

GET INVOLVED

Mutuality is at the heart of Foundation East. It is local members, rooted in the community, who will ensure our long-term success. Increasing numbers of individuals and businesses across the east of England are realising the positive impact our work can have on their communities and support us in our work by becoming members. Members are encouraged to get as involved as they wish in our work, including standing for election to the board at the AGM.

Our Industrial and Provident Society enables us to issue shares to investor-members. This 'ethical investment' will provide more lending capital for us to invest in enterprises and more members to help direct our work. Raising further investment is also crucial to our future. Current members include local businesses, individuals, voluntary groups, borrowers, housing associations and organisations involved with business support. The work that Foundation East does is radical and is noticed nationally, it has inspired membership from a wide range of stakeholders including both Barclays and the New Economics Foundation. If you know of anyone who might be interested in becoming either an individual or corporate member, please ask them to contact us and we will send them an Information Document.

"Barclays recognises that financial exclusion is a real problem in today's society. We also recognise the potential of community finance institutions, such as Foundation East, to deliver financial sustainability and reach the disadvantaged in the societies they serve. If community finance institutions are to be successful in this, we believe that they have to innovate, to find new ways of doing things, to examine their processes and challenge their ways of operation. Foundation East does all of this and we are proud to be a corporate member."

Jenna Eastlake, senior financial inclusion manager, Barclays Bank

"I see evidence of the positive effects of financial inclusion on a daily basis through my work in a bank, so, as a local person I feel compelled to support Foundation East. Foundation East allows new businesses that would otherwise never get past the ideas stage to be born and to flourish. Through doing so, it delivers untold benefits to our region, including the creation of jobs, wealth and associated positive social impacts. Foundation East also provides loans and guidance to disadvantaged individuals within our communities, enabling them to find a way out of the poverty gap without having to turn to unethical sources of finance. Without the support of members Foundation East would not be able to do this."

Andrew Syrett, Chelmsford, Essex



Foundation East

Saxon House, 7 Hillside Business Park
Kempson Way, Bury St Edmunds, IP32 7EA
www.foundationeast.org

t: 01284 757777

f: 01284 719089

e: info@foundationeast.org

Foundation East is the trading name for Suffolk Regeneration Trust Limited, an Industrial and Provident Society no. 29722R, an exempt charity registered in England and the wholly owned subsidiary Suffolk Regeneration Limited, a non-profit company registered in England, No. 4969336



Foundation East

ANNUAL REVIEW 2005 - 2006

...investing in the Eastern region

FOREWORD FROM THE CHAIR

It's difficult to distil all that has happened since our last review into a foreword. Perhaps the best place to start is our name change, since many of you may be wondering what Foundation East is.

From May 2006 Suffolk Regeneration Trust (SRT) will be known as Foundation East. The reason is to better reflect the geographic breadth of our work. Since our launch, we have been responding to demand across the eastern region - from Norfolk, Essex and Cambridgeshire - as well as Suffolk. The board has recently accepted the need to officially roll out our services on a regional basis and our staff are busy preparing plans to secure the funding and partners to do this. This being so, our name no longer reflects our remit - hence Foundation East.

A symptom of such growth is the need for space. It is this that led us to relocate into our new offices in Bury St Edmunds. The fact that we have not only coped but are thriving is a tribute to the extremely hard work of our staff, the direction of our board and the vision of our funders and supporters.

In the last report I highlighted the importance of identifying the benefits we deliver. Our work in the past year clearly demonstrates that a need exists and that satisfying it brings economic and social benefits. Future reports will continue to document our progress while demonstrating that we will carry out these tasks on an increasingly sustainable basis.

I look forward to increasing our membership in the coming year and providing a regional dimension to our mutual society. We will grow in strength and capacity through using the skills and experience of our current members, and by widening our membership base. Please do contact us to get involved.

Jim Murray, Chair, Foundation East

Foundation East is an Industrial and Provident Society, a mutual non-profit organisation established for community benefit, with open membership. The board of directors is elected annually from its membership in a one member one vote ballot. Directors serving in the last year include:

Andrew Budden

Iain Dunnett

Stephen Chicken (resigned 06/01/2006)

Carol Deslandes (resigned 10/11/2005)

Ellen Lederman

Yvonne Morgan

James Murray, Chair

Martyn Rouse, Treasurer

Christopher Storey

Peter See

Amanda Sturgeon

Neil Taylor

Ellen Tilney (resigned 31/05/2005)

Deborah Wildridge

Belinda Bell, Secretary

*Right:
Jim Murray, Chair*



THE CHIEF EXECUTIVE'S REPORT

This review contains our second set of audited accounts which demonstrate that Foundation East has grown substantially. We are set to continue to do so in the coming year. To date, our business lending has resulted in the creation of over 60 jobs and secured a further 30. We are also beginning to see our first clients settling their loans in full. Some of the personal stories behind these successes are included in this review. We have demonstrated how our work creates jobs and wealth in our communities and we are now looking forward to providing these services wider afield. We expect our business loan portfolio to continue to grow over the coming year and to remain at the core of our business.

We will also see substantial progress in other areas which are key to achieving our mission in the coming months:

- In late Spring our work in personal financial inclusion will result in the launch of a rural community banking partnership. This partnership brings together Foundation East with others central to promoting financial inclusion, such as the credit union, to provide a one stop shop for financially excluded individuals in Reydon, Suffolk.
- Since our inception we have been championing the possibilities and potential of the Community Land Trust model to enable local ownership and control of local assets. This model has come of age in recent months and is beginning to receive more mainstream attention. We are actively working on our first project and look forward to sharing developments with you in the months ahead.

You can read more about these projects and how they are impacting our community in the following pages of this report.

We have achieved so much thanks to the backing and commitment of our staff, members and funders and we welcome involvement from as many stakeholders as possible. Foundation East has a lot to do this year - I look forward to reporting to you on our progress!

Belinda Bell, Chief Executive

WWW.FOUNDATIONEAST.ORG

To date, our business lending has resulted in the creation of over 60 jobs and secured a further 30

*Right:
Belinda Bell,
Chief Executive*



ENTERPRISE LOANS

Many businesses, or people with sound business ideas, can't get a loan or can't get all the money they need from a bank. Without finance, many businesses can't get off the ground. Others can't grow. Foundation East helps people from all backgrounds overcome financial disadvantages and raise money for their businesses - even if their credit or loan application has been turned down elsewhere.

Thanks to Foundation East, last year saw many people achieving their dreams and setting up or expanding a variety of organisations. In fact, Foundation East helped create and secure 90 jobs around the region, within organisations including:

- Forever Kids, a pioneering childcare facility
- The Sorrell Horse, a traditional village pub
- My Juice, a juice bar
- The Music Shack, a rehearsal and recording facility
- All4One, a property maintenance service
- The Dress Barn, a quality clothing outlet
- Salem's Lot, an alternative giftware shop
- Kesgrave Butchers, a traditional butcher's shop
- InkTec, an industrial manufacturer
- Skimmers Plastering, a plastering service
- Melton Under 5s, a playgroup
- The Railway Tavern, a pub and restaurant

All of these organisations are already making important contributions to the communities they serve and have the potential to create further opportunities. This review details some examples.

"Foundation East helps people from all backgrounds overcome disadvantages and raise money for their business. All they need is a good business idea ..."

All4One The Dress Barn

THE BUTCHER'S TALE

LEVERAGING THE GOVERNMENT'S NEW DEAL FOR THE SELF EMPLOYED ...

After almost 30 years in the butchery trade, most recently as an assistant manager in a national chain, Rob Bond decided he wanted more from life. So when he saw a local butcher's shop for sale in the small village of Kesgrave, just east of Ipswich he seized the moment. With a loan secured, Rob left his steady job to begin his journey into self-employment. Then he hit a hurdle. Due to a few problems with the small print the original lender advised they were unable to give Rob a business loan.

Rob was in no-man's land - no job and no finance. So he took the only course of action open. He signed on. "This was a blessing in disguise," advised Rob.

"The job centre made me aware of the government's New Deal for the Self Employed, whereby people setting up new businesses in order to return to work can sign on for the first six months of trading. They also put me in touch with Partners for Business who put me in touch with Lloyds TSB. Lloyds were happy to lend 50% of my start up costs and in turn put me in touch with Foundation East, who lent the other 50%."

Valerie Jarrett, a Business Loans Officer at Foundation East explains: "It is quite common for the banks to be unable to lend to start up businesses or to be able to lend the full amount required because of lack of trading history. We can and do.

"Our loan, backed up by the security of income provided with the government's pioneering New Deal for the Self Employed, has allowed Rob to set up his own business. This has been his ultimate dream after years of training and working for other butchers. He is now able to support his family and is no longer reliant upon benefits."

Rob had an extremely good Christmas and has continued to pick up trade ever since. With his commitment to providing local fresh produce, ideas on how to increase trade based on years' of experience, a strong work ethic and control of finances, Rob's future looks bright.

It is quite common for the banks to be unable to lend to start up businesses or to be able to lend the full amount required because of lack of trading history



THE TRAVELLERS' TALE...

When Claire Lander and David Fisher set off on a world tour nearly three years ago, little did they know the trip would sow the seed for a new business venture. Inspired by the worldwide trend towards healthier living and by the success of the juice bar formula they'd seen working so well around the world, the pair realised they'd stumbled upon a great business opportunity. In spite of having come home with personal debt from travelling, and no proof of income, they were so confident and passionate about their idea that they started looking for property within four days of their return.

'We knew our financial situation was not ideal but we also knew we had a strong case. We had spotted a gap in a fast growth market and we knew how to fill it. So, before approaching banks for funding, we spent 3 months conducting market research, writing a business plan, and searching for the right property,' explained Claire.

'It paid off. We soon found the ideal location in Ipswich. Then, when we approached Lloyds TSB Bank, they immediately saw the potential and agreed to a loan. However, we were only able to gain half of the funds we needed from them. Luckily, they put us in touch with Foundation East, who agreed to lend the rest,' added David.

Leanne Castle, a Foundation East Business Loans Officer explains more:

'There are many individuals with great business ideas who are unable to raise the funds they need to get started. Some, like Claire and David, may be able to get a loan from a high street bank but fall down when it comes to having to at least match the amount loaned. Many others struggle to get anything whatsoever from traditional financial sources. Foundation East aims to help people like this, whatever their background. So long as their business idea is sound, we will try to help.'

'Foundation East's loan allowed us to do what we wanted to how we wanted to. It gave us the breathing space to concentrate on the most important thing - setting up and running a business - instead of having to worry where the next penny was coming from. This space allowed us to get the basics right. The rest has looked after itself,' advised Claire.

The facts speak for themselves. Since launching MyJuice, David and Claire have been awarded the Anglian Business Young Entrepreneur Award and the Institute of Director's Young Business Woman of The Year Award. They now employ 7 people and are looking to recruit further. They have branched out into healthy foods, providing a buffet service to organisations and for events, are working closely with schools in the region to promote healthy living and are looking to further expand by opening a second bar.



PERSONAL FINANCE

We know how difficult it can be for many individuals, as well as businesses, to access affordable finance, this problem is often compounded in rural areas. Indeed, we are witnessing more and more people turning to unsustainable, unethical and unaffordable alternatives, such as doorstep lending. There are associated patterns of social disadvantage in some of our communities, such as poor housing, low income and inadequate services and amenities.

Foundation East addresses these issues on a daily basis. One way is by providing loans to individuals who are unable to borrow from the bank and who's only other option would be unethical lenders such as loan sharks. We can lend between £250 and £5000 to such individuals. We will only lend an amount they can afford to pay and the loan purpose can vary but often includes loans for nursery fees, vehicles, rental deposits, debt consolidation, interview clothes, appliances or for money to tide them over until their first pay cheque.

Although our pioneering personal finance services were not launched until 2005, they are already making a real impact. Here are some examples of how.

WHEN 'ON THE BUS' ISN'T AN OPTION ...

Transport to work is a real issue for many people living in isolated rural communities. Foundation East sees evidence of this often. Recently, Maureen Strickland, Financial Inclusion Officer, was approached by a young woman who lived in a small Suffolk village facing a financial crisis because her car had broken down, a familiar crisis to many low income people living in rural areas.

"This client works hard doing two jobs as a cleaner and a lifeguard. Where she works is too far from where she lives to walk to and public transport in her locality is intermittent, so she is totally dependent upon her car to get to work. When her car needed repairs to keep it on the road, she had no choice – she took out an overdraft," explained Maureen.

But this overdraft was costing £50 a month. Coupled with the exorbitant repayments she was making on a small loan she had previously taken out with doorstep lenders who were charging 400% APR, she was falling deeper and deeper into debt. With the doorstep lender visiting the village regularly the temptation could have been to take on even more debt with them to make immediate day to day living easier. She didn't. She turned to Foundation East to refinance her current debts and help her plan her finances.

"The Foundation East loan has bought me time to get my finances in order. The team there could not have done more to help, they even set up the date of the direct debit to ensure that it was close to when I get paid, helping me to manage my money better. Thanks to them I am slowly getting my finances in order and will even be in a position to start saving soon," advised the client.

...small loan she had previously taken out with doorstep lenders who were charging 400% APR

Bus stop pic to be added

PARTNERSHIP IN PRACTICE

Foundation East has achieved many of its successes this year through collaborative action for the many successes it has achieved this year. Relationships with local councils, voluntary and community organisations and charitable trusts continue to fuel our success and make our achievements sustainable. From credit unions to banks, citizen advice bureaux to job centres and local councils to community action groups - it is through involvement at grass roots level that we are able to best make a positive impact. We are interested in talking to any potential partners across the eastern region about any projects they think we should get involved with.

Here's a taste of how one of our partnerships helped us make a difference this year, providing a model that could be rolled out elsewhere in the eastern region to help people open bank accounts and access affordable and ethical finance:

THE REYDON PROJECT... WORKING WITH CREDIT UNIONS TO STOP DOORSTEP LENDING...

More and more people living in rural communities with no banks and limited public transport services are turning to doorstep lending companies to get finance. Such companies charge extortionate interest rates, some as high as 400% APR. People use them because they believe they can not get finance from elsewhere but in committing to their terms make it increasingly difficult for themselves to break free from debt.

Reydon is one village in Suffolk where residents will no longer have to rely on such options. Foundation East is working with Rainbow Saver Anglia Credit Union (RSACUL) and the Reydon and Southwold's Children Centre to set up a credit union collection point in the childcare centre there.

This initiative will provide a one stop shop of financial services: RSACUL will offer savings and loans based on savings and Foundation East will offer loans not tied to savings and assistance with opening bank accounts.

"By saving and borrowing within the community members of the credit union are helping each other, rather than paying doorstep lenders huge amounts of interest and letting money seep out of the community. Hopefully children and adults who have not saved before may start a saving practice too," advised Maureen Strickland, Financial Inclusion Officer at Foundation East .

"More and more people who live in rural communities with no banks and limited public transport services are turning to doorstep lending companies out of desperation. We aim to stop this..."

*By saving and borrowing
within the community
members of the credit union
are helping each other*

Doorstep pic to be added

PIONEERING COMMUNITY LAND TRUSTS

Giving ownership of land to communities has hit the headlines recently. Foundation East has been championing a sustainable model for this - Community Land Trusts (CLTs) - since its launch in 2003, and is shortly to begin work on its first CLT project in the rural market town of Halesworth, in partnership with the Town Council and Halesworth and Blythe Valley Partnership. Here's our story to date:

Community ownership of land makes sense. In the past five years housing prices have doubled nationally. Associated high land values, fragmented ownership patterns and poor engagement of the community in planning decisions and local stewardship, have made it difficult to retain and create thriving, sustainable communities with a diverse array of social provision, green space, and housing and community facilities. A mechanism is needed to maintain housing affordability and provide low cost workspace for local services, while capturing increases in land value for lasting community benefit.

CLTs provide such a mechanism. So Foundation East is setting one up. The legal infrastructure can be utilised to own land, in perpetuity, for the benefit of local people, giving local people proper democratic control over their assets. We will offer small communities that do not have the capacity to take on ownership of local assets a vehicle to do so and a source of expertise in developing sites and in accessing finance.

Our launch project is to be the restoration of an old hemp works in the centre of Halesworth, Suffolk, which is due for completion by Autumn 2007. Retaining the old brickwork and ensuring the development is sympathetic to the local area, we will develop six to eight small business units - which research has identified are needed in the area to enable the town to continue to thrive - and a community meeting room. In the longer term we are looking for more land upon which to build affordable social housing linked to this scheme.

We are always interested in hearing about other sites where Foundation East can enable local people to become involved in owning and controlling local assets. If you know of any please contact Charles Taylor: 07951 843013.

"CLTs maintain housing affordability and provide low cost workspace for local services, while capturing increases in land value for lasting community benefit"

*We are always interested in hearing
about other sites where Foundation
East can enable local people to
become involved in owning and
controlling local assets*



ACCOUNTS

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS 2006

All in Pounds Sterling to the year ended 31st March 2006

STATEMENT OF INCOME & EXPENDITURE		
	2005	2004
Net interest	6,128	-
Revenue grants	261,617	-
Other income	783	-
Income	268,528	-
Operating expenses	(240,240)	-
Provisions for loan losses	(12,547)	-
Expenditure	(252,787)	-
Retained surplus/(deficit)	15,741	-

BALANCE SHEET		
	2005	2004
Loans	112,918	-
Other current assets	87,771	-
Fixed assets	19,902	-
Assets	220,591	-
Capital funding	130,162	-
Unutilised capital funding	62,065	-
Retained surplus/(deficit)	15,741	-
SRT capital reserve	9,773	-
Share capital	2,850	-
Liabilities & reserves	220,591	-

These consolidated summary financial statements are intended to give an overview of the operations of Foundation East. Audited financial statements for Suffolk Regeneration Trust Limited and Suffolk Regeneration Limited are available upon request.

SOCIAL ACCOUNTING REPORT

Foundation East has undertaken to commit itself to a number of accounting measures whereby it can evaluate its success and impact in ways beyond its balance sheet and the number of individuals it has supported and delivered services to.

The structure of these measures is based on a basket of Key Co-operative and Social Performance Indicators (KCSPI) developed and piloted by Co-operatives UK. Foundation East has adopted only those indicators that are relevant to it. The indicators used are continually monitored over a 12 month period and are evaluated against previous year's results.

1 ACCIDENTS IN THE WORKPLACE

3 accidents recorded (none in 2005/06).

2 ABSENTEEISM

0.4 days per employee (3.29 in 2005/06).

3 PERSONNEL PROFILE

GENDER	MALE	FEMALE	ETHNICITY	WHITE BRITISH	WHITE OTHER	OTHER
All Personnel	10	10	All personnel	19	1	0
Board	7	4	Board	11	0	0
Staff	3	6	Staff	8	1	0

4 TRAINING

An average of 38.8 hours per employee (56 in 2005/06).

5 CUSTOMER SATISFACTION

A customer survey of all current loan clients asks for responses on a range of issues such as staff helpfulness, business support provided and timeliness of first response. The clients are also asked if they would recommend Foundation East. Feedback on any unsatisfactory part of the service is also requested. The replies received so far indicate that 99% were very satisfied or satisfied.

6 CONSIDERATION OF ETHICAL ISSUES

Foundation East is committed to upholding good practice in all areas of its operation. It uses the following criteria in respect of human rights, labour practices, environmental issues and business conduct.

Purchasing

Foundation East seeks to procure from companies that are local and hold similar ethical beliefs in terms of development and treatment of employees and source of materials. It purchases recycled and conservation grade consumable goods where available and actively seeks to make purchases from fair trade sources. It also takes into consideration environmental impact for transportation of the goods and the energy efficiency rating of any electrical items purchased. Foundation East is currently investigating offsetting the carbon emissions produced through car use.

Loans

Foundation East is a lending organisation and takes into consideration ethical issues when deciding to offer a loan. Foundation East uses the Co-operative Bank's ethical policy as a guide.

7 WASTE

All Foundation East's waste paper (excluding shredded material), plastic and other recyclable goods are recycled. The volume of recyclable waste is 70% of all waste produced by the Foundation East office. A consumer or suitable location for the composting of the shredded paper is being researched.

8 AWARDS

Foundation East has successfully achieved the Investors in People Standard this year and also retains the double tick disability symbol demonstrating its commitment to good practice in employing disabled people.

9 INVESTMENT IN COMMUNITY AND CO-OPERATIVE INITIATIVES

Foundation East has invested in the community it serves by making charitable donations to help fund events, allowing staff time to volunteer on projects and attend courses and attending events organised by the co-operative and social enterprise movement. The percentage of hours spent in community and co-operative initiatives versus pre-tax profits for the year was 12%.

