

Chairman's Statement

for the year ended 31 March 2017

In March 2016 the board of Social Investment Scotland (SIS) relaunched its strategic vision with Twenty/2020, replacing the original Framework for Growth 2013-18, such had been the rate of progress. Twenty/2020 sets out 20 ambitious strategic priorities for the organisation over the period before 2020. There has been real and exciting progress made on Twenty/2020 during the past year with further substantial progress through to the date of reporting.

The 2016/17 financial results were positive, reporting year on year growth with SIS having now invested over £56m in 270 organisations since 2001. The year to 2016/17 has seen a total of £3.4m invested in over 35 organisations throughout Scotland. Of this total: £1.1m has been funded from SIS Community Finance (our core capital fund) in 18 projects, £1.7m from the Social Growth Fund in 5 projects, and a further £87k from other funds entrusted for management by SIS. Last year saw the launch of Asda Community Capital utilising the charitable funds raised from the single use carrier bag and during the current year £502k was invested in 14 projects from this fund. Investments continue to be monitored closely through on-going loan monitoring overseen by the Chief Credit Officer, Alistair Johnstone.

In December 2016, the Scottish Government launched a ten-year social enterprise strategy to which SIS had contributed and the template for which provides an accessible outline for our own strategy Twenty/2020. We are happy to acknowledge the intellectual, moral and financial support from the Scottish Government which will facilitate the achievement of many of our target activities. Certain of these targets are within the area recognised by Deputy First Minister John Swinney when he addressed our fifteenth anniversary celebration event and encouraged us to continue to be innovative and entrepreneurial.

Given the speed and range of SIS development in recent years and the introduction of non-board committee membership, we have reviewed our structure and corporate governance with the help of our internal auditors Grant Thornton. This has led to a tightening of our committee structure and relevant terms of reference, the separation of credit and investment management, a clearer approach to risk management and the introduction of the office of vice chair. In the light of our plans to extend our fund management ambitions and the consequent need for Financial Conduct Authority authorisation, we have accelerated implementation of the few important recommendations from the review to ensure that SIS is fit for its next phase.

In parallel we have created a small group of patrons to provide a safe place for the discussion of the next phases and to enhance our network. This consists of previous SIS chairs in Ray Perman and Alf Young, founders Susan Rice and Wendy Alexander and key players in Kenneth Ferguson of the Robertson Trust and Sarah Smart, previously a director of SIS, first chair of the Social Growth Fund and now a director of Big Society Capital.

Members of the board have contributed to the success of SIS way beyond the attendance at meetings noted in the report. They have monitored progress, supported strategic development but always with a critical voice and pushed for corporate governance development.

It would be remiss not to recognise the important board roles played by Jo Armstrong, convenor of the Credit Committee, and Gordon More, initiator and convenor of the Capital & Finance Committee and the first chair of the SGF credit committee, who stood down in March 2017 and I am pleased to thank both them publicly. At the same time I am delighted that John Watt, previously a member of Capital & Finance Committee, has taken over the convenorship and that Kenny Fraser, chair of Social Growth Fund, have both joined the SIS board as has Susan Younger, a previous legal adviser now a practising social entrepreneur and member of the Capital & Finance Committee. All three have already added a constructive voice to the direction of our thinking and to board deliberations.

The significant advances of recent years would not have been made without the huge and committed efforts of our executive. Led by Chief Executive Officer Alastair Davis, increasingly recognised as a thought leader and innovator, the senior team of Thomas Gillan, Chief Finance & Strategy Officer and leader of our mission-led investment initiative, Debbie Zima as Chief Operations Officer who managed the move to our offices in Playfair House and is driving the new administrative initiatives and the continuous enhancement of our social impact reporting, Alistair Johnstone, as Chief Credit Officer who has welcomed his change of role and Roger Moors who will be leaving us for greater adventures on a tandem after two fruitful years as Chief Development Officer, has coped with the increasing workload and challenges admirably.

Having mentioned the Scottish Government, I must also acknowledge that much if not all of our work is carried out in partnership with a number of key partners, not least Asda, Big Society Capital, Highlands and Islands Enterprise, The Robertson Trust, the Esmée Fairbairn Foundation, our funding banks RBS, Lloyds Banking Group Clydesdale and Triodos. Without them our work would be impossible. With a high calibre, thoughtful and conscientious board of directors and a skilled and determined executive backed by an increasingly capable investment team, I am confident that SIS will implement Twenty/2020 and will continue to make a significant contribution to Scottish society in physical and intellectual terms.

A handwritten signature in black ink, appearing to read 'Nick Kuenssberg', with a stylized flourish at the end.

Nick Kuenssberg

Chairman

14 August 2017