

# Social Enterprise Investment Fund II

2018/19



**THE BIG  
ISSUE**  
INVEST

**Annual Report**

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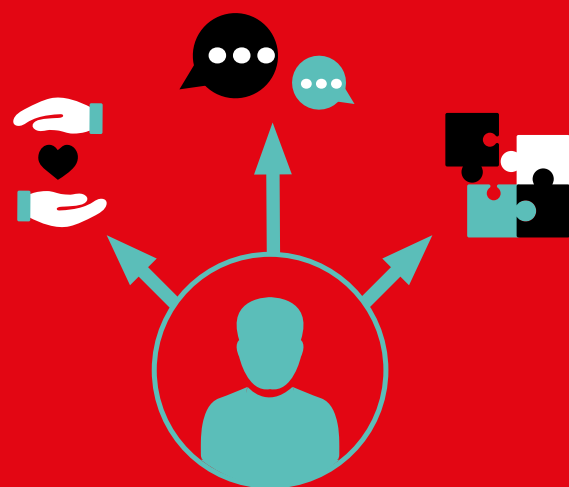
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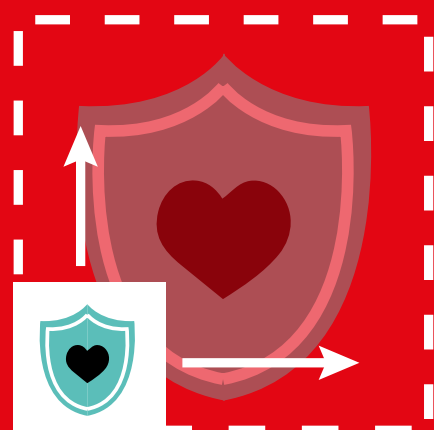
## Big Issue Invest: Mission

To dismantle poverty by creating opportunity through self-help, social trading and business solutions.



## Big Issue Invest Fund Management: Mission

To grow the social investment sector and achieve positive social benefits for vulnerable and disadvantaged groups in the UK.



## Social Enterprise Investment Fund: Objective

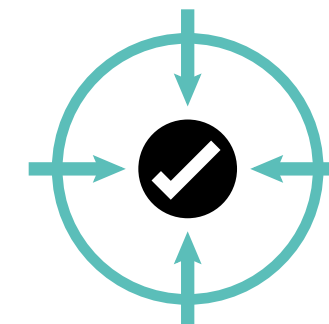
To provide growth capital to early and later-stage Social Sector Organisations with the potential for social growth and significant social or environmental impact.

# Our Values



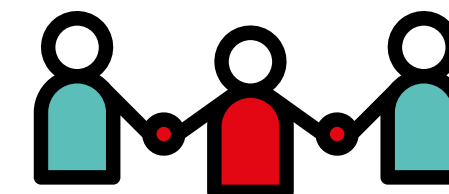
## We believe in prevention

We invest in and partner with organisations that tackle the root causes of poverty and inequality.



## We believe in social enterprise

We create and support business solutions that provide organisations with the tools they need to make a positive impact in people's lives.



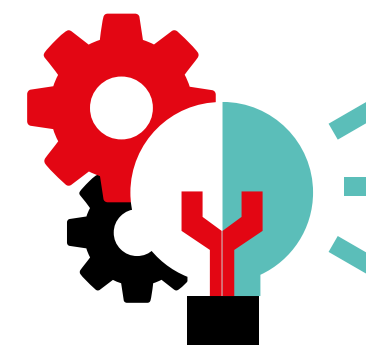
## We believe in working together

We work closely with our investees and seek to build long-term relationships. This enables us to offer tailored support and solutions.



## We believe in doing the right thing

We take risk seriously and manage it prudently. We prize fairness and diversity and always act with integrity.



## We believe in innovation

We are bringing the mainstream to social investment. We strive continually to create new business solutions to deliver social change.



# Letter from

# the Chair

It has been another strong year for Big Issue Invest Social Enterprise Investment Fund II LP ("SEIF II"). A further £3.4 million has been disbursed, bringing the total invested capital to £10.7 million, 50% of committed capital for the Fund. More importantly this capital is supporting 13 remarkable social enterprises who themselves are providing much-needed services to more than 470,000 people within 2018/19.

Of the £3.4 million disbursed to UK social enterprises during the 2018/19 financial year, £1.7 million was put into existing portfolio businesses, and £1.7 million into three new investees, including Five Bridges Changing Lives, which was signed last year but disbursed in 2018/19. Five Bridges Changing Lives is an outcomes-based contract supporting entrenched rough sleepers aiming to deliver outcomes of over £1.2 million. SEIF II is co-investing into the Rough Sleeping Social Impact Bond, building on the successful investments of the GLA Rough Sleeping Bond and the Fair Chance Fund (FCF) and The Big Issue's homelessness sector presence.

One of the new investments was a £1 million commitment into Smile Together enterprise. Smile Together is going to refurbish a property, turning it into dental studios and commercial units, enabling the organisation to scale their impact, providing increased access to community dentistry services across Cornwall. Smile Together are an award-winning social enterprise providing for-profit dental services that help subsidise their free dentist education programmes in schools across Cornwall, as well as their outreach service provided to marginalised communities including Cornish fishermen and refugees. The organisation is a Community Interest Company, with 75% of employees owning shares.

We are investing £1 million into Five Lamps Trading to provide growth capital for the expansion of the personal loans delivering

positive social impact for a demographic with multiple vulnerabilities, historically based in the North of England and Yorkshire. Five Lamps provides loans significantly undercutting the rates provided by high-cost, short-term credit providers.

I am pleased to report that with the success of SEIF II combined with Big Issue Invest Social Enterprise Investment Fund I LP and The Big Issue Invest Outcomes Investment Fund LP means Big Issue Invest Fund Management Limited ("BII FM") are now managing £37 million as of March 31 2019. This makes BII FM one of the leading dedicated social investment impact funds in the UK. I am particularly pleased that the newest Outcomes Investment Fund is gaining real traction. This Fund is focusing on investments into Outcomes-Based Contracts (also known as 'social impact bonds'), a new and rapidly growing segment of the social investment market.

This continued success and growth has given both BII FM, and the wider UK social investment market, a solid springboard for continued expansion of both the supply of, and investor demand for, investment products which offer both a financial return and positive social impact. While we are pleased with this progress, we are also acutely aware that there is still much work to be done to mainstream impact investing in the UK.

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

**Vaughan Lindsay, Chair**

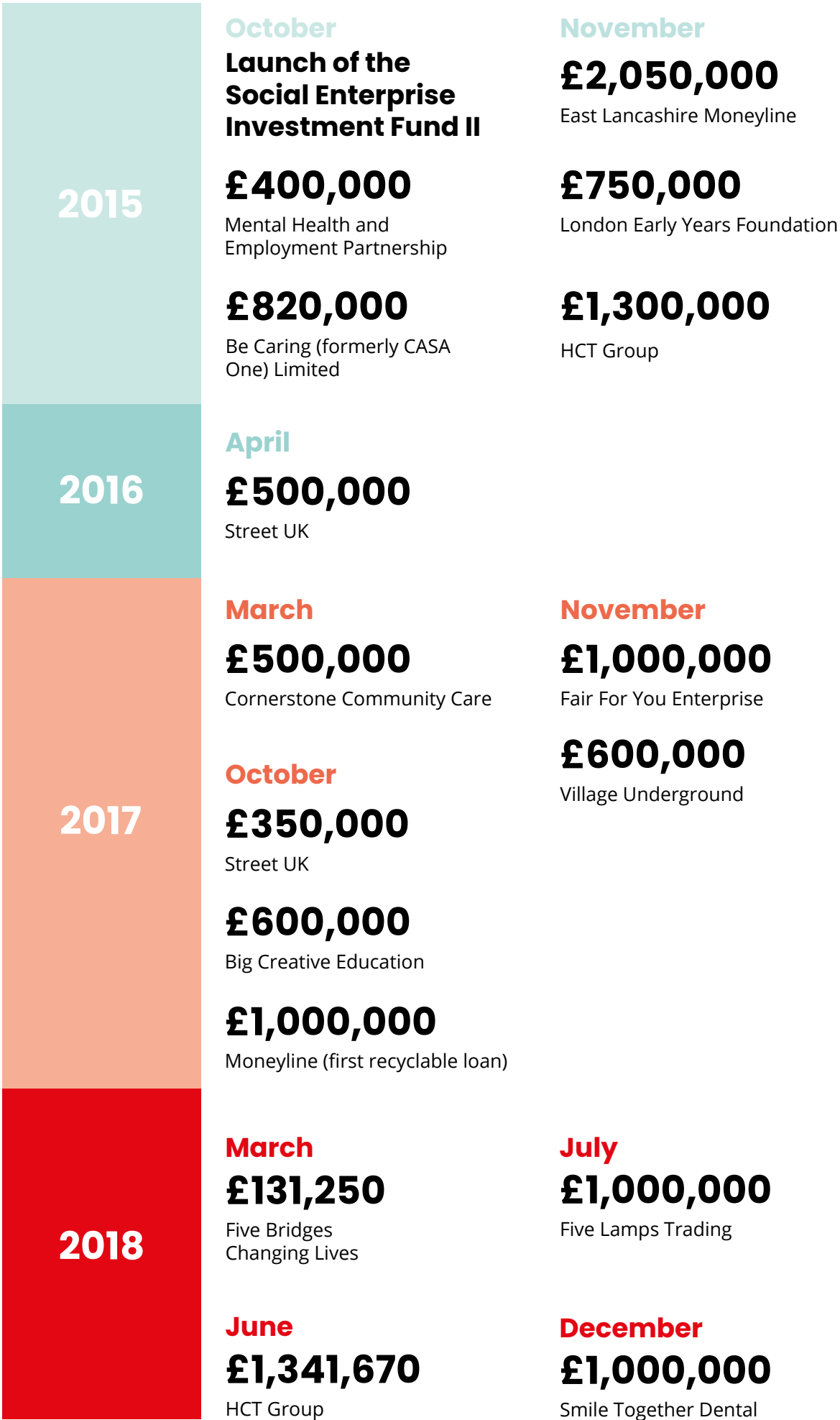


# Investment Portfolio

Investees*	Investment Type	Beneficiaries	Committed Capital
Mental Health and Employment Partnership Ltd	Outcomes-Based Contract	Mental health	£400,000
Be Caring Ltd	Fixed Rate Loan	Physical health & people with disabilities	£820,000
London Early Years Foundation	Fixed Rate Loan	Children	£750,000
East Lancashire Moneyline	Fixed Rate Loan	Low-income	£2,050,000
HCT Group Ltd	Fixed Rate Loan & Rev. Part.	Physical, mental health & people with disabilities	£2,641,670
Cornerstone Community Care	Fixed Rate Loan	Physical health & people with disabilities	£500,000
Street UK CIC	Fixed Rate Loan	Low-income	£850,000
Fair For You	Fixed Rate Loan	Low-income	£1,000,000
Big Creative Education	Fixed Rate Loan	Young people	£600,000
Village Underground	Fixed Rate Loan	Young people	£600,000
Five Bridges Changing Lives	Outcomes-Based Contract	Homelessness	£131,250
Five Lamps	Fixed Rate Loan	Low-income	£1,000,000
Smile Together Dental	Fixed Rate Loan	Underserved populations & children	£1,000,000
Total			£12,342,920

\*As at March 31 2019

## Investment Timeline



# Geography of Investees



## Fund Summary

The Social Enterprise Investment Fund II (SEIF II) seeks to provide creatively structured medium-term growth capital to organisations with clear potential for growth, financial sustainability and social impact.

The Fund is a closed-ended limited partnership. Big Issue Social Investments Limited is the General Partner and a subsidiary of Big Issue Invest, part of The Big Issue Group of companies. Since 2005, Big Issue Invest has been pioneering the financing of social enterprises. Big Issue Invest Fund Management (BII FM) is responsible for investment sourcing, due diligence, structuring and monitoring of investments. The Fund's focus is on investing in organisations that are using innovative, socially driven and sustainable business models to improve the lives of the most disadvantaged individuals and communities.

Specifically the Fund aims to: provide social impact capital financing to eligible social sector organisations with the potential for growth and significant social or environmental

impact; create a professionally managed, best-in-class investment fund for socially-minded investors looking to make a social difference and secure a financial return on their investment; demonstrate the viability of social enterprise investment to mainstream investors so as to increase the long-term impact.

Availability of capital for social enterprise development: The fund aims to focus on six core investment themes – employment and training for disadvantaged and marginalised groups; education for children from low-income families and communities; financial inclusion for those unable to access the mainstream; and social care, particularly for the elderly and disabled; tackling homelessness; and community and sustainable transport.

Beyond these core impact areas, the fund has a wider socio-economic impact. The impact includes creating jobs, enabling economic development in disadvantaged areas and raising the bar on employment standards.

### Summary of Business – Support Services Offered by Big Issue Invest

BII has been investing into social enterprises since the inception of SEIF I in 2010 and has gathered nearly a decade of experience and knowledge in providing flexible and patient finance to social sector organisations. BII has been and is working closely with the social sector organisations to finance and support their growth, sustainability and impact ambitions through a close relationship from the initial meeting through to the last day of our investment.

In addition to providing flexible and patient finance to social sector organisations, our investment team provides aftercare and performance management, including board representation and support for the delivery organisation(s) with performance and contract management to facilitate the development and growth of the investee businesses.

Big Issue Invest is an active investor, with strong involvement and support that continues once an investment has been made. BII uses its extensive experience to play a key role in supporting and advising stakeholders on many aspects across the lifetime of an investment, such as: governance, impact measurement, financial measurement and reporting. This active involvement gives Big Issue Invest a unique standing as a social investor.

## £822,850

Average investment commitment

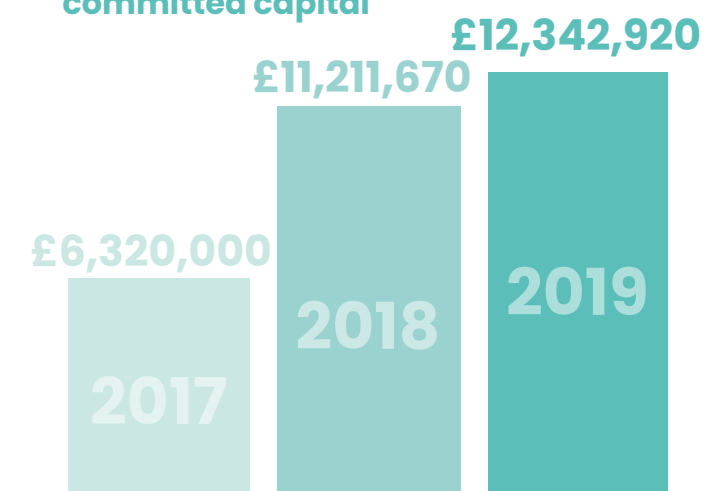
## £12,342,920

Total committed to current investees

## 15

Investments

Total cumulative committed capital



# Social Impact Summary

The Social Enterprise Investment Fund II is invested in a wide variety of sectors across the target social outcome areas. A projected two thirds of the fund are concentrated in the financial inclusion, health and social care sectors. The purpose of the fund is to provide finance to social sector organisations for them to scale and deliver their services to as many individuals as possible, whilst also demonstrating the viability of social investment to mainstream investors, and increasing the long-term availability of capital for social enterprise development.

Providing growth capital for scaling is a key activity of SEIF II. Over the last 12 months the fund has invested into three additional enterprises and charities. One of these includes ethical lender Five Lamps Trading who provide growth capital for the expansion of personal loans delivering positive social impact for a demographic with multiple vulnerabilities in the North East of England. This sector an important core of Big Issue Invest as it provides credit to those who are most economically disadvantaged, excluded from accessing certain financial services because they are living in poverty.

There are six broad impact investment themes that SEIF II has a mandate to pursue. The following sections outline the four core social impact areas that the fund is currently invested in, and where SEIF II's capital is concentrated on generating the deepest impact today.

## Financial Inclusion

The SEIF II fund is invested in a total of four Community Development Finance Institutions (CDFIs), providing loans and advances significantly undercutting the rates provided by high-cost, short-term credit providers. Over the last 12 months these investees have made over £19 million of credit available to individuals who would otherwise end up with a high-cost credit provider, pushing them deeper into a cycle of debt. Financial responsibility is built into the operations of our financial inclusion investees and in doing so we offer services such as debt advice, encouragement to open a savings account and support to individuals with limited or no credit history advising when to take out short-term loans.

## Health and Social Care

Quality provision of health and social care makes up 57% of the total committed investments in the SEIF II portfolio. Our investees provide this care for many beneficiaries. Two long-term investees in our portfolio, Be Caring based in the North East of England and Cornerstone Community in Scotland, continue to provide high-quality social care for older people and people with disabilities. Both organisations consistently receive positive reviews from users of their services. Another recent investee, Smile Together CIC, added to our portfolio in January 2019, is

aiming to reduce health inequalities, focusing on the provision of dental care to underserved communities in the South East of England. They also provide preventative education programmes for more than 60 schools in the local area.

## Employment and Training

The focus of the SEIF II is in growing and scaling successful social businesses and charities to improve their capacity and ability to better serve communities and the individuals that they are designed to support. This fund actively seeks out enterprises that are unlikely to be able to access mainstream finance, those operating within underserved markets, and those targeting the most complex societal problems. With a diverse range of services within the portfolio, SEIF II is aiming to be a source of funding for those organisations who have the ability and skills to deliver a fantastic service, but for a multitude of reasons cannot access the finance that larger or more established organisations can. One of the most successful investees in our portfolio is Mental Health and Employment Partnership which has facilitated the support and employment opportunities for more than 1,800 people with severe mental health needs.

## Community, Arts and Sustainable Transport

Aside from these core investment themes, SEIF II has also invested in creative arts education through Big Creative Education and Village Underground, two amazing enterprises working to support young people from deprived areas of North London gain experience and training in the creative arts and music industries. Other areas of impact covered across our portfolio are community transport and tackling homelessness. Transport provider HCT last year provided over 200,000 trips to disadvantaged individuals, while Changing Lives in Newcastle are working with entrenched rough sleepers to provide housing, mental health and addiction support, and future training opportunities.

The impact of the fund is extensive and far-reaching in terms of sector, geography and beneficiary, and these will all be detailed further on in the report through case studies of all the investees we continue to support.

## Social Impact Areas Covered by SEIF II



### Health & Social Care



### Education



### Community & Sustainable Transport



### Employment & Training



### Tackling Homelessness



### Financial Inclusion





# Social Impact Methodology

**Ensuring that BII is investing into the most impactful social sector organisations and service models is of vital importance to the mission of the fund.** To support this, we have an internal impact framework and extensive social due diligence process through which we assess the depth of service and strength of social need.

Our impact framework considers a multitude of factors when assessing an investee for social impact.

The first strand of impact assessed by BII in this process is the organisation's impact on an individual and local community level. Using our impact framework, the first step will always be to ensure there is a deep social need for the investment and that it will be used for a social purpose.

The second strand of impact aims to review the potential changes the investment will make on a systemic level. We assess how the organisation works in the wider social sector and what aspects of their activities make them different, if we have the potential to invest in something that could change the way future services are run and the way complex services are provided for vulnerable individuals. This assessment also involves ensuring the organisation has the capacity to take on an investment and shows us if providing the capital puts the organisation or their beneficiaries at risk of a detrimental position in the future.

Impact measurement is as vital to the social due diligence process. It ensures the social outcomes are achieved and provides an evidence base for the social investment and social sector more broadly of how successful social investment can be for both investee and investor. Portfolio monitoring provides new opportunities for charities to develop sustainable models and develop new streams of income or grow their activities so they can reach far more individuals who need their services. The impact on an individual level is measured through regular reporting from our investees, and consistent communication is established through portfolio monitoring – at any point in time we are kept abreast of performance or operational issues. BII sits on an advisory board for many of our investee companies, which provides both experience and understanding of their activities.

Wider impact is monitored at a fund level to see which social outcome areas BII is leading within and how changes within different social sectors will impact on our investees' activities. Learnings are also shared across investees where there are similar delivery models or social aims so that all stakeholders are best placed to tackle any challenges and resolve them successfully.

To ensure that Big Issue Invest is following its mission and the team are investing in contracts that reflect these goals, we have an internal impact

framework and an extensive social due diligence process to assess the depth of service and strength of social need. The strength of the social impact thesis and model is key to a decision on whether Big Issue Invest Fund Management (BII FM) will make an investment.

Our detailed social due diligence process ensures organisations can effectively achieve the projected social aims and that each investee has the capacity and experience to take on social investment without a negative impact on their long-term sustainability or performance. Organisations seeking investment are also assessed to ensure they are not acting in an environmentally irresponsible manner. The assessment brings to our attention any activities that might negatively impact the community or wider environment in which they are operating. This way we can mitigate and prepare for any potential negative impact that might occur as a by-product of the positive actions they are making within the community.

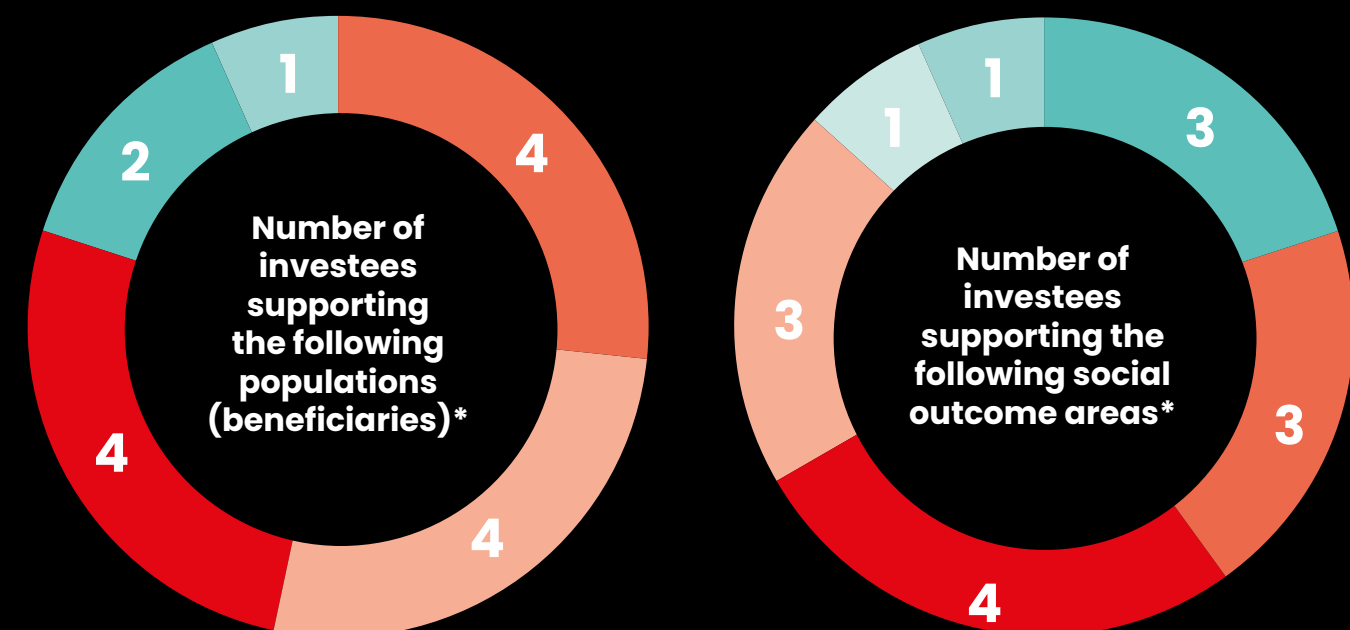


# Impact Framework

Our impact framework considers a multitude of factors when assessing an investee for social impact. We use a five-pillar internal framework to assess an organisation prior to taking it through our investment committee.



# Overview of Social Performance



\*investees often focus on multiple target groups

\*investees often focus on multiple target groups

Children and young people  
 People with low incomes  
 People with physical or learning disabilities  
 People with mental health issues:  
 Homeless people/people at risk of homelessness

Employment & training for disadvantaged groups  
 Education for children from low-income families/communities  
 Financial inclusion  
 Health & social care (particularly for the elderly & disabled)  
 Tackling homelessness  
 Community & sustainable transport

## Key performance highlights:

**270,000**  
 estimated number of people who have been supported by our investees

**15**  
 current investments

**246**  
 people supported with severe mental health needs into employment

**£19m** low-cost credit issued to individuals who are financially excluded

**4,279** beneficiaries delivered social care

**16** social enterprises and charities partnered

# Our Work Towards the Sustainable Development Goals

Partnerships and shared goals are at the heart of what the Social Enterprise Investment Fund II is all about, and why BII aligns with the sustainable development goals (SDGs) of the United Nations (UN) so successfully. Being a partner to social sector organisations at differing stages of their development means more than just providing capital. It is being an understanding and supportive investor throughout all stages of the investment process, providing expertise and advice when needed so they can succeed at delivering the frontline work that is especially critical to the sector.

Working across many social outcome areas, the SEIF II fund's social impact themes naturally have crossover in impact with a number of the SDGs. Our core focuses lean towards the more human categorisations of the SDGs, most specifically in reducing inequalities, ending poverty, and creating sustainable

communities. This is because the SEIF II fund tends to support individuals or communities who are disadvantaged, marginalised or excluded within its investments. Regardless of the sector the fund is investing into, SEIF II shifts focus towards the disadvantages and inequalities facing people within our society who lack access or opportunities in health and social care, education, employment, or access to fair financial products. Creating communities that reflect a fair and sustainable society is key to the work of our investees, and the global SDGs mirror this aim across all the 17 goals.

At BII, we are continuing to find ways to review the impact of our investments and outcomes through the framework of the SDGs as this is a way that we can showcase the extent that our investees are implementing and sustaining change in the UK.

The graphic below shows how the impact themes of the Social Enterprise Investment Fund II align to the 17 UN Sustainable Development Goals.



# Our Learning So Far

Big Issue Invest has been investing since 2010 into social enterprises with the aim to support impact growth and sustainability. We have seen organisations grow and prosper, which has enabled our investees to create lasting impact, as a result of our direct investment funds SEIF I and II.

The key question we are asking every day is:

**Are we creating as much impact as we can with the funds we have?**

Below are some key learnings from the investments we have made and challenges we have faced, to ensure we continue to grow and learn as a social investor in supporting our investees:

## 1. Sector Trends :

Over the past nine years we have seen our funding towards social sector organisations grow from small to large investments, from £50,000 to £3,000,000. The average transaction size from SEIF I grew from £250,000 to just over £420,000. SEIF II's smallest investment, apart from a joint investment with OIF, is £350,000 and the average committed capital per investee has grown to just under £1,000,000. This change is mainly driven by the demand for finance of larger social enterprises with growth ambitions who have a lack of alternative funding.

## 2. After care:

As an active investor, BII engages with the social enterprise after signing the funding agreement. Besides defining the impact reporting suitable for service delivery, BII also takes on additional board seats or observer seats to support the organisations within our funds. Not only does this mean that we are one step closer to the organisations, it also establishes direct contact and removes perceived barriers from investees.

## 3. Cross learning:

BII is a holistic investor. We are sector-agnostic, which enables cross learning between organisations. Though one could believe there would be little overlap of strategy between investees, we see commonality in interaction with local authorities, impact data gathering and staffing issues as just a few examples. In these situations, BII can directly support or refer to other organisations within the investment portfolio who may be able to help provide insight from similar situations.

## 4. Economic changes:

BII works with each social enterprise in the investment funds to tackle economic changes that may be affecting their given sector. Because of this, BII has realised the need to create working capital facilities to fund new projects and expansion projects.





# **Mental Health and Employment Partnership – West London Alliance**



Date of investment:  
October 2015

Amount Committed:  
£400,000

Target beneficiaries:  
People with mental health needs, people who are long-term unemployed

Social mission:  
To assist people with longstanding mental health conditions achieve competitive, paid employment through Individual Placement and Support (IPS) services as an integral part of their treatment.

Investment Overview

At the time of investment there were 4.8 million people with a health condition or disability in the UK who were not in work. This is a payment-by-results contract that was co-commissioned by the Cabinet Office and the Big Lottery Fund, with outcome payments generated by achieving prescribed outcomes linked to three areas: initial engagement, entry into employment, and employment sustainment.

About Mental Health and Employment Partnership

MHEP was established in 2015 to develop high-quality, health-led employment services focused on improving individual wellbeing through employment, act as a centre of Individual Placement and Support (IPS) knowledge and expertise, integrate funding between employment, health and other sources, and to raise investment to manage commissioner funding flows. MHEP is utilising an intervention based on IPS principles, whereby work is used as a fundamental part of a person's treatment, rather than the traditional model of treatment and stabilisation followed by employment. IPS is based around a set of eight principles that include a focus on rapid job search, securing paid work, employment support integrated into clinical teams and provision of ongoing in-job support.

Recent Developments

The initial investment was made in November 2015, in advance of the programme beginning operation in April 2016. The programme has seen considerable interest from other commissioners and as such there has been follow-on investment from the Outcomes Investment Fund. MHEP successfully completed expansion into three London areas, Barnet, Enfield and Camden, and applied the IPS intervention to those struggling with addictions in seven new boroughs across the West London Alliance. MHEP also extended the service in Haringey and Barnet by a further two years.

Social Impact

There is growing international recognition that appropriate employment is good for wellbeing; however, the employment rate for people with health conditions or a disability is significantly lower, at 58%, than those without, at 77%. This employment rate falls to just 7% of working-age adults in contact with secondary mental health services. Despite this, there is evidence that 70-90% of people with mental health issues would like to work, and the IPS model used by MHEP is beneficial to people's mental health progress. The social impact being delivered through the Mental Health and Employment Partnership has expanded across London, currently working in 13 local authorities to deliver employment support services to individuals who are long-term unemployed and live with mental health conditions.

The charities partnered with MHEP have supported almost 250 people to enter employment, which is a 127% increase from last year. More than 250 individuals have been supported to enter employment this year and 60 have found and successfully sustained meaningful employment for over six months. This is a fantastic achievement by the frontline delivery providers in each London borough and by all individuals who have engaged with the service.

Outcomes

Individuals engaged



Jobs started



Jobs sustained (6 weeks)

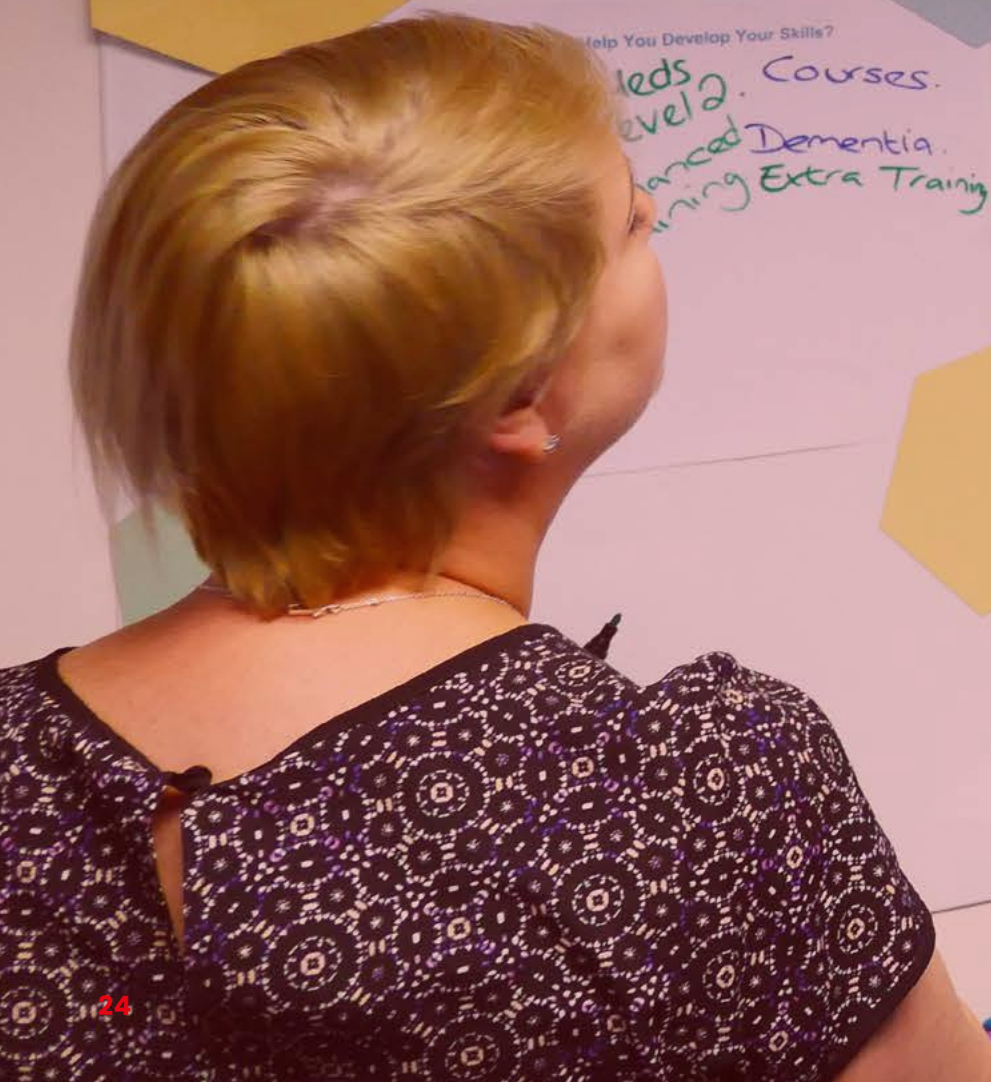


Jobs sustained (6 months)





# Be Caring Ltd



Which Roles Would You Be Interested In Being Upskilled to?

Blind-Phylabotomy  
Nurse-Child x2  
Nurse-Adult  
Cancilor

How would you like to be supported?

More  
Hours  
Hours are  
what I want  
Info on  
Career progression  
Every other  
weekend  
off  
There for  
support  
Bus  
Fares  
Be there  
when need  
them  
More  
Mileage  
Ratas in  
advance  
Notice  
Hans  
Cars

Help You Develop Your Skills?

Level 2 Courses  
Advanced Dementia  
Training Extra Training

Which Method of Training do you Prefer?





**Date of investment:**  
**October 2015**

**Amount Committed:**  
**£820,000**

**Target beneficiaries:**  
**People with physical and learning disabilities**

#### Investment Overview

Formerly known as Care and Share Associates (CASA), Be Caring officially launched on January 1 2019, as the UK's largest employee-owned provider of social care, positioning themselves as an ambitious and modern domiciliary social care provider.

Be Caring provides care in the homes of its clients where they are most comfortable to assist in maintaining their independence, reduce their reliance on the healthcare system and assist with transition to home from hospital. In the North East, Be Caring delivers more than a traditional home care service, also providing complex and palliative support. LIFE by Be Caring supports adults with learning disabilities and runs a purpose-built independent supported-living setting for young adults at Allendale Court in Newcastle.

Its employee-ownership status holds vast potential for a collaborative approach to problem-solving and dealing with the challenges of the social care sector head-on. It is the priority of the senior management team to ensure the workforce is involved with decision-making, paid fairly and well supported with strong leadership, skills development training, assistive technology and a focus on wellbeing.

## About Be Caring

Be Caring's mission is to be 'Care-giving day-makers, hope-builders, smile-givers, life-changers, community-warriors with the will to make a difference'. They aim to give all their communities the opportunity to achieve their full potential in all aspects of life.

#### CUSTOMER QUOTE:

*"Be Caring has been an invaluable support and has made me feel that I do actually have a future to look forward to"*

## Recent Developments

In order to make significant impact in this challenging sector a bold identity was required, better representing the values, mission and visions of the organisation embedding these into every aspect of their business function. Be Caring observed an engagement approach to involve as many employee-owners as possible in the process of defining the vision and mission. A series of facilitated workshops took place in each service to determine the common core values, identify the needs and priorities of the employee-owners and formulate a succinct vision and mission that represented Be Caring. Allendale Court will celebrate its first anniversary in October 2019. The young adults residing in the purpose-built Enhanced Independent Supported Living setting have made visible progress. Residents and staff involved at Be Caring documented their journey with a printed publication to showcase their progress. One resident created an artwork series which is on show in the entrance to Allendale Court, as a part of their focus on the artistic side of residents.

## Value Added

Since Big Issue Invest's initial investment, we have remained an active investor in Be Caring. We have taken a non-executive role on the board and continue to provide strategic and operational support from our team. This has included helping recruit for Be Caring's own board and increasing the financial oversight of the business. Big Issue Invest's continued support and guidance has helped Be Caring achieve sustained impact and revenue growth.

## Social Impact

Whilst remaining an exceptional provider of social care to the beneficiaries they work with, Be Caring continues to champion the rights of employees. This commitment is reinforced by a partnership with the GMB Union to campaign at a national level for fair pay and workers' rights. Employee-owners are encouraged to join the union. An Employee Assistance Programme (EAP) is due to formally launch for the staff at the end of September to support occupational health and wellbeing.

Innovating new models of care is a priority for Be Caring. One driver for this is to explore opportunities to leverage carer 'down-time' enabling a move towards guaranteed-hours contracts. A project operating in partnership with a Primary Care Network (PCN) in Leeds provides practical support for people to access local

groups and services, helping them get back on their feet and lead more fulfilling lives.

Recent investment in a custom-designed, web-based applicant tracking system, which handles recruitment, has identified 103 previously unemployed applicants who have progressed to induction or employment.

In March 2019, a customer survey was conducted, sent via direct mail to all homecare clients. Of all the surveys sent out, 31% of them were completed and returned. Further analysis of the homecare client responses showed 67% of customers were 'likely' or 'extremely likely' to recommend Be Caring to their friends across all services. It remains an objective to improve this percentage over the coming year.

## Outcomes

2016/17

2017/18

2018/19

### Total hours of care and support delivered

920,320

1,190,737

926,075

### Number of clients

2,015

2,455

1,946

### Annual turnover

£12,764,840

£17,170,431

£15,449,622





# London Early Years Foundation

**Date of investment:**  
**November 2015**

**Amount Committed:**  
**£750,000**

**Target beneficiaries:**

**Children and people with low incomes**

**Social mission:**

**To change the world one child at a time through the provision of early years education, giving all children from all backgrounds the best chance of being happy, healthy and successful whilst enabling parents to work.**

#### Investment Overview

After investment via BII's SEIF I fund in 2014, BII invested in a second fundraising round into LEYF. LEYF has an established and unique cross-subsidy model that enables it to deliver social impact by subsidising its nurseries in disadvantaged areas of London with surpluses from nurseries in more affluent communities. This is particularly pertinent as the Government subsidies provided to parents do not cover the costs of free places, and in practice many nurseries are unable to offer these places without parent top-up fees. LEYF's hybrid model therefore maximises their social impact by targeting services towards those children who have no other quality early years option.

Quality of education is of paramount importance with a holistic, tailored curriculum in place with significant input and help from parents and the local community to ensure that children have the best possible early-years experience. This focus on quality is demonstrated by the fact that 100% of the nurseries within the portfolio are rated as 'Outstanding' or 'Good' by Ofsted.

## About Early Years

Originally founded in 1903, LEYF is a highly regarded social enterprise that operates 39 nurseries in London with a focus on offering high-quality early-years education to children from low income homes. LEYF operates a hybrid model with places paid for at market rates subsidising 'free' places for disadvantaged children.

LEYF is highly focused on pedagogy. The LEYF pedagogy focuses primarily on building relationships between staff, children and parents. This creates an enriching environment for children between home and nursery, whilst also creating a culture of excellence amongst staff.

## Recent Developments

Whilst the market has been challenging in recent years, LEYF has performed robustly and as many nurseries across London are closing due to insufficient funding, high risks and a lack of space, LEYF continues to provide much-needed nursery places despite a market downturn. LEYF is increasingly focused on maximising impact via a focus on performance in 'high-impact' nurseries which have higher ratios of disadvantaged children. A balance of fee-paying to non-fee-paying places, and continually enhancing their pedagogy and staffing to ensure children and parents in these nurseries are receiving optimum services, shows their commitment to the cause.

LEYF places a high importance on training its staff and this has been reflected in improved staff retention. LEYF has also launched its new Early Years Chef Academy, working to help children understand the importance of healthy living.

June O'Sullivan MBE, CEO of London Early Years Foundation, has been nominated as a finalist of 50+ in high places who are changing our country through social enterprise.

## Social Impact

LEYF has an established and unique cross-subsidy model that enables it to deliver social impact by subsidising its nurseries in disadvantaged areas of London with surpluses from nurseries in more affluent communities. In the last year 14% of children in LEYF nurseries were on fully funded places.

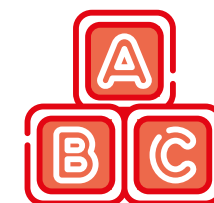
LEYF creates measurable social impact by:  
Making it possible for children from less advantaged backgrounds to access a specifically designed pedagogy crucial to the delivery of high-quality nursery education. Ensuring that staff can help parents from less advantaged backgrounds build their knowledge and confidence to parent their child better. Allowing parents who would otherwise have had no childcare to pursue employment and/or education.

LEYF nurseries are consistently ranked in the highest bracket for exemplary education, with 61% of their nurseries rated outstanding by Ofsted compared to only 16% across all of England. Recruiting and retaining quality staff is a key performance indicator for LEYF and over the past year they have averaged 15 new hires a month, hitting 103% of their recruitment targets.

## Value Added

The key to success in a highly competitive market such as nurseries is driving operational and strategic excellence in a company. Big Issue Invest has worked alongside LEYF management in forming their strategic decisions, including collaborating closely with our partners Bain Consulting to identify key areas of growth, and set focused objectives for LEYF moving forward to become a market leading charitable social enterprise nursery.

## Outcomes



**Occupancy of nurseries**

**39**

LEYF nurseries

**1,410**

Children in LEYF nurseries

**14%**

Of children on funded places



**Quality of provision**

**100%**

Nurseries with an Ofsted rating of Good or Outstanding



**Recruitment**

**15**

Hires per month



# East Lancashire Moneyline (IPS) Ltd



**MONEYLINE**





**Date of investment:**  
**November 2015**  
**October 2017**

**Amount Committed:**  
**£2,050,000**

**Target beneficiaries:**  
**People with low incomes**

**Social mission:**  
**To relieve poverty by providing appropriate financial services, promotion of financial inclusion and debt advice services.**

#### Investment Overview

Moneyline was established in Blackburn in 2002. The organisation provides unsecured personal microfinance loans to marginalised customers who are typically unable to access mainstream financial services. Loans are provided responsibly and transparently at far cheaper rates than customers would be able to access from mainstream 'doorstep' lenders. Moneyline also provides savings accounts together with debt advice to promote financial independence, and helps customers break the cycle of indebtedness. The business operates from multiple branches across the North West of England and Wales. Since inception, Moneyline has made over 128,000 loans across 17 branches totalling more than £69 million in value and generating £8.5 million in savings deposits. In 2016, Moneyline started offering phone loans. The investment is being used to help fund growth in Moneyline's loan book, reaching more customers and reducing their reliance on unethical lenders.

## About Moneyline

Moneyline started as a not-for-profit organisation in Blackburn in 2002 and since then has lent £85 million, through over 154,00 loans to low-income households. The organisation is structured with the benefit of the community at its heart, legally entrenching their mission and ethos of supporting people and communities. Operating through a customer-first approach, Moneyline delivers a dignified, respectful and responsible experience that doesn't judge or patronise. The model is designed to improve the wellbeing of customers so that when things go wrong they have flexible options, including varying repayments and freezing interest charges, always putting the customer first.

#### CUSTOMER QUOTE:

*"Such an amazing company who go on affordability rather than your credit score. I've struggled to obtain credit but not with Moneyline, which is a fantastic idea and way of lending"*

## Recent Developments

The investment initially helped Moneyline hit surplus for the year ended March 31, 2018, against a forecast deficit, driven by improved cost-side efficiencies. In 2018-19, Moneyline saw a deficit of £82,000.

Gross lending was up by £663,000 due to a focus on servicing existing customers. Moneyline's existing customers were looking for higher average value loans over a slightly longer term, increasing the gross lending and the interest received.

## Social Impact

An estimated 13 million people living in the UK (around 20% of the population) are financially excluded from mainstream banks and lenders and are living on low or unstable incomes, which sometimes requires fast access to credit at an affordable price. Moneyline is reaching these individuals who are unable to access mainstream finance and providing an alternative model. Customers of the organisation have a median household income of £15,132 which is 48% lower than the UK average (£29,400). The majority of customers (84%) also receive some form of benefit, this tends to be employment related or linked with customers having dependent children. It is also known that women tend to be more financially excluded than men, which is showcased in Moneyline's customer base, as 69% are women.

Moneyline's model is based on attracting customers away from high-cost payday lenders by offering a service that is just as convenient but cheaper and more flexible for consumer needs. They also provide services to promote financial sustainability and support individuals

with money problems such as a savings account service and signposting customers to appropriate debt advice services. In the last 12 months Moneyline has overseen the opening of 1,020 savings accounts, and a loan to savings conversion of 49%. The total value of savings for individuals at Moneyline in this period was £1.1 million.

Loan numbers have fallen slightly as Moneyline have focused on strengthening services for its existing customers rather than external marketing. They have still managed to issue over 12,000 loans for some of the most vulnerable individuals and families in the country. Moneyline has also seen slightly higher arrears this year as more customers are struggling to manage regular loan repayments when their income varies, and benefits are reduced. Despite these challenges, Moneyline is working hard to ensure people with low incomes have access to credit at a fair price, and access to services that will allow them to better manage their money.

## Outcomes

Indicator	2016/17	2017/18	2018/19
Number of loans issued	16,510	14,941	12,304
Gross Lending	£8,683,290	£9,345,725	£7,038,900
Average loan value	£526	£566	£653
Number of customers	-	-	8,947
Percentage of female customers	71%	70%	69%
New savings accounts opened	-	-	1,020
Arrears value as a % of loan book value	-	-	35%



# HCT Group Ltd





**Date of investment:**  
**November 2015**

**Amount Committed:**  
**£2,641,670**

**Target beneficiaries:**  
People with physical and learning disabilities; people who are long-term unemployed

**Social mission:**  
To enhance people's lives, provide opportunities and bring people and communities together through transport and training.

#### Investment Overview

The fund's investment into HCT Group has been used to fund new contract opportunities, a depot redevelopment, new fleet and bolt-on acquisitions to enable HCT to continue scaling its impact. HCT has continued to expand, as they build on their extensive track record of mergers with Community Transport operators, moving beyond the confines of purely organic growth.

## About HCT Group

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

## Recent Developments

HCT Group has continued to provide public services for the public benefit over the past 12 months, scaling its bus services across London, Manchester, Yorkshire and the Channel Islands. In June 2018 HCT Group completed a landmark fundraising round of £17.8 million, allowing them to finance their next growth stage. As well as delivering social impact services across the UK, including adult social care trips and school and college transport services, HCT has also been developing a social impact bond to support young people with special educational needs (SEN) to travel independently.

## Value Added

Big Issue Invest is part of a consortium of funders into HCT that is providing the finance to allow them to scale and grow their transport services with social impact. Partnering with HCT is a two-way benefit as it allows for mutual expertise to be shared and challenges to be faced collaboratively.

## Social Impact

HCT Group is a transport provider with a difference. Their central purpose is to make a positive impact and create value within communities which they do by providing passenger trips to community groups and disadvantaged individuals in London and Manchester. HCT places a strong emphasis on constantly reviewing and improving practice, including their services and their impact measurement approaches.

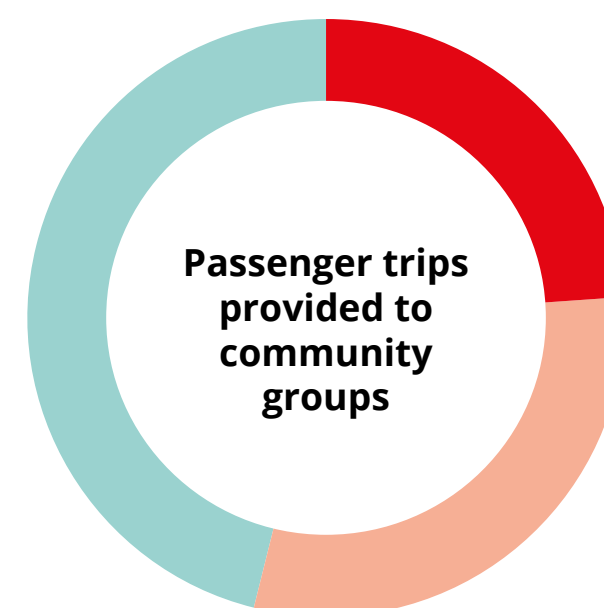
By investing in HCT, Big Issue Invest is supporting the enterprise scale further, win new contracts and deliver more impactful services that transport people who otherwise would not have access to jobs, education, healthcare or simply the freedom to be out and about in their community. The rapid scaling HCT has been able to achieve is apparent in their impact indicators that can be seen below. The enterprise has increased passenger journeys provided to community groups by nearly 65,000 compared to last year. Special Educational Needs contracts have also performed well in the year 2018-19.

### Outcomes

2016/17

2017/18

2018/19



97,322

121,605

186,685

230,804

224,993

155,766







# Street UK CIC



## Date of investment:

**April 2016  
October 2017**

**Amount Committed:  
£850,000**

## Target beneficiaries:

**People with low incomes**

## Social mission:

**To offer an alternative to high cost providers of credit on a sustainable basis.**

### Investment Overview

Street UK was established in Birmingham in 2000 to support financially excluded people in the West Midlands through the provision of short-term credit and related services. The fund's loan has been used to increase the company's loan book via the expansion of their online channel which will ultimately lead to lower client acquisition costs and facilitate a reduction in cost to clients.

## About Street UK

A typical customer for Street UK CIC is a low-income lone parent looking to secure short-term credit to meet a looming crisis such as the need to buy a school uniform or repair white goods. They are differentiated from high-cost payday lenders by carefully assessing affordability. Street UK undercuts competitors with much lower rates and doesn't compound interest, therefore lowering the risk of spiralling debt. It also provides financial education and signposts vulnerable customers to debt advice to help break the cycle of indebtedness.

## Recent Developments

The group made a surplus in 2018-19 of £64,000, which included a loss of £172,000 from Street UK's online stream which has since been paused. Street UK have a continued focus on relational lending and see their branch operations as an integral part of their business as they scale.

## Social Impact

Over the last 12 months Street UK's ethical lending services have continued to reach thousands of individuals on low or unstable incomes, providing them with fair and affordable credit that is convenient and flexible. Street UK developed their pricing policy so that even the least well-off and most vulnerable members of society can be deemed creditworthy. In addition, they provide debt advice signposting to any applicant who is considered to have excess levels of debt or has not demonstrated appropriate management of their debts.

Over the year, Street UK has received a total of 11,464 enquiries, which is an increase of 18.5% from the previous year. This shows that the business has been able to reach more clientele to offer their services. A total of 7,944 applications were processed in 2018-19 compared to 6,696 in the previous year, another 18.6% increase. A total of £2.8 million was loaned for the year, providing credit for low-income and financially excluded individuals, preventing them from accessing funds from high-cost, short-term lenders.

In an end-of-year survey of Street UK customers, 100% of respondents rated their experience as very good, good or satisfactory.

## Outcomes

Indicator	2016/17	2017/18	2018/19
Number of advances	11,640	12,521	10,104
Total amount advanced	£3,125,292	£3,289,194	£2,854,569
Average loan value	N/A	N/A	£536

## Provident Comparison

### Typical APR of Street UK

**95%**  
2016/17

**150%**  
2017/18

**180%**  
2018/19

### Typical Provident APR

**399%**  
2016/17

**535%**  
2017/18

**299%**  
2018/19





# Cornerstone Community Care



Date of investment:  
March 2016

Amount Committed:  
£500,000

Target beneficiaries:  
People with physical and learning disabilities

Social mission:  
To transform social care through a culture of trust, empowerment and teamwork by delivering high-quality care and support that enables everyone to live a valued life – the life they choose.

Investment Overview

Cornerstone operates with a person-centred approach. Their tailored approach identifies, measures and works towards achieving outcomes for everyone the charity supports based on four key areas: increased social inclusion, improved health, improved independence and improved wellbeing.

Cornerstone is implementing an ambitious strategic plan called Local Cornerstone that challenges traditional ways of providing social care. By moving to a local branch structure made up of self-organising teams, devolving autonomy and transferring accountability to the front line, social care professionals are empowered to make decisions that can really improve the quality of care and support that is delivered. Cornerstone's hope is to inspire change in other organisations by sharing their stories. They believe that delivering an initiative called Local Cornerstone successfully will not only benefit the organisation and the people it supports, but also has the potential for significant positive impact on the wider UK sector.

About Cornerstone

Cornerstone is an award-winning provider of services for people with disabilities and one of the largest providers of care in Scotland. Each year Cornerstone supports over 2,000 children, adults and families with a variety of needs including learning and physical disabilities, autism and related disorders, head injuries, terminal illness, dementia and mental health problems.

Recent Developments

Cornerstone is continuing its work implementing the ambitious strategic plan called Local Cornerstone, which they have embedded across the organisation and generates a lot of interest. The organisation has welcomed visitors from across the world and hosted several study visits for the NHS and social care colleagues from Scotland, England, and Wales. Local Cornerstone was launched in October 2016, since then the organisation has completed a major restructure and is slimming down its central costs. In 2018 the initiative secured financial support from the Scottish Government, Carnegie UK Trust and others towards the additional costs of implementing a new strategy, which BII already supported in March 2017 by investing £500,000 to help roll out the technology needed to make Local Cornerstone a success.

Another key development is the Growing Together Children's Project, supported by Big Lottery Scotland, which aids in growing the number of children and families supported through children's clubs and holiday play schemes in Dundee, Ayrshire and Moray. This has allowed Cornerstone to open a number of new services including support for older people living in sheltered housing in Aberdeen, expanding the self-directed support service in Aberdeenshire to an increasing number of customers, and providing meaningful daytime activity, employment and training opportunities to adults with a disability.

Value Added

Introducing fast, accessible and user-friendly technology is critical to the successful implementation of Local Cornerstone. Big Issue Invest's funding enabled Cornerstone to implement an integrated IT system that will result in greater efficiency and agility, which will free up thousands of hours of staff time that can now be spent delivering care and support. This release of resources can be redirected to enhance the wages of the self-organised team members working in the community. Cornerstone is one of a very small number of organisations paying care workers significantly more than the living wage.

Social Impact

Cornerstone Community provides quality social care and support to individuals and families with a range of needs from befriending those at risk of social isolation, to full-time care for those with complex needs. The Cornerstone model puts people at the centre of their activities to assist them in living the life that they choose. The 2018-19 year has seen their dedicated team of social care staff supporting over 2,300 individuals, their highest number yet, which is showcasing already how their new IT systems have allowed them to spend more time delivering valuable services to vulnerable people. This also shows the growth that Cornerstone is achieving, and the increasing scale of care that they are providing in the region. Maintaining high levels of quality is crucial to ensuring beneficiaries are receiving the best possible care; this is measured at an industry standard by the Care Inspectorate. Cornerstone Community had 37 inspections over the last year from the Care Inspectorate, of which 95% of their services were rated between Good and Excellent for Quality of Care and Support.

In addition to their impact on individuals, Cornerstone is making an impact on the social care sector more broadly. At the centre of the organisation is a commitment to valuing social care as a profession and ensuring that staff members are supported in their roles so that they can deliver the highest quality care. In 2018 Cornerstone's rate of staff turnover was 22% compared to a national average of 31% across the social care sector. Staff lost-time rates remain consistently low at 4.7%, allowing staff to build deep connections with the people they support and continuity of care.

Outcomes

Indicator	2016/17	2017/18	2018/19
Number of people supported	2,052	2,103	2,333
% of annual staff turnover	13.4%	19%	22%
Staff lost-time rates	4.2%	4.7%	4.7%
% of customers who feel that Cornerstone makes a positive difference to their lives	86%	74%	63%
% of Care Inspectorate assessments rated 5 (Very Good) or above for Quality of Care and Support	71%	57%	52%
% of Care Inspectorate assessments rated 4 (Good) or above for Quality of Care and Support	100%	88%	95%





# Fair For You

Date of investment:  
November 2017

Amount Committed:  
£1,000,000

Target beneficiaries:  
People with low incomes

Social misson:  
Addressing poverty by removing the premium and offering a real alternative to high-cost lenders and rent-to-own stores.

**Investment Overview**

FFY aims to advance education in relation to money and debt management, relieving customers of financial hardship and distress. It does so through the advancement, provision and facilitation of affordable sources of credit. The Fund's investment supports FFY to expand its rapidly growing portfolio of loans to buy household goods, taking the organisation to profitability.

About Fair For You

Fair For You (FFY) is a high-impact, scalable and financially sustainable social enterprise. FFY's ambition is to change the way that lending is conducted for lower-income households, providing them with loans that are flexible, supportive, transparent and meet the modern borrowing needs. It also aims to treat customers with respect and to be a viable alternative to the high-cost credit sector.

Recent Developments

FFY's loan book has been expanding since investment and FFY is on course to achieve sustainable monthly surpluses in 2019-20, having already achieved monthly surpluses in February and March 2019. The funds FFY raised from investors have enabled them to increase loan volumes. Crucially, the investment allowed FFY to further its spend on developing and implementing automated systems within the business, particularly on the decision-making process for loan applications. Increasing capacity via automation will assist FFY in meeting the significant demand in the market for their loans and in turn boost volumes and propel FFY to financial sustainability.

Social Impact

FFY provides low-income customers with access to fair credit and a great range of home items they can pay off weekly at an affordable rate. As well as moving vulnerable individuals away from these short-term, high-cost credit providers, FFY offers signposting to debt advice charities and the Money Advice Service to support individuals experiencing financial difficulty however they can. FFY is a certified social enterprise aiming to empower people to borrow money sustainably and fairly.

FFY is rated 9.7 out of 10 on Trustpilot based on almost 4,000 customer reviews. FFY keeps prices as low as possible, supporting almost 18,000 customers in 2018 year to access essential homeware products through smaller regular payments.

When compared to a high street rent-to-own store, with a typical representative APR of 69.9% compared to FFY at 3.5% per month, the average customer saves between £150 - £200 over the course of an average 44-week loan. The total potential customer savings from four of the top-selling products at FFY over the last 12 months is over £1 million.

Outcomes

Item	Average item prices	Average price paid by FFY customer	Average saving when compared to RTO stores	Number of items provided by FFY	Total potential savings
Bed / mattress	£348.32	£415.24	£176.58	2,065	£364,638
Cooker	£398.01	£474.45	£201.77	1,592	£321,218
Fridge / freezer	£343.42	£409.38	£173.67	702	£121,916
Washer / dryer	£306.36	£365.15	£115.36	1,830	£211,108
				Total	£1,018,880





# Big Creative Education

**Date of investment:**  
**October 2017**

**Amount Committed:**  
**£600,000**

**Target beneficiaries:**  
**Young People**

**Social mission:**  
**To transform the lives of young people through inspirational teaching, and by providing exceptional access to career opportunities in the creative industries.**

## **Investment Overview**

BCE is a forward-thinking independent training provider, founded in Waltham Forest in 2000, for young people who want to pursue a career in creative, media, gaming, events, fashion and performing arts industries. The fund's investment, alongside funding from the Greater London Authority Further Education Capital Fund and Charity Bank, funded the development of the workspace, which will allow BCE to 'develop talent, transform lives and create careers' through creativity.

## **About Big Creative**

Big Creative Education (BCE) has a vision for a creative hub at the heart of the Blackhorse Lane regeneration area comprising of a new Academy, a creative co-working space and a range of other facilities for the community. It offers industry-led education, immersing students in industry-based projects, supported by tutors with real-world backgrounds in the creative sector and provides access to high-quality technology and equipment.

## **Recent Developments**

The co-working space, Creative Works, has started welcoming tenants. Creative Works acts as a workspace for 90 creative industry professionals and SME employers, with capacity to take on more in the coming year. In turn, young students aged 16 to 24 from some of North and East London's most disadvantaged areas, are being offered apprenticeships, training, mentoring and practical support provided by those utilising the space, with seven apprentices to date.

## **Social Impact**

Trading surpluses, from the letting of co-working space in Creative Works, will be reinvested into subsidised rents and furthering the educational mission of the organisation. Creative Works will provide support to help early-stage creative businesses grow and thrive within an accelerator model. The partnership of education, industry and social investment working together is turning the venture into an exciting and unique flagship creative education offer for East London.

Tenants of the workspace receive rent discounts for taking on BCE students as apprentices and for work experience, enabling them to build those all-important industry networks that traditionally keep young people from lower-income backgrounds outside the creative employment market. BCE envisages a significant increase in the number of apprenticeships it will be able to facilitate with up to 200 apprenticeships per year planned by 2020.

BCE also provides a starting point for young people, no matter their previous education experience and prior qualifications to attend the Academy. They also support young people not in employment, education or training (NEET) and learners with learning difficulties or disabilities. The Academy extends BCE's educational activities, with 50% of students progressing to higher education, of which 50% are the first within their families to attend university.





# Village Underground

**Date of investment:**  
**November 2017**

**Amount Committed:**  
**£600,000**

**Target beneficiaries:**  
**Children and young people**

**Social mission:**  
**To build and provide affordable studios for creative people who were struggling to get a foothold in London.**

## Investment Overview

In February 2018, the fund invested £600,000 alongside the Arts Impact Fund and Triodos Bank to start the conversion of the derelict Savoy Cinema in Hackney into a £3 million, 2,500-capacity multi-arts venue. This centre, known as Earth, is operated by innovative arts facilitators and venue operators Village Underground, in partnership with the socially driven arts charity Community Music.

Community Music aims to improve social mobility and young people's lives through music. It uses music to engage children and young people from across the social spectrum, particularly those who are socially excluded or disengaged from education and positive community participation.

## About Village Underground

Village Underground started in 2006, with the aim of building affordable studios for creative people who were struggling to get a foothold in London. Community Music aims to improve social mobility and young people's lives through music. It uses music to engage children and young people from across the social spectrum, particularly those who are socially excluded or disengaged from education and positive community participation.

## Recent Developments

Since the investment, Village Underground has restored the derelict cinema. Village Underground has rebranded the originally titled Hackney Arts Centre as Earth (Evolutionary Arts Hackney). The business now features a performance theatre and state-of-the-art music venue space. Village Underground continues its partnership with Community Music, who at the core of the new venue will operate a not-for-profit social programme – Earth Studios.

As a dedicated music education centre for young people in the community, it aims to be a leading charity for music and young people. Village Underground is currently renovating the basement into a production and recording studio, rehearsal and office space. The arts programme at Earth has been curated to span a multitude of genres and voices as well as debates, comedy and films.

## Value Added

Big Issue Invest has provided a loan to Village Underground to support its continued growth and work with the Community Partnership. We are also working closely with Village Underground to further develop its social value focus and reporting, assisting management to articulate and further their social impact work.

## Social Impact

Village Underground's space, equipment and technical support will enable Community Music to scale up their outreach programmes. These community music programmes have been delayed due to further construction of their music studio. We are expecting this project to be launched as soon as this space has been constructed and are excited to see the impact created from these education and training programmes. The team will work with hard-to-reach young people who are often socially excluded or disengaged from education and positive community participation, to create life opportunities for them through music. Community Music will run four education and training programmes and by year five, their initial four education and training programmes will grow to 12 annual programmes.





# Five Bridges Homelessness



**Date of investment:**  
**March 2018**

**Amount Committed:**  
**£131,250**

**Target beneficiaries:**  
**Homeless people and people with mental health needs**

**Social mission:**  
**Changing Lives strives to support people with addiction issues to overcome their problems, through specialist support and programmes, and then provides ongoing support to create positive, lasting changes in their lives.**

#### Investment Overview

Changing Lives is delivering a programme as part of the Ministry of Housing, Communities and Local Government's Social Outcomes Contract (SOC) to eight local authorities. The aim of this SOC is to support entrenched rough sleepers to achieve accommodation, better managed needs (BMN) and employment, education and training (EET) outcomes. Changing Lives was established in 1970 as the Tyneside Cyrenians to support homeless people in Newcastle. The organisation grew and diversified, eventually in 2013 rebranded itself as Changing Lives.

## About Five Bridges

Changing Lives helps over 17,000 people change their lives for the better each year. They are a national charity working with people who have complex needs, helping them make meaningful and lasting improvements to their lives. Changing Lives supports individuals experiencing homelessness, domestic violence, addictions, and long-term unemployment across the country.

Changing Lives offers homelessness services across the North East, providing a safe place to stay alongside strengths-based support. Changing Lives hopes that homelessness will be a brief transitory period in someone's life and not a permanent cycle that people find hard to escape.

Changing Lives' accommodation services help people experiencing homelessness, as well as providing longer-term housing in its growing range of rental properties. It actively supports individuals and their families recover from addiction, reaching out to communities to engage those at the very edges of society – whether because of rough sleeping, mental health problems, addiction, exploitation or violence.

## Recent Developments

Changing Lives recently triggered an Early Warning Indicator due to lower than expected accommodation outcomes. While the team has been carrying out some valuable work with clients across Gateshead and Newcastle, sourcing accommodation that is suitable and available for clients is proving to be difficult. We are supporting the commissioner and delivery provider in Newcastle to further understand where the specific issues are arising. By using our experience with the other MHCLG and homelessness SOC that have been successful at sourcing appropriate accommodation, we can provide the knowledge and access they need. Connecting Changing Lives with the SOC team, the SOC team have suggested to bring on a pro-bono advisor from Newcastle Council who is carrying out a review of the service to understand where there are skills and efficiency gaps.

## Social Impact

Changing Lives are working with a cohort of 150 homeless people in the North East to support them into accommodation, better managed needs and training. The service they provide allows people who have been rough sleeping, often for many years, to move out of social isolation and begin to rebuild the different areas of their life that have fallen out of place.

The organisation has faced challenges with achieving the target outcomes laid out in this contract, largely due to a lack of suitable accommodation in the local area as discussed above. These challenges have not stopped Changing Lives from achieving significant impact, particularly in the areas of health and wellbeing. Most of their clients have had an initial wellbeing check to assess their overall needs across the duration of the programme, and the number of individuals entering and sustaining drug addiction treatment has exceeded their targets.

Changing Lives places a lot of emphasis on measuring the softer outcomes achieved by their cohort outside of the social outcomes contract, as this shows a much clearer picture of the changes occurring in people's everyday lives. Across the life of the programme, more than 143 people have received support with their benefits claims, and 165 have been given support to access a local GP. Alongside these outcomes, the team has aided individuals to contact family members, access a sexual health check and open a bank account. This shows the range of support the Changing Lives team provides, alongside the more long-term goals of achieving and maintaining tenancies and helping cohorts seeking treatment for alcohol and mental health treatment.

## Outcomes

**57%**

**36 individuals sustained accommodation for 3 months or more in 2018/19 with an original target of 63**

**23**

**wellbeing assessments completed in 2017/18**

**125%**

**94 wellbeing assessments completed in 2018/19 with a yearly target of 75**

**2**

**individuals entered alcohol treatments in 2017/18**

**27%**

**3 individuals entered alcohol treatments out of the yearly target of 11 in 2018/19**

**2**

**individuals entered drug treatment in 2017/18**

**129%**

**18 individuals entered drug treatment in 2018/19 with an annual target of 14**

**475%**

**19 individuals sustained drug treatments with an original target of 4 for 2018/19**



# Five Lamps





**Date of investment:**  
**July 2018**

**Amount Committed:**  
**£1,000,000**

**Target beneficiaries:**  
**People with low incomes and those who are financially excluded**

**Social mission:**  
**To transform lives, raise aspirations and remove barriers to social, economic and financial inclusion.**

#### Investment Overview

The competitive landscape for Five Lamps is dominated by lenders who offer payday loans, rent-to-own, guarantor and home credit loan products, characterised by short terms and interest rates ranging from 100%-1,500%. Customers can access loans through short application processes and receive cash quickly to meet their immediate needs. Five Lamps' ability to provide a rapid decision, on terms that are substantially cheaper than competitors, in most cases, provides an opportunity to better reach the financial needs of a vulnerable demographic.

In contrast to many competitors, Five Lamps does not charge any fees for late payments and ensures that the most flexible arrangements are created for its customers, often coupling lending with referrals to money management services when needed. New customers with Five Lamps can develop and improve their history by initially taking on small loans, followed by greater top-up loans, as initial loans are repaid.

## About Five Lamps

Five Lamps Organisation is a Stockton-on-Tees charity, established in 1985 with a mission to transform lives, raise aspirations and remove barriers to social, economic and financial inclusion. Five Lamps' current range of services includes personal loans, youth clubs, enterprise coaching, as well as energy and home debt products. Five Lamps was the first UK CDFI to secure full Financial Conduct Authority (FCA) permissions in August 2015.

The organisation has incorporated a trading company subsidiary – Five Lamps Trading – which is intended to house all new lending activities, both allowing for greater transparency in financial performance between the lending and charitable activities and making it easier for the trading company to raise capital to scale its impact.

Customer quote:

*“They (Conduit) give people the opportunity to get a loan without high interest rates. They make sure everything is done promptly, would highly recommend”*

## Recent Developments

Over the last two years, Five Lamps has invested significantly in developing an end-to-end technology system – including proprietary automated decision-making software, a customer-facing online application portal and back office loans administration system – to more efficiently operate the personal lending business, provide loans at a faster rate, and to set the stage for future scaling. As a result of this recent focus on improving operations and systems, Five Lamps has scaled down lending volumes in recent years, while broadening the customer base and lending to more customers with lower credit scores. The intention now is to leverage these improved systems to significantly scale lending and impact.

## Social Impact

Five Lamps is providing an alternative to high-cost lenders through its affordable loans provided by Conduit, their ethical loans service. The target clients of Five Lamps are financially excluded individuals, 49% are in employment and the average customer has a credit score of 532. Since investment in July 2018, they have provided 4,317 loans to customers at a total value of £2.9 million. When comparing this total loan value from Conduit at a typical APR of 99.8% to an average high-cost short-term credit lender with a typical APR of 299%, Five Lamps customers have made a total saving of £1,236,338 from July 2018 – March 2019.

Five Lamps has an exceptional customer service track record, with 97% of customers happy with the service they received. Customer service feedback also highlights the impact that the loans from Conduit have had on their wellbeing, with 50% of customers stating that as a result of the service they spend less time worried or stressed, and 45% feel better able to cope with everyday life. The impact of Conduit is also on customers' financial sustainability for the future, with 57% of customer reporting they have an improved understanding of when to use credit and 56% reporting they have an improved ability to manage their money. Loans from Conduit are providing vulnerable and low-income individuals with the affordable credit they need when they need it, whilst also equipping them with the skills to improve their financial wellbeing and future money management.

## Value Added

BII invested £625,000 in July 2018, alongside other social investors, aiming to give Five Lamps the capital it needed to continue lending to those requiring the financing most. Five Lamps continues to grow its footprint across the UK during a challenging time in the marketplace. BII has a non-executive role on the Five Lamps Board to help support the management's strategic and financial decisions for the company.

Customer quote:

*“Been with Conduit for years, your staff are exceptional - always there to help and assist, never had a problem! First class service and I would always highly recommend you”*

## Outcomes

**4,317**

number of loans advanced

**£2,297,833**

amount advanced

**£239**

average savings per customer (vs relevant high-cost, short-term credit provider)\*

**532**

average credit score of customers

**98%**

of customers would recommend Conduit\*\*

**56%**

of customers have an improved ability to manage their money\*\*

**92%**

of customer will avoid high-cost lenders in the future\*\*

\* Comparing a £500 Conduit loan, repaid over 52 weeks @ £13.41 per week. Repay £697.32 @ 99.8% APR to a £500 Provident loan, repaid over 52 weeks @ £18.00 per week. Repay £936.00 @ 299.30%. £239 saving per loan.

\*\* Based on customer survey feedback





# Smile Together Dental CIC



**Date of investment:**  
**December 2018**

**Amount Committed:**  
**£1,000,000**

**Target beneficiaries:**  
**Under-served population of South West England (fishing communities); children; people with disabilities**

**Social mission:**  
**Smile Together Dental aims to create healthier, happier communities by delivering dentistry with social impact.**

#### Investment Overview

Smile Together delivers dentistry with social impact covering Cornwall and the Isles of Scilly and are one of the South West's largest NHS referral and emergency dental care providers. Their West Country Dental Care team provide urgent and emergency dental treatments for people who don't have their own dentist, run out-of-hours surgeries and apply expert skills to treat children and adults with a range of special care needs alongside oral surgery, children's orthodontics and treatments under general anaesthetic in a hospital setting. Under their Brighter Dental brand, Smile Together provides NHS care and competitively priced private dentistry from practices based in the heart of their communities and owns a specialist dental laboratory, Dental Prosthetic Solutions (DPS).

## About Smile Together

Smile Together is an award-winning and innovative organisation that has over 120 dedicated clinical and support professionals, functioning as an employee-owned community interest company and social enterprise. Smile Together has clear aims for reinvesting their profits back into frontline dental services and into the community, with a mission to tackle oral health inequalities and give people access to regular and high-quality dental care.

The social enterprise measures its achievements across four key pillars: 1) Prevent: reducing tooth decay among the most vulnerable parts of their community by intervention and education; 2) Reach: reducing health inequalities within their communities by bringing accessible dental treatment to those who need it most; 3) Treat: ensuring all patients receive high-quality dentistry focused on patient care and clinical excellence; 4) Engage: with a range of commissioners, investors and partners to make a real difference to patients, their team and their community.

## Recent Developments

Smile Together has continued running its campaign called 'Brighter Smiles', which brings practical tooth-brushing clubs, fluoride varnishing and oral health education to children in areas of high decay across Cornish communities. Their team has engaged with almost 2,500 children during the 2018-19 year and has seen a 149% increase since the previous year. Smile Together now regularly visits 66 school communities, which is more than twice as many visited in 2017-18. While their award-winning 'Smiles at Sea' campaign continues in harboursides across Cornwall and Devon in a mobile dental unit, the team is able to provide dental treatments and oral health advice to fishermen who rarely get the chance to visit a dentist.

Supported by BII, the social enterprise opened a brand-new, purpose-designed and fully accessible dental centre in May 2019 at Harleigh Road in Bodmin, transforming dentistry provision in the county, seeing an increased capacity and accessibility of dentistry in Cornwall.

## Social Impact

Smile Together is a dental practice with a difference using their strategy of 'Prevent, Reach, Treat' to bring dental care to thousands who struggle to access it in the South West of England. About 49% of adults and 42% of children do not have an NHS dentist in England. Smile Together is helping to reduce these inequalities in healthcare by bringing accessible dental treatment to those who need it most, seeing 115 fishermen through their 'Smiles at Sea' programme in 2018. With 23,500 people on the NHS waiting list in Cornwall and the Isles of Scilly, and with twice the national population average of individuals with a long-term illness or disability, organisations like Smile Together are crucial in ensuring people get fair and good-quality dental care. Last year 80% more special care patients were treated than contracted to see. Alongside outstanding dental care, the Smile Together team runs the Brighter Smiles education programme, which aims to reduce tooth decay among the most vulnerable parts of the community through intervention and education for children. This programme has reportedly saved the NHS £604,000 through preventative action.

Since the investment in January 2019, Smile Together has been able to expand its services to even more emergency and special care patients, individuals within fishing communities, and children. In a recent survey 97% of patients said they would recommend Smile Together to friends and family. We are especially proud to report Smile Together's sustainability efforts and responsibility towards their local community, recycling or donating used equipment to DentaId, ComputerAid and a local school.

## Value Added

BII invested £1 million to convert the Harleigh Road property in Bodmin, into a best-in-class dental centre to improve and diversify the services that Smile Together already provides. The investment enables Smile Together to increase access to emergency and specialist dental care, alongside routine care and provides better access of facilities for special care and emergency patients.

## Outcomes

**4,952**

patients seen in emergency appointments

**970**

special care patients seen

**29**

patients reached within fishing communities

**485**

new patients registered with Brighter Dental

**4.79%**

improved access to dental care ratio

**97%**

friends and family likely to recommend ST

**>3 times**

clinical colleagues completed >3 times as much verifiable CPD training as was required

**308**

pupils receiving campaign support

**416**

pupils receiving council-funded support





# Directors of the General Partner

## **Danyal Sattar**

Danyal Sattar joined Big Issue Invest as CEO in December of 2018. He has more than 25 years' experience in the social and ethical investment, charitable and impact investment sectors, working on social investment for foundations such as Joseph Rowntree Foundation, Esmée Fairbairn Foundation and Access Foundation as well as for social investors Big Society Capital, Charity Bank and Aston Reinvestment Trust.

## **Parveen Bird**

Parveen has worked at The Big Issue for 15 years in various roles. Starting on a voluntary basis in the publishing and marketing department, Parveen now sits on the Group Board of Directors and on the Big Issue Invest Board. Parveen is also a Trustee of the Big Issue Foundation. Prior to this Parveen worked as a broadcast journalist at GMTV and the BBC.

## **Stephen Howard**

Stephen is the Chair of Power to Change after he retired as Chief Executive of Business in the Community after 10 years in post. Stephen brings a wealth of senior management experience acquired in the corporate sector. Stephen has held a number of executive and non-executive roles including Chief Executive of Cookson Group plc and Novar plc. Some of Stephen's other roles include, Chair of Thames Reach and Trustee of Big Society Capital.

## **Vaughan Lindsay**

Vaughan has decades of experience as a CEO, Executive Director and Chair, adept at driving innovation and performance improvement in impact investing for social enterprise. He most recently was Executive Director at LeapFrog Labs, the innovation and knowledge sharing hub of LeapFrog Investments. He was CEO of Dartington Hall Trust, a social enterprise innovation trust responsible for pioneering new initiatives and was an Associate Principal at McKinsey & Company and is the CEO of Climate Care.

# Investment Advisory Committee

## The Investment Advisory Committee includes the following:

### **Georg Stratenwerth**

Georg works as a Senior Advisor to Pillarstone. He spent most of his career in Private Equity, initially with JP Morgan Partners and then Advent International. He worked as a management consultant at Mercer Management Consulting and Roland Berger & Partner. Georg also serves as a member of the Ashoka support network and is on the Board of Trustees of ClientEarth and CASA, a Big Issue Invest investee.

### **Kate Markey**

Kate is CEO of London Community Foundation. Prior to this, Kate was the Divisional Director of Employment Services of The Forward Trust, a social business supporting people in the criminal justice system to make transformational change in their lives. Kate is a board member of ERSA, a Trustee of VoiceAbility, a Fellow of the RSA and a member of the Advisory Council of Big Society Capital. Before joining The Forward Trust, Kate was Deputy Chief Executive of CAN.

### **John Gilligan**

John Gilligan has worked in the private equity and venture capital industry for over 30 years. He started his career in 1988 at 3i Group plc as a financial analyst. He was then a Corporate Finance Partner of Deloitte and latterly BDO for over 20 years. He is currently the Director of the Oxford Saïd Finance Lab at Saïd Business School, University of Oxford. John is also a Visiting Professor at Imperial College Business school and has degrees from Southampton University, Nottingham University and London Business School.

### **Jeremy Rogers**

Jeremy was at JP Morgan from 1998 to 2008 where he set up their successful European High Yield and Distressed Debt group. Jeremy was promoted to MD in 2005, at the time the youngest MD at JP Morgan. Jeremy is now Chief Investment Officer for Big Society Capital. He also sits on the Investment Committee of the Lankelly Chase Foundation and is a Senior Adviser to the Rockefeller Foundation's Innovative Finance program.

### **John Montague**

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



# Fund Management Team

## Lars Hagelmann Investment Director

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

## Mark Lovell Investment Director

Mark has over 20 years' experience as a CEO, Executive Chairman and Non-Executive Director of organisations involved in the delivery of public services both in the UK and internationally. Having worked across the social investment market since 2008 he has extensive experience working with commissioners, providers and investors on the development of Social Impact Bonds.

## Ana Swirski Investment Manager

Ana began her career working at Barclays Wealth and Investment Management, where she worked across clients' multi-asset investment portfolios. Whilst at Barclays she focussed on developing investment solutions for clients and researching funds with a social impact focus. Ana is a CFA charterholder.

## Jonathan Page Investment Manager

Jonny started his career at Deloitte where he qualified as a Chartered Accountant, heading up post-transaction valuation assurance work across the EMEA region and managing subsidiary audits of US listed clients. Before joining Big Issue Invest, Jonny spent two months supporting a social enterprise in Cambodia.

## Sergio Sanchez Investment Manager

Sergio started his career in finance control, then moved to PwC where he worked as a Systems and Processes auditor and further developed his career as a Risk Management consultant. He combines experience working for commercial, public sector and non-profit organisations in the UK and Spain.

## Chloe Tye Impact Analyst

Chloe has an MSci in International Relations and Global Issues from the University of Nottingham. During a year studying regional politics in Australia she spent some time in Indonesia volunteering with an education charity. Whilst studying she also completed an internship in international conflict resolution with a social enterprise.

## William Male Trainee Analyst

William completed post-graduate education in the field of Environmental Geography and International Development. Whilst studying he performed frontline delivery work addressing homelessness in Norwich. He started his career by completing an internship at the Department for International Development as a business analyst.

# Fund Information

## General Partner

### Big Issue Social Investments Limited

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## Directors of the General Partner

**P Bird, S Howard, V Lindsay (Chair),  
D Sattar, Manager**

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## Limited Partnership Registration Number

LP016824

## Directors of the Manager

**Parveen Bird, John Gilligan,  
Daniel Godfrey, Danyal Sattar,  
Melanie Tillotson, Vaughan  
Lindsay (Chair)**

## Investment Advisory Committee

**Georg Stratenworth, Jeremy Rogers,  
Kate Markey, John Montague,  
John Gilligan**

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