



## The Purpose of Mutual and Co-operative Business in Society:

How co-operatives and mutuals are helping tackle the big challenges





# The Mutual and Co-operative Economy: becoming increasingly significant

The **mutual and co-operative economy** is comprised of all building societies, co-operatives, credit unions, mutual insurers and employee-owned businesses. Together, these mutuals are an increasingly significant contributor to the UK economy, with the latest research finding combined annual revenues of £87.9 billion in 2022, equating to **3.5% of UK GDP**.

But their contribution goes much further than this. Mutuals are major employers, supporting at least 411,634 jobs at latest count. And while mutuals represent less than 1% of all businesses in the UK, they create 1.45% of all employment.

Headline data also shows that mutuals play a key role in the life of the nation, with more memberships of mutuals in the UK than there are residents.

Measurement	2022	2021
Number of Businesses	9,113	8,574
Revenue	£87.9bn	Not available
Memberships	74 million	Not available
Employees	Over 433,000	Not available

(Source: Co-operatives UK)

But impressive as this headline data is, the impact and potential of the UK's thriving mutual economy goes much deeper, as this prospectus demonstrates.



## Mutuals are significant contributors to the UK economy

Combined annual revenues of

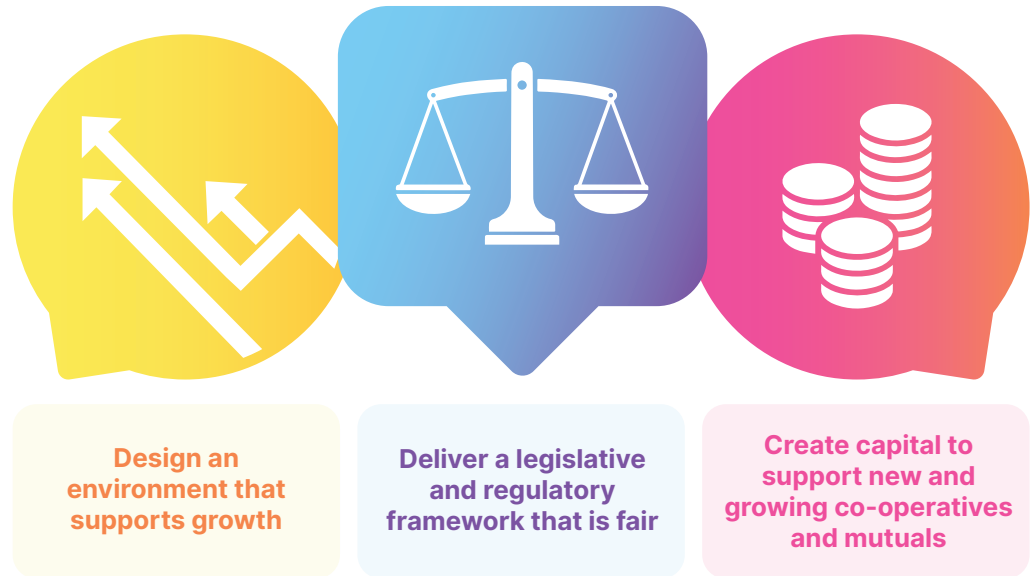
**£87.9 billion**

in 2022



**3.5%**

of UK GDP in 2022



## A new collaboration between co-operative and mutual businesses, government and society

Co-operatives and mutuals help to build an inclusive, growing and diverse economy by offering a competitive alternative to shareholder-owned businesses. They help to strengthen economic resilience, contribute to growth and increase consumer choice, whilst also delivering value to their members, rather than external shareholders.

We call on an incoming government to play its part in creating a new covenant between co-operative and mutual businesses, government and society. A covenant characterised by purpose driven businesses working for the benefit of our communities and our society. A covenant which sees the rewards of co-operation reinvested in our communities and society – not extracted for the benefit of remote shareholders. **We need the Government to:**

### **Design an environment which supports the growth of co-operatives and mutuals by:**

- Fostering corporate diversity and improving economic resilience by unlocking options for co-operatives to raise more capital from investors and communities
- Requiring policy teams across government to consider the benefits co-operatives and mutuals bring to the economy
- Placing co-operatives and mutuals at the heart of the Government's economic strategy
- Reviewing the opportunities for co-operation within the credit union sector, such as the development of Credit Union Service Organisations (CUSO's) and the development of a Corporate Credit Union methodology that could offer central finance functions, investment and liquidity management and other relevant shared services

## Deliver an overarching legislative and regulatory framework to provide a level playing field by:

- Ensuring governing legislation is regularly reviewed and updated to enable mutuals and co-operatives can meet the needs of the communities they serve and compete fairly with other businesses
- Ensuring the Law Commission's review of co-operative and mutual legislation is delivered within 12 months of a new Government and that its recommendations are implemented by the end of the Parliament
- Extending the Competition & Markets Authority's remit to include responsibility for developing and maintaining corporate diversity and formally review proposals for demutualisation of co-operatives and mutuals
- Reviewing the Credit Union common bond framework and existing rules

## Create and preserve capital to support new and growing co-operatives and mutuals by:

- Reassessing the FCA/PRA banking and insurer start-up units, to ensure they are fully equipped to consider corporate diversity, including the barriers to entry for new mutuals
- Delivering co-operative and mutual asset locks effectively, via the Cooperatives, Mutuals and Friendly Societies Act 2023
- Ensuring access to pools of genuinely mutual startup and growth capital, including the enabling of financial insurers to issue mutual capital instruments.
- Creating a Community Development Credit Union (CDCU) designation framework to allow additional financing and investment opportunities for credit unions serving different demographic profiles in employers and communities across the country





# An inclusive, growing economy that benefits everyone

## Strengthening economic resilience

The co-operatives and mutuals member-ownership model provides a broader diversity of ownership within the economy, incentivising different behaviours, such as long-term decision-making and stewardship, distributing the benefits more broadly and resulting in more stable businesses.

- The **latest data** on five-year survival rates of new businesses in the UK reveals that new co-operatives were more than twice as likely to survive than other new start ups and that co-operatives were five times less likely to cease trading than other businesses.
- Workers and communities in the UK are increasingly forming mutuals to retain livelihoods and business activity that would otherwise be at risk because of business sale, divestment and closure. There has been a 30% increase in employee owned conversion (over 300) in 2022 and a rise from under a hundred in 2012 to over 1,000 today (see [here](#)). There are also around 100 'community buyouts' of businesses or business assets (premises) each year in the UK (see [here](#)).
- **Analysis** of the relevant performance of UK banks and building societies, demonstrates how building societies outperform banks across a number of financial indicators. This provides building societies with greater resilience at times of crisis, meaning they are better placed to continue to operate and support both the retail savings and mortgage markets.
- Amongst members of the Association of Financial Mutuals, the average solvency ratio rose by over 11% in 2022 compared to 2021. This increase demonstrates the strong capital position of mutual insurers, at a time when **asset values fell by 10%**.

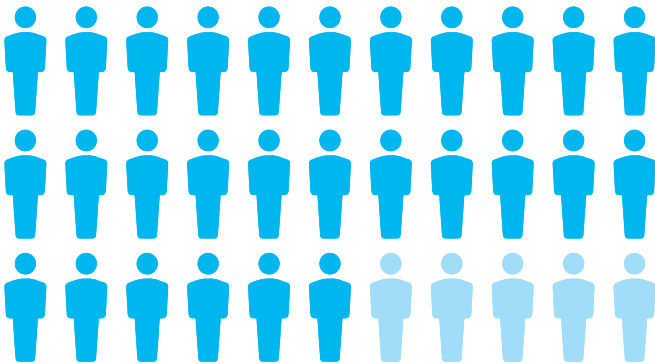
Co-ops were **five times**  
less likely to cease trading

## employee owned businesses



under  
**100**  
2012

over  
**1,000**  
2022



The average number of employees per UK co-operative (33) is **7 times greater than the average number of employees in UK businesses generally.**

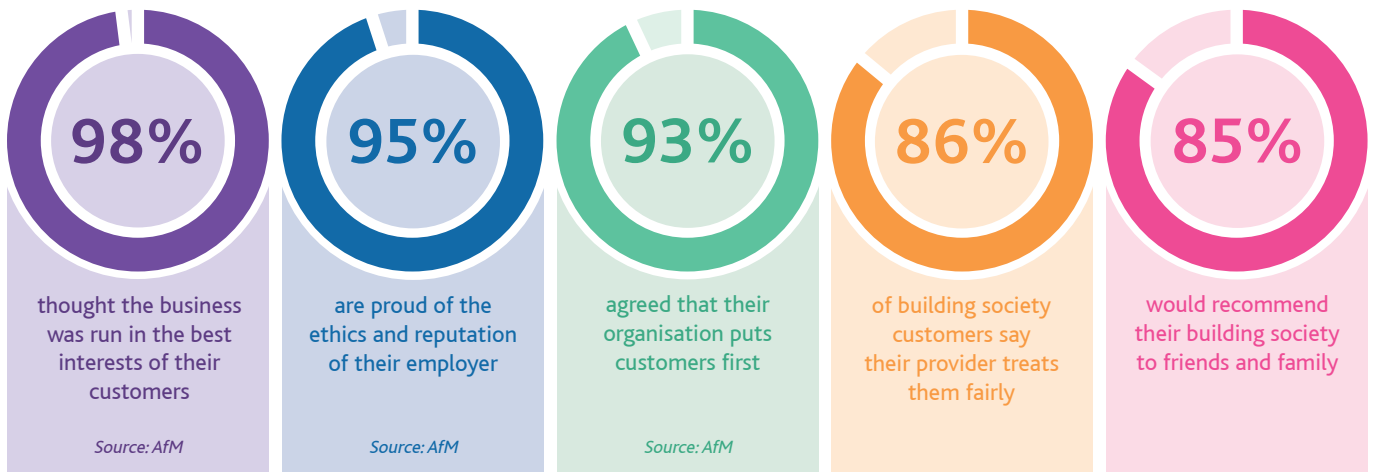
### Contributing to economic growth

While fewer in number, UK co-operatives and mutuals have a greater propensity to scale than UK businesses generally.

- The average annual turnover in a UK co-operative (£5.4m) is seven times greater than the average turnover in UK business generally (£0.7m).
- Co-operatives are also more likely to create jobs than other business models. The average number of employees per UK co-operative (33) is 7 times greater than the average number of employees in UK businesses generally. Employee ownership boosts productivity per worker by between **8-12%**
- Mutual insurers and friendly societies manage **assets of over £200 billion**, which are mainly invested into UK businesses and property, and alongside this use their surplus profits to support the communities they operate in.
- Building societies have helped over 3.6 million families and individuals across the UK to buy a home with mortgages totalling over £370 billion (23% of total mortgage balances outstanding). They are also helping over 23 million people build their financial resilience, holding over £362 billion of retail savings (19% of all cash savings).



**Building societies have helped over 3.6 million families and individuals across the UK to buy a home (£370 billion in mortgages)**



## How we give value to our members and communities

Each member of a mutual or co-operative – their customers, employees or suppliers – have an equal stake in the business. All profits are either reinvested back into the business or into community projects or shared for the benefit of members, today and in the future, in the form of better products and services, making products and services more accessible to the under-served.

- A **survey** of AFM members' employees in 2023 showed 98% thought the business was run in the best interests of their customers, 95% are proud of the ethics and reputation of their employer, and 93% agreed that their organisation puts customers first. This is in contrast to **research** amongst employees of non-mutual businesses, where just 67% think their company puts customers first.
- Building societies consistently score better than banks in customer service surveys. 93% of their customers say their provider treats them fairly and 92% would recommend their building society to friends and family. This compares to 84% and 79% of bank customers respectively.
- Building society members received £1.5 billion more in savings interest than they would have received from the major banks in the 12 months to March 2023.
- In addition, UK co-operatives have, on average, **gender pay ratios** 42% smaller than other UK businesses. Worker co-operatives also have significantly lower top-to-bottom **pay ratios**.

*All figures are from YouGov Plc. Total sample size was 2083 adults. Fieldwork was undertaken between 1st - 2nd November 2023. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). Excludes those who answered 'don't know'. Calculations have been undertaken and presented by BSA.*

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**CO-OPERATIVES UK**



Case Study

## Consumer co-operatives



The UK's consumer co-operatives, boasting a collective annual turnover of £15 billion, prioritise mutual and social value over investor returns. Owned and controlled by their customers, these successful enterprises reinvest profits into their businesses, often reducing prices, and distribute earnings to their communities through customer dividends and community initiatives.

For instance, The Co-op has earmarked £70 million for price reductions on various daily essentials exclusively for its members. Scotmid, a £400 million business operating across Scotland, employs nearly 4,000 people in various sectors. With its democratic structures, its 250,000 members actively participate in profit distribution within their communities, allocating over £500,000 to community organisations last year, including substantial awards and small, local grants up to £500 through regional member committees.

Consumer co-operatives also champion inclusive employment, committing to increase BAME manager representation from 3% to 10% by 2025. They actively diversify their talent pool to reflect the communities they serve. Southern Co-operative collaborates with local housing associations to connect social housing tenants seeking employment with job vacancies.



Sheffield Mutual

Case Study

## Sheffield Mutual Friendly Society: What sets us apart?



For over a century, Sheffield Mutual Friendly Society has prioritised its members, offering a personalised and friendly service that sets it apart. Members appreciate being treated as individuals, not just numbers, with calls answered promptly by trained staff who engage in meaningful conversations. The society's service standards are exceptional, ensuring a high level of support.

Strong relationships have developed, as many members and intermediaries know the team on a first-name basis. Special attention is given to isolated or vulnerable members, with comprehensive guidelines in place to offer tailored support.

Despite challenges like the global pandemic and rising living costs, Sheffield Mutual has consistently delivered excellent service, evident in the positive reviews received over the years. They actively involve members through a Member Ambassador and Consumer Duty Champion, ensuring their voices are heard in boardroom discussions. The society's core values are prominently displayed, guiding every aspect of their operations.



# Thriving communities everywhere

Mutuals and co-operatives play an essential role in supporting the communities where their members live and work. This can be through community investment, helping people build their personal financial resilience through saving and investing, helping tackle the housing crisis and saving the NHS money.

## Investing in communities

The member-ownership model of co-operatives and mutual businesses is based on people pooling resources to collectively meet their needs and aspirations, often where they cannot rely on the state or other commercial organisations to do so.

- Since 2012, through the co-operatives **Community Shares** programme, more than 130,000 ordinary people have invested over £210 million, to benefit their communities, often saving or revitalising local assets and enterprises that would otherwise be lost.
- Co-operatives are also a powerful tool for rural communities to secure essential services and support economic life in response to market failures. **Research** in 2020 found that rural community co-operatives generate economic activity, nurture social capital, add local resilience and help sustain rural life.
- In financial services, people and communities benefit from high street branches where they can get face-to-face support and access to essential financial products. Building societies have a proven track record of being much more likely than banks to keep their high street branches open. In 2011 building societies accounted for 14% of branches across the country, by 2021 this share had risen to 22%. Nationwide Building Society has the largest single brand branch network in the UK and has pledged to stay in towns and cities where it has a branch until 2026.
- Mutual insurers and friendly societies focus on good value products and services that meet the needs of the less affluent, such as health cash plans that pay for dental and optical care, investments for children, the pensions dashboard which supports savings for retirement, and protection plans that don't have long waiting periods before they pay out.



Since 2012, through the co-operatives **Community Shares** programme, more than **130,000** ordinary people have invested over **£210 million**, to benefit their communities.



## Cornish Mutual supporting resilience in agriculture beyond meeting insurance needs

Cornish Mutual, a specialist in farming insurance, goes beyond insurance offerings to support its multi-generational member base in agriculture. Recognising the complexity and challenges of modern farming, where many farms are managed by one person, the company offers free resources like guides, articles, and case studies on topics such as succession planning, mindset, innovation, environmental concerns, and diversification.

When farmers need additional support, Cornish Mutual connects them with relevant organisations through on-site advisors as part of their core insurance services. They have recently introduced a farm engagement coordinator to enhance this effort. Peter Beaumont, Managing Director, emphasises the importance of face-to-face interactions for sharing practical ideas and experiences, organising farm walks, conferences, and events on critical agricultural issues.

Cornish Mutual, driven by its mutual ethos, collaboratively addresses challenges like health and safety, climate change, and soil health by pooling knowledge and solutions. Their latest initiative, the "Farming Focus" podcast, offers a diverse toolkit of ideas accessible to the farming community, even while working on tractors, further demonstrating their commitment to resilience and support beyond insurance.

# Case Study



## Newcastle Building Society branches

Newcastle Building Society is taking a fresh approach to branches; finding new ways to grow its network, helping to restore access to cash on high streets and working collaboratively to maintain accessible financial services in its communities.

Its network of 31 branches includes four innovative community branches, established with local partners to restore or enhance face-to-face financial services. Branches in Yarm, Hawes, Knaresborough, and Wooler share space with other services including libraries, tourist information, and even community police officers.

In Gosforth and Knaresborough, where banking services have diminished or disappeared, the Society is piloting the use of the OneBanx multi-bank kiosk, which enables small businesses and personal customers of any bank to deposit and withdraw cash from their current accounts.

Newcastle Building Society's blueprint for a better branch combines communities, partnerships and technology to deliver much-needed financial services in a sustainable way. Plans for further investment are well underway, including two new community branches which will bring benefits to local communities for generations to come.

## Case Study





## Papa Westray Community Co-operative

Papay Community Co-operative is a multi-purpose business on Papa Westray, one of the most northerly of the Orkney Islands. The co-operative, whose members are all 'Papay folk', serves the island's 90-strong population as well as Papa Westray's tourists.

Run entirely by local people, the co-operative operates the island's only shop, selling a wide range of produce, including fresh and preserved food, fuel and basic utilities. The co-operative also runs a 20-bed hostel.

Papay Community Co-operative Secretary Tim Dodman said: "It's absolutely vital for us to have a community shop - a reliable shop that's competitively priced. It has played a key role in preventing population decline."

"The co-op ethos is very important. It's a sharing model. This is a small island and pretty remote. It's much better to work co-operatively to control a lifeline service."

## Case Study

### Incentivising people to build their personal financial resilience now

The cost of living crisis has brought into sharp focus the importance of having a savings safety net to provide some financial resilience. There are around **11.5 million** people in the UK who have less than £100 of savings to fall back on in an emergency, with **27%** of workers saying money worries have affected their ability to do their job.

- Building societies and credit unions are helping people to build their own personal financial resilience by providing a range of different savings accounts to meet the differing needs of all levels of savers, including regular saver and workplace savings accounts.
- A number of building societies and credit unions offer financial education to local schools and community groups ensuring the next generation has the information to make good financial decisions.
- Helping people to increase their financial resilience is good for people's health too. A third of men (**32%**) and two-fifths of women (41%) said greater financial security would make them feel less anxious or depressed. The Building Societies Association has created UK Savings Week, which aims to help people with little or no savings to start a savings habit.



## Scotwest Credit Union and North Lanarkshire Council Workplace Savings

Scotwest Credit Union has partnered with North Lanarkshire Council to provide a workplace savings scheme to the council's employees. Ian Stanger is responsible for People & Organisation Development at the council. He said:

"At North Lanarkshire Council we appreciate the importance of the financial wellbeing of all of our colleagues and we understand the impact that money worries can have on their personal lives as well as their working lives.

"Payroll deduction through Scotwest Credit Union has been a simple and straightforward way of providing our employees access to a safe and easy way of saving directly from their salaries. With their finances being understandably a personal and private subject, it has been beneficial for our employees to be engaging directly with Scotwest on any queries or changes to their savings and lending rather than speak to us as their employer.

"The service is free and is simple and easy for our personnel team to manage with a minimal impact on their time. Working alongside Scotwest to promote the service across the council has been just as easy with the option of visits as well as online and printed marketing materials."



## Case Study

### Incentivising people to invest for the long-term and into retirement

Building financial resilience is also about giving individuals the tools and support to save for the long-term.

- When an individual is looking to invest in a long-term product, for many choosing an organisation which provides shared value is important. The majority of Child Trust Funds are managed by mutual friendly societies which can pass on the savings from not having to pay a dividend to external shareholders, and offer lower costs to customers.
- For many people, planning their future pension is one of the most critical decisions they will make. Mutual providers like Royal London, and the Wesleyan who mainly serve teachers and the medical profession, are at the forefront of designing products that meet the needs of people today, and align their own interests with achieving the best long-term return for their customers, as well as the needs of society as a whole.
- In a mutual organisation, with no shareholders to satisfy, more of your money goes into building up your nest-egg, and your investments can grow unimpeded.



## Royal London case study

Since its establishment in 1861, Royal London has remained dedicated to safeguarding families' standards of living in the face of the ever-increasing cost of living. As the UK's largest life, pensions, and investment mutual, the company is committed to creating better outcomes for both its customers and society as a whole. Their purpose, "Protecting today, investing in tomorrow. Together we are mutually responsible," underscores this commitment.

With the UK's aging population, the responsibility for funding later life has shifted from employers to individuals. Royal London strives to help customers enhance their financial resilience while shielding them from life's unexpected challenges. They advocate impartial advice and offer relevant information and guidance to empower customers in making informed financial decisions.

Royal London's mutual status enables them to share the benefits of their success with eligible customers through the ProfitShare scheme, contributing over £1.5 billion to their pension savings since 2007. Positioned for the long term, Royal London invests responsibly, aiming to contribute to a sustainable world and protect future generations' standards of living.

Case Study



## Foresters Financial - Serving the Underserved



Foresters is deeply committed to improving the lives of people both in the UK and internationally. This commitment is demonstrated through several key initiatives:

**Free Financial Planning:** Foresters offers the valuable service of in-house advisers who provide personal financial planning at no extra cost. This ensures that everyone has access to expert guidance for making informed financial decisions.

**Islamic Fund:** In the UK, Foresters provides an Islamic fund that complies with Shariah law, catering to the specific needs of customers who require Shariah-compliant investment options.

**Child Trust Funds:** Foresters is a major provider of Child Trust Funds in the UK, offering long-term children's savings accounts. They advocate for simplifying access to these funds for parents of teenagers with disabilities, aiming to eliminate the complex Court of Protection process, ensuring that these funds can be used to improve the lives of the teens.

**Member Governance:** Foresters operates on a member governance structure, allowing members to access various benefits. These benefits include individual perks such as a wellness app and financial support for career development. Additionally, Foresters awards 300 scholarships each year to students who exhibit exceptional leadership and community service, fostering the next generation of volunteers and community leaders.

Foresters' dedication to enhancing the well-being of its members and communities reflects its commitment to serving people and making a positive impact.

Case Study



## Providing a place to call home

- Ensuring the UK has enough secure, safe and affordable housing that meets people's needs is essential for communities to thrive across the country. But there is a lack of good quality housing stock in the UK and co-operatives and mutuals are helping to tackle the housing crisis.
- Building societies and credit unions are more likely to offer mortgages to people who struggle to find provision elsewhere, such as self and custom builders, first time buyers and those choosing shared ownership.
- Community land trusts secure land at affordable rates, so that housing can be built on it. The trust then provides affordable housing for communal benefit in perpetuity, often allowing families to stay in the same area, when they might otherwise have been priced out.
- Private rental co-operatives provide more affordable rental options than the private sector. The average rent for a room in a private rental shared housing co-operative in 2019 was £224 a month, 46% less than the **£420 a month average** for a room in a shared house at the same point.
- Compared with other countries though, the UK's housing co-operative sector is very small in terms of the number of co-operatives and their average size. For example, 15% of the housing stock in both Austria and Norway is **co-operative**, while in the UK the Confederation of Co-operative Housing estimates 0.6% of housing stock is co-operative.



## Ecology & Oxfordshire Community Land Trust

After a decade the Oxfordshire Community Land Trust has completed its first ever affordable housing development.

This achievement is a significant milestone for the Trust, which has been working to provide affordable housing for people in the City. Local investors have contributed to this project, helping people to afford to rent in their hometown. The completion of this development is a testament to the power of community-driven initiatives and highlights the importance of affordable housing for those wanting to remain in their hometown.

Oxfordshire is in the grip of a severe housing crisis. Average house prices are 15.3x the average salaries, making it the second least affordable city in Britain. Over 900 houses are second homes, and the number of holiday lets is increasing.

Oxfordshire CLT are tackling this problem by providing genuinely affordable housing that will remain affordable forever. Their first development, Crofts Court provides eight energy-efficient, sustainable homes for local people to rent.

Ecology Building Society was delighted to provide development phase and long-term support. As a funder of innovative community-led housing projects, the Society sees the Community Land Trust movement as key partners in delivering sustainable housing built with and for local people.



# Case Study

**Oxfordshire  
Community  
Land Trust**





## Cambridge Building Society



The Cambridge Building Society launched its unique Rent to Home scheme in 2019 to assist individuals in achieving homeownership. In its first phase, two people, chosen through a ballot, moved into single occupancy apartments above The Cambridge branch in Great Shelford. After three years, they purchased their first homes, thanks to a 70% refund of their rental payments and obtaining mortgages from The Cambridge.

Following this success, the Great Shelford apartments became available for new tenants. In August of the following year, three new tenants were randomly selected via a ballot, reminiscent of the Society's historical housing initiatives from 1850.

Due to high demand, The Cambridge expanded its Rent to Home program, acquiring two modern family homes this year, bringing its community initiative portfolio to five properties. Following another successful ballot, four new applicants have begun their homeownership journey in Longstanton and Northstowe. The Cambridge plans to continue growing the Rent to Home scheme with additional properties in the future.

## Case Study

### Reducing pressure on the welfare state

Research by OAC shows that mutual and not-for-profit insurers and friendly societies which provide health and income protection products, and provide indemnity support to the medical profession, delivered £956 million of benefits and reduced the pressure on public services. These benefits reduce costs for the NHS, reduce claims for welfare benefits, and support employers during times when employees are absent from work due to illness. It is a prime example of how mutuals support society in general, and relieve pressure on public services.



## Benenden Health – the affordable private healthcare provider

Established in 1905, Benenden Health's clear purpose is to collectively enhance the nation's health. Their unique approach involves members paying a flat rate of just £12.80 per month, regardless of age or pre-existing health conditions, making it one of the most affordable healthcare options available.

Members enjoy various benefits, including 24/7 access to GP and mental health helplines, care planning advice, and social care guidance. The Benenden Health App provides a wealth of health and wellbeing information for members to manage their health conveniently.

After six months of membership, members can request diagnostic and treatment services, physiotherapy, and mental health support. Benenden Health operates as a discretionary mutual fund, aligning services with patient needs and the mutual fund's sustainability, avoiding duplication of services already provided effectively by the NHS, particularly in areas like brain, heart, and cancer treatment.

Members are integral as owners of Benenden Health due to its mutual status, giving them a say in the organisation's governance. Benenden Health has recently modernised its democratic structure, encouraging broader member participation and involvement in decision-making.

During the pandemic, Benenden Health challenged the healthcare market and partnered with Channel 4 for wider TV advertising, emphasising its distinctive approach. They also focus on corporate healthcare provision, offering a low-cost alternative through intermediaries. Their commitment to excellence is evident in their recognition and awards, including 'Best Healthcare Service' at the Moneyfacts Investment Life & Pension Awards for four consecutive years.

# Case Study



## Partners Credit Union - Benefits Only Service Accounts

Partners Credit Union, founded in 1993 to serve Liverpool City Council employees, has evolved into a member-owned financial mutual with a strong ethical commitment. Expanding its membership criteria to be more inclusive, the credit union prioritises the welfare of its members above all else.

Recognising a pressing issue faced by its members, particularly vulnerable individuals, Partners Credit Union took proactive steps to address it. Many were subject to exploitative fees when cashing DWP vouchers, and some third parties charged exorbitant monthly fees to “service” their benefits. In response, the credit union collaborated with local homeless centres, Whitechapel Centre and Excel Housing Solutions, to better understand the challenges faced by benefit-dependent individuals.

This collaboration resulted in a tailored solution, the ‘Benefits Only Service Account,’ equipped with a debit card. This account offers a safe and cost-effective way for beneficiaries to manage their finances, eliminating the need for expensive third-party cashing services. The account not only provides financial relief but also empowers beneficiaries with a dignified means of managing their finances, promoting financial independence.

Partners Credit Union’s swift action not only protected members from exploitation but also advanced financial inclusion and dignity among benefit recipients in Merseyside. This collaborative effort reinforces the credit union’s commitment to community welfare, solidifying its reputation as a socially responsible financial institution.

## Case Study

# Climate change and reaching net zero

The **Climate Change Committee (CCC)** report highlights the need for the UK to accelerate the decarbonisation of power and drastically reduce carbon emissions to achieve our 2030 climate targets. The CCC warns that progress on the latter is more challenging and complex. With 20% of the UK's carbon emissions coming from residential properties, it is critically important to empower households and communities to make low-carbon choices. Everyone needs to play their part, and the Government needs to provide clarity about what people can do to reduce their carbon consumption.

## Unlocking sustainable energy solutions/schemes

Energy communities are co-operative networks of households, organisations and businesses which generate, share and store renewable energy, heat and cooling. They have grown from a standing start in the first decades of the century to **495** mutuals, with 58,000 members, generating 506 GWh, funded primarily through community shares. The communities encourage people to participate in the move to net zero. There is not only scope for these micro-generation communities to grow, but they can help more people decarbonise their energy consumption and unlock funding through community shares.



## Helping more people into sustainable homes?



Demand for quality, affordable, homes in Wales is higher than ever and is continuing to grow. Principality Building Society's landmark £50m commercial loan to the Welsh not-for-profit social housing provider Pobl Group, demonstrates its funding innovation and commitment to widening access to lending to support sustainable new home development. It also aligns with Pobl's ambition to create 10,000 much-needed energy efficient homes across Wales over the next decade.



Properties are being constructed using the latest sustainable technologies and building materials with minimal environmental impact, in line with the Pobl Group's net zero standard. A mixed tenure approach across developments will allow a range of ownership options, including general needs rent, intermediate market rent, affordable home ownership, market rent and outright sale, helping more people into the home they desire in great places where they want to live. These sustainable homes will continue to combat the cost of day-to-day living, will be as economic to run as possible, and ensure better outcomes for homeowners, renters and for the environment, now and for future generations.

## Case Study



## Bristol Energy Co-operative



Bristol Energy Co-operative develops renewable energy and energy efficiency projects, with and for the benefit of communities in Bristol. Its members and participants include local residents, community organisations and local businesses.

The co-operative is owned and controlled by 1,500 members, who so far have pooled £8.5 million to fund its activities. This has resulted in 10.5 MW of installed energy generation capacity. The co-operative is responsible for the equivalent of 33% of Bristol's solar energy generation.

### Case Study

The co-operative focuses on building-mounted generation with projects that enable residents, community organisations and local businesses to benefit directly from renewable generation. This includes deployment in some of Bristol's most deprived neighbourhoods.

### Retrofitting homes

Many households in the UK want to reduce their energy use and decarbonise. But many people do not know what to do and find navigating the external landscape confusing and complicated.

Finding independent advice, qualified installers and getting quality assurance can all be challenging. Meanwhile a succession of government schemes aimed at encouraging and supporting households to invest in retrofit have not been successful due to low take-up. People need clarity about how to decarbonise their homes and the Government needs to be clear about the long-term strategy for decarbonising housing. Reforming EPCs to help people better understand what needs to be done and not redlining properties is key.

An emergent retrofit co-operative model in the UK has the potential to unlock a mass rollout of household retrofit, by matching supply and demand, aggregating demand, providing wrap-around support for households, supporting local contractors and utilising social capital and peer persuasion to encourage households to engage and change behaviour. Current examples include Carbon Co-op and People Powered Retrofit in Greater Manchester, Retrofit Works in London and LocoHomes in Glasgow.

These pioneers believe that their model will be effective for engaging households across the income range. They can help convince households who can afford it, to invest in their homes. But they could also be an essential counterpart to any financial support for households who need help to act. And the model can also enable retrofits to happen in blocks of flats, where complicated interpersonal negotiations are needed between renters, owner occupiers and block owners, all with mixed motivations and abilities to pay.



## People Powered Retrofit

In 2021 Carbon Co-op in Greater Manchester established a not-for-profit service called People Powered Retrofit to help more householders retrofit their properties. They offer clear, independent advice and support to help residents plan, procure and deliver a retrofit project to a high standard.

People Powered Retrofit is able to convene networks of community organisations, residents and retrofit service providers, to address market failures and engage households in a way no public or private sector actor has this far been able to. They are now collaborating with local credit unions to co-create finance solutions for households.

Crucially, the creation of People Powered Retrofit was financed by raising over £700,000 in patient, mission-aligned equity through Community Shares.

This is also a great example of how national and local government can unlock co-operative action on climate. People Powered Retrofit was supported into existence by a UK government innovation grant, and has an ongoing partnership with Greater Manchester Combined Authority.



## Case Study



## Skipton Building Society EPC+

Skipton has an ambition to play a leading role in greening the UK housing market. It is estimated that homes represent approximately 15% of the UK's greenhouse gas emissions and so, supporting their members to understand their home's carbon footprint with a view to reducing it, is a key priority for the building society.

With that in mind, they launched their EPC+ proposition at the end of 2022, with the aim to support homeowners in transitioning to a greener future. This initiative, which is available as a benefit to all Skipton members, has a clear aim of reaching as many people as possible in order to help them to understand the energy efficiency of their home, and support them in understanding how to take the necessary action to reduce their home's carbon footprint.

To date, more than 8,000 reports have been completed. This has been achieved through direct customer mailing, advertising throughout the branch network, and PR activity which has resulted in national press coverage. The progress so far is good and there are more initiatives in the pipeline to expand the proposition further in order to support more members to make the UK housing market more energy efficient.

## Case Study

**Aligning long term investments with society's priorities and achieving net zero**

*'Making your money matter is the most powerful thing you can do to cut your carbon footprint':* that is why mutual pensions and investment providers are carefully reviewing their portfolios of equities and property, to ensure they reflect the interests of their customers, support climate initiatives, and help move to a more sustainable world. Mutuals are also greening their own operations, by reducing waste, using green energy and reducing business travel.



# About us

## The family of co-operatives and mutuals

A group of genuinely purpose-driven businesses, working for the benefit of their communities and wider society. All co-operatives and mutuals are owned buy their members, customers, employees or suppliers, and do not have external shareholders.

**ABCUL** is the leading trade association for the credit union sector across Great Britain serving over 151 individual credit unions of all shapes and asset sizes. ABCUL members account for more than 61% of the total volume of credit unions in Great Britain with over £1bn of total assets in membership.



**The Association of Financial Mutuals** represents insurance and healthcare providers that are owned by their customers, or established to serve a defined community. Mutual insurers manage the savings, pensions, protection and healthcare needs of over 32 million people in the UK, collecting annual premium income of £22 billion.



**The Building Societies Association** represents all 42 building societies and seven of the largest credit unions in the UK. Building societies are owned by almost 26 million members. Together with their subsidiaries, they have helped over 3.6 million families and individuals to buy a home with mortgages totalling over £370 billion, representing 23% of total mortgage balances outstanding in the UK. They are also helping over 23 million people build their financial resilience, holding over £362 billion of retail savings, accounting for 19% of all cash savings in the UK. Building societies account for 41% of all cash ISA balances.



**Co-operatives UK** is the national association of co-operative businesses. We empower and support co-operatives with specialised knowledge and expertise, to grow the co-operative economy and create a fairer society.



**The National Liaison Group** is a collaboration of the UK Credit Union Trade Bodies and Representatives who come together to engage with government, regulators and other stakeholders to support change and create an environment that facilitates ongoing growth and resilience of the credit union sector.



# Glossary

Term	Description
<b>Mutual</b>	Organisations that are owned by their members, who may be customers, employees, or suppliers. Mutuals do not answer to shareholders, instead prioritising the interests of their members and communities.
<b>Co-operative</b>	Co-operatives are a subset of mutuals. They are organisations that exist to create value for their members, who could be its workers, customers, the local community, other businesses, or some combination of these. To be a co-operative, these members must share democratic ownership and control of the organisation.
<b>Member</b>	Individuals or organisations who hold membership and have a direct stake in a mutual organisation, typically having rights (such as voting on how the business is run) and receiving benefits (including financial advantages). Members do not have any expectation of any entitlement to a share in the increased value of their mutual.
<b>Demutualisation</b>	The process of mutuals legally changing their ownership structure in order to become shareholder owned.