

Social Investment Business Impact Report 2020-2021

December 2021





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1. Introduction

1.1 Foreword

This report aims to share our work from the last 12 months across all areas of our activity: in managing social investment funds, in partnering with a wide range of colleagues to provide grants and support, in using our data and learning to inform our own work - and influencing the social economy as a whole.

It has been another year of exceptional activity for the Social Investment Business, as we mobilised at pace to respond to the impact of the pandemic. We have over £100m currently under management across grants and loans, including £39m disbursed in the year just gone. Across all that activity, from the Resilience & Recovery Loan Fund to the Renewal Fund to the Reach Fund, this has also been a year of partnership - as we know that we can go further and make a larger difference and greater impact when we work effectively with others. Thanks to all our many partners and our customers for their support and collaboration.

Our data collection and analysis goes from strength to strength, and the evidence of that is contained in this report: standardising questions, comparing diversity across different programmes, analysing data from local retail spend - all of which, most importantly, is being put to use in how we design and deliver in future.

We also continue to push for transparency, both with our external facing public dashboards and also with the information we are sharing with ourselves. You will find here information about our pay, our team, our investment committee, our work with customers and more.

We sincerely hope you find this report insightful and informative. We believe there has never been a more important time to provide the finance and support that organisations need to help them create fairer communities. We are proud and privileged to do so, and hope that this report demonstrates our impact in the wider social economy and encourages others to collaborate for change.



Rt Hon Hazel Blears
Chair



Nick Temple
Chief Executive Officer



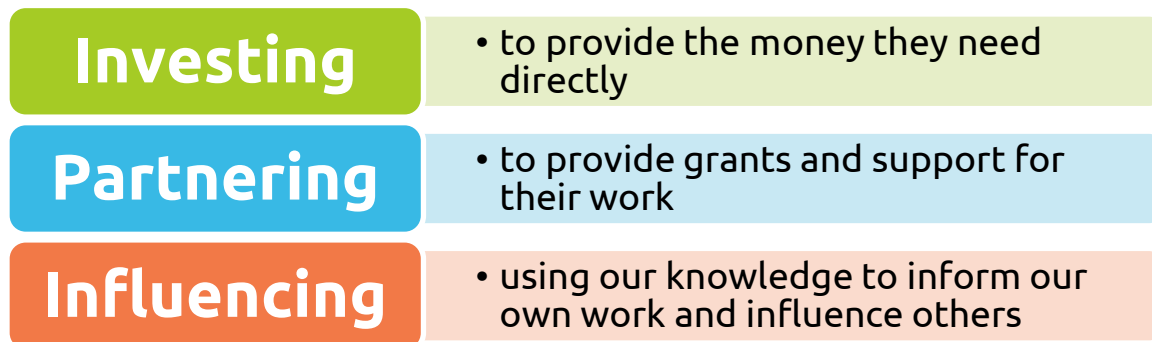
1.2. About Social Investment Business

Social Investment Business (SIB) provides finance to create fairer communities:

Vision: impact-led organisations can get what they need to improve people's lives.

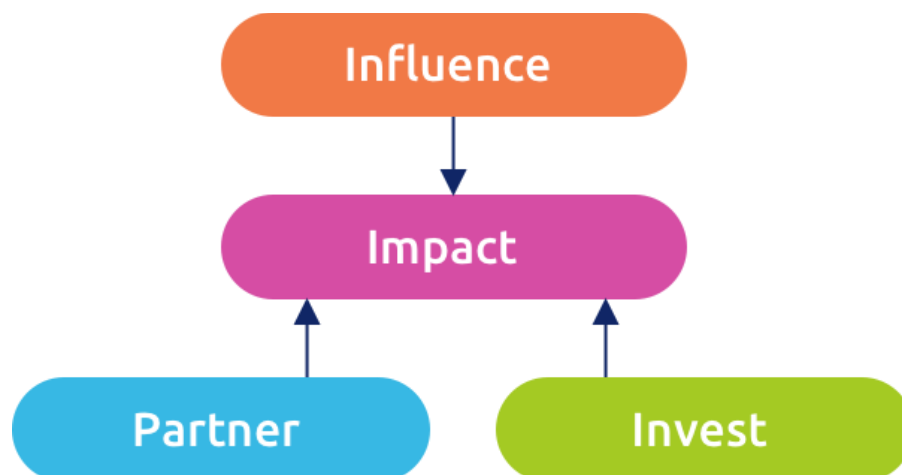
Mission: We help impact-led organisations improve people's lives.

We do this by:



We help to create fairer communities by:

- **Giving Voice** to the organisations and communities we strengthen by listening and responding to need
- **Reestablishing Equality** between investor and investee by changing power and funding structures
- **Ensuring Effectiveness** of social investment, using our data and insight to target where it's needed most





1.3. Strategic Priorities – Beyond 2022

Our current 2019-2022 strategic priorities are:



1. Putting our customers at the heart of everything we do



2. Being an impactful investor and support provider



3. Influencing and shaping the landscape to be more effective



4. Building a stronger operating model and long-term finances



5. Investing in our people & systems to help achieve excellence

All aiming at maximising our impact: the difference we can make with the resources we have.

We have now begun work on the strategy that follows, responding to the changing environment we operate in and building on the progress of recent years. To do this, we are initially gathering feedback internally, with our team, our partners, and our customers/community panel. SIB's new strategy will be launched in Spring 2022.

1.4. Grant and Loan Delivery

Between 2002 and 2021, SIB have disbursed over £500,000,000 of loans and grants to over 3,000 organisations and enabled almost 1,000 more to receive dedicated support through our programmes. This means we have one of the largest and most mature social investment portfolios in the UK, and one of the most significant track records in providing grant support.

Over the last year, SIB have worked closely with partners to support the changing social economy by delivering grants and loans to charities and social enterprises on a large scale. From 1st November 2020 to 31st October 2021, we have disbursed £16,045,200 in loans and £22,942,910 in grants.



£16 million

in **New Loans** from 1st November 2020 to 31st October 2021

£16m

Resilience and Recovery
Loan Fund

£58 million

Total **Loans** under management

£23 million

in **Grants** from 1st November 2020 to 31st October 2021

£616k

Access' Reach Fund

£1.4m

Access' Enterprise
Development
Programme

£613k

Access' Growth Fund

£5.9m

Power to Change's Covid-19
Community-Led Organisation
Recovery Scheme (CCLORS)

£5.6m

Power to Change's Community
Business Fund

£63k

Power to Change's Covid 19
Emergency Fund (TISS)

£3.5m

Resilience and Recovery
Loan Fund

£973k

Power to Change's Empowering
Places Fund

£146k

Power to Change's Health and
Social Care Fund

£807k

Power to Change's Home in
Community Hands Fund

£11k

Power to Change's Marks and
Spencer's Community Business
Challenge

£2.8m

Power to Change's Renewal Fund

£2.6m

Power to Change's Research
institute

£44 million

Total **Grants** under management



1.5. Impact Framework

SIB's commitment to investing for impact, along with our intentional approach to defining what impact means for us, continues with our current strategy. Our impact categories are our answer to the question: what does it mean to be impact-led? They focus on how a business operates across six core areas.

Our six core categories



Business model

this focuses on business structures that are more likely to lead to equitable behaviour and outcomes for workers and communities.



Employment

this focuses on employment practices that are more likely to lead to equitable outcomes for lower wage earners.



Equalities

this assesses the business's focus on reaching and involving *marginalised* workers, members and communities.



Market

this centres on the need for the product or service, alongside quality standards.



Community

this assesses community voice, the business impact on its *supply chain* and trading for community benefit.



Financial Sustainability

this assesses the business's ability to manage financial hardship, incl. reserve levels, income diversity and its track record of financial management.

Over the last year, we have done a lot of work to embed this impact framework in our investment approach, with some key achievements:

- Impact scores are now collected at the assessment stage of all new loan funds. This is integrated into our decision making and presented alongside financial information at investment committee.
- System integration of the impact framework so our Relationship Managers and our Learning and Influence team can collect and analyse scores easily.
- Regular impact assessment of our historical portfolio during monitoring.
- Impact scores presented at variation and write off decisions at investment committees.



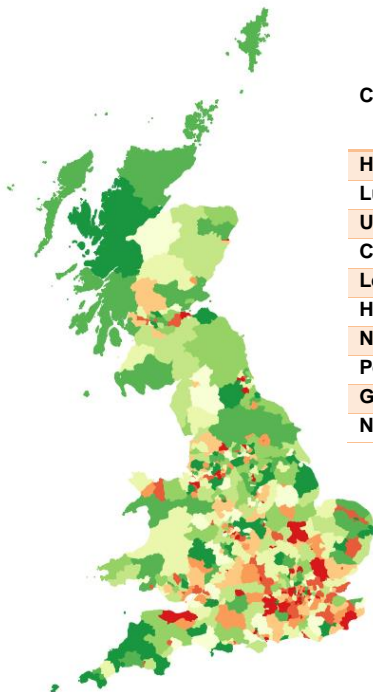
2. The Changing Social Economy

Since early 2020, SIB have been collecting data both internally and externally which has revealed disparities in the ways that people, places and organisations have been impacted by Covid-19. This has enabled us to build a detailed picture of how the pandemic has affected communities and local economies across the country – and an in-depth understanding of the charities and social enterprises that support them.

2.1. Corona Shock

We have built a macro picture of how different localities have been able to weather the economic damage caused by the pandemic – particularly over the slow recovery from the initial collapse in economic activity between March and June 2020.

In the 12 months up to July 2021 (and the final easing of national restrictions), there was significant geographical variation in the economic impact of Covid-19. Some places have bounced back with a surge in economic activity, others have faltered or entered into an economic form of 'long Covid' that could have a particularly damaging effect on local communities. The places experiencing the deeper recessions were concentrated in London and the South East, as well as around urban centers across the rest of England.



Constituency	Region	Spending Change (12 months to July 2021)
Hayes and Harlington	London	-60.91%
Luton South	Eastern	-56.20%
Uxbridge and South Ruislip	London	-44.78%
Crawley	South East	-42.39%
Leeds North West	Yorkshire and The Humber	-40.12%
Harrow West	London	-39.81%
Newcastle upon Tyne Central	North East	-37.10%
Peterborough	Eastern	-37.05%
Gateshead	North East	-36.90%
North West Cambridgeshire	Eastern	-35.41%

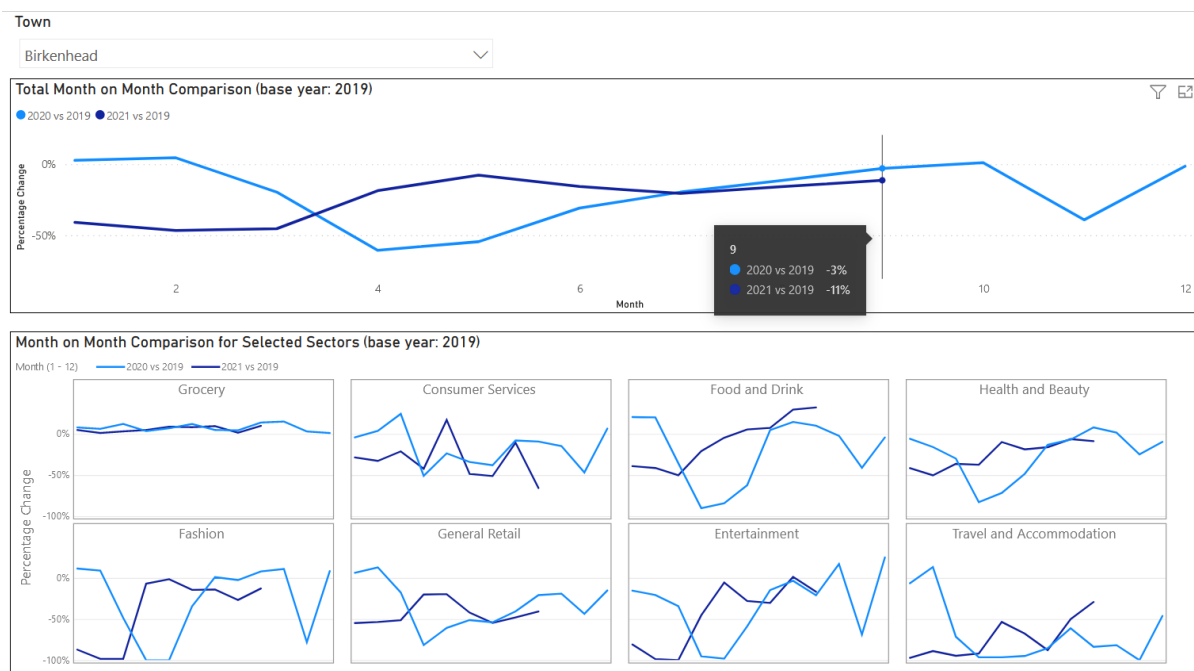
The depth of the recession in some areas is striking, particularly when compared to the England, Scotland and Wales constituency average of 2.93% *growth* over the same 12 months – it is also worth noting that over 100 constituencies have seen a substantial increase in spending levels (+10% or more) compared with a 2019 12 month baseline.



2.2. High Street Tracker

We have developed a more focused high street tracker in partnership with Power to Change and the Architectural Heritage Fund to build a granular understanding of how changes in consumer spending patterns have shifted over time, and what this means for local high street infrastructure.

By tracking the economic contraction and slow recovery from the early 2021 lockdown, we can see that, as certain restrictions eased during the summer months, high streets in seaside resorts like Margate have experienced a surge in spending (up +42% in July 2021 compared with the same month in 2019). At the same time, high streets in Birkenhead remained -11% below the 2019 baseline even as late as September 2021. In fact, high streets in Birkenhead have been in a recession for 18 out of 19 months since March 2020 – peaking at +1% September 2020 but averaging -24% below 2019 levels for the whole of 2021. The length and severity of this recession is likely to have a significant impact on consumer-facing businesses, with potential knock on effects for local people's jobs and livelihoods.



It is clear from the stark geographical disparities in the shape and pace of the recovery that consideration of *place* must be at the heart of an equitable economic response. Those areas that were most economically vulnerable – due to levels of deprivation, job insecurity, or low wages – will struggle to bounce back without additional support that is tailored to the particular socio-economic context in each area.



2.3. Differential impacts within the social economy

The geographical differences outlined above also mean that there have been a variety of experiences for social economy organisations in different parts of the country. We know that this was already the case in terms of where social investment and grant funding had been distributed – in particular there are ‘cold spots’ in certain ‘left behind’ parts of the country – however this has been exacerbated in some cases by the effects of the pandemic.

Across our portfolio and the wider sector, we’ve also seen that smaller organisations were less resilient to the shocks of the pandemic than larger, more established charities and social enterprises. Moreover, those that relied predominantly on trading business models were disproportionately affected compared with organisations that had access to public sector contracts – the former saw their income decimated by the national lockdown restrictions, whereas the latter were more likely to be able to continue with their service delivery.

In the past year, we’ve been particularly focused on the differential impact on Black Asian & Minority-led organisations¹ – both to address historical underinvestment, and to address more recent impacts on health and the economy from Covid-19. SIB has built a database using diversity data gathered across funds and programmes at a national level to build a more robust profile, and greater understanding, of BAME-led organisations and their support needs. Our cross-programme sample of 4,000 social purpose organisations, including 1,879 BAME-led non-profits, demonstrates that these are:

- **Smaller than the median:** with an average £100k turnover and 8 staff (compared with £382k and 20 staff for non-BAME-led organisations).
- **Less financially resilient:** BAME-led organisations were more likely to face imminent financial difficulties during the pandemic.
- **Predominantly based in areas of higher deprivation:** the average IMD score for a BAME-led organisation was 3.21 (compared with 3.79 for a non-BAME-led organisation).

Our sample shows that BAME-led organisations tend to be smaller and less financially resilient, with less established governance arrangements – they also seek smaller amounts of funding than their peers. When turnover thresholds, financial strength and governance capability are considered in grant and loan assessments, this can also lead to structural barriers in accessing funds – which further compounds this lack of investment.

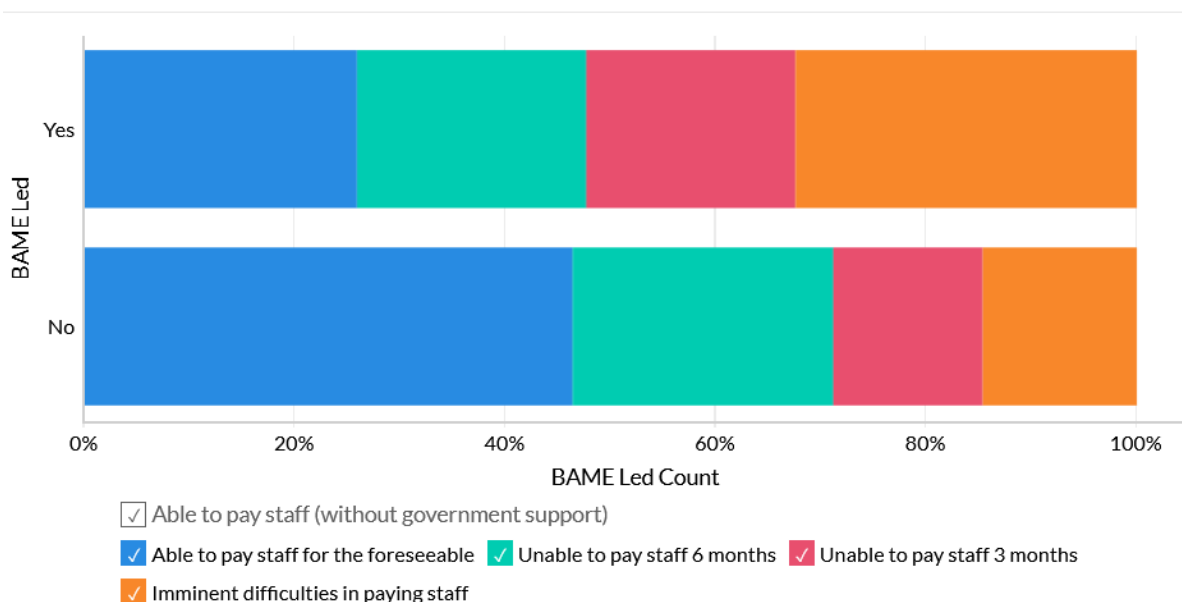
¹ We recognise that there is an ongoing debate over how helpful the term Black, Asian and Minority Ethnic (BAME) is to describe the multitude of different ethnic communities and cultural groups within the UK. Our usage here reflects terminology used at the time in data collection, and to help standardisation for comparison to external data sources. It is not intended to reflect personal or community identity. When we refer to an organisation being BAME-led, this means that 51% or above of the board and senior management team are from BAME backgrounds.



This has been a finding of SIB's Resilience and Recovery Loan Fund – a fund set up to make the Coronavirus Business Interruption Loan Scheme more accessible to social purpose organisations. Our research suggests that the historic under-investment in BAME-led organisations has created a cyclical effect within the social sector funding landscape. Lack of scale restricts funding and lack of funding restricts scale for this group of organisations, whilst, at the same time, organisations that do not face these structural barriers continue to receive investment which further compounds the initial inequality.

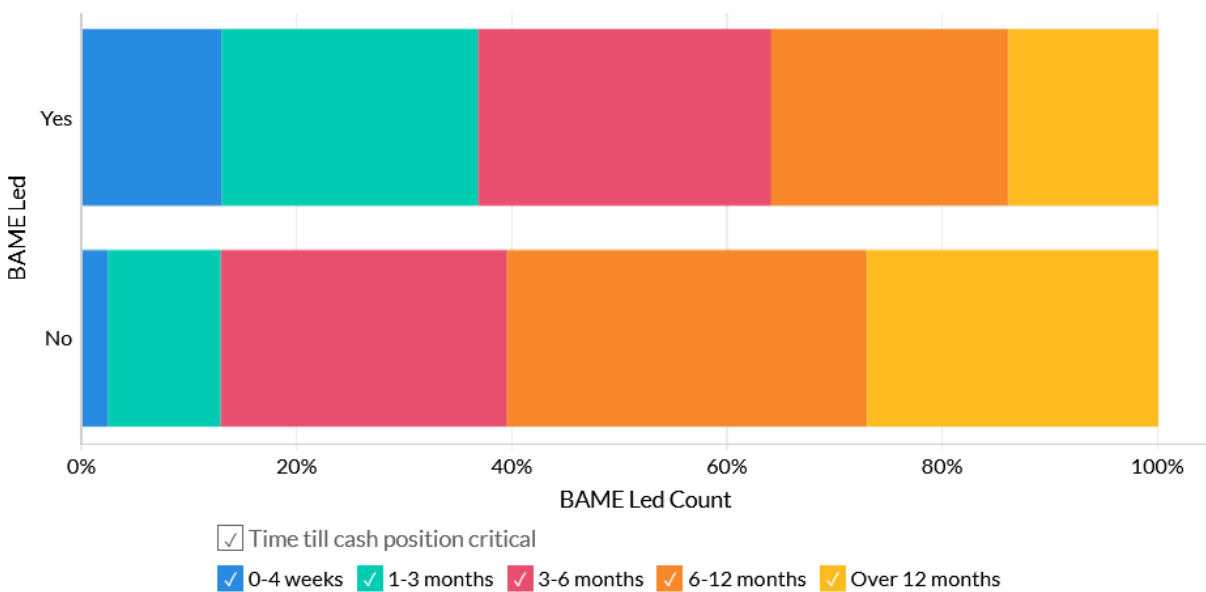
It has been widely acknowledged that the Covid-19 crisis has disproportionately affected Black, Asian and Minority Ethnic communities and this has been reflected in the data collected on BAME-led organisations applying to our funds and programmes. At the time of applying for funding, BAME-led organisations in our sample were significantly more likely to have financial difficulties paying staff or operational costs: 32% of BAME-led organisations were facing imminent problems in paying staff, compared with under 15% of non BAME led organisations. Similarly, 37% of BAME-led organisations reported cash flow would be at a critical point within three months, compared with just 13% of non BAME led organisations.

BAME V. Non BAME - Ability to Pay Staff





BAME V. Non BAME - Time till Cash Point Critical



This group is therefore at the intersection of particularly challenging circumstances that require immediate and significant investment to: (i) recover from the effects of the pandemic in the last 12 months; and (ii) address historic under-investment and structural inequality that long precede Covid-19.



3. Supporting the Changing Social Economy

Recognising this changing environment, SIB have adapted our work and delivery to address the challenges faced by charities and social enterprises in three ways. In the last year, we have done this by:



Delivering support: providing grants and loans to charities and social enterprises



Learning and improving: using the data we collect to improve our work



Informing and influencing: using the data we collect to inform and influence inside and outside the sector

3.1. Delivering Support

Over the last year, SIB have been supporting the changing social economy by delivering large numbers of grants and loans to charities and social enterprises.

This investment has been used for a range of different purposes – from providing working capital when organisations experienced sharp falls in cash flow during the pandemic, to skilling up organisations to pursue enterprising ideas and enabling organisations to reach their social investment goals. The following sections take a focused look at some of the funds that have enabled us to deliver support.

3.1.1 Enterprise Development Programme

Funded by Access – the Foundation for Social Investment, the [Enterprise Development Programme \(EDP\)](#) is a grant and learning support programme for organisations that are looking to become more enterprising. Organisations apply to the programme and, if accepted, work alongside the relevant sector-lead to outline a package of support that best fits with their specific needs. Since its expansion following a pilot round in January 2020, the fund has created grants worth a total of £3,751,266.



In 2021, the [Ubele Initiative](#) as the Black and Minoritised Communities sector partner, and [Groundwork](#) as the Environment sector partner were added to the already unique group of sector partners (Association of Mental Health Providers, Homeless Link, Equality Ours and Youth Impact) part of EDP.

152
organisations have
become part of the
programme

22 organisations working alongside



20 organisations working alongside



12 organisations working alongside



12 organisations working alongside



48 organisations working alongside



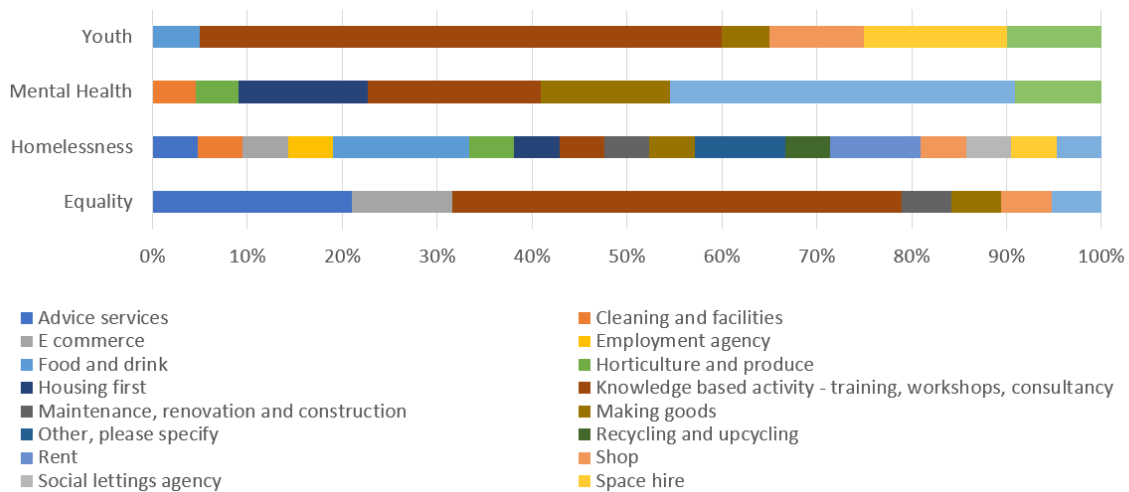
38 organisations working alongside



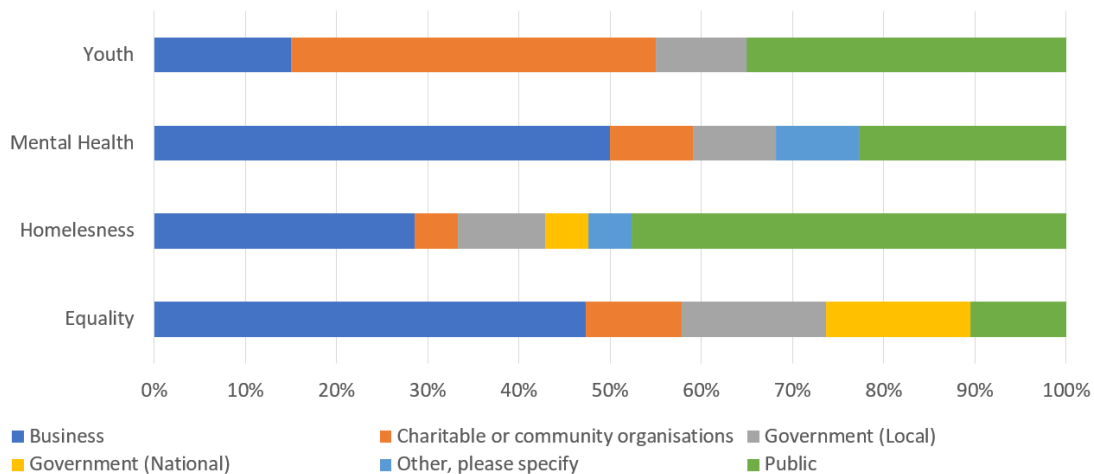


SIB has undertaken some analysis around what type of enterprising activities organisations are focusing on, and how such enterprising ideas may differ by sector.

Some sectors have more diversity in enterprise ideas than others



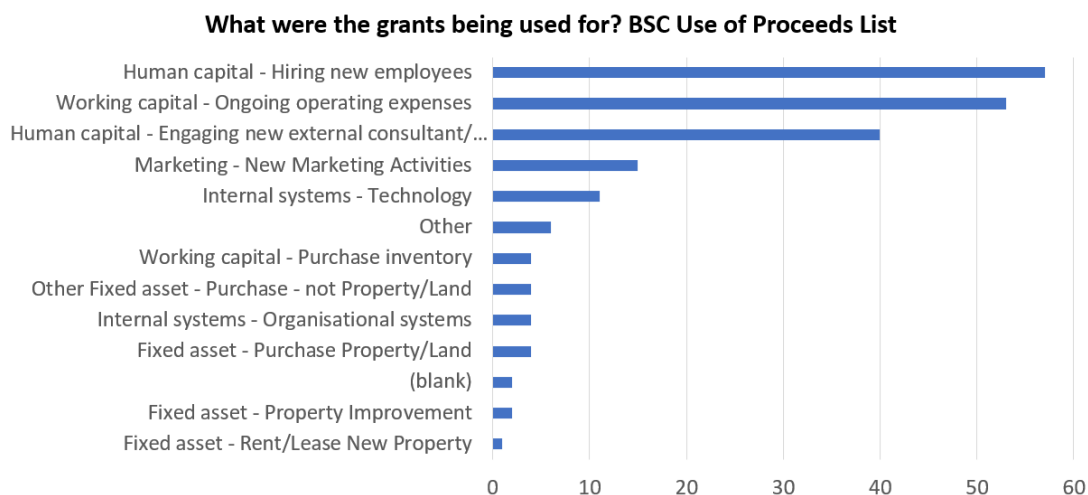
Focus on specific target markets vary across sectors





The support package for EDP is uniquely designed alongside the organisation with the sector partner. Although packages do not always include grant funding, we have analysed what the grant was predominantly spent on (if it was included in an EDP support package).

Most grants were used for hiring new employees, ongoing operating expenses and hiring consultants.



Alongside Access and our sector partners, SIB is committed to not only delivery but also ongoing analysis about these cohorts, understanding the core needs of organisations that are pursuing entrepreneurial ideas.

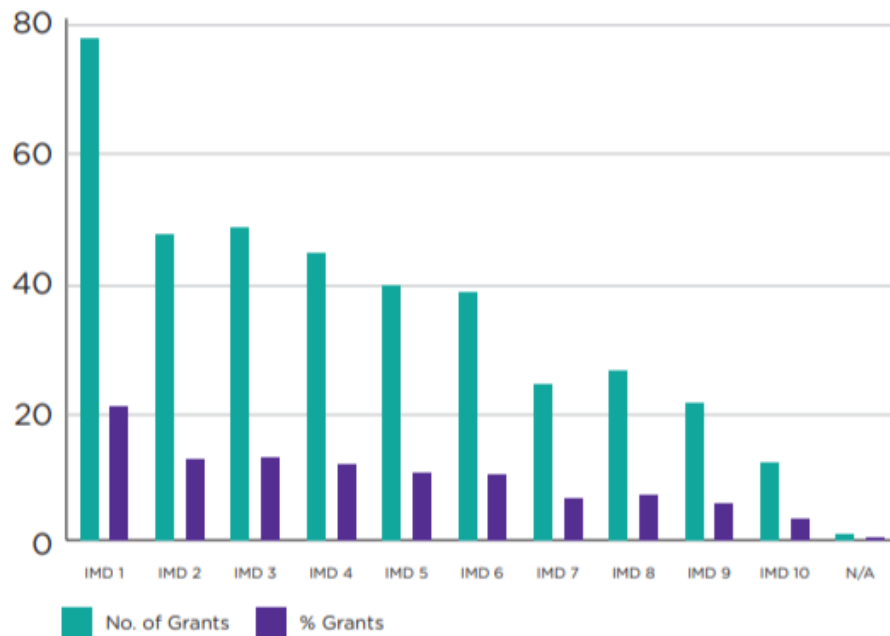
3.1.2 The Reach Fund

The [Reach Fund](#) is a grant programme that helps charities and social enterprises raise investment. The programme is funded by Access and is open to organisations in England.

Social investors are often approached by charities and social enterprises who require extra support to raise investment. Through this programme, social investors can refer these organisations to the Reach Fund to apply for the support they need.

A [Learning report](#) funded by Access has confirmed that the Reach fund has given out a total of £3,045,085 in grants. This has facilitated these recipients to raise investment of £17,227,650.

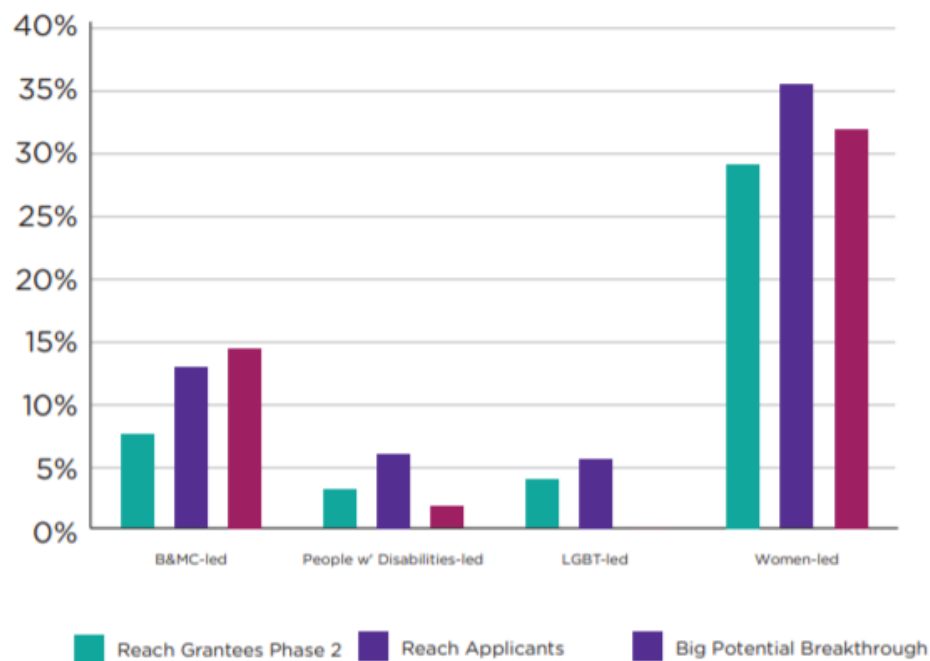
The charts below demonstrate the range of organisations that the fund has reached.



Source: [Reach Fund Learning Report](#)

Over 20% of grants were made to organisations based in the top 10% of areas ranked as most deprived in England (IMD 1); 44% of grants went to organisations based in the 30% most deprived areas (IMD 1 – 3).

Reach Fund Performance by Protected Characteristics
Equality, Diversity, Inclusion



Source: [Reach Fund Learning Report](#)



In England, 40% of social enterprises and 63% of charities are led by women, compared to 29% of Reach Fund grantees; 13% of social enterprises and 6% of charities are led by BAME leaders, compared to 7.38% of Reach Fund grantees. Comparative data was not found for LGBT led charities or for those led by people with disabilities.

3.1.3 Power to Change – New Funds and Management

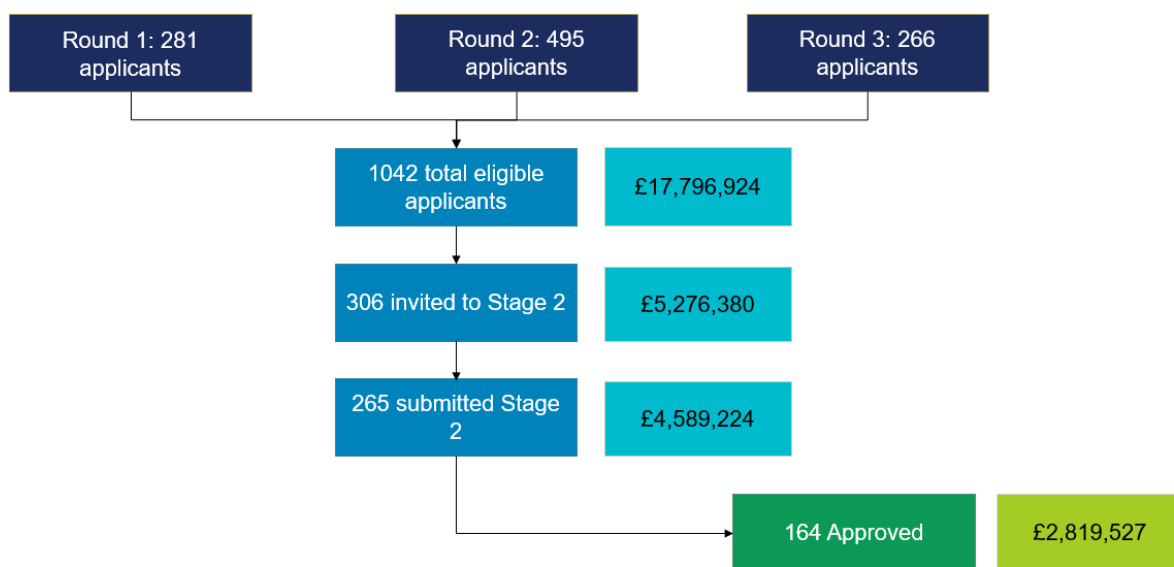
SIB is the strategic grants partner for Power to Change, supporting the management of their current portfolio as well as the design and delivery of any new funds.

Following the launch of Power to Change’s funds, including the C-19 Emergency Trading Income Support Scheme (TISS), Covid-19 Community-Led Organisation Recovery Scheme (CCLORS) and The Community Business Renewal Fund, SIB now manages these grants, alongside other Power to Change funds. Analysis for TISS and CCLORS can be found [here](#).

The Community Business Renewal Fund

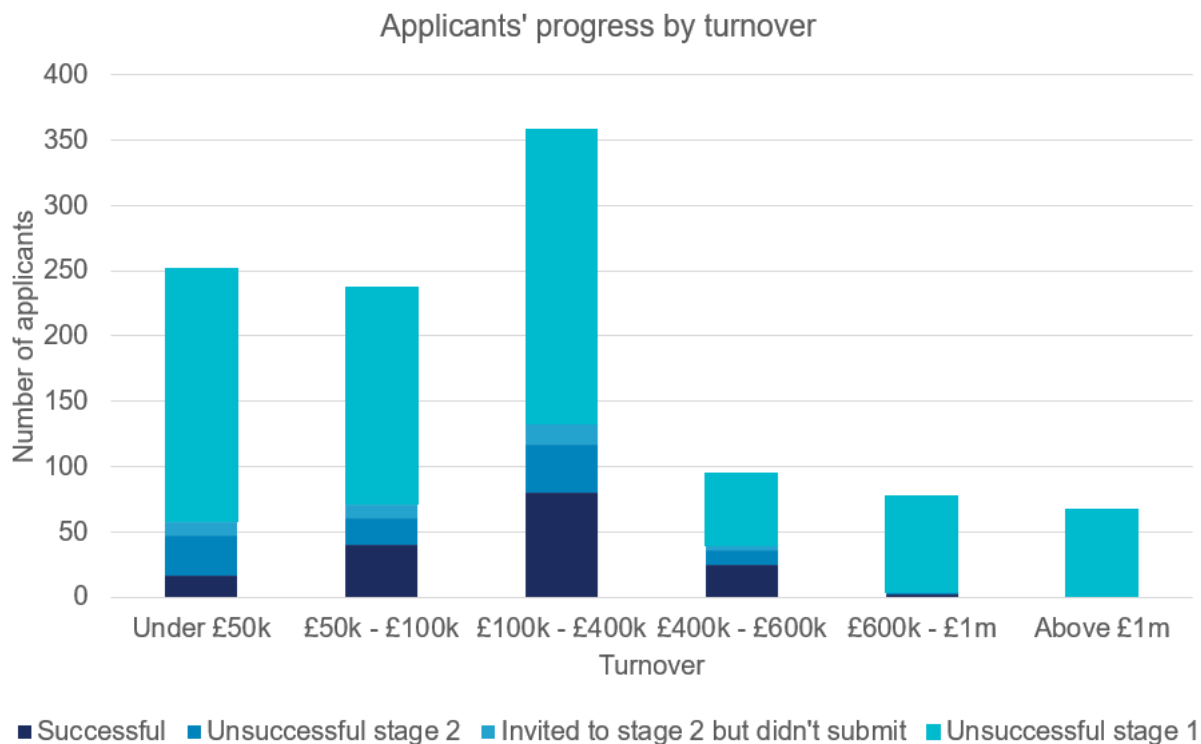
The Community Business Renewal Fund provided unrestricted grants between £10,000 and £20,000 to community businesses in England affected by the Covid-19 crisis to adapt, renew and rebuild their business so they can remain financially viable, operating with three short application rounds. The fund was aimed at organisations delivering services in their local community to support those who have been most affected by the Covid-19 crisis. The main priority support areas for the fund include: areas of England facing high levels of deprivation, organisations supporting and led by disabled people and Black, Asian and Minority Ethnic (BAME)-led or BAME-supporting businesses.

Community Business Renewal Fund Applicants Analysis





Most applicant organisations were small, with 78% reporting an annual turnover of under £400k. In general, the larger the organisation, the more likely it was to successfully receive funding, up to the level at which the filters were applied (below £1m Round 1, £600k Rounds 2 and 3)



By using a data led approach to decision-making in a two-stage application process, the fund was designed to filter eligible and prioritised organisations quickly whilst reducing the information burden of applicants. SIB was able to carry out retrospective analysis on the demographics of applicants and the outcome of different groups.

Looking just at applicants that fall within our 'community business' criteria, this table shows the proportion of organisations whose leadership teams are represented (including led) by each group:

	All applicants fitting 'community business' criteria	Invited	Successful	Change
BAME-led	62%	58%	59%	-2%
Disability	59%	53%	58%	-1%
Young	50%	45%	42%	-8%
LGBTQIA+	39%	35%	35%	-4%



Power to Change Grant Management

Currently, SIB manages over 866 grants for Power to Change across 9 different funds. The table below demonstrates the breakdown of these grants as of 30th November 2021.

	No of Grants		Value of Grants	
PTC – Community Business Fund	94	11%	£12,611,800	34%
PTC - Other	85	10%	£7,933,366	22%
PTC - Covid related	687	79%	£16,271,014	44%
PTC Total	866		£36,816,180	

3.1.4 Resilience and Recovery Loan Fund

The [Resilience & Recovery Loan Fund \(RRLF\)](#) was a £25 million fund for charities and social enterprises that are improving people's lives across the UK who are experiencing disruption to their normal business model because of COVID-19. It was established to make a government-guaranteed lending scheme run by the British Business Bank (the Coronavirus Business Interruption Loan Scheme) more easily accessible to charities and social enterprises. This fund was only made possible through relationships with our partners. Big Society Capital provided the £25 million in loans for the RRLF and Access – The Foundation for Social Investment provided the £5 million grant funding to blend with these loans.

In total, the fund supported 75 organisations, 41 of these received a blended grant alongside the loan. Over the period of the fund, £23,900,200 in loan was disbursed alongside £3,919,154 in grant.

SIB continued to publish transparent data on the fund using our dashboards throughout the fund, not only to share which kinds of organisations are applying to RRLF, but also where they are and who leads them to ensure fairer direction of emergency funding. These dashboards remain accessible online.

[Management Dashboard](#) - This contained the current pipeline of RRLF, outlining the number of organisations at each stage of the process and number of approvals / rejections at investment committee.

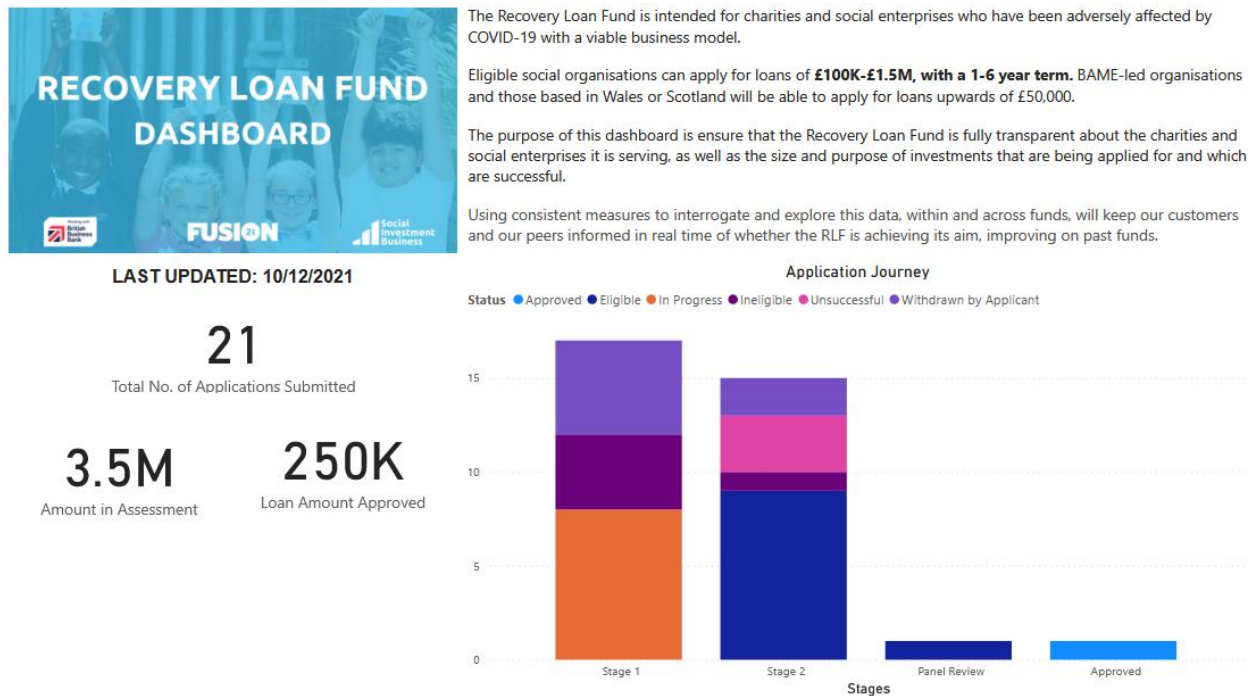
[Profile Dashboard](#) - This provided a broader look at what type of organisations were applying to the Fund. This covers region, country, legal structure, outcome area, beneficiaries, and the extent to which organisations were diverse-led.



3.1.5 Recovery Loan Fund

In October 2021, SIB launched the [Recovery Loan Fund \(RLF\)](#) a fund providing loans to UK charities and social enterprises who have been impacted by Covid 19 and need funds to help them to survive, recover and grow. The Fund is being run by Social Investment Business with initial investment from SIB and the Fusion21 Foundation. In addition, we are working with experienced social investor partners to deliver the fund: Big Issue Invest, Charity Bank, Key Fund, Resonance, Social Investment Scotland and Wales Council for Voluntary Action.

Although still in its early stages, this fund will provide loans to organisations of up to £1.5 million. It is utilising the Government's Recovery Loan Scheme run by the British Business Bank – the successor to the Coronavirus Business Interruption Loan Scheme. Like RRLF, we will be publishing all data about the fund on an [online dashboard](#) to share with applicants and other parties of interest. The dashboard will be presented at Investment Committee, as part of our ongoing prioritisation of understanding the fund at portfolio-level throughout decision-making





3.2 Learning and Improving

3.2.1 Standardisation of Information

At SIB, we value comparable data that is published transparently. We have only been able to do this after important internal work on standardising the data we collect from customers at points of application, monitoring and closure.

We have now implemented a set of questions that we always ask to our applicants, no matter what fund. Although we previously would collect information on these topics/areas, they were often asked inconsistently across funds. For example, the wording of the question was different, or the form provided applicants with different drop-down options to choose from. Below is a selection of the questions we are now asking consistently across all application forms:

1. What are the top 3 postcodes of operation for the organisation's current activities?
Note: We understand you might operate across more than 3 postcode areas, please provide the 3 postcode areas where you work with the largest numbers of beneficiaries/ customers.
2. What is the organisation's scale of delivery?
(Local, Regional, Multi-Regional, National, International)
3. Where does the organisation's primary income come from?
(Business 2 Customer, Business 2 Business, Business 2 Government (Contracts), Business 2 Government (Grants), Grants (Non-Governmental), Donations)
4. How many Full-Time employees does the organisation have?

There are three considerations that have guided how we standardise application forms:

- 1) **Customer Burden** – When choosing the core application information we would like to collect, we have had to balance the ideal information we would like with the amount of information we can request from customers without increasing the information burden that application forms can often require. To do this, we have prioritised key pieces of information that we can use to access external data sets e.g. postcodes, rather than directly asking organisations for this information.
- 2) **Partner Expectations/Historical Information** – The partners that we work with have their own information needs about the organisations we work with. This could be in the form of certain sector/diversity/beneficiary questions that they ask in other funds not delivered by SIB. Designing application forms that meet the needs of partners, as well as our own internal standardising has been challenging – particularly when some of our core questions overlap on subject but differ slightly. However, as these core questions are used across all funds, with multiple partners, we emphasise the value of comparing data across the diverse range of funds we use.



- 3) **Beyond Categories** - Some of the initial feedback we have received from customers highlighted the challenge of organisations not always fitting easily into the drop-down categories listed in our core questions. For example, if an organisation delivers work in two separate outcome areas and we require them to choose one primary outcome area. At SIB, we are trying to be transparent as to why we are collecting this, and ask organisations to choose a best-fit if there is not a perfect answer available. We include clear instructions for such dilemmas. When the data we are collecting becomes more critical for decision-making, we allow for more opportunities to double check answers and to provide more information in open text questions.

Although there are these challenges, we still think there are some key benefits to the customer beyond collecting key comparable data that has been set out previously.

- 1) **Quicker application forms** – By introducing standardized questions, with majority closed with drop down boxes, our application forms are now being perceived as smooth and quick to navigate ([see customer feedback section](#)). Less time is spent on open text boxes that will not be used for assessment and organisations who have applied for SIB funding previously will now know what to expect as they approach a new funding application.
- 2) **Potential for streamlining applications** – By asking for the same information in each application form, we are building up a large comparative data set. We are planning for future system development that can utilize this information whilst organisations apply for funds. If they have applied for funds previously, there is potential that to revisit this data and note changes rather than completing all questions again. SIB is still a way off this, but these recent changes support future action.
- 3) **Opening funds quicker** – Application forms without a core list of standard application questions must be uniquely designed each time. This adds time and cost to a fund set up. By having standardised questions, we can quickly integrate these into an application form, designing only unique questions to the fund criteria and focus.

Standardised data also allows for analysis across funds. The following sections explores the analysis we have been able to carry out *across funds* – something that can only be achieved with this core question framework.

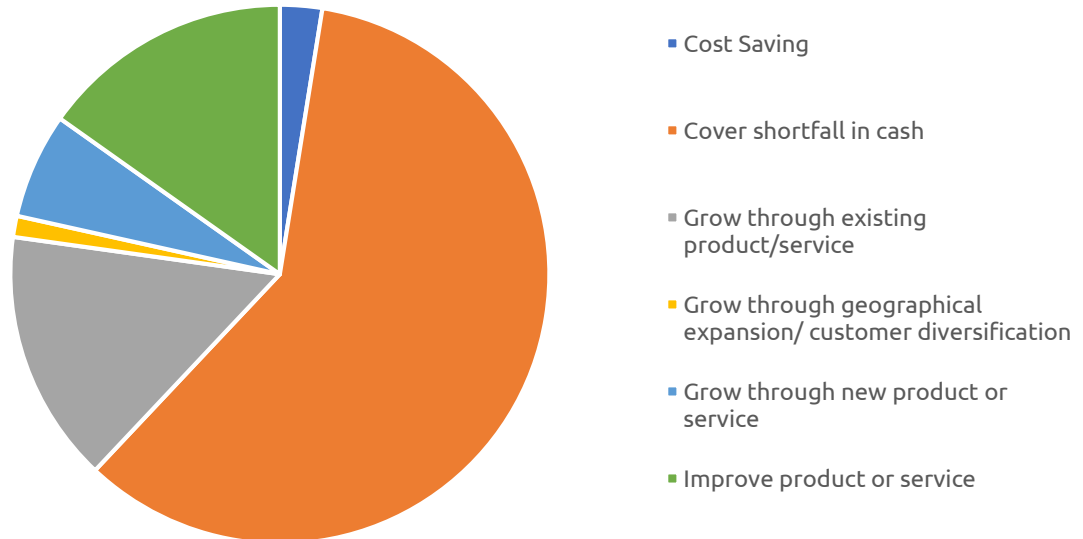
3.2.2 Integration with Partners

We have also utilized some of partners' work on standardising information to compare and learn from funds. For example, using [Big Society Capital's Use of Proceeds and Purpose of Investments framework](#) that we are now embedding across the organisation. This can be found in the [EDP analysis](#) above.

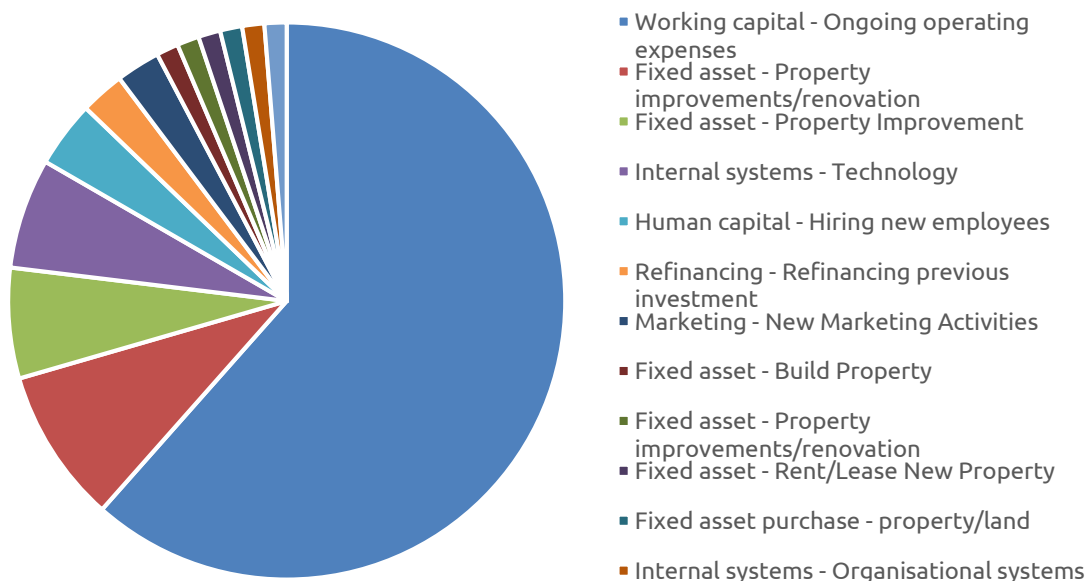


We have categorised the RRLF portfolio using this framework – see below for the analysis.

RRLF Portfolio - Purpose of Loan



RRLF Portfolio - Use of Proceeds/ What the grant has been spent on



The value of our partner's work on creating a more consistent and comparable understanding of investment, as well as the insight that these taxonomies have provided to us, has led to us embed these taxonomies into our own systems.



For all grant and loan funds, we are now:

- Asking the purpose and use of proceeds to all applicants
- Confirming the purpose and use of proceeds at the offer stage – tracking whether this has changed during assessment
- Monitoring any changes to the purpose and use of proceeds during the length of loan or grant.

3.2.3 Prioritising Diversity

The first section of this impact report highlighted the contribution of our research into understanding how BAME-Led organisations have been disproportionately impacted by the pandemic. Following these findings, we have (i) reflected upon how we have been funding these organisations, and (ii) taken actions to improve the way we deliver our services and make decisions in light of this systemic inequality.

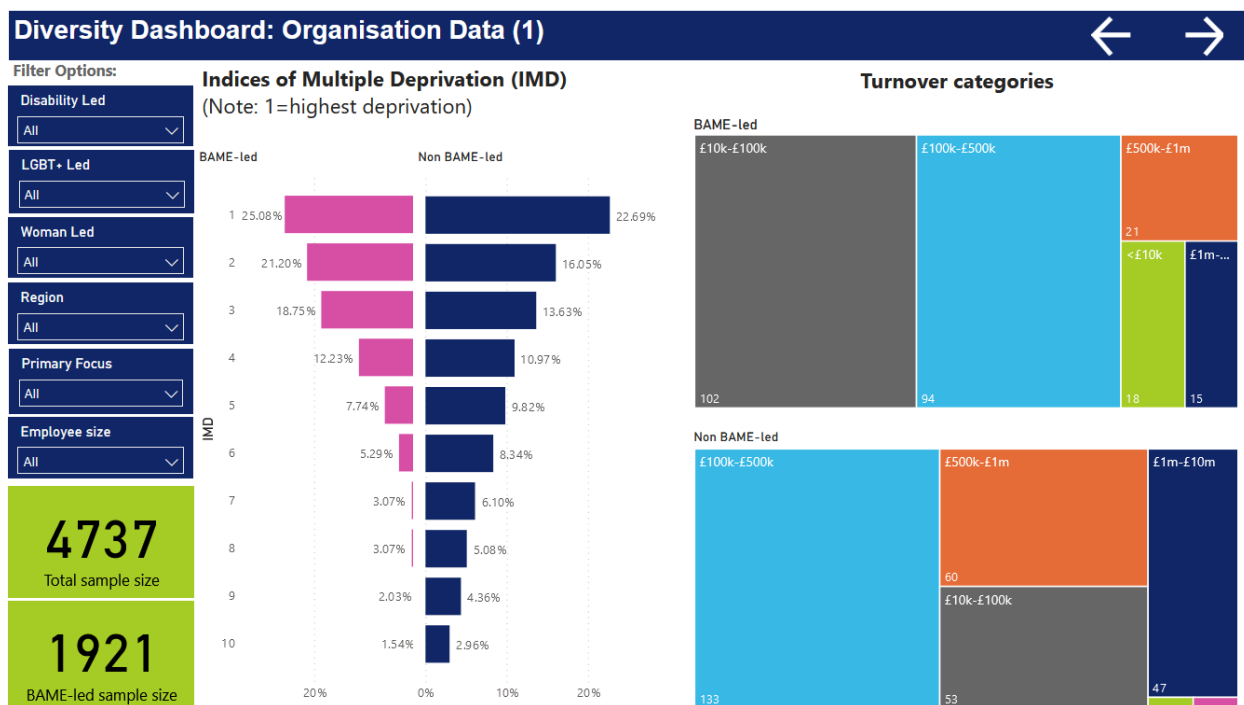
Looking at our own funds

This year, SIB, Access – The Foundation for Social Investment, and Power to Change released a [review](#) looking at how our three organisations are performing in serving the needs of minoritised ethnic communities. This research highlighted the continued need for better data, shared openly, to (i) continue evidencing the barriers that exist for minoritized ethnic-led organisations when accessing funding; and (ii) improve accountability of funding decision-making.

In response to this need, SIB together with our partners, Access- The Foundation for Social Investment, Power to Change, and the Youth Endowment Fund (YEF), have released a [Diversity Dashboard](#). It reflects the data from seven funds and programmes over the last 2 years: totaling 5,189 applicants with 1,404 approved and contains key organisational information on 4,737 unique social sector organisations. The seven funds are:

- Covid-19 Community-Led Organisation Recovery Scheme (CCLORS)
- Enterprise Development Programme (EDP)
- The Reach Fund
- Community Business Renewal Fund
- C-19 Emergency Trading Income Support Scheme (TISS)
- Resilience & Recovery Loan Fund (RRLF)
- Youth Endowment Fund COVID-19 Emergency Round

This dashboard was built to be interactive and support different user data needs; allowing for filters to select for dimensions of intersectionality (Disability-led, LGBT-led, Woman-led in addition to BAME-led), region of operation, sector and size of organisation. As new funds and rounds open across the next year, we will continue to publish this data transparently to reflect upon and learn from.



Changing decision-making

Reflecting upon this research, we are keenly aware that social investment is not representative of the organisations or communities it sets out to support. That is particularly the case for women, and particularly women from black and minoritised communities.

In the last year, we have made changes to our investment committee. Our investment committee of six is now made up of four women of colour, and two (white) men. Most importantly, this committee brings substantial expertise, insight, technical expertise and understanding to the table – both investment landscape and also of the social sector and the context it currently operates in.

New additions to the committee included Patricia Johnson - Pat's background is in mental health, and she worked at several charities and social enterprises, before running the Sandwell African Caribbean Mental Health Foundation since 2002. She brings expert understanding of the reality on the ground for smaller charities, particularly those operating in commissioning environments, and on the role and effectiveness of consortia.

Also joining the Committee as an independent member will be Nas Morley. Nas has significant experience in the charity and social enterprise world, having been Director of Partnerships and Influence at UnLtd, and Director of Fundraising and Communications at the Microloan Foundation amongst other roles. Nas proved an exceptional member of the Resilience and Recovery Loan Fund committee, and we are delighted we will continue to benefit from her expertise and experience.



This is in addition to the social sector knowledge and experience brought by the SIB board members on the committee, not least Amina Ahmad (who is a Year Here Fellow and a Luminary Bakery Advisory Board member) and Hugh Rolo (who brings vast experience from his years at Locality, Key Fund and the community shares movement). Both Amina and Hugh also have finance backgrounds, and this technical expertise supplements that of Richard Pelly, our Investment Committee Chair (formerly CEO of the European Investment Fund) and Sonali Siriwardena, SIB's Vice-Chair (Head of Sustainability Regulation and Policy for Morgan Stanley Investment Management).

Changing fund priorities and requirements

As we know BAME-Led organisations tend to be smaller, less financially resilient, less established governance arrangements and seek smaller amounts of funding than their peers – we have designed newer funds to account for these differences.

For the [Recovery Loan Fund](#), we have made two modifications to consider that BAME-led organisations may look different to the traditional social investment applicant.

- **Turnover Limit:** An applicant must have a minimum turnover of £400k in its last financial year. This has been reduced to £200k if the organisation is BAME-led 51% or above, of board and Senior Management Team from BAME background.
- **Size of Loan:** An applicant must request a loan of £100,000. This has been reduced to £50,000 if the organisation is BAME-led 51% or above, of board and Senior Management Team from BAME background.

SIB will also be working alongside Access – the Foundation for Social Investment (Access) on the redesign of the extended the Reach Fund which will continue for a further four years. The programme's recent [evaluation](#) revealed that there is a need for a renewed and strengthened focus on reaching people and organisations from marginalised groups, given lower uptake from women-led organisations and a lower application success rate for black and minority community-led organisations, LGBTQ+ and disability organisations. SIB will be working with Access and the social investors to ensure diversity in the fund is prioritised and improved.

3.2.4 Customer Feedback

For SIB to place customers at the heart of everything we do, we know that we must continue with updating and improving how we listen to customers and as a result, implement changes to the way we work. Until 2019, SIB collected customer feedback via a one-size-fits-all four-question survey sent to customers after an interaction with SIB - whether that was after an application outcome, a call with a Relationship Manager or a closure of a grant/loan etc. This approach was reliant on the customer to identify what the issue was and to explain it in detail on where and why they may have had a good or bad experience. Its restrictive format did not account for the different types of customer feedback was needed, dependent on the different staged they were at during the customer journey.



In our new approach, we have opted to tailoring our feedback collection to the point in the process the customer is in, for example, applying to a fund, being an assessed, outcome delivery and monitoring/management. SIB recognizes that the point in the customer journey, a customer's capacity, and level of interaction they have will at each stage shape what feedback format will be most useful in understanding how they experience that stage and how to improve it.

These more adaptable feedback collection points will create a mix of qualitative and quantitative data points contributing to a better more multi-dimensional picture of a customer's journey with SIB from start to finish.

To begin this new approach and recognizing that funder's application forms are historically challenging for customers, we implemented a simple live feedback form that can be easily filled out by customers once they have completed any of our applications. These questions will be subject to iterations as we review response rates and what questions are most useful in analysis.

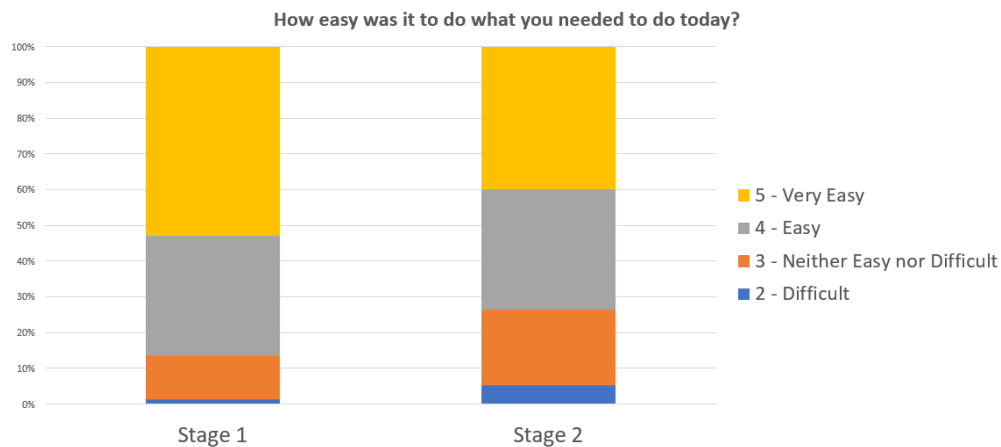
- Were you able to do what you needed to do today? Yes/No
- How easy was it to do what you needed to do today? Very easy, easy, Neither easy nor difficult, Difficult, Very difficult
- Why did you give this score? (Text Box)
- Overall how did you feel about the service you accessed today? Very satisfied, satisfied, Neither satisfied nor dissatisfied, Dissatisfied, Very dissatisfied

These questions mark a change in SIB's approach to customer service. EDP was the first fund to have this survey at the end of each application form but these questions are now introduced at the end of a Reach application, and for any future live funds SIB launches. We plan to track response rates, as well as set KPIs on responses.

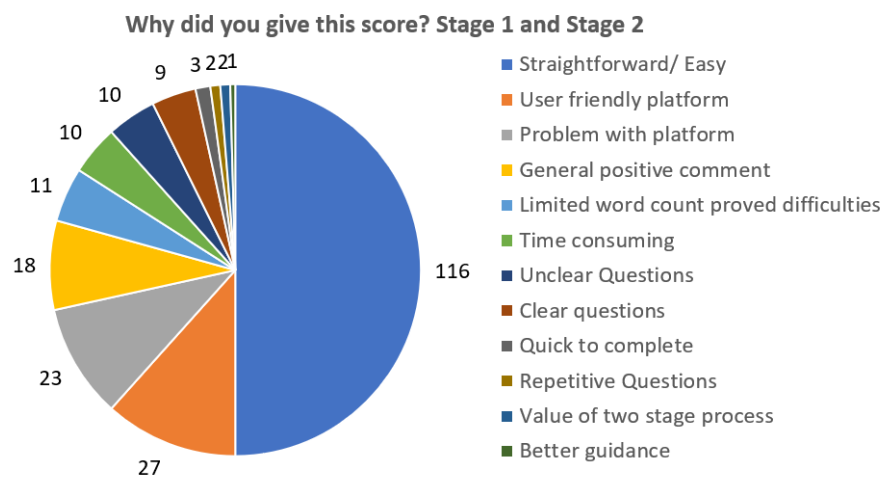
Some initial analysis from the EDP fund is set out on the next page. As we build up a greater response rate, this will enable us to see trends on the data, complementing closed questions with qualitative open-ended responses.



Unsurprisingly, Stage 1 of the EDP Application is generally seen as easier than Stage 2



The majority found the applicants found the application easy, although unclear questions and problems with the online platform created difficulties





3.3 Informing and Influencing

SIB have been sharing data transparently to support and influence the wider sector. In addition, we have been providing core infrastructure that enables the sector to come together to discuss ways to improve social investment and advocate for the social economy. This section outlines the core areas of our informing and influencing work.

3.3.1 Informing – Futurebuilders

As the earliest and largest fund of its kind, Futurebuilders provides us with the best understanding of the long-term performance of social investment. Over the past year we've been pushing forward with the second phase of our three-year Futurebuilders Learning Project with DCMS. The first year of outputs can be found [here](#). The second phase has resulted in several outputs, outlined below.

Financial resilience deep dive:

The [financial resilience dashboard](#) was built to be interactive and support different user data needs; allowing for filters according to size, region, sector and grant subsidy %. The financial resilience metrics on display have been selected based on a detailed literature review, data analysis, and social investor experience.

We also show these measures in relation to defaulted and non-defaulted investments and start to relate financial resilience to investment performance. Currently, our dashboard sample size is relatively small and contains only Futurebuilders data. SIB will continue to add to this dataset and we encourage others interested to share their data too.

Overall, we saw investees were more resilient to financial shocks after receiving a FBE loan: organisations' unrestricted funds and reserves relative to spending had improved 7 years after receiving a loan, meaning they were more resilient to financial shocks than they were before taking on social investment.

We also saw large improvement in terms of equity to turnover ratios. When organisations have healthy equity balances it can make future borrowing easier, leading onto access to new previously unavailable capital markets.

Another interesting finding was the vast differences between defaulting and non-defaulting organisations in all the resilience measures at time of initial drawdown.

Financial metrics comparison: not defaulted vs defaulted

	No	Yes
Cash	£183,475	£39,173
Admin costs	61.89%	49.96%
Return on Assets	1.75%	1.24%
Months Spending	4.00	1.12
Asset Turnover	1.56	5.50
Debt to Assets	45.74%	65.11%
Resilience Ratio	54.89%	21.79%
Surplus Deficit	1.69%	0.81%
Mark Up	5.42%	4.75%
Equity Ratio	0.54	0.35
Equity Balance	54.89%	21.79%
Income Diversity	0.55	0.64
Operating Margin	1.53%	0.61%
Months Spending - Reserves	0.45	-0.01



These findings will be used in our internal credit risk scoring matrix and will form the basis of continuing work on a loan default prediction model.

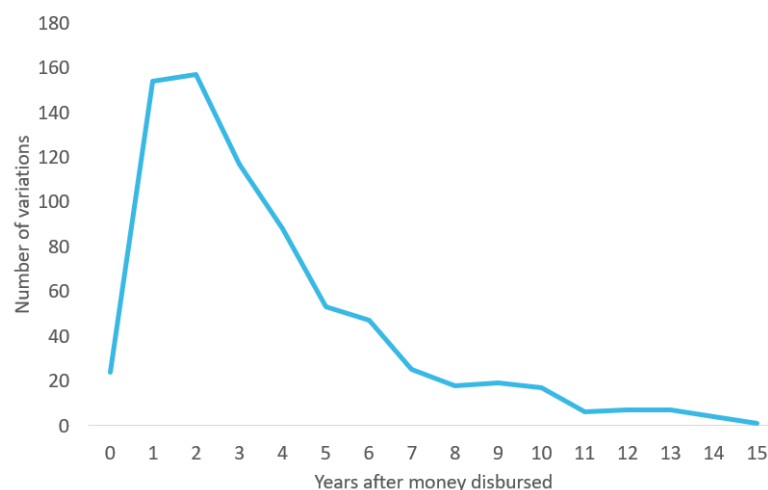
Understanding Flexibility – an analysis of Futurebuilders Variations:

A piece of research to quantify what flexibility looks like in practice by analysing all the recorded variations applied to investees in the Futurebuilders loan book up to 2020. For these purposes, variations are financial or non-financial amendments to the original loan or grant agreement – this can include, among other things, changes to interest rates, repayment terms, size or use of grant / loan, or the preconditions for drawing down capital.

Over half of Futurebuilders investees received a variation. They were more common in loans and blended products and they were more likely to be used to support struggling organisations. There is evidence to show that more variations may be related to a reduced likelihood of default.

Notably our analysis showed that flexibility is responsive to changes in the external environment: nearly half of the variations were given in the two years following investment – coinciding with the financial crash in 2008 – which demonstrated the responsiveness of social investors to support investees through challenging circumstances.

The number of variations per year after FBE funding was first disbursed



This distinctive flexibility is something that has proven invaluable during the pandemic, where social investors were quick to apply capital and interest repayment holidays across their portfolio, working closely with customers to provide timely advice and support which helped them to navigate the unprecedented challenges posed by Covid-19.

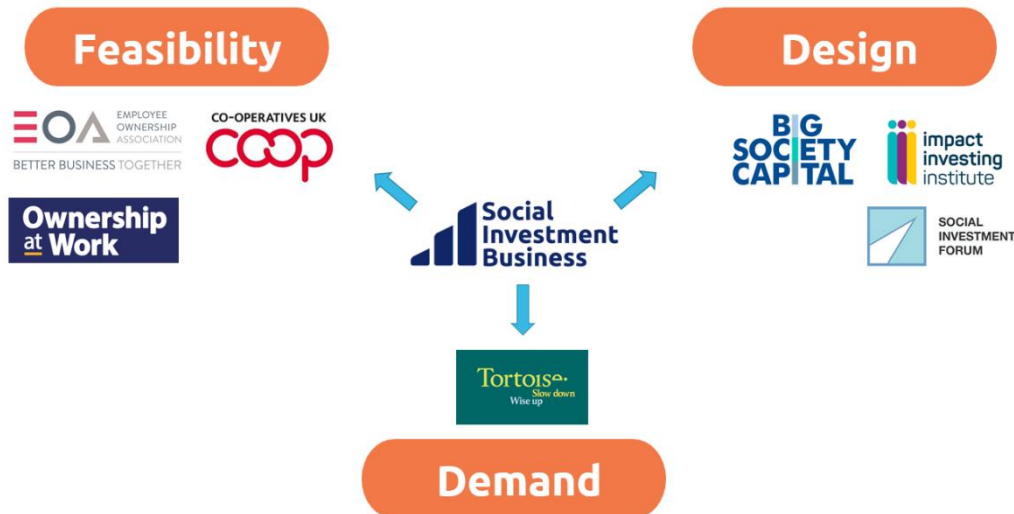
A market scoping exercise:

We also carried out a [market scoping exercise](#) on behalf of DCMS to better understand the supply and demand for social investment across.



3.3.2 Informing - Debt for Equity Campaign

During 2021, we ran a series of roundtables with partners to explore ambitious solutions to the unmanageable debt that SMEs have taken on as a result of Covid-19. This campaign brought together a range of stakeholders to explore the demand, feasibility and design of a debt-for-equity solution:



Businesses have taken on a magnitude of debt since the onset of the pandemic, much of it through government-backed loans such as the Coronavirus Business Interruption Loan Scheme or Bounce Back Loan Scheme. Our concern is that high levels of corporate indebtedness are likely to prolong any economic downturn precipitated by the pandemic. It is therefore essential that viable businesses are not saddled with high levels of debt that would cripple the SME sector – vital to a healthy market economy – endangering jobs and livelihoods.

Our analysis of the data found:

- **The concentration of debt is evenly spread across the country:** there is relative heterogeneity in the regional distribution of CBILS/BBLS loans. The highest levels are in London and the North West, with the lowest levels in Wales and the North East. There are certain hotspots of high indebtedness, however the overarching distribution is fairly even across regions in the country.
- **Compounding economic pressures leave some areas at serious risk of long-term scarring:** areas most at-risk are those facing the high levels of debt, large cumulative furlough uptake, deep recession and pre-existing deprivation. These constituencies are heavily concentrated in the North West, London and the West Midlands, accounting for almost two thirds (63%) of constituencies in the top 20% most at-risk.
- **Urban areas are significantly more at-risk than rural areas:** risk is also heavily concentrated in urban constituencies – based on our analysis 89% of the top 20% most at risk constituencies are in either a city or large town – with constituencies in the core cities and London alone accounting for 42% of the most at-risk constituencies.

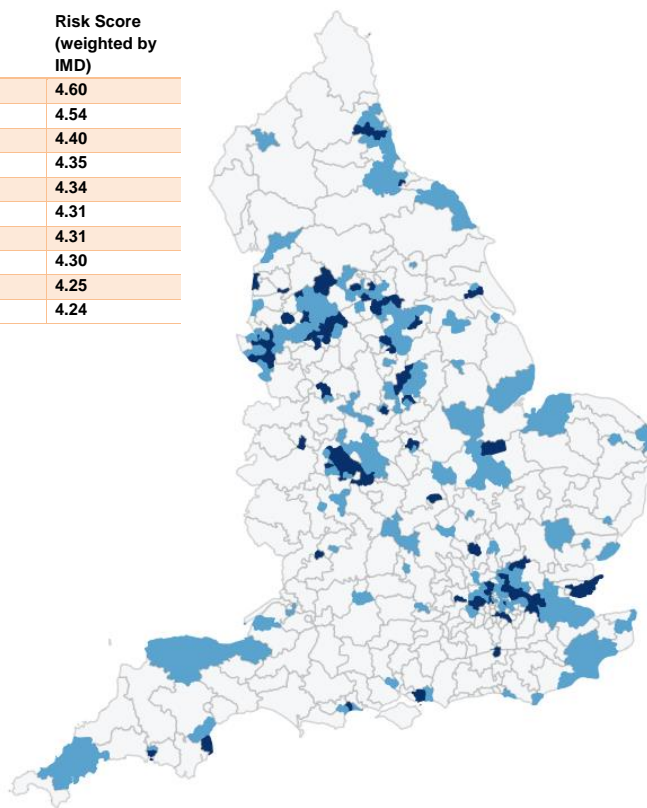


Top 50% (light blue) and 20% (dark blue) IMD-weighted at-risk constituencies

Constituency Name	Region	Risk Score (weighted by IMD)
Tottenham	London	4.60
West Ham	London	4.54
Birmingham, Yardley	West Midlands	4.40
Wythenshawe and Sale East	North West	4.35
Blackpool South	North West	4.34
Ealing, Southall	London	4.31
Hayes and Harlington	London	4.31
Pendle	North West	4.30
Luton South	East of England	4.25
West Bromwich West	West Midlands	4.24

Region	IMD weighted At Risk Percent
North West	23%
London	21%
West Midlands	19%
Yorkshire & The Humber	9%
East Midlands	8%
Eastern	6%
North East	5%
South East	5%
South West	4%

Category	Most At-Risk Percent
Village or smaller	0%
Small Town	2%
Medium Town	9%
Large Town	26%
Other City	21%
Core City	42%

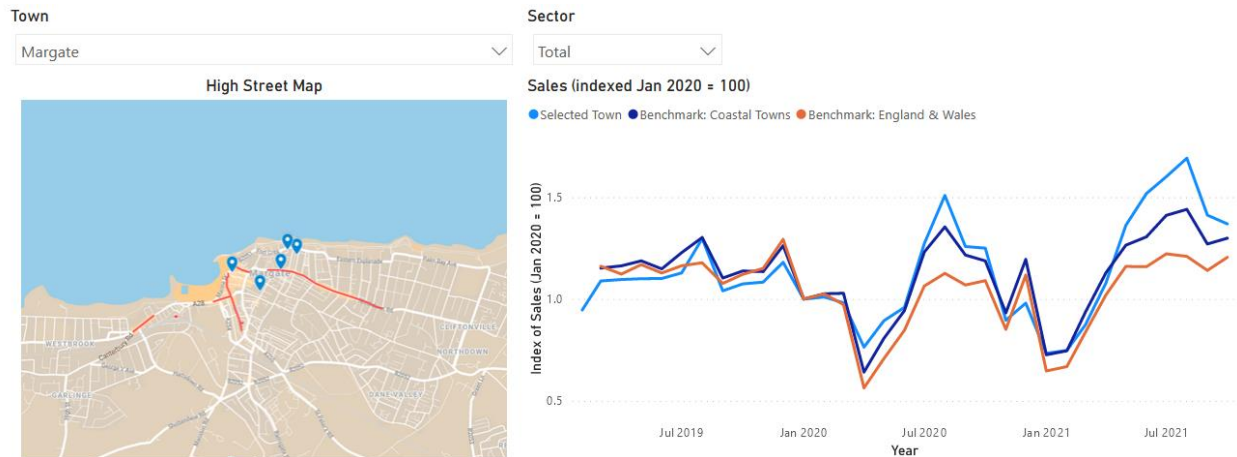


The scale of government-backed lending presents a rare opportunity to utilise debt-for-equity swaps that could have a transformative impact on society, by transitioning at-risk, yet viable, private enterprises to employee, worker or community ownership at scale. This has the potential to ease the SME debt burden, protect jobs and create a more inclusive and social economy. We also hope to build mainstream recognition of businesses with alternative ownership models as an increasingly legitimate social/ESG investment category – and through that start to mobilise greater levels of capital to support the growth of these high impact businesses.

We have written up our findings and recommendations for banks, funders, social impact investors and Government in our [Swapping Debt-for-Equity report](#).

3.3.3 Informing – High Street Trackers

Our Coastal High Street Tracker, developed in partnership with Power to Change and the Architectural Heritage Fund, monitors granular spending data, the local economic mix and prevalence of social infrastructure in a set of 10 coastal towns in England. The aim is to test whether a greater presence of social infrastructure in a place creates resilience in the local economy.



The data covers 789 postcodes taken from 78 high streets across the 10 towns, providing dynamic information every month with a core focus on retail business and local economic activity. The tracker also maps the composition of the high streets in each town – including a breakdown of spending by sector, the density of social infrastructure and its socio-economic profile.

This tracker has provided a crucial real time data source to understand the medium- and long-term effects on local economies and how these will impact on income and employment for residents. We hope to build on this work over the coming years to answer some important questions about where and how we invest in places:

1. What high street composition best sustains local economic activity and what role does social infrastructure play in bolstering this resilience?
2. Which sectors and businesses have been able to recover and bounce back, and under what conditions?
3. Are there specific business ownership models (e.g. community or employee ownership) that perform better than others and should we be directing more funding towards these?
4. Has Covid-19 precipitated a long-term restructuring and localisation of high street usage away from large cities to towns and suburbs due to increased home working and, if so, how should we respond to this?



3.3.4 Influencing – Sector Infrastructure

SIB hosts three sector-wide initiatives that form part of the core social investment sector infrastructure.



Diversity Forum

SIB is proud to be the current host of [The Diversity Forum](#). The Diversity Forum is a collective on a mission to drive inclusive social investment in the UK, through the convening of sector-wide groups, commissioning research, and knowledge sharing.

Funded by the Connect Fund, a £3 million fund managed by the Barrow Cadbury Trust in partnership with Access – the Foundation for Social Investment – the Diversity Forum has funding to embark on diversity projects with five strands:

- Leadership and convening;
- Research: commissioning research;
- Skills development and resources sharing;
- Data sharing and networks mapping;
- Communications.

Equality Impact Investing Project

SIB is a founding partner in and currently hosts the [Equality Impact Investing Project \(EIIP\)](#), a ground-breaking initiative that exists to ensure that social impact investing is more fully harnessed to advance SDG 10 – reducing inequality – in the UK and beyond. It does this by bringing together the fields of social impact investing with equality and human rights to build a new one: Equality Impact Investing.

EIIP aims to innovate, enable and increase investor action on inequality. EIIP exists to build the field, and drive increased use of, investing for equality impact.



To do this, it brings equality and human rights actors together with social and impact investors to:

- Better understand inequality challenges and opportunities where investors can make a difference
- Pioneer new policy and practice responses
- Share and promote learning to influence wider change

EIIP's approach is evidence-based and open minded, concerned with all dimensions of inequality, its root causes and always focused on increasing the flow of finance to the heart of the matter.

Social Investment Forum

SIB is the secretariat for [The Social Investment Forum](#) (SIF) – the national forum for social investment finance intermediaries. The SIF exists to provide:

- Voice, advocacy and the ability to influence
- Practical collaboration opportunities and ideas to improve effectiveness
- A space to share information and build networks
- Communications support to champion and amplify our work
- Greater co-ordination and coherence to current and future initiatives.

Activities of the SIF aim towards the betterment of the UK's social investment market, through advancing the work of cross-sector initiatives, as well as advocacy and policy work to influence the Government's legislative and regulatory agenda.



4. Looking at SIB








The last year has been difficult for all organisations, however, we have continued to support our team through new initiatives in our core priority areas - wellbeing, hybrid working, and learning. Equality, Diversity, and Inclusion also remains an ongoing priority for SIB and we have created an Equality, Diversity and Inclusion action plan which feeds into our processes, decision making, day to day practice and our commitment to our customers.

4.1. Listening to our team







Every year, SIB carry out an **employee engagement survey**. We find it hugely valuable to help us understand how our team feel about working at SIB: what we are doing well, and what we are doing less well and how we can improve. It includes questions we ask every year (so that we can compare year-on-year) but also includes specific questions relevant to that current period.

This year we included questions on remote/hybrid working to help us understand the teams concerns and preferences and this in turn helped inform our decisions on future flexible working at SIB. The survey is anonymous, but the findings are gathered and shared internally and with the Board and any actions required are put in place.

Some of the results of the survey are shown below:

Question	2017	2018	2019	2021	Trend from 2019
The mission and purpose of my company makes me feel my job is important	84%	89%	95%	100%	 5%
I know what is expected of me at work	100%	100%	88%	97%	 10%
I believe I have the right equipment, systems & support (IT, training, facilities etc) to carry out my role effectively	76%	48%	45%	86%	 91%
I feel well informed about the latest organisational news such as fund launches or staff changes and communications are clear	87%	85%	89%	81%	 -9%
I am confident to suggest new ways of doing things	78%	93%	92%	86%	 -6%
At work, I have the opportunity to do what I do best every day	81%	70%	74%	86%	 16%
My colleagues are committed to doing quality work	97%	93%	92%	97%	 6%



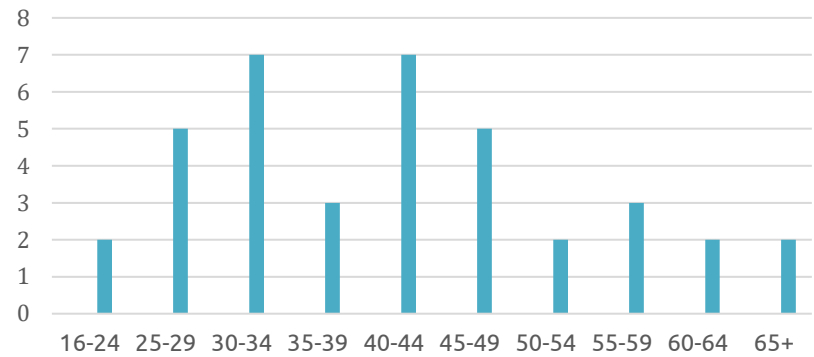
Question	2017	2018	2019	2021	Trend from 2019
There is someone at work who encourages my development	84%	81%	81%	92%	 13%
This last year, I have had opportunities at work to learn and develop	88%	93%	81%	86%	 6%
In the last six months, someone at work has talked to me about my progress	85%	85%	78%	83%	 7%
My Line manager, or someone at work, seems to care about me as a person	97%	93%	99%	97%	 -2%
I have someone at work who I can share my concerns, feelings and thoughts with	82%	93%	84%	89%	 6%
In the last seven days, I have received recognition or praise for doing good work	60%	67%	64%	92%	 43%



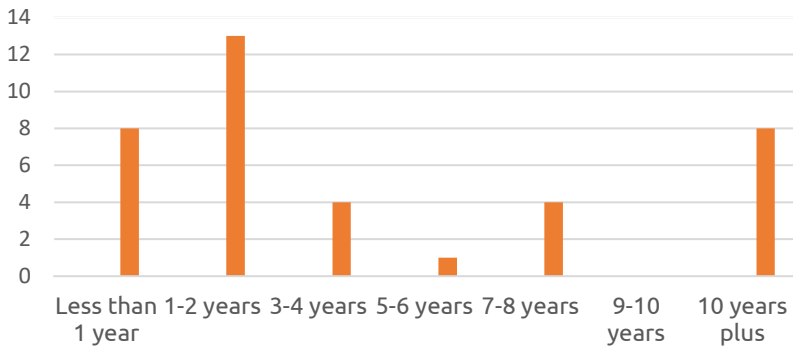
4.2 Our People

4.2.1 Current Team

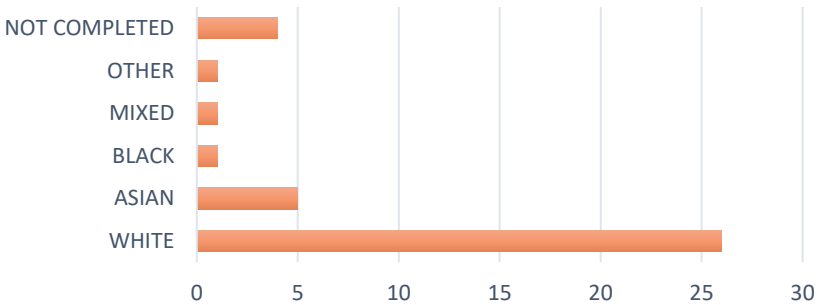
AGE



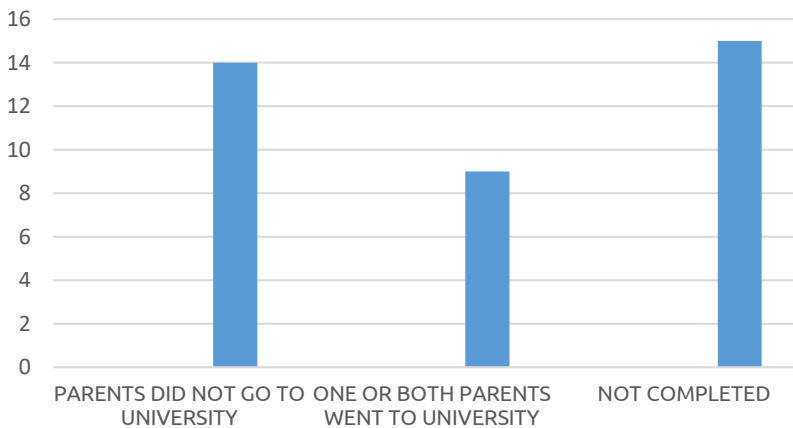
LENGTH OF SERVICE



ETHNIC ORIGIN



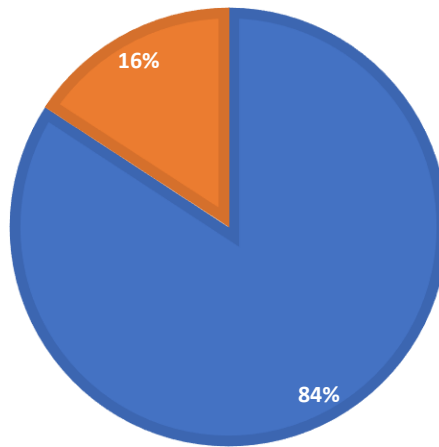
BACKGROUND





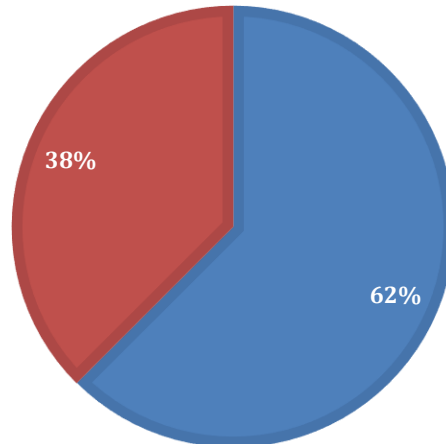
WORKING HOURS

■ FULL-TIME EMPLOYEES ■ PART-TIME EMPLOYEES



GENDER

■ Female ■ Male





4.2.2 Gender Pay Gap

Year	Gender Pay Gap	Male hourly (£)	Female hourly (£)	Difference (£)	Single figure pay gap (%)	On previous year
2019-2020	Mean	£22.86	£20.46	£2.40	10.5%	
2020-2021	Mean	£27.69	£21.67	£6.02	21.74%	↑
2019-2020	Median	£30.77	£27.81	£2.96	10.64%	
2020-2021	Median	£22.17	£19.23	£2.94	15.29%	↑

The increase in gender gaps has largely been shifted by some recruitment at senior levels. Pay gap in the rest of the organisation in other bands is minimal or non-existent. See below for the 2020-2021 gender pay gap by bands:

	Male hourly (£)	Female hourly (£)	Difference (£)	Single figure pay gap %	On previous year
Mean 1 (£70k+)	£45.21	£37.61	£7.60	20.21%	↑
Mean 2 (£49,230–£71.5k)	£32.05	£29.22	£2.82	9.69%	↑
Mean 3 (£32k–£52,470)	£19.79	£19.41	£0.38	1.96%	↓
Mean 4 (£23,670–£33k)	£13.33	£13.90	-£0.57	-4.10%	↑

4.2.3 Diversity Pay Gap

Year	Diversity Pay Gap	White hourly (£)	BAME hourly (£)	Difference (£)	Single figure pay gap (%)	On previous year
2019-2020	Mean	£22.81	£18.04	£4.77	26.4%	
2020-2021	Mean	£23.58	£21.24	£2.34	11.02%	↓
2019-2020	Median	£19.49	£18.04	£4.11	26.7%	
2020-2021	Median	£20.51	£20.51	£0	0%	↓



4.3 Finances & Other Key Information

SIB is a relatively complex charity: we have four different legal entities in the group, some managing funds and repayments for government, and we have long-term stakes and investments in other companies alongside our in-year operational performance. The following diagram breaks this down:

Social Investment Business Group Structure Chart

Social Investment Business Foundation : the TopCo charity where majority of SIBs own money sits – a company limited by guarantee and a registered charity.

The Social Investment Business Ltd: the charity's main trading entity where all staff are employed and majority of contracts are held – a company limited by guarantee, with SIB Foundation its sole member

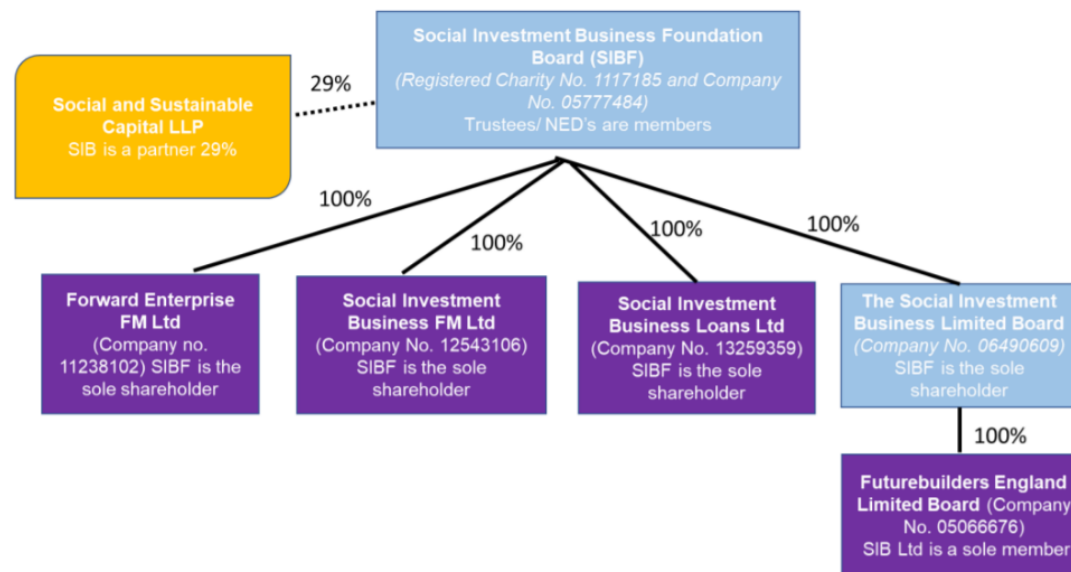
Forward Enterprise FM Ltd: a SPV for the Forward Enterprise Fund that supports enterprises and charities run by, or creating employment opportunities for, ex-offenders and people in recovery from addiction – a company limited by shares, with SIB Foundation its sole shareholder.

Futurebuilders England Ltd (FBE Ltd): the SPV for the DCMS Futurebuilders fund / portfolio – a company limited by guarantee, with SIB Ltd its sole member.

Social Investment Business FM Ltd: the SPV for CBILS lending - a company limited by shares, with SIB Foundation its sole shareholder.

Social Investment Business Loans Ltd: the SPV for RLS lending - a company limited by shares, with SIB Foundation its sole shareholder

Social and Sustainable Capital LLP: a social investment fund manager that operates at arms length. SIB owns a 29% stake and has 2 positions on its board.



You can view our most recent accounts submitted to Companies House [here](#).

We now use a number of social enterprises as suppliers -including our banks, our printers, our training and away day providers and our software. Our treasury policy and procurement policy both include ethical/social considerations to try and ensure we maximise the impact through how we work and who we work with, as well as in what we do.



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