

Sporting Capital – Frequently Asked Questions

Here, you will find answers to questions not already fully covered in the applicant guidance document. We will update these frequently asked questions (FAQs) regularly in response to queries we receive.

FAQs sections:

- A. What we fund
- B. Eligibility criteria
- C. Completing the application form
- D. Application process
- E. Other

A. What funding can my organisation apply for?

1. Can we apply for more than £150,000?

No. We believe there is a gap in this range of funding available to community organisations. The Sporting Capital Fund will not accept applications over £150,000. We have no lower limit but we would not expect to make loans of less than £10,000.

2. What can I use the investment for?

The aim of the investment is to help organisations become more sustainable and deliver impact; you can use the investment for anything that helps you to do this. Every organisation's needs will differ, but examples of how our loans could be used include:

- Supporting the development of new or refurbishment of existing facilities
- Buying kit and equipment to help deliver activities
- Recruitment, training and deployment of staff and volunteers
- Equipment to support business functions, including finance, project management and governance
- Other operating costs, including working capital

Our case studies show how our current investments have been used by organisations to do more.

3. Do I have to have all the other funding that a project must have in place before applying to the Sporting Capital Fund?

If your project involves capital investment, you can apply for funding before all of this is in place but you should be working towards this being completed. Having all, or most, of your capital funding in place make your project close to being ready for investment and therefore give it a greater chance of success.

4. Can we get grant funding for our project?

Not at present. All our current investments are simple, repayable loans. We believe loan finance provides the funding required and incentivises organisations to be financially sustainable.

However, if you need support to become ready for investment - i.e. you need help to develop your organisation's capability and capacity to be in a position to take on a loan from us - there may be grant funding available from the Access Reach fund.

See our website for further information.

B. Eligibility criteria:

5. Sporting Capital Fund will fund organisations that have, or want to develop, a business model that develops sustainable revenue. What do you mean?

We will only invest in projects that are forecast to generate income to help them to deliver the products and services they want to, and be able to repay the capital and interest payments without putting the

organisation under undue financial stress. We will look at the organisation's financial track record and / or a sufficiently robust business plan and financial model in assessing this.

If you have a business plan it should also show clearly how the organisation has the capacity and capability to deliver the project; it will need the right number of people, with the right skills and experience and an appropriate governance model to succeed.

6. What do you mean by "Community based trading"?

Community based trading means your organisation either now, or in the future plans to:

- deliver community-based services to meet the needs of local people, either using sport as a tool, or using a community sports setting to deliver services; and
- have a sustainable business model that generates revenues through trading that support the organisation's activities.

See our website for examples.

7. What do you mean by "community"?

We are interested in organisations that can identify a clearly defined community of focus. This is likely to be defined geographically, for example 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.

It could also be defined as a community of interest, so a group of people with a common interest or activity.

8. What do you mean by "trading"?

Many organisations may rely in part, or fully, on grant funding or donations. To be able to invest in your organization should:

- generate a significant part of your income through trading currently, or
- have a clear plan to generate a significant part of your income through trading by the end of the project.

9. What do you mean by "your organisation has a track record of achieving, or plans to generate, positive social impact as a primary purpose of the project"?

Most organisations delivering sporting activities do so to deliver sporting outcomes. There is nothing wrong with this, and there is often incidental non-sporting social impact because of these activities. However, if your organisation's primary focus is delivering sport for sporting outcomes you will not be eligible for investment.

The Sporting Capital fund will only invest in organisations that use sport, or a sporting facility, to deliver activities and services that generate sustainable revenue and deliver impact.

10. The Sporting Capital Fund will only fund eligible VCSEs. What are eligible VCSEs?

Eligible VCSEs are voluntary, community or social enterprise organisations. They must either be:

Regulated organisations such as charities, Community Interest Companies or Community Benefit Societies which pursue charitable objective(s).

or **unregulated organisations** (other incorporated organisations) who must:

- have a mission lock. The organisation has a clear social mission, which is locked into its constitution and meets a charitable objective that addresses a social issue or need. Its trading activities support, and which are causally linked to its social mission
- have restrictions on profit distribution and an asset lock. The organisation must mainly reinvest surpluses into pursuing their social mission. Distributions (e.g. dividends) must be less than 50% of post-tax profits. The organisation's assets must be used to help achieve the social mission and in the event of winding up can only be distributed to organisations with similar objectives.
- be for public benefit. The organisation must offer its products and services for public benefit without restrictions and barriers (such as affordability). Any private gain because of these activities must be incidental and minimal.

- be transparent. The organisation must be able to articulate, evidence, measure and report on its social impact and purpose. It must be open to undertaking an independent social impact audit. Its remuneration and benefits policy must be open, and reasonable and proportionate relative to the market practice for social sector organisations.

11. Will the Sporting Capital Fund consider applications for activities across the UK?

No, unfortunately, due to the requirements of our funders, we are only available to fund organisations and activities based in England.

C. Completing the application form

12. I'm not sure if my organisation is incorporated – can you provide any more guidance?

The Sporting Capital Fund will only fund incorporated organisations. This means that your organisation is recognised as a legal entity rather than as being a collection of individual people. Examples of incorporated organisations include:

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

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

If you are in the process of becoming incorporated, or considering it, you can still apply, but, if successful, we can only invest once incorporated.

13. We are a registered charity – are we an incorporated organisation?

Unless you are a Charitable Incorporated Organisation, 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 applying.

14. Do I have to be VAT registered to apply?

No. If you are VAT registered, your VAT number will help us confirm your organisation's identity (part of our required "know your customer" checks). If you are not VAT registered, you do not need to register to apply but make sure you know what the VAT thresholds are and whether they apply to your business as it grows.

15. I still need to secure most or all the funding I need for my project, can I still apply?

You can apply for investment before all of your funding is in place but your project will stand a much greater chance of success if you have secured most or all of the other funding you require. If you need support to access funding our parent company, Sporting Assets (www.sportingassets.co.uk) may be able to help.

16. I don't have planning permission yet, can I apply?

If your project is part of a wider scheme that needs planning permission then it is not essential for you to have already secured this in order for you to apply. 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. It is a condition of funding however that planning permission is granted before our loans can be approved.

17. I am the only person involved in my project, do I have to have staff and volunteers to be eligible?

You don't have to have paid staff or a team of volunteers to apply, however, as part of our assessment on whether your project is suitable for investment, we will evaluate what resources you need (e.g. a team of people with relevant skills and experience) to deliver your project.

As part of the process to become ready for investment you may need to recruit a number of people to enhance the capability and capacity of your organisation to deliver your project successfully.

Sporting Capital does not lend to individuals.

18. I don't have a business plan can I still apply?

Yes. If you don't have a business plan, tell us in your own words, or show us in a video, what your organisation will do over the next few years, how much money you will make and how you plan to repay the loan. When we receive your application, if your project is of interest, we may be able to work with you to attract grant funding to help you to develop a business plan and financial model.

19. I don't have 3 years' accounts information, what should I do?

You are still eligible to apply. Please complete the application form based on the trading history you have. However, we would need to see clear evidence within your application to demonstrate how your plans would work out given you have a short trading history. We may ask for stronger evidence to support your assumptions (for example on costs and projections) to help us make a true assessment of the proposal.

20. What do you mean by unrestricted and restricted funds?

Restricted funds can only be used for a designated (stated) purpose. Often grants have restrictions in what they can be used for, for example a grant to pay for a tennis net cannot be used to pay salaries.

Conversely, unrestricted funds can be spent on any of your activities.

21. What do you mean by social impact?

We want to know what social impact your project will, or aims, to have. One way to think about this is to consider what are the changes that will happen for people as a result of your project or activity. To help us better understand and assess your project we want to know what difference you want to make through your organisation, project or activity, and how our investment will help you to do that.

If you have been running your organisation, project or activity for a while tell us about what changes or benefits (impact) you have already helped to deliver.

22. What do you mean by monitoring and evaluation systems or framework?

We want to invest in projects that have an impact, and therefore as part of any investment in your organisation, we will need you to monitor and report on the work you are doing and the impact this is having. This shouldn't be onerous, but we will need you to do it.

If your organisation currently monitors and evaluates its impact then our requirements should fit into your existing processes.

If you don't currently do this we can discuss what you will need to do as part of the process to become ready for investment. Funding and support may be available to help you to put appropriate systems and processes in place.

D. Application process

23. How long will the application process take?

The application process will vary depending upon a number of factors, in particular how ready for investment you are. We anticipate the minimum amount of time from application to investment will be 10 – 12 weeks and most successful applications will take longer.

To keep the process moving we will respond within 10 working days to your initial submitted application and request that you respond to any follow up questions within 3 weeks. These questions will be straightforward and will mostly rely on information you should already have.

Most applicants should be able to complete it within three weeks, but if you have any concerns (for example due to illness or annual leave) please let us know and we will work with you to complete the information requested as quickly as possible.

24. If my application is unsuccessful can I apply again in the future?

If you are unsuccessful we will give you feedback on why you are not right for us at this time. You may apply again, however to be considered you would need to demonstrate that you have successfully addressed any issue or concerns highlighted in the feedback. You should not simply resubmit the same application.

25. My project is not scheduled to commence right away? Are there restrictions on when the funds are to be drawn down?

Following investment committee recommendation and subsequent signed legal documentation, we require that your organisation must start drawing down the loan within 6 months. If you do not, Sporting Capital reserves the right to withdraw your offer of investment.

E. Other:

26. Are there any other reporting requirements if I am successful in getting investment?

As well as telling us about the impact the investment helps you to deliver, we will also need some regular information about the financial health of your organisation.

We will agree with you in advance what information we will need but a “typical” reporting package would require:

- Quarterly management accounts including commentary on your financial position and impact
- Annual Accounts
- Annual forecast financial budget and discussion on actual performance versus last year’s budget
- Annual summary of social outcomes

As part of the process to become ready for investment there may be support available to put the appropriate reporting systems and processes in place.

27. How much will the loan cost?

Our investment is repayable and attracts interest. The rate of interest will depend on a number of factors including the impact you hope to deliver and how risky the investment is. We expect all investments to attract an interest rate of between 5% and 10% per annum.

Our investment will attract a one-off fee of 2%. This will be netted off the investment on day one e.g. if you borrow £100k, you will receive £98k in your bank account on day one, and £2k will be retained to cover the lending fee.