

AN ALTERNATIVE IS POSSIBLE

**MEASURING THE IMPACT
OF COOPERATIVES**



**Ryan Swift and
Marcus Johns**

June 2024

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IPPR North

Suite 4.07

Blackfriars House

Parsonage

Manchester

M3 2JA

E: north@ippr.org

www.ippr.org/north

Registered charity no: 800065 (England and Wales), SC046557 (Scotland)

This paper was first published in June 2024. © IPPR 2024

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ABOUT THE AUTHORS

Dr Ryan Swift is a research fellow at IPPR North.

Marcus Johns is a senior research fellow at IPPR North.

ABOUT THIS PAPER

The purpose of this paper is to identify the benefits that social business models like cooperatives can provide for local economies and communities, and to develop and test a framework for capturing and measuring this value.

ACKNOWLEDGEMENTS

The authors would like to thank all those who contributed to this report, including Luke Myer, Zoë Billingham, Carsten Jung, all our case study interviewees involved with SPACE4, especially Polly Robbins, Natasha Natarajan and Maddy Neghabian, and all those who contributed their views, including Angela Harrington, Angela Moran, David Houlston and Kelly Watson. This research has been supported by the Disrupt Foundation, and we thank Miri Weingarten for her time and guidance.

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Citation

If you are using this document in your own writing, our preferred citation is:
Swift R and Johns M (2024) *An alternative is possible: Measuring the impact of cooperatives*, IPPR North.
<http://www.ippr.org/articles/an-alternative-is-possible-impact-cooperatives>

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SUMMARY

Cooperatives offer a wide range of benefits to local economies and communities. The democratic, sustainable and community-minded nature of cooperative businesses means they often deliver intrinsic value to their members and wider communities.

Yet this impact is not adequately captured by traditional models of appraising economic and social value. To address this, we have developed an alternative framework for measuring the value of cooperatives to both their members and users, and to wider communities and the local economy.

Through exploring the literature, carrying out interviews with cooperative members and relevant experts, undertaking action research by identifying a problem, and developing our thinking and solutions in collaboration with a case study cooperative, we have derived five key themes which demonstrate the more holistic impact of cooperatives:

- economic resilience and sustainability
- economic democracy and member participation
- innovation and inclusivity
- education, skills and training
- solidarity.

We have then developed a value framework (see table 4.1 on p17) to measure cooperatives' performance and impact against each of these five factors. We have identified measures both for cooperative members and the wider cooperative movement, and measures of the wider beneficiaries of cooperatives. Finally, we have tested and applied this framework with our case study organisation.

How we measure economic activity shapes what policy interventions we make. From jobs and economic value to community empowerment and social value, local economies do more than create gross value added (GVA), measured or otherwise. Capturing and considering impact more holistically can drive economic policy that benefits communities in the round more effectively. As this report shows, expanding the scale of the cooperative sector is crucial in the task of creating more resilient and pluralistic local economies which drive this wider community benefit.

Developing and applying alternative approaches like this, which capture and measure the true, holistic value added by social business models, enables those with responsibility for local investment decisions to better understand their value. We argue that with a more informed view, social ownership of businesses and assets would attract more policy support, allowing both cooperatives and local economies to flourish better. Looking ahead, we recommend the following.

- The framework developed here should be applied to and tested with more organisations to continue refining and improving it.
- Cooperatives should use tools like the framework we present here to argue for their wider impact to be better captured by local policy actors.

- Local policy actors should consider wider forms of impact like those set out in the framework when procuring, setting out economic strategies, and designing local investment programmes.
- The broader understanding of value and impact set out in this report and the framework should contribute to wider thinking about measuring local economies beyond jobs and GVA.

1. INTRODUCTION

Across the UK, more than 7,000 cooperatives with nearly 14 million members are shaping local economies, and the sector is growing (Co-operatives UK 2022 & 2021). Collectively, UK cooperatives have a combined turnover of almost £40 billion. The size of the cooperative sector in the UK is, however, smaller than in many comparative European countries (NEF 2018). As this report sets out, there is a need to grow the sector in the UK so that the benefits associated with cooperative business practices can be felt more in our local economies and bring further benefits to communities. This has been recognised; for instance, the Labour Party has pledged to double the size of the cooperative sector should it form the next government (McMahon 2023). Better highlighting and measuring the impact and benefits that cooperatives bring is crucial in achieving such goals.

Cooperatives are an alternative way of driving local economies. Within the wider social economy such as community businesses or mutuals, they represent a different way of operating businesses and engaging in economic activity in local communities. This different model also drives distinct impact: one of the key factors that distinguishes these types of organisations from more conventional businesses is their focus on social value. Economic stability is important to cooperatives but unlike conventional, private business models, they prioritise fairer distribution of wealth over wealth accumulation. The democratic, sustainable and community-minded nature of these businesses also means that they often inherently deliver additional social value.

Despite this, the impact cooperative businesses have and the social value they deliver often go uncaptured. Attempts to collect, aggregate and measure social value end up failing to capture the processes that make businesses successful in delivering social value. As a result, they prevent diverse business models from scaling.

In this report, we seek to broaden the lens of value to better measure the holistic impact of cooperatives. In the context of public sector contracts that increasingly prioritise social value generation, cooperatives should not be left behind or overlooked. Their role is crucial in the wider context of creating more pluralistic local economies and creating a society where economic, environmental and social justice can thrive. It is also essential in the vital task of spreading wealth, power and opportunity across the country, which are deeply unequal today (Johns et al 2024). To this end, the report develops a framework to better evidence that holistic impact, with five key measures for cooperatives' impact:

- economic resilience and sustainability
- economic democracy and member participation
- innovation and inclusivity
- education, skills and training
- solidarity.

We then set out how cooperatives should evidence their impact against these themes.

To do this, the report first considers current approaches to understanding and measuring social value, and how these can often fail to capture value beyond relatively narrow, economic growth-centred metrics. It then sets out how cooperative businesses can add additional value to their members, their networks, local economies and wider communities, before detailing how this can be measured within each of the five key themes identified above. The next section of the report introduces our case study organisation, SPACE4, and highlights the lessons we have taken from them in developing our framework. The report then sets out our framework and a version of it as applied to our case study organisation. The report concludes by considering potential next steps in this agenda.

OUR METHOD

In conducting this analysis and developing the framework, we used a number of research approaches. We drew on the literature concerning social value and the value of cooperatives and other alternative social business models. We engaged with and learnt from a practical case study in the form of SPACE4, a coworking, training and events space located in Islington in north London, set up by tech-for-good worker cooperative Outlandish, to develop and test our framework. We interviewed those involved in the running of SPACE4, as well as individuals from other organisations that operate within the coworking space and from across the wider community, to gain a deeper understanding of their approach to understanding, delivering and measuring value. In addition to this, we consulted other experts, including local government and policy professionals engaged in local economic development. This approach has enabled us to interrogate the current landscape for measuring social value and cooperatives' place within it, and served to inform the impact framework developed here.

2. COOPERATIVES' IMPACT

Traditional understandings of economic value overlook the true extent of cooperatives' impact. In this section, we explore conventional understandings and approaches to measuring value. We then consider how cooperative businesses can provide intrinsic and added value to their members, wider communities and local economies, which often goes uncaptured or underreported in conventional approaches to measuring value. In doing so, we identify and explore five key themes within which we should measure the value of cooperatives: economic resilience and sustainability, economic democracy and member participation, innovation and inclusivity, education, skills and training, and solidarity.

SOCIAL VALUE

Social value has become increasingly important in recent years, particularly for local authorities and their procurement and investment activity. This is largely down to the Public Services (Social Value) Act 2012, which necessitates that authorities and the government should measure and evaluate social value when considering procurement decisions (Social Value Portal 2024a). Social value can be seen as 'a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy whilst minimising damage to the environment' (AGMA 2014, Johns et al 2019).

In the context of the Social Value Act, considerations of social value are generally taken under three key themes: social, economic and environmental. Several frameworks for measuring social value have been developed in response. The most widely recognised is the national TOMs - Themes, Outcomes and Measures - framework (Social Value Portal 2024b). Such 'off-the-shelf' frameworks can prove useful for organisations in measuring and assessing social value. But some of our interviewees suggested that they often focus on 'surface level' value, and predominantly on quantifying economic benefits (Interview). It was suggested that wider social benefits can be in danger of being regarded as a positive 'bit on the side', and that there tends to be little focus on 'placemaking' (Interview).

Recognising some of these deficiencies, there have increasingly been attempts to broaden the definitions of social value beyond the relatively narrow scope of the Social Value Act; some organisations are seeking to take a broader, more holistic view of social value, and to capture 'net positive benefits' (Interview). Indeed, many local and combined authorities have taken steps in this direction, developing their own frameworks with broader definitions of social, economic and environmental value beyond minimum measurements legally required.

Notable examples include the Liverpool City Region (2023) Combined Authority which has developed a framework that seeks to 'explore new ways of creating, measuring and reviewing Social Value across the organisation'. Local authorities such as Islington Council (2013), where this report's case-study organisation is based, and councils such as Preston have taken a particularly positive approach to engaging with social businesses, pioneering the co-called 'Preston model' and

helping to seed-fund a range of cooperative businesses (Brown and Jones 2021, LGA 2020, NEF 2018).

Greater Manchester Combined Authority (2022) is another positive example of an authority taking additional steps in considering value more holistically. Practitioners involved with the work there highlighted how they have been on a 'continuous journey' to evolve their approach to understanding value. In particular, they noted how the authority has sought to introduce changes to help assessments of social value in order to help smaller organisations (Interview).

Nevertheless, experts and practitioners in Greater Manchester noted that there remain a number of challenges with measuring social value that can be especially difficult for smaller organisations and those operating on an alternative business model such as cooperatives. They noted that smaller organisations often lose out to larger ones when it comes to putting the case forward for their value. In part, this may be down to issues of capacity in terms of bid writing, but it was also suggested that some businesses can struggle to articulate the added value they provide (Interview). It was recognised that lighter touch 'Yes/No questions', and an approach that focused on thresholds for achievement rather than purely quantifying value, would be positive (Interview). When it comes to cooperatives specifically, it was noted that supply chains are sometimes considered but current measures of value do not differentiate between business model types (Interview).

COOPERATIVES' SOCIAL VALUE

A crucial issue with many of the different approaches to measuring social value, therefore, is that they can fail to take into account the added value that can be delivered from alternative business model and ownership approaches such as cooperatives (Co-operatives UK 2019, CCN 2023). The democratic, sustainable and community-minded nature of these businesses can often inherently deliver additional social value to both members and the wider community. This added value often goes beyond the forms of social value that are typically measured and considered in common approaches to procurement in our local economies (Co-operatives UK 2019). Cooperatives and other forms of community business have a wide-ranging and positive impact in their areas delivering social value and empowering the communities and local economies in which they operate (Lockey and Glover 2019; McKinley et al 2020).

COOPERATIVE VALUES

1. Caring for others
2. Democracy
3. Equity
4. Equality
5. Honesty
6. Openness
7. Self help
8. Self responsibility
9. Solidarity
10. Social responsibility

(International Cooperative Alliance 2018)

Cooperatives are accountable to their members. Their ownership model allows every member to have an equal, democratic stake in their enterprise; members can be individuals, businesses, or other cooperatives (Ling 2006). Unlike organisations where majority shareholders carry the most power, cooperatives need to demonstrate value to the majority of members (Shamsuddin et al 2018; Simkhada 2017). Given that their membership is primarily drawn from the communities they serve, this approach drives an inherent value for such communities. Cooperatives also seek to benefit society more widely and are guided by social values that include equality, equity, solidarity, social responsibility and caring for others.

Given all of this, there is strong case for cooperatives and other social businesses to be supported to play greater roles in our communities and local economies. Ideally, cooperatives and other social business models should be expanded and become more commonplace in our local economies. That means both the scaling up of existing social businesses and the creation of new ones.

MEASURING IMPACT

What is measured defines goals pursued and shapes policy interventions. To expand these models, there is a need to develop alternative ways of measuring the value and impact they can add, which are often not adequately captured at present. A senior figure in our cooperative case study organisation said that traditional frameworks can be ‘haphazard’ and ‘confused’. They suggested that ‘sometimes TOMs feels like a tick-box exercise rather than genuinely shifting the narrative around impact’ (Interview). They felt that there is a need for alternative frameworks that offer greater flexibility. This is vital for such businesses so that they can better measure and demonstrate the positive benefits they can deliver. It is also important for local and combined authorities to help them better assess how investing in organisations with alternative models of ownership can deliver wider benefits to communities and places, beyond those that are typically measured and quantified by existing frameworks. One expert suggested that there is a need to take a more qualitative and tailored approach to measure the impact of alternative businesses (Interview). We have sought to keep these reflections in mind while making sure to develop a framework that can be seen to be robust and widely applicable.

To shape a better framework that more holistically captures the benefits of cooperatives and the wider social economy, the following factors should be reflected.

First, the business practices of cooperatives mean they are more likely to display **economic resilience and sustainability** when compared to typical, more extractive, business models. Their ownership model and the fact that they do not need to pay out dividends to shareholders means that they tend to be more economically resilient than other forms of business (LGA 2020, Lockey and Glover 2019, NEF 2018). Cooperatives are also more likely to invest in the local economy, boosting local economic sustainability (LGA 2020). Their business model means that profits are often ‘diverted back into community projects or allocated among members, thus sharing risks and rewards’ (McKinley et al 2020). This also means that cooperatives can deliver more locally felt economic benefits (ibid). Cooperatives can therefore play a crucial role in ‘sustainable wealth creation’ in communities (Lockey and Glover 2019).

Second, cooperatives and other social businesses play a key role in supporting **economic democracy** through membership participation. This is due to strong levels of membership participation in successful cooperative and social economy

models. There is a vital need to spread wealth, power and opportunity across the country (Johns et al 2024); better utilised forms of economic democracy can play a key role in this (Dibb et al 2021). A basic measure for the extent and health of economic democracy within cooperatives is how far members are empowered when it comes to decision making and input. The extent to which wider beneficiaries and stakeholders can feed into the organisation and its decision making can also be indicative of the health of economic democracy within cooperatives.

Third, cooperatives and social businesses can bring benefits in terms of **innovation and inclusivity** when it comes to their organisational and workplace practices. For example, there is evidence to suggest that 'large employee-owned businesses are more likely than large non-employee-owned businesses to seek innovative ideas from staff' (Lockey and Glover 2019). Cooperatives can also often prove to be 'leading examples of innovation in organisational structure and design' (ibid). This means that, compared to other business models, they can tend to perform more strongly when it comes to staff inclusion and the ways in which this is reflected in decision making, pay and staff satisfaction (Co-operatives UK 2019). Metrics such as pay ratios generally, economic inequality impacts, worker and other stakeholder participation in decision making, and established wellbeing indicators such as absence levels, employee turnover and accidents/injuries at work' could reflect these benefits (ibid). It was recognised by an expert interviewee that frameworks measuring value should do much more to consider social innovation and diversity (Interview).

Fourth, cooperatives often bring benefits in terms of providing **education, skills and training** both for cooperative members and to the wider community. Successful cooperatives often invest time and resources to equip their members to take on roles and responsibilities (Co-operatives UK 2019). That these members are likely to be workers in the business, service users or members of the local community therefore brings wider social benefits (ibid). Moreover, extended outreach work by cooperatives in the form of education, skills and training for members of the local community is not uncommon. This practice is another way in which cooperatives rooted in local communities can bring about a range of social benefits for both tangible and intangible community infrastructure (LGA 2020). As highlighted by one of our interviewees, this is increasingly recognised as very important in some emerging measures of value (Interview). There is a growing need to capture it.

Fifth, **solidarity** is central to the social economy, and cooperatives' role within it. This includes the way that individual cooperatives contribute to building up the wider social economy movement, whether providing infrastructure, partnership working and financial support, or membership of sectoral organisations and campaigns. Just as they seek benefits for and from their members, cooperatives often look to benefit their 'apex organisation'. Apex organisations are the national bodies under which the cooperatives operate, and which champion support for cooperative movements nationally (Mellor 2009). These bodies carry out national-level activities to promote cooperatives and help them to organise and multiply (Franken and Cook 2014). Cooperatives should therefore seek to apply similar measures to assess their own participation 'upwards', as they do to assess that of their membership. Beyond basic participation metrics, when thinking about solidarity, cooperatives should seek to measure how well they are delivering their members' priorities, both in terms of directly serving their interests and meeting the wider cooperative values. Attention should also be paid to the 'horizontal' solidarity of cooperatives and social businesses, including the wider impact they have in the social economy and cooperative infrastructure in their communities.

TOWARDS AN IMPACT FRAMEWORK

Expanding the definition of value to better measure the holistic impact of cooperatives is vital to identifying how the sector can be expanded by local actors, as this report argues. This is crucial in the wider context of creating a society where economic, environmental and social justice can thrive. By getting to the heart of how alternative business models can help deliver social value and empower the communities and local economies in which they operate, we can begin to build a more robust evidence base. In doing so, we can develop thinking and leadership in creating more pluralistic local economies and the positive role that cooperatives can play in it (Lockey and Glover 2019, McKinley et al 2020).

Bringing together this discussion points towards an impact framework using the above five lenses, which we now explore from the perspective of a case study cooperative.

3.

COOPERATIVE CASE STUDY: OUTLANDISH/SPACE4

SPACE4 is a coworking, training and events space located in Islington, north London. SPACE4 is dedicated to supporting digital activists and social innovators, and the generation of progressive ideas. SPACE4 was set up by a 'tech-for-good' worker cooperative called Outlandish. Outlandish is owned by its members, and the profits it generates are invested in prototyping and developing new projects for social change, with SPACE4 being one of these projects. It is also a co-founder of CoTech, a network of UK technology cooperatives. SPACE4 is supported by Islington Council and is part of their Affordable Workspace programme.

Through interviews with members of the cooperative and wider beneficiaries such as working space users and organisations, we have gained a rich insight into the case study and tested our measurement framework. SPACE4's aims and ambitions are aligned with wider cooperative values. Its key aims centre on fostering relationships, playing a role in the wider cooperative movement, and being a positive part of the local community in Islington (Interview). It was noted that the organisation has a positive, 'really strong' relationship with Islington Council, who have provided support to SPACE4 and other businesses operating in the coworking space (Interview). But the social value of SPACE4 is still measured by the council using the TOMs framework, and there is a sense that this approach fails to capture the whole value and impact it creates.

Our interviews provided important insights that have helped to shape the themes and metrics used in the framework. When it comes to economic resilience and sustainability, SPACE4 users recognised that cooperatives in general had proved more resilient than some other forms of business, particularly during the pandemic (Interview). It was also acknowledged by users that despite being a business and needing to make money, the nature of SPACE4 as a cooperative meant that profit making was not its sole purpose and it had more capacity to pursue wider activities in the sector and community, which other businesses may not.

There was a sense among space users that SPACE4 valued their input. It was felt that that all space users have considerable autonomy to shape the space, that there is collective ownership of the space, and that users and organisations operating at SPACE4 felt as though they were more than 'just a tenant' (Interviews). It was noted that there were regular opportunities for space users to feed in and have their voices heard, although one interviewee did suggest that there should perhaps be more informal channels for doing so, particularly to benefit newer space users (Interview).

Overall, though, there was a sense that the health of the democracy within the cooperative was robust. There was a clear recognition that the organisation embraced and shared the cooperative ethos of inclusivity and transparency in decision making, not just with members but with all space users and organisations. It was noted that this satisfaction among members, space users and the wider community was a bigger priority than continuous growth (Interview).

Our interviews also touched on the nature of innovation and inclusivity within the space. It was suggested that the space felt welcoming for people of different backgrounds (Interview). Additionally, it was highlighted that there is significant 'autonomy' for users to innovate in the space through putting on social activities and events, and broadening the community (Interview).

The role that SPACE4 and other organisations within the coworking space play in providing education, skills and training was widely recognised. In particular, there is a strong tradition of events and experiences that bring in and expand the tech sector in the wider community (Interview). There were also several positive examples of members engaging more proactively with others in the community beyond the sector – for example, putting on events and training at local libraries and schools (Interview). It was noted that Islington Council had played a positive role in supporting these initiatives.

Finally, on solidarity, there was widespread recognition that SPACE4 and many space users were well integrated with and played a key role in both the wider social economy movement, particularly in the local area, and with other organisations in the sector (Interview). There was a view, however, that perhaps more could be done to engage local residents and the community outside the movement and the tech sector (Interview).

Taken together, these insights highlight the many positives that cooperatives can bring across each of the key themes identified in this report. They also highlight learnings that can be taken on board to ensure that cooperatives can have even greater impacts in their local communities. In the framework presented in the next section, we have drawn on the findings from our case study and interviews, alongside the evidence of the wider literature, to identify key metrics under each theme that cooperatives should consider in order to evidence their value and impact to their members and users, and to wider communities and the local economy. Our case study organisation, SPACE4, has tested and applied this framework to itself in order to highlight its use.

4.

IMPACT FRAMEWORK

Better measuring the impact of cooperatives is possible, helping to evidence the ways they holistically shape their local economies. In this section, we present a framework for doing so which builds on the discussion above, alongside practical insights gained from engaging our case study organisation and applying the framework to SPACE4.

The framework in table 4.1 seeks to measure organisation against the five key themes discussed above: economic resilience and sustainability, economic democracy and member participation, innovation and inclusivity, education, skills and training, and solidarity. We then discuss learnings from its application to Outlandish/SPACE4, our case study, and its subsequent refinement.

This framework allows for measuring the value of cooperatives to both their members and users, and to wider communities and the local economy. It aims to capture and demonstrate to local policy actors the broader suite of impacts driven by cooperatives, and the benefits that can be secured by supporting them, and likely felt in the wider social economy.

APPLYING THE FRAMEWORK: SPACE4/OUTLANDISH

We developed this framework in collaboration with our case study cooperative, SPACE4, as part of our action research approach. This approach and engagement with the case study organisation revealed that despite recognition of the positive role that qualitative case study examples of value can have, there was a preference to develop a framework that can allow for the value of cooperatives to be better captured and measured quantitatively. It was recognised by SPACE4 workers that quantitative metrics were increasingly favoured by councils and other procuring organisations currently using some of the more common approaches to measuring value, such as the TOMs framework. So that the wider value and impact of cooperatives can be recognised and accounted for, we developed a framework in which cooperatives are likely to be able to quantitatively demonstrate their intrinsic value across a range of indicators above and beyond what is possible under existing frameworks.

To highlight this, we asked SPACE4 workers to consider how each of the indicators could be measured by their organisation if they were to use this framework to highlight their value to others. We asked them to consider which indicators could be readily and precisely quantified, which could be effectively measured although not precisely quantified, and which are intrinsically difficult to quantify or effectively measure but can be qualified. This approach has enabled us to demonstrate how this framework could be used effectively by cooperatives in practice.

TABLE 4.1: FRAMEWORK FOR MEASURING THE IMPACT OF COOPERATIVES

	Economic resilience and sustainability	Economic democracy and member participation	Innovation and inclusivity	Education, skills and training	Solidarity
Indicator	COOP STAFF AND MOVEMENT				
	Top wage as a % of revenue (pro rata)	No. of financial decisions made by coop staff	% of staff on flexible hours	No. of paid hours spent on upskilling and training coop staff	No. of paid hours spent by coop staff engaging with coops and apex organisations – eg Co-operatives UK/International Cooperative Alliance
	Bottom wage as a % of revenue (pro rata)	% of staff contributing to strategic and financial decisions	% of staff coming from underprivileged backgrounds, eg women, disabled people, minority ethnicities, no university degree	£ spent on external training for coop staff	£ contributed to cooperatives and apex organisations
	% of revenue kept within the coop	% of revenue spent on staff costs in internal meetings	£ spent on development of innovative tools and projects, determined by coop staff (time + costs)	No. of hours spent on coop development training + awareness delivered to the public	£ loaned to cooperatives
	% of staff receiving a pay rise since previous year/quarter/month	No. of tiers of management			£ trade with other coops, mutuals or not-for-profit organisations
					£ invested into social economy eg social business, community projects etc.
	WIDER BENEFICIARIES				
	£ value of contracts gained by beneficiaries through association with the coop	No. of hours spent by beneficiaries inputting on the direction of the coop	No. of beneficiaries adopting / using coop values in their work as a result of association with the coop	No. of hours of education, skills and training given by beneficiaries	£ contributed to cooperatives and apex organisations by beneficiaries
	£ value of in-kind support received by beneficiaries from the coop		£ spent on development of innovative tools and projects by the beneficiaries, determined by staff (time + costs)	No. of hours of education, skills and training received by beneficiaries	£ loaned to cooperatives by beneficiaries
					£ trade with other coops, mutuals or not-for-profit organisations by beneficiaries

Source: Authors' analysis

TABLE 4.2: TESTING THE USE OF THE IMPACT FRAMEWORK ON SPACE4/OUTLANDISH

Applying our impact framework to our case study organisation to assess how possible it is to measure their impact

	Economic resilience and sustainability	Economic democracy and member participation	Innovation and inclusivity	Education, skills and training	Solidarity
Indicator	COOP STAFF AND MOVEMENT				
	Top wage as a % of revenue (pro rata)	No. of financial decisions made by coop staff	% of staff on flexible hours	No. of paid hours spent on upskilling and training coop staff	No. of paid hours spent by coop staff engaging with coops and apex organisations – eg Co-operatives UK/International Cooperative Alliance
	Bottom wage as a % of revenue (pro rata)	% of staff contributing to strategic and financial decisions	% of staff coming from underprivileged backgrounds, eg women, disabled people, minority ethnicities, no university degree	£ spent on external training for coop staff	£ contributed to cooperatives and apex organisations
	% of revenue kept within the coop	% of revenue spent on staff costs in internal meetings	£ spent on development of innovative tools and projects, determined by coop staff (time + costs)	No. of hours spent on coop development training + awareness delivered to the public	£ loaned to cooperatives
	% of staff receiving a pay rise since previous year/quarter/month	No. of tiers of management			£ trade with other coops, mutuals or not-for-profit organisations
					£ invested into social economy - eg social business, community projects etc.
	WIDER BENEFICIARIES				
	£ value of contracts gained by beneficiaries through association with the coop	No. of hours spent by beneficiaries inputting on the direction of the coop	No. of beneficiaries adopting/using coop values in their work as a result of association with the coop	No. of hours of education, skills and training given by beneficiaries	£ contributed to cooperatives and apex organisations by beneficiaries
	£ value of in-kind support received by beneficiaries from the coop		£ spent on development of innovative tools and projects by the beneficiaries, determined by staff (time + costs)	No. of hours of education, skills and training received by beneficiaries	£ loaned to cooperatives by beneficiaries
					£ trade with other coops, mutuals or not-for-profit organisations by beneficiaries

Green impact can be readily and precisely quantified

Yellow impact can be effectively measured, although not precisely quantified

Source: Authors' analysis in collaboration with SPACE4

Following the development and testing of the framework, we asked SPACE4 workers to apply it to their organisation, detailing how it measures against each of the indicators. They were able to do this for the majority of indicators, especially those pertaining to the internal finances of the cooperative and its engagement with the cooperative movement. Some others, however, where more consistent monitoring might have been required earlier in order to measure them accurately, such as the number of paid hours spent on upskilling and training co-op staff, were more difficult to provide a precise figure for. The organisation found that it had more quantifiable figures to hand when it came to the indicators on the value provided to cooperative members and staff compared to those provided to wider beneficiaries. Overall, this approach in applying the framework has highlighted to us and SPACE4 how frameworks like the one developed here can be used in practice to measure the value and impact of cooperatives. It has also shown, however, that cooperatives must be aware of the metrics that they are to be judged and measured against in order to ensure that they can adequately capture and measure their value to be able to demonstrate it fully.

4.

CONCLUSION

Cooperatives are an alternative way of sustainably driving local economies. They represent a different way of operating businesses and engaging in economic activity in local communities. The democratic, sustainable and community-minded nature of cooperative businesses means that they often already deliver intrinsic value to their members and wider communities.

Despite this, the impact such businesses have and the social value they deliver often goes uncaptured. We have found that conventional measures of social value can tend to be narrowly focused on economic benefits, overlooking broader forms of social value – those forms of value that are particularly important to cooperatives and the social economy. This can serve to prevent diverse business models from scaling. A better framework for capturing wider value is required to ensure that cooperatives receive the attention and investment needed in order to shape more productive, resilient, inclusive and pluralistic local economies. In the future, local and combined authorities will need to recognise this improved framework when considering the relative merits of different business types, whether in local commissioning or other business support activity.

In this report, we have broadened the lens of value to better measure that holistic impact and value of cooperatives. In doing so, we have developed an alternative framework for measuring the value of cooperatives based on five key criteria: economic resilience and sustainability, economic democracy and member participation, innovation and inclusivity, education, skills and training, and solidarity. The development of this framework has been informed by interviews and action research with a case study cooperative organisation, SPACE4. Its insights have enabled us to develop and shape a framework that is rooted in the values of cooperatives and sets out clear measurable indicators of value for both cooperative members and the wider cooperative movement, and measures on the wider beneficiaries of cooperatives.

The clearer picture of cooperatives' value and the framework for measuring it that are set out in this report are the next step in policy thinking towards scaling up and expanding the role that the social economy can play in our local economies and communities. Looking ahead, we recommend the following.

- The framework developed here should be applied to and tested with more organisations to continue refining and improving it.
- Cooperatives should use tools like the framework we present here to argue for their wider impact to be better captured by local policy actors.
- Local policy actors should consider wider forms of impact like those set out in the framework when procuring, setting out economic strategies, and designing local investment programmes.
- The broader understanding of value and impact set out in this report and the framework should contribute to wider thinking about measuring local economies beyond jobs and GVA.

This is crucial because the task of spreading wealth, power and opportunity across the country is urgent and vital. Democratic, sustainable, community-minded organisations like cooperatives and the wider social economy can advance this cause, helping to create more resilient and pluralistic local economies.

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