Social Innovation Challenge

2023: addressing the rising cost of living

Application guidance

Overview

The purpose of your application is to describe your proposed solution and how it addresses one or more challenges linked to the rising cost of living faced by individuals and communities in Scotland.

We will ask you about the size and scale of the specific issue you are looking to address, how you respond to this problem in an innovative way and what your vision is. We will also ask you to tell us how much funding you are applying for and to outline how you will use the grant if you are successful. **You can apply for up to £50,000**.

It is essential that the solution you are applying with is owned by you, your enterprise or your group. We will also need evidence that you have the capacity and ability to take the solution forward **in the next two years**.

This guidance document provides you with helpful advice on how to fill in your application. Please take the time to read through it.

If you have any questions that have not been answered, you can contact Carmen (Social Innovation Challenge Programme Manager) at carmen@firstport.org.uk.

Here is how the information in your application will be used:

- **Sections 1-3** will be used by the shortlisting panel to score your application and see whether it is eligible and suitable for including in the shortlist. As this is a very competitive programme, only the strongest applications will be shortlisted. Shortlisted applications will then be invited to pitch to the award panel.

- **Section 4** (Equal opportunities) will only be used for statistical and monitoring purposes. This information will not be used for assessment.

- If you make the shortlist, the judging panel will receive your **Budget and cashflow projections** (although you will have a chance to review this with support from a Business Advisor). You will also be asked to draft a 3-page **'Pitch and summary'** document on the basis of your application, to be shared with the Award panel. You will receive advice from us on both of these documents.

The rest of this document contains detailed advice for filling in your application. Please read it carefully.

Section 1: About you

This is where you fill out some basic details for the lead contact for this application, as well as an alternative contact involved in the project. The reason we are asking for two contacts is to ensure that we have more than one way of getting in touch, should one of you be unavailable.

As this grant is to support the development of a social enterprise solution, if you are applying as an individual the alternative contact can be someone who will be on your board or involved in the enterprise that you intend to set up.

If you have any accessibility requirements, please let us know. Firstport endeavour to make the assessment process as accessible as possible, so it's important for us to know if and how we can help.

If you received one-to-one advice from Firstport or Just Enterprise while preparing your application, please let us know.

Section 2: About the enterprise solution

If you don't have a name for the proposed enterprise/solution, that's fine – just put n/a ('not applicable').

For this programme, we don't expect you to have already set up a company or charity to carry out your project. However, if you have, please let us know the legal structure and the charity/company number if applicable. You can usually find this number on OSCR (charities) or Companies House (companies).

Clarification: Although we don't expect you to have already established an organisation before applying to the Social Innovation Challenge, please remember that the grant can only be released to incorporated social enterprises operating in Scotland.

What this means is that if you are not yet incorporated and you win the challenge award, we will support you through the incorporation process before we pay out the award. If you would like more information about this, please contact us to discuss it further.

Your solution may work across multiple sectors, but there should be a main sector which fits the solution in the drop-down list. If there isn't, please select the closest fit.

As above, some solutions are carried out in one specific local region; others work across a wider area. If your project will not be restricted to a specific place, please select 'Scotland Wide'.

Section 3: Supporting documents

In this section you will be asked to upload the two documents that will form the main parts of your application. Our shortlisting panel will look at these two documents to understand how well your idea meets the Social Innovation Challenge criteria.

Document 1: Application form

We have not set any word counts in this document in order to make it easier for you to fill it in, in a way that makes sense for your project.

However, **please ensure that your total submission does not exceed 20 pages.**

Introduction and vision:

Question 1

The introduction to your enterprise solution should be brief and factual. You should aim to provide a concise statement of your vision for the enterprise. Try to present a clear picture of what you would like your enterprise to accomplish. The following points should be covered:

- What challenge your solution addresses
- What services/products it will offer
- How it will generate income
- How it will generate social impact

Please note that if your idea is shortlisted, we will use the introduction you give us in response to question 1 to summarise your project in a blog announcing the Social Innovation Challenge shortlist. When answering question 1, please only share information which you would be happy for us to publicise more widely.

Question 2

We are also interested in what makes your team fit to take on this Challenge. Personal and collective passion absolutely counts, but it's also worth considering the following:

- Do you or someone else involved in your project have personal/lived experience of the social problem you're trying to address?

- Do you or someone else involved in your project have any qualifications that will help you deliver your solution? If you're working with vulnerable people, do you have professional/personal experience? Do you have business experience?

Question 3

If you are developing the solution with any additional partners, please give further details, including what skills, knowledge or experience each partner brings to the solution you are proposing.

Even if you don't have official project partners, you may be drawing on the expertise of others. What kind of support network do you have? What skills do they have? What skills do you currently lack within your team and how do you plan to tackle this? List any connections you have made with individuals and organisations that will be important to the success of your enterprise. Please make sure that you relate this to the theme of the challenge, which is addressing the rising cost of living.

Social impact:

Question 4

In this section, we would like to see a clear understanding of a significant social problem or challenge that is relevant to the rising cost of living theme. You should provide an outline of the social problem you are tackling, focusing on what the problem is and the need you are trying to address.

Question 5

You should also provide further detail on the social impact that you are looking to deliver and some information on your beneficiaries. These are the people you are trying to help and who are affected by the social problem detailed above. Be specific about who you are targeting – is it a particular demographic or community?

- How will your social enterprise make a difference to your beneficiaries?
- How will it help improve quality of life for individuals affected by a particular issue?
- Will it create jobs or relieve poverty?
- Will the impact be deep-rooted and lasting?

Question 6

Finally in this section, we would like to hear about the ways in which you intend to measure the impact that your solution delivers. Identifying the social and environmental impact of your work is vital in order to communicate the value of what you do. Explain the systems and approaches you will use for capturing social impact or change.

- Will you collect baseline information to record changes that result from your work?
- Will you set up a series of indicators that are regularly monitored?
- Will you collect any direct feedback from individuals?
- Will you keep records of activities undertaken as part of your project?

Enterprise potential and sustainability:

Question 7

Here is a chance to provide further information about the products and/or services your enterprise will offer and which will help you generate income. If applicable, be clear about which products/services you are already offering. Identify any new or expanded products/services you intend to offer in the event of a successful Social Innovation Challenge application. Provide details of new targets you will set for both new and existing products/services in the event of a successful Social Innovation Challenge application.

Question 8

The following question is a chance to detail some of the practicalities of running your proposed social enterprise. Outline the number of staff required (including any existing employees, if applicable), their hours worked, job remits, and salary requirements.

Resources may include – but are not limited to – premises, vehicles, furniture, and IT equipment. Tell us about the resources you already have (if applicable) that will help you deliver your products/services, as well as any additional resources you require, and how these will be secured and funded.

Question 9

Your timetable for the next two years should include your key aims or milestones over this period and when you would expect to achieve them. Ideally, we would like to see an ambition of the project featured in your application moving towards sustainable income generation over this period. This does not mean that we expect you to be relying solely on profits within two years, but that consideration has been given to potential routes to sustainability.

Question 10

The market analysis is a key aspect of your application. You should be able to provide evidence of a market for your products/services. You should aim to demonstrate a paying market, rather than just a social need. You should be able to back this up with evidence from your market research and community engagement. In this section, you should include the following:

- A statistical analysis of why you believe your products/services have a market. Details of any market research demonstrating the potential of your solution.

- An overview of your customers: Customers are the individuals or agencies who pay for your products/services. Customers and beneficiaries are not always the same people. Who will your customers be?

- Analysis of competitors: Who else provides products/services to the customers/beneficiaries that you have identified? These may not be similar products/services but may have the same market. How busy are they? How does this impact on your market? Do they offer the same or a different range of services?

  In some instances, there may be a lack of provision and direct competition may not exist. However, if you are asking people to pay for your services, think about what else they may be spending their money on and if you are competing with other organisations for that money. This shows a broad understanding of your competition.

- Explain your competitive advantage. Why will people use your enterprise as opposed to your competitors?

- Provide a summary of your pricing policy. What are you charging for your products/services? How have you calculated this? Give examples (if any exist) of how similar ideas have worked elsewhere. Outline both the successes and failures of similar ideas and how you have learned from them.

Innovation:

Question 11

We will also need evidence that your solution is innovative and applicable to the challenge you are addressing. Tell us what makes it different from what is already taking place and why it is worth supporting. We define innovation as one of the following:

- A solution that is implementing an entirely new approach that has not been tried elsewhere, but which looks likely to succeed based on information provided.

- A solution that is implementing some tried and tested ideas but in a new way.

- A solution that is reinventing an existing approach or way of working which has not previously been used to tackle their particular social issue.

- A solution that is not new in itself, but has not yet been tried in your geographical area or with your chosen target group.

Community engagement:

Question 12

Finally, let us know how you have engaged with the individuals or communities that your solution is hoping to support. This might have taken place through research, direct consultation, or co-creation. Research is important, but we would also like to see that you have had any opportunities to speak to your potential beneficiaries directly and that they have been involved in shaping your solution.

Please also let us know if you have any direct links or partnerships that will enable you to involve your beneficiaries in how your solution will be delivered.

Document 2: Budget and cashflow projection

Our Excel template has two sheets: one for your **budget request**, and one for your **two-year cashflow projections**.

⮑ **In the budget sheet, we will ask you to itemise your funding request**.
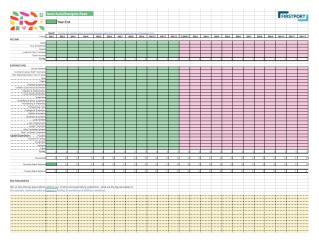
This request will form the basis of your award if you are successful and should be for no more than £50,000 in total. What we are looking for here is a strong proposal, backed by a clear breakdown of costs to be covered.

We will also ask you to let us know if you have secured or are applying for any other sources of funding to support your project. This is so that we can better understand the context for your project and its development stage.

⮑ **In the cashflow sheet, we require your two-year cashflow projections.**

This is to understand how you see your business develop over the next two years in terms of the income streams you plan to create and the expenses you expect to incur. You should complete the template, filling in your projected income and expenditure over the next two years.

These projections must be presented in our Excel cashflow template. You will receive this template from after submitting an Expression of Interest. We understand many applicants have already compiled their own cashflow projections in their own template, but you **must use our template** for the application to ensure that your submission is up to date and that we can compare it against others. You can change the headings in the template to suit your enterprise, but other templates will not be accepted.

You must also include **key assumptions** – notes to explain your calculations – in the space provided at the bottom of the template. Please be as detailed as you can here. This section of the document is vital in helping us understand how you have arrived at your figures and your forecasts.

The document you submit must be an Excel spreadsheet, not a PDF.

Eligible Costs:

What can you use the prize money for?

You can use the prize money to help pay for start-up and development costs. The kinds of costs we cover are wide-ranging. Typical examples include:

- Legal fees for setting up a legal entity for the enterprise, and/or registration as a charity or community interest company

- Intellectual property or trademark applications

- Research and development

- To contribute to your salary, or that of anyone else involved in the delivery of your enterprise's services

    o Please note that we would like to see applications that seek to do more than cover one person's salary costs and can demonstrate a mature understanding of their business needs. Any roles paid for through the Social Innovation Challenge must abide by Living Wage and Fair Work First standards.

- Rent

- Website, branding, logo design

- Marketing materials and stationery

- Insurances

- Key equipment or digital infrastructure necessary for the delivery of services.

    o Please note that only laptops to a maximum of £600 can be funded, if the applicant can demonstrate it is an essential need. If the applicant requires a higher specification laptop for design or similar work, the panel may consider funding a contribution to this cost, again to a maximum of £600.

What can't you use the prize money for?

- To pay for consultancy work on business plans, market research, or feasibility studies (our business support team can give you further advice and assistance)

- To fund overseas travel

- To fund long term training or academic qualifications

- To cover expenses already incurred and paid for

If you have any questions about eligible costs, please contact us via email at info@firstport.org.uk or by phone on 0131 564 0331.

Further guidance on cashflow projections

Your projections should show that your enterprise has the potential to develop into a financially viable and sustainable business. While we don't expect you to be entirely self-sufficient by the end of the two-year period, it is important to see potential for income generation. Make sure you highlight the impact that this funding would have on your cashflow projections and how it would support your ability to generate income. What we don't want to see are unrealistic assumptions or applications which show an ongoing deficit with no income streams to manage this.

You should demonstrate an awareness of how income and expenditure might fluctuate over the two-year period, and how this might affect the enterprise's overall finances and operations. For example, if you expect your enterprise to be busier at certain times of the year, can you show an ability to cover overheads during quieter periods? And do those busier periods mean planning for corresponding increases in expenditure, such as additional staff time?

Your cashflow should also show clear links between income and expenditure and vice versa. For example, if you plan to take on additional staff, do you have the potential to generate more income? Or will your income remain the same while your expenditure increases with additional staff salaries?

You can access free social enterprise / start-up support from Just Enterprise, including advice on business planning and cashflow projections. Just Enterprise offer a range of learning options so you can access the right kind of business support for you, including digital downloads, group workshops, webinars and one-to-one sessions. Find out more at https://justenterprise.org/support-options.

Common Pitfalls

You should take care to avoid the following common mistakes:

- **Incorrect grant information.** Research grants or awards that you have secured or hope to apply for – including the Social Innovation Challenge award!

  The Social Innovation Challenge award will be paid in **up to four flexible instalments at agreed intervals,** approximately 3-6 months apart. If you have any other grants during the two-year period, make sure you're entering the payments accurately. If you have any questions on this, it's always best to call the funders direct for further clarification.

- **Flatlined income/expenditure.** This is where income/expenditure remain static month after month. While some items are unlikely to fluctuate – fixed monthly fees such as rent, for example – other income/expenditure is likely to go up and down. Most businesses experience some level of seasonality, with busier or quieter periods through the year that would affect income levels, as well as periods where expenditure may be affected – higher heating bills in the winter, for example.

- **Impact of award spend on your projections.** Make sure to include projections on how your expenditure will influence the cashflow. For example, marketing costs may drive higher sales figures further down the line. We would like to see that you have a plan for spending your award that will help you grow or consolidate your business.

- **Using the wrong template**. We understand that many applicants may have already compiled their own cashflows and there are a number of different templates available. We require cashflows in our template to ensure the information provided is up to date and to ensure consistency of assessment.

Section 4: Equal opportunities

We only use equal opportunities information for statistical purposes and it will not form part of your application assessment. If there are any questions that you would prefer not to answer, please leave those fields blank.

Section 5: Submit

Before finishing your application, we will ask you to confirm that you meet the eligibility criteria, that you are happy with how we will use your information and that you understand what will happen next.

And you should now be ready to submit! If you've missed any required fields, the form should let you know.

Please note: we are unable to contact applicants about incomplete applications or missing documents ahead of the assessment process. You are wholly responsible for submitting a complete application with the required supporting documents. Incomplete applications will be ineligible.

The deadline for applications is 12noon on Monday 31 July 2023.

If you're having issues submitting your application, please email us at info@firstport.org.uk or give us a call on 0131 564 0331.

What happens next?

You should receive an email confirming we have received your application. This email will also contain your answers, so you can keep them for your records.

The application will then go through our initial assessment process, where it will be assessed by our shortlisting panel.

If your application is not shortlisted, we will notify you by email and provide you with feedback as to why it wasn't shortlisted. If we feel that your solution has potential, we will encourage you to work with our business support team to address the feedback with a view to submitting a further application to an alternative fund. Where possible, we will always try to suggest other avenues of support.

If your application is shortlisted, we will invite you to attend two preparatory sessions between 21 August – 1 September 2023: **Practice Your Pitch** and **Cashflow Challenge**. Both of these sessions will take place over Microsoft Teams.

Microsoft Teams is a video-conferencing tool, and we will provide you with a link ahead of the meeting. In order to use Microsoft Teams, you should have a webcam, microphone, and access to the internet – you don't need a computer to use it; a mobile phone will do. If you have any accessibility requirements that would make this difficult, please let us know and we'll arrange a suitable alternative.

Support sessions:

- **Practice Your Pitch** is a session with a Relationship Manager where you can review your proposed pitch, ask questions about the format of the panel and pitching process, and review any questions you may receive from the panel about the pitch and business plan.

- **Cashflow Challenge** is a session with a Business Advisor to review and improve your cashflow projections, as well as review any questions you may receive from the panel about the finances of the enterprise.

The aim of both sessions is to make the pitching experience less daunting by making you as prepared as possible. If you have questions or concerns, both the Relationship Manager and Business Advisor will be happy to address them.

Pitching documents:

We will ask you to prepare a 3-page **Pitch and summary** document on the basis of your application. This will be shared with the Award Panel, alongside your **Budget and cashflow projections**.

Shortlisted applicants will be supported by the Programme Manager and our team of Business Advisors throughout this process.

Pitching to the award panel:

The Pitch will take place online on a designated date during the week beginning on 11 September. The date will be announced in early June and you should ensure that you are available on this date. Again, if you have accessibility requirements, please let us know.

The pitch will take no longer than 45 minutes in total. You will speak about your solution (10 minutes), followed by questions from the judging panel (35 minutes) about your idea and your cashflow projections.

After the panel, all shortlisted applicants will be notified of the decision by phone with a follow-up email. This usually takes no longer than a week.

Any Questions?

If you have any queries at all or would like to speak to us before submitting an application, please give us a call on 0131 564 0331. Good luck!

Data protection

Firstport is committed to respecting your privacy and protecting your personal data.

We will keep the information provided within your application on file for a period of seven years. It will be permanently deleted after the publication of Firstport annual accounts. This is for accounting purposes and in line with HMRC requirements.

Submitting an application to the Social Innovation Competition is acknowledgement that you understand and accept our obligations under the General Data Protection Regulation (GDPR) set out in our Privacy Policy.