

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.