



# Social Investment Tax Relief - a tax relief for good

1 March 2017

|                 |  |
|-----------------|--|
| <b>Chair</b>    | Luke Savvas, Partner, Buzzacott LLP  |
| <b>Speakers</b> | Cliff Prior, CEO, Big Society Capital                                      |
|                 | Simon Chisholm, Investment Director,<br>Resonance                          |
|                 | Richard Beard, CEO, Jericho Foundation                                     |
|                 | Lyn Tomlinson, Chartered Financial Planner,<br>Cazenove Capital Management |



## Rules of Engagement

- Respect confidentiality & privacy
- No solicitation or pitches
- Keep an open mind
- Honour others wherever they are on their journey

# Resonance Bristol SITR Fund

February 2017



## "Ventures"

corporate finance advisory work and deal arranging, enabling social enterprises to become investment ready and raise capital from investors

## "Fund Management"

creating, structuring, raising and managing investment funds where this is the right tool to scale up or replicate good models for social enterprise

- Social Impact Investment Company
- Established: 2002
- FCA Authorised Fund Manager
- **£145m Funds Under Management**
- **7 operational impact investment funds**
- Team of 30: specialist experience in finance, property & social enterprise
- Offices in Bristol, Manchester, Cornwall & London

**Our mission is to connect capital and social enterprise**

# Resonance Bristol SITR Fund

Dismantling Poverty through  
investment in social enterprise

→ Social: Mission driven

→ Enterprise: Income generating

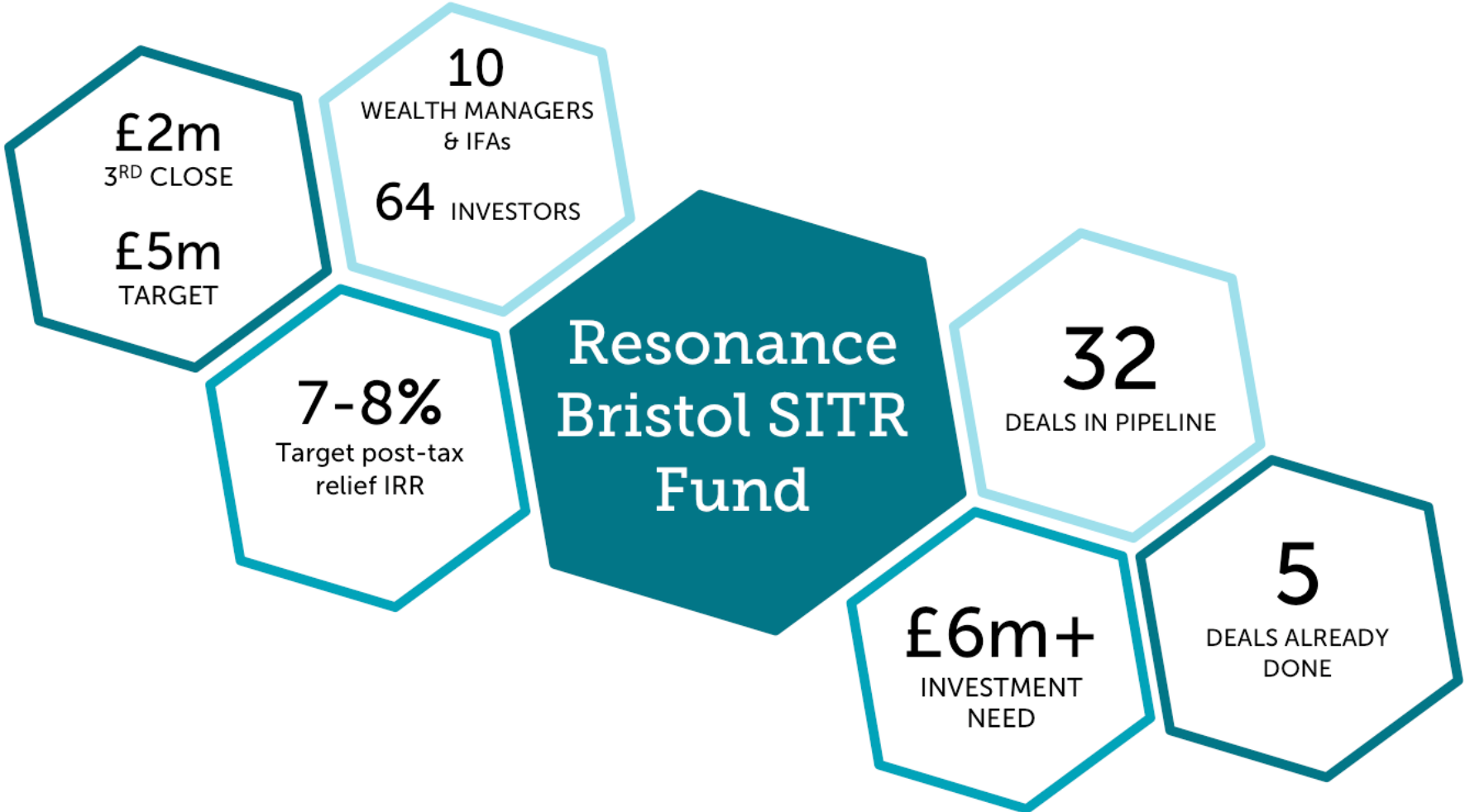


# Social Investment Tax Relief

✓ **EQUITY**

✓ **DEBT**

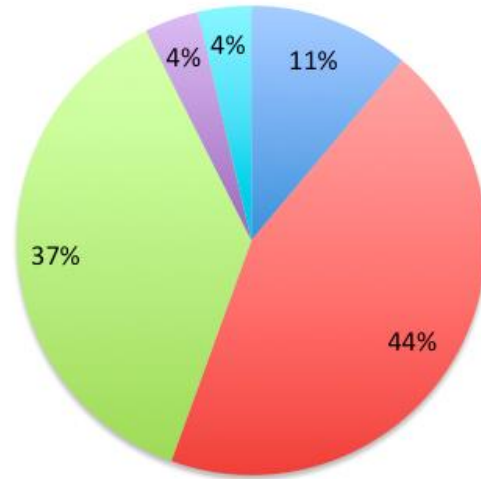
- **Income Tax Relief (30%)**  
+ Carry Back Facility
- **CGT Deferral**
- **CGT Exemption**  
(interest income taxable)





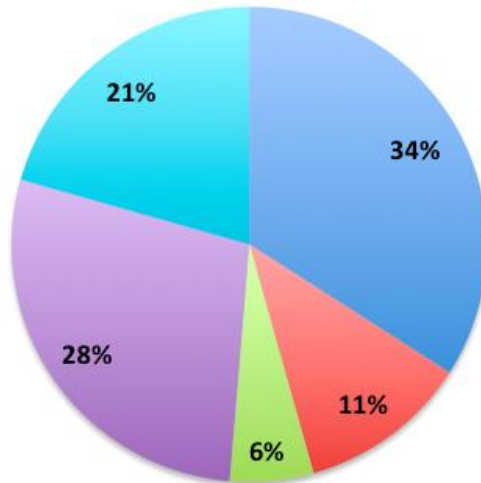
# Investor Breakdown

RESONANCE BRISTOL SITR FUND: FIRST CLOSE



## Investment Size

- < £25k
- £25k - 49k
- £50k - 99k
- £100k-199k
- £200k-250k



## Investor Geography

- Bristol
- Near Bristol
- Other SW
- London & SE
- Other



# Fund Structure

**£25k-£1m**

Subscription levels

**6**

minimum number  
of enterprises  
invested in by  
each investor

**24**

**month**

deployment period

# Fund Structure



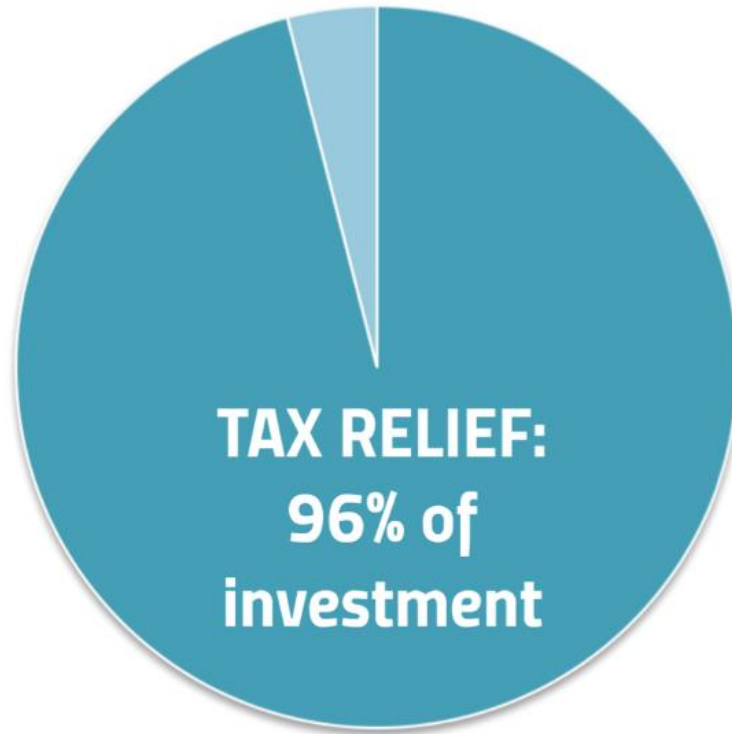
**6 year loan term**

**YEARS 1- 3: INTEREST ONLY**

**YEARS 4-6: INTEREST+CAPITAL**

**SEMI ANNUAL DISTRIBUTIONS TO INVESTORS**

# Fund Structure



- Upfront investment fee:  
3% + VAT
- Monitoring & Arrangement fees  
covered by investees

# SOUTH BRISTOL SPORTS CENTRE



|                    |                            |
|--------------------|----------------------------|
| Deal Closing Date  | 5 <sup>th</sup> April 2016 |
| Investment Size    | £250,000                   |
| Form of Investment | 6 year loan                |
| Legal Structure    | Charity                    |
| Year Established   | 2006                       |



- Sports Facilities & sessions for general public



- Engaging 'hard to reach' young people
- Training to become coaches & referees



- 6 state of the art, all-weather 5-a-side pitches
- More sessions, all year round, and new income generator

# SOUTH BRISTOL SPORTS CENTRE



South Bristol Sports Centre

**FIVES**  
SOCCER CENTRE





# BEARPIT BRISTOL CIC



|                    |                                |
|--------------------|--------------------------------|
| Deal Closing Date  | 23 <sup>rd</sup> December 2016 |
| Investment Size    | £112,000                       |
| Form of Investment | 6 year loan                    |
| Legal Structure    | Community Interest Company     |



- Collaboration of Social Enterprises
- Catering, markets and events



- Regeneration, reducing crime and anti-social behaviour
- Employment & Training for disadvantaged groups



- Commercial kitchen unit, delivery vehicle and infrastructure
- Merged enterprises and increased trading opportunities



Personalised programmes  
supporting individuals  
overcoming barriers







*breaking down  
the barriers*

**HOPE**  
FOR  
**JUSTICE**

## Who do we help?

1. Young people (NEET's)
2. Victims of Modern Slavery
3. People who have been in prison
4. Women recovering from substance misuse
5. Learning difficulties/disabilities
6. 25+ long term unemployed

The logo for "the bridge" features a stylized blue and black arch above the text. The word "the" is in a smaller, black, lowercase font, and "bridge" is in a larger, bold, blue, lowercase font.  
**thebridge**  
*Oasis Church in the community...*

**Bringing Hope**



breaking down  
the barriers

## History

- Began in 1990's as volunteer led 'drop in'
- Registered as a charity in 1993
- Bought current HQ in 1998
- Began trading as a social enterprise in 1999



## 06/07 Income

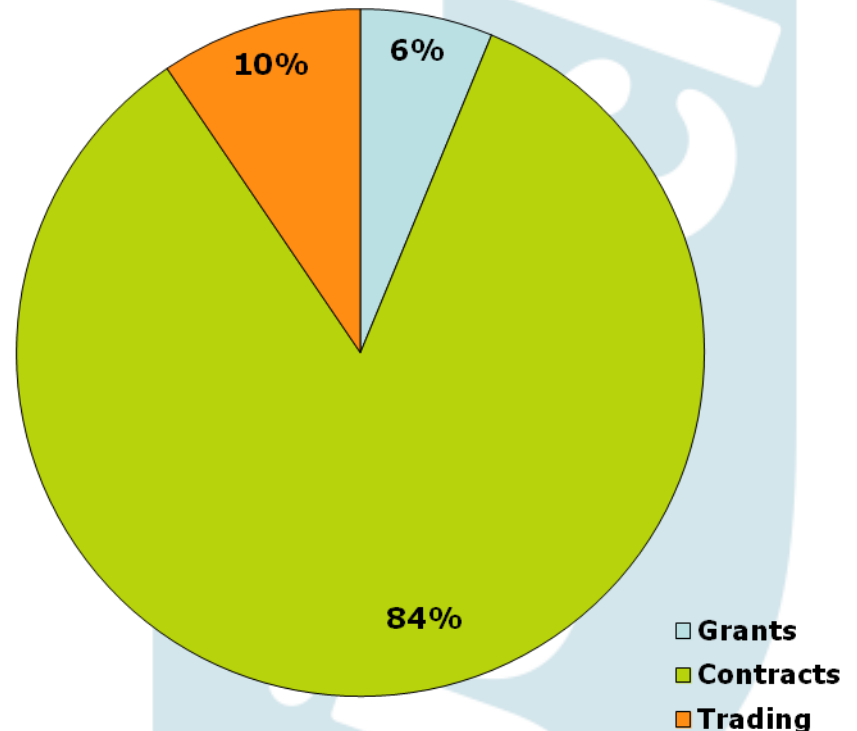
**Contracts = £860,000**

**Trading = £100,000**

**Grants = £60,000**

**Total = £1,021,000**

**Jobcentre Plus  
Birmingham City Council  
LSC  
Connexions**

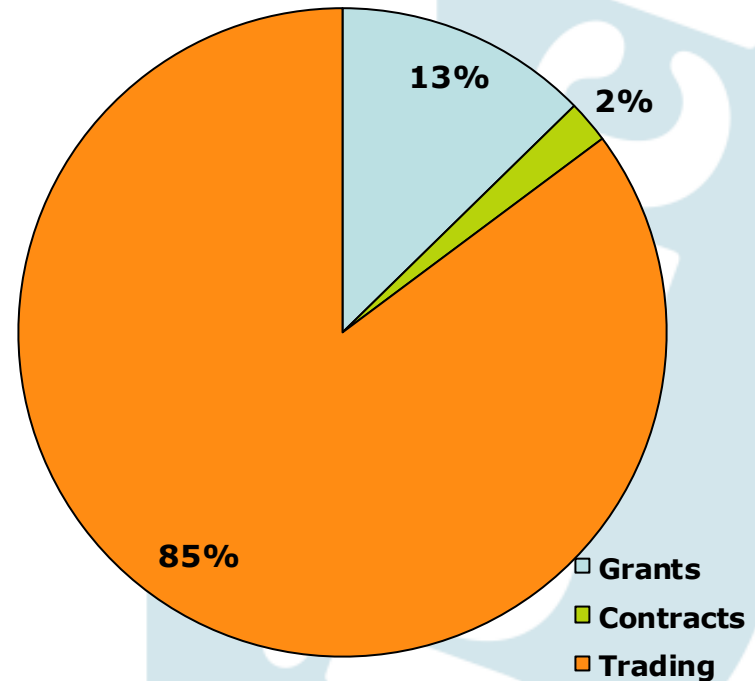




breaking down  
the barriers

## 15/16 Actual

**Contracts = £69,000**  
**Trading = £2,768,000**  
**Grants/corporate = £412,000**  
**Total = £3,249,000**





*breaking down  
the barriers*



# Triodos Bank

Make your money make a difference





*breaking down  
the barriers*

## Direct SITR Loans

- Advance Assurance
- Min £5k investment
- 5 year term
- 30 % tax rebate
- 2% year interest

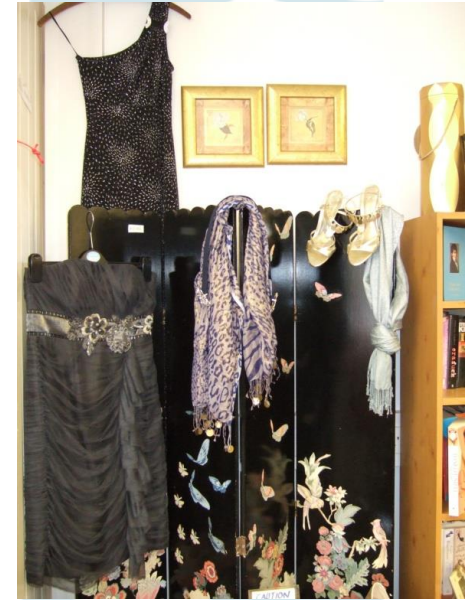




# THE REUSERS

SHOP: DONATE: CREATE

Norris Way, Sutton Coldfield





# THE REUSERS

SHOP: DONATE: CREATE

## Second Retail Outlet





*breaking down  
the barriers*



## Reuse Successes (since Feb 2013)

- Sold over 400,000 kg of product including 800 bikes
- A further 150,000 kg is in stock
- Created 16 jobs, of which 9 are former clients
- Delivered 28 supported work placements and/or apprenticeships
- 25 volunteers from schools, DofE and locals
- 1500 people per week visit Sutton
- Generated over £900k income to support our mission

## Reuser Expansion

- Total £1.5m business
- 5 HWRCs
- 1 Logistic /Retail operation
- 10 Tonnes of stock a week
- 50 jobs/supported employment opportunities
- Go live Summer 17
- Investment required £450k



**CAF**  
Venturesome



**SOCIAL  
FINANCE**



**KIN**  
CAPITAL  
[www.kincapital.co.uk](http://www.kincapital.co.uk)

## Benefits and Challenges with SITR

- Low cost + great return = Win Win
- Finding investors - regulatory restrictions?
- Opening up opportunities to smaller investors
- Financial limits on fundraise for more mature orgs
- Property Development restriction



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