



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

## Iron will of employees

Also in this issue

Future secured for Cornish housing co-op

Co-op spans London and Colombo

Community Ownership Awards



Specialised Castings, near Falkirk, is one of the last iron foundries in Scotland, and it is employee-owned.

**NEWSLETTER 37**  
**NOVEMBER 2016**

# Cash injection aids recovery at foundry

Scotland's only employee-owned foundry is preparing for a growth in sales after a difficult first year. A loan from Co-operative & Community Finance is easing the pressure on cash flow as the business returns to profitability.

Specialised Castings in Denny, near Falkirk, is one of just two iron foundries left in central Scotland, which was once the heart of this industry. The ironworks dates back nearly 200 years. The current company was established in 2001 following a management buyout from a larger group. Then in 2015 the retiring managing director, Steve Waring, sold the business to the workforce.

The loan means that we can concentrate on the day job

"I couldn't be responsible for allowing the last foundry in the district to go," he said at the time of the sale. "By selling to the employees, Specialised Castings will stay in Denny for the foreseeable future, keeping the foundry tradition alive and providing real employment for generations to come."

The foundry produces high quality bespoke casts in a wide range of metals for both engineering and architectural use. It has, for example, supplied the cast iron railings for Buckingham Palace. It also supplies the pipes that suck up sea water for firefighting pumps on oil rigs.



Unfortunately the transfer to employee ownership coincided with a drop in orders mainly as a result of the downturn in the oil and gas industry and the knock-on effect on manufacturing. The new employee-owners took the difficult decision to issue some redundancies. This was painful and expensive. There are now 25 employees, 19 of whom work on the shop floor. The business returned to profit earlier this year.

"Now we are snowed under with orders," said Operations Director Ian Walker. "And finding skilled staff is becoming a problem."



The business is proud to have female workers on the shop floor

Asked what difference employee ownership had made Ian replied: "The workforce have embraced it and are getting more involved. They are coming forward with suggestions for how we can improve operations on the shop floor; for example, saying that if we do it this way we'll make an extra £5 profit on every component. Lots of small changes add up to a big difference."

Non-executive Finance Director Catherine Maciocia said: "The loan is very welcome indeed. We have been living hand to mouth and as we return to profitability we have been relying on the goodwill of our suppliers. The loan means we can concentrate on the day job rather than juggling the cash."

Ian Rothwell, Investment Manager at Co-operative & Community Finance, said: "It's great that we have been able to support yet another employee-owned business in Scotland. In fact we have heard that the former owner was inspired to sell to his staff by the example of Clansman Dynamics, who we also helped a few years ago."

[specialisedcastings.co.uk](http://specialisedcastings.co.uk)

## Future secured for Cornish housing co-op

**A timely loan from Co-operative & Community Finance has helped to secure the future of the most southerly, and westerly, housing co-operative in England.**

On 29 September 2016 Spiral Collective Housing Co-operative became the owner of the Cottage and associated land and buildings on the picturesque Pendennis Headland in Falmouth, Cornwall.

Spiral Collective had occupied the Cottage for 13 years on a short-term tenancy agreement. In 2003 a group of community activists in need of housing and workspace moved into the derelict premises owned by South West Water. Following discussions with the eviction team they were allowed to stay and granted permission to restore the buildings.

The property comprises a large 6-bedroom brick house, two detached workshops and a large garden with vegetable plot and open space. Under the grounds there is a large water reservoir installed during the 2nd World War to provide water in case the nearby oil settlement tanks were bombed.

The property is currently home to nine single adults aged between 21 and 49 whose various occupations include flag maker, gardener, writer and seaweed harvester. They all pay rent to the co-operative.

Tim van Berkel, who moved in two years ago, said: "Over the years many people have come and gone. They tend to stay for two to four years. There is one original resident here. One resident is pregnant and that's a very positive sign for the future."

In 2015 following a change of personnel and policy South West Water decided to sell the property and

sought to evict Spiral Collective. "We thought that was going to be the end," said Tim. "But with the help of Co-operative & Community Finance, Radical Routes and Triodos Bank and a very generous individual we managed to negotiate and complete the purchase of the property."

**We had to move quickly to secure the future of the Cottage and I'm very glad we did**

In recent years the Cottage has become established as a small community hub. It hosts live music events in the garden and the workshops and large yard have been used by several start-up businesses. Having secured the long-term future of the property, Spiral Collective intends to increase and improve its links with the local community.

Ian Rothwell, Investment Manager at Co-operative & Community Finance said: "We had to move quickly to secure the future of the Cottage and I'm very glad we did.

"Spiral is a housing co-op that uses the model rules developed by Radical Routes, and that is how they came to hear about us. I think there is a good synergy between Radical Routes and Co-operative & Community Finance. Both organisations have a total commitment to helping people take control – whether it is their living space or their work place. And both organisations insist on genuine mutuality and co-operation."



# Uniform IT for employee-owned business

**The UK's leading supplier of personalised school uniform, which is employee-owned, is investing in new IT and preparing for growth with the help of loans from Co-operative & Community Finance and the Co-operative Loan Fund.**

Sheffield-based School Trends supplies 6,000 schools and well over 1 million school children throughout the UK with personalised school uniforms. The business started in 1988 and grew rapidly, with the founders strongly believing in a participative work culture and in 2004 the company became employee owned.



policies and supports local charities, it is an excellent example of a responsible business that combines profits and principles.

Co-operative & Community Finance and the Co-operative Loan Fund supported School Trends in 2013 when it bought the freehold of the premises it was leasing, and so these lenders were the first choice when School Trends needed further finance. The new lending is being used to invest in a greatly improved IT system.

Daran Brown explained: "At the moment we have three separate IT systems which is not ideal. With the loan we are investing in the best one and losing the other two. Ten percent of our customers are already on the new system and in the first quarter of 2017 we expect all of them to be."

School Trends have also taken the opportunity to consolidate other loans into a more economic package, which will give the company more working capital to manage growth.

Tim Coomer, Business Development Manager at Co-operative & Community Finance, said: "We are pleased to lend to School Trends again. It is a successful employee-owned business with strong principles. It is just the kind of venture that Co-operative & Community Finance and the Co-operative Loan Fund were set up to support."

[schooltrends.co.uk](http://schooltrends.co.uk)



**I absolutely believe that employee ownership brings out the best in our staff**

There are 125 employees mainly based at the company's office in Westfield near Sheffield. The business is 100% employee-owned. The majority of the shares are held by the employee-benefit trust and all permanent staff also own shares directly. Employees elect representatives to the governing council of the business.

Daran Brown, Managing Director of School Trends, said: "I absolutely believe that employee-ownership brings out the best in our staff. It means that everyone here has a personal investment in doing the best for our customers."

School Trends also has strong environmental and ethical trading

# Small Axe spans London and Colombo

**A loan from Co-operative & Community Finance is helping an innovative international creative agency to expand and strengthen its co-operative structure.**

Small Axe, with offices in London and Colombo (in Sri Lanka), provides creative communications for courageous causes. The name comes from a Jamaican proverb made famous by Bob Marley: "if you are the big tree, we are the small axe".

Its services include strategy, branding, messaging, campaign films, email marketing, creative content, website design and app development. Its clients are campaigning organisations, social enterprises and not-for-profit organisations. Recent clients include the Green Party, Bite the Ballot and Robin Hood Tax.

Small Axe was set up in December 2011 by Jana Mills, a refugee from Sri Lanka, and Dan Stanley, a community organiser and social psychologist. They shared an ambition to help good causes succeed by improving the way they communicate with their audiences. Jana's cousin, Nishan Mills, a software architect in Colombo, joined soon after. And so the international communications co-operative was born.



The Small Axe team in London (above) and in Colombo (below)

Today there is a team of 12 creatives, organisers and technologists based in London and 13 website and app developers, project managers and technologists based in Colombo.

Founder Dan Stanley said: "Small Axe has grown rapidly over the last two years and we realise that we need to strengthen the co-operative. We have always worked in a co-operative way but many of our employees have not yet formally become members."

Part of the loan from Co-operative & Community Finance is being used to implement an action plan of co-operative training and development. The remainder will be used for office space, equipment and administrative staff.

Dan Stanley expects Small Axe to continue to grow over the next two

years, he said: "We want to grow the work that interests us most. We started out in websites and apps and that will continue, but in recent years the creative work has become much bigger. The new area we are planning to develop is our political and organising work."

Small Axe recently recruited a new Political Director, Dan Firth, formerly a lead organiser at Citizens UK. He

**We are pleased to help this business grow and become more co-operative**

will be leading this new strand of work, as the business unites the best of creative technology and organising techniques in support of its projects.

Ian Rothwell, Investment Manager at Co-operative & Community Finance said: "We are very pleased to help this dynamic, international communications business to grow and become more co-operative."

[weare.themallaxe.com](http://weare.themallaxe.com)



# Community Ownership Awards

**We are proud to be sponsoring the 2016 Community Ownership Awards run by the Plunkett Foundation, a national charity that helps communities to set up and run community co-operatives.**

The Awards are designed to help communities celebrate their own success and learn from each other, and to raise awareness of the co-operative model and community ownership to a wider audience.

There are over 340 local shops and nearly 50 pubs in the UK that have been saved as community co-ops, with an increasing number of other businesses also choosing the model, from cafes and local hubs to farms and broadband projects.

The deadline for applications to the Awards closed on 14 October and the winners will be announced on 26 November. Some 40 community businesses have entered the Awards. Applications were received from all UK nations and the Republic of Ireland; mostly from shops and pubs but there are entries from a renewable energy project and a distillery.

Co-operative & Community Finance has worked closely with the Plunkett Foundation for many years. Investment Manager Ian Rothwell said: "We were one of the partners in the Village Core programme that was responsible for the start up of hundreds of community-



owned shops and more recently we have been working with Plunkett in the More Than A Pub programme. We are delighted to sponsor this awards scheme that celebrates community ownership."

The picture shows the Maybush in Great Oakley in Essex on the day it re-opened under community ownership earlier this year. We provided a loan to supplement the £83,000 raised by the community share issue.

## Helping to build a shop at The Dog Inn



In the last newsletter we reported on how the people of Belthorn in Lancashire had raised the finance need to buy The Dog Inn. They did not need to call on the underwriting by the Community Shares Fund, which we manage.

Now we have been able to provide financial assistance after all. The community co-operative has been successful in applying for a grant of £30,000 towards setting up a shop within the pub and other building work. This grant is paid in arrears. So to provide the cash needed to do the work before the grant can be claimed the Community Shares Fund has made the investment that had previously been approved. A happy outcome!

## Join our board

Help us build a thriving co-op sector

We are seeking people to join our board and help plan the strategic direction of Co-operative & Community Finance and keep us on course.

We are looking for fresh ideas and enthusiasm from people who are committed to co-op values and community control. You do not need to have a financial background to apply.

Board members are expected to attend four meetings a year, usually held in Bristol, and to engage by email or phone in between.

For more information please contact Tim Coomer  
[tim@coopfinance.coop](mailto:tim@coopfinance.coop)  
 07342 674673



## Thank you for recommending us



It is well known that personal endorsement is the best marketing, and so we are very grateful to borrowers who recommend us.

In particular we would like to thank Siôn Whellens from Calverts, Helen Melia from the Shop at Strood Green, and Rob Stark from the Fox & Hounds who took the trouble to record their thoughts about us in short videos. Thank you.

You can see the videos on our website our YouTube channel.



## We are an access point

**We are helping to roll out a major new initiative to support charities and social enterprises to access the investment they need to grow and diversify their income streams.**

Co-operative & Community Finance is one of just 10 organisations in the UK to be approved as an Access Point for the two-year, £4m Reach Fund which will provide grants to organisations that need specific support to be able to take on a loan. The initiative, funded by Access - The Foundation for Social Investment and managed by Social Investment Business, is designed to test a new model of investment readiness support.

As an Access Point we will be able to identify and support charities and social enterprises that may be eligible for grant funding to get them ready for investment. Grants of up to £15,000 will be available.

Access – The Foundation for Social Investment was launched in early 2015 to bridge the gap between charities and social enterprises and social investors, to help make social investment easier to find and more relevant for those charities and social enterprises. Access is funded by the Cabinet Office, the Big Lottery Fund and Big Society Capital.



### 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 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.