

newsletter

Workers buy into child's play

Loan helps employees buy leading
play equipment business



Photo courtesy of Sutcliffe Play

More community shops

Working with the Hub

Welcome

Welcome to the tenth 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 and East of England 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.

Another employee buyout



The Co-operative Loan Fund has again collaborated with other specialist lenders to support another employee buyout. The ownership of Sutcliffe Play, a leading manufacturer of outdoor play equipment based in West Yorkshire, was transferred to the 90 employees in April to the delight of the chairman, Robin Sutcliffe.

“Employee ownership has been a dream for almost 50 years,” said Robin Sutcliffe. “From the day I joined the family business my ultimate aim was to one day hand the reins of our business to its employees.

“In my experience, employees get as much satisfaction out of their jobs through meaningful involvement in a company as they do from financial gain. Employee ownership motivates and provides a level of commitment that is unusual in privately owned companies.”

The majority of the shares are now held by an employee benefit trust on behalf of all the employees. In addition most of the employees have personally invested in shares. Loans from The Co-operative Loan Fund, ICO Fund plc, Baxi Partnership, Joseph Rowntree Charitable Trust and Barclays helped to conclude the sale.

This is the third employee buyout in six months that Co-operative & Community Finance (which manages the Co-operative Loan Fund) and Baxi Partnership have co-financed and there are more ‘in the pipeline’.

Ian Taylor of Co-operative & Community Finance visited Sutcliffe Play and assessed the proposal for the employee buyout in detail.

“I was impressed with everything I saw,” he said. “Sutcliffe Play is a very professional and well managed business and I think it’s going to get even better when it’s employee-owned. It’s my experience that manufacturing businesses in particular benefit from the greater trust and transparency that employee-ownership and co-operative management bring.”

Sutcliffe Play supplies local authorities and other customers all over the UK and has distributors in various European countries and Japan. Last year its turnover was £8.8m.

Community shops continue to grow

The Co-operative Loan Fund has continued to nurture the growth of community-owned shops, and has released five new loans in recent months as part of the Village CORE Programme.

The Village CORE programme, run by the Plunkett Foundation, provides rural communities with the expertise and the tools required to help set up a community-owned shop. Successful applicants receive free consultancy and advice, and the money raised by the local community is matched with a grant and a loan (up to a maximum of £20,000 each).

So far this year, the following villages have received loans from The Co-operative Loan Fund: Ashton Hayes in Cheshire, The Seavingtons in Somerset, St Germans in Cornwall, Down Ampney in Gloucestershire, and Eardisland in Herefordshire. In some cases, the communities have taken over existing shop premises; in others they have raised the finance for brand new premises.

Down Ampney, in Gloucestershire, has had a community-owned shop for over 12 years, long before the Village CORE programme started. The shop is based in a portable building, which requires many repairs as well as being too small for the demands of the village.

The members of the Down Ampney Village Shop Association, a community co-operative with over 100 members, decided that the time had come for a permanent building. They raised over £25,000, and this was added to by a loan from The Co-operative Loan Fund, as well as grants from the Village CORE programme and other sources.



Solar panels being fitted to the new shop at Down Ampney, located just behind the portable building that's been used for the last 12 years.

Ian Rothwell of The Co-operative Loan Fund says, "We are delighted to be able to support these village shops in their move to community ownership. There were many community-owned shops opened last year and all are making excellent progress despite the current economic climate."



The Dovecote, Eardisland

The new building, which is due to be completed in July, is an annexe to the recently rebuilt village hall. It is four times the size of the portable building, allowing much more room for stock. It will also house the post office, which is currently in a cottage on the other side of the village.

In Eardisland, Herefordshire, a new community-owned shop has opened 10 years after the last shop in the village closed. It is housed in highly unusual premises: an 17th century ornamental dovecote. The shop occupies the ground floor and there is an exhibition centre above which attracts tourists.

"The Co-operative Loan Fund is fundamental to the success and sustainability of this project," says Albert Sheffield, chair of the steering committee. "The shop will provide a big boost to our community, and after more than 10 years with no village shop, we finally have a wide range of products on our doorstep."

Working with the Hub

The Co-operative Loan Fund is working closely with The Co-operative Enterprise Hub, a new nation-wide programme to provide a package of training, advice and finance to help co-operatives become more sustainable businesses.

The Co-operative Group is investing £5m over three years into The Co-operative Enterprise Hub - a very real demonstration of its commitment to developing more co-operative businesses.

New and existing co-operatives can apply for support at www.co-operative.coop/enterprisehub. If approved, they will receive up to four days of free advice and training from specialist consultants. The Hub is working with networks of experienced co-operative development professionals in each region or nation.

The consultants may also recommend that the co-operatives apply for loan finance.

The Co-operative Enterprise Hub has grown from a successful pilot programme run in the North West region. It is currently being rolled out across the whole of the UK.

So far nearly 150 co-operatives have been, or are being, supported. One of these is Sparks, a childcare co-operative in Bristol, which received advice and training in financial management and control and as a result has improved the wraparound care it provides before and after school and in the holidays. Sparks had previously received a loan from The Co-operative Loan Fund (before the establishment of the Hub) when it became a workers' co-operative.

John Pendle, chair of The Co-operative Loan Fund and a director of East of England Co-operative, said "The Loan Fund and the Enterprise Hub working together provide a complete package of support for new and developing co-operatives.

"We are very pleased to be working with The Co-operative Enterprise Hub. This creates a new means of identifying viable co-operative ventures to be considered for lending."

John Pendle and fund manager Ian Rothwell have been busy in recent months trying to encourage more co-operative societies to get involved and make donations to The Co-operative Loan Fund.

"We have an excellent repayment record at The Co-operative Loan Fund," said Ian Rothwell, "but we lend the money out again as soon as it's repaid. We really need to get some significant new money into the Fund so we can make the most of the opportunity of working with The Co-operative Enterprise Hub."



Sparks childcare co-operative in Bristol

Apply for a loan

If you would like to apply for a loan from The Co-operative Loan Fund, please go to www.co-operativeloanfund.co.uk to download and print an application form, or contact the fund managers, Co-operative & Community Finance, on 01179 166 750.

Complete the form, and send it with two copies of your most recent business plan to:

The Co-operative Loan Fund
c/o Co-operative & Community
Finance
Head Office
Brunswick Court
Brunswick Square
Bristol BS2 8PE

Further details about the Fund, loan security, and lending terms are available online at

www.co-operativeloanfund.coop

The co-operative loan fund

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