

CASA;

Looking For Love? Social Impact Investment Case Study

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Three Perspectives

- Serial Social Entrepreneur
- Trustee & Former Chair Of Co-operative & Community Finance - £3m Revolving Loan Fund
- Investment Readiness Consultant



TEAM FOSTERING

Putting Children's Futures First



CO-OPERATIVE & COMMUNITY FINANCE
the lender for social purpose



CASA

CARE AND SHARE ASSOCIATES







NEWCASTLE
CASAS
CARE AND SUPPORT SERVICES

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CASA: Key Performance Indicators (2017)

- Vision: A Beacon Of Employee Ownership; A Game Changer In Health & Social Care
- A Leading UK Employee Owned Social Enterprise
- Delivery of 24,000 Hours Of Support Per Week
- Quality - CQC – Hold 5 ‘Goods’ & 1 Uninspected
- Operates Across 9 Territories
- Employ over 1,000 CASA Owners
- Current run rate; £17m



Ambition



Phases Of Development

- 1976 – Little Woman
 - Fun, Ideological, & Values Based
 - Small loan/Sweat Equity
- 1993 – Sunderland HCA
 - Fun, Ideological, & Values Based
 - Small grant/Sweat Equity
 - Contract – straight-forward/guaranteed
- 2004 – Care & Share Associates
 - Fun, Ideological, & Values Based
 - Sweat equity & Complex mix of grants and loans
 - Contracts – Complex procurement process
- 2010 – CASA One
 - Fun, Ideological, & Values Based meets quasi commercial investment

Key Components Of CASA's Success; Addressing The Challenges Of Growth

- ✓ People
- ✓ Markets & Footprint
- ✓ Finance
- ✓ Systems
- ✓ Employee Engagement





Money!



| Phase | People | Motive | Resources | Opportunity/Luck |
|--------------------------------|-------------------------------|---|---|---|
| Phase 1: Little Women | Margaret Elliott OBE | Build a fairer world | Small unsecured loan | Marg's marriage to Sunderlandia 'Crew' |
| Phase 2: Sunderland HCA | Margaret Elliott OBE | Build a fairer world Job creation | Small grant Public contract | Change in Government legislation |
| Phase 3: CASA | Margaret Elliott OBE et al | Build a fairer world Fun | Big grants & loans | Keen interest in social franchising |
| Phase 4: CASA ONE | CASA Exec | Build a fairer world Commercial imperative | Quasi investment Different skill set | Learn to make your own – realise it has been like that all along! |

Why CASA Is ‘Good To Scale’

- Strong track record & proven replication model, franchise manual & licence agreement
- An attractive ‘worked through’ social franchise ‘offer’
- Skilled, experienced, and ‘values-driven’ central management team
- Significant Market & Policy Opportunities
- A Unique Social Enterprise Proposition
- A Plan

Investment Requirement 2010

- Objective – change up a gear
- £1m target
- A partner/fellow traveller
- Additional expertise/Fresh perspective
- Flexibility
- Shared Risk



Raising Social Venture Investment; Normal Rules Still Apply



Campari & Soda

- **Character**
- **Ability**
- **Market**
- **Purpose**
- **Amount**
- **Repayment**
- **Interest**
- **Security**
- **Organisation**
- **Debt/Equity**
- **Attitude**

How Was It For CASA

- Challenging;
 - A 6 Months plus process
 - Significant Due Diligence Exercise
 - Investment & Pitches
 - ‘Strings’ & ‘Fierce’ Internal Discussion
 - Re-think elements of the social franchise model

CASA 'Fit For Purpose'; Initial Alignment Of CASA/BV Goals

- 'Patient Capital' Investment In CASA & Units;
 - £400k investment to build CASA into a 'robust platform' to support growth
 - Access to 'Significant Resource' to develop new and existing units
 - Turnover-based repayment
- Broaden CASA Board – 2 x Non Executive Directors and one BV observer:
- Right To Appoint An Executive Chair (We Lacked Leadership)
- Create A CASA Core Quality Assurance Post/Function
- Develop stronger financial control and management systems
- Adopt A Common Brand
- Revise Licence Agreement

And finally.....

How was it for you darling?

- Without Bridges Ventures CASA Would Not Be Here
- Giving up some control
- Realising help is needed
- Wearing a suit/Getting a hair cut/Dog stays at home
- Focus – Accept I am the Managing Director
- Is fast, knee jerk?
- Uncomfortable vs Challenging

Did It Work

- Backed By Big Issue Invest – Genuine shared journey
- Commissioners Open To A Conversation/Innovative products coming on stream
- Taking up some ‘Private Sector’ slack

Running Out Of Road

Consolidation

- Contract hand back in Doncaster
- Branch closure in Warrington
- Care home acquisition 'shelved'
- I moved on March '18



Reflections



- Money with management
- Early warning triggers
- CRMs
- Sector-based products:
 - Village Shops
 - The Pub Is The Hub
- Financial ‘Products’

Village Shops

- Defined Problem – rural shops shutting down
- JV between CCF (Lender), Esmee (Foundation), Plunckett (Rural Development Organisation)
- Mixed Investment – Grant, Loan, Community, Advice

Impact – Research In 2016

- There were 348 community shops trading in the UK providing essential services to 1,400 remote rural communities
- They created 1,114 paid jobs and 9,605 volunteer positions
- They generated a combined turnover of £54m and donated £125,000 to community projects
- No community shops have closed in the last two years resulting in a 95% long term survival rate

Products

- Unsecured Debt
- Capital/interest holidays
- Grant/Debt Mix
- Quasi Equity
- Convertible Grants
- Community shares/Bond issues
- All of the above!

The Social Invest Business – Reach Fund

- Problem – Lack Of Deal Flow Of Scaleable Projects
- Solution;
 - Assigned consultant via Investor ‘Access Point’
 - On-line Diagnostic Tool
 - Grant of upto £15k to become ‘Investment Ready’

Reflections

- Ambition, Leadership & Entrepreneurialism
(Passion, Vision, etc)
- Amateur vs Professional
- Two worlds collide?
- Money with management
- Business Systems
- The wrong sector/The Right Sector?

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