



BIG ISSUE INVEST **SOCIAL ENTERPRISE INVESTMENT FUND L.P.** ANNUAL REPORT

For the year ended 31 March 2017



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LETTER FROM THE CHAIR

October 2017

Dear Limited Partners,

This is the seventh Annual Report for Big Issue Invest's Social Enterprise Investment Fund L.P. (the 'Fund'). The objective of the Fund is to supply growth capital to social enterprises to increase their scale, sustainability and social impact and to provide social and financial returns to investors. This report provides an update on our investment activities over the twelve month period ended 31 March 2017 as well as detailed profiles of the financial and social performance of the Fund's investments.

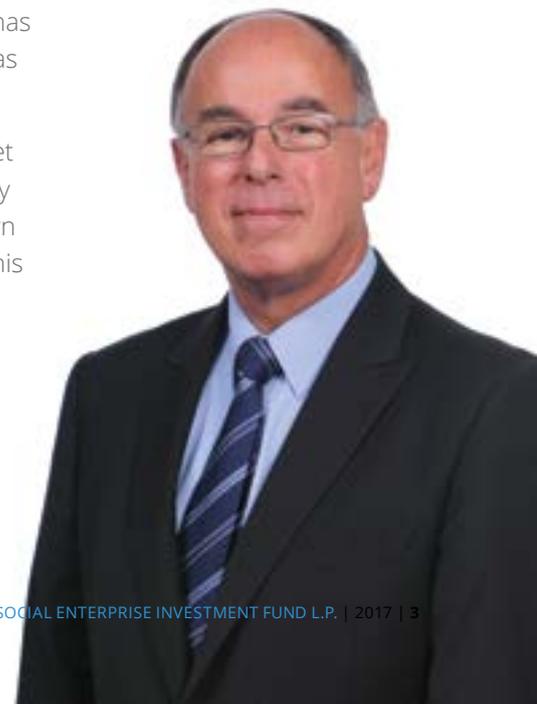
During 2016/17 we continued to disburse capital in tranches to the final investee of the Fund, the mental health charity, Herefordshire Mind, to which the Fund had a £1,625,000 commitment drawing down over time. The investment has been used to build accommodation for people with mental health issues stepping down from hospitals. As well as providing invaluable accommodation and support, the project should generate small surpluses that will support Herefordshire Mind's outreach services in the local community. Herefordshire Mind drew down the final tranche of this investment in July 2017 with the new care facility now open and taking on residents.

Investment disbursements during 2016-17 totalled £787,000, bringing the total amount disbursed by the Fund since inception to £8.55 million. Since the end of the period, an additional £178,790 was disbursed, bringing the total amount invested by the Fund to £8.73 million, representing 95% of the Fund's original committed capital.

The Fund continues to make periodic distributions of capital to investors, having returned over £788,000 in the twelve months ended 31 March 2017 and over £3.2 million to date. In addition, the Fund made its first annual distribution of income in October 2016. To date, the Fund has returned 40% of original committed capital to investors in the form of capital and income, including tax deducted at source.

I am pleased to report that in addition to SEIF I and its successor fund SEIF II, Big Issue Invest has raised a third fund, the BII Outcomes Investment Fund, with a £10 million cornerstone investment from Big Society Capital. The Outcomes Investment Fund has been set up to focus on investments into Outcomes-Based Contracts (also known as 'social impact bonds'), a rapidly growing segment of the social investment market.

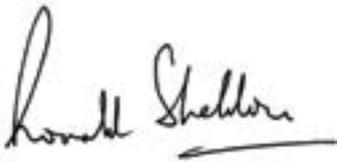
The Fund has given both Big Issue Invest and the wider UK social investment market a solid reference point and springboard for continued expansion of both the supply of, and investor demand for, investment products which offer both a financial return and positive social impact. The role of our investors in enabling us to bring about this achievement has been essential and is much appreciated.



Earlier this year, Investment Advisory Committee member John Pulsinelli advised us that due to other business commitments he intended to stand down from his role on the Committee as soon as we were able to identify a suitable replacement. John has served on the Committee since the inception of the Fund and I would like to thank him for the invaluable time and advice he has been able to provide. John Gilligan, a seasoned corporate finance professional in the private equity market and an independent non-executive Director of Big Issue Invest Fund Management Ltd, has agreed to replace John following the Annual Investor Meeting.

We would also like to thank the members of the Investment Advisory Committee, our fund administration team at NCM Fund Services, the investment team at Big Issue Invest, our Non-Executive Director appointees and, of course, the hard working and innovative social entrepreneurs of our investees and their teams for all their good work during the period.

Yours sincerely,



Ron Sheldon

Chair of the General Partner and of the Investment Advisory Committee



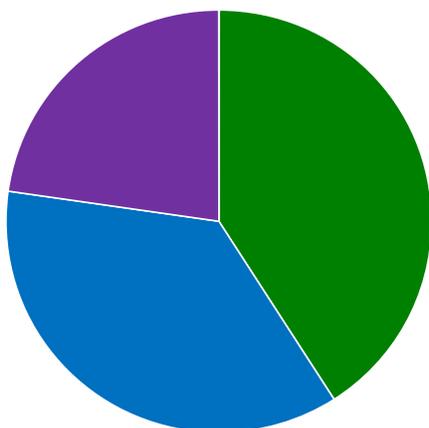
FUND DESCRIPTION

The Social Enterprise Investment Fund (the 'Fund') was launched in June 2010 to provide creatively structured medium term growth capital to social enterprises with a clear potential for growth, long-term financial sustainability and high social impact.

The Fund is a close-ended limited partnership with 22 investors. Big Issue Social Investments Limited is the General Partner. During 2014/15, Big Issue Invest Fund Management Limited gained FCA authorisation and took over the role of Fund Manager. This role was previously carried out by CCLA.

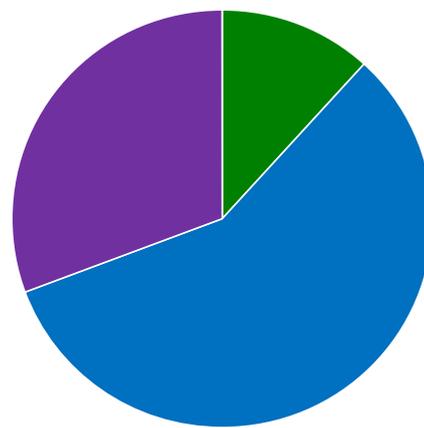
Big Issue Social Investments Limited is a subsidiary of Big Issue Invest, part of The Big Issue Group of companies. Since 2005, Big Issue Invest has been pioneering the financing of social enterprises. Big Issue Invest Fund Management Limited is responsible for investment sourcing, due diligence, structuring and monitoring of investments.

Investor type by number



- Individuals - 9
- Corporates - 8
- Foundations/Trusts - 5

Investor type by value



- Individuals - 12%
- Corporates - 57%
- Foundations/Trusts - 31%



The Fund's focus is on investing in organisations that are using innovative, socially driven and sustainable business models to improve the lives of the most disadvantaged individuals and communities. We are particularly interested in backing organisations that tackle the underlying causes of social problems.

Our core impact areas as follows:

- Employment and training;
- Education and learning;
- Health and social care;
- Tackling homelessness;
- Financial inclusion;
- Community and sustainable transport.

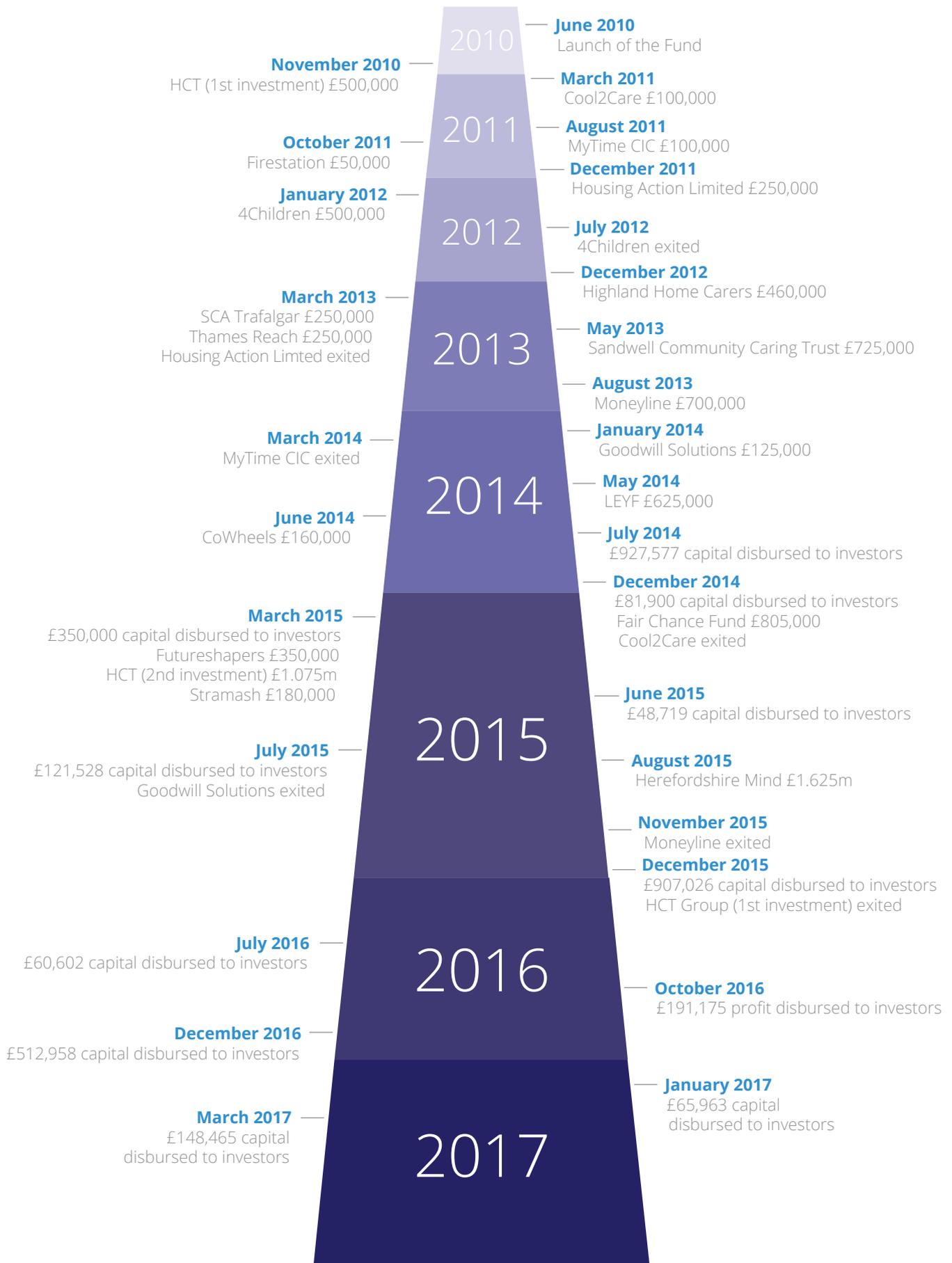
Many of the organisations the Fund has invested in are delivering impact in multiple ways, cutting across outcomes areas. HCT, for example, provides sustainable community transport while also delivering training programmes to support long-term unemployed people back in to work.

Beyond these core impact areas, the Fund also has a wider socio-economic impact and is:

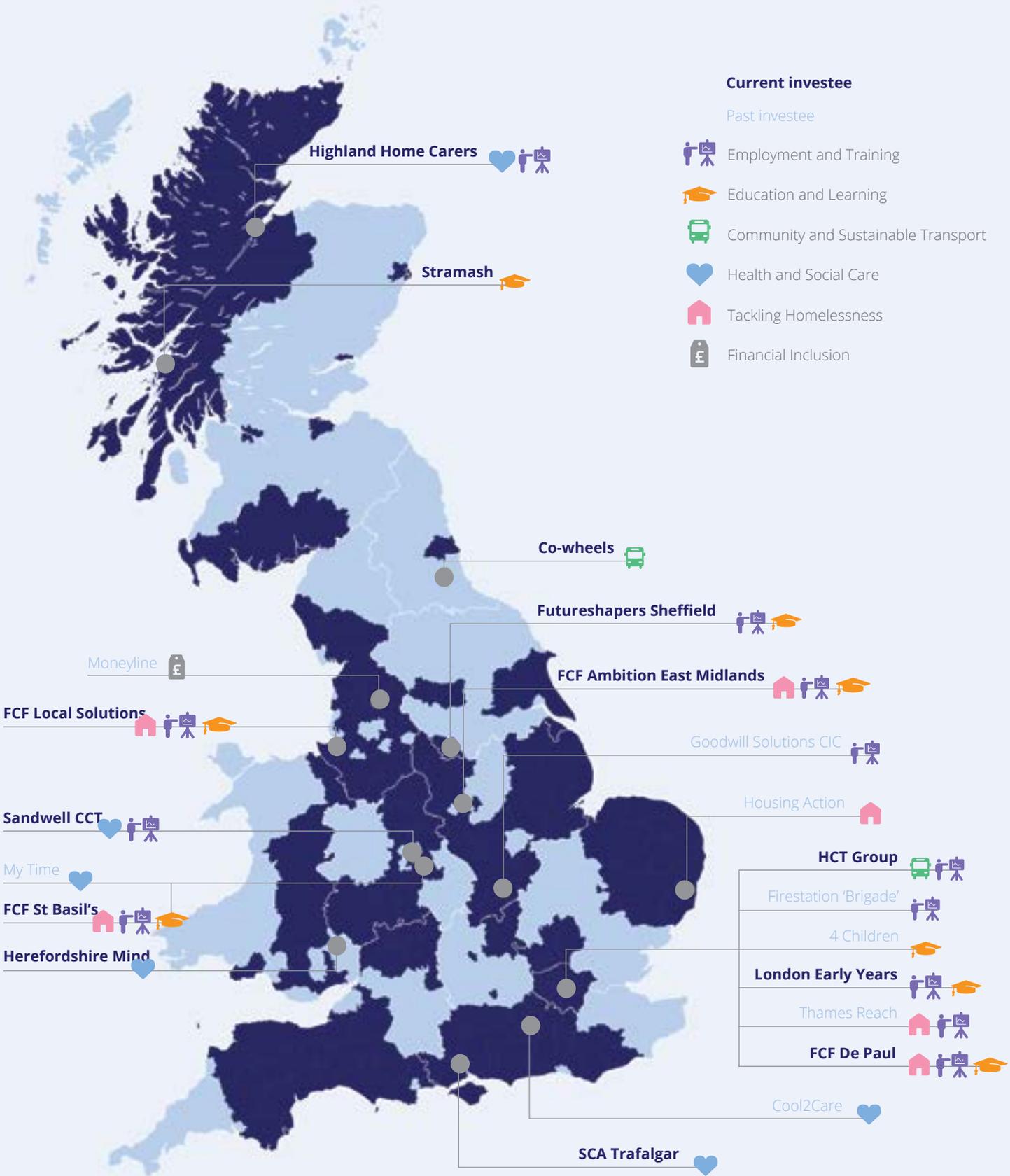
- Creating jobs;
- Enabling economic development in disadvantaged areas;
- Raising the bar on employment standards.



INVESTMENT TIMELINE



GEOGRAPHY OF INVESTEES



INVESTMENT PORTFOLIO

THE FOLLOWING INVESTMENTS WERE HELD AT 31 MARCH 2017:

Investee	Investment Type	Committed Capital
Co-wheels Car Club CIC	Fixed Rate Loan & Revenue Participation	£160,000
Fair Chance Fund - De Paul	Social Impact Bond	£100,000
Fair Chance Fund - St Basil's	Social Impact Bond	£150,000
Fair Chance Fund - Local Solutions	Social Impact Bond	£300,000
Fair Chance Fund - Ambition East Midlands	Social Impact Bond	£255,000
Futureshapers Sheffield	Social Impact Bond	£350,000
HCT Group Ltd	Fixed Rate Loan & Revenue Participation	£1,075,000
Herefordshire Mind	Fixed Rate Loan	£1,625,000
Highland Home Carers Ltd	Fixed Rate Loan	£460,000
London Early Years Foundation	Fixed Rate Loan	£625,000
Sandwell Community Caring Trust	Fixed Rate Loan & Revenue Participation	£725,000
SCA Trafalgar Dental Services	Fixed Rate Loan	£250,000
Stramash Social Enterprise	Fixed Rate Loan	£180,000
TOTAL		£6,255,000

PERFORMANCE SUMMARY

HEADLINE RESULTS FOR 2016-17



13

CURRENT INVESTMENTS



MORE THAN



550,000

PEOPLE HAVE BEEN SUPPORTED BY OUR INVESTEES



4,325

CHILDREN RECEIVED HIGH QUALITY NURSERY EDUCATION AT

41

NURSERIES

AND

43%

OF THESE CHILDREN RECEIVED FINANCIAL SUPPORT TO ATTEND



2,300

YOUNG PEOPLE HAVE RECEIVED TAILORED PERSONAL SUPPORT TO IMPROVE THEIR LIVES THROUGH OUTCOMES BASED CONTRACTS

OF WHOM

307

HAVE MOVED IN TO EMPLOYMENT

AND

314

HAVE GAINED QUALIFICATIONS

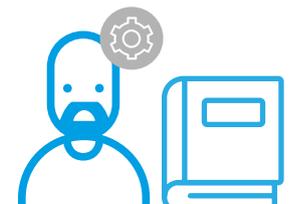


1,500 +

PEOPLE RECEIVED MORE THAN

500,000

HOURS OF PERSONAL CARE AND SUPPORT

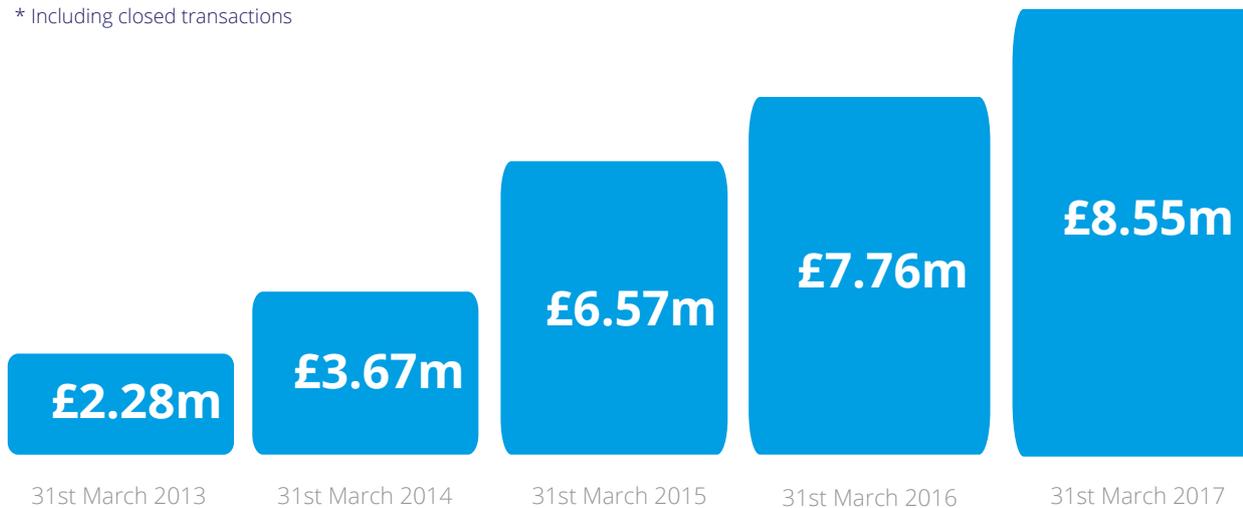


120

PEOPLE GAINED QUALIFICATIONS AS APPRENTICES WITH INVESTEE ORGANISATIONS

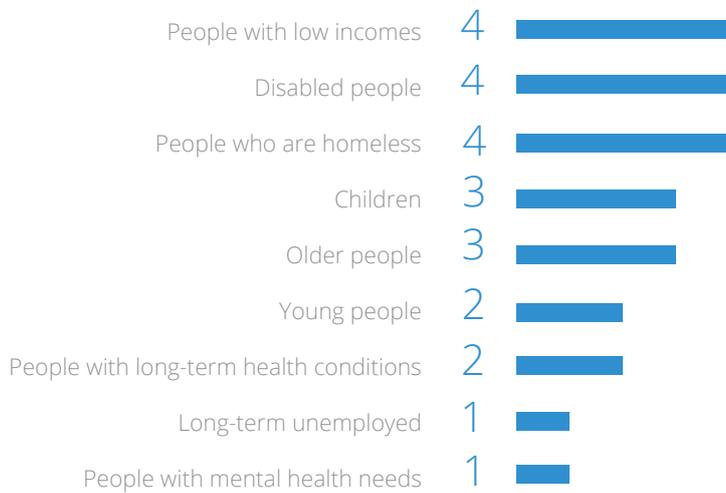
TOTAL CUMULATIVE CAPITAL DISBURSED*

* Including closed transactions



NUMBER OF INVESTEES BY PRIMARY TARGET POPULATIONS*

* Investees often target multiple target groups and outcome areas



SUMMARY BY SOCIAL OUTCOME AREA



EMPLOYMENT AND TRAINING

Why is this a priority?

Unemployment in the UK is at its lowest in 11 years¹ but there are still significant problems in the labour market that are contributing to poverty and inequality. Youth unemployment is a particular concern. It peaked in 2012 and is now on the decline but remains unacceptably high with 11.8% of 18-24 year olds unemployed² and 10.5% of 16-24 year olds lacking any qualifications.³ It's not just employment that counts, but quality employment. Three in 10 people living in income poverty who move into employment remain in income poverty even once they are earning.⁴

How do our investees make an impact?

Fair Chance Fund

Supporting homeless people to find, enter and sustain training and employment opportunities.

Futureshapers

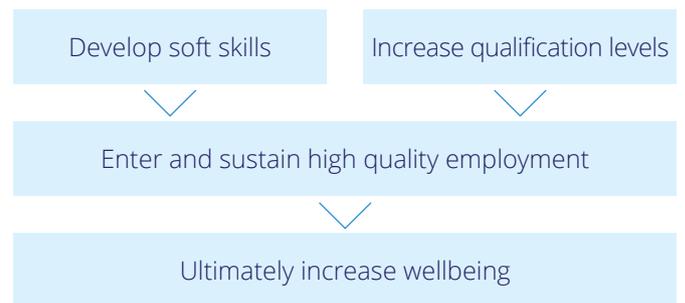
Supporting at-risk young people to succeed at school and progress into employment.

HCT

Providing job-specific training for vulnerable groups to get them into the labour market.

What do we want to achieve?

The Fund aims to tackle these problems by creating long-term, stable employment opportunities through the provision of training and skills development, mentoring and jobs. The Fund invests in organisations that can help jobseekers to:



1 UK Labour Market Statistical Bulletin, Office for National Statistics, September 2017
2 Youth Unemployment Statistics, Briefing Paper Number 5871, House of Commons Library, 13 September 2017
3 2011 Census Analysis, Local Area Analysis of Qualifications Across England and Wales, Office for National Statistics, March 2014
4 Poverty and Employment Transitions in the UK and EU, 2007–2012, Office for National Statistics, March 2015

EDUCATION AND LEARNING

Why is this a priority?

Education is the single biggest lever at a young person's disposal to help them secure quality employment, a good income and all the attendant health and wellbeing benefits. The attainment gap between children from different socio-economic groups starts early with poorer children, those with Special Educational Needs and children from certain ethnic groups lagging behind in school readiness. High quality early years education is particularly important for setting children on a course to academic success⁵ but it's never too late to intervene; children can be effectively supported to success at any age.

How do our investees make an impact?

LEYF

Focusing on broadening access to high quality early years education among low income children in London.

Stramash

Promoting outdoor education at all ages from outdoor nurseries, to schools to adult education programmes.

Futureshapers

Enabling vulnerable young people to stay in school and fulfil their academic potential.

What do we want to achieve?

The Fund aims to increase the provision of high quality education available to children and young people from low income families by investing in organisations that plan to:

Increase the provision of high quality early years education in low-income communities



Improve childhood development and life chances for children from disadvantaged backgrounds



⁵ Literature Review of the Impact of Early Years Provision on Young Children, With Emphasis Given to Children From Disadvantaged Backgrounds, Melhuish, E., Institute for the Study of Children, Family and Social Issues, National Audit Office

HEALTH AND SOCIAL CARE

Why is this a priority?

Health and social care services affect us all but there is a 'social gradient' in health; meaning that access to services and quality of care are problems which affect more disadvantaged members of society. The social care system in particular is struggling to deliver under the pressure of funding cuts and demographic change and has widely been considered to be 'in crisis' for some years now. Recently, the Care Quality Commission has publicly declared concerns about the state of the social care market and declared it to be close to 'tipping point'. New cost effective models of delivery that work for both providers and service users are urgently needed.

How do our investees make an impact?

Sandwell Community Caring Trust

Demonstrating how social enterprise can deliver high quality social care.

Highland Home Carers

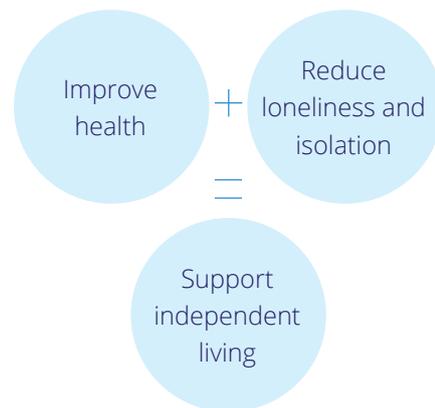
Leading the way in employee ownership in social care, bringing quality employment and quality care together.

SCA Trafalgar

Bringing dentistry to underserved disadvantaged areas and making good dental health the norm in areas of high dental need.

What do we want to achieve?

The Fund aims to facilitate improvements in the quality and accessibility of health and social care services, particularly for older and disabled people, by investing in organisations that:



TACKLING HOMELESSNESS

Why is this a priority?

Homelessness is a big, complicated issue. It is often triggered by personal crises like the loss of a job or breakdown of a relationship. However, there are also wider structural causes like the high cost and low availability of rental property. Rough sleeping is the most visible form of homelessness but it is a much wider problem encompassing people living in hostels, B&Bs and sofa surfing with friends. Lack of a secure base is often wrapped up with a range of other problems including social isolation, health problems and unemployment.

How do our investees make an impact?

Fair Chance Fund

Providing intensive mentoring and support for homeless young people.

What do we want to achieve?

The Fund aims to invest in organisations meeting immediate shelter needs as well as long-term housing needs while also providing specialist support and services to address the underlying causes of homelessness.

Rough sleepers are housed in secure accommodation

Homeless and vulnerably housed people access support to address health and any other issues

Individuals find and sustain suitable training and employment opportunities





FINANCIAL INCLUSION

Why is this a priority?

Financial inclusion means having access to the financial services we all need to manage our money, absorb unexpected costs and smooth out big expenses over time. Nearly two million adults in the UK don't have a bank account⁶, potentially locking them out of useful services like overdrafts and short-term affordable credit. Financial exclusion affects all sorts of people, often those with low and unstable incomes. One of the results of financial exclusion is the 'poverty premium', where low income families pay up to £1,300 a year more for goods and services⁷ – an unnecessary additional charge on those who can least afford it.

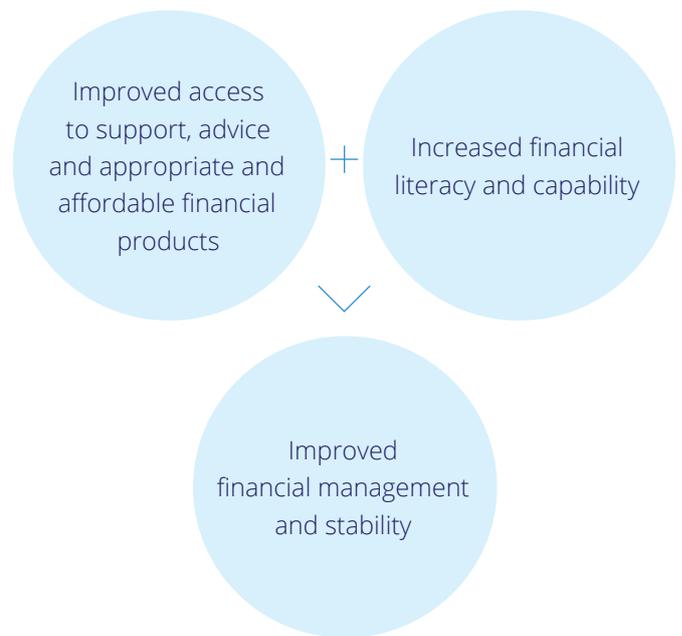
How did our investees make an impact?*

Moneyline

Providing affordable short term loans and savings options for those without access to mainstream credit.

What do we want to achieve?

The Fund aims to invest in organisations enabling access to credit, money advice, savings and financial literacy for people who cannot access mainstream financial services.



⁶ Improving the Financial Health of the Nation, Report of the Financial Inclusion Commission, March 2015

⁷ The UK Poverty Rip-Off: The Poverty Premium 2010, Save the Children, January 2011

* Moneyline exited in 2015/2016



COMMUNITY AND SUSTAINABLE TRANSPORT

Why is this a priority?

Personal transport is a vital component of our social and economic infrastructure, keeping us connected with friends, family, work and leisure. However, the mainstream transport system doesn't work for everyone. People who can't afford a car, who are older, disabled or find public transport difficult to use can find themselves locked out of opportunities because they lack realistic transport options. Sustainable community transport aims to fill these gaps by providing a wider range of transport options that are both user and environmentally friendly.

How do our investees make an impact?

HCT

Providing a wide range of specialised transport services to meet specific community needs (i.e. rural transport, transport for people with disabilities).

Co-wheels

Providing an environmentally friendly and affordable alternative to car ownership.

What do we want to achieve?

The Fund aims to invest in organisations that develop and improve the provision of community transport and sustainable car use.

Improved quality of life as a result of independence and increased opportunities for social interaction

Health and wellbeing benefits result from increased mobility

Reduction in CO₂ emissions

People with mobility difficulties have better access to services and places they wish to visit



SPECIAL INVESTEE FEATURE



Firestation Operating Company, trading as 'Brigade'

Date of investment

October 2011

Investment

£50,000 fixed rate loan

Full amount repaid in October 2016

Target population

People who are homeless, long-term unemployed

Business overview and investment thesis

Brigade is a restaurant and bar that runs training programmes designed to engage and inspire people between the ages of 16 and 55, who are either homeless or at risk of becoming homeless, by providing skills that can facilitate the transition into employment and, ultimately, independent living. Brigade engages with people living in hostels through a bespoke programme delivered by its partner Beyond Food Foundation, providing workshops, work experience and apprenticeships.

Brigade is managed by De Vere Venues, an experienced hotelier/conference operator while Simon Boyle, the founder of the Beyond Food Foundation, is the executive chef responsible for the training programme. It is located in the historic Fire Station on Tooley Street London, which PwC has transformed into a social enterprise hub.

Brigade opened for business in late September 2011 with the support of investment from SEIF, grant funding from the Homes and Communities Agency, and capital contributions from PwC and De Vere.



Social mission

To inspire people who are at risk of, or have experienced, homelessness to gain meaningful employment.

Number of people benefitting

More than 200 people take part in courses each year, giving them the opportunity to progress onwards through the training and employment schemes on offer.

Social impact

The training programmes on offer at Brigade are progressive. Graduates of the initial 'taster' courses are then eligible to apply for more intensive courses.

For the beneficiaries who started the apprenticeship programme between 2011 and 2014:

- 47% were living in hostels when they began the programme;
- 3% were sleeping rough;
- 32% were ex-offenders;
- 43% had issues with substance abuse;
- 53% had family issues.

As part of its commitment to developing and improving results, PwC has undertaken a Social Return on Investment analysis of Brigade's first three years. In addition to the 'hard' outcomes the SROI analysis looked at the shorter term 'soft' outcomes achieved by the apprentices who graduated in 2013 and 2014.

Q&A with Simon Boyle, Chef Founder, Brigade

Why did you create Brigade?

I have a deep frustration that people not only become homeless but stay homeless. After volunteering as part of the aid effort in response to the 2004 tsunami in Sri Lanka, I wanted to do more for my community. I wanted to create an organisation that broke the cycle of poverty by providing skills and qualifications that offer access to employment.

When and why did you decide to pursue social investment?

In 2010 when we started the business, we always knew we would need some social investment to help with our cash flow. Big Issue Invest was the ideal provider to support our huge ambitions. They allowed us to draw down as we needed and it really helped the business in the first 2 years.

The relationship with Big Issue Invest and ourselves was also really great to help tell our story and get people to notice us as a start-up.

If you were starting again, what might you do differently?

I would work on a stronger even more robust business plan. Ours was good but I think you can never do enough in the tough world we live in. I would also leave it at least 6 months before bringing in our trainees and apprentices to allow the business to launch, have its hiccups and settle down.

What does the future hold for Brigade?

Long term, there's an ambition to expand Brigade to every major city in the UK in recognition that homelessness is not an issue confined to London. To do this, it's very likely we'd be looking for social investment to kick start the expansion. This is a long road to scale up and one that we all feel compelled to do when the time is right. In the shorter term, our plan is to take our training on the road and in particular into prisons and homeless hostels in partnerships with like-minded organisations.

Q&A with David Adair, Head of Community Affairs - Corporate Sustainability, PwC

What is special about the relationship between PwC and Brigade?

Brigade was born out of a shared passion and vision between PwC and Simon Boyle the chef/founder of Beyond Food to collaborate across the sectors to make a positive sustainable difference to the lives of those at risk of homelessness. Brigade is a unique example of a business innovating and sharing its skills, resources and expertise in a true partnership where all parties have an equal say in decision making and all staff and partners are proud to be part of the impact it has.

How does the PwC and Brigade partnership fit into the wider PwC business?

PwC is a people organisation; we don't make products, therefore the development of our people is key to the success of our firm. Giving our people the opportunity to mentor and support the apprentices at Brigade helps them make more effective and informed business decisions and make them more agile as business professionals. It is also a tangible example of our commitment to 'Buy Social'.

How does PwC benefit from being involved with social enterprises?

Social enterprises create sustainable businesses that are good for the economy, people and the planet by supporting them PwC can help tackle some of the big issues facing the UK such as diversity, social exclusion and alleviating unemployment. Staff that work with social enterprises bring innovation and enthusiasm back into the business, ultimately changing how we operate and are perceived as a business.

Q&A with Leighann, Brigade apprentice

How did you get involved with Brigade?

I was made redundant over 2 years ago and hadn't worked since. I was then made homeless and was living on the streets for 4 months. One of the street rescue team picked me up and put me in a homeless assessment centre. I got moved to the hostel where I am now, in October 2016. A job centre advisor told me about the course at Beyond Food and so I went along.

How has the experience at Brigade made a difference?

It's given me a new lease on life. I thought I would never work again but Brigade proved me wrong. I'm more independent now and I'm doing more for myself than I've ever done before. I'm getting moved on from my hostel to a flat in a few months' time because I'm working. I feel healthier, happier, more myself. I feel like I've found a missing part of me. It's a wicked organisation and a wicked opportunity. I'd still be in the gutter if it wasn't for this.

What advice would you give to a new trainee starting out at Brigade now?

When you realise you've got it and that you're plating up restaurant quality; food that feeling will make you so much more confident in yourself. Sometimes it's hard and the chefs challenge you, but keep pushing yourself. I'm one step closer to my goals every day.

REVIEW OF INVESTMENTS



Co-wheels Community Interest Company

Date of investment

June 2016

Investment

£160,000 fixed rate and revenue participation loan
£125,227 outstanding at 31 March 2017

Target population

People with low incomes, disabled people

Social mission

Co-wheels aims to regulate car usage so everyone can have access to a car, but only use when needed.

Number of people benefitting

An estimated 9,000+ people have access to a Co-wheels vehicle through individual or employer membership.



Community and Sustainable
Transport

Business overview and investment thesis

Co-wheels is the only independently owned national car club operator in the UK, providing low emission, hybrid and electric cars on a pay-as-you go basis for individuals and organisations. Headquartered in the city of Durham, Co-wheels is one of the fastest growing social enterprises and now delivers car clubs in over 60 locations across the UK with a diverse range of operations, from city centres to villages.

Some car clubs are used by local authorities and universities as pool cars for staff, while others focus entirely on being shared cars for local residents. Local ownership of operations is encouraged, which are sometimes run as community car clubs or as social franchises.

Co-wheels was an attractive investment, providing a social return from both environmental benefits and improved social inclusion through the locating of cars in areas with a scarcity of public transport options. In addition, the investment has been structured with an element of fixed return and revenue participation so that the Fund shares financially in the strong growth evident.

Recent developments

Co-wheels has continued to seek innovative ways of delivering transport solutions. An increasing proportion of the car fleet is now electric, with these cars attracting a zero mileage fee making them cost effective and accessible. The organisation has pioneered the introduction of an electric bike scheme for employees in Inverness and has a contract to substantially roll out this programme in Bristol.

The business continued to expand during the year with turnover increasing by 38% to £3,292,504 having introduced a new booking platform which will provide the business with greater efficiencies going forward.

Co-wheels has received numerous awards including the winner of "Best Shared Mobility Service" at the Smarter Travel Awards 2016 for demonstrating social, financial, environmental, and cultural benefits of shared mobility for its members, and in November 2016 triumphed at the GreenFleet Awards 2016, scooping the title of 'Car Club of The Year'.



Social impact

Co-wheels changes attitudes towards car ownership and patterns of car use, and enables people to voluntarily kick the habit of car dependency - reducing the number of cars on the road, helping clear streets and improve air quality in communities. This provides financial and health benefits to individuals and increases options for people experiencing transport poverty.

Co-wheels' target outcomes:

- People with mobility difficulties have better access to services and places they wish to visit;
- Reduction in carbon dioxide emissions.

Route to Impact

	Relevant Indicators	2014-15*	2016-17
Smarter travel for employees: providing fleets for organisations that need their staff to travel during the day (e.g. local authorities).	Number of organisations using Co-wheels	338	337
	Members of staff signed up with Co-wheels	7,010	4,910
Minimising emissions: reducing unnecessary car use.	Percentage of members saying they are less likely to buy a car in the next few years as a result of membership	75%	67%
	Percentage of members saying they drive less since joining the car club	40%	42%
Overcoming transport poverty: providing affordable options for car use.	Percentage of Co-wheels members from demographic groups with below average incomes	41%	39%
Community empowerment: enabling communities to take charge of their own transport needs by offering a franchise scheme.	Number of community-owned franchises	4	5
	Number of members of community-owned franchises	367	550

*No date available for 2015-16



www.co-wheels.org.uk

Fair Chance Fund

Date of investment

December 2014

Investment

£805,000 in Social Impact Bonds across four projects
£306,349 outstanding at 31 March 2017



Education and learning



Tackling homelessness



Employment and training

“ I am really pleased to be backing the Fair Chance Fund. It is a great example of how innovative social investment has the potential to achieve great things for people whom traditional funding cannot reach. This will give voluntary sector organisations the freedom to do what’s needed, when it’s needed. ”

Rob Wilson, Civil Society Minister

Target population

Young people who are at risk of homelessness

Social mission

To improve the quality of life for young people who are at risk of homelessness aged 18 to 24 who are not currently in employment, education or training.

Number of people benefitting

1,078 young people had started the programme by March 2017.

Business overview and investment thesis

The Fair Chance Fund (FCF) is a Department for Communities and Local Government (DCLG) and Cabinet Office commissioned payment by results (PbR) programme, which seeks to address some of the key social issues contributing to homelessness amongst 18 to 24 year olds. Total funding of £15 million has been allocated by DCLG for seven organisations to deliver a series of prescribed outcomes dedicated to helping young people to find and maintain accommodation, education, training and employment over a three year period. The potential impact of FCF is high given the target cohorts will not be benefiting from existing statutory services and demonstrate complex, multiple needs.

Social Impact Bonds are a three-way partnership between public service commissioners, service delivery organisations and investors. Unlike traditional commissioning relationships, payments are conditional on service delivery organisations achieving certain agreed outcomes. The outcomes for this Social Impact Bond are targeted across four broad areas: initial and ongoing assessments, accommodation sustainment, education/ training and

employment. Higher payments are available depending on ability to sustain outcomes over increasing time periods. The programme typically involves a period of intensive mentoring, understanding the specific issues a young person faces and sourcing appropriate, sustainable housing in the first instance, prior to supporting that young person into education or employment based on their preferences.

Big Issue Invest made four investments into the FCF:

- Ambition East Midlands; £255,000 investment into a consortium comprising P3, The Y (Leicester) and YMCA Derbyshire, to deliver FCF in Leicester and Derbyshire to support 409 young people. All three delivery organisations are experts in multiple service delivery to disadvantaged young people, with particular skills in dealing with youth homelessness.
- DePaul UK; £100,000 investment into a project managed by DePaul UK, to work with 206 young people in Manchester, Oldham, Rochdale and Greenwich. DePaul UK is one of the leading national youth homelessness charities with a track record of working with some of the most disadvantaged, vulnerable young people over the past 25 years.

- Local Solutions; £300,000 investment (only £200,000 drawn down) to enable Local Solutions to work with 139 young people in Liverpool and Knowsley. Local Solutions is a well-established charity in the North West and North Wales, which has been delivering services to support vulnerable individuals since 1974.
- St Basil's; £150,000 investment to support the delivery of FCF to 351 young people across 30 sites in Birmingham and the West Midlands. St Basil's is a registered charity with a 40-year track record of providing accommodation and support services for young people (aged 16 to 25) who are homeless, at risk or in conflict.

Recent developments

As the FCF contracts entered their final nine months in March 2017, all four projects had built on a strong recruitment phase and were delivering engagement, housing, education and training outcomes broadly in line with or, in some cases, in excess of, expectations.

Although all the providers are working to the same eligibility criteria, variation in local need has inevitably led to each provider working with a diverse range of young people. Local Solutions is working with a slightly older group with higher rates of mental health and substance misuse problems, whereas DePaul is working with a younger cohort, more likely to have a police record.

Despite this regional variation, the FCF projects have experienced many common challenges – including securing hard-to-achieve employment outcomes and ongoing issues with retention of staff – and have adapted their models of delivery in response. As a result, delivery organisations have developed new ways of working to deliver better outcomes for the young people on the programme with diverse and complex needs. In the final few months of the programme, the projects are focused on maximising remaining client outcomes, planning post-project support pathways, and considering options for post-SIB follow-on funding.

Social impact

The FCF delivery partners exceeded targets on all their headline indicators (shown below) by March 2017. They are also tracking a range of more detailed indicators that help them understand their participants' journeys from start to finish. The programme is being externally evaluated by ICF Research; the findings will be published in July 2018.

Fair Chance Fund's target outcomes:

- Improved (soft) skills and attitudes (job readiness) for employment;
- Increase in qualifications and (hard) skills necessary to find employment;
- Increased number of job seekers enter and sustain employment.

Outcome	Ambition East Midlands	DePaul UK	Local Solutions	St Basil's	TOTAL	Overall performance
Number of young people started the programme	409 (target 340)	209 (target 205)	138 (target 138)	322 (target 322)	1,078	Target exceeded
Number of young people moved in to stable accommodation	370 (target 369)	190 (target 191)	130 (target 117)	280 (target 284)	970	Target exceeded
Number of young people moving in to education or training	134 (target 139)	88 (target 101)	113 (target 100)	242 (target 233)	577	Target exceeded
Number of young people moving in to employment	111 (target 119)	49 (target 57)	38 (target 32)	80 (target 80)	278	Target not met



Future Shapers
Transforming Lives,
Shaping Futures

Future Shapers Sheffield Ltd (Youth Engagement Fund)

Date of investment

March 2015

Investment

£350,000 Social Impact Bond

Full amount outstanding at 31 March 2017

Target population

Young people, children



Employment and training



Education and learning

Social mission

To help young people aged 14 to 17 who are disadvantaged to succeed in education, training and employment.

Number of people benefitting

The programme aims to benefit 1,300 young people over the course of three years. Programme delivery began in April 2015. To March 2017, 1,231 young people had enrolled on the programme (against a target of 1,221).

Business overview and investment thesis

The Youth Engagement Fund is a £16 million programme set up by the Department for Work and Pensions (DWP), developed with the aim of testing whether an outcomes-based approach to commissioning is successful in tackling the problem of young people who are not in employment, education or training (NEET). Funds have been allocated to support innovative interventions with young people, aged 14 to 17, who are at risk of disengaging from the education system. The DWP will only pay contractors under the Fund when a series of prescribed outcomes have been achieved. Research suggests that 13% of 15 to 18 year-olds are currently NEET. Being NEET can have long-term, damaging effects on young people's lives and future prospects – by the age of 21, young people who have been NEET for at least six months are more likely than their peers to be unemployed, earn less, have a criminal record and suffer from poor physical and mental health.

A total of four contracts were awarded in March 2015, all of which are being financed through Social Impact Bond

vehicles. Futureshapers (Sheffield) is a Special Purpose Vehicle (SPV) set up to manage a three-year contract, with Sheffield Futures acting as delivery partner. Sheffield Futures is a highly regarded charity whose mission is dedicated to working with disadvantaged young people aged 14 to 25, to provide support and advice on training, employment, social inclusion and personal development to help them achieve their potential.

Under the Sheffield Futures delivery model, each young person is assigned a specific mentor on commencement of the programme with a diagnostic assessment undertaken. An action plan is agreed setting out a detailed progression pathway with key milestones and all participants are offered personal support and a range of activities designed to break down barriers to progression, such as lack of confidence and resilience, social issues, lack of parenting, lack of literacy and numeracy skills. Intensity of ongoing support depends on the individual, for example, attending regular counselling sessions or additional tuition.

Recent developments

Futureshapers had a slower than expected mobilisation phase, which delayed achievement of some initial outcomes. Since then, the project has performed better in terms of recruitment, engagement and behavioural outcomes, but GCSE results fell below expectations in 2016 and there remains uncertainty around future GCSE qualification outcomes, which will play a large part in determining overall performance.

As Futureshapers enters its third year, the emphasis is on developing employment and training options for young people in the post-16 age group as well as maximising the crucial GCSE qualification outcomes in 2017 and 2018.

Social impact

The outcomes identified for the project are progressive: from improvements in behaviour and attitudes, to qualifications, and finally to employment. This reflects the journey participants are expected to make as they go through the programme.

Future Shapers' target outcomes:

- Improved childhood development and life chances for disadvantaged children;
- Improved (soft) skills and attitudes (job readiness) for employment;
- Increase in (hard) skills and qualifications necessary to find employment.

Indicator	Achieved by March 2017	Percentage of target for March 2017 achieved	Percentage of total programme target achieved
Starts on programme	1,231	>100%	93%
Improved attitude towards school / education	855	>100%	89%
Improved behaviour at school	730	100%	100%
Entry level qualifications	307	>100%	51%
Level 1 qualifications	268	>100%	36%
Level 2 qualifications	43	100%	12%
Level 3 qualifications	3	100%	3%
First entry in to employment	29	81%	11%
Sustained employment	10	>100%	7%



 @SheffFutures

www.sheffieldfutures.org.uk



HCT Group

Date of investment

March 2015*

Investment

£1,075,000 fixed rate and revenue participation loan
Full amount outstanding at 31 March 2017

Target population

Older people, disabled people, people with low incomes, long-term unemployed



Community and Sustainable
Transport



Employment and training

Social mission

HCT's mission is to enhance people's lives, provide opportunities and bring people and communities together through transport and training.

Number of people benefitting

HCT delivered a total of 232,841 individual passenger journeys to disadvantaged individuals over the course of 2016-17 and delivered a range of other services to disadvantaged individuals.

Business overview and investment thesis

HCT is a flagship UK social enterprise, operating a model which uses the revenues generated from providing public bus services to reinvest into community transport services and skills training programmes. HCT has developed a theory of change for its operations and produces a comprehensive annual social impact report that can be downloaded from its website. The group is continually developing and sharing innovative approaches to maximising and measuring its impact.

Recent developments

Following investment from this Fund, HCT went on to receive a further investment from the successor Fund, SEIF II, of £1.3 million. The investment has been used to fund new contract opportunities, a depot redevelopment, new fleet and bolt-on acquisitions to enable HCT to continue scaling its impact. HCT has continued to grow, winning repeat business from existing customers and securing new opportunities from new contracts

and mergers. 2016-17 revenues reached £49 million (2015-16: £44 million), benefiting from new these new opportunities, which included the merger with Social Access (formerly Bristol Dial-a-Ride) and new TfL routes. Profit margins have been slightly affected by a shortage of drivers in London requiring temporary use of agency staff and an increase in insurance premiums, but net income increased to £0.5 million (2015-16: £0.4 million). HCT launched a Travel Training 'payment by results' scheme in 2016-17, with local authorities paying HCT for children with Special Educational Needs (SEN) to travel independently on public transport and improve their quality of life.

A major development for HCT is the April 2017 passing of the Bus Services Bill, which will allow local authorities to franchise bus services in their area to encourage access and competition. The full impact of this opportunity will become clearer during the financial year 2017-18.

* The first SEIF investment into HCT Group was made in November 2010 and was fully repaid as at 31 March 2016.

Social impact

The HCT Group places a strong emphasis on monitoring, evaluating and developing its social impact. HCT is a leader in the social enterprise sector in terms of impact measurement and reporting, producing high quality annual impact reports that demonstrate their social value and highlight learning to be taken on board for the year ahead.

HCT tracks a suite of indicators to understand its impact in different areas and regularly reviews its data collection to ensure the correct information is being tracked in the right way. Results for 2016-17 have been varied due to

changes in apprenticeship funding affecting the Learning Centre and delays in the start of the new payment by results Travel Training scheme, however improvements are expected over 2017-18.

HCT's target outcomes:

- People with mobility difficulties have better access to services and the places they wish to visit;
- Increase in qualifications and (hard) skills necessary to find employment;
- Increased number of job seekers enter and remain in employment.

Indicator	2014-15	2015-16	2016-17	Change 2015-16 to 2016-17	Commentary
Profit invested back in to community activities	£0.1m	£0.1m	Unknown	-	Data unavailable for the most recent year
Passenger journeys provided to community groups	-	123,716	101,018	-18%	2015-16 data re-stated to reflect new methodology
Passenger journeys provided to individuals	224,324	242,960	232,841	-4%	
Individuals trained to travel independently	106	126	68	-46%	Lower than expected results due to delays in the start of the travel training contract
Individuals gaining qualifications as a result of training/support by HCT	634	497	691	+39%	
Unemployed people gaining jobs as a result of training/support by HCT	114	203	132	-35%	Changes to apprenticeship funding have affected job entries



Herefordshire Mind

Date of investment

August 2015

Investment

£1,625,000 fixed rate loan

£1,446,210 outstanding as at 31 March 2017

Target population

People with mental health needs



Health and social care

Social mission

To raise awareness and promote understanding of mental health issues, whilst providing quality support.

Number of people benefitting

In 2016-17 Herefordshire Mind provided:

- Residential nursing support to 12 individuals;
- Housing/domiciliary care to 34 individuals;
- Recovery and wellbeing services to 149 individuals;
- Information and advice to 58 individuals.

Business overview and investment thesis

Herefordshire Mind is a charitable company limited by guarantee that has been delivering mental health services in Herefordshire for over 30 years. The organisation is one of 140 affiliates of the national charity, Mind. Although self-governing and responsible for its own services, the company is subject to the wider charity's standards of governance.

The ethos of the Herefordshire Mind is people-centred, with a focus on helping individuals recover from mental ill-health. Services include day-care services, at-home living support and residential nursing care. Herefordshire Mind is paid to deliver services by Herefordshire Council, NHS clinical commissioning groups and by individuals through personal budgets.

Herefordshire Mind needed investment to build a 14-bed nursing home in Hereford called Miller Court, to provide intensively supported accommodation for adults with mental health issues. The total project cost was around £2.5 million with a funding requirement of £2 million financed by a mix of Herefordshire Mind reserves and SEIF investment.

Recent developments

Herefordshire Mind completed the development of Miller Court in October 2016 and opened its doors to referrals in the Spring of 2017. This new purpose-built 14-bedroom en-suite facility will benefit many end users. Herefordshire Mind will also offer a range of short course training, workshops and physical activity groups, in addition to skills development and leisure activities, designed and delivered by experts, which help to increase a person's confidence and self-esteem.

Social impact

Herefordshire Mind has recently undertaken an extensive consultation exercise reflecting on their intended impact, resulting in a new re-invigorated expression of their vision, mission and values. Alongside this process the organisation has been working with Big Issue Invest to develop a social impact plan to ensure their outcomes are clearly expressed and remain under review.

Herefordshire Mind's target outcomes:

- More people are able to manage their mental health and live a self-fulfilled and independent life;
- Improved well-being and self-reliance for individuals.

“ I want this to be a positive message about mental illness: everyone has mental health just like everyone has physical health. We just have varying degrees of it. Do not let anyone tell you that you can't do something. I am truly blessed and grateful for all the support and love I have been shown. Thanks for being on my journey with me. ”

Client

“ The investment has enabled us to build a secure base for our future which should enable us to become more independent and better manage financial cuts from traditional funding sources. ”

Herefordshire Mind



Indicator	2015-16	2016-17	Commentary
Number of people receiving services from Herefordshire Mind	263	253	These figures tell us about the scale and reach of the organisation's reach and scale of delivery. They were as anticipated in 2016-17.
Hours of care delivered	Reporting to BII began in 2016-17	106,860	
Percentage (number) of CQC assessed services rated as Outstanding or Good	100% (1)	100% (1)	The quality of care provision at the Shires has been consistently good. Miller Court is yet to be assessed.
Staff turnover rate	38.8%	9.7%	Continuity of care is vital in mental health. Seeing the same face every day can make all the difference to feeling valued and supported. Staff absences and high turnover disrupt care and reduce service quality. Turnover was high in 2015-16 due to funding losses but returned to the expected level in 2016-17. Sickness was slightly higher than the national average but still within reasonable bounds.
Staff sickness rate	4.7 days per year	5.7 days per year	

 @hfdshiremind

www.herefordshire-mind.org.uk



Highland Home Carers

Date of investment

December 2012

Investment

£460,000 fixed rate loan (aggregate amount)

£116,264 outstanding as at 31 March 2017

Target population

Older people, disabled people, people with long-term health conditions



Health and social care



Employment and training

Social mission

Highland Home Carers aims to provide flexible, high quality care at home and support services, enabling people to remain in their own homes by providing assistance to maintain and increase their independence as much as possible.

Number of people benefitting

In 2016-17 HHC provided care services to 636 individuals. 410 employees benefitted from the innovative employee ownership model.

Business overview and investment thesis

Highland Home Carers is the largest independent provider of at-home care in the Highlands of Scotland. The business was founded in 1994 by the chair Nick Boyle and became an employee-owned company in July 2004. The company is now the second largest employee-owned organisation in Scotland.

Employee ownership is an important part of Highland Home Carers' ethos – the high quality of care comes from the engagement and commitment of staff. Highland Home Carers believes that the right to share in profits and staff involvement in governance is a driver of service quality. Three quarters of staff own shares in the business.

The Fund provided finance to assist Highland Home Carers settle the original employee buy-out funding, the terms of which inadvertently penalised growth and discouraged management from bidding for high-value/low-margin work. This included contracts with a high social value such as delivering 24-hour support to those with complex needs. Highland Home Carers was unable

to raise finance from mainstream providers due to its lack of assets and perceived high-risk status. The Fund provided the investment as a fixed rate loan, the terms of which allow management to invest in staff and to actively grow the business. In subsequent years BII has provided finance for working capital to enable Highland Home Carers to grow.

Recent developments

Highland Home Carers is a success story for the Fund. Turnover has increased every year since the investment and has exceeded £7 million in the current financial year. A key driver of growth continues to be additional contracts won through the extension of services to new areas within hard to serve areas within the Highlands. An example of this is Boleskine Community Care, a care-at-home service managed by Highland Home Carers where the carers manage themselves and provide their own assessments of old people's needs. In the Scottish Highlands, spending on health and social care is fully integrated, meaning the NHS, rather than local councils, is responsible for providing care at home. This is leading to positive results for individuals receiving the appropriate

“ Highland Home Carers has been very proactive in developing this innovative approach. Ideally I would like them to support other care providers to develop similar approaches so we can widen opportunities. ”
Social worker

care in their local community setting despite not having a local family support network around them.

Social impact

Highland Home Carers is a leader in its field in managing its impact. It runs an ongoing Social Accounting process to assess progress against its social aims and objectives, to track change and feed in to operational plans and improve services. This Social Accounting is now in its 9th year. Engagement with service users is a significant part of the process.

The most recent results reveal a high level of satisfaction:

- 95% feel Highland Home Carers allows them independence to remain at home;
- 93% are happy with care consistency;
- 96% believe Highland Home Carers support has allowed them to remain in their own homes;

- 92% believe Highland Home Carers support has allowed them to make their own choices.

Some of Highland Home Carers headline indicators are reported below. They show a picture of a growing business delivering on its commitment to employee ownership.

HHC's target outcomes:

- Service users experience improved physical health;
- More older people are able to manage their mental health and live a self-fulfilled independent life;
- Fewer older people feel isolated, excluded or lonely;
- Increased number of job seekers enter and sustain employment;
- Improved (soft) skills and attitudes (job readiness) for employment;
- Improved well-being and self-reliance for job seekers/ employees.

Indicator	2014-15	2015-16	2016-17	Change 2015-16 to 2016-17	Commentary
Number of employees	357	509	536	+5%	HHC has grown their total employee numbers as well as the proportion owning shares and is delivering more training per employee demonstrating a continued commitment to staff engagement and development within the business.
Number of employees owning shares	331	339	410	+21%	
Hours training received by employees	n/k	7,016	7,500	+7%	
Number of service users	513	531	636	+20%	Both the scale and depth of delivery continue to increase with more people receiving more hours of care.
Hours care delivered	185,004	206,818	264,420	+29%	
Average care commission ratings	5	4	4	No change	

“ The staff are amazing. They care for each child as if they were their own. My son developed as I would only dream of. LEYF in one word: OUTSTANDING! ”

Maria, parent at Leys Children's Community Nursery

London Early Years Foundation (LEYF)

Date of investment

May 2014

Investment

£625,000 fixed rate loan.

Full amount outstanding at 31 March 2017

Target population

Children, people with low incomes



Employment and training



Education and learning

Social mission

LEYF's mission is to “change the world one child at a time” through the provision of early years education; giving children from all backgrounds the best chance of being happy, healthy and successful and enabling parents to work.

Number of people benefitting

In 2016-17, 4,139 children attended LEYF nurseries. 43% of these children benefitting from free or subsidised places.

Business overview and investment thesis

Originally founded in 1903, LEYF is a highly regarded social enterprise that operates 38 nurseries in London with a particular focus on offering high quality early years education to children from low income homes. It operates a hybrid model with places paid for at market rates subsidising ‘free’ places for disadvantaged children. Local authority funding is intended to pay for 15 hours nursery care for all three and four year olds and 40% of the most disadvantaged two year olds. However typically the amount paid per child does not cover the cost of a place. Many nurseries either do not participate in the scheme or charge for additional hours, making these ‘free’ places either inaccessible or unaffordable to the most disadvantaged children and parents. Therefore the hybrid model allows LEYF to maximise its social impact by targeting services towards those children who have no other quality early years option.

Quality of education is of paramount importance with a holistic, tailored curriculum in place with significant

input and help from parents and the local community to ensure that children have the best possible early years’ experience. This focus on quality is demonstrated by the fact that 100% of the nurseries within the portfolio are rated as ‘Outstanding’ or ‘Good’ by OfSTED and 95% of parents stated they were happy with the service provided.

Recent developments

LEYF is the largest early years childcare social enterprise in the UK, having experienced rapid growth and expanded across 14 new nursery sites between 2013 and 2016. Following this period of significant growth, the charity is focused on delivering quality and impact across all of its 38 nurseries. LEYF continues to face a number of challenges in its marketplace, notably changes to qualification requirements for individuals looking to work in childcare, which has negatively impacted on LEYF's ability to recruit apprentices. The organisation is making good progress in addressing many of the issues it faces, including these challenges around recruitment.

Social impact

The LEYF theory of change is based around four key drivers of child development: dosage, duration, quality of provision and quality of home learning environment. LEYF describes these four levers as the 'Magic Sum' and has developed a set of weighted KPIs to track progress in each of these areas. LEYF tracks a more detailed scorecard monthly, which is reviewed on an ongoing basis by the Board's social impact sub-committee. Data for 2016-17 was unavailable at the time of publication but can be provided on request.

Target outcomes:

- Increased provision of high quality early years learning and education in low-income communities
- Increase in qualifications and (hard) skills necessary to find employment
- Increased number of job seekers enter and sustain employment

The 'Magic Sum'	Progress towards the 'Magic Sum' in 2014/15	Progress towards the 'Magic Sum' in 2015/16	Change from 2014/15 to 2015/16
Dosage: optimal target for child development is 15-30 hours per child per week	Average hours per week attended: 24.8	Average hours per week attended: 24.5	Decrease away from optimal dose
Duration: optimal target for child development is > 36 months per child	Average number of months attended by leavers: 12.3	Average number of months attended by leavers: 14.4	Increase towards optimal dose
Quality of provision	92.3% of LEYF nurseries rated 'Good' or 'Outstanding' by OfSTED 88% parents willing to recommend LEYF to others	100% of LEYF nurseries rated 'Good' or 'Outstanding' by OfSTED 88% parents willing to recommend LEYF to others	Improved performance
Quality of home learning environment	LEYF is developing measurement tools in this area	LEYF is developing measurement tools in this area	N/A





S A N D W E L L

Community
Caring Trust

Sandwell Community Caring Trust

Date of investment

May 2013

Investment

£725,000 fixed rate and revenue participation loan.
Full amount outstanding as at 31 March 2017

Target population

Older people, disabled people, people with long-term health conditions



Health and social care

Social mission

To support people who need help to live independent and happy lives through the provision of high quality social care.

Number of people benefitting

Sandwell Community Caring Trust (SCCT) run six residential care homes catering and provides domiciliary care serving over 700 individuals in 2016-17.

Business overview and investment thesis

Sandwell Community Caring Trust (SCCT) is a Registered Charity that provides housing and social care services for the disabled and elderly in the West Midlands and Devon. SCCT was established in the mid-1990s as a spin-out from Sandwell Metropolitan Borough Council. SCCT left the local authority with 85 staff, a contract of £1.2 million and a remit to provide better services at lower cost.

Today, SCCT is a £12 million business grown from the original 85 staff and 62 service users to 650 staff and 700 services users today, providing a range of day and residential support services to both younger disabled adults and older people including those with dementia.

SCCT can deliver high quality care services because it is a well-managed business. As well as cultivating a compassionate ethos, management focuses on key performance indicators including staff turnover and absenteeism to understand the health of the business. Furthermore, SCCT owns a large number of properties

that are the homes to its clients, allowing SCCT to provide the highest standards of accommodation whilst securing revenue streams that can be used for charitable purposes.

Recent developments

SCCT has recently undertaken development work for its next care home project: a new build 83-bed dementia care home in Sandwell. SCCT will use the care home to provide high quality care at Local Authority rates with the local authority offering SCCT a 30 year block contract to provide care from the new home. The care home will generate 50 jobs and an annual income of £2.6m for the charity. Management have been planning the care home for the past three years. The project build will cost around £7m for which the Council has approved funding from the Public Works Loan Board. Our loan has helped SCCT get the project to this stage, with BII set to benefit for supporting SCCT with a long term revenue participation loan solution.



Social impact

SCCT prides itself on delivering needs-led packages of care and believes the best way to achieve quality care is through investment in its staff. A strong focus on quality jobs and staff development not only benefits staff but contributes to consistency of care. Staff who are highly trained, valued and respected are less likely to take time off and more likely to stay in their roles longer. Consistency of care leads to a good experience of care for service users. Good outcomes for service users contribute to the wider overall impact SCCT has on the health and social care system by keeping people happy and safe in their homes and out of hospital.

SCCT's target outcomes:

- Increased number of job seekers enter and sustain (quality) employment;
- Increase in (hard) skills and qualifications necessary to find employment;
- Improved wellbeing and self-reliance for the individuals concerned;
- Service users experience improved physical health;
- More older people are able to manage their mental health and live a self-fulfilled independent life;
- Fewer older people feel isolated, excluded or lonely.

Indicator	2014-15	2015-16	2016-17	Commentary
Number of learners in the Sandwell Valley Free School (formerly SCCT Learner's Academy)	160	59	99	These indicators are designed to track SCCT's investment in staff. This is a valuable goal in itself, but also contributes to the delivery of high quality care.
Number of supported apprenticeships	65	159	65	
Number of young people supported in to employment	35	28	55	
Staff turnover rate	19%	14%	20%	These indicators are designed to help us understand the consistency of care delivered by SCCT.
Average number of staff absence days/year	0.2	0.9	0.4	
Percentage of clients rating their care worker excellent or good	100%	-	100%	These indicators are designed to understand SCCT clients' experience of care.
Percentage of family member who felt less isolated as a result of support from SCCT	82%	95%	-	
Number of clients otherwise in hospital/residential care settings (people/day)	62	62	103	These indicators are designed to understand SCCT's wider impact on the public sector.
Annual savings for local authorities/Clinical Commissioning Groups based on above	£2.4m	£2.0m	£2.3m	

SCA Trafalgar

Date of investment

March 2013

Investment

£250,000 fixed rate loan.

Full amount outstanding at 31 March 2017.

Target population

People with low incomes



Health and social care

Social mission

"We exist to improve individual lives, the communities we serve and wider society."

Number of people benefitting

Approximately 80,000 dentistry patients across 6 practices

Business overview and investment thesis

SCA Trafalgar was established with the specific mission to deliver NHS Dental services in communities with high dental need, providing high quality but affordable care. The ethos of the organisation is based on the premise that good dental and oral health are key indicators of the general health and wellbeing of an individual. SCA Trafalgar is part of SCA Group, a wider group of health and social care social enterprises across the South of England. SCA Trafalgar currently operates six practices in Southampton, Portsmouth, Gosport, The New Forest and Swanage, with around 75,000 patients being cared for. All of the practices are accessible, affordable and open to all – each is also fully CQC compliant with impeccable records for quality and compliance. In addition to providing dental services, SCA Trafalgar provides community services outside normal surgery opening hours. In 2015/16 the Portsmouth practice relocated to a new state-of-the-art location, which improves accessibility and the number of patients that can be treated.

Recent developments

The wider SCA Group is one year in to implementing an ambitious strategic plan for 2016-2021, focused around increasing its impact as a social business. Within the dentistry business is developing a broader focus on health and wellbeing, including community outreach projects around children's dental health and smoking cessation.

Social impact

SCA Trafalgar's impact lies in delivering high quality care in areas of high dental need, and re-investing surpluses back in to the business where they can be spent on community projects that open up access to dental care and staff development.

Part of the renewed strategic plan focuses on building the organisation's evidence base to show what it does, how it achieves its outcomes, what has improved and how it can replicate what works well. The organisation has a planned programme for 2017-19 to develop its evidence base with the support of Big Potential. Outcome results are not reported for the current year as the organisation is currently undergoing a wholesale revision of its metrics and reporting systems.

SCA's target outcome:

- Service user experience improved physical health

“ My granddaughter said to ‘Grandad what’s happening to you

They were becoming not only discoloured, fragile and chipped. On my next visit I asked him if there was something he could do. After a detailed examination he outlined three options, irrespective of the cost if he was in my shoes, what would he choose? His recommendation was the most expensive and his honesty and explanation of what was best for me. The procedure was completed and the finished result was outstanding. It really worked a miracle. ”

- Mr Johnson



Indicator	2014/15	2015/16	Change
Units of dental activity (UDA)	146,245	152,067	Up 4%
Units of dental activity for exempt adults (i.e. low income etc.)	12,684	19,008	Up 50%
Percent of UDAs delivered to exempt adults	8%	12%	Up 4 pp
Units of dental activity delivered to under 18s	21,253	30,139	Up 40%
Percent of UDAs delivered to under 18s	15%	19%	Up 4 pp
New patients	6,527	5,756	Down 11%

Mr Johnson is a patient at the Trafalgar Portsmouth practice and was looking to improve his smile as he was unhappy with his discoloured, broken teeth. After our dentist Dr Pritesh Bhatt examined Mr Johnson, he provided a diagnosis and explained the options available. Mr Johnson decided that he would like composite veneers and the treatment was successfully completed over six appointments.

 @sca_group

www.scagroup.co.uk/dentistry



Stramash Social Enterprise

Date of investment

March 2015

Investment

£180,000 fixed rate loan

Full amount outstanding at 31 March 2017

Target population

Children, young people

 Education and learning

Social mission

To increase the number of people from all backgrounds having access to and being active in the outdoors with the consequent positive effects on health wellbeing and personal development.

Number of people benefitting

In 2016-17, Stramash delivered outdoor nursery education to 186 children and outdoor education programmes in partnership with schools for 1342 young people.

Business overview and investment thesis

Stramash is based in Oban on the west coast of Scotland and operates outdoor pre-school nurseries in Oban, Fort William and, most recently, Elgin as well as providing outdoor learning courses for school age children and adults.

Stramash is an enterprising company with a vision to be a leader in the provision of outdoor pre-school education. It was founded by Niall Urquhart who previously ran the Outdoor Education service for Argyll and Bute Council. He saw its potential and formed Stramash as a social enterprise.

Initially Stramash provided only adult outdoor activities but quickly discovered a need to diversify in order to become financially sustainable and moved into running outdoor nurseries. The outdoor nursery movement is gaining traction across the UK, following successful implementation of the model in Sweden and Denmark. By developing a replicable model for outdoor nurseries, Stramash could ensure financial sustainability and support its wider programme of outdoor activities. Stramash has strong support from Highlands and Islands

Enterprise, the Scottish Government's economic and community development agency.

The Fund provided loan finance to assist Stramash to purchase the site for its third nursery at Elgin, 30 miles east of Inverness. Big Issue Invest was willing to provide investment at a fixed rate of 7.5% with no capital repayments required in the first two and a half years of the loan to allow Stramash to build up its income streams.

Recent developments

Following a few planning delays in 2015, Stramash opened the Elgin nursery in the second half of the year and the site continues to operate at capacity. 2016 saw the departure of a number of key members of the management team, including the founder-CEO, which has delayed Stramash's ambitious nursery expansion plans.

The organisation continues to work towards growing trading income to a point where it covers all costs, enabling the business to become fully sustainable without its grant funded projects. Stramash aims to achieve this within the next two to three years through expanding into new nursery sites.



Social impact

Stramash is committed to enabling all children and young people to take advantage of outdoor education, irrespective of ability to pay. A significant proportion of their provision is geared towards children from lower income families who are financially supported to attend.

Stramash's target outcomes:

- Increased provision of high quality early years learning and education in low-income communities;
- Improved childhood development and life chances for children from disadvantaged backgrounds.

Indicator	2014-15	2015-16	2016-17	Change 2015-16 to 2016-17	Commentary
Number of children receiving outdoor nursery education	98	200	186	-7%	Small drop in occupancy has led to lower number of children served overall but a relatively smaller fall in funded sessions for lower income children suggests this cohort has been largely retained.
Number of funded pre-school sessions for lower income children	9,379	17,604	16,871	-4.2%	
Number of Stramash nurseries with all grades assessed as "Good" or "Very Good" or "Excellent" by The Care Inspectorate	1/1	1/1	1/3	N/A	The Care Inspectorate has identified areas for improvement in staffing and quality of management and leadership but all nurseries were rated Good/Very Good for quality of care and support and environment.
Number of children attending outdoor education sessions	1,299	1,251	1,342	+7.3%	Increase in young people participating in the Butler programme.
Percentage of children attending sessions that were financially supported to attend	70%	50%	70%	+20pp	Return to 2014-15 performance following a dip in 2015-16 previous year.

 @stramashoutdoor

www.stramash.org.uk

DIRECTORS & INVESTMENT ADVISORY COMMITTEE

DIRECTORS OF THE GENERAL PARTNER

Ron Sheldon (Chair)

Ron was a Managing Director of Advent International, a leading private equity firm until he retired. Ron has over 30 years' private equity experience. He worked with Advent International for 15 years. Previously, he co-founded Trinity Venture Partners and had various investment roles at 3i. Ron serves as Chair of the General Partner Board and the Investment Advisory Committee.

Stephen Howard

Stephen recently joined Thames Reach as Chairman having recently retired as Chief Executive Officer of Business in the Community after 11 years. Stephen has held a number of executive roles including Chief Executive Officer of Cookson Group plc and Chief Executive of Novar plc. Stephen was recently appointed Chairman of Power to Change and is also Chairman of the National Schools Partnership, Chairman of Anthemis Institute, Trustee of Big Society Trust, Trustee of American International Church and Director of Thanda UK.

Nigel Kershaw OBE

Chair, The Big Issue Group

Nigel is a leading social entrepreneur and advocate of social enterprise. He has first-hand experience of building social enterprises as profitable businesses since 1974, including as Managing Director, Executive Chairman and Chairman of The Big Issue since 1995. In 2010, Nigel received an OBE for his services to social enterprise.

John Montague

Managing Director, Big Issue Invest

John has worked in the social enterprise and housing sectors for the last 15 years. John established and grew TREES, a £9 million multidisciplinary social enterprise. In 2012 he joined BII to help launch its early stage investment programme, Corporate Social Venturing (CSV). Before this, John led the SPARK programme, a precursor to CSV, in partnership with BII.

INVESTMENT ADVISORY COMMITTEE

The Investment Advisory Committee is comprised of **Ron Sheldon, John Montague, Edward Siegel** and:

Mairi Johnson

Mairi has a diverse background spanning entrepreneurial ventures, finance and technology in the healthcare, finance and banking industries. Mairi was Executive Director for Healthbox in Europe. Her professional experience also includes tenures as an Executive Director at Goldman Sachs and as an Associate at Lehman Brothers.

Georg Stratenwerth

Georg works as a Senior Advisor to Pillarstone. He spent most of his career in Private Equity, from 2003 to 2016 as a Partner with Advent International and from 1993 to 2003 he worked for JP Morgan Partners. Before JP Morgan, he worked as a management consultant at Mercer Management Consulting and Roland Berger & Partner. Georg is a trustee on the Board of Client Earth and also serves on the Board of CASA. He is also a member of the Ashoka Support Network.

Kate Markey

Kate Markey is Divisional Director of Employment Services at The Forward Trust, a social enterprise operating in the criminal justice sector. Kate is also a board member of ERSA, the trade body for the employability sector; VoiceAbility, the national advocacy charity; and a member of the Advisory Council of Big Society Capital, the wholesale social investment.

John Pulsinelli

John has spent his career running high-technology businesses. He then began applying his business skills, honed from 33 years' experience in the private sector, to a portfolio of interests that includes the social enterprise sector.

Jeremy Rogers

Jeremy was at JP Morgan from 1998 to 2008 where he set up their successful European High Yield and Distressed debt group. Jeremy was promoted to MD in 2005, at the time the youngest MD in JP Morgan. Jeremy is now Chief Investment Officer for Big Society Capital. He is also involved with social enterprises Ashoka and Pilotlight.

BIG ISSUE INVEST FUND MANAGEMENT TEAM

BIG ISSUE INVEST FUND MANAGEMENT TEAM

Edward Siegel

Managing Director

Edward has over 30 years' experience in private SME and social enterprise investment. He spent the early part of his career in commercial banking, mainly with Credit Suisse. Prior to joining BII in November 2008, Edward was Vice President and Head of the Small Business Banking practice at ShoreBank International, the international consulting division of ShoreBank, and headed the company's London office.

Katy Jones

Investment Director

Katy has 14 years' experience in direct investment, corporate finance and impact investment. She started her career in investment banking with RBS and UBS, focusing on leveraged and structured finance. She transitioned to the impact investment sector in 2013 and has structured and advised on innovative debt, equity and outcomes-based investments in the UK and emerging markets for Social Finance, Varthana and ClearlySo.

Lars Hagelmann

Investment Director

Lars has over 15 years' experience in direct investment and investment management. He started his career in Berlin with BDO in the Corporate Finance Team before moving to London to work for SISU Capital, sourcing and managing direct Private Equity investments. Lars worked in the Middle East managing investments into education and healthcare before joining BII as an Investment Director.

Cressida Miller

Social Impact Manager (maternity cover)

Cressida joined BII in 2016 on a maternity cover as Social Impact Manager. Cressida started her career in the NHS and has worked for domestic and international charities for the last ten years. She has an interest in the use of evidence for quality improvement. Before joining, Cressida worked for Macmillan Cancer Support commissioning and managing funded research projects.

James Salmon

Investment Director

Prior to joining the Big Issue Invest, James was a Director at RBS, working within the leverage finance team, responsible for originating and executing transactions of private equity backed UK mid-market corporates. Before RBS, James was at PricewaterhouseCoopers where he qualified as a chartered accountant.

Madeleine Thornton

Social Impact Manager

Madeleine joined Big Issue Invest in June 2015. Her role at BII is to support investees in develop their social impact practice and to lead on the measurement, analysis and reporting of BII's social impact. Madeleine began her career working in housing and social security before moving into the charity sector. Prior to joining Big Issue Invest, she was responsible for evaluating services at the children's charity Buttle UK.

Annie Minter

Investment Manager

Annie joined Big Issue Invest in 2014. Before this Annie spent over four years at Kreos Capital, a growth finance investment fund, where she was involved in screening, due diligence and ongoing monitoring of investments from both a debt and equity perspective. Annie has been involved in most of Big Issue Invest's Social Impact Bond investing to date.

EXITED INVESTMENTS IN 2016/2017

Fire Station

£50,000 investment in October 2011 (fixed rate loan)

Full amount repaid in October 2016.

Firestation has exited the investment in line with the contracted repayment schedule. Big Issue Invest achieved an IRR of 9.3% and a cash multiple of 1.4x on the 2011 investment.

Thames Reach

£250,000 invested in March 2013 (fixed rate with a revenue participation).

Full amount repaid in October 2016.

Thames Reach has exited with the contracted repayment schedule. Big Issue Invest achieved an IRR of 7.6% and a cash multiple of 1.3x on the investment.

FUND INFORMATION

General Partner

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Stephen Howard
Nigel Kershaw
John Montague

Manager

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Daniel Godfrey
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Edward Siegel

Investment Advisory Committee

Ron Sheldon (Chair)
Mairi Johnson
Kate Markey
John Montague
John Pulsinelli
Jeremy Rogers
Edward Siegel
Georg Stratenwerth

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