

Royal Bank of Scotland Social & Community Capital Our 20th Year Impact Report

Supporting social enterprises,
charities and community
businesses in the UK



“The team take a lot of time and trouble to understand the business and how it works, what our needs and social aims are and how these fit with the business model, etc. This means that there is a high level of understanding and trust on both sides. There has also been a good level of engagement once the loan was agreed.”

Tim West, *Pioneers Post*

“We would not still be here without S&CC – we needed to transition from a short term lease to procuring the freehold of our property but were short of finance despite a major grant. S&CC have helped us and are very supportive.”

Simon Redding, Monkey Park CIC

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Hello

As we celebrate our 20th Anniversary it's exciting to see how the hard work of the past few years – reaching out to social enterprises and increasing our profile in the industry and across the bank – is paying off.

The story this year is one of growth in both the number of businesses we have been able to support and in the volume of new approved lending. We continue to increase our profile in the market, through sharing platforms with other social lenders and continued investment in new marketing communications.

There has undeniably been a fair share of challenges as well. We've seen some of our customers struggle as reductions in local authority spending and economic uncertainty affect their business models. This is to be expected in the part of the market we operate in and we are lucky to have the flexibility to support our customers through tough times, not only through amended loan terms but also in more intangible ways, such as using the experience and networks of our colleagues in the wider bank.

Over the course of the year we have implemented changes to our strategy aimed at meeting our customers' needs while also addressing gaps identified in the market. We have continued to

fund support to our customers in measuring impact and external communications and are very proud to have developed and trialed a volunteer scheme allowing employees of the bank to engage with the social enterprises, charities and community businesses that we support. Feedback from both volunteers and organisations was overwhelmingly positive and we are now looking into the potential of rolling this out across the UK.

We hope that our patient debt product, together with the provision of value-add services, will enable us to support more social enterprises, charities and community businesses on their journey towards greater financial sustainability, which in turn enables them to drive positive change in UK communities.

During 2018 we welcomed two new trustees to our board and said goodbye to three. We are lucky to welcome Ben Smith and Niamh Goggin to our board, both of whom bring a wealth of expertise in the social investment and charity sphere. Unfortunately, we had



Simon Jacobs Chair of Trustees, Royal Bank of Scotland Social & Community Capital

to say farewell to David Thomas, who stepped down to concentrate on his other work commitments, and to Maya Prabhu, who has accepted a role outside the bank and consequently retired as a bank nominated trustee. We were also sorry to lose Andrew Robinson, who was instrumental in the founding of our charity, but thrilled that he will remain involved in an informal capacity as our ambassador and supporter.

I'd like to thank the S&CC team for their hard work through the course of another busy year and, as ever, we are indebted to our team of committed volunteers for their support in 2018; without your advice and expertise we would not be able to continue to support the amazing social enterprises that we do.

We look forward to supporting even more social founders as we enter the next 20 years.

Reflecting on the year

Enabling social enterprise to thrive is what we're all about at S&CC and why I love coming to work, a feeling that I know is shared by my whole team.

Not long ago, upon receiving the news that his loan had been approved by our credit panel, a customer cheerfully told us they would be putting down the phone on us to immediately call someone out of work and offer them a job. Just one example of the very real and direct impact providing access to affordable social finance can make.

Looking back at 2018, I can't help but feel immensely proud of our ongoing achievements and excited about the future as we head into the next 20 years at Social & Community Capital. It seems only appropriate to celebrate, not only our impact but the success of social lending and business as a whole, with the social enterprise sector now recognised as contributing £60bn to the UK economy.

We see so many examples of this success with our own customers, including those you can read about in this report such as Campbeltown Picture House, restored to its former glory and shining brightly in its community. We have also seen our finance used across a wonderful variety of schemes; supporting those furthest from the labour market with training and employment skills, restoring and revitalising a beautiful pier and repairing storm damage to community owned harbour.

2018 saw us break our own records, approving just under £4m of new loans to 16 organisations across the UK, and we can't wait to see the funding outcomes of these over the next few years. In a continuation of our strategy to meet the needs of our customers with realistic and

appropriate offers, 69% of our portfolio are now utilising flexible terms on their loans.

Our clients have had some great exposure this year, with Porthcawl, Shrouds of the Somme, Bristol Together and Sole of Discretion all enjoying coverage in the press. We have also been pleased to increase our profile in the market, hosting our SE100, WISE100 and Year Here Crowdfunder events alongside attending conferences from SENI, Locality and SEWF.

This year saw us working to foster conversation around the sector. Our second WISE100 list was published, with a spectacular evening at Coutts, and a series of dinners around the country promoting networking and discussion between women in

“I feel immensely proud of our ongoing achievements and excited about the future as we head into the next 20 years”

social enterprise. I was also proud to present and host discussions alongside our customers at a series of Let's Talk Good Finance events coordinated by Big Society Capital. By embracing technology and immortalising these discussions in podcasts we hope to have reached a wider audience than ever.

We continue to receive great feedback from our customers reflecting the hard work and dedication of the team and our commitment to supporting enterprises through both the ups and downs of business. This year has seen the launch of our skills-based volunteering pilot; connecting volunteers from the bank with 21 organisations in need of extra business and strategy assistance from our customer and partner network, providing additional value-add services to enable social enterprise to grow and prosper.

My thanks go out to these volunteers, and the many others from within and outside the bank who continue to support us. Thanks also must go to my supportive board, the members of the credit panel, the S&CC team and to Royal Bank of Scotland for continuing to back our work.

Finally, I would like to echo Simon's thanks to our departing trustees and his welcome to our new ones. Andrew Robinson has been involved since we were founded and has invaluable insight into how we support the sector; Maya Prabhu was instrumental in setting our investment policy and making our first medium term investment; and David Thomas has been a great support to me personally in managing our risk and financial information. We will miss you all.



Megan Peat CEO,
RBS Social & Community Capital

In numbers

£3.8m

In loans approved,
up 90% on last year

£3.9m

Total loans value
lent to

26

organisations

£1.3m

Towards employment,
training and education

96%

of customers said the S&CC team's
understanding of their mission and
values was good or very good

Across the UK



What our customers say

We're keen to continue improving how we support our customers. We asked our 2018 customers to rate us on a scale of 1 to 5 against the criteria below:

How significant the loan was in helping achieve your social mission

4.2
2018

4.6
2017

The terms of the loan

4.2
2018

3.8
2017

How significant the loan was in helping improve your financial sustainability

4.1
2018

4.1
2017

The speed of the application and loan offer process

4.3
2018

4.3
2017

The quality of service from the Social & Community Capital team

4.9
2018

4.7
2017

The team's understanding of your organisation's vision, mission and values

4.8
2018

4.7
2017

“(S&CC funding helped by)... allowing us to continue our mission and giving us time to implement a new business plan”

Anne Power, National Communities Resource Centre



To see Crisis' story
on video, go to
www.rbs.co.uk/scc

“The communication and relationship we
have with Social & Community Capital
is key to our development.”

Case Study: Crisis

Providing counselling and support to people who need it when they need it, Crisis was established in 1996 when its founder, Jean Cumming, saw an unanswered need for early intervention guidance services that were not being provided in Scotland.

Since that time Crisis has been meeting the needs of the community, acting as a quick access point that has met the needs of over 40,000 people. This includes providing professional therapists for those with difficulties such as depression or anxiety, as well as increasing the provision of counselling services in Scotland by accommodating practical training for students intending to become counselling professionals. Paul, a CBT counselling student working at Crisis got vital experience in working face to face with “such a varied mix of people with different presentations”.

An important part of their business is providing Employee Assistance Programmes to organisations such as West Coast Motors. They provide vital support to employees from these organisations when dealing with difficulties, such as financial or emotional worries. They pay the

income from the contracts directly into the centre’s overall running costs, enabling the service to continue on a day to day basis.

With an existing long-standing relationship, S&CC were delighted to help when Crisis decided a new building was needed in order to expand their service. Funding was provided and the building started construction in 2016. Now complete, it is able to accommodate more counsellors and therefore deliver assistance to more clients.

Since the project Crisis has had its contracts renewed annually and has been able to invest in equipment and

technology that allows them to help people in remote and rural areas, providing counselling via mediums such as Skype.

Jean credits S&CC’s support with being crucial in getting the building project off the ground. “They (S&CC) could understand the project from day one and got us the capital required, it was affordable and realistic, it stabilised things working towards the future... The communication and relationship we have with Social & Community Capital is key to our development. Having them at the end of the phone... looking at what the options are and finding ways of business continuity, it’s been huge.”



Who we are and what we do

Royal Bank of Scotland Social & Community Capital is an independent charity, supported by RBS. We were set up in 1999 to help bridge the gap between grants and mainstream finance for social enterprises, charities and community businesses. In 2015, the bank provided a £10 million grant from the bank to enable the charity to expand.

Royal Bank of Scotland Social & Community Capital's mission is to enable social enterprises, charities and community businesses to make a positive impact in UK communities. We achieve this by providing flexible loan finance to social ventures that are unable to access mainstream funding. We typically provide loans

of between £30,000 and £750,000, along with business support.

We aim to address the needs we identify in the market through our loan offering. Our 'Early Stage Loan' provides more flexible, early stage funding for innovative young social enterprises, and our 'Social Impact

Loan' enables organisations having an above average social impact (as measured by our impact framework) to focus more on their mission by reducing their interest rates. We introduced the Property Purchase Loan last year to help organisations to purchase property with a more affordable 15 year term.

| | Community Business Loan | Social Impact Loan | Early Stage Loan | Patient Capital Loan | Property Purchase Loan |
|-------------------------------------|--|---|---|---|---|
| Loan amount | £30,000–£750,000 | £30,000–£500,000 | £30,000–£50,000 | £30,000–£500,000 | £30,000–£750,000 |
| Interest rate range | 6%–8% per annum | 4%–8% per annum | 6%–8% per annum with up to three years interest roll-up | 4%–8% per annum with capital & interest repayment holiday options | 6%–8% per annum |
| Term range | 7–10 years max. | 10 years max. | 10 years max. | 10 years max. | 15 years max. |
| Normal security requirements | Debenture/bond and floating charge | Debenture/bond and floating charge | Debenture/bond and floating charge | Debenture/ bond and floating charge | Security over the property |
| Arrangement fee | 1% | 1% | None | 0.5%–1% | 1% |
| Social impact | Must evidence social impact and report regularly | Must have high social impact and report regularly | Must have high social impact and report regularly | Must have high social impact and report regularly | Must have high social impact and report regularly |

Our priority areas

Employability, education and training for those furthest from the labour market

Provision of services to the most disadvantaged

Community regeneration

Intermediary lending for those unable to access mainstream finance

We recognise that our customers often benefit from practical support in non-financial ways too, and we therefore offer additional services including impact measurement, PR and marketing support, and in 2018 we established a volunteering scheme with staff from the bank.

How we operate

Royal Bank of Scotland Social & Community Capital's credit panel convenes fortnightly to assess loan applications, enabling organisations to apply all year round and receive quick responses. Made up of volunteers from both inside and outside the bank, they bring a wealth of expertise and experience from banking, business and social enterprise sectors to the credit panel process.

What makes an organisation eligible for a Royal Bank of Scotland Social & Community Capital loan?

- **Financial Sustainability:** Enterprises should be able to demonstrate that they have a sustainable business model and be able to service any borrowing.
- **Social Impact:** Enterprises should be able to demonstrate a positive social impact and should be reinvesting their profits for a social purpose.
- **Suitable Governance:** Enterprises should have a specific social enterprise business structure, good governance procedures and a suitable management structure.
- **Declined by a Bank:** Enterprises should have been declined for a loan by a mainstream bank or be ineligible because they do not meet bank lending policy.

Case Study: Monkey Park CIC

Monkey Park community hub provides a place for local people in Brampton, Chesterfield to come together and improve their area, with lots of free or affordable activities and events. It does this in its multi-functional building, which houses a café, bakery, co-working space, activity space and bike workshop.

The café is a popular neighbourhood spot, with the hub focusing on creating a welcome atmosphere and providing space that enables local people to initiate their own groups and activities. This includes physical and art activities to suit all ages, such as the crochet club, yoga, kids' clubs and an area dedicated to the sale of local craft items.

The bike workshop enables local volunteers to share and gain skills, taking in donated bikes that would otherwise have contributed to landfill, fixing them up and selling the bikes on at an affordable price to those in the community. Volunteers include retirees, students, and those looking to learn employment skills, such as Steve who neatly summarised, "I like coming here, fixing bikes and meeting friends".

A supportive working community is fostered in the co-working space, as Emily, a volunteer and entrepreneur who uses the space explains: "Even though they're from different backgrounds and sectors, people can often bounce ideas off each other and get help and inspiration. It's very interactive and that's a real bonus for

somebody starting out in business, because there is that opportunity to meet so many other people who are on the same wavelength".

Taking on an unused, derelict building in the heart of their community, the non-profit rebuilt it under a three-year commercial lease, with the future intention of leaving the building in trust for the community. S&CC enabled this to happen by filling the gap in the funding needed to purchase the building and leave it in trust, with Director, Simon Redding remarking "(S&CC) have been very supportive throughout the entire process". Owning the building has made it possible for the volunteer-led hub to develop a sustainable business model, hiring seven part-time staff to move the business forward.



To see Monkey Park CIC's story on video, go to www.rbs.co.uk/scc



“I like coming here,
fixing bikes and
meeting friends.”

Our lending in 2018

£3,819,480

Lending approved
to 16 organisations

£441,500

Total funds released
to 11 organisations

£134,683

Average loan
amount

6.5%

Average interest
rate

At year end...

£3,905,816

Current portfolio value and
committed funds

£7,179,363

Funds available to lend

Portfolio split by value:



■ Social enterprises 66%
■ CDFIs 34%

Portfolio split by customer:



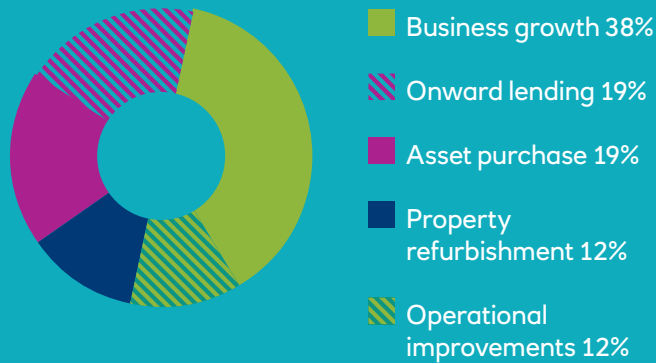
■ Social enterprises 81%
■ CDFIs 19%

Community development financial institutions (CDFIs) are financial institutions that are 100% dedicated to delivering responsible, affordable lending to help low-income, low-wealth and other disadvantaged people and communities join the economic mainstream.

Where our funding works



What did customers do with their loan?



How customers rated the significance of their loan



As a result of our investment our customers have seen over:

63,600

People supported

117

Groups supported

377

Jobs created*

733

Jobs maintained

*Jobs created within the enterprise/CDFI we have funded or through their work.

Measuring our impact

We have developed a framework to measure our impact in a systematic way. The framework enables us to better assess potential customers against our mission, and better define, measure and evaluate:

1. the impact our customers are able to have as a result of the finance we provide.
2. the impact we're able to have on our customers' efficiency and effectiveness through our finance and wider support.

We measure impact through three standard metrics that we use with all customers (where relevant), as seen on the previous page:

- income growth
- number of individuals/organisations helped
- jobs created following our loan

We also select a small number of metrics that are specific to the customer's impact area and beneficiary group, taken from IRIS metrics and Big Society Capital's outcomes matrix. Over the coming years we hope to be able to report on these too.

We also assess all of our customers on an annual basis on the fundamental elements which should be in place for effective social impact, such as the quality of a customer's management structure and how clearly they define their mission.

Working with our partners Coalition for Efficiency and Volunteering Matters, we fund the Measuring the Good programme to help our customers develop a theory of change and impact measurement framework.

Our aim is that, through our support of these organisations, we can continue to help them make progress in these areas.

Our impact in 2018

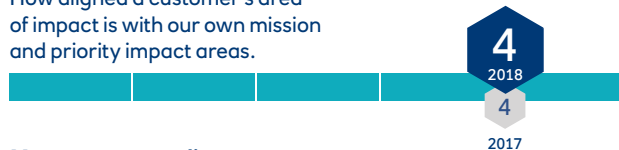
Organisation overview metrics

These are assessments made by our loans officers to inform and build consistency in our investment decisions. The below baseline metrics represent the average scores across our 2018 customers.

The scores are: poor, below average, acceptable, above average, excellent – visually reflected as a scale of 1 to 5.

Aligning with our mission

How aligned a customer's area of impact is with our own mission and priority impact areas.



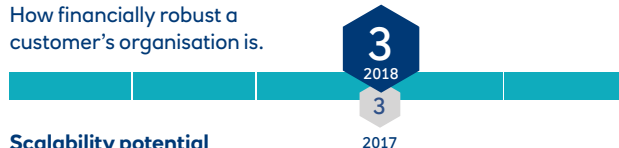
Management quality

How well structured and experienced a customer's management team and processes are.



Financial track record

How financially robust a customer's organisation is.



Scalability potential

How much potential a customer shows for innovating and scaling.



Social impact measurement metrics

Based on New Philanthropy Capital's Impact Assurance Classification, these metrics enable us to assess how developed a customer's approach is to planning and measuring their social impact. This provides a good indication of the actual impact they're likely to have, and so can be used to inform our investment decisions. The metrics below represent the average scores across our 2018 customers, compared with 2017 (0 to 3).

Mission clarity

Clearly understands and communicates mission and intended impact.



Mission well articulated but not necessarily a clear theory of change.

Output Measurement

How comprehensively outputs are measured.



Reasonable number of outputs, some context.

Change Measurement

How well outcomes and impact are measured.



Limited case studies, not that useful for impact analysis. Limited quantitative evidence showing effect.

To see more on how these impact practice scores are calculated, please refer to page 71 of New Philanthropy Capital's report*.

Social impact classification

Stage
2

Based on these metrics, we classify the overall stage of development a customer is at in terms of their social impact, mission and evaluation. We hope an organisation's overall classification will improve through the support we offer alongside our finance. To see how this is calculated see page 20-21 of New Philanthropy Capital's report*

*New Philanthropy Capital's Impact Assurance Classification is detailed in their impact review for the KL Felicitas Foundation, "Investing For Impact: Practical Tools, Lessons and Results" by Abigail Rotheroe, Peter Harrison-Evans, Plum Lomax. www.thinknpc.org/publications/investing-for-impact-practical-tools-lessons-and-results/

Case Study: Campbeltown Picture House



“The cinema is so special because it feels so unlikely that it would exist in a place like this”

Campbeltown Picture House is a Category A listed building and one of the earliest surviving purpose-built cinemas in the UK with important historical and architectural significance. Built during 1913, by the early 2000s the picture house had become so run down that it was established the only way to guarantee its future was a complete overhaul of the building. Campbeltown Community Business stepped in and ‘The Centenary Project’ was born.

“S&CC have been so supportive, and their flexibility has enabled the project to actually happen”, Jane Mayo, Chairman explains. To help avoid any cash flow issues, S&CC were able to provide the upfront capital to bridge the funding gap, allowing the project to pay its contractors and carry out the work before being eligible to claim its grant funding.

During restoration it was important to maintain the original features of the protected building, whilst adding all the facilities needed for a modern cinema, including an extra screen,

café and spaces for exhibitions, displays, education and community activities. “One of the core aims for renovation was to make the picture house a real hub and community space”, informs Ellen Mainwood, General Manager. “The cinema is so special because it feels so unlikely that it would exist in a place like this”.

As well as screening movies, the cinema hosts live satellite events showing theatre, dance and opera performances. It holds Silver Screen afternoons every Wednesday with discounted tickets for people over 60, as well as linking in with the town to hold one-off events throughout the year such as the Malts Festival in May.

In addition to providing a focus for community in the town, the re-opened picture house has created career opportunities and training in a town where new jobs are not always readily available. The enterprise has been warmly embraced by the community, as a local member of the public expressed, “We love what they’ve done with the renovation, it’s a real asset to Campbeltown”.

To see Campbeltown Picture House’s story on video, go to www.rbs.co.uk/scc

Supporting social enterprise to thrive

From July to October 2018, Social & Community Capital piloted their first skills-based volunteering scheme, utilising eager volunteers from within the main bank to support socially focused organisations.

The members of staff's skills and expertise were matched to enterprises requesting assistance with a particular task or improving an area of operation.

Over 70 volunteers signed up to be part of the pilot, with 21 matches between volunteers and organisations.

The pilot was originally intended to provide additional value and assistance to our Social & Community Capital customers, but such a high volume of volunteers were keen to get involved that the scheme was extended to our partner organisations and also Skills and Opportunities fund winners.

Volunteers signed up to do up to one day of volunteering, split into chunks across several weeks, and worked on a variety of developments including: producing a client dashboard, financial systems, financial modelling, business planning, sales, business development and presenting budgeting information.

The scheme was a great success and after great feedback from both the volunteers and organisations, plans are being made to roll out the scheme in 2019 and 2020 as part of our continuing ambition to build communities and support social enterprise across the UK.

Feedback from Organisations

4/5

Helpfulness of the volunteer to the organisation

4/5

Effectiveness of the scheme

“Simon was very keen to assist us in any way possible. He helped us a lot in preparing for a very important pitch, predicting questions that would come up and giving general advice – this was crucial in us securing the money. Thank you!”

Aoise Keogan Nooshabadi, Supply Change

“Meeting with our volunteer, Rosie, was so great – she made lots of time for us and carefully listened to our story and our questions. She found the perfect person to give us advice in the area we wanted to learn more about, and has helped us hone our corporate sales strategy.”

Joanna Hamer, Juta Shoes

Feedback from volunteers

50%

will continue to work with the organisation they were matched with and/or remain on the database.

100%

enjoyed being part of the scheme with 33% of those enjoying it more than expected.

Our partners

Supporting the social enterprise sector is an integral part of the Royal Bank of Scotland's strategy to make a positive difference to local communities. We work together with a range of partners and networks to create opportunities and initiatives aimed at strengthening social enterprise.



SEUK's Social Enterprise Places Programme recognises areas where social enterprise activity is thriving; celebrating achievements, supporting growth and awarding the Social Enterprise Place badge.

The programme aims to promote, raise awareness, and build the markets for social enterprise at a local and national level. Registered Places have been supported to reach out to and involve local councils, businesses, charities, consumers and budding social entrepreneurs.

Support of the Places Programme in 2018 has enabled:

- Review panels to consider applications from areas across the UK.
- Four new Places welcomed to the programme: Cumbria, Birmingham, Staffordshire and Callander.
- Brought members together to share experience, to support each other and make joint plans to further the impact of UK social enterprise.

 For more information, go to:

www.socialenterprise.org.uk/social-enterprise-places/



Year Here supports their fellows for a year to test and build solutions to some of society's toughest problems. We support Year Here in their aim and assist in hosting their twice yearly Crowdbacker events, which conclude the programme and provide funding to launch the participants' enterprises.

Crowdbacker outcomes 2018

| | |
|-----------------------|---------|
| Total raised | £33,407 |
| Enterprises supported | 10 |

- Places for 100 female asylum seekers or refugees at creative workshops to help build skills and confidence.
- Research into developing affordable childcare.
- Training for the team and beneficiaries of an organisation supporting the employment of single parents, including the employment of a full-time CEO.
- Programme development and a series of workshops with 20 refugees.

 For more information, go to:

yearhere.org/



We have a strong partnership with social enterprise magazine *Pioneers Post* and work with them on a variety of events and projects throughout the year including:

NatWest SE100 Awards and NatWest SE100 Index

NatWest is a co-founder of the NatWest SE100 Index, the only real-time market benchmarking tool for social enterprises. Our annual awards celebrate this index and recognise the best of social enterprise in the UK.

This year saw:

- 200 entries to the awards categories.
- 250 attendees to the evening event.
- Seven films made for winners to communicate their impact to a wider audience.



For more information, including details of past winners and how to sign up, see:

www.pioneerspost.com/se100index

WISE100 Awards and WISE100 Index

This initiative aims to recognise inspiring and influential women in the social enterprise sector. The awards evening saw 150 people attend to celebrate the achievements of female social entrepreneurs and engage in discussion about inspiring the next generation of women to join the sector.



For more information, including details of past winners and how to sign up, see:

www.pioneerspost.com/wise100

WISE100 Dinners

Building on the success and impact of the WISE100, three dinners were hosted in Edinburgh, London and Manchester. These brought together 25 women working in social enterprise to create new connections, help people build a network and spark new ideas.



Two podcasts created from the discussions can be found at:

www.pioneerspost.com/podcasts/20190219/social-enterprise-unconsciously-biased-against-bame-women

Good Stories and Good Deals

NatWest sponsor *Pioneers Post* in delivering these events which engage with social enterprises and investors across the sector. Both events foster connections and conversation, with 474 people registered to attend across the two events, and lead to further communication and publications, including a feature with leading speaker Jed Emerson on his plea to impact investors and an article on the mental health of social entrepreneurs.

Some of our other partners include:

- ACOSVO
- Community Transport Association
- Development Trust Association Scotland
- Locality
- Senscot
- Social Enterprise Northern Ireland

Looking forward

A very personal and profound congratulations to Royal Bank of Scotland S&CC customers, beneficiaries and colleagues on reaching the 20th Anniversary of the charity.

In the lead up to this milestone I've taken time to reflect on this journey and it is clear to me that all the way back in 1999, the bank did something revolutionary. By establishing this fund with a mission to make a real difference in the communities where we lived and worked, we enabled support, social impact and created ongoing opportunity. This was, and still is, unique in UK banking.

I'm so very proud to read this report and to see the continued widespread social impact across the UK.

Thank you to our S&CC customers featured in the case studies for allowing us to bring to life your achievements – I sincerely hope others will be inspired by these actions, to follow in your path and replicate the commitment you show to your community.

I also want to personally thank and recognise Alison Rose, CEO of RBS Group for investing the essential capital required, creating the necessary oxygen needed to allow the charity to grow to become what it is today.

Moving back to the present day – as the leader of the Enterprise agenda for the Royal Bank of Scotland, one of the key objectives for my role is to support the communities in which our people and customers live and work.

As the UK economy continues to grow, I see first-hand how it is increasingly social businesses that are rising to the challenge of creating wealth, community engagement and jobs. I also see how these groups are looking to banks, such as the Royal Bank of Scotland, to be more than just a provider of financial services.

In response to this, I push myself and my team to drive for continuous improvement each year, which is also clear from my other priority and personal passion – supporting those from minority groups and those who are from less privileged backgrounds to set up and thrive in business.

Since establishing our market leading and award-winning programme – Women in Business – back in 2012, Royal Bank of Scotland has relentlessly sought out ways to provide meaningful and tangible support to women who have the drive, passion and courage to go it alone and start their own business.

I continue to be motivated by how the social sector persists in leading the way in attracting female entrepreneurs and those from ethnic minorities.

2019 has been no different and with the launch of the Rose Report¹ this agenda has been firmly brought into focus.

The goal of the review was to understand the disparity between male and female entrepreneurs and identify the barriers facing female entrepreneurs.

The report uncovered some very stark findings. It found that up to £250 billion could be added to the UK economy, if women started and scaled new businesses at the same rate as men. That is equivalent to around four years of natural economic growth.

We also acknowledge that the barriers identified are faced by many entrepreneurs, especially those in the social sector. The report found many similarities with what our S&CC customers tell us limits their ability to take their enterprise to the next level:

- Low access and awareness of capital
- Greater risk awareness
- Perceived missing skills and experience
- Lack of relatable mentorship and role model advocate

Using the knowledge and research from the Rose Report I know that there are real and practical steps that can and will be taken that can also be applied to the social sector.

Moving into year 21 and beyond of S&CC, I know that overcoming these barriers will be at the very centre of our strategy to increase lending, to support the social leaders and to prioritise the beneficiaries.

On behalf of Royal Bank of Scotland I want to thank all the organisations that work tirelessly each day making a difference across the UK. We are truly inspired by you and we look to be there, continuing to help on your journey this year and beyond.



Julie Baker, Head of Enterprise and Community Finance



1 www.gov.uk/government/publications/the-alison-rose-review-of-female-entrepreneurship

“I’m so very proud to read this report and to see the continued widespread social impact across the UK.”

20 years of supporting social enterprise



In 1999, three years before the Community Development Finance Association was established and 13 years before the formation of Big Society Capital, the Royal Bank of Scotland took the pioneering step of setting up the first independent charity supported by a bank specifically designated to provide lending to social enterprises, charities and community businesses unable to access mainstream funding.

Now in 2019, Social & Community Capital is proud to be celebrating 20 years of supporting social enterprise and championing local communities. As part of this celebration, we joined together with our customers and partners at an event held in London and announced two new funding schemes: a flexible repayable grant for entrepreneurs and a series of seven grants for organisations to kick-start impactful projects.



The event was a celebration of Social & Community Capital's customers, partners, volunteers and staff, marking their missions, achievements and impact over the years.



The audience heard from speakers including Maggie O'Carroll from The Women's Organisation, Raj Holness from Breaking the Silence and Kate Stewart from We Make Places. A panel discussion focused on what works and what's still needed in the social investment market. Goody bags containing a variety of fantastic social enterprise products were provided – all created with social mission at their heart.

Celebrating S&C's impact

“It was such a great evening last night, who would have thought banking could be so moving, and such fun! You’re a great team. It was good meeting and speaking with like-minded people.”

Caroline Bennett, Sole of Discretion



“Great to celebrate your considerable impact. Really powerful stories from your clients. Hats off to you all for your commitment and vision.”

Jamie Veitch



“It was quite inspiring to hear from some of your beneficiaries and the profound impact that has been collectively made to the lives of individuals and communities who need support.”

Kashaf Ali, Street UK





“A real feeling that the success of the organisation is shared across many willing hands – always a sign of a well-led organisation! Best of luck with the next stage in Social & Community Capital’s story!”

Leila Baker



“An added bonus that was really nice was the book about autism in the goody bag at the end ... my son Leo has mild autism so I gave it to my daughter Rosie as it’s aimed at siblings. She really enjoyed it and found it helpful then gave it to Leo himself to read. He enjoyed reading it and then also told me that it had helped him to understand another boy in his school who has more severe autism than him. He said he now feels like he can be more understanding of this boy and would like to be a role model to him.”

Julie Sander, Sequel, on *No Two Stars Are the Same* from Books by Stellas



“I am so impressed by all that has been achieved over the last twenty years. The stories we heard were so inspiring.”

Jill Pay, Pink Shoe Club

What's next?

To mark our 20th Anniversary, in 2020 Social & Community Capital are expanding our product offering to support social entrepreneurs and innovative projects through grant funding.

Opening to applications in January 2020, we will offer seven £20,000 grants to enable organisations to develop projects that create direct social impact on communities with need.

We will offer one grant in each of the following regions around the UK: Scotland, North, Midlands & East of England, South West, Wales, London & South East and Northern Ireland.

Projects must have potential to become a sustainable product or service and be helping disadvantaged and vulnerable people by tackling one or more of the following three areas: employment, training and education; income

and financial inclusion; and mental health and well-being. For more information, see www.rbs.co.uk/scc

In addition, we are currently trialling start and scale funding. Recognising that starting a business takes a leap of faith, we will provide repayable grants that aim to support the social entrepreneur through the initial stages of starting their business. This, combined with support from a dedicated business mentor and access to the expertise of our volunteer network, will hopefully provide a launch pad for some exciting new social enterprises – which we can then look to support further through S&CC.



“The loan provided a vital contribution to a big capital scheme when we were unable to obtain the funds via governing body grants/funding or even a business loan. The capital scheme in question has made a huge difference to local community sport and will help to provide financial stability for the future.”

Jennifer Brookes, Cheshire County Sports Club

**We would like to thank
our board of trustees:**

Simon Jacobs (Chair)
Thom Kenrick
Bernie Morgan
Niamh Goggin
Ben Smith
Stuart Johnstone

Company Secretary:
Kate Ramage

Further information

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For further information about Royal Bank's wider support of community finance and social enterprise, contact:

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