SEVA: Hi, everyone, and welcome to our series of webinars exploring how repayable finance and social investment can be of help to arts, culture and heritage organisations. My name is Seva Phillips and I head up the Arts & Culture Finance team at Nesta and behind the scenes I'm supported by my colleague Ellen and our captioner, Cate. How can repayable finance can be used to develop new revenue streams? All of these webinars have been recorded and are available for playback on our website. This webinar, however, will provide some insight into why social investors undertake due diligence and why it might be helpful for your organisation, what information investors need to see and how to prepare for this, and we'll talk a bit about some of the relevant documents and key questions that form part of that process. Before getting started, just a few bits of housekeeping. Closed captions are available, the link has been posted in the Q&A box. There will be also an opportunity for questions at the end of the webinar, but please feel free to share your questions as we go along in the Q&A box. We'll try and ensure all of these get answered at the end. Just a reminder that this webinar will be recorded and made available on our website soon after for anyone who couldn't make it today. So to give you an idea of what you can expect, next slide, please, Ellen, I'm just going to spend about 15-20 minutes talking about social investment, what it is, how it can be used, and some of its advantages and risks and also how organisations can go about accessing it. I'll introduce our guests, Jay, and let her talk about her experience working with arts and culture and finance and then we'll have to have around 25 minutes for audience questions at the end. Please do post them in the Q&A box as we go along.

So just some background on Nesta and Arts & Culture Finance. Nesta is a charity that supports social good. We want a healthy future and sustainable future poor people and planet. We've always had a focus on arts culture and creative economy. Since 2015, we have been making investments into creative organisations with clear social benefits for their communities. Our first arts-focused social investment fund has provided over £7 million in investment to organisations in England across a range of art forms and business models from music venues to museums, from theatres to dance companies and everything in between. Building on that work, Arts & Culture Finance emerged as a distinct team within Nesta specialising in raising and deploying funds to the sector nationwide. So across all our funds, and this is my next few slides, Ellen, if you could scroll through them slowly, we've supported around over 50 organisations, most of which are listed in these slides. As you can see, it's quite a diverse bunch, spread out right across the country. On our website, you can find detailed information on all our funds, as well as in-depth case studies for every investment that we've made to date.

So what do we mean by social investment and repayable finance? Putting it simply, repayable finance is the umbrella term we use for any funding you have to pay back. We define social finance and social investment as a type of repayable finance that is interested in the social outcomes delivered by investees. By that definition, all of the investment that Arts & Culture Finance provides is social investment, since the assessment of social impact forms a key part of our process. In most cases social investment takes on the form of a loan although it can include equity. It can be used to fund specific projects but also things that would be characterised as unrestricted revenue spend in the charity sector. Next slide, please.

The finance that we offer at Arts & Culture Finance comes from our main open funder, the Arts and Culture Impact Fund. This brings together a mix of public, private and philanthropic investors including Arts Council England, Esmée Fairburn, and the Heritage Fund, to provide loans from £150,000 all the way up to £100. The eligibility criteria are quite broad. The main thing we look at is applicants are bona fide arts and culture and heritage organisations and they deliver some specific benefit to people in their local communities. We consider each request to finance on its own merits and take a pretty flexible approach to structuring each deal. The key thing is to support investees to achieve social impact and that is best ensured by making the loans flexible, suitable the particular business models and cash profiles of each organisation that we work with. I'm happy to take questions at the end.

On this slide, just wanted to give you an overview of how social investment is being used by some of our investees. As I said earlier, it's a quite flexible and wide-ranging financing tool. We can use that to invest in new equipment and infrastructure, to buying property. To give you one example from the portfolio of an organisation that was supported in the past, Soho Theatre, which is a longstanding kind of alternative theatre fixture in London's West End, they used the loan to self-produce a comedy series, the rights of which they subsequently sold to broadcasters and video-on-demand services such as Amazon Prime, whilst also making individual episodes available to purchase through their website. This income, this new revenue stream, goes towards supporting their main artistic productions and outreach activities of the theatre itself, which happens to be a charity.

In another slightly more exotic example, we've supported a venue called Fuse Arts Space, which is a visual arts events space in Bradford and we've able them to set up a completely new commercial operation in another country, the south of France, that enables them to subsidise the work back home. So it took on a loan to acquire and refurbish a dilapidated farmhouse in the French Pyrenees, from which they're now running artist residency courses open to people from all around the world. The aim is that the profits generated from that commercial venture will go back to support Fuse in Bradford. Naturally in all of these cases there needs to be an operating model that can repay the money borrowed, as social investment is not a grant and nor is it a replacement for grant funding. So it's not going to be applicable in all cases. As social investors, we look at business plans, financial models, as well as the case for impact in the course of making our investment decisions and I'll go into a bit more about what we mean by due diligence shortly.

Next slide. So just a common question we get asked is how can social investment be repaid and on this slide, just wanted to go through the main ways. So typically it's sort of profits from trading activity and earned income, or it could be from funding that's payable in arrears, so for example if you're successful in securing some grant funding but it's only payable on completion of the project and sometimes organisations need accounts upfront to start delivering the work. So social investment can bridge the financing gap and the loan can be repaid from that grant payable later on down the line. Also, organisations' reserves may also be used to repay a loan provided they are unrestricted. The last option here involves taking on another loan, perhaps one that's longer term and at a cheaper rate to repay the existing loans, that's refinancing. Next slide, please.

So on to sort of our process and due diligence more broadly. Our process is essentially quite straightforward. So we have an inquiry form on our website where you can submit your contact details and tell us a little bit about your organisation. We'll then reach out to try and set up a 30-minute conversation to understand sort of basic eligibility and, you know, learn more about the history of your organisation, what it does, and its plans for the future, including what the investment need is. If it's something that we feel we can support, or our fund can support, we'll then begin the due diligence process, which involves asking lots of questions and requesting information in order for us to build up a picture in a lot more detail about what your organisation is trying to achieve. We'll then write an investment application on your behalf that goes to an independent investment committee, independent from the team that is, that makes the final decision. The people on that investment committee are made up of our funders, so the likes of Arts Council, Esmée Fairburn and others, as well as a couple of independent people from the sector. So that's kind of our process in a nutshell. Now on to the main event. Other finance options are available and goodfinance.org.uk is a directory of all social investment available up and down the country from different investment providers so this is a market that has really grown in the last ten years and you can find out more about it by going to this website.

OK, great, so what do we mean by due diligence? So essentially it's a process that happens before any major decision is made, before any particular course of action is taken. It's about, I think, assessing what assumptions can be taken for granted and what can't. And really trying to understand where we're trying to get to and why. And also looking at the kind of risk mitigation process. As part of this, and forgive me if we get a bit too philosophical on this, but I found it interesting, I think, as part of the preparation for this webinar, but this sort of made me think about the difference between the process of due diligence and risk assessment and the conclusion I came to, I think, is that due diligence is a more active process than just simply a risk assessment. For me, due diligence implies going away and looking at the underlying data, the documents, and performing analysis, whereas risk assessment, typically understood, I think, is a slightly more passive, more cerebral activity. Not that due diligence isn't cerebral but I think it really requires the unpicking of underlying information. It's both qualitative and quantitative and we say a lot, I think, in our work in the arts and culture space that it's more an art than a science but actually I think due diligence is both an art and a science. I think you have to look at the facts, the numbers, the data, but it also has a subjective element, so reading between the lines, interpreting information that's not necessarily black or white, navigating uncertainty and also building trust and confidence in management teams and leaders. I think, quite crucially, Ellen, if you could just click on - yeah - the big reveal! I think due diligence is a mindset. One needs to truly understand why it's important, or else it just becomes a process-driven, box-ticking exercise. I think whilst due diligence is associated with investors and it's something that investors do, actually I think the due diligence mindset is important for any organisational leader. It's about unpicking assumptions, understanding risks and their mitigation and by going through that process, plans are made stronger. I think a better case can be made to the organisation's stakeholders, whether they're funders, beneficiaries or audiences. So you'll see that here I'm keeping the language so far quite generic, although later on we'll go into the social investment aspect of due diligence. Here I'm just sort of trying to convey the sense that this is an important mindset for all leaders, really.

So why is it important? Well, we live in a complex world where things can't be taken for granted. So I think it helps us navigate uncertainty and complexity by helping us understand all of the different factors and variables that affect a given issue or a given decision. It allows us to build trust and confidence, so whether we can trust our assumptions, whether we can trust the information that's kind of given to us, that's presented to us, and whether we can have confidence in the people that we're going to be working with. Which brings me to the point around accountability. So I think the due diligence process enables us to check whether the organisation is truly fulfilling its objectives and serving the people that it intends to serve. Finally on this slide, just another philosophical reflection - I think that in order to effectively get things done, to lead organisations and to achieve difficult things, I think people need both vision, enthusiasm and energy, as well as a firm handle on the reality of any given situation and finding that balance between the positive energy of possibility, as it were, and what happens in reality, that is the challenge for the entrepreneurship or any leader, I think, for that matter. Another way of looking at it is it's that balance between idealism and pragmatism. Next slide, please.

So yeah, just to kind of continue that theme of the due diligence mindset, I think most importantly it's for leaders. But also, people that commonly, you know, do a formal due diligence process include investors, whether they're social or otherwise, funders and the examiners of accounts and auditors. But I think the benefits of due diligence are much more broad, so coming back to that point around accountability, I think it helps to build the credibility of a decision, a project, or of an entire organisation to audiences, to local communities, funders, policymakers and generally the sector as a whole. Next slide, please.

So what does it involve in practice? Well, as I've alluded to in our process, there's lots of conversations. At first they start in personal or over the phone and then they proceed to email and kind of back-and-forth exchanges over a period of time. They'll also involve meetings in person and I think all investors, particularly in the cultural space, are really keen to see the kind of creative outputs of the organisation and some of that impact in real life. It also involves a review of key documents that provide all of that information and an analysis fundamentally of past performance, as well as the future expectations, understanding their different scenarios, what could go wrong and what are the pros and cons, costs and benefits of a particular course of action. Then I think, lastly, but very crucially, it's about reflecting and taking stock of the information that's being presented and kind of assessing whether the original plan, or the decision to proceed with a course of action, is justified or not. For us as investors, that takes the form of the investment application. That's where we sort of reflect on the information that we've gathered to date and presented and play it back to our investors, so that they can make the decision. But if you are not an investor and you're a leader, I think it's just about taking some time away, digesting and coming back to your role, to your organisation, with maybe a slightly fresher pair of eyes. Next slide, please. So specifically in a social investment context, what does it involve? Just going to spend a few minutes going through some of the key questions and the documents that we might look at. So broadly speaking, we look at financials. Then the social impact. And the third sort of theme in this area is the people and governance.

So with the financials, the key questions that I think we're generally trying to answer is, you know, first and foremost, if you're taking on a loan or seeking repayable finance, then how will it actually be repaid? Does it have the means to do that? And fundamentally it's a question about whether the organisation is able to cover its costs. You know, if you're going to take on a loan, you need to cover your general overheads and day-to-day expenditure and have a bit of surplus available to service the loan, to service the interest payments and capital repayments. We need to understand whether the organisation will be able to cover its costs in the future. So that means looking at the income sources in the future, as well as the costs base and then related to that point around income we're looking at stability. So how diversified is the income base? Obviously given all of the challenges in the economy right now, many organisations are struggling with box office revenue and sort of bar spend. So, you know, a strong organisation is arguably going to be quite diversified in the arts between some general ticket revenue and audiences, as well as grant and fundraising income. What are the fallback options if things don't go to plan? What does the organisation's balance sheet and reserves look like? Are there any reserves to count on if the day-to-day kind of income struggles? How much does the business need to break even? That is an interesting question. So actually if we're looking at breaking even, including loan repayments, that's the sort of real issue the investors are going to look at. So that's one scenario to look at when assessing the financial projections.

The relevant documents to this are obviously past annual accounts, recent management accounts - and by that we mean a recent balance sheet, which is a statement of all of the assets and liabilities of the business at a given point, as well as a profit and loss for the period, a profit and loss statement. We'll also look at cashflow forecasts and financial models. So a financial model might be required for a new sort of business venture where we'll want to play around, maybe, with some of the variables on that which in itself is a form of due diligence, so testing the assumptions that drive them all. If it is a capsule project, we'll look at the budget for that to understand who has put that together and what level of scrutiny it has had. And if a proposal is to do with fundraising or, you know, we're reliant on fundraising for repayment, we'll want to look at what the pipeline of, say, grant prospects looks like and whether that's been probability weighted. As part of that, we'll also want to look at the experience of the fundraising team, but more on that later. If anyone has any questions about any aspect of this, then please do add them.

So on social impact I think the key questions for us are who exactly benefits from the work, you know, from your intervention or activity, and by this, just to be clear, we're not just talking about the artistic production, artistic content. We're very aware that for many arts organisations their social impact goes way beyond their artistic output and they may run community programmes for young people, for example, after school clubs, you know, opening up their space to members of the community, and so on. So it's about looking at one particular strand of work and understanding who benefits from that work, what the outcomes being achieved for those people are and really also understanding whether there has been a needs assessment of that population, trying to unpick whether - you know, are we confident that the target kind of population, beneficiary group, really needs the work and the intervention. We also want to look at how many people you'll work with and over what time period and whether there's a track record of your work being achieved in the past. There's also a question about delivery and whether you have the resources and relationships necessary across the sector to deliver that work and also who else is doing it and what evidence can be provided that this intervention actually works to achieve its outcomes?

So the relevant documents here are, I think, theory of change and actually we have a video all about social impacts which covers theory of change on the website, so please do check that out. But the theory of change essentially explains what activities you do and what outcomes they intend to generate and how that contributes to your overarching mission. It's a really helpful way of just outlining all of the assumptions in that process and making it clear to stakeholders.

We'll also look at your ability to monitor and evaluate progress. So we'll look at what data you have and how analysis of that data has been used to shape decisions. Then there's also impact reports. So, you know, that helps us to build up a picture of specific projects that have been run and also understand whether they've been externally verified, so whether anyone else has looked at it or not. Lastly, there's the question of academic evidence. So for some interventions, particularly I think in the clinical sector, there will be kind of a stronger case of academic evidence that demonstrates the evidence and that gives us confidence that the model of what you're trying to do is proven and has some longstanding rigour behind it.

And this third area, people and governance. So social investors are generally quite small-scale lenders that rely on relationships between the people that they're working with. So ultimately it's kind of a trust/confidence-based relationship so as part of the due diligence process we will be trying to build up our understanding of the people we are going to be working with and that involves thinking about how experienced the management team is, and whether they have a track record in delivering what they're planning to deliver as part of this new proposal and plan. Also understanding who holds management accountable? Is there an advisory board or a board of trustees? So a charity will always have a board of trustees but other legal forms may not. So that's something that we want to understand. Really looking at the relationship between the management team and that board. Are they aligned, for example, in terms of the decision to take on investment? Are they aligned in terms of a proposed project? Is there kind of buy-in from everybody and is there regular and effective communication between the management and the board? We'll also want to understand whether there has been any challenges faced by the organisation in the past and how management has responded to that. So it's really kind of looking at the resilience of the team. Then we'll also look at the skills and whether there's any gaps in experience or skills and it may be OK that there are those gaps, but I think the important thing is the awareness of where the weaknesses of the team are and what the organisation is doing to address those weaknesses and gaps.

Ultimately, we're trying to decide, you know, can we trust these people, are we confident in their abilities, so that if and when things go wrong, can they steer the course back to, you know, something that's going to work for the beneficiaries and us as investors? Relevant documents here might be CVs and biographies to help us build up a picture of the individuals involved. Any skills audits that have been carried out. And the actual information that flows to the board. So any board packs, that helps us understand, you know, what information the board is seeing and, you know, how it's presented and whether it's done - whether that assessment is done in a row bust way. But ultimately a lot of this area is to do with actual interactions with people, rather than looking at documents on a computer.

So I'm sort of running a bit over time but I think these are probably some of the most common issues that organisations face. So I think a lot of organisations probably don't think about what due diligence actually involves. So hopefully I've given you a bit of an insight into that, and so they can - knowing what it involves and what kind of questions investors are going to ask allows people to obviously think in advance what their answers might be and what information they might need to rally and present in order to address some of those key questions. Then it's about having quality accurate information to hand. So by not having that information when investors ask for it, you know, you're going to sort of slow down the process and inevitably it's going to lead to more questions around, you know, clarifying what certain numbers mean, clarifying any kind of inaccuracies, that sort of thing. Finally I think it's appreciating that this is an iterative back-and-forth process, so I think everyone - investors and respective borrowers - need to budget enough time for the work to take place. I think that's all of the slides that I have. This is a quick summary on what to consider, I think, when taking on social investment. I hope that all makes sense and I think now we'll move on to the conversation with Jay Haigh from Can't Sit Still. Jay, are you going to just present this, or do you want me to ask questions?

JAY: I'm happy just to run through these slides, Seva, and of course any questions that anyone has afterwards are very welcome. Is that OK?

SEVA: Great, over to you, thank you.

JAY: Fabulous, thank you. So my name is Jay Haigh, and I'm the company manager for Can't Sit Still. We are a company that creates shows and projects spanning theatre, circus and live music, often touring nationally. Our work aims to start conversations that have the power to change the world. We make work for, and with, unusual audiences and by that we mean young people, people who identify as being autistic, people who are labelled as having special needs, people who are deaf, people who use English as a second language and anyone, really, who thinks the arts are not for them. We work hard to co-create all the work that we make, working with our intended audiences and our participants, and we integrate access throughout our work and our practice.

We're a small company, we're a registered charity. We have a turnover of around about £130,000 per annum, so we're really little in terms of the scale of investments that Nesta and ACF have made in the past. When we applied for the loan, we had a full-time equivalent staff of 0.8, where we're up to the dizzying heights of one full-time equivalent member of staff now and that in real terms means two of us, soon to be three. Next slide, thanks. So we approached Nesta in 2021. We'd been touring a small-scale show called Oh No, George! An award-winning book by Chris Haughton and you may remember in 2020 there was a small thing called Covid that came along so our small tour got completely scuppered. We applied for an organisational development grant during Covid and spent a lot of time shoring up our organisational practice which meant that where we were thinking about where we go next and how we build our organisation in the future, we had quite a lot of work and practice that we'd put into place, which meant that we felt ready and able to approach Nesta for a loan. It was 2021 when we approached Nesta and our plan was to scale up George from small-scale touring to mid- to large-scale touring and we wanted to test a new financial model to see whether we could earn income from our tour in order to generate social impact investment in the future. Specifically we wanted to support our cashflow during the production phase. As a small organisation, we just didn't have the turnover to support that cashflow to see us through to a point where we could get to the place where the income would come in from ticket sales. So that's what the loan specifically was to support us with, testing that model.

In terms of our social impact, we don't just tour shows, we run a participatory programme, and we were really keen to work with Nesta around the particular piece of work that we wanted to look at, which was a new club for autistic young girls and non-binary young people called Being Me. We have been running the club, which we started last year, for ten weeks funded by the NHS, just to work out with those young people what these clubs might be - how they might like them to run, what was important to them and how we could work with them to build their confidence, building their sense of community, acceptance, and sense of self-expression and agency and their ability to advocate for themselves and for their needs. We've recently come to the end of that test programme and on asking parents and carers how we could end the club well for the young people, the clear answer was - it can't end. So we now have a family taskforce working with us to fundraise for the next steps of the Being Me club into the future, which is really exciting.

So in terms of the due diligence side of working with Nesta, I'm not going to go through all of this, Seva has done an excellent job of introducing all the documents that were needed, I think we had slightly underestimated what might be required and here is a little list of all the pieces of documentation that we sent across to Nesta over the process of going through the due diligence track. It was a really interesting process to go through and, as I previously mentioned, due to the organisational development work that we'd done through our ACE period, we actually surprised ourselves by being far more ready for this process than we anticipated. We did what we needed to send. They did require work, but we knew what they were talking about - we were able to provide the various documents at various times through that process. So here is a little summary of everything that we sent. Thanks, Ellen. We gained an enormous amount out of this process. So once we'd navigated the due diligence and were moving into a place of delivery with Nesta, it was a really valuable experience throughout and I think when I was reflecting on this for the presentation it felt like a really huge step for us. As a small company when we looked around our peers and our colleagues, this was not something others were doing. We felt like we were in a bit of a pioneering place as a small company, taking out a loan felt like a really big deal. So to have the Nesta team alongside us and supporting us through that process gave us confidence that we were doing the right thing. The process of sharing our documentation and conversations that we were having meant that we were able to test all of those systems that we'd been diligently putting into place and see whether they stood up to external scrutiny, which is not something that happens very often beyond the usual - you know, the accountancy processes and the board processes. So it was a really useful reflection of how does our process land with external organisations and how can that be made better as a result? So we received some really useful, valuable feedback to continue that process of improvement of our internal systems as we went ahead. Obviously, as a result of being successful in applying for a loan, we were able to test our new income generation model. So we did take George out - hurray! - on to a mid- to large-scale tour nationally visiting a number of different venues across the country and that was a really exciting process. It has been a really brilliant way to build our credibility as an organisation, working with Nesta as partners through this process, and we've been able to shore up our evaluation theory of change and story of change through the process, too.

So in terms of if you are an organisation thinking about applying for a loan, these are my top tips! We had slightly underestimated how much time that due diligence process would take. I mentioned at the beginning that we are a tiny team, so there was quite a weight of requirement there that we managed to navigate, but it did take quite a bit of time. There were a lot of spreadsheets that needed real attention - the detail was important in order to give the best quality information in order for the investment panel to make high-quality decisions about what we were sending through. It was essential that we had our board on board right from the very start of the process. We're very lucky as an organisation to have a hugely supportive board who were really into the detail of what this loan entailed and their role in the governance of the organisation, the risk management of that, and how they would support the team to navigate forward if things didn't go to plan. So that was really crucial. We were aware that we might be asking silly questions, we might not know things, so how that might land with, you know, new a new partner in Nesta, but we didn't shy away from that, we did ask silly questions, we did say, "Sorry, we don't know, can you help us," and that sense of honesty, I think, really helped build an authentic partnership moving forward with the Nesta team built on trust, openness, honesty and a kind of really equal partnership moving forward where everyone could really benefit. So what happened? Well, you can probably see from the picture, we took George out and it was a wonderful tour. We had an amazing time working with our venues and we started that tour in January 2022, straight off the back of lockdown three. Which we had not anticipated! So we did not have any clue how audiences would behave at that point. It was a very strange time, as you will no doubt remember, and all previous data seemed completely irrelevant. However, we did tour and we were delighted that the tour almost broke even. So we came out of the experience with a mass of new knowledge, a huge amount of new skills, a massive range of new partnerships and relationships with venues. But without quite as much money as we would have ideally liked. However, it's not the end of the story and we're excited to be taking George back out on tour this autumn, touring with longer runs in London, in Bristol, in Dublin and, watch this space, maybe even Singapore! Thank you. So we have had a very, very good experience of working with the Nesta team. Our huge thanks to Trishna, Seva, Nick and Ellen for all of their support and if you're thinking about going for social investment, then we would thoroughly recommend it. Thanks for all of us at the Can't Sit Still team. There we all are!

SEVA: That's lovely and I love the picture as well, as well as all of your images, you really brought to life what you are up to. I was just typing a response to someone and one of the questions there was what would happen if an organisation can't repay the loan and for anyone who didn't catch that, it really depends if the loan is secured or unsecured. If it is a secured loan there is an asset the lender has a right to if the organisation runs into difficulty, so that asset could be claimed by the investor and ultimately sold to recover proceeds. In unsecured loans, there is no collateral, so ultimately if things go wrong the risk is entirely with the lender. So we provide both secured and unsecured lending and, you know, which route we go down really depends on the project, how much money is at stake, whether there are any assets, but we're very much prepared to do unsecured lending and in that case, you know, the due diligence process becomes really important, because, you know, we don't want to be losing money in the fund. Ultimately we're managing money on behalf of public and philanthropic funders, so we want to manage that prudently. At the same time, you know, we are a risk lender, so we do need to be supporting innovative, high-impact organisations. Generally, the rule of thumb is, we're prepared to take a high financial risk if we believe the social impact to be justified. So I hope that that answer the question. Jay, there was a question for you from Gary Hunter. Gary asks: Were you able to pay yourselves at all to prep for Nesta and/or could you draw on voluntary support from an accountant? Impressive work by the way, I run a kick similar in turnover to yours where primarily visual arts, delivering to difficulties groups. So do you have any support in preparing for the due diligence process?

JAY: It is a really good question and I think it's one that many, many small organisations really wrestle with, particularly if they've been based on a project by project basis. So how do you create that kind of core capacity in order to do the next thing or prepare for the next thing? And as an organisation, we established in 2016 and we've been working really hard to try and break out of that project by project cycle. So things like the Arts Council organisational development support was really, really important for that, and actually paid for our time to be thinking about these processes and thinking about how we shore ourselves up and work through that. What we do now is for every project that we deliver, we make sure that there's a core contribution that's taken from every project so that it covers not only what the project needs but the kind of space around it to really do great reflection and great planning to move forward from one project into the next one. But it has taken us a little while to get there.

SEVA: Thanks, Jay. Someone asks, Jeremiah, sorry, asks, is there opportunities to consider community projects that are just starting out and without any financial history as of yet? So we don't really have a hard and fast rule on this. In general we do expect organisations to have some track record and some financial history, but we're prepared to consider start-ups, you know, where there's a really solid plan in place, where the management team and everyone involved really has experience in doing something similar, you know, has got experience of getting things done and that we can really trust. One organisation that we supported through the Arts and Culture impact fund is the Pipe Factory which is a project in Glasgow and this is essentially a community - an association of different community organisations coming together to buy this former clay pipe factory from the 19th century and turn it into a community asset further down the line. Now, they had very limited and virtually non-existent trading track record at that stage when they applied to us, but we were really impressed by the kind of coalition of different organisations they brought together and the level of planning that went into the proposal and just their ability to answer all of our questions. So, you know, we put them through the due diligence process and they were pretty successful. So, you know, there aren't any hard and fast rules about this. So not having any trading history is not necessarily a complete barrier. And another question, what would you suggest if an organisation doesn't have all of the required documentation yet but is interested in discussing investment? Equally, you know, whilst we look for all of that information, we're also willing to kind of provide a steer to what information might be required and how you might go about pulling together the information that we need. So the best thing I can say here is just get in touch and have a conversation with someone in the team. We're very happy to help and have that initial call just to understand where you're coming from and signpost you to other sources of support.

I'm going to stop talking and leave the last question there for a bit later, but, Jay, do you have any reflections on, I guess, what it takes to run a small-scale arts organisation successfully, which is what I think you have done with Can't Sit Still. What sort of qualities do you need, do you think?

JAY: That's a big, big question!

SEVA: Yeah! I'm known for those!

JAY: Yeah, thanks! I think there's something about the willingness to try and potentially fail. You know, there's - you know, you were talking a lot about risk assessments, Seva, and I think there's something about risk assessment but not being risk averse. So it's those kind of scary steps that you take sometimes that can have the biggest impact. So we risk assessed this step very, very rigorously and were still pretty scared by it and still went for it anyway. So that ability to have a sensible set of risk assessment and mitigation, yet go into that scary place and take that step, that was really important and we've grown as a company as a result of that.

I would say being strong in your values is really important and what I'm talking about there is sort of knowing why you're doing what you're doing and really owning that throughout your whole practice and process and company. It's like your backbone. So it's about following that rather than following money. And I'm a great believer in money looking like who's giving it. So if the money is coming but the values - they're just not feeling quite right, that's probably not the right money to be taking. And that is something as a company we felt very strongly that there was a very strong alignment with what loan and what we were trying to achieve as a company so that felt like a really good match and a really good connection. I mentioned about the board. A strong board, again, who can really not just be there in name but really be absolutely part of that journey is vital on many levels.

SEVA: That's pretty comprehensive.

JAY: Yeah, well, I have one more thing I want to say and it didn't come across in my presentation but I think there's something very important - we're looking at deeply at Can't Sit Still at placing the planet at the heart of what we're doing so that we can not only do less damage with what we're doing, but to really look into a regenerative space, you know, how can what we're doing really benefit the planet and the people that we're working with as we move forward? So people and planet at the heart of all we do is important to Can't Sit Still and I think in terms of organisations moving forward, the arts and culture sector, it should be something we're all looking very clearly at.

SEVA: Absolutely. I think the other thing worth saying is that I think social investors are generally prepared to be quite flexible in times of difficulty as well. And kind of, you know, I think a good social investor should try to preserve the impact of the investee and put that at the heart of everything and that means that, you know, when things are going - it's supporting the organisation and being flexible and prioritising their survival rather than repayment of a loan. So I think that's something to be considered. And just, Jay, to your point around the values aligning with the different investors, I think, as you'll see on the Good Finance website there are lots of different investors out there. So I think it's important to do one's own due diligence on different providers of finance and different funders to see, you know, where your project or organisation fits best.

Just to answer a couple of the other questions in the Q&A. Yesim asks, I was excited to hear about the example of an organisation which took over an old farmhouse in France in order to generate income. Is there a limit to countries such as Western Europe only? Would Turkey qualify? So one of our criteria is that all of our borrowers need to be registered in the UK. So they need to be UK-based organisations. But they can have operations elsewhere, particularly if the ultimate kind of benefit is happening in the UK. That's simply a criteria that we have because of where our funding comes from. So it's largely from UK-based funders. And the other question, for organisations receiving loans what's the split between charities and social enterprises, so community interest companies, co-ops and community benefits societies, et cetera. So it's a really interesting question. Probably it varies across the wider social investment sort of sector but I think Big Society Capital are a big wholesale investor in this and are doing a lot of work to promote the sector have experience in this. I can say from our experience at Arts & Culture Finance, just over half of our applicants and borrowers in the portfolio are charities and the rest kind of comprise other legal forms, so from community interest companies to companies entered by shares and companies entered by a guarantee that aren't registered charities. So I hope that answers that question. Are there any further questions for Jay at all? Jay, your presentation was really great. I feel that I've missed out on not having seen On No, George live!

JAY: There's still the opportunity to come. Polka Theatre in the autumn!

SEVA: Great, that is a good plug! Great. Well, unless there's any further questions, I think we should probably wrap up there. Was there another one? Oh, yes, someone has asked, do you have any free open house drop-in sessions offering advice on business management and management planning? That's probably from one of our side. Yes, we have an open house event happening next Wednesday which I believe is March 22, where our team will be in our ground floor space at the Nesta office and we're running drop-in sessions. Come anytime that day if you've got any questions about social investment or would like to learn more about how to apply and what information you might need. Or if you just fancy a chat about any subject to do with social investment, social enterprise, impact, the state of the world, maybe you just need to get something off your chest - we'll be there, our team will be there in full force from 8:00 until 6:00pm, so please do drop by. Yeah, and Jay, thank you so much for your time. That was a really great overview of what you've done and I hope it sort of illustrated the due diligence process and the social investment journey for you. Best of luck with everything in the future. Thanks, everyone, for attending. We'll hopefully do more of these as we go through the year. Please do check out our website for past sessions that have been recorded and other than that have a great day, thank you.