

Community Shares Booster Programme Guidance

This guidance will help you to decide whether the Power to Change Community Shares Booster Programme is right for you. It includes information about who can apply, the types of investment propositions that the fund is designed to support, as well as the criteria that will be used to assess applications. The guidance also provides information that will help you complete the application form. You can also download the latest version of the guidance as a PDF by selecting the adjacent button.

You can access a recording of an introductory webinar explaining the programme [here](#) (simply register and you will be directed to the recording)

We believe in being truly inclusive and treating everyone with respect. We seek to be a genuinely inclusive organisation by advancing equality and diversity through our policies and practices. We encourage and welcome applications from people from all backgrounds who are looking to make a real difference to the lives of their local communities. If you require this guidance to be sent to you in another format, please get in touch.

Table of contents

1 WHAT IS THE COMMUNITY SHARES BOOSTER PROGRAMME?	2
1.1 INTRODUCING THE BOOSTER PROGRAMME	2
1.2 WHAT ARE COMMUNITY SHARES?	2
1.3 WHO RUNS THE PROGRAMME?	3
2 IS THE BOOSTER PROGRAMME RIGHT FOR US?	4
2.1 ELIGIBILITY CONSIDERATIONS	4
2.2 BOOSTER INVESTMENT FRAMEWORK	4
2.2.1 Introduction	4
2.2.2 Purpose of the programme	5
2.2.3 Strategic objectives of the programme	5
2.2.4 Guidance criteria governing investments under the programme	6
2.2.5 Investment Propositions	6
3 WHAT SUPPORT CAN WE RECEIVE?	9

3.1 GRANTS	9
3.2 COMMUNITY SHARES STANDARD MARK	9
3.2.1 What is the Community Shares Standard Mark?	9
3.2.2 Your involvement with the Standard Mark	10
3.3 EQUITY MATCH	11
4 WHAT ARE THE PATHWAYS?	13
4.1 INTRODUCING THE STEP-BY-STEP	13
4.2 PATHWAY ONE: PREPARING THE OFFER	13
4.3 PATHWAY TWO: INVESTMENT READY	14
4.4 PATHWAY THREE: LIVE OFFERS	14
5 HOW DO WE APPLY?	15
5.1 STAGE 1: EXPRESSION OF INTEREST	15
5.2 STAGE 2: FULL APPLICATION	15
5.3 HOW WE ASSESS APPLICATIONS AND MAKE DECISIONS	15
6 PROGRAMME RESEARCH AND LEARNING	17
7 GUIDANCE ON COMPLETING EXPRESSION OF INTEREST	18
7.1 INTRODUCTION TO THE EXPRESSION OF INTEREST	18
7.2 ORGANISATION DETAILS	18
7.3 ARE YOU A COMMUNITY BUSINESS?	18
7.4 DO YOU SERVE A CHARITABLE PURPOSE?	19
7.5 OUTLINE INFORMATION	19
7.6 FINAL CHECKLIST	19
8 GUIDANCE ON COMPLETING FULL APPLICATION	20
8.1 INTRODUCTION TO THE FULL APPLICATION	20
8.2 ALL APPLICANTS	20
8.2.1 Your Impact	20
8.2.2 Your area	21

8.2.3 Your beneficiaries	21
8.2.4 Your Investment Propositions	21
8.3 PATHWAY 1 APPLICATION	21
8.3.1 Your Business Model	22
8.3.2 Your grant application	22
8.3.3 Your Practitioners	22
8.3.4 Other sources of support	23
8.4 PATHWAY 2 APPLICATION	23
8.4.1 Pathway 2 - application process	23
8.4.2 Share offer details	24
8.4.3 Equity match request form	24
8.4.4 Supporting evidence	24
8.5 PATHWAY 3 APPLICATION	25
8.5.1 Pathway 3 - application process	25
8.5.2 Share offer details	25
8.5.3 Equity match request	25
8.5.4 Your offer and the Booster	25
8.5.5 Supporting Evidence	26
9 FAQs	27
9.1 THE BASICS	27
9.2 ELIGIBILITY	28
9.3 APPLICATION PROCESS	28
9.4 INNOVATION	28
9.5 GRANT SUPPORT	29
9.6 EQUITY INVESTMENT	29
9.7 INTEREST RATES	30
9.8 WITHDRAWAL OF EQUITY	30

1 WHAT IS THE COMMUNITY SHARES BOOSTER PROGRAMME?

1.1 INTRODUCING THE BOOSTER PROGRAMME

The Community Shares Booster Programme is a funding scheme to support community share offers. It will invest equity up to £100,000 to match community shares in societies that can demonstrate higher than average levels of community impact, innovation and engagement. The programme will also provide development grants of up to £10,000 to help societies get investment ready and meet standards of good practice. Match funding will be in the form of equity held on equal terms with other community shareholders.

Power to Change has provided £3m funding for the Booster Programme over a five-year period from 2017-22. The programme is expected to match fund around 60 share offers in the first three years of the programme (to 2020) and then provide active investor support to societies on a continuing basis. The programme is run by the Community Shares Unit, a joint initiative between Co-operatives UK and Locality.

The Community Shares Unit was established in 2012, since when there have been over 350 community share offers in the UK, raising more than £120m in share capital from over 100,000 people. Community shares are defined as non-transferable, withdrawable shares in an asset locked society that has at least 20 member-shareholders and £10,000 in share capital. Power to Change funded the Community Shares Unit to run a Booster Pilot Programme in 2016-17, which resulted in 12 societies launching successful share offers, raising over £1.5m in community shares, matched by just over £600,000 of Booster equity.

The objectives of this new Booster Programme are to help disadvantaged and under-represented communities develop successful community businesses, especially in under-represented trade sectors, and financed through community share offers based on new forms of investment proposition, institutional support, and business appraisal methodologies. The programme is aimed at new and existing community businesses; it is not suitable for newly formed community groups that are in the early stages of developing a community business proposal.

Applications are accepted on a rolling basis, with grant and investment decisions made within eight weeks of application. Development grants are aimed at societies requiring support to prepare their community share offers and obtain the Community Shares Standard Mark. Applications for equity match are open to societies that are investment ready, including those that have already launched their share offers.

1.2 WHAT ARE COMMUNITY SHARES?

The term 'community shares' refers to withdrawable share capital; a form of share capital unique to co-operative and community benefit society legislation. This type of share capital can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.

Community shares can save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage buildings, and above all, build stronger, more vibrant, and independent communities.

Since 2009, almost a 120,000 people have invested over £100m to support 350 community businesses throughout the UK.

For more information please visit communityshares.org.uk

1.3 WHO RUNS THE PROGRAMME?

The programme is run by the Community Shares Unit, a joint initiative between Co-operatives UK and Locality. Established in 2012, its objective is to support enterprises, promote good practice and raise awareness of community shares as a sustainable funding mechanism for community enterprises.

Power to Change funded the Community Shares Unit to run a Booster Pilot Programme in 2016-17, which resulted in 12 societies launching successful share offers, raising over £1.5m in community shares, matched by just over £600,000 of Booster equity.

2 IS THE BOOSTER PROGRAMME RIGHT FOR US?

2.1 ELIGIBILITY CONSIDERATIONS

The Community Shares Booster Programme is open to new and existing community businesses that are planning to make, or have recently launched, community share offers. It is a rolling programme of support, with applications accepted anytime between December 2017 and December 2020.

To be considered for support and funding through the Community Shares Booster Programme you must at the very least:

- be based in England
- be an emerging or existing community business,
- be able to address an identified charitable purpose

You will be able to determine your eligibility through the first stage of the application process – **Expression of Interest**.

Beyond the initial eligibility criteria, the suitability of the Booster Programme for your community business will depend on your alignment with the **Booster Investment Framework** – a living policy that ensures the overarching aims of the Booster Programme are reflected in the support that is offered to societies planning and undertaking community share offers.

The Booster Investment Framework is set out in the next section and the Investment Panel will determine your alignment with the framework at the second stage of the application process – **Full Application**.

Please note, there is not an expectation that you have to meet all the considerations set out in the framework but rather that you are able to identify which elements of the framework would specifically apply to your community business' involvement in the programme.

2.2 BOOSTER INVESTMENT FRAMEWORK

2.2.1 Introduction

An Investment Framework has been developed for this programme in order to provide a clear and consistent position on how grant allocations and investment decisions are made by the Investment Panel.

It has been produced to ensure the overarching aims of the Booster Programme are reflected in the support that is offered to societies planning and undertaking community share offers. To this end, it goes beyond the Power to Change eligibility criteria for funding, to provide a programme-specific guide for the Investment Panel, programme partners and applicants.

The framework seeks to ensure that all investment decisions account for the following:

1. Purpose of the programme

2. Strategic objectives of the programme
3. Guidance criteria governing investments under the programme
4. Investment propositions

These four elements are explained fully in the following sections.

2.2.2 Purpose of the programme

The purpose of the Booster Programme is to build on the pilot rationale and continue to support groups to overcome three critical challenges when seeking to raise finance through a community share offer:

1. Communities are unable to launch a share offer due to perceived and real constraints at the development stage
2. Communities, especially more disadvantaged groups, face a series of challenges during the share offer which prevents them meeting their targets or proceed with the venture due to external factors
3. Communities develop and launch their share offer having not adopted good practice guidance, leading to growing levels of poor practice which may in turn weaken consumer confidence, threatening the community shares market as a whole

Secondly, it is to realise the second purpose of the pilot - determining an intermediated structure that can continue to invest on pari-passu terms and achieve long-term sustainability for such a funding initiative. It will also expand on this objective, to determine the ability for an institutional investor to provide ongoing value to societies as an "active member" providing guidance and oversight through the established co-operative governance structures of participating societies.

2.2.3 Strategic objectives of the programme

Based on this overarching purpose, the deployment of Booster investment is governed by a series of strategic objectives:

1. To deploy the funds allocated in a timely and effective manner
2. To set best practice standards for an institutional investor in the community shares market and to encourage and collaborate with other institutional investors into the community shares market
3. To support the development of the community shares market as a whole by addressing amongst other things the challenges listed above
4. To capture and disseminate learning from the deployment of grant and investment funds into the community shares market
5. To build on the successful deployment of the Pilot to create a viable portfolio of shareholdings

- to allow Co-operatives UK or its successor body to be an active investor over the medium term
6. To leverage further investment and to develop ancillary services to create a resilient future for an institutional investor in the community shares market
 7. To work towards a long-term ambition to enable societies to generate sufficient capital from their members, and so be independent of institutional investment

2.2.4 Guidance criteria governing investments under the programme

1. The programme is confined at this stage to England only
2. It is intended to make investments over a three-year period from the beginning of 2018 calendar year in roughly equal amounts over the three-year period (subject to review if additional resources are attracted)
3. Investment criteria will include consideration of: (in conjunction with achieving the [Strategic Objectives](#))
 - Community benefit
 - Relative deprivation of target community
 - Applicant willingness to engage with the programme and comply with best practice standards.
 - Geography
 - Business Sector / model for other places
 - Innovative features of business model, offer structure, offer promotion (see [Investment propositions](#))
 - Return on equity offered against risk
 - Withdrawability / liquidity
 - Leverage / match funding
 - Availability of alternative sources of development finance, equity or loan.

2.2.5 Investment Propositions

The Booster Programme aims to develop new forms of investment proposition, institutional support, and business appraisal methodologies that will improve the formation rate and success of community businesses. We will be devising new approaches to business appraisal for specific community business trade sectors, and using these appraisal methodologies to encourage institutional support for community businesses. We want to experiment with innovative forms of investment proposition that can be targeted at other institutional investors, with a view to building a more robust capital market to support community businesses. Our pilot programme helped us to identify ten types of investment proposition we want to explore and develop further.

We are now looking to support community businesses that can explore and develop one or more of the following investment propositions:

1. Match funding as an incentive

How can institutional match funding be used to encourage local people to invest in community

businesses? How do people respond to the proposition that for every pound they invest, another pound will be invested? Does the presence of match funding give local people confidence in the business proposal? We are interested in novel approaches to the design, marketing and promotion of match funding arrangements.

2. Incentivising local membership

What can be done to incentivise local people to invest in a community business, and what do we mean by local? How big or small can local be? How does the idea of local apply to communities of interest? How does the size of the community business relate to the scale of the community it serves? Are there ways of incentivising or prioritising local applicants over other applicants? What about targeting hard-to-reach groups within a community? We would like proposals for using match funding to incentivise local membership.

3. Encouraging individual members to invest more

Many societies adopt a low minimum shareholding level to encourage people to join. Can match funding be used to encourage local people who can afford it, to invest more than the minimum shareholding? Are there ways of structuring a match fund, so that it attracts larger individual shareholdings, without prejudicing those who can only afford the minimum shareholding?

4. Supporting acquisitions

Some community businesses are established to acquire an existing business or asset that has been put up for sale. Even where the community has obtained an "Asset of Community Value" the community is still faced with the problem of having to competitively bid for the business or asset, without any security that the money they raise to finance their bid will be sufficient or successful. We are interested in novel approaches to this problem, that will enable communities to bid for community assets, without compromising negotiations with vendors, or incurring undue costs in raising funds for failed bids.

5. Supporting early stage investment

New community businesses may find it difficult to enter some trade sectors, such as affordable housing, because they need to raise comparatively large amounts of capital at an early stage. Local people may be unwilling to invest large sums for the long term, but would be more responsive to a part-equity, part-loan arrangement. We would like to explore innovative arrangements for raising capital from members that acknowledge the risks of early stage investment, especially those where match funding is central to the process.

6. Opening-up new sectors, regions or communities

Community share offers are under-represented in some trade sectors and in some regions of England. There is also under-representation among specific sections of our communities, including black and minority ethnic people and young adults where these people make up the majority population in the community. Under-represented regions include parts of London, the West Midlands and the North East, and to a lesser extent the East of England. Under-represented trade sectors include affordable housing, community finance, health and social care, transport services, libraries, craft production, and to a lesser extent, community buildings, arts and cultural projects. We are particularly interested in how match funding can be used to encourage new community businesses in

these areas.

7. Institutional start-ups

Most community businesses are grass-roots initiatives, led by local people responding to opportunities or challenges facing their communities. In some cases, and for some communities, this expectation that they do it themselves is unrealistic. The alternative is for local public and civil institutions to take the lead in establishing a community business, de-risking the start-up process for communities, but with a clear transition plan, for replacing initial institutional funding, from the Booster programme and elsewhere, with community shares funding.

8. Local initiatives by national membership organisations

We would like to work with national membership organisations that want to encourage local groups of members to develop independent community businesses in response to the needs, interests and aspirations of their members. We are particularly interested in co-financing arrangements with these national membership organisations that encourages local participation, autonomy and sustainable community businesses.

9. Supporting member share subscriptions

We recognise that in some communities, members cannot afford to invest large amounts as one-off lump sum payments, but may be willing to invest smaller amounts or a regular basis over an extended period. We welcome proposals for using match funding to support share subscription schemes, especially those where early-stage institutional funding would be replaced by member share subscriptions over the medium-term.

10. Supporting the transition to open offers

Much of the Community Shares Unit experience to date has focused on time-bound offers made by new community businesses. However, there is a growing number of societies that have now been trading for more than three years, and should ideally be making open offers, as a principal way of maintaining membership and share liquidity. Reasons why this might not be happening include the problems of predicting demand for share withdrawals after a period of suspension, and stimulating the supply of new investment and new members. We are interested in how match funding can be used to support the transition to open offers in established community businesses.

Other investment propositions

New investment propositions may be added to this list in the future, as our understanding of institutional investment in community shares improves over time. Exceptionally, we will consider innovative investment propositions that are not addressed by any of the above propositions, as long as the propositions meet the Power to Change eligibility criteria for funding.

3 WHAT SUPPORT CAN WE RECEIVE?

3.1 GRANTS

Development grants of up to £10,000 are targeted at community businesses that are preparing their offer, and need support to get investment ready. Grants will be paid in two tranches:

- First payment - Business development and community engagement costs: Costs associated with developing the business plan, governance, drafting offer documentation and undertaking community engagement.
- Second payment – Standard Mark and share offer campaign costs: Costs associated with the Standard Mark assessment and promotional spend for the share offer campaign itself.

The Booster Programme has an additional budget to commission development work on particularly novel or innovative investment propositions. This will be incorporated into the development grant award and form part of the first payment.

The second payment will only be released on satisfactory completion of development work funded by the first payment. We expect applicants for pathway one to give us an indication of how much equity match they are applying for, to be confirmed when the business is investment ready, prior to the second payment.

The award of development grants and equity match are two separate decisions; the award of a development grant does not mean that you will be successful in your application for equity match.

3.2 COMMUNITY SHARES STANDARD MARK

3.2.1 What is the Community Shares Standard Mark?

The Community Shares Standard Mark is awarded to offers that meet national standards of good practice. It is overseen by the Community Shares Unit.

These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing or misleading

Societies promoting the public sale of withdrawable share capital are exempt from financial promotions regulations, but are still subject to general law. In the absence of statutory regulation it is difficult for societies to know precisely what is expected of them, or to demonstrate that they are engaged in good practice. The Mark fills this gap by setting standards of good practice. It is a voluntary form of self-regulation, based on an independent assessment by a licensed practitioner. This assessment acts as a final check on the quality of a community share offer before its public launch.

The Mark is designed to promote public confidence in community shares. It also provides confidence to societies and their management committees, to commercial lenders, social investment financial intermediaries and public funding agencies.

Since it launched in Summer 2015, over 70 Standard Marks have been awarded to community share offers.

Visit communityshares.org.uk for more information.

3.2.2 Your involvement with the Standard Mark

All groups receiving support from the Booster Programme are expected to work towards or have secured the Community Shares Standard Mark for their community share offer. However, a Booster investment is not wholly conditional on receiving the Standard Mark so there may be exceptional cases where societies receive an equity investment without the award.

Participants are expected to engage with Community Shares registered practitioners to undertake the Community Shares Standard Mark assessment. The Community Shares Unit maintains a **live national directory** of registered practitioners capable of providing business support to community groups and societies planning to make a community share offer.

Practitioners are people who have been trained in community shares and/or have experience of developing community share offers, including some who have been board members of societies that have made a successful offer. The directory identifies what regions practitioners work in, and their trade sector specialisms. It also identifies their expertise in business planning, community engagement, governance and/or offer documentation. There are three types of community shares practitioner:

- **Licensed practitioners:** These are practitioners who are licensed to review share offers and award the Community Shares Standard Mark. They can also provide other forms of support as advisers, mentors or developers of business plans and/or offer documents. The Standard Mark is a final independent peer review of the quality of your share offer, so it's a good idea to use a different practitioner for the Standard Mark review.
- **Foundation practitioners:** These are practitioners who have completed our practitioner training programme, and have demonstrated their understanding of the Community Shares Standard Mark. Typically, these practitioners will be experts in specific aspects of community shares, but are not licensed to conduct Standard Mark reviews.
- **Registered practitioners:** These are practitioners who are registered with the Community Shares Unit, and are working towards becoming either foundation practitioners or licensed practitioners. Those who are working towards becoming licensed practitioners can review your offer for the standard Mark under the supervision of the Community Shares Unit.

For those groups participating via Pathway 1, you can use your development grant to pay for business support. You are not obliged to use practitioners listed on our directory, except when you are commissioning a Standard Mark review of your share offer. However, we will encourage any practitioner you nominate to become a registered practitioner.

It is up to you to negotiate a support contract with your nominated practitioner and to agree their charges. Your application for a development grant must include details of this agreement, specifying the nature, volume and cost of support. We expect any practitioner you use paid for through this programme to participate in our research and learning activities.

3.3 EQUITY MATCH

The equity match investment, of up to £100,000, is made by Co-operatives UK, which will become a shareholder in, and member of, your society. Co-operatives UK is itself a society, so there are no legal limit on the amount of share capital it can hold in another society. Co-operatives UK will be an active institutional investor in your society, with the long-term aim of enabling you to generate sufficient capital from your individual members, without reliance on institutional support. This means that in the long-term, Co-operatives UK will aim to reduce its shareholding in your society to zero, but only when this will enhance the sustainability of your business as an independent society.

Equity match applications for up to £100,000 will also be assessed in tandem with a Standard Mark assessment, with a decision made prior to launch of the share offer. The award of equity match is not conditional upon, or guaranteed by, the award of the Standard Mark.

Equity match will be offered on the following terms:

- It will be made as an investment in withdrawable, non-transferable share capital into the community business, held by Co-operatives UK, on the same terms and conditions as outlined in the society's share offer document, and on equal terms with other community investors.
- The equity investment will not exceed more than 50% of the society's overall withdrawable share capital up to a maximum of £100,000.
- The share offer must meet its minimum investment target (which can include the agreed equity match).
- If your share offer is successful in meeting its targets, priority will be given to applications from individual members, with the equity match reduced pro rata, until it reaches zero when the maximum target is achieved by applications from individual members.
- Booster equity match cannot be used to match other institutional investment (i.e. where an investment is above the maximum individual shareholding limit stated in the offer document and/or is subject to its own terms and conditions)
- Any requests by Co-operatives UK for share withdrawals will be limited to no more than the maximum any other member may request. So, if the society has adopted a voluntary limit on the maximum shareholding a member can have below the statutory limit of £100,000, this voluntary limit will apply to any share withdrawal request by Co-operatives UK.

Co-operatives UK aims to be an active investor in societies. The active investor role will comprise of the following:

- becoming an active member of each society and so, according to Society's rules, fully asserting

membership rights regarding access to information as any other community investor would;

- scrutinizing and supporting good governance, and also offering advice and guidance, encouraging societies to become members of key bodies associated with the Booster Programme and beyond;
- requesting quarterly reports in the first year and reserving the right to extend this beyond the first year; and
- as a member of the Society, Co-operatives UK will attend general meetings, including AGMs.

Beneficiary societies will receive this support through the wider Co-operatives UK advice team on the basis of the programme funding dedicated advice packages for each of the societies.

4 WHAT ARE THE PATHWAYS?

4.1 INTRODUCING THE STEP-BY-STEP

We have introduced three pathways for applicants to provide the right type of support and funding depending on your stage of development.

These pathways have been based on our **Step-by-Step tool** which has been designed to reflect the development journey for community businesses working towards launching a community share offer.

The Step-by-Step is an online tool that enables you to work towards launching a community share offer. It is designed to help anyone considering raising community shares at any stage of development, from those investigating the idea for the very first time, to those who are on the verge of issuing an offer.

This tool is designed in three steps:

- **Step 1: Are community shares the right option?** An initial exercise to determine whether community shares are the right option for your group based on your circumstances and plans regarding your business idea, your organisation and your community.
- **Step 2: Getting Ready:** If the initial exercise identifies that community shares are right for you, then this phase guides you through the key tasks associated with the business plan, governance and community engagement, to get ready for launching a share offer. ☒
- **Step 3: Preparing the Offer:** Once you have completed all these key tasks, this final phase is an opportunity for you to make sure you have considered everything ahead of launching your share offer. Particularly if you are applying for the Community Shares Standard Mark to demonstrate that your offer meets good practice.

The Step-by-Step tool asks you a series of questions about your plans, specifically focusing on your business idea, your governance arrangements and your work engaging your community.

Once you've completed all the questions for each phase, the Step-by-Step tool will produce a report for you, with key recommendations on how to proceed towards the next stage and soon enough launching your community share offer.

4.2 PATHWAY ONE: PREPARING THE OFFER

Pathway one is designed for groups who are on their way to finalising their community share offer but need additional development support to get them to launch. This may include further work on your business plan, community engagement work, governance structure and legal registration, the share offer document and the promotional campaign. We also expect you to apply for the Community Shares Standard Mark, as the final step towards launching your offer.

Accordingly, applicants for this Pathway will have largely completed Step Two of the Step-by-Step tool, and be making progress with Step Three, preparing the offer.

For successful Pathway One applicants, we will make an offer of a development grant, and in some cases, we may commission additional development work to support particularly novel or innovative investment propositions. Development grants will be paid in two instalments, with payment of the second instalment dependent upon the satisfactory completion of the development activities paid for by the first instalment.

You will also be expected to submit an equity match application at this point, which will be assessed in tandem with the Standard Mark assessment. We will decide on your application for equity match prior to the launch of your share offer. The award of equity match is not conditional upon, or guaranteed by, the award of the Standard Mark.

4.3 PATHWAY TWO: INVESTMENT READY

Investment ready community businesses will be in the final stages of preparing their community share offer, and are ready to apply for equity match of up to £100,000. Accordingly, applicants for this pathway will have largely completed Step Three of the Step-by-Step tool, and be ready to submit their offer for the Standard Mark assessment.

Successful Pathway Two applicants are subject to a two-stage approval process, with a provisional offer of equity match being subject to a Standard Mark assessment and other business appraisal activities, which will be commissioned and paid for by the Booster Programme.

We reserve the right to use your share offer for training purposes, which may include allocating you a trainee practitioner, and subjecting your offer to peer review by other practitioners. As with Pathway One applicants, the award of equity match is not conditional upon, or guaranteed by, the award of the Standard Mark.

4.4 PATHWAY THREE: LIVE OFFERS

In exceptional circumstances we will accept applications for equity match of up to £100,000 from community businesses that are about to launch, or have already launched their share offer. This may include societies making an open offer, and societies reopening a time-bound offer. We would expect these societies to already have been awarded the Standard Mark for their offer.

Pathway three applications should be accompanied by the full share offer documentation and the standard mark initial and final assessments. Successful Pathway Three applicants will be made an equity match offer. Our offer letter will detail the terms and conditions of the equity match, and in some cases, may require you to engage in promotional activities associated with the equity match. It will also set out the terms and conditions applying to Co-operatives UK's role as the active investor and shareholder in your society.

5 HOW DO WE APPLY?

5.1 STAGE 1: EXPRESSION OF INTEREST

You should start by completing the online **expression of interest** which is detailed later in the **guidance**. The information you provide will be used to check that you are eligible for the Booster Programme. You will receive an initial phone call from us, and, in most cases, a request that you complete the relevant sections of the **Step-by-Step online diagnostic tool**. This tool will help us to determine if you are ready to make a full application to the Booster Programme, and which of the three pathways you should apply for.

We will aim to tell you within two weeks if you are eligible and which Pathway you should apply for. This will also be after your initial phone call with us and when you have completed the Step-by-Step assessment, so the turnaround time will depend on your availability and ability to meet requests.

5.2 STAGE 2: FULL APPLICATION

If you are successful at Stage 1, you will be invited to submit a full application. All full applications must be made online, after you have completed your expression of interest, and been told which pathway you should apply for. You should read this guidance and think about what you want to say in your application, before you start filling in the form itself. We recommend you complete the full application form at your own pace outside of the online form, and share your drafts with colleagues, before deciding to submit your application to us.

We assess all applications on a rolling monthly cycle. We may contact you by phone to discuss the details of your application, and may even request that a member of our Investment Panel visits your organisation, and to meet you and your colleagues. In some cases, we may invite you and your nominated practitioner to attend an Investment Panel meeting to discuss your application. These meetings are held in Manchester with the option to attend by conference call. We will decide by no later than the next Investment Panel meeting, so the whole application process should take between four to eight weeks to complete.

5.3 HOW WE ASSESS APPLICATIONS AND MAKE DECISIONS

All final decisions relating to applications to the Booster Programme will be made by an Investment Panel, concerning both grants and equity investments.

The decisions made by the Investment Panel will be guided by the following:

- Eligibility considerations – identified during the Expression of Interest stage
- Performance against the Booster Investment Framework – identified during the Full Application Stage and through calls and visits by the Investment Panel

If your application is successful, you will receive an offer letter detailing the terms and conditions of our offer, as well as information about the next steps. If you are unsuccessful, you will receive an

email with a small amount of feedback on your application and the reasons why you were unsuccessful. We may signpost you to other relevant support and funding opportunities. There is no right of appeal against our decisions. However, unsuccessful applicants are invited to submit new applications.

The Investment Panel will be made up of representatives of Co-operatives UK, Power to Change, Locality and an independent market expert, with a representative from the Community Shares Unit providing strategic advice. Decisions will be made to comply with Co-operatives UK Governance requirements and Power to Change conditions of grant.

6 PROGRAMME RESEARCH AND LEARNING

The Booster Programme aims to develop new forms of investment proposition, institutional support, and business appraisal methodologies. We do this through the operation of the programme itself, the application assessment processes, the outcomes achieved by the development grants, and our role as active investors in your society.

Throughout your involvement in the programme, we will ask you to evaluate and feedback your experience to help us understand the effectiveness of our actions. When we make you an offer of support, be it a development grant or equity match, we will suggest some learning objectives to guide your interaction with the Booster Programme. These learning objectives are not mandatory, but we will expect you and your nominated practitioner to support our learning and evaluation activities. You will be required to contribute data to help us evaluate the effectiveness of the different investment propositions.

If you are in receipt of a development grant, you will be required to submit a post-grant report to us detailing how the grant was spent, what it produced, what progress was made and how it was useful. It will also ask you to reflect on the operation of the Booster Programme, such as the administration, the ease of draw down and the business appraisal methodologies we employ.

If you are in receipt of equity match, we will stay in touch with you as active investors and members of your society, and we will use this relationship as our vehicle for research into institutional investment.

7 GUIDANCE ON COMPLETING EXPRESSION OF INTEREST

7.1 INTRODUCTION TO THE EXPRESSION OF INTEREST

The first stage of the application is to complete the online **expression of interest form**. We will use the information you supply to check that you are eligible for support from a Power to Change funded programme, and to contact you to discuss your application. We will tell you whether you are eligible to apply, and whether you need to complete further sections of the Step-by-Step assessment. The online expression of interest form covers the following five areas:

7.2 ORGANISATION DETAILS

Applications are open to new and existing community businesses based in England. You must be an independent legal entity, not subject to local authority influence or control. It is expected that most applicants will already be registered as societies, although in exceptional circumstances, conversion to a society can form part of the development process funded by the Booster Programme. If you are an established organisation that has been active for two or more years, we request that you submit a copy of your most recent annual accounts and report.

We want the contact details of the person who will represent your community business. We also need the address and postcode of your community business. We will use the postcode to access relevant statistics and data about your local area to help us understand the needs of the communities your business serves. We will use data from this **open data source**.

7.3 ARE YOU A COMMUNITY BUSINESS?

Power to Change defines community business as having the following four key features. We want you to describe how your community business relates to these features:

- **Locally rooted** - They are rooted in a particular geographical place, for example a village or neighbourhood, and respond to its needs, for example high levels of urban deprivation or rural isolation.
- **Operating for the benefit of the community with broad community impact** - They benefit the community as a whole and can clearly evidence the positive social impact on the broader community.
- **Accountable to the local community** - They are accountable to local people. This can be demonstrated in many ways – but you must have evidence of regular community influence on your business, e.g. membership structure, ownership, broad range of local trustees. Decision making through community shares is one of the best ways to make sure your community business is accountable to the local community.
- **With trading at the heart of its business, for the benefit of the local community** - They are businesses with a clear trading model. Their income comes from activities like renting out space

in their buildings, trading as cafés or selling the produce they grow. This can help release the group from a reliance on grant or state funding and help create anchor institutions regardless of the economic climate.

7.4 DO YOU SERVE A CHARITABLE PURPOSE?

As a charitable trust, Power to Change can only use its funds to support charitable purposes, which are listed below. To be eligible for the Booster programme you must identify which of these charitable purposes are addressed by your community business, and what you do of public benefit in each area you identify.

- The prevention or relief of poverty
- The advancement of education
- The advancement of citizenship or community development
- The advancement of the arts, culture, heritage or science
- The advancement of amateur sport
- The promotion of religious or racial harmony or equality and diversity
- The advancement of environmental protection or improvement
- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage

7.5 OUTLINE INFORMATION

We will ask for some indicative information about the support you are looking for and your overall timetable. This is just to give us a rough sense of your funding requirements and timings so we can ensure your potential involvement in the programme is complementary to your wider plans.

7.6 FINAL CHECKLIST

We will provide a summary of the required actions that you can check against before submitting your Expression of Interest Form.

8 GUIDANCE ON COMPLETING FULL APPLICATION

We will publish detailed guidance notes on the Full Application once groups start to reach this stage in the coming weeks.

8.1 INTRODUCTION TO THE FULL APPLICATION

You can only complete the Full Application form after you have completed the expression of interest process. Should you be successful at expression of interest stage, you will receive an email with a link to the Full Application.

It is at this stage that we will also confirm which Pathway you should apply for - taking into account your preference at the Expression of Interest stage. The first part of the Full Application is the same for all applicants irrespective of which Pathway you are applying for, which the second part is tailored to the individual Pathways.

We recommend you complete the full application form at your own pace outside of the online form, and share your drafts with colleagues, before deciding to submit your application to us.

8.2 ALL APPLICANTS

The first part of the application covers how your community share offer meets the two key elements of the Booster Investment Framework:

- Investment criteria - specifically detail on your community business' impact, geography and beneficiaries
- Investment propositions - one of the main aims of the Booster Programme is to develop new forms of investment proposition, that will help community businesses attract institutional investment and lead to more sustainable businesses.

8.2.1 Your Impact

Power to Change has seven social impact goals it uses to assess its performance. Your application will be assessed for the contribution your community business makes towards one or more of these impact goals, listed below:

- Reduce social isolation
- Improve health and wellbeing
- Increase employability
- Create better access to basic services
- Improve local environment
- Enable greater community cohesion
- Foster greater community pride and empowerment

8.2.2 Your area

We would like to understand the characteristics of your location in more detail so you will be asked to provide up to three postcode(s) that are representative of the areas that your community business is or will be engaging with or working in.

Please be as detailed as you can with regard to postcode, providing at least two digits if possible i.e. M1

A helpful guide for how postcode geographies work can be found [here](#)

8.2.3 Your beneficiaries

We would like to know more about your beneficiaries i.e. who your community business is trying to help.

You will be asked to detail the following:

- a. Who are the people you are trying to help? Are they from a specific age group, gender, community? What are their needs?
- b. Why are these needs not being met elsewhere? Why is your organisation well placed to meet these needs?
- c. If your community business is working with a specific group, e.g. people with disabilities, how does your work affect others in your local area? Do other people in the local area benefit from your work?

8.2.4 Your Investment Propositions

One of the main aims of the Booster Programme is to develop new forms of investment proposition, that will help community businesses attract institutional investment and lead to more sustainable businesses.

We want to know how you can contribute to one or more of the following **investment propositions**. We are also interested in learning about other innovative investment proposition you plan to develop.

We recommend you focus on no more than three or four of these propositions, rather than attempting to address them all. You will be asked to write a short summary explaining how you intend to explore and develop the investment propositions you select.

8.3 PATHWAY 1 APPLICATION

8.3.1 Your Business Model

We need to understand your business idea, to determine how feasible it may be. You will be asked to answer the following questions:

- What business activities will you be engaged in?
- How will you make your business competitive and profitable?
- How many jobs will you create or safeguard?
- What scale of business (income, expenses, profit or loss) do you anticipate in your first full year of trading?
- What principal business assets will you need, and what is their approximate cost?
- How much capital do you need to raise, and how much of this can be raised through community shares?

8.3.2 Your grant application

Drawing on the Step-by-Step diagnosis, we would like you to identify what you need to do get ready to launch your share offer. This may include further work on your business plan, community engagement work, governance structure and legal registration, the share offer document and the promotional campaign. We also expect you to apply for the Community Shares Standard Mark, as the final step towards launching your offer.

You need to provide us with a detailed plan of how your development needs will be met, who will do this work, and the cost of this work.

The development plan is structured in two parts, development activities that will enable you to be investment ready, and costs associated with obtaining the Standard Mark and the share offer campaign.

You can apply for a grant up to £10,000 covering both parts; it's up to you to decide how much you allocate to each part, but please bear in mind, we expect you to apply for the Community Shares Standard Mark, so you must provide for the cost of this in your plan. There are no restrictions on how much you can apply for against each part, other than your overall grant cannot exceed £10,000. If you want to apply for just Part 1 or Part 2, simply leave the relevant section blank.

If your application is successful, we will pay the development grant in two tranches, with the second payment conditional upon the satisfactory completion of the development work funded by the first payment. At this point, you will be invited to submit an application for equity match.

8.3.3 Your Practitioners

The application asks you to provide details of the practitioners and providers you plan to work with as part of your development work.

Firstly, if you have included applying for the Community Shares Standard Mark as an activity to be

funded by the grant, then you are required to either:

- Nominate a licensed practitioner to undertake the Community Shares Standard Mark
- Indicate whether you be willing to work with a trainee practitioner (A trainee practitioner is working towards becoming licensed and their work will be reviewed by the Community Shares Unit)

More information about your involvement with the Standard Mark as part of the Booster Programme can be found in the guidance [here](#).

If you decide to nominate a licensed practitioner, then please make contact with them in advance of making this application, to check that they are willing to be your nominated practitioner. Please bear in mind that this practitioner cannot also be engaged by you to write your business plan or offer document, unless the person is a trainee practitioner.

Beyond this, you will be asked to provide details of any other providers you plan to work with on activities funded by the development grant.

8.3.4 Other sources of support

Finally, we would like to know if you are receiving or are in the process of applying for other forms of support or funding.

Accessing other forms of support or funding will not disadvantage your application but rather help us understand where you're accessing your development funding from.

You will be asked to identify the following:

- Whether you are currently receiving or have received support from other programmes to help you develop your community share offer
- Whether you are intending to apply or waiting for a decision from other support programmes.

Where you are currently receiving or have received support, you will be asked to give details of the support you have received which should include:

1. the nature of support i.e. development grant, consultancy
2. the activities it support i.e. business planning work
3. the value of support
4. dates when it took place
5. the providers (if any) you worked with

8.4 PATHWAY 2 APPLICATION

8.4.1 Pathway 2 - application process

Please note that no development grants are available for Pathway Two applicants. Your application

will be assessed in two stages; if your application is successful we will first make a conditional offer of equity match, subject to a Standard Mark assessment and other forms of business appraisal we are developing.

We will undertake and / or commission this work, and if we are satisfied, we will confirm our offer of equity match, and the terms and conditions of this offer, prior to your share offer launch date.

8.4.2 Share offer details

We need to know the following details of your proposed community share offer:

- What type of share offer are you planning? (the Booster programme can support three types of share offer; pioneer offers, time-bound offers, and open offers.)
- The timetable for your offer (opening and closing dates, if appropriate)
- Community Shares Standard Mark status
- Your minimum, optimum and maximum community shares targets
- Your minimum and maximum limits on individual member shareholdings
- Your estimate of how many member shareholders you will recruit.

8.4.3 Equity match request form

You need to state how much equity match you are applying for, up to a maximum of £100,000 or 50% of the total community share capital you hope to raise, whichever is the lesser.

We need to know the total capital you require, what proportion of this you hope to fund through community shares, and what other sources of capital you will be relying on, including any grants, donations, loans and your own reserves. We need details of these other sources of capital, including details of the providers, their terms and conditions, and the status of your arrangement with them.

We also need to know the contingency arrangements if your community share offer fails to reach its minimum target, and what actions you propose to take if it achieves its minimum target but falls short of its optimum or maximum target.

You will be asked to provide this information by populating a spreadsheet that you will be able to download via the application form. Once you have populated the table, please save a copy of this form onto your own computer, return back to here and upload via the form.

8.4.4 Supporting evidence

You are required to submit documents containing the following evidence, as part of your application to the Booster Programme. These documents are the same ones you will need to submit for your Standard Mark assessment.

- Share offer document
- Application form
- Governing document of the society (rules)

- Business plan (if appropriate)
- Finance summary (open offers only)
- Annual accounts and reports for up to the last three years (established organisations only)

8.5 PATHWAY 3 APPLICATION

8.5.1 Pathway 3 - application process

Pathway three applications are only open to societies that have already launched, or are just about to launch their share offer. We expect these societies to already have been awarded the Standard Mark for their offer.

We will, in exceptional circumstances, accept applications from societies that have already launched their offer, but have not been awarded the Standard Mark for this offer.

8.5.2 Share offer details

We need to know the current status of your share offer; what type of offer it is, whether it has the Standard Mark, and if it has already been launched and how the offer is performing to date.

8.5.3 Equity match request

You need to state how much equity match you are applying for, up to a maximum of £100,000 or 50% of the total community share capital you hope to raise, whichever is the lesser. We need to know the total capital you require, what proportion of this you hope to fund through community shares, and what other sources of capital you are relying on, including any grants, donations, loans and your own reserves.

We need details of these other sources of capital, including details of the providers, their terms and conditions, and the status of your arrangement with them. We also need to know the contingency arrangements if your community share offer fails to reach its minimum target, and what actions you propose to take if it achieves its minimum target but falls short of its optimum or maximum target.

You will be asked to provide this information by populating a spreadsheet that you will be able to download via the application form. Once you have populated the table, please save a copy of this form onto your own computer, return back to here and upload via the form.

8.5.4 Your offer and the Booster

We want to know how you plan to promote Booster equity match, should your application be successful. You need to explain how the proposed equity match is within the scope of your share offer, and will not adversely affect the terms and conditions of your members.

8.5.5 Supporting Evidence

You are required to submit documents containing the following evidence:

- Share offer document
- Application form
- Governing document of the society (rules)
- Business plan (if appropriate)
- Finance summary (open offers only)
- Standard Mark initial and final assessments, plus associated documentation
- Annual accounts for up to the last three years (established organisations only)

9 FAQs

9.1 THE BASICS

What do you mean by a 'society'?

A society either a (charitable) Community Benefit Society or a bona fide co-operative. These forms are legal entities allowed to issue withdrawable, non-transferable share capital (community shares). To be eligible for the Booster Programme societies must also meet Power to Change's definition of a community business - see [section 7.3 of the Guidance Notes](#).

On one of the webinar slides, only Community Benefit Societies were mentioned. What about co-operative societies being eligible?

Yes, co-operative societies are eligible for the Booster Programme, subject to their meeting Power to Change's definition of a community business - see [section 7.3 of the Guidance Notes](#).

We are a Community Interest Company. Do we need to set up another organisation (a Community Benefit Society) in order to do the community shares offer?

The Booster Programme is only offering matched equity investment in relation to withdrawable, non-transferable share capital (community shares). Only societies (either a (charitable) Community Benefit Society or a bona fide co-operative) are legally allowed to issue withdrawable, non-transferable share capital (community shares). Co-operative societies are eligible for the Booster Programme, subject to their meeting Power to Change's definition of a community business - see [section 7.3 of the Guidance Notes](#).

What is match funding?

Match funding in the broadest sense is any funding which is contingent on or conditional to other funding being in place. The Booster Programme offers in principle to invest in withdrawable, non-transferable share capital (community shares) to match investment raised by local community members in share capital: The Booster Programme will not match grant finance, loan finance or other "institutional" investment of share capital.

How recent is a "recently launched" share offer? Ours was time bound and closed over a year ago.

The Booster Programme is interested in market development and learning and therefore more interested in currently live share offers, but will consider previous share offers if for genuine business reasons the share capital is yet to be deployed.

Could the Booster Programme provide match funding for share capital from a now closed share offer, which we still hold in the bank as we haven't yet been able to buy our asset?

The Booster Programme is interested in market development and learning and therefore more interested in currently live share offers, but will consider previous share offers if for genuine business reasons the share capital is yet to be deployed.

Do you expect the fund to be sufficient to last for three years?

The current intention is to spread investments over a three year period.

9.2 ELIGIBILITY

Is 'geography' a place or can it be a community of interest e.g. disabled people owning shares in a service delivery business for the benefit of the community.]

Societies with a community of interest are eligible for the Booster Programme, subject to their meeting Power to Change's definition of a community business - see [section 7.3 of the Guidance Notes](#). They must be locally rooted in a place but may well draw on a wider community of interest in terms of their members and investors.

How much match funding support can we expect if we are not in a disadvantaged area? Will it be limited?

Deprivation/disadvantage is a key consideration for the Booster Programme and its funder Power to Change but it is considered along with the rest of the application. The Booster investment criteria can be found in [section 2.2.4 of the Guidance Notes](#). For less disadvantaged places there is no pre-set limit apart from the standard Booster limit of £100K equity match per society.

Will you support new share offers from existing community energy groups?

Yes, assuming they meet the Booster Programme eligibility requirements. To be eligible for the Booster Programme societies must meet Power to Change's definition of a community business - see [section 7.3 of the Guidance Notes](#).

9.3 APPLICATION PROCESS

Decision timescale: Is it 8 weeks from Full Application or from initial Expression Of Interest?

We aim to get a decision to the applicant 8 weeks from the date they submit a Full Application but as ever the Booster team will try to respond to client need where it can.

9.4 INNOVATION

When you refer to innovation, is this in connection with the share offer / investment mix or to do with the type of project? Where or how do you see the innovation taking place?

The Booster Programme seeks to support market development across a broad range of issues in relation to community businesses and is certainly not confined to the share offer or investment mix.

It may be useful to focus on innovation via the investment proposition - see [section 2.2.5 of the Guidance Notes](#) for more information on this. We would also like to hear about other areas of innovation that you could propose.

Has there been any innovative work done with the Booster Programme on projects involving CIL (Community Infrastructure Levy) as part of the funding mix?

Not as yet!

9.5 GRANT SUPPORT

What can the grant be spent on? Can it support staff revenues? Can it cover listing fees for online platforms? Design and print?

The grant can be used for:

- 1) Getting investment ready - further work on your business plan, community engagement work, governance structure, legal registration, and the share offer document
- 2) Launching the offer - applying for the Community Shares Standard Mark and costs associated with promoting the live offer

See section 8.3.2 of the Guidance Notes.

Could the grant cover the costs of printing and designing promotional materials for the offer itself?

Yes it could do. The grant can be used for:

- 1) Getting investment ready - further work on your business plan, community engagement work, governance structure, legal registration, and the share offer document
- 2) Launching the offer - applying for the Community Shares Standard Mark and costs associated with promoting the live offer

See section 8.3.2 of the Guidance Notes

Can you apply JUST for the second stage of the Development Grant?

Yes, you would simply apply for a Development Grant and state that you only require support for Community Shares Standard Mark assessment. We may stage the release of the grant subject to satisfactory progress.

9.6 EQUITY INVESTMENT

If a provisional offer of equity match is made following an application for Pathway 2/3, is there a time limit for then launching the share offer?

The Booster Programme aims to be as flexible as possible, in order to be “customer” facing and recognises that there are many elements in launching a community share offer.

Each application will be assessed on its individual merits but expectations are that a share offer will proceed within between 3 and 6 months of receiving an offer from the Booster Programme. Some share offers may well proceed more quickly. Societies delaying offers beyond 6 months will need to keep the Booster Programme informed and may be asked to represent their case to keep Booster offer open.

Does the match for Booster equity need to come from individual community shareholders or can it be matched with institutional investment?

The Booster Programme will in principle offer match equity investment to all sums raised by the local community up to a maximum of £100K where those sums raised are below the maximum share offer investment amount and are not made with any "special" investment conditions.

The Booster Programme seeks to avoid "double match funding" where share offers are already benefitting from other forms of institutional match funding.

9.7 INTEREST RATES

We are exploring the option of a range of interest rates for community shareholders - ranging between 0% and 3% at the choice of the shareholder. How would this fit with the Booster equity share investment process?

The Booster Programme is committed to investing on "pari-passu" or equal terms with community investors: where as you are proposing investors are offered a choice about levels of desired return the Booster Programme would exercise its right to make such a choice on any investment offered taking a whole range of criteria into consideration. The Booster Programme would not necessarily offer to match the interest option of shareholders opting for no or lower returns.

When you say matched funding, up to £100K, what are the interest rate and terms?

The Booster Programme is committed to investing on "pari-passu" or equal terms with community investors. Therefore, the terms and interest rates state in your share offer document would be the same for the Booster Programme investment as for other people who are investing from your community,

9.8 WITHDRAWAL OF EQUITY

Over what period of time will Co-operatives UK aim to withdraw the Booster match share capital investment?

The Booster Programme is offering match funding investment on the same terms as the terms offered to community members and will seek to withdraw its share capital as a "fair" proportion of the surplus/profit available for withdrawal in any one year.

Different business models may permit withdrawal over longer or shorter periods of time: withdrawals may be supported either through surplus/profit generation, alternative sources of capital or via new share offers. The Booster Programme will make a judgement on a case by case basis taking into consideration any initial "withdrawal suspension period" and the robustness of strategies in the business plan to allow for withdrawal.

The Booster Programme is unlikely to offer match to societies with no strategy around withdrawal.

As a rough guide, societies with viable business models would be expected to outline a withdrawal strategy commencing after 3 years and allowing for the majority of initial capital to be withdrawn or

replaced in a further 5-10 years.