
# Impact Report

Published December 2020

# We help build an investment ecosystem that supports enterprises to improve people's lives.

# Ecosystem

## We aim to build a thriving investment ecosystem, connecting capital with social enterprises, charities and social purpose organisations.

A growing range of social issues from homelessness to childhood obesity can be tackled by enterprises that deliver impact alongside revenue, but they need investment to start and to grow.

We work with fund managers and other intermediary organisations, to invest in their funds, help grow their products and services and attract more investment. Together we are building sustainable, diverse markets for social impact.

Beyond investment, we offer support from advice for enterprises seeking investment, to best practice for fund managers and investors as well as helping government develop policy. Ultimately our impact will be seen through the success of enterprises and those who invest in them – together they are the real impact makers.

**£5.1bn**

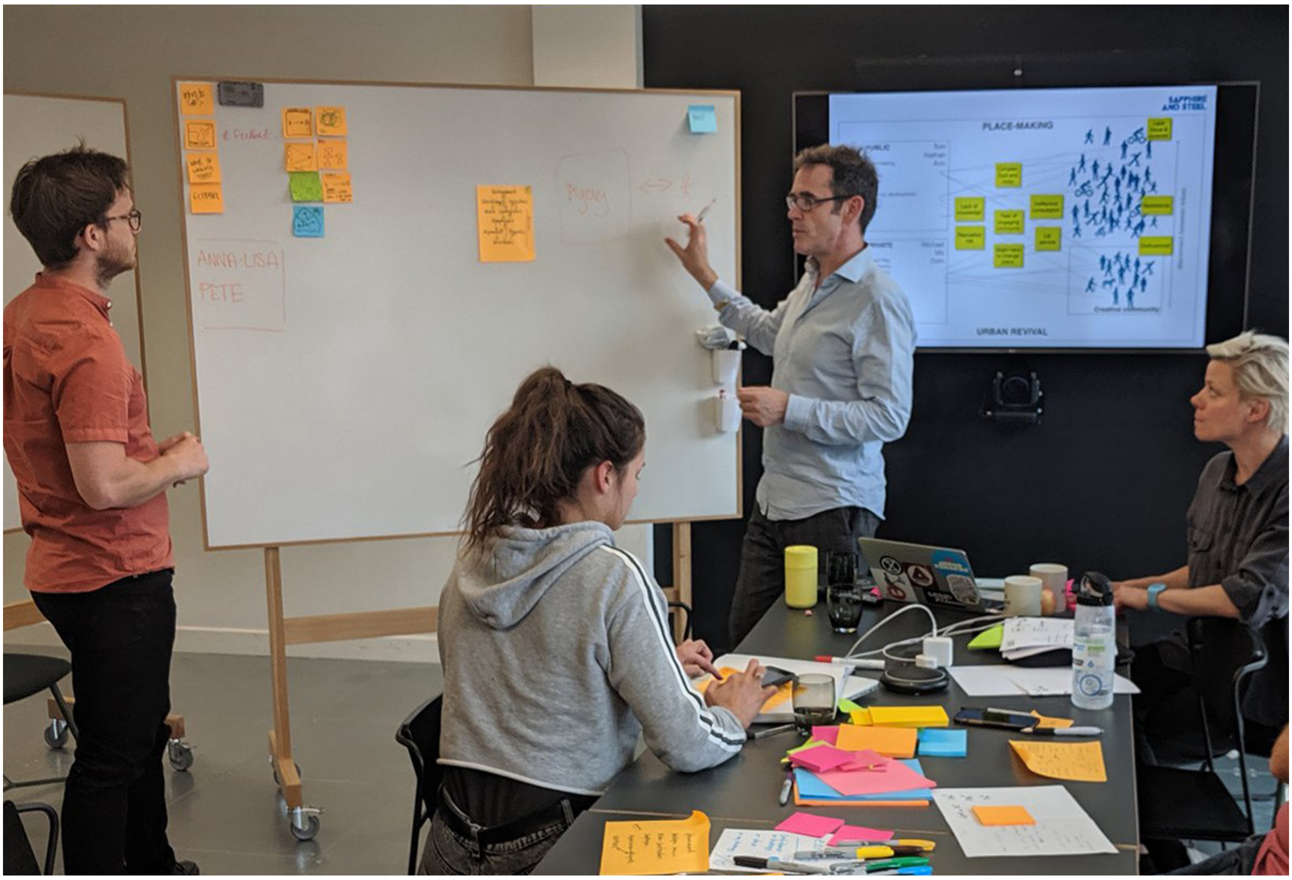
Size of the social impact investment market[1]

**6x**

Growth of market from 2011 to

**5,000+**

Number of investments




Bethnal Green Ventures



1. All data from Big Society Capital's market sizing analysis

# Fund Managers, Social Banks and other Intermediaries

At the heart of connecting capital to the organisations improving people's lives are the fund managers, social banks and other intermediaries, like crowdfunding platforms. We invest through these intermediaries and support them to raise more capital, deliver more investments, and create more impact.

**13**

Number of fund managers with more than £50 million AUM in 2020 vs 1 in 2011[2]

**£5.1bn**

Size of the social impact investment market in 2019 vs £830 million in 2011

**44**

Number of cornerstone investments we have made

### The challenge

The social impact investment ecosystem is relatively new and still developing the structures, organisations and track record that attract investors. Each market segment from outcomes contracts to property financing and from venture investing to lending for smaller enterprises, requires different skills, and channels to connect capital to organisations delivering impact.

### Our approach

We work with impact fund managers and other intermediaries at every stage of their development – those that are starting, those that are established and aiming to scale and also more mainstream managers looking to move towards investing with more impact. We approach this in two ways:

### Investment

We start with the social issue, then aim to identify the sustainable enterprise models that can help address it. We then seek out, invest in and support fund managers who can channel investment to those enterprises.

We help these fund managers establish proposals that balance the needs of investors with those of social enterprises, charities and social purpose organisations, and help them build a track record of success that can attract more capital over time.

### Support

To help strengthen the social impact investment community, we've developed a sector-wide support programme for impact fund managers which includes:

- training for staff
- tailored fundraising support
- a resource bank of pro-bono expertise
- an organisational self-assessment system (the Building Blocks programme)
- assistance with non-executive recruitment
- a leadership programme for senior staff and executives
- dedicated support for fund managers to scale

**330**

Number of people from intermediaries that have taken part in our training sessions in 2020[3]

**23**

Number of training sessions we've run for intermediaries in 2020

**11**

Number of organisations that have gone through Building Blocks programme

2. All data from Big Society Capital
3. All data from Big Society Capital

### Impact and learning

Big Society Capital measures its impact in this area in part by the growth of the social impact investment market and in part by how effective it is at unlocking impact through investment.

The total size of the social impact investment market has increased six-fold from £830 million in 2011 to £5.1 billion in 2019. At the same time, the market has diversified considerably, with alternatives to traditional bank lending growing twenty-fold from £169 million in 2011 to £3.4 billion in 2019. There has been significant growth in other areas since 2012:

- There are now 13 fund managers with assets greater than £50 million investing in social impact whereas we launched in 2012, there was only one.
- The social property market is now worth more than £2 billion, while there were no such funds when we launched.
- We have provided the initial cornerstone investment into 44 new funds, which in turn has given other investors the confidence to invest alongside us.
- Around 75% of our investments have been in first-time funds, teams or products.
- We have worked with fund managers to develop four specialist outcomes funds, where there were none in 2012.
- The reach of small loans has developed through the Growth Fund, working with 16 fund managers and now reaching more than 400 social enterprises and charities.
- Our equity investments in Unity Trust Bank and Charity Bank have helped to scale social banks, growing Charity Bank's lending from £40 million to over £250 million.
- We've worked with mainstream fund managers such as CBRE to make sure impact is at the heart of their funds.

We have learnt through our investments the crucial factors that are needed for fund managers to deliver financial and social outcomes, and have these captured these in our Building Blocks programme.

## Impact story - Social and Sustainable Capital

Social and Sustainable Capital (SASC) was founded in 2012. Its mission? To help social enterprises, charities and social purpose organisations deliver scalable and sustainable solutions to social issues across the UK. We have made three investments into funds managed by SASC – the Community Investment Fund, the Third Sector Investment Fund and most recently, the Social and Sustainable Housing fund. We have also had a representative sitting on SASC's board since its inception.

**£117m**

Amount of assets under management[4]

**32**

Number of social enterprises, charities and social purpose organisations in their portfolio

**4**

Number of funds

The SASC founding team had commercial experience but building a new manager and developing a team track record still took time. Since our first investment in 2014, they have called on a range of our support and training. They were one of the first organisations to use our Building Blocks programme, a tool that helped them understand their strengths, weaknesses and prioritise areas to improve. They then decided to repeat the exercise 18 months later, to see what had changed, and identify further areas to refine. In 2019, members of SASC's management team took part in the ASPIRE (for teams) and INSPIRE (for CEOs) leadership programmes, run by us and external moderators over the course of a year. In the last year, SASC has also engaged with our non-executive director search firm to recruit three new board members and two Investment Committee members, helping them achieve diversity while adding excellent capabilities. During this time SASC has expanded both their team and their assets under management.

In February 2020, Zamo Capital, a new organisation established by Big Society Capital to invest directly into fund managers to help them scale their impact, invested into SASC. This first investment is focused specifically on helping SASC grow their housing fund to over £100 million in assets under management.



4. All data from Social and Sustainable Capital

SASC has grown to become one of the leading fund managers with four funds, more than £50 million invested, and £117 million AUM. They have 32 social enterprises, charities and social purpose organisations in their portfolio and in 2019 won the NatWest SE100 Social Business award alongside one of their investees, Hull Women's Network. SASC has raised investment from Santander, the Social Investment Business and the University of Edinburgh, as well as a range of trusts and foundations including the Esmée Fairbairn Foundation, the Garfield Weston Foundation and Barrow Cadbury Trust. In 2019, they won the Better Society Awards 'Best Asset Manager of the Year'.

# Impact story - ASPIRE leadership programme

As the social impact investment market develops and grows, so do the organisations and teams within it.

**49**

Number of participants in the ASPIRE and INSPIRE leadership programmes– Data from ASPIRE and INSPIRE evaluation

**24**

Number of participants from fund managers and other intermediaries

**17**

Number of organisations represented on ASPIRE and INSPIRE programmes

### The challenge

As in all entrepreneurial areas we know ultimately our success will be driven by the people in the organisations we support. Since 2015 we have had a Talent Specialist working with teams across our portfolio. To further aid the development of teams across the sector, we launched a leadership course in 2018 for our staff, and staff from the fund managers, arrangers and infrastructure organisations we partner with.

### Our approach

ASPIRE is a 12-month programme that helps participants develop their leadership, and learn about: the nature of the teams they lead; how to create good environments that enable high performance; and how to coach their teams. It includes residential days, webinars and 1:1 coaching. Two cohorts from Big Society Capital and the fund managers, social bank and other intermediaries we work alongside took part in the programme. In 2019, the INSPIRE programme (a similar programme, this time for senior staff) ran with a cohort of CEOs and leadership teams from across the social impact investment sector.

### Impact and learning

Thirty people took part in the ASPIRE programme, across two cohorts – half from fund managers, social banks and other intermediaries across the sector and the remaining half from Big Society Capital. Twelve leaders from across the sector took part in the INSPIRE programme, with our seven-person Executive Committee joining alongside.

Participants reflected that the programme helped them grow, mature and engage as a leader, and grow in confidence and self-knowledge. People felt better able to support their teams, and made tangible changes to their leadership style. As the programmes brought together people from across the sector, attendees acknowledged that the ripple effect was significant, helping to build and strengthen networks and developing long-term relationships. Working closely together with peers helped to break down barriers and change perceptions, and many participants felt reconnected with the sector they care so much about, and invigorated by the difference they are making to so many people's lives.

# Investors

The scale of the UK's social problems is far larger than the capital we have to address them. Just tackling the shortage of housing for homeless people in the UK, would require an estimated £24 billion. Therefore we must unlock much larger pools of capital by working systematically with different types of asset owners, from individuals to institutional investors, to spur new types of investment and scale more proven models.

**100+**

Number of investors who have committed capital alongside us[5]

**£1.4bn**

Amount of capital from other investors alongside us

**2.3x**

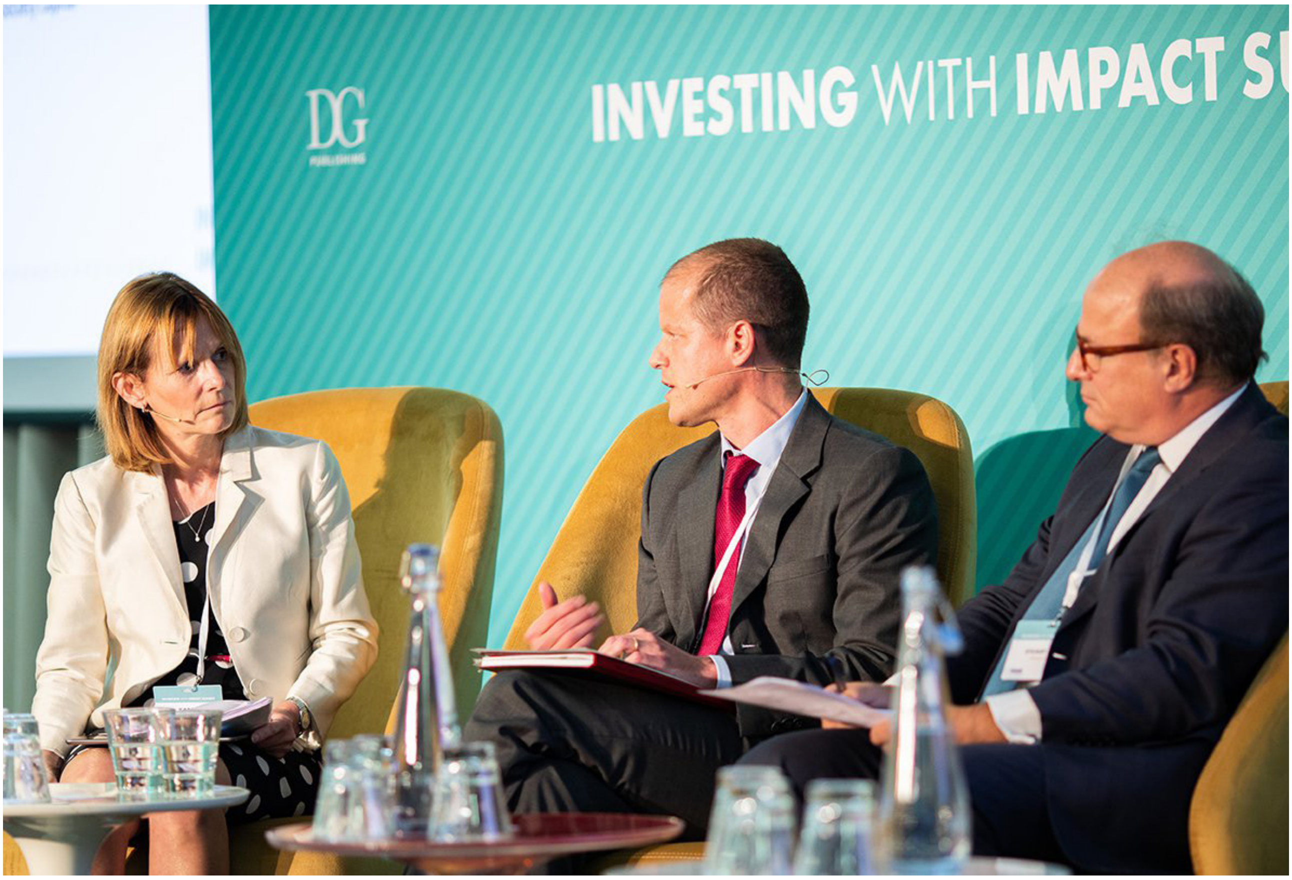
Match ratio of investment to our capital

### The challenge

More investment is urgently needed to help address social issues in the UK. A range of investors can play different roles in the social impact investment ecosystem, regardless of their financial needs and social impact goals.

For example, mission-driven investors have worked with us to develop and test new investment models and approaches for tackling social issues closely aligned to their charitable objects. Large institutional investors such as pension funds, on the other hand, might find it hard to invest in small-scale or unproven investments. Yet they can play an equally important role helping to scale already proven business and investment models.

Barriers to investing for impact, particularly 'high impact' investments in private markets, still exist – we have much to do to make investing more accessible. Institutional investors often struggle to find opportunities with enough scale and track record, while individual investors face a lack of retail-friendly investment products.



Investing for Impact Summit



5. Data from Big Society Capital

### Our approach

Over the last three years, we've pursued a multifaceted approach to bring more capital into social impact investment:

- We build awareness and understanding of investment opportunities that can meet asset owners' financial and social impact objectives.
- We partner with a range of investors to co-develop new financial products and investment vehicles, both catalysing new models and scaling more proven ones.
- We help set up and work through existing investor networks (such as the Social Impact Investors Group and Responsible Investor Network – Universities) to gain a deeper understanding of different investor needs, and help facilitate greater collaboration between asset owners with shared financial and impact goals.

### Impact and Learning

In recent years, we've seen a much more diverse range of asset owners – such as insurance companies, pension funds, family offices, foundations and sophisticated professional investors – start to make or increase their allocations to social impact investments. The University of Edinburgh, QBE Insurance and Trust for London are examples of asset owners who are making investments from impact. Overall, more than 100 investors have committed capital into funds alongside Big Society Capital. Investments that have built up experienced teams that have demonstrable track records in financial return and impact are better able to attract investors that require risk-adjusted financial returns and impact.

We've learned that investors often find social impact investment unfamiliar, too complex and lacking the necessary scale to make an impact. For a few years, we've been working with a range of partners to develop a best-in-class social impact investment product and bring it to market. We'll continue to work in this area, with the goal of realising a product that will reduce barriers to entry for investors new to impact.

Trusts, foundations and other pioneer investors play a crucial, catalytic role, as they can provide flexible capital and have a higher risk tolerance that can help get new ideas off the ground. They can put capital behind new models and often bring additional support to new ideas. Our work with the Joseph Rowntree Foundation on the Fair by Design Fund, with Guys and St Thomas' Charity on the Good Food Fund and a range of foundations on the Women in Safe Homes Fund. Through our networks, we have attracted £36 million of catalytic investment alongside us, and brought specific expertise across these issue-led partnerships to address particular social challenges. We want to work with a greater number of catalytic investors to test new investable models. We'll continue to build our network and advocate for tools that support investors to play this role.

## Impact story - QBE Insurance Group

QBE launched an insurance product that enables premiums go to investments with additional social or environmental benefits.

### Challenge

QBE Insurance Group Ltd is one of the largest insurers and reinsurers worldwide, providing a broad range of insurance products to personal, business, corporate and institutional customers. QBE's purpose is to give people the confidence to achieve their ambitions. When it comes to customers and other stakeholders, many want to see their insurance premiums invested in line with their beliefs and values. QBE has met this challenge, making responsible and impact investments that reflect their customers' values, while also meeting their risk-return requirements.

### Approach

In 2014, QBE launched Premiums4Good, a collaboration between QBE, its customers and its stakeholders. Through this, a percentage of customer premiums go to investments with additional social or environmental benefits. Premiums4Good supports QBE's belief that they can deliver attractive risk-adjusted returns and business value while making a positive social and environmental impact.

QBE has made a number of investments supporting social impact in the UK. In 2018 it invested together with us in Cheyne Social Impact Property Fund, a property fund that helps tackle chronic shortages of housing for disadvantaged groups, and addresses the challenge of social and affordable housing.

In 2019, QBE invested in the Bridges Social Outcomes Fund II. This fund offers working capital and management resources to delivery partners who provide vital services in areas including children and families, housing, employment, health and social care.

By June 2020, QBE had USD904 million invested across 66 investments, including social impact bonds, social bonds, green bonds, and infrastructure – supporting a range of initiatives from renewable energy and sustainable infrastructure, to social services and programs to support vulnerable people and communities.

QBE's ambition is to invest USD2 billion into impact investments across multiple assets and locations by 2025.

### Impact

QBE's Premiums4Good impact investment initiative has been recognised over the years, including by British Insurance Awards (Business Sustainability Initiative of the Year, 2017), Australian Impact Investment Awards (Impact Asset Owner of the Year, 2018), and the Business Intelligence Group (Sustainability Leadership Award) in its 2020 Sustainability Awards program.

## Impact story - Trust for London

Trust for London is an independent charitable foundation that aims to tackle poverty and inequality in London. It grants around £10 million each year to voluntary and charitable groups, supporting around 300 organisations at any given time.

As well as making grants, it funds independent research and provides knowledge and expertise on London's social issues for policymakers and journalists.

Like many charitable foundations, Trust for London wanted to invest its endowment in a way that delivered on its charitable mission as much as its grants do. Social impact investment offered a way to do that.

Trust for London is one of the founding members of the Social Impact Investing Group (SIIG), which supports trusts and foundations interested in starting or already undertaking social impact investing. The SIIG has been convened by the Association of Charitable Foundations since 2018, and by Big Society Capital before that. The SIIG runs Market Information Days run every 6-8 weeks to educate attendees about the latest social impact investment opportunities from charities, social enterprises, social purpose organisations and social impact funds.

Trust for London has a long history of investing for social impact. In the 1920s, the Trust bought 350 acres of land for recreational activity, providing new open green spaces for Londoners that it still owns today.

By the 1990s, the Trust launched Resource for London in Holloway, turning a disused department store into fair and flexible office space for social enterprises and charities. This enabled social sector organisations to thrive, while also achieving a realistic return on investment. The model was developed to create the Foundry Human Rights and Social Justice Centre in Vauxhall, in partnership with the Ethical Property Company and other social investors – including Big Society Capital's very first investment.

Trust for London has now committed just under 10% of its total endowment to social impact investment. It has a dedicated Social Enterprise Committee that oversees investments, and has established a dual investment approach. This approach makes capital available directly to social enterprises and charities, and through fund managers and intermediaries such as Bridges Fund Management, Social and Sustainable Capital and Big Issue Invest in funds alongside Big Society Capital. The Trust is now exploring strategic opportunities, including how to make social impact investment more accessible to smaller and more diverse social entrepreneurs.

# Impact story - University of Edinburgh

The University of Edinburgh has been a pioneer among UK higher education institutions (HEIs) in allocating its endowment strategically to create social impact. With around £1 billion under management, it's the third largest endowment of its kind in the UK and is leading the way in bringing its investments in line with its mission and values. In 2019, it formed the Responsible Investment Network – Universities (RINU) along with the University of Cambridge and St Anne's College, Oxford. The network is run by ShareAction and supported by Big Society Capital.

## Approach

The University plans to invest £8 million for social impact. In recent years, Edinburgh has made commitments to four social impact funds managed by Big Issue Invest, Social and Sustainable Capital, and Social Investment Scotland. They aim for all these investments to make local impacts, contributing to the social and economic prosperity of the city and surrounding area.

The University's first step was to commit £1 million to Big Issue Invest's Social Enterprise Investment Fund II, investing in social enterprises and charities tackling issues such as homelessness, financial inclusion and youth unemployment. At the time, it was the largest financial investment made by a UK university.

The University has since gone on to make a £1 million commitment over a five-year period to Social Investment Scotland's Social Growth Fund, which provides flexible loan and equity finance for social enterprises and charities in Scotland.

In May 2019, the University committed a further £1 million to Social and Sustainable Capital's housing fund, providing loans to small and medium charities that support vulnerable people.

The University is also a key funder of the £1 million Big Issue Invest Power Up Scotland programme, supporting social enterprise startups across Scotland through loans and mentoring.

## Commitment to social impact

The University's social impact investments target positive financial returns but are considered higher risk than traditional investments, which have a longer track record. The University believes this a risk worth taking when it comes to its long-term mission and the prospect of making a positive impact on society.

The University has also committed £60 million to businesses that directly benefit the environment. By 2021, it will be the largest university endowment in the UK to be free of fossil fuel investment.

# Financial product types

A diverse range of financial products is vital for a successful investment ecosystem. We support fund managers to design and develop financial products that bring together the needs of enterprises and investors to deliver impact.

**£408m**

Drawn down from Big Society Capital[6]

**£1.3bn**

Drawn down from Big Society Capital and other investors alongside us

**2.3x**

Amount our capital has been matched by other investors

Our goals are twofold. First, to make sure the right range of tools – of appropriate financial products – are available. Second, it is to grow the amount of capital which flows through these products. We've had significant success, with the market increasing by six-fold since 2012. The opportunities for and barriers to growth vary according to specific market circumstances so our approach to developing these products also varies. In some areas such as property and renewables we are increasingly able to demonstrate both positive impact and financial returns. But in other areas, such as smaller loan funds, we have learnt blended capital with grants is needed to best deliver impact.

# Bank lending

Bank lending can be an affordable route to finance for many social enterprises and charities.

**£30.1m**

Drawn down from Big Society Capital[7]

**£223.6m**

Drawn down from Big Society Capital and other investors alongside us

**5.1x**

Amount our capital has been matched by other investors

### The challenge

For many social enterprises and charities, a loan secured on a building or other asset is an affordable route to finance. Yet even many with assets find it hard to access finance via mainstream banks, while others are looking for a more aligned and supportive relationship from their bank. At the same time, depositors increasingly want to invest in line with their values, and to know where their money is going.

### Our approach

We believe dedicated social banks are best placed to understand charity and social enterprise business models and deliver impact by lending on attractive terms with low loss rates. They also have regional distribution, enabling them to reach a wide range of organisations.

Our approach to strengthening social banks starts with supporting them to raise regulatory capital to enable them to grow their loan book. We have invested £20.6 million to date in Charity Bank and Unity Trust Bank (UTB), helping them achieve the scale to be sustainable. In turn, we expect the loans made to social enterprises and charities help them build resilience and growth – to scale or sustain their impact - underpinned by social banks' deeper understanding of the sector.

**2,445**

Number of loans to social enterprises and charities[8]

**160%**

Growth of social banks since 2012

**£1.7bn**

Amount of capital social banks provide to the social impact investment market

6. All data from Big Society Capital
7. Data from Big Society Capital
8. Data from social banks and Big Society Capital's market sizing analysis

### Impact and learning

We understand our impact through social banks at a number of levels:

### A stronger social banking sector

Social banks provide £1.7 billion of capital to the social impact investment market, a growth of 160% since 2012. UTB's loan book has grown to £480 million while Charity Bank's has increased to £179 million, supported by Big Society Capital's equity investments, and leveraging in depositor money eight-fold. Social banks have secured investment from others, such as CAF Nominees and the Sustainable Finance Real Economies Fund, positioning them to grow in the future.

However, social banks remain small, in an increasingly heavily regulated market, and will need to continue to attract new regulatory capital to enable them to keep growing, so they will need to access a wider investor base.

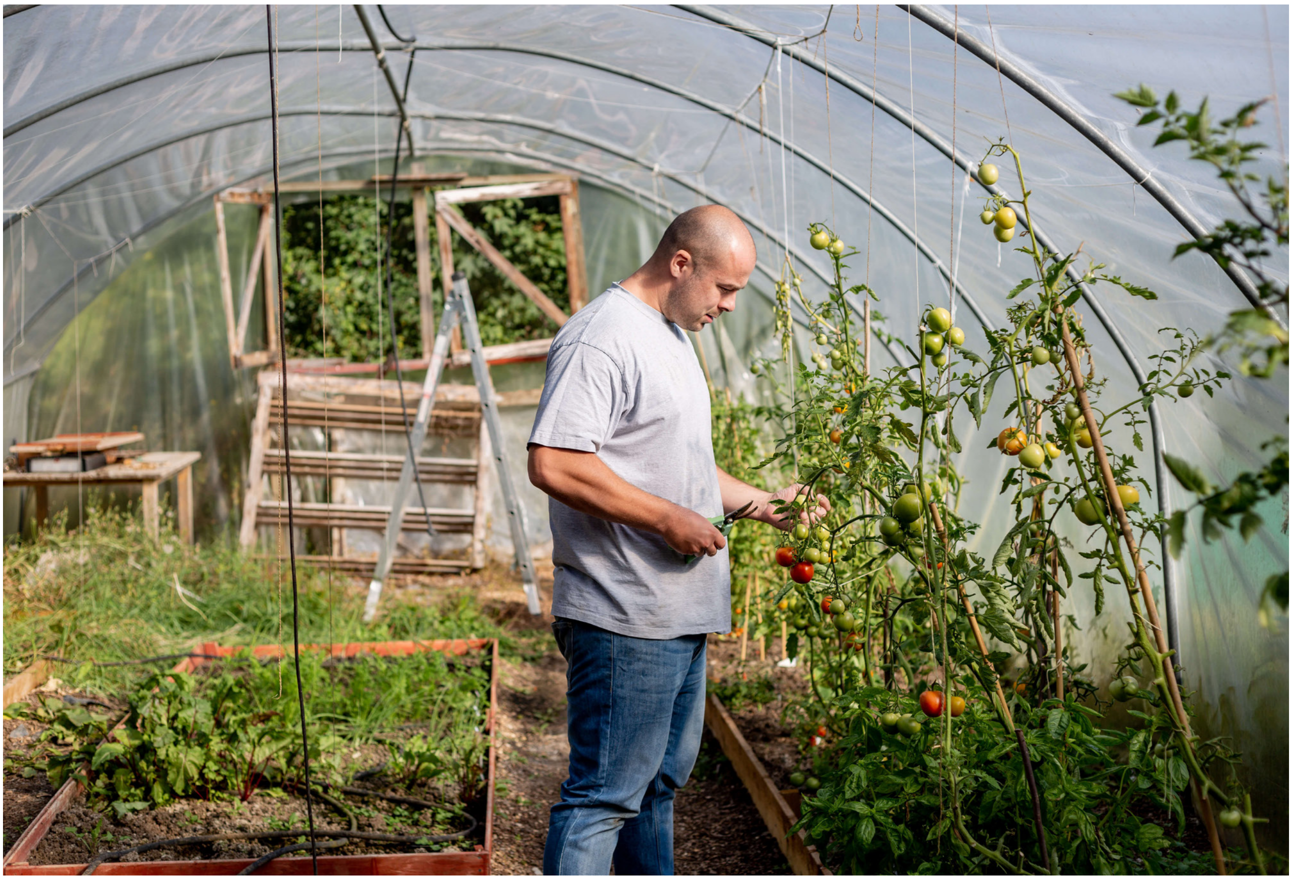
### Serving more charities and social enterprises

Since 2011, social banks have made 2,445 loans to social enterprises and charities.

These investments have spanned social issues such as housing and local facilities and arts, heritage, sports and faith and range in size from £50,000 to £16 million. Big Society Capital's investments in social banks make up a third of this market with over 700 investments.

### Contributing to stronger charities and social enterprises

Increasingly social bank loans are contributing to social enterprise growth and sustainability. For example, 81% of projects funded by Charity Bank wouldn't have gone ahead without its support. 69% of their investees said their services grew as a result of the loan, while 78% improved the quality of their services. Meanwhile 42% of organisations said they would have gone under without the loan.



Emmaus Village Carlton, which received investment from Charity Bank

# Charity bonds

Charity bonds can help social enterprises and charities raise large amounts of finance.

**£27.5m**

Drawn down from Big Society Capital[9]

**£213m**

Drawn down from Big Society Capital and other investors alongside us

**6.7x**

Amount our capital has been matched by other investors

### The challenge

Some social enterprises and charities need to raise large amounts of finance (£5 million+) to fund big projects, and one effective financial product they can use is to raise a charity bond. This tradable loan offers large scale unsecured finance with fewer restrictions than bank finance. While Triodos launched the first charity bond, Golden Lane Housing, in 2003 they have been slow to take off and another wasn't issued until 2011. Since then, new bonds have been issued annually, but the lack of track record and limited confidence meant developing a market for charity bonds was challenging at first.

### Our approach

Our approach to building the nascent charity bond market has been to try to accelerate the growth of both supply and demand. We have developed two facilities to do this.

- In 2014 we created a Charity Bond Support Fund with Rathbones, which established a backstop facility with the ability to top-up bonds that aren't fully subscribed. The aim was to give issuers the confidence they needed to launch charity bonds, and investors the confidence to invest in them. We invested £20 million initially, followed by a further £10 million. The fund has now grown to £163 million.
- In 2018, the Charity Bond Fund aimed to support the further development of the market. By establishing an 'exemplar fund' and track record for charity bonds, we wanted to attract a more diversified investor pool into the market. For every £1 we invest, £2 of external capital must be invested. We invested £20 million in this fund, which has increased to £70 million.

**£337m**

Size of the charity bond market vs £5.4m in 2012[10]

**x62**

Growth of charity bond market 2012-20

**30**

Number of charity bonds issued

**3.94%**

Weighted yield across the whole £342m market size

Golden Lane Housing

### Impact and learning

We understand our impact in this area on a number of levels:

### Growth in capital flowing to this financial product

Since 2014 we have seen an almost ten-fold increase in the size of the charity bond market, growing from £35 million in 2014 to £337 million in 2019. We have brought in much more extra investment than we had hoped, exceeding our match ratio of £2 for every £1 that we invest, to around £5 invested alongside every £1 of our capital.

In addition to growth in scale we have seen growth in diversity, with the range of investors now including pension funds, wealth managers and retail investors.



9. Data from Big Society Capital
10. Data from Big Society Capital's market sizing analysis

### Diversity, range and number of charities issuing charity bonds

The range of charities issuing charity bonds has grown too. While most support disadvantaged communities and individuals, some, like the Canal & River Trust, serve a broad base. The majority of charity bonds, by value, have been issued by organisations in housing (55%) and physical health (14%).

In the last couple of years, use of charity bonds has slowed, we believe as broader market uncertainty has discouraged new issuance and some capital projects.

# Debt funds

Debt funds can help social enterprises and charities grow their impact and increase their resilience.

**£65m**

Drawn down from Big Society Capital[11]

**£154.2m**

Drawn down from Big Society Capital and other investors alongside us

**1x**

Amount our capital has been matched by other investors

### The challenge

Some social enterprises and charities need investment capital to grow their trading income helping them become more resilient and grow their impact. In these cases, loans can be a useful tool – providing working capital and growth finance to charities on terms that work for their business models. However, many enterprises struggle to access this type of debt finance because they lack security or track record, leaving them on the wrong side of traditional lenders' risk parameters.

### Our approach

With our debt funds, we aim to bridge this gap. This product type provides charities and social enterprises with the right type of finance, so they can continue to grow their impact and increase their resilience. Since 2013, we've worked on two things:

- Providing cornerstone investment to new debt funds, investing alongside others to increase the supply of debt that can take more risk: Since 2013 we've identified or secured catalytic capital in 11 unsecured debt funds with 9 fund managers that have collectively committed £61 million to 84 enterprises.
- Supporting the development of fund managers that are building trusted networks within the sector and connecting the capital to those organisations that need it. This has included working with long-standing, experienced managers such as Key Fund, Social Investment Scotland and Big Issue Invest as well as newer managers bringing vital skills and capital to the sector, such as Social and Sustainable Capital and Bristol and Bath Regional Capital.
- The type of investment that these funds make available varies, but common features include the ability to lend with limited security, more patient timeframes (often with terms of 10 years), and some flexibility of payment features, whether through repayment holidays or linking to revenues. This asset class also includes the investments we make in community shares. We have facilitated the flow of higher risk, lower return finance through match and underwriting funds, such as the SITR Crowdmatch Fund and Resonance's Community Share Underwriting Fund.

**67,400**

Number of retail community share investors in 2020[12]

**85**

Number of SITR deals by 2020 vs 0 in 2012



11. Data from Big Society Capital
12. Data from fund managers across the portfolio

### Impact and learning

We understand our impact in this area through:

#### Meeting the financing needs of more social enterprises and charities

Since 2011, the amount of non-bank lending has more than doubled, from £149 million to £327 million. These organisations operate in diverse sectors such as unemployment, sports, arts and social care, employing a variety of revenue models to do so.

A key lesson for us and our partners is that demand and pricing remain difficult. On the demand-side this partly reflects the need for fund managers to build networks and trust – demand is rarely "ready-made". It also reflects the challenge of matching the needs of social enterprises and charities with the returns that are required to attract investors. The higher risk of these loans means that funds need to charge higher interest rates to cover the losses – typically 6-9%. Although rates are lower than those available to SMEs, not all business models of social enterprises and charities can support rates at this level.

#### Attracting more capital alongside us to help grow the sector

Our goal in this sector has been to increase the amount of Non-bank lending available to social enterprises and charities, primarily through attracting other investors. Our commitments have attracted £72 million of catalytic capital to help grow this segment and we have also seen three managers (Big Issue Invest, Social and Sustainable Capital and Social Investment Scotland) go on to raise second-time funds.

However, we have attracted less co-investment than most areas of our work (match ratio of 0.8x). We have learnt that it will remain difficult to attract significant capital to this product type, given the various risks combined with low overall returns. To facilitate lending to support the significant impact delivered by many social enterprises, there is a need for more blended products that combine lending with grants or guarantee schemes. These can help bridge the risk-reward gap to connect investors to enterprises.

Tax reliefs can play a similar role, which is why we set up the SITR Crowdmatch Fund. The Fund encourages retail investors to take advantage of Social Investment Tax Relief (SITR) and invest in community shares in local pubs, event venues and community assets.

## Outcomes contracts

Outcomes contracts can help improve the way public services are delivered.

**£21.3**

Drawn down from Big Society Capital[13]

**£44.8m**

Drawn down from Big Society Capital and other investors alongside us

**1x**

Amount our capital has been matched by other investors

### The challenge

Public sector commissioners such as local and national government are looking to drive innovation in service delivery to improve lives in key areas such as homelessness and youth unemployment. Outcomes-based contracts are an effective way to achieve this impact, but the social enterprises and charities that have the skills and expertise to provide public services often lack the upfront working capital they need to deliver these contracts.

### Our approach

Social Outcomes Contracts can improve the way public services are delivered, maximising the outcomes for people using these services. Payments are only made once outcomes have been achieved, so social investors will provide working capital for enterprises to deliver contracts – often serving the most vulnerable, or people with complex needs. The investors are only repaid if the contracts deliver measurable improvements to people's lives.



13. Data from Big Society Capital

Our approach has three elements; to move first with our capital to seed dedicated outcomes funds, supporting fund managers to replicate the model and sharing the lessons learned.

### Seed

In 2013 we were one of the first investors to call for fund managers to offer support for outcomes-based contracts – sometimes called social impact bonds. Bridges Fund Management developed the first fund of its kind in the world, delivering social impact while developing a replicable fund model that meant socially-motivated investors could support these contracts.

### Replicate

Through our investments and broader stakeholder engagement, we aim to replicate and scale social outcomes contract models. We do this by building expertise across a number of fund managers, through developing projects with engaged commissioners and social sector organisations able to deliver services.

### Share

We convene experts and practitioners to share lessons and knowledge and engage with national government to secure its support for the market, and help shape the future pipeline, particularly in the policy areas where we see the most promise.

**4**

Specialist outcomes funds vs 0 in 2012[14]

**27,706**

Number of people supported by Bridges Fund Management and Big Issue Invest through outcomes contracts

**55**

Number of outcomes contracts Big Society Capital has invested in

### Impact and Learning

We understand our impact in this area in a number of ways:

### Growth of the market

The market for such social outcomes contracts has grown considerably, from only 14 contracts in 2012 to more than 80 today. The UK now has one of the leading social outcomes markets in the world.

### Improvements in public services

In addition we've learned that social outcomes contracts can be a powerful mechanism to drive improvement and collaboration in public services, allowing them be delivered more flexibly, while ensuring accountability in terms of the impact envisaged. Such contracts also support better collaboration and coordination between the key stakeholders involved in delivering services.

### Measurable, positive outcomes

Importantly because the outcomes in such contracts are rigorously measured we also know they are having a positive impact on people's lives. They support a range of people with complex and multiple needs, in a range of policy areas – including children services, homelessness and health. We estimate that more than 27,000 people have benefited from our investments in social outcome contracts. Bridges, our largest social outcomes contract fund manager, has committed £32 million across a range of projects.

These projects have achieved £50m in outcomes payments from central and local Government commissioners to date, and Bridges estimates that the value of these outcomes to Government is about £85 million in terms of current or potential cost savings.



14. Data from Big Society Capital and fund managers across the portfolio

# Property

Together with investors, housing providers and homelessness charities, we can improve the housing system.

**£71.2m**

Drawn down from Big Society Capital[15]

**£385.2m**

Drawn down from Big Society Capital and other investors alongside us

**6.2x**

Amount our capital has been matched by other investors

### The challenge

The housing market crisis is affecting people all over the UK. There are more than one million households on waiting lists for a social home and levels of homelessness are all rising. Significant capital is needed to address these issues and we believe social impact investment can help address some of this shortfall. Together with investors, housing providers and homelessness charities, we can improve the housing system.

### Our approach

Residential property can be an attractive asset class to draw in capital at the scale needed to help address the affordable housing crisis. Over the last decade Big Society Capital has worked with partners to lay the foundations for a fast-growing market in social housing funds delivering both impact and financial returns.

We have supported the development of this market through:

- Investing as a cornerstone in new social property funds to encourage other investors alongside us to increase the supply and quality of affordable housing. We seeded the first social impact property funds designed to bring equity-like capital to the affordable and social housing sector, as well as to new products designed to tackle issues in the private rented sector.
- Working with social enterprises, charities, and social purpose organisations to develop and seed investment ideas that answer unmet social needs through housing, alongside fund managers who are informed by a deep understanding of social issues.
- Developing the impact practices of fund managers and institutional investors with the commercial skills and networks to attract more capital at scale, to generate an even bigger impact and improve sector impact practices.

**1,435**

Number of general needs properties[16]

**558**

Number of specialist supported homes

**815**

Number of transitional supported homes

### Impact and learning

We understand our impact through property funds at a number of levels:

### Market growth

The affordable and social housing investment market has grown substantially from zero in 2012 to over £2 billion in 2020, with a more diverse range of fund managers bringing experience in both real estate and impact (10 new funds and 10 more under development) and a growing role for institutional investors such as pension funds and university endowments. This reflects growing institutional investor interest in impact and ESG, together with risk-adjusted returns in affordable housing based on government-backed, inflation linked income streams.

As with many new markets, there have been some challenges: slower fundraising and deployment, and challenges in measuring impact consistently. We've seen the pace of investment improve significantly as charities and other housing providers become familiar with the investment models and investors design the structures to better work

15. Data from Big Society Capital
16. Data from fund managers across the portfolio

for housing associations and charities (e.g. risk sharing of leases). The investment we have made so far will provide homes for 5,418 people.

**5,418**

Projected number of people to be housed[17]

**2,788**

Number of new homes

### Innovation to scale

Our earlier investments in property paved the way for increasing innovation and impact, across a spectrum of housing issues. We put in place a £15 million match fund for local authorities to help replicate the Real Lettings Property Fund from London to Oxford, Milton Keynes and Bristol and Resonance has now successfully raised £200 million for its social property funds. The Social and Sustainable Housing Fund pioneered a model that enables small to medium charities to acquire housing for vulnerable people so they can access the appropriate services and has already raised £30m.

We expect to see such impact-led strategies growing in scale – particularly in view of Everyone In - as well as the emergence of new ways to of connecting capital to housing needs – for example, the recently launched Supported Homes and Women in Safe Homes Funds.

### Improving impact practice

Mainstream property fund managers are increasingly adopting impact practice, including three in which Big Society Capital has leveraged their investment to help support and strengthen the approach. The £250 million CBRE UK Affordable Housing Fund is an example of a leading real estate manager adopting a social impact framework as part of its investment process, helping to steward and deepen the impact of this large-scale fund.

To improve impact standards and comparability, we're engaged in an external project with property fund managers and housing providers, consultants the Good Economy and the Impact Investing Institute to develop a sector standard for impact assessment and reporting, called the Equity Impact Project. The project is designed to achieve consistency across the market, allow funds to clearly articulate their impact credentials, and increase the capital flowing to high-impact proposals.

## Impact story - CBRE

CBRE's Affordable Housing Fund (AHF) provides equity-like funding to registered providers in the UK.

**£250m**

Size of fund

**173**

Number of affordable home provided in the first year of the fund

**402**

Number of people housed in the first year of the fund

### Challenge

The UK faces a chronic housing shortage. Its current housing stock is estimated to be more than a million homes short of what's needed for everyone to have a decent home. The scale of the crisis is beyond the public sector's ability to respond, as new output falls significantly below the Government's housebuilding targets. In particular, the lack of affordable and social rent homes has increased homelessness, while the ability of registered providers (such as local authorities and registered providers) to build more affordable housing is often constrained by access to capital.

### Approach

In order to bring large amounts of mainstream capital into the social property market, we worked with one of the largest real estate companies in the world. CBRE's Affordable Housing Fund (AHF) provides equity-like funding to registered providers in the UK. This offers predominantly forward funding to develop affordable housing, targeting at



17. Data from fund managers across the portfolio

least 50% in social and affordable rent, up to 25% in shared ownership, and the rest in other housing types such as key-worker housing and temporary accommodation.

**Impact**

The fund aims to deliver sustainable and affordable housing in areas of need. Working in partnership with The Good Economy, we have helped develop a social impact framework to make sure impact considerations are part of the investment process, covering areas of social need, affordability, sustainability, quality of services, and increase in supply. The intention is to build a sector standard approach for impact in housing. In the fund's first year, it delivered 173 affordable homes, housing up to 402 people.

# Impact story - Resonance

Resonance established the Real Lettings Property Fund (RLPF) alongside leading homelessness charity St Mungo's to help tackle homelessness.

**£250+**

Resonance's assets under management across the country

**£15m**

Match capital we offered to secure local authority investment

**700**

Number of homes Resonance has made available to people at risk of homelessness

**Challenge**

People at risk of homelessness across the UK often live in temporary accommodation, or are otherwise at risk of homelessness due to a lack of affordable private rented accommodation. This temporary accommodation typically comes at a high cost to local authorities, is often low quality and can lead to negative social outcomes, such as lower employment outcomes and reduced resilience against homelessness.

**Approach**

In 2013, Resonance established the Real Lettings Property Fund (RLPF) alongside leading homelessness charity St Mungo's to help tackle this issue. The fund acquires and refurbishes homes for people in temporary accommodation or at risk of homelessness. With the success of this fund, Resonance's ambition was to scale it into new areas across the country.

Big Society Capital and Resonance worked together to secure capital to expand the fund into new areas and create the National Homelessness Property Fund. To spur first-mover local authorities into action, we offered to match £15 million of capital for local councils in Oxford, Milton Keynes and Bristol to invest. With the addition of RLPF2, the combined Resonance property funds have grown to over £250 million assets under management across the country, making more than 700 homes available to people at risk of homelessness.

**Impact**

Resonance has been instrumental in the growth of the social property market that has grown from zero in 2012 to over £2 billion in 2020. These funds provide homes for individuals and families in temporary accommodation or at risk of homelessness. This helps them become more independent and enables them to progress in other areas of their lives, such as employment. St Mungo's leases the homes from the RLPF, manages the tenancies and supports the tenants to move into more permanent private rented accommodation. Resonance has gone on to develop more property funds, including Resonance Supported Homes Fund and the Women in Safe Homes fund.

# Renewables

Ownership of renewable energy assets can help community groups generate their own energy and reinvest profits into local projects.

**£90.2**

Drawn down from Big Society Capital[18]

**£124.8**

Drawn down from Big Society Capital and other investors alongside us

**0.4x**

Amount our capital has been matched by other investors

### The challenge

It is possible to help tackle some social problems like fuel poverty while protecting the environment by bringing private energy assets like solar or wind farms into community ownership. However, the phasing out of incentives like the Feed-in Tariff and tax relief for investment in energy projects slowed the growth of this important market for community-owned renewable energy.

### Our approach

Our approach has been to try to grow the market by investing through specialist fund managers and intermediaries which are helping local communities acquire renewable energy projects. So far, we have invested in two managers - Community Owned Renewable Energy Partners (CORE) and low carbon charity Pure Leapfrog. These fund managers understand the financial product, the market landscape as well as the needs of the communities. They acquire renewable energy projects like solar farms, help optimise their cash flow, and then provide the financing for local communities to acquire them. This enables local people to generate their own energy and reinvest the profits to benefit local people through local projects. We help by deploying and recycling our capital rapidly, as well as connecting projects with other investors, including community and institutional finance.

**23**

Number of large projects supported[19]

**£32.9m**

Forecast amount generated for unrestricted community benefit grant funds

**382,000t**

Amount of CO2 avoided

### Impact and learning

We understand our impact in a number of ways:

### The growth of the community renewable energy sector

The community energy sector has grown rapidly over the last decade, from a very small starting point. Our investments have played a major role in this growth, with Big Society Capital supported projects accounting for more than half (56%) of community energy generation at the end of 2019.

### The positive impact created in communities

The positive impact has been to help communities secure a stable income, at a time when other community revenue models have struggled. Stable revenues have been particularly valuable following the severe disruption felt by community organisations during the pandemic. Across our renewables portfolio, we've repurposed – and in some cases, accelerated – community benefit funds to provide targeted support, generating over £38 million, which has been used to benefit local people.



18. Data from Big Society Capital
19. Data from fund managers across the portfolio

There have been key lessons for us and our partners.

### Policy

Future growth in new and developing markets like this can be highly dependent on government policy and whether there are adequate incentives in place to drive investment.

### Ownership

Ensuring diversity and inclusion in asset ownership is a challenge for some community energy projects. We need to find ways to create more inclusive ownership structures so that people with less time or lower incomes can also participate.

### Managers

We learned that there is an opportunity to build on the expertise of small-scale specialist fund managers to reach greater scale. One example was the merger of the specialist community energy manager Pure Leapfrog into social investor SASC in 2020 providing the platform to deliver many more and larger projects.

## Small loans

A blend of grants with repayable finance can make investment affordable and sustainable for many smaller organisations.

**£37.1m**

Drawn down from Big Society Capital[20]

**£68.5m**

Drawn down from Big Society Capital and other investors alongside us

**1.3x**

Amount our capital has been matched by other investors

### The challenge

Small voluntary, community organisations, and social enterprises, and small businesses play an important role particularly in disadvantaged communities and supporting vulnerable people. These enterprises create jobs and support local economies, if they can access finance, so there is growing demand for affordable unsecured loans of under £150,000 from social enterprises, charities, and other social purpose organisations.

However, it remains difficult for them to access, especially from mainstream lenders. These smaller enterprises are perceived by lenders to be high risk and the cost of making loans also too high. So many will need a blend of grant and repayable finance for investment to be affordable and sustainable.

### Our approach

In 2015 we helped set up Access – The Foundation for Social Investment alongside the National Lottery Community Fund and the Cabinet Office. Its aim was to provide blended grant and repayable capital to help social enterprises and charities access finance more suited to their needs, which has significantly increased the number of organisations we reach. Since then, we have continued to work with partners to establish funding vehicles that can help capital support smaller organisations to deliver impact.

Our support in this area is built on two key pillars.

- Our work with the National Lottery Community Fund, the Cabinet Office and Access – The Foundation for Social Investment into the blended capital Growth Fund, to provide small loans (averaging £63,000), and help social enterprises and charities to grow and/or become more resilient.
- Our work with Social Investment Scotland and several leading CDFIs to establish the £52.5 million Community Investment Enterprise Facility (CIEF). The Facility lends to micro and small businesses in disadvantaged areas to support job creation and increase economic activity locally.



20. Data from Big Society Capital

**14**

Number of blended capital and guarantee-supported funds[21]

**49%**

Percentage of loans made in the 30% most deprived areas

**£51,579**

Average loan size

## Impact and learning

We understand our impact in a number of ways:

### Reaching underserved organisations in underserved places

The Growth Fund managers and Community Development Finance Institutions have made 727 loans, totalling £34.3 million, to 665 organisations.

More than 50% of Growth Fund loans have gone towards employment support (35%) and mental health and wellbeing (23%). Similarly, more than 50% of loans have reached some of the most deprived areas in the UK.

Organisations supported by the Growth Fund are reaching 330,000 beneficiaries, while enterprises in receipt of CIEF investment have employed 2,822 people to date.

### Initiating and strengthening enterprise models

Growth Fund investments are mostly used to scale up an existing activity or start a new one (50% of investments). The rest sustain business as usual, or develop existing activities. 72% of CIEF loans support working capital or growth. We are seeing smaller loans serve a range of business models, across different sectors.

### Expanding the availability of blended finance

One of the key lessons for us and partners has been the need to blend repayable investment with grants, guarantees and tax reliefs to better support the business models of many smaller charities and social enterprises.

More recently, we've seen grant funders interest grow in supporting small loans that contribute to the sustainability and development of enterprises in their area of focus.

For example, in 2020 we invested alongside Sports England and British Gymnastics into the British Gymnastics Fund, and our investment with the Arts Council and Heritage Lottery Fund in the Nesta Arts & Culture Impact Fund.

In addition, we have worked with Access - The Foundation for Social Investment to secure the commitment of £35 million of additional dormant accounts funding in 2020. This will enable a significant expansion of scale and innovation in the use of the subsidy in the years ahead.

We continue to work with policy makers to expand and develop the available tax reliefs – such as Social Investment Tax Relief and Community Investment Tax Relief and guarantees that can best support investment capital to reach smaller organisations.



21. Data from Big Society Capital and fund managers across the portfolio

# Impact story - Community Investment Enterprise Facility

Fund manager - Social Investment Scotland

The Community Investment Enterprise Facility supports CDFIs to meet their capital needs while building a better understanding of the social and financial performance of CDFIs.

**20%**

Percentage of investments to MSMEs are made in the 10% most deprived neighbourhoods, according to the Indices of Multiple Deprivation

**16%**

Percentage of CIEF applications that had lead applicants from BAME backgrounds (national average 5%)

**41%**

Percentage of applicants that had been rejected for finance elsewhere in the previous year

### Challenge

Many small businesses can't access mainstream finance, even though they're essential to disadvantaged communities across the UK, as employers of local people and drivers of economic activity.

### Approach

Community Development Finance Institutions (CDFIs) are alternative lenders that are meeting this need. socially-motivated and rooted in communities, they help small organisations grow their business, which then improves their local economies and communities.

However, CDFIs also face barriers to achieving long-term sustainability and securing capital at a scale that meets the full needs of small businesses. To address this, we invested £30 million to establish the Community Investment Enterprise Facility (CIEF) and encourage other investors to come alongside us. Managed by Social Investment Scotland (SIS), this facility will meet some of the capital needs of CDFIs, build a better understanding of the social and financial performance of CDFIs, and test models for funding CDFIs that support them to scale. CIEF invests in four CDFIs across the North and Midlands to help meet the needs of underserved micro, small and medium enterprises (MSMEs) that make a positive impact in their communities.

### Impact

Overall, the potential social and economic impact of the CIEF looks positive. The average size of the loans made so far is £52,285. There's been good reach into BAME communities, to MSMEs who have struggled to access finance elsewhere, and more economically deprived areas, particularly when compared to UK SMEs as a whole.

The CDFI response throughout COVID-19 using CIEF has been especially important. The fund adjusted to make emergency loans available through the Coronavirus Business Loan Interruption Scheme (CBILS), and in the first few weeks of the crisis, it lent £6 million to 120 organisations. There's still much to be done, both to support the recovery and for the communities disproportionately affected by the crisis, but CDFIs are showing they can play an important role in this.

# Impact story - The Growth Fund

Small loans can help social enterprises and charities become more resilient and self-reliant.

**450+**

Number of social enterprises and charities receiving blended finance through the Growth Fund

**£62,000**

Average investment size

**7.01%**

Average interest rate

### The challenge

Through 2012-13, research across the social impact investment sector found a growing demand for affordable, unsecured loans from small social enterprises and charities that was not being met by existing social impact investment funds. However, the unknown risk profile and relatively high cost of delivering this type of finance left a gap in the market.

### Our approach

Responding to this challenge, we partnered with the Cabinet Office and the National Lottery Community Fund to create our sister organisation Access – The Foundation for Social Investment. Together with our partners, we helped established the Growth Fund, investing a blend of unsecured, repayable loans (from Big Society Capital) and grants (from the National Lottery Community Fund). Delivered by 14 fund managers across England, at sizes under £150,000, this blend meets the higher risk profile and cost of delivery, while also ensuring the product meets the needs of the borrower (the average interest rate is 7%). The aim is to help these social enterprises and charities become more resilient, so they can sustain – and even grow – the social impact they make for their beneficiaries.

### Impact

The Growth Fund has made more than £30 million of investments into more than 450 charities and social enterprises. The vast majority are small organisations, with nearly half having five or fewer full-time employees and annual revenues under £236,000. The fund has lived up to its mandate, with an average loan size of £62,000. This has allowed the Growth Fund to reach borrowers in different regions, with more based in the North West, the South West or Yorkshire & Humber than in London.

The Growth Fund has, so far, shown how blended finance can help reach smaller charities and social enterprises that would otherwise be excluded from the social impact investment market. Grants are still critical in serving this market, as we saw during the COVID-19 crisis. What's also proved vital are the relationships that have developed between the frontline organisations and the fund managers, who have built up expertise in their sectors. While the large number of fund managers has made the structure of the Growth Fund complex, it's also offered opportunities for learning and cross-collaboration.

# Venture

Ventures can provide innovative and scalable ways to tackle social problems.

**£55.3m**

Drawn down from Big Society Capital[22]

**£144.8m**

Drawn down from Big Society Capital and other investors alongside us

**1.8x**

Amount our capital has been matched by other investors

### The challenge

Technology startups have the potential to catalyse change and social impact, by delivering products and services that meet people's needs better. Their business models can allow them to scale rapidly and reach more people more effectively. However, the financing available to tech startups does not support or encourage them to focus on positive social impact.

### Our approach

We want to change this, by helping build a venture ecosystem that effectively nurtures and scales innovative ways of tackling social problems.

To do this we have invested in venture capital fund managers that bring the right values and skills to find and back a diverse set up impact startups. We complement these investments through a range of support, including building networks and impact know-how in the venture sector. Our goals are:

- A group of high-calibre fund managers with a range of approaches by investment stage and strategy
- A broad range of investors with increasing amounts of impact-driven capital
- Rigorous and proportionate impact practices that drive value right across the system

**125**

Number of startups supported[23]

**12m**

Number of people reached

**28**

Number of impact venture funds vs 3 in 2012

**11**

Number of venture funds Big Society Capital has invested in

LettUs Grow

### Impact and learning

We look at our impact on a number of levels:

### Number of ventures that scale their social impact

Across our investments, there are ~125 live startups in our portfolio. These cover a range of business models and sectors, with a concentration in health, education/training and financial inclusion. So far, a handful of these startups are reaching more than 100k people or have enterprise values of more than £50 million, though our portfolio is still typically relatively young. In total "tech for good" enterprises in the UK are benefitting 12 million thousand people.

22.Data from Big Society Capital
23.Data from Big Society Capital and fund managers across the portfolio

### The development of the ecosystem

In terms of building the broader ecosystem, a number of key lessons are emerging although it is still too early for significant change.

- We've seen purpose and impact rising up the agenda of venture investors and fund managers – a trend that we intend to accelerate further.
- We've also learned that both venture-building skills and impact practice are fundamental to successful impact startups.

Finally, we have learned that distinct investing strategies and capabilities are needed for different types of venture pathway. Managers investing in startups with a fast-scaling pathway using existing business models need help to deepen their impact practice. Meanwhile those investing in new business models and solutions may need more venture-building skills and additional capital to make things happen.

## Impact story - Eka Ventures

We want to change this status quo by building a venture ecosystem that effectively nurtures and scales innovative ways of tackling social problems.

### Challenge

The venture ecosystem can be a powerful catalyst for change. Technology startups can scale and reach many people quickly. Fast feedback cycles and data allow startups to quickly design and refine goods and services –that can improve lives. Yet historically, startups have engaged with impact in only a narrow sense.

### Approach

We want to change this by building an impact venture ecosystem that nurtures and scales new ways of tackling social problems. One approach is to work with the mainstream venture capital (VC) ecosystem to grow its potential to create impactful ventures that scale rapidly and successfully. Our investment into Eka is part of this approach.

The partners at Eka had a track record of successful VC investing – now they wanted to focus on more impactful ventures. Eka's investment thesis is built on 'shared value', whereby social and/or environmental impact is delivered in parallel with improved business economics. We have worked with Eka to develop their approach to investing with impact. Alongside investment strategy, we also worked with Eka to embed an 'impact lens' into its core investment tools, processes, systems and decision making

### Impact

*We're excited about Eka's potential to create impactful ventures that offer products and services which tackle the problems of those most in need, at scale. We hope this will also excite investors, and help increase investment for impact VC funds.*

Camilla Dolan from Eka Ventures

Eka has just made its first investment, Urban Jungle – a great example of their thesis in action. Urban Jungle is a technology-enabled insurance provider, using behavioural data to assess individuals on factors they can control, rather than demographics that they can't. This helps them design affordable products that are more transparent, fairer and more effective at reaching and serving the customers who need insurance most. A recent Trust Pilot review shows the potential of the product:

*I saw ad on tv & realised i have never had contence insurance!! I Know right!! My housing assoc Offered a meager cover for twice as much as tr asking! So to me it's a 'no brainer'! Get covered! And my urban jungle are quick and 3x types good really good n excellent! I'm on benefits so I'm lucky to be able to afford anything. I'm over the moon xxx BIG THANXXX MY URBAN JUNGLE*

Urban Jungle customer

We hope the work we're doing around impact practice will help other funds to understand the value in these practices, and incorporate them into their day-to-day business. Together, these factors will nudge the venture ecosystem towards greater impact.

# Impact Story - Fair by Design

Fund manager - Ascension Ventures

Fair By Design is a combined venture fund and campaign that aims to eradicate the extra cost of being poor

**£490**

Extra cost that low-income households pay each year to access basic goods and services compared to people who are financially better off

**347,997**

Number of people supported by Fair by Design

**£11.7m**

Total reduction of the poverty premium so far

### Challenge

A surprising unfairness is that people in the UK on the lowest incomes actually pay more to access basic goods and services compared to people who are better off financially. On average low-income households pay an extra £490 a year. This 'poverty premium' affects 1 in 5 households in the UK, costing them in total an extra £3.8bn a year.

### Approach

After the Joseph Rowntree Foundation introduced us to this issue, Big Society Capital worked with them to design a programme aiming to eradicate the poverty premium by 2028.

Fair By Design (FDB) is a combined venture fund and campaign that aims to remove the extra cost of being poor. It does so by providing funding to grow new and scalable ventures to innovate in the market. The fund works through a multi-sector partnership, to deliver across four pillars :

- The fund is managed by Ascension Ventures, who have a track record in both venture and impact ecosystems.
- Barrow Cadbury campaigns to influence policy and regulation, as well as to build public support.
- Toynbee Hall embeds the view of experts with lived experience into the investment process.
- Comic Relief supports the team on roadshows, to build awareness of key innovations among regional decision-makers.

### Impact

The FBD Fund focuses on early-stage, highly scalable technology businesses reducing costs across four key sectors: energy, financial and digital inclusion, food and household, and insurance.

# Innovation

Many entrenched social challenges call for new approaches to tackle them, and innovative investment products to finance them. To capture new ideas and drive innovation, we work closely – and in different ways – with a range of partners, who put their critical expertise and resources towards solving these challenges. This lets us test and learn from new approaches, so we can then scale the enterprise solutions and investment models that deliver most impact.

### The challenge

We see important opportunities to use investment to create positive impact in the UK that are not yet being realised. Innovative enterprise models have the potential to address a range of entrenched social issues – from homelessness to childhood obesity – at scale, if they are supported with the right type of investment. However, the mechanisms and pathways to deliver such investments often do not yet exist, and there is a need for more "catalytic" capital to develop ideas.

### Our approach

Our approach is to work with others to co-develop innovative investment approaches to tackle entrenched social issues.

We do it by finding partners willing and able to take these first steps with us, whether by contributing in-depth social issue expertise, knowledge around impactful enterprise models, investment capital or grants, or networks and relationships. They can be fund managers or investors, creating new products to attract more capital to critical social issues. They can be mission-driven organisations, wanting to build funds around their priorities. Or they can be social enterprises and charities, looking for ways to scale their operations to deliver more impact. Our pathways in driving new ideas and innovation with partners include joint research projects, co-development processes of new fund proposals, as well as calling for ideas and proposals to address specific social challenges.

### Impact and learning

We understand our impact on innovation in several ways.

### Developing innovative issue-led partnerships

**Poverty premium** - In terms of initiatives we've developed in partnership, our work with the Joseph Rowntree Foundation led to the Fair by Design Fund in 2016, which aims to eradicate the poverty premium. Since then, the fund has reached over 340,000 people, who are now saving around £12 million per year on goods and services that they previously had to pay more for than people who are financially better off.

**Place-based change** - In 2019, the Bristol One City Fund launched, bringing the local council together with funders and delivery partners around a common city vision to tackle some of the biggest social and environmental problems it faces.

**Childhood obesity** - In 2020, our work with the Guy's and St Thomas' Charity led to a pilot fund that aims to tackle childhood obesity, which disproportionately affects people in deprived areas.

**Vulnerable women** - Also this year, we established the Women in Safe Housing Fund with Resonance and Patron Capital, based on research with 60 women's sector organisations that helped us better understand the issue of domestic abuse.

Across these issue-led partnerships, we have secured £36 million of catalytic co-investment.

### Research to unlock ideas and partners

Carrying out research helps us explore new opportunities and lay the ground for potential future investments.

**Mental health** - In 2019, we partnered with Bethnal Green Ventures and Zinc on a research and engagement programme funded by The Wellcome Trust, bringing together the worlds of research, social impact investment, and startup development. It's helped us gain critical insights into the enterprise models and needs of mental health startups, which have informed our way forward in the area of preventative approaches.

Since 2012, we've commissioned five issue-led research pieces with partners to explore new ideas. Some have a long gestation period - the Winterbourne Review research in 2014 resulted in the creation of Resonance's Supported Homes Fund in 2020.

### Embedding and sharing learning to evolve our approach

We've learned some key lessons. First, it's critical to convene the right stakeholders to understand the social issue, potential business models, and the partnership and investment structures needed. We aim to start with the social issues and the enterprise model that support it – then work out the right asset class and financing solutions that are needed. Second, while there is a clear need for catalytic capital to test new ideas it is also critical to design investments from the outset with a view to scaling impact by attracting further investment or influencing broader markets. Thirdly, it's important to acknowledge that not every co-development initiative will lead to a fund – a fund simply might not be the right answer in every case.

# Impact story - City Funds

Fund manager - Bristol and Bath Regional Capital

City Funds is an impact fund that focuses on key issues in Bristol such as social inclusion

**15%**

Percentage of Bristol residents living in the 10% most deprived areas in England

**70,400**

Number of people living in income deprivation in Bristol

**21%**

Percentage of Bristol's children living in low-income families

### Challenge

Bristol is a vibrant city, but like many in the UK, has communities affected by inequality and disadvantage with starkly different health outcomes, educational opportunities and employment. At the same time, there's been a lack of coordination to address these issues. This has left organisations – working to meet the needs of the city – unable to find support to sustain and grow their impact.

### Approach

Under Bristol's 'One City Plan' – a council-led common vision for a fair, healthy and sustainable city – we were invited to work with local partners to co-develop City Funds. The project used research, design-led thinking and local intelligence from key organisations and representatives from a range of communities to understand the challenges in Bristol that could benefit from repayable investment.

Along with other partners, Quartet Community Foundation, Power to Change and Bristol & Bath Regional Capital (BBRC), we worked to create a structure to connect capital to enterprises looking to make a positive impact within their communities. Launched at the end of 2019, City Funds is a £10 million impact fund managed by BBRC, with aligned grant programmes and infrastructure, that focuses on key issues such as promoting economic inclusion.

### Impact

The priority themes of the Fund will be economic inclusion, community initiatives (to build resilience) and environmental transformation. In its first year, City Funds committed £1.85 million to support these themes.

As part of the impact measurement approach, City Funds is collecting a range of data, and working together with the Centre for Thriving Places to help develop a framework that captures these changes across the city, and for the key community stakeholders. As part of an ongoing programme of learning, we'll learn from this framework, and replicate key aspects and lessons in other projects across the UK.

# Impact story - The Good Food Fund

Fund manager - Ascension Ventures

The Good Food Fund is a pilot fund that aims to create and scale new healthier mass-market products.

**33%**

Percentage of children that are obese in the most deprived areas of England

**10%**

Percentage of children that are obese in the least deprived areas of England

**26,000**

Number of children aged 10-11 in England that are severely obese and in need of medical help

## Challenge

Childhood obesity and deprivation go hand in hand. The diets of children living in low-income households are significantly less healthy and nutritious than those in higher-income homes. As a result three in ten children in deprived areas are obese according to research (Guy's and St Thomas' Charity). While the cost of food is a factor, so is availability. People in low-income areas have more unhealthy food options on their doorstep, with less money to find healthy alternatives.

## Approach

In March 2020, together with Guy's and St Thomas' Charity, we launched a pilot £1.8m investment fund - called the Good Food Fund, to create and scale new healthier mass-market products. The Fund, managed by Ascension Ventures, invests in and supports challenger brands while exploring potential innovations through existing retailers. While there are many barriers to developing healthier products, there's also unmet demand for healthier food that is affordable, convenient, and tasty.

## Impact

The Fund aims to accelerate a change in purchasing habits by improving access to healthier, affordable food, eventually lowering childhood obesity rates. While the initiative has only just begun, its associated venture accelerator, managed by Mission Ventures, has already chosen its first seven snack brands to take on unhealthy products and we will be tracking progress.

Guy's and St Thomas' Charity

# Impact story - The Women in Safe Homes fund

Fund managers - Resonance and Patron Capital

The Women in Safe Homes fund provides affordable, safe, secure homes across the UK for vulnerable women.

**2.3m**

Number of people aged 16-74 who have experienced domestic violence in the last year

**60%**

Percentage of referrals to specialist accommodation who are turned away

**12%**

Percentage of women seeking refuge who are forced to sleep rough

### Challenge

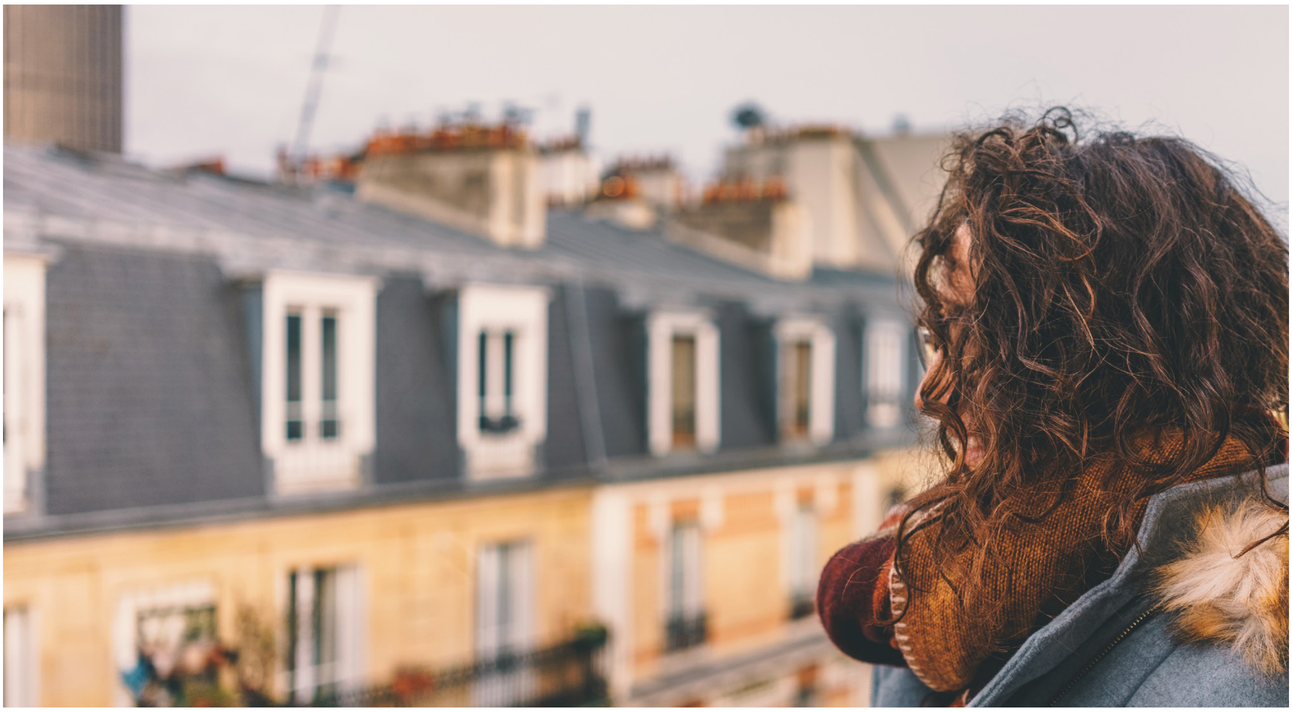
There is a significant demand for safe and secure homes for women in need. Two-thirds of homeless adults living in temporary accommodation are women, while Women's Aid reports that 60% of women referred to specialist refuges are turned away, mainly due to lack of space.

### Approach

We worked with a group of sector experts, to understand the housing needs of vulnerable women and how investment could help. We built on our research, to develop the Women in Safe Homes fund, together with specialist fund managers Resonance and Patron Capital, who will jointly manage the Fund. We provided a £10 million cornerstone investment to help start the initiative and bring in other investors alongside us.

### Impact

The Women in Safe Homes fund will provide affordable, safe, secure homes across the UK for women who: are experiencing homelessness; are survivors of domestic abuse; used to be in prison; or have other complex needs. It will acquire homes and leases them to charity partners, with a specific focus on working with specialist women's sector organisations.



# Policy development

We want to unlock the greatest impact, by helping to create a supportive policy environment in which social impact investment can help improve the way public services are delivered and tackle significant social issues. We do this by working with and influencing government at every level.

### The challenge

Social impact investment can often achieve the greatest impact when it is working alongside mission-aligned government bodies. We want to see a positive policy environment that helps social impact investment to thrive. Often that is just about levelling the playing field. For example, tax breaks are available for some private investments but are harder to secure for investments with a public benefit.

### Our approach

There are three elements to how we approach working with government:

- Firstly, we work together to create policies that support the overall social impact investment market. For example, we made the case for and helped design Social Investment Tax Relief, and contributed to the design and development of the Impact Investing Institute that was launched in November 2019. We worked with other social lenders and the Department for Digital, Culture, Media & Sport to set up the Resilience & Recovery Loan Fund (RRLF), to make the existing government scheme (the Coronavirus Business Interruption Loan Scheme) more easily accessible to social enterprises and charities.
- Secondly, we build partnerships around particular policy issues where social impact investment can make a positive difference, such as working with local and national government to improve the way public services are delivered, for example using social outcomes contracts for supporting at-risk children and people vulnerable to homelessness.
- Thirdly, we invest alongside public bodies in specific social impact investment funds that help them meet their policy objectives in new ways, such as in the arts and sports sectors.

### Impact and learning

We understand our impact in this area according to these three elements:

### Government support for the social impact investment market overall

As part of our efforts to ensure CBILS was more easily accessible to social enterprises and charities, Big Society Capital made an initial £25 million investment in the Recovery & Resilience Loan Fund, which was enabled by the accelerated release of £45 million of previously committed dormant accounts by the Department for Digital, Culture, Media & Sport. The £25 million was part of a wider package of support by Big Society Capital which includes changes to £29 million of the Community Investment Enterprise Facility. To date, the RRLF has approved funding to 40 social enterprises and charities, with a total value of over £15 million [by the end of November 2020].

In addition, Social Investment Tax Relief (SITR) has enabled 88 deals totalling £14.5 million since it was launched in April 2014 and was selected as the 4th best tax relief in Europe according to a report by PwC. For example, the first-ever SITR investment in 2014 unlocked investment into FareShare South West which has delivered over half a million meals to vulnerable people since lockdown.

### Partnerships around particular policy issues

Social outcomes contracts have made a measurable, positive difference to the delivery of public services, maximising outcomes for people using these services, such as for at-risk children and young people and people vulnerable to homelessness. We estimate that more than 27,000 people have benefitted from our investments in social outcome contracts. Bridges Fund Management, our largest social outcomes contracts fund manager, has committed £32 million across a range of projects. These projects have achieved £50 million in outcomes payments from central and local government commissioners to date, with an estimated £85 million in current or potential cost savings.

In addition we are working with social property fund managers to support central and local government's Everyone In initiative, to provide charities and social enterprises with access to more longer-term housing for people who are experiencing homelessness and affected by the pandemic lockdown.

### Measurable co-investment from public bodies

As of Q2 2020, we have invested alongside over £100 million from government bodies. For example, investing alongside Bristol City Council in City Funds, which is designed to strengthen organisations aiming to solve some of the biggest problems facing Bristol. Talking Money, for example, has taken on City Funds investment for their specialist advice, help and mentoring services for individuals and families in financial trouble, with many clients coming from the most disadvantaged parts of Bristol.

## Impact story - Kirklees Council

Kirklees Council have used social outcomes contracts to improve outcomes and accountability across its homelessness prevention services.

### Challenge

In recent years across the UK, homelessness of all forms has been rising, while local authorities face cuts in their budgets. In Kirklees, funding for preventative services has been repeatedly cut, leading to a 66% increase in rough sleeping between 2015 to 2019. Kirklees Council felt its previous service provision was not always helping users move on to independent lives, so it was looking for other ways to commission these services that would achieve better outcomes.

### Approach

Kirklees Council had played a part in the successful Fusion Fair Chance homelessness outcomes contract, which was delivered locally but commissioned by Central Government. Now it saw an opportunity for the social outcomes contract approach to improve outcomes and accountability across all its homelessness prevention services.

Kirklees Better Outcomes Partnership (KBOP) brings together nine local charities that have been delivering floating support services in Kirklees for over fifteen years. They now operate under a social outcomes contract, managed by Bridges Fund Management, with the aim of supporting vulnerable people to live independently, sustain their tenancies, and improve their overall life chances. It achieves this by providing practical support and accommodation, while helping people to navigate additional services. Bridges Fund Management has provided £3 million in working capital to deliver the services from its Social Outcomes Fund II, into which Big Society Capital invested £13.65 million.

### Impact and learning

In re-commissioning housing-related floating support services as a social outcomes contract, Kirklees Council has enabled a redesign of the project, based on the lessons learned during Fusion's delivery:

- The centralised referral process and standardised assessment will support better multi-agency collaboration.
- The target social outcomes are aligned to helping clients achieve long-term independence.
- The focus on outcomes means delivery organisations have the flexibility to do what works best.

As the concept is scalable, it has the potential to improve thousands of existing local services and budgets, by recommissioning them with more focus on outcomes.

## Impact story - Local Access

Local Access is a joint ten-year place-based investment programme to strengthen local social economies.

### Challenge

Parts of the UK have been continually overlooked and under-invested in. The divergent paths of different parts of the UK are well-documented, with regional inequalities starker than in any comparable large wealthy country. Current structures make it difficult for local organisations to access the support they need to build partnerships for getting resources into the areas that need them.

### Approach

Together with Access – the Foundation for Social Investment and the Department for Culture, Media and Sport, we raised an additional package of grant support through dormant accounts to create the Local Access Programme to address these challenges.

Local Access is a joint ten-year place-based investment programme. It offers a package of up to £33 million in enterprise support, grant funding and blended social impact investment to strengthen local social economies, and enable charities and social enterprises in disadvantaged places to become more resilient.

### Impact

Through the programme's structured selection process, six partnerships have now been formed involving a range of places across England. Each partnership has developed a shared vision for the growth of their local social economy uniting social enterprises, local authorities and local infrastructure organisations.

The Local Access Programme aims to support the growth and resilience of the social economy in these six places – to ultimately help reduce poverty and inequality, and ensure these communities can thrive. Given the economic downturn following the COVID-19 crisis, this work will be even more critical.

## Impact story - Social Investment Tax Relief

Tax reliefs are a vital policy tool used by governments for a range of purposes

**90**

Number of organisations that have used SITR to raise capital

**£15m**

Amount of capital raised through SITR

**30%**

Amount of tax relief individual can claim on their investment

### Challenge

Tax reliefs have been highly effective at encouraging investment into businesses pursuing profit yet until recently the same incentives have not been available to encourage investment into enterprises and charities with a social objective serving the public good. The result has been to make it harder than necessary for social enterprises to attract the patient, affordable capital they need to grow and created a demand to level the playing field.

### Approach

Our approach has been to work with partners to persuade the Government to create a new relief called Social Investment Tax Relief (SITR). This targeted relief allows investors to claim a 30% income tax relief on their investment, via shares or debt, into qualifying social enterprises and charities.

SITR can help social enterprises and charities scale their impact by raising investment from individuals: from retail to high-net-worth investors. Over the past five years, we've supported a wide range of organisations to use the tax relief through our GET SITR campaign, which offers specialist legal support and free resources. We've also worked alongside partners such as Resonance and Social Enterprise UK to lobby the Government, gaining cross-party support to retain and extend the tax relief.

### Impact

SITR was ranked 4th out of 46 in a Europe-wide study on the effectiveness of tax incentives in fostering investment into SMEs and startups. SITR has supported 90 organisations to raise £15m worth of social impact investment. The complexity and trading restrictions imposed on SITR mean this is well below the £83m predicted. Yet SITR has provided a vital instrument to create regional SITR funds, in community share raises, and in enabling individuals to offset the risk of providing the affordable patient capital that is so vital to social enterprises and charities.

# Sector standards

We want a high-quality and equitable investment ecosystem that supports social enterprises, charities and social purpose organisations to improve people's lives across the UK. Therefore, we aim to develop structures and practices that are diverse and inclusive as well as effective at delivering impact.

The social impact investment market is still at a relatively early stage of development, and the way the sector operates needs to improve in a number of areas. As the recent pandemic highlighted, existing structural inequalities, and the lack of diversity and inclusion, are among the most critical questions that need addressing. In terms of gender and race diversity, our organisations do not reflect the broader communities we serve, while capital continues to neglect BAME-led enterprises.

Answering critical questions such as what impact is, how we measure it, and how we manage for it, is a work in progress. To make sure we live up to our aspirations and hold ourselves accountable to the impact we claim to create, we need to reach a shared understanding, and improve our capabilities and practices. We've started to address these questions in specific areas of our work, as part of our broader sector building efforts.

## Impact story - Equality, diversity and inclusion in the sector

The social impact investment market is still at a relatively early stage of development, and the way the sector operates needs to improve in a number of areas.

### The challenge

Our mission is to improve people's lives in the UK, and we know we will achieve this best with an investment ecosystem that represents the diversity of the UK and the communities we serve. However, social impact investment faces a number of challenges to equality, diversity and inclusion that are limiting our collective ability to maximise our impact and ultimately improve lives. There remains a lack of diversity within social investors, fund managers, social banks and other intermediaries. In particular, there is a lack of people from Black, Asian and Ethnic Minority communities (BAME), disabled people, those with diverse socio-economic backgrounds and those with lived experience at decision-making levels in the sector.

### Our approach

There are three areas where we can contribute to addressing the equality, diversity and challenges we face as a sector. Firstly, by being intentional about the changes we want to see and our role in supporting this, for example, in the role we can play in partnership with others in addressing underlying structural inequalities (in particular around race, gender and income). Second, by promoting transparency, particularly around collecting and sharing data from across our portfolio publicly. We have started to collect some data and will work to improve this over time. Thirdly, by directly supporting the capacity of the sector by developing shared tools and resources, such as our adapting our Outcomes Matrix with an equalities, diversity and inclusion lens and through our work on integrating user voice and lived experience in our own practices and the wider sector. We will also continue to participate and contribute to wider initiatives across the sector including the Diversity Forum and Equalities Impact Investing Group, sharing and amplifying the best practice of others.

### Impact and learning

We know that there is much more we need to do to achieve change in this area. Over time we have developed a clearer view on where we are best placed to bring about significant change. A key area is collecting and sharing data. As a result, we have started to collect and publish data on the diversity of our fund managers and we will do this annually going forward. With more consistent data we can better understand where specific challenges persist and make intentional choices about how to address these.

We have learnt the importance of working with and through partners in other areas, for example collaborating with the Diversity Forum to collectively encourage fund managers to improve and share the data they collect from organisations and investees in their portfolios so we have a better understanding of where investment is flowing.

We have also learnt the importance of amplifying best practice from the wider sector in addition to taking steps ourselves. As a result we will share examples of best practice from our portfolio and the wider sector (for example, Ada ventures' approach to building diverse networks).

We have made a start, specifically in collecting and publishing the data we have on representation across our fund managers. In February 2020, we asked a sample of 25 of our fund managers for all gender and ethnicity diversity data on their Exec teams and Investment Committees.

The data we've included here is the aggregated sample of 12 managers that provided us with this data. Note that the small sample size means it may not be representative:

- **Gender**
  For this sample, women are under-represented on both exec teams and investment committees (ICs) compared to 2011 census data.

- **Ethnicity**
  For this sample, BAME representation on exec teams is broadly in line with 2011 census data. However, BAME groups are significantly under-represented on ICs, at just 7% compared to 13% in the UK population. Across both exec teams and ICs, individuals with mixed or multiple ethnicities are over-represented.

We now plan to collect this data from across our portfolio and publish it annually.

## Impact story - The Diversity Forum

The Diversity Forum was founded to address these structural inequalities around diversity and representation at decision making levels in fund managers and VCSEs.

### Challenge

Big Society Capital and the Social Impact Investors Group commissioned a survey in 2017 to better understand diversity and inclusion in the social impact investment sector. The results showed a lack of diversity, particularly at decision-making levels, demonstrating that as a sector we are not representative of the communities we aim to serve. As a result, The Diversity Forum was founded to try to address these structural inequalities around diversity and representation at decision making levels in fund managers and VCSEs, including increasing the number of women (particularly women from a Black, Asian and Minority Ethnic - BAME - background), people from diverse socio-economic backgrounds, those with lived experience and people with disabilities at decision-making levels.

### Approach

As the social impact investment sector is relatively young there is an opportunity to shape best practice around diversity and inclusion. The Diversity Forum is leading four pillars of work to achieve the change it seeks: first, through leadership and governance by encouraging other organisations to publicly commit to making changes in their organisations to improve diversity and inclusion. Second, by building a peer-led network of diversity champions in social impact investment organisations to share learnings and benefit from shared resources like training. Third, by commissioning and sharing research to improve the data available to the wider sector and develop insights into specific areas such as racial justice. Fourth, sharing learnings and best practice across all pillars of its activity through a series of cross-sector communications and events.

### Impact

To date, the forum has many active members from across the sector. The group has created a network of diversity champions who receive training, attend events and have the opportunity to share and learn from peers regularly.

Big Society Capital is one of a number of organisations that have signed up to the Diversity Forum Manifesto – making a public commitment to commit to improve diversity and inclusion, including at staff and governance level, and into how investment decisions are made. The Forum's long-term ambition is to deliver a set of target outcomes that would represent a shift in the diversity of the social impact investment market (for example, targeting 50% female and 7% BAME representation at director level and on investment committees).

## Impact story - Equity impact project in homes

Sector standards of impact management can help bring consistency and transparency to how impact is articulated, measured and managed.

### The challenge

Over the last 5 years, increasing amounts of private, capital have flowed into residential housing, helping to address the chronic under-supply of affordable homes. The National Housing Federation estimates £12.8 billion is needed every year for the next 10 years to adequately respond to this shortage. However, there are no standards or guidelines to help steward this investment, making sure it achieves positive outcomes for the housing market and the people in greatest housing need, particularly those on lower incomes.

### Our approach

Since June 2020, we've been engaged in a collaborative project alongside The Good Economy, Big Society Capital and a working group of 10 investment fund managers, with the support of Trowers and Hamlins and the Association of Real Estate Funds (AREF).

### Our approach

Our aim has been to create a sector-standard impact measurement approach for equity investments in social and affordable housing, targeting the funds leading this new inflow of capital. Through this, we aim to bring consistency and transparency to how fund impact is articulated, measured and managed.

This is the second of three projects designed to develop a unified standard approach to environmental, social and governance (ESG) and impact reporting across the investment value chain, building on the success of the ESG White Paper project.

Impact and learning

Our ultimate aim is to help steward impact capital towards positive outcomes for society, by developing a set of sector-owned standards, governed independently and aligned with the other emerging global non-financial sustainability reporting standards. We're now developing the framework, with the working group set to report in Q4 2020.

# Impact story - Impact management

Impact management is crucial if we're to make sure our investments and capital ultimately improve people's lives.

**63,000**

Number of Outcomes Matrix downloads since 2012

**400**

Number of people attending Big Society Capital training session in the last two years

**2,000+**

Number of practitioners in the Impact Management Project, supported by Big Society Capital

### The challenge

Understanding what good impact management looks like in practice across different asset classes and actors in the investment ecosystem remains very much a work in progress across the whole. Nevertheless, we've been able to make significant progress over recent years, in particular through initiatives such as the Impact Management Project and the IFC Operating Principles for Impact Management.

This is beginning to help the wider sector come together around a common understanding and we're committed to playing an instrumental role in this area over the coming years.

### Our approach

In terms of improving impact management practices across the wider sector, we take a multi-faceted approach. This combines:

1. hands-on capacity building with individuals and organisations;
2. offering development support to industry impact standards;
3. and providing impact tools and thought leadership to a broader range of sector participants.

And given the fast-changing nature of the field of impact management, we're committed to learning and continuously improving how we measure, assess and manage for greater impact across our investment portfolio. As part of this commitment, we recently joined pioneer investors signing up to the IFC Operating Principle for Impact Management in March 2020.

### Impact and learning

In recent years we've made significant contributions in four key areas.

### Training

We've delivered impact management training and bespoke capacity building with our fund managers and intermediaries. We've trained more than 400 people in the last two years, and played a hands-on role in improving impact management systems across a number of key organisations such as Key Fund.

### Impact Management Project

Secondly, we've supported the set up and development of various standard-setting organisations in the field of impact management, such as the Impact Management Project (IMP). We were a founding supporter of IMP in 2016, and continue to fund and support it as a member of its advisory council.

### Impact management tools

We provided general impact management tools, such as the Big Society Capital outcomes matrix, in earlier years. And we'll continue to do so, with potentially more asset-class specific impact for investors and fund managers, in the future. The Outcomes Matrix had been downloaded 63,000 times since it was published in 2012.

### Impact initiatives

More recently, we've started to co-develop and lead sub-sector specific impact initiatives. Our aim here is to define and improve impact management and measurement in specific asset classes or themes/areas of our portfolio. The Equity Impact Project – which we launched in 2020 in partnership with the Impact Investing Institute, The Good Economy, and a number of investors – illustrates this newer approach to improving impact practices within housing.

What's next

As the overall UK impact investing market evolves, we'll increasingly take an asset-class or thematic view on improving practices across the sector. In doing so, we'll continue to collaborate closely with other key actors in the sector and impact value chain, most importantly the fund managers we work with.

Aside from our focus on impact practices in the wider housing sector, we see real potential for further sub-sector impact initiatives in our venture portfolio. We're also in the process of developing – in partnership with Access – The Foundation for Social Investment and in consultation with various fund managers – a more systematic approach to defining and measuring enterprise level impact in relation to enterprise resilience and growth. This approach will be especially relevant to our debt and smaller loan funds.

## Responding to COVID-19

The global pandemic is the greatest challenge we've faced in generations. The impact is being felt across the world, as people fear for the health and economic wellbeing of their loved ones and themselves. It leaves social enterprises, charities and social purpose organisations facing an unprecedented challenge.

**294**

Number of investments made into social enterprises and charities in the first three months of lockdown[24]

**£102m**

Amount of investments made into social enterprises and charities in the first three months of lockdown

**500+**

Number of organisations granted interest and capital interest holidays during the crisis

**96,000+**

Number of unique visitors to COVID-19 information hubs on Good Finance and Big Society Capital websites up until 31 October 2020

### The challenge

The global pandemic not only put people's health at risk. It threatened, and still threatens, the financial sustainability of many social enterprises, charities and social purpose organisations, at a time when the services they provide are more needed than ever. In this rapidly changing situation, we committed to doing our best to support the sector, and acting quickly to help. We understood that the scale of need was much greater than the capital we have available, so we worked with government and other partners to ensure broader support packages were available to the organisations we support.

### Our approach

In line with our principles, our response to the pandemic was partner-led. Firstly, we understood the crucial importance of transparency in a crisis and shared information across the sector, creating resource hubs on both the Good Finance and our own website, to help organisations find the most comprehensive range of options for adapting their work. Secondly, we adjusted our existing funding across our portfolio, giving organisations extra cashflow flexibility where they needed it. And thirdly, we created a new £100 million investment programme for during the crisis and beyond, working with a range of social investors, and the Department for Digital, Culture, Media & Sport (DCMS) which accelerated the release of £45 million from previously committed dormant accounts. A part of this programme utilised the governments CBILS loan guarantee scheme to enable a number of our partner fund managers to provide loans and investment to affected social enterprises, charities and social purpose organisations.



24. Data from Big Society Capital

We worked with the Social Investment Business and other social investors to establish the £25m Resilience and Recovery Loan Fund – that made Coronavirus Business Interruption Loan Scheme (CBILS) loans available to charities and social enterprises – these are interest-free for the first year. This facility was established from scratch in a record four weeks by significant partnership work across the social impact investment sector.

### Impact and learning

We understand our impact in several ways.

### Sharing information

The Good Finance and Big Society Capital information and resource hubs received significant traffic with 130,000+ and 4,461 page views respectively, from a total of 96,000+ unique users up until 31 October 2020, reflecting the importance of the information on these pages, particularly in the early weeks of lockdown.

### Adapting existing investments

When we adapted our existing funding, we targeted capital and interest rate holidays as the quickest way to give cashflow relief to organisations affected by the crisis. In all, we granted these to more than 500 organisations across our portfolios. While this is over a third of our portfolio by number, it accounts for just 10% of our investments by value, highlighting how smaller organisations are disproportionately affected by the crisis.

### Delivering new investment

In the three months following lockdown managers in our portfolio made 294 new investments for £102 million. We believe this was a significant achievement from fund managers in a completely changed risk environment, with limited future visibility, all while adjusting to diligencing and executing investments remotely.

Our Community Investment Enterprise Facility (CIEF) made 155 loans to small businesses and social enterprises – totalling £10.6 million – in the weeks before bounce back loans were introduced. The Resilience and Recovery Loan Fund meanwhile approved funding worth more than £15 million to 40 social enterprises and charities so far.

Due to the pandemic's scale, there are many areas where we're working with partners to consider the role social impact investment could play. For example, 15,000 rough sleepers were housed in hotels as part of a Government support package. Three fund managers in our portfolio are now looking at options to buy up to 200 properties, working with charities and social enterprises providing wraparound support that helps people find a home and turn their lives around. We committed £30 million to top up existing funds in 2020, with more investments expected in 2021.

## Impact story - Resilience and Recovery Loan Fund

Fund manager - Social Investment Business

We worked with a range of partners to create a new £100 million funding programme.

**£25m**

Size of Resilience and Recovery Loan Fund[25]

**40**

Number of social enterprises and charities with approved loans from RRLF by November 2020

**£15m**

Amount approved by RRLF by November 2020

### Challenge

The impact of the coronavirus pandemic on social enterprises and charities, and the products and services they provide, has been unprecedented. To tackle a challenge of this scale takes a combined effort, and a broad package of grants and business support. Repayable finance could help some social enterprises and charities facing cashflow issues and trading disruption to deliver crucial services, while for others it could help bridge the shortfall in revenue caused by delayed payments. However, a number of organisations can't access emergency repayable finance from the main Government-backed Coronavirus Business Interruption Loan Scheme.



25. Data from Social Investment Business

### Approach

Big Society Capital coordinated with a range of social investors, and the Department for Digital, Culture, Media and Sport (DCMS), to provide new funding through a £100 million programme with the accelerated release of £45 million from previously committed dormant accounts. Together with partners across the sector, we established the £25 million Resilience and Recovery Loan Fund, managed by the Social Investment Business. This loan fund made it possible for a range of social investors (Big Issue Invest, CAF Venturesome, Charity Bank, Resonance, Social Investment Scotland, Social and Sustainable Capital and Wales Council for Voluntary Action) to provide emergency loans of £100,000 to £1.5 million to social enterprises and charities disrupted by COVID-19. We were also able to make changes to the £30 million Community Investment Enterprise Facility (CIEF), to allow loans under the Coronavirus Business Interruption Loan Scheme.

### Impact

As of November 2020, RRLF has approved funding to 40 social enterprises and charities, with a total value of £15 million. Most applications have been made by organisations based in London (40.9%), followed by the South East (16.2%), North West (9.7%), South West (7.1%), and the East Midlands (5.8%). Organisations are primarily seeking loans in the outcome areas of training and education, and mental health and wellbeing. The primary beneficiaries for loans are people living in poverty or are financially excluded, and vulnerable young people. The fund has now extended to take new applications until Sunday 31 January 2021.

# Enterprise

## We work with fund managers, social banks and other intermediaries to provide investment to social enterprises, charities and social purpose organisations.

Our goal is to support organisations to develop and deliver a broad range of business models that make a positive social impact in key areas of people's lives, while generating sustainable financial returns. In taking on social impact investment, we expect organisations to either grow their impact or simply become more resilient, so that they can sustain their impact over time.

**1,200+**

Number of social enterprises, charities and social purpose organisations using social impact investment[26]

**184%**

Growth in number of organisations using social impact investment since 2017

**82%**

Percentage of organisations using social impact investment that are based outside of London

## Enterprise overview

It's the social enterprises, charities, and social purpose organisations delivering products and services all over the UK that make a positive difference in people's lives – often for the most vulnerable in society. These organisations are diverse in size, legal forms and business models. Each generates revenues and makes an impact in its own way.

**5,000+**

Number of social enterprises, charities and social purpose organisations using social impact investment[27]

**84%**

Growth in number of organisations using social impact investment since 2017

**82%**

Percentage of organisations using social impact investment that are based outside of London

To meet their varied needs for investment capital, we aim to help build an investment ecosystem that attracts investors' capital. This ecosystem must also allow fund managers, social banks and other intermediaries to support enterprises with the right type of investment and non-financial support.

Through our work with Good Finance, we also make sure social enterprises, charities, and social purpose organisations can get clear information on social impact investment and whether it's right for them. While we don't directly help enterprises with their broader development, we do work with partners, such as Access – The Foundation for Social Investment, who offer this support through a range of programmes.

**57%**

Percentage of enterprises using social impact investment in the 40% most deprived areas of the country[28]

**70%**

Percentage of organisations using social impact investment that have an asset lock

**44%**

Growth in commitments to organisations since 2017

26. All numbers from Big Society Capital
27. All numbers from Big Society Capital
28. All numbers from Big Society Capital and fund managers across the portfolio

Our goal is to support organisations to develop and deliver a broad range of business models that make a positive social impact in key areas of people's lives, while generating sustainable financial returns. In taking on social impact investment, we expect organisations to either grow their impact or simply become more resilient, so that they can sustain their impact over time.

Since 2012, we've helped make it possible for an increasing number and range of social enterprises, charities, and social purpose organisations to access social impact investment across the UK. As of July 2020, more than 1,200 social enterprises or charities have benefited from social impact investment – an increase of 186 since 2017.

Over these last three years, we've made particular progress helping smaller enterprises and charities (five or fewer employees) to access social impact investment, through combining grant with repayable finance – so-called 'blended investment'. Find out more about our partnership with Access - The Foundation for Social Investment, the National Lottery Community Fund and the Growth Fund.

Our support for a Social Investment Tax Relief has made more affordable capital available to social enterprises and charities.

We've also increased the social impact investment flowing to new social ventures in the UK. These fast-scaling enterprises are developing a range of new business models, with products and services now reaching more than 12 million users.

## Understanding social impact investment

How much? What kind? From where? Do I need it at all? Social impact investment can often be confusing and difficult to navigate. That's why key representatives from social enterprises, charity and social impact investment sectors have come together and collaborated to improve access to information.

| 150,000+ | 75,000+ | 98,000+ |
|---|---|---|
| Number of unique Good Finance website users[29] | Unique users of the Good Finance COVID-19 hub | Investor directory views |

### The challenge

The world of social impact investment can be hard to navigate for some social enterprises and charities. Many organisations don't know how to use investment, what type of finance to seek, or which intermediary best shares their values. Many found there was no comprehensive digital resource to help them navigate the different sources and types of social impact investment.

### Our approach

Good Finance fills this gap. It was created with the support of a range of organisations, including Big Society Capital and our sister organisation, Access – The Foundation for Social Investment. Its mission is to be a trusted source of information about social impact investment for social enterprises and charities in the UK, with a user-centred design approach at its heart.

Through its website, Good Finance fills knowledge gaps with jargon-busting tools and stories about impacts that have been made. Meanwhile a directory of investors and advisers helps connect social-sector organisations with the right investment. Good Finance also hosts regional and national events, bringing together social enterprises, charities, fund managers and intermediaries, and investors. Together they share information and explore opportunities, developing the pipeline of potential future investees.

### Impact and learning

Good Finance's impact and success is primarily about its reach, in terms of the number of social enterprises and charities accessing its resources and tools, as well as those organisations' user experience. Its range of resources have seen big demand over recent years.

Among these resources are its microsites, such as "Get Informed – Social Investment for Boards", which offers free resources and mentoring. The peer learning videos featuring trustee experiences of taking on or considering



29. All numbers from Good Finance

investment have been watched over 3,200 times since launch, and the SIB Provider Toolkit has had 500+ users since July 2019.

The social impact measurement page and video had more than 4,000 views by the beginning of 2020. Good Finance also hosts our Outcome Matrix, which has been viewed and used more than 64,000 times since the site's launch in April 2017.

During the pandemic, Good Finance set up a COVID-19 Resource Hub for charities and social enterprises. By September 2020, this had 75,000+ unique users. Its guide on how to navigate funding during the pandemic was downloaded more than 800 times by June 2020.

*"Good Finance's COVID-19 resource hub is one of the best I've seen."* Good Finance user

*"The existence of SITR was unknown to me. I can now look into it further."* Good Finance user

# Enterprise growth and resilience

The fund managers, social banks and other intermediaries we work with support a huge variety of enterprises and charities. We believe that it's through greater diversity and resilience, as well as the growth of those ready to scale, that these organisations can make a positive impact for people and communities across the UK.

This belief is a particularly important part of our rationale and thesis driving our broader debt investments, across both social bank and non-bank lending. Smaller community-scale organisations are often best placed to tackle local issues, so building their resilience is also an important aspect of making an impact locally.

There are many ways that organisations become more resilient and grow their social impact, given their different needs and objectives in using social impact investment. Some organisations may take out a loan to buy a property from which they can deliver services to new customers, thereby increasing their social impact more sustainably. Other organisations may take on investment to develop new sources of revenue, thereby diversifying their income and improving their resilience for the long run.

Finance is not the only benefit for investees either. Social enterprises, charities, and social purpose organisations say the support and training – both formal and informal – that they get from our fund managers is invaluable. In 2019/20, Social Investment Scotland delivered 64 webinars, workshops and masterclasses that were attended by over 1,400 people.

Alongside our partners, we aim to build a better understanding of the links between the ways social enterprises, charities, and social purpose organisations use social impact investment, and how these increase resilience or growth. As this evidence emerges, we'll continue to share the lessons widely.

In terms of smaller social enterprises and charities, we've begun evaluating the Growth Fund in partnership with Access – The Foundation for Social Investment, and the National Lottery Community Fund. This has already started to generate interesting insights on why these organisations take on social impact investment, so far by focusing on how they use funding.

We expect to gain further insights in how the different ways of using social impact investment lead to enterprise resilience and growth.

In terms of larger and more established charities, we understand from Charity Bank that their borrowers use the vast majority of loans to buy, build, or renovate property (~80% of total loans of £49.9 million in 2019). In their 2020 Impact Report, Charity Bank goes beyond the use of investment to also report on how this has impacted resilience. They state that 22% (£11.1 million) of their loans in 2019 directly helped to improve the resilience of their borrowers by, for example, building their reserves or improving their financial health. Forty-two percent of their borrowers said their loan helped them stay afloat, while 52% have reported income growth.

The Resilience and Recovery Loan Fund (RRLF) provides an example of supporting enterprise resilience during a crisis. The Fund was created as an emergency response to provide liquidity for the third sector during COVID-19, under the management of Social Investment Business. Learnings from previous years about how enterprises use social impact investment helped to shape and iterate eligibility criteria, and the intended uses for the capital, ensuring the fund could make the biggest impact. Most of the RRLF borrowers have used social impact investment to bridge revenue shortfalls and delays in payments received in the immediate aftermath of the crisis. This has been vital to their survival through this turbulent period.

Other interesting insights into enterprise impacts have recently been shared by our colleagues at Social Investment Business, through their work on the Futurebuilders England fund.

As of this year, we've increased our internal focus on understanding enterprise-level impact across our portfolio, to learn more about the different ways social impact investment can support enterprise resilience and growth. We're currently working on an internal impact framework in partnership with Access – The Foundation for Social Investment, and a range of our intermediaries. We look forward to piloting it next year.

# Business models

Business models are the ways that organisations generate social impact (impact model) and revenues (revenue model). These models are the vital link between the different investment products we help develop and the positive impact that enterprises and charities make for people and communities.

The following table includes a selection of important business models (though not exhaustive)

in our portfolio, organised by outcome areas.

| Arts, Heritage, Sports and Faith | Citizen and Community | Conservation of the Natural Environment |
|---|---|---|
| Art and heritage (D,CB, SB) | Community renewable energy (R) | Local conservation organisations (D,SB) |
| Affordable sports and gyms (D,CB) | Community shops and pubs (D) | Energy efficiency services (D,E) |
| | Community Facilities (D, SB) | |
| **Employment, education and training** | **Family, friends and relationships** | **Housing and local facilities** |
| Employment social enterprises (D, E) | Children's therapeutic support (OC) | Affordable housing (P, CB, SB) |
| SMEs in deprived areas (D) | Youth support (OC) | Transitional accommodation for the formerly homeless (P, D, SB) |
| Early years education (D) | | Homelessness support services (OC) |
| **Income and financial inclusion** | **Mental health and wellbeing** | **Physical health** |
| Community lenders (D) | Online mental health support (V) | Domiciliary care (D, E) |
| Salary finance (E) | Local neurological support (D, SB) | Online health (E) |
| Online rent to own (D, E) | | Social prescribing (OC) |

CB = Charity bonds D = Debt funds E = Equity and Venture OC = Outcomes contracts P = Property
R = Renewables SB = Social banks

Understanding the range of business models that are suitable for repayable finance is important to us. It means we can develop the appropriate investment products to support social enterprises, charities, and social purpose organisations, while delivering on the risk, return and impact preferences of different investor groups. We share relevant insights with our fund managers to inform their investment decisions and active portfolio management. But it is the fund managers, social banks and intermediaries who build in-depth knowledge and expertise in specific business models, relevant to their areas of work, through engaging with, and investing in, enterprises.

We know repayable finance is not right for every enterprise business model, but we've learnt that – in the right place – it can transform the scale and quality of impact.

# Venture deep dive

In ventures, as with all our work, understanding enterprise revenue drivers and success factors is crucial in deciding where repayable finance can drive social impact and the financial returns that attract investors.

**£52.1m**

Drawn down by venture funds from Big Society Capital[30]

**£132m**

Drawn down by venture funds from Big Society Capital and other investors alongside us

**x1.8**

Amount our capital has been matched by other investors in venture

Some examples of revenue and impact models from our portfolio include:

### Wagestream

Wagestream lets users access their earned but unpaid wages through affordable lending. Under its revenue model, Wagestream gains customers via businesses (B2B2C) and earns interest on the loans they make. The impact model aligns with this, as they make an impact with each affordable loan they issue (B2B2C). This happens in two ways: firstly, by providing finance to people who would otherwise be unable to access it, and secondly, by generating savings through more affordable forms of finance. You can find out more about Wagestream's social impact elsewhere in this Impact Report.

### Credit Kudos

Credit Kudos has developed an open banking platform that lets lenders access transaction and behavioural data. With this data, they can price loans more accurately, reduce defaults, and accelerate lending, including to those who might otherwise be excluded through other forms of credit checks.

Their revenue comes directly from the lenders they partner with, (B2B) in exchange for access to the platform. The impact model, however, relies on those lenders increasing access to finance and more affordable loans for their customers (B2B2C). You can find out more about Credit Kudos' social impact elsewhere in this Impact Report.

### Second Nature

Second Nature is an evidence-based application that coaches users through behavioural changes that reduce weight and, as a result, the risk of diabetes. Second Nature has two revenue sources. The first is direct-to-consumer sales (B2C), as users pay a monthly subscription fee to access the platform. The second is via the NHS (B2G), as clinicians can refer patients to the platform. The impact model is also direct-to-consumer: for each user who subscribes to the application, their likelihood of developing diabetes is reduced.

The tables below give a flavour of the diversity of business models in our venture portfolio.

| Outcome area | Count | % |
|---|---|---|
| Health (physical and mental) | 20 | 33% |
| Employment, Education and Training | 15 | 25% |

### Insights

What's particularly interesting are the dynamics around customers and beneficiaries, and how they interact in a business model. After all, customers are a critical component of the revenue model, and beneficiaries of the impact model.

Here are three insights from our work exploring customers and beneficiaries in impact ventures:



30. All data from Big Society Capital

### Customers and beneficiaries are not always the same group

For example, DrDoctor, a patient platform that helps hospitals efficiently manage patients, sells to hospitals. But the beneficiaries are the staff and patients who benefit from increased efficiency. Why is this distinction important? Because to create impact and returns, an enterprise needs to offer a product that the customer is willing to pay for and that also makes a meaningful difference in end users' lives. If we fail to properly recognise either customer or end-user needs, then returns or impact may suffer.

Across our portfolio, and in an estimated 75% of UK startups, an enterprise's customers and end users are not the same people. This shows how common this dynamic is, and how important it is to manage it well.

### Where customers and beneficiaries are closely aligned, impact can drive value

A good example is Credit Kudos, who have developed an Open Banking platform that helps lenders understand risk, particularly in underserved groups. Their customers are lending institutions, but the beneficiaries are borrowers who have access to more/cheaper credit. Here, impact and financial value are aligned. Building a better product for its customers means being able to offer more accurately-priced loans with a lower default rate. For beneficiaries, this translates into more capital available – priced fairly and without the risk of default. So if Credit Kudos increases its impact, it will also improve its financial performance.

### Choosing a model that deliberately separates customer and beneficiary can increase scale

Across our portfolio, it appears that B2B and B2B2C revenue models are associated with a broader impact (i.e. numbers of people reached) than other revenue models.

We think there are two drivers here. Firstly, in these models a single new customer (i.e. a business) unlocks multiple new end customers. Secondly, in these models end users often don't pay for the product, which accelerates adoption if a user might otherwise have been unable to afford the product or service. The classic example is a government payer, as is the case with Togetherall and the NHS . There are also cross-subsidy models, where a number of paying users means others with potentially less ability to pay can access freemium content. There are other examples of using innovative dynamics around who is the customer and who is the beneficiary to drive impact and financial returns. For instance, Mush, a platform in our portfolio that lets new, first-time mothers connect and support each other through the challenges of parenthood, has recently introduced a paid option to supplement its free content.

Credit Kudos, which received investment from the Fair by Design Fund

# People

## We want social enterprises, charities and social purpose organisations to access investment to grow their impact and help improve people's lives.

Our mission is to help improve people's lives in the UK, but it is the social enterprises and charities who ultimately create this impact, with investment and often non-financial support from fund managers, social banks, and other intermediaries.

The areas in which these organisations create impact are as broad and diverse as the enterprises themselves, ranging from education and employment, to health, housing and income support.

The impact stories in this section are intended to illustrate the different ways and areas in which social enterprises, charities and social purpose organisations receiving social impact investment create their impact. They are by no means exhaustive. Some of the examples provided also illustrate how enterprises have successfully adopted and continued service delivery, despite the challenges presented by COVID-19.

## Arts, Heritage, Sports and Faith

Cuts to public funding put local services such as libraries, leisure centres and community organisations under pressure to find new ways to raise money, to grow or survive. Social enterprises, charities and social purpose organisations use social impact investment in many different ways to provide affordable sports facilities, develop inclusive arts centres and community programmes, and preserve heritage buildings. They often generate revenue by charging for facilities and services, which they then use to fund community-based programmes. While organisations frequently collect data such as visitor numbers, a growing number are recognising the need to produce more comprehensive evidence of how they improve lives and communities. Increased impact support in this sector can help organisations starting out on their measurement journey.

These social enterprises, charities and social purpose organisations can support individuals to find fulfilment, health and wellbeing in their lives, and to develop cultural skills and confidence. They often play a vital role at the heart of resilient, thriving communities.

**£160.2m**

Amount committed to Arts, Heritage, Faith & Sport by Big Society Capital and other investors alongside us

**185**

Number of frontline investments

### Canal & River Trust

Fund manager - Rathbones

The Canal & River Trust is a charity that looks after the waterways of England and Wales.

**1,913**

Number of miles of canals and rivers the Trust looks after

**10m**

Number of people in England and Wales that regularly visit canals or river navigations

**700,000**

Number of volunteers hours given to the Trust

**Challenge**

The UK faces increasing rates of obesity, stress and declining mental health. At the same time, heavily-populated communities in England have limited access to green and blue space. As the guardian of 1,913 miles of historic inland canals and rivers that run through many of these areas, the Canal & River Trust is uniquely placed to address these challenges in the UK.

It looks after the nation's third-largest collection of listed structures, including locks, aqueducts, bridges, tunnels, docks, wharves, historic warehouses, offices and houses, as well as reservoirs, embankments and cuttings, and many important wildlife habitats.

**Approach**

Caring for these features (or assets) is vital in achieving its vision for living waterways that transform places and enrich lives, enabling the waterways to be valued and enjoyed by future generations. The Trust raised social impact investment by issuing a £100,000,000 charity bond with the Rathbones Charity Bond Support Fund (which Big Society Capital invested £30 million into), to attract more visitors to the waterways and museums and support a thriving community of private boaters and boating businesses. Its approach involved local people and volunteers in caring for and improving their local waterway, fostering widespread support for waterways and the activities of the Trust.

**Impact**

An estimated 8-10 million residents in England and Wales regularly visit canals or river navigations. The Trust's education programme, which aims to inspire children's learning by connecting them to our canals and rivers, has reached over 80,000 children. They now have direct connection with 600,000 supporters and have a growing number of volunteers, with people giving over 700,000 hours of their time to support the Trust and put canals and rivers back at the heart of their communities.

## East Street Arts

Fund manager - Key Fund

East Street Arts (ESA) delivers professional support programmes for artists.

**£110,000**

Size of loan from Key Fund for renovation

**15**

Number of job roles preserved– Data from East Street Arts

**£278,000**

Trading income of the hostel

**Challenge**

Art can be a positive way to develop skills, create employment and stimulate economic growth. But for many artists, it's a challenge to find studio space and somewhere affordable to live.

**Approach**

East Street Arts (ESA) delivers professional support programmes for artists. Through many partnerships with artists across the UK and abroad, ESA saw a need to create a bespoke art hostel offering long-term, affordable and accessible accommodation where artists could work and stay in Leeds. So it began renovating disused buildings, to create art studios in disadvantaged areas.

Key Fund provided ESA with loan finance of £110,000 from the Key Fund Community Property Fund, which Big Society Capital invested £1.5 million in. The loan was used to renovate a building in the Kirkgate area and convert it into a residential art hostel and creative hub. Each bedroom has its own unique design, while a project space hosts a programme of artists' events and installations with links to the city's creative scene. The facility's social aim is to support and retain young creative talent in the city while boosting the socio-economic development of the area. The facility currently has five live-in volunteers, a local volunteer team of 10, and widespread support from the local community. Trading income generated by the hostel pays back the loan amount.

### Impact

Its art hostel enabled East Street Arts to safeguard 15 current roles and create three new posts. The hostel's trading income currently stands at £278,000, accommodating 100 people per week, and has considerably increased local footfall. Being in a deprived area, the hostel uses art as a tool to tackle social isolation, offering volunteer opportunities and the experience of arts and hospitality to the local community.

## Greenwich Leisure Limited

Fund manager - Rathbones

Greenwich Leisure Limited is more commonly known as Better and operates more than 270 leisure centres across the UK. It played a key role in bringing 2012 Olympic venues into use for the local community.

**1,500,000**

Yearly visitors to the London Aquatics Centre and Copper Box Arena

**3,500**

Number of London Aquatics Centre members

**2,000**

Number of Copper Box Arena members

### Challenge

Two-thirds of people currently don't do weekly exercise, despite inactivity being linked to illnesses such as heart disease, stroke and diabetes. One key barrier to participating in sport is a lack of appropriate or accessible facilities that are affordable. Local councils all across the country, facing cuts in public spending, find it challenging to run existing leisure centres and develop new facilities. In London, the 2012 Olympic Games left a legacy of state-of-the-art facilities but an unclear future.

### Approach

Greenwich Leisure Limited (GLL) – a Community Benefit Society – was founded in 1993 to provide a new model for running leisure centres, initially taking on Greenwich Councils facilities before expanding to deliver community services all around the UK.

In 2013, GLL raised a £5 million bond through the Rathbones Charity Bond Support Fund (a £163 million fund which Big Society Capital invested £30 million into) to transform London Aquatics Centre and Copper Box Arena, and the Royal Greenwich Lido into accessible community facilities. The bond will be repaid through income generated by the venues including membership fees.

### Impact

Around 1.5 million people visit the London Aquatics Centre and Copper Box Arena each year, some to watch sporting events but the vast majority to use the leisure facilities. Members of the local community can now train alongside world-class athletes, with a variety of membership options available, including discounted membership for people with disabilities and those who receive benefits. GLL also actively engages groups who historically don't take part in sport, including people on low incomes, people with disabilities, women and older people.

# Citizenship and Community

Communities across the UK can face significant challenges, including poverty, crime and the closure of vital local services. But social impact investment, including community shares, can help create thriving and inclusive communities, developing local solutions that meet local needs with the right kind of finance and support. Communities are using social business models to buy community buildings, develop community spaces, and install community energy schemes that generate unrestricted income from selling energy which can be spent on local services and bringing other assets into community ownership.

These social enterprises, charities and social purpose organisations can help individuals feel they have a stake in their communities, and let them see they can make a conscious contribution to them, while developing thriving places that bring local people together.

**£84.5m**

Amount committed to Citizenship and Community by Big Society Capital and other investors alongside us

**171**

Number of frontline investments

## BCRS Business Loans

Fund manager - Social Investment Scotland

BCRS Business Loans provides loans to community-based micro, small and medium-sized enterprises in the West Midlands.

**£9.1m**

Amount of loans made by BCRS in 2020

**152**

Number of businesses supported by BCRS in 2020

**492**

Jobs created through BCRS loans in 2020

### Challenge

Accessing finance continues to be a major challenge for small and medium-sized enterprises (SMEs) across the UK, which significantly hinders their growth and sustainability. Not only are SMEs the backbone of the UK economy at large, but are also a force for social good by creating employment for people in the communities they operate within and supporting growth in some of the most deprived communities in the UK.

### Approach

BCRS Business Loans provides loans of £10,000-£150,000 to community-based micro, small and medium-sized enterprises (MSMEs) in the West Midlands to help them grow, create and sustain jobs, and promote economic activity at a local level. BCRS received £7.5 million investment from the Community Investment Enterprises Facility, managed by Social Investment Scotland. Big Society Capital established the fund with a £30 million investment to help Community Development Finance Institutions (CDFIs) like BCRS support the needs of small local businesses.

### Impact

In the 2020 financial year BCRS lent £9.07 million, supporting 152 businesses which in turn safeguarded 857 jobs and created 492 new ones. This added an additional £47.3 million of value to the West Midlands economy.

BCRS became a Coronavirus Business Interruption Loan Scheme (CBILS) accredited lender in March 2020 to deliver much-needed access to finance, lending over £10 million under the scheme in just eight months. The lending milestone means that 102 businesses have received funding since the beginning of April which was predominantly used to support working capital needs during extended periods of disruption caused by the coronavirus pandemic. More importantly, this means that just under 1,500 jobs have been safeguarded and almost 230 jobs have been created in the West Midlands as a result of this funding. In addition to this, the BCRS team also reached out to over 165 existing customers to arrange tailored payment plans to minimise the strain on businesses.

# Gridserve

Fund manager - Social and Sustainable Capital

Social impact investment helped turn what was initially a commercial opportunity into one that supports local people.

**11,000**

Number of homes in Hull provided with electricity by the scheme

**240,000**

Number of tonnes of carbon saved over the 25 year lifetime of both sites

**329**

Number of acres given back to nature across both sites

### Challenge

Energy is such a vital part of our lives, and yet we have next to no say in how it is generated, how much it costs us or where it comes from. Currently, 95% of the UK's energy market is controlled by just six companies. Community and local energy is one to help address social issues in the UK such as fuel poverty, climate change and declining communities. Local and community generation provides a way to connect people, places and energy and generate income streams that can be vital for community organisations to become viable and sustainable.

### Approach

Leapfrog Bridge Finance helped turn what was initially a commercial opportunity into one that supports local people. The investment involved a loan to Gridserve to enable the construction of an 'ultra-advanced' solar farm in York. A key part of the investment was the establishment of a Community Benefit Fund which ensures a proportion of the surplus generated is used to support social wellbeing programmes in the local area, and finance fuel poverty reduction projects. Warrington Borough Council will also own a second site under construction in Hull, also funded by Leapfrog. They will become the first local authority to power its offices, streetlights and several primary schools entirely from renewable energy.

The project was funded by £17.5 million loan from the £76 million Leapfrog Finance Bridge Fund, which Big Society Capital invested £15 million into. Energy generated by the York site is being sold back to the grid and contributes £85,000 per year to the Community Benefit Fund, while the energy from Hull is used to supply all the Council's needs.

In 2020, Social and Sustainable Capital acquired Leapfrog Bridge Finance and brought it alongside their other community energy initiatives, expanding their presence in the UK renewable energy market.

### Impact

The solar farm in Hull will produce enough electricity to power almost 11,000 homes. The York hybrid solar project should produce enough energy to power more than 20,000 electric vehicles every year or an entire town of houses. Together, these sites should save over 240,000 equivalent tonnes of $CO_2$ over their 25 year lifetime.

The aim of the Community Benefit Fund is to help with a variety of social issues such addressing fuel poverty, helping people living with disability and long-term health conditions, and supporting young people in deprived areas. Some of the Fund will also be used to turn the farms into nature sanctuaries, with the acquisition of plants and species for 198 acres in York and 131 acres in Hull.

# The Old Abbey Taphouse

Fund manager - GMCVO

The Old Abbey Taphouse was transformed from a derelict pub into a cultural hub-in-a-pub, and a vital part of the community's response to COVID-19

### Challenge

Since 2000, a quarter of all pubs in the UK have closed, in more than 13,000 locations. Four out of five people have seen a pub close down within five miles of where they live. As a pub closes, a valuable community asset disappears, reducing opportunities to come together and socialise and also affecting the local economy.

### Approach

STEAM Hubs and Pubs manages The Old Abbey Taphouse in Greater Manchester, which was transformed from a derelict pub into a cultural hub-in-a-pub, with a focus on science, technology, engineering, art and maths (STEAM). Located near Manchester's two universities, in the areas of Hulme and Moss Side (two of the most deprived in the UK), it's an ideal venue for applied research and outreach, bringing innovative projects together with community-led events.

STEAM Hubs and Pubs applied for funding from the Growth Fund, a blended fund of £26.3 million of investment from Big Society Capital alongside £22.5 million in grants from the National Lottery Community Fund. They applied to Greater Manchester Centre for Voluntary Organisation (GMCVO) and as the initial application was primarily based on it being a live music venue, they pivoted the business and received £10,000 investment and a grant based on its shift towards a takeaway food service with meals on wheels provision for the local community.

### Impact

The Old Abbey Taphouse has turned a derelict building into a vibrant community hub. It provides investment into the local economy, employing local people and reinvesting profits back into the company. Its supply chain is also made up of local businesses, which are also able to attract investment from the universities for local projects. Although primarily a venue for live music and community events, the pub also hosts a cafe and the Gaskell Garden Project, which supports refugees and people seeking asylum.

### Responding to COVID-19

When the pandemic closed pubs and live music venues all over the UK in March 2020, the pub had to rethink its business, becoming a takeaway in response to the changing guidelines. To help people in its community, it worked with local groups to identify anyone who might need support, and has been cooking nutritious meals for those who are self-isolating, as well as families who are struggling to make ends meet.

As the community emerged from the first lockdown, The Old Abbey Taphouse repurposed its outdoor event space as a socially-distanced venue for 60 people, hosting quizzes and bingo. It developed Taphouse TV Dinners, a takeaway service alongside the coffee shop and hatch service it runs from the pub. As a result, its clientele has shifted away from university lecturers and staff to include many more of the local residents from the surrounding estates. The Old Abbey Taphouse is now no longer a destination music venue – it's a community pub.

# Conservation of the Natural Environment

The environment is under increasing pressure due to climate change caused by pollution, poor waste management and the burning of fossil fuels. These damaging environmental impacts have a direct and indirect effect on people's lives. Social impact investment enables social enterprises, charities, and social purpose organisations to develop social business models that link environmental and social benefit by supporting renewable energy and preserving nature sites.

Social enterprises, charities, and social purpose organisations working in this area can help individuals reduce their personal impact on the environment and access their natural surroundings, while increasing awareness of the importance of sustainable living for communities.

**£27.1m**

Amount committed to Conservation of the Natural Environment by Big Society Capital and other investors alongside us

**24**

Number of frontline investments

## AgilityEco

Fund manager - Bridges Fund Management

AgilityEco plans, manages and delivers innovative services that support households living in fuel poverty.

**2,500,000**

Number of households living in fuel poverty in England

**36,272**

Number of households financially supported by AgilityEco

**£177m**

Amount of lifetime energy bill saving made by AgilityEco

### Challenge

2.5 million households live in fuel poverty in England – more than 10%, and an increase of 225,000 since 2014. The average fuel poverty gap (the amount needed to lift a household out of fuel poverty) was £321 in 2017. Continuously rising fuel costs, inefficient housing stock, and rising household debt, leave too many people having to make unacceptable choices between 'heating or eating'.

As part of the Government's efforts to address this challenge, the Energy Company Obligation (ECO) scheme requires licensed energy providers to reduce lifetime fuel bills for fuel-poor households by over £8bn between 2018-2022, while targeting the most vulnerable households first.

### Approach

AgilityEco plans, manages and delivers innovative services that support households living in fuel poverty. The company provides practical help with energy efficiency, utility bills, household finances and vulnerability, while also working closely with local authorities, housing providers and charities to find the households most in need.

AgilityEco's services are funded by utility companies that need to fulfil their social and environmental obligations under the ECO scheme, and also by over 150 local authorities who want to identify households that are eligible for the Warm Home Discount. Bridges Fund Management works in partnership with AgilityEco to support the continued scaling of the business, helping more vulnerable households save on their energy costs and, in doing so, reducing the fuel poverty gap to help more people out of fuel poverty. They received £11.8 million in investment from Bridges' Evergreen Holdings, a £50 million fund that Big Society Capital invested £30 million into.

### Impact

Since its launch in 2013, AgilityEco has grown rapidly, supporting nearly 40,000 UK households in 2019 alone. It has four complementary business streams, including funding, designing, managing and operating fuel poverty and energy efficiency programmes, with an award-winning Local Energy Advice Partnership.

By introducing energy-efficiency measures in homes, AgilityEco has also contributed to a wider reduction in carbon emissions. It's made £177 million in lifetime energy bill savings, installing 93,809 energy-efficiency measures in 2018 alone and unlocking £35 million of funding for clients and partners. It's abated 767,937 tonnes of $CO_2$ emissions, made 5,122 emergency interventions for vulnerable customers, and given financial support to 36,272 households through income, benefits and energy-efficiency measures.

## Hebridean Whale and Dolphin Trust

Fund manager - Charity Bank

The Hebridean Whale and Dolphin Trust was founded in 1994 for the conservation of whales, dolphins and porpoises in the waters of western Scotland.

### Challenge

Whales and dolphins play a vital role in the marine ecosystem, helping to offset carbon in the atmosphere and maintaining a stable food chain by ensuring that certain animal species do not overpopulate the oceans. However, they face a number of threats including damage to their habitats from plastics and pollution, being caught in fishing nets, whaling and commercial operations such as shipping, and drilling for oil and gas.

### Approach

The Hebridean Whale and Dolphin Trust was founded in 1994 for the conservation of whales, dolphins and porpoises in the waters of western Scotland. It conducts large-scale research, provides education, and reaches out to the local community and helps them engage with the importance of the local marine life in this remote area of the Scottish west coast.

The Trust has a Discovery Centre located on the Isle of Mull, runs roadshows across the islands, supports a local network of Whale Track wildlife recorders, and has a vessel, Silurian, that enables it to collect a long-term, consistent data set on animal trends and behaviours that are essential for understanding and conserving the marine life.

The Trust received two loans from Charity Bank (which Big Society Capital is a shareholder in) totalling £25,000 to carry out emergency repair work and improvements at the Discovery Centre, which now hosts a variety of exhibits and a shop. Income revenues come through trading activity, public fundraising and grants from Public Funders such as the National Lottery, Trusts and Foundations. The loan was successfully repaid in 2019.

### Impact

The Trust provides 20,000 people with educational experiences each year in schools, community settings, the Discovery Centre and aboard Silurian, including workshops and marine wildlife watching.

The shop in the Discovery Centre dispenses eco-refills, further reducing the amount of single-use plastic in the area. The Trust's pioneering citizen science research monitors marine wildlife on a large scale across the west coast of Scotland. The information is put to good use, informing marine protection policies and encouraging responsible use of our waters. The Trust launched the Hebridean Whale Trail to promote low-impact accessible land-based whale watching, and members of the public can also use the Whale Track app to contribute to conservation efforts.

# Newcastle Wood Recycling

Fund manager - Key Fund

Newcastle Wood Recycling CIC provides jobs, training and volunteering opportunities in the local community through its waste wood collection service.

**£25,000**

Size of loan from Key Fund

**1,258**

Individual training sessions provided

**300t**

Amount of wood rescued from the waste stream

### Challenge

The North East was once rich in heavy industry. But as coal mining and shipbuilding declined, it began to lag behind the rest of the UK in areas such as employment, skill levels and educational attainment. In recent years, the region has seen big improvements, for example in educational attainment, but low levels of private sector enterprise still hold the local economy back.

### Approach

Newcastle Wood Recycling (NWR) CIC provides jobs, training and volunteering opportunities in the local community through its waste wood collection service. Key Fund provided a £25,000 loan from the Northern Impact Fund, part of the Growth Fund, a blended fund of £26.3 million of investment from Big Society Capital alongside £22.5 million in grants from the National Lottery Community Fund. The investment funded a van for collecting waste wood, and supported NWR's initial cash flow. The company now earns income by selling reclaimed firewood and furniture.

### Impact

On top of its environmental aims, NWR tackles social exclusion by providing volunteer and work placements for marginalised groups. In its first year of trading, founder Beth McDonough provided 1,258 individual training sessions, and rescued 300 tonnes of waste wood from the waste stream. It has one other full-time member of staff and around 10-15 volunteers at any given time.

# Employment, Education and Training

Education and training are incredibly important in young people's lives, shaping their opportunities both now and in the future. But the attainment gap for pupils from less advantaged backgrounds remains huge. It's also a challenge to equip young people with the skills they need for work, and to retrain older people to secure jobs in emerging industries.

Social enterprises, charities, and social purpose organisations are using repayable finance to address these issues, by delivering education programmes, preparing students for life beyond school, connecting people with jobs, supporting young people at risk of unemployment, and providing training opportunities for people disconnected from the labour market. They generate revenue both from selling products and services to consumers and businesses, as well as directly contracting with government, sometimes through outcomes-based contracts.

High-quality impact measurement in this area helps organisations sell services to commissioners, win business from employers, and understand the relationship between impact and profitability. Commonly used metrics focus on education, jobs created, and sustained employment.

**£104.6m**

Amount committed to Employment, Education and Training by Big Society Capital and other investors alongside us

**305**

Number of frontline investments

# Child Dynamix

Fund manager - Social and Sustainable Capital

Child Dynamix provides high quality affordable nursery places in some of Hull and Grimsby's most deprived communities.

**6,000**

Number of people Child Dynamix reaches each year across Hull and the Humber

**£280,000**

Size of investment from SASC

**53**

Number of places in the new nursery they were able to refurbish with the investment

### Challenge

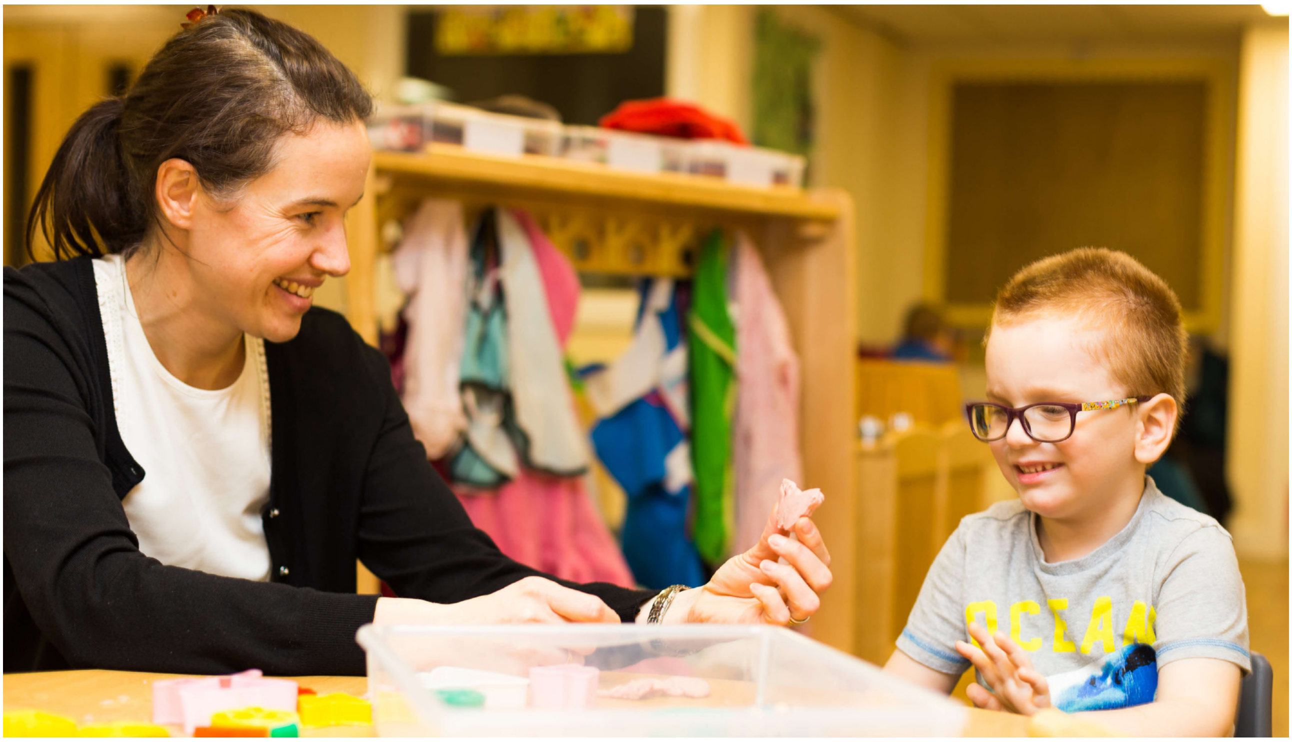
Childcare plays an important role in tackling poverty. High quality early education can help reduce the effects of poverty on children and their families by improving children's educational outcomes and supporting their development. Flexible, affordable childcare can also help parents get back into work or education. But in many areas, childcare options are limited and access to them can be difficult.

### Approach

Child Dynamix provides high quality affordable nursery places in some of Hull and Grimsby's most deprived communities. Alongside many free nursery places, they provide a range of services for children, young people and families including employment support, children's and youth services and debt advice. Child Dynamix received a £280,000 loan from Social and Sustainable Capital's Community Investment Fund, an £18 million fund which Big Society Capital invested £10 million into. Along with a grant from Power to Change, Child Dynamix used the investment to purchase and refurbish a 53-place nursery, enabling them to continue to deliver services to children in low-income families and increase the number of available local nursery places. The investment is repaid through nursery enrolment, with many places covered by the 30 hours free childcare scheme.

### Impact

Child Dynamix reaches more than 6,000 people a year across Hull and the Humber through three different sites. They provide youth clubs, children's centres and parent peer mentoring for people living in some of the most deprived areas of the UK.




Child Dynamix, which received investment from Social and Sustainable Capital

# Creative Works

Fund manager - Big Issue Invest

Creative Works helps marginalised young people access the creative industries.

**10,000**

Number of young people from diverse communities across North and East London supported since 1999

**500**

Number of young people helped to find employment

**88%**

Percentage of Big Creative Education apprentices now working in the creative industries

### Challenge

The creative industries are worth over £100 billion to the UK economy and are growing faster than any other sector. However, a lack of diversity in the creative industries has been a challenge for a long time. The sector is dominated by freelancers and small enterprises and it's not uncommon for jobs to go unadvertised. Some recruiters like to see degree-educated candidates and can exclude people with more vocational education.

### Approach

Creative Works is a purpose-built co-working space for entrepreneurs in the creative industries which helps marginalised young people access the sector. Young students from some of North and East London's most diverse areas receive training, mentoring, practical support and apprenticeships from the companies using the Creative Works centre. The centre was masterminded by Big Creative Education which used £3.6 million investment to convert a former factory into co-working space offering 160 desks and with capacity for more than 100 creative companies. Big Issue Invest made an investment of £600,000 in the centre from their Social Enterprise Investment Fund II, which Big Society Capital invested £15 million in.

### Impact

Big Creative Education has worked with over 10,000 young people from diverse communities across North and East London since they were established in 1999. They have also helped more than 500 young people from diverse backgrounds to find employment. Eighty-eight per cent of their apprentices work in the creative industries, while 50% of their academy graduates are the first generation in their families to attend university.

# InHouse Records

Fund manager - Nesta

InHouse Records is the world's first fully functional record label launched in prison.

**2,500**

Number of prisoners that see the InHouse Records magazine every week

**428%**

Increase in positive behaviour reported in prisoners working with InHouse records

**80%**

Percentage of prisoners still engaging with the record label after release

### Challenge

Many ex-offenders are reconvicted within one year of release. Research shows that many prisoners view 'having a job' as important in preventing them reoffending, but finding employment can be difficult for many, particularly those who were unemployed before their conviction.

## Approach

InHouse Records is the world's first fully functional record label launched in prison. Its award-winning work engages hard-to-reach people, both in prisons and after release, through music-based training programmes for prisoners and ex-offenders. It focuses on using music to build core competencies and employability skills, with a long-term goal of helping graduates lead empowered, fulfilling, crime-free lives, and ultimately reducing re-offending. InHouse Records requested an unsecured loan of £77,000 from Nesta's Cultural Impact Development Fund, part of the Growth Fund, a blended fund of £26.3 million of investment from Big Society Capital alongside £22.5 million in grants from the National Lottery Community Fund. The investment was use to establish partnerships with Pirate Studios (a nationwide network of self-service music studios) Caroline International (a division of Universal Music Group) and Sony Publishing.

## Impact

The studios will allow InHouse to grow its through-the-gate work by providing safe spaces for graduates of its in-prison programme to continue their path towards rehabilitation and to record music under the InHouse label. InHouse's relationships with Caroline/Universal and Sony Publishing will provide further opportunities for its users to progress personally, professionally, and musically, either as record label apprentices or as signed artists on the label. Through these increased opportunities in the music industry, InHouse will be able to further support its graduates' ambitions and help them live meaningful lives on the outside.

As part of the investment process, InHouse received one-to-one support to develop the way it monitors and evaluates the impact of its work. While it had already embedded systems for collecting regular evaluation data, working together with Nesta's Cultural Impact Development Fund has helped InHouse begin to take this to the next level. InHouse also received support to identify the wider evidence base on the effectiveness of music-based interventions in the criminal justice sector. This allowed it to flesh out its theory of change and articulate more clearly how its work will contribute to its long-term goal of reducing re-offending.


InHouse Records, which received investment from Nesta Impact Investments

# Family, Friends and Relationships

The consequences of relationship breakdown, poverty, domestic violence and loneliness are huge, both for individuals and society. Without a proper support network, it can become difficult for some people to cope.

Social enterprises, charities, and social purpose organisations are using social impact investment to support vulnerable young people, provide high-quality childcare, and help children on the edge of care – with an emphasis on intervening early, and prevention. They generate their revenue largely through fees or payment-by-results contracts with local authorities, although it can take time to build partnerships with commissioners to replicate successful interventions.

Impact evidence is well developed in this area, as organisations have to report what they've achieved to commissioners. We now want to build up a better understanding of the longer-term effect of interventions for vulnerable children, so we can target our investments more strategically.

Social enterprises, charities, and social purpose organisations are addressing the barriers, and helping people stay in education, employment and training. They're also helping people develop technical and soft skills that benefit local economies.

**£23.2m**

Amount committed to Family, Friends and Relationships by Big Society Capital and other investors alongside us

**55**

Number of frontline investments

## Affinity Trust

Fund manager - Social and Sustainable Capital

Affinity Trust delivers a support programme for children in Bradford with learning disabilities and challenging behaviours who are at risk of entering residential care.

**10**

Number of young people receiving specialist support through the investment

**30**

Average number of hours per week key workers spend with the young people

### Challenge

Some children and young people with learning disabilities and autism are moved out of their own homes into residential placements, resulting in poorer outcomes.

### Approach

Affinity Trust delivers a Positive Behavioural Support programme for children in Bradford with learning disabilities and challenging behaviours who are at risk of entering residential care. The programme is run in the child's home and other settings such as school, building up a young person's skills and quality of life with the aim of reducing the frequency and intensity of challenging behaviours. Affinity Trust also works with families to help them understand and cope with their child's behaviour, improving the quality of life for both the child and family members.

Affinity Trust received investment from Social and Sustainable Capital's £30 million Third Sector Investment Fund, which Big Society Capital invested £15 million into. The Positive Behavioural Support programme is an outcomes contract under the Commissioning Better Outcomes Fund. The loan provides working capital to support Affinity Trust deliver the programme, with payments made by the commissioner (Bradford Council and local Clinical Commissioning Groups) when successful outcomes are achieved.

### Impact

Affinity Trust provides highly specialised support to 10 children aged 8 to 14 using an evidence-based intervention that improves outcomes for the young person. Their key workers spend an average 30 hours per week with them, at home and at school. The programme aims to reduce the frequency, intensity and duration of challenging behaviour, support the child's development of independence, and support regular school attendance.

## Positive Families Partnership

Fund manager - Bridges Fund Management

Positive Families Partnership is a pioneering initiative to help vulnerable young people access therapeutic programmes that can help them stay out of care, and deliver better outcomes for them and their families.

**62,998**

Number of children living with foster parents on any given day

**£200,000**

Cost of placing a child in care each year

**350**

Number of young people supported over the investment term

### Challenge

Many young people across the UK face the real possibility of being separated from their families, due to abuse, neglect or family breakdown. On any given day, almost 63,000 children are living with foster families. About half of all foster placements for teenagers break down. If a child's first placement breaks down, they're more likely to enter a cycle of further breakdowns, reducing their opportunities to develop secure attachment, and potentially exacerbating existing behavioural problems. In some cases, a child's behaviour becomes so challenging or detrimental that they end up in a secure children's home, which can cost over £200,000 per year per place. The behaviours then also become much harder to reverse.

### Approach

Positive Families Partnership is a pioneering initiative to help vulnerable young people access therapeutic programmes that can help them stay out of care, and deliver better outcomes for them and their families. It works across five London boroughs, with over 350 young people at risk of entering care due to serious antisocial behaviour and/or substance misuse. These vulnerable young people and their families access therapeutic programmes designed to help address the young person's behavioural issues and improve how the family functions. The programmes are intensive, holistic interventions, based on rigorous evidence.

Positive Families Partnership is an outcomes-based contract, so the commissioner only pays for measurable results – in this case children being averted from care, and the increased time they spend out of care. This initiative, the first of its type in London, has been jointly commissioned by the five London Borough Councils, supported by the National Lottery Community Fund. It will be delivered by three specialist partners who collectively bring decades of experience in implementing evidence-based programmes across the UK. Bridges Fund Management supported the initiative through its £25 million Social Impact Bond Fund, into which Big Society Capital invested £10 million.

### Impact

The programme will work with more than 350 young people over the investment period. Its goal is to empower caregivers, so they can break the cycle of anti-social behaviour by keeping young people safely at home, in school and out of trouble. It will work hard to avert children from care, and increase the time they spend out of care.

# West London Zone

Fund manager - Bridge Fund Management

West London Zone works with local schools to find the children who might benefit the most from its two-year development programme.

**20%**

Percentage of children in West London Zone catchment at risk of negative outcomes in adulthood

**732**

Number of children supported through the outcomes contract

**100**

Number of families helped with access to foodbanks by WLZ during the pandemic

### Challenge

In England, 20% of children leave school with no basic numeracy or literacy skills. This is far more likely to affect young people from poorer families, and they leave school with substantially lower levels of educational attainment than their better-off peers. They are also more likely to experience behavioural and emotional problems at an early age. On Harrow Road in West London, this reality is all too clear – pockets of deep poverty exist side-by-side with some of the world's wealthiest communities.

### Approach

West London Zone (WLZ) works with local schools to find the children who might benefit the most from its two-year development programme. Once on the programme, children are connected to a Link Worker, who bases themselves at the child's school and engages with them throughout each day. Together, they set personal development goals that enable them to make progress in their confidence, relationships, and academic achievement. Where needed, WLZ uses local charity resources to support the child in achieving their goals.

WLZ is an outcomes-based contract and is the first programme in the UK to be structured as a 'collective impact bond'. The commissioners (Government, local schools, councils and philanthropists) only pay for measurable improvements in the lives of young people. The target outcome is an improvement in overall wellbeing, and – where relevant – sustained employment or education. Bridges Fund Management supported the initiative through its £25 million Social Impact Bond Fund, into which Big Society Capital invested £10 million.

### Impact

WLZ works with 732 children in schools throughout Brent, the City of Westminster, the Royal Borough of Kensington and Chelsea, and the London Borough of Hammersmith and Fulham. Its latest results show that, after two years in the programme, 80% of participants report an improvement in their wellbeing (the metrics measured include mental health, relationships, confidence and aspiration).

### Responding to COVID-19

WLZ has rapidly reshaped its provision in response to COVID-19. As well as supporting the children who are still attending school, the team now also provides remote support online. On average, Link Workers are now interacting with each child four times a week (up from one or two previously), while WLZ has helped almost 100 families access foodbanks. It's also provided resources to more than 60 families, including tablets that enable remote learning.

# Housing and Local Facilities

Providing affordable housing and tackling homelessness are both major challenges in the UK. The lack of affordable housing means more people live in the private rented sector, where over a third of homes fail to meet the Decent Homes Standard. At the same time homelessness is rising.

Social impact investment provides finance for social enterprises, charities, and social purpose organisations to deliver specialist accommodation for vulnerable people and offer transitional housing so homeless people can make the step from temporary housing into long-term, permanent affordable accommodation. It can also help explore alternative ways of delivering more affordable homes.

Revenue is generated mainly from rental income, including Government-backed housing benefit. There is also an opportunity for social impact investment to further test the ability of innovative housing schemes to provide effective support and create social impact.

Social enterprises, charities, and social purpose organisations can help people live as independently as possible, and provide on-going support, along with a suitable, secure place to live. They also help provide quality housing and local facilities in communities and increase the affordable accommodation in the local area.

**£779.1**

Amount committed to Housing and Local Facilities by Big Society Capital and other investors alongside us

**344**

Number of frontline investments

## Belong

Fund manager - Rathbones

Belong create village communities to enable older people to live the lives they choose.

**63,400**

Number of hours of care provided in 2020

**4,700**

Number of experience days provided in 2020

**14**

Number of retirement villages

### Challenge

Many older people, including those with dementia, are unable to live completely independently. But finding suitable care can be a challenge. Building design, specialist team members, bespoke training, staffing ratios and organisational culture all affect the quality of provision, but traditional settings may not be geared up to focus on supporting people to live well with dementia.

### Approach

Belong create village communities to enable older people to live the lives they choose and in particular, to enable people living with dementia to retain choice and independence in as many areas of their lives as possible. The villages provide a range of support and housing options for older people, as well as extensive amenities at the village centre.

The Rathbones Charity Bond Support Fund (in which Big Society Capital invested £30 million) invested in the £50m Belong charity bond enabling Belong to expand its services and build new villages in Chester and Birkdale which are due to open in 2021/22. The bond will be repaid through income generated from the accommodation and care services that Belong provides.

### Impact

Belong provides support for older people through a number of options depending on their needs. Twenty-four-hour care, including nursing and dementia support, is provided in households for up to 12 people, while apartments are available for those looking to retain some independence with the reassurance of being part of a caring community. Outreach services are offered to people in the wider area, including home care and day-care. In 2019/20, Belong supported over 1,000 people across its seven villages, ran 4,700 experience days and 7,900 planned events and activities. Over 63,400 hours of home care were also provided. Despite having to close villages to members of the public during lockdown in 2020, services continued as close to normal as possible.

## Hull Women's Network

Fund manager - Social and Sustainable Capital

Hull Women's Network offers specialist domestic abuse support, nursery provision and affordable housing across Hull.

**200**

Number of safe homes provided for women across the city

**56**

Number of empty homes brought back into use

### Challenge

Women fleeing domestic violence return to the perpetrator seven times on average, before finally breaking free. Access to safe, high quality housing can be an important lifeline for women making their first attempt at escape, but it's hard to find, in short supply, and often over-subscribed.

Hull has one of the highest incidences of domestic violence in England. In 2018/19, Hull Women's Network (HWN) received over 650 applications for accommodation. As well as crisis and supported accommodation, there's a big need for move-on accommodation after the statutory two-year term of supported accommodation ends. Housing benefits payments for supported accommodation will repay the investment.

### Approach

HWN offers specialist domestic abuse support, nursery provision, family law legal services, training and volunteering opportunities, and access to safe and affordable housing across Hull. Property ownership lets HWN offer comfortable and safe homes for vulnerable women and children, making it possible for them to stabilise and rebuild their lives. This reduces the risk of them later returning to the abusive situation they left. HWN received investment from Social and Sustainable Capital's Social and Sustainable Housing Fund, and its Community Investment Fund, which Big Society has invested £26 million in across both funds.

### Impact

Funding from Social and Sustainable Capital's Social and Sustainable Housing Fund, and its Community Investment Fund, has meant the charity can buy an extra 82 homes for the long-term benefit of women and children fleeing domestic violence. By buying homes to use as supported accommodation and move-on homes, the charity is able to support women for longer than two years.

# Greater Manchester Homes Partnership

Fund manager - Bridges Fund Management

Greater Manchester Homes Partnership (GMHP) works with people with long-term experiences of homelessness.

**447**

Number of people that have started the programme so far

**300**

Number of people who have sustained accommodation for six months or more

**18**

Number of Greater Manchester housing providers supporting the programme

### Challenge

Seven out of Greater Manchester's ten boroughs reported an increase in rough sleeping from 2010 to 2015. In Manchester itself, rough sleeping increased from seven to 70 people.

### Approach

The Greater Manchester Homes Partnership is an innovative collaboration to prevent and relieve homelessness in Greater Manchester. The initiative was launched and funded by One Manchester and Trafford Housing Trust, two of Greater Manchester's largest housing providers, in conjunction with Bridges Fund Management, a specialist impact investor. The programme is being delivered by three organisations with decades of experience working with rough sleepers: Shelter, Great Places and The Brick. Over a three-year period, it provides the deep emotional and practical support an individual needs to maintain a successful tenancy. This includes supporting them with training and employment opportunities, addiction, and health and wellbeing.

Greater Manchester Homes Partnership is a social outcomes contract. It was commissioned by Andy Burnham, Mayor of Greater Manchester, via the Government's Life Chances Fund. Providers only receive payments from the commissioner if they succeed in delivering better outcomes for rough sleepers. Bridges Fund Management supported the initiative through its £25 million Social Impact Bond Fund, into which Big Society Capital invested £10 million.

### Impact

Greater Manchester Homes Partnership provides stable, independent homes to people experiencing homelessness, helping them achieve the stability they need to improve their health, and to access training or employment opportunities. 447 individuals have started the programme so far, while more than 300 have sustained accommodation for six months or more.

### Responding to COVID-19

Greater Manchester Homes Partnership adapted quickly to new lockdown measures introduced by the Government in response to COVID-19. It made sure all programme participants had lifeline essentials including a mobile phone and credit, prescription medication, food and household basics, comfortable homes with power, and access to support services (drug, alcohol, mental health).

The support team and participants also adapted to new remote ways of connecting. For example, one participant and his support worker now buy the same newspaper every week and complete the crossword together on the phone.

# Income and Financial Inclusion

Four million low-income households have poor access to mainstream financial services. People living in poverty pay an additional 'poverty premium' of around £490 a year for a range of everyday goods and services. This is because they have to use more expensive pre-pay meters for electricity, can't pay for services by the cheapest billing method or can only access higher-cost credit.

Social impact investment is supporting social business models that provide ethical finance, helping people buy affordable household items with affordable credit, and supporting small businesses. These business models mainly generate revenue through interest and repayments of loans. There is growing evidence of the wider impact of both financial capability and inclusion, and we encourage this increase to continue. This will help build a clearer understanding of how social impact investment can be best used alongside other forms of support.

Social enterprises, charities, and social purpose organisations are supporting people to manage their finances and access financial advice, products or services. They're also building awareness of more ethical, responsible and suitable financial services.

**£78.2m**

Amount committed to Income and Financial Inclusion by Big Society Capital and other investors alongside us

**90**

Number of frontline investments

## Credit Kudos

Fund manager - Ascension Ventures

Credit Kudos enable individuals to prove their creditworthiness using accurate, real-time financial data.

### Challenge

Many people in the UK face barriers to accessing affordable credit. Traditional credit-scoring agencies can make assumptions about an individual's credit worthiness, and issue low scores based on 'thin' credit files. As a result, many applicants are unfairly prevented from accessing financial products at competitive rates – or even accessing them at all.

### Approach

Credit Kudos believes in fairer credit for all. It uses the Open Banking platform to enable individuals to prove their creditworthiness using accurate, real-time financial data. Credit Kudos charges lenders to use its services and software. Borrowers do not pay. The investment came from the £10 million Fair by Design Fund, managed by Ascension Ventures, which Big Society Capital invested £5 million into.

### Impact

Credit Kudos creates an accurate picture of a customer's financial health and creditworthiness, thanks to the Open Banking data they provide when they apply. It also enables lenders to streamline their loan approval processes and increase lending volumes, by using highly accurate up-to-date information.

### Responding to COVID-19

COVID-19 has impacted people's personal finances right across the world. It's also hit some people and communities harder than others, deepening income inequalities. In many cases, people's primary source of income has fallen or disappeared, leading to a higher demand for affordable credit to help cover essential spending. Now is the time to make sure people can access fair financial products.

Credit Kudos has been quick to respond, in particular supporting the growing need of the country's five million self-employed, many of whom have been badly affected by the crisis.

Working together with partners in the fintech sector, Credit Kudos has built a new proof-of-concept tool using their Open Banking data. The tool lets self-employed people prove their previous income and predict their future loss of income, to verify their application for Government support funding. They hope the technology will help remove an administrative burden from the civil service, while also helping banks to release loans to businesses and entrepreneurs more quickly.

# Fair for You

Fund managers - Big Issue Invest and Social Investment Scotland

Fair for You is the leading not-for-profit responsible lender.

| | | |
|---|---|---|
| **33,500** | **£50.5m** | **71%** |
| Number of Fair for You customers | Amount of social value generated for customers | Percentage of customers that have been able to move away from high cost credit |

### Challenge

Many people across the UK find it hard to get affordable credit. Without it, they can struggle to buy basic household appliances such as cookers and fridge-freezers, leaving them with little choice other than to turn to high-cost lenders. Since many people without credit access are likely to have low financial resilience and poor credit histories. This often means they have to juggle repayments and decide which debts to prioritise.

### Approach

Fair for You was set up in 2015 and is now the leading not-for-profit responsible lender. The company has scoped, designed and delivered a fintech solution that helps lower-income families who can't access mainstream credit to purchase household goods. Customers can choose to buy through the Fair for You website, order directly from the supplier, or pay using an affordable Fair for You loan. It offers these customers an alternative model that treats them with dignity and respect, and provides a tool to help lift them out of poverty, unlike high-cost 'rent to own' stores.

Fair for You received investment from Big Issue Invest's Social Enterprise Investment Fund II and Social Investment Scotland's Social Growth Fund, both of which Big Society Capital invested in. The investments enabled Fair for You to grow their business. The revenue model relies on customers repaying their loans with interest. It's been tested with customers to make sure it meets their needs, pricing loans substantially cheaper than commercial alternatives.

### Impact

Fair for You wants to expand its product range beyond household essentials to create a virtual high street, and give customers real choice by offering alternatives to high-cost lenders. It's recently launched an automated decision-making system to make the loan process more efficient, and is concentrating on maintaining the high quality of delivery and attention to customer needs as it continues to scale. The company was named Firm of the Year and Best Loan Provider (lending <£2.5k) in the 2020 Consumer Credit Awards, based on 19,000 detailed reviews. It's the third year in a row it's won the Firm of the Year award.

# Wagestream

Fund manager - Ascension Ventures

Wagestream helps employees avoid debt by making some of the wages they've already earned available when they need it most, such as when unexpected bills and expenses land.

**100**

Number of companies using Wagestream

**350,000**

Number of employees with access to Wagestream

**40%**

Percentage of users that have avoided turning to a high cost lender

### Challenge

Becoming financially resilient is a big challenge for many people in the UK. For some, the smallest short-term need can result in increasing amounts of debt and a reliance on high-cost loans. Debt has a huge impact on the workforce – 85% of UK adults say they experience stress on a regular basis, with most citing money worries as the primary cause. Research by PwC found that stressed employees were twice as likely to miss work as a result of issues related to personal finance, and more likely to spend time dealing with financial issues during work hours. Education, access to advice and debt consolidation can help to reduce the financial burden, but they can't make debt go away.

### Approach

Wagestream helps employees avoid debt by making some of the wages they've already earned available when they need it most, such as when unexpected bills and expenses land. This means they don't have to wait until payday, and can pay bills without going further into debt. Wagestream also works together with The Money Charity and Money Advice Service to give tips on managing money and budgeting, while also building financial resilience by offering employees the chance to build up a savings pot.

The investment came from the £10 million Fair by Design Fund, managed by Ascension Ventures, which Big Society Capital invested £5 million into. Wagestream charges employers to use the technology, who then benefit from happier employees and increased retention. It also charges employees a very small percentage as a transaction fee.

### Impact

Over 100 companies with 350,000 employees have joined Wagestream, including the NHS, Rentokil Initial and David Lloyd. Wagestream reports that 42% of users avoid turning to a payday lender, 37% avoid going overdrawn, and 65% are able to cover an unexpected bill with their own wages. The employers using Wagestream have seen a 16% reduction in employees leaving their business, while 82% of Wagestream users feel more positive about their employer due to being able to access their earned wages throughout the month.

Wagestream, which received investment from the Fair by Design Fund

# Mental Health and Wellbeing

25% of adults and 10% of children experience mental health issues. People from a disadvantaged background are disproportionately affected, while 90% of people with a mental health problem also experience stigma and discrimination.

Social impact investment is helping social business models build evidence for digital and community-based support for people experiencing mental health issues. It's also piloting and scaling preventative mental health provision. Revenue is primarily generated through commissioned services, including outcomes-based payments. High-quality impact measurement is essential in this area, to understand changes for patients and clients, and to secure contracts from commissioners.

Social enterprises, charities, and social purpose organisations are helping people improve their mental health and wellbeing and develop confidence in the face of challenges. The benefit to the wider community can be seen in the improved understanding of mental health issues, and in fairer access to quality mental health services.

**£138.1m**

Amount committed to Mental Health and Wellbeing by Big Society Capital and other investors alongside us

**227**

Number of frontline investments

## Mayfield Trust

Fund manager - Charity Bank

Mayfield Trust offers a wide range of support for children and adults with a learning disability, including educational courses, social activities, nursing care and supported housing

**68**

Number of years serving the community in Calderdale

**500+**

Number of courses provided for people

**10,000+**

Number of people supported

### Challenge

People with a learning disability often end up living in hospital and other unsuitable accommodation, where they have limited opportunities for independence and personal growth. This can also take them away from their family and friends.

The Government's Transforming Care programme is shaking up the care sector, helping people with a learning disability get out of hospitals and group homes, and integrate back into the community.

### Approach

Mayfield Trust offers a wide range of support for children and adults with a learning disability, including educational courses, social activities, nursing care and supported housing. Mayfield Trust took out a £400,000 loan from Charity Bank (which Big Society Capital is a shareholder in) to transform its old residential care home and outbuilding into new flats, a head office and activity centre. These align with the Government's Transforming Care programme and offer a much greater level of independent living, privacy and autonomy. Mayfield Trust earns income through its tenancies, while saving the money it no longer spends to rent offices or rooms for activities.

### Impact

Mayfield Trust has provided care for people in Calderdale for over 70 years, as a person-led care provider, focusing its support on what people want. The redevelopment has transformed its finances. Not only is the charity now bringing in more money through tenancies, it's also saving £32,000 a year by no longer renting offices or rooms for activities.

Tenants are living much more independently, with greater privacy and autonomy. And the Trust has been able to take on three new tenants, who each have greater care needs that previously meant they had to live in hospitals. The residents and their families are delighted with the changes, and the charity's future is much more secure.

"With the support of Charity Bank, we've gone from this huge residential home that was losing a lot of money, to a modern housing scheme with a waiting list. When I visit, I hear, 'I love it here; I love my new flat; I'm doing my own cooking and shopping.' These are small things that most of us take for granted, but they weren't able to do those things before. They have a place of their own now." Matt Larkin, Operations Manager, Mayfield Trust

### About Charity Bank

Charity Bank is the loans and savings bank owned by and committed to supporting the social sector. Since 2002, we have used our savers' money to make more than 1,000 loans totalling over £300m to housing, education, social care, community and other social purpose organisations.

## Nottingham Counselling Services

Fund manager - Key Fund

Nottingham Counselling Service (NCS) specialises in working long-term with people who present complex and enduring problems, such as anxiety, depression and abuse

**150**

Number of people Nottingham Counselling Service helps each week

**91%**

Percentage of clients reporting a significant improvement in their wellbeing

### Challenge

One in four adults experience a mental health problem every year. In total, mental health illnesses cost the UK economy £120 billion a year. Accessing counselling services is a challenge for some people, with long waiting times for GP referrals and high costs attached to private appointments.

### Approach

Nottingham Counselling Service (NCS) specialises in working long-term with people who present complex and enduring problems, such as anxiety, depression and abuse. NCS helps reduce this cost and the days lost through stress-related illness, by making services affordable for vulnerable people. Key Fund loaned £40k to NCS to bridge a funding gap and adjust to a changing market. This followed austerity and public cuts that were making historic grants increasingly unavailable. The loan came from the Northern Impact Fund, part of the Growth Fund, a blended fund of £26.3 million of investment from Big Society Capital alongside £22.5 million in grants from the National Lottery Community Fund

### Impact

Mental illness costs the UK economy £120 billion a year, with one in four adults experiencing a mental health problem every year. NCS helps reduce this cost and days lost through stress-related illness by making services affordable for vulnerable people. Each week, NCS helps up to 150 people. 91% of clients report significant improvements in their well-being. Outcomes include improved confidence, increased aspirations and better relationships. In 2015, NCS supported 419 people – the equivalent of saving £1.4 million for the public purse.

# Togetherall

Fund manager - LGT Lightsone

Togetherall is a safe, clinically managed online community where people living with mild to moderate mental health problems can talk anonymously to their peers about their feelings and experiences.

**255,000**

Number of people supported through the platform

**98**

Number of higher education institution clients

**50%**

Percentage of clients using the service outside of normal working hours, when other services are limited

### Challenge

People living with poor mental health, or experiencing psychological distress, are facing increased challenges in accessing support or treatment. Traditional, or one to one, services are not easily accessible and have increasingly long waiting times, with the ongoing demand outstripping the ability to supply. Although one in four people in the UK experience a mental health problem, the majority won't get treatment.

Given the clinical threshold to access support can be high, the early stages of mental health issues often go untreated, increasing longer-term issues, or more severe manifestations, which puts increased pressure on traditional services.

### Approach

Togetherall is a population-based solution providing a safe, clinically managed online community where people living with mild to moderate mental health problems can talk anonymously to their peers about their feelings and experiences. It also offers courses and resources for users to self-manage their mental health and is monitored by trained practitioners 24/7. Togetherall received investment to grow their service from LGT Lightstone's £36 million Impact Ventures UK fund, into which Big Society Capital invested £15 million. Revenue is generated through commissioning organisations including national health providers, provinces, states, government departments, the armed forces and higher education institutions. It is free at the point of access for all individuals within these populations.

### Impact

Togetherall members get instant access to 24/7 peer-to-peer support with 70% of members joining because it is easy to access, and over 50% use the service outside of normal working hours where other services are limited or non-existent.

Over 255,000 people from UK, North America and New Zealand have been supported through the Togetherall platform to date with 84,000 joining in the last 12 months. Togetherall also successfully supports the traditionally hard to reach populations who suffer from stigma, isolation and practical access issues; such as males, unemployed, homeless and BAME communities.

### Responding to COVID-19

As a result of the pandemic more people are experiencing heightened levels of isolation, anxiety, and depression, and the demand for online mental health support services has increased.

Togetherall was well-positioned to respond, thanks to its established service proposition and online delivery model. It has not only seen a significant increase in the number of people accessing the platform from existing partnerships but has also been able to onboard many new partnerships over a short period of time.

Stockport and Glasgow City Councils have now commissioned the service to support local residents. The University of Oxford has also recently become Togetherall's 98th UK higher-education client, increasing the number of UK students who can access the service to nearly 1.5 million. Meanwhile Canadian Prime Minister Justin Trudeau announced that all Canadians over the age of 16 would be able to access the Togetherall platform via Wellness Together Canada.

### Rebranding for the future

This year they changed their name from Big White Wall to Togetherall.

It's a name that communicates a message of safety and belonging to all people, regardless of ability, age, ethnicity, gender identity or expression, national origin, race, religious belief, sex, or sexual orientation. Because mental health is for all.

Hundreds of studies have looked at the powerful role of social support in mental health. By offering a welcoming community for all people, that helps them to cope, feel better, and even thrive, Togetherall is defining a new way.

# Physical Health

Demand on the health and social care system is rising due to an ageing population and the increased life expectancy of people living with long-term health conditions. Budget pressures make it increasingly hard to meet this demand for services.

Social impact investment is supporting social enterprises, charities, and social purpose organisations that are developing preventative and community-based services to provide higher quality care for older people – both at home and in residential settings – and to help people stay active and well. Revenue is generated in the form of care fees, either from individuals or from contracting services to commissioners.

Social enterprises, charities, and social purpose organisations help improve the quality of life for people with long-term conditions and support people to maintain healthy lifestyles and stay safe. They also help communities become more healthy and physically active, while improving access to good quality, safe health and social care services.

**£67.3m**

Amount committed to Physical Health by Big Society Capital and other investors alongside us

**142**

Number of frontline investments

## Glenurquhart Care Project

Fund manager - Social Investment Scotland

The Glenurquhart Care Project allows older people and those who need extra living support to enjoy a better quality of life, without having to leave their local community.

**12**

Number of purpose-built homes constructed

**14**

Number of older people that have been able to stay in their community

### Challenge

Many older people living in rural areas of Scotland can only access the housing and care support they need by leaving their familiar surroundings and community.

### Approach

The Glenurquhart Care Project (GCP) allows older people and those who need extra living support to enjoy a better quality of life, without having to leave their local community. In 2000, it set up the Glenurquhart Centre to provide day care to local residents. The Centre offers all service users a key worker to support their well-being, as well as offering home-cooked meals, personal care, activities, games and outings.

In 2019, GCP completed construction of 12 purpose-built homes next to the Centre. These enable individuals to stay living in their community, with each property designed to adapt to a person's evolving needs. GCP repays the investment through the rental income it earns. The investment was made from Social Investment Scotland's £16 million Social Growth Fund, which Big Society Capital invested £8 million into alongside the Scottish Government.

### Impact and response to COVID-19

The 14 older people (and two dogs, one cat) who live in GCP's homes have been able to stay in their community during COVID-19.

GCP has had to close its day care services due to COVID-19 restrictions. However, a team of volunteers was established with the support of the working group consisting of GCP, the Community Association, and Community Council, Highland council, the local health centre and pharmacy team, and Soirbheas, who administer the Glenurquhart wind farm rural community fund. This has helped GCP create new ways of working that allow it to carry on supporting its service users.

As well as delivering groceries and prescriptions, GCP staff check in on the well-being of their service users through regular calls. They also provide a Sunday roast each week and Saturday meals including takeaway fish and chips. More volunteers have also been signed up to GCP's Befriender scheme since COVID-19 hit, a service that supports lonely and isolated people living in the Glens and villages across Glen Urquhart, Strathglass and the surrounding Beauly area.

## Second Nature

Fund manager - Bethnal Green Ventures

Second Nature is a 12-week programme that combines behavioural science with technology to help people change their exercise and eating habits.

**15,000**

Number of customer to date

**5.9kg**

Average reported weight loss

**12wks**

Length of Second Nature programme

### Challenge

Nearly two-thirds of UK adults are obese or overweight, which increases their risk of developing diseases such as type 2 diabetes, heart disease and cancer. Many find it difficult to lose weight, and lack the support they need to build and maintain healthier lifestyles.

### Approach

Second Nature is a 12-week programme that combines behavioural science with technology to help people change their exercise and eating habits. Alongside the programme, users get access to an online support network of like-minded people. After the programme, they can continue to use this network, and benefit from peer support as they keep up their new habits. The service is commissioned by the NHS for patients. Individual customers can also pay a monthly fee to access the service directly, online. Second Nature received investment through Bethnal Green Ventures. Big Society Capital invested £2.25 million in Bethnal Green Ventures to help them support tech for good startups delivering impact.

### Impact

Of its 15,000 customers to-date, the 12-week Second Nature programme has enabled nearly 10,000 to lose an average of 5.9kg. According to peer-reviewed data, many of these customers had sustained this weight loss after six months, and again after 12 months, indicating a long-term lifestyle improvement.

### Responding to COVID-19

Second Nature assessed the needs and concerns of its customers, discovering that 47% of prospects and users are snacking more as a result of COVID-19, and that more than 60% expect to gain weight during the lockdown period.

In response, Second Nature has continued its existing activities. It's also produced new online resources to help people stay on track during the crisis, as well as offering a range of corporate packages for organisations looking to support their teams' transition to working from home. And it now delivers free one-hour video presentations for companies who would like to promote healthier eating habits within their teams.

# Smile Together

Fund manager - Big Issue Invest

Smile Together provides referral and emergency dental care in the South West, covering Cornwall and the Isles of Scilly.

**13**

Number of sites Smile Together operates from across Cornwall and the Isles of Scilly

**40,000**

Number of people Smile Together treats each year

**4,000**

Number of special needs patients treated each year

### Challenge

Tooth decay is the main reason children aged 5-9 are admitted to hospital for general anaesthetic in England. On average, these children miss three school days per year due to dental pain and treatment, which not only restricts their educational attainment but also causes their parents to take time off work.

In deprived areas, tooth decay rates in children are double those in other areas. Just 29% of children eligible for free school meals have good overall health, compared to 40% of those not eligible. Children eligible for free school meals are also much less likely to attend a dental check-up.

### Approach

Smile Together is one of the largest NHS referral and emergency dental care providers in the South West, covering Cornwall and the Isles of Scilly. It provides urgent and emergency treatment for people without a dentist, along with out-of-hours surgeries, and a range of special treatments for adults and children. It also provides NHS care and competitively priced private dentistry in community settings.

Alongside dental care, it runs awareness campaigns (Brighter Smiles) for children in areas of high decay across Cornwall, and at harboursides across Devon and Cornwall for fisherman, who rarely get a chance to visit a dentist. Smile Together is an employee-owned community interest company – 76% of the workforce are shareholders, while 100% of profits are reinvested back into frontline services and the community.

Big Issue Invest made a £1 million investment in 2018 from the £23 million Social Enterprise Investment Fund II, which Big Society Capital invested £15 million into. This helped Smile Together buy and refurbish an old grammar school in Bodmin, transforming it into a dental centre specifically designed for patients with special needs, including mental health conditions and autism. The company generates revenue by providing NHS and private dental care, while its Brighter Smiles oral health programme gets funding from Cornwall Council.

### Impact

Smile Together operates from 13 sites across Cornwall and the Isle of Scilly, treating over 40,000 people a year including more than 4,000 special needs patients. In 2019/20, 4,454 children benefited from the Brighter Smiles oral health programme, more than double the previous year. The £181,350 spent on toothbrushing clubs, fluoride varnishing and oral health education saved the NHS £748,045.

In 2019/20, 2,307 registered patients (NHS and private) received regular dental care, including 972 children who received free dental care. Mobile dental units visited schools in fishing communities, engaging with 452 pupils, while also treating 173 fishermen and their dependent family members at harboursides across Cornwall and Devon.