

# DISMANTLING

POVERTY THROUGH INVESTMENT  
IN SOCIAL ENTERPRISE



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Cover photo: Gro Organic provides volunteering opportunities for local people with mental health and physical disabilities.

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

# ABOUT THE FUND

The Resonance West Midlands SITR Fund (the Fund) is a pioneering social impact investment fund aimed at helping to dismantle poverty across the West Midlands region of England, by investing in local social enterprises. It takes advantage of Social Investment Tax Relief (SITR), which simultaneously lowers the cost of loans for enterprises whilst enabling the potential for a competitive financial return to investors.

This report is the third Social Impact Report from the Fund and covers the period from October 2020 to September 2021. During this period the Fund has invested in four social enterprises, adding to the six it has already invested in. It is important to remember that the reporting period covers the COVID-19 pandemic, which had a significant impact on the social enterprises in the pipeline for investment and the portfolio.

Following its fifth close in April 2020, the Fund raised a total of £1.8m from 38 investors and invested in ten social enterprises. The Fund has now completed raising capital and is focused on deployment.

The Fund has helped to support these social enterprises, as well as a number of others in the region, through more than just financial investment - offering business advice, investment readiness support and connections - that have been crucial to supporting the growth of specific social enterprises, as well as strengthening the wider social enterprise sector as a whole.

The Fund made its first investment in August 2018. By 1 September 2021 it had committed investment to ten social enterprises in the region and had deployed £1.1m of investors’ money, as well as helping to secure an additional £440k of business support and development funding for enterprises in the investment pipeline.

At Resonance, we produce an annual social impact report for each of our funds, describing and measuring the positive difference made. This allows investors to see how their investment is contributing to scaling the social impact of the enterprises supported, and helps Resonance and investee enterprises learn and improve their impact over time.



Photo: Gro Organic improves the lives of disadvantaged people in Solihull and Birmingham.





Sustainable Development Goals (SDGs) 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.

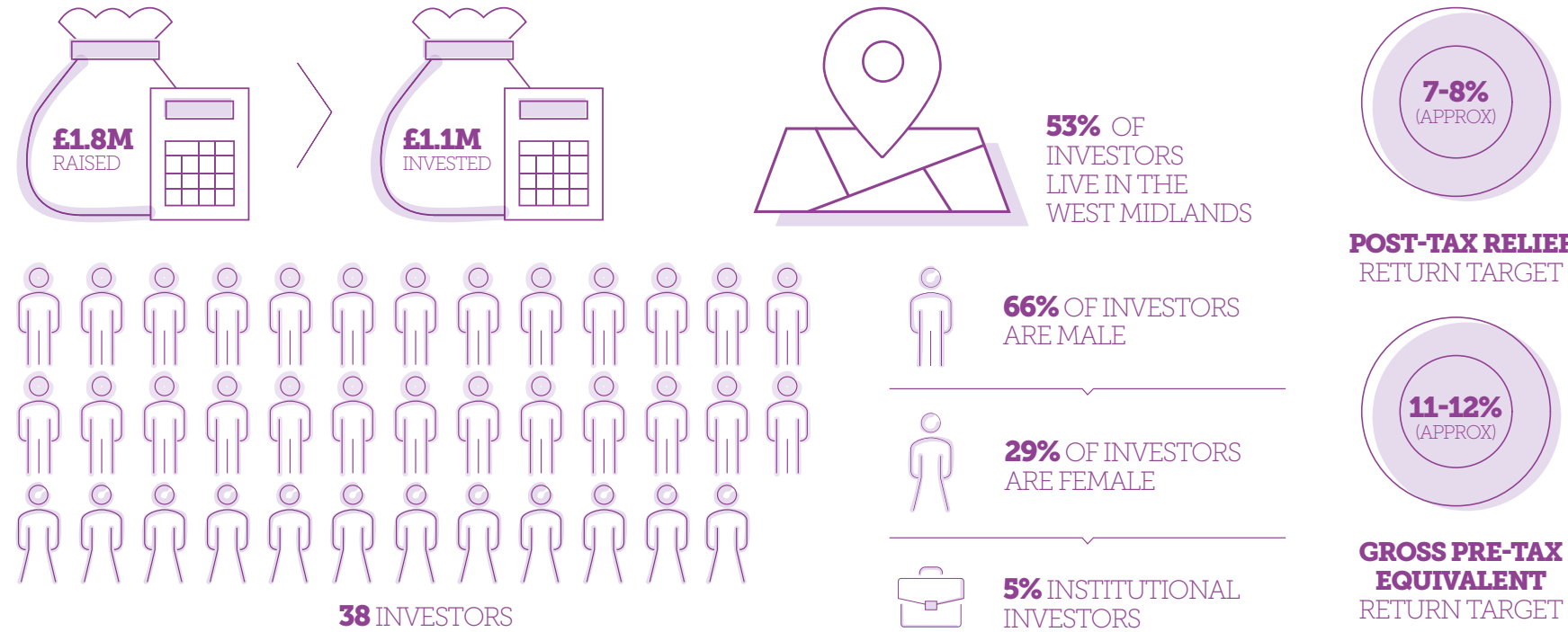
The Resonance West Midlands SITR Fund and the social enterprises within it, currently contribute to the following SDGs.



Photo: Gro-Organic provides a number of programmes and activities for young people to help them develop new, practical and transferable skills and to enhance their social skills and confidence.



# WHO'S INVESTED



Figures as of September 2021

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



# A FOCUS ON THE WEST MIDLANDS

NUMBERS OF INVESTEEES OPERATING ACROSS THE REGION	
Birmingham	5
Dudley	1
Telford/Shropshire	1
Wolverhampton	1
Worcestershire	2

Some investees operate across more than one county in the region



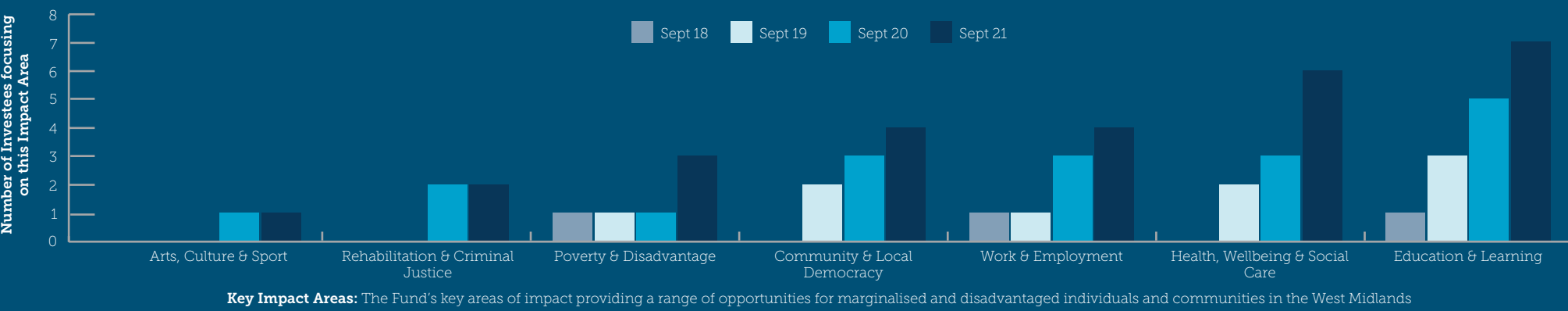
- 35%** OF CHILDREN IN THE WEST MIDLANDS ARE LIVING IN POVERTY<sup>1</sup>
- IN SOME PARTS OF BIRMINGHAM **54%** OF CHILDREN ARE LIVING IN POVERTY<sup>2</sup>
- THE WEST MIDLANDS HAS EXPERIENCED A **9.4%** INCREASE IN UNIVERSAL CREDIT CLAIMANTS SINCE LAST YEAR<sup>3</sup>
- WITH **22%** OF ITS POPULATION INCOME DEPRIVED, BIRMINGHAM IS THE 7TH MOST INCOME-DEPRIVED LOCAL AUTHORITY IN ENGLAND<sup>4</sup>
- BIRMINGHAM HAS THE HIGHEST UNEMPLOYMENT RATE FOR A CITY AT **12.5%**<sup>5</sup>



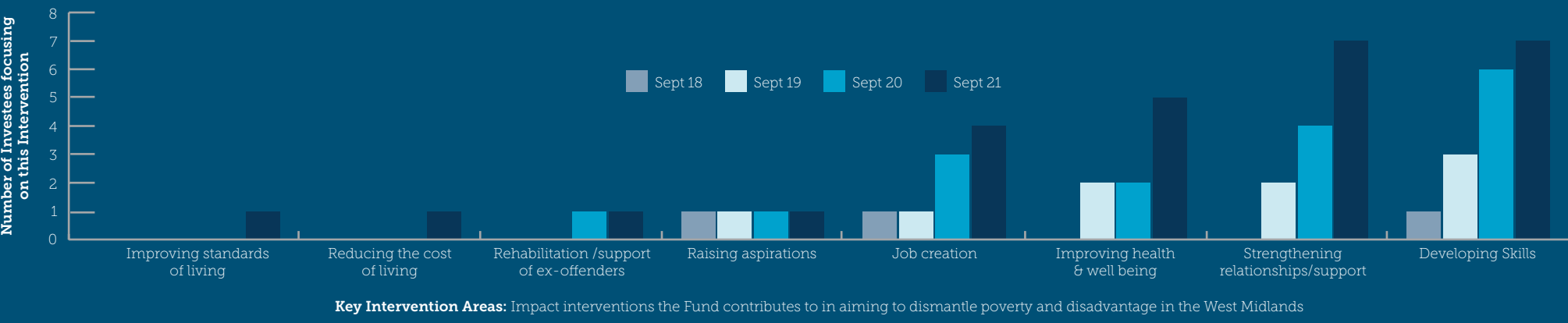
# WHAT THE ENTERPRISES ARE ACHIEVING

It has been encouraging to see that over time, the Fund has consistently continued to increase investments being made in social enterprises tackling the Fund’s key impact areas. It has also consistently increased investments into social enterprises that deliver focused interventions in the key areas identified by the Fund, at the outset, as some of the root causes of poverty and disadvantage it sought to help address.

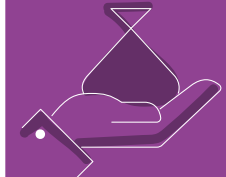
Growth in Depth of Impact Sectors of the Fund



Growth in Depth of Interventions of the Fund



**50%** OF ENTERPRISES HAVE INCREASED THE NUMBER OF PEOPLE THEY SUPPORT



**40%** OF ENTERPRISES INCREASED THEIR TURNOVER



**90%** OF ENTERPRISES INCREASED THEIR VOLUNTEERING OPPORTUNITIES



Photo: Challenge Academy provides a range of inclusive and transformative outdoor adventure programmes.



# SOME HIGHLIGHTS OF INVESTEE ACHIEVEMENTS

During this third reporting period, the Fund invested in four social enterprises:



**23** people supported within the specialist support centre including **8** receiving care packages in their own homes



Supports people with profound and multiple learning disabilities and their families, offering specialist support through their daycare facility, person-centred care packages and domiciliary care services.



**7,818** counselling sessions delivered to **1,382** young people, and **300** free volunteer sessions



Delivers a range of high-quality counselling, personal development coaching and anger management services, which address mental health issues, offending behaviours, addiction recovery and 'worklessness'.



**6** young people who enrolled in The Kickstart Scheme completed their access to employment programme



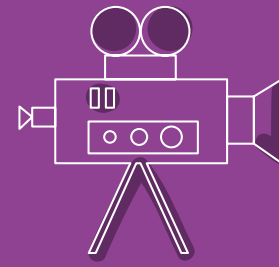
Provides accommodation, support, training and employment for people experiencing homelessness, social exclusion and barriers to employment in the West Midlands. It also runs a second-hand furniture and housewares trading arm and house and property clearance service.



**50** student social workers supported on site and **25** virtually



Works with children, families and vulnerable adults in The Three Estates, an area of significant deprivation in South Birmingham, by providing protection, safeguarding, empowerment, problem-solving skills and support for individuals and families. It also provides quality placement learning opportunities for student social workers.



**4,792** people - many experiencing isolation and loneliness - enjoyed **345** film screenings



A community-run cinema, café and arts space providing a crucial facility accessible to all in its local community. Aimed at marginalised groups to reduce isolation and build community resilience and support.



**4,430** people supported and participated in Gro-Organic's range of outdoor-based projects and activities



An outdoors-based social enterprise, which works to implement restorative justice with young offenders to increase their employability. Offers horticultural therapy to vulnerable women and teaches gardening skills for people with disabilities.



**92** young ex-offenders were provided with supported training and employment opportunities



Works with young ex-offenders to increase their employability through a range of different environmental projects, including flood management and construction.



# SOME HIGHLIGHTS OF INVESTEE ACHIEVEMENTS



**124** young people provided with supported apprenticeships, volunteering, training and work experience opportunities

**Jericho**

Provides support for people facing disadvantage to enable them to overcome social problems and get back into employment, through its paid work experience, personal development plans, vocational training and ongoing mentoring.



**3,713** young people participated in Challenge Academy's range of activity programmes



Uses a range of outdoor adventure facilities and activities to make innovative learning and development opportunities accessible for all, including school-excluded children and youth offenders.



**135** adult students with learning disabilities, autism and mental health issues provided with land-based activities and experiences working with plants and animals



Offers access to land-based activities, training, education and work experience to school-excluded children and people with learning disabilities, brain injuries and mental health issues.

Photo: Citizen Coaching provides adults and young people with access to various mental health support sessions.





# HOW THE FUND CONTRIBUTES

## What the Investment Achieves

Investees have used the investment from the Fund in a variety of ways, from renovating and expanding premises, to developing or opening new facilities, buying new equipment and employing new staff members. The enterprises say that the finance offers them not only stability, but the opportunity to grow and increase their revenue.

## The Fund Provides Much More Than Just Financial Investment

The Resonance team continues to act as a critical friend for the enterprises; helping them to build networks as well as 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 role of critical friend was even more crucial during the pandemic where the team at Resonance worked closely with each individual enterprise to understand the issues they faced and how we could:

- Be flexible with the investment terms with us, i.e. offering interest holidays to those that needed them
- Introduce them to other enterprises and organisations to find mutually beneficial solutions
- Support them and make them aware of emergency grant funding to help them to continue their services during the pandemic
- Encourage them to pivot and adapt their business models where needed.

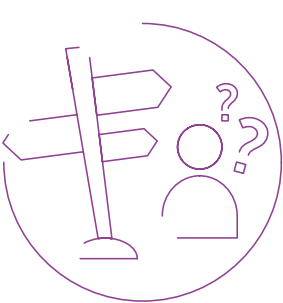
## The Fund’s Primary Aim is to Dismantle Poverty in the West Midlands

It does this through investing in social enterprises that address root causes of poverty and disadvantage, and those that work with hard to reach groups.

Resonance understands poverty has 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.

## Three Key Impact Themes

Since the Fund launched in 2018, three core impact themes have emerged across the Fund’s investment portfolio.



EDUCATION  
AND LEARNING  
OPPORTUNITIES  
FOR YOUNG PEOPLE



OVERCOMING  
BARRIERS TO  
EMPLOYMENT



TACKLING HEALTH  
AND WELLBEING  
INEQUALITIES

## 1. EDUCATION AND LEARNING OPPORTUNITIES FOR YOUNG PEOPLE

### The Facts

- 35% of children in the West Midlands are living in poverty - the third-highest percentage of children living in poverty in the whole of the UK.<sup>6</sup>
- In three neighbourhoods in Birmingham - Sparkhill, Sparkbrook and Bordesley Green - around three in every four children are thought to be living in poverty.<sup>7</sup>
- Since the pandemic the region has seen the number of apprenticeships drop by 19%, from over 45,000 in 2018/19 to just over 36,000 in 2019/20.<sup>8</sup>
- In 2021, 12.4% of young people were Not in Education, Employment or Training (NEET) compared to the England average of 11.5%. Time spent NEET can have a detrimental effect on physical and mental health, and increase the likelihood of unemployment, low wages, or low quality of work later on in life.<sup>9</sup>
- Using the power of the active environment to reboot, challenge, educate and empower, **Challenge Academy** creates positive change for young people participating in courses where they can overcome barriers, find their purpose, focus mindset and unlock potential. 86% of young people participating in Challenge Academy’s programmes said their self-confidence and self-esteem had increased, and 81% said they felt more confident to try new things.
- **The Skill Mill** provides six-month work experience with qualification opportunities for young ex-offenders in watercourse and horticultural services, designed to help them break the cycle of re-offending, gain confidence and self-belief, and to progress into further employment and training.
- In the last year, **Citizen Coaching** delivered 7,818 counselling sessions to 1,382 clients helping to create positive change for young people in Birmingham. 85% of participants said they felt more able to attend work, training or study following counselling.

### How The Social Enterprises Help

- One of **Jericho’s** key beneficiary groups is young people facing significant barriers to being fulfilled, skilled and employed. They help them overcome these barriers and gain relevant vocational skills to secure sustainable employment by providing real work experience in one their social enterprise businesses combined with an individually tailored package of personal development support for clients.
- **The Sweet Project** provides quality social worker placements for young people, working with 40 universities across the UK. And in the last year has provided 75 students (50 in person and 25 virtually) with supported placements. At the same time, students are providing valuable support to vulnerable families through safeguarding and other support services.

“I wasn’t expecting to end up getting a job, I wouldn’t have done if it wasn’t for Skill Mill. It’s been good working with Gary and the other lads. I’ve enjoyed it. It’s a good working environment. I’m lucky to have the chance to do the AQA as well because you don’t just get to do things like that.”

*Former Skill Mill employee now working at Balfour Beatty*



## 2. OVERCOMING BARRIERS TO EMPLOYMENT

### The Facts

- The West Midlands is one of the most unqualified regions in the UK, with 8.6% of people having no qualifications.<sup>10</sup>
- 34% of benefit claimants in the region have very low digital engagement, holding back innovation and accessibility to opportunities - with 22% of the population offline in 2019.<sup>11</sup>
- Across the UK white people are less likely to be unemployed than people from all other ethnic groups combined. In the West Midlands, the unemployment rate for people from ethnic minorities is 5% more than that of the three joint highest differences seen across all regions of the UK.<sup>12</sup>
- In 2021, the youth unemployment rate for 16-24 year olds in the West Midlands was 18% compared to a 4.9% unemployment rate for the region's overall working-age population.<sup>13</sup>
- Across the UK in 2020/21 only 5.1% of people with learning disabilities aged 18-24 were in paid employment - in the West Midlands this figure drops to 3.2% - the lowest regional figure in the UK.<sup>14</sup>

### How the Enterprises Help

- For people who have lived experience of homelessness, mental ill health, addiction, disability, modern slavery, and the criminal justice system, finding decent employment can be a real struggle and an obstacle too challenging to overcome. So, **Jericho's** range of diverse social enterprises and projects that provide supported employment, apprenticeships, and work placements - plus wrap around support – provide people with a helping hand to enter the workforce, empowering them to grow, develop, overcome obstacles and barriers and create lasting change for a happier, more fulfilled life. These supported placements lead to positive outcomes upon completion for 96% of participants and sustainable employment with other local businesses.

- **Clifton Community Arts Centre** provides several volunteering opportunities to local, disadvantaged people enabling them to gain skills, experience and confidence. Gaining new-found skills through these opportunities - in the café kitchen, ushering and in the fundraising, administration and marketing departments – have provided an important setting stone in enabling a number of volunteers to either move on to permanent employment within the centre or elsewhere. *"Tom\* attends a local special educational needs school and his parents felt he needed an interest out of the home and school. He started with us in August 2021 and works on a Saturday when the café tends to be very busy. He has grown in confidence and now takes orders, interacts far more with colleagues and can work the till independently."*

- The stigma attached to having a criminal record creates barriers to employment that can be hard to break. So, by developing their confidence and skills for work, **The Skill Mill's** six-month paid and meaningful work experience programmes and placements provide young ex-offenders with opportunities helping to raise their aspirations. Accessing these outdoor-based courses and work gives many of the young people a new appreciation for nature and the environment, pride in their achievements and an interest in wildlife and green spaces – as well as recognised qualifications and the potential to create positive futures and increase their life chances. The Skill Mill's pioneering programmes are proving to be incredibly successful in terms of providing a positive pathway away from re-offending, and with links to local companies, young people can be supported to progress with their careers with other organisations. To date, The Skill Mill has employed 92 young ex-offenders to work on environmental projects.

- Through its provision of counselling, therapy and mentoring services for young people experiencing issues such as poor mental health, problems expressing anger, lack of confidence, addiction, bereavement and more, **Citizen Coaching** helps young people tackle these issues, helping them unlock their potential so they can start making positive and confident steps forward in their lives, including in education, training and employment.

"Gro-Organic has **given me a purpose and focus.** They are always there to support me if I need them. I am so grateful for the opportunities they **give me."**

*Dig-It participant*

## 3. TACKLING HEALTH AND WELLBEING INEQUALITIES

### The Facts

- In the West Midlands region, 20% of people are living in highly deprived areas, with 19.2% of the region in the top 10% most deprived across England.<sup>15</sup>
- The West Midlands is one of the poorest performing regions for health outcomes - especially amongst its black and ethnic minority community - with a life expectancy of 59.9 years for males and 60.7 years for women.<sup>16</sup>
- The West Midlands is the 5th most unequal of the UK measured by the GINI index. 72% of people have a total income below the regional average of £23,200 (national average is £24,400).<sup>17</sup>

### How the Enterprises Help

- Delivering specialist and inclusive outdoor activities, **Challenge Academy's** social prescribing adventure programmes target marginalised groups to reboot, challenge, educate and empower participants – mainly young people - to find their purpose, self-confidence, focus their mindset, develop self-help strategies and unlock potential. The programmes offered deliver successful outcomes for young people, helping them develop resilience to overcome problems and issues they may have been experiencing, including poor mental health, exclusion from education and social isolation. With the pandemic leading to an increase in mental health issues in young people, Challenge Academy's programmes are in greater than ever demand and this last year saw 3,713 young people participate in programmes.
- **Gro-Organic** is passionate about improving the life chances of people who live in marginalised communities in Birmingham and Solihull. This includes mentoring families experiencing difficulties; supporting adults with learning difficulties through volunteering, work experience and team building initiatives; developing its women-only groups, including Bangladeshi and Jewish groups, supporting for example, women experiencing domestic violence; and community restorative justice projects reaching out to ex-offenders providing them with support and opportunities to create positive routes into education, training and employment. This year, 100% of participants in Gro-Organic's adult services community projects, reported improvements to their confidence, social and practical skills, physical health, community involvement and mental and emotional wellbeing,

- People with multiple and complex support needs can experience isolation and feelings of loneliness, affecting their health, wellbeing and sense of fulfilment. Their families can also experience isolation and loneliness. The bespoke, person-centred support **Spectrum Days** provides to its members means they feel more stable and secure, can build their confidence, enjoy being with friends and take part in a range of experiences, therapies and community activities, reducing their social isolation.

- People with mental health issues, addiction or experience of other trauma also often experience barriers to education, qualifications and finding and keeping a job. This is even more true for people from minority and ethnic backgrounds. In response to this, **Citizen Coaching** provides a diverse counselling, mentoring and support offering that is easy for minoritized groups to access, free and jargon free, delivered by counsellors mirroring the ethnic diversity of Birmingham. Following support sessions, 85% of Citizen Coaching's clients felt more able to attend work, training or study, leading them to a brighter future and 87% reported increased wellbeing and felt life was better and more satisfying.

- **Wildgoose** believes in the therapeutic value of working in and with nature, which has been shown to reduce stress, leading to better physical and mental wellbeing. The enterprise has created several fun and supported learning and working opportunities and stimulating activities on its nature reserve for students and adults with learning disabilities, autism and mental health issues, helping them to meet new friends, have fun and gain valuable life skills and work experience. They also support every participant to achieve personal outcomes every day, to develop and achieve ambitions and, since the start of 2021, have increased the number of students to 87 in September 2021.

"I love attending Spectrum Days. The staff are so friendly, and I love spending time with my friends. During lock down I've been shielding. Spectrum have been excellent during this time and have helped me stay in contact with my friends via video calls and online activities."

*A Spectrum Days member*



# IMPACT IN DEPTH

Photo: Spectrum Days helps people with profound and multiple learning disabilities.

## 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.



This report is based on a range of sources. We issue questionnaires to each of the social enterprises into which the Fund has invested. For consistency we try and ask the same questions annually, however we sometimes include additional questions. For example, for this report we were also keen to know the impact the pandemic may be having on their business. In addition to the questionnaire we also conduct interviews with representatives of enterprises. To identify the key social themes in the West Midlands we use quantitative and qualitative data from a range of sources, each of which is referenced.



Photo: Clifton Community Arts Centre provides weekly screenings for different groups of people.

# A BUILDING CONNECTIONS: PEOPLE AND INVESTMENT

## INTENTION: Resonance builds relationships that connect social enterprise 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 the Fund's impact than solely providing investments for West Midlands social enterprises. It is rooted in an understanding that enterprises often need more than financial investment, and that resources may come from sources other than the Fund itself.

## Investment Readiness and Business Development Support

A key source of additional support is the Reach Fund, which Resonance helps social enterprises to access. The Reach Fund provides grants to social enterprises to pay for specific 'investment readiness' work, to ensure they are ready to take on investment successfully. In addition to helping social enterprises apply for Reach funding, Resonance – as an 'Access Point' – also offers advice and guidance to develop investment readiness plans and business development briefs, as well as sourcing specialist consultants that may be required to deliver any interventions identified.

**Between Oct 2020 to Sept 2021 Resonance supported four successful Reach Fund applications, resulting in £50k of additional funding for business support and development for West Midlands based social enterprises.**

Resonance also supported these enterprises to identify areas in their businesses where development is required, such as governance, board structure and recruitment, financial forecasting and growth planning, customer and market analysis, management accounting processes, cost review analysis, social impact measurement and marketing.

## Covid-19 Emergency Funding Support

Resonance secured a £1.1m COVID-19 Emergency Response grant facility – with £224k of this allocated to enterprises in the West Midlands – which could be utilised alongside investments from the Resonance SITR Fund until March 2021. This facility was made available through the Access Foundation – the Foundation for Social Investment, with which Resonance has on going partnership. The overall purpose of this facility was to ensure that organisations impacted by COVID-19 could still proceed with investment in the short term, with the grant covering lost or 'at-risk' income, increased costs due to COVID-19, or costs involved in pivoting business focus in response to the crisis to ensure sustainability. The grant therefore ensured that social enterprises could continue to focus on their growth plans and secure investment, despite short-term impacts on costs and/or income streams.

In addition, Resonance has also supported a number of West Midlands social enterprises to secure additional support through other funding streams, particularly throughout the pandemic. This has included sign posting to relevant support programmes, for example the Social Enterprise Support Fund, and assisting enterprises with their applications where appropriate.

Photo: The Skill Mill's environmental projects provide real life work experience for young people.

I have a genuine overwhelming sense **everyone at Resonance is wanting us to succeed** and reaches out to networks for helpful introductions"

*The Skill Mill*



# B FULFILLING ITS INTENT: EXPERIENCES AND PERCEPTIONS

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

Enterprises appreciate their relationship with Resonance, seeing us as a critical friend to discuss ideas with in both good and more challenging times. This strength of relationship has been particularly relevant during the pandemic where the Resonance team has been in regular contact with all the enterprises, supporting them with their business needs, listening to their concerns, and contributing where necessary.

“The Resonance investment saved our organisation, they believed in us and saw an opportunity. We were able to **develop new programmes and grow and train students** and meet the needs of vulnerable children, adults and their families – right in the middle of the pandemic!”

*The Sweet Project*

Photo: Spectrum Days transports members to and from its centre in its fleet of vehicles.



## THE INVESTMENT HELPS ENTERPRISES ACHIEVE AND CREATE IMPACT

- **Challenge Academy:** “Without the SITR investment we wouldn’t have been able to start and build the centre - the only site of its kind in the West Midlands providing this sort of community focus and support.”
- **Jericho:** “The Resonance investment enabled us to transform both the scale and impact of our (previously) most successful social enterprise The ReUsers. Clearly the retail sector has suffered disproportionately during the pandemic and The ReUsers, when permitted to open, has experienced significantly reduced footfall and sales throughout this reporting period. However, without the Resonance Loan we would have struggled much more, and the investment has put us in a great position to benefit from the post pandemic recovery when it comes.”
- **Clifton Community Arts Centre:** “The Resonance investment was important to us in allowing the redevelopment work to be fully funded and puts us in a position to move on towards future expansion. But it is not just the financial aspect that makes the loan what it is - it is reassuring to have an investor who keeps a keen interest in our business performance and can open other doors for us by keeping us aware of funding opportunities.”
- **Wildgoose:** “Without the SITR investment we wouldn’t be here – it was the last piece of the jigsaw for us as many similar centres are closing with only high dependency centres seeming able to remain open in.”
- **Spectrum Days:** “In order to continue and even consider expanding our services and capacity, we were in desperate need of new buses to transport our members. We were down from five to two buses when we received the SITR investment – which has enabled us to continue delivering our crucial services and support to members and their families.”



## ASSISTING ENTERPRISES TO ACCESS ADDITIONAL FUNDING DURING THE PANDEMIC

Throughout the pandemic, COVID-19 has had an impact on social enterprises and charities so signposting them to additional sources of financial support has helped them continue supporting the most disadvantaged communities during this time.

- **Clifton Community Arts Centre:** “Resonance was able to open some doors that we may not have been able to otherwise do. In particular, I am thinking of grant funding from The Reach Fund. Additionally, the provision of pro bono legal advice in the negotiation of the new lease, which was a precondition of the advance and has in fact put us in a better position with regard to our current negotiations towards acquiring the freehold and to redevelop the upper floors.”
- **Jericho:** “Key support this year has been through access to the first round of the Social Enterprise Support Fund (which Resonance – among others – administers). Being successful in being awarded a grant has enabled us to massively improve the infrastructure at The ReUsers which will lead to greater levels of income and social impact in the future.”



## ONGOING SUPPORT FROM THE FUND’S INVESTMENT TEAM

- **Spectrum Days:** “Overall the support we have received has been helpful. The training, development and process of identifying and measuring outcomes and impact was particularly useful. And the introduction to additional grant funding was also very helpful.”
- **Jericho:** “We highly value our ongoing relationship with Resonance and the support, wisdom and connections that our relationship with the Resonance team bring to our organisation.”



# C INDIVIDUAL SOCIAL ENTERPRISES HELP MARGINALISED COMMUNITIES IN THE WEST MIDLANDS

**INTENTION:** Thanks to SITR investment, social enterprises are able to impact more lives of individuals and communities in need across the region

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



Photo: Jericho provides opportunities for people to get back into employment.

## THE JERICHO FOUNDATION

**Investment Size:** £100,000

**Deal Closing Date:** August 2018

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

**Location:** Birmingham

### What They Do

Jericho supports people who face multiple and complex barriers to employment, training or social inclusion to become fulfilled, skilled and employed. It provides paid work experience, personal development plans, vocational training, ongoing mentoring, an events-based social club and also a job search suite within its IT facilities.

### SITR Investment Purpose

The investment 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 also provided the initial working capital required to take on additional staff and retail space, as well as 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).

### Highlights

- Highlights include the resilience and commitment demonstrated by staff throughout the pandemic.
- The new improved ReUsers environment following the work improving the infrastructure was completed during lockdown.
- The growth in Jericho Cleaning and Jericho Construction, both of which have flourished during the pandemic.
- Significantly improving support systems and functions including Human Resources, social impact measurement and marketing.
- The continued support and flexibility offered by government and our many funders throughout this period. There haven't been many highlights for those we support - mainly just additional challenges.

### Challenges

- Major challenges included the repeated lockdowns and customer concerns around COVID-19 which impacted on footfall and trading income. During this reporting period we focused our attention very heavily on health and safety and keeping our staff, beneficiaries, and customers safe and well.
- Maintaining staff and beneficiary mental health and wellbeing through lockdowns was challenging and saw need for crisis interventions for some beneficiaries who struggled with being confined in difficult home situations.

- It's been a tough time for people supported by Jericho with many experiencing new and additional challenges. However, the subsequent rapid recovery of the economy, plus the buoyant jobs market and the increases to the minimum wage and benefits are positives.
- COVID-19 had a huge impact on some of Jericho's enterprises - including ReUsers, Wood Shack, Miracle, Laundry and Workspace. This impacted on income levels, profitability and ability to deliver social impact. That said, finances actually improved slightly, largely due to the support and flexibility of government and our amazing funders.

### The Future

- Key objectives going forward include replicating ReUsers/Wood Shack in Solihull, in partnership with Veolia and Solihull MBC.
- To complete the development of the Live Work and Heal Hub at Stepping Stones House which will include move-on accommodation for survivors of domestic violence combined with work in Jericho's new Miracle Laundry and holistic wrap-around personal support.
- And to scale Jericho Cleaning to £1m in three years' time.



## CHALLENGE ACADEMY

**Investment Size:** £150,000

**Deal Closing Date:** October 2018

**Legal Structure:** Community Interest Company

**Location:** Dudley, West Midlands

### What They Do

Challenge Academy uses a range of outdoor adventure facilities and activities to make innovative learning and development opportunities accessible for all. Its activities help develop aspirations and crucial soft skills - from confidence building to teamwork - and contribute positively to physical and mental health for communities living in particularly deprived areas. It also 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.

### SITR Investment Purpose

Investment was used to further develop its on-site Adventure Hub at Baggeridge Park, particularly indoor classrooms and activity areas, as well as its team capacity. This has enabled the enterprise to expand its 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.

### Highlights

- A 39% increase in the number of participants (3,713) in activity programmes since Sept 2020.

- Further expansion of the site and provision, including enhancing inclusion and accessibility opportunities, reaching out into marginalised communities, being awarded a new contract to work with Special Educational Needs schools and winning a new contract for next year to improve and widen services for the post-COVID landscape.
- Maintaining income throughout the pandemic.
- Providing wider community support as more people looked to engage in outside activities, enabling fun and engaging activity to support mental health and positivity, including in five communities in Dudley.
- Adding new, versatile activity pods for multi-purpose activities including low ropes, which can be used in winter, extending the activity session season.

### Challenges

- COVID-19 was the biggest challenge over the year: the closure of schools, numerous lockdowns and changing rules.
- Changing approaches to delivery of services to keep staff and everyone using facilities and participating in activities, safe. This meant changing the configuration of the site and training all staff on COVID-safety. However, making these changes has strengthened the organisation's purpose, aim and reach, and business ambitions.
- Struggles in accessing some funds – such as business rates refunds – however some COVID-19 grant submissions were successful, including the Social Enterprise Support Fund.

### The Future

- Continue to reach deeply into and have a positive impact in the local community and to reach new minority and marginalised communities.

## WILDGOOSE RURAL TRAINING

**Investment Size:** £85,000

**Deal Closing Date:** November 2018

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

**Location:** Worcestershire

### What They Do

Wildgoose 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.

### SITR Investment Purpose

The investment enabled Wildgoose to relocate operations from their previous two-acre site to a new forty-acre site, along with a new on-site activity hub. This meant Wildgoose was able to increase capacity and student numbers, as well as offering a wider range of activities. This is translating into further qualifications and a wider variety of training opportunities offered, as well as an increase in the number of partnerships with local schools.

### Highlights

- Providing quality employment to a number of staff and seeing them responding positively to challenging circumstances.
- Providing students with good, new facilities including the education and visitor centres and the new barn.
- Increasing student numbers and seeing them respond positively to the rules around COVID-19, including lockdowns and the self-isolating situation.

### Challenges

- Main challenges were around the impact of the changing COVID-19 guidelines, for example managing staffing levels and people self-isolating, safely accommodating the growing number of students, and providing continuity whilst some schools closed, however some remained open and continued to send students to the centre.
- The Wildgoose team adapted by changing some of their procedures, employed more staff, built an education centre and barn classroom enabling safe social distancing and created a WhatsApp group to help people feel connected.

### The Future

- Wildgoose has benefitted from significant open space enabling the education centre to continue operating. There is currently a waiting list, but expansion plans are still being explored to increase capacity, reach and impact further.
- A new visitor centre, cafe and nature reserve, accessible to the public are due to open in 2022.

**156% increase**  
in people engaged  
in impact  
behaviour change  
programmes in  
the last year



# CLIFTON COMMUNITY ARTS CENTRE (WELLINGTON ORBIT)

**Investment Size:** £100,000  
**Deal Closing Date:** February 2020  
**Legal Structure:** Community Benefit Society  
**Location:** Telford/Shropshire

What They Do

Clifton Community Arts Centre - known as Wellington Orbit - is a community-run space providing a crucial facility which is accessible to all in its local community, helping to reduce isolation and build community. It targets marginalised groups including adults with learning disabilities, LGBTQ+ groups, the elderly, and those living with dementia. It also provides volunteering and training opportunities for local young people and those facing barriers to employment.

SITR Investment Purpose

To finalise the first stage of a conversion of a former bank building into a Community Arts Centre. The development of the ground floor with a cinema – the Wellington Orbit – an arts space and café, with redevelopment of the upper floors to follow.

Highlights

- Reopening following the first lockdown and seeing signs of the business developing.
- The actual return of the cinema and the way it could be integrated into the revival of the town centre and local community.

- After lockdowns eased, uninterrupted film screenings provided a real boost to all stakeholders. Particularly successful film screenings included a Back to the Future weekend with a DeLorean car in the town square and the showing of the latest James Bond film, No Time to Die.
- Being able to offer jobs to returning staff and to not have to rely on external support such as through furlough. This included volunteers who could resume having structure to their lives, and to customers. One customer described the cinema as a shining light in their lives once COVID-19 restrictions were lifted.
- A Wellington Town Council £2,000 commission enabled the cinema to provide three free screening of the film Big Fish - together with refreshments - for over 65's in the town. This was well received and 126 people attended. The aim of this was to encourage people out of the house and build up their confidence after self-imposed isolation. The council considered it to be such a success that they intend to repeat this as an annual event.
- Receiving a grant enabling the provision of new activity-based and soft play equipment for the Tuesday Toddlers Group. This group has provided a safe and gentle introduction to building friendships - kids are learning how to interact and play with others – and parents are also beginning to build much-needed friendships.

Challenges

- The continuing impact of the pandemic and effectively being in lockdown for half of the year was a major challenge, limiting the ability to support the community, staff and volunteers. The furlough scheme and grants from other funds helped.

But, whilst there were financial constraints, the enterprise was able to remain open for a take-away service and even provided some support to NHS staff during the height of hospital pressures.

- Additionally, as an organisation with capacity restrictions, social distancing was challenging. There was also nervousness around the to return to socialising from the core 55+ age group demographic.
- The loss of two key members of the team and finding suitable replacements was a challenge but this was an opportunity to bring in some changes to roles which is already having a positive impact.

The Future

- The enterprise has huge plans for the acquisition of the freehold and the redevelopment of the upper floors.



# GRO-ORGANIC

**Investment Size:** £150,000  
**Deal Closing Date:** July 2020  
**Legal Structure:** Community Interest Company  
**Location:** West Midlands

What They Do

Gro Organic specialises in the design and build of educational, commercial and domestic landscape gardens, as well as delivering specialist workshops, mentoring and programmes focused around the outdoors and food growing, to help support the mental and physical wellbeing of local people, particularly in area of Chelmsley Wood. All of Gro's activities are centred around improving mental and physical health & well-being, reducing isolation & promoting community cohesion whilst developing transferable skills. The aim of their work is to move people closer to living healthier, happier lives and support them towards greater opportunities for connecting with others whether that be through socialising, volunteering, education, training or employment. This ranges from supporting young people facing exclusion from school, to ex-offenders, adults with learning disabilities and vulnerable women.

SITR Investment Purpose

To enable Gro-Organic to purchase new equipment, new expert assistance and the recruitment and development of specialist teams in order to increase its mentoring programme across a wider range of schools and to expand its landscaping services, enabling it to offer more training and employment opportunities in the local area.

Highlights

- During a challenging year, the organisation and team worked incredibly hard to ensure the delivery of a high quality and safe service even though at times it was mentally and physically hard for staff - but a lifeline for people supported. One beneficiary – a self-harmer – said: "If I didn't have this, I wouldn't have survived COVID-19." The projects and the team have saved lives through the work and support they have provided.
- Adapting services to deliver virtually and to reach as many people as possible. Support took the form of a weekly phone call and sending a gardening and craft activity package to each service user to provide them with a creative outlet and encouragement to spend time outdoors in local green spaces, helping to maintain some continuity for their mental health and wellbeing.
- Winning many awards for support given through the pandemic, including Best Non-Profit Youth Mentoring Service West Midlands, Excellence in Contribution to the Community, Youth Mentoring Service of the Year 2021 and Outstanding in the Third Sector (Solihull).
- Being commended by the NHS for the work the team have provided when people have been unable to access NHS services.
- 117 young people across 13 schools received Gro-Mentoring intervention, 2,626 children and young people received youth services support, 282 vulnerable adults took part in community projects and the Gro-Landscaping project saw 2,542 children reached through improved school outdoor spaces, and 10 community and 8 commercial projects completed.

Challenges

- The biggest challenge has been the impact of COVID-19 and managing the fluctuating rules and restrictions alongside the expectations of beneficiaries and schools.
- Having to put on hold face-to-face activities and support and community projects which led to service users feeling isolated and disconnected.
- Establishing safe and new procedures for reopening and rewriting policies, safeguarding, procedures and administration.
- Financial support from private businesses - that previously had healthy CSR budgets to invest in and support Gro-Organic have reduced and therefore impacted income. However, a new accountant has already had a positive impact, including in assessing the cost effectiveness of projects.
- The combination of the pandemic and the impact of Brexit on the prices and availability of some materials, for example timber, has led to increased costs and caused delays in the delivery of projects.
- Safeguarding issues trebled, with people with complex health needs needing additional support and encouragement to attend sessions.



## SKILL MILL PARTNERSHIP LIMITED

**Investment Size:** £100,000

**Deal Closing Date:** August 2020

**Legal Structure:** Social Impact Contractor

**Location:** Birmingham (plus five regions Nationwide)

### What They Do

The Skill Mill works with young ex-offenders to increase their employability through a range of supported training and employment opportunities, primarily through its environmental projects including flood management and construction. As well as a recognised qualification, the young people at The Skill Mill also gain the skills and self-confidence to reconnect with their community as well as improved emotional and physical wellbeing.

### SITR Investment Purpose

To finance the delivery of an Outcomes Contract between seven local authorities and Skill Mill Partnership, an accredited social impact contractor, with the aim of delivering outcomes for young people with a history of offending.

### Highlights

- Winning a number of awards in 2021: Children and Young People Now Youth Justice Award, The Queen's Award for Enterprise: Promoting Opportunity, and The Queen's Award for Enterprise: Sustainable Development. They were also finalists in the NatWest SE100 Awards 2021 and Social Enterprise UK Social Investment Deal of the Year 2021.
- Establishing a new cohort during a challenging time with no young people reoffending in this reporting period – an incredible achievement.
- Proud to be a NatWest SE100 organisation.
- Environmental successes, achieved by young people, include improvements to the gardens at The Dolphin Centre, rebuilding and tidying Gro-Organic's unique WW2 Victory Garden – for adults with additional needs – and building and maintaining vegetable beds.

### Challenges

- Some of the challenges The Skill Mill faced were due to the pandemic. A COVID-19 policy was swiftly developed and some grant funding – including from each of the local authorities The Skill Mill works within – was secured. However, there was an impact on securing jobs and delivering programmes which in turn affected the ability to meet some targets. During lockdowns, the team visited young people at their homes to ensure continuity of contact and support. The team and young people showed a tremendous amount of resilience and many people provided additional support and help.

- The development of an e-shop – making masks which Richard Branson/Virgin promoted – and selling these alongside hand sanitiser, scarfs, hats and socks for the Olympics, generating important income. A longer-term plan is to develop the e-shop so that products created by other enterprises can also be sold.
- Establishing long-term contracts with long-term partners that were promised, but not all were delivered.

“Sean gave me that massive chance to prove that I’m not a criminal and I can work. I’m willing to work and get up every morning and to do stuff for the environment.”

*Former Skill Mill employee, now working at the Environment Agency*

Photo: The Skill Mill provides ex young offenders with six month supported employment.





# SPECTRUM DAYS

**Investment Size:** £100,000  
**Deal Closing Date:** December 2020  
**Legal Structure:** Charity  
**Location:** Worcestershire and Staffordshire

## What They Do

Spectrum Days supports twenty-nine people (members) who have profound and multiple learning difficulties through flexible Monday to Saturday support and care services so that families can choose the tailored support they need. Individuals can either visit the centre itself which has a range of facilities to meet their needs, or the Spectrum team can provide respite and support within the home – or a mixture of both.

## SITR Investment Purpose

The investment was used to purchase a new fleet of vehicles to transport members between the centre and their homes, to take part in community activities and to access specialist services. It enabled the enterprise to continue delivering its vital service, as well as being able to expand its services to new families.

## Highlights

- Purchasing four of the five new vehicles needed. One parent said: “The bus service is vital. My son loves it and has got to know the staff and enjoys the banter. He may need support during journeys which could be difficult and distracting for the driver. The support worker sitting in the back can deal with any problems quickly and can interact with him during the journey. I am very happy and I can rely on it being safe and comfortable for my son.”.
- Offered support in members’ homes when the centre was closed during lockdowns.
- The team really bonding and working well together during this challenging time and being able to retain, pay and take care of all staff.
- Unexpected kindness – including donations – and support from the local authority, ensuring funding was provided to maintain the centre’s services whilst it was closed.

## Challenges

- The ongoing pandemic led to some challenges including adapting to changing COVID-19 rules, prioritising COVID-safety for staff and members, managing staff isolation and increased sickness levels, and difficulty in recruiting new staff, needed to help enable the organisation’s growth.
- There were also delays in the delivery of the most specialist of the five new vehicles which had some impact on Spectrum’s transportation of members.

- However, the team became efficient at adapting to new challenges by working hard, pulling together and becoming more flexible in their working practices. They were resourceful and creative in solving problems including the creation of new procedures to manage the impact of the pandemic on staff and members.

## The Future

- To develop services for children with profound and multiple learning difficulties.

**“I love attending Spectrum Days. The staff are so friendly, and I love spending time with my friends. During lockdown I’ve been shielding. Spectrum have been excellent during this time and have helped me stay in contact with my friends via video calls and online activities.”**

*Jim, who attends Spectrum Days*

# CITIZEN COACHING

**Investment Size:** £125,000  
**Deal Closing Date:** March 2021  
**Legal Structure:** Community Interest Company  
**Location:** Birmingham

## What They Do

Making counselling and mental health support more accessible for people across Birmingham, regardless of their circumstances. Delivering a range of high-quality counselling, personal development coaching and anger management services, which address mental health issues, offending behaviours, addiction recovery and barriers to employment, helping people discover better lives and create brighter futures.

## SITR Investment Purpose

To expand its counselling team, invest in delivering more specialist therapy interventions, and also support younger clients with specialist support needs, through a new sensory play therapy space.

The investment is also helping to develop Citizen’s crucial online mental health service, widening the scale and reach of their service significantly, and therefore enabling the organisation to have a much wider social impact.

## Highlights

- Through 20,000 counselling and anger management sessions, 4,000 people have been supported across the year. 99.6% of clients have reported they are happy with the counselling service they’ve received, and 87% reported they feel a noticeable or significant change in their lives. 85% of clients felt more able to attend work, training or study, and 87% of anger management clients reported a noticeable or significant change following intervention.
- Staff and volunteers working with 53 charities, social enterprises, schools, universities, GPs, family workers and other agencies ensuring local people have access to Citizen’s services.
- Increase in income and reach.
- Significant extra social value has been created.

## Challenges

- With clients presenting with ever more challenging issues, counsellors need to deliver more sessions to each client. This causes a waiting list that needs more management time to administer and overall means fewer clients can be seen. Both issues reduce income and increase costs. However, Citizen was able to access grants to fund extra client sessions.

**“When I first came to counselling, I was self-harming. I had no confidence and was very nervous. I didn’t like myself. Since coming to counselling my confidence has built up. I am really proud of myself. I no longer self-harm. I love myself and feel fantastic. I am now a school peer ambassador for mental health. You’ve kept me really calm and helped me to control my situation. I got the help I came for.”**

*Sam, a young person supported by Citizen Coaching*



## ENTERPRISE HOMES GROUP

**Investment Size:** £105,000

**Deal Closing Date:** March 2021

**Legal Structure:** Charity with Community Interest Company trading subsidiary

**Location:** Wolverhampton

### What They Do

Provide accommodation, support, training and employment to those experiencing a period of homelessness in the Wolverhampton area.

### SITR Investment Purpose

To refurbish and launch ReGen Household's retail and warehouse space, as well as scaling its household clearance business – including developing new infrastructure, investing in new vans, and additional staff team.

### Highlights

- ReGen Household's retail space was successfully launched in April 2021.

### Challenges

- ReGen Household was impacted significantly by the pandemic and the instability of the retail sector that persisted throughout 2021.
- Enterprise Homes Group Charity also saw its income sources reduce across the pandemic, and that contract and funding opportunities diminished throughout 2021 following initial emergency support available in 2020.

### An update from March 2022

At the time of publishing this report, Enterprise Homes Group has continued to face financial difficulty both at the Parent Charity level, and through its CIC subsidiary ReGen Household, and decided to cease trading in March 2022.

Resonance is liaising closely with the management team and will share a more detailed update with investors in the Fund's next Quarterly Investor Report.



## THE SWEET PROJECT

**Investment Size:** £100,000

**Deal Closing Date:** June 2021

**Legal Structure:** Community Interest Company Limited by Guarantee

**Location:** South Birmingham

### What They Do

Provides family support services in one of the most deprived parts of Birmingham, which focuses on safeguarding children and supporting the vulnerable. This is achieved by managing quality placement learning opportunities for student social workers.

### SITR Investment Purpose

To take on and refurbish better-suited and fit-for-purpose premises to facilitate its longer-term growth and to recruit two new business development and service delivery team members.

### Highlights

- Highlights include the development of new programmes to bring students and service-users back on site, following the impact of the pandemic
- Enhancing support packages for students and families. As lockdowns lifted, students were able to complete training, to support and meet the needs of vulnerable children and adults and their families, face to face.
- During a challenging time, being able to continue promoting and planning for a move to new premises.

### Challenges

- Most of the challenges experienced in the last year were due to COVID-19. This included trying to remain in business without additional COVID-19 funding and trying to manage the changing guidelines, keeping everyone COVID-safe and prioritising service users, ensuring at-risk children and adults – including women experiencing domestic abuse – were safe.
- In order to keep staff and students COVID-safe The Sweet Project changed some of its systems, including safety and compliance. This included developing virtual learning programmes.

- The pandemic had a huge impact on the education and learning sector. This included the social work students some of whom failed a module because they had to take time away from studies such as caring responsibilities and shielding. However, 100 virtual students continued to be supported in their studies. The Sweet Project also continued to work remotely with schools, for example ensuring the safety of young people and continuity of child protection plans.
- Another challenge was that universities struggled initially with providing online learning for students along with uncertainty around face-to-face learning plans. However, The Sweet Project worked closely with the University of Derbyshire to develop a virtual placements programme which was then expanded to bring in five other universities: Cumbria, Middlesex, Canterbury, Royal London and Bristol.



# D THE FUND'S CONTRIBUTION TO DISMANTLING POVERTY IN THE WEST MIDLANDS

**INTENTION:** The Fund makes a contribution to dismantling poverty in the West Midlands

## How the enterprises contribute to dismantling poverty

The aim of the Fund is to contribute to the dismantling of poverty in the West Midlands. This is an ambitious goal as poverty rarely has a single cause. Instead, a range of factors including rising living and housing costs, low pay, lack of employment, marginalisation, high childcare costs, disability and ill health can lead to people falling into poverty and disadvantage. The Fund aims to tackle some of these issues by enabling local social enterprises working in these areas to scale their operations.

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



## ADDRESSING ROOT CAUSES RATHER THAN SYMPTOMS

Living in poverty often means living with multiple disadvantages. This includes barriers to employment, low income, poor housing, inadequate health care and exclusion to activities and has an impact on mental health and wellbeing, with people living in poverty experiencing higher levels of anxiety, low self-esteem, loneliness and becoming socially isolated. By addressing some of the root causes of poverty, social enterprises create transformational change in people's lives. The range and depth of out-in-nature activities and support **Gro-Organic's** offers vulnerable adults and children means that participants are given a purpose and focus as well as gaining valuable new life skills and increasing their self-confidence, helping to raise their aspirations and pursue their future ambitions.

**Jericho** operates a number of enterprises enabling it to offer a variety of training and employment opportunities for people experiencing homelessness, mental health issues, addiction, disability, modern slavery or the criminal justice system – and in doing so, helps to lift people out of poverty and into apprenticeships or work experience programmes.



## REACHING OUT TO PEOPLE WHO ARE HARDER TO HELP

**Skill Mill** provides a range of outdoors, environmental based supported apprenticeships and work experience alongside individually tailored programmes of wrap-around support for young people with criminal records who are often hard to reach. This combination of employment, support and interventions helps improve the longer life chances of participants, decreasing their risk of social exclusion and of re-offending during adulthood. In fact, in 2021 the reoffending rate was zero amongst that cohort of young people – an incredible achievement.

**Enterprise Homes Group** provides work opportunities for people experiencing homelessness and also provides affordable furniture for people living in challenging circumstances.

In Birmingham, **Citizen Coaching** provides a diverse counselling offering that is easy to access, free and jargon free and delivered by a group of counsellors that mirrors the ethnic diversity of the city region.

**Gro-Organic's** mentoring services are helping to transform the lives of children and young people across the region, including those at risk of educational exclusion or anti-social and/or criminal behaviour in adolescence and early adult life. Through their 1:1 and group sessions and courses held in community settings (centres, gardens and hubs) they support young people to develop their social, emotional skills and resilience, improve their behaviour, engagement, attendance and attainment and reduce risk-taking. They help them explore and build on their existing capabilities, raising their confidence and aspirations and broadening their horizons, establishing an environment where every young person can thrive and create positive pathways for their future, realising their full potential and contributing to society.



## PROVIDING CONNECTIONS TO OTHERS

People experiencing disadvantages – for example a learning or physical disability, mental health issues, experience of the criminal justice system – can experience feelings of loneliness, social isolation, and low social connectedness even though they are physically present in their community. **Spectrum Days** provides a vital service for people with profound and multiple learning disabilities living in the Worcestershire area by providing them with fun, individualised care and support packages in their centre including arts and crafts and sports - and through trips to local farms and horse riding – enabling them to make friends, meaningful connections and participate in fulfilling activities.

Empowering and building strong, resilient communities and connecting and engaging with vulnerable people is what **Gro-Organic** is passionate about. The enterprise tackles and reduces social isolation and loneliness in local communities in the region, improves community cohesion and regenerates deprived areas through its range of activities and services designed to provide everyone with practical and life skills, and build friendships enabling them to become more independent and grow their social network.

**Clifton Community Centre's** community run cinema, café and arts space in Wellington helps to reduce isolation, build the local community, change perceptions and give open and inclusive access to ideas. This is facilitated through its events and programmes targeted at specific groups, including screenings to cater for adults with learning disabilities, dementia-friendly screenings, and events which celebrate under-served groups in the local area. In doing so, the centre has not only filled a massive void in the town but has provided a place where people are brought together to feel connected in a welcoming and supportive environment. With volunteering roles also provided, individuals can build their confidence, feel valued and a part of something meaningful.



## CUTTING ACROSS DIFFERENT DIMENSIONS OF POVERTY

Whilst poverty is generally based on income, other areas of deprivation such as a lack of education or training opportunities, unemployment, poor health, poor housing, social exclusion, and disempowerment all contribute to disadvantage for individuals and communities. The enterprises provide support and opportunities for some of the region's most marginalised people, helping them find confidence, new skills and to 'level up'. In one of the highest areas of deprivation in the region, **The Sweet Project's** provides crucial support services to vulnerable children and families experiencing poverty and other family difficulties through its student social work placements. **Wildgoose, Jericho** and **Skill Mill** provide training, education and work placements for people with criminal records, mental health issues and learning disabilities – people who might otherwise struggle to find meaningful employment or access training and skills to help them realise their potential. **Challenge Academy** supports young people facing a range of social, emotional and mental health difficulties. This includes young people who may have been excluded from mainstream education or are facing long-term unemployment, and are seen as 'hard to engage with'. Through their highly trained, experienced staff and specialist resources and activities, Challenge Academy delivers programmes that help develop growth mindsets for positive behavioural change and emotionally resilient communities - challenging people to step out of their comfort zone in engaging and non-threatening environments.



## THE FUND DEMONSTRATES ADDITIONALITY BY INVESTING WHERE OTHERS WOULDN'T

The terms of the Fund mean that we can often be a natural fit for an investee to increase their impact. The three-year interest only period means that investees who have slower growth profiles can take investment and not feel as though they have to overstretch themselves when they are trying to establish, for example, a new service or new geography. We believe that this patient approach differentiates us from other investors and enables enterprises to achieve greater longer-term impact.



# THE FUTURE OF THE FUND

We are delighted to now be working with a portfolio of ten highly impactful social enterprises across the West Midlands, with several more in the investment pipeline that we are working to support through the Fund. This is something that is particularly worth celebrating in light of the challenges of the last 12-18 months – from the impact of a global pandemic to the SITR scheme itself being threatened with closure by the Treasury.

Following significant representations to the Treasury by ourselves and sector partners – via our collective effort, the ‘Save SITR’ campaign - it was announced in the Budget on 3 March 2020 that SITR was being granted a two-year extension, until April 2023. We were of course grateful for this extension that meant we were able to continue deployment of our existing funds in the short term.

However, this decision by Treasury to extend the SITR scheme to April 2023 only has sadly meant we also had to make the decision to not raise any additional capital into either of our existing SITR Funds. This is because our experience of deploying investors’ capital into high growth social enterprises requires long-term relationship building, significant due diligence and investment readiness work. Typically, our experience has shown that deploying a capital raise into social enterprises in the way that is required takes at least two years – beyond April 2023.

Unfortunately, the two-year extension does not allow us to operate our funds in the best interest of social enterprises, investors or wealth managers. Therefore, this fund will not be seeking to raise further capital, and will close once all existing funds have been deployed.

Of course, alongside continuing to invest any remaining funds, our team will continue to support the social enterprises that we have invested in, helping them to achieve their

ambitions, and managing investors’ money with the same due diligence and care as we always have.

We are immensely proud to have been one of the pioneers of SITR, a journey that started back in in 2015 when Resonance completed the country’s first SITR deal. which saw food waste charity FareShare South West receive £70,000 of investment from local investors.

It is clear to us that the enterprises we’ve supported using SITR really do change lives in their communities for the better - from those that are helping rough sleepers and ex-offenders to create a better future for themselves; enterprises creating training and employment opportunities for vulnerable people, to help them realise their potential; through to those that provide invaluable support to those with mental and physical health issues, as well as learning disabilities. The one thing that binds them all together is that with them, their communities are a much richer place in which to live.

As you would expect from us, over the coming months, we are continuing to pioneer and develop solutions for social enterprise growth capital, building on our strong track record and place-based approach to impact investment. We will be looking to raise a new innovative enterprise social enterprise growth fund in 2022.

Photo: The apprenticeship opportunities Jericho offer enables young people to gain valuable work and life skills.







Photo: The West Midlands Metro Tram.

# 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 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 West Midlands 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.

# ENDNOTES

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16. Office for National Statistics: Ethnic Differences in Life Expectancy and Mortality
17. University of Birmingham: Income Inequality, Policies and Inclusive Growth



Photo: Gro Organic improves the lives of disadvantaged people in Solihull and Birmingham through its land-based projects and outdoor education.



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



**Grace England**  
Senior Investment Manager

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As Investment Manager for the Resonance West Midlands SITR Fund, Grace leads on deal origination and execution from her location in Birmingham. Grace has also led on fundraising for both the South West and West Midlands SITR Funds, and is the key point of contact for investor queries.

Over the last eight years at Resonance, Grace has worked across all three of Resonance's fund management areas (Property Funds, Community Assets, and Enterprise Growth Funds), and has been directly responsible for over £3m worth of investment into social enterprises. This included

Grace being the lead analyst on the UK's very first Social Investment Tax Relief (SITR) deal in 2015 and leading on 12 SITR investments since.

Before Resonance, Grace gained a wide range of experience in the social enterprise and social investment sector, including work with UnLtd, The City of London Corporation, and the Overseas Development Institute. Grace holds a First Class BA (Hons) in Economics from the University of Cambridge.



**Anne Woolhouse**  
Investment Manager

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Anne is currently working on the West Midlands SITR Fund, having previously worked on the Community Asset Funds at Resonance. She is a qualified accountant having worked in both practice and the banking sector supporting a variety of businesses in their growth plans.



**Oliver Pollard**  
Head of Enterprise Growth

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Ollie has overall responsibility for the Enterprise Growth Team and its strategy as part of the impact labs at Resonance. His primary responsibility is to lead the team's continued innovation in social enterprise funding and manage the existing and new, investor and partner relationships that enable it.



**Simon Chisholm**  
Chief Investment Officer

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Simon is responsible for the growth of Resonance's impact funds. He has twenty-five years of investment experience, including over ten years of social impact investment experience at Resonance and sixteen years in a number of roles with N M Rothschild & Sons in the UK and internationally.



Photo: Clifton Community and Arts Centre provides a crucial community meeting space.



PROFIT THROUGH **PURPOSE**

Photo: The Library of Birmingham.




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We also have  
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**Birmingham**.

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