

# The Camden Community Wealth Fund: The story so far

This is a draft document created to tell the story of the Camden Community Wealth Fund so far.



# Summary

The Community Wealth Fund is **an investment fund that provides repayable loans, equity finance, grants and business support to people, businesses and organisations across Camden**. It's main aim is to redistribute wealth and help reduce inequalities across Camden.

It will focus on making longer-term investments (i.e 10+ years) through a mixture of equity and debt; and support people who might otherwise struggle to access finance via more traditional investment routes.

The types of individuals, organisations and businesses that the fund will invest in will vary a lot. It might be a social enterprise, a community business, a tech for good venture, a cooperative, a start-up or a for profit business. It may also be an individual with ideas and talent, who needs support to develop their idea or business before seeking financial investment.

Regardless, each will be supported to demonstrate how their business or idea could be financially sustainable over time **and** crucially create significant, longer-term benefits to the people of Camden, bringing public good to our community.

The investments made through the fund will be 'repayable'. However unlike many other investment routes the timeframes for repayment will be much longer, ideally with reasonable interest rates. This will give people and businesses more time to repay any investment and importantly have more impact in Camden.

In addition to financial investment the fund will also offer non-financial support through mentorships, grants and access to workspace; helping those with earlier stage ideas explore their ideas before asking for investment.

The fund will choose to invest in individuals, businesses and organisations who can show how they can help to achieve the 4 mission priorities outlined in [We Make Camden](#) - our vision for the future of the Borough. As well as choosing to invest in ideas or businesses where other funders won't.

This might be into ideas and businesses that may be deemed 'too risky' or those that might need longer to pay back finance or see a real benefit to the people of Camden.

# Summary

We will also prioritise investing in people and businesses that might struggle to gain investment from elsewhere due to systemic barriers - such as those from previously ignored or historically underrepresented backgrounds.

We will make informed decisions about what we invest in based on local knowledge and experience. This means being bold in the way we engage local communities in the design and running of the fund. Inviting a diverse range of people to help us design the fund and make decisions about what we invest in. Helping us make sure we are investing in ideas and businesses that are right for Camden and are more likely to succeed in the longer-term.

Together we are designing a fund that is grounded in the needs of Camden's people and communities. A fund that supports us to reduce inequalities across Camden and keep economic value within the Borough. Ultimately a fund that allows us to invest in ideas and businesses that will help us shape the future of Camden together.



# Important words and phrases

Throughout this document you will hear and read lots of important words and phrases relating to the Camden Community Wealth Fund.

Some of the words, ideas and concepts might be new or unfamiliar to some people.

We have included this 'glossary' as a handy reference guide. We want to make the fund and the language used to describe it as accessible to as many people as possible.

<b>Investment</b>	Putting money into projects with the expectation of receiving a financial return
<b>Longer-term investment</b>	Money lent or invested to businesses or organisations that is 'repaid' over much longer timeframes. Timeframes will vary but repayments will likely to span 10+ years
<b>Patient finance</b>	Finance that is provided over a longer time period than is typically offered by commercial lenders, enabling organisations or businesses to focus on sustainable growth rather than short-term profits
<b>Return on investment (ROI)</b>	The total net profit (profit minus all costs and taxes) from an investment
<b>Social return on investment (SROI)</b>	The wider social or environmental benefit created as a result of an investment
<b>Repayable finance/loan</b>	Money lent to business and organisations that is repaid over an agreed amount of time
<b>Bankable</b>	Recipients of investment can demonstrate how their idea, project, business or organisation can make a sustainable financial return over time

# Important words and phrases

<b>Informed/relational investment</b>	Investment decisions are made based on the knowledge and experience of local people and communities. The aim of this is to increase the success rate of investments by creating a stronger link between the fund and the needs of Camden people and communities
<b>Equity</b>	Equity refers to owning a stake in a business or organisation
<b>Debt</b>	Debt involves borrowing money directly
<b>Grants</b>	Money that is given to organisations or businesses and is not repayable
<b>Co-investment</b>	Investment made by organisations/ businesses into the overall fund, in exchange for potential financial returns and/ or equity. Resulting in the fund replenishing over time and more money being available for investment
<b>Shareholder returns</b>	Financial returns or dividend payments that are made back to investors based on the success or growth of the business or idea they invested into
<b>Resident involvement/ participation</b>	How we will meaningfully involve local people and communities in the design, set-up and running of the fund. In particular how they will be involved in decision making around investment.
<b>Under represented groups</b>	Underrepresented refers to a person or group of people who are insufficiently or inadequately represented
<b>Social impact investment</b>	Social impact investing provides finance to organisations addressing social and/or environmental needs with the explicit expectation of a measurable social, as well as financial, return

# Context & history

Camden has long been a place of bold ideas and innovation. You only need to walk through Camden's famous market or spend an evening listening to young musicians at the Roundhouse to get a sense of the rich history and creativity that we have here.

**Our communities, businesses and institutions have, and continue to be significant creators of wealth and opportunity across the borough.**

However Camden is also a place of inequality and disparity. Lots of the wealth and economic value that we see generated across the Borough is often taken out of Camden. With many of our people, communities and businesses not benefiting from the significant economic growth we have seen in recent years and decades.

This is where we see the Community Wealth Fund playing a big part.

Camden Council, our partners and our communities are renowned for doing things differently. For approaching things with a rebellious spirit and experimenting in how we improve outcomes for the people of Camden - from citizen assemblies to our food cooperatives.

The Community Wealth Fund will be no different.

It is a more radical approach to how we address the inequality and disparity across our borough. It will play a significant part making sure that we share the benefits of Camden's economic growth more evenly and fairly with our people and communities.

# Why a Community Wealth Fund?

Since the 1980s we have seen a big decline in the amount of investment that is given to small to medium sized businesses/enterprises (SMEs) in the UK. With traditional investment bodies (i.e. banks/ financial institutions) opting to mostly invest in other financial institutions and property/assets - where there is often a higher return on financial investment and lower risk.

In addition, much of the financial investment that is made into SMEs is tied to high shareholder returns, often repayable over relatively short periods of time.

However we know that ideas and businesses which have the potential to have the most benefit to the people of Camden need investment and support over a longer period of time. Sometimes decades before we see their full potential or a financial return on their original investment.

Despite a maturing 'social impact investment' market there are still gaps in sustainable, long-term investment options that:

- are sourced locally, and informed directly by the knowledge of local people and communities
- set repayment terms over a longer period of time (i.e. 10, 15 years) so that long-term benefits can be realised. This is what we call 'patient finance'
- provide finance to those who may struggle to access investment via traditional routes. For example those from historically underrepresented backgrounds

These are some of the gaps we see the Camden Community Wealth Fund addressing.

# What is the Camden Community Wealth Fund?

The Camden Community Wealth Fund is **an investment fund that provides loans, repayable finance, grants and non-financial support to people, businesses and organisations across Camden.** It will support and invest in individuals, organisations and businesses that can show potential to achieve a financial return *and* have a real benefit to the people of Camden.

We want to create a fund that represents the diversity of Camden. We will therefore be supporting and investing in a wide range people, businesses and organisations. This could be someone who has an early stage idea and needs support developing their proposal before seeking investment; through to businesses and organisations who have an established product or proposition and are seeking investment.

There will be other examples but the types of organisations and business we might invest in include:

- a social enterprise, a community business, a tech for good venture or a cooperative looking to grow part of their organisation
- a Camden-based for-profit business that wants to increase the positive impact it has locally
- a charity with a trading arm who wants to spin out an existing service
- a person or group of people who are unsure how to translate a great idea on how to improve things for local young people into a viable business or initiative



# What is the Camden Community Wealth Fund?

All financial investments made are expected to make a financial return (bankable) over an agreed period of time. They must be backed up by a business model and plan that shows how they will be financially sustainable in the medium to longer-term.

Repayments will be expected over a much longer period of time (i.e. 10, 15 years), and ideally at a reasonable interest rate. This is called 'patient finance' and will give each organisation or business invested in time to see a financial return and see a significant benefit to people in Camden.

We want the fund to play an important part in helping us address inequalities facing people across Camden. Investments will therefore prioritise organisations and businesses run by or supporting those from under represented or marginalised groups.



# The Fund's early focus

In [We Make Camden](#) - our future vision for the Borough - we outlined 4 missions. These are hugely ambitious and we know they can't be delivered by any one organisation. As with all of our work, the Community Wealth Fund is about working collaboratively across Camden to deliver on these ambitions.

The 4 missions include:

1. **By 2030, those holding positions of power in Camden are as diverse as our community – and the next generation is ready to follow**
2. **By 2025, every young person has access to economic opportunity that enables them to be safe and secure**
3. By 2030, everyone eats well every day with nutritious, affordable, sustainable food
4. By 2030, Camden's estates and streets are creative and sustainable

The first iteration of the Community Wealth Fund will focus on Missions 1 & 2. Specially we will be aiming to:

Invest in businesses that create economic opportunity for young people in Camden

Invest in places and regeneration to reduce inequality and improve opportunity and outcomes for Young people in Camden

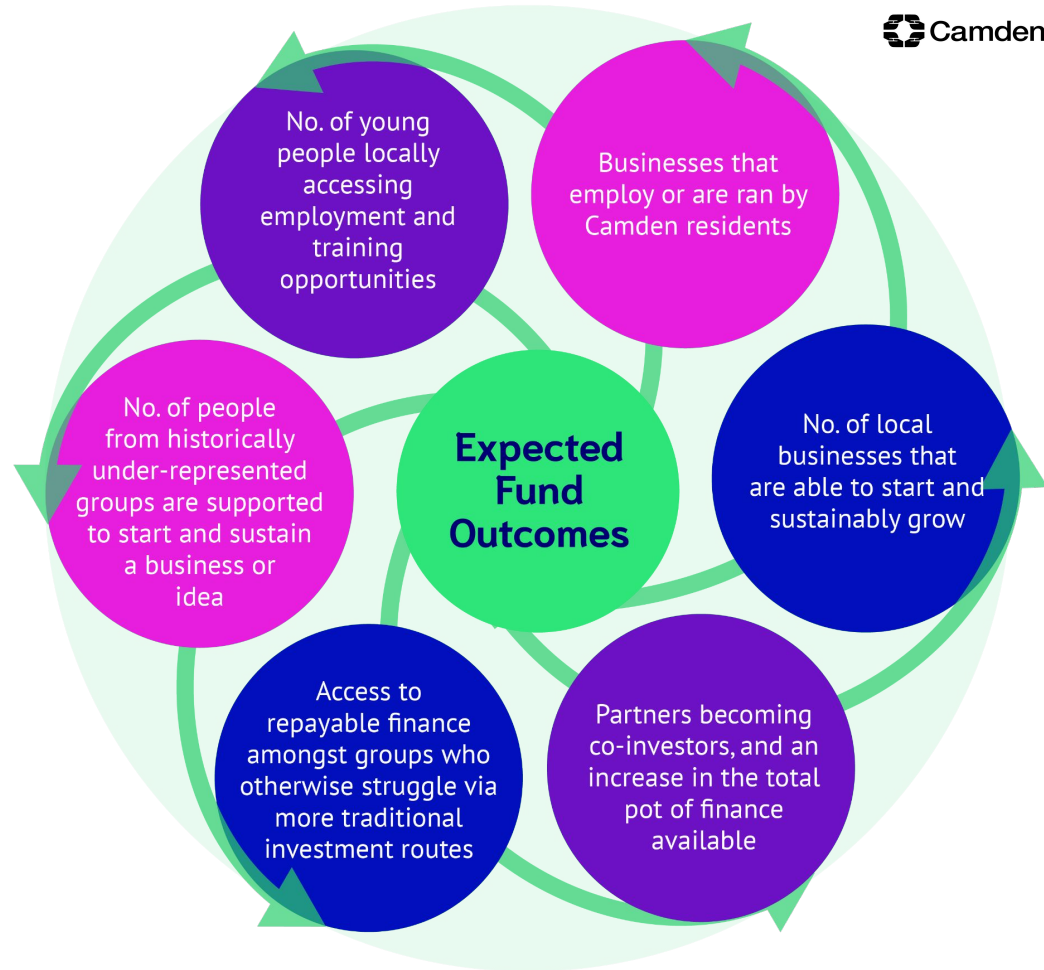
Invest in people projects that break down barrier to opportunity for young people in Camden

We will look to invest in individuals, businesses and organisations that can demonstrate how they can meaningfully contribute to these priorities.

It is important to say that the Community Wealth Fund is just one way of us delivering these priorities. As the fund develops we will be working hard to make sure it works alongside other interventions within and across the council and the borough.

# Early outcomes

Through early investments we make via the Community Wealth Fund, we would expect to see an increase in:



# Types of investment

We want to create a fund that represents the diversity of Camden. Therefore we will invest in a wide range of people, businesses and organisations.

To create a '**diverse portfolio**' we know that we will need to offer **flexible types of financial investment and non financial support**. This will look different depending on the type of organisation, their stage of growth and their legal set-up.

At this early stage of the fund's development, we imagine the 2 main types of financial investment to include:

- **Equity-based investment** - where we have a stake in a business or organisation through shares & dividends; offering investors potential to make profit through exit capital gains
- **Loans and repayable finance** - lending money/ finance to a business or organisation that earns interest over time. Repayment terms will be long-term (5-15 years)

From our research we know that people, businesses and organisations are looking for more than just financial investment. They are also looking for non financial support both before and after they seek investment. We imagine this non financial support to include:

- **Business support** designed around the needs of the applicant to help the local community explore how finance may unlock or grow their proposals;
- **Wider business support** focused on people with ideas and talent;
- **Access to work or market spaces** at affordable rates;
- **Non repayable grants**.

Overall the fund will aim to make healthy returns on investment, becoming self sustaining over time. It will also look to influence the wider investment market to support similar areas, businesses and organisations which may currently be underinvested in.

# How will the fund grow?

Initially Camden Council will be the main source of finance for the fund. We believe that we are the best organisation to create this type of patient finance for our borough because we have access to low-cost funding sources that can be invested to create new value. This will also allow us to grow the reputation and influence of the fund across Camden.

Initially we will be piloting the fund over 12-24 and evaluating how well it works and where it can be improved.

Over time we then hope for the Community Wealth Fund to grow and replenish. This will happen in 3 ways:

1. Through the repayment of investment and interest that is build up
2. Through the sale of equity investments if an organisation reaches maturity
3. Through businesses and organisations opting to become 'co-investors' in the fund

## What is co-investment?

Over time we will grow the fund and the overall money available to make investments through a 'co-investment model'.

Co-investment means attracting organisations and businesses to invest money into a central funding pot. These organisations and businesses will likely deliver a significant amount of their products/ services/ impact within Camden, even if they are not based here. This investment will be exchange for potential financial returns over time, and an opportunity to increase the positive impact they have within Camden. These organisations might include (but not limited to): anchor institutions, foundations or commercial businesses.

We recognise that it may take time to build the fund's reputation and attract significant co-investment. In the meantime we will look at other options, including:

- partnerships with other established funds (i.e. the [Growth Impact Fund](#))
- pro bono support offered by organisations (i.e. Google's Accelerator Mentorship programme)

# What might the fund invest in?

On the following pages you will find some **'fictional future stories'**.

We have created them to help people imagine how the fund might work and the types of investment and support that could be made in the future.

They have been created to show what a **'whole and balanced portfolio'** of CWF investments could look like.

# What might we invest in or support?

## A balanced portfolio

It is important to say that we don't expect all the support and investments we make to be 'successful' and make a financial return. **Some will fail.** This is perfectly normal and expected in an investment fund of this type.

That's why we will be taking a **'portfolio approach'**. An approach to help us manage risk by spreading our bets and investing in a diverse range of people, ideas, organisations and businesses. Where some will make a healthy return and others may not.

## Future Fund stories

These are illustrative examples of the types of investments the fund might make. They are **fictional and illustrative**, and have been created to help bring to life the people, ideas, organisations and businesses we might invest in. These are shortened versions, you can read the longer stories as part of the full Community Wealth Fund document.

### Magpie - an online events company

*Magpie* is an online cultural events business. Founded by Marchell and Siohan (21) during the pandemic. Investment from the fund would mean that they can produce more online events; allowing more people globally to access Camden based arts and culture events. They'll also use the investment to employ and train local young people from across Camden. Repayment terms over 10 years means they can grow sustainably.

### Leisure HUB - affordable fitness space

CanalLoop is a new local Camden property development. They are looking to develop the *Leisure HUB*, an accessible and affordable health and fitness space, made up of local fitness based start-ups, predominantly founded by those from historically underrepresented backgrounds. LeisureHUB is seeking investment to part fund the development of the HUB and training for local start-ups.

# What might we invest in or support?

## ***Rooted Studios*** - a recording studio

*Rooted* is a music recording studio set-up by Kwesi - a local Camden resident. It offers affordable recording space for musicians across Camden. Kwesi seeks investment from the Community Wealth Fund so that they can fit out more studio space and expand the commercial side of the business. He will use revenue made from his commercial clients to continue to offer free space to young people, and those from historically underrepresented backgrounds.

## ***Onward*** - a recruitment agency for care experienced people

*Onward* specialises in matching those with care experience to appropriate employment opportunities within Camden's technology sector. It is seeking investment in exchange for an equity stake, and would use it to develop a more sophisticated inclusion training and advice offer for employers. The inclusion training will increase the retention rates of young care experienced people placed in Camden tech based jobs. It will create a healthy revenue stream for Onward which can be used to explore acquisitions or mergers in the future.

## ***GenB*** - a Biosciences start-up

*GenB* is a biosciences start-up looking at new ways to use Artificial Intelligence to improve the design of gene therapy. Based in the London BioScience Centre in Camden, GenB seeks investment from the Community Wealth Fund as part of a bigger round of investment. They will use investment to scale and grow their local apprenticeship and training programme for young people and those from historically underrepresented backgrounds in Camden.

## ***Sustainable Construction School*** - retrofitting training

*The Sustainable Construction School* was set-up by Damarae a Camden based builder to offer affordable training and online courses in sustainable construction methods. He is seeking investment and business support to secure a permanent home for the school, train tutors and increase promotion across Camden to young people. To create a profitable revenue stream for the school, Damarae will also use the investment to develop online courses for people looking at doing small improvements to make their homes more energy efficient.



# What will community participation look like?

We have a strong history of finding creative and meaningful ways of engaging our people and communities in the decisions we make. Bringing people together to shape the future of our borough and help us make important decisions based on the experiences of people that live and work in Camden.

The Camden Community Wealth Fund is no different.

Given the Fund's aim to extend greater equality of opportunity for young people and those from historically underrepresented groups across Camden, it will be critical to meaningfully engage these groups of people throughout the Community Wealth Fund - from design to evaluation.

So far local young people have played an important role in shaping the fund's investment priorities. They have helped us guide decisions about what the fund should focus on and how it should involve young people and communities more broadly.

Meaningful community participation in the design and running of an investment fund of this nature isn't very common. So we'll be spending time over the coming months to find the most appropriate ways to make sure it runs throughout every aspect of the Community Wealth Fund.

# What will community participation look like?

We'll be aiming to make sure all community participation activity:

- **creates meaningful engagement with the community** throughout the process
- **provides an opportunity and pathway to employment** through their involvement in the CWF
- **equips residents to be involved in the process** and operation of the fund through training, knowledge sharing and exposure to fund operational processes

And shaping approaches that will support our local communities to:

- **shape the priorities** of the fund using their local knowledge and experiences
- **make decisions** about investments based on local knowledge of what might work locally
- **hold us to account** against the funds principles and values
- **capture the benefits** that investments make locally

We've included what shape this might take on the next page.

# What will community participation look like?

Our approach to engaging our communities in the design and running of the fund will include:

## Community Representatives

Around 4-5 individuals employed by Camden Council for around 2 years. Each 'Rep' will be given support and training to help us design, develop and deliver the Fund. Making sure we continuously bring lived experiences to the forefront of the fund.

## A Community Engagement forum

A Community Engagement forum will engage with the community to promote the fund, explain the investment application process and signpost business support. This forum will be led by the Community Representatives with support from the wider CWF Investment Team.

## Community Guidance Group

A forum for providing feedback, advice and help shape applicants proposals. It will offer a 'safe space' for prospective applicants to co-present their 'story' and gather feedback before they are ready to apply for investment.

As the fund develops we will be exploring more ways to increase the level of community participation around the fund. Making sure that those with lived experience of the fund's focus areas can influence and shape where investment is placed across Camden.

# The fund principles

We are in the early stages of thinking through how the fund will work. As part of this process we have created some 'principles' to help guide the decisions we make, and how we see the fund developing.

## A Community Wealth Fund that:

is diverse in the types of people, business and organisations it invests in	accepts that some investments will be financially 'riskier' than others, but overall aims to be financially sustainable	makes finance repayable over a longer timeframe to give organisations and businesses time to deliver greater social benefit
increase the size of the fund over time, by attracting other people and businesses to become co-investors	makes choices about investments based on local knowledge and needs, and actively involves local people in decisions that are made	develops local people's skills through involvement in the fund's set-up and running
offers flexibility in the types of investment and financing available (i.e. grants, repayable investments, project finance) dependent on the type of organisation or business	works alongside other Camden Council initiatives, to help achieve Camden's We Make Camden priorities and goals	makes ethical and responsible investment decisions, and where appropriate offers non-financial support (i.e. skills development, advisory)

# Future ambitions

We anticipate the Community Wealth Fund growing over time in both the size of investment, but also the types of projects and businesses we support. Over the coming years, we hope the fund will:

**Increase the size of the fund and available money through co-investment**

**Increase opportunities for residents to be actively involved in shaping the fund and its investments**

**Extend investment to businesses and organisations who align with any of our 4 missions**

**Use returns from our investments to provide small non-repayable grants where needed**

# How the fund might be managed

The following pages give a bit more detail as to **how we imagine the fund being managed** and 'governed'.

These are early thoughts and more detail will be worked through over the coming months.

# How the Fund will be managed

To begin with, it is expected that the Fund will be run and managed internally within Camden Council. After we have received formal Cabinet sign-off, we will likely bring together a core team of existing Council employees and where needed hire new people, with specialist expertise.

Overtime as the Fund grows and changes we imagine that we will move to an external model, where an organisation or group of organisations will manage and run the fund on our behalf.

We are currently managing the Fund's development through a 'Community Wealth Fund Board'. Overtime this Board will evolve to become the 'Community Wealth Fund Investment Panel'.

The Investment Panel will likely include a mixture of:

- S151 Officer (Chair)
- Exec Director Corporate Services
- Exec Director Supporting Communities
- Borough Solicitor
- CWF Investment Manager
- Representative of Camden Renewal Commission
- Community Representative(s)
- Co-Investment Partner representatives

The Investment Panel will have responsibility for:

- develop and update an Investment Strategy
- monitor performance of the Fund and investees
- investment decisions & approve co-investment opportunities
- allocate resources for operation of the Fund
- realise benefits of the Fund

# Decision making roles & responsibilities

**As we continue to design and establish the fund, we will clarify the roles and responsibilities for those involved. Based on our early discussions, we see the various governance group roles and responsibilities to include:**

## Cabinet

- Approval to establish and set up the Fund
- Approval of Investment Strategy
- Reviewing current/ previous years performance
- Approval of investments above £ threshold

## Corporate Management Team (Camden Council)

- Regular updates from Advisory Board
- Strategic steer on co-investment opportunities

## CWF Advisory Board

- Make investment decisions and approve co-investment opportunities (below £ threshold)
- Monitor performance at portfolio, sub portfolio and individual investment level and report progress to Cabinet
- Allocate resource for operation of the fund
- Report on benefits achieved

## Community Guidance Group

- Space in which applicants can present their story and receive peer-to-peer feedback/ guidance on investment propositions
- Made up of local experienced entrepreneurs/ community leaders, community representatives and CWF investment team officers

## Community Engagement Forum

- Quarterly forum to promote the fund and explain opportunities to apply, hosted by the community representatives open to entrepreneurs in the community that might have an interest in applying to the fund

## External Advisors/ Fund Management

- Seeking out investment opportunities
- Market intelligence
- Shaping the Investment Strategy
- Technical and finance due diligence
- Portfolio management and reporting



# Next steps

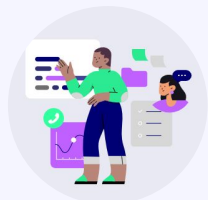
**Summer-Autumn  
2023**  
Seeking Cabinet  
approval



**Winter 2023**  
Prepare for fund  
launch



**2024 onwards**  
Iterate the fund  
and its investment  
strategy based on  
what we learn



**Autumn 2023**  
Begin detailed  
design of the fund



**Spring 2024**  
Launch



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