

# Social Investment Business



How 'Investment Readiness' can help  
generate greater social impact

February 2016

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# 1 Introduction to Social Investment Business

2 Setting impact investment in context

3 Understanding 'Investment Readiness'

4 Scaling up from the UK experience

# About Social Investment Business

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Total funds disbursed  
**£393m**



**£145m**

**+1,300** organisations supported



INVESTMENT  
AND CONTRACT  
READINESS FUND

**£233m leveraged in deals**

**My Community Rights**

**+700** community organisations

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# The SIB Group

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1. Charitable foundation
2. Endowment c£40m
3. Catalytic investor



4. Social enterprise trading arm
5. Managed Government Funds c£350m
6. Blended capital
7. Investment readiness



8. Social enterprise FCA authorised fund manager
9. Private, public and charitable investors
10. £50m unsecured lending

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# UK plays a leading role in developing the industry

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“I want to use our G8 presidency to push this agenda forward. We will work with other G8 nations to grow the social investment market and increase investment, allowing the best social innovations to spread and help tackle **our shared social and economic challenges**”

*David Cameron, UK Prime Minister,  
Davos World Economic Forum, 2013*

“There is the potential quickly to **unleash up to \$1 trillion** of new investment to tackle social problems more innovatively and effectively”

*Impact investment; the invisible heart of markets,  
Social Impact Investment Taskforce, September 2014*

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# The market failure: a lack of investment ready organisations



Last year and this year, respondents identified a **shortage of high quality investment opportunities with track record** as the most significant challenge to the growth of the impact investing industry.

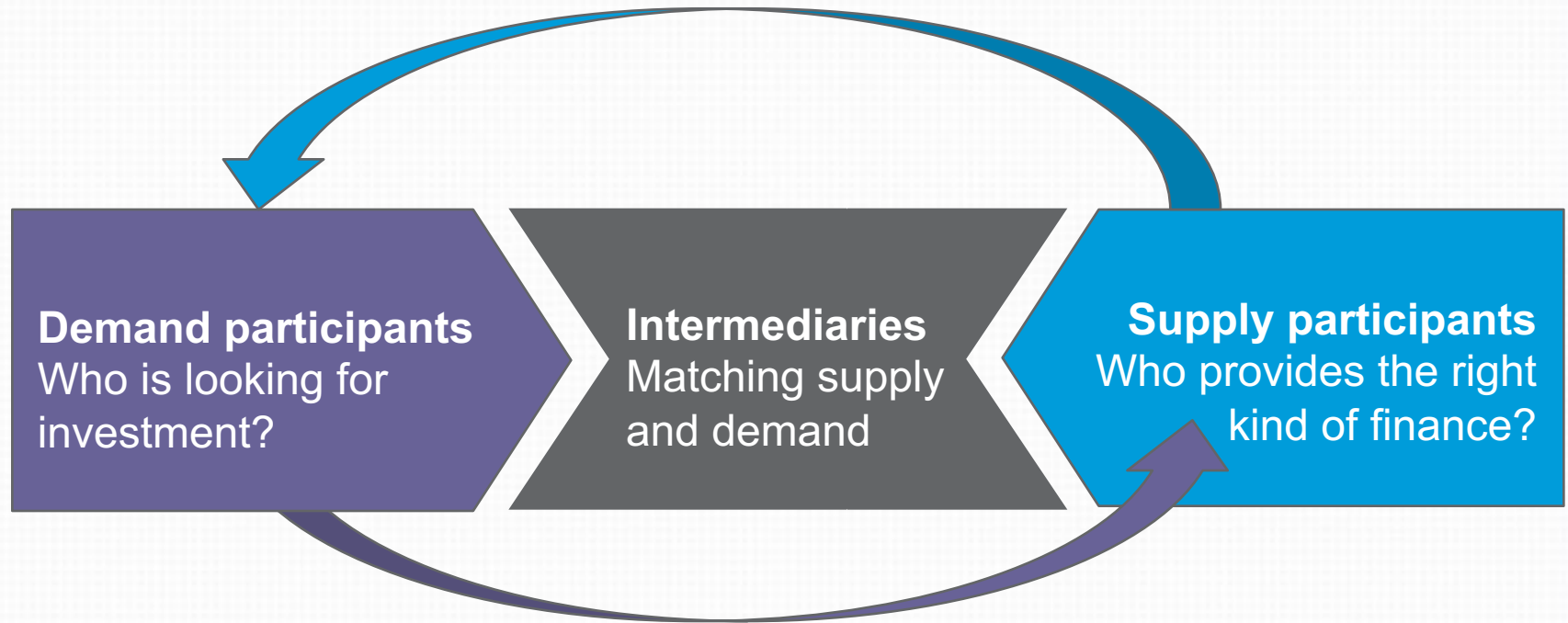
*Impact Investor Survey,  
JPMorgan / GIIN, May 2015*

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# Greater collaboration is needed for capital to flow

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# The first investment readiness programme



**Name:** Investment and Contract Readiness Fund (ICRF)

**Size:** £10m (increased to £14m)

**Funding source:** Cabinet Office

**Length of time:** April 2012 – March 2015 (3 years)

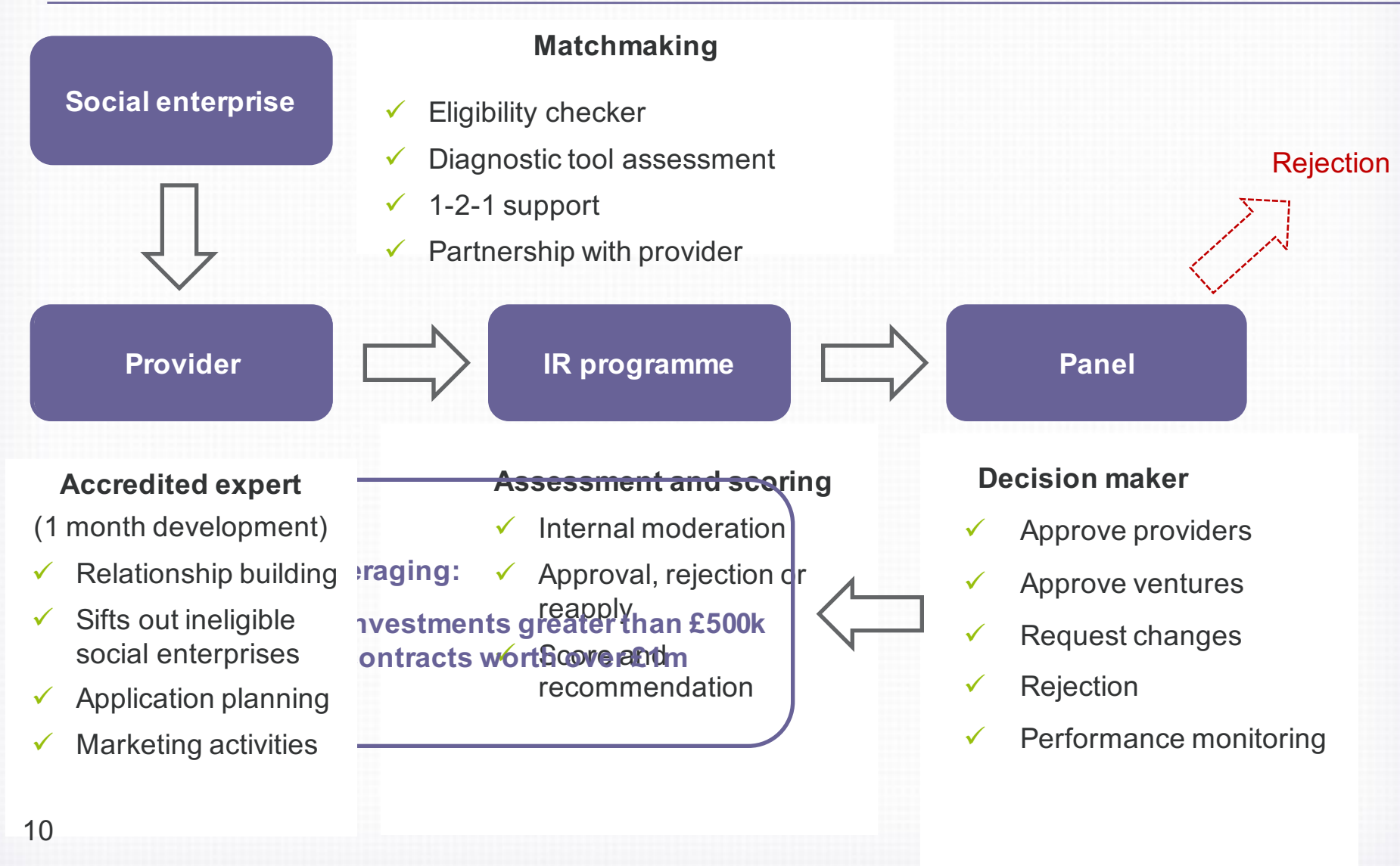
**Size of grants:** £50,000 - £150,000 grants.

**Total number of grants:** Seeking to make approx. 130 awards

**Objective:** each social enterprise to raise £500,000 of investment or £1m of contracts.

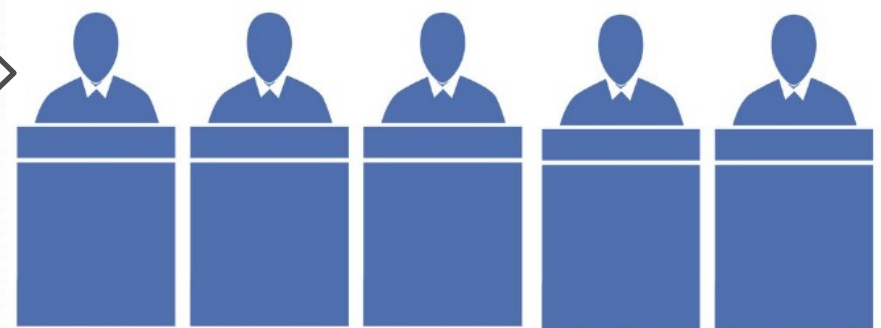
**Outcomes:** £40m leveraged, up to 10 intermediaries

# Process



# An Investor Panel at the heart of the Fund

- Big Society Capital (chair)
- Berenberg Bank
- Big Issue Invest
- Big Lottery Fund
- Bridges Ventures
- CAF Venturesome
- Deutsche Bank
- FSE Group
- Key Fund
- Natwest
- NESTA
- Panahpur
- SASC
- Social Investment Business
- Triodos Bank
- *Cabinet Office (observer)*



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# Expert providers of support as critical intermediaries

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ICRF had **40 accredited providers**, including experts from the social sector (Social Finance, ClearlySo) and mainstream consultants (PwC, Deloitte, Hogan Lovells).

Main key areas of support requested included:

- Financial modelling (requested by 86% of social enterprises)
- Impact measurement (72%)
- Investment structuring (57%)
- Tendering and bid writing (57%)

# Results

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## The ICRF: “an indisputable success”

“As highlighted by the recent G8 report, the Investment and Contract Readiness Fund has had a significant impact both on the charities and social enterprises that have received funding and on the wider social investment market. Throughout the country there are fantastic charities and social enterprises, providing invaluable services to their community and making significant contributions to the national economy, and the ICRF is helping them scale up their activities rapidly. I am pleased that this fund – the first of its kind anywhere in the world – has been such an indisputable success.”

*Minister for Civil Society, Rt Hon Rob Wilson MP*  
*November 2014*



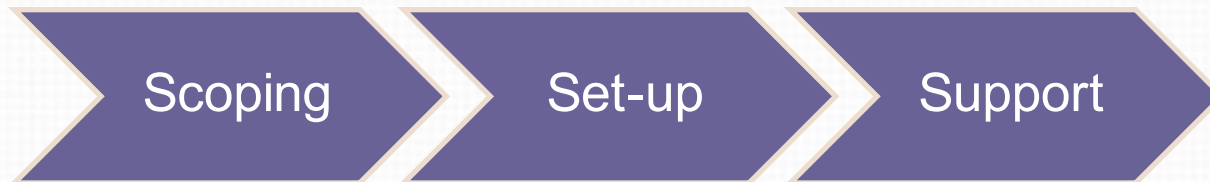
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# International Advisory Services

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# Evaluating the opportunity

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- Assess current ecosystem
- Make recommendations for a 'straw man' structure
- Identify key partners for fund administration

# Creating a new Investment Readiness programme

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- Train the team
- Quality assure processes and procedures
- Test, pilot and scale

# Building an ecosystem

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- Evaluate year one performance and refine
- Share performance data as a public good
- Develop new products and services



# Delivering impact where it's most needed

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**ThamesReach**  
power

# Thank you

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