

Co-operative and community capital

Gen Maitland Hudson, SIB

Ged Devlin, Power to Change

Hugh Rolo, Locality

Jim Brown, Community Shares Unit



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An introduction to “community shares”

- **Government-funded action research programme in 2008-2011 delivered by Co-operatives UK and Locality to promote local investment in community enterprises structured as societies**
- **Community shares defined as “withdrawable, non-transferable share capital in societies with a voluntary or statutory asset lock”**
- **In the last ten years over £120m in community share capital has been raised by 700+ newly established societies, making it the fastest growing sector of the co-operative movement**

Community Shares Unit (CSU)

- **A joint initiative between Co-operatives UK and Locality based at Co-operatives UK**
- **Produces and maintains the Community Shares Handbook as a source of good practice guidance**
- **Operates the Community Shares Standards Mark as a quality assurance mechanism for share offers to the public**
- **Manages a pool of licenced community shares practitioners capable of awarding the Standard Mark**

The Booster Programme

- £3m equity match investment programme run by CSU and funded by Power to Change
- Provides up to £100k in equity match for societies offering community shares
- Also provides grants of up to £10k to help societies to become investment ready
- Seeking institutional investment partners to co-invest alongside Booster

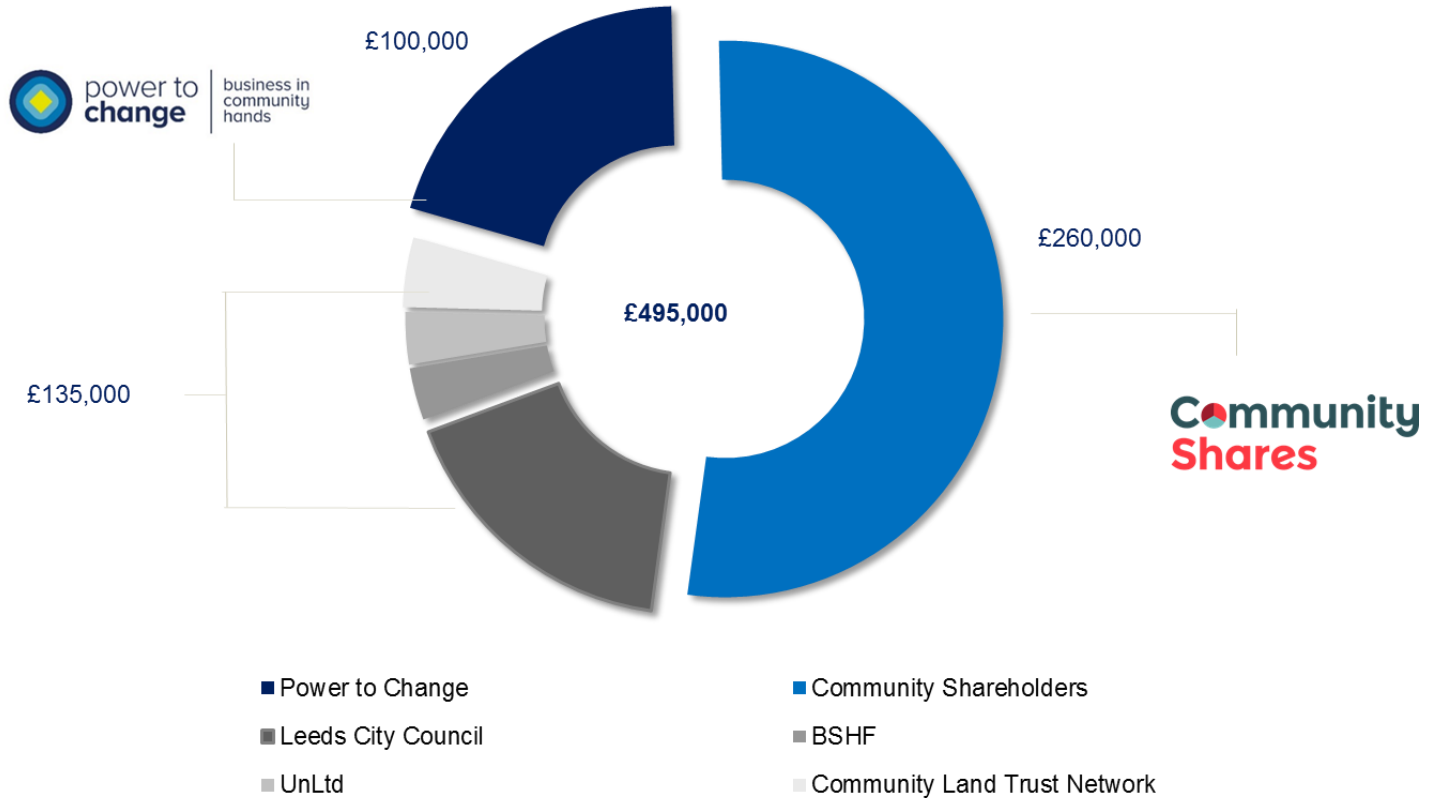
Leeds Community Homes

Raised over £360k in shares, including
Booster match funding



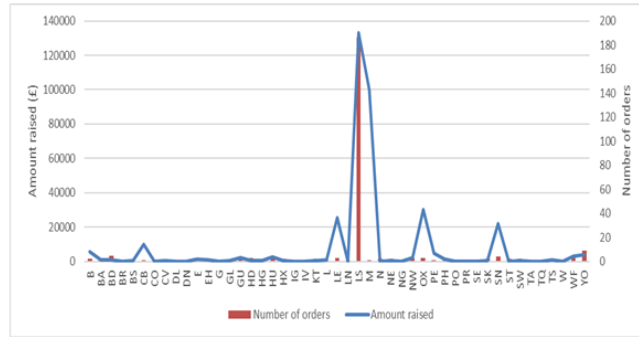
Leeds Community Homes

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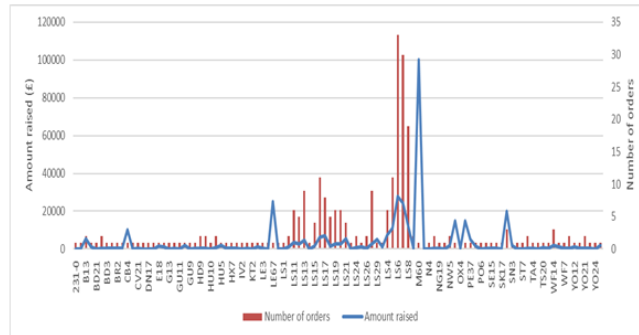
Analysis by postcode



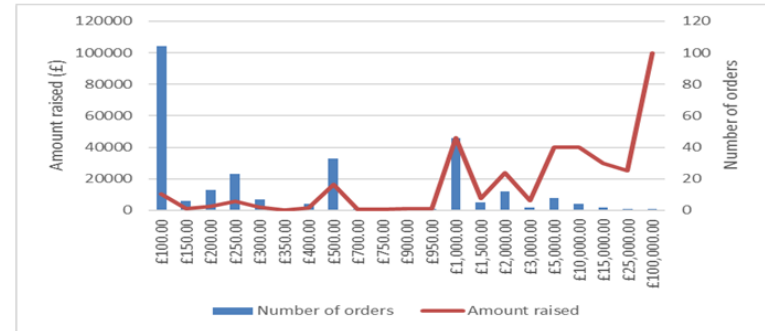
Analysis by age



Analysis by region



Frequency of order size



Stretford Public Hall

Booster matched 800 local residents to raise £255k in shares



Graph 15: What is your annual income in pound sterling?

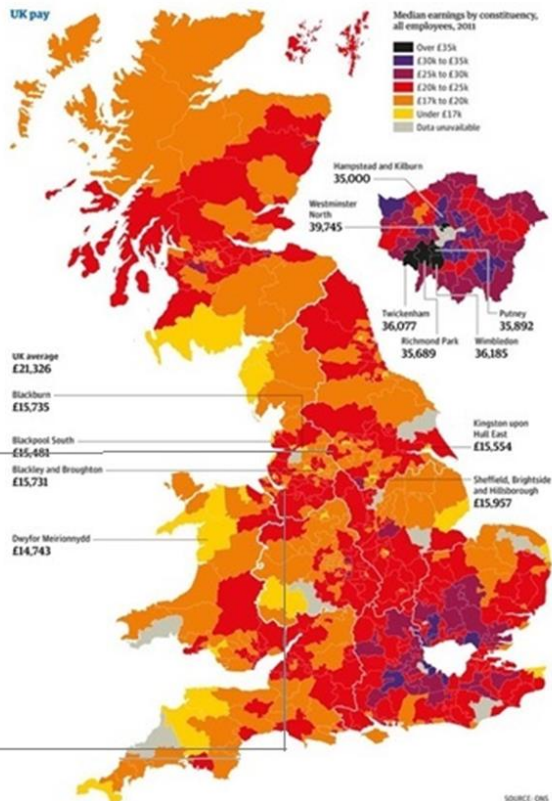
Community shares investors (%)



Source: NESTA / Cambridge University, August - September 2014
Base: Community Shares Investors n=380
GIS: What is your annual income in pound sterling?

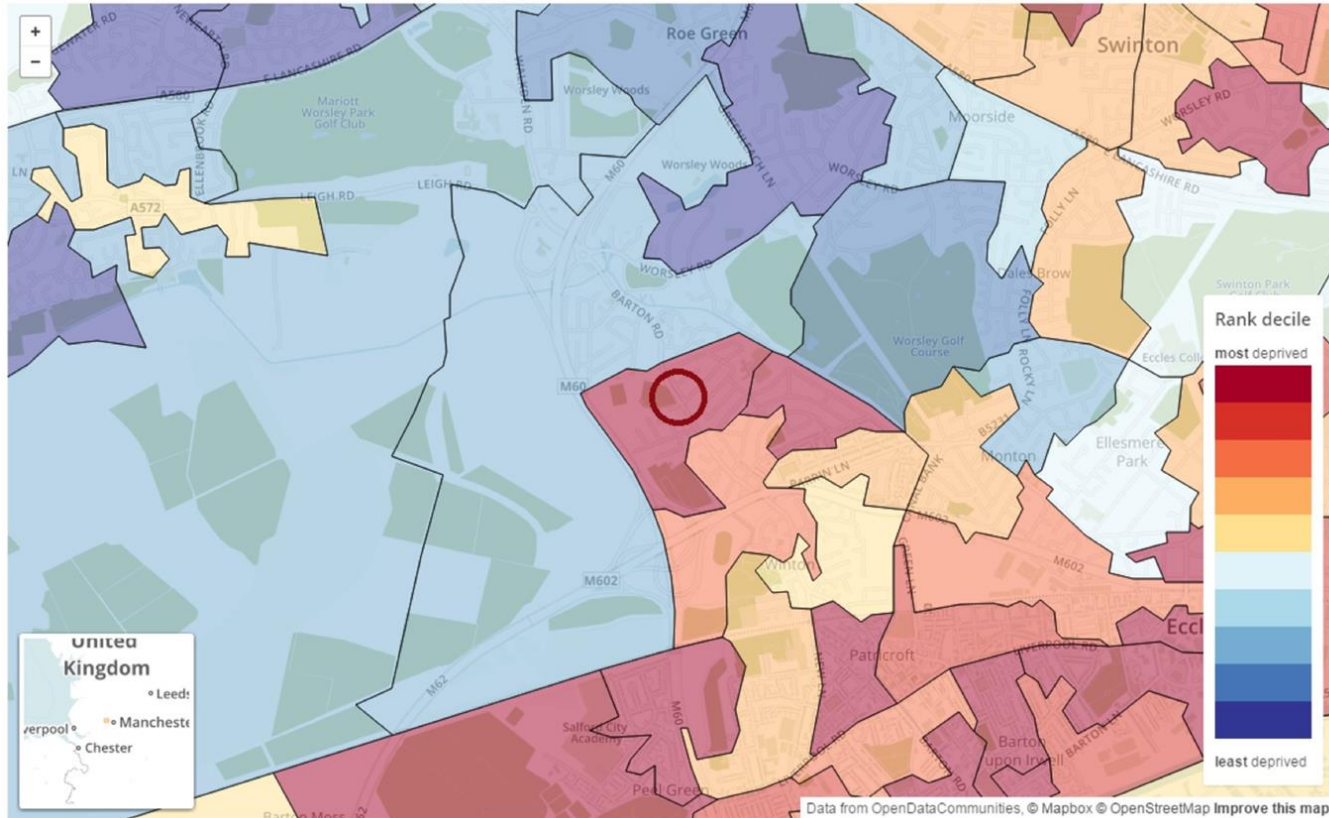


**Stretford
Public Hall**



SOURCE: ONS

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Jubilee Pool, Cornwall

Booster provided £100k match alongside Power to Change and Big Society Capital to enable this geothermal heating scheme



Booster business appraisals

Intensive appraisals focusing on

- Investment returns
- Fundraising mix analysis
- Capital expenditure plans
- Cashflow, profitability, solvency projections
- Business modelling
- Financial history
- Community benefit results
- Property development analysis
- Share liquidity history
- Board & staff competencies
- Governance & participation
- Share offer promotions
- Risk analysis
- Credit checks

Booster investment propositions

- **Incentivising local investment**
- **Supporting competitive acquisitions**
- **Enabling members to invest by regular subscription**
- **Helping societies make the transition to “open offers”**
- **Capital restructuring**
- **Opening up new sectors or working in underrepresented areas**
- **Conversion of established community enterprises to societies**
- **Partnering with local authorities & institutional investors**

Partnering with other institutional investors

Booster can offer partners:

- **Shared pipeline of applicant societies**
- **Access to detailed business appraisals**
- **Invitations to Booster investment panel meetings**
- **Portfolio management and “active investor” services**
- **Case studies and impact analysis**

Relevance to share issues

- **Understanding a community**
- **Setting a share price**
- **Setting a fair quantum of grant to institutional investment**
- **Stress testing a business model**
- **Monitoring and evaluating the impact of investment**

Understanding a business & understanding a place

- To show how this data could inform social lending, below is an illustration using an organisation funded by Power to Change.
- This example is a detailed pull of the data concerning The Bevy, a pub on the Bevendean Estate on the edge of Brighton which opened in 2014 and has received both grant funding and social investment.
- The Bevy is a good example of a community business. It fits all the Power to Change criteria, ran a successful community share issue, and is situated in an area of deprivation with poor access to alternative services.
- Although the pub's board and CEO tell a good story about its work, and the effects it is having locally, we have not had compelling data to show what it is achieving. Now we do.

Demographics

- Demographic heat maps for each postcode give us a detailed picture of the residents across the wider Brighton area, including those who are potential customers of The Bevy.
- The heat maps are indexed against the general population and broken up into Cameo customer segmentations.
- The demographic differences between the postcodes covered in the analysis are stark, with BN1 and 2 overindexed for 'white collar neighbourhoods' and 'on a budget', in comparison to comparatively affluent BN3. Although even here, there is a clearly mixed population.

Revenues and growth

- As well as understanding the local area, its demographics and competitors, the Merchant ID analysis can zoom all the way into The Bevy's own customer base, giving a detailed view of the business's trading patterns, and its growth.

What can we see in the data?

- The picture provided by this kind of analysis picks up on both levels of Power to Change's work: developing community businesses, and improving places.
- In the analysis offered here we see a thriving community business with active year on year growth and an increasing customer base.
- We also see a particular kind of customer profile: regular visitors, whose spend is higher per visit than customers of nearby competitors. The revenue may be higher at The Gladstone and Fiveways pubs, but the type of engagement is evidently different with a higher frequency of visits and higher value of business on each visit.
- The Bevy creates loyalty.
- In the context of the area in which the pub is situated, its isolation and lack of local support systems, this is a clear and tangible benefit.

Places

- In addition to providing detailed and valuable information of the performance of individual businesses, the analysis offered by this data partnership can give us invaluable insights into the places in which we are investing.
- This will support much more effective targeted activities, guiding the nature of our investments and the kind of additional support that might be needed for businesses.
- We can also make use of this data in thinking through narrower and more technical aspects of our work
- The Plymouth data, for instance, we see that local people are over-indexed for their spending on utilities in parts of the city, indicating fuel poverty. These people could, and should, be a core customer base for any local share issue.

Relevance to share issues

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- Setting a fair quantum of grant to institutional investment
- Stress testing a business model
- Monitoring and evaluating the impact of investment