

**BIG**  
**SOCIETY**  
**CAPITAL**

**Ten Years  
of Investing  
for Impact**



**Stephen Muers**, CEO  
Big Society Capital

# Telling our story

Ten years since Big Society Capital was established gives us a moment to reflect on our journey so far, celebrate achievements and recognise some of the people and organisations we have worked in partnership with along the way. As you'll read throughout this review, much has been achieved since Big Society Capital's doors opened in 2012 with our mission to improve lives through social impact investment.

Over the past decade, we have shown how ideas, capital and expertise can be brought together to build solutions to some of the many social challenges in the UK. Crucially, we've focused on how progress towards building a better society comes through working in partnership – across the public, private and social sectors.

More capital is now reaching charities and social enterprises, helping them tackle some of the most pressing social issues at scale. However, inequality and injustice is more apparent than ever, especially as we all respond to the devastating effects of the pandemic and now the cost-of-living crisis. Since the start of the pandemic, more than 180,000 households have been tipped into homelessness, while more than a quarter of UK children live in poverty<sup>1</sup>. The need for social impact investment has never been greater.



“ More capital is now reaching charities and social enterprises, helping them tackle some of the most pressing social issues at scale. ”

We have big ambitions for the future. We think the opportunity we now have as a sector is bigger than at any other point in our existence; with investors, investees, national and local Government, and other partners increasingly seeing the potential of social impact investment. We have clear, proven examples where investment is delivering change at a meaningful scale on critical issues, from homelessness to financial exclusion to health and well-being.

We've worked with a huge number of partners along the way, including our shareholder banks, fund managers, co-investors and frontline impact makers. It's impossible to mention them all here, but they know who they are, and I am hugely grateful to everyone who has been on the journey with us.

In this review, four key people who've played a significant part in the progress of social impact investment reflect on the advance that has made in ten years, but also on how the market and attitudes have changed. Each of the four voices brings a unique perspective from within the ecosystem and helps to tell the story of growth.



**VISION**

**Sir Ronald Cohen**



**IMPACT MAKER**

**Lisa Hilder**



**IMPACT INVESTOR**

**Lyn Tomlinson**



**GROWTH**

**Sir Harvey McGrath**

<sup>1</sup> [https://england.shelter.org.uk/media/press\\_release/91\\_families\\_made\\_homeless\\_every\\_day\\_in\\_england](https://england.shelter.org.uk/media/press_release/91_families_made_homeless_every_day_in_england)

## Sir Ronald Cohen



**Sir Ronald Cohen** is a pioneering philanthropist, venture capitalist, and social innovator and is recognised as the father of impact investment and European venture capital. He was the co-founding Chair of Bridges Fund Management as well as Big Society Capital which he co-founded with Nick O'Donohoe. He is current Chair of the Global Steering Group for Impact Investment and the Impact-Weighted Accounts Initiative at Harvard Business School and a director of Social Finance USA and Israel.

When we founded Big Society Capital ten years ago using dormant assets and investment from four leading UK banks, we clearly saw the opportunity to deploy capital at scale to help tackle social issues in the UK. We had clear ideas about the organisation we needed to achieve this. First, it needed to maintain its independence while sticking to its mission to deliver impact for the benefit of the disadvantaged. The governance structure and boards we put together, comprising skills from the social sector, business and finance, provided the architecture to achieve this.

Having seen previous initiatives peter out because they ran out of money, we also wanted to ensure the permanency of Big Society Capital. This required us to develop a business plan and investment strategy that would enable investing capital over the long-term while generating a return that would make it sustainable. This was the first time an organisation of Big Society Capital's scale would provide investment, as opposed to grants to social enterprises and charities that strive to improve people's lives.

I am pleased to see that over its first decade, Big Society Capital has done exactly that, committing £830 million compared with its initial £625 million founding capital and attracting almost twice as much alongside it from institutional and other investors. Over its first decade, £2.6 billion has been made available to over 2,000 social enterprises and charities. As a result, the social sector has become more accustomed to using investment capital to achieve better outcomes at scale.

We recognised that we needed to go beyond investing for impact, to create a powerful impact ecosystem in the UK, financing existing fund managers but also catalysing the creation of new ones. It is gratifying to see today how many organisations in the social enterprise and charitable sector are stronger, better funded and better able to help those in need.



As Big Society Capital demonstrated the success of its model over time, its credibility as an impact investment leader grew. Soon its reputation in the sector enabled it to transition to managing client capital too. This was a very significant step forward since by then, social impact investing had shifted from a niche activity to become mainstream.

Among its achievements, Big Society Capital also helped pioneer the measurement of impact. Its support of impact bonds (social outcomes contracts) helped bring pay-for-success to the fore in mainstream investment markets. Sustainability-linked bonds and loans, where the rate of interest payable by a company falls if it achieves targeted social or environmental returns totaled \$1 trillion in 2021<sup>2</sup>. As our economies shift from optimising risk-return to risk, return and impact, we can expect both investors and companies to deliver powerful solutions to the great social and environmental problems we face, leading our economic system to generate widespread economic, social and environmental improvement.

Big Society Capital has an important leadership role to play in this vital transition, identifying the most effective ways to achieve desired social outcomes, tackle persisting social issues – such as homelessness and children on the edge of care – and steer investment capital flows to help the most disadvantaged in our society.

On the occasion of its tenth anniversary, my ambition for Big Society Capital, and the organisations that are seeking to emulate it – in Japan, Portugal, South Korea, Canada, and elsewhere across the world – is that they play a leading role in driving impact investment to scale in their countries, improving lives and preserving our planet.

<sup>2</sup> Moody's ESG Solutions (October 2021)



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## Lisa Hilder

For social enterprises and charities, social impact investing can be truly transformational. I have seen first-hand how connecting with the right investor, with the right product, can multiply your ability to deliver impact and make your organisation self-sustaining, in a way that is just not possible with traditional funding models.

**Lisa Hilder** has worked in women's sector organisations for more than twenty years and serves as a Trustee and Treasurer for a range of organisations in Hull and Bradford, all of which work actively to tackle violence against women and girls. She has used social impact investing for 15 of those years to help to fund and grow a range of community based services.

Over the last ten years or so, many charities have had to change their thinking about generating income. Austerity has made the environment tougher than before and organisations have faced a constant grind of trying to win grants and contracts, to keep their services going. Often these come with conditions attached, which hamper charities in achieving their purpose. These pressures have led to shifting views on diversification and income generation.

Back in 2005, just 3% of [The Winner Group's](#) income came from unrestricted sources. Three years ago, that figure had increased to 83%. That profound change came from embracing social impact investment because with a sustainable income stream, we have been able to plan for the long-term. Rather than looking out three to five years, we can plan for the next 25 years. Making this change has allowed us to scale our impact. We wanted to help more women, children and families and now we have 211 properties housing women and children fleeing violence and abuse. That's what makes it all worth it.



Productive collaboration and partnership are key. Investors who take the time to understand the lived experience of those in the sector will be able to apply their creativity and financial skills to solve specific problems.



We do still use grants and contracts but now we can be selective, avoiding those that do not fit our purpose and using them to drive innovation or unlock other sources of income. Entering the world of social investing is not always easy. Investors and investees have different cultures and do not always share the same vision for creating change or have a different interpretation of risk. However, I would say don't let this deter you! We are fortunate to have worked with fund managers who have realised by listening and learning they can find common ground with potential investees to create the impact they also want to see. These lightbulb moments have been turning points in our development.

We have had an excellent experience of this, working with Social and Sustainable Capital. Enabling us to work together to create tailored solutions, rather than providing off-the-shelf packages that just may not work for the charity or social enterprise. We built a great relationship with them over a period of around 18 months and they worked hard to learn about what we needed. In the end, that allowed them to propose a unique product for us, which funds the full purchase price of a property, all the costs involved and a Property Acquisition Officer to manage the process.

Social enterprises and charities are also now more knowledgeable about social impact investing, supported by the work of [Good Finance](#). Many potential investees now have a much better grasp of how they can use social investing to deliver their charitable purpose. I would encourage those that don't know to find out and those that do to get on and do it.

Productive collaboration and partnership are key. Investors who take the time to understand the lived experience of those in the sector will be able to apply their creativity and financial skills to solve specific problems. If we can move in that direction, the scale of social change the two sectors can achieve together is really limitless.



*It felt to us like a relatively simple thing could be done to ensure that women and children could escape ongoing pain and suffering. When we left after visiting Lisa and her team we were highly motivated to try to find a way to connect our capital to allow Hull Women's Network to build a portfolio of safe and secure houses.*

*Ben Rick, CEO [Social and Sustainable Capital](#)*



## Lyn Tomlinson



**Lyn Tomlinson** is Head of Impact at Cazenove Capital, responsible for the impact investment and philanthropy client proposition and a passionate advocate for using capital for social good. Lyn is a member of the Cazenove sustainable investment and asset class committees which are responsible for the strategy, selection and oversight of all sustainable and impact funds held within client portfolios. She is a member of the investment committee of the Schroder BSC Social Impact Trust and board member of UK Sustainable Finance, Philanthropy Impact and the Impact Investing Commission.

We have had a responsible investment offering for over 20 years and our clients include some very large mission-driven investors. Over the last five or six years, we have seen a growing interest from clients in how their investments are influencing a wide range of social issues. These issues range from diversity and gender equality through to human rights and working conditions in supply chains.

At the same time, some brilliant fund management houses were starting to offer us products that addressed social impact, but the structure of those products was not user friendly for wealth managers like us. So, I could see the demand and what an investible solution looked like, and solving that problem really motivated me to get involved. This led to the partnership between Big Society Capital and Schroders and the launch of the [Schroder BSC Social Impact Trust](#).

I have personal experience of some of the issues social impact investing is trying to tackle and understand how damaging they can be for families and particularly for children, and how costly they can be for society. Social enterprises and charities are often best placed to solve social issues such as helping children on the edge of care, but to do so at scale, they, like any business need capital. We can provide that capital and help to change people's lives, while generating appropriate risk-adjusted returns for our clients. Those returns are important. We are stewards of other people's capital, and we take our fiduciary duty seriously.



The market has a long way to go but it is starting to scale and is becoming attractive to institutional investors. Once it reaches that point, it could scale quickly over the next few years.



There are still some hurdles the sector needs to overcome to increase take-up of these investments. The wealth management industry has become more comfortable with investing in private assets, but many still prefer listed vehicles with good liquidity. Private assets require changes to your investment, research, compliance and operational processes. However these are important challenges that wealth managers need to address, since private assets offer good long-term value creation for clients. They also offer a way to address social issues, such as providing housing for those escaping domestic violence and helping to reduce fuel poverty, which cannot be solved by solely investing in public equity markets.

Some education is also needed. Wealth managers need a better understanding of the investment case for the social sector, which has large, profitable, financially robust and well-run businesses that are doing brilliant things. The fund managers offering social investment products tend to have relatively short track records at this point, so wealth managers need to adapt their due diligence processes to account for this nascent market.

With all of that said, I believe we are close to a tipping point. The market has a long way to go but it is starting to scale and is becoming attractive to institutional investors. Once it reaches that point, it could scale quickly over the next few years. My hope is that investors look not just at assets such as social housing, which they already understand, and which need vast amounts of capital, but also consider more innovative areas. These can include social outcomes contracts which are a form of public service delivery where investors provide working capital and receive a return when positive outcomes are achieved. The Government also has a role to play in moving things forward. It has set an ambition for local government pension schemes to allocate 5% of their assets to local impact investment. That would equate to £16 billion of capital looking to generate an impact, which would be a massive catalyst and could only be positive.

I would encourage all investors to explore the options and get started on their journey of social impact investing.



## GROWTH

# Sir Harvey McGrath



Sir Harvey McGrath has served as Chair of Big Society Capital from 2014 to 2022. He has had a long and distinguished career in the international financial services industry, as Chief Executive and Chair of Man Group plc and Chair of Prudential plc. He is also the former Chair of the London Development Agency, and Chair of Governors of Birkbeck College.

Over the ten years since Big Society Capital was founded, we have helped to stimulate significant growth in social impact investing in the UK. From £830 million in 2012, we estimate that the market is now around eight times larger, at £6.4 billion.

This growth has been underpinned by much greater awareness of social impact investment, as well as a better understanding of the need for it. When Big Society Capital first opened its doors, we expected huge demand for our capital. What we found was that many in the sector were unaware of social impact investment and what it could do.

Initiatives such as Good Finance have been important here. This is a resource to help social enterprises and charities learn about social impact investment and which type would be most suitable for them. Since its creation, more than 370,000 users have visited the website, gained an insight into how to navigate the market and used the directory to connect with the right investors and advisers.

The growth in the market also reflects our efforts to build a network of partners, who can attract capital alongside ours. Over recent years, the number of fund managers in the social investment space has increased from no more than a handful to over 40 today, the core of which are institutional in scale and growing. We have also supported growth in lending by social banks, by making capital available to them through equity and debt investments that have enabled both the increase in and diversity of their lending. A platform for further market growth has now developed, as fund managers and other organisations raise and deploy their own capital into social impact investing.

The creation of the Schroder BSC Social Impact Trust in 2020 was an important milestone in the market's development. The Trust has a portfolio of high-impact housing, debt for social enterprises and social outcomes contracts. These

investments by themselves are illiquid and require a long-term commitment of funds. Launching this publicly listed vehicle provides a more accessible way to invest in these assets and, as more and more people demand that their money is responsibly invested, we expect to see more funds of this kind emerge.

One of the fundamental principles behind Big Society Capital is sustainability, so that we can recycle our investments and continue to have an impact. In practice, to date we have been able to commit around £200 million more capital than we started with, demonstrating that it is possible to be a provider of repayable capital to social-purpose organisations, earn a return on that capital and deliver social impact.

In 2020, we published our most recent [impact report](#), which lays out the difference we have been making and the ways we have supported organisations to do that. It includes examples from the range of organisations using social investment to tackle the most serious of social issues and improve people's lives. From West London Zone – a charity working with disadvantaged young people to improve their life chances, to Fair For You, a non-profit responsible lender that offers loans to people who struggle to access affordable credit. To me, one of the striking features is the extent to which we have been able to target interventions in some of the most deprived areas of the UK, where it is most needed.

With the economic impact of COVID-19 having exacerbated existing inequalities, what we do is as important as ever and I expect Big Society Capital and the wider social impact investment ecosystem will continue to help change lives at scale for many years to come.



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# Ten years in numbers

**65%+**

of organisations from Big Society Capital portfolio investments in 40% of most deprived parts of the country

**75%**

of organisations which have taken on social investment located outside London

**5,400+**

transactions in social impact investment

**£6.4bn**

growth of social impact investment market from £0.8bn in 2012

**£830m**

committed by Big Society Capital since inception

**£425m**

dormant accounts money received by Big Society Capital to date

**£10bn-£15bn**

our aim for the size of the market by 2025

**£2.6bn**

of investment made available with co-investors alongside

**2,000+**

charities and social enterprises receiving Big Society Capital investment

**£87m**

committed by the Schroder BSC Social Impact Trust

**160,000+**

people reached by Schroder BSC Social Impact Trust, 90% are disadvantaged and vulnerable

**£50,000**

average median first time lending in 2021 (from £100,000 in 2015)<sup>5</sup>

**4,000+**

homes delivered by Big Society Capital's social property investments

**55,000+**

people benefitted through social outcomes contracts

**10m+**

people reached through Venture investments

**£148m**

committed to blended finance

**65%**

people feel very familiar with social impact investment, compared to 37% in 2018<sup>3</sup>

**£50m+**

13 fund managers with £50m+ assets under management in 2021 compared with 1 in 2012

**370,000**

unique users of Good Finance. **20%** going on to explore social investment options

**90**

social outcomes contracts in the UK creating **£10 of further value for every £1** spent by Government<sup>4</sup>

**200+**

institutional co-investors

<sup>3</sup> [bigsocietycapital.fra1.cdn.digitaloceanspaces.com/media/documents/BSC\\_Social\\_Impact\\_Investment\\_-\\_Sector\\_Summary\\_Report.pdf](https://bigsocietycapital.fra1.cdn.digitaloceanspaces.com/media/documents/BSC_Social_Impact_Investment_-_Sector_Summary_Report.pdf)

<sup>4</sup> [bigsocietycapital.fra1.cdn.digitaloceanspaces.com/media/documents/BSC\\_Outcomes\\_For\\_All\\_Report\\_2022.pdf](https://bigsocietycapital.fra1.cdn.digitaloceanspaces.com/media/documents/BSC_Outcomes_For_All_Report_2022.pdf)

<sup>5</sup> [www.socialenterprise.org.uk/state-of-social-enterprise-reports/no-going-back-state-of-social-enterprise-survey-2021](https://www.socialenterprise.org.uk/state-of-social-enterprise-reports/no-going-back-state-of-social-enterprise-survey-2021)

# Impact timeline

**World's first social impact bond fund launched**, managed by Bridges Investment Management, including £10 million from Big Society Capital

**Launch of the UK's first local authority commissioned social impact bond.** The Children's Support Services – Essex SIB, managed by Social Finance and delivered by Action for Children

**Real Lettings Property Fund** launched with £5m from Big Society Capital. Managed by Resonance with services delivered by St Mungo's, the model is later replicated nationally with further Big Society Capital investment to over £200m in size

Launch of Big Society Capital's 2014-2017 **market building strategy** – focused on SME Charity, Innovation, Participation and Scale

2012

2013

2014

2015

2016

## Big Society Capital established

£400m committed from dormant bank accounts and £200m from Barclays, HSBC, Lloyds Banking Group and NatWest Group

**First investment** of £2.7m into The Foundry, an affordable office space for social enterprises and charities in Vauxhall

Early-stage venture funds managed by **Impact Ventures UK and Nesta** receive £18m equity investment from Big Society Capital

**£0.8bn**  
estimated size of  
the social impact  
investment  
market

**Social investment tax relief (SITR) becomes law** after influencing by Big Society Capital and partners and is used for the first time by FareShare South West

Launch of the **Social Property Social Impact Fund** managed by Cheyne Capital with £12m from Big Society Capital. It later raised over £200m of institutional capital

£14.5m Big Society Capital equity investment into **Charity Bank** – helps grow its lending to the sector from £55m to £250m over the next eight years

Launch of **Charity Bond Support Fund**, managed by Rathbones Investment Management with £30m from Big Society Capital. Helping grow the charity bond market from £20m to over £300m

**£50m of unsecured investment available for social enterprises and charities** from Big Society Capital's investments in the FSE Group, Northstar Ventures, Social and Sustainable Capital and Social Investment Scotland

Launch of **Access Growth Fund** with £45m from Big Lottery Fund and Big Society Capital to offer blended small loans and grants

The **National Homelessness Property Fund**, managed by Resonance, replicates Real Lettings to Oxford, Bristol and Milton Keynes, catalysed by Big Society Capital offering match funding to local authorities

**Community Energy Facility** for bridging to community shares for renewable energy projects launched with £15m from Big Society Capital

£100m made available by **Social Impact Investment Group** – a group of trusts, charities and foundations convened by Big Society Capital

**Fair By Design** co-developed by Joseph Rowntree Foundation and Big Society Capital to eliminate the poverty premium

Crowd match fund launched with £10m from Big Society Capital to stimulate **SITR and Community Share investments** from individuals

Launch of **Bridges Evergreen Capital**, the first holding company to provide long-term large-scale social finance, including £11.25m cornerstone investment from Big Society Capital

Launch of the **Impact Management Project** – a global initiative to standardise the measurement, management and reporting of impact with Big Society Capital as foundational supporter

£80m **Life Chances Fund** launched by central Government to help support charities and social enterprises delivering services for vulnerable groups through outcomes-based commissioning



**£6.4bn**  
estimated size of  
UK social impact  
investment  
market

**Good Finance** launched helping social enterprises and charities navigate the world of social impact investment

Launch of the **Community Investment Enterprise Facility (CIEF)** managed by Social Investment Scotland. The £52m fund was seeded with £30m by Big Society Capital to scale the community finance sector serving SMEs in disadvantaged communities

**Pensions for Purpose** launched to enable pension funds to invest for impact

Edinburgh becomes the **first university** to invest in social impact

Launch of **Diversity Forum for Social Investment**

**Impact Investing Institute** launched with Big Society Capital as a founding supporter to accelerate growth and improve effectiveness of the impact investing market

**Zamo Capital** – a specialist investor in impact fund managers, providing growth capital and intensive support to help them achieve the scale needed to be resilient and sustainable – launched with £15m investment from Big Society Capital

**City Funds**, launched to address social issues in Bristol with investment from Big Society Capital and Bristol City Council, managed by Bristol and Bath Regional Capital

**Social and Sustainable Housing** launches with cornerstone investment from Big Society Capital to provide flexible loans that enables charities to house disadvantaged clients

Launch of Big Society Capital's 2021-2025 **strategy focused on building market systems for Social Property, Impact Venture, Social Outcomes and Social Lending**

**Ideas for Impact launch** and winners selected, identifying seven innovative programmes with the greatest potential to transform people's lives in the UK through social impact investment

**Everyone In** scheme raises over £80 million to provide secure and affordable homes for those sleeping rough or at risk of sleeping rough as a result of the pandemic. The first of its kind partnership between central government and Big Society Capital

**Resilience and Recovery Loan Fund** distributed a total of £28 million to 77 social enterprises and charities and helped secure over 9,000 jobs

2017

2018

2019

2020

2021

Launch of Big Society Capital's 2018-2020 **strategy focused on Homes, Place and Early Action**

Launch of **CBRE UK Affordable Housing** with £10m cornerstone from Big Society Capital attracting £250m of institutional investment

**Ananda Ventures'** pan-European fund launched a social venture fund backed by Big Society Capital

**Good Finance Live** launched to help connect charities and social enterprises with social investors

Launch of £25m **Resilience and Recovery Loan Fund**, managed by Social Investment Business, established in weeks with cross sector backing, to support organisations through the Covid-19 pandemic

**Women in Safe Homes fund** launched, managed by Resonance and Patron Capital with £10 million from Big Society Capital to provide affordable, safe and secure homes across the UK for women and their children experiencing homelessness or who are at risk of domestic abuse

Public listing of the **Schroder BSC Social Impact Trust**, allowing ordinary investors access to private market social impact investment for the first time

**Eka Ventures** launches to back technology companies building a healthier, more inclusive and sustainable economy with cornerstone investment from Big Society Capital

Big Society Capital's **Outcomes Matrix**, used by over 40,000 charities and social enterprises to plan and measure their social impact, redesigned with an equality and equity lens

## Join us

The progress made in developing and growing the social impact investment market over the last ten years is huge, but this is just the beginning. There is much more capital that could be channelled to organisations tackling some of the most challenging social issues in the UK.

We want to see a world where all investments are improving lives. Get in touch with us if you do too.

**#InvestForImpact**  
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