



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

## Support for co-op pubs

Also in this issue

First two loans in Just Growth programme

Awards and growth for care provider

Sustainable sawmill expands



The Globe in Newcastle upon Tyne, bought after a community share issue in 2014 with help from Co-operative & Community Finance. One of the 40 co-operative pubs operating in the UK (photo © Ken Drew)

**NEWSLETTER 36**

**APRIL 2016**

# £3.62m programme for co-operative pubs

**A major new support and finance programme to help people take control of their local pub for the benefit of the community has been announced by Community Pubs Minister Marcus Jones MP.**

More than a Pub: The Community Pub Business Support Programme is a £3.62 million, two-year programme that will see a comprehensive package of business development support, advice, and loan and grant funding. It will be delivered to community groups in England to help them establish community-owned pubs that can clearly demonstrate how they will bring significant social, economic and environmental benefits to their communities.

Jointly funded by the Department for Communities and Local Government and Power to Change, the programme will be led by Plunkett Foundation and delivered in collaboration with leading organisations within the sector including Co-operative & Community Finance.

**It should make a big difference to many local communities**

The programme aims to support 80 community-owned pubs to open over two years and will offer a flexible package of support including access to an advice line, events, workshops, peer-to-peer study visits, and business development advice. It will also



Reopening of the Fox and Hounds at Denmead in December 2014. Just over a year later it announced a 3% dividend payment to investors

offer flexible bursary awards to fund very early stage activity, such as community consultation work, and a grant and loan package.

Forty communities have already successfully taken ownership of their local pub under community ownership, and a further 1,250 have been listed as 'assets of community value' under community rights, highlighting the important role that pubs play in local communities.

Co-operative & Community Finance has helped several communities save their local pubs by providing long and short-term loan finance and by underwriting share issues (via the Community Shares Fund).

One example is The Fox and Hounds in Denmead on the outskirts of Portsmouth which reopened under community ownership in December 2014, after it had been derelict for over two years.

The local community raised nearly £500,000 to buy and refurbish the 150 year-old building. The community share issue attracted £326,000 from 190 investors and

the remainder came from loans from Co-operative & Community Finance and The Co-operative Loan Fund and a grant from Solent Local Enterprise Partnership.

Business Development Manager Tim Coomer said: "We are delighted by the launch of this long-awaited support programme. It should make a big difference to many local communities. We have worked with Plunkett on a similar programme to support community-owned shops and so we are confident that this one for pubs will be popular and successful."

Peter Couchman, Chief Executive of Plunkett Foundation, said: "This programme will significantly increase the number of community-owned pubs open and trading, bringing far-reaching benefits to local people. For many communities, pubs are not just a place to drink; they are central to peoples' sense of place and identity, they provide an important place for people to meet and help to build community cohesion."

## The Maybush Inn

Almost a year after it closed, the only pub in an Essex village reopened with new owners – the local community.

Over 130 people from Great Oakley and nearby invested a total of £83,000 to finance the purchase and refurbishment of the Maybush Inn. A loan\* from Co-operative & Community Finance provided the additional finance needed for the purchase.

Great Oakley, near Harwich, has a population of 2,200, a primary school, a doctors' surgery, a convenience store, a church and a village hall. When the pub closed in March 2015 and was repossessed by the mortgage company the villagers were worried that it would be sold for redevelopment and the village would lose its pub forever.

With help from Plunkett Foundation they set up a community benefit society and managed to get the Maybush Inn registered as an Asset of Community Value.

The community share offer emphasised the social value of the pub to the well-being of the community. The minimum shareholding was set at just £10 to allow all local people join the society. In fact most people invested between £200 and £500.

Mark Godfrey, the chairman of the society (pictured above 4th from right in back row), said: "I think the



Maybush will flourish under community ownership because it will be responsive to the needs of local people. For example we plan to open at 7.30 in the morning. We are exploring the idea of running a breakfast club for schoolchildren. We are also in touch with the library service."

Ian Rothwell, Investment Manager at Co-operative & Community Finance, said: "The Maybush Inn is set to become the community hub of Great Oakley – a place where people can meet, socialise and get things done, and enjoy themselves of course."

\* The loan was made in collaboration with Ecology Building Society under the Community Investment Tax Relief scheme (as reported in last newsletter).

## The Dog Inn

Sometimes just the offer of finance can make all the difference to a community trying to raise funds.

Last year a commitment by the Community Shares Fund to invest £50,000 if required gave the people of Belthorn in Lancashire the confidence to proceed with the purchase of The Dog Inn before the community share issue had reached its target.

As it happens the investment target was achieved soon after the purchase was agreed so the money from the Community Shares Fund was not drawn down. It remains in the fund to support other community share issues.

The Dog Inn, which is said to be the highest pub in Lancashire, and certainly the first under community



ownership, reopened in November 2015, exactly a year after it closed.

You can read more about the Dog Inn and other ventures supported by the Community Shares Fund on [www.communitysharesfund.coop](http://www.communitysharesfund.coop)

# First two loans in Just Growth programme

**Co-operative & Community Finance has released its first two loans via Just Growth, the funding programme for community food and farming projects launched in July 2015. The recipients are the Ecological Land Co-operative and Veg Box People. Just Growth is a Real Farming Trust project. Eligible ventures that raise finance from community investment or crowd funding can have it matched with a grant (funded by Esmée Fairbairn Foundation) and a loan from Co-operative & Community Finance.**



Greenham Reach Smallholdings (ELC project) ©steepholding

## Ecological Land Co-operative (ELC)

ELC was set up in 2009 to help people become smallholders. It aims to buy land, obtain planning permission, and install the infrastructure to create clusters of three or more affordable residential smallholdings. The smallholders build their own sustainable homes.

This campaigning and pioneering co-operative has a complex structure that includes 122 investor members, who have invested a total of £384,000, seven worker members (both employees and volunteers) and 19 steward members, some of whom are smallholders.

The first project, on a 22 acre greenfield site in mid-Devon, was granted planning permission in 2013. It is now home to three smallholdings that operate as independent businesses but work co-operatively to manage the whole site. ELC provided a timber barn, a solar electrical system, a rainwater harvesting and treatment system, road access and a package of practical support.

ELC's next project is the development of a 19-acre site in East Sussex. Executive Chair Zoe Wangler said: "The funding package has enabled us to reduce the price at which we will be able to offer smallholdings in our next

development. This will help make the land even more accessible to new entrants to ecological horticulture and mixed farming."

## Veg Box People

Veg Box People is part of a growing network of organisations in Greater Manchester that are passionate about creating a fair and sustainable local food system. It was set up in 2015 by the Kindling Trust in partnership with Manchester Veg People and the University of Manchester.

The Kindling Trust, established in 2009, is working to create a just and sustainable society. It supports progressive practical projects based around food - production, consumption and activism.

Manchester Veg People is a co-operative of local organic growers, commercial buyers and workers. It is a wholesaling operation that brings together producers and buyers to build a fair supply chain that makes small scale organic production viable. Eight growers and over 40 buyers are currently involved.

Veg Box People is a worker co-operative, currently with three members. It buys local organic vegetables, packs them into boxes and delivers them to customer collection points. They have used the loan\* to increase their packing area and to buy a delivery van.

Melvyn Newton of Manchester Veg People said: "We are expecting the number of customers and collection points to increase a lot over the next year."

The scheme aims to improve links between growers and consumers and Veg Box People customers are invited to visit the growing sites.

\* The loan was made in collaboration with Ecology Building Society under the Community Investment Tax Relief scheme (as reported in last newsletter).



Medium size weekly veg box

## Awards and growth for care provider



**Award-winning, employee-owned care provider Care and Share Associates (CASA) has completed the first phase of its ambitious plan to more than double its turnover in the next five years. Co-operative & Community Finance, The Co-operative Loan Fund and Big Issue Invest are providing finance following an innovative restructuring of the business.**

Since the loans were released at the end of last year CASA has had notable success. It has secured a new contract that will quadruple the size of its Leeds branch. It has set up the new CASA Academy to provide recruitment and training, especially for long-term unemployed people. It has also won several awards in the Great British Care Awards.

CASA provides domiciliary care in some of the largest metropolitan areas in the north of England, including Newcastle, Manchester, Leeds, Warrington, Knowsley and North Tyneside. It works closely with local authorities and commissioners to deliver home-based health and social care services to older people, disabled people and those with learning difficulties.

With over 700 employees it delivers over 16,000 home visits per week to some 1,000 clients. Its bold business plan for the next five years is to grow from £10.5m to £25m turnover, generating profits of £1.5m a year for re-investment in the employee-owned company.

CASA started in 2004 with the aim of replicating the success of Sunderland Home Care Associates, the longest running employee-owned care provider. Until

2014 each CASA base – in Manchester, Knowsley, North Tyneside etc – was an independent company operating as part of a franchise. Last year the whole operation was restructured to create one employee-owned business.

Managing Director Guy Turnbull said: "By combining the franchises into one company we have a much stronger balance sheet, which means that we can bid for larger contracts. The new corporate structure is also more tax efficient and the governance is more transparent, which is essential for an employee-owned business.

### Employee-ownership makes for better business

"We are convinced that employee-ownership makes for better business. Research by the King's Fund shows that more engaged employees provide a higher standard of care. Also we've found in CASA we have lower than average staff turnover which provides better continuity for our clients."

CASA and Guy himself have been recognised in the Great British Care Awards. At the end of last year Marie Hedley and Karl Lamb won regional awards in the category of Home Care Worker and Guy won the Outstanding Contribution to Social Care Award. They are now up for the national awards which will be announced on 20 May.

# Sustainable sawmill expands

**The workers' co-operative that operates the UK's first sustainable sawmill is growing rapidly.**

In 2015 Towy Timber Co-operative in Llandeilo, South Wales, used loans from the Industrial Common Ownership Fund plc and the Co-operative Loan Fund to purchase new machinery. This resulted in increased capacity and more jobs. The co-op took on three new workers and now has five full-time employee-owners.

Its expansion is continuing. It has raised a further £60,000 by issuing loan stock which was used to buy specialist forestry equipment including a forwarder (vehicle for moving large logs). Towy Timber was advertising for two new employees as this newsletter went to print.

Towy Timber's main products are sawn timber, fencing panels, sheds and garden furniture. The co-operative also builds traditional timber frame buildings, including houses, workshops and barns and is developing a flat-pack timber frame building system. Most sawmills are very large enterprises, so as a relatively small operation Towy Timber is able to provide a bespoke service to customers.

The co-operative has a very strong commitment to environmental responsibility. All timber is sourced as locally as possible from sustainable forests and the co-operative operates a zero waste policy. Llandeilo Sawmill is powered entirely by the sun using solar PV panels mounted on the roof.



Our loans funded the purchase of this hydraulic band saw that cuts logs into planks (and other equipment)

Towy Timber is a fully mutual workers' co-operative and operates an equal pay structure and job rotation.

Co-operative member and founder Mark Chapman said: "All our members, from management to machine operatives receive the same wages. We recognise that our team members are our greatest resource and without each of them, our mission would be that much harder to achieve."

## Bigger Co-operative Web

Software developers Co-operative Web are expecting significant growth in their 10th year in business and a loan from Co-operative & Community Finance is helping to ease the growing pains.

The Birmingham-based workers' co-op builds systems and applications across a range of technical platforms. It works with many different businesses from social enterprises to multi-nationals.

It was set up in 2006 by four former employees of the IT department of Midcounties Co-operative. Now there are 27 employees. Four were taken on in December, and more are being recruited.

Chief executive Ed Russell said: "We are incredibly busy. We keep winning big contracts, which is nice but it plays havoc with our cash flow."

Much of Co-operative Web's work goes on in the background helping to make large organisations

and complex processes function effortlessly. The co-operative rarely gets (and doesn't expect) public recognition. But one of its recent projects, the innovative charity fund raising website [givepenny.com](http://givepenny.com) was featured in The Guardian and elsewhere.

Ian Rothwell said: "This is an excellent example of how skilled people work better in a co-operative environment. The workers are happy and so are the customers, and we are happy to support them."

## Farewell you smug b\*\*\*\*\*d

No offence intended to Ian Taylor who has retired after 29 years working for Co-operative & Community Finance.

**In the 1990s a group of friends were discussing what they'd do if they won the lottery.**

**"I'd lend it co-ops and create a better world," said Ian Taylor. "Oh, I'm already doing that."**

**"You smug b\*\*\*\*\*d," his friends replied.**

Ian feels lucky that he has been able to work for many years in a successful organisation without compromising his political principles. He said: "Democratic ownership and control is so important to me, and it's been a pleasure to work with others who share these principles."

Ian joined ICOF (as it was called) in 1987. He was appointed to manage the new West Glamorgan ICOF Loan Fund. "The move from London to West Wales was a big change," said Ian. "But the politics were still the same."

In those days ICOF had five employees: three in the head office in Northampton, one in Birmingham and Ian in Wales.

"We were doing something very unusual," said Ian. "We were just about the only financial institution that would lend to worker co-ops and community businesses. Certainly the only one that would not require personal guarantees."

Ian has always made a point of visiting every organisation before recommending a loan. He has visited hundreds of co-operatives, community businesses and social enterprises making many of them happy, and upsetting a few. For many people he was the face of co-operative lending – fair, firm and friendly.

"We've been particularly successful over the last 18 years," said Ian. "Despite lending to ventures that some might consider to be high risk we have very low loss rates. A few years ago we had a visit from an independent assessor of community development finance institutions. He assumed we'd missed a nought off when we recorded losses of 3%.

"But I'm not surprised. Our borrowers are incredibly honourable. We've had people repay loans from their own money after ventures have failed just because they



want us to give others the chance to succeed."

Ian thinks that one of ICOF's most significant achievements was its involvement in the Village Core programme which provided a package of support, loans and grants to community-owned shops. "This introduced the principle of democratic ownership and control to a whole new group of people who had never thought about co-ops. It's not just the 400 or so shops, it's all their members and all the people who use them. Many ordinary people have discovered at first hand that co-operatives can succeed where private enterprise has failed."

### Democratic ownership and control is so important

The trustees and staff at Co-operative & Community Finance have been preparing for Ian's departure for a couple of years and the transition has been smooth. Ian is happy that the organisation he helped to grow will continue to flourish for a long time.

He has taken on a new challenge and has been accepted for a three-year degree course in fine art at Carmarthen Art College.

## Our 5-year plan

With changes to staff and governance this year it seemed a good time to reflect on over 40 successful years of lending and to set out a clear, dynamic strategy to 2020. The ethical finance market has seen a lot of change since 1973; politics have changed, new sectors have emerged and competitors have come and gone, but Co-operative & Community Finance has been successful by sticking to its strong principles.

At a trustee meeting in February, staff presented a 5-year business plan. It describes our unique proposition in the market as 'the lender for social purpose' which is experienced, supportive, flexible, competitive and can tailor packages to the needs of businesses large and small. Our commitment not to take personal guarantees and offer finance from £10,000 at competitive rates, fills an important gap in responsible finance.

The plan explores the external environment and competition and identifies key market segments, opportunities and risks. It sets out seven strategic objectives to meet in the next five years

We remain vulnerable to global financial markets and political influences but we are confident our strategy will help us grow steadily, motivate us to pursue new opportunities and realise our vision of:

"A thriving co-operative sector, with adequate capital readily available to finance the start-up and growth of democratically owned and controlled enterprise."

### STRATEGIC OBJECTIVES

1. Continue to be financially viable and sustainable
2. Increase lending to co-operatives, employee-owned businesses and democratically owned and controlled social enterprises.
3. Raise new finance and initiate new joint lending partnerships
4. Identify and target growth sectors - community businesses, housing, food and farming
5. Provide further back-office and fund management facilities
6. Ensure all investments are carried out in a socially responsible way in line with our ethical policy
7. Be a well-run and governed organisation

#### 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: [coopfinance.coop/apply-for-a-loan/](https://coopfinance.coop/apply-for-a-loan/)

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 is 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.

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

0117 916 6750

[info@coopfinance.coop](mailto:info@coopfinance.coop)

 [@coop\\_finance](https://twitter.com/coop_finance)

 [facebook.com/CoopCommFinance](https://facebook.com/CoopCommFinance)

Co-operative & Community Finance is the trading name of Industrial Common Ownership Finance Limited, which is authorised and regulated by the FCA in the conduct of investment business.