

Social Investment in the Heritage Sector and The Heritage Impact Fund

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Overview

- Introduction to the AHF
- What is Social Investment
- Investment Readiness
- AHF Investment Funds
- Introduction to the new Heritage Impact Fund
- The AHF and HLF partnership



AHF Heritage Sector Lender

- Only specialist lender to the Heritage Sector
- Since 1970's AHF has awarded loans with a total value of £125m to over 900 projects across the UK and has disbursed more than 1,200 individual early project grants totalling over £10M
- Promotes the conservation and sustainable re-use of historic buildings for the benefit of communities across the UK, particularly in economically disadvantaged areas.
- Provides advice, support, grants and loans



Changing Sector

- Shift from 'revolving fund' BPTs to single building preservation organisations
- Localism powers – encouraging communities to pursue ownership of locally valued assets
- Asset Transfer – disposals by public bodies
- New organisational models
- Reduced grants/diverse fundraising options:
 - Social Investment
 - Community shares
 - Crowd - funding

Introduction to Social Investment

- Repayable finance to help organisation's achieve its mission and purpose
- Often with interest and fees
- Charities and social enterprises repay investors via surpluses generated through trading, contracts, grants, and donations



Why borrow?

- Reduced availability of grant funds
- Speed
- Non-Competitive
- Flexibility
- Advance payment
- Loans encourage business planning & thinking beyond the short term



Barriers to Borrowing

- Repayment of funds
- Interest and fees
- Liability of debt
- Due diligence process
- Surpluses not generated
- Trust
- Lack of experience



Investment Readiness

- Is loan finance the right choice?
- Correct organisational structure
- Capacity and skills of key staff/Trustees/Directors
- Business case / plan to show how you can meet repayments
- Robust financial systems and management in place
- Impact measurement tools

Eligibility Criteria

We provide funds to applicants across the UK seeking to acquire, reuse or redevelop buildings which are of historic or architectural importance - these may be buildings which are listed, in a conservation area, or may be of special significance to the community

- Eligible charities and other incorporated not-for-profit organisations, social enterprises, community businesses, co-operatives
- Have powers to borrow
- Social aims and objectives within governing document



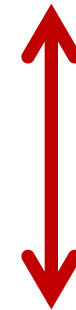
AHF Loans

Purpose of loan

- Acquisition of a building
- Working capital/bridging facility throughout a restoration project
- Working capital for cashflow / trading

RISK LEVEL

Low



High

AHF Current Loan package

- No lower limit (within reason) up to £1m per applicant
- Flexible, interest rates dependent on available security
- Length of loan period can be up to 5 years
- Longer term for mortgage lending (for borrowing over £150k)
 - Mortgage lending – acquisition of building
- Security is taken where available – legal fees paid by client
- Arrangement fee 1% – 2%

The Old King's Head

Heritage Trust Lincolnshire

- Grade II Listed building
- Kirton Conservation Area
- Main building conversion into a café with community facilities, plus bed and breakfast flats
- Outbuildings to become self-catering holiday letting units with provision for parking and a landscaped garden
- **AHF assistance of £100k loan towards acquisition of building**
- Heritage Enterprise Project



Merkinch Enterprise Ltd

Merkinch Welfare Hall,
Inverness

- Cat C listed
- Enterprise took over in 2009 and planned to restore the Hall
- Converted ground floor to a gym for the Inverness City Boxing Club and a community hub upstairs
- **AHF assistance of:**
 - **£28,500 PD Grant:**
 - **£160,000 Loan awarded**
- Heritage Enterprise Project



Introduction to Heritage Impact Fund

- £7m Impact Fund
- Main partners HLF, HE, HES
- UK wide coverage
- Launch Dates:
 - 14th February 2019, London
 - 3rd April 2019, Edinburgh
- Social Investment Loan
- Capacity Building Support



HIF Aims & Objectives

- To support the financial sustainability of the UK's heritage
- Aims to assist organisations seeking a working capital commitment, or similar, primarily as part of an application for funding through HLF's Heritage Enterprise programme or similar type of funding that promotes enterprise and sustainable use of historic buildings.
- During the first five years it will support:
 - 45-50 projects to access social finance
 - Ensuring successful refurbishment of 45-50 heritage buildings
 - Supporting 45-50 community groups and an estimated 250 individuals will have developed a range of new fundraising, community consultation, strategic project development, and project and management skills
- On-going business support will be available to an estimated 15-30 projects over the first five years of the programme, developing further skills for 150 people.

Heritage Impact Fund Package

Social Investment Loan

- Amounts – from £25k up to £500k
- Terms – flexible but typically 3 year facility
- Measurable Impact of projects
- Financial incentives for impactful projects



Heritage Impact Fund Package

Re-plan

- Financial health check
- Business review and modelling
- On-going support for up to a 12 month period, with advice on transition planning, risk management and governance.



Business Support Examples

- Governance – the different skills required to run a business
- Business planning – focussing on weaknesses of the plan rather than the whole plan itself to allow us to be prescriptive for individual projects
- Financial systems and planning, and financial decision making
- Impact planning – including support to measure and report
- Particular support for clients who traditionally struggle and may cause issues around the period of transitioning from completed capital project to trading entity