



Wales Co-operative Centre
Canolfan Cydweithredol Cymru

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A Collaborative Economy for the Common Good

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Executive summary

In the context of uneven growth and imbalanced recovery from the downturn across the UK, the report explores a new economic strategy for Wales. It draws on best practice and lessons from international case studies and what is currently emerging in Wales to develop the Collaborative Economy Model – an economic and regeneration strategy developed specifically for Wales. The Collaborative Economy model draws upon the Social Solidarity, Community Economic Development, and Foundational Economy models.

Social Solidarity model

Key factors in the success of the model in these regions include:

Emilia Romagna

- Local authorities and the co-operative sector working together to develop a strategy to revive the region
- Development of several forms of co-operative innovation including co-operative consortia, the strawberry patch principle, Mutual Guarantee Societies, co-operative investment funds and public social partnerships. These models have the potential to be replicated elsewhere.

Quebec

- The development of labour solidarity funds assisting development of the co-operative economy
- Co-operation and collaboration between public, private and co-operative sectors enabled the co-design of new policies and programmes for employment.

Community Economic Development [CED]:

- CED grew out of the US Civil Rights movement as a strategy focused on overcoming racial discrimination in access to housing, employment, insurance and banking.
- Out of this campaign, Community Development Finance Institutions (CDFIs) were developed. These provide capital for investment in communities.
- Community Land Trusts (CLTs) were developed alongside CDFIs.
- The success of CLTs in the US has been aided by collaboration and the sharing of knowledge. Pioneering CLTs have worked to establish new CLTs.
- CLTs support wider regeneration initiatives such as community energy schemes and local food production.

Foundational economy:

- Developed as a new industrial strategy for Wales and northern England. The foundational economy' provides the infrastructure of towns, cities and local economies and indeed sustains everyday life.
- Development work to support the foundational economy is best managed at a regional level through collaborative networks.
- The social economy in Wales operates in many areas of the foundational economy.

Current and emerging practice in Wales

Current and emerging practice that could be supported to develop further through the Collaborative

Economy include:

- Community co-operatives such as Cyfarthfa Fruit and Vegetable Co-operative
- Community Share Issues such as 4CG
- CDFIs such as the Robert Owen Community Banking Fund
- Community renewable energy initiatives such as Egni
- Community Land Trusts such as West Rhyl CLT
- Social co-operatives such as Community Lives Consortium

A Collaborative Economy for Wales

The report recommends that the collaborative economy focuses on developing the following sectors:

- Community Co-operatives as a focus for regeneration and local participation
- Community energy development through co-operative ownership solutions
- Community recycling as a generator of jobs for disadvantaged groups
- Social co-operatives for a broad range of social and health care services
- Home improvement partnerships and low carbon retrofit services
- Co-operative and mutual housing solutions, including Community Land Trusts.

Proposals for supporting the development of this include:

- Further developing the public policy and legislative framework
- The development of collaborative economy systems
- The development of social financing and co-operative capital solutions
- The development of peer to peer systems of support and collaboration.

Introduction

Between 2008 and 2012, the UK economy first slumped and then flat lined. Over the past two years a growth spike has occurred of about 2% annually. This headline figure, however, can be very misleading, because Greater London has been experiencing a boom whilst other regions, particularly in the north of England and Wales, have remained in a downturn. Indeed these regions may need a fundamentally new strategy to revive. This report considers evidence for how a collaborative economy model could provide concrete and practical guidance.

When times get hard, mutuality stages a revival and commonly fills the gaps where competition and markets have failed. We can see this increasingly with the growth of the new sharing economy, as evidenced by innovation in peer to peer lending, crowd funding and the far less publicised expansion of the co-operative sector.

Between 2008 and 2013, the membership of UK co-operatives increased by more than 17% to over 15 million, and the number of new co-operatives grew by 26%.ⁱ The size of the co-operative economy expanded by over 13% in the wake of the banking crash and has outperformed the UK economy.ⁱⁱ Additionally over half the jobs in the UK are today provided by small and medium enterprises, of which 15% are social enterprises.ⁱⁱⁱ

While the co-operative movement was founded in Britain over 200 years ago, many other European countries have been more successful since the 1970s in expanding the contribution of co-operatives and mutuals to their national economies. While co-operative businesses account for 2% of Gross Domestic Product (GDP) in the UK, they account for 8% in Germany, 10% in Italy and between 12% and 19% of GDP in Scandinavian countries.^{iv} What is the secret of such striking success? This report investigates this key question and considers what we can learn, adapt and implement from these models to meet Welsh circumstances.

There are many reasons for this dramatic difference, but a key determining factor is the way these other countries have over time fostered dynamic collaboration both between social enterprises and co-operatives and, most importantly, between organisations in the social economy and the public sector. As we will show, it has been a strategic model of public social partnerships in countries like Italy, Denmark and in the Canadian province of Quebec that has raised the game of social enterprises in these locations, while at the same time created a growing and impressive level of new jobs.

What is particularly evident is that the sixth co-operative principle, co-operation among co-operatives, is crucial. As this report shows, there are a diverse range of methods and institutional systems to grow and develop this ethos of solidarity. In investigating best practice among social enterprises in Wales for this research, the good news is that these methods and most of the institutional forms of innovation are emerging here. However these good practices are emerging below the radar screen, and the separate solutions are also weakly aligned. The report considers how these practices can be developed further.

The report begins by examining the international developments referred to above, drawing particularly on Italian and North American examples. These detail best practice which could be replicated in Wales. It then sets out the background to the social economy in Wales, before detailing a number of co-operative mechanisms that are developing across the country. It concludes by suggesting ways to further these developments through a collaborative economy model. As the analysis in this report shows, this would unite for the first time best practices from a range of local economy development tools now emerging in Wales and the UK, including community economic development and solidarity economy co-operative methods. The findings and recommendations build upon the work of the Welsh Co-operative and Mutuals Commission and further recent research work conducted in Wales that has been considering new industrial strategies and the potential for a

foundational economy model. Evidence is pointed to as well in other European countries such as Denmark and Germany where green economy strategies are both successfully tackling carbon reduction targets and generating new employment. The report takes elements from these different practices and combines them to create a new economic and regeneration strategy for Wales.

The social solidarity economy and community economic development

While the social enterprise sector has been growing internationally, patterns of development and support have varied considerably from North America to Europe, and within Europe between different models of development in the south and north. Innovation in different countries can and has been adapted to improve the success of social enterprises in a fast changing world. It is therefore important to learn key lessons from other countries to improve best practice in Wales. This chapter considers key lessons from the social solidarity economy and community economic development, elements of which can be adapted to develop a collaborative economic strategy for Wales.

The social economy is a European term officially recognised as including: co-operatives, mutual societies, associations and foundations. In the USA, social economy is not commonly used; instead the tradition of community economic development (CED) has become widely known as a social change agency model for tackling poverty and service inequality. In the UK, CED methods have been introduced, but the term social economy has become more broadly seen as transformative - especially with the rapid growth of social enterprises over the past decade. CED is also not widely known in other countries within Europe.

In Europe, the social economy is not universally associated with the transformative potential to create jobs and services. Interestingly in southern Europe, a new powerful reconceptualisation of the social economy has been developed. This is known either as the Social Solidarity Economy or more simply as the 'solidarity economy'. Like CED, this approach has gained growing support, and in many countries has become transformative and successful in relation to job creation and services development.

Most notably in Canada, both CED methods and solidarity economy tools have been jointly developed. Both of these terms will be fully defined later in the chapter. This integrated approach has had a transformative impact since the 1990s, particularly in Quebec. This success is influencing policy and practice thinking in the USA, and a Social Solidarity Economy network is now growing and attracting support in a number of cities including New York City. But this adoption of solidarity economy methods is still new in the USA and remains to be effectively developed, while on the other hand CED is strongly developed in most states.

To make a step change to develop a collaborative economy in Wales, both community economic development and social solidarity methods can be integrated. Indeed there are developments on the ground across Wales using one or several of these approaches. But there is as yet, no integrated strategy and Wales could take a lead in the UK and in Europe. So what might be gained from such integration? The evidence from both Europe and from North America is important to consider before returning later to consider ways to secure a collaborative economy agenda for Wales.

Social Solidarity Economy

The Social Solidarity Economy is a conscious approach to make the social economy pro-active and transformative, hence the addition of the term solidarity as an approach focused on creating a collaborative economy movement. Practitioners more often use the term *solidarity economy*. This movement has now globalised, and has been recognised by the United Nations. Within Europe,

Canada, Japan, the USA and developing countries, solidarity economy includes a broader range of organisations than the social economy. Examples of the solidarity economy include:

- Worker co-operatives, reclaimed factories, co-working and social enterprises
- Community and co-operative energy and the mutualisation of utilities
- Organic farming, slow food and local production chains
- The Commons movement, zero waste citizens networks and Transition Towns
- Social banks, mutual and sustainable finance and local currency
- Co-housing, home exchanges and community self-build
- Fair trade networks both in the southern and increasingly the northern hemispheres as austerity deepens
- Shared transport and co-operative or mutual public transport.

The solidarity economy movement differs broadly from the social economy in that the latter is seen as 'third sector'. By contrast, the solidarity economy seeks to secure systemic change and aims to organise small businesses and self-employed networks and bring them into a collaborative economy movement. The solidarity economy also actively seeks to build public social partnerships for co-delivery with local and regional authorities and other parts of the state. The following is a clear definition of the mission:

'The solidarity economy seeks to re-orient and harness the state, policies, trade, production, distribution, consumption, investment, money and finance, and ownership structures towards serving the welfare of people and planet.'^{iv}

The solidarity economy currently accounts for in between 5% to 11.5% of different labour markets across Europe.^{vi} The model has spread from Italy to France, Belgium, Holland and Sweden where the share of the national labour force ranges from 9% to 11.5%.^{vii} For strategic thinking in Wales, guidance can be found in the successful job creation secured by the solidarity economy movements in both Italy and Quebec. The next section considers these examples in more detail.

The Solidarity Economy in Italy and Quebec

The solidarity economy movement emerged in Italy from the 1970s, particularly in Emilia Romagna province and its capital, Bologna. The movement saw the region transformed from a mainly agricultural area after World War II into the new industrial heart of Italy. This section considers how this was achieved and the key lessons to take from this transformation.

In 1976, the co-operative sector and local authorities in Emilia Romagna agreed to work together to develop a strategy to revive the region. Their partnership focused on co-developing effective small business networks to create food processing industries and workshops producing a broad range of well-designed products.^{viii} The businesses attracted to the strategy were a combination of those co-operatively owned and run, or family businesses willing to become involved in common ways of working, including bulk buying and co-operative research, development, education and distribution.

The creative deployment of cluster theory and the development of dense co-operative networks provided a powerful regional economy engine. By the 1980s this collaborative economy strategy had become so successful that it led to the emergence of the Third Italy, a new integrated small business

production sector that became incredibly dense in Emilia Romagna and spread to other neighbouring provinces including Tuscany, Umbria, Veneto and Trentino.

Today, Emilia Romagna has become the new industrial heart of Italy and has had comparable success to the co-operative economy success of Mondragon in the Basque country of Spain. In Bologna, six in ten residents are members of one or more co-operatives and 10% of citizens work in one. The provincial co-operative sector accounts for more than one third of regional GDP.^{ix} In Imola, a city of 100,000, 60% of local economic output is accounted for by 115 co-operatives and 55% of local residents invest capital in the sector.

The model was replicated in many other regions of northern Italy, and during the 1990s co-operatives were accounting for one in four new jobs created. An outstanding example of success is *Consorzio Cooperative Costruzione* (CCC), which in 1978 was formed out of a merger of three local construction worker consortia in Emilia Romagna.^x This amalgamation secured major economies of scale and today CCC is one of the top five construction corporations in Italy. It has achieved this success as a co-operative consortium comprised of 230 co-operatives with 20,000 worker owners within CCC.

The scope and potential of replicating the model in Wales is evident through comparing the density of

Name	Wales	Emilia Romagna
Population	3.07million	4.45 million
Per capita income as percentage of EU27 average	79.8	127.2
Number of co-operatives	446	15,000
Number of employees in co-operatives	7,000	144,280
Contribution of co-operatives to economy	1.6% of business turnover	37% of regional GDP

co-operatives in Emilia Romagna to the density of co-operatives in Wales. Today Emilia Romagna has almost double the number of co-operatives than the UK.

Case Study 1: Social co-operatives - an Italian innovation

In the 1970s a funding crisis for social services led to grassroots experiments to provide social care in areas of northern Italy through new multi-stakeholder co-operatives involving paid carers, volunteers, service users and families. By 1989, there were 1000 social co-operatives, and effective campaigning secured a Social Co-operatives law in 1991 that provided the growing movement with fiscal incentives to expand, including a low 5% rate of VAT, lower corporation tax, tax relief for donors, citizen solidarity investment incentives and an exemption from national insurance contributions for those co-operatives employing disabled members or those recovering from addiction or those leaving prison. The legislative framework was additionally supported by co-operative financing systems and an expanding level of solidarity and good will from local communities and local government. The growth of the social co-operative movement has not only developed throughout Italy since 2000 but has spread across Europe with similar laws passed in France and Greece and replication also happening in Spain, Portugal, Finland, Poland and Hungary plus further afield in Quebec, Canada and in Japan.

The success in the small and medium business sector has both influenced and positively impacted upon social services provision as Case Study 1 highlights.

The transformation in Emilia Romagna was aided by the creation of an enabling environment. This environment was created by local authorities and the sector working together and identifying and focusing on priority sectors. Key to the success of Emilia Romagna's transformation was the development of innovative co-operative models and methods including:

- i) *Co-operative consortia*: this is a secondary co-operative body that provides common and shared services to a group of co-operatives at an urban and/or provincial level. This enables small co-operatives to become powerful. Shared back office services can include salary payment services, accounting services and bulk buying. Co-operative consortia also deliver training services, assist with apprenticeships and provide research and joint tendering.
- ii) *'Strawberry Patch' Principle*: Social co-operatives seek to remain human scale with a guiding principle that aims to remain below 100 paid worker members, and to do this by either a spin out or by assisting other social co-operatives to set up. This solidarity principle is known as the 'strawberry patch' with each new social co-operative pledging to the movement to assist another new social co-operative to get established by 'putting out a runner.'
- iii) *Mutual Guarantee Societies*: National trade bodies for co-operatives also organise national consortia for services best provided at a nationwide level. A key service that falls into this category is mutual guarantee insurance, whereby co-operatives co-invest premiums that enable them to use these as credit insurance guarantees to secure lower cost loans from co-operative banks. Typically the mutual guarantee is matched with other public sector backed small firms loan guarantee scheme that may apply.
- iv) *Co-operative investment funds*: co-operative capital in Italy is aggregated in funds for investment and development that each co-operative contributes to out of solidarity. Capital from co-operative banks and other forms of quasi-equity capital that is non-voting have been developed to assist as risk capital to propel growth.
- v) *Public social partnerships*: Social co-operatives have developed close working partnerships with local authorities and other public services. This can commonly involve a public sector organisation providing a facility for a service such as a Day Centre or residential care home, and the social co-operative providing the staffing. Similarly in the prison service, re-offending rates have been reduced through partnerships with social co-operatives providing jobs for offenders in the prison and working with local authorities and probation services to ensure jobs are provided by the co-operative upon release. Pausa Cafe has become a nation wide chain of coffee bars operating under a Fair Trade label where the ex-offender workers co-own the enterprise as a social co-operative with local customers and residents.

These innovations have spread throughout Italy and the social co-operative movement today comprises 14,000 co-operatives that have created some 400,000 jobs. The employment generated is mainly in the fields of social care, community health services (that complement the Italian national health service), areas of education and additional job creation for disadvantaged and disabled workers in a diversity of fields including the local food sector, cafes and restaurants, community recycling, the arts and the environment.

During the recession of the early 1990s, the success of the solidarity economy in Italy led community economic development activists and trade unionists in Quebec to establish their own *economie solidaire* movement. At the time factories in Montreal were shutting, manufacturing was stricken and the economy was being rapidly restructured. Momentum for a new employment strategy developed in 1995, during the referendum on Quebec independence which was only narrowly defeated. Confidence

was also built up in Quebec, through earlier innovations from the 1980s that led to experiments by trade unions to use their funds by making loans and investments in communities where mainstream banks would not invest. This social finance system is known as Labour Solidarity Funds, and this innovation has assisted the development of the co-operative economy in Quebec.

Over the past 20 years a joint co-operative, community economic development, trade union and social enterprise network has been set up as a Quebec umbrella for advocacy, known as the 'Chantier de l'économie sociale'. The turning point came in 1996 at a national Jobs Summit between the Canadian Federal Government, the Quebec Government and the private sector when the 'Chantier' demanded a seat at the table. The impact of their press and media coverage led to their inclusion as a third partner. This involvement helped co-design new policies and programmes for employment in the province - both for solidarity economy support and for the provision of capital. This jointly agreed strategy was very effective, and within five years social economy enterprises had grown to over 8000 businesses.

Additionally, the 'Chantier' adapted the Italian social co-operative model to Quebec, and these solidarity co-operatives have been highly successful as multi-stakeholder owned businesses. Social care and child care became the two leading growth areas. Almost 1000 solidarity co-operatives were up and running by 2002, and by 2008 just under 50,000 jobs had been created in the province.^{xii}

Community Economic Development - CDFIs and Community Land Trusts

Community economic development grew out of the US civil rights movement as a strategy focused on overcoming racial discrimination in access to housing, employment and banking. Out of this campaign, Community Development Finance Institutions (CDFIs) were developed as revolving loan enterprises and other services to create jobs, community facilities and opportunities. The care and quality motto of the community economic development movement has been described as the 'refunds that secured capital from diverse sources to make investment in housing, local building of neighbourhoods, one house and one business at a time.'

In Chicago, the work of Gail Cincotta and the National People's Action (a coalition she founded of 300 community organisations across the USA) led to the establishment of the pioneering CDFI, Neighbourhood Lending Services (NLS). Since it was established in 1975, NLS has made loans of \$577 million for home repairs and improvement and for first time home buyers to access credit. It has helped 208,000 families and additionally stopped 6500 evictions through a mortgage rescue service.^{xiii} As a pathfinding CDFI, it has inspired the development of over 1200 other CDFIs including 500 community development loan funds, 350 community development banks, 290 community development credit unions and 80 community development venture capital funds. At the end of 2014, 933 of this number were certified CDFIs by the US Treasury. The CDFI movement in the USA today has almost \$50 billion in assets and is the bedrock of a growing community banking system.

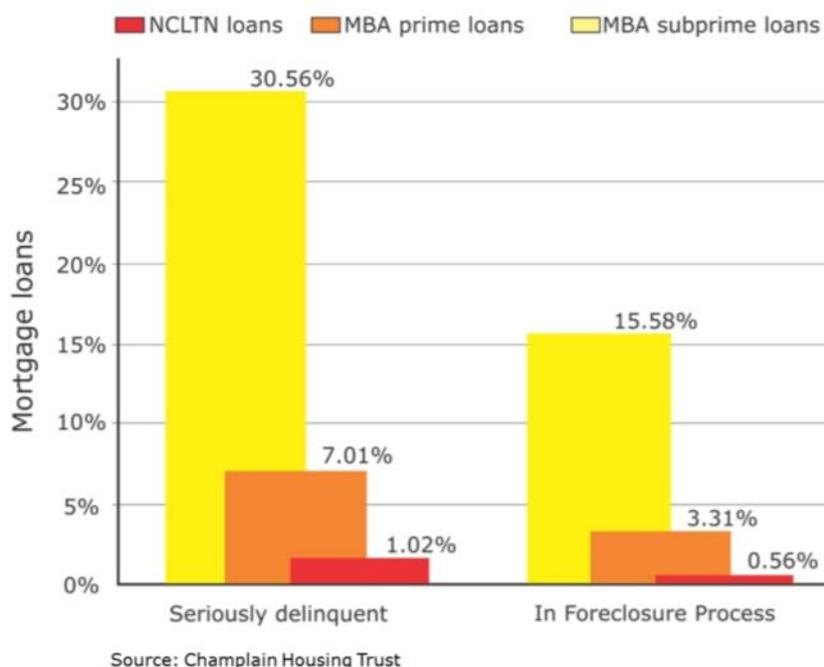
In the late 1990s a combination of inspiration from the USA, good practice plus policy research and advocacy by New Economics Foundation and the Joseph Rowntree Foundation led to the development of the DTI Phoenix Fund that provided capital funding, training and guarantees for the emergence of CDFIs in the UK.^{xiv} Today this nurturing has been transmogrified into a vibrant movement with now 60 community development lender members of the Community Development Finance Association.

The development of CDFIs in the 1970s evolved alongside an innovation in affordable housing provision. The work of Martin Luther King Jr. inspired the formation of the Community Land Trust (CLT) movement in Georgia with the creation of New Communities Inc. in 1967. The movement focuses on the development of permanently affordable housing. But what is a CLT and how do they operate?

In most developed countries, the land or site value of a home is on average about half the open market value. The strategy of the CLT movement is to secure sites and land at values without planning permission, put this land in trust for community benefit with an asset lock and then develop homes that can be sold, but where the land value is removed from the market price. Quite simply, this method can build robustly affordable housing.

The leading pioneer has been Champlain Housing Trust in Burlington, Vermont. Following the withdrawal of development grants for low-cost affordable housing by the Reagan administration, the mayor of Burlington backed the CLT solution in 1984 with a \$1 million line of credit from the city's pension fund. The CLT now has over 2300 homes on its sites. The CLTs open membership to local stakeholders has secured grassroots support from city residents for the ongoing development of the mission to bring land into common ownership and stewardship for permanently affordable homes. These are made available either to buy on 99-year leases or to rent.

Champlain Housing Trust has led work nationally to help establish other CLTs. While the innovation is not mainstream public policy yet, there are over 250 CLTs operating in the USA and their rate of repossessions is negligible - indeed the level of mortgage arrears is well below the level of the prime market mortgage sector as Figure 1 shows.



Community energy schemes, local food production and regeneration on a bigger scale are developing out of CLT strategies and strong partnerships with local authorities. A good example of this is the Evergreen Co-operatives in Cleveland.^{xiv}

The UK has taken inspiration from this success in the USA and there are now some 40 CLTs established that have acquired sites and built homes and a further 110 across the UK that are in the setting up and early development stages of the process. CLTs are a versatile tool for community economic development and many in the USA and in the UK have also developed community facilities, community gardens and workspace.

Case Study 2: The Evergreen Co-operatives

The Evergreen Co-operatives were launched in Cleveland, Ohio in 2007 and inspired by the Mondragon Co-operatives in Spain. Cleveland, like Detroit, had lost its manufacturing base and its once greatness had faded over decades of decline. An alliance of major anchor institutions came together including the city, universities, hospitals and the Cleveland Foundation to support Evergreen as a vision of worker owned co-operatives to tackle carbon reduction, fuel poverty and unemployment. This was to be achieved by creating a new movement of green economy co-operatives in basic needs areas: including Green City Growers for locally grown food, Evergreen Energy Solutions for solar power and renewable energy and Evergreen Co-operative Laundry, a state of the art green operation for the city's hospitals. A CDFI capitalised at \$200 million was established to make patient capital investment at a rate of 1% in worker co-operatives employing local residents. Evergreen has also set up a Community Land Trust to establish the largest inner city farm in the USA producing on a ten acre site (including a third under glass) three million lettuces, several hundred thousand pounds of herbs and other vegetables. The anchor institutions have used their procurement power to provide demand for solar power installation co-operatives to co-develop a turnkey supply chain for green technology retrofit of city, university and hospital buildings. Evergreen has inspired other similar ventures in other US cities and there is strong interest in the model in both Wales and the north of England.

Context: the foundational economy and the social economy in Wales

During the 1980s and 1990s Wales was extraordinarily successful in sustaining manufacturing compared to other parts of UK. This was achieved by attracting foreign direct investment, and this sound policy secured a 4.5% annual rate of growth between 1986 and 1991 that was faster than any other region of the UK.^{xv} However the UK's long term decline in manufacturing since 1980 has impacted heavily on Wales since the late 1990s. Manufacturing throughout the UK has fallen from about one in four jobs in 1979 to one in ten today. A countervailing force that has buoyed up the UK economy over recent decades has been public sector spending, which has accounted for 57% of new jobs created since 1979.^{xvi} This spending is now increasingly constrained and will be cut further over the next five years.

This begs the question about where the wellsprings are for future employment. This is a burning question for Wales as the UK economy has become the most unbalanced in the European Union. Indeed by 2009 the Welsh economy, in relation to gross value added per person, was 26.7% below the national average and in stark contrast to London which was 73.9% above the national average^{vii} Similarly the North East and North West of England were 23.5% and 17.4% below the national average respectively. No other country in Europe has this huge gap between different economic regions. This glaring difference has led to a growing interest in a new industrial policy for the British regions. The Welsh Government and the Wales TUC since 2009 have been investigating new strategies for economic growth.

There is a growing argument that trickle down economics does not work and that this is now self-evident. London clearly continues to boom while other regions of the country do not feel the knock-on benefits. Industrial strategies that are tailored to local economy needs can make a difference. But what might these look like, and what might be a robust alternative perspective to enable new policy thinking and a new generative narrative to be developed?

Work by Karel Williams at the University of Manchester has been examining the data and what a new industrial strategy would look like for the both Wales and the North of England. He argues that a foundational economy perspective can provide a new way of seeing the possibilities. Williams shows that 'foundational economy' provides the infrastructure of towns, cities and local economies and indeed sustains everyday life.^{xviii} This sphere of the economy includes retail banking, utilities, public transport, food and supermarkets, health, education, social care and welfare. It includes 10% of the economy supported by direct local spending that supports the provisioning and local service sector, such as food retail and cleaning. This base level of the foundational economy is also added to by a further 35% of the workforce employed in health, educational and other public services.

If we also include food processing, the largest area of food manufacture, the foundational economy employs about half the workforce, and in some regions even a larger proportion of those engaged in economic activity. According to Williams, the foundational economy accounts for a 5% greater level of employment in Wales compared to England. He argues that the focus of the foundational economy on meeting everyday needs plays to the strength of key actors. Williams argues that Whitehall central government lacks the knowledge and expertise to animate these forces, and by the distributed and decentralised nature of the foundational economy, development work is best managed at a regional level through collaborative networks with cities and towns as a focal point. Here the Welsh Government, local authorities and social enterprises can play leading roles in implementing an active regional strategy for Wales.

Williams shows that through intelligent and strategic policies, there is considerable scope to broaden and deepen the foundational economy. However he adds that while this is easier said than done, a proactive approach to such a new regional industrial policy can make a significant difference.

A New Economics Foundation (NEF) report for the Wales TUC strongly builds on the 'foundational economy' analysis, and shows the scope to broaden the foundational economy - especially through opportunities to improve food and energy security.^{xix} Indeed as NEF shows, other EU countries have been successful in creating new employment by focusing on these opportunity areas and on other parts of the economy that will need to expand, such as the care sector, with an increasingly older population.

Additionally there is a strong overlap between the foundational economy and the social economy in Wales because so many social enterprises and co-operatives are working in the foundational economy services sector. According to the latest data there are 1470 social economy organisations in Wales with a turnover of £1.7 billion annually.^{xx} The sector currently supports 38,000 jobs. Many organisations provide more than one service. A recent survey has found the main areas of service provision that social enterprises are involved with: culture and leisure (32%), education (25%), environmental (19%), health and care (16%) and social care (15%).

Case Study 3: Wales Co-operative Centre growing the social and co-operative economy in Wales

The Wales Co-operative Centre is Wales' national body for co-operatives, mutuals, social enterprises and employee owned businesses. Its first priority is to champion and develop these types of business which it has done for the past 30 years. The Centre provides a comprehensive range of specialist business services for social businesses working with them to grow a prosperous co-operative economy in Wales.

The second aim for the Wales Co-operative Centre is the promotion of the principles of co-operation to the mainstream businesses as it believes co-operation can give a business advantage. As an expert in co-operation the Centre plays a role in helping businesses gain from the co-operative advantage for example through consortia working, employee ownership and democratic management.

The third intention for the Wales Co-operative Centre is applying its co-operative values in the delivery of innovative programmes that strengthen communities and promote inclusion including social, digital and financial, in a variety of ways.

The Wales Co-operative Centre employs approximately 60 members of staff who are based at offices across Wales. It is a co-operative with an active community of members who shape its strategic direction and democratically elect its management board on an annual basis.

There is also a strong link between the co-operative sector and the foundational economy in Wales. The links between the social and co-operative economy can be attributed to the work of the Wales Co-operative Centre. In February 2014, the report of the Welsh Co-operative and Mutuals Commission acknowledges the role of the Wales Co-operative Centre in growing the social economy applauding its pioneering work in creating and sustaining co-operatives enterprises in the country.

Earlier evidence has shown that in European countries the co-operative movement has secured a bigger share of GDP. The Welsh Co-operative and Mutuals Commission was established by the Welsh Government Minister for Economy, Science and Transport, Edwina Hart AM, to explore how the sector in Wales could be supported to grow further. The findings from the commission provide helpful guidance on how to forge a new strategy for Wales to secure greater purchase on social enterprise generation and to develop pathways to employment and good work.

Globally the co-operative movement is a major force in the economy with about 1 billion members, and more employees than multi-national corporations. The 1.4 million co-operatives internationally provide services each week for some 3 billion people. The largest 300 co-operatives have a combined turnover of \$2.5 trillion.^{xxi} Research has shown that 90% of new co-operatives survive for more than three years of trading, compared to 65% of conventional businesses. Additionally in the UK, there are more co-operative business owners than individual shareholders in private sector businesses.^{xxii}

The Welsh Co-operative Mutuals Commission report sets out a three pillar strategy for growing the co-operative economy in Wales. These three strategic target areas for securing a step change in development are:

- The provision of essential household services
- The mutualisation of public services
- The development of tradable goods and service.

In relation to renewable energy, the growth in community investment continues to grow in popularity with 24 community energy projects in Wales. Of the current 52 community share issues seeking capital

in the UK, 15 are green energy projects. In Germany, community based co-operative energy schemes have been driving the renewable energy revolution for solar power, wind and other technologies. Germany has reached now a tipping point, with renewable energy so successful that it is no longer commercially viable to invest in a fossil fuel power plant.^{xxiii} Across Germany it is the community and co-operative energy sector that has led this transformation. The Welsh Government has identified the potential to increase renewable energy by ten-fold or more before 2025.^{xxiv}

The Commission report regards the mutualisation of public services as a transformative area for development. Successful case studies of this process referenced by the Commission include South East London Doctors (SELDOC), a co-operative service that treats over a million patients. Another transformative pathfinder in the UK is the Willow Bank Partnership in Stoke on Trent. Formerly run as a Primary Care Trust GP surgery in a low income neighbourhood, the services have been converted by the doctors and the staff into a co-operative whose outreach and governance system involves local community groups in health service design and provision.

The Welsh Local Government Association has supported the argument that 'co-operatives and mutuals could play a greater role ...delivering sustainable public services in future.' The *Social Services and Wellbeing Act (Wales) 2014* acknowledges the future role of co-operatives in social care provision. The Commission argues for the potential for co-operative day care, social care and for generative partnerships with social landlords to take over community hospitals.

The Commission points to the growing success of the Co-operative Trust School model that has also secured trade union support in areas of England and believes this should be an option for the future governance of schools in Wales. There is also considerable scope to build upon the success of Community Mutuals for housing in Wales. To prevent any risk of privatisation, the Commission recommends a 'public social partnership' model with an asset lock to secure a diversity of public services that could be mutualised. The asset lock is crucial to provide assurance that future services are retained and maintained for community benefit.

The Commission also sees considerable scope for mutual models for community and public transport in Wales, including the proposal for not for profit ownership of the Wales and Borders rail franchise.

A collaborative economy: co-operative mechanisms developing in Wales

Since 2008, the growth of an ethos of mutual aid in many communities across the UK is striking. This spirit of sharing exemplifies the power of networks and their untapped capacity to drive social change and economic transformation. Professor Andrew Davies stressed this in his foreword to the Welsh Co-operative and Mutuals Commission report. Quoting Rich Bendis of Innovation Philadelphia, Davies argues that in the 21st century knowledge-based economy, 'collaborative advantage, not competitive advantage, is the new paradigm.'^{xxv} This chapter considers co-operative mechanisms currently emerging in Wales which could be supported to develop further through the Collaborative Economy model.

Community Co-operatives

Right across Wales the growth of community co-operative action in both rural and urban areas is remarkable. Good examples of this are the community co-operatives which developed in the aftermath of the 2001 foot and mouth epidemic. Wales and Cumbria were two of the worst hit parts of Great Britain by the spread of foot and mouth disease in 2001. The ploughing in of fodder crops in fields led to a campaign by activists to curb this waste by linking farmers to local communities. With this simple idea the Rural Regeneration Unit was born. With a small grant from the Welsh Government

for two food co-op organisers, a co-production model was established to connect local farmers as suppliers of fresh food to local food co-ops. The target set was to set up 27 food co-ops with farm links over two years. The idea was so popular that 77 food co-ops were set up. Today a decade later the national network has grown to more than 340 food co-ops run with the network helping thus far more than 51,000 volunteers to gain skills.

Case Study 4: Bronllys Well Being Park, Breconshire

Powys Health and Well Being Action Group put forward proposals for the 65 acres of neglected grounds around the Bronllys Community Hospital in a report called "Bronllys Park: a vision for the next 100 years". The vision is that the Well Being Park will be an Eco Garden Village catering for a range of community housing needs (workers from home, downsizers, key workers, veterans and self-builders) with a range of other facilities being developed on the basis that they meet appropriate criteria such as local benefit, innovation, and sustainability in relation to employment, environment, health, social care and well-being. The Action Group has been encouraged by the Welsh Government to work with Powys teaching Health Board and Powys County Council to ensure that the Well Being Park becomes a Flagship Project for the new Future Generations Act. The Group are currently working on business plans and setting up a community benefit society to develop and run the Park. The proposals are for Bronllys Park to remain as an asset to the community for the next 100 years, just as it was donated to be nearly 100 years ago.

Established in 2011, Cyfarthfa Fruit and Veg Co-operative have 80 plus members and in the first year handled 2400 bags of food. The volume of local food is considerable, with most local co-ops filling orders for 10 to 30 households per week and some handling 40 to 80 fresh food bags. An evaluation of the food co-ops in 2012 and 2015 has shown the service has provided food for 314,000 households, and for some farmers the orders represent over 10% of their business.^{xxvi}

There are a further 100 plus community co-operatives in Wales. They are all owned and controlled by local members and provide services to a specific geographical community. The main areas of service provision and activity include:

- Village shops
- Child care
- Pubs, cafes and restaurants
- Community centers
- Football and sports clubs
- Renewable energy
- Community supported agriculture
- Regeneration of buildings and sites
- Training and education

Community co-operative membership ranges from village co-operatives starting up with 20 members, to Wrexham Supporters Trust, whose 2000 members own Wrexham Football Club. The Wales Co-operative Centre has supported many Welsh co-operatives from business start-up through to growth and expansion plans. It is the national agency for co-operatives offering comprehensive business development support. Community shares are a crucial tool that has been revolutionising the

development of community co-operatives and this is an innovation that is recovering the mutual aid roots of the co-operative movement and right across the UK.

Community Shares

With more than one community share issue a week happening in the UK, a growing number of community co-operatives are securing members, support and ongoing local custom by launching themselves through a community share issue. Community shares are a unique form of withdrawable share capital that co-operatives and community benefit societies can offer to their members. The advantage of community shares is that the regulatory burden, due diligence, accounting requirements and overheads are far simpler and much less costly and heavily regulated compared to an initial public offering for a public limited company.

Community shares in Wales are part of a wider development across the UK. Over 400 village shops close each year in the UK. Pioneered by the Village Retail Services Association (ViRSA) in Dorset and Devon from 1992, the community buy-out of village shops and post offices is continuing to spread as a mutual solution.^{xxvii} ViRSA's innovation was to develop a co-operative model for either the issuance of community shares or fixed interest co-operative loan stock. By 2007, these methods had rescued over 150 shops, post offices and local pubs. ViRSA merged with the Plunkett Foundation that year and their work is ongoing. The model's success is shown by the fact that in recent years it has been adapted and replicated in rural Alberta in Canada.

There are 319 community-owned shops across the UK and 22 co-operative pubs.^{xxviii} It is calculated that 30 pubs a week are currently closing nationally.^{xxix} Pengwern Cymunedol Cyf runs a co-operative pub that was rescued in 2010 through a community share issue that raised £25,000 and was additionally matched with grants. Similarly Canolfan Gymraeg Wrecsam established a co-operative in 2011 to revive a local pub, the Seven Stars, which had closed. The successful community share issue raised £150k to buy and refurbish the pub and reopen it as the Saith Seren with additional facilities to operate as a Welsh language and cultural centre.^{xxx} Both co-operatives were supported by the Wales Co-operative Centre in their business planning and subsequent community share issues.

The number of community share issues has been increasing significantly, with the annual growth rate averaging 95% since 2011. Capital finance raised in 2013 in England and Wales was £15 million. In 2014 this increased by 124% to £34 million.^{xxxi} The average capital raised by a community share issue in 2014 was £174,286, and the average investment per member was £368. According to the Community Shares Unit, run jointly by Co-operatives UK and Locality, 540 mutual organisations were registered at the end of 2014, including 197 co-operatives and 343 community benefit societies.

A survey of community co-operative members highlights a high degree of democratic involvement with 38% of investors attending local shareholder meetings and 32% offering volunteer time to support the project to develop. Additionally, only one in four members buying shares felt that the financial return was important to them. Far more important than this were the social or environmental benefits secured. However it should be noted that only 15% of those surveyed had invested more than £1000 and 68% reported that they had invested an amount they could afford to lose.

Community share issuing know how in a village or town can be deepened with practice.

The success of 4CG as Case Study 5 shows and the leadership of Cris Tomos more widely in Ceredigion and North Pembrokeshire highlights the transformative potential of community shares. His village of Hermon had lost its shop and pub and the nursery school closed in 2007. This was the last straw. With help from Planed (Pembrokeshire Local Action Network for Enterprise and Development) they launched a community share issue in 2008 and raised £50,000 from the local community and secured a further £130,000 from other sources to buy the school building and to reopen a nursery school in the village.

Case Study 5: 4CG - Cardigan and Co-operative regeneration

The 2008 banking collapse mothballed a major shopping centre development in Cardigan town centre. The development site increasingly became an eye-sore and tip and when the site was put up for sale, Shan Williams instigated a public meeting that attracted a hundred people. With Cris Tomos and other co-operative activists, they went to work. With additional specialist support from the Wales Co-operative Centre, a community share issue was launched in 2010 and £220,000 was raised by 4CG from 500 local investors to buy the site. With a further £160,000 bank loan, the group was able to acquire as part of the site four warehouses, two shops, a cottage and two car parks. The car parks have provided crucial revenue for the community co-operative. However, as local regeneration is the 4CG mission, they took a policy decision to lower the parking charges to attract more people into the town. The buildings have been let by 4CG to an Eco-shop, a local vet, a children's centre, a local museum and a furniture recycling shop. The Victorian police station and court house closed in 2011. To rescue these iconic buildings in the heart of the town a second community share issue in 2012 raised £90,000 and a further issue of co-operative loan stock secured a further £170,000 at a fixed interest rate of 4%. Now in community co-operative ownership, 4CG has been converting these buildings into offices to let and additionally has been installing solar power on a number of its buildings. The number of community investor members continues to expand with some Welsh members buying shares as far afield as Cyprus and Australia.

Canolfan Hermon is now a growing community resource centre. A further share issue in 2012 plus other fundraising secured an additional £220,000. This enabled the social enterprise to carry out an Eco-refurbishment and extension to the school including a mezzanine level to provide for the development of a conference facility for up to 250 people, five office workspace units, a community shop, a solar panel installation on the roof and air source heat pump central heating for the centre. This local action learning and acquired know how has contributed confidence to the bigger 4CG project in Cardigan - 10 miles away and where Cris Tomos has been the Treasurer of West Wales Credit Union.

Community renewable energy

Community share issues for renewable energy were pioneered by Baywind Co-operative Energy, which successfully raised £1.2 million in 1996 to buy two wind turbines on the Harlock Hill Wind Farm, in the Lake District. Ecodyfi, a social enterprise in Machynlleth, was the pioneer in mid-Wales. They set up Bro Dyfi Community Renewables in 2001 and through two share issues have raised £213,000, plus other funding, to finance two co-operatively owned wind turbines with a generating capacity of 575kW.

Within the UK Government, The Department of Energy and Climate Change strategy for community energy has begun to provide a framework of support for the country. This guidance, plus other tax relief measures, has propelled an increasing level of community share issue action for solar power and also for hydro schemes. New trade bodies including Community Energy England and Community Energy Wales have been set up since 2013. Currently on the Community Shares website there are 25 community energy projects seeking to raise capital in the UK.

Several energy co-operatives in England have been pioneers including Brixton Energy Co-operative, Brighton Co-operative, and Bath and West Community Energy. Bath and West Community Energy has raised almost £10 million from seven community share issues ranging in scale from £350,000 to £3 million. They have already installed 1.7MW of solar power and are working on sites to increase this to 4.2MW of green energy; this is equivalent to the electricity demand of 1450 homes. Additionally they have 15MW of solar, wind and hydro projects under development.

Energy co-operatives across Wales are developing. There about 25 to 50 at different stages of development, and a handful so far either have or are currently raising capital from community shares. Llangattock Green Valleys launched a community share issue in 2013 and raised £273,000 to fund the construction of two hydro schemes. Using an investor club model, Gwent Energy CIC in Chepstow has also raised capital from the public and has carried out three installations of solar PV power. Abergwyngregyn and Corwen energy co-operatives in north Wales, supported by Wales Co-operative Centre business advisers, are each seeking to raise £300,000 for hydro schemes.

Egni Solar Co-operative launched its share issue in February 2014 and raised £171,000. Both Brixton and Bristol Energy Co-operatives have been an inspiration for Engi and likewise its focus is on installing solar PV on community buildings and schools in the south Wales Valleys. In year one of trading, the capital raised has enabled Egni to install 99kW of solar panels on four sites: Dove Workshop, Awel Aman Tawe and Glyneath Training Centre in Neath Port Talbot plus Ysgol y Bedol in Carmarthenshire. Egni will install a further 30kW of power on a school in June 2015.

The Egni share issue offered a financial return of 4% with an additional 3% return through the Enterprise Investment Scheme (EIS) that nearly all community investors have taken up. A second share issue is being prepared for launch later in 2015 with a target of £1 million. If successful, this will enable Egni to install solar panels on 50 sites that together will deliver about 1MW of renewable energy.

Dan McCallum who has led the development of Egni estimated the job impact for this one community energy co-operative:

' There are about 15 different companies in the Egni supply chain. The total value of the contracts has been about £200k and this safeguarded about 33 jobs. In addition, the co-operative is saving a total of £6-8k/year in electricity costs for the sites which also indirectly safeguards jobs in the community centres and schools. Most of the jobs safeguarded are local and located in Communities First villages.'

McCallum also pointed to the considerable benefit from keeping the SEIS tax relief within the Welsh economy. This is strategically important given a rising level of grassroots action and the scope to develop growing number of renewable energy co-operatives across Wales.

The Energy Act 2008 introduced the Feed-in-Tariff (FiT) which has enabled a broader range of community renewable energy schemes to be funded in the UK. However progress is still rather slow, and there is much to be learned from Germany where the decision to phase out nuclear power has created a policy driver for renewables and the green economy. The FiT was refined as a concept and adapted in Germany during the 1990s. Through new legislation in 2000 for the promotion of renewable energy plus further experiments and policy changes in recent years, a remarkable German Energy Transformation has occurred over the past decade.^{xxxii} What is most striking is that it has not been the big German energy companies but the community energy co-operatives that have been leading the transition to renewable energy nationally and creating a high level of employment. For the co-operative movement, this has been a global success story. In 2006 there were only 8 renewable energy co-operatives in Germany, by 2011 the number had increased over 20-fold to 167^{xxxiii}. By 2013 with an additional almost 5-fold expansion, there were 800 renewable energy co-operatives operating across a growing level of communities that collectively had attracted €800 million of community investment.^{xxxiv}

Community Development Finance Institutions - Investing in the Local Economy

Community Development Finance Institutions (CDFIs) fill a key gap in the market as they lend to businesses, social enterprises and households who are unable to access mainstream finance from banks. They provide social finance for what they regard as viable propositions that are nonetheless not bankable.

The pioneers of the CDFI movement in the UK had no initial access to government capital in the 1990s to seek to replicate the successful US community economic development model. To overcome this, they successfully used both community and social investment share issues to raise start up loan capital. Co-operative and Community Finance (formerly known as ICOF) is the oldest CDFI and raised £550,000 in a plc share issue in 1987 and £450,000 in capital in a community share issue in 1994. Aston Reinvestment Trust, the first local CDFI, raised £350,000 in 1997 from social investors in Birmingham. Investors in Society (now Charity Bank) was capitalised in 1995 through an investment of £500,000 from the Charities Aid Foundation.

There are about 60 CDFIs trading in the UK. Most provide enterprise loans to small businesses and social enterprises but several also provide personal loans and home improvement loans. A handful provided forms of equity finance and social venture capital. In 2014 CDFIs provided £173 million in investment to over 50,000 customers. Other highlights for the year included:

- investment for the start up of 11,500 new businesses
- the creation or support of 20,000 jobs
- finance to help 42,000 people to avoid high cost credit
- lending to businesses that contributed £500 million to UK GDP^{xxxv}

There are a number of CDFIs operating in Wales. Purple Shoots is a micro-finance CDFI lending to small businesses. Its mission is to tackle unemployment by lending in many of the poorest communities in Wales. An innovation in their service is a method that develops self reliant groups of businesses to help each other to develop viable enterprises.

Moneyline Cymru is a specialist CDFI funded by Community Housing Cymru and housing association members to provide affordable finance as an alternative to doorstep lenders and payday loan firms. Moneyline Cymru operates from eight high street shops in Cardiff, Wrexham, Newport, Swansea and other towns in Wales.

Co-operative and Community Finance (CCF) boasts over 40 years of experience as a CDFI and has always specialised in lending to co-operatives in the UK. It expanded its lending to social enterprises in the 1990s. CCF has been particularly active as a CDFI in England and Wales. It manages a £4 million fund of its own capital and additionally manages other funds in regional areas where local governments have provided the capital. Through a large grant from the Co-operative Group, Co-operative and Community Finance has developed a Community Shares Fund that operates as a specialist financing mechanism to underwrite community share issues.

WCVA has established a CDFI to provide loans to social enterprises, charities and third sector organisations. The WCVA Community Investment Fund provides credit to help organisations acquire assets and to secure working capital for trading activities. Loans are available from £1000 to £250,000. WCVA launched a partnership with Unity Trust Bank in 2012 to help Welsh charities and voluntary organisations to buy or refurbish premises. Under this £30 million partnership fund, larger loans up to £5 million are available.

Robert Owen Community Banking Fund has been operating as a CDFI in mid-Wales since 2006. Over the past two years many of its loan services have been extended right across Wales. They provide loans for small businesses, social enterprises, co-operatives and for home improvements and green energy. They are also a lending intermediary for the Start-Up Loan programme. Their most successful loan service has been a partnership with Powys County Council that co-delivers a Zero Interest Loan Fund (ZILF) to assist households and enterprises to install renewable energy or improve energy efficiency. The average loan requested has been £5000, and to date the fund has invested £2 million in over 300 solar energy, biomass or other renewable energy installations. To improve the thermal efficiency of housing and to reduce fuel poverty, they also operate a Low Interest Loan Fund (LILF) in Flintshire in collaboration with Flintshire County Council, Wales and West Housing and the North Wales Energy Advice Centre.

The latest Robert Owen CBF service is their Community Enterprise Finance (CEF) scheme. This is a £1 million facilitation fund to assist renewable energy schemes that run into barriers at different stages of development. Typical barriers for community wind schemes and hydro schemes are the time, costs and risks involved in securing full planning permission and in accessing any necessary top up finance for construction costs that a successful community share issue may not fully cover. Through the new service they are working to expedite many of the community energy share issue projects. These include five hydro schemes, two solar farms, one community wind scheme at the pre-planning stage as well as a number of biomass projects. The Robert Owen CBF is seeking to raise a further £5 million of capital to expand their capacity to cover construction finance requirements. The plan for the larger fund has been developed with design input from the members of Community Energy Wales.

The housing improvement services that Robert Owen Community Banking Fund have piloted in Wales with Powys and Flintshire has the potential for a much wider partnership with other local authorities to create local jobs while additionally tackling fuel poverty and cutting carbon emissions. Since 2005, a handful of CDFIs have increasingly improved upon a co-production model for providing care and

Case Study 6: Wessex Resolutions - Home Improvement Partnership

Wessex Resolutions CIC is a CDFI and homeowner support service that since 2005 has been delivering care and repair services with a growing number of partners. This is a hub and spokes operation with 20 local authorities involved as full partners along with a similar number of home improvement agencies. The regional Home Improvement Partnership between the CDFI and the public and third sector partners in the network co-deliver home improvement surveys, technical advice, financial appraisals, the provision of welfare advice and the matching of an appropriate low cost loan. The finance to fund the improvement packages is selected from three main loan options. Their MoneyWise advice partnership assists 2000 households a year and the CDFI has advanced almost £9 million in loans. 77% are standard home improvement loans for care and repair and 15% are provided through local authorities to landlords for converting empty property into flats. Wessex Resolutions CIC has recently launched a green loan and another loan for preventing repossession of properties. Capital is provided by local authority partners at 0%, which is then offered to homeowners at a standard rate of 4%. The loans are secured but with no right of repossession. The loan arrears rate in 2014 stood at only 1.17%.

repair services aligned with low cost loan finance for low to moderate income homeowners. This model is based on the successful Neighbourhood Lending Service CDFI in Chicago. In the USA they call this model NeighborWorks and in the UK it has been called Home Improvement Partnership. Wessex Resolutions, a CDFI and advice agency in Somerset is the leading developer of this system. As Case Study 6 shows, they have demonstrated effective regional success.^{xxxvi}

Parity Trust in the south-east of the UK and Street UK in the West Midlands are two other CDFIs that have each developed successful Home Improvement Partnerships. Both have a similar number of local

authority partners to Wessex Resolutions CIC. Street UK is now operating a relatively new partnership in north-Wales with Flintshire, Denbighshire and Gwynedd Councils. Loans cover a variety of purposes including home improvements and deposit loans for first time buyers.

Community Land Trusts

Community Land Trusts in Wales have been inspired by developments in other parts of the UK. This section considers how CLTs have been supported to develop in England and Scotland and current practice in Wales.

A few Community Land Trusts in England have existed since the 1980s including Coin Street Community Builders in London and Stonesfield Community Trust in Oxfordshire. Others were developed in Scotland during the 1990s in the Highlands and Islands including those on the Isle of Eigg and the Isle of Gigha. Letchworth Garden City Heritage Trust is in fact the largest CLT nationally, dating back to 1903.

A national demonstration project led by Community Finance Solutions at the University of Salford set up the first new wave of Community Land Trusts in England between 2006 and 2008. The aim in 2005 was to establish 30 CLTs over five years with a good mixture of urban and rural ones.^{xxxvii} The urban ones ran into problems and delays securing sites, but 20 rural CLTs were operating by 2010 that had either built or were building homes for part equity sale or to rent.

Case Study 7: Cornwall CLT Network - Public Social Partnership in Action

Housing in Cornwall is inordinately expensive due to the pressure from second homeowners and tourism. The Community Land Trust ideas have been strongly supported since 2005 by a newly established unitary county council and Cornwall Rural Housing Association. A public social partnership has been forged between three core partners: the local authority, the housing association and rural CLT action groups in different villages. Cornwall CLT has united the partners through an umbrella structure for the county that fosters and nurtures village and town level CLTs. The development model is lean, with one full time development officer supporting and assisting the local CLTs to succeed. Most CLTs produce a mixture of affordable homes for sale and homes for rent. The rental units are managed by the Cornwall Rural Housing, and the 'for sale' units are managed by either Cornwall CLT or its local CLT members. The homes for sale have been developed at 50% to 70% of open market value. This model has been so productive that by 2010 almost 50% of the 200 CLT homes developed as part of the national demonstration project were in fact developed in Cornwall. Additionally the public social partnership has set up a Cornwall social financing system to fund low cost construction. This system has accessed low-cost capital through the Public Works loan board in order to set up a dedicated revolving loan fund.

The National CLT Network was established in 2010. Since then the number of CLTs has spread into Wales and the first urban ones have been developed in Middlesbrough, Liverpool and East London. There are now 172 CLTs legally established and at varying stages of development. The Cornwall CLT network has been a UK pathfinder and its public-social partnership model with a local housing association and the county council has created a remarkably efficient system both for supporting and for spreading CLT solutions across a largely rural county as Case Study 7 illustrates.^{xxxviii}

The Cornwall model has inspired action research in north-Wales, backed by Gwynedd Council and the Welsh Government. To seek to replicate the model, work on early stage implementation is underway to set up Gwynedd CLT.

West Rhyl was the most deprived ward in Wales in 2010 when West Rhyl CLT was established by community representatives to provide good quality, affordable and energy efficient homes. By December 2012, the first project in partnership with North Wales Housing (NWH) saw the completion of three fully refurbished homes let to local families. Again in partnership with NWH, development work is underway for the next project to set up 'West Rhyl Housing Co-operative' through the creation of the 'Afallon' housing development.

Planning permission was granted in December 2014 for the demolition of 6 large and dilapidated former HMOs and the full refurbishment of another 3 properties to bring them back into use. The properties were acquired to create a mix of rented accommodation by developing 4 fully refurbished apartments, 7 new build family houses and also a commercial unit for use by a social enterprise. Demolition was completed in March 2014 and construction is commencing on site with a development completion date of March 2016.

West Rhyl Housing Co-operative operates a local lettings policy within the housing allocation plan to ensure local people benefit from the improved accommodation in the community. The demand locally is growing with a current total of 96 members being interested parties, and some have signed up to the housing list as prospective tenants.

A third CLT is emerging in Wales at Presteigne. The work is being led by Home Presteigne, a new housing co-operative seeking to follow the CLT development path. They intend to work with Cwm Harry Land Trust - a long established social enterprise in mid-Wales for local food growing, bio-cycle composting and renewable energy. Home Presteigne have recently secured an option to purchase their first small site for housing, the agreement being subject to planning approval being granted. With Cwm Harry's expertise in commons land management for food and green energy, they can offer developers their services for the management of commons space and to collaborate to build CLT affordable homes in mid-Wales. This is also an approach in Powys that has been inspired by the success of Cornwall CLT.

Any group in England or Wales can apply to the national Community Land Trust Fund for different types of financial support depending on the pre-development or development stage of the project.^{xxxix} This revolving facilitation fund has been capitalised by Tudor Trust, Esmee Fairbairn Foundation, Charities Aid Foundation and the Nationwide Foundation. The fund is managed in partnership with the National CLT Network and Venturesome, a specialist CDFI linked to Charity Bank. Other partners working with the CLT Fund that provide up to 70% of finance at the construction stage include: Triodos Bank, Ecology Building Society, Unity Trust Bank and Charity Bank. Community Land & Finance CIC is a specialist CDFI that has set up a complementary Affordable Homes Rental Fund to operate as a medium term capital provider for CLT rental units that are currently very hard to finance. The chart below highlights the financing stages for the Community Land Trust Fund.



Co-operative and mutual housing

Wales is leading a unique project in the UK to develop diverse forms of co-operative and mutual housing. This project is pointing the way to 'collaborative economy' best practice. The work began in 2012 as a partnership between the Confederation of Co-operative Housing, the Wales Co-operative Centre, Welsh Government and a number of housing associations. The remit set by the former Minister for Housing, Regeneration and Heritage, Huw Lewis, was for an alliance of organisations to collaborate to support the emergence of a new co-operative and mutual housing sector for Wales. Three years ago, eight pioneer projects were identified with potential sites and representing a diversity of possible models including: co-operative rental housing, shared ownership co-operatives, CLTs, co-housing, community self-build co-ops and co-operative live and work units.

The first fruits of horizontal collaboration among public, social and community stakeholders are now becoming evident in 2015. With financial support from Welsh Government secured in 2014, collaborative working has advanced into the construction phase for the first three pilot pioneers in Newport, Cardiff and Carmarthen. These plus other co-operative housing ventures following close behind are making real headway as the summaries below show:

- *Loftus Gardens*: This is large mixed tenure development near the centre of Newport with 19 co-operative homes. Loftus Village Association, a shared ownership housing co-operative has been formed with ten prospective homeowner members, with a further nine to be recruited by June 2015.
- *Jobswell Road*: Here a partnership between Carmarthenshire County Council and Gwalia Housing is co-developing 27 co-operative homes at intermediate rent levels. The co-operative homes comprise two rows of housing terraces in the centre of Carmarthen.
- *Home Farm*: Cadwyn Housing is providing development support for a 'Garden Village' development. Home Farm Village Housing Co-operative on the site will include 41 co-operative houses and flats as part of a mixed development with 31 housing association flats. The new co-operative has elected officers and in summer 2015 the first members will move in.
- *Beechley Road*: Cadwyn Housing is also supporting a Tenant led Housing Co-op in Pentreban, Cardiff that will include 11 houses and 2 flats. These are scheduled to be built by autumn 2015.
- *Gellideg Flats*: This is a project to refurbish blocks of flats in Taff Fechan in Merythr Tydfil. Backed by Merthyr Valleys Homes, a leasehold co-operative is being formed as a special purpose vehicle to carry out the development and then provide a lease to the new Gellideg Co-op.
- *Ty Cyfle Garndiffaith*: Through a partnership between Bron Afon Housing Association and 'Afon Youth', a four storey block of 8 flats has been refurbished and will provide separate flats plus training and community rooms on site. The youth have been involved in the building works as apprentices and the co-operative development is near to completion.

Already up and running, the West Rhyl CLT is one of the eight co-operative housing pioneers. The potential large scale Gwynedd CLT and the emerging housing co-operative and potential CLT in Presteigne are also part of the Co-operative Housing project. A second wave of housing co-operatives at an earlier stage of development are taking shape and emerging in Wrexham, Hay-on-Wye, Lampeter and St. David's.

Social Co-operatives and Co-operative Consortia

There has been increasing interest in the potential for social care co-operatives in Wales over recent years. Inspiration from best practice in other countries has helped to drive this interest. In 2012, two co-

operative innovators from Canada were invited to Wales to provide lecture tours and to talk about how multi-stakeholder models for social care services in Quebec have proved to be transformative. The two speakers, Jean Pierre-Girard and John Restakis, made between them 14 presentations hosted by a diversity of organisations including the WCVA Social Care Network, the Association of Directors of Social Services, the Wales Alliance of Citizen Directed Support and the Welsh National Assembly Health and Social Services Committee. The speaking tours provided a catalyst for new thinking and action by the grassroots.

This inspired the establishment of the Welsh Social Co-operative Development Forum in 2011 to promote social care innovation based on co-operative values and methods of working. The Forum was active in influencing proposals around the Social Services and Well-being (Wales) Act. Section 16 of the new law creates a statutory duty for local authorities in Wales to promote the development and provision of social care and well-being services by social enterprises, co-operatives, user-led organisations and the voluntary sector.

The Wales Co-operative Centre and Social Firms Wales have been working jointly to support Welsh Government to implement Section 16 of the Act. This has included working with local authorities to help them understand their duties under the Act and holding a major conference for stakeholders to raise awareness of the new duty. The project also supported six pilot projects investigating new models of care and support delivery. These included exploring alternative models for residential services, support for carers, developing a community facility for older people and a community led prevention and early intervention service.

There is a broad range of social enterprise provision of care services across the UK and much superb practice in Wales. For example, worker co-operatives in the home care sector that were established in the 1980s or early 1990s and are still operating well. These include: Sunderland Home Care Associates, Bridgnorth Home Care Co-op in Shropshire and Care Co-operatives in Brighton.

Sunderland Home Care Associates have developed a franchise for their employee ownership model. These operate under the CASA (Care and Share Associates) trade name in Newcastle-upon-Tyne, Manchester, North Tyneside, Halifax, Leeds and Knowsley. Because of the minimum asset requirement of care commissioners, the CASA franchisees have formed a merged employee ownership business of 600 worker owners.

The Foster Care Co-operative was set up in 1999 as a mutually owned foster care agency. It supports children and young people placed in foster care, providing this service for more than 50 local authorities in England and Wales. It is the only registered co-operative in the foster care sector in the UK. The co-operative includes 50 staff who are full members plus 250 foster carers (mostly couples) who are associate members. The foster carers are not full members because regulations in England and Wales do not permit them to control or manage the agency for which they work. To overcome this barrier, the Foster Care Co-operative involves and consults both foster carers and social workers at support meetings held every six weeks. The Foster Care Co-operative is fully committed to social co-operative principles and practices that give multiple stakeholders an active democratic involvement in the running of the organisation.

In relation to health services, until 2004 a widespread number of GP co-operatives operated in England and Wales. The number has declined but the coverage is still significant. These were set up to provide out-of-hours services. A number of GP co-operatives still operate in Wales including the North Wales Out of Hours Service and Shropshire Doctors that provides services in Shropshire, Telford & Wrekin, and Powys. Some GP co-operatives have become social enterprises since 2004. The scale of provision is considerable and in 2013 GP co-operatives and social enterprises comprised 42% of NHS provision of out-of-hours services.

In Italy, there are two types of social co-operative. Type A includes social co-operatives operating in the fields of social services, health services or education. Type B social co-operatives operate more broadly in the economy, and their mission is to create both services and employment for disadvantaged people in the labour market. Though rarely co-operatively owned and controlled, social firms in the UK resemble Type B social co-operatives. There are in Wales a number of social firms seeking to give their services users, staff and families more voice and in indeed votes as well if they can transform themselves into social co-operatives. It is the conversion opportunity for social enterprises and social firms to become social co-operatives which is an area that could be successful strategically. In France the 2001 law for social co-operatives (known as *Société Coopérative d'Intérêt Collectif*) facilitates such conversions.^{xli}

Social firms are a form of social enterprise whose mission is the creating of enterprise, employment and empowerment for those furthest from the labour market. Cae Post in Powys is a good example of a social firm. They led the way in Wales to kick-start kerb side community recycling and have been providing employment since the 1980s for those with learning disabilities. The Cae Post work was given a dramatic boost through a strategic development grant secured from the Welsh Government to support innovative partnerships with local authorities. This investment enabled Cae Post to set up the infrastructure and to sign a 15 year contract with Powys in 2002 to develop a recycling facility for domestic waste at Trewern, near Welshpool.

Cae Post has created 40 full time equivalent jobs and has an annual turnover of £1.2 million. They have recently developed a new collection service for handling the collection of waste from retail stores, caravan parks and other businesses. This operation is creating additional jobs and is already close to trading at a break-even level. A third area of development is the manufacture of furniture from recycled plastics. Cae Post has set up a new factory for this operation, invested capital from their reserves in a trading subsidiary, and they will be taking on more disadvantaged workers for this expansion. Additionally, the new company in the Cae Post group will be able to attract patient investment from social investors for development. Any profits will be retained by Cae Post to reinvest in the mission of the social firm.

Cartrefi Cymru is a Wales-wide charity founded in 1989 by parents and activists to provide fulfilling lives to people with learning difficulties and physical disabilities. Cartrefi Cymru specialises in home care provision and respite for families. It has played a leading role since 2012 promoting the introduction of social co-operative innovation in Wales and has adopted the strapline, the 'charity that loves co-operation'. According to its chief executive, Adrian Roper, this means that they see the social value of co-operative principles, and an exciting fit between their charitable objectives and the social co-operative model that enables users, families and staff to become voting, co-producing, member-owners. It also means they look outward and foster the spirit and practice of collaboration and co-operation among other third sector organisations and with local authorities and the Welsh Government.

Since 2012 Cartrefi Cymru has demonstrated this mission in several ways:

- i) *Social Co-operative Development Forum*: Cartrefi Cymru has hosted regular meetings in Cardiff, helping a national network to develop in which a growing number of participants seek to foster and develop social co-operative solutions and collaboration in Wales.
- ii) *Mid Wales Social Co-operative Consortium*: Cartrefi Cymru has hosted regular meetings of a network in Powys that has co-designed and, in February 2015, formally established this new co-operative organisation. Cae Post, Cartrefi Cymru and the Foster Care Co-operative are among the founding members which also includes individual co-operators. More members are being recruited to the consortium whose mission is to foster collaboration and mutual self-help activities, including potentially joint tendering, for the benefit of people with care and support

needs across rural mid-Wales and to work together on innovation, training and the development of new social co-operatives.

- iii) *Brecon Beacons pilot*: Cartrefi Cymru has been developing a pilot project with the Powys Supporting People team within the Housing Department. The pilot, now in its second year, is developing co-operative decision making for 35 people with disabilities to help them live independently. This project is using a "systems thinking", person-centered approach to ensure users secure the outcomes they want and in the ways they want support provided. Users and support staff are equally valued as experts in what they are doing together, and this has led to considerable creativity, flexibility and peer-support. This in turn is providing the basis for re-organising the service along social co-op lines, with multi-stakeholder control. The pilot has been going well and a new constitutional blueprint is beginning to emerge.
- iv) *Co-production Wales*: Cartrefi Cymru has been providing assistance to Ruth Dineen and this Wales wide network for co-production. In kind help includes a hot desk at their offices in Cardiff, plus the use of other resources including phone, meeting rooms and other administrative support.
- v) *Governance*: Cartrefi Cymru's board of directors has recently agreed to seek legal and other relevant advice with a view to transforming its governance along inclusive democratic lines. In addition to over-coming the obstacles arising from charity law (in relation to having 'beneficiaries' and staff on the board), the work will seek to address the challenges arising from organizational size and geographic spread. Lessons are being sought from contacts in Italy, where social co-ops are generally kept deliberately small in order to achieve meaningful membership participation, with federated consortia structures to achieve the benefits of scale and spread.

Case Study 8: Citizen Directed Co-operatives Cymru

Co-operatives for collective care payments have been successfully developed in Sweden and were developed in Stockholm in 1996. These have been successful in Sweden and in the UK the idea is growing in Wales and Scotland. In Wales there are about eight direct payment support networks with some 4200 members. The success in Sweden shows that co-operatively owned direct payment systems can build trust and aid expansion from otherwise very small networks.

Disability Wales and the Wales Co-operative Centre have launched a project to test out a Citizen Directed Co-operatives system for managing direct payments in Wales. The aim of the project is to promote greater citizen voice, choice and control for disabled people through exploring a co-operative approach to the management of direct payments.

An educational campaign and series of roadshow events will run from April 2015 to June 2015. Following these events, emerging co-operatives will be invited to apply to take part in the next stage of the project. The selected co-operative will be supported through practical and financial support with the aim of being ready to start supporting its members by March 2017. The project will aid the development of other direct payment co-operatives by sharing the learning gained and creating resources to support the replication of the Citizens Directed Co-operatives Cymru model across the UK.

Cartrefi Cymru is already seeing major benefits from these changes. For example, the pilot in the Brecon area has demonstrated that a collaborative, co-production approach, in which users and staff have the authority to use their judgement and creativity, and not just to follow a contractual script, can double the number of people they support even whilst absorbing a 15% cut in funding. As Adrian Roper explained, 'by valuing staff and users as co-operative stakeholders, we hope to see these benefits spread throughout the company and across Wales'.

Disability Wales is an active member of the Social Co-operative Development Forum. Their innovative Direct Payments Co-operative is designed to facilitate demand side service development by providing service users greater control of their money through a collective payment system as Case Study 8 describes.

The co-operative consortium method of working is spreading into other areas of social care and social firms work. Through an EU project and a visit to Italy, Caer Las Cymru has been impressed with how social co-operatives in northern Italy have used consortia to improve their services co-ordination and provision for the homeless. Caer Las Cymru, Shelter Cymru and GISDA all work with homeless people and are convinced that by closer collaboration they can improve their provision of accommodation, skill development and employment opportunities. With the help of the Wales Co-operative Centre, all three organisations have co-founded a co-operative consortium called Places of Change Cymru. The basic provision of the service will focus upon a joint expansion of a supported Employment and Training project that has operated in Swansea Bay in recent years. An evaluation of this scheme found that for every £1 invested from European Union structural funds, a net-gain of £1.44 was achieved for Wales.

Like Cae Post and Cartrefi Cymru, the Community Lives Consortium (CLC) can trace its roots to the late 1980s and the All Wales Strategy. The organisation exists to support disabled people to live the lives that they choose in the communities of Swansea and Neath Port Talbot. Established in 1989 it was created to coordinate and arrange the support people need to live in their own homes in the community. It has 'Consortium' in its name because it was created to coordinate the common interests of: people who need support, their family members, the housing associations who provide them accommodation and the social services and health organisations who commission their support. In 2015 the Consortium is supporting 282 disabled people, who collectively receive 17,200 hours of support every week delivered by 763 staff.

As austerity cuts have deepened since 2010, CLC has increasingly involved the people they support in the design of their own services. What is emerging is a decentralised system of co-production with eight networks of people. Typically each network involves 33 people who receive about 2200 hours of support each week, delivered by 90 staff and managers, 15-20 actively involved family members and 10 local authority management staff. Using systems thinking to problem solve and co-design support plans, hierarchy is being reduced and a culture of 'Us and Them' has been replaced by a new ethos of 'I and We'. According to Rick Wilson of CLC, the systems thinking approach is working to create demand led services which are enabling people with complex learning disabilities to take increasing control of their lives in ways that balance rights and responsibilities. Systems thinking is developing in management theory and is crucial when seeking to manage complexity effectively and where for example co-operatives are seeking to give voice, votes and power to a number of stakeholders including staff and service users.

As a result of CLC's systems thinking, co-designed support is improving in quality; there is less waste and the people receiving support are working to change the way their support is being organised. This support includes: personal care, help with money, personal skill development, accessing transport, housing related support and support to build stronger social relationships. Moreover by working as a collaborative consortium, people who get support are starting to work out how to measure the impact and benefits of this demand led approach. The consortium intends to use ways of understanding performance, to explore whether people are experiencing the things that matter to them if they are to

live a full life, and to demonstrate how can people work together differently so that they experience more of the things that matter to them, using the social and financial resources available to them?

Underpinning this process of change is the Consortium's mutual legal structure, in which people who get support, their family members, staff and managers, and other interested individuals and groups are members. The members vote to create a stakeholder board and governance structures which ensures a balanced representation of all these interests. All stakeholders are now included and as a direct consequence the annual general meeting for CLC has become an associative democracy event involving up to 350 people. This ongoing process of transformation exemplifies what the inclusive democracy of social co-operatives can become in the years ahead and how this can provide a beacon for other organisations willing to make the governance and system changes.

A collaborative economy: a new narrative and regeneration strategy for Wales

The emphasis Karel Williams makes for a strategic focus on the foundational economy could be the basis of a new narrative for a Welsh New Deal strategy. From innovation reviewed thus far and addressed by both solidarity economy and community economic development methods, such a strategy could be based on two prongs: 'People Care' and 'Earth Care.'

Two evident drivers indicate that work in the foundational economy is set to grow and could expand faster with a sound strategy. The first driver is an ageing population, requiring more social care and welfare services, and the second is climate change, requiring an energy source remix and shift from fossil fuels to an increasingly wide range of renewable sources and energy conservation solutions. To make the second shift requires a growing investment in green energy infrastructure - both to generate energy and to increase energy savings by upgrading the thermal efficiency of both the housing and commercial building stock in Wales.

International examples illustrate the potential of these sectors with the right development support. As we have seen, following the passage of the Italian Social Co-operatives law of 1991 that created fiscal and financing frameworks, social co-operatives have expanded in Italy from 1000 to 14,000 and created close to 400,000 jobs in the fields of social care, community health services and education. They have also created a broad diversity of work for those disadvantaged in the labour market including the disabled, ex-offenders and those recovering from addiction. Similarly, since 2005 Germany has implemented a remarkable scale of investment to upgrade the energy efficiency of their national building stock and expand the installation of renewable energy systems. This programme has created over 350,000 jobs that will be sustained for several decades ahead to complete the German Energy Transition to green economy infrastructure and low carbon housing. These are two existing European Union examples of how a regeneration strategy for the foundational economy can be an effective focus for the creation of new jobs in both urban and rural areas nationally.

The New Economics Foundation (NEF) report for the TUC on a new industrial strategy for Wales endorses this analysis for trade unionists and emphasises the strategic opportunity to make a major shift like this to developing the green economy. The report also highlights the key role of co-operative economy mechanisms, like those that have been so successful in Emilia Romagna, by creating dense networks of interdependent co-operatives through consortia structures. As the report adds Denmark, in analogous ways, has implemented large scale public social partnerships between local authorities and renewable energy co-operatives at district level that in close collaboration are democratising the provision of energy services and co-developing green heat grids for cities.

What is needed to facilitate meaningful change? Williams emphasises that the social innovation required to make this transition will require a matching level of financing innovation to mobilise the resources. He endorses the idea of a public investment bank for Wales but cautions that this is no magic answer without addressing the supply chain and working to set up the enabling policy framework to support the transition to a new economy that is grounded in the 'fair' and equitable provision of services to meet citizen needs. Williams shows that to do this, specialist sectoral knowledge of the economy needs rebuilding, alongside a determination to change the ecology of ownership.^{xlii}

The recommendations of the Welsh Co-operatives and Mutuals Commission could also help to build the foundational economy. Co-operatives and social enterprises operate at the foundational economy level and so support to develop these businesses will help to develop the foundational economy. Specifically the Commission called for:

1. A 10-fold growth in community energy by 2025
2. A mutualisation of public services like the housing community mutuals in Wales
3. A pilot project like the Evergreen Co-operatives in Cleveland, USA
4. A partnership between Welsh Government and the Community Development Finance Association to expand the number of CDFIs to enable more capital investment locally
5. An expansion of GP co-operatives in areas of Wales and the development of surgeries like the Willow Bank Partnership
6. A greater role for social care co-operatives for day care, home care and the take over of community hospitals with the support of social landlords.

The Commission envisages European Union structural fund investment playing a pivotal role in releasing the potential of co-operatives and mutuals in Wales.^{xliii} The Commission calls for the setting up of Co-operative and Mutual Finance Wales as a grants and loan fund dedicated to the growth and expansion of co-operatives, mutuals and social enterprises. They also recognise that public services need to be transformed to enable 'innovation in service delivery, greater participation by service users and stringent financial management.' It concludes that 'co-operatives and mutuals can drive that radical change' and argues for 'public social partnerships' as a vehicle for transformation.^{xliv}

One year on, it is good to see that the Welsh Co-operative and Mutual Commission arguments have been endorsed by the Welsh Government White Paper *Reforming Local Government: Power to Local People*, which argues for a key role to be given to 'mutualism, co-operation and shared ownership in the transformation of public services'.^{xlv} For his 2015 report *Is the Feeling Mutual* that was commissioned by two Welsh Government ministers, Keith Edwards consulted widely among local authority leaders across Wales and found considerable support for such an alternative delivery model. As Edwards concludes:^{xlvi}

'A number of leading thinkers and activists also now see Wales as a country with an historic opportunity to lead in a new public services revolution.....Wales is a country in which there is very little support for further privatisation of public services but which also accepts that given the scale and long term nature of the challenges, 'business as usual' is not an option. There is growing appetite for the exploration of a full range of not-for-profit models that are accountable to local people.'

But how might this be pursued while building on existing mutual best practices that Edwards highlights?

CREW Regeneration Wales conducted a study of Tredegar to look at the shape of a new settlement, based on Transition Theory, to develop food and energy security for local places and to link this to the foundational economy model of Williams.^{xlvii} CREW endorses the arguments in the Welsh Co-operatives and Mutual Commission report. To move things forward the report authors, Dave Adamson and Mark Lang, call for a 'New Settlement' on a scale not seen since the Beveridge Post-War Settlement that established the welfare state. They argue for a major strategic role for community owned energy co-operatives and social care co-operative that each focus on the development of decentralised solutions and that learn key lessons from European best practice to create increased local economy resilience.

A greater role for town councils and local authorities would also help the implementation of the foundational economy. To animate such a strategy, Adamson and Lang show that this will require a larger role for town councils like Tredegar. James Meadway, author of the NEF report, and Karel Williams agree with this and similarly make the case for a proactive role by local authorities to develop localised supply chains and patterns of employment. Moreover, Adamson and Lang show that such a strategy could jointly tackle fuel and food poverty, create employment and address climate change. The CREW report see housing repair, low-carbon improvement measures and new construction as being a considerable opportunity to promote local economic development and to secure economic, social, cultural and environmental sustainability by 2030.

The new Welsh European Structural Funds programme has challenging targets for securing new jobs. Given the success in Germany and Denmark to establish transformation in the energy sector through decentralising energy supply with co-operatives at the heart of this work, the relatively new community energy sector in Wales could make a major breakthrough with the right alignment of support and resourcing. Equally the nascent social co-operative movement in Wales and the growing social enterprise sector in care and other areas of the social economy could learn from the transformative success of the Italian social co-operative movement. As we have seen, many of the methods successful in these other countries in Europe are already in action across Wales. But the strategic question is how can this practical and wide ranging innovation be scaled up?

From the evidence gathered through the interviews, case studies and other material in this review of Welsh social economy innovation, there are six emerging social enterprise areas that could form a key part of a foundational economy and regeneration strategy for Wales. The sector areas where new services and job creation can be advanced are:

1. Community Co-operative ownership of assets and services for regeneration
2. Community energy development through co-operative ownership solutions
3. Community recycling as a generator of jobs for disadvantaged groups
4. Social co-operatives for a broad range of social and health care services
5. Home improvement partnerships and low carbon retrofit services
6. Co-operative and mutual housing solutions including Community Land Trusts.

The additional evidence gathered from existing best practices in the above sectors in Wales, England and further afield in Italy, Germany, Denmark, Canada and the USA are helpful to glean the ways and means to implement a foundational economy regeneration strategy that builds on what is successful in other countries and is emerging in Wales.

There are four main areas recommended for development work to lay the mutual foundations for a Collaborative Economy in Wales.

First, public policy and legislative framework development is needed and this should include:

- The formation of a Mutuels Alliance to take forward the recommendations of the Welsh Co-operative and Mutuels Commission's recommendations and to support the wider development of the sector. Members of this group would include the Wales Co-operative Centre, housing mutuels and building societies
- The securing of ministerial support for programmes to implement a broadly agreed strategy
- The inclusion of 'community benefit' within Welsh planning guidance with a recognition of foundational economy services and planning targets like for example those in Scotland to expand community ownership of energy
- A Co-operative and Mutuels strategy unit to ensure the recommendations of the Commission are achieved
- A public service mutualisation framework for Wales that focuses on creating genuine co-ops and mutuels, with collaborative and co-operative innovations in delivery as a starting point, rather than just a menu of legal structures. The framework should support a fuller mutuality for public service 'spin outs', so that these not only empower public sector workers, but also bring in service users and communities as partners
- Welsh Government should create legal and procedural frameworks through which public sector worker 'spin outs' are assisted and encourage the creation of multi-stakeholder mutuels.

Second, the development of effective Collaborative Economy systems including:

- Public social partnerships like the Evergreen Co-operatives in Cleveland, Ohio with local anchor organisations and connectivity to the generative Welsh Government and Wales Co-operative Centre collaboration with housing associations developing co-operative and mutual housing solutions
- Co-operative consortia like Community Lives Consortium for supporting people, Place of Change Cymru and the Mid Wales Social Co-operative Consortium
- Home Improvement Partnerships with CDFIs, local authorities and home improvement agencies like Wessex Resolutions CIC, Street UK and the Robert Owen Community Banking Fund.

Third, the development of social financing and co-operative capital solutions including:

- A joint strategy for Welsh CDFI expansion to finance jobs that should be co-developed by key stakeholders including the Wales Co-operative Centre, Finance Wales, the CDFA, WCVA, Co-operative and Community Finance, Moneyline Cymru, the Robert Owen Community Banking Fund, Charity Bank, Unity Trust Bank and Triodos Bank.
- The involvement of existing practitioners in the development of specialist finance for the sector as part of any future Development Bank for Wales. Any finance should also be properly integrated with support provided by Wales Co-operative Centre through the Social Business Wales operation. Welsh Government should also ensure that social businesses have equal access to investment opportunities through any future Development Bank.
- The development by the Wales Co-operative Centre and Co-operatives UK of a specialist community shares unit for Wales.

- The development by the Wales Co-operative Centre, the Confederation of Co-operative Housing and the National Community Land Trust Network of a specialist Mutual Housing Fund for Wales that could finance a broad range of co-operative and mutual housing including CLTs.
- Collaborative work on forms of seed and patient risk capital for co-operatives like the forms of co-operative capital that have been developed in Italy, Quebec and by Evergreen Co-operatives in Cleveland.

Fourth, the development of a peer-to-peer system of practical co-operative education to support 'Collaborative economy' pathfinders. This should be based upon learning by doing and elements to include:

- Resourcing for practical co-operative economy education using participatory frameworks that foster a collaborative learning culture which allows for skill building by trial and error and supports social economy apprenticeships
- Tailored sector approaches similar to the successful public-social partnership model for co-operative and mutual housing led by the Wales Co-operative Centre
- An adaptation an extension of this collaborative model to forge solidarity and to secure knowledge transfer in the community energy, social co-operative, home improvement, community co-operative, community development finance and community recycling sectors.

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