

# WHAT IS SOCIAL INVESTMENT?

Finance provided for voluntary and community organisations and social enterprises (VCSEs) by investors

Investors expect to get their money back, often with interest, and they want to see positive social change take place as a result of their investment

## WHY IS SOCIAL INVESTMENT GROWING?

The economic climate – there is less money to go round

It attracts new money – from individuals, mainstream finance and the private sector

Trading – the sales of goods and services – represented 54% of voluntary sector income, a total of £21.3bn, in 2011/2012

More VCSE organisations are trading – which means that income is being earned and there's the potential for money to be invested and paid back

The UK social investment market in 2011/2012 was estimated at £202m, growing in size at 20% per year

Quasi-equity is not for ever  
Not all VCSEs are or should be. And not all trading organisations need to take an investment

## WHY MIGHT I WANT SOCIAL INVESTMENT?

Social investors may be more interested, more patient, more attuned to your ethos, and cheaper

Investment can provide flexibility, support from investors, fewer restrictions and greater business discipline

To raise money for a new start-up

To support existing activities

To buy assets

To grow and expand

## TYPES OF SOCIAL INVESTMENT

Debt Equity

Quasi-equity  
Loans  
Charity bonds and crowd-funded loans  
Community shares

## WHERE CAN I FIND SOCIAL INVESTMENT?

Friends and family  
Your reserves  
Social banks

The crowd or community, customers or members

Accelerators and incubators

SIFIs – specialist social funds and investors

Big Society Capital lists a number of funds for organisations seeking investment: visit [www.bigsocietycapital.com/other-funding-sources](http://www.bigsocietycapital.com/other-funding-sources)

## ARE YOU READY?

It depends!

The views of investors and VCSEs can differ about whether or not an organisation is ready to receive investment

Staff with skills Financial management

Board with experience Track record

Customers with cash A market Impact

Use the Big Potential diagnostic tool to find out if you're 'investment ready'  
[www.bigpotential.org.uk/diagnostic-tool](http://www.bigpotential.org.uk/diagnostic-tool)

## WANT TO KNOW MORE?

> Read the social investment guide

> Watch the films – be inspired by charities and social enterprises that have taken social investment



SOCIAL ENTERPRISE MATTERS