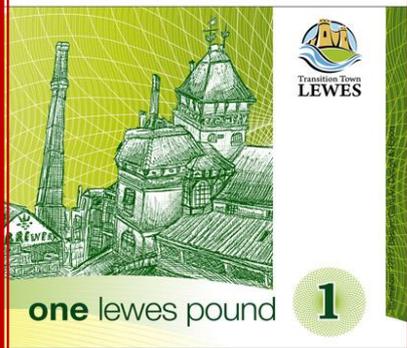
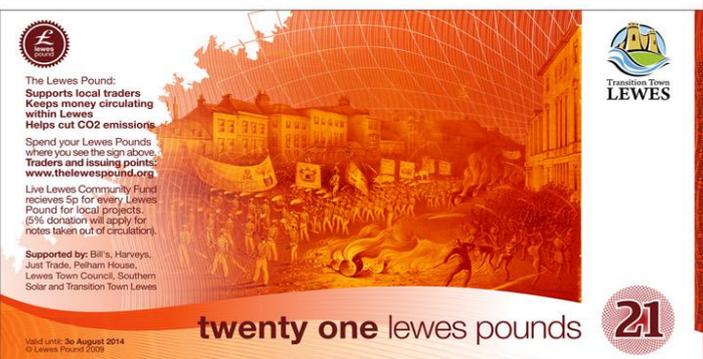
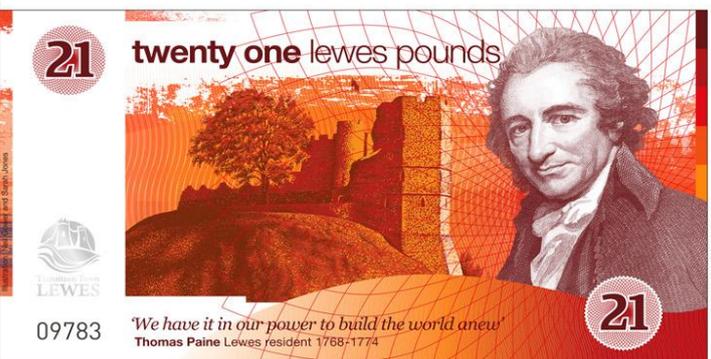
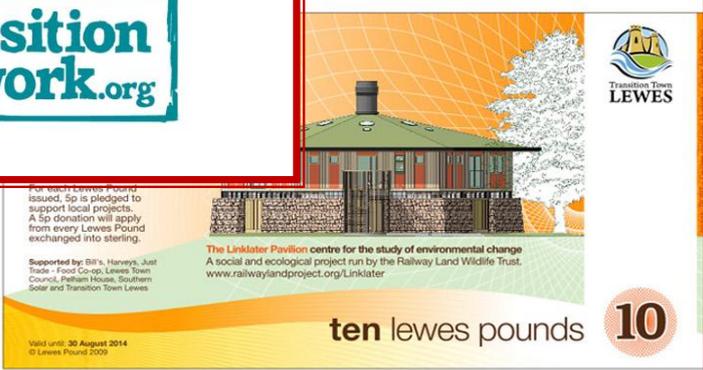
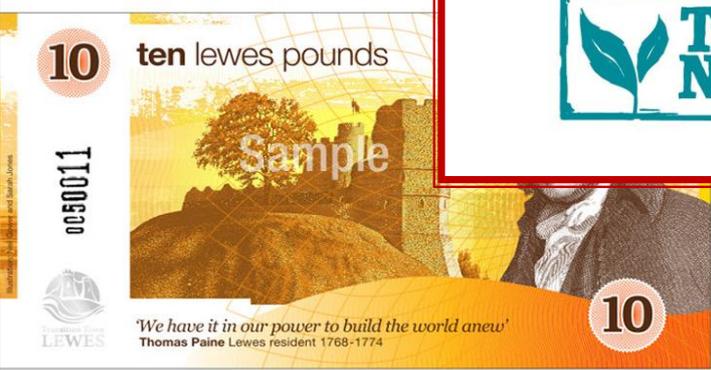
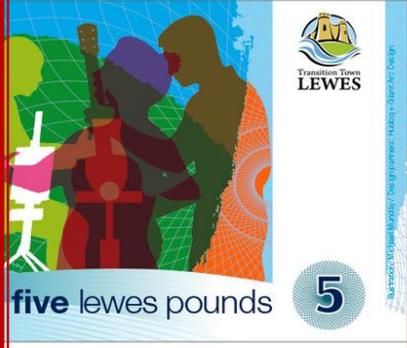


THE LEWES POUND

A Transition Network 'How To' Guide



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Lewes Pound - 'How To' Manual



Published by **Transition Network**, 43 Fore Street, Totnes, Devon. TQ9 5HN.

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December 2009.

Introduction

This guide was commissioned by Transition Network and developed by the Lewes Pound CIC to help communities interested in setting up local currency schemes. The guide aims to give an indication of how to set up a local currency scheme, based on how we went about developing and running the Lewes Pound.

The Lewes Pound was launched in September 2008 with the issue of a 1-Pound Lewes Pound note. Over 30,000 Lewes Pounds were issued between September 2008 and August 2009 when the first Lewes Pound note was withdrawn. These were replaced by 1, 5, 10 and 21 (twenty-one) Pound notes in July 2009. There are 10 Lewes Pound issuing (exchange) points and over 150 traders currently accept the Lewes Pound.

This guide is based on our experience with the Lewes Pound, and does not aim to cover all possible forms of local currencies. That being said, the model we used is very similar to the models used in Totnes and Brixton, and is based on the Berkshares scheme in Massachusetts. The recently introduced Stroud Pound uses a different model that is closer to the successful Chiemgauer scheme in Southern Germany.

It should also be noted that the Lewes Pound started as a Transition Town Lewes initiative, and as such it is grounded in the aims of Transition Towns.

Contents

1. What is a local currency?.....	3
2. Why a local currency?.....	3
3. How it works.....	4
4. Stakeholders.....	8
5. Day-to-Day Management.....	13
6. Marketing & Communications.....	17
7. What happens after the launch?.....	18
8. The Future.....	20

1. What is a local currency?

A local currency is a currency that operates in a complementary manner to the pound Sterling. It is usually only accepted by local traders rather than chains or supermarkets and gives local residents an incentive to shop locally. As a result, it helps communities strengthen their local economy, build community spirit and reduce its carbon footprint.

A local currency is complementary because it aims to operate alongside sterling. Sterling will always be needed for national and international trade, but a local currency is better suited than Sterling to promote local trade.

Local currencies help build community resilience, in particular in the face of the climate change and peak oil challenges, and as such are closely aligned with the objectives of Transition Towns. They provide a visible manifestation of the need to localise and de-carbonise our economies.

2. Why a local currency?

2.1. Benefits for the community

The local currency promotes local trade and helps communities by:

- **Strengthening the local economy:** According to research by the new economics foundation (nef)¹, money spent in local outlets stays in the community and benefits it up to 3 times more than money spent in a supermarket.
- **Raise awareness of the possibility of local trade:** A local currency brings local trade into the public awareness, as a result of which residents will be able to make a more informed choice when they go shopping.
- **Building community spirit:** A local currency brings the community together. It is a common thread throughout the community that residents identify with, and feel proud of. Furthermore, communities that use local currencies use this as a focal point for communications and local events.
- **Reducing carbon footprint:** Local businesses are more likely to buy from local suppliers, further growing the local economy and reducing the miles goods have to be transported to reach consumers.
- **Strong community profile:** Many communities using local currencies have found that having a local currency puts the community 'on the map' and helps to attract visitors and press to the town. It also raises the town's profile should it seek to raise funds for community initiatives.

¹ Plugging the Leaks: Making the most of every pound that enters your local economy (new economics foundation, 2002)

Lewes Pound - 'How To' Manual

2.2. Benefits for Transition Towns

The local currency supports the local transition initiative by:

- **Raising Awareness of TT:** Local currencies are one of the most visible tools to promote the localisation and de-carbonisation objectives of TTs, and tend to interest a higher percentage of the population who will then learn about the benefits of the Transition approach and potentially become involved in it.
- **Funding:** In a similar fashion, local currencies help raise awareness of the local transition initiative for potential funders and sponsors.

The success of community currencies depends largely of the level of ownership the community feels towards the currency. Communities have to consider it their currency or they will not embrace it. It is therefore important to position the local currency as a stand-alone initiative, that sprung out of the local transition town, and is potentially associated with it, but that aims to benefit the whole of the community, not just a selection who are interested in Transition.

In Lewes, while the initiative initially sprang from the Transition Town Lewes (TTL) business group, and is closely associated with TTL, there are many Lewes residents who aren't aware that this is TTL initiative. This has its advantages, as it is therefore accepted by a larger proportion of the Lewes population than just the TTL community, while at the same time bringing people in contact with TTL.

3. How it works

There are many different ways in which community currency schemes can add value to the community, and many variables exist:

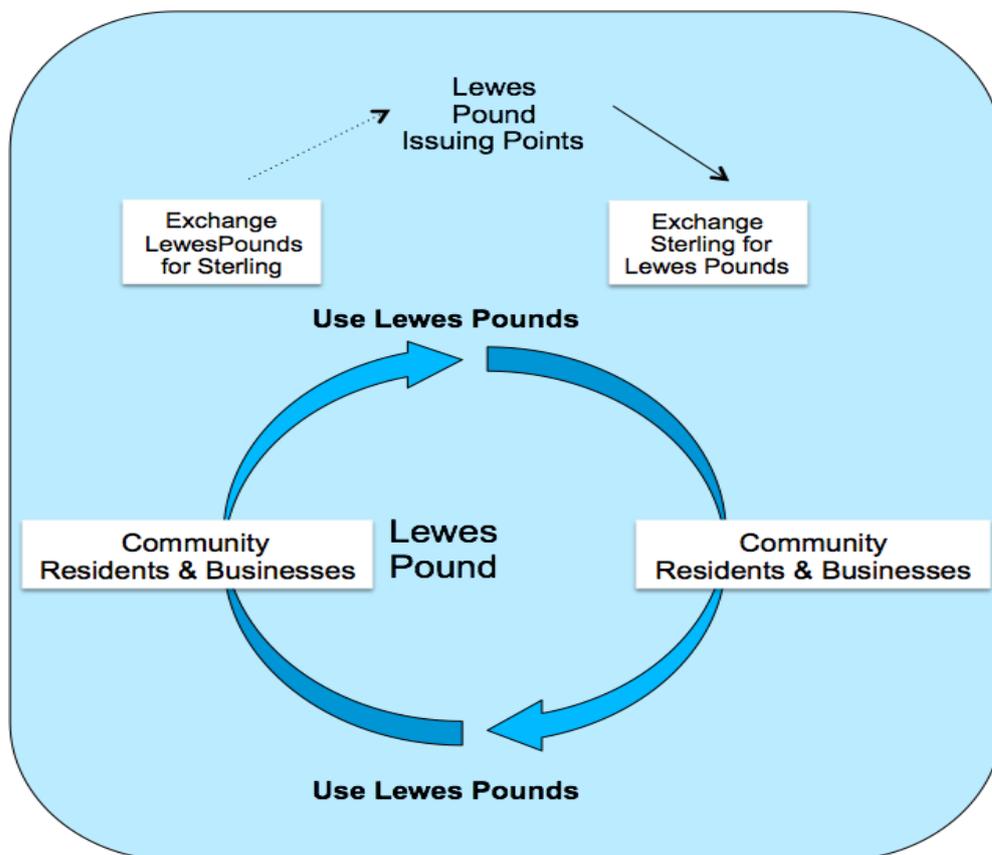
- **Physical representation:** Note & coins; cards; electronic accounting; commodity
- **Standard of Value** (How you compare prices): Conventional money (e.g. Sterling); Time denomination (e.g. time spend to deliver a service); Physical unit denomination (e.g. kilograms of commodity, Kilowatt/hour, Air miles travelled)
- **Store of Value** (Whether value of currency grows – to encourage storing, or decreases – to encourage use - over time): Interest bearing; Zero-interest; Demurrage (negative interest); Currencies with expiration dates.

To enhance buy-in, we chose the most simple, yet effective model for the Lewes Pound:

- Pound notes as a visible representation of the currency to enhance visibility and community buy-in
- Backed by Sterling to give users confidence that they will always be able to revert to Sterling if they wish
- Lewes Pounds had an initial 1-year validity period to ensure that the notes get used rather than stored or that the value of unused notes can benefit the community. Following its success the pilot scheme was replaced with a new

set of 1, 5, 10 and 21 Lewes Pounds which will remain valid until 2014.

3.1. The Model

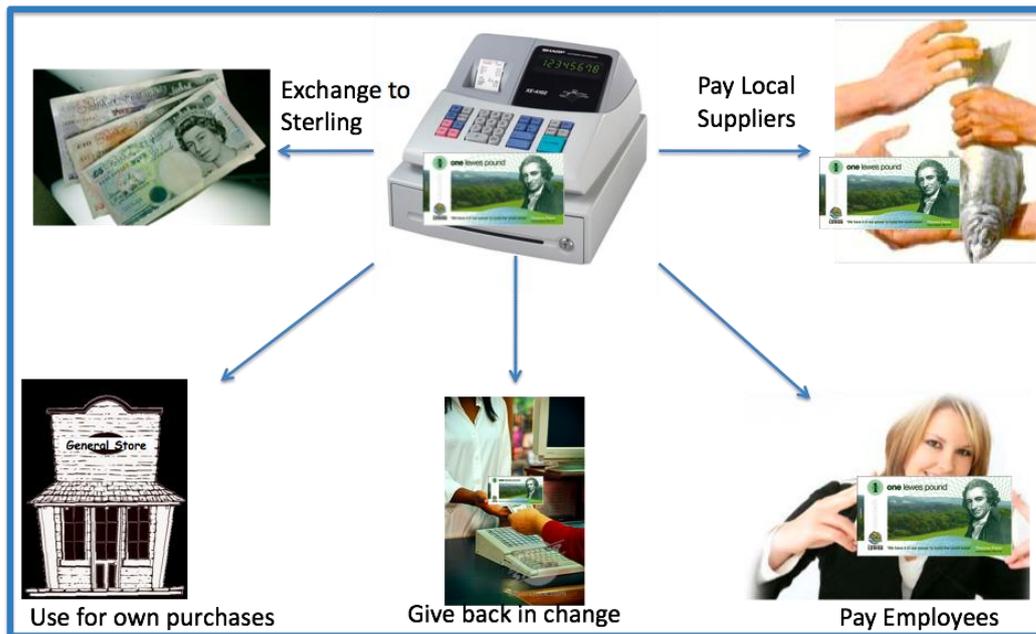


Lewes Pound Mechanism

The Lewes Pound operates using a simple model:

- a. In the first instance, Lewes Pounds (LPs) can be bought and sold at issuing points in the community. People can also get Lewes Pounds by asking for them in their change when they make a cash transaction.
The Lewes Pound is issued at parity with Sterling, e.g. 1 Lewes Pound is worth 1£.
- b. Citizens and traders can use their LPs to pay for any transaction with an outlet that accepts the LP.
- c. Once traders have LPs in their tills, they have 5 options:
 - i. Given them back as change
 - ii. Use them to pay their suppliers
 - iii. Use them to pay their employees
 - iv. Use them for their own transactions
 - v. Trade them back for sterling at an issuing point

Lewes Pound - 'How To' Manual



3.2. Denomination

In the initial pilot phase, which ran from September 2009 to August 2009, the Lewes Pound was issued in the form of a 1-Pound note. This was adequate for the initial period when we were testing the receptiveness of the currency in the community.

Following the success of the pilot phase and after feedback from the community, we decided to issue higher denomination notes from the 3rd of July 2009. The Lewes Pounds now exists in 4 denominations: 1, 5, 10 and 21.

The choice of denomination depends on the objectives of the initiative: If the local currency is primarily used as a tool to promote local trading, then a 1-pound note should achieve that purpose. However, if the currency is developed with the long-term aim of complementing Sterling to develop and grow local production, then higher denominations are important to allow and facilitate larger transactions.

3.3. Validity

Some local currencies, such as Berkshares, have unlimited validity, while others have a limited validity that is printed on the notes. The choice of validity period has implications for the initiative:

- The main benefit of a shorter validity period (one year or less) is that at the end of that period, any notes that have not been exchanged back into Sterling can be used by the organisers to fund further initiatives. This is possible as many buyers of the Lewes Pound have no intention of spending them, preferring to collect them, send them to loved ones or keep them as souvenirs. This phenomenon is called 'leakage'.
- The drawback of a shorter validity period is that the use of the currency tends to drop as the expiration date approaches, as users are fearful that they won't be able to 'get rid' of their currency.

In its Pilot Phase, we opted for a short validity period of 1 year from the launch date (September 2008 - August 2009). This validity period was printed on the notes. While the trade in 'old' Lewes Pounds diminished towards the last quarter of that year, this problem was minimised as we introduced the new issue in early July. Furthermore, given the huge interest in the Lewes Pound since its launch - it was the largest currency launch in the UK over 100 years -, we were confident that there would be substantial leakage, which allowed us to finance the second phase.

While the leakage Lewes experienced was probably higher than average, it is not uncommon for community currencies to experience a leakage of 25% of the notes issued, which helps fund future initiatives.

3.4. Design

The quality and design of the note play an important part in gathering support for the scheme. As a one-time sceptic of the Lewes Pound said at the launch: "I thought it was a silly idea, until I saw the note and realised its potential."

The closer the note is to 'normal' money, the more credible and accepted it will be. This means taking both paper type and design quality into account. This needs to be balanced that with a strong identity to its community of origin. Ideally, the design used should aim to be a reflection of the community it represents and make reference to well-known and popular landmarks, individuals or milestones in the community. For instance, for the second issue, we invited local secondary schoolchildren and artists to submit designs for the notes.

In addition to the actual design, the note should allow some space to explain the reasons for the currency, and where it can be exchanged. Finally, there should be space provided for the the names or logos of the currency sponsors, where appropriate.

3.5. Security

Security features must be included to minimise the risk of forgery. At the very least, the notes should be safe enough to prevent anyone with a good copier to replicate them. This is achieved through a combination of secure paper and a secure printing process.

Nonetheless, there are very few reported instances of forgery of local currencies. This is largely due to the fact that a local currency circulates within a small community, where people know each other and it is therefore easier to spot individuals who are not from the community and are conducting unusual transactions.

In Lewes, for the pilot phase, the balance of the security features were on the paper we used, rather than the printing process. For the second phase, we focused the security on the printing process, rather than the paper, though the paper was also reasonably secure. This was by far the cheapest option, had the added benefit of allowing us to work with a local printer, and was in our view the most secure.

In both cases, we felt we had very secure notes. Anyone good enough to forge Lewes Pounds is better off trying to forge Sterling as it can be used anywhere! That being

Lewes Pound - 'How To' Manual

said, it is important not to share which security features are being used to minimise the temptation to potential forgers.

Cost Implications: The higher the security and quality of the notes, the higher the cost, though it may be possible to reduce marginal costs by grouping together the purchasing and printing of currencies across local currency/Transition communities.

3.6. Introduction of the Lewes Pound in the community

The currency will only have value if it is introduced in the community from the outset. We used a number of different mechanisms to introduce the currency in the community:

- **100 Club:** Prior to the launch of the Lewes Pound, and to ensure there was sufficient buy-in for the Lewes Pound within the community, we invited residents to join the '100-Club', asking residents to pledge their support for the Lewes Pound by committing to buy 22LP for £20 and to give us regular feedback on how the currency was working. We easily exceeded our initial aim of having 100 members, and had to close the list when it passed the 300-mark!
At the launch of the Pound, many 100-club members bought Lewes Pounds, thus ensuring they started circulating in the community from the outset.
- **Launch Event:** Similarly, many Lewes Pounds were sold at both the Pilot and Second phase launch events, ensuring high circulation levels from the start.
- **Issuing Points:** The primary means of getting Lewes Pounds in the community are issuing points. These are businesses or organisations who agree to exchange Lewes Pounds for Sterling and vice-versa. In the case of Lewes, we initially had 2 traders, the Town Hall and the Lewes Farmers market as issuing points. These were all situated in different parts of town to ensure easy access for most residents. For the second phase we introduced a further 7 issuing points, based on resident and trader feedback, and now have a total of 10 issuing points across town. The benefit of being an issuing point for a trader is that it brings people into the store, increasing footfall.
- **Traders:** In practice, every trader can be an issuing point, by given Lewes Pounds in change for Sterling payments. This is also a good mechanism for traders to recycle their Lewes Pounds into the community.

4. Stakeholders

A local currency can only succeed if it is accepted and used by a sufficient proportion of the community. We identified the following key stakeholders for the Lewes Pound:

4.1. Traders

The willingness of local traders to take the local currency is the single most important success factor, and one of the first things to ensure is the commitment of a critical mass of traders. The number of traders required will vary depending on the size of the community. As an example, the Totnes Pound was successfully launched with the support of 14 traders.

For local traders, a local currency scheme offers a number of direct and indirect benefits:

- **It retains wealth locally** enabling more money to be spent within the community
- As with any voucher scheme, it offers **free marketing** to all who participate, as participating traders get promoted through the scheme.
- It is an ideal opportunity to **differentiate from chains and supermarkets**, helping them compete against them to the benefit of the community.
- Successful local currency schemes invariably build up **goodwill** within and outside the community, which also rubs off on participating traders.
- There is **no risk** involved with participating in the scheme as traders can exchange their Lewes Pounds for Sterling at any time.

It is not necessary to have a large number of local traders on board at the outset. It is better to have a small number of committed traders who will promote the currency with their customers and other traders. That small and committed group of traders will help generate enthusiasm for the currency within the community.

There should probably be at least 10 traders who are willing to take the currency at the outset. Initially the focus for these should be with retailers as they are the most likely participants. Typical candidates include stores that have one or more of the following characteristics:

- Strong ties with the community
- Locally-owned
- Source locally, such as farm shops
- Suffer most from competition with supermarkets & chains, such as grocery stores, off-licences, etc.
- Specialist food stores, such as butchers, fishmongers, cheese shops, fruit & veg, etc.
- Organic/health food stores

One body that should be approached when recruiting participating traders and kept informed of the currency initiative is the local Chamber of Commerce, whose members understand the business community and can influence businesses across the community.

Once an initial group of enthusiastic traders is found, it is best to engage with them on a proactive basis to give them an opportunity to provide input into the process, both before and after the launch. Setting up a traders group, which meets regularly is a good way to ensure they feel involved and contribute.

Once an initial group of participating traders has been identified and the scheme gains some publicity within the community, more traders will want to sign up to ensure they don't 'miss out'. As a result,, the number of traders accepting the currency in Lewes has doubled since the launch.

Lewes Pound - 'How To' Manual

To get as many local traders as possible on board, the currency group should distribute leaflets explaining the scheme to all local traders within the community and invite them to express their willingness to join. This leafleting should be followed by a further visit to finalise their willingness to participate.

The Lewes Pound Group took the view that there is no need for any complex documentation or contracts between the traders and the community. Binding agreements will only scare traders off and don't contribute to the scheme as participation is entirely voluntary at all times. Traders' willingness to take the local currency should be inferred from their agreement to be listed as local currency traders on websites and publications.

Issuing Points:

Issuing Points are places where residents and traders can buy and sell Lewes Pounds. The number of issuing points required depends on the size of the community, but they should ideally be spread around the community and be within walking distance of the majority of inhabitants.

Issuing Points can be local traders or other well-known locations in the community. We were fortunate in Lewes to get the support of the Town Council who agreed for the Town Hall to be an issuing point. This gave instant credibility to the initiative within the community. Other possible issuing points include the Post Office, if the Post Office is owned locally (rather than by the Royal Mail). Local finance organisations, such as credit unions are also good potential issuing points.

Addressing Trader Queries:

Trades will usually raise the following queries before agreeing to take part:

Traders Questions and Answers
How do I account for this at the end of the day in my till?
In the same way as you would account for pounds sterling. Each Lewes Pound can potentially be exchanged for a pound sterling and has the same book value. Any Lewes Pound remaining in the till at the end of the day should be kept in the next day's float. Larger amounts can be used to pay suppliers or employees, or can be used by the trader for his/her own purchases, while as a last resort, they can always be traded back into sterling. Note that it is in your interest to keep the pounds circulating in the local economy. If you convert them back into sterling then the money can be spent with national chains. If you keep them in your till, give them out as change or use them for payments, then they will get spent again within the community.
Is it legal?
It is legal as a voucher, but it is not legal tender. This means that there is no obligation to accept it and it will only be accepted in participating outlets. From a tax perspective, anything paid for in Lewes Pounds is accounted for in the same way as a pound sterling.
Is it safe?
The note includes a number of security features to ensure it is resistant to fraud.

4.2. Residents

The second critical stakeholders in setting up a local currency scheme are residents who will be using the currency. It is their willingness to use the currency with retailers or in transactions between residents that will guarantee the success of the initiative.

A community currency is a networked initiative. In other words, it needs a group of people committed to using it to make the initiative work. The best way to get citizens engaged is to use existing community networks and associations, which have influence in the community and/or share the objectives that the currency seeks to achieve. Examples of such local networks include:

- Environmental groups
- Local charities
- Transition Town initiative
- Any other group that has a large number of members and influence within the community.

Resident and resident groups are likely to support the Lewes Pound for a variety of reasons:

- To support the local economy: Money spent locally stays in the community and benefits the community for longer than money spent in chains.
- To support traders: Many traders struggle to compete with supermarkets and chains. A local currency helps them grow their revenue and customer base.
- To grow community spirit and pride: A local currency brings a community together because they share something that is unique to their community.
- To protect the environment: Money spent locally reduces the community's carbon footprint as local traders are more likely to get their supplies locally and residents are less likely to drive to an out-of-town supermarket.

Lewes Pound Support Club - 100 Club

Another way to generate enthusiasm within the community is a 'Local Currency Support Club'. In Lewes we set-up a 100-club, the Brixton Pound as a 1,000-club. This is a list of residents who agree to use the currency once it is in circulation. Members of the Support Club agree to support the initiative by:

- Helping keep the money circulating locally by spending it and asking for it as payment or change
- Promoting the Lewes Pound informally throughout the community
- Giving feedback to the Lewes Pound Team about how the currency is working, how it's being perceived and what can be improved/changed.

In exchange for supporting the initiative, members of the Lewes Pound Support Club will be on the Lewes Pound mailing list and will receive regular updates and notifications of special offers.

Lewes Pound - 'How To' Manual

When we originally launched the Lewes Pound in 2008, we went one step further, offering 22 Lewes Pounds for £20 to members of the 100-club. This was driven by our wish to ensure enough Lewes Pounds would flow into the community. As it happens, our concerns were unfounded, as the first 10,000 Lewes Pounds we printed were sold out within 3 days!

Addressing Resident Queries:

Residents will usually raise the following queries:

Residents Queries
How do you spend it?
You spend the Lewes Pound in any of the participating outlets. However, it can also be used for any payments within the community if the recipient is willing to accept them. So feel free to use them to pay for any goods or services, as gifts or pocket money or any other way that seems to make sense!
Shops are encouraged to pay their local suppliers with it as well as their employees if the employees are willing to accept it. It should then be treated as a taxable benefit.
Where can I spend it?
You can spend it in any of the participating stores. These stores will indicate on their shop window whether they take the Lewes Pound. The participating stores will also probably be listed on the user guide and website.
What is its purpose?
This pilot is to raise awareness about the way we spend money and the fact that a pound spent locally keeps building wealth as it circulates, instead of leaking out to the global economy. Longer term, the Lewes Pound will build economic resilience by supporting local businesses and producers, reducing our carbon footprint and helping unemployed and underemployed people.

4.3. Local Authority

As the local currency offers tangible benefits to the community, and helps raise its profile, it is not uncommon for local authorities to be supportive of the initiative. Based on previous experience, the local authority can either be:

- Very supportive of the initiative to the extent that it promotes it and agrees to take local currency as (part-) payment of community services
- Supportive of the initiative to the extent that it is willing to publicly endorse, but feels its systems are not able to accept local currencies as payment.
- Indifferent to the initiative

Getting the support of the local authority will give added credibility to the initiative. In Lewes, we had strong support from the Town Council, who publicly endorsed the initiative, but less so from the (geographically larger) District Council who felt that the initiative, being limited to Lewes town didn't meet the needs of all their

stakeholders. We are currently in active conversations with them to see how other parts of the District can embrace Transition and the Lewes Pound

4.4. Sponsors

Sponsors are local businesses who financially back the Lewes Pound, both because they believe in the concept and because it will generate local publicity for their business.

That being said, the relationship with sponsors is much more than a financial one, as these businesses tend to be organisations with a good reputation in the community, and as such they can be great advocates of the local currency within the community. We have received some very useful ideas and feedback from sponsors and engage with them as much as possible.

To keep sponsors supportive, it is important that they receive the visibility that they expect from being involved with the initiative, and that they are kept informed of the developments of the scheme. Sponsors are also good organisations to involve when speaking to the press, as it raises their profile, they represent the community's traders and are supportive of the scheme.

5. Day-to-Day Management

Running a local currency scheme can seem like a daunting task. It certainly felt that way at times in Lewes, especially as we were often inventing things as we went along. That being said, it is surprising how much can be achieved by a few dedicated people. In the words of anthropologist Margaret Mead:

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”

What follows are some guidelines to running the scheme. No doubt they can be perfected and you will come up with your own as you set up a local currency scheme.

5.1. The Lewes Currency Team

To ensure the success of the Lewes Pound, the project should be co-owned by local residents and traders. This can best happen through the formation of a currency group, composed of residents and traders.

i. Function of the Team

The function of the team will be to:

- Develop a **shared vision** for the currency
- Be the **voice of the community** in the development of its local currency
- **Build awareness** of, and support for, the Lewes Pound within the community
- **Offer insight into the way the community functions** to ensure that the necessary conditions for success are met and that critical stakeholders are on board and engaged
- Once the currency is in place, ensure its **smooth day-to-day running**

Lewes Pound - 'How To' Manual

- **Develop a long-term plan** for the development of the currency
- **Liaise with other communities** to share experiences and learning about local currencies

ii. Roles

The following roles need to be undertaken by the Currency Team, and while there should be one individual responsible for each role, the team is most effective if the roles are shared by the team.

Treasurer: Ensures the books are balanced, manages the backing funds and keeps issuing points well stocked.

Trader Liaison: Ensures traders are satisfied with the currency and encourages traders to offer special deals for Lewes Pound purchases.

Community Liaison: Promotes the use of the currency within the community, by raising awareness of events and promotions and working with local organisations to build support for the currency.

Design: Oversees the design of the currency and works with Connaught and the chosen designer to ensure the note meets everybody's needs.

Press: Manages relationships with the media, issues press releases and responds to press requests. This also includes liaising with other communities interested in local currencies.

iii. Legal Structure

As strange as it might seem, the Lewes Pound was unincorporated for most of its first year of operation. The initiative succeeded because it was based on the relationship of trust the community had with the initiative, not because of some official status. That being said, any initiative that takes people's money should sooner or later be incorporated more officially, and after looking at various alternatives, the Lewes Pound Group decided to become the Lewes Pound Community Interest Company (CIC). Other options exist, but we chose this route because it had a relatively small administrative burden, gave us the ability to trade and retained our eligibility for government and foundation funding.

5.2. Financing

A local currency scheme requires two types of funding: Start-up and Operational.

A. **Start-up Funding:** This is the initial funding that is required to set-up the scheme, is required to pay for cash outlay rather than the time of individuals involved, and has two components:

Printing: This is to cover the paper and printing of the currency.

Promotion: This is to cover the marketing and promotional costs, such as supporting materials to inform the community of the currency, its purpose, uses and the traders that accept the currency. This could be in the shape of flyers, posters or promotional space in the local media, as well as 'We take Lewes Pounds' window stickers.

Promotional events, such as the currency launch would also fall under this category.

Once the currency scheme is underway, the printing aspect of it (notes, promotional material) becomes self-sufficient, largely thanks to the 'leakage' of pounds out of the community. Leakage means that some of the money we received to back the issued Lewes Pounds will never be reclaimed because people want to hold on to their notes for a variety of reasons (collectable, souvenir, gift,...). Once the validity period of the note has expired, the backing funds that will not be reclaimed can be used for subsequent launches. Leakage of local currencies tends to range from 10% to as much as 75%. However, it is only through very careful management of the available funds, and by continuous fundraising efforts that this pool of money can be maintained.

Sources of Funding: The main sources of start-up funding we identified are:

ii) **Local Business Sponsorship:** The best source of this start-up funding is from local businesses, as recruiting local businesses to co-sponsor the currency will help gain the support of the local business community. Their support need not be financial, but could be in-kind, such as food/drink sourcing at launch event, provision of office space, printing of currency and/or marketing materials. Likely sponsors would include companies that are locally owned, have a local supply base, have a strong local identity and/or are a large local employer. Sponsors will want something in exchange for their support, and in Lewes we offered sponsors the following:

- Sponsor name printed on the notes
- Sponsor logos on all marketing material, flyers
- Explicit mention of sponsors at Lewes Pound events

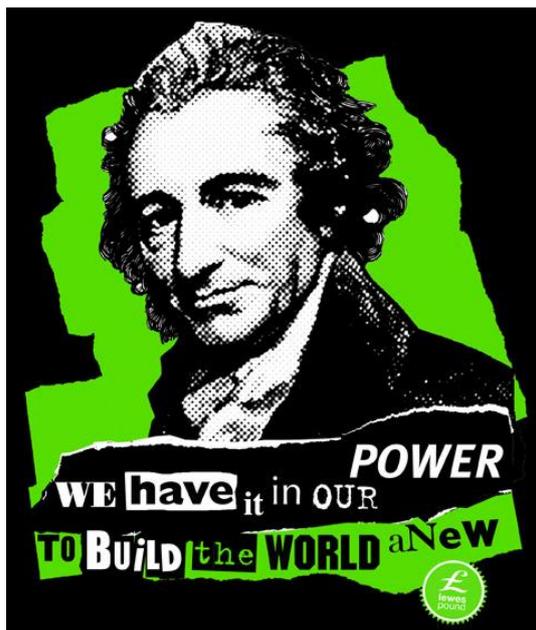
iii) **Sale of Collectables and Souvenirs:** The interest in the Lewes pound has allowed us to generate additional funding through the sales of the following items:

iii)i) **Collector's Packs:** To satisfy the interest of numismats (currency collectors), we put together Lewes Pound collector's packs comprised of notes with a certificate of authenticity for the following price:

- One Lewes Pound note from the first issue: £10
- One Lewes Pound note of each denomination, with the same serial number from the second issue: £50 for £37 worth of notes.

iii)ii) **Souvenirs:** Other items we have sold include Lewes Pound/Tom Paine t-shirts and posters - see image below - and limited issue printers proofs of the notes.

Lewes Pound - 'How To' Manual



B. Operational Funding: While the Lewes Pound was run by a group of volunteers from Transition Town Lewes, a part-time resource - 0.5 FTE - would be beneficial to support the scheme throughout the initial 2-year Launch Phase, to ensure the day-to-day management of the currency, answer queries from residents, traders and the media and generate copy for the newsletter and help prepare events. Our main challenge as Lewes Pound volunteers was to support the day-to-day management of the scheme in the best possible way, and we are currently in the process of seeking grant funding to recruit a resource to do this on a full or part-time basis.

Sources of Funding: In order to fund the part-time support the scheme needs, we have approached a variety of external funding bodies, such as government schemes and foundations. This is the one area that we chose not to fund through backed Lewes Pounds. We felt we would expose ourselves to criticism if some of the community's money was being used to pay for someone's time. Other currency schemes make it very explicit that they will use some of the community funding - often raised as a form of membership - to pay for the management of the scheme. The Lewes Pound CIC wanted to establish a strong position of trust within the community before going down that route. Furthermore, we felt it would weaken our financial stability.

The costs of launching a local currency will vary considerably from community to community and based on the individual choices each community makes.

As a matter of illustration the **approximate** costs for the first issue of 1 Lewes Pound notes were:

- First batch of 10,000 notes: £3,000
- Second batch of 30,000 notes: £7,000
- Promotional material (Leaflets, posters, banners and press): £1,500

The highest cost-item was the cost of the high-security paper, and by choosing cheaper paper and focusing on the security features of the printing process, these costs could potentially be lower.

Please note: These figures are approximate as the Lewes Pound CIC accounts have not yet been finalised.

6. Marketing & Communications

6.1. Awareness Raising

Both before and after the launch of the currency it is important to organise some events to generate awareness and enthusiasm for the initiative within the community. Examples include:

- Film and discussion evenings about local trade and the importance of local currencies
- Local produce fair
- 'Swap-shop' fairs, where residents swap goods or services and pay with local currency

6.2. Launch Event

The launch of a new currency is a major event in the community, and should be promoted as such. Make a lot of noise with local groups, media and visible promotional material. As the local currency is a visible representation of the community's identity, the launch of the currency is a unique opportunity to come together and celebrate the community's identity and potential.

Thanks to prior awareness raising and interest from various stakeholders, including the media, there will be a sense of anticipation in the run-up to the launch, which will be palpable within the community.

While there will invariably be an official aspect to the launch event, for instance through the unveiling of the note by a local dignitary or celebrity, it is primarily a celebration of the launch of the community's own currency. Each community will have different ways of celebrating this, but some of the possible elements include:

- Unveiling of the local currency by local dignitary or celebrity
- Talks about the benefits and importance of local currencies
- Opportunity to sample local food and drink (paid for by Lewes pounds)
- Auctioning of Lewes pound number 00001
- Themed exposition by local artists
- Local music

Lewes Pound - 'How To' Manual

6.3. Website

A website is a simple way to provide information to residents and interested outsiders about the local currency. Such a website can be very simple. For instance, the Lewes Pound website had the following features/pages:

- **What is it & How does it work?:** Explanation of the principles underlying the currency and its mechanism
- **Traders:** List of traders who take the currency
- **Offers:** List of special offers linked to the local currency. Offering special discounts on certain products is a good way for traders to promote their business and the currency while selling goods.
- **Latest News & Events**
- **Press:** Offers information to the press about the currency.
- **Contact:** Contact details for the Lewes Currency team
- **FAQ:** Answers to frequently asked questions.

6.4. Newsletters

The publication of a monthly newsletter will keep residents informed and maintain the visibility of the initiative. The newsletter should include:

- Most recent list of traders taking the currency
- Special offers
- Stories about how the currency is being used in the community
- Interviews with local residents and traders.

This can be done at a very low-cost and emailed to members of the 100-club and other residents.

7. What happens after the launch?

A number of short and long-term options are needed following the launch to maintain the momentum of the currency

7.1. Post-launch

In order to maintain momentum following the launch, the Lewes Pound needs to remain in the public eye, ensuring it is used to its fullest extent and to the maximum benefit of the community. This is achieved through:

- **Team meetings:** The Lewes Currency team should meet regularly to deal with the day-to-day management issues and assess on a regular basis whether the currency is achieving its objectives.

- **Gathering of feedback from traders and the community:** Request regular feedback from traders and residents to get a sense of what is/isn't working and how things could be improved.
- **Regular newsletter** with updates, stories and latest offers: See point 4 in the Communications and Marketing section above.
- **Lewes Pound events:** These events can take many different forms and are aimed at raising awareness of the currency and to highlight local products and services. Examples include:
 - o Local produce fair where residents can sample local produce and pay for them in Lewes Pounds
 - o Local artists exhibition to highlight the work of local artists, with local food and drink provided
 - o Monthly prize raffle where numbers are drawn that correspond to the issue number on a Lewes Pound. Winning numbers win a bundle of local produce.
 - o Prizes at local competitions paid out in Lewes Pounds

7.2. Beyond the First Phase

In Lewes, we opted initially for a pilot phase of 1-Pound notes. Following the success of this pilot, we chose to extend the scheme to include higher denominations.

The decision on whether or not to continue with the scheme was taken by the Currency team on behalf of the community and based on the success of the initiative and the extent to which residents and traders have valued it. The main success criterion is whether the local currency has raised awareness of the importance and benefits of local trade, and whether it is still being used within the community.

In order to test this, we conducted a survey of residents and traders which assessed to what extent they felt the scheme had been successful, whether they wanted it extended, and if it was extended, what they would want to change. As a result of this survey and general feedback from the community we decided to extend the scheme.

We looked at three ways to extend the scheme:

- **Higher denominations:** Issuing a one-pound note is a high visibility and cost-effective way of launching a local currency, but if traders and residents are using the currency, they will need higher denominations (£5, £10 or £20) to make trading in Lewes Pounds more practical. The main challenge with higher denominations is that the costs of printing the note rise to incorporate increased security features, as there is a higher (though still small) risk of fraud with higher denominations.
- **Discount at purchase:** A popular local currency model is to offer a discount to people buying the currency (e.g. 11 Local Pounds in exchange for £10) to give them a financial incentive to use it, while also applying a reverse discount or 'selling fee' for traders and residents wanting to change their local currency

Lewes Pound - 'How To' Manual

back into Sterling (e.g. £10 in exchange for 11 Local Pounds) to give traders an incentive to keep the money flowing.

- **Incorporating community benefit:** To grow the benefits to the community, a percentage of the value of the local currency can be set aside to benefit local not-for-profit organisations. These funds are usually realised by imposing a 5-10% fee on traders for trading the local currency back into Sterling. Traders who have benefited from the scheme are usually quite open to this fee, which they see as a payment for the marketing and advertising benefits they receive by being part of the scheme. Note that they only incur this fee if they decided to trade the local currency back in to Sterling, not if they keep it flowing within the local economy by paying suppliers, employees or giving it back as change.

We decided to opt for higher denominations (1, 5, 10 and 21) and to set up a fund to support local projects, the Live Lewes Fund. Five percent of all Lewes Pounds issued are set aside for the fund to invest in local projects. Our original intention was to levy a 5% redemption fee to offset the contributions to the fund. However, this was met by substantial resistance from local traders, which resulted in us agreeing to drop the redemption fee. The Live Lewes Fund will continue to receive contributions from the Lewes Pound, which will be funded by leakage rather than a redemption fee.

8. The Future

At the time of writing, the Lewes Pound is a known and accepted part of the Lewes landscape. That being said, it is used by a minority of dedicated Lewesians, and does not have a huge direct economic impact. What it has done is raise awareness about the importance of local trading within the community and helped spread some of the core messages of Transition Towns, particularly around the need to localise the economy to build resilience.

The small impact it has had, and the level of acceptance and interest we have achieved with the Lewes Pound has far exceeded our expectations, but much more needs to be done. In the short-term we need to further build relationships with traders and residents to make it easier, fun and relevant for them to use the Lewes Pound.

In the long-term, we are looking at ways to 'decouple' the Lewes Pound from Sterling and the fragile global economy by identifying a different backing source for Lewes Pounds. What if, one day Lewes was energy self-sufficient, and we were able to offer local, renewable KWh as a backing for the currency. That would close the local loop in a wonderful way while making Lewes even more resilient.

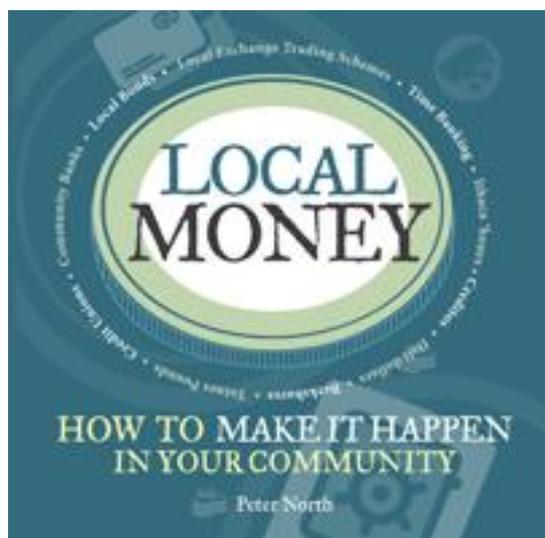
We are also looking at ways for the Lewes Pound to support the development of a local financial institution in which the Lewes Pound will play a central role. Who knows how the Lewes Pound and local currencies will develop, but if we are to achieve a truly resilient world, it is likely they will play an interesting part!

This guide was developed by **Oliver Dudok van Heel** of the Lewes Pound CIC. We hope it gave you a sense of how we went about making the Lewes Pound happen and will inspire you to develop your own local currencies.

Should anything in this guide be unclear, or if you need additional information, please contact the Lewes Pound CIC at mail@thelewespond.org

Coming Soon from Transition Network!

In March 2010, Transition Books and the Transition Network will be publishing 'Local Money: how to make it happen in your community' by Peter North. In past recessions and depressions, a popular response from communities has been to create their own forms of money. The jobs aren't there, and the money has dried up, but needs remain. Avoiding dangerous climate change means cutting as much carbon out of our economies as we can, and we can do this by cutting unnecessary transport through localisation. How can local money facilitate this?



An inspiring yet practical new Transition Book, *Local Money* helps you understand what money is and what makes good and bad money, and reviews how people around the world and in the past have experimented with new forms of money that they create themselves.

The Author: Peter North teaches Geography at Liverpool University. He first heard about local currencies while doing a Masters in Peace Studies in 1992, and has been exploring local currencies worldwide since then. He is one of the founder members of Transition South Liverpool.

For more information see www.transitionbooks.net