



June 2009

Good News for Hastings Businesses

We are pleased to report that following successful negotiations with Hastings Borough Council, we have been able to secure new loan funding to support the working capital needs of established small businesses in the Hastings Borough area. Under the scheme, loans of £1,000 - £10,000 repayable over periods of up to 2 years are available to support businesses that cannot secure assistance from their bank. A preferential interest rate with an APR of 7.73% is payable and the loan includes help with long term business planning and the services of a qualified business mentor. This specially designed product for the Borough will also work in conjunction with our standard product.

We will be approaching Councils and potential funders across our area to explore the potential for developing either bespoke products for them, or the development and expansion of our existing standard product. In the meantime should you wish to discuss how Capitalise could help businesses in your area please contact Sean Dennis on 01424 205504 or sean.dennis@1066enterprise.co.uk

Money for Change

Community Development Finance Institutions (CDFIs) are a potent force for social change with the potential to play a central role in helping the UK recover from the current economic crisis. However, despite CDFIs success at leveraging and lending, without support from their partners they risk major curtailment of activities at this critical time.

The CDFI sector is now worth £400,000,000. It has financed over 24,000 businesses and individuals, created 15,800 jobs and sustained 70,000 more. In addition, it has levered £365 million additional funds into the UK's most disadvantaged communities.

Capitalise has joined with the Community Development Finance Association (CDFA) in the 'Money for Change' Action Plan and attended the summit at the Houses of Parliament where it was launched in May. The summit was very well attended and included Government Ministers David Blunkett & Stephen Timms.

The Action Plan sets out the following three key measures that would allow CDFIs to build on existing successes and, as the recession bites, allow the sector to play an even more effective role working alongside mainstream lenders to provide finance to deprived communities;

- 1) By the end of 2009, agree a *Community Finance Charter* between the banking, financial service and CDFI sectors along with the Department for Business, Enterprise & Regulatory Reform (BERR) and the Treasury to ensure greater cooperation in the provision of finances to under-served communities
- 2) Create a *Support Fund for CDFIs*. To reflect the immediate difficulties CDFIs face in accessing capital, a £20m relief fund, administered by central Government, should recognise that CDFIs are best placed to quickly and effectively deliver targeted finance directly into the communities most affected by the recession.
- 3) *Create an enabling policy framework for CDFIs* with Goals that include;
 - a) Reshaping the Enterprise Finance Guarantee (EFG) to ensure it works for CDFIs – or introducing an equivalent scheme for CDFIs
 - b) Altering Community Investment Tax Relief to increase investment into the sector
 - c) Setting up regional community development finance forums, backed by the Government, to advise on and inform development of economic strategies and improve access to finance

This is a critical time for the economy and our sector so we need your help to enable us to continue to grow and help your local businesses. All you need to do is sign the petition which is quickly and easily done on www.moneyforchange.org.uk. Thank you we really appreciate your support.

During the development of this action plan we are pleased to report that we have already had a visit from representatives of BERR and the FSA who are keen to see how the CDFI sector can be assisted and to meet some of our clients. We invited three clients to attend the workshop – Angel from Darkside in Eastbourne, Denise Hughes from Flower Pot in Bognor Regis and Russell Allday from Motosheen in Brighton. Feedback from the day was very positive especially in terms of the personal positive impact clients were able to give them first hand.

Enterprise Finance Guarantee (EFG)

Following Lord Mandelson's announcement on May 12th that changes are to be made to the EFG Scheme to help improve lending to businesses and social enterprises in disadvantaged areas; we have been invited to apply for EFG accreditation. We are now developing our business plan to test the potential of this product for Capitalise but see our ability to make use of the EFG as particularly important in the current economic situation where we have seen a substantial increase in existing businesses seeking our help.



This invitation to apply is a real 'feather in our cap' and coincidentally links directly into an independent review on the sector's CDFI's which has just been completed and recommends Capitalise as the lead CDFI in the South East of England in terms of being best experienced & placed to deliver business loans of £5,000 - £30,000 region wide.

Measuring our Social Impact

We are nearing the end of our development work with the University of Brighton on measuring the social impact of Capitalise and will soon finalise the outputs we want to monitor and evaluate. Our findings will then be shared with SEEDA with the objective of building consensus on their use and value.

We are also due to present our findings at the CDFA Conference this Month; very early and rough results indicate that every £1 invested in Capitalise generates £5 in economic activity so it really looks as if our work has a great multiplier effect. We will keep you updated on this initiative.

5 Years On

As we enter our 6th year we are delighted to report that overall we have lent a cumulative £1.213m to nearly 170 businesses. Using the indicative investment multiplier mentioned above this translates to a staggering £6 million back into our local economies.

Over the past year we advised 86 businesses, helped create another 58 jobs, funded another 40 start ups and established businesses and dispersed over another £¼ million in loan funds. And on top of all this we now cover nearly 50 % of our running costs which has moved our social enterprise even closer to full operational sustainability.

Kind regards

Sean Dennis

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