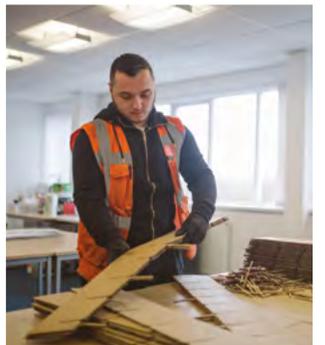
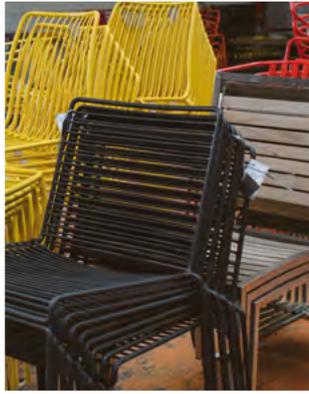




Big Issue Invest  
Impact Report 2018





## CONTENTS

# Big Issue Invest Impact Report 2018

<b>Welcome</b>	<b>4</b>	<b>Financial sustainability</b>	<b>30</b>
<b>What we do</b>	<b>5</b>	Advising Communities	32
<b>The Big Issue Invest Team</b>	<b>6</b>	Collage Arts	34
<b>Our solutions</b>	<b>10</b>	Positive Support for You	36
<b>Our wider social footprint</b>	<b>12</b>	<b>Innovation</b>	<b>38</b>
<b>Our journey</b>	<b>14</b>	Cornerstone	40
<b>How we think about impact</b>	<b>16</b>	SXT Health	42
<b>Key figures</b>	<b>20</b>	Big Creative	44
<b>Scaling up impact</b>	<b>22</b>	<b>Leaving a legacy</b>	<b>46</b>
Fair for You	24	Highland Home Carers	48
Campus Skateparks	26	<b>Reflections &amp; looking forward</b>	<b>50</b>
Employability Trust	28	<b>Appendix Methods</b>	<b>52</b>

## Welcome to the **Big Issue Invest** Impact Report.

At Big Issue Invest we have a mission:  
*“To dismantle poverty by **creating opportunity**, through **self-help**,  
**social trading** and **business solutions**”*

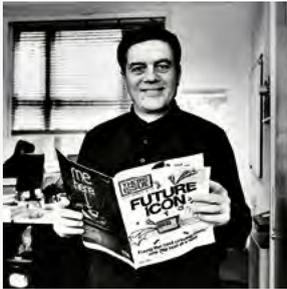
Our mission is the core of our work. It's the reason we exist and it's at the heart of everything we do.

Understanding our impact is vital to ensure we stay on course to achieve our mission. But we don't work alone. Everything we do involves partnerships: with our investors, our investees and the wider social sector. Our impact is a shared endeavour.

That's why communicating our impact is so important. We want to share our successes, our challenges, and the lessons we learn, with everyone who has a stake in our work and a role to play in achieving our mission.

The Big Issue Invest Impact Report reflects on our own work and our role in supporting mission-led organisations. It also highlights some of the exceptional work undertaken by some of the organisations we invest in and support.

## THE BIG ISSUE INVEST TEAM APRIL 2018



**Alan Tudhope**  
Investment Manager



**Amelia Seeto**  
Group Marketing Manager



**Archie Chappel**  
CSV Investment Manager



**Clive Ellis**  
Group Finance Director



**Glenn Arradon**  
Regional Investment Manager



**Hannah Barkan**  
Investment Analyst



**James Bryant**  
Financial Controller



**James Salmon**  
Investment Director



**Lars Hagelmann**  
Investment Director



**Maayan Keren-Zur**  
Investment Manager



**Madeleine Thornton**  
Social Impact Manager



**Natalia Fernandez**  
Investment Manager (South  
England)

THE BIG ISSUE INVEST TEAM APRIL 2018



**Daniel Marquez**  
Investment Operations  
Manager



**Daniel Wilson-Dodd**  
Head of Social Impact Loans



**Edward Siegel**  
Managing Director



**Elaine Hall**  
Executive Assistant



**John Montague**  
Managing Director



**Katy Jones**  
Investment Director



**Kevin Lloyd-Evans**  
Regional Investment Manager  
(Midlands & North)



**Kieran Daly**  
BII Scotland Manager



**Nigel Kershaw OBE**  
Chair, The Big Issue Group



**Zoe Stopford**  
Compliance Manager

**Big Issue Invest** is the social investment arm of **The Big Issue Group**. **We invest** in **mission-led organisations**, providing the **finance** they need to achieve their **own impact goals**.

**We believe** that **social enterprises** are rising to the challenge of finding innovative, **sustainable solutions** to the **UK's biggest social problems** and they have a unique role to play in improving **outcomes** for the most disadvantaged members of our **society**.

As investors, we know that the right investment can be vital to an organisation's success. But we also see market failure: enterprises that don't tick the right boxes for more traditional lenders and investors who want to deliver impact with their capital but can't invest in social enterprises through traditional channels.

We aim to provide finance in a way that works for the enterprise, works for the mission, and works for the people who need it most. We support a broad mix of organisations. Some are small and agile early-stage enterprises with bold plans. Others are well-established community organisations with long histories of sustaining local support networks. Some are large, highly professionalised businesses with a national reach, providing public services in partnership with government. To get our offer right for each one we have developed a range of financial solutions.

## Our Solutions



**Early Stage Investing**  
Loans up to £50,000  
plus business support for  
early-stage social ventures

Big Issue Invest acts as a champion for early-stage social enterprises, offering investment alongside tailored packages of support to help social businesses grow and thrive. **The Corporate Social Venturing** programme, launched in 2014, brings together social businesses and corporate partners for mutual benefit. By offering expert mentoring, corporate partners are enabling early-stage social businesses to deliver profitable business solutions to address social problems. In turn, corporate staff benefit from using their skills to add value to social businesses. Corporate partners provide early-stage finance, which is invested in developing social businesses. Partners often see a return on their investment and subsequently choose to recycle funds through future investments, nurturing a new generation of high-growth ventures delivering social and financial impact. So far, 42 businesses have benefitted from over £1m investment and support from more than 120 corporate mentors. In 2018 we are expanding our early stage offer with the launch of **Power Up Scotland**. This programme is making £750,000 available for investment in Scottish social businesses that are likely to be accessing finance for the first time.



**Social Impact Loans**  
Flexible loans up to  
£250,000 for mission-led  
organisations

Our social impact loans are flexible products designed to meet a range of needs for mission-led organisations based all over the UK, working in all social sectors. Social Impact Loans can be used for working capital, buying assets or equipment, contract fulfilment, business development and expanding staff teams. Investees value the personal relationships and our buy-in to their vision, often returning to partner with us again and again as their needs develop. In 2017-18 the Social Impact Loans team has been concentrating on two key products: **Impact Loans England** and the **London Affordable Housing Fund**. Impact Loans England is a £5m programme funded by Access – The Foundation for Social Investment, with finance being provided by its partners Big Lottery Fund and Big Society Capital.. It offers unsecured loan finance between £20,000 and £250,000 to social enterprises and charities in England that demonstrate strong social impact alongside a solid operational model. The London Housing Fund is a £10m fund supported by finance from the Greater London Authority, aimed at improving the provision of affordable housing in London. It offers loans between £50,000 and £2m to community organisations, social enterprises, charities and smaller housing associations, helping them to renovate empty homes or buildings and convert them into good-quality affordable housing for Londoners to rent or partially own.



## Social Impact Investment Funds

Investment funds

managed by BII Fund Management Ltd; investments up to £3m in established mission-led businesses

Since 2010 we have launched three separate closed-end Limited Partnership investment funds. The Social Enterprise Investment Funds (**SEIF I** and **SEIF II**) are aimed at ambitious social enterprises and charities with sustainable business models looking to grow and extend their social impact. SEIF I is fully invested and SEIF II has a further £13.9m available to invest. These funds offer repayable finance of between £250,000 and £3m for growth, working capital and capital expenditure purposes. We work closely with investees to develop the right product to match their impact model. Through these funds we have pioneered the use of new investment products in the social enterprise sector, including preference shares, quasi-equity investment and social impact bonds. Our third fund, the **Outcomes Investment Fund**, offers outcomes-based investments that align financial rewards with social outcomes achieved to drive innovation and improvement in public service delivery.

--z

# Our Wider Social Footprint

Beyond direct investment, Big Issue Invest is engaged in a number of wider initiatives to support the delivery of our mission.



## Retail Markets

We partner with leading asset management firms to design and deliver impact-focused retail investment funds. This gives everyone an opportunity to invest in funds aiming to deliver a financial return while also benefitting communities across the UK and helping create a fairer, more inclusive and balanced economy. The Threadneedle UK Social Bond Fund, launched in 2014, targets investments in eight social outcome areas aligned with the UN Sustainable Development Goals. The UK Equity Impact – Employment Opportunities Fund was launched by Aberdeen Standard Investments in 2017 and invests in companies that promote and implement good employment opportunities and practices. Big Issue Invest acts as the social advisor on both funds.



**Threadneedle UK Social Bond Fund: Launched in 2014; £113m assets under management**



**ASI Employment Opportunities Fund: Launched late 2017; £5m assets under management**



### The Rental Exchange

We believe that everyone should be treated equally, no matter if you are a tenant or a homeowner. Working with Experian to tackle digital and financial exclusion faced by social housing tenants, The Rental Exchange has the potential to improve the credit score of 3.4 million tenants.

Despite making regular rental payments, tenants have not historically seen this reflected in their credit reports in the same way that homeowners do with mortgage payments. The Rental Exchange incorporates a tenant's rental payment data into their credit file. This helps to enhance the credit history and online identity of renters who may typically have a history of little or no credit. The inclusion of this data allows greater and more equal access to credit and markets for goods and services.



**1.5 million tenants are already engaged with The Rental Exchange.**



### Part of the Big Issue Group

The Big Issue Group has spent over 27 years at the helm of a self-help revolution. It all began with the launch of The Big Issue magazine in 1991, which was created to offer homeless and disadvantaged people the opportunity to earn a legitimate income by selling a magazine on the streets. Since then over 200 million copies of the magazine have been sold by more than 100,000 vulnerable people.

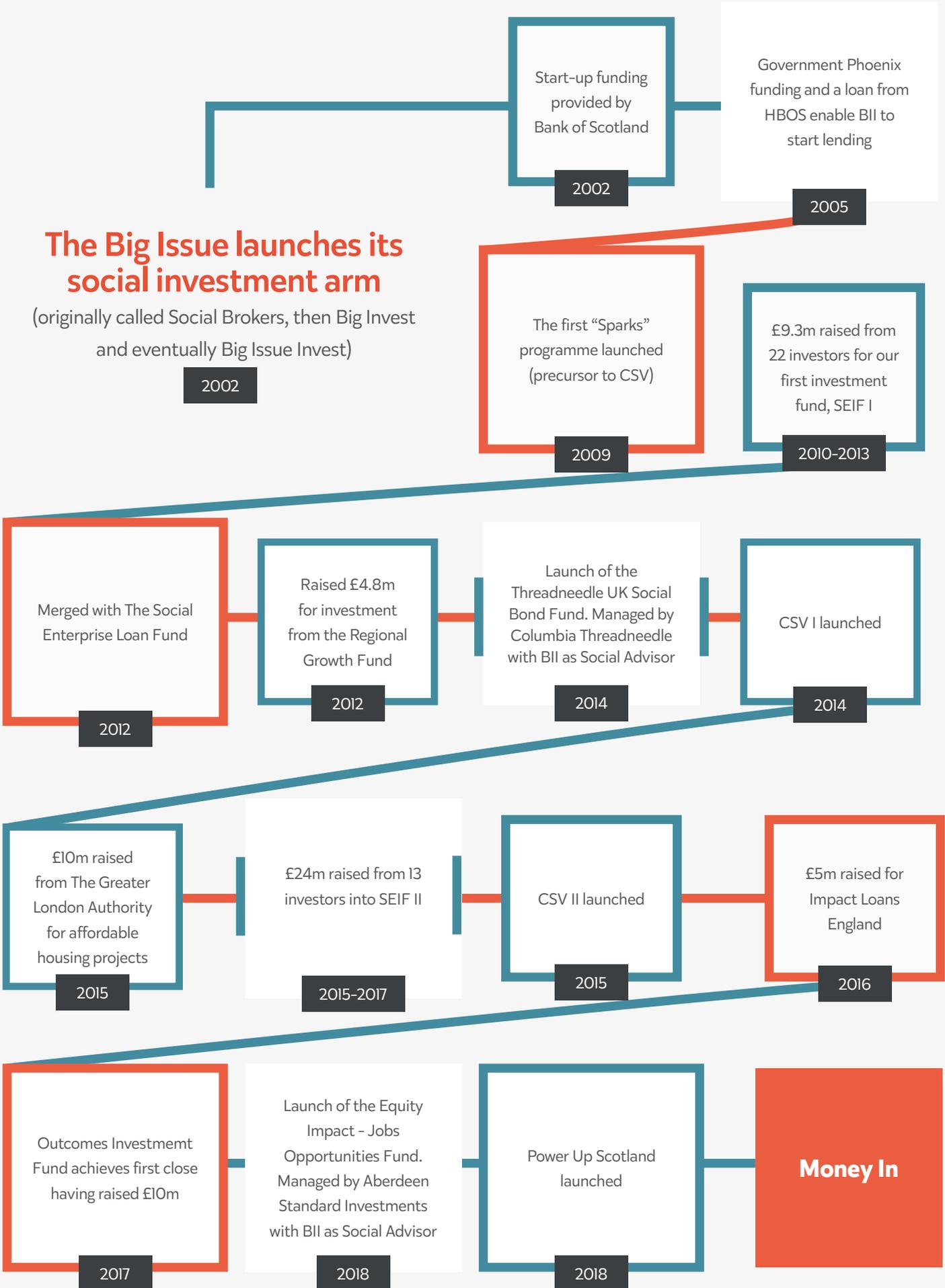
Vendors buy the magazine upfront for £1.25 and sell it on to the public for £2.50, and in doing so each is their own micro-enterprise. The multi award-winning magazine currently circulates 83,070 copies every week in the UK, and has inspired the launch of over 120 similar street papers in 35 countries.

In 1995 The Big Issue Foundation was launched with the aim of helping Big Issue vendors to address fundamental issues which have led to their social and financial exclusion.

The Big Issue Foundation is an independent registered charity which seeks to provide the concrete support required to help vendors to help themselves and change their lives for good. In 2005 Big Issue Invest was created to extend the Group's mission and build on this considerable heritage.



**3.6 million copies of The Big Issue sold in 2017-18, putting £4.6m in vendors' pockets**



# First investment made into The One Earth, an energy switching tool

2005

BII makes first £3.6m of loans into 18 social enterprises

2005-2007

BII makes one of the first quasi-equity investments into a UK social enterprise, Belu Water

2006

BII makes its first investment into HCT Group (2005-06, turnover £10m)

2006

SEIF I investment into My Time CIC is one of the first investments of preference shares in to a CIC

2011

Moneyline is BII's first investment in the financial inclusion sector

2012

BII's first investment to support delivery of an outcomes-based contract: the Thames Reach Rough Sleepers Social Impact Bond

2013

CSV invests a total of £1.2m into 26 early-stage social ventures following a series of "Caterpillar's Cocoon" events

2013-2016

**SEIF I is fully committed**

2014

Hosted the first of eight Brain Trusts in partnership with Barclays, providing support by engaging corporate partnerships for our investees

2014

BII leads investor consortium investing in HCT Group (turnover £60m in 2017 - 2018)

2015-2018

SEIF II 40% committed

2017

BII has a record year of investing, disbursing £10.6m to 68 social enterprises

2017-2018

BII to begin offering small-capacity building grants

2018

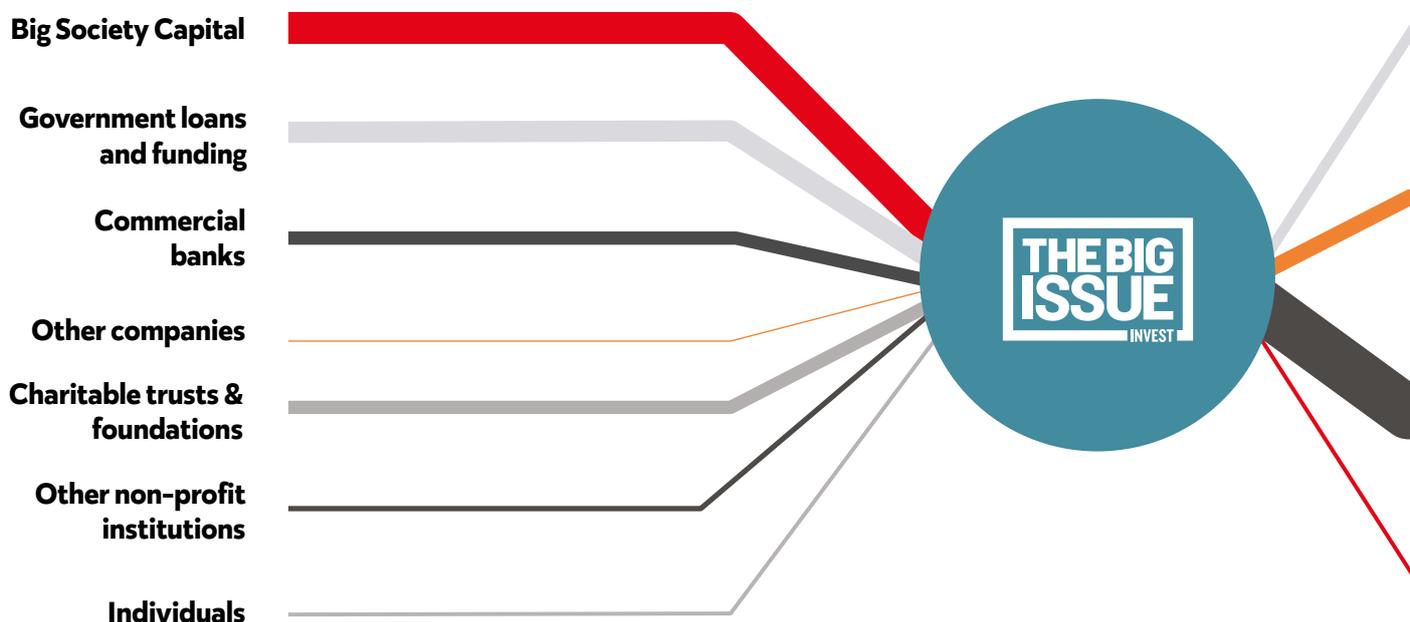
**Money Out**

## How we think about impact

At Big Issue Invest, we see ourselves as part of an impact chain. On one hand we work with investors who want to put their money to work to solve social problems. On the other hand we work with social enterprises who are seeking finance to help them achieve their impact goals. We aim to leverage

capital from our investors, increasing social returns by channelling funds to organisations that can deliver impact on the ground with our financial support, backed up by our experience and expertise in the social sector.

### We turn capital into products



### We turn products into impact

**Big Issue Invest offers**

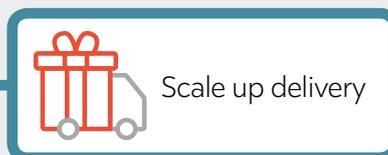
.....|

**Allowing mission-led organisation to**

.....|



.....|



.....|



**Early Stage Investing**



**Social Impact Loans**



**Social Impact Investment Funds**



**Programme Operations and Support**

**Which results in**



Improve financial sustainability



Innovate for new solutions

More people benefitting from the best business solutions to social problems not just now, but for years to come





## **An impact-driven approach to investment**

Each investment we make is an opportunity to further our mission. To make the most of that opportunity we assess each prospective investment on its potential for positive impact and make an assessment of the level of impact risk. Our experience tells us a flexible approach to understanding organisations' impact works best. Although flexibility is key, we also want to maintain consistency and focus on our decision-making. We use The Big Issue Invest Five Pillars of Impact to guide our thinking on each potential investment.



### **Impact Pillar 1: Social need**

As individuals we all have needs. We can often meet those needs with our personal resources: we use our own financial, social and human capital. As long as most of us can meet our own needs in this way, there is no need for social intervention. A personal need becomes a social need when something in the structure of our society means that whole groups of people are unable to meet a specific need from their personal resources. When this happens we must respond as a society, rather than as individuals. We are in the business of supporting organisations to meet these social needs and our first step is to understand what those needs are and which groups in society are experiencing those unmet needs.

**£5.5m currently invested  
in 63 organisations in the  
20% most deprived areas  
of the UK**



### **Impact Pillar 2: Effectiveness**

Every day we are looking for solutions to society's biggest challenges. We know there are no easy answers. The reality is that social change is hard and the problems we face are persistent; in some cases they are centuries old. In order to really fulfil our mission it is vital that we focus on those solutions that are the most effective in solving a given problem. That means a strong focus on evidence, a practical focus on "what works" and a keen understanding of the challenges in delivery.

**Invested £2m+ and  
dedicated a further £10m  
to outcomes-based  
investments that reward  
providers and investors for  
outcomes achieved**



### Impact Pillar 3: Quality

When it comes to securing good outcomes, the way we deliver is just as important as what we deliver. Having systems in place to ensure a high quality of delivery takes on an extra importance when an organisation’s target population is socially excluded, disenfranchised or vulnerable. These groups are often less able to demand high-quality services. In these cases our assessment must place an added emphasis on ensuring that quality of delivery is high and there are mechanisms in place to allow the target population to offer feedback and effect change.

**96% of care services provided by our investees rated ‘excellent’, ‘very good’, or ‘good’**

**86% of education services managed by our investees rated ‘outstanding’, ‘very good’, or ‘good’**



### Impact Pillar 4: Inclusion

We live in a world of systemic inequalities. People can be excluded from the products and services they need as a result of their race, sex, ethnicity, disability, age, sexuality or socioeconomic position. Sometimes the exclusion is very subtle. These barriers, however small, are what make up systemic injustices and inequalities. Social enterprise is about changing that: making life-improving products and services available to people who need them the most. If we are serious about tackling poverty and creating opportunity we must ensure that the businesses we work with are doing everything they can to make sure they welcome and include people who are at risk of being left out.

**43% of our investees target their services at people with significant additional needs or disadvantages**



### Impact Pillar 5: Responsible

When we talk about mission-led organisations and their impact, we often think in narrow terms about their impact on their target populations. But their real impact is much bigger than that. The ripple effect of their behaviour spreads out into the wider community. We want to invest in organisations that not only have a positive social impact on their target population but that also act in a socially responsible manner towards those around them, including their employees, their volunteers, the local community and the wider environment.

**61% of our investees pay 100% of their staff the voluntary recommended Living Wage**



KEY FIGURES

**198 CURRENT INVESTMENTS**  
IN **150 ORGANISATIONS**

**£10,665,157**  
INVESTED IN  
**2017-18**

**£26,425,654**  
CURRENTLY  
INVESTED

**81 INVESTMENTS**  
MADE INTO **68 ORGANISATIONS**  
IN **2017-18**

Number of organisations working in each outcome area



**Results from our survey**

Top five services offered by our investees

1. Training **43%**
2. Education **42%**
3. Employment opportunities for disadvantaged individuals **34%**
4. Information, advice and guidance **32%**
5. Life skills support; budgeting, parenting, personal safety **25%**



“It’s literally moved us from almost certain failure, to sustainability and, hopefully, success”

**Social Impact Loans Investee**

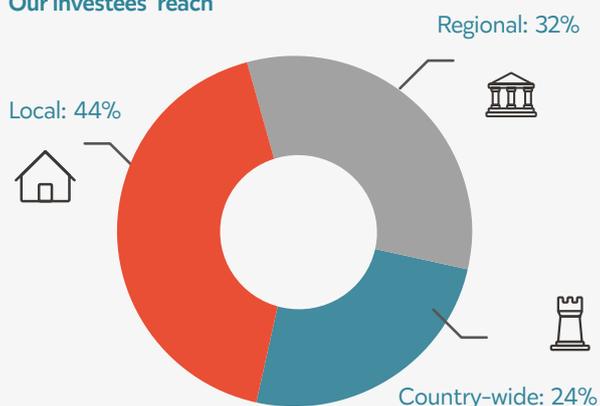
### Number of organisations supporting each target group

Target population	Number of investments
People living in poverty	44
Young people	37
Long-term unemployed	12
People with mental health needs	11
Older people	10
People with learning disabilities	8
People with long-term health conditions	8
Children	6
Homeless or ex-homeless	5
People with physical disabilities	5
Parents	3
Ex-offenders	1



£ currently invested in each

### Our investees' reach



**77%** rated their experience with Big Issue Invest 5 out of 5

**57%** say their investment enabled them to increase the scale of their impact a lot

**52%** say their investment enabled them to become much more financially sustainable



# SCALING UP IMPACT

### Why is scale important?

Achieving scale is about making a meaningful and sustainable impact by reaching greater numbers of people. The significant, complex social problems we are focused on demand solutions with a greater scale of impact. Many of the mission-led organisations we work with have found a strong, effective solution to a social problem but the number of people they can reach with that solution is small compared to the population of people who could potentially benefit.

### How do we help mission-led organisations increase the scale of impact they deliver?

The challenges to scaling up are significant. It takes the right skills, organisational capacity and business model. The external environment is important too. To scale up their impact, organisations need to get their timing right; to move at a moment when there is a significant market gap or a receptive policy environment. Organisations need timely capital to make this happen.

At Big Issue Invest we build relationships with mission-led organisations and we use our experience in the sector to identify the moment when both the internal and external conditions are right. At that point we support them with an injection of capital to help them take the next step up in the scale of their delivery.

### What else is Big Issue Invest doing?

Mission-led organisations don't have to take on the task of scaling up impact on their own. Effective solutions to social problems can be scaled by replicating the model in other locations, with other cohorts and by different organisations. We use experience of past and existing investments to influence the development of new investments (for example, we co-design social impact bonds with commissioners and providers), and we facilitate collaboration between our investees who are working on similar challenges.

*“It has enabled the business to expand to meet the needs of an increasing number of older people in North Northumberland”*

**Social Impact Loans Investee**



## SCALING-UP CASE STUDY 1

# Fair for You

### What is Fair for You?

Fair for You is a leading not-for-profit responsible lender. Set up in 2015, the FFY team have scoped, designed and delivered a fintech solution for lower-income families who can't get access to mainstream credit and need to purchase household goods. Through the FFY website, customers can choose products to buy, order directly from the supplier and pay using an affordable FFY loan. FFY sees well-designed credit as a tool for people to lift themselves out of poverty. It is intended to rival high-cost "rent-to-own" stores, giving lower-income customers an alternative credit solution where they are treated with dignity and respect. The model has been extensively tested with the target customer base to ensure it meets their needs. Pricing is key: this is a service that is substantially cheaper than the commercial alternative, but customer service is equally important. Treating customers with dignity and respect is in the business's DNA; it is designed to be a tool people can use with pride.

### What's the investment story?

FFY raised its initial start-up funding from a range of

trusts and foundations all interested in challenging the "poverty premium" – where people on lower incomes end up paying more for goods and services. Having passed the proof-of-concept stage and built up a good customer base, FFY needed investment to take the next step. FFY wanted to partner with a syndicate of social investors that shared their goals and had the courage to support FFY in delivering on its mission. BII was the largest incoming investor, committing up to £1m towards a fundraising target of £3m. The partnership has opened up further opportunities for FFY and BII to work together on a range of issues around financial inclusion.

### How has investment helped Fair for You scale up?

Scaling a lending business requires access to significant amounts of capital to lend onwards to customers. A £1m investment from BII allowed FFY to make around 3500, loans in the first instance. The FFY business model is based on a quick turnaround. Customers are generally debt-averse and want to repay quickly, FFY enables them to do that without penalty. That means the initial

investment is quickly recycled into new loans allowing FFY to expand further. The funds FFY raised from investors are enabling it to increase loan volumes by 30 per cent quarter-on-quarter and that is expected to rise in years to come. It also allows FFY to invest in infrastructure, streamlining and automating the loan process, keeping overheads – and therefore loan interest rates – low.

## What has Fair for You achieved since investment?

FFY has a goal of recreating the high street on its platform. It wants to expand its product range beyond household essentials, giving customers real choice and alternatives to high-cost lenders. The team is concentrating on adding new products and suppliers to the platform to make that a reality. It has recently launched an automated decision-making system to make the loan process more efficient, and is concentrating on ensuring that the high quality of delivery and attention to customer needs is maintained as the scale-up continues. Customer feedback tells us this is working: around 2,500 customers have rated FFY on Trustpilot, giving it a score of 9.8/10. In March 2018, CEO, Angela Clements was named the Women in Credit Awards Entrepreneur of the Year.

### Angela Clements, CEO says

“At Fair for You, we are path-makers. We want to change the market for lower-income customers and show it’s possible to deliver national digital solutions that can lift people out of poverty one child at a time. If you’re going to be pioneering you need brave investors, people who have the courage to sit behind you and help you knock down the barriers ahead.”



### Investments

£1m from November 2017

### Outcome areas

Income and financial inclusion

### Target population

people on low incomes

**Customer quote from Trustpilot review, January 19 2018, ★★★★★**

**“I have been with other companies because I find it hard to get credit so have been paying well over the odds just for everyday items I needed, but this company puts its customers first, not over the odds, very low interest added and options to pay how I want to pay, I recommend this company 100%’ to anyone who finds it hard to get credit.”**



## SCALING-UP CASE STUDY 2

# Campus Skateparks

### What is Campus Skateparks?

Campus Skateparks is a not-for-profit organisation that uses the positive energy and influence of skateboarding to engage with children and young people. Founded in 2011, the organisation now runs two indoor skate parks, “The Park” and “The Pool” in Bristol. The two co-founders are experts in youth and social work and also passionate skateboarders. While the project is very much skateboarder-owned, it is also a diverse, inclusive, community-focused organisation that hosts a range of services to a wider audience, from toddler groups to health checks for older people. The main focus of the organisation is young people, offering group sessions for schools and community groups and supporting young people at risk of school exclusion and youth offending.

### What’s the investment story?

With one skate park already up and running, the team came across an interesting opportunity to redevelop a derelict swimming pool as a second park in 2014. The project had strong community buy-in, with the local authority offering the site at a peppercorn rent for

25 years, and clear endorsement from a community consultation. The redevelopment costs were estimated at around £125,000. Campus had some reserves to draw on and further grant support from Sport England and others, but still had a significant funding gap. With no assets to secure a loan there were few options for investment and the project was at risk of stalling. Big Issue Invest was attracted by the commitment, knowledge and skill of the leadership team, who demonstrated a keen understanding of the local area and the social need combined with the entrepreneurial know-how to get things done. A loan of £80,000 allowed the project to go ahead.

### How has investment helped Campus Skateparks scale up?

The derelict Bishopsworth swimming pool was a perfect solution to Campus’s scale-up needs. It offered a significant-sized space in a densely populated area of Bristol within walking distance of four schools. That meant opening up access to a much wider community of young people. The existing layout of the pool lent itself well to the redevelopment to make it an exciting, attractive

venue for young skateboarders. Following completion of the works and re-development, The Pool opened in July 2015, with around 600 people visiting during the launch.

## What has Campus Skateparks achieved since investment?

The Pool opened six months after investment from Big Issue Invest and now has a thriving membership of active users. The next year will bring further progress for the project, with two spaces in The Pool building yet to be developed. Campus has recently been successful in a bid for grant funding from the Reach Fund which will support business planning for the future. Those plans include more skateboarding space and a shared office space to add to the thriving community environment at The Pool.

### Tim Nokes, Director and co-founder, says

“We’ve run a skatepark before but taking over The Pool was something different: a unique space and a unique project. The fact that Big Issue Invest was able to consider our social impact and take a holistic view of the project rather than looking at brutal numbers was huge. We wouldn’t have been able to do it any other way.”



### Investments

£80,000 from January 2015

### Outcome areas

Citizenship and community

### Target population

Children, young people



## SCALING-UP CASE STUDY 3

# Employability Trust

### What is the Employability Trust?

The Employability Trust (ET) helps young people who are unemployed get into sustainable work by giving them real-world work experience in the manufacturing and production industry. Based in Peterlee, a deprived area of County Durham, the charity operates a 15,000 square foot factory and delivers on commercial contracts supplying a range of services from storage to furniture restoration. Those contracts are delivered by the young people ET takes on as trainees, along with their permanent staff who act as peer mentors to the candidates. They are supported in a way that suits them, entering into a no-pressure environment and gradually building up the skills, attitudes and resilience they need to succeed in the world of work. Development of soft skills like timekeeping and professional behaviour are complemented by industry-relevant training and qualifications to help launch young people into secure long-term careers.

### What's the investment story?

The Employability Trust relies exclusively on its commercial contracts for income. Maintaining a good

cash flow has always been a priority in order to keep delivering and maintain stability for the young people ET supports. In the early days of the organisation margins were tight. After three years of operation, the board recognised the need for investment to scale up operations and develop the business commercially. ET applied to the BII Corporate Social Venturing programme for early-stage social enterprises, attracted by finance from an organisation that instinctively understood the social business model and takes a partnership approach to investment. BII supported ET with £50,000 patient capital, including a breather period before repayments began, providing ET with space and time to grow. That investment was backed by pro bono mentoring support from Barclays to help make sure the business plan was strong and maximised opportunities to succeed.

### How has investment helped the Employability Trust scale up?

Investment allowed ET to expand its resources, employing a facilities manager for the main factory. It gave ET some financial breathing space, which has helped in

the development of new commercial partnerships. The development of new partnerships means more diversified income streams, reduced volatility, and therefore more opportunities for young people to join the team, skill up and move on to long-term work.

## What has the Employability Trust achieved since investment?

Since receiving investment from BII, ET has stepped up its operations significantly. It has expanded its range of commercial partnerships to include contracts with Nando's, Pizza Express, B&Q and Nissan among others. In 2017-18 it opened up a second site near the original factory and has plans to take on a third location in the coming year.

### Bill Marley, Chief Executive, says

“Running the Employability Trust has been the hardest and most enjoyable six years of my life because we’re changing people’s lives. I set this organisation up to allow young people to demonstrate to me and my team that they want to work. Now it’s not me, it’s the young people who are helping each other. They want to help others because I helped them. And it costs the taxpayer nothing. That’s powerful”.



# THE EMPLOYABILITY TRUST

## Investments

£50,000 from 2016

## Outcome areas:

Employment, training and education

## Target population:

Young people, people who are long-term unemployed



16

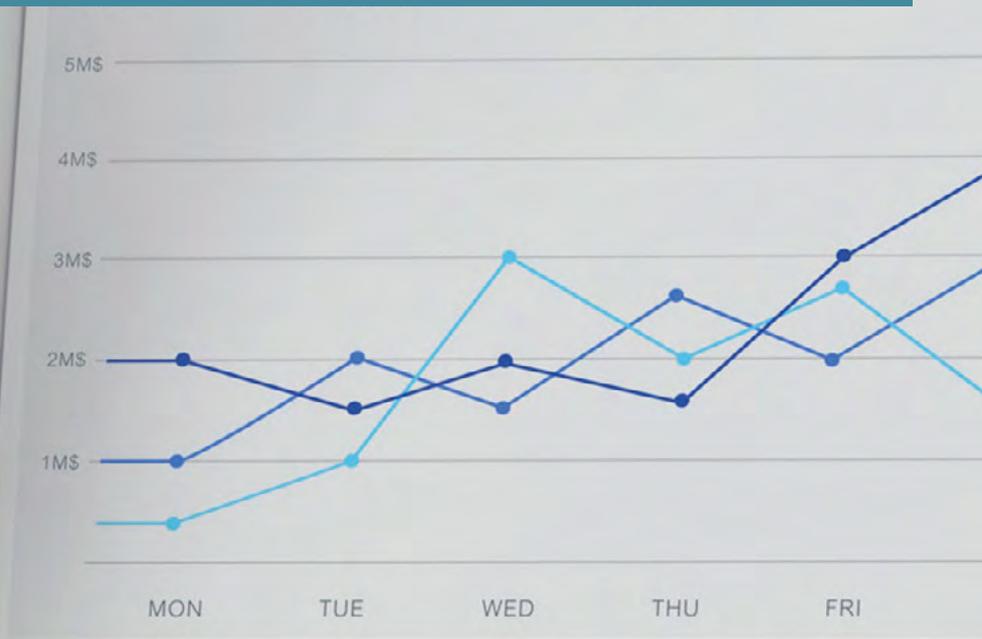
**Currently training and supporting: 16 young people**



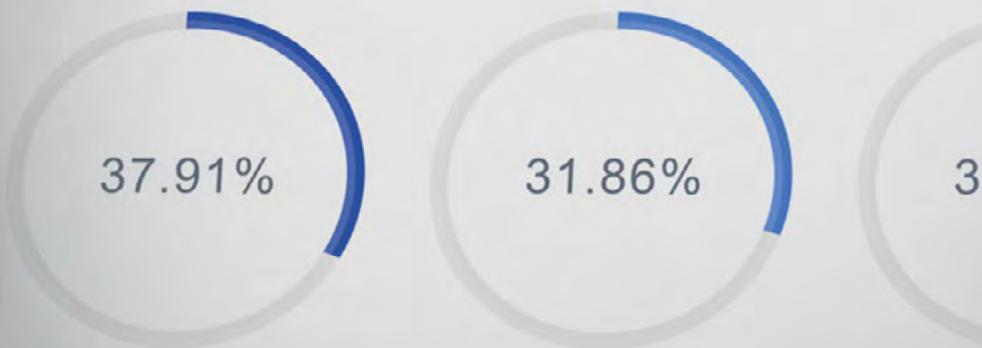
190

**190 young people have moved from the Employability Trust into sustainable employment over the last five years.**

# FINANCIAL SUSTAINABILITY



## TOTAL INCOME



LINE ITEMS	16.15 M\$	LINE ITEMS	13.5 M\$	LINE ITEMS	
SHIPPING	0.15 M\$	SHIPPING	0.2 M\$	SHIPPING	
TAXES	0%	TAXES	0%	TAXES	
TOTAL	16.3 M\$	TOTAL	13.7 M\$	TOTAL	



## Why is financial sustainability important?

Financial sustainability is about being able to maintain an organisation over the long term, and it is vital to achieving social impact. Mission-led organisations are driven by their social goals and focus heavily on delivering products and services that help meet those goals. But if their financial position is weak, the impact they deliver will inevitably suffer. For organisations that are serving high-needs communities that require consistently available services, the pressure to maintain financial sustainability is even greater.

## How do we help mission-led organisations achieve financial sustainability?

There are many components to an organisation's financial sustainability and many ways we can support enterprises to achieve it through investment. We deploy capital to help organisations take on new contracts that will help them diversify and stabilise their income streams. We make loans that enable organisations to invest in infrastructure that will free up resources and reduce central costs. We support organisations to purchase assets like property that will enable them to secure long-term delivery of their services. We offer affordable finance that will allow organisations to reduce monthly debt repayments, freeing up resources to deliver. Every organisation seeking financial sustainability has a different story and a different strategy to achieve it. At Big Issue Invest we offer a range of products tailored to the needs of mission-led organisations that will help them balance their impact and financial goals.

## What else are we doing?

We know that capital is important, but it's not the whole story when it comes to financial sustainability. When we make a loan we want to see that money work as hard as possible, so we offer additional support to make sure our investees reach a position of financial strength. Through our CSV programme we offer young enterprises support and mentoring to develop realistic financial plans that will help them become sustainable in the long-term. Our investment managers offer support to enterprises seeking investment to ensure their business plans are strong. We facilitate access to grant funding, where appropriate, to help them achieve their financial goals.



## FINANCIAL SUSTAINABILITY CASE STUDY 1

# Advising Communities

### What is Advising Communities?

Advising Communities provides legal advice, support and education for individuals in need and the essential organisations that support them in their communities. It began as a small advice agency with a local remit, the Blackfriars Advice Centre, established in 1997. From there it has grown into a leading national brand. It stands out as a highly diverse and inclusive service provider. A multinational staff team offer advice in 16 languages. Services are made user-friendly and easily accessible; 60 per cent of people using the service in 2017 reported having a disability. Quality is paramount. Staff are rigorously trained and the team are focusing on the development of research and evidence to support ever-improving service provision.

### What's the investment story?

Advising Communities was operating from a run-down building and had ambitions to move into a purpose-built space that would better serve clients' needs and become a long-term home for the organisation. An opportunity arose to take on a new lease, but it would

require significant expenditure to refurbish the building and a decision had to be taken quickly. BII was able to give Advising Communities a quick response to its loan application, allowing the team to move forward with the building work with confidence. A further loan six months later helped complete the package, enabling the organisation to install air conditioning and upgrade IT systems to ensure it was providing an optimum service.

### How has investment helped Advising Communities become financially sustainable?

Taking on the new building lease made perfect business sense for Advising Communities. It would give the organisation a friendly, welcoming environment that met clients' needs and allow the team to focus on giving great advice rather than firefighting building problems. Moreover it would ultimately save the organisation money, with rent a third cheaper than in the previous location. The refurbishment costs were the major hurdle. Advice organisations typically operate on tight margins and have to monitor cash flow closely; the move made

sense but couldn't be funded from reserves. BII was able to offer an affordable loan over a period of time that made monthly repayments manageable. That helped Advising Communities manage the cash flow of the move and give it breathing space to work on a development strategy and begin building up reserves for the future.

## What has Advising Communities achieved since investment?

Having moved into new premises, Advising Communities is now concentrating on adapting to a changing funding environment and securing its future. It aims to take opportunities as they arise while maintaining a strong focus on the mission. In 2016 it expanded its service offer to provide legal advice to organisations as well as individuals. The primary audience is charities and public-sector bodies who can benefit from low-cost advice and support. The revenue raised can be reinvested into support for vulnerable individuals. These "unrestricted funds" will give Advising Communities the freedom to pursue the projects they see most demand for and continue offering the "best-quality services. The organisation is now looking to the future and planning ways to better integrate with health services and how to better support migrant communities.

### Helen Rice, CEO, says

"We believe the people we serve deserve the best. Our high standards mean we are constantly reinventing. Now we can offer great services from a great building. Big Issue Invest were flexible and straightforward to work with. We felt a real synergy there."



# Advising Communities

## Investments

£156,000 from May 2016

## Outcome areas

Citizenship and communities, income and financial inclusion, housing and local facilities, training and education

## Target population

All

## Support for individuals in 2017:



**14,812**

pieces of work carried out

**2,534**

people provided with training



**1,680**

assisted with 1,680 forms and applications

**169**

people avoided eviction or homelessness



**6,950**

legal issues addressed



## FINANCIAL SUSTAINABILITY CASE STUDY 2

### Collage Arts

#### What is Collage Arts?

Collage Arts is a leading arts development, training and creative regeneration charity at the heart of the Haringey Cultural Quarter. The old Barratt's Chocolate Factory in Wood Green had been derelict since 1970. In 1986, Collage Arts arrived as squatters, then took at lease and began renting out affordable studio and office space to help incubate creative and socially engaged businesses. Today the organisation has expanded, offering space across three sites with more to follow, housing over 200 artists. Alongside workspace, Collage also offers an array of programmes aimed at improving employability and creating access to the arts and creative industries for people who have challenges to overcome, including young people who are unemployed, BAME women, care-leavers and people with health problems—among others. Hosting the training and education within the same space as working creative companies enhances the experience, bringing career opportunities to life and contributing to the diversity of a thriving artistic community.

#### What's the investment story?

Collage Arts has a long-standing relationship with BII. The first investment in 2013 helped the organisation manage cash flow when working on multiple contracts. The two organisations maintained close ties and when Collage Arts expanded into Chocolate Factory 3, BII was a natural choice for financing the refurbishment costs. In early 2018 BII invested in Collage Arts a third time, on this occasion to support a new opportunity to take over a disused post office, repurposing it with a project focusing on career opportunities for local BAME women.

BII was attracted by the clear life-changing opportunities on offer and the strong ethos of diversity, inclusion and community that runs through the organisation.

#### How has investment helped Collage Arts become financially sustainable?

Collage Arts is about longevity and nurturing a sustainable artistic community. Over its 35 years of engagement, both the local area and the arts and education funding landscape have changed dramatically. The Collage Arts

team have worked hard to re-engineer their business model, engaged with local change, reduced reliance on grant funding and most recently made the best opportunities available as part of the current major “Wood Green transformation” redevelopment plan. BII have offered flexible finance and support with financial planning and forecasting to support Collage Arts through these changes when it couldn’t show the profits or assets that a traditional lender would require.

## What has Collage Arts achieved since investment?

Since the initial investment in 2013 Collage Arts has developed its workspace rental business while maintaining a strong focus on its mission to engage people from disadvantaged communities. Chocolate Factory 3, which opened in 2016, now houses over 50 artists and the new post office project is expanding its presence in the area further. Collage Arts is now engaging with Haringey Council around “Meanwhile Spaces” – buildings in areas scheduled for redevelopment that need a purpose in the interim.

### Manoj Ambasna, Executive Director, says

“At Collage Arts, we’re about diversity, inclusion, economic growth and support for entrepreneurship. We manage workspace but it’s not the buildings that are exciting, it’s the relationships that are exciting. We build in access to our social projects, giving people access to creativity in their lives and they gain enormous value from that.”



# COLLAGE<sup>®</sup>

## COLLAGE ARTS

### Investments

£302,000 from November 2013

### Outcome areas:

Arts, heritage, sports and faith,  
education, training and employment

### Target population:

All



## FINANCIAL SUSTAINABILITY CASE STUDY 3

# Positive Support for You CIC

### What is Positive Support for You?

Positive Support for You CIC provides high-quality person-centred support to adults with learning disabilities, mental health needs and autism. Founded in 2011 and working in the North East of England, PSFY is an ethically driven organisation that specialises in supporting people with complex needs. Often, the people they are working with have experienced placement failure with other providers. PSFY supports people to build a stable life in the community and now, seven years after it was founded, they are celebrating the success of their approach which has enabled people they have supported from the beginning to step down from hospital care and live meaningful lives in their own homes for five or more years.

### What's the investment story?

BII has been supporting PSFY with investment from the outset and has made four separate investments in the business since 2011. The initial investment was made to help the organisation grow. When PSFY needed further investment to support training, development and other

needs, BII was a natural choice. BII first became interested in PSFY because of its high social impact model and over the years has been keen to support a team which demonstrates skill, experience and commitment in the midst of a very challenging environment for social care providers. PSFY is now a £2m turnover business employing over 100 staff and supporting around 30 people a year.

### How has investment helped Positive Support for You become financially sustainable?

PSFY values quality above all and is keen to maintain delivery at a manageable scale rather than chasing growth for its own sake. But smaller social care providers are having to work harder and smarter to maintain their security in an era of consistent funding cuts. PSFY has taken significant steps to shore up its financial security and safeguard services for the people they support. A key part of the strategy is reducing dependence on any one particular contract. The most recent BII investment is to support delivery of three new contracts as part of this

strategy. BII has been able to provide further non-financial support to the business along the way and open up access to grant funding to support the organisation in its plans.

## What has Positive Support for You achieved since investment?

PSFY has used social investment at key stages including start-up, growth and development. Without social investment PSFY would not have been able to take advantage of the contracts secured. Social investment has helped the organisation grow and develop both financially and in the impact it achieves. PSFY has been able to achieve its social missions of creating local jobs and improving the care of vulnerable beneficiaries.

### Dave Barras, CEO, says

“At PSFY we are motivated by the work we do and the outcomes we help people achieve; it’s hugely rewarding to see people making progress. It’s a really difficult time with public-sector finances and BII supported us when no one else would. They don’t always ask easy questions but they ask the right questions. They are a critical friend. As we have grown and our needs have changed it’s been a really constructive relationship”



### Investments

Four investments totalling £294,000 between 2011 and 2017

### Outcome areas:

Mental health and wellbeing, citizenship and community, family, friends and relationships

### Target population:

People with learning disabilities, people with mental health needs, people with long-term health conditions

# INNOVATION





## Why is innovation important?

The social challenges we face are huge. We need new solutions to meet old intractable problems like poverty and inequality. We also need modern approaches to modern problems like meeting the social care needs of an ageing society in an era of austerity. Mission-led organisations are uniquely placed to lead the way in innovation to solve social problems; they have the freedom to try new ideas coupled with practical expertise and understanding of the social problems at hand.

## How do we help mission-led organisations innovate?

With innovation comes risk. There is no tried and tested path to follow. That can make traditional lenders uncomfortable and narrow access to finance for enterprises that are looking to fund innovative projects. At Big Issue Invest we welcome innovation and actively seek out mission-led organisations testing and delivering new approaches to social challenges. We use our experience and collective knowledge of the social sector to identify the most promising innovation plans, and we invest in those where we see the greatest opportunities for success. The organisations we support tell us that a partnership with Big Issue Invest can build confidence among other funders who might otherwise be wary of their plans and help open up access to further relationships.

## What else are we doing?

As well as seeking out investments in innovative solutions, we look for and deliver innovative financing solutions ourselves. The Rental Exchange is a brand new approach to tackling financial exclusion; seeking to open up access to mainstream credit for groups that are often locked out due to a poor or minimal credit rating. Our development of impact-focused retail market funds is a new approach to give ordinary investors opportunities to use their capital for social good while also achieving a financial return. These are just two examples of our approach: our research and development work is constantly seeking out new methods and opportunities to tackle poverty and other social challenges.



## INNOVATION CASE STUDY 1

# Cornerstone

### What is Cornerstone?

Cornerstone is one of the largest social care providers in Scotland. It supports around 2,700 children, adults and families each year and the organisation continues to grow. It is implementing an ambitious strategic plan called Local Cornerstone that challenges traditional ways of providing social care. Cornerstone is moving to a local branch structure made up of self-organising teams, devolving autonomy and accountability to the front line. The new model empowers social care professionals to make decisions that can really improve the quality of care and support that is delivered. The model is inspired by “Buurtzorg” in the Netherlands and is gaining widespread interest in the sector. Cornerstone has become one of the Scottish Government’s sites for testing the Buurtzorg principles and the implementation of the model is being independently evaluated to understand its effectiveness. Delivering Local Cornerstone successfully will not only benefit the organisation and the people it supports but also has the potential to have a significant positive impact on the wider UK sector.

### What’s the investment story?

Delivering Local Cornerstone means taking risks and stepping outside the traditional comfort zones of the social care sector. That made it a difficult proposition for a mainstream lender. BII has a history of investment in the care sector and an interest in supporting providers that are changing the narrative and raising standards in the market. The Local Cornerstone plan stood out as an exciting new approach to the sector’s current challenges and an opportunity to invest in a forward-thinking charity that is leading by example. Cornerstone and BII worked together to find an avenue for investment that worked for both parties and in March 2017 invested £500,000 in Cornerstone to help roll out the technology needed to make Local Cornerstone a success.

### How has investment helped Cornerstone innovate?

Introducing fast, accessible and user-friendly technology is critical to the successful implementation of Local Cornerstone. BII investment enabled Cornerstone to



implement an integrated IT system that has resulted in greater efficiency and agility, freed up thousands of hours of staff time that can now be spent delivering care and support and released resources that can be redirected to enhance the wages of the self-organised team members working in the community. Cornerstone is one of a very small number of organisations paying care workers significantly more than the living wage.

### What has Cornerstone achieved since investment?

Local Cornerstone was launched in October 2016. The organisation has completed a major restructure and is slimming down its central costs. There are now 10 branches operating like franchises with decision-making happening at a local level to suit the communities they support. It has launched the Cornerstone Foundation – a fundraising body with a target to raise £2m a year by 2020 that Local Cornerstone teams will be able to access to deliver more holistic support, above and beyond contractual obligations, to really live up to the mission of enabling people to live a valued life.

#### Edel Harris, CEO, says

“At Cornerstone we help people to live a valued life, a life they choose. That’s our guiding star. The social care sector has been described by the Care Quality Commission as being at ‘tipping point’. At Cornerstone we decided that we can’t wait for others to find solutions to that crisis. That’s why we are testing and implementing an ambitious new model to help us go beyond our contractual obligations and do some amazing things. We value our social care colleagues working in our local communities, and by introducing a flat structure we are empowering and trusting them to always do what is in the best interests of the people they support. Technological investment helps to free up the resources we need to make this happen and gives our skilled social care professionals the tools they need to exercise their expertise.”

### Investments

£500,000 from March 2017

### Outcome areas

Physical health, mental health and wellbeing

### Target population

People with learning disabilities, people with physical disabilities, people with long-term health conditions, people with mental health needs

#### Are Cornerstone staff caring?

**90%**  
YES

**9%**  
Mostly

#### Are Cornerstone staff professional?

**85%**  
YES

**14%**  
Mostly

#### Are you happy with Cornerstone?

**83%**  
YES

**16%**  
Mostly

#### Are you happy with Cornerstone?

**86%**  
YES

**12%**  
Mostly



## INNOVATION CASE STUDY 2

# SXT Health CIC

### What is SXT Health CIC?

SXT Health facilitates access to sexual and reproductive health care services, using digital technology to connect people and providers. The SXT website offers a “find a clinic” tool that intelligently matches patient demand with provider capacity. It goes far beyond standard postcode-based search tools, taking the user through a series of easy, accessible questions and searching the provider-managed database to highlight services that match the users’ time, place and specific healthcare needs. For those looking for emergency contraception, the tool offers an in-built calculator to help the user understand their risk of pregnancy and seek out appropriate services. The tool can be used for any sexual health need including STI testing and support, contraception, abortion and sexual assault help. SXT has developed an even more powerful range of tools to support the delivery of public health goals with a particular focus on one of the toughest problems in sexual health care: notifying the sexual partners of people who have been newly diagnosed with an STI and encouraging those partners to get tested.

### What’s the investment story?

SXT came into being in 2010 and grant funding took it from an idea through to proof of concept stage. By 2014 it had reached the milestone of 5,000 website users and it was time for the organisation to take a “make or break” decision. SXT applied to the BII Corporate Social Venturing Programme for a package of support including a loan and mentoring. BII was attracted to the proposition of supporting an organisation run by a leading clinician, which had clear sector backing, having been incubated within Guy’s and St Thomas’ NHS Foundation Trust. A small investment in the platform offered significant efficiency increases that could enable clinics to do more for less and be more impactful with the limited resources they have.

### How has investment helped SXT Health CIC innovate?

At the time of investment, the public health commissioning landscape was changing dramatically, with public health responsibilities moving out of the NHS

and into local government. The original business model proposed to BII underwent big changes in response and a Barclays mentor supported the organisation through a re-focus leading to the development of the partner notification (PN) tool. PN is a vital public health goal to reduce secondary transmission of infections but it has historically been time-consuming and difficult for clinics. The new SXT PN tool is designed to make it easy. It allows clinics to help patients anonymously inform partners of an infection risk through their mobile phone. Partners receive an SMS notification and signposting to a clinic where their unique code can be used by clinicians to find out what the original patient was diagnosed with and when. No other personal details are stored. The information means the partner can be tested and potentially treated quickly. It is a unique digital enabler that means better service access for people at risk and helps clinics work together to achieve their PN goals. The long-term, patient nature of the investment gave SXT the opportunity to incubate and develop the product without the cash pressure of large monthly repayments in the early months, meaning SXT could get the product right before taking it to market.

### What has SXT Health CIC achieved since investment?

Since investment SXT has updated its web tool, and launched the emergency contraception calculator and partner notification tools. The latest addition to the suite of SXT services is an appointment-booking tool which, in tandem with the PN tool, will create a complete patient journey from notification to testing and treatment. It will prevent the need for people who have received notifications to navigate a separate system—all they will have to do is respond.

### Dr Anatole Menon-Johansson, Director, says

“SXT Health is about providing tools that enable. It is 21st-century digitally curated care. We have some brilliant sexual health services and we want them to be used to maximum effect. If we get it right, not only should we see an increase in initial diagnoses, we could see a reduction in STIs overall. Without investment from BII we wouldn't have been able to develop these products over the last three years. Now we want to show that we offer great value to clinics, get them using the platform and become the self-sustaining business we want to be.”



### Investments

£50,000 from November 2015

### Outcome areas

Physical health

### Target population

All

**In the first quarter of 2018:  
The SXT website had  
14,000+ users**

**14,000+**

**The partner notification tool has  
been used with 2,328 patients**

**2,328**

**Leading to 1,242 partners  
being tested**

**1,242**



## INNOVATION CASE STUDY 3

# Big Creative Education

### What is Big Creative?

Big Creative Education (BCE) is a forward-thinking independent training provider, “Big Creative Training”, and a 16-18 free school, “Big Creative Academy”. BCE was founded in Waltham Forest in 2000 for young people who want to pursue a career in creative, media, gaming, events, fashion and performing arts. It offers industry-led education, immersing students in industry-based projects, supported by tutors with real-world backgrounds in the creative sector and access to the highest-quality technology and equipment. BCE has an ingrained commitment to social mobility. The creative sector in London has a poor record when it comes to diversity and inclusion, and young people from lower-income backgrounds face particular challenges when trying to break into the industry. ninety per cent of the young people BCE works with are from disadvantaged communities and there is a strong focus on helping them build not only the skills, but the real-world experience and

social networks they need to succeed.

### What’s the investment story?

For BCE, the investment journey has been all about partnerships. BCE has a vision to create “Big Creative Village”, a creative hub at the heart of the Blackhorse Lane regeneration area comprising a brand new Academy, a creative co-working space and a range of other facilities for the creative community. BCE secured funding from the GLA FE Capital Fund and Charity Bank to extend the BCE Mission to ‘develop talent, transform lives and create careers’ through creative works. However there was still a funding gap and BCE needed a social investor that would buy in to the project goals. BII recognised both the social and financial strengths of the scheme and was able to commit up to £600,000 to get it off the ground. BII made a further introduction enabling BCE to secure a grant from the Access Reach Fund to help meet transaction costs and has provided further support with financial modelling and an observer seat on the company’s board.



**BIG CREATIVE  
EDUCATION  
APPRENTICESHIPS  
TRAINING  
ACADEMY**

## How has investment helped Big Creative innovate?

The Big Creative Village is more than the sum of its parts. The Academy will extend BCE's educational activities. The co-working space will provide support to help early-stage creative businesses grow and thrive. But working together will turn the venture into an exciting and unique partnership between industry and education. Tenants of the work space will receive significant rent discounts for taking on BCE students as apprentices and on work experience, enabling them to build those all-important industry networks that traditionally keep young people from lower income backgrounds outside the creative employment market. BCE envisages a significant increase in the number of apprenticeships it will be able to facilitate with up to 200 apprenticeships per year planned by 2020. Bringing the worlds of education and industry together will give students the confidence, aspiration and social capital they need to progress and succeed.

## What has Big Creative achieved since investment?

Development of the Big Creative Village is underway with the Academy campus scheduled to open in 2020 and the co-working space expected to be welcoming tenants in September 2018.

### Alexis Michaelides, MD, says

“Young people from disadvantaged backgrounds are hugely under-represented in the creative sector. We want to change that but it will take time. The Big Creative Village is about cross-fertilisation. Our students will get closer to creative businesses and those businesses will start to feel more comfortable with what those young people can bring to their work. Social investment is helping us do that. The fact that one social investor will introduce you to another in good faith tells you everything you need to know about social investment.”

### Investments

£500,000 from October 2017

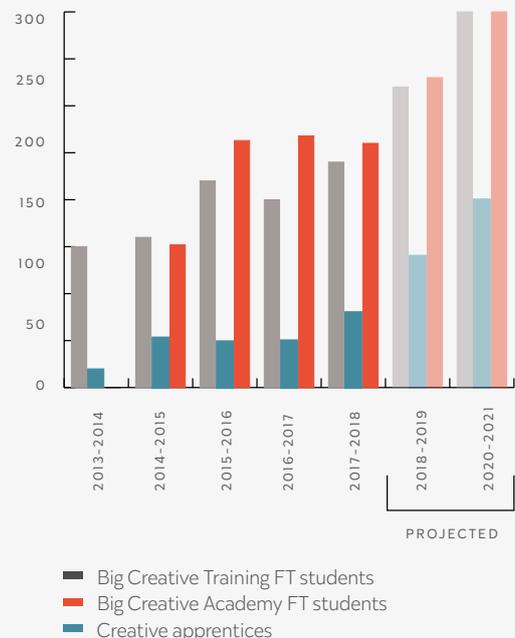
### Outcome areas

Employment, education and training, arts, heritage sports and faith

### Target population

Young people, people living on low incomes

## Big Creative Student and trainees



# LEAVING A LEGACY



### Leaving a legacy

When we make an investment, we see it as the start of a long-term relationship. As organisations repay their loans and investments, we look back over our relationships to reflect on what has been achieved. Two ‘exits’ that we have been particularly proud of are:

#### Belu Water

Our investment in Belu in 2006 was one of our first. It was also one of the first quasi-equity investments (a revenue participation loan) ever made into a UK social enterprise. The investment wasn’t particularly successful for us financially as the business struggled to grow trading income to scale in its early years. We stuck with Belu, however, until new management could put forward a new strategic growth plan. Since then Belu has become a fantastic success. It is now a self-sustaining business and has donated £3m of its profits to WaterAid since 2011.

#### My Time CIC

My Time is a small, specialised mental health social enterprise based in a deprived area of Birmingham which applies a service user-led approach to mental health therapy. Our investment in My Time was one of the first investments of preference shares made into a CIC. My Time was hit hard by local authority budget cuts following the last financial crisis, but with the support of two non-executives referred by Big Issue Invest on to the company’s board the business successfully completed a strategic merger with a much larger mental health charity. As part of the Richmond Fellowship group of mental health services, My Time has been able to continue providing its unique service in its local community long after the repayment of its original investment.

**In 2017-18 we exited numerous successful investments, leaving those organisations stronger, more secure and continuing to sustain their impact in their communities.**

**The Bernie Grant Arts Centre** is a diverse community-focused arts organisation in North London. In 2017-18 it repaid a £40,000 bridging loan that supported the organisation through a gap in finances and allowed it to keep operating.

**Experimental Experience** is a Community Interest Company dedicated to amplifying the voices of marginalised groups through the arts. Producers of the Sex Workers’ Opera, Experimental Experience took a short-term loan in 2017 and repaid in 2018.

**Age Concern Manchester** supports older people in Manchester and the surrounding areas. It repaid a seven-year loan in 2017. The money allowed the organisation to refinance an existing loan and has left the organisation more financially resilient.



## LEAVING A LEGACY CASE STUDY

# Highland Home Carers Case

### What is Highland Home Carers?

Highland Home Carers (HHC) supports people to live independently at home in the Scottish Highlands. The business became employee-owned in 2004 and employee ownership is at the heart of the company ethos. Having front-line staff on the boards of directors and trustees ensures employee voices are heard when important decisions are made. Share ownership gives employee-owners a real stake in the business's success. That engagement is important for the staff but it's important for those they care for too: the people who use HHC's services benefit from carers who are personally invested in providing the highest-quality care and are incentivised to stay and grow within the company, offering consistency and professionalism.

### What's the investment story?

In 2004, HHC sought finance from a specialist lender to enable the Employee Trust to purchase the company.

That enabled the company to make the huge positive step into employee ownership, but over some years it became clear that the terms of the finance arrangement weren't working for the company and were prohibiting growth. HHC needed finance that was affordable and paid at a fixed monthly amount, which would let them plan for the future and reinvest the profits from growth back into the company. Finding that finance wasn't easy. HHC didn't have traditional assets like property to secure a loan so mainstream lenders weren't interested. BII built a relationship with HHC and saw more than a financial risk. The high quality of care, the employee ownership model and the company's clear transparent focus on social impact made HHC an attractive investment opportunity for BII, offering strong social value alongside potential financial return. BII was able to tailor a refinance deal that worked for HHC in the long run, promoting growth and allowing the company to focus on development. On the strength of the existing relationship, BII later supported HHC with two further loans, ensuring continued financial

security for the employee-owners and enabling the business to take advantage of new opportunities.

### What has Highland Home Carers achieved since investment?

Five years on from the original investment, HHC has fully repaid its loans to BII in 2018. In that time the business has taken huge strides, more than tripling the number of people it provides services to, becoming both a major employer and a leading authority in care at home in the Highlands area. Working from a sustainable financial basis, HHC has been able to take full advantage of the opportunities offered by the integration of NHS Highland or Highland Council perhaps and trial innovative ways of working to improve delivery of care in the area.

### Stephen Pennington, MD, says:

“The investment allowed Highland Home Carers to get out of a model that was financially constraining and prohibiting growth. That has underpinned positive change for our staff and the people we care for. With a strong financial footing we have been able to innovate and build a great reputation for delivering quality care in remote rural communities. There are challenges ahead in the social care sector but Highland Home Carers is now in a healthy place and ready to meet those challenges.”



### Investments

£460,000 from December 2012

### Outcome areas

Physical health, mental health and wellbeing

### Target population

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



**Increased in scale from  
190 people supported in  
2012-13  
to 636 people supported in  
2016-17**

# Reflections & Looking Forward

**2017-18 has been a record year for Big Issue Invest. We have made more investments than ever before and responded to developments in the market to maximise our relevance and impact.**

We launched the £10m Outcomes Investment Fund, financing mission-led organisations delivering outcomes-based contracts. We now have a strong pipeline of investments for the fund focusing on housing and homelessness, children's social care and adult mental and physical wellbeing. These are joined-up services supporting people with multiple and complex needs that are not being effectively supported by mainstream public services.

The Impact Loans England fund has taken off, allowing us to reach deeper into the investment market for mission-led SMEs that are considered "unbankable". The structure of our funding for these investments has allowed us to accept more risk and to process lower-value loans more efficiently. This is a key gap in the social investment market and our investments are proving to be an effective means of enabling under-served organisations to build a sustainable base for delivering social impact.

We are taking on board the lessons we learn as we grow and develop and building on our strengths to maximise the impact that can be achieved with our investors' capital.

## Lesson 1: Good social investment is more than money

Our investees' tell us that it's not just the amount we are willing to invest, it's the way we do it that matters. No two investments we make are the same. Our investee's circumstances are all different and we offer tailored products to fit each organisation's unique circumstances. We also know those circumstances change and we take a proactive approach to making sure our finance continues to meet our investees' needs. We restructure loan repayment schedules when appropriate and work with organisations to maintain and preserve their impact delivery when things get tough. This makes good business sense while also preserving our clients' capacity to generate social value. We have a stable portfolio of investments that are performing well.

### ACTIONS

- We will evolve our approach to social outcomes-based investing through our Outcomes Investment Fund to ensure that these investment products are as relevant and accessible as possible to both commissioners and service providers.
- We will continue to engage with investees, formally and informally, to learn what works best for them, and use what we learn to refine our investment products and processes.

## Lesson 2: Our relationships are key to our impact

Mission-led organisations come to us because they need finance, but they return to us again and again because we build great relationships. From due diligence through to exit, our investment managers are actively engaged with

the organisations we support, offering business support, access to media coverage and business networks, help with developing sound financial plans and acting as a “critical friend” to support them on their journeys. We know that not all mission-led organisations are ready for investment when they first make contact with us, but we build relationships with them over months and years so that when they are ready we are a natural fit.

**ACTIONS**

- With the launch of Power Up Scotland, we will offer mentoring and business support to an additional 20 Scottish early-stage ventures over the next two years.
- We will seek and use funding to allow us to engage for longer and in more depth with applicants, helping them to overcome barriers to investment.

**Lesson 3: We are well placed to foster diversity in the social investment market**

We place a high value on diversity and inclusion in the organisations we invest in. With a growing portfolio and an expanding range of financial solutions, we are in a great place to open up access to social investment to a more diverse range of organisations. We already have a good balance across our portfolio in terms of organisation type, social sector and geographical reach. We want to use our position as investors embedded in the social sector to reach those organisations that are still under-served by the social investment market.

**ACTIONS**

- We will focus on supporting more organisations led by women and people from black and ethnic minority

backgrounds.

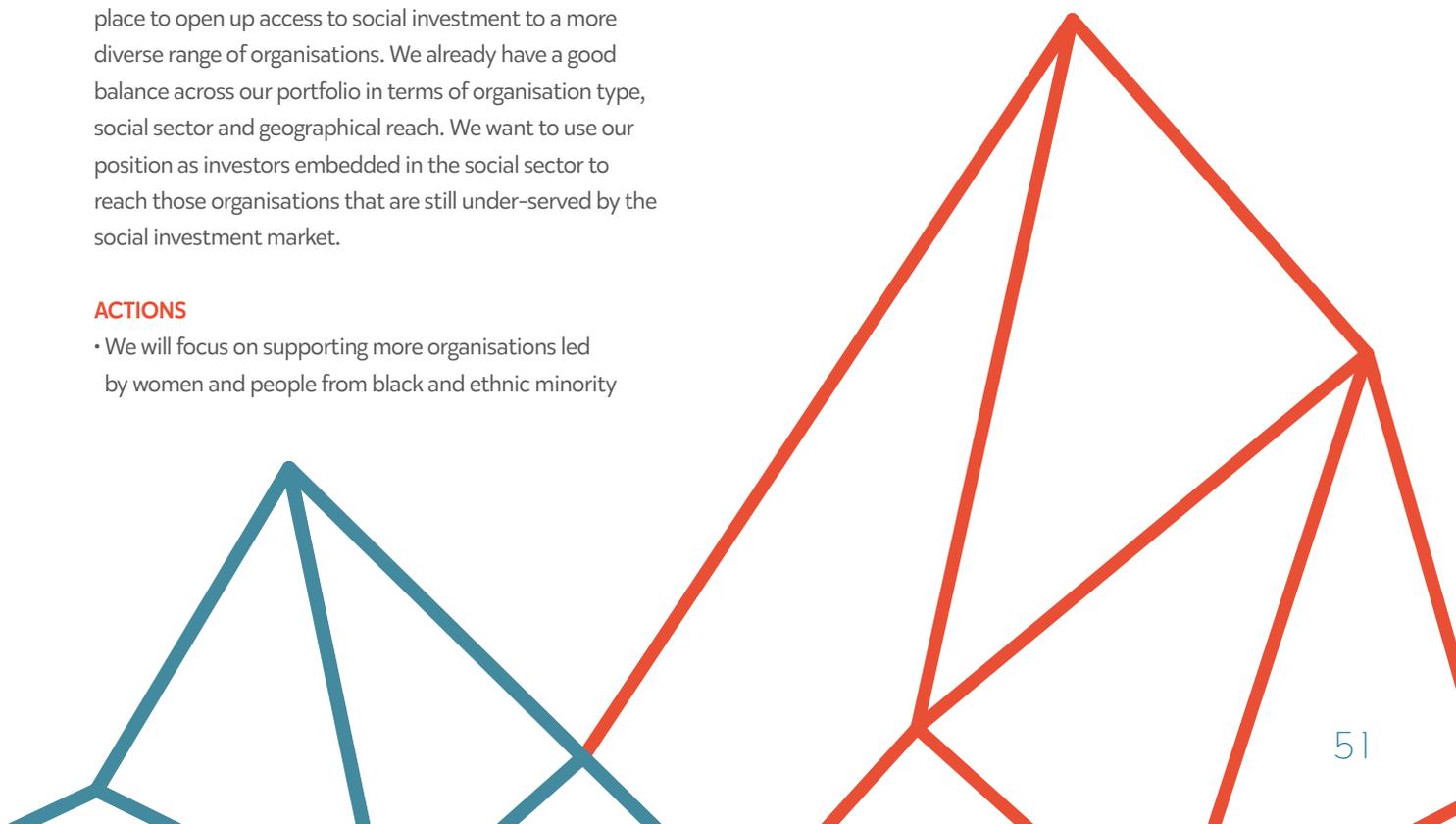
- We will focus on supporting organisations going through a developmental process of moving from a grant-based model to a trading model.

**Lesson 4: Impact measurement and reporting—keep it relevant**

Since we began investing in UK social enterprises 13 years ago, a great deal has been written about impact assessment, management, measurement and reporting. Our investees’ tell us that the impact reporting demands of social investors can become a burden when they are not meaningful to the business. This situation is exacerbated when there are multiple investors with diverse reporting requirements.

**ACTIONS**

- We will work with our investees to identify data that is relevant to their own social objectives and coordinate with any co-investors to streamline our data requests.
- We will work with our own investors to champion our investees needs in impact measurement and management, and develop processes that work for all parties.



## Appendix: Methods

**Case studies:** Organisations were chosen for inclusion in the impact report based on recommendations from Big Issue Invest managers. The content of each case study is drawn from interviews with senior staff members at each organisation, internal investment records and insight from relevant investment managers.

### Key numbers and statistics:

Unless otherwise stated, figures are correct as of March 31 2018 and are rounded to the nearest hundred or thousand as appropriate.

**£ currently invested:** calculated as total outstanding capital among Early Stage Investing, Social Impact Loans, and Social Impact Funds. Excludes legacy investments i.e TSELF and Tech4Good. Does not include capital that has been committed but not yet drawn down.

**Number of current investments:** Number of individual outstanding investments among Early Stage Investing, Social Impact Loans, and Social Impact Funds. Excludes legacy investments i.e TSELF and Tech4Good. Does not include capital that has been committed but not yet drawn down. Social Impact Fund investments that are delivered in multiple parts (e.g part fixed-rate loan, part revenue-participation loan) have been counted as a single investment.

**£ invested in 2017-18:** calculated as total capital drawn down in 2017-18 among Early Stage Investing, Social Impact Loans, and Social Impact Fund. Does not include capital that has been committed but not yet drawn down. One investment for £400k has been excluded from these figures to avoid double counting. This loan was originally funded from one source and then refinanced from another.

**No. of investments in 2017-18:** calculated as total number of investments with an initial drawdown made in 2017-18 among Early Stage Investing, Social Impact Loans, and Social Impact Fund. Does not include capital that has been committed but not yet drawn down.

**Deprivation:** Sum of investments made in the top two deciles of deprivation according to the English and Scottish Indices of deprivation.

### Results from our survey

The social value annual return is an annual survey for all of our investees. It was carried out in four phases between July and October 2017.

The annual return was sent to the majority of live investees, with some excluded for logistical reasons. In total 114 surveys were sent out. We received 71 responses, a response rate of 62 per cent. A copy of the survey fielded is available on request.



**NATIONAL  
LOTTERY FUNDED**



**BIG  
SOCIETY  
CAPITAL**

Delivered by



**ACCESS**  
The Foundation for  
Social Investment

