

DISMANTLING

POVERTY THROUGH INVESTMENT
IN SOCIAL ENTERPRISE

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Thank you to the enterprises that took the time to speak with us and provided the photos used throughout the report.



ABOUT THE FUND

The Resonance South West SITR Fund (the “Fund”) is a pioneering social impact investment fund aimed at helping to dismantle poverty initially in Bristol and now across the South West, by investing in local social enterprises. It takes advantage of Social Investment Tax Relief (SITR), which simultaneously lowers the cost of loans for enterprises and enables competitive returns to investors. After its ninth close in December 2018, the Fund has so far reached just under £2.9m, from 114 investors, well on its way towards a target of £5m.

The heroes of the Fund are the enterprises and the people they work with. The Fund made its first investments in April 2016 and has now committed funds to nine enterprises in Bristol and the surrounding area, with many more around the South West region in its pipeline of future investments. As of 1 April, it had deployed £1.57m.

The Fund has helped to support the enterprises through more than just investment, offering advice, support and connections that enterprises say are crucial to their ability to make a difference.

Resonance produces an annual Social Impact Report for each of its funds, describing and measuring the positive difference made. 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 third year of the Fund, which remains open for investment.

“Works well as it is - relatively small investment for something that will make a huge difference... a big return on investment”

Fund Investee

Photo: Bristol has embraced its reputation as a hub for street art. Credit: 1000 Words

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals are a collection of goals set by the United Nations General Assembly. Each goal has a list of targets, which are measured with indicators to help understand how progress is being made towards the goals.

The Resonance South West SITR Fund and the ventures within it, currently contribute to the following Sustainable Development Goals.

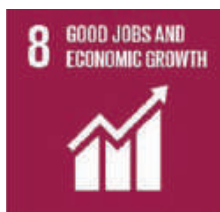


Photo: The Messenger Statue, Royal Parade, Plymouth. Designed by Joseph Hillier, the 10 ton bronze figure is 7m (23ft) tall.

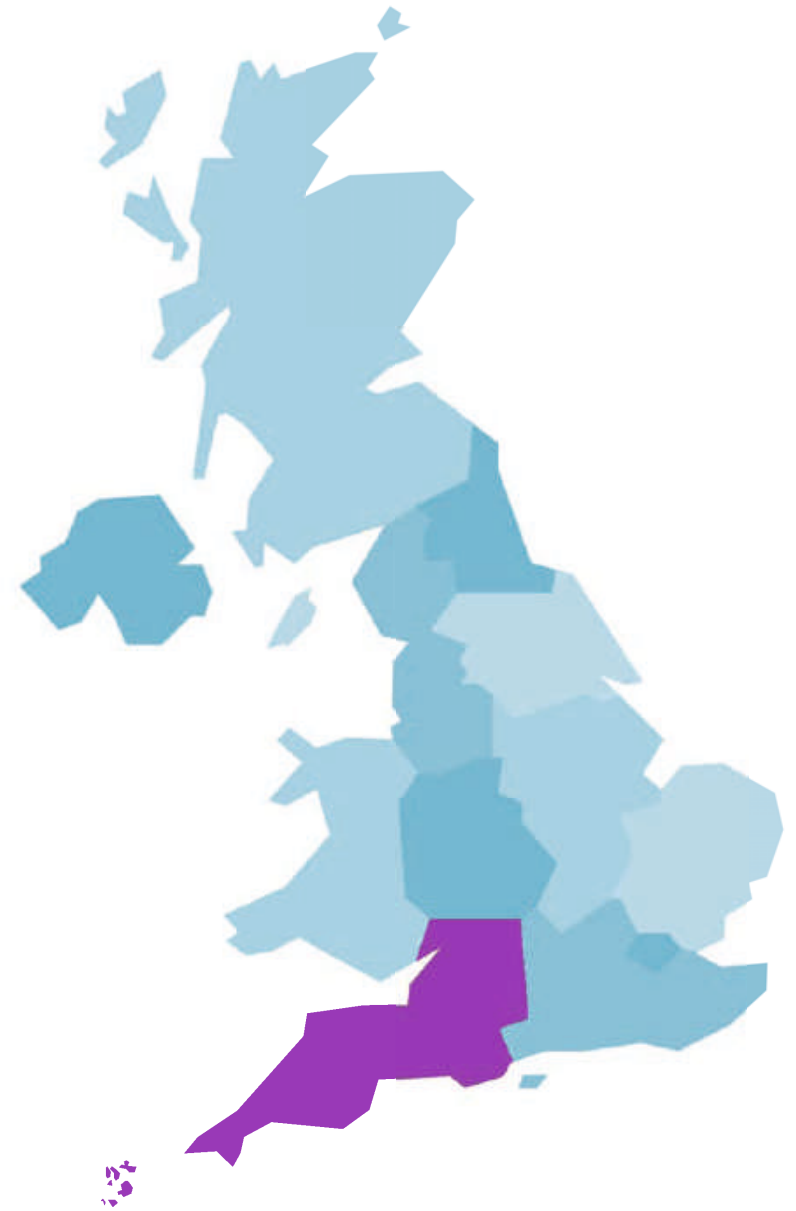
Credit: Roger Mechan

WHY A SOUTH WEST SITR FUND?

From 1 September 2019 the original Resonance Bristol SITR Fund was renamed as the Resonance South West SITR Fund. It intends to invest into social enterprises for years to come, in the following geographical regions: Bristol, Gloucestershire, Somerset, Wiltshire, Dorset, Devon and Cornwall.

This change will allow the Fund in future to benefit more social enterprises and also give investors a more diverse portfolio and more efficient deployment of their investment. This mirrors the approach taken in subsequent Resonance SITR funds launched in the West Midlands and North West, which have a strong base in major urban centres but also serve wider regional needs.

This year's report therefore focuses on the existing portfolio of social enterprises built to date in Bristol and surrounding areas, but will begin to show greater geographic diversity over the coming years.



WHAT THE ENTERPRISES ARE ACHIEVING

This page highlights some key achievements from seven of the social enterprises in which the Fund has invested to date.



122 OUT OF 125
Entrenched rough sleepers met
and engaged with

STREET IMPACT BRISTOL

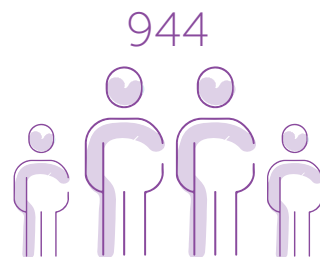
Linking up and delivering services
to address complex homelessness
as part of a social impact bond



95%
Of young people on the Creative
Enterprise Course felt the PAPER Arts
had a direct impact on their
overall improvement

PAPER ARTS

Helping creative young people
develop their potential



944
People participated in
a holiday camp in February

SOUTH BRISTOL SPORTS CENTRE

Engaging and including young
people through sport, increasing their
confidence and offering training



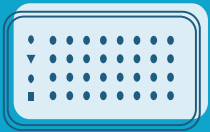
60+
members in
Better Business network

BRISTOL 24/7

Online newsletter and magazine
celebrating Bristol and covering
local news and social issues



NEW ENTERPRISES



BRISTOL BRAILLE TECH

Awarded the 2019 "Touch of Genius" award by the National Braille Press in the United States for the most innovative idea in the field of braille and tactile literacy



80%

of staff used
to be long term
unemployed
year-on-year

SOMERSET WOOD RECYCLING

Helping young people who are facing multiple barriers to gain work-based volunteering, skills and employment through wood recycling



12,000+

youth work sessions
with 288 regular
attendees



COMMUNITY MENTORING AND SUPPORT

Educating, mentoring and supporting children and young people who have additional needs



Photo: Paper Arts, helping creative young people develop their potential.

HOW THE FUND CONTRIBUTES

What Does the Money Achieve?

The enterprises use the investment in many ways, from renovating property, building new facilities or buying equipment, to employing staff members dedicated to social impact. The enterprises say that the finance offers them stability and helps them increase their revenue, often increasing their ability to apply for grant funding from elsewhere. It also offers a platform for collaboration, for instance bringing together groups across the region to use facilities. Finally, it enables them to re-focus on their social impact – the difference they make in the region. This report is full of stories about what this looks like.

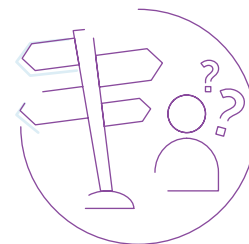
The Fund Provides Much More than Money

The Resonance team acts as a 'critical friend' for the enterprises: helping them to build networks and their understanding of the difference they can make in their area. This means the enterprises can broaden and deepen the work they do and become more sustainable.

The Fund Aims to Dismantle Poverty in the South West

It does this through selecting social enterprises that address root causes, work with hard to reach groups and think about the bigger picture. Resonance understands poverty as having many dimensions and that it cannot be solved through any one intervention. It goes beyond income, to include factors such as health, education and the environment.

After three years of operation, three themes have emerged across the Fund's investments to date:



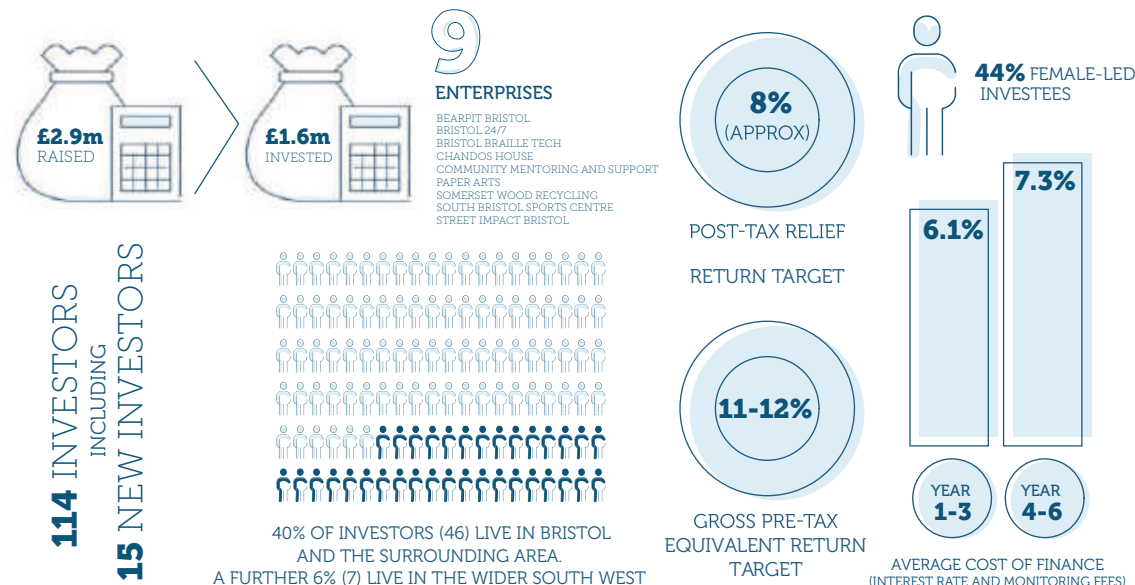
OPPORTUNITIES
FOR YOUNG PEOPLE



ADDICTION AND
HOMELESSNESS



DIVERSITY AND
INCLUSION



FINANCIAL ADVISORS/WEALTH MANAGERS WITH CLIENTS INVESTED IN THE FUND



OPPORTUNITIES FOR YOUNG PEOPLE

The Problem

- Bristol is home to persistent poverty and inequality as well as significant wealth. **Over a quarter of children in the city live in poverty** once housing costs are taken into account.¹ According to the Indices of Multiple Deprivation, 73,700 people in the city (16% of the population) live in areas that are **among the 10% most deprived in England, including 19,400 children and 7,700 older people**, with some areas ranked among the most deprived 1%.²
- In Weston-super-Mare South ward, where Somerset Wood Recycling is based, 40% of children are living in poverty.³
- Bristol has a relatively young population. There are more children under sixteen than people of pensionable age, meaning many young people should be entering the labour force. The median age of people living in Bristol is 32.7 years, compared to 39.9 in England and Wales.⁴
- 8.8% of 16-17 year olds (2017/18) were “not in education, employment or training” (NEET), significantly higher than the national average (6%).⁵

How the Social Enterprises Help

At **South Bristol Sports Centre (SBSC)**, members of the youth council, who start up and run many of the inclusive activities at the centre, have all gone on to education or employment.

PAPER Arts teaches ‘creative enterprise’ to help young people see that a career in creative arts is not just a pipe dream. The members of the co-working community often become mentors and facilitate workshops. The project manager Yasmin, herself started her career by taking part in a programme. She is delighted to be able to engage and encourage people of dual heritage such as herself, in making the arts more accessible.

Somerset Wood Recycling (SWR) helps about 200 long-term unemployed people per year who need reintroducing to the workplace, to gain work-based employment, volunteering and skills.

Community Mentoring and Support (CMAS) has a track record demonstrating that most young people leave the programme with positive outcomes. Examples of this include young people going back into some form of education and training, whether in mainstream school, special school or an alternative provider.



Photo: Bristol 24/7 gives a voice to diverse communities across the city.

ADDICTION AND HOMELESSNESS

The Problem

Bristol faces deep-rooted problems in addiction and homelessness.

- Between January and December 2018, St Mungo's outreach team supported 660 homeless individuals.⁶ Council workers found 82 people sleeping rough on a single night during their annual count in 2018, up from 41 in 2014.⁷
- An estimated 52 homeless people died in the South West in 2017,⁸ including 17 in Bristol.⁹
- One in five adults has direct or indirect experience with drug addiction: that's around 65,000 people in Bristol.¹⁰

How the Social Enterprises Help

Street Impact Bristol are supporting **125 individuals who have been identified by Bristol City Council as rough sleepers** who are, by definition, difficult to help. The support is for a period of three and a half years, aiming to provide them with accommodation and other vital support services, which are tailored to each individual. They have complex needs including substance misuse, a history of offending or street-based anti-social behaviour, mental health problems or long-term physical health conditions. The Street Impact Bristol team is able to spend as much time as is needed with individuals, because the **contract pays based on outcomes**. This means they can **link up support services** in a way that far too often doesn't happen.

About a third of volunteers at **Somerset Wood Recycling** have some history of addiction.

During the year the Fund also invested in **Chandos House** in Bristol, a male residential addiction clinic before it ceased trading. Chandos House made a significant difference to those suffering from addiction in Bristol and the region. In fact, during the period of investment the CIC helped nearly 60 men overcome drug and/or alcohol addictions.



Photo: Street Impact Bristol provides tailored support to each individual's needs.

DIVERSITY AND INCLUSION

The Problem

- Bristol is a diverse and growing city. The current population increase is largely driven by both rising birth rates and migration, with influxes of people from Eastern Europe and Africa, particularly Somalia.
- Wealthy and poor areas of the city are often found side by side, meaning life opportunities can be very different depending on where you call home. 77% of Bristol residents are satisfied with their local area, but this drops to 46% in the most deprived areas.¹¹
- Other forms of diversity include a thriving LGBT+ community.
- There has been a rise in hate crimes in Bristol, from 747 in 2013/14 to 1764 in 2017/18.¹²



50
COUNTRIES
OF ORIGIN



91
LANGUAGES
SPOKEN



45
RELIGIONS

How the Social Enterprises Help

Bristol Panthers, **South Bristol Sports Centre's** first LGBT-friendly football team linked up with Bristol City to become only the second English Football League (EFL) club in the country to have a gay-friendly team. They played a friendly against Charlton Invicta at the full-sized pitch at the centre, making history as the first two LGBT sides affiliated with EFL clubs to play one another. Bristol City Panthers chairman Rob Parry-Hall said: "This match represents a positive stride forward to improving diversity and inclusivity in football, both on the pitch and in the stands."

Bristol Braille Tech has distributed prototypes of its innovative braille e-reader to eager testers and is now awaiting enough orders to commence manufacturing. The enterprise is now closer to achieving its mission of increasing braille literacy, which will help blind people access education.

Bristol 24/7 gives diverse communities a voice through independent journalism and community projects. B24/7 has led editorial workshops with Bristol Older People Forum, for those interested in journalism, and featured articles online. At the other end of the spectrum, the Young Chefs programme has helped two young people gain employment in professional kitchens. It plans to launch a young filmmakers project in the Autumn, helping unemployed young people get experience working in film production companies in the city.

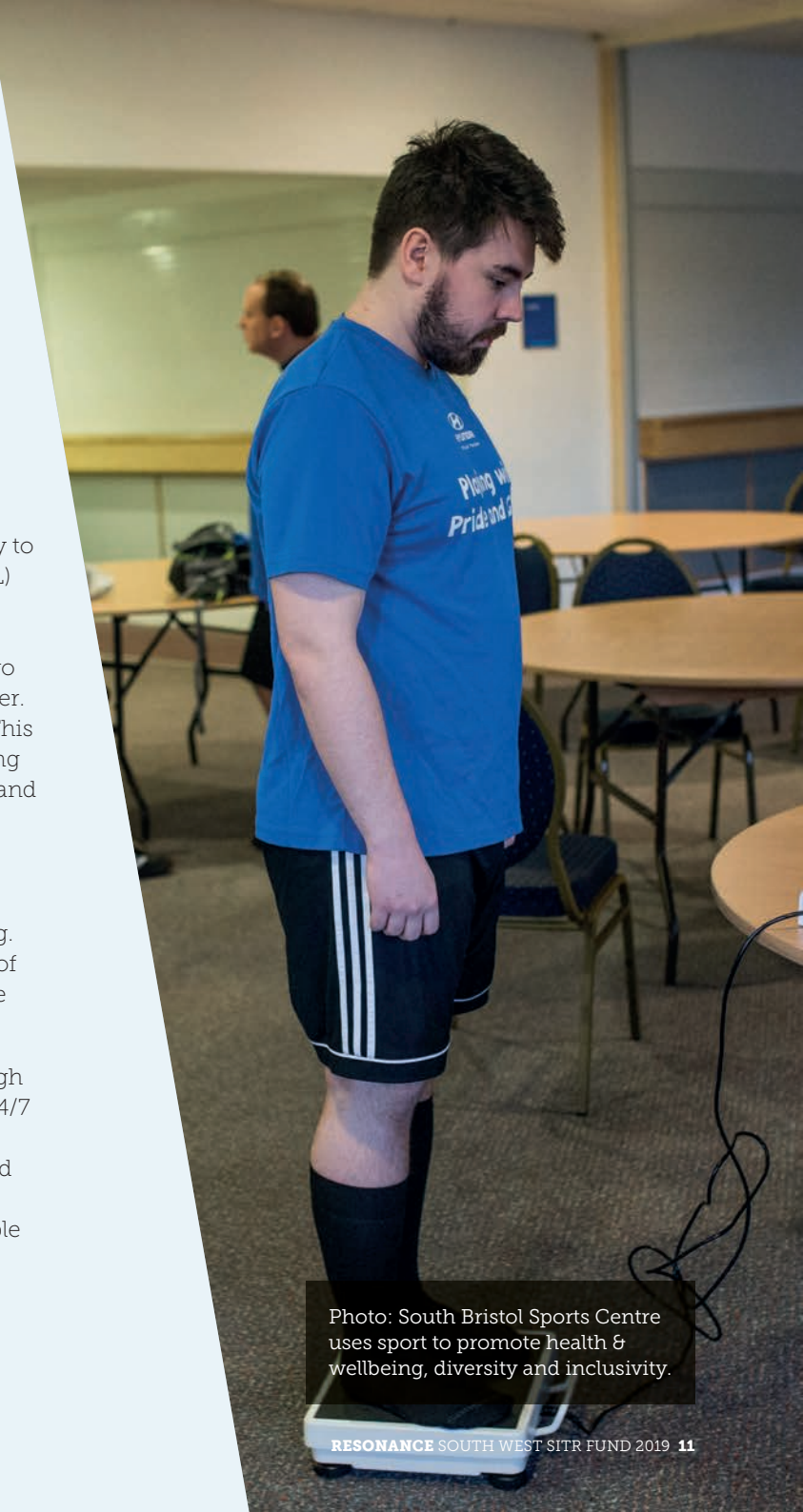


Photo: South Bristol Sports Centre uses sport to promote health & wellbeing, diversity and inclusivity.

PROFIT THROUGH PURPOSE

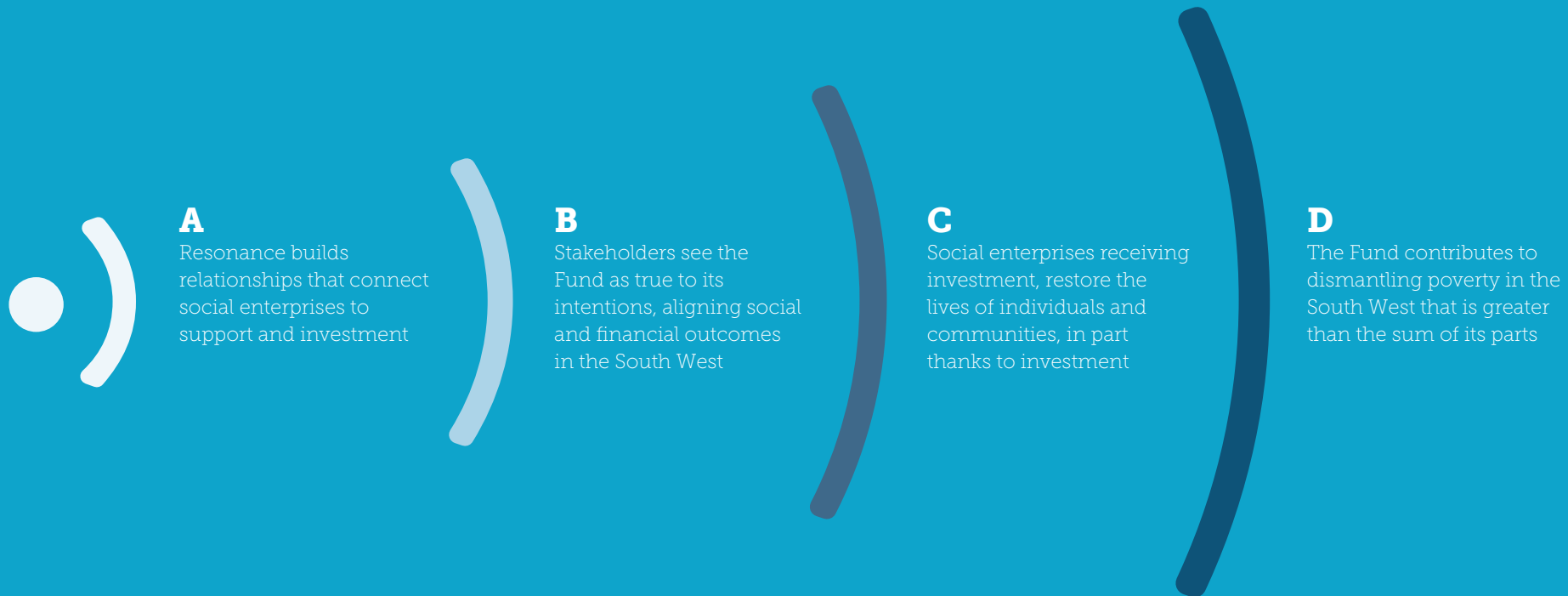
IMPACT IN DEPTH



Photo: Ben Wright of Bristol 24/7.

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 South West.



This report is based on a range of sources including quantitative and qualitative data held by Resonance, reporting from enterprises, and original qualitative research in the form of interviews with representatives from all enterprises.



A BUILDING CONNECTIONS: PEOPLE AND INVESTMENT

"The investment has catalysed other funding."

Fund Investee

INTENTION: Resonance builds relationships that connect social enterprises to support and investment

Part of the Fund's intended impact is connecting social enterprises to the support and investment they need – in other words, acting as a 'bridge' between need and provision. This is a broader understanding of impact than simply finding South West social enterprises that require investment, although that is part of the intention and impact. It is rooted in an understanding that enterprises often need more than money and that resources may come from sources other than the Fund.

Relationships increase as a result of Resonance's activity, adding value to social enterprises in the South West – both individually and as a network.

Bridge-building happens directly in a variety of ways beyond just the investment:

- Through introductions to individuals and organizations that can help take the work of the social enterprise forwards in different ways. As well as one-to-one connections, Resonance hosts an annual Market Place event, which brings together both enterprises and investors

- By investing in organizations and people that bring others together, such as Bristol 24/7 and Street Impact Bristol, where making connections are an explicit part of their work. Bristol 24/7 has supported other enterprises in the Fund through editorial support and by covering them in news articles
- By bringing together organizations to invest in jointly, such as Street Impact Bristol, which was formed by bringing different social enterprises together to form one enterprise, and
- By investing in resources, facilities or property that become the basis for collaboration or further investment, such as PAPER Arts and South Bristol Sports Centre

During independent interviews with the social enterprises in the Fund, they indicated the importance to them of making connections, and recognized the value of the support given by Resonance. **This year, Resonance has directly facilitated fifteen introductions, including one between a current enterprise and one in the pipeline.** Six connections involved current enterprises and ten involved potential investee

enterprises, showing that relational support starts before investment and continues afterwards, something that was noted and appreciated by the enterprises. The introductions included connecting enterprises to some form of support, such as a pro-bono surveyor, communications expert and accountant. The mix of connections indicates that a healthy network is being built and activated. Introductions from past years have led to long-term relationships, such as two people becoming board members at PAPER Arts. Enterprises say they appreciate that Resonance has an existing network in the South West area and that the team is well-respected, making bridge-building more targeted and valuable.

Resonance is now managing relationships with over eighty organizations that might require investment from the Fund

There is a greater volume of social enterprises in discussion or preparing for the Investment Committee, than have completed deals. One loan offer is in execution, another has received a positive investment decision, and is awaiting final due diligence and drawdown. Eleven enterprises are actively preparing for an investment committee decision, totalling £1.75m over the next nine months. Furthermore, fourteen early stage conversations with an additional demand of about £1.5m have been identified after conversations have taken place, with an additional demand of about £1.5m being identified for beyond the next twelve months. While some may find funding elsewhere or decide not to pursue investment at this time, these numbers demonstrate that there is a pipeline of future deals. In total, there are eighty-one social enterprises actively involved. There is considerable work on the part of the Fund's investment team to develop and manage these relationships.

Resonance has also provided investment readiness support for a number of these social enterprises to ensure they are able to take on investment. This has been mainly via the Reach Fund, for which Resonance is an Access Point. Last year, support was given to Bristol Braille and Somerset Wood Recycling, while Community Mentoring and Support received Reach Fund support via another Access Point. A further six enterprises are currently receiving investment readiness support from Resonance via the Reach Fund, which will help future pipeline enterprises to be in the best position to take on investment from the Fund.

Connecting through finance

The flows of money into and out of the Fund have been somewhat slower than originally targeted but are continuing to grow. The eventual target is for the Fund to grow to £5m, continue to raise capital on a regular basis and deploy £5m every two years. After the ninth close in December 2019, the Fund reached just under £2.9m, up from £2.6m last year. Investment closes continue on a regular basis. Growth came mainly from new as well as some repeat investors, and with fifteen new investors there are now a total of 114 invested in the Fund.

The most common investment amount is now an individual investment of up to £25k, followed by £25k-£49k. These two categories make up 75% of investors in the Fund, and just over half of the Fund by value (53%). The geography of investors is similar to last year, although the balance has shifted slightly away from Bristol and the surrounding area towards the south east. Most investors continue to come either from Bristol or London. Investors from or near Bristol are now under half of the Fund in number (40%) and value (43%). A further 6% of investors live in the wider south west.

"The input and expertise of board members introduced by Resonance has been invaluable to the development and progress of the CIC."

Fund investee

Photo: Donna Thomas, one of the Fund's investment managers, has worked on the Fund since its launch.

B FULFILLING ITS INTENT? EXPERIENCES AND PERCEPTIONS

INTENTION: Stakeholders see the Fund as true to its intentions, aligning social and financial outcomes in the South West

Enterprises appreciate their relationship with Resonance, with a continuum of relationship from hands-on to hands-off. Many use Resonance as a critical friend to discuss ideas with, in both good times and more challenging times. They say positive things about the Resonance team and appreciate it when they attend events. In general, there seems to be a welcome balance of supporting when required, without a stifling approach when it is not.

There are signs that, through the Fund's involvement, social enterprises become more capable – increasing the quality of activities, not just their quantity. The Fund has changed the way the enterprises think and work in a way that should be beneficial.

Examples that emerged from the interviews include:

- **Creating useful incentives through the application process.** The investment decision-making process is designed to be robust for both social and financial outcomes. Bristol Braille Tech say that the application process “was tough but encouraged us to do lots of sensible things such as expanding the board”. Community Mentoring and Support echo this, saying that “the month it took for us to move from referral to investment was intense, but the process was transparent and pragmatic.”

- **Thinking more about impact and who they are working with.** Somerset Wood Recycling say, “being part of the Fund has reminded us to value, capture and share social impact.”
- **Formalising processes and understanding finances.** Street Impact Bristol appreciate support with systems and processes as they move from a start-up phase to being more established.

Resonance has ongoing relationships with investors and is in the process of gathering increasingly robust data on their views, including how they regard the balance of social and financial return arising from their investments. As this becomes available, the intention is to provide more information in future impact reports.

“I would feel able to approach Resonance if I needed to for anything... It's rare to have this kind of relationship.”

Fund Investee

C INDIVIDUAL SOCIAL ENTERPRISES DO MORE TO RESTORE PEOPLE IN NEED IN THE SOUTH WEST

INTENTION: Social enterprises restore the lives of individuals and communities, in part, thanks to investment

This section looks at the difference each enterprise is making and how the Fund contributes to this.



Photo: South Bristol Sports Centre brings individuals from diverse communities together to play football.

SOUTH BRISTOL SPORTS CENTRE

What They do

- Reaching young people in particularly deprived areas of the city through sport: engage them in something productive, increasing skills and confidence with opportunities to become coaches.

What the Fund Contributed

- £250k loan over six years (April 2016).
- Financed construction of six new five-a-side football pitches suitable for year-round use, increasing engagement by young people and providing a revenue stream from evening hire to adults. This additional income allows social inclusion activities to grow and SBSC to target the most deprived areas.

Achievements and Challenges

- A fire in May 2018 gutted the building. Fortunately, many activities were able to continue using the outside pitches, with the organization operating out

of a shipping container and marquee. SBSC plans for the building to partially re-open in September 2019.

- Despite this setback, numbers have kept increasing. A holiday camp in February involved 944 participants, with 12 members of staff and a total of 44 volunteers.
- The youth council comprises seven young people who have turned their lives around and helped improve the lives of thousands of young people. They start up and run many of the inclusive activities at the Centre. All of them have gone on to education or employment. Four are working at Bristol City football ground. These young people are now looking for successors to join the youth council.
- Two youth council members started up a league for young people on Friday evenings, with over 130 participants each week.
- Four generations of women from one family are getting involved in football through the F3 Women's and Girls' fitness sessions.
- Bristol Panthers, an LGBT club based at the centre, linked with Bristol City to raise awareness.



Photo: South Bristol Sports Centre

PAPER ARTS

What They do

- Empowering young creatives to develop their confidence, artistic skills and employment prospects.

What the Fund Contributed

- £200k loan over 6 years (April 2016), plus a second £40k over 6 years (November 2016).
- The investment has taken PAPER Arts from the early stages of having a small studio, to fulfilling bigger ideas. It allowed for the purchase and renovation of a building (with co-investment) to provide a workshop and co-working space, promoting social inclusion and revitalizing the area.

Achievements and Challenges

- The YO-Arts Fest event in November showcased opportunities at PAPER Arts for local people in the St Paul's area, giving the message that everyone is welcome. A group of six young people were trained in the build-up.
- In the last year, PAPER Arts has been able to provide more one-to-one advice sessions for some individuals allowing Paper Arts to be more accessible and inclusive.
- The structure of the programmes has changed to create more of a clear route to accommodate young people who are at different stages and abilities in their work.
- The talented professionals who use the co-working space often lead workshops. This allows young people to learn skills directly from those with experience and demonstrates that working on a freelance basis is an option for them. Mentors who work in the building are known as the Creative Advice Bureau.



Photo: Paper Arts

BRISTOL 24/7

What They do

- Online newsletter and printed magazine celebrating Bristol and covering local news and social issues.
- New skills and opportunities in media for underserved groups - giving marginalized communities more of a voice in Bristol.

What the Fund Contributed

- £150k loan over six years (June 2016).
- Investment allowed B24/7 to employ a partnerships manager, to help establish its role in the community. This position has now been split in two with a community manager and a business development manager. Emboldened by the investment from the Fund, Bristol 24/7 has shifted its business strategy from a traditional media organization with social impact on the side, to having social purpose at the heart of the business.

Achievements and Challenges

- The 'Better Bristol' initiative launched in late 2018 to help people campaign for a Better Bristol, including through independent journalism. It has separate membership offers for business and the public.
- The Young Chefs Programme has gone from strength to strength, with two of the four young people involved in the first programme going on to full-time positions in professional kitchens. The second cohort catered for a B24/7 event in July, cooking delicious street food. B24/7 hopes to run two courses a year in future, funded through revenue from the membership scheme.
- B24/7 has supported local charities such as Easton Community Centre with free marketing support worth up to £2,000. This has catalysed further pro bono support from other businesses.



Photo: Bristol 24/7

STREET IMPACT BRISTOL

What They do

- Three charities (St Mungo's, Second Step and Bristol Drug Project) formed a consortium to support 125 rough sleepers identified by Bristol City Council, over three and a half years. They aim to support them by providing accommodation and vital support services tailored to each individual's needs.

What the Fund Contributed

- £112.5k loan over three and a half years (April 2018)
- Street Impact Bristol uses a mechanism called a social impact bond whereby Bristol City Council pays them on the basis of delivering pre-determined results. The Fund's investment provides working capital for interventions before outcomes occur and are validated, triggering payments.

Achievements and Challenges

- Street Impact Bristol has met and engaged with 122 out of 125 complex needs clients, far above expectations. The project has seen sustainable change with half the cohort and progress with some others.
- The project has seen some progress with the majority of those engaged, and half of the cohort is showing longer term, sustainable change. This means that people who had been homeless for many years and who had been banned from some parts of Bristol are no longer rough sleeping.
- The way the social impact bond has been set up means that Street Impact Bristol can be more flexible, with a personalized service. The team takes time to get to know people, finding out what's important to them and supports them for the whole journey.
- Street Impact Bristol are able to react quickly when there are small opportunities for change. This could be funding deposits for people going into private rented accommodation, supporting individuals or perhaps working with other agencies as necessary.



Photo: Street Impact Bristol
engaging with rough sleepers.

BRISTOL BRAILLE TECHNOLOGY

What They do

- Bristol Braille Technology CIC (BBT) designs and manufactures braille equipment to promote literacy for blind people. Braille literacy is falling into decline and BBT hopes to help reverse this trend and by extension, increase blind people's chances at education, employment and independence.
- Bristol Braille generates income through product sales, selling the Canute 360 - the first multi-line digital braille e-reader.

What the Fund Contributed

- £200k over six years (November 2018).
- The investment provides working capital, which enables Bristol Braille to finalize product testing, support early manufacturing and distribution of the Canute 360, enables future product development.

Achievements and Challenges

- BBT has shared many prototypes with testers and manufacturing will commence once enough orders have been placed. There are dozens of people on a waiting list for their Canutes.
- Most of the impact BBT will have is yet to come. This will start in the coming months once more people receive braille readers. BBT say, "Our impact hasn't really been measurable yet, but we are almost there and that wouldn't be possible without Resonance."

What Excited Resonance

"The first multi-line braille product has huge global potential and it is great to have Bristol origins for a global product, so we were delighted to be able to back it. It was also our first manufacturing investee and of course the educational benefits of the Canute are very attractive. Having the Esmée Fairbairn Foundation involved in pre-investment (therefore co-investment) was also a plus for us."



Photo: Bristol Braille Technology

SOMERSET WOOD RECYCLING



What They do

- Somerset Wood Recycling (SWR) helps disadvantaged young people facing multiple barriers to work including long-term unemployment, to gain work-based employment, volunteering and skills to re-position their lives in a positive way, whilst challenging perceptions of 'waste'.
- SWR's business model incorporates paid-for waste wood collections and wood re-use through the manufacture of individually designed, well-made wooden items and bespoke furniture made from recycled wood, and green space maintenance services.

What the Fund Contributed

- £109k loan over six years (February 2019).
- The investment enables SWR to significantly increase income generated by their wood recycling activities, in particular, products, timber retail, wood collections and training. This will help them to create more sustainable employment and provide more training opportunities for marginalized people from local communities.

- SWR is expanding its manufacturing and retail space, designing a range of standard products, recruiting an extra staff member in the workshop and focusing on establishing additional retail outlets for their products.

Achievements and Challenges

- It took longer than anticipated to close this deal, due to an issue with a lease. However, even with the lease pending, SWR had started to ramp up its retail operation.
- Retail income from recycled wood commissions and products has increased by 50% year-on-year, from an average of £9k per month in 2017/18 (Mar-Apr) to £13.5k in 2018/19.
- 80% of staff are former volunteers who were long term unemployed. Therefore, additional income is closely linked with greater impact. The more products SWR sells, the more staff the enterprise can take on.
- When three long-standing members of staff left this became both a challenge and an opportunity. It caused some instability but created vacancies for former volunteers.

- SWR can now provide a broader variety of opportunities. Having a greater manufacturing focus, allows volunteers with lower levels of skills to be involved, while making them more profitable.

What Excited Resonance

"We really like the combination of social mission and environmental focus. SWR also has a long history of employees starting as volunteers. It has a great team with potential to focus and grow well beyond its immediate community. SWR is continually looking at diversifying income in order to offer additional opportunities for volunteering and training."

COMMUNITY MENTORING AND SUPPORT

What They do

- Community Mentoring and Support (CMAS) is based in Gloucestershire (with services across Gloucestershire, South Gloucestershire, Wiltshire, Devon, Somerset).
- CMAS educates, mentors and supports 154 children and young people who other agencies have been unable to help, spending a total of 24,500 hours with them. Some of the young people have been out of the educational system for considerable periods of time.
- The organization provides services to youth clubs and youth projects. This includes professional mentoring for young people who have additional needs, and alternative education for young people who, for a variety of reasons, are not accessing mainstream schools.

What the Fund Contributed

- £250k loan over 6 years (April 2019).
- Working capital to support key new hires to strengthen the management team and governance, reflecting the growing needs and complexity of the business. This has enabled CMAS to set up two further independent and alternative schools, complementing and building on their mentoring service.

Achievements and Challenges

- Over the last year, the work of CMAS has become more formal, including the opening of an Independent School in Gloucestershire to help meet the unmet needs of young people who struggle with mainstream schooling. The school has already been recognised as "Good" by Ofsted.
- In the coming year CMAS plans to improve its social impact measurement, including introducing a bespoke social and emotional assessment tool.

What Excited Resonance

"CMAS is a high impact and high growth organization which we were pleased to support. Its work with young people shows how a joined-up approach to different needs, from youth clubs and mentoring to education options for excluded children, can also build a sustainable and diverse social enterprise ready to grow and expand its impact in the region."

Stories from Community Mentoring and Support

Richard* was initially referred to CMAS in Year 9 having previously been excluded from three schools. Members of Richard's family were known to be involved in criminal activities and the school was concerned Richard was vulnerable to following the same pathway. Richard has had weekly support from CMAS and has been supported through various fixed-term exclusions and other behaviour-related challenges. CMAS has kept the school and family closely informed of Richard's progress and advocated for a return to a full timetable in Year 10, while retaining the weekly support from CMAS. Richard had no subsequent behaviour exclusions and remained in school up to the end of year 11 and in June 2019 sat both GCSE Maths and Functional Skills English and Maths exams. Richard has successfully applied for an apprenticeship and begins a construction course at the local college in September.

CMAS has worked with a Year 8 student in partnership with her mainstream school since October 2018. Amy* displays severe autistic traits and struggles with boundaries, positive choices and decision making and low self-esteem. She comes from a large family living in difficult circumstances, with financial problems. CMAS created a package using a number of mentors to help Amy build trusting relationships with adults and engaged her in activities including swimming, horse riding, pottery, art and cooking. Amy also became involved in a local community gardening initiative supported by CMAS mentors. All activities were personalized to meet the needs identified in her Educational Health Care Plan. CMAS also supported the family with multi agency engagement, and the team is really pleased that Amy will be starting at a new school in September. CMAS celebrated Amy's last session in July with drinks in her local cafe with three of her long-term mentors.

*Names have been changed



Photo: Community Mentoring and Support

D THE FUND'S CONTRIBUTION TO DISMANTLING POVERTY IN THE SOUTH WEST

INTENTION: The Fund makes a contribution to dismantling poverty in the South West that is greater than the sum of its parts

How the enterprises contribute to dismantling poverty

The Resonance South West SITR Fund's aim is to contribute to dismantling poverty in the region. This is an ambitious goal that involves engaging with the issues that contribute to poverty, above and beyond the good done by individual enterprises.

The enterprises in the Fund engage in activities that might contribute to more systemic change:

- **Addressing root causes rather than symptoms.** This could include creating transformation in individuals. **South Bristol Sports Centre**, **PAPER Arts** and **Somerset Wood Recycling** create opportunities for disadvantaged young people to gain skills and confidence, as well as earning an income, breaking what might be a generational cycle of poverty and lack of aspiration. **Community Mentoring and Support** works with local authorities and commissioners to challenge the impact of bias that society has against people who are educationally and socially deprived.
- **Reaching out to people who are harder to help.** **Street Impact Bristol** supports rough-sleeping individuals who have been identified by Bristol City Council as being amongst the most difficult to help. **Community Mentoring and Support** works with young people that other agencies have been unable to help.
- **Cutting across different dimensions of poverty.** Analysis from Resonance indicates that most of the enterprises are contributing to multiple Sustainable Development Goal areas. For instance, **South Bristol Sports Centre** aims to involve those who may not normally engage in sport, tackling poor health in the process. It also hands over control to its Youth Council, empowering young people.
- **Linking things up and thinking about ripple effects.** **Bristol 24/7** links up and illuminates social impact, particularly through employing a partnerships manager and launching its social impact channel. This helps others to identify ripple effects as they emerge and strengthen the network of organizations working towards social impact in different parts of the South West. **Street Impact Bristol** joins up a range of services for rough sleepers and have the flexibility to do whatever is needed to make it work.
- **Working at scale.** **Bristol Braille Technology** has aspirations to sell its braille e-reader around the world, reversing the decline in braille literacy and creating new education opportunities for blind people.

How the Fund adds up to more than the sum of its parts

Enterprises cannot tackle problems of poverty by themselves. Without conversation and collaboration at a systemic level, there is a limit to how much a single enterprise, even with social investment and the added value of support from the Fund, can achieve.

Next year, Resonance plans to organize a gathering of enterprises (including those in the pipeline), investors and other relevant stakeholders to develop our understanding of:

- Interconnected problems of poverty in the South West
- Where enterprises are addressing these
- Relationships across the region
- The wider context and system(s) around poverty
- What the long-term view looks like; and
- Gaps in the portfolio and opportunities for collaboration



Photo: Somerset Wood Recycling

Photo: Aerial view of the city of Gloucester, looking towards Cheltenham, Leckhampton, Presbury and Cleeve Common.

APPENDICES

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 run with three main legal structures: Community Interest Companies, Community Benefit Societies and Charities.

SITR offers similar tax reliefs to those available through the long-standing 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 South West 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.

Chandos House and Bearpit Bristol

Chandos House and Bearpit Bristol encountered significant difficulties over the past year. As a result of these difficulties, both these enterprises ceased trading, at the start of 2019.

During the past twelve months, the team at Resonance worked closely with both enterprises, relevant authorities and with potential alternative business models, to try to help them overcome the challenges that they have been facing. The team is confident that both enterprises survived longer and had more options for potential recovery, than would otherwise have been the case without the Fund's involvement.

Resonance has previously reported separately to investors about the specific factors which impacted these enterprises and the steps that were taken to assist them.

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ENDNOTES

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⁽¹⁰⁾ Street Impact Bristol bid presentation, Unpublished

PROFIT THROUGH **PURPOSE**



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Report prepared independently by Jamie Pett
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Photo: View of the Pulteney
Bridge, River Avon in Bath.

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