

newsletter

The new Rochdale Pioneers



Anglo-African
cultural co-op

Community-owned
shops thriving

New community
shares fund

Welcome

Welcome to the 14th issue of The Co-operative Loan Fund newsletter, which aims to keep you informed about just some of the Fund's most recent achievements, and how it is helping to support the growth of the co-operative sector.

The Co-operative Loan Fund exclusively lends to co-ops, and is entirely funded and run by co-ops, so unlike many conventional lenders it truly understands and actively supports democratically owned and controlled enterprises. It also reinvests its surpluses to continue its support.

Loan applications are welcome from new and existing co-operatives that need between £5,000 and £75,000 of loan finance to:

- Set up a new enterprise
- Expand an existing enterprise
- Assist employee buyouts or company successions
- Purchase a property or business
- Purchase capital equipment or create working capital.

The Co-operative Loan Fund is funded by consumer co-operatives The Co-operative Group, Midcounties Co-operative, East of England Co-operative Society and Chelmsford Star Co-operative Society, together with the Co-operative Bank and Co-operative Insurance Society. It is overseen by a board of directors who represent each of the funders.

The fund is managed by Co-operative & Community Finance, which is authorised and regulated by the Financial Services Authority (FSA) in the conduct of investment business.

If you would like further information about The Co-operative Loan Fund, or would like to make a loan application, please see the last page for contact details.

African community co-op in centre of Rochdale

A disused carpet shop in Rochdale is being transformed into a new site for an Anglo-African cultural and community centre, thanks to financial assistance from The Co-operative Loan Fund.

The finance from The Co-operative Loan Fund supplements money raised by the investment of 123 members in a community share issue. The renovation of the building - which is situated on the edge of Rochdale town centre near the historic Rochdale Pioneers museum – began in May and will be ready for Maracuja (meaning 'passion fruit' in Portuguese) to move into in August.

The new premises will act as a community hub aiming to raise awareness of Anglo-African culture. It will have a cafe specialising in African cuisine, which will support local food growth and source food from local providers where possible.

The renovation will also provide an exhibition space for local artists and offer a function room available for hire. It will house an advice service focusing on employment and training skills for disadvantaged local people, and Maracuja is in talks to work with local colleges to offer apprenticeships and training to students. The centre will also offer a consultancy service aiming to assist other local organisations.

The nearby Rochdale Pioneers Museum, which is due to reopen in July after refurbishment, is keen to support the venture and has offered Maracuja gallery space in the museum, as well as space to use for training and classes.

Maracuja currently runs a catering service from temporary premises, and recently participated in the annual Feel Good Festival where the members hosted an



Above and front cover: Maracuja aims to raise awareness of Anglo-African art and cuisine (photos courtesy of The Co-operative Enterprise Hub)

African food stall for two days. Maracuja also secured a contract with African charity Nestac, catering for over 400 people at their annual event. In October 2011, Maracuja catered for 100 people at a wine and cheese event in Manchester organised by The Co-operative.

Peggy Mulongo, one of Maracuja's founders, said: "The money from the Co-operative Loan Fund has allowed us to move forward with the renovation of our new building. It is an ideal space for Maracuja – situated just down the road from the museum – and the renovation is vital to our project."

Maracuja also received business advice from The Co-operative Enterprise Hub. It is one of a number of co-operatives to have benefited from the services of both The Hub and The Loan Fund.

Ian Rothwell of The Co-operative Loan fund said: "There is a lot of support for the group from public bodies, charities, and the co-op sector. They are seen as the next generation of Rochdale Pioneers."

maracuja.coop

Community shops thriving

Community-owned shops reported record sales for 2011 despite larger retailers reporting a stalling of growth. This is one of the key findings of the Plunkett Foundation's annual report on community shops published in June.

The report, called 'Better Business', clearly shows that community-owned shops are going from strength to strength. Average gross sales are up by 18.4% and like-for-like sales from 2011 show an increase of 9.4%, in an environment that has seen the stalling of growth for large retailers in the UK.

The Plunkett Foundation provides specialist business support and consultancy for villages wanting to set up and run a community-owned shop. These groups usually raise funds through a combination of contributions, grants and investment and many of them also receive loans from the Co-operative Loan Fund or Co-operative & Community Finance. Over the last five years these two organisations have lent almost £1.5m to 87 community-owned shops.

Community-owned shops fare much better than almost all other types of business. Out of 286 community shops that have ever opened, only 13 have closed, indicating a 95% survival rate. By contrast, UK small businesses are estimated to have an average 5 year survival rate of 46.8% (Office for National Statistics).



Semley Village Stores was a focal point for the Diamond Jubilee celebrations

Peter Couchman, chief executive of Plunkett Foundation, said: "In a climate that has seen commercial village shops close at a rate of around 400 per year, and the stalling growth for the major retailers, community-owned shops are reporting not only an increase in sales, but are continuing to open in a challenging climate; 23 opened in 2011 and we predict a further 20 to open by the end of 2012. At the current count, there are 280 community-owned shops in existence, the majority of which have been supported by Plunkett, and we're helping a further 184 communities to explore community ownership as a way of saving their village shop.

"Community-owned shops succeed where commercial ventures have failed because they engage with the whole community. When the owners are the customers, the business can directly respond to consumers' needs in a way that larger retailers just aren't able to; for example, they can stock food produced by local farmers or offer other services, like cafes, meeting places or delivery services. And the important thing about community ownership is once a community has saved one service or asset, they realise they can use it to solve a whole range of issues, from broadband provision and transport services to saving the local pub."

plunkett.co.uk

Recent lending

The community ownership model has received a great amount of media attention in the first half of 2012, with Community Shops Fortnight and the Village SOS Roadshow both celebrating and supporting the ever growing trend. The Co-operative Loan Fund has made five new loans to community run shops so far this year.

SEMLEY

Villagers from Semley, Wiltshire, formed a co-operative in 2011 to reopen a shop that had been closed for over 10 years, as a community-run venture. A loan from the Co-operative Loan Fund enabled the villagers to undertake major refurbishment work on the building, including adding a new ceiling and floors, and new electric wiring. Semley Village Stores opened in April.

Recent lending to community shops (continued)

The shop is currently trading successfully, and celebrated Community Shops Fortnight with free tasting events, where locals could sample the array of local produce stocked in the shop. The co-operative has recently received a grant from The Big Lottery Fund, which is being used to landscape the area outside of the building, and install an outdoor cafe seating area.

ILSINGTON

The villagers of Ilsington in Devon went into action when the last village shop closed three years ago.

The money from The Co-operative Loan Fund was used to fund the building of an extension onto the existing village hall. The shop will stock produce from local farmers, and will also house a Post Office, meeting point and coffee bar.

The co-operative has a grand opening planned for 18 July 2012, which will be hosted by BBC Radio Devon presenter Tony Beard, and will include singing performances from local school children.

Alan Hobbs, co-chairman of the Ilsington Village Shop Association, said: "The community are completely behind the project and have supported it since the beginning. We are a close knit village but the shop has been something that's been missing."

CHIDDINGLY

In April The Co-operative Loan Fund released a loan to the Chiddingly Village Shop in East Sussex, enabling them to begin transforming an agricultural building, with a famous artistic heritage, into a village shop and community hub.

The building is in Farley's Farm Yard, which was once home to surrealist artist Roland Penrose and photographer Lee Miller. The renovation is now finished and the co-operative will be opening the shop in August 2012. The shop will sell a range of local produce and will feature a cafe and Post Office.

The shop will follow green initiatives wherever possible, and will operate a rickshaw which will deliver shopping to locals.

ALFRICK & LULSLEY

Residents from a small village in Worcestershire formed the idea for a community shop in March 2011, when a public meeting was held to consider the implications of the closure of the last shop in the village. With a little help from The Co-operative Loan Fund, the Alfrick & Lulsley Community shop opened in June 2012, and is now trading from a modular building in the Alfrick village hall car park until a more permanent structure can be built.



Members of the Ilsington Village Shop Association inspect the progress of the extension to the village hall.

Alan Soper, chairman of the shop, said: "We have been extremely busy in our first few weeks of trading, and have had an amazing response from locals. The community is what makes this work."

MARCHAM

Residents from the Oxfordshire village of Marcham are breathing new life into an old building, by fitting it out for a community-owned shop which will open in early July 2012.

The last Marcham shop closed three years ago, and the villagers came together to reopen it as a community-run enterprise. The landlord of the old shop agreed to lease the building to the co-operative free of charge for the first year, allowing them to concentrate funds they raised from The Co-operative Loan Fund, The Plunkett Foundation and from a community share issue, on the refitting of the shop and the buying of initial stock.

New community shares fund

The Co-operative Loan Fund is one of three partners involved in the creation of a new fund designed to support communities wanting to raise investment by a community share issue.

The Co-operative Community Shares Fund is managed by Co-operative & Community Finance and the initial funds

have come from The Co-operative Enterprise Hub. The Co-operative Loan Fund has agreed to provide loan finance if required.



The new fund enabled St John's Sunshine to install solar panels before the community share issue.

In the last few years there has been a big increase in the use of share issues by industrial and provident societies to raise funds for a range of co-operative ventures including shops, pubs, renewable energy projects and football clubs.

The new fund can improve the chances of a community share issue reaching its target, or it can help the venture to proceed if it doesn't. It can also be used to provide finance, if needed, before the share issue is concluded.

Ian Rothwell of Co-operative & Community Finance explains: "We examine the proposal and if we think it's viable we offer to underwrite the community share issue. This provides reassurance to the community and potential investors that a financial institution has confidence in the project. In many cases the share issue will reach its target without our investment needing to be taken. It also means that the project would still go ahead even if it had failed to reach its initial investment target.

"We can also help in situations where money has to be raised in a very short period, for example when there is a deadline to buy a building."

So far the new fund has supported two share issues: one for St John's Sunshine which involves the community ownership of solar panels on the roof a church in Manchester, and one for Cybermoor to install fibre optic cable to provide super fast broadband to homes and businesses in and around Alston, the highest town in England.

communitysharesfund.coop

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Apply for a loan

To apply for a loan please go to www.co-operativeloanfund.coop and either apply online or download an application form.

You will need to supply a recent business plan and your memorandum and articles of association. Please note that the Co-operative Loan Fund only lends to co-operatives.

If you need further information please contact the fund managers, Co-operative & Community Finance, on 0117 916 6750 or info@coopfinance.coop

The co-operative loan fund

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