



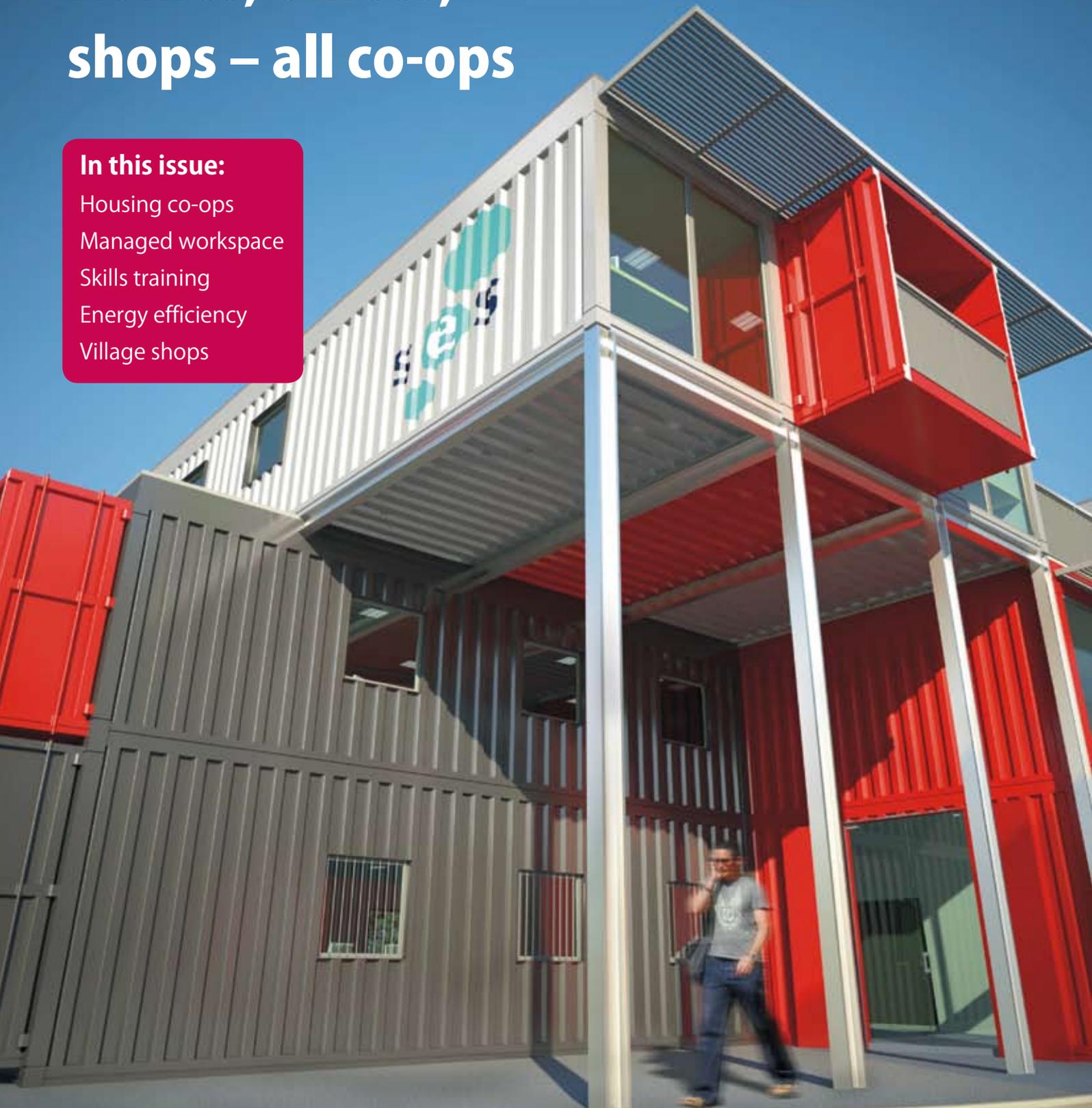
**CO-OPERATIVE &
COMMUNITY FINANCE**
the lender for social purpose

Newsletter Issue 27
September 2011

Homes, offices, shops – all co-ops

In this issue:

- Housing co-ops
- Managed workspace
- Skills training
- Energy efficiency
- Village shops



In this issue

Most of our new lending over the last few months has been to do with property development.

We've made loans to two housing co-operatives; both in London but in very different circumstances. Our loan to The Drive helped to purchase a large house in Walthamstow in which 10 people will live collectively.

Phoenix Housing Co-operative in East London is using our loan to finance the refurbishment of derelict flats in a project whose outcomes include both skills training and low cost accommodation.

We've also helping to finance the building of offices and managed workspace for Sunderland's long established co-operative development agency. The new construction is made from recycled shipping containers.

In all three of these projects we have matched loans from our funds with lending from the Co-operative Loan Fund which we manage.

Fund management is an important part of our business and one which we are seeking to expand.

We continue to lend to a significant number of community-owned village shops. The latest borrowers are described on page 6.

Also on the property theme, our loan to Greater London Energy Efficiency Network has boosted a service that helps providers of social housing to reduce costs and improve energy efficiency (see page 8).

Our loan to the Twist Partnership, featured on page 7, has nothing to do with property. This innovative training organisation has won a major government contract to help people from ethnic minorities find work.

Active online

Since our last newsletter we've been busy online. We've got a new website and we're on Facebook, Twitter and Linked In.

The new website has a new shorter URL – www.coopfinance.coop – although you can still find us via the old URL.



We update the website every time we release a new loan and we tweet about it. So if you want to stay up to date with developments at Co-operative & Community Finance, follow us online.

About Co-operative & Community Finance

We provide sympathetic loan finance to help people take control of their economic lives and create social benefit.

We've been lending to co-operatives, employee owned businesses and social enterprises for nearly 40 years.

We raise money primarily by public share issue, and we lend it for social purpose and collective benefit. We also manage loan funds for several other organisations that share our values.

We are the oldest community development finance institution (CDFI) in the UK and, we believe, one of the most successful and sustainable. We are also one of the very few CDFIs that are authorised and regulated by the Financial Services Authority in the conduct of investment business.

Co-operative & Community Finance
Brunswick Court, Brunswick Square,
Bristol, BS2 8PE

0117 916 6750 - info@coopfinance.coop

Self-help co-op provides low-cost housing and skills training

Loans from two of the funds managed by Co-operative & Community Finance are helping to finance an innovative property refurbishment project in East London that will provide affordable housing and skills training.

Phoenix Community Housing Co-operative (Phoenix) is undertaking the refurbishment of nine studio flats in Spey Street, Tower Hamlets, owned by Poplar HARCA Housing Association. In return HARCA will provide Phoenix with a seven-year lease on the flats and a reduced licence fee.



Co-op member Ray Clarke renovating a flat

The properties have been empty for nearly 10 years and require a complete refit including new kitchens, bathrooms, damp proofing and heating systems. The work will be done by volunteers from the co-operative and external trainees who are seeking to develop their professional skills and experience.

Phoenix, which was set up in 1980, provides low cost rental accommodation to about 300 people in Hackney and Tower Hamlets. Most of the accommodation is in short-life properties (ie, awaiting redevelopment) but Phoenix also owns 16 permanent properties which have 57 bed spaces.

Two years ago it launched its Housing Plus scheme which aims to refurbish disused property and provide training and work experience. The first project, also undertaken with Poplar HARCA Housing Association, has formed the basis for this new bigger project.

Carlita McKnight, Housing Plus Development Manager, said: "We are very pleased to work in partnership with Poplar HARCA Housing Association to turn mostly an empty block of boarded up flats in to a positive project – providing affordable homes for people on low

incomes and training and work experience for a very broad range of people in the community.

"We expect to provide on the job training in a wide range of practical, construction based skills to at least 30 people over the next six months and at the end of it there will be nine more flats providing good quality accommodation."

The refurbishment will be financed by loans from the Community Capital Fund and the Co-operative Loan Fund. The money will be used to buy materials and employ two members of staff (site manager and training co-ordinator). Phoenix will then use the rent collected from the new tenants to repay the loans.

Ian Rothwell from Co-operative & Community Finance said: "We're pleased to be able to lend to a project that has so many positive co-operative and community outcomes. It's a really good use of the money in the Community Capital and Co-operative Loan Funds."



Flats to be refurbished at Spey Street, Tower Hamlets

Phoenix is a fully mutual housing co-operative which means that every tenant is a member and major decisions are made on the basis of one member, one vote. The day-to-day running of the co-operative is undertaken by four employees who report to a voluntary management committee. Phoenix encourages tenants to be active members and get involved in the co-operative. It aims to build strong communities through self-help and co-operation.

www.phoenixhousingcoop.org

New housing co-op in London

A new venture in collective living has begun in North London, made possible by loans from Co-operative & Community Finance, the Co-operative Loan Fund and the Ecology Building Society.

The Drive Housing Co-op completed the purchase of a large detached property in Walthamstow on 29 July. The Victorian building, which was formerly a residential care home for children, will become home to 10 people, aged between 30 and 68, with a shared interest in co-operation, sustainability and gardening.

The Drive is a fully mutual housing co-operative. The co-op owns the property and only the tenants can be members of the co-op. Each member has a single £1 share; individual members cannot gain or lose from changes in the value of the property.

The purchase has been financed by loans from Co-operative & Community Finance and the Co-operative Loan Fund, a mortgage from Ecology Building Society, and loans from various individuals and some other housing co-ops.

Co-op member Robert Morris said: "We haven't received any grants or hand outs. It's important to us that we pay our own way and that the whole project is self-funding and sustainable."



The Victorian building used to be a children's home

Ian Rothwell from Co-operative & Community Finance said: "Lending to housing co-ops is a bit different to other co-ops. The sums of money are larger and income comes from rent rather than from selling a product or service. But as with all loan applications we have to be convinced that income will exceed expenditure. Like all co-ops a great deal will depend on the people involved, and I have been very impressed by the commitment and professionalism of the members of The Drive Housing Co-op."

The people involved in The Drive are not just going to share the premises; they are creating an 'intentional community' based on shared values

and communal activities. They plan to grow a significant proportion of their own food and buy the rest from local and/or ethical suppliers. They also have a number of plans for reducing their impact on the environment. Education and sharing knowledge is one of their key principles.



Founding members of The Drive Housing Co-operative

The co-op has overcome a number of obstacles to reach this stage as Robert explained: "We had to find the property, apply for loans from Co-operative & Community Finance and Ecology Building Society, negotiate with the estate agents and vendors, apply for planning permission, raise additional loanstock funds, and meanwhile build up a strong group of like-minded people. We've had to explain what a housing co-op is and what our project is all about to many people who have no knowledge of housing co-ops.

"Fortunately we've got a lot of expertise and experience between us in our group - but we recognise these things could be a lot harder for others, which is one reason why we'd like to help other groups benefit from our experiences."

The Drive Housing Coop used model rules developed by Radical Routes, a network of housing co-operatives. Members of The Drive also benefitted from the peer support and mutual aid provided by Radical Routes, especially in regard to business planning and legal issues concerning houses in multi-occupation.

Cath Muller of Radical Routes said: "It's brilliant that The Drive is going ahead. It's very hard to start a housing co-op in London because the property market is so skewed."

www.thedrive.coop

Recycled containers to house new co-op centre

One of the longest running co-operative enterprise centres in the UK is going to be rehoused in premises constructed from recycled shipping containers bought with a loan from Co-operative & Community Finance.

The Hendon Co-op Centre in Sunderland is being relocated a short distance into larger, innovative and environmentally friendly premises. For over 25 years the centre has been home to the North East England's most successful social enterprise development agency, SES (Sustainable Enterprise Strategies), and a number of well known co-operative businesses including the multi-award winning Sunderland Home Care Associates.

The new centre will be constructed from 40 reconditioned shipping containers fabricated into rooms of various sizes. It will provide new offices and training rooms for SES and nearly 1,000 square metres of managed workspace for local enterprises. Already 60% of the new office space has been reserved. The rents will provide SES with a sustainable source of income for some of its core activities.

The building will incorporate a range of environmentally sensitive features including roof gardens, permeable hard landscaping (to reduce rainwater surges in drains) and heat exchange pumps.

"We chose this unusual method of construction because it's sustainable and appropriate," said Mark Heskett Saddington, a director of SES. "SES is committed to the principle of reduce, re-use and recycle and of course Sunderland has a long association with shipping. It's also a relatively quick and low cost construction method."

Work on site is scheduled to start at the end of August and the containers are expected to be installed during October. SES is planning to move into its new offices in December.

"Things are moving quickly now but it's taken a long time to get here," said Mark. "We started planning this three years ago."



Architect's visuals of the new co-op centre

The project is being financed from a variety of sources including the sale of the original Hendon Co-op Centre, grants from the European Regional Development Fund and Sunderland City Council and loans from Co-operative & Community Finance, The Co-operative Loan Fund and The Co-operative Bank.

SES is the most recent name of the organisation that has provided specialist co-operative development (among other services) to the people of Sunderland since 1983. With a combination of values, vision and very hard work it has endured while many enterprise agencies have come and gone. It also has an office in North Shields and provides services across Tyne & Wear. It co-ordinates the work of The Co-operative Enterprise Hub throughout the North East region.

Ian Taylor of Co-operative & Community Finance said: "We are delighted to help finance this exciting project which is both innovative and rooted in the local community. It will be a co-operative landmark that demonstrates ongoing determination of Sunderland's co-operative and community workers."

www.ses.coop

Village shops revival continues

There are approximately 260 community-owned shops across the UK. They are opening at an average rate of 19 per year – saving 5% of the 400 village shops that close each year. Co-operative & Community Finance and the Co-operative Loan Fund have provided loans to many of them to supplement the finance they have raised from their own resources.

Elsworth Village Shop

Elsworth Village Shop in Cambridgeshire is the latest to open, following the community's success in raising thousands of pounds, and a match-funding loan from us as well. Thanks to the loans, grants and community effort, Elsworth and the nearby communities of Conington, Knapwell and Boxworth now have a local shop for the first time in nearly three years. The new shop is located in a timber clad 60m² demountable building.

Lodsworth Larder

Lodsworth Larder is a multi award-winning, eco-friendly sensation of a village shop in Sussex. The parish had been without a shop for over 20 years, and the community will soon celebrate Lodsworth Larder's first anniversary.



Inside Lodsworth Larder

With environmental and social principles in mind, the shop was built entirely from locally sourced, sustainable timber and generates most of its own energy from solar roof panels, while selling local produce and aiming to reduce the villagers' car miles. It has won a Public & Community Award from the Sussex Heritage Trust and a Nectar Small Business Award.

Woodgreen Community Shop

Woodgreen Community Shop in Hampshire celebrated the opening of its new custom-built premises in May 2011 after five years of hard work, campaigning and fundraising. The shop had been

operating since 2007, out of a space attached to private premises on a temporary lease. Afraid that the shop would lose its business when the owners would move or make changes, the five year lease allowed Woodgreen shop to make plans for its own dedicated building, securing its independent future.

Co-operative & Community Finance's loan aided the construction of the new environmentally-friendly structure offering twice the retail space. It is built of red brick, English timber and recycled newspaper material, with good insulation and heat pumps. It also now offers an outdoor eating area. The move has been a fantastic success; Woodgreen has nearly doubled its turnover in only a few months.

Payhembury Provisions

Payhembury Provisions in Devon opened its doors in July 2011, a little more than a year after the only local shop closed. It currently has 50 volunteers ensuring the shop stays open to the community seven days a week.

The loan assistance and community fundraising has funded the refurbishment of a barn which houses the shop.



Lin Horrocks serving at Payhembury Provisions

Payhembury's part time manager also manages the successful community-owned shop at Plymtree, 3.5 miles away - a good example of how the movement for community ownership is sharing expertise.

Top London social enterprise to deliver Work Programme

A training provider has taken out a second loan from Co-operative & Community Finance to assist its delivery of a major government contract to help people from ethnic minorities find work.



A group of Albanian women attending one of Twist's skills development classes

The Twist Partnership (Twist) is a social enterprise that delivers learning and training programmes to individuals, groups and organisations. Twist's aim is to empower its participants by promoting leadership through learning, thereby improving their personal and professional development.

Established in 2004, Twist provides custom-made workshops, development programmes and consultancy services to a wide range of clients. Most recently they have worked with schools, ethnic minorities, refugees and young people at risk, as well as businesses, government and housing organisations.

Twist's mission is to break down barriers. The enterprise has formed a consortium of 10 community partners, called the London Outreach Alliance, which supports ethnic minorities at a community level. The consortium can provide for eight languages throughout their offices, and offer support from those partners who share their community's beliefs and background. The partners also work in religious and community centres. The main area of work has been in helping people from these ethnic minority groups find work.

Co-operative & Community Finance has released its second loan to Twist, this time to provide help to deliver the government's new Work Programme. Twist has gained a first tier contract with a major government service provider serving

East London, called Seetec (the main contractor), which provides welfare to work and skills training programmes. Few community organisations have been selected to deliver such a large contract, a value of £1m, and as such the consortium is responsible to provide employment support to over 2,000 people over the next five years.

The loan will assist Twist in maintaining the task of transforming from a service delivery organisation to delivering to a government contract. One of the first uses of Co-operative & Community Finance's aid was to employ more full time staff, transform the IT systems, and work towards government quality standards, which must match up to the likes of large companies.

Shankara Angadi, the director of Twist, praised Co-operative & Community Finance and said: "The loan has been absolutely instrumental in managing the bid. Without it we would not have been able to run the programme. Now we can help people in the community find work, pay salaries, and develop the community groups as well – since our consortium partners will have to meet the same high government standards. We will be more successful at finding work; in one month we've interviewed 100 people and so far found jobs for many of them.

"Many of the people we support don't speak English, and don't have prepared CVs. Our partners can communicate with them in Albanian or Somali, we can directly involve these people because we know them well through their grass-roots organisations."

In March this year Twist won the Attorney General's Award for Excellence due to its valuable work with young people. Twist also designed a Corporate Responsibility project for a law firm that resulted in solicitors mentoring youth who were at risk of offending or dropping out of school. Twist has delivered programmes with the London Development Agency that involved working with many refugees and attracted over £400,000 in funds. Co-operative & Community Finance gave its first loan to Twist in 2007 to help with developing its programmes.

www.twist.org.uk

Improving energy efficiency in social housing

A unique service that helps providers of social housing to reduce costs and improve energy efficiency is able to continue and expand thanks to a loan from Co-operative & Community Finance.

Greater London Energy Efficiency Network (GLEEN) has worked with a range of social landlords to develop a web-based management system to issue Energy Performance Certificates (EPCs). This system has greatly reduced the survey and administrative costs of providing EPCs and it is also providing a growing body of accurate data for strategic planning.

"For example, we can provide local authorities and other social landlords with accurate estimates of the amount of loft insulation or the number of replacement boilers that will be required in their housing stock over the next five years," said Managing Director Tony Rose.

Since GLEEN launched the EPC manager service in October 2008 it has issued over 20,000 certificates. It has contracts with 20 social landlords in London and the south east with a total housing stock of some 250,000 properties. Now GLEEN is looking to expand the service and is tendering for contracts in other regions and in Scotland and Wales.

The financial peaks and troughs of delivering large contracts and the difficulties of managing expansion were putting pressure on GLEEN's cash flow. Co-operative & Community Finance has provided a loan to increase working capital.

GLEEN is a not-for-profit agency that works in partnership with local authorities and social landlords to promote home energy efficiency and affordable warmth. Since it was set up in 1999 GLEEN has developed a number of projects and services to assist providers of social housing and benefit their tenants.

"We focus almost exclusively on social housing," said Tony Rose. "Our aim is to provide good quality services for social housing that will help to increase energy efficiency and reduce fuel poverty."

"We are very well connected in London but we are confident that we could run this service just as well anywhere in the country."

Ian Taylor from Co-operative & Community Finance said: "GLEEN has developed an excellent system for social landlords to save costs and improve efficiency. It's so good I'm surprised that other social enterprises aren't doing it. GLEEN provides an efficient and flexible service, their aim is to solve problems."

Tony Rose said: "Ian Taylor says that we are 'high on morals and low on profit'. I really appreciate the financial help and sound advice he's given us. It helps to keep us strong."

www.gleen.org.uk

We can help

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Loans from £10,000 to £75,000 are readily available, and we are able to lend up to £150,000 using other funds.

We do not require personal guarantees, and our profits are reinvested to enable us to continue our work.

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We manage a range of loan funds throughout the UK, and currently have around £4m available to lend. Our staff will be glad to advise on the availability of specific funds and the most suitable forms of finance for your business.

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