

# COMMUNITY INVESTMENT

## Background

The majority of large businesses now recognise community investment as part of their overall approach to social responsibility. For some, community investment is characterised by philanthropic giving with the expectation of little return, whilst others design programmes to attain commercial advantage or support their social licence to operate. It remains to be seen how the impacts of the recession will affect the long-term strategic contributions of UK businesses.

## Materiality and strategy

The Co-operative approach to business is guided by co-operative values and principles, and includes 'concern for community'. With a presence in every UK postal area and overseas links, community impact is extensive and supported by a relatively generous investment programme. Furthermore, 'keeping communities thriving' is a major priority in the Ethical Operating Plan (page 13).

🎯 Targets 2010	Progress	Targets 2011
<b>Indicator: Community contributions: percentage pre-tax profit</b> (Performance benchmark page 18)		
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 2010.	✔ During 2010, 1,691 awards were made to community groups, totalling £1.7m (page 20).	Provide financial support through The Co-operative Membership Community Fund to a minimum of 1,500 community groups across the UK, totalling at least £1.5m during 2011.
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.	✔ The final four partners for the Truth about Youth programme were selected in April 2010 (page 19).	Develop a new three-year (2012–14) grant-making strategy for The Co-operative Foundation's Truth about Youth programme.
Assess community investment impacts across a minimum of three major community programmes.	✔ Impact assessment for three major community programmes has been completed: The Co-operative Streetgames Young Volunteers (page 57), development uplift projects (page 30) and carbon offset projects (pages 67 and 68).	
		<b>EOP</b> Ensure that 10% of the profits available for distribution is made available for community investment by 2013, with £5m deployed per annum to tackle UK poverty around stores and branches.
		<b>EOP</b> Stores and branches to act as a focus for 10,000 community initiatives per annum.
<b>Indicator: Employee time: days contributed</b> (Performance benchmark page 19)		
<b>Indicator: Leverage</b>		
		With staff and members, raise £5m for 2011 Charity of the Year, Mencap.

## Community contributions

In 2010, community contributions totalled £12.4m<sup>1</sup> (2009: £12.5m 📊), which equates to 4% (2009: 4% 📊) of pre-tax profit<sup>2</sup>. The 10 largest community contributions made in 2010 comprise 38% of all contributions<sup>3</sup> (page 8). From 2010, reporting encompasses the full extent of community investment, including support for the Co-operative Movement which in 2010 amounted to £1.3m (2009: £1.2m). Investment in the Co-operative Movement includes: donations to The Co-operative Loan Fund (page 99); The Co-operative Enterprise Hub (page 98); support for the credit union movement (page 51); and outreach activities, such as film screenings that support campaigning activity.

A new 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 StreetGames Young Volunteers has been assessed (page 57), and two international development programmes – development uplift (water, sanitation and green energy, page 30) and carbon offset (pages 67 and 68) – underwent impact measurement in 2011.

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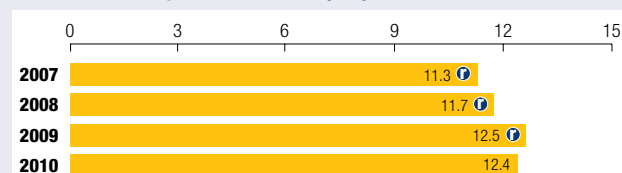
### Community investment 2010

**£12.4m** invested in the community in 2010  
2009: **£12.5m**

### Performance benchmark

The Co-operative contributed 4%<sup>4</sup> of pre-tax profits to the community in 2010. By comparison, on average less than 1% of pre-tax profit was contributed to the community by member companies of the London Benchmarking Group (LBG) over the period 2006–2009<sup>5</sup>.

### Total community contributions (£m)



### Breakdown of community contributions<sup>6</sup> (£m)

	2007	2008	2009	2010
Cash	9.2	8.8	9.9	10.4
Employee time	1.5	1.6	1.7	1.3
Gifts in kind	0.2	0.2	0.5	0.2
Management costs	0.4	1.1	0.4	0.5
<b>Total</b>	<b>11.3</b>	<b>11.7</b>	<b>12.5</b>	<b>12.4</b>

In 2010, cash contributions continued to grow; however, there was a decrease in staff time and gifts in kind as this was a fallow year for the biennial Charity of the Year programme.

Contributions can be classified by their underlying motivation<sup>7</sup>. In 2010:

- 62% of community contributions were classified as 'community investment' (long-term strategic involvement in community partnerships to address social issues);
- 27% were classified as 'commercial initiatives in the community' (community activities that directly support the success of the business and promote its brand); and
- 11% were classified as 'charitable gifts' (support for charitable and community organisations in response to needs and appeals).

### Community contributions and impacts: top 10 contributions in 2010

Project/programme	Ethical Operating Plan priority	Contribution <sup>8</sup>	Impact
The Co-operative Foundation (page 19)	Inspiring young people	£1,050,004 <sup>9</sup>	Truth about Youth partnerships have been established with seven charities, to challenge and change negative perceptions of young people.
Green Schools (page 57)	Inspiring young people	£540,000	In 2010, more than 128,000 young people learned how to live more sustainably, for example, via initiatives such as Walking Buses, which were established in 82 schools.
Support for Co-operative Schools (page 56)	Inspiring young people	£453,000	Over 100 Co-operative Trust schools were established by end of 2010, and support is provided to a schools network, 10 Business and Enterprise Colleges, and two Co-operative Academies.
Cambodia stoves – carbon offset project (page 67)	Protecting the environment	£440,000	In 2010, 55,400 stoves were funded, which will avoid emissions of 83,100 tonnes of CO <sub>2</sub> over four years, benefiting an estimated 230,000 people by reducing fuel costs and pollution.
The Britannia Foundation (page 21)	Inspiring young people	£406,000	61 awards made to support educational charities, with a particular focus on numeracy and financial literacy.
RSPB affinity credit cards (page 87)	Protecting the environment	£398,000	Monies raised for UK wetlands; in 2010 enough to manage nearly 2,000 hectares of reedbed for one year.
Support for Consumer Credit Counselling Service	Ethical finance	£376,000	Contribution via 'fairshare' payments to charities offering debt advice and solutions to Co-operative customers.
The Co-operative StreetGames Young Volunteers programme (page 57)	Inspiring young people	£334,000	In 2010, 31,215 young people participated in sports activities run or assisted by Co-operative StreetGames Young Volunteers.
Plan Bee Campaign (page 86)	Protecting the environment	£310,000	Over 600,000 packets of wildflower seeds were distributed in 2010 to help provide nutrition for bees; urban beekeeper training workshops held will result in around 300 new beekeepers by the end of 2011.
The Co-operative British Youth Film Academy (page 58)	Inspiring young people	£265,000	In 2010, 10,168 young people benefited from the programme, which gives young people experience of working on a film set with professional filmmakers.

**Social responsibility**

Ecological sustainability

Delivering value

Assurance

**Employee time**

During 2010, 8,435 employees registered that they had taken part in community activities during work time, contributing the equivalent of 94,289 hours or 12,571 days. This equates to a donation of time worth £1.3m (2009: £1.7m).

Employees involved in community activity				
	2007	2008	2009	2010 <sup>10</sup>
Number of employees involved in community activity in work time	9,898	8,612	10,240	8,436
Number of days invested in community activity in work time	15,864	18,607	18,244	12,571
Value of staff time (£m)	1.5	1.6	1.7	1.3

**Performance benchmark**

Employee time invested in community activity is three times that of the average LBG member organisation (average 4,073 days) invested in 2009<sup>11</sup>.

The Volunteer Programme allows staff to support their local communities through opportunities such as mentoring homeless people back into employment or becoming school governors. CFS' Skills4Schools programme (page 52), which helps school children improve their numeracy, financial literacy and employability skills, is delivered entirely by staff volunteers. As well as individual volunteering, teams of employees are encouraged to volunteer. In 2010, 116 team challenges took place across the UK. One-off support is also offered for fundraising appeals via The Co-operative Booster Fund, which supplements colleagues' fundraising activities.

CFS employees take part in a team challenge to provide social activities for elderly people in a care home.



**Gifts in kind**

In 2010, in-kind community contributions (products, equipment, facilities or other non-cash items) totalled £201,000. The use of premises for events, and donations of Fairtrade products, also contributed to this total. Variation in year-on-year performance can be largely attributed to biennial Charity of the Year fundraising support.

**The Co-operative Foundation**



To date, £13.7m<sup>12</sup> has been donated to The Co-operative Foundation<sup>13</sup>, an independent charitable trust established in 2000. The Truth about Youth grant-making scheme is now the primary focus of The Co-operative Foundation, and aims to challenge and change negative perceptions of young people. In April 2010, the Trustees made the final four of seven awards to charity partners in each democratic region.

Grants of £280,000 are provided to each of the following charities over two years: Envision in Birmingham; Platform 51 (formerly YWCA) in Cardiff; Regional Youth Work Unit in Tyne and Wear; Prince's Trust in Bristol; Young Scot in Glasgow; Oval House in London; and the Royal Exchange Theatre in Manchester.

A total of £2m has been committed to the programme, and a longer-term strategy will be developed during the course of 2011.

**Truth about Youth**

The North West Truth about Youth programme will enable young people to create cross-generational projects that explore society's attitudes to youth. In a programme of mentoring and training with Manchester's Royal Exchange

Theatre staff, young people will develop the practical skills required to lead arts projects or manage a venue. The programme will culminate in a two-week festival in 2012, organised by the young people involved.



Young people from the Royal Exchange Theatre's Manchester programme interview the Chair of The Co-operative Foundation Trustees, Maria Cearns.

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## Leverage

In addition to community investment made 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 Co-operative Charity of the Year and The Co-operative Membership Community Fund. Other key contributions to leverage include:

- sales of Fairtrade products generating premiums for investment in social, environmental or economic development projects totalling an estimated £3.6m in 2010 (page 24);
- sales of The Co-operative Fairbourne Springs water which incorporates a customer donation of 3p per bottle to the One Foundation, amounting to £1.1m in 2010 (page 79);
- in-store sales of Gold Heart badges for the Variety Club, supported by celebrity Alesha Dixon, which raised £883,000 in 2010;
- support for the Travel Foundation by The Co-operative Travel customers, which contributed £253,000 (page 28) in 2010; and
- payroll giving, which contributed £106,000 in 2010 (2009: £108,000).



Leverage				
	2007	2008	2009	2010 <sup>14</sup>
Leverage contributions (£m)	4.3	2.8	8.3	8.8

Leverage in 2010 is higher than in previous years, due to the inclusion of Fairtrade premiums in reported contributions for the first time. Biennial Charity of the Year fundraising was undertaken in 2007 and 2009. Since 2008, contributions to The Co-operative Membership Community Fund have increased by 30%. Variety Club Gold Hearts were introduced for sale in branches during 2010.

### The Co-operative Charity of the Year

Between July and August 2010, staff and members cast 42,415 votes – double those cast in the previous vote – to elect Mencap The Co-operative Charity of the Year 2011.



The money raised by the 2011 partnership will enable Mencap and its sister charity, ENABLE Scotland, to launch a new project 'Inspire Me', which aims to support 20,000 young people with a learning disability. The project will provide participants with access to activities and training that will build confidence and life skills, together with volunteering and employment opportunities. A fundraising target of £5m has been established, a significant increase on the £3.7m raised for RNID in 2009 and £2.2m raised for The Children's Society in 2007.



Charity of the Year fundraising began in November 2010 with The Co-operative Santa Dash. More than 800 'Santas' ran, jogged or walked 5km in support of Mencap.

**Community groups supported 2010**

**1,691** groups supported by The Co-operative Membership Community Fund  
2009: **938**

### The Co-operative Membership Community Fund

The Co-operative Membership Community Fund<sup>15</sup> supports community, voluntary and self-help organisations with small grants of between £100 and £2,000. The Fund is supported by members who donate some, or all, of their twice-yearly share of profits. There was growth in both the awards made last year, as well as the amount donated (page 94), with £1.7m awarded to 1,691 community groups. This increase followed the online application process becoming fully operational in 2010, and promotion of the scheme to former Somerfield and Britannia customers.

Decision-making on grant applications is undertaken by The Co-operative's 48 area committees. Awards are made to organisations or projects that carry out positive work in the community, and meet all, or most, of the following criteria: addresses a community issue, provides a long-term benefit to the community, supports co-operative values and principles, and is innovative in its approach.

During 2011, a new marketing strategy will be developed that will aim to support committees to increase Community Fund applications, particularly from areas where a lower proportion of applications are received.

Community Fund requests and awards				
	2007	2008	2009	2010
Number of requests	4,467	2,614	2,198	4,453
Number of awards	2,270	1,515	938 <sup>16</sup>	1,691
Total dispersed (£m)	1.0	1.3	1.0	1.7
Average award (£)	467	843	1,075	1,029

## Springfield Community Flat in South London

The Co-operative Membership Community Fund is supporting people at the Springfield Community Flat in South London, and has awarded a grant of £1,954 to its Hobby Electronic Club. The club enables local children to learn basic electronics skills, through designing and building gadgets such as radios and metal detectors from recyclable electronic equipment.

John Hepple, who runs the club said: *"It is great to see how enthusiastic the young people are about the club. Not only are they learning new skills around electronics, they are also learning how to work together and other transferable skills which will be useful no matter what they decide to do."*



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## The Britannia Foundation and Community Fund

In 2010, the Britannia Foundation<sup>17</sup> was supported with a donation of £500,000. The Foundation offers grants of between £1,000 and £25,000 to schools and registered charities working within education, with a particular focus on supporting numeracy and financial literacy. In 2010, 61 awards were made, totalling £405,677. The Britannia Community Fund also supports schools and educational charities, awarding smaller grants (up to £1,000) to 294 groups totalling £51,697 in 2010.

## Charity credit cards

During 2010, The Co-operative Bank issued credit cards for 15 national charities or non-governmental organisations. Affinity partners receive a donation from the bank for each new card and a margin on the use of the card thereafter. During 2010, partners received a total of £1.3m (2009: £1.3m).



## Accompanying notes

- The Co-operative measures the majority of its community contributions using the London Benchmarking Group (LBG) model, which in 2010 totalled £11.1m (2009: £11.3m). The LBG undertakes a detailed assessment of 75% of The Co-operative community contributions and verifies that they have been prepared in accordance with LBG guidelines. Additionally, The Co-operative invests in communities via support for the Co-operative Movement, which is not captured in the LBG model.
- Of this, £3.3m was attributable to CFS, 2.9% of CFS' pre-tax profit.
- Total contributions in 2010, excluding management costs, were £11.9m.
- Contributions for LBG verified community investment amounts to 3.6% of pre-tax profits.
- London Benchmarking Group (LBG), Annual Review 2010. Data refers to the 121 member companies of LBG who report their community investment contributions using the LBG model.
- All 2010 contributions include support for the Co-operative Movement. Historic cash and management cost contributions include support for the Co-operative Movement; however, historic data relating to time and gifts in kind invested in the Co-operative Movement is not available. It is anticipated that this addition would not significantly impact on previous performance.
- In line with classifications set out in the LBG model.
- Contributions include cash, value of staff time and in-kind donations.
- Represents all contributions made to the Foundation. £1.0m was disbursed by the Foundation in 2010.
- 2010 data includes support for the Co-operative Movement. Historic data is not available.
- Based on 2009 performance data supplied in the London Benchmarking Group (LBG) Annual Review 2010.
- Of this, £9.6m has been invested in endowment funds that generate income for future disbursement, and £4.1m of which has been made available for distribution. £93,313 has been earned in interest in 2010.
- The Co-operative Foundation is a trading name of The Co-operative Charitable Foundation, a registered charity, which is governed by an independent Board of Trustees.
- Includes support for the Co-operative Movement and Fairtrade premiums. Historic data for these areas of investment is not available.
- The Community Fund is a trading name of The Co-operative Community Investment Foundation, a registered charity, which is governed by a Board of Trustees.
- The reduction in 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.
- The Britannia Foundation is an independent registered charity, which is governed by a Board of Trustees.