

Rootstock is a social investment society set up as an initiative of the Radical Routes network of co-operatives. Radical Routes is a network of housing and workers' co-operatives and co-operative social centres working for social change, aiming to create a socially just and ecologically sustainable society. Co-operatives that Rootstock supports are involved in:

- **communal housing**
- **sustainable land use**
 - permaculture
 - land restoration
 - woodland creation
 - growing and distributing organic food
- **campaigning and action**
 - anti-militarism and peace work
 - ecological and animal defence
 - asylum-seeker support and anti-fascist action
 - civil liberties and trade justice
- **food**
 - wholefood shops and co-ops
 - organic veg box schemes
 - veggie & vegan catering
- **home education**
- **sustainable land use**
 - permaculture
 - land restoration
 - woodland creation
 - growing and distributing organic food
- **community resources**
 - meeting spaces
 - social clubs
 - skill-sharing and community outreach
- **support services**
 - book keeping and accountancy
 - printing and design
 - training and consultancy
 - mediation and group working
 - corporate research and info dissemination
 - magazine & zine publishing

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Rootstock Ltd is a society for the benefit of the community registered under the Industrial and Provident Societies Acts to promote and support the development of co-operatives. Registered number 28732R.
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Introduction

Rootstock was set up in 1998 as an initiative of Radical Routes - a network of co-operatives (co-ops). It was set up to provide a way for people to financially support a growing number of housing and worker co-ops and social centres. The money Rootstock invests in co-ops provides a much needed (and often crucial) source of finance for many co-ops wishing to set up. This investment has become even more important as rising house prices have made it more difficult to raise the finance necessary to buy property.

As an investors Co-op, Rootstock is able to attract investment to the co-operative movement.

The day to day running of Rootstock is carried out by the Rootstock worker. Their work is overseen by the Committee. Once a year Rootstock holds an Annual General Meeting to which all our investors are invited.

Rootstock is a social investment society set up as an initiative of the Radical Routes network of co-operatives. Rootstock builds on the success of Radical Routes in raising investment and making loans to cooperatives working for a socially just and ecologically sustainable society.

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What is a co-op?

Co-operatives are ventures controlled by their members who each have one vote. Decisions are made democratically by those involved, not by outside owners. Co-ops have traditionally been and continue to be grassroots, community based organisations with a particular sensitivity to ecological and social justice issues. They are a vehicle for disadvantaged groups and communities to take control over their local environment by working together for the common good. Co-ops exist all around the world as viable and concrete alternatives to the excesses of multinational capitalism.

There are three types of co-op in Radical Routes:

Workers' Co-ops are businesses run democratically by those who work in them. All permanent employees normally become members of the co-op after serving a probationary period. Profits are kept by the co-operative and there is often a strong commitment to skills-sharing. All Radical Routes co-ops must be involved in socially useful work, promoting co-operative principles to the wider community.

Housing Co-ops are set up to provide housing for their members. Property is bought or leased by the co-op and rented out to members. People on low incomes are eligible for housing benefit towards their rent. For many people in insecure housing, these co-ops offer a welcome chance of decent, secure accommodation. Many Radical Routes housing co-ops also provide facilities for other co-operatives, community projects or resource centres.

Social Centres are private members clubs collectively owned and controlled by their membership. The most recent type of co-op to join Radical Routes, they serve a wide range of social functions, from bars and function rooms to bookshops and offices. The club allows those working for social change, together with a wider circle of people to have control over their social space and its resources. The membership elects a committee of management which runs the club and is re-elected annually.

History of co-ops

Modern co-ops date back to the 19th Century when working people struggled to take back some of the control that the capitalist system and urbanisation had taken from them. Co-op shops were established giving people a greater choice of better quality goods and services. These early co-ops opened people's eyes to new ways of working together - ways which still offer a challenging alternative today.

By the Second World War 'the Co-op' was the largest retailer in the country. After the war the spirit of the co-op movement was further developed by new types of co-ops such as workers' co-ops and housing co-ops. Just as the 19th century co-ops tackled the lack of availability of good, cheap food at that time, so workers' co-ops and housing co-ops have mushroomed in Britain since the 1960s, responding to the emergence of large-scale unemployment and homelessness. There are over 2,000 of these new co-ops in Britain today; providing housing and jobs to tens of thousands of people.

Recently there have been many co-operative initiatives in the field of finance, such as LETS schemes, credit unions, mutual guarantee societies and social investment societies. Rootstock is a social investment society aimed at providing finance for the growing number of small independent co-operatives that make up the Radical Routes network.

Financing Co-ops

The main finance for most co-ops looking to buy property comes in the form of a conventional mortgage. However, this will only usually cover 70% of the purchase price. Some of the remaining money is raised by borrowing money from supporters of the projects. But still co-ops usually need some additional capital. This is where the money invested via Rootstock is vital.

Radical Routes

Radical Routes grew from a small group of independent co-operatives which developed in the 1980s. These housed people who were interested in buying properties from which they could start other projects but who were unemployed or living on low incomes. 'Taking Control Events' were organised in various parts of the country. These were seminars on how to take control of housing and work by setting up co-operatives.

In 1988 the network took on the name 'Radical Routes' and began holding quarterly gatherings. A secondary co-operative, Radical Routes Ltd, was set up in 1992 which made it possible to raise investment centrally through a national investment scheme. Since then, Radical Routes has made over forty loans to member co-operatives totalling over £600,000.

These loans have often been used to 'top up' bank loans. In this way, Radical Routes loans have been used as leverage for a further £1.5 million of finance from other sources to help finance over £2 million worth of property, as well as financing equipment and property improvements. In this period only two co-ops have failed while owing money to Radical Routes, which has nonetheless recovered the debts from guarantors. As a lending record, we feel this is quite impressive. Most banks show a much higher failure rate than this.

"The contribution that Radical Routes has made to the development of co-operation in the UK can not be overstated."

**Graham Mitchell,
Total Coverage / Southampton
Area Co-operative
Development Agency**

How has this come about?

The method of making loans. The best people to assess whether a co-operative project will work are people from other similar co-operative projects, rather than bank managers with virtually no experience of co-ops. Radical Routes only makes loans to member co-ops, and then only when other member co-ops agree to the loan. This is a type of peer-group lending.

Some Radical Routes co-ops

Banks involved in 'micro credit' use peer-group lending to reduce the loan failure rate and reduce the cost of assessing loans.

The support network provided by Radical Routes. Setting up and running co-ops can be hard work, but through networking events, people draw support from what others are doing. Radical Routes gatherings ensure that co-ops have plenty of chances to meet other co-ops and share their experiences and knowledge. There are also international meetings with networks in Germany and the Netherlands which are similar to Radical Routes. In addition to this informal support and motivation, Radical Routes and its member co-ops can provide technical advice; support and training on many of the practical, legal and financial aspects of setting up and running a co-operative enterprise.

In 1998 Radical Routes took its development a stage further with the establishment of Rootstock Ltd.

Previously, Radical Routes raised investment mostly in the form of 'loan stock' and long term loans which had to be repaid on agreed dates. This was very successful, raising over £400,000. However, substantial sums of money had to be set aside for repayments, and this limited the money available to lend to co-ops.

There were also legal restrictions on how often loan stock could be issued. Rootstock does not have these limitations. Because investment is in the form of shares, there is no need for a fixed final repayment date. Instead, the shares are normally withdrawable subject to a period of notice. So a higher proportion of the money can be lent out to co-ops. Also there are currently no restrictions on how often withdrawable shares can be issued, so people can invest when they please. As shareholders, investors are members of Rootstock Ltd and have a say in the running of the organisation. All in all, Rootstock shares provide greater flexibility for investors and greater benefit to co-ops.

Cornerstone

Cornerstone owns two large Victorian houses in Chapeltown, Leeds, which house 13 adults and one child. The members have a shared focus on social and ecological justice and communal meals are vegan. The broadly-based aim of the co-op is that members are working for social change. Their small resource centre and cellars currently host Footprint Workers Co-op, a printing business with three members, two of whom live at Cornerstone. Other interests pursued include vegan cooking, community centre building, eco-action, dj-ing, music-making, animal rights campaigning, climbing, squatting and queeruption. They are the publications and contact point for Radical Routes.



Cornerstone Housing Co-op, Leeds

Talamh Housing Co-op

Talamh Housing Co-op is based in a seventeenth century house at Birkhill House near Coalburn, South Lanarkshire. There are ten members of the Co-op with their children as well as horses, dogs, cats, ducks and chickens. There'll often be guests staying too.

They have a shared house with members renting their own space from the Housing Co-op. They are an intentional community because the members have chosen to live near each other for reasons of friendship and shared ideals. At least one meal a day is eaten together. The Housing Co-op is in turn managed by its members who make running decisions by consensus at weekly meetings.

It can often seem pretty chaotic there, but every member takes a part in the running of the co-op. As well as the day to day housework, members also put a lot of time into community and environmental work. To help promote this work, a charity was set up in 1998 called Talamh Life Centre.

Some Radical Routes Co-ops

Zion Housing Co-op

Zion received a loan from Radical Routes which helped them to buy a former pub (the 'Nutclough Tavern') in Hebden Bridge in December 2003.

In the words of a co-op member:

The story of the Nutclough Tavern so far is one of hard work, but rich rewards. Initially the focus was on working out a way of living together which was harmonious, warm and nurturing. The ride was a bit bumpy, but we're there now, touch wood, and we have a communal meal every evening.

To ensure financial stability we had to create a ninth bedroom and turn a cold, damp, bare, stone-walled and -floored, unheated room on the end of the house into a warm, comfortable and attractive rentable space. This involved putting in new sound-proofed walls, new windows, plumbing, heating, lighting, then making it all nice with carpets and a lick of paint.

Then we discovered the underground river, and Bear the friendly builder disappeared for days at a time down a hole so vast even his great bulk was dwarfed within it, before emerging heroically, having found a way for the waters to depart.



Zion Housing Co-Op, Hebden Bridge.

Now, with a new concrete floor, below which lies a network of canals which could grace Venice, we are ready for our oak floor. Dancers, movers and yoga fans are queuing at the door ready to make use of the studio and pay us good money.

Brambles

Brambles is a home for an eclectic mix of people and urban wildlife and a stop-over point for many more. We come from a mix of genders and social backgrounds with a wide range of skills to share between us. The co-op itself has been housed since 1992, being the recipient of the very 1st Radical Routes loan and has housed over 60 people during this time; with members staying from months to many years. We share two neighbouring houses, vegetable patches, fruit trees, wildlife garden and frog pond in a vibrant, multicultural, but economically poor area of Sheffield. Brambles provides its members with a secure, supportive environment from which we both work together and do our own stuff too. The co-op acts as a focal point for resources and information and as a free meeting space for local groups. Brambles is ecological and anarchic in focus with no rotas and very few boundaries and a lot of learning under our collective belts. Communal meals generally happen and the recycling and compost systems are pretty funky and efficient.

One Community

One Community is a housing co-operative that owns and manages the farmhouse at Keveral Farm near Looe in Cornwall. Keveral Farmers Limited, a workers' co-op manages the land and farm buildings. Keveral Farm has been an organic community for twenty-five years, and the 27 acres of farmland is organically certified by the Soil Association. The farm was purchased in January 1997 with the help of loans from Radical Routes and Triodos Bank after previously renting from Patchwork Housing Association.

Most income from the land comes from the sale of the organic vegetables through a local vegetable box scheme, started in June 1997. There is also a camping area and a visitors' barn for courses, gatherings and holidays. The general aim of the community is to create a more self-reliant and sustainable way of life; and to share resources and experiences with others.

Upstart

Upstart is a workers co-operative with charitable aims, based in Yeovil, Somerset. Since 1998 they have been providing a range of training, consultancy and financial services to new and existing social enterprises./ Their goal is to encourage the growth of 'clusters' of networked mutual enterprises, so that a sustainable and community-based economy can emerge. They research new business ideas, such as carpools, radical social clubs, renewable energy co-ops and commercial permaculture projects. Upstart provide high quality financial services to existing businesses, including many Radical Routes members. They are currently contracted to provide bookkeeping and other accounting assistance to Radical Routes. They run many training courses in all areas of co-operation and social enterprise. These include residential courses on 'How to set up a Housing Co-operative', free public events to promote the social economy and tailor-made workshops for more mainstream businesses. Upstart members have considerable practical experience of the social economy between them, having founded and worked in many different co-operatives and credit unions.

Cowley Club

The Cowley Club is a social centre on the busy London Road in Brighton. It houses a cafe and bookshop during the day, a private members bar during the evenings, and is a base for a variety of other projects.

The club is collectively owned and run as a base for those involved in grassroots social change and those sympathetic to such activities, giving us control over our social space and resources. It is run entirely by volunteers - no one gets paid, and no one is making any profit. Instead, we are trying to provide a much needed alternative to everything else around us.

'For a social system based on mutual aid and voluntary co-operation; against all forms of oppression. To establish a share in the general prosperity for all - the breaking down of racial, religious, national and sex barriers - and to fight for the life of one earth.'

Q. What will happen to money invested in Rootstock?

A. *Some of the money will be kept in bank and building society accounts, available to repay investors. Rootstock will only use accounts with banks and building societies with ethical policies, such as Triodos Bank, Unity Trust Bank and the Ecology Building Society. The rest will be invested in fully mutual co-ops that are working for social and environmental change.*

Q. Will I receive interest on my investment?

A. *Rootstock is allowed to pay limited interest, sufficient to "obtain and retain capital to fulfil [its] objects". Normally interest will be paid in the form of additional withdrawable shares. These can be cashed in at any time (subject to the usual withdrawal conditions and notice) or left with Rootstock to generate interest themselves. Investors are invited to forgo their right to interest, or to ask for only half of the normal level of interest, as a way of further supporting Rootstock and the Radical Routes Network. Please contact us for the current rate of interest.*

Q. Do I need to pay tax on any interest I receive?

A. *Yes. If you are a UK resident, your interest will be paid gross, and it is your responsibility to pay any tax due on the interest. Non-UK residents will have tax deducted from interest. Rootstock is required to send in returns to the Inland Revenue of anyone receiving gross interest greater than an amount specified by law.*

Q. What benefits are there to being a member of Rootstock (besides interest on shares)?

A. *Members are entitled to attend general meetings and the AGM, at which the committee is elected (see below). At these meetings each member has one vote irrespective of the number of shares they hold. Members are entitled to a copy of Rootstock's Rules and will receive our Investors' Newsletter twice a year.*

How to Invest

To invest in Rootstock Ltd simply fill in the Share Application form enclosed, indicating the rate of interest you wish to receive, and send it with a cheque payable to "Rootstock Ltd". You will then be sent a share certificate.

Shares in Rootstock Ltd are 'withdrawable shares' and can normally be withdrawn subject to a maximum of thirteen weeks' notice. Shorter periods of notice will generally be required for sums less than £3,000. When shares are withdrawn, they are repaid at their nominal value of £1 per share, together with any accrued interest that has not yet been credited by the allotment of additional shares. Exceptionally, the right to withdraw shares may be suspended from time to time by the committee of Rootstock Ltd.

Rootstock uses its own experience and that gained from the Radical Routes network to minimise risks, but we cannot eliminate them entirely. Investment in Rootstock Limited should be seen as a means of furthering the aims of Rootstock and not primarily as a source of financial gain. At the time of writing, Rootstock is not a member of any investor compensation scheme. If you are in doubt about investing in Rootstock, you should consult an Independent Financial Adviser with specialist knowledge of social investments.

This document is not an investment advertisement within the meaning of the Financial Services Act 1986 or a prospectus within the meaning of the Public Offers of Securities Regulations 1995.

How Rootstock is run

Rootstock is run by a committee of management which is elected annually by the members on a one member, one vote basis. All Rootstock investors are members and as such elect this committee. All committee members must be a member of Rootstock Ltd., or a member of a society that is a member of Rootstock Ltd.

The financial, secretarial and general administration is carried out by Stepping Stones Housing Co-operative. They are contracted to carry out this work for one year after which it is either renewed or put out to tender for another co-operative. Stepping Stones have no decision making powers, and all work is overseen by the Committee.

'A co-operative business belongs to the people who use it - people who have organized to provide themselves with the goods and services they need. A co-operative operates for the benefit of its members. These member-owners share equally in the control of their co-operative. '

National Association of Co-operative Businesses, USA