

newsletter

A year of record lending
employee buyouts, community shops, worker co-ops and
credit unions all benefit



The cast and crew of 'Enough Rope' filmed in France by First Take (see page 4)

More funds
needed

Two employee
buyouts

Co-operative
events

Welcome

Welcome to the ninth 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.

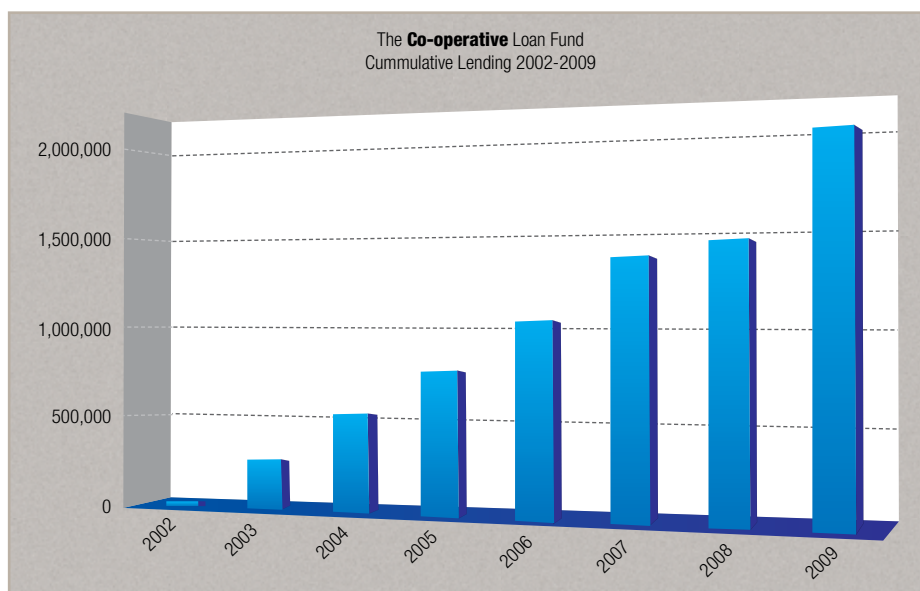
Loan applications are welcome from new and existing co-operatives that need between £5,000 and £75,000 of loan finance to:

- 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 back page for contact details.



More funds needed after year of record lending

In 2009 The Co-operative Loan Fund lent £549,000 to 21 co-operative enterprises - its busiest year ever.



Almost half the total loaned in 2009 helped to finance the ongoing boom in community ownership of village shops (as described in the last newsletter). However, over a third of the lending was drawn down in the last two months to help bring two successful businesses into employee ownership (see page 3).

John Pendle, chair of The Co-operative Loan Fund and a director of East of England Co-operative, said "I am delighted that we have been able to support these co-operatives on their path to success."

"The low levels of defaults on these loans demonstrates that the co-operative model works for, what many consider to be, higher risk business proposals."

He also drew attention to the recycling nature of the fund: £1.25m of investment by a few large co-operatives had been turned into more than £2m of loans. "Success breeds success as we recycle the repaid funds into new loans," he said. "We wish to thank, on behalf of the loan recipients, the profitable co-operatives that provided the funds to make this possible."

However, The Co-operative Loan Fund has been so successful that it will soon be fully lent. "There is an urgent need for more investment," said John Pendle. "We always welcome new funds from profitable co-operatives to increase our ability to support sound co-operative business proposals."

Co-operatives interested in supporting The Co-operative Loan Fund should contact the fund managers, Co-operative & Community Finance on 0117 916 6750 or info@co-opandcommunityfinance.coop.

Fund helps two employee buyouts

The Co-operative Loan Fund has been working with other specialist lenders to help finance the conversion of two successful Scottish businesses to employee ownership. The transfers were completed in November and December 2009.

The two enterprises could hardly be more different. West Highland Free Press, in the Isle of Skye, has been publishing a weekly newspaper for 37 years. In contrast, Clansman Dynamics, established in 1994, designs and builds robotic handling equipment which is used in forges and foundries in 34 different countries.

But there is one important similarity. In both cases the original owners wanted to ensure the ongoing success of the enterprises by transferring ownership to the employees who had helped to build the businesses. The employee buyouts were made possible by the personal investment of the employees topped up by loans from The Co-operative Loan Fund, ICO Fund plc and Baxi Partnership, which specialises in facilitating employee buyouts.

West Highland Free Press has become the first newspaper in the UK to be owned by its employees (there are currently 10). The weekly newspaper carries the masthead *An Tir, an Canan, 'sna Daoine* (The Land, the Language and the People) and the staff believe that it has flourished when many local papers have failed because it has stayed firmly rooted in its local community.

Paul Wood, one of the new directors of West Highland Free Press said: "The successful move to employee ownership marks a significant achievement for the staff of the Free Press and an apt reward for the hard work, skill and loyalty they have shown the company. The move to employee ownership sits easily with what I feel the paper stands for and leaves a legacy in the hands of the community and future employees for generations to come."

In just 15 years Clansman Dynamics has become one of the top three companies in the world working in its highly specialised field. In the last three years its annual turnover has increased from £3m to £4.5m to £6.2m, and the commercial director Jim McManus says that Clansman Dynamics is the number one supplier of robotic foundry equipment to China. The transfer to employee ownership has the full and enthusiastic backing of the original owner Dick Philbrick, who did not want the business to be bought by a rival.

"For a long time Dick has been the figurehead and driving force of Clansman, and he will remain involved," said Jim McManus. "Now we are restructuring and the new directors are coming through. We've got some very talented young men here and now they realise that the company is theirs they are very keen to push ahead."



www.whfp.co.uk

www.clansmandynamics.com

Other recent lending

First Take

An award-winning film-making co-operative is continuing to stay at the cutting edge of community-based production and training thanks to a loan from The Co-operative Loan Fund.

First Take, based in Liverpool, has been working with community organisations and disadvantaged groups across North West England to produce films and run training projects since 1983. The five-person co-operative has been particularly successful in the last two years. This has included its first international co-production, having eight 25-minute documentaries broadcast in both Norway and Finland and making links with the BBC and ITV Granada. First Take's work also appeared on the BBC's Culture Show.

The Co-operative Loan Fund is helping First Take to build on its recent successes by providing a loan to purchase new equipment and software to enable the co-op to stay ahead in new media and emerging technologies.

Speaking about the loan, Lynne Harwood, one of the directors of First Take said: "The loan will help us to develop both the key areas of our business. On the production side, we are planning to move into features next year, and our training programmes for people who are under represented in the film industry will also benefit from better use of social networking, interactive film-making and other internet opportunities."

Ian Taylor at The Co-operative Loan Fund added: "We are delighted to be able to assist this well established co-operative that has stayed true to its vision making sure that disadvantaged groups benefit from the use of new media technology."



Bristol Credit Union

Bristol Credit Union was developed in 2005 and 2006 through a partnership of smaller community credit unions, and it is now proud to offer financial support to the city of Bristol and its surrounding area. Thanks to a subordinated loan from The Co-operative Loan Fund, Bristol Credit Union is now well equipped to take advantage of recent changes in credit union legislation. The loan will be used as resource capital, that will offer the credit unions 4,500 members greater lending opportunities and investment capital over the coming years. The loan is the final part of The Co-operative Loan Fund's 2004 initiative, in which over £200,000 was allocated to help support credit unions in the UK.

A community-owned shop for Ambridge

The Co-operative Loan Fund has invested over £250,000 this year in supporting community-owned shops, and is delighted that Ambridge, home of the world's longest running radio soap, The Archers, has chosen community-ownership as the answer to saving its last village shop. The shop and post office in Ambridge is set to join over 220 rural communities in the UK that have already turned to community-ownership, and The Co-operative Loan Fund is hoping that the move will encourage more villages to consider the community-ownership model. The Co-operative Loan Fund has recently announced that Brightwell-cum-Sotwell in South Oxfordshire is the latest community shop to receive a loan.

Co-operative events

27 January 2010

Rural Communities - the right to try

London

Conference organised by Plunkett Foundation exploring the benefits of community ownership.

info@plunkett.co.uk

01993 810730

30 January 2010

Future Co-operatives 2010

Swindon

A conference for co-operative advocates: for people who want to think, walk and talk co-operatives.

info@co-operativefutures.coop

0845 456 2506

1 - 2 February 2010

Voice 10

Cardiff

The annual conference of the Social Enterprise Coalition. This year includes more co-operative topics on the programme than usual.

www.voice10.org

12 February 2010

Food Co-operatives Forum 2010

Birmingham

The Food Co-operatives Forum is aimed at food co-operatives, small to medium sized co-operative wholesalers and retailers, buying groups and growers. The event includes workshops and case studies enabling attendees to share best practice and embrace the co-operative principle of 'co-operation among co-operatives'.

www.bmi.org.uk

0161 246 2953

26 - 28 February 2010

National Retail Consumer Conference

Wroughton, Wiltshire

The NRCC is a well-established forum for those co-operators involved in the consumer co-operative sector. Whether they are members that own the business or managers that run the business the event aims to help them understand the current issues facing the sector.

www.events.coop

19 June - 3 July 2010

Co-operative Fortnight

Throughout UK

A new event worth planning ahead for. Co-operatives UK is launching Co-operative Fortnight based on the model of Fairtrade Fortnight in the UK, Co-operative Week in Canada and Co-op Month in the USA. Co-operatives UK will develop the Co-operative Fortnight brand and a set of resources. These resources will then be made available to co-operatives to promote co-operation at a regional and local level.

www.cooperatives-uk.coop

25 - 27 June 2010

Co-operatives 2010

Plymouth

Co-operatives 2010 is the national celebration of co-operation bringing together co-operative members, employees and activists from all sections of the movement. This showcase event offers an unparalleled range of inspirational debates and thought provoking workshops.

www.events.coop

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

The Co-operative Loan Fund Limited is a Company Limited by Guarantee. Registered Office: Brunswick Court, Brunswick Square, Bristol BS2 8PE

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