

## **Charities Aid Foundation Retail Charity Bond 5% due 2026**

### **Social Impact Report 2019**

#### ***Activities***

In April 2016 Charities Aid Foundation raised £20 million through a Retail Charity Bond to allow us to enhance our services to the thousands of charities and donors with which we work, helping them to do more to support the causes we all care about.

Three years on, the bond is helping us develop our work in support of charities and donors, growing cross-border giving and helping charities manage their money. We are investing in digital, making it easier for people to give wherever they are, and re-engineering our IT infrastructure to harness the power and flexibility of cloud computing.

At the same time we are growing our world-class research, and are working in partnership with a coalition of international foundations to roll out a unique series of reports to explore the potential for growing charitable giving in East Africa.

Above all CAF has delivered on its mission to help people and businesses donate safely and effectively around the world. During the 2017-18 financial year CAF distributed £505m to charities in 110 countries around the world, breaking the half billion pound barrier for the second year running. Once again, this was an exceptional year of generosity, and we will report further on our work enabling donations during 2018-19 in our annual report later this year.

Last year, we reported on our project to create a new online service for donors using the CAF American Donor Fund, which helps encourage philanthropy among dual US-UK taxpayers. We were delighted to see strong growth in this area and very positive feedback from donors. We have learned valuable lessons which are helping us develop an online service for our other major donors, making it simpler for them to donate, and simpler for them to keep track of their generous philanthropic contributions.

We have also built new capability to help our donors sponsor their friends using their CAF Charity Accounts and CAF Charitable Trusts.

We have built on our long track record facilitating cross border giving, through our global alliance of offices in the United States, Canada, Brazil, South Africa, India and Russia as well as the UK. Our colleagues around the world have continued to work to develop a culture of giving and create a favourable environment for civil society. In Russia, the global Giving Tuesday campaign is flourishing. In Brazil, the culture of giving campaign was launched by our global alliance colleagues in IDIS, and the new government has passed new legislation facilitating the development of charitable endowments, something we have been working towards for many years.

Since the start of May 2018, CAF Bank has lent nearly £14.4m to charities and has a sanctioned loans pipeline of £30.0m, and has ambition to lend significantly more over the coming years. In the same period CAF Bank has also made £6.9m in loans to individuals with an interest in philanthropy, generating donations to charity and helping support our financial services for charities.

We are investing in our IT infrastructure, to make it quicker, easier to use and less costly to run, making a better experience for our colleagues, clients and customers, and avoiding delays and unnecessary costs. We aim to improve our charity search functions, making it easier for people to identify the charitable organisation to which they wish to donate. We are also continuing to enhance security and functionality to support charity clients in a digital age.

Our social investment arm, CAF Venturesome, has approved 31 social investments totalling £3.1m so far this financial year, and raised £1.4m in philanthropic funds to support a huge range of impact-focused social enterprises and charities.

We published our CAF Venturesome Impact Report 2018, looking back at what our social investment funds have achieved over the last 16 years and a review of our Community Land Trust Funds and lessons for future support, Helping Communities Build. This report was authored by Dr Tom Archer and Dr Stephen Green of Sheffield Hallam University with assistance from Charlie Fisher of the architecture practice Transition by Design.

Our policy, campaigns and research teams have been leading thinking on growing a culture of place-based philanthropy, and we were delighted that this was among many of our policy themes adopted by Government in its civil society strategy, published last summer. We were pleased to see that Ministers allocated £600,000 towards supporting six place-based giving schemes in various parts of the country, and equally pleased that CAF was asked to work with the Department of Digital, Culture, Media and Sport to deliver a programme in support of these initiatives.

Our CAF Resilience programme continues to make good progress, supporting 10 small to medium sized charities whose work has a 'problem prevention' focus. They are receiving grant funding alongside bespoke advice and training for two years. In return for this support to build their resilience, the selected organisations have formed a learning community, working with us to encourage further philanthropic giving that supports this goal.

### ***Outputs, indicators and results***

<b>Outputs</b>	<b>Indicators</b>	<b>Results</b>
Increased CAF Bank support for charities	Maintain and grow sanctioned and drawn loans to charities	Since the start of May 2018 CAF bank has lent £14.4m to charities and has a sanctioned loans pipeline of £30.0m
Build our digital capacity to grow giving	Develop online donation tools for major donors	Building on our new digital interface for the CAF American Donor Fund we have developed an online interface for our major donors. Rollout is in progress and feedback is very positive.
Develop a culture of place-based giving in the UK	Influence central and local government to develop place-based giving programmes	Government announced funding for six pilot programmes to be delivered in partnership with CAF

## ***Charities Aid Foundation Future Targets and Objectives***

We continue to invest in our services for donors and are continuing on our journey of digital transformation to ensure people are both motivated to donate and can give to charities as easily as possible. We will complete the rollout of our upgraded mobile-friendly digital service for major donors which, early feedback suggests, is making the process of donating easier and more accessible.

At the same time, our multi-year programme of IT renewal will continue to take advantage of the efficiencies and service improvements offered by cloud computing. This is a vital enabler of our digital transformation and CAF's agility to respond successfully to customer needs.

We continue to develop investment services for charities, offering a range of diversified investment options to help charities fulfil their mission. We continue to see great interest in our online investment platform for charities and we expect to see that grow in the coming year, as it broadens access to investment choices not typically available to smaller and medium sized charities, as well as offering a unique facility for large charities.

In the international sphere, we are working to harness the potential for mass giving by the emerging global middle classes. Working with partners we have commissioned a unique series of research reports into giving in East Africa, which we hope will help to strengthen and grow civil society.

Our advisory and consulting services continue to develop, and we are delighted to be working with the Department for Digital, Culture, Media and Sport to support a number of place-based giving schemes around the country. We believe this programme has great potential and will look to learn lessons from initiatives in different parts of the UK to take our work on place-based philanthropy forward.

With a business model heavily influenced by interest rates, we have worked hard to control costs and to invest in fee-generating growth to mitigate the effects of the long term low interest rate environment. The Bank of England's decision to raise rates late in 2018 was welcome and we continue to monitor the economic situation as it evolves.

### **Impact Profiles: Harvey's Foundry**

The Harvey's Foundry project, based in Hayle, West Cornwall involved the conservation and adaptation of two derelict Grade 2 buildings to create 18 new office units. The buildings were originally part of a foundry complex owned by Harvey and Co, which was the world's leading engine company in the world in the early 19<sup>th</sup> century. When the area suffered industrial decline, the Foundry had been left redundant.

The regeneration project was completed successfully thanks to CAF Bank, which provided a loan of £540,000 for the last phase of the build.

Laura Walton, former Chief Executive of Harvey's Foundry, said: "CAF Bank enabled us to move forward on a project that was four years in development; without CAF Bank we did not have enough funding for the project to go ahead. They are very approachable and understand the needs of the charitable sector."

The project was a vital part of the changing face of Hayle. As a spokesperson commented: "There was not anywhere else in the area with the same provision for businesses."

The scheme has created over 100 jobs in the area, and is part of a wider ten-year regeneration plan that has seen the Foundry Square area transformed into a thriving hub. In 2016 the project won a Planning Award for Best Use of Heritage, Arts, Culture or Sport in Placemaking.

### **Impact story: La Scala, Clydebank**

The site where a former cinema hall near Glasgow lay derelict for 10 years has been turned into much-needed social housing, thanks to a loan from CAF Bank.

The former site of the iconic La Scala building, on Graham Avenue in Clydebank, has been redeveloped into 20 one-bedroom flats, 20 two-bedroom flats and four wheelchair-adapted homes.

The development project was made possible with the help of CAF Bank, together with £3.168m in funding from the Scottish Government's Affordable Housing Programme.

It comes after Clydebank Housing Association (CHA) applied for funding in March 2016 to kick off the redevelopment project. After securing the funds and completing the building work, the first homes were available just before Christmas 2017.

Within a matter of months, all 44 flats had been allocated, showing the demand for affordable homes in the area.

Sharon Keenan, CHA's Chief Executive, said: "With over 800 applicants on our housing list alone, these homes are a much-needed addition to our affordable rented stock. And these flats have brought a new lease of life to the area. We hope all our 44 new tenants will be happy in their homes."

Speaking about the partnership with CAF Bank, she said: "We are delighted to have secured the funding through CAF Bank. The application process was seamless, our values are aligned and we thank everyone there for being supportive of the Association and helping us achieve our development goals."

Scott Smart, who was the first tenant to move into the new development, said: "This is my first home and I'm absolutely delighted. My one-bedroom flat has been completed to a fantastic standard."

### **Impact story: ACE**

ACE (Action in Caerau and Ely) is a charity that aims to bring the community together by supporting local organisations, managing and developing local projects, and finding ways of regenerating the area of Ely and Caerau.

After being on the CAF Resilience programme for the last year, the Cardiff-based charity is exploring alternative sources of income after 90% of its total funding from government was withdrawn.

Thanks to the programme, the charity has been formulating a new business plan to tap into traded income and is looking ahead to a more sustainable future.

Dave Horton, Development Manager at ACE said: “We are really pleased about the outcomes. A few things took a little longer than expected and happened in a slightly different order, but overall we feel we have made really good progress and have remained focused on areas key to our successful development and sustainability in a way we wouldn't have without CAF Resilience.”

He said that the charity's board is now stronger as well, with trustees becoming more aware of the bigger picture and committed to 'defining their own destiny' as a charity.

The charity has also been able to set a new evaluation and monitoring system in place, and a new Theory of Change that has been planned and developed with the full participation of trustees, staff, members, volunteers and participants, creating a shared vision for the future.

Recently the charity has even secured almost £500,000 (over four years) from the National Lottery fund after demonstrating their ability to plan for the future.

The funding will help the charity by giving them the resources to tackle in-work poverty.

Dave added: “Strategic work completed under CAF Resilience has really helped us present a clear and credible vision to these funders.

“In the last year, we feel much clearer about our goals, why they're important, how they will support our resilience and how we will achieve them. The strategic management of the organisation feels clearer and more coherent than before.”

With much available work now being low-paid, and a lack of opportunities, the organisation has been running bespoke workshops and training to support employability in the area and also offer mentoring and support.

Between 2013-2018, the charity helped 530 people gain employment and 800 people gain qualifications.

In addition, the charity offers free home energy advice, to help people take control of their energy costs, and runs The Caerau And Ely Rediscovering (CAER) Heritage Project, encouraging people in the local community to discover more about their local heritage through archaeological and historical research. The organisation also runs free drop-in information and support sessions to help with benefit claims, while also offering grants for essential household appliances and foodbank vouchers for people in crisis.

### **Impact story: Tapestry Care UK**

Tapestry Care UK is a social business and registered charity based in Essex, committed to supporting people as they get older, helping them to remain independent and live a positive, fulfilling life. Tapestry have been around for over 68 years and helped over 350,000 people in that time. Their ethos is to ensure that local people and their families have the care and support they need.

Tapestry aims to prevent people from going into nursing and residential care homes, especially if their current level of care means that they would be better off remaining at home. They provide personalised and tailored care to people that need practical support to

maintain their independence. And they support the families and friends of people who need care by providing friendly, impartial advice and opportunities for them to maintain their skills and get respite from their loved ones if they feel that they need this.

In 2018 CAF Venturesome made a social investment of £50,000 to help Tapestry sustain and grow their social impact. This funding has enabled Tapestry to continue to be entrepreneurial and to invest in new technologies and form partnerships with other organisations to develop and implement innovative solutions for supporting vulnerable adults at home, and in community hubs in the community itself. The investment has also enabled the organisation to continue to train its staff to provide empathetic, person centred service. Most importantly it has allowed the organisation to look forward with confidence and grow rather than have to reduce activity because of short term cash flow concerns.

The loan has meant that the organisation is forecast to provide an additional 1,200-1,500 sessions for vulnerable people a year in its community hub. It has been able to grow its home care business, making more appointments available to more people in the community. Tapestry has also collaborated with a new partner to create an app-based social impact management system, that will provide all stakeholders with valuable information about the health and wellbeing of those using its services, in real time.

### **Impact Profiles: Making an impact on domestic violence with Avon Foundation for Women**

The £1m Avon Fund for Shelter Grants was established to provide support for women experiencing domestic violence. Avon Foundation for Women wanted to align their grant making with their global markets, extend their reach into new overseas locations and finding causes that would have the most impact on an issue close to the hearts of customers and employees.

CAF delivered a complete grant making service, helping them find the right causes and ensuring the funds reached their destination safely, thus transforming the lives of women and children in Romania, South Africa, Argentina and the UK (or 4 countries across 3 continents). Not only did the funds achieve change on the ground for the beneficiaries, but in many cases they helped organisations struggling to raise funds attract further local investment and new partnerships.

Christine Jaworsky, Director at Avon Foundation, described the programme as “a great demonstration of how to have an impact on a vitally important cause”