

**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:*



*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*

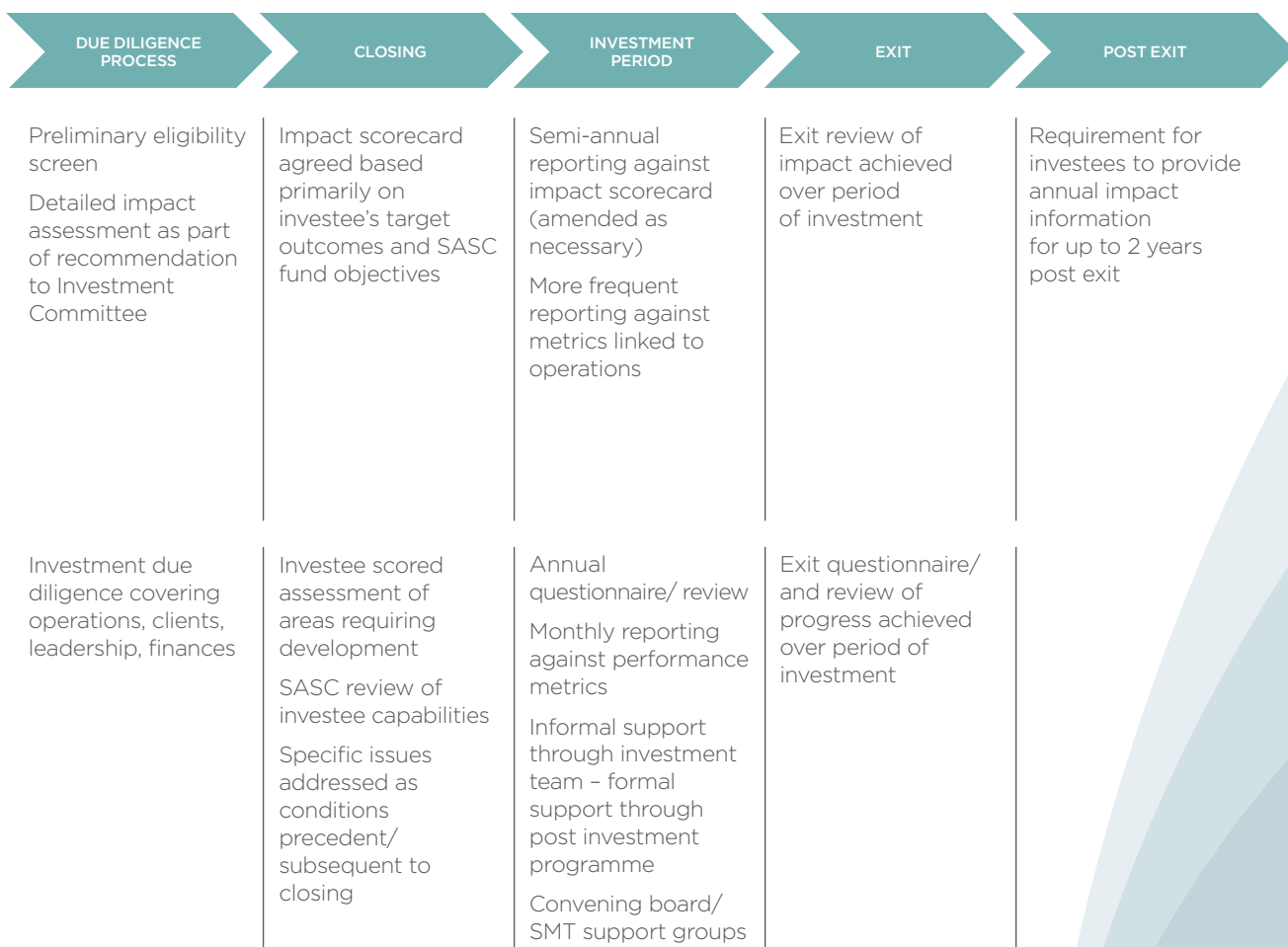
Access Reach Fund is an investment readiness grant programme. Its funding of £4m over two years comes from Access - The Foundation for Social Investment. Access was set up in 2015 to make it easier for social sector organisations to access social investment and to take on repayable finance. SASC is an "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.



## SOCIAL IMPACT ASSESSMENT PROCESS

# 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

# 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?

# 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

### 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