



# Booster Fund Practitioner Session


Delivered in partnership:



Funded by:

# Agenda

- Introductions
- Booster Fund Support to date
- Synopsis of January 2023 re-launch
- Budgets
- Pre-grant support
- Subscription underwriting
- Loan
- Criteria
- Priorities
- Case studies of Booster Fund beneficiaries
- Investment Panel
- Top tips
- Discussion time



Don't be shy!  
Post your questions and  
thoughts in the chat box – we'll  
go through them at each slide

# Introductions

**Alice Wharton** ([alice.wharton@uk.coop](mailto:alice.wharton@uk.coop)) is **Community Shares Booster Fund Senior Manager** and has overall responsibility for managing the Booster Fund, focusing on the applications for equity match investment and looking after the existing portfolio.

**Rose Seagrief** ([rose.seagrief@uk.coop](mailto:rose.seagrief@uk.coop)) is **Community Shares Grants Manager** and first port of call for any group looking to apply to the Booster Fund for early stage/pre- grant support as well as the main Booster development grant for investment readiness and launching a community share offer.

**John Dawson** ([john.dawson@uk.coop](mailto:john.dawson@uk.coop)) is **Head of Community Shares Market Development and Investment** and Co-operatives UK's main voting panel member for the Booster Fund for making final decisions on awards. This ensures separation during decision making for Alice and Rose supporting the applicants. Speak to John about market development, policy or further investment opportunities.

**Isla McCulloch** ([isla.mcculloch@uk.coop](mailto:isla.mcculloch@uk.coop)) is the **Community Shares Standards Manager** and sits within the Advice Team at Co-operatives UK. Isla oversees best practice via the Community Shares Standard Mark, Handbook, the Co-operative and Community Capital Committee (CCCC) and training/licensing of practitioners. She attends Booster panel meetings to give technical guidance and provides support to societies interested in Shariah compliant rules.

**Tim Coomer** ([tim@coopfinance.coop](mailto:tim@coopfinance.coop)) responsible for developing finance packages with like-minded organisations that help to deliver social, environmental or community benefit. **CCF** is one of the Booster Fund's delivery partners.

# Booster Fund support delivered 2017-2023

## Multiple funding partners and pots:

- B1 – funded by Power to Change – Pilot
- B2 – funded by Power to Change
- B3 – funded by Architectural Heritage Fund
- B4 – funded by Power to Change - ReBoost (Covid recovery funding)

## Development Grants

£445,254 awarded into 60 societies  
33 awards into areas of IMD 1-3

## Equity

£3,539,892 invested  
67 investments  
Average £52,834 investment  
Investments in 8 regions of England (yet to invest in NE)

Working with Co-operatives UK has also been hugely beneficial for us, from the attention to detail in the prospectus and the Standard Mark, to understanding the right approach to our community share offer. This has helped us beat our £300,000 share offer target and (hopefully) set us up for success!

*The George Community, Bethersden*

*Already Booster Fund is earning returns from investments through interest payments and capital withdrawal – this is ring-fenced and is being recycled back into the Booster Fund, proving the cyclical funding design of this fund to wholesale investors.*

# Synopsis of January 2023 re-launch

**Currently CUK has two live budgets**, both run until March 2025:

- B5 funded by Power to Change
- B6 funded by Access Foundation

**Booster Fund is now a one stop shop window for multiple pots of grants and equity, to support community shares offers in England.**

**More development grant available**, up to c.£10K, average c.£7K

**More equity available**, up to c.£100K per investment, average c.£60K:

- New funding available for investment by Co-operatives UK
- Additional equity investment pot for investment by our new delivery partner Community Shares ICOF (CSI), also accessible via same Booster Fund application

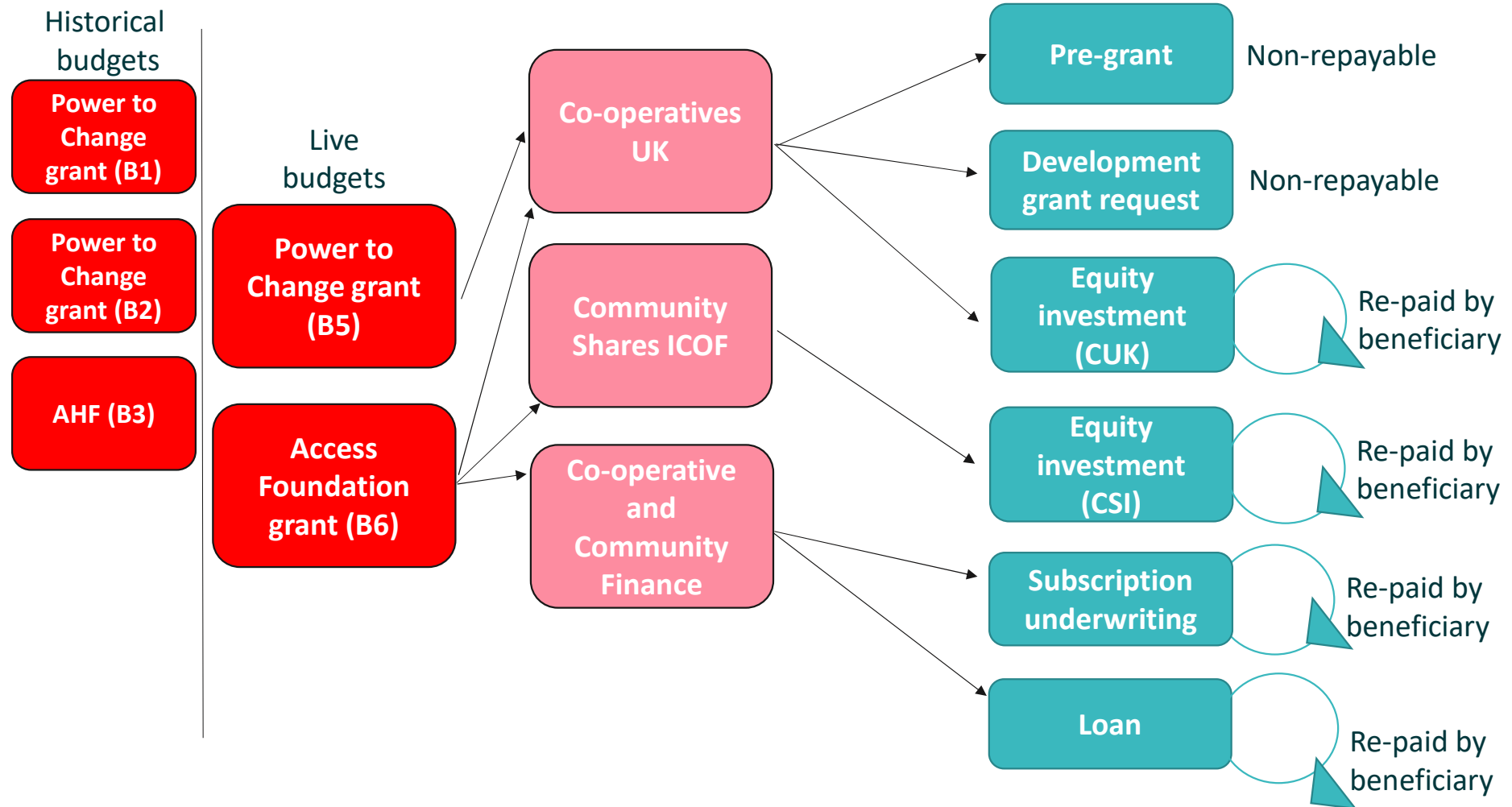
**New support elements:**

- Pre-grant support from Co-operatives UK, up to c.£2K
- Subscription underwriting from our new delivery partner Co-operative and Community Finance (CCF)
- Loan from our new delivery partner Co-operative and Community Finance (CCF)

**Guidance notes:** updated January 2023 - <https://www.uk.coop/resources/booster-fund-application-guidance>

**Investment Panel composition:** new assessors recruited to broaden Panel make-up and increase market knowledge

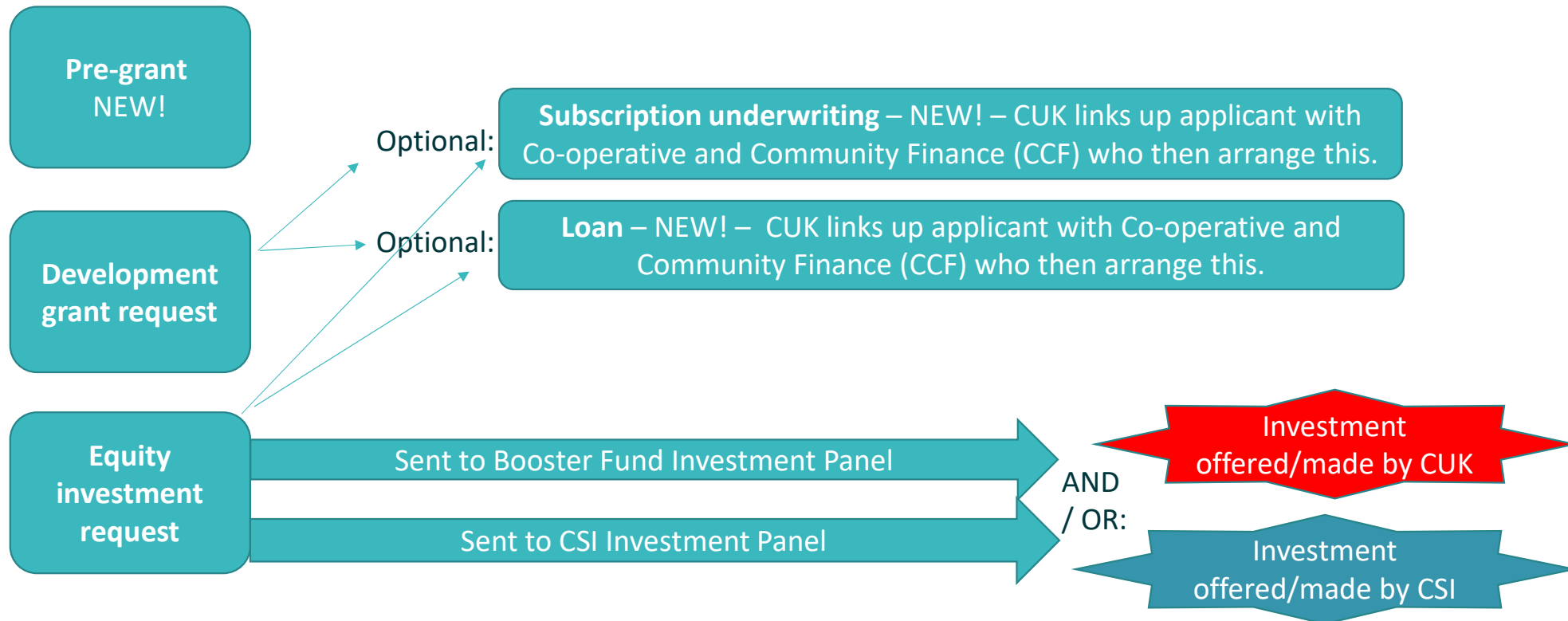
# Use of Booster Fund funding



# Process map of the Booster Fund

**Co-operatives UK** – manages the BF overall (guidance, contact with applicants, processes applications, hosts Investment Panel, makes payments to beneficiaries, hold relationship with BF funders)

## Entry points for applicants:



# Budgets

Currently CUK has two live budget pots: B5 funded by Power to Change, and B6 funded by Access Foundation.

		2022	2023	2024	2025	Total
Development grant	B5 – Co-operatives UK	£160,000 Plus £17,000 from 2021	£160,000	£160,000	£17,000	£514,000
	B6 – Co-operatives UK	-	£100,000	£90,000	£0	£190,000
	<b>Total Dev Grant</b>	<b>£177,000</b>	<b>£260,000</b>	<b>£250,000</b>	<b>£17,000</b>	<b>£704,000</b>
Equity	B5 – Co-operatives UK	£145,250	£145,250	£133,500	£23,500	£447,500
	B6 – Co-operatives UK		£200,000	£652,500	£0	£852,500
	Total Equity	£145,250	£345,250	£786,000	£23,500	£1,300,000
	B6 – Community Shares ICOF	£0	£166,875	£500,625	£0	£667,500
	<b>Total Equity</b>	<b>£145,250</b>	<b>£512,125</b>	<b>£1,286,625</b>	<b>£23,500</b>	<b>£1,967,500</b>



# Budgets

Currently CUK has two live budget pots: B5 funded by Power to Change, and B6 funded by Access Foundation.

		2022	2023	2024	2025	Total
<b>Subscription Underwriting</b>	B6 – Co-operative and Community Finance	£0	£47,265	£141,798	£0	£189,063
	B6 – Co-operative and Community Finance Contingency	£0	£31,250	£93,750	£0	£125,000
	<b>Total Subs Underwriting</b>	<b>£0</b>	<b>£78,515</b>	<b>£235,548</b>	<b>£0</b>	<b>£314,063</b>
<b>Loan</b>	B6 – Co-operative and Community Finance	£0	£375,000	£825,000	£0	£1,100,000
	<b>Total Loan</b>	<b>£0</b>	<b>£453,515</b>	<b>£1,050,548</b>	<b>£0</b>	<b>£1,513,863</b>

# Pre-grant support

To support the **very early stages** of exploring whether community shares funding is the right choice for the business.

**C.£2K support available** to provide a few days support from an advisor.

**Quick turnaround** – c.2weeks from application to award

<https://www.uk.coop/support-your-co-op/community-shares/support/booster-fund/apply/pre-grant-support-apply>

- **Very short application form** - quicker/easier starting point than making a full grant application.
- **Call with Rose Seagrief** – to discuss needs to ensure we can allocate the right practitioner to support.
- **Payment direct to practitioners providing support** – extraordinarily we will pay pre-grant to successful applicant.

## Examples of support:

- Exploration of legal structures and help with governance and registration
- Mapping stakeholders and early community engagement or member recruitment
- Exploring options and planning next steps
- Fundraising strategy and strategic planning
- Peer support and visits to other organisations using community shares
- Valuations, surveys and legal advice
- Setting up digital systems, information management, financial management
- Setting up a basic online presence and early marketing / community outreach
- Defining the project
- Developing a business plan
- Scoping overall capital needs
- Financial modelling

# Subscription underwriting

**To help less affluent members** of the community buy the minimum shareholding amount in the offer documents.

- Offered by Booster Fund delivery partner Co-operative and Community Finance (CCF)
- Application for this support is within the one Booster Fund application form – CCF rep will be in direct contact with the applicant
  
- **Fee-free** and **interest-free** support
- Typically, up to £25,000 can be underwritten
- **Funds would be advanced by CCF** to the society on completion of the share offer raise according to an agreement **between CCF and the society**
- **Individuals pay the society by instalments** (over up to 12 months) for the society to reach their share offer target
- The first instalment should be sufficient to permit membership to the society (the individual will be an investor member of the society)
- **Repayments of the advance (over an agreed term) by the society to CCF**
  
- Interest paid by society to investor based on the amount pledged in the first month.
- We always recommend that societies set membership as £1 (to avoid being at risk of being seen as deposit taking).
- If an individual doesn't complete all the instalment payments as planned:
  - Society should treat the instalments to date as share capital investment as long as their rules and minimum share value allows
  - CCF would work with the borrower to help them bridge the finance gap

# Loan

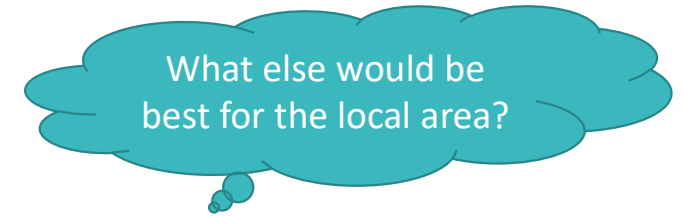
**Debt finance to sit alongside a share offer.** Could be used to make up any shortfall in funds raised through a share offer were the society to only reach the minimum share offer target amount.

- Offered by Booster Fund delivery partner Co-operative and Community Finance (CCF)
- Application for this support is within the one Booster Fund application form – CCF rep will be in direct contact with the applicant
- This loan finance can be up to £75,000, in most cases as unsecured lending, but could rise to £150,000, especially where there is an option to secure against land or property.
- The length of term is flexible based on the level of security but is **typically between 2 – 25 years**
- **Interest charged is variable** and based on a percentage above Bank of England base rate, with minimum rates, the rate offered depends on security - currently loans are commanding interest at between 7% and 8%
- A **1% arrangement fee** is charged on the sum drawn
- Funds would be advanced to society in liaison with CCF
- CCF can also help broker larger finance deals, as appropriate

# Criteria

- Be based in England
- Have charitable purposes
- Have a trading model
- If not already a Community Benefit Society, a Charitable Community Benefit Society or a Co-operative Society, be willing to convert to one or set one up
- Be exploring or aiming to issue a community share offer, or already launched a community share offer

# Priorities



We want to explore **innovative ways** of using community shares, such as:

- Supporting a wider range of people to invest
- Enabling younger people to invest and get involved in the governance of these local businesses
- Bringing more key services into community ownership
  
- The B6 funding pot is specifically keen to support:
  - **New asset-based community business**
  - **Existing societies swapping out expensive debt**
  - **Existing community business looking to scale**

**While we welcome a range of applications, we have the following priorities:**

- Promote equal opportunity, diversity and inclusion, including applications from and supporting:
  - Under-represented communities in the use of community shares
  - Disadvantaged communities facing systemic inequality
  - Minoritised ethnicities
  - Less affluent communities (defined as IMD 1-3 areas)
  - Community businesses that embrace diverse leadership
  - Younger people (35 years and under)
- Tackling the climate crisis and improvements to local green environment
- Digital transformation

# East Marsh Community: £25K B investment

A charitable CBS community led housing provider in one of the most disadvantaged communities in England (IMD 1).

Share offer to raise up to £500K to acquire and refurbishment a further 10 properties in next 3 years.

## What attracted the Investment Panel:

- Well-rooted community action group established in 2017 in response to local anti-social behaviour and drug dealing problems, that has gone on to establish active volunteer led community arts, education and engagement.
- Strong grassroots local Board. Resonance/ local authority links
- Supported by local council and local service providers.
- Has already acquired 3 properties to let.
- Lettings and tenancy management contracted out to local youth homeless charity Doorstep
- Mix of funding from private and institutional sources that are ensuring enough capital is realised by this share offer in such a deprived area (£50k from owner of Grimsby Town FC and £30k match from People Postcode Lottery).
- Attractive interest rate for investment

## Where we will be keen to support society:

- Appears to be high level of board member turnover > link up to peer network of similar societies to build Board expertise.

<https://www.uk.coop/case-studies/building-better-community-and-creating-quality-homes>

# Zion Bristol: £25K B investment

Established community arts centre recently converted from CLG to community benefit society to enable share offer to purchase the freehold of the building.

## **What attracted the Investment Panel:**

- Community buy-out from a private owner.
- Relatively disadvantaged urban community with low profile and poor community services.
- Board had clear intention to reduce grant dependency through well-developed rental and building extension plans.
- Local BS13 residents can buy shares a reduced minimum rate of £50.
- Targeting younger members (<35) of the local community
- Attractive interest rate for investment

## **Where we will be keen to support society:**

- Have a commercial loan which is linked to base rate so may need to think restructuring, possibly with a new SO?



# Kingsley Holt: £20K B investment

Plan to purchase redundant Chapel , closed in 2019, and convert into a shop, cafe and community hub. , but no reported negotiations with vendors.

## **What attracted the Investment Panel:**

- ACV listing
- Small, close-knit community with history of using the chapel as a village hall for a variety of church and non-church community uses.
- Persistent community pushing on with this project despite adversity.
- IMD 4

## **Where we will be keen to support society:**

- Where errors have been made with financial projections > link up to financial training for Board.

# Ultimate Picture Palace: £20K BF investment

Ultimate Picture Palace, another one of buying out a private owner.. but also a 'business purchase' rather than an asset purchase. Lots of good stuff there about the reach they had and number of investors; probably a strong campaign / branding / engaged membership

Acquisition of an independently owned cinema business and building lease in Oxford. This is a business purchase rather than an asset purchase (building freehold is still owned by Oriel College).

## **What attracted the Investment Panel:**

- IMD 3
- Low minimum individual investment - £50
- Focused on attracting diverse younger audience. £5 pass scheme aimed at 15-25 year olds has 1,200 members plus 800 member subscribers. Potential to develop strong youth ownership via comshares.
- Independent cinema (new sector for Booster) and historic, listed building
- TUPEed experienced staff from current business, plus well-established volunteer team

## **Where we will be keen to support society:**

- Maintenance of strong governance once founder members step down.
- Financial literacy to reduce risks around cost control.

# Investment Panel

## Panel support

**Chair:** Alice Wharton – Co-operatives UK

**Secretary:** Rose Seagrif – Co-operatives UK

## Voting members

John Dawson / Isla McCulloch – Co-operatives UK

Jeff Scales – Locality

Matt Fazal – Power to Change (voting rights for beneficiaries from Power to Change funds)

Gavin Richards / Adam Hitchings (voting rights for beneficiaries from Architectural Heritage Fund funds)

## Assessors

Jim Brown – Baker Brown Associates

Tim Coomer – Co-operative and Community Finance

Andy Woodcock - housing, financial planning

Shishir Malhotra – financial modelling, sustainable development

Leanne White - Co-operative Bank

Debbie Lamb - housing, asset transfer, financial planning

Annoushka Deighton - heritage, community hubs, health and social care

Dave Boyle – community engagement, sport

## Observers

Ana Van Bilsen Irias – Access Foundation

Susie Middleton – Plunkett Foundation

# Investment Panel

**When:** Held monthly, usually 3rd Tuesday – deadline for paperwork is 2 weeks prior to Panel

**How decisions are made:** Each equity application is intensively assessed by an independent assessor, who makes a recommendation to the Booster Fund Investment Panel.

All equity applications are also considered against:

- Eligibility in meeting our definition of a community business
  - Fit with the aims of the Booster Fund
  - Community benefit
  - Relative deprivation of target community
  - Applicant willingness to engage with the Booster Fund and comply with community shares best practice standards
  - Geographical spread of our investments
  - Business sector / model innovative features of business model, offer structure, offer promotion etc
  - Availability of alternative sources of development finance, equity or loan
- Assessors may be in touch with applicants for more detail...

# Top tips - What we're looking for...

- **We need the full story of the project:** we start getting worried when an application is missing information about key issues that we unearth by looking into the society/online presence etc.
- **What is the relationship between the society and the (potential) vendor?** Have there been discussions with the vendor about the asking price?
- **Details about the asset:** Is the proposed purchase price backed by any valuation? What are the details of what is being offered (leasehold or freehold)? Are there costed renovation plans?
- **Has a full structural building survey been undertaken?** Does the value of the asset match up to the price and the cost of refurbishment?
- We start getting concerned when there are **gaps in the funding:** is the application clear whether they have applied for loan(s), if they are secured against an asset, if they have been agreed with the loan provider? Are there delays possible, e.g. COF applicants?
- **Has Planning Permission been awarded?** What is the relationship with the local authority/officers?
- **What is the relationship between the society and the site?** Who will own the assets (e.g. solar panels on a third party's roof)?

# Top tips - What we're looking for...

- **Board skills and capacity** are well explained and cover the need of the society both to run a successful share offer, AND also to run the business.
- **Self-awareness of transition from share offer to operational business with staff** - what will be the role of the founder members, how will the business bring in people with the right skills to develop the project into a thriving business?
- **Wide local community engagement**, good level of marketing, clear professional branding, appropriate trading name. **Building confidence** of potential investors and customers.
- **Online visibility**: the Investment Panel looks at their website, social media presence etc to get an understanding of community engagement, the likelihood the share offer will reach it's target, and whether the business is highly regarded in the local area, so will trade successfully well into the future. How much has already been **pledged**?

# Top tips - What makes a good application?

**Governing document/Rules that are fit for purpose** - does it/should it have charitable status? Can shares be issued? What is the minimum shareholding?

**Standard Mark assessment:** If the SM assessor raised some concerns, these must be resolved in the Share Offer Documents to be awarded the SM, but also consider further elaborating in the Booster application to re-assure the Investment Panel.

The society has a **good relationship with the vendor** of the asset, the purchase price has been agreed and there is alignment with timings.

The society has a **well-developed business plan, with figures underpinned by agreements** (e.g. Power Purchasing Agreements in the case of energy production located on a third party's land/building)

**Realistic timings** associated with share offer launch and business development.

**Attachments are useful and appropriate**

# Discussion

Q. Are CUK and CSI using different criteria to make investment decisions?

Both CUK and CSI review the same paperwork and very similar criteria, the priorities are in the guidance. The exception is that only CUK can invest using Power to Change funds, while both CUK and CSI can invest using Access Funds.

Q. Can the Loan and Subscription underwriting be conditional (e.g. if we don't hit our optimum/maximum) . If a group's plans change e.g. institutional investor pulls out, could a group apply for loan at a later date if they didn't at time of original application? Please speak to CCF about loan conditions. Yes, it may be possible to apply for a loan as circumstances change.

Q. Already Booster Fund is earning returns from investments ..." - to what extent is this feedback of a sustainable investment mechanism going back to the purpose of the historical funding (as I understand to understand how Government policy can be formulated for "Big Society" objectives) or are these funding pots now divorced from any government policy objectives? The returns are recycled back into the Booster Fund to onward invest.

Q. My experience of pre grant support is that Booster allocate advisers. Will you take into consideration where an adviser is already working with a group?

Yes where we can, just keep us posted on who you are working with if they are putting in an application for this. They can mention any advisor in the short application form. However, we may suggest another practitioner if they have a particular expertise that is suitable.



# Discussion continued...

Q. Any chance the subscription underwriting scheme could be extended to managing a society's pay it forward scheme? Doing it this way would provide anonymity for both donors and recipients.

The easiest way to manage a pay it forward scheme for purchasing shares would be to accept donations and then ring-fence these funds to support other people to be able to invest. If a society wants to tie it into the subscription underwriting support, this is possible – please discuss with CCF.

Q. If the rules specify a £1 minimum shareholding, but the offer is higher, could a society recognise a shareholding that is greater than £1 but less than the offer minimum?

The minimum in the Rules is the minimum that someone needs to invest to be a member. The minimum in the share offer document (SOD) is to market the share offer, to ensure that the target is reached to allow the business to progress. If the society is to allow people to continue to be a member who do not complete the subscription to the full minimum investment amount in the share offer, then this decision by the Directors should be minuted – there is nothing legally to prevent this, but there is a potential risk of perception of fairness if some people were seen to be able to invest for less. The subscription underwriting support could be useful to societies that have a low minimum in their SOD, but also want people to be investing more than the minimum.

Q. Does CBS need entirely charitable purposes, but without being a CCBS?

No, a CBS does not need to be a Charitable CBS to receive Booster Fund support. We've worked with a range of legal forms in order to help groups get closer to launching their community share offer, including worker co-op, co-op societies and CLGs with charitable purposes in their objects without them being charities.

One of our funding pots (Power to Change) can only be used for businesses with charitable purposes and for public benefit (at least one charitable purpose) and which sufficiently demonstrate management of potential private benefit (and this charitable purpose(s) would need to align with the organisation's Rules).

Q. Can they use the loan option if they have a very short timeframe to acquire the property?

Please speak to CCF about loan criteria and options.

# Discussion continued...

Q. Is there statistical data/graphs that sets out the existing demographic spread of coops across those range of priority areas that's possible to share with prospective clients? (to help see the change as it happens and incentivise prospective clients)

There is some analysis in our market report from a few years ago here:

[https://www.uk.coop/sites/default/files/2020-10/community-shares-report-2020-final\\_0.pdf](https://www.uk.coop/sites/default/files/2020-10/community-shares-report-2020-final_0.pdf)

Lots of recent case studies [here](#).

Q. How small a geographical area does it have to be to be local? E.g. would something covering the whole of a rural county be OK?

We have more flexibility with the Access funding for those that might not have historically met the Power to Change definition of 'locally rooted'. We also recognise different business models have different natural footprints, economies of scale etc. It depends too on the nature of the project - rural transport is an example where we have supported a wider geography.

Q. A couple of groups I've worked with have said it's hard to give the full story/information in the space provided in the application form. Is it ok for them to submit additional information (e.g. community engagement results) separately?

Yes - we welcome additional supporting docs by email ([communityshares@uk.coop](mailto:communityshares@uk.coop)). Always good to have some stuff online too to which the Panel can be referred.

Q. Where groups have an active marketing plan through the offer period I've noticed implementing it can sometimes be more challenging than the group thought so I like to see implementation costed.

The Panel does consider the aims and plans of the marketing campaign and want to see realistic costs and reassurance that these can be covered, to make the share offer a success.

Q. Would it not be better if having a lower minimum for locals/younger for the share offer also need to be reflected in the society's rules, i.e. different membership classes?

By having a fixed £1 membership in the Rules, it is much simpler from an administrative point of view. The minimum in the share offer document (SOD) is to market the share offer, to ensure that the target is reached to allow the business to progress. Remember, Rule changes cost money and time, so it is most flexible to build these conditions into the SOD.

# Booster Fund

Thanks all!

Contact us:  
[communityshares@uk.coop](mailto:communityshares@uk.coop)

Delivered in partnership:

**CO-OPERATIVES UK**

**locality**  
the power of community

**Plunkett  
Foundation**

**CO-OPERATIVE &  
COMMUNITY FINANCE**  
the lender for social purpose

**power to  
change**

**AHF** Transforming  
Heritage  
[www.ahfund.org.uk](http://www.ahfund.org.uk)

**ACCESS**  
The Foundation for  
Social Investment

Funded by: