

Application Question Guidance (Oct 2021)

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Introduction

This document mirrors the Recovery Loan Fund (RLF) application form sections and questions, and provides guidance on how to answer each of the questions.

You can complete the application form without referring to this document (we have included guidance on the form itself). However, this is a useful resource if you get stuck on a particular question and need some extra guidance, or if you prefer to review the questions and guidance in full before starting to complete the online form.

If you have any questions, contact RLF@sibgroup.org.uk

1) Information About You

- Contact details

(Name, position, email address and phone number)

Please provide the details for the person completing the application on behalf of the applicant organisation.

2) Eligibility Check

We want you to know whether the fund is right for your organisation as early in the process as possible. You need to be able to confirm that your organisation meets each of the below criteria to be eligible for the fund and to progress with your application.

If you do not meet the below criteria and therefore cannot confirm/ check off the item on the application form, **please do not continue with the online form** - this will result in an ineligible application being submitted and your application being rejected at a later stage.

If you are not eligible for the fund, you may find the below links useful for other funding opportunities:

<https://www.sibgroup.org.uk/funds>

<https://www.goodfinance.org.uk/latest/post/funding-and-investment-guidance>

<https://www.british-business-bank.co.uk/finance-hub/>

- **Is your organisation an eligible charity or social enterprise?**

You must be able to answer Yes to be eligible for the fund.

Eligible charities and social enterprises are those who:

- Exist for the benefit of society/ environment and to improve people's lives.
- Are incorporated and based in the UK, and deliver their services and social impact in the UK.
- Are one of the following legal forms:
 - Charitable incorporated organisation registered with the Charity Commission of England and Wales and/or the Office of the Scottish Charity Regulator.
 - Company limited by guarantee registered with the Charity Commission of England and Wales and/or the Office of the Scottish Regulator.
 - Community interest company limited by guarantee.
 - Community interest company limited by shares.
 - A registered society (for community benefit) under the Co-operative and Community Benefit Societies Act 2014.
 - Community benefit society under the Co-operative and Community Benefit Societies Act 2014
- Where they are not one of the above legal forms:
 - the organisation must have adopted within its constitutional documents the principles set out in BSC's Governance Principles:
<https://bigsocietycapital.com/about-us/governance/key-documents/governance-principles/> (this includes amongst others, a need for a social object, an asset lock or similar restriction on the distribution of assets (this is necessary if a Company Limited by Guarantee or a Company Limited by Shares which is not also a Community Interest Company or registered charity).

- **Has your organisation been adversely impacted by the Coronavirus (COVID-19)?**

You must be able to answer Yes to be eligible for the fund.

You may self-certify that your organisation has been impacted by the Coronavirus (COVID-19) and we as a lender may rely on that self-certification. The impact by COVID on your organisation may be direct or indirect.

- **Has your organisation been actively operating for at least 2 years?**

You must be able to answer Yes to be eligible for the fund.

This is in regard to the organisation itself irrespective of length of who has been operating it. We will review the management team and their ability to operate the organisation during assessment.

- **Did your organisation have a turnover of £400,000 or more in its last financial year? (or £200,000 if the organisation is BAME-led or based in Wales or Scotland)**

You must be able to answer Yes to be eligible for the fund.

Your organisation must have a turnover of at least £400k or more in its last financial year according to its last set of annual accounts. The turnover threshold is reduced to £200k if you are a BAME-led organisation, or based in Scotland or Wales.

Black, Asian and Minority Ethnic (BAME) Led = 51% or above, of the board and SMT are from BAME backgrounds.

- **At the date of this application, is your organisation (or group, if applicable) subject to any of the following Relevant Insolvency Proceedings:**

(a) Winding-up by or subject to the supervision of the court;

(b) Creditors' voluntary winding-up (with confirmation by the court);

(c) Administration, including appointments made by filing prescribed documents with the court;

(d) Voluntary arrangements under insolvency legislation; or

(e) Bankruptcy or sequestration?

You must be able to answer No (i.e. you are not subject to any of the above) to be eligible for the fund.

The 'voluntary arrangements' listed above include company voluntary arrangements and individual voluntary arrangements. The exception to this is where an organisation has entered into a company voluntary arrangement on or after 16 March 2020, this is not considered to be a relevant insolvency proceeding.

Receiverships, members' voluntary liquidations and schemes of arrangement under Part 26 of the Companies Act 2006 are not considered to be relevant insolvency proceedings.

Group = when one or more companies are owned or controlled (directly or indirectly) by a single parent company. If your organisation is part of a group structure, you must consider all companies in the structure when answering this question.

- **Does your organisation trade in the UK and will the loan be used to support trading in the UK?**

You must be able to answer Yes to be eligible for the fund.

This does not mean that your organisation must only sell in UK markets.

Organisations must be based in the UK and be delivering the majority of their services and impact in the UK.

- **Does (or will) your organisation (or group, if applicable) generate more than 50% of its turnover from trading activity? Registered charities or further education colleges are exempt from this eligibility criteria.**

You must be able to answer Yes or My Organisation is Exempt to be eligible for the fund.

At the date of application, the Borrower (or the Borrower's Group, if applicable) must, in the lenders view, be generating (or going to generate) more than 50% of its income from trading or commercial activity as at the date the loan is drawdown.

Group = when one or more companies are owned or controlled (directly or indirectly) by a single parent company. If your organisation is part of a group structure, you must consider all companies in the structure when answering this question.

Trading activity = trading activity that generates turnover (whether or not with the intention of making a profit). Not-for-profit organisations are deemed to be trading businesses for this purpose. **Registered charities and further education colleges are exempt from complying with this criterion.**

Examples of activity that does not qualify as trading:

- Online or other direct donations
 - Direct gifts from wills or legacies
 - Gifts of land or other assets
 - Grants from trusts and foundations
 - Gift aid claimed on donation
- **Will the loan be used in an excluded sector?**
You must be able to answer No to be eligible for the fund.
Excluded sectors are:
- Deposit taking Banks and EEA Banks;
 - Building Societies;
 - Insurers (other than insurance brokers);
 - Public sector organisations; and
 - State funded primary or secondary schools.

3) Northern Ireland

As it stands the Recovery Loan Fund does not support applications from organisations based in/ working in Northern Ireland. You need to be able to confirm that your organisation meets each of the below criteria to be eligible for the fund and to progress with your application.

If you are unable to tick to confirm that your organisation is not based in/ does not operate in Northern Ireland, **please do not continue with the application**. Please do not tick to say you meet the criteria if you do not, this will result in an ineligible application being submitted and your application being rejected at a later stage.

If you are based in/ operate in Northern Ireland, we suggest getting in touch with local funder Community Finance Ireland. You can email them at hello@communityfinanceireland.com or find out more information on their website at: <https://communityfinanceireland.com/>. Please mention that you were referred to them by the Social Investment Business.

- **Does your business, its subsidiaries, parent company or operations participate in the wholesale electricity markets in Northern Ireland insofar as it applies to the generation, transmission, distribution and supply of electricity, or does it trade in wholesale electricity or involve cross-border exchanges in electricity?**
You must be able to answer No to be eligible for the fund.

- **Is your business (this is the legal entity proposing to borrow the RLS facility) established or registered in Northern Ireland?**
You must be able to answer No to be eligible for the fund.
- **Does your business have any active subsidiaries, an active parent company and/or operations in Northern Ireland? Or does your business have plans to operate any subsidiaries, or establish other operations in Northern Ireland within the next three years?**
You must be able to answer No to be eligible for the fund.

4) Partner Details

- **Which of the following fund partners would you like to assess your application?**
(Social Investment Business, Big Issue Invest, CAF Venturesome, Charity Bank, Key Fund, Social Investment Scotland, Resonance Limited & Wales Council for Voluntary Action)
Social Investment Business (SIB) is managing the Recovery Loan Fund (RLF) alongside a range of experienced social investor partners. You are able to select which of the Fund partners you would like to work with on your application. You might select them because you are a previous/ current customer, you have another form of relationship, or because you would like to build a relationship with them. Your selected partner will assess your application and make a decision on whether to recommend it to the Fund's Investment Committee.

5) Organisation Details

We will use these details to perform due diligence checks and to review your governing documents. Please make sure that this information is entered accurately.

- **What is the organisation's legal name?**
This should be the exact registered name of the organisation, even if it is not the name that the organisation delivers service under.
- **Does the organisation trade under a different name? If Yes, please outline:**
If your organisation is known by another name, please answer Yes and provide the other name. If it is not known by another name, you can leave this question blank.
- **Company Number:**
This is the organisation's registered company number that can be used to verify that it is an entity registered with Companies House. Please double check to make sure you have entered the correct number into the online form. This will be used to verify that the organisation meets the 'eligible charity and social enterprise' criteria (see above).
- **Charity Number:**
This is the organisation's registered charity number that can be used to verify that it is an entity registered with the Charity Commission. If applicable, please double check to make sure you have entered the correct number into the online form. If the organisation is not registered, then please leave blank. This will be used to verify that

the organisation meets the 'eligible charity and social enterprise' criteria, and, if applicable, that it is exempt from the '50% trading income' criteria (see above).

- **On what date was the organisation established?**

This will usually be the date when the organisation was incorporated. This will be used to verify that the organisation meets the 'actively operating for 2 years' criteria (see above).

- **Organisation Street/Building Address, Town/City, County, County, Region, Postcode:**

This is the organisation's registered address e.g. the address registered with Companies House. This might not be the same address as where trade or support is delivered.

- **Organisation phone number:**

This is the phone number for the organisation's head office. It is appreciated that this phone may still not be staffed following the Coronavirus lock-downs but will be crucial in future.

- **Organisation email address:**

This is the generic e-mail address for the wider organisation, not just the contact to this application.

- **Organisation Website:**

The URL for the organisation's main website address.

What is the organisation's scale of delivery?

(Local/ Regional/ Multi-Regional/ National/ International)

This question refers to the scale/reach of the work that the organisation carries out, for example whether your organisation serves a very concentrated area (local), or across several areas in several regions (multi-regional).

- **What are the top 3 postcodes of operation for the organisation's current activities?**

We understand you might operate across more than 3 postcode areas, please provide the 3 postcode areas where the organisation works with the largest numbers of beneficiaries/ customers.

- **What is the primary outcome area that the organisation operates in?**

(Income and Financial Inclusion/ Citizenship and Community/ Physical Health/ Housing and Local Facilities/ Conservation of the Natural Environment/ Mental Health and wellbeing/ Family, Friends and Relationships/ Arts, Heritage, Sports & Faith/ Employment/ Training and Education)

The applying organisation is only able to choose one option from this list. It is recognised that many organisations will have several service areas but please choose the area that is largest for the organisation.

- **Who are the primary beneficiaries of the organisation's services?**

(People experiencing long term unemployment/ People who are homeless/ People

with addiction issues/ People with long-term health conditions/ People with learning disabilities/ People with physical disabilities or sensory impairment/ People with mental health needs/ Vulnerable parents/ Vulnerable children/ Vulnerable young people / Vulnerable older people including people with dementia / Ex-offenders/ People who have experienced crime or abuse/ People living in poverty and/or are financially excluded)

The applying organisation is only able to choose one option from this list. It is recognised that many organisations will have several beneficiary groups but please choose the largest group the organisation serves.

- **Does the organisation work with members of BAME communities?**

(We substantially support people from BAME communities as defined in the guidance/ We work with some BAME individuals but not extensively so/ We do not work with many BAME beneficiaries or users)

This question focuses on the extent that your organisation supports communities from Black, Asian and Minority Ethnic (BAME) background. You would be substantially supporting BAME communities if they make up over 50% of your beneficiary group.

- **What is the organisation's legal status? If Other, please outline:**

(Charitable Incorporated Organisation/ Company Limited by Guarantee/ Company Limited by Shares/ Community Interest Company Limited by Guarantee/ Community Interest Company Limited by Shares/ Industrial and Provident Society/ Limited Liability Partnership/ Mutual (Friendly Society)/ Registered Society (BenCom)/ Registered Society (Cooperative)/ Unincorporated Organisation/ Other)

This refers to the organisation's legal form. If the organisation's legal form is not listed then please choose Other and specify what type it is. Unincorporated associations are not eligible. This will be used to verify that the organisation meets the 'eligible charities and social enterprises' criteria (see above).

- **What is your social asset lock?**

(Charity/ Community Interest Group/ Community Benefit Society/ Adopted as social objects in constitutional documents/ No asset lock/ Other type of asset lock)

This refers to whether the organisation has a legal structure that provides an asset lock e.g. Charity/ Community Interest Group/ Community Benefit Society, or if has a social object, asset lock and restriction on profit distribution written into its governing documents. If the organisation has no asset lock, it will not be eligible. This will be used to verify that the organisation meets the 'eligible charities and social enterprises' criteria (see above).

- **Is your organisation part of a Group? If Yes, please outline:**

If your organisation is part of a group (see below definition), please answer Yes and list the legal names of the other companies in your group.

Group = when one or more companies are owned/ controlled (directly or indirectly) by a single parent company.

- **Can you give us a brief narrative description of your business. This should include a brief outline of your business model, who it supports and how it operates:**

This open-ended question is an opportunity for you to describe the business, its model, service users and delivery. (750 characters)

- **What was the organisation's turnover as per its last set of accounts?**

Please enter the organisation's turnover - it must be £400k or more. The turnover threshold is reduced to £200k if your organisation is BAME-led (see below definition), or based in Wales or Scotland. To be eligible for the lower threshold you will need to identify on the application that you are BAME-Led (i.e. equalities questions), or based in Wales or Scotland (i.e. organisation address, and region). This information will be used to verify that the organisation meets the 'turnover threshold' criteria (see above).

Black, Asian and Minority Ethnic (BAME) Led = 51% or above, of the board and SMT are from BAME backgrounds.

- **How many full-time employees does the organisation have?**
- **How many part-time employees does the organisation have?**
- **How many volunteers does the organisation have?**

Please base your response on head count rather than full time equivalent. Please enter a whole number (no commas or symbols), and enter 0 if you have none.

- **Does the organisation provide goods or services?**

(Goods/ Services/ Both/ None)

This information helps us to understand the type of organisation applying for the loan and will be used for reporting.

- **How many income streams does the organisation have?**

(1 income stream, 2 income streams/ 3+ income streams)

This is the number of income streams that the organisation has contributing to its overall income.

- **Primary/Secondary Revenue:**

(Business 2 Business/ Business 2 Customer/ Business 2 Government - Contracts/ Business 2 Government – Grants/ Grants (Non-Governmental)/ Donations)

This refers to the primary and secondary revenue streams for the organisation e.g. providing a service to the Government, to another business, to paying customers or by grant. If the organisation only has one primary revenue stream then it only needs to complete the primary question and leave the secondary blank.

- **What percentage of the organisation's income does it currently earn from trading?**

(Less than 25%/ More than 25% but less than 50%/ 50% or more/ Our income comes from donations, grants, and gifts – we don't trade)

Trading activity = trading/activity that generates turnover (whether or not with the intention of making a profit). Not-for-profit organisations are deemed to be trading businesses for this purpose. Registered charities and further education colleges are exempt from complying with this criterion.

Examples of activity that does not qualify as trading:

- Online or other direct donations

- Direct gifts from wills or legacies
- Gifts of land or other assets
- Grants from trusts and foundations
- Gift aid claimed on donation

This will be used to verify that the organisation meets the '50% trading income' criteria (see above), unless the organisation is a charity and therefore exempt from this criteria.

6) Equalities

We are collecting data on equalities to better understand the make-up of the organisations this fund will support. We have a commitment to ensuring that we fully represent the diversity of the sector in our funding.

BAME = Black, Asian and Minority Ethnic.

- **Do you consider your organisation to be diverse led?**
(*BAME Led – Yes or No, Woman Led – Yes or No, LGBT Led – Yes or No, Disability Led – Yes or No*)

By diversity led we mean that 51% or above, of the board and senior management team are from diverse backgrounds. This definitions are informed by research by the Arts Council [here](#).

An example to help you to answer the following question is:

If you have 70% of your leadership team that identify as BAME, 60% that identify as women, 30% that have a disability and 20% that are LGBT, you would answer 'Yes' for BAME-Led and Woman-Led, then 'No' for Disability-Led and LGBT-Led.

This will be used to verify that the organisation is BAME-Led and therefore qualifies for the lower turnover threshold i.e. £200k and the lower loan amount threshold i.e. £50k.

- **If you identify as BAME-Led, could you give us more information how your board/senior management team is BAME-Led (over 51% from BAME backgrounds)?**
This open-ended question is an opportunity for you to describe how your organisation is BAME-Led. This will also be used to verify that the organisation is BAME-Led and therefore qualifies for the lower turnover threshold i.e. £200k and the lower loan amount threshold i.e. £50k. If you do not identify as BAME-Led, please leave this question blank.

7) Funding Request

- **What size of loan are you applying for?**
The minimum size loan you can apply for is £100k, and the maximum is £1.5m. The minimum threshold is reduced to £50,000 if you are a BAME-led organisation, or based in Wales or Scotland. To be eligible for the lower threshold you will have needed to identify on the application form that you are BAME-Led (i.e. equalities

questions), or based in Wales or Scotland (i.e. organisation address, and region questions).

- **What length of loan are you applying for?**

(1 year, 2 year, 3 year, 4 year, 5 year, 6 year)

The minimum loan term (i.e. the period from when the loan is disbursal to when the last repayment is made) you can apply for is one year, and the maximum is 6 years.

- **Is this loan part of a wider funding package that you are raising?**

(Yes/No)

If you answer yes, you will be asked to provide further details of the total funding you are hoping to raise and who the other funders are likely to be? (500 characters)

- **What is the main purpose of the loan?**

(Cost saving, Cover shortfall in cash, Grow through existing product/ service, Grow through geographical expansion/ customer segment diversification, Growth through new product or service, Improve product or service, Refinancing)

- *Cost Saving* = Generate a long-term reduction in ongoing organisational expenses.
- *Cover shortfall in cash* = Allow the enterprise to increase its liquidity to cover ongoing expenses and ensure continued provision of product and service. Also applicable for a short-term loan used until company receives other form of financing or payment for a contract, e.g. a results contract.
- *Grow through existing product or service* = Increase the provision of existing product or service.
- *Grow through geographical expansion/ customer segment diversification* = Expand existing activities by providing product or service to clients in a new geographic area or to previously not targeted customer market.
- *Grow through new product or service* = Develop and launch previously not offered product or service.
- *Improve product or service* = Enhance the quality or other aspect of already offered product or service.

To be considered for refinancing of existing debt, the organisation must meet both of the following parameters in their most recent quarterly management information, which will be considered during the assessment of your application:

- i) Balance sheet: Positive net current assets, and
- ii) Profit and loss/income statement: Break-even or profitable/surplus in the last quarter.

- **What are you planning to spend the investment on?**

(Fixed asset purchase – Property/Land, Fixed asset -Property improvements/renovation/ Fixed asset purchase – Build property/ Fixed asset purchase – Rent/Lease new property/Fixed asset purchase - not property/ Fixed asset hire/lease - not property/land/ New Marketing Activities/ Hiring new employees/Engaging new external consultant/contractor/ Refinancing/ Purchase Inventory/ Ongoing operating expenses/ Financing onward lending/ Internal systems – Technology/ Internal systems – Organisational systems/ Acquisition/ Other)

- *Fixed asset purchase – property land* = Acquisition of a property freehold or long leasehold, e.g. new headquarter or housing accommodation. Acquisition of land.
- *Fixed asset – Property improvements* = Redeveloping/improving already owned/rented property.
- *Fixed asset purchase – Build property* = Construction of new property, e.g. new headquarter or housing accommodation.
- *Fixed asset purchase – Rent/Lease new property* = Renting or leasing a new property e.g. new headquarter or a housing accommodation.
- *Fixed asset purchase - not property/land* = Acquisition of a physical item, e.g. hardware, vehicle, furniture.
- *Fixed asset hire/lease - not property/land* = Renting or leasing a physical item, e.g. hardware, vehicle, furniture.
- *New Marketing Activities* = New or increased/improved activities promoting and selling organisation's products or services, including market research and advertising.
- *Hiring new employees* = Employing new permanent team members.
- *Engaging new external consultant/contractor* = Engaging person or organisation to provide specific services or to complete a project for a fixed period of time.
- *Refinancing* = Replacing existing investment with a new investment under different terms.
- *Purchase Inventory* = Purchasing goods or materials to create products for sale.
- *Ongoing operating expenses* - Pay existing ongoing operating expenses, e.g. staff salaries, rent, management of housing properties, etc.
- *Financing onward lending* - (Only for investees that are credit providers) Proceeds used as lending capital.
- *Internal systems – Technology* = Purchase/subscription/development/improvement of new IT system/software.
- *Internal systems – organisation systems* = Improvement/implementation of new operational systems, e.g. HR, data management, accounting, etc.
- *Acquisition* = Buying or merging with another business or organisation.

We understand that the money can be spent on different things. Please choose where the majority of money will be spent.

- **Can you give us a brief narrative description of how you will use this loan?**
This open-ended question is an opportunity for you to briefly provide more detail about the use of the loan. If there are several purposes to the loan, then please state here. Other areas can cover context, timelines etc. (750 characters)
- **Do you have existing borrowing**
(Yes/No)
If you answer yes, you will be asked, 1) to confirm that you will be gaining consent (If required) from your existing Lender(s) to take on new borrowing from this fund, 2) whether you have provided security to the lender e.g. charge over assets.
- **How quickly do you need the loan**
(Immediately, 1 week, 2 weeks, 1 month, 3 months, >3 months)
- **Does your organisation (or group, if applicable) already have (or plan to apply for) another facility backed by the British Business Bank Recovery Loan Scheme (RLS), CBILS or CLBILS schemes (other than this application)?**

(Yes/No)

If you would like to apply for more than one loan supported by the British Business Bank (BBB) RLS, CBILS or CLBILS e.g. with your bank and this fund, you can as long as the total of all BBB supported loans does not exceed £10m (or £30 across a Group).

CBILS = Coronavirus Business Interruption Loan Scheme

CLBILS = Coronavirus Large Business Interruption Loan Scheme

Group = when one or more companies are owned or controlled (directly or indirectly) by a single parent company. If your organisation is part of a group structure, you must consider all companies in the structure when answering this question.

If you answer yes, you will be asked to 1) list each facility and include the amount, termination date and provider, and 2) to confirm that the total of all of these facilities will not exceed the maximum permissible amount of £10m (or £30m across a Group)?

8) Other Documents to Include

You will be asked to upload the following supporting documents:

- **Last two sets of financial accounts (showing figures for three years)**

If your accounts demonstrate current and previous years trading then two years of accounts will suffice, if your organisation has been trading for less than 3 years (but more than 2) then please provide accounts for as long as possible.

- **Latest set of Management accounts**

This should be in the format that you produce your monthly or quarterly management accounts and should therefore provide a clear picture of recent trading performance.

- **Recent 12-month cash-flow forecast**

This should apply assumptions to project forwards the monthly cash position for a minimum period of 12 months

- **Any specific information that will help support your specific application**

It is not a requirement to submit any additional information and only do so if it is of specific relevance to the loan request.