



SOCIAL and
SUSTAINABLE CAPITAL

Impact Report 2018

Our mission in action

Finance for good.
Funding organisations
that support communities
and transform lives.





SASC

SOCIAL and
SUSTAINABLE CAPITAL



DEAR FRIENDS

It gives us great pleasure to share Social and Sustainable Capital's second Impact Report and to have the opportunity to update you on our work over the last 12 months. The period has been marked by notable progress for SASC's investing activities and for the charities and social enterprises we support.

We hope the following pages will give you a better understanding of three aspects of our work in particular.

The first and most important aspect, as the title of the report highlights, is our focus on achieving our social mission. SASC is here to enable inspiring charities and social enterprises to increase the positive impact they have on disadvantaged people and groups across the UK. We do this by providing them with appropriate and flexible capital. Working closely with the passionate and committed teams who are delivering the products, services and support to individuals in need is the core of what we do. We are a social enterprise ourselves, with 51% of our profits going to the Social Investment Business Foundation.

...our mission in action

The second aspect is SASC's commitment to creativity and flexibility in providing social investment. Through our own impact framework we try to identify opportunities where our funds can make a substantial difference to the depth and/or breadth of social outcomes delivered by investees. We also try to offer financing solutions that social sector organisations may be unable to obtain elsewhere. One avenue is looking for where market changes create new opportunities; another is working with our partners to blend different pools of capital. We believe in structuring innovative yet simple solutions that meet the needs of the organisations we invest in.

Finally we believe it is crucial to share lessons along the way. Being open about what we think we could be doing better has become a key feature of the SASC culture. We know that successfully investing for both social and financial return is challenging, especially in a market which is still evolving. By sharing our failures and frustrations, we hope to help the social investment market reach its full potential to improve the lives of the most marginalised members of our society.

**WE ARE A SOCIAL
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BUSINESS
FOUNDATION**

**NAT SLOANE,
BOARD CHAIR**

**BENJAMIN RICK,
CO-FOUNDER AND
MANAGING DIRECTOR**

EXECUTIVE SUMMARY

Welcome to Social and Sustainable Capital's second annual Impact Report. Publishing this gives us the chance to reflect on our work as a social investor over the last 12 months. We aim to share some of SASC's own developments and present some outstanding achievements by the organisations we support.

SASC offers flexible investment to charities and social enterprises which support people and communities across the UK. Our aim is to help them achieve greater social impact. Four years since the launch of our first fund, we have now invested £19m into organisations which are tackling some of the UK's most intractable issues. These organisations provide vital support and services to vulnerable and disadvantaged individuals, families and communities. We feel lucky to be able to work with exceptional entrepreneurs who demonstrate vision, passion and commitment for what they do; and who inspire others to do so, too.

Our Community Investment Fund (CIF) offers long term flexible funding to community organisations in England. This funding helps them grow local assets and respond to local needs. Our blended finance partnership with Power to Change continues to work well: in the last year, two more community businesses received a blended grant and loan investment from CIF. As part of contributing to what is a rapidly developing market, we have also set out some thoughts on the potential for social investors and grant makers to blend financing for greater impact and have included a response from Dawn Austwick, CEO of Big Lottery Fund, on the grant makers' perspective – we'd welcome your contribution to this debate.

Our overall portfolio has seen record growth over the last 12 months

Our Third Sector Investment Fund (TSIF) started more slowly than we expected. We responded to this by consulting in depth with a large number of social sector organisations across the UK. The resulting conversations helped us shape changes and in July 2017 we relaunched the fund. TSIF now has a longer investment period of up to 12 years, more flexible repayment terms than many social investment funds and higher levels of support from the SASC team throughout the investment process. To date, the relaunch has been a success: higher levels of investment suggest that TSIF now better meets sector needs.

Our overall portfolio has seen record growth over the last 12 months. Investment volume more than doubled as we made a further eight investments. Two of these are follow-on investments to organisations we have already supported, including the Hull-based housing charity, Giroscope. Three organisations have now repaid the investment we provided. We believe evidence of their impact helps to validate our

investment approach. Harrogate Skills 4 Living Centre, for example, was the first organisation that CIF invested in. When we first invested, HS4LC was a small community organisation providing day care services to adults with learning disabilities in Harrogate. It has now diversified its income streams and increased its impact through ownership of two care homes, securing its long term sustainability and now able to take on commercial finance. We have also supported two more payment by results programmes (PbR) using our flexible and cost effective approach.

From a sector perspective, community energy continues to be an area where we see growing demand for social investment. In 2017 we made our biggest investment to date in the newly formed Heart of England Community Energy. This project will see disadvantaged local groups in Warwickshire benefit for many years to come from the financial surplus that community-owned solar farms generate. Our investment in the domestic violence charity Hull Women's Network showed the need for a financing structure that will fund organisations working with society's most vulnerable tenants. As a result, we have developed an innovative funding structure to support organisations working with vulnerable people who need safe and affordable housing.

The last year has been exciting for SASC but we aim to keep learning

The last year has been exciting for SASC but we aim to keep learning. The TSIF relaunch aside, we have also drawn lessons from our involvement in financing PbR initiatives and about issues that can arise when social sector organisations partner with the private sector to deliver their mission.

As our portfolio evolves, positive results from our investments begin to materialise. This allows us to refine our impact framework to reflect the way we seek to achieve our mission. We think it is vital to be able to identify and measure clearly how we are making a difference to the market and to the organisations we support. In this report we have set out the pillars of our impact framework, along with further detail on how we will monitor and measure the social impact of our investees going forward. We think of this as an evolving process and would be delighted to receive feedback about it.

Looking ahead, we have much to be excited about. We will be launching a post-investment support programme for investees; bedding down an enlarged investment team; and planning for raising and launching new funds. We are motivated by the chance to go on developing the SASC platform and helping to bring positive change to the lives of people and communities across the UK. We hope that by sharing our own work, knowledge and lessons we can inspire others to join us on this social investment journey. Thank you for all your support over the last year. We look forward to building on these foundations in the year to come.

SOCIAL & SUSTAINABLE CAPITAL

about us

SASC'S MISSION IS TO:

ENABLE INSPIRING CHARITIES AND SOCIAL ENTERPRISES IN THE UK TO INCREASE THEIR SOCIAL IMPACT BY PROVIDING THEM WITH APPROPRIATE AND FLEXIBLE FINANCE

Target Organisations

We invest in organisations that:



- Generate measurable social impact
- Require £250k – £3m in investment
- Can't access mainstream funding
- Are currently or have potential to be financially sustainable

Target Outcomes

The capital we provide helps to:



Metrics

We will measure success through:



Over the long term we aim to influence the development of the social investment market by demonstrating we can provide suitable capital to social sector organisations, share our learnings, and deliver appropriate returns to investors.

OUR FUNDS

Our funds aim to improve the wellbeing of individuals, families, groups and communities. We focus especially on investments that support the most vulnerable or disadvantaged. This includes people who are struggling with poverty, disability, illness, unemployment, economic hardship and social isolation. We currently manage two funds: the Community Investment Fund and the Third Sector Investment Fund.

COMMUNITY INVESTMENT FUND

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INVESTING IN LOCALLY LED ORGANISATIONS ACROSS ENGLAND

The Community Investment Fund (CIF) was launched in February 2014 to support organisations in England that are community-based and locally led. CIF offers long-term, flexible loans and quasi-equity investments in amounts that range from £250,000 to £2m.

The organisations we have invested in face on-going reductions in local government spending. Even so, they manage to be resilient, ambitious and forward-thinking. They provide essential support and services to improve the wellbeing of local residents. They develop their local economies. And they create positive social change for individuals in the community.

Over the last year CIF has made a further four investments, including two blended grant/loan investments with Power to Change. Each investee has developed its own ways of supporting and engaging its local community. These include caring for the more vulnerable local residents and families; employing and training a local workforce; and developing innovative business models to generate a surplus that can be reinvested in the community.

THIRD SECTOR INVESTMENT FUND

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PROVIDING SIMPLE AND FLEXIBLE FINANCE FOR CHARITIES AND SOCIAL ENTERPRISES ACROSS THE UK

The Third Sector Loan Fund was originally set up in November 2014. Its mandate was to provide medium term, unsecured loans to charities and social enterprises working with vulnerable people across the UK.

When deployment of the fund proved slower than we expected, we decided to ask the social sector for input on how the fund should be changed. Supported by our investors, we commissioned umbrella body Social Enterprise UK to consult with VCSEs in depth. We wanted to find out the real needs for social investment from this fund, see what barriers might be getting in the way, and work out how to redesign the fund.

This exercise generated valuable feedback which we used when we relaunched the fund with a new name: the Third Sector Investment Fund (TSIF). TSIF has a longer investment period, offering more flexible investment and repayment options, greater risk sharing and more dedicated support and guidance for investees from the start to the end of the investment process. We think the changes have made a difference. TSIF now offers loans ranging from £250,000 to £3m to high impact social ventures in the UK. It has made a further five investments in the last year, including two payment by results projects*.

* Both CIF and TSIF invested in Heart of England Community Energy which is counted as a single investment throughout the rest of this report

OUR PARTNERS

Our partners play a key role in what we do. Over the last 12 months they have helped us in turn to help charities and social enterprises to grow and increase their impact. Our partners also support our shared ambition of creating a sustainable social investment market.



Big Society Capital

Big Society Capital (BSC) improves the lives of people in the UK by connecting social investment to charities and social enterprises.

BSC believes the greatest chance to improve lives comes when investors and enterprises are both motivated by social mission. BSC engages with investors, fund managers, charities and social enterprises to make it easier to use social investment. With co-investors, BSC has made over £1bn of new capital available to organisations with a social mission, through investments into fund managers and social banks. BSC has a special focus on: providing homes for people in need; supporting communities to improve lives; and early action to prevent problems.



Social Investment Business

Social Investment Business (SIB) is one of the UK's most experienced social investors. It provides loans, grants and strategic support to charities and social enterprises to help them improve people's lives. SIB has managed programmes such as Communitybuilders, Futurebuilders, the Investment and Contract Readiness Fund and Big Potential. Since 2002, it has provided £400m of loans and grants to over 2,700 social sector organisations.

Social Investment Business is an investor in SASC and receives 51 per cent of our profits. It is also an investor in both of our funds. SIB committed £10m to the Community Investment Fund; and a catalytic first-loss investment of £1.5m to the Third Sector Investment Fund.



Power to Change

Power to Change (PTC) was set up in January 2015. It is an independent charitable trust with a £150m endowment from the Big Lottery Fund. Power to Change's goal is to support, develop and grow community business across England. It provides funding to organisations at each stage of their development, from initial idea through to expansion. PTC also advocates nationally for the social and economic benefits of community business. In 2015, SASC launched an innovative 'blended finance' pilot with Power to Change. PTC dedicated £1m to grants that could go alongside loans from the Community Investment Fund. This programme has made it possible for SASC to support six community organisations which could not have accessed social investment without the blended finance package.



Santander Bank

Santander Bank has extended a £13.5m debt facility to the Third Sector Investment Fund. We believe this is the single largest commitment that a leading commercial bank has made to a third-party fund supporting social ventures. This investment is in line with Santander's commitments to support the social investment sector and to invest in small and medium sized organisations.



Access Connect Fund

Access Connect Fund is Access Foundation's social investment infrastructure fund. SASC is working with Eastside Primetimers, a management consultancy that focuses on the social sector, on a post-investment support programme that the Connect Fund is backing. The programme aims to provide support to SASC investees where needed in order to help them improve organisational and financial sustainability and their social impact. We hope to provide post-investment support to at least six investees over the next twelve months.



Access Reach Fund

Access Reach Fund is an investment readiness grant programme. Its funding of £4m over two years comes from Access – The Foundation for Social Investment. Access was set up in 2015 to make it easier for social sector organisations to access social investment and to take on repayable finance. SASC is an "Access Point" for the Reach Fund. This allows SASC to refer organisations we are working with directly to the Reach support programme. Over the last year we have referred four such VCSEs.

SASC'S IMPACT FRAMEWORK

SASC'S APPROACH TO IMPACT IS FOCUSED ON UNDERSTANDING AND SUPPORTING THE DELIVERY OF GREATER SOCIAL OUTCOMES FOR DISADVANTAGED PEOPLE ACROSS THE UK, IN LINE WITH OUR MISSION.

We do this by taking a structured approach to assessing the delivery of social outcomes and the impact of our investment on the organisations we support. Once we've made an investment we closely monitor and report the delivery of social outcomes and provide support to our investees where needed.

Our impact framework is an evolving one which we have refined over the last four years.

	DUE DILIGENCE PROCESS	CLOSING	INVESTMENT PERIOD	EXIT	POST EXIT
<i>Social Impact</i>	<p>Preliminary eligibility screen</p> <p>Detailed impact assessment as part of recommendation to Investment Committee</p>	<p>Impact scorecard agreed based primarily on investee's target outcomes and SASC fund objectives</p>	<p>Semi-annual reporting against impact scorecard (amended as necessary)</p> <p>More frequent reporting against metrics linked to operations</p>	<p>Exit review of impact achieved over period of investment</p>	<p>Requirement for investees to provide annual impact information for up to 2 years post exit</p>
<i>Organisational Impact</i>	<p>Investment due diligence covering operations, clients, leadership, finances</p>	<p>Investee scored assessment of areas requiring development</p> <p>SASC review of investee capabilities</p> <p>Specific issues addressed as conditions precedent/ subsequent to closing</p>	<p>Annual questionnaire/ review</p> <p>Monthly reporting against performance metrics</p> <p>Informal support through investment team – formal support through post investment programme</p> <p>Convening board/ SMT support groups</p>	<p>Exit questionnaire/ and review of progress achieved over period of investment</p>	

SOCIAL IMPACT ASSESSMENT PROCESS

ELIGIBILITY & SOCIAL IMPACT SCREEN

Legal form: regulated social sector organisation, if 'Profit with Purpose' compliance with BSC Governance Agreement and SASC requirements

Commitment to impact: operating for a defined social purpose? Who are the intended beneficiaries?

Alignment: does the business model align delivery of greater impact with increased financial sustainability?

Red flag check: ensuring no promotion of intolerance/non-peaceful action/non-inclusiveness

2

SOCIAL IMPACT DUE DILIGENCE

Outcomes & Risks

How does the organisation deliver social outcomes:

- Mission & Beneficiaries
- Social impact plan

What are the risks that outcomes will not be delivered:

- Evidence base
- Stability in relation to operating context
- Commitment to tracking and reporting
- Ethical business management

3

ASSESSING SOCIAL IMPACT RETURN

Score of 1 to 4

Vulnerability: levels of disadvantage and severity of need being addressed

Depth and breadth of impact: scale and nature of change

Capacity to deliver impact: is the organisation set up to deliver outcomes (resources, skills, processes)?

Additionality: does SASC investment make a substantial difference?

4

MONITORING & REPORTING

Social impact scorecard: KPIs co-designed with investee at the point of investment

Quarterly or semi-annual reporting: allowing for periodic reviews

Annual visits to management team and to meet staff and beneficiaries

THE LESSONS *we have learned*

BLENDED FINANCE: MORE THAN JUST THE SUM OF ITS PARTS

New entrants to social investment in 2012 who were wildly optimistic about market growth should have their naivety forgiven. Indeed, SASC was one of them. It felt as though grants were in mortal danger and the public sector was (and is) clearly going to go on shrinking. The idea of trying to create a uniquely supportive ecosystem for charities and social enterprises held a lot of promise.

In 2017, three years after the launch of our first fund, SASC spent some time reviewing what we thought we had done well so far and what we needed to change in order to better serve the needs of social sector organisations. After consulting social sector organisations across the UK we relaunched our largest fund offering as the Third Sector Investment Fund (TSIF). This has seen our rate of investment speed up.

A BLENDED FUNDING APPROACH CAN PLAY A VITAL ROLE FOR INVESTEES, GIVEN THE FINANCIAL CONSTRAINTS UNDER WHICH THEY OFTEN OPERATE

There is one aspect of our initial hypothesis that we still hope will play out as expected. This is the belief that SASC would work with charitable foundations to unlock opportunities that would otherwise fall by the wayside.

We got off to a good start. Social Investment Business invested both in our funds and in SASC itself, accommodated us for several years in its offices, and provided a social stamp of approval that allowed us to get out of the starting blocks. Its first-loss contribution to TSIF was innovative and catalytic – a £1.5m investment enabled £30m to be made available to the sector.

In 2015, based on insights derived from previous Social Investment Business programmes, we launched a pilot with the Power to Change Trust that offered a blend of grant and loan. £1m of grant from Power to Change has enabled 6

investments to community organisations that otherwise would not have been possible. The Power to Change grants have leveraged in over £8.5m of funding from SASC and others.

One example of a community organisation that benefited from blended finance is Storeroom 2010, a furniture re-use and training charity based on the Isle of Wight. It needed £440,000 to purchase the building where it stored and sold its furniture, but could not shoulder that amount of debt. SASC was able to provide Storeroom2010 instead with a £360,000 loan alongside a grant of £80,000 from Power to Change. This mix of funding was affordable for Storeroom2010. It allowed the organisation to secure its long term future and increase services to vulnerable families.

In our view, the story elsewhere is more mixed. Rather than trying to complement each other as shown by the Power to Change partnership, foundations and the new breed of social investors like SASC often find themselves trying to participate in the same kind of investment. For large organisations, such as HCT and Five Lamps, this is a significant positive: it helps those larger organisations access more funding than would otherwise be available.

But smaller projects sometimes see established foundations and new social investors competing for the same investment. Arguably, this is less helpful in creating the new ecosystem that is needed. SASC believes in competition. But we also believe that the best way to unlock the growth we all hoped for back in 2012 is to see different funding streams work together, in a way that is most appropriate for a given organisation's stage of development.

Foundations have a strong track record in spotting and backing non-profit organisations with grants, particularly at an early stage, with hugely impressive results. We are proud to have some of these very organisations in our own portfolio, now they have decided they are ready to take on repayable finance. Foundations have been the cornerstone of the sector, long before social investment arrived on the scene. But the larger prize here – social impact at scale – lies in creating a new investment spectrum that unlocks as much funding as possible across the sector.

The “equity-like” investment that foundations can provide, whether in the form of a grant or some other patient capital, is pivotal. Our hope was that foundations would increasingly opt to

work with social investors as part of a blended funding approach. This would ultimately allow grant funding or patient capital to unlock much more funding for organisations seeking to grow.

The six years since our social investment journey began has seen many lessons learned. One of these is that a blended funding approach can play a vital role, given the financial constraints under which third sector organisations often operate. We believe the advantages of this approach should override any concerns that foundations may have regarding “subsidising private profit” (whether

in the form of returns to investors or to the managers of the funds). After all, foundations often make grants to organisations that already have commercial mortgages.

SASC will go on making the case for blended investment. We would like to inspire funders whose capital is more flexible than our own to work with us in a complementary way. We have already seen how this can make possible transactions that otherwise would never happen. In the real world, that means more disadvantaged people can gain access to the support they need to improve their lives.

A RESPONSE FROM DAWN AUSTWICK CEO, BIG LOTTERY FUND



BLENDING PRINCIPLE AND PRAGMATISM

A very long time ago I worked in the arts, from the humble Half Moon Theatre to the august British Museum and the fashionable Tate. All these organisations lived or died (sadly

the Half Moon did expire) on their revenues – often self generated – and looked at imaginative and clever ways to finance their capital developments, balancing high net worth fund-raising with mainstream loans, underwriting, leasing and public appeals. Blended finance if ever I saw it. So when I moved across into the mainstream charitable sector in 2005 and picked up on the burgeoning social investment bandwagon it seemed on the one hand an entirely logical proposition, and on the other, a rather raucous new club.

Much has changed and not a lot has changed in the intervening 13 years. One welcome change has been a much greater understanding that grants, heaven forbid, can be a force for good. The notion that they are a Luddite technology holding back the market from solving complex social problems is in retreat and this is a more reflective conversation about the complementarity and suitability of different forms of finance than it was five years ago. There is also greater realism about both the efficacy of social investment for some activity (no prospect of return, too complex, too small) and the reduced pot of grant funding available in hard times. If the scarce commodity is the grant funding, we need to nurture it, protect it, and use it wisely.

So this is a good time for the sort of blended finance conversation that SASC want to have. And to do so we have to open up the private gain/public benefit discussion. Many grant funders, and foundations in particular, are charitable entities. As such they have the same corporate form as many of the organisations they fund. They must de facto be driven by mission, as manifest in their deeds or articles of association. Money is a means not an end.

A decision to provide investment rather than grant finance is a balancing judgement about the opportunity cost of capital and where and how ‘good’ is maximized. These can be easier conversations on capital projects: purchasing a building to transform or expand service

delivery, splitting the social investment element from a grant to support the organisational change or soft costs can be straightforward. SASC’s support for Hull Women’s Network is a fabulous example of a transformative social investment to a visionary and ambitious domestic abuse charity. A hands down case of win win with the social investor providing terms that support the long term sustainability of the charity.

It is altogether harder when commercial returns on operating activity can only be achieved with grant funding subsidising those returns. For a foundation this is an easier sell if the ‘investor’ is themselves charitable or mission driven so that the seepage of funding out of the ‘doing good’ sector is minimized. In a period where concerns about inequality are growing, levels of return and the destination of profit are doubly sensitive issues, which leads to the tricky question of ‘how much profit is reasonable’?

I have always thought that the point of social investment, unlike impact investing, is that it offers a new paradigm – where financial return is traded for social return. Investors are content to take a lower level of return on some investments because they recognize that they will be generating additional social good. Blended finance runs the risk of sidelining this and operating within the existing paradigm. It comes back to the old adage ‘there’s no such thing as a free lunch’. For charities and foundations they risk giving the investors a free lunch in order to attract much needed capital.

Payment by result and social investment bond type models however suggest that the lunch can be shared – because the financial benefits in terms of future savings mean much needed social capital can eventually be re-deployed elsewhere, potentially in prevention activity.

And there is of course, a third way. A community owned and funded initiative, such as Bristol Energy Coop, fulfills a mission driven approach with the engagement of multiple social investors – members of the community alongside commercial investment – to create a viable proposition and shared returns.

So as with all good knotty problems, the answers are not straightforward, and no two cases will be the same. We have to tease out the pros and cons, follow both the flow of funds and the achievement of social benefit and map out an appropriate course that utilises both principle and pragmatism.

LESSON #2

PRIVATE AND SOCIAL SECTOR PARTNERSHIPS

Social sector organisations can sometimes extend their reach and generate financial benefits by partnering with the private sector. But the interests of the two organisations need to be aligned. Otherwise, there is a risk that social impact may be sacrificed to financial return if things do not go according to plan.

FLEXIBILITY AND SYMMETRY WILL HELP A PARTNERSHIP TO SURVIVE POST-HONEYMOON TURBULENCE

In 2015 SASC made an investment into Spacious Place Contact (SPC). Our funding helped to set up a call centre that would provide employment and training for ex-offenders and vulnerable people in a supportive environment. Progress was slower than planned in the year following the investment. This is common with start-up businesses, especially those working with challenging beneficiary groups. The private sector partner then unexpectedly found itself needing to boost liquidity and profitability. This meant that the lag in performance created tension between the partners. Ultimately, this proved impossible to resolve within the existing arrangement.

To a newly formed social enterprise such as SPC, the commercial contacts, industry expertise and business acumen of an established for-profit company had initially seemed appealing. There also appeared to be a significant overlap in terms of target beneficiaries. Meanwhile, the private sector partner believed the halo effect of working with a social enterprise partner would be helpful when bidding for public sector contracts.

But supporting people from disadvantaged backgrounds into employment does not always fit easily into more routine business processes (many sub-contractors to Work Programme primes know this to their cost.) The additional time and resources needed in this case to achieve social outcomes created a big challenge for both Spacious Place Contact and an ambitious commercial organisation in a period of high growth. The first 18 months saw initial goodwill (and capital) eroded to the point where the partnership came to an end.

This has been a painful, although not terminal, experience for SPC. Funders have had to be flexible. But the process has ended up creating a revised delivery model. This is less reliant on trading revenues but still seeks to engage with commercial organisations.

For SASC the key lessons are to try and ensure that interests are as strongly aligned as possible right from the outset. Flexibility and symmetry will help a partnership to survive post-honeymoon turbulence. Under the right conditions, we still believe social/private sector partnerships can produce impactful and sustainable delivery models. We will go on looking for opportunities to support them.

LESSON #3

FINANCING PAYMENT BY RESULTS (PbR)

Payment by Results (PbR) is a tool that focuses on results. The private sector takes focussing on results (that is, profit) for granted. But public sector services often lack a profit measure. The result is that public bodies have traditionally commissioned services on a “fee for service” basis. In other words, commissioners have traditionally paid for services based on inputs rather than on outcomes (results).

In recent years, Payment by Results (outcomes-based commissioning) has become increasingly popular. SASC believes PbR can also play a

valuable role in social investment. PbR can help focus both commissioners and providers on specific, desired results and improved social outcomes rather than inputs. It can be a way to incentivise successful providers to maximise service effectiveness and potential contractual income by clearly defining what successful service delivery should mean for an individual beneficiary. Successful achievement of stretching outcomes should in turn build up a provider's expertise and may increase their future appetite to bid for high risk contracts that deliver significant impact. And, in a sector that struggles to finance innovation (because it mostly lacks access to equity), PbR is a rare way to fund risky innovation.

Sometimes a Social Impact Bond (SIB) is the best way to put PbR into practice. A conventional SIB involves many parties and uses a standalone special purpose vehicle (SPV). For other situations, SASC has developed a different model which is more flexible and costs less. It also makes the provider a principal in the arrangement, rather than being merely a subcontractor to a Special Purpose Vehicle.

SASC met an established charity, Family Action, which had spent some time developing an intervention. The intervention addressed an area of real need and was genuinely innovative. The Safe Haven project offered a new way of working with highly vulnerable young people in care. These are young people who as a group were at high risk of going missing, exploitation, offending, serial placement breakdown and other negative outcomes. Because it was new, this intervention had no definitive evidence base of its own although it drew on research and practice from across the world. Given Family Action's finite resources of its own, the charity believed it was prudent to find an investor that would share the economic risk of piloting such a bold new service.

of vulnerable young people in care. These young people needed a more intensive and relational response than that typically provided by children's social care and other public services.

SASC also developed an award-winning (Social Investment Initiative of the Year – Charity Times Awards 2017) financing model of the kind outlined above: flexible, cost-effective, performance – dependent and aligning the interests of the charity and investor. To be more specific: SASC would only do well economically from this project if the charity achieved a high proportion of the payment by results outcomes; conversely, if the investment was unsuccessful, SASC would share the downside with the charity.

Safe Haven operated for about twelve months off a 100% PbR model which placed all of the delivery risk on the provider and investor. In one sense, the intervention was successful. Two external evaluations of the quality and impact of its service model and of its cost-benefit profile have been positive e.g. showing that it saved double what it cost. Unfortunately, despite this evidence, the commissioners involved decided not to renew the intervention after its first year. Given the positive feedback from the young people, birth families and professionals involved in the project and the evidenced savings generated, this suggests the commissioners may have looked at the savings in a different way.

The key lesson learned from this project is how vulnerable a new PbR project can be to relationships with local authority commissioners and procurement departments, tight budgets and any changes in senior local authority buy-in. PbR projects are complex and involve many parties, and embedding a new PbR approach into an established public sector system brings its own challenges. This was a provider-led intervention where we established a strong relationship and high level of trust with Family Action. The dynamic between commissioner and provider is of course just as important, but is harder for the investor to influence in this more flexible PbR financing model.

Our experience with Family Action has shown how social investment can foster real innovation: Safe Haven has created new evidence that adds to the knowledge of how to help the group of vulnerable young people it was aimed at. The hope is that further innovation and positive action can be drawn from this project.

OUR EXPERIENCE WITH FAMILY ACTION HAS SHOWN HOW SOCIAL INVESTMENT CAN FOSTER REAL INNOVATION [...] THE HOPE IS THAT FURTHER INNOVATION AND POSITIVE ACTION CAN BE DRAWN FROM THIS PROJECT

SASC worked with Family Action over several months to establish a level of comfort with both the charity and the new intervention it had designed. The intervention had a central feature that appears regularly in this area. It aimed to take a more individualised, holistic approach to a problem where bureaucracy – however well intentioned – has created invisible “silos” that work against beneficiaries' interests. Safe Haven was designed to provide bespoke one to one and round the clock support to a group

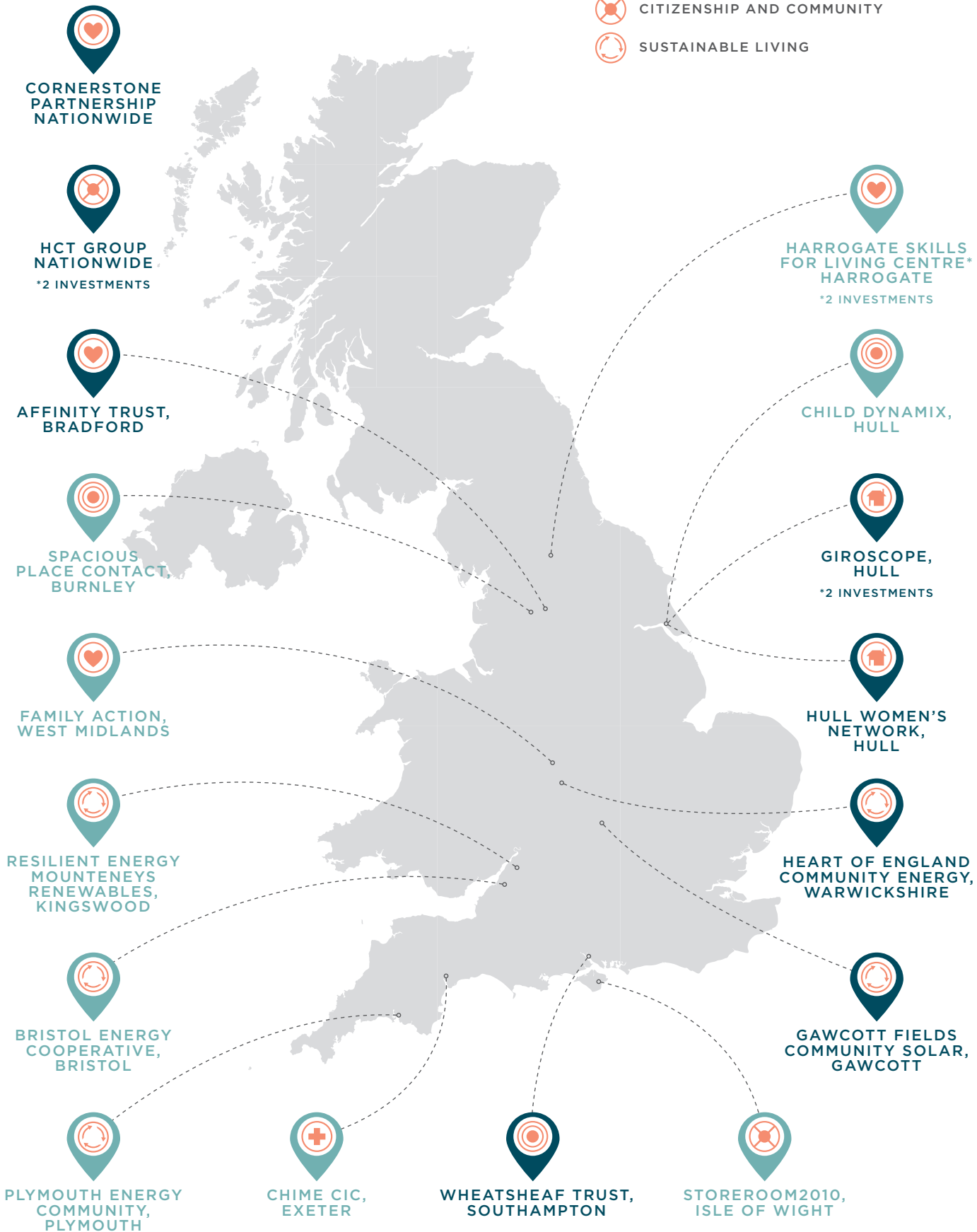
OUR PORTFOLIO

*our impact
& investees*

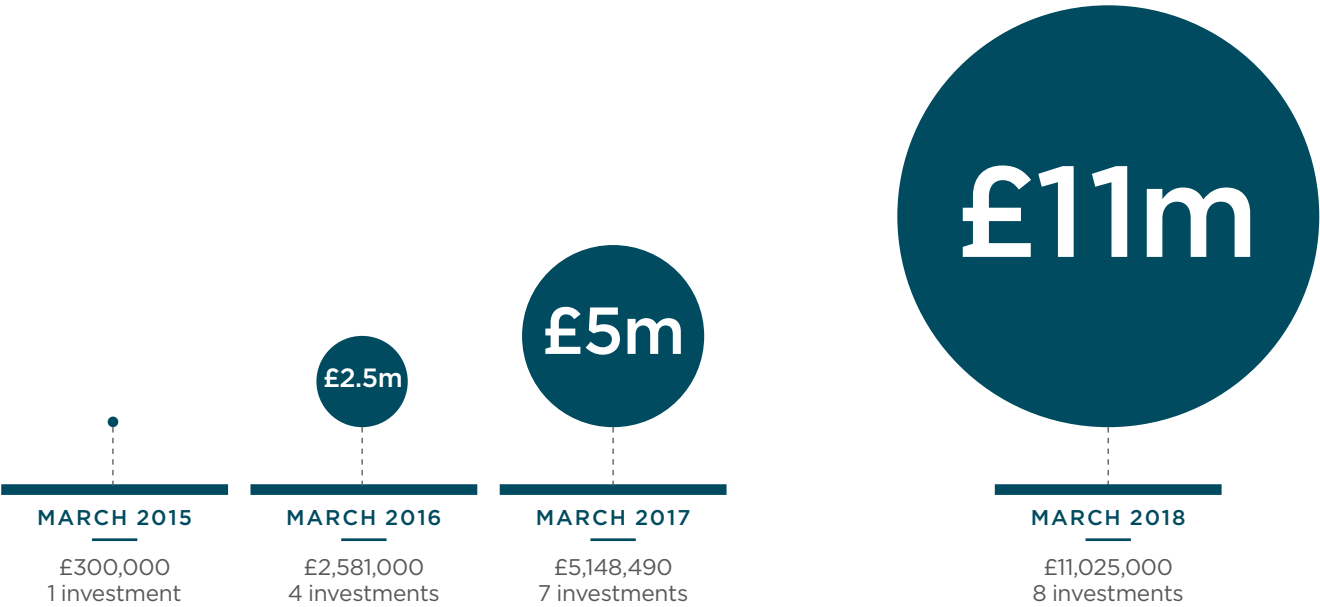
PORTFOLIO SUMMARY

- New investments
- Continuing investments/exits

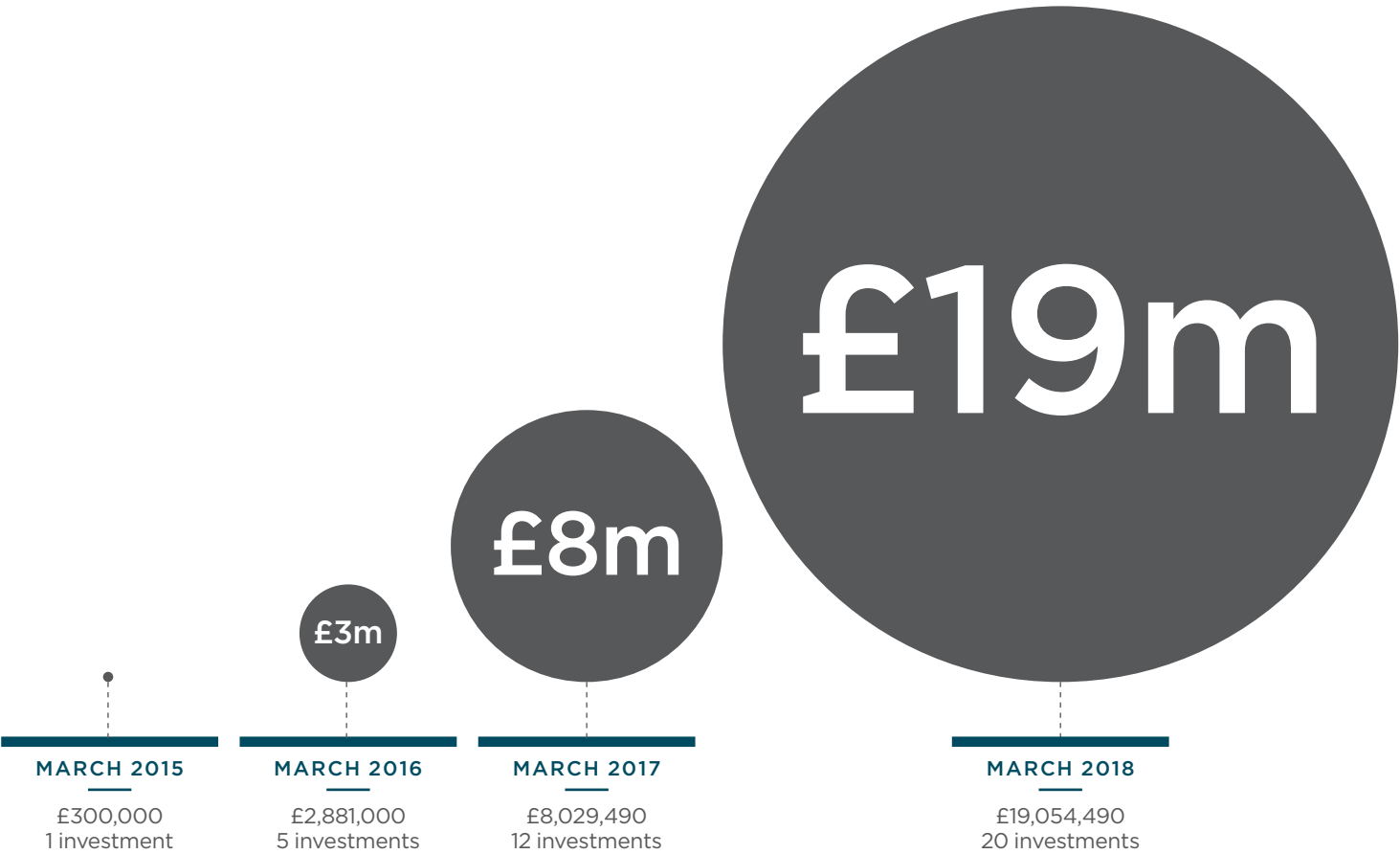
- EDUCATION, EMPLOYMENT AND TRAINING
- HOUSING
- PHYSICAL HEALTH
- SOCIAL CARE
- CITIZENSHIP AND COMMUNITY
- SUSTAINABLE LIVING



VALUE AND NUMBER OF INVESTMENTS PER YEAR



CUMULATIVE VALUE AND NUMBER OF INVESTMENTS



SASC seeks to support the long term development of the organisations we work with and we are pleased to have provided follow-on funding on three separate occasions to date, each of which is counted as a separate investment for the purposes of the above graphics.

SASC IS PROUD TO HAVE INVESTED IN 17 AMBITIOUS CHARITIES AND SOCIAL ENTERPRISES. THEY WORK ACROSS A RANGE OF SECTORS. EACH IS DEVELOPING A SUSTAINABLE BUSINESS MODEL AND LOOKING TO GROW OR DEEPEN THE IMPACT IT HAS ON DISADVANTAGED GROUPS. EVERY ONE OF OUR INVESTEEES IS LED BY A GROUP OF AMBITIOUS, DEDICATED AND INSPIRING INDIVIDUALS WHO WE ARE PRIVILEGED TO BE WORKING WITH.

THE FOLLOWING PAGES DISCUSS EACH OF THESE ORGANISATIONS AND HOW OUR INVESTMENTS ARE HELPING THEM FURTHER THEIR SOCIAL GOALS. FIRST WE INTRODUCE NEW ORGANISATIONS WE HAVE INVESTED IN. THIS SECTION INCLUDES TWO FOLLOW-ON INVESTMENTS TO ORGANISATIONS WE ARE ALREADY SUPPORTING. WE SUMMARISE EACH OF THESE USING THE FOLLOWING FRAMEWORK:



the organisation is delivering services and to solve which problem



our investment is helping them to address the opportunity or problem



the intended outcomes and longer-term impact will be

NEXT WE SUMMARISE THE IMPACT OUR INVESTMENT HELPED GENERATE AT THE THREE ORGANISATIONS THAT HAVE REPAID THEIR INVESTMENT OVER THE LAST TWELVE MONTHS. FINALLY, WE PROVIDE AN UPDATE ON OUR CONTINUING INVESTMENTS, WITH AN UPDATE ON KEY IMPACT METRICS WE HAVE BEEN CAPTURING FOR EACH.

AFFINITY TRUST

**LOCATION: BRADFORD,
WEST YORKSHIRE**

**WHO BENEFITS: CHILDREN
WITH LEARNING
DISABILITIES**

Affinity Trust is a charity which has been supporting people with learning disabilities for 25 years. It helps individuals lead the lives they want to, as independently as possible. The Third Sector Investment Fund has provided £150,000 of investment capital to Affinity Trust on a risk sharing basis. This will part-finance the delivery of a payment by results contract in Bradford under the Life Chances Fund (a government scheme to promote social investment). The contract involves using a recognised intervention called Positive Behavioural Support (PBS) to help children with learning disabilities to remain at home.



 **affinitytrust**
Supporting people with learning disabilities

WHY

Problem & Solution

Children and young people who have severe learning disabilities are often moved out of their own homes into residential placements. Such placements are expensive and do not deliver the best outcomes. Affinity Trust has been selected to deliver a Positive Behavioural Support programme in Bradford for children with learning disabilities. PBS involves working with families to help them understand and cope with children's behaviour in a new way. It is not about parents coping with the behaviour but working with the child to improve their quality of life, communication and environment. This reduces the frequency and intensity of challenging behaviours.

HOW

is SASC supporting?

The Bradford PBS contract has been awarded to Affinity Trust on a payment by results basis (PbR). In the same way as with our investment in Family Action's Safe Haven project, SASC and Affinity Trust have structured a simple financing arrangement that shares risk and reward appropriately. If the PbR intervention performs well, the Third Sector Investment Fund will share in the upside. Conversely, if it does less well than expected, TSIF will also share any losses that are incurred.

WHAT

Outcomes & Impact

Affinity Trust has a strong track record of supporting those with particularly complex needs. It works with people in their own homes, provides opportunities for community interaction and socialisation, and helps people into work. The Bradford PBS contract is an opportunity for Affinity Trust to work directly with a cohort of 14 children aged 8 to 14. PBS is an evidence-based intervention that improves outcomes for the young person. As well as helping young people to remain at home, it aims to help them maintain relationships with family and friends and become an active part of their local community. From a local authority perspective, this also delivers cost savings.

HULL WOMEN'S NETWORK

LOCATION: HULL,
YORKSHIRE

WHO BENEFITS:
VULNERABLE WOMEN
AND CHILDREN

Hull Women's Network (HWN) is part of a group of organisations in the Preston Road area of Hull that are run by women, for women. HWN offers specialist domestic violence support, nursery provision, sexual health information and advice, training and volunteering opportunities, and access to safe and affordable housing across Hull. SASC has provided an innovative investment to HWN through the Third Sector Investment Fund. This funding will allow HWN to expand its housing offer.



WHY

Problem & Solution

Hull Women's Network was set up in 2004 to add housing to the support that the wider group of organisations could provide. The importance of access to safe, appropriately located, high quality housing is easy to understand. Women fleeing domestic violence are known to return to the perpetrator an average of seven times before finally breaking free from abuse.

HOW

is SASC supporting?

SASC has made a significant investment that will underpin Hull Women's Network in its current and future activities. This in turn will help the broader work of the group of organisations to which Hull Women's Network is affiliated. The financing structure is designed to address the group's specific needs. It adds to the range of financing options that both HWN and, more broadly, SASC can use or deploy.

WHAT

Outcomes & Impact

Thanks to this investment, a larger number of women and children in challenging situations will have access to appropriate housing and the support services that the broader group of organisations offer. Access to safe, high quality housing enables Hull Women's Network to help women and their children break free from the start. This provides significant savings to the public purse on top of the obvious benefits to the women and children affected.

RESEARCH TELLS US THAT WOMEN FLEEING DOMESTIC VIOLENCE ARE KNOWN TO RETURN TO THE PERPETRATOR AN AVERAGE OF SEVEN TIMES BEFORE FINALLY BREAKING FREE FROM ABUSE. WITH ACCESS TO SAFE, HIGH QUALITY HOUSING, WE HELP THEM TO BREAK FREE FROM THE ABUSE THEY SUFFER FIRST TIME AND THIS INVESTMENT FROM SASC WILL GREATLY HELP OUR MISSION.

Lisa Hilder CEO

THE CORNERSTONE PARTNERSHIP

LOCATION: NATIONWIDE
WHO BENEFITS: ADOPTED
AND FOSTERED CHILDREN/
FAMILIES

Cornerstone is a social enterprise that aims to improve the lives of children and families who come into contact with the care system. It does this by speeding up the placement process and reducing the number of placements that break down. Beyond the impact this generates, it will also generate significant cost savings for the local authorities. Cornerstone has developed a new model of peer-led support in the areas of adoption and foster care recruitment. SASC has provided Cornerstone with a £500,000 loan to grow and expand its services.



WHY

Problem & Solution

Today there are 320,000 children in the UK on the edge of care. 70,000 children are being fostered or in residential care. Cornerstone was founded in 2014 by two experienced adoptive parents. Having themselves gone through the experience of adopting, they identified ways to improve the process of assessing, supporting and training adopters and foster carers. Cornerstone has developed a new model of service delivery which creates more stable and swifter placements, especially for children who are harder to place.

HOW

is SASC supporting?

SASC has provided Cornerstone with a £500,000 loan to support its growth. Cornerstone's services include adoption and foster care mentoring, therapeutic parenting training, 1:1 peer mentoring and a mix of online and face to face workshops. SASC's funding will allow Cornerstone to employ five additional staff members; roll out its existing services across the UK; and invest in emerging technology such as Virtual Reality to be used as a tool to support their mentoring programme. SASC is also working with Cornerstone to assess strategic opportunities in the marketplace.

WHAT

Outcomes & Impact

SASC's investment will help Cornerstone to continue improving outcomes for adoptive families and children; and to generate increased efficiencies for Local Authorities. Cornerstone's work will reduce the number of moves children make, the number of children that are placed a long way from home, and the number that are in residential care. Benefits to children will include improved educational achievement, better health, better job prospects, lower offending rates and lower substance abuse issues.

THE [MENTORS] ARE COMMITTED, KNOWLEDGEABLE [AND] SUPPORTIVE. THEIR SUPPORT HAS MEANT THIS PLACEMENT HAS CONTINUED. WITHOUT IT, IT WOULD NOT HAVE.

Hounslow adopter, mentoring

GIROSCOPE

LOCATION: HULL,
YORKSHIRE
WHO BENEFITS:
**VULNERABLE PEOPLE IN
NEED OF AFFORDABLE
HOUSING, LONG TERM
UNEMPLOYED**

Giroscope is an award winning housing charity based in West Hull. It renovates empty and derelict properties. Bringing these properties back into use provides affordable housing to those in need. The result is that for nearly 30 years, Giroscope has been helping to regenerate its local community by providing housing, employment and training.



GIROSCOPE

Turning empty houses into homes



WHY

Problem & Solution

The collapse of Hull's fishing industry left many parts of the city with low levels of owner occupation and a surplus of poorly maintained private rented housing. In 1985 a group of volunteers founded Giroscope in order to combat this housing crisis. Buying and renovating empty properties allows Giroscope to provide homes for those in need at an affordable rent. Housing renovation also allows Giroscope to run training and employment programmes. It uses these to work with a large number of volunteers, many of whom are at risk of social exclusion.

HOW

is SASC supporting?

SASC made a £250,000 investment from the Community Investment Fund in early 2016 to fund the purchase of three properties. Giroscope repaid this loan in August 2016. SASC has recently approved a second facility of £750,000, alongside a £250,000 grant from our partners Power to Change, to help Giroscope grow.

WHAT

Outcomes & Impact

Giroscope now provides housing for 264 people, which is a 20% increase since receiving the first investment from SASC. The charity has expanded its training and community services: in the last 12 months it has worked with over 200 volunteers. Giroscope has also been able to renovate its office headquarters, which now serves as a walk-in community hub for local people to access. SASC's second investment will provide homes for an additional 18-20 people and finance an exciting self-build project of four additional houses.

SASC'S INITIAL INVESTMENT WAS CRUCIAL AS WE RISKED LOSING THE COMMERCIAL PROPERTY. THE INVESTMENT PROCESS WAS RIGOROUS, BUT IT WAS ENJOYABLE, AND IT REALLY HELPED US UNDERSTAND OUR FIGURES. THE PROCESS WAS ALSO VERY FAST, WHICH ENABLED OUR PROJECT TO GO AHEAD - IT COULDN'T HAVE HAPPENED WITHOUT THEM.

Caroline Gore-Booth, Project Manager

HCT GROUP

LOCATION: NATIONWIDE
WHO BENEFITS: GENERAL
PUBLIC, COMMUNITY GROUPS
INCLUDING DISADVANTAGED
GROUPS

Over the past 35 years HCT Group has grown to become one of the largest social enterprises in the UK with a turnover of £60m and increasingly nationwide delivery of a range of transport and training services. In tandem with operating a commercially successful public transport business, HCT seeks to break down barriers for the most vulnerable and marginalised in society; providing community transport services to those who need them and enabling access to jobs and education services. Following an initial investment in 2015, SASC has increased its financing commitment fivefold in the most recent financing round which is designed to support substantial growth in activity and impact.



WHY

Problem & Solution

HCT Group was founded in 1982 as Hackney Community Transport to provide low cost minibuses to local community groups and transport for older and disabled people. Today the group competes in the commercial operator market providing a range of transport and training services. Looking forward, the introduction of the Bus Services Act in April 2017 which was supported by HCT Group is expected to open up substantial franchising opportunities across the UK and help change public transport to meet the needs of communities. On the back of a more favourable legislative environment and its recent success in winning new business, HCT Group is targetting to grow turnover to over £100m over the next five years – the recent take over Manchester Community Transport being an example of the opportunities to expand delivery and impact.

HOW

is SASC supporting?

In 2015 SASC made a £500,000 investment as part of a £10m financing round to fund HCT Group's scale-up. In 2018, SASC approved a further £2.05m (making it the second largest social investor in HCT Group) to an £18m capital raise supporting the organisation's continued growth.

WHAT

Outcomes & Impact

Public transport makes a big difference to people's lives – especially to those who are most deprived or vulnerable. HCT Group measures impact across a number of dimensions including passenger trips for disadvantaged and community groups; improved access to local facilities, friends and family; travel training and ability to travel independently; and job creation for disadvantaged groups. Over the next 5 years HCT Group is targetting growth in impact in line with commercial activity.

HCT GROUP IS COMMITTED TO A WHOLE PLACE APPROACH OF PROVIDING MOBILITY, WHERE WE CAN PUT PEOPLE AT THE HEART OF SERVICES. HAVING SOCIAL INVESTORS LIKE SASC WHO SHARE OUR VALUES, OUR COMMITMENT AND OUR VISION ARE CRITICAL IN THE DEVELOPMENT OF SERVICES FOR THE PUBLIC.

Dai Powell, HCT Group CEO

WHEATSHEAF TRUST

**LOCATION: HAMPSHIRE
AND SOUTH OF ENGLAND**
**WHO BENEFITS:
UNEMPLOYED PEOPLE**

The Wheatsheaf Trust is a charity based in Southampton. It provides support and employment services to adults and young people, as well as to more vulnerable groups such as refugees, ex-offenders, lone parents and people with disabilities. Wheatsheaf is a sub-contractor for the new Work and Health Programme in the areas of Hampshire and the Isle of Wight. SASC has provided a £300,000 loan to fund the working capital requirement that this project will create.



Wheatsheaf
Trust 

WHY

Problem & Solution

The Work and Health Programme (WHP) was launched in January 2018 to provide employment support, principally for those who are unemployed and have health conditions or disabilities.

The programme replaces the previous Work Programme and Work Choice schemes. It will target people who with specialist support are likely to be able to find work within 12 months. Given its strong track record of delivering successful employment outcomes, Wheatsheaf has been selected as a subcontractor to Pluss CIC, the social enterprise delivering the WHP in the South of England. Wheatsheaf is responsible for delivering around 10% of the overall South of England contract.

HOW

is SASC supporting?

The Department for Work and Pensions' Work and Health Programme contract combines both fee for service and payment by results elements, with the latter being larger. The Third Sector Investment Fund is providing a £300,000 loan to Wheatsheaf to cover the working capital requirements that arise as costs are taken on before income begins to flow. SASC has structured a cost effective and innovative facility which we believe is well suited to an organisation of Wheatsheaf's size and risk profile. The terms of the loan allow for SASC to share in some of the upside when the programme does well while providing some protection if it doesn't.

WHAT

Outcomes & Impact

Wheatsheaf has a strong track record of providing employment support to a broad range of individuals. Most staff have advanced training qualifications. One third of its advisors have come to Wheatsheaf in a vulnerable situation themselves. Employment Access Centres provide advice and one-to-one mentoring. Workshops and courses offer structured support including confidence building, technical skills and vocational courses. Most of the individuals referred under the WHP will be affected by a health problem or disability. Others will include ex-offenders, care leavers, service veterans and the long term unemployed. With investment from SASC, Wheatsheaf aims to work with over 4,000 job seekers over the 5 year contract to support them into sustained employment.

GAWCOTT FIELDS COMMUNITY SOLAR PROJECT

LOCATION: GAWCOTT,
BUCKINGHAMSHIRE

WHO BENEFITS: LOCAL
COMMUNITY/FAMILIES IN
FUEL POVERTY

Gawcott Fields Community Solar Project CIC was set up to generate energy from locally renewable sources and to support local community initiatives in Buckinghamshire. The Community Investment Fund has invested in a solar farm built at Gawcott Fields Farm, between Buckingham and Gawcott. Our investment forms part of an innovative funding package. This includes three elements in addition to the CIF investment. Santander has made a commercial loan. Our partner Power to Change provided a grant and there is community involvement through investment in retail bonds.



**GAWCOTT FIELDS
COMMUNITY
SOLAR**

WHY

Problem & Solution

Gawcott Fields Community Solar Project CIC owns a 4.17MW solar array which is expected to generate over 4 million kWh of renewable energy each year, and use its surplus income for the benefit of the local community. Today, Buckingham and surrounding areas spend almost £20m each year on energy, almost all of which leaves the local economy. The construction of the Gawcott solar farm was financed by a short term construction loan from the developer who built it. SASC was approached by Communities for Renewables, who manage the GFCS project, when they faced a financing gap in repaying the construction loan.

HOW

is SASC supporting?

SASC has supported GFCS by arranging an innovative bridge financing package which repaid the construction finance and allows GFCS flexibility to raise further community bonds to provide longterm funding for the project. The Community Investment Fund has provided £575,000 of junior debt to support the project alongside a £3m senior loan from Santander. This is the first time Santander has invested in a community owned energy project. GFCS has received a grant from our partner Power To Change which will be used to support and supplement the community benefit of the project, and has funded a portion of the £400,000 community bond raise.

WHAT

Outcomes & Impact

Surplus income that the Community Solar Farm generates over time (after operating and finance costs) will go to community organisations and projects in the local area. Over its thirty-year life, the project is expected to generate a total of around £2m of surplus for the community. For the first three years, half the surplus will be used to fund a program in the local area that helps people who are struggling with their energy bills. This program will be run by a Milton Keynes-based energy charity called the National Energy Foundation, in collaboration with the local Citizens Advice Bureau. The other half of the surplus will go to a fund that provides grants to local community organisations. The solar farm itself will power over 1,000 homes a year with green energy, and will reduce CO2 emissions by 50,000 tonnes over the life of the project.

OUR PORTFOLIO

HEART OF ENGLAND COMMUNITY ENERGY (HECE)

LOCATION: WARWICKSHIRE
WHO BENEFITS: LOCAL
COMMUNITY AND FAMILIES
IN FUEL POVERTY

Heart of England Community Energy is the UK's largest community energy company set up as a Community Benefit Society (BenCom). Its subsidiary CICs in Stratford-upon-Avon can power 4,500 homes a year. Its current manager, Mongoose Energy, aims to transfer the assets into local community ownership. Profits will then be reinvested into the local community via a Community Fund.



WHY

Problem & Solution

Mongoose Energy develops and manages community-owned power generation assets. It is itself majority owned by the UK's 10 largest community energy groups. Mongoose presented SASC with the opportunity to support the creation of the UK's largest community-owned solar generator. A key part of this proposal was creating a way to distribute surpluses for maximum impact.

HOW

is SASC supporting?

SASC provided £6.2m of 2 year bridge financing to acquire a group of solar farms from a large developer called Anesco. The intention is to refinance the debt with lower cost community shares and bonds that will be crowdfunded via the Mongoose platform. SASC has helped to support the largest community-owned solar generator in the UK. SASC has also played a catalytic role in setting up a mechanism for distributing millions of pounds in community benefit over the project's 20 year lifetime.

WHAT

Outcomes & Impact

As with other SASC investments in renewables, our investment will support fuel poverty initiatives; and will create a community grant fund for local organisations and projects. SASC is working closely with the BenCom directors and the Heart of England Community Foundation on the impact elements of this project. These include defining how the community fund is allocated; setting out key objectives for the local fuel poverty programme; identifying intended beneficiaries and how progress will be measured.

PLYMOUTH ENERGY COMMUNITY

LOCATION: PLYMOUTH, DEVON

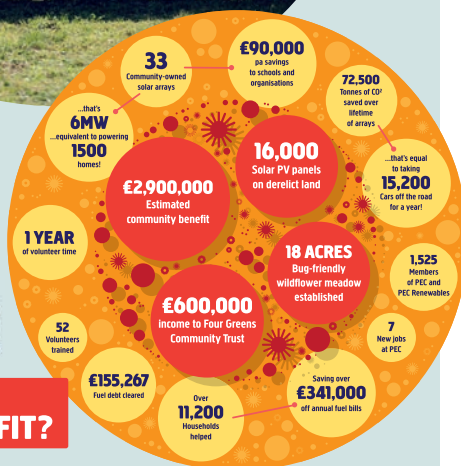
DATE OF INVESTMENT: SEPTEMBER 2016

Plymouth Energy Community (PEC) is an award winning Community Benefit Society. SASC provided a £610,000 loan to PEC from the Community Investment Fund. This repaid a construction loan and allowed the community to take ownership of the Ernesettle solar farm. PEC repaid the loan by raising over £1m in community shares.



Plymouth Energy
community

HOW DOES THE COMMUNITY BENEFIT?



2017 IMPACT DATA



£533,479

SAVED TO HOUSEHOLDS
AS A RESULT OF
PEC ACTIVITIES



3,700

TONNES
OF CO₂ SAVED

CASE STUDY:

THE PEC STORY

One in twelve Plymouth households (13.4%) lives in fuel poverty. This is above the UK average of 11%. Being in fuel poverty means that if a household heats its home to a comfortable temperature, its remaining income will put it below the official poverty line. For many people this means having to choose between a healthy, heated home and food on the table. Plymouth also has to contend with a housing stock that is relatively inefficient from an energy perspective.

With support from Plymouth City Council, local residents set up PEC in July 2013 to address fuel poverty and energy efficiency across the city. Since then, PEC has grown from an initial 100 founder member shareholders to include more than 1,300 individual and organisation members today.

PEC started out offering a simple switching and advice service. Today PEC offers affordable or free insulation and boiler schemes, a fuel debt advice service, a volunteering and training programme, a health service referral pilot and an Energy Team of trained advisors who provide home visits to those who need it most.

In 2014 PEC set up another Community Benefit Society called PEC Renewables to build community-owned renewable energy installations in Plymouth. It has installed 32 solar rooftop schemes on schools and public buildings and completed the Ernesettle ground mounted solar array which SASC invested in. So far, PEC Renewables has raised nearly £2.4m in community shares over three separate share offers.

PEC Renewables' community-owned installations bring several benefits. They allow investor members to receive a financial return. They provide low-cost clean energy and a valuable educational resource to the communities where the assets are located. And they contribute to a community benefit fund that will help to ensure a long life for PEC's core services.

PEC continues to be a leading innovator in the field of community energy. It is working with industry partners to develop new business models for the future as the national policy for renewable subsidies changes.

OUR PORTFOLIO

FAMILY ACTION



LOCATION: WEST MIDLANDS

DATE OF INVESTMENT: OCTOBER 2016

With origins that date back to 1869, Family Action is one of the UK's oldest charities. It has a reputation for innovation and works in the Early Years, Children and Families and Adult Mental Health sectors. In 2016 SASC provided a £700,000 investment from the Third Sector Investment Fund. This helped to finance the delivery of an innovative programme that Family Action had developed, called Safe Haven.

Safe Haven provided wraparound support to some of the most vulnerable young people in care in two neighbouring local authorities, Sandwell and Wolverhampton. Support included round-the-clock access to skilled and experienced staff, and to a local Safe Haven – a non-residential centre where the young people could receive help or run to in a crisis. The programme operated from August 2016 to August 2017 and supported a total of 30 young people between the ages of 11 and 17.

Safe Haven was commissioned on a payment by results basis. Although the programme operated for only 12 months, SASC's investment helped to generate positive social outcomes for the young people involved, which have been verified by two independent evaluations. It has also helped to gather a valuable body of new evidence about how such interventions can be beneficial for vulnerable children in care. From a financial standpoint, the programme delivered total local authority savings of £1,380,683. Of the 30 people referred to the programme, eight recorded a lower risk of going missing as a result of support worker intervention and twelve reported significant improvement in school attendance. 22 individuals were interviewed as part of the project – all reported progress in their lives in relation to rebuilding relationships including with their birth families.

IF IT WASN'T FOR SAFE HAVEN, I DON'T THINK I'D BE WHERE I AM NOW ... I'M A MUCH BETTER PERSON, I'M A LOT LESS, WHAT'S THAT WORD? IGNORANT. ... BEFORE I HAD NO SUPPORT. AND I THINK IT'S BECAUSE I'VE GOT THE SUPPORT AND I KNOW THAT PEOPLE CARE I THINK IT'S MAKING ME MORE OF A HAPPY PERSON

Young person accessing Safe Haven support

2017 IMPACT DATA



£1.38m

**PUBLIC SAVINGS
GENERATED**



100%

**YOUNG PEOPLE INTERVIEWED
REPORTED POSITIVE PROGRESS
IN REBUILDING RELATIONSHIPS**

HARROGATE SKILLS 4 LIVING CENTRE

LOCATION: HARROGATE, YORKSHIRE

**DATE OF INVESTMENTS: AUGUST 2014
AND JUNE 2016**

Harrogate Skills 4 Living Centre (HS4LC) is a charity that works with adults with learning disabilities in Harrogate. It provides quality care and essential lifelong skills such as communication and problem solving to over 100 adults. In 2014 and 2016 SASC made two loans totalling £785,000 from the Community Investment Fund. The first of these was SASC's first ever investment. These two loans helped the charity buy two residential care homes. Until then it had offered only day care services. The move to include residential care was a natural extension of HS4LC's activities. In December 2017, HS4LC was able to repay SASC's loan by refinancing it with a commercial lender. This development shows how much more economically robust the charity has become since SASC first became involved.

SASC's investments have had a big impact on HS4LC and its beneficiaries over the last three and a half years. The loans have helped HS4LC diversify its income streams and increase its impact through ownership of two care homes. Using social investment has enabled HS4LC to protect and improve the quality of life for 26 adults with learning disabilities in residential care.

Expanding to become a care home owner and manager has generated additional surpluses for HS4LC. This has boosted the charity's reserves. It is now able to reinvest some of the additional income into improving services and facilities. HS4LC redecorated its day centre, added a sensory room for autistic clients in one of the care homes and refurbished a number of client rooms to better reflect personal preferences. These improvements have led to a better quality of life for students and residents. From a staffing perspective, the investment protected the jobs of 35 people and facilitated the creation of four new additional posts. One of these is a supported employment and job coach. This is a new and exciting area for HS4LC and its clients.

HS4LC
Harrogate Skills 4 Living Centre

2017 IMPACT DATA



100

**INDIVIDUAL
LIVELIHOODS IMPROVED**



5x

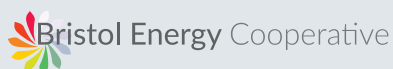
**INCREASE IN
RESERVES**



BRISTOL ENERGY COOPERATIVE

LOCATION: BRISTOL, SOUTH WEST
WHO BENEFITS: LOCAL COMMUNITY, FAMILIES & INDIVIDUALS IN FUEL POVERTY
DATE OF INVESTMENT: MAY 2016

Bristol Energy Cooperative (BEC) is a community-owned energy cooperative, growing Greater Bristol's local green energy supply and making the benefits available to all. SASC invested £800,000 from the Community Investment Fund alongside a grant from Power to Change to support the development of a solar farm in the Lawrence Weston area, a community facing multiple indicators of deprivation. Over the last 12 months the solar farm has generated enough electricity to power 1,000 homes. The project has also begun to generate surpluses which will be invested back into the Lawrence West Community via local community organisation Ambition Lawrence Weston and to fund other fuel poverty initiatives in the Bristol area from May 2018. Ambition Lawrence Weston has a strong track record of improving livelihoods for its residents. It has developed services and programmes to improve access to employment, community planning and engagement and is working on a new affordable homes scheme.



2017 IMPACT DATA



1000

HOMES POWERED BY
RENEWABLE ENERGY



£155K

GRANT LEVERAGED FOR
COMMUNITY USE



RESILIENT ENERGY MOUNTENEYS RENEWABLES

LOCATION: KINGSWOOD, GLOUCESTERSHIRE
WHO BENEFITS: LOCAL COMMUNITY, FAMILIES & INDIVIDUALS IN FUEL POVERTY
DATE OF INVESTMENT: OCTOBER 2016

At the end of 2016, SASC provided a £1.6m loan from the Community Investment Fund to a community benefit society called Resilient Energy Mounteneys Renewables (REMR). The loan financed the construction and installation of two wind turbines. REMR's turbines were built to deliver renewable energy and community benefits to the residents of Kingswood, Hillesley and Wickwar in Gloucestershire. They began generating energy in April 2017.

REMR will put the surplus generated from the energy assets into a community benefit plan. The plan will focus on community resilience and on fuel poverty initiatives. In the first 12 months of operating the turbines, REMR will have donated £13,500 to the Community Resilience Fund. REMR's Directors are in the process of putting together a local advisory panel to help choose which projects the fund should support. REMR's turbines will also have also saved 850 tonnes of CO2 emissions in their first year of operating; and have provided employment for 10 local contractors.



RESILIENT ENERGY
Mounteneys Renewables Ltd
TWO COMMUNITY WIND TURBINES

2017 IMPACT DATA



£13,500

TO THE
LOCAL COMMUNITY



850

TONNES
OF CO2 SAVED



STOREROOM2010

LOCATION: ISLE OF WIGHT
WHO BENEFITS: LOCAL COMMUNITY,
LOW INCOME FAMILIES, LONG TERM
UNEMPLOYED

DATE OF INVESTMENT: JULY 2016

Storeroom2010 sells furniture and household goods donated by the public. Last year the charity sold 15,000 items that helped deprived families on the Isle of Wight furnish their homes. In 2016 a loan of £360,000 from the Community Investment Fund, combined with a Power to Change grant of £80,000, allowed Storeroom2010 to buy the warehouse where it stores and sells furniture. This was a key move forward in an area that has few buildings suitable for such use. In 2017, Storeroom Education, a subsidiary offering education and training, also provided free or low cost accredited vocational training courses to 240 individuals (up from 221 in the previous year). These courses helped improve skills and employment prospects. Across both activities Storeroom has created dozens of volunteering opportunities for the local community.



2017 IMPACT DATA



179,581

KGS SAVED
FROM LANDFILL



240

INDIVIDUALS
TRAINED



CASE STUDY:

STEWART KEY (APPRENTICE)

Stewart joined Storeroom2010 as a volunteer in 2015. Storeroom Education went on to offer him training. Over a relatively short period of time, Stewart has now acquired two qualifications: NOCN Level 1 Health and Safety in Construction and NOCN Level 1 Carpentry & Joinery in Construction. He is working towards NOCN Level 2 in Carpentry & Joinery in Construction. Stewart has shown he can work on complex projects and has an ability to plan and design on-site works. His efforts and dedication to supporting charity and social enterprise projects at Storeroom Education are second to none.

Continued good progress saw Stewart start training as a Teaching Assistant. He has now begun his first paid job in two years with an activity workshop in furniture restoration and recycling. This includes drop in sessions that learners can take part in. Stewart has also now completed his Award in Education and Teaching. Being trained in NOCN approved courses allows him to provide accredited courses. Stewart is hard working and dedicated. Storeroom Education's long term plan is to develop Stewart into a tutor and integrate him as a fully established member of the teaching team.

Alongside his paid job, Stewart continues to volunteer at Storeroom2010.



LOCATION: EXETER, DEVON
WHO BENEFITS: ADULTS AND CHILDREN
WITH HEARING LOSS AND HEARING
IMPAIRMENT

DATE OF INVESTMENT: AUGUST 2015

Based in Exeter, Chime CIC spun out of the NHS in 2011 as an independent social enterprise. Today the organisation runs dedicated hearing clinics for adults and children across 15 locations throughout Devon. It sees 30,000 patients a year. In 2015 SASC made a £170,000 loan from the Community Investment Fund. This paid for a leasehold property in Exeter city centre to be fitted out with five new treatment rooms. Over the last 12 months, Chime has continued to benefit from this high street presence. It was able to see an additional 2,500 patients at the Chime Hearing Centre in Exeter, many of whom were previously on waiting lists. The quality of care at Chime is high with consistently positive patient feedback. Chime recently opened a walk-in repair clinic at the centre to help more patients. It is also managing a government funded Veterans Hearing Fund, dedicated to supporting veterans who acquired hearing loss during military service. The fund is open to those facing needs that statutory services cannot meet. Chime has maintained the three new job posts created at the Hearing Centre and strengthened its relationship with hearing aid provider Phonak, giving the social enterprise the opportunity to set a new standard in high street hearing services.



2017 IMPACT DATA



2,500

NEW PATIENTS
TREATED



3

ADDITIONAL JOBS
CREATED



LOCATION: BURNLEY, LANCASHIRE
WHO BENEFITS: UNEMPLOYED PEOPLE,
INCLUDING MORE VULNERABLE
INDIVIDUALS

DATE OF INVESTMENT: OCTOBER 2015

The Community Investment Fund provided Spacious Place Contact (SPC) with a £1.5m loan alongside a £500,000 grant from Power to Change. This funded the purchase of Slater Terrace, a grade II listed former cotton mill in Burnley. The purchase enabled SPC to create a place of employment and training for disadvantaged people. In 2017 SPC moved away from acting as an employer of vulnerable individuals. It now focuses on pre-employment engagement and workplace support for employees in private companies, particularly in the call centre sector. This shift in delivery model allows SPC to deploy its strong engagement and support skills without having to take undue commercial risks. As part of this process, and as flagged in the lessons learned section, SPC has decoupled from its joint venture with Intelling, its former private sector partner. Intelling took over employment of all SPC's call centre employees and remains a key tenant at Slater Terrace. From its side SASC has amended existing facilities and provided additional capital to give SPC the time and space to develop its high impact model of support.



2017 IMPACT DATA



30

INDIVIDUALS HELPED INTO
FULL TIME EMPLOYMENT



7

MANAGERS RECEIVED
WORK PLACE TRAINING



2017 IMPACT DATA



53

**AFFORDABLE
CHILDCARE PLACES
CREATED**



42%

**CHILDREN RECEIVING
EARLY EDUCATION
FUNDING**

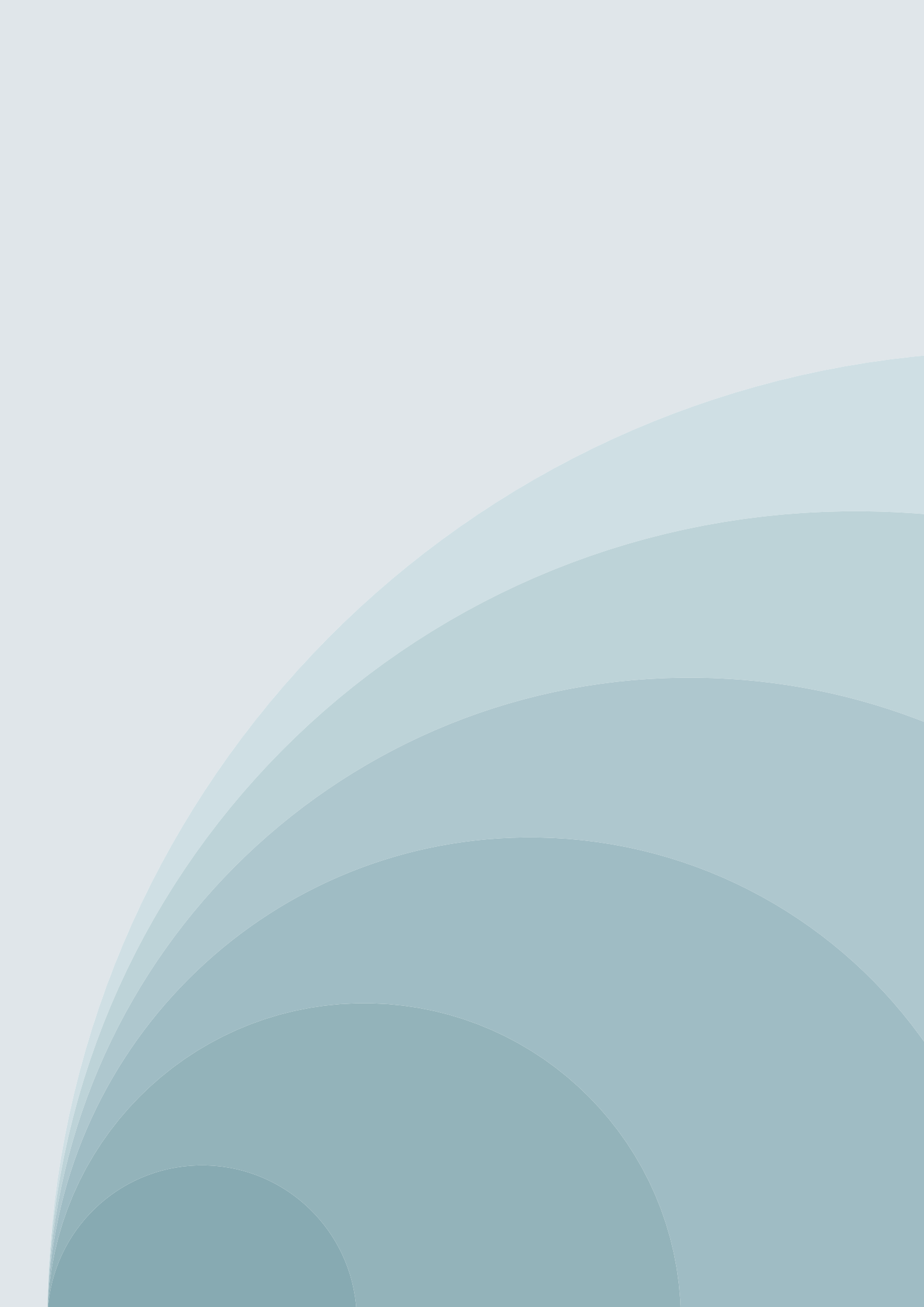
CHILD DYNAMIX

LOCATION: HULL, YORKSHIRE

**WHO BENEFITS: CHILDREN & LOW
INCOME FAMILIES**

DATE OF INVESTMENT: JULY 2016

The Community Investment Fund provided a £260,000 loan alongside a £80,000 grant from Power to Change. This enabled Child Dynamix to buy and refurbish a new 53-place nursery in Hull. The Boulevard nursery opened in the Autumn of 2016. Since then it has steadily increased occupancy towards the levels seen at the other two nurseries that Child Dynamix operates in Hull. To put this in context, children at Boulevard speak 14 different languages, compared with 3-4 in the other two settings. Boulevard's more diverse community creates an extra challenge. So, too, does the implementation of the government's 30 hours of free childcare policy. Child Dynamix's nurseries form part of a much broader provision of support to children and young people growing up in challenging and difficult circumstances in Hull and Humberside. Overall, Child Dynamix works with 6,000 individuals every year.



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