

Funding Landscapes
18th November 2011



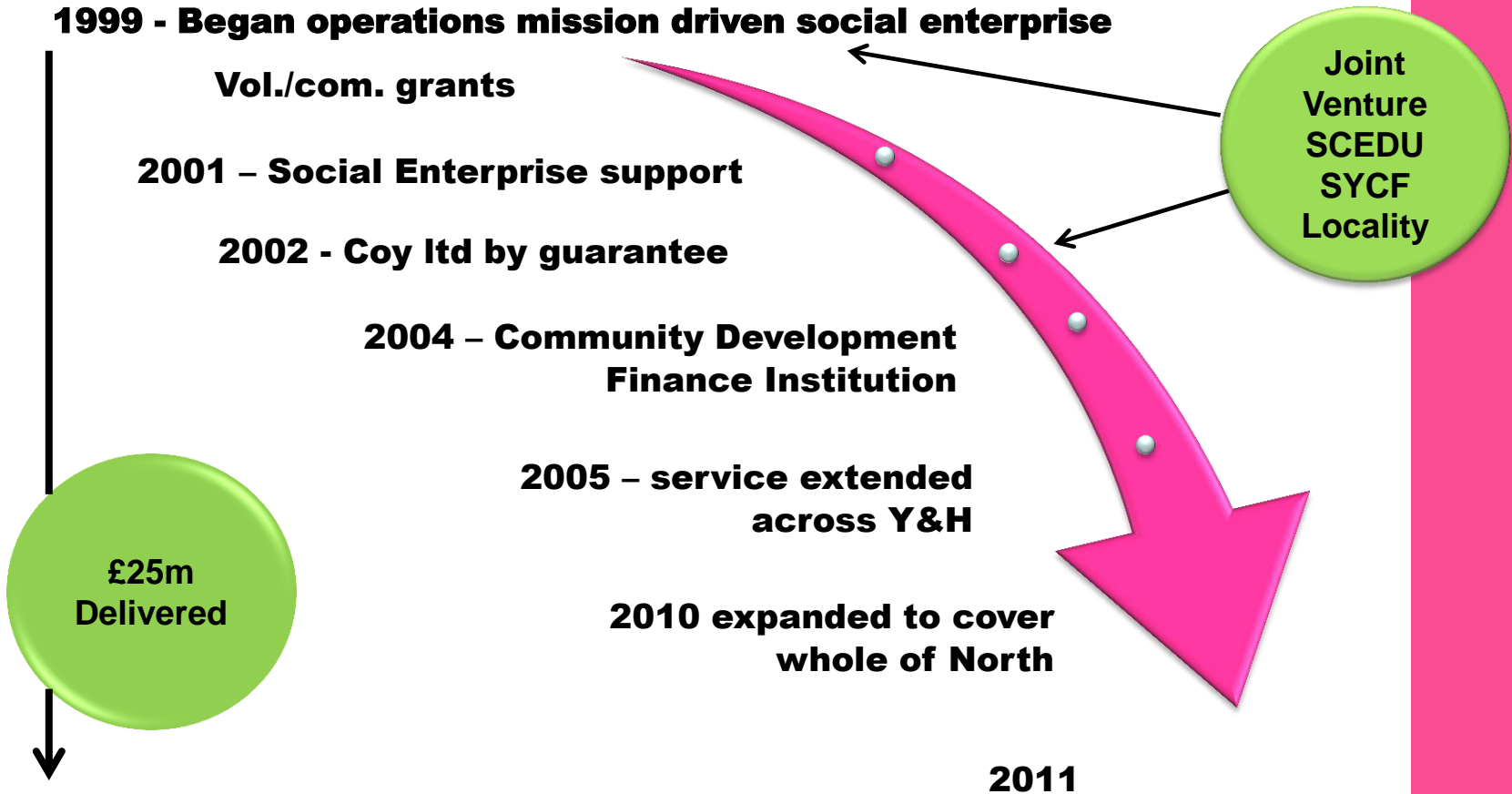
Investing in Social Enterprise

Understanding Finance

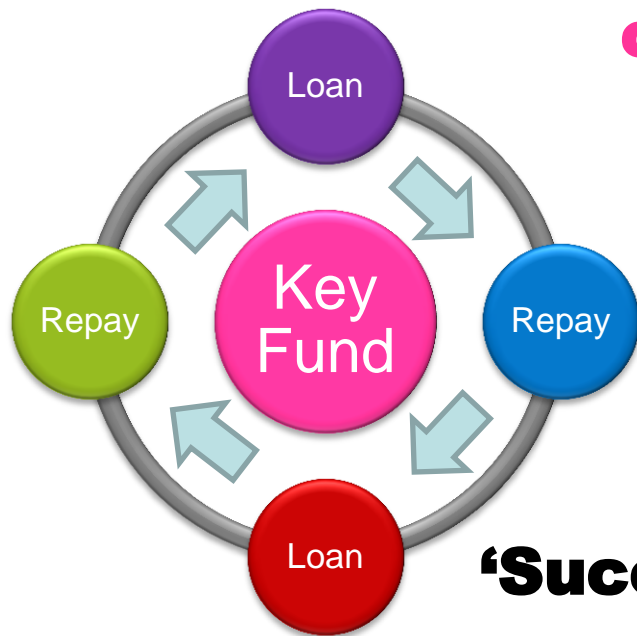
Garry Brown

www.thekeyfund.co.uk

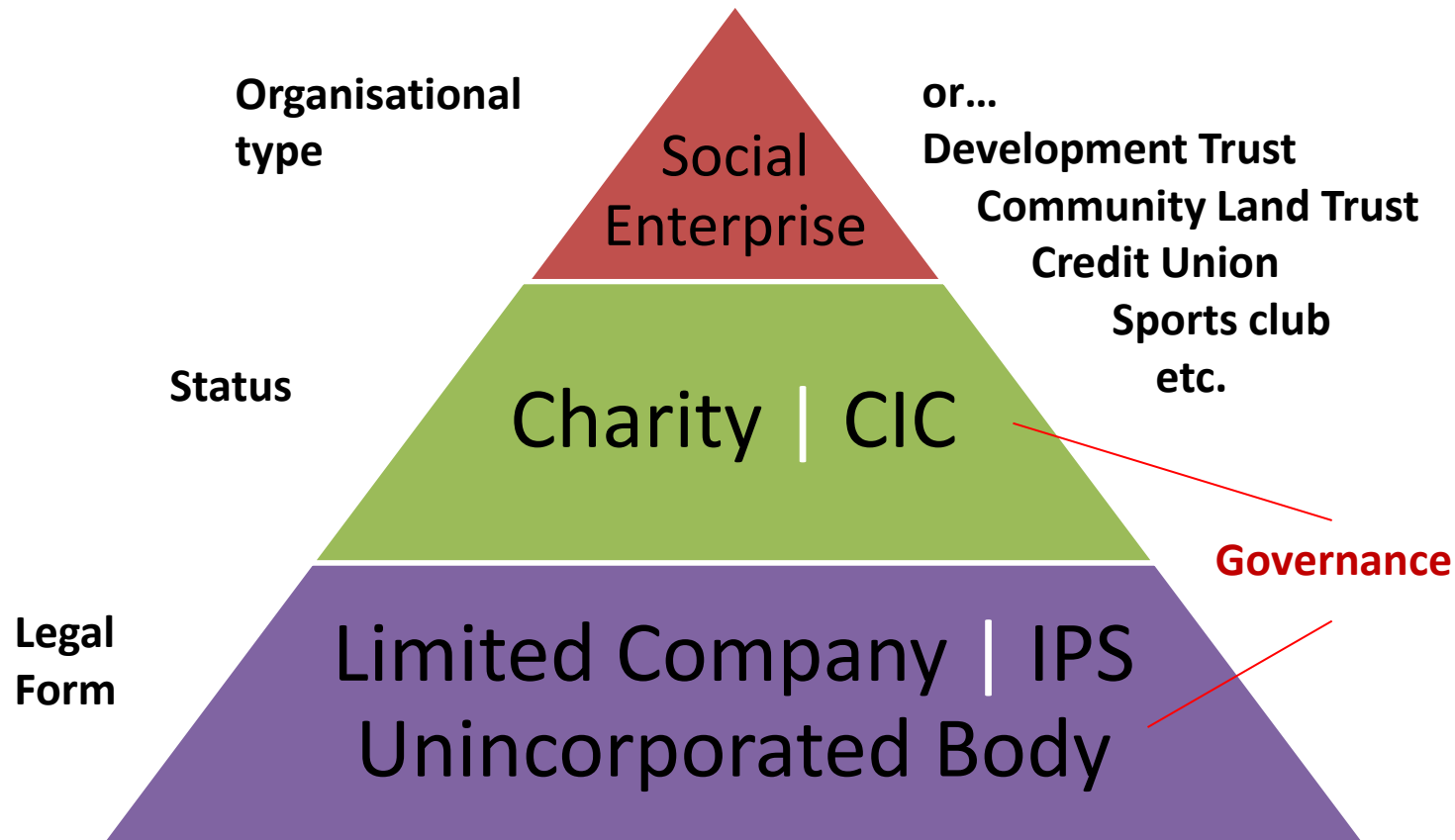




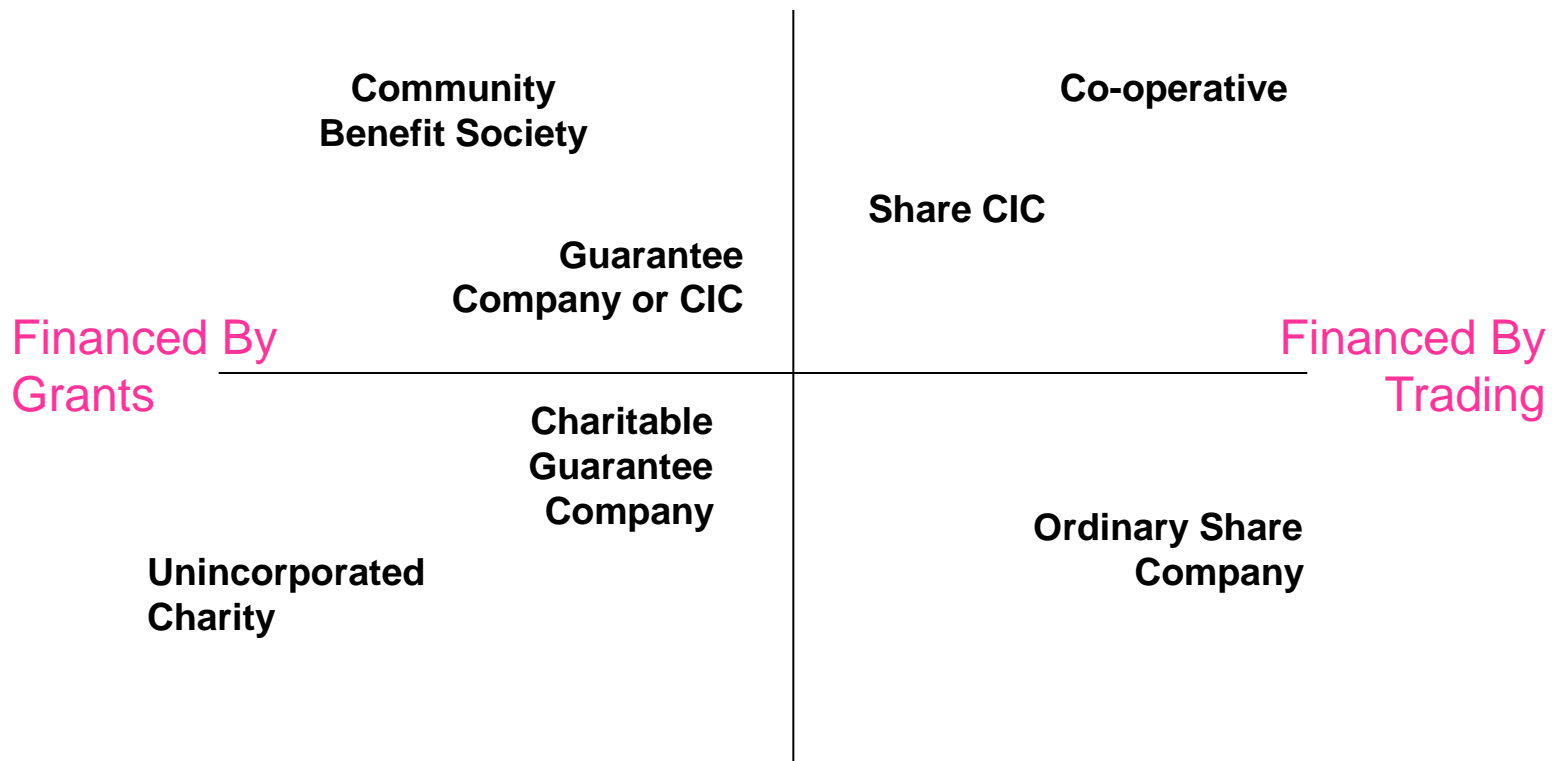
The Key Fund is a revolving loan fund created to increase access to capital by providing recyclable funds as **loans, community share capital & grants to social enterprises**



‘Successful Neighbourhoods’



High Worker participation in ownership and management



Low Worker participation in ownership and management

Why Borrow?

Speed

Non-Competitive

Flexibility

Reduced Bureaucracy

Advance payment

Loans encourage business planning & thinking beyond the short term



The following types of funding may be considered at various stages in the business life cycle

Seed capital (seed-corn)

Concept / prototype Development
Market research
Pre-launch activity



Very High Risk
Own money
Venture Capitalist

Start-up

Product development / initial marketing
Initial Working capital or Asset Purchase



High Risk
Debt (Loan) Funding
Banks / CDFI / Specialist

Early Stage

Trading
Not yet profitable / breaking even

Development

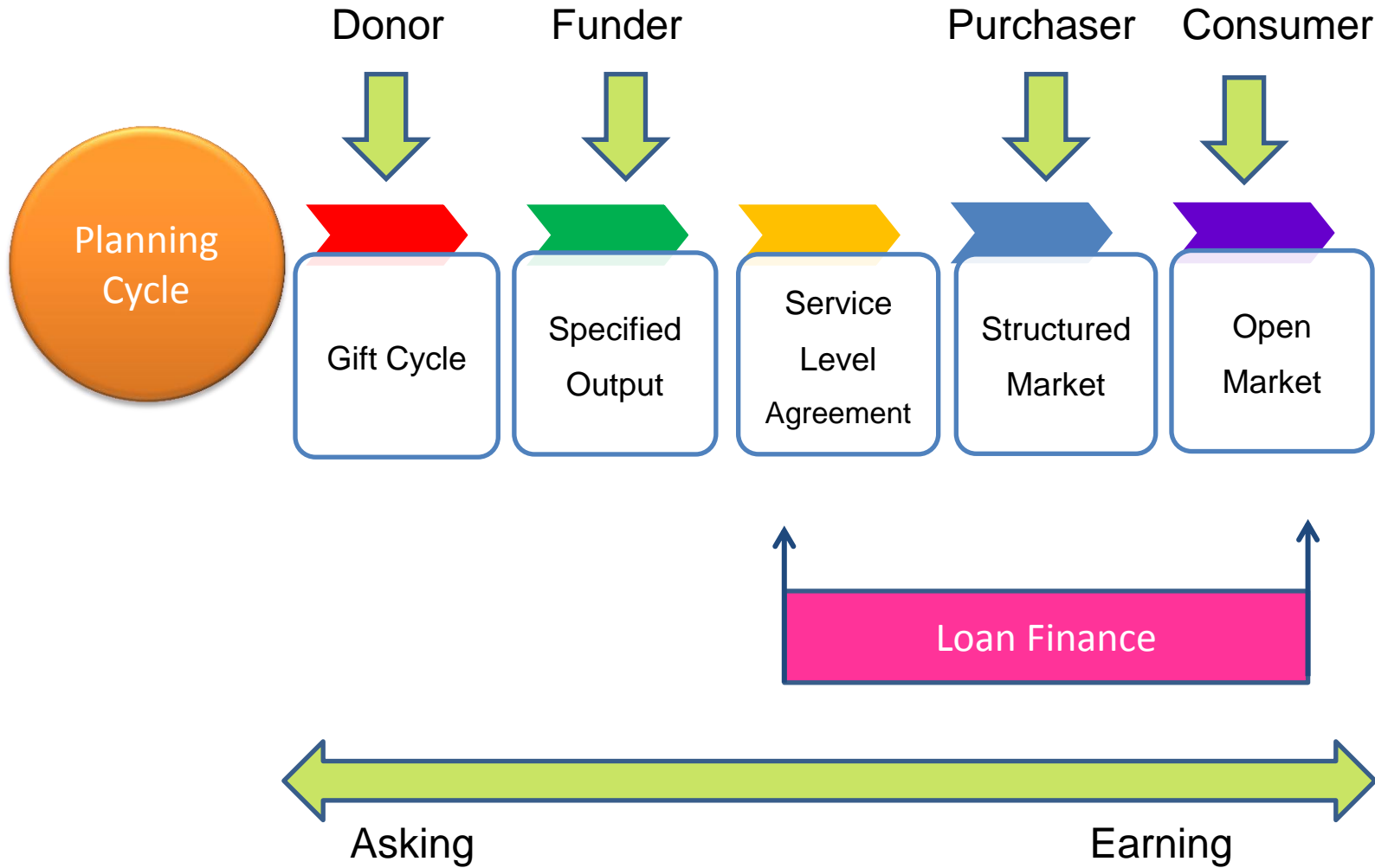
Funds for growth and expansion
Breaking Even / Profitable



Term Loans >
Private Investment >
Venture Capital / Floatation

Lender	Risk
High St Banks	Low
Triodos	Low / Medium
Unity	Low / Medium
Charity	Low / Medium
CDFI's Key Fund	High
Big Invest	Medium/High
Co-operative & Community Finance	High
Finance Yorkshire	Medium/High
Bridges Ventures	Medium/High
Social Investment Business	High

Yorks. & Hum CDFI's
Acorn
Bees Knees
Business Enterprise Fund
Donbac
Goole Development Trust
Key Fund
Sirius
West Yorkshire Enterprise Agency



“One of the major gaps in the market for financing the sector is the availability of risk and working capital for frontline organisations”

Caroline Mason
Chief Operating Officer
Of Big Society Capital



Behind Closed Doors - Leeds Birdcage Creative Community Couture (Skipton)

Registered Charity - Domestic Abuse

Trading entity to raise funds

Retail shop – Vintage Clothing / Repairs



Supported with:
£25k (20 Loan / 5 grant)
£1500 – consultancy:
Retailing
Visual Merchandising
consultant

Opened November 2011
Potential for great 'Brand Equity'



INCOME													
Cash flow Forecast	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Sales	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Contract	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
SYKF funds	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Fees	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Grants	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Donations	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Sale of assets	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Other income	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Other income	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total Receipts	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
EXPENDITURE													
Stock Materials	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Wages / NI	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Pension Contributions	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Rent / Rates / Water	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Heat / light / power	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Equipment	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Repairs & Renewals	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Marketing/Promotion	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Transport/travel	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Print/stationary	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Postage/carriage	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Telephone/fax	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Professional fees	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Insurance	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
SYKF Loan repayment	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Other loan payments	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Bank charges	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Leases/HP/Other	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Other Expenditure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Other Expenditure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total Payments	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Net cashflow	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Opening Bank Balance	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Closing Bank Balance	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00

Key Fund -
template if
required

- **Community Benefit Society - IPS structure**
- **Local or interested people investing in local or special interest social enterprises**
- **Engaging people- customers/supporters**
- **2009-11:**
 - **115 new societies registered (66 bencom and 49 co-ops)**
 - **43 community share offers launched**
 - **32 share offers completed**
 - **£5.74m raised from 6,164 members**



**Hudswell Community Pub – North Yorks
Industrial & Provident Society
Community Benefit Society**



Separate Legal Identity
Limited Liability for Members

1 member 1 vote
Maximum Shareholding £20,000
Remain at par value – no capital appreciation
Pays interest

Asset Lock – assets for community benefit
Company can buy back shares
Can be a Charity



Settle Hydro:

Renewable hydroelectric scheme
IPS Ben Com

Key Fund Supported with:

£10k grant

£20k equity

£30k loan &

£40k underwriting facility

Social Investment – Patient

Also Stockport / Whalley...

Current Opportunity:

Whitby Esk Energy



The Archimedean Screw Turbine

Slaithwaite Co-operative Limited

North Yorkshire

- Community Benefit Society
- Formed to purchase & run recently closed greengrocer in village.
- 161 Members / £50,000
- Supported with:
 - £10k (5 equity / 5 grant) for purchase of the business and stock in 2009.
- Now achieving sales £200,000
- Small profit



Trades as
Green Valley Grocer

Social Franchising:

the use of a commercial franchising approach to replicate and share proven organisational models for greater social impact

combines social objectives

sharing learning and methodologies for greater social impact

with financial objectives

charging fees for intellectual property and services for greater economic sustainability



Replication / Social Franchising



CASA- developed employee owned homecare model, based on Sunderland Home Care Associates model:

- **NHCA-** Specialist intensive support service
- **KHCA-** Start-up support
- **CHCA-** Start-up & second stage expansion support.



- **Opportunities** - Broadband, Recycling, Retail etc.

Supporting
Social Enterprise



1:1 Support with
Key Fund bid


Business Plan
Template

Cash Flow
Template


Borrowing
Workshops

Network of
Lending
Partners,
Intermediaries &
Consultants


Questions?



Investing in
social enterprise
across the North
of England



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Investing in Social Enterprise



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