



AMBITION EAST MIDLANDS



Social Investment Tax Relief has enabled us to explore new and innovative ways of tackling important social issues.

Mark Simms, Chief Executive, P3

Problem

Young homeless people with complex needs sometimes fall through the net, receiving little support from existing services. Many are regarded as too difficult to help, and have an increased risk of becoming involved in crime, substance misuse and long-term benefit dependency.

Solution

Ambition East Midlands helps the most vulnerable young homeless people in the region. It offers innovative and intensive support to improve accommodation options and provide education, training and employment opportunities, delivered by P3, The Y and YMCA Derbyshire.

Revenue Model

Ambition East Midlands is funded through a Social Impact Bond (SIB). Repayment is under a "payment-by-results" contract with the Department of Communities and Local Government, out of long-term savings to the public purse.

Impact

Over the three years of the SIB, 340 young homeless people will take part in the programme. Performance will be measured by how many young people are successfully housed and maintain a tenancy, and enter and maintain employment, education or training.

 **Invested** £100,000 Social Investment Tax Relief, £600,000 in total

 **Cost of capital** 7%

 **Turnover** £1million+

 **Duration of investment** 3 years

Organisational form

Charity

Investors

Five individual investors

Other key organisations

Triodos Bank, Big Issue Invest, Key Fund

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SOCIAL INVESTMENT TAX RELIEF

Social Investment Tax Relief (SITR) is a new tax relief designed to encourage individuals to support charities and social enterprises and help them access new sources of finance. Individuals making an eligible investment can deduct 30% of the cost of their investment from their income tax liability.

Eligibility

The maximum investment into an individual organisation is approximately £280,000 over three years.

Individual investors can invest up to £1million and can invest in multiple social enterprises per year. This relief is set on a par with the Enterprise Investment Scheme (EIS).

In the 2014 Autumn Statement, the Government announced its intention for this limit to increase to £5million per year and £15million in total per organisation, subject to EU state aid clearance. The Government also intends to provide for social venture capital trusts in the near future.

Why investors are using SITR

I had heard about social impact investing but didn't know how I could get involved. The introduction of SITR meant I could make a social impact investment through a tax efficient structure. With the help of my financial planners, I was able to deploy capital into this innovative investment product which is addressing a cause that seems to me really worthwhile.

Mike Davies, Private Investor

Key terms

What organisations can benefit?

Charity	✓
Community Interest Company	✓
Community Benefit Society	✓

Accessible to

Institutional investors	✗
Professional individual investors	✓
Retail investors	✓

Tax incentives

Income Tax Relief (30%)	✓
Capital Gains Tax Deferral Relief	✓
Capital Gains Tax Disposal Relief	✓

Product types

Unsecured loan	✓
Equity	✓
Quasi-equity	✓
Social Impact Bond	✓

Investment method

Direct	✓
Nominee fund	✓

www.bigsocietycapital.com/SITR

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