

Arts & Culture Finance - Virtual Learning Series

Social Investment in times of uncertainty

Tuesday 18 October 2022 - 12:30 - 13:30

@artsculturefin



Agenda

1230-1245 Introduction to Arts & Culture Finance

- What is social investment?
- Uses, advantages and risks
- Process

1245-1305 Panel discussion

- How can organisations manage the economic crisis?
- What does resilience mean?
- What role can social investment play?

1305-1325 Audience Q&A

1325-1330 Close

- Nesta is the UK's innovation agency for social good. We design, test and scale new solutions to society's biggest problems, changing millions of lives for the better.

www.nesta.org.uk

- Arts & Culture Finance provides repayable finance (social investment) to arts, culture and heritage organisations that have a clear social benefit.

www.artsculturefinance.org

Background



artFix

Arts Impact Fund investment

The art-focused community cafe will use the loan to expand its offer across two new sites.



Birmingham Royal Ballet

Arts Impact Fund investment

The ballet company used a loan to reimagine its iconic production of *The Nutcracker* for alternative venues.



Bow Arts Trust

Arts Impact Fund investment

The Arts Impact Fund offered the educational arts charity a £600,000 credit facility to purchase and develop property.



Effervescent

Arts Impact Fund investment

The loan will allow the organisation to grow the team, explore commercialising their IP to build different revenue streams and enable them to take advantage of new opportunities.



Fuse Art Space

Arts Impact Fund investment

The Bradford-based arts organisation used investment to launch a pioneering residential arts training programme.



Future Yard

Arts & Culture Impact Fund investment

The socially-driven music enterprise used a loan to purchase a building which will serve as a community music venue and skills hub.



Central School of Ballet

Arts Impact Fund investment

The School used a bridging loan to provide working capital to open its new London premises in Paris Gardens.



Culture24 / Emerge Festival

Arts Impact Fund investment

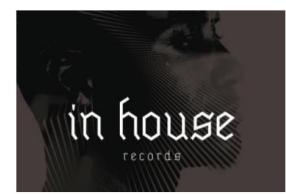
The sector support organisation launched the Emerge Festival, a new collection of museum lates held over one weekend.



East London Dance

Arts & Culture Impact Fund investment

A new centre for developing diverse young talent in dance and music, driven by a collaborative partnership with UD.



InHouse Records

Cultural Impact Development Fund investment

The prison-based record label is using its loan to extend its services from behind bars to ongoing support upon release.



IRIE! dance theatre

Cultural Impact Development Fund investment

The leading African & Caribbean dance theatre company is using its loan to create a modern and well-resourced centre for degree students and the local community.



Kurious Arts

Arts & Culture Impact Fund investment

Establishment of a new post production facility in Sheffield, benefiting under-represented local creatives



London School of Mosaic

Arts Impact Fund investment

The mosaics studio will use its loan to create a venue for a new mosaic focused education programme.



Mercury Theatre

Arts Impact Fund investment

The loan will allow this acclaimed producing theatre in Essex to manage working capital as it renovates its 40 year old building into a cultural hub fit for the 21st century.



MeWe360

Arts Impact Fund investment

The creative hub used a loan to acquire a new, larger-capacity building and scale up its incubator programme for BAME creative entrepreneurs.



Resonance

Arts Impact Fund investment

The new music education venture used its loan to create a contemporary music institute at the heart of the Black Country.



Saffron Hall

Cultural Impact Development Fund investment

The acclaimed performing arts venue is using the loan to invest in its fundraising capacity and grow its earned income streams.



Second Floor Studios and Arts

Arts Impact Fund investment

The London-based studio space provider used a loan to purchase and develop a new site, the Deptford Foundry.



Paintings in Hospitals

Cultural Impact Development Fund

Paintings in Hospitals, an arts and health charity, will use its investment to increase staff capacity to execute its fundraising strategy and to develop commissioning partnerships with CCGs, local authorities,



Pop Up Projects

Cultural Impact Development Fund investment

The literature organisation received investment to expand its programming, develop promotional materials and launch its 10th-anniversary fundraising campaign.



Project INC

Arts Impact Fund investment

The innovative arts and culture education initiative is using its loan to scale between 2018-2020.



Soho Theatre

Arts Impact Fund investment

The London venue used investment to set up a digital content subsidiary and produce a pilot run of digital comedy content.



South East Dance

Arts Impact Fund investment

The Brighton-based dance agency is using its loan to bridge fundraising and allow work to start on its new hub.



Studio Wayne McGregor

Arts Impact Fund investment

The dance organisation used a cashflow loan to complete the construction of its new studio space in the Queen Elizabeth Olympic Park.



The Birmingham Repertory Theatre

Arts & Culture Impact Fund investment

The loan will be used to undertake major refurbishment of front-of-house spaces and commercial facilities at this historic theatre.



The National Holocaust Centre and Museum

Arts Impact Fund investment

The historic institution developed new programmes that preserve the voice of Holocaust survivors for generations to come, and explored new uses of cutting edge technology for the museum sector.



The Old Courts

Arts Impact Fund investment

The arts centre in Wigan is using investment to transform a derelict former hotel into an arts hub for the area.



V22

Arts Impact Fund investment

The studio space provider is using investment to increase its portfolio and preserve a valuable heritage site for community use and benefit.



Village Underground / Earth

Arts Impact Fund investment

The music venue has created a new multi-arts centre in Hackney and partnered with an arts charity to deliver social programmes.



Walk the Plank

Arts Impact Fund investment

The leading outdoor arts organisation used its loan to create and relocate to a new creative hub in Salford.



The Story Museum

Arts Impact Fund investment

The investment is supporting a major redevelopment project for the museum to upgrade existing spaces and create new galleries.



Titchfield Festival Theatre

Arts Impact Fund investment

The volunteer-run theatre group used investment to improve its venue and become more energy-efficient.



UD

Arts & Culture Impact Fund investment

A new centre for developing diverse young talent in dance and music, driven by a collaborative partnership with East London Dance.

All case studies can be found on

<https://www.artsculturefinance.org/case-studies/>



What is repayable finance?

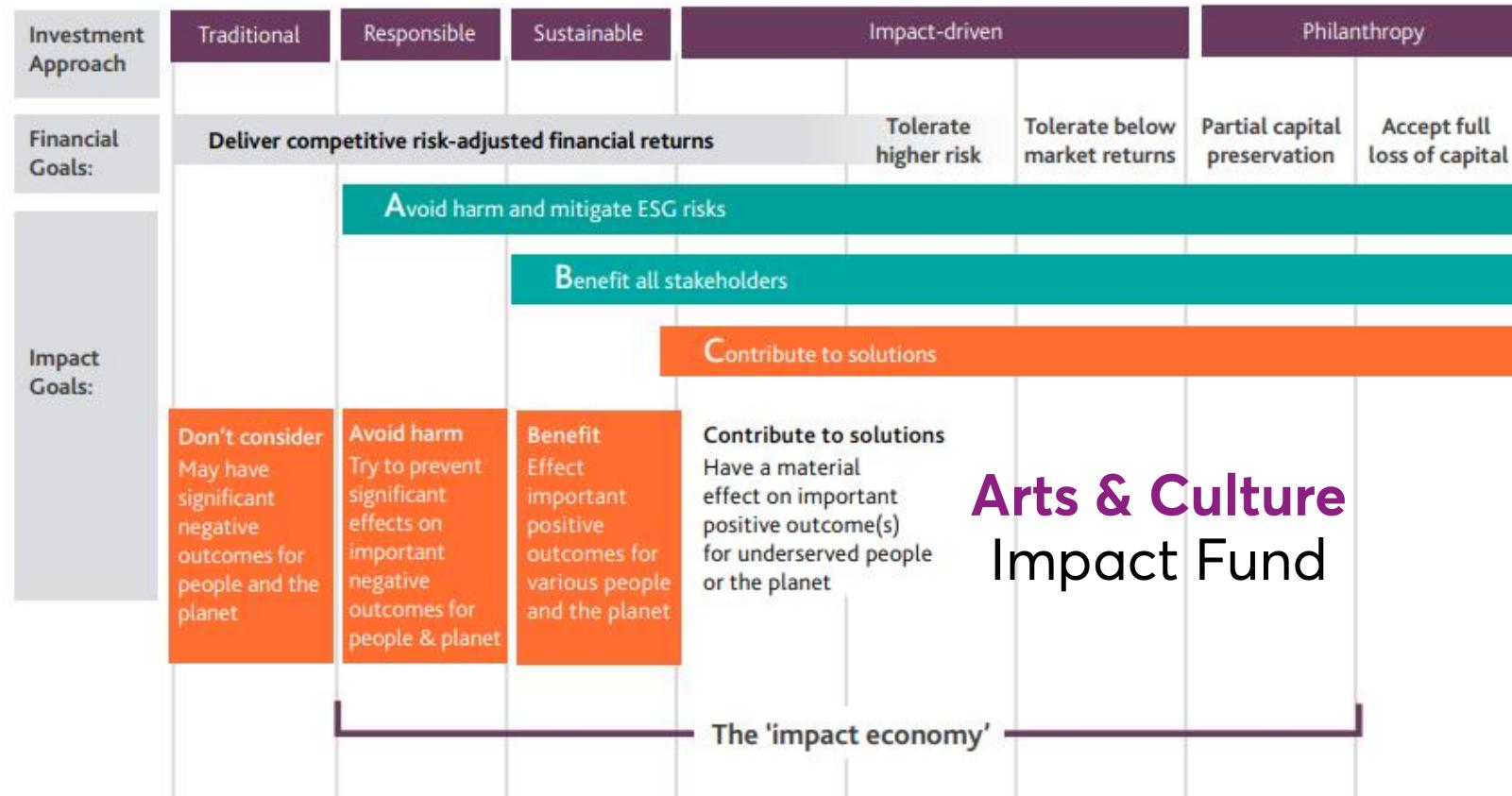
A form of funding that you have to pay back.

What is social / impact investment?

Social investment is the provision of finance (typically, **a loan**) for a social, as well as a financial return.

It can be used to fund new activities, scale up existing ones, buy property, bridge to fundraising or simply manage cash.

The Spectrum of Capital



Arts & Culture Impact Fund

Source: The Rise Of Impact: Five Steps Towards An Inclusive And Sustainable Economy, UK National Advisory Board On Impact Investing, 2017 & Impact Management Project, 2017

Arts & Culture Impact Fund

Investors and partners



Supported using public funding by
ARTS COUNCIL ENGLAND



Our open funds

- Loans of £150,000 - £1,000,000, secured and unsecured
- Up to a nine-year repayment term
- Indicative interest rates: 3%-8.5%, depending on risk
- 1% arrangement fee, no early repayment fees
- UK-wide

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How social investment has been used by previous investees:

- To fund new/additional staff:
 - Business development / sales
 - Delivery
 - Consultants/freelancers
- To purchase equipment & infrastructure:
 - IT & data management systems
 - Delivery equipment
- PR & marketing activity
- Undertaking a capital project
- Underwrite the risk of (new) activities



How can social investment be repaid?

- Profits from trading activities
- Funding paid in arrears
- Organisation's reserves
- Refinancing (taking on new finance to pay off old)



What are the advantages?

- Flexibility
- Support offered (for example...
www.sibgroup.org.uk/funds/reach-fund/)
- Interested in social outcomes & values alignment
- May be cheaper in a rising interest-rate environment
- May lead to improved financial resilience



What are the risks?

- Defaulting on repayment obligations may lead to insolvency and wind-up
- Time commitment at due diligence (and reporting) may pull resources away from core work
- Balance sheet implications - could move borrower into a net liability position



Our process

- Submit an enquiry on our website, www.artsculturefinance.org
- 30-minute initial conversation to learn about you, your needs and eligibility
- Information gathering & due diligence
- We write the investment application
- Quarterly investment committee makes the decision

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Studio Wayne McGregor; photo by Ravi Deepres



Thinking of social investment?

- You'll need a clear idea of the positive social change you're wanting to achieve
- Skilled and experienced leadership and governance
- Buy-in at governance level to take on repayable finance
- Sound financial and risk management and future-planning
- An evidence-based approach to social impact
- Strong business opportunity and evidence of ability to repay investment

A conversation with...

Steve Mannix

Executive Director, Mercury Theatre

Marcel Baettig

CEO, Bow Arts Trust

Arts & Culture Finance

by **nesta**

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<http://www.artsculturefinance.org>