


PROFIT THROUGH PURPOSE

RESONANCE WEST MIDLANDS SITR FUND 2019

# DISMANTLING

POVERTY THROUGH INVESTMENT  
IN SOCIAL ENTERPRISE

SOCIAL IMPACT REPORT  
SEPTEMBER 2018  
TO MARCH 2019

resonance 

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Cover photo: Jericho Foundation,  
the first investee of the Fund

# INTRODUCTION

Welcome to the first Social Impact Report for the Resonance West Midlands SITR Fund, capturing the seven months since the Fund achieved its first close at the end of August 2018. This report summarizes what the Fund is working to accomplish in the West Midlands, the progress made to date and specific impact achievements made by the Fund's initial investees. We are delighted to see the level of impact already being delivered through the brilliant social enterprises we're supporting, and look forward to seeing what more can be achieved as we continue to invest in social enterprises tackling poverty and disadvantage across the region.

Resonance produces an annual Social Impact Report for each of its funds, describing and measuring the positive difference it has made through the investments that have been delivered. This allows investors to see how their investment is contributing to the social impact of the enterprises and helps Resonance and enterprises learn and improve their impact over time.

This report covers the first seven full months of the Fund, so provides an initial snapshot of the impact being achieved by initial investees, which is expected to grow and develop once the impact of the Fund's investment continues to be realized. A full annual social impact report will be produced for the year ending March 2020.



Photo: Challenge Academy

# ABOUT THE FUND

The Resonance West Midlands SITR Fund (the “Fund”) is a pioneering social impact investment fund aimed at helping to dismantle poverty in the West Midlands region by investing in local social enterprises. It takes advantage of Social Investment Tax Relief (SITR) to simultaneously lower the cost of loans for enterprises and to enable a competitive return to investors.

After its second close in December 2018, the Fund has so far raised over £1.3m, from thirty-two investors. Approximately a quarter of these funds have been deployed in the first six months of the Fund’s twenty-four month target deployment period. This has seen investment into three social enterprises across the West Midlands to aid the growth of their businesses and their social impact, with many more in the Fund’s pipeline of future investments. The Fund has helped to support these and a number of additional social enterprises through more than just financial investment, offering advice, investment readiness support and connections that are crucial to supporting the growth of specific social enterprises, as well as strengthening the wider social enterprise sector as a whole.

The Fund remains open for investment and is intended to invest into West Midlands based social enterprise for years to come, as we work together to dismantle poverty and disadvantage across the region.



# IMPACT MODEL

The Impact Model of the Fund is a way of thinking about the overall difference that the Fund seeks to make:

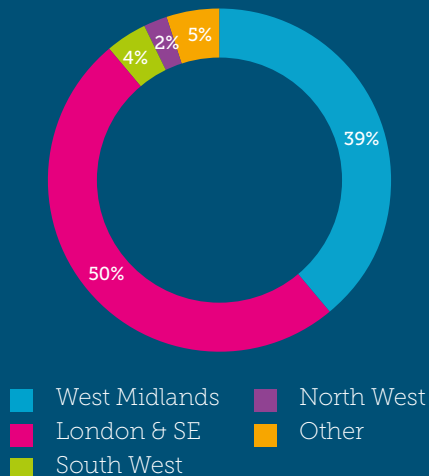


The ripple effect shows a progression from the core activities of the Fund through to its wider aim of dismantling poverty in the West Midlands.

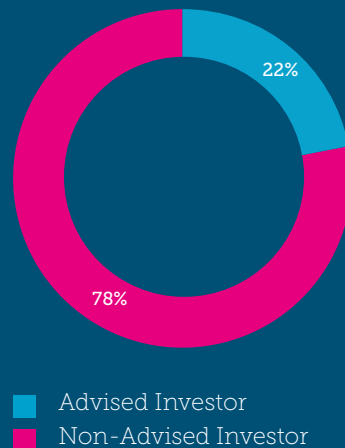
# THE RESONANCE WEST MIDLANDS SITR FUND: A SNAPSHOT

The Resonance West Midlands SITR Fund aims to dismantle poverty in the West Midlands region. It does this through investing in social enterprises that address the root causes of poverty and disadvantage, that work with hard to reach groups and that think about the bigger picture. Resonance understands poverty as having many dimensions - going beyond income to include factors such as health, education and the environment - and that it cannot be solved through any one intervention.

## LOCATION OF INVESTORS



## INVESTOR TYPE



**c. £1.3m**

FUNDS RAISED



**32**

INDIVIDUAL INVESTORS

## GEOGRAPHY OF INVESTMENTS



## FINANCIAL ADVISORS/ WEALTH MANAGERS WITH CLIENTS INVESTED IN THE FUND



Grierson Dickens Limited  
Chartered Financial Planners



### INITIAL INVESTMENTS MADE



**£335,000**  
FUNDS DEPLOYED

£100,000  
**Jericho Foundation**

£150,000  
**Challenge Academy**

£85,000  
**Wildgoose Rural Training**



**3** ENTERPRISES  
INVESTED IN

### SUPPORT & CONNECTIONS



**£17,000**

ADDITIONAL GRANT  
FUNDING SECURED



**17**

MEANINGFUL CONNECTIONS MADE

### LOOKING TOWARDS OUR NEXT INVESTMENTS



**624**

SOCIAL  
ENTERPRISES  
IDENTIFIED



**167**

SOCIAL  
ENTERPRISES  
CONTACTED



**61**

FACE TO FACE  
MEETINGS WITH  
SOCIAL ENTERPRISES  
TO DATE



**27**

MEANINGFUL  
INVESTMENT  
CONVERSATIONS  
AND/OR DUE  
DILIGENCE  
PROGRESSING



**12**

INVESTMENT  
COMMITTEE  
PROPOSALS  
SUBMITTED



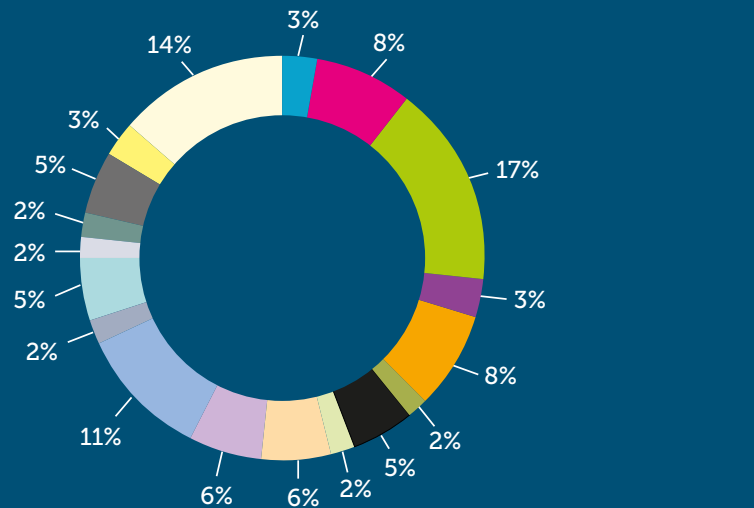
**8**

INVESTMENT  
COMMITTEE  
PROPOSALS ONGOING  
/ ENTERPRISES  
ACTIVELY PREPARING  
FOR INVESTMENT  
DECISION

## LOOKING TOWARDS OUR NEXT INVESTMENTS

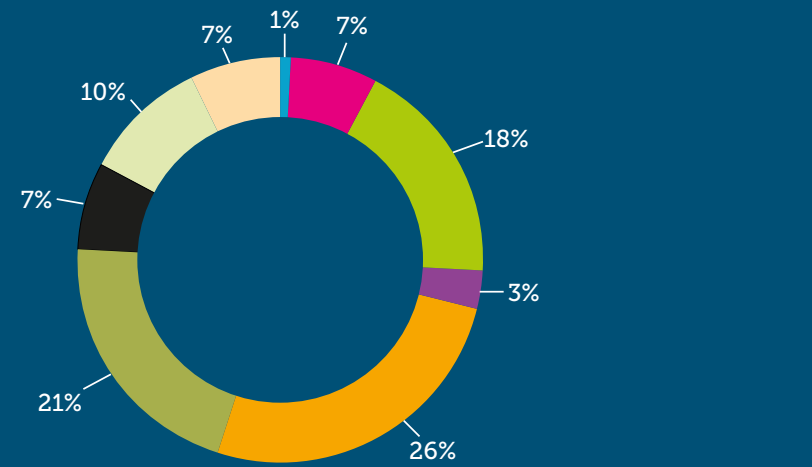
### SUMMARY OF ENTERPRISES WHERE INVESTMENT CONVERSATIONS ARE PROGRESSING

#### KEY BENEFICIARY GROUP SUMMARY



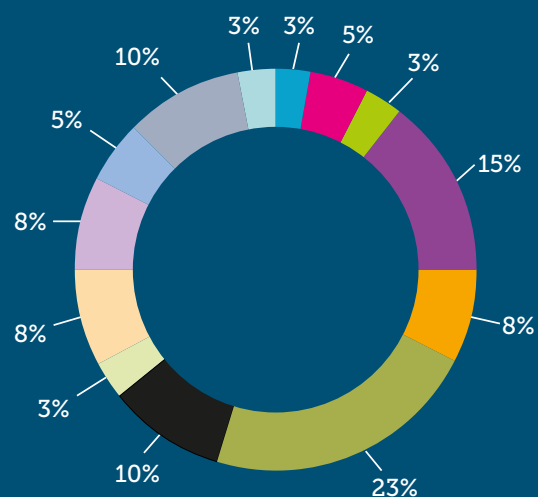
- Elderly
- NEETs
- Young People (16-25)
- Ex-offenders
- Long-term unemployed/underemployed
- Minority Groups
- Those recovering from addiction
- Children (and their families)
- People with physical/learning disabilities
- Those with mental health issues
- Those facing housing difficulty
- Those living in transport poverty
- Those with physical health needs
- Vulnerable adults
- Women (and girls)
- Vulnerable children and/or families
- People facing financial hardship
- No single group

#### IMPACT SECTOR SUMMARY



- Energy & the Environment
- Arts, Culture & Sport
- Education & Learning
- Rehabilitation & Criminal Justice
- Health, Wellbeing & Social Care
- Work & Employment
- Poverty & Disadvantage
- Housing & Homelessness
- Community & Local Democracy

## BUSINESS SECTOR SUMMARY



- Arts, Music & Culture
- Childcare
- Domestic & Commercial Cleaning
- Education
- Food & Beverage/Hospitality
- Healthcare & Social Care (inc. Mental Health Support Services)
- Grounds & Property Maintenance (inc. Landscaping & Decorating)
- Manufacturing
- Retail
- Sport & Leisure
- Technology & Media
- Training, Recruitment & Employment (inc. Mentoring Services)
- Transport



## FUND PERFORMANCE



**90%**

PROPORTION  
OF DEPLOYMENT  
TARGET ACHIEVED



**6.3%**

TOTAL COST OF  
CAPITAL, AVERAGE  
RATE PER ANNUM

# INVESTMENT 1: THE JERICHO FOUNDATION

## What do they do?

Jericho supports people who face multiple and complex barriers to employment, training or social inclusion to become fulfilled, skilled and employed. It has a specific focus on some of the poorest and most deprived communities in Birmingham where unemployment is double the city-wide average, and four times the national average.

**Key groups supported:** Survivors of Modern Slavery, Young People not in Education, Employment or Training (NEETS), the Long-term Unemployed, Ex-Offenders, Recovering Substance Misusers, Care-Leavers, as well as individuals with physical disabilities, mild learning difficulties, or mental health problems.

Jericho provides a range of work experience, apprenticeships and individually tailored supported employment programmes through a range of income generating social enterprises, covering business areas ranging from Construction to Commercial Cleaning and Furniture Up-Cycling.

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**Legal Structure:** Company Limited by Guarantee with Charitable Status

**Year Established:** 1993

**Approximate Annual Turnover:** c. £2,800,000

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## What was the investment for?

The investment has facilitated the growth of one of Jericho's most successful social enterprises, the ReUsers, where second-hand items are restored and sold through Jericho's two retail outlets. The investment has provided the initial working capital required to take on additional staff and retail space, as well investing in refurbishment work and an updated sales system. This has increased retail space by 25%, enabling an increase in product ranges available, and ensuring the stores are working as efficiently as possible - significantly increasing the income generating potential of the business (as well as unlocking additional training and employment opportunities).

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**Deal closing date:** 29 August 2018

**Investment Size:** £100,000

**Form of Investment:** Six year unsecured loan

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## IMPACT HIGHLIGHTS

Jericho continues to see significant growth in its impact, in terms of the number of people reached, which this investment will ensure can continue. In the 2018/19 financial year, it supported 206 people. Jericho also trains, equips and supports inner city churches to run eighteen 'Ignition Job Clubs', which supported an additional 1,633 unemployed individuals in the year ending March 2019.

September 2018 to March 2019 (Six months only)

| Client Numbers  | Total |
|---|-------|
| Total number of people on a supported programme   | 105   |
| Total number of people employed on a programme at Jericho e.g. apprenticeship   | 95    |
| Training Outcomes   |       |
| Number of training modules delivered  | 117   |
| Number of training competencies achieved  | 108   |
| Number of level 2 apprenticeships achieved  | 5     |
| Employment Outcomes   |       |
| Number of people no longer on programme (including completers)  | 58    |
| - who progressed into employment  | 12    |
| - who progressed into education or training   | 7     |
| - who progressed into another positive outcome  | 13    |
| - whose destination is not yet known  | 18    |
| % of people no longer on programme who progressed into employment, education or training, or another positive outcome | 55%   |
| Number of apprentice completers   | 5     |
| - who progressed into employment, education or training   | 4     |
| % of apprentice completers who progressed into employment, education or training, or another positive outcome         | 80%   |



## CASE STUDY

### Jericho Apprentice, ReUsers Social Enterprise, December 2018

"I am a mother of three children who worked for twenty-two years as a support worker with young adults with additional needs such as Autism, Downs Syndrome and other disabilities. I loved the work but because my eldest and youngest child are both autistic, it became too much to work alongside young adults with autism and then go back home to deal with similar situations. It made me feel very depressed and I often felt like I wasn't supporting my children enough because I worked such long hours. I felt it would be better if I could retrain for a job role that would enable me to spend more time with my family.

"Jericho's apprenticeship programme really appealed to me and they made me feel that I could achieve and be successful in retraining to become an administrator. Also the company values align with mine, values that I teach my children to follow and which were taught to me by my late father. The whole just seemed like it would be a good fit for my life and personality.

"I suffered from sexual abuse as a teenager, which left severe mental scars such as depression and anxiety. These could take me days to even start to overcome, however by having to focus each day on my work (with some bad days too) I found that the issues from that were easier to deal with. My mental health has improved and with support from the Jericho team I am now more confident in myself and my abilities. I understand that even on a bad day I have support and help available to me and that as a whole I like myself more too.

"By allowing me the chance to do the apprenticeship Jericho has given me new skills, helped improve older ones and also allowed me to gain a qualification in an area that I want to continue working in. I have learnt things that I thought I wouldn't be able to understand such as working out the rota for all the staff in the enterprise I work in. I have gained customer service skills by helping out on the shop floor and by serving customers. I have a better telephone manner and I am so much more confident in the skills I have been trained in over the last year.

"Since completing my apprenticeship I have progressed into employment with the West Midlands Combined Authority."

" I'm so proud of myself  
for the first time in my life.  
**I can do anything  
when I put my  
mind to it."**

Jericho Apprentice



# INVESTMENT 2:

## CHALLENGE ACADEMY CIC

### What do they do?

Challenge Academy (CA) uses a range of outdoor adventure facilities and activities to make innovative learning and development opportunities accessible for all. CA activities help develop aspirations and crucial soft skills - from confidence building to team work - and contribute positively to physical and mental health for communities living in particularly deprived areas. Beyond this, CA offers specialist interventions for vulnerable groups ranging from individuals who have been excluded from mainstream education to those on 'Back to Work' programmes, as well as youth offenders (through CA's Mobile Outreach equipment). From these interventions individuals can achieve formal qualifications.

CA generates income from: i) its Learning & Development Programmes (customers include Schools, Pupil Referral Units, the Youth Offending Service, Job Centre Plus etc.); ii) sales of its ground-based mobile challenge courses, equipment and kits - Terra Firma (customers include the RAF, schools and youth affinity groups); and iii) session bookings from the general public, corporates and youth groups at the CA high ropes adventure hub.

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**Legal Structure:** Community Interest Company (CIC)

**Year Established:** 2016

**Approximate Annual Turnover:** c. £350,000

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### What was the investment for?

Investment has been used to further develop CA's on-site Adventure Hub at Baggeridge Park, particularly indoor classrooms and activity areas, as well as its team capacity. This has enabled CA to expand their offering, engaging more groups and a wider range of beneficiaries at any one time, delivering educational interventions more effectively and reducing the seasonality of its income.

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**Deal closing date:** 15 October 2018

**Investment Size:** £150,000

**Form of Investment:** Six year unsecured loan

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## IMPACT HIGHLIGHTS

Whilst much of Challenge Academy's time over the winter months following investment has been focused on developing their Adventure Hub at Baggeridge Park, a range of social impact sessions have also been delivered. In this period Challenge Academy has:

- Delivered **two eight day programmes** aimed at facilitating behavioural change for those furthest away from the job market (the RESPECT programme). **Fourteen young people** have attended a Challenge Academy RESPECT course to date, and the following outcomes have been reported:



- Facilitated multi-activity programmes for **218 young people**, aimed at improving resilience, building confidence, and increasing willingness to take on new challenges.



- Completed a two day 'Mental Toughness for Employability' course for **eighteen people** in custody at HMP Littlehey.



"Having worked with young people in custody personally, I really appreciate the employability courses that Challenge Academy has run and how beneficial they are to the individuals. The impact has **equipped our young people in custody with the skills to manage their own behaviours** when facing a challenge or crisis."

## CASE STUDY

### Education Case Manager, HMP Littlehey

"I saw Glynn this morning (he attended the Challenge Academy course in January '19) and he wanted you to know how he's progressed since. He works in the textile workshop, which makes products (e.g. blankets, curtains, cushions etc.), for use in prisons around this region. He has practised his leadership and teamwork skills at work and as a consequence has recently been promoted to Production Manager for the textiles department, where he supervises production for the prison estate. He has also organized activities from the course with his wing peers, facilitating exercises to develop team building skills (this was well-received and enjoyed by all). He really valued the course and wanted you to know how much it has helped him to increase his confidence."

# INVESTMENT 3:

## WILDGOOSE RURAL TRAINING

### What do they do?

Wildgoose (WG) offers access to land-based activities, training, education and work experience for people with learning disabilities, brain injuries, mental health issues and school-excluded children. Sessions help individuals develop skills for independent living, learn valuable trades, gather work experience and employability skills and secure accredited qualifications.

Most students pay to access this service using their Personal Budgets – an amount allocated to individuals by Local Councils following an assessment of their support needs, giving them choice and control over their own care. Income is also generated from larger school group visits and activity days, as well as activity sessions and workshops offered to the general public (such as Willow Craft, tree planting and Family Farm days).

---

**Legal Structure:** Company Limited by Guarantee with Charitable Status

**Year Established:** 2010

**Approximate Annual Turnover:** c. £290,000

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### What was the investment for?

The investment, alongside other funds, has enabled Wildgoose to relocate current operations from their current two acre site, to a new forty acre site, along with a new on-site activity hub. This is enabling Wildgoose to increase its capacity tenfold, making it possible to welcome more students at any one time, as well as offering a wider range of activities. This will translate into further qualifications and varied training opportunities offered, as well as an increase in the number of partnerships with local schools.

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**Deal closing date:** 12 November 2018

**Investment Size:** £85,000

**Form of Investment:** Six year unsecured loan

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## IMPACT HIGHLIGHTS

It has been great to see the number of Adult Students (including Adults with Learning Disabilities and Adults with Acquired Brain Injuries) Wildgoose is working with each week increasing throughout the period, increasing from c.98 student days per week at the start of the period, to 116.5 student days per week by the end of the period. School student numbers (the majority of whom are young people facing exclusion from mainstream school) fluctuate depending on need, but it has been great to see this increase to 15.5 school student days per week by the end of the period.


### Student days per week:

| Month    | Adults | School Students | Total |
|----------|--------|-----------------|-------|
| October  | 98.5   | 9               | 107.5 |
| November | 113.5  | 16.5            | 130   |
| December | 113.5  | 17.5            | 131   |
| January  | 113.5  | 17.5            | 131   |
| February | 116.5  | 15.5            | 132   |
| March    | 116.5  | 15.5            | 132   |



# 98.6%

Wildgoose have a 'Smiley Face Counter' which students can press to share how they feel when at Wildgoose on a daily basis. The Smiley Face Counter is currently at 98.6%!



"I came to Wildgoose after suffering five strokes and I needed help with mobility. I've seen a lot of improvement since coming here - in my speech, writing, communication in general, balance - it's helped tremendously...  
**I don't think I could have got anything better anywhere else."**

## CASE STUDY

### Year 10 student from a local high school

Sarah\* joined Wildgoose in September 2018, as she was finding it difficult to engage at school. She found the classroom environment challenging, was not progressing in her learning and was at risk of exclusion from school. Sarah was therefore referred to Wildgoose for one afternoon each week, but she flourished during this time, so much that the school asked if she could attend for three full days per week.

The progress that Sarah has already made since then has proved that this was exactly the change she needed. Her progress has now even been formally recognized through her recent win of the TryAngle Young Volunteer Award, based on the community work Sarah now continues to do with the RSPCA. Sarah is now one of Wildgoose's most highly performing students and volunteers. Her parents and her school have been delighted with all she has achieved at Wildgoose, noting that her interpersonal skills and confidence have come on leaps and bounds since working with the Wildgoose Team.

\*Not her real name



Photo: Central Birmingham  
Credit: Chris Baynham

# APPENDIX

## What is SITR?

Social Investment Tax Relief (SITR) was introduced by the government in April 2014 to encourage investment into social enterprises – that is, profitable businesses intentionally dedicated to generating social impact and addressing social issues. It is available to businesses trading as one of the following three legal structures: Community Interest Companies, Community Benefit Societies and Charities.

SITR offers similar tax reliefs to those available through the longstanding Enterprise Investment Scheme (EIS), which already offers tax relief to those investing in share capital in small businesses in the form of unquoted private companies. However, as many social enterprises cannot issue shares due to their legal structure, this has prevented investors in social enterprises from accessing the tax reliefs available through EIS.

SITR overcomes this obstacle since it can also be claimed on debt-based investments into eligible social enterprises. This means investors in social enterprises can now access attractive tax incentives, as well as income from the servicing of their loan note.

## Income Tax Relief

Investors can claim back 30% of the amount invested into a qualifying social enterprise against their income tax bill, either in the year the investment is made, or carried back against the previous year.

## Capital Gains Tax (CGT) Deferral

Investors can currently defer CGT from the sale of any other assets disposed of, by investing the amount of the chargeable gain into SITR-qualifying social enterprises. Gains that occurred up to three years before, or one year after, the date of the SITR investment can be deferred.

## Interest Income

As SITR is available on loan notes issued by social enterprises, where investments are structured as loan notes, this means that investors can begin to receive interest payments immediately, although this income element remains taxable in the normal way.

## Capital Repayment

Since the Resonance Bristol SITR Fund will predominantly invest in loan notes issued by social enterprises, in these cases investors also have the advantage of a clear capital repayment plan, with loan note capital repayments being permitted after the initial three years.

## TO LEARN MORE ABOUT THE FUND, CONTACT US:



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PROFIT THROUGH **PURPOSE**

Photo: 'The Knife Angel' sculpture on display at Coventry Cathedral, made up of the UK police forces confiscated knives

Credit: NSingh Photography






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