

BWB Advisory and Impact – beyond Social Impact Bonds

Acquisitions, disposals, social investment and outcomes-based planning are becoming a key part of the sector’s life and work, and the value it brings.

Advisory and Impact: Meet the team



Jim Clifford OBE
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Jim works with social sector and private sector organisations to create, analyse, enhance and realise value through acquisitions, disposals, mergers and other structural and transactional approaches.

His career spans over 30 years, latterly acting as head of valuations, of not-for-profit advisory, and social impact services at leading UK business advisers Baker Tilly.



Carla Ross
Senior Research Manager
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Carla is an experienced researcher and project manager who works with public, private and not-for-profit organisations to help them understand and communicate the impact, in particular social impact, that they achieve through their work.

It is now almost a year since the Advisory and Impact team joined BWB, broadening the firm’s capabilities in fields such as social and outcomes research, strategic advice, project finance and a specialist knowledge of corporate finance in the not-for-profit and social enterprise sector.

Many BWB clients and contacts will recognise the team’s work on the It’s All About Me adoption bond, and may be aware of our growing presence in the market for not-for-profit service provider-led Social Impact Bonds (‘SIBs’). What may be less well known is that we offer a much broader range of advisory and research capabilities.

In common with our colleagues across the firm, we are always willing to look afresh at an issue or work alongside clients to find innovative ways to solve problems. We are seldom put off by a lack of precedent for a transaction: in fact many of our current matters will be ground-breaking in one way or another. Our outlook aligns with BWB’s wider ethos, as we firmly believe that the not-for-profit and social enterprise sector deserves access to the same quality of advice (or better) that is available to the corporate sector. Some of the areas we can help you with include:

Charity mergers and acquisitions

We can provide advisory support to organisations looking to:

- merge (joint ventures through to full constitutional mergers);
- make acquisitions (charities acquiring corporate businesses);
- dispose of operations (charity selling trading activities or charitable operations to another charity, social enterprise or corporate acquirer).

Our services for clients include:

- **Buy and sell-side lead advisory:** This may include identifying potential acquirers for trading or charitable operations or finding target organisations for acquisition. We help organisations to prepare for transaction processes including production of business plan or ‘selling’ documents and robust financial forecasts. As transactions progress we can

lead negotiations to obtain the best price/best value for the charity, whichever side of the deal you are on.

- **Merger advisory:** our support ranges from initial review of merger proposals, options appraisals (is a merger really the best answer?) to preparation of integration plans for the post-merger organisation. As merger discussions progress, we can offer negotiation support, financial due diligence, risk management support, and advice on negotiating the maintenance of critical aspects of the ethos and mission of an organisation after a merger has completed. Our work complements BWB’s merger assessment service, which tackles the key issues from a legal perspective. Please see page 11 for details.
- **Valuation:** valuation may be needed to determine whether a ‘deal’ is attractive. If you are considering making an offer to acquire a business or trading activity or have received an offer, we can help you to assess its commercial soundness.

Feasibility testing for new projects

We have supported organisations across a wide range of sectors in planning for new ventures and raising finance for projects including planning for new trading operations, new building projects and linking the financial strategy for these with planning for delivery of social outcomes.

Services we can offer include:

- build and review of financial models;
- feasibility studies and business plan preparation and review;
- assessing and evaluating social outcomes from new activities;
- identifying financing/structuring options;
- negotiation with potential investors;
- governance and broader strategic advice;
- advice under section 124 of the Charities Act 2011 for trustees wishing to take on debt secured against charity assets as part of finance packages;
- risk analysis and advice on protecting charitable activities from trading activity risks; and



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Project Manager
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Chris is a chartered accountant with more than eight years' experience of advising corporate, charity, social enterprise and public sector clients undertaking a range of transactions including acquisitions, corporate disposals, mergers, new business development, fundraising and social impact bonds.

- transaction project management through to completion of investment fundraising.

Financial distress and forensic accounting

Team leader Jim Clifford has more than 25 years' experience of supporting charities through financial distress. Our work has ranged from options appraisals at the early signs of financial difficulty, resulting in implementation plans for turnaround projects, through to support for organisations seeking to dispose of or close operations in an orderly way. Inevitably, the best time to get us involved in this type of situation is as soon as there is the possibility of a problem rather than after the problem has become critical! Our focus throughout this time is to support trustees to ensure that the social outcomes and aims of the organisation are protected, alongside ensuring that fair value is realised for charity assets.

We are also able to undertake investigations and forensic accounting assignments and expert witness instructions in situations where an in-depth review of an historical financial issue is required, for example, in cases of theft, fraud, or contested valuations.

Following-up on any fraud or similar breach of process is always critical. We can support organisations to review and improve internal controls in the wake of incidents.

Social Impact research studies

The BWB Impact team has combined experience of working with more than 50 organisations in undertaking social outcomes research projects using tools such as Social Return on Investment ('SROI'). For example, Jim and Carla acted as lead authors on the recent report published by StepChange – the debt charity – which covers the issue of problem debt in the UK and the value of effective debt counselling in supporting people to regain control of their finances. This received national media coverage and has been referenced by the Financial Conduct Authority in its paper to the government on the payday lending sector.

Outcomes research is a key theme that runs throughout many of our projects in the not-for-profit and social enterprise sector. A key differentiator of

our approach is that we see these research projects as the start of a strategic journey for an organisation. We help organisations to think about what they will do to act on the findings of the study to increase the value of the outcomes they deliver.

To add some colour to this:

- the Social Impact work Jim carried out for PACT in 2009 was instrumental in driving the formation of the Consortium of Voluntary Adoption Agencies as a unified voice for the adoption sector...;
- which helped to influence government policies on adoption... and;
- drew together a network of agencies to consider how they could increase their capacity to help more young people...;
- who saw the potential value in and helped to create and now deliver the IAAM Adoption SIB.

See <http://pactcharity.org/reports> and www.iaamadoption.org for more information.

Getting to know you

We always welcome discussions with organisations that are:

- planning a major strategic change in direction – these usually have a financial aspect;
- planning to undertake a building or other project requiring finance/investment;
- seeking to acquire or dispose of trading or other operations;
- seeing early signs of financial distress;
- considering a merger approach (or considering making an approach); and/or
- seeking to diversify sources of income through starting or expanding trading operations.

For more information, please contact Jim, Carla or Chris.

Please refer to Carla's article on social impact in our spring 2015 update at www.bwblp.com/knowledge/2015/03/30/charity-and-social-enterprise-update

The StepChange report is available at www.stepchange.org/Mediacentre/Researchandreports/Socialcostofdebt.aspx