



power to
change

business in
community
hands



**NATIONAL
LOTTERY FUNDED**

Next Generation Fund Round 1 guidelines for applicants

How to make your application stand out



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About this guidance

This guidance will help you decide if the Next Generation Fund is right for you. It includes information about the types of organisations and projects that the fund is designed to support, as well as the criteria that will be used to assess applications. The guidance also provides information that will help you complete the application form.

Part one: Explores the fund criteria and will help you assess whether the Next Generation Fund is right for you.

Part two: Provides information about how to apply and the application and selection process.

If you require this guidance to be sent to you in large print, braille or an audio transcript, please get in touch by email next-generation@cse.org.uk

You can find more information on the Next Generation Programme at <https://www.next-generation.org.uk/>

Get in touch

You can get in touch with our grant partner, The Centre for Sustainable Energy, at any point during your application process for free advice and guidance.



Call our helpline on
0117 934 1400

The helpline is open Monday to Friday from 9am until 5pm (4.30pm on Friday). Calls are charged at the national call rate.



Email us:
next-generation@cse.org.uk

We aim to respond to email enquiries within one working day.



Webinar

There will also be a webinar for applicants at 5:30 pm on Tuesday 20th of November. The webinar will be recorded and made available on the Next Generation website. Register here:

<https://register.gotowebinar.com/register/6091859961019064589>

Part One | Can you apply?

Welcome

Are you an existing community energy business in England? Are you looking for funding and support to develop new business models and make your community energy business more sustainable?

The Next Generation Fund will provide you with the support of an expert consortium and grants of up to £100,000, to help you design, plan and deliver a project that will create a sustainable community energy business model, moving beyond the traditional subsidy-supported approach common to the sector.

Next Generation is an initiative of and funded by the [Power to Change](#) charitable trust. Our aim is to develop and harness the potential of community energy businesses to build local economic resilience, reduce poverty and inequality, as well as to address wider social and environmental issues. We will do this by supporting innovative and replicable community energy business models, helping community energy businesses transition in a rapidly changing and post-subsidy energy market.

Through supporting a portfolio of innovative community energy projects, we aim to strengthen the community energy sector, and to develop and prove a range of business models that could be replicated by community energy businesses across England. We also aim to create opportunities to influence how policy-makers, industry and public sector stakeholders view community energy business, thus improving their understanding of and levels of positive and

proactive engagement with the sector.

Applications to the programme are via submission of the Expression of Interest form, followed by an interview for shortlisted applicants. The deadline for Expressions of Interest for Round 1 applicants is midnight 13 January 2019.

If you are successful in getting through to the interview stage, we may ask you to revise your proposal as we learn more about your business.

If you are successful at interview, you will be welcomed into the Research and Development phase, during which you will work with our expert delivery consortium to shape and refine your project idea, and build a detailed budget and project delivery plan.

On successful completion of the Research and Development Phase, grants of up to £100,000 will be made available (in line with the project budget you have developed), and you can begin your project delivery.

Did you know?

You can find more examples of organisations we have funded on our website: www.powertochange.org.uk

Timetable

We will be recruiting community energy businesses in two rounds.

The first round of grants will be awarded according to the following timetable:

Expression of interest opens	19th Nov 2018
Deadline for expressions of interest	Midnight, 13th Jan 2019
Notification of invitation to interview	w/b 21st Jan 2019
Interviews	w/b 28th Jan 2019
First cohort of successful applicants announced	Feb 2019
Research and development stage	Feb - April 2019
Project plans finalised and project delivery begins	April 2019
Project delivery ends	June 2021

Part One | Can you apply?

Welcome

We currently anticipate re-opening for applications in March 2019 and the timetable from there will take a similar form.

We reserve the right not to run a second round of funding if there are a high number of good quality applicants in round 1.

Next Generation is being delivered by a consortium of organisations, each of which has particular strengths and knowledge. The consortium is led by the [Centre for Sustainable Energy](#), working in partnership with [Low Carbon Hub](#), [Everoze](#), [Co-operative Futures](#), [Co-ops UK](#) (and its subsidiary, the [Community Shares Unit](#)), [SfW Communications](#), and [Social & Sustainable Capital](#).

We expect that 10 community energy businesses will be supported through this grant and support programme, through the 2 rounds of funding. The grants and support are only available to community energy businesses **based in England**.



Part One | Can you apply?

Application criteria

To be considered for funding through the Next Generation Fund your project and organisation must be based in England, and will need to clearly evidence how you meet each of our 11 criteria below:

1. Be a community business

Community businesses are run by local people for local people. They can revive local assets, protect the services people rely on, and address local needs. There are many types of community business. What they all have in common is that they are inclusive and give decision making power to local people and that the profits they generate flow back into the community to deliver positive local impact.

Most of the applications that we reject fail to evidence in their application form how they meet the four key features of a community business set out on this page, particularly how they are accountable to the local community. Before applying, please think carefully about whether you can demonstrate strong evidence for these four community business features.

The four key features of a community business

Locally rooted

They are rooted in a particular geographical place. They build on the strengths and assets of that place to address community needs.



[Watch video](#)

Ronnie talks about how Granby Four Streets is responding to local needs.

Accountable to local community

This can be demonstrated in many ways (e.g. membership structure, ownership, broad range of local trustees) but you must have evidence of regular community input into decision making.



[Watch video](#)

Dave and Sangita from Sheffield Live! talk about how local people make decisions about the business.

Trading for the benefit of the local community

They have a clear trading model and sell services and products in and around their local area. The way the business is run and the profits it makes are used to deliver local benefit.



[Watch video](#)

Claire talks about how the Burton Street Foundation generates income which is reinvested for social benefit.

Broad community impact

They engage with a variety of different groups in their community and deliver impact against a range of different community needs.



[Watch video](#)

John from Homebaked talks about the difference the bakery is making in their local community.

Part One | Can you apply?

Application criteria

2. Innovation and viability

The Next Generation Fund is specifically designed to help the community energy sector move beyond the existing models of subsidy-supported energy generation. As such your application must demonstrate either that you already have a detailed idea for an innovative community energy business model that requires market testing to prove feasibility. (The consortium will work with you to examine this idea and adapt where necessary during the Research and Development Phase, and develop a realistic delivery plan),

Or

That you have an interest in pursuing the development and testing of an innovative community energy business model, and that you have the track record, capacity and commitment needed to work with the Next Generation consortium to work up a detailed project idea and delivery plan during the Research and Development Phase. If this is the case, you will need to indicate the areas you are most interested in pursuing, and your reasons for this.

3. Be incorporated

The Next Generation Fund will only fund incorporated organisations. This means that your

organisation is recognised as a legal entity in its own right, rather than as a collection of individuals. Examples of incorporated organisations include:

- ▶ Charitable Incorporated Organisation
- ▶ Community Benefit Society
- ▶ Community Interest Company Limited by Guarantee
- ▶ Community Interest Company Limited by Shares
- ▶ Company Limited by Guarantee ▶ Company Limited by Shares
- ▶ Co-operative Society.

Examples of unincorporated organisations, which we won't fund, include: charitable trusts and unincorporated associations.

4. Charitable purpose

You must have a charitable purpose at the heart of the project you're asking us to fund, which meets charitable needs in your community. This does not mean that you have to be a charity as we will fund a variety of legal structures, but we cannot fund projects which don't further a charitable purpose. We cannot accept proposals that promote the advancement of religion or that are party political in nature. This does not prevent faith groups from applying for a project which has a charitable purpose other than the advancement of religion.

WHAT DO WE MEAN BY CHARITABLE PURPOSE?

You can find more information about charitable purpose on the Charity Commission website www.gov.uk/government/publications/charitable-purposes/charitable-purposes

WHAT DO WE MEAN BY PRIVATE BENEFIT?

Any personal benefits people receive through the community business must be no more than a necessary result or by-product of delivering public benefit.

Personal benefits could include financial payments to the owners of a property that an organisation uses or membership benefits. These private benefits need to be incidental in both nature and amount. Returns from community shares are allowable. Find out more: [www.gov.uk/government/publications/examples-of-personal-benefit/ examples-of-personal-benefit](http://www.gov.uk/government/publications/examples-of-personal-benefit/examples-of-personal-benefit)

5. Public benefit

For a project to be charitable, it needs to have both a charitable purpose and to be for public benefit. This means that your project must create benefits

Part One | Can you apply?

Application criteria

for a sufficient section of your community, including people who are experiencing disadvantage. If your project is only going to benefit a few people in your community or will only provide benefits to people who aren't experiencing disadvantage, we may not be able to fund your project.

If your project is aimed at creating wide-reaching community benefit generally, please ensure you tell us how you will support the inclusion of groups struggling with social isolation and under-representation such as disabled people and people from BAME (Black and Minority Ethnic) backgrounds.

6. Share our impact goals

Your project must be able to demonstrate at least one of the seven core impact areas below. If your application is successful, at the end of your project you will be asked to report against the impact area(s) you selected.

1. Reduce social isolation
2. Improve health and wellbeing
3. Increase employability
4. Create better access to basic services

5. Improve your local environment
6. Enable greater community cohesion
7. Foster greater community pride and empowerment

7. Accounts

Your organisation should have at least one year of financial accounts; this could be your management accounts or your annual accounts. Alternatively, if your organisation is a subsidiary of an established organisation, you can provide the financial accounts of the parent organisation; or if you are applying as part of a consortium, the consortium lead should provide their accounts.

8. Grant size

The maximum grant size for Next Generation projects is £100,000.

9. State Aid

State Aid relates to certain EU regulations around competition, which Power to Change must abide by. Unlawful State Aid will have to be repaid. Our application process will help you identify the State Aid position of your application. We recommend that you take independent advice on this matter.

10. Readiness

You must be ready to start work with us on the Research and Development phase in February 2019, allowing for up to 6 days of your time to engage with that process from February - April. 2019. Your grant must be spent and the project completed by the end of June 2021.

11. Other funding sources

There is no requirement for you to provide match funding to secure a Next Generation grant. However, if you intend to secure match funding, you must demonstrate in your application where this match funding will come from, and provide evidence that you will have secured it before your project delivery starts.



Part One | Can you apply?

What can you apply for?



Support

If your application to the Next Generation Fund is successful, you will be eligible to receive two types of support in two phases:

Research and Development Phase

Before your final project delivery plans are agreed, the Next Generation delivery consortium will work with you to carry out an 'opportunities and constraints' review of your local community energy business context. This is to help us assess and prioritise, in partnership with you, what will be the most suitable approaches to pursue in your local context. From this, you will be supported to develop and/or refine your full project proposals.

Research during the Research and Development

phase is likely to cover topics such as:

- Market research
- Policy and regulatory issues
- Technical support
- Stakeholder analysis

The Research and Development Phase will also provide an opportunity for you to review your capacity and governance arrangements. The Research and Development Phase is designed to ensure that the Power to Change grant is invested most effectively and to ensure that, as a participating community business, you have access to comprehensive research that will help you develop and refine your project idea and build your project plan and detailed budget. The costs of the Research and Development Phase work will not be taken out of the £100,000 grant allocation – they

will be paid for separately by Power to Change. A separate allowance will also be made to cover up to 6 days staff time, (plus any relevant travel costs) per applicant to engage with this process.

Delivery Phase

On completion of the Research and Development Phase detailed above, and production and approval of your detailed project plan and budget, you will be able to access grants of up to £100,000 for the Delivery Phase of your project. You can use the grant to cover the costs of your own staff time, consultants' fees, direct costs such as travel and subsistence, a reasonable contribution to running costs such as office rental and IT costs, and any equipment purchases needed for the project.

A grant from the Next Generation Fund cannot be used:

- ▶ To reimburse money already spent. We will not provide retrospective funding.
- ▶ To pay for costs which someone else is paying for, whether in cash or in kind.
- ▶ Existing day-to-day running costs

We may offer you only part of the funding initially requested or offer to provide other types of support instead of a full grant. Before considering any of these steps we will talk to you about the reasons why this might be appropriate and how it would affect your project.

Part Two | Application Process

How to apply

How to apply

To secure a place on the programme, you must complete the Expression of Interest form available here; <https://www.next-generation.org.uk/grants> and, if shortlisted, attend an interview. In the application form, you will need to demonstrate:

- That you already have a detailed idea for an innovative community energy business model that requires market testing to prove feasibility. The consortium will work with you to examine this idea and adapt where necessary during the Research and Development phase, and develop a realistic delivery plan,

Or

- That you have an interest in pursuing the development and testing of an innovative community energy business model, and that you have the track record, capacity and commitment needed to work with the Next Generation consortium to work up a detailed project idea and delivery plan during the Research and Development Phase. If this is the case, you will need to indicate the areas you are most interested in pursuing, and your reasons for this.



Part Two | Application Process Assessment

How your application will be assessed

Applications will be assessed by a panel made up of representatives from the Next Generation delivery consortium and Power to Change. The selection panel will need to be confident that you have demonstrated through the application process that you have:

- A commitment to maximising social and environmental benefit in your local area, in line with Power to Change's commitment to create better places through community business.
- An understanding of the current policy and market landscape within which the community energy sector operates.
- The capacity and experience to take on a significant grant and deliver the work on time and to budget.
- A track record of achievement as a community energy business that would indicate that you understand the complexities of the community energy market, and its relationship to your local area.
- Credibility within the community where you will be running your project.



We will also take account of:

- The potential for replicability of any business models being proposed
- The combined range of geography, rural/urban character, and socio-demographics represented by the final cohort

The interview process

Interviews will last approximately one and a half hours and we expect them to be held in person at Power to Change offices in London or Bristol, although alternative locations may be possible. You

will be expected to give a short presentation on your proposal and have an open conversation with us so that we can fully understand your interest and ideas for the Next Generation Fund, as well as ensuring we are confident of suitability and deliverability against the assessment criteria in the previous section.

The interview panel will be made up of representatives from Next Generation delivery consortium and Power to Change. Depending on the content of your proposal, we may also invite sector-specific expertise into the interview, for example representatives from a Distribution Network Operator (DNO) where a project proposes working closely with them.



Frequently Asked Questions

Eligibility

A 'community energy business' is a business whose principal operations relate to the energy system. Community Energy Businesses are run by, and for, a local community and any profits are reinvested for the benefit of that community.

Incorporation

Your community energy business must be an incorporated body to apply for a grant. Many community energy businesses adopt the Community Benefit Society form, Community Interest Company form, or Charitable Incorporated Organisation form. Whatever incorporated form you have, you will need to demonstrate that your activities create demonstrable public benefit. We will not fund activities where private benefit is more than incidental to the charitable purposes which are the Trust's reason for funding the project.

VAT

You must tell us if your organisation is VAT registered, and if so, provide your VAT registration number. Next Generation grants cannot be used to pay for VAT which your organisation is able to recover. If you are claiming for irrecoverable VAT, this must be included in the detailed project budget that you develop during the research and

development phase, to inform your grant request. It cannot be added on at a later date. If any VAT subsequently becomes recoverable, you would have to pay this back to Power to Change.

State Aid

State Aid relates to certain EU regulations around competition, which Power to Change must abide by. At this time, the implications of Brexit on State Aid are not clear, and we will therefore apply the State Aid rules as they currently exist while the UK remains a full EU member. Under such terms, any Unlawful State Aid will have to be repaid. The application process will require you to give us details include any grant funding received in the previous three financial years which might be considered State Aid. You will also be asked to declare whether you believe this grant to be State Aid, and if so, if it is lawful State Aid. We recommend that you take independent advice on this matter.

Revenue and capital costs

Grants can be used for both revenue and capital costs, though we are expecting the majority of spend in each project to be for revenue costs. If you expect to spend the majority of the grant on capital purchases, we will need to understand in detail where the revenue costs will come from in

order to ensure that any assets purchased with the grant are being used to deliver the community benefit outcomes that the scheme is designed to support.

Matching and leveraging other funding

You can match a Next Generation grant to other funding that you already have, so long as the terms of your other funding are consistent with our aim of developing innovative and replicable community energy business models that bring direct benefits to the local community where they operate.

There is no requirement to secure match funding to apply, but projects that can demonstrate how they will bring additional value through matched or levered funding will be looked upon favourably. Leveraged funding can include the nominal value of unpaid volunteer time.

Valuing volunteer time

We understand that many community energy businesses employ only one or two paid staff, but achieve far more because of the efforts of additional volunteers to the organisation. If your project will include volunteer hours as well as paid staff time, you can give a value for this as an illustration of the amount of leveraged funding in your budget. You will need to track and report

Frequently Asked Questions

on this time when updating us on your project progress. The following rates can be used.

- **Unskilled:** £50 per 7.5 hour day (the nominal value to your project of volunteer work being done by someone who has no qualification or experience in that work, or where there is no requirement for skills or training. For example, this could cover hours spent delivering leaflets).
- **Skilled:** £150 per 7.5 hour day (the nominal value to your project of volunteer work being done by someone with a trade that is needed for that task, for example, volunteer electricians doing electrical work for the project in a volunteer capacity)
- **Professional:** £350 per 7.5 hour day (the nominal value to your project of volunteer work being done by someone with a profession that is needed for that task, for example, volunteer architects doing architectural work for the project in a volunteer capacity).

Communities working with CORE Partners
Communities working with Community Owned Renewable Energy LLP (CORE Partners) to purchase a solar farm are not eligible for this round of grant funding. A separate fund will be administered specifically for those communities once the CORE asset portfolio is complete.

Grant size

The maximum grant size for Next Generation projects is £100,000. In exceptional circumstances, we may award more than this, for example for a project that we deem will have unparalleled potential for replication across the community energy business sector.

If you believe your project will fit this description and can only go ahead with a Next Generation grant of more than £100,000, please indicate the likely total grant your project will require, and an explanation of why any funding above £100,000 cannot be made up from other sources.

You should enter this information in the box at question 4.2 of the application form, if relevant to you.

Success ratios

We anticipate that in Round 1 of this fund we will shortlist up to 10 applicant businesses for interview, of which 3-5 will move into the Research and Development Phase following interview. We anticipate that those completing the Research and Development phase and detailed project planning will be well placed to go on receive grant funding, having had the support to develop their ideas and full project proposals.

Reserve list and re-applications

We will give you written feedback on your application. If you are not invited to interview in Round 1, but if we believe your application is high-quality you will be placed on a reserve list for reconsideration at Round 2.

We will let you know if you are on the reserve list. Your application will automatically be reconsidered in Round 2, along with any new applicants at that time. You may also amend and re-submit your application in Round 2, if you wish.

Round 2

We currently anticipate the Next Generation Fund will re-open in March 2019 for another funding round.

For more information regarding this, make sure to sign up to our newsletter here:

<https://www.powertochange.org.uk/our-newsletter/>

Further details will be made available via the Next Generation Community Energy website in due course: <https://www.next-generation.org.uk/>