

SOCIAL INVESTMENT: UNLOCKING NEW SOURCES OF VALUE

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1. WHY SOCIAL INVESTMENT
2. A ROLE FOR GOVERNMENT
3. THE INTERNATIONAL PICTURE



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SOCIAL INVESTMENT IS THE
USE OF CAPITAL TO HAVE A
SOCIAL IMPACT ALONGSIDE A
FINANCIAL RETURN



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THE CHALLENGE



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POLICY ISSUES ARE DEEP AND COSTLY

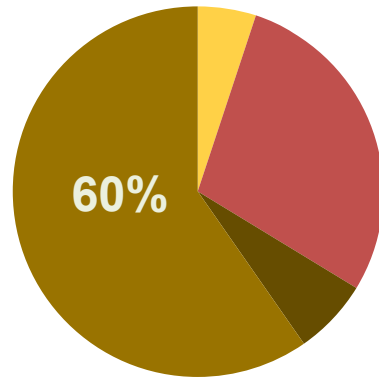


DEVELOPED ECONOMIES FACE SIMILAR,
COMPLEX AND CONNECTED ISSUES



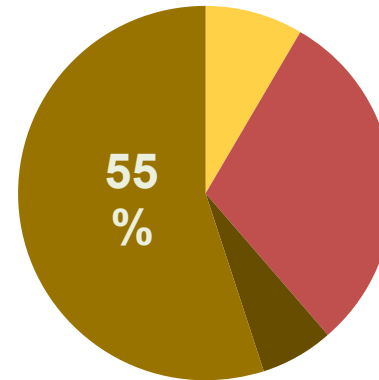
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PUBLIC FINANCES ARE INCREASINGLY TIGHT



UK 2003/04 (39.4% GDP)

- Debt interest
- Capital (PSGI)



UK 2016/17 (39% GDP)

- Net social security
- PUBLIC SERVICES

DEVELOPED ECONOMIES FACE SIMILAR,
COMPLEX AND CONNECTED ISSUES



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SO WHAT'S NEEDED?



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- INCREASED SOCIAL INNOVATION
- PUBLIC SERVICE REFORM
- NEW SOURCES OF CAPITAL



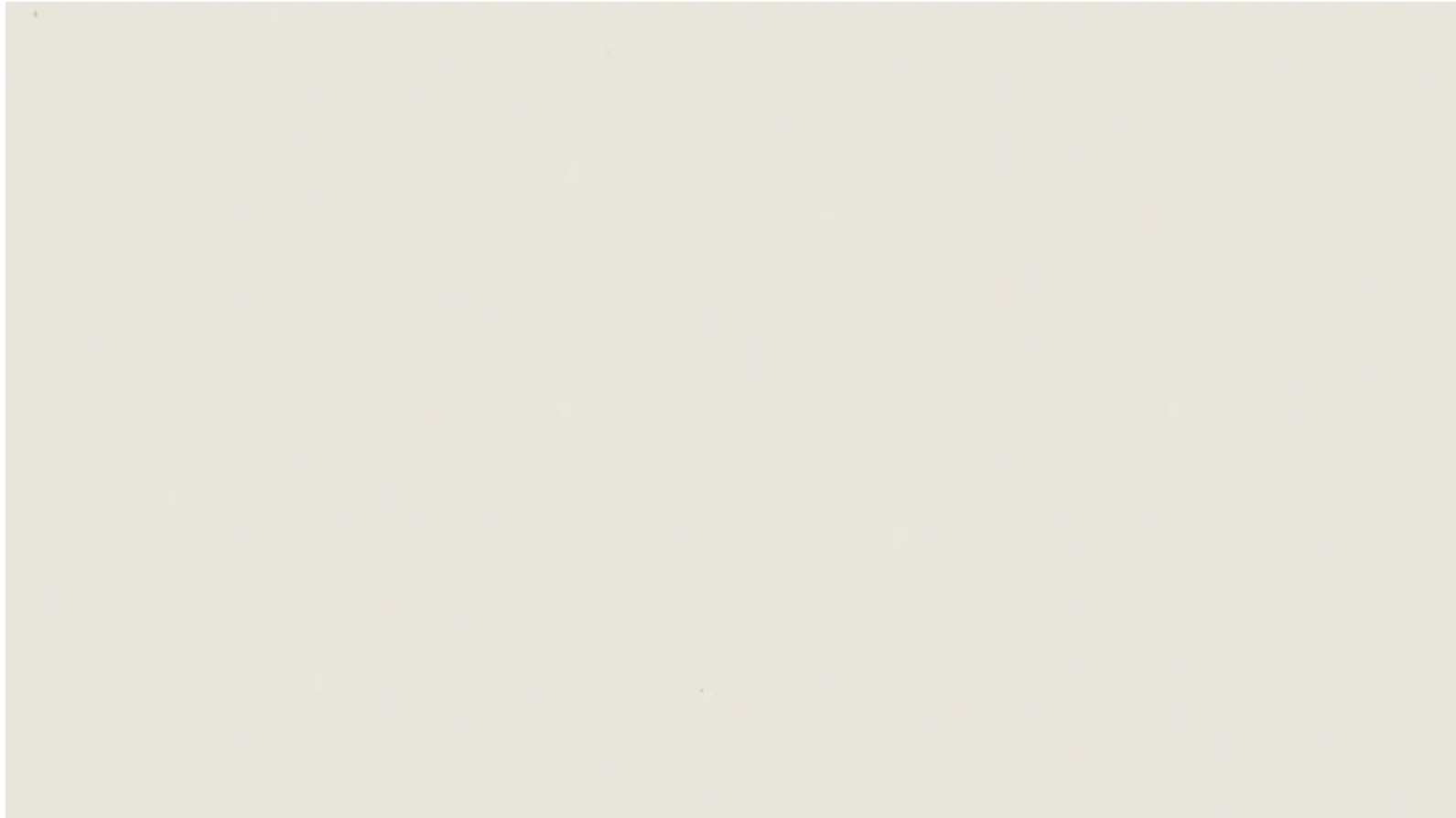
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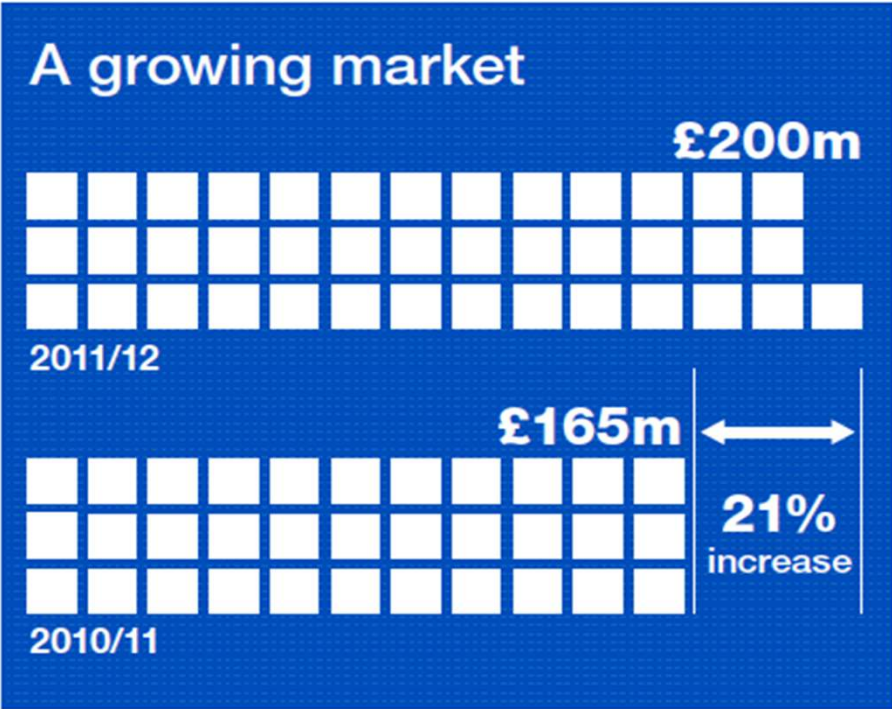
SOCIAL ENTERPRISE



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Courtesy of Social Enterprise UK



INNOVATION

Social enterprises developed more new products and services than other SMEs

- Social Enterprises
- SMEs



ECONOMIC GROWTH

Social enterprises contribute over **£55bn** each year to the economy, and employ...



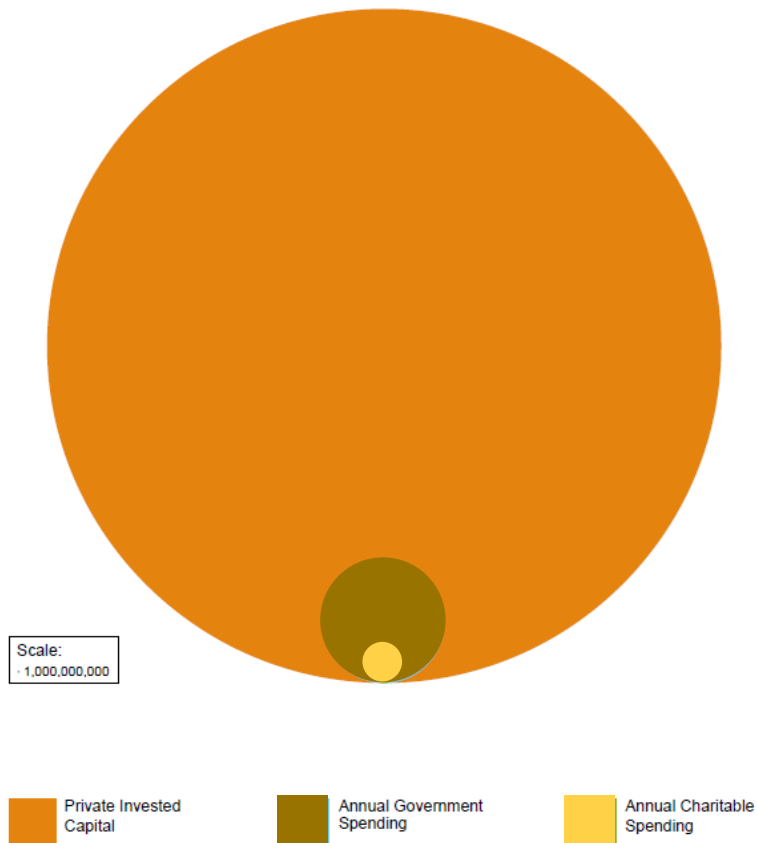
...2 million+ people



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BUT JUST TO PUT IT INTO SCALE



This diagram demonstrates the scale of different **capital deployments** in the UK

The largest section is private investment capital – **£3.9 trillion of assets** deployed on a commercial basis

The second largest section, **£691 billion**, is annual government spending to deliver social outcomes

The third, **£23 billion**, is the amount of money spent each year on charitable interventions



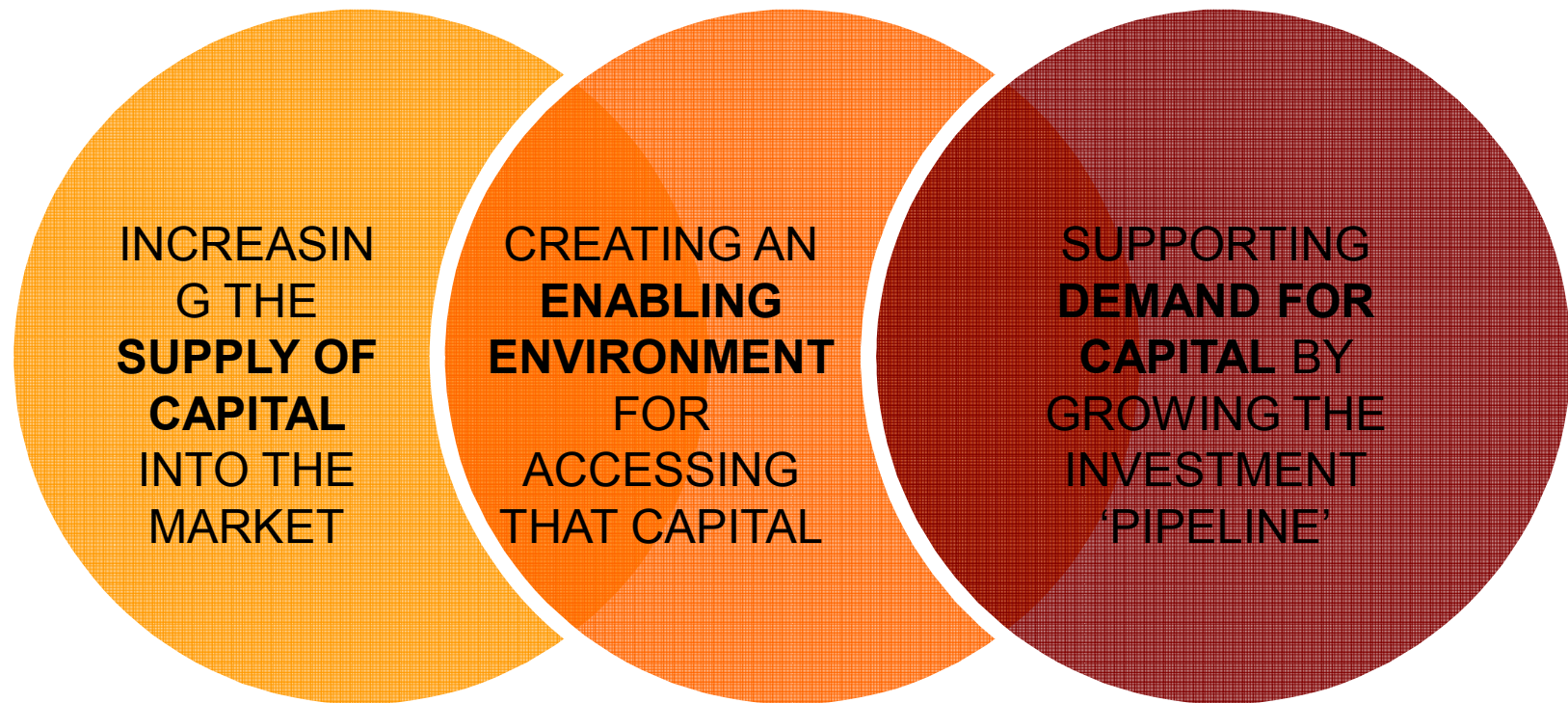
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HOW CAN GOVERNMENTS SUPPORT THE SOCIAL INVESTMENT MARKET?



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INCREASING
THE **SUPPLY**
OF **CAPITAL**
INTO THE
MARKET

CREATION OF BIG SOCIETY CAPITAL

**SUPPORTING MAINSTREAM
PRODUCTS**

INTRODUCTION OF A TAX RELIEF



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**SUPPORTING
DEMAND FOR
CAPITAL BY
GROWING THE
INVESTMENT
'PIPELINE'**

**INVESTMENT READINESS
PROGRAMME**

**SUPPORT FOR SOCIAL IMPACT
BONDS**

OPENING UP MARKETS



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CREATING AN
ENABLING
ENVIRONMENT
FOR ACCESSING
THAT CAPITAL

COMMISSIONING FOR SOCIAL VALUE

RIGHT REGULATORY ENVIRONMENT

MULTI-LATERAL WORK



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SO WHERE IS THIS HEADING?



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GROWING GLOBAL INTEREST

SOCIAL
IMPACT
INVESTMENT
FORUM

G8 UK
UNITED KINGDOM 2013

US has world's largest impact investing funds and community finance infrastructure

France has recently launched a commission on the social economy

Germany has a large cooperative community, seeking social investment

Canada is moving rapidly on SIBs, following a task force report on social finance

Japan recently set-up 30 new co-op & social enterprises

EU has an ambitious agenda around social business and impact metrics

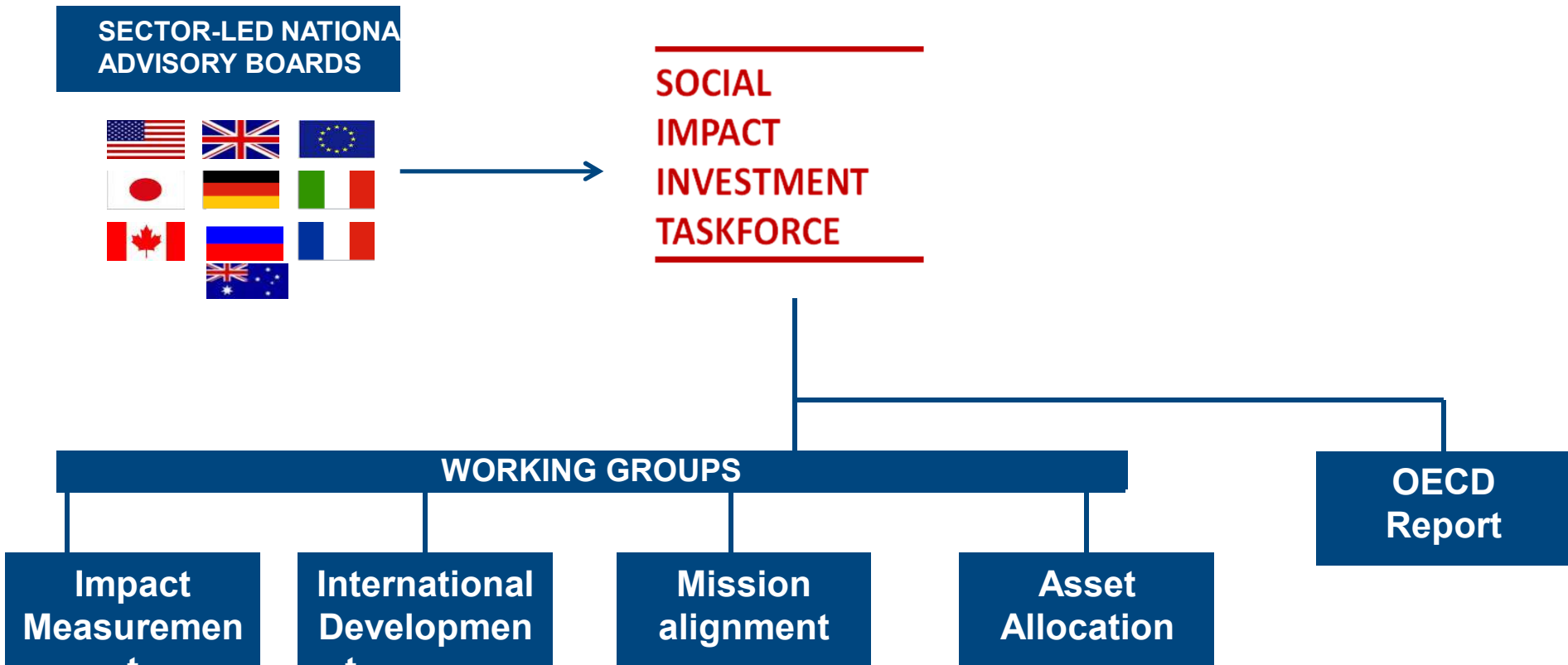
AND AN AIM TO TAKE THIS TO THE G20



Introduction to the Taskforce

- Announced by Prime Minister at the G8 Social Impact Investment Forum
- Aims to catalyse the development of a global social impact investment market
- Chaired by Sir Ronald Cohen
- Members are government officials and private sector leaders from the G8
- The Taskforce will publish a report on its work in September 2014

Structure of the Taskforce, National Advisory Boards and Working Groups



Important dates

- **19-20 June:** Final meeting of Taskforce, Working Groups and National Advisory Boards in London to discuss the recommendations for the report
- **25 June:** publication of report by US National Advisory Board
- **15 September:** publication of Taskforce report
- **28-29 October:** post-publication Taskforce meeting in Rome

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More information available at
**[www.gov.uk/government/policies/
growing-the-social-investment-market](http://www.gov.uk/government/policies/growing-the-social-investment-market)**