



The Rank Foundation

Learning from the Plymouth Repayable Grants Programme

April 2024



The Rank Foundation's thriving Network tackles inequality to improve life in the communities they cherish
www.rankfoundation.com

Learning from the Plymouth Repayable Grants Programme

April 2024

Written on behalf of The Rank Foundation by:

Iridescent Ideas CIC
www.iridescentideas.com

Contents

| | |
|--|----|
| Foreword..... | 4 |
| Executive summary | 7 |
| About the Repayable Grants Programme | 9 |
| About this study..... | 12 |
| About Iridescent Ideas CIC | 12 |
| Findings | 15 |

Foreword

The Rank Foundation launched its Plymouth place-based programme in October 2018. Through visits and extensive discussions, Rank's executive team had discovered a vibrant community of innovative individuals and organisations dedicated to addressing social, health, and economic challenges in the city.

Plymouth was also one of a handful of cities in the UK committed to inclusive growth and systemic change, leading to a range of policy initiatives to try to ensure that everyone benefitted from local economic prosperity. Plymouth was designated the UK's first Social Enterprise City in 2013 and had a strong, collaborative social enterprise sector. There were also cooperative relationships across statutory, public and charity sectors, and a palpable sense of pride and optimism. Plymouth was an ideal location for Rank's resources.

Between 2018 and 2021, Rank invested approximately £2.5 million in Plymouth's social enterprise sector. Independent impact reviews have shown that this investment made the local Rank Network more resilient, sustainable, and less focused on traditional grant income. In turn, these organisations are transforming physical spaces, improving lives, and influencing economic policy to create ripples of impact across the city.

Building on this success, Rank's repayable grants programme aims to help social enterprises and community businesses in Plymouth develop the confidence to seek and repay investment, up to and beyond 2025. The repayable grant fund

supports established social enterprises funded during Rank's first phase not yet ready for loans or other investments. Grants ranged from £5,000 to £65,000, repayable over one to three years, without interest or penalties. Partners including Iridescent Ideas, The School for Social Entrepreneurs, and Real Ideas have helped develop and support a pipeline of applicants with ongoing reviews to identify what works best.

This report and case studies, compiled by Iridescent Ideas, help us understand:

- The role of repayable grants in the funding landscape
- Applicant profiles and their needs
- Typical grant amounts and repayment periods
- Success rates in grant repayment
- Factors affecting repayment or drawing down the grant
- Effective strategies for creating a pipeline of applicants
- Strengths and weaknesses of the systems and processes.

What they also show is that local social enterprises and community businesses can improve the economic, health, and social outcomes in the city. With this knowledge we aim to attract investment from other funders into a permanent repayable grant fund for Plymouth.

Together we can ensure that social enterprises not only survive but thrive, in a city where everyone benefits from sustainable growth and innovation.

Phil Davies, The Rank Foundation Associate Director for Plymouth



**Case study – Pollenize CIC
£18,000 to help develop the organization**

Case study – Pollenize CIC

Amount received: £18,000

What the investment was used for

Pollenize used the investment as working capital to pay for more directors' time/costs plus buying more seeds which can be used for sales and for developing their projects in the city.

Why did Pollenize apply for a repayable grant?

The directors of the business wanted to make a step change to build more capacity and commit more time to Pollenize. They had other jobs and realized that this was an opportunity to focus more on Pollenize. They had been through the Rank Trade Up programme and felt that the time was right to grow.

They needed for working capital to enable more hours which would help them make more sales and devote more time to company development.

What has been the impact on Pollenize and the wider community?

The investment has helped Pollenize refine the benefits of their products. Pollenize estimates that around £33,000 of extra income has been secured thanks to being able to dedicate time to collaborate and deepen existing partnerships.

Being able to do more, and faster has been particularly helpful.

Several new 'mini meadows' have been seeded in the city and Pollenize has become a case study for getting people involved in small community spaces with ecology and the environment in mind.

What has Pollenize learned?

Existing relationships were important, as was the fact this fund was specific for Plymouth and at zero percent interest it felt like a very good opportunity. Being part of the Rank network and part of the wider social enterprise scene in the city was also helpful. They would have been unlikely to seek social investment elsewhere.

During the application process, working through cash-flow plans was very helpful as was the support on offer to develop their ideas.

What would Pollenize do differently?

Not a lot. Having an existing relationship with Rank and the partners was very important. Having a dialogue around the repayments and flexibility in the programme was also significant as was the zero percent interest.

"The trust in us that has been shown is very important. This repayable grant encourages us to keep developing our social enterprise model"

Executive summary

In April 2022, the Rank Foundation allocated £220,000 to establish a Plymouth-specific 'repayable grant fund' to support social enterprises and community businesses in the city. This followed an earlier investment of £285,000 to Nudge Community Builders whose repayments enabled the £220,000 to be recycled for more social enterprises in the city.

Since a proportion of these investments have been repaid and reinvested, the fund has so far distributed over £440,000 for social enterprises in the city.

The Rank Foundation also commissioned Real Ideas and Iridescent Ideas (two local social enterprises) to provide information, advice and guidance to both interested organizations and to Rank's Grants Committee.

This is a summary evaluation of the Repayable Grant programme for Plymouth.

Organizations which have benefitted include:

- Four Greens Community Trust and Plymouth Argyle Community Trust
- Nudge Community Builders
- Pollenize CIC
- Stiltskin Creative Arts & Theatre Company CIC
- Take a Part CIC
- Trevi Women

This study looks into the repayable grant recipients, what they applied for and have done with the investments and what they've learned along the way. We have provided short case studies on some of the repayable grants made.

We also interviewed advisers and staff to gain insights into the strategy behind the programme – why it was set up, what it hoped to achieve and what the Rank Foundation has learned.

The fund was designed to sit in the funding landscape to help organizations who wanted to move away from standard grants and look towards more income generating approaches. To that extent the fund has been very successful. Nearly all the recipients are repaying their grant and earning income as a result of the funding.

Several recipients remarked on the importance of the leverage the Rank investment provided in securing other income, contracts, sales and investment. One organization reported that income of over £640,000 had been secured in significant part due to Rank's investment. Another social enterprise reported £33,000 of extra income had been obtained as a result of the repayable grant.

Local relationships mattered deeply to the recipients and most people reported that because the fund was ringfenced for Plymouth with advice and support provided locally they felt encouraged to apply and that they would have a good chance of success.

The 'social contract' around the fund being for Plymouth and the unwritten accountability to repay so others could benefit was mentioned as important by some organizations.

The idea of a legacy for Plymouth - once Rank Foundation finish their main funding programmes - was seen as very significant. This would mean that the impact of Rank's good work in the city could go on.

Flexibility around repayment terms and repayment holidays were key factors for success for most and the zero percent interest was clearly useful as a catalyst for some organizations to apply.

Most organizations reported wider community benefits for their projects but for some it was still a little too early to show significant impact. Further research is needed to determine the longer-term impact of the funding.

Future funding ideas included:

- Allowing reapplications but with interest charged
- Exploring performance related repayments once a certain income threshold was reached
- Extending eligibility for Plymouth-based social enterprises outside of the local Rank network
- Exploring match funding from other investors to make the money go further
- Having a little more of a systematic approach to advertising the fund.

National and local research into business needs for local social enterprises consistently shows that for many organizations access to finance is their highest priority. Repayable grants is an important option in the mix to help organizations develop and grow.

About the Repayable Grants Programme

In April 2022, the Rank Foundation established a repayable grant fund of £220,000 to support social enterprises and community businesses in Plymouth to develop the confidence to seek and repay investment as part of building sustainable futures in changing times.

This followed an earlier repayable investment of £285,000 to Nudge Community Builders whose repayments enabled the £220,000 to be recycled for more social enterprises in the city.

Since a proportion of these investments have been repaid and reinvested, the fund has so far distributed over £440,000 for social enterprises in the city.

As well as benefitting individual recipients, the aim was to create an ongoing fund for social enterprises and community businesses in Plymouth, ensuring a continuing legacy for Rank's investment in the city, up to and beyond 2025.

The repayable grant fund aimed to play a role in diversifying the landscape of funding and investment and providing another product to help social enterprises in the city. It aimed to focus on established social enterprises and community businesses, who have moved beyond start-up funding and other similar programmes but are not yet able to access loans or other social investment options.

The repayable grant fund is open to organizations in Plymouth who are part of the local Rank network. Each enterprise can bid

for between £5,000 and £65,000, with repayment terms generally between one and three years, unless by specific arrangement. Since the investment is a grant, not a loan, no interest is charged, and no penalties will be enforced in the event the grant is not repaid.

Alongside the funding programme Rank also commissioned Real Ideas and Iridescent Ideas (two local social enterprises) to provide information, advice and guidance to both interested organizations and to Rank's Grants Committee.



**Case study – Trevi Women
£65,000 to help purchase Blossom House**

Case study – Trevi Women

Amount received: £65,000

What the investment was used for

The investment was used, alongside other funding, to help purchase and refurbish a building – Blossom House – which will be used to support women recovering from trauma and abuse.

Why did Trevi apply for a repayable grant?

The repayable grant was an important part of the funding jigsaw. Trevi was trying to raise over £600,000 to buy and refurbish the property. Trevi saw this as an opportunity as they had very good relationships with Rank Foundation in the city, they felt that they had a good chance of getting the grant. Trevi also felt that the Rank commitment would provide strong leverage to help secure other funding.

What has been the impact on Trevi and the wider community?

The funding has helped support development of a house where women can find rest, peace and security and take positive steps in their journey of recovery from trauma and abuse.

Following the successful funding campaign, The Ministry of Justice and The Home Office have funded running costs worth over £640,000 for the project.

What has Trevi learned?

Trevi felt that the relationship with Rank was more important than the zero percent interest although this did help reduce some of the anxiety about 'borrowing' money. Being involved in other Rank programmes has also been crucial for their overall success.

Trevi followed a clear and well mapped out capital fund-raising appeal and had good evidence of need for the project. They recognized some luck in timing with other strategic work in the city such as the Ending Violence Against Women and Girls campaign.

What would Trevi do differently?

Not a lot. They would follow the same plan for the capital appeal and found they moved from £150,000 to £500,000 very quickly and putting in place systems to help manage the development of the organization is important. They have grown from 35 to 85 employees and from supporting 30 women to over 1,000 in five years.

"The repayable grant was incredibly important in leveraging other investment for the project. The two-way relationship with Rank has really helped and it is great that they are investing in supporting women in the city."

About this study

Methodology

We conducted interviews with eight people from a range of organizations:

1. Repayable grant recipients
2. Rank staff
3. Advisers to the programme

We also reviewed supporting documentation and media linked to the programme:

1. Spreadsheet provided by Rank
2. Paper for Rank Grants Committee provided by Rank
3. Paper on the programme for Plymouth organizations

Telephone/zoom/face-to-face interviews were written up and analysed. Responses were coded into categories and key words and themes given a percentage weighting.

About Iridescent Ideas CIC

Iridescent Ideas CIC, founded in May 2011, is an award-winning social enterprise and registered Community Interest Company (number 7635685). We are regulated by the CIC Regulator.

Vision

Our vision is a more socially enterprising, greener, fairer world.

Mission

We deliver business advice for voluntary and community groups, community businesses and social enterprises across the UK and conduct policy, research and evaluation work to help bring about this vision.

Activities

- We support businesses to start with firm foundations, good legal structures and strong governance
- We help existing businesses grow by finding finance, developing business plans and evaluating social and community impact
- We deliver policy work, research, evaluations and social impact reports.

Quality and partnerships

We are founding members of Plymouth Social Enterprise Network. We led the successful bid that saw Plymouth recognised as the UK's first Social Enterprise City in 2013. This has led to over £10 million of investment for social enterprises in the city, growth in the number and scale of social enterprises and the development of a healthy eco-system of support for social enterprise in the south west at a systems wide level.



Case study – Four Greens Community Trust and Plymouth Argyle Community Trust £60,000 to buy and kit out catering van

Case study – Four Greens Community Trust (FGCT) and Plymouth Argyle Community Trust (PACT)

Amount received: £60,000

What the investment was used for

The repayable grant was used to purchase and fit out a pizza and food catering van. This would then be staffed by young people learning about the catering and food business whilst earning an income for the two organizations.

Why did FGCT/PACT apply for a repayable grant?

The two organizations were keen to work together to deepen their impact. They liked Rank's 'pebble in a pond' values and ideas. They wanted to pilot a low-risk project that both organizations could afford. Having no interest was useful too. It was important that there was an existing relationship – they felt that they probably wouldn't have gone to a mainstream bank for this project.

What has been the impact on FGCT/PACT and the wider community?

There have been delays in securing and refurbishing the vehicle, but it is very nearly ready for action. Licensing and staffing has been sorted plus a relationship with City College Plymouth is in place to support young people. The project should launch in April 2024.

What has FGCT/PACT learned?

Getting the menu and the products right has been important as is having a strong relationship in place between the core partners.

They felt that developing a three-year cash-flow was a challenge and not that useful in the end.

What would FGCT/PACT do differently?

In hindsight they could have gone to a different supplier for the van to speed things up but buying local was important. They could also have allocated more staff time to the project, but several other very large bits of work were ongoing at the same time.

"This is a five-year project that has a lot of potential to earn a surplus and deliver on our joint social purpose. We liked Rank's approach, and the repayable grant was a good fit to the project."

Findings

Where does the offer of a repayable grant sit in the local funding landscape and who wishes to apply for a repayable grant, for what and in what circumstances?

- The fund was seen as encouraging a move away from grants to a more serious approach to earned income generation, so it sits neatly in the funding landscape for more established organizations looking to grow and develop.
- The fund was seen as a very important step in the chain for organizational development.
- The 'Plymouthness' of the fund was very useful. The fact that the fund was ringfenced for the city made several organizations feel that it was more likely that they would be successful, thus encouraging them to explore it.
- Local relationships were critical. Most people praised local support and Rank's relationship building approach as being a significant factor in their success.
- The 'social contract' around the fund being for Plymouth and the unwritten accountability to repay so that others could benefit was mentioned as important by some organizations. For others this wasn't as important - they just saw the fund as a pot of money that they could go for with generous repayment terms.
- The zero percent interest rate was generally seen as very useful, although one organization said that they would have applied even if there had been higher charges.
- There was some sense that the pool of potential applicants in the Rank network in Plymouth is small and

those that are 'investment ready' is a smaller subset again.

- The idea of a legacy for Plymouth once Rank Foundation finish its main funding programmes was seen as very important. It was felt by several people that the impact of Rank's good work in the city could go on.

What amounts of money do organizations need and for how long?

- Grants ranged from £13,750 to £65,000 in this round of funding. Nudge Community Builders received £285,000 from a previous round.
- No-one reported this was too low or too high so the boundaries of £5,000 to £65,000 seem reasonable.
- At the lower end, the programme may be 'competing' with smaller grant pots of money which may be relatively easy to access. The National Lottery Community Fund's 'Awards for All' programme has increased to £20,000 so is an important context.
- Local research into social investment (PSEN State of the Sector and Social Enterprise Strategy 2020) shows that for many organizations access to finance is their highest priority. Smaller amounts of social investment at low interest rates are desirable but will be seen as competing against the likes of lottery funding which is not repayable. Although set against this is that Lottery funding is highly competitive and not ringfenced for Plymouth.

- No one mentioned any problems with the repayment period. One organization mentioned that patient capital was useful, so that longer repayment terms are a benefit.
- A repayment pause before income generation starts was seen as useful, as was having the ability to pause repayments in the event of lower-than-expected income generation.

How many organizations repay the grant?

- All the organizations bar one have started repaying the grant. One was about to do so.
- Organizations valued the flexibility around repayment and at least one social enterprise had had a repayment holiday which was very useful.
- One organization found the wording of the scheme a little puzzling with regard to whether the investment would need to be repaid at all in the event of financial difficulties. This organization said that they felt a degree of pressure to keep repaying the grant, despite finding this difficult. It was unclear if this organization had formally requested a payment holiday (which would probably have been agreed) or full write off of the repayable grant.
- Several organizations referenced a sense of 'accountability' around knowing that the money was ringfenced for Plymouth and could be recycled for other organizations as being important in ensuring they kept up with their repayments.

Are there particular reasons and/or set of circumstances that enable or prevent organizations honouring their commitment to repay the grant, or indeed draw it down?

- One organization had not drawn down its investment at all. However, we did not interview them (as agreed with Rank). We could explore this further if needed.
- At least one organization had requested and been given a repayment holiday. This was due to seasonality and a cashflow pinch point.
- One organization had an unexpected problem with a core grant from a different funder being cut. This led them to question repayment terms, but they went on to repay the grant in full.

What works to create an effective pipeline of organizations seeking repayable grants?

- Plymouth Social Enterprise Network's activities and events around social investment has demonstrated a pipeline of organizations with potential projects. However, some of these organizations are currently outside the Rank network and, under the present rules, would not be able to access the repayable fund.
- Local contacts, networks and links to other business advice programmes were all seem as important when it came to generating a pipeline.
- Seeing examples of other organizations gaining investment and repaying it was felt to be important. These case studies may help inspire people to consider repayable finance.

What are the strengths and weaknesses of the systems and processes? From this learning, it is hoped to establish a permanent repayable grant fund able to receive investment from a number of funders, to continue to support social enterprises and community businesses to thrive and grow.

- Nearly all the organizations interviewed said that they found the application process reasonably straightforward.
- Nearly all organizations referenced the existing relationships with Rank as being very important in choosing to access this funding.
- There was one grumble about the need for long-term (three years) cash flow planning as this felt like a 'finger in the air' exercise although this organization saw the need for some kind of financial plan.
- Local support from Rank, Real Ideas and Iridescent was seen as very valuable.
- There were events to promote the fund and Rank wrote to all members of the local network to promote the fund, however, several people mentioned that the marketing of the fund could have been clearer. Some people would prefer a more structured, formal approach with a launch event and a clear website page for the programme to refer to. This is something to consider for the future.
- Opening up the opportunity to a wider audience than just local Rank network members was seen as desirable.
- One organization mentioned that the online application process didn't provide a copy of their bid which they would have liked for reference.

What has been the impact of the scheme?

- For some organizations, the leverage provided by Rank/the repayable grant was important when dealing with other investors/funders and also for securing sales, commissions and contracts to back revenue generation
- One organization reported that income of over £640,000 had been secured in significant part due to Rank's investment. Another social enterprise reported that £33,000 of extra income had been obtained as a result of the repayable grant.
- Most organizations felt that this was a useful investment at the right time. The nature of the zero percent interest and repayment flexibility was very valuable in terms of being able to have more impact.
- Most organizations reported wider community impacts bar one where the project had yet to start (see the case studies).
- The fund was seen as encouraging a move away from grants to a more serious approach to earned income generation.
- The scheme worked well for some organizations as a first step into borrowing.
- The fund was generally seen as reasonably simple, straightforward and clear about repayments.
- There were benefits seen in having low costs and local support, i.e. there was not a complex or expensive infrastructure needed to support the fund's development.
- Local relationships and trust were very important to nearly all the recipients

What would you change about the process or the fund?

- Most organizations were happy with the product and the process.
- Some ideas for developing the fund were:
 - First fund at zero percent then, if you reapply, there could be a charge.
 - Emphasise the importance of having a clear focus on the idea and allocate more assessment time on the earned income needed to repay the grant.
 - Expand eligibility to those outside the RankNet family.
 - Explore match funding options. For example, could Rank draw in Plymouth City Council money or money from other investors (like Social Investment Business, Resonance, Big Issue Invest, Co-op Community Finance, etc) to make the fund go further?
 - Have different products, for example a possible Crowdfunding match programme (akin to Plymouth City Council's 'Crowdfund Plymouth' programme or explore a 'performance' type repayable grant so that its repayments only commence once a certain turnover threshold is reached.
 - Put a clear time limit on the draw down time beyond which the money would revert back to the general pot for other organizations.
 - Have more regular, clearly advertised open calls for the programme. This would need to tie in with repayments to ensure that there was sufficient funding available.
- Have a more structured approach to marketing the fund with a website page and application form/guidance.



**Case study – Nudge Community Builders
£285,000 to help purchase Millennium building**

Case study – Nudge Community Builders

Amount received: £285,000

What the investment was used for

The investment was used to purchase the Millennium Building – a former cinema/nightclub - in Plymouth. Interestingly this building was a Top Rank Cinema many years ago so there was a nice circularity to the project.

Why did Nudge apply for a repayable grant?

Nudge has big plans to develop old assets for community use on Union Street in Plymouth. They had already delivered a project on a smaller scale with a disused old pub. Nudge had gained credibility around building developments. Nudge had a good relationship with Rank and the zero percent interest repayment was a good deal. Nudge felt that this was a good way to gain 'patient' capital as many investors don't really understand or do this very well. The plan was to buy the building then raise money through community shares which would repay the grant. They also appreciated the flexibility Rank offered around the grant and repayments.

What has been the impact on Nudge and the wider community?

It is early days, but the building has been saved for community use and several events and activities have started. There have been music nights, student tours and band videos delivered at

the site. Plans include street facing units and further cultural activities.

What has Nudge learned?

The project developed as a partnership with a private investor. Managing this relationship has seen a lot of learning around culture and philosophy. The community share raise was successful but was somewhat harder than expected. The project has also had some unexpected outcomes, for example, leading to another investor finding out more about Nudge and supporting their plans.

Nudge recognise that Rank have been very supportive, and Nudge hold the accountability of repaying, especially when they know the money can be recycled for Plymouth, dear.

What would Nudge do differently?

Not a lot with regards to the repayable grant and the process of applying. Nudge recognise that they could manage expectations and optimism a little more realistically, but they have gained a lot of experience managing borrowing and building development.

"Rank has been brilliant. They recognise our ambition to scale and have been patient and supportive around a complex acquisition. The family connection to the Millennium was also a nice touch"