

Helping Saltbox to raise investment to create a stunning multi-functional base in Stoke-on-Trent

The challenge

Saltbox is a Christian charity that provides housing and support services in Stoke-on-Trent for homeless, vulnerable people, particularly those with a background in offending. They had recently acquired Bemersley House, a run-down 1960's 3-story office building, with the intention of consolidating all their head office and client facing services in one city centre location.

As well as providing benefits for clients, there was an expectation that the project would lead to on-going efficiencies related to co-location of teams and reduced facility costs associated with terminating their lease on their existing head office.

To make this happen would require significant capital investment, so the twin challenge was to develop a robust case for change so that Trustees could make an informed decision and then to raise the capital needed for the investment.

Fortunately, Saltbox were able to secure Big Potential funding through the fund administrator, Social Investment Business, in order to get investment ready.

The solution

We collaborated with the Saltbox Director of Finance, Joanne Speed, and the leadership team to design a package of support that would get Saltbox to a point that Trustees would be able to make an informed investment decision, followed by support to go to market for required funding. In practice this involved:

Business planning – development of an investor focused business plan with a strong focus on loan requirements for the Bemersley House refurbishment.

Financial modeling – Creation of a 15-year integrated financial model enabling the Saltbox team to assess the full impact of the investment in Bemersley House, including operational savings, assessment of capital costs, and debt services costs. We also assessed financial risks and developed scenarios to stress test the model and apply mitigations.

Investor engagement – We engaged with potential social lenders based on our initial assessment of requirements and understanding of how the funding market would view the lending opportunity. Following a shortlisting exercise, we supported Saltbox with investor

presentations through to successful selection of three lenders to fund the project, KeyFund, Methodist Chapel Aid and Lichfield Diocese.

Trustee due diligence – We went on to provide independent advice concerning whether the resulting loan was necessary, whether the terms of the loan were reasonable, and whether Saltbox would be able to service the loan.

The result

As a result of a great deal of hard work by the Saltbox team, they were successful in raising the debt funding that they needed to fully refurbish Bemersley House. The work is now complete and judging by the photos, Croft Architecture, have created a stunning and stylish transformation of Bemersley House.

The operational savings and efficiencies that this project has enabled more than offset the cost of debt service and as a result Saltbox is more financially sustainable than ever. Importantly, former offender clients benefit from the central location of the building and receiving much needed support in an environment that is new, bright and inspirational. The project has also had a positive impact on the city centre environment.

We are proud to have played a part, alongside Social Investment Business, KeyFund, Methodist Chapel Aid and Lichfield Diocese, in this massive achievement and look forward to visiting Bemersley House as soon as the Covid-19 pandemic is over.