

About Co-operative & Community Finance

Co-operative & Community Finance (C&CF) has been providing loan finance for 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 providing co-operative and community finance. Through ICOF, our holding company, we are authorised and regulated by the Financial Services Authority (FSA) in the conduct of investment business.



Employees buy play equipment business

Large loans from two of the funds managed by Co-operative & Community Finance (ICO Fund plc and the Co-operative Loan Fund) have helped the employees of a leading manufacturer of playground equipment to buy the business.

Sutcliffe Play, based in Pontefract, West Yorkshire, is well known for its design-led, child-centred, innovative, outdoor play equipment. It supplies local authorities and other customers all over the UK and has distributors in various European countries and Japan. It employs 90 people and last year its turnover was £8.8m.

It was set up as a family firm in 1947 but for many years the chairman and majority shareholder Robin Sutcliffe has been wanting to transfer ownership to the workforce.

"Employee ownership has been a dream for almost 50 years," said Robin Sutcliffe. "From the day I joined the family business my ultimate aim was to one day hand the reins of our business to its employees."

"In my experience, employees get as much satisfaction out of their jobs through meaningful involvement in a company as they do from financial gain. Employee ownership motivates and provides a level of commitment that is unusual in privately owned companies."

The transfer of ownership was completed on 8 April after complex legal and financial arrangements. The majority of the shares are now held by an employee benefit trust on behalf of all the employees. In addition most of the employees have personally invested in shares.

Loans from Co-operative & Community Finance, Baxi Partnership, Joseph Rowntree Charitable Trust and Barclays helped to conclude the sale.

This is the third employee buyout in six months that Co-operative & Community Finance and Baxi Partnership have co-financed and there are more 'in the pipeline'.

Ian Taylor of Co-operative & Community Finance visited Sutcliffe Play and assessed the proposal for the employee buyout in detail.

"I was impressed with everything I saw," he said. "Sutcliffe Play is a very professional and well managed business and I think it's going to get even better when it's employee-owned. It's my experience that manufacturing businesses in particular benefit from the greater trust and transparency that employee-ownership and co-operative management bring."

"I was impressed with everything I saw"

Baxi's consultancy division, Baxendale, has been coaching the staff and preparing them for their new role as owners.

Andrew Harrison of Baxendale said: "I'm really pleased that we've been able to realise Robin's dream of ensuring that the employees of Sutcliffe Play will be able to own their business for future generations. The employee buyout team was a joy to work with and I'm convinced that together we've designed the right foundations that will ensure that Sutcliffe Play continues to be a very successful manufacturing operation, and a very successful employee owned company."

The board now includes an employee representative as well as the former directors. There is also a new employee ownership council comprising six elected workers (three shop floor and three office



staff) and one representative from the board. The council meets regularly with the board.

Viv Jebson, managing director of Sutcliffe Play is confident that the company will continue to thrive under the ownership of its employees.

"At a time when the UK manufacturing industry has suffered we have continually performed above target," she said. "Having the future of

the company in our own hands makes us more committed to the challenges and opportunities that lie ahead and enables employees to share in the success and wealth of the business. We are now responsible to ourselves and we're looking forward to continued growth in the knowledge that our destiny lies in our own hands. I am delighted in the take up level of share ownership that we have seen, and it is a true sign of our employees' commitment to the future of this business."

www.sutcliffeplay.co.uk



Robin Sutcliffe

Loan cuts unfair 'beer ties'

A substantial loan from Co-operative & Community Finance has helped a struggling workingmen's club in South Wales to free itself from a very disadvantageous tied arrangement with a brewery.

The community-led initiative to save Blaengarw Workingmen's Club is expected to inspire other clubs and pubs, especially since the iniquity of 'beer ties' was highlighted in the government's new action plan for pubs.

This was the second loan that Co-operative & Community Finance has made in recent years to the former mining village. In 2006 it helped Creation Development Trust to buy a property and convert it into a community cafe. This award winning development trust has been instrumental in the rescue of 'The Top Club' (as the workingmen's club is known locally).

Blaengarw stands at the head of a 'one road in and out' valley in the South Wales coalfield where the last mine closed in 1985. Creation Development Trust was established in 2000 to work with local people to develop community-run projects to regenerate the area through training and community enterprise. It runs a thriving arts and community centre which includes a 250 capacity auditorium with a stage and licensed bar, a childcare room, a dance studio, a training suite, offices and various general-purpose rooms. Creation also runs Blaengarw Time Centre



Dawn Davies

"Without the loan, the club would probably have had to close"

which has some 700 members who collectively contribute over 25,000 hours a year to delivering community activity. It is said to be the largest time banking project in the UK.

The Top Club was set up in 1919 by ex-servicemen returning



The Committee of Blaengarw Workingmen's Club: Keri-ann Walters (secretary) Kenneth Ward (chairman) Julie Ward (treasurer) Theresa Davies, Wynne Davies

from the First World War. It has been one of the key social hubs of the community for 90 years, but in recent years membership has dwindled to 130. The club has struggled with debt caused mainly by unfavourable loan and purchase terms imposed by the brewery which supplied it. Two years ago the club's chairman sought the help of Dawn Davies, the dynamic chief executive of Creation Development Trust. Now, thanks to improved management, governance advice from the Wales Co-operative Centre and a loan from Co-operative & Community Finance the club is on the road to recovery.

A new company called Community Futures has been set up to manage the operation of the club. Community Futures will pay rent to Blaengarw Workingmen's Club which will be used to repay the loan. Creation Development Trust will be supporting the management and development of Community Futures. This arrangement, developed by the Wales Co-operative Centre, has formalised the close working relationship between the club and the trust, has avoided the need to change the club's constitution and has encouraged more community involvement.

"Without the loan, the club would probably have had to close," said Dawn Davies, who is also company secretary of Community Futures. "We paid off the brewery at the beginning of March and

immediately got a much better deal from another supplier."

It appears that the previous brewery had been charging about 85% more per pint than the new supplier.

"The next plan is to get more people using the club," said Dawn. "We are going to create clear member benefits and we will be linking entertainment at the club with the time bank project."

Ian Taylor of Co-operative & Community Finance said: "We are pleased to have been able to help with the restructuring of the club's loan finance. Dawn Davies and the team at Creation Development Trust have already made very good use of a previous loan and I am confident that it will be the same with the club."

www.creation.me.uk



Nicola John and Lisa Phillips pictured at Creation Cafe, set up with a previous loan.

Loans available for communities to buy their local pubs

Co-operative & Community Finance has pledged to provide up to £2m of new loans to help communities set up and run their local pubs.

The loans will supplement a new programme of practical support and grants being led by the Plunkett Foundation.

The new programme will provide support for up to 50 communities to set up and run community-owned pubs over the next three years. The £3.3m programme will provide grants to communities matched with loans from Co-operative & Community Finance and a contribution from the communities themselves. Alongside the funding, the programme will provide a range of advice and support to communities to help them through the process of setting up a community-owned pub.

Co-operative & Community Finance has been working closely with the Plunkett Foundation over the last three years on a similar support

programme for community-owned shops. Co-operative-ownership has proved successful in saving village shops, and it is hoped that it will help to save some of the 40 pubs that are closing down each week.

Ian Rothwell of Co-operative & Community Finance said:

"We are very excited to be the lender associated with this new initiative. Community-ownership is already working for the 233 village shops now being run as co-operatives, and we believe it will do the same for pubs. This is a great chance for communities to come together and buy their pubs as community assets and run them as co-operatives."

As this newsletter went to print the new support programme was not open for applications but communities can get information by emailing info@plunkett.co.uk or by visiting <http://s.coop/8f>.

Community Shops Network

A new online network that enables people involved in setting up and running community-owned shops to share ideas and experience is being hosted by the Plunkett Foundation.

The Community Shops Network was launched on 12 March at Thorncombe village shop in Dorset by Oliver Letwin MP who, as well as being the local MP, is also a volunteer at the shop. The event was attended by a number of community-owned village shops and by people interested in setting them up. Ian Rothwell of Co-operative & Community Finance was there.

"There was great enthusiasm at the launch and it was a good opportunity for us to catch up with current customers and potential new borrowers alike," said Ian. "Thorncombe was the ideal setting for such an occasion. It's a really successful village shop that has exceeded its targets since we released a loan to them last August.

"So far we've made 53 loans to village shops and we are processing another five, which will take our lending total to almost £1m."

Peter Couchman, chief executive of the Plunkett Foundation said: "The new online network will encourage community-owned shops to share their wealth of experience and ideas in order to help each other and to help support the increasing number of rural communities who are turning to community-ownership to save or reintroduce vital services."

www.plunkett.uk.net



From left: Peter Couchman, chief executive of Plunkett Foundation, local MP Oliver Letwin and Roger Greaves, chair of Thorncombe Village Shop Association.



Co-operatives throughout the UK will be celebrating **Co-operatives Fortnight** between 19 June and 3 July 2010.

Co-operative & Community Finance will be involved in various events during the fortnight including Co-operatives 2010 in Plymouth (www.congress.coop) and the ICOF AGM on 30 June (see back page for details).

For information about Co-operatives Fortnight go to www.thereisanalternative.coop

Social enterprise boost by CEU Ltd

CEU Ltd, which is using a loan from Co-operative & Community Finance to support its expansion plans (as featured in the last newsletter), has been commissioned by Exeter City Council to provide advice and mentoring for pre-start, start-up and existing social enterprises across the city. The 12-month pilot scheme will make it easier for anybody planning, launching, or growing a social enterprise in Exeter to gain necessary help.

Lorna Turner, one of CEU's directors said: "We are delighted and proud to be working with Exeter City Council in supporting the growth and development of social enterprises in our home city. Social enterprises are creating positive change in local communities and can play an increasingly important part of the local Exeter economy with this dedicated support".

www.ceultd.co.uk

Maybe it's because I'm an optimist ...

"I don't think the outcome of the general election will make a big difference to Co-operative & Community Finance," said Brian Titley who has been a trustee since 2003. "I wouldn't have said that seven years ago."

Brian sits on the management committee and has a good insight into the workings of Co-operative & Community Finance and of co-operative development in general.

Brian is a member director of Co-operative Assistance Network (CAN), a co-operative of trainers and consultants who work across Southern England. Brian has been working in the co-op sector since the 1980s and has direct experience of workers co-ops, community co-ops, consumer co-ops and credit unions.

"Now more than ever we need to get more money out on loan"

"I'm an optimist. I like to think that the co-op sector is becoming more independent of party politics. We are certainly becoming more self financing. Things are moving in the right direction when co-op societies put money into loan funds and co-op development."

Brian is particularly encouraged by the success of the Co-operative Enterprise Hub, a new initiative, funded by the Co-operative Group, to provide a package of advice, training and finance to new and existing co-operatives.



"I think we are going to see a lot more loan applications as a result of the Hub. The co-op development work funded by the Hub tends to be very focused and often involves capitalisation."

Brian thinks that Co-operative & Community Finance has managed very well during the recession and has continued to provide loans on easy terms at a time when credit for small enterprises has been very hard to access.

"Very low interest rates are a big challenge and now more than ever we need to get more money out on loan," said Brian. "We also need to increase our portfolio of fund management."

Find out more at our AGM

Members, supporters and anyone interested in learning about our services are welcome to come to our AGM at 2pm on Wednesday 30 June 2010 in the Unitarian Chapel, Brunswick Court, Bristol BS2 8PE. Please contact our Bristol office on 0117 916 6750 for more information.

Get in touch

If you need accessible, ethical finance to make your enterprising goals a reality, contact Co-operative & Community Finance and find out if we can help.

For nearly 40 years we have been providing sympathetic loan finance to new and existing co-operatives, community businesses, development trusts and enterprises developed from the charitable and voluntary sector.

Our rates are competitive, unlike many high street lenders we don't require personal guarantees, and our profits are reinvested to enable us to continue our work.

Call us on:
0117 916 6750

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