

## Community Business Fund – Frequently Asked Questions

In this section you will find answers to questions not already fully covered in the applicant guidance document. We will update these frequently asked questions (FAQs) with questions asked on our Community Business Fund advice helpline.

### FAQs sections:

- A. Eligibility criteria**
- B. What funding can my organisation apply for?**
- C. Completing the application form**
- D. Application process**
- E. Other**

### **A. ELIGIBILITY CRITERIA:**

#### **1. Will the Community Business Fund consider applications for activities across the UK?**

Unfortunately, Power to Change programmes are only available to fund activities based in England as the National Lottery Community Fund's endowment to the Power to Change is restricted to England only.

#### **2. I'm not sure if my organisation is incorporated...**

- **Do you have any more guidance?**

The Community Business Fund will only fund incorporated organisations. This means that your organisation is recognized as a legal entity in its own right, rather than as being a collection of individual people. Examples of incorporated organisations include:

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

Examples of unincorporated organisations, which we won't fund, include charitable trusts and unincorporated associations.

- **Are registered charities incorporated organisations?**

Registration with the Charity Commission is not the same as incorporation. We will accept applications from registered charities which are incorporated. Please verify your organisation is incorporated before submitting an application.

### **3. I'm not sure if my organisation is a community business...**

- **Do you have any more guidance?**

Please refer to our [website](#) for further explanation on our community business criteria and video case studies of existing grantees.

- **Is a social enterprise/charity/CIC/village hall a community business?**

If your organisation meets our community business eligibility criteria, your organisation will be able to apply to the Community Business Fund. Please refer to 'Part One – Can I apply?' of the application guidance for the full 12 criteria. Power to Change will accept applications from a variety of organisation legal structures and types.

### **4. Can I apply if I have received a Community Business Fund or Initial Grants Programme grant previously?**

We are only able to consider applications from organisations who have previously received a Community Business Fund or Initial Grants Programme grant in exceptional circumstances. These circumstances include where an organisation is located in one of the places Power to Change is particularly interested in. A list of these places can be found in point 36 below or on page 11 of the application guidance. In addition, we may also consider applications from organisations which are not located in one of these places if the previous Community Business Fund or Initial Grants Programme funded project resulted in a significant increase in trading income or reduction in costs.

There are nearly 8,000 community businesses in England, of which less than 2% have received a Community Business Fund or Initial Grants Programme grant to date. By focussing on organisations who haven't previously received one of these grants, we hope to be able to further grow the sector and the wider community business movement.

### **5. Why do you ask for a charitable purpose? Can we still apply if we are not a charity?**

As Power to Change is a charitable fund, we can only fund community business projects which further a charitable purpose and meet a charitable community need. This does not mean that your organisation has to be a charity, however you will have to evidence the charitable needs within your community that your project will address, how you identified those needs and how your project will address those needs. Please see the [application guidance](#) for further information.

**6. The application guidance refers to State Aid. How do I know whether my application will be affected?**

Power to Change grants qualify within the European Union definition of State Aid. State Aid refers to forms of assistance given on a discretionary basis to provide an activity or service, which may distort competition in the European Union market by favouring one provider over another.

State Aid rules are complex, but as a very general guide projects involving trading activities are unlikely to breach State Aid rules if they are: small scale; delivered in a defined local area; are for charitable, social, cultural or educational purposes, and do not affect trade between member states of the European Union. The UK is still a member of the EU so State Aid still applies.

You need to be clear about the State Aid implications for your project and business – particularly if you have received grants from public funds within the past three years. Our application form asks questions to help us identify where State Aid may be an issue and your adviser will work with you to explore this further.

Projects involving Feed in Tariffs (for electricity) or the Renewable Heat Incentive (for heat generation) are particularly likely to face State Aid conflicts and we are not able to accept applications for these projects.

**7. I have one year of accounts but I am not currently trading, can I apply?**

Technically, you are eligible to apply, however we would need to see clear evidence within your application to demonstrate how your plans would work out given you would have no trading history. We may ask for stronger evidence to support your planning assumptions (for example sales projections, assumed costs) to help us make a true assessment of the proposal.

**8. Can the total amount of funding requested be less than £50,000 or more than £300,000?**

No. Market analysis has identified that there is currently a gap in this range of funding available to community businesses. The Power to Change Community Business Fund will not accept applications outside this range. Power to Change reserves the right to exceed these funding limits where exceptional circumstances come to light during the assessment process, or through our work with grantees.

**9. The application guidance says my organisation must be ready to start work on my project within 6 months, what do you mean by start work?**

This means that your organisation must be ready to start drawing down and spending the funding for your proposed project within 6 months of being offered a grant. If you are not ready to start drawing down funding in 6 months, Power to Change reserves the right to

withdraw your offer of funding.

**10. Is there a fixed amount of other funding that a project must have in place before applying to the Community Business Fund?**

In our application form, we have divided capital costs up into two types: building-related capital costs and other capital costs. The Community Business Fund will provide up to 75% of building-related capital costs. For a large capital purchase, such as a building, we would expect you to be able to identify other sources of funding, such as other grant funding, community shares or loan finance. For other smaller capital purchases, such as vehicles, we understand that it may be more difficult to identify other sources of funding, therefore we will fund 100% of those costs.

You will be able to apply to the Community Business Fund for:

- 75% of revenue costs for the project e.g. staff salaries, professional fees
- 75% of building-related capital costs e.g. purchasing, extending or renovating a building
- 100% of other capital costs e.g. the purchase of a vehicle

**11. In the application guidance, Power to Change states that an organisation must have or be working towards a ‘clear trading model’ – what do you mean by this?**

We understand that organisations applying to this fund may be currently reliant on grant funding or donations. To be eligible to apply to this fund, we would expect your organisation to have clear plans to transition to generating a large proportion of your income from trading by the end of the project.

**12. What size of an area is local?**

We are interested in businesses which can evidence a clearly defined local geographical area of focus. In urban locations this could be a neighbourhood, ward or section of a city; in rural locations this could be a village or collection of villages.

**13. How many successful applications have come from rural areas?**

Our evaluation report on the first two years of the Community Business Fund shows that 15.2% of grantees to date have been based in rural areas, with the majority of these being in rural towns. You can read this report here:

<https://www.powertochange.org.uk/wp-content/uploads/2019/03/Community-Business-Fund-Interim-Evaluation.pdf>

Previously, Power to Change published an evaluation of the Initial Grants Programme, which was the precursor fund to the Community Business Fund, which provides commentary on the urban/rural split for this fund:

[www.powertochange.org.uk/research/analysis-applicants-initial-grants-programme/](http://www.powertochange.org.uk/research/analysis-applicants-initial-grants-programme/)

We recognise that there are different challenges facing rural communities to those faced by urban communities and we take this into consideration when we are assessing applications. For example, we understand that social isolation can often be a challenge faced by people living in rural communities and we have funded projects which address these issues by creating greater connectivity. A few examples, for which we also have case studies on our website, are:

Cuckmere Community Bus:

[www.powertochange.org.uk/get-inspired/stories/cuckmere-community-buses/](http://www.powertochange.org.uk/get-inspired/stories/cuckmere-community-buses/)

South Tynedale Railway Preservation Society:

[www.powertochange.org.uk/get-inspired/stories/strps/](http://www.powertochange.org.uk/get-inspired/stories/strps/)

Crediton Community Bookshop:

[www.powertochange.org.uk/what-is-community-business/stories/crediton-community-bookshop/](http://www.powertochange.org.uk/what-is-community-business/stories/crediton-community-bookshop/)

You can find more case studies of other rural organisations we have funded here: [www.powertochange.org.uk/get-inspired/stories/](http://www.powertochange.org.uk/get-inspired/stories/)

If you are making an application for a rural project, we suggest that you clearly evidence the charitable need you will be addressing in your community and how your project will address this need. You can provide information on this in the Broad Community Impact section of the application form.

## **B. WHAT FUNDING CAN MY ORGANISATION APPLY FOR?**

### **14. Can applications be just for staffing and/or volunteer costs or do they have to also be for primarily building-related capital costs?**

Yes, grant requests for revenue costs only, e.g. staff costs, are accepted. You must be able to demonstrate how funding staff costs will help your organisation to generate a more sustainable trading income in the future and how these staff costs will be paid for after the grant period ends.

### **15. If we have already taken out a loan to keep our project momentum going, could we use a Power to Change grant to repay that loan?**

We can't fund expenditure that has already happened. The Community Business Fund will not pay for loan repayment fees for existing loan finance.

### **16. Can funding be used to purchase a vehicle?**

Yes, funding can be used to purchase equipment including vehicles. You must be able to demonstrate how the vehicle will help you generate more sustainable trading income in the future and meet your charitable purpose. For example, purchasing a mini-bus might help you pick up isolated members of the community to bring them to your community business.

**17. I am looking for funding for a community energy project. What do I need to consider?**

Through the Community Business Fund (and its precursor fund, the Initial Grants Programme), Power to Change has so far only funded energy efficiency measures for community buildings owned by the applicant organisation with the aim of improving financial viability – see [Stocksbridge 4SLC case study](#). If you are looking for funding for a community energy project, you may wish to consider our [Community Shares Booster programme](#) or our [Next Generation Energy Programme](#).

If after considering our Community Shares Booster and Next Generation Energy programmes you think your project best meets the Community Business Fund criteria, consider why grant funding is necessary to support your project and what other funding would be levered in by a grant. Also consider the local community benefit that would be provided, in addition to tackling climate change. The Community Business Fund only funds projects which will increase financial viability by the end of the project and so cannot fund feasibility projects.

**18. I am looking for funding for a community-led housing project, but my project doesn't fit the criteria for the Community Business Fund. What other funding does Power to Change offer for housing projects?**

Our [Homes in Community Hands](#) fund supports communities to develop their own housing solutions to deliver affordable homes for local people. Revenue grants averaging £50,000 are available for community groups in the early stages of their community-led housing development to support feasibility and predevelopment work. Funds will be mostly focused in Leeds City Region, Liverpool City Region, Tees Valley City Region, West of England and West Midlands. Funds will also be available to genuinely innovative community led housing projects anywhere in England.

**C. COMPLETING THE APPLICATION FORM:**

**19. What type of funding would you consider to be “other sources of funding”? Would you only consider match funding?**

When listing the other sources of funding in your application form, you can include any other funding or income you have received towards the cost of your project. We are interested in knowing about all other sources of funding for your project - this may include match funding or in-kind donations, such as a local supplier which is donating time and/or materials to your project. The reason we ask you to list all other sources of funding is so we can understand how your organisation plans to meet the full cost of your proposed project.

**20. What is classified as capital costs and what is revenue?**

- Revenue costs include, for example, staff salaries and professional fees required for the normal operation of the project.

- Building-related capital costs include, for example, the costs related to purchasing, extending or renovating a building.
- Other capital costs include, for example, the purchase of a vehicle.

**21. If I am submitting a joint or consortium bid, which financial details should I use?**

Please answer all the questions focusing on the lead organisation. Please note that the same questions will be asked of the partner organisations during the detailed assessment phase of the application.

**22. Our project could start immediately, however we won't be able to start until we have secured funding. What project start date should I use?**

Please select the start date that you are working towards based on when you are aiming to have funding. If your application to the Community Business Fund is put through to the assessment stage and if your proposed project is then approved at a Power to Change grants committee, it should take a maximum of 26 weeks from the application window closing to you hearing the grant committee decision. If your application is not among the strongest applications and is not put through to the next stage, you will hear back within six weeks of the application window closing.

**23. Can I have the application guidance in a different format? E.g. large print, braille or audio transcript**

Yes. Please get in touch by email to [cbf@be-group.co.uk](mailto:cbf@be-group.co.uk) to make the request.

**D. APPLICATION PROCESS**

**24. How long will the application process take?**

Please refer to our [application guidance](#), Part Two – Application Process, for information about the whole application process.

The application window is open for four weeks. When the application window closes, we will then review all the applications received. Only the strongest applications in that round will be put through to the detailed assessment stage. We will contact all applicants within six weeks of the application window closing date to let them know the outcome of their application.

If your proposal is put through to the detailed assessment stage, you then have two weeks to complete the assessment form and send this back to us. Unless the further information provided reveals that we are unable to fund the project (for example, due to State Aid rules), you will then be assigned an assessor to support you to complete an assessment report for a Power to Change grants committee.

These are all maximum times for each stage. Overall we aim to make sure every applicant has a decision within 14-26 weeks of the application window closing. Applications which

are recommended for funding at the assessment stage will be presented to the Power to Change grants committee in August, September, October and November 2019. You will be contacted within a week of the grants committee to let you know whether you have been successful. If your application is progressed to the assessment stage you will have the option to work with your assessor towards presenting at one of the earlier grants committees (for example, if your application is time sensitive) or one of the later grants committees (for example, if you would like more time to work on your assessment).

## **25. When will the application process close?**

The closing date for the current round of the Community Business Fund is 22 May 2019 at 12 noon. The date of future application windows will be publicised on our website. [By registering for our newsletter](#), you will be kept up to date with when new funding rounds are being launched. We will also be able to keep you up to date with other funding programmes we are running.

## **26. Our project involves purchasing/extending/renovating a building, at what stage in our project should we apply to the Community Business Fund?**

If you are looking for capital investment to support refurbishments, renovations, land or building purchases, you can apply. It is not essential for you to have already secured planning permission in order to apply to the Community Business Fund, but you will need to have planning permission in place, along with any necessary statutory consents, before funds can be drawn down. You must be in a position to draw down funds within six months of being offered a grant.

When submitting your application you do need to have clear plans in place as to how you will complete your project in your proposed timeframe and how your request for planning permission fits into your project plan.

If you are successful at application stage, you will then be invited to complete and submit the detailed assessment form online. You will have two weeks to complete and submit your detailed assessment form, which will request further information about your proposed project, as well as a copy of the following:

- Your governing documentation
- A project plan which includes projected income and expenditure for the project
- Your financial accounts for the latest year they are available (management or annual)
- Your cash flow forecast for at least 1 year, preferably 3 years

If you are requesting funding for a capital building-related project, we will also request a copy of the following items:

- A copy of the land registry documents confirming you own the building or a signed long lease of at least 25 years (shorter leases will be considered for smaller grant values of no more than £200,000) or heads of terms and agreement from the current owner that they intend to agree a suitable sale or lease.

- An independent valuation of the building (less than six months old unless you have owned or leased the building for longer than that time)
- A survey of the condition of the building (less than six months old)
- Details of the costs involved in the planned work produced by a suitably qualified professional (less than six months old)
- Confirmation that you have planning permission for the planned project and copies of the relevant documents (or confirmation that permission will be in place within six months of being offered a grant)
- A copy of the access statement for the building project.

For more detailed guidance on projects with assets and buildings, see pages 13-15 in the application guidance.

**27. If I am unsuccessful in this round can I apply again in future rounds?**

Yes. But you should not simply resubmit the same application. You would be highly unlikely to be successful. If your ideas for your community business project are at a very early stage it is better to wait until a future funding round and do further work to research and plan your proposal to give you the strongest application.

In addition, we may update the criteria and application process between rounds so it is important that you read through the guidance for that round in full.

**28. If I am turned down for funding from the Community Business Fund, can I apply for other Power to Change funding?**

You can apply to other Power to Change funding programmes, even if you've been turned down for funding as part of the Community Business Fund, as long as you meet our definition of a community business and the eligibility criteria for that fund. [Find out more about what makes a community business.](#)

**29. I applied to the Initial Grants Programme but was unsuccessful. Can I apply to the Community Business Fund?**

Yes. But you should make sure that you show clearly how your proposal meets the Community Business Fund criteria. If you simply resubmit the same or a very similar proposal you are highly unlikely to be successful.

**30. If I am applying for or have already received funding from other Power to Change programmes, can I apply to the Community Business Fund?**

You can apply to the Community Business Fund even if you are applying to or have already received funding from other Power to Change programmes. If you have already received funding from Power to Change, you will need to be able to demonstrate how new

funding will provide additional impact over and above the impact already being driven by existing funding. If you are currently applying to another Power to Change funding programme, we would expect your applications to be complementary rather than overlapping. We will consider this as part of assessing your application. Where you have applied to more than one fund, we may decide to progress only the most appropriate and strongest application.

**31. If my application is selected for the detailed assessment stage, what happens if I can't complete the assessment form in 2 weeks?**

The assessment form is straightforward and relies on information that you should largely already have. We expect that most applicants should be able to complete it within two weeks, allowing more time for assessors to work with you to complete the detailed assessment.

However, if for some reason (for example illness or annual leave) you are unable to fit this timeframe extra time can be arranged and we will work with you to complete the detailed assessment as quickly as possible.

**32. If my application is successful, when is the earliest date that funds could be transferred?**

It depends on any conditions attached to the grant and your timescales for the project. If your proposal relies on securing funds by a particular date (for example because planning permission will expire, or a building will be taken off the market) you should identify this in your application and in discussion with your assessor.

**33. What happens if my application is unsuccessful?**

During each application window we receive approximately 250 applications and can only progress around 1 in every 8 applications. Only the strongest applications will be progressed.

If your application is unsuccessful we will send you an email which briefly sets out which eligibility criteria your application did not provide evidence of meeting and/or the areas of your application which were less strong compared with other applications. The feedback is bespoke and tailored to each individual application. It highlights the section of the application which would need to be developed further to be considered for funding from the Community Business Fund.

Unfortunately, due to the numbers of applications we receive, we are not able to provide more detailed feedback.

**34. What can I do if I am unhappy about a funding decision?**

We work in partnership with a number of other funders and organisations to deliver our funding programmes. If you have a complaint about one of our funding programmes your

first contact point should be the organisation that you applied to, or that manages your grant. They will also manage the complaints process on our behalf (and avoid you having to find your way through different policies and procedures). Please read our [complaints procedure](#) for more information.

For complaints about the Community Business Fund you can contact BE Group. Complaints can be made in writing to [CBF@be-group.co.uk](mailto:CBF@be-group.co.uk). A full copy of the complaints policy can also be requested through this address.

## OTHER

### 35. How likely am I to get funding?

During each application window, we receive approximately 250 applications. Of these, only the strongest will progress to the assessment stage. In the last completed window, 46 applications were progressed to be considered for funding from the £5million we had available to spend. This round we have £3million available to spend and are expecting to progress around 27 applications, of which about 17 will receive funding. This means that even if your project meets all the eligibility criteria, it may not be progressed to assessment. How likely you are to get funding also depends on where your organisation is located (see points 36 and 37 below or page 11 of the application guidance).

We recommend that you read through the [case studies of organisations](#) which have been funded by Power to Change. These case studies describe how community businesses working in different sectors meet Power to Change's four community business criteria, and provide an insight into the strongest applications which have been funded through the Community Business Fund or its precursor, the Initial Grants Programme.

You can also look at our [Community Business Map](#) to see a full list of all organisations funded through Power to Change.

### 36. Why is Power to Change particularly interested in applications from Bradford, Grimsby, Hartlepool, Leicester, Luton, Plymouth, Wigan, Liverpool City Region, Suffolk and the West of England Combined Authority?

Power to Change is targeting funding and resources towards places that, based on our work to date, we believe look particularly ripe for boosting local economies through community business. Find out more about our focus on places on our website:

<https://www.powertochange.org.uk/funding/empowering-places/>

### 37. Do applicants from the places Power to Change is focusing on stand a greater chance of being funded?

During each application window, we receive approximately 250 applications. Every application to the Community Business Fund is reviewed individually by the Community Business Fund team. For Round 7 we are expecting to progress around 1 in 8

applications to the assessment stage. All applications we progress have to meet the Community Business Fund criteria.

This round we expect to award approximately £3 million. Of this, we expect to award approximately £1 million to applications from the places Power to Change is particularly interested in (Bradford, Grimsby, Hartlepool, Leicester, Luton, Plymouth, Wigan, Liverpool City Region, Suffolk and West of England Combined Authority), with the remaining £2 million available for applications from elsewhere in England. This means we are expecting to fund 5 applications from the areas we are particularly interested in and 12 applications from elsewhere in England.

The application form for the Community Business Fund allows you to identify three postcodes that are the focus of your work. For Round 7 the strongest applications that meet our Community Business Fund criteria and are also located in places we are particularly interested in will also be reviewed by the Power to Change place-based funding team to understand if and how they could contribute to our work in those places. Separate review meetings will then be held with a representative from this Power to Change team, in addition to representatives from the Community Business Fund team, to consider which of the strongest applications from the places we are particularly interested in will be progressed to the assessment stage.

### **38. If I have further enquiries about my grant application, who should I contact?**

If you have any enquiries regarding your grant application, please get in touch via our helpline: 0300 1240444 (open Monday to Thursday from 9:00-17:00 and on a Friday from 9:00 to 16:30), our [webchat](#), or email us at [cbf@be-group.co.uk](mailto:cbf@be-group.co.uk).

Power to Change is working with a grant administration partner, BE Group, for the Community Business Fund who will handle all enquiries about the fund.

### **39. I want to speak to someone at Power to Change directly about my application.**

In order to be fair to all applicants, Power to Change staff cannot discuss individual applications.

If you want to find out more about the Community Business Fund and whether or not you are eligible to apply, you can read our application guidance which has more information about the fund's eligibility criteria. If you have questions about the application guidance or for further support on how to complete the application form, you can contact our grant administration partners, BE Group, via our helpline: 0300 1240444 (open Monday to Thursday from 9:00-17:00 and on a Friday from 9:00 to 16:30), our [webchat](#), or email us at [cbf@be-group.co.uk](mailto:cbf@be-group.co.uk).

### **40. Will the Community Business Fund give grants for startup costs?**

Our [Bright Ideas Fund](#) offers a package of support and grant funding to help community groups start a business.

