

# Charity Finance

## - Beyond Grants

Peter Hughes



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# What do Social Enterprises use loans for?

- ❑ Acquisition of equipment & vehicles
- ❑ Financing new developments
- ❑ Property purchase & refurbishment
- ❑ Short-term working capital
- ❑ Bridging of (grant) receivables
- ❑ Restructuring



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# Sources of loan finance

- ❑ Commercial banks
  - *Barclays, Royal Bank of Scotland etc*
- ❑ Equipment finance companies
- ❑ Futurebuilders
  - *public service delivery*
  - *also (some) grant funding*
- ❑ Specialist social lenders
  - *Charity Bank*
  - *Unity Bank & Triodos*
  - *CDFIs*



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# Charity Bank

- ❑ Bank *and* charity
- ❑ Specialist lender to charities & social enterprises
- ❑ UK-wide
- ❑ Loans
  - *Up to £750,000*
  - *Up to 25 years*
  - *For most charitable purposes*



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# Tailored-made Solutions NOT Standardised Products

- ❑ Finance where other banks might not consider
- ❑ Stable interest rates NOT linked to bank base rate
- ❑ No early repayment penalties
- ❑ Usually no personal guarantees
- ❑ Repayment to match your need
- ❑ Unsecured loans where appropriate
- ❑ No need to change Banks



# Issues and trends

- ❑ Greater willingness by trustees to consider loan finance
- ❑ New sources of loan finance by funders - Esmee Fairbairn
- ❑ Greater interest from commercial banks
- ❑ Lack of risk capital, new providers - Venturesome



# Social Enterprises need to....

- ❑ Understand that they are running commercial risks
- ❑ Be able to compete head-to-head with the private sector
- ❑ Strengthen boards & executive teams - with commercial skills
- ❑ Sharpen market analysis & product focus
- ❑ Improve risk analysis & management
- ❑ Improve management information especially financial control & forecasting



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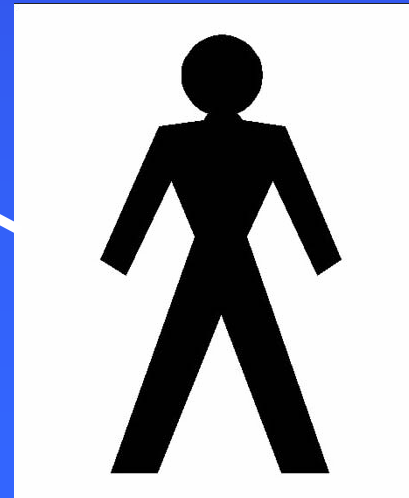
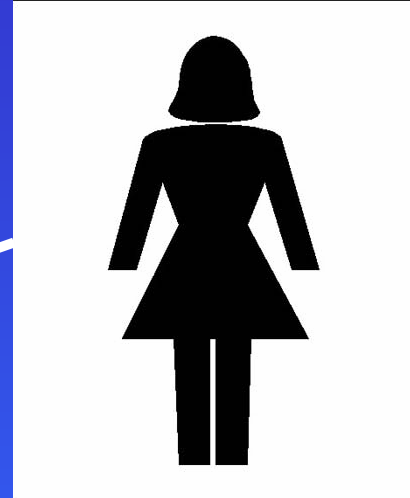
# Small scale regeneration – Old Post Regeneration



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# Large scale regeneration – Govan Workspace, Glasgow



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# Partnership with commercial banks – Wigmore Hall



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# Social Enterprise – Lomond Training, Dumbarton



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