

**Arts & Culture** Finance

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by **nesta**

# Arts & Culture Finance - Virtual Learning Series

## **Social Investment in times of uncertainty**

Tuesday 18 October 2022 - 12:30 - 13:30

@artsculturefin



# Agenda

**1230-1245 Introduction to Arts & Culture Finance**

- What is social investment?
- Uses, advantages and risks
- Process

**1245-1305 Panel discussion**

- How can organisations manage the economic crisis?
- What does resilience mean?
- What role can social investment play?

**1305-1325 Audience Q&A**

**1325-1330 Close**

# Background

- Nesta is the UK's innovation agency for social good. We design, test and scale new solutions to society's biggest problems, changing millions of lives for the better.

[www.nesta.org.uk](http://www.nesta.org.uk)

- Arts & Culture Finance provides repayable finance (social investment) to arts, culture and heritage organisations that have a clear social benefit.

[www.artsculturefinance.org](http://www.artsculturefinance.org)



### artFix

*Arts Impact Fund investment*

The art-focused community cafe will use the loan to expand its offer across two new sites.



### Birmingham Royal Ballet

*Arts Impact Fund investment*

The ballet company used a loan to re-imagine its iconic production of *The Nutcracker* for alternative venues.



### Bow Arts Trust

*Arts Impact Fund investment*

The Arts Impact Fund offered the educational arts charity a £600,000 credit facility to purchase and develop property.



### Effervescent

*Arts Impact Fund investment*

The loan will allow the organisation to grow the team, explore commercialising their IP to build different revenue streams and enable them to take advantage of new opportunities.



### Fuse Art Space

*Arts Impact Fund investment*

The Bradford-based arts organisation used investment to launch a pioneering residential arts training programme.



### Future Yard

*Arts & Culture Impact Fund investment*

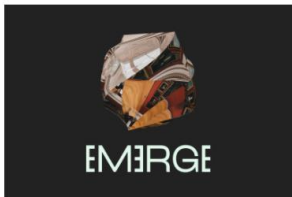
The socially-driven music enterprise used a loan to purchase a building which will serve as a community music venue and skills hub.



### Central School of Ballet

*Arts Impact Fund investment*

The School used a bridging loan to provide working capital to open its new London premises in Paris Gardens.



### Culture24 / Emerge Festival

*Arts Impact Fund investment*

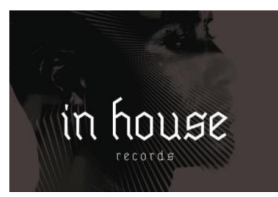
The sector support organisation launched the Emerge Festival, a new collection of museum lates held over one weekend.



### East London Dance

*Arts & Culture Impact Fund investment*

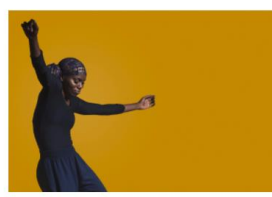
A new centre for developing diverse young talent in dance and music, driven by a collaborative partnership with UD.



### InHouse Records

*Cultural Impact Development Fund investment*

The prison-based record label is using its loan to extend its services from behind bars to ongoing support upon release.



### IRIE! dance theatre

*Cultural Impact Development Fund investment*

The leading African & Caribbean dance theatre company is using its loan to create a modern and well-resourced centre for degree students and the local community.



### Kurious Arts

*Arts & Culture Impact Fund investment*

Establishment of a new post production facility in Sheffield, benefiting under-represented local creatives



### London School of Mosaic

*Arts Impact Fund investment*

The mosaics studio will use its loan to create a venue for a new mosaic focused education programme.



### Mercury Theatre

*Arts Impact Fund investment*

The loan will allow this acclaimed producing theatre in Essex to manage working capital as it renovates its 40 year old building into a cultural hub fit for the 21st century.



### MeWe360

*Arts Impact Fund investment*

The creative hub used a loan to acquire a new, larger-capacity building and scale up its incubator programme for BAME creative entrepreneurs.



### Resonance

*Arts Impact Fund investment*

The new music education venture used its loan to create a contemporary music institute at the heart of the Black Country.



### Saffron Hall

*Cultural Impact Development Fund investment*

The acclaimed performing arts venue is using the loan to invest in its fundraising capacity and grow its earned income streams.



### Second Floor Studios and Arts

*Arts Impact Fund investment*

The London-based studio space provider used a loan to purchase and develop a new site, the Deptford Foundry.



### Paintings in Hospitals

*Cultural Impact Development Fund*

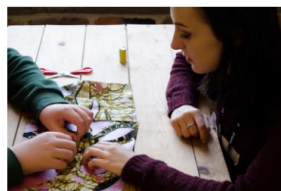
Paintings in Hospitals, an arts and health charity, will use its investment to increase staff capacity to execute its fundraising strategy and to develop commissioning partnerships with CCGs, local authorities,



### Pop Up Projects

*Cultural Impact Development Fund investment*

The literature organisation received investment to expand its programming, develop promotional materials and launch its 10th-anniversary fundraising campaign.



### Project INC

*Arts Impact Fund investment*

The innovative arts and culture education initiative is using its loan to scale between 2018-2020.



### Soho Theatre

*Arts Impact Fund investment*

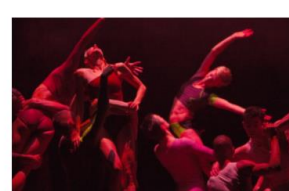
The London venue used investment to set up a digital content subsidiary and produce a pilot run of digital comedy content.



### South East Dance

*Arts Impact Fund investment*

The Brighton-based dance agency is using its loan to bridge fundraising and allow work to start on its new hub.



### Studio Wayne McGregor

*Arts Impact Fund investment*

The dance organisation used a cashflow loan to complete the construction of its new studio space in the Queen Elizabeth Olympic Park.



### The Birmingham Repertory Theatre

*Arts & Culture Impact Fund investment*

The loan will be used to undertake major refurbishment of front-of-house spaces and commercial facilities at this historic theatre.



### The National Holocaust Centre and Museum

*Arts Impact Fund investment*

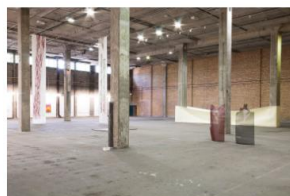
The historic institution developed new programmes that preserve the voice of Holocaust survivors for generations to come, and explored new uses of cutting edge technology for the museum sector.



### The Old Courts

*Arts Impact Fund investment*

The arts centre in Wigan is using investment to transform a derelict former hotel into an arts hub for the area.



### V22

*Arts Impact Fund investment*

The studio space provider is using investment to increase its portfolio and preserve a valuable heritage site for community use and benefit.



### Village Underground / Earth

*Arts Impact Fund investment*

The music venue has created a new multi-arts centre in Hackney and partnered with an arts charity to deliver social programmes.



### Walk the Plank

*Arts Impact Fund investment*

The leading outdoor arts organisation used its loan to create and relocate to a new creative hub in Salford.



### The Story Museum

*Arts Impact Fund investment*

The investment is supporting a major redevelopment project for the museum to upgrade existing spaces and create new galleries.



### Titchfield Festival Theatre

*Arts Impact Fund investment*

The volunteer-run theatre group used investment to improve its venue and become more energy-efficient.



### UD

*Arts & Culture Impact Fund investment*

A new centre for developing diverse young talent in dance and music, driven by a collaborative partnership with East London Dance.

**All case studies can be found on**  
<https://www.artsculturefinance.org/case-studies/>



## What is repayable finance?

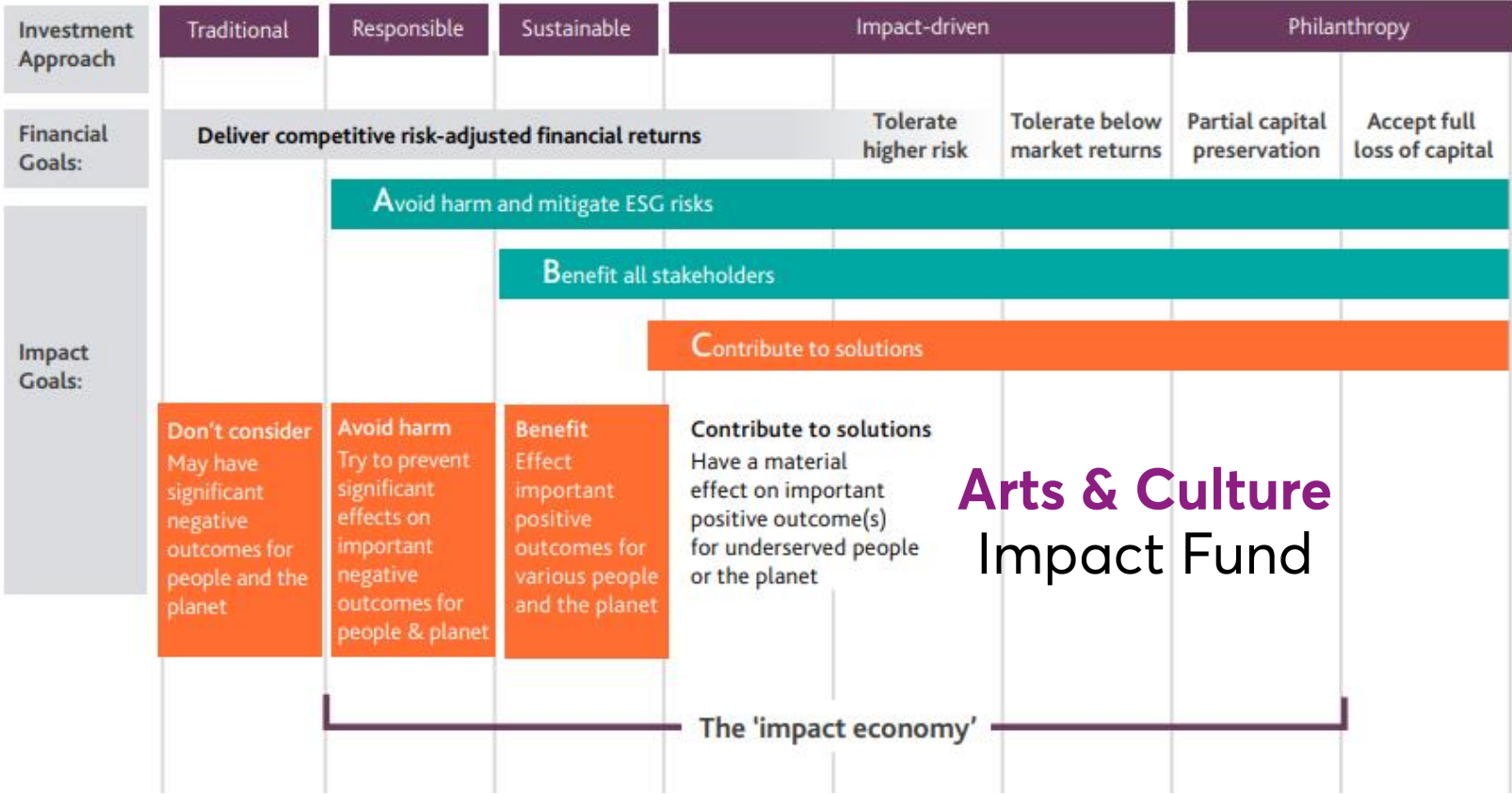
A form of funding that you have to pay back.

## What is social / impact investment?

Social investment is the provision of finance (typically, **a loan**) for a social, as well as a financial return.

It can be used to fund new activities, scale up existing ones, buy property, bridge to fundraising or simply manage cash.

# The Spectrum of Capital



**Arts & Culture  
Impact Fund**

Source: The Rise Of Impact: Five Steps Towards An Inclusive And Sustainable Economy, UK National Advisory Board On Impact Investing, 2017 & Impact Management Project, 2017



# Arts & Culture Impact Fund

## Investors and partners



## Our open funds

- Loans of £150,000 - £1,000,000, secured and unsecured
- Up to a nine-year repayment term
- Indicative interest rates: 3%-8.5%, depending on risk
- 1% arrangement fee, no early repayment fees
- UK-wide



## How social investment has been used by previous investees:

- To fund new/additional staff:
  - Business development / sales
  - Delivery
  - Consultants/freelancers
- To purchase equipment & infrastructure:
  - IT & data management systems
  - Delivery equipment
- PR & marketing activity
- Undertaking a capital project
- Underwrite the risk of (new) activities



## How can social investment be repaid?

- Profits from trading activities
- Funding paid in arrears
- Organisation's reserves
- Refinancing (taking on new finance to pay off old)



## What are the advantages?

- Flexibility
- Support offered (for example... [www.sibgroup.org.uk/funds/reach-fund/](http://www.sibgroup.org.uk/funds/reach-fund/) )
- Interested in social outcomes & values alignment
- May be cheaper in a rising interest-rate environment
- May lead to improved financial resilience



## What are the risks?

- Defaulting on repayment obligations *may* lead to insolvency and wind-up
- Time commitment at due diligence (and reporting) may pull resources away from core work
- Balance sheet implications - could move borrower into a net liability position



## Our process

- Submit an enquiry on our website, [www.artsculturefinance.org](http://www.artsculturefinance.org)
- 30-minute initial conversation to learn about you, your needs and eligibility
- Information gathering & due diligence
- We write the investment application
- Quarterly investment committee makes the decision



## Thinking of social investment?

- You'll need a clear idea of the positive social change you're wanting to achieve
- Skilled and experienced leadership and governance
- Buy-in at governance level to take on repayable finance
- Sound financial and risk management and future-planning
- An evidence-based approach to social impact
- Strong business opportunity and evidence of ability to repay investment

# A conversation with...

Steve Mannix

Executive Director, Mercury Theatre

Marcel Baettig

CEO, Bow Arts Trust





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