

**Annual Review  
2006/07**



**privateequity** foundation

Empowering young people to reach their full potential

# Private Equity Foundation is now a reality thanks to the collective support of the private equity community

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## **Our first year**

**Private Equity Foundation (PEF) was established in 2006 and has been backed by private equity firms and their advisors, including banks, law firms, accountancy firms, consultants and search firms.**

**Our mission is to empower young people to reach their full potential. We seek to do this by investing both money and expertise from the private equity community, to help excellent charities achieve a step-change in their impact.**

**In our first year, we raised £4.5m and a further US\$1.7m was raised by our sister organisation, Private Equity Foundation I, Inc., who share our charitable goals and investment approach.**

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**Our hope is that charities will benefit as much from our skills as they do from our donations. Together we are making a difference, and together we are achieving more than any of us can do as individuals**

Ramez Sousou Chairman

## Developing our full potential

### From the Chairman

A year ago, a number of individuals and firms from the private equity industry came together to explore how we could change society for the better. This effort led to the creation of the Private Equity Foundation, an organisation that has been backed by over 70 firms from the private equity community – including private equity firms and their advisors.

We decided to focus the Foundation on the young people that society has left behind. By investing in young people's futures, we hoped that we could make a lasting impact on our local communities – and maximise the social return on our donations. This Annual Review is a reflection of the belief and confidence that our industry can make a significant positive impact on society.

Nothing is more depressing than the wasted young lives we see on so many streets and in so many communities. And nothing is as important as building up the next generation of young people. The Foundation will work to empower these young people to reach their full potential. Our goal is nothing short of that.



The private equity world has enjoyed unprecedented success over the past few years. And, as we share some of our wealth with others who are less fortunate, it makes sense to share the skills and methods that have brought us our success. The Foundation aims to broker strong relationships between the business and charity worlds. Our hope is that charities will benefit as much from our skills as they do from our donations.

Engaging with charities to build truly great organisations has the additional benefit of protecting and enhancing our donors' investments. Each charity we back is rigorously assessed before it is chosen to appear in our portfolio. Once a charity is selected, the Foundation provides a package of support to ensure that the chosen charity's work is scaled up and made available to more young people. In other words, we try to find the best and we help to make the best even better!

Looking back over the past year, the Foundation has already surpassed our initial expectations. There are many things that should make us proud: the speed with which we have progressed the Foundation's development; the 22,000 young lives we have already changed for the better; and the seven charities that are producing better results and helping more people, thanks to the Foundation's ongoing support.

We should also feel proud when we see private equity deciding collectively to give something back to the communities where we all do business. Together we are making a difference, and together we are achieving more than any of us can do as individuals.

Thank you to our donors for believing that we can change young people's lives and thank you for entrusting us with your donations. My sincere thanks also go to my fellow trustees and to Shaks Ghosh our new CEO, without whom we would not be able to achieve our own full potential.

A handwritten signature in black ink that reads "Ramez F. Sousou". The signature is written in a cursive, slightly slanted style.

**Ramez Sousou**  
Chairman

**Vision alone is not enough.  
Young people need help  
with reading, they need safe  
places to play, they need  
support to deal with broken  
homes, above all, they need  
the skills to develop as  
learners and as workers**

**Shaks Ghosh CEO**

**Focusing  
on success**

## From the Chief Executive

It is a frightening reality that some of the wealthiest nations on earth are still turning out young people who do not have the skills to join the workforce. In the UK, 1.2 million young people are not in education, employment or training. For them, life holds little more promise than a dole queue, depression and debt. The Private Equity Foundation is founded on a shared vision that a different world is possible. A vision that one day all young people will be well educated and rounded citizens, entering the world of work with the confidence and skills they need to succeed.

But vision alone is not enough. Young people need help with reading, they need safe places to play, they need therapy and support to deal with broken homes, above all, they need the skills to develop as learners and as workers. These are the kind of gifts that charities can share with young people, supplementing the education they get in school – and supporting the parents and communities where they live.



As the Foundation continues to build our focus around this issue, we have chosen seven charities that are already experts in helping young people to succeed. We are proud of our association with these charities and we would like you to join us in celebrating their work. These amazing organisations reach parts of society where public and private sectors cannot; their dedication and passion is tireless.

The Foundation is led by eight trustees who represent the private equity industry. With their guidance, and the support of the private equity industry, we can reflect on a first year of achievements that has been truly remarkable:

- Raised £4.5m from private equity firms, banks and advisors, whilst our sister organisation PEF I, Inc. raised a further US\$1.7m.
- Adopted a three-year strategy with a mission of 'empowering young people to achieve their full potential'.
- Following careful due diligence, selected seven excellent charities.
- Invested a package of capital and business resources in our portfolio charities.
- Established a foundation office and recruited a dedicated team with experience of the social sector.
- Changed the lives of 22,000 young people – that's more than 60 people every day.

A handwritten signature in black ink, which appears to read 'S. Ghosh'.

**Shaks Ghosh**  
CEO

## How our approach is working

- **PEF takes the best of private equity expertise and resources, and applies it to build stronger and more effective charities**

## Investment approach

PEF is founded on the belief that there are very strong parallels between the private equity disciplines that help build capable and results-focused companies, and those that help build successful and effective charities. PEF takes the best of private equity expertise and resources, and applies it to build stronger and more effective organisations in the charity sector.

PEF invests to help excellent charities achieve a step-change in their impact. Each investment has clear objectives for growth in impact, and for sustainability of this growth after the funding 'exit'. Investments are generally highly leveraged by other sources of funds, typically from service users (e.g. schools), other voluntary sector funders, and local and national government.

Ambitious charities require more than just funding to achieve the step-change they are seeking. Therefore, PEF seeks to deliver a range of targeted, non-financial support to ensure that the funding granted is well invested and achieves the greatest possible social return. Pro bono services contributed by PEF members and supporters – strategically aligned and carefully coordinated – are a critical part of this offering.

Each investment candidate comes before the PEF Board for approval. Once approved, its performance will be monitored on a quarterly basis by the Board. Charities would typically remain in the portfolio for three years.

PEF has a primary investment focus on the UK and a secondary focus on other parts of Europe.

### **About Private Equity Foundation I, Inc.**

Private Equity Foundation I, Inc. (PEF I, Inc.), a sister organisation to PEF, is a US charity that is exempt from federal income tax pursuant to section 501 (c)(3) of the Internal Revenue Code. PEF I, Inc. solicits charitable contributions independently of PEF and makes independent decisions as to whether to support initiatives of PEF. PEF I, Inc. shares the charitable goals and charitable investment approach of PEF. PEF has an agreement to support PEF I, Inc. in the management of its charity investment portfolio.

# Investment process

## Origination

Good investments begin with the sourcing of good prospects, and this is no different in the charity sector. PEF works through a range of channels to identify charities that, with investment, could generate high social returns.

The investments approved in 2006/07 have been sourced through PEF members and supporters, its contacts in the government and charity sectors, and New Philanthropy Capital (NPC), see below.

In 2007/08, PEF will launch a research programme to better understand the problem of disadvantaged young people not achieving their potential and the interventions known to be effective. This will allow PEF to further improve the range and quality of investment leads generated.

## Due diligence

PEF takes a rigorous approach to assessing investment opportunities. Shortlisted candidate charities must submit to a thorough due diligence that examines their leadership, organisation, finances and governance, and the effectiveness of their work with beneficiaries.

A nominated 'deal captain,' typically a PEF Trustee, will take the lead in visiting the charity, to understand the work of the organisation and, crucially, form a view of the strength of the leadership team. In 2006/07, this work was supported by expert analysts from NPC.

## Engagement

Clarity of strategy and robustness of business planning are essential to success for PEF's portfolio charities. Therefore, PEF engages with promising candidate charities to help them refine their strategies and plans, both before and after actual investment approval. This may be supported by consultancy resources.

PEF encourages its portfolio charities to concentrate on maximising the impact of their core strengths and the achievement of their core mission. PEF does not seek to impose any predetermined strategies or plans on its portfolio charities.

## Support

PEF will deliver a comprehensive package of support to its portfolio charities, alongside its financial commitment. For the majority of portfolio charities, tailored consultancy resources aligned with the agreed investment thesis will be an essential part of the package.

In addition, PEF is developing a broader range of supports for the portfolio, including a leadership development programme for senior leadership teams, and networks for sharing knowledge, including insights from PEF's research programme.

## Monitoring and evaluation

Each investment in the PEF portfolio has clear performance targets and progress milestones aligned with its investment thesis. These are continually monitored, and scrutinised by the PEF Board on a quarterly basis. In addition to growing impact, each portfolio charity must be making progress towards greater sustainability, so that PEF is able to 'exit' without harming the work of the charity.

Measurable impact is an area in which PEF intends to make further investment in 2007/08 and beyond, in order to better understand the value created by its investments. PEF believes that current proxies for this, such as the number of additional 'lives touched' by portfolio charities, are unsatisfactory and will seek to develop better metrics for social return across its portfolio.

### New Philanthropy Capital

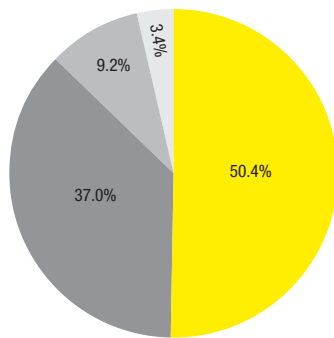
PEF and PEF I, Inc. have been supported in its investment selection and monitoring in 2006/07 by NPC. NPC helps donors understand how to make the greatest difference to people's lives. It provides independent research and tailored advice on the most effective and rewarding ways to support charities.

## Investment summary 2006/07

PEF has used funds raised in 2006/07 for a number of significant investments in portfolio charities, ranging from funding for service delivery, to investments in critical infrastructure. These investments were chosen under PEF's original mission which focused on children, families and communities.

PEF is interested in how any growth achieved by a portfolio charity will be sustained beyond the period of PEF funding. A substantial proportion of PEF funding is therefore directed towards capital investments (e.g. buildings, IT systems) or other investments that would be self-funding in the medium term (e.g. fundraising capacity). Where PEF funding supports programme delivery, a robust exit strategy must be in place: in the case of the NSPCC investment, a research programme will build a compelling case for statutory funding of the treatment services that PEF currently supports.

### Purpose of funding granted by PEF in 2006/07

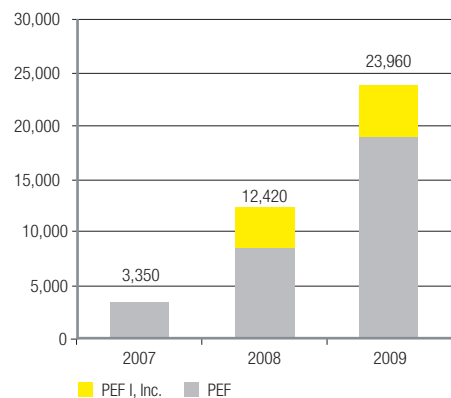


■ Capacity Development\*    ■ New Building  
■ Service Delivery    ■ Research

\* Including core managerial capacity, marketing capability, fundraising capacity and management information systems.

PEF is still in the early stages of engaging with its portfolio charities and helping them achieve their own step-change in impact. Whilst actual results will become more visible in future years, the graph below is a projection of how PEF portfolio charities intend to sustainably increase their reach and impact with children, young people and families, as a result of PEF investment.

### Targeted lives touched by PEF and PEF I, Inc. investments made in 2006/07



'Lives touched' is a measure of the number of beneficiaries served or clearly impacted by the work of the charity, and is a common proxy for describing overall charitable impact. Going forward, PEF intends to develop more meaningful metrics to articulate the overall social return from investments in its portfolio.

The table on the facing page provides an overview of investments selected by PEF over the course of 2006/07.

## Investments selected by PEF 2006/07

Organisation	Focus	Investing in impact	Investing in sustainability	Nature / size
<b>Volunteer Reading Help</b>	Helping children with reading difficulties.	Strengthening core capabilities and infrastructure to help twice as many children: reaching 4,000 more children per year.	Increasing earned income for schools to support growth. Improving quality of data on outcomes.	Core £502,000 3 years
<b>Community Links</b>	Supporting disadvantaged young people (East London).	Building a new neighbourhood centre on the deprived Rokeby Estate to work with disadvantaged young people and families.	Secure revenue funding for the on-going costs of the centre from local government.	Programme set-up £270,000 PEF £270,000 PEF I, Inc.
<b>The Place2Be</b>	Children's emotional and psychological health.	Establishing 3 additional 'hubs' to serve 24 new schools: reaching 7,000 more children per year.	Recruiting a new Head of Marketing and developing a fundraising programme.	Programme set-up & core £576,000 2 years
<b>The NSPCC's Treatment and Therapeutic Services</b>	Treating children who have suffered abuse.	Supporting 6 existing Treatment and Therapeutic centres.	Building the case for statutory funding for treatment and therapy.	Programme delivery and research £1.1m
<b>Women for Women International</b>	Promoting economic independence of disadvantaged women (Kosovo).	Establishing an Opportunity Centre to help women become economically active in their communities: helping 34,000 women in the next 5 years.	Growing new revenue streams (e.g membership fees, facility hire) to supplement core sponsorship income.	Programme set-up US \$940,000 PEF I, Inc.
<b>Leap Confronting Conflict</b> Co-investment with Impetus <sup>1</sup>	Youth conflict mediation and skills training.	Establishing an education and training business to upskill other practitioners and create broader mainstream impact with young people.	Growing earned income streams from the business to diversify funding mix.	4 years Development £200,000 2 years
<b>IntoUniversity</b> Co-investment with Impetus <sup>1</sup>	Raising aspirations and attainment for disadvantaged children and young people (London).	Replicating the service in 5 new areas to help 8,000 more young people per year with their educational achievements.	Developing a robust fundraising programme and related capabilities.	Core £300,000 4 years

Note: All grantees are based in the United Kingdom unless otherwise indicated.

1. Impetus Trust provides strategic funding, capacity building and hands-on management support to a number of charities that turn around the lives of disadvantaged people within the UK. PEF has chosen to co-invest with Impetus in two charities: Leap Confronting Conflict and IntoUniversity.

# Community Links

## PEF is investing in the future of East London with Community Links

Community Links helps over 50,000 vulnerable and disadvantaged children in East London every year. Current projects include safe, supportive play centres; education and training for students excluded from local schools and employment advice for young adults.

PEF and PEF I, Inc., have invested jointly in Community Links.

- **PEF and PEF I, Inc. are building a new centre for children, young people and families on the Rokeby Estate in East London's Newham**
- **Community Links has already sourced funding for the on-going costs of the centre from local government, ensuring its sustainability, but still needs assistance to build the centre itself**

## Max Weaver CEO

There is no poverty quite so profound as poverty of aspiration – the deep-rooted belief that your social and economic state is static. However, in deprived areas where employment and educational opportunities are limited, that negativity can seem almost logical.

I believe that the key is to help people to aspire for more. That is the thread that runs through so much of the work we as an organisation do. If you can find ways for people to believe in themselves and create higher aspirations for themselves rather than simply accepting that they are stuck at the bottom of some heap, that's how you make real progress.

With PEF funding, we're building a new children's play centre on the Rokeby Estate, Newham. Right now, unemployment is very high on the estate. There are no amenities, and only one shop. People have no hope. They want to get out or get on, and neither option is open. There's nothing in the area for young people to do, and the centre will be their space, filled with activities and ideas and positive influences.

There are 500 children in the catchment area for the new project centre, a one-storey building on a site leased on a peppercorn rent from the local council. Many thousands more local people will benefit from the centre as parents, grandparents and carers come into contact with the staff and activities offered there.

We have a number of other similar centres, and they really work. What the PEF funding means for us is that we will be able to continue and expand the services we offer – it will turn children and young people's lives into much more positive experiences, to give them belief in themselves, the chance to go on to do something, to contribute and be useful. We want to give them the ability to aspire.

# PEF IS **HELPING** TO BUILD A PLAY CENTRE IN NEWHAM LIKE THE ONE IN CANNING TOWN, WHICH OFFERS A SAFE HAVEN FOR **HUNDREDS** OF LOCAL **CHILDREN**

## **Play it again**

In Canning Town, East London, the traffic is grinding past municipal offices, Victorian parks, the grey gloom of light industry and fluoro-lit retail parks.

Kebab shops, amusement arcades and off-licences with blaring booze promotions turn a steady trade, and Evening Standard newsboards drip ink in the autumn rain as they announce another shooting in Plaistow; another teenager randomly snuffed out.

As we turn a corner the wooden hulk of Ark in The Park looms and there, playing on a strip of muddy grass a few hundred metres wide are a couple of dozen local kids screaming with laughter. Step inside the Open Access Play scheme's HQ and a gang of youngsters are sitting eating their lunches in relative peace.

Play is a serious business. It's what children do instead of work. It's their job. It teaches them about life, themselves, and how to relate to the world and each other. It's integral to all healthy child development – and without it life skills in the social, physical, intellectual, creative and emotional fields wither before they take root.

Open Access Play is facilitated by staff, in settings where children, including under-eights, are free to come and go, to decide what they will do, why they are doing it and how they go about it.

The Ark in the Park is a play centre managed by Community Links, and the children playing here are from a similar cultural and economic background as those on the Rokeby Estate, Newham, where PEF is funding a new children's community centre.



"While each location is different and our projects are also richly varied, there is a common thread of raising aspirations and building confidence – the key to enabling individuals to realise their potential," says Max Weaver, CEO of Community Links.

Out on the playground, it's like a mini West Ham supporters' convention, the claret-and-blue juniors wearing the club colours with pride. None of them are shy.

"Here, mate, take my photo. Interview me. No, not him, me. I got bare skills for interviews. WEST HAM FOR LIFE! GO ON YOU IRONS! Look at my veins – claret-and-blue, see?" says 10-year-old Ellie-May Doakes, waving her wrist, her face a mass of freckles, grinning with mischief as she gently beats her brother James with her free hand.

The children and teens here are impeccably behaved; there's no bullying in the three hours we spend there, and all the kids – white, black, Asian, able-bodied and wheelchair-users – just get on with the vital task of play with minimal intervention from adults.

"Play is so important for kids," says project manager Mick Crim. "And Open Access Play is vital for kids from poorer communities whose parents can't afford child-minders or nannies," he says. "Play teaches them how to take risk, make friendships, share, follow rules. It's everything. And if it wasn't for places like this, they'd be sat at home on their PlayStations getting fat."

Open Access Play is officially defined by local authorities as: "Staffed play opportunities for children in the absence of their parents. Children are not restricted in their movements, other than where related to safety matters and are not prevented from coming and going as and when they wish. Children have the freedom of choice as to what range of play activity they wish to undertake and with whom they play."

What this translates to in reality is a field full of kids having a laugh, and learning how to interact and communicate in an area where there's nothing else to do and drugs and violence offer an escape route from boredom.

"If it wasn't for this place, and the one we hope to build with PEF money, these kids would be roaming the streets. And it's not the nicest area," says Mike Crim, before going on to relate how he once had to intervene to save the life of a nine-year old crack addict.

The dangers children face in areas like this are real, everyday, and are no less frightening for their regularity.

"A boy was shot by Forest Gate tube station," says Jaye Walsh, aged 13. "It can be dangerous where I live. But I like coming here and listening to music, and playing on the swings and talk with the other girls." "There's loads of things to do, it's never boring. It's all good. If I wasn't here I'd be at home watching a film on my own."

Terry Downing, a worker at the Ark, stands six-foot-two and weighs 17-stone. "Even I'm intimidated round here. When I walk the streets I have eyes in the back of my head. Everyone's a target. It's nervous here. 17 teenagers have been stabbed here in the last six months. That's why places like this are so important for young people. It shows them another way, keeps them off the streets."

But walking round the streets here doesn't feel that dangerous. Just dull. But boredom kills.

It's the sense of a safe and neutral space, of a positive environment where children can simply be children – watched over by positive role models – that creates the right conditions for change, that plants ideas and aspirations that will grow.

"I like coming here, mucking about. I hate sitting at home doing nothing. You know what? I want to be an animator. Do you know any animators?" asks Ellie-May Doakes, eyes widening. "That's what I'm gonna be. Yeah, believe that."

It's a statement, not a question.



**We're  
safe here**

## **NSPCC**

Treatment and Therapeutic Services

### **PEF is helping NSPCC rehabilitate children in need**

The NSPCC's purpose is to end cruelty to children. Its vision is of a society where all children are loved, valued and able to fulfil their potential. The NSPCC seeks to achieve cultural, social and political change – influencing legislation, policy, practice, attitudes and behaviours for the benefit of children and young people.

- **PEF currently supports six Treatment and Therapeutic projects**
- **These will help children and young people overcome the damaging psychological and emotional effects of abuse**
- **PEF is also helping the NSPCC to build a case to request statutory funding for these services**

### **Dame Mary Marsh CEO**

The National Society for the Prevention of Cruelty to Children will use PEF funding to carry out an essential, focused and tightly-defined programme of work that will benefit hundreds of people for many years to come.

More than 2,000 children and young people were helped by the NSPCC's 34 treatment and therapeutic teams during the course of 2005/06. These centres offer a tailored, programme of therapeutic intervention for children who have suffered sexual or violent physical abuse, helping them to rebuild their lives. PEF's £1m donation is helping fund six centres across the UK, and is also funding vital research in this area for the NSPCC.

Therapeutic intervention is a highly skilled process of working with children who have been abused and helping them to discuss it in a structured way, finding ways to help them deal with the trauma. This might involve play, painting, role-play, and talking – though this last element is often the last thing that any abused child will want to do.

The process is time-consuming, costly, and challenging – but it works, with results that can be measured. In April 2006, the NSPCC introduced the Trauma Symptom Checklist for Children, a standardised review that systematically measures children's trauma levels before and after their treatment, which along with professional judgment and feedback from families, has been welcomed by frontline workers as an effective evaluative tool.

PEF has worked with the charity imaginatively, and with hugely generous intentions. NSPCC looks forward to an ongoing relationship with PEF. As well as the work at the six centres, the NSPCC is also using the PEF funding to carry out mapping research that shows where and how children can access therapeutic intervention following abuse.

# IT'S THE VERY **SMALL** **CHANGES** IN THIS WORK THAT ARE HUGELY **SIGNIFICANT**



## **Phoebe's story**

The toys and dolls are tidy and safe in their boxes, the aprons are hanging clean on the wall, the clothes are back in the dressing-up box and the fun is finished for the day. But this is not your standard playroom. It's true that lessons are learnt and young minds grow here as connections are made, but here, children heal as much as they play.

Julie Cole is the manager of the NSPCC Tilbury Children's Project, which offers therapeutic intervention services for children who have suffered sexual, physical or emotional abuse or neglect. She strolls calmly through the room where she and her team have spent several years helping children work through the trauma of abuse – and guided them out the other side.

It's a bright, unassuming room, the air is tinged with the slight whiff of classroom disinfectant and the imaginary echoes of absent children's voices.

"I have got a great team of committed professionals who keep children at the centre of all we do," says Cole. "Phoebe's story is a good example of that work – and which the PEF donation will help us do more of," she says.

Due to the extremely sensitive nature of the work carried out at the NSPCC's therapeutic intervention centres, Cole has sought and received permission to share the following case study.

Phoebe's story, which Cole relates in a balanced, steady, understanding tone utterly at odds with its shocking content, does not make for easy reading.

But there are thousands of Phoebe's in Britain, and their stories aren't often told. Sometimes they're not told at all.

Phoebe was aged five when social workers removed her from her parents' care, as they severely neglected her; her mother had learning difficulties and mental health problems and would fly into screaming rages, and her father was an alcoholic. Phoebe and her two sisters would be locked in a room with a bucket for a toilet, she was neither washed or cared for, and her home environment was chaotic, frightening and unstable, says Cole.

She was placed with a foster family, but that placement failed when it was discovered that her carers were using ridiculing behaviour in an attempt to control Phoebe's behaviour. She was removed from their care, sent to a new foster family, and started therapeutic play sessions with Cole.

"In our first sessions, when Phoebe was very frightened, she would run about the floor on all fours, barking like a dog. She'd bang her head on the wall, throw tantrums, and generally behave in very bizarre and challenging ways. We believed that she had suffered such high levels of abuse that she found the loving, caring environment of her new foster home impossible to deal with, and so was acting out her fear, controlling her fear by controlling and dominating the environment," says Cole.

Through a structured series of meetings with Phoebe and the new foster carers, the NSPCC was able to tailor a specific programme of care and intervention for Phoebe, involving therapeutic play, painting, role-play, dressing up, and puppetry. For her foster carers, joint sessions with Phoebe and individual sessions were given by Cole's colleague to support the therapeutic work.

Phoebe dramatised many of her abusive experiences, and filled the room with chaos, emptying her toys all around the room, leaving pens and toys and dolls strewn about the room. NSPCC workers allow children to act out their pain and memories in this way, with the only proviso that they do not break anything or hurt anyone. "It's symbolic – they can come here, open up and spill their troubles around the place, leave them here, and we help them sort out the mess," says Cole.

"She would perform a play with her dolls where a girl had a broken heart, and the worker, myself in this case,

had to rescue her and save her life. At the outset, Phoebe's doll would always die. Then as time progressed, there was more hope in the story, and the doll started to survive," says Cole.

The multi-dimensional nature of the mistreatment suffered by Phoebe left her incapable of forming close relationships at first, either with her carers or with her case workers. "She often said out in her play sessions that she believed her new carer was wearing a mask, and that one day she'd whip it off and there'd be a witch underneath it," says Cole.

Through two-and-half painstaking and patient years of guided therapy, Cole worked with Phoebe, and saw slow, gradual improvement. Phoebe started to consider a future without her parents, and with her foster parents. "She was so courageous and resilient. She took so many risks in her sessions with us," says Cole.

"She was confused about the future, about her love for her biological parents, and where she'd fit in the future. She came to the conclusion that she'd be forever between the two, not really belonging anywhere, and accepted that with great emotional maturity. She did, though, want to call her foster carers Mum and Dad, which was significant," says Cole. "Her foster carers were incredible throughout all this."

There's no Hollywood ending to report, no final scene of victory with Phoebe winning Olympic Gold, getting a great job, marrying the man of her dreams, whatever. "It's the very small changes in this work that are hugely significant," says Cole. "You have to hold on to the little bits."

Phoebe is now 15, and Cole hears how she's doing from other professionals in the area. "She's amazing. I admire her. Somehow, she does regular teenage stuff now, she's interested in clothes, make-up," says Cole, laughing. "And while life's never going to be straightforward for her, she's doing alright now."

As we part company, Cole looks worried for the first time in our meeting. "We had to close the waiting list temporarily in April. We have an aim for children to be on our list no longer than three months. We had one child on it for 10 months – which is unacceptable. We didn't have the capacity, so we closed the list so we could work through the backlog," she says.

For privacy names have been changed.

**I can  
play now**



## The Place2Be

### **PEF is making a lifetime's difference to children in schools**

The Place2Be is uniquely placed to provide the emotional support needed to nurture troubled children and give them the means to move past their problems and build foundations for a successful life. They work in 120 schools providing one-to-one and group counselling sessions plus a lunchtime drop-in service inside schools as well as supporting parents and teachers through dedicated counselling and training services.

The Place2Be helps children's confidence, self-esteem and coping skills with 70% of those children helped showing improvements in their behavioural and social skills. They also help remove barriers to learning, with schools witnessing a rise in the attendance records of children and a fall in the number of exclusions made.

- **PEF is helping The Place2Be to grow in order to support an additional 7,000 children in North-West England**
- **PEF is also helping them appoint a Head of Fundraising to enable further growth and ensure sustainability**

### **Benita Refson Chief Executive**

We are currently working in 120 primary and secondary schools across the UK, supporting 40,000 children as well as their parents. We also provide support to teachers and the whole school staff. It's an early intervention programme, aimed at preventing more long-term problems.

The Place2Be helps children who have worries on their mind and who can't take on learning, or form healthy relationships, who come to school and sometimes display angry behaviour, or withdrawn children who have experienced a breakdown in the family life, or bereavement. Sometimes they come from homes where their parents might experience drug and alcohol addictions, they might be getting bullied. There's a wide range of issues.

With the £576,000 funding from PEF over the next three years, we will work towards our 10-year strategy to support 150,000 children a year in 250 schools by 2017.

PEF have been an excellent partner. They have been understanding, informed and interested and they have brought their expertise to the table. They have management and organisational skills, they understand finance and they have a vast amount of experience that relates to any organisation, public or private.

PEF's pre-funding due diligence process was extremely appropriate and thorough. They funded us because they could see the positive impact that our work has on tens of thousands of children, families and their teachers – as well as the whole school environment. Our approach is evidence-based and so they were able to see the tangible results that we achieve. They saw too that we are a well-managed and organised operation, with sound financial structures in place.

We value long-term relationships with funders, and we are especially pleased when funders take a sense of pride in their involvement with us and engage proactively, as PEF have done. We hope the partnership continues and that we can build on the foundations that have been put in place. What society needs is sustainable, effective alliances to ensure that the needs of the community are met.

HE LITERALLY CHANGED **OVERNIGHT**,  
AND IN THE COURSE OF THE ONE-YEAR  
PROGRAMME, THERE WERE **CHANGES**  
THAT I THINK WILL **LAST A LIFETIME**



## Changing lives

The first thing you notice is the peace. In Olaitan Zaria-Suleiman's front room in Plumstead, South-East London, her children are gathered watching a cartoon on their wide-screen TV, laughing. It smells of furniture polish and flowers, and there's not a thing out of place, not a speck of dust. On the table sits a bowl of sweets which the children don't touch as they troop out of the room, obeying their mother to give her some peace.

Zaria-Suleiman sits up in her armchair and relates her son's story, seldom blinking.

"They never used to be like this, so good, so obedient. Not at all," she laughs. "Before, when Yemi, my son was aged eight and when he went to Place2Be, he was causing trouble at home. There was always trouble here.

Yemi started causing upset and acting out his frustrations when his family had moved from East London to Plumstead, south-east of the river, at the same time that the children's father had to move overseas.

Plumstead is a fractured, poor urban community with a checklist of social problems ticked. The high street is your standard outer-London blend: a chaotic mix of cultures and classes, blokes in sportswear smoking spliffs outside the bookies as they pose with their pitbulls. Past them newly arrived communities from the world's trouble-spots stroll alongside older residents looking slightly stunned by the sensory overload of foreign music and food and languages. All played out to a motorway hum and police sirens.

If adults are finding modern urban life challenging and confrontational, what must it be like for young people immersed in a culture where value is ascribed to price, and worth is judged by what things cost?

The Office of National Statistics says that 10% of five-to-15-year-olds have a diagnosed mental-health problem, while 80% of children who show behavioural problems at five go on to develop more anti-social behaviour. Over 90% of young offenders have had a mental-health problem as a child.

"I'm not one of those mothers in denial – who don't believe that the children are causing trouble. I am a very strict parent, and I could not understand what was going on with my son. From my point of view, I did realise that Yemi was taking too much responsibility at home, and so I changed my working hours, but I knew there was something more serious at the bottom of it. He was trying to tell me that something was wrong, but I didn't know how to hear him, and so we took advice from experts," she says.

Children's problems don't tend to be taken seriously. While adults might have close friendships, family members, faith leaders or partners to confide in, many children have no outlet for their concerns, and bottle up their frustrations, only to act them out through bad behaviour, bullying, apathy, and poor academic results.

The charity Childline found in research in 2003 that "more than two-thirds of secondary school pupils in England would not find it easy to tell a teacher if they were being bullied – because they believe they would not be taken seriously or would suffer reprisals as a result of 'telling'."

And for a child like Yemi, that feeling of having no one to talk to was made worse because he was ashamed of being bullied, as he was tall and broad and at first glance, looks like a tough boy. "But he's just big," says his mother. "He's not tough, so he didn't know what to do."

His problems came into the family home and upset the atmosphere there, too. "He would never do his homework, he'd slam doors, argue with his sisters. He was listless, disengaged and impossible to talk to. He was monosyllabic. But even just after one session, Yemi came out of the room and he hugged me. It was miraculous," says Zaria-Suleiman.

"I'm conscious that I am making this sound very dramatic. But that is because it was! He literally changed overnight, and in the course of the one-year programme, there were changes that I think will last a lifetime," she says.

Yemi strolls in, shakes hands and waits politely to say his piece. "Now, I know how to stick up for myself, how to handle things. I never get angry any more, I just walk away and play football. And if people are fighting, I walk away. They might have a knife, you know? Yeah, Place2Be changed my life. Anger is pointless," he says quietly, with a soft gaze like a 13-year-old Buddha.

For parents like Zaria-Suleiman, The Place2Be has been a lifeline, and says without exaggeration, and a great deal of gratitude. "It gave me my son back. What price can you put on that? Money cannot qualify what I have back. This thing needs more funds, it's a good investment. Every child that goes to Place2Be and gets the counselling they need is one less gangster, drug-user, whatever, on the street."

**I don't get  
angry anymore**



## Volunteer Reading Help

### PEF is helping to spread the power and joy of reading

An estimated 250,000 children in England and Wales are functionally illiterate and one-in-three of the UK workforce has the literacy skills expected of an 11-year-old. Volunteer Reading Help (VRH) supports 5,000 children every year to develop a love of learning and reading, through supporting and training 2,000 volunteers working in over 1,000 primary schools. The children's increased confidence and reading skills mean they are much less likely to drop out of education or be forced into low-paying jobs.

### Gill Astarita CEO

Imagine looking at these words and not being able to read them. Go further – imagine not knowing how to read a book, or a letter, or browse a blog, read an email. Now take it further. You can't read maps, travelling alone is a nightmare, you can't fill in forms and you've got no chance of getting a job.

For about £14 a week, your life could have been so different.

That's what it costs, on average, for one of our volunteers to go into a school and give individual reading support to children.

We're an early intervention service. We can make such a difference if we can just get in there early and tackle the problem before it takes serious root in a child's life.

Many children might come from family backgrounds where support is not given, and little interest in their academic performance is evident. We also work with a large number of cared-for children. If there was no support for these children from VRH, children who do not have special needs, but rather just low attainment, there would be no provision.

The investment is small, but the rewards are large, and the results simply incredible. 90% of all the children we work with showed significant improvement in their reading, and 90% reported increased self-esteem, and 80% improved their attendance at school.

PEF is investing both money and expertise, to help us improve our management information systems, promote our work more effectively to more schools and volunteers, and help us build our overall capacity for growth. With this support, we will be able to transform our operations over time and help even more children who need us.

- **PEF is investing in strengthening VRH's core capacity and capabilities, including its information systems infrastructure and marketing functions**
- **This will help VRH achieve robust and sustainable programme growth, with the aim of reaching twice as many schools as it does today**

# IT'S OUR JOB AS VOLUNTEERS TO OPEN UP THE **MYSTERY AND MAGIC OF WORDS AND BOOKS** FOR CHILDREN



## Literate for life

"I was travelling in China recently. And you know, after a day or two of not being able to understand anything that was written down, I was just exhausted. It gets so that you're so bewildered and alienated that you completely cease to process anything. Your head spins. And that's how children who have difficulty reading must feel, isn't it?" says Jan Doole putting the kettle on, her crossword lying open, half-finished on the table in her South London kitchen.

Doole worked as an IT Manager in the US until 2001, when she returned home to the UK. She decided she wanted to change careers, and knew she wanted to work with children in the charitable or voluntary sector.

She signed up at [timebank.org.uk](http://timebank.org.uk) and found work as a volunteer reader with VRH with children near her home in Balham, South-West London.

The job of a volunteer reader is distinct from that of a teacher. They are not trained in phonics, for example, and they do not work with learners with severe reading difficulties. Instead, liaison officers in schools suggest a number of pupils they feel require extra one-to-one help reading, based on their professional judgment.

It is these pupils that are chosen for specialist voluntary support by readers trained, recruited and placed by VRH.

But why does such a need exist? Doole, who is now a trustee of the charity, says there are many reasons for children not to read.

"Maybe they don't get any attention at home, or maybe they are part of a large family, or maybe there just isn't a role model in the family who sits and reads. And nowadays, so many people don't read. It's our job as volunteers to open up the mystery and magic of words and books for children," she says.

Volunteering three hours a week for a year with primary school children aged six to 11 years-old, says Doole, can have profound and lifelong impacts on a child's outlook.

"I had one little girl, and she was having real trouble. And just by chance, I found she really responded to Roald Dahl's *The Twits*. I was reading a passage with her where Mrs Twit tricks her husband into eating worms, and she just started giggling uncontrollably. She took the book away, and finished it herself. Suddenly, she discovered that a book could make her laugh."

VRH is completely flexible in its choice of reading matter, and pupils are encouraged to choose their own materials. That might be a football website or even a pack of Star Wars Top Trumps. "Count Dooku, Count who? He's a Star Wars character, and I couldn't say it. But the word just slipped off one little boy, Ronnie's tongue. I had no idea how to pronounce it," laughs Doole.

That child, Ronnie, was what Doole calls "a master distracter", who diverted her attention from his reading troubles by chatting through their sessions. But when he inadvertently revealed his love of Star Wars, Doole found a cartoon of the book and the Top Trumps playing cards, and he was, she says "flying".

Ronnie, an Algerian child, also spoke French. And from being a child who was disruptive in class and who was falling behind academically, he became an avid reader who was able to mentor and befriend another child who came to the school who also mainly spoke French.

Anyone who has ever worked with children or watched them learn will know how marked change and progress can be made suddenly, and in learning to read, that process is laid bare.

"I love it when they check themselves, and say, 'Would? Why isn't that Wold, with an "L" sound?' That's when you know they've got it, something clicks, they're processing information in a new way.

"I think if you can make reading subconscious, it frees their minds to focus on the content of what they are reading. That means they can study science, history, all the other subjects without struggling," says Doole.

Large numbers of children leave primary school without adequate reading skills, and these children will often misbehave in school, distracting classmates, as a way of seeking attention for a problem they are ashamed of even having. How much more logical, then, to tackle the problem before it becomes ingrained, say Doole. "You have to get them while they are still young. It makes all the difference."

The difference it makes, like so much of school performance nowadays, is provable, measured and tracked. "One-year, the head teacher pulled me aside and pointed out that over 50% of the children who had gained higher-than-expected grades that year had been part of the VRH programme. They had lots of help, but it was wonderful to have been part of that," says Doole.

But it's not just a one-way process, and some of the consequences can be quite unexpected. "I think in society, we are all quite disconnected, or even antagonistic to each other. But with my work with these children I have become more engaged with the local community, and now in the street and supermarket we stop and say hello to each other. I love the links I now have with my local school," says Doole.

Doole is passionate about her work with VRH, and her enthusiasm is infectious. "We're expecting people to live with their arms tied behind their back if they can't read. This is an opportunity for all of us to do something that benefits everyone involved, and most importantly we end up with happy and more successful kids. What better thing is there to invest money in?"



**Reading is  
so much fun**

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## Summary of finances 2006/07

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For the period ended 31 July 2007

<b>Incoming resources from generated funds</b>	<b>£</b>
Voluntary income: donations	4,028,606
Voluntary income: services in kind	160,000
Interest on cash at bank	27,336
Receipts from ticket sales for Midwinter Spectacle	398,975
<b>Total incoming resources</b>	<b>4,614,917</b>
<b>Resources expended</b>	
<b>Costs of generating funds</b>	
Cost of organising Midwinter Spectacle	500,013
<b>Charitable activities</b>	
Grant funding	2,448,393
Staff costs	41,993
Other costs: mainly research and advisory services procured	164,980
Governance costs: legal and audit	161,763
<b>Total resources expended</b>	<b>3,317,142</b>
<b>Net incoming resources before transfers</b>	<b>1,297,775</b>
<b>Transfer to Designated Funds: for Impetus co-investments</b>	<b>(500,000)</b>
<b>Unrestricted Fund balances at 31 July 2007</b>	<b>797,775</b>

The figures in this summary of finances are consistent with Private Equity Foundation's Trustees' Report and Account (for the period ended 31 July 2007), which complies with the Statement Of Recommended Practice (SORP) 2005 for Charities.

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## Management and Governance

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### PEF

PEF is a charity registered with the Charity Commission. Registration number 1116139.

PEF is a company limited by guarantee registered in England and Wales. Registration number 05882818.

Registered office at 10 Upper Bank Street, London E14 5JJ.

PEF can be contacted at CAN Mezzanine, Downstream, 1 London Bridge, London SE1 9BG, on 020 7785 3810 or [info@privateequityfoundation.com](mailto:info@privateequityfoundation.com)

Shaks Ghosh	CEO
Harvey Koh	Portfolio Manager
Julie Nesbitt	Assistant

### PEF Trustees

There are eight directors (who perform the role of trustees of the charity) of PEF.

David Blitzer	The Blackstone Group International Limited
Scott Collins	Summit Partners Limited
Todd Fisher	Kohlberg Kravis Roberts & Co
Charlie Green	Candover Partners Limited
Carl Parker	Permira Advisors LLP
Stephen Peel	Texas Pacific Group Capital
Dwight Poler	Bain Capital, Ltd.
Ramez Sousou	TowerBrook Capital Partners (U.K.) LLP

### PEF I, Inc. Trustees

There are three directors of PEF I, Inc.

Todd Fisher	Kohlberg Kravis Roberts & Co
Michael Goss	Bain Capital, Ltd.
Georgia Lee	Hellman & Friedman LLP

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## Administration

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### Auditors

PricewaterhouseCoopers LLP  
Government and Public Sector  
1 Embankment Place  
London WC2N 6RH

### Bankers

Drummonds  
49 Charing Cross  
Admiralty Arch  
London SW1A 2BA

### Legal advisors

Clifford Chance LLP  
10 Upper Bank Street  
Canary Wharf  
London E14 5JJ

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## Charities supported by PEF and PEF I, Inc 2006/07

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### **Community Links**

105 Barking Road  
Canning Town  
London  
E16 4HQ  
[www.community-links.org](http://www.community-links.org)

### **IntoUniversity**

95 Sirdar Road  
London  
W11 4EQ  
[www.intouniversity.org](http://www.intouniversity.org)

### **Leap Confronting Conflict**

Wells House (Unit 7)  
5-7 Wells Terrace  
London  
N4 3JU  
[www.leapconfrontingconflict.org.uk](http://www.leapconfrontingconflict.org.uk)

### **The NSPCC Treatment and Therapeutic Services**

Weston House  
42 Curtain Road  
London  
EC2A 3NH  
[www.nspcc.org.uk](http://www.nspcc.org.uk)

### **The Place2Be**

13/14 Angel Gate  
326 City Road  
London  
EC1V 2PT  
[www.place2be.org.uk](http://www.place2be.org.uk)

### **Volunteer Reading Help**

Charity House  
14-15 Perseverance Works  
38 Kingsland Rd  
London  
E2 8DD  
[www.vrh.org.uk](http://www.vrh.org.uk)

### **Women for Women International**

4455 Connecticut Ave NW  
Suite 200  
Washington DC 20008  
United States of America  
[www.womenforwomen.org](http://www.womenforwomen.org)



**Private Equity Foundation (PEF) was established in 2006 and has been backed by private equity firms and their advisors, including banks, law firms, accountancy firms, consultants and search firms.**

**Our mission is to empower young people to reach their full potential. We seek to do this by investing both money and expertise from the private equity community, to help excellent charities achieve a step-change in their impact.**

**In our first year, we raised £4.5m and a further US\$1.7m was raised by our sister organisation, Private Equity Foundation I, Inc., who share our charitable goals and investment approach.**