



Guidance for Applicants

November 2018

Contents

About this guidance	2
About Us.....	2
Our offer.....	3
Eligibility criteria.....	4
Social Impact	6
The Application Process	7
The Reach Fund.....	10
State Aid Declaration	11

About this guidance

This document provides information and guidance to applicants applying for investment from the Community Impact Partnership. It includes information on some of the technical aspects of the process as well as what we're aiming to achieve with our funding. Our investment team will provide further guidance and support to applicants throughout the process but if you have any questions you can contact us at cip@orbit.org.uk

About Us



The Community Impact Partnership (CIP) is a joint initiative between four of the UK's leading housing associations. We provide social investment in the form of blended loans and grants to help charitable organisations, social enterprises and community businesses to grow and innovate. We invest in work that can achieve sustainable social and economic benefits to the communities across England served by the four partner housing associations.



CIP's first £3million social investment fund is provided through the Growth Fund, which is managed by Access-the Foundation for Social Investment with funding from the Big Lottery Fund and Big Society Capital.

Our offer

CIP provides repayable loans blended with grant funding to support social impact.

Our investments can support organisations with a social purpose that are delivering goods and services within local communities, with a particular focus on areas served by the four housing associations that are partners within the CIP.

We want to support organisations that are looking to grow, innovate or diversify their income streams so they can become more financially independent and achieve greater impact in the longer term. Our ambition is to support social enterprises to enter the supply chains of the housing association partners and others across the public sector.

- Investments of £25k - £150k
- Mix of grant and unsecured loans
- Average 7% interest
- 1% arrangement fee on loan amount
- Loans repaid over maximum of 5 years
- Up to 12 months capital repayment holiday

Our investments use a combination of repayable loans and grant funding to support the needs of an organisation. The total funding available is £25,000 - £150,000. We can't provide standalone grants, any grant funding will always be provided alongside a repayable loan. All of our loans are unsecured.

As part of the application we ask applicants to tell us how much funding they think the organisation needs. This provides a starting point and during due diligence we'll work with applicants to consider what the combination of loan and grant should be to help achieve a sustainable social impact.

Organisations can apply for investment towards, for example, increased capacity, implementation of new contracts, expansion of services, changes to a business model or to pilot an innovative approach. The finance can support core operational costs such as staff, equipment, rent or capital costs to refurbish or purchase assets. We're also able to provide funding alongside other investors but the total amount of repayable investment required cannot exceed £150,000.

We understand organisations sometimes need more than financial support to achieve their long-term goals so we're also developing a mentoring programme and other skills development opportunities that will be available alongside the financial support.

Eligibility criteria

To be eligible to apply for investment from CIP, applicants must meet the following minimum criteria –

1. **Incorporated voluntary, community or social enterprise organisation – this means the organisation is recognised as a legal entity in its own right, rather than a collection of individuals.**

Examples of incorporated organisations include –

- Registered charity
- Charitable Incorporated Organisation
- Community Benefit Society
- Company Limited by Guarantee
- Community Interest Company Limited by Guarantee
- Community Interest Company Limited by Shares
- Cooperative Society

Other legal structures will be considered but the organisation must –

- have a clear social mission
- reinvest at least 51% of post-tax profits to further its social purpose
- has a constitutional or contractual ‘mission-lock’ to support its social purpose
- has a constitutional or contractual ‘asset-lock’ to prevent the distribution of more than 50% of post-tax profits
- offers its products and services for general public benefit without restrictions and barriers, such as affordability

2. **Require a total investment of £25,000 - £150,000**

This includes all loan and grant elements.

3. **Work within England and more specifically, within a community served by at least one of the four CIP housing association partners**

CIP is looking to support services delivered in, or for the benefit of, the communities in which the Housing Association CIP partners are based. Organisations seeking investment will need to deliver their activities within England, predominantly in the South, South-East, Midlands and London. If you'd like to check if the area where you work is eligible you can contact us at cip@orbit.org.uk

Our exclusions

We're unable to fund all of the applications we receive and there are some areas that are technical exclusions for CIP. If an application meets one of our exclusions it will automatically be declined.

Our exclusions are -

- Organisations or projects that predominately work outside of England
- Organisations that don't have a social purpose
- Applications from individuals, sole traders or unincorporated organisations
- Research for any purposes

- Political campaigning
- The promotion of religion
This doesn't prevent faith-based organisations from applying for investment to support a social or charitable purpose other than the advancement of religion
- Private benefit
Any personal benefits people receive through the work of the organisation must be no more than a necessary result or by-product of delivering public benefit. Any private benefits need to be incidental in both nature and amount. More information is available at <http://www.gov.uk/government/publications/examples-of-personal-benefit/examples-of-personal-benefit>
- Illegal activities of any kind
- Funding that seeks to substitute services already funded by Exchequer expenditure (e.g. services funded by the public purse)

If you have any questions on these exclusions you can contact us at cip@orbit.org.uk

State Aid

State Aid is a specific legal term arising from the European Union treaty which constitutes financial aid to organisations carrying out economic activity (whether or not for profit) which could distort competition. If our investment could give your organisation an advantage over other organisations offering similar goods or services, or if the activities you want CIP to support could affect trade between EU member states, then our funding might be considered to be 'State Aid'.

Applicants need to self-evaluate how their work is compliant with European State Aid rules, taking specialist legal advice where necessary. This will be reviewed as part of our assessment process. Before any offer of funding is made, we will require that an agreed State Aid position, eligible under EU law, has been reached with us.

Projects that include commercial elements, such as trading products or services on an open market, are much more likely to be considered State Aid. If your intended project has commercial elements, you are strongly advised to consider how you will comply with the EU's State Aid rules. If you have received any funding in the last three years that was classed as 'de minimis' State Aid, you must declare this when you apply to CIP and any offer of funding might need to be adjusted accordingly.

A copy of the State Aid de minimis declaration form is included at the end of this document and can be downloaded from the CIP website. Further guidance on state aid is available at <http://www.gov.uk/guidance/state-aid/guidance>

Social Impact

The potential social impact that an organisation hopes to achieve is a major consideration in our decision making process. Understanding and effectively measuring social impact can help organisations to improve their services, demonstrate the change they are making and ensure their work is benefitting communities in the way intended.

We support work across three strands. Applicants will need to explain how the work CIP will be supporting will achieve positive and sustainable social impact in at least one of the areas below.

Thriving Communities	People & Participation	Enterprising Organisations
We support work that contributes towards safer, stronger and resilient communities where people are supported to live independently and feel part of the community around them	We want everyone in the community, particularly those who are marginalised or excluded, to have access to services and opportunities. Our investments help create sustainable positive change so people feel more financially secure, emotionally stable and resilient to change	We support organisations that can contribute towards a growing and sustainable local economy providing access to jobs, skills and training opportunities. Our investments can enable organisations to innovate and achieve scale, creating more social supply chains and reinvesting back into communities

Examples of the type of work that might fit within these strands include (this list is not exhaustive)

- Employment and training – particularly for people experiencing long-term unemployment or facing other barriers to work
- Tenancy sustainment – helping people to manage their finances, homes and relationships
- Access to appropriate and affordable housing – particularly for vulnerable people and families and those in unsuitable accommodation
- Wellbeing and mental health support – bringing about long-term change for individuals and families
- Access to affordable credit and debt advice services
- Services designed to tackle entrenched social issues such as fuel poverty
- Social enterprise and start up business – providing goods and services with reinvestment of profits back into communities
- Support for young people – particularly those less able or likely to access opportunities
- Community services – including the delivery of public sector contracts and development of local infrastructure

If you're new to social impact measurement we can help you to develop this part of the proposal. There is a lot of further guidance available, we think the guidance provided by Good Finance and the Charities Evaluation Service can help organisations at different stages of development.

<https://www.goodfinance.org.uk/measuring-social-impact/social-impact-guidance><https://www.ncvo.org.uk/practical-support/consultancy/ncvo-charities-evaluation-services>

The Application Process

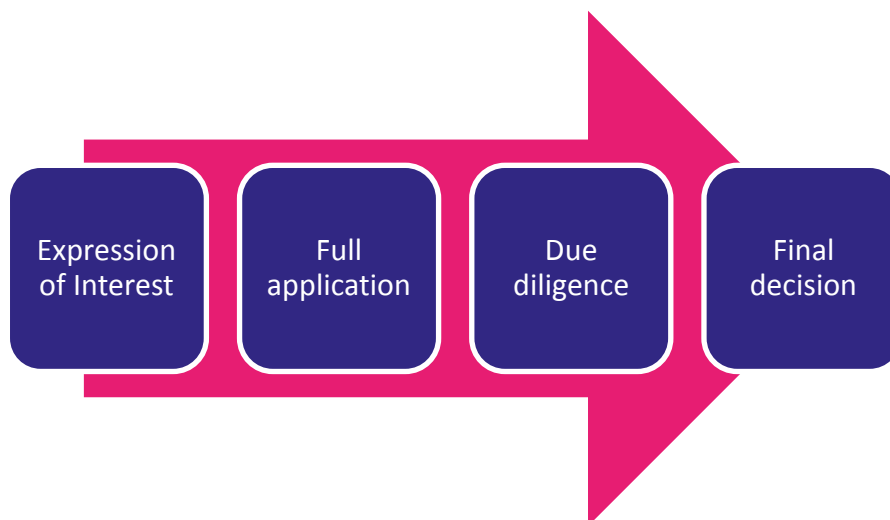
What we look for

There are many different factors that can determine whether we invest in an organisation. Some of the key factors we look for include –

- A clear idea and pathway to achieve a sustainable positive social and / or economic impact
- Good engagement, connections to and understanding of the people and communities who will benefit from the work
- Strong leadership and people with the appropriate skills and experience
- Evidence of appropriate market research and the potential opportunities that will lead to stronger economic and social benefits
- Support to take on repayable finance at Board level
- Sound financial planning and a good understanding of risk management
- The ability to plan appropriately for the future
- Demonstration of how the proposal will support CIP to achieve its impact goals
- Evidence of ability to repay the loan

We work with applicants during the assessment process to understand what its strengths are and where it might need some support to develop the appropriate skills and experience that will enable it to grow and thrive. We don't expect applicants to be good in all areas and we can offer additional support tailored to meet the needs of the organisations we invest with.

Our Approach



Expression of Interest

This is the first stage of the application process. It is a simple form available via our website (<https://communityimpactpartnership.co.uk/apply/>)

If you have any difficulties completing the form online please contact us at cip@orbit.org.uk and we'll be happy to discuss a suitable alternative with you.

The Expression of Interest is an opportunity to provide a snapshot of your organisation, tell us about your work, your achievements and your experience. We want to get an understanding of how you work and what your motivations are. Tell us about your idea for an investment, why you think the proposal is a good fit with CIP and what stage of development your proposal is at.

We also ask for some standard documentation at this stage. If you can't provide this information electronically please get in touch with us at cip@orbit.org.uk

- Most recent annual accounts – if you are a new organisation this would be applicable
- In-year or next financial year organisation budget
- Copy of the organisations governing documents
- Safeguarding policy – children and young people
- Safeguarding policy – vulnerable adults
- State aid declaration – a copy of the form is included at the end of this document and is also available to download from our website

We use the Expression of Interest to decide if we can progress the application further in which case we'll invite you to submit a full application. If we're unable to take the application any further we'll explain why and try to provide information to help you explore other potential investors who might be able to help.

We aim to respond to an Expression of Interest within **two weeks** of the date of submission. If we require any additional information it may take a little longer.

Full application

At this stage of the process we'll be looking for a lot more information about your future plans, how you will use the investment and what it will help you to achieve. The information provided at this stage will form the basis of the due diligence process (this is the main assessment phase of the application).

We'll provide a tailored invitation letter if you're invited to the full application stage but the key information we'll be looking for includes –

- 5-year business plan
- 5-year financial forecasts with details of key assumptions
- Social impact – theory of change or similar
- Copies of key organisational policies and procedures
- Organogram

If you don't have all of this information available at the beginning we can discuss this with you, you should still submit an expression of interest as this helps us get to know you and suggest ways you can develop the proposal.

You'll have **four months** from the date of the invitation letter to submit a full application. If you need some additional time or resource to develop the full application we can look at ways we might be able to assist.

Due diligence

This is the main assessment process and we'll be using the information provided to understand your organisation and the investment opportunity in a lot more detail. This process helps us to identify the strengths and potential weaknesses in an application and what the final funding and resource requirement is likely to be. We use this process to help us shape a recommendation that goes to our decision making committee.

Due diligence is usually an interactive process and we'll likely ask you additional questions and work with you to explore what the investment terms should be. We will ask to speak to a member of your Board and possibly other partners, customers or stakeholders that your organisation works with who can help us to understand more about your organisation and the impact it has.

We aim to complete the due diligence process and provide a final decision on full applications within **three months** of the date the full application was submitted. If we require further information that could delay the process it may take slightly longer.

Final decision

The CIP Investment Committee makes the final decision on all applications. They have two opportunities to review a full application, at the beginning we show them an outline of the proposal and they have an opportunity to ask some initial questions and help shape the areas we concentrate on with applicants during due diligence.

After due diligence is completed we put forward a final report and recommendation to the committee so they can make a decision on whether to commit an investment or not. If successful the investment proposal is approved and we move to the implementation process where we get the investment set up so the funds can be drawn down. If the proposal is unsuccessful and the committee decides not to support an investment proposal we will provide detailed feedback on why this decision was reached and provide you with an opportunity to discuss it with the Investment Manager.

Summary of key timeframes

Application stage	Timeframe
Expression of Interest	A decision on next steps will be provided within two weeks of submitting the EOI form
Full Application	Applicants have four months to submit a full application from the date they were invited
Due diligence & final decision	We aim to complete the due diligence process and provide a final decision within three months of the date we received the full application
Investment implementation	If the proposal is approved, it will take up to one month to complete the necessary administration process to set up the investment and release the funds.

The Reach Fund



CIP is an approved Access Point for the Reach Fund, an investment readiness grant programme funded by Access – the Foundation for social investment. The Reach Fund provides grants to help organisations that are in the process of applying for social investment but need some additional help before they are fully 'investment ready'. The grants can be used to pay for things like professional services, consultant support and staff time. The grants are not to support organisations that are still considering social investment

The Reach Fund is available to organisations that have applied for social investment and are already working with a potential investor. Further details about the Reach Fund is available on the CIP website and at www.reachfund.org.uk

De Minimis State Aid Declaration

In order to avoid public funding distorting competition within the European Common Market, the European Commission regulate the levels of assistance which the public sector can provide to businesses (“the State Aid rules”). You should note carefully the requirements needed to comply with the European State aid rules and if need be, refer to the relevant legislation.

It is proposed that the assistance provided will comply with the State Aid rules by applying the De Minimis exemption (in accordance with EC regulation 1998/2006 as published in the Official Journal of the European Union on 28 December 2006). Under the De Minimis exemption an undertaking can receive up to €200,000 of De Minimis aid in the current financial year and the two previous financial years.

The following is not a comprehensive list of the possible forms of aid. However it should give an indication of the most common forms of aid which you may have been given over the past three years. Potentially any assistance from a public body might be an aid. Should you have any doubts on this matter, please contact the body from which the assistance was received.

- Grants from public bodies
- Loans from public bodies at favourable rates
- Loan guarantees from public bodies
- Differential tax benefits
- Grants from an investment trust (including charities) which may themselves have received the funds from a public body
- Grants from a part publicly funded venture capital fund
- Publicly administered funds, even if the funds were originally not public such as The National Lottery
- Waiving or deferral of fees or interest normally due to a public body such as the waiving or deferral of rent or waiver of interest normally due on late payment of taxation or other costs to a public body
- Monopoly licences or guarantees of market share
- Advertising via a public channel such as a tourist board or state owned television
- Consultancy advice provided either free or at a reduced rate
- Training provided either free or at a reduced rate
- Aid for investment in environmental projects
- Provision of a free or reduced rate feasibility study for research and development or other assistance with research and development
- Purchase of public land or property at less than its market rate
- Benefiting from the provision of infrastructure where your organisation was pre-identified as a beneficiary

Please complete the Statement of Previous Aid received under the De Minimis exemption and arrange for an authorised signatory within your organisation to sign the declaration. Using this information we will assess your eligibility to receive assistance.

If you are in any doubt as to whether previous assistance received would constitute De Minimis assistance please raise your concerns as soon as possible. Having read the above we would be grateful if you could arrange for the statement confirming your business's eligibility for support to be completed, signed and returned as soon as possible.

Declaration

I confirm that the company/organisation has received the following De Minimis aid during the previous three fiscal years (this being the current fiscal year and the previous two fiscal years):

Organisation providing the assistance/aid	Value of assistance	Date of assistance	Nature of assistance

I acknowledge that I am authorised to sign on behalf of the company/organisation and understand the requirements of De Minimis (EC Regulations 1998/2006). I acknowledge that if the company/organisation fails to meet the eligibility requirements, the company/organisation may become liable to repay the full price that would otherwise be payable in respect of the services received.

The company/organisation is not a business "in difficulty" as defined at 2.1 of the Community Guidelines and State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C22/02) at the date of this declaration.

Data Protection

By completing this form you acknowledge and agree that all data contained within can be held on computer and used for any purpose and disclosures as registered under the Data Protection Act 1998. Personal data will need to be accessed for project monitoring and audit purposes.

The information set out above is accurate for the purposes of the De Minimis exemption.

I certify that the information contained within this declaration form is correct to the best of my knowledge.

Signature			
Name		Date	
Business		Position	

If completing this form online, please print and sign with an original wet ink signature.