

First Steps Enterprise Fund

Application Guidance

Social Investment Business

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First Steps Enterprise Fund

Small loan and grant packages for small community-led enterprises - your first step to accessing social investment.

The Social Investment Business Foundation is delighted to be working with a pioneering corporate foundation to pilot a £300,000 social investment fund that will help entrepreneurial early stage charities and social enterprises access growth finance and inspire other corporate foundations to invest their endowments innovatively to create greater social impact.

Section 1 - Overview

What is on offer?

Charities and social enterprises working in communities in England will be able to apply for a loan-grant package of up to £30,000 (10% will be a grant) to help them grow their services and become more sustainable. These investments are the first step towards accessing the wider social investment market and more financing options. **Please note should you wish to apply for up to £50,000 you will need to contact the fund manager to discuss details of your investment details prior to applying on 020 7842 7763 or e-mail info@sibgroup.org.uk.**

Who can apply?

This fund is for community enterprises looking to take on their first loan to help the organisation grow. Priority will be given those organisations that have previously not taking on repayable finance.

Eligibility criteria

The fund is open to organisations that meet all of the following criteria:

1. Community groups with well evidenced local connections as set out below:

Organisations established for charitable, benevolent or philanthropic purposes. Our usual expectation will be that applicant organisations have one of the following types of legal structure:

1. Registered charity;
2. Community interest company;
3. Company limited by guarantee that is non-profit distributing

4. IPS community benefit society that is non-profit distributing
2. Based and working in England.
3. Organisations operating for longer than a year.
4. Applying for an investment of up to £30,000¹, of which 10% will be a grant.
5. Able to repay the loan in 4 years at 5% (with a capital holiday in the first year- during which only interest is payable).
6. Able to provide evidence of need for activities outlined in the proposal.
7. Able to demonstrate the benefits to the community that arise from the proposed work.

Application process

The table below sets out the application process

Stage & date	What we will do	What you need to do
Complete your application	Provide initial advice as part of the application process via telephone if required.	Read the guidance and check that you meet the eligibility for funding Complete the application form referring to the guidance notes
Submit form	Acknowledge receipt of your completed application within 5 working days of the application deadline.	Submit your completed application form by noon 11 December 2015 by email to firststeps@sibgroup.org.uk
Initial assessment	We will conduct an initial review of all applications to assess which best meet the published criteria. Those that do will pass to the next stage of assessment.	

¹ Application for investment of up to £50k may be considered by exception. Should you wish to apply for investment above £30k and up to £50k, you will need to contact the fund manager prior to applying.

	<p>The initial assessment will involve:</p> <ul style="list-style-type: none"> • Initial check to make sure the form has been completed • Validation and confirmation of eligibility to ensure that your organisations, project and costs meet the programme requirements • Scoring and assessment to establish how strongly you meet the criteria of the fund. <p>We will email you within 6 weeks of the application form deadline to let you know if your application will be taken to the next stage.</p>	
<p>Assessment visits</p>	<p>Those applications which pass the initial assessment stage will be required to provide further information. We will also need to visit your organisation and talk to members of your leadership and management team: we will do this in discussion with you.</p>	<p>Be ready to respond to any requests we send to you by email. If we do ask for some further information, failure to provide this will affect whether or not your application is successful.</p>
<p>Decisions</p>	<p>We will make a final decision on your proposal at our Investment Committee. We will notify you of the decision over the phone as soon as possible after the Committee meeting. If you have been successful and provided there are no information requirements, we aim to send you an offer letter by post within two weeks of the committee.</p>	<p>To accept your offer, you must sign the offer letter and complete the bank details and drawdown form and return to us by post within 6 weeks.</p>

How to apply

To submit your application, please email the completed form and required supporting documents to firststeps@sibgroup.org.uk by noon 11 December 2015.

Please insert your organisation name in the subject line of your email. This is crucial to enable us to collate your documents and if you do not do this your application will not be considered.

Section 2 – Application Form Guidance

This section gives detail on the questions in the application form that may need further clarification. If you have a question that is not covered below please call the enquiry line at 0207 842 7788.

There are word limits in place for a number of questions on the application form. It is important that you do not exceed the word limits as words in excess of these will not be considered as part of your application.

Please insert your details accurately and complete all the relevant sections of the form. If you do not answer all of the required questions your application will not be considered.

Eligibility checklist

Is your organisation a community group?

1. a registered charity
2. a community interest company
3. a company limited by guarantee that is non-profit distributing
4. an IPS community benefit society that is non-profit distributing

Our usual expectation will be that applicant organisations might have one of the following types of legal structures, e.g. Registered Charity, Company Limited by Guarantee, Industrial and Provident Society Community Benefit Society, or Community Interest Company.

Unincorporated organisations are not eligible to apply. Private profit businesses will not be eligible to apply.

Is your organisation based and working in England?

This fund is only available to community enterprises in England. If you operate wholly or primarily in these regions you can apply.

Has your organisation been operating for longer than a year?

This fund is for community enterprises that are starting to grow and need a small amount of investment to take the first step towards sustainability. Applicants will need to have been operating for at least a year at the time of your application.

Are you applying for an investment of up to £30,000?

The minimum investment we can consider is £20,000 (10% of this is a grant). The maximum amount you can apply for £30,000. (Application for investment of up to £50k may be considered by exception. Should you wish to apply for investment above £30k and up to £50k, you will need to contact the fund manager prior to applying.)

Is your organisation able to repay the loan in 4 years at 5% (with a capital holiday in the first year)?

This is part of our assessment of suitability. We want to know if you think you can afford to take on a loan. To help you answer this question, it might be useful to work out if you can afford the monthly repayment based on your projected cash flow. For example, a £25,000 loan repaid over 4 years will mean that interest only repayments would be £104 per month during the one year capital holiday and interest and capital repayments over the 3 remaining years of the loan term will be equal to £750 per month.

Is your organisation able to provide evidence of need for activities outlined in the proposal?

We want to ensure that there is evidenced need for the activity you are about to undertake and that there will be a demand for it. This helps us make an initial assessment on your plans, but if your application is taken to the next stage of the process we might require you to provide us with further evidence.

Can your organisation demonstrate the benefits to your community that arise from the proposal?

The social impact of your proposal is key. The questions we ask in this form will help us to make an initial assessment of this, but if your application is taken to the next stage of the process we will require you to provide us with further evidence of this. You will be asked for more detailed answers in the 'your impact' section of the application form.

Your Organisation

Key contact details

Who is the main contact for your organisation? This should be the key person involved in your proposal and application. They should be able to talk about your proposal in detail if required and be able to supply contact details for someone who has expertise on specific areas, if also required. It is very important to us that you provide the correct e-mail and phone number.

We expect to be able to reach the main contact at the phone number quoted in the application form during the working day.

Please let us know if the main contact has any particular communication needs. We use e-mail for communication for environmental reasons. If this will cause problems please tell us your preferred alternative. It is very important that your e-mail addresses are correct and that your email account is active and checked regularly.

Organisation details

We need full details of the organisation requesting the investment so that we can carry out due diligence checks.

Your Proposal

1. What is the investment amount required?

Please complete the box by inserting the amount requested from the First Steps Enterprise Fund. Please note that the maximum amount is £30,000. (Application for investment of up to £50k may be considered by exception. Should you wish to apply for investment above £30k and up to £50k, you will need to contact the fund manager prior to applying.)

2. Please describe your project. (200 words)

Please tell us exactly what you want to do with the funding. If it is going towards working capital please detail what it is being used for, e.g. service delivery, staff time, equipment etc. If you are intending to purchase an asset you should include details of who currently owns it and whether you have approached the owner about purchase. If you are intending to refurbish an asset, please tell us whether you own/occupy the asset freehold or leasehold and if leasehold, what the length of your lease is.

3. Please explain how your proposal meets the criteria of the fund.

Please include in your answer how your project addresses the needs of the community and how it will tackle underlying issues to deliver benefits to the community.

Your Impact

4. What services do you intend to provide to the local community as a result of the funded project?

Please provide a clear, concise summary of the services your organisation intends to deliver. And describe in detail the track record your organisation has in delivering these. We expect your organisation or the key people involved in your proposal to have a successful track record in the delivery of the services.

5. How will this project enhance the work of your organisation and benefit your community?

Please provide evidence of the specific quantitative and qualitative benefits that will arise from your proposed work, for example social, economic and environmental benefits that will arise from the service or asset and how you are specifically well placed to deliver these benefits if successful.

6. How will you measure the social impact of your project?

Your answer should cover the following:

- What indicators will you use to measure the social impact and how will you record the information?

Funding Needs

7. Please tell us about your project costs

Please enter the total project cost, along with details of how much funding you are requesting from this application. Your answer in the second box should match the answer given at question 1.

8. If you are not applying for the total project cost from the First Steps Enterprise Fund, please complete details of other funds, including whether they are already secured or are awaiting a decision.

Please complete the table provided.

9. Please provide a breakdown of expenditure for the full project

The table should be completed in date order to show project expenditure as it will be incurred. For each item of expenditure, enter the amount and the basis of the costing, for example, 'Quote from suppliers', 'hourly/daily rate charged' and the anticipated date of spend. The total project cost will automatically be calculated at the foot of this table. Please make sure that this total matches the total in the box at question 1.

Governance, Operations & Finance

10. Please explain how this work will be managed internally

Please describe exactly how you plan to manage and deliver the work you have described in question 2. Please provide details on who will be responsible internally for managing the work and what tools (such as IT) and /or experience they have to do so effectively.

11. Please provide details on the skills and experience of your key staff/trustees.

You should demonstrate that the Board and staff team have the capacity to undertake and complete the proposal successfully as well as run the organisation. The Board of Trustees / Directors should have the right balance of skills and experience to lead the organisation, ensure operational effectiveness and act in the best interests of the organisation and its beneficiaries. In addition, leadership and staff should have the appropriate skills, knowledge, qualifications and experience to deliver the organisation’s vision and mission. Details should include a brief summary on the people and how their skills and experience relate to this particular organisation and project.

12. Please complete the summary table below to show your organisation’s recent financial track record and give us an idea of anticipated performance in the near future

First Steps Enterprise Fund will only invest in organisations that are in good financial health and in a position to continue to successfully deliver services of community value over the longer term while repaying their debts. It is therefore essential that we assess your organisation’s financial position, both in terms of income and expenditure and the balance sheet position. To be successful in your application you should demonstrate your solvency as well as your capacity to generate operating surpluses.

Please complete the table at question 12 to show your organisation’s recent financial history, current financial situation and projected performance. The Annual Accounts columns of the table should be completed with reference to your organisation’s annual accounts.

In the Management Figures YTD column, please input as much information as possible from your latest management accounts on the performance to date for this financial year. Not all management accounts will include all of the information listed, but we would expect to see income and expenditure entered in this column as a minimum. Please make sure that the date of the management accounts is entered at the top of the column.

In the Projected Full Year Figures 2015/16 column it is important to know your projected results to year-end which should also be shown in your management accounts. This is because, due to the timing of income and expenditure, the management figures to date (as above) may not be easily comparable to past performance for full years, making it hard to judge the current financial health of your organisation. Again, it may only be possible to enter income and expenditure.

If you are a start-up organisation please provide as much financial information as you have available, e.g. income and expenditure in the management figures year to date column.

13. Please describe your financial management controls.

Please tell us:

- How often do you produce management accounts?
- What statements are included in your management accounts (for example profit and loss statements and balance sheet?)
- How are management accounts reviewed within the organisation?
- Who in the organisation has control of the management accounts and takes any action required?

Declaration

Please read this declaration carefully before submitting your application and ensure that you are happy to agree to it as a representative of your organisation.

Submitting your application

To submit your application please email the completed form and supporting documents listed below to firststeps@sibgroup.org.uk before noon on Friday 11 December 2015.

Please insert your organisation name in the subject line of your email. This is crucial to enable us to collate your documents and if you do not do this your application will not be considered.

Please note that if you are successful in receiving investment you will be required to provide monitoring information about the work undertaken with the funding provided. This will involve providing financial information on a quarterly basis. By submitting an application you are agreeing to provide this monitoring information. Please tick the box provided to show that you agree to this.

Supporting documentation checklist

If you are successful, we will ask for additional supporting documentation, including a business plan, most recent management accounts, cash flow forecasts and two years' audited accounts.² **Please do not send us these documents with your application**, we will ask for them separately at a later stage.

² Please note, if the organisation applying has been operating for less than two years, we wouldn't expect to see two years' audited accounts.

Section 3 – Selection process

Applications received will at first instance be reviewed to ensure the information in the body of the application matches the responses in the [eligibility checklist](#).

Eligible applications will then be assessed in line with the guidance set out above. Shortlisted applicants will progress to the next stage of the assessment process.

Unsuccessful applications

If your application is not progressed to the next stage of the application process you will be informed by 16th January 2016. Due to the high volume of applications that we are likely to receive we will not be able to provide detailed verbal feedback on unsuccessful cases. We will however write to applicants indicating the key reason for the application being unsuccessful.

Please note that the decision will be final.

Complaints and Feedback

If you have a complaint about the way your application is handled we suggest in the first instance you contact the member of the Investment Team who has been dealing with your application. If the matter cannot be resolved then follow our complaints process as detailed on our website at sibgroup.org.uk/contact-us/complaints