

Unlocking Assets Project Group Meeting

14.07.15 at London Funders

Caroline Forster (chair of the meeting) welcomed participants to the meeting. Attendees confirmed that there were no comments further to the notes from the previous meeting.

Roundtable updates:

- One issue raised was by Lorraine Hart, Community Land Use, who noted the increasing discussion over communities seeking to set up the lowest level of local government, 'parishing', in order to be able to gain money for their community. A couple of areas in Lambeth have started neighbourhood plans and at this stage communities need a lot more information on how to get revenue locally.

Charity Bank - Casestudy of an asset transfer

Jaishree Mistry, Charity Bank and Monty Moncrieff, London Friend

Presentation available [here](#)

Charity Bank is a bridge between people who would like their savings to benefit society, and enterprising community organisations that are making lives better

Jaishree gave a brief outline of Charity Bank's activities:

- Charity Bank only lend to charities, social enterprises and organisations with a charitable purpose.
- Loans can be for £50,000 up to £2.5 million, and up to £3.5 million for housing associations.
- Charity Bank also works together with other social lenders to provide larger loans.
- Each time a loan is repaid they re-lend to other charities and social enterprises.

Social Investment is the use of repayable finance to achieve a social as well as a financial return.

Considering the types of social investment available to organisations, these can be debt (comparable to a traditional loan), equity (selling shares), or a mixture of the two, quasi –equity (a loan which isn't on traditional terms, as repayment is flexible and could be linked to future financial performance).

[London Friend](#) is the oldest lesbian, gay, bisexual & trans charity in the UK (since 1972) and focuses on health & well-being, sexual & gender identity, mental health, sexual health and substance misuse.

Monty gave the group a summary of the circumstances of applying for a loan from Charity Bank.

London Friend has been in the Kings Cross area since the 80's. Their space consisted of a ground floor and basement area rented from the local authority. In late 2010 they had just been successful in a Big Lottery grant (£480k for four year drug and alcohol project). However in late 2010 they were notified of the local authorities intention to sell and offered 6 months to raise the money to buy the property.

They decided to attempt to buy the property for several reasons:

- It would give them a capital asset
- Offered to purchase at a reduced rate
- Mortgage repayments around half of monthly rent
- Security to develop the service and invest in the building

London Friend managed to raise some money through a Capital appeal and a Capital grant and then approached Charity bank. The Charity Bank process included a thorough assessment including:

- Organisation, background, future plans & ability to repay
- Detailed financial info: 3 years accounts, 3 years forecasts, proof of income & terms, plus plans for fundraising
- Evidence of charity's work & social impact
- Reasons for purchase & benefits
- CVs of senior managers & trustees, & trustee agreement

Following this process, London Friend purchased the space in 2011, which led to reduced overheads and added value to funding bids. Following a capital grant for refurbishment from Clothworkers' Foundation, they have completed work on the space and now the community space is also used by external LGBT groups at low cost or free. There was time for discussion and questions:

- It was important to be able to demonstrate London Friend's current grants and income, therefore the previously secured Lottery grant had been important in this process. They also could request donations from counselling as another form of income.
- Charity Bank have many applications being considered at any one time. At this point in London and the South East there are 10 – 20 applications at different stages. The process generally takes as long as it takes for an organisation to get the information together as some do need a lot of preparation time. Once all the information has been gathered, it can take 6 – 8 weeks.
- The main reason why applications are turned down is generally due to ability to repay. If the organisation cannot show that it can comfortably afford the loan repayments, it is not in its best interests to take on a loan at this stage.
- Acquisition can often improve an organisation's cash flow. If local authorities want to reduce payments and grants then by supporting groups with asset transfers then this could be effective. However, the organisations do need systems in place and 'professional detachment' with landlord/ tenant relationship with other groups.
- It can be difficult for some trustees to feel confident to enter into acquisition, however for London Friend, the Board were naturally cautious though did see the benefits and were behind the move.

Power to Change

Bob Thust, Power to Change

Presentation available [here](#)

The Power to Change is a new, independent charitable trust set up, with a £150 million endowment from the Big Lottery Fund, to support, develop and grow community business. The Power to Change plans to make funding and support available to organisations at each stage of their journey to becoming a sustainable community business, from inspiring and nurturing ideas to scaling up and expansion. It will fund in England only and made its first awards in May 2015. The Trust will also play a broader national leadership and advocacy role to increase awareness of the social and economic benefits of community enterprise.

Vision - 'Better places through community business'

Mission - 'Backing people to build successful local businesses for the benefit of their communities'

Bob explained how Power to Change wants to be a high impact funder that leaves a lasting legacy beyond the ten year life of the Trust. They hope to achieve this through the following key objectives:

- Growing the sector - A greater number of sustainable community businesses once we are gone
- Transforming places - Evidence that community businesses can transform places
- Making the case - Make the case and influence government, business and consumers that community business is a powerful force for change

Power to Change is a response to the context of a shrinking state and shrinking services, and would like to be a catalyst for some of the local changes which respond to this. Bob gave some examples of community control, inclusiveness and where communities have influenced strategic direction.

An overview of the longer term programmes are given below:

OVERVIEW OF LONGER TERM PROGRAMMES

The Social Finance report “**What if we ran it ourselves?**” identified that the key barrier to the growth and sustainability of individual community businesses was the “**missing middle**” of finance between £50k to £500k. This is basis for the focus on our Funds. Our Strategic Programme investments support this goal, but also invest in the broader support infrastructure and networks that will help to build a movement and long-term legacy.

Our Funds (grants and specialist business support at a national level)	Inception Fund	Revenue and capital grants of between £25k - £50k to start and test community business projects
	Community Business Fund	Revenue and capital grants of £50 - £500k, together with business support to help community businesses achieve long-term sustainability and impact
	Wholesale Fund	Grants or matched funds up to £500k blended with loans or equity help growing community businesses to access long-term, affordable finance
Our Strategic Programmes (contracts and strategic partnerships at national, local and sector levels)	Inspiration	Contracts and partnerships to inspire the creation of more community businesses
	Innovation & Acceleration	Contracts and partnerships to accelerate impact and develop the support infrastructure (place or sector)
	Community Business Network	Contracts and partnerships to develop the peer support and collective voice of the sector

Although community business is not the only tool to achieve better places, Power to Change do believe its combined features, e.g. resilience, skills, community cohesion, creates a powerful tool for change. Consultation with community businesses has revealed a desire for support to reflect choice, local and peer support and this is something that will come through in Power to Change’s work. There will also be a focus on leaving a sustainable legacy.

There was time for questions and discussion:

- It can be hard for groups in London to maintain property, therefore Power to Change are happy to work with others who have capital available, and also to look at funding groups who can provide advice and help to outline what the main issues are.
- Power to Change have spent a lot of time in discussion with people to get to this stage and are happy to continue these discussions and do this in collaboration where helpful.

Next meeting

The next meeting will now take place on 16th October 2015 10 am - 12 noon, London Funders (please note that this date has recently been changed from 9th October)

Participants

Simon Pitkeathley	Camden Town Unlimited
Andrew Croft	CAN
Jaishree Mistry	Charity Bank
Lorraine Hart	Community Land Use
Derek Terrington	Hampton Fuel Allotment Charity
Anya Whitehead	Heritage Lottery Fund
Chris Smith	London Borough of Barnet
Neil Webster	London Borough of Enfield
Khosi Mabena	London Borough of Hackney
Grace Gbadamosi	London Borough of Lambeth
Jedidah Onchere	London Community Foundation
Monty Moncrieff	London Friend
Bob Thust	Power To Change
Caroline Forster	The Social Investment Business

In attendance

Becky Green, London Funders
David Warner, London Funders

Apologies for absence

Matthew Henaughan, London Borough of Lewisham
Hasanul Hoque, Camden Town Unlimited
Wilf Langridge, London Borough of Islington
James Lee, London Borough of Barnet
Donna Yay, London Community Foundation