

## Case Study 5.1

### The Worker Co-operative Code of Governance

Co-operatives UK, the representative body for consumer and worker co-operatives in the UK, produced a guide on governance for worker co-operatives. While accepting that the seven co-operative principles must be central to any code of governance, the report acknowledges that there are a number of guidelines specific to the worker co-operative model:

1. They are businesses that generate wealth to fulfil their principle objectives:

- To create and maintain sustainable jobs
- To improve the quality of life of the members
- To allow democratic self-management by members
- To allow all workers to work with dignity
- To promote community and local development

2. The membership of a worker co-operative is free and voluntary, but is governed by the number of sustainable jobs the business can support.

3. Whilst not all workers have to become members of the co-operative, the majority should be members. And, although some non-workers may be permitted to be members of the co-operative, in a worker co-operative the majority of the members ought to be workers.

4. Members of a co-operative have a different working relationship with the co-operative than either workers in a conventionally managed business or the self-employed contractor. But, note, this relationship is not recognised by UK employment legislation.

5. The internal regulation of a worker co-operative is determined by procedures that are agreed democratically by the members.

6. The worker co-operative must be autonomous and independent. A co-operative is obviously subject to UK law and regulation, but must not be subordinate to a third party in any aspect of their management, trade, employment, and ownership of the means of production. Further to that, a co-operative which is set up expressly to hive off an unprofitable branch of another business, or to provide labour for another business, is not a co-operative under the terms of this declaration.

Source: Co-operatives UK, *Worker Co-operative Code of Governance* (Manchester: Co-operatives UK, 2009).

