

Executive Summary

- £6.2m cash invested in total during 2009.
- £3.3m additional income leveraged by ventures in the nine months to September 2009, with a further £0.7m anticipated to be raised by year end.
- 2,427 young people actively involved with 23 ventures to date. This is 113% of the nine month target, meaning we are ahead of schedule for meeting the full year target.
- 1,440 tangible qualifications and achievements attained by young people, preparing them for their next steps, including Scottish Qualification Authority qualifications, First Aid certificates, Duke of Edinburgh Awards and construction related qualifications.
- 16 ventures supported 475 young people into a positive destination of employment, education or training, in some cases ahead of plan.
- Significant progress made in evaluation and monitoring plans for each venture, allowing timely and thorough reporting of the impact of their work on young people.
- All current investor pledges fully utilized and we are working to raise further funds to meet the ambitions of the ventures to transform lives.

The cash invested in total during 2009

£6.2m

The additional income leveraged by ventures

£3.3m

Number of young people actively involved in services

2,427

Number of tangible qualifications and achievements

1,440

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Chairman's Introduction

It has been my pleasure to visit a number of the ventures over the last six months. Seeing work being delivered first hand, and hearing from the young people whose lives are being changed, is of immense value in keeping a clear focus on what we are striving to achieve. This is against a backdrop of increased youth unemployment, which has doubled in some areas of the country since the same period last year.

The current economic environment and its impact on opportunities for young people makes the need for the 14:19 Fund even more compelling. So it is encouraging that ventures have very quickly got operations funded by our investment up and running, and are delivering results. As the need for this work increases, investment to strengthen ventures has facilitated greater reach, with expansion into new geographical areas. All of this is only possible as a result of Inspiring Scotland's investors and supporters.

A recent paper in Harvard Business Review¹ on developing effective philanthropic strategy focused on the need for a highly disciplined approach, and the need to be able to ask, and rigorously answer, three questions:

- How do we define success?
- What will it take to make change happen?
- How can we improve our results over time?

This mirrors the rigorous approach the Board of Inspiring Scotland has taken, and the committed of the whole organisation to being able to evidence the impact of investment.

As I reported in May, the 14:19 Fund Advisory Group is now established. Since then it has met twice, and made valuable contributions to discussions on portfolio performance and strategic challenges facing the 14:19 Fund. Key areas of discussions are passed onto ventures, ensuring everyone benefits from the Group's expertise. This supports the very clear commitment by ventures to learn and grow, and deliver the best possible results for our young people.



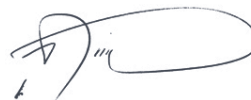
Professor Niall Lothian
Chairman

Chief Executive's Review

Beyond the financial investment which ventures are benefitting from, I am delighted that targeted capacity building resources are making a significant difference. These include a considerable level of Pro Bono and reduced fee services from leading professional firms, and the highly valuable involvement of business mentors. The in-depth knowledge of the Performance Advisor team, and their strong relationships with ventures, ensures highly beneficial arrangements are brokered.

As an organisation, Inspiring Scotland remains committed to exploring new ways of working, and has developed a partnership with the Social Return on Investment project in Scotland. Four ventures are involved in a pilot of this method of reporting social impact, and we look forward to seeing the results of that by early summer.

The work of ventures continues to be impressive, and there has been a very positive reaction from investors who have visited them. It is hard to overestimate the emotional impact some of the work being delivered has. As well as achievements by individual organisations, there is significant learning and co-operation between ventures, all for the benefit of the 14 to 19 year olds who are the focus of their work.



Andrew Muirhead
Chief Executive

¹Wolf Ditkoff S. and Colby S. J., 2009. Galvanizing Philanthropy. *Harvard Business Review*, [Online]. Nov 2009 Available at <http://hbr.harvardbusiness.org/2009/11/galvanizing-philanthropy/ar/pr> [Accessed 13 Nov 2009].

Operational and Financial Highlights

- 23 ventures are working in a sustained way with young people, with the remaining venture beginning service delivery as planned in December 2009.
- The performance management element of 14:19 Fund operation is now firmly established. A quarterly review structure sees formal progress meetings with ventures being held, followed by release of quarterly investment, providing progress is satisfactory. Some ventures are using the reporting mechanism to enhance internal processes.
- All ventures met agreed performance standards over the period, with two payments withheld and released after essential information was received.
- The 14:19 Fund Advisory Group is now well established, with two meetings taking place in the past six month period.
- There has been a strong focus on financial due diligence throughout the period, confirming financial needs of ventures and revising short and long term budgets accordingly.
- Investments are made in quarterly installments, with £6.2m released during 2009. This figure will rise in line with the ambitions of the ventures and be augmented by leveraged funds.

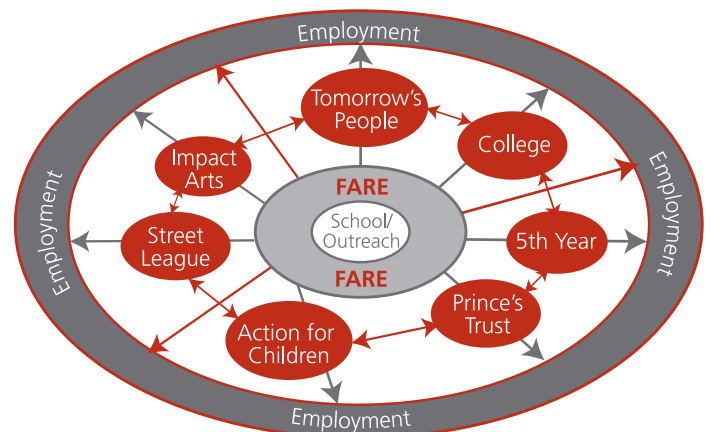
Portfolio Highlights

a) Portfolio Collaboration

Ventures working together is a central part of our approach, and to date has included:

- Two successful portfolio events were held in May and November, bringing all ventures together to learn, network and share common issues and challenges. The second event was co-hosted by Microsoft with a focus on IT needs and development.
- A 14:19 Fund practitioner forum has been established, and two networking and learning events have taken place, resulting in the sharing of common issues and challenges.
- Portfolio liaison and meetings in geographical areas with density of ventures e.g. Glasgow, resulting in greater cross-portfolio working and partnership.
- Collaboration and sharing of ideas across the 14:19 Fund portfolio is working well, as illustrated by the work of FARE:

Cross-portfolio working by FARE



b) Working with Local Authorities

The early ground breaking work in the development of local authority partnerships has continued, resulting in better access to decision makers, high engagement and tangible support. Benefits to ventures include:

- Winning new business in local authorities.
- Swifter access to referral partners, ensuring effective and timely action for young people requiring support.
- Involvement in More Choices, More Chances strategic groups.
- Becoming key voluntary sector contacts in the roll out of activity agreements and 16+ learning choices.
- Staff being seconded into key More Choices, More Chances local authority roles.
- Financial investment, including recruitment of dedicated 14:19 Fund staff within local authorities.

Portfolio Overview

Significant support for ventures means all are on or ahead of targets to deliver services which will help transform the lives of young people. Twenty three ventures are now actively changing the lives of young people, with the remaining venture to begin service delivery in December 2009 as planned. All ventures have got operations to scale quickly, with all on or ahead of target, triggering release of quarterly investments.

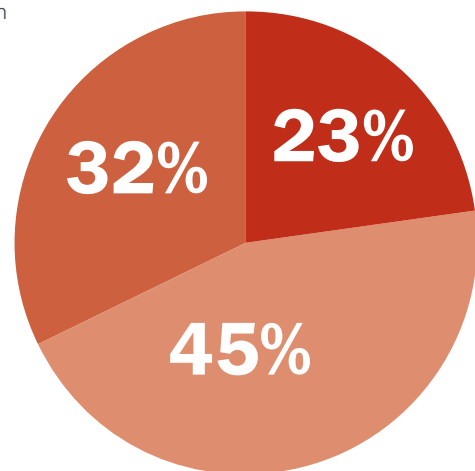
a) Social Impact

- 2,427 young people actively involved with 23 ventures to date. This is 113% of the nine month target, meaning we are ahead of schedule for meeting the full year target.
- 16 of the ventures have supported 475 young people into a positive destination of employment, education or training, in some cases ahead of plan. This is illustrated in the following chart. The remaining eight ventures are on target to deliver as planned.

Breakdown of positive destinations achieved

475 Young People

- Employment
- Education
- Training



- 1,440 tangible qualifications and achievements have been attained by young people, preparing them for their next steps, including Scottish Qualification Authority qualifications, First Aid certificates, Duke of Edinburgh Awards and construction related qualifications.
- Almost 1,200 'soft' outcomes, focused on developing life skills, employability skills, resilience and confidence, have been achieved by young people. These are a vital first step towards employment, education and training, as illustrated by the case study on Hot Chocolate's work with Sean.
- Significant progress has been made in evaluation and monitoring plans for each venture, allowing the timely and thorough reporting of the impact of their work on young people.

Case Study 1: Hot Chocolate's work with Sean

Sean is 19 and has been involved with Hot Chocolate for five years. Over the last few years he has faced a great many challenges, but is now engaged in education and looking forward to his future.

"I've grown up in Dundee and used to go to Menzieshill High School until I was 16," said Sean. "I then went on to a European Computer Driving Licence course (a European wide qualification) which I passed in two weeks and did nothing until I was 18 and was then made homeless."

Although he was given positive encouragement to get into work or back into education, he didn't have any motivation to do this and was quite happy to live off benefits and sleep on friends' sofas.

Earlier this year Sean was encouraged to apply for a Prince's Trust training course by a Hot Chocolate team member. With support throughout the application process and the 13 week course, Sean was one of only six young people who completed the course.

With more guidance he has used the skills and confidence he gained to take the next important step forward. As Sean says:

"I'm now 19 going on 20 and at college studying intermediate maths, English, history, modern studies and physics. I am progressing fine and haven't failed anything yet."

A few months ago he was invited to join the youth team, Hot Chocolate's supported volunteering programme, as the organisation saw great potential and was keen to help Sean continue to develop. Sean has also moved in with his Dad, which is helping to restore their relationship, and is now ready to find his own accommodation.

Ben Waterman of Hot Chocolate Trust said: "Over the past few months we have seen amazing growth in Sean. He is looking back and reflecting on his past mistakes and using them as learning experiences. There has been growth in his maturity and knowing how to handle situations, and he has responded positively as he has been given responsibility and has shown a commitment to giving his all. As people have invested in him he has shown a real sense of self-worth, improved social skills and is looking ahead to the future with a positive attitude."

Sean now has a real focus and purpose to his life and said: "In the future I'd like to be a youth worker so I'm working through college so I can get to Uni to study it. Hot Chocolate is encouraging and supportive of me and always help when they can."

Case Study 2: Organisational development of Murton Wildlife Trust for Environmental Education

Since receiving 14:19 Fund investment, Murton Wildlife Trust for Environmental Education has gone through huge change, and there is more to come. Elley Petrie, the development officer, said: "We've been made to look at ourselves, and evaluate and monitor like we've never done before. This has touched all areas of work, including the way our organisation is managed and structured. While this has been hard, it's also been extremely positive and there has been a major shift in our belief of what we can achieve."

Achieving sustainability is an ongoing mantra of the Trust, and a number of significant steps have been taken this year. The idea of opening a café and shop had been considered for a while, and with support from the 14:19 Fund a feasibility study is now underway that will be completed in January. However, even the process has proved extremely useful.

As Elley says: "When we first started we didn't fully appreciate how much work it would be to get a business up and running, and how many different considerations there were, such as health and safety and staffing. Having thought this was the best way forward we now understand the gaps in our thinking, and know we have to address these so we can really understand if this is a good direction for us. Regardless of the detailed results of the feasibility study, our whole organisation has embraced the fact that major change is coming, and there is a real openness to listen to an honest assessment of what we should do."

Financial stability has been an issue for the Trust for some time, and there is now a sub-committee of the Board set up to focus on this. Having borrowed money over a number of years, among other things this meant other funders were being put off. But things have now changed. "We now have a much clearer picture of our financial position and are much more in control of it. We feel there really is a good future for us, and that we will be here way beyond the investment from Inspiring Scotland."

All of this is aimed at making sure the young people the Trust supports get the very best in terms of services, now and in the future. One important shorter term aim is to achieve Scottish Qualification Authority (SQA) accreditation. "This would be great for the kids," said Elley, "they work hard and there is no reason why they shouldn't gain a qualification as well. It would also open new options for the Trust as we'd be much more likely to get Local Authority funding for SQA accredited work. Like so many of the changes taking place, the benefits the organisation is working to achieve will also make a long term difference to the young people who are the reason we're here."

b) Organisational Development Highlights

There has been a high level of non-financial support for ventures, including ongoing management and development of capacity building resources. These are resources such as business volunteers and pro-bono and reduced fee providers, and are carefully matched with each venture's organisational development needs, which include:

- Evaluation training
- Financial planning
- Business mentoring
- Marketing and communications
- Organisational development
- Legal advice
- Social Enterprise advice
- Board development
- Professional photography.

The impact of this work is illustrated by the case study of the organisational development of Murton Wildlife Trust for Environmental Education on the previous page.

In addition, Performance Advisors provide the following capacity building support through their ongoing involvement with ventures:

- Mediation and brokering with local authorities
- Governance development
- Funding strategies
- Business planning
- Strategic planning
- Organisational development support
- Evaluation planning
- Financial planning.

c) Financial

A great deal of effort on the part of the ventures has been focused on bringing match funds to support overall project costs. This has proven to be extremely worthwhile, with £3.3m of additional income being leveraged across the portfolio up to September 2009, and an additional £0.7m anticipated by year end.

Future Reports

Future reports will cover social impact in greater detail, and specifically the outcomes achieved. We will be in a position to report further on outcomes in our May 2010 report.

Inspiring
Scotland