

Borrowing & Loan Finance

Introduction

There are various ways that organisation can borrow. These include overdrafts; credit cards; hire purchase agreements; and of course, borrowing money.

In most cases, your organisation will have to have an explicit power to borrow in its governing document before it can enter into any borrowing (an exception is the Trustees of Land & Appointment of Trustees Act 1996 which gives Trustees of unincorporated charitable associations, and charitable trusts the power to borrow funds to acquire, repair and maintain land and buildings.)

Even if there is a power to borrow, before entering into any form of borrowing you must check exactly what your governing document says you can or cannot do, and if necessary you may need to seek advice and/or amend your governing document before you proceed.

In addition, depending on the exact circumstances, borrowing can throw up a host of other implications (such as e.g. tax implications; conflict of interests; using charity property as security) and about which your organisation needs to take appropriate legal or other professional advice – e.g. an accountant.

However, loan finance is becoming increasingly common as an option for organisations for example to enable them to acquire property; as bridge funding between grant payments, and as capital to enable crucial developments at the beginning of a contract or trading activity.

This information sheet does not cover everything you will need to know about borrowing. It is only intended to signpost you to information and support and sources of specialist lending for voluntary and community organisations to enable you to give full consideration to loan finance, and help you decide whether it is right for your organisation at this time.

Contacts and Other Sources of Information

Local Voluntary/Community Sector Support

East Riding Voluntary Action Service
Morleys House
Morleys Yard
Beverley, HU17 9BY,
01482 871077
www.ervas.org.uk

Hull CVS
The Strand
75 Beverley Road
Hull, HU3 1LX
01482 324474
enquiries@hull-cvs.co.uk
www.hullcvs.org.uk

Voluntary Action North Lincs
4 - 6 Roberts Street
Scunthorpe, DN15 6NG
01724 845155
www.vanl.org

Voluntary Action North East Lincs
14 Town Hall Street
Grimsby, DN31 1HN
01472 231123
www.vanel.org.uk

The Community Economic Regeneration Team Ltd (CERT)

CERT has been supporting start up enterprises to help themselves in the Humber for over 12 years.

Community Economic Regeneration
Team (CERT) Limited
Immingham Resource Centre
Margaret Street
Immingham, DN40 1LE
01469 572313
<mailto:info@cert-ltd.co.uk>
www.cert-ltd.co.uk

Funding Central

Funding Central is a free smart website run by NCVO, offers online tools and resources voluntary and community organisations and social enterprises develop sustainable income strategies appropriate to their needs.

020 7520 2523
fundingcentral@ncvo-vol.org.uk
www.fundingcentral.org.uk

NCVO Sustainable Funding Project

The Sustainable Funding Project that offers various tools, training, consultancy and resources to help voluntary and community organisations develop and implement a sustainable income strategy.

NCVO,
Regent's Wharf,
8 All Saints Street,
London, N1 9RL
020 7713 6161
www.ncvo-vol.org.uk/advice-support/funding-finance

Business Link Yorkshire

Business advice, and business start up for businesses and Social Enterprises in Yorkshire.

08456 048 048
www.businesslinkyorkshire.co.uk

Essential Reading

The Russell-Cooke Voluntary
Sector Legal Handbook
Chapter 59 Finance – Borrowing.

ISBN 978 1 903991 87 9. Available from
Directory of Social Change publications,
www.dsc.org.uk or phone 020 7391 4800,
or Sandy Adirondack, www.sandy-a.co.uk.

Charity Commission Guidance

The Charity Commission, the regulator of Charities operating in England and Wales publishes a wide range of guidance and information for charities on its website, including:

- OG22 Borrowing and Mortgages
www.charitycommission.gov.uk/About-us/OGs/index022.aspx
- CC12 Managing Financial Difficulties and Insolvency in Charities
<http://www.charitycommission.gov.uk/Publications/cc12.aspx>
- CC26 Charities and Risk Management
<http://www.charitycommission.gov.uk/Publications/cc26.aspx>
- CC35 Trustees, Trading and Tax
www.charitycommission.gov.uk/Publications/cc35.aspx
- CC37 Charities and Public Service Delivery – An Introduction and Overview
<http://www.charitycommission.gov.uk/Publications/cc37.aspx>

- RS6 Milestones: managing key events in the life of a charity.
<http://www.charitycommission.gov.uk/Publications/rs6.aspx>

Charity Commission Direct

PO Box 1227

Liverpool, L69 3UG

0845 300 0218

www.charitycommission.gov.uk

Business Link Guidance on Loans

www.businesslink.gov.uk select Finance and Grants → Finance Options → Borrowing, or go to <http://tinyurl.com/375g948>.

Brief Guide to Loan Finance for Trustees

Published by NCVO (see above). Free to download from <http://digbig.com/5bcnhq>.

Guide to Loans and Other Forms of Finance

Published by NCVO (see above) – part of the Introductory Pack on Funding and Finance. Free to download from <http://digbig.com/5bcnhr>.

Sources of Loan Finance and Guidance

Key Fund Yorkshire

Key Fund provides a mixture of flexible grant, loan and equity packages to voluntary and community organisations, charities, co-operatives, social entrepreneurs and social enterprises.

Unit G2

12 Leeds Road

Sheffield, S9 3TY

0845 140 1400

info@keyfundyorks.org.uk

www.keyfundyorks.org.uk

Charity Bank

Charity Bank provides loan finance and business support to third sector organisations in Yorkshire and Humber

01732 774040

enquiries@charitybank.org

Unity Trust Bank

Unity Trust Bank describes itself as a specialist bank for social enterprises, charities and trade unions.

Unity Trust Bank plc
Nine Brindley Place
Birmingham, B1 2HB
0845 140 1000

utb@unity.co.uk

Adventure Capital Fund

The Adventure Capital Fund offers a combination of financial investments and expert support to community enterprises.

Adventure Capital Fund,

5th Floor

6 St Andrew Street

London, EC4A 3AE

info@adventurecapitalfund.org.uk

020 7 842 7760

www.unity.uk.com (click on Social Economy).

Social Investment Business

The Social Investment Business manage a range of funds offering investment and assistance to third sector organisations.

Social Investment Business

Cale Cross House

156 Pilgrim Street

Newcastle-upon-Tyne, NE1 6SU

0191 269 2850

info@socialinvestmentbusiness.org

www.socialinvestmentbusiness.org

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