

# Impact Readiness Fund – Round 2

## **Guidance for Ventures**

Social Investment Business

November 2015

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## Impact Readiness Fund

### Aim

Social investors and commissioners are interested in the social impact that ventures achieve, but demonstrating this impact can be difficult. Many worthy social ventures struggle to articulate their achievements without the right systems and expertise.

The second round of this fund will help social ventures demonstrate and improve their social impact. It will do this by supporting ventures to:

- Understand their historical performance
- Drive efficiency and improvements in service delivery and management
- Define credible business plans to grow outcomes achievement
- Embed new infrastructure and skills to be able to manage performance and maximise social impact over the long-term
- Raise investment and win contracts.

Work completed through the fund is not expected to cover all aspects of the support outlined above. Social ventures will define their particular support needs in their application. Social ventures will work with an approved support provider to define a work plan and make a joint application to the fund. Grant awards can pay for support to the venture for training, resource needs, and system upgrades and will pay for the work contributed by the approved support provider.

This fund will contribute to a robust pipeline of investible social ventures for the social investment market and will inform how the social investment market can measure and articulate social, as well as financial, return.

### Support offered

The fund will offer grants for ambitious social ventures keen to grow and increase their impact. The grants are for social ventures to work with providers and applications must be developed with a pre-approved Investment Readiness Fund (IRF) provider. The application should be viewed as a joint application although the IRF will formally contract with the venture. A minimum of 30% of the grant requested must be to cover provider or venture costs. In all cases the grants will be paid to the venture who will pay the provider for their work.

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Guidance to the grant applicaiton form is given in [Appendix A](#).

## **Impact Growth Grants**

This second round of funding will provide Impact Growth Grants .

### **Purpose**

To support intensive interventions to help develop specific systems and processes to increase the impact that the venture is delivering and which are clearly linked to a specific investment raise/contract opportunity

### **Grant size**

£25,000 to £100,000 (we expect the average for these grants will be £50,000)

### **Spend timetable**

Up to 3 months

### **Use**

- improve existing processes and approach in relation to impact measurement and performance management
- improve data collection and analysis processes, improve capacity and embed skills to use data in business planning
- provide change management support to embed new ways of working
- improve performance management and make service delivery improvements

Grants can be used for temporary additional internal capacity for ventures as long as they have a clear plan/intention to cover this work post grant completion, and as long as the grant is not used to cover existing running costs.

A maximum of 70% of the grant value can go to either the provider or venture within any one individual grant application.

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## Criteria

### Social Ventures

- Organisations must be social ventures that tackle social problems, are financially sustainable and want to scale up (this includes registered charities, social enterprises, companies limited by guarantee with charitable aims, Community Interest Companies, mutuals).
- Social ventures must be based in England and this funding must support only work that will be done in England
- Social ventures can only apply to the fund in partnership with an approved provider
- Ventures must be able to demonstrate:
  - a commitment to securing investment (not grant finance) or into delivering public or private sector contracts
  - a strong track record of delivery
  - clear and specific plans to build their ability to articulate their impact and to raise investment / win contracts. Applications must outline the specific milestones and outcomes that will be achieved as a result of the grant.
  - a complete work plan that can be executed within a maximum period of three months
- Applications should be for a new project or significant additional activities that meet the above aims
- Applicants will be required to address the following in their grant applications:
  - theory of change
  - beneficiaries
  - wider impact

**We encourage ventures to seek pro bono support or match funding alongside the grant.** This will need to be demonstrated in the grant application through specific evidence of other approaches/ applications made.

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## **Relationship to other readiness funds delivered by the Social Investment Business**

The Impact Readiness Fund supports social ventures to become ready to raise investment or win contracts. If social ventures are better able to demonstrate and improve their social impact achievement, they will be better able to raise social investment and win contracts. This is the second round of funding to be awarded by the Impact Readiness Fund. Social ventures who received Impact Readiness grants, either by themselves or as part of a cohort are able to apply for an Impact Growth grant in this round of funding if they can demonstrate how they will continue to build on the work funded within Round 1.

**Organisations who received Impact Growth grants in Round 1 will not be eligible to apply for further funding from Round 2 of the fund.**

Organisations who received a Cohort Readiness grant in Round 1, can apply for their cohort to receive further funding in Round 2; the organisations eligible for these grants will be contacted directly with details of the process for this.

The [Investment and Contract Readiness Fund](#) (ICRF), the Childcare Investment Readiness Fund (CIRF) and the [Big Potential fund](#) are other readiness funds delivered by the Social Investment Business and have similar objectives in terms of supporting ventures to either raise investment or win contracts. In some grants, these funds have supported elements of impact readiness work. If an organisation has received a grant previously from any of these funds it should be clear that the work proposed does not duplicate any previously funded activity and that the organisation is applying for a grant appropriate to its needs/track record in raising investment and securing contracts.

## **How to apply**

The fund will be open to applications from Social Ventures from **Monday 2 November 2015** until **midday Friday 8 January 2016**. We cannot consider any applications received after this time. Panels to consider applications received will take place in February 2016. Decisions on all applications will be communicated in late February 2016.

To apply you need to register your information before accessing and completing the application form. You will need to choose an approved Impact Readiness provider to work with and plan the impact readiness project. Details of approved providers can be found here:

<http://www.sibgroup.org.uk/impactready/directory/>

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The application consists of an application form and mandatory supporting documents (see below). Your application will not be considered if the supporting documentation is not received. The form and all documents should be sent to [impactreadiness@sibgroup.org.uk](mailto:impactreadiness@sibgroup.org.uk)

### **Supporting documents**

In order for your application to be considered, you must provide the following documents at the same time as you submit your application form:

- your 2014/15 annual accounts, audited in line with legal requirements. If these have not yet been audited, please provide your draft 2014/15 accounts and 2013/14 audited accounts.

In order for us to correctly collate your application, the supporting documents must be sent from the same email address as that entered on submission of the application form and sent on the same day as the application form. You must include the name of your organisation in the subject line of each email to which supporting documentation is attached.

### **How your application will be assessed**

Once we have checked that you have fully completed the application form and provided all supporting documents, we will assess your application as follows:

1. Confirm your organisation's eligibility for the programme, make sure the proposal's aims, budget and timeline fit with the Fund criteria and that any grant would not breach State Aid rules; if so
2. Review your application and feedback any questions to you where we think our Impact Readiness panel may need more detail.
3. Applications will be reviewed and scored by SIB staff and a recommendation put to the Impact Readiness Panel.
4. The Impact Readiness Panel may request further information or clarification on your application before they reach a decision.

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## **If you are successful**

All applicants will be informed of the panel's decisions by late February 2016. In order to take up a grant offer, your organisation must be in a position to accept this offer, such that you can return the signed grant offer letter and the documents required below by Friday 11<sup>th</sup> March 2016.

- An original certified bank statement, less than three months old, in the name of the organisation receiving the grant.
- Certification of the bank details. Any of the following is sufficient to certify the details:
  - a paying in slip
  - a blank cheque (voided)
  - a letter from the bank confirming the account name, account number and sort code.
- Completed Key Persons Information Form stating bank details and giving details and signatures of those persons authorised to sign your grant agreement, drawdown request and all other documents required. You should make sure you can complete this form with any relevant signatures by the 11<sup>th</sup> March 2016 deadline.
- Completed payment request form. Funds for you grant will be transfered to your bank account within 6 to 10 working days after receipt of your payment request.
- (where relevant) completed State Aid Declaration form.

As well as this general documentation we may require other evidence as specific pre-conditions relating to your investment and this must be provided before the drawdown of funds. This would include any information requested by the Impact Readiness Panel at the time of making the award.

## **Monitoring**

We will require mid-project progress reports in May 2016 and at the end of your three month project we will require you to submit a final report form. We will provide you with a template for these reports. This report will require you to feedback on the project, including completion of the milestones outlined in your application and expenditure against the agreed project budget. The final report will be submitted jointly by the Provider and Venture Applicant.

Along with the final report you must submit:

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- A declaration which will be signed by both the Provider and the Venture applicant to confirm that the information provided is a true and fair reflection of the work undertaken
  - Written confirmation from the Venture that they are satisfied with the work undertaken by the Provider.

**If you are not successful in your investment application**

We will write to all unsuccessful providers explaining the reasons why the Impact Readiness Panel did not decide to fund the application.

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## Appendix A: Application Questions – applications to work with a single venture

The application form is split into sections as follows:

Section A: Eligibility criteria

Section B: Key details

Section C: About the social venture

Section D: Development and impact readiness needs

Section E: Impact readiness plan

Section F: State aid

Section G: Social venture details

Section H: Supporting documentation

Section I: Declaration

### **Section A: Eligibility criteria**

The first section of the application form is the eligibility checklist. If you cannot answer 'yes' to all of these questions, please do not proceed to complete the application form.

### **Section B: Key details**

The name of the organisation should be either the legal name or the trading name which are specified in Section H. The name of the Provider should be a provider from our approved Impact Readiness Provider list. The Grant Amount Requested should correspond to the total amount requested in question F2.

### **Section C: About the social venture**

This section aims to help you expand on the current position of the venture and its development potential.

**C1.** Description of track record should focus on the key achievements and activities. It should help the Impact Readiness Panel quickly understand the venture's main activities/role, a clear history of trading (including sales or contract numbers and values), the results or outcomes of these activities (including both quantitative and qualitative descriptions), and a summary picture of the organisation's current and past financial position.

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**C2.** The question includes some of the key areas on which investors and commissioners base investment/commissioning decisions. This question should provide an opportunity for you to present your analysis of both current areas of strength and where further work and progress is required in order for the venture to get investment or contract ready. The priorities for further development contained in this section should be clearly reflected in the investment/contract readiness plan described in **section E**. A frank and robust analysis is sought from applicants.

**C3.** Historical financial performance should be drawn from the accounts submitted in supporting material. If possible, it should include a breakdown of types of income. Please provide the additional information requested regarding your sources of income, and unrestricted funds.

**C4.** This question gives an opportunity to describe the current impact the venture makes and how it understands this.

**C5.** The bullet points contained in the question are a guide. Some may not be relevant while other conditions may be central to describing the venture's potential. The aim of the question is to help you show how a venture might grow or develop in order to be able to use investment (and repay it) or secure contracts.

#### **Section D: Development and impact readiness needs**

**D2.** We expect applicants for impact readiness grants to be at the 'Preparing' stage.

**D3.** We expect VCSEs to have a clear understanding of the how much they need to raise from investment or what contracts they are looking to secure and the timelines related to these.

**D4.** We expect ventures to have a clear idea of the investment to be raised or contracts to be secured.

**D5.** This should focus on the ventures development needs in relation to impact.

#### **Section E: Impact readiness plan**

**E1.** Please summarise the impact readiness plan, this should reflect the current position of the venture described in section C and the development needs described in section D and how the plan will respond to them. The table at E2 provides an opportunity to break this plan down into greater detail.

A clear articulation of social impact from activities, how they are captured and the key metrics you will use should be included. You should also explain why the particular systems/metrics are appropriate for

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the type of work the organisation carries out and their ultimate goals in relation to raising investment/securing contracts.

**E2.** The impact readiness plan should be broken down into the development needs to be addressed and the activities which will address these (i.e. key tasks to be achieved over the three month project). This question should enable you to describe the work plan – split between the provider and venture – you will follow if your application is successful and the areas of activity should match those in your budget at E3.

This table will be used to monitor your performance during and at the end of the grant.

**E3.** This table requires your budget covering the main Impact Readiness provider, venture and other specialist inputs. This table will be used to monitor your performance during and at the end of the grant.

Please use section 3 of this budget table for items for additional (not your main) Impact Readiness providers. Information in the 'basis of costing' column should describe what the costs inputted are based on eg. 10 days of Joe Bloggs @£500/day. You should note that the Impact Readiness Fund will not cover day rates in excess of £1,000 including VAT.

Please ensure that your budget table for E3 sums to the total grant request entered in Section B.

**E4.** We encourage ventures to seek pro bono support or match funding alongside the grant. This space gives you the chance to outline any additional funding or pro bono support for this project and what work this will cover. This could be support from the Venture itself or other non-paid consultant time.

**E5.** Include key details on how and when the venture and provider met and started working together, the approach you took in developing your application and the key skills or abilities the provider can bring to help develop your venture's investment or contract readiness.

If the plan includes other providers please give brief details here or their suitability for this work.

## **Section F: State Aid**

### **F1. State Aid**

Please refer to the [government website for detailed guidance on State Aid](#). The questions in this section are designed to determine whether your organisation / proposal is exempt from State Aid and, if not, what size of grant could be made without breaching State Aid rules.

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## **F2. Statutory services**

Statutory services are ones which the state is legally required to provide and has contracted out to your organisation to deliver on their behalf. Examples of statutory services include but are not limited to; schooling for under 16s; health and social care for wards of the state; statutory services for offenders during imprisonment. We need you to estimate the percentage of your income that comes from statutory sources.

## **F4. Prior funding from a public body**

Please complete this table to include all funding (not earned income) received from a public body, including lottery funds, in the last three years. It is the point of offer that is relevant for assessing State Aid: please make sure you include all public funding offered and accepted between the dates shown.

## **Section G Social venture details**

Please answer all questions on this section fully and accurately.

We will use the legal name provided, legal status, company and charity numbers (if applicable) and date established to perform due diligence checks and checks to your governing documents. Please make sure that this information is entered accurately.

Please provide the contact details for someone who knows and understands the proposal. We will normally contact the impact readiness provider in the first instance if we need any information during the assessment process but please provide alternative telephone numbers and an email address in the exceptional case that we do need further information from the venture.

The end of this section asks you to indicate in which sector the venture works. This needs to reflect the organisation's current activity.

## **Section H: Supporting documentation**

Please provide your 2014/15 annual accounts, audited in line with legal requirements. If these have not yet been audited, please provide your draft 2014/15 accounts and 2013/14 audited accounts.

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**Section I: Provider declaration**

Please read this declaration carefully and sign to confirm your understanding and agreement to its terms. We will not accept applications from ventures that submit an application without an approved Impact Readiness Provider Declaration. We will notify the provider contact named in this section of the outcome of the application.