

Dear friends

SASC had its tenth birthday in 2023, an important milestone and a good opportunity to reflect on our journey and its successes and challenges. This anniversary also offers the opportunity to reflect on what we have learned about the contribution social investment can make if it is properly designed to serve people, communities and the voluntary sector organisations that support them.

Inequality and social need remain deeply entrenched in the UK but we continue to be hugely impressed and inspired by the tenacity and resilience of our voluntary sector borrowers in tackling areas of disadvantage, especially during recent periods of economic and political turbulence. They show us there is no private sector monopoly on entrepreneurial skills and any charity or social enterprise that is still standing after all the world has thrown at it over the last fifteen years has to be every bit as nimble as the conventional venture capital hero. Despite this and their significant local profiles, many support charities don't make it onto the radar at the national level and do not have access to the central grant programmes that would help them build their capacity and so support more vulnerable people. (page 10). SASC helps fill this gap with alternative sources of flexible capital.

Sticking to their core mission, our borrowers have continued to deploy funds at a consistent and sensible pace with our first supported housing fund, SASH I, fully committed by September 2022 and its successor, SASH II achieving a first close of £31m a month later, a good result against a backdrop of rising interest

rates and economic uncertainty. We are delighted to report that the first group of borrowers in SASH II (which is now 50% committed) are people-first, high quality organisations just like their peers in the first fund; all delivering significant social impact and a key source of support for vulnerable people in their communities. Across the SASH funds we are now supporting 26 voluntary sector organisations who between them have housed over 1,900 vulnerable people in 600 properties in the last four years.

We are also very pleased to report good progress with our partner Access on the Cost of Living Social Investment Support Fund. We are blending grant from Access with SASH II loans to help support charities in England keep rents affordable and we hope to have deployed £7.5m of combined funding by the Summer of 2024.

Our Community Investment Fund (page 48) was also active, financing, amongst other things, new build property to complement the SASH offering. In July 2023 we agreed a loan of £884k to Cornerstone Place which will help to fund the construction of fourteen affordable rent flats in Rochdale. This is an energy efficient

build and was the result of effective collaboration between Cornerstone, Rochdale Council, SASC, the contractor Agile and local charity Stepping Stone Projects. We are all delighted it won social enterprise investment deal of the year at the UK Social Enterprise Awards 2023.

2023 saw some change on the people front at SASC. Nat Sloane was our energetic and supportive Chair from 2013 until he retired in August and our Co-Founder Ben Rick stepped down as CEO but continues to bring his creativity and tenacity to the SASC Board in a non-executive capacity. We are hugely grateful to both.

The commitment of investors to SASH II, a strong pipeline of new projects and the resilience shown by our existing borrowers in recent months put us in a good position to build successfully on the foundations laid in our first 10 years. Together with the rest of the team, we very much look forward to taking SASC into its next chapter.

So, to the key lessons from the last ten years that sum up our journey and inform the kind of organisations we look to work with. We think there are two.

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The first is about listening to the sector. If we are honest, until 2017 (SASC's fourth year) our offering was very similar to mainstream finance, perhaps with a slightly different wrapper. When we started to listen properly to what our borrowers were telling us they needed from social investment, things improved for everyone. We didn't anticipate it when we started out, but our progress to date has not been driven by what we could teach charities about investment, it has been about what we could learn from them.

The second is the title of this year's report. There are no shortcuts. The housing regulator's 2019 warning on inappropriate business models in some parts of the supported housing sector played out this year and we saw what happens when the desire for rapid, financially driven growth gets the

better of fundamentals like genuine social purpose, quality control and appropriate funding structures. Investors, local authorities and, worst of all, vulnerable tenants, felt the pain.

In stark contrast, SASC will continue to partner with experienced charities that are embedded in their communities and driven by the best interests of the people they support and we will work with investors that genuinely care about real impact. We will also continue to serve the sector by broadening our offer in supported housing to cater for all the ways our borrowers use property, always trying to apply the same risk-sharing approach that we began with our first SASH fund five years ago.

Scott Greenhalgh
Chair

Mark Bickford
CEO

If you are interested in knowing more about SASH II contact info@socialandsustainable.com