



# Rural Social Enterprise Investment Scheme

## Scheme Information

*Sustainability at the heart of a living, working, active landscape valued by everyone.*



Department of  
**Agriculture, Environment  
and Rural Affairs**

[www.daera-ni.gov.uk](http://www.daera-ni.gov.uk)



**INVESTORS  
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## Section 1: Introduction

The Rural Social Enterprise Investment Scheme is a pilot Scheme which will provide grants between £50,000 and £100,000 to established rural social enterprises in Northern Ireland who meet the qualifying criteria, to enable them to increase their capacity, potential profitability and sustainability whilst supporting those who live in rural areas.

This Scheme Information document explains what the grants are for, who is eligible and how to apply.

Funding for grants under this pilot Scheme is limited and will be allocated following a competitive assessment process. Your grant application may not be successful.

### Pre-application Stage

#### Support for applicants

DAERA will carry out animation and pre-application support activities to assist potential applicants to access and apply to the scheme. This support will include:

- **Virtual Assistant** - a dedicated email service ([ruralsocialeconomy@daera-ni.gov.uk](mailto:ruralsocialeconomy@daera-ni.gov.uk)) is available to address any pre-application queries or questions in relation to preparing and submitting an Expression of Interest application to the scheme. Staff will be on hand to respond to queries and to provide advice on eligibility. It is recommended that you avail of this service if you have any questions at all.
- **Pre-Applications Workshops** - a series of 3 webinars are scheduled to take place. These webinars will provide information on applying to the scheme and the application process. DAERA would recommend that all applicants avail of one of these online workshops which will take place during the application call. More details on dates and how to register, are available online at: <https://www.daera-ni.gov.uk/articles/rural-social-enterprise-investment-scheme-pilot-phase-2>
- **FAQ** - A Frequently Asked Question (FAQ) log will be maintained and available online at: [www.daera-ni.gov.uk/publications/social-enterprise-investment-scheme-frequently-asked-questions](http://www.daera-ni.gov.uk/publications/social-enterprise-investment-scheme-frequently-asked-questions)

**The application process will have 2 stages:**

### Stage 1 - Expression of Interest

Applicants must complete an on-line Expression of Interest (EOI) form. DAERA will use the information provided on the EOI to check that both the enterprise and the project are eligible. DAERA will then assess how well your project meets the Scheme priorities for grant. To do this, we will look at The Business Case section of the EOI (the 'strategic fit'). If we endorse your EOI, we will invite you to submit a full application.

## Stage 2 - Full Application

If invited to submit a full application, you will have to provide more information that will allow us to further assess your project and your business. The section titled 'Full Application - What we look for' in Section 3, will give you an overview of what we will assess.

### What is a Social Enterprise?

A social enterprise is a trading business (i.e. selling goods and services) with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Social enterprises are different from those charities and voluntary organisations who do not have financial independence through trading income.

The social enterprise should be a legally incorporated body with Memorandum and Articles of Association / Governing Documents. A legally incorporated body can take a number of various forms including limited company, company limited by guarantee, registered charity, charitable incorporated organisation (CIO), community interest company (CIC), co-operative and community benefit societies, credit unions, sole trader or business partnership. It must be distinct from the public sector and cannot be the subsidiary of a public body. A Social Enterprise should also have a Governing Board of Directors.

### Definition of a Rural Area

The project needs to be located in a rural area. For the purposes of this Scheme, rural is defined as all those areas outside the statutory development limits of those towns with a population in excess of 5,000 inhabitants. Settlements with populations in excess of 5,000 inhabitants are listed at the following link within the DAERA website: [www.daera-ni.gov.uk/publications/rural-social-enterprise-investment-scheme-pilot-phase-2-definition-sheet](http://www.daera-ni.gov.uk/publications/rural-social-enterprise-investment-scheme-pilot-phase-2-definition-sheet)

In exceptional circumstances, DAERA may give consideration to social enterprises that are based outside of rural areas where they can clearly demonstrate that the majority of their activity benefits the rural area or where the majority of beneficiaries are rural dwellers.

## Section 2: Support available

Financial support of between £50,000 and £100,000 will be available to eligible social enterprises to enable them to increase their capacity, potential profitability and sustainability whilst supporting those who live in rural areas. This will be done primarily through supporting capital investment on expenditure related to non-agricultural activity.

You must provide evidence of a need for your project that will help to grow your enterprise through achieving one of more of the following objectives:

- **Improving the sustainability of your rural social enterprise** - to encourage a transition to more sustainable rural social enterprises through enabling the business to increase its capacity, potential profitability and sustainability.
- **Strengthening rural community/communities** - investing in social enterprises which create products and services for and on behalf of rural communities, thereby helping to create a sustainable rural community where people want to live, work, to visit and invest in.
- **Improving the economic circumstances of rural communities** - enabling and supporting employment pathways, training and volunteering opportunities to assist disadvantaged or vulnerable rural people to fulfil their potential.
- **Working in partnership with others** - proactively encourage new or enhanced partnership arrangements to connect individuals, communities and opportunities in rural areas.

<b>The minimum grant support</b>	<b>£50,000</b>
<b>The maximum grant support</b>	<b>£100,000</b>

The grant will be calculated at 80% of eligible project costs up to a maximum of £100,000 <sup>1</sup>. Any costs over and above this will be paid by the applicant from private sources e.g. cash reserves or a bank loan. Applicants must therefore show that they have, or have access to, sufficient funds to pay for the project costs until the grant payment is released. Grants can only be paid retrospectively, when your project, or a phase of the project completes.

The applicant may cover the remaining costs of the project in a number of ways including:

- Cash contribution/ private funding
- Allocation of loan funding

All grants will be paid as de-minimis aid i.e. no one applicant can receive more than £170,000 in any 3 fiscal year period.

<sup>1</sup> Based on intervention rates, in order to avail a grant of £50,000, the project must have eligible project costs totalling £62,500 or more. If the project's eligible costs are lower than £62,500, the eligible grant amount will be lower than the minimum £50,000 grant and therefore the application will be rejected.

## Section 3: Who can apply?

This scheme is targeted at social enterprises who meet the following criteria:

- Currently trading income\*
- Trading income for at least 2 years (evidenced by accounts);
- Based in a rural area in Northern Ireland (as per section below).

This scheme will **NOT** provide funding for accommodation, childcare provision or gyms/sports provision. Any such applications will not be considered.

NB: Only one application per enterprise is allowed and applicants must be 18 years of age or over to apply.

**\*Trading income is the activity of buying and selling goods or services. Examples of Trading Income can be defined by the following items outlined below. Trading income is primarily identified as 'unrestricted income' within an organisation's Annual Accounts submitted to Companies House / Charity Commission as per legal requirements.**

### Included

- **Buying and Selling of Goods**
- **SLAs**
- **Provision of a service for which there is a charge**
- **Other Contracted Services**

### Not Included

- **Grants**
- **Fundraising**
- **Donations**

Applicants who were successful in obtaining grant from the Rural Social Economy Investment Pilot Scheme 2020 can only apply to this scheme if the project funded has been completed and all grant payments made.

Applicants should note that anyone applying to the scheme will NOT automatically get a grant as there is a limited budget.

Consequently, a competitive process will be applied to all applications to assess how well they fit the scheme objectives outlined in section 2, whilst providing best value for taxpayers' money.



## Full application - what we look for

When you submit a full application, DAERA will ask you for more information to further assess your project and business. The table below gives an overview of what DAERA will assess when looking at full applications:

<p><b>Strategic fit</b></p>	<p>Does the project meet the Priorities for Funding? Is the project viable? Does the project impact the environment? Will the project make a positive environmental impact? Will the project displace other businesses?</p>
<p><b>Value for money</b></p>	<p>How the project costs represent value for money. The amount of grant required to deliver the outcomes and outputs. Will the project create a job(s), or introduce higher quality jobs? What difference grant funding will make, compared to what would happen without grant funding.</p>
<p><b>Need and demand</b></p>	<p>Why is grant funding required for the project? Is there a clearly identified market need for the project? What impact the project has on other businesses, both positive and negative?</p>
<p><b>Financial viability</b></p>	<p>The current financial viability of your enterprise. How the project may impact on your existing operations. How you will fund and subsequently manage cash-flow of the project until the grant is claimed. How the enterprise will benefit from the project financially?</p>
<p><b>Delivery and sustainability</b></p>	<p>Will the project be delivered in budget and on time? Are the right skills and resource in place to deliver the project successfully? How project outputs and other benefits will be monitored and recorded. That risks to project delivery have been identified and how they have been mitigated.</p>

## Section 4: Eligible costs

This scheme provides for investment that will allow established social enterprises to increase their capacity, potential profitability and sustainability, whilst supporting those who live in rural areas.

The following costs are eligible for support:

### Capital Build Costs

- The construction, or refurbishment of an immovable property which demonstrates growth to an existing social enterprise.
- Building works and equipment costs only in cases where it can demonstrate growth to an existing social enterprise.

### Equipment Costs

- The purchase of new machinery and equipment.
- The purchase of second-hand equipment in cases where the following can be demonstrated and/or achieved:
  - It is identified at time of application.
  - The equipment has not been grant aided in the previous 7 years.
  - The second-hand equipment is fit for the proposed project activity.
  - The equipment is in good quality and with enough working life to be able to meet the 5 year asset durability test.
  - It represents a sufficient advantage in terms of value for money when compared with new equipment.
  - Where a project promoter disputes a market value assessed by the above method, they may obtain, at their own expense, an independent valuation from a competent engineer or plant auctioneer. In such cases the department will decide which market valuation should apply.



## Other Costs

The following costs are also eligible on the provision they form part of a larger project being funded:

- Professional fees related to construction projects such as architect and/or surveyor fees. Note that architect fees related to the project that occur prior to an application are not eligible. Also note that a maximum of 10% of the overall grant awarded can be allocated to professional fees. Professional fees will only be payable if procured in line with the scheme procurement guidance.
- Intangible investments such as acquisition or development of computer software and acquisitions of copyrights, trademarks as long as they are directly associated with the product.
- Bespoke training course fees including enrolment, tuition and accreditation. Bespoke training is defined as training commissioned to a particular specification for example training that is necessary for the implementation of the funded project.
- Site laneways / car parking, only where part of a larger project and capped at 10% of grant awarded.

**NB. This is not an exhaustive list and other criteria may be considered by the Department during the application process, and this will be applied without recourse to further explanation.**

## Section 5: Ineligible costs

The following are examples of costs that are **NOT** eligible for grant assistance:

### General Costs

- Any costs incurred before the project start date shown in the Letter of Offer.
- Contingency costs.
- The costs of getting any permissions or consents, such as planning.
- Any items for which you have already received EU or national funding.
- Any items that you intend to get EU or national funding for.
- Relocation costs.
- Equipment or capital works to facilitate food production.

### Building and Equipment Costs

- Vehicles.
- Plant vehicles (such as excavators/ diggers/ dumpers.)
- Purchase of land or buildings.
- Repairs and maintenance of existing buildings, equipment and machinery.
- Like-for-like replacement of existing items such as equipment or machinery.
- Any item purchased using lease or hire-purchase.
- Standalone collection yards / site laneways / car-parking etc.

### Operational Costs

- Salaries and running costs of the enterprise.
- Recurring license fees, subscriptions, contracts and service charges.
- Working capital, including the purchase of trading stock.

### Agricultural Business Costs

- Machinery and equipment used for growing and harvesting agricultural and horticultural products.
- Standard agricultural or farm services equipment and vehicles such as tractors.

### Financial Costs

- Insurance policy costs.
- Costs connected with a leasing contract, such as a lessor's margin, interest refinancing costs, overheads and insurance charges.
- Reclaimable VAT.

### Other Costs

- Investments in accommodation including, bed and breakfast, self-catering accommodation, hotel accommodation, guest houses or hostels.
- Investments in childcare provision.
- Investments in gyms or individual specialised sports equipment or sports provision.
- Any cost associated with meeting a legislative or statutory requirement for the social enterprise.
- Investments considered to have an unacceptable negative effect on the environment (or proposed investment fails to meet environmental regulations).
- General training expenses that is available generally either through the marketplace or through another Government Department or agency.

No aspect of an activity being funded should be party political in intention, use or presentation, or likely to be perceived as discriminatory on grounds of religion, colour, race, gender or disability.

The above list is not exhaustive and the Department's decision regarding eligibility will be final.

## Section 6: How to apply

The application process will be in 2 stages.

The first stage requires you to complete an on-line EOI form. If DAERA approves your EOI, you will then be invited to proceed to the second stage.

**The second stage involves the submission of a full application. If you are invited to submit a full application you will be advised of the deadlines for this. You should note that where planning permission or other statutory requirements, e.g. licences are required for your project, an application must at least have been submitted by the full application closing date.**

The Expression of Interest guidance notes explain how to fill in and submit an EOI form. DAERA will not seek clarification on any aspect of the expression you submit. The onus is therefore on you to ensure your submission is fully completed as detailed in the guidance notes. Please also note that the application process will not accept late applications and incomplete applications will be deemed ineligible and will not be assessed.

## Further information

If you have any further enquiries please e-mail: [ruralsocialeconomy@daera-ni.gov.uk](mailto:ruralsocialeconomy@daera-ni.gov.uk)



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