SASC

SOCIAL and SUSTAINABLE CAPITAL

Impact Report 2019

Building on experience

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

Better Society 2018 AWARDS
WINNER
ASSET MANAGER OF THE YEAR

SASC

SOCIAL and
SUSTAINABLE CAPITAL

DEAR FRIENDS...

IN SHARING SOCIAL AND SUSTAINABLE CAPITAL'S THIRD IMPACT REPORT WE ARE DELIGHTED TO HAVE THE OPPORTUNITY TO UPDATE YOU ON OUR WORK OVER THE LAST 12 MONTHS, AND TO BE ABLE TO STEP BACK AND OFFER A PERSPECTIVE ON OUR FIRST 5 YEARS OF INVESTMENT ACTIVITY.

Over the last year, our investment activity has continued apace. We have seen the charities and social enterprises that we support thrive. Where there have been challenges, it has been an opportunity to learn new lessons. The pages that follow will describe this in more detail.

We also introduce our recently launched fund, Social and Sustainable Housing (page 10). We believe this is a ground breaking initiative. It reflects our interactions over the years with both investors and investees. We are excited by the support the fund has received, and delighted to have announced our first close last month, with over £26m of commitments.

Thanks to the Social Investment Business, Big Society Capital, and Santander, since 2014 we have been able to deploy over £30m to 23 inspiring organisations. We have learned a huge amount on that journey, including what it really takes to be an "invested social investor" (a challenge also set for us by our guest contributor on page 17). We continue to adjust our model to enhance our investment process - being more thoughtful about post-investment support has been one important aspect of this.

Looking back, a significant turning point for SASC came when, rather than just hearing what potential investees were telling us, we really started to listen. In 2017, this resulted in the successful relaunch of The Third Sector Loan Fund.

In 2018, working directly with a charity and a blank piece of paper allowed us to co-design an innovative social investment structure. Being creative and flexible led to the launch of Social and Sustainable Housing.

For those working day to day in the field, it is easy to forget what a new activity social investment is. Grant making in a systematic way was already a feature of the late 19th century, and venture capital investment took off over 70 years ago. Social investment, by contrast, has only been around for just over fifteen years.

When we look at the world before social investment, we see an essentially binary picture. Investors (including those who were stewards of philanthropists' capital) demanded commercial returns, ignored impact and often invested in organisations responsible for significant harm.

Philanthropists, on the other hand, gave grants that accepted 100% loss of capital in return for impact. The gap between these two extremes was an empty space that no one spent much time thinking about. It was into this gap that SASC launched its first two funds in 2014.

Five years on, a more nuanced menu of investing alternatives is beginning to fill this space. The menu is sometimes referred to as the "Spectrum of Capital," a concept used by both the global-scale Impact Management Project and Big Society Capital.

While developing Social and Sustainable Housing, we considered where to position the fund on this spectrum. We had to think carefully about the appropriate allocation of risk between investor and investee, and the trade-off inherent in that decision.

Two drivers guided us. We wanted to help small and medium sized charities and social enterprises become more sustainable and increase their impact. And we needed to be attractive to investors pursuing both financial and impact returns.

The launch of Social and Sustainable Housing helps us define more clearly our positioning on the "Spectrum of Capital" and reinforce an ever stronger commitment to our mission.

2018/19 has been a transformative year for SASC. We invite you to read on......

NAT SLOANE,
BOARD CHAIR

BENJAMIN RICK,
CO-FOUNDER AND
MANAGING DIRECTOR

EXECUTIVE SUMMARY

Reflecting on the last 12 months, it feels like we are entering a new phase in the development of Social and Sustainable Capital. Our first two funds – the Community Investment Fund (CIF) and the Third Sector Investment Fund (TSIF) – have invested over £30m in 23 ambitious organisations. In 2019 we have drawn on our experience to launch a new fund – Social and Sustainable Housing (SASH). We have continued to refine what it means to be customer-led. We have built relationships with an expanding group of investors. Some of them are new to social investment, but all support our ambition: we aim to play a role in creating a social investment market that is diverse, sustainable and above all impact-led.

The reason we exist is to provide funding that helps social sector organisations grow their social impact. 6 new organisations joined our portfolio over the last year. We are delighted to have made our first investment in Scotland, working with Homes for Good in Glasgow. The map on page 20 shows that we have also expanded our coverage in England. In Nottingham we worked with Futures to support a payment by results contract. Resilient Energy Alvington Court Renewables, based in the Forest of Dean, is a new community energy investment. Caring for Communities and People (CCP) is based in Cheltenham. Our loan to CCP was the third time we have used our innovative 'Whole Property Finance' structure. This new loan is focussed on housing for vulnerable young people. Two inspiring organisations working nationwide, Five Lamps and Brook, also joined our portfolio last year.

We have now funded a total of 23 organisations across a wide range of sectors and geographies. The perspective this has given us played an essential role in helping us to develop Social and Sustainable Housing, which is described in more detail on pages 10-12.

We have learned what it means in practice to be customer-led as a social investor

During the last 12 months, the organisations that were already in our portfolio have made good progress. Some have of course faced operational challenges. In those cases, we believe our partnership approach has helped to deliver effective post-investment support.

The support can take different forms. We have provided investees with more intensive direct support through our own expanded team; implemented a peer-to-peer networking programme for our portfolio CEOs; and worked with a network of partners to provide specialist support. Funding from the Connect Fund and Power to Change allowed us to pilot a programme of post-investment support tailored to the needs of 6 of our investees.

SASC continues to explore ways to keep providing this support, whilst carefully considering the lessons that can be learned from our work so far. Craig Dearden-Phillips sets us some additional challenges on the topic in his article on page 17.

Organisations that fully repay their loans become portfolio alumni. Chime, a successful social enterprise located in Exeter, became the fourth member of this group during the year. We also made a follow-on investment in the Cornerstone Partnership. This shows how committed we are to supporting innovation that puts impact first. On pages 14-15 we discuss in more detail our thoughts about the kind of funding that innovation of this sort needs.

We continue to believe that the knowledge, experience and relationships of locally rooted organisations are key to driving transformational impact for people from disadvantaged backgrounds

Our first 5 years have seen us work with a growing and increasingly diverse group of organisations. This process has given us many insights and lessons. We believe we are here to help transform both scale and quality of impact for people from disadvantaged backgrounds. One key insight is that the knowledge, experience and relationships of locally rooted organisations play a vital role. Combined with our open approach and broad geographic reach, this belief lies behind the way we have designed our new fund.

We believe Social and Sustainable Housing breaks new ground in social investment. The UK needs alternative housing solutions. Our goal is to help 30 small to medium sized organisations provide safe, stable and appropriate housing for around 10,000 vulnerable people. Most of them need additional support as well as a decent place to live. This venture is designed to help that happen, by backing organisations in a new and creative way. Part of the process will also be to develop an impact framework that will be useful for SASC, for the organisations backed by the fund, and for the sector as a whole.

This year marks an important milestone in the SASC journey. We would like to thank all our portfolio CEOs and their teams who continue to inspire and motivate us to be better social investors, and to all our supporters who are on this journey with us. We look forward to an exciting and busy year ahead.

SOCIAL & SUSTAINABLE CAPITAL

about us

In last year's Impact Report we outlined our mission, the target organisations we seek to work with and the outcomes we aspire to achieve. In the past twelve months we have sought to refine these statements and to ensure that the way we work is aligned to our objectives – as the organisations we support do as a matter of course. Below we have summarised our mission and vision in a more succinct way and have articulated the values which guide our activity. As always we welcome feedback on these statements.

OUR VISION AND MISSION STATEMENT:

Finance for good – funding organisations that support communities and improve people's lives

OUR VALUES:

1 *We Care*

Putting social impact at the heart of everything we do

2 *We Listen*

The only way we know to design effective solutions

3 *We Persevere*

Because that's what it takes to do it right

OUR FUNDS

Our funds aim to improve the wellbeing of individuals, families, groups and communities. We focus 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 three funds: the Community Investment Fund, the Third Sector Investment Fund and Social and Sustainable Housing.

COMMUNITY INVESTMENT FUND

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 £2 million.

Over the past year CIF has made a further two investments.

THIRD SECTOR INVESTMENT FUND

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

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

TSIF 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.

SOCIAL AND SUSTAINABLE HOUSING

ENABLING SMALL TO MEDIUM SIZED CHARITIES ACROSS THE UK TO PURCHASE HOUSING TO COMPLEMENT THEIR SUPPORT FOR VULNERABLE PEOPLE

Social and Sustainable Housing (SASH) was launched in May 2019 to provide 10-year loans to small and medium sized charities across the UK, looking to purchase housing to support the vulnerable people they serve.

SASH was co-designed with borrower charities whose work with vulnerable people was being hampered through lack of access to safe, stable and appropriate homes.

SASH offers loans between £2m and £5m to not-for-profit organisations with experience of managing housing for their vulnerable beneficiaries. We expect to make up to 10 loans in the next 12 months.

GOOD HOMES MAKE EVERYTHING POSSIBLE. HAVING A SAFE, SECURE PLACE TO CALL HOME CREATES STABILITY IN EMPLOYMENT, MENTAL HEALTH AND WELLBEING.

Network Homes

OUR FUNDING PARTNERS

Our partners play a key role in what we do. Over the last 12 months they have helped us 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.

COMMUNITY INVESTMENT FUND

COMMUNITY INVESTMENT FUND

FUNDING PARTNERS:

Big Society Capital – Transforming social investment

Social Investment Business

GRANT PARTNER:

power to change – business in community hands

THIRD SECTOR INVESTMENT FUND

THIRD SECTOR INVESTMENT FUND

FUNDING PARTNERS:

Big Society Capital – Transforming social investment

Social Investment Business

Santander

SOCIAL AND SUSTAINABLE HOUSING

SASH – SOCIAL and SUSTAINABLE HOUSING

FUNDING PARTNERS:

Big Society Capital – Transforming social investment

CCLA – GOOD INVESTMENT

Garfield Weston FOUNDATION

Esmée Fairbairn FOUNDATION

Social Investment Business

the Tudor trust

ADLIB FOUNDATION

Barrow Cadbury Trust

CITY OF LONDON

power to change – business in community hands

Trust for London – Tackling poverty and inequality

THE UNIVERSITY of EDINBURGH

SOCIAL AND SUSTAINABLE HOUSING

IN MAY, SASC WAS DELIGHTED TO ANNOUNCE THE LAUNCH OF SOCIAL AND SUSTAINABLE HOUSING WITH £26M OF COMMITMENTS FROM 19 INVESTORS. THE FUND AIMS TO SUPPORT 30 ORGANISATIONS TO HOUSE 10,000 VULNERABLE PEOPLE OVER THE NEXT 10 YEARS. IN THIS SECTION WE DISCUSS HOW THE FUND CAME INTO BEING AND OUR PLANS FOR THE FUTURE.

HOUSING – A PROBLEM FOR CHARITIES

Since SASC launched its first two funds in 2014 we have met dozens of great charities and social enterprises that faced a common problem: a lack of access to safe, high quality housing for the vulnerable people they support. These include adults with learning difficulties, people with drug and alcohol problems or mental health issues, children leaving care, ex-offenders, refugees and victims of domestic violence.

Many of the organisations had thought about buying property, but decided that traditional mortgages were not a realistic option. For some it was a challenge to find the deposit (typically 30% of a property's purchase cost). Others were concerned about the risks. For many it was both. Often they ended up relying on the private rental sector. But finding landlords with high quality properties who were prepared to accept society's most vulnerable was challenging. This predicament always left us frustrated.

Then a meeting in 2017 with Lisa Hilder, trustee of Hull Women's Network (HWN), made us focus on finding a better way. For 14 years, this dynamic charity had been supporting women fleeing domestic violence. Statistics show that women return to their abusers on average seven times before they finally break free. HWN had found that if a woman had access to safe, stable and appropriate housing, she would leave on her first attempt and never return.

HWN had built up a portfolio of 99 houses. It leased some of them from private landlords and owned others thanks to grants it had received to bring empty homes in Hull back into use.

But HWN had almost 200 women on their waiting list, some suffering violence on a daily basis. The story of Social and Sustainable Housing (SASH) started in that meeting as we discussed with Lisa the best way to address HWN's housing challenge.

RECOGNISING THE NEED FOR CO-DESIGN

Our first proposal to HWN was that SASC would provide mortgages for the full amount required to purchase more homes. We thought this was an unbeatable offer because it removed the need for a deposit. But HWN turned us down. They were concerned about committing to fixed loan repayments and the unpredictability of house prices. Add in the uncertainty around housing benefit and a traditional mortgage loan structure just felt too risky to HWN.

THE SOLUTION: CO-DESIGNED WITH CHARITIES FOR CHARITIES

Our fund absorbs the risks associated with property ownership

This allows partner charities otherwise constrained regarding property, to deliver quality, long-term services in safe, stable, and appropriate housing

Vulnerable individuals benefit from a stable home alongside their support

Lisa's response was a turning point. With residential housing as the underlying asset, we saw an opportunity to co-design a product that would work for both investees and investors. The SASC team caught the train back to Hull and began discussing this in detail with Lisa. We returned only after agreeing a structure that we believed worked for all involved.

THE SOLUTION – IMPACT LED

The new loan to HWN covered the entire cost of purchasing the new housing, including the properties themselves, renovation, adaptation, and professional fees. Since internal capacity is often an issue for charities and social enterprises, the loan also funded a member of staff to manage the roll out of the new activity.

The key innovation in the new structure is the way risk is shared. Instead of making fixed repayments, HWN passes on the net rent it receives after deducting property management costs. These costs include ongoing repairs, maintenance and insurance. This payment structure insulates HWN from risks such as voids, reductions in housing benefit or the non-payment of rent.

HWN purchased 33 additional houses with the funding made available by SASC. Over a ten year period, these houses will allow more than 300 women and children to flee violent relationships.

MAXIMISING OUR IMPACT – CREATING A NEW HOUSING FUND

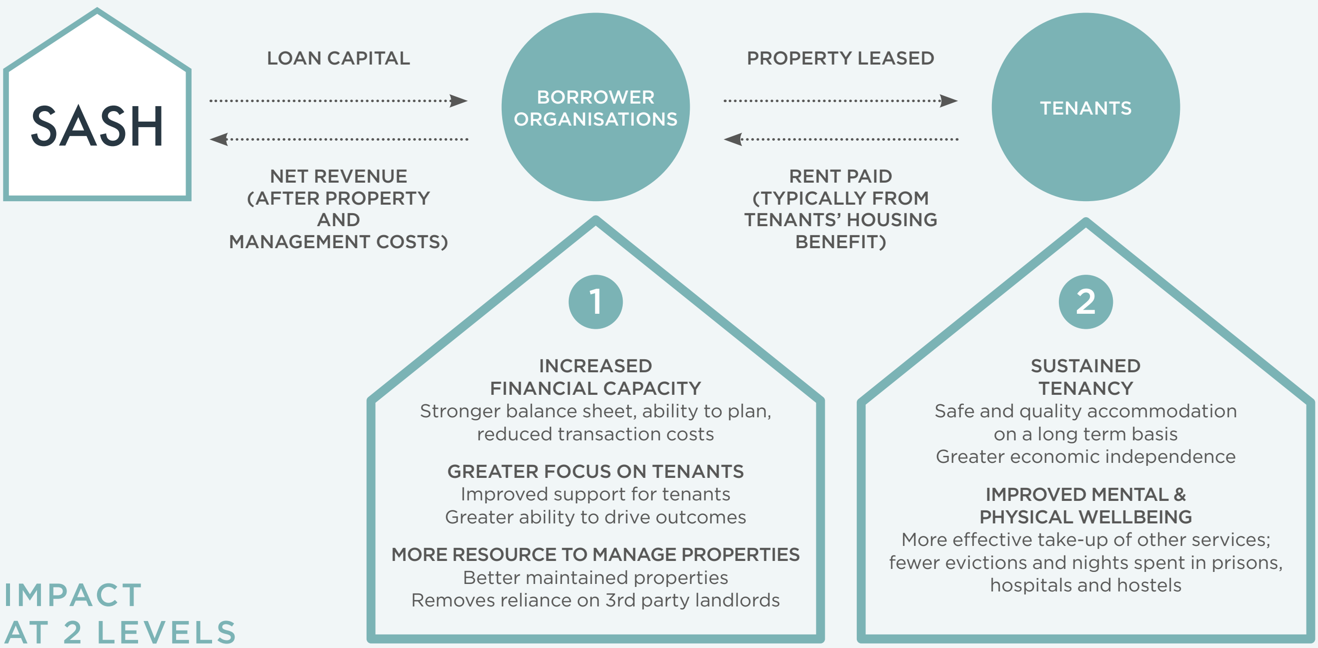
Our experience with HWN, and then with Homes for Good (based in Glasgow) and Caring for Communities and People (based in Cheltenham), led us to see the potential for a fund dedicated to loans like this.

Social and Sustainable Housing (SASH) reflects our desire to put the control of housing in the hands of exceptional charities and social enterprises across the UK. Control will enhance the quality of support they can offer to vulnerable tenants.

SASH received an overwhelmingly positive response from a wide range of funders, and we are very grateful to those who led the way at the very earliest stage.

These investors' desire to see innovation in social investment gave our efforts a significant boost. It provided a powerful endorsement for others, some of whom were new to the sector. As we move into the next phase of SASH, we would like to pay tribute to the vital role played by these early adopters.

A critical part of the design of SASH has been to recognise the different ways that borrowers and investors think about property. A small to medium sized charity that works with vulnerable people may recognise that lack of control over housing can limit their ability to provide support to its service users. But buying property may seem either too risky or simply out of reach.



IMPACT AT 2 LEVELS

BORROWERS

More than 1000 charities provide accommodation-based support but struggle to find housing for their beneficiaries

What we look for

- SMALL TO MEDIUM SIZED ORGANISATIONS
- DEMONSTRABLE SOCIAL IMPACT
- CLEAR AND EFFECTIVE LEADERSHIP AND GOVERNANCE
- STEADY FINANCES
- EXPERIENCE OF MANAGING PROPERTY

- YOUNG PEOPLE LEAVING CARE
- EX-OFFENDERS
- DOMESTIC VIOLENCE
- REFUGEES
- ADDICTION AND MENTAL HEALTH
- PEOPLE WITH DISABILITIES

Sectors of focus

Investors welcomed our decision to focus on small to medium sized, locally rooted charities and social enterprises. Organisations with deep local knowledge see it as a priority to be able to buy homes in areas that they identify as appropriate for their beneficiaries. Homes in the right locations can prevent vulnerable clients feeling isolated, and so magnify the impact of the support provided.

By supporting property ownership as opposed to rental, SASH seeks to build each charity's asset base and its ability to plan for the long term. The fund offers organisations a 15% discount to market value after ten years. This is designed to help borrowers re-finance and retain ownership for the long term, thus increasing the chances that properties will remain in the sector beyond the life of the fund.

In delivering this new fund, we would like to see a number of key outcomes:

1. Small and medium sized charities and social enterprises getting stronger and becoming key players in the delivery of housing for vulnerable people;
2. 1,000 additional homes made available to deliver safe, stable and appropriate housing for vulnerable people over the long term;
3. Increased understanding of how secure access to housing helps to deliver long term social outcomes;
4. A new precedent for further social investment funds.

AHEAD...

We are very encouraged by the response to date – Social and Sustainable Housing has clearly struck a chord with both investors and investees.

SASH shows that an impact-led approach can mobilise a wide group of investors to support effective charities and social enterprises. These organisations would struggle to grow if they only had access to traditional kinds of finance. We hope SASH will influence the way the sector approaches social investment more broadly.

First close was a significant milestone. We are now working hard with inspiring charities and social enterprises across the UK to deliver housing for vulnerable people.

We would like to thank all those who have contributed to our work so far and look forward to working with others in the future.

THE LESSONS

we have learned

HOW CAN SOCIAL INVESTMENT FUND INNOVATION?

Most people who are involved in social investment would agree that it should be funding innovations that will improve the lives of disadvantaged people and communities. But what do they mean by the word "innovation"? At one end of the spectrum "innovation" might mean doing something that is tried and tested, but making small changes to improve results. At the other end, it might mean creating something that is completely new. This could be a new intervention or a new organisation. Sometimes it involves both at the same time.

Projects that are completely new are often the most exciting. The social entrepreneurs who champion them are typically inspiring. They and their projects hold the promise of making the greatest change to the world and therefore having the biggest social impact. Since that is the reason why most organisations (the people and the money) are in social investment in the first place, it is easy to see why such projects are tempting for social investors.

But something else also applies to projects that are completely new. Not only do they offer the potential for the highest impact, they also involve the highest degree of financial risk. Innovative social investment projects that aren't successful may result in a total financial loss for investors. Good social intentions may not always lead to good financial outcomes. If this is not well understood, there is a risk that a few bad experiences could poison the well.

The conventional world of for-profit investing has a simple way to fund risky innovation. Investors know they will back some losers. They often expect a higher proportion to fail than to succeed. But big wins on a few investments more than offset a larger number of losers. If investors put their eggs in more than one basket by buying shares in several for-profit companies, they can end up with a rate of return on their investments as a whole that reflects the risk they have taken. This means making a profit that is many times the initial sum invested.

SASC believes it is dangerous to assume that this model transfers easily to social investment. For one thing, most organisations in the social investment arena (for example charities and companies limited by guarantee) have no mechanism to generate private gain through joint ownership with investors. They have non-profit legal structures and cannot issue shares. Creative ways can be found for such organisations to pay a financial high return despite these restrictions. The term "quasi-equity" is sometimes used to denote these instruments. But SASC believes this approach misses an important point.

SASC's view is that social investment exists to back organisations that are driven by impact so that they can become financially sustainable. It is unlikely that an approach to running a business that is focussed on impact will be compatible with generating the kind of very high financial returns that make the for-profit model of investing in innovation work.

This issue runs into a bigger question that hangs over the whole field of "impact" and "social" investment. The bigger question is: Do you believe there is a trade-off between impact and financial returns? SASC's view is that at the "more social" end of the spectrum, there both is and should be a trade-off. Truly social organisations that really want to maximise their impact are both likely to, and should be helped by social investors to, favour impact over maximising financial returns.

Such an approach has important consequences. It means that social investors who want to fund risky innovations by non-profit organisations face some harsh but simple arithmetic. With no prospect of any big financial wins to offset the inevitable financial losers, social investors have a choice.

Either they believe they can avoid all the financial losers. That means defying the laws of financial gravity. Or they can decide to accept the laws of financial gravity. In that case, they must accept that across a basket of riskier investments they will likely not get back all the capital they invested.

Funding true social innovation requires a specific kind of social investor – one that feels that the potential for impact, or social return, offsets the prospect of weaker financial returns or losses.

At SASC we see our fair share of the sort of risky start-up social investment opportunities being described here. In a few cases we have been able to convince ourselves that we can pick a winner, and we have invested, believing that we can generate a financial return that is commensurate with the level of risk. What we have found is that the laws of financial gravity apply to us as well. Backing innovation creates the need for a lot of extra inputs, both financial and human. We have been building up a network of partners who we can work with in these situations where appropriate. Lesson 2 in this report goes into more detail on this topic.

FUNDING TRUE SOCIAL INNOVATION REQUIRES A SPECIFIC KIND OF SOCIAL INVESTOR – ONE THAT FEELS THAT THE POTENTIAL FOR IMPACT, OR SOCIAL RETURN, OFFSETS THE PROSPECT OF WEAKER FINANCIAL RETURNS, OR LOSSES

Our experiences to date have reinforced our view that investing in early stage, innovative ideas is an activity that likely does not fit with the current return expectations of social investment. As a result, most risky innovations targeting impact are, and will go on being, set up in a format where investors can look for the possibility of a big financial winner. In other words, the opportunities will be companies limited by shares that may describe themselves, for example, as "profit with purpose". Conventional venture capital and similar "impact investors" will continue to fund these opportunities because a few big winners will offset the losers to generate a commercial investment return overall for investors.

But we believe this raises a question for donors, asset owners with an interest in impact, and policy makers. Do these groups want to ensure funding can be provided to risky innovations that have high impact, but without the prospect of any big financial winners – for example, because it is charities that are creating the innovations? Currently there is a funding gap. The financial risk/return profile in this area will not satisfy conventional or "profit with purpose" impact investors. Nor does it fit with the current mandate of the social investment market which is, at a minimum, focussed on the preservation of capital.

The article on pages 10-12 explains how we developed our new housing fund as a response to one gap we see in the market. SASC would also be interested in trying to address the different gap described here – the one for funding innovation. As with Social and Sustainable Housing, though, this would only work if it was set up with funding and resources that match the kind of opportunities involved.

LESSON #2

POST INVESTMENT SUPPORT

Grant funded "investment readiness" has been a significant feature of the social investment market over the last six years. Our experience has been that the work done to help an organisation secure investment can create a false sense of security for both the lender and the borrower. Recipients of social investment often find themselves requiring additional skills and resources to work effectively with a new set of external stakeholders, and meet the inevitable challenges of change or growth.

The Social Investment Business published a report last year (*"Strength in numbers"*) looking back over six years of investment and contract readiness programmes. Its authors conclude by proposing a shift of focus away from "investment readiness" and towards "improving resilience". As an investor focussed on lending to small to medium sized organisations, we wholeheartedly endorse this shift to improving resilience and have been testing various ways to make this work. Although still early in our journey, we see some useful lessons emerging.

At SASC we have found that the road towards improving resilience needs to continue long after an investment is made. Investment readiness programmes typically fund an organisation to hire external consultants. Often, the consultant's key task is helping to develop the business plan and build a financial model the organisation can present to potential funders.

But a business plan and financial model only go so far: they are just the start, not the end of the story. They describe what is expected to happen, based on a set of assumptions. But things rarely go to plan. Organisations need the human capacity, knowledge and skill to deal with unexpected events. Social sector organisations are no more able to predict the future than those in the private sector, but they generally have less internal resource. Their management teams are often built around the skills that go into delivering the organisation's core mission. Typically, this leaves little to spare for dealing with the various unexpected challenges or opportunities that might come up. These might arise from funding shocks, restructurings, changes to market dynamics, succession planning, or growth opportunities.

AT SASC WE HAVE FOUND THAT THE ROAD TOWARDS IMPROVING RESILIENCE NEEDS TO CONTINUE LONG AFTER AN INVESTMENT IS MADE

When these inevitable events occur, we work in partnership with our investees to help them navigate challenges and explore opportunities. As well as providing direct support, we work with a network of partners. These offer services such as pro-bono legal support (via a partnership with Weil, Gotshal & Manges LLP and the TrustLaw platform) or peer-to-peer networking (such as the Social Club).

During the last year, alongside Key Fund, we took part in a pilot programme of post-investment support. Funding for the programme came from Power to Change and the Connect Fund (through the Barrow Cadbury Foundation). Eastside Primetimers worked with six of our investees to deliver support that ranged from financial modelling and support on fundraising to advice on strategic options and planning.

So, what have we learned so far? Feedback from the pilot has been extremely positive and it prompted investees to think about other areas where they could use this type of support. Even so, we can see areas for improvement:

- Avoid "too little, too late". It is better to plug in operational planning or financial management support early on, rather than see an organisation burn through its reserves.
- Ensure there is senior buy-in to the support. If the Board or CEO has not bought into the exercise, then even if the advice is timely, it is unlikely to be heeded.
- Build in frequent feedback loops. In a situation that is often dynamic, creating shorter feedback loops helps ensure that the work continues to meet the needs and capacity of the organisation.

Our experience so far highlights the importance of finding ways of making post-investment support more widely available to our investees. Ideally, this should be part of a multi-year programme. But let's also be open about the challenges this raises for SASC itself. Whether we expand our network of external advisers or build an in-house team, making this work will require new funding. Ironically, social investors often have similar resourcing problems as the organisations they fund and this poses a significant challenge. But as Craig Dearden-Phillips correctly points out in his article on page 17, we must keep in mind how important post-investment support is in helping our investees deliver successful outcomes. Becoming an "invested social investor" is a challenge we accept.

A RESPONSE FROM CRAIG DEARDEN-PHILLIPS FOUNDING CHAIR OF SOCIAL CLUB

WHY SOCIAL INVESTMENT IS ABOUT MORE THAN MONEY

IN HIS BRILLIANT BOOK, *'THE INVESTED INVESTOR'*, THE BRITISH 'ANGEL INVESTOR' PETER COWLEY SPELLS OUT WHAT MAKES FOR SUCCESSFUL INVESTING. HIS BOOK READS VERY MUCH LIKE MANY OF THE POINTS RAISED IN THE ABOVE PIECE ABOUT INVESTMENT IN SMALL AND MEDIUM SIZED SOCIAL VENTURES.

The stand-out word is resilience. Businesses of all types need money to grow, sure. But they also need talent, knowledge, networks and mentoring. This gives businesses, social or otherwise, the ability to withstand the inevitable problems not in the business plan.

To this end, 'Invested investors' also offer domain-expertise, industry contacts, business advice and new opportunities for entrepreneurs to learn and grow.

But what has been long-practised by commercial investors hasn't always been evident when you look back at the early days of social investment. This almost certainly doesn't reflect a lack of desire to support impactful organisations. More likely it highlights some naivety, and that social investment is itself a nascent sector with limited resources and expertise. In the absence of these tools, early social investors operated a bit like banks: semi-detached, all about the business plan and financial model, not always realising that more help was needed than a cheque and a breathe-down-the-neck quarterly review of the P&L.

It has probably taken several failed investments, and the subsequent reflection, to awaken this slightly hubristic sector to the reality that for social investment to work its magic, investors need to be more fully immersed in the success of the businesses in which they invest, as outlined in the lessons mentioned above.

Of course, the challenge of the more immersive approach, as described above, is that this doesn't come cheap. Piled on top of the high risks of the investment itself are hefty costs associated with helping the organisation actually succeed. All those operational meetings, feedback loops and peer support networks (like the one I run) cost a lot of money. And organisations with sufficiently profitable business models to absorb the real costs of social investment are, in reality, quite rare.

This – rather than the absence of available capital – is probably why the number of socially-motivated organisations taking on unsecured loans isn't growing as quickly as expected.

What does all this tell us about the future of social finance? Three things. Firstly, the evidence from the Social Investment Business and others suggests that all future social investment offers need to go beyond the provision of capital and include other resilience-building support.

Secondly, it logically leads to a recognition not-quite-there in the current social investment marketplace that zero or negative financial returns may be the necessary price for stellar social returns.

And, thirdly, as Peter Cowley points out, investing is about people as much as spreadsheets. Therefore, social investors who can build up the skills and resilience of investees are probably going to have more success than those who just throw money at them.

All obvious, perhaps, but these seem to be lessons that the social investment sector has chosen to learn the hard way.

CRAIG DEARDEN-PHILLIPS
FOUNDING CHAIR OF
SOCIAL CLUB

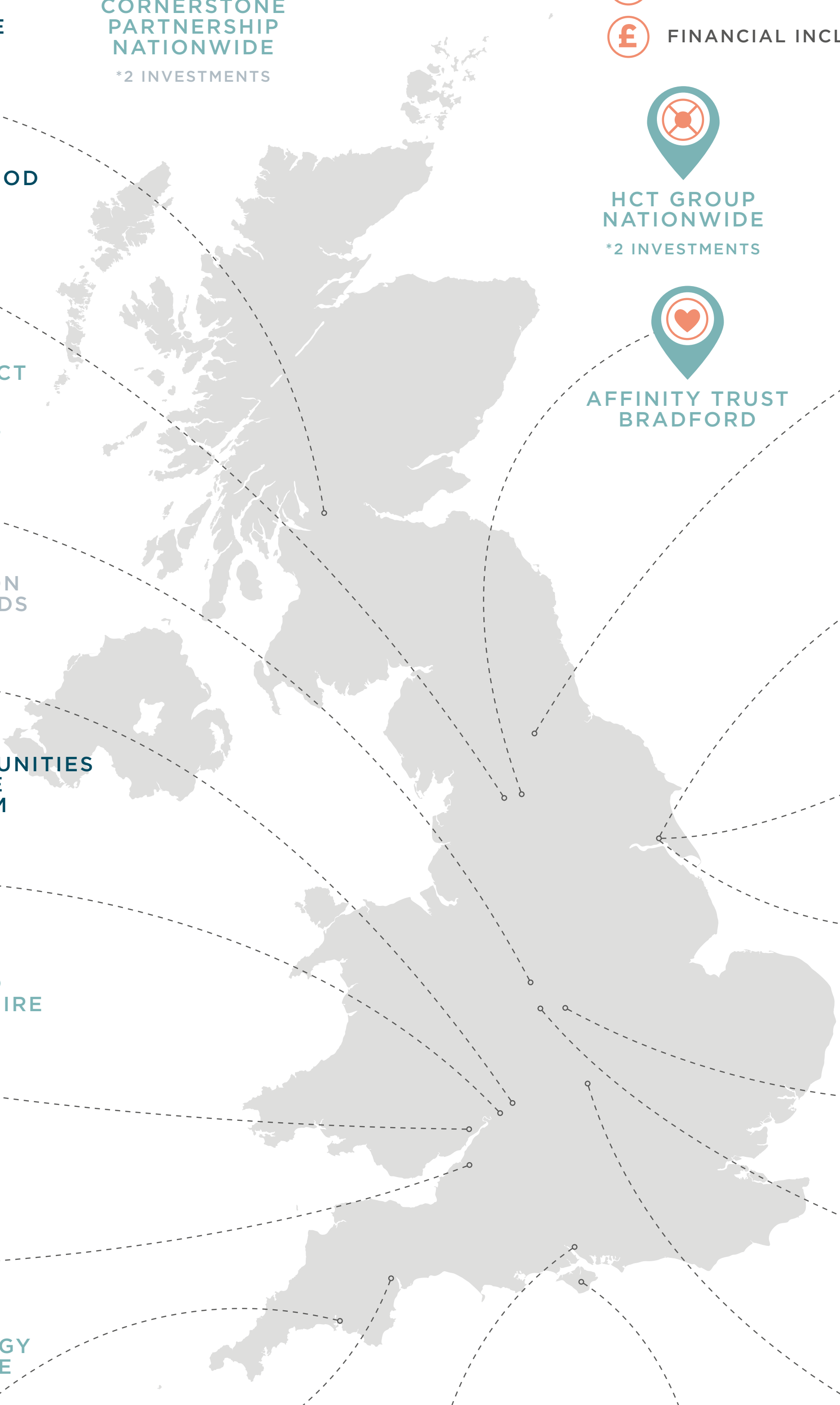
OUR PORTFOLIO

our investees & their impact

PORTFOLIO SUMMARY

- New investments
- Continuing investments
- Exited investments

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



BROOK
NATIONWIDE

CORNERSTONE
PARTNERSHIP
NATIONWIDE
*2 INVESTMENTS

HOMES FOR GOOD
GLASGOW

SPACIOUS
PLACE CONTACT
BURNLEY
*2 INVESTMENTS

FAMILY ACTION
WEST MIDLANDS

CARING FOR COMMUNITIES
AND PEOPLE
CHELTENHAM

REMR
KINGSWOOD
GLOUCESTERSHIRE

REACR
ALVINGTON

BRISTOL ENERGY
COOPERATIVE
BRISTOL

HCT GROUP
NATIONWIDE
*2 INVESTMENTS

FIVE LAMPS
NATIONWIDE

AFFINITY TRUST
BRADFORD

HARROGATE SKILLS
4 LIVING CENTRE*
HARROGATE
*2 INVESTMENTS

CHILD DYNAMIX
HULL

GIROSCOPE
HULL
*2 INVESTMENTS

HULL WOMEN'S
NETWORK
HULL

FUTURES
NOTTINGHAM

HEART OF ENGLAND
COMMUNITY ENERGY
WARWICKSHIRE

PLYMOUTH ENERGY
COMMUNITY
PLYMOUTH

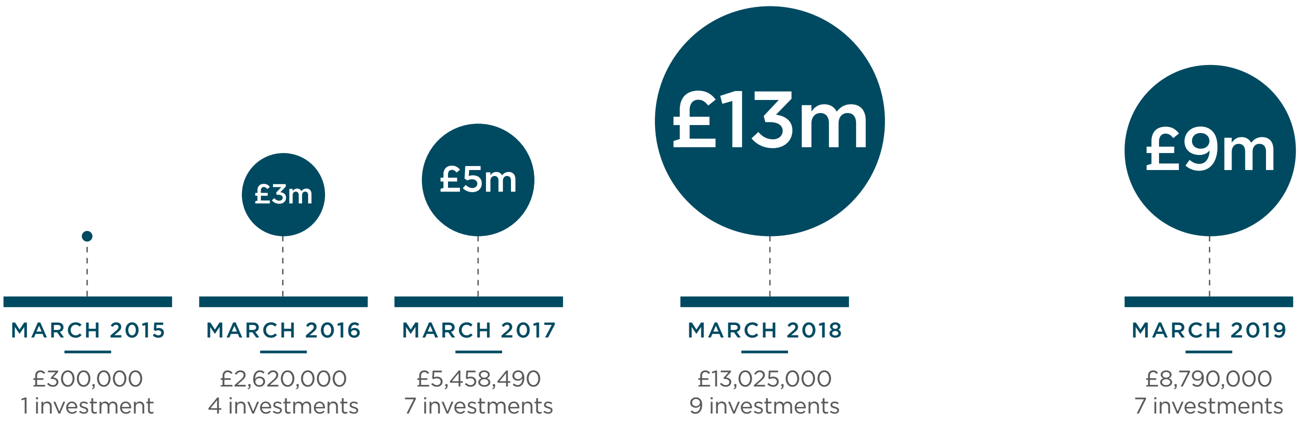
CHIME CIC
EXETER

WHEATSHEAF
TRUST
SOUTHAMPTON

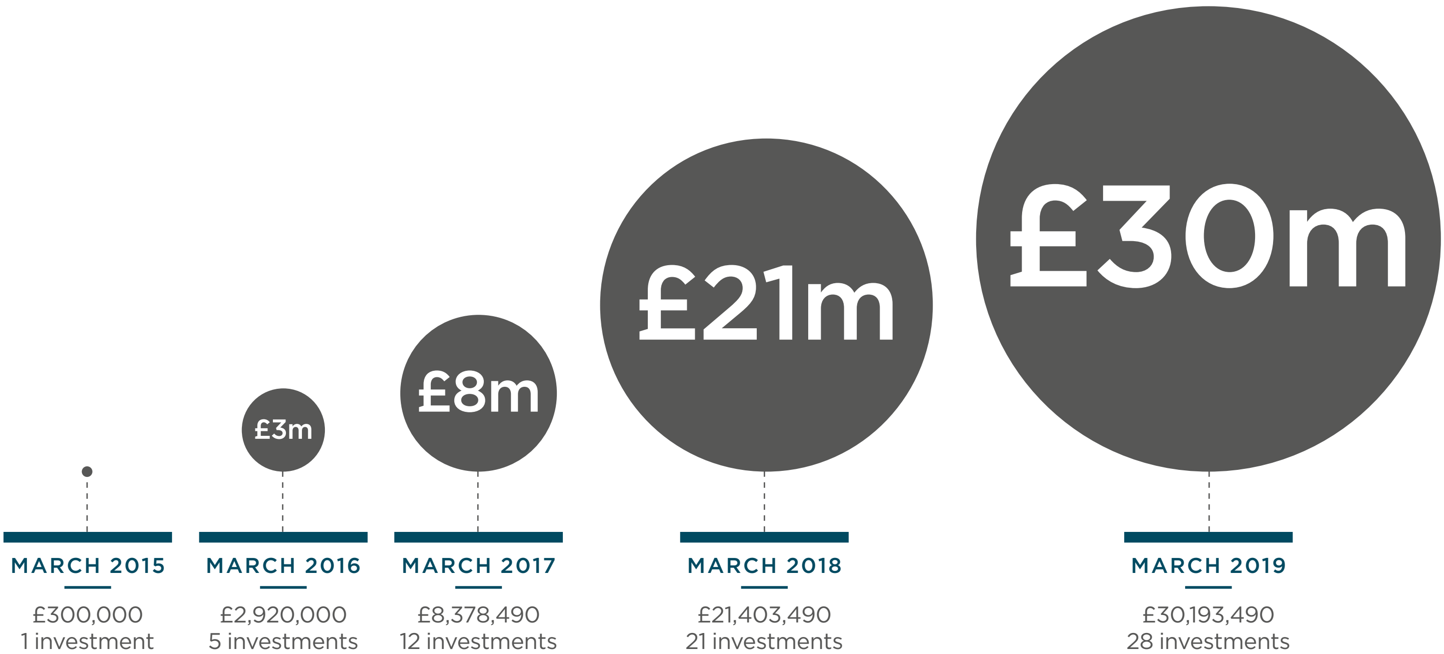
STOREROOM2010
ISLE OF WIGHT

GAWCOTT FIELDS
COMMUNITY SOLAR
GAWCOTT

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 five 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 23 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 INVESTEES IS LED BY A GROUP OF AMBITIOUS, DEDICATED AND INSPIRING INDIVIDUALS WHOM 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. WE SUMMARISE EACH OF THESE USING THE FOLLOWING FRAMEWORK:

WHY

the organisation is delivering services and what problem is it trying to solve

HOW

our investment is helping them to address the opportunity or problem

WHAT

the intended outcomes and longer-term impact will be

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

OUR DEVELOPMENT PARTNERS

In order to help the organisations in our portfolio to become more sustainable and to grow their impact, and prospective investees to become investment ready, we work with a number of partners who fund or provide ongoing support to social sector organisations.

Reach Fund

SASC has been selected as an "Access Point" for the Reach Fund. The Reach Fund is a two-year £4 million investment readiness grant programme that has been funded by 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 take on repayable finance. Being an Access Point enables SASC to recommend organisations we are working with directly to the Reach investment readiness support programme.

Connect Fund

The Connect Fund is Access Foundation's social investment infrastructure fund managed by The Barrow Cadbury Trust. SASC is working with Eastside Primetimers, a management consultancy that focuses on the social sector, on a post investment support programme that Connect Fund is backing, jointly with Power to Change . The programme aims to provide support to SASC investees where needed in order to help them improve their organisational and financial sustainability, and their social impact. In the past 12 months we have provided post investment support to 6 investees.

CARING FOR COMMUNITIES AND PEOPLE

LOCATION: SOUTH WEST
WHO BENEFITS: VULNERABLE YOUNG PEOPLE (16 – 18 YRS)
DATE OF INVESTMENT: JUNE 2019

Caring for Communities and People (CCP) exists to transform the lives of children, young people, families and vulnerable adults by preventing homelessness and strengthening families. The charity has done this for over 30 years and serves communities across South West England and further afield.

The Community Investment Fund provided a £2,850,000 loan to the organisation, using SASC's innovative whole property finance structure. The loan is to enable CCP to expand their supported accommodation services for young people leaving care.

WHY

Problem & Solution

Founded in 1989, CCP was established in response to the growing number of homeless young people in Cheltenham. Over the years, the charity has grown to become one of Gloucestershire's foremost voluntary sector social care providers, expanding the range of services offered and their geographic reach, to a number of counties in the South West.

CCP currently offers 69 units of supported housing across the South West, with the majority of these in rented properties. Sadly, the demand for supported accommodation for young people leaving care continues to grow. The £2.85m loan is to support the charity to expand its housing services, as well as ownership of the properties their services operate from to have certainty of stable accommodation for beneficiaries.

HOW

is SASC supporting?

SASC's whole property finance model was appealing to the charity as it provides CCP the finance to fund the acquisition, refurbishment and associated costs of owning their own portfolio, on a flexible basis.

The financing structure is designed to address the group's specific needs regarding property ownership and supporting vulnerable young people. SASC has shared the investment risk with CCP, absorbing the void risk over the life of the loan. The loan also gives the charity the option to refinance at the end of the 10-year loan period, based on the current purchase price of properties.

WHAT

Outcomes & Impact

SASC structured the investment to minimise investment risk for the charity and support its ongoing work. As a result of this investment, a larger number of young people in challenging situations will have access to appropriate housing, alongside dedicated support services delivered by the charity.

Young people leaving care already have a lifetime of struggle behind them. Offering independent, stable and high quality accommodation, gives young people the platform they need to feel emotionally stable, financially secure, and ultimately make a more successful transition to independence.

THE INVESTMENT OPPORTUNITY THROUGH SASC IS EXACTLY WHAT CCP WERE LOOKING FOR. WITH A GROWING PORTFOLIO OF RENTED PROPERTIES, WE FELT THE TIME HAD COME TO CONSIDER OWNERSHIP, IN SO DOING OFFERING US MORE CONTROL AND FLEXIBILITY IN HOW WE USE THE STOCK. THE SASC DEAL ENABLES US TO ACHIEVE THIS ON BEHALF OF THE YOUNG PEOPLE WE SERVE.

Cordell Ray, CCP CEO

HOMES FOR GOOD GLASGOW

LOCATION: GLASGOW
WHO BENEFITS: PEOPLE ON LOW INCOMES
DATE OF INVESTMENT: JUNE 2018

Homes for Good was created to provide quality homes within the private rented sector, with a focus on housing supply for people on low incomes. It approached SASC for investment as it recognised the need for an alternative approach in the face of growing housing demand: access to appropriately located, high quality and stable housing is key to enabling individuals to address wider challenges, such as mental health, relationship breakdown and recovery or other issues.

SASC has provided the loan finance using our innovative whole property finance structure that will enable the social enterprise to grow its portfolio of homes by at least 50 additional properties to serve its beneficiaries and homelessness partner organisations.

HOMES FOR GOOD GLASGOW

WHY

Problem & Solution

Homes for Good was founded by Susan Aktemel in 2013 with the purpose of supporting the under-served in the community and individuals who fall on the spectrum between homelessness, social, and affordable housing. Susan recognised the need for an alternative approach to growing housing demand with the importance of access to appropriately located, high quality housing being obvious to enabling individuals to often address wider challenges such as mental health, family breakdown and recovery from drug and/or alcohol dependency. Homes for Good wanted to focus on building a portfolio of good quality homes across the city of Glasgow.

HOW

is SASC supporting?

SASC has made a £2.85m investment into a new subsidiary, Homes for Good Glasgow, using our innovative whole property finance structure, which will support the social enterprise to grow their portfolio of homes. The social investment structure was designed to address the specific needs of impactful, accommodation-based charities and social enterprises like Homes for Good, and was developed to offer an alternative to the range of financing options currently available.

WHAT

Outcomes & Impact

SASC's investment will support Homes for Good Glasgow to increase the provision of quality housing, with at least 50 additional properties to serve its beneficiaries and homelessness partner organisations. Our aim is that a greater number of men, women and children facing housing challenges in and around Glasgow will have access to appropriate accommodation and the support services that are offered through the unique social letting agency.

RESILIENT ENERGY ALVINGTON COURT RENEWABLES (REACR)

LOCATION: FOREST OF DEAN, GLOUCESTERSHIRE
WHO BENEFITS: LOCAL COMMUNITY, FAMILIES & INDIVIDUALS IN FUEL POVERTY
DATE OF INVESTMENT: APRIL 2019

Resilient Energy Alvington Court Renewables (REACR) is a Community Benefit Society (CBS) that owns and operates a 500kW wind turbine near Alvington, in the Forest of Dean. The Society directs a share of operational turnover and any surpluses generated by the project towards supporting local community resilience initiatives, including fuel poverty.

REACR is one of several projects founded and managed by The Resilience Centre (TRC), a Forest of Dean based social purpose business building resilience in society in response to climate change and diminishing resources.

In March 2019, REACR acquired Resilient Energy Great Dunkilns (REGD), another TRC-managed project, in a transaction that will enhance community benefit over the life of the projects.

RESILIENT ENERGY
Alvington Court Renewables
COMMUNITY WIND TURBINE

WHY

Problem & Solution

REGD was TRC's first renewable energy project, which developed a 500kW wind turbine near St Briavels, Forest of Dean, in late 2012. The project was the UK's first crowd-funded wind turbine, which gave the community the opportunity to invest in the project via debentures issued through the Abundance platform. In order to achieve this, however, the project was required to become a public limited company (PLC); this resulted in a number of additional administrative costs for the project.

The REGD shareholders realised that restructuring as a CBS would be more appropriate, and an acquisition by nearby CBS REACR would be the optimal way to achieve this.

HOW

is SASC supporting?

In March 2019, following specialist advice on due diligence and confirmation of a loan facility from SASC, REACR acquired REGD, issuing REACR shares to the REGD shareholders according to an independent valuation. The SASC loan of £1.4m enabled the redemption of the debentures, removing the PLC structure requirement, and allowing REGD to be restructured as a wholly owned subsidiary of the CBS.

WHAT

Outcomes & Impact

The restructuring will increase community investor participation in the combined projects. The resulting capital structure will be more cost efficient, strengthening the society's financial position. This will generate increased surpluses for broader resilience initiatives in the Forest of Dean, increasing the positive social impact achieved over the life of the two turbines.

FUTURES

LOCATION: NOTTINGHAMSHIRE
WHO BENEFITS: YOUNG PEOPLE AND ADULTS AT RISK OF BEING NEET
DATE OF INVESTMENT: MARCH 2019

SASC has provided a £250,000 loan to Futures to fund the working capital requirement for the expansion of the organisation's support services for young people at risk of being not in education, employment or training (NEET) in Nottinghamshire. Through an innovative project known as FutureU, developed in a collaboration with local commissioners, Futures aims to address the hardest to reach part of their NEET cohort – young people with SEND (special education needs and disability).

Futures

WHY

Problem & Solution

FutureU explicitly addresses the hardest to reach part of the NEET cohort which is at greatest risk of disengagement and can be ill-served by more mainstream services, having poorer life chances as a result. Futures have noted that with increasing pressure on Local Authority budgets and increasing NEET numbers, this group of young people are at increased risk of becoming and staying NEET.

HOW

is SASC supporting?

Futures has been awarded a contract with Nottingham City, Nottinghamshire County Council, and the Life Chances Fund to deliver the new service over 5 years on a payment by results (PbR) basis. SASC is providing a £250,000 loan to Futures to cover its working capital requirements before results can be evidenced. The additional funding will mean that whilst the current provision serves 16-18 year olds only, FutureU will provide person-centred support to 15-24 year olds. FutureU also allows for a more intensive service with a smaller caseload of 25 (compared to a more typical 120) which allows caseworkers to better support young people in their pathway to an outcome.

WHAT

Outcomes & Impact

Futures's new service aims to work with 560 young people over the 5 year contract, ultimately to support them into sustained employment. Young people are expected to benefit in a variety of ways: overcoming barriers to learning and achievement, achieving at school or college and moving from education or training into employment.

BROOK

LOCATION: NATIONWIDE
WHO BENEFITS: YOUNG PEOPLE
DATE OF INVESTMENT: OCTOBER 2018

SASC has invested £200,000 of working capital in Brook, a charity specialising in sexual health, and the only organisation in the UK to offer clinical and educational services specifically to young people.

Brook was established in 1964 by Helen Brook who opened the first sexual health clinic for women in London. The organisation now operates in 22 locations in England and delivers relationship and sex education (RSE) in 38% of local authorities in England.

WHY

Problem & Solution

Last year Brook's clinical services helped more than 51,000 young people, with over half of those coming from the 40% most deprived communities. Over half a million young people accessed the charity's online help and advice pages and a further 128,000 under 25s benefitted from its education and wellbeing programmes.

Going forward, Brook will continue to use its unique position as a leader in the field of young people's RSE and as experts in professionals' training, when the subject becomes mandatory in September 2020. However, the difficult commissioning environment for public health in the UK is making it harder for charities like Brook to access funding.

HOW

is SASC supporting?

SASC has provided a short-term loan to support Brook's continued organisational growth with a particular focus on its education programmes for young people and training for professionals.

Social investment is offering Brook a solution that enables it to continue the great work they do.

This is the first time Brook has used social investment. It comes at a time when two thirds of local councils have cut funding for sexual and reproductive health services[1].

WHAT

Outcomes & Impact

Brook is providing a service not widely available and the impact of its work in some of the most deprived communities in the UK is huge. The charity has long been lobbying for compulsory RSE, with a view to improve the sexual and reproductive health, relationships and wellbeing of the nation.

The investment from SASC has enabled Brook to accelerate its work in preparation for mandatory RSE and ensure that the charity is in the best possible position to support schools and teachers with the implementation and delivery of these new subjects.

THROUGH OUR FACE-TO-FACE AND ONLINE TRAINING, BROOK BUILDS THE SKILLS AND CONFIDENCE OF PROFESSIONALS WORKING WITH YOUNG PEOPLE IN A RANGE OF SCHOOL AND COMMUNITY SETTINGS, ENABLING THEM TO DELIVER RSE MORE CONFIDENTLY AND EFFECTIVELY. OUR NEW OFFER WILL SEE THE EXPANSION OF RSE OUTSIDE OF THE CLASSROOM AND INTO THE WORKPLACE, TO HELP BRIDGE THE GAP BETWEEN SCHOOL AND WORK LIFE.

Helen Marshall, Brook CEO

1 http://theagc.org.uk/wp-content/uploads/2018/09/2018-FOI-audit-press-release-1.pdf

£ FIVE LAMPS

LOCATION: STOCKTON-ON-TEES
WHO BENEFITS: VULNERABLE HOUSEHOLDS WITH LIMITED ACCESS TO MAINSTREAM FINANCE
DATE OF INVESTMENT: JULY 2018

Five Lamps is a responsible finance provider, regulated by the Financial Conduct Authority, offering fair and affordable personal loans as an alternative solution to high-cost credit. To date it has provided close to £40m of affordable personal loans primarily in the North East of England, but more recently in Scotland and, following considerable investment in systems and infrastructure, throughout England and Wales.

The Third Sector Investment Fund committed £1.1m, as part of a £5m loan to Five Lamps, with the aim of helping vulnerable households across the UK break out of the cycle of high-cost debt.

WHY

Problem & Solution

Financial exclusion is a pressing issue in the UK, and high-cost credit is widespread. 3.1 million UK adults have one or more high-cost loans or have had one in the past year. Potentially vulnerable people are twice as likely to have used high-cost credit as other UK adults; younger single parents are three times as likely. 6.5 million UK adults have no cash savings, leaving them particularly vulnerable to financial shocks and more likely to turn to high-cost credit in times of financial need[2].

HOW

is SASC supporting?

The Third Sector Investment Fund committed £1.1m, as part of a £5m loan to Five Lamps, with the aim of helping vulnerable households across the UK break out of the cycle of high-cost debt.

SASC is one of nine investors and the deal represents the largest-ever single investment in a UK community lender.

The new investment will allow Five Lamps to grow the scale and impact of affordable credit to vulnerable individuals nationally.

WHAT

Outcomes & Impact

The funding will mobilise over £60m of lending, enabling Five Lamps to offer over 100,000 affordable personal loans under its Conduit brand, through a dedicated subsidiary called Five Lamps Trading Ltd.

The Financial Conduct Authority 'High Cost Credit Review', published recently, highlighted the need for more alternatives to high-cost credit. Five Lamps is that kind of different lender, offering a better choice to people with little or no financial resilience, who would otherwise need to resort to high-cost or unregulated lenders in times of crisis.

OUR LOANS PLUS THE SERVICES WE PROVIDE CHANGE PEOPLES' LIVES AND SUPPORT THEM TO BREAK FREE OF THE DEBT CYCLE AND POVERTY PREMIUM. THIS FINANCIAL & SOCIAL IMPACT AS WELL AS THE DISRUPTION TO AND TRANSFORMATION OF THE HIGH COST CREDIT MARKET IS DOABLE THANKS TO THIS GROUND BREAKING INVESTMENT.

Lisa Pickard, Five Lamps CEO

2 https://www.fivelamps.org.uk/blog/2018/07/30/investment/#_ftn1

CHIME

LOCATION: EXETER, DEVON
WHO BENEFITS: ADULTS AND CHILDREN WITH HEARING LOSS AND HEARING IMPAIRMENT
DATE OF INVESTMENT: AUGUST 2015
LOAN REPAID: AUGUST 2018

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 with 54,000 face to face attendances 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.

This enabled Chime to see an additional 2,500 patients, 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.

Chime paid the loan off in August 2018 and would consider social investment again.

SASC IS REALLY SUPPORTIVE AND WE'VE HAD A VERY POSITIVE EXPERIENCE ACCESSING SOCIAL INVESTMENT.

Jonathan Parsons, Chime CEO

Previous Exits

INVESTEE	ACTIVITY	PURPOSE OF FUNDING	START/END DATES	AMOUNT	REPAYMENT
Plymouth Community Energy	Solar farm with surpluses funding community programmes	Repayment of construction loan which allowed community to take ownership of Ernesettle solar farm	Sept 16 / Feb 17	£610,000	From community share raise
Family Action	Wrap around support to vulnerable young people in care	Funding of Payments by Results programme in two West Midlands local authorities	Oct 16 / Jul 18	£700,000	From outcomes payments from local authorities
Harrogate Skills 4 Living Centre	Residential care for adults with learning disabilities	Acquisition of two residential care facilities in Harrogate	Aug 14 / Dec 17	£785,000	From refinancing through commercial lender

HULL WOMEN'S NETWORK

LOCATION: HULL, YORKSHIRE
WHO BENEFITS: VULNERABLE WOMEN AND CHILDREN
DATE OF INVESTMENT: DECEMBER 2017

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. The group of women's organisations offers specialist domestic violence support, nursery provision, family law legal services, training and volunteering opportunities, and access to safe and affordable housing across Hull.

Thanks to SASC's investment, HWN was able to acquire more than 30 properties where it can house women escaping domestic abuse, and their children. The ability to buy its own properties allows HWN to select properties that are most appropriate for their intended beneficiaries, in terms of location, safety and proximity to amenities; being in control of the quality of accommodation allows HWN to offer comfortable and safe homes for vulnerable women and children, which in turn enables the women to stabilise and rebuild their lives, and minimises the risk of returning to the abusive situation they left.

In September 2018, the Preston Road Women's Centre (PRWC), HWN's parent organisation, moved to new premises, purpose built for optimisation of the charity's service delivery.

In January 2019, HWN won the social investment of the year award at the Social Enterprise Yorkshire and Humber Awards, in recognition of the impact achieved by accessing social investment.

2018 IMPACT DATA

33

HOMES ACQUIRED WITH SASC FUNDING

127

NUMBER OF WOMEN WHO MADE A PERMANENT BREAK FROM ABUSIVE RELATIONSHIPS AS A DIRECT RESULT OF HWN SUPPORT

CASE STUDY:

SOFIA GETTING HER LIFE BACK

Sofia (not her real name) accessed the PRWC via Affordable Justice, PRWC's co-located not-for-profit family law firm, at the end of September 2016, initially for some legal advice after having fled from her previous home town to Hull to escape an aggressive and controlling partner.

He had abused her physically, emotionally and psychologically for three years and had placed CCTV in their home so that he could monitor her whereabouts at all times. He was also harassing her constantly via text message and Facebook.

Sofia has a three-year old daughter and wanted some advice about child arrangements and keeping her daughter safe. When she came to PRWC she was staying with a friend which meant that the Court would not look favourably on her living arrangements in respect of custody of her daughter. Her abuser's mother was also harassing her and sending controlling messages in respect of the parenting of her daughter.

The lead solicitor at Affordable Justice was able to link her in immediately with the domestic abuse support team and the housing team and within a week she had become one of HWN's tenants and had begun the process of resettlement and recovery.

Sofia engaged with PRWC's domestic abuse team and with her support worker, created a care plan for her and her daughter.

Her abuser made numerous fabricated allegations about Sofia's ability to care for their daughter. This was obviously incredibly upsetting for Sofia and we supported her to work closely with children's social care who supported her with child arrangement proceedings. Ultimately Sofia was granted full and permanent custody of her daughter and the abuser not allowed to see her. With the combined support of the domestic abuse team, the housing team and Affordable Justice, Sofia was helped to escape successfully and safely from a highly dangerous situation and start to rebuild her life.

Over the last year, Sofia has obtained full time employment and the family's recovery is well advanced.

HEART OF ENGLAND

LOCATION: WARWICKSHIRE
WHO BENEFITS: LOCAL COMMUNITY AND FAMILIES IN FUEL POVERTY
DATE OF INVESTMENT: JULY 2017

Heart of England Community Energy is the UK's largest community energy company set up as a Community Benefit Society (CBS). During the last year, its subsidiary CICs in Stratford-upon-Avon produced renewable energy equivalent to the average annual consumption of 4,500 homes[1].

SASC provided a £6.2m loan through both our Community Investment Fund and the Third Sector Investment Fund, to purchase 3 solar farms and fund a CBS which manages the 3 farms. The loan to the CBS has been fully repaid through a community shares raise in 2018.

In 2018, HECE started working with Act On Energy, a registered charity set up in 1998 by Stratford District Council to support households with their energy related issues. Act On Energy engages directly with vulnerable households and delivers intermediate solutions for addressing their energy needs. The organisation also partners with local GP practices, energy providers and other stakeholders, forming a network of wrap-around support for vulnerable people, encompassing health & wellness, physical interventions in the homes through the Energy Company Obligation (ECO), referrals for home fire assessment, benefit claims assistance, and assistance with obtaining local authority grants.

HECE took part in our post-investment support pilot programme, receiving funding to develop a new financial model.

2018 IMPACT DATA

£25,000
TO COMMUNITY FUND

>£170,000
ADDITIONAL FUNDING AND SAVINGS UNLOCKED THROUGH PHYSICAL INTERVENTIONS

1 Excluding electricity used for heating.

GIROSCOPE

LOCATION: HULL, YORKSHIRE
WHO BENEFITS: VULNERABLE PEOPLE IN NEED OF AFFORDABLE HOUSING, LONG TERM UNEMPLOYED
DATE OF INVESTMENT: DECEMBER 2017

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.

SASC made its first £250,000 investment in Giroscope in 2016, and in 2017 a further £750,000, blended with a £250,000 grant from our partner Power to Change. Our investments have helped Giroscope grow its portfolio of affordable homes, and finance an exciting self-build project.

In the past year, Giroscope has acquired 4 properties that had been long-term vacant, and is in the process of refurbishing them to create 12 family homes. It is also working with the planning authorities to advance the self-build project of 3 new houses.

Martin Newman (Giroscope CEO) won the Social Entrepreneur of the year award at the Social Enterprise Yorkshire and Humber Awards 2018.

GIROSCOPE
Turning empty houses into homes

2018 IMPACT DATA

79
PEOPLE RE-HOUSED BY GIROSCOPE IN SUITABLE ACCOMMODATION (INCLUDING 28 CHILDREN)

150
PEOPLE COMPLETING WORK EXPERIENCE WITH GIROSCOPE

AFFINITY TRUST

LOCATION: BRADFORD, WEST YORKSHIRE
WHO BENEFITS: CHILDREN WITH LEARNING DISABILITIES
DATE OF INVESTMENT: MARCH 2018

Affinity Trust is a charity which has been supporting people with learning disabilities for 27 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 Commissioning Better Outcomes 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 and significant challenging behaviours who are at risk of entering residential care.

In the first year of the programme, the intervention proved to be highly effective, with all the young people in the programme remaining within the family home, and major improvements in behaviour being observed within faster timeframes than originally anticipated. One young person has already been released from the programme, marking a successful completion and allowing Affinity Trust to enrol a new young person in the programme.

The Bradford PBS service team won an award for "Excellence in Applying the Principles of Positive Behaviour Support into Practice 2019" at the BILD[1] international conference in May 2019.

affinitytrust
Supporting people with learning disabilities

2018 IMPACT DATA

4
YOUNG PEOPLE SUCCESSFULLY WORKED WITH DURING THE YEAR

£180K
POTENTIAL ANNUAL SAVINGS PER YOUNG PERSON

1 British Institute of Learning Disabilities

CASE STUDY:

AVOIDING RESIDENTIAL CARE: J'S STORY

J first came to Affinity Trust in January 2018, when he was seven. Referred by Bradford Council, J was one of the first children in the city to be supported by Affinity Trust's Positive Behaviour Support (PBS) service.

The service outcomes are to keep allocated children out of residential care, maintain education provisions, improve quality of life, and reduce behaviour that challenges. At the time he was referred, J was presenting with high levels of distress at home, including property damage and frequent attacks on his mother. The Affinity Trust Service Lead carried out a functional assessment of J's behaviour and a quality of life assessment. Over a period of direct observation, the Affinity Trust team noticed that J struggled with unpredictable environments, over-stimulation, inconsistent boundaries, changes of routine without warning, and poor interaction with some of his support network. Following consultation with J's mother and his multi-disciplinary team, the Affinity Trust team started to develop J's Positive Behaviour Support plan. This plan was shared with and agreed by the multi-disciplinary team. They praised the effort and expertise involved, with one person saying: "It's amazing to see this much work go into one child's plan."

Predictability

The Affinity Trust team continued working intensively at J's home and school, and with J's grandparents and other stakeholders, supporting them in implementing the PBS plan, modelling strategies, and providing guidance. The team also designed short environment-specific plans.

The PBS strategies for J included:

- providing more predictability in his daily routines, including consistent use of photos and 'now and next' boards
- improving interactions between J, his parents, his extended family and school staff, to avoid triggers
- avoiding over-stimulation by limiting the amount of toys put out at once
- ensuring that J understood community visits, their purpose, and where they were going
- developing healthy sleep patterns using pictorial prompts.

Outcomes

In the five months since the team started implementing J's plan, there have been significant changes in his presentation:

- He is now sleeping well, usually in his own bed.
- His diet is more varied – he chooses fruit rather than repeatedly asking for sweets and ice lollies – and his appetite at school has improved.
- He is going to the shops with his mother with few incidents in the car or the community.
- He is starting to manage his own emotional state and calm himself down when he begins to display early signs of distress. This has included self-regulating at the start of the new school term, which had previously been a major trigger.

At the review meeting in September 2018, J's mother reported that J had caused no injuries and shown no aggressive behaviour over the past couple of months. She said, "J is like a different child now."

WHEATSHEAF TRUST

LOCATION: HAMPSHIRE AND SOUTH OF ENGLAND
WHO BENEFITS: UNEMPLOYED PEOPLE
DATE OF INVESTMENT: FEBRUARY 2018

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 Hampshire and the Isle of Wight. SASC has provided a £300,000 loan to fund the project's working capital requirement.

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.

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.

2018 IMPACT DATA

601
PROGRAMME STARTS

169
JOB ENTRIES

CORNERSTONE

LOCATION: NATIONWIDE
WHO BENEFITS: ADOPTED AND FOSTERED CHILDREN/FAMILIES
DATE OF INVESTMENT: JULY 2017

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 also generates significant cost savings for the children's services department of local authorities which are its main client base.

In the past year, Cornerstone has pivoted its business model from a peer-led model of support in the areas of adoption and foster care recruitment towards offering immersive experience based training to social workers, carers, teachers and judges through the medium of virtual reality (VR). This training shows the sort of harrowing experiences children have endured before being taken into care and also looks at how drug and alcohol abuse affects a child in the womb.

A recent independent evaluation found that 91% of users said they believed VR can change the perspective of those working with vulnerable children in terms of the effect of trauma and 84% said VR has helped them make decisions more quickly.

To support Cornerstone's shift from 'analogue' to 'digital' delivery, SASC provided support through the joint PTC / Connect Fund on financial planning and management, a strategy review and recruitment. It has also provided additional capital to give Cornerstone the time to make the transition in delivery, and intermediated pro-bono legal support through Weil.

2018 IMPACT DATA

30
ORGANISATIONS IN VR PILOT

500+
INDIVIDUALS TRAINED IN VR JOURNEY

HCT GROUP

LOCATION: NATIONWIDE
WHO BENEFITS: GENERAL PUBLIC, COMMUNITY GROUPS INCLUDING DISADVANTAGED GROUPS
DATE OF INVESTMENT: MAY 2018

Over the past 35 years HCT Group has grown to become one of the largest social enterprises in the UK with an increasingly nationwide delivery of a range of transport and training services. In tandem with operating a commercially successful public transport business, HCT Group 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.

2018 IMPACT DATA

186,381
TRIPS FOR COMMUNITY GROUPS

231,940
COMMUNITY BUS AND EX-LONDON DIAL-A-RIDE

hctgroup

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 committed 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. The transaction won the Social Investment Deal of the Year at the UK Social Enterprise Awards in 2018. The funding allowed HCT Group to invest in organic growth, as well as pursue growth through acquiring commercial bus operators and turning them into social enterprises.

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 targeting growth in impact in line with commercial activity.

London scene photo © Alex Grace. Group photo © Mindy Goose

Bristol Energy Cooperative

BEC

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. The Power to Change grant was allocated to Ambition Lawrence Weston (ALW), a resident-driven organisation striving to make Lawrence Weston a good place to live and work. The grant has enabled ALW to continue to deliver on its Community Plan, as well as unlocking further funding.

The Lawrence Weston solar farm allocates £8,400 from its annual surplus to supporting ALW.

In addition, surpluses from the Lawrence Weston farm contribute to wider community initiatives led by BEC, such as the Megawatt Community Energy Fund, which funded 10 projects focused on fuel poverty and energy advice; environmental awareness; community cohesion; health & wellbeing; and training & employment services. BEC also supports local energy research via the Bristol Sustainable Energy Research Bursary.

Over the last 12 months the solar farm has generated renewable energy equivalent to the average electricity usage of over 1,000 homes[1].

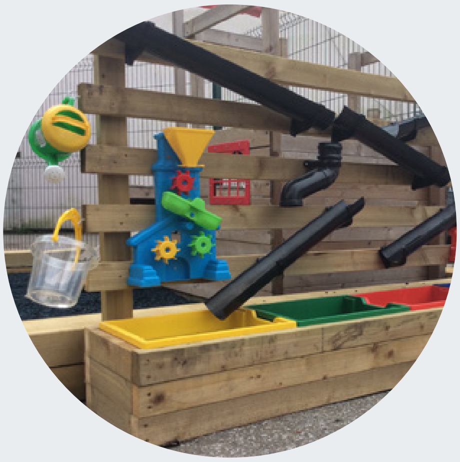
2018 IMPACT DATA

£155K
GRANT LEVERAGED FOR COMMUNITY USE

£8,400
SURPLUS GENERATED BY THE SOLAR FARM ALLOCATED TO COMMUNITY BENEFIT

1 Excluding electricity used for heating.

Child Dynamix
Communities where children & young people thrive!



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 (Boulevard) which opened in the Autumn of 2016. Child Dynamix aims to increase occupancy at Boulevard towards the levels seen at the other two nurseries that it operates in Hull but has chosen to work in a much more diverse community with children at Boulevard speaking 14 different languages, compared with 3-4 in the other two settings. This creates significant additional challenges in terms of recruitment (Boulevard has to market its offer in numerous languages) and delivery. 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.

In the past year SASC has provided significant post-investment support through the pilot programme co-funded by PTC and the Connect Fund to review Child Dynamix's strategy and facilitate the appointment of a new CEO. In addition, PTC has awarded another grant to Child Dynamix via the SASC blended finance model; this grant has been used to refurbish the outside area at the Boulevard nursery, improving the learning and development opportunities for the children.

2018 IMPACT DATA

77
CHILDREN ENROLLED

48%
CHILDREN RECEIVING EARLY EDUCATION FUNDING

GAWCOTT FIELDS COMMUNITY SOLAR

GAWCOTT FIELDS

LOCATION: GAWCOTT, BUCKINGHAMSHIRE
WHO BENEFITS: LOCAL COMMUNITY/ FAMILIES IN FUEL POVERTY
DATE OF INVESTMENT: MAY 2017

Gawcott Fields Community Solar Project CIC (GFCS) 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 including 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.

The 4.17MW solar farm began generating electricity in July 2016, generating over 4 million kWh of renewable energy each year, equivalent to the annual electricity consumption of around 1,000 homes[1].

2018 IMPACT DATA

£30,000
TO THE LOCAL COMMUNITY

400+
BENEFICIARIES OF FUEL POVERTY SERVICES

A key part of GFCS's community purpose is to help people in the local community who are struggling with energy debt and fuel poverty. The organisation funds an energy and fuel poverty advice service which is provided by the Milton Keynes-based charity National Energy Foundation (NEF) working with Buckingham and Winslow Citizens Advice. The advice service has saved over £250,000 for local households. This includes estimated savings from helping people change energy suppliers, installing energy efficiency measures, clearing fuel debt and access to benefit.

GFCS launched its first community grant fund awards in the summer of 2018. The theme for the first year was local sports, health and wellbeing, with the fund looking to support initiatives which improve access to, encourage participation in and/or improve the quality of sports in the local community. GFCS contributed £10,000 to the fund with Heart of Bucks Community Foundation (which managed the awards) providing a further £5,000 in match funding. Eight initiatives were supported in two rounds of grant funding. The initiatives are expected to benefit over 2,000 local people.

1 Excluding electricity used for heating.

REMR

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 500kW 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 allocates a portion of its revenue as well as all the surplus generated from the energy assets into a community benefit plan to help build community resilience. The REMR Community Resilience Fund is allocated to local projects by a local Advisory Panel, comprised of 11 volunteers representing the 3 local communities neighbouring the turbines. To date, the Panel has allocated £15,000 to local projects focused on community resilience. The plans for the future are to increase support for addressing fuel poverty.

RESILIENT ENERGY
Mounteneys Renewables Ltd
TWO COMMUNITY WIND TURBINES

2018 IMPACT DATA

£15,000
TO THE LOCAL COMMUNITY

850
TONNES OF CO_2 SAVED

STOREROOM2010

LOCATION: ISLE OF WIGHT
WHO BENEFITS: LOCAL COMMUNITY, LOW INCOME FAMILIES, LONG TERM UNEMPLOYED, SOCIALLY ISOLATED PEOPLE
DATE OF INVESTMENT: JULY 2016

Storeroom2010 sells furniture and household goods donated by the public. Last year the charity sold 15,014 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 addition to providing low cost furniture to the community Storeroom has historically delivered a series of vocational training courses to local residents. In 2018 Storeroom2010 took the decision to wind this activity down and replace it with the Cowes Men's Shed programme which addresses social isolation.

The Cowes Men's Shed also welcomes female participants, and it had 591 member attendances in its first 8 months of operation.

2018 IMPACT DATA

161,174
KGS SAVED FROM LANDFILLL

591
COWES MEN'S SHED ATTENDANCES

SPACIOUS PLACE CONTACT

LOCATION: BURNLEY, LANCASHIRE
WHO BENEFITS: UNEMPLOYED PEOPLE, INCLUDING MORE VULNERABLE INDIVIDUALS
DATE OF INVESTMENT: OCTOBER 2015

2018 IMPACT DATA

15
STUDENT APPRENTICES

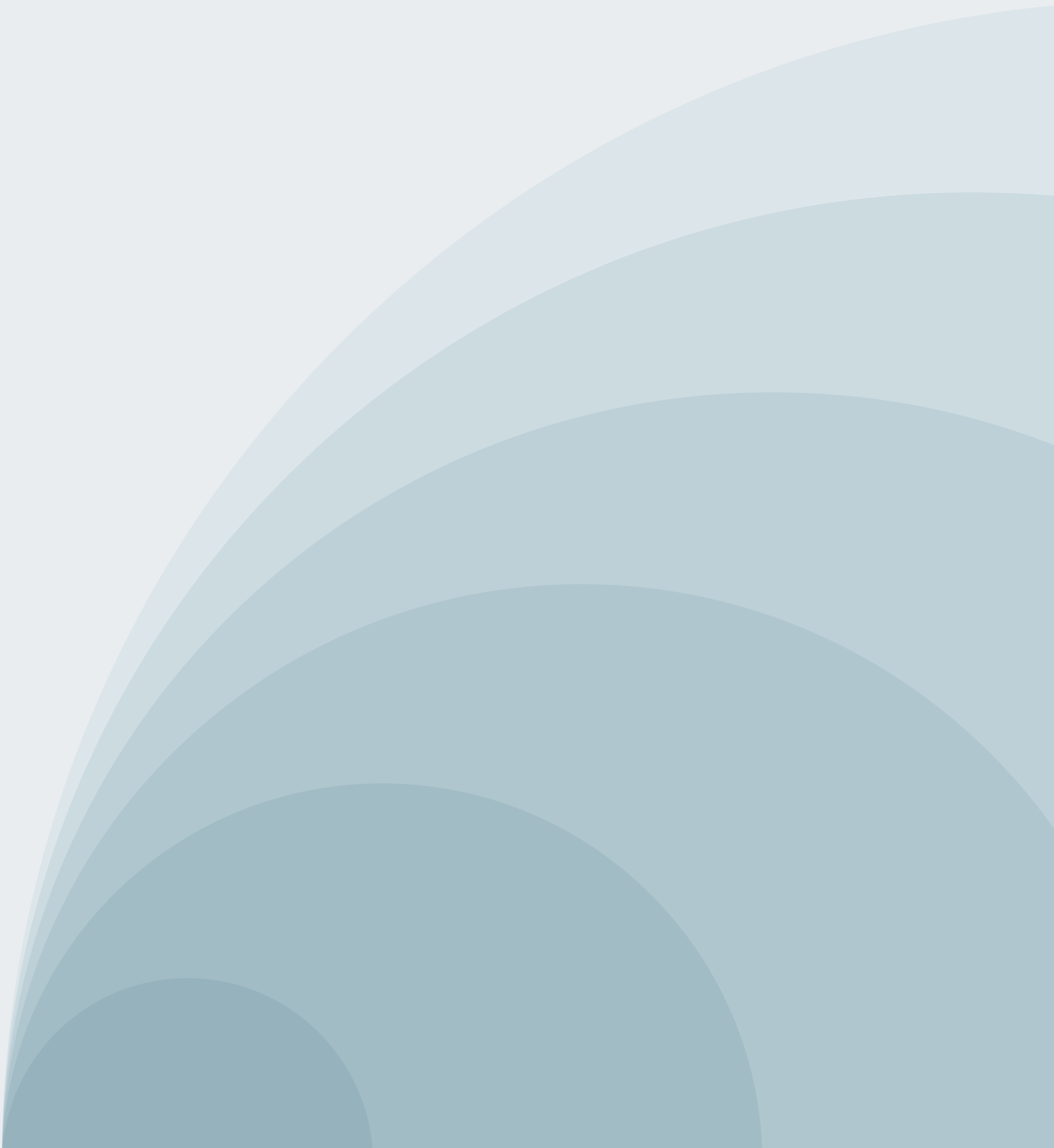
200
PARTICIPANTS IN PRE-EMPLOYMENT COURSES

84
PEOPLE PLACED INTO EMPLOYMENT

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. Since 2017 SPC has focused 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 commercial and operational risks.

SPC is now renting out space in Slater Terrace to a number of businesses, some of which (like SPC's former private sector partner) provide employment to SPC's beneficiaries.

SASC has amended existing facilities and provided additional capital to give SPC the time and space to develop its new model of support. In the last 12 months, SPC has made progress in developing a digital inclusion product, that offers choice to people living in poverty, through access to affordable and flexible broadband services, energy services and finance for white goods. The beta version of the app is now available to Spacious Place Engage users, and has the potential to be rolled out to thousands of beneficiaries through partnership housing associations.



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