GRANT OR COMMUNITY FUNDING FOR BUSINESSES

Funding for social action and community activities is not necessarily straightforward. While you may be inspired to develop your existing business idea to benefit your local community, or have a new trading idea that could resolve a local issue, there are usually conditions and restrictions attached to community and charitable funding, making it difficult to access. It is unlikely that a sole trader or limited company would be eligible for grants for social action; however, there are steps that you could take if you would like to explore your idea further.

Offer your services to other groups or organisations within the community

As a sole trader or a local business, you could consider offering your services to other groups or organisations within the community. For example, if you run a local outdoor activity business you could offer your facilities to a charity who provides local, unemployed young people with outdoor volunteering opportunities or skills training.

Working together on a joint proposal for the sessions with a deliverable budget may support them to attract the funding that they need, so that they can pay for using your facilities. Try to find an organisation with similar aims, so that the collaboration is easier to manage.
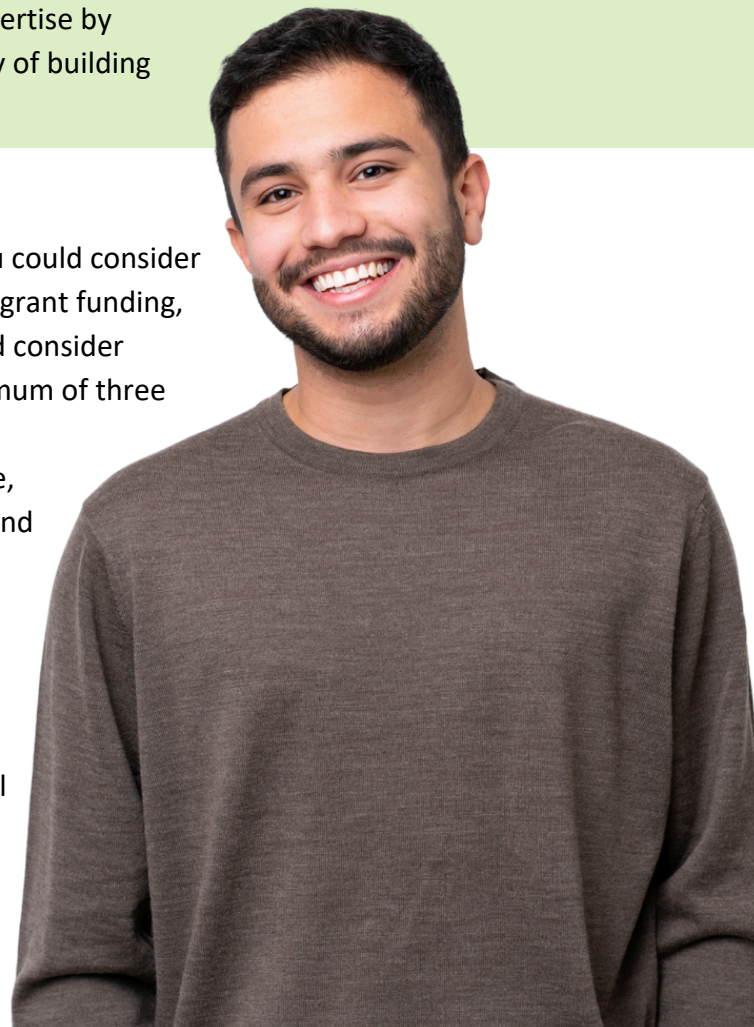
Alternatively, consider sharing your skills and business expertise by becoming a trustee of a local charity. It may be a good way of building local capacity and enabling the community to thrive.

Change to a different structure

If you would prefer to take your idea forward yourself, you could consider a new legal structure for your business. In order to attract grant funding, you would need to have an appropriate legal structure and consider whether to become a charity, which would require a minimum of three trustees or a Community Interest Company.

However, there are certain things to consider. For example, it would be difficult for you to be both a charity's trustee and to be employed to do the work. Although it can be done, it is not recommended and safeguards have to be in place to prevent conflicts of interest.

A Community Interest Company, (CIC) is a company with a board of paid directors. Surpluses are ring fenced for social benefits. It is worth bearing in mind that although the lottery and other funders do support CICs, it can be more difficult to attract funding and the potential range of funders is also more limited.

If the organisation has equipment leases, hire purchase agreements, service contracts, maintenance contracts or contracts to provide goods or services, it must examine details of the contracts and discuss details of the termination with the contractors. This should be done in good time.

Consider becoming a social enterprise

Grants, service agreements, contracts and other funding arrangements must also be appropriately dealt with. Funders should be notified and there may be a requirement to return some funds. Your auditor and accountant should also be notified of the situation once the decision to close the organisation has been made.

A social enterprise is not a particular legal structure but a type of business that has a social or environmental purpose at the heart of it. Profits are reinvested so that more socially centred work can be done. Like a normal business, you will trade and sell products or services to generate profit.
For a short summary of what a social enterprise is, read this blog by **Social Enterprise UK.** You can also visit the **Social Enterprise UK** website for resources and information.

Networking with other people in your local community is a good way of seeing whether anyone has a similar idea, if collaboration is possible or whether, by supporting other groups or organisations, you could still achieve your goals. If you are prepared to be flexible in your approach, open to new ideas, and are happy to share your skills and expertise, then you can be a facilitator to support the wider community achieve their social action goals.

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