



## BIG ISSUE INVEST

A JOURNEY FROM THE 'CITY' TO SOCIAL FINANCE



JAMES FAIRWEATHER

DIRECTOR, BIG ISSUE INVEST

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 @bigissueinvest

# JAMES FAIRWEATHER

## MY JOURNEY TO SOCIAL FINANCE



Mainstream Finance  
1979 to 2013



Social Finance  
2013 to now





# THE 'MAGIC' OF SOCIAL INVESTMENT

## BREATHE MAGIC FOUNDATION



# THE BIG ISSUE GROUP

## A HAND UP NOT A HAND OUT



### The Big Issue

A business solution to a social problem, selling The Big Issue magazine allows 2500 vendors to earn a legitimate income. Vendors buy The Big Issue for £1.25 and sell it on the street for £2.50. The Big Issue is read by 379,195 people each week and has inspired other street papers across the world.

### The Big Issue Foundation

The charitable arm of The Big Issue Group connects vendors with the vital support and personal solutions that enable them to rebuild their lives and determine their own pathways to a better future.

### Big Issue Invest

Founded in 2005, Big Issue Invest finances the growth of sustainable social enterprises and charities, offering investment of £50,000 to £3 million. Big Issue Invest has invested more than £30 million into approximately 300 social ventures.



# BIG ISSUE INVEST LINES OF BUSINESS



## EARLY STAGE SOCIAL BUSINESSES

- Big Issue Invest Corporate Social Venturing
- Early Stage Venture Finance and Corporate Mentoring

## SMALLER SOCIAL ENTERPRISES WITH CURRENT OPERATING AND CAPITAL INVESTMENT NEEDS

- Big Issue Invest Social Enterprise Lending
- Loans of up to £250K
- London Housing Fund

## ESTABLISHED, SCALABLE ORGANISATIONS REQUIRING PATIENT GROWTH CAPITAL

- Big Issue Invest Fund Management
- SEIF I and SEIF II Growth Capital Investments
- Loans of up to £3 million

## LARGER ORGANISATIONS, INCLUDING CHARITIES THAT SUPPORT SOCIALLY BENEFICIAL ACTIVITIES

- Advisory Business
- Threadneedle UK Social Bond Fund\*
- Rental Exchange
- Equity Fund

\*The Social Bond Fund is managed by Columbia Threadneedle Investments with BII acting as social adviser.

# BIG ISSUE INVEST

## AREAS OF SOCIAL IMPACT



We aim to provide growth capital to social enterprises that drive positive social change by providing innovative solutions to social problems in the following social outcome areas:



EDUCATION &  
LEARNING



HEALTH &  
WELLBEING



EMPLOYMENT  
& TRAINING



ENVIRONMENT



TACKLING  
HOMELESSNESS &  
HOUSING



FINANCIAL  
INCLUSION



SUSTAINABLE  
& COMMUNITY  
TRANSPORT



ARTS &  
CULTURE

# BIG ISSUE INVEST

## CORPORATE SOCIAL VENTURING



The Big Issue Invest Corporate Social Venturing (CSV) programme develops early stage social businesses through investment, business support and cross-sector partnerships.



The innovative CSV programme takes corporate social responsibility targets of employee volunteering and grant funding to a whole new level. By offering expert mentoring, corporate partners are enabling social businesses to deliver profitable business solutions to address social problems. In turn, corporate staff benefit from using their skills to add value to social businesses.



CSV is a business-to-business investment model, offering support and network development to bring together the public, private and social business sectors.



Corporate partners provide early stage finance which is invested in developing social businesses. Partners often see a return on their investment and subsequently choose to recycle funds through future investments, nurturing a new generation of high-growth ventures delivering social and financial impact.





# DIGITAL MUMS

## BII CSV 2014 BUSINESS

“

The most rewarding aspects of being on CSV were seeing the business move forward. They've brought their ideas to Barclays and reshaped their thinking.”

**Tracy Balachandran**  
Barclays Mentor





# CASE STUDY

## DIGITAL MUMS



### Problem

Research paints a bleak picture about maternal unemployment rates: 1.2m mums are missing from the workplace and another million want to work more hours. So many more struggle to fit their work around their family commitments and are fed up with their work-life balance.



### Solution

Social media is vital for business, but thousands of SMEs and charities struggle to use it effectively - a major challenge is finding qualified people.

Digital Mums provides social media training, giving mothers a new skill set and the ability to work flexibly. Digital Mums then become online community managers for SMEs and charities who need help to get digital.



### CSV Relationship

Digital Mums successfully pitched for £50,000. They have utilised being on the programme by marketing their services to not-for-profit businesses.

The following four of their fellow CSV cohort: Artburst, Now Press Play, Talentino and Tutorfair have taken on a digital mum.

Named as one of Britain's 50 New Radicals by Nesta and The Observer.



### Where they are now

Digital Mums provide measurable social benefit and impact. Its foundation training course is means tested and this successful strategy has grown the number of Digital Mums on the programme and they now have a bursary scheme in place proving free places for mums who can't afford it.

The business is scalable and is financially sustainable under the strong leadership of its high quality management team.

# NOW>PRESS>PLAY

BII CSV 2014 INVESTEE

“

Supporting a fledgling company has been a fantastic experience and I have learned a great deal. I will be able to utilise some of this learning in my day to day work within the Group.

”

**Paula Goodacre**  
PlacesforPeople Mentor



# CASE STUDY

## NOW>PRESS>PLAY



### Problem

Some children don't learn in the traditional way - 'chalk and talk' methods can fail visual spatial / kinaesthetic learners (and those with other barriers to learning). NPP found that one in five people learn best through moving and yet there is little provision within the system for these kinaesthetic learners. When children fail to access the curriculum early on, this can have lifelong consequences for educational attainment and career success.



### Solution

Creating and delivering an educational resource that brings the curriculum to life, now>press>play revolutionises learning.

Children put on wireless headphones and are plunged into the world of their topic. Immersed in sound, they become a character in a story, meeting people, discovering places and solving problems on an educational adventure they'll never forget.



### CSV Relationship

now>press>play approached BII CSV after they had successfully worked with two schools delivering five experiences.

BII CSV saw the social impact now>press>play could bring, but there was a lack of clarity around scaling the model.

Fleshing out the business plan and the operating model were the main issues for this social business to resolve.



### Where they are now

now>press>play received £50k from the BII CSV programme and are in full swing delivering on their operational plan.

Their target is to achieve 50 new experiences and work in over 50 schools by then end of 2015.



# BIG ISSUE INVEST

## SOCIAL ENTERPRISE INVESTMENT FUND



Big Issue Invest launched its first Social Enterprise Investment Fund L.P. in June 2010. SEIF I, now fully committed, made 25 investments into 21 different social enterprises.



SEIF II, the successor Fund, will continue to invest in businesses with ambitious social impact goals whilst also aiming to deliver robust financial returns to investors.



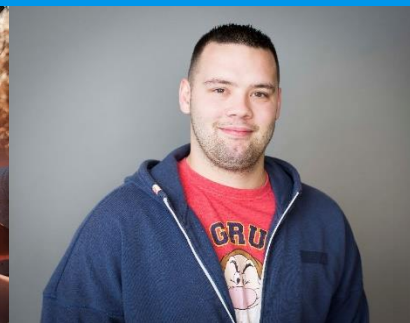
First close for SEIF II was achieved in October 2015 with £21 million raised from seven Limited Partners.



Within the first two months of its launch, SEIF II invested nearly £4 million into five different social enterprises. Many of these social enterprises are in the Health & Social Care sector and there are also opportunities to fund businesses improving access to fair and affordable credit or providing support for the homeless.



SEIF II is seeking to bring total commitments to the targeted fund size of £30 million.



# LONDON EARLY YEARS FOUNDATION (LEYF) SEIF INVESTEE



“

My favourite part of the job is when you teach children a new word or teach them to do something they couldn't do before. My job is more about giving than receiving – that makes me happy.

”

**LEYF staff**

# CASE STUDY

## LONDON EARLY YEARS FOUNDATION



### Social Problem

There is a lack of good quality, affordable childcare within London's disadvantaged communities. Many see this as an obstacle to children escaping poverty.



### Business Solution

London Early Years Foundation (LEYF) has a unique social business model that uses sustainable income from nurseries in more affluent areas to actively target the heart of some of the capital's most deprived communities

Having a mix of children from different cultures and backgrounds has a positive impact on their development.

SEIF I invested £625,000 to support the refurbishment of ten new nurseries across London. LEYF now has a total of 34 centres.



### Revenue Model

Income is from a mix of local authority funded and paid-for-places.



### Impact

LEYF currently provides high quality early years childcare to over 2,370 children per year, of which 800 are from severely disadvantaged backgrounds.

LEYF also run an apprenticeship scheme for nursery workers.



# HACKNEY COMMUNITY TRANSPORT SEIF INVESTEE

The background image shows two women in white tracksuits with purple accents standing next to a bright yellow van. The van has a 'TAXI' sign on its side and a license plate that reads 'EN57 UFV'. They are in a large, industrial-style garage with a high ceiling and structural beams. A red bus is partially visible in the background.

“

I've been using the service for several years now and it gives me the confidence to go to work like any other person. Without it I would feel like I had less control of my life. ”

# CASE STUDY

## HACKNEY COMMUNITY TRANSPORT



### Social Problem

Many people in poorer neighbourhoods and rural areas find it difficult to access local and affordable transport. This can lead to social isolation and lack of mobility.



### Business Solution

Hackney Community Transport is a fast-growing Community Transport Company that provides public bus services and reinvests profits from commercial contracts into community transport services and skills training programmes.



### Revenue Model

Income is from contracts and services delivered. Revenue increased by 15% on the year prior to funding and has increased by over 50% since our investment in 2010.

This increase has enabled £100,000 to be reinvested back into community activities.



### Impact

HCT's transport services enable the communities they serve (especially those with disabilities, the elderly and young people) to reduce their isolation and increase their independence.

Secondary to the provision of transport, HCT provide skills training and job opportunities, with 81 unemployed people gaining employment and 760 individuals gaining bus driver qualifications in 2014.



# SEIF I

## SOCIAL IMPACT RESULTS

To date:



25 INVESTMENTS

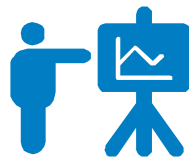
into 21 different enterprises

In the year ended 31 March 2015:



3,653

children received high  
quality early years  
education



644

people gained qualifications  
of training to help them gain  
employment



19,000

low income borrowers received  
access to affordable credit,  
savings and money advice

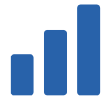


325

homeless people  
supported into secure  
accommodation



# BIG ISSUE INVEST BALANCE SHEET LENDING



Big Issue Invest also has a balance sheet. We typically invest in social enterprises and charities from £50K to £250K.



In the year ended 2016, BII invested £4 million in 45 charities and social enterprises providing positive social impact across the UK.



Over 75% was invested in organisations working in the most deprived parts of the UK or providing support for vulnerable individuals.



Over 80% was invested outside of the South East of England – as far north as Oban and as far south as Carn Brae in Cornwall.



We have also recently launched the Big Issue Invest London Housing Fund, in partnership with The Greater London Authority. This is a £10 million fund that aims to create affordable housing in London.



# SOCIAL ENTERPRISE ACADEMY

## BII INVESTEE

“

We help people use their personal strengths to build sustainable enterprises and achieve greater social impact. Our learning and development programmes focus on learning by doing and are flexible, practical and responsive.”

**Social Enterprise Academy**

# CASE STUDY

## SOCIAL ENTERPRISE ACADEMY



### Social Need

Developing leadership skills within schools, social enterprises and corporates. Creating a society combining economic activity with social benefit led by dynamic social entrepreneurs.



### Business Solution

The Academy delivers programmes of learning and development to leaders and social entrepreneurs. The Academy delivers schools based programmes guiding young people through leadership and entrepreneurial skills to the benefit of the school and the local community.



### Revenue Model

The Academy is also funded by Scottish Government, various agencies and through selling courses via hubs to corporate clients both in Scotland and overseas.



### Impact

Social Enterprise Academy achieves high scores from education assessment agencies measuring the excellence of the courses. Participants on the leadership courses recommend the Academy based on their own experiences where lessons learned have immediate benefit and relevance to their day lives. The academy scores over 90% satisfaction ratings, and 70% of participants experience a profound change in belief and outlook.



# THE CONNECTION CREW

## BII INVESTEE

“

Very occasionally, a unique mix of chance, talent, energy and determination combine to create something that is greater than the sum of its parts. ”

**Charlie and Warren**  
Connection Crew



# CASE STUDY

## CONNECTION CREW



### Social Problem

A lack of job opportunities for formerly homeless people.



### Business Solution

Connection Crew is a social enterprise with a mission to support ex-homeless people back into work.

They work alongside venues, event organisers and producers, creative teams and other crews, providing the manpower to get events up and running.



### Revenue Model

Connection Crew provide logistics support on a commercial basis invoicing clients for services provided.



### Impact

Employed 144 ex-homeless people to complete 67,943 hours of work in 10 years.



# BIG ISSUE INVEST ADVISORY BUSINESS



Over 1 million tenants have signed up to the Rental Exchange which tackles the financial and social exclusion faced by social housing tenants. By observing rental payments in the same way that we recognise mortgage payments, social housing tenants in the UK will have a chance to build a positive credit history.



Big Issue Invest is also bringing social investment to the mainstream with the launch of the UK Social Bond Fund with Columbia Threadneedle Investments. This is the first social investment fund offering daily liquidity and had raised over £85 million as of March 2016.



Our new Equity Fund is a sister product to the Social Bond Fund which is focused on sustaining and creating "Good Jobs" in the UK.





# THE INVESTMENT PROCESS



Our approach to investment is to maximise social impact whilst delivering sustainable returns to investors. Social performance is assessed at all stages of the investment process:



ORIGINATION  
& SOCIAL  
SCREENING



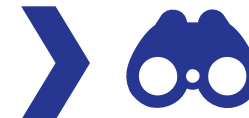
SOCIAL &  
FINANCIAL  
DUE DILIGENCE



INVESTMENT  
DECISION



GOVERNANCE  
& AFTERCARE



SOCIAL &  
FINANCIAL  
PERFORMANCE  
MONITORING  
& REPORTING



REPAYMENT/  
EXIT

# SOCIAL IMPACT PROCESS



Our approach to social impact is designed to support investees to develop and maximise their social performance through the life of the investment:



INITIAL  
SOCIAL  
IMPACT  
ASSESSMENT



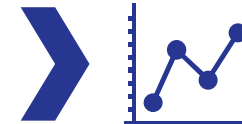
IN-DEPTH  
DUE  
DILIGENCE  
OF SOCIAL  
PERFORMANCE



THEORY  
OF CHANGE  
AGREED



SOCIAL  
KPIs DEFINED  
(OUTCOME-  
FOCUSED)



MEASURE  
AND REPORT  
ON KPIs



MANAGE  
AND IMPROVE  
SOCIAL  
PERFORMANCE

# The Future



## Challenges:

Fund raising a 365 day a year focus

Cost management and leverage

Return of banking sector and grants

New forms of savings- SITR

Evolving the model



## CONTACT DETAILS



### More information

If you would like further information about Big Issue Invest or Big Issue Invest Scotland, please get in touch.

**James Fairweather**

Director

Big Issue Invest, Scotland

[james@bigissueinvest.com](mailto:james@bigissueinvest.com)