrust the day to

day management of the Fund to a clearing Bank.

Expenses

16. The Board shall not be entitled to make any charge in respect of its services in connection with the Funds but shall be entitled to recoup from the Funds all out of pocket expenditure which it may incur in and about the trusts powers and provisions of this Deed. Members of the Board, Trustees, and members of the Advisory Committee shall not be entitled to charge any remuneration in respect of their services but shall be entitled to be reimbursed from the Funds for all proper out of pocket expenses incurred for travelling and subsistence while engaged on or about their duties under this Deed.

Indemnity to members of the Board and to Trustees

17. In the professed execution of the trusts powers and provisions hereof no member of the Board and no Trustee shall be liable for a breach of trust or dereliction of duty save where constituting wilful and malicious default.

Protection of purchasers etc.

18. ANY statement in writing signed by any two members of the Board to the effect that any contract deed act thing or transaction signed executed done or entered into by the Board or by the Trustees is signed executed done or entered into in accordance with and is authorised by the trusts powers and provisions of this Deed shall in favour of any purchaser or other person dealing with the Board or with the Trustees be conclusive evidence of the fact.

Power of amendment

19. (1) Subject as hereinafter provided the Trustees shall have power during the Trust Period if so directed by the Board by any deed or deeds to

amend the provisions of this Deed, and such power may be exercised in relation to this Deed as so amended from time to time.

(2) The Board shall not be entitled to give any such direction as is mentioned in the preceding sub-Clause unless authorised to do so by a resolution passed at a meeting of the Appointed Persons by a majority of at least two thirds of those present and voting.

(3) The only amendments which may be made pursuant to this Clause are amendments of an administrative and incidental nature designed to improve the smooth working of the Funds and to remove any anomalies which may be revealed by experience of such working. In particular and without prejudice to the foregoing no amendment shall be made to the substantive trusts and powers hereof and no amendment shall be made if the effect thereof would be directly or indirectly to prejudice or affect the interests of any person who may have contributed a deposit for the purposes of the Deposit Fund.

IN WITNESS whereof this Deed has been executed by the Founders the day and year first above written

THE FIRST SCHEDULE

Names of the Founders

The County Councils of

Clwyd	394,500
Dyfed	333,500
Gwent	440,200
Gwynedd	231,900
Mid Glamorgan	539,300
South Glamorgan	389,800
West Glamorgan	<u>368,500</u>
Powis	<u>2,697,700</u>

THE SECOND SCHEDULE

THIS DEED is made the    day of    19  
BETWEEN:

of

(hereinafter called "the New Participator") of the one part and CARDIFF CITY COUNCIL for and on behalf of all Members for the time being participating in the trusts and purposes of the Trust Deed hereinafter mentioned of the other part

**WHEREAS**

(A) This Deed is supplemental to a Trust Deed (hereinafter called "the Trust Deed") dated the    day of    1983 made by certain local authorities establishing:-

(a) a Deposit Fund; and

(b) a Gift Fund

each having as its purposes the generation of commercial and industrial activity and thereby gainful employment.

(B) The New Participator is a local authority within the definition in Section 50 of the Banking Act 1979

(C) The New Participator has by resolution of its governing body elected to participate in the trusts and purposes of the Trust Deed and has by such resolution undertaken to adopt and agree to and be bound by the trusts powers and provisions of the Trust Deed.

(D) The Board of management of the Funds has approved the admission of

the New Participator as a Member participating in the trusts and purposes of the Trust Deed.

NOW THIS DEED WITNESSETH that the New Participator hereby adopts and agrees to be bound by the trusts powers and provisions of the Trust Deed to the intent that it may become a Member as defined in the Trust Deed and it hereby undertakes to procure that the purposes of the Funds are clearly set out and incorporated in documents issued by the New Participator inviting contributions to the Funds.

IN WITNESS whereof

CITY COUNCIL has caused its )  
Corporate Seal to be hereunto )  
affixed in the presence of:- )

ADVERTISEMENT

THE WALES LOCAL AUTHORITIES' CO-OPERATIVE DEPOSIT FUND  
THE WALES LOCAL AUTHORITIES' CO-OPERATIVE GIFT FUND

These Funds have been set up by a number of Local Authorities, of which this Authority is one, with the purpose of promoting commercial and industrial activity and thereby employment.

To that end, each of the participating Authorities will accept deposits from corporate bodies and from members of the public, which will be pooled so as to form the Wales Local Authorities' Co-operative Deposit Fund. The rates at which deposits are accepted will vary from time to time, but will be deliberately set to permit the monies to be employed with the object of generating commercial and industrial activity, and through that activity, more employment; and not with the object of getting the best available return.

Loans may be made from or guaranteed by the Deposit Fund without security and in cases where the risk would be such as to deter a prudent commercial lender, such as a bank, and this must be clearly understood by potential depositors of the Fund.

It is emphasised that the deposits are not accepted for the Authority's statutory purposes and will not be secured on the rates. Under the regulations governing the Deposit Fund each participating Authority, on being called upon to repay a deposit, is entitled to recover an appropriate sum from the Fund with which to make repayment.

It is hoped and intended that the Deposit Fund will be so managed and the part not laid out in deposits and guarantees so invested that immediate repayment of deposits to contributors may be made in full but this cannot be guaranteed.



Similarly, payment of interest will be dependent on income earned by the Fund.

The Wales Local Authorities' Co-operative Gift Fund, as the name implies, will be open to receive gifts from bodies corporate and from members of the public to be applied in giving financial assistance to enterprises judged, in the opinion of the Board of management of the Fund, to be likely to show a good return in terms of employment. These will be typically, but not exclusively, small enterprises. The Gift Fund may be used to make up any deficiency in the Deposit Fund; but the sums in the Deposit Fund may in no circumstances be contributed to the Gift Fund and made available for grant.

Every contributor MUST indicate whether his or her contribution is to be credited to the Deposit Fund or to the Gift Fund, and contributions which are not so dedicated will be credited to the Deposit Fund.

This Authority is a member of both Funds and can accept contributions to them.

These may be sent by post; to the Council's offices at

By bank transfer or Giro for the Deposit Fund, to

for the Gift Fund, to

Current rates and terms for the acceptance of deposits for the Deposit Fund are available on application.



POTENTIAL CO-OPS - WITH COMMITTED GROUPS

1. Mecha. cal Engineering Group - 13 people - Cardiff  
Long term involvement - awaiting further finance.
2. Llwyn Piod Co-op - 10 people - Llandrindod Wells  
Farm/Craft work - Co-op registered - work started -  
ongoing assistance.
3. Welsh Valley Knitwear - 7 people - Bargoed  
Machine Knitters - Co-op registered - work started -  
ongoing assistance.
4. Eryri Co-op - 3 people - Bangor  
Printing Co-op - Business Plan in preparation -  
ongoing assistance.
5. B.J. M<sup>C</sup>Donalds - 7 people - Merthyr  
Engineers - conversion situation - ongoing assistance.
6. Newport Fishing Co-op - 6 people - Newport  
Fishing/Retail Co-op - draft Business Plan in preparation.
7. Council for Disabled - 15 people - Caerphilly  
Industrial Sewing Co-op - Business Plan in preparation.
8. Furniture Co-op - 15 people  
Furniture Manufacture - redundancy situation - compiling  
information.
9. Cywaith Uwchaed - 3 people - Cerrig-y-Drudion  
Bakery Co-op - compiling information.
10. Mechema - 27 people - Port Talbot  
Company sell out situation - no further action at this time.
11. Baby Buggy Repairs - 2 people - Cardiff  
Workshop premises required - early stages.
12. Doll Manufacturers - 2 people - Cardiff  
Existing Craft Work - early stages.
13. Carmarthen Hoppers - 3 people - Carmarthen  
Sheet Metal/Laggers - early stages.
14. Newcastle Emlyn Creamery - 17 people - Newcastle Emlyn  
Potential use of existing plant/site - early stages.
15. Graphic Design - 3 people - Newport  
Design/Print Co-op - early stages.
16. Forestry Commission - 7 people - Abergavenny  
Timber Associated Business - early stages.
17. Welsh Village - 2 people - Monmouth  
Clothes Manufacturers - early stages.
18. Silk Screen Printers - 3 people - Bargoed  
Handicapped people - early stages.
19. Gabros - 3 people - Rhyl  
Manufacture/Marketing Clock - preparing Businesss Plan.
20. Slaughter Business - 2 people - Rhyl  
One man existing part-time business - early stages.
21. Sens Unique - 90 people - Mold  
Possible redundancy of existing C.M.T. shops.
22. Selby - 4 people - Llandudno  
Garage/M.O.T.
23. Four Ways - 4 people - Ruabon  
Manufacturer Furniture/Re-upholstery.

POTENTIAL CO-OPS - IDEAS/PRODUCTS

1. A.J. Harrison - Spinning Pots and Pans - Neath  
Existing market - need people-with W.G.C.O.A.
2. Sun Lounger - Woodwork Manufacture - Swansea  
Develop Co-op Business with Crescent Training Centre.
3. Metal Box Clips - Manufacture - Neath  
Existing product - needs developing.
4. Traffic Lights Repair - Electrical Work - Barry  
Based on Sheffield Co-op allied to hi-tech training.
5. Rabbit Runs - Wrexham  
Existing Business - in trouble - needs developing.
6. Pub Games - Rhyl  
Retired owner - simple idea - needs people.
7. Yacht Business - Rhyl  
Boat and Hotel Services - needs more people.
8. Winnowing Machine - 2 people -  
New Invention - early stages - with G.C.O.A. Frank Conelly.
9. Building Business -  
Market potential investigated - needs people.
10. C.M.T. Sewing Co-op - Monmouth  
Marketing man - ideas for 150 people project.

POTENTIAL CO-OPS - IDEAS/PRODUCTS

1. A.J. Harrison - Spinning Pots and Pans - Neath  
Existing market - need people-with W.G.C.O.A.
2. Sun Lounger - Woodwork Manufacture - Swansea  
Develop Co-op Business with Crescent Training Centre.
3. Metal Box Clips - Manufacture - Neath  
Existing product - needs developing.
4. Traffic Lights Repair - Electrical Work - Barry  
Based on Sheffield Co-op allied to hi-tech training.
5. Rabbit Runs - Wrexham  
Existing Business - in trouble - needs developing.
6. Pub Games - Rhyl  
Retired owner - simple idea - needs people.
7. Yacht Business - Rhyl  
Boat and Hotel Services - needs more people.
8. Winnowing Machine - 2 people -  
New Invention - early stages - with G.C.O.A. Frank Conelly.
9. Building Business -  
Market potential investigated - needs people.
10. C.M.T. Sewing Co-op - Monmouth  
Marketing man - ideas for 150 people project.



APPENDIX 4

THE FORMATION OF CO-OPS IN WALES 1980-83





TABLE 1: Co-ops in UK and Wales - Numbers and Incidence

<u>UK</u>	<u>No. of Co-ops</u>	<u>Co-ops per million population</u>
<u>Autumn</u>		
1983	700	12.61
1982	498	8.97
1980	305	5.49
<u>Wales</u>		
1983	37	13.55
1982	23	8.42
1980	11	4.03

Based upon 1971 Census figures:-

UK population	55,515,000
Wales	2,731,000

NOTE: The data includes only Co-ops registered as corporate bodies - partnerships are excluded.

TABLE 2: Co-ops in UK and Wales - Trading Activity

Code	ACTIVITY	NUMBER OF CO-OPERATIVES											
		1980		1982		1983		1980		1982		1983	
		UK	%	WALES	%	UK	%	WALES	%	UK	%	WALES	%
1	Advisory;consultative;educational; and office services	21	6.3	-	-	33	5.8	-	-			2	4.0
2	Building;house renovation & decoration;cleaning;waste re- cycling;architecture;gardening services	33	10.0	1	9.0	69	12.2	1	4.3			4	8.0
3	Crafts;arts;carpentry;furniture- making & joinery	19	5.8	2	18.0	40	7.0	2	8.7			6	12.0
4	Engineering;electronics;chemicals; general manufacturing	26	7.9	1	9.0	41	7.3	2	8.7			2	4.0
5	Footwear;clothing & textile manufacture	19	5.8	2	18.0	82	14.5	5	21.7			9	18.0
6	Printing & publishing	61	18.5	1	9.0	75	13.3	4	17.4			7	14.0
7	Provision & hire of transport; bicycle & motor vehicle repairs	11	3.3	-	-	13	2.3	-	-			2	4.0
8	Record, film & music making; theatre;theatrical agencies; leisure	28	8.5	-	-	46	8.1	1	4.3			1	2.0
9	Retail, distributive, catering & food processing	112	33.9	2	18.0	151	26.7	6	26.1			14	28.0
10	Umbrella co-ops;workspaces	-	-	2	18.0	15	2.7	2	8.7			3	6.0
	TOTALS	305	-	11	-	498	-	23	-	700	-	50	-

Those co-operatives which are engaged substantially in more than one trade have been included within each appropriate listing, thus making the sum greater than the totals.

1980 & 1982 figures - CDA Directory - published Autumn  
 1983 figures - Wales co-operative Centre data  
 including P'T'P'S  
 - UK CDA estimate

TABLE 3: The Growth in Co-ops Registered in Wales 1980-83

(A) Registered Welsh Co-ops - Autumn 1980 - Total 11

<u>NAME</u>	<u>RULES</u>	<u>CDA ACTIVITY CODE</u>	<u>ADDRESS</u>	
Antur Aelhaern	WAOS	10	Caernarfon	Gwynedd
Community Support Anti-Waste		10	Cardiff	S. Glam.
Everyday Printers	ICOM	6	Cardiff	S. Glam.
Felcon Buildings	ICOM	2	Cardiff	S. Glam.
Kane Co-op		3	Swansea	W. Glam.
Negus Bookshop	ICOM	9	Swansea	W. Glam.
One-O-Eight Bookshop	ICOM	9	Cardiff	S. Glam.
Pandy Fashions		5	Merthyr Tydfil	Mid Glam.
Ragged Robin	ICOM	5	Lampeter	Dyfed
Redkite Software	ICOM	4	Swansea	W. Glam.
Taff Products		3	Merthyr Tydfil	Mid Glam.

SOURCE: CDA Directory

TABLE 3: continued

(B) Registered Welsh Co-ops - Autumn 1982 - Total 23

<u>NAME</u>	<u>RULES</u>	<u>CDA ACTIVITY CODE</u>	<u>ADDRESS</u>	<u>ADDRESS</u>
Antur Aelhaearn	WAOS	10	Caernarfon	Gwynedd
Bargoed Blouse Workers	ICQM	5	Bargoed	Mid Glam.
Bourgeois Blues	ICQM	9	Swansea	W. Glam.
Corntec	ICQM	4	Newport	Gwent
Concept Publicity	ICQM	3	Swansea	W. Glam.
Cywaith Uwchaled	WAOS	10	Corwen	Clwyd
Ear to the Ground	ICQM	9	Swansea	W. Glam.
Everyday Printers	ICOM	6	Cardiff	S. Glam.
Felcon Builders	ICOM	2	Cardiff	S. Glam.
Fingerprints	INST.WKR	6	Cardiff	S. Glam
Happy Hands	ICOM	5	Port Talbot	W. Glam
Kam Fashions	ICOM	5	Brynmawr	Gwent
Negus Bookshop	ICOM	9	Swansea	W. Glam
One-O-Eight Bookshop	ICOM	9	Cardiff	S. Glam
Orkid Books	ICOM	6	Llandeilo	Dyfed
Pryf Copyn Tanat	ICOM	3	Llanraeadr ym Machnant	Powys
Ragged Robin	ICOM	5	Lampeter	Dyfed
Redkite Software	ICOM	4	Swansea	W. Glam.
Swansea Fishermen	FOS	9	Swansea	W. Glam.
Teliesyn	ICOM	8	Cardiff	S. Glam.
Torfaen Textiles	ICOM	5	Pontypool	Gwent
Vymo Print	CDA	6	Treharris	Mid Glam.
Welsh Coastal Fisheries	FOS	9	Milford Haven	Dyfed

SOURCE: CDA Directory

TABLE 3: continued

(C) Registered Welsh Co-ops - Autumn 1983 - Total 37

<u>NAME</u>	<u>RULES</u>	<u>CDA ACTIVITY CODE</u>	<u>ADDRESS</u>	<u>ADDRESS</u>
Antur Aelhaearn Ltd	WAOS	10	Caernarfon	Gwynedd
Amber Cabs Ltd	CDA	7	Cardiff	S. Glam.
Aba Cabs (Swansea Taxi Co-op) Ltd	CDA	7	Swansea	W. Glam.
Bargoed Blouse Workers Ltd	ICOM	5	Bargoed	Mid Glam.
Bourgeois Blues Ltd	ICOM	9	Swansea	W. Glam.
Cardiff Peace Shop Ltd	CDA	9	Cardiff	S. Glam.
Caernarfon Trawlers Ltd	FOS	9	Caernarfon	Gwynedd
Concept Publicity Ltd	ICOM	3	Swansea	W. Glam.
Corntec Ltd	ICOM	4	Newport	Gwent
Cefn Catering Ltd	NEI	9	Merthyr Tydfil	Mid Glam.
Cywaith Uwchaled Ltd	WAOS	10	Corwen	Clwyd
Ear to the Ground (Swansea Natural Foods) Ltd	ICOM	9	Swansea	W. Glam.
Everyday Print & Design Ltd	ICOM	6	Cardiff	S. Glam.
Felcon (Cardiff) Ltd	ICOM	2	Cardiff	S. Glam.
Great Oak Cafe Ltd	ICOM	9	Llandidloes	Powys
Gower Home Services Ltd	ICOM	2	Swansea	W. Glam.
Glasslight Studios Ltd	ICOM	3	Swansea	W. Glam.
Happy Hands Ltd	ICOM	5	Port Talbot	W. Glam.
Home on the Range Ltd	ICOM	9	Swansea	W. Glam.
Kam Fashions Ltd	ICOM	5	Brynmawr	Gwent
MEG Ltd	ICOM	4	Cardiff	S. Glam.
Moose Pots Ltd	ICOM	3	Swansea	W. Glam.
Negus Bookshop (Focus Bookshop) Ltd	ICOM	9	Swansea	W. Glam.
Nuts & Co Ltd	ICOM	9	Swansea	W. Glam.
One-O-Eight Bookshop	ICOM	9	Cardiff	S. Glam.
Orkid Books Ltd	ICOM	6	Llandeilo	Dyfed
Pryf Copyn Tanat	ICOM	3	Llanrhaeadr	Powys
Ragged Robin Ltd	ICOM	5	Lampeter	Dyfed
Swansea Fishermen Ltd	FOS	9	Swansea	W. Glam.
Teliesyn	ICOM	8	Cardiff	S. Glam.
Torfaen Textiles Ltd	ICOM	5	Pontypool	Gwent
Touch & Go/Cael a CHAEL Co-op Ltd	CDA	6	Carmarthen	Dyfed
Vymo Print Ltd	CDA	6	Treharris	Mid Glam.
Wales Co-operative D&T Centre Ltd	COMM	1	Cardiff	S. Glam.
Welsh Coastal Fisheries Ltd	FOS	9	Milford Haven	Dyfed
White Rose Fashions Co-op Ltd	ICOM	5	New Tredegar	Mid Glam.
Fingerprints Ltd	IWC Co.	6	Cardiff	S. Glam.



APPENDIX 5

SOME EXAMPLES OF PROMOTIONAL MATERIAL  
DEVELOPED FOR THE CENTRE





---

## WHY THE CENTRE WAS SET UP – BACKGROUND

---

The Wales TUC has one major concern – the need to find a positive way of cutting the appalling levels of unemployment in Wales.

With a grant from the Welsh Office and some cash from the WDA, the Wales TUC started a feasibility study in 1981. They were looking to test the chances of using worker-owned enterprises as a way of creating jobs.

The researchers concluded there was a need to boost the growth of the small business sector in Wales.

They said these Wales-based businesses would cut the dependence of Welsh jobs on investment from outside the Principality. Also, small businesses are usually labour, not capital, intensive, which means they are cheaper in terms of costs per job.

The report decided that the prospects of creating jobs through co-ops would be better if two things were created.

1. A centre which could provide vital resources:— technical and managerial expertise to help develop new co-ops.
2. An independent investment fund which could immediately meet the financial needs of co-ops. This fund would go on to play an important part in developing the financial success of worker-owned enterprises.

The need for a more systematic approach towards helping co-ops had been apparent for some time.

Growth in interest in both producer and service co-ops in the 1970s led to the Industrial Common Ownership Act passed by the last Labour Government. And in 1976 the Co-operative Development Agency was set up.

The Industrial Common Ownership Movement and its loan fund, ICOF, also came into being, and must take most of the credit for the rapid increase in the number of co-ops. Now there are about 600 co-ops registered and trading in the UK.

ICOM encouraged the idea of local development agencies and four were set up in Wales.'

Although these local agencies work hard to promote the development of co-ops, they have been held back by shaky funding and a lack of technical resources.

One of the advantages of the Centre is that it will provide much needed support for these agencies.

Throughout the project local authorities have been willing to provide support and help to co-ops in their areas. The importance of this support was one of the most promising things to emerge from the study – but there are limitations on what local authorities can do.

They can often help with premises for co-ops and some initial funds, but management training and business planning is usually more than they can provide.

And with increasing financial cut-backs it is unrealistic to expect local authorities to re-direct their resources towards supporting co-ops.

The picture which emerged from the feasibility study was clear. All shades of political opinion in Wales and widely different organisations agreed that the Principality needed self-generated jobs.

The question was how to do it. Everyone realised the problems of starting and supporting co-ops, but there was no specialist agency in Wales with the job of pulling together all the potential and resources, we believe the centre is the answer.

---

## AIMS AND OBJECTIVES OF THE CENTRE AND THE INVESTMENT FUND

---

The centre and the fund's main aim is to create jobs.

It is important that both organisations are seen as being all-Wales bodies. The centre and the fund will promote new co-ops and help to convert conventional companies to worker-ownership, working with everybody who wants to create jobs through co-ops.

### The Centre:

1. Will give individuals and groups planning to form co-ops continuing access to expert help.
2. It will also encourage and show the value of workers' involvement in the decision-making of their co-ops.
3. Workers who are starting up co-ops can look to the centre for education and training to give them basic but vital management skills.
4. The centre will also gather together common services for all co-ops, as well as tailoring special services for individual groups of workers.
5. The common services will include accounting, marketing, legal, financial, printing and advertising.
6. Support from the centre to local agencies will help them help co-ops.
7. As a forum for debate, the centre hopes to broaden public and political knowledge of co-ops. If necessary it will advocate changes in the law to advance the cause of worker-ownership.
8. The centre will seek out and develop community resources, such as premises, and bring them together to support co-ops.
9. One very important function is to continually monitor and investigate markets for products and services provided by co-ops and encourage new products.

---

## KEY QUESTIONS FROM TRADE UNIONISTS

---

**Q. There is so much unemployment in Wales, and although co-ops are important they are not going to create many jobs. Are you wasting too much time and energy on this centre?**

A. Co-ops have never been seen as the only answer to our massive unemployment but they should be seen as part of a broader attack on the problem.

Also, co-ops have special advantages. They use local resources and create local jobs which are controlled by the workers themselves. And the growth and survival rate of co-ops is better than conventional enterprises like small businesses.

Most trade unions have a commitment to co-ops and common ownership written into their constitution.

**Q. But aren't co-ops anti-union and based on low wages?**

A. Unions are becoming more and more involved in organising co-ops, and one of the first tasks for a new co-op is to make sure appropriate wages and conditions are set up.

If unions are not involved in co-ops workers may settle for lower pay and conditions. Remember the unionised co-ops in Wales pay union rates and operate effectively. And workers in co-operatives are getting a share in the assets of the business as well as their wages.

**Q. How much time will full-time Union officials have to spend getting co-ops off the ground?**

A. There is no running away from the fact that helping new co-ops is time-consuming. Officials and shop stewards who do get involved can call on all kinds of assistance from the centre.

That should mean the union's time is cut down and the co-ops will get a better chance of success.

**Q. But isn't it the job of a union official to defend their members' interests and not to get involved in setting up small businesses?**

A. The best way to defend union members at the moment is to keep them in work and that means creating jobs.

Unions have traditionally created jobs in many different ways – including helping co-ops.

This is not a new role for unions. After all, two of Britain's oldest co-ops – Equity Shoes in Leicester and the Walsall Lock Company in the Black Country – both grew out of union initiatives at the turn of the century.

And the trade union movement in Italy working with their national co-op organisations have created more than 350,000 jobs.

Co-operatives members are still workers and they still need all of the benefits that unions can provide.

## QUESTIONS ABOUT THE CENTRE FROM LOCAL AUTHORITIES

**Q. Who decides which projects get support?**

A. The Director will run the day-to-day operation and recommend some projects to the management committee or board, but they will have the final say on major projects.

**Q. Won't that be time-consuming?**

A. No, the whole idea is to make it a quick and responsive centre.

**Q. Our experience with co-ops showed a lack of skills. Would the centre be able to help?**

A. That is just what we are aiming to provide. Either we will have the experts or we will make available outside consultants who have the skills co-ops need.

**Q. Some county councils are already looking into co-ops and have expert advice available from their own resources, and they have their own investment funds. Would there be a danger of spreading resources too thinly if they worked with the centre?**

A. No, the whole point of the centre is to boost the impact of a local authority's resources. Even though most local authorities will have considerable experience in attracting new small businesses they will still find it useful to work with individuals from the centre who have skills more specifically geared to the development of co-ops.

**Q. What relationship would the centre have with other co-op agencies supported by county councils?**

A. It would be a strong and supportive role.

**Q. Would you be charging for services given to co-ops?**

A. There was that intention but only after the co-ops had got on their feet and could afford to make some contribution.

**Q. Could local authorities earmark particular co-op projects for investment?**

A. Yes.

**Q. What is the minimum level of income needed to start and run the centre?**

A. £250,000 to start with, and £500,000 over the next three years. Local Authority funding is particularly useful because it will be matched by cash from the EEC Social Fund.

**Q. Would the centre work with the local enterprise agencies?**

A. Yes, we expect a close relationship which would involve exchanging ideas and resources.

# MAKING OUR OWN JOBS

## MAJOR PUSH

The potential for job creation through workers' co-operatives is now widely recognised. As well as the Wales T.U.C., the Welsh Office and most local authorities in Wales are backing the Development and Training Centre. In addition, a network of local Co-operative Development Agencies is growing in Wales. What we need now is a major push to get the message through to the unemployed and to instil some hope for a future. This is where the Centres for the Unemployed can make their first contribution.

If you would like your Centre to organise a meeting to talk about co-operatives or set up some practical training course to help people start their own co-ops call or write to:

David Thomas,  
Director,  
Wales Co-operative Development  
and Training Centre,  
55, Charles Street,  
CARDIFF. Tel: 372237

or contact Les Paul at:

Transport House  
1, Cathedral Road,  
CARDIFF. Tel: 394521

**DENNIS GREGORY** is the  
Wales TUC's research of-  
ficer.



## Local cash for job creation



**"Workers Cooperatives mean we  
can do it ourselves"**

## DENNIS GREGORY

**RIISING UNEMPLOY-  
MENT** and how to solve  
this problem is the most  
pressing political issue  
of the day.

The election campaign  
has shown the major parties  
to be totally at odds  
with each other in terms of  
identifying the root causes  
of unemployment and the  
best ways of restoring full  
employment.

While analysing unemploy-  
ment is one of the few growth in-  
dustries to emerge from this re-  
cession, it is a fair bet that ordi-  
nary people are far more inclined  
to agree with Yosser Hughes  
when he said "Glizza job - I can do  
that" than the experts who con-  
tinue to rabbit on about the need  
to control inflation, improve com-  
petitiveness, reduce costs, "up  
turn is just around the corner"  
etc. etc. It's all familiar rhetoric

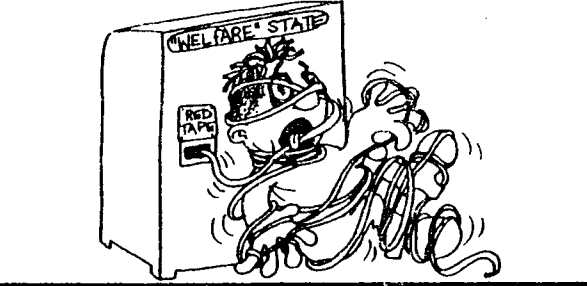
and it all adds up to the same  
thing - the working people end up  
paying for the mistakes of the idle  
rich.

Like Yosser, the Wales T.U.C.  
believe that the unemployed can do  
it and one way is to do it for them-  
selves.

We knew in 1979 that we could  
expect no help or compassion from  
the Tories. Our pessimism was  
soon confirmed as Sir Keith Joseph,  
with virtually his first act, cut regional  
aid in half. This was followed by  
probably the most callous disregard  
from a government - aptly summed  
up in Norman Tebbit's infamous ad-  
vice that all the unemployed had to  
do was to get on their bikes and find  
a job.

## MONDRAGON

With no sign of any constructive  
policies as unemployment spiralled  
upwards and with the government  
becoming ever dearer to the argu-  
ments for a change of heart, the  
Wales T.U.C. began to look for more  
radical self-generated ways of



creating jobs.

We took a delegation to Mondra-  
gon in the Basque County of North-  
ern Spain to see how they had man-  
aged to create more than 18,000  
jobs in a system of industrial co-  
operatives built around a people's  
savings bank (itself a co-operative).

We supported the start-up of a  
number of small worker co-opera-  
tives where the old employer has  
gone out of business and we con-  
sulted widely with unions, local au-  
thorities and groups of workers for  
their views on how to create jobs in  
Wales from our own efforts.

The end result of all this work has  
been the launch of the Wales Co-  
operative Development and Train-  
ing Centre in April of this year. Later  
in the year an independent invest-  
ment fund will be started where  
workers will be able to save and bor-  
row to help finance worker co-  
operatives in Wales.



## SURVIVAL RATE

The Development and Training  
Centre has obviously got a big job  
on its hands.

First of all people have to be  
made aware of what worker co-  
operatives are and what they offer.

Did you know for example that of-  
ficial evidence shows that worker's  
co-operatives in Britain have a bet-  
ter survival rate than conventional  
small businesses? That in Italy with  
full trade union backing worker co-  
ops have created more than  
350,000 jobs? And that Britain has  
the fastest growth rate in the forma-  
tion of new co-ops of any country in  
Europe?

Secondly, groups of workers  
have to be helped in the planning  
stages of a co-operative and given  
training to ensure that they under-  
stand how to make the enterprise a  
success.

In both of these cases the un-  
employed centres set up by the  
T.U.C. can play a role. The staff of  
the Co-op Development and Train-  
ing Centre will be looking to set up  
courses in centres for the un-  
employed to show people what a  
workers' co-op is and what you need  
to do to set one up. We hope that in  
every unemployed centre a group  
will be established to investigate the  
possibilities for the creation of local  
co-operatives.

One of the things that staff from the  
Co-op Development Centre can do  
is to teach these groups how to go  
about doing some basic local re-  
search into what goods or services  
might be produced through a co-  
operative. The ideas can then be de-  
veloped into concrete proposals  
again by close contact between the  
professional staff of the Co-op  
Centre and the group in the un-  
employed centre.



**Programme of research and action on the development of the labour market**

**Developing support structure for workers' cooperatives**

By Trade Union Research Unit, Ruskin College

*Document*

Luxembourg: Office for Official Publications of the European Communities

1986 — 108 pp. — 21.0 × 29.7 cm

EN

ISBN: 92-825-5888-6

Catalogue number: CB-45-85-381-EN-C

Price (excluding VAT) in Luxembourg:

ECU 8.92    BFR 400    IRL 6.40    UKL 5.30    USD 8

**Salg og abonnement · Verkauf und Abonnement · Πωλήσεις και συνδρομές · Sales and subscriptions  
Venta y abonos · Vente et abonnements · Vendita e abbonamenti  
Verkoop en abonnementen · Venda e assinaturas**

**BELGIQUE/BELGIË**

**Moniteur belge/Belgisch Staatsblad**  
Rue de Louvain 40-42/Leuvensestraat 40-42  
1000 Bruxelles/1000 Brussel  
Tél. 512 00 26  
CCP/Postrekening 000-2005502-27  
Sous-dépôts/Agentschappen:  
**Librairie européenne/  
Europese Boekhandel**  
Rue de la Loi 244/Wetstraat 244  
1040 Bruxelles/1040 Brussel  
**CREDOC**  
Rue de la Montagne 34/Bergstraat 34  
Bte 11/Bus 11  
1000 Bruxelles/1000 Brussel

**DANMARK**

**Schultz EF-publikationer**  
Møntergade 19  
1116 København K  
Tlf: (01) 14 11 95  
Girokonto 200 11 95

**BR DEUTSCHLAND**

**Verlag Bundesanzeiger**  
Breite Straße  
Postfach 01 80 06  
5000 Köln 1  
Tel. (02 21) 20 29-0  
Fernschreiber:  
ANZEIGER BONN 8 882 595  
Telecopierer:  
20 29 278

**GREECE**

**G.C. Eleftheroudakis SA**  
International Bookstore  
4 Nikis Street  
105 63 Athens  
Tel. 322 22 55  
Telex 219410 ELEF

Sub-agent for Northern Greece:

**Molho's Bookstore**  
The Business Bookshop  
10 Tsimiski Street  
Thessaloniki  
Tel. 275 271  
Telex 412885 LIMO

**ESPAÑA**

**Boletín Oficial del Estado**  
Trafalgar 27  
E-28010 Madrid  
Tel. (91) 76 06 11

**Mundi-Prensa Libros, S.A.**  
Castelló 37  
E-28001 Madrid  
Tel. (91) 431 33 99 (Libros)  
431 32 22 (Abonos)  
435 36 37 (Dirección)  
Télex 49370-MPLI-E

**FRANCE**

**Service de vente en France des publications  
des Communautés européennes**  
**Journal officiel**  
26, rue Desaix  
75732 Paris Cedex 15  
Tél. (1) 45 78 61 39

**IRELAND**

**Government Publications Sales Office**  
Sun Alliance House  
Molesworth Street  
Dublin 2  
Tel. 71 03 09

or by post

**Stationery Office**  
St Martin's House  
Waterloo Road  
Dublin 4  
Tel. 68 90 66

**ITALIA**

**Licosa Spa**  
Via Lamarmora, 45  
Casella postale 552  
50 121 Firenze  
Tel. 57 97 51  
Telex 570466 LICOSA I  
CCP 343 509

Subagenti:

**Libreria scientifica Lucio de Biasio - AEIOU**  
Via Meravigli, 16  
20 123 Milano  
Tel. 80 76 79

**Libreria Tassi**  
Via A. Farnese, 28  
00 192 Roma  
Tel. 31 05 90

**Libreria giuridica**  
Via 12 Ottobre, 172/R  
16 121 Genova  
Tel. 59 56 93

**GRAND-DUCHÉ DE LUXEMBOURG**

**Office des publications officielles  
des Communautés européennes**  
2, rue Mercier  
L-2985 Luxembourg  
Tél. 49 92 81  
Télex PUBOF LU 1324 b  
CCP 19190-81  
CC bancaire BIL 8-109/6003/200

**Messengeries Paul Kraus**  
11, rue Christophe Plantin  
L-2339 Luxembourg  
Tél. 48 21 31  
Télex 2515  
CCP 49242-63

**NEDERLAND**

**Staatsdrukkerij- en uitgeverijbedrijf**  
Christoffel Plantijnstraat  
Postbus 20014  
2500 EA 's-Gravenhage  
Tel. (070) 78 99 11

**PORTUGAL**

**Imprensa Nacional**  
Av. Francisco Manuel de Melo, 5  
P-1000 Lisboa  
Tel. 65 39 96

**Grupo Bertrand, SARL**  
Distribuidora de Livros Bertrand Lda.  
Rua das Terras dos Vales, 4-A  
Apart. 37  
P-2701 Amadora CODEX  
Tel. 493 90 50 - 494 87 88  
Telex 15798 BERDIS

**UNITED KINGDOM**

**HM Stationery Office**  
HMSO Publications Centre  
51 Nine Elms Lane  
London SW8 5DR  
Tel. (01) 211 56 56

Sub-agent:

**Alan Armstrong & Associates Ltd**  
72 Park Road  
London NW1 4SH  
Tel. (01) 723 39 02  
Telex 297635 AAALTD G

**SCHWEIZ/SUISSE/SVIZZERA**

**Librairie Payot**  
6, rue Grenus  
1211 Genève  
Tél. 31 89 50  
CCP 12-236

**UNITED STATES OF AMERICA**

**European Community Information  
Service**  
2100 M Street, NW  
Suite 707  
Washington, DC 20037  
Tel. (202) 862 9500

**CANADA**

**Renouf Publishing Co., Ltd**  
61 Sparks Street  
Ottawa  
Ontario K1P 5R1  
Tel. Toll Free 1 (800) 267 4164  
Ottawa Region (613) 238 8985-6  
Telex 053-4936

**JAPAN**

**Kinokuniya Company Ltd**  
17-7 Shinjuku 3-Chome  
Shinjuku-ku  
Tokyo 160-91  
Tel. (03) 354 0131

**Journal Department**  
PO Box 55 Chitose  
Tokyo 156  
Tel. (03) 439 0124

Price (excluding VAT) in Luxembourg:  
ECU 8.92 BFR 400 IRL 6.40 UKL 5.30 USD 8



OFFICE FOR OFFICIAL PUBLICATIONS  
OF THE EUROPEAN COMMUNITIES

L - 2985 Luxembourg

ISBN 92-825-5888-6



9 789282 558881