



## P R E S S   R E L E A S E

### **'Slow Money' scheme announced in the South West**

A scheme that will be the first of its kind in the UK is being launched in Dorset, Devon and Somerset this April, to help channel local money in to community projects. Wessex Reinvestment Society (WRS) is leading the initiative, which will not only provide small community enterprises with a simpler way of accessing funds, but will also give people in the South West the opportunity to invest in projects that are closer to home, and possibly more in line with their ethics.

Tim Crabtree, Director of WRS, comments: "Research undertaken over the last 18 months has identified that many businesses incur high costs when raising investment for new ventures through existing routes. These include high fixed interest rates or the expense attached to issuing a prospectus because of due diligence requirements. For most community projects these costs can be prohibitively high and so WRS has designed two new models that fit hand in hand with the needs of small, local initiatives."

The models adopt the concept of 'Slow' Money<sup>i</sup>, a term inspired by the Slow Food Movement, and anticipates that just as people now question the traceability of their food, in a similar way, so are they more concerned about where the money they invest is being spent. By investing 'Slow Money', as opposed to 'Fast Money' which fits with the anonymous world of global finance, investors may have to commit their funds for longer, but they will know where their money is going, how it is being used and will experience both a financial and social return - known in financial terms as 'blended value'.

Tim continues: "Our research backs up the theory of 'Slow Money'. It shows that as much as investors want to gain financial return, so do they value seeing the local social benefits of their investment, and importantly to achieve this, they are willing to commit funds for longer periods of time. I hope that people will view this new means of investment as a refreshing and more personal way to go about using their money and that it brings a sense of ownership to local projects."

WRS has worked alongside the Financial Services Authority (FSA), with grants from Friends Provident Foundation and Esmee Fairbairn Foundation, to develop and register new legal structures for two categories of projects seeking investment: 'enterprise projects' and 'community asset' projects. 'Enterprise projects', such as local food initiatives, can adopt the new rules set out by WRS to become an Industrial & Provident Society (IPS), so that investment capital received directly by the enterprise can be used to develop new ventures. The benefit of this structure is that a tax relief, equivalent to 20% of the investment made, compensates for higher risk factors. On the other hand, for 'community asset' projects, such as housing schemes, WRS has designed rules to allow the creation of a Fund, which can on-lend. Although these Funds don't receive the same tax relief, they are regarded as lower risk.

Using these two models, local investors will easily be able to become involved in nearby eco friendly and low cost housing schemes and community food initiatives. Four local businesses have been identified; Ecos Fund, Local Food Links, High Street Organics and Wessex Community Assets, and WRS will join forces with them to help them raise funds for future projects.

**Ecos Fund** has been formed to enable investors to support sustainable and zero carbon projects, built by Ecos Homes. The Company won a national award for its first development, Great Bow Yard, with investment from Ecos Fund and plans to embark on four more projects in the next two years.

**Local Food Links** has been set up to make good local food accessible and affordable to everyone. Its mission is to provide a range of catering, distribution and retail services which supply high quality and affordable food to the local community, especially children. Local Food Links is re-introducing hot school meals to local primary schools in Dorset that have had no kitchens for 25 years.

**High Street Organics** is a community co-op that provides organic fresh foods and wholefoods from local producers and co-operatives. It has evolved from a voluntary run shop, open for only half the week, to one which is now open six days a week, providing part time employment for six staff. High Street Organics now has the opportunity to purchase its premises and so needs to raise capital.

**Wessex Community Assets** (WCA) supports affordable housing in rural communities by setting up Community Land Trusts (CLT). CLT allow communities to make affordable housing available to local people through rent and shared ownership, and ensure there are affordable homes for future generations. WCA is seeking investment to support several housing schemes in Dorset, Devon and Somerset.

Charles Couzens, Chairman of WRS, concludes: "Each business initiative will benefit its local community and creates an excellent opportunity for local investment. WRS welcomes other community groups looking to embark on new projects to come forward and adopt the new investment model. Investors in the South West now have a new way of investing that will be of direct benefit to their surrounding community and environment. We hope that in the future, once tried and tested, these models will be applied elsewhere in the country."

**For more information about WRS please contact Charles Couzens on tel: 01458 259400, email: [charles@sustainablehousing.org.uk](mailto:charles@sustainablehousing.org.uk) or visit: [www.wessexrt.co.uk](http://www.wessexrt.co.uk)**

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#### **Background information:**

WRS is part of the Wessex Group, which was formed in 2002/2003, following research across Dorset, Devon and Somerset which sought to identify gaps in the provision of finance to small businesses, social enterprises and voluntary organisations. This research identified the intrinsic link between employment, enterprise and property and revealed demand for locally delivered loans to develop enterprise, enable access to affordable housing and workspace and improve housing conditions.

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<sup>i</sup> Woody Tasch, Chairman of Investors' Circle, initiated the concept of 'Slow Money'.