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

For the year ended 31 March 2016
Dear Limited Partner,

This is the sixth Annual Report for Big Issue Invest’s Social Enterprise Investment Fund L.P. (the ‘Fund’). The objective of the Fund is to supply growth capital to social enterprises to increase their scale, sustainability and social impact and to provide social and financial returns to investors. This report provides an update on our investment activities over the twelve month period ended 31 March 2016 as well as detailed profiles of the financial and social performance of the Fund’s investments. Unlike in previous years, the audited annual accounts of the Fund are not included with this report and have been provided to investors under separate cover.

2015/16, we invested in what is likely to be the last new investee of the Fund, Herefordshire Mind. The mental health charity will use the £1,625,000 investment from the Fund, which will be drawn down in tranches, to build accommodation for people with mental health issues stepping down from hospital. As well as providing invaluable support, the project should generate small surpluses that will support Herefordshire Mind’s continuing outreach services in the community.

In total, £1.2 million was disbursed by the Fund to UK social enterprises during 2015/16; £659,210 into new investees and £537,983 into existing portfolio businesses, bringing the total amount disbursed by the Fund since inception to £7.76 million. Since the end of the period, an additional £372,000 has been disbursed, bringing the total amount invested by the Fund to date to £8.14 million; representing 88% of the Fund’s original committed capital. The remaining undisbursed commitment to Herefordshire Mind is scheduled for full drawdown by March 2017, after which the General Partner, in consultation with the Manager and the Investment Advisory Committee, will take a decision on the distribution of any excess capital remaining in the Fund.

The Fund continues to make periodic distributions of capital to investors, having returned over £1.1 million in the twelve months ended 31 March 2016 and £2.5 million to date. The Fund’s first lump sum annual income distribution was made in October 2016.

With the Fund fully committed, we last year initiated efforts to raise a successor to the Big Issue Invest Social Enterprise Investment Fund (‘SEIF I’). I am pleased to report that ‘SEIF II’ had a first close of £21 million with seven LPs in October 2015. Fundraising continues and we hope to close off this new fund at £30 million by the end of the 2016/17 financial year. This will allow Big Issue Invest to continue meeting its objectives of investing in and supporting organisations that are seeking to achieve positive social change. I am sure that ‘SEIF II’ will benefit from the experiences of raising and investing the first Fund and for this we owe much gratitude to the pioneering investors in ‘SEIF I’.

NOVEMBER 2016
We have recently completed a reforecast of the Fund’s financial model. Investors will recall that the Fund had high development costs relative to its size and therefore charged investors an arrangement fee of 4%. We were also compelled by one of our cornerstone investors to draw down all investor capital at subscription. These factors, combined with a relatively slow start to investing due to weak demand from the social enterprise market caused by recession and consecutive rounds of budget cuts, as well as lower than expected interest income on cash deposits, will have had a cumulative negative effect on the ultimate net financial return of the Fund. We remain confident that ultimately all capital will be returned to the Partners but with a reduced financial return. It is important to note in this assessment that the 25 investments we have made into 21 different social enterprises have in aggregate met or exceeded expectations in terms of financial performance to date. Moreover, the social performance of our investees, evidenced through consistent improvements over time in impact measurement and reporting, has been truly impressive and inspiring.

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

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

Yours sincerely,

Ron Sheldon
Chair of the General Partner and of the Investment Advisory Committee
The Social Enterprise Investment Fund (the ‘Fund’) was launched in June 2010 to provide creatively structured medium term growth capital to social enterprises with a clear potential for growth, long-term financial sustainability and high social impact.

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

Big Issue Social Investments Limited is a subsidiary of Big Issue Invest, part of The Big Issue Group of companies. Since 2005, Big Issue Invest has been pioneering the financing of social enterprises. Big Issue Invest Fund Management Limited is responsible for investment sourcing, due diligence, structuring and monitoring of investments.
The Fund’s focus is on investing in organisations that are using innovative, socially driven and sustainable business models to improve the lives of the most disadvantaged individuals and communities. We are particularly interested in backing organisations that tackle the underlying causes of social problems.

At the time of the Fund’s launch we defined five expected social impact areas:

• Job creation, education and training;
• Health and social care;
• Financial inclusion;
• Community-based asset development;
• Community-driven environment.

As the Fund developed over time, responding to the needs of the social investment market and the most pressing social concerns being tackled by social enterprises, we have refined and recategorised our core impact areas as follows:

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

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

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

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

March 2015
£350,000 capital disbursed to investors
Futureshapers £350,000
HCT (2nd investment) £1.075m
Stramash £180,000

July 2015
£121,528 capital disbursed to investors
Goodwill Solutions exited
INVESTMENT TIMELINE

2010
- June 2010: Launch of the Fund
- October 2010: HCT (1st investment) £500,000
- October 2010: Firestation £50,000
- January 2011: 4Children £500,000

2011
- November 2010: HCT (1st investment) £500,000
- October 2011: Firestation £50,000
- January 2012: 4Children £500,000

2012
- March 2011: Cool2Care £100,000
- December 2011: Housing Action Limited £250,000

2013
- March 2012: 4Children exited
- May 2013: Sandwell Community Caring Trust £725,000
- August 2013: Moneyline £700,000
- January 2014: Goodwill Solutions £125,000

2014
- March 2013: SCA Trafalgar £250,000
- March 2013: Thames Reach £250,000
- March 2013: Housing Action Limited exited
- March 2014: MyTime CIC exited
- June 2014: CoWheels £160,000

2015
- March 2015: £350,000 capital disbursed to investors
  Futureshapers £350,000
  HCT (2nd investment) £1.075m
  Stramash £180,000
- July 2015: £121,528 capital disbursed to investors
  Goodwill Solutions exited
- June 2015: £48,719 capital disbursed to investors
- November 2015: Moneyline exited
- December 2015: £907,026 capital disbursed to investors
  HCT Group (1st investment) exited
THE FOLLOWING INVESTMENTS WERE HELD AT 31 MARCH 2016:

<table>
<thead>
<tr>
<th>Investee</th>
<th>Investment Type</th>
<th>Committed Capital (at 31 March 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-wheels Car Club CIC</td>
<td>Fixed Rate Loan &amp; Revenue Participation</td>
<td>£160,000</td>
</tr>
<tr>
<td>Fair Chance Fund - De Paul</td>
<td>Social Impact Bond</td>
<td>£100,000</td>
</tr>
<tr>
<td>Fair Chance Fund - St Basil's</td>
<td>Social Impact Bond</td>
<td>£150,000</td>
</tr>
<tr>
<td>Fair Chance Fund - Local Solutions</td>
<td>Social Impact Bond</td>
<td>£300,000</td>
</tr>
<tr>
<td>Fair Chance Fund - Ambition East Midlands</td>
<td>Social Impact Bond</td>
<td>£255,000</td>
</tr>
<tr>
<td>Firestation Operating Co Ltd trading as 'Brigade'</td>
<td>Fixed Rate Loan</td>
<td>£50,000</td>
</tr>
<tr>
<td>Futureshapers Sheffield</td>
<td>Social Impact Bond</td>
<td>£350,000</td>
</tr>
<tr>
<td>HCT Group Ltd</td>
<td>Fixed Rate Loan &amp; Revenue Participation</td>
<td>£1,075,000</td>
</tr>
<tr>
<td>Herefordshire Mind</td>
<td>Fixed Rate Loan</td>
<td>£1,625,000</td>
</tr>
<tr>
<td>Highland Home Carers Ltd</td>
<td>Fixed Rate Loan</td>
<td>£460,000</td>
</tr>
<tr>
<td>London Early Years Foundation</td>
<td>Fixed Rate Loan</td>
<td>£625,000</td>
</tr>
<tr>
<td>Sandwell Community Caring Trust</td>
<td>Fixed Rate Loan &amp; Revenue Participation</td>
<td>£725,000</td>
</tr>
<tr>
<td>SCA Trafalgar Dental Services</td>
<td>Fixed Rate Loan</td>
<td>£250,000</td>
</tr>
<tr>
<td>Stramash Social Enterprise</td>
<td>Fixed Rate Loan</td>
<td>£180,000</td>
</tr>
<tr>
<td>Thames Reach</td>
<td>Loan with Outcomes-Based Return</td>
<td>£250,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>£6,555,000</strong></td>
</tr>
</tbody>
</table>
PERFORMANCE SUMMARY

HEADLINE RESULTS FOR 2015/16

15 CURRENT INVESTMENTS

547 VULNERABLE TEENAGERS IMPROVED THEIR BEHAVIOUR AND ATTENDANCE AT SCHOOL

921 VULNERABLE 18 TO 24 YEAR OLDS MOVED INTO STABLE ACCOMMODATION

207,000 HOURS OF CARE DELIVERED BY HEALTH AND SOCIAL CARE PROVIDERS

710 QUALIFICATIONS GAINED AS A RESULT OF SUPPORT OR TRAINING BY OUR INVESTEES

OF WHICH

559 WERE ENTRY LEVEL OR UNACCREDITED QUALIFICATIONS

AND

151 WERE APPRENTICESHIPS AND LEVEL 2 OR 3 QUALIFICATIONS

436 PEOPLE MOVED INTO EMPLOYMENT AS A RESULT OF TRAINING OR SUPPORT FROM OUR INVESTEES

OF WHOM

52 INDIVIDUALS WITH COMPLEX NEEDS SUSTAINED EMPLOYMENT FOR SIX MONTHS OR MORE

4192 CHILDREN RECEIVED HIGH QUALITY INNOVATIVE NURSERY EDUCATION

AND APPROXIMATELY

45% RECEIVED FINANCIAL SUPPORT TO ATTEND

456 PEOPLE MOVED INTO EMPLOYMENT AS A RESULT OF TRAINING OR SUPPORT FROM OUR INVESTEES

OF WHOM

52 INDIVIDUALS WITH COMPLEX NEEDS SUSTAINED EMPLOYMENT FOR SIX MONTHS OR MORE

4192 CHILDREN RECEIVED HIGH QUALITY INNOVATIVE NURSERY EDUCATION

AND APPROXIMATELY

45% RECEIVED FINANCIAL SUPPORT TO ATTEND

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TOTAL CUMULATIVE CAPITAL DISBURSED*
* Including closed transactions

- 31st March 2013: £2.28m
- 31st March 2014: £3.67m
- 31st March 2015: £6.57m
- 31st March 2016: £7.76m

NUMBER OF INVESTEES BY PRIMARY TARGET POPULATIONS*
* Investees often target multiple target groups and outcome areas

- People with low incomes: 4
- Disabled people: 4
- People who are homeless: 3
- Young people: 3
- Children: 3
- Older people: 3
- People with long-term health conditions: 2
- Long-term unemployed: 2
- People with mental health needs: 1

* Including closed transactions
Why is this a priority?

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

What do we want to achieve?

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

- Develop soft skills
- Increase qualification levels
- Enter and sustain high quality employment
- Ultimately increase wellbeing

How do our investees make an impact?

**Fair Chance Fund and Thames Reach**
Supporting homeless people to find, enter and sustain training and employment opportunities.

**Futureshapers**
Supporting at-risk young people to achieve at school and progress into employment.

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

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1. UK Labour Market statistical bulletin, Office for National Statistics, September 2015
2. Youth unemployment statistics, number 05871, House of Commons Library, September 2015
EDUCATION AND LEARNING

Why is this a priority?

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

What do we want to achieve?

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

- Increase the provision of high quality early years education in low-income communities
- Improve childhood development and life chances for children from disadvantaged backgrounds

How do our investees make an impact?

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

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

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

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

Why is this a priority?

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

How do our investees make an impact?

Sandwell Community Caring Trust
Demonstrating how social enterprise can deliver high quality social care.

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

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

What do we want to achieve?

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

- Improve health
- Reduce loneliness and isolation
- Support independent living

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Why is this a priority?

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

What do we want to achieve?

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

How do our investees make an impact?

Fair Chance Fund
Providing intensive mentoring and support for homeless young people.

Thames Reach
Working with entrenched rough sleepers to get them off the street.
Why is this a priority?

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

How did our investees make an impact?*

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

What do we want to achieve?

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

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7 The UK Poverty Rip-Off: The Poverty Premium 2010, Save the Children, January 2011
* Moneyline exited in 2015/2016; see page 44 of this report for further details
COMMUNITY AND SUSTAINABLE TRANSPORT

Why is this a priority?

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

What do we want to achieve?

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

How do our investees make an impact?

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

Co-wheels
Providing an environmentally friendly and affordable alternative to car ownership.

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

Health and wellbeing benefits result from increased mobility

Reduction in CO₂ emissions

People with mobility difficulties have better access to services and places they wish to visit
Co-wheels Community Interest Company

Date of investment
June 2014

Social mission
Co-wheels provides solutions to ensure that vehicles are used in a smarter way for social and environmental benefit.

Investment
£160,000 fixed rate and revenue participation loan
£145,789 outstanding at 31 March 2016

Number of people benefitting
There were 1,600 new customers in 2015/16.

Target population
People with low incomes, disabled people

Business overview and investment thesis
Co-wheels is the only independently owned national car club operator in the UK, providing low emission, hybrid and electric cars on a pay-as-you go basis for individuals and organisations. Headquartered in the city of Durham, Co-wheels is one of the fastest growing social enterprises and now delivers car clubs in over 60 locations across the UK with a diverse range of operations, from city centres to villages. Some car clubs are used by local authorities and universities as pool cars for staff, while others focus entirely on being shared cars for local residents. Local ownership of operations is encouraged, which are sometimes run as community car clubs or as social franchises. Currently the business has over 5,500 members and over 500 cars in operation.

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

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

The business continued to expand during the year with turnover increasing by 49% to £2,378,001 as well as preparing to introduce a new booking platform which will provide the business with greater efficiencies going forward.
Social impact
Co-wheels aims to regulate car usage so that everyone has access to a car, but only when needed. The company ethos is all about equitable sustainable transport, enabling transport for everyone but doing so in an environmentally responsible manner.

In 2015, Co-wheels published its inaugural impact report, ‘Driving Change Forward’. The report highlighted four routes to impact and described their progress and achievements in each area. Some highlights from this report are outlined below.

<table>
<thead>
<tr>
<th>Route to Impact</th>
<th>Relevant Indicators</th>
<th>Value for 2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smarter travel for employees: providing fleets for organisations that need their staff to travel during the day (e.g. local authorities)</td>
<td>Number of organisations using Co-wheels</td>
<td>338</td>
</tr>
<tr>
<td></td>
<td>Members of staff signed up with Co-wheels</td>
<td>7010</td>
</tr>
<tr>
<td>Minimising emissions: reducing unnecessary car use</td>
<td>Percentage of members saying they are less likely to buy a car in the next few years as a result of membership</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Percentage of members saying they drive less since joining the car club</td>
<td>40%</td>
</tr>
<tr>
<td>Overcoming transport poverty: providing affordable options for car use</td>
<td>Percentage of Co-wheels members from demographic groups with below average incomes</td>
<td>41%</td>
</tr>
<tr>
<td>Community empowerment: enabling communities to take charge of their own transport needs by offering a franchise scheme</td>
<td>Number of community-owned franchises</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Number of members of community-owned franchises</td>
<td>367</td>
</tr>
</tbody>
</table>

* Data is for 2014/2015. Impact report for 2015/16 is due to be published at the end of 2016.
Business overview and investment thesis

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

Social Impact Bonds are a three-way partnership between public service commissioners, service delivery organisations and investors. Unlike traditional commissioning relationships, payments are conditional on service delivery organisations achieving certain agreed outcomes. The outcomes for this Social Impact Bond are targeted across four broad areas: Initial and Ongoing Assessments, Accommodation Sustainment, Education/Training and Employment. Higher payments are available depending on ability to sustain outcomes over increasing time periods. The programme typically involves a period of intensive mentoring, understanding the specific issues a young person faces and sourcing appropriate, sustainable housing in the first instance, prior to supporting that young person into education or employment based on their preferences.

Big Issue Invest made four investments into the FCF:

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

### Details of Investments

- **Date of investment**: December 2014
- **Investment**: £805,000 in Social Impact Bonds across four projects
  - £705,000 outstanding at 31 March 2016

### Key Outcomes

- **Target population**: Young people, people who are homeless
- **Social mission**: To improve the quality of life for young homeless people aged 18 to 24 who are not currently in employment, education or training.
- **Number of people benefitting**: 1115 individuals had started the programme by July 2016.
• Local Solutions; £300,000 investment (only £200,000 drawn down) to enable Local Solutions to work with 139 young people in Liverpool and Knowsley. Local Solutions is a well-established charity in the North West and North Wales, which has been delivering services to support vulnerable individuals since 1974.
• St Basil’s; £150,000 investment to support the delivery of FCF to 351 young people across 30 sites in Birmingham and the West Midlands. St Basil’s is a registered charity with a 40-year track record of providing accommodation and support services for young people (aged 16 to 25) who are homeless, at risk or in conflict.

Recent developments and lessons learned
As the FCF contracts approached their half-way point in March 2016, all four delivery partners had made excellent progress on recruitment, with each exceeding target for the number of young people starting the programme.

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

Despite variation in the nature of service user cohorts, there has been notable consistency in the challenges that all the delivery partners are facing. Overall, providers have been very successful in meeting initial outcome targets (e.g. entry into accommodation, training, employment). However, as expected, providers have found it more challenging to secure long term sustainment outcomes (e.g. maintaining employment for 26 weeks). Education, training and employment outcomes have also proven harder to achieve than accommodation outcomes, primarily due to the varied and complex needs of the client group. All four delivery partners are now focused on refining their models of delivery to secure these harder-to-achieve outcomes in the second half of the programme.

Social impact
The FCF delivery partners had achieved the headline results shown below by July 2016. The organisations are also tracking a range of more detailed indicators that help them to understand the journey participants are taking from start to finish.

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Ambition East Midlands</th>
<th>DePaul UK</th>
<th>Local Solutions</th>
<th>St Basil’s</th>
<th>TOTAL</th>
<th>Overall performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of young people started the programme</td>
<td>409 (target 400)</td>
<td>216 (target 206)</td>
<td>139 (target 130)</td>
<td>351 (target 330)</td>
<td>1115 (target 1066)</td>
<td>Target exceeded</td>
</tr>
<tr>
<td>Number of young people moved into stable accommodation</td>
<td>364 (target 346)</td>
<td>179 (target 184)</td>
<td>112 (target 117)</td>
<td>266 (target 262)</td>
<td>921 (target 909)</td>
<td>Target exceeded</td>
</tr>
<tr>
<td>Number of young people moving into education or training</td>
<td>79 (target 79)</td>
<td>72 (target 71)</td>
<td>96 (target 93)</td>
<td>209 (target 202)</td>
<td>455 (target 446)</td>
<td>Target exceeded</td>
</tr>
<tr>
<td>Number of young people moving into employment</td>
<td>72 (target 70)</td>
<td>28 (target 29)</td>
<td>20 (target 24)</td>
<td>47 (target 29)</td>
<td>167 (target 172)</td>
<td>Target not yet achieved</td>
</tr>
</tbody>
</table>
Firestation Operating Company, trading as ‘Brigade’

Date of investment
October 2011

Investment
£50,000 fixed rate loan
Full amount outstanding at 31 March 2016

Target population
People who are homeless, long-term unemployed

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

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

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

The apprenticeship programme is the peak of the Brigade training experience. It is holistic in nature providing physical and emotional support from Beyond Food and Blossoms Healthcare, and business mentoring from PwC volunteers. Participants work towards a recognised qualification (Professional Cookery NVQ Level 2) and ultimately employment opportunities within the industry through Brigade’s Employment Partners.

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

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

Recent developments
Following a strategic review in 2014, Brigade has continued to develop and refine its offer while focusing on its social impact delivery. In 2015, PwC carried out a Social Return on Investment (SROI) analysis to understand the social impact that Brigade has achieved so far and to harness learning for the future. The analysis found significant developments in impact in the previous three years. More details on the SROI analysis can be found on the facing page.

In 2016, Beyond Food and Brigade have diversified their offer, starting up the ‘Out Front’ course. Having previously focused on supporting individuals with experience of homelessness, this new course is on offer to ‘work ready’ individuals who are unemployed and have minimal qualifications. The four week course offers work experience in the Brigade Bar & Bistro,
professional development workshops and the chance to gain a Level 1 Qualification in Hospitality.

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

There have been significant challenges retaining recruits all the way through the programme due to absenteeism; a reflection of the myriad difficult circumstances participants are facing. For the beneficiaries who started the apprenticeship programme between 2011 and 2014:

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

Despite the challenges of supporting this group, Beyond Food is now working with its 11th cohort of apprentices since opening its doors in 2011. Beyond Food takes on a new apprentice team every six months.

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

The survey found that:

- 100% felt they had increased their ‘job readiness’;
- 93% felt their confidence had increased;
- 93% had greater business awareness;
- 85% had developed skills;
- 77% felt their aspirations had raised.

The SROI analysis found that the apprenticeship scheme was delivering increasing social value with each year that had passed since starting the scheme. In 2013/14, the apprenticeship scheme was believed to deliver £5.49 for every £1 invested.

Freshlife
A short course open to Londoners who are homeless or at risk of homelessness aiming to inspire and motivate

Get Stuck In
Freshlife graduates committed to moving on to education, training or employment can apply to gain 3 weeks kitchen experience

United Kitchen Apprenticeship
Longer term apprenticeship training open to graduates of the first two courses including NVQ level 2 training and professional work placements

@brigadeSE1
www.thebrigade.co.uk
Business overview and investment thesis

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

A total of four contracts were awarded in March 2015, all of which are being financed through Social Impact Bond vehicles. Futureshapers (Sheffield) is a Special Purpose Vehicle (SPV) set up to manage a three-year contract, with Sheffield Futures acting as delivery partner. Sheffield Futures is a highly regarded charity whose mission is dedicated to working with disadvantaged young people aged 14 to 25, to provide support and advice on training, employment, social inclusion and personal development to help them achieve their potential.

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

Recent developments

Following a slower than expected mobilisation phase, which delayed achievement of some initial outcomes, Futureshapers has since experienced impressive recruitment (with 921 young
people joining the project vs. a target of 734) and engagement levels. Given the nature of the project, future GCSE qualification outcomes data will play a large part in determining overall performance.

As Futureshapers enters its second year, the focus is on further developing the post-16 offering to secure Level 3 qualification and employment outcomes, while building on the significant work undertaken to date with young people in the 14 to 15 age group.

Social impact
To date, the greatest successes have been in attitude and behaviour for the younger cohort. Improved attendance has been harder to influence, which is likely to be reflective of the complex personal lives of the participants. The delivery partner is in discussion with the DWP about how this outcome can be better approached.

There are no results to date on the achievement of qualifications, as these are timed to follow the school year. The first participants took exams in summer 2016 and we are awaiting results. By March 2016, Futureshapers had made the following progress on its target outcomes:

<table>
<thead>
<tr>
<th>Outcome for 14 and 15 year olds</th>
<th>Total number achieved</th>
<th>Conversion rate (i.e. % eligible participants achieved)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First improved attitude to school/education</td>
<td>282</td>
<td>65%</td>
</tr>
<tr>
<td>Improved attendance at school</td>
<td>25</td>
<td>6%</td>
</tr>
<tr>
<td>Improved behaviour at school</td>
<td>240</td>
<td>56%</td>
</tr>
<tr>
<td>Achievement of QCF entry level qualification</td>
<td>0</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Business overview and investment thesis

HCT is one of the most highly regarded social enterprises in the UK, operating a model which uses the revenues generated from providing public bus services to reinvest into community transport services and skills training programmes.

This was the first investment made by the Fund and during the investment life the business has seen revenue growth of 61% and a huge expansion in services offered. Importantly, the capital brought by the Fund has enabled HCT to deliver 1.77 million passenger trips for community groups or disadvantaged individuals and help 2,540 people achieve qualifications through HCT programmes.

Recent developments

The Fund recently completed an additional investment of £1.3 million into HCT in December 2015 via SEIF II as part of their wider capital raised. As part of this process, Big Issue Invest’s Managing Director, Edward Siegel has joined the Board of Trustees, augmenting the existing expertise that exists and helping to further embed the relationship with the Fund.

Capital is to be used to help fund future growth opportunities, the redevelopment of the depot at Walthamstow, the funding of new vehicles and some small acquisitions.

The financial year to March 2016 saw a slight drop in revenue to £44.1 million and net profit to £389,000. This dip in performance is mainly attributed to the impact of traffic congestion on its London red bus services as a result of the construction of the Cycle Superhighway and Crossrail. HCT’s contract with TfL includes a performance incentive/penalty regime and their income has been reduced as a direct result of the congestion. With these two major infrastructure projects coming to an end they are hoping traffic congestion will now start to ease.

During 2016, Joyce Moseley’s term as Chair came to an end and Sir Vince Cable, the former Secretary of State for Business Innovation and Skills was appointed as the new Chair.

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Social mission

HCT’s mission is to enhance people’s lives, provide opportunities and bring people and communities together through transport and training. HCT’s primary focus is: provision of community transport services to enable access, increase independence, reduce isolation and support people to lead active and fulfilled lives, including people with disabilities, the elderly and young people. Their secondary focus is: delivering skills, training and job opportunities.

Number of people benefitting

HCT delivered a total of 242,960 individual passenger journeys over the course of 2015/16 and delivered a range of other services to disadvantaged individuals.
Social impact

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

HCT tracks a suite of indicators to understand its impact in different areas and regularly reviews its data collection to ensure the correct information is being tracked in the right way. A summary of key indicators is outlined below.

Passenger trips are tracked through the internal booking and logistics systems and collated to monitor impact every month. Outcomes are measured using a rolling annual cycle of focus groups and user surveys. Learning Centre data is gathered for returns to partners such as the Skills Funding Agency (SFA), colleges and others. Environmental data is collected and analysed as part of day-to-day transport operations and economic data is generated by a monthly analysis of payroll and supplier information.

The Learning Centre’s primary goal is to support people who are unemployed in building the skills and confidence to move into sustainable employment. In 2015/16, 203 people successfully got jobs with the help and support of the HCT Learning Centre.

Travel training equips disabled people with the skills and confidence to travel independently on public transport, providing a step change in independence. For many disabled people, being dependent on specialist transport hampers access to what’s needed to lead an independent life. In 2015/16, HCT trained 126 people to travel independently in Leeds and London.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Percent change 2014/15 to 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit invested back in to community activities</td>
<td>£0.1m</td>
<td>£0.1m</td>
<td>£0.1m</td>
<td>No change</td>
</tr>
<tr>
<td>Passenger journeys provided to community groups</td>
<td>197,832</td>
<td>179,800</td>
<td>174,058</td>
<td>Down 3%</td>
</tr>
<tr>
<td>Passenger journeys provided to individuals</td>
<td>275,568</td>
<td>224,324</td>
<td>242,960</td>
<td>Up 8%</td>
</tr>
<tr>
<td>Individuals trained to travel independently</td>
<td>-</td>
<td>106</td>
<td>126</td>
<td>Up 18%</td>
</tr>
<tr>
<td>Individuals gaining qualifications as a result of training/support by HCT</td>
<td>760</td>
<td>634</td>
<td>497</td>
<td>Down 21%</td>
</tr>
<tr>
<td>Unemployed people gaining jobs as a result of training/support by HCT</td>
<td>81</td>
<td>114</td>
<td>203</td>
<td>Up 78%</td>
</tr>
</tbody>
</table>
Herefordshire Mind

**Business overview and investment thesis**

Herefordshire Mind is a charitable company limited by guarantee that has been delivering mental health services in Herefordshire for 30 years. The organisation is one of 160 affiliates of the national charity, Mind. Although self-governing and responsible for its own services, the company is subject to the wider charity’s standards of governance.

The ethos of the Herefordshire Mind is people-centred, with a focus on helping individuals recover from mental ill-health. Herefordshire Mind employs 75 staff and delivers services to hundreds of people. Services include day-care services, at-home living support and residential nursing care. Herefordshire Mind is paid to deliver services by Herefordshire Council, the new NHS commissioning groups and by individuals through personal budgets.

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

**Recent developments**

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

**Social mission**

To support a better life for people with experience of mental ill-health. At the heart of this is an approach based on recovery, wellbeing, inclusion and the removal of stigma. With this in mind Herefordshire Mind provides empowering person-centred advice, support, and services.

**Number of people benefitting**

The new nursing home, Miller Court is a 14 bedroom facility. A further 11-bed facility (known as the Shires), an at-home mental health support service (for more than 50 individuals) and recovery and wellbeing services (to 180-250 individuals) completes the service offering.

**Date of investment**

August 2015

**Investment**

£1,625,000 fixed rate loan
£659,000 outstanding at 31 March 2016

**Target population**

People with mental health needs

**Health and social care**
Social impact

Herefordshire Mind has a track record of delivering good outcomes, particularly for people with complex mental health needs. Mental health recovery is a slow and non-linear process; only around 10% of service users will sustain fully independent living within five years of referral to rehabilitation services. The outcomes recorded at the Shires – five out of 14 residents successfully moving on to independent living in 2015 – suggest that Herefordshire Mind is performing well with this group of service users compared to the rest of the sector.

“I am listened to, I can do what I want and I am supported to achieve what I decide I want to do.”
- Shire resident speaking to a CQC inspector

“I never thought I would be cooking for myself, I am amazed really.”
- Domiciliary care service user speaking to a CQC inspector

Last year, it provided:
• Residential nursing support to 11 individuals;
• Domiciliary care to 52 individuals;
• Recovery and wellbeing services to 200 individuals.

With the opening of Miller Court in 2016, the service expands to serve a further 14 individuals with severe mental health needs. Herefordshire Mind has ‘good’ Care Quality Commission (CQC) ratings for both its residential service at the Shires and its domiciliary care service.

“I never thought I would be cooking for myself, I am amazed really.”
- Domiciliary care service user speaking to a CQC inspector

“I (My carer) helps me keep in touch with friends and family – they make me laugh and are a good friend.”
- Domiciliary care service user speaking to a CQC inspector

@hfdshiremind
www.herefordshire-mind.org.uk
Highland Home Carers

Date of investment
December 2012

Investment
£460,000 fixed rate loan (aggregate amount)
£221,586 outstanding at 31 March 2016

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

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

Number of people benefitting
In 2015/16 HHC provided home care services to 531 individuals. 331 employees benefitted from the innovative employee ownership model.

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

Employee ownership is an important part of Highland Home Carers’ ethos – the high quality of care comes from the engagement and commitment of staff. HHC believes that the right to share in profits and staff involvement in governance is a driver of service quality. More than 300 staff own shares in Highland Home Carers.

The Fund provided finance to assist Highland Home Carers settle the original employee buy-out funding, the terms of which inadvertently penalised growth and discouraged management from bidding for high-value/low-margin work. This included contracts with a high social value such as delivering 24-hour support to those with complex needs. Highland Home Carers was unable to raise finance from mainstream providers due to its lack of assets and perceived high-risk status. Big Issue Invest provided the investment as a fixed rate loan, the terms of which allow management to invest in staff and to actively grow the business. In subsequent years BII has provided finance for working capital to enable Highland Home Carers to grow.

Recent developments
Highland Home Carers is a success story for the Fund. Turnover has increased every year since the investment and reached almost £7 million in the current financial year. A key driver of growth continues to be additional contracts won through the extension of services to new areas within the Highlands. The business also improved its margins in the most recent financial year, a result of HHC opening a new office outside Inverness in the previous financial year which was required to service new areas in the Highlands.
Social impact

Highland Home Carers is a leader in its field in managing its impact. It runs an ongoing Social Accounting process to assess progress against its social aims and objectives, to track change and to feed into operational plans to improve services. Social Accounting involves engaging with a full range of stakeholders to understand their perspectives on the company’s performance in conjunction with an external audit to ensure accuracy and fairness. Key inputs come from service users, their families and partners, as well as employees. The resulting report reflects on the organisation’s strengths, weaknesses and opportunities for improvement and is published for transparency.

Some of Highland Home Carer’s headline performance indicators are reported below. The latest social accounts for the period to June 2015 are available on the company’s website. The results indicate that HHC is continuing to grow and develop its impact in all areas. The fall in Care Quality Commission ratings (from 5 star ‘Very Good’ to 4 star ‘Good’) was the result of one of the services becoming the subject of an Adult Support & Protection Investigation which was concluded satisfactorily during the year.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Change 2014/15 to 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>317</td>
<td>357</td>
<td>509</td>
<td>Up 42%</td>
</tr>
<tr>
<td>Number of employees owning shares</td>
<td>289</td>
<td>331</td>
<td>339</td>
<td>Up 2%</td>
</tr>
<tr>
<td>Number of service users</td>
<td>318</td>
<td>513</td>
<td>531</td>
<td>Up 4%</td>
</tr>
<tr>
<td>Number of hours training received by employees</td>
<td>5,634</td>
<td>n/k</td>
<td>7016</td>
<td>Up 25%*</td>
</tr>
<tr>
<td>Number of hours delivered by carers</td>
<td>120,980</td>
<td>185,004</td>
<td>206,818</td>
<td>Up 12%</td>
</tr>
<tr>
<td>Average Care Commission ratings</td>
<td>5/6</td>
<td>5/6</td>
<td>4/6</td>
<td>Down 1</td>
</tr>
</tbody>
</table>

Hours training increase measured from 2013/14 to 2015/16 as 2014/15 data not available.

The carers really care. It matters to them that things are done the best they can be. They go over and above with their thoughtfulness. They are always on time. They have become members of the family/friends. We look forward to their visits – it’s not an intrusion in our lives - it’s a pleasure to see them. They certainly enable and support my family member to continue living at home and enjoying their familiar surroundings. To keep a familiar routine in a home they love.
LEYF is a highly regarded social enterprise that operates 36 nurseries in London with a particular focus on offering high quality early years education to children from low income homes. It operates a hybrid model with places paid for at market rates subsidising ‘free’ places for disadvantaged children. Local authority funding is intended to pay for 15 hours nursery care for all three and four year olds and 40% of the most disadvantaged two year olds. However typically the amount paid per child does not cover the cost of a place. Many nurseries either do not participate in the scheme or charge for additional hours, making these ‘free’ places either inaccessible or unaffordable to the most disadvantaged children and parents. Therefore the hybrid model allows LEYF to maximise its social impact by targeting services towards those children who have no other quality early years option.

Quality of education is of paramount importance with a holistic, tailored curriculum in place with significant input and help from parents and the local community to ensure that children have the best possible 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 (compared with an average in London of 64%).

LEYF faces a number of challenges in its marketplace, the major one being the requirement introduced in 2014 that all childcare students and apprentices have a GCSE Level A to C in English and Maths in order to complete their Level 3 Diploma in Childcare. As a result there has been a 72% drop in students enrolling in Level 3 courses and a 96% drop in apprentices. June O’Sullivan, LEYF’s Chief Executive, is the leading voice within the childcare sector to get this requirement removed.

Date of investment
May 2014

Investment
£625,000 fixed rate loan
Full amount outstanding at 31 March 2016

Target population
Children, people with low incomes

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

Number of people benefitting
In 2015/16, 3,992 children attended LEFY nurseries. 43% of those children are estimated to be benefitting as a direct result of the ‘free nursery hours’ that LEYF is able to provide (i.e. it is unlikely that they would be attending nursery if it weren’t for LEYF provision).
Social impact
The LEYF theory of change is based around four key drivers of child development: dosage (i.e. hrs of weekly attendance), duration (i.e. total months of attendance per child), quality of provision and quality of home learning environment. LEYF describes these four levers as the ‘Magic Sum’ and has developed a set of weighted KPIs to track progress in each of these areas.

LEYF tracks a more detailed scorecard monthly, which is reviewed on an ongoing basis by the Board’s social impact sub-committee. For further details of the organisation’s social performance contact Big Issue Invest.

<table>
<thead>
<tr>
<th>The ‘Magic Sum’</th>
<th>Progress towards the ‘Magic Sum’ in 2014/15</th>
<th>Progress towards the ‘Magic Sum’ in 2015/16</th>
<th>Change from 2014/15 to 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dosage: optimal target for child development is 15–30 hours per child per week</td>
<td>Average hours per week attended: 24.8</td>
<td>Average hours per week attended: 24.5</td>
<td>Decrease away from optimal dose</td>
</tr>
<tr>
<td>Duration: optimal target for child development is &gt; 36 months per child</td>
<td>Average number of months attended by leavers: 12.3</td>
<td>Average number of months attended by leavers: 14.4</td>
<td>Increase towards optimal dose</td>
</tr>
<tr>
<td>Quality of provision</td>
<td>92.3% of LEYF nurseries rated ‘Good’ or ‘Outstanding’ by OfSTED</td>
<td>100% of LEYF nurseries rated ‘Good’ or ‘Outstanding’ by OfSTED</td>
<td>Improved performance</td>
</tr>
<tr>
<td>88% parents willing to recommend LEYF to others</td>
<td>88% parents willing to recommend LEYF to others</td>
<td>88% parents willing to recommend LEYF to others</td>
<td></td>
</tr>
<tr>
<td>Quality of home learning environment</td>
<td>LEYF is developing measurement tools in this area</td>
<td>LEYF is developing measurement tools in this area</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Sandwell Community Caring Trust

Date of investment
May 2013

Investment
£725,000 fixed rate and revenue participation loan
Full amount outstanding at 31 March 2016

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

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

Number of people benefitting
SCCT runs six residential care homes catering for over 200 individuals and also provides domiciliary care.

Business overview and investment thesis
Sandwell Community Caring Trust (SCCT) was established in the mid-1990s as a spin-out from Sandwell Metropolitan Borough Council. SCCT left the local authority with 82 staff, a contract of £1.2 million and a remit to provide better services at lower cost.

Today, SCCT is a £15 million business providing a range of day and residential support services to people across the West Midlands and the South West (Torbay). This includes both younger disabled adults and older people including those with dementia.

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

Furthermore, SCCT owns a large number of properties that are the homes to its clients, allowing SCCT to provide the highest standards of accommodation whilst securing revenue streams that can be used for charitable purposes.
Social impact
Sandwell Community Caring Trust understands its impact as a three-step process. Step one is focused on valuing and investing in staff. The social care sector as a whole struggles to offer quality employment but SCCT stands out by offering excellent training and progression opportunities. The investment in staff is not just for the benefit of the employees, it also leads to step two: consistency of care.

Staff who are highly valued, well-trained and respected are less likely to take time off work and more likely to stay in their role for longer. This means that clients are able to get to know their key worker and build strong relationships. Consistent care leads to step three: a good experience and good outcomes for the people using SCCT’s services. Together, these three steps contribute to the overall impact SCCT has on the health and social care system, keeping people happy and safe in their homes and out of hospital.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1: Investment in staff</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of learners in the SCCT Academy</td>
<td>120</td>
<td>160</td>
<td>59</td>
</tr>
<tr>
<td>Number of supported apprenticeships</td>
<td>25</td>
<td>65</td>
<td>150</td>
</tr>
<tr>
<td>Number of young people supported in to employment</td>
<td>15</td>
<td>35</td>
<td>28</td>
</tr>
<tr>
<td><strong>Step 2: Consistency of care</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff turnover rate</td>
<td>9%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Average number of staff absence days per year</td>
<td>0.7</td>
<td>0.2</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Step 3: A good experience of care</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of family members who felt less isolated as a result of support from SCCT</td>
<td>82%</td>
<td>95%</td>
<td>TBC</td>
</tr>
<tr>
<td>Percentage of clients rating their key worker as excellent or good</td>
<td>100%</td>
<td>100%</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Wider impact</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of clients otherwise in hospital/residential care settings (people/day)</td>
<td>50</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>Annual savings for local authorities/Clinical Commissioning Groups based on clients who would otherwise be in hospital/residential care settings</td>
<td>£2m</td>
<td>£2.4m</td>
<td>£2.4m</td>
</tr>
</tbody>
</table>
SCA Trafalgar

Date of investment
March 2013

Investment
£250,000 fixed rate loan
Full amount outstanding at 31 March 2016

Target population
People with low incomes

Social mission
Provision of NHS dental services in areas of high dental deprivation.

Number of people benefitting
In 2015/16 SCA registered 5,756 new patients, delivering a total 152,067 units of dental activity.

Business overview and investment thesis
SCA Trafalgar was established with the specific mission to deliver NHS Dental services in communities with high dental need, providing high quality but affordable care. The ethos of the organisation is based on the premise that good dental and oral health are key indicators of the general health and wellbeing of an individual. SCA Trafalgar is part of SCA Group, a wider group of health and social care social enterprises across the South of England.

SCA Trafalgar currently operates six practices in Southampton, Portsmouth, Gosport, The New Forest and Swanage, with around 75,000 patients being cared for. All of the practices are accessible, affordable and open to all – each is also fully CQC compliant with impeccable records for quality and compliance. In addition to providing dental services, SCA Trafalgar provides community services outside normal surgery opening hours.

Recent developments
Recently the Portsmouth practice has relocated to a new state-of-the-art location, which improves accessibility and the number of patients that can be treated. Increasingly, the organisation is focused on education schemes with young people in the belief that engaging people at a young age is key in improving oral health. SCA is currently developing a broader focus on health and wellbeing, rather than specifically dentistry, and is rolling out a pilot project in the Portsmouth practice.

Social impact
SCA Trafalgar’s impact lies in delivering high quality care in areas of high dental need, and re-investing surpluses back in to the business where they can be spent on community projects that open up access to dental care and staff development. In the last year, the organisation has significantly increased its delivery of dental care to ‘exempt adults’ (i.e. those who are exempt from paying NHS dental charges, usually due to low income) and under 18s. The latter reflects the organisation’s current focus on engaging young people in oral hygiene.

My granddaughter said to me, ‘Grandad what’s happening to your teeth?’ They were becoming not only discoloured but quite fragile and chipped. On my next visit to see Dr Bhatt I asked him if there was something he could do. After a detailed examination he outlined three options. I said irrespective of the cost if he was in my position which would he choose? His recommendation wasn’t the most expensive and his honesty and explanation was based on what was best for me. The procedure was long, but on completion the finished result was outstanding, he had worked a miracle.

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

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

Date of investment
March 2015

Investment
£180,000 fixed rate loan
Full amount outstanding at 31 March 2016

Target population
Children, young people

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

Number of people benefitting
In 2015/16, Stramash delivered outdoor nursery education to 200 children and outdoor education programmes in partnership with schools for 1251 young people.

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

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

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

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

Recent developments
Following some planning delays, Stramash opened the Elgin nursery in the second half of 2015 and the site is already at capacity for registered places, with plans to apply for more.

Stramash continues to work towards growing trading income to a point where it covers all costs, enabling the business to become fully sustainable without its grant funded projects. Stramash aims to achieve this within the next one to two years by maximising opportunities via its existing nurseries in Oban, Fort William and Elgin as well as exploring potential expansion to new locations.
Social impact
Stramash uses outdoor education to support children and young people to:
• Realise their full potential
• Develop physically and mentally
• Understand their environment and to appreciate its value and their role in its stewardship
• Develop new skills.

At the same time, Stramash is passionate about training and developing its staff and encouraging both staff and children to become custodians of the natural environment. In 2015/16 Stramash has made a step change in the scale of its delivery to local children as a result of its new nursery opening.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of children receiving outdoor nursery education</td>
<td>98</td>
<td>200</td>
<td>Up 104%</td>
</tr>
<tr>
<td>Number of funded pre-school sessions (of which a significant number are for lower income children)</td>
<td>9379</td>
<td>17604</td>
<td>Up 88%</td>
</tr>
<tr>
<td>Number of children attending outdoor education sessions</td>
<td>1299</td>
<td>1251</td>
<td>Down 3%</td>
</tr>
<tr>
<td>Percentage of children attending outdoor education sessions that were financially supported to attend</td>
<td>70%</td>
<td>50%</td>
<td>Down 20 pp</td>
</tr>
</tbody>
</table>

@stramashoutdoor
www.stramash.org.uk
Thames Reach is a highly regarded charity providing a wide range of accommodation and support activities to homeless and other vulnerable people in London. The organisation has over 30 years’ experience and an excellent reputation for engaging with rough sleepers in London, many of whom have multiple and complex issues to contend with. Its success is partly attributable to its ex-service user led model, with around 20% of staff once homeless themselves.

The Fund’s investment was specifically to enable Thames Reach to deliver a contract under the Rough Sleepers Social Impact Bond (SIB), a Payment by Results (PbR) programme commissioned by the Greater London Authority. This enabled Thames Reach to deliver the Ace Project, working with 416 named rough sleepers over a three year period with payment made on achievement of a set of prescribed outcomes relating to sustainable accommodation, reconnection, health and education, employment and training.

The Thames Reach Ace Project ran from the winter of 2012 to the spring of 2016. Every member of the cohort was offered a ‘personal navigator’ to help them find their way through the complex systems that often create barriers for people trying to get off the street. The SIB structure provided the opportunity to pilot the use of personal budgets through which the Ace Project team could give service users a greater say over how money could be spent to meet their specific needs.

Recent developments
Having completed the contract, Thames Reach has published a Key Areas of Learning report reflecting on their experience of delivering the service. The outcomes-focus of the contract changed the way the team worked and encouraged the charity to test non-traditional pathways from rough sleeping to long-term stability, leading to some surprising results.

Date of investment
March 2013

Investment
£250,000 loan with outcomes-based return
Full amount outstanding at 31 March 2016

Target population
People who are homeless

Social mission
To assist homeless and vulnerable men and women to find decent homes, build supportive relationships and lead fulfilling lives.

Number of people benefitting
Thames Reach have targeted a cohort of 416 named individuals known to be rough sleepers over the course of three years.

Big Issue Invest was given observer status on the Thames Reach board and this relationship in particular has progressed in a manner that has become a long-term partnership. We have greatly valued the support provided by the investors within the necessary and beneficial framework of accountability in delivering on the outcomes.

- Thames Reach
One of the key messages from the programme is that the classic linear progression, from temporary accommodation to permanent accommodation to training and finally on to employment, isn't the only way to achieve results for clients. The team learned that:

- The intermediate step of a stay in a hostel before moving in to settled accommodation isn't always necessary or beneficial; direct moves into long-term tenancies can be a quicker and more successful route to stability, provided the right support is in place;
- Contrary to the beliefs of many homelessness service providers, participants in the project didn't necessarily need a long time to settle into accommodation before turning their attention to education and employment; many were able to take this challenge on surprisingly quickly and successfully.

The structure of the contract was crucial to these innovations. The use of personal budgets, combined with the investor and commissioner focus on outcomes rather than inputs, gave the Ace Project team the freedom to try out new methods of delivery and allocation of funds. In one case that meant paying for swimming lessons for a client who was determined to improve his health; in another it meant purchasing a PlayStation for a client who was about to abandon his tenancy because he was unoccupied.

There were plenty of challenges along the way, but ultimately the Ace Project was successfully delivering valuable outcomes for clients while providing Thames Reach with an opportunity to trial innovative methods of service delivery.

### Social impact

The overall aim of the programme was to reduce rough sleeping among this cohort and this has undoubtedly been achieved. Of the 416 individuals named at the start of the project, only 67 remain on the street with most people moving to temporary or settled accommodation, though a few people have disappeared or sadly passed away. Progress on other outcomes has been mixed with over-performance in some areas and under-performance in others.

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Target</th>
<th>Achieved by end of contract</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entering sustained accommodation</td>
<td>138</td>
<td>120</td>
<td>Target not achieved</td>
</tr>
<tr>
<td>Sustaining stable accommodation for 12 months</td>
<td>110</td>
<td>114</td>
<td>Target exceeded</td>
</tr>
<tr>
<td>Sustaining stable accommodation for 18 months</td>
<td>69</td>
<td>90</td>
<td>Target exceeded</td>
</tr>
<tr>
<td>Initial reconnection</td>
<td>104</td>
<td>64</td>
<td>Target not achieved</td>
</tr>
<tr>
<td>6 months sustained reconnection</td>
<td>88</td>
<td>53</td>
<td>Target not achieved</td>
</tr>
<tr>
<td>NQF qualification achieved</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Volunteering/self-employment sustained for 13 weeks</td>
<td>-</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Volunteering/self-employment sustained for 26 weeks</td>
<td>-</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Part time employment sustained for 13 weeks</td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Part time employment sustained for 26 weeks</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Full time employment sustained for 13 weeks</td>
<td>-</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Full time employment sustained for 26 weeks</td>
<td>-</td>
<td>14</td>
<td>-</td>
</tr>
</tbody>
</table>

Chris had a history of alcohol misuse and had been admitted to hospital more than once with serious health issues. He participated in a number of detox programmes but always relapsed. He was asked to leave his last accommodation as he had a fight with a resident and slept rough in Brighton for three months. His Navigator helped Chris get into a hostel and is persuading him to go to an advisory service for alcoholics. His Navigator is helping him with his depression and with job applications. Chris says, of his Navigator, 'He doesn’t give up on people, I have let him down and let myself down but he has never given up on me'.
DIRECTORS & INVESTMENT ADVISORY COMMITTEE

DIRECTORS OF THE GENERAL PARTNER

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

Stephen Howard
Stephen recently joined Thames Reach as Chairman having recently retired as Chief Executive Officer of Business in the Community after 11 years. Stephen has held a number of executive roles including Chief Executive Officer of Cookson Group plc and Chief Executive of Novar plc. Stephen was recently appointed Chairman of Power to Change and is also Chairman of the National Schools Partnership.

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

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

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

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

Kate Markey
Kate is Managing Director of Blue Sky, a social enterprise that employs ex-offenders to deliver contracts won from local authorities and private companies. Kate previously worked at the social enterprise support organisation CAN. Previous to this, Kate was an Executive Director of The Big Life Group in Manchester.

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

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

Georg Stratenwerth
BIG ISSUE INVEST INVESTMENT TEAM

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

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

James Salmon  
Investment Director  
Prior to joining the Big Issue Invest, James was a Director at RBS, working within the leverage finance team, responsible for originating and executing transactions of private equity backed UK mid-market corporates. Before RBS, James was at PricewaterhouseCoopers where he qualified as a chartered accountant.
Annie Minter
Investment Manager
Annie joined Big Issue Invest in 2014. Before this Annie spent over four years at Kreos Capital, a growth finance investment fund, where she was involved in screening, due diligence and ongoing monitoring of investments from both a debt and equity perspective. Annie has been involved in most of Big Issue Invest’s Social Impact Bond investing to date.

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

Daniel Wilson-Dodd
Investment Director
Daniel has over 15 years’ experience working for Deloitte in audit, tax and transaction services. Prior to joining Big Issue Invest in 2011, Daniel worked in the constituency office of an inner-city London MP, gaining practical experience of social issues and working closely with a number of social enterprises. Daniel leads Big Issue Invest’s social enterprise lending business.
EXITED INVESTMENTS IN 2015/2016

HCT Group
£500,000 investment in November 2010 (£83,000 fixed rate and £417,000 revenue participation loan).
Full amount repaid in December 2015.
HCT has exited the first investment in line with the contracted repayment schedule. Big Issue Invest achieved an IRR of 9.2% and a cash multiple of 1.5x on the 2010 investment. Big Issue Invest has continued engagement with HCT with SEIF II participating in the most recent investment round.

Moneyline
£700,000 investment (Tranche 1: £500,000 in August 2013 & Tranche 2: £200,000 in November 2014).
Full amount repaid in November 2015.
Moneyline has exited successfully in line with contracted repayments. Big Issue Invest achieved an IRR of 11.4% and a cash multiple of 1.2x. Big Issue Invest has continued its relationship with Moneyline and has made a further investment through SEIF II.

Goodwill Solutions
£125,000 investment (Tranche 1: £50,000 in January 2014 & Tranche 2: £75,000 in August 2014).
Full amount repaid in July 2015, ahead of schedule.
Big Issue Invest achieved an IRR of 7.4% and a 1.1x cash multiple.
2014/15 represented a record year of investing for the Fund with £2,902,000 in funds disbursed to UK social enterprises. Seven new investments were made for a total of £1,482,000. In addition, follow-on investments into existing investees totalled £1,420,000, including £1,075,000 into HCT where the Fund is now the lead investor. Our most recent investments are in the social impact areas of early years education and community transport and also include four ‘social impact bond’ investments intended to address youth homelessness. These are described in more detail in our Annual Report to investors.

The Fund continues to benefit from a high level of quality investment demand in the current year. At this writing the Fund has invested over 77% of its original committed capital and is fully committed based on investments completed but not fully disbursed, with a small allocation reserved for follow-on investments.

The Fund continues to make periodic distributions of capital, having returned over £1.3 million to investors in the twelve months ended 31 March 2015, and we anticipate being able to begin making income distributions in 2016.

We are most grateful for the continued support of the investors who put their faith into Big Issue Invest and this initiative some five years ago. The work of our investees is demonstrating substantial social returns following our investments, making a tangible difference to the lives of those most in need.

We 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 good work during the period.

S Howard
N Kershaw
R Sheldon
November 2016