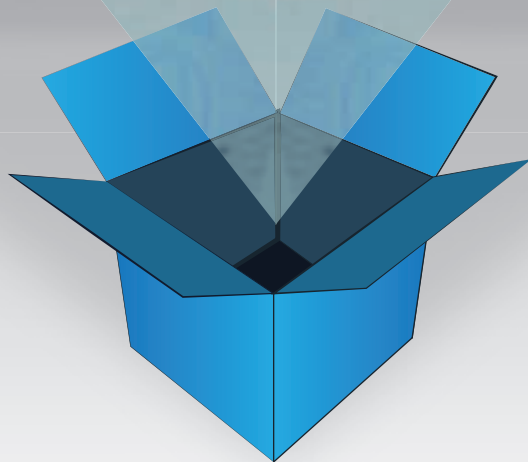


Big Directory

of social investment

Funding alternatives for social enterprises in Scotland.



FIRSTPORT

start something good

**BIG
LOTTERY
FUND**

Introduction

Social investment is a term used to describe many different forms of finance - like loans, bonds and equity - all of which involve some kind of financial return to the investor, as well as helping to achieve social impact.

The Big Lottery Fund achieves its mission of bringing improvements to communities and people most in need primarily through making grants. But we recognise that there are circumstances when social investment can be the right path to growth and sustainability for third sector organisations.

In this directory we aim to provide a single source of information that third sector organisations in Scotland can use to find out what sorts of social investment finance are available to support their social enterprise activities and aspirations.

This is an updated version of the directory compiled by New Street Consulting in 2013.

The Big Lottery Fund believes that the information in the directory is correct at the time of publication. However we recommend that readers take the opportunity to research the most up-to-date position with each organisation by using the links provided in each section.

About the Big Lottery Fund

The Big Lottery Fund is responsible for distributing 40 per cent of the money raised for good causes by the National Lottery. We are committed to helping communities and people most in need so every year we give out millions of pounds to community groups and to projects that improve health, education and the environment.

About Firstport

Firstport is Scotland's development agency for start-up social enterprise. We enable early stage social enterprises and highly-motivated individuals to test, refine and grow their ideas into viable social businesses. We incubate new social ventures, from the seed of an idea to start up and growth. We do this by providing a full package of support and resources that includes start-up funds, business advice, practical tools and connections to help social entrepreneurs make their ideas a reality.

We are working with the Big Lottery Fund to deliver LaunchMe, Scotland's first accelerator programme for ambitious social enterprises. LaunchMe will attract new investors to the social enterprise sector and will help build a pipeline for social investment in Scotland.

Key to symbols and what they mean

Amount



Some organisations will only consider funding up to or over certain thresholds. For example, some may only offer amounts of over £50,000; others may only deal in smaller amounts.

<£50k

This symbol means they award amounts of under £50,000.

>£50k

This symbol means they award amounts of over £50,000.

Type of finance



Organisations can offer different types of finance. They may offer a loan which needs to be paid back, or another kind of finance, such as a grant. Some may offer both.

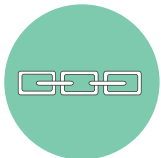
Loan

This symbol means they provide loans.

Other

This symbol means they provide other kinds of finance.

Security



If you are offered a loan, it might be secured or unsecured. 'Secured' means that you pledge a tangible asset such as building or equipment to receive the loan.

Secured

This symbol means they provide secured loans.

Unsecured

This symbol means they provide unsecured loans.

Who they'll lend to



Some organisations will only lend to established businesses, while others only deal with start-ups. Some will finance both.

Start-ups

This symbol means they deal with start-up businesses.

Established

This symbol means they deal with established businesses.

Advice and support



There are organisations that provide only funding, while others can also give you support and advice about your social enterprise.

Finance Only

This symbol means they only provide financing.

+ Support

This symbol means they provide support as well as financing.

Allia

Provide retail charity bonds (debt finance) for mainly capital growth for large trading charities.

www.allia.co.uk

>£50k

Other

Unsecured

Established

Finance Only

Bethnal Green Ventures

Provide £15,000 in equity start-up funding and/or working capital for technology start-ups or early stage companies with high growth potential tackling climate, education or health issues. Terms agreed on a case by case basis. Linked three month support programme based in London is a compulsory element of the investment.

www.bethnalgreenventures.com

<£50k

Other

Unsecured

Established

+ Support

Big Issue Invest Scotland

Provides finance not readily available to social enterprise and social venture organisations to help them deliver on their social missions, such as:

- o Job creation and skills for the long-term unemployed;
- o High quality health and social care for disadvantaged groups; and
- o Community-driven social and environmental initiatives.

Products include:

- o Loans in amounts of less than £50,000;
- o Larger loans of £250,000 to £1.5 million;
- o Patient growth capital investment structures where 'equity-like' investment is more appropriate than debt; and;
- o Risk capital (and mentoring) for early stage social ventures.

Will co-invest with other social investment providers and High Street banks.

www.bigissueinvest.com

>£50k

<£50k

Loan

Other

Secured

Unsecured

Start-ups

Established

+ Support

Bridges Ventures

Provide very large Social Impact Bonds for charities and social enterprises undertaking Payment by Results contracts for programmes improving social outcomes in areas like education, employment, housing and care for vulnerable young people. Terms agreed on a case by case basis.

Work with both commissioners, delivery organisations, intermediaries and advisers to identify the best opportunities for the use of funding, and help charities and social enterprises through the contract bidding process.

www.bridgesventures.com

>£50k

Other

Unsecured

Start-ups

Established

+ Support

CAF Venturesome

Provide sums of between £25,000 and £350,000 in loans, standby facilities, quasi-equity and equity for various purposes, including working capital, growth capital, transition and asset acquisition. Offered to UK registered organisations trading/with donated income for one year, and a minimum turnover of £70,000. Organisations can be in any sector but must have a charitable purpose and pursue social impact. They do not need to be registered charities.

Terms agreed on a case by case basis. Loan rate typically 6.5%. Typical internal rate of return target of 10% for equity-like investments. 1% upfront commitment fee with a further 1% per annum underwriting fee. No early repayment penalties.

Tailored support throughout the investment process, including business planning, governance, financial systems, and general advice to executive and governance teams.

www.cafonline.org

>£50k

<£50k

Loan

Other

Unsecured

Established

+ Support

CARES **(Community Renewable Energy Scheme)**

Provides loans of up to £150,000 to meet a maximum of 95% of the pre-planning costs of community renewable energy projects. Projects must operate within a defined geographic community in the bottom 20% of the Scottish Index of Multiple Deprivation. Organisations may be community/not for profit or commercial. Focus is on the high risk, feasibility/start-up phase and on support for putting together planning proposals.

Loans offered at a fixed interest rate of 10% over 8-10 years. Renegotiation is possible and there are no early repayment penalties. Binding legal agreements may be required to safeguard community benefit. Loan write-off may be possible if project is unable to proceed (e.g. due to planning consent issues).

Programme of grant funding also available for community renewable energy work.

Three main strands are:

1. Start-up grants of up to £10,000;
2. Community Building grants of up to £150,000; and
3. An Infrastructure Innovation Fund (including support for academic research).

www.localenergyscotland.org

< £50k

> £50k

Loan

Other

Unsecured

Established

+ Support

Charity Bank

Provides loans (senior debt) of between £50,000 and £2 million (and sometimes more) to incorporated, non-profit distributing social enterprises, charities, industrial and provident societies and community organisations with demonstrable social purpose.

Finance can be used for property/asset purchase and development, capital investment, project and bridging finance, working capital and underwriting for fundraising.

Terms depend on size, type and length of loan. Unsecured loans given for up to 5 years, secured for up to 25 years. Interest variable depending on risk, term and amount.

www.charitybank.org

> £50k

Loan

Secured

Unsecured

Start-ups

Established

+ Support

Co-operative Bank

Provides loans (secured and unsecured) of between £2,500 and £250,000, overdraft facilities and business charge cards for various purposes, including working capital and growth capital, and for transition and asset acquisition.

Clients must be incorporated organisations that have been trading for at least two years and have an appropriate credit history. They must maintain a business current account with the Bank.

Fixed rate interest on loans from £2,500 to £25,000. Variable rate on loans over £25,000. 1% arrangement fee (minimum of £100). Fixed rate loans repayable over 1-5 years, variable rate loans over 1-15 years.

Also provide general business banking facilities, including a dedicated social enterprise bank account.

www.co-operativebank.co.uk

< £50k

> £50k

Loan

Other

Secured

Unsecured

Established

+ Support

Co-operative and Community Finance

Provides loans and community share investment finance of between £10,000 and £75,000 (and sometimes up to £150,000). Co-operative Loan Fund is for start-ups and higher risk new community businesses. Community Shares Fund offers community shares investment up to £50,000 or one-third of the total offer.

Clients must be incorporated organisations owned and democratically controlled by their members (e.g. employees, customers or members of a community), including large membership Community Interest Companies. Lender is particularly interested in community retail businesses and rural enterprises.

6-10% interest charged on reducing balance of borrowing over time. Fee charged of 1-2% of the sum advanced (minimum of £350). Personal guarantees are not required. Loans to new businesses usually confined to no more than 50% of a larger financial package.

No pre-investment support offered, but free ongoing support supplied post-investment, including facilitated networking with similar UK businesses.

www.coopfinance.coop

< £50k

> £50k

Loan

Other

Unsecured

Start-ups

Established

+ Support

East of Scotland Investment Fund

Provides loans of up to £100,000* to new or existing businesses (typically SMEs and micro businesses) for working capital or the purchase of assets and property.

Maximum repayment period of 6% fixed rate loans is 5 years. Capital holidays (of typically 6 months) may be offered. The Fund normally operates in conjunction with other commercial lenders and usually lends only up to a maximum of 50% of the total package required.

**Amount invested is at the discretion of the Fund's local authority members and many only offer loans up to £50,000.*

www.eastscotinvest.co.uk

< £50k

Start-ups

> £50k

Established

Loan

Finance Only

Secured

Unsecured

Ecology Building Society

Provides commercial mortgages of up to 80% of the cost of properties being acquired by registered charities, voluntary and community owned enterprises that benefit the environment or contribute to the sustainability of a local community.

Organisations need 3 years of accounts, and although no loans are provided to start-ups, unusual and innovative projects are welcome.

Terms are agreed on a case by case basis. Current minimum interest rate is 4.9%. Mortgages are given on a capital and interest repayment basis but up to 2 years interest only deals can be negotiated. Repayment is over 10 to 25 years. An application fee of approximately £300, together with residential valuation fees based on the value of the property (starting at £180), are also payable.

www.ecology.co.uk

< £50k

> £50k

Loan

Secured

Established

Finance Only

Esmee Fairbairn Foundation

Provides loans and other types of finance from £20,000 to £1 million that support the development of new financial instruments for social investment and the overall market for social enterprise. Clients must be established and work in one of four key areas: social change; education; environment; and arts and heritage. Start-ups are rarely supported, nor activities supported by other intermediaries.

Terms are agreed on a case by case basis, balancing risk, social impact and financial return. Maximum repayment period is usually 10 years.

Other types of support are provided after investment.

www.esmeefairbairn.org.uk

< £50k

> £50k

Loan

Other

Secured

Unsecured

Established

+ Support

Highlands and Islands Enterprise

Although generally giving grants, loans (secured) and equity can sometimes form part of funding packages awarded to account-managed social enterprises for a variety of purposes. These social enterprises must have the potential to grow and scale up their businesses.

Terms are agreed on a case by case basis.

Loans: Offered on a commercial basis, with terms matched to private sector borrowing (generally banks). All loans require the best security available. Repayments are tailored to the capabilities of the business.

Equity: Shares are bought on commercial terms, sharing risk/return with private sector investors and only where the private sector is unwilling/unable to fund the whole deal. HIE looks to buy ordinary voting shares (OVS) capped at less than 20% of the equity. Any preference shares purchased are usually made redeemable and convertible to OVS to ensure an exit route.

In addition to finance, HIE has discretionary powers to offer a wide range of support and specialist advice.

www.hie.co.uk

< £50k

> £50k

Loan

Other

Secured

Start-ups

Established

+ Support

Investing for Good CIC

Provides Social Bonds (as unsecured and unrestricted debt finance) of £1 million and more to organisations pursuing a social purpose, of an appropriate scale, and with sufficient income generation potential to support a bond issue. Finance can be used for property and asset purchase, and as working, development and risk capital.

Terms are agreed on a case by case basis.

Investing for Good can be commissioned to prepare a pre-issuance feasibility report.

www.investingforgood.co.uk

>£50k

Other

Unsecured

Start-ups

Established

+ Support

Lankelly Chase Foundation

Provides loans (secured and unsecured), equity, bonds (including Social Impact Bonds) of between £50,000 and £500,000 to charitable purpose organisations that focus on multiple and severe disadvantage for a variety of purposes, including for working and patient capital.

Terms for investments, which are usually for 3 to 10 years, are agreed on a case by case basis.

A range of support is offered pre- and post-investment. Grants may be available for pre-investment work, and signposting is provided to other sources of finance where appropriate.

www.lankellychase.org.uk

>£50k

Loan

Other

Secured

Unsecured

Start-ups

Established

+ Support

Panahpur

Provides loans, quasi equity and equity of between £10,000 and £250,000 to trading organisations mostly for growth capital. (Organisations need not have positive cashflows.)

Terms are agreed on a case by case basis and include a 0% subordinated long term loan.

Technical support can also be provided.

www.panahpur.org

<£50k

Start-ups

>£50k

Established

Loan

+ Support

Other

Secured

Unsecured

Resilient Scotland

Supports enterprising third sector organisations (including social enterprises, housing associations, charities with trading arms, development trusts, etc.) throughout 13 eligible local authority areas (i.e. Clackmannanshire, Dundee, East Ayrshire, Edinburgh, Fife, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Lanarkshire, West Dunbartonshire, West Lothian). Support is only available to organisations that are unable to secure mainstream lending.

Offers two packages of support:

Start and Grow provides a mixed package of support from £10,000 to £60,000 comprising one third grant and two thirds unsecured loan. It supplies multi-purpose early stage/start-up finance for working capital, or to acquire assets and equipment, etc. Organisations should be established or recently established.

Applicants must meet the following outcome:

Communities improve their economic future through the ownership and development of assets.

And one of the following two outcomes:

Communities improve their social future through the ownership and development of assets.

Communities improve their environmental future through the ownership and development of assets.

Loans are given under Start and Grow at base rate plus 6% with repayment over up to 5 years. No other type of support is routinely supplied, but business support or other assistance may be available in some circumstances.

Making Enterprise Happen provides a mixed package of support from £60,000 to £500,000 comprising 50% grant/50% loan (though in some cases European Union State Aid guidelines may require a higher loan to grant ratio). Investments are intended to enable applicants to play a more meaningful role in the regeneration of their communities.

Applicants must address two of the following three outcomes:

Communities improve their social, economic and environmental future and become more sustainable.

Communities become more resilient and empowered to promote their own regeneration.

Communities have increased awareness and understanding of effective approaches to sustainable community regeneration.

Loans are given under Making Enterprise Happen at base rate plus 6% with repayment over up to 10 years. Security is required where the loan is for the purchase of property. Security requirements are determined on a case by case basis for other non-asset based investments. Applicants must be able to prove that they have a viable business proposition commensurate with the higher level of finance on offer. Suitable joint ventures (including with the private sector) can be considered (e.g. around renewable energy).

Business support is also provided.

Case by case capital repayment holidays may be considered under both Start and Grow and Making Enterprise Happen. There are no arrangement fees or early repayment penalties.

< £50k

> £50k

Loan

Other

Secured

Unsecured

Start-ups

Established

+ Support

www.resilientScotland.org.uk

Resonance - Community Share Underwriting (CSU)

Provides loans of between £50,000 and £300,000 to Industrial and Provident Societies (co-operatives and community benefit societies) to underwrite asset-backed, community share issues up to 50% of the project's fundraising target.

Terms are agreed on interest only repayments over 4-5 years on a case by case basis.

Resonance can also provide investment readiness and fundraising support. The initial consultation is free. Subsequent support is chargeable, though there are reduced fees for community organisations.

www.resonance.ltd.uk

> £50k

Loan

Secured

Unsecured

Start-ups

Established

+ Support

Resonance - Affordable Homes Rental Fund (AHR)

Provides loans of between £200,000 and £1 million to community-led groups, affordable rental housing community land trusts and IPS/charity/community interest companies (all of which require to be community-led and asset-locked) to acquire and develop property.

There are no capital repayments for the term of the loan (for approximately 8-9 years), then repayments track the rents received over the remaining loan period.

Resonance can also provide investment readiness and fundraising support.

www.resonance.ltd.uk

> £50k

Loan

Secured

Unsecured

Start-ups

Established

+ Support

Scottish Social Business Angels

Provide between £15,000 and £250,000 in loans, equity and quasi-equity for a variety of purposes, as long as the activity makes a difference to business growth. Individual angels or syndicates invest in organisations they 'connect' with and from whom they anticipate earning a return.

Terms will be agreed on a case by case basis, but a financial - as well as a social - return is required.

Other types of support may be supplied as one third of Scottish Business Angels tend to get practically involved in the businesses they invest in, either as non-executive directors or advisors.

www.great4good.org

> £50k

Loan

Secured

Unsecured

Start-ups

Established

+ Support

SharedImpact

Provide between £1,000 and £1 million in loans, equity, quasi-equity, guarantees and grants to 'social purpose' organisations* for start-up, working or growth capital.

Terms are agreed on a case by case basis, depending on the financial instrument involved.

**Sharedimpact verify this by checking actual activities carried out rather than simply relying on the legal structure adopted by the applicant.*

www.sharedimpact.org

< £50k

> £50k

Loan

Other

Unsecured

Start-ups

Finance Only

Social Investment Scotland

Provide loans of between £10,000 and £1 million to not for profit organisations and social enterprises (provided no dividends are paid to directors and assets are locked) for any project or activity supporting social impact, including renewable energy, asset purchase, working capital, business expansion, sports-related community enterprise and grant-bridging. Applications accepted from companies limited by guarantee, trusts, SCIOs, clubs, associations, etc, regardless of sector, purpose or activity.

Loans can be flexible with patient capital and payment holidays offered. They are for a maximum of 13 years and incur a fixed interest rate between 7% and 9% with a 1% arrangement fee charged upfront. The borrower is responsible for all legal fees. The bridging loan product carries a 2% arrangement fee and 7% interest rate. Interest is calculated daily. There is no charge for early repayment. The Sports Fund offers a grant facility of up to £25,000 for early stage sports-related social enterprises.

Ongoing support is provided by a SIS Investment Manager throughout the duration of the loan. 'SIS Connects' provides 1-2-1 sessions with an Investment Manager, as well as regular, facilitated investment readiness workshops.

www.socialinvestmentscotland.com

< £50k

> £50k

Loan

Secured

Unsecured

Start-ups

Established

+ Support

Triodos Bank

Provides secured loans and bonds of between £25,000 and £25 million to social enterprises, charities, and social and ethical purpose organisations to purchase property, assets and equipment, and for working capital.

Fixed and variable rates of interest are available. A 1%-1.5% arrangement fee is charged, as well as the associated legal, valuation and professional fees.

Overdrafts are also available.

www.triodos.co.uk

< £50k

> £50k

Loan

Other

Secured

Start-ups

Established

Finance Only

Unity Trust Bank

Provides between £200,000 and £8 million in loans (secured and unsecured) and mortgages to charities, social enterprises, CICs and other social purpose organisations for a variety of purposes, including to buy property, other assets and equipment, and for working capital.

Terms are agreed on a case by case basis. Fixed rate loans can be arranged for up to 5 years. A variable interest rate of around 4% is charged per annum. The maximum repayment period is 25 years. An arrangement fee of 1.5% is charged, as well as the associated legal, valuation and professional fees.

www.unity.co.uk

> £50k

Loan

Other

Secured

Unsecured

Start-ups

Established

Finance Only

Unity Trust Bank SCVO Loan Scheme

Provides between £200,000 and £5 million in secured loans to members of the SCVO to purchase and develop property. Loans typically given up to 75% of the property value (and more when additional security can be provided).

Terms are agreed on a case by case basis. Fixed rate loans can be arranged for up to 5 years. A variable interest rate of around 4% is charged per annum. The maximum repayment period is 25 years. An arrangement fee of 1.5% is charged, as well as the associated legal, valuation and professional fees.

www.unity.co.uk/loans/scvo

> £50k

Loan

Secured

Start-ups

Established

Finance Only

West of Scotland Loan Fund

Provides unsecured and secured loans of up to £100,000 to new or existing businesses (typically SMEs or micro-businesses) to purchase property and assets, and for working capital. The Fund normally operates in conjunction with other commercial lenders and loans are usually given for a maximum of up to only 50% of the total required funding package. Loans under £20,000 are usually unsecured.

A 5% fixed rate of interest is charged. The maximum repayment period is 7 years. Capital holidays of typically 6 months may be offered.

www.wslf.co.uk

< £50k

> £50k

Loan

Unsecured

Secured

Start-ups

Established

Finance Only

Learn more about social investment

Social investment is a term that covers a wide range of financial activities that help achieve social impact and it is important to know more about the different options before you begin. Many of the organisations in this directory provide general information about social investment which is helpful to review. There are also a number of beginners' guides available, such as KnowHow NonProfit's 'Social investment made simple' at www.knowhownonprofit.org/funding/social-investment-1/

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