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THE DEMOCRATIC ALTERNATIVE:
Unlocking the Potential of Northern Ireland's Co-operative Sector

Prepared by Trademark Belfast

Trademark Belfast

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MINISTERIAL FOREWORD

The growth and development of the co-operative sector presents a significant opportunity to support a more inclusive, resilient and sustainable economy in the North.

This report provides a comprehensive and timely analysis of the co-operative landscape. It highlights both the existing strengths of the sector and the considerable untapped potential for future growth. Co-operatives already make an important contribution to our economy, supporting jobs, generating income, and retaining wealth within local communities.

The findings demonstrate the unique role that co-operatives can play in delivering the priorities set out in my Department's Economic Vision – including creating good jobs, supporting regional balance, improving productivity and advancing our decarbonisation ambitions.

Importantly, the report also highlights the contribution of co-operatives to communities, particularly in areas of disadvantage, where they can support more inclusive economic growth and help address inequalities.

While the sector has strong foundations, it is clear that there is further work to do to ensure co-operatives can reach their full potential. The evidence and recommendations presented in this report will play an important role in informing future policy development and strengthening the support available to the sector.

I would like to thank Trademark Belfast, Co-operative Alternatives and all those who contributed to this research for their valuable insights and engagement.

I welcome this report as an important step in strengthening the role of co-operatives in our economy, and in supporting the development of a more competitive, balanced and sustainable economic future for the North.

Dr Caoimhe Archibald, MLA

Minister for the Economy

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1.

INTRODUCTION

The co-operative sector is one of Northern Ireland's most overlooked and underdeveloped assets. Co-operatives – businesses owned and democratically controlled by their members – have the potential to build economic resilience, promote decent work and retain wealth locally, all while fostering trust and shared values in communities. Despite these advantages, co-operatives play a smaller role in the local economy compared to many other European regions.

This report provides an evidence base to inform the sector's future development. It examines the current scale, distribution and strengths of local co-operatives, identifies key barriers, and highlights opportunities for interventions that could underpin sectoral growth in the years to come. This analysis is enriched with examples of international best practice, offering insights that may be adaptable to our own context.

The immediate policy context is set out in the Department for Economy (DfE)'s new Economic Vision, focused on Good Jobs, Regional Balance, Productivity and Decarbonisation.[1] DfE commissioned the research as part of a broader programme to build public understanding of co-operative business models and strengthen their contribution to all four of these objectives.[2] In addition, the research aligns with ongoing work in the areas of social enterprise, employee ownership and Community Wealth Building, which offers a set of principles and tools for anchoring economic activity locally and promoting shared ownership of wealth and assets.[3]

This research also responds to renewed interest in democratic ownership internationally. Notably, the project commenced in 2025 during the UN International Year of Co-operatives, declared to highlight their role in addressing the Sustainable Development Goals (SDGs). At the same time, the UK Labour government committed to doubling the size of the co-operative and mutual economy, informed by a once-in-a generation consultation on how best to realise this ambition.

The research situates Northern Ireland within this evolving landscape, incorporating learning from neighbouring Scotland and Wales, where well-developed infrastructures are established to support sustained co-operative growth. It also builds on developments in the South, where fresh legislative and policy commitments appear to herald a more favourable outlook for the sector.[4]

The report confirms that co-operatives hold a significant position in Northern Ireland's economic and social life. They generate over £1.5bn in income and have a membership density that ranks among the highest internationally. Moreover, co-operatives are disproportionately rooted in deprived urban and rural communities, highlighting their potential to address inequalities and promote regional balance.

Taken together, these factors show that Northern Ireland already possesses some of the underlying conditions for a thriving co-operative economy. Yet, the sector is highly concentrated, and the rate of co-operative formation is consistently the lowest in the UK. There are also critical gaps in awareness, policy, infrastructure and finance that require attention if the sector is to grow and diversify. Only by addressing these with targeted action and investment will co-operatives be able to fulfil their true potential and contribute to a more resilient, sustainable and democratic economy.

2.

METHODOLOGY

The research is structured around three main elements:

• Baseline data collection and analysis of co-operatives in Northern Ireland and the sectors and areas in which they operate. This builds on Co-ops UK's open dataset, compiled from business registers including the Financial Conduct Authority (FCA). This data is cross-referenced or supplemented with other information in the public domain, though challenges remain due to issues such as double counting, reporting gaps and country-by-country differences.

• Desk research to review key policy documents and literature relating to the co-operative landscape in Northern Ireland and other jurisdictions. This places the local co-operative sector in its wider context and provides a robust basis for comparison, enabling the identification of key strengths, gaps and opportunities informed by examples of international best practice.

• Stakeholder engagement to gather the perspectives of individuals and organisations with first-hand knowledge of the co-operative sector. In addition to engagement undertaken during the research period, the analysis draws on insights and connections from our longstanding work in the field of co-operative development. Contributors to the research include policymakers, economic development agencies, business networks, sector representatives, academics, practitioners and co-operative members.

3.

SETTING THE CONTEXT

3.1 What are co-operatives?

A co-operative is a business or organisation that is democratically owned and controlled by its members, to meet their shared needs. Members can be the customers, producers, employees, suppliers or local residents, who receive a share of the surplus and have a say in how the co-operative is run.[5]

The Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 is the main legislation under which co-operatives are registered in Northern Ireland. Substantial changes to this legislation came into effect on 6 April 2018, following the enactment of the Credit Unions and Co-operative and Community Benefit Societies (Northern Ireland) Act.[6] As a result, anyone intending to set up a new society must register using one of two legal forms:

- a co-operative society
- a community benefit society.

It is also possible to establish a co-operative under company law (Companies Act 2006) with adapted Articles of Association that reflect the spirit of what a co-operative is and how it should operate.

Adoption of the co-operative model typically aligns with the internationally agreed values and principles set out by the International Co-operative Association (ICA), the umbrella body for co-operatives worldwide.[7] This emphasises that co-operatives are based on self-help, self-responsibility, democracy, equality, equity and solidarity. In the spirit of their founders, the Rochdale Pioneers,[8] co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. The seven principles established by the ICA are guidelines for putting these values into practice (Frame 1).

As much as any specific legal form, it is these ideological characteristics that differentiate co-operatives from other business types and provide them with a shared global identity. This identity underpins collaboration and mutual support across the movement, as well as establishing a commonly recognised basis for determining what constitutes a genuine co-operative, as expressed through their own rules and practices.

Frame 1. Co-operative identity, values and principles (ICA)

1. Voluntary and open membership

Co-operatives are voluntary organisations that are open to all persons able to use their services and willing to accept the responsibilities of membership.

2. Democratic member control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Co-operative members have equal voting rights (one member, one vote). All members who carry out a role on behalf of the co-operative are accountable to the wider membership.

3. Member economic participation

Members contribute equitably to, and democratically control, the capital of their co-operative. That capital is usually the common property of the co-operative, and members tend to receive limited compensation, if any, on capital subscribed as a condition of membership. Any surplus is allocated by members for investment, reserves, member benefits or other approved purposes.

4. Autonomy and independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with, or raise capital from, external sources such as government, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, training and information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operative. They also inform the general public about the nature and benefits of co-operation.

6. Cooperation among co-operatives

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

7. Concern for community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

3.2 Types of co-operatives

There are different types of co-operatives with varying ownership structures and governance arrangements. Different co-operative forms take their names from the groups of people that constitute their membership and are the main beneficiaries of the business.[9]

Worker co-operative

Owned and democratically controlled by its employees, who are directly involved in decision making, including surplus allocation. This type of co-operative tends to have a flat structure and normally places an emphasis on good employment practices, even paying all workers equally regardless of their roles.

Examples: Belfast Cleaning Society, The Great Care Co-op and Greencity Wholefoods.

Producer co-operative

Where producers or suppliers come together to form a co-operative in order to secure better prices for their products. In Ireland, farmer-owned agricultural co-operatives are a prime example, established to enable members to share resources and leverage collective bargaining power in the market.

Examples: Dale Farm and Dairygold.

Consumer co-operative

Owned by and existing to serve the needs of customers. Notable examples include retail co-operatives (e.g. the Co-operative Group) and credit unions, which emerged to provide accessible financial services to members in local communities.

Multi-stakeholder co-operative

Where a combination of members owns and controls the business, sometimes involving different membership classes with different vote shares and rights. This might be a retail or manufacturing co-operative where members are elected to decision-making bodies to represent the respective interests of workers, customers or the communities in which they are located. Similarly, a care co-operative can be owned and managed by people who use the services and the workers who provide them.

Examples: Lacada Brewery, Boundary Brewing and Equal Care Co-op.

Community co-operative

Community-owned businesses operating on co-operative principles, usually taking the legal form of community benefit society (CBS). A CBS is a type of co-operative that must carry out its business for the benefit of the community, be that a geographical community or a community of interest. This legal form allows members to purchase more than one share, but only permits them to have one vote. Normally a CBS will adopt a statutory asset lock in its rules to ensure that its assets will continue to benefit the community, rather than individual members, in the event of sale, amalgamation or dissolution. This model tends to be used for valued community assets such as pubs and shops as well as local food production and renewable energy projects.

Examples: Jubilee Farm and Northern Ireland Community Energy (NICE).

3.3 The co-operative advantage

Co-operatives span all sectors of the economy. They often arise in response to a particular local challenge, such as preserving a valued community facility or fulfilling essential needs unmet by the market or state. However, they are just as likely to be found in core economic sectors, operating competitive businesses in manufacturing, retail, pharmaceuticals, farming, energy and finance.

What sets co-operatives apart from conventional businesses is their strong social purpose: they exist to serve the needs of members and/or the community rather than to maximise returns for outside investors. But unlike charities, which rely on grants and donations, co-operatives are self-sustaining enterprises that generate their own income and pursue hard economic goals. While co-operatives generate a surplus, this is used to fulfil their mission by distributing it among members, reinvesting in the business or its community, or allocating a portion towards other approved activities. Whereas such objectives may be secondary in other organisations, in co-operatives they are structurally embedded through democratic control and adherence to ICA values and principles. This combination of social purpose, commercial viability and democracy underpins the broad appeal of the co-operative model, which has several associated social and economic benefits:

Economic resilience

Co-operatives have a lower failure rate than conventional businesses. Co-operative start-ups have an 82% survival rate after five years, compared with just 39% for UK businesses at large.[10] Relatedly, there is evidence that co-operatives fare better in economic downturns. Because they are accountable to members and the wider community, co-operatives are less inclined to make risky investment decisions and more likely to respond to economic crisis in ways that safeguard employment and livelihoods.[11] Together, these characteristics contribute to greater employment stability and enhanced resilience to the vagaries of international markets.

Good jobs

Co-operatives provide good jobs characterised by decent pay, better working conditions and high levels of work autonomy. Research has found that co-operatives are four times more likely than conventional businesses to be Living Wage employers, while exhibiting smaller gender pay gaps due to their flatter wage scales.[12] Working for a co-operative also brings a high level of job satisfaction and wellbeing due to enhanced worker participation, training opportunities and a shared organisational culture between employees and management (often elected by worker-members).[13] While this does not remove the need for interventions at a workplace, sectoral and economy-wide level, it nevertheless demonstrates the potential for co-operative/employee ownership to support quality work across multiple dimensions.[14]

Local economic retention and multipliers

Co-operatives are more locally rooted and accountable, since they are owned and governed by people who live and work in the community. This democratic control empowers members to make business decisions that retain wealth locally and maximise community benefits. Rather than flowing to absentee shareholders, profits are reinvested, used to create and sustain jobs, or distributed among members. Furthermore, this localisation of spending and investment has wider multiplier effect, generating additional jobs and wealth in the local economy. More research is needed to better understand the exact scale of these effects, which vary from sector to sector.[15] However, studies indicate that the local multiplier effect of co-operatives can be upwards of 1.4, matching or exceeding the impact of conventional businesses operating in the same industry.[16]

Productivity

Because co-operatives exist to meet the needs of their members, this encourages business decisions that favour long-term stability and resilience over short-term returns. This means prioritising investment in capital, technology, training, decent pay and working conditions, alongside more participatory ways of organising production. As a result, there is growing evidence that businesses owned and controlled by workers are better performing and more productive than conventional firms.[17] Recent analysis in the UK context has even put a figure on this productivity premium, establishing that employee-owned businesses (EOBs) are 8-12% more productive than non-EOBs.[18]

Decarbonisation and sustainability

Successful co-operative enterprises already exist across the green economy, from renewable energy and sustainable agriculture to community transport and zero-carbon housing. These enterprises combine environmental stewardship with an emphasis on democratic control, participatory decision-making and shared benefits for members and the wider community, offering a practical model for enabling a just transition to a low-carbon future. Beyond these sector-specific impacts, emerging research suggests that co-operatives are innately more sustainable due to their propensity to prioritise social goals over the demand for quick profits and perpetual growth.[19]

While many large co-operatives embed sustainability in their operations, there is acknowledgment of the need to broaden and deepen environmental best practice across the movement. In response, the ICA has made strengthening climate and sustainability impacts a key focus of its new strategy.[20] As this strategy is implemented, it is expected to create opportunities for learning, exchange and capacity building across the movement, supporting co-operatives of all sizes to play a fuller role in advancing decarbonisation and sustainability.


(Source: Carbon Co-op)

3.3 The co-operative advantage


(Source: Carbon Co-op).


(Source: Carbon Co-op).

(Source: co-operative.coop).


(Source: Carbon Co-op).

Systemic impacts

Where co-operatives are densely concentrated, they can be powerful vehicles for equality and social justice. Few places illustrate this more clearly than the northern Italian region of Emilia-Romagna, widely recognised as the global exemplar of a co-operative economy. Around half of the region's population are members of co-operatives, which account for roughly 10% of employment and generate one-third of total GDP. Co-operatives in Emilia-Romagna are tightly networked across key sectors such as social care, retail, agriculture and industry. The region's globally renowned manufacturing base is organised into production clusters composed of thousands of worker co-operatives and family-owned SMEs. As a result, Emilia-Romagna is one of the most dynamic and prosperous economies in Italy, with GDP per capita and investment levels comparable to the wealthiest EU regions. It also boasts lower levels of income inequality, better health outcomes and a higher standard of living than the European and national averages.[21]

Non-material benefit

The value of co-operatives also extends beyond their economic contribution to encompasses the benefits of democratic participation, inclusion and solidarity.[22] By embedding these principles in everyday economic activity, the co-operative model provides members with both material benefits and opportunities for collective decision-making, empowerment and social connection. In this way, co-operatives can help to restore a sense of agency for those on the margins who may feel powerless over key decisions that affect them. Similarly, in societies emerging from conflict, co-operatives have shown their potential as catalysts for fostering understanding and trust in communities.[23] Expanding the co-operative sector therefore offers a practical means of creating shared economic interests and promoting social cohesion, supporting the wider goal of lasting and sustainable peace.

4.

PROFILE OF THE SECTOR

The co-operative sector has long played a quiet but significant role in Northern Ireland's economic and social life. Yet it has rarely been the subject of detailed analysis that would allow the sector to be fully understood and supported in its own right. Co-ops UK has made important strides in providing regional breakdowns of the co-operative economy, while Co-operative Alternatives has showcased the sector through its own mapping exercise.[24] Co-operatives also feature in studies that have advanced understanding of the scale, contribution and potential of the social economy in Ireland, north and south.[25] However, this represents the first systematic attempt to map and analyse the local co-operative economy, establishing a baseline to inform future research, policy and sectoral growth.

4.1 Size, structure and economic impact

Northern Ireland's unique geographic and constitutional position means there are different ways of interpreting the size and contribution of its co-operative sector. The GB-based Co-operative Group has 26 local food stores with retail revenue in the high tens of millions of pounds and serving a membership likely numbering in the thousands.[26] Similarly, there are several co-operatives headquartered south of the border, such as Lakeland Dairies, that have significant operations, members and employees in the North.

This research is principally concerned with the independent co-operative sector, which refers to co-operative enterprises domiciled in Northern Ireland. Data analysis and consultation with stakeholders indicates that the region is currently home to 239 independent co-operatives, with a total membership of just under 0.8 million and a combined income of over £1.5bn. A detailed sectoral breakdown of co-operative activity is provided in Table 1 on the following page.

Table 1. Co-operative activity by sector

SECTOR	NO. OF CO-OPS	MEMBERS	£ INCOME[27]
Agriculture, forestry & fishing	38	18,623	£1,485,235,831
Community/ economic development	4	684	£1,065,878
Credit Unions[28]	135	769,274	£33,108,000
Digital, media & communication	3	9	£76,787
Education	8	48	£5,750,509
Energy & the environment	3	1,212	£950,479
Finance & insurance	1	4	-
Food & drink	1	7	-
Health	2	7	£49,713
Housing	3	14	£10,740
Manufacturing	4	2,737	£1,679,598
Membership associations & social clubs	24	3,980	£9,985,967
Retail	6	548	£264,663
Sports & recreation	1	330	£170,400
Other	6	37	£138,655
TOTAL	239	797,514	£1,538,487,220

As illustrated, the local co-operative economy is dominated by credit unions, which account for 96% of members, and agricultural co-operatives, which generate 97% of revenue. This concentration is further underscored by the fact that the North's five largest co-operatives are agricultural, Dale Farm topping the table with a reported revenue of £722.4m (Table 2).

Table 2. Top five co-operatives in Northern Ireland by revenue

RANK	NAME	SECTOR	MEMBERS	£ INCOME
1	Dale Farm Co-operative	Agriculture	1,387	£722,433,000
2	LacPatrick Dairies	Agriculture	3,200	£381,451,980
3	Fane Valley Co-operative	Agriculture	1,045	£315,877,002
4	South Armagh Farming Enterprises	Agriculture	3,018	£25,169,338
5	Hilltown Mart	Agriculture	168	£10,583,141

While this scale and concentration can be viewed as an indication of relative strength, it also highlights the modest presence of co-operatives in sectors such as manufacturing, retail, hospitality, housing and the emerging green and digital economy. As highlighted in section 5 below, expansion into these underrepresented areas could present a valuable opportunity for diversification and growth.

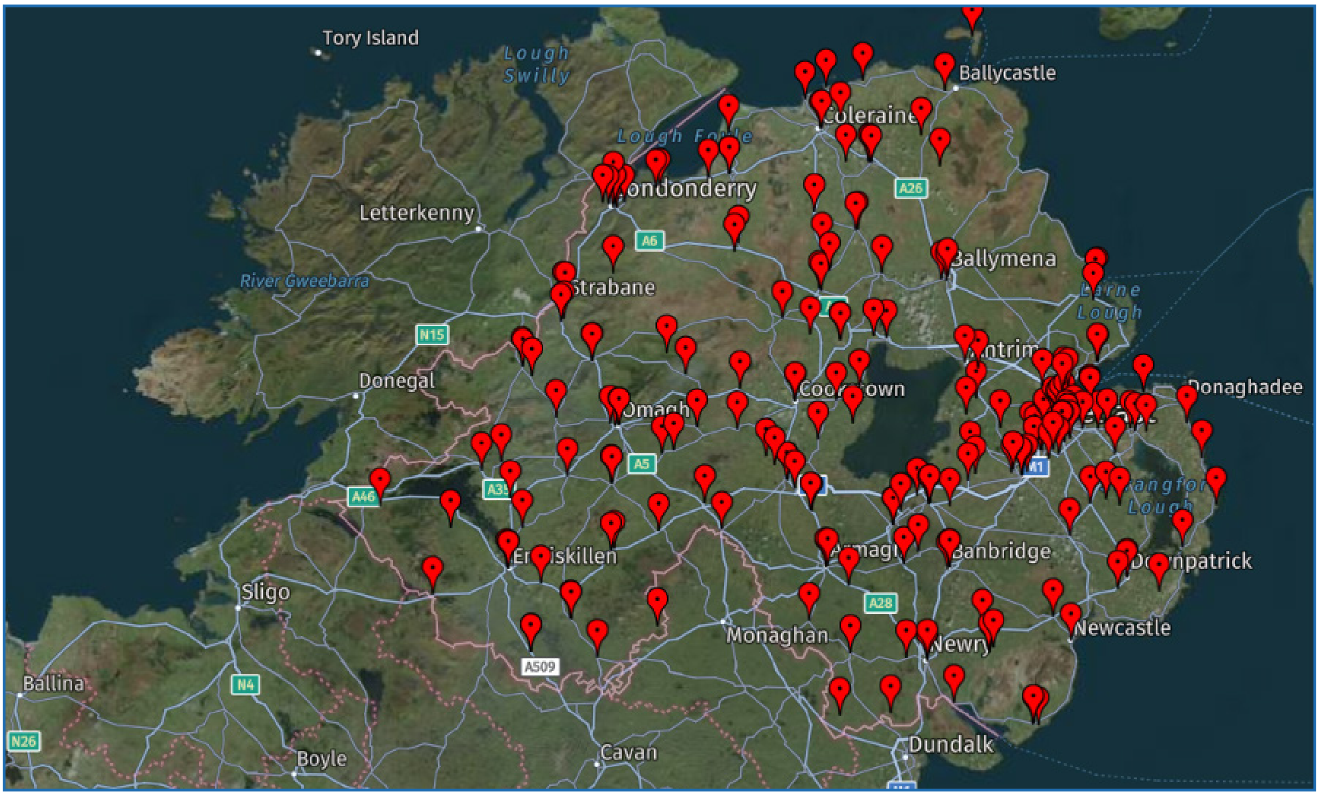
The economic contribution of local co-operatives is multi-layered. In addition to generating over £1.5bn in revenue, co-operatives provide direct employment to 3,400 people and inject £60m of wages into the economy. Co-operatives also use dividends and interest to return profits to the members that build and sustain their businesses. For example, Derry Credit Union distributed approximately £2m to members in 2025, while Fane Valley paid out £0.5m in its most recent financial year. As these dividends are typically retained locally, they represent a key means by which co-operatives contribute to the recirculation of wealth within the community.

The total economic impact of the co-operative sector extends even deeper and further, with combined annual spending and investment running into the hundreds of millions of pounds. Taken together with wages and member benefits, this expenditure supports local suppliers, contractors and service providers, generating significant multiplier effects across the wider economy. While it is beyond the scope of this research to calculate these indirect and induced effects in full, it is clear that the sector's economic footprint reaches well beyond its immediate operations, contributing to regional growth and resilience.

4.2 Location

The geographic distribution of co-operatives in Northern Ireland is presented in Figure 1 below. There is a notable concentration in the Belfast local government district (LGD), which is home to nearly one-fifth (19%) of all co-operatives. Of the remainder, a large proportion are distributed across the LGDs of Fermanagh & Omagh (13%), Mid Ulster (13%) and Causeway, Coast and Glens (11%), with lower representation in Antrim & Newtownabbey (3%) and Mid & East Antrim (4%).

Figure 1. Geographic distribution of co-operatives[29]



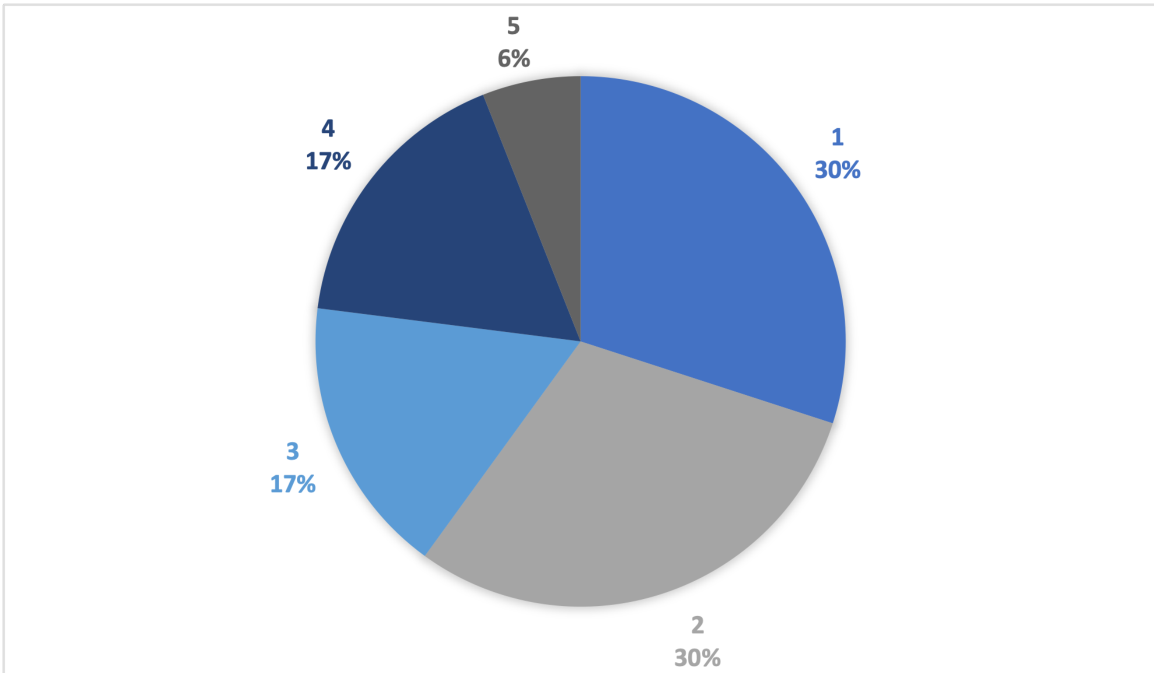
As the map above indicates, the North's co-operatives are distributed evenly between urban and rural areas. Of the 239 co-operatives operating in the region, 55% are located in urban areas, 41% in rural areas, and the remainder in mixed settlements. This pattern aligns with broader UK trends, where access to finance, networks and dense pools of potential members tend to favour city-based enterprises. However, when population size is taken into account, the ratio of co-operatives in rural areas is slightly higher (Table 3), reflecting the sector's wide geographic reach and ability to respond to diverse local needs.

Table 3. Urban and rural co-operatives: Total and ratio

LOCATION	TOTAL CO-OPERATIVES	TOTAL POPULATION (CENSUS 2021)	RATIO (CO-OPS PER 10,000 INHABITANTS)
Urban	132	1,173,175	1.1
Rural	98	685,143	1.4

Co-operatives are also disproportionately located in areas of high deprivation. The Northern Ireland Multiple Deprivation Measure (NIMDM) provides a tool for ranking each of the region's 890 small neighbourhoods based on their relative deprivation. Using this measure, we were able to determine that 30% of co-operatives are located in the most deprived quintile, and 60% fall within the two most deprived quintiles (Figure 2). To put this into perspective, just 14% of UK businesses are located in the most deprived quintile.[30]

Figure 2. Distribution of co-operatives per multiple deprivation quintile (1 = most deprived; 5 = least deprived)



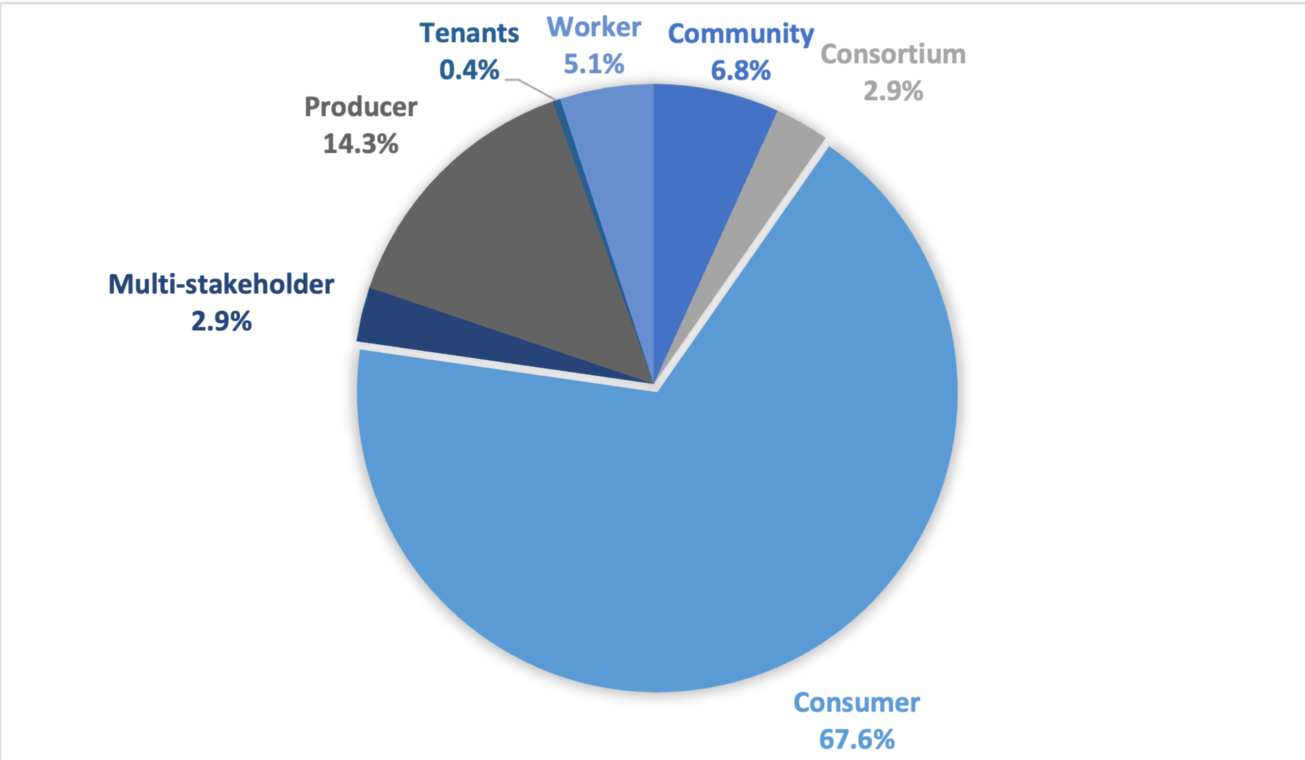
Of course, these figures reflect the registered addresses of companies rather than the full distribution of their operations and economic impacts. Nevertheless, they lend some empirical support to the claim that co-operatives often emerge from and remain rooted in areas of disadvantage. This should provide some encouragement that stimulating co-operative growth can help to address social inequalities and promote regional balance.

4.3 Organisational characteristics

While there are several legal forms available to co-operatives in Northern Ireland, they tend to fall within four broad categories. Alongside the region's 135 credit unions, representing 57% of all co-operatives, there are 76 co-operative societies (32%), 17 community benefit societies (7%) and 11 co-operative enterprises (4%) incorporated as companies.

An analysis of co-operatives by ownership type offers another insight into how the sector is organised, highlighting a diversity of membership structures and notable gaps in representation across particular models (Figure 3).

Figure 3. Co-operatives by ownership type



Overall, the local co-operative sector is dominated by consumer- or user-owned enterprises, reflecting the widespread presence of credit unions and social clubs across the region. Similarly, the high number of producer co-operatives corresponds strongly with the prominence of agriculture in the sector. By contrast, it is notable that worker- and community-owned co-operatives remain relatively scarce, especially when compared to other European regions. For example, in Italy there is a much stronger tradition of worker co-operatives, which number 23,000 and make up roughly one-third of all co-operatives in the country.[31]

A note on employee ownership

Employee ownership constitutes the fastest growing part of the democratic economy, increasing by 31.5% in one year alone. There are now 2,337 employee-owned businesses in the UK, compared with just 634 in 2020.[32] While employee ownership has been slower to take hold in Northern Ireland, it is becoming an increasingly popular option for business succession, with 18 employee ownership trusts (EOTs) now operating in the region.[33] Building on this momentum, Employee Ownership Ireland has been established with the ambitious goal of creating 10,000 employee owners by 2030.[34]

The EOT model is attractive to business owners due to key factors including tax incentives, transactional certainty, legacy and the flexibility to remain involved with the company after conversion.[35] As the name suggests, EOTs achieve a degree of democratic ownership by acquiring and managing a stake in the business (25% or above) on behalf of employees. EOTs and (worker) co-operatives can therefore be broadly understood as belonging to the same family of business types. The main difference, apart from the beneficial tax treatment afforded to EOTs, is that worker co-operatives are typically characterised by greater levels of democratic participation and control. Taking into account the relative strengths of the EOT and worker co-operative models, there is an opportunity to consider how they could be supported to play a complementary role in preserving locally rooted businesses and protecting jobs.

4.4 Regional benchmarking

Comparing the local co-operative sector with other regions is not a straightforward, like-for-like task. This is because of differences in economic structures, legislative and regulatory frameworks, data and classification measures, population effects and even political cultures. However, a number of broad comparative observations can be made which help to situate Northern Ireland in the international co-operative landscape.

Starting with membership, it is estimated that Northern Ireland has almost 0.8 million co-operative memberships out of a total population of 1.9 million, which equates to a co-operative membership density of 41%. This approach to understanding membership density accounts for the likelihood that individuals will be members of more than one co-operative – for example a member of an agricultural co-operative also belonging to a credit union. Using this approach provides a consistent basis for comparison with other countries and regions.

Table 4 provides a comparison of the top countries by co-operative membership density.[36] According to this measure, Northern Ireland ranks alongside the world's most developed co-operative economies. Its membership density is almost double that of the UK (21%) and on a par with Cyprus, the tenth highest ranking country. This points to the existence of a strong residual co-operative culture among the local population, one that is deeply embedded in community and organised at a regional scale.

Table 4. Membership density by country/region

COUNTRY/REGION	DENSITY OF MEMBERSHIPS
Netherlands	112%
USA	105%
Finland	84%
Japan	84%
Republic of Ireland	77%
Peru	59%
Norway	44%
France	42%
Sweden	42%
Cyprus	41%
Northern Ireland	41%
UK	21%

While the overall economic contribution of the local co-operative sector is outlined above, comparison with other regions and countries paints a mixed picture of its strength. According to the latest comparable figures, the North's co-operative economy generates an estimated £798 in turnover per capita, compared with £550 for England, £343 for Scotland and £157 for Wales. At the same time, the corresponding figure for France stands at £5,018, meaning that its co-operative sector is six times larger than Northern Ireland's on a per capita basis.

Analysis of employment contribution reveals a similar pattern. The estimated 3,400 jobs supported by Northern Ireland's co-operative sector equates to 17.6 jobs per 10,000 people, slightly higher than Scotland (15.3 jobs per 10,000 people) but significantly lower than France (189.6 jobs per 10,000 people).[37] This points to challenges of density and scale as well as a lack of sectoral diversity, indicating that the local co-operative sector has yet to reach its full potential.

Other indicators suggest that Northern Ireland may be at risk of falling behind, not only globally but within the UK. Notably, the region consistently sits at the bottom of the UK table for start-ups, recording just 1.3 co-operative births per 100,000 inhabitants in the past five years – roughly half the rate recorded in Wales.[38] This comparatively low rate of enterprise formation raises concerns about long-term economic dynamism while also highlighting the importance of strengthening the opportunities and enabling conditions for future growth.

5.

THE OPPORTUNITIES FOR CO-OPERATIVE GROWTH

Northern Ireland presents a unique landscape of opportunity for co-operative growth. The under-developed state of the region's co-operative sector should not be viewed as a natural ceiling, but rather as untapped potential that could be harnessed to future-proof the local economy while addressing key societal challenges.

5.1 Alignment with economic goals

The DfE's adoption of a new Economic Vision and Sub-Regional Economic Plan marks a shift towards a more place-based and regionally balanced approach to economic development, with an emphasis on job quality, productivity and the environment. Achieving these ambitions will require a greater concentration of business models that are locally-rooted, resilient and inclusive, with co-operatives standing as one powerful yet underutilised example. The newly-established LEPs provide a forum for identifying local needs and opportunities, connecting co-operatives with bespoke support, and ensuring that this support is woven into wider economic plans and investment strategies.

5.2 Sectoral opportunities

Energy

Community co-operatives can help to promote a swift and just transition to a low-carbon economy, ensuring that energy projects are inclusive and structured so that economic benefits are retained locally. Despite their growing uptake across Britain and large parts of Europe, Northern Ireland lags behind in developing community energy initiatives. While ongoing pilots and research are helping to build understanding and capacity, the development of future action plans will be critical to strengthening the position of community, municipal and public ownership in the energy system. Similarly, the rollout of initiatives to accelerate energy efficiency upgrades in buildings offer opportunities to align skills and training with job creation through both direct labour organisations and retrofit co-operatives. This may be especially relevant in the context of place-based approaches to decarbonising local energy.[39]

Sustainable food systems

In recent years, the focus on sustainable food has gained significant momentum. This has been largely driven by the imperative to address food insecurity, promote healthier diets, build local economic resilience, reduce waste and carbon emissions, and spread the adoption of regenerative farming practices. Research shows that co-operative models are well-suited to sustainable food production and distribution, especially as they help to promote broad-based participation and collaboration at a local level.[40] Yet, horticulture currently contributes only 2% of gross farming output in the North, and the region hosts just one community-owned farm and two grocers/cafés explicitly committed to changing the food system. As DAERA rolls out its new Food Strategy, there is an opportunity to expand both the scale of sustainable local food production and the number of co-operatives operating in the sector. Such growth could deliver cross-cutting benefits including public health improvements, the replacement of imported produce with low carbon local alternatives, enhanced food security and new opportunities to generate community wealth.[41]

Land and housing

Housing co-operatives and community land trusts (CLTs) are commonplace across large swathes of Europe.[42] Outside of Europe, we can find inspiration in large-scale examples such as Co-op City in the Bronx, New York, the world's largest housing co-operative development with approximately 50,000 residents.[43] Co-operative models of housing and land ownership have been proven to directly address affordability and placemaking, while protecting local property markets and neighbourhoods from speculative and extractive pressures. Given the current and projected challenges in meeting housing demand, there may be a case for key stakeholders to consider a role for co-operative models as part of a wider exploration of community-led housing solutions.[44] As with sustainable agriculture, the public sector has an enabling role to play in terms of policy support and facilitating access to land.

(Source: https://99percentinvisible.org/episode/664-co-op-city/).

Social care

There is a rapidly growing demand for social care. In Northern Ireland, the social care sector is dominated by non-statutory providers, with the private sector accounting for the lion's share of employment. This predominance of for-profit care is strongly associated with reduced staffing, low wages, poor terms and conditions and high rates of employee turnover, resulting in higher levels of service failure and lower care quality.[45] There are compelling reasons to question whether the model of a competitive market is appropriate for an essential public good such as social care. However, evidence from across Europe suggests that co-operatives involving workers and service users could help to address near-term sectoral challenges by driving up employment standards and promoting high-quality, person-centred care.[46]

Economic growth sectors

While traditionally associated with large investor-owned corporations, the experiences of Italy and the Basque Country show that co-operatives can play a successful role in high-value growth sectors such as advanced manufacturing, technology and digital services. This is relevant for the North, where significant investment is being made to develop capabilities in these areas through research projects, new infrastructure (e.g. Advanced Manufacturing Innovation Centre) and targeted funding for SMEs (e.g. INNOVATE+, Local Innovation Partnerships Fund). Over the long term, carving out a role for co-operatives, social enterprises and development trusts in these sectors can help to ensure that the benefits of public investment are retained locally for lasting social and economic impact.

This provides just a snapshot of the potential opportunities for aligning co-operative development with sector-specific needs. Other sectors that may be suitable for co-operative approaches include childcare, hospitality, sport, professional services, digital platforms and the creative industries. A more comprehensive exploration of these opportunities could help identify priority areas for intervention and inform the design of targeted support measures.

5.3 Worker ownership conversions

One route to expanding and sustaining the co-operative sector involves growing the number of start-ups, including medium and large enterprises capable of operating at scale. The co-operatisation of existing businesses is another pathway that may be particularly suited to local conditions. Northern Ireland is a small business economy, with 99% of businesses being SMEs and 89% characterised as microbusinesses.[47] In addition, family-owned enterprises account for 84% of all small businesses, employing approximately 60% of the private sector workforce. These firms are rooted in place and make a significant contribution to community wealth, not only through stable employment but also by sourcing materials and services locally. Yet, only 10% of family businesses in Northern Ireland survive to the third generation, meaning 90% do not make it beyond the second generation.[48]

Employee Ownership Ireland is currently conducting a survey to understand how prepared Northern Ireland businesses are for succession. This will provide valuable data on the degree of succession planning being undertaken by local businesses and what might be needed to support them on that journey. However, UK-wide studies have found fewer than one in ten businesses have succession planning fully integrated into their strategies.[49] Additionally, 61% of SME owners in the UK have recently considered exiting their company, a sentiment that is much higher than among European counterparts.[50]

With a generation of business owners facing succession challenges, worker ownership conversions could offer a viable and cost-effective complement to the EOT model. Converting to worker ownership can safeguard jobs, preserve value and secure the legacy of the business, while simultaneously increasing the number of co-operatives. That these models are well-established in mainland Europe shows that they represent a credible exit option, particularly when barriers are removed and supportive policy is in place.

5.4 Community ownership

Community ownership in the UK is experiencing significant growth, increasing by 59% to 828 trading entities in the past decade. Central to this growth has been the rapid expansion of community-owned pubs, where residents have come together to buy and run their local pub to prevent its closure, particularly in rural areas. In addition to the more established tradition of community-owned shops, communities have increasingly taken ownership of a wider range of assets including cafés, woodlands, farms and local health services. Plunkett UK notes that there are a further 1,150 community businesses in the pipeline, reflecting both the ongoing need to safeguard vital community assets and a growing ambition to expand into new sectors.[51]

Northern Ireland is home to a well-developed infrastructure of community anchor organisations. The £11.6m recently secured through the Community Ownership Fund has enabled 41 of these organisations to preserve local assets and advance plans for local economic development.[52] Yet, the region is not marked by the same degree of democratic community ownership as other parts of the UK. Plunkett estimates that just 1% of all UK community businesses are located in Northern Ireland, compared with 11% in Scotland.[53] The Scottish experience may offer insights into the legislative, policy and investment approaches that could help to unleash co-operative community ownership in Northern Ireland, particularly in rural and other underserved areas.

5.5 Creating markets through social value and procurement

The emergence of Community Wealth Building initiatives, and related development of social value and progressive procurement frameworks, has shifted focus towards ensuring that public spending maximises local social, economic and environmental benefits. At their heart, these approaches encourage public anchor organisations to prioritise ethical local suppliers such as SMEs and social enterprises, helping to generate local employment and promote the recirculation of wealth within communities.

Translating policy into practice has been challenging, with early indications that social value has had limited impact on contract awards. However, with social procurement mechanisms subject to ongoing review and improvement, there is potential to connect this with a strengthened commitment to co-operative development. In lieu of social value legislation, strategic partnerships, spin-offs, reserved contracts, smaller contract lots and simplified procurement processes are among the possible ways to create and sustain markets for new and existing co-operatives, enabling them to scale and build capacity. Looking ahead, it will be important to establish the extent to which procurement policy adequately reflects co-operatives' distinctive mission, values, ownership structure and approach to surplus distribution.[54]

5.6 The all-island and cross-border dimension

DfE's renewed interest in co-operatives coincides with a growing emphasis on developing the all-island economy through increased connection, engagement and collaboration. It also coincides with work by the Irish government to finalise the Co-operative Societies Bill (2022), which aims to place co-operative models on a clearer and more favourable statutory footing. As DTNI and the Carmichael Centre have highlighted, an all-island perspective lends itself to shared learning, policy transfer and cross-border initiatives that could strengthen the impact of the co-operative and social economy sectors across the island.[55] This could extend to the establishment of new co-operatives operating in natural all-island markets such as sustainable food, manufacturing, tourism and renewable energy, with the benefit of addressing longstanding economic challenges in the border region and other peripheral areas.

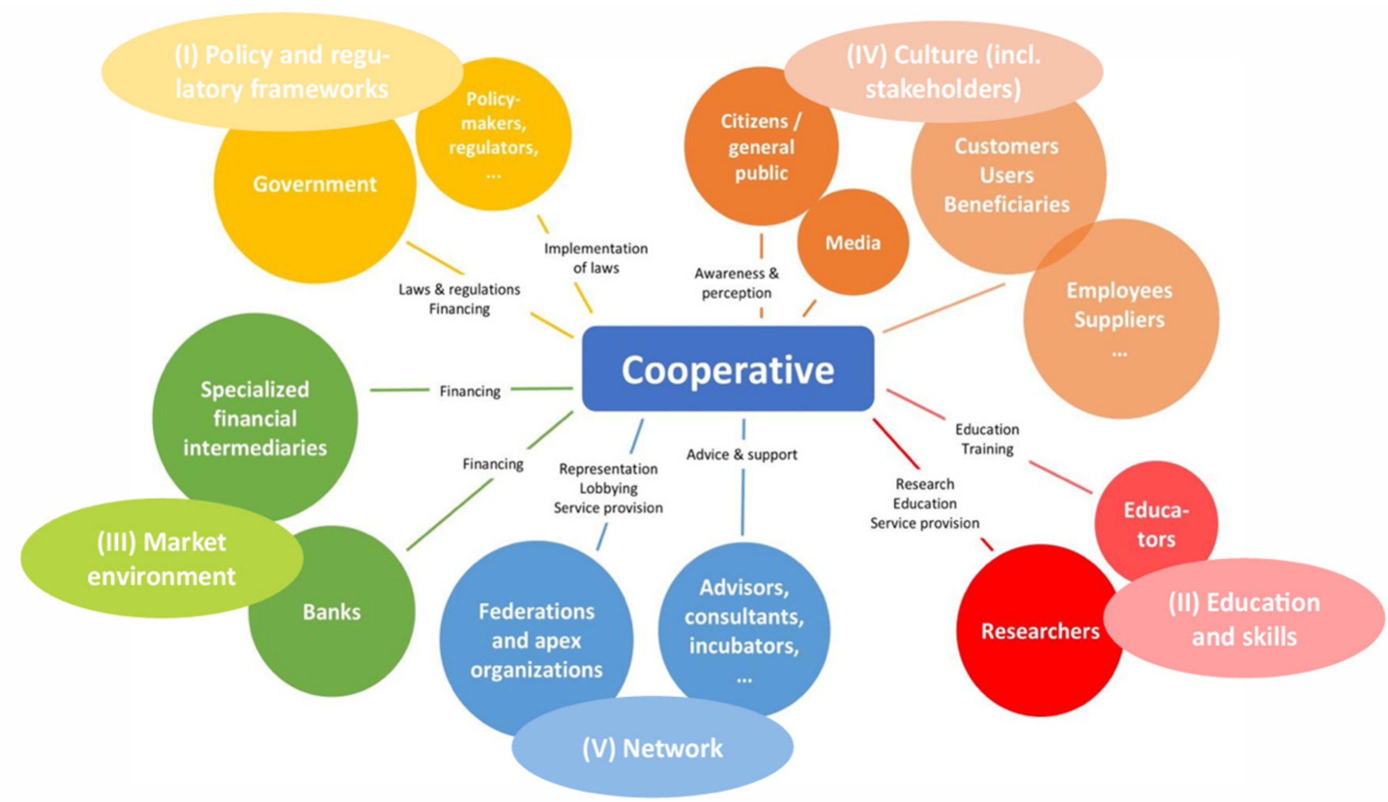
6.

ENABLING CONDITIONS

As with any other type of business model, co-operatives do not operate in isolation. To survive and grow, they need to be embedded within a supportive ecosystem. In general, there has been a tendency to structure business ecosystems around the assumptions and needs of conventional investor-owned firms. This has neglected the ways in which co-operatives differ in terms of mission, ownership, governance and approach to surplus distribution, all grounded in the principle of member democracy.

By contrast, economies with large and vibrant co-operative sectors are marked by the presence of enabling conditions specifically aligned with co-operative needs. This includes enabling laws, regulations and tax frameworks; public policies that recognise co-operatives' contribution to social and economic value; strong networks and development infrastructure; access to finance; and education that strengthens co-operative knowledge among key stakeholders and the wider public. Figure 4 below visualises how these key components might be organised to form an effective, integrated co-operative ecosystem.[56]

Figure 4. Key components of a "co-operative entrepreneurial ecosystem" (Friedel, Beishenaly and Dufays, 2025)



6.1 Legislative, regulatory and policy frameworks

In this section, we examine the main enabling conditions that support co-operatives and how they function in practice, drawing on international examples where such conditions are well established. This allows us to take stock of the current state of the co-operative ecosystem in Northern Ireland, identifying gaps and opportunities to strengthen support.

Governments have direct responsibility for formulating the legislation, regulations and policies that determine the extent to which co-operatives are recognised and supported. Legal recognition can help protect co-operatives from abuse and ensure they are established under appropriate legal categories, providing a basis for robust governance, oversight, reporting and data collection. From a co-operative development perspective, legal recognition can stimulate growth through increased visibility and strengthened access to finance, markets and tax incentives. Ideally, co-operative legislation will balance these two considerations, providing key protections without stifling co-operatives' diversity, access to finance or ability to innovate and scale.

Italy's 1991 law stands as a paradigmatic example of how legal recognition can spur the establishment of co-operatives. This law created an explicit category for "social co-operatives", making it easier to contract with local authorities, access public funding and tenders, and employ marginalised people on favourable terms. As a result, social co-operatives in Italy have gone from being a pioneering experience of 2,000 companies in 1991 to more than 15,000 active today.[57] Italy, France and Spain also have legislative frameworks to facilitate the creation of co-operatives through worker buyouts, with the aim of preserving jobs and business continuity. COCETA estimates that Spain has seen 500 worker buyouts in the past five years alone, saving thousands of jobs in the process.[58]

The co-operative identity statement developed by the ICA (see Frame 1 above) is often used as a reference point for national legislation based on internationally-agreed values and principles. But while the International Labour Organization (ILO) has published guidelines for drafting co-operative legislation,[59] this remains an evolving field, continuously generating fresh insights and examples of best practice. Significant in this regard is the Legal Framework Analysis (LFA), a joint ICA-EU initiative examining the state of co-operative legislation worldwide. Having produced 79 country reports and four regional reports in its first phase (2016-21),[60] LFA has now progressed to a second phase that aims to update and systematise its analysis in order to identify strengths, gaps and reform proposals. This provides a critical evidence base to guide policymakers in strengthening and aligning national legislation with international best practice.

Alongside legal recognition, supportive policy is essential for nurturing a thriving co-operative sector. Ultimately, it is legislation and policy that "addresses obstacles and sets in motion the supports and infrastructure necessary for co-operative growth".[61] For instance, policy can be used as a mechanism for creating tax exemptions and regulatory relief, establishing favourable procurement practices, offering technical support or providing access to tailored finance mechanisms. In more advanced forms, this can extend to fully-developed sectoral plans or whole-of-government approaches that coordinate interventions across multiple departments and areas of responsibility.

Internationally, the importance of enabling policy is clearly illustrated by the experiences of France, Spain, Italy and Quebec, which are among the world's largest and most advanced co-operative economies.[62] Closer to home, Scotland and Wales offer pertinent examples of jurisdictions where a combination of proactive policy and public resources for development infrastructure have created the conditions for significant co-operative formation and growth over the past decade.[63] In both contexts, this success has exceeded initial expectations, creating an appetite for establishing co-operatives as a central pillar of inclusive economic development.[64]

Northern Ireland

Proposals by the Law Commission suggest an updated and modernised legal framework that could bring positive change for the co-operative sector in England and Wales.[65] Sector advocates have emphasised that legislative reforms should aim to remove unnecessary costs, complexities and burdens, and enable capital raising, innovation and growth.[66] Such reforms would necessarily raise question of whether, and to what extent, Northern Ireland should maintain close legislative alignment with Britain. The enactment of new co-operative legislation in the Republic of Ireland adds another layer of complexity, creating opportunities as well as challenges for North-South/East-West collaboration and harmonisation.

Northern Ireland currently lacks a dedicated co-operative policy of the kind that exists in Scotland and Wales. As a result, the co-operative sector continues to fall between the two stools of social enterprise and mainstream business, limiting visibility and with implications for access to resources and tailored support. Specifically, no objectives for co-operative growth are included in the Social Enterprise Action Plan, Invest NI's Business Strategy 2024-27 or the Sub-Regional Economic Plan, leaving the sector without a clear strategic framework to guide its development. At a time when the region's economic policy landscape is being redefined, addressing this gap will be essential to ensure that co-operatives are not left behind.

6.2 Support infrastructure

Co-operatives are active enterprises operating and competing in a market, producing goods and providing services with the goal of generating an income for members and wider beneficiaries. As such, they require access to well-resourced, coordinated and specialist support that enables them not only to establish themselves and survive, but also to innovate, diversify and grow over time. In countries with strong co-operative traditions and economies, the movement often serves as the main development vehicle, providing the bulk of legal advice, technical assistance and training alongside substantial financial support. This is the case in France, Italy and the Basque Country, where the Mondragon Corporation has a unique system of secondary co-operatives spanning the full range of key development functions including university-level education and advanced R&D.[67]

By contrast, in places where the sector is less well-established, this has necessitated the creation or enhancement of co-operative development structures with state support. Co-operative Development Scotland (CDS), a subsidiary of Scottish Enterprise, offers one example of a government-sponsored unit that has fostered co-operative growth, providing support to 148 businesses and generating additional turnover of £58.2m in its first five years alone.[68] In Wales, Cwmpas operates independently while carrying out a similar function, working closely with government agencies to support the sector. The devolved government has consistently funded Cwmpas to play an active and sustained role in co-operative development, helping to drive the high rate of start-ups recorded in recent years.

Another recent success story can be found in the Ateneus system established by the government of Catalonia in 2016. Consisting of 120 organisations and operating across 15 local hubs, the network provides advisory services, training, incubation and community outreach to promote the social and solidarity economy. In the first six years of its operation, the system contributed to a 46% increase in co-operative start-ups, with a quarter of all Catalan co-operatives established during this period. This forms part of a growing body of evidence across Europe showing that public investment in development infrastructure often precedes a period of rapid co-operative growth.[69]

Northern Ireland

Unlike other regions, Northern Ireland does not have a fully-resourced unit or network with a clear strategic mandate to develop and scale the co-operative sector. Until recently, Go Social (Go Succeed) has been the only known government-funded initiative to provide tailored assistance of this kind, offering just two to three days' mentoring for social enterprise and co-operative start-ups in the Belfast City Council area. This level of provision is limited when compared with the six days of specialist support available through Co-ops UK, which operates one step removed from the local context and relies on a single co-operative practitioner based in Northern Ireland.

Although several councils have developed social enterprise programmes, these have yet to extend to bespoke support designed for co-operatives. Similarly, mainstream business advisory services delivered through Go Succeed and Invest NI do not currently have co-operative development strands or structured referral pathways. As a result, publicly funded business support remains geared towards conventional ownership models, leaving a gap in the ecosystem. Reflecting their ambiguous position in policy terms, co-operatives continue to lack a strategic home in the region's economic development architecture.

Over the past decade, much of the development work has instead been undertaken by Co-operative Alternatives and Trademark Belfast, the two principal non-governmental co-operative development bodies. These organisations have been operating in a context characterised by limited financial resources, low levels of awareness and the absence of defined referral mechanisms from mainstream advisory services. While this work has recently received welcome recognition from DfE, the scale and continuity of resourcing continue to fall short of what is required to deliver sustained and comprehensive development support across the region. To illustrate this constraint, one estimate places the cost of a robust start-up mentoring package at around £7,000 per co-operative (excluding enterprise finance),[70] which equates to nearly one-quarter of the entire budget allocated to co-operative development in Northern Ireland for 2026/27.

6.3 Finance

Access to finance is a key barrier to co-operative start-up and growth. Co-operatives often struggle to raise capital because their democratic, member-owned structure limits their ability to issue shares on terms attractive to external investors. Independent research also highlights a lack of understanding among mainstream lenders and investors, resulting in reluctance to invest, inaccurate risk assessment and high rates of interest.[71] While co-operatives are often positioned within social economy policy, they do not benefit from the same grant support available to charities and social enterprises. Scarcity of initial seed funding leads many co-operatives to start with costly loans or rely on personal capital, which can burden early growth.

Co-operatives can raise finance internally within the enterprise and from across the wider movement. However, this pool of capital is limited, constraining their ability to scale, innovate and diversify into new markets. The most advanced co-operative economies have successfully pooled internal financing while bridging the gap with external sources. In France, the main co-operative federation (CGSCOP) works closely with the national co-operative bank, Crédit Coopératif, to provide a range of financial supports including patient debt, equity investments, mutual guarantee schemes and solidarity grants. These are strongly connected with and enhanced by an array of state-backed, private and social finance initiatives at a national and municipal level, enabling co-operatives to leverage internal capital for greater scale and impact.[72]

Public finance plays a particularly important role in contexts where the co-operative sector is underdeveloped and has limited resources of its own. Notably, in Wales, government funding and contracts form the bulk of Cwmpas' £7m annual budget, enabling the organisation to offer a combination of grants, loans and blended finance options to new and existing enterprises. The Ateneus network of co-operative support organisations in Catalonia has likewise been supported with EU and state funds, with additional government funding for development channelled through Coòpolis, the self-styled university of co-operatives.[73]

Northern Ireland

The North's grassroots co-operative movement has demonstrated considerable resourcefulness in mobilising capital. For example, more than £5.8m in equity has been raised across 18 community share offers since 2012.[74] The exact scale of external financial support is unclear, as large institutions do not normally report the proportion of grants and loans allocated to co-operative enterprises in Northern Ireland. However, when considered alongside the low rate of co-operative start-ups in key economic sectors, this lack of data suggests that the total external financing for local co-operatives is likely to be modest.

It could be argued that modest financial flows are an indication of weak demand. However, as we have established, demand comes with increased awareness and the existence of development infrastructure to translate business ideas into viable enterprises. Even if these enabling conditions were in place, there exist few clear routes to tailored grant and loan finance, matched with specialist business advice. This raises the challenge of coordinating policy interventions and enhanced development infrastructure with accessible finance in order to create sustainable pathways for co-operative growth.

6.4 Networks

Co-operative federations and networks allow for knowledge exchange and collaboration while building legitimacy for the model. The ICA is one federation that represents co-operatives worldwide, strengthening the co-operative identity and allowing for the spread of best practice. At a local level, co-operatives often tend to buy each other's products, use each other's services and provide mutual support, thereby putting into practice the principle of "co-operation among co-operatives". Situated between the local and the global are regional or national federations, which bridge gaps in capacity and enable members to achieve economies of scale. Crucially, both federations and informal networks provide a unified voice for advocacy, ensuring that the co-operative model is represented and supported in public policy.

Co-operative federations and networks are generally under-recognised and under-supported by governments, leaving them reliant on member contributions and alternative funding sources. This can create power imbalances, where the economic weight of the largest co-operatives translates into disproportionate political influence. Even where large federations have sought to represent the movement as a whole, as in Britain, separate bodies have nevertheless emerged to amplify sectors such as community energy, co-operative housing and worker ownership. These provide spaces for emerging models to develop their own identity and advocacy platform, while also highlighting the persistent challenge of forging a unified voice across the diverse priorities and scales within the co-operative movement as a whole.

Northern Ireland

Northern Ireland is home to an established and well-resourced social enterprise network, which champions the sector's interests through direct engagement and collaboration with government departments. However, co-operatives do not tend to feature prominently in these forums, nor in the initiatives or actions that emerge from them. In this context, the absence of co-operatives in the latest Social Enterprise Work Programme and Social Enterprise Action Plan can be said to partly reflect the lack of a strong, independent co-operative voice at the table.

At the same time, the most developed parts of the co-operative sector are represented in policy discussions due to their size and contribution to the local economy. The large agricultural co-operatives maintain extensive engagement with Executive departments, while the sector more broadly is well-represented through organisations such as the Ulster Farmers' Union. The two main credit union federations meanwhile have a key role in co-designing the policy and legislative environment in which their members provide financial services to communities. But while these are important standard bearers for the co-operative model across the island, the voices of those advocating for a more diverse co-operative movement are comparatively weaker in policy discussions. Initiatives such as Solid Network have sought to fill this gap but have struggled to secure the institutional recognition and support needed to sustain a platform for advocacy and networking.[75]

6.5 Education and culture

As a central co-operative principle, education has long been a key driver of successful co-operative enterprises and economies. Universities can make or break co-operative movements by providing academic specialists and recognised courses at undergraduate and postgraduate level. This helps to normalise the model while creating a pipeline of future business advisors, policymakers and entrepreneurs with the knowledge and practical skills to manage and support co-operative enterprises. Moreover, universities are centres of research, generating the evidence base to inform public policy and identify solutions to particular challenges.

Globally, very few universities offer dedicated co-operative business or law programmes. One notable exception is the Sobey Business School at Saint Mary's University in Halifax, Canada, which offers a strong suite of co-operative courses at different levels.[76] Across Britain and Ireland, there have been efforts to re-embed co-operative teaching and research in higher education, though these have yet to break into mainstream academic practice.[77] Linked to this lack of widespread university provision is the absence of post-degree training, with lifelong learning initiatives such as Continuing Professional Development (CPD) generally failing to offer specific modules or events on co-operatives.

As a result, professionals working in the world of enterprise – business advisors, lawyers, accountants and policymakers – often provide advice or make decisions based on assumptions rather than an in-depth understanding of co-operatives' needs and characteristics. For instance, the misconception that co-operatives are inherently riskier is one that advocates and practitioners regularly encounter in their interactions with mainstream professionals.

More broadly, education is crucial for nurturing a culture that supports co-operative establishment and growth. Low societal awareness is widely recognised as a major barrier to co-operative development, even in countries and regions where such traditions were once strong. Popular education that raises awareness and understanding among stakeholders, the media and wider public can help normalise engagement with co-operatives, making it easier for them to be established and to grow. Historically, the Co-operative College played an important role in promoting positive narratives about co-operatives in the UK. Its recent decision to cease all learning and delivery due to funding cuts is expected to leave a significant gap in co-operative education.[78]

Finally, education is essential for instilling in members a clear understanding of co-operative values and principles, enabling informed participation and ensuring that they exercise their rights and responsibilities effectively. This in turn strengthens the enterprise's ability to navigate well-documented governance challenges. In addition, ongoing training in areas such as sustainable practices, new technology and financial management not only benefits the individual member but enhances the capacity and resilience of the whole enterprise.

Training for members can be organised at an individual enterprise level by certain co-operatives, or at a national or regional level by co-operative federations and networks e.g. Co-ops UK.[79] Outside of a shrinking cohort of non-profit providers, a number of business consultants offer relevant training and skills development. However, smaller or emerging co-operatives often face barriers in accessing these opportunities, including high costs, limited time and accessibility challenges particularly for members of marginalised groups.

Northern Ireland

Northern Ireland's university system is marked by the same absence of co-operative education observed in other jurisdictions. Although Ulster University offers an MBA and Advanced Certificate in Social Enterprise, these are not designed to address the particularities of the co-operative model. A search of the two main universities' research portals reveals a limited focus on co-operatives, with most outputs concentrated heavily on credit unions and only a small number of addressing broader questions related to co-operative enterprise. By comparison, the Centre for Co-operative Studies at University College Cork (UCC) has a more substantial research and teaching profile, encompassing both sector-specific strands and a broader focus on co-operative economics.

The availability of education and training for members of new or emerging co-operatives is similarly limited. Existing programmes in the North tend to emphasise general business or social enterprise skills which, though broadly useful, are not tailored to the governance structures or operational needs of co-operatives. Although co-operative members can, in theory, access bespoke training through providers in Britain, such opportunities are often costly and of limited relevance to the local context. This can leave them relying on informal, peer-to-peer support or the small pool of co-operative development practitioners operating in the region.

Recent progress has been made towards addressing the education gap. This has involved awareness-raising and capacity building within Executive departments, with Enterprise North-West also encouraging its business advisors to avail of co-operative education. Co-operative Alternatives and Trademark Belfast have been supported by DfE to run a series of workshops in communities across the North, with the aim of deepening public understanding of the co-operative model. While these developments are to be welcomed, there remains a need for a more large-scale and coordinated approach to embedding co-operative knowledge and tackling cultural barriers.

7.

RECOMMENDED AREAS FOR ACTION

To build a bigger, stronger and more diverse co-operative economy that delivers on the Department's Economic Vision, the following interconnected areas for action are proposed. These recommendations are structured to address critical gaps and emerging opportunities. Together, they outline the foundations of a coherent support ecosystem, spanning strategic policy direction through to practical implementation.

7.1 Review the legislative and regulatory framework

The UK Law Commission's current review and new legislation in the Republic of Ireland presents a critical juncture to ensure the local legislative framework is modern, fit-for-purpose and enables, rather than hinders, co-operative investment and growth.

Actions

• Engage with ongoing reforms: DfE should proactively engage with counterparts in Britain and the Republic of Ireland to ensure that Northern Ireland's specific context is considered and reflected in emerging legislative proposals. This also presents an opportunity to explore areas of potential alignment that could maximise all-island as well as East-West opportunities.

• Undertake a legislative review: A focused review of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, drawing on international best practice, could help prepare the ground for a smooth transition to a new legislative framework. Commencing this work should not be delayed until changes take effect in England and Wales or in the Republic of Ireland.

7.2 Create a strategic policy framework

Northern Ireland currently lacks a dedicated policy for co-operatives, leaving the sector without a clear strategic direction or home within government. This is a major gap, and contrasts with regions where strong policy has created the impetus for supporting and growing the sector. The new Economic Vision and Sub-Regional Economic Plan provide the perfect opportunity to integrate co-operative development into mainstream economic policy.

Actions

• Develop and resource a co-operative policy: The new LEPs are best positioned to design and implement co-operative growth strategies tailored to their unique local opportunities and conditions. However, the Department can provide the overarching strategic framework, guidance and resourcing to ensure alignment with both regional priorities and best practice. In developing this policy, an overarching target for co-operative growth could help focus efforts and provide a baseline metric of success. It would not be unrealistic to follow the example of other regions in aiming to double the size of the co-operative sector to 500 enterprises in the next decade.

• Identify growth opportunities: We have drawn attention to some of the potential opportunities for co-operative growth across different sectors and public policy areas. However, there is a need for further work to explore and better understand these so that they can meaningfully inform policy. This could be achieved by establishing a working group or commissioning a more focused piece of research.

7.3 Build out the support infrastructure

The current business support ecosystem is geared towards conventional investor-owned firms. The North lacks a specialist development infrastructure with the mandate, know-how and resources to effectively support new and existing co-operatives. This gap is particularly stark when the experiences of successful co-operative economies are brought into focus.

Actions

• Invest in co-operative development: Investing in the capacity of Northern Ireland's existing co-operative development infrastructure would enable delivery of comprehensive, end-to-end support at a larger scale. This should include start-up advice, mentoring, feasibility studies and business planning, in addition to capacity building training and opportunities for peer learning.

• Create a formal referral pathway: To complement this enhanced infrastructure, only a modest investment would be required to establish a formal two-way referral or signposting system between co-operative development specialists and mainstream business advisors, particularly Invest NI and local enterprise agencies.

• Strengthen co-operative networking and advocacy: Support for the creation or strengthening of a co-operative network could help to grow and sustain the sector through peer learning and capacity building, training, the sharing of resources and practices, and the creation of opportunities to enter new markets. It would also help to establish a stronger advocacy voice that helps to shape policy and decision-making for the benefit of the wider sector, particularly emerging models that remain underrepresented.

7.4 Improve access to tailored financ

Co-operatives face unique challenges in accessing tailored finance due to their member-owned structure. The lack of tailored financial products and incentives is a major barrier to start-up, scaling and diversification. Establishing clearer routes for Northern Ireland's co-operatives to access finance should be coordinated with enhanced development support to maximise the opportunities for co-operative growth.

Actions

- Lead with public finance: A range of publicly-funded business grant, loan and investment schemes already exist that could be used to help stimulate co-operative growth, particularly if matched with bespoke advice and support. These should be reviewed to ensure that they do not inadvertently exclude co-operative models. As a more proactive step, government departments, councils and Invest NI could be encouraged to allocate a small part of their budgets to seed funding for co-operative pathfinder projects or pilot initiatives. Financial Transactions Capital (FTC) is another resource that could be utilised to boost the availability of equity capital. Long term, the aim should be to create the conditions for a proportionate amount of public funds to be deployed in a way that caters directly to co-operatives.

- Connect with locally-rooted finance: Northern Ireland is home to a well-developed social finance infrastructure including a large credit union sector. In the context of reforms to strengthen credit union support for SMEs, it may be useful to explore the development of co-operative friendly financial products, even in partnership with local councils. This would represent a form of lending and investment that keeps wealth recirculating locally, rather than extracting value to externally-owned financial institutions.

- Strengthen access to UK-wide finance: There are however established UK-wide finance interventions that could be leveraged to provide greater support to the local co-operative sector. These include Community Shares, Community and Co-operative Finance, and the British Business Bank, which has just established a £100m Investment Fund for Northern Ireland. DfE, working with other stakeholders, could help to identify and promote opportunities for new and existing local co-operatives to access these streams.

7.5 Embed co-operative education and awareness

There have been considerable recent efforts to promote greater understanding about co-operatives among civil servants, business advisors and the general public. However, low awareness remains a key barrier to their normalisation as a legitimate and widely-supported business model.

Actions

• Develop a co-operative education and training programme: Building on recent initiatives, support could be provided for the roll-out of a comprehensive education programme with local and regional policymakers, business advisors and the wider public. This could be delivered as part of an investment in co-operative development infrastructure.

• Encourage partnerships with universities: Local universities should be encouraged to integrate co-operative models into relevant curricula. This could initially be developed through partnerships with individual academics or university schools with an interest in the subject. Universities could also be encouraged to adopt a research agenda that helps to inform co-operative policy and practice.

7.6 Advance worker and community ownership

There is a significant gap in the representation of worker and community-owned co-operatives, despite their potential to address key challenges such as business succession, asset preservation, job retention and local wealth building. There is no dedicated, proactive mechanism to promote and support the conversion of businesses to full worker co-operatives or to catalyse the growth of community-owned enterprises.

Actions

• Strengthen pathways to worker ownership: DfE has invested in preliminary work to explore the potential for worker ownership conversions. Building on this foundation, there is an opportunity to strengthen pathways to worker ownership as part of a wider investment in co-operative development infrastructure. This may include awareness raising, business advisor training and local pilots for worker-led buyouts and restarts.

• Level the playing field for worker ownership conversions: In the context of the Labour government's consultation, DfE may also wish to engage with counterparts in the Department for Business and Trade regarding use of the worker co-operative model for employee ownership conversions. This could include an exploration of proposals to extend the tax advantages currently applied to EOTs to worker buyouts.

• Consider new legislative rights for workers: In other regions, worker ownership conversions are underpinned by strong legislative provisions. Recognising this, the Department may wish to explore the introduction of a 'right to mutualise', granting workers a right of first refusal and access to information in cases of sale or liquidation of their company.[80] This could begin with a detailed assessment of the feasibility of new legislation alongside the Companies Act framework, including an evaluation of potential impacts on the business environment.

• Catalyse community-owned enterprises: The Sub-Regional Economic Plan and related Community Wealth Building initiatives provide a strong context for delivering inclusive place-based economic development. In this context, LEPs should be encouraged to view community-owned co-operative enterprises as one valuable yet underutilised model for strengthening local economies and maximising community benefits. While located within economic policy, this aspect of the co-operative agenda has obvious cross-cutting implications, dovetailing with VCSE sectoral development, community asset transfer and proposals for a Community Rights and Empowerment Bill.[81]

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