Growth Fund update and call for proposals

The Growth Fund is designed to increase the availability of small affordable unsecured loans for charities and social enterprises. The Growth Fund totals £45m and provides a blend of loan from Big Society Capital and grant from the Big Lottery Fund to social investors across England. This allows those social investors to offer smaller loans and take much greater risk than other lenders like banks would be able to.

The Growth Fund opened in May 2015 and will make investments in 15-20 loan funds when fully invested. This is expected to be no later than early 2018.

Just over one year in, Access has announced details of the first investment into the Health and Wellbeing Challenge Fund to be delivered by Resonance. The fund will offer investments of up to £150,000 to charities and social enterprises in the South West of England working to bring about positive impact in health and wellbeing. The fund totals nearly £5m, and the South West Academic Health Sciences Network have also invested £400,000.

Access has made a further five commitments from the Growth Fund which are currently in legal negotiation and will be open for business in the coming months.

In total more than one third of the Growth Fund has now been committed.

Access has received 45 expressions of interest in total, of which 19 have been considered by the Joint Investment Committee (JIC) for the Growth Fund at an initial stage.

In considering the wide range of applications received, and the goal to maximise the learning from the Growth Fund about how best to blend loans and grants to make social investment more accessible, the JIC has identified three strategic themes for the Growth Fund portfolio:
• Efficiency: Social investors who can meet current demand from charities and social enterprises for smaller unsecured loans in an efficient way
• New Approaches: Social investors who offer creative and relevant new products for charities and social enterprises, or new ways of delivering social investment to the sector
• Reach: Social investors who can offer social investment to, and make it relevant for, groups of charities and social enterprises who have not been able to benefit to date

The Joint Investment Committee is now particularly encouraging applications which meet the New Approaches and Reach themes.

These may come from organisations who have not considered their role in being a social investor before but who offer excellent reach and networks into parts of charity and social enterprise sector who could benefit from taking on a loan but have not previously had the opportunity to do so.

This may include organisations such as:

- Federal charities
- Membership bodies
- Infrastructure organisations
- Community Foundations
- Larger charities

The Joint Investment Committee is also interested in seeing new approaches to meeting the investment needs of smaller charities and social enterprises. This might mean experimenting with new investment products. For example the JIC is especially keen to see proposals which include revenue participation deals or other forms of quasi-equity products which suit the needs of charities and social enterprises, or new approaches to accessing the finance, such as introducing more automation.
To support organisations to develop their role as social investors and to make an application for a blend of loan and grant from the Growth Fund to do so, Access has put in place a range of support. This includes:

- A recommended back office provider of loan administration services
- Opportunities to form partnerships with experienced lenders to develop a joint proposal
- Detailed guidance on a range of technical aspects of developing the fund, including the legal structure and managing State Aid issues.

Organisations interested in applying to the Growth Fund should read the detailed guidance on the Access website and begin their application by submitting an expression of interest online: [http://access-socialinvestment.org.uk/growth-fund/expression-of-interest-form/](http://access-socialinvestment.org.uk/growth-fund/expression-of-interest-form/)

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