

Community investment







Indicators

Community contributions: percentage pre-tax profit

Employee time: days contributed

Leverage

Targets 2009

-  Review current Co-operative activity supporting young people, and develop an 'inspiring young people' strategy (Inspiring Young People section of the online Report .
-  Raise £2m for The Co-operative Charity of the Year, RNID (page 17).
-  Complete development of a new two-year grant-making strategy for The Co-operative Foundation by the end of 2009 (page 17).
-  Provide financial support, through the Co-operative Membership Community Fund, to a minimum of 1,000 community groups across the UK, totalling at least £850,000 during 2009 (page 18).
-  Trial a new methodology to assess community investment impacts across a minimum of three major community programmes (page 17).

-  target achieved
-  close to target
-  target not achieved
-  on track
-  behind schedule

Targets 2010

- Launch and implement an 'inspiring young people' strategy.
- Identify four charity partners for The Co-operative Foundation; one each in Manchester, Glasgow, Bristol and London, which can fulfil the aims and objectives of the Truth about Youth programme.
- Provide financial support, through the Community Fund, to a minimum of 1,000 community groups across the UK, totalling at least £850,000 during 2010.
- Assess community investment impacts across a minimum of three major community programmes.

Background

It is estimated that, in recent years, British businesses have donated in the region of £1.4bn¹ annually to good causes, through cash and other types of support. Though this figure was expected to fall in 2009, the majority of large businesses now recognise community investment as part of their overall approach to business responsibility and have teams and budgets that support such activity. For some, 'community investment' is characterised by philanthropic giving with the expectation of little in return, whilst others use such programmes to attain commercial advantage or create a social licence to operate.

Materiality and strategy

The Co-operative's approach to business is guided by co-operative Values and Principles. The seventh co-operative principle is 'concern for community'², which directs co-operatives to work for the sustainable development of their communities through policies approved by their members.

In 2009, following member consultation³, and agreement from the Values & Principles (V&P) Committee, the Community Plan was launched to provide three clear priority areas for community investment:

- **Inspiring young people:** The Co-operative will nurture and support young people to better enable them to make a positive contribution in their communities;
- **Tackling global poverty:** The Co-operative will help support people in the developing world, particularly through overseas co-operative development and improved supplies of water and sanitation; and
- **Combating climate change:** The Co-operative will fight climate change and support energy-efficient technologies and renewable energy.

Co-operative solutions will be supported as each of these three issues is tackled. In addition, in addressing these themes, increased emphasis will be given to campaigning activities.

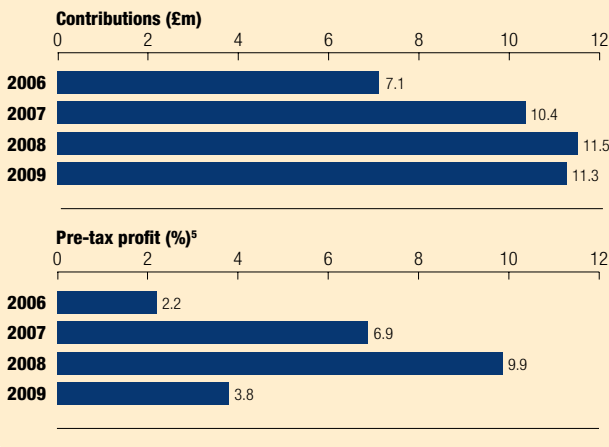
Community Plan

Details of projects that supported the Community Plan during 2009 are provided throughout this Report, as per the following table. These include community investment made by former Britannia and former Somerfield. Other community contributions are detailed throughout the Report, as signposted on page 16.

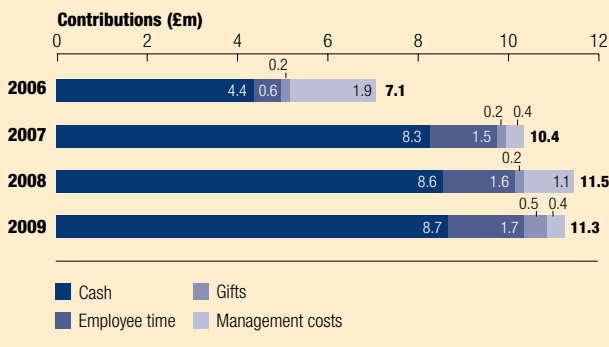
Major projects supporting the Community Plan in 2009

		Pages
Inspiring young people (further information in the online version of this Report )	• The Co-operative StreetGames Young Volunteers	49
	• From Farm to Fork	39
	• Skills4Schools	48–49
Combating climate change	• Green Energy for Schools	65
	• Walking Buses	65
	• Waste Works	74
	• Carbon offset projects: Cambodia, Kibale, West Bengal	63–64
Tackling global poverty	• Development uplift projects: Malawi, Mozambique, Panama	27
	• Projects supporting overseas co-operatives: Kenya, Turkey, South Africa	27
	• The Wave campaign	28

Total community contributions⁴



Breakdown of community contributions



Community contributions

The Co-operative measures and reports on its community contributions using the London Benchmarking Group (LBG) model⁶. The LBG undertakes a detailed assessment of The Co-operative's stated community contributions and verifies that they have been prepared in accordance with LBG guidelines.

In 2009, contributions to the community, as recognised by the LBG, totalled £11.3m (2008: £11.5m). This equates to 3.8% (2008: 9.9%) of pre-tax profit⁷. Cash contributions, employee time and gifts all continued to grow; however, the relative reduction in overall contributions as a percentage of pre-tax profit results from increased pre-tax profits of £294.7m in 2009 (2008: £115m), following the merger with Britannia and the acquisition of Somerfield.

A further £1.2m was invested in the Co-operative Movement via The Co-operative Loan Fund (page 93), The Co-operative Enterprise Hub (page 92) and support for the credit union movement (page 48). A total of £107,000 was invested in Outreach programmes including film premiere events for Burma VJ (page 28) and Vanishing of the Bees (page 80). Taken together, this raises The Co-operative's total contributions to £12.6m (2008: £11.7m) or 4% (2008: 10%) of pre-tax profit.

Performance benchmark

The Co-operative contributed 3.8% of pre-tax profits to the community in 2009. By comparison, an average of 0.8% of pre-tax profit was contributed to the community by member companies of the London Benchmarking Group over the period 2006–2009⁸.

The LBG model categorises contributions by their underlying motivation. In line with this classification, in 2009, 63% of LBG-

verified community contributions was classified as 'community investment' (long-term strategic involvement in community partnerships to address social issues). This figure includes priority social goals projects, such as From Farm to Fork (page 39), Green Energy for Schools (page 65) and The Co-operative StreetGames Young Volunteers (page 49), alongside grant-making funds, such as The Co-operative Foundation (page 17).

A further 29% of LBG-verified community contributions is classified as 'commercial initiatives in the community' (community activities that directly support the success of the company and promote its brand), and this includes payments made in relation to the bank's charity credit cards. During 2009, the bank issued credit cards for over 30 national charities/non-governmental organisations⁹. Affinity partners receive a donation from the bank for each new card and a margin on the use of the card thereafter. During 2009, partners received a total of £1,307,990 (2008: £1,448,522).

The remaining 8% of LBG-verified community contributions is classified as 'charitable gifts' (support for charitable and community organisations in response to needs and appeals), and includes one-off support for fundraising appeals as well as support via The Co-operative Booster Fund, which supplements colleagues' fundraising activities.

The 10 largest community contributions made in 2009 (comprising 44% of contributions¹⁰) are detailed below.

Community contributions: top 10 contributions in 2009

Project/programme	Community Plan theme	Contribution ¹¹
The Co-operative Foundation (page 17)	Inspiring Young People	£912,008 ¹²
Cambodia stoves – carbon offset project (page 64)	Combating climate change	£829,714
Green Energy for Schools	Combating climate change	£694,410
Toxic Fuels campaign (page 66)	Combating climate change	£448,173
The Britannia Foundation ¹³	Community projects	£432,158
RSPB charity credit cards (page 79)	Combating climate change	£405,154
Employee volunteering within Food retail	Community projects	£292,187
Consumer Credit Counselling Service – the UK's leading debt charity	Community projects	£287,671
Oxfam charity credit cards (page 26)	Tackling global poverty	£264,235
Kibale carbon offset project (page 64)	Combating climate change	£251,081

Employee time

Employees are encouraged to volunteer and raise funds for the benefit of the community. During 2009, 10,240 employees registered that they had taken part in community activities, contributing the equivalent of 136,834 hours or 18,244 days. This equates to a donation of time worth £1.66m (2008: £1.63m). The Co-operative Volunteer Programme allows staff to support their local communities through opportunities such as: mentoring homeless people back into employment, becoming school governors, and helping at local credit unions. As well as individual volunteering, teams of employees are encouraged to volunteer. In 2009, 100 team challenges took place around the country.

Employee volunteering¹⁴

	2007	2008	2009
Number of employees involved in community activity in work time	9,898	8,612	10,240
Number of days invested in community activity in work time ¹⁵	15,864	18,607	18,244
Value of staff time	£1,450,000	£1,630,000	£1,660,000

Gifts in kind

In 2009, in-kind contributions to the community (products, equipment, facilities or other non-cash items) totalled £593,000. The promotion of charity brands on The Co-operative's carrier bags, internet site and brand magazines, the use of premises for events, and donations of Fairtrade products have contributed to this total. A significant increase in 2009 can largely be attributed to the inclusion of Somerfield activity.

Gifts in kind

	2007	2008	2009
Gifts in kind	£219,000	£184,000	£593,000

LBG output and impact measurement

⊙ A methodology is being trialled, to assess community investment impacts, with a view to demonstrating the value of community programmes to the business and to external stakeholders.

The Co-operative Foundation

The Co-operative Foundation¹⁶, an independent charitable trust, was set up in 2000. Since 2000, £12.8m has been donated to the Foundation by The Co-operative, £9.6m of which has been invested in endowment funds that generate income for future disbursement, and £3.2m of which has been made available for distribution.

In January 2009, the Trustees made a final series of awards under the existing grant-making programme, before it was replaced by a new strategy.

Co-operative Foundation requests and awards

	2007	2008	2009
Number of applications	433	499	142
Total requested	£5.8m	£7.3m	£2.2m
Number of awards	85	63	16
Total disbursed	£895,714	£953,558	£253,970
Average request	£13,496	£14,589	£15,541
Average award	£10,538	£15,136	£15,873

The new grant-making strategy ⊙ The new grants scheme is focused on 'inspiring young people'. The aim of the scheme is to challenge and change negative perceptions held about young people. The scheme is called Truth about Youth and one grant of £140k each year for two years (£280k in total) will be given to one charity in each of the seven democratic regions. More information on 'Truth about Youth' can be found in the Inspiring young people section of the online Report [v](#).

By the end of 2009, grants of £280,000 each had been awarded to three organisations: Envision in Birmingham, YWCA in Cardiff and Regional Youth Work Unit in Tyne and Wear.



Truth about Youth: students from Envision's Birmingham programme pitch their plans for social and environmental projects.

Leverage

In addition to community investment made by the business directly, The Co-operative also operates a number of programmes that facilitate charitable giving by customers, employees and members. The most significant of these are the Charity of the Year and The Co-operative Membership Community Fund. The Fund is made up of donations made by members from their twice-yearly share of profits (2009: £1m). Another principal contributor to leverage is payroll giving (2009: £108,043¹⁷; 2008: £125,851).

Leverage

	2005	2006	2007	2008	2009
Leverage	£3.6m	£1.1m	£4.3m	£2.8m	£8.3m

The significantly higher leverage in 2009, compared to previous years, is due to the Charity of the Year partnerships of The Co-operative (RNID), which runs on a biennial basis, and Somerfield (Macmillan), as well as the inclusion, for the first time, of support for the Travel Foundation by The Co-operative Travel customers (page 24) and The Britannia Foundation.

The Co-operative Charity of the Year

⊙ A record £3.7m was raised for RNID, greatly exceeding an initial £2m target. This total represents a 64% increase on the 2007 Charity of the Year fundraising¹⁸, and is the largest amount ever raised for one charity by the business. It is considered to be a particular achievement during a recession which saw a decrease in year-on-year charitable giving in the UK of over 11%¹⁹.



HRH The Countess of Wessex, patron and trustee of RNID, visits The Co-operative head office to congratulate the business on its fundraising achievement.

The money was raised throughout the year by thousands of staff through a variety of events including cycle rides, mountain climbs, parachute jumps and a 'Santa Dash'. The money will fund the expansion of the charity's vital Hear to Help service. Hear to Help trains volunteers, many of whom have a hearing loss, to provide support to hearing aid users in their local communities. Over 20 new projects will be established in communities across the UK as a consequence of the funding, reaching more than 20,000 people who are deaf or hard of hearing. In addition, RNID delivered 119,726 free hearing checks to staff, customers and the public during the year.

In 2009, Somerfield continued to support Macmillan Cancer, a partnership that began in 2007. A new campaign, titled Better Together, aimed to help Macmillan raise awareness of local cancer services and raise money to support them. Since 2007, the partnership has raised over £2.5m, including £588,000 raised by Somerfield in 2009 for the new campaign.

The Community Fund

The Community Fund supports community, voluntary and self-help organisations by awarding small grants of between £100 and £2,000. The Community Fund is a trading name of the Co-operative Community Investment Foundation, a registered charity²⁰ which is governed by a Board of Trustees. Whilst Trustees have a legal responsibility for the core decisions of the charity, they have devolved decision-making to The Co-operative's 46 area committees. Applicants must demonstrate that their organisation carries out positive work in the community, and that their project includes all, or most, of the following: addresses a community issue, provides a long-term benefit to the community, supports co-operative Values and Principles, and is innovative in its approach.

A reduction in the number of awards made and total awarded in 2009 can be attributed to the closure of the scheme between January and May, to enable a new online application form to be introduced. A change in criteria was also introduced with the maximum grant size being reduced from £5,000 to £2,000. These changes were agreed by the Trustees in January 2009, following feedback from area committee members on how the scheme could be improved. Another review will be carried out with area committees in 2010, to ascertain their views one year on from the changes being implemented.

Community Fund requests and awards

	2007	2008	2009 ²¹
Number of requests	4,467	2,614	–
Number of awards	2,270	1,515	938
Total disbursed	£1m	£1.3m	£1m
Average request	£1,026	£1,286	–
Average award	£467	£843	£1,075

Read more in this Report

Community involvement in relation to:

- International development and human rights (page 26).
- Diet and health (page 39).
- Social inclusion (pages 49–50).
- Diversity (page 54–55).
- Climate change (pages 66).
- Waste and packaging (page 73).
- Persistent, bioaccumulative and toxic (PBT) chemicals (page 85).
- The Enterprise Hub and The Co-operative Loan Fund (pages 92–93).
- Support for co-operative schools (page 93).
- Charity credit cards (pages 26 and 79).
- Inspiring Young People section in the online Report 

Accompanying notes

- The UK Social Investment Consultancy (2009) 'Corporate giving to be cut by a third'.
- www.ica.coop/coop/principles.html
- Including customers and colleagues.
- Comprises contributions 'spent' in the calendar year.
- 2009 pre-tax profit for The Co-operative was £294.7m (2008: £115m). Increase of profits is due to merger with Britannia and purchase of Somerfield (page 6). Of the total, the following contributions were attributable to CFS: cash: £3.4m (former CFS: £2.8m); employee time: £0.1m (former CFS: 0.08m); gifts in kind: £0.01m (former CFS: £0m); management costs: £0 (former CFS: £0m); bringing CFS' total community investment to £3.5m (former CFS: £2.9m), or 1.1% of pre-tax profit.
- The LBG model provides a set of measures to capture inputs such as cash, time and in-kind donations, as well as the management costs associated with running a community programme. The model also captures the outputs and longer-term impacts of community involvement activity on society and business.
- Of this, £3.5m was attributable to CFS (former CFS: £2.9m); 1.6% of CFS' pre-tax profit.
- London Benchmarking Group (LBG), Annual Review 2009. Data refers to the 121 member companies of LBG who report their community investment contributions using the LBG model.
- <http://www.co-operativebank.co.uk/servlet/Satellite/1193206374589,CFSweb/Page/Bank-CreditCards>
- Total contributions excluding management costs in 2009 were £10,964,513.
- Contributions include cash, value of staff time, and in-kind donations.
- Represents all contributions made to the Foundation. £253,970 was disbursed by the Foundation in 2009.
- http://www.britannia.co.uk/_site/corporate/in-the-community/foundation.html The Foundation offers grants and donations between £1,000 and £25,000 to registered charities and schools working within education, particularly numeracy and/or financial literacy. It is an independent registered charity, number 1069081 and has its own Board of Trustees who evaluate all grant applications.
- The 2007, 2008 and 2009 employee volunteering figures were based upon staff responses to an intranet request for information on individual volunteering, and are not considered to be complete.
- Where a day is considered to represent 7.5 hours.
- The Co-operative Foundation is a trading name of The Co-operative Charitable Foundation, registered charity number 1080834, England & Wales, www.co-operative.coop/foundation
- Of which £62,627 (2008: £125,551) was attributable to CFS.
- Charity of the Year 2007 was The Children's Society; £2,247,907 was raised.
- Study by the Charities Aid Foundation and the National Council for Voluntary Organisations. <http://www.ncvo-vol.org.uk/research/giving>
- Registered charity number 1093028, England and Wales, www.co-operative.coop/communityfund
- It was not possible to report on the number of requests made in 2009 as the database holding the information, at the time of writing, is under reconstruction. The data given has, instead, been taken from the financial management system.