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# How to finance your community business

Chris Buckham,  
Plunkett Adviser

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# Sources of Finance

- Community shares\*
    - [www.uk.coop/support-your-co-op/community-shares/about-community-shares](http://www.uk.coop/support-your-co-op/community-shares/about-community-shares)
  - Grants
    - Public bodies\*
    - Devolved administrations\*
    - Charitable trusts\*
    - National lottery funders\*
  - Community Fund Raising
    - Your own financial resources\*
    - Fundraising in your community\*
    - Gifts and Donations
  - Loans and Social Investment
    - Social investors\*
    - Other lenders\*
- = categories of matched funding listed in the COF Prospectus – Section 9 <https://www.gov.uk/government/publications/community-ownership-fund-prospectus/>



# What are community shares?

- A flexible form of **raising equity investment & building a membership** unique to co-operative and community benefit societies
- Withdrawable, not transferable share capital
- Investments, not a donation
- Democratic, patient and flexible, the society set the terms

**Community  
Shares**





# How do they work?

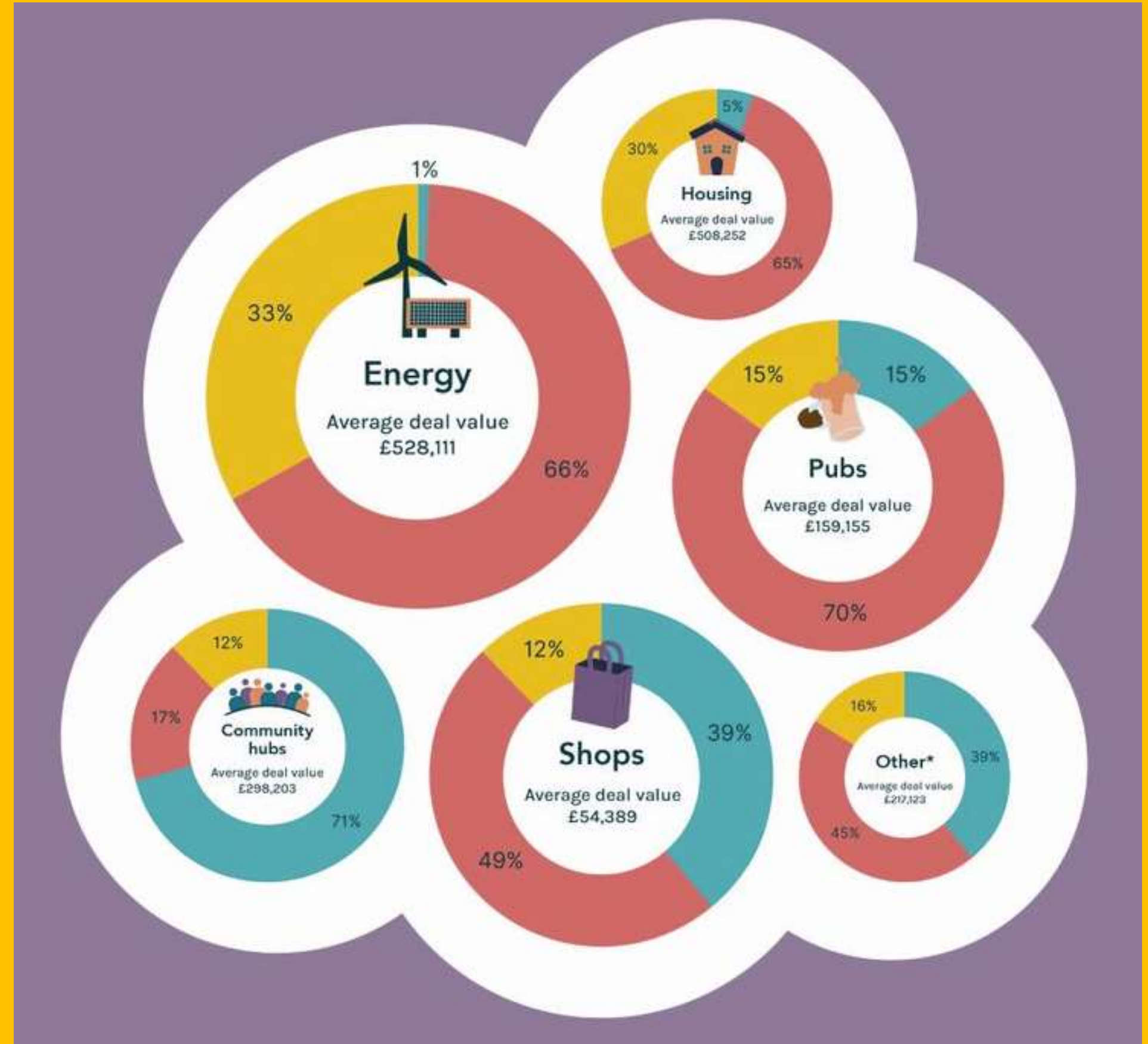
- Understand your finance need
  - Start-up investment
  - Capital projects
  - Recovery and growth
- Engage your community and understand the potential
- Prepare a business plan, share offer document and campaign





# Funding mix

- Community shares are part of a jigsaw of funding.
- Different sectors sustain different balances of grant, loan and community shares equity.



- **Business advice ('Pre-grant support')**
- **Development grants:** Co-operatives UK supports projects to develop and launch community shares offers.
- **Equity investment:** Co-operatives UK invests in community shares offers alongside the rest of the community, on the same terms.
- **Ongoing active investor role**





# Sourcing Grant Funding – National and Local Government

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## National Funders

Government grants - <https://www.find-government-grants.service.gov.uk/>

National Lottery - <https://www.tnlcommunityfund.org.uk/funding/over10k>

Sport England - <https://www.sportengland.org/funds-and-campaigns/our-funds>

Arts Council - <https://www.artscouncil.org.uk/our-open-funds>

Heritage Lottery Fund - <https://www.heritagefund.org.uk/funding>

## Local Government

District, County and Unitary authorities

Housing Associations

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# Sourcing Grant Funding – Charitable Trusts and Foundations

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## Charitable Trusts

Tudor Trust - <https://tudortrust.org.uk/how-to-apply/third-sector-resources>

Esme Fairburn Trust - <https://esmefairbairn.org.uk/applications/>

## Commercially-backed Foundations

Sage Foundation - <https://www.sage.com/en-gb/company/sage-foundation/>

Friends Provident - <https://www.friendsprovidentfoundation.org/>

## Newsletters

My Community Partners – Plunkett Foundation, Locality,  
Power to Change etc

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# Sourcing Grant Funding – Advice and Fund Finding

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## Advice Websites:

My community - <https://mycommunity.org.uk/funding>

NCVO - <https://www.ncvo.org.uk/help-and-guidance/funding-income/#/>

## Fund “Finder” Sites:

Grantfinder UK - <https://www.grantfinder.co.uk/>

Grants online - <https://www.grantsonline.org.uk/>



# Community Fund Raising

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- Your own financial resources
- Fundraising in your community
- Gifts and Donations



# Plunkett Resources

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Funding a  
**community business**  
with **community shares**



**Raising the funds**  
to finance your  
**community business**



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# Advantages and Disadvantages of funding types

	Grants	Loans	Community Shares	Own fund raising
No regular repayment requirement	✓	✗	✓	✓
Flexible	✗	✓	✓✗	✓
Low application and monitoring time requirement	✓	✓	✓	✓
Low cost of advice etc	✓	✗	✗	✓
Quick availability				





# How to finance your community business

Tim Coomer,  
Co-op & Community Finance

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# Social Investment Market Place

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- About 50 investors across the sector
- Range of products
- Partnerships – working together
- Blended – grants, equity and debt
- Investment Readiness – [Reach Fund](#) (England)
- [Future Opportunities](#) – Dormant Assets! Energy Resilience!





# Who we are!

- Also known as ICOF (Industrial Common Ownership Finance)
- Established 1973 – we are 50!
- A self-financing co-op ourselves
- Exclusively serving the Co-operative and Community Business Sectors
- Small team working across the UK from a Bristol base
- Project work
- Loan management services

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# What we offer!

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Provide loan (debt) finance to a broad range of community owned, employee owned and co-operative businesses.

Worker Co-ops, Community Pubs, Housing co-operatives, Renewable Energy Co-operatives, **Community owned shops**, Buildings and Facilities, Community Food and Farming and many more...

Institutional Community Shares Investment (equity) through sister organisation Community Shares Fund/ Booster.



# CCF Loan Offer

- Tailored lending to meet your needs
- Flexible lending terms 2 – 25 years
- Loans from £10k to £150k
- Competitive interest rates
- Secured and Unsecured
- MTAP legacy package
- Brokerage on larger financial packages
- Transparent arrangement fees
- Interest on a reducing balance not a flat rate
- Ongoing support and advice

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# Booster/ CSI Flex Equity Offer

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- England only!
- Pre-Development Support – Early stage (up to 4 days)
- Development Grants - £2k - £10k (average £5k)
- Equity Match – Community Shares £10k - £100k
- Subscription Underwriting Loan – enabling shares through instalments
- Disadvantage/ minoritised ethnicities/ young people

**Community** | **Booster**  
**Shares** | **Fund**



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# Thrive Together



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- Funding package of loan (75%) and grant (25%) to eligible charities and social enterprises in England.
- Primarily existing enterprises – 2 year history
- The Fund is delivered by a partnership made up of [Social Investment Business](#), [the Architectural Heritage Fund](#), [Co-operative and Community Finance](#), [Fredericks Foundation](#), [Groundwork](#) & [Homeless Link](#).

Thrive Together Fund Terms	
Amount	£25k – £150k (inclusive of grant)
Repayment Term	1 – 6 years
Interest Rate	7.5% fixed
Arrangement Fee	2% on loan value
Repayment	•Capital repayment holiday •No early pre-payment fees
Security	Unsecured
Purpose	Any, including refinancing of existing debt

# What typically needs to be in place?

- Legal structure registered
- Bank account opened
- Community consultation completed
- Property/ space - Heads of Terms, Tenancy, Planning permissions granted (as appropriate)
- Management/ organisational structure planned
- Valuation
- Surveys – business buyer survey, structural survey
- Share offer planned (as appropriate)
- Ranking of Security



# A few things we like to see when appraising?

- An understanding of the 'real' people involved
- Realistic social/ community & environmental aims
- Firm commitments to 'more than' (contractual?)
- Letters of support
- History and Anecdotes
- Clear commercial viability and understanding
- Realistic refurbishment and ongoing maintenance costs
- Demonstrating an ability to service the debt (you would be surprised!)
- Pictures, plans, tables, charts and videos

We need to get a feel for it!



GROWING TOGETHER FOR A FAIRER FUTURE

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**Tim Coomer**

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**Any Questions?**

 **CO-OPERATIVE &  
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**Plunkett Foundation provides practical advice, support and training to help communities establish and run successful community businesses with long-term survival rates.**

**To get information and support for your community business, please contact the Plunkett Helpline on 01993 630022 or [info@plunkett.co.uk](mailto:info@plunkett.co.uk)**