

fifteen years of social impact

Investing in Community
and Social Enterprise

**Key
Fund** 
Growing
Enterprise in
Communities

reaching out and transforming lives

I am incredibly proud to bring this Social Impact Report to you, marking 15 years of Key Fund investing in community and social enterprises. In this time we evolved from a grant giver in South Yorkshire to the social investment fund we are today, operating across the whole of the North and Midlands.

What really inspires me, and I hope you, are stories of our clients and their amazing ability to reach people and transform lives and communities that others can't.

On a personal level, I'm also marking my own 15 year anniversary at Key Fund, so I hope you will indulge me in choosing to focus on the particular case studies in this report. I've worked directly with all of them from the start. We have grown together.

As a child of the South Yorkshire coalfields, I identify with Barnsley Community Build and the words of Dene Coupland, featured in these pages. He worked in the mining industry but now trains young people in Barnsley whose grandfathers, like mine, once worked down the pit; young people at risk of being left on the slag heap: unemployable, uneducated, excluded.

Dene's story brought to mind the film *Brassed Off*. The film follows the troubles faced by a colliery brass band in Grimethorpe. Danny, one of the central characters, angrily laments the plight of his band members - "ordinary common-or-garden honest, decent human beings, and not one of them with an ounce of bloody hope left" - after the closure of the pit.

This was the environment into which Key Fund was born in South Yorkshire in the late '90s, and whilst the demise of the coal industry is specific to a few places, the fallout is a picture repeated across the former industrial heartlands of the North and Midlands; areas hit badly when the jobs went, with statistically higher levels of deprivation, illness and unemployment. It's the impact on people Danny memorably notes later in the film. After the band win their trophy, he says: "I thought that music mattered. But does it? Bo\$%*£ks! Not compared to how people matter."

People matter to us. Whilst things have moved on, many of our investees and the communities in which they work still face huge challenges. Picking up the film theme again, it's telling that Ken Loach's angriest work, *I, Daniel Blake*, which explores how life for those in poverty can disintegrate when the social net fails, was released just last year.

As I look forward, I believe our work is as relevant now as it was when we first set out on our journey: to deliver investment with a social aim and empower those who truly transform lives in disadvantaged communities.

It's clear from these case studies there's no shortage of aspirations, but someone needs to take a risk and provide the 'right kind of money at the right time'.

This is what Key Fund is all about.

Here's to the next 15 years.

Investment by Area of Deprivation

**35% of all Key
Fund Investments
are made in to
organisations
directly based
in the 10% most
deprived areas.**

**57% are directly
based in the top
30%. Most of our
Investees operate
in these areas.**

**Matt Smith
CEO**

leading a generation out of the dark

Training Manager, Dene Coupland joined Barnsley Community Build in 2005 after spending over 20 years in the mining industry.

"I was made redundant when I was working at Selby coalfield," Dene said. "We're into the second and third generation of unemployed people."

Barnsley Community Build (BCB) was created by Barnsley Development Agency and Barnsley Council in 2001. It evolved into a self-sustaining social enterprise. It delivers training and employment in the construction industry.

Its success is in adapting to meet the changing requirements of those most in need - the long-term unemployed, those with a poor academic record, or from a troubled life - preventing them from securing employment, training, or to socially engage.

"We advertise in deprived areas," Dene said. "We end up with the ones that nobody wants. Invariably they're good lads but they've had bad experiences at school."

It boasts a staggeringly successful scheme for apprenticeships.

"We're contracted for 40 this year. But we also run a trainee programme at Moorlands College. If a kid comes to us and he's got a bit of baggage, we put him on the traineeship and that's to boost his confidence, and his maths and English, with a view of moving him onto the apprenticeship scheme."

Around 170 young pupils attend its training centre, funded by the Education and Skills Fund Agency. BCB has plans to expand the programme.

Their attainment rate is at 96.4% compared to the national target of 67%.

"Some of these kids never had role models, they haven't got alarm clocks, there's no one at home that's going to get them up. When I were a young 'un my dad used to kick me out of bed! It takes time to build it up with them.



Dene Coupland

If they get aggressive, it's just knowing what the problems are and working with them. A lot of them haven't got stable home lives; we've had kids with us that've got alcoholic parents, things like that. So you listen to them and you find out the problems and you've got every bit of sympathy."

Dene says the transformation is 'unbelievable'.

"We have kids who are really withdrawn and by the end of it they're chatty, confidence is up there, and they are ready for employment. Yes it's a construction based qualification, but it shows to an employer they've stuck at something and achieved - we give references on their attendance, their ability, and their attitude."

BCB has ambitions to buy its own plot of land for trainee house building. They already refurb social housing and are landlords of bedsits for people recovering from mental health issues.

They have environmental contracts working in two areas of Barnsley keeping the local areas tidy. It also runs The Dining Room café, offering food and company to those at risk of isolation, such as the elderly.

"We get mucked in with 'owt really!" Dene says.

Key Fund has been a long term investor.

“Key Fund have funded apprentice wages, they’ve funded building projects. We wouldn’t of been able to move forward to where we are today without their support. They can see what we’re trying to do,”

Dene Coupland

spotlight on



Adeeb Moushtaq, 20

Adeeb moved to the UK from Yemen with his mum in 2010 after his parents' divorce.

He was schooled in Sheffield, and moved onto college, shifting from a course in business administration to mechanics. His mother moved to Russia, and Adeeb lived with his sister. But when she got married, he had to move.

His girlfriend wanted them to live near her parents in Rotherham, but in Rotherham Adeeb struggled to return to college to complete his Level 2 qualification, and money was tight.

"I decided to look for a job because of the finances. We had nothing."

But he struggled to find full time employment.

"It was hard finding work or an apprenticeship. I was quite passionate about working with mechanics, and with 90% of the apprenticeships I applied for I had more than the required qualifications."

"I was working, but it was part time jobs here and there. I saw an advertisement for the apprenticeships with Barnsley Community Build and just applied and got accepted. It's been great so far."

He says for whatever reason doors shut to opportunities. "I don't know, every employer chooses who's right for them I suppose. I always try to see the positive in everything, when one door closes another opens."

Recently, his sister graduated with a PhD in science and biology. "It was really quite cool to see that. I look up to her."

Despite the challenges of being an immigrant in the UK, Adeeb says BCB has been hugely supportive.

"It's the first ever place where everyone literally gets along and everyone knows each other. Yes there are ups and downs, but that's in any field, the staff are lovely, no one messes about, we all have a laugh and enjoy what we do and try and make the best out of it."

"Obviously I want to try carry on as much as possible to be the best I can be. I've always loved working with my hands, even when I decided to change from mechanics, construction was my second option. I always enjoyed construction. My dad is an architectural engineer so it's in my DNA."

restoring pride and the ability to succeed

Doncaster Refurnish is part of a disadvantaged area's continuing efforts to pull itself together in the aftermath of pit closures. It is one of Key Fund's first ever, and longest-standing clients.



Andy Simpson

CEO Andy Simpson has a true grassroots perspective on Doncaster and its problems. He left school at 16 with few qualifications but a strong work ethic. He became a labourer, learned plastering and was offered a job with the council.

Alongside the day job, Andy volunteered with the council's youth service - and helped to set up Adwick Drug Awareness Peer Training before joining the council's social inclusion team, helping difficult children in failing schools. At Highfields Community Partnership Andy helped to set up a range of small businesses and community projects. In 2003 he went to work with Refurnish.

Refurnish collects, restores and sells furniture to low income families, and works to alleviate poverty, as well as benefit the environment. It offers employment and training to those on the margins of their local community, and rehabilitation and integration opportunities for prisoners due for release from Hatfield Prison, as well as placements for young offenders. It also offers handyman and support services to those in need, and a number of charities in the area.

"With every Key Fund investment we've received we've grown and done something bigger. It's enabled us to spread the risk a bit in financial terms and take on a challenge. Every time we've grown we've recruited more staff. Currently we're at 58 staff; 98% of whom were unemployed before they joined us. Turnover is £1.3m," Andy said.

Refurnish is looking to raise substantial finance to purchase a large retail outlet in a highly disadvantaged area of Doncaster.

"On top of that, we have projects working with schools where people with special educational needs or disabilities come in and work with us on work experience placements or to increase social interaction."

Constantly evolving to meet local need, they recently set up a women's group, with a focus on anxiety issues. They make crafts from the furniture, and clothing for charity, boosting their confidence and sense of well-being.

On average, Refurnish makes 13,500 items of bulky household waste collections every year.

"It's hard to put any meaning on the numbers," Andy said. "For me personally it's about the people and seeing their personal journey as they strive to move forward."

Andy has said Key Fund listens with 'their hearts as well as their ears'.

“Key Fund - they’re brilliant aren’t they?”

Without those investments over the years, we’d still be in the doldrums I think. It’s not just about the financial investment it’s the support the Key Fund gives you. So it’s a learning curve with reduced risks. I’ve used them as mentors, even if we are not looking for money.”

Andy Simpson

spotlight on



Tom Handley, 27

Tom has worked at Refurnish for almost 10 years. Growing up, his dad was in the army and the family moved around. They moved to Doncaster when Tom was 17. Because of cerebral palsy, he found it difficult to find a job. He did a work placement at Refurnish for 31 days, and stayed on.

“There isn’t a job at Refurnish I haven’t done!” Tom said. “I started out cleaning the furniture, then I started building furniture for a while. I progressed a bit more and started doing the admin side. Now I’m getting involved in different ventures.”

Where does he think he’d be if it wasn’t for Refurnish?

“Refurnish was the first place to not see the cerebral palsy, it was never an issue, and it’s still not. I daren’t think where I’d be. Pretty much all the qualifications I have are through Refurnish and if there’s anything I’m interested in doing, Andy will make it happen. That’s one thing Refurnish are really good at. Growing people.”

Tom is such a part of the team, he calls his line manager ‘his work mum’.

“I’m not going to lie I’ve had difficult times and I always will. Yes I have cerebral palsy but I can’t let it hinder me. My confidence was very low before I was working here, but now – you’ve just got to go for it!”

He enjoys working with diverse colleagues, many with their own challenges.

“They’re all striving for the same thing, to be successful really. Looking at everyone I’ve worked with, we’ve all got our different stories but we’re all working together and becoming better people from it. We have to learn from our mistakes and we have to learn from the things we’re handed. You get branded. But there are places like Refurnish that sees the person and not the past. And the potential for the future.”

Tom has plans to continue to develop within the organisation after recently completing a customer service course. “You finish your day and you feel you’ve done something to be proud of, that’s all you can ask for.”

think of our investment like ripples on a pond

Investments are made, repaid and then re-invested meaning that every ripple touches another, and another, and another that creates a wave of impact and change in communities.

£28m
funding to key fund

of which
£15m
for loans to community and social enterprises

is recycled and has enabled
£32m
of loans invested in community and social enterprises

£10m
of active loans to be re-invested in the future

of which
£3m
for grants to community and social enterprises

of which
£10m
for grants to voluntary and community organisations

= total impact
£196m*
in communities

£1 = £4.25*
invested = impact

£33m
of other funds have been secured by our clients as a direct result of our investments

➤ Arrows reflect the recycling of funds

*According to Responsible Finance impact calculator

creating brighter futures

Gail Gibbons, CEO at Sheffield Futures, has spent her career working with young people.

“My professional background is social work,” Gail said. “When I was a social worker, most of my experience was in adult mental health and teenage mental health.”

Gail has seen how lives can be transformed.

“I’m a firm believer that every young person deserves a second chance no matter what, and young people are just fantastic; they get a lot of bad press. I do feel quite strongly that young people can turn their lives around given the right circumstances.”

Circumstances Future Shapers creates.

A pioneering model, Future Shapers is a three year programme, formed in 2015, to help disadvantaged young people aged 14 to 17 at risk of becoming long term NEET (Not in Education, Employment, or Training).

It was one of just four successful bids to the Government’s Youth Engagement Fund awarded across England, and has been managed and delivered by Sheffield Futures.

Sheffield Futures, a leading independent charity, was established in 2002. It provides targeted support and advice around training and employment, social inclusion, careers guidance and personal development.

“We’ve grown and developed other services, so for example we run the Sheffield sexual exploitation service, and we have our Community Youth Teams for young people at risk of entering the criminal justice system and getting involved in gangs.”

A large organisation with 200 paid staff and 60 regular volunteers, its strong history meant they were well-placed to deliver the intensive support.

Future Shapers is a payment-by-results Programme. It is funded by four social investors through a SIB (Social Impact Bond): Key Fund, Big Issue Invest, Montpellier Foundation and QBE; Key Fund invested £225k.

As Sheffield Futures achieves its outcome targets, the Government and Sheffield City Council, pay back the group of social investors. “There’s have only been less than 40 Social Impact Bonds nationally,” Gail said.

“The model is growing fast internationally.”

Future Shapers expect to help a cohort of 1,300 during the life of the programme.

Future Shapers mentors work closely with schools and colleges, as well as employers, to manage referrals and support vulnerable young people. Mentors work with a range of professionals to provide holistic support.

Hard outcomes include improving GCSE results in a school, accessing employment or sustaining apprenticeships, improved school attendance, and improved behaviour and attitude.

“We found there’s a lot of additional positive outcomes as the programme’s progressed: improved confidence and resilience, improved social skills, which we can see.”

To date 800 young people have significantly improved their attitude; over 750 improved behaviour, and over 800 have achieved a qualification whilst on the programme.

Future Shapers is in discussions with potential future funders to see how they can sustain the programme.



Lorraine Jones of Future Shapers

“Key Fund is absolutely critical. In all sorts of ways. Our investor manager who sits on the board, has a thorough local knowledge and really understands the issues that we’re faced with, locally. That’s a massive advantage,”

Gail Gibbons

spotlight on



Huma Javed, 15

In Year 9, Huma got into trouble at school.

“There was a lot of personal problems at the time. My confidence went down a lot and I got really upset and kept everything in,” Huma said.

“I’d probably end up leaving a classroom because I was upset and people took that the wrong way and think I was just trying to skip lessons.

People would push my buttons because they knew they’d get a reaction from me, and I’d get into trouble. That doesn’t happen anymore.”

Huma started talking to Michelle, a Future Shapers Mentor, and in Year 10 decided to turn things around.

“By Year 11 I was fully back to normal, I wasn’t getting into trouble or getting angry or upset that much.”

“It helped because it made me realise the importance of not getting into trouble and caring about the future.

I needed to focus on being brave and stop keeping all my problems in. I talked to Michelle about my problems, she mentored me a lot.”

Huma said she felt pressure in school for not feeling good enough. She attended a three-day course in Year 10, Extra Push, which helps build life skills, and goes to a weekly Job Shop, which focuses on careers.

Huma has also completed an employability course via Future Shapers.

“Before this I wouldn’t have taken part as I wouldn’t have had the confidence, but now I’ve actually done it I’m more confident and I’m more willing to focus on my future, and take part. I plan to stay on for 6th Form hopefully if I get the grades, that’s what I’m planning. But they gave me options such as doing an apprenticeship”.

Huma did get her GCSE grades and is to study A levels in Biology, Chemistry and English Literature at 6th Form.

Huma will be studying a wide range of subjects so ‘I’ll have a lot of different options’: “I have a better idea of what I want to do, and I’m more motivated to try improve and have a good future.”

staying in tune with the community

After working as a full time college lecturer, Steve Muddin, co-founded Higher Rhythm in 2001 with a fellow lecturer.



Disillusioned, Steve saw a lot of potential students turned off, or not completing the course, because they were assessed academically on what he felt was a vocational subject.

Steve set out to do things differently.

Responding to a clear need, the organisation swiftly grew into a multi award-winning and sector leading creative organisation.

“College courses are removed from real industry, seated in academia, and don’t appeal to non-traditional learners. We do.” Steve said.

From a small recording studio, Higher Rhythm has launched new strands, working across local communities, as well as nationally and internationally.

“We run a recording studio, radio station and record label. Our main income is from the delivery of training. So we operate a micro industry-focused community college. We deliver national diplomas and a range of courses.”

Higher Rhythm outperforms government and national initiatives focused on sending people into work. It offers transferable job and life skills.

“It’s not a Pop Star Academy, we measure ourselves on people reaching their own personal goals. It’s a passion - a way of developing a range of skills that can see people move into all sorts of employment.”

Seen as a leading music industry development organisation for the region, Higher Rhythm also runs Music Industry Yorkshire - a development network supporting aspiring creatives.

Their community radio station Sine FM, which launched in 2009, engages the largest active weekly volunteer base in Doncaster with 80 plus volunteers. “There’s a lot of isolation particularly around Doncaster, being a large metropolitan borough,” Steve said. “So we set up various bases around Doncaster with the community radio, engaging people in volunteering. It cuts down isolation and impacts on their own local community.”

The Key Fund has supported Higher Rhythm from the very start, with multiple investments.

“Along our journey, Key Fund stepped in at key points in our development with finance and advice, and all kinds of support.”

The last investment in 2015 was a £90,000 Key Fund loan and partial grant from Power to Change to purchase premises.

“We could have been on very thin ice if the local authority who previously owned the building had decided to sell it from under our feet.”

In the last year, Higher Rhythm supported 9 people directly into employment, 21 completed a national diploma, and 84 people developed their skills; 73 young people used their services. In the community, 117 beneficiaries regularly attended groups, and more than 90 people were supported to participate in Higher Rhythm’s creative activities as volunteers. It employs a core of 7 staff, and runs apprenticeships. Turnover averages at £300k.

“To be very honest, as well as the hard cash, the key benefit is their flexibility. Key Fund do all the stuff that high street lenders are rubbish at. They’re fast, they’re flexible, you can talk to them, they’re supportive and the finance is all recycled back into good causes.”

Steve Mundin

spotlight on



Katie Green, 19

Katie struggled throughout her school life. Partially dyslexic, she dropped out of Sixth Form to do a NEET Level 1 course at Higher Rhythm, before completing Music Technology Level 2 and 3. She's currently undertaking an apprenticeship.

"I never had any real support from my family doing music to be honest because they didn't think I'd get anywhere with it. But I've got this far - I've been here for four years, and I thought 'I'm going to prove you wrong.' So I started this apprenticeship and it's the best thing I've ever done."

Unable to get a footing in an academic route, she had a spell training for the Navy with the Sea Cadets, but found Higher Rhythm just before her entry exam, and it transformed her perspective.

Her parents wanted her to get a safe office job.

"My mum and dad split up, they divorced. It was a messy break up. My mum is too ill to work, she's fully committed to my 11 year old brother. My dad, he's an engineer."

The youngest of four daughters until her brother was born, Katie felt 'pushed out'. She didn't get along with her dad's new partner. "We've never got along, they've got two kids now, and it's still the same; I make my own way."

"Higher Rhythm helped me find certain aspects about myself, they've given me confidence. I suffer with anxiety now and this has so helped me, having a team of people behind me is unreal, they definitely made me feel part of it."

Katie now has big ambitions for her life.

"I want to do management and music to work with bands and artists and help them get big," she said. "Eventually I want to be able to speak to young people who feel they can't really get anywhere in the arts as a career because they haven't had that support. I want to be able to tell them my story, how I built up, how I didn't have the support myself, but went out and found it. Higher Rhythm managed to give me the opportunities that I've got."

embracing change with a positive outlook

In 2002, Tony Blair was Prime Minister. The Queen Mother, Spike Milligan and John Thaw died. Pierce Brosnan was James Bond.

It was also the year Key Fund evolved from being a grant-maker to launching its first ever loan fund.

This triggered the recycling of capital, facilitating the social impact that would ripple through the years to come.

2017 saw Donald Trump become President, John Hurt, Roger Moore and the original batman, Adam West, died. Daniel Craig is rumoured to continue as James Bond.

A lot can happen and change over 15 years. But as the universe turns, some things it seems remain constant.

For Key Fund, the golden thread through those years is our unwavering commitment to our founding mission.

We began life in South Yorkshire - a region reeling from the collapse of the coal and steel industry - with a determination to find new ways of breathing life back into our neighbourhoods; to support new enterprises, create jobs and bolster these once proud communities.

15 years of investing in social and community enterprises marks a major milestone and is a testament to our relevance.

As one of the longest standing Community Development Finance Institutions, and being a social enterprise ourselves, we have had to be agile, to adapt.

Last year was a time of flux. Changes in the economy and funding environment saw fewer investments as a large part of 2016/7 was spent securing new funding streams.

We navigate the same market forces and sector changes our clients do. Like the organisations in this report, Key Fund has weathered ups and downs - but our founding mission is our steady anchor.

We endure because, as the stories in this report show, so do the challenges. There are still communities that are suffering and feel left behind.

Although we have focussed here on resilient enterprises in South Yorkshire from our early days, Key Fund operates across the whole of the North and the Midlands.

Our mission - to provide investment to those working in disadvantaged communities, often failed by mainstream finance - is still just as urgent.

35% of all Key Fund Investments are made to organisations directly based in the 10% most deprived areas; 57% are based in the top 30%.

We have learnt a lot along the way and are convinced we understand what kind of social investment is required in the communities we serve, and what it can and can't do. There are challenges and opportunities. We need to ensure our organisation continues our focus on making real change; to work to change people's lives, rather than becoming an organisation that benefits itself.

The stories in these pages are a powerful reminder.

Everything comes back to our clients.

We are proud to live social enterprise and the benefits that it brings to our communities.

Our ambition for the coming year is to invest in 100 social enterprises. As always, Key Fund looks forwards. We are here to say, you can do business, and do good.

Onwards!

H Rolo, Chair

15 yrs

of investing

£45m

total distributed

£196m

impact in communities



1083
new jobs
created



1639
jobs
safeguarded



488
businesses
created



1951
businesses
sustained

Investment by Sector

Training & Education 13%
Health & Social 13%
Environment & Recycling 11%
Arts 11%
Asset management 10%
Community services 10%
Leisure & Tourism 6%

Advisory 4%
Child care 4%
Business Advocacy 3%
Food & Catering 3%
Manufacturing 2%
Finance 2%
Housing 2%
Other 7%

Investment by Region

Yorkshire & Humber - 74%
North West - 12%
North East - 6%
Midlands - 7%
Other - 1%



Are you a potential client or investor?

Get in touch with us now and request a free information pack. It will contain all the relevant information you need to take the next step.

Remember that without you, there is no us!

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