

## Social Enterprise Investment Fund

### What is Stepclever?

Stepclever is funded under the UK Government's Local Enterprise Growth Initiative. It aims to transform areas of North Liverpool and South Sefton into a place for new entrepreneurs and successful, outward looking businesses. This includes new and growing social enterprises by which we mean businesses that are governed by an independent Board, and whose profits are reinvested in the business or community, not distributed to private shareholders. Through Stepclever, residents and businesses will be able to access a range of services that will enable them to start up in business or grow their existing business. Stepclever focuses on six core wards in north Liverpool and south Sefton; Anfield, County, Everton, Kirkdale, Derby and Linacre.

### Stepclever Social Enterprise

Stepclever social enterprise support services are provided by a Consortium of organisations with detailed knowledge of the local area. They are, Merseyside Expanding Horizons, Eldonian Group Limited, South Sefton Development Trust, Blackburne House Group, Liverpool Vision and Sefton CVS.

The aim of the project is to provide a step change in the quantity and quality of support available to social entrepreneurs, new and growing social enterprises in the core north Liverpool and South Sefton wards of Anfield, County, Everton, Kirkdale, Derby and Linacre. Stepclever Social Enterprise provides a mix of outreach support to residents and businesses through dedicated staff located in the heart of the Stepclever communities. This support will include easy access to free advice, finance, mentors, aftercare and business growth planning.

### What is a social enterprise?

In 2002, the Department for Trade and Industry published the National Strategy for Social Enterprise, which gave the following definition<sup>1</sup>:

"A social enterprise is a business with primarily social objectives whose surpluses are reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders and owners".

Most common among earlier definitions was the following: "Social enterprises are businesses that trade in the market in order to fulfil social aims. They bring people and communities together for economic development and social gain. Social enterprises have three common characteristics:

They are enterprise orientated. They are directly involved in the production of goods or the provision of services to the market. They seek to be viable trading concerns, making a surplus from trading.

They have social aims. They have explicit social aims such as job creation, training or the provision of services. They have ethical values including commitment to local capacity building. They are Accountable to their members and the wider community for their social, environmental and economic impact.

They have social ownership. They are autonomous organisations with a governance and ownership structure based on participation by stakeholder groups (users, clients, local community groups etc) or by trustees. Profits are distributed as profit sharing to stakeholders or used for the benefit of the community.”<sup>2</sup>

Social enterprises combine the entrepreneurial skills of the private sector with a strong social mission. They seek to use trading activity to achieve their goals through financial self-sufficiency. Social enterprises are recognised by government as making a vital contribution to regeneration and tackling social exclusion.

## What financial support is available?

Two discretionary funds are available

### 1. Business Start-Up

The Start-Up Fund will offer one off small investments of up to £10,000 towards the costs of starting a new social enterprise.

Resources are available for around 16 investments and funds are to be released in two stages – November 2008 and March 2009

#### Eligibility

- Applicants must be seeking to operate within the Stepclever area Anfield, County, Everton, Kirkdale, Derby and Linacre
- Applicants **MUST** come via a Social Enterprise Business Advisor from Eldonian Group Ltd or South Sefton Development Trust – we will not accept applications submitted independently
- Applications cannot be accepted from individuals; therefore your organisation must have a form of membership, management committee or Board of Directors and a set of Rules or Constitution (applications may be accepted from start up organisations not yet established as a legal entity in their own right eg where the resource is to be used to establish the social enterprise).
- Applicants must be capable of receiving funds as an independent organisation, or through a separate legally constituted organisation acting on their behalf.
- Applicants must be seeking assistance to start up a social enterprise which has a clear social purpose, social ownership and are enterprise orientated.
- We are looking for proposals with a clear commercial basis and business rationale
- We are looking for proposals that will create jobs, generate local wealth through trading or inward investment or assist in the development of financial sustainability for organisations in the short- to medium-term;
- We would not expect all Start-Up applications to have a business plan on application although we would expect a business plan to be produced as a condition of investment and be finalised at the end of the investment period.
- Stepclever funding must not contravene State Aid regulations.

**NB** The project or applicant must be located or seeking to locate in the core Stepclever area. However, in exceptional circumstances, consideration will be given to residents of the six core wards seeking to set up a new social enterprises outside the Stepclever area.

All offers of assistance are subject to terms and conditions and relate to the applicants performance afterwards. Projects will be monitored for this purpose. Monitoring will also include liaison with the Business Advisor/Case Officer and we would expect social enterprises to take advantage of other assistance via Stepclever Social Enterprise Consortium members.

## 2. Business Expansion

The Business Expansion Fund will provide investments to existing social enterprises (or existing organisations with the potential to operate as social enterprises) of up to £50,000. Investments will be offered as part of a total package where the applicant is able to secure at least 25% from other sources. Applications with a greater percentage from other sources will be assessed more favourably.

Resources are available for around 7 investments and funds are to be released in two stages – November 2008 and March 2009.

### Eligibility

- Applicants must be seeking to operate within the Stepclever area Anfield, County, Everton, Kirkdale, Derby and Linacre
- Applicants **MUST** come via a Social Enterprise Business Advisor from Eldonian Group Ltd or South Sefton Development Trust – we will not accept applications submitted independently
- Applications cannot be accepted from individuals; therefore your organisation must have a form of membership, management committee or Board of Directors and a set of Rules or Constitution
- Applicants must be capable of receiving funds as an independent organisation.
- We are looking for proposals with a clear commercial basis and business rationale
- We are looking for proposals that will create jobs, generate local wealth through trading or inward investment or assist in the development of financial sustainability for organisations in the short- to medium-term;
- All new business expansion projects must lead to new job creation or (in certain cases) the safeguarding of existing jobs. Successful applicants will be required to provide evidence of new job creation and will be monitored for this purpose.
- Applications will require a fully-developed business plan which is both realistic and achievable.
- Proposals must:
  - Directly create jobs
  - Be less than 100% of the required financial resources
  - Aim to deliver a measurable increase in turnover and social profit
  - Contribute to the overall development of the organisation as a sustainable body.
- Stepclever funding must not contravene State Aid regulations.

In exceptional circumstances we will look at organisations outside the Stepclever area wishing to expand and establish a base within the Stepclever core wards.

All offers of assistance are subject to terms and conditions and relate to the applicants performance afterwards. Projects will be monitored for this purpose. Monitoring will also include liaison with the Business Advisor/Case Officer and we would expect social enterprises to take advantage of other assistance via Stepclever Social Enterprise Consortium members.

## What can we fund?

Each application will be individually assessed and requests for the funding of specific items will be dealt with on a case-by-case basis.

Examples of items we are unlikely to fund are listed below:

### Capital items:

- Items that do not directly relate to the social enterprise activity

### Revenue items:

- Existing core staff costs, unless relating directly to a new activity that will develop your business and will lead to improved sustainability

- Existing core premises costs, unless relating directly to a new activity that will develop your business and will lead to improved sustainability
- Existing insurance costs
- Existing legal costs

**Examples of items that may be eligible for funding include:**

**Capital costs:**

All costs must directly relate to new activities that would develop your business and will lead to improved sustainability, and be additional to costs currently incurred by your business.

- Purchase, construction or leasing of buildings or land Equipment (any single item costing £1,000 or more)
- Vehicles
- IT equipment
- Refurbishment of premises

**Revenue costs:**

All costs must directly relate to new activities that would develop your business and lead to improved sustainability, and be additional to costs currently incurred by your business.

- Salaries, NI, pensions and other staff costs
- Administration and running costs
- Premises costs (rent, rates, heating, lighting etc)
- Vehicle running costs
- Maintenance costs for equipment and vehicles
- Promotional costs (advertising, publicity etc)

The above lists are not exhaustive and are given as guidance for applicants; please contact the Fund Manager at MEH if you require any specific guidance (contact details at the end of the form)

## Process and Timing

Stepclever Social Enterprise Investment Fund Guidance released 11 August 2008

**Deadlines**

- Applications for both funds to be received by end September 2008 for contracting December 2008
- Applications for both funds to be received end January 2009 for contracting end April 2009

Applications **MUST** be developed and supported via Consortium Business Support Advisors located at Eldonian Group Ltd or South Sefton Development Trust (contacts at end of the form)

**What do we do with applications once we have received them?**

We will send you written acknowledgement, within ten working days of receipt, to confirm that we have received your application. You will be assigned a unique reference number that we will use to identify your application and you should quote this number in all correspondence with us.

We will check whether your application meets with our eligibility criteria. If your application does not meet with our eligibility criteria you will be notified at this stage. This does not mean that you cannot re-apply.

Applications that meet with our eligibility criteria will undergo an independent assessment that will consider the application in greater depth. An assessment will be made of the proposals eligibility under European Union State Aid criteria.

The eligibility check and assessments will form the basis of a recommendation to the Investment Panel (comprising of representatives from the Accountable Body, Funders and Sector Representatives) which will consider each eligible application and decide which applications should receive funding support.

Applicants for Business Expansion Awards will be asked to attend the Investment Panel to complete a presentation of their business proposal.

We will notify you of the outcome of the decision within five working days of the Investment Panel meeting.

The Investment Panel expects to convene to consider the two rounds of applications during November 2008 and March 2009

## **What happens if your application is successful?**

If your application is successful you will receive a letter advising you of the Investment Panels interest in supporting your application. A firm offer will only be made where any conditions placed on the approval by the Investment Panel have been met (e.g. quotations, security of loan element agreed etc). Once these conditions have been met a formal offer letter will be sent to you, including a list of responsibilities relating to the award. We may wish to contact you to discuss your application further prior to a firm offer of investment being awarded.

The offer letter, along with the terms and conditions of investment will form the agreement between your organisation and Merseyside Expanding Horizons. You must sign the offer letter and return it to confirm your acceptance of the investment contract. All recipients of investment funding will be subject to our monitoring arrangements.

Start up investment awards will be paid in advance of expenditure. At the application stage we will require a budget showing what items you would like to spend money on and in some instances will require 3 quotes for purchase of these items. After a period of 6 months we will request a progress report and after a further 6 months we will undertake a monitoring visit(s). During this 12month period we would expect copies of receipts to be provided to Expanding Horizons showing what the award has been spent on.

Expansion investment awards will be paid after expenditure has been agreed and spent. Expanding Horizons will send a claim pack out to organisations which will need to be completed and returned with evidence of expenditure attached.

A timetable for these claims will be produced on an individual basis with each organisation as part of the contracting process between the organisation and Merseyside Expanding Horizons.

A financial monitoring visit(s) will occur during the funding period.

## **What happens if your application is unsuccessful?**

If your application is unsuccessful, we will send you a letter confirming that your application has been unsuccessful. Feedback will be available from Merseyside Expanding Horizons to indicate the reason(s) for the decision. The decision of the Investment Panel is final; however unsuccessful applicants may re-apply at a later date.

The Stepclever Consortium Members will try to offer further assistance in redeveloping your application or directing you to a more suitable source of funding where appropriate.

## Next Steps

We know that all of your questions will not have been answered in this guidance, but we hope we have provided most of the information you will need to complete your application.

To make an application you must complete all sections of the appropriate Application Form.

## How To Apply

**For further information please contact:**

Anfield/County Wards  
socialenterprise@eldonians.co.uk  
Tel: 0151 207 5181

Kirkdale / Everton Wards  
socialenterprise@eldonians.co.uk  
Tel: 0151 207 5181

Derby / Linacre Wards  
info@ssdtrust.co.uk  
Tel: 0151 934 5186

Project Management  
johemington@expandinghorizons.co.uk  
Tel: 0151 330 0552

## Map of Stepclever qualifying area

