



**CO-OPERATIVE &
COMMUNITY FINANCE**
supportive lending since 1973

Innovation Award for Community Shares Fund

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Good year for lending



Our award-winning Community Shares Fund helped local people to buy the historic Unity Hall in Wakefield in October 2013

NEWSLETTER 32

APRIL 2014

Excellence rewarded!



BBC Breakfast Business Presenter Steph McGovern (right) and Bob Annibale, Global Director, Citi Microfinance and Community Development (left) presenting the Innovation Award to Ian Rothwell. Photo ©Chris Hughes

Co-operative & Community Finance won the Innovation Award in a new national scheme that rewards excellence in community finance.

The Citi Microentrepreneurship Awards, in partnership with the Community Development Finance Association (CDFA), recognise excellence in community development finance institutions (CDFIs) that provide finance which changes lives and transforms neighbourhoods. Co-operative & Community Finance picked up the £20,000 prize for the Innovation Award at a prestigious event in Bristol on 12 February 2014.

Ian Rothwell, CCF's Development Manager, said: "We won the award for the development of the Community Shares Fund which was created as a result of our collaboration with societies doing share offers, practitioners, financial authorities, and development workers through The Co-operative Enterprise Hub. I'm pleased that the award recognises the work of all of these people, and we're proud that this has been a truly co-operative effort."

Fox and Hounds, Charwelton

The only pub in a Northamptonshire village that had been closed for 17 months reopened in March 2014 under community ownership.

The Fox and Hounds in Charwelton, a village of about 280 people situated 5 miles south of Daventry, was bought by a community benefit society set up by local people soon after the pub closed in October 2012. The 60 members bought shares totalling £120,000. The money raised from members together with investment

by the Community Shares Fund, a mortgage from Co-operative & Community Finance and expert advice from the Co-operative Enterprise Hub allowed the venture to proceed.

Daniel Elkins, acting chair of Charwelton Community Pub and Shop Ltd, said: "The last year has been a rollercoaster ride. The main challenge was knowing what to do and who to approach. We spent a huge amount of time getting nowhere. But when we needed the money, Co-operative & Community Finance and the Community Shares Fund stepped up to the plate very quickly."



Unity Works, Wakefield

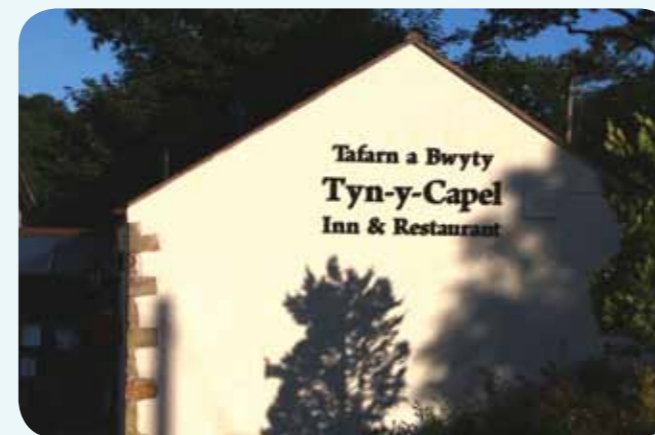
Later this year a historic hall near the centre of Wakefield that has been empty for many years will reopen following extensive refurbishment. The 50,000 sq ft building will be a community-owned cultural and business asset that includes a music venue, conference centre, gallery and offices.



It has been a long haul for a huge project. The community benefit society Unity House (Wakefield) Limited was established in 2011. By October 2013 it had raised £4m from various sources including a share issue supported by 260 members and the Community

Shares Fund. The purchase was concluded and refurbishment to the Grade II listed building started immediately.

Tyn-Y-Capel, Minera, near Wrexham



The historic pub Tyn-Y-Capel pub, that dates back to 1250, reopened last year thanks to the efforts of the villagers of Minera in North Wales. Over 100 people bought shares in the venture which was supported by the Community Shares Fund.

Eifion Williams, a member of Minera Community Ltd, said: "This initiative set out to do two things. Firstly we wanted to open the pub and we've done that with the help of the Community Shares Fund. Secondly we wanted to reignite community activity and that's exactly what's happened."

Greater Manchester Tree Station

Greater Manchester Tree Station, a co-operative that provides a broad range of wood-related services, from tree surgery to selling fuel, is planning a second community share issue.



The share issue it held at the end of 2012 raised £140,000 from over 100 members and this allowed it to expand its business, buy new equipment and win larger contracts.

The business now has 9 permanent and 10 temporary employees. There has been an increase in demand for tree surgery and de-vegetation work and also for firewood. The new share issue is to raise finance to buy a biomass-powered kiln to dry logs and timber. At present the logs take nearly 12 months to dry and take up a lot of space.

"We wanted to reignite community activity and that's exactly what's happened"

St John's Sunshine, Manchester

St John's Sunshine was the first community venture to be helped by the Community Shares Fund. In March 2012 the fund provided the investment needed in advance of the share issue so that PV panels could be installed on the roof of the church before a change in the Feed-In Tariff took effect.



The PV panels generate power for the church and neighbouring community centre and any surplus is sold to the National Grid. The income from this is used to fund local projects in the form of 'Sunshine Grants'. The first round of grants included a foldaway bike for the community centre. Elaine Eland (pictured) said: "The bike belongs to St. John's Centre and can be used by the staff team for attending meetings to avoid driving. It's ideal as you can take it on the tram or bus if travelling further afield. Anyone who comes into the centre can also use the bike and even borrow it at weekends."

Helping wood recycling enterprises grow

More training, volunteering and job opportunities



Somerset

Somerset Wood Recycling, a successful social enterprise based in Weston-super-Mare, has made good use of our flexible and supportive finance to help it grow and diversify. In March it replaced the oldest van in its four vehicle fleet, using a third loan from us (one has already been repaid).

major breakthrough in 2010 when it won a contract from North Somerset Council to provide an outdoor maintenance and repairs service. Since then it has won more contracts from local authorities and housing associations. The original contract has been renewed until 2019.

In 2012 we provided a loan to help the enterprise move premises. Somerset Wood Recycling used this as an opportunity to expand and diversify its operations. It took on the lease of the Motex Centre, a large empty building in a highly



visible location, and converted it into a social enterprise hub that now houses two children's charities, an independent living centre and a green energy business as well as Somerset Wood Recycling.

COMMUNITY WOOD RECYCLING

There are at least 25 wood community wood recycling businesses in the UK. Most were started in the last 10 years. They are all social enterprises, operating primarily to deliver social and environmental benefits, and also efficient businesses that trade with the construction industry and the general public.

They collect waste wood and timber from building sites, businesses and domestic premises and take it to their warehouses where it is sorted. Most of the timber is sold for DIY or woodworking, and much of the rest is used to make various products for sale. Wood that cannot be reused is sold as fuel. This has obvious environmental benefits but the main purpose of the enterprises is to provide training and work opportunities for people who for various reasons find it difficult to get a job.

Tristan Tudor, the manager and one of the founders, said: "We've got nearly four times as much space for a workshop, warehouse, showroom and office but with the rent from the other social enterprises it's actually costing us less than our previous premises."

Somerset Wood Recycling now has four distinct sources of income: from collection, from sale of timber and products, from contract maintenance and from rent.

Tristan Tudor said: "Although people think of us as a recycling business really the primary purpose is to

provide volunteering and training opportunities. We have between 100 and 150 volunteers over the course of a year. They include people on Community Payback and people with addiction problems, learning difficulties or mental health issues."

Our loan adviser, Ian Taylor said:

"Since I first visited them five years ago, Somerset Wood Recycling has grown and diversified. It is a successful social enterprise that provides good cost-effective services and delivers social and environmental benefits. We are delighted to help finance the development of this business."

Oxford

Oxford Wood Recycling nearly doubled the size of its storage, processing and sales premises at the end of last year, and it used a loan from Co-operative & Community Finance to buy new equipment.

It operates a collection service in a 30 mile radius of its base in Didcot. The team collects waste wood, timber and pallets from construction sites, business premises, and universities/colleges carrying out 60 plus collections a month.

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."

Re-useable timber is sold for DIY use or sawn and bagged for firewood. The remainder is taken to a licensed recycler

"We are an economic and environmental alternative to a skip"

Richard Snow said: "Last year we had a major restructuring which resulted in us being more responsive to the needs of members and customers. We also knew that we needed more space and we were fortunate to be able to lease the premises next door. We've knocked through the wall and now have nearly twice the space we had before."

In October last year Co-operative & Community Finance approved a third loan to Oxford Wood Recycling which has been used to purchase a delivery vehicle and a kindling wood machine.



The business has gone from strength to strength since it started in 2006 with two workers. It now has 14 employees and 25 volunteers. Last year two volunteers with mental health problems were appointed to part-time paid jobs.

Somerset Wood Recycling had a

for shredding, with the end use mainly being energy generation.

The business has grown steadily since it was set up in 2005 and now has 13 employees, who are mostly part time, and 4 volunteers. Although not technically a co-operative the social enterprise operates in a co-operative way with the four directors being answerable to the 17 members.

Chilly growth for Bristol organics trader

Essential Trading, one of the leading UK wholesalers of organic and Fairtrade products, achieved £13.4m sales in 2013, its highest ever turnover.

The Bristol-based workers' co-operative is one of our longest-established borrowers and last November it took out a loan to expand its storage facilities for chilled and frozen foods. Sales of its chilled and frozen foods increased by 25% in the first quarter of 2014.



Inside the new chill room

Essential Trading manufactures and distributes sustainable wholefoods, ecological household products and cruelty free body care items across Europe and internationally. It stocks over 5,000 product lines.

Essential Trading is a workers' co-operative with 75 members. It was set up in 1991 by the merger of two wholefood co-ops in Bristol and Bath (Harvest Natural Foods and Nova). Harvest had been trading since 1971 and the name is still used for Essential's two retail outlets.

"We're well into the second generation of co-op members"

The merger was successful and Essential has grown steadily, helped at key stages with loans from Co-operative & Community Finance.

Richard Crook, Essential's Finance Co-Director, explained: "We used the loan to double our cold storage capacity and replacing all the units with more energy-efficient equipment. We'd been planning this for some time and it coincided with a significant upturn in sales.

"We've heard that some other wholefood co-ops have also experienced an increase in demand. The horse meat scandal last year got a lot of people thinking about where their food came from."

Ian Taylor, CCF's Investment Manager, said: "Essential Trading, and the two co-ops that merged to create it, are one of our longest established borrowers. We've helped to finance various expansions over the years and we're delighted to do it again. This is a very successful workers' co-operative."

Tim Blanc, one of the veterans of Nova and Essential (and also a director of Co-operative & Community Finance) said: "When we started wholefoods, organic food, vegetarian and vegan foods were considered to be very cranky. We couldn't get an overdraft at first. Many people thought this was just a fad.

"We did it because we believed in what we were selling. And we kept at it. Now Essential is a well established and sustainable business with many young workers. We're well into the second generation of co-op members."



Margarita Espinoza, a coffee grower from Soppexcca Co-op in Nicaragua, visited Essential Trading during Fairtrade Fortnight 2014.

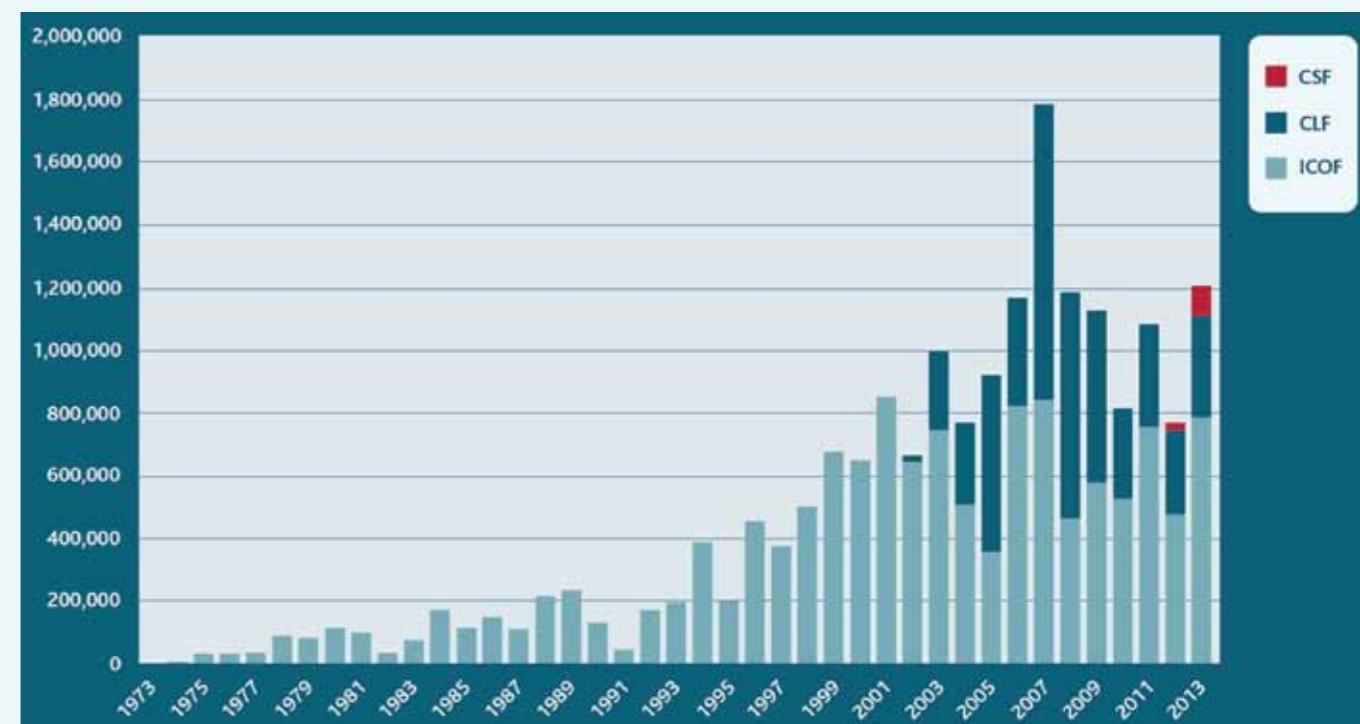
A very good year for lending ...

In 2013 we paid out £1,209,500 in loans and investments to co-operatives and community-owned organisations. This was the most we have ever advanced except for in 2007, the year before the global financial crisis began.

We lent £792,500 from ICOF funds (shown in light blue on the diagram) and a further £335,000 from the Co-operative Loan Fund, which we manage. The Community Shares Fund, which we also manage, bought £82,000 of investment shares in three community owned ventures.

During the year, 26 democratically controlled organisations received new finance from us, ranging from £10,000 to £170,000 (this was from two funds). Clients include worker co-ops, housing co-ops, agricultural co-ops, community owned shops, pubs and libraries, and employee owned firms.

At the end of 2013 there was more than £3.2m out on loan from our funds and those we manage.



... and for publicity

We kicked off our 40th birthday year with a fantastic party at the Co-operative Futures conference in January 2013. It was a great way to begin our celebrations. The reaction to our 40th campaign was overwhelmingly positive; from borrowers past and present, and in the press. Our weekly 'catching up with' Q&As caused a stir on Twitter - we gained an extra 420 followers, and the #ccf40 hashtag was mentioned 145 times - and some were selected to be published in a special Co-operative News supplement focusing on co-op lending. The increased publicity led to an increase of traffic to our website, and we were delighted to see an average of 5,000 hits per month.

Aside from special stories about our 40th celebrations, Co-operative News published an interview with Ian Taylor (CCF Investment Manager) and regular articles about our borrowers and their work. Many of these stories were covered in numerous local press outlets, and some found their way into The Guardian.

Our year-long celebrations culminated with a dinner at the House of Commons at which ICOF's first chair, Roger Sawtell, gave a wonderful speech. Our guests had a great time by all accounts, and we managed to connect some old co-op friends who had lost touch. Here's to the next 40 years!

Introducing: Andrew Harrison

Andrew was co-opted onto the board in 2013 because of his experience of employee buyouts.

How did you get involved in employee ownership?

I was employed as a housing surveyor at the EAGA Partnership in 2000 when it had just become 100% employee-owned. I saw the benefits of employees sharing the profits and of having no outside shareholders. I became chair of the staff council.

In 2008 I got a job with the Baxi Partnership advising people on employee buyouts. I helped Sutcliffe Play, the UK's leading manufacturer of outdoor play equipment, to become employee-owned. CCF was part of the finance package for this.

In 2010 I left Baxi and set up Co-ownership Solutions with Norman Watson and other partners. There's been a big demand for our services. We've advised on

15 transfers in different business sectors ranging from architecture to wholefoods.

How do you see employee ownership developing over the next five years?

The government is keen to encourage it and is planning to introduce tax incentives for business owners to sell to employees in the 2014 Finance Bill. The Department for Business, Innovation and Skills has developed model documents to make the process easier. It is promoting employee buyout as one of the main options for business succession. This will gradually change attitudes among solicitors and accountants who are the main people who advise business owners looking to sell.

That sounds good. Are there any problems?

The main problem is a lack of capital



to finance employee buyouts. This should be a big opportunity for CCF but at the moment the maximum we can lend is £150,000 and most business sales need more than this.

How can we solve this?

Well it's not for want of trying. Last year we put in a detailed proposal to the government's Business Finance Partnership and we were disappointed to be turned down at the last stage. How to finance employee buyouts is part of the wider discussion the board has been having about future strategy. We haven't come up with a solution yet.

Supportive loan finance to help people take control of their economic lives and create social benefit

If you need accessible, ethical finance to make your enterprising goals a reality, we may be able to help. 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.

Apply online www.coopfinance.coop/borrow/

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 Conduct Authority in the conduct of investment business.

We've been lending to co-operatives, employee owned businesses and social enterprises for over 40 years. We manage a range of loan funds throughout the UK, and currently have around £4m available to lend.

We raise money primarily by public share issue, and we lend it for social purpose and collective benefit.

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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