



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

Newsletter Issue 28
February 2012

New fund to support community share issues

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New fund aids community shares

There's a new member of the ICOF family of businesses - Community Shares ICOF Ltd (CSI).

This new industrial and provident society will administer a fund to support community share issues. The first beneficiaries are expected to include communities that are seeking investment in renewable energy projects, villages that want to buy their local pub and supporter-owned football clubs.

The fund will be started with finance from The Co-operative Enterprise Hub and with the facility to borrow more if needed from The Co-operative Loan Fund. In future CSI will be inviting other organisations to become members and contribute to the fund.

CSI will offer to underwrite a community share issue after examining the proposal and conducting due diligence. This provides reassurance to the community that a financial institution has confidence in the project and thus improves the chances of the share issue being

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



successful. It also means that the project would still go ahead even if it had failed to reach its investment target.

The CSI fund could also be used where money has to be raised in a very short period. For example, if there was a deadline to buy a building the fund would allow the purchase to go ahead before the closing date of the share issue.

Sometimes investors prefer to purchase their shares through regular monthly subscriptions, rather than having to pay the full amount immediately. The CSI fund could provide the money up front to enable the project to proceed and would be repaid as the subscriptions were collected. This would ensure that people who cannot afford to invest in a single payment are not excluded.

Ian Rothwell, C&CF's development manager, said: "There's a number of community-owned initiatives just waiting for this fund to be launched. We identified the need for an underwriting fund some time ago and now we've got all the pieces in place to make it happen."

Co-operative & Community Finance was involved in the action learning research project that developed community investment practices. Other partners included the Development Trusts Association (now known as Locality), Co-operatives UK, The Plunkett Foundation, Baker Brown Associates and the Key Fund. The project ended in March 2011.

Above: The Butchers Arms in Cumbria is community owned following a share issue and support from The Co-operative Enterprise Hub and the Co-operative Loan Fund. Front cover: Westmill Wind Farm Co-operative raised part of the finance for the five turbine site in Oxfordshire by a community share issue. Photo by Mr Ush.

Sun replaces tin in Cornish revival

The Renewable Energy Co-operative (R-ECO) is helping a major regeneration project in Cornwall to become carbon neutral by installing a range of sustainable energy technologies including solar photovoltaics.

The project called Heartlands is a £35m transformation of 19 acres of old tin mine land into a cultural space for community and visitors. On completion, the development will feature a working tin mine, business units, community facilities, performance and event areas, and residential accommodation.

Abraham Cambridge, technical director of R-ECO, said: "Heartlands is an amazingly innovative and ground breaking project. We are witnessing the transformation of a symbol of the bygone days of Cornish tin mining, and replacing it with a delectable selection of sustainable technologies."

Co-operative & Community Finance made a loan to R-ECO to be used for working capital as the co-op takes on more work. Formed in 2008, it now has 10 employee-members who all share an interest in green energy and have a background in the building trade.



Co-op members installing a PV system



New PV panels on the roofs at Heartlands

Prior to the work on the Heartlands development R-ECO celebrated the completion of its first community project, which saw the installation of a PV system on a theatre roof in Cornwall. Its work resulted in a 70% reduction in the theatre's energy bill. Other work includes the installation of a ground mounted system at a farm in Oxfordshire and various other projects including a factory roof, a police station and an agricultural building.

The co-operative is passionate about driving the renewable energy industry forward. R-ECO is a pioneer of solar farms in the UK, and won a business innovation award in 2010.

Abraham Cambridge said: "We had a desire to provide a more ethical, affordable and accessible service to the public."

With this purpose in mind, R-ECO is working to alleviate

fuel poverty, which is common in areas throughout the UK and especially in the south west.

R-ECO has big plans and far reaching social goals in mind for the future. The members desire to help set up other worker co-operatives under the same model. They hope to partner with community organisations to provide free electricity for schools and community centres, and plan to use various profits to install more energy units on additional community sites.

R-ECO has expanded out of Cornwall by setting up a new office in the Reading area. It also plans to diversify into installing solar thermal units and wind turbines. The members hope more renewable energy co-ops will grow out of the company.

Heartlands will open later this year and will include a working model of a tin mine engine house, conference facilities and low cost office space.

Idealistic and realistic

Wood recycling combines a commercial approach with social and environmental benefits.

A social enterprise in Oxfordshire aims to increase the amount of wood being reused and recycled rather than being sent to landfill sites, following a loan for equipment purchases and working capital from Co-operative & Community Finance.

Oxford Wood Recycling operates a waste wood collection service from an industrial unit in Didcot, collecting timber from businesses in a 30 mile radius.

The team collects waste wood, timber and pallets from construction sites, business premises, and universities/ colleges carrying out 60 plus collections a month.

Collections are made by paid staff who load by hand into a caged truck, separating clean re-usable timber as they load. Up to 10 cubic metres of waste wood can be collected, over 1,200kg in weight- which is approximately 50 pallets in size.

Fees for collection are always lower than the cost of a mixed builders skip, because the collectors stack the material very efficiently in the truck.

Richard Snow, Chief Executive Officer of Oxford Wood Recycling, said: "We are the only wood collection service in Oxfordshire that offers to reuse timber. We are an economic and environmental alternative to a skip."

The truck is then driven to the Oxford Wood Recycling industrial unit where, on average 15% - 20% of the timber is



stored for re-use. The remainder is taken to a licensed recycler for shredding, with the end use mainly being energy generation.

Re-useable timber is then sold for DIY use or sawn and bagged for firewood. Prices for second hand timber are generally half of what a customer would pay for new. Customers are able to buy directly from the business at The Wood Shop which is located at the industrial unit, and special bulk buys of wood can be purchased online.

Part of the loan was used to design and fit two bespoke vehicles with features such as a tipping body, a custom fitted cage and onboard weighing scales. The completed vehicles were introduced to the fleet in November and December. One original truck is still in operation, and is now used to offer a reclaimed wood delivery service to customers. The rest of the

loan was been used to purchase machinery to help grow a firewood business.

Kindling and firewood is sold wholesale to more than 30 convenience stores. The hope is to increase this to 70 shops and 20 petrol stations in the coming three years.

As well as the environmental benefits the business aims to provide employment and volunteering opportunities for those people facing real barriers to working.

Ian Taylor, from Co-operative & Community Finance, said: "We were very impressed that the business not only had a realistic commercial approach but also had a beneficial social function, offering employment and volunteer opportunities to people who are finding a route back into work difficult."

More loans to community shops

There are now 271 community-owned shops in the UK with 19 opening in 2011 alone. These shops are continuing to prove their resilience despite the economic downturn that is forcing many other businesses to close.

In recent months we've made loans to three community-owned shops to supplement the funds raised by local people.

Milland

A purpose-built community shop opened in Milland, West Sussex, in December.

200 people, and a famous face in the form of Downton Abbey actor Hugh Bonneville, attended the opening on Saturday 3 December.

One of the aims of the shop is to encourage volunteering and to deliver a range of supportive services into the community. They hope to enable young people to develop skills and gain experience vital to obtaining a first job.

The building which was designed by a local designer, was purpose built to the needs of the villagers, and is eco-friendly in construction.

Philip Watts, chairman of the Milland Community Shop, said: "We have received a very warm welcome from villagers since we opened. Many people say that the shop completes the village hub. We have also had a great deal of interest from tourists, ramblers and cyclists who are visiting the National Park in which we are located."

The shop provides a range of amenities including groceries, freshly baked bread, and a modern cafe specialising in fresh Italian coffee. A limited parcel service is also being explored in the coming months, and events such as book signings have been organised.

Ashton Keynes

The Ashton Keynes village shop, in Wiltshire, which is run by a community co-operative, was developed after a privately owned store faced closure when the owner wished to retire.

Dave Sheppard, treasurer, said: "It was clear that we had to do something to make sure that we preserved the existence of the shop."

The existing premises was set to be returned to residential use, so plans for an annexe to



Milland Community Shop

the village hall were put into place, with the agreement that the village shop can use it for as long as it wants.

The shop is run by a team of paid staff members and volunteers and offers conveniences such as groceries sourced locally where possible, freshly baked cakes, newspapers and lottery tickets. The management board of the shop are volunteers.

In the future the co-operative hopes to harness excess heat created by the grocery chillers into a heating system for the village hall.

Hinton St George

A determined Somerset community has saved the only shop and post office in the rural village of Hinton St George.

Emma Way, vice chairman of Hinton St George & Locality Rural Community Services (HRCS), said: "Essentially it is the only shop in the village. The nearest supermarket is a six mile round trip, access is difficult as most roads are only single tracks and the bus service is poor."

HRCS hopes to expand the store, called Our Shop, in the future by increasing the floor area and developing the Our Shop brand: Our biscuits, Our wines, Our jams and marmalades.

Recent appointments

New chair

There's been a reshuffle on our board. The chair and vice chair have swapped roles. The new chair is Jo White, who has been a trustee since 2003. Jo is executive director of the specialist support agency Co-operative Futures.

She said: "Co-operative & Community Finance really matters, and it matters more right now than it ever has. The co-operative business model is the only way of doing business that offers sustainable light at the end of this dreadfully dark economic tunnel.

"We've been lending for over 40 years and we currently have over £4m of our own capital to lend, available to those that practise or support the principles of co-operation, social ownership, and sustainable development."

Guy Turnbull, who had been chair since 2009, decided to step down because he felt he could no longer give sufficient time to the job. The employee-owned homecare franchise that he set up – Care and Share Associates – is undergoing a significant expansion.



Guy said: "Co-operative & Community Finance is without doubt the most experienced and talented group of people I've had the pleasure of sharing governance duties with. A critical element of that has been the skill and experience of the staff team. I would like to thank them for their support over the last couple of years."

New administrator

We're pleased to welcome Mike Smyth as our new financial administrator.

Mike brings with him a vast array of experience following eight years in the public sector working for the Forestry Commission, and two years in the private sector, before making the move to the third sector.

Mike is based at our head office in Bristol. His duties include the delivery of our service package and administrative and information systems to the staff team, the trustees, borrowers and client organisations.

Mike said: "Having worked in the public sector and, more recently,



in the charity sector, I know that I am motivated by working in an environment which exists to provide a service or support others. I am extremely keen to work in an organisation which

matches my own ethics and principles, always conscious that even 'back-of-house' functions make an indirect contribution to the greater good."

Successful borrower advises MPs

One of the businesses that we helped to become employee-owned in 2010 has shared its experience at a parliamentary meeting.

Viv Jebson, managing director of Sutcliffe Play, the Yorkshire manufacturer of outdoor play equipment, was invited to answer questions at the Employee Ownership All Party Parliamentary Group inquiry, held at Portcullis House.

Sutcliffe Play was among three top businesses including the John Lewis Partnership, invited to share information as 'witnesses'. The information she provided will help to form the basis of a report to be published in May.

The report will set out the



benefits of employee ownership, and Viv said she was more than happy to talk about her experiences at the meeting.

She commented: "It was a great opportunity to highlight

the positives of such a switch. Sutcliffe Play's employees are stakeholders and our success since the company went into employee ownership underlines the validity of the move."

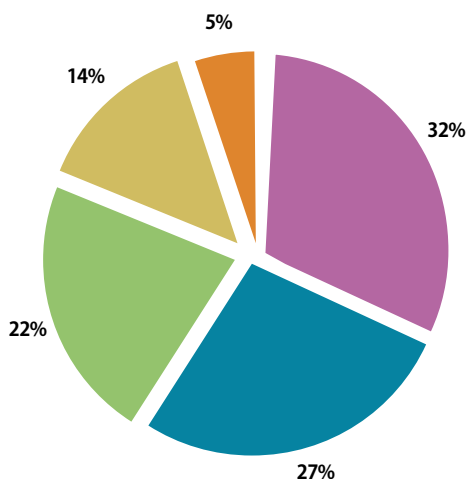
Growth in lending

Last year we lent £1.1m in total: £800k from our own funds and £300k from the funds we manage. This isn't our best ever year – in 2007 total lending exceeded £1.7m – but it's the best since the financial crisis of 2008.

Operations manager Alain Demontoux said: "Demand is on the increase as mainstream banks continue to be even more risk averse and

continue to squeeze business overdrafts and working capital. Coupled with the failure of increased lending from banks under project Merlin and the Big Society Bank continuing to stall we have rarely been busier with solid co-operative lending proposals."

A significant growth area in 2011 was housing co-operatives as more people took control of their housing needs.



- Community-owned shops
- Housing and property management
- Renewables, recycling and environment
- Co-operative development
- Training

John Pearce - innovator and activist

A tribute by colleagues and friends Alan Kay and Alan Tuffs, with additional material from Ian Taylor.



John Pearce, who died in December from cancer aged 69, was a major influence in the development of co-operative, community and social enterprise in the UK and overseas. He was a trustee of Co-operative & Community Finance

(then ICOF) from 1976-90 and was chair from 1981-83.

Ian Taylor said: "John was a trustee when I started work at ICOF. I was very impressed by him, as everyone was. He was well respected because it was obvious he was a genuine co-operator."

John brought a rare vision to co-operative and community development that encompassed the simple idea that people who are disadvantaged can engage directly with economic solutions that will create jobs and services in their communities and so improve their quality of life. He was a thinker who managed to turn theories into practice.

John grew up in Truro and then studied medieval French and German at Cambridge, and

social administration at the London School of Economics.

John became involved with co-operatives when he worked in Nepal for two years setting up a village for Tibetan refugees. He maintained links with Tibet throughout his life.

Back in the UK, John lobbied for the 1976 Industrial Common Ownership Act which established funding for ICOM, ICOF and the Scottish Co-operative Development Committee.

During the 1970s and 80s John helped to develop many community projects and enterprises in Cumbria and Scotland including Strathclyde Community Business.

For the last 20 years of his life he worked as a freelance consultant. There are countless reports that bear his name and six books – the most celebrated being 'Social Enterprise in Anytown' published by the Calouste Gulbenkian Foundation in 2003. He also developed the ideas, policies and practices of social accounting.

He was a founder member of Community Business Scotland, the Social Audit Network, the Scottish Community Enterprise Investment Fund and the West Calder Workspace Group of Community Companies. His energy, clarity of thought and the ability to gather people around ideas extended John's influence out across the UK and to Europe, India, Australia and New Zealand.

We can help

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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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