

Place-based rural development and cooperative
structures.

An exploration of the Community Shares Model and
its effects on rural communities.

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Justyna Prosser

School of Geography and Planning Cardiff University

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Abstract

This thesis seeks to provide a systematic articulation of the place-based rural development approach in the UK through the study of the cooperative structure, specifically the community shares model (CSM), which has recently re-emerged in rural places. The research seeks to understand the extent to which this cooperative structure can contribute towards more sustainable rural communities. The thesis examines the purpose behind setting up rural CSM cooperatives and choosing this model, as well as the nature and level of community inputs and outputs during the process of the establishment of CSM and the success factors behind the effective establishment of rural CSM cooperatives. The investigation was conducted through a multi-case study of six different rural social enterprises with CSM, four of which were based in Wales and two in England.

The socio-economic changes in rural areas prompted renewed attention to a bottom-up and territorial approach in the practice of rural development. This new approach is often termed place-based development, and its main premise is that policy delivery mechanisms need to be tight to specific places in order to employ unutilised local resources (physical, social, and environmental), and allow rural communities to play a key role in steering the process. Nonetheless, not only was the practice of bottom-up strategies, such as rural partnerships, found to be an insufficient means of greater community control over local development, but also the necessity of being deeply rooted in places creates a dilemma for ability to replicate the potential delivery mechanisms.

The research reveals that CSM offers real value for place-based rural development, because this cooperative structure allows localised effects (it is place-based), while being sufficiently flexible to allow replication with various assets and in various settings (it is not place-tied). For rural communities, CSM allows the real prospect of legal and psychological ownership of the local project, as well as exemplifying a successful community engagement tool. Nonetheless, to fully utilise CSM potential, certain conditions need to be met at the level of community, and tensions between the social and economic position need to be carefully managed. In addition, this study brings to our attention the often-overlooked importance of local institutional arrangements, including their design, in order for rural community development processes to occur. The above findings constitute a major empirical and conceptual contribution to the debates on sustainable rural community development.

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List of Acronyms

B&B	Bed and Breakfast
CBE	Community based enterprise
CBS	Community Benefit Society
CE	Carmarthenshire Energy
Coop UK	Co-operative UK
CS	Co-operative Society
CS&CBS	Co-operative Society and Community Benefit Society
CMS	Co-operative and Mutual Solutions
CSM	Community Shares Model
CSU	Community Shares Unit
ESG	Environmental social and governance (factors)
FCA	Financial Conduct Authority
FiT	Feed in Tariff
IPS	Industrial and Provident Society
IPs	Industrial and Provident Societies
LETS	Local Exchange Trading Scheme
LGV	Llangattock Green Valleys
LGVMH1&2	Llangattock Green Valleys Micro-Hydro 1 and 2
TGV	The Green Valleys
NCS	Neenton Community Society
NRP	New Rural Paradigm
OECD	Organisation for Economic Cooperation and Development
ONS	Office for National Statistics
SSF	Social and Sustainable Finance
4CG	Society to Sustain and Support the Rural Countryside

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**Chapter One – Community shares model as a tool for practice
of place-based rural community development**

1.1 Introduction

In 2006, the Organisation for Economic Cooperation and Development (OECD) announced the arrival of the New Rural Paradigm (NRP) in rural areas, which on the one hand acknowledged socio-economic changes in rural regions, and on the other proposed a new direction for the practice of rural development. The old, large-scale sectoral interventions such as agricultural subsidies were said to no longer be adequate to the needs of rural areas in the 21st century, not least because the agricultural sector was losing its dominance. Instead, support and encouragement should be channelled towards small-scale, holistic regeneration projects (OECD 2006, Atterton and Skerratt 2017). This renewed attention to the territorial, bottom-up approach to rural development was summarised in the discourse of a place-based approach (OECD 2006, Atterton and Skerratt 2017). The main premise of this new approach was that development processes ought to be managed in a different way, with a key role for rural communities to steer the process (Atterton and Skerratt 2017) through the mechanism of partnerships (OECD 2015). Nonetheless, because past practices of rural partnerships (Edwards et al 2000) and more bottom-up localised strategies such as Local Exchange Trading Schemes (LETS) (Williams 1996, Pacione 1998) were found to be insufficient means for increasing sustainability of rural communities through greater community control over local development, the question arises about the ability of a place-based rural development approach to develop a different and more citizen-led strategy. Even though a study of Horlings and Marsden (2014) identified new institutional arrangements as an unfolding strategy in place-based rural development, no systemic inquiry into such arrangements has been conducted so far. Building on the key findings of Horlings and Marsden's study, this thesis aims to examine a new institutional arrangement called, for the purpose of this study, a Community Shares Model (CSM), as an example of a systemic mechanism articulating the vision of place-based rural community development in practice.

1.2 Phenomenon of Community Shares Model

Before discussing the literature concerned with CSM, it is important to define what this concept means in this study. There is no legal definition of CSM, and the concept has

been developed for the purpose of this thesis, because it encapsulates a novel phenomenon and allows its systematic investigation.

The term CSM in this research refers to two types of organisational structures called Co-operative Society (CS) and Community Benefit Society (CBS), which jointly are referred to as Co-operative and Community Benefit Society (CS&CBS). Both structures have the distinctive feature of raising capital through a particular type of share called community shares. The definition has two components: organisational structure and community shares, and both are a subject of interest in this study. It is important to emphasise here that the format of CS&CBS can be used without issuing community shares, but these societies are excluded from this research. CS&CBS are also referred to as 'the societies' (UK GIV 2014), hence both terms are used interchangeably in this study.

The origins of CSM go back to nineteenth century Britain and the vibrant movement of self-help groups and working-class associations during the Industrial Revolution. This period was characterised by extreme poverty and worker exploitation, hence self-help groups such as CS&CBS became an integral part of the Co-operative movement in the UK (Gorsky 1998). The use of CS&CBS which were then known under the name of Industrial and Provident Societies (IPSs), declined, in the same way as many other mutual associations, with the rise of welfare state provision in the twentieth century (Gesden 1961, Gorsky 1998). The distinctive feature of the societies is their structural design, which for example combines the democratic principle of managing the business with limited liability. Some historians have suggested that granting limited liability to CS&CBS was a legal accident, because this feature was intended to be given to trading companies only after the Companies Act 1862 (Fay 2014). After a gradual decline throughout the twentieth century, CS&CBS started to be used again by the third sector at the beginning of the 2000s. For example, Brown (2008) reported 61 new societies which raised capital through community shares in 2008, increasing to 373 in 2015 (CSU). The societies are regulated in the UK under the Co-operative and Community Benefit Act 2014, which replaced the previous legislation of Industrial and Provident Societies Act 1965 – hence the change of the societies name from IPS to CS&CBS. Interestingly, the vast majority of newly established CS&CBS were located in rural areas (Brown 2008, Cabras 2011), unlike in the nineteenth century where the societies were predominantly urban phenomena.

Nonetheless, despite the growing popularity of the societies in rural areas, there is very limited academic literature available on the topic. The only study that directly refers to

CSM is that of Cabras (2011), who explored the usefulness of CSM in saving rural pubs. The results of Cabras' study (2011) highlighted the significant potential of CSM for increasing the well-being and economic development of rural communities and identified an ability to issue community shares as an attractive way to raise investment capital. However, to date no further detailed academic research has been conducted specifically into the topic of CSM.

One study that contained some information about CSM was research about the phenomenon of alternative finance, where Baeck et al (2014) surveyed several novel financial arrangements that emerged outside of the established financial sector within the last 10 years, including community shares. This study found that only a minor fraction (seven per cent) of small and medium enterprises (SMEs) were aware of community shares as a potential vehicle to raise investment capital.

The potential of community shares as an investment tool was explored in more detail by Brown (2008), for whom community shares represented a good way to raise capital for ventures serving community purpose. It was the first study to document the current revival of CSM and suggested that the model works best with smaller geographical communities and relatively low-risk projects such as shops or pubs. As such, Brown (2008) proposed CSM as a new business model for delivering public and community services. Nonetheless, the above study emphasised that, in order to take full advantage of CSM, communities need to be comfortable with the idea of financing community ventures via the issue of community shares and trade activities, rather than traditional charity fund-raising or grants.

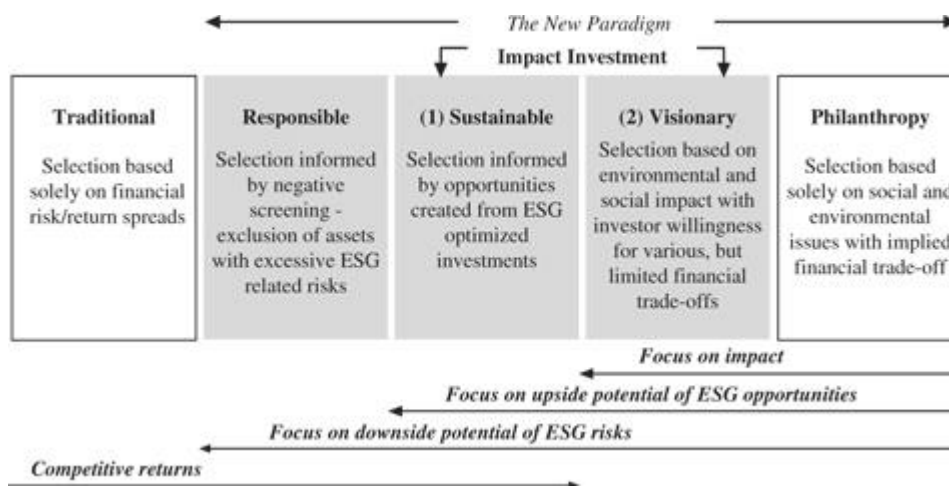
The idea of CSM as community investment resonates with the wider phenomenon of social and sustainable finance (SSF), which is associated with a shifting of public attitude to investment (Lehner 2016). The shift is caused by a realignment of traditional viewpoints on business, investment and philanthropy, in which, according to Lehner (2016), the fusion of the opposed logics leads to innovative ways of doing business with a clear commitment to fulfilling social and environmental goals. Hence the CSM model could be seen as such a business innovation.

The viewpoint behind this new approach to business and finance in SSF stems from the realignment of priorities, in which, instead of promoting shareholder wealth maximisation, sustainable or shared value creation approach has been proposed (Porter and Kramer 2011, Fatemi and Foladi 2013). Such value, it is argued, ought to focus on much broader parameters than short-term financial performance and should account for environmental challenges and social well-being. Porter and Kramer

(2011:62) proposed that shared value should ‘generate economic value in a way that also produces value for society by addressing its challenges’.

Lehner (2016) provided useful visual conceptualisation of how the idea of shared value begins to translate into investment and business logic (Figure 1.1). The author placed the activities of SSF in the middle of the continuum, between the traditional view of business as solely oriented towards generating profit (far left box in Figure 1.1) and philanthropic initiatives (far right box in Figure 1.1), where social issues come before profit. The SSF activities including CSM, are categorised into three broad domains - three grey central boxes, where each category of the activity is underpinned by different investor logic.

Figure 1. 1 Business logic within SSF



Source: Lehner (2016: XXXiX).

According to Lehner (2016), the three novel investment approaches under SSF are the result of focusing on impact only, focusing on the potential and opportunity emerging from attention to environment, social and governance factors, and focusing on threats and risks from not paying enough attention to environmental, social and governance factors. Corresponding to each investment logic is the new investment approach. Lehner (2016) categorised these three approaches as: visionary, which prioritises the social and environmental mission over profits even at the expense of minor loss of capital; sustainability-driven investment, which is driven by opportunities associated with ESG such as saving costs or monetary return from using renewable resources; responsibility-driven investment, which is influenced by risk factors such as pollution or

reputation What is new in these three approaches is that they are influenced by the underlying logic of the opposite side of the spectrum. In the case of CSM studied here, there seems to be a departure from the purely philanthropic view on investment towards consideration of some aspects of commercial logic, notably raising capital from the public via community shares and the use of trade activities as a means to generate profit for sustained enterprise.

1.3 Why study CSM?

The above discussion highlighted the origins of CSM indicating that CSM played an important role for working classes in nineteenth century British cities. Nonetheless, little is known about their nature and role in the recent re-emergence in rural areas. The only study directly focusing on CSM in the rural context was that of Cabras (2011), who found that rural pubs using CSM' structure have significant potential to contribute to the socio-economic development of rural communities, not least thanks to its ability to raise investment capital through community shares. Although rural community energy schemes were found to be one of the major sectors using CSM by Brown (2008), to date no study has been conducted about the role of CSM in setting up these schemes. The rural shops are another example where CSM is widely used according to a report from the Plunkett Foundation (2019), albeit the model itself is not the focus of the research. The ability of CSM structure to work with various rural assets, coupled with its potential to foster socio-economic development in rural places, offers great opportunity to articulate the vision of place-based rural development in a more systemic fashion than the representation of the idea up to the present time using fragmented examples of various initiatives.

The issue of particular relevance in CSM is the process of community engagement, given that the most prevalent rural development strategy, that of rural partnerships, was criticised for insufficient mechanisms that would allow communities better participation and leadership of development processes (Edwards et al 2000). The inquiry into the process of community engagement in CSM could shed a light on the effectiveness of the model as a community engagement tool and increase knowledge about specific methods of participation.

The study of Cabras (2011) found several socio-economic benefits for rural communities from rural pubs using CSM. Deeper explorations of these benefits could expand our understanding of the tensions between the social and economic side of

rural pubs that adopted CSM. Expanding the exploration of socio-economic benefits into other types of assets that used CSM such as community energy and shops, could also evaluate the extent to which such benefits can be achieved in all assets, and hence improve our understanding of the effectiveness of CSM as a potential tool for more community-led rural development. The ability to foster a less state-reliant and more community-reliant rural development gains more currency in the current climate of austerity and uncertainties, associated with the departure of the UK from the EU. The examination of CSM could also emphasise the importance of a legal and business infrastructure to those who wish for alternative business ideas such as LETS to become dominant.

The literature on place-based development argued that the key premise of this new approach is a focus on the relationship between institution and place, where institutions act as a filter through which economic activities take place in geographical spaces (Barca 2009, Barca et al 2012). A CSM with its distinctive legislation and technical features constitutes the new institutional arrangement, which due to its design may better correspond with the distinct features of rural communities such as self-help and stronger intertwinement of social and economic spheres (Zeuli et al 2004, Cabras 2013). Identifying such design features would allow us to expand our understanding of desirable institutional characteristics valued by rural communities and would also offer an opportunity to study the different investment logic underpinning sustainable financial institutional arrangements proposed by Lehner (2016) as described in the previous subsection.

Additionally, as a reviving phenomenon, CSM offers a unique opportunity to study the establishment and development of new institutions in (rural) places, which examination could provide valuable knowledge about the key successful factors for creation and diffusion of CSM in rural places. Institutional perspective is rarely chosen as a theoretical lens while studying rural socio-economic development, and hence study of CSM offers an opportunity to demonstrate the value of an institutional approach in local development studies, whilst also allowing a contribution to this theoretical perspective.

Finally, as the study of Baeck et al (2014) indicated, there is still relatively low awareness of CSM in general, especially when it comes to the topic of community shares. A more in-depth inquiry into CSM could raise awareness about this phenomenon in both academic circles and in the policymaking arena.

1.4 Research questions

The previous section demonstrated the ways in which the study of CSM could address the existing knowledge gaps. This section presents the specific aim and research questions that the present study of CSM seeks to answer. The key focus of this study is CSM and its role in generating a more sustainable trajectory of rural development processes. CSM is conceptualised as an institutional arrangement, which as Horlings and Marsden (2014) noted does not contribute directly to the development process, but rather provides a framework for actors to perform particular socio-economic activities, and it is the effect of these activities that leads to rural development. Hence, the main research objective in this thesis is to explore the effectiveness of CSM as a tool for place-based rural development by examining the purpose of creating rural CSM, as well as the particular effects that CSM enabled in rural communities, alongside success factors. This will be done by retrospective investigation of the process of setting up CSM cooperatives. To respond to the main objective of the study, the thesis seeks to answer the following overarching question:

To what extent and how can CSM contribute to more sustainable rural communities?

The principal question is followed by three sub-questions. These are namely:

1. What was the purpose of creating the CSM cooperative and why this model was chosen over other available structures?
2. What were community inputs and outputs during and shortly after setting up the rural CSM cooperatives, as well as key success factors allowing the venture to be created?
3. What are the main opportunities and challenges for CSM as a tool for rural community place-based development?

The overarching question seeks to explore the effectiveness of CSM for improving the social, economic and environmental dimensions of the rural communities, such as enhancing social cohesion, increasing local economic resilience or responding to concerns of climate change. The first sub-question aims to examine the key motivations and purpose behind setting up CSM cooperative and choosing the CSM over other available options. This will allow us to investigate the role of the CSM in the rural context and identify the key features of the CSM structure attractive to rural communities. The second sub-question seeks to investigate rural community input and output into and out of CSM cooperatives, which will allow us to identify the effects that CSM had within communities. The question also aims to explore key success factors for setting up these types of ventures. The third and final sub-question intends to identify the main opportunities and challenges associated with CSM as a tool for place-based rural development, which will allow us to evaluate the effectiveness and strength of the model for a more sustainable trajectory of rural development.

1.5 Thesis structure

The thesis examines the cooperative structure named for the purpose of this study as CSM, which has been increasingly used within the last decade in rural places across the UK. CSM is considered in this study as an institutional arrangement articulating the idea of place-based and more sustainable rural development (OECD 2006). Through conceptualisation of CSM as an institutional arrangement, this study investigates one of the crucial, but often omitted aspects of rural development processes, that is, the institutional setup in geographical context. This is also the first systemic study that articulates the idea of rural place-based development. The research process of CSM presented in this thesis is structured and organised into the following seven chapters:

Chapter One, the present chapter which introduces the reader to the subject of the research, the rationale behind the study, as well as the research aim and research questions. Additionally, the chapter summarises the structure of the thesis. **Chapter Two** reviews the literature relevant to the revival and development of CSM in twenty first century Britain, including literature on rural cooperatives. The chapter also discusses the institutional approach in economic geography as a theoretical lens for this study and presents the conceptual framework which guides the research. **Chapter Three** presents and justifies the methodological approach of mixed methods case

study used in the empirical part of the research. It also explains the qualitative and quantitative methods that were used to gather the empirical data. **Chapter Four** provides a detailed exploration of each of the six case studies. **Chapter Five** presents the cross-case data analysis and findings in relation to the purpose of CSM, community input and output as well as the main success factors behind the successful creation of rural CSM cooperatives. **Chapter Six** brings together and discusses the findings and analysis of both empirical chapters (IV and V) in relation to the conceptual framework and key academic literature introduced in chapter two. **Chapter Seven.** concludes the research and provides recommendations resulting from the empirical part.

Chapter Two: The revival and evolution of the community shares model in national and rural context

2.1 Introduction

The literature review in this thesis has a threefold purpose: first to survey the literature relevant to the revival and evolution of the community shares model (CSM) in the national and rural context, second to identify the knowledge gaps on the subject of CSM, and finally to present the theoretical and conceptual framework that will fill the identified gaps and allow answers to the research questions posed in the previous chapter. This chapter is organised into seven sections. The first, offers a brief description of community shares and identifies the four related core concepts that will organise and guide the literature review and research throughout the thesis. The second and third reviews the relevant literature that contextualises CSM in the national context. The fourth provides an historical account of CSM evolution in 21st century Britain. The fifth offers insights into the national trends of the CSM market. The sixth and seventh reviews the literature concerned with the compatibility and potential of CSM in rural places. The eighth and final section presents the theoretical and conceptual framework used in the thesis.

2.2 Community shares – new idea in the countryside

The idea of community shares can be associated with the increased interest in cooperative forms of business in the UK, especially in rural areas within last fifteen years (Brown 2008, Cabras 2013). Although this idea is not new, as it will be further explained in section 2.5.1, the name of ‘community shares’ is relatively novel in public discourse. To date the most informative sources of data about this phenomenon are organisations and practitioners operating in the sphere of the third sector and social enterprise. According to these sources, community shares allow investment in the local communities through regeneration of local facilities and services, including those in danger of closure. For example, the non-government organisation promoting community shares - Community Shares Unit (CSU 2018), argues on their website that:

‘Community shares can save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage building, and above all, build stronger, more vibrant, and independent communities.’

The above citation provides information about what community shares can do, but if we are to improve knowledge about this phenomenon, it is also important to

understand exactly what community shares are. The official definition of community shares term provided by CSU website (2017) describes them as:

‘Non-transferable, withdrawable share capital, which can only be issued by co-operative societies and community benefit societies, including charitable community benefit societies’.

The above definition emphasises the key function of community shares, as a tool to obtain capital in an organisation carrying on an industry, business, or trade, and which venture uses the specific legal structure, that is CS&CBS, regulated in the UK under the Co-operative and Community Benefit Societies Act 2014. Historically, this legal entity has deep roots in the nineteenth century Britain cooperative movement (Brown 2008, Cabras 2011), albeit nowadays CS&CBS tend to be portrayed as part of the social enterprise movement (CSU 2017). Although it seems as if there is a consensus in the UK about cooperatives being seen as part of a social enterprise movement, probably because both are part of the vibrant civic society activities that together form a third sector or social economy, there are some scholars such as Mazzarol (2011), who argue for a clear distinction between cooperatives and social enterprises. Given the strong connection of CS&CBS - hence also CSM - with the cooperative movement, it is vital to discuss Mazzarol’s observations in order to enhance our understanding of the nature of CSM. The fuzziness between cooperatives and social enterprises in relation to CSM requires greater clarity, including Mazzarol’s input, and this is presented in the next section 2.3 of this chapter.

The apparent ability of CSM to restore or build local facilities and hence positively influence local socio-economic development advocated by practitioners, is of relevance in the current debates concerning methods of enhancing the local development of places outside of large urban centres, namely rural and peripheral areas. There is a long-standing debate about the most appropriate ways to stimulate the socio-economic development in rural places and considerable research efforts have been made into this subject, including the study of cooperatives (Borzaga and Spear 2004, Zeuli et al 2004, Zeuli and Radel 2005, Cabras 2011 2013). These authors often emphasise the strong compatibility between the generally understood cooperative business model and rural context (more on this in section 2.7.2 and 2.7.3), albeit to date there is still a dearth of more detailed analyses of particular cooperative structures such as CSM operating in rural places and the ways in which they enable certain effects within rural communities. One study dedicated specifically to CSM was that of Cabras (2011, 2013), who found that CSM has a substantial potential to deliver positive changes, notably in generating business opportunities and enhancing rural cohesion amongst

rural communities (see also section 2.7.3). Nonetheless, despite this encouraging result, to date no further academic research has been conducted into CSM and, as a result, not only the body of knowledge about this phenomenon remains sparse, but also academic research on rural cooperatives and social enterprises is scattered and undeveloped (Cabras 2011, 2012, Steiner and Teasdale 2017). This situation has its implication for policy and practise of rural cooperatives and social enterprises, where insufficient knowledge is a barrier to creating effective policy in this domain.

This study aims to enhance knowledge about CSM and rural cooperatives by exploring the connection between cooperative structure design and its effects within particular geographical context. Although CSM is one of many available structures used by co-operatives in the UK, it is this specific co-operative model that was found to be most prevalent in rural areas (Brown 2008, Cabras 2011, 2013). Moreover, Cabras (2013:58) suggested that behind the popularity of CSM within rural communities were the specific design features of CSM, such as the simultaneous ability to insert an asset lock and to issue community shares without incurring the high financial costs associated with issuing shares in an investor-owned company (IOC):

‘In the UK, cooperatives operating as community benefit societies present ‘some interesting attributes and features. Their members can pull out of the organisation without particular restrictions and without incurring any loss specifically associated with their withdrawal (...) The interest paid to shareholders is limited to ‘what is necessary to obtain and retain enough capital to run the business [They] can also install an asset lock, which prevents the society being sold and the proceeds distributed among share -holders. This aspect makes these societies extremely valuable, particularly when it comes to raising investment capital, as asset locks provide tangible guarantees for the investment made by members.’

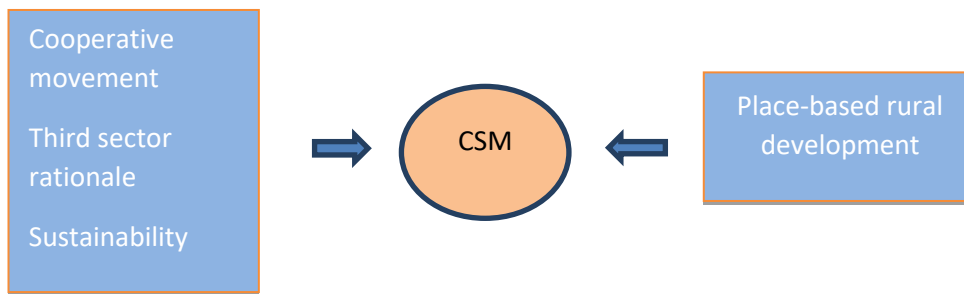
This affordability of CSM made it a very popular vehicle for saving valuable rural services such as pubs, which were the subject of the extensive research and focus of the Cabras study. However, rural pubs are not the only rural domain where the CSM model remains popular. The reports of Brown (2008) and the Plunkett Foundation (2011) indicated that other rural services used the CSM model extensively as well, notable rural shops and renewable schemes. These findings indicate that CSM can be used to set up various rural facilities and services, which makes it potentially a flexible tool in improving the socio-economic well-being of rural communities. Building on the Cabras’ study (2011, 2013), which indicated the great potential of CSM to positively influence rural socio-economic development, this research aims to further explore the uniqueness and compatibility of CSM design in a rural context, by exploring the exact effects that the use of this model has had on rural communities. This study’s focus on

the design of CSM is also triggered by an absence of detailed analysis of particular cooperative structures in a geographical context. The paucity of studies focused on particular forms of cooperatives in a geographical context makes it very difficult to compare the effectiveness of various cooperative forms, for example in rural places, and hence again limits policy intervention.

In the UK, the CSM model is present in both urban and rural areas, albeit Brown (2008) and Cabras (2011) observed that the vast majority of cooperatives using the model are located in villages and rural areas (for more detailed geographical analysis see section 2.6.2). Despite that, there are still very few studies about the subject, and although some other rural research, for example Horlings and Marsden (2014), refer to CSM when they explore novel pathways for more sustainable rural development, this is usually done in the form of a short description which does not improve our knowledge of CSM. This dearth of academic literature, dedicated not only to rurality and CSM but also to CSM in the UK national context, required this research to draw from the richness of closely related concepts. These concepts are used to locate and understand the phenomenon of CSM in the national and rural context and to show how this cooperative structure connects to multiple academic debates.

There are four key concepts that are used in this chapter to locate and explain CSM and they are: cooperative movement, third sector rationale, sustainability, and place-based rural development (as shown in Figure 2.1). In the blue box on the left are located the first three concepts, which are closely related to each other. The rationale for the adoption of the cooperative and the third sector comes from academic studies on CSM (Cabras 2013) and community shares practitioners, whose sphere of action and influence stretches to these fields (Brown 2008). The focus on sustainability comes from the study of Horlings and Marsden (2014) and Lehner (2016), who showed that new financial institutional arrangements are very important in the quest for increasing sustainability. In the blue box on the right is the concept of place-based rural development, which is seen as a better approach to rural development policy and practise (OECD 2006, Barca et al 2012, Pugalis and Gray 2016). This area, as argued in this thesis, has not yet been articulated in a more systematic study. The next section examines the three interrelated concepts of the cooperative and the third sector.

Figure 2. 1 Key concepts for unpacking the idea of CSM



Source: Own input

2.3. CSM as part of the cooperative movement

As noted in a previous section, CSM is closely associated with the modern cooperative movement, originating in 19th century Britain and the Rochdale Equitable Pioneers Society. This society was started in 1844 by cotton industry workers who decided to open and run collectively a grocery shop in order to trade food at affordable prices and be able to decide how the shop was run (Fairbairn 1994). Today, cooperatives play an important role globally as an alternative business model to the investor-owned company (IOC) because, unlike IOC, a cooperative business is run and owned by the members on a democratic basis, and the distribution of net income is based on patronage rather than the amount of investment (Zeuli and Radel 2005). An official definition offered by the international body of cooperatives - International Co-operative Alliance (ICA), defines a cooperative as: 'An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise' (ICA 2019). According to the same source, there are over three million cooperatives across the world, which provide jobs for 10 % of the employed population. In the UK alone there were 7,215 independent cooperatives in 2019 with a turnover of £37.7 billion, which had steadily increased from 5,933 in 2012 with a turnover of 35.6 billion (Cooperative K 2019). Most of the cooperative regions in the UK are found to be rural areas, where limited availability of services and jobs are said to provide a fertile ground for people to join forces and act together (Cooperative UK 2019). Several researchers identified the cooperative as a particularly useful strategy for (rural) community development because it promotes self-help, self-development and mobilises local resources within community (Zeuli et al 2004, Zeuli and Radel 2005, Cabras 2013). More detailed discussion about compatibility between cooperatives and rurality is presented in section 2.7.2 of this chapter.

Over the years, cooperatives developed and adopted a variety of business forms and structures. In the UK for example, there are at least eleven different legal forms (recognised by law), such as Trust, Community Interest Company (CIC), Company Limited by Guarantee and, the subject of this study, CS&CBS, from which those who wish to start a cooperative can choose (Cooperatives UK 2017). Hence, it is important to note here that not all cooperatives use the CS&CBS structure and many cooperatives in the UK adopt different legal models. Nonetheless, despite the CS&CBS structure being a popular choice for cooperatives in the UK (Co-operatives 2017), this study argues that to date very little progress has been made to deepen the knowledge about CSM since publication of Cabras' study.

Although cooperatives have a rich history and this business model has endured over time, there is still insufficient clarity about its uniqueness and connection with other forms of business within the third sector, for example the social enterprise. Even if the literature on CSM (Brown 2008, Cabras 2013), note that cooperatives and social enterprises are different in nature, there is little discussion on the key differences. One study that offers better clarity on this issue is that of Mazzarol et al (2011) which argues that co-operatives are created first and foremost for economic reasons, unlike social enterprises where the primary driver is social mission. This is not to say that cooperatives cannot have social outcomes as Mazzarol et al explain, but rather that formation of cooperatives is driven by economic self-interest first and foremost and economic pragmatism lies at the core of the movement. The authors argue for example that the key originator of the modern cooperative movement, The Rochdale Society, was established for 'pragmatic economic self-development, unfettered by political, philanthropic, religious or social goals' (Mazzarol et al 2011:12). In social enterprise on the other hand, the social or environmental mission comes before the economic return. Given this subtle yet important difference between cooperatives and social enterprises, Mazzarol argues for cooperatives to be considered as a special category of social enterprise. Not everyone agrees with the conceptualisation of cooperatives as being primarily concerned with economic pragmatism, and for scholars with a more radical and politically activist approach, such as Seyfang and Smith (2007), cooperatives represent an organisational form driven by social need and ideology rather than economic self-interest. Nonetheless, the work of Peredo and Chrisman suggested that social and economic goals are not wholly separate in cooperatives. The CBS, which is one of two structures forming CSM has been recognised as a special form of social enterprise, called community-based-enterprise (CBE) where social and economic interests are fundamentally complementary, because CBS resembles the structure of

social community from which it emerges, especially those of small remote villages (Peredo and Chrisman 2006, Cabras 2013). Nonetheless, the polarising view on the primary mission of cooperatives echoes wider divergence as to the primary role of organisations operating within the third sector, which is discussed further in the next section. The disagreements in the literature suggest a need to further interrogate how social and economic needs interact, and whether they are both achieved through CSM.

2.4 Third sector as key context to understand the rise of CSM in the UK

In the UK, the third sector is predominantly understood as being an array of initiatives and activities (including cooperatives and social enterprises) that could not easily be classified as undertakings of government or private sector (Alcock 2010). It is important to note here that the term 'social economy' is also widely used to describe the range of the third sector. Both terms, that is third sector and social economy, tend to be used interchangeably, albeit Moulaert and Ailenei (2005) argue that the discourse of the latter aims to emphasise the values of solidarity and altruism, over the more functional connotations associated with the former. Perhaps the simplest way to represent the idea of the third sector in recent years has been the so-called 'sector triangle' developed by Paton (2009), who divided the activities of the political economy into three spheres: the state, the market and civil society. Pantan argues that the values and principles associated with civic society, such as association, mutuality, altruism or democracy are those closely aligned with the activities undertaken under the banner of the third sector. In contrast, the principles assigned to the state or the market are usually associated with formality or regulation in the case of the state, and with entrepreneurship, accumulation and competition in relation to the market. As Moulaert and Ailenei (2005) pointed out, those values ascribed to the third sector emphasise modes of social interaction, unlike the private and public sector, in which values refer mainly to the function of the type of actors such as private enterprise and state department, or the mode of allocation of goods and services.

The disparity of the functional emphasis put on values associated with public and private sector, and the greater weight given to values associated with social interaction in the third sector, is worthy of attention by researchers, because as Moulaert and Ailenei (2005:2046) warn: 'this leads to easily generating analytically useless conclusions about 'bad market firms' and 'good community LETS'.

Apart from this generally cautious note, the disparity of values between the third and public/private sector is of particular relevance to CSM, because it may, at least partially, explain the issues with their official definition. This definition, as shown in section 2.2 of this chapter, is very functional in its character, and yet community shares are found to operate in the sphere of the third sector (Baeck et al 2014), where social values take primacy over a more functional emphasis. Thus, this more functional definition appears not to 'fit' and thus clashes with the general conception of third sector activities, although such discrepancy may also signalise realignment occurring in the sphere of the third sector under the SSF paradigm, where more practical issues such as obtaining capital are gaining more traction.

Given emphasis on abstract terms that constitute values and principles associated with the third sector, such as solidarity, it is not surprising that there is no consensus as to the definition of the third sector. Attempts to describe the activities within the third sector were usually made by either adopting a whole array of different terms such as 'third system, social economy, community development, local development and employment initiatives, local and territorial pacts for employment, endogenous local development, sustainable economy' (Amin et al 2002:21), or by a more negative approach emphasising what the third sector was not, by using terms like non-profit, non-government organisations (Moulaert and Ailenei 2005, Alcock 2010).

This lack of consensus Alcock (2010) assigns to the way in which the discourse of the third sector has been constructed. The author argues that, unlike public and private sector, where meaning is based on their intrinsic features, the third sector is a product of the strategic unity between practitioners, policymakers and academic researchers alike. According to Alcock, these three parties had an interest in promoting the 'overlying unity' (Alcock 2010:19) of the third sector, even though in practice such unity of initiatives do not exist. For example, Mazzarol (2011) argues that although cooperatives including CSM were incorporated into the third sector because they were rejected by the mainstream economics, they do not fit comfortably with the more charitable organisations, that derive their income from sponsorship rather than trade activities. Nonetheless, the interviews with CSM experts conducted in this study revealed that third sector reform which began at the end of the nineties was imperative for the revival of the CSM in the twenty first century. To better understand the context in which CSM operates, it is necessary to highlight the key developments in public policy and worldviews held by scholars regarding the activities of the third sector.

2.4.1 Third sector in public policy

The term third sector came to prominence at the end of the twentieth century, and its popularisation is associated with the New Labour government (1997-2010) and its commitment to political centrism, also known as the 'Third Way'. This political doctrine was developed by sociologist Anthony Giddens (1998), and it could be summarised as an attempt to merge some elements of opposing traditions in political economy, namely radicalism and classical liberalism (Clark 1998). The overall idea of the Third Way was a commitment to free market economy on the one hand, and regeneration of communities and places struggling with deindustrialisation by utilising the activities of the third sector on the other. Hence, with the birth of the third way came a new commitment and engagement with voluntary and philanthropic organisations, openly articulated by then Prime Minister Tony Blair who articulated it in the following way during one of the speeches to The National Council for Voluntary Action (Blair 1999):

'History shows that the most successful societies are those that harness the energies of voluntary action, giving due recognition to the third sector of voluntary and community organisations.'

This recognition of the third sector as an important partner in policy development and delivery materialised largely through the horizontal building of new institutions (and the support of the third sector as a whole), such as the Active Community Unit, Civil Renewal Unit or Social Enterprise Unit, which eventually led to the establishment of the high-ranking Office of The Third Sector in 2006. (Alcock 2010, Alcock et al 2012). It is important to emphasise here that, from 2000 onwards, third sector policy became a devolved policy area in Scotland, Wales and Northern Ireland, and thus the institutional framework above reflects the situation in England. The policy delivery and financial support in each country is somewhat different. Alcock (2009) observed that the Third Way development of horizontal support with regards of institutional and financial underpinnings materialised mainly in England and Scotland. Wales's support regime was found to be dominated by vertical networks of financial support, with focus on particular arenas such as housing or social care, delivered by the Department of the Welsh Government, which according to Alcock acts as a barrier in developing strong central policy steer and funding.

This increased policy engagement with the third sector across the UK was a distinguishing feature of the Third Way under thirteen years of Labour government rule up until 2010, when they were replaced by the Conservative-Liberal Democrats Coalition government, which even in the aftermath of the 2007/08 financial and

economic crisis was still committed to the development of the third sector (TSRC 2013).

With the new Conservative-led Coalition government (2010-15) came the new political discourse of Big Society, which in broad terms continued the commitments to social enterprises and the third sector, albeit the character and focus of prescribed policies was to move away from heavy financial dependence on the state. As with the Third Way, the Big Society was committed to the free market economy, but a conservative communitarian ethos (Clark 1998) replaced the more socialist and radical idea. Instead of appealing to universal human solidarity and thus delivering policy intervention at the higher level (national), Big Society focused on the intermediary neighbourhood institutions and local communities. The champion of the Big Society discourse was another Prime Minister, then David Cameron (2010), who articulated his vision during the Liverpool Conservative Conference in the following way:

‘The Big Society is about a huge culture change where people, in their everyday lives, in their homes, in their neighbourhoods, in their workplace don’t always turn to officials, local authorities or central government for answers to the problems they face but instead feel both free and powerful enough to help themselves and their own communities.’

In practical terms, this vision was realised in flagship initiatives like the National Citizen Service (voluntary development programme for 16-17 years olds) and the Localism Act of 2011, offering new rights for local communities (UK GOV 2011, Alcock 2012). The latter one in particular aimed to transfer power from central to local government with intention to boost the community empowerment, hence increase the social engagement through higher participation in communal deliberations and decision-making process (Franklin et al 2011, Cabars and Lau 2019). It needs to be emphasised here that as with third sector policies under Labour government, the Coalition-led Big Society flagship initiatives concerned England only.

During the subsequent Conservative government (2015 -2017), there was less preoccupation and promotion of the third sector in the national agenda in comparison to previous ‘grand plans’ observed in the previous fifteen years. Although it was the EU membership referendum campaign and its aftermath that took centre stage during the majority-led Conservative government, some literature suggests that the role and the infrastructure of third sector was so well established in the public policy at the time that it did not require the spectacular reforms seen in previous years (Damm and Dayson 2017). Even if the new government for the most part continued the main policies concerning the third sector, the sudden change regarding support for community energy schemes at the end of 2015 had an immense implication for the growing

market of community shares and this issue is discussed further in section 2.6.1. The next subsection identifies and reviews main trends in social sciences, concerned with the conceptualisation and discourse of the third sector in the UK.

2.4.2 Disparity of visions for the third sector in academic research

The renewed interest in the third sector by policymakers since 1997 attracted the attention of many scholars including geographers, who became increasingly active in theorising this new relationship between the third sector and the state. It is widely recognised by scholars that the third sector encompasses a wide spectrum of initiatives, ranging from market-based firms with a social agenda to purely solidarity forms and structures such as LETS, where market mechanisms are deactivated (Amin et al 1999, 2002, Moulaert and Ailenei 2005). Such diversity of initiatives, with different weight given on the one hand to fostering solidarity or reciprocity, and on the other to generating income and striving for financial independence, inevitably lead to varied expectations and visions for the third sector. Amongst scholars, there can be observed two general trends in the expectations and attitudes towards the third sector: the pragmatic and the idealistic approach.

Pragmatists tend to portray the third sector as complementary to the mainstream market economy. The advocates of this approach stress that the strength of such initiatives lies in a focus on delivering social and environmental goals and their embeddedness in the local scale which allows for 'safe' experimentation with new arrangements, as illustrated by Hausner (2009:228)

'I am opposed to treating social economy as a systematic alternative to the economy or the democratic state. The purpose of stimulating social economy should be to test innovative or economic remedial solutions on a 'safe' scale – particularly on a local scale- to solve social problems more effectively, and indirectly contribute to a more efficient state and economy.'

The author emphasises here the possibility of third sector organisations enriching the already existing infrastructure of service/goods delivery or proposing new means of such delivery. In order for this to happen, pragmatists recommend that the organisations should be set for at least partial financial independence and work from 'bottom up' to attend to social problems.

Idealists on the other hand tend to portray third sector ultimately as a permanent alternative to the mainstream market economy (Lee 1995, Gibson-Graham 1996, Amin et al 1999, 2002, Lipietz 1992, Seyfang 2009). These scholars were largely influenced

by the so called 'radical turn' which took place in social science in the 70s and 80s of the last century, a period which was characterised by deindustrialisation and subsequent decline of economic activities in many communities in Western Europe and North America. The key merit of the 'radical turn' was that academics became more directly involved and active in the sphere of political activism, as explained by Tickell et al (2007 4-5):

'This ideologically-infused activist intellectualism was a far cry from reserved and ostensibly apolitical industrial geographies that preceded it. After this radical turn, data would no longer speak for themselves...Research was now understood as a political process...Largely a-theoretical tradition was suddenly and comprehensively challenged'.

The emphasis of this new type of scholarship shifted from the more traditional view of third sector organisations as entities creating new employment and delivering goods/services in the spheres underserved by market economy, to spaces allowing for political engagement and fostering systemic change to the market economy (Leyshon et al 2003, Lee et al 2012, Zademach and Hillebrand 2014). The increased interest in and awareness of the natural environment and its main issues, such as climate change, strengthen the radical argument for the ultimate goal of the third sector, which is to turn the existing socio-economic order and institutions into a more socially and environmentally just state, as one of the protagonists of such worldview Gill Seyfang (2009: 23) explains:

'Nothing less than a paradigm shift for the economy, or a wholesale transition in the presiding regime. This implies that rather than making incremental changes, the model entails a widespread regime change for the economy and society, altering the rules of the game and the objective of the economic development.'

The positive consequence of this disparity of visions for the third sector amongst scholars is the consequential wide range of approaches, which enhances the plurality of the worldviews and arguments in academic research. The less positive outcome appears to be the increasing lack of engagement between these different approaches, seeming to create an imbalance of approaches in the field, with the idealistic approach seemingly taking precedence. As will be explained in the next section of this chapter, community action for local socio-economic development appears to be dominated by idealistic and more radical approaches, which at present do not seem to be progressing this field due to the lack of sufficient attention to the proposed schemes' material effectiveness. CSM, with its simultaneous emphasis on the functional side

(tool to obtain capital) and social values (cooperation and self-help), seems to be uniquely positioned to act as a bridge between the visionary and more pragmatic ideas or concepts. The author of this study holds strong reservations about the framings proposed by those holding to an idealistic vision, as they totalise the market economy and capitalism into being entirely responsible for all the ills of modern society, despite lack of evidence that any attempts at introducing other socio-economic orders, such as centrally planned economies in post-war Central and Eastern Europe, were better able to offer prosperity for all. As for the pragmatic vision, the author of this thesis holds the view that there is insufficient recognition given to third sector initiatives in fostering more sustainable socio-economic development, particularly in places underserved by state and private sector. Hence, the sub-aim of this study is to demonstrate how exactly the CSM design enables desirable effects to take place in areas abandoned by the state and private sector.

The growth of the third sector within the last two decades has been influenced and shaped by policy environment on one side and framings proposed and propagated by scholarship on the other. For academic researchers, social economy either represented the complementary system supporting the effective running of the market economy (Haugh and Kitson 2007, Hausner 2009) or acted as the inspiration and encouragement for construction of a completely different socio-economic system (Lee 1995, Amin et al 1999, 2002, Seyfang 200). For policymakers and practitioners, the activities associated with social economy were an attempt to tackle socio-economic problems resulting from the decline of the manufacturing sector and the subsequent shift to a service-based economy. This is usually linked with the policy approach taken by former UK Prime Minister Tony Blair and his 'Third Way', arguably continued by subsequent Coalition and then Conservative governments. The extent to which the great reform of the third sector and the overarching UK policy context influenced the rise of CSM will now be discussed.

2.5 Renewal of CSM in 21st century Britain

Having discussed the general context of third sector in which CSM operates, this subsection explores the trajectory of CSM revival in the 21st century Britain to better understand why and in what way an old and outdated 19th century business structure

with the ability to issue shares re-emerged within the last two decades. This is done by retrieving the historical key events and activities undertaken by the state and third sector that led to the growth of the community shares market in the UK.

2.5.1 Historical roots and modern revival of CSM in the national context

The early development of CSM can be traced back to the nineteenth century, to the beginnings of the co-operative movement in the UK. The rise and popularity of the Rochdale Equitable Pioneers, which began in 1844, eventually resulted in designing the business legal structure then known as IPS. The birth of IPS law in 1852, with its subsequent changes, allowed these societies to trade for the benefit of their members and issue shares. The historical record of these early societies suggests that IPSs market experienced rapid growth within less than two decades. The most famous retail society of the time, The Rochdale Pioneers, had only £28 in capital when operations began in 1844, which rose to £37,710 and a membership of 3,450 by 1860 (*The National Co-operative Archive 2018*). Nonetheless, about half a century later, the use of share issues by the societies seemed to decline.

Renewed interest in the CSM began to emerge at the beginning of the 2000s and it coincides with the beginnings of third sector reform and the national policies of Third Way. One of the areas of interest for the UK government at the time was the co-operative movement, which at the end of the 1990s consolidated two of the largest Co-operative groups in the country: Co-op Retail Services and Co-op Wholesale Society.

According to the literature (Yeo 2002, Brown 2008), the two key proceedings that brought attention specifically to the CSM and its legislation were the findings of two reports commissioned by the UK Government: The Co-operative Advantage (2001) and Private Action Public Benefit (2002). The first report prepared by the Co-operative Commission marked the strategic direction for the future of co-operative enterprises through the New Ventures Panel Group. One of the crucial findings of the panel, which was investigating the ways in which new co-op businesses could be established, was lack of access to the capital markets and the need of start-up capital for new co-operative enterprises, and the challenge was to address that. One clue as to how to address this problem was brought forward by another government report called Private Action, Public Benefit (2002:49) which reviewed legal frameworks used by charities and co-operatives and found that:

‘The Industrial & Provident Society structure is a useful, but underused, under-recognised and outdated form’.

Suddenly, the anachronistic-sounding legal structure of IPS became the subject of closer scrutiny and examination within third sector organisations. It transpired that IPS was able to issue withdrawable shares to the public, through which new co-operative businesses could obtain the start-up capital. The two organisations that became most actively involved in the exploration and initial research of the IPS and its ability to issue shares were the UK Cooperative and the Development Trust Association (DTA), later renamed Locality. Both organisations commissioned research into existing IPSs, which resulted in two separate reports by Hill (2007) and Brown (2008).

Soon after publication of their reports, the practitioners from UK Co-operative and DTA had the opportunity to collaborate on a two-year action research project, partially funded by UK government. The project investigated the emergence of a new market of shares issued by IPSs, including the ways in which members of the public could invest in this type of enterprise. The project was branded as a Community Shares Programme, and it was one of the first occurrence of the term ‘*community shares*’ in the public domain. The increasing popularity of community shares after 2010 in the UK (see also section 2.6.1) allowed the creation of a special advisory body in the field of community shares. In 2012, Co-operatives UK and Locality launched the CSU with funding support from the UK government¹. An overriding objective of this new advisory body was to grow a sustainable market for the community shares in the UK.

Over the last six years, CSU has established its position as the main national body advising on community shares and as the single source of collated UK-wide data. Since the activities of the third sector are a devolved matter for Scotland and Wales, both nations have their own dedicated business support for community shares: Community Shares Scotland (CSS) since 2014, and Community Share Wales (CSW) since 2016. Unlike CSU, CSW do not collect nation-wide data.

Concurrent with the development of a business support organisation for CSM, two policy interventions were introduced which had direct and indirect impact on the rise and popularity of the CSM field. The first was the UK Coalition’s government (2010-2015) consultation process into IPS regulation (UK Gov 2013), which led to changes in the legislation of IPS in 2014. Two of the key reforms concerned abandonment of the archaic name of IPS. The Societies are now to be referred to as either Registered Societies or Co-operative and Community Benefit Societies and have an increased

¹ Funding was secured by the Department for Communities and Local Government (DCLG), which from Jan 2018 has been renamed the Ministry for Housing, Communities and Local Government (MHCLG).

allowance of shareholding from £20,000 to £100,000 per member. The second intervention was the Labour government's (2008 -2010) announcement of the Energy Act (2008), which introduced state subsidies for small-scale renewable projects in 2010. This led to the rapid growth of the community energy sector, which almost exclusively used CSM as its core business structure (Community Energy England 2016). In addition, the Feed in Tariff (FiT) incentives were designed to provide a return of investment of 5% to 8% for well-designed community energy projects (DECC 2010), which, compared to less than 3% interest on savings offered at the time (see for example Abbey International 2010), was an interesting investment proposition. Although the community energy sector was not the sole trading activity that used CSM, the rapid development of small-scale renewable schemes was a fundamental driver in the development of the community shares market, as will be shown in section 2.6.2 of this chapter. Interestingly, one of the first community groups that started to experiment with CSM before the legislative changes discussed above took place, was in the community energy sector and became the first well-known cooperative energy project in the UK – The Baywind Energy Cooperative (Brown 2008).

The Baywind was born in the mid-1990s out of a partnership between a local landowner, who was also an enthusiast of renewable energy, and the Swedish development company Vindkompaniet AB² (Bolinger 2001, The Guardian 2002). The Swedish company developed five wind turbines at Harlock Hill in Cumbria and then helped local residents to establish Baywind Co-operative, which initially bought two wind turbines for £1.2 million through issuing shares with about 6% return (Bolinger 2001, Brown 2004). It is worth emphasizing that originally Baywind Co-operative was not an autonomous co-operative, as Brown (2004:49) remarks:

‘Unlike most co-operatives, Baywind’s investors found themselves coming in as members of an embryonic organisation which, whilst legally a co-operative, was heavily dependent on the expertise of its ‘godparent’ The Wind Company’.

With regards to Baywind’s share issues, the literature suggests that having chosen CSM as their legal structure, Baywind followed the requirements of having members who were also shareholders, with each member allowed only one vote regardless of shareholding amount, limited to £20,000 per person at that time (Brown 2004). Nonetheless, some discrepancy arises in relation to trade of Baywind shares, because today community shares cannot be sold. In the early days of Baywind Co-operative, Brown (2004:50) noticed that:

² Operated in the UK under the name: The Wind Company (TWC)

‘There is no recognised market in the shares but a number of Baywind investors have sold shares since the original share issues, having been given the names and addresses of potential investors by the co-operative’.

As such, Baywind shares seemed to have some, but not all, characteristics of what is today considered by CSU practitioners as community shares, which illustrates the early experimentation process with issuing shares in CSM. Nonetheless, the success and popularity of Baywind was vital for the later popularity of CSM in the community energy sector. For example, the experience arising from setting up and running the first UK Co-operatives owning wind turbines allowed its members and investors to use their practical knowledge to establish a new venture in 2011, the Sharenergy Cooperative, and to work with other community groups to help them develop their renewable projects using CSM (Brown 2008).

The exploration of events leading to the revival of CSM in the UK suggests that the obscure institutional framework of IPSs was revived in the last decade by the combined efforts of the state and voluntary sector. The political will of the New Labour government to promote the Co-operative movement in the UK allowed for the buried legislation of the IPSs to re-emerge, and to eventually become modernised by the Coalition government in 2014. The practitioners of the third sector, especially within the co-operative movement, eager to find new sources of capital for their ventures, took the opportunity to rebrand and promote the outdated business model. The share issues of IPSs were now renamed as community shares, and a new legislative framework abandoned the archaic name of IPS. Finally, the introduction of state subsidies for small renewable projects which almost exclusively used CSM, allowed the model, already tried and proven, to gain momentum. The next subsection reviews the key characteristics of CSM through the lens of legal infrastructure.

2.5.2 Legal infrastructure of CSM

The concept of community shares does not have a legal definition. The literature discussed above suggests that the name was given by practitioners who were keen to promote this unique way of obtaining risk capital for community enterprises. The basic description given by practitioners (CSU website 2018) of what constitutes community shares is:

‘Withdrawable share capital of co-operative and community benefit societies.’

As such, community shares refer to the unique type of shares that can only be issued by specific types of societies, namely Co-operative Societies and Community Benefit Societies. The extended definition, again offered by practitioners, provides more specific criteria against which the Societies are to be judged. According to the CSU Handbook (2018:2), community shares are:

‘Non-transferable, withdrawable shares in a society with a voluntary or statutory asset lock. The term is applied to societies with at least £10,000 in share capital and at least 20 members, to focus on genuinely community owned ventures’.

Here, to qualify as using community shares, the Cooperative Societies and Community Benefits Societies need to have inserted an asset lock³ and hold a minimum £10,000 of share capital from at least twenty members. As the process of developing and promoting the community shares market is ongoing, it is not surprising that the definition of community shares is still evolving. Given that CS&CBS provide a legal framework for use of community shares, it is crucial to understand where this operationalising legal framework comes from, and how it differs from other types of legal entities.

The Society Law

The key legislation for CS&CBS is The Co-operative and Community Benefit Societies Act 2014⁴ (UK Gov 2014). Historically, the first official regulation goes back to 1852, when CS&CBS were referred to as IPSs. Subsequent legislation introduced many changes, and crucially granted the IPSs limited liability and allowed them to enjoy full corporate status. These changes meant that IPSs were treated as a separate legal person able to own property and that members who held shares in the IPSs were responsible for business debt, but only to the nominal value of their shares. The share issues in IPSs were also exempt from the many regulations of shares issued by private companies (Snaith 2014).

IPSs consisted of two types of societies: the Co-operative Society (CS) which is run for the benefit of members, and the CBS which is run for the benefit of the wider group referred to as ‘community’. The creation of the CBS type of society was a response to the abuses of the light regulation of shares issued in IPSs in the 1930s, where many IPSs were set up to evade the prospectus requirements necessary in Company Law

³ Constitutional device that prevents distribution of residual assets to members (CSU Handbook 2018)

⁴ Does not apply to Northern Ireland.

(Snaith 2001). The 2014 amendments to IPSs legislation removed the term IPS, and in its place used the term Co-operative and Community Benefit Societies.

As the CS&CBS is a legal structure allowing almost any commercial activity⁵, they share some of the requirements and features of other businesses, for example and as previously mentioned, limited liability and corporate personality, as well as capital, which can only arise from reinvesting profits, shares and debits. Other common requirements include the issues of governance and decision making, transparency and administration costs. The registering body of CS&CBS is the regulator of financial services in the UK, the Financial Conduct Authority (FCA)⁶. Any new society is obliged to provide the governing rules of their society to the FCA and pay a registration fee ranging from £60 to £460 (CSU Handbook 2018).

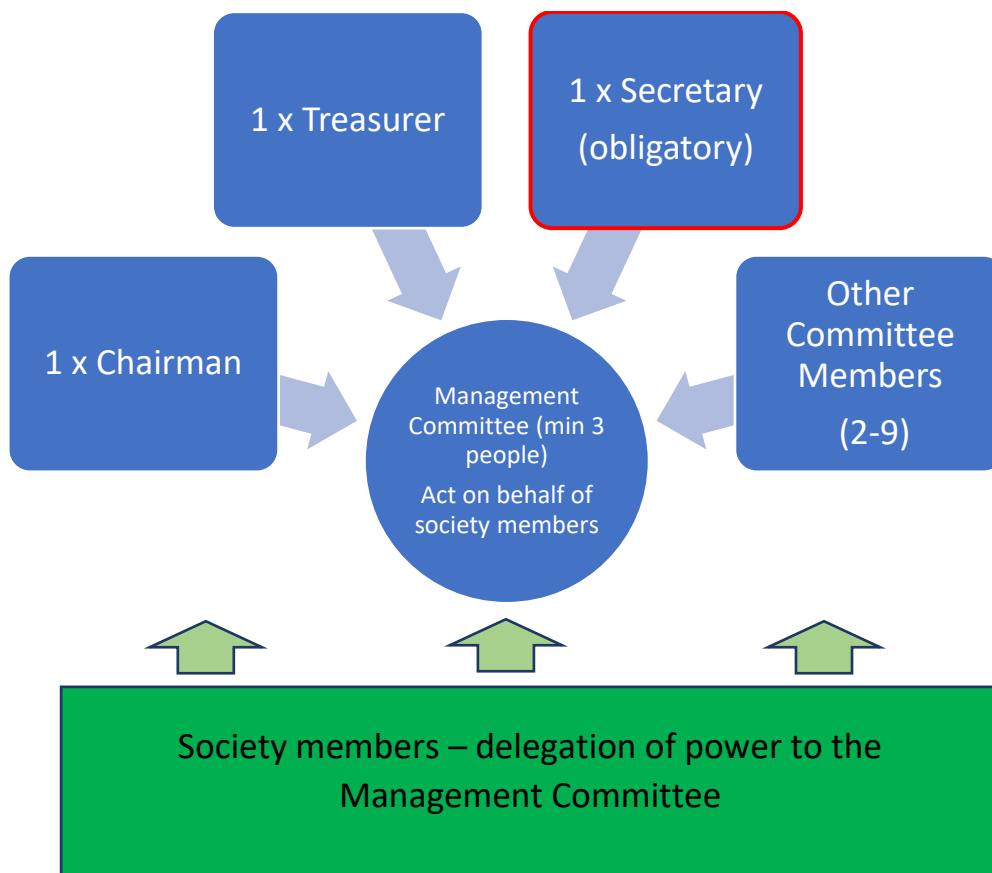
Governance

Every new CS&CBS is obliged to produce a document with the set of rules governing that society. The set of rules is a key governance document, and thus it must contain basic information about the society, such as name, address, objectives, membership, management and form of shared capital, as well as specify the rules that govern the functioning of the society on a daily basis, including termination of membership and removal of committee members. The basic governance structure for CS&CBS consists of a management committee, which acts on the behalf of society members (Figure 2.2). According to Society Law, the minimum number of committee members is three and the maximum 12. The appointment of a secretary is required by law (thus red outline in Figure 2.2), but decisions whether to appoint other posts such as chair or treasurer are left to the Society. The committee members, often referred to as directors, have delegated powers from the members of the society to oversee the affairs of the society. All members of the Committee are selected by the members of the society on a 'one member, one vote' basis during Annual General Meetings (AGMs), which each society is obliged by law to hold once a year.

⁵ With exception of carrying on the business of banking. See more in Snaith (2014).

⁶ Except for Northern Ireland where new societies are registered by the Department of the Economy (CSU Handbook 2018).

Figure 2. 2 Basic governance structure of CS&CBS



Source: Own input based on CSU Handbook 2018

Unique features of CS&CBS

Although CS&CBS share many features with other legal entities, they also have characteristics that distinguish them from other legal structures. A key feature concerns the ability to issue share capital. Unlike company shares, the community shares in CS&CBS can offer only limited return to shareholders. Due to this restriction, the societies are exempt from certain regulation of share issues, such as costly prospectus requirements. It is the limited financial return on community shares that appeals to the advocates of this model, especially those with a negative stance towards capital gain from the sale of ordinary shares (Fitzhugh and Stevenson 2016).

The second unique feature of community shares is the democratic character of the voting system, where each shareholder has one vote regardless of number of purchased shares. Finally, the third key characteristic of community shares is that the society can buy them back directly from the members, without the many formalities

which face company shares. Table 2.1 provides a summary of key features of community shares and company shares. While comparing both types of shares, it becomes apparent that in the case of community shares there is a trade-off between limited financial return and tighter regulation of the share market.

Table 2. 1 Comparison of community shares and company shares.

	Community Shares	Company Shares
Limits on shareholdings	Maximum £10,000 limit per member	No maximum limit
Voting system	One vote per shareholder	One vote per share
Limits on dividends	Can pay limited interest on shares, "sufficient to attract and retain the investment"	No legal limits on the dividend rate paid on shares
Possibility to cash in shares	Can be cashed-in ('withdrawn'), subject to the rules of the society	Cannot be cashed-in. Shareholders must find a buyer to whom they can 'transfer' (by selling) their shares
Value of shares	Can go down in value, but they cannot increase in value above their original price	Can go up or down in value according to the price the buyer is willing to pay and the seller is willing to accept
Prospectus requirements	No	Yes

Source: Brown (2009).

Although community shares enjoy lighter regulation, the legal entities that can issue them, the Co-op Soc and CBS, face certain restrictions. The fundamental restrictions are registration requirements, which include restrictions on interest rates, on share capital and on profits (FCA 2017), and which are guarded by the registering body, the FCA, which also has a power to reject or de-register the societies that do not fulfil the criteria or act outside their purpose (Snaith 2014).

The key document providing the guidance to determine whether a given society is CS&CBS is the Community and Benefit Societies Act (UK Gov 2014). In the case of a CS, the organisation needs to show that it has some common social, economic or cultural interest among members, who are in control of the business, whereas community benefit societies are expected to be run for the benefit of a wider group apart from the members, and thus they tend to be more philanthropic in character. With regards to the interest on share capital and profits, both type of societies are allowed to pay an interest rate to the members, although in a limited amount as the Mutual Societies Information Note from FCA (2017:5) stipulates:

'Any interest paid must not be more than a reasonable rate necessary to obtain and retain enough capital to run the business.'

The Society Law does not specify however what a 'reasonable' or 'necessary' rate is, and each CS&CBS, when deciding to pay the interest rate, need to agree the rate themselves and provide these details whilst registering the society with FCA. The situation with profit sharing is somewhat different for each type of society. Co-operative Societies are allowed to share profits with the members, unlike Community Benefits Societies CBSs, where profits need to be used to further advance the prospects of the organisation as a whole:

'The society's rules must not allow either profits or the society's assets to be distributed to the members. Profits must generally be used to further the objects of the society by being ploughed back into the business. Where profits are used in part for another purpose, that purpose should be similar to the main object of the society (FCA 2017: 5).

Accordingly, the Co-operative Societies form may appeal to the more commercial ventures, because (limited) interest rates on share capital, as well as profits, are allowed to be distributed to members; Community Benefit Societies however seem to have a more philanthropic character, because only limited interest is allowed to be paid to individual members, with no profit sharing.

Overall, although the beginnings of the Cooperative Societies and Community Benefit Societies legal framework goes back to 19th century Britain, they are a relatively new form of legal entity in the 21st century. The recent attempts to modernise the outdated legislation and the branding efforts aimed at promoting this business model have been taking place for less than two decades, with the result that CSM is predominantly a rural phenomenon (Brown 2008, Cabras 2011), unlike in the 19th century when the model was chiefly used in large industrialising urban centres. The ability to raise the capital with relatively low costs and the asset lock are seen as a distinctive feature of CSM, that makes them valuable especially in rural areas, where due to economy of scale the IOC business model remains a challenge (Brown 2008, Cabras 2011, 2013). The next section provides an overview of the community shares market in the UK.

2.6 Key trends in community shares market

Having discussed the conditions and key events leading to the recent revival of CSM at the national level, this section aims to understand the present state and dynamic of the community shares market sector in the UK, including spatial differentiation across UK regions and sectors. The section is divided into four parts. The first provides key indicators of community shares offers in the period between 2009 and 2015, including the total number of share offers, amount of share capital, and membership, as well as

offered interest rate. The second part analyses the sectoral and spatial trends of CSM. The third part discusses the impact of sudden policy change on the CSM market. The final part looks into the main characteristics of community shares investors. The information provided here is based on secondary data from the CSU Open Data Dashboard and Nesta-Cambridge Alternative Finance report (Baeck et al 2014).

2.6.1 Sketch of community shares offers 2009- 2015

With regard to the total amount of community share offers nationally, the data from the CSU Open Data Dashboard recorded 351 issued share offers in a six-year period (2009-2015). The modest start of 18 share offers in 2009 sharply increases by 2015, in which year a total of 100 share offers were issued nationally. Such rapid increase suggests that the period 2009-2015 witnessed the substantial growth of the community shares market. Initially, from 2009 to 2013, there was a steady increase in the amount of community shares offers nation-wide, with 18 share offers issued in 2009 and 63 in 2013. 2014 was a stagnant year, with no increase, which CSU ascribes to a number of factors, such as uncertainty in policy landscape around tax benefits associated with community shares (CSU 2015). However, 2015, the final year of the considered period, shows a sharp increase to a 100 issued share offers, a record high within one year nationally, which as will be shown later in this section is owed to the rise of the community energy sector.

Share capital and membership

With regard to the amount of share capital and membership, the total amount of share capital for all 351 issued community shares between 2009 and 2015 reached almost one billion pounds, with membership of over 780,000 individuals (table 2.2). This gives a national average of £835,000 share capital and 418 members per society. The distribution of these numbers across each part of the UK varies significantly, with the highest amount of total share offers, share capital and membership recorded in England, and a significantly smaller proportion in Wales and Scotland. Table 2.2. shows that societies in England issued over £84 million of share capital; societies in Scotland issued around £11 million, eight times less than that of England; societies in Wales issued over £3 million, twenty four times less the amount of England. The key characteristic for Wales however is that, despite having the lowest amount of average

share capital per society, the average number of membership is the highest amongst the three nations - 222 members, compared with 110 in England and only 86 in Scotland.

Table 2. 2 Number of community shares offers by membership and share capital in each region

	England	Scotland	Wales	Total
Share Offer no	300	26	25	351
Membership	32,930	2237	5543	7812.93
Average Society membership	110	86	222	418
Share capital (£)	84,387,226	10,820,478	3,430,438	98,638,142
Average Society Share capital (£)	281,291	416,172	137,218	834.684

Source: Own calculations based on CSU database of issued community shares offers between 2009-2015.

Since CS&CBS are allowed to pay interest rates to its members (see section 2.5.2), the data in table 2.3 provides a breakdown of the interest rates for 169 societies in the period 2009 to 2014. The majority, that is 51% of surveyed societies, offered 3% to 5% interest. One in six societies declared that they will not, or are unlikely to pay any interest, one in four offered an interest rate above 5%, with one in ten declaring they would pay at least 7.6%.

Table 2. 3 Breakdown of share interests for 192 societies.

Share interest rate statement	No of societies
0%/unlikely to paid interest	27
Up to 3%.i87p-i0	28
3.1% to 4%	29
4.1% to 5.0%	40
5.1% to 6.5%	11
6.6% to 7.5%	13
7.6% to 8.5%	8
8.6% to9.5%	4
Over 9.6%	7
No rates stated	25

Source: CSU Inside the Market Report 2015. Data based on 192 share offers produced by 169 societies in the period 2009-2014

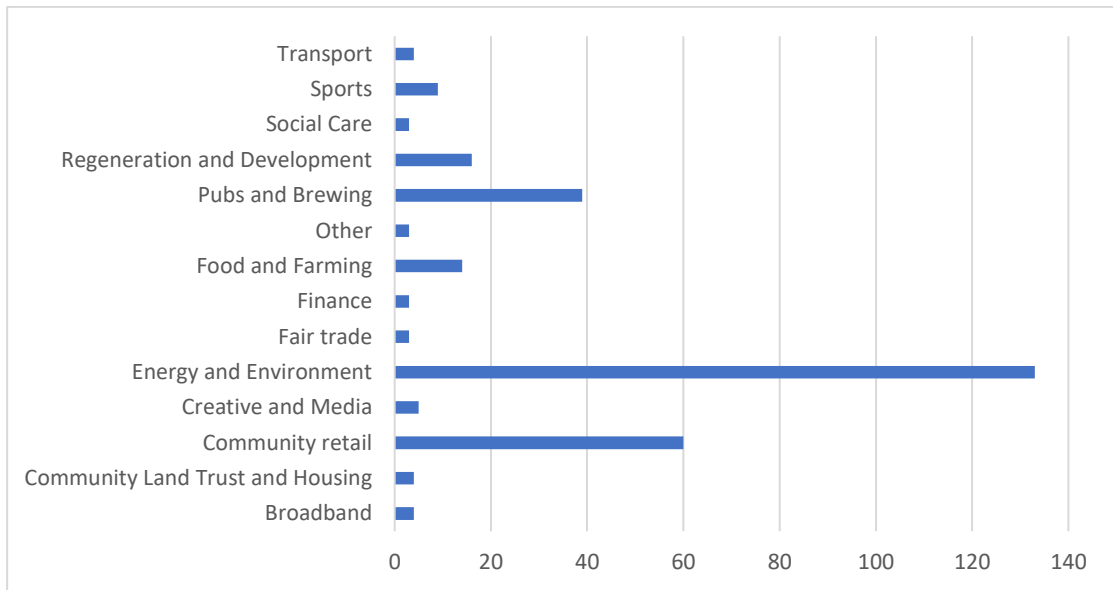
With regards to the minimum shareholding requirements, it was in the remit of each society to determine the amount. CSU (2015) found that, amongst 192 share offer documents for 169 societies issued from 2009 to 2014, the majority of the societies needed each member to invest £250 or less, with one in four requiring a minimum of £250 per member. More than one in ten societies did not state the minimum requirements, and 15% required each member to purchase at least £251 value of shares. The most usual minimum requirement for community pubs and shops was to purchase between £10 and £100 value of shares, and at least £250 for community energy offers.

2.6.2 Key sectoral and spatial trends of community shares offer

Having outlined the key trends in the rise of community shares offers over time, as well as share capital, membership and rates of return on investment and minimum shareholding, this subsection starts by analysing the share offers according to their trade activities in England, Scotland and Wales.

The CSU database shows that CSM was used by a wide range of trade sectors, albeit the model was especially popular within five distinct trade activities: energy and environment, community shops, community pubs, regeneration and development, and food and farming. All trade sectors were grouped into fourteen categories listed in graph 2.1. This wide spectrum of CSM usage was recorded in England only, which may indicate the experimentation with the model in the areas where CSM was not well established, such as broadband or social care. In Wales and Scotland there were respectively 7 and 5 types of trade activities using CSM. (graphs 2.2 and 2.3). The most popular sector across the three nations by far was community energy (Energy and Environment), with 157 share offers nation-wide including 133 in England, 14 in Scotland and 10 in Wales.

Graph 2. 1 Community shares by trade activities in England



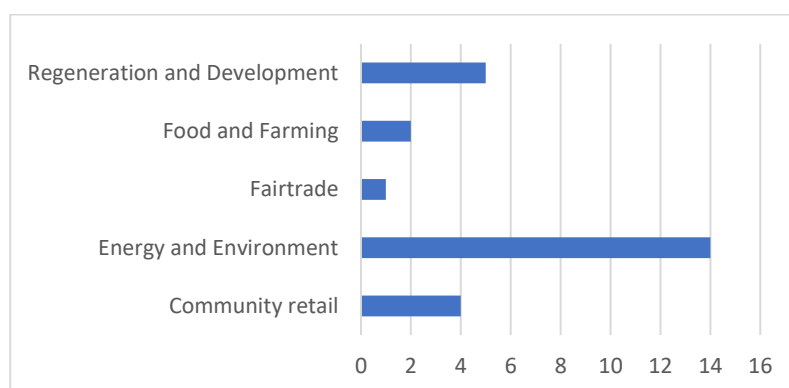
Source: Own input based on CSU database of issued community shares offers between 2009-2015.

Graph 2. 2 Community shares by trade activities in Wales



Source: Own input based on CSU database of issued community shares offers between 2009-2015.

Graph 2. 3 Community shares by trade activities in Scotland



Source: Own input based on CSU database of issued community shares offers between 2009-2015.

Apart from community energy, the most popular sectors nation-wide were community shops with 64 nation-wide share offers issued, pubs 43 offers, and finally regeneration and development with 24 share offers (Table 2.4). The number of community share offers issued for the most popular sector of community energy was 2.5 times higher than the number of share offers for the second most common trade. This shows the clear dominance of the energy sector within the community shares market.

Table 2. 4 Top four sectors in three nations

	England	Scotland	Wales	Total
Energy and Environment	133	14	10	157
Community Retail	60	4	-	64
Pubs and Brewing	39	-	4	43
Regeneration and Development	16	5	3	24
Food and Farming	14	2	4	20

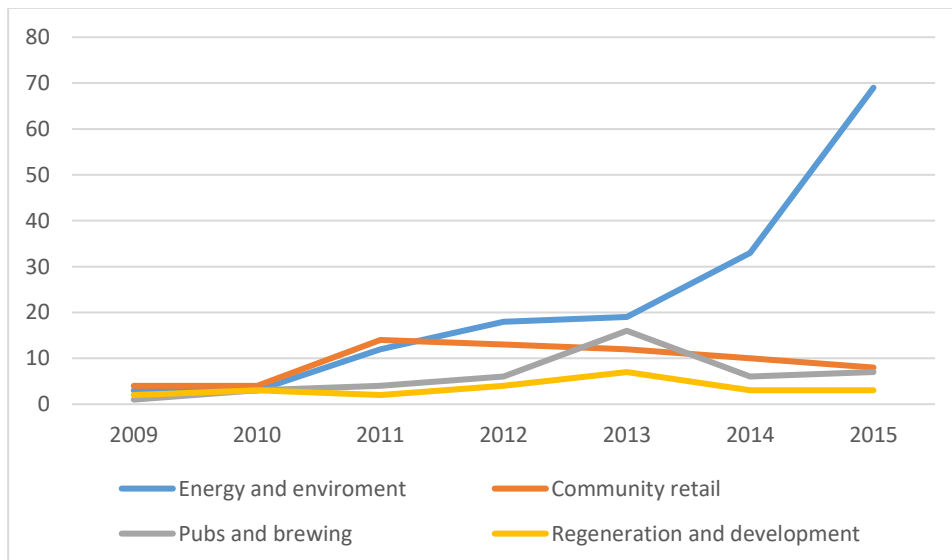
Source: Own input based on CSU database of issued community shares offers between 2009-2015.

What is interesting about the popularity of the top sectors in community shares market across nations is that these five specific trade activities appear to be a distinct rural phenomena per se. For example, renewable projects are more likely to take place in rural areas due to availability of natural resources and space. The promotion of community shops and similar facilities such as rural pubs seem to suit rural communities as they tend only to have one village shop or pub in close proximity, and hence may be more inclined to retain the facility than their urban counterparts. Seen in this way, CSM seem to respond to the unfulfilled demand for socio-economic activities within rural communities, to which no other business model appears to be able to

respond. For example, the study of rural pubs and CSM (Cabras 2011) found that the model is an important alternative to either private enterprise or tenancy for keeping the public houses open.

As to the rise of CSM popularity within the top sectors over time, there is a differentiation in the spread of the sectors both nation-wide and across the three nations. The nation-wide average (graph 2.4) shows that only between 2009 and 2010 was there a similar trajectory of growth for all sectors, when no rise in new share offers amongst the top four was recorded. The first breakthrough can be observed in 2010, when the number of share offers for both community energy and community shops are beginning to rise, with the renewable energy sector to accelerate over the next five years, and community shops steadily declining throughout the same period. There is also a temporary rise of share offers in the pubs as well as regeneration and development between 2012 and 2013. Nonetheless, from 2013 on, the steady decline in pubs, shops and regeneration projects using community shares can be observed. The rise and decline of these three sectors CSU ascribes to the operational period of business and financial support offered by the organisation, Co-operative Enterprise Hub. (Co-op News 2014). This initiative was designed to help small co-operative organisations and operated between 2009 and 2013 (Co-operative Group 2010, Co-op News 2014).

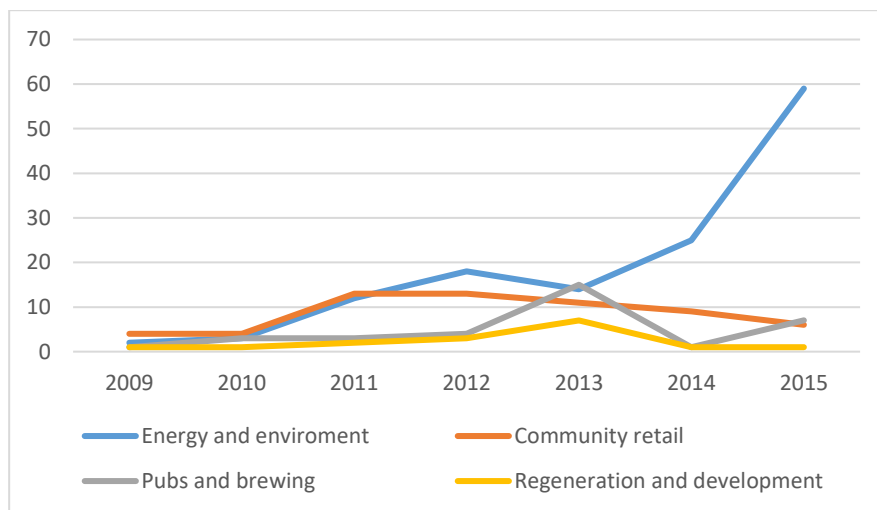
Graph 2. 4 Community shares offer nation-wide by leading sector over time



Source: Own input based on CSU database of issued community shares offers between 2009-2015.

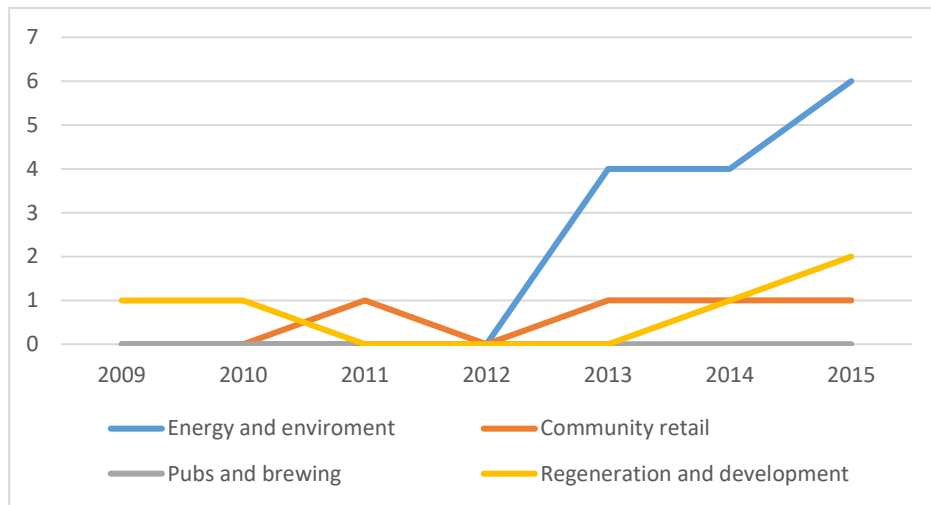
When the trend in the rise of the four most popular sectors is applied to each nation separately, the indicator in England resembles the wider national trend as illustrated in graph 2.5. The situation in Scotland and Wales is a little different and, as graphs 2.6 and 2.7 indicate, the shares in the community energy sector began to increase two years after England. This period correlates with the start-up of a support organisation for community energy projects across the three nations, Sharenergy, which could potentially have influenced the rise in number of share offers in Wales and Scotland. It is also good to reference here that business support dedicated specifically to the community shares market in Scotland has been active since 2014 and in Wales since late 2016. The community shares business support for Scotland is currently financed by Scottish Government and the Big Lottery whilst run by Development Trust Association (Community Shares Scotland 2018), and in Wales the support is funded by the Big Lottery Fund and delivered by Wales Co-operative Centre (CSU 2018).

Graph 2. 5 Community shares offers in England by leading sector over time



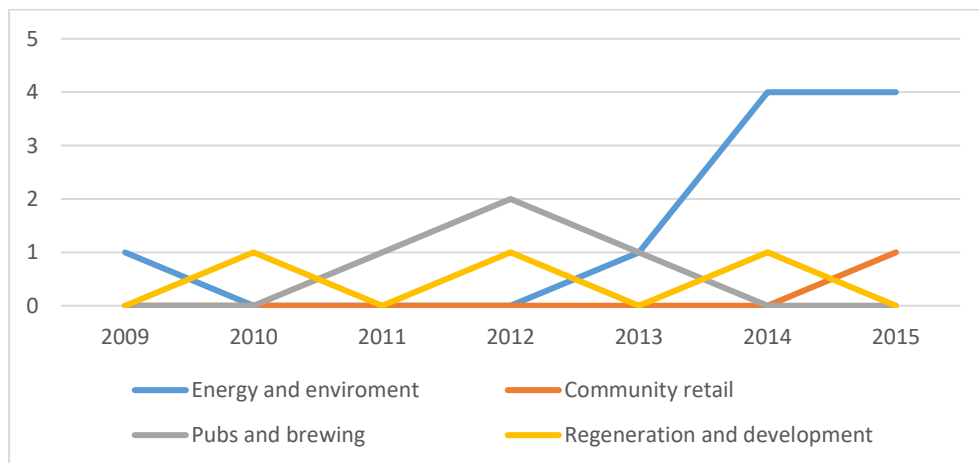
Source: Own input based on CSU database of issued community shares offers between 2009-2015.

Graph 2. 6 Community shares offer in Scotland by leading sector over time



Source: Own input based on CSU database of issued community shares offers between 2009-2015.

Graph 2. 7 Community shares offer in Wales by leading sector over time



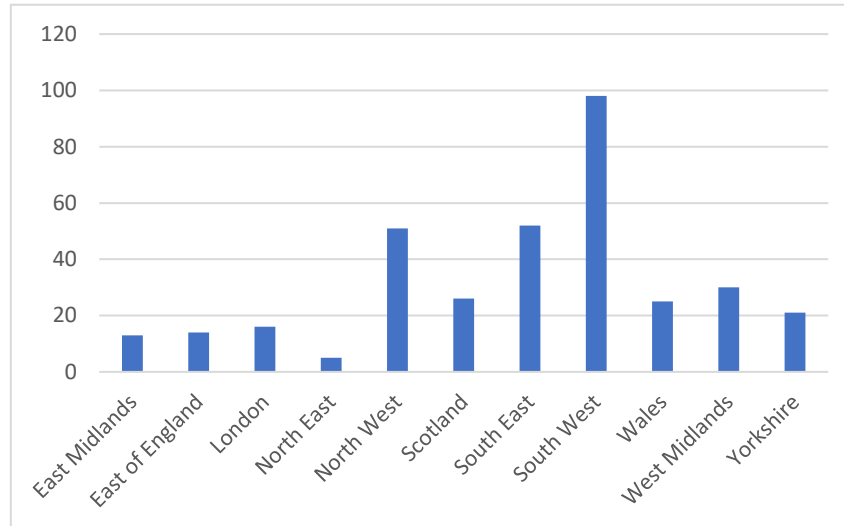
Source: Own input based on CSU database of issued community shares offers between 2009-2015.

Geography of community shares

Given the high number of community share offers in England (table 2.2), it is not surprising that the three most popular UK regions issuing community shares were located there. Graph 2.8 shows the dominance of the South West of England with over 90 share offers in place, and the South East and North West with over 40 share offers

each. The least activity in community shares has been recorded in the North East where only 5 share offers were issued between 2009 and 2015.

Graph 2. 8 Regional location of societies launching community shares between 2009-2015



Source: Own input based on CSU database of issued community shares offers between 2009-2015.

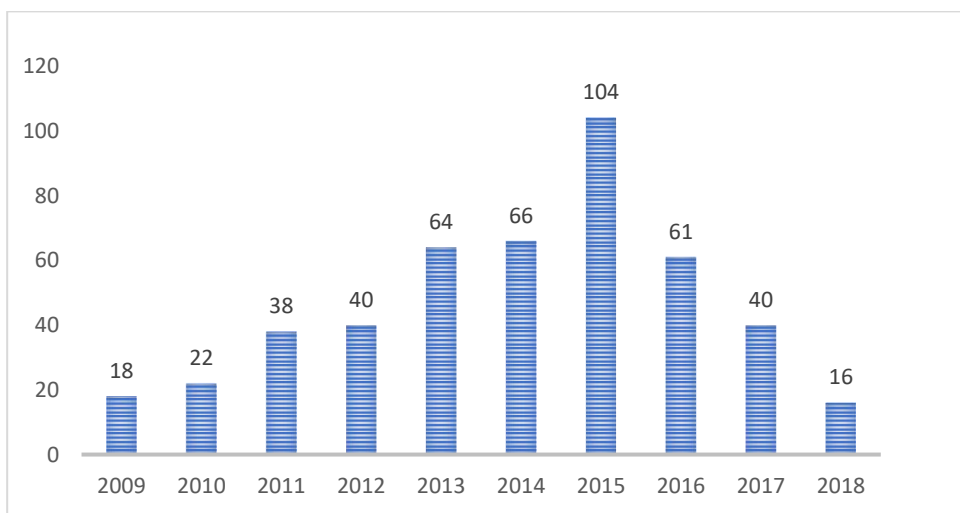
When the three most popular trade activities, that is community energy, community shops, and community pubs were considered across English regions, the three most popular regions were: South East, South West and North West. The South West of England had the most share offers in community energy and community shops. The South East and North West had more share offers in pubs than the South West. The North West had a relatively small uptake in the retail sector when compared to the South East and the South West.

One of the key trends that can be observed here is that community shops dominate in the south of England, whereas the pubs' intake is more prevalent in the north. This geographical variance could be potentially explained by the presence of business support organisations in the region. For example, the Plunkett Foundation (Perry and Alcock 2010), based in Oxford, is a keen promoter of community shops, whereas Co-operative and Mutual Solutions (CMS Ltd) operates in the north (Lancashire). The proximity of the intermediary support organisation could be vital for smaller rural communities, because for example it is possible to meet and discuss the ideas in person, without the necessity of making a long and time-consuming journey.

2.6.3 Sketch of community shares offers post 2015

Thus far, the presentations and discussions of key trends in community shares market concern the period of market growth, that is to the end of 2015. Nonetheless, the situation has dramatically changed since December 2015, when nation-wide support for community energy projects was greatly reduced by the then new Conservative government, as noted in section 2.5.1. The sudden regulatory changes that came into force at the end of 2015 included, but were not limited to, a substantial decrease in the amount of FiT available for community energy projects and exclusion from tax relief schemes such as Enterprise Investment Schemes (Community Energy England 2017). As the community energy sector appears to be one of the key drivers in the growth of community shares market, these policy changes seem to be directly linked to the decline of community energy schemes, and hence also the decline of the community shares market and the use of CSM. Graphs 2.9 and 2.10 show the rapid decline of the community energy market after 2015, and as a result the decline of the community shares market. Graph 2.9 indicates that the number of all share issues launched one year after the policy changes dropped by over 40, in comparison to the period before changes. In addition, the year 2017 reported a further drop of the total number of shares issued nation-wide back to the level attained in 2012, only to further decline in 2018, when the total number of share issues was lower than in 2009 and only 16 new share offers were reported.

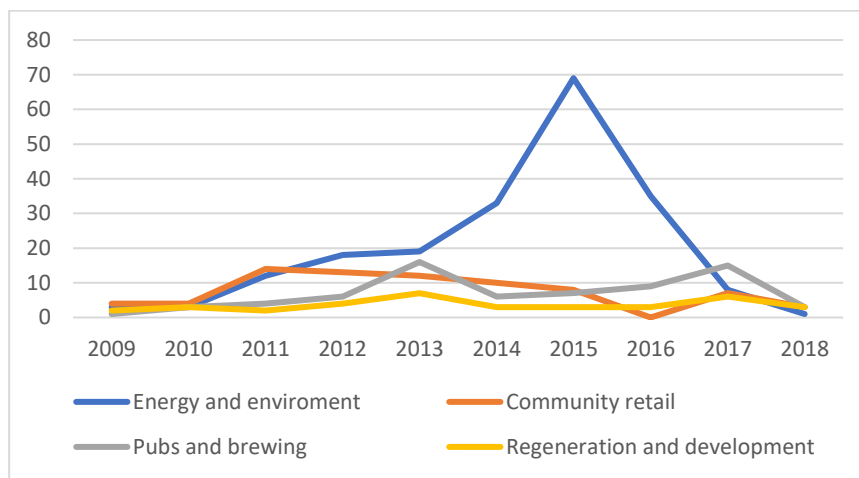
Graph 2. 9 Number of community shares offers between 2009 and 2018



Source: Own input based on CSU database of issued community shares offers between 2009-2018.

Interestingly, the blue line in Graph 2.10 which shows the trajectory of growth and the decline of community shares offers in the community energy sector, indicates that there was no lag between policy change and rapid decline in share offers. This trend suggests that regulatory changes introduced by the government in late 2015 took stakeholders by surprise. This conjecture is confirmed by the House of Commons report (2016), according to which policy change in regards to the community energy sector was unexpected, and as the above report found, it reflected the overall lack of vision and long-term commitment of the UK Government towards renewable energy.

Graph 2. 10 Number of community shares offers by sector 2009-2018



Source: Own input based on CSU database of issued community shares offers between 2009-2015.

The above observations raise questions for the long-term survival and sustainability of the community shares market, because of its dependence on policy mechanisms that are not guaranteed. It is also unclear whether those involved in its promotion will be able to compensate for the dramatic decline of the community energy sector with greater uptake in other sectors, for example pubs or retail. The data displayed in graph 2.10 indicates that at the moment this is not the case, as the total number of community shares in 2018 was lower than in 2009. Despite that, there are signs that the third sector is not abandoning the promotion of community shares market and CSM. For example, the CSU has launched a new programme called Community Shares Booster Programme in cooperation with Power to Change⁷, which aims to facilitate the growth of community shares markets through offering matched funding for community businesses. Hence, a fuller analysis of the state and future of the

⁷ It is a charitable trust with a budget of £150 million from the Big Lottery Fund, proposed to operate between 2015 and 2025 and develop community businesses in England.

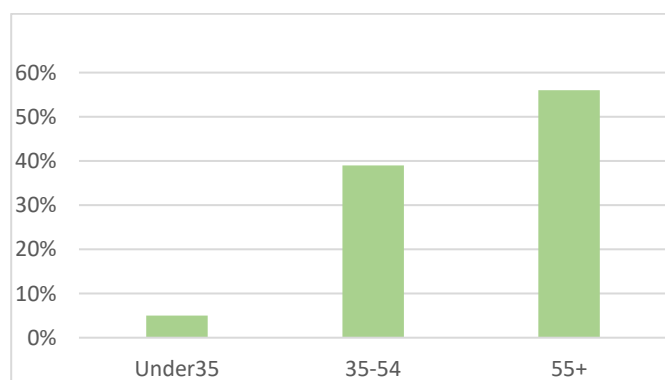
community shares market could be undertaken towards the end of the Power to Change program, which remit goes beyond the capacity of this thesis. Nonetheless, the dramatic change in small scale renewables policy context shown above indicates that a conducive policy environment is vital for the diffusion of CSM.

2.6.4 Investors' profile

Finally in this section, attention turns to the investors using community shares. The intention here is to present a general profile of a community shares investor, and thus the indicators such as annual income, age and level of education are taken into account, as well as invested amount. The secondary data is taken from the research conducted by Nesta and Cambridge University, who surveyed the characteristics of investors across alternative finance models⁸ and whose results have been published in the reports of Baeck (2014) and CSU Inside report (2015).

In regard to age of community shares investors (graphs 2.11), the dominant group consisted of individuals who were 55 years or more and accounted for 56% of all investors. Those between 35 and 54 years of age accounted for 39% of the total number of investors. 5% of investors were under 35. This suggests that community shares investors consist of predominantly middle aged and more senior members of society. These groups, due to their age, usually have more disposable income and this may explain the popularity of community shares amongst this particular demographic.

Graph 2. 11 Age of community shares investors

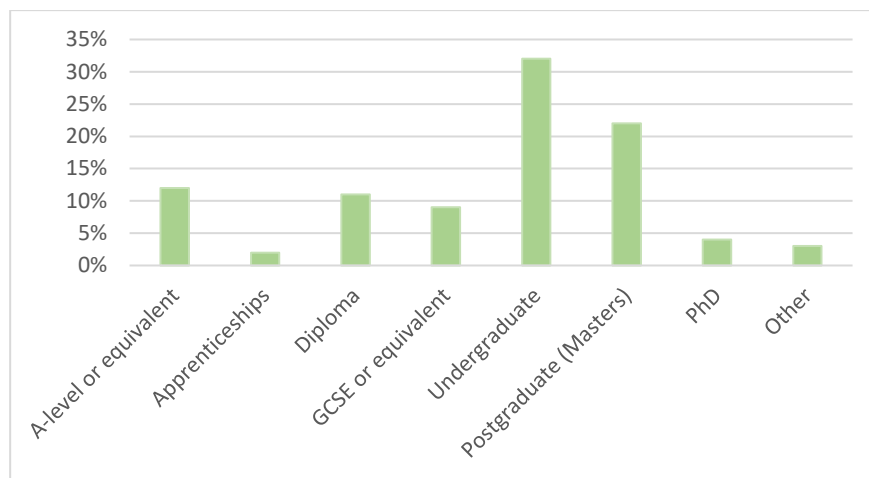


Source: CSU Inside the Market Report 2015. Base: community shares investors n=380

⁸Alternative finance models - describes the financial instruments that emerged outside of the established banking system, whose spread has been facilitated by the advancements in information and communication technology (ICT).

With regards to the education level of investors (graph 2.12), 54%, a majority had at least a university degree. Those with undergraduate and postgraduate degrees (Masters) made up 32% and 22% of all investors respectively. The authors of a CSU report (2015) noted that community shares had higher representation amongst university graduates than the general population, which constituted 38% in 2014 according to ONS. Individuals with PhD degrees and those on apprenticeships were the least represented, claiming 4% and 2% respectively.

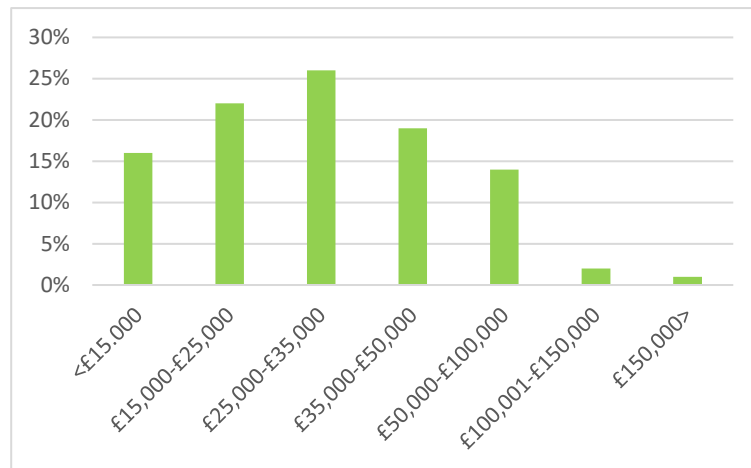
Graph 2. 12 Education level of community shares investors



CSU Inside the Market Report 2015. Base: community shares investors n=380

Regarding the annual income of those who purchased community shares (graph 2.13), the clear majority earned less than £50,000. The most dominant group, accounting for 23% of all community shares investors, earned between £25,000 and £35,000 per year, which falls into the category of average income earners. In contrast, those with higher gross annual earnings (more than £100,000) constituted only 3% of the total number of investors. Interestingly, community shares were also well represented amongst those earning £15,000 or less, accounting for 15% of all investors.

Graph 2. 13 Annual income of community shares investors



Source: CSU inside the Market Report 2015. Base: community shares investors n=380

Finally, in regard to the amount invested by community shares investors, the most popular option was to invest between £101 and £500 (over 30% of investors) and the least popular were amounts under £50 (graph 2.14). The data also suggests that the great majority of community shares investors purchased shares on a once-off basis.

Graph 2. 14 Amount invested in CS



Source: CSU inside the Market Report 2015. Base: community shares investors n=380

The data presented in this section shows that the average profile of a community shares investor is an individual who is over 35 years of age, has a minimum of an university degree (undergraduate or postgraduate), earns no more than £35,000 per year and purchases between £100 and £500 worth of shares. The community shares

appear to be most popular amongst the middle aged and older demographic who, as previously mentioned, are the dominant demographic group in rural areas of the UK, and who are also the most likely to migrate to the countryside as will be further discussed in section 2.7

The examination of major trends in the community shares market indicated its steady growth between 2009 and 2015, and rapid decline after 2015. The three most popular trade activities adopting CSM nationwide were community energy, community shops and community pubs. These three sectors could be seen as rural phenomena per se, because they either required natural resources and physical space (community energy), or they were the only facility of its kind available in the sparsely populated areas (community shops or pubs). This could possibly explain the popularity of CSM amongst rural areas (Brown 2008, Cabras 2011).

Given that rise of small-scale renewable schemes was most likely the primary driver of community shares market growth, not surprisingly the sudden policy change towards community energy sector at the end of 2015 was found to be the possible primary cause of community shares market decline. This on the one hand shows the perils of heavy reliance on solely one sector to grow the community shares market, and on the other, it illustrates the great susceptibility of the third sector to sudden policy changes.

In regard to the leading region in terms of the total amount of cooperatives with CSM, the South West of England was found to have the largest number, whereas Wales was characterised by the highest average membership, in comparison to Scotland and England. The physical presence of business support organisations promoting CSM, such as the Plunkett Foundation, was found to be a possible influence on the spatial variance between sectors using CSM.

Mapping the profile of average community shares investors revealed that the dominant demographic groups buying community shares were those from middle to retirement age, which cluster has also been found to be the dominant demographic group in rural areas. This correlation will be further analysed in chapter four, where the socio-geographical composition of the six case studies used in the thesis will be analysed. In summary, the community shares market experienced an accelerated growth in a very short space of time. This allowed CSM to be popularised and to become a visible and important feature not only of the cooperative movement, but also of the landscape of social and community enterprises and, most importantly, to offer a means of enhancing the sustainability of rural communities. The next section reviews and discusses the literature concerning CSM in rural context.

2.7 CSM in rural context

The previous section presented and discussed the key trends in the community shares market, where it was revealed that CSM is predominantly used in rural services, such as pubs, shops or small renewable schemes, and as such it represents an important alternative option to either lease agreements or IOC. This section introduces the rural context as the arena where CSM is researched in this thesis, as well as identifies the research gap in relation to the potential of CSM to aid a more sustainable trajectory of rural community development. This is done first by clarifying the meaning of rurality in this study, second by discussing the compatibility of cooperatives with rural places, and finally by presenting the potential of CSM for socio-economic rural development.

2.7.1 Notes on rurality

Before moving to revision of CSM in the rural context, it is important to define the concept of *rurality*, as well as to discuss the common socio-economic characteristics of rural spaces. The term *rurality* or *rural* lacks uniform consensus within academia. Nonetheless, there are some major trends in conceptualising the rural dimension within rural study literature and the three key ideas are discussed below. The first and most general trend in describing rural has been proposed by Ilbery (1998), who distinguished between two ways: first the traditional, that describes *rural* in terms of its distinctive functions such as agriculture production, and the second and more recent idea, that considers *rurality* as a discourse and hence focuses on how the rural is experienced.

The second trend laid out by Halfacree (1993) offers a more detailed account and differentiates four different approaches to the definition of *rural*: descriptive, socio-cultural, rural as locality and rural as social representation. Each of the approaches has underlying assumptions. Descriptive, for example, assumes the existence of rurality which can be described by statistical and administrative parameters; a socio-cultural approach assumes the correlation between social and spatial attributes such as low density; the third approach assumes that rurality is a specific type of locality; the final assumes that rural is a result of social construction.

The third strand of conceptualisation of rurality by scholarship has been proposed by Marsden (1998), who describes rural in relation to changes occurring in the countryside. Depending on the expected socio-economic and political outcome, Marsden (1998) proposed four categories of rurality: the preserved countryside, where the actions are oriented towards preserving the image of rural idyll; the contested countryside where farmers clash with new incomers who strive for rural idyll; the paternalistic countryside, dominated by large landowners and private estates who aim to manage and preserve their property long-term and thus constantly search for new sources of income; the clientelist countryside with the dominant role of the agricultural sector dependent on state aid and concerned with the preservation of local community well-being.

As both Halfacree (1993) and Marsden (1998) focused on teasing out the difference and changes in approach to conceptualising rurality, it may not come as surprise that both authors were against uniform definition of rurality. However, Ilbery (1998) reminds us that even in the process of dynamic change and differentiation of the rural areas, it is still possible to find common and universal elements that characterise rural places as a whole, which distinguish them from urban areas, for example low density population or extensive land use.

The above examples from rural studies literature indicates that various perspectives on what count as rurality reflect the multiplicity of aspects that can be considered while researching rural dimension. The key preoccupation of this thesis is to examine the effects of enterprises with CSM on rural communities, hence the aspect of rurality that is of particular interest in this study is the rural as territory and practise within this territory (Steinerowski and Steinerowska-Streb 2012, Bosworth and Somerville 2013, Steiner and Teasdale 2017)

Subsequently the concept of rurality in this study is considered as a two-dimensional phenomenon. First, the term *rural* is used as tool to distinguish and locate the areas that possess distinctive socio-economic characteristics, notable low density. Hence rurality in its descriptive dimension in this thesis refers to settlements with low-density economies. As such this study adopts the UK Government classification of rural as settlements of less than 10,000 inhabitants (see methods chapter). Second, the term rural is used to emphasise the socio-cultural characteristics of rural communities, such as higher reliance on self-help or higher social engagement (Steiner and Teasdale 2017), understood as active participation in deliberation and decision-making process in regards to communal matters.

It should be emphasised here that such consideration of rurality in this study does not assume the homogeneity of the rural areas, but rather emphasises the general socio-spatial conditions of non-urban areas which influences and shapes their economic activity and rural development initiatives.

Similarly to rurality, the notion of community also has a wide range of meanings and in this study the term community refers predominantly to spatially bounded relationships in a form of village or town (Blay-Palmer 2011). The subject of interest in this thesis is the idea of sustainable rural communities, which in the literature is comprehended in two broad ways. The first interpretation of the sustainable rural community refers to the intentional practise of sustainable development at the local level, where environmental concerns are of primary focus (Seyfang and Smith 2007, Hopkins 2008, Blay-Palmer 2011, Franklin et al 2011). In this line of thought, the emphasis is put on the local and bottom-up activities and initiatives that are seen as direct response to environmental challenges, for example the Transition Town movement (Smith 2011, Aiken 2014) or food hubs (Franklin et al 2011). The rural communities that tend to dominate in this type of research are characterised by atypical cultural settings, with a dominance of green and alternative living and a history of alternative politics, for example Stroud (Franklin et al 2011) or Totnes (Smith 2011). The second line of thought concerning the idea of sustainable rural communities observed in the literature puts emphasis on the mechanisms, such as CBE (Peredo and Chrisman 2010, Cabras 2013), or social enterprise (Steinerowski and Steinerowska-Streb 2012), through which rural communities can be more involved in steering the process of local development and become less dependant on the state. The socio-economic dimension of rural communities is much more prevalent here than environmental concerns, which for the most part are silent, and the pool of rural places that are the subject of the empirical analysis appears to have a more diverse cultural and political profile. In this thesis, the second line of thought is adopted, because not only does there seem to be a dearth of studies focusing on institutional arrangements and mechanisms enabling rural sustainable initiatives to take place, but also scholars researching atypical rural settings called for greater emphasis on less alternative rural places while researching attempts to make rural communities more sustainable (Franklin et al 2011).

In regard to the notion of sustainable rural communities, the term is understood as a quest for a mechanism enabling the simultaneous creation of business opportunities and a greater involvement of local residents.

2.7.2 Cooperatives and rurality

One of the most ubiquitous characteristics of settlements classified as rural areas is low density (OECD 2018), which presents a distinct set of strengths and weaknesses. Research shows that many advantages associated with rural dimension concern socio-cultural aspects of rurality. (Williams 2002, Woods 2008, Cabras 2011, Millbourne 2011, Steinerowski and Steinerowska-Streb 2012, Steiner and Teasdale 2017).

One of the key features observed within rural communities is greater reliance on self-help, which as Steinerowski and Steinerowska-Streb 2012 note, is born out of necessity. Availability and range of services present in urban areas tend to be less adequate in remote areas, which can often galvanise people to solve things collectively, as for example in cases of cooperative rural pubs presented by Cabras (2011). Working together towards a common goal can strengthen social rural networks and enhance social cohesion, understood here as the ability to function as a unit within a community where different groups and people can get on well (Putnam 2000, Zeuli and Radel 2005, Rivera et al 2019). The ability to access and mobilise support for communal activities is a key component of (Cabras 2011, Rivera et al 2019). Regarding the advantages of rural areas in the economic and business sphere, rural firms were found to tend to collaborate rather than compete in the hope of achieving results mutually beneficial for each party (Steiner and Cleary 2014).

Low density and sparsely populated land present particular challenges for socio-economic development in rural areas. These challenges include low profitability of businesses, high cost per capita and difficulty in accessing start-up capital (Galloway 2007, Cabras 2011, Boshworth 2012, Steiner and Teasdale 2017). Geographical distance of remote places from main services, for example rail, energy supply, reliable fast broadband or financial institutions, act as a barrier for business growth. Due to these factors, rural areas are reported to be disproportionately negatively affected by public spending cuts in comparison to urban centres (Hodge et al 2017). The challenges around maintaining key services in rural areas, for example primary schools, can potentially undermine their role in preserving and nurturing social capital within rural communities.

In addition to these general characteristics of rural areas, the British countryside has experienced changes in migration pattern within recent years, adding another dimension to the rural context and an important factor while considering the underlying conditions and rising popularity of CSM. A more detailed analysis of rural population

changes (for example Champion and Brown 2012) shows that rural areas in the UK experience higher out-migration of young adults (15-24 years old) and equally high in-migration of middle age to retirement age adults (35+), with greater dominance of those of pre-retirement age. One characteristic of those migrating to rural areas in the older age group is their tendency to have more disposable income, as Champion and Brown (2012:49) explained:

‘The retiree element has always consisted primarily of better-off owner occupiers who are able to sell their family-size home in the more dynamic metropolitan areas and downsize to a relatively cheap rural housing market’.

There are at least two possible implications of this trend in regard to the rise of CSM in rural areas. First, a higher percentage of the rural population, especially the retirees, may have more disposable income with which to purchase community shares; second, the new incomers, especially those moving from dynamic urban centres, tend to have skills and experience they acquired as professionals, including entrepreneurial acumen, as well as being more active in their local communities (Bosworth and Glasgow 2012).

The combination of strengths, weaknesses, as well as changing migration patterns in rural areas present challenges and opportunities for the development of rural and peripheral places. As the discussion above indicates, the key advantage of rural places lies in its culture of collective self-help and collaboration, which as some scholars notice present the ideal conditions for engaging in cooperatives rather than commercial enterprises (Cabras 2013). In particular, the sparse population and hence reduced variety of employment and lifestyle, when compared to urban centres, makes rural communities more receptive to uniformity when making decisions about communal needs and priorities, and hence willing to collaborate rather than compete (Cabras 2013). Membership of small rural cooperatives tend to comprise of mainly local residents, who then not only strengthen their sense of belonging to a specific group, but also their sense of owning the business (Zeuli et al 2004, Cabras 2013). The literature also suggests that those involved in rural cooperatives are not only interested in its economic effects but also the social objective that cooperatives can fulfil, which may also explain why cooperative members are willing to voluntarily abstain from receiving some patronage funds (Zeuli et al 2004, Nilsson et al 2012). This close intertwinement of social and financial capital in cooperatives made them a very attractive tool for community development strategy (Zeuli et al 2004), because they allow a broader community involvement than state-led industrial programmes (Sharp and Flora 1999).

Nonetheless, the challenges associated with such close association between social and economic pose certain obstacles for cooperatives. The studies of financial cooperatives, credit unions, which use CSM demonstrate that socio-economic tensions within the movement can cause internal divisions that can affect the progress of the whole sector (Berthoud and Hinton 1989, Fuller and Jonas 2003, Jones 1998, 2009). These tensions related to the vision of the credit union movement, where the argument on the one hand was for modernising and adopting a more business attitude, contending that only long-term financial sustainability would have a positive-long term effect on lower-income residents (Jones 1998, 2009), while the argument on the other hand maintained that the primary role of the movement was to allow building the socio-political capacity for those disadvantaged individuals (Fuller and Jonas 2003). An examination of the diverse types of rural CSM cooperatives, especially pubs, which were found to offer significant potential for both the social and economic side of community development (Cabras 2011), could increase understanding of the possible internal tensions within non-financial CSM cooperatives.

The last but not least significant factor influencing the compatibility of cooperatives and rural places is the climate of reduced state and private sector involvement, where cooperatives are found to offer a feasible, if not the only, alternative for rural communities to sustain or create new services (Cabras 2011,2013).

2.7.3 CSM potential and rural community development

The compatibility of cooperatives and the rural context have so far been discussed generally, The discussion in this section turns to specific examples of cooperative and to the subject of this thesis, the community shares model. As already noted, the legal structure underpinning CSM – Cooperatives and Community Benefit Societies - is only one of many structures that can be used to set up cooperatives. Nonetheless, CSM was found to be by far the most popular type of cooperative structure in the British countryside (Brown 2008, Cabras 2011, 2013). The key trends in the community shares market, discussed in a previous section, as well as the literature indicate that CSM is used mainly to either prevent closure of essential services and facilities (Cabras 2011, Plunkett Foundation 2017, 2019), or to set up community energy schemes (Brown 2008, CSU 2015). The research also suggests that key motivations of

the community energy ventures, and those of village pubs or shops are somewhat different, where the former are concerned with the natural environment and show enthusiasm for saving energy bills (Seyfang et al 2013), and the latter are disturbed by the disappearance of the essential rural services (Cabras 2011). Nonetheless, detailed analysis of the reasons behind creating rural enterprises with CSM is very thin, hence one of the objectives of this thesis is to examine the motives behind beginning a CSM venture and using this particular cooperative structure.

Interestingly, despite the great popularity of CSM in the community energy sector, some of those closely studying CSM, for example Cabras (2011), argue that from the rural community development point of view, the structure is best suited for small size enterprises providing an essential and tangible service within community such as pub or shop, because this area has particularly large potential for attending to both the social and economic side of community development. The study of Cabras (2011, 2013) found that, when CSM is used to save essential rural amenities and services such as pubs, the involvement in and creation of the CSM venture expands and fosters community cohesion, as well as reinforces existing relationships. For example, when describing the case of Heskett Newmarket brewery in 1999 in a village of 300 people, Cabras (2011) found that many members of the community were involved (for instance by purchasing shares), including those who were not natural customers such as commuters or single older women. In addition, the successful creation of CSM enabled business development opportunities, either by new employment opportunities and/or by entering into new business activities, such as a purchase of the village shop. Such immediate and tangible community benefits from community energy schemes are less clear, hence it is expected that both sectors, that is community energy and village pubs/shops, are characterised by different dynamics.

In regard to the key structural characteristics of CSM and their particular appeal in rural places, the literature highlights three main features (Brown 2008, Community Shares 2015, Cabras 2011). First is the ability to raise start-up capital through issuing community shares to the public, which is especially valuable in remote places with no or limited access to capital markets. Second is the one member one vote rule, which ensures that every member has equal say regardless of the amount of shares they purchased. Third is the requirement of asset lock in one type of CSM – CBS, which prevents the society from being sold and profits being shared amongst members. This feature may act as an insurance for preservation of service, and hence impact the

decision of the investors, who may be more interested in sustaining the essential service rather than profit.

Not all attempts at creating CSM are successful. Cabras (2011, 2013) found a number of factors that appear to influence the trajectory of CSM in a given place. One such factor is the presence of some level of community cohesion before beginning the venture. The author described the example of Grizebeck community and their unsuccessful attempt to set up a pub with CSM, and how the village was left divided into two factions, those supporting creation of CSM, and those in favour of private purchase by one resident. The level of investment required to rescue the facility was found to be another important factor influencing the feasibility of CSM ventures. The amount of funds required to refurbish the old rural pub premises often exceeds the value of a pub itself, which negatively influences the prospects of investment proposition. Potential investors, who tend to be local residents, as well as financial institutions or public authorities deciding about grants, may question the feasibility of the business proposition that requires high financial input without robust proposition of how the pub will sustain its business over time. Availability of financial support from the public sector was also found by Cabras (2011) to be one of the important factors influencing the successful creation of CSM, and as numbers of studies indicated, state funds are an important source of entrepreneurial capital in rural and peripheral places (Zeuli and Radel 2005).

The literature on CSM and its potential for a more sustainable trajectory of rural community development indicate that this cooperative structure is well positioned to deliver socio-economic benefits for rural communities that neither state nor private sector are able to fulfil, particularly when it comes to supporting and safeguarding key rural services such as pubs or shops. Although CSM is predominantly used in the community energy sector, and despite the wide-ranging claims of providing various environmental, economic and social benefits for rural communities, the evidence is still unclear, especially when it comes to the social domain.

CSM seems to be more responsive to rural context than IOF and it harnesses traditional rural strengths, namely reliance on self-help and self-development. When it comes to fostering rural community development, CSM appears to have a very strong positive effect on nurturing and enhancing rural cohesion. Members of communities that usually may have little in common, were found to participate in creation of ventures with CSM. Features of CSM design, such as the one member one vote rule and asset

lock, can encourage and facilitate the involvement of different community members, because of its democratic character and the legal safeguards that act as a guarantee against the sale of a successful venture for profit.

Nonetheless, more comprehensive examination of how exactly CSM can enhance rural cohesion, would shed light on intangible effects that this model is able to deliver. Research shows that other cooperative structures struggle in this area. For example, the study of Franklin et al (2011) indicated that rural enterprises with Community Interest Company structure failed to foster the community cohesion despite clear intention to do so, and one of the reasons was lack of mechanisms to engage a wider circle of community members. Therefore, another aim of this study is to explore the community engagement process while creating CSM, to shed light on mechanisms that allowed wider community participation.

The social dimension of rural community development was not the only area where CSM could produce a substantial positive effect. New employment opportunities, as well expansion of the venture by for example purchasing another local facility, were amongst positive effects affecting the local economy. Nonetheless, not all CSM sectors appear to be able to deliver tangible socio-economic benefits simultaneously. As was already noted, the evidence for community energy ventures in this regard is still unclear. For example, the study of Seyfang et al (2013) indicated that social benefits from community energy sector were disproportionately lower than environmental or economic ones. The most recent study by Brummer (2020) confirmed this thesis, albeit community building and cohesion were still reported to be the most prevalent benefits in general. Therefore, one of the sub-aims of this thesis is to contribute to the body of evidence on the issue of community energy enhancing rural cohesion, by comparing the social engagement process across the CSM sectors.

Finally, the adoption of the CSM structure by a number of rural sectors, that is village shops, pubs, renewable energy, indicates that the model is flexible and not restricted to one particular trade activity. As the discussion above shows, each sector using CSM appears to have a specific dynamic, which will play into CSM effectiveness as a tool for achieving a more sustainable trajectory of rural community development. These differences will be examined in the empirical part of this thesis.

2.8 Place-based rural development as specific rural context to study CSM

The previous subsection revealed that cooperatives correspond well with rural characteristics such as low density or greater reliance on self-help within rural communities. The CSM in particular was found to have significant potential for creating business opportunities and enhancing rural cohesion. A knowledge gap in regard to in-depth analysis of socio-economic effects enabled by CSM in rural places was also identified. The sixth and final subsection of this chapter presents and reviews the specific rural context of place-based rural development in which the CSM is studied. It consists of four parts: the first sketches past approaches to rural development, the second discusses key theoretical and conceptual underpinning of place-based rural development, the third identifies the key shortages of past territorial approaches to rural development, and the final presents the theoretical and conceptual framework in which CSM is studied in this thesis.

2.8.1 From state-based to place-based rural development

Since the end of WWII, two principals, underpinning policymaking trends for rural places in the UK have reflected the multiple ways of approaching the idea of rural development. These were: first, an extensive focus on the modernisation and standardisation of the agricultural sector as a whole, with emphasis on economic measures, second, more diverse approaches encapsulated in the phases of 'multi-level governance', where not only economic, but also social and environmental factors came to the fore (Van Der Ploeg and Van Dijk 1995, Marsden 1998, Murdoch 2006, Marsden 2017). In recent years, a third trend has emerged which scholars active in the field increasingly refer to as a place-based approach. The key characteristics of all three trends are now discussed in chronological order.

The first three decades of the post-war period were dominated by an extensive interventionist role of the state whose key emphases were policies encouraging agricultural production and extensive land use in rural areas through intensification of production, scale enlargement and integration into production chains (Van der Ploeg and Van Dijk 1995, Lowe et al 1995). The key political actors on the national level were state and agricultural industry represented by Ministry of Agriculture, Fisheries and

Food (MAFF) and National Framers' Union (NFU) respectively (Murdoch 2006). The collaboration between these two bodies took the form of the Annual Price Review forum, where priorities for agriculture and methods of implementation were agreed. This standardised approach to agricultural production was later criticised by scholars active in the domain of rural studies, who emphasised the negative effects of this trend, such as environmental and food quality problems, and who then assigned pejorative terms to this mode of approach to rural development, naming it 'distortive', 'destructive' or 'dictated' (Lowe et al 1995).

The 1970s economic recession gave rise to new forms of local and regional development, which also impacted rural areas. The emphasis was put on decentralising state and increasing the role of local government to encourage development of the local areas for which they were responsible. The key strategy employed to achieve this was to focus on developing local skills and stimulating entrepreneurship by setting up local partnerships between public, private and third sector. The logic behind this new approach could be summarised in a phrase used by Massey et al (2003: 22) of 'giving a hand up rather than a hand out'.

The diminished role of the state and its key institutions such as the Annual Review, as well as active promotion of locally operating partnerships, marked a shift from government to governance (Marsden and Murdoch 1998, Murdoch 2006). The rural policy was said to be no longer decided on a national scale, but rather the decisions and implementations were taken on various scales and by numerous networks (policy departments, development agencies, partnerships). The term governance according to Marsden and Murdoch (1998:3) encapsulated focus on partnerships and complex coalitions between various institutions at all scales.

It was during the phase of this decentralised approach that the idea of place-based rural development slowly started to emerge. Although the idea of place-based rural development and the phrase itself began to be popularised only from around 2006, its main premise, that a key to successful socio-economic rural development was to root economic activity in the local and social institutions, was already being voiced in the rural literature, as the two quotes below, first by Williams, (1996:232) and then Day (1998:89), illustrate:

'The growth of any economy has thus been asserted to be dependent not only on attracting external income but also preventing the leakage of money out of the area'.

‘An objective of sustainability at local level is to capture as much economic activity as possible within the local economy, in order to maximise multiplier effects, rather than seeking value ‘leak’ elsewhere’.

The formal recognition and acknowledgment of the importance of rooting the socio-economic activities in place came with the publication of The Rural Policy Review issued in 2006 by OECD, which called for more place-based strategies towards rural development.

2.8.2 Place-based rural development: key theoretical and conceptual underpinnings

At the heart of the place-based approaches to rural development presented by the Rural Policy Review (OECD 2006) was recognition that geographical context mattered, and that rural places underutilised their local resources, and hence policy intervention needed to allow for a better use of untapped local assets. This acknowledgment of territorial factors stems from the key assumption that interplay between place and institutions sets the foundation for development. (Barca et al 2012). The more geographically sensitive institutions, based on local knowledge and capable of cooperation with external actors, are hence amongst key prerequisites for the place-based approach to work (Barca et al 2009, 2012). Seeing a territory not only as a liability, but also as an opportunity with potential for development, was amongst key propositions made by Barca. For example, the author remarked that opportunity for places with older segments of the population lay in the ‘underutilised source of labour, ideas, guidance and information’. (Barca 2009:153). Viewed in this way, the changing rural migration patterns highlighted in section 2.7.1 could be seen more as an opportunity rather than a liability for rural places.

It could be concluded here, that in regard to the rural domain, the main difference between earlier conceptualisation of a more territorial approach to rural development, articulated by the idea of capital leakage (Williams 1996, Day 1998) and the concept of place-based rural development (OECD 2006, Barca 2009), is that the latter concept encompasses not only the economic dimension of the development, but also social and environmental aspects and, crucially, shifts public discourse from solely focussing on rural challenges to the opportunities offered by rural context. As to more specific tactics for rural places, the proponents of place-based approach emphasise the need

for re-localisation of socio-economic activities in rural territories and decentralisation of public administration (Horlings and Marsden 2014, Horlings et al 2018). The re-localisation of socio-economic activities could be facilitated by novel institutional arrangements (Horlings and Marsden 2014), such as the subject of this thesis, CSM.

Nonetheless, the literature indicates that progress in theorising the idea of place-based development not only requires more conceptual clarity, but also theory does not match the practise of this novel approach. Pugalis and Bentley (2014:566) argued for example that:

‘place-based philosophies tend to favour ‘unlocking’ development potentialities and endogenous assets. Nevertheless, how to go about identifying, analysing and mobilising such distinctive, actually existing capabilities is less clear’.

Although the statement above identified major issues with the general idea of place-based development, the rural studies literature appears to respond to such criticism and subsequently more progress can be observed in regard to better articulation of place-based phenomena in rural context. For example, Horlings et al (2018) and Horlings and Marsden (2014) suggested two operationalising concepts of ‘place leadership’ and ‘new institutional arrangement’ as a potential avenue for providing insights into paucity of research on rural place-development practise.

The concept of place leadership was identified by Horlings et al (2018) as a missing link in enabling place-based practise. The idea of leadership is often described in the literature as an individual(s) who make things happen and the names used include champion, change agent, social innovators (Westley et al 2013). Traditionally, leadership was understood as a top-down command and control form of management, and more contemporary approaches consider a leadership style that allows for flexibility and individualisation (Avant et al 2015). It is the latter style, often referred to as transformational leadership that characterises rural place-leadership, and more specifically, as Horlings et al (2018:262) argue, effective rural place leadership:

‘involve and align various stakeholders, citizens and activities; ...bridge vested stakes and make new connection...initiate joint reflection and create a collaborative spirit...it ‘needs to be based on collaboration, power sharing, a forward-looking approach and flexibility’.

The authors emphasise that place leadership is a crucial starting point in initiating socio-economic change in place, because such place leaders are well-positioned to create more favourable institutional settings through creation of new linkages between domains. Hence the empirical part of this study focuses on these particular actors as a main source of data. The second operationalising concept of institutional arrangement

was proposed by Horlings and Marsden (2013), who found that creation of novel institutions is one of three key pathways in which this new approach to rural development can be materialised. Interestingly, Horlings and Marsden pronounced one cooperative with a CSM model (Riverside Market Gardens) as an example of such a new institution. Nonetheless, the authors did not make any direct reference to the institutional structure underpinning the described initiative.

The concept of institutional arrangement seems to provide a suitable base for the conceptual framework to be adopted in this thesis and which is presented in section 2.8.5. Given that institutional arrangement is used as a key operational device in this thesis, the CSM is considered in this research as place institutional arrangement, which can link various rural actors and resources in a novel way, enabling positive socio-economic effects within the communities. It seems that the key potential of CSM in this context is that it offers a mechanism which can be applied in many places while having sufficient flexibility to be adapted to specific places. This balance between continuity and adaptability seems quite unique and has real value when thinking about rural development, because it appears to offer the prospect of being place-based without being place-tied. Such positioning of CSM offers great opportunity to advance knowledge regarding the theory and practise of rural place institutional arrangements. We know very little for example whether such arrangements can be replicated or not. The study of Lionais (2012), who researched place-based social enterprises, suggested that replication of place-based arrangements cannot happen, because such arrangements are too closely tied to specific places. This thesis offers the opportunity to show whether such assumptions can be validated by practice, through the systematic study of CSM, which as suggested by Brown (2008) is a universal structure developed and used nation-wide.

Some literature on place-based business, notable the study of Lionais (2012), who investigated social enterprises suggested that in order to be place-based, the business structure needs to be rooted in the community and work for the community. These two criteria are used in this study to test how and to what extend CSM is responding to them. The third principle often emphasised in the literature on place-based rural development (OECD 2006, Barca 2012) concerns the ability of the local institutions to tap into underused local resources, as it was already mentioned at the start of this subsection. Hence the above three principles are used as building blocks of the conceptual framework in this thesis (section 2.8.5), against which the CSM is assessed in this thesis.

The notion of place leadership has been highlighted as a crucial ingredient in initiating the processes of change towards a more place-based approach (Horling et al 2018). Nonetheless, Horlings et al based their analysis on a geographically rural regional scale, rather than a smaller community scale, where the link between leadership and setting up new institutional arrangements was not investigated. Rural community leadership requires a great deal of community knowledge and the ability to build relationships within the community (Pigg 1999, Avant et al 2013), but little is known about place-based rural leadership at the community level, especially when leaders need to reconcile community engagement with the economic viability and competitiveness of the initiative. (Bristow 2010). This thesis could provide more insights into the ways in which leaders attend to the social and economic side of the rural community place-based development. As the essence of place-based approach to rural community development seems to lie in greater community engagement and use of untapped local resources in economic activities on one hand, and tailoring to specific rural context on the other, it is important to understand the challenges in community engagement and institutional infrastructure encountered by insofar rural strategies, and hence our attention will turn now to two examples of such strategies.

2.8.3 Shortages of exemplary rural territorial strategies

The previous subsection discussed the theoretical underpinnings of a place-based approach to rural (community) development and how study of CSM could fill some research gaps. It was emphasised that re-localisation of the socio-economic activities in rural places through better community engagement and use of local assets could lead to a more sustainable trajectory of rural communities. This section discusses the main drawbacks of two well-known rural territorial strategies adopted in the past, and how CSM offers a potential solution to these problems. The two most studied examples of a territorial approach to rural studies are rural partnerships and LETS. The first strategy exemplifies the state-led strategy, whilst the second represents the private initiatives of local community members. Both examples are now reviewed in the context of the use of local assets and community engagement.

Rural Partnerships and insufficient embeddedness

Rural partnerships between private, public and voluntary sector were the state-funded and most common vehicle used to deliver rural development in the UK during the last 20 years. The activities of rural partnerships focused predominantly on strategic planning, facilitation, and service delivery (Edwards et al 2000, Osborne et al 2002a, 2000b). Rarely were the activities of rural partnerships reported to continue after the funding period, and those that did continue were actively searching for ways to move from the state-sponsorship model. For example, the Welsh case of Eco-Dyfi was reported to achieve a higher level of self-sufficiency through offering consultancy services on renewable energy (Gardner 2011).

In regard to deliberate action and plurality of partners, it was often assumed that rural partnerships were conceived by local communities as a response to pressing local issues, with active representation from each of the three sectors: public, private and voluntary. Research such as that conducted by Edwards et al (2000) showed that, contrary to original assumptions, rural partnerships tended to emerge as a response to funding opportunities rather than organically developed structures by local communities. In addition, many of the rural partnerships were found to be dominated by the public sector, where the initiatives were formed between various agencies within the public sector (Edwards et al 2000). The short-term nature of funding streams, most of which came from the EU LEADER flagship programme offering structural funds, was also found to be unsustainable for the development of schemes with higher prospects of continuing activity after the period of grant funding (Edwards et al 2000, Gardner 2011).

However, the largest critique of rural partnerships concerned the lack of or weak forms of local community engagement and participation (Edwards et al 2000, Shucksmith 2000, Osborne et al 2002a, 2002b, Shortall 2004, Gardner 2011). Amongst the issues, highlighted by the literature, were questionable legitimacy of community representatives, lack of democratic mechanisms in the decision-making process, dominance of so called 'usual suspects', that is individuals who are known to be active in the community, and lack of active involvement of a larger broad cross-section of community members.

The most prevalent methods of community engagement were indirect forms such as representation through councillors or other key individuals. More direct methods with which to engage with the wider community, such as public meetings, although also

employed, were reported to be poorly attended by the community at large (Edwards et al 2000). The authors concluded that the issue with lack of community participation lay primarily with the structural framework underpinning the rural regenerations projects, which were predominantly output driven in funding award and evaluation of success.

The multilevel distinction of rural partnerships for strategic, medium-level and community level allowed Osborne et al (2002) understanding of the deeper questions associated with community participation at the local level, where two reasons were found. The key finding here was that, while there were barriers preventing local community members from participating at the strategic level, for example lack of skills necessary for discussions and decision making about finance, the community members self-excluded by preferring to be more involved in service delivery than strategic planning, as Osborne et al (2002a:25) explained:

‘Community members, for example, were often simply not interested in sitting on the arcane strategic bodies which decided the overall structure and funding of regeneration partnerships – although they were very interested in the outcomes.’

Both studies of Edwards et al (2000) and Osborne et al (2002a) pointed out that the most appropriate direction in which to search for more inclusive mechanisms of community participation in regenerations programmes would be in the organisational frameworks operating at the local community level, that allow for more input from the local communities. This suggestion provides yet another rationale for studying CSM as a potential tool with a more inclusive mechanism for community participation, as the proposed method to study CSM in this research is to use real examples of CSM projects to examine whether direct involvement in trade activities on the open market, rather than mere delivery of action plans, offers a better form of rural community engagement at the community level. The next example of place-based strategy, LETS, provides insight into an alternative strategy for rural development at the community level, which, unlike rural partnerships, was an action of private citizens.

LETS: too much embeddedness and lack of institutional infrastructure

LETS schemes, had characteristics of a barter-like economy, with the idea that people could trade goods and services in a locality without using the national currency. From the organisational point of view, the LETS system consisted of local associations, and individuals involved in coordination of the scheme were working on a voluntary basis.

Each association prepared a list of goods and services available and requested in a directory, with both parties taking part in trade agreeing on a price which was recorded in the locally created currency (Williams 1996).

The key distinctive characteristics of LETS was that the schemes were restricted to the members of the local projects only, no interest was charged on debit, and the local currency was created only through the exchange of goods and services. Due to these features, there was no advantage in accumulation of LETS and its value lay in the capacity to facilitate exchange of goods and services (Williams 1996, Aldridge and Paterson 2002, Cooper 2013).

LETS schemes originated in Canada and is associated with the figure of Michael Linton, a founder and advocate of the system, who introduced it to the UK in the 1980s (Williams 1996, Lee et al 2004). Initially LETS schemes were expected to tackle the challenges associated with exclusion and declining economic activities in places underserved by capital (Williams 1996), only later to become the flagship example of enacting the idealistic vision of a strong version of sustainable development and a non-capitalist society (Seyfang 2009, Gibson-Graham et al 2013).

As with Rural Partnerships, it was reported that the appearance of LETS also generated much initial enthusiasm and hopes, especially amongst state and voluntary agencies, regarding its potential to stimulate community and local economic development (Aldridge and Paterson 2002). Practice however indicated that LETS schemes were not able to live up to these hopes. Williams (1996) for example reported that average trade per LETS member per calendar year was very low, only £39,54 in Totness town, which corresponded with the creation of 0.9 jobs for one year. Elsewhere, Aldridge and Paterson (2002) found that average level of participation in LETS schemes was rather low (about 80 members per scheme), and a clear majority of LETS members conducted no more than four trades within thirty months.

The older literature (Williams 1996, Pacione 1998) pointed towards two fundamental issues with LETS: the operational scale and organisational challenges. LETS could only operate with registered users in a specific bounded place, which created imbalance in supply and demand. The mismatch of supply and demand led many registered users to being left with excessive credit or debit on their LETS account or prevented them from entering trade due to lack of availability of desirable service, for example plumbing. In regard to organisational aspects, the most common problem was lack of monetary infrastructure and the absence of a governance system that would earn the confidence and trust of LETS users. LETS schemes could be easily set up by

any number of individuals, who often were found to be driven by enthusiasm. The typically voluntary nature of accounts management in LETS only added to the list of challenges that the schemes were facing. For instance, Aldridge and Paterson (2002) reported how six volunteer committee members were not able to meet within the course of 12 months in one London-based LETS scheme. In regard to rural areas, geography also transpired to act as a barrier for LETS. Pacione (1998) reported that for scattered rural places such as Skye in Scotland, the challenge was the up to 150-mile round-trip travel distance to deliver goods or services.

The evidence above presented by the literature revealed also that sole focus on the transformative potential of LETS (also present in a newer literature for example Seyfang and Longhurst 2013) ignored the processes that endure over space and time. It appears that LETS enthusiasts assumed that financial networks and infrastructure could be created from scratch and work smoothly almost immediately. Little thought was given to lengthy historical evolution and the complexity of the already existing monetary system, of which Lee et al (2004:603) reminds us below:

‘The construction of monetary networks that work, in terms of sustaining a monetary system in which confidence is largely unquestioned, is no easy task. The infrastructural fabric of conventional money networks extends from central banks and their international cooperation down to the probity and effectiveness of financial and retail institutions. An efficiently functioning infrastructure enables money to circulate in relatively unproblematic ways that appear almost invisible to its users (...) Such an infrastructure is difficult to replicate’.

In this context, the key drawback of LETS lay in its very weak institutional and organisational framework, hence, despite the initial enthusiasm, the schemes were short-lived and currently LETS appears to circulate mainly in places that are associated with the alternative lifestyle. One of the lessons for rural local development from the LETS experience is that trade networks do not exist in isolation and require effective institutional frameworks for smooth operation. This conclusion speaks also to the tendency of rural studies to be preoccupied with the network metaphor (Murdoch 2006, Van Ploeg and Marsden 2008) which undoubtedly enriched conceptualisation of rural affairs, but also generated the assumption that networks operate without any infrastructural and institutional framework.

The chief strength of LETS in the practice of place-based rural development lay in their emphasis on locality and community as important spaces for intervention and experimentation. Clearly, there is a case to be made for more place-based socio-

economic institutions, but in doing so it is imperative to move beyond visionary expectations and attend to internal paradoxes, trade-offs and unintended consequences of such initiatives, or else place-based development risks becoming an utopian and unrealistic vision. CSM with its simultaneous emphasis on communitarian values (self-help) and function (business legal structure) offers an opportunity to move beyond visionary thinking in the area of community action for place-based development, not least because it provides a down-to-earth example of a business structure. Considering CSM as a tool for place-based rural community development, it will be possible to provide more substance to the idea of place-based development and thus strengthen the legitimacy of this new approach to rural development.

2.8.4 CSM - an ideal place-based institution?

The previous subsection reviewed the two most studied empirical examples of the place-based approach to rural development, Rural Partnerships and LETS. The former were state-led initiatives and the latter emerged from within local communities. Although each example was initiated at a different level, both strategies were revealed to have flaws regarding their capacity to be effectively institutionalised at the local level. Rural partnerships were criticised for their dependence on state funds and an insufficient level of local community involvement and control; LETS were found to be impractical due to a lack of supporting institutional infrastructure, including organisational structure. The main drawbacks of rural partnerships were associated with lack of community engagement (Edwards et al 2000).

In the context of local community involvement, CSM seems to offer the connection between organisational framework on the one hand, and space for individual community members to participate in rural development process on the other. Although the link between CSM or more generally cooperatives and rural community development has been already established by Radel et al (2004), the connection between cooperatives and place-based rural development has not yet been fully investigated. Therefore, this thesis offers an opportunity to form such connection through study of exemplary cooperative structure in rural place-based development approach.

With regards to the second example of strategy for place-based rural development discussed in a previous subsection, LETS schemes, the chief weakness of this

strategy emphasised by the literature (Williams 1996), was lack of an appropriate functional, organisational and legal framework that would allow for smooth operation of the schemes. The newly re-emerged structures of social organisations such as CSM were found to be an example of new institutional arrangement (Horlings and Marsden 2014). An inquiry into CSM allows for systematic study into specific examples of this arrangement and its capacity to address the main weaknesses of LETS and rural partnerships, namely greater community engagement and more sensitivity to rural context in an organisational framework with ability to generate more economic self-sufficiency. The next part of this chapter will present and discuss the conceptual framework used in this thesis to support and inform this research.

2.8.5 Theoretical and conceptual framework informing the study of CSM

Up to this point, this chapter has reviewed literature relevant to CSM in the national and rural context and identified the following two knowledge gaps that the study of CSM in this thesis seeks to address: insufficient in-depth analysis of the socio-economic effects that creation of cooperative with CSM can have on rural communities, and lack of systemic examples articulating the idea of place-based rural development. This section further discusses the theoretical framework outlined in section 2.6.2 and presents the conceptual model adopted in this study to guide the research process in order to answer the research questions posed in a previous chapter and to contribute to the identified knowledge gaps.

One of the theoretical propositions for the conceptualisation of a place-based approach to rural development was that the foundation for this new type of development lies in an interaction between place and institution (Barca 2009, Barca et al 2012). As such, it is indispensable to adopt an approach that is sensitive to both concepts. With regard to the consideration of place, the field of economic geography offers two theoretical approaches, post-structural and institutional (Sheppard and Barnes 2000, Mackinnon and Cumbers 2014). The post-structural approach is prevalent amongst scholars propagating the post-developmental view on development, which critiques the universal character of structures underpinning development processes and argues that development processes are the result of a particular time and place (Gibson-Graham 2008) Hence, continuation and endurance, which characteristics are prevalent in the idea of institution, are largely absent in this approach. Lack of connection with the past

and rejection of universality of structure does not correspond with the interest of this study, which is the resilience and flexibility of the structure to adapt to particular geographical contexts.

The second approach of economic geography, that is well positioned to study not only the notion of place but is also attentive to the idea of developing new and innovative institutions, is the institutional perspective (Martin 2000, Stachowiak and Strykiewicz 2008). A central notion in this theory is the institution, which loosely defined refers to 'rules of the game' or humanly devised constraints that shape human interaction (Stachowiak and Strykiewicz 2008:8). Martin (2000) proposed two basic categories of institutions: 'institutional environment' and 'institutional arrangement'. The first refers to informal norms and conventions, which in this study is represented by the informal features of rural context, such as self-help, level of mutual knowledge and trust. The second category describes the particular organisational form legally defined, such as CS&CBS underpinning CSM. The institutional arrangements need to be rooted in the institutional environment, otherwise they lack legitimacy (Martin 2000). It is the interaction between these two categories that is of primary concern in the institutional approach. Hence the subject of interest in this study is the CSM understood as an institution, and its match with the specificity of rural context for creating better socio-economic development opportunities in rural places.

The compatibility of CSM with the key premises of a place-based approach to rural development will be examined through the four principles suggested by the literature. The first principle is the ability to utilise unused assets in rural places (OECD 2006). The remaining three conditions were taken from a study of Lionais (2012), who suggested that place-based institutional arrangement in social enterprise shall fulfil the following three functions: it needs to be able to engage with the range of business activities, it needs to be rooted in the local community and it needs to work for the community. The attention to institution is not the only strength of the institutional approach to studying CSM. The other is the conceptualisation of economic activity, as embedded in the social world. For example, Martin (2000:77) explained that:

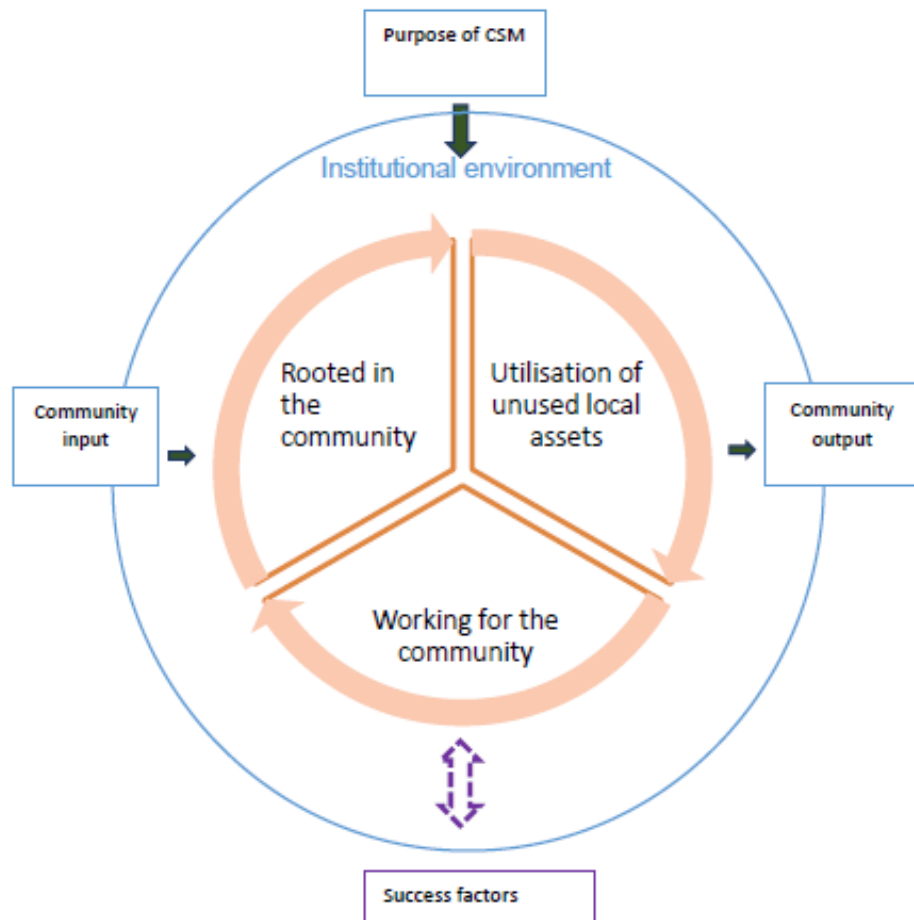
'Economic activity cannot be explained by reference to atomistic individual motives alone but has to be understood as enmeshed in wider structures of social, economic, and political rules, procedures and conventions. It is the role of these systems of rules, procedures, and conventions, both of a formal and informal nature that is the focus of an institutionalist approach in economic geography.'

This 'enmeshing' of the economic and social in the institutional approach means that methods in which rural communities are engaged in economic processes matter. For

example, the review of literature on rural partnerships (section 2.4.3) revealed that one of the key weaknesses in this strategy was the assumption that rural communities and places were areas requiring intervention, which subsequently translated into organisational structure that offered limited levels of community participation and engagement (Edwards et al 2000). As previously discussed, the key premise of place-based development rests on the idea that rural communities need to be more involved in the process of local development, with local leadership playing a key role in starting the process. Hence the emergence of local leadership in setting up CSM cooperatives is of key importance for this study.

Using Martin's comprehension of institution as an interplay between institutional arrangement and institutional environment (Martin 2000), the conceptual framework to interrogate CSM used in this study consists of two major components. The first is the institutional arrangement, which is represented by the ability of CSM to fulfil the four conditions that place-based institutional arrangements need to achieve. The second is an institutional environment, which in this thesis embodies the community social capital, including local leadership. The interplay between institutional environment and institutional arrangement will allow exploration of how organisational structure enables certain socio-economic effects to take place, as well as identification of the success factors, and hence provide the answer to second and third research questions. The diagrammatic representation in Figure 2.3 provides the visual representation of this conceptual framework.

Figure 2. 3 Conceptual framework for studying CSM as rural place-based institutional



Source: Own input

The overarching basis for the conceptual framework used in this study (Figure 2.3) is the concept of place-based institutional arrangement (Horlings and Marsden 2014). At the centre of the diagram is CSM as institutional structure which represents the institutional arrangement that allows the enactment of processes that lead to socio-economic development in place. CSM needs to be able to show ability to fulfil the three conditions central to the idea of place-based institutional arrangement identified in section 2.8.2 of this chapter. These principles are: the capacity to employ unused resources in rural places (OECD 2006, Barca 2009), the necessity of being rooted in the rural community, and benefiting the community (Lionais 2012) The degree to which CSM is able to fulfil the above three conditions depends on the institutional environment, understood here as enabling characteristics of the rural community in which the CSM is being developed. The purpose of setting up CSM sets the primary framework for enacting CSM, hence CSM purpose is positioned at the top with an

arrow pointing down to CSM. The community consists of two elements: community engagement and community benefits. These are represented by boxes with community input going into CSM and community output with arrow leaving the model. The ultimate purpose of CSM creation, alongside with community input and output determine the degree of successful creation and use of CSM. The conceptual framework provided in Figure 2.3, is a heuristic device for exploring and answering the research questions posed in chapter one (section 1.3).

The above framework has brought together two separate lines of thought regarding the criteria for place-based rural development, that is its ability to be able to tap into unused local resources (OECD 2006) and the necessity to be rooted in the community and work for the community (Lionais 2012), These three criteria represent the institutional arrangement, that is an organisational form of CSM. The four subjects of research questions, that is purpose of establishing CSM, rural community input, rural community output, and success factors constitute the institutional environment, which derives from informal norms such as level of mutual knowledge. Examining the three criteria mentioned above, through gathering data for the research questions, revealed interaction between institutional arrangement and institutional environment – the two key components of institutional approach proposed by Martin (2000) used in this thesis. This allowed the framework pictured in figure 2.3 to contribute to the conceptual debates about the main drivers behind the development of CSM in rural places, and the ways in which institutional arrangement develops in micro-institutional environment, that is rural settlement.

2.9 Conclusions

This chapter has explored the literature on CSM in order to examine the effects that the creation of CSM cooperatives have had on socio-economic development in rural communities. As the literature concerning CSM and its revival is very scarce, the chapter has provided the overview of the CSM market and its resurgence on the national level in the post 2000 Britain, before placing it into rural context. The second section provides the key definition of CSM as well as its origin and key characteristics; the third section offers an overview of the global cooperative movement and clarifies the subtle difference between cooperatives and social enterprises; the fourth section provides the overview of the third sector and the policy making context in which the

revival of CSM took place; the fifth section identifies the exact policy making interventions that gave a rise to the revival of the CSM and explains the legal infrastructure of CSM; the sixth section outlines and discusses the key development trends in the CSM market post 2000; the seventh section reviews the literature concerning cooperatives and CSM in rural context; the eighth section provides an overview of the theoretical underpinnings of the place-based rural development and identifies the main shortcomings of the past approaches to the rural community development in the UK; the final section explains the theoretical and conceptual underpinnings that inform the study of CSM in this thesis.

The CSM is a term adopted for the purpose of this study and it refers to the particular cooperative organisational structure called Cooperative Society and Community Benefits Society, both of which are the only organisational legal forms that can issue community shares. CSM developed from within the British cooperative movement in the nineteenth century and as its design was influenced by the company law, the model shares certain features with the private company legal form, for example limited liability. The uniqueness of CSM design was said to be the combination of the ability to raise start-up capital through issuing community shares and the asset lock (available in Community Benefit Societies only), because the asset lock provided a tangible guarantee for the shareholder that CSM cooperative will not be sold for profit. As part of the cooperative movement, an unique aspect of CSM was also said to be the clear entrepreneurial component, with the ability to move between economic and social purposes in a lifecycle. Hence, unlike with social enterprises where social objectives were the key purpose of creating the organisation, cooperatives including CSM were said to be created primarily due to economic pragmatism. The close intertwining of economic and social aspects in CSM predisposes the model to inherent tensions, which as the example of the credit union movement revealed, could pull the cooperatives in opposite directions. The theme of socio-economic tension in CSM is further explored in the empirical part of this thesis (chapter five).

The review of the literature related to the CSM recent revival revealed that the main driver behind the development of CSM was the cooperative action between state and third sector organisations during the era of 'the third way' policy approach. The cooperative movement within the UK was actively searching for new ways of improving and expanding its activities, whilst the UK government at the time was keen to support such efforts and thus dedicated its authority and some of its resources to the cause. The other crucial element in the development of the model was the increasing interest in renewable projects, including those operating on a smaller scale. Here, the success

of small pioneering Baywind Co-operative brought the community shares model to public attention, later reinforced by state policy intervention of FiT payments. The community shares model began to be replicated across the country, mainly in the community energy sector and notably in rural places due to the availability of natural resources and space. Finally, less prominently although significantly, the literature indicated that demographic changes within rural places created a responsive environment for CSM which correlation is further examined in empirical chapter four, where the socio-geographical composition of the six rural communities that developed rural social enterprise with CSM are analysed.

The review of the literature on rural cooperatives and place-based rural development showed the potential of high compatibility between the CSM cooperatives and the key assumptions of more place-based development in rural context, which in essence argues for more active engagement of rural communities in shaping their future through more localised economy. As the link between CSM (and cooperatives generally) and the literature on place-based rural development has not yet been established, this thesis adopted the institutional perspective to explore the effectiveness of CSM as a place-based development tool for rural places, in order to respond to the identified knowledge gaps. The main research gaps identified in the chapter concern lack of systemic examples articulating the idea of place-based rural development, insufficient in-depth analysis of the socio-economic effects that creation of CSM cooperatives can have on rural communities, especially social benefits from community energy schemes, and limited examination of tensions between social and economic side of CSM cooperatives. These issues are explored in empirical chapters of this thesis (chapter four and five). The particular techniques and research methods used to gather data that not only allowed shedding some light on identified research gaps, but also enabled answering research questions are discussed in the next chapter. Due to the relatively under-researched topic of CSM and emphasis on place-based idea of rural development in this thesis, one of the key challenges in selecting appropriate research methods was striking an appropriate balance between breadth and depth of data required for this study. This has been achieved by using six multi-case study approach that collectively represented four different trade sectors of CSM.

Chapter Three: Exploring CSM as place-based tool for rural development - methodological approach

3.1 Introduction

The purpose of this chapter is to discuss and explain the methodology and methods used to gather the evidence in order to answer the research questions. This chapter is divided into four main parts. The first provides rationale for the selection of mixed methods case study design and underlying philosophical assumptions. The second presents how the mixed methods case study design was applied in this thesis. The third discusses the methods and techniques that were used to gather data in two contexts: national and rural. The last part discusses the validity of the research and ethical considerations.

3.2 Research strategy

As with many endeavours, conducting research requires planning and the development of a robust framework which will allow the researcher to gather and analyse data to provide answers to the research questions. The literature concerned with social science methods divides the research planning process into two main and supporting components, which are research strategy and research tactics (Bryman 2012). Accordingly, research strategy is seen as a general framework which provides a rationale or logic for selecting particular research methods. Hence, the first part of this chapter presents and discusses the selected research strategy used in the thesis.

3.2.1 Philosophical considerations

While considering the research strategy, social science researchers are urged to reflect upon their own worldview and the assumptions that they bring to the research. Traditionally, social science was dominated by two competing philosophical paradigms, that is positivism and interpretivism which corresponded with the adoption of either a quantitative or a qualitative approach to study (Creswell and Clark 2011, 2018). A quantitative approach typically stresses the quantification in the data collection and analysis, whereas a qualitative approach puts emphasis on the interpretation of the

social world by the participants (Creswell 2007, Bryman 2012). The worldview that offers a bridge between both philosophical approaches, and thus the qualitative/quantitative divide, is the set of ideas promoted by pragmatism. This worldview has been articulated by researchers for many years, but Creswell and Clark 2018 comment that pragmatism has become more popular within recent decades, as it is considered the best set of ideas for those who wish to combine the qualitative and quantitative approaches in their research. Tashakkori and Teddlie (2003) argue that pragmatism values both objective and subjective knowledge and that researchers who adopt this worldview prioritise answering research questions over method and philosophical underpinning of the method. This, according to the authors above allows a break with the forced-choice dichotomy between positivism and interpretivism and instead looks for what is meaningful in both stances. This latter feature of pragmatism became of particular importance for this study, because it allowed the researcher to introduce the quantitative component, after it became apparent that qualitative elements alone, with dataset obtained by methods seen as consistent with this worldview, were not able to provide a sufficiently rich database to answer the research questions. The practical 'what works' approach and the plurality of method, both of which are promoted by pragmatism, made this worldview the most appropriate stance to adopt by the author of this thesis. The next section explains the choice of methodology chosen for this study.

3.2.2 Mixed methods case study as principal study design

Since the key aim of this thesis is to explore the effects that adoption of rural enterprise with CSM can have on sustainability of rural communities, the study needed to select the research design that would allow enhanced description of the CSM. The paucity of academic research into CSM phenomena in the UK, emphasised in chapter one, meant that present study needed not only to evidence the real examples of how the community shares model worked in rural places, but also to provide the more general context around CSM phenomena, including the positioning of CSM in regard to the pragmatic and visionary take of the third sector discussed in previous chapter (section 2.4.2). The methodology that was deemed to be most appropriate for the purpose of this study was the mixed methods case study design. Mixed methods and case study were usually treated as separate research design in social science methods literature (Yin 1993, 1994, Creswell 2007), and only recently Creswell and Clark (2018)

combined both approaches, arguing for case study to be one type of mixed methods design, where qualitative and quantitative techniques are used to provide in-depth evidence for case(s). This approach is thus recommended for a study that needs to provide a greater description and analysis of specific case(s), while using both qualitative and quantitative techniques.

Like all research methodologies, mixed methods case study design has distinct advantages and disadvantages associated with its application. This complex design is seen as consistent with both mixed methods and case study. The advantages and ways to counter-balance disadvantages of mixed methods case study design in this research will be now discussed.

Proponents of mixed methods emphasise that the main advantage of this methodology lies in its ability to combine qualitative and quantitative techniques in one study, which allows for use of large, aggregated datasets, while giving people voice (Creswell and Clark 2018). In the present study, the mixed methodology allowed for examples to sketch the socio-economic profile of rural communities used as case studies, based on secondary data and to generate rich spoken account of events leading to creation of CSM in rural places. The more detailed information about the study design is discussed in section 3.3.2. Another advantage in this study of being able to mix qualitative and quantitative techniques was the ability to provide more flexibility for the researcher in terms of scope of data. As no previous large academic research on CSM existed at the time of conducting this study, the author entered the field with an incomplete picture of what data on community shares was available. Thus, the flexibility offered by scope of data in mixed methods design allowed focus on the data sources that provided most insightful information in order to answer the research questions. In addition, as discussed in the literature review chapter, the nature of community shares as 'objective' legal entity operating in the 'subjective' field of the third sector also provided strong grounds for mixing quantitative and qualitative data.

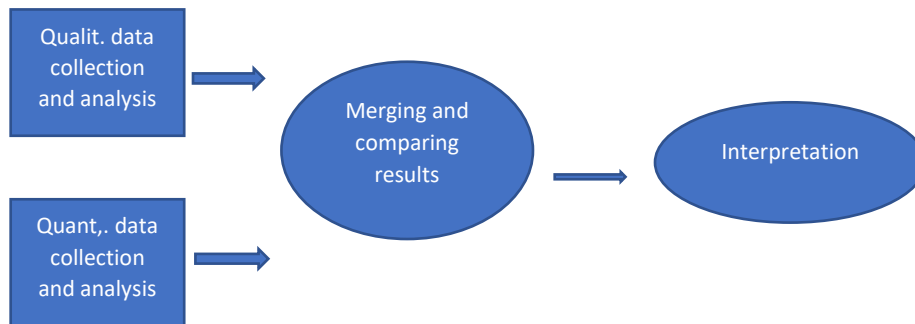
As for case study element of the methodology design used in this research, its key advantage lay in the capacity to collect rich data grounded in people's experience and practice of the CSM. Researchers often emphasise that the key advantage of a case study approach is the capacity to mirror reality in research and thus deliver deep insights into social practise (Yin 1993, 1994). Due to its sensitivity to the particular context, some researchers such as Culter (2004), argued that case study methodology is particularly useful in research where studied phenomena cannot be easily separated from the social context. These two features of case study provided key rationale for

adoption of this strategy, given the strong emphasis on place in this thesis. In addition, the previous academic research into CSM (Cabras 2011) and rural development (Horlings and Marsden 2014), appears to extensively use the case study method and many authors favour the view that theory of rural development can only be learned from social practice (Van der Ploeg et al 2000).

As with all methodologies, mixed methods case study design has the disadvantages and challenges associated with their use, and thus it is important to highlight and explain how the researcher justified the drawbacks and resolved the challenges. This is done by first focusing on mixed methods element of the design, followed by the case study component.

One of the key challenges in mixed methods, often raised in the literature, is the need for the researcher to be confident in use of both qualitative and quantitative research. The author of this thesis has undergone the basic training on both qualitative and quantitative methods during study towards the bachelor's and master's degrees, which then has been advanced during this research by participation in the training sessions organised by Doctoral Academy at Cardiff University and workshop provided by National Centre for Research Methods. Another key challenge in mixed methods is the actual design itself. As both qualitative and quantitative techniques are combined, the researchers are urged to explain how and in what ways they gathered and analysed both components. In this study, the author used one of the three standardised mixed methods design – the convergent design, visually represented in figure 3.1. The convergent design, which is also often referred to as parallel or concurrent design (Creswell and Clark 2011. 2018), is a type of mixed methods design where qualitative and quantitative data collection and analysis occurs separately, with datasets then combined together for interpretation. Further information about how the convergent mixed methods design was operationalised in this research is discussed in section 3.3.2.

Figure 3. 1 The convergent mixed methods design



Source: Creswell and Clark 2018:66

As for the weaknesses of case study element, critics such as Gerring (2004), often highlight the challenge of deciding on boundaries of case(s), and subsequent questionable application of contextualisation and generalisations to other cases. Although researchers tend to agree in principle that case study is an in-depth investigation of a specific bounded system (Creswell 2007), the lack of precision in definition is often seen as a serious drawback of case study. One way to approach this challenge is to adopt and display clearly defined criteria in the selection of case studies, for example temporal and spatial variants. This tactic was used by the author of this thesis and the criteria for the choice of six rural case studies used in this research is discussed in section 3.6.2. The large scope for problems with replication of findings in case study methodology was remedied by adoption of multi-case study strategy (Yin 1994), where six rural cases were identified and cross-examined for convergence and differences.

Despite the drawbacks and challenges, mixed methods case study design offered the most appropriate research framework for this study, considering the primary aim and focus of the study on the causation between CSM structure and its effects in specific geographical context, as well as the patchy character of this phenomena at the start of the research process. The next section explains how the mixed method case study design was applied in this research.

3.3 Application of mixed methods case study design

Up to this point, this chapter has explained the motives behind the adoption of mixed methods case study design for this thesis, as well as the key advantages and

drawbacks of this type of design. This and the following paragraph introduce the operationalisation of mixed methods case study design in this research, and more specifically how the case study and mixed method components were utilised. The research of Kerrigan (2014), who employed mixed methods case study design, and guidance provided by Creswell and Clark (2011, 2018) were the two most instructive sources for constructing the mixed methods case study framework in this research.

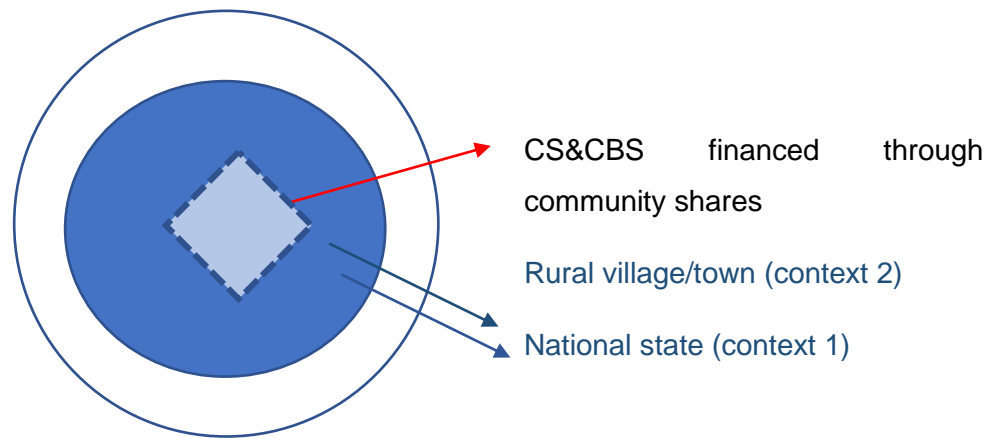
Creswell and Clark (2018) recommend that researchers using mixed methods case study design focus on three core decisions: carefully select and describe the boundaries of case study, provide criteria for selection of multiple case studies, and collect independent qualitative and quantitative data from two sources. All three recommendations were used as the guidance in this thesis. The remaining part of this section will explain how the case study was defined for the purpose of this research; the section 3.6.2 describes the criteria used for multi-case study selection; data sources are explained in sections 3.5 and 3.6.

3.3.1 Case study unit and its boundaries

Using the guidance offered by Creswell and Clark (2018), the boundaries of case study will now be defined. As explained in the introductory chapter, the core object of interest in this thesis is CSM in a specific geographical setting, that of rural places. As there is no legal definition of CSM in the UK, it was important to adopt the description that was consistent with the one used by practitioners. Thus, for the purpose of the empirical section of this study, the definition adopted by key national organisation promoting CSM – CSU, was used. As such CSM is defined as: Co-op Soc and CBS that have raised at least £10,000 of withdrawable, non-transferable share capital from at least twenty members.

The primary subject of the study was the process of setting up of enterprise with CSM in specific geographical context. Given the limited academic research into CSM in rural context, and irregular studies of CSM nationally, the CSM was analysed at two scales: national and rural, as shown in Figure 3.2.

Figure 3. 2 Case study unit and its boundaries



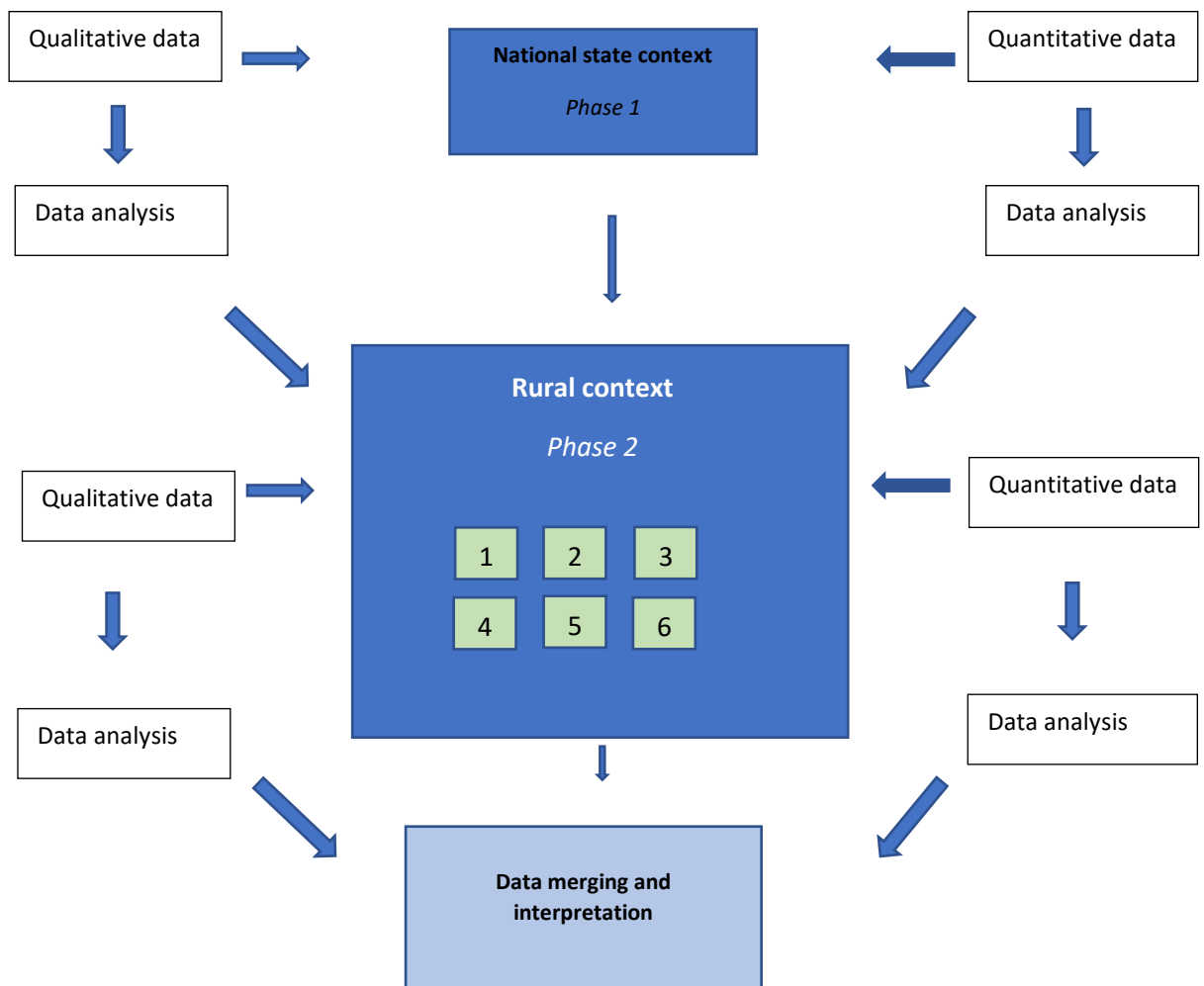
Source: Own input

Both national and rural scales corresponded with higher and lower levels of analysis of CSM, where the former sketched the more general picture of CSM market, and the latter offered a more detailed analysis of a practical application of CSM at the community level. This scale variation not only allowed for generation of rich data but also provided a strong platform for triangulation, which in turn increased the validity of the study, because data generated at each level could be cross-examined for consistency. The operationalisation of the methodological framework used in this thesis will now be discussed.

3.3.2 Operationalisation of case study: methodological framework

The previous section of the chapter discussed the unit of analysis and the boundaries of case study employed in this research. This section presents the overarching methodological framework which guided the research. The framework consists of three key parts: two phases of data collection and a data analysis stage, as shown in Figure 3.3.

Figure 3. 3 Methodological framework used in the study



Source: Own input

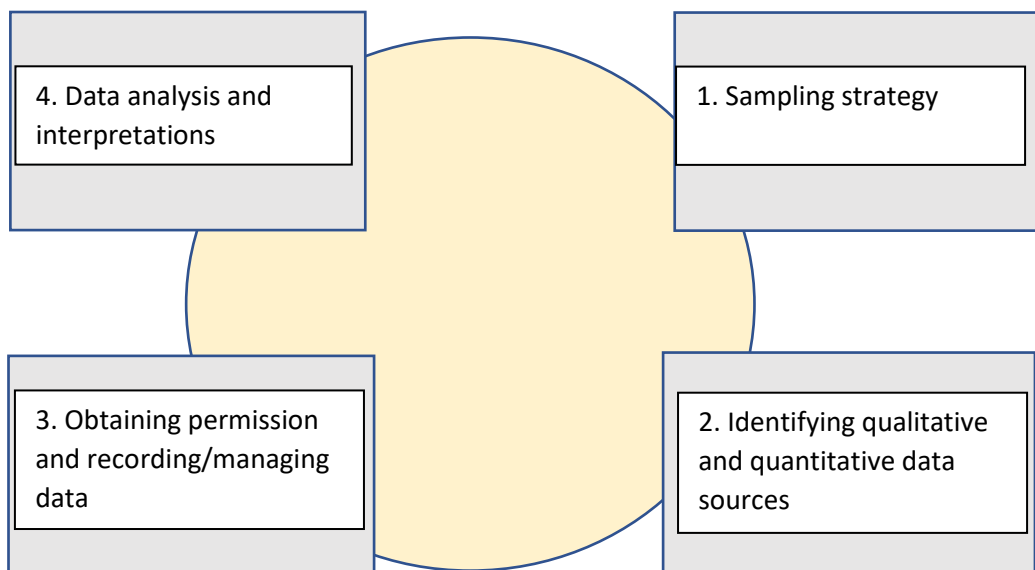
The two phases of data collection were introduced to maintain consistency within each geographical context. The first, and smaller, phase was that of the **national context**, where qualitative and quantitative data concerning the modern reappearance of CSM was collected. Each set of data was analysed according to the procedures relevant to either qualitative or quantitative data. The **rural context** phase constituted the second part of the data collection process, constituting the core part of the empirical component of this thesis - hence the second blue box at the top of the Figure 3.3 is larger in size. Here, the methodology of multi-case studies was used when the formation process of rural enterprise with CSM was examined in six rural settlements. The qualitative and quantitative methods were also utilised at this stage, and both datasets were analysed using the procedure relevant to each type. The third core component of the methodological framework was the combination and interpretation of the datasets and analysis from the two stages of data collection.

3.4 Data collection and analysis – organisational framework

The previous section of this chapter discussed the choice of methodology used in this research and explained how a mixed methods case study design was operationalised in this thesis. The focus and boundaries of case study were also discussed, and it was revealed that the data collection process occurred in two different geographical contexts: national and rural. This section introduces the organisational framework used for the overall data collection process (used in both national and rural context), and then discusses the key data and the way they were collected at each of two phases.

Mixed methods case study methodology used in this thesis is also referred to as 'complex; research design' (Creswell and Clark 2018), due to intersecting core research methodologies. In order to manage the complexity of adopted research design, one strategy used by the author of this study was to adopt the organisational framework for data collection and analysis. The framework used in this study was based on material from methodology literature, specifically Creswell (2007) and consisted of key activities that needed to be performed during the data collection process. The core actions were divided into four following stages: sampling strategy, identifying qualitative and quantitative data sources, obtaining permission and recording and managing data, and data analysis and interpretation (Figure 3.4). It needs to be emphasised that although the data collection cycle shown in Figure 3.4 was an useful tool with which to organise the tasks required during the data collection process, in practice the activities from all four stages often overlapped.

Figure 3. 4 Data collection cycle



Source: Own input based on Creswell (2007)

The first activity performed during data collection process was to sample the population type and size. The type of sampling used in both national and rural context was purposive sampling. Purposive sampling is a type of nonprobability sampling, whose main goal is to yield representation of the population, often achieved by relying on expert knowledge (Lavrakas 2011). Thus, the interviewees selected for this study were individuals who had a detailed knowledge of CSM in both contexts. More information about the interviewees profile is given in section 3.6.3. Lack of readily available baseline data or study regarding community shares were the main rationales behind adopting the purposive sampling in this research.

The datasets used in both national and rural contexts were qualitative and quantitative in character. The main source of qualitative data at both phases was primary semi-structured interviews; the quantitative data was secondary, from electronically stored databases. It needs to be emphasised however that for each phase a different source of data was used in order to increase the validity of the study, as recommended by Creswell and Clark (2018). During the first phase of data collection (national context), semi-structured interviews with practitioners⁹ of CSM were used, as well as electronically stored nation-wide databases of Co-operatives and Community Benefits Societies collected by CSU. During the second phase (rural context), the key sources of data were semi-structured interviews with directors of rural enterprises using CSM, and electronically stored demographic data from the Office for National Statistics (ONS).

After identifying data sources, the third step in the data collection process was to obtain permissions, as well as to record and manage the data. Permissions were obtained from all participants in this research, both to interview them and to visit the sites when it was applicable. The ethical approval guaranteeing rights of participants and assessing risk was also received from the author's home institution, the School of Geography and Planning at Cardiff University. Recording data, as described by Creswell (2007), refers to activities that concern gathering information in a systematic way so that this information can then be preserved and analysed. In this research, the main tool employed to gather data was electronic devices, such as audio-recorder, personal computer with secure internet access, and external memory devices. In order to perform the semi-structures interviews, an interview protocol with interview questions was developed, where research questions were used as a key determinant

⁹ Practitioner of community shares – refers to an individual who has an expert knowledge about community shares, and who actively promotes community shares.

of what interview questions to ask. As Kohn (1997) remarked, it is typical for case study methodology to produce an extensive amount of data, which was also the case in this research, hence the data ‘overload’ required good data management practice. The majority of the data collected for the purpose of this research was stored in an electronic form on both personal laptop and external memory devices. A special folder with several subfolders was created to categorise the different types of data. The electronic devices with the research data were password protected.

The fourth and final stage of data collection process was data analysis and interpretation. As greater detail of how data analysis was performed in each study phase is given in a later part of this section, this paragraph provides a summary of techniques used. Primary qualitative data such as semi-structured interviews were analysed by thematic analysis and, for secondary quantitative data, the approach of descriptive statistics associated with the work of Loether (1974) and Winkler (2009) was employed. The main methods of displaying the data were bar charts, tables and graphs. A summary of each case study was also conducted and the extended description and comparison of all six rural cases is provided in chapter four. The following section discusses how the data collection process occurred in the national context.

3.5 First phase: national context sketching the institutional infrastructure of community shares model

As already mentioned, the first phase of the empirical study outlined the key trends in CSM market and general perception of CSM by the practitioners. The purpose was threefold. First, it produced the general profile of CSM as a specific institutional arrangement, second, it explored the data availability; third, it offered a baseline for selecting multiple rural case studies for the second phase – the rural context. Based on these goals, the following three forms of data were selected: semi-structure interviews with community shares practitioners, analysis of documents concerned with development of community shares infrastructure, and finally secondary database of community shares nation- wide. The way in which all three forms of data were collected during the first empirical phase of this research will now be discussed.

3.5.1 Semi-structured interviews

The novelty of topic researched in this study meant that the author encountered patchy data sources at the beginning of the investigation process. The literature review conducted in chapter two discussed the key policy events that shaped and influenced the development of the community shares market nationally, and suggested that, as part of the third sector, CSM is very likely to experience tensions in regard to its ultimate purpose. The previous chapter also identified the key characteristics of CSM design. We also learned that CSM has great potential to provide direct social and economic benefits simultaneously for rural communities. Nonetheless, as an under-researched phenomenon, the outline of CSM at national level presented in the previous chapter is still incomplete, especially when it comes to our understanding of the intentions behind the promotion of the model. For example, was CSM deliberately planned to work primarily in rural communities? Or do those involved in the active promotion of CSM have a similar comprehension of the model? The method of semi-structured interviews with individuals possessing expert and practical knowledge about CSM, referred to as CSM practitioners in this study, was judged to be the most suitable first step in the data collection process at national level. The data obtained from the interviews with CSM practitioners filled some gaps in the outline of CSM presented in the previous chapter. For example, the interview with the CSU representative was vital for identifying key policy interventions, including the literature prepared by the Co-operative Commission. The data obtained from CSM practitioners also clarified the distinguished characteristics of CSM that made this model particularly attractive for rural communities (see section 5.2.2 in chapter five), as well as illuminating factors contributing to the successful diffusion of CSM into rural communities (section 5.3.1 in chapter five).

As already mentioned, the type of sampling used to identify CSM practitioners was purposive, in which, during a desktop search of key third sector organisations promoting CSM, the following four national business support organisations were identified:

- Community Shares Unit (CSU)
- Co-operative UK (Coop UK)
- Shareenergy
- Co-operative and Mutual Solutions Limited (CMS)

By using contact information provided on each organisation's website, a representative of each organisation was approached by email and formally asked to take part in this study. After receiving responses with agreements, a suitable time and mode of conducting the semi-structured interviews were agreed with each of four representatives. The interviews were conducted either face-to-face, via online video call, or over the phone. Each interview was audio-recorded upon consent from each interviewee, and then transcribed by the author of this study. The average duration of each interview was about one and a half hours, and the interview guide with semi-structured open-ended questions was used while conducting each interview. The interview theme master guide is attached in Appendix 1 and the exemplary interview extract in Appendix 2. To ensure the scrutiny and adequacy of purposefully selected business organisations, the interviewees were directly asked about the involvement of other identified supportive organisations. The data provided by the CSU was found to be most helpful in tracking the development process of CSM infrastructure nation-wide, while Sharenergy and CMS provided key information about the factors behind the attractiveness of CSM in rural places. The data obtained through interview with the representative of Co-op UK was the most helpful for teasing out the nature and specificity of CSM. The data obtained from all four CSM practitioners allowed the generation of a clearer picture of CSM at the national level.

3.5.2 Documents

The second key component of methods used during the first phase of empirical study was analysis of documents that contained information about the process of community shares market formation at the national level. As Heath (1997) pointed out, document analysis is chiefly useful for researching phenomena that have already occurred and, in the instance of this study, it allowed to retrieve information about the process of CSM formation from the historical to the current period. Most of the documents used at this stage of the study were identified by the author of this thesis, and they were either national government reports or third sector reports. These sources were also identified by CSM practitioners during semi-structured interviews, which confirmed the validity of the data.

3.5.3 Electronic database of community shares nation-wide

The third core form of data used during the first phase of the study was electronic databases of community shares nation-wide, provided by CSU. The CSU dataset had open access and it consisted of Excel spreadsheets that provided information such as the name of the societies that financed themselves by community shares, the number of shares issued and the amount of admitted members. The timeline of recorded share offers available in databases stored by CSU ran from 1996 up until the time of revising this chapter (February 2021).

In the absence of any other UK wide organisation recording community shares, the CSU database was a very useful tool, because it provided a nation-wide overview of the community shares market in the UK. Nonetheless, as the CSU database was a secondary source of data over which the author of the study had no control, it is important to report its shortcomings. The main shortcoming of the CSU dataset arose from the lack of legal definition of community shares and thus no statutory obligation to report them. This meant that the CSU database relied on secondary sources and hence it was found not to be wholly exhaustive or precise. One way in which the CSU attempted to minimise the impact of this shortcoming was to adopt their own definition of community shares which is also used in the thesis¹⁰. Also, the CSU is committed to improving its dataset and the organisation regularly reviews and updates the information contained in its database.

Having become aware of the challenges associated with the CSU dataset, the author of this study selected the sample which had the most accurate data, that is the period of issuing shares from January 2009 to December 2015. The start year of 2009 was the year when those involved in CSU started to collect systematic data about CSM; the end year was the start period of entering the fieldwork by the researcher.

Despite its shortcomings the CSU electronic database was a valuable source of information for sketching out the breadth of the community shares market, a detailed analysis of which is presented in chapter five of this thesis, and also for selecting rural case studies.

¹⁰ 'Community shares definition: 'societies that have raised at least £10,000 of withdrawable, non-transferable share capital from at least twenty members' (CSU 2016:2).

3.5.4 Data analysis

Having discussed the three main forms of data used in the first phase of this research, this section explains how these data were analysed. The method used in the investigation of interview transcripts and documents was systematic manual data analysis (Kohn 1997, Bryman and Bell 2003), while for analysing CSU electronic dataset the technique of univariate analysis was used (Bryman 2012}. Semi-structured interviews and documents were used to track the process of the recent re-appearance of CSM in the UK and identify the key causes for distribution in rural places. The qualitative content manual analysis of transcripts and documents occurred in two stages. The first stage was to read carefully both types of data sources and highlight the passages of text that referred to one of the three following themes:

- Motivations behind involvement in promotion of CSM
- Vision for CSM
- CSM in rural context

Once relevant parts of transcript and documents were categorised into above themes, each theme was then divided into subthemes. The results of the analysis are presented in chapter five. Regarding the electronic dataset, this source of data was used to provide an overview of usage extensiveness of the model. Univariate analysis, which analyses one variable at a time, was applied to the selected sample. The analysis used nominal variables of region and trade activity in order to determine the most popular sectors, using graphs as the method of display. The computer software used to manipulate data was MS Excel. The results of the aggregated data concerning community shares market were presented in a previous chapter II section 2.5.

3.6 Second phase: community shares in rural context

The second and core phase of this study was to examine how CSM was established in the rural context. The purpose was to provide evidence for answering the second and the third research questions, which specifically refer to the 'rurality' and its interaction with CSM. Hence this section of the chapter explains the key components of the research carried out in particular rural settings, that is: the method, key data sources and data analysis. Each component is now discussed in turn.

3.6.1 Multi-case study design

The academic literature concerning methodology of case study design distinguishes two basic types of case study approach: the single and multi-case study (Yin 1994). The single case study is mainly used to identify why and how something occurs through examination of internal operation (Thomas et al 1998); multi-case study allows the exploration of the phenomena with little or no theory available to explain it (Yin 1993,1994). The inevitable advantage of multi-case study approach is the ability to examine not only the individual situation of each case, but also to make comparisons between a number of cases, which facilitates the process of replication (Baxter and Jack 2008).

Due to the variety of rural places, the multi-case study approach was adopted during the second phase of the study, where rural community inputs and outputs in/out of CSM could be examined. This was done by reconstructing the process of CSM adoption in each of six case studies. Multiple case study allowed insight into how CSM worked in different geographical rural settings.

3.6.2 Criteria for case study selection

Having explained that the most appropriate case study design in this research was a multiple case study, the next step was to set up the specific criteria used for selection of six rural case studies. Given the paucity of research on community shares and the objective of this thesis, which is to understand the nature of this phenomena in rural places, it was important to select the cases that maximised knowledge about this phenomenon in a rural context (Tellis 1997). The analysis of CSM in the national context (chapter two section 2.5) was used as a baseline for multiple case study selection, where criterion of CSM defection, temporality and typology of trade activity was used. The additional fourth criterion was the territorial component. The summary of all four criteria is presented in Table 3.1.

Table 3. 1 Criteria used for multiple case study selection

Criterion	Description of the criterion
Definition of CSM	Co-op Soc and CBS that have raised at least £10,000 of withdrawable, non-transferable share capital from at least twenty members'
Temporal	2009-2015
Type of trade activity	<ul style="list-style-type: none"> • Energy and Environment (community renewables) • Community retail (shops) • Pubs and Brewing • Regeneration and Development
Territorial criteria	Most sparsely populated regions in England and Wales: <ul style="list-style-type: none"> • Wales • West Midlands • Cornwall

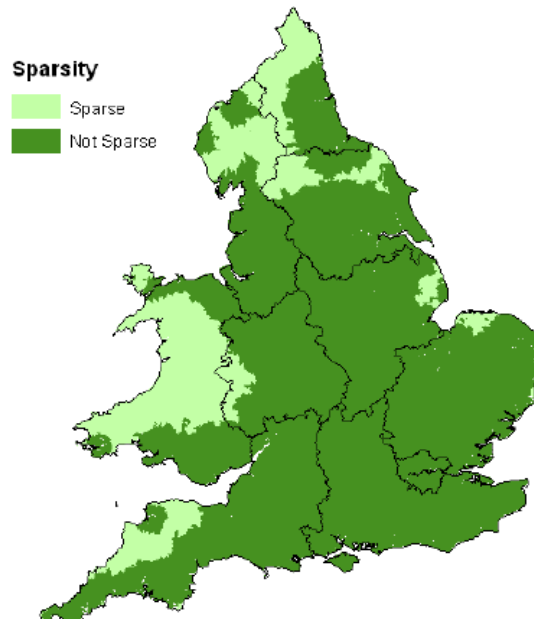
Own source

By applying the first two criteria, the researcher was presented with 351 cases. The third criteria of type of trade activity was used to identify the most popular sectors in which the community shares model was used. The analysis of CSU electronic database in section 2.5 of previous chapter revealed that the four most popular sectors were: renewable community energy, community retails, pubs and brewing, and regeneration and development. By applying the principle of maximising learning (Tellis 1997), it was decided that the selected six case studies needed to reflect this diversity.

With regards to geographical location, the study aimed to identify the most rural parts of England and Wales¹¹. For the purpose of this task the description of 'rural' as a settlement with a population of less than 10,000 has been employed (UK GOV 2013). The website of the Office of National Statistics (ONS) was surveyed in search of appropriate documents. Subsequently, the documents analysing urban-rural classification containing the graphical representation of such analysis were identified. Figure 3.5, which shows population sparsity in England and Wales, is an outcome of this search. It indicates that the three most sparsely populated rural areas were: Wales, part of the West Midlands, North Cornwall and the North East of England. Considering proximity of the areas, the initial study focus was on Wales. Nevertheless, due to lack of availability, the sample was extended to West Midlands and Cornwall.

¹¹ The rationale behind focus on England and Wales is the close proximity of sites to the researcher and the fact that both England and Wales are treated as single entity in the UK's register of companies.

Figure 3.5 Population sparsity in England and Wales



Source: ONS 2011 Census Analysis – Comparing Rural and Urban Areas of England and Wales (2013:4).

To identify the cases, the researcher applied geographical and trade activity criteria, which reduced the number of societies to 117 cases. After further checks were performed, the researcher selected 7 cases in Wales. An email with invitation to take part in the study was sent to the representative of each case. After further exchange of information and negotiations, the representatives of four cases agreed to take part in the study. A further two cases were sourced from rural parts of the West Midlands and Cornwall. An email with invitation was sent to two cases in each geographical area and one case from each selection agreed to participate in the study. The final selection consisted of the six case studies, as shown in Table 3.2 and Figure 3.6.

Table 3. 2 List of case studies under selection

Name of the society	Name of the rural settlement	Geographical location	Primary activity	Trade
Llangattock Green Valleys Micro Hydro 1&2	Llangattock	Wales	Community Energy	
Carmarthenshire Energy	Salem	Wales	Community Energy	
Neenton Community Society (NCS)	Neenton	West Midlands	Pubs and B&B	
Y Pengwern 4CG	Llan Ffestiniog Cardigan	Wales	Pubs and B&B Property Management	
Grampound Shop	Grampound	Cornwall	Retail	

Own source

Figure 3. 6 Geographical location of case studies under investigation



Source: Own source except from 4CG logo and Llangattock photo.

The full profile of each case study, as well as cross-cases comparison is provided in chapter four. The next section discusses the key data used to gather information about all six case studies.

3.6.3 Semi-structured interviews with committee members

After selecting six rural case studies, it was important to use the appropriate form of data to gather information about each case. As previously explained in section 3.4, the first key form of data in the second phase of this study were semi-structured interviews with rural CSM enterprise leaders, that is individuals who possessed detailed knowledge about how the community shares model was created in each case. As the analysis of national context revealed (chapter one section 2.4 each society was governed by a management committee, and thus members of the committee for each rural society were the first point of contact. The emphasis on committee members as leaders was informed by the literature review in section 2.8.2 previous chapter, where leadership was found to be a one of the key operationalising concepts to study the effects of CSM creation within rural communities.

The leaders of rural CSM enterprise were either approached directly by email, or their contact details were provided by gatekeepers, and only committee members (current or former) who were involved from the start of the enterprise were interviewed. The leaders were then asked to retrieve the chain of events that led to creation of enterprise with CSM. The full list of the participants is presented in table 3.3.

Table 3. 3 List of multi-case study interviewees

Society name	Role in Management Committee	Current/former member	Duration of the interview
Carmarthenshire Energy	Chairman	Current	2h 30 mins
	Secretary	Former	1h 30 mins
		Former	2h
LGV	Chairman	Current	1h 20 mins
	Other Committee Member	Former	1 st interview: 1h 2 nd interview: 1h 3 ^d interview: 1h
NCS	Chairman	Current	1h 30 mins
	Secretary	Current	1 st interview: 1h 2 nd interview: 1h 40 mins
Y Pengwern	Other Committee Member	Current	1 st interview: 1h 15 mins 2 nd interview: 2h
4CG	Chainman	Current	1h 15 mins
	Secretary	Current	1h 30 mins
Grampound	Chairman	Current	45 mins
	Treasurer	Current	1 st interview: 1h 2 nd interview 2h

Own source

Table 3.3 above shows that some of the informants were interviewed multiple times. This is because the first interviews were usually conducted by telephone and aimed to establish rapport and feasibility of the case study, whereas subsequent interviews were performed during the site visits. During these visits, complementary forms of data collection were performed by the researcher (see section 3.6.5) to enrich the variety and form of data, and thus to achieve triangulation.

All interviews with current and former leaders of rural enterprises with CSM listed in table 3.3 were audio recorded upon permission and then transcribed by the author of the study. The interview guide was used to conduct interviews, and the list of questions is attached as Appendix 1. An example of an interview is also attached as Appendix 2.

It is important to emphasise here that the researcher conducted number of the informal conversation with some residents of all studied here rural communities except LGVMH1&2 during the site visits. Most of these individuals would not wish to participate in the recorded interview but were generally happy to talk to the researcher off the record. The data obtained from the informal conversations allowed for deepen understanding of the studied communities.

3.6.4 Documents

The second key source of data after semi-structured interviews in the rural context were documents, which aimed to gather evidence about the spatial context of each rural settlement in which CSM was used, as well as uncover the process of CSM creation in each location. These documents were divided into three groups: the first were Local Areas Reports based on 2011 census data, the second were documents produced by the societies, and the third included national and local media articles. Each cluster of articles will now be discussed in turn.

The first group of documents aimed to identify the socio-economic characteristics of the population that resided in each rural settlement under investigation. This was important because, as the literature review revealed, the previous experiments with community-led financial arrangements such as LETS tended to occur in specific places that seemed to attract more alternative lifestyles and to be driven mainly by the middle-classes. Thus, it was imperative to assess whether similar patterns could be observed with CSM. Moreover, the issue of primary drivers and accessibility, as well as the relationship between them, speaks directly to the first research question, which aims to explore motivations behind using CSM in rural context. The source of data which provide insight into the demographic composition of the geographical area are The Local Areas Reports, based on 2011 census. These reports were accessed through open access to the official Nomis website¹². For each of the six rural settlements, the lowest denomination of local authority such as for example Parish was identified, except for Llan Ffestiniog, for which the Build-up area report was used¹³. The baseline data used for comparison was aggregated average data for England and Wales.

The second group of documents used during the multiple-case study phase were documents generated by each of the six societies, which included share offers documents, business plans and annual return reports. The advantage of business plans as a source of data was that they contained information about the business aims of each society, as well as plans of how they were to be achieved, which complimented other data source about the reasons behind creation of a rural enterprise with CSM. Share offer documents provided information about the purpose of community shares and details of how each society planned to use the obtained capital. As for the annual

¹² <https://www.nomisweb.co.uk/> Official labour market statistics

¹³ Built-up Area Local Report was the only option available for Llan Ffestiniog

reports, they contained factual data about the amount of obtained capital and financial revenue.

The third major group of documents were electronic articles in national and local media, such as the BBC or Daily Post. Documents of this nature helped to track the sequence of events leading to the establishment of the rural enterprise with CSM, and thus facilitated the process of identifying success factors. The list of documents issued by each society is attached as Appendix 3.

3.6.5 Other supplementary forms of data

Although semi-structured interviews and documents were used as primary data sources during the multiple case study phase, it is important that other forms of supplementary data were also used. These included site visits and observations, as well as informal conversations with traders and local residents. If local residents formally agreed to take part in the study, the conversation was audio recorded as in the instance of the Carmarthenshire Energy or Grampound cases.

The researcher visited all six rural settings used as case studies in the thesis. During the site visits the residents were happy to talk informally about their rural community and overall experience of the rural facilities using CSM. These conversations allowed to produce a richer profile of studied here rural communities (chapter four) and have better understanding of the impact that CSM facility had on the individual residents, as well as find out about some friction as in the case of Pengwern pub in Llan Ffestiniog.

The photos were also taken while visiting the sites. These supplementary forms of data aimed to provide the fuller picture of each case and cross-check the data obtained through semi-structured interviews and documents whenever possible, as well as balance the extensive reliance on data obtained from rural CSM founders (see section 3.8).

3.6.6 Data Analysis

This section discusses the analysis of empirical data collected in the rural context: firstly, a discussion of ways in which primary and secondary data were examined,

which is then followed by an outline of how both types of data were combined and presented.

One feature of using multi-case study methodology is the inevitability of collecting large amounts of data (Kohn 1997). The mixture of qualitative and quantitative data adds another layer of complexity to the data analysis process. The approach used to analyse the mixed data from each rural case was similar to that applied in a single case of national context, that is analysing qualitative data using qualitative techniques and quantitative data using quantitative techniques, before combining the results from both types (Creswell and Clark 2018). The cases were first analysed on a case by case basis, before moving onto cross-case examination. The next part of this section explains the techniques employed to analyse key data, that is semi-structure interviews and documents.

The method used for examining the transcripts of semi-structured interviews with committee members was manual thematic analysis, which involved two rounds of coding. Initially, each transcript was read quickly, and relevant segments were coded according to the three elements of conceptual framework, that is: motivations, community inputs and outputs, and success factors. The categorised material was then read carefully line by line and divided into subthemes. The subthemes were then checked for relevance and this exercise was repeated for each case individually. After conducting thematic coding for each case, cross-cases comparison was employed, where individual case themes were compared. The tactic employed was to search for convergence and contradiction of the themes.

The key techniques used to analyse documents were descriptive statistics and content analysis (Bowen 2009). The first method was applied to the quantitative data found in the Local Areas Report and consisted of providing a statistical summary of central tendency and variability of demographics across all six rural settlements used in the multi-case study. The content analysis approach was employed to examine the textual data in documents prepared by each of the society and media articles. This method involved sorting information contained in documents into three categories that represented conceptual framework, that is motivations of setting up the business with CSM, the input from the local community, and the success factors.

3.7 Validity of the study and ethical consideration

Validity

Two issues that require considerations during the research process are data validity and ethical consideration. The study validity involves ensuring that results obtained during the research are reliable (Welman and Kruger 2001). In the present study, a number of established social sciences methods was used, such as semi-structured interviews and documents analysis. The multiple sources of both qualitative and quantitative data were also employed in order to achieve triangulation and ensure the quality of findings. To maximise the data validity, the author of this study attended the University-run workshops on social science research methods, in order to consolidate and expand the researcher's knowledge of these methods. The well-established methodology of case study was used and relevant rural studies literature was used as a guideline during research design.

Obligations to research participants and safety

The present study required ethical approval from the relevant institutional department hosting the researcher. The approval was granted by the Department of Geography and Planning at Cardiff University in January 2016, after minor revision requiring more explicit elaboration regarding avoiding the deliberate targeting of vulnerable groups in this research.

The researcher of this study recognises that, as a social science researcher, she has an obligation to research participants to ensure that they are protected, that risks are not created and existing vulnerabilities are not exacerbated. Therefore, this research was guided by Cardiff University Code of Practice for Research, Cardiff University's Research Ethics Guidance, and followed the ESRC Key Principles for Research Ethics (2015)

In addition to the above principles, the researcher adopted an overarching rule of 'not causing harm' at all phases of the research project. Thus, all reasonable measures were taken to ensure that the risks of harm to participants were minimised. The researcher adhered to any safety guidelines in place during each case study and she ensured that someone knew her whereabouts when on site.

Recruitment and Consent

The author of this study ensured that key contacts recruited at both phases of the study were formally approached to explain the research and to request cooperation. The primary data collection, that is semi-structured interviews, were aimed to be undertaken upon informed written consent of individuals involved. Each participant received a copy of the Participant Information Sheet (Appendix 4). This document described the purpose of the study, what it entailed, what would happen with data obtained and the right of each participant to withdraw from the study at any time. The Information Sheet contained the contact details of the doctoral researcher and her supervisors, should any participant have wished to contact them to raise any issues.

The researcher discussed the purpose of the current study and right to withdraw at any time without providing a reason with each participant individually, while allowing time for reflection before asking if he/she agreed to participate and signed the Participant Consent Form (Appendix 5) The participants were given a copy of the consent form.

The researcher remained open to the possibility of using verbal consent in situations where recording equipment was being used, clarifying in advance, but she aimed to use such an eventuality only in situations where written consent was not possible or impractical. In such cases, the researcher was ready to mitigate lack of written consent by being in contact with participants, If a participant expressed any concern (directly or indirectly) about any aspect of the research, the researcher was ready to acknowledge this and discuss it with them, reminding them of the option to withdraw.

Confidentiality and data security

In the context of the present study, the most significant dimension relating to the privacy of participants was regarding the recording of data. All personal data was anonymized in line with the Data Protection Act 1998. All care was taken to ensure that no quotations or other data were individually attributable. With regard to case studies, the name of the society was used as the researcher established with each case individually that they did not require anonymity. In regard to taking photographs of properties and/or visited sites, the researcher sought verbal consent and ensured that no individuals appeared on the photos, especially vulnerable groups such as children.

3.8 Study limitations

This study had some limitations. The main methodological limitation of this research concerns the relatively small sample of six rural communities that set up CSM cooperatives. Nonetheless, as the study is based on wider nation-wide secondary analysis of CSM market trends, and as the purpose of the study is to explore the effects of CSM on rural communities in more detail, the choice of the sample is justified. Another major constraint of this research is its extensive reliance on semi-structured interviews with the CSM founders, who were also members of the studied communities, as such connections may impact the objectivity of the research. In the introductory chapter of this thesis, it was stressed that the aim of this study was to emphasise the voice of rural communities. Hence the semi-structured interviews with the CSM founders who were also mainly residents of the affected rural communities were judged to provide the most relevant data, because they had insight into both the community and the process of setting up CSM cooperatives, rather than fragments only. It is worth noting that during site visits and informal conversations with residents, they tended to refer to the founders as a most accurate source of information about the CSM cooperatives. With information about the complete process of CSM cooperative creation and its short aftermath, the founders were a valuable source of comprehensive data related to purpose, community input and output, as well as the success factors of CSM creation. Almost all the interviewed founders, except for the CE case, had a legitimacy and the trust of the residents, either through being elected as a local representative (local councillor) or voted in as CSM committee member. Hence their account had more impact in terms of providing a voice and representation for rural communities, than would the account of a resident without direct involvement in the CSM creation. It should also be added that reliance on data drawn from the CSM founders was supported by inclusion of data from CSM practitioners in two out of four sections of this chapter.

3.9 Conclusions

This chapter presented and discussed the research design that allowed the research questions to be answered and empirically explored the institutional approach adopted in the conceptual framework introduced in chapter two (section 2.8.5). The research questions examined the motivations behind use of CSM in rural places, the nature of rural community input and output and success factors behind successful establishment

of the CSM in rural context. As indicated by the conceptual framework (section 2.8.5 of this thesis), the research questions were to be answered by focusing on the actions of the CSM funders and rural communities' involvement that have led to the formation of rural enterprise with CSM. In order to gather a comprehensive and rich account of the activities undertaken by these two key actors, the research design has been divided into two phases: national and rural, and a mixed methods case study approach was applied to both.

Chapter Four: Profile of six rural cases studies that used CSM

4.1 Introduction

The fourth chapter of this thesis provides an overview of six rural case studies that were the subject of investigation in this research. The aim of the chapter is to not only offer a detailed depiction of each case study, but also to provide building blocks for the cross-case analysis that is conducted in the next chapter (chapter five). More specifically, the chapter analyses each case in relation to the following elements: geographical setting, type of community and its cohesion, the origins of the project, the key people behind the project, and the process of setting up the project. The main source of data were semi structured interviews with the founders, and documents related to the development of each project such as business plans, community shares offer and presentations used during the community consultation process. The primary subject of the case studies was six rural cooperatives that used CSM, that is had adopted either CS or CBS as their legal structure. Each case study was located in a different rural settlement either in England (two cases) or in Wales (four cases). Only one case of LGVMH1&2 used Cooperative Society structure, whilst the remaining five adopted a form of CBS.

4.2 Llangattock Green Valleys Micro Hydro 1&2 (LGVMH1&2)

The first case study was Llangattock Green Valleys Micro Hydro scheme (LGVMH1&2), which was a pioneering community energy project that set up five micro hydro projects near the Welsh village of Llangattock. This project was part of the larger scheme called Llangattock Green Valleys (LGV) set up in 2009, which aimed to deliver various environmental, social, and economic benefits. In 2011 LGV won the prize of £100,000 in British Gas Green Streets to develop micro-hydro projects. Two CSM cooperatives (LGVMH1 and LGVMH2) were registered in 2013 and two share offers were issued in 2013 and 2014 to fund the construction of five micro-hydro schemes, which aimed to be fully operationalised by 2018. The key motivations behind developing LGVMH1&2 were for the village to become carbon neutral and the CSM structure was used, due to its ability to issue shares to fund the construction of the project. This case exemplifies the CSM structured community energy project that developed from community grassroots with a clearly defined geographical focus. The

innovative approach and breadth of the sustainability-oriented initiatives in the community attracted local and national media, such as the BBC, who visited and interviewed the founders on a number of occasions.

4.2.1 The Llangattock community

Llangattock village itself is located in the picturesque south-eastern section of the Brecon Beacons National Park as photos 4.1 and 4.2 show, and it is surrounded by four scattered hamlets in which the micro-hydro turbines were installed. The beautiful scenery surrounding Llangattock attracts many visitors, who can enjoy walking through hundreds of miles of footpath in the Brecon Beacons, climbing the limestone cliffs or hiring a boat to sail through waterways. Residents as well as visitors can enjoy local village facilities and green spaces such as recreation grounds, Glebe fields (shown on photo 4.3), local pub, restaurant, and a hotel with a golf course. Llangattock also has a newly refurbished village hall and primary school. Llangattock residents can join a range of local community groups, such as a church club, Llangattock crafters, parents' groups, running club and Llangattock Green Valleys, which developed micro hydro projects using the CSM structure.

Photo 4. 1 Location of Llangattock village



Source: Google maps

Photo 4. 2 The view of Llangattock village



Source: Llangattock Community Council website

Photo 4. 3 Glebe field in Llangattock



Source: Llangattock Community Council website

The village of Llangattock has about 1000 residents and, similar to a previously described case study, the dominant age groups were a mature workforce and senior citizens. Data from table 4.1 indicate that the village population has a very high level of cohesion in terms of ethnicity with 97 per cent of population being white. Llangattock residents were predominantly born in the UK although, interestingly, when compared to other case studies used in this thesis, the village had the highest percentage of residents who were born outside of the UK - 6 percent.

Table 4. 1 Llangattock demographic composition

Population (all usual residents)	999	56,075,912
Age structure		
Median age	50	39
>15	16.8	18.8
16-24	7.2	11.9
25-29	1.8	6.8
30-44	15.3	20.5
45-59	24.4	19.4
60-64	8.9	6
65<	25.5	16.6
Ethnic group		
White	97.3	85.9
Country of birth		
UK/Ireland	93.9	87.3
Other EU	2.6	3.6
Other countries	3.5	9
Religion		
Has religion	63.4	67.7
Christian	61.7	59.3

Source: Nomis website. Local Area Report

An interesting picture of Llangattock residents is emerging from the labour market data. The village has twice as many self-employed than the national average, and a much lower ratio of unemployment. In addition, over 40 percent of the population has the highest level of qualification and occupies top occupations such as directors, managers and technicians, all being above the national average. This suggests that Llangattock is a relatively high professional area with the presence of entrepreneurial, business and people-organising skills, like their neighbour, Crickhowell, an award-winning high-street market town which in 2015 became known for intentionally using tax avoidance tactics in protest against the use of loopholes employed by larger corporations to evade UK Corporate tax.

Table 4. 2 Economic activity in Llangattock

Economic activity		
	Llangattock (LGV)	England & Wales
Society		
Economically active (16-74)	61.7	69.7
In employment	57.2	61.9
Self employed	19.2	9.7
Unemployed	2.6	4.4
Economically inactive (16-74)	38.3	30.3
Retired	23.4	13.8
Student (including full time)	4.1	5.8
Looking after home/family	3.6	4.3
Long term sick/disabled	6.4	4.2
Qualifications (16 and above)		
No qualification	18.7	22.7
Level 1	10.5	13.3
Level 2	13.2	15.3
Level 3	9.5	12.3
Level 4 and above	42.5	27.2
Industry (16-74)		
Agriculture, forestry and fishing	4.6	0.9
Manufacturing	7.4	8.9
Construction	8.4	7.7
Professional, scientific and technical activities	7.9	6.6
Human health and social work activities	17.4	17.4
Occupation (16-74)		
Managers, directors and senior officials	16	10.8
Professional occupations	21.6	17.4
Associate professional and technical occupations	13.2	12.7

Source: Nomis website. Local Area Report

This assumption of Llangattock village as a relatively affluent area is strengthened when the profile of LGVMH1&2 founders is considered. As table 4.3 shows, all five members have substantial professional experience. For example, most worked in national and multinational corporations, where they acquired transferable skills such as people-organising and project management.

Table 4. 3 LGVMH1&2 Founders' profile

Founders	Occupation and professional experience
Founder 1	Project management, HR Director
Founder 2	Consultancy, former Welsh Assembly member of the National Park
Founder 3	Finance and banking, property development
Founder 4	Sales and project management, export consultancy
Founder 5	Engineering, construction, web designer

Source: Mutual Societies Annual Return Form for Llangattock Green Valleys Micro Hydro 1 & 2 Co-operative Limited 2016

4.2.2 Origins of the project

The origins of the micro-hydro project in Llangattock village are linked with another successful non-profit scheme called The Green Valleys (TGV). The key intentions of TGV were to help the communities around Brecon Beacons National Park in Wales to set up various socio-environmental projects, including renewable schemes. The roots of this idea are very interesting as the project was born out of the tragic experience of the main initiator, then a development officer whose recovery from brain injury caused by a car accident energised him for action. The village of Llangattock was inspired by the activities of TGV and, when TGV held an event in the village, the meeting was very well attended with over 40 participants. During subsequent meetings between Llangattock residents and TGV, the decision was made to set up the Llangattock-wide socio-environmental project called Llangattock Green Valleys (LGV). It is important to emphasise here that although LGV was inspired by TGV, both organisations are separate entities. The umbrella organisation of LGV was set up in 2010 as a Community Interest Company (CIC). A wide range of community initiatives are run under LGV, including beekeeping, allotments, and woodland groups, all of which aim to support carbon reduction and skills development in local community. Interestingly, the renewable schemes, were developed at a later stage with the intention not only to generate renewable electricity and hence reduce the carbon footprint of Llangattock community, but also to provide a revenue for the LGV. This is how one of the key founders described the LGV organisational structure and the role of renewable projects with CSM:

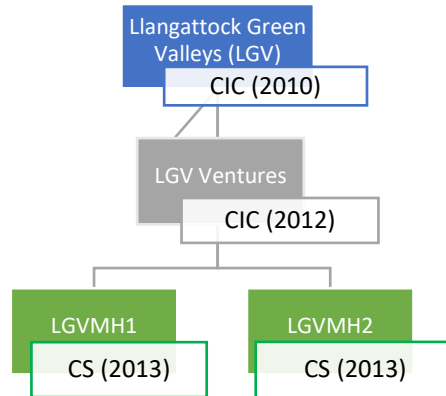
‘You’ve got LGV, which ultimately was always gonna be the organisation that delivers the local benefit. What sits under there is the trading company that is ultimately developing the schemes. And then they gift the schemes to co-operative model underneath it, which are basically the engine house for raising the money’.

LGV Founder 1

The visual representation of how LGVMH1&2 fits within the wider institutional setup developed by the Llangattock community is displayed in Figure 4.1. At the top of the organisation is the Community Interest Company called Llangattock Green Valleys, which is responsible for delivering the local community benefit, such as distribution of the funds from the Community Benefit Fund. One level below is another Community Interest Company called Llangattock Green Valleys Ventures, which is a trading arm. Finally, at the third level are two co-operative societies that are responsible for generating revenue. The innovative model of community organisational structure

developed by Llangattock community was set up incrementally with renewable schemes being the last stage.

Figure 4. 1 LGV business structure



Own source

LGVMH1&2 was structured as two Cooperative Societies, and the adoption of the CSM structure over many other available options was made on pragmatic grounds as explained by one of the founders:

‘The blunt business side of me says: there’s a job to be done, we need to raise capital, what’s the most efficient way of doing it at the community level, and it is a cooperative model’

LGV Founder 1

LGVMH1&2 is an example of a rural enterprise with CSM, whose only purpose was to develop, own and manage five micro-hydro installations. This means that the LGVMH1&2 enterprise per se does not intend to directly benefit the community, because this role is to be fulfilled by the mother company, LGV. The assets used in LGVMH1&2 were five high-head small hydro installations located at the following sites: Cwm Gu, Nant yr Hafod, Blaen Dyar, Abernant and Cwm Saerbren. Jointly all five sites are predicted to produce 355 MWh of renewable electricity every year, enough to power 90 average Welsh homes. Photo 4.4 shows one of the sites.

Photo 4. 4 One of the hydro schemes at Blaen Dyar site



Source: LGV website

LGVMH1&2 does not own the land on which the hydro turbines are installed. The land is leased from the local landowners, who live in the hamlets near Llangattock, for a period of 20 years, after which ownership of the hydro turbines is to be transferred to the owners of the sites. The landowners seemed to be content with leasing the land as they not only had an extra revenue, but also could spread the risk of the scheme failure if they were to develop it privately, as explained by one landowner in a BBC interview:

'Yeah I could have done it [myself], but we may have a few dry summers and I might lose all the money. So uhm but as I said I'm quite happy for this community to develop out of it and in 20 years' time ownership will revert to me and it's quite a nice pension scheme'.

landowner (BBC interview 2013)

To date, two community shares offer have been issued in 2013 and 2014 to cover the costs of construction and development of the five hydro schemes. The minimum investment amount was £250, with offered interest rates of 5%. As in the CE case, the value of shares will be gradually returned to investors over the period of twenty years. The investors were not confined to the local area only. The revenue generated from the hydro schemes is said to be spent on the ongoing operation and maintenance of the schemes, dividends for the shareholders and a special Community Fund that will be managed by LGV. LGVMH1&2 exemplifies the case when CSM was used more instrumentally to generate revenue for a wider institutional setup, and hence the case also illustrates how CSM can be combined with other legal entities.

4.2.3 Key individual behind the project and motivations

The main driving force behind the development of LGV and LGVMH1&2 was an energetic rental property manager, who moved to the village with his young family in 2002 from the neighbourhood county of Carmarthenshire. One of the most striking characteristics of the key founder was his enthusiasm and hands on approach. During an interview with the author, he admitted for example that:

‘I’m from the school of thought that you can bring about change yourself (...) I just get on, next thing brilliant done, right next thing. The philosophy is you more or less judged on your last sale, right’.

LGVMH1&2 Founder 1

The motivations for getting involved in setting up LGV and renewable schemes came largely from the experience of living in a rural setting, in which post-2008 austerity and gradual withdrawal of the state meant that more public services were either withdrawn or passed onto local communities. The LGV founders saw this situation as an opportunity to develop the community-based organisation, which would not only be able to deliver some local services such as road sweeping or verge maintenance, but would also be able to rise to the challenge of making communities more environmentally sustainable, as the key founder explains:

‘The settlement budgets from Westminster and Welsh Government are restricted. Then passed onto local authority. Then the local authority pass them on to local community and this is basically a degradation that we’re used to. So, we either point the finger to local authorities, Welsh Government, Westminster and say: Why has this been done to us, or we actually raise to the challenge and we start to deliver it for ourselves’.

LGVMH1&2 Founder 1

The key founders realised that if they were to do the job themselves, they needed a business model, which would be more financially sustainable than reliance on grants. At this point, the idea of community renewable schemes as part of an asset base and source of revenue came about, and with it the consideration of the CSM model. The key attribute of the CSM model was the ability to raise start-up capital through community shares, as alluded to by the key founder:

‘I think that [Cooperative Society] is a wonderful model. A wonderful model for local communities delivering across of range of areas. CIC, they are relatively new, 12 years old they are. And again, in terms of equity raising you are restricted what you can raise there’.

LGVMH1&2 Founder 1

The overall approach of the founders to the project seemed very focused and entrepreneurial in character. Even when the researcher asked the key founder about the social side of cooperative model, he reiterated the clear pragmatic purpose of the cooperative model, explaining that:

‘A lot of people become emotionally attached to cooperative model. because of its principles. I get all that, that’s fine. But as far as I’m concerned it is there for purpose and the purpose is to raise equity’.

LGVMH1&2 Founder 1

The case of LGVMH1&2 described above is an example of CSM use in a wider voluntary organisational setup. The CSM was created for a specific purpose, that is to generate the revenue from the sale of the renewable energy produced by five micro-hydro turbines located within the Llangattock village area. The innovative organisational setup of LGV was developed with a focused and business approach by highly capable Llangattock residents, who were dissatisfied with the local budget cuts and lack of progress by the state regarding climate change with the local climate change action arranged by the state

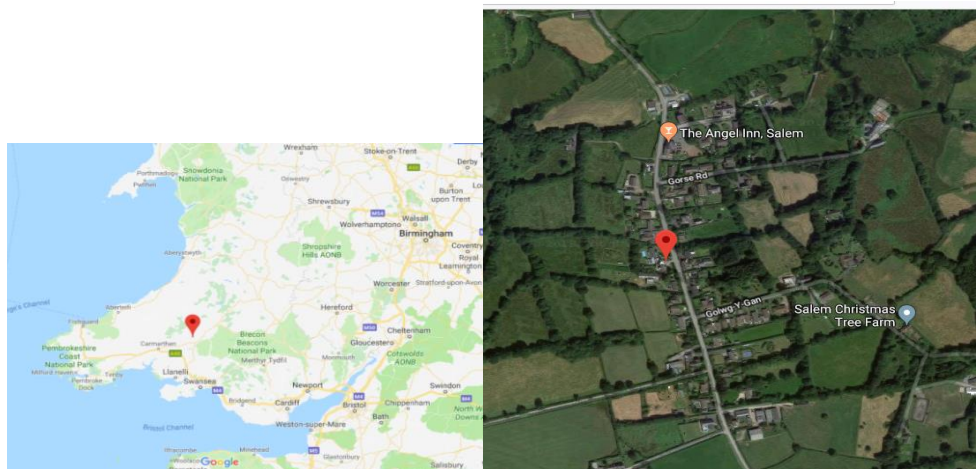
4.3 Carmarthenshire Energy (CE)

The second case study is Carmarthenshire Energy (CE), which is the second example of a community energy scheme used in this research. CE was established as a strategic partnership between public, private and voluntary sectors at the regional level of Carmarthenshire County in West Wales, and it is the only case study in this thesis which developed the project from the top-down rather than from community grassroots. In 2007, the Welsh development officer for West Wales launched consultations into setting up a community energy scheme at regional level, which resulted in 2010 in setting up Carmarthenshire Energy Trust in a partnership between the public, private and voluntary sector. In 2012 the Energy Trust was converted into a CBS. In 2013, local authorities withdrew from the project and it took another two years for CE to develop the renewable schemes. In 2015, CE purchased a ready-for-use 500 kW wind turbine located in the small village of Salem through a Welsh Government loan, which was repaid by issuing three share offers in 2015, 2016 and 2017. Because the Salem residents were not involved from the onset of the project. CE became an easy target of local opposition, who have been determined to shut down the project ever since.

4.3.1 The hosting community – Salem village

According to a local councillor, Salem has about 300 residents, and is located near the market town of Llandeilo at the eastern edge of Brecon Beacons National Park as shown in Photo 4.5.

Photo 4. 5 Location of Salem



Source: Google maps

Salem with its neighbourhood villages form Manordeilo and Salem Community Council, which is the lowest tier of local government. The demographic composition of Manordeilo and Salem is characterised by a high percentage of older residents, who were born in the UK or Ireland and are predominately white Christian, as data in Table 4.4 indicate. For example, over 65s are the most dominant age group and the percentage of retirees is almost double the national average. Thus, Salem could be said to represent the general trend of senior residents being an increasingly dominant age group in rural Britain, as observed by Champion and Brown (2012) and noted in the literature review. More than one third of residents are either professionals or have skilled trade occupations as shown in table 4.4, which suggests the availability of entrepreneurial and other skills at local level. As the village is not easily accessible by public transport, car ownership is much higher than the national average. As data in table 4.4 shows, only a small fraction of the residents, 4.4 percent, does not own a car, in comparison to 25.6 percent of national population.

Table 4. 4 Salem demographic composition

Demographics		
Settlement Society	Manordeilo & Salem (CE)	England & Wales
Population (all usual residents)	1,754	56,075,912
Age structure		
Median age	49	39
>15	16	18.8
16-24	8.2	11.9
25-29	4	6.8
30-44	14.6	20.5
45-59	23.2	19.4
60-64	9.6	6
65<	24.4	16.6
Ethnic group		
White	99	85.9
Mixed	0.3	2.2
Asian/Asian British	0.2	7.5
Black/Africans/Caribbean	0.3	3.4
Country of birth		
UK/Ireland	96.8	87.3
Other EU	1.4	3.6
Other countries	1.8	9
Religion		
Has religion	65.5	67.7
Christian	64.1	59.3
Muslim	0.1	4.8
Other	1.3	3.6
No religion	24.6	25.1
Home/car ownership		
Tenure		
Owned	84.5	63.5
Social rented	3.6	17.6
Private rented	10.3	16.7
Car ownership per household		
No car ownership	4.4	25.6

Source: Nomis website. Local Area Report

Table 4. 5 Salem economic activity

Economic activity	Manordeilo & Salem (CE)	England & Wales
Society		
Economically active (16 -74)	65	69.7
In employment	60.8	61.9
Unemployed	2.4	4.4
Economically inactive (16-74)	35	30.3
Retired	22.4	13.8
Student (including full time)	3.3	5.8
Looking after home/family	2.6	4.3
Long term sick/disabled	4.6	4.2
Qualifications (16 and above)		
No qualification	22.7	22.7
Level 1	10.2	13.3
Level 2	16.1	15.3
Apprenticeship	5	3.6
Level 3	10	12.3
Level 4 and above	31.6	27.2
Industry (16-74)		
Agriculture, forestry and fishing	10.8	0.9
Construction	10.9	7.7
Wholesale/ retail trade; repair of vehicles	13.6	15.9
Education	10	9.9
Human health and social work activities	12.3	12.5
Occupation (16-74)		
Managers, directors and senior officials	10.7	10.8
Professional occupations	20.5	17.4
Administrative and secretarial	10.9	11.4
Skilled trades occupations	22.5	11.5
Caring, leisure and other service	7.4	9.4

Source: Nomis website. Local Area Report

The social life of the village centres on the village hall and the Angel public house. The village hall hosts numerous leisure and social activities, such as exercise clubs, painting groups or the Women’s Institute, which organises meetings and events around topics such as healthy eating, fitness and environmental concerns. The Angel Inn is a local pub and restaurant which prides itself in its warm and cosy atmosphere with two log fires, serving local real ales and good food and music events, often attended by locals including the members of nearby intentional eco-community Tipi Valley.

The author’s experience of the Salem community during a few hours stay in the pub and conversation with local residents was the very welcoming attitude and somewhat slow-paced life, where people had time to talk and didn’t need to rush home or to attend meetings. For example, one resident volunteered to show to the author, without the need of notice, the closed chapel located next door to the village pub, while the other spoke of his passion for researching a family tree. General perception of this

community was that those who lived there or moved to the area tended to be looking for a more traditional slow-paced rural lifestyle and environment.

4.3.2 Origins of the project, key individuals, and their motivations

Although members of the Salem community appeared to be highly aware of environmental issues, being discussed for example at meetings of the local Women's Institute, there was a lack of strong community organisation willing to take on the task of developing community energy schemes, not only around Salem, but also at the regional scale. At this point, the main CE initiator, a regional development officer, saw an opportunity to establish a strategic regional partnership. The officer conducted the consultations process, when, with the support of Carmarthenshire County Council and voluntary bodies, the Energy Trust was formed. The trust was subsequently converted into a CBS in 2012. The society formed a management committee which consisted of seven people (Table 4.6), including the development officer who was now one of the CE committee members. As shown in table 4.6, all the members held a professional occupation and the CE directorship was the youngest from all case studies used in this thesis, with the average age of committee member standing at 50.1. None of the members were residents of Salem village, but they lived in the county of Carmarthenshire.

Table 4. 6 CE Founders

CE Founders	Occupation	Age
Founder 1	Manager of Community Bank	55
Founder 2	Consultant	39
Founder 3	Manager	54
Founder 4	Consultant	56
Founder 5	Co-ordinator	43
Founder 6	Director	60
Founder 7	Public Adm, Officer	48
	Average age	50.1

Source: Mutual Societies Annual Return Form Carmarthenshire Energy 2016

The two key individuals behind the CE development were, as already mentioned, a regional development officer, and a former dentist and town councillor of a Carmarthenshire village. Environmental concerns, mainly around the issue of climate change, seemed to be a key motivation for the two key founders. For example, the

former town councillor revealed how joining CE provided an opportunity to fulfil his long-time ambition to become an environmentalist:

'I was brought up in Welsh village not far from here where there was an open cast coal mining. And I had a great interest in wildlife, you know I was bird watcher as a little child. And I saw open cast coal mining remove river, remove woodlands, destroying owl's nests and things like this (...) So I was always an environmentalist, but coming from a working-class background, I couldn't see a way of making the living as an environmentalist. (...) so I became a dentist. But all the way through Uni and subsequently I was interested in conservation. I always wanted to make a living from helping the environment, but I didn't know how to. And when the opportunity came about to join CE, I said yes this is what I want to do you know'.

CE Founder 1

Later, the founder explained how he decided to complete a MSc degree in renewable energy and how, around the time of its completion, he met the regional development officer at a local university-led event. It was at this point that CE founder 1 was invited formally to join the newly formed regional partnership (later CE) as a representative of the voluntary body, because of his involvement in a local environmental charity. Having representation from three key sectors: voluntary, public sector (Carmarthenshire County Council) and private sector (Seren Energy), CE could then focus on setting up the renewable installations in the region. The initial idea was to develop and own several large renewable projects, which would then generate revenue towards setting up smaller community energy schemes, as explained by one of the interviewees:

'We thought ok we've got a county where there are very few strong voluntary organisations that want to take these schemes on, so we created a super-team that can take five wind sites, four hydro sites and develop them, and make huge amount of profits (laugh), we set up this big community benefit fund (...) for community good'.

CE Founder 2

In theory, the idea of a CSM structure in the form of CBS, set at the strategic county level with a revolving fund of two virtuous cycles folding over each other and recycling money within the region on renewable schemes, was a novel and very attractive proposition. The CE directors consulted with the community shares advisors, who gave the model their support and allowed CE to issue community shares to finance the scheme. The main issues around which CE framed their activities was fuel poverty, energy security and climate change, as the citation below from one of the Share offers reads:

Carmarthenshire Energy aims to support community groups and those suffering from fuel poverty and concerned about energy security and climate change; creating renewable energy projects run for people not profit, with any profit generated reinvested in the local economy’.

CE 1st Share offer

The CSM model and the initial enthusiasm for the CE scheme was based on the assumption that Carmarthenshire had a huge potential for renewable energy, especially hydro projects, as in the neighbourhood county of Powys, Llangattock village (the next case study), which managed to successfully establish the first micro-hydro community energy schemes in Wales. Nonetheless, this original assumption turned out to be very difficult to realise in practice, due to the cumulation of two key factors: inability to develop the renewable projects and eventual withdrawal of local authorities from the scheme.

4.3.3 Challenges with moving project ahead

The problems with developing and securing any renewable projects began to be apparent when none of the 30 located hydro sites were viable, mainly due to technical reasons. One hydro project, on which CE chiefly relied, did not go ahead due to a delay in planning permission. Sudden withdrawal of state support in late 2015, discussed in chapter II section 2.6.3, meant that the scheme was no longer financially viable at local level, much to the frustration of the founders who blamed their partner, the planning authorities of Carmarthenshire Council for lack of decisive and timely action:

Because of the delay of planning authority effectively destroyed the financial opportunity for community to develop the scheme. And they were advised really really clearly when the deadline was, we were clear that the statutory guidance for the timeframe would fit in. So it was quite challenging, the negative experiences really.

CE Founder 2

When other attempts to develop the project were made, on this occasion the single wind turbine installation, the two interviewed key founders held the local authority accountable again, this time for their lack of commitment to the partnership and wastage of resources:

‘So we found a lot of wind sites, then the local authorities said oh actually we’ve got some sites, can you look at them? We spent several months looking at

those sites, and then they said: No we don't want to do that, we want to do solar, but we don't want to do it with you (laugh)'.

CE Founder 2

Lack of progress in developing feasible renewable projects by CE was then accompanied by the official withdrawal of the Carmarthenshire County Council from participation in the enterprise, leaving the partnership to rely on private and voluntary sector. When asked about the possible reasons behind the withdrawal of the local authority, one of the interviewees pointed to the role in the matter of enthusiasm and strategic planning.

'It's about individuals. I think the fact that those particular individuals, you know they closed down the energy agency, they lost their sustainability manager, uhm the head of planning was moving onto another role, so I think suddenly number of really strategic people who were able to push agenda, was gone'. it was the chemistry of individuals, that created a shell, that just happened to manage the projects which then have been very very challenging for those individuals to deliver, cause they've been under resourced frankly. It's been a seat of the pants affair'.

CE Founder 2

Initial enthusiasm of the county council officers allowed the creation of the strategic partnership. Early CE board meetings were well attended with numbers reaching 20 or more individuals, as interviewees recalled, which provided confidence for others to join. Not long after launching CE as CBS, the council officials who were the main force behind establishing CE moved onto other roles, and no new appointments were made to replace them. This suggests that one of the key factors behind the eventual withdrawal of the public authorities from the CE was a mismatch between early enthusiasm and carefully considered long-term planning and delivery methods.

When it appeared that CE was on the brink of collapse, due to lack of feasible projects and losing the support of the local authorities, hope rose on the horizon. Thanks to the company representing the private sector in CE, which had an approved and ready-to-use single wind turbine installation for sale, CE finally had an opportunity to acquire one small-scale renewable installation. The wind turbine was originally meant to be a private initiative by a single landowner in the village of Salem, as pointed out by one of the CE founders:

'This wind turbine was planned as a private wind turbine. It went through all the correct procedures with planning and noise and visual impact and all the usual things. And it was going ahead as a private wind turbine whether CE was involved or not. So we came very late with only 3 weeks before we were ordering wind turbine'

CE Founder 1

The founders admitted in an interview that the wind turbine was not their first choice of renewable technology, mainly due to the vocal opposition that this type of renewable tended to attract. Nonetheless, in a situation where the choice was to either accept the wind turbine or close down the enterprise, the turbine was an obvious option. In 2015, the commissioned 500kW wind turbine was purchased by CE for over £1 million, with the aid of loans from the Welsh Government and a private partner, Seren Energy. To repay the loan costs, CE issued subsequently three community share offers in 2015, 2016 and 2017. The minimum investment for each share offer was £100, and, according to CE, most individuals who purchased shares were from Carmarthenshire or Wales. CE offered a 5.6% interest rate on borrowed capital, and the full amount of shares value will be returned to the investors within twenty years. Illustration 4.1 below shows the advertising poster encouraging the purchase of shares in CE.

Illustration 4.1 CE poster advertising 1st share offer



Source: CE website.

4.3.4 Dealing with local opposition

Although acquisition of the Salem turbine allowed CE to finally start to generate revenue and thus continue its activities, it also created a new challenge for the enterprise. As the wind turbine project came into being on the private initiative of a Salem landowner who wished to rent part of his land for the installation, the wider geographical community of Salem was not involved in the project from the onset. As CE took ownership of the scheme in a situation where the local community was not engaged in the process of scheme development, the enterprise became an easy target

for the local vocal anti-wind turbines opposition who became determined to shut down the CE.

The main issue raised by the local opposition was the noise pollution from the turbine. A resident who had been opposing wind turbines in the area for almost 10 years claimed that his wife was very sensitive to the noise and that erection of the CE turbine, which was situated about 3 kilometres away, worsened her health condition and forced her to move out of the area:

‘We can’t even see it [the wind turbine] from the house. But basically within 2,5 weeks of the starting up, my wife had to leave, because she started to have chest pains and she got really worrying about her health’.

Local resident 1

When CE founders were asked about these concerns, they showed compassion for the person affected, but pointed to the lack of sufficient scientific evidence that wind turbine noise affects human health, and hence could not see much room for adjustment, as explained by one of the founders:

‘There is certainly no scientific evidence, so you know I’ve got an open mind, but I’m yet to see any compelling evidence suggesting that there is. I believe that people who believe they are suffering from it, are suffering. And I understand that this lady genuinely believes that wind turbine 3 miles away is damaging her health, I know she does, but I don’t know if we can accommodate her’.

CE Founder 1

CE founders explained that they had tried to talk to the residents opposing the scheme, but every time it happened there was an impasse, as the only solution proposed by the opposition was to pull the wind turbine down:

‘They just don’t want it and they will say anything to stop it and that’s the way they are. I could have stood and talk to them for 3 days and they wouldn’t change. We could have consulted them forever and they wouldn’t want that wind turbine there’.

CE Founder 1

The conflict between CE and some of the Salem local residents seemed to reach a deadlock as neither side could accept the demands of their opponent. For CE, the Salem wind turbine was the only renewable installation that allowed them to exist and provide the funds for energy efficiency measures in Carmarthenshire. For residents opposing the scheme, the wind turbine caused noise pollution and affected their health. When the author tried to establish whether there was any room for negotiations with the opposing side, a resident in opposition surprisingly revealed that CE was the

easiest target in his long-term battle to bring the wind industry down as shown in the interview extract below:

I: So what would you consider a benefit then?

R: CE is only a small cog in the wind industry anyway, very small cog. What I hope to do is to get the evidence to be able to take them to court, or to get them to shut down.

I: And why are you so determined to do that, is that because the CE wind turbine is the one nearest you?

R: No, because I don't have money to tackle the bigger company. (...) I know it's not very good...You know basically they invested in a wrong technology for their scheme.'

This unexpected response confirms that there was almost no room for reaching a compromise with CE and reveals the potential vulnerabilities of CSM enterprises operating locally, as an easy target for local opposition. In the case of CE, which used CBS as its underlying structure, the particular weak and easily exploited point turned out to be the definition of the community. While CE used it mainly to describe the larger area of Carmarthenshire, the opposition fundamentally disagreed, arguing that the Community Benefits Society should be developed and funded from within the easily identifiable local community, as one resident in opposition explained:

'They call themselves a community run enterprise, they call it a community wind turbine, to me that is false, cause if it was a community run turbine, it would be conceived by the residents of Salem and perhaps Cwmdu, and perhaps some surrounding area, and it would be developed and funded by them'.

Opposing resident

The fact that the CBS structure was used to set up a regional partnership, which then purchased an installation in a local community with whom no relationship was developed, was seen as an activity imposed by force, and hence the local opposition saw it as an opportunity to challenge CE on legal grounds. Not all local residents opposed CE and, during an informal conversation with Salem residents in a local pub, some admitted that they had purchased community shares in CE. Nonetheless, there were signs that the struggle between CE and local opposition unsettled some residents, who were very keen to invest at the start, but the conflict between the two sides prevented them from doing so. One resident who lived a few miles away from Salem described how she went to a CE open day in Salem village hall with an intention to invest, only to find out about the conflict:

‘There was this tiny little protest outside, but they looked very unhappy, and so that unsettled me slightly. I didn’t know what it was about, but it was unsettling’.

Local resident

Later, the same resident explained that she did not want to contribute to the conflict and, by investing in CE, she would be taking the CE side against the local community, with whom she felt stronger links due to proximate residence:

I just didn’t feel comfortable, because I live few miles away. It’s an ethical investment you know and I wanted to put my money when it was going to do good for the community long term (...) I care for the community, it was for Salem people. I knew that CE was going to benefit financially from having a wind turbine in Salem. But you know I didn’t think it was enough. Something was wrong and I didn’t want to invest’.

Local resident

The account above also suggests that a consideration of community shares investors in their local area is not solely the financial return, but the ability to improve community well-being also plays a significant role. In this particular case, the investor could not see the tangible benefits for the Salem community.

Since the acquisition of the wind turbine, CE has undertaken action to rectify the situation with the host Salem community by, for example, spending some of the generated revenue on energy efficient projects within the locality, such as solar 10KW PV panels, 5KW batteries and a charge point for electric vehicles installed in the Salem Community Hall, with further plans to install low energy lighting. The very bumpy road to develop CE took its toll on some of the committee members of the enterprise, who resigned from their role. At the time of data analysis (February 2021), the single wind turbine located in Salem was the sole renewable energy project owned by CE, which is far from their initial assumptions and aspirations. When founders were asked about the overall experience of developing CE, they openly admitted that the whole process was very challenging and suggested that perhaps CBS was not the ideal structure for CE. They also acknowledged that, to succeed in setting up a community energy scheme, the leaders needed to be very tough-minded and determined, as noted by one of the founders:

‘It’s only hard-nosed nutcases that can succeed it turns out’.

CE Founder 1

CE is an example of a case study that used the CSM structure on a regional rather than single-community scale. The initial enthusiasm that allowed the creation of a shell organisation at county level, bringing public, private and community sector together,

did not match the level of required commitment required and lacked the focused approach to sustain the partnership long term in its original form. Eventually, when CE became the sole voluntary organisation, the early signs suggested that the enterprise was able to progress with its core activities.

4.4 Neenton Community Society (NCS)

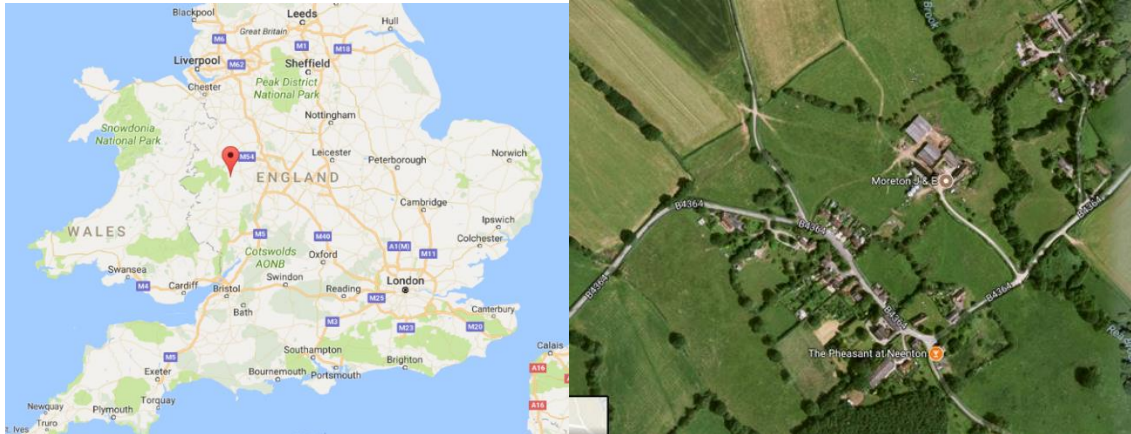
The third case study used in this thesis is an example of a society that took over ownership of a pub building in the small English village of Neenton. The history of NCS development goes back to 2006, when the owners of the village pub, The Pheasant, closed the business and decided to live in the flat above the pub. Three years later, during owner absence, the pipes in the building burst, flooding the area to the extent that the flat became inhabitable, which prompted the owners to put both pub and flat up for sale. It was at this point that a local resident, who was also the chair of the Parish Council, decided to attempt to purchase the pub as a community venture. Indications of support for re-opening the pub amongst the wider local community were hinted at in the Future of Neenton Survey, conducted by the Parish Council in 2007. Eventually, part of the funds to purchase the pub came from the sale of land belonging to the pub on which was built seven detached houses by South Shropshire Housing Association (SSHA), with another part of the funds coming from issuing community shares. To enable the purchase and development of The Pheasant as a community venture, the NCS was formed in 2012 and adopted the model of a CBS. The aim of NCS was to regenerate the village of Neenton and surrounding areas. The successful share offer was launched in 2014 and, in the same year, the pub opened for trade.

4.4.1 Community of Neenton

Neenton lies on the main Bridgnorth to Ludlow road, and is located in the south eastern part of Shropshire, near the eastern Shropshire Hills, an Area of Outstanding Beauty (Photo 4.6). The location of the village on a main route between two towns facilitates commuting of some residents who work outside of the village, like one NCS founder, who regularly travelled to work outside of Neenton before retirement. Lack of public transport links and hence sole reliance on private vehicles makes Neenton an isolated place for residents without access to a car. The village has a long history and,

according to the village's Heritage website, there is a record of Neenton in the Domesday Book 1086.

Photo 4. 6 Location of Neenton village



Source: Google maps

The community of Neenton comprises mainly of farmers who lived in the village for decades and from the newer incomers who moved to the village fairly recently and commute to work outside of the village. Being partially a commuter village, the demographic composition of Neenton differs significantly from the previously described two cases. There are less than 300 residents in the village and, according to 2001 census data, the dominant age group is a mature workforce aged between 45 and 59 (Table 4.7), unlike the two previous cases where the main group were retirees. The number of youngest residents, that is those aged 15 and lower, is also relatively high, at 3 percent higher than national average. Although, as in the two previously described cases, nearly all the population are ethnically white, almost 80 percent of residents in Neenton are Christian, which is approaching twice the national average. The rate of unemployment is only 3 percent, lower than national average, and self-employment also remains a very popular option in the village. Probably the most striking characteristic of Neenton labour market is that one fifth of working residents hold managerial and directorial positions, which is almost twice the national average. This data suggests that the small village of Neenton has a relatively high proportion of residents with organisational and people management skills, that were found to be a necessary condition for creating enterprises with CSM.

Table 4. 7 Demographics of Neenton

Settlement	Neenton	England & Wales
Society	(NCS)	
Population (all usual residents)	233	56,075,912
Age structure		
Median age	44	39
>15	21.8	18.8
16-24	11.2	11.9
25-29	2.1	6.8
30-44	15.5	20.5
45-59	25.8	19.4
60-64	9	6
65<	14.6	16.6
Ethnic group		
White	99.1	85.9
Country of birth		
UK/Ireland	97.4	87.3
Religion		
Has religion	79	67.7
Christian	77.7	59.3
No religion	16.3	25.1
Car ownership per household		
No car ownership	3.6	25.6

Source: Nomis website. Local Area Report

Table 4. 8 Neenton Labour market

	Neenton	Eng & Wales
Society	(NCS)	England & Wales
Economically active (16 -74)	76.5	69.7
In employment	73.5	61.9
Self employed	25.3	9.7
Unemployed	3	4.4
Economically inactive (16-74)	23.5	30.3
Retired	10.8	13.8
Student (including full time)	4.8	5.8
Looking after home/family	4.8	4.3
Long term sick/disabled	1.8	4.2
Qualifications (16 and above)		
No qualification	20.9	22.7
Level 1	14.8	13.3
Level 2	18.7	15.3
Apprenticeship	3.3	3.6
Level 3	14.8	12.3
Level 4 and above	25.8	27.2
Industry (16-74)		
Agriculture, forestry and fishing	13.9	0.9
Manufacturing	10.7	8.9
Wholesale/ retail trade; vehicle repair	20.5	15.9
Occupation (16-74)		
Managers, directors and senior officials	20.5	10.8
Skilled trades occupations	26.2	11.5
Caring, leisure and other service occupat	9.8	9.4

Source: Nomis website. Local Area Report

The obvious presence of entrepreneurial skills in the village appears to be reflected in the original board of directors of the Neenton Community Society, which purchased and regenerated the pub as a community venture. As shown in table 4.9, the majority of the original committee members had extensive experience in business and management at senior level. For example, the key founder, who was also a leader of the local Parish Council had experience in running a multimillion company, which suggests an extensive working knowledge of business and people management that could be transferred and applied to community-based enterprises including CSM.

Table 4. 9 NCS committee members

Committee members	Professional occupation/ work experience
Founder 1	Scientific consultant. Experience of running £70 million business, Chair of Parish Council
Founder 2	Retired psychotherapist, Parish Council secretary
Founder 3	Retired consultant. Put in place and managed major grant funding for neighbourhood village hall project
Founder 4	Vehicles research manager. Represents UK industry in relevant EU discussions
Founder 5	Marketing and PR. Recruitment professional
Founder 6	Play-group leader, runs local childcare facility
Founder 7	Farmer
Founder 8	Financial consultant
Founder 9	Commercial banking and management buy-outs

Source: Neenton Community Society Business Plan and Share Offer 2013

4.4.2 Origins of the project

Neenton village was said to be a lively place prior to the 2000s, according to the founders. It had a shop, a post office and the Pheasant pub, which at the time was a hub for the village and surrounding area. By the mid-2000s all the facilities, including the pub, had closed down. The only remaining communal amenity was the Anglican All Saints Church which, according to one of the interviewees, was also in decline. Since pub closure, there was no economic activity in the village, which contributed to the identification in 2009 of Neenton as an area at risk through neglect, decay or damaging change by English Heritage.

As the pub was the last remaining secular facility, its closure in 2006 left a visible mark on the village, as at this point Neenton not only lost its only source of street lighting,

but most importantly a place to socialise and an opportunity to form local social networks, as one of the NCS founders explained:

‘So we’ve got no lights in the village, and the pub lights were always the sort of the focal point with people driving and it was SO dark, and no life in the village at all. People have said: We don’t know anybody, we don’t know anybody you know...People on the left-hand side of the bottom did not know who lived on a right-hand side of the road...It was quite sad really’.

NCS Founder 1

Although the door to the Pheasant closed in 2006, the retired owners of the pub still lived in a flat above the pub, which prevented all earlier attempts at purchasing the pub. It was an accidental flood from a burst pipe that made the dwelling inhabitable in 2009 and that finally forced the retired landlady to move and to sell the pub and flat. This situation created an opportunity for purchasing the pub by the community. It was at this point that a local resident, who was also the chair of the Parish Council, decided to attempt to purchase the pub as a community venture.

Photo 4. 7 Old decaying building of The Pheasant pub (street view)



Source: BBC

Photo 4. 8 Damaged pub ceiling



Source: NVS Society Website

Indications of support for re-opening the pub amongst the wider local community were suggested during formal and informal encounters of the residents with The Parish Council. During informal encounters the villagers openly expressed their concerns about the decaying building (shown on photos 4.7 and 4.8) and the real prospects of irrevocably losing the pub, as described by the chair of the Parish Council, and later NCS founder:

'The people started to say look we have to do something about this, because if it's just left it's gonna fall apart, it's gonna be a hazard, and ultimately it will end up getting knocked down, and then somebody will come and build houses'.

NCS Founder 2

The formal encounter took the form of the Future of Neenton Survey conducted in 2007 as a part of a Community Planning process in England. According to the survey, local residents openly expressed their desire to re-open the pub, as well as recognised the need for new housing developments. The information from the survey allowed representatives of the Parish Council to develop a plan for potential purchase of the pub building.

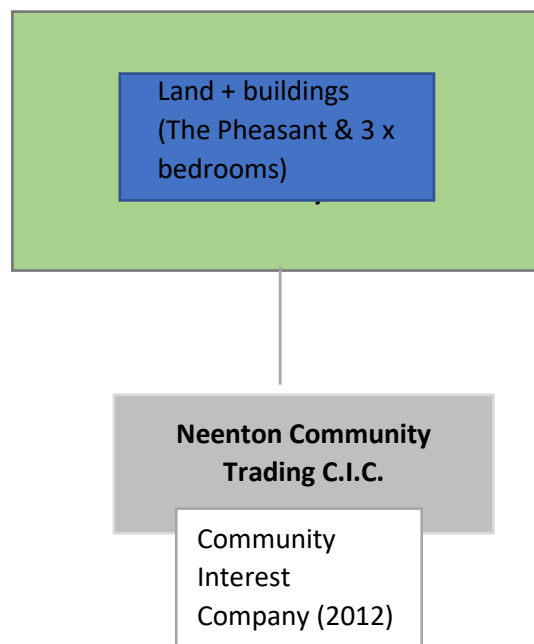
4.4.3 Developing the project

The founders of the NCS project prepared a detailed plan for the acquisition and operation of the pub, before presenting it to the community. The trade was to be generated from the combined sales of drinks, food and accommodation. The flat above

the pub was to be converted into short stay lodging for the guests. The pub was also aiming to provide local employment opportunities with a number of full and part time positions, especially for youth. The volunteers were to undertake mainly light-maintenance jobs, such as gardening or minor repairs, although this was to be dependent on the availability of those who wished to offer their unpaid help.

As to the institutional setup of the pub business, the founders decided to separate the ownership of the asset from the trading activity of the pub. As shown in figure x, the ownership of the pub building and the land were to belong to Neenton Community Society, which was to be set up as a CSM, and the trade activity was to be run by a trading arm, a subsidiary which eventually was called Neenton Community Trading C.I.C. The rationale behind this set up will be further discussed in section 5.3.2 of the next chapter.

Figure 4. 2 Institutional set up of NCS



Own source

In addition to the trade plans, the founders also proposed building the community room in a conservatory style that would be integrated with the main Pheasant building. The community room was to provide a much-needed facility for residents for a range of activities, from group meetings to family events, and to hosting local services such as a postal service. The room was also to be used as an additional space for the pub during peak times such as Sunday lunches.

As the purchase and restoration of the building required substantial finance, estimated at £550,000, it was clear that local residents were not in the position to fund the

venture themselves. The main initiators of reopening the pub came up with an innovative solution in the form of a partnership approach with a housing association, through building of new houses. As the pub owned an adjoining acre and a half of land, the suggestion was to sell some of the land for the new housing development, which would cover the majority of the costs of purchasing and renovating the pub, and the remaining costs would be covered by issuing community shares. When both the acquisition and business plan were presented to the well-attended community meeting in 2011, the residents overwhelmingly voted for the proposal.

To enable the purchase and development of The Pheasant as a community venture, NCS was formed in 2012 and adopted the model of a CBS. The key aim of NCS was to regenerate the village of Neenton and surrounding areas. The lease agreement of the pub was signed in the same year, through which NCS had 2 years to purchase the building. The adjoining land was sold to the South Shropshire Housing Association (SSHA), who eventually built 7 houses (2 affordable and 5 for the open market). The share offer was launched in 2014 and raised about £150,000, with minimum shareholding for individual members set at £200. The Society made available for purchase two class of shares, A and B. Class A was available to corporate members and class B to individual members. The majority of the shareholders in class B were said to come from the local area. Although NCS managed to issue substantial funds through community shares, the interviewed founders admitted that the shares were not part of the original plan. Initially, the founders applied for grant funding, but after being disappointed, they turned to community shares as an alternative method of funding, as explained by one of the founders:

‘We spend an awful time and effort on unsuccessful grants application...Some of the things that happened to us were quite disgraceful. Um not in any sense of deliberate malice but in sense of bad management and incompetence’

NCS Founder 2

4.4.4 Opening the Pheasant pub

After initial major setbacks with unsuccessful bids for grant funding and the building company ceasing trading in the middle of the building project, the NCS successfully purchased the pub in 2014 and re-opened for trade in the same year. The houses were also completed around that time, and the managers of the pub, a young couple who moved from Manchester, purchased one of the new-built houses. Photo 4.9 shows the renovated pub and seven new houses built in partnership with SSHA.

Photo 4. 9 The restored Pheasant Pub (street view)



Source: NCS Website

When the author of the study visited Pheasant in 2016, the interior of the newly renovated pub impressed as cosy and clean, with good light and a pleasant smell. Photo 4.10 shows the internal view from the entrance to the pub. The newly laid floors were mostly made of wood and tiles for ease of cleaning. The menu served by the pub was described by the founders as mainly fine dining as opposed to typical 'pub grub' with some classic pub dishes such as fish and chips. The sample menu is provided in appendix 6.

Photo 4. 10 The internal view of the Pheasant Pub

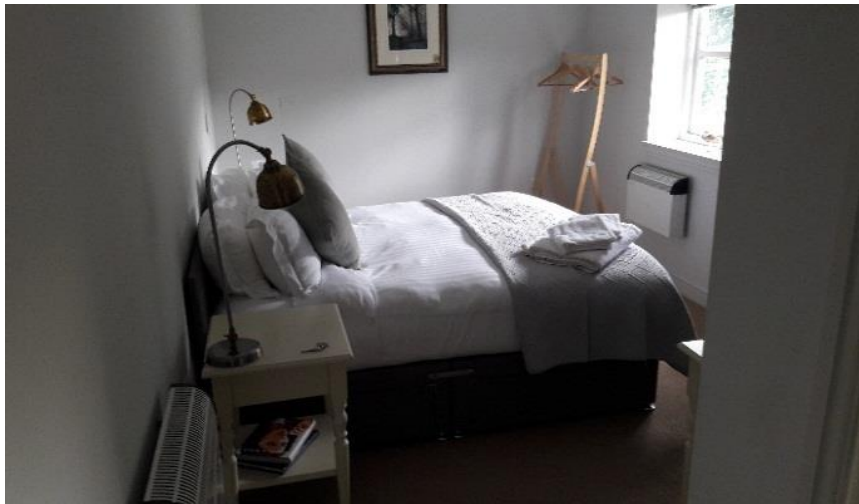


Own source

Soon after opening for trade, an additional short-term accommodation consisting of three double en suite bedrooms above the pub was added in the following year. The bed and breakfast service aimed to provide a comfortable and relaxing experience for

visitors who travelled from the outside of the area. The author of the thesis, who used the service for 2 days, found the room clean, cosy and warm (photos 4.11 and 4.12). The breakfast at Pheasant offered two options, the breakfast bar with selection of fruit, yogurt and cereals as shown on photo 4.13, and/or the kitchen menu, which consisted of warm dishes such as a selection of scrambled eggs, omlettes and toast.

Photo 4. 11 Short-term accommodation



Own source

Photo 4. 12 En suite bathroom in short term accommodation



Own source

Photo 4. 13 Breakfast bar



Own source

The researcher's experience of the facility was very positive, and the cosy rooms with comfortable beds, good food and coffee were especially appreciated. The visitors' experience of the Pheasant is also very positive, which is reflected in feedback on TripAdvisor. Visitors appreciate the good food and the well-equipped, quiet rooms. The innovative partnership idea of purchasing and restoring the pub, as well as the provision of fine food and comfortable accommodation in a welcoming atmosphere, was recognised by a national campaign promoting community owned pubs, The Pub is the Hub, which proclaimed the Pheasant in Neenton as one of the top five community-owned pubs in the UK.

One of the most striking features of the NCS project was a very focused business approach from its inception. The founders were very clear from the beginning that, if the pub was to succeed long term, one of the crucial factors was to use expert advice extensively, as explained by one of the founders:

'There was no earthly point trying to invent our own business and way of running it, as if we were running a jam store at the village fair you know, it had to be professional'.

NCS Founder 2

This meant that the NCS not only used architects and legal advice, but also sought advice from those who had successfully run a pub business. The founders admitted that consulting those experts came at a considerable cost, but in return it provided a

third-party authority and clear lead for people to follow. The founders also divided responsibilities between themselves, in which for example one person was specifically in charge of communication and engagement with the wider community and volunteers.

The NCS case study is an example of a small rural English village where the loss of almost all local facilities created an appetite for securing the Pheasant Pub as a community venture, and where the presence of significant proficiencies such as business skills created a fertile ground for developing the CSM venture. The CSM was used to develop the project and to own the assets.

4.5 Y Pengwern

The next case study is also an example of a community taking over their local pub, on this occasion in the Welsh village of Llan Ffestiniog. In 2009 the private owners of the pub decided to sell the asset and, at the public meeting held in the same year, the residents of Llan Ffestiniog decided to attempt to purchase and re-open the venue. The idea was to re-open the pub as a community venture that would provide employment and cultural/education opportunities for local residents and visitors alike. The share offer was launched in 2010 to collect money for the purchase deposit, with the remainder of the funding needed to complete the purchase coming from Welsh government grant. The pub gradually re-opened its services, first the bar 2011, then the kitchen and eight single, double and triple rooms as short-term accommodation in subsequent year.

4.5.1 Community of Llan Ffestiniog

The village of Llan Ffestiniog is located in the centre of scenic Snowdonia National Park in North Wales, as shown on Photo 4.14, which makes it an attractive place to retire, as acknowledged by one of the residents and founder of the community pub in the village. The dominant landscape is hilly terrain with a patchwork mix of fields and pockets of woodland surrounding the settlement, as shown in photo 4.15.

Photo 4. 14 Location of Llan Ffestiniog



Source: Google maps

Photo 4. 15 Landscape of Llan Ffestiniog



Own source

About three miles away from Llan Ffestiniog rests the historic slate-mining town of Blaenau Ffestiniog, which attracts many visitors annually. This historic and close proximity to a centre of the slate industry is noticeable in the quantity of this building material used in the village. Not only was slate used as a roofing material, but also as fence or stairs. Photos 4.16 and 4.17 shows the view of the church and the fence as seen from the path leading to the graveyard.

Photo 4. 16 St Michael's Church



Own source

Photo 4. 17 Part of slate fence



Own source

The village of Llan Ffestiniog has fewer than 1000 residents, according to the census data shown in table 4.10, with nearly all having white ethnic background and being born in the UK or Ireland. The leading language in the village was Welsh, and according to one of the interviewees, about 80 per cent of the residents were both Welsh and English speakers. The most dominant demographic group are retirees and working individuals between 45 and 59 of age. Most of those economically active in Llan Ffestiniog are in employment and there is a slightly higher rate of self-employment than national average. Interestingly, employment in agriculture is one of the least dominant sectors, whereas activities associated with human health and social care are almost twice the national average.

Table 4. 10 Llangattock demography structure

Settlement	Llan Ffesti	England & Wales
Population (all usual residents)	864	56,075,912
Age structure		
Median age	47	39
>15	17.1	18.8
16-24	8.4	11.9
25-29	3.4	6.8
30-44	16.3	20.5
45-59	23.4	19.4
60-64	7.2	6
65<	24.2	16.6
Ethnic group		
White	99.5	85.9
Country of birth		
UK/Ireland	97.9	87.3
Other EU	0.6	3.6
Other countries	1.5	9
Religion		
Has religion	59.7	67.7
Christian	58.2	59.3
No religion	29.1	25.1
Car ownership per household		
No car ownership	18.5	25.6

Source: Nomis website. Local Area Report

Table 4. 11 Llangattock economic activity

Economic activity	Llan Ffesti	England & Wales
Society	(Pengwern)	
Economically active (16 -74)	65.1	69.7
In employment	59.6	61.9
Self employed	11.7	9.7
Unemployed	2.7	4.4
Economically inactive (16-74)	34.9	30.3
Retired	18.1	13.8
Student (including full time)	2.3	5.8
Looking after home/family	4.2	4.3
Long term sick/disabled	5.9	4.2
Qualifications (16 and above)		
No qualification	24.3	22.7
Level 1	10.8	13.3
Level 2	18.3	15.3
Apprenticeship	5.7	3.6
Level 3	10.1	12.3
Level 4 and above	28	27.2
Industry (16-74)		
Agriculture, forestry and fishing	1.4	0.9
Wholesale/ retail trade; repair of motor	10.3	15.9
Education	11.9	9.9
Human health and social work activities	21.9	12.5
Occupation (16-74)		
Managers, directors and senior officials	8.9	10.8
Professional occupations	18.6	17.4
Skilled trades occupations	14.9	11.5
Caring, leisure and other service occup.	17	9.4

Own source

Owing to the legacy of the slate industry and the cultural heritage associated with the working class in the area, Llan Ffestiniog still retained a strong sense of community. For example, the interviewed Pengwern pub founder described how neighbours cared for each other when they were watching out for the children who were playing outside:

'The street where I live is cul de sac and children as young as 3 are out in the street playing, because everyone who lives there down the road knows that they are around and in a way we all sort of keep an eye out for kids.... there's this nice feeling of uhm people of sort of at least acknowledging one another and caring a little bit about one another yeah, in a way that you don't get in larger towns or many cities'.

Pengwern founder 1

The interviewee also mentioned a new resident who retired to the village 3 months previously, and who met many more village residents in a space of 12 weeks than during a few years of living in his old neighbourhood. One of the interesting aspects of the village noticed by the researcher during her two night stay was the geographical distance from the larger towns or urban centres – Bangor was about 40 miles away and the closest large city was about 50 miles away - which could explain to some extent the greater reliance on local people, and hence further strengthen the sense of community.

4.5.2 The origins and development of the project

The experience of taking control of the local pub began in about 2009, when local residents learned that what was then called the Pengwern Arms Hotel was to close down. A public meeting was held about two months before the pub closure, which was attended by more than 45 residents. A Management Committee was voted in, with two councillors becoming core members, and was tasked with researching and attempting to secure financial resources for the pub purchase.

The pub building itself was reportedly a very popular place to stay 20 years previously when the village of Llan Ffestiniog was thriving; before then, the pub was a historic stopping point for drovers. The building is a grade II listed structure building in an L shape, as shown in photo 4.18, which consists of the bar, restaurant, hall and two function rooms downstairs, and seven bedrooms for guests located on the first floor.

Photo 4. 18 Renovated Pengwern Pub



Own source

The plan was to re-open the building as a community venture that would provide employment as well as socialising opportunities and cultural events for local residents and visitors alike, as explained by one of the founders:

‘The main sort of reason that most of us are involved is that it is a sort of social and cultural centre, and it provides employment as well, that’s this, that’s what driving us really, the social, cultural community side of it really’.

Pengwern Founders 1

In order to involve the local residents, the committee members set up a group called ‘Friends of the Pengwern’, where supporters could purchase membership for £1. According to the founders, this vehicle for local support reached almost 300 members within a few months, an initial indication of strong support for the pub venture. Several popular events were held to raise money and to commune and consult regarding the plans and proposals for the future of Pengwern.

In 2009, the pub owners accepted the offer of £185,000 for the purchase of the building; it was at this point that the steering committee set up a CBS called Pengwern Cymunedol with an intention to raise £18,500 deposit through issuing community shares, with a minimum requirement to invest £100. The share offer was targeted at local residents and neighbourhood areas, as it was assumed that long-term survival of the venture depended on long-term regular commitment from the shareowners in their customer capacity, as explained by one of the founders:

'They wouldn't be staying there, they wouldn't be eating there, they wouldn't be playing music there regularly, so you know I think its more sustainable in a long run if you've got commitment from people who are actually gonna use the place, benefit from the place'.

Pengwern Founder 1

The Pengwern society raised nearly £33,000 through community shares, which was double what they initially hoped to achieve. A possible factor behind this success was the length of time for which Llan Ffestiniog was left without a place to socialise. After the Pengwern closure in 2009, the only remaining village facilities were a post office, shop and church, and it took eighteen months before the pub re-opened again, during which time the residents began to feel the impact, as noted by the founder:

'Ah I don't see so and so at all now, or I didn't see so and so for couple of winters now, so there was a recognition that we did miss it'.

Pengwern Founder 1

After researching numerous options, the steering committee decided to furnish the remaining finance needed to complete the purchase through a state grant. The funding came from Welsh Government, who agreed to grant aid the purchase, with a local Housing Association used as the intermediary organisation for transference of the public funds. After the successful pub purchase, the local residents were faced with the task of restoring the building, which dilapidated structure required major repair, especially after the flooding caused by the burst pipe. The amount of work required to renovate the building was at first overwhelming, as recalled by the interviewed founder:

The collection of fungi going on the walls I never seen anything like it. And when we opened the place up it was dump and all this mould everywhere and we just thought: Ah what have we done you know... It was heart-breaking'.

Pengwern Founder 1

Despite the sad state of the pub building, the founders, alongside the local community renovated the hotel largely by themselves, The founders admitted that they had very limited financial resources to undertake major refurbishment, and hence they used the funds to focus on complying with statutory requirements, whilst the rest of the labour, such as clearing and painting the walls or repairing soft furniture, was done voluntarily by the community members employing a do-it-yourself method, as described by one of the founders:

'There've been cigarettes burns for decades, they were careless with cigarettes and they left holes on them [soft furniture]. But this lady, this woman from the village, she came and she is really good at braiding and she sort of made the flowers from the pieces of cloth and braided them on the holes'.

Pengwern Founder 1

4.5.3 DIY approach and opening the pub

When the hotel finally reopened its doors to customers in 2011, it was a well-celebrated event in the village. The services in the hotel were re-opened gradually, first the bar, then the kitchen and eight single, double and triple rooms as short-term accommodation. The downstairs was divided into three separate rooms, bar area, sitting area (shown on photo 4.19) and dining area. The sitting area was the focal point for musical events which took place about two or three times a week, and which attracted many local musicians.

Photo 4. 19 Sitting area



Own source

The atmosphere in the hotel was friendly and a few locals as well as hotel guests talked to the researcher informally. Local residents who were volunteering at the bar and in the dining area described how the re-opening of the pub allowed them to become acquainted with the local community upon their recent arrival from England. They also spoke of their attempts to learn Welsh, which they found was helpful in their integration within the community. One couple who regularly visited the hotel from the nearby village appreciated the musical events, where the husband could practise playing the electric guitar. Two families who drove from North West England and who stayed overnight were exploring the Snowdonia National Park. The social and musical events at the hotel were generally very well attended, according to volunteers and founders responding to the researcher, and also very well received by some overseas

guests who praised the degree of social interaction they had encountered during their stay, as recounted by a founder:

‘And this Australian couple they sort of came one night when there was something on and they just said that it was the best night they had in the last 5 months going around Europe, because you come here and people talk to you’.

Pengwern Founder 1

As for the accommodation, the hotel offered eight bedrooms, located in the upper section of the building. The researcher stayed in a single room with a separate bathroom as shown in photos 4.20 and 4.21.

Photo 4. 20 The single room



Own source

Photo 4. 21 The bathroom



Own source

Although rooms were clean, they still required major refurbishment. This was reflected in comments made by guests on the travelling advice websites, such as TripAdvisor. Issues reported by visitors included problems with central heating, unpleasant smell in the common areas, wallpaper coming off the wall, window drafts and a very outdated

interior. The author of this study also had an opportunity to experience the effects of the DIY approach first-hand when, during an attempt to close the heavy curtains, they fell off the wall along with the curtain holder. Regarding food, the Pengwern served typical 'pub grub' of a mediocre standard. The breakfast consisted of a standard continental bar option (shown in photo 4.22), served in the dining area.

Photo 4. 22 Breakfast bar



Own source

An interesting finding in regard to the restoration of Pengwern as a CSM enterprise was that the founders seemed to have a somewhat hostile attitude to the standardised hospitality and hotel industry, and saw the Pengwern as a facility that truly represented the culture of the local community, as a founder explained:

'You know if you look at the standards of sort of industry, people are trained, have a nice day and ...they're so false, do you know what I mean? And if you walk to The Pengwern people ask: Who are you? But that's more genuine interest in people than this sort of training to be sort of 'have a nice day' sort of thing yeah. '

Pengwern Founder 1

Not all local residents appeared to share this view. During two informal encounters with local residents outside the hotel premises, it emerged that they did not regard Pengwern as a true pub/hotel but considered it as a hobby for those running it and would prefer the hotel to be upgraded to a higher standard and to be run more professionally.

The founders of the Pengwern were aware of the pressing need to upgrade the facility. Costs could not be covered by generating sufficient revenue from pub trade, and the option that they were considered for obtaining the funds were grant applications.

The Pengwern hotel is an example of a rural enterprise with CSM which was rescued by the locals with the overarching purpose of becoming a social and cultural hub in the village, with less thought given to the long-term financial sustainability of the venture. Although the hard work of volunteers allowed the re-opening of the facility, purchased through grant funds, the pub and especially hotel rooms still require major refurbishment and other improvements which are most likely to be financed through more state grants. Hence, the Pengwern case raises important questions for CSM ventures in more geographically isolated rural communities where state dependence is perpetuated, which issues are discussed in the next chapter section 5.5.2.

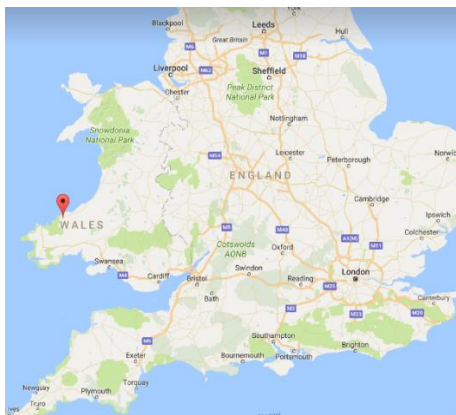
4.6 4CG Society to Sustain and Support the Rural Countryside

The fifth case study used in this thesis is an example of a CSM cooperative that regenerated a section of Cardigan town centre through taking over the ownership and management of a run-down car park and dilapidated empty properties. The main motivations for setting up 4CG was to prioritise the local economy and to be able to make decisions about local development. The society was formed in 2010 when a group of local residents, led by a local town councillor, decided to purchase a derelict section of the 0.72-acre Pwllhai in the centre of Cardigan. The plan was to purchase the site and not only make space available for up to 100 vehicles, but also to develop a community shop that could promote local craft and produce. After registering 4CG with the FCA in 2010, the Society launched their first successful community share offer. The purchase of the site was completed in 2012 and, soon after clearance work, two car parks were open alongside six commercial spaces and a cottage offering affordable housing. Encouraged by the success of the first share offer, 4CG launched a second offer in the same year (2012), to purchase the old police station and court building as well as public conveniences. In 2013, 4CG received a Town Alive Award for their efforts in rejuvenating the declining town centre.

4.6.1 Community of Cardigan

Cardigan (Welsh Aberteifi) is located in West Wales near Wales' largest bay area, as photos 4.23 and 4.24 show. The town's cultural heritage and the picturesque landscape combination of hills, valleys and coast attract many visitors, who enjoy a wide range of outdoor activities such as walking, cycling, kayaking or birdwatching. Cardigan was established around 1110 as a trade and port town, and one of its most iconic historic landmarks is the recently renovated Cardigan Castle, shown in photo 4.25.

Photo 4. 23 Location of Cardigan town



Source: Google maps

Photo 4. 24 Cardigan Bay



Source: Cardigan-bay website

Photo 4. 25 Cardigan Castle



Source: Cardigan Castle website

Cardigan has over 4000 residents, in which the two most dominant workforce of over 19 percent and retirees of 17 percent, as shown in table 4.12. As in previous cases, the large majority of the population are ethnically white and predominantly Christian. However, unlike other rural settlements described in this chapter, car ownership is considerably lower in Cardigan with over 30 percent not having a vehicle, which is higher than the national average. Only 60 per cent are economically active, the lowest number of all six cases studied here and almost 10 percent below the national average. Of those economically inactive, 8.9 percent are long-term sick or disabled residents, a relatively high number and more than double the national average, as shown in table 4.13. There is a visible disparity in levels of qualification, where more than one in four people have no qualifications and only one in five has the highest level of qualification. The retail and trade industry is the most popular form of economic activity in the town, with elementary and skilled trade accounting for over one third of the workforce, as data shown in table 4.13 indicate.

Table 4. 12 Cardigan demography structure

Settlement	Cardigan	England & Wales
Society	(4CG)	
Population (all usual residents)	4,184	56,075,912
Age structure		
Median age	44	39
>15	17.7	18.8
16-24	10.9	11.9
25-29	5.4	6.8
30-44	16.4	20.5
45-59	19.2	19.4
60-64	6.3	6
65<	17	16.6
Ethnic group		
White	96.9	85.9
Country of birth		
UK/Ireland	96.3	87.3
Religion		
Has religion	60	67.7
Christian	58.3	59.3
Car ownership per household		
No car ownership	31.1	25.6

Source: Nomis website. Local Area Report

Table 4. 13 Cardigan economic activity

Economic activity	Cardigan	England & Wales
Society	(4CG)	
Economically active (16 -74)	60.1	69.7
In employment	53.3	61.9
Self employed	11.8	9.7
Unemployed	4.7	4.4
Economically inactive (16-74)	39.9	30.3
Retired	19.2	13.8
Student (including full time)	4.7	5.8
Looking after home/family	4.5	4.3
Long term sick/disabled	8.9	4.2
Qualifications (16 and above)		
No qualification	29.8	22.7
Level 4 and above	20	27.2
Industry (16-74)		
Construction	11.5	7.7
Wholesale/ retail trade; repair of motor vehicles	19.8	15.9
Accommodation and food service activities	8.6	5.6
Human health and social work activit.	12.8	12.5
Occupation (16-74)		
Managers, directors and senior officials	9.2	10.8
Professional occupations	11.5	17.4
Associate professional and technical occupations	8.8	12.7
Skilled trades occupations	19.5	11.5
Caring, leisure and other service	12.7	9.4
Sales and customer service occupations	10.5	8.4
Elementary occupations	13.3	11.1

Source: Nomis website. Local Area Report

4.6.2 The origins of the project, its development and key founders

The background to the development of 4CG was the concerns about the decline of the High Street in Cardigan town centre and the rise of the number of large supermarkets on the outskirts of town. One of the town councillors at the time, who later became a key person behind the 4CG creation, explained that having already had two large national supermarkets, there was strong opposition to a third which was already going through planning permission. The key criticism of the supermarkets was their taking a disproportionate amount of money out of the local economy, as explained by the founder:

‘Every pound you spend in Tesco’s, about a quarter of a penny came back into local economy. And that’s if all staff at Tesco’s shop locally. So I mean that money was being sifted at a TERRIFIC rate out of the local economy. So we don’t want any more people being a drain, you know it was just leaking money out of the local economy, money until it was nothing left to recycle.’

4CG Founder 1

When, in 2010, the derelict part of a 0.72 acre site in the town centre called Pwllhai appeared for sale, the founder was determined to purchase it in order to provide much needed affordable parking space to support the High Street and to prevent it from being sold to an outside investor who planned to build new social housing. The plan was to purchase the derelict site, with solid stone buildings comprising of five shops, a house and two car parks, and not only make space available for up to 100 vehicles, but also to rent the buildings out to local traders and develop a community shop that could promote local produce. The car parks were to be the key engine for providing the revenue, and the price of £0.40 per hour was considerably more competitive than £1 asked by the Council.

The funds for the purchase and development of the site came from the community share issue and commercial bank loan. As later admitted by the founders, the delay in receiving the mortgage was one of the most challenging issues in the development process of the venture. The plans envisaged four phases of site development. Phase one and two aimed to establish one car park and renovate a cottage, so that the society had an income stream to pay mortgage payments and other regular expenses. Phase three aimed to expand the car park facilities and phase four sought to develop retail spaces.

The community share offer was prepared with help and advice from another founder who already had experience with community shares in the nearby village of Hermon, where residents purchased the old school building and turned it into community hall. The overall business plan was presented to the local community meeting, where over 100 people attended and pledged their support for the venture.

After registering 4CG as a CBS with the FCA in 2010, the Society launched their first community share offer with a minimum required investment of £200, offering 3% interest rates to investors. The total amount of capital raised via community shares exceeded £200,000, which was more than the founders were asking. The share offer targeted mainly local residents, hence was extensively advertised in the local press. Interestingly, the founders described that a few shareholders who came from outside of the area had some connection to Cardigan through relatives who still lived in town, as explained by one of the founders:

‘The majority, children, parents, you know buying for their grandchildren, people who moved away from Cardigan, but want to have piece of Cardigan you know, when you have your mother or grandmother still living here, your grandparents you know they chat over phone and so we had people from London, Cheltenham, Scotland, Cyprus, Australia you know buying shares in 4CG by word of mouth’.

4CG Founder 1

The 4CG was managed by a committee which consisted of six individuals who for the most part were involved in the project from the inception, as the two founders interviewed for the purpose of this research. Most of the committee members were local residents with extensive experience in managerial positions and/or the voluntary sector as shown in table 4.14.

Table 4. 14 4CG Committee Members

Founders	Professional experience/ occupation
Founder 1	Cardigan Town Councillor, managing property portfolio, community volunteer
Founder 2	Director of Carmarthenshire Association of Voluntary service, social entrepreneur
Founder 3	Operations manager with local computer firm
Founder 4	Farmer, charity fundraiser
Founder 5	Farmer, board member of Welsh food certification
Founder 6	Software engineer

Source: Mutual Societies Annual Return Form 4CG Cymru 2010 Ltd 2016

The interviewed founders admitted that their own professional experience was crucial in the development of the project. For example, Founder 1, who had extensive experience in managing properties and building, described how her practical knowledge and acquired expertise was an asset in identifying dishonest builders on the site:

'I opened my first shop when I was 21 andby the time I was 27 I think I had...10 or 11 properties, I did all the work myself expect for wiring. So I taught myself how to do plumbing, some carpentry, you know bricklaying, because being a farmer's daughter you know you do some mechanics, you know you just have to get on with this... So when this came up, you know it's quite strange that builders, sometimes young builders come in that don't really know me and they're trying to pull a wool over my eyes, you know'.

4CG Founder 1

4.6.3 Vendors trading at 4CG site

The purchase of the site was completed in 2012 and, soon after clearance work which was undertaken largely on a voluntary basis by the shareholders themselves (see also section 5.3.1 chapter five), one of the car parks and a cottage offering affordable housing were open. Not long after that, six newly renovated? commercial spaces were ready to be rented to traders. The tactics employed by 4CG were to offer an affordable lease agreement to traders, and to encourage diversity of sellers, rather than competition. A founder explained that they discouraged opening a café service for example, as this could potentially damage those that were already operating on the High Street.

At the time of the author's visit, (August 2016), the traders and crafts operating at the 4CG site included: a willow sculpture, a furniture recycling centre and furniture manufacturer, a Children's Centre charity Jig-So which offered activities for children from 0-14 and an Eco-shop. The willow sculpture maker was the first business to set up its base on the newly purchased and restored site, and the founders were very proud to report that the crafts were featuring in the national Glastonbury Festival. Photo 4.26 shows an exemplar sculpture on the entrance wall. The furniture recycling centre offered home furnishings at an affordable price. particularly attractive to new homeowners and renters with a very limited budget to furnish their newly acquired properties. Photo 4.27 shows the dining set and exemplar items such as a dining set, a desk with mirror and a baby crib. The small furniture manufacturer firm was closed at the time of the visit, but one of the 4CG founders reported that the firm produced high

quality furniture such as dining tables, sold at premium price to more affluent customers outside of Cardigan. The eco-shop (photo 4.28) offered a range of smaller household items and garden tools, either second hand or made by the members of the nearby international community called Llamas. Interestingly, the eco-shop attracted the members of the Cardigan community that tend to be in opposition to each other, as explained by one of the founders:

'The Eco Shop here is quite strange, because the local farmers and what we call 'hippies' they clash quite often. Here then, because they recycle tools and shovels and axes, you see the farmers going in and looking for things.

4CG Founder 1

The eco-shop, where members of Llamas ecovillage took pride in producing and selling many garden and farm tools, which then were in demand by farmers, illustrates an interesting and reconciliatory effect? on conflicting groups within the community.

Photo 4. 26 The willow sculpture workshop from the outside



Own source

Photo 4. 27 Furniture recycle shop



Own source

Photo 4. 28 The Eco shop



Own source

Another interesting dimension of the eco-shop was the positive impact on volunteers. The shop is run predominantly on a volunteering basis and, during informal conversation with shop assistants, one of them acknowledged that the opportunity to work for a few hours a week saved his life from as he described 'rotting on the sofa' and provided some sense of purpose in his struggle with mental health.

Encouraged by the success of the first share offer and the high demand for trade spaces, 4CG decided to purchase a further 2 assets that came up for sale in the centre of Cardigan, the old police station and the courthouse. Hence the second share offer was issued in 2012, which secured £60,000 funds from the public. The two newly purchased assets were converted into funeral services and office spaces that were rented at affordable prices. A few years after launching the second share offer, 4CG took over the public toilets which were due to be opened in 2016/2017. To date, 4CG owns multiple properties in Cardigan town centre and photo 4.29 below presents a snapshot of most of the purchased assets. 4CG is reported to have a relatively large number of shareholders, which in 2016 exceeded 700. The size of the group is seen as a strength by 4CG founders, who explained that it allows them to pursue goals without excessive interference from local authorities.

Photo 4. 29 Pwllhai site



Source : 4CG website

The 4CG success was widely reported in the UK-wide media, and thus the Society attracted a considerable amount of publicity. In 2013, 4CG received a Town Alive Award, which recognises initiatives that help to rejuvenate small town centres. In 2017, the Society success story was used as an exemplar for other rural places in a Rural Development Plan developed by AM Eluned Morgan (2018). 4CG is an interesting example of an enterprise with CSM model, which by owning and managing a multi-assets site in the centre of the market town, attempted to regenerate the declining High Street.

4.7 Grampound Shop

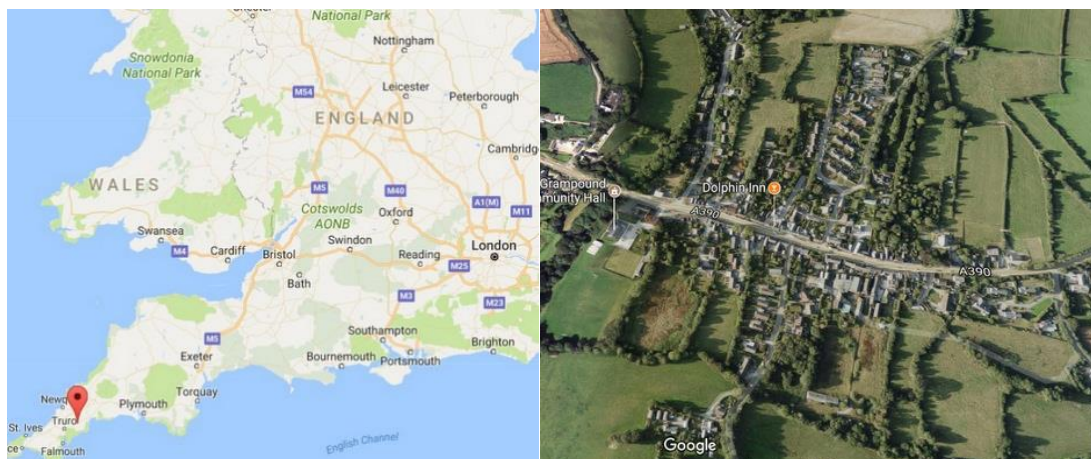
The final CSM cooperative case used in this study is the Grampound Shop which owns the village store and a coffee shop. Established in 2013 as an attempt to replace the former local shop that closed down in 2012 due to the retirement of its owners. At the public meeting held shortly before the closure of the original shop, the local residents expressed the need and desire for a new shop. As with the Pengwern case, a Steering Group was formed to look at the feasibility of such a project. The decision was made to look for a new location, as the old site was not suitable for modern retail purposes. The agreement was reached to locate two portable cabins hosting shop and café on the

site next to the village hall. The planning application for the cabins was approved, and in 2014 the newly formed Society issued a share offer to raise funds to cover the start-up costs. In the same year the shop opened for trade, and café service and moving forward, there are plans to move both services to a more permanent building such as the village hall.

4.7.1 Community of Grampound

Grampound village is located in mid Cornwall on the far Southwest of England. The village is dissected by a fairly busy road as photo 4.30 shows, about halfway between Truro and St Austell with approximately six miles to each location. The residents who have access to private vehicles can easily get to the nearest towns, or bigger cities such as Plymouth, Exeter and Bristol. Those who are not able to travel by car may find commuting difficult, as there is very limited public transport. The village lies close to the coast and has numerous outdoor activity centres that attract many visitors particularly in the summer, such as the Eden Centre, a very popular eco-attraction located only 10 miles away. Historically the dominant economic activities in the village were trade, milling and the leather tanning industry and, like Neenton, Grampound also appears in the Domesday Book.

Photo 4. 30 Location of Grampound village



Source: Google maps

The village of Grampound was described by the interviewed residents as a very lively place offering numerous activities and facilities. The focal point and a key facility was the newly renovated village hall with a generous free parking area, shown in photo 4.31, located in the centre of the village. The hall hosted and facilitated a number of

social, cultural and sports events, such as weekly food market, cinema club, dramatic society, baby group, bowling club and football club, which used the hall as a changing room. Next to the village hall, there was a primary school and a playground. On the other side of the village hall, there was a bowling rink and clubhouse (see photo 4.32) as well as a football ground used by both adults and children. Grampound also had other facilities located in the village, such as a pub/restaurant, takeaway facility, brewery, and village shop run by an elderly couple.

Photo 4. 31 Grampound community hall



Own source

Photo 4. 32 Bowling club



Own source

The presence of key facilities and the relatively high number of active social networks operating in the village appeared to underpin and feed into a certain level of community cohesion in the village. For example, one resident whose husband worked in the

armed forces, and consequently lived away from Grampound for extended periods of time, described how fellow residents looked after her family and possessions when she and her husband were away:

‘So they knew we were away, so they made sure that our house was safe, somebody cut grass for us. If our car needed sorting they would come and get a car, take it away servicing and bring it back, obviously we had to pay for car servicing. When our son went to the University as 18 years old, he lived at home and went to local university, they kept an eye on him you know’.

Grampound resident

The link between the sense of community cohesion and the large number of social networks in Grampound was also hinted at when the same resident pointed out that new residents, such as those who had moved into a new housing development in the village, tended to be actively involved in village activities, which facilitated their integration with the wider Grampound community:

‘And even now there aren’t many people left who were born here at all, cause everybody moves now, so you don’t get, you would never know everybody in your street. But they do, I mean there is so much going on in the village, that’s what I mean’.

Grampound resident

The high level of interaction between people in the village through numerous social activities was one of the factors contributing to Grampound’s receiving in 2007/8 the national award for an active rural village, Calor Village of the Year. The friendliness and sociability of the Grampound were also experienced by the researcher. The shop and coffee shop volunteers offered a free coffee and were very happy to answer questions about the shop and the village.

In terms of demographics, Grampound had just under 700 residents according to the 2011 census data. The two most dominant age groups were retirees and a mature labour force as data in table 4.15 indicate. Almost all residents were ethnically white and born in the UK or Ireland, and the most dominant religion was Christianity.

Table 4. 15 Grampound demographic composition

Demographics		
Settlement	Grampound with Creed	England & Wales
Population (all usual residents)	682	56,075,912
Age structure		
Median age	47	39
>15	17	18.8
16-24	7.8	11.9
25-29	3.5	6.8
30-44	18.8	20.5
45-59	21.8	19.4
60-64	7.5	6
65<	23.5	16.6
Ethnic group		
White	99	85.9
Mixed	0.6	2.2
Black/Africans/Carribbean	0.4	3.4
Country of birth		
UK/Ireland	96.6	87.3
Other EU	0.9	3.6
Other countries	2.5	9
Religion		
Has religion	64.8	67.7
Christian	63.2	59.3
No religion	29.3	25.1
Car ownership per household		
No car ownership	11	25.6

Source: Nomis website. Local Area Report

The vast majority of those economically active were either employed or self-employed, which data are displayed in table 4.16. The rate of self-employment at 19.8 percent was double the national average, whereas the unemployment rate was lower than the national average. The rate of economically inactive residents was approximately 1 percent higher than the national average, with almost one fifth of the population consisting of retirees. In terms of qualification and occupation, almost one third of residents obtained the highest level 4 or above, and more than one third occupied professional or managerial positions. These data suggest the relatively high presence of professional and management skills within the community. The three most popular industries within the area were health and social care, education and retail. It is also worthy of note that agricultural activities, accounting for 7.6 percent, were much higher than the national average, as Grampound has a substantial number of local producers in close proximity. This, as will be explained further, was one of the influential factors behind the creation of the community shop.

Table 4. 16 Grampound economic activity

Economic activity		
Society	(Grampound shop)	England & Wales
Economically active (16 - 74)	68.5	69.7
In employment	61.9	61.9
Self employed	19.8	9.7
Unemployed	3.1	4.4
Economically inactive (16-74)	31.5	30.3
Retired	19.8	13.8
Student (including full time)	3.9	5.8
Looking after home/family	3.5	4.3
Long term sick/disabled	3.3	4.2
Qualifications (16 and above)		
No qualification	19.1	22.7
Level 1	11.7	13.3
Level 2	18	15.3
Apprenticeship	2.8	3.6
Level 3	10.8	12.3
Level 4 and above	33	27.2
Industry (16-74)		
Agriculture, forestry and fishing	7.6	0.9
Manufacturing	7.9	8.9
Construction	8.6	7.7
Wholesale/ retail trade; repair of motor vehicles	12.1	15.9
Accommodation and food service activities	7.6	5.6
Administrative and support service activities	5.7	4.9
Education	13	9.9
Human health and social work activities	13.3	12.5
Occupation (16-74)		
Managers, directors and senior officials	17.1	10.8
Professional occupations	19	17.4
Associate professional and technical occupations	9.5	12.7
Administrative and secretarial occupations	9.5	11.4
Skilled trades occupations	15.6	11.5
Elementary occupations	10.5	11.1

Source: Nomis website. Local Area Report

4.7.2 The origins of the project, the development, and key founders

The origins of the community shop in Grampound lie in 2012, when the elderly owners of the old village shop announced their wish to retire and close the trade. The old shop was not easily accessible according to interviewed residents, as it stood on a steep hill without parking facility. The poor location of the shop might have also been a factor behind unsuccessful attempts to sell the enterprise by the owners. Upon learning of the shop closure plans, a village meeting was called, during which the decision was taken to set up a steering group to investigate the possibility of setting up a new shop. The

idea of community shop rather than commercially run enterprise was introduced by a speaker from Cornwall Rural Community Council (CRCC), an organisation promoting rural community ventures in the area. Over the course of the next few months, the original steering group attempted to progress with the task of setting up a community shop, but unfortunately without much success. One of the shop founders, who later took over the steering process, suggested that lack of leadership skills was a primary reason behind the inability to develop the venture. He pointed out for example that, despite the clear instruction of the CRCC representative, nobody contacted the advisors from the Plunkett Foundation.

Interestingly, when the original steering group was about to be dissolved, a few members of this group decided to approach two other residents, who they felt had more appropriate leadership skills. Both individuals approached were retired head teachers with a proven record of successfully delivered local initiatives such as a heritage project, but neither of them were keen to be involved in creating the community shop, mainly due to the large responsibility and workload. Nonetheless, both individuals eventually agreed to become joint chairs of the initiative as having two leaders helped to spread the responsibility and significantly reduce the workload. The joint leadership was seen as a good compromise for both individuals as, although they weren't eager to lead another initiative, they also found it difficult to decline. In part, this was due to personal relationships, as one of the founders was a close friend of two core members of the original steering group, and to the personally experienced inconvenience of driving longer distance to purchase necessities.

The two leaders divided the workload according to their strength and interests. One, who had moved to the area from London a few years previously, focused on the organisational and legal side, requiring extensive computer work, whereas the other, a Grampound resident of long standing, focused on areas involving personal contact. Upon agreeing to lead the process of developing a community run village shop, both resolved to be open and honest with each other regarding issues related to the shop.

On the advice of the CRCC representative, the founders contacted the Plunkett Foundation, which became a key advisory organisation for setting up the Grampound shop. It was intended to set up a new shop with temporary buildings in a different location from the original shop. Grampound's distinct advantage was that it had a fairly large centrally located site near the main road with many facilities, already described, in place, such as village hall, free car parking, primary school, football club, bowling club and the toilets, all of which made a perfect setting for the new shop. It was then

planned to rent land from the village hall for a small sum and place two portacabins on the site, one that would house the Village Shop and the other a community coffee shop. The reason behind the inclusion of both types of service was to provide a meeting place for residents, broaden the commercial base and attract more customers. The initial plans were supported by the Village Hall trustees and the Parish Council, who agreed to provide the seed funding.

On the advice of Plunkett, the Grampound Shop Society was set up as a CBS in 2013 and the registration fee of £500 was paid by the founders themselves. Having a company setup was an important milestone in the development process of the community shop, as it provided confidence both for the founders to accept the funds and for potential investors to invest in the company, as explained by one of the founders:

Once we've had the company set up, we then felt a lot more comfortable about accepting money from other sources, because it was quite clear where that money was going, it was going into the bank account of the properly constituted company and we thought it was very important to get that very clear'.

Grampound Founder 1

Having officially registered the Community Shop company with the Financial Conduct Authority (FCA), and with the support of two local organisations (Village Hall and Parish Council), the founders sought the support of the village residents. The door to door survey was conducted by the founders themselves, who delivered the information packs about the community shop plans, including the idea of a community share offer. The pledge forms were to be collected a few weeks later, or residents were able to drop them off at designated points. The targeted area was the village of Grampound, as the primary aim of the community shop was to benefit the Grampound community as a whole through community ownership of the asset, and to seek commitment from the local residents to support the venture by shopping and using the facilities. The founders admitted that, on some occasions, the information packs were given to individuals living outside of Grampound, but those individuals were acquaintances of those who lived in the village. The venue was supported by almost all surveyed residents with an almost 90 percent return rate, according to the founders.

With regard to raising money from a community share issue, the Grampound shop received slightly over £20,000 from the village residents, which exceeded an unofficial target of £12,000 set by the founders. The minimum investment was set at £10, and the cooperative did not offer personal financial return from the investment, but rather

social dividends such as the convenience of being able to buy a loaf of bread nearby. It is worthy of note here that, during the time of the survey and community share offer, the original shop was already closed which forced residents to shop for necessities outside the village. The founders suggested that the inconvenience, or great difficulty, of travelling outside Grampound for necessities may have contributed to the level of support for the new shop through community shares purchased by residents.

The relatively rapid progress of developing the community run shop, together with the support of the community through purchasing community shares, had a positive ripple effect. More local residents came forward with offers of help, giving for example professional advice, or unpaid work in the shop. Over 40 residents pledged to become volunteers which resulted in television personality Alex Polizzi¹⁴ opening the new shop. The steering group increased from five to eleven individuals, with the two interviewed founders becoming committee members of the Grampound Shop Society after its registration. Members of the steering group collectively had a wide-ranging set of experiences in business, retail, merchandising, design and building as well as formal educational qualifications, as table 4.17 indicates. Such range of skills proved to be productive for progressing the work on the enterprise. For example, the member with the building experience was instrumental in sourcing and obtaining the portacabins, one of which was free of charge. The two interviewed founders, with extensive school leadership experience, emphasised their ability to collaborate with a range of stakeholders such as teachers, parents and governmental institutions, thus using their transferable skills to set up the community venture.

¹⁴ English hotelier who run the television show entitled: The Hotel Inspector on Channel 5

Table 4. 17 Grampound shop steering group professional experience

Members of Steering Group	Experience
Member 1	Head of upper school, numerous leadership experiences in secondary school setup, volunteering
Member 2	Head of Upper School in Secondary College, secretary to family run business
Member 3	Technical, business and retail
Member 4	Operational Manager for International Theatre
Member 5	Primary and secondary school teacher
Member 6	Design, construction and building
Member 7	Involvement in local produce market, county councillor
Member 8	Retail experience
Member 9	Merchandising
Member 10	Merchandising
Member 11	Retail experience

Source: Grampound Village Store Community Share Offer 2013

Another important and positive effect of the strong support for the community shop reflected in a number of households who purchased community shares, approximately 250 out of 300 households, was that it acted as reassurance for other funders, notably the Princess Countryside Fund and the locally-based Garlenick wind turbine community fund, who provided the small grants to cover the remaining costs of opening the shop. Interestingly, the residents of Grampound were initially divided on the issue of accepting a grant from the wind turbine fund, only later to appreciate the economic benefit in the form of a potential £7500 grant for the community shop and eventually accepting the funding, as explained by one of the founders:

‘A lot of people thought that renewable energy was a good idea, a lot of people thought it was spoiling the landscape and all the rest of it. But interestingly when I think what shall we say, sort of financial reality creep up on some people, because they are beginning to realise that having this money coming into community every year, can actually be hugely beneficial to the community. I mean the regular church person don’t have to shiver in church anymore because community farm paid for new central heating system, you know it’s that sort of thing’.

Grampound shop founder 1

The controversy around accepting money from the wind farm community fund seems to reflect the wider contentious issue surrounding wind turbines. As we have seen in CE case study described at the beginning of this chapter, the hostility towards this type of renewable technology can divide communities. The example of Grampound

suggests that there may be some signs of greater acceptance of particularly community-run wind farms once the tangible benefits such as supportive grants can be experienced by the community. The issue of benefits from community wind turbines structured as CSM cooperatives is discussed further in section 5.4.1 of the next chapter.

4.7.3 Trading facilities

Having strong community support and having secured the funding, the Grampound community shop opened to the public in 2014, adding additional coffee shop service in the following year. The two green portacabins shown in photo 4.33, located on the central square with a relatively large car parking area, host both facilities. The new shop offers a larger trading floor than the original shop and hence it is able to stock a larger range of basic products to complement supermarket shopping, together with premium products produced locally such as eggs, bread, milk, sea salt, chocolate and cider. The range of products is said to reflect the local needs, which includes the provision of daily newspapers. Photo 4.34 shows the interior of the shop with examples of available products.

Photo 4. 33 Grampound Village Store and Café from the outside



Own source

Photo 4. 34 Inside the shop



Own source

In terms of generating profit, the shop aims to sustain itself through trade and have some surpluses, albeit the founders were very clear that the shop is seen first and foremost as a community service provision, and therefore profit sharing with the shareholders is not high on the priorities list. The shop is run by a mix of volunteering and paid staff, where the latter consists of a full-time manager and part-time shop assistant to cover the time-slots less popular amongst volunteers, for example Saturday morning.

The coffee shop service (shown on photo 4.35), located in another portacabin adjoining the shop, was included from the outset to provide meeting place for the community, as well as to broaden the commercial base and attract more customers. The coffee shop service offers a selection of hot and cold drinks, as well as sandwiches and cakes. It also hosts an additional local service such as the outreach post office twice weekly.

Photo 4. 35 Grampound Café from the inside



Own source

Overall, it becomes apparent that the village of Grampound benefitted from establishing a new community-run shop facility. The founders explained that the store is more frequently used than the original and that it has become a social hub for the village. The annual turnover was also higher than in the original shop. Factors such as better location and friendliness of the manager, who was said to be always cheerful and positive towards customers, were amongst those indicated by the founders to contribute to the success of the shop. Notwithstanding all the efforts and hard work of the founders and the community, the founders also admitted that the atmosphere and sense of the community in the village was a crucial underlying condition for the success of the shop venture. The topic of community cohesion in the context of CSM, is further explored in the next chapter, when the community input, output and success factors are analysed.

4.8 Conclusions

This chapter introduced the six rural case studies used in this thesis and provided a detailed description of the key characteristics of each community, the origins of the CSM project and its development, as well as information about the key founders of the project. Based on the presented data, some similarities, differences and alignments of these profiles can be outlined as part of fulfilling the element of the conceptual framework, that is an empirical groundwork from which the cross-case analysis of

particular elements of the conceptual framework (purpose, community input/output, success factors) are analysed in the next chapter.

With regard to the geographical location of the cases, none of the six rural communities were easily accessible without a private vehicle, particularly in the case of Salem and Neenton, where even reduced public transport option was not available. Although the remaining four places could be accessed by public transport, it would take a considerably longer time than by car. For example, the duration of travel by car from Cardiff to Cardigan was approximately two hours and 15 minutes, whilst by public transport the journey would approach four hours. Although inaccessibility of location could act as a significant barrier for those without access to a private vehicle, it could also be seen as an attractive feature for those who could easily commute by car. Neenton and Grampound in particular were found to be commuting villages, from where the residents would commute to work outside of the area on a regular basis. Interestingly, the cases in which local facilities such as pubs or shops were rescued (NCS, Pengwern Pub and Grampound) were located on a commuter route to larger urban settings or outdoor/holiday attractions. This signified that they could attract not only passing trade but also those who would decide to stay overnight in short-term accommodations (NCS and Pengwern Pub). Hence one key conclusion emerging from this chapter is that rural communities forming CSM cooperatives and, critically, positioned on commuting routes have a geographical advantage, leading to an increased customer base. Thus geographical location could be a precondition for certain types of CSM cooperatives.

The general communities' profile ranged from traditional rural community enjoying a slow-paced life and picturesque landscape as with the small village of Salem, to those that hummed with activities as in the village of Grampound. For the two Welsh cases 4CG and Pengwern Pub, where Welsh was widely spoken, the nurturing of the Welsh culture and language appeared very important and seemed to contribute to the certain level of rural cohesion in both villages. The village of Grampound was found to be characterised by an exceptionally high underlying level of social cohesion with a variety of active social networks, for which the town received a national award in 2007/2008. Although Llangattock was found to have fewer active social networks than Grampound, the umbrella socio-environmental group LGV, from which the micro hydro project emerged, was one of the most prominent in the village. In the case of Neenton, the village was found to have almost no active social networks except for the small and declining church congregation. However, this rural setting was found to have the highest proportion of residents with high managerial professional experience, at double

the national average. With regard to Salem, this community was found to be characterised by two groups, those seeking a more traditional rural lifestyle and a highly alternative international community; these groups did not seem to work closely together, which is likely to have impacted the level of community cohesion.

The most striking similarities between most of the rural communities were the demographic composition and occupational activities of residents. In all cases, the residents were an homogenous ethnic group, with dominance of older residents, especially those over 45 years of age. All cases except 4CG and Pengwern Pub were characterised by a high proportion of residents with the highest ranked professional occupation, meaning that these communities had a relatively high number of individuals with professional business and managerial experience. Hence another key conclusion emerging from this chapter is that a level of social cohesion and/or availability of highly skilled residents with proven professional business and people-management? experience may be necessary pre-conditions for starting up rural CSM cooperatives.

Finally, an interesting key difference in approach to setting up the rural CSM cooperative pubs was observed in two cases, NCS and Pengwern Pub. While the former purposefully used the professional advice of the pub industry and considered more entrepreneurial ways to finance the purchase and refurbishment of the Pheasant Pub, the latter was sceptical about the prospects of outside professional agency advising the community, worrying that uniqueness of the community pub would be compromised if adhering to the professional advice. Hence, the village of Llan Ffestiniog largely relied on themselves in preparing business plans and used the Welsh government grant to purchase the pub, anticipating further reliance on grants for proper refurbishment of the pub building. These decisions are anticipated to influence the prospects of long term survival of CSM pub ventures and illustrate the socio-economic tensions in the CSM model, which issue is further analysed in the next chapter.

**Chapter Five: Cross-case analysis - purpose of creating CSM,
community input/output and success factors**

5.1 Introduction

The previous chapter introduced six case studies, providing the socio-economic context of each rural setting and a description of circumstances and events which occurred before and during the setting up of a rural CSM cooperative, as well as describing the main founders of each venture. The aim of previous chapters was to provide a platform for conducting a cross-case analysis of all cases, conducted in this chapter. Hence chapter 5 elaborates on the purpose of rural CSM cooperative formation, rural community input and output as well as the key success factors that led to the successful creation of CSM cooperative in rural places. This cross-case examination allows the identification of the most common features of CSM as well as irregularities in how CSM enables particular kinds of activity and its effects within rural communities, a main aim of this thesis.

The data in this chapter is drawn predominantly from semi-structured interviews with the founders of rural CSM cooperatives and is supplemented by semi-structured interviews with CSM practitioners operating at the national level in sections 5.2 and 5.4. The reliance on data drawn from actors who were directly involved in the creation of CSM cooperatives and who for the most part were also residents of the rural setting was dictated by their in-depth knowledge of CSM creation and the rural context in which they operated.

Structurally, the chapter consists of four main sections. The first examines the purpose of CSM creation in rural places from the point of view of CSM practitioners and rural communities; the second looks at rural community input, that is the engagement process and the specific tools used to involve the members of rural communities in the process of CSM cooperative creation; the third analyses social and economic community benefits from CSM; and the final examines the key internal and external success factors that were identified in this study as most influential for the successful creation of rural CSM cooperatives.

5.2 Purpose(s) of creating rural CSM cooperatives

This section provides the analysis of data that directly relate to the first research question regarding the purpose(s) of CSM in rural communities. The question has two

dimensions. The first seeks to discover the purposes for which CSM was used from the perspective of CSM practitioners operating at national level and also from the perspective of those working within rural communities, and then establishing if both groups were in agreement. The second dimension aims to identify the reasons for selecting CSM over other legal structures and options, such as fundraising. The data used in this section comes from transcripts of semi-structured interviews with CSM practitioners at national level and with CSM founders within rural communities.

5.2.1 The view of national CSM experts

In the previous chapter we learnt that the motivations of founders of cooperatives with CSM was a mix of personal interest, professional interest, social pressure and obligations resulting from being an elected local representative of a community. Personal drivers behind the promotion of CSM at national level were largely unspoken, as only one interviewee discussed it. It should be said that, for three out of four interviewed CSM experts, CSM was merely one aspect of a whole array of community business support activities. For example, the Sharenergy interviewee was advising on the whole process of developing community renewable projects, including more technical issues around permits associated with renewable installations. Similarly, the representative of the Co-operatives UK advised on a range of issues related to cooperatives and community business development.

When all four interviewed CSM practitioners were asked about the main purposes of CSM at the level of rural community, two key issues were identified, those of building and/or improving sense of community and access to capital. The subject of community building concerned the notions of creating community identity and a sense of belonging, as expressed below in extracts from two CSM practitioners:

‘People don’t feel they belong, they have no sense of belongingness, and in the context of the enterprise that’s absolutely the case that many people for instance they feel no connection with pension funds. They feel no connection with any investment, it has nothing to do with them, and it’s just there. That sense of alienation has spread into communities so people have no identity, and it has a profound effect on people’s lives. What community shares is about is the process of community building and giving people back some sense of whom they are and who they care about’.

CSU Representative

People are using community shares to address various things. I think they're trying to create the sense of community, which they feel lacking, the idea of common purpose with other people, they are trying to overcome the deficiencies of the government.

Cooperative UK Representative

The above quotes suggest that, for the interviewees, the main purpose of CSM is to allow rural communities to increase their cohesion and social capital, expressed as 'having a sense of community' or 'community building' through creating a shared identity and a belonging to the group, to be achieved by community involvement in creating an enterprise that a local community with shared values will support long term.

The issue of access to capital by communities and the ability of CSM to deliver it was a further purpose of the model, identified by another CSM practitioner at national level. A representative of Shareenergy, the organisation with expertise on community energy renewable schemes, explained the usefulness of CSM in regard to financing community energy schemes:

'Suddenly community shares were the answer at the small scale, because anybody can issue them who has a right sort of society, and you can raise any amount of money you want big or small'.

Shareenergy

The respondent emphasised not only the flexibility of CSM in raising the amount of capital needed, but also its availability to communities and the lack of barriers set by financial lending institutions, emphasising that, from her experience, the vast majority of community energy groups raised the required capital through community shares because people were willing to invest. The latter feature seems to make CSM a much more democratic financial tool, able to address to a certain degree the challenging issue of capital accessibility by rural communities.

5.2.2 The view of the rural communities

The literature on rural CSM cooperatives suggests that rural communities use the model predominantly to save local facilities such as rural pubs against permanent closure (Cabras 2011). The data in this study seems to partially confirm this argument, as one of the persisting themes that appeared in the interview transcripts, conducted with key founders at the rural community level, was the disappearance of public

places/facilities in rural places. Another directly related theme, which is less pronounced in the literature on cooperatives and CSM, was the strong drive to develop a local asset base that would allow more financial capital to remain within communities. The remainder of this subsection presents an analysis of these identified themes.

i. Restoration of lost facility

The existing evidence concerning patterns of local rural services provision indicates that most key local amenities such as schools, pubs or post offices have been declining steadily since 1939 (Woods 2004) for various reasons. The founders of CSM rural cooperatives interviewed in this study provided an exemplar of such factors. For example, a problem related principally to pubs, identified by a founder of Pheasant pub in the Neenton case study, was the property value of mixed-use buildings in rural places:

‘The value of a pub building if you sell it, it’s a fraction of the value of the same building if it were a house. So if you were a retiring landlord who owns a pub and you think: I’ll sell the pub and buy a house, you actually only have half of the money, because the pub would only sell for about half a value of the same building if it were a house’.

NCS Founder 2

The implications of this situation were apparent in Neenton. When the previous owners retired and closed the Pheasant pub in 2006, they decided to live in the flat above the pub for another six years, due to lack of economic incentives to sell the building and the unaffordability of alternative accommodation. Meanwhile the village was left without a pub, which was the last remaining public place in the settlement except for the church.

Another factor identified by a Grampound Shop founder was the poor location of the rural facility. In the case of Grampound, the old village store was located away from the village centre on a steep hill and without a car park. These factors were believed to decrease the potential and business viability of the shop, which did not find a buyer when put up for sale by the original owners.

The factors behind closure of rural facilities, the literature rarely provides detailed accounts of rural residents’ experience of the disappearance of local facilities such as pubs, and the data obtained through semi-structured interviews used in this subsection offer an insight into how the closure of rural public facilities impacted the local

residents. As explained in chapter four, three out of six rural settlements studied here used CSM to restore specific local facilities that is a pub and shop. These three initiatives – NCS, Pengwern and Grampound Shop - emerged as replacements of privately-owned enterprises that had shut down their operation. This meant that in practice there was at least an interval of a year with no facility in place or, as in the case of Neenton, an interval of seven years. It transpired that, for these three cases, the period between closure of the previous enterprise and re-opening of the new enterprise allowed the negative consequences of losing the facility to be exposed. This experience was also crucial for gaining wider community support, as a key founder of Grampound explains:

‘It was a bit like a ‘Phoney War’ when we’ve started, because you could still buy your bread and milk you know (...) But when it did close, you know people had to get on the bus and go to the next village to buy a point of milk or getting into the car or whatever’.

Grampound shop Founder 1

The impact of the day-to-day experience of no longer having a local facility, as reported by key founders, was categorised into three variables: visual, inter-social and personal. Table 5.1 presents all three categories alongside citations from interview extracts. The visual impact of the closed facility involved watching pub buildings decay and missing lights in the heart of the village, as both pubs in Neenton and Llan Ffestiniog are located in the village centre. Words and phrases with negative connotations such as derelict, dark, no lights, no life, awful, were used to describe the gloomy spectacle. Inter-social impact concerned lack of social interaction with fellow residents, contributing to social isolation and loneliness. Finally, personal impact was felt in terms of potential increased spending, as in an increase of £600 annually for collecting a newspaper in a neighbouring village, and inconvenience, as in driving some miles out of Grampound to buy essentials such as milk.

Table 5. 1 Negative consequences of closing local facility in the community

Visual	Inter-social	Personal
<p>This pub is RIGHT in the center of the village (...) All they could see was derelict pub getting worse and worse, and everybody that drive said: ah we drove past it and thought Ah isn't it dreadful, isn't this awful. NCS</p> <p>It was SO dark, and no life in the village at all. NCS</p> <p>The whole place was boarded up and it looked awful. Pengwern</p>	<p>People were saying Ah I don't see so and so at all now, or I didn't see so and so for couple of winters now. Pengwern</p> <p>People have said: We don't know anybody, we don't know anybody you know. NCS</p>	<p>Even for me, and I do drive and all the rest of it, it's a damn nuisance having to get to the car and drive 4, 5 miles down the road onto next village just to buy a pint of milk. Grampound</p> <p>This chap worked out that if he got into his car and drove to Probus every day to pick his newspaper, it would cost him £600 and something a year. Grampound</p>

Own source

The identification of negative consequences felt by three rural communities after closure of a local pub or shop not only describes the key impacts on these villages but also reveals the vital function that rural facilities hold in the life of these villages. Seen from a rural community perspective, the pub or shop does not merely supply residents with food and drink but crucially, as a previous study of Cabras and Mount (2014) has shown, these facilities provide opportunities to socialise and build local social networks which enhance community cohesion and strengthen local social capital. Last but not least, rural communal facilities, particularly pubs, that tend to be centrally located, often provide the only source of street lighting in the village.

ii. Developing local asset base

The second purpose for initiating a social enterprise with CSM from the perspective of rural communities, identified during the data analysis process, was the ability to retain revenue in the local area. According to the literature, the leaking of money from locales including rural areas is the chief cause of difficulties in growing local economies (Persky et al 1993, Williams 1996). The issues associated with loss of capital from a local area (Williams 1996) were clearly underlined by the three remaining case studies used in this research, that is CE, LGVMH1&2 and 4CG. All three were Welsh case

studies, which suggests the prevalence of this theme in Wales. Based on transcripts of interviews conducted with the key founders of these three cases, a further three themes or obstacles preventing local communities from retaining revenue in their area were identified (table 5.2).

Table 5. 2 Factors preventing rural communities from retaining revenue locally

Dominance of corporations with no roots in the locality	Austerity	Dependence on grants
<p>'Before Aldi came they [Tesco] were taking on average 3 million pounds a week and roughly 10,000 of it at best came back to Cardigan every week in wages. (4CG Founder 1)</p> <p>'Every pound you spend in Tesco's, about a quarter of a penny came back into local economy. And that's if ALL staff at Tesco's shop locally. So I mean that money was being sifted at a TERRIFIC rate out of the local economy'. (4CG Founder 1)</p>	<p>'You know our County Council is in such a disarray financially it cannot cut anything more before it is affecting the statutory obligation. That's how much we travelled on this journey' (LGV Founder 2)</p> <p>'The grants and loans wouldn't be able to give the results of the Salem turbine, its gonna raise a lot of money, especially when the council are cutting more and more services every day'. (CE Founder 3)</p> <p>'Would commercial organisation be interested in coming into Llangattock? I doubt it very much because who is going to pay for it? The local authority are not. (LGV Founder 2)</p>	<p>'We've got to break up with the grants. Because where you have to derive your financing from grants, the problem you've got is that puppeteer who dishes out the grants can change it like the wind. And then all of sudden your model just collapses'. (LGV Founder 2)</p> <p>You know Big Lottery money is state aid, European grants are state aid, so if you're going for these big grants you can't develop business that competes. (4CG Founder 2)</p> <p>I'm tired of seeing people having a lot of grant money thrown at project, and once the grant finishes, the project finishes. (4CG Founder 1)</p> <p>it's not sustainable you know. If you built a multimillion pounds leisure centre in Cardigan, just say, well, how are we going to pay heating over the winter, how are we going to do that? (4CG Founder 1)</p>

Own source

The first obstacle concerned trade activities and the dominance of multinational retail companies with headquarters outside of the local area. This was specifically emphasised by a 4CG founder, according to whom data from the Chamber of Commerce indicated that Tesco was contributing to the Cardigan local economy only £1 in every £300 that passed through the tills; the second, emphasised mainly by key founders of renewable schemes, as in CE and LGVMH1&2, was the withdrawal of the public sector from rural areas, especially in the spheres related to environmental causes, affected by local government budget cuts and reduced grants; the third

indicated by key founders was the high dependence on grants. The interviewees questioned the long-term sustainability of grants, pointing out that they do not encourage long-term thinking and planning in the development of competitive enterprise by community groups, and instead either create long-term reliance on the state or a business model collapse, due to sudden change of criteria required for receiving grants. The disadvantages of the grant culture appear to be more exposed as the state withdrawal from rural places continues. Additionally, a 4CG founder emphasised the cost of legal advice of grants to comply with state aid¹⁵ rules. Another interviewee, this time the founder of an environmental social enterprise operating near the village of Llan Ffestiniog, described how sole reliance on grants impacted the enterprise ability to gain trust within the local community:

We don't want the same thing happened to the project again (...) After this restarted it has been a hard work in trying to get people to take part or convince people to come here and talk to us, because suddenly we weren't here for 2 years and it's like we're back and it's like well who're these guys to come back and say this and that and come and do this and do that'.

Y Dref Werdd Founder

Y Dref Werdd was one of the local environmental social enterprises that interviewed founder of Pengwern introduced to the author of this study during the three days stay in Llan Ffestiniog. During recorded conversation with the founders of Y Dref Werdd it emerged that state grants had an adverse effect on securing volunteers long-term, which issue was relevant to the theme of grant culture in a Welsh context. Y Dref Werdd was set up in 2013 in Blaenau Ffestiniog, about 3.5 miles north of the village of Llan Ffestiniog. The enterprise adopted the legal entity of a company limited by guarantee and initially operated for about two years before lack of funding caused it to stop for another two years. In 2015, the enterprise received a grant from the Big Lottery Fund and restarted its activities. The two-year break in activity impacted the enterprise's ability to engage the wider community, according to the respondent. This case emphasises the importance of continuous operation of social enterprise in the locality in order to maintain the trust of local communities. It also indicates how irregularity of grants increases the probability of discontinuity of the social enterprise.

ii. Preferential drivers of CSM model

A key objective of the interviews was to determine why rural communities chose the CSM cooperative structure over other available options as discussed in literature review. The responses given by founders of rural CSM cooperatives were analysed to determine common themes. Similar responses were grouped together and four main themes were identified as shown in table 5.3.

Table 5. 3 Preferential choices for CSM by rural communities

Case study Driver	LGVMH1&2	CE	NCS	Pengwern	4CG	Grampound Shop
Recommended by business support organisation	X	X	X	X	X	X
Alternative to public and private enterprise	X	X	X			X
Allows community to decide about local development				X	X	
Alternative to grant funding	X		X		X	
Most cost-effective	X	X				

Own source

The first preferential driver was the recommendation of CSM by business support organisations, such as the Plunkett Foundation or Wales Co-operative, as the best suited structure to fulfil the purposes discussed above. As further discussed in section 5.5.1 of this chapter, nearly none of the founders had prior knowledge of CSM structure before their involvement in their own rural settings. The second preferential driver was that CSM provided the only alternative viable option to private or public enterprise. The notion of community being able to make decisions about local issues was the third preferential driver, expressed by two Welsh case studies, Pengwern and 4CG. Both cases emphasised CSM as the only structure that allowed the enterprise to truly benefit local communities rather than outside investors. In the case of 4CG, it meant that the town centre provided affordable rent for local traders, as will be discussed further in section 5.4.2 of this chapter. For Pengwern the issue of key importance was that the pub should provide the socio-cultural hub of the Llan Ffestiniog community. The third main preferential driver identified by the founders was

that CSM provided an alternative to grant funding as discussed above, and the last was that it was a cost-effective way to finance the community enterprise. The latter theme was most strongly present in both community energy schemes, when responders highlighted that other structures such as CIC were too restrictive when it came to share issues, unlike CSM, which allowed both cases to issue almost £1 million worth of shares at minimal cost.

The above analysis provides some insights into the question of CSM preference over other structures and identified one characteristic attribute of CSM, the ability to obtain start-up capital through community shares. Another distinguished characteristic of CSM was identified by CSM experts who pointed to the importance of the asset lock in rural communities. The asset lock, which legally prohibits sale of the asset for profit, was found to provide an internal and external message about CSM cooperatives. The internal message for the community concerned the guarantee that the acquired asset will be in community ownership long-term, as one of the CSM experts observed:

‘The communities I worked with often want that asset for the community benefit, especially if it is in a rescue, in a crisis situation, and they want it to be for ever, and the asset lock makes it forever’

CMS

The external message of the asset lock was found to act as a guarantee for external stakeholders that a CSM cooperative is different from a private business, which can be bought, developed, and then sold to make a profit. The asset lock was able to make clear that the scheme was for the benefit of community not for private profit, especially to those outside of the affected community or those within the community who questioned the motives of setting up CSM cooperatives, as a CSM expert remarked below:

‘Some people said, oh hang on a second, you just want a money out of this, it’s just a money-making venture. Well, if you turned round and say actually no, this is asset lock which stops it ever selling it and making a profit and is legally enforceable, and if we break it we can go to prison, oh that can go for a pass’.

CMS

The first section of the cross cases analysis sought to identify the purpose(s) of using the CSM model in rural places from the point of view of CSM experts operating at the national level and from rural communities themselves. The analysis revealed that, for CSM experts, the model has two principal aims, first to support rural community building through increasing the sense of belonging and identity within the community, and second to be a valuable source of start-up capital for creating a rural cooperative.

For the rural communities themselves, the two broad purposes of creating CSM cooperatives were the restoration of closed communal facilities such as pub or shop, and the creation of a long-term asset base allowing for the retention of financial capital within the locality. Rural communities valued CSM for its affordability, for offering an alternative to grant funding and for the ability to prioritise local development. The asset lock was found to be crucial for providing legitimacy for CSM cooperatives as genuine community-benefitting ventures, as well as it offering a guarantee that the asset would stay in community ownership long-term. It was also revealed that almost none of the interviewed founders had prior knowledge of CSM and that rural community business support organisations were crucial sources of information, influencing rural communities to choose CSM over other available options, as discussed in more detail in section 5.5.1.

5.3 Rural community input whilst creating CSM cooperative.

The second section of this chapter analyses community input during the process of securing the local asset through the use of CSM. The issue of community input is a key variable of the conceptual framework that guides this study, and the examination of community contribution allows us to answer research question two. The section is divided into two parts. The first examines the local community participation process, including the future challenges, and the second looks into the experimentation with the CSM institutional setup in some of the cases.

5.3.1 Engagement opportunities for the local community

A key aspect of place-based rural development emphasised by the literature (Atterton and Skerratt 2017) is the ability of local rural communities to steer the process of rural development. We learnt from the literature review that the old strategies for rural development such as rural partnerships struggled to provide appropriate mechanisms with which to engage the wider local rural community, which preferred a more direct action over a representative role at the board meetings (Edwards et al 2000). Although cooperatives are claimed to provide more inclusive development strategies (Zeuli et al 2004), specific forms of community engagement are rarely examined. Hence this part of the chapter analyses the ways in which creation of CSM allowed for the wider

involvement of the local community. The data that delivered most insights into addressing the question of community engagement mechanisms in rural CSM cooperatives were semi-structured interviews with the founders. Based on the interview transcripts, a pool of various activities was recorded, which list is displayed in table 5.4. Based on this list, three main categories of engagement mechanisms were identified: consultations which included surveys and public meetings, volunteering opportunities and purchasing community shares in a newly created enterprise.

Table 5. 4 Typology of community engagement mechanisms in CSM

Type of activity	CE	LGVMH1&2	Pengwern	NCS	4CG		Grampound shop
Consultations							
Filling in surveys				X			X
Attending public meetings	X	X	X	X	X		X
Volunteering opportunities							
Becoming a committee member	X	X	X	X	X	X	X
Providing advice /ideas for the improvement of the facility/CSM cooperative				X			X
Providing work during refurbishing and clearing up the site			X		X		
Performing other work on a regular basis i.e.: sales assistant, garden clearing			X	X			X
Becoming a co-owner of the enterprise							
Buying shares	X	X	X	X	X	X	X

Own source

An overall analysis of data displayed in Table 5.1 indicates a relatively high range of opportunities for participation in the creation of rural CSM cooperatives, which required various amount of commitment. For example, a community member could choose simply to complete a survey or to join a managing team overseeing the development and running of the CSM cooperative, which, as we learned from a previous chapter,

required a substantial amount of commitment and responsibility. Community members could also provide free advice or perform work related to clearing and maintaining the shop or pub. However, some types of rural CSM cooperatives such as community energy schemes appeared to offer fewer volunteering opportunities than the remaining four cases, and this seems to reflect the overall challenges related to the issues of engagement and social benefits of community energy schemes. The next part of this section discusses in more detail the three types of activities that allowed community participation in the process of CSM cooperative creation.

i. Consultations: surveys and public meetings

The first category of community participation found during the process of setting up a rural enterprise with CSM was completing surveys and attending public meetings. These two activities are usually the most practised form of community engagement (Edwards et al 2000). Surveys were used in at least two cases, that is Neenton and Grampound. In the case of Neenton, the survey was inspired by a neighbouring village, which was participating in a community planning programme. The village of Neenton adapted the questionnaire prepared by their neighbours, by including questions about the decaying pub building and housing. The survey results indicated a positive attitude both to re-opening the pub and also to new housing, which provided a reference point for generating ideas of how to rescue and purchase the Pheasant pub, as remarked by one of the NCS founders:

‘When the opportunity arose late in 2010 to say how on earth could we rescue this and the notion was that pub came with an acre and a half of land, you suddenly put two and two together and think wait a minute we could use the land to build houses, and there is a positive attitude to that and that’s what created a thought process’.

NCS Founder 1

Grampound also surveyed village attitudes at the very beginning of the process., Before the original shop closed down, questions regarding the need for the new shop were posed, with community members expressing an overwhelmingly positive attitude towards the idea of opening a new shop. The medium of a survey was then employed as a primary indication of village support for the new enterprise. Interestingly, the two cases that reported the use of surveys were located in England where the policy of neighbourhood planning was on the rise, which indicates the possibly positive

correlation between the existence of neighbourhood planning policy and increased use of village surveys. The probability of correlation is increased because there was no equivalent right with regard to community planning in Wales at the time (Winter 2016).

The second consultation method of community engagement found at the very early stage of establishing the CSM cooperatives was public consultations. Public meetings were reported to take place in all six case studies, and according to the interviewees from all six cases, consultation meetings were well attended. The key purpose of the early meetings was either to present the enterprise idea to the wider community (NCS, 4CG, CE, LGVMH1&2), or to gather ideas as to how to rescue the facility (Pengwern, Grampound). In two latter cases, consultation meetings resulted in the formation of steering groups, whose members were then responsible for the further development of the enterprise. Overall, the public meetings allowed the members of the community to give their opinions about the proposals for enterprise development, and expressions of scepticism or opposition to the project were not uncommon at this stage.

ii. Volunteering opportunities

The second most common form of local community involvement in rural CSM cooperatives were volunteering opportunities. The overall picture emerging from the data analysis revealed four types of volunteering. The first was to become a volunteer director /committee member and manage the process of CSM cooperative creation, the second was to use the expertise and advice of local residents, the third was to rely on local volunteers to perform tasks requiring refurbishment of the acquired building asset, and the fourth was to become a volunteer on a more regular basis. All four types are now discussed in turn.

The first type of volunteering opportunity was to become a co-director and committee member overlooking the process of CSM cooperative development. In all six case studies the directors were performing their work without payment, in accordance with the Cooperative and Community Benefit Act 2014, which prohibits committee members taking payment for managing CSM cooperatives. In practical terms, this meant that preparation and then implementation of the concrete proposal involving a chain of numerous actions, such as organisations of public meetings, obtaining planning permissions, organising a share offer campaign or applying for other source of funding, were performed for free and hence could be seen more as a community service. An

interesting and positive aspect of volunteering directors input emerging in this thesis was their local knowledge. As the majority of the committee members in all six case studies were local residents, with the exception of CE, these directors tended to possess knowledge about local people and the area, and hence were more aware of the general needs and attitudes in the rural settlement. For example, in the NCS case, when the number of houses to be built was considered, the directors were aware of the scale limits for the new housing development and the potential for its acceptance by local residents, as the quote below suggests:

‘Developer had their eye on the site, because they obviously had a look and thought oooh all this land lovely lovely lovely, twenty houses mmm. Immediately when you know, we saw the plan for it, I think it was 19 houses we thought: no, no, no, no, no, that’s not the way’.

NCS Founder 1

Another example of local awareness, also found in NCS was that, when a plan for seven houses was finally agreed, the leaders considered the negative effects of the new development on one particular family, and negotiated an exchange of land to mitigate the disadvantage, as the NCS founder explained:

‘We thought we can’t have the houses built in front of them and they deliberately had their bungalow built where it is, so they got a valley to look at you see. So we negotiated with them to change their bit of land, or swap their bit of land in there, for that bit down there, because we were on speaking terms and we all knew one another. So that’s why the houses are where they are’.

NCS Founder 1

The second type of volunteering observed in the cases studied here, was for local residents to offer expertise and advice. Examples of this type of community input were reported in the two English cases, that is Grampound and NCS. In the case of Grampound, the founders were able to use the expertise of the retired building director who lived in the local area, and who also donated one of the portable cabins that was converted into the coffee shop. In NCS on the other hand, the members of the community suggested improvements to the design of the newly acquired pub building. Unlike in the case of Pengwern, where refurbishing work was conducted through the unpaid work of local residents, NCS used professional services to restore the building, including architects. The local residents were invited to the consultation meeting with the chief design project manager, during which residents suggested the conversion of the unused space in the building into a storage room, which idea was incorporated into the architect’s plan.

The third type of volunteering opportunity was to clear up and refurbish the newly acquired building or site. Two cases that were found to rely most extensively on volunteers during this stage were 4CG and Pengwern. The former was reported to depend on a higher volume of volunteers during the site clearing process, where tasks performed included cutting bushes and removing rubble. Photo 5.1 shows the 4CG volunteers in action.

Photo 5.1 4CG volunteers during site clearance



Source: 4CG website

However, the latter stood out in regard to collective communal efforts to refurbish the building because of the high number of volunteers (at least 60 different individuals) and the variety of tasks performed by them. This is how one of the Pengwern founders epitomised the work of local volunteers:

‘When we opened the place up it was dump, dunk and all this mould everywhere and we just thought: Ah what have we done, you know. People contributed as they could, little bits and pieces (...) furniture, the seats in the bar, they’ve been there for ages, and we sort of cleaned them the best we could. And there’ve been cigarettes burns for decades, but this woman from the village she came and she made the flowers from the pieces of cloth and braided them on the holes’ (...) And this lady from the village came who is well into her 80s, and she had about dozen, maybe dozen and a half plants left over that she didn’t need, and she came along and she was planting them in the garden, in a hotel garden you know’

Pengwern Founder 1

Such high mobilisation of local volunteers arose from two key allied factors identified by the respondent. The first was lack of funds to employ people to perform the required work, and the second was a duty to look after a property that was now the sole

responsibility of the villagers of Llan Ffestiniog. As was reported in the previous chapter section 4.4, despite the closure of some local facilities, including the Pengwern pub, the village seemed to retain a sense of community, with residents acknowledging and helping each other, and hence the high attendance during refurbishing work could be seen as an expression of existing community cohesion and identification with the local community.

The last type of volunteering opportunity was to become a regular volunteer. Examples of this type of opportunity are found across the case studies (excluding community energy schemes) included the position of sales assistant, bar staff or gardening and cleaning work. The highest reliance on volunteers after the successful creation of the rural CSM cooperative was found to be in Grampound shop, where more than ten individuals were reported to provide shop assistant work, free of charge on a rotation basis.

iii. Purchasing community shares

Unlike the two types of community engagement analysed above, consultations and volunteering, the third category was a new proposition unavailable in other rural development strategies such as rural partnerships. This was the ability to purchase community shares in the local rural CSM cooperative and hence to become its co-owner. The data analysis examining the opportunity of purchasing community shares by members of the rural communities suggested at least two positive effects associated with this form of community engagement: the provision of opportunity for local communities to indicate concrete local support and the provision of evidence of strong local support to attract other funders. It is also revealed that the extent of reliance on local community to purchase community shares differed across cases.

The opportunity to show tangible support for the venture and community as a whole was most strongly associated with the fact that people were asked to invest their own money rather than simply signing a petition or filling out a survey, as emphasised by a Grampound shop founder:

‘To send back a questionnaire saying you support community shop doesn’t cost anyone anything, but you know if they put 10 or 50 or £100 their own money into something, that’s a much more concrete indication of support’.

Grampound Shop Founder 1

Using personal finance in support of the community seems to be associated with identification with the community and hence willingness to purchase community shares, rather than for example spending the money on personal consumption. In Grampound, where underlying community cohesion appeared to be the strongest of all analysed cases, as discussed in a previous chapter, the purchasing of community shares seemed to be a tangible proof of this, as explained by a Grampound shop founder:

‘A lot of people who live here are very keen to be involved in and contribute in. And I think the idea of community shares sort of somehow tuned into that sort of thing, it was all part of saying yes this is our village and we must support our village sort of feeling.’

Grampound Shop Founder 1

What seemed important in Grampound was that as many community members as possible purchased share offers, and that the newly created Grampound shop should have a larger membership with smaller shareholdings, rather than a small membership with large shareholdings. This view was explicitly stated by one of the Grampound Founders:

We didn’t really want few big shareholders, what we wanted was a lot of small shareholders because that’s a better demonstration of community support, but that is what happened.

Grampound Shop Founder 1

The belief that a larger local membership that invested smaller amounts of money was a more desirable option as echoed in Pengwern, where one of its founders alluded to the greater sense of community ownership of the Pengwern scheme when two thirds of residents purchased shares in the pub:

‘There is this sense that it’s ours and it’s our responsibility as well. That’s more than just board of directors or volunteers. I think it says a lot that out of 300 residents, about 190 residents actually bought shares in a venture yeah, that gives you sort of idea, well the strength of support of the whole thing really’.

Pengwern Founder 1

The amount of shareholding and membership in each of the six case studies presented in table 5.5 indicates that distribution of these two variables was somewhat uneven

across cases, as the row indicating average amount invested by one member shows a wide range of values between £7,462 and £79.

Table 5. 5 Community shares issued by each case study

	CE	LGVMH1&2	NCS	Pengwern	4CG	Grampound shop
Min shareholding (£)	100	250	200	100	200	No min set
Total amount of issued shares (estimate £)	Over 1 million	900,000	160,000	33,000	283,000	20,000
Membership number	134	300	148	170	510	254
Av amount invested per 1 member (£)	7,462	3,000	1,081	194	555	78.75
Financial dividend paid to individual investors (%)	5.6	5	-	-	3	-

Own input based on community share offers documents

The Grampound and Pengwern cases appear to be at the top end of smaller shareholder/ higher membership ratio, with £78.75 and £194 average investment amount per member. NCS, LGVMH1&2 and particularly CE, with £7,462 spent per member, seem to move in the opposite direction and have higher shareholder/smaller membership. This could be explained by the amount of start-up capital required and hence the extent of reliance on the local community to invest, combined with the greater sense of community cohesion as discussed above. For example, the village of Neenton with fewer than 200 residents could not afford to raise £160,000 by solely relying on the local community, as explained by the NCS founders. Similarly, in the case of LGVMH1&2 it was beyond the local community capacity to raise £900,000. The case of 4CG with a relatively high amount of capital required, but with an equally high number of mainly local members that exceeded 500, could be said to reflect the larger size of local community, just as Cardigan had more than 4000 residents and hence greater capacity to rely on local community. The above analysis suggests that, although all six cases offered an opportunity for local community to purchase community shares, there were capacity limits to solely relying on local residents in this regard.

The second positive effect of using community shares as an engagement tool was that it could be used as a proof of local support to attract other sources of funding. As will be discussed in section 5.4.1 of this chapter, community shares were not the sole source of funding for developing rural CSM cooperatives. Hence the ability to show local support through size of membership and amount of community shares raised was deemed to increase the possibility of positive outcomes to grant applications, as suggested below by two English case studies:

'I think community shares were very important for the grant funders to say ok we can see that people are making commitment to this and therefore we'll make commitment too (...) if you don't put any money into it, why should we that was that element too'.

NCS Founder 1

'You organise a community share offer on a basis that you could demonstrate a public support, and then you can go to other funders'.

Grampound Shop Founder 1

Both Neenton and Grampound submitted smaller grants applications. For example, Neenton used the Pub is the Hub grant to finance playground equipment in the garden attached to the Pheasant pub, whereas Grampound successfully bid for a grant from a local wind turbine fund and the Princess Countryside Fund. Founders from both case studies believed that having raised money through community shares substantially contributed to the positive outcome of the grant applications above. Interestingly, whilst on the subject of CSM and grants, English case studies seem to view community shares as an enabler for smaller grants, whereas Welsh cases appear to see community shares as an opportunity to move away from reliance on this type of funding, as presented in section 5.2.2 of this chapter. This issue will be further discussed in chapter six.

iii. Challenges of sustaining community engagement

The above analysis of community engagement methods in rural CSM cooperatives indicates the relatively large spectrum of opportunities for community members to be involved in creating the cooperative. Nonetheless, it is worth noting that the process of developing a CSM cooperative seemed to generate its own momentum and sense of purpose, especially when a community observed progress in developing the venture. This then excited and energised community members, who were keen to contribute

and get involved. For example, a Grampound shop founder remarked that, once the new steering group arrived at the point of launching the community share offer, more community members volunteered to join the founders' group, because they could see that the creation of the CSM cooperative was more likely to happen. This means that once the cooperative has been successfully created, the process of community engagement may be more challenging, as the momentum generated during an earlier phase has gone. Some signs of such challenges were emerging from interviews with the founders. For example, Grampound shop, 4CG and LGVMH1&2 saw a steady decline in annual AGM meetings after the creation of the CSM cooperative. Although some founders suggested that this situation may be due to general approval of the current leadership and management by members of the CSM cooperative, the long term implications could signal challenges with leadership succession, as suggested by a 4CG founder:

'Current board would have been in place 6, 7 years now, so it's about you know how the next set of people come on board and train and understand their responsibilities and be interested with it'.

4CG Founder 2

All interviewed founders, apart from LGVMH1&2, were still members of the voluntary management board at the time of the interviews (August 2016). This meant that they had not only led the process of CSM cooperative creation, but also that they had managed the newly established cooperative for a least four years since its creation, as in the case of Grampound shop, whose founders admitted difficulty recruiting for the new management board. In the 4CG case, the founders were in the management team for seven years as the quote above indicated. This raises questions about the future capabilities in newly created CSM cooperatives to establish successful leadership succession and long-term prosperity of these enterprises.

Leadership succession may not be the only long-term challenge for CSM cooperatives' community engagement. NCS for example displayed some difficulties with sustaining the commitment of volunteers when it was reported that community members willingly put their name down to perform work, only later to turn back due to other commitments, as explained by a founder:

'People want these things [cooperative pubs], but then they don't come for a woodwork to help. You say we'd like some volunteers, so people put down on forms you know, yes they'll volunteer for light gardening or something and then you contact them and you find that oh dear they've got other things to do. Its not as easy as it sounds...You must remember this village was without a pub for 9 years. Therefore, they have lost the ability to socialise. People on the left

hand side of the down the bottom do not know who lived on a right hand side of the road an still don't even now, some of them

NCS Founder 2

The quote above suggests that problems with volunteer commitment may lie at the level of underlying community social capital prior to establishing the CSM cooperative, as Neenton residents did not know each other and so may not have felt obliged to fulfil their volunteering commitment in the name of the community. This situation was in contrast to conditions in the Grampound community with its strong social capital and where, as noted above, many volunteers were happy to perform work for the good of their community.

5.3.2 New institutional setup

One interesting finding with regards to rural community input in creating a new CSM cooperative was the experimentation with the new institutional set up. Although all cases used the legal form of CSM, either CS or CBS, only four case studies used the autonomous CBS set up. In practical terms this meant that, by the use of a single autonomous legal structure, all aspects of asset ownership, trade activity and delivery of community benefits took place within one legal structure. Nonetheless, two cases, namely LGVMH1&2 and NCS were found to divide these three core activities into separate organisational setups. This was usually done by combining the legal entities of Co-op Soc and CBS with other legal entities, particularly the Community Interest Company (CIC) as was explained in chapter four. The attraction of CIC seems to arise from its ability to retain strategic control of the enterprise by a few individuals. This is because, unlike CSM, CIC allows the directors to have a paid salary and make final decisions in the social enterprise. This is contrary to the principle applied in CSM, where all directors are volunteers and strategic decisions need to be approved by all the members.

As both LGVMH1&2 and NCS cases appeared to have a particularly strong business emphasis and approach to the newly created CSM cooperative, it is not surprising to find that a practical method allowing such an approach was to split the activities of the new CSM cooperative, as explained by one of the NCS founders:

'The pub is a business, and it has to be run in a business-like fashion. And it would not have been a sensible idea, to try to run the business with the board of 9 people, especially when those 9 people are elected on a democratic basis,

you can't run businesses based on democratic elections, you have to run businesses with very focused business approaches. So we have a separate company Community Interest Company, which is a subsidiary of the NCS, which runs the pub business'.

NCS Founder 1

Interestingly, the interviewee suggested that the democratic principle characterising the ownership of the asset in CSM was found to be the main drawback to the successful running of business activity in the CSM cooperative. This finding indicates that in some cases, such as rural pubs, CSM may be best positioned for providing ownership structure, but not for carrying on trade activities, as democratic principle may militate against effective trading. Although full long-term financial sustainability of the six cases used in this study was not a subject of scrutiny, some early evidence in the form of financial statements submitted to the FCA, show that Pengwern pub, which used autonomous CSM structure, was running at a loss in 2014, unlike the Pheasant pub in NCS. To verify the extent to which a non-autonomous CSM structure provides a more efficient way to run rural cooperatives pubs will require further study and this could be the subject of future research.

Continuing with the examination of rural community input, analysis in 5.3.1 revealed the wide-ranging opportunities for community to become involved, from consultation process such as surveys, through numerous volunteering options, to a personal investment into the venture by purchasing community shares. It is the latter option that was found to be of particular value to founders and prospective fund providers, because it was a concrete and tangible form of showing support by the community. This form of engagement was also unavailable in other rural strategies and experiments such as rural partnerships or LETS, which makes CSM conspicuous as a unique form of community engagement. It could then be concluded that the process of community engagement through CSM creation seems reasonably successful, especially when rural facilities such as pubs and shops are involved, as it seems to foster a psychological sense of community ownership. The key challenges found in regard to community engagement included sustaining the long-term community interest in affairs of newly created rural CSM cooperatives and securing the succession of leaders capable of managing the venture whilst maintaining community support. The final finding emerging in this subsection was experimentation with the CSM setup by adding another legal form, notable CICs, which on one hand seemed to enhance the robustness of the newly created venture, and on the other revealed the weaknesses of the CSM structure.

5.4 Socio-economic outputs gained by the rural communities

The third section of this chapter examines the ways in which the six rural CSM cooperatives improved the sustainability of their communities. The issue of community outputs is one of the key variables in the conceptual framework introduced in chapter two, and the examination of data relating to community output allows answers to research question two.

5.4.1 Social benefits

The literature emphasises that some of the social benefits for communities engaged in the creation of rural cooperatives include tying communities together and ‘team spirit’ building (Zeuli et al 2004, Cabras 2011), and that this type of benefit tends to be largely unintentional. The unplanned nature of social benefits appeared also to be the case in the present study, where the evidence of such benefits concerned themes of community building and tackling rural isolation, both of which being now discussed in turn.

i. Community building

The theme of community building was found to be mainly manifested through increased opportunity for social interaction through taking over the building facilities, and it was most prominent in NCS, Pengwern and Grampound Shop. All three cases lost their local facility and there was a time elapse of between 13 months to seven years before the new facility with CSM structure was created. The case that most exemplifies the crucial role of a CSM cooperative in re-building a community was NCS, which took over the Pheasant pub in Neenton. As discussed in chapter four section 4.4, the village of Neenton was left without a pub for over seven years, during which time no other public facility existed except for the church. At this time, the community was reported by a founder to lose its ability to socialise and only after the re-opening of the pub by NCS were positive changes in this matter observed. An NCS founder living near the pub reported that during the closure period she rarely saw local people, because nobody ever walked past. After re-opening, she noticed increased pedestrian

traffic on the way to the pub, when often people were chatting and sometimes waving a greeting. She also told the story of a resident who, thanks to the newly re-opened pub, was able to connect with a long-standing acquaintance and fellow village resident:

His wife doesn't actually go out very much. But she went to a party [in the pub] the other day of her friend, and she met one of the people from one of the new houses, who was also a long-standing friend of this person. She didn't know, that that person knew this person and that person didn't know that that person knew this person, but they've now got together and visit each other for a coffee'.

NCS Founder 2

This suggests that the interaction between Neenton residents is slowly increasing and as a result the village is improving its social capital and sense of community. This observation points to the crucial role of local rural facilities, pubs in particular, in not only sustaining but also creating a sense of community. The startling verdict of the NCS founder, who remarked that without a pub Neenton would not be a community but just a row of houses, strengthens the argument around the indispensable role of pubs in creating a sense of community, especially in rural isolated places. In Pengwern pub, the ultimate purpose of re-opening the facility as a CSM cooperative was to provide a social and cultural venue for local residents, which provides more evidence for the vital role of rural pubs as social community hubs.

Nonetheless, rural pubs were not the only rural facility allowing building or enhancing the sense of community in this study. The evidence in regard to Grampound shop strongly suggests that this facility also functioned as a village social hub, largely thanks to the presence of a coffee shop. During the site visit, the author of this study observed the vibrancy of the shop and coffee venue, where numbers of people were coming and going and often stopped to talk to each other. The shop founders acknowledged that the new shop was much more of a social venue than the original, which seems to suggest that CSM cooperatives may work better for some rural communities, especially those like Grampound with high social capital, than private ventures.

An interesting example in which the community building theme manifested itself was 4CG, where, as reported in chapter four section 4.5, two clashing community groups, namely members of the international and farming communities, had an opportunity to collaborate through trade in an eco-shop occupying a space offered for rent by 4CG. This finding suggests that some opportunities for enhancing community cohesion in CSM cooperatives may also be achieved through local trade. The two pubs, Pengwern

and Pheasant, were reported to be used by long-term residents such as farmers and village newcomers, groups which were not always said to appreciate each other. Other tensions between groups within the studied communities were reported to the author particularly during site visits and despite interviewees' unwillingness to discuss them openly in more detail, it was suggested that the newly created community facility attracted community members, who might not always be in agreement. This shows that on one hand the issue of community-building in CSM is more complex than may appear on the surface, and on the other it stresses yet again the role of communal facilities as vital spaces for deliberation and for mingling of community members.

ii. Tackling rural isolation

Rural community shops are increasingly recognised for their contribution to reducing and preventing social isolation (Plunkett 2014). The evidence emerging in this study suggests that community shops may be particularly well positioned to target the rural social groups that tend to remain hidden. An unexpected finding with regards to Grampound shop, the case study found to have the richest social networks of all six cases, was that the enterprise was able to reach out to the elderly residents struggling with rural isolation, as explained by two Grampound shop interviewees:

[Older residents] can use this as an excuse, oh I need milk or ah I need bread or I need onion, but it's a place where they can just come in and chat and talk, and we're here and they know that... What people forget is, there is a generation of women that didn't drive, so we have ladies in their 80s and 90s who are coming and don't drive. So they rely on this'

Grampound shop volunteer

I talked to the son of an elderly resident. He said to me, it's really given dad a new lease on life, because you know, whereas he just sat in the house by himself all the time, now cause you're here every day he comes down here and sometimes he has a cup of tea, quite often he just goes into the shop, that means he has a chat.

Grampound shop founder 1

In the first quote, the respondent identified older women who could not drive as an example of one social group particularly vulnerable to rural isolation, as they were not able to use a private vehicle independently to move beyond Grampound village, only easily accessible by car. In the second quote, a founder drew attention to another

vulnerable group, elderly residents living alone. For both of these groups, the Grampound shop was said to be a lifeline for reducing rural isolation and place to get their necessities without external help. As a means to encourage elderly residents to be more independent, the Grampound shop offered a pick-up only daily newspaper service, which was said to be the most popular service amongst older residents. The pick-up option was set up deliberately to increase older residents' well-being, because they had to leave the house every day, walk down to get a newspaper and, as a result, often had a chat in the shop or on the way. These unanticipated benefits that were provided for elderly residents deepen the understanding of the more nuanced role that community rural shops play in rural communities, especially for those at high risk of rural isolation.

iii. Social benefits and CSM community energy schemes

To this point, analysis of social benefits from rural CSM cooperatives has focused on case studies that took control of local facilities such as a pub, shop or part of the town centre. An interesting finding emerging from examining the social benefits offered by CSM community energy schemes was the difficulty of making community energy schemes function effectively on a social level and encouraging the community to engage. This point was explicitly admitted by a CE founder with substantial experience in the community energy sector who concluded that: 'technically, it is difficult to engage people with energy'. One of the reasons behind this difficulty was identified by another interviewee, this time a representative of the third sector, who pointed at the limited scope for human intervention in producing electricity, as the quote below indicates:

'In terms of running energy co-ops, nothing ever happens, you turn at the AGM and what's the annual report is gonna say? The wind blows, what to decide about? What colour shall we paint the fence? Because there is nothing else, it just works. Unless something disastrous happens, it just works. If you're a shop or the pub, you can talk about well, you know I really don't like that beer we should stop stocking that and I really think we should offer a better food options, you know. There's a lot of things to talk about there, but with the energy generation no, it's boring'.

Co-op UK

The interviewee commented that, unlike in community energy schemes, the community run shop or pubs offers much wider scope for making decisions and implementing

them, for example agreeing on a more appropriate food menu or beverage selection. As personal taste and diet preference are subjective, the opportunities for deliberations and discussions about food and related topics such as food suppliers are vast. As the production of the electricity in community energy schemes is an automated process, an individual subjective view or opinion makes no difference.

Nonetheless, the example of LGVMH1&2 case study could provide some answers to the issues with social benefits and community engagement in CSM community energy schemes. As was explained in chapter four, the CSM adopted in LGVMH1&2 had the sole purpose of raising funds for energy schemes; the wider community benefits, including social paybacks, were to be delivered by a wider part of the community enterprise set up. What this meant in practise was that the village of Llangatock was able to deliver social benefits to the community, even though the CSM element (renewable scheme) did not. For example, in the quote below, a LGVMH1&2 founder explained how the wider LGV setup, which included a number of other community groups, was benefitting the local community:

‘You know, at this time of the year communities are locked down. Dark night, bad weather. But we’ve got things like a Woodland Group, The Allotments and The Litter Pickers, and it brings people together. You know, people who just recently retired or retired. I see this with the Litter Pickers, people who are lost, oh what do I do? And all of sudden they come out litter picking and they interact within they social group, when their day time social group is at to work’.

LGVMH1&2

Founder 1

The quote above suggests that an organisational community setup, where under one umbrella organisation many other community groups with different functions operate, can mitigate against the drawbacks of a single community organisation, such as a renewable scheme, and its difficulty in delivering social benefit. It prompts reflection about the limits of the social benefits and engagement process in community energy schemes and the extent to which this could be rectified by other means, for example by utilising a different organisational set up where community energy is only one element of a bigger rural community scheme.

5.4.2 Economic benefits

With regard to the economic benefits offered to local communities by rural CSM cooperatives, the data analysis distinguished between delivered and expected

benefits. This is because the social enterprises were either not fully operational during the period of conducting the fieldwork, or the trade activities were carried on for a short time, only one to two financial years, except for Pengwern Pub which became operational in 2011. The delivered economic benefits included: provision of accessible and affordable capital to set up rural business activity, provision of employment, and commercial spaces and funds for energy efficiency measures in local facility. Expected economic benefits were mainly: reduction of fuel bills and profit re-investment into further development of the rural CSM cooperatives. All the above benefits are now discussed accordingly.

i. Provision of accessible and affordable start-up capital

Notwithstanding the range of the reported benefits, the most prominent was the provision of affordable capital to set up a business activity in rural communities. All six case studies used in this research were new business activities that either created new assets locally, for example a renewable installation producing energy, or used the already existing but redundant assets, like pub buildings or car parking. The ability of the societies to raise capital through issuing community shares to the public were predominantly valued for their accessibility and affordability. In regard to accessibility, it was often pointed out by interviewees that conventional financial loans were often unavailable for the schemes run by community groups and that ultimately, loan providers could refuse the money. However, community shares were seen as a more autonomous and democratic financial tool because it was predominantly ordinary citizens, and usually members of the local community, who influenced the success of the community share offer campaign through investing their own money, as explained by a representative of the community energy support organisation, Sharenergy:

‘They are just a great way to raise money because you don’t have to go through all the hassle with loan providers cause loan providers can just ultimately say no, whereas if enough people are willing to put money in and you have a good scheme, then very few community share offers haven’t been successful and haven’t raised what they’ve needed’.

Sharenergy

The interviewee suggested that another feature of community shares accessibility was the low rate of community shares offer failure, which was echoed in conversation with other CSM experts interviewed in this study. A plausible explanation of this could lie in

the preparation and planning that took place before launching a share offer to the public, which was identified as one of the key factors behind the successful creation of rural CSM (section 5.5.2 presents further analysis of this topic). It could also lie in the preliminary gathering of community support for the scheme through initial engagement, for example in a form of public meetings or surveys, as discussed during analysis of community input (section 5.3.1). Another dimension of community shares accessibility indicated by the founders was that they fell outside of European State Aid rules regarding funds considered to provide unfair advantage to business and hence illegal. The funds implicated in state aid rules are predominantly state grants and the necessity to comply with the law contributes not only another layer of complexity but also considerable legal costs, which community groups can hardly afford.

A predominant feature of community share offers' affordability lay in the low cost of issuing shares to the public. The interviewed founders emphasised the mainly favourable taxation regime which included: relief from stamp and capital gains tax, up to 80% business rates concessions, vat exemptions and tax relief for individuals purchasing community shares. These exemptions were not available for those purchasing ordinary shares.

Although each of the rural social enterprises studied here used community shares as a vehicle to raise capital for setting up a business, not all cases were able to finance all the costs associated with the establishment of business via community shares. The estimated analysis of costs and sources of capital for each society, displayed in table 5.6, reveal that only LGVMH1&2 managed to raise all the required capital through community shares issues. Grampound shop and 4CG raised enough capital from community shares to cover approximately half the costs required to set up the enterprise, whereas pub businesses, that is NCS and Pengwern, used community shares to finance approximately 18% and 12% respectively of all costs. The other chief sources of funding came from either bank or government loan (CE and 4CG), development of other businesses (NCS) and grants (Y Pengwern).

Table 5. 6 Funding sources (estimate)

	LGV	CE	NCS	Y Pengwern	4CG	Grampound Shop
Capital requirements						
Purchase cost of the asset(s) ¹⁶ £	-	-	200,000	185,000	357,500	-
Development costs (i.e.: construction, fitting, legal fees)	960,000	1,725,000	575,000	15,000 ¹⁷	40,000	31,375
Total	960,000	1,725,000	775,000	200,000	415,500	31,375
Source of capital						
Share Offers (£)	960,000	800,000	150,000	25,000	250,000	15,000
Grants/Rewards		25,000	82,000	174,000	-	23,000
External loans	-	1,185,000	68,000	-	190,000	-
Development of other business	-	-	500,000	-	-	-
Other	-	-	25,000	5,000	-	
Total	960,000	2,010,000	825,000	204,000	440,000	
of which share offer ¹⁸ %	100	40	18	12	57	48

Source: own input based on share offer documents, business plans and Mutual Societies Return Forms

Table 5.6 shows that each of the six case studies used a different funding mix. The case of NCS was particularly interesting, due to an innovative partnership approach. Unlike the other cases, which as well as community shares issues used more traditional funding sources, NCS financed about two thirds of its capital requirements from developing another business, namely the building and sale of seven houses, two of which were affordable homes. Although the majority of cases did not cover all the capital costs from community shares, the interviewees were clear that the amount of money obtained through purchase of shares was one of the key factors for availability of other funding sources, especially grants, as already explained in section 5.3.1. The above analysis shows that the strength of community shares as a vehicle to raise capital for rural community businesses lay not only in their accessibility and ability to raise affordable finance, but also acted as an encouragement for other funders to provide funds.

¹⁶ Data obtain via Land Registry website

¹⁷ Based on information brochure for Y Pengwern

¹⁸ Total capital requirements – predicted share offer amount

*Amount from two share offers

i. Local employment

The second notable example of economic benefits to emerge during analysis was the generation of local employment by rural CSM cooperatives. The summary of job offers created by each case study is displayed in Table 5.7.

Table 5. 7 Direct estimated employment

	LGV Hydro ½	CE	NCS	Y Pengwern	4CG	Grampound Shop
Direct employment						
Full time	-	-	7	-	-	1
Part time	-	-	7	7	5	1
Self-employed	-	-	-	-	4	-

Own source

From the outset it becomes apparent that the number of jobs created directly by each society was unevenly distributed. Pub case studies, NCS and Pengwern, were reported to offer the highest employment, with seven part-time job offers in each case, and an additional seven full-time positions in NCS. 4CG on the other hand created opportunities for at least five part-time positions with at least four self-employment opportunities arising from the renovation of the acquired assets. Grampound shop reported two job positions, one full-time and one part-time. The renewable schemes however were found to create zero direct employment opportunities during the fieldwork period, although, as discussed further below, CE anticipated creating job opportunities in the near future.

With regards to the type of work opportunities created, most of the direct employment created by NCS and Pengwern was bar, kitchen and housekeeping staff, together with some managerial positions. The pub employment offers were directed at young people in particular, as this group was seen as disadvantaged in terms of employment opportunities in rural and peripheral places.

The two positions offered by Grampound shop were shop manager, employed for thirty hours a week, and a shop assistant who was contracted for eight hours on Saturdays. The 4CG founders reported four part-time positions generated by the enterprise, including a park attendant, bookkeeper and building maintenance team. It should be noted here that, due to the nature of 4CG trade activity, namely retail property renting, a number of indirect employment opportunities were created by attracting craftsman

and vendors into renovated offices/workhouse buildings, as explained by a 4CG Founder:

'The recycle furniture store that was the first in Cardigan, M., she was the first with the willow sculptures, then we've got Planed Tree Living that makes furniture, high-end furniture, so he sells them to London and that sort of thing, that's unique. Umm we've got chapel of rest in Old Court House.

4CG Founder 1

Unlike the four rural enterprises examined above, the two community energy schemes were not found to create direct employment for the local area. Management of the accounts and shares for example was usually outsourced to a third party which acted as business support for the schemes, and which was located outside of the immediate local area. For example, Sharenergy, based in Shrewsbury, was located eighty miles away from the rural settlements that hosted the renewable installations. A partial explanation of this lack of direct employment opportunities is that electricity generation, including renewable, is an automated process as previously noted. Nonetheless, aspirations to expand the operational activities in CE caused one of the CE directors to point to the potential for some direct employment in the future.

ii. Provision of affordable local facilities and commercial spaces

Another example of economic benefits delivered by rural social enterprises with CSM was provision of affordable public facilities and commercial spaces in rural places. The 4CG case study in particular was a prominent example of this. As discussed in chapter four section 4.5, the key motivation for establishing 4CG was the revitalisation of the town centre in Cardigan. We also learnt that the core trade activity in 4CG was management of the public facilities such as car park and toilets, as well as rental of the office building. The affordability of prices, such as car park charges for example, was one of the key goals of the founders. The parking charge under previous owners, Ceredigion County Council, was reported to be £1.10 per hour. After acquisition of the facility by 4CG, the price dropped to £0.20p (2010) and increased to £0.40p per hour at the time of conducting interviews (August 2016). When one of the founders was asked about the reason for not raising prices, she replied:

‘We say we don’t want to, we want people to come to Cardigan to support the high street. And it’s the mentality of seeing the town or your area as a whole, rather than individuals competing with each other’.

4CG Founder 1

The interviewee response suggests that the philosophy behind the 4CG regeneration plan was very different from the understanding of classical economics. Instead of viewing the area as competing entities that make up a whole, the respondent placed her emphasis on the principle of seeing the town as a whole, which is why 4CG was said not to encourage local competition, explained in the quote below:

‘We don’t encourage local competition. Cause somebody wanted to open café down here. We had lots of people wanting to open café down here and we said no, because there are too many on the high street already (...) we discourage competition that’s already established on a high street. It’s not about displacing people’

4CG Founder 1

The aversion to competition displayed by 4CG seems to arise from the concerns around local businesses that were closing down due to competition from corporations with bases outside of the Cardigan area. Hence, instead of local competition, the strategy employed was to encourage a diversity of trade activities, particularly producers that would either offer their products to local or national customers, as both groups would bring money into Cardigan. An example of traders who targeted mainly local customers included the recycled furniture shop; one of those who sold their products to clients outside of the area was Planed Tree Living company, which made high quality furniture at a premium price and mainly for London customers.

The emphasis on trade variety was not the only tactic used by 4CG (to offset the lack of local competition). Another approach was to abandon the compensation fees for early termination of commercial lease contract, as explained by a respondent:

We don’t hold anyone to a long lease. If things don’t work out, it doesn’t matter. You know, because touch wood 9 times out of 10 it does, but some people start a business and it is not what they thought they were, it’s harder than they thought, fine you’ve tried and that’s good. So if they say on Friday you know good give us a keys back on Monday and that’s fine. It’s not like oh but you signed a lease for so many years and you have to pay compensation, there is none of that.

4CG Founder 1

The interviewee explained that, instead of a requirement to sign up to a lengthy lease together with a considerable deposit, 4CG offers a licence for 6 months. When asked for examples of unsuccessful attempts at opening a local business, the respondent told

of a young and 'naïve' business person whose idea did not succeed. The attitude displayed by the 4CG directors to the failure was as follows:

'I said, just give us a key back and then don't worry about anything, you know it's ok don't worry about it. And if you feel you'd be better equipped in the future, come back to us, and that sort of thing. And we don't advertise the fact that anybody has failed'.

4CG Founder 1

The respondent acknowledged that, not only did 4CG not demand compensation fees for renting out the commercial space, but they also did not make the event public. Thanks to such an approach, local people were encouraged to try out new business ideas, as related by the respondent above. Some of the 4CG vendors, to whom the author of this study talked informally during a site visit, acknowledged that the short term lease and centrality of the 4CG site encouraged them in the location of their trade business, which suggests that the tactic adopted by 4CG founders was working at least partially.

iii. Other economic benefits

The remaining example of economic benefits concerns two case studies, both of which are community energy schemes. Literature on renewable schemes indicates that the most frequently employed method of providing economic benefits for local communities by renewable schemes are community funds (Cowell et al 2011). Not surprisingly, both community energy cases were also found to commit to establishing such community funds themselves. Accordingly, CE aims to contribute at least £1.3 million over the period of wind turbine operation, currently 20 years, while LGVMH1&2 intends to pay over £ 1 million¹⁹ into their community fund, within the next twenty years. An example of a contribution to the local economy, paid from the community fund, can be found in CE where, approximately 14 months after the beginning of electricity production by the wind turbine, CE provided the Salem community with energy efficiency equipment. This consisted of 10kW PV solar panels, 5kWh batteries and a charge point for electric vehicles, for which the estimated costs, including that of installation, was about £25,000. The CE directors made it clear that the money from the community fund was

¹⁹ Total figure for which data has been taken from two Community hare Offers.

only to be spent on community projects that promote energy efficiency and renewable energy, as remarked by one of the CE founders:

‘What Salem wanted to do it’s just to take a check for £15000 off us and do what they wanted to, but we said no, as volunteers we want to do something that’s in keeping with what we’re about, renewable energy, energy efficiency. So we’ve encouraged them to work with to do something that’s in fitting with what CE is about, climate change’.

CE Founder 1

The founder’s account suggests at least an initial commitment of CE to the environmental mission and goals of the CSM cooperative, as far as distribution of funds from the community fund is concerned. Nonetheless, the long-term ability to sustain the environmental focus in using money from the community fund may be challenging with time, especially when one of the potential recipients is Salem community, with whom the relationship has been fragile from the beginning. The hosting community may for example need funds for the community hall’s roof repair and, in a situation where their application to CE may be rejected, the already weak relationship may worsen, bringing conflict to the surface once again.

Although both CE and LGVMH1&2 committed to designating part of their revenue towards community funds, each case displayed a different attitude towards committing themselves to other benefits. The founders of LGVMH1&2 were clear from the onset of their project that their only reason for establishing two co-operative societies was to raise capital for micro-hydro projects, and thus no other activity apart from ownership and management of five micro-hydro installations was to be expected. This is also because LGVMH1&2 was a part of a bigger organisational structure that was responsible for delivering local community benefits as explained in previous section. CE however, due to their adoption of the model of CBS (unlike LGVMH1&2 which was a Co-operative Society), was obliged to state in what way(s) the community of Carmarthenshire was to benefit from their operation. One of the key objectives, as stated by CE, was to reduce the fuel bills for the residents of Carmarthenshire, especially those experiencing fuel poverty. Interestingly, when asked about how CE was expected to achieve this, a founder openly admitted that: ‘We don’t really know how to do that yet’. As a key obstacle, the interviewee pointed to the technicality and legality of being an energy supplier, explaining that:

‘To be an energy supply company you have to spend £10 million to apply for licenses and you have to have full time employment and that’s beyond our remit. But also technically, it’s on a lane kW network and 11kW it’s a high voltage network that would only supply factories and things. So we can’t step

down the electricity for domestic use for low voltage. If all the people within 1km, if we could half their energy bills, but we can't'.

CE Founder 1

The late realisation of CE's inability to deliver on fuel poverty, especially as a consequence of pre-existing technical and legal obstacles, suggests unrealistic expectations during the project's conception, as it becomes clear that CE ambitions in this domain were far beyond their reach at the start of the scheme. This insight illustrates the vital role of planning and setting realistic goals before developing the CSM cooperative and this theme is further examined in the next section of this chapter. The inability of CE to address the issue of fuel poverty also provokes questions about other similar community energy schemes set up as CBS, and their prospects of benefitting local communities, especially in relation to the issue of fuel poverty. This goes beyond the remit of this thesis, although it could be addressed in a further study focusing on community energy schemes.

The third part of this chapter examined the nature of the social and economic benefits provided for local communities by rural CSM cooperatives. In regard to social outputs, the evidence presented here suggests that CSM cooperatives allow the re-building and strengthening of the sense of community. The case of NCS in particular illustrates how the Pheasant pub restoration allows local residents to establish and restore social local networks, albeit this process is expected to take a considerable period of time and to require the continuous effort of those running the NCS cooperative. Another aspect of strengthening the sense of community was the CSM cooperatives responsiveness to the issue of rural isolation experienced particularly by elderly residents and illustrated by Grampound shop. Interestingly in relation to the social benefits obtained from community energy schemes, the above analysis revealed the limits of renewable technology's delivery of social benefits when compared to CSM pubs or shops. This questions the extent of expectations from the community energy sector on this issue and presents a possible option for mitigating these limits.

In terms of economic benefits, rural CSM cooperatives were found to contribute in three main aspects. The first was the provision of low-cost start-up capital for rural cooperatives, especially community energy schemes which tended to have a higher start-up costs; the second was the creation of employment opportunities, applying particularly to rural pubs, which were found to be a major source of local employment for more remote villages; the final concerned the capacity of CSM cooperatives to

prioritise the local economy through direct intervention in the market, as the 4CG case illustrated.

5.5 Success factors for creating rural CSM Cooperative

The fourth and final section of this empirical chapter discusses the key factors that allowed rural communities to successfully establish the CSM cooperatives. An examination of the success factors allows us to identify the main external and internal facets that created an environment in which the idea of CSM cooperatives could translate into practise, and hence answer the research question two. The section identifies and discusses the two following key factors with the strongest evidence found in this study: the availability of support infrastructure and long-term planning. Both aspects are now discussed in turn.

5.5.1 Availability of knowledgeable infrastructural support

The first external factor for the successful establishment of a rural CSM cooperative was the availability of supportive organisations dedicated to the community sector at both national and local level. It should be emphasised here that all six case studies began their experimentation with CSM before more nation-wide and specialised CSM business support in the form of CSU was established in 2012. The CSM legislation was also outdated at this time, as the new changes, including higher limits for individuals to invest in community shares, were introduced only in 2014, that is after Pengwern, 4CG, NCS and in part LGVMH1&2 issued their share offers. This means that rural communities studied here, in situations where there was less CSM guidance available, either relied on more local community business support organisations or initially struggled to make sense of CSM. For example, CE founders admitted their confusion about community shares before receiving more specialised advice from CSU:

‘It was completely the first time I’ve heard about community shares issues as non-transferable shares. I think the first my experience is having a year of headaches, that’s what I remember (laugh). Having a year of like really long complicated meetings, you think blinking heck you know, going on this massive learning curve, but going right at the beginning I wouldn’t have spent a year having these complicated meetings if I had talked to Community Shares Unit’.

CE Founder 2

The quote above illustrates how lack of clear and comprehensive advice on CSM from the start cost CE valuable time and resources that could have been spent on business planning, for example. The arrival of CSU not only provided a clear explanation of what constitutes community shares, but also provided a key reference point for advisors working in the field of community business and cooperatives, as explained by one of the CSM experts interviewed in this study:

'We were making it up as we went along... Now you've got stuff like CSU, which means practitioners talk to each other, instead of having conversations at the conferences like oh I'm doing this, and I'm doing this, ah ok, whether now there's is so much, you've got whole CSM Handbook, wealth of experience, guidance, the standard mark, so everyone is assessing things in the same way'.

CSM expert

The quote above demonstrates how the availability of CSU, as specialised and comprehensive guidance in the CSM field, fundamentally changed the way in which CSM practitioners worked, from working alone with very little guidance, to more standardised and professional practise.

All cases reported to use the advice and support services offered by CSM practitioners and support organisations. The two community energy case studies, CE and LGVMH1&2, relied on Shareenergy, the Shrewsbury-based organisation, while setting up their projects. Shareenergy specialises in helping community groups to set up community renewable energy projects and provides the administrative support for the share offers and membership administration, once shares are issued. For Pengwern and 4CG, the advice of Wales Co-operative was instrumental while establishing the CSM cooperative. NCS found the advice of Shropshire Rural Community Council and Co-operatives UK particularly helpful when it came to the community engagement process and choosing CSM. Finally, Grampound was found to rely almost throughout on the advice and support of the Plunkett Foundation, the organisation dedicated to rural communities and with expertise on rural community shops. It needs to be emphasised here that none of the cases were found to have prior knowledge or awareness of CSM before with the above organisations, which highlights the crucial role of support infrastructure for raising awareness of the model amongst rural communities.

A key finding emerging from data analysis in regard to the particular forms of support valued by rural communities, and studied here, was the advice and guidance on the process of creating a CSM cooperative. The interviewed founders valued the advice on

the advantages of CSM in comparison to other business models and on the procedure of setting up a CSM cooperative, especially in relation to legal matters. For example, Co-operative UK helped the NCS to achieve charitable status²⁰ in order to ensure exemption from potential capital tax gain, so avoiding a tax demand of approximately £100,000, resulting from the sale of land for a housing development. Similarly, Rural Shropshire Community Council advised NCS, on this occasion on effective community engagement process, as explained by a NCS founder:

'They were able to guide us into how to set up consultation meetings that succeeded informing everybody who wants to be informed, succeeded in letting people to have their views, providing the framework then to apply their views constructively, and most importantly ended the meeting with the consensus. Because the last thing you want to end up is at the end of the meeting to have four different ideas and everybody disagreeing in which is the best'.

NCS Founder 1

The quote above suggests that SRCC's advice provided not only specific tools for NCS founders to employ in the community engagement process, but also enabled the society to maintain focus on delivering the project, rather than diverting attention and resources to dealing with potential disagreements.

Although the advice given by supportive organisation was very important, the founders also valued the methods used by such organisation to work with rural communities. This is demonstrated by the description of a Grampound shop founder's first encounter with the Plunkett Foundation:

'They are quite wonderful I have to say. You know, we emailed them, they immediately emailed back. Somebody said, if you like to telephone such and such person at such and such time we can have a longer conversation. Also quite early on, they appointed a consultant to guide us'.

Grampound Founder 1

What emerges here is that a prompt response, the provision of clear and precise contact details, as well as the appointment of a specific person to oversee the process, were amongst the key actions that founders of Grampound shop found most helpful in the support received from the Plunkett Foundation. The advice given by Plunkett was presented in incremental and achievable steps, which increased the confidence of the founders in their own capability to successfully create a CSM cooperative shop, as explained by a founder:

²⁰ Charitable status is available for community benefit society, but not for the co-operative society.

'We wouldn't have had that sense of purpose without a support of the Plunkett Foundation, because you know it is they who sort of you know put us on a right path and said right first do this, then do that sort of thing'.

Grampound Founder 1

Confidence in their own ability to set up a shop with CSM was crucial in order for the founders to move ahead with the process; it was also crucial to gaining more support within the community, as discussed in section 5.3.1 of this chapter, which then fed into the founders' sense of purpose.

Content and methods of providing advice were not the only contributions by business support organisations that was valued by rural CSM cooperative founders. Some organisations, such as Plunkett and Wales Cooperative, were able for example to provide a small sum of seed funding, or to pay for training sessions with CSU. Another aspect was networking opportunity with already successfully established rural CSM cooperatives. The founders of Pengwern and Grampound cases for example reported that they were put in touch with rural pubs and shops it had already gone through the process and who could share their practical knowledge gained through experience. Another advantage of having local infrastructural support was the availability of off-the-shelf society rules that met the FCA criteria and which were required to register a CSM cooperative. The rules were often specific to the sector in which the communities intended to operate, and the adoption of ready-made rules was usually less resource intensive than setting their own rules. The final aspect recognised by founders was the access to a large pool of reliable community shares investors in energy schemes offered by Shareenergy, which maximised the chance of share offer success.

The emerging evidence in regard to CSM sector infrastructure suggests their vital role in successfully creating rural CSM cooperatives and in the promotion of the model. The availability of a nation-wide advisory organisation such as CSU allowed the process of CSM creation to become more standardised, which meant that replication of the model across the country became easier. The wide range of more local and regional supportive organisations allowed more targeted advice tailored to the specific needs of the sector in which the rural community intended to operate. The next section discusses the internal success factors behind the creation of a rural CSM model.

5.5.2 Planning requirements

The presence of supportive infrastructure was the strongest manifested external factor behind the successful creation of rural CSM cooperatives found in this study. The internal factor that was found to contribute the most to the successful establishment of rural CSM ventures was the importance of planning, a factor which was also responsible for setting the foundation for the long-term survival of the rural CSM cooperatives. It should be noted here that two community energy cases appear to have a different planning trajectory from the remaining four cases, as they were set up for a demarcated time of 25 years, that is the duration of FiT, and most of the issues around planning concerned technicalities and permissions surrounding renewable installations. The remaining four cases did not have a time limit set for the duration of the cooperatives, and the message emerging was the strong desire for the long-term survival of the enterprise, which indicates that focus on the issue of long-term planning is all the more important.

It was noted in the literature review that the importance of planning requirements in cooperatives is rarely emphasised, even though they are subject to marketplace demands as much as any other business (Dogarawa 2010). A critical aspect of planning was the importance of careful consideration of the market and the context in which the cooperative was to be set up. This issue was strongly emphasised by a CSU representative, who warned against overlooking the market realities while setting up cooperative:

‘There is a need for this in community certainly, but this isn’t a question, is there a market opportunity for community and how would that work? So there may well be a need, but there is no market to support this and that’s really the commander behind this, what we promote here is enterprise model, not a welfare model’.

CSU

In the quote above, the CSM practitioner stated that CSM is first and foremost the enterprise model, and hence the market opportunity is a more important factor to be considered initially, rather than solely the needs of the community. The centrality of market over desires also echoed in the account of another CSM practitioner interviewed in this study, on this occasion the representative of Co-operatives and Mutual Solutions limited, who described his experience with an affluent village near Lancashire. The interviewee explained that in the beginning he was very hopeful about the prospects of reopening the village shop as a CSM cooperative by the affluent

villagers, only later to realise that nobody shopped there, as the residents could not tell what type of products they would like to buy there, because they did their shopping elsewhere. The desire of having a village shop turned out to be very difficult to realise in practice, due to lack of a market for the venture. Although the data gathered in this study suggests that all case studies prepared their business plans, the level to which they considered the market context varied significantly, and the comparison of two pub cases, Pengwern and Pheasant, illustrates the tensions between community needs and market considerations that seems to run through CSM cooperatives.

In the case of Pengwern, the analysis of economic benefits presented in section 5.3 estimated that this enterprise relied on a Welsh Government grant for more than 85% of the funds required to purchase the pub and hotel building. The restoration of the historic building was conducted with a very limited budget and the work was carried out by local volunteers employing a DIY method. Although the hard work of volunteers allowed the re-opening of the facility, the pub and especially the hotel rooms still require serious refurbishment, and this was reflected in comments made by guests on the travelling advice websites, such as TripAdvisor. Issues reported by visitors included problems with central heating, unpleasant smell in the common areas, wallpaper coming off the wall, window drafts and a very outdated interior. The researcher herself stayed in the hotel for two nights and the general impression in regard to the state of the building was similar to that expressed by other visitors. Although Pengwern's management committee was aware of the pressing need of building refurbishment, when one of the interviewees admitted that: *it's a sort of place you could spend 500,000£ to get it really sort of spick and span, and we'll never be able to generate that sort of surplus*, they did not seem to have any concrete plans as how to carry out the work and, crucially, did not have plans as how to finance the work, it was revealed that the venture's capacity to generate sufficient revenue to provide funds for advanced restoration work was beyond Pengwern's ability, and hence it is most likely that the venture will rely on grants again. An overview of financial reports indicated that Pengwern does not provide regular return account reports. The latest one available in the Mutual Register (FCA) is for the year ending 2013, where the society reported a loss of over £20,000. The most striking feature of the financial report was that a disproportionate amount of operating costs was salaries, which, as a Pengwern founder declared, were 'fair' wages.

The situation in the second case study pub, The Pheasant belonging to NCS, was starkly different. Unlike Pengwern, NCS set ground rules by using professional help at the start of the process, as explained and justified by one of NCS founders:

'The professional advisers we brought in spelled out to people very clearly, unless this pub is run as a business, and succeeds as a business you won't have a pub, it will just go, it will just close again'.

NCS Founder 1

The second quote in particular proves that NCS focused not only on the short-term process of taking over the asset, but also considered its long-term prognosis to ensure the pub's survival. The business approach taken by NCS is exemplified by two crucial actions. First, the founders developed a plan to secure funding, not only to purchase the asset but also to finance the refurbishment. Most of the funding for both purposes came from the development of another business, that of building houses. This accounted for about 60% of funds, with only about 10% of funds coming from grants. The restoration work was planned and carried out by professionals. Second, the founders developed a comprehensive business plan which focused on attracting visitors from outside of the area to dine in the restaurant and stay in the short-term accommodation, consisting of three double en-suite bedrooms. This is how one of the founders explained and justified the essence of the business plan:

We're only a village of about 100 people, we can't possibly support that facility from our own trade, we have to bring people in from the outside, so the business model is that we have people not only driving distances to dine but we have rooms and accommodation which is not about limiting the needs of local people, it's about selling something.

NCS Founder 1

To attract customers from outside of the area, the Pheasant offers very comfortable accommodation and fine dining. The visitors' experience of Pheasant is very positive, reflected in feedback on TripAdvisor. The visitors appreciated the delicious food and well-equipped, quiet rooms. The researcher's experience of the facility was also very positive, and cosy rooms with comfortable beds and nice food and coffee were especially appreciated. The needs of local residents were said to be always considered and accommodated whenever possible. Examples of accommodating the locals included addition of fish and chips to the menu, setting up a play area for children and providing guidance on how to use the internet to obtain practical advice on good insurance or utilities offers. In regard to financial reporting, NCS and its trading arm provide regular financial reports to Mutual Register and Company House, and in 2016 NCS reported a surplus of over £10,000. As evidence of success so far, and reassuring for the Neenton community, the pub received the following praise from the charity organisation specialising in community owned pubs:

'The Pheasant is a viable trading vehicle with on the budget achievement. Great reviews through TripAdvisor and positive feedback on Facebook on the letting bedrooms and the food offer have contributed to high ratings and a 'feel good' factor', with the pub and garden becoming a 'Hub' for the community and chosen destination for drive-to customers'.

Pub is The Hub website

From the perspective of business planning, the key difference between both examples is that NCS focused on developing an enterprise providing something which would attract customers to the area, whereas Pengwern's primary focus seemed to be the needs and desires of the local community, which was to have a cultural hub centre in the middle of the village. The main selling point for Pengwern is its location, as many visitors were reported to stay in the hotel due to its proximity to the Snowdonia Park attractions.

The issue of ensuring long-term viability of the ventures through careful consideration of community needs and market opportunities was found to be important because it also revealed the tension between the social and economic side in CSM, and survival of these enterprises seems to depend on the successful reconciliation of the tension. As the analysis of Pengwern and NCS shown, the tension between the social and economic side of the enterprises with CSM derives from its reliance on two elements, namely trade activities to generate enough profit to sustain the enterprise, and dependence on the support and engagement of the community that the enterprise serves. The approach, taken by two case studies discussed here, was to either prioritise the social side of the enterprise and rely on the ideas and needs of the local community at first (Pengwern Pub), or to prioritise the business side and ensure a sufficient amount of trade to sustain the pub, before addressing the particular needs of the community (The Pheasant Pub in NCS). Given the insufficient attention to long-term thinking in Pengwern, there is a concern about the long-term viability of the pub. As the approach of CSM practitioners suggests that CSM is aimed at the rural communities that have capacity and ability to use the business approach to develop the enterprise, and, as the example of Pengwern suggests, groups who are not able to use such an approach may end up with a long-term liability and perpetual dependence on the state.

5.6 Conclusions

The final section summarises the main findings of this chapter in regard to the purpose of setting up a rural cooperative with CSM, as well as community input, output and factors of success based on selected case studies.

The first section sought to identify the key purpose behind setting up a rural cooperative with CSM, as well as key characteristics of CSM that made the model particularly attractive for rural communities studied here. In regard to key purposes, the chief general finding was the apparent inconsistency observed between CSM practitioners and rural communities. The CSM practitioners, whose main task is to promote CSM as well as advise and guide rural communities, saw CSM as a tool to increase community cohesion and social capital in order to restore or strengthen the sense of community within rural places. The rural communities saw the purpose of CSM mainly as a mean to either rescue the communal facility or to develop a local asset base. Both views were further narrowed down to three specific issues. With reference to the closure of a local pub or shop, it involved the visual impact of decaying buildings and losing the source of village lighting, the lack of opportunities to connect and socialise with fellow residents and the potential financial cost increase in sustaining basic daily requirements. With regard to the inability to retain revenue locally, the interviewees pointed to the dominance of companies with headquarters based outside of the locality, withdrawal of state involvement from rural places and the negative effects of grant culture, especially in the Welsh context. Regarding the key features of CSM that distinguished this structure from other available options, it was a combination of asset lock which provided legitimacy as a genuine community benefit venture and the ability to raise capital through issuing community shares.

Based on these findings, three broad conclusions can be made in regard to the role of CSM in increasing sustainability of rural communities. First, CSM was used more as a tool to remediate the negative consequences of the disappearance of local facilities and the state withdrawal. The second conclusion is that rural facilities such as pubs or shops perform a much more complex and nuanced role in daily life of rural communities than merely service provision, hence their existence is crucial for rural places to develop social networks and increase social cohesion and, in essence, to become a community rather than simply 'rows of houses' as pointed out by a NCS interviewee. The third conclusion is that rural communities seem to have fewer tools at their disposal to develop a more entrepreneurial local culture, especially in the Welsh context where state grants appear to be the dominant option.

In regard to the second section and community input, it was observed that CSM offers a wide range of engagement opportunities for community members, that goes far beyond the consultation process. This was especially noticeable when the model was used to take over communal buildings such as a shop or a pub, because the necessity to renovate building or garden created opportunity for volunteering work by residents who were willing and able to perform such tasks. The volunteering options included also professional advice, unpaid work on the trading floor and serving as a director of the CSM cooperative. The ability to purchase community shares in particular was seen as a strong and concrete indication of support and commitment of community members, because it involved spending personal money rather than merely ticking boxes in a survey. For this reason, investing in community shares seemed also to increase the chances of receiving funds from other sources. The option of investing in a local rural facility by local residents is usually not available in other rural strategies or experiments such as rural partnerships and LETS. This makes CSM a unique tool. The section also emphasised the challenges associated with sustaining community long-term engagement after the successful establishment of a rural CSM cooperative, especially in regard to the succession of board members. One potential solution to this issue observed in two cases was dividing the ownership of the asset and its management by adding an additional organisational structure such as CIC, which allows the employment of directors to oversee the management process. Such experimentation with mixing CSM with other structures also revealed the potential weakness of CSM when it comes to the management of the operation activity. The broad conclusion emerging from these findings regarding community representation and engagement is that CSM seems to be designed in a way that requires a deeper level of community action in order for CSM to be successfully created. It is unclear however how CSM cooperatives will be able to sustain long-term engagement and overcome challenges such as issue of succession.

The third section of this chapter examined the socio-economic benefits gained by rural communities through setting up rural CSM cooperatives. Two interesting discoveries regarding social benefits emerged. The first was that the use of CSM allowed the enhancement or the restoration of a sense of community - the very purpose of CSM identified by CSM practitioners. This finding suggests that, for rural communities, community building may be more of an unintended consequence of CSM use, rather than a direct call for action to engage with CSM. The second finding was the limits of social benefits from community energy schemes, owing to automated work of renewable installations that work independently of human input. It was also shown that

such situations may be remedied by placing CSM as part of a wider community-based organisation structure able to deliver social benefits.

The most evident economic benefit emerging from using CSM was the ability to raise relatively low-cost and easily accessible capital to acquire the local asset. Nonetheless, the amount of capital raised through community shares was rarely sufficient to cover all the expected costs and, as data suggests, only one case study, LGVMH1&2, was able to cover all expected costs from community shares issues. Most often, the remaining capital needed to be sourced from either bank loans or grants, which in practical terms added an extra layer of complexity and workload expected of already stretched founders, who were working voluntarily. Despite this disadvantage, community shares seemed to play important role in attracting other sources of funding, as they indicate the commitment of the local community to the scheme. In terms of job creation, the two community owned pubs were found to offer the highest direct employment opportunities in the local area, especially for the young. The case of NCS, which created at least seven posts in the village of 120 residents, illustrates in particular the significance of the rural CSM venture for local job opportunities. Interestingly, the examination of two community owned energy schemes revealed that these projects did not contribute to direct local job creation during the first years of their operations. This finding suggests that community owned energy schemes have very low potential to contribute to the economic side of rural community development in terms of employment opportunities. On the other hand, both community energy cases committed themselves to investing a substantial amount of money into the local communities over the next two decades, and this may be their strongest advantage. To confirm that this is the case however, future research will need to be conducted. Another conclusion from the examination of community energy schemes emphasises the issue of planning in the area of delivering promised benefits, as illustrated by CE, where the founders had unrealistic expectations of what the community ownership scheme would be able to deliver. The final conclusion from the examination of economic benefits provided by the CSM structure concerns the method in which this model allows management of the local market. As the study of 4CG revealed, the directors in this case were able to intervene in the local market of Cardigan town centre through encouragement of trade activities diversity and car park affordability, rather than displacing existing traders or using higher car park charges. These findings suggest the noteworthy potential for local market intervention and prioritisation of the local economy by CSM cooperatives.

The final section of this chapter analysed the main external and internal success factors behind successful establishment of rural CSM cooperatives from the point of view of the founders. A key external factor, which had an indirect impact, was the presence of robust CSM support infrastructure. The presence of a national organisation such as CSU not only acted as a main point of reference in regard to guidance and support for CSM practitioners and rural communities alike, but also allowed the standardisation of the process of setting up CSM cooperatives. This meant that the process of replication of CSM cooperatives, across varied rural settings, was possible and achievable. The fact that all six rural cases used in this study were able to adopt the model, despite their being diverse rural settings and despite operating in different sectors, suggests the high flexibility of the CSM structure. The key internal factor, which had a more direct impact on the successful creation of rural CSM cooperatives, was business planning and consideration of market opportunities, especially in the case of rural pubs and shops. CSM practitioners emphasised that the cooperative model is first and foremost an enterprise model, meaning that market considerations and long-term planning were crucial, not only for successful creation, but also for better prognosis of long-term survival of CSM cooperatives. The example of two pubs who prioritised these issues differently, with one using professional advice and an entrepreneurial approach to finance the venture and another deliberately choosing not to use industry advice in order to preserve the 'authentic' community feeling whilst relying predominantly on state grants, revealed tensions between the economic and social side of CSM cooperatives, similar to that observed in the credit union movement discussed in chapter two section 2.7.2. In the context of sustainable rural communities, this means that an attempt to reconcile these tensions may involve some difficult choices between the priorities of communities hosting CSM cooperatives and the long-term survival of the venture. The cross-case analysis of six cases including two pub examples revealed not only similarities and differences between the cases but also indicated that CSM offers flexibility to adapt to each context, a feature which appears crucial in relation to presenting it as an example of place-based rural development.

Chapter Six: Discussions of the key findings

6.1 Introduction

The purpose of this study was to explore the ways in which CSM enables particular kinds of activities and socio-economic effects to take place within rural communities. The previous two chapters have analysed the empirical data in relation to key components of the conceptual framework, that is the purpose of setting up CSM cooperatives in rural places, rural community inputs and outputs from CSM cooperatives and key success factors behind successful establishment of CSM cooperatives. Chapter four provided a detailed descriptive analysis of each of the six cases and the following chapter conducted a cross-case analysis. The purpose of this chapter is to bring together the emerging key findings from both empirical chapters and to discuss them critically in the context of the strength and suitability of CSM to enable more sustainable rural community development in the UK. The chapter consists of six parts: section 6.2 provides a summary of the major findings; section 6.3 discusses the key findings in relation to the research questions and conceptual framework; sections 6.4 and 6.5 discuss the implications of this research for the policy and practice of place-based rural community development; the final section 6.6 outlines the limitations of the study.

6.2 Summary of findings

The data analysis suggests that CSM allowed certain rural communities to move away from heavy reliance on the state-sponsored grant culture towards a self-investment culture. The common characteristics amongst communities with CSMs were an institutional environment characterised by some level of community cohesion prior to developing the CSM cooperative and a higher presence of mature residents with professional business experience. Due to the necessity of consulting local communities in the process of creating a cooperative, and the wide range of engagement mechanisms offered by the CSM structure, the model was found to be a successful engagement tool and testified to the possibility of deeper community engagement process. The CSM also proved to work with the various physical local assets, and the strength of the CSM cooperative to deliver socio-economic benefits was found to be closely linked with the type of the asset used. The main external factor behind the successful creation of CSM cooperatives in rural places was the advice and support

from national and regional business support organisations that were knowledgeable about CSM, which were also found to be crucial for the process of model diffusion across various rural places. The internal success factor related to the ability of rural communities to prepare a sound business proposal that carefully considered market opportunities, which revealed that CSM cooperatives are not free from tensions between the social and economic dimension of the enterprise, as studies of the Credit Unions movement demonstrated (Berthoud and Hinton 1989, Jones 2008, 2016). The argument for community capacity to develop a sound business proposal as a success factor in developing CSM extends the findings identified by Cabras (2011) by adding other elements necessary for the productive establishment of CSM in rural places.

6.3 CSM as place-based institutional arrangement

The next section of this chapter discusses the study results in the context of the three criteria for place-based institutional arrangement, presented in the literature review section 2.8.5. The three criteria were: the capacity to employ unused local resources, the necessity of being rooted in the community and the benefits being provided to the community. The study results are now discussed in the context of each criterion. It is important to note that discussions concerning the second and third criteria cover the response to the second research question about rural community input and output.

6.3.1 Capacity to employ unused resources

The results emerging from the study of the six rural cases revealed that the physical assets of which the community took ownership either already existed (pubs/hotel buildings in NCS and Pengwern, car parks and retail buildings in 4CG) and were purchased on a freehold basis, or were installed by the newly created societies (portable cabins in Grampound shop and wind/water turbines in CE and LGVMH1&2) on land owned by someone else with societies paying annual rent to the landowners. The tangibility of the physical asset was deemed important because it contributed to the increased level of local support, as the general public is familiar with ownership of tangible assets such as houses or cars. What this means for the practice of CSM in rural places is that the CSM appears to work best with physical assets that are open for general public use, rather than for example with intellectual property. The fact that

CSM allowed the lawful ownership of redundant or unused physical assets in rural places means that the model in question is an example of a practical tool, a viable institutional vehicle of local assets ownership, which can be easily replicated by various rural communities.

Interestingly, the evidence emerging in this study also points to the important element of the human asset that was mobilised during the process of setting up rural enterprises with CSM, that is older local residents with extensive professional and/or business experience (chapter six section 6.4.3). This finding strengthens the argument of Philip et al (2012) regarding the positive aspects of an aging demographic in rural areas, specifically their more entrepreneurial outlook in comparison to other generations, and a willingness to dedicate free time for the good of the local community. Aging in rural areas tends to be portrayed in negative terms in the literature (Champion and Brown 2012) and this study emphasises the potential of this demographic. The study of six rural communities, used as the empirical basis in this thesis, showed that in at least four cases a proportion of the founders were either incomers to the rural area or spent their professional life outside of the area, and, having retired, wanted to contribute to improving the places in which they were now residing. These findings also contribute to the wider debates about intergenerational unfairness where, despite valid arguments, the contribution of older residents to society is rarely stressed. For as the data in this study shows, it is very unlikely that most of the rural enterprises studied here would have been created without the leadership of the older residents, not least their social and economic resources. The case of NCS in particular illustrates this point, as it showed that, as a result of the much higher than national average presence of older entrepreneurial residents (20.5 per cent to average 10.8 per cent), the small village of 233 residents was able to carry on the large project worth over £750,000. The cases of LGVMH1&2 and Grampound shop, which also had a higher than national average ratio of residents with directorial and professional experience, were also very successful in establishing a well-functioning enterprise with good prospects for the future. However, the demographic analysis presented in chapter four suggest that geographical distribution of such individuals across rural places is not even, which raises questions about the differing capacities of rural places to develop and run ventures such as CSM cooperatives. This means that distributed systems of production in the form of a CSM cooperative owned by wider members of the community may benefit some places but leave others behind, suggesting that CSM cooperatives may unintentionally widen the inequality between rural places, rather than narrowing it. More positively however, CSM offers a type of

development that redefines the role of both physical and human assets in places where communities become active agents rather than passive recipients of development policy.

6.3.2 Necessity to be rooted in the community: community input

The second principle for place-based structure discussed in the literature review chapter was the requirement to be rooted in the community it wished to serve. Through the analysis of community input conducted in chapter five (section 5.3) it was possible to assess the effectiveness of CSM as an engagement tool, delivering findings which also deepened the understanding of the idea of rootedness in a place-based rural institution. The findings related to community engagement and rootedness are now discussed in turn.

We learnt from the previous chapter that CSM creation was found to be a successful community engagement device, because the model allowed for a wide variety of tools for community participation, ranging from the consultation process, through volunteering, and to the ability to purchase community shares. As each tool required a different level of resource and commitment, for example filling the survey was a much less resource-intensive exercise for community members than becoming a volunteer director, the probability of community members to use at least one such tool increased, leading to a higher level of participation in aggregate terms. The willingness and enthusiasm of community members to participate in the creation of CSM cooperatives studied here largely derives from the underlying level of community cohesion and a self-help culture (as data analysis in chapter four showed). This finding confirms the argument presented by Zeuli et al (2004) and Cabras (2011) about cooperatives being able to offer broader community engagement opportunities than national strategies such as rural partnerships. It also strengthens this claim by identifying the exact tools and mechanisms behind the greater ability of cooperatives, especially rural CSM cooperatives, to engage community members during the setting up process. Although the effectiveness of CSM as an community engagement tool at local level shows that better community engagement process is possible, it is questionable whether such level of community engagement could be replicated on a larger regional and national scale without compromising its effectiveness, suggesting that 'local' place-making is critical for these initiatives to be successful and is important for understanding rural

development more generally. This is because the smaller scale rural settlements studied here rely more on mutual relationships and self-help culture to sustain themselves, and CSM with its mutual structure taps into this local potential.

The insights from analysis of community engagement in the creation of rural CSM cooperatives, as well as a descriptive analysis of each case study presented in chapter four, allowed us to identify the way and the degree to which these initiatives were 'rooted' in the (geographical) community, for example by analysing the proportion of local residents who purchased community shares. Accordingly, the three interconnected layers could be identified, first the physical assets located in the community, second the founders of the CSM cooperative, and third the investors of the CSM cooperative. The physical assets were the buildings or wind/water turbines around which the enterprise was developed, and which were situated locally, that is either in the centre of the rural settlement (Pengwern, NCS, 4CG, Grampound), in close proximity to the rural settlement (LGVMH1&2), or within the region (CE). The founders of the enterprise were, in the great majority of cases, local residents, and findings suggest that many investors and co-owners of the enterprise were also residents of the given geographical community. Nonetheless, not all three layers were equally present in all six rural cases. The two community energy cases were found to have up to two layers of rootedness in the community, unlike the remaining four cases where three layers were utilised. The CE case for example was connected to the geographic community of Salem predominantly through the physical infrastructure of the wind turbine. However, the second community energy case, LGVMH1&2, was not only tied to the village of Llangattock through the physical infrastructure but also through the founders of the enterprise, the great majority of whom were local residents. Nonetheless, neither community energy case could rely extensively on the local residents as investors and owners of the cooperative, due to the very high costs of the project development. The situation in the four remaining cases (NCS, Pengwern, 4CG and Grampound) was different, as the evidence suggests that they relied on local residents as investors to a higher degree than the other two cases. This was predicated on the assumption that, in return for a stake in the cooperative, the residents would be more willing to support the cooperative through active use of the facility. Hence the deepest level of community rootedness in CSM cooperative could be achieved through presence of all interconnected layers. The concept of three interconnected layers in place-based institutional arrangements, presented above, explains why CSM design is set to be able to prioritise the local economy and community, which is discussed next.

6.3.3 Working for the community: community output

The second principle against which CSM was assessed in this study was the way in which this type of cooperative benefitted the rural community. The emerging data analysed in chapter five section 5.4 suggest that CSM cooperatives considerably benefitted rural communities, albeit the distribution of these benefits differed between types of assets used. CE and LGHVMH1&2, the two community energy cases which used wind or water turbines as an asset, allowed the creation of an asset base from which regular revenue streams are to be generated for the next twenty years. The revenue is to be spent on environmental causes within the communities and, as the schemes have not operated long enough during the period of this study, future research is needed to confirm whether this will be the case. Community shares were issued to finance the project and the CSM structure was found to be a relatively cost-effective and less bureaucratic way to do so. The emerging findings in regard to social benefits from community energy, presented in chapter four section 5.4.1, also indicated the limitations of automated assets such as renewable technology in contributing to the social dimension of community development. Hence, it can be said that community energy CSM cooperatives provide significant economic benefit to rural communities in the form of opportunities to create a longer term asset base, but their direct contribution to the social dimension of community development is very limited. In the practice of place-based rural community development, the community energy sector has become a new key industry in the rural economy flanking tourism and agriculture, as recently noticed by Frantal and Martinat (2013), which indicates the high capacity of CSM for scaling up and adapting the structure to various rural contexts.

The emerging data from the other three cases where CSM was used to rescue from closure social facilities such as pub or shop (NCS, Pengwern, Grampound Shop) indicate a different trend in dispersion of socio-economic benefits within rural communities. The data analysis indicated for example that employment opportunities created in the two pub cases were a significant tangible economic benefit, especially for younger people for whom there is generally fewer employment opportunities in rural places. Increased local spending, which in Neenton's case accounted for approximately £250,000, was another way in which a CSM cooperative pub benefitted the local economy, as it attracted customers to spend their money in a well-presented pub, offering a fine dining experience alongside comfortable and cosy short-term accommodation. This indicates that the CSM cooperative can act as a significant plug in the leakage of capital out of the local economy (Williams 1996, Day 1998), as it not

only prevents the leakage, but also creates a brand that becomes a magnet for outside capital.

Preventing the Pengwern and Grampond shop from disappearing from the community generated social benefit in the form of maintaining a social hub for the community. The case of NCS demonstrated how the restoration and reopening of the Pheasant pub after almost a decade enabled the small rural community to begin to re-build inter-group relationships and to strengthen their social capital. For the small Welsh village of Llan Ffestiniog, rescuing Pengwern pub and hotel was important for the cultivation and promotion of the local culture. An interesting aspect that emerged from Grampond was the ability of the new CSM cooperative shop to attract and serve the hidden rural demographic of elderly and isolated residents.

The existence of the socio-economic benefits above means that, when rural assets such as pubs or shops were used to create a CSM cooperative, both economic and social dimensions of the rural community development were benefitted in a more even way than in case of community energy sector. This finding, while confirming the conclusion of the study of Cabras (2011) about the ability of CSM cooperative pubs to deliver substantial social benefits for rural communities, also strengthens the case of CSM cooperative pubs in delivering considerable economic benefits. The implication of this finding for the place-based rural community development is twofold. First, it indicates that in rural context, especially in smaller villages with fewer local facilities, the development of social capital is as important as the development of economic capital. Second, it indicates that rural pubs and shops seem to be better equipped to stimulate simultaneously the social and economic side of rural community development than community energy schemes.

An interesting finding in relation to the socio-economic benefits from CSM cooperatives emerged from the analysis of the 4CG case. Chapter four discussed how the community of the coastal town of Cardigan used CSM to take ownership of part of the dilapidated town centre in order not only to revive the heart of the town, but also, as data from chapter five suggests, to provide affordable local facilities and commercial spaces. It was revealed for example that parking charges under 4CG ownership fell to more than five times less than under the previous ownership of Ceredigion County Council. The long-term lease agreements were replaced with a short-term six months affordable licence to encourage traders, in particular new start-ups, and 4CG deliberately promoted diversity of traders so that new vendors did not compete with already established trade in other parts of the town centre. As a result, the derelict site

in the middle of Cardigan town, which was intended to be converted into a social housing estate, became home to an eclectic mix of craftsman, retailers and charity organisations, some of which attracted wealthy customers from outside the area. This finding suggests that CSM cooperatives can allow communities significant control of the management of aspects of the local economy, especially in situations where CSM is created in order to take ownership of town infrastructure. This indicates that the CSM structure could also be seen as a means for greater citizen power in the locality (Arnstein 1969) due to its ability not only to control nearly all aspects of the project by its shareholders, but also because, in the context of a small rural town or village, the decisions made by the cooperative can affect the local market.

Significant numbers of shareholders, in 4CG's case over 500 almost exclusively local residents, shows that a cooperative has a high legitimacy amongst local residents. This was also claimed to be recognised by the local authority, who according to a 4CG founder 'don't interfere too much, because we are a big group now'. This means that CSM cooperatives can become a potential force, disrupting the power relations in local market governance. The implication of this finding is that the influence of CSM cooperatives on governance may grow over time, which will require local authorities to adapt to such situations.

The final important finding in relation to socio-economic benefits from CSM cooperatives concerned the investment logic of CSM investors. The data displayed in Table 5.5 in section 5.3.1 indicated that the two community energy cases and 4CG offered a financial dividend to individual investors. Alternatively, NCS, Pengwern and Grampound shop used social dividend to emphasise that investors were 'paid' through maintaining the local facility that otherwise would be lost. This finding suggests that CSM appeals to at least two new and different investments logic under the SSF framework presented in the introductory chapter of this thesis. The first logic named by Lehner (2016), named as 'sustainable' and which is based on environmental, economic and governance opportunities, corresponds well with the two community energy case studies and 4CG, because all three cases offered an economic return of investment for investors in the form of financial dividend. In addition, the first two cases were found to provide advantages in the economic domain mainly as a source of revenue streams, and 4CG offered an opportunity to govern part of the market in the town centre. The second new investment logic under SSF, named as 'visionary and which focuses on social impact at the expense of limited individual economic gain, seems to fit well with the remaining three cases used in this study, NCS, Pengwern and Grampound, as in all these cases the investors were offered social return in a form

of saved local facility rather than financial dividend. These findings imply that CSM is indeed a vibrant component of a new wider shift in approach to shared value investment (Porter and Kramer 2011, Fatemi and Foladi 2013) and hence research on CSM has much potential to contribute to theory and practice in the field of social and sustainable finance.

6.4 CSM purpose, success factors, and implications for practice of place-based rural development

This subsection discusses the study results in the context of the research questions posed in the introductory chapter. The first research question asked about the purpose of choosing and setting up CSM, the second looked into community input/output and key success factors for the successful creation of rural CSM cooperatives, and the third aimed to identify the opportunities and challenges of CSM as a place-based development tool. The key findings are now discussed in relation to each research question. It is important to note that part of research question two concerning community input and output has already been covered in subsections 6.3.2 and 6.3.3 of this chapter.

6.4.1 Purpose of choosing and creating CSM

The main aim of examining the purposes for which CSM cooperatives were established in rural places was to verify the nature of CSM within rural communities. The examination of purpose in regard to social goals revealed the apparent inconsistency between CSM experts and rural communities who used the model, with experts seeing CSM as a tool predominantly aiding the development of social capital and sense of community, and rural communities using it mainly for economic reasons, as discussed below. Nonetheless, the examination of social benefits from CSM at the rural community level, discussed in section 5.4.1, indicates that CSM cooperatives were able to improve the sense of community, despite its not being a primary goal but rather side effect.

The evidence presented in chapter five revealed that articulation of the economic rationale behind setting up rural CSM cooperatives was found to be much more prevalent amongst rural communities than amongst CSM experts. The analysis

presented in section 5.2.2 revealed that rural communities used CSM cooperatives to either save and restore the local trade facility such as pub or shop, or as a tool to develop the local asset base through taking ownership of town infrastructure (i.e.: car parks) or through setting up a renewable energy installation. These findings broaden our understanding about the purpose of rural CSM cooperatives in relation to community energy schemes, not only as environmental causes and showing enthusiasm for saving energy bills (Seyfang et al 2013), but also for economic reasons, the development of an asset base within the community. The findings then suggest that CSM was found to be a very attractive tool with which to prioritise the local economy, especially in community energy schemes, indicating that economic self-interest was a primary driver for at least some rural communities studied here.

For others, especially rural pubs, the clear separation between social and economic needs could not be easily identified, as evidence presented suggested that community benefits such as restoration of social networks or becoming a cultural centre for the village were primary goals. This means that the claims of Mazzarol et al (2011) about cooperatives, including CSM as being primarily concerned with economic pragmatism over primacy of social need and ideology as suggested by Seyfang and Smith (2007), is not fully supported by the evidence presented in this thesis. Nonetheless, the data in chapter four which provided a profile of each of six rural communities suggested that co-operative society may be more used for economic pragmatism than community benefit society.

One interesting and unexpected finding regarding CSM economic pragmatism was the strong emphasis on the model as a tool enabling self-sufficiency and breaking grant dependence, especially in the Welsh context. The analysis presented in chapter five section 5.2.2 highlighted grants as a considerable barrier to developing a community enterprise model that is able to compete on the local market, largely due to grant short-termism and the implications of state aid rules. Although CSM cooperatives can still apply for grants, all but one case study presented here showed reluctance towards heavy reliance on grants and employed them to a far lesser extent than community shares. The arrival and spread of CSM offered a real prospect of self-sufficiency for community groups. This signals the positive change in environment for community groups, especially those capable of developing CSM cooperatives to deliver outcomes that the rural communities want to see.

The thesis also aimed to understand the distinguished characteristics of CSM over other legal structures used in cooperatives, such as for example CIC. The analysis

presented in section 5.2.2.iii and 5.4.2.i revealed that the asset lock combined with the ability to obtain start-up capital were the key attributes of CSM that rural communities found very attractive, because on one hand it ensured that the asset was owned by the community long-term while preventing it from sale for private profit, and on the other CSM provided the much-needed cash for starting up the rural cooperative through community shares purchase by the public, predominantly local residents. In comparison, CIC, which also requires an asset lock, permits the founders to retain total control of the business by allowing them to be fully paid directors, unlike CSM which is governed by committee members who have been democratically voted in and work voluntarily. While the findings in relation to asset lock and ability to issue community shares as key design attributes of CSM are confirmed by Cabars's (2013), it also strengthens this argument by adding endurance as another reason behind the attractiveness of asset lock for the rural communities. This means that CSM offers not only the legal structure to own the asset by members of the community, but also encourages the psychological ownership of the project by members, through dispersing asset ownership amongst a high number of shareholder and preventing it from sale to generate profit, through asset lock insertion. This both acts as a guarantee for long-term ownership by the community group and also provides legitimacy for CSM cooperatives as business ventures genuinely benefitting whole communities rather than a few individuals.

6.4.2 Key success factors for creating rural CSM cooperative

The thesis identified the main external and internal factors that created an environment in which the idea of CSM cooperatives could translate into practice. In the case of external factors, the data strongly suggested that availability of support organisations knowledgeable about CSM was the crucial factor. The emerging data pointed specifically to the availability of nation-wide and local business support organisations well-informed about CSM. At national level, the key organisation most often indicated by interviewees was CSU, identified as the key actor in the nationwide CSM standardisation process and the facilitator for replication of CSM practice across the country. It was revealed in the literature review that CSU operation was partially funded by Westminster, which suggests that national government was one of the crucial enablers of the CSM standardisation process, albeit in an indirect manner. The

implications of this indirect policy intervention is discussed in section 6.4.6 of this chapter.

In regard to business support organisations operating locally such as the Plunkett Foundation, Wales Co-operative or Sharenergy, the data suggest that they were not only vital for facilitation of the CSM projects' delivery at the rural community level, but also crucial for raising awareness about the model. The data analysis of preferential drivers of CSM in section 5.2.2 indicated that none of the case studies in this thesis had prior knowledge about community shares before they began the initiatives and that it was their local business support organisations that steered the communities towards the model. This finding indicates that local business support organisations are crucial for knowledge dissemination about CSM in rural and remote places, suggesting that local development and national business infrastructural support are interdependent. The data in section 5.5.1 also revealed that rural communities appreciated the extra services offered, for instance the ability to purchase legal compliance documents such as society rules or to access reliable community shares' investors, as well as the method in which the advice and extra services were delivered. The founders of Grampound shop for example found Plunkett's quick response and the appointment of a specific person, who could oversee the CSM development and discuss it with them, particularly helpful, presumably in part because it allowed the development of mutual trust between founders and advisers. This suggests that rural communities value personal contact with the support organisations, confirming that physical office presence of the support organisations was one of the key factors behind CSM replication in rural places (Osborne et al 2002) and formation of the CSM regional clusters outlined in the literature review section 2.6.4.

In relation to the main internal success factors behind the successful creation of CSM cooperatives in rural places and the setting of the foundation for the long-term survival of the project, the data in section 5.5.2 pointed to the importance of business planning, especially careful considerations of market opportunities. The data analysis suggested that community shares experts, such as those working for CSU, saw CSM cooperatives primarily as an enterprise model rather than a welfare model because, as discussed in literature review section 2.2, the core activity in CSM is trade, that is an action of buying and selling goods and services on the market (Cabras 2011, Community and benefit Society Act 2014). Therefore, CSM cooperatives need to carefully consider trade opportunities, and whether and how the project will be able to sustain itself financially, especially since income is primarily derived from trade activities rather than grants. What this meant for the rural communities was the necessity to

reconcile ability to generate sufficient revenue from trade with response to the needs of the community within which the CSM cooperatives operated. As discussions of socio-economic benefits in section 6.4.3 revealed, the two cases of CSM cooperative pubs had the largest capacity of all cases studied here to deliver both social and economic benefits, so it was not surprising to find the socio-economic tensions of the CSM structure manifesting themselves most strongly in the context of public houses. The data analysis of two pub cases, NCS and Pengwern, showed that, because of this tension, two different approaches to the long-term economic viability of the CSM cooperatives were taken. The NCS used extensive professional advice, and its business model focused on attracting customers mainly from outside the area, through offering higher standard short-term accommodation and fine dining at a premium price. The menu accommodated some local community requests, including standard and affordable dishes such as fish and chips. The garden area attached to the pub was designed primarily by the local community who for example wished to set up a children play area. The Pengwern pub on the other hand displayed an aversion to external professional advice and decided to focus primarily on the needs of the local community to provide a socio-cultural hub, putting the issues with accommodation and menu on hold.

As a result of their prioritisations, both pubs used a different approach to financing the CSM cooperatives, as data in chapter five section 5.5.2 revealed, with NCS choosing the more entrepreneurial way by selling land for a new housing development to cover the costs of refurbishment, and Pengwern deciding to use a state grant to finance the pub purchase and later searching for more state funds to cover the pub renovation. There are at least two implications of these findings for CSM cooperatives and place-based rural community development. First, CSM cooperatives, especially pubs, need to make difficult choices between prioritising the needs of hosting community and the long-term survival of the project. Second, the situation in Pengwern case showed that there is a danger of CSM becoming a substitute for the welfare state, if the social side of the enterprise is prioritised over orientation towards financial self-sufficiency. Equally, critics of the more entrepreneurial path for CSM may argue that prioritising financial sustainability in community ventures is a sign of appropriation by capitalism. The future will show which will be the more prevalent path for CSM, although a scenario where CSM is pushed in two opposite directions is also very likely, especially as it is argued that such a situation is already happening with another example of a mutual model in the UK, that is Credit Unions (Berthoud and Hinton 1989, Jones 1999,

2009, 2016). The evidence emerging in this research through analysis of all cases suggest that the entrepreneurial path is currently more prevalent.

6.4.3 Opportunities and challenges of CSM for practice of place-based rural development

This section brings together the key analysis and discussion points presented in both empirical chapters by discussing the challenges and opportunities for CSM in the context of practising rural place-based community development.

Regardless of the particular strengths of CSM that manifested itself in rural places, the most important finding in this thesis is that the model represents an institutional arrangement that allowed rural communities to move away from grant or subsidy culture towards investment culture, by enabling rural actors to actively shape their future, (Franklin et al 2011, Horlings and Marsden 2014), rather than being a backdrop for action and policy prescription from the government. As the need for re-localisation of socio-economic activities in rural places and hence empowerment of rural communities to develop and own projects is one of the main postulates of rural place-based development (Atterton and Skeratt 2017, Horlings and Marsden 2014), the above finding illustrates that CSM cooperatives are well positioned to deliver on this issue.

The type and nature of trade activities undertaken by CSM cooperatives, the sources of capital, the shape of the management committee and the way in which the surpluses would be spent, were only some examples of areas in which rural communities who created CSM cooperatives could make decisions. In other words, CSM offered an organisational structure with a very high degree of control to be exercised collectively by geographical rural communities. The ability to be in control of the CSM (Brown 2008) stem from the physical ownership of the project, which as data on community engagement suggest translated into psychological ownership. Another opportunity arising from rural CSM cooperatives for place-based development is the possibility of making use of local assets, a point widely advocated by proponents of place-based approaches (OECD 2006, Barca 2009, Pugalis and Bentley 2013). The fact that all six case studies in this thesis either restored old and damaged assets such as pubs or part of the town centre or set up a new one such as a temporary retail building or renewable energy installation, shows that CSM can be used across various rural physical and natural resources. This indicates that this flexibility can suit a wide range

of rural place contexts, despite projects being place-based, because CSM is not place-tied.

The final key opportunity is that CSM provides the framework for a long-term and more entrepreneurial approach in rural communities. The necessity to prepare detailed business plans which require for example considering the market for planned services, financing the project or financial projections, requires a longer time frame consideration. The necessity to consider the market for the proposed goods or services allows reflection on the trade opportunities that exist within geographical rural communities, a reflection which can encourage a more entrepreneurial culture.

In regard to the challenges of CSM for place-based rural community development, the key issues are the availability of capable local actors willing to lead the development of the CSM projects and underlying community cohesion, as previously found by Cabras (2011). The detailed descriptive analysis of all six case studies in chapter four suggested that behind the development of CSM cooperatives were local residents with substantial professional, usually business, experience which means that they possessed necessary transferable skills such as people and project management. The data in chapter four also indicated that some degree of community cohesion existed in most cases before the CSM project was developed and which seemed to be confirmed by community shares purchase. It is very unlikely that each rural community has capable individuals ready to set up CSM projects alongside the adequate degree of community cohesion, which poses a question about the uneven capacity of rural places to develop such projects, implying that CSM could not be a solution for all rural communities.

Another challenging aspect was the long-term governance issues in CSM. Data analysis of community inputs revealed that some cases experienced problems with recruiting successors to manage the CSM cooperative, which questions the ability of CSM projects to survive long-term. However, two cases demonstrated a possible method of mitigating this issue, which was to alter their governance structure, mainly through adding a CIC trading arm company. Having a trading arm in the form of a CIC structure permitting the employment of a director with salary for managing trade activities, allows for smoother decision making.

The opportunities and challenges for CSM as a tool for place-based rural community development presented above offer some lessons for the wider practice of sustainable rural development. First, the significance of having capable leaders who have local legitimacy to act at the local level cannot be overlooked. Competence in organising

people and leading the project was found to be especially valuable. Equally, the supportive policy context, with less direct involvement of the state, is a vital enabling factor for the local leaders to act.

6.5 Policy Implications

The previous sub-section discussed the implications of the main findings for the practice of CSM in rural place-based development approach and, building on the above discussions, this subsection discusses the implications of this research for public policy. The main outcome of CSM study conducted in this thesis in the policy domain is that, due to its built-in mechanisms such as asset lock, democratic decision making, capacity to raise start capital by issuing community shares, and ability to embed within various rural contexts and sectors, CSM can enhance economic resilience and rural cohesion of rural communities in a more integrated and more precise way. In addition, due to the necessity of and ability to employ various methods of community engagement during the CSM set up process, this model can improve the process of community participation. Such qualities indicate that CSM could be potentially used a tool in delivering place-based strategies, as an example of a draft economic plan for rural Wales (Morgan 2017) showed, which included a replication of the 4CG model as one recommendation.

In order to provide efficient support for using CSM as tool, public bodies would need to understand the wider benefits generated by CSM cooperatives across the country, as well as tensions around certain conditions that are not present in all rural communities, such as availability of local leadership and some level of community cohesion. Conducting a large-scale study, for example a quantitative survey of all new rural CSM cooperatives and their socio-economic benefits, could aid understanding of broader advantages generated by CSM for rural places in the UK. As regards methods of policy delivery on CSM, this study suggests that more indirect government intervention would be the most suitable option, through employment of national and regional business support organisations dedicated to community shares for example, because such infrastructural support, while enormously valued by rural communities, was also found to be crucial for successful replication of the model across rural places. So far, signs of government commitment to supporting CSM infrastructure are positive. The national CSM organisation, CSU, receives ongoing financial support for its activities in England and coordinates its work with devolved nations who have developed their own CSM

support programmes, Community Shares Scotland and Community Shares Wales Resilience Project (CSU 2020). Nonetheless, the above support programmes are almost exclusively delivered by third sector organisations without the support of rural development policy. One recommendation emerging from this study is to consider providing a joint policy programme between third sector organisations and rural policy makers, based on the results from the large-scale study recommended earlier in this section. Another policy recommendation that is applicable to Welsh context is to review the existing policy around Community Asset Transfer in a view of facilitating the development and adoption of CSM in rural countryside, and reconsider whether The Welsh Community Rights Act, similar to the one that has been introduced in England a decade ago, could possibly act as better conduit for wider adoption of CSM in Wales.

6.6 Study limitations

This study has some limitations. The main methodological constraint is that empirical findings of this research are based on a relatively small sample of six cases, which nevertheless were situated in a wider secondary data analysis and hence such choice was justified. Although such a situation may limit the generalisability of findings, it also opens an agenda for further research; for example, a large national survey of rural community benefits from CSM cooperatives described in a previous subsection. It is also important to emphasise that the conceptual framework used in this study can have wider application for study other than rural contexts, for example urban settings, as well as researching other rural place-based tools. Other constraints of this research were the extensive reliance on the recorded interviews provided by the founders of the six CSM cooperative cases, even though this was supplemented by significant amounts of participant observation and visits to the field sites. Nonetheless, as noted in the methodology chapter three section 3.6.3, there were access issues to interviewing participation from the village actors who were not directly involved in the initiative, as many actors are reluctant to outline the institutional arrangements. These issues are a methodological constraint in such research, which opens the avenue for future study, where for example village surveys could be used to measure the residents' attitude to the CSM cooperatives.

Chapter Seven: Conclusions and recommendations

7.1 Introduction

This is the final chapter of this thesis, which concludes the study of CSM as an institutional arrangement in place-based rural community development. The chapter consists of three parts. The first part provides an overview of the research and concludes by answering the research questions posed in chapter one as well as conceptual implications. The second part highlights the theoretical and empirical contribution to academic knowledge. The final part provides recommendations for future research and policies based on the key findings.

7.2 Research overview, key findings and conceptual implications

The key objective of the research was to examine the extent to which CSM can contribute to a more sustainable trajectory of place-based rural community development. CSM was conceptualised as a specific institutional arrangement, which originated in the nineteenth century British cooperative movement and re-emerged especially in rural areas at the start of the twenty first century. The quest for more sustainable rural community development was seen as part of a wider shift to a newly proposed approach in rural development, which calls upon building on the strengths of the rural context rather than stressing its weaknesses (OECD 2017). CSM was considered as a potential delivery tool in this new place-based approach (Horlings and Marsden 2014). In order to explore the strength of CSM for rural place-based development, the study used a mixed multi-case study approach, where the process of setting up the rural cooperatives was investigated retrospectively in six different rural communities utilising diverse assets. Specifically, the subject of investigation was the process of establishing CSM in a rural setting and its consequences, such as the nature and level of community engagement as well as community benefits and their compatibility with place-based development principles. The study found that CSM allows rural communities to become less state-dependent and more active citizens and communities, shaping their own places through physical and psychological ownership of the place assets. Also, the flexibility and adaptability of the model allows CSM to work in diverse rural contexts, presenting CSM as potentially a highly suited institutional arrangement for practice of place-based rural development. However, the institutional environment and capability required for CSM to work may not be present in all rural places. The remaining part of this section answers the three research

questions posed in the introductory chapter of the thesis (chapter one section 1.4) and reflects on the conceptual implications of the study.

What was the purpose of creating CSM cooperative and why this model was chosen over other available structures?

The first question sought to identify the key objectives for setting up rural CSM cooperatives and key factors behind selection of this particular model. Addressing this question has enabled understanding of the nature and role of CSM cooperatives within rural communities and the reasons behind its popularity in rural places. The analysis has shown that, in regard to the primary purpose of CSM, there was some disparity between CSM experts such as representatives of CSU or Wales Co-operative and rural communities. While those actively promoting the model saw CSM predominantly as a tool aiding development of social capital, the rural communities strongly articulated the economic reasons, notably the opportunity to develop a long-term asset base and to rescue a local trade facility such as pub or shop from closure. Although most rural communities studied in this thesis admitted that the process of setting up CSM cooperatives enhanced their sense of community and social capital, notably through the community engagement process, this was nonetheless found to be more a side effect than a deliberate intention. Nonetheless, the clear distinction between economic pragmatism and social needs was observed only in one type of CSM, that of CS. In the second type, CBS, such separation between economic and social purpose was not detected. This means that primacy of economic self-interest and pragmatism over social need may be true for some rural communities using CSM, but not for the CSM structure as a whole. In relation to economic pragmatism, the Welsh context revealed that prevalent grant culture was seen as a significant barrier to developing a more viable economy within rural places, whilst CSM offered an institutional arrangement that could endure over short-termism of grants. This is not only because CSM was found to work well with long-term physical assets such as buildings, car parks or renewable energy turbines, but because of the configuration of two design features in one type of CSM, that of CBS, which has the ability to issue community shares and contains an asset lock. The ability to obtain start-up capital through community shares that were mainly purchased by local residents was a radical changer for rural places, because they could rarely meet the threshold set by financial institutions before modern re-appearance and diffusion of community shares. The

asset lock. which prevents assets in community benefit societies from being sold for profit, allows this type of CSM to extend trade activities over time for the benefit of the community and gives confidence to community shareholders and rural communities at large that any attempts to make CSM a money-making machine can be legally quashed. This means that, in the rural context, CSM and especially CBS, offers an institutional arrangement that provides rural communities with longevity and self-sufficiency, taking ownership of the local physical asset able to generate profit through trade activities while allowing the benefits to be dispersed across the wider geographical community rather than a few individuals.

What were community inputs and outputs during and shortly after setting up the rural CSM cooperatives, as well as key success factors allowing the venture to be created?

The second question had three components and sought to understand first the community input while setting up CSM cooperatives, second the type of benefits that such rural enterprises offered to the communities, and third the main external and internal factors enabling the successful creation of rural CSM cooperatives. In regard to the first component, the research demonstrated that the key community input was the process of rural CSM cooperatives creation as a successful exercise in community engagement, mainly because it offered a wide variety of engagement methods for the local community. The methods ranged from filling in surveys, attending public meetings, volunteering for roles which included directorial positions or work maintenance, to becoming a co-owner of the CSM cooperative by purchasing community shares. Having such diverse opportunities for involvement that required different levels of resource and commitment, increased the probability of member involvement. The ability of ordinary community members to purchase community shares was found to be a unique method of community engagement in the context of place, because it offered opportunity for the enterprise to grow deeper roots within the given geographical community through mutual reliance, as the community depended on the service provided by the CSM cooperative, and the cooperative depended on local residents' start-up capital and management in order to survive long-term.

Regarding community output from rural CSM cooperatives, this thesis found different trends in the dispersion of socio-economic benefits, which were predicated mainly on the type of asset used. Public buildings such as shop or pubs offered the most

opportunities for both social and economic domains, which included, but were not limited to, increasing rural cohesion through restoration or strengthening of the local social networks and providing local employment opportunities. The renewable installations offered the least direct prospects of addressing the societal aspect, albeit the economic benefits in the form of an asset base generating profits for the community could be significant. An interesting aspect of socio-economic benefits was found when the asset acquired by the community involved part of the high street in a rural town, where the most pronounced gain was the ability to influence the governance of the local economy. The ability of CSM to work with different local assets and deliver a variety of socio-economic benefits in the rural context makes the model a flexible tool for place-based rural development, which emphasises that diverse rural settings require more accommodating mechanisms.

As for the main success factors in creating rural CSM cooperatives, the study revealed that the key external factor was the availability of supportive infrastructure in the form of national and regional business support organisations, while the most important internal aspect was careful business planning and consideration of market opportunities. The role of a national support organisation such as CSU was to build a coherent framework for standardising the practice of setting up new CSM cooperatives across the country, which before 2012 was irregular and undeveloped. Regional organisations such as Plunkett were found to be crucial in not only providing support and guidance throughout the process directly to rural communities, but also in diffusing CSM because they actively advocated this model for rural areas. Key internal success factors were identified as careful business planning and market consideration, which were found to be essential not only for the successful creation of rural CSM cooperatives but also for increasing the prospects of their long-term survival, since income is generated primarily from trade activities. The prioritisation of the hosting community needs over a clear focus on market realities was not only found to jeopardise the long-term viability of CSM project, but also revealed the tensions between the social and economic side in CSM cooperatives, especially pubs, that find themselves in the perpetual cycle of state grants dependence instead of financial self-sufficiency. This may act contrarily to the intentions of organisations promoting CSM. Thus, one of the biggest challenges for rural communities themselves in ensuring a successful path to long-term survival of their CSM cooperative is to reconcile the tension between the ability to generate sufficient revenue from trade and responsiveness to the needs of the hosting community.

What are the main opportunities and challenges for CSM as a tool for rural community place-based development?

The last research question aimed to explore the strength of CSM as a potential practical tool for place-based rural development. Based on the research findings, the thesis found several main advantages and disadvantages of CSM in the practice of more localised socio-economic activities in rural places. The most important advantage was the ability to allow rural communities to move away from grant or subsidy culture towards investment in their own underutilised local resources, which enabled rural actors to actively shape their future, rather than being a backdrop for governmental policy prescription. This means that CSM was able to respond to at least the following three postulates of the rural place-based approach, enabling rural communities to steer local development projects, utilise the local resources, and focus on investment opportunities. It is important to emphasise here that the study results indicated that CSM potential as a place-based tool went further than barely meeting the above criteria. First, the steering of the project in CSM cooperatives was found to go beyond mere operational management, as it included legal ownership of the venture, stipulating total control of the project by the community. Second, the usage of local resources extended from physical infrastructure to human capital in the form of semi-retired or retired rural residents with business and people organising skills. The universality of the structure combined with the flexibility to adopt to particular diverse local contexts allowed for relatively easy adaptation and spread of the structure across geographical spaces. Finally, the ability of CSM to work with number of various assets indicated that socio-economic development in rural places can be achieved through other trades than merely agriculture.

The study has also found some challenges in CSM as a potential tool for more sustainable rural development. As key characteristics of the institutional environment necessary for the implementation of CSM found in this research were the presence of skilful individuals able to develop projects, as well as an underlying level of community cohesion, it is unlikely that all rural communities display the above qualities. This presents the challenge of uneven capacity in rural places to take advantage of CSM cooperatives. Other concerns that emerged in this study were the long-term issues with some aspects of CSM governance, notably the recruitment of successive management teams and the effectiveness of the decision-making process. Nonetheless, the evidence in the study indicated that this could be mitigated by

dividing asset ownership and operational activities into two different legal structures such as CIC.

After considering the above opportunities and challenges of CSM for rural place-based development, this study concludes that the model, especially CBS, offers a substantial and effective tool and an institutional arrangement in the practice of rural place-based development that is suitable for some, but likely not all rural communities. Its usefulness in the rural context nonetheless cannot be overlooked and therefore the study argues that CSM should be considered as one of the possible delivery tools in improving the sustainability of rural communities and, more generally, making rural areas more sustainable places in socio-economic terms.

Conceptual implications of the study

Given the paucity of academic research on CSM (Cabras 2011), the thesis makes valuable contributions to the conceptualisation of CSM. The literature review (Figure 2.1) used the four interrelated concepts of third sector, cooperatives, sustainability, and place-based rural development to unpack the idea of CSM. Based on the study results, these four concepts can be re-examined to expand our understanding of CSM. In relation to cooperatives and CSM (Cabras 2012), this study adds more details about the relationship between CSM and the UK cooperative movement, suggesting that CSM is the first legally defined cooperative business model in the UK (Gesden 1961, Fay 2014), and hence CSM is also likely to be the most widespread and popular type of cooperative structure in the UK. Additionally, as CSM has lasted for over one and a half centuries (IPS was set up in 1852), it means that CSM constitutes an enduring institutional arrangement (Martin 2008). Regarding the notion of the third sector, the thesis identifies the specific characteristics that makes CSM an attractive tool for community investment (Brown 2008), which are: asset co-ownership, entrepreneurialism and self-sufficiency over grants culture. In relation to sustainability (Horlings and Marsden 2014, Lehner 2016), CSM has potential as a very effective tool as it can deliver socio-economic community benefits simultaneously. Finally, in relation to place-based rural development (OECD 2006, Barca et al 2012, Pugalis and Gray 2016), this study displays CSM as a practical example of a place-based tool, whose strength lies in its universal character and ability to be easily adapted to various rural contexts.

The conceptual framework presented in the literature review (figure 2.3) that guided this research and aided answers to the research questions also contributed to the conceptual debates about the main drivers behind the development of CSM in rural places, and the way in which institutional arrangements develop in a micro-institutional environment such as rural settlement. The key theoretical lens adopted in the conceptual framework of the thesis was the institutional approach proposed by Martin (2008). The two key components of the framework were the institutional environment, that is preconditions for the institutional arrangement to be adopted, and the institutional arrangement itself, which in this study referred to the cooperative structure of CSM. In regard to the process of setting up the institutional arrangement, the study indicated the importance of the third-party link between institutional environment and institutional arrangement, which in this study were local/regional business support organisations. These organisations were crucial in the process of institutionalisation of the CSM in rural communities because, first, they made communities aware of the model and, second, they provided guidance and support for the implementation of the model. Regarding the institutional environment, this study suggested that the key drivers of developing rural CSM cooperatives are new incomers and retirees. As Bosworth and Glasgow (2012) suggested, these individuals not only tend to have more disposable income, and hence can purchase community shares, but also they usually have accumulated professional, often business, experience and people organising and management skills, which as this study shows were vital for initiating the project and engaging the wider community.

7.3 Contributions and recommendation for future research

The thesis makes several valuable contributions to academic knowledge. On the conceptual level this research added an additional element to the institutional approach in economic geography proposed by Martin (2008). Martin offered two main components of the institutional approach, that is institutional environment and institutional framework. This study adds the third component, the third-party link that connect these two spheres. This research also suggested that the main drivers of the rural CSM cooperatives at the community level are retirees and new incomers to the countryside, a theme which has not yet been explored by CSM studies.

In regard to expanding knowledge about the CSM phenomenon in the rural context on a more general level, this thesis provides a first evidence-based systemic study of CSM in the rural context, where more than just one type of rural asset was examined. Existing studies which focused on CSM potential for socio-economic rural development either considered only one kind of asset such as rural pubs (Cabras 2011) or as in the case of renewable installations (Seyfang et al 2013), the enabling role of CSM for community energy diffusion was totally omitted. Cross-examination of four types of rural assets that used CSM in this study allowed understanding of the flexibility and adaptability of CSM to various rural contexts, despite its being a universal institutional arrangement, challenging the assumptions presented by Lionais (2012) that place-based institutional arrangements cannot be replicated due to their ties to specific places. Given the paucity of research on institutional arrangements and institutions in rural context, this study also demonstrates that the institutional and organisational framework matters, because the way in which the organisational structure is responsive to the geographical context can enable or hinder the socio-economic development of a given place, a point often overlooked in rural development studies. The research also broadens the understanding of the main purposes for which rural communities set up CSM cooperatives (Mayo and Ross 2009, Cabras 2011, Plunkett Foundation 2011), in that rural communities not only use CSM to rescue rural facilities such as pubs or shops against closure, or to contribute to action on climate change (Seyfang et al 2013), but also to set up a long-term asset base within the community. Although economic pragmatism was found to be strongly manifested across most case studies in this research, social goals were also vital for the communities, especially rural pubs, which is somewhat contrary to the argument of Mazzarol et al (2011) who argued that all cooperatives including CSM are primarily concerned with the economic self-interest of the groups and communities that use them. Finally, in the literature review the study brought together scattered background information about CSM, providing one consolidated reference point for anyone who wishes to understand the circumstances of CSM re-emergence, and for those who will do future research on CSM.

Concerning contributions in relation to specific studies about CSM in the rural context, the thesis either confirms, expands or contradicts several findings made by Cabras (2011). First, while this study confirms that rural pubs or shops have significant potential to contribute to both social and economic aspects of rural community development simultaneously, it also expands this argument by indicating that community energy schemes could also be successful in this domain, if they treat the

CSM cooperative in an instrumental way and attach it to the parent-company responsible for delivering socio-economic benefits. Second, it reinforces the argument about CSM ability to contribute to social cohesion through identifying the exact mechanisms and tools that CSM structure enables during the setting up process. Third, it expands the inventory of success factors by showing the importance of business support organisations and business planning factors which during Cabras' study may not have been relevant, due to the early stage of CSM diffusion and standardisation of practice. Finally, the research shows that, although state grants may be helpful for rural communities to purchase their pubs as Cabras' study found, they may also act as a barrier for developing financial self-sufficiency and so jeopardise the long term survival of the pubs.

On a more general level, this thesis developed the conceptual framework for researching other place-based development tools by connecting two previously unlinked studies, that is the theoretical assumption in place-based rural development, notably the ability to utilise underused local assets (OECD 2006), and the criteria for place-based institutional arrangement proposed by Lionais (2012). This aided the exploration of CSM effectiveness as a place-based tool, and this conceptual framework could be applied not only to examining other rural place-based tools, but also to tools used in the urban context.

Finally, this thesis establishes a link between the separated research areas of cooperatives using community shares and social and sustainable finance (Lehner 2016), through identifying the compatibility of CSM cooperatives investment logic with those proposed by theoretical underpinnings of SSF. This is based on deliberations in chapter six section 6.3.4, where CSM was found to be underpinned by two new investment logics named by Lehner as sustainable and visionary, both of which put emphasis on the impact investment.

The results of this thesis raise a number of further questions for future research on CSM cooperatives and place-based rural development, especially since this research is the first systematic study exploring the use of CSM in a rural context. Hence this thesis recommends the following four avenues for further research. First, a large-scale study such as a national survey of the benefits of rural CSM cooperatives could provide much a broader understanding of CSM advantages for rural places, especially for public bodies and policy makers, amongst whom there is little awareness of CSM opportunities for rural development policy. Such research could also examine the economic benefits produced from community energy schemes, an issue that present

study could not verify as the schemes did not operate for long enough at the time of gathering data. Research covering a large sample could also address the main methodological constrain of this thesis, which was the use of a relatively small sample of six cases. Second, a study examining the issues of governance in CSM cooperatives and their overall influence on venture performance, as well as local market functioning, could highlight the ways in which CSM cooperatives overcome the challenges identified in this study with succession leadership and the democratic decision-making principle, and how they affect local competition and relationships with local authorities. A third recommendation for future research is to examine how CSM cooperatives, especially rural pubs and shops, reconcile the necessity to secure sufficient revenue from trade to sustain themselves financially with the needs and obligations towards the host community. The insights from such study could not only provide valuable advice for the practice of CSM cooperatives, but also verify whether a more entrepreneurial use of the model is more prevalent amongst rural communities, as envisioned by community shares experts. The fourth research recommendation concerns the aspect of leadership in CSM cooperatives. The research indicated that rural residents with accumulated social and economic resources were necessary elements of the institutional environment for the creation of CSM cooperatives and further research could explore the community leadership aspect of place-based development. The new study could for example explore how leaders in rural CSM emerge, how they inspire others to participate or how they have confidence in their ability to make it happen and to create more sustainable rural communities. The final recommendation is to conduct a comparative study of urban examples to evaluate whether underlying conditions of skilful leadership and some sense of community cohesion, as well as business support and long-term planning, are also essential for the successful setting up of CSM cooperatives.

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Appendices

Appendix 1. Interview themes master guide:

Users of Co-operative Society and Community Shares (rural cases)

Setting the scene
<ul style="list-style-type: none">▪ Can you tell me what do you enjoy most about (name of place)?▪ How would you define community in the context of place you live?▪ What is/are the most urgent/main problems facing your community?▪ How do you understand the idea of sustainable community in the context of the place you live?
Motives to start up the project
<ul style="list-style-type: none">▪ Can we go back to the (time before forming Co-operative Society (i.e.: 10 years ago) and can you tell me how did the place, asset (pub, shop) function back then?▪ What is (name of the Co-operative Society) for you?▪ What made you to start to think about taking action?▪ What made you think that you are capable of taking action▪ What was/were the first step(s) you took to start the action?
Project story
<ul style="list-style-type: none">▪ What happened after taking first steps?▪ How did you find out about the organisational form of Co-operative Society and why did you decide to use this form of organisation?▪ How did you find about the idea of community shares and what did you think about this idea?▪ Other forms of financing project and how did you go about it?▪ At what stage did you prepare a business plan and how did you go about it?▪ How did you go about involving wider community? (i.e.: communicating share offer, volunteering, offers of employment)▪ How did you get media involved, what was the media attitude, how did you deal with that?▪ How people responded to the share offer? In your opinion why people bought share offer? Are shareholders local?▪ What happened next?▪ How did you deal with legal requirements such as registration of Co-operative Society, planning permission etc.?▪ Was there strong opposition, how did you deal with that? What kept you going?▪ What happened next?▪ What was the attitude of local authorities? How did you feel having their support or not?▪ How did you feel when Co-operative Society started to trade? What was the reaction of community?
Operational side of the project
<ul style="list-style-type: none">▪ What is the bottom line (income) of your Co-operative Society?▪ Do you employ managers to look after operational side of your project, why, why not? Does an intermediary look after the administrative side of your project?▪ Are traders and suppliers local/nonlocal? How would you describe your

<p>relationship with them?</p> <ul style="list-style-type: none"> ▪ Number and character of employment, volunteering in your Co-operative Society? ▪ How do you ensure that interests of wider community are represented in your Co-operative Society? Is shareholder recruitment ongoing? How do you communicate with shareholders? How can shareholders contact you (office, email, phone etc?) ▪ Is online presence important for your Co-operative Society, why? ▪ Connections with similar projects in your area ▪ Plans for the future, how far ahead do you plan?

Practitioners (Experts) of Community Shares model

Setting the scene
<ul style="list-style-type: none"> • Can you please introduce yourself and say few words about your professional backgrounds? • How did you become aware of CSM? • Has your understanding of Co-operative Society/community shares evolved over time and if so how or in what way? • What were the key organisations/institutions involved in development of CS market?
CSM
<ul style="list-style-type: none"> • What do you think are main issues that CSM attempt to address? • Are community shares different from other sources and methods of financing (i.e.: bank loans, grants) and if so why? • Are there any specific sectors, places) urban, rural), groups that are keener to use CSM, and if so why? • Are there disadvantages or potential disadvantages to using community shares? • In your opinion who are the key advocates of using community shares in rural/urban areas? • From your experience, what is/are the key success factors in the process of setting up co-operative society and launching community share offer?

Appendix 2. Examples of interviews

Interview with CS practitioner (Community Shares Unit)

I: But how do you understand the notion of 'community' Because for instance when we talk about community shares and regular shares, one could argue, well regular shares are type of community shares too, community of people whose interest is to buy regular shares. So how do you draw the line here, what is the difference in community shares?

R: Well, to me it's about, it's best understood on the access of alienation and identity. People don't feel they belong, they have no sense of belonging, and in the context of the enterprise that's absolutely the case that many people don't feel particularly, for instance they feel no connection with pension funds. They feel no connection with any investment, it has nothing to do with them, and it's just there. Increasingly, that sense of atomisation and alienation has spread into communities, so people have no identity, and it has a profound effect on people's lives. I mean what community shares is about is divvies within the process of community building and giving people back some sense of whom they are and who they care about. A lot of this, I mean the community, the journey to community share and I just need to give a little bit of history around that. [REDACTED] was key person. And he is sort of Community Development expert on asset transfer type issues. He was commissioned by what was then The Development Trust Association, to write a book about these phenomena of societies that were issuing. In late 2008 there was a competition run by Cabinet Office for research proposals that had to find another sponsoring operational department in the sort of social enterprise sphere, right it's coming out of the Office of Civil Society as it's now and then it was The Office for the Third Sector. And Locality secured the money. So Cabinet Office grant matched by Department of Communities grant to run this research programme. And at the first meeting we had, they invited Co-ops UK into this, right. And at the first meeting when we started to imagine this research programme, we said what shall we call it? And we thought, why we don't call it community shares. And the reason is very straightforward why we were doing this, because you know, as soon as you say to someone: We think you should buy withdrawable share capital in industrial and provident society – you already lost 99% of the population, who already switched off, or went to sleep or wonder what the hell you on about and what's this to do with me. And when you say community shares, people say, oh what's that? You know, it sounds interesting. So a lot of this it's been about branding.

Interview with NCS case study

I: Right, great, so now what is NCS for you then?

R: Um, the society was brought into being to achieve particular thing, which was to rescue the village from nothing but a collection of houses. Um because when The Pheasant closed in 2006, it left village with nothing other than a small charge which is a very small congregation, and literally if that remained the case, the village would not be a community, it would just be a scatter of houses all over the road, and with no social networks, no social interaction and whatever. I happened at that time to be chairman of the Parish Meeting, which is sort of an informal equivalent of a Parish Council and some people started making the noises about we need to do something about it, then I was a person sitting in a hot seat I guess.

I: Right, um so what made you think that you are capable of being a person on a forefront of such of development, or perhaps you didn't?

R: I think it's probably one of those challenges that appears to the community, um and the question is, is it achievable, looking at the resources around. In terms of my own role, well I sat, I've been sitting in the hot seat, so I was the person who was going to somehow try and make it happen. And yes I have a background in the industry, I've managed businesses, I've managed big businesses, um and you think oh well if other people can do it, why can't we.

I: Right.

R: I think the key part in the whole thing though was first of all getting very clear local support.

I: When you say local support, who do you mean?

R; I mean people who live in the village, the people who will be directly concerned and affected, because as I think you understand the way we brought the project to fruition was by building houses, um which yielded 2/3 of the funds we've required, um and building houses in greenfield sites in a conservation area it is something that would normally get 0 support, but it's also one of our most favourable factors in a sense that, because somebody has taken away from the village, something that they didn't want to lose by the pub, the opposite they closed it, there was a very clear desire to have it back, the very focused desire to have it back

Appendix 3. List of analysed documents in multiple case study stag

NOMIS Local Area Reports for areas in England and Wales

Manordeilo and Salem Ward Local Area Report

Llangattock Parish Local Area Report

Llan Ffestiniog Built-up Area Local area Report

Cardigan Parish Local Area Report

Neenton Parish Local Area Report

Grampound with Creed Parish Local Area Report

Share Offers:

Carmarthenshire Energy Ltd Share Offer 2015

Carmarthenshire Energy Ltd Share Offer 2017

Llangattock Green Valleys Micro Hydro (1) Co-operative Limited Share Offer Document 2013

Llangattock Green Valleys Micro Hydro (2) Co-operative Limited Share Offer Document 2014

4CG Limited Community Share Offer 2010

4CG Limited Community Share Offer 2012

Grampound Village Store Community Share Offer 2013

Business Plans/Information Brochures

Grampound Village Store Business Plan 2013

Pengwern Cymunedol Information Brochure 2011

Pengwern Cymunedol Information Sheet 2011

Pengwern Information Brochure 2016

Neenton Community Society Business Plan and Share Offer 2013

Mutual Societies Annual Return Forms

Carmarthenshire Energy 2016

Llangattock Green Valleys Micro Hydro (1) Co-operative Limited 2016

Llangattock Green Valleys Micro Hydro (2) Co-operative Limited 2016

Neenton Community Society Limited 2016

Pengwern Cymunedol Ltd 2014

4CG Cymru 2010 Ltd 2016

Grampound Community Shop Ltd 2016

Other Report and Accounts

Llangattock Green Valleys Community Interest Company Reports and Accounts

Neenton Community Trading C.I.C. Report of the Directors and Financial Statements

Other documents produced by the societies

Llangattock Green Valleys newsletters

Presentation slides: Neenton Community Society. Restoring the Pheasant Inn as the hub for our community.

Appendix 4. Participant Information Sheet



Sustainable Places
Research Institute
Sefydliad Ymchwil
Mannau Cynaliadwy

Participant Information Sheet

Study Title and Principal Researcher:

*Building sustainable (rural) communities through place-based financial arrangements.
A case study of community shares.*

PhD Researcher: Justyna Kachniarz: kachniarzj1@cardiff.ac.uk

Phone: 02920 876441

You are invited to take a part in the ongoing programme of doctoral research on the theme of sustainable communities at Cardiff University's Sustainable Places Research Institute. Before making a decision about participation in the above research project it is important for you to understand what the research is about and what it will involve.

What is the research about?

The research aims to identify drivers of schemes known as 'community shares' and explore their application to more sustainable trajectories of rural development in UK. The project seeks to understand what community shares are; who is involved in them; why they are popular and how they operate in non-urban areas. This study is funded by Cardiff University.

What is involved?

The research will be carried out by doctoral candidate Justyna Kachniarz. Justyna plans to spend time working with the project, helping as a volunteer, speaking to the people involved and watching what happens. Numerous people involved in community shares will be invited to take a part in the interviews to ensure that findings reflect a diversity of voices. Justyna will keep a diary about unfolding events and may take photographs on-site.

Why have I been chosen?

You have been invited to participate in the study, because you have experience with community shares schemes relevant to the questions and issues being studied. Your participation in this research will inform a larger study which will involve community shares schemes, policymakers, transnational bodies and intermediaries such as consultancies helping to launch the share offers.

What will I be asked to do?

If you agree to take part in the study, you will be asked to participate in the up to 1 hour interview conducted by Justyna at a location convenient for you, reflecting on and responding to various aspects of community shares. You won't have to respond to questions that you are not comfortable with, or do not wish to answer. You may also be

invited to subsequent activities such as group discussion or another interview, in which case you will be contacted directly. Subsequent activities may take up to two hours.

Do I have to take part?

It is your choice whether or not to take part in the research. If you decide to participate, you will be given a copy of this information sheet to keep and be asked to sign a consent form. If you decide to participate you can withdraw at any time without giving a reason.

Will anyone know it is me?

All answers/ conversations will be anonymised and your name and details identifying you will be kept confidential, unless otherwise negotiated by prior written/email consent. In published materials, any information that may reveal who you are will not be written about.

What will happen to the collected data and results of the study?

All recordings and transcripts will be treated confidentially and will not be shared with others. They will not have your name on them. Recordings of interviews will be deleted, once project is complete. The result of the study will be written and submitted in a form of a doctoral thesis as part of a PhD in Human Geography at Cardiff University. The results of the study may be also submitted to academic journals for publications, used for academic conference and seminars. Transcript of your interview(s) can be provided by request.

Who is organising the research?

The doctoral candidate responsible for conducting the research is Justyna Kachniarz. The study is supervised by Professor Terry Marsden and Dr Ria Dunkley who are based at Cardiff University and are affiliated with its Sustainable Places Research Institute.

Contact for Further Information

You can address any questions about the research or what is involved to Justyna Kachniarz at kachniarzj1@cardiff.ac.uk. You can also contact the supervisory team: Dr Ria Dunkley: dunkleyra@cardiff.ac.uk and Professor Terry Marsden: MarsdenTK@Cardiff.ac.uk If you would like to raise any concerns about how any aspect of this research has been conducted, please contact the School Research Ethics Committee chair for Planning and Geography, Dr Gareth Endicott at: EnticottG@cardiff.ac.uk or phone 02920 876 243.

Thank you for reading this information sheet and for considering participation in the study. Your contribution is highly appreciated.

Appendix 5. Consent Form



Sustainable Places
Research Institute
Sefydliad Ymchwil
Mannau Cynaliadwy

Consent Form

Building Sustainable Rural Communities Through Place-based Financial Arrangements: A case study of Community Shares.

- I confirm that I have read and understood the information sheet for the above study and that I have had the opportunity to ask questions about it.
- I confirm that I am willing to participate in the above study.
- I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason.
- I agree to interviews/focus groups being audio-recorded.
- I agree to being quoted in academic publications and understand that any responses used in the study will be anonymised.

_____	_____	_____
Name of Participant	Date	Signature
_____	_____	_____
Name of Researcher	Date	Signature

Appendix 6 The Pheasant Sample menu



The Terrace Garden Menu

Small Plates

- Marinated Olives, Home-made Focaccia & Dips (V,G,D) £6
- Coronation Chicken Crumpet with Pickled Kohlrabi & Fresh Apple £8
- Seared Cornish Cod Loin, Buttered Hispi Cabbage & Spiced Chicken Butter Sauce (G) £9
 - Chorizo Scotch Egg & Saffron Aioli (G,D) £7
 - Crispy Mac 'n' Cheese Balls & Bacon Jam (V,G) £6.5
 - Lamb Ragu Gnocchi & Parmesan £7
- 'The Pheasant Classic' Wild Mushroom, Garlic, Pea & Herb Tagliatelle (V,G,D) £6.5
- Grilled Asparagus, Duck Egg, Wild Garlic Emulsion & Chorizo Jam (V,G,D) £7.5
- Crispy Breaded Cauliflower Katsu Curry & Pickled Radish (V,G,D) £6.5
- Bridgnorth Pork Fillet, Roasted Shallots, Beetroot & Sour Cream (G) £7
- Grilled Plaice Fillet, Buttered Kale & Whisky Peppercorn Sauce (G) £8
- Roasted Lamb Fillet, Spiced Aubergine Puree, Dukkah & Red Wine Reduction (G) £11
- Lebanese Pearl Barley Salad, Grilled Purple Sprouting & Yoghurt Dressing (V,G,D) £6.5
- Spiced Duck Terrine, Home-made Flatbread, Tomato & Coriander Chutney (D) £7
- Crispy Marmite Polenta, Crispy Poached Egg & Herb Aioli (V,G,D) £6.5

Sides

- Hand Cut Skin on Chips, French Fries, Buttered New Potatoes, Onion Rings
- Chilli & Garlic Tossed Purple Sprouting, Mixed Vegetables

£4

Desserts

- Banoffee Panacotta, Peanut Butter Biscuit, Yuzu, & Honey Tuille £7
- Sticky Toffee Pudding, Toffee Sauce & Vanilla Ice Cream £6.5
- Lemon & Bay Leaf Posset, Sliced Grape, Hazelnut Crumble & Rhubarb Sorbet (G) £6.5
- Parsnip, Orange & Honey Cake, Lemon Thyme Mascarpone £6.5
- Caramel Apple Tart, Vanilla Anglaise & Praline Ice Cream £6.5