

Workers Co-op Code of Governance Audit

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CLIENT ENTERPRISE: <small>(Legally registered, not trading name)</small>	Co-operative Assistance Network Limited	
ORGANISATIONAL TYPE:	Workers' Co-ops	
TRADE SECTOR:	CDBs	
REGION:	National (UK or multi-region)	
RESPONDENT(S):	Austen, Brian, Chris, John	
THEIR WORK ROLE(S):	Directors	
ANALYST:	Chris Funnell	
DATE:	06 June 2019	

Please may Co-operative Assistance Network Ltd. hold data for statistical analysis purposes only? Yes No information relating to your enterprise will be revealed to third parties.

To begin the exercise go to Principle 1

Summary	Score
PRINCIPLE 1: Voluntary and open membership	3.8
PRINCIPLE 2: Democratic member control	2.4
PRINCIPLE 3: Member economic participation	3.0
PRINCIPLE 4: Autonomy and independence	2.2
PRINCIPLE 5: Education, training and information	2.4
PRINCIPLE 6: Co-operation among co-operatives	3.7
PRINCIPLE 7: Concern for community	2.2
Overall for the Co-operative (out of 4)	2.8

Consultant's analysis and recommendations

The Co-operative has exhibited some symptoms of democratic decay born of the Directors forming a majority of the Membership. There has been an increased use of digital media at the director level which has enabled increased convenience in discussion and decision making at this level and a richer and more convenient conversation in which other members are not involved. The directors should launch an initiative to ensure that all members are able to participate in the more general policy and strategy discussion. As a small enterprise there are the usual capacity issues and difficulties in ensuring any redundancy in the system or accumulating reserves to meet existential threats. The creation of a risk register is the place to begin work on assessing threats and ensuring a strategic approach to addressing weaknesses in the most appropriate order. Indications are that one requirement will be greater capacity for the existing workforce to substitute for each other in key internal and purchaser-facing roles and, in the not too distant future, the recruitment of younger workers likely to progress to membership. The Co-operative has clearly been going through a period of inner reflection, developing its own thoughts on its social mission and social accountancy, as this phase is completed it will need to think about how to engage with other organisations in developing partnerships and collaborative projects to further that mission. The obvious place to begin this process would be with a stakeholder analysis.

PRINCIPLE 1: Voluntary and open membership

Membership is open to all workers able and willing to accept the responsibilities of membership.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Provide all workers with meaningful information about membership and how to join?	Evidence that new workers do become members of the coop, but the process is not clear and is not always followed.	Most workers become members, but it is not always clear exactly what they are signing up to do.	There is a transparent process for people to become members of the coop which is detailed in written member agreements which are distributed to all prospective members.	There are regular information / training sessions with all new staff about the responsibilities and benefits of membership.	3	Need to work on induction processes for associates and secondees
Provide members with an agreed set of rights and responsibilities (usually a member job description or similar)?	Members attend regular meetings and participate in decision making.	Members are told what is expected of them but there is no role description to refer to.	Have written agreements / role descriptions but they have not been updated recently.	Have a written expectation of membership – membership job description or similar – which is reviewed at regular intervals and updated.	4	
Include a probationary period and membership training for workers who want to become members?	New employees told about probationary period and potential membership when they start.	Rights and responsibilities of membership explained in paperwork given to new members.	Probationary period and thorough membership training offered to new workers.	Member training days offered to all new workers. Probationary period with performance targets and reviews / feedback system.	4	

Principle 1

Offer membership to all workers who are able and willing to accept the responsibilities of membership?	Clear understanding of the membership requirements but no formal process.	Clear pathway that is explained to all new employees.	Clear pathway / process and a membership criteria is written down in policy.	There is a clear process for new members which is reviewed periodically and followed – with new members actually being signed up as they become eligible.	4	
Ensure the majority of workers are members and the majority of members are workers?	There is a functioning membership with worker representation.	There is a functioning membership consisting largely of worker members.	At least half of the workers are members or probationary members.	Co-op supports and encourages membership so that all eligible staff are members or probationary members. The number of worker members is larger than other types of member.	4	
Your score:					4	Go to Principle 2

Principle 2

PRINCIPLE 2: Democratic member control

Members should actively participate in the governance of the co-operative enterprise. One member, one vote. Elected representatives are answerable to the membership.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Ensure members actively participate in the management of the business and long-term planning?	Regular quorate General Meetings attended by members where decisions are made and minuted.	Regular, democratic meetings and a clear organigram / structure detailing how authority is delegated amongst co-op outside of general meetings.	Periodic dedicated strategic planning sessions which members participate in with proposals taken to GM.	Implementation of strategic planning is reported back to members at GM.	1	looking at using Loomio to include Membership in discussion – perhaps by invitation to consultations
Have systems to ensure effective communication, both between the co-operative and its members and between members themselves?	Regular meetings are held and minutes are recorded and distributed to all relevant people.	Regular, democratic meetings and a clear organigram / structure delegating authority for certain decisions to sub groups / individuals.	Individuals / teams with delegated authority regularly report back to DM or GM.	Regular reviews of systems to ensure they are functioning. Processes to report failure in systems.	1	need to develop systems to include Members in “the discussion”
Have collectively agreed delegated authority for individual members to act on behalf of the co-operative where necessary?	No real division of responsibility or authority as all decision making happens at GMs – all members are involved.	Work groups / areas of responsibility clearly separated and structured but decisions made at General Meeting.	Have clear delegated authority defined in policies which allows sub groups to make decisions to certain set levels.	All staff / sub groups are trained on this policy, know how to implement it and can manage their own budgets.	3	need to be clear and write down how circles work and who has authority over budget lines etc.

Principle 2

Follow democratic processes, or have democratic accountability, in all management and governance functions?	Regular, well attended General Meetings and Directors Meetings.	Clear decision making process (e.g. majority vote / consensus etc.) is followed at these meetings.	Meetings are well facilitated and minuted with action points implemented	Sub groups report to Directors who in turn report to Members at General Meeting.	3	gaps in information flows makes some aspects of accountability difficult. Timely implementation of decisions less than perfect.
Do regular reviews of the co-operative's governance and business management processes?	Investigate individual problems when they occur.	Get feedback from co-op Members at regular intervals – such as annual staff appraisals or team meetings – about any issues with the management processes.	Officers in the co-op have individual areas of responsibility in order to notice / rectify issues in processes in their areas.	Review whole structure and systems periodically and propose changes to GM.	4	
Your score:					2	Go to Principle 3

Principle 3

PRINCIPLE 3: Member economic participation

Members democratically control the capital of the business, some of which is common property. Surpluses (profits) are used for developing the co-operative, paying members in proportion to their work for the co-operative and other uses approved by the members.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Have collectively owned financial reserves and capital and allocate a percentage of reserves to maintain this?	Have some reserves.	Have some reserves and a reserves policy which dictates the amount of reserves which should be held.	Co-op is regularly making surplus and allocating some to reserves.	Coop is regularly making a healthy surplus and allocating surplus in line with reserves policy.	2	working on this
Ensure that any individual investments made in the business by members are non-voting and are achievable by most workers?	One member one vote regardless of investment.	Amount of investment required, if any, is reviewed on periodic basis.	Amount of interest earned on investments is reviewed periodically to ensure it is not excessive.	Most workers become members – they are not put off by any large investment requirement.	4	
Have a pay structure and other benefits, including non-financial benefits, which are planned and agreed by members?	Pay rates agreed by Members at General Meeting.	Pay rates periodically reviewed and proposals taken to General Meeting.	Pay rates periodically reviewed against inflation and increases in national living wage / market wage.	Future pay increases are planned strategically and budgeted	3	need to improve Member consultation
Set pay levels which are sufficient to sustain long-term employment and membership and to maintain skills and experience?	All hours are paid at least at minimum wage including time for governance and management	Pay is at national living wage	Pay is at a sufficient level, comparable to market rates.	Good rates of pay attracts people with lots of skills and experience and ensures workers stay at co-op.	2	pay is shit but we know it
Ensure that any surplus is distributed fairly and equitably to members, relative to their contribution.	Co-op is making a surplus but it is put back into reserves.	Co-op is making enough money to distribute some surplus to Members.	Amount to be distributed is agreed by the Members.	Distribution method is based on contribution (e.g. hours worked).	4	
Your score:					3	Go to Principle 4

PRINCIPLE 4: Autonomy and independence

Co-operatives are autonomous enterprises, controlled by their members. Agreements, contracts and financial arrangements with external parties must recognise this.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Have financial controls and financial management – including cash flow forecasts and internal audits – for all parts of the business?	Some finance reports are produced for GM and DM.	Have control systems in place for high risk areas such as cash handling.	Finance reports produced regularly and understood by users. Cash flow updated. Internal audits carried out periodically. Good control systems in place for risk areas, e.g. cash handling.	Financial systems and controls are detailed in a finance policy which is reviewed and updated periodically.	2	under capacity
Actively manage and assign responsibilities for your operations, personnel, marketing and other business functions?	Some responsibilities have been assigned..	There is clarity within the co-op about who is responsible for each area.	There are clear role descriptions and policies which set out the responsibilities and expectations.	Functions report regularly to DM.	4	
Understand and control the risks (internal and external) facing your co-operative and business?	Can discuss the potential risks to the business.	Have detailed assessment of current risks and steps to be taken to minimise them.	Periodic dedicated strategic planning sessions which look to the future and to the risks which may stop the targets being reached.	Review against targets.	1	need risk register and review system, all a bit ad hoc

Principle 4

Build capability to identify and take advantage of business opportunities?	New opportunities identified.	Co-op has the financial resources to take advantage of new opportunity.	Co-op has the staff skillset / resources to implement new opportunities.	Co-op has the resources in place to identify, develop and / or recruit the additional staff skills it needs to meet future objectives.	2	need to assess our agility and ability to respond to larger opportunities
Invest in equipment, premises and technology sufficient to achieve agreed working conditions and efficient operations and long term development?	Current resources are safe and in working order.	Current resources are adequate for current level of production.	Current resources are a good fit for current production levels and enable workforce to work productively and happily.	Current resources are good quality and <i>easily</i> able to meet current demand – meaning there is room in the systems for future increased demand or busy periods.	2	need redundancies in the systems
Benchmark its performance, as a business and a co-operative, against recognised performance standards, for example this Code of Governance?	Once or twice in the past.	Sometimes.	Periodically.	Periodically as part of planned programme of review / audit.	2	need to think about this
Your score:					2	Go to Principle 5

PRINCIPLE 5: Education, training and information

Provide education and training for members, elected representatives, officers, managers and employees to improve their contribution to the development of their co-operative. Promote the nature and benefits of co-operative organisation to the public.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Assess the technical, management and co-operative skills needed to achieve your long term plans and replace key members who leave?	Different jobs and roles are clearly identified.	All jobs have job descriptions & person specs which identify the skills needed to run the business.	HR function manages leavers and new starters and identifies 'skills' gaps when workers leave.	Effective communication between DM and HR function ensures that skills gaps created by new strategic directions are filled by recruiting and / or training.	2	updates required for jds, rds, needs better guidance from directors on what WE needs to achieve
Train all members, prospective members and elected representatives in membership and co-operative skills?	Members pick up skills through being part of the co-op.	There are member agreements and codes of conduct which explain the internal governance processes and guide member interactions.	Members are given a 'manual' which includes guidelines on the skills they will need.	All members receive training and induction in wider co-operative skills which is refreshed periodically.	2	could we look at using our own training product to up our co-operation skills
Encourage members in specialist roles to obtain technical skills and professional development for current and future needs?	Officers are given legal minimum, basic in house training, e.g. H&S.	Officers are offered in house training to develop their wider job skills.	Officers are supported to attend external training courses and networking events related to their area of work.	Workers are supported to identify and pursue wider professional development aims which enhance their vocational and co-op skills and the wider business.	3	policy level 4 implementation level not so.

Principle 5

<p>Develop members and workers in the management skills and techniques needed to permit efficient co-operative business co-ordination?</p>	<p>Workers are given legal minimum, basic essential in house training e.g. on directors responsibilities.</p>	<p>Workers are offered in house training to develop their job skills.</p>	<p>Workers are supported to attend external training courses and networking related to their area of work.</p>	<p>Workers are supported to identify and pursue wider professional development aims which enhance their vocational and co-op skills and the wider business.</p>	<p>2</p>	<p>policy level 4 implementation level not so.</p>
<p>Promote the nature and benefits of co-operative organisation to the public, business partners and customers?</p>	<p>Nothing specific, just through general working practices.</p>	<p>The fact that the business is a co-op is stated clearly on all publicity and website.</p>	<p>Co-operative working is promoted in literature is available from the premises</p>	<p>Actively engage stakeholders in discussions around co-operative working.</p>	<p>3</p>	<p>stakeholders? Good question.</p>
<p>Your score:</p>					<p>2</p>	<p>Go to Principle 6</p>

Principle 6

PRINCIPLE 6: Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together at local, national, regional and international levels.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Network with co-operatives in the locality and industry to share intelligence, understand each others' business needs and goals and support each other?	Some informal contact and networking.	Active engagement with other co-operatives through purchasing policies.	Participate in sector events / workshops.	Regular organised contact to share ideas / experiences etc.	4	
Trade with other co-operatives whenever possible?	Some purchasing from other co-operatives.	Active trading with other co-operatives due to purchasing policies which prioritise co-operative trading.	Actively looking for opportunities to increase co-op to co-op trade.	Regularly review performance against policy.	4	
Find and refer new business opportunities to other co-operatives you know and trust?	Some informal contact and networking.	Active engagement with other co-operatives.	Actively look to pass trade on to other co-ops due to internal policy.	Regularly review performance against policy.	3	
Collaborate with other co-operatives to achieve economies of scale, share costs, access to business opportunities and long-term business development?	Some working with other co-operatives.	Active collaboration with other co-operatives due to policies which prioritise this.	Close working relationship and big participation in local networks.	Regularly review performance against policy.	3	

Principle 6

Practice fair and honest commercial competition between co-operatives?			Have policies which dictate how to work alongside other co-operatives in the area. Particularly those who are in the same trade sector.	Regularly review performance against policy.	4	
Join Co-operatives UK and participate in regional and national co-operative activities to promote, develop and grow the co-operative economy?	Co-ops UK member.	Use Co-ops UK resources.	Attend conferences / meetings etc.	Allow workers to use some paid time to contribute to the movement.	4	
Your score:					4	Go to Principle 7

PRINCIPLE 7: Concern for community

Co-operatives work for the sustainable development of their communities.

Does your co-op:	1	2	3	4	Score 0-4	Please expand on how you feel you meet this criteria if you wish
Actively control the environmental and social impact of your business?	Environmental and social impacts are always considered in decision making.	Has a written environmental policy.	Produces social and environmental accounts.	Sets targets from these accounts and reviews performance against them.	2	have improvement plan
Agree and achieve ethical business standards?	Ethical implications of decisions are discussed.	Clear definition of what the co-operative regards as 'ethical'.	Ethical standards are written into various policies.	Performance reviewed against targets.	0	cannot even remember the values our ethics are based on
Operate at high health and safety and worker welfare standards?	Meet legal minimum Health and Safety requirements for sector. Operate legal minimum standards of employment welfare.	Have higher standard H&S systems which all workers are trained in and using, reflected in a 5* food hygiene rating.	Meet higher standards of worker welfare to ensure that workers are comfortable and happy in their work.	Have a trained staff welfare worker who ensures the wider wellbeing of workers and addresses issues such as stress and conflict.	2	better on policy than practice
Prioritise and promote Fairtrade and other ethical and sustainable initiatives?	Use / sell some Fairtrade (or similar) products.	General commitment to purchase ethically sourced products if possible.	Ethical purchasing policy which prioritises co-ops and ethical / Fairtrade suppliers.	Policy is reviewed periodically and performance assessed.	3	will get cured by new review process

Principle 7

Participate in your local, and wider, community and promote co-operative principles in community activities?	Some local participation.	Attend local conferences / meetings.	Member of Co-ops UK nationally.	National participation – attending and participating in conferences and events.	4	
Your score:					2	