Diverse organisational models to address economic, environmental and social challenges:

Examples and implications of alternatives to mainstream business

A working paper to stimulate debate and action

By Andrea Westall, June 2022

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About the author

Andrea Westall is an economist, public policy consultant and sustainability strategist. She has worked in public policy design and implementation at local, national and international levels, in areas such as innovation and science policy, social economy, inclusive and sustainable economies, sustainable development, corporate law, employment and social care. Andrea also has wide-ranging practical experience of working in business, social economy organisations and community initiatives. From 2020 to 2022 she was an Advisor to Friends Provident Foundation (FPF) on the theme of ownership, power and control, and has represented FPF on the Corporate Advisory Group of the British Academy initiative, The Future of the Corporation.

About Friends Provident Foundation

Friends Provident Foundation is an independent charity that makes grants and uses its endowment towards a fair and sustainable economic system that serves society. They connect, fund, invest and share learning to shape an economy that works for all.

About the report

This report was written to support a masterclass for the University of York Management School held on 2 February 2022 which explored the potential and implications of diverse organisational models in creating a more socially and environmentally responsive economy.

Since only a short period of time was available for this work, the approach taken was to outline eight case studies that illustrate diverse ways of structuring business activity that differ from the widespread and established model of external equity ownership and governance. Ongoing changes and refinements to the examples provided, particularly those that are just starting out, mean that the details here were correct as of March 2022.

The report is designed to be a starting point for further actions and discussion between stakeholders. There is a need for far greater awareness of examples like this, as well as easier access to practical information and support on different ways to structure organisations and businesses. This lack of information also restricts useful academic analysis of what works and how.

This kind of work has been done before, in different ways. However, the potential and impact of a more diverse set of business and organisational models has, in the UK at least, been of marginal interest. This has been particularly obvious in recent international business discussions about discovering and embedding the 'purpose' or 'mission' of a firm, or using a wider range of sustainability indicators (such as those used to demonstrate environment, social and governance (ESG) performance). Such discussions have disregarded, or lacked knowledge of, examples of structuring economic activity that already work in this way. It was fascinating, if slightly dispiriting, in the masterclass to hear comments such as, "Why did we not know about these examples?"

Timing matters. This is therefore a short working paper designed to re-ignite this discussion, at a time – post Covid-19 and with a renewed sense of climate and ecological urgency – when it may have maximum impact.

Some of the examples used have received grants and support from Friends Provident Foundation (FPF). In addition, some of the wider reflections result from an FPF webinar held in December 2020, which was designed to explore the ongoing opportunities and challenges of organisations seeking to rethink and renew local economies, and how these could be resolved.[i]

Acknowledgements

Introduction

Income and wealth inequality, environmental degradation and rapid technological change are some of the most difficult challenges facing the world today. We know that government policy will not be enough to successfully tackle them. Discussions on the role of business in society have been ongoing for decades, but the latest existential debate on the role of business in society started with the 2008/09 financial crisis. In 2015, the United Nations' Sustainable Development Goals (SDGs) helped to place and reinforce a wide range of social and environmental issues, such as global heating, biodiversity and 'decent' work, more firmly within the ambit of 'corporate responsibility'.[ii] And, driven by the impact of Covid-19, there has been further and more profound thinking about the social and environmental impacts of mainstream business activity, to the point where there has been talk of 'capitalism in crisis'.[iii]

Discussions have revolved around whether the alignment of business goals with wider societal needs and impacts (now and in the future) can be significantly improved, or at the very least the detrimental effects of business lessened or removed. The purpose and structure of large corporate organisations (as well as other business models focused primarily on creating financial returns for shareholders or owner-managers) is under scrutiny, propelling approaches such as the 'purpose-led' company, and increasing numbers of B Corporation certifications.[iv]

There has been a shift, at least in language, from shareholder primacy to 'stakeholder capitalism'. In addition, the finance community has shown more interest in using ESG criteria for capital allocation, not just to reduce risk but also to respond to future opportunity.[v] The extent to which these trends will continue in ways that are truly impactful is unclear.[vi]

However, critical attention seems predominantly to focus on particular models of business – generally large, publicly traded companies. This means that great swathes of economic activity, from small firms to privately owned (including family) companies are ignored.

This narrow view of the 'right' way to do things additionally omits *precisely* those businesses or organisations that are already, or always have been, using structures, ownership and governance models, incentives and practices that prioritise social or environmental value creation. These examples are the focus of this report. Not currently a significant part of the UK economy, they often demonstrate ways of working that tend to be more collaborative and trusting as opposed to hierarchical or incentivised purely by financial performance metrics. They generally involve different kinds of participatory or democratic governance that balance the interests and contributions of different stakeholders.

Such examples include co-operatives, mutuals, employee ownership, trusts, social enterprises and businesses exploring new models of company structure and/or multi-stakeholder governance (such as Riversimple). Some would identify themselves as part of an alternative 'social economy', whilst others consider themselves part of the mainstream, albeit one that needs to be radically transformed.

The uniting thread of these case studies is that they all restrict or exclude dominant ownership by external investor shareholders, and are not motivated primarily by short-term profit maximisation and distribution.[vii] It is an indication of the predominance of a narrow business model that many people may be surprised to know that Arup is an employee-owned company, the *Guardian* is owned by a trust, and Royal London is a mutual.

This report outlines eight examples that illustrate the diversity of organisational models, suggests some reasons for their relative invisibility, and recommends ways in which similar organisations can grow in both awareness and number.

The importance, but lack, of organisational diversity in the UK

Alternative organisational and business models, some well established and others new, illustrate different ways to pursue economic activity and align with wider societal needs and environmental concerns, both in the short and long run. This is not to say that they have all the solutions, or are effective in achieving the goals and impacts that they aspire to. However, since they are already living those values, governance and ownership models, they provide practical examples of what works and what doesn't.

International evidence suggest that a diversity of business and organisational models is important for economic resilience.[viii] We do not know what the future holds, and different organisational and business models will be more or less able to respond. Some are completely throwing away the rule book. For example, Riversimple has thought from scratch about how a business should or could work in today's world.

But different organisational models, such as co-operatives, mutuals or employee-owned businesses, have remained marginal rather than transformational in the UK. Data is extremely difficult to collect and analyse, but is indicative. For example, a paper published by the Joseph Rowntree Foundation in 2017 tried to assess the relative size and composition of the UK's social economy. It found, using European Union data, that the social economy accounted for about 5.6% of the UK economy, with the majority being the voluntary sector (82%), and with a far smaller proportion of co-operatives and mutuals than in most other countries. The average for all EU countries was 6.5% with a maximum of 11.2%.[ix] In New Zealand, 20% of the economy's GDP is accounted for by the top 30 co-operatives.[x] These statistics omit many alternative business models, such as employee-owned companies or those owned by non-profit foundations (for example, Robert Bosch in Germany), a structure that in Denmark accounts for about 70% of the stock market.[xi]

There are many reasons for this situation. One is that business models other than external shareholder-owned companies have generally been seen, particularly by the UK Government, as a response to 'market failure' (in other words, enabling people who have been excluded from mainstream markets to access employment, or affordable goods or services) rather than having the ability to 'transform', or provide an alternative to, current market systems and models. This is particularly the case with respect to the umbrella concept of 'social enterprise'. Despite its recognition through a Social Enterprise Unit within the then Department of Trade and Industry in 2002, responsibility for this brief was subsequently moved to the Office of the Third Sector, and then to the Department for Culture, Media and Sport (DCMS). Models such as co-operatives or mutuals (for example, building societies), and well-known employee-owned companies such as John Lewis, are perceived as idiosyncratic one-offs, or anachronistic approaches.

This inability to recognise a diversity of business models is the result of a narrow but pervasive view of economics and efficient business practice that has legitimated and reinforced a particular model of business activity.[xii] The result is that many people do not know about different possible ways to structure economic activity. Additionally, and relatedly, finance providers, business support (legal or advisory) and policy design reinforce this limited view, posing challenges of perception and market structure for organisations trying to do something different.

It also seems that, despite there being some rigorous analysis of their differential and comparative effects, there is not enough strong evidence to challenge the prevailing consensus.[xiii] And, where it does exist, it is fragmented between the narrow specialisms and accepted approaches of different academic journals and university departments. As a result, academic research and the case studies used in many business schools appear to focus primarily on large corporates.

Alternatives to the mainstream business model

This section sets out some examples of these alternative approaches to structuring economic activity, and the different ways in which people can work effectively and make decisions. They draw from a range of approaches and traditions, or are experimenting with new ways of working. They fundamentally question some of the truisms of the 'right' way to do things. Many of these examples also come up against barriers that prevent them from flourishing or being replicated.

Manufacturing: Riversimple

Riversimple is a United Kingdom-based manufacturer of hydrogen-powered fuel cell cars. Right from the start, part of the idea behind Riversimple was to innovate the corporate structure, redefining the relationship of stakeholders to the different values created by economic activity . They felt that mainstream business models were outdated, and did not appropriately incentivise the key stakeholders. Founder Hugo Spowers has said, "It is much easier to design new business models to suit these conditions than to try to tweak business models that were designed to do something fundamentally different."[xiv] They argue that they are therefore re-visioning the way that businesses are structured by internalising market failures through "embedding the purpose structurally in the governance of the company" whilst keeping to the current (at least presumed) primacy of shareholder value in UK law.[xv] "Building a successful and resilient business to thrive within the constraints of the 21st century demands a new approach – to technology, to business model, to corporate governance."[xvi] Riversimple has adopted circular economy principles with a defined purpose: "To pursue, systematically, the elimination of the environmental impact of personal transport." It emphasizes that it is "manifestly a 'for profit' business, in which delivering social and environmental return enhances profit rather than competing with it". The car will be offered as a service, not a product, and they use a 'distributed manufacturing' approach, whereby production will happen in local areas where there is enough demand, rather than being tied to one production outlet. This reduces transport costs and impacts, as well as potentially spreading job creation around the UK.

Their governance model, which they call Future GuardianTM Governance, involves six not-for-profit legal entities or custodian bodies (companies limited by guarantee) which are the voting equity members of Riversimple Holding Ltd (see diagram).[xvii] They jointly appoint the board, which is there to serve all stakeholders and balance their interests. These companies represent the environment, customers, community, staff, investors and commercial partners. They hold 'A' Custodian Shares, which are voting but have no equity rights.

This **multi-stakeholder shareholder governance** model therefore represents the interests of the six key stakeholder groups that they believe contribute to the success of the company, and who should receive appropriate 'benefit streams', rather than dominance by investors alone. They are each represented by specific individuals (Custodians) who are chosen by the different groups.

Non-voting or 'B' shares are issued in Riversimple Holding Ltd. These can be held by external investors who can also choose whether or not to become members of Investor Custodian Ltd to enable them to vote on their company directors and Custodian. Any voting rights for investors are channelled through the Investor Custodian, elected by investors through one share, one vote. At present, the investor benefit stream is the only one that is monetised.

The role of the Custodian representatives is to assess and agree on the appropriate benefit streams and any related distributions. Examples could be dividends in the case of investors, or clean air in the case of the community. They balance these different distributions and benefits, ensuring that the company is fulfilling its overall purpose. The Operating Board is answerable at the AGM to the Custodians, who approve the strategy and any board appointments. In order to deal with any potential conflicts of interest in the Operating Board, there is an independent Stewards' Board appointed by Custodians. There is currently one Steward, who reports monthly to the Custodians. Stewards are similar to non-executives, taking on delegated duties, such as appointing and approving audits of the six different benefit streams. They ensure that stakeholder needs are reflected in day-to-day operations. Any Custodian concerns go via the Stewards to the

Operating Board. This approach is recognised as a compound board, not a supervisory board. It provides checks and balances, and in effect acts like a 'critical friend'.[xviii]

Riversimple also believe that they operate not through hierarchical management but more as a network. Their development finance has come through equity investment from "family offices, crowdfunding [via Seedrs] and grants", as well as The British Business Bank and the Development Bank of Wales.[xix]

Organisational structure

Investor Custodian Ltd	Environment Custodian Ltd	Customer Custodian Ltd	Staff Custodian Ltd	Commercial Partners Custodian Ltd	Community Custodian Ltd

Riversimple Holding Ltd

Riversimple Engineering Ltd	Riversimple Movement Ltd	Riversimple Ideas Ltd

Historic IP   Trading   Current IP

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Governance structure

Investor Custodian	Environment Custodian	Customer Custodian	Staff Custodian	Commercial Partners Custodian	Community Custodian

Operating Board   Stewards' Board

Compound board

The social care sector

The social care sector in the UK is struggling with trying to balance the need to provide a high standard of care, with being able to offer caregivers decent pay and terms and conditions. Government discussions about how best to fund this provision, and the benefits of bringing the health and social care systems together, are ongoing.[xx]

The following two examples were set up not only to address the current challenges, but also to radically reformulate the model of care, from one where the care recipient has little control to one where they have agency and trusted relationships with care workers. The examples here illustrate two different ways of achieving this aim: one bootstrapping from grants to self-sufficiency; and the other adopting a more capital-intensive approach using a platform cooperative model.[xxi]

North West Care Co-Operative

The North West Care Co-Operative (NWCC) is a group of **unincorporated co-operatives supported by a service company** set up in local areas to provide both trusted care and decent work and pay.

NWCC was set up as a two-year pilot in 2018 for people accessing care who may, for example, have difficulty finding trusted personal assistants (PAs), or struggle with the administration and responsibilities of being an employer, for example by providing sick pay. They also set out to tackle the endemic problem in the sector of PAs often receiving very low pay and having little ability to control their hours or manage time off for sickness or holiday.

The individual co-ops are owned and controlled by their members: user members (those receiving care – Principal members), supporter members (those who advocate for people who are vulnerable or very young) and employee members (PAs).

Each co-op is supported by the not-for-profit service company NWCC Ltd, which, in addition to managing the payment of PAs, also ensures Care Quality Commission (CQC) standards and regulatory requirements are met, and appropriate training is available. NWCC is a Registered Manager with the CQC and sets the PAs' pay rate, including a 20% fee to cover leave, national insurance, pensions and a sickness fund, as well as the support function itself.

Two key benefits of the approach are that NWCC can reduce overheads, and PAs are part of self-managed teams, rather than working in isolation. NWCC is able to pay a relatively higher wage to PAs than would be possible in either the public or private sector, and provide holiday pay and sick leave.

Most of the people who join these co-ops are in receipt of Direct Payments or Personal Health Budgets, either for themselves or their dependents. Some people are directly referred from a local authority. Each person in need of care has a group of PAs that they know and trust, and whom they can call on when their 'main' PA is unavailable.

Adjustments to the co-ops' daily operations are made by consensus at monthly online meetings. Decisions that require more substantial policy change are made at one of four formal General Meetings per year. These can be made on a one person, one vote basis but are usually by consensus, as a result of the trust created and discussions held during the monthly online meetings.

The co-ops are therefore self-managed, with guidance and mentoring from NWCC Ltd. The philosophy is that of distributed management, rather than top-down hierarchy using key performance indicators. The co-ops are underpinned by the principles of trust and relationships, partly based on the self-managed Buurtzorg model of social care, which originated in the Netherlands.[xxii] This approach perceives social care not as a 'deficit' but as a way to enable people to live life well, with support happening 'with' users and not 'to' them. The Principal Members also support the PAs, not just the other way around. The idea is that these kinds of relationships form a 'circle' and a 'community of care'.

The co-operative's size is restricted to around 15–18 people, to ensure that those receiving care trust and know all the PAs (and with enough PAs to provide cover when necessary) and so that each member's voice can be heard. There are also limits to the number of co-ops that NWCC can manage. Therefore NWCC feel that franchising may offer a better approach to growth than expansion within one group structure.

NWCC Ltd is the trading arm of Disability Positive, a charity and the project sponsor. Its directors include the three CEOs of the disabled people user-led organisations that bid for the initial project funding from Disability Research into Independent Living and Learning (DRILL UK): Disability Positive (Cheshire), Breakthrough UK (Manchester) and Disability Equality North West (Lancashire). There is also a Trustee, and Head of Finance, from Disability Positive, as well as the Chair of the Chester co-operative, with likely involvement of the other two developing co-ops and others as the model expands.

NWCC's development finance included a business loan and the Community Fund during Covid-19. They are not intending to take on external equity finance, and would rather grow organically, since they have few capital requirements.

NWCC group of co-operatives
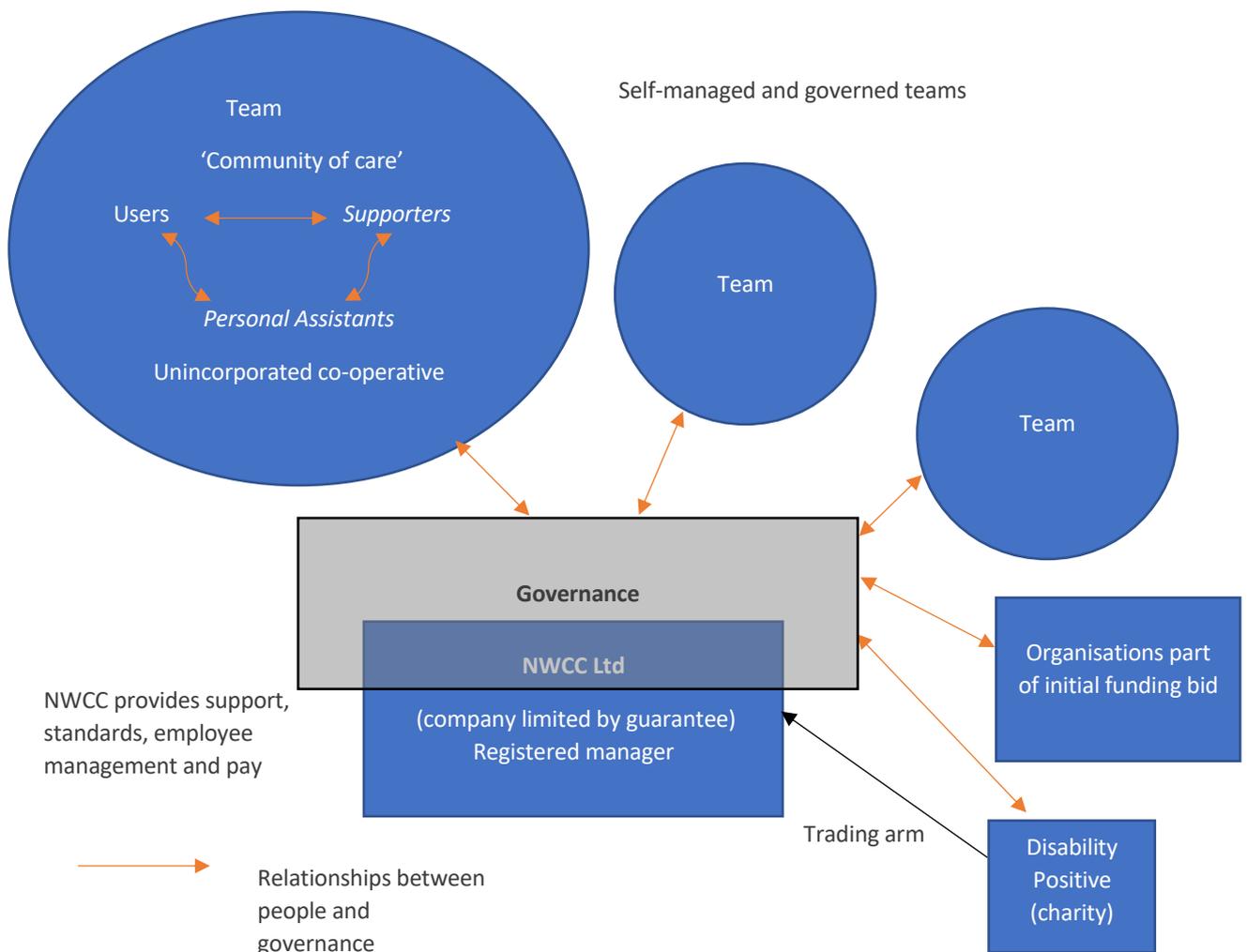
Equal Care Co-op

The Equal Care Co-op is an example of **a multi-stakeholder platform co-operative**. It was set up to address the challenges of low pay and staff shortages in the social care sector.[xxiii] It brings together support workers and care recipients through a co-operative digital platform, and is designed, like NWCC, to shift the standard power relations in care, which are transactional and hierarchical, so that the person receiving care is the one in control, and to nurture equal, trusted and mutual relationships between people.

Emma Back, the founder, said at the start of their journey, "[We] want to see a care and support system which puts the relationship between giver and receiver first, shares power and allows care and support to exist in abundance... We're not looking at increasing the price of social care, we're just using the platform as a tool to achieve enough efficiencies so that more of it can go to the worker." One crucial part of the venture is to more easily match workers and carers. "Rather than the people being supported feeling out of control, the co-op will allow them and their families to choose who cares for them. And instead of care workers having no say over their work, they will be able to choose the kind of work they do, who they support and whether or not they want to be self-employed or opt for the security of formal employment."[xxiv] Peer support is also part of the model. People who receive care can offer support themselves and be fairly rewarded for the skills and experience they share with others.

The development of Equal Care is ongoing. Care happens primarily through Teams, which are 'owned' by the person receiving support. The Team members, with whom they are matched, include care and support workers, volunteers, family members and peer support. The Team owners, or their advocate, choose the members and they all together mutually determine how they will work within the framework of Equal Care's policies, procedures and training.

The Teams are supported by Circles. Circles are groups of people who give support in a local area, and who are responsible for enabling Teams, for example through recruitment, starting new Teams, or solving problems. Each Circle has a group agreement with the wider co-op. Anyone involved can become a member of the overall co-op, and any future incorporated Circles would become organisational members.
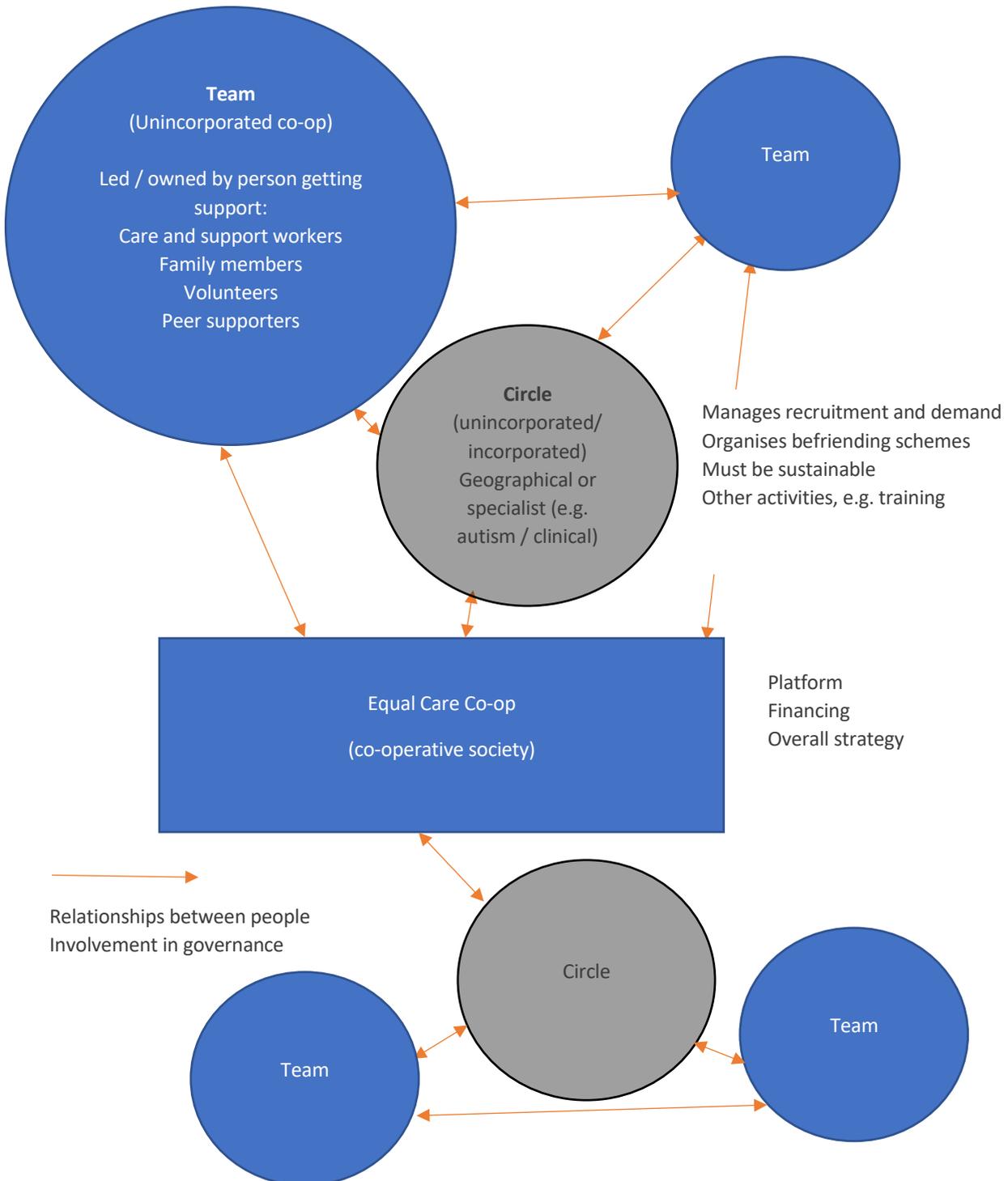
The first Equal Care Circles were based in Yorkshire. There is now also a Circle based in Hackney, London, which currently focuses on system change in care, such as training and workshops in relationship-based care, and commissioning in partnership with local councils and other local home care providers. They are looking to launch Equal Care in London.

The idea for the Equal Care approach arose following a challenge and accelerator initiative, UnFound, run by Co-operatives UK. Start-up support came from the Paul Hamlyn Foundation, Nesta ShareLab, Reach Foundation, Finance Innovation Lab and Bright Ideas. Using a blended finance approach, they are growing and developing by the use of further loan finance (from, for example, the Booster Fund and the Open Society Foundation), and community shares. These co-operative community shares can be withdrawn, but not transferred or traded. Since they are a co-operative, the capital value of the share cannot change. Rather, these kinds of shares can attract interest, and their withdrawal may be withheld by a Board for a period of time to enable appropriate cash flow and financing.

In order to further develop the technical infrastructure of their platform, Equal Care are exploring different ways of accessing investment that fits with co-op principles as well as the capital needs of a platform co-operative. These different approaches are a follow-on from the Community Shares model, which they have successfully used to generate first seed and then working capital. For example, they have explored a revenue sharing model (percentage return to a limit) along the lines of that used by another platform co-operative in the US, the Drivers Co-operative.[xxv] They are looking at adapting this model within a UK co-operative context and to enable scope for flexible investment to support a spectrum of investor interests ranging from the philanthropic through to impact investing (with return). It is likely that any such methods will require Financial Conduct Authority (FCA) approval and the amendment of the co-operative rules for Equal Care. Emma Back believes that these changes will benefit other similar organisations, since they are likely to be

innovative approaches that challenge historical structures and norms. Although there is a higher upfront cost to working in this way, bringing a form of co-operative investment within the regulatory scope of the FCA is likely to promote investor confidence and open avenues for alternative investable structures currently closed to co-ops, which currently face a basic choice of community shares or bonds.

The results so far indicate that Equal Care has had positive effects on the quality of care and on support workers. For example, it has proved beneficial in supporting family members to go back to work, and workers experience respected, decently-paid employment. One Team owner said: "The stress we experienced with previous care companies has not been there at all with Equal Care. I don't think you have any idea how much better it is than what we had before – it's just a different world."[xxvi]

Team
(Unincorporated co-op)

Led / owned by person getting support:
Care and support workers
Family members
Volunteers
Peer supporters

Team

Circle
(unincorporated/ incorporated)
Geographical or specialist (e.g. autism / clinical)

Manages recruitment and demand
Organises befriending schemes
Must be sustainable
Other activities, e.g. training

Equal Care Co-op

(co-operative society)

Platform
Financing
Overall strategy

Relationships between people
Involvement in governance

Circle

Team

Team

Land use: Project Skyline

Project Skyline began in 2018 with a feasibility study to explore passing the control of large tracts of public land in the South Wales Valleys to local people through the use of long-term leases (or land management agreements), giving "communities a connection to landscape that can provide income, jobs, a place of social and cultural activity, and a home for nature".[xxvii] The aim is to transfer the land into community stewardship, moving away from 'distant' ownership and control by the public sector, toward local people. This is seen to be particularly important in an area where the demise of the coalfields left a legacy of little local employment, ill health, shorter life expectancy, low educational attainment and reduced pride in the local area.

Inspired by nearly 600 community land and building ownership initiatives in Scotland, Project Skyline used innovative ways to engage people and provide a vision for the area.[xxviii] Through consultations and events, they showed that it would be possible for local people to generate livelihoods and wellbeing whilst also stewarding the environment at scale over the long term. With support from ecologists, legal experts and others, their proposed future included local businesses and jobs from timber processing, hydroelectric, a forest school, and ways for people to interact with the landscape to improve health and wellbeing.

One area, Trehebert, at the top of the Rhonda Valley in South Wales, secured funding from the Welsh Government's Foundational Economy Challenge Fund. Three initiatives then went ahead to secure this land transfer and vision.[xxix] A Future Forest Vision for 550 hectares of public forest around Trehebert is being co-produced by 30 local residents in partnership with National Resource Wales (NRW) for wider sharing in 2022.

A community-owned social enterprise has started to provide forest management and create apprenticeships. They are also developing a social value approach using the National TOMs framework developed by Social Value Portal to identify the non-financial value that can be delivered in environmental improvements, carbon capture, job creation and others, to argue for and enable community asset transfer. Project Skyline is also seen as fitting with the trajectory in Wales outlined in the Well-being of Future Generations (Wales) Act, 2015.

The idea of stewardship was felt to be more important than ownership per se, which would not be as practical in this area of Wales as it has been in Scotland because of the potential liabilities attached to the history of the land as ex-coalfields. Project Skyline believe that the key requirement is economic control through a bundle of rights to access, exclusivity and financial asset control over the long term to enable long-term decision making. The transfer in effect gives people the power to control and use assets through a long-term lease.

In terms of proposed governance and supportive legal models, a not-for-profit organisation Welcome to Our Woods (WTW Ltd) had been established to receive and administer a Lottery Grant and employ staff. It was a company limited by guarantee, with a closed membership. As the Skyline Project began, they needed to develop an organisation with an open, community membership, and with a constitution that gave local people control.

They explored various models, such as membership community interest company (CIC), charitable incorporated organisation (CIO), and company limited by guarantee (CLG), with the possibility of becoming a charity or a co-operative land trust. However, since there was a need for the community to also control other assets of the existing WtoW Ltd – for example, the freehold of an old brewery site in the woods, and the remainder of the grant – they decided to change the memorandum and articles of association of WtoW Ltd itself to incorporate their membership criteria and clarify their objects. Their identified goals are to further "the social, economic and environmental interests of the community" through the development of the land and local economy "following the principles of sustainable management of natural resources" and providing "sustainable environmental enhancements" such as the promotion of bio-diversity and "to support the community's use of the forest and landscape to promote physical and mental wellbeing, exercise, social and cultural expression, opportunities for volunteering and training".[xxx]

The board structure ensures that resident-appointed directors outnumber other appointed directors, giving the community ultimate control. Non-resident appointed directors enable representation and buy-in from the local authority, National Resource Wales and other social enterprises.

The legal model used was a pragmatic choice in order to manage the grants and expertise required, and to transition to a situation where the community is in control. They see themselves as not-for-profit, able to set up subsidiaries for trading arms, and with their objects agreed through public consultation. The initial 35 'pioneer' community members informed the decision making, and this number is set to increase.

Organisational and ownership structure
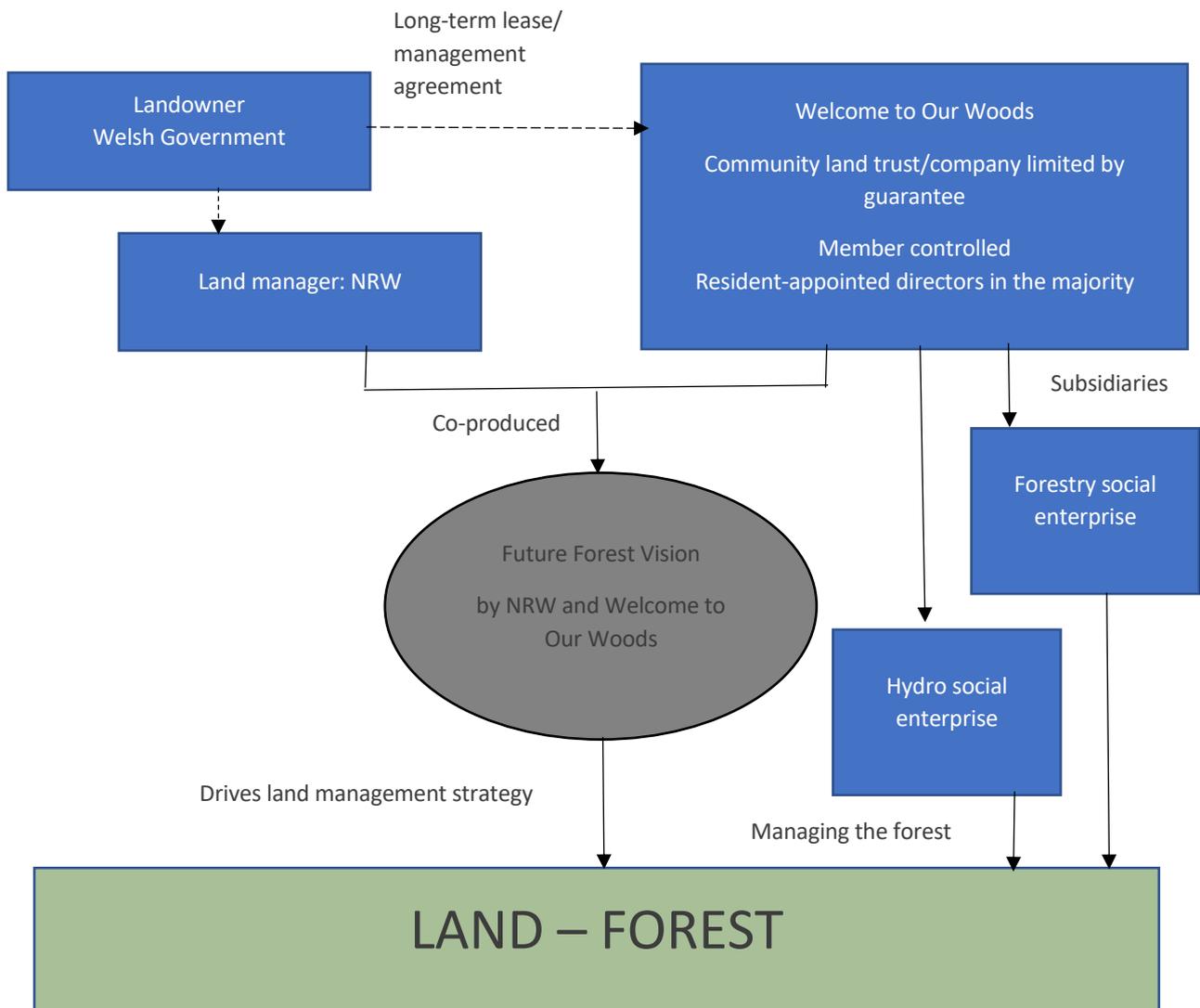
Stages over time	Past	Co-design	Co-management	Leaseholder stewardship
Landownership	Welsh Government	Welsh Government	Welsh Government	Welsh Government
Land manager	NRW	NRW	NRW / community	Community
Community organisation	None	Community Land Trust (with wide membership)	Community Land Trust (controlling) Forestry social enterprise	Community Land Trust (controlling) Forestry social enterprise
Community engagement	Consultation on NRW forest plans	Co-production of Future Forest Vision	Co-production of Future Forest Vision	Community management plan (approved by NRW)
Forest	Commercial forestry Single species 50 year clear fell cycle	Community forest Mixed woodland Continuous cover	Community forest Mixed woodland Continuous cover	Community forest Mixed woodland Continuous cover
	Local values not reflected No community control No local economic benefit Narrow objectives	Local values reflected In-direct community control No local economic benefit Multiple objectives	Local values reflected Some community control Local economic benefit Multiple objectives	Local values reflected Full community control Local economic benefits Multiple objectives

Combining the circular economy and social justice …

In the past, environmental and social justice concerns have often been tackled separately. However, here is a recent example of the attempt to create a business model combining circular economy principles with social justice and wellbeing. These multiple outcomes have been created not through a single organisation, but through a joint venture.

… through a joint venture

The Onion Collective (a women-led community enterprise) together with Biohm (a purpose-led biotechnology company), planned and developed a 50:50 profit-sharing joint venture – Biomill Watchet – to create a 'community bio-manufacturing industry' in Watchet, Somerset.

Unfortunately, due to practical issues and organisational cultural differences, this initiative is not progressing further. Additionally, the original idea of 50:50 ownership was not possible in practice due to the restrictions of the UK's Enterprise Investment Scheme (EIS), which resulted in 49:51 ownership in favour of Biohm rather than parity. The learning will not be lost. There are plans to rethink this vision of an alternative industrial model.[xxxi] Nevertheless, this example provides a great deal of learning and showcases a way to create a "new, circular and inclusive 21st century industrial future".[xxxii]

Watchet is a coastal and rural area on the south coast of England that has suffered from a lack of job opportunities. Onion Collective wanted to create more jobs and increase local pride through a 'community industry project' whereby the focus was not on making the community more business-like, but making business more community-focused. Onion's profit share would be used to benefit the local community, providing direct impact though job creation and increased civic pride.[xxxiii]

After a feasibility study, they felt that the most aligned initiative would be a bio-based material industry. They subsequently worked in partnership with Biohm – a biotech company – to explore how circular design and socially just economics could work together to create what they called the first 'community bio-manufacturing industry'. The aim was to build a facility to produce insulation panels using by-products of local waste resources (collected from other organisations and businesses), broken down by fungi, with an additional future goal of breaking down plastic.

The project was developed with the community, using research and whole-town open workshops, as well as a broadly representative community panel overseeing values and outcomes, with the results becoming part of their articles of association. The articles include clearly stated objectives of impact on the environment, skills and education, justice and enterprise.

In terms of governance, because of the reality of the 51:49 ownership split arising from EIS requirements, and the stipulation that the chair would be a Biohm representative with a casting vote, the rules were designed so that a significant majority or unanimous vote would be required for major decisions. The agreement between partners also included guiding principles such as respect, collaboration and impact.

This example demonstrates a way to contribute to a new local economic model, particularly for areas with low income and employment. It aimed to circulate and distribute wealth, and create a more ecological approach to the economy.[xxxiv] There has been interest in the project from governments in Portugal, Germany and the Netherlands, who have approached Biohm to explore similar joint ventures.[xxxv]

Generalised design for a joint venture between a community business and an environmental technology company
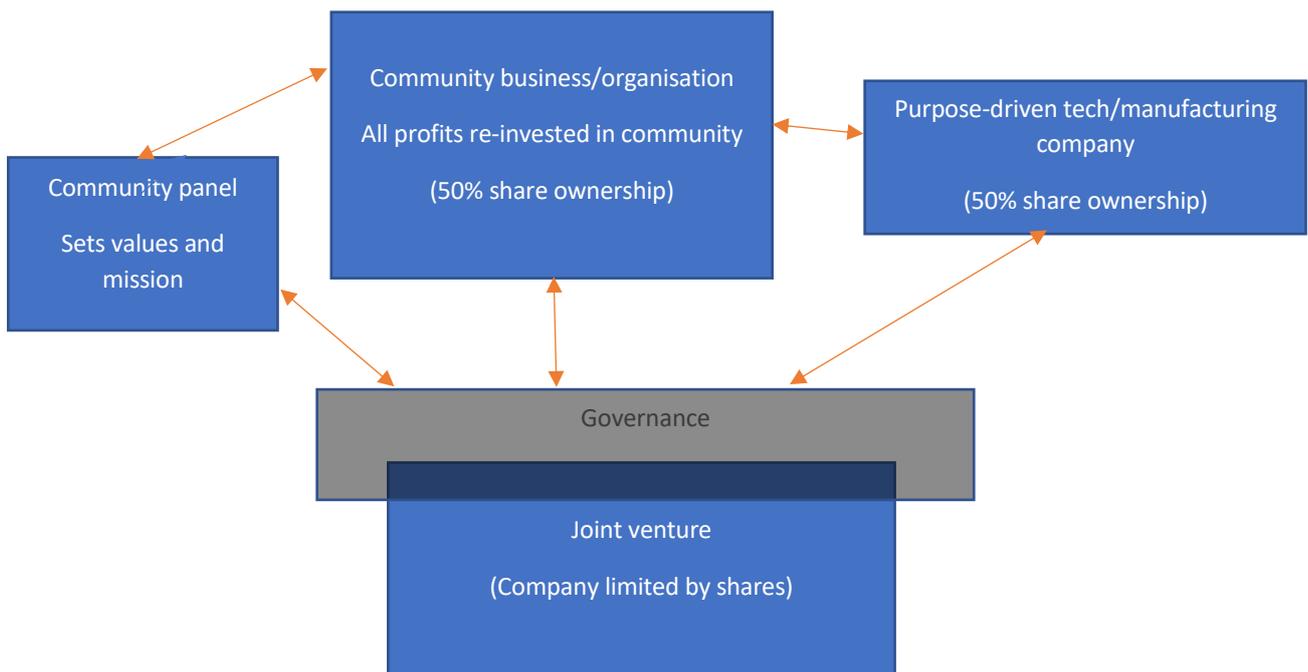
Water utility: Glas Cymru**Error! Hyperlink reference not valid.**

Glas Cymru is a "single purpose company formed to own, finance and manage Welsh Water (Dŵr Cymru)". It is a 'company limited by guarantee' and, because it has no shareholders, any financial surpluses are retained for the benefit of Welsh Water's customers." It is a public utility regulated by Ofwat, with the primary purpose of "providing high quality water and sewerage services to the communities served by Welsh Water."

Glas Cymru Holdings Ltd owns a group of companies (see diagram below). They bought Welsh Water in 2015 through a £1.9 billion bond issue. According to their 2021 *Governance Report* about 60 members are selected by an independent Member Selection Panel to reflect customer and stakeholder interests.[xxxvi] Panel members are unpaid and "hold the Board to account for the stewardship of our assets and for providing an essential public service in a manner which will be sustainable for future generations".

Their 2021 *Annual Investor Update* sets out the financing structure.[xxxvii] Their capital-intensive operations are financed by bonds and retained surplus. They believe that this approach reduces the cost of financing assets, and therefore enables them to lower customer bills and build reserves as a cushion against unexpected future costs. Welsh Water was bought in 2015 by Glas Cymru through a £1.9 billion bond issue.

Glas Cymru's future plans incorporate a "long-term vision which will help us address the many challenges that lie ahead – from climate and demographic change to the pace of technological change and also to increasing customer expectations".[xxxviii] Their strategy is also aligned with the seven goals of the Welsh Government's Well-being of Future Generations (Wales) Act, even though this is not a statutory requirement. According to their 2020 *Annual Investor Update*, in 2019/20 they scored the top position on the UK Customer Satisfaction Index.[xxxix]

There is a policy and procedure for the selection and appointment of the members of Glas Cymru Holdings Cyfyngedig, and the role of members is further explained in the Members' Handbook.xl

"Members are drawn from a wide variety of backgrounds and geographic areas. They listen as 'critical friends' of the company and form a key part of the 'checks and balances' system of governance. Having this system of governance helps to ensure that Dŵr Cymru continues to be able to attract funding for service improvements which benefit our 1.4 million customers and to retain the confidence of our customers and other key stakeholders."

```
Member selection panel
        ↕
Membership of about 60
Glas Cymru Holdings
        ↕
Executive board
```
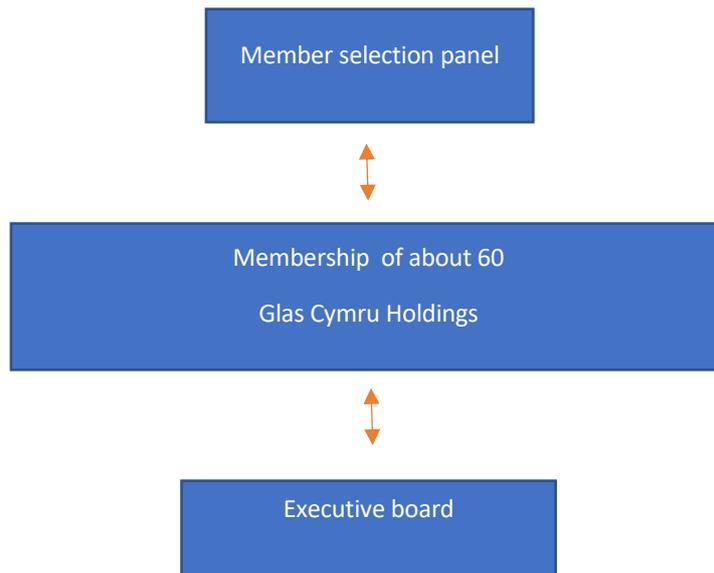
Glas Cymru organisational structure


```
Glas Cymru
Holdings
Cyfynegedig
    │
    ├──────────── Welsh Water
    │             Holdings Ltd
Glas Cymru          │
Anghyfyngedig     Welsh Water
    │             Infrastructure Ltd
Glas Cymru          │
(Securities)        ├──── Welsh Water ──── Welsh Water
Cyfyngedig          │     Organic Energy    Organic Waste Ltd
    │               │     (Cardiff) Ltd
Dwr Cymru         Welsh Water
(Holdings) Ltd    Organic Energy Ltd
    │               │
    │             Dwr Cymru
    └──────────── (Financing) UK Plc
Dwr Cymru
Cyfyngedig
```
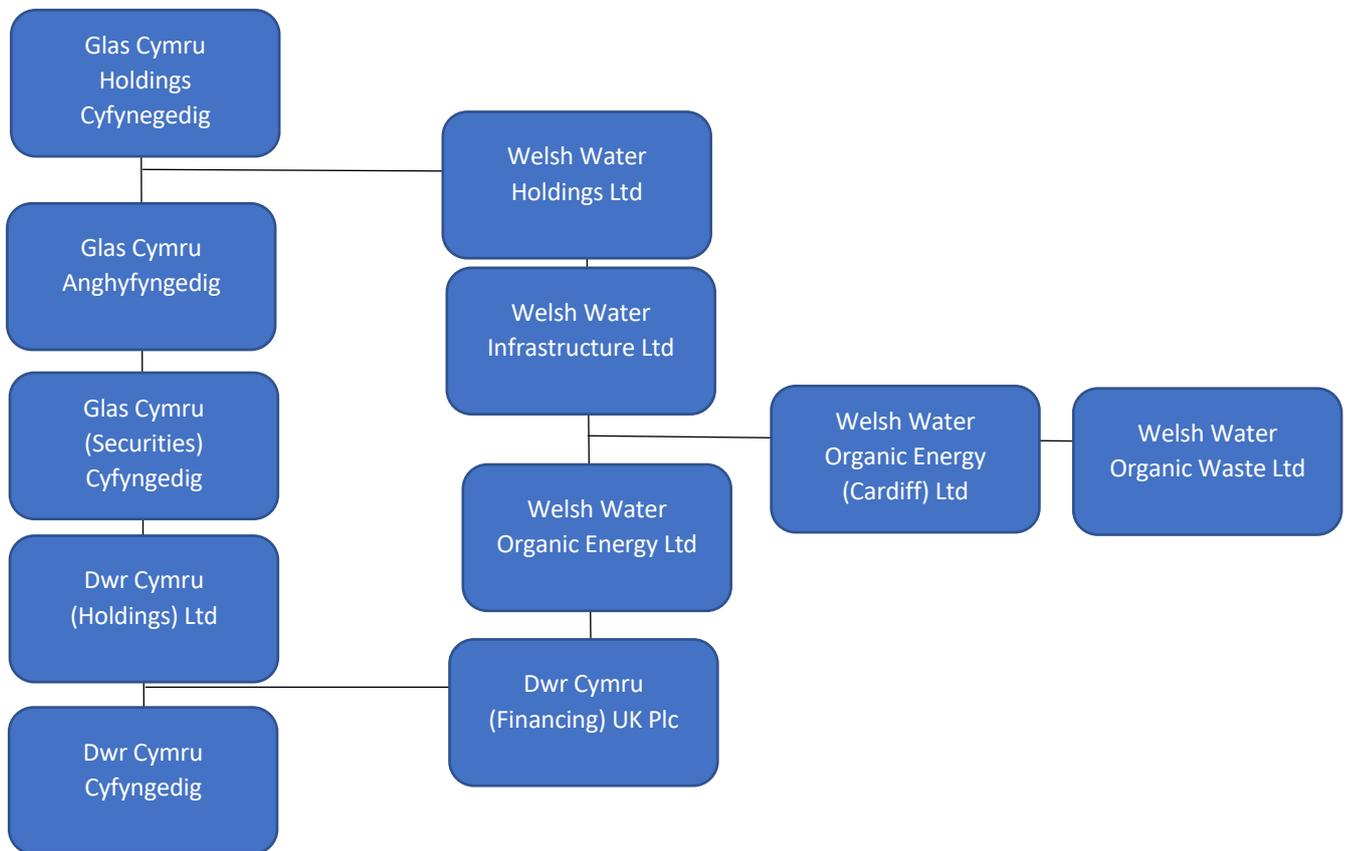
Adapted from Welsh Water (2022) 'Company structure'.

Finance: Snowball

Snowball is a "multi-manager impact fund… investing in public and private market funds which contribute towards social equity and environmental solutions." It enables people to invest both to support "their own financial future and the future of people and the planet" and ensures that this opportunity is available to all investors "no matter how much money they have" – from as little as £50 with a risk-adjusted annual return of about 6–7%, net of fees, over the long term. It operates

within the framework of the SDGs, is 'mission-led', transparent, with low costs. After five years of operation it has £23 million and 39 investors, of whom 29 are fund managers.[xli]

The objective in the short term is to create a multi-asset fund with social and environmental impact and, in the longer term, to change capital markets for social and environmental purposes, as well as return.

Starting in 2017, Snowball was initially structured as an LLP of five partners with equal votes: Friends Provident Foundation, Golden Bottle Trust, Panahpur, Skagen Conscience Capital, Gower Street and The Taylor Family Foundation. They then created a limited partnership general partnership (LPGP) model, with the initial founders becoming the GP with a board and non-executive directors (the Snowball Impact Management Company). The management company is not-for-profit, with excess returns going to reduce fees. This approach distinguishes them from mainstream asset management funds. As a result, they call themselves a 'shareholder-focused' fund.

The LP is the investor vehicle that will enable Snowball to capitalise to the point at which they can become an investment trust, converting to a company limited by shares and listing on the Stock Exchange. All the LP investors receive a return, except the founders initially as a way to ensure that the impact fund can build. They have articles of association and an investment agreement which includes their theory of change and mission.

When they convert to a company limited by shares, and in order to safeguard the mission of the organisation, there will be a Golden Share, owned either by a charity or a CIC made up of the founder organisations. This Golden Share will prevent changes to the articles and/or guard against a takeover.

Governance will include a Purpose Committee where all investors, however much they invest, will be able to elect representatives through 'one member, one vote'. This design will enable democratic accountability and reduce the dominance of any significant investor shareholder. The Purpose Committee will ensure a high standard of impact and progress the mission, with its chair being part of the board. The Purpose Committee will also have the power to call the board and management to account; approve any changes to the impact approach; and have the right to consultation and engagement with the divestment policy. It will also have a right to address the AGM on impact performance, and how Snowball is progressing its mission. This approach will ensure that active participation and accountability is embedded and locked in.

Finding a way to list Snowball in a way that preserves their aims and mission over time and against takeover was difficult. They took advice from, amongst others, the Judge Management School in Cambridge in order to explore different legal forms, governance arrangements and the constraints of current Stock Exchange listing rules. Snowball in effect needed to innovate their own model and journey. In order to 'lock in' their purpose, they have also become a B Corp. They differ from the majority of investment companies by reporting annually, not quarterly. Their employment incentives follow a John Lewis-style bonus scheme. In other words, a bonus pot pays fixed percentages of salaries, hence incentivising through cash, and not shares.
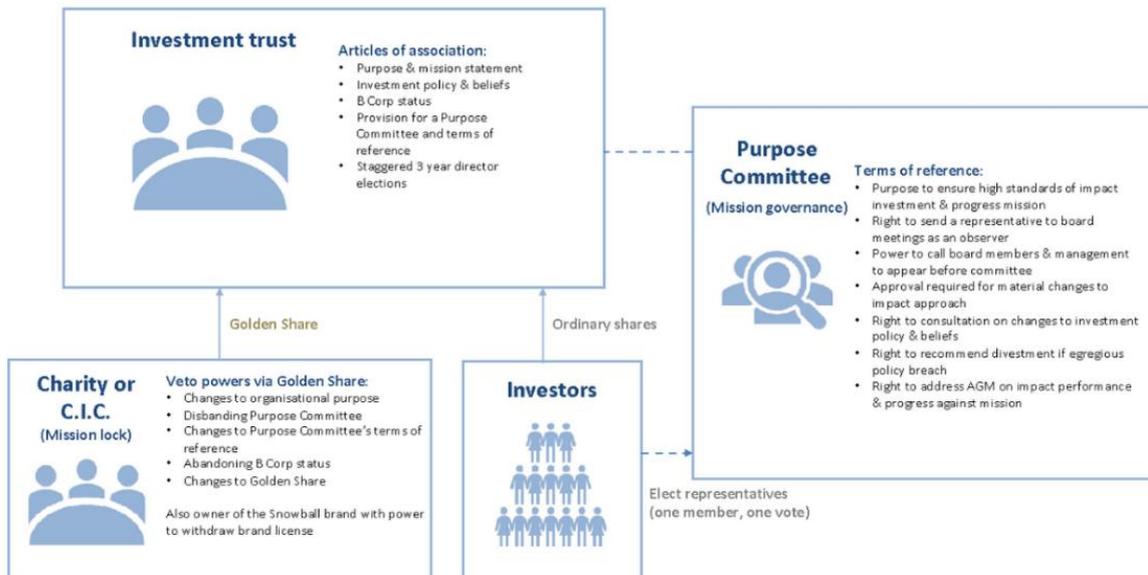
Snowball – Theory of Change

Purpose:
Short term – Mult- asset class impact investment fund that gives social and environmental impact the same emphasis as financial risk and return, establishing higher standards and new best practice for the sector.
Long-term – Systemic change in capital markets to operate for social and environmental purpose as well as financial return. All financial investment shapes a better world.

Limited liability partnership (short term)

Proof of concept:
- Develop investment strategy, policies and processes that gives social and environmental impact the same emphasis as financial risk and return
- Develop new standards of impact assessment and reporting
- Build a diversified and multi-asset class portfolio of high impact investments, including asset classes new to the market
- Achieve gross financial return

Private equity firm (short to medium term)

Scale up and external recognition:
- Develop articles of association that enshrine Snowball's purpose
- Public facing launch and presence and grow external recognition of higher standards / new best practice
- Achieve scale and prove high impact and standards can be maintained
- Achieve target net financial return

Investment trust (medium term)

Go public with a paradigm shifting offer:
- Make impact investment accessible to the person on the street / end of impact investment as the preserve of the wealthy
- Introduce mission-locks to embed and protect Snowball's purpose in perpetuity; via Golden Share and Purpose Committee
- Introduce bottom-up active participation and accountability; via retail investors electing representatives to Purpose Committee
- Operate for the common good; via sharing of learning and encouragement of copycat behaviour in the market (e.g. policies, methodologies etc will not be commercially confidential)

End goal (long term)

Systemic change in how capital markets operate:
- All investment is made for social and environmental purpose as well as financial returns, and helps to address societal challenges
- Asset managers compete on social and environmental impact

Snowball Investment Trust model – a paradigm shift in purpose

Investment trust

Articles of association:
- Purpose & mission statement
- Investment policy & beliefs
- B Corp status
- Provision for a Purpose Committee and terms of reference
- Staggered 3 year director elections

Golden Share

Ordinary shares

Purpose Committee
(Mission governance)

Terms of reference:
- Purpose to ensure high standards of impact investment & progress mission
- Right to send a representative to board meetings as an observer
- Power to call board members & management to appear before committee
- Approval required for material changes to impact approach
- Right to consultation on changes to investment policy & beliefs
- Right to recommend divestment if egregious policy breach
- Right to address AGM on impact performance & progress against mission

Charity or C.I.C.
(Mission lock)

Veto powers via Golden Share:
- Changes to organisational purpose
- Disbanding Purpose Committee
- Changes to Purpose Committee's terms of reference
- Abandoning B Corp status
- Changes to Golden Share

Also owner of the Snowball brand with power to withdraw brand license

Investors

Elect representatives
(one member, one vote)

Construction: Arup

[Arup](#) is a professional services firm focused on the built environment. It has around 16,000 employees and works in over 140 countries. It does not have shareholders. Rather, it is **owned in a group structure by trusts**, and with profit share between employees internationally.

Arup's 2020 annual report, *Sustainable Futures*, states that their purpose is to "shape a better world", with a focus on inclusive and sustainable growth.[xlii] Climate change, resource scarcity, inequality and urbanisation are their key issues, and they have aligned accordingly with the SDGs.

Set up in 1948, Arup's activities and culture are based on a set of values initially outlined by their founder Ove Arup in 1970.[xliii] The original owners decided to change the ownership structure so that people from outside the organisation could not change the company's ethos and working practices. In effect, it would continue to be run by those involved in the company. The objective was to "create stability for the firm whereby it could grow and flourish for the benefit of all its members and the public at large".

They view value "through the lens of three of our aims: quality of work, social usefulness and reasonable prosperity of members", with prosperity seen widely to include rewarding work.[xliv]

There are three trusts: the Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and Arup Service Trust. The Employee Trust does not hold voting shares; these are held by the Charitable Trust for the benefit of employees. The Arup Service Trust holds a minority (<10%) of the equity (non-voting) shares in Arup Group Limited, so does not play an active part in governance. It was 'inherited' when their Australian business – at that point a formally independent company but operating within the framework of Arup practices – re-joined Arup Group. The Trustees are current and former members (employees).

Profit is not distributed via equity shares. It is determined on an aggregate Group basis, and distributed to the members as additional pay through the operating companies, rather than through the trusts. The available global profit is determined in aggregate for the group, with retention for "reinvestment in learning, research and development, charitable donations and working capital", and the rest distributed to the members "so that we share in our collective efforts".[xlv]

Since the profit is shared across geographies, the incentives are aligned globally, rather than fragmented, which could potentially create tension and competition between centres. In 2019, Miriam Staley, Commercial Director and Chief Financial Officer, UK, Middle East, Africa, said: "In Arup there is only one set of numbers and it's the very bottom line, for the group, globally".[xlvi] She added that decisions, because of their employee ownership structure, are taken for the "long run rather than the short term, aiming for reasonable prosperity and to be a humane organisation in the process. In that way there's a sense of stewardship." She also believes that their decision-making is far more democratic and accountable between peers, and not just to bosses. For example, Arup launched a People Strategy as part of their 2020–23 strategy, informed by a three-day event with all members internationally to discuss Arup's culture and priorities.[xlvii]

The overall policy and strategy is set by a Group Board, which reports to the Trustees, and which enables them to "choose work that aligns with our values". They pride

themselves on being an independent organisation, which, since it has no shareholders or external investors, is able to "set its own direction" as a business. There is no threat of ownership change, which gives more assurance to clients.[xlviii]

They produced their first Governance Report as a way to underpin their values and be transparent about how these are achieved.[xlix] Their governance model is their own, but also aligns with the UK's 2018 Corporate Governance Code.
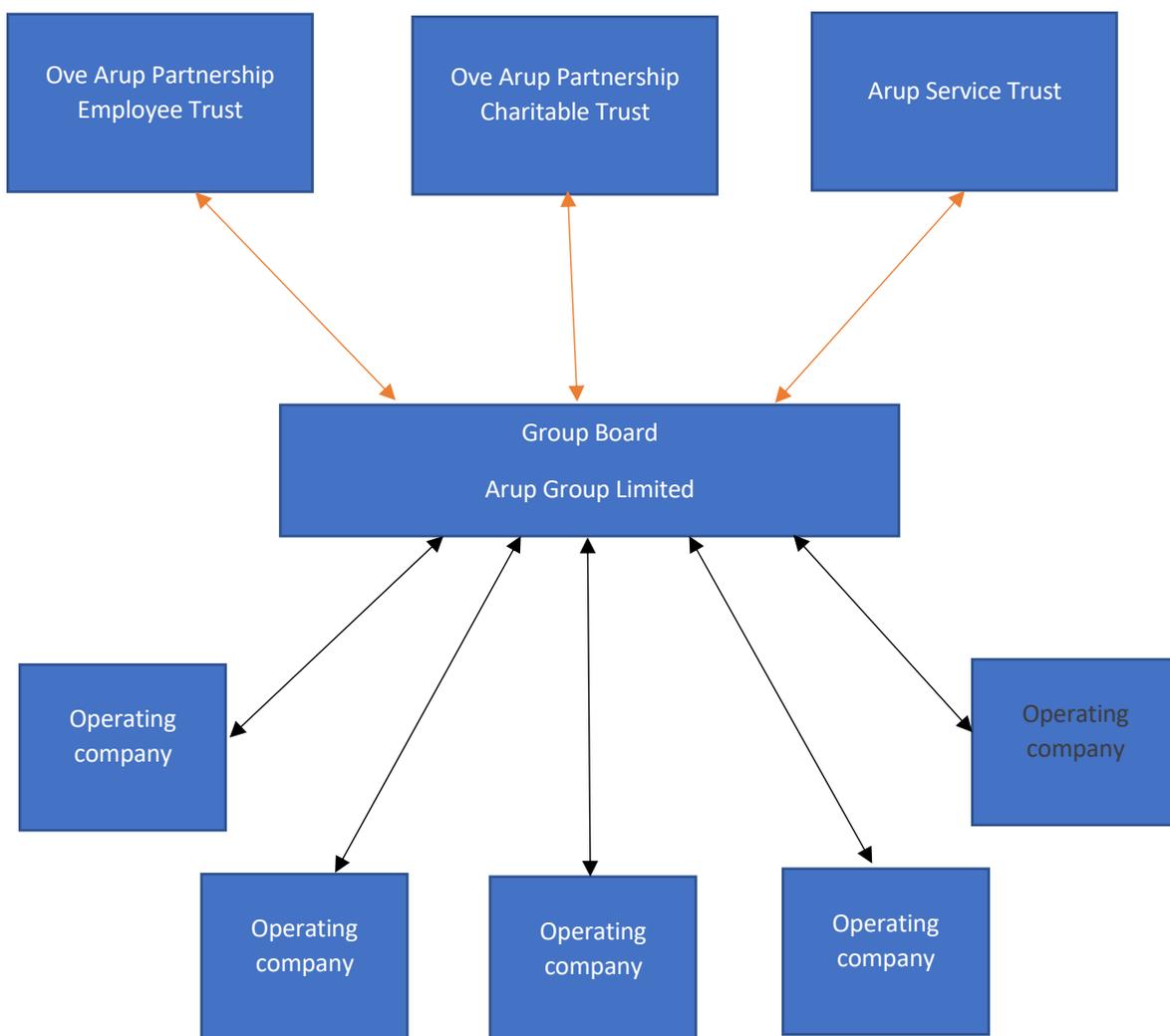
Illustrative number of operating companies – not exact

Insights, reflections and suggested ways forward

The case studies set out here reflect ways of governing, working and accessing finance that are different from 'accepted' approaches. Even this limited number of examples gives rise to some profound insights and implications. We need to explore these and other similar case studies further to fully understand their effectiveness in responding to today's grand challenges and supporting people's financial and social wellbeing. They may operate with different shared or single ownership models, with no owners, or through a stewardship, commons or network approach. We also need to consider, and continue to innovate, the appropriateness of particular models within specific situations and for particular goals (for example, in areas of high public interest such as social care, utilities or finance).

In today's fast-changing, unequal and uncertain world, all organisations are likely to need to reconsider how they operate. Changes may be necessary to maintain their legitimacy and future viability, and to attract good employees. Whilst these debates are already happening in many places, discussion within the corporate sector, and by those who advise and support them, seems to take place in ignorance of the lessons and practices of organisations that *already* work in different ways.

There has been a lot of work in recent years to showcase and support the importance of the social and solidarity economy in local economies and for people who are on low incomes.[l] However, this kind of thinking remains marginal. In order for it to become mainstream, the scope of interest must be widened, as is done here, to consider how different organisational and business models can change the operation of entire sectors, from manufacturing to construction to healthcare. A particular challenge, as it was in the masterclass for which this report was written, is for those involved in economic and business teaching, policy making, and research to recognise, understand, respond to and research this wider diversity.

The eight cases studies in this report showcase just some of the possibilities for business and organisational transformation, and identify challenges and barriers to their realisation. The key findings regarding governance, ownership and ways of working are summarised below. To move forward, and benefit from the knowledge and experience that already exists, we need to bring together people, organisations, policy makers and others to share good practice, understand and explore the diversity of approaches, as well as tackle specific barriers. No one has all the solutions; but by bringing people together who may have part of the answer, collective and rapid change can be made.

1. Different models of governance

These case studies have illustrated ways of creating corporate governance models that fundamentally challenge the view in mainstream literature, policy and practice that their main role is to ensure that executive management acts in the interests of shareholders.[li] These examples have mostly adopted a multi-stakeholder approach. Governance is not just about deciding on the strategy of the organisation and holding management to account. It also needs to ensure the organisation's mission is

implemented, and provide ways to recognise and appropriately distribute the value created. More fundamentally, it balances the power and voice of different stakeholders or members (see, for example, the shift in relations between people in the social care models of NWCC and Equal Care).

Where external finance provision is part of the governance model, there tend to be restricted ownership rights and/or return, and with financial equity holders treated as one amongst other stakeholders, rather than being dominant. In all cases, these alternative organisational models are either designed not to include external equity ownership (such as NWCC or Glas Cymru), or to do so in a way that balances the interests and claims of such stakeholders with others. They are also designed to prevent hostile takeovers that may dilute or change the mission. This was very much the rationale behind the journeys taken, for example, by Arup and Snowball.

There are other more subtle, but important, differences. Whilst corporate governance literature and practice includes the possibility of supervisory boards that include employee representatives amongst other non-executive directors (which are, for example, required in German law for public companies), Riversimple and Snowball use a form of complementary or 'compound board' to provide appropriate checks and balances.[lii]

Some models have no member or shareholder 'ownership', and are better characterised as stewardship models, acknowledging and supporting a longer-term perspective on the use of collective assets (for example, Project Skyline), rather than supporting group rights in the here and now.

It was clear from conversations with many of these models, as well as in the FPF webinar with grant recipients, that organisations and people are exploring the best ways forward, learning as they go. There are no easy, off-the-shelf solutions.

Sharing knowledge about multi-stakeholder governance

The 2021 FPF webinar, which brought together current and past grant recipients of FPF, included many organisations with different models of multi-stakeholder or community ownership and/or governance, particularly in community energy. A central challenge for many of those present was how to create and maintain effective, democratic and inclusive governance, particularly if this involved the wider local community.

The results of those discussions suggested a need to create ways for people to work together to share good practice, rather than re-inventing the wheel or learning from case studies that do not often set out the reality of the journey taken and difficulties encountered.

Developing skills to support governance and democracy in complex times

There are particular challenges for multi-stakeholding governance, especially if there is the potential for disagreement or conflict. There appear to be no easily available tools to support decision-making around trade-offs, such as transparent and principled ways

of choosing between social, environmental and economic values and impacts; or widespread knowledge of the skills required for effective multi-stakeholder governance.

Useful ways forward include learning from the experience of different sectors and types of organisation, and adopting approaches which draw on, for example, multi-criteria decision analysis, participatory and deliberative democracy innovations, or from mediation and conflict prevention.[liii]

Governance for future generations

An interesting question arises as to whether single or even multiple stakeholder ownership has the tendency to generate relatively short-term or narrow decisions, unless tempered or restricted by culture; values (such as the International Co-operative Alliance's Co-operatives Principles, or Arup's Values); mission; alignment with external standards or goals (such as the SDGs or B Corp certification); or even by the creation of a voting proxy for the future (such as the Environment Custodian in Riversimple).[liv]

This discussion is, in some ways, part of the broader challenge for all democracies about how future generations, otherwise disenfranchised, are represented.[lv] This kind of approach and consideration may be particularly important if an organisation is delivering public interest infrastructure over time, such as Glas Cymru.

> **The possibilities and challenges of different governance and organisational models (particularly multi-stakeholder) could be explored through a series of high-profile events and/or the production of widely available resources. People could consider the implications of practical sector issues (such as social care or land use), or be inspired and learn from practice more generally.**
>
> **The results could be used in different ways to help raise awareness of what is possible, enable people to share good practice, and identify where and how to provide support.**
>
> **For example, building 'purpose' and sustainability into business models is a popular issue, and yet business support providers have no easy access to information and experience of all different ways in which this might happen.**

2. Rethinking access to, and engagement of, growth finance

A particular challenge arises for those organisations that need to access development finance for significant investment in assets, given that the finance industry tends to have specific requirements regarding ownership stakes and return.

Riversimple have accessed growth finance through a shareholder model, and have split rights to control and return, as have Snowball, who use a Golden Share to embed mission. Riversimple acknowledge that it has taken time for their model to be understood, and not all investors are comfortable with this approach. Glas Cymru have avoided the need for external risk finance by using bond finance at scale. However, this approach may be possible for a relatively established low-risk model like a utility but not necessarily for one requiring more R&D or prototyping.

Co-operatives and mutuals face particular problems in raising risk finance since their model does not allow speculative and extractive return and ownership by external

providers of finance.[lvi] It is, however, clear that new and developing models, as well as more established ones that need to undertake capital intensive development, may require innovative forms of finance that preserve co-operative principles (e.g. Equal Care).[lvii]

> **The rise of impact and social investing has succeeded in filling some gaps for organisations with social and environmental goals. However, the challenges remain for scaling alternative business models with large-scale development finance, provided on terms that fit with wider value creation and social ownership.**
>
> **There is an urgent need to systemically identify the range and implications of these challenges. Bringing financial providers, policymakers, and advisors together with established and evolving new business and organisational models in practical problem-solving workshops is likely to be the best and fastest way to remove these constraints and identify implications for the wider finance system.**

3. Changing attitudes to work, management, incentives, performance measurement

All the examples here question some of the mainstream norms of how to incentivise and manage work between people. There are similar principles operating across many of these organisations. For example, co-operatives have always promoted a way of working based more on trusted relationships. NWCC and Equal Care are applying this approach to fundamentally challenge the prevailing care model, which is generally hierarchical and transactional and leaves little flexibility or discretion to the social care worker, which results in the care recipient being the object of the service, rather than a core part of its creation and delivery. Arup talks about a more 'collegiate way of working, and Snowball is changing the prevailing incentives in the finance industry, using. for example, a 'John Lewis style' bonus scheme rather than share ownership.

> **Rigorous research is necessary to provide evidence of the relative effectiveness of alternative forms of working relationships and incentives to challenge conventional 'good practice' promoted by business management schools and advisors.**

The 2008/9 recession provided evidence of the resilience and relatively better performance of worker co-operatives in Europe. For example, the relatively higher intrinsic motivation (job satisfaction) of worker co-operatives enables increased productivity and innovation, and their incentive structures are able to support employment solidarity (and therefore pay restraint and reduction) in a downturn, and hence enhanced job retention.[lviii]

4. Reconsidering legislation and policy to support organisational diversity, and incentivise a greater alignment with people and planet

A further range of challenges arise as a result of operating differently to the dominant model of business.

In the case of the joint venture on circular economy and social justice, there was a particular problem with accessing the [Enterprise Investment Scheme](link) (EIS) with a model of 50–50 ownership. To be eligible for this tax relief, the organisation seeking the incentive for investment has to have majority control and private ownership of intellectual property. This meant that they were forced to adopt a 51:49 split and incorporate safeguards and policies to mitigate this power imbalance. The Onion Collective felt that this kind of requirement implicitly reinforces competition, rather than collaboration, between companies.

Another example is the restrictions that Snowball have faced as they have tried to innovate within the rules and legal instruments available. Their complex structure and evolution was necessary to enable them to meet their goals. Lessons learned from their journey could inform discussions about how the finance system could adapt to incorporate rather than disrupt or prevent these kinds of examples. Equal Care are also exploring and identifying financial ways forward that may require changes to FCA, and their own, rules.

> **The eight case studies revealed a number of challenges and barriers arising from the operation of these business and organisational models, particularly those that are new. Further research and practical workshops are needed to identify the exact nature of any ongoing challenges and barriers to their continued viability.**
>
> **It is likely that some of the results will have practical implications for transforming policy, legislation and business support to better enable these models to thrive. Rather than addressing these issues as one-offs or through the lens of 'removing market failures', they should be presented as potentially supporting market transformation towards a fairer economic system that stays within planetary boundaries.**

5. Thinking beyond the individual organisation: Partnerships and collaborations

It is not possible for any organisation to achieve its goals in isolation. The complex nature of the current challenges will require far more partnerships and collaboration between organisations, and between organisations and government.[lix] The example of Skyline illustrates the way in which local government and the community have negotiated sharing risk and liability to better manage the land in the interests of local people and environmental sustainability. However, this partnership, like others raised in the FPF webinar, required a culture change by government, and other bodies such as Natural Resource Wales, to enable this mutual collaboration.

> **This research identified a particular barrier to collaboration as being that of trust, between for example communities and governments or experts. Examples of successful and unsuccessful journeys and partnerships could be disseminated through high-profile but practical multi-stakeholder workshops. These could be used to highlight effective solutions to, for example, the complexity of retrofitting local areas, which will require inputs and insights from multiple players; as well**

as helping to revitalise local democracy and reduce inequalities of power and wealth.

Collaboration and co-operation between smaller entities (through, for example, secondary co-operatives or a similar collaborative body) is another way to enable economies of scale, or to tackle complex challenges. This is exemplified by NWCC, which enables unincorporated multi-stakeholder co-operatives to work at an appropriate and 'human' scale, with a central organisation for supportive core services. This is similar to how secondary co-operatives work in other sectors such as agriculture, and is a way to create more power through bringing smaller groups together. It has, and has had, potential to be used to tackle the isolation and exploitation of self-employed people, or to create viable childcare in local areas whilst avoiding a large-scale one-size-fits-all approach.[lx]

Conclusion

The case studies included in this review demonstrate that there is no one organisational or business model that is perfect in all cases, or will not itself need to adapt over time.

The main barrier to progress is the inertia created by narrow ways of conceptualising success, what it takes to be efficient, and 'how we've always done things'. Breaking down silos of thinking and practice and brainstorming together is the only way to find a better fit between our economy, and societal wellbeing and the environment.

Notes

[i] On 15 December 2020 Friends Provident Foundation hosted a virtual roundtable of recent and current grant recipients to explore the practicalities and implications of projects that change the balance of power, ownership and control in the economy and society. A report, *Changing the Balance: Lessons learned from sharing power, ownership and control*, was produced from the event.

[ii] This is particularly the goal of the United Nations Global Compact.

[iii] For example, in summer 2020 at the height of the first pandemic lockdowns around the world, conferences of business leaders and opinion formers, such as those organised by the *Financial Times*, CogX (world technology fair) and *Responsible Investor*, included a relatively more profound (rather than peripheral) exploration of these issues. Details of two of the three conferences are not available online. However, outline information about of the *Financial Times*' Global Boardroom is available. A 2015 paper by the Organisation for Economic Co-operation and Development (OECD), *In it Together: Why less inequality benefits all*, particularly exemplifies a shift in thinking by mainstream economists about the relative benefits or otherwise of different levels and kinds of inequality.

[iv] See, for example, the discussions and suggestions arising from The Future of the Corporation initiative by the British Academy, including a 2020 paper on *For-Benefit Business and the Future of the Corporation*. For information on the UK B Corporation Movement see the B Corporation website.

[v] The World Economic Forum, for example, has set out its own view of stakeholder capitalism.

[vi] See, for example, concerns reported by Bloomberg in 2022: 'Greenwashing is making ESG moot'.

[vii] Preparatory papers for 'The Future of the Corporation' initiative provide background to the emergence of the concept of the primacy of shareholder value and profit maximisation that has dominated thinking for the last 30 years, as well as exposing the myth of shareholder ownership: The British Academy (2018) *Future of the Corporation: Research summaries*.

[viii] J Stiglitz (2009) 'Moving beyond market fundamentalism to a more balanced economy'. *Annals of Public and Cooperative Economics*, 80(3), 345–360.

[ix] I Vickers, A Westall, R Spear, G Brennan and S Syrett (2017) *Cities, the Social Economy, and Inclusive Growth: A practice review*, Joseph Rowntree Foundation.

[x] Institute of Directors, New Zealand (2021) 'Cooperatives in New Zealand'.

[xi] H Hansmann and S Thomsen (2018) *The Governance of Foundation-Owned Firms* shows that the governance of companies owned by a non-profit foundation is as effective as companies where a principal-agent model of performance incentives aligns with shareholder incentives of maximising profitability.

[xii] See, for example, J Veldman and H Willmott (2013) 'What is the corporation and why does it matter?', *Management*, 16(5), 605–620 for an interesting rethink of the history of the corporate organisation and what it could be.

[xiii] In discussions around employee ownership, the point was made that, whilst there was clear US evidence of its effectiveness and productivity, this was not accepted by the UK Government, which preferred UK examples.

[xiv] Hugo Spowers, the founder, set out his vision for the company in a speech in 2018, 'Transformation: Enablers and consequences'.

[xv] Riversimple, 'Future guardian governance'.

[xvi] Riversimple, 'Whole system design'.

[xvii] For further details see Riversimple, 'Future guardian governance'.

[xviii] For another explanation of the rationale behind the governance model, see P2P Foundation, Riversimple.

[xix] Riversimple, 'Investment'.

xx A White Paper on social care was published in 2021: *People at the Heart of Care: Adult social care reform white paper*. Examples of the range of challenges to adult social care were analysed in 2019 by C Atkinson, A Sarwar and S Crozier, *Adult Social Care: A technical report for the research on productivity*.

xxi The UnFound website provides further explanation and gives other UK examples.

xxii See, for example, a 2007 *British Medical Journal* article: 'Buurtzorg: The district nurses who want to be superfluous' and the Buurtzorg Britain and Ireland website.

xxiii The Platform Cooperativism Consortium website provides details of platform co-ops and a supportive self-help hub.

xxiv These are the words of Emma Back in response to winning a national competition, unavailable online.

xxv The Drivers Cooperative is an alternative to Uber. See also T Ivey (2021) 'The Drivers Cooperative', .coop. It has raised external finance through revenue-based investment.

xxvi As quoted in a February 2021 Equal Care Co-op newsletter.

xxvii C Blake (2019) *Skyline: Report on the feasibility study into landscape-style community land stewardship in the South Wales Valleys*, Skyline.

xxviii Scottish Government (2019) *Community Ownership in Scotland, 2018*.

xxix For further information see G Ellis (2021) 'Skyline: The next steps', The Green Valleys.

xxx C Blake, Green Valleys (Wales) CIC (26 January 2022) email.

xxxi See 'Biomill Watchet' on the Onion Collective website for the current focus.

xxxii Urban Health Council (2022) 'Onion Collective and Biohm'.

xxxiii Onion Collective (2022) 'Biomill Watchet'.

xxxiv Biohm (2020) 'Expanding circles: Restoring local equity in the built environment', YouTube.

xxxv N Card (2020) 'Mushrooms and orange peel: Could biotech clean up the building industry?', *Guardian*.

xxxvi Welsh Water (2021) *Governance Report*.

xxxvii Welsh Water (2021) *Annual Investor Update*.

xxxviii Welsh Water (2022) *Welsh Water 2050: Review and Update*.

xxxix Welsh Water (2020) *Annual Investor Update*.

xl Glas Cymru Holdings Cyf (2022) *Members' Handbook*.

xli Information from a conversation with a director of Snowball in December 2021.

xlii Arup (2020) *Sustainable Futures: Annual report 2020*.

xliii Arup (2022) 'Our values and purpose'.

xliv Arup (2022) 'Governance'.

xlv Arup (2022) 'Governance'.

xlvi N Easen (2019) 'Building a case for employee ownership', Raconteur.

xlvii Arup (2022) 'Governance'.

xlviii Arup (2022) 'Leadership and governance'.

xlix Arup (2022) 'Governance'.

l See United Nations (2022) 'Social and solidarity economy' for an international perspective. In the UK, Liverpool City Region has recognised this impact through, for example, the Social and Solidarity Economy Reference Panel.

li Much of this concept and subsequent behaviour dates from the work of A Berle and G Means (1932) T*he Modern Corporation and Private Property*, Commerce Clearing House, New York.

lii S Turnbull (2001) 'The competitive advantages of compound boards', argues that compound boards are necessary to reduce cost of finance, for self-governance, and to ensure sustainable stakeholder participation.

liii See, for example, the blog written by this author for the Foundation for Democracy and Sustainable Development, which explores the challenges of balancing democracy and sustainable development through different institutions and approaches: A Westall (2022) 'Time to reconcile conflict and collaboration'.

liv International Cooperative Alliance (2022) 'Cooperative identity, values and principles'.

[lv] See, for example, the discussion in a blog by this author for FPF: A Westall (2020) 'Are future generations around your board table?'

[lvi] An example of these ongoing discussions addressed at the Treasury: Cooperative and Community Finance (2019) 'Mutual aid: A day at HM Treasury'.

[lvii] In conversation with Emma Back about their discussions over approaches to future financing.

[lviii] V Pérotin (2014) 'Worker cooperatives: Good sustainable jobs in the community', *Journal of Entrepreneurial and Organizational Diversity*, 2(2), 34–47. This journal focuses precisely on the 'study of different enterprise types and organizational models' and is published by the European Research Institute on Cooperative and Social Enterprises.

[lix] For example: D Dentoni, J Pinkse and R Lubberink (2021) 'Linking sustainable business models to socio-ecological resilience through cross-sector partnerships: A complex adaptive systems view', *Business and Society*, 60(5), 1216–1252.

[lx] P2P Foundation (2022) 'Cooperative and mutual services for the self-employed'.