

Step Up

Guidance for Applicants

1. Introduction

Step Up is a repayable funding programme for social enterprises that need financial support to unlock and sustain growth. Firstport delivers it as part of the Social Entrepreneurs Fund, funded by the Scottish Government.

The fund is specifically aimed at social enterprises that want to repeat or scale activities and strategies that are helping their businesses grow. The Step Up process is designed to be quick and streamlined, and to help social entrepreneurs get into an investment ready mindset.

Step Up provides awards **between £5,000 and £30,000 through a 0% interest loan**. This model will allow Firstport to support more social enterprises in the future, as all repayments will go directly to supporting new ideas.

Please read the following guidance carefully before you start your application.

2. Step Up Criteria

To be eligible for Step Up, your enterprise:

- Has a registered office in Scotland.
- Operates primarily for the benefit of people or communities in Scotland.
- Its activities do not involve political campaigning or the advancement of religion.
- Has an asset-locked constitution and is registered with either Companies House, The Office of the Scottish Charity Regulator (OSCR), or the Mutual Public Register.
- Has a business bank account in the name of the social enterprise.
- Has a board with a minimum of 2 directors/trustees in place, of whom no more than half are connected persons AND no more than half are employed by the enterprise.
- Can provide evidence of successful trading and demonstrate the potential to become financially sustainable.
- Can provide evidence of the direct, measurable social or environmental impact it delivered.

- Your enterprise adheres to the [Scottish Government Fair Work policy](#), including paying the Real Living Wage and providing appropriate channels for effective workers' voice.

AND

- If your organisation is seeking to borrow over £10,000:
 - Your enterprise must be EITHER:
 - less than six years old since incorporation as an asset-locked body.
 - OR
 - an organisation of any age but have earned less than £25,000 in trading revenue (excluding grants and donations) in EACH of the last THREE full financial years.

If your organisation is part of a group structure, eligibility rules apply to all entities in the group.

Exclusions apply for previous Boost It awardees – please see **section FAQs** for details.

3. What can I use the loan for?

You can use the loan to fund the trading activities and strategies that are helping your business grow. i.e., repeating or scaling ideas that have previously delivered revenue growth for your business. This could include (but is not limited to):

- purchasing more stock for popular items
- running marketing campaigns
- hiring a venue to deliver popular events or courses
- purchasing more production equipment
- purchasing more equipment to hire out to customers
- purchasing additional delivery vehicles
- hiring and/or training up additional frontline delivery staff
- additional collection infrastructure (e.g. bins for collecting donations)

Step Up is designed to accelerate trading and cannot be used for:

- essential start-up costs such as incorporation or pilot activity
- retrospective costs
- new product or service design costs
- staff entertainment costs
- business consultants or coaches
- feasibility studies, planning costs or major capital projects
- market research

4. How Does It Work?

Eligible social enterprises (see: **Section 2 Step Up Criteria**) must submit the following documents:

- An online application form which will ask for:
 - Contact details for you
 - Details about your organisation
 - What is the successful activity or strategy that you want to repeat or scale?
 - How did you know it was successful?
 - How are your organisation's finances managed and kept on track?
 - Business bank account details
 - Employee numbers
 - How you plan to repay the loan
- Upload: Evidence of the successful strategy
- Upload: Cash flow forecast and repayment plan
- Upload: Latest annual accounts (if available)
- Upload: Management accounts for period between last annual accounts (or start date) and present
- Upload: (Organisations over 6 years old applying for over £10,000 ONLY) Three years annual accounts that demonstrate income from trading revenue of less than £25,000 in each year.
- Upload: Business plan (optional)
- Upload: Constitution (if not publicly available)

We assess applications on how successfully they have made and evidenced their case for investment based on the following:

- Demonstrating the success of a piloted growth strategy or activity that brought in more trading revenue than it cost to implement
- Requesting an appropriate amount of investment relative to:
 - the previous iteration of the strategy
 - current and forecast trading levels
- Forecasting a cashflow that:
 - shows repayment of the requested loan with the specified term (within two years for £10k or less, or within five years for over £10k)
 - is realistic (based on current trading and growth trends)
 - is sustainable (always forecasts a positive cash balance)

A member of the Firstport Investment Team assesses the applications, which then go to an Investment Panel for decision-making. We will let you know the outcome of your application within three weeks of applying. *(NB: Step Up will be closed to new applications between 15th to 31st December each year and no decisions will be taken*

in this period. If you apply during this period, we will let you know the outcome of your application within six weeks of applying).

If your application is unsuccessful, you will receive a reason behind the decision. However, there will be no detailed feedback due to the streamlined process. Contact the [LaunchMe team](#) if you need support on how to improve your investment application.

Common reasons for applications being unsuccessful include:

- Not providing adequate evidence that your pilot activity or strategy was successful in the past.
- Applying to fund a project that does not increase trading revenue or business sustainability.
- Providing inadequate detail in your narrative answers or cashflow forecast.
- Forecasting unrealistic cashflow figures based on current trading levels and growth trends.
- Forecasting a negative cash balance at any point during the proposed term of the loan.
- Requesting an excessively large amount relative to the previous iteration of the proposed strategy.
- Proposing an unrealistic or unsuitable repayment plan.

If you are successful, following the required compliance checks and signing a loan agreement, you will receive the funding in one lump sum. As with other Firstport awards, you should retain all evidence of spend e.g. through verifiable receipts and payroll records, as a sample will be audited.

We will collect repayments by an automated system based on your proposed repayment plan. The repayments can be a flat rate that is the same every month, in one or more lump sums, or staggered with lower repayments initially building up over time. No interest is applied to the loan and repayments will not exceed the value of the original investment.

You will submit quarterly management accounts to your Investment Manager, plus annual accounts, annual budgets/forecasts and (where requested) evidence of spend.

Step Up is a funding programme only – our Investment Managers will be able to answer any questions you have about your loan and help you with any problems with repayment but won't be able to provide business support.

If you need help or advice on growing your social enterprise, please contact [Just Enterprise](#) for general business support or our [LaunchMe team](#) for investment readiness support.

5. How to Apply

You are required to provide the following documents as part of your application:

1. Online application form

This straightforward application form is designed to help you make and evidence your business case. You can pause and resume your application form as many times as you like before submitting it; there is no need to complete it in one go. Please read and follow the instructions on the application page carefully to avoid losing your work.

2. Evidence of successful growth activity

The form of evidence you provide depends on what your strategy is. Success means that the activity helped you to bring in more trading revenue than it cost to implement. For many applications, your management accounts will show increased revenue for a successful product or service, relative to the cost and you can just explain this to us. For online marketing campaigns, you may have digital analytics that show the success of your adverts. For products, you may have evidence from an inventory management system. Whatever it is, ensure you provide a written narrative in the application form or in your upload that explains what your strategy is and how the evidence you provide supports it. Remember that you are helping us to understand your business!

3. Business plan (optional)

The business plan is treated as an appendix but may assist the assessor and decision-makers understand your business. The business plan can be brief, but it should clearly state the vision and background of the enterprise, its products and/or services, its income generation and social impact to date, and include both market and competitor analyses.

4. Cash flow projection and repayment plan

Your cash flow projections show us how you see the business progressing in terms of income streams, expenses, and repayment of your loan. You must forecast to show the full repayment of your loan, i.e. if you intend to repay the loan within two years, forecast for two years – if you intend to repay over the full five years, forecast for five years.

The plan must be submitted in spreadsheet form. You may use our [Step Up Cash Flow and Repayment Plan template](#), but you do not have to. However, if you choose to submit in your own format, it must include all the information expected in the Firstport Step Up template – including separate tabs that show the repayment plan AND repayments as part of a cash flow for the duration of the loan term, plus a narrative on the assumptions made. If it does not, we may reject your application on this basis. For further advice on completing your cash flow projections, **see section 6 Cash Flow (Additional Guidance)**.

5. Most recent annual accounts (if available)

You should submit annual accounts as a PDF document only. They do not need to be audited and are not a mandatory application requirement if they are not available.

(Organisations over 6 years old applying for over £10,000 must provide three years annual accounts that demonstrate income from trading revenue of less than £25,000 in each year.)

6. Management accounts

You should submit management accounts for the period between last annual accounts (or start date) and present as a PDF or spreadsheet document only. They must show that your enterprise can produce competent management information and that the forecasts are realistic based on your current trading position.

PLEASE NOTE: Firstport are not responsible for alerting applicants about incomplete applications. Once you have submitted your application, you cannot make further amendments or submit updated documents. You can, however, reapply if you are not successful.

6. Cash Flow (Additional Guidance)

Once you have submitted your application, you will not be able to amend your cash flow projections, so the projections must be as developed as possible.

At assessment, we will review the cash flow forecast with the following in mind:

Is the repayment plan reasonable and responsible?

Your repayment plan should be tailored to your business model, so we encourage you to propose your own plan. For instance, if your business is seasonal, you may propose higher repayments in your better months and lower repayments in your quieter months. If it will take a month or two for your growth strategy to pay off, you may propose starting repayments in month three. Remember, loans of £10k or less must be repaid within two years, and loans over £10k must be repaid within five years.

The best way to start is to build your financial forecasts using the template provided. Put in the information you know or can forecast confidently, e.g. what you think your sales will be, and the related cost of sales, your rent or salaries. Then estimate others based on historical numbers or quotes from suppliers. Lastly, look at the bottom line – the profit or surplus you will make and what will be in your bank account. This will help you to understand how much you can repay and when. You can then enter your proposed repayments in the row designated 'Step Up repayments' – these will automatically populate the 'Repayment Plan' tab.

The assessor and decision makers will judge whether your repayment plan is reasonable, responsible and made in good faith.

Is the business sustainable?

Your projections should show that your enterprise has the potential to develop into a financially viable and sustainable business.

Successful applications will demonstrate that the Step Up award will increase trading, allowing the enterprise to service the repayments proposed comfortably.

If the financial forecast you build shows that your business will run into trouble servicing the repayments, you should take the opportunity to rethink – is it the right time to take on repayable investment? Could you take a smaller loan to start with? Forecasts that show the business running out of sufficient cash to survive at any point during the loan term will cause the application to be rejected.

Has the applicant used the key assumptions effectively?

You should use the 'assumptions' section under the main cash flow to provide notes clarifying anything a reader may question. If in doubt, err on the side of

caution and give an explanation or further breakdown of the figures. Please don't assume the reader will work it out or come to the same conclusion as you!

Are there clear links between income and expenditure?

For example, increased product sales usually mean increased manufacturing expenditure. What is the effect on projected income if the enterprise takes on additional staff (and therefore additional salary expenditure)? The more you know about your income and expenditure, the more accurate you can be.

Are the projected figures realistic?

Sales figures rising by a significant percentage without good supporting evidence in the key assumptions can be seen as unrealistic.

Similarly, it would help if you showed an awareness of how income and expenditure might vary over the period and how this might affect the enterprise's overall finances. For instance, if you expect your enterprise to be busier at certain times of the year, should you show a corresponding expense increase (such as staff time)? And are you able to cover overheads during quieter periods?

A common application mistake is "flatlining" – income and expenditure remaining static month after month. While some items are unlikely to fluctuate – e.g. rent and some direct debits – other costs and income streams will inevitably vary depending on the month.

Is there an opening balance?

Your opening balance should be filled in and not show a zero balance. Use this to show the enterprise's current balance and the key assumptions to reflect how this amount has been generated.

Is the Step Up award included in the cash flow projection?

This is a common mistake. Your cash flow should show the award (as one lump sum) in the first year and your projected repayments throughout the proposed loan term until it is forecast to be fully repaid.

7. Frequently Asked Questions

If you have a question not covered by this guidance, please visit the [Frequently Asked Questions section](#) on our website.