

Soil Association Community Finance Case Study: Stroud Woodland Co-operative

The setting up of the Stroud Woodland Co-operative was prompted by a small wood within a mile from Stroud coming up for sale at auction. Through existing networks an informal group was quickly established with the idea of purchasing Folly Wood as a co-operative. The five days available before the auction galvanised us into action and we received sufficient pledges of financial support to bid at the auction - and win the wood.

With a surge of adrenalin and the clock ticking on the date for the final financial settlement we set about establishing a Community Benefit Society Limited using the Community Shares model with the help and advice of Co-operative Futures and Co-operatives UK. We also managed to quickly set up an account with the Co-operative Bank to try and translate pledges into cheques.

The Community Benefit Society was formally established to:

'realise the environmental, biological, landscape, economic, social, cultural, educational and recreational value of woodland ecosystems in and around Stroud as a resource for a sustainable community; and

to acquire, hold, steward, create, and manage woodland, land and property sustainably in trust for biodiversity, social enterprise, access and community benefit for present and future generations.'

These aims were agreed in order to reflect the many interests in, and possibilities of, woodlands in the Stroud area and to enable wider activities than just the purchase of Folly Wood.

We sought community share finance as a means of both raising funds quickly from a wide catchment and as a way of people literally buying in to direct and mutual ownership of local land. To do this we asked people to invest in £500 blocks of shares. We were clear that there was to be no financial dividend but that the benefit would be in social, educational and ecological terms. The legal structure enabled us to be equitable in terms of share ownership and voting rights – more shares do not mean more votes. Given this we set no upper limit on the purchase of shares and in practice individuals bought one block of £500. Another advantage of setting up in this legal form was that we could establish an asset lock preventing de-mutualisation – the selling off of the organisation's assets in order to make a personal profit for shareholders.

We were successful in raising £32,000 in time to complete the purchase of Folly Wood. The bulk of the money invested was spent on that purchase but we also allowed for a contingency fund for work to be carried out in the wood if required, insurance and so on.

We have not yet sought additional funding although we are planning to apply for grants to extend our work. There is also the possibility of setting an annual charge for shareholders to cover overheads and of establishing a friends group.

The possible risks to the community investors are low as we have the asset of the wood. However we were clear in our share offer information that it would be difficult for investors to withdraw their money – this can happen only by agreement with Stroud Woodland Co-operative. Our share offer was described in the attached letter. This was sent to anyone interested by email and the word was spread through Stroud's extensive existing social networks. We did not need to do any additional

publicity and ended up oversubscribed with people wanting shares. Almost all our investors live in Stroud, there is a wide range of ages – with grandparents through to babes in arms attending our first celebration. Many are families with young children. An initial survey of our member's priorities identified an interest in developing the wood for recreational uses such as camping, ecological conservation and the learning of woodland based skills and livelihoods.

For further information see our recently constructed website: stroudwoods.org.uk and the community farmland trust section of www.stroudcommonwealth.org.uk.

See following pages for our share offer letter.

Contact:

Ben Spencer

01453 753355

spencer.ben@btinternet.com