

social impact report

2015-16



Growing
Enterprise in
Communities

a warm welcome...

Often in annual reports you are provided with a wide range of very impressive facts and financial figures, but in this year's report we also wanted to put more of the spotlight on the very real human stories behind the statistics.

This goes back to our roots - Key Fund originally rose from the ashes of the major industries in South Yorkshire and the human fall-out that followed in its wake, which left once proud communities on their knees. Our focus was on helping to breathe new life in to these disadvantaged communities.

Over 15 years later a lot has changed, but a lot of the challenges remain, we are all too aware that many communities still feel left behind and we are still focussed on addressing issues in these communities.

Today we do that by providing investment to community and social enterprises, who are unable to attain finance from more traditional sources.

But it's not just about the money, it's also about providing the right kind of support to help our investees to have the best possible chance of success. And so we walk our investees on a journey. This is because the enterprises we invest in have one crucial thing in common: the power to really change lives, to build and strengthen local communities - the costs of failure are just too high.

Weighing the value of this social impact, encompassing the frailty and strength of what it is to be human, isn't easy to capture in a set of figures.

So we have chosen a handful of our client case studies, and focussed on a few of the individuals whose lives have been touched or transformed by the remarkable organisations we help to kick-start, sustain, and grow. We are constantly inspired by their work, their passion, and their will, demonstrated day-in, day-out, to improve the communities they live and work in. I hope that you will be equally inspired.

If this year has taught us one thing, it is this: our passion for this work and commitment to our mission has never been stronger.

Matt Smith, CEO

What drives us is enabling this change. But it isn't easy. We, like our clients, are a social enterprise, facing the same economic challenges and uncertainties. This last year, more than any before has been a real challenge. In the first half of the 2015-16 we disbursed a record total of over £10m to 201 organisations, but in the second half, as a number of major contracts came to a natural end, we had to take time to restructure our operations and to secure new sources of funding.

I'm incredibly proud of the team I work alongside, who during a changeable and challenging year have demonstrated integrity and motivation to keep driving change, for the better.



what a year

Total investments agreed in the year 2015-16 was £6.2m. However the actual amount of investments disbursed in the year, (including offers made in 2014-15), was actually £10.1m in 201 client deals.

Client investments utilised funding from the following partnerships:



This investment activity has allowed us to enable the following wider impacts in 2015-16:



building stronger communities

Key Fund has invested in Barnsley Community Build since 2005, proving long-term support can have powerful impact on job creation in the most deprived areas.

who

Barnsley Community Build (BCB) is a registered charity with a trading arm, BCB Trading Ltd. They develop and deliver a range of community services, and provide employment and training in the construction industry.

their story

A former industrial town in decline, there was a need to nurture new employment.

Barnsley Community Build was created by Barnsley Development Agency and Barnsley Council in April 2001. It has evolved into a self-sustaining social enterprise.

BCB runs community-based construction projects, and industry recognised training, providing valuable skilled employment and training.

Their success is helping the long-term unemployed - those with a poor academic record, or from a troubled lifestyle - that prevents them from securing employment, training, or to socially engage. Key Fund's most recent investment - a £400k grant/loan in 2015 - was to assist BCB to buy properties for live building projects for trainees, and create 10 new jobs.

BCB also supports an ever-increasing number of charities and community groups building stronger social foundations, as well as providing accommodation for homeless people recovering from health issues.

Their community café delivers meals on wheels and luncheon clubs, offering good food and company to those at risk of isolation, such as the elderly.

impact

Over the last three years, 107 apprentices have benefited; 93% have achieved a full NVQ level 2, with a completion rate of 94%; 84% moved into full-time employment. Figures that are well above both local and national averages.

In 2014/15, 28 community volunteering events saw over 1000 volunteers participating.

testimonial

"We are now a diverse organisation always in tune with what's happening around us - even more so with the economic uncertainties we continue to face. We have developed new services to support people that are most at need. The Key Fund has been a strong influence in where we are today. Alongside the Coalfields Regeneration Trust, Key Fund have been there in hard times." **Steve Palmer, Operations Manager, BCB**

spotlight on



BCB typically supports young people like Thomas Houghton, 21, from Bolton on Dearne - unemployed, with low expectations in securing a clear career path.

School was 'not bad' but Thomas didn't excel academically. Happy to leave, Thomas's ambition was to work on the railway. He undertook courses in painting and decorating and railway engineering. Thomas said: "Job centre plus made me apply for lots of zero hour contract jobs, nothing permanent."

His mum pushed him to contact BCB: "I successfully completed a five-week taster course and then I was offered an interview for an apprenticeship vacancy. I started on January 5th 2016. I love it. It's nice to be able to make a difference in the area."

His next step is to complete all his qualifications.

293 new jobs created

64% of the new jobs created were based directly in the top 30% of disadvantaged areas



saving services

Direct Help & Advice has never been more needed with rising homelessness; Key Fund stepped in when nobody else would.

who

Based in Derby, Direct Help & Advice (DHA) is a charity that provides free legal advice around housing and debt to help prevent homelessness.

their story

In 2013, after 18 years of charitable work DHA hit the ropes. Legal Aid reforms saw their historic reliance on Legal Aid to fund their work turn on its head. Worse, they were fighting a legal battle with their High Street bank.

After being miss-sold an interest rate hedging product, the charity was being charged £3k a month. It killed their cash flow. Their overdraft got to a level where their bank refused to increase it.

DHA approached the Key Fund for a £45k loan at this critical period. Key Fund gave them the financial lifeline to rescue the charity, reflect on their business model, adapt and survive.

With Key Fund's support, it has diversified from being a charity reliant on funds, to a sustainable business.

DHA has become a 'One Stop Shop'. As well as its core service of free legal advice, it looks at the bigger picture around housing and debt, such as mental health and unemployment. As well as keeping at-risk families in their homes, it works to improve their futures.

Today, the charity has a £1m turnover, employing 35 people including qualified solicitors and case workers.

impact

DHA takes calls through a nation-wide helpline for those struggling with debt and at risk of losing their homes. Around 4,000 families are helped every year and in Derbyshire 1,000 families are assisted face to face.

Direct Help estimates if the service had folded in 2013 those 1,000 families would have been struggling for legal support to enable them to remain in their homes.

testimonial

"The Key Fund supported us; we were a big risk. They had the confidence in us, and it's in fairness to them 100% that we're here now." **Steve Clayton, Head of Finance, DHA.**

spotlight on



Jan's story exemplifies just how DHA's advice service really can make a difference to people's lives.

Jan and his family were living in a rented property until the landlord changed the locks without apparent reason. Originally from Poland, Jan, his wife Alina and their young son had no support network. The family ended up spending two nights sleeping rough.

Jan sought advice from DHA, who arranged for the family to stay in supported housing. Ineligible for legal aid, the advice from DHA proved vital. The team pursued the case to County Court. The judge granted compensation and damages amounting to £9,500 plus all legal costs incurred, estimated at £17,000.

The family are now once again happy and settled.

188 jobs safeguarded

60% of the jobs safeguarded were based directly in the top 30% of disadvantaged areas

Do you know a social enterprise that needs our help? Why not pass on our number or direct them to our website www.thekeyfund.co.uk



our mission is to provide the 'right kind of money at the right time' for the development and growth of sustainable and impactful community and social enterprises that are unable to secure support from elsewhere.

what our customers say

Birdcage on Skipton High Street is the retail enterprise set up by the Leeds charity for domestic abuse, Behind Closed Doors.

"Birdcage would not exist if it wasn't for Key Fund. They ensured we not only had access to money, but the right support, expertise and business plans to enable a small organisation to make the leap to trading."

Settle Hydro is a community hydro-electric scheme for Settle. Settle Hydro has advised over 400 communities worldwide on how to take responsibility for their future and attracted thousands of visitors from all over the world.

"It's been the most complex and difficult thing- however we are secure and confident in the knowledge that we have made the way easier for others. But we couldn't have done it without our financial partners."

Higher Rhythm has grown from a small beginnings, they are now seen as the music industry development body for the region and have supported over 550 fledging enterprises and individuals.

"Key Fund has been instrumental at key strategic points in our development and they provided vital investment at every stage, allowing us to launch new brands and concepts."

Action for Business (ABL) is a community led organisation, a social enterprise, and a development trust established to support economic development and social cohesion in inner city Bradford.

"Having the Key Fund in Yorkshire has helped address disadvantage and discrimination in a practical and lasting way. It stimulates local economies in deprived areas backing projects that mainstream banks just wouldn't touch."

Eyes Open Creative is a company developing educational resources to raise awareness about young girls who are "groomed" for sex by exploitative young men.

"We felt so passionate about the subject that we were compelled to take action that could make such a difference to the lives of young people. The Key Fund has been a fantastic support when no-one else was willing to provide help."

Doncaster Refurnish takes unwanted materials and creates an environment for people to realise their potential, encourage their creativity, and take risks by supporting them to test out their ideas.

"Key Fund delivers. It always has done. There are lots of funding institutions out there that make promises, that talk a good story and shine in the eyes of the powers that be, but none deliver like the Key Fund. Key Fund truly understands our sector, it lives and breathes it, it believes in what we strive to achieve."

accommodating the arts in disadvantaged areas

East Street Arts had an idea for an innovative new enterprise High Street lenders wouldn't support, Key Fund helped make it a reality.

who

East Street Arts is a contemporary arts organisation. Its mission is to promote artistic activities, support artists and engage public audiences.

their story

East Street Arts was founded at East Street Mills (Leeds) in 1993. Over the last 23 years, its mission has remained constant: to support grassroots artists to thrive. Key Fund invested in them in 2009 with a £25k loan.

East Street Arts delivers professional support programmes for artists. It has renovated disused buildings to create art studios in disadvantaged areas.

Its many partnerships with artists and collectives throughout the UK and abroad, led East Street Arts to identify a need for a bespoke Art Hostel to offer long-term, affordable and accessible accommodation for artists to work and stay in Leeds.

In 2015, Key Fund gave loan finance of £110,000 to renovate a building in the Kirkgate area to provide a residential Art Hostel and a creative hub. Each bedroom features unique design, while a project space hosts a programme of artists' events and installations, linking back out into the creative underbelly of the city.

The facility's social aim is to support and retain young creative talent in the city, while boosting the socio-economic development of the area. It currently has 5 live-in volunteers, and a local volunteer team of 10. The support and enthusiasm from within the local community and grass-roots DIY art scene has been evident.

impact

The Art Hostel has enabled East Street Arts to safeguard 15 current roles, and create three new posts.

Located in a deprived area, rich in cultural diversity, the Art Hostel offers volunteering opportunities to local people, and uses art as a tool to tackle isolation. It offers invaluable experience of the arts and hospitality world for students and artists.

The hostel accommodates 100 people per week, dramatically increasing footfall to the area. The Art Hostel's trading income currently stands at £278,000.

testimonial

"Even though it's a strong business model because it's completely new and we're a charity, it was difficult to get high street lending, especially in the current economic climate. Without Key Fund support the project wouldn't have happened." **Nicola Greenan, External Relations Director.**

spotlight on



Rachel Rea, 25, from the local area, achieved a degree in Art but struggled to find employment in the field. She volunteered at the Art Hostel, gaining East Street Arts membership and access to their facilities.

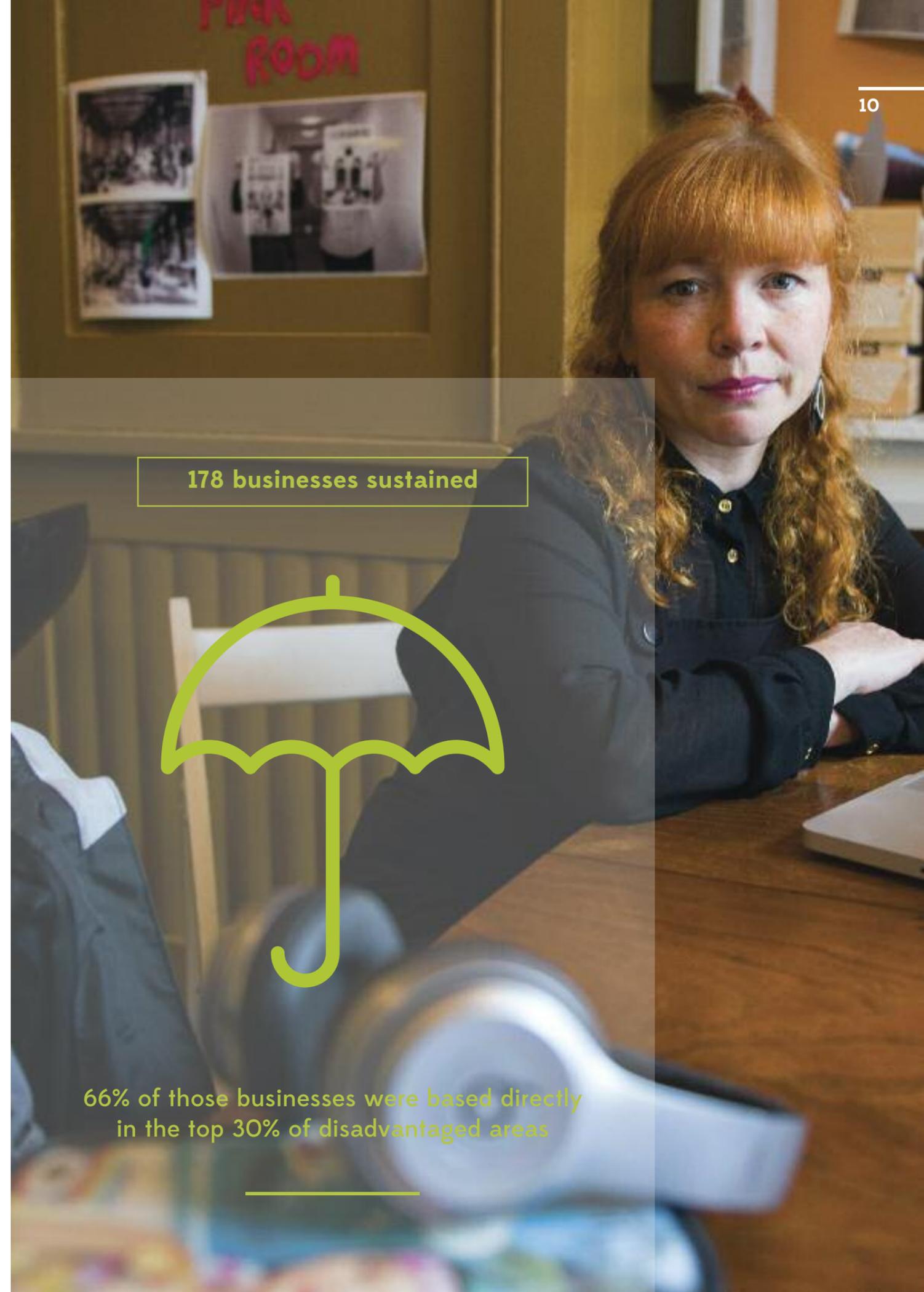
Rachel said: "The experience was really enlightening. It was invaluable as it gave me work experience after being unemployed, in the sector I'm passionate about, to help build my confidence and CV."

178 businesses sustained



66% of those businesses were based directly in the top 30% of disadvantaged areas

Why not sign up to our newsletter and get updated on regular workshops, news and advice. Do it now at www.thekeyfund.co.uk



new life for waste: the recycling start-up

Key Fund believes in start-ups with environmental and social impact, such as Newcastle Wood Recycling.

who

Newcastle Wood Recycling CIC offers a waste wood collection service, reclaimed firewood, and furniture for retail, providing jobs, training and volunteering opportunities in the community.

their story

Beth McDonough has a background in youth and community work. Prior to this, Beth had experienced difficulty finding meaningful employment or any true direction after dropping out of college in her early 20s. From a creative family, she signed up to a carpentry course.

Aged 29, she Googled 'reclaimed timber Newcastle' to source old wood for a project, but didn't find much in the area. She did stumble on a wood recycling community project in Brighton and Hove. In that moment, she knew her direction – combining her experience in community work, and her new found passion for wood and carpentry.

Over two and a half years, while studying and working two jobs, she began tapping into various training, grant funds, and networks.

She completed a start-up programme with Project North East and the School for Social Entrepreneurs and sought pre-seed support. She volunteered at wood recycling enterprises and undertook managerial training at the National Community Wood Recycling Project.

With no money or assets, she was stuck. Key Fund stepped in with a £25k loan to purchase a van to collect waste wood, and support initial cash flow. In September 2014, she began trading.

Turnover in her first year was £55k, consisting solely of loans and grants. The next year, she stood her own, generating £56k, and is on track to reach £80k this year.

impact

In addition to the environmental aims, the enterprise seeks to combat social exclusion through volunteering and work placements for marginalised groups.

Her first year of trading provided 1,258 individual training sessions and rescued 300 tonnes of waste wood from the waste stream. She has taken on one full-time member of staff and has 10-15 volunteers at any one time.

testimonial

"Key Fund offers a really good opportunity to access funds. They were really flexible with me - they saw the potential and looked at different ways to support us and wanted us to succeed as much as we did; it's really motivational." **Beth McDonough, Founder of Newcastle Wood Recycling.**

spotlight on



Karl Defree, 29, left school to work in an office job. After redundancy, he was unemployed for four years. After volunteering, he became Collections Manager.

Karl said: "The opportunity saved my life to be fair. I didn't know what I was going to do, I was low on confidence, depressed. When I started volunteering I was thrown in the deep end in a good way, it boosted my confidence, gave me a lot of skills, and now I'm totally different to what I was back then.

I have responsibility. It changed my life."

38 new businesses

OPEN

61% of those businesses were based directly in the top 30% of disadvantaged areas



board vision

going forward

This impact report shows that with hope, ambition, and the right kind of support, dreams can be realised and lives transformed.

We have had a challenging year, but I'm incredibly proud that even against this backdrop, the Key Fund still managed to enable so many organisations to deliver real impact. Change is never easy, so I would also like to thank the Board and team of Key Fund (past and present), and wider stakeholders for their unwavering support for our mission during this transition period. I would also like to place on record our particular thanks to Big Society Capital who have offered Key Fund extensive support over the last 12 months.

So what for the future?... Our continued drive has been the determination to make the many modest sized investments that have a major impact upon deprived communities. If anything, we are returning to our original goals, to invest relatively modest amounts that make big waves in the communities that need it most. Working in a space where there is a 'cost of doing nothing' - a cost to the Treasury and more importantly to the community, and wider society. As well as investment, we will continue to take a relationship based approach to our work, providing essential support to help applicants to develop and effect their plans.

Because of changes in our funding, we expect that investment over the next three years will be at more modest levels than those in 2015-16, with a target of supporting over 100 organisations a year at £4m-£5m per annum.

We move forward with a renewed and enlarged Board and a focussed leadership and staff team. Sam Tarff our CEO stood down during the year, and Matt Smith has been appointed to take on the leadership role. Matt has been with us for over a decade, and is a passionate, talented CEO, whose DNA is shot through with Key Fund's mission. We are in very safe hands for our future.

Onwards!

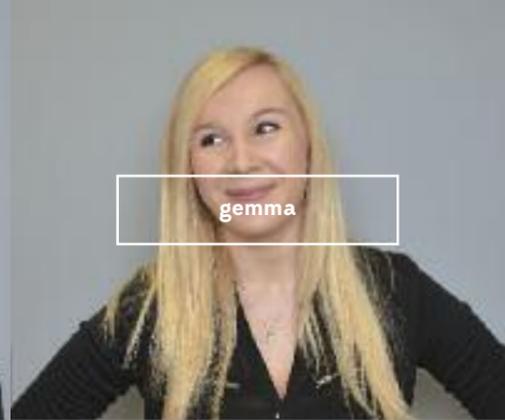
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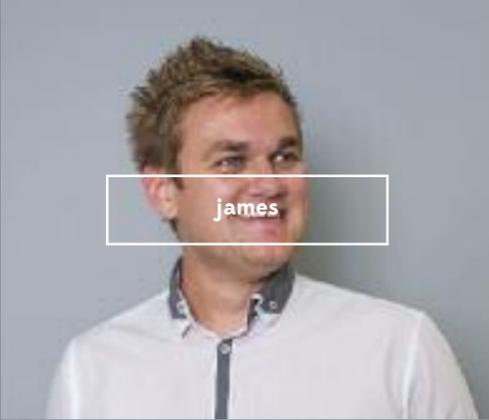
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