

Key Indicator 7: The social investment market

1. This document provides an update of new data on the social investment market indicator outlined in the Social Justice Outcomes framework published in April 2013. The size of the social investment market is a key indicator of progress in delivering Social Justice.

Rationale

2. Social investment is key to delivering social justice as it allows private capital to increase the capacity of front line organisations to help tackle our deepest social problems.

Indicator definition

3. The size of the social investment market. This is measured as the value, in £m, of social investments made each year. This indicator has national coverage.

Aim

4. We want to see this grow over time; to increase the effectiveness of organisations working with disadvantaged groups by drawing in social finance.

Status

5. In July 2013, a new survey has been published, which is authored by ICF GHK and published by the City of London Corporation 'Growing the social investment market: the landscape and economic impact'. The survey estimates the size, characteristics and economic impacts of the UK social investment market in 2011-12. The research is co-funded by Her Majesty's Government, the Big Lottery Fund, Big Society Capital and the City of London.

How are we performing?

In 2011/12, the UK social investment market grew by almost a quarter to £202 million through 765 deals.

6. The research shows that the UK's fast developing social investment market is providing an innovative way to deliver a wide range of services to society. Some 89% of Social Investment Finance Institutions (SIFIs) are expected to increase their investments in social ventures over the next two to three years. At the gross level, the 765 investments over the lifetime of

their finance period will result in the creation or safeguarding of 340 social ventures, 6,870 full-time equivalent (FTE) jobs, and £58 million in annual Gross Value Added¹ contribution to the UK economy. A recent study predicted that the demand for social investment could rise to a potential demand of £1 billion by 2016.²

7. The UK is successfully establishing itself as a global leader in using social investment to address social problems. The successful first G8 Social Impact Investment Forum hosted by the UK in June 2013, gives testament to its role, commitment and vision.

Data source and further information

8. Research report jointly commissioned by Big Lottery Fund, Big Society Capital, City of London and Her Majesty's Government 'Growing the social investment market: the landscape and economic impact' authored by ICF GHK.
9. A survey of SIFI social investment activity was carried out with a total population of 141 potential SIFIs were contacted to assess the scale and scope of their social investment activity. In total, 29 SIFIs undertaking social investment were identified. Data analysis was carried out against the objectives of the research to prepare a market assessment of the UK's social investment sector for the financial year period April 2011 to March 2012 (and in comparison with 2010 -11).

Link to the full publication:

<http://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Pages/Growing-the-social-investment-market.aspx>

¹ Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is used in the estimation of Gross Domestic Product (GDP).

² Boston Consulting Group, 2012, *The First Billion: A Forecast of Social Investment Demand*, Big Society Capital.