



4CHILDREN



Loan funding can be a great help in accelerating a change of scale.

Charles Ellis, Deputy Chief Executive, 4Children

Problem

Vulnerable families struggling with a complex mix of health, financial and social problems are not receiving the help they need due to fragmented service provision. A lack of effective early years support can have an impact on the life chances of children.

Revenue Model

Income generated from public sector contracts and nursery fees will be used to repay the loan which is being used to enable 4Children to expand its services, this includes aiming to take on an additional 45 children's centres over the next three years.

Solution

4Children was established in 1983 as a charity to shape policy and campaign in the area of early-years development and family services. Over its lifetime, 4Children has expanded, including setting up a commercial social enterprise to deliver services directly to families through taking over or creating Sure Start nurseries and Children's Centres across the UK.

Impact

4Children currently supports 100,000 families a year at 170 locations including children's centres and nurseries in some of the UK's most disadvantaged communities. The investment will enable 4Children to support an extra 50,000 families a year.

 **Loan amount** £700,000

 **Cost of capital** 8-12% (Fund range)

 **Turnover** £21 million

 **Duration of investment** 4 years

Type of organisation

Charity

Investors

FSE Social Impact Accelerator Fund, HSBC

Other supporters

Social Finance, Big Issue Invest, ICRF

www.4children.org.uk

THE FSE GROUP

FSE manages funds and business angel networks to provide tailored funding solutions and support for ambitious and innovative small and medium-sized enterprises.

Approach to investing

FSE manages the Social Impact Accelerator Fund which provides flexibly-structured loan finance of between £200,000 and £1 million to regulated social sector organisations. The Fund lends to propositions which fall outside traditional lending criteria; based primarily on current and projected cashflows and growth potential, rather than historic trading or asset-cover.

The Fund targets expansion strategies which will deliver a step-change in an organisation's scale of impact and financial resilience. This could include geographic roll out, investment into marketing, product development or deposits for strategic asset purchases.

Why the investment was made into 4Children



There were three key things that impressed us: the number of families it helps and the fact that there is a clear plan to expand this; how hard the business works to make sure it is helping the most vulnerable families; and the 'early years' focus, supporting children and their families early in life to break cycles of deprivation.

Mark Bickford, Senior Fund Manager FSE

Key fund terms

Liquidity	NA	Social issue	General
Duration	10 years	Investment from Big Society Capital	£10 million
Size	£30 million target	Big Society Capital strategy element	Small and medium-sized charity finance
Product type	Loan fund	Other investors	NA

Accessible to

Institutional investors	✓
Professional individual investors	✓
Retail investors/depositors	✗

www.thefsegroup.com