

newsletter

Every high street needs a bakery



Community takes
over former factory

Fairtrade co-op
brews success

New housing co-op
in London

Welcome

Welcome to the 13th 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.

A traditional bakery returns to the town of Dunbar

The community of Dunbar, a small coastal town east of Edinburgh, has a great deal to be excited about following the opening of a community-run bakery specialising in fresh artisan bread, pies and pastries.

It all started in 2008 when the long-standing Smith's family bakery, which had been serving the residents since the mid-1800s, closed when the owner retired. Market research was carried out to determine the need for fresh bread in the area, and the findings were summed up by the sentiment that 'every high street needs a bakery'.

Meetings were held, attracting dozens of people. There was a swell of support as local voluntary, church and community groups came together. With the help of the local development trust, the plan to reopen the former Smith's bakery as a sustainable, community-run enterprise was realised. The new Dunbar Community Bakery has attracted 300 community members who raised almost £40,000 through the sale of community shares.

It wasn't possible to continue in the former Smith family premises but Dunbar Community Bakery finally settled on a well-located high street spot. The Co-operative Loan Fund gave the bakery a loan to help with the complete refurbishment of the space and to pay for new, professional baking equipment.

Dunbar Community Bakery specialises in high-quality traditional bakery products with no additives, using locally sourced ingredients. The staff consists of three professional bakers with 65 years of combined experience, and a front-of-house team.

Aside from providing tasty products, the bakery has a social agenda as well. It

plans to provide training and employment opportunities for locals, along with developing apprenticeships and support to local schools to share baking skills. Beyond that, all profits will be reinvested back into the community.



Head baker Keith Murray and manager Donna McArdle pictured on opening day

Janet Barnes, committee-member and business development consultant and trainer said: "Many of us wanted to be involved in developing a certain bakery, not a chain, that would serve good old-fashioned bread and develop the community at the same time. Without the loan finance it wouldn't have gone ahead, the assistance has been vital."

The bakery continues to develop its range of products and in the lead up to Christmas will be launching a seasonal selection including mince pies, cherry cake and Christmas cake.

Dunbar Community Bakery is run by a dedicated management committee of nine professionals, including local entrepreneurs and experts in finance, marketing, communications and community development.

dunbarcommunitybakery.org.uk

Local action revives medieval factory site

A disused factory complex in Somerset dating back to medieval times is set to become a centre for community activity and enterprise following action from local people.

The Red Brick Building Centre (RBBC) is an industrial building situated between Glastonbury and the town of Street, and was previously a sheepskin tannery and factory. The Co-operative Loan Fund has provided the working capital to develop the building into a multi-functional enterprise and community hub.

The complex of mills and factories which was established in medieval times ceased operating in the 1980s. In 2008 the building was earmarked for demolition by the South West Regional Development Agency (SWRDA) but was saved by a local campaign, including a sit-in by over 400 people, who had a vision for its future. SWRDA then agreed to transfer the building to the RBBC for £1.

Since then the group has met regularly to plan the redevelopment. Following advice from Wessex Community Assets the group became incorporated as a community benefit society.



The new visitor centre, made out of reclaimed materials. Photo by Neil Clarke



Shareholders celebrating buying the building from SWRDA for £1. Photo by Jason Bryant

Sarah Sander-Jackson of the RBBC, explained: "All of the powerlessness that the community felt has now gone.

"Local people have been involved from the beginning and we wanted to consult with the community to find out how they wanted the building to be used."

Not only has the community played a key role in making decisions about the future of the building, but volunteers will also play a vital part in realising the potential of the project, by running the visitors centre, conducting tours for prospective tenants and helping the final painting and decorating.

The RBBC is dedicated to keeping all interesting architectural features intact and hope that they can be an exemplar centre of excellence for sustainable refurbishment and construction.

The 30,000 sq ft building will be divided into two main sections for development.

The first phase will bring 15,000 sq ft into use and will comprise rentable spaces including offices, meeting and training rooms, a cafe and room for a cinema.

Bringing the remaining space into use, the second phase will provide workshop areas for arts and crafts, a gallery and an exhibition space. The RBBC plans to host exhibitions from resident artists and from external sources.

Some early building work has already taken place including making the building safe and waterproof, and also creating an access road and car park. More recently a visitor centre was constructed by volunteers using recycled and reclaimed materials including PVC guttering and catalogues.

The RBBC is still looking for skilled and unskilled volunteers to help with a manual labour and have recently launched a new share offer campaign to raise further funds for redevelopment.

redbrickbuilding.org.uk

Working with the Hub

The Co-operative Loan Fund is continuing to work closely with The Co-operative Enterprise Hub, a nationwide programme, funded by the Co-operative Group, to provide a package of training, advice and finance to help co-operatives become more sustainable businesses.

In the last few months we have made loans to these two new ventures that also received advice from the Hub.

Pouring pints again after community intervention

After standing empty for over a year, the only pub in the Cumbrian village of Crosby Ravensworth reopened in August 2011 with new owners - a community co-operative of 300 local people and supporters from further afield.

With financial assistance for working capital from The Co-operative Loan Fund and advice from The Co-operative Enterprise Hub the determined community registered a co-operative, made an offer to buy the pub and launched a community share issue to raise money to buy and refurbish the premises.

Cameron Smith, treasurer of the new co-operative said: "This has been an incredible community project to be involved in and this pub will now benefit from having around 300 'co-owners' committed to its future success. We have been overwhelmed with the interest in the project. Around half of our members are local but we have had investors from as far afield as Alaska, America and Australia."

The co-operative's application to The Co-operative Loan Fund had been approved early in the process, and this objective appraisal of viability contributed to the success of the community share issue which easily reached its target.

This is the first time that we have made a loan to a community owned pub.

Treating both buyer and supplier fairly

Revolver World, a Wolverhampton based co-operative, is expanding its range of Fairtrade products thanks to assistance from The Co-operative Loan Fund.

The co-operative was started by music mogul Paul Birch of Revolver Records – the man who first signed the Stone Roses – when he became interested in fair trade and the concept of fairly traded goods and services.

After becoming frustrated with the high prices and lack of variety in the marketplace, Paul decided to take action. He received specialist advice on business planning and the process of setting up a co-operative from The Co-operative Enterprise Hub.

Revolver World is an independent business that sources and distributes Fairtrade, organic coffee, clothing and other products to a variety of retailers and individuals. It is a rare example of a multi-stakeholder co-operative being set up by a private company.

After the successful marketing of Fairtrade T-shirts and hoodies Revolver World soon decided to widen its product range. Coffee sourced from co-operatives in Columbia, Tanzania and Uganda was introduced.

Richard Bickle, one of the directors, explained: "While you might think fair trade is fairly well represented in the coffee industry, the benefits usually only extend to the producers. We are keen that everyone



Gumintindo Coffee Growers Co-operative in Uganda supplies Revolver World. Photo by Simon Rawles.

along the supply chain from growers and shippers to outlets and even customers - are treated fairly.

"We feel it is the only fair and equitable way to run global commodities. This is the next logical step for the Fairtrade movement and we are leading the way."

With over 40 years experience in the recording industry, Paul Birch said: "Our key skills of branding, licensing and product marketing are transferable, and we are employing what we have learned about packaging, promotion, and marketing to generate demand in the coffee market."

Revolver World coffee is available at a number of Co-operative stores and it was the official coffee served at the Co-operative Congress in 2011. The organisation is now planning to develop a coffee shop franchise, and discussions are ongoing to license the brand for a range of Fairtrade beers and ciders.

revolverworld.com

Working with Co-operative & Community Finance

The Co-operative Loan Fund is managed by Co-operative & Community Finance, a long established community development finance institution. For some projects that require between £75,000 and £150,000 of loan finance Co-operative & Community Finance will match our loan with one from its own funds. Here and on the following page we describe three property development ventures that have involved joint lending.

New co-op centre created from containers

A business centre created from recycled shipping containers is nearing completion after receiving financial assistance from the Co-operative Loan Fund and Co-operative & Community Finance.

One of the longest running co-operative enterprise centres in the UK is going to be re-housed in premises constructed from recycled shipping containers.

The Hendon Co-op Centre in Sunderland is being relocated a short distance into new, larger, innovative and environmental premises. For over 25 years the centre has been home to the North East of England's most successful social enterprise development agency, SES (Sustainable Enterprise Strategies), and a number of well known co-operative businesses including the multi-award winning Sunderland Home Care Associates.

The new centre is being constructed from 40 reconditioned shipping containers fabricated into rooms of various sizes. It will provide new offices and training rooms for SES and nearly 1,000 square metres of managed workspace for local enterprises. Already 60% of the new office space has been reserved. The rents will provide SES with a sustainable source of income for some of its core activities.

The building will incorporate a range of environmentally sensitive



An artist's impression of the innovative construction.

features including roof gardens, permeable hard landscaping (to reduce rainwater surges in drains) and heat exchange pumps.

"We chose this unusual method of construction because it's sustainable and appropriate," said Mark Heskett Saddington, a director of SES. "SES is committed to the principle of reduce, reuse and recycle and of course Sunderland has a long association with shipping. It's also a relatively quick and low cost construction method."

Work is well underway, with the 3rd floor of the building being completed most recently. SES hope to move into their new office space before the end of the year.

ses.coop

Co-op provides affordable housing and skills training

Loans from The Co-operative Loan Fund and Co-operative & Community Finance are helping to finance an innovative property refurbishment project in East London that will provide affordable housing and skills training.

Phoenix Community Housing Co-operative is undertaking the refurbishment of nine studio flats in Spey Street, Tower Hamlets, owned by Poplar HARCA Housing Association. In return HARCA will provide Phoenix with a seven-year lease on the flats and a reduced licence fee.

The properties have been empty for nearly 10 years and require a complete refit including new kitchens, bathrooms, damp proofing and heating systems. The work will be done by volunteers from the co-operative and external trainees who are seeking to develop their professional skills and experience.

Phoenix encourages tenants to be active members and get involved in the co-op. The day-to-day running is undertaken by four employees who report to a voluntary management committee.



phoenixhousingcoop.org

New London housing co-op

A new venture in collective living in North London has got off to a successful start after receiving financial assistance from the Co-operative Loan Fund and Co-operative & Community Finance.

In July this year, The Drive Housing Co-op completed the purchase of a large detached house in Walthamstow latterly used as a childrens' care home. The property provides accommodation for up to 10 residents with extensive communal spaces: there is a lounge, library, conservatory, meeting/workshop space, and guest bedroom.

The Drive is a fully mutual housing co-operative. The co-op owns the property and only the tenants can be members of the co-op. Each member has a single £1 share; individual members cannot gain or lose from changes in the value of the property. Members pay rent to the co-op for their accommodation, but have democratic control over how the property is run and improved through the co-operative structure.

The purchase has been financed with loans from The Co-operative Loan Fund, Co-operative & Community Finance and, a mortgage from Ecology Building Society, and loans from various individuals and some other housing co-ops.

Co-op member Robert Morris said: "We haven't received any grants or hand outs. It's important to us that we pay our own way and that the whole project is self-funding and sustainable."

The people involved in The Drive are not just going to share the premises; they are creating an 'intentional community' based on shared values and communal activities; getting together for dinner each evening is a key part of this. The existing membership is drawn from a range of backgrounds with ages ranging from 30 to 68.

Robert said: "We started with a core group



An exterior photo of the house after it was bought

of six people and have already had two additional members move in. There's been an almost constant stream of enquiries, from potential new members, media, and people asking for help setting up their own co-ops. We are holding regular social events where people can come and meet us, and are confident that we will fill our remaining two spaces in the New Year.

"Fortunately we've got a lot of expertise and experience between us in our group - but we recognise these things could be a lot harder for others, which is one reason why we'd like to help other groups benefit from our experiences. We've already held one 'open day' for both people from the local neighbourhood, and others interested in housing co-ops, and intend to do more outreach in future."

The co-op has the scaffolding up to carry out roof repairs, and the members have begun the process of transforming the long-neglected garden into a food-producing space. In conjunction with purchasing from local and ethical suppliers, the co-op intends to provide as much of its food as possible from sustainable sources.

thedrive.coop

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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