

IVAR



Charities under £1m and social investment

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The research at a glance

Purpose

To explore charities' experiences of seeking, securing and managing social investment

Focus

Charities under £1m England. All standard term loans

Method

In depth interviews with chief officers and trustees in 25 charities, and with national bodies/forums to test findings



The findings are honest, sobering and should be of concern to anyone interested in social investment

Scottish Community Reinvestment Trust

Point 1: Motivation

Mission driven

'You must live by the ethos that brought you into this. You've got to meet your charitable aims. After that it's got to be a business case'

'We are generating income to provide this holistic approach and not just to pay for services or to maintain the building'

Strategy

'We only take funding if it will develop the company or if the definite outcome will be for the kids'

'We've been in that little boat riding around in local authority water. And it's time to take control'

Necessity

'We fell into it really. It was all or nothing'

'A loan was completely against the culture of the charity'

Point 2: The social investment road

- Outreach and marketing
- Capacity-building and investment readiness support
- Application, assessment and due diligence processes
- The investment offer, terms and conditions
- Eventual take-up and use of social investment
- Loan repayment

Point 2: And the social investment journey

Confident

'We went into everything, we weren't blinded'

Stressful

'It took over my entire life' handling social investment 'off the side of the desk'

Walked Away

'If the social investment is not really about social mission then why not go to Barclays?'

Point 3: Governance

CEO/Chair relationship

'The board support is good but hard to get used to'

'There is a general issue with the way finance decisions get made and with governance'

Well functioning board

'We trustees are all feeling we need a bit more knowledge to ensure we make the right decisions'

'The board is much stronger now and I find myself using tools and procedures all the time'

Concluding remarks

For social investors

- Understand and explain the social investment road and the journey
- Every organisation left stronger in mission and finances
- Building good relationships, not transactions
- Design products and marketing around charities' needs and mission, not impact and scale

For borrowers

- Find a good accountant who 'speaks bank'
- Governance matters

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