

# Community Finance Partnerships

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1. The Benefit of Partnership Approaches to exploit local market opportunities
2. Financial Mechanisms and what is already in place.
3. A local initiative – to generate local renewable energy
4. Extending the model to other Regions

## A. The Benefit of Community Finance

- *Our Local Economy*
- Local Resilience: we have made ourselves over dependent upon private sector investment, private sector development and private sector ownership of capital and energy.
- Energy and Economic Security: return to collective ownership – independent of external capital
- Build upon what we already have in place







## B. Financial Mechanisms and what is already in place.

### CBP – a Community Banking Partnership

- CDFI (community development finance institution)
- IPS share company
- Newtown 2020 Environmental Group
- Public Sector Partners
- Energy Advisory Agency
- Local credit union

# A local credit union

- An FSA regulated co-operative with deposit taking permissions.
- An existing membership base
- Financial transaction services
- Local high street presence.

# Robert Owen Community Banking Fund Ltd

A community development finance institution - CDFI

- Take in Investment finance
  - Loans to Businesses
  - Personal Loans – eg ZILF
  - Social Enterprise Loans
  - Contract partner with Local Authorities
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- Tax breaks - CITR eligible
  - Not FSA regulated
  - But... CCA licensed so OFT compliance



# Robert Owen Renewables Ltd

- Rules - Co-operatives UK model
- A bona fide co-operative
- Share issues
- EIS eligible
- Support other renewable enterprises



# Home Improvement and Energy Loans - ZILF

- Powys CC partnership to phase out grants to private sector, hit carbon targets, upgrade local households, support local micro-business.
- Instant Loans
- Loans of £5000 over 5 years @ 0% interest (= 4.2%APR)
- CU partnership – Loan Assessment/Client Management

# ZILF to Date

- £2 million over 4 years
- £1.5 million of installations/improvements
- 100 new contracts to local businesses
- 200+ new CU member accounts
- CIH Award for innovation
- Model procedures, contracts etc



# Green Deal – the next challenge and a major opportunity

GDFC - Green Deal Finance Company

Powys – 60k households, 10k = 'hard to heat'

GD Loan @7.9%APR over 10 years = £2,790

Across Powys = £28 million in interest costs

LM3 = £70 million loss to local economy







# Penarth Weir

- Development Costs £ 600,000
- Grant Funds £ 60,000
- Public Sector investment £ 255,000
- Crowd Funding investment £ 45,000
- Community Investments £ 240,000

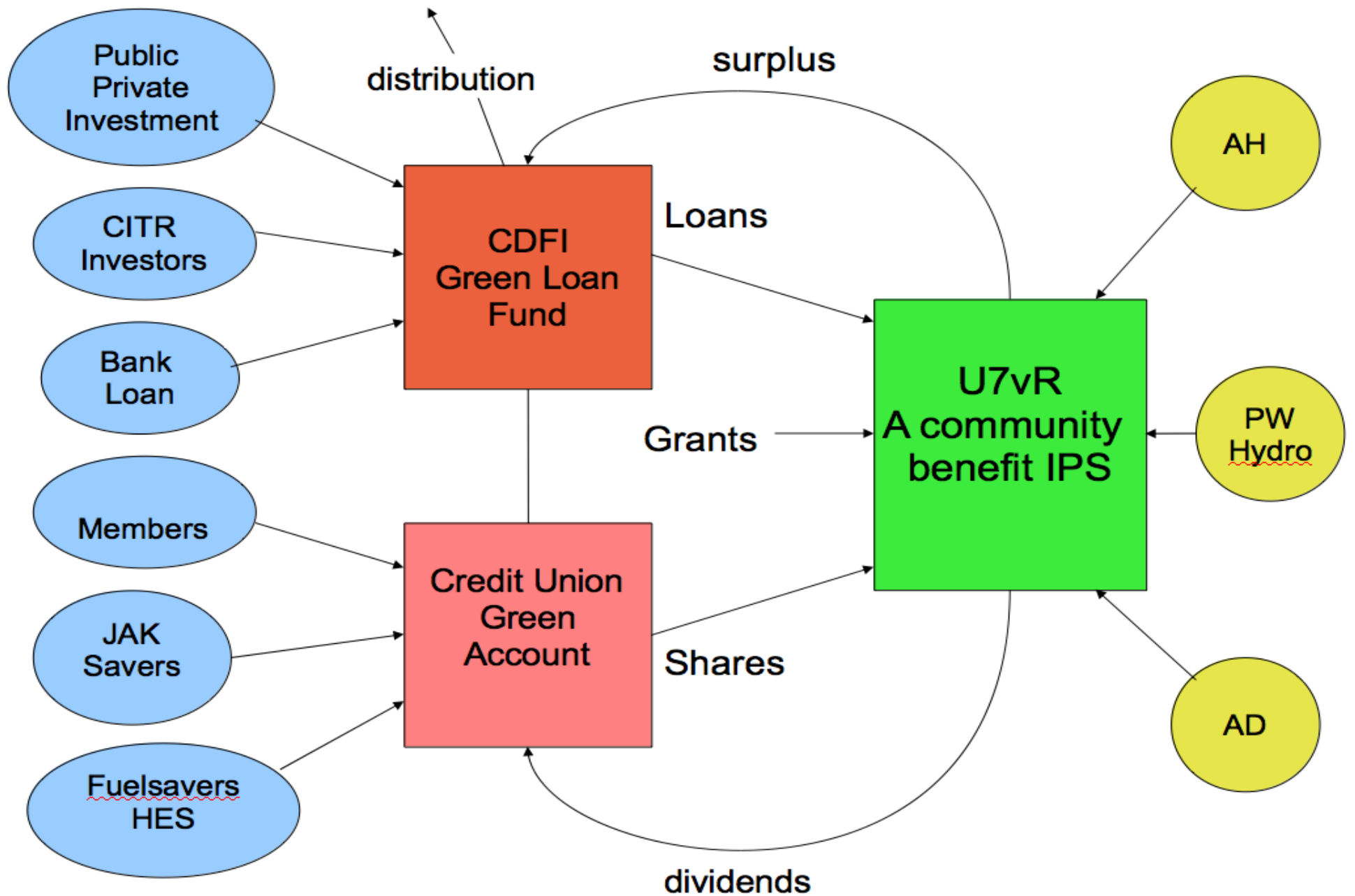
# Share Issue

- Holding account as the IPS raises local capital – eg. an escrow account
- Secure and credible
- Can released batches of equity in phases to minimise costs
- A partner who can undertake the client relations and joint promotion.



## A credit union partner

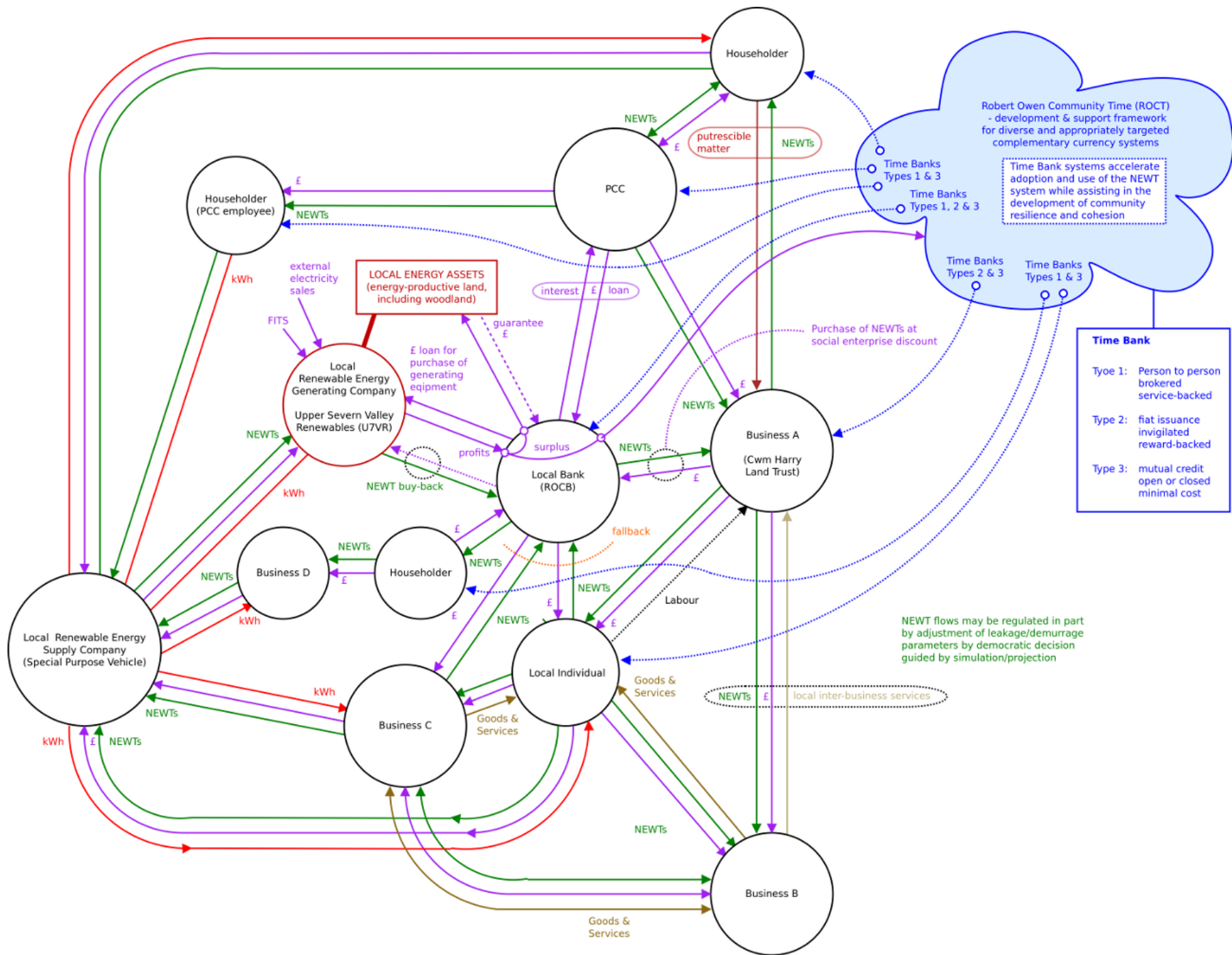
- Build a 'reservoir' of finance during the construction phase
- Issue share certificates, statements and payment receipts.
- Automatic dividend payments into a clients account, BACs transfers, and share withdrawals/sales.
- An active partner to 'co-promote' and to gain mutual PR benefits
- Grow and develop financial expertise within the community sector.





# Capacity

- Initial feasibility carried out in 2010 commissioned by local community group
- Established capacity for approx 100kW generator
- Estimated project cost £475k
- Estimated annual income £80k - £100k for 20 years
- November 2010 – negotiated exclusivity deal (and rent schedule) with British Waterways



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