

SIS Growth Challenge 2022

What is the Challenge?

Social Investment Scotland seek established charities and social enterprises with growth plans for 2022/2023, that require funding and would benefit from a flexible loan and grant solution. Successful applicants will have growth aspirations that need £100k+ of loan funding and be able to demonstrate how these funds will generate an increased Social Impact in their community as well as a sustainable business model. Successful applicants may also be able to benefit from up to £5,000 of investment readiness grants, if required.

We want to support impactful organisations with a transformational grant alongside a traditional Social Investment loan from our Social Growth Fund.

Who is eligible for the loan?

The primary eligibility criteria relate to the legal form of the proposed borrowers from the Fund. We are looking for:

- Companies Limited by Guarantee
- Community Benefit Societies (e.g. an Industrial and Provident Society)
- Scottish Charitable Incorporated Organisations (SCIOs)
- Community Interest Companies (CICs)

The overriding principle when assessing eligibility should be that the organisation has in place an appropriate “asset lock” demonstrated via two main characteristics:

1. That profits earned are reinvested within the organisation or in the beneficiary community: they are not distributed to owners, directors or shareholders (except where shares are wholly owned by a charitable organisation or CICs limited by shares where a maximum aggregate cap of 35% is allowable by the Regulator);
2. That in the event of dissolution, the assets of the organisation, following repayment of outstanding debts, are reinvested either in another organisation with similar aims or objectives or some other alternative that avoids distribution to owners, directors or shareholders.

For the avoidance of doubt, this would exclude any investments to unincorporated bodies, as these organisations are not regulated.

What if I do not meet these criteria?

Please have a conversation with us before submitting an expression of interest.

Do I need to be based in Scotland?

Organisations eligible for Funding must have a clear and demonstrable impact in Scotland.

What other eligibility criteria are there?

There are a range of other criteria in place that we will ask you for evidence of, should your application be taken forward.

What are the terms of the investment?

Investment from the Challenge is intended to be as flexible as possible, and a bespoke investment package will be developed in partnership with you. However, as a guide, investments will have the following terms:

Loan Amount: Minimum - £100,000 Maximum - £1,300,000

Loan/ Grant split: Will be determined once all applications are received – successful applications will be informed of the level of grant that SIS is able to assess for their plan prior to any work taking place. Maximum grant award will be up to 20% of total loan amount required.

Loan Terms: interest rates, arrangement and other fees will apply. A conversation with one of our Investment Managers will help guide you with these important aspects.

Term: loan terms of up to 15 years.

Repayment: We will work with you to find an affordable and flexible package that works for you.

Security: Security for the loans should be taken where available, however, funding can be provided on an unsecured basis.

Can I receive a grant without the loan?

No, this challenge will provide a blend of funding. The loan element must be drawn down in advance of the grant element.

Can I bring in other Funding?

Yes, absolutely. Co-investment will be looked on favourably as part of the application process.

How much information do I need to provide?

Alongside the application form, it would be useful to receive the latest set of annual accounts and your most recent management accounts or information e.g. most recent quarterly management accounts. We will also have a chat with you to understand a bit more about your organisation as part of the application process. It will also be useful to see, if you have them, some financial projections or a business plan.

Will I have to speak to anyone?

Yes. One of our Investment Managers will call you to discuss your application and how this investment could support you.

What happens if our organisation cannot afford to repay this investment?

When you take a loan from SIS you receive regular advice and support from an Investment Manager who will keep in touch with you to make sure things are going to plan. If things don't, then we will do all that we can to support your organisation to get through its challenging time and agree a suitable repayment plan.

Will any of my trustees lose their house if we are not able to pay back our loan?

No. We take no security from the trustees and they will have no personal liability.

How long does the process take?

Dependant on the information you are able to provide up front, then our Investment Managers should be able to give you an idea of how long the process will take.

Where can I find SIS's Data Protection Notice?

You can find SIS's Data Protection Notice on our website here. By submitting an application for this Fund, you confirm that you understand and accept our obligations under the General Data Protection Regulation (GDPR) set out in Data Protection Notice here. Where can I get more information? You can find more information on our webpage, the guidance document or by emailing.