

Funded by:

**Social Investment**

**Toolkit for LGBT+ Organisations**

As part of Consortium’s funding from the [Connect Fund](http://www.connectfund.org.uk/), (Ctrl+click) we have been exploring the social investment market and the future role it might have for the LGBT+ voluntary and community sectors.

This toolkit is designed for LGBT+ Groups and organisations to work through with key staff or Trustees to increase their understanding of social investment and work out if it might be useful to explore further.

As you work through the toolkit you will see a range of **icons** which are designed to alert you to additional information and support at the appropriate time.



**Group Activity:** Get your staff or Trustees involved in this part of the module

**Additional Resources Available:** Click on the icon to take you back to the module page and find more information on the topic you are learning about



**Additional Support Available:** Email us if you need more support or information whilst you are working through this module



**External Link:** Pointing you in the direction of other useful resources on the topic

This Toolkit is not intended to be a definitive guide or template.
It is designed for LGBT+ groups to work through a series of activities and information in order to build a better understanding of the subject matter.

All the information provided was up to date at the time of creation.

This Toolkit was created by Consortium thanks to the Connect Fund.

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**Section 1: Introduction to Social Investment**

So…let’s get a simple definition out of the way.

**Social investment primarily concerns repayable finance so you can deliver your work around social benefit (i.e. helping both people and the systems / services people access).**

Don’t think of this as scary, think of it as an additional part of your fundraising armory and something to keep on the list of things to explore. It is always useful to have at the back of your mind as you look to diversify the income of your organisation. Treat everything as an opportunity!

A range of organisations are now looking at new types of finance, including social investment, as additional opportunities to fund their whole organisation, specific services or support their overall vision.

More voluntary sector organisations are developing services and community solutions which offer great opportunities to save the public or private sectors money. As we all know, these services can be invaluable both for LGBT+ people and the organisations we run. Much of the time the struggle comes when organisations want to scale up their services to reach more people, in turn saving the system even more money, but can’t find someone who will fund the scaling up!

Social investment could be a new and different way of looking at this barrier. If a social investor looks at your proposal for scaling up and can see both financial and social returns in the future, then repayable finance may actually be the best solution. Investors are in it as much for the social return as they are the financial—otherwise they would just stick with more traditional capitalist ways of generating profit!

**Section 2: Is Social Investment Right for Us?**

To understand whether social investment could work for your organisation, it is important to understand how your organisation operates, the services it provides and your business model.

We understand that fundraising can be a head scratcher at the best of time, especially when exploring new income sources. Doing some analysis of the work of your organisation can help identify unique opportunities for engaging with social investment, and other potential diverse income sources.

Before undertaking the following exercise, we recommend you reading the following additional resources:

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**Resource**: [Types of Social Investment](https://www.consortium.lgbt/wp-content/uploads/2019/07/Types-of-SI-1.pdf)

(Ctrl+click)



**Exercise**

**Your services:** List the services your organisation delivers, and a brief description of its main features.

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**Social Benefit:** Foreach service listed, can you think of the social benefits of running these services?

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**Funding:** For each service listed, write down how it is currently funded. Also write down other ways you think this could be funded in the future. You may find the following resource useful before answering this question

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**Resource**: [Types of fundraising](https://www.consortium.lgbt/wp-content/uploads/2019/07/Types-of-Fundraising-3.pdf)

(Ctrl+click)

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**Is something holding you back?:** Are there things preventing your organisation from getting these services, or the whole organisation, to the next level? Make a note of these.

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What this exercise aims to highlight is the environment which your organisation works within and identify opportunities for new types of income to support this—including social investment. If your organisation has services that can demonstrate strong social benefit, but you are struggling to take them to the next level, then social investment might be part of the solution.

For example, as you will have seen in the resource “Types of Social Investment”, social investment bonds could be something for future consideration. Commissioners may look to commission local services you can deliver and with the help of a social investor provide you with the opportunity to deliver without having to upfront the costs yourself, and have the added benefit of expertise from investors to support you in reaching the service’s full potential

Working through this section may be a useful tool for Senior Management Team’s to work through prior to opening up discussions on social investment with Trustees / Board members, as detailed later in this toolkit.

**Section 3: Getting Investment Ready**

So, you have explored your services, different types of income diversification and social investment is still on your radar…we are glad to hear it! The next step on your organisation’s journey needs to be how you become ready to seek out social investment.

Below are some top tips to consider:

**Business / Strategic Plan:** Is this investment ready? In an earlier exercise we got you to answer questions about how you talk about your work / services. It is important that any strategy you develop takes in account how you will grow, the viability of that growth and provides some forecasting on how you plan to achieve that growth.

**Targeting Investors:** There are a whole range of social investors and it is important for your organisation to do its homework on what they are looking for. Different investors will want different things so if you are thinking of doing specific targeting then find out more about them and what gets them excited. As with any type of funding, those investing in you need to feel engaged and wanting to be part of the solution.

**What’s Your Story?:** How your organisation operates, the services it offers, the difference it makes are all what need to shine through. Your passion and how you demonstrate that passion into results is what will draw investors to you in the first place. Make sure you produce strong annual reports which highlight both of these elements and help to reflect on the track record you have built in this area.

**Strong Finances:** When budgeting for the future, are you clear about your costs, do financial projections look realistic and can you compare to what has been delivered previously? Also consider how you present your finances and the justifications that any particular type of finance being sought is robustly evidenced.

**Good Governance:** Your Board / Trustees need to be behind any development into social investment as investors will be keen to look at the whole organisation when considering whether or not to invest. Ensure your Board are in a strong position, understand their roles and have the right delegated authority processes in place for good operational / strategic decision making. We would recommend checking over your Constitution every couple of years so any exploration into social investment is an ideal time to review this and ensure it is still fit for purpose.

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**External Link**: [Good Finance social investors directory](https://www.goodfinance.org.uk/investors-advisors) (Ctrl+click)

     **Section 4: Impact Measurement**

A vital element of social investment, other than the money, is the social return! Investors are unlikely to want to enter into conversations with your organisation unless you can clearly demonstrate the impact you are having. They want to use their funds to invest in work which has strong social benefit, otherwise they would most likely look to invest in higher financial return offerings. Understanding how your organisation approaches impact measurement and records this is something to think about early on in your journey into social investment.

From our research, we have identified low levels of impact measurement across the LGBT+ sector. After taking a step back we concluded that in order for the sector to get better in this area, we need to collectively agree what we want to measure and how we can do this. Consortium, in collaboration with consultants Traverse and 6 of our Members, have produced an LGBT+ Outcomes Framework to support this development.

Our hope is that all LGBT+ organisations will be able to see the work they undertake reflected in one of the 5 key outcome domains identified and will articulate their work in this way. If we achieve this, and further explore how we collect data to measure against these outcomes, we will be able to better prove the social benefits to future investors.

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**Resource:** [LGBT+ Outcomes Framework](https://www.consortium.lgbt/wp-content/uploads/2019/07/LGBT-Common-Outcomes-Framework.pdf)

(Ctrl+click)

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**Additional Support:** Consortium is developing a series of tools around impact measurement. Please get in touch with our Engagement Team for further information and support.

**Section 5: Information for Trustees**

During Consortium’s research into levels of understanding of social investment across the LGBT+ sector, we identified that Trustees have particular concerns. Risk management is an important part of a Trustees role so it is right for them to take a step back and consider the full picture when assessing if social investment—i.e. repayable finance—is an appropriate option.

Much of the fear raised was around the risk of taking on repayable finance, coupled with a low level of knowledge on the diversity of options within social investment. However, as more traditional sources of income such as grants are in decline, it is important for any Senior Management Team and their Board to consider new options to diversify the organisation’s income. Enterprise Development is an important factor for Trustees and gives a platform to explore the creation of new services or expansion / redevelopment of existing services. It can help an organisation to look at becoming more business-like (or enterprising), explore how you strategically take ideas to the next level, and can provide professional support to make this a reality.

Knowledge is key and this section will open the conversation on social investment as one of those options.

**Key Considerations**

NCVO have produced a useful Top Tips for Trustees when considering social investment. We recommend Trustees and Senior Staff consider these points as they work through the exercises below.

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**External Link:** Social Investment: [10 Top Tips for Trustees](https://knowhow.ncvo.org.uk/funding/social-investment-1/information-for-trustees) (Ctrl+click)

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**Exercise**

The following exercise may be useful for a Chief Executive to discuss with their Board of Trustees when considering an organisational approach to social investment.

**Asking the right questions**

Write down your answers to the following questions, and any potential actions as a result of your discussions. They could help you identify if the organisation is in the right place to explore social investment and whether it may be useful.

You may find other questions arise so note these down too.

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| **Question** | **Notes** | **Actions to Pursue** |
| How are financial decisions made? Do mechanisms exist to explore whether new types of finance are the right thing for the organisation? |       |       |
| Does your Business / Strategic Plan refer to expanding services? Are there existing options to help finance this? |       |       |
| Do you talk about your work / services in terms of social impact?  |       |       |
| Does your Business / Strategic Plan talk about income diversification? Is the organisation considering all finance options? |       |       |
| Do you have the right expertise to best understand new income generating models?  |       |       |
| What does your Constitution say about loan finance? Do you need to consider amending? |       |       |
| Does the organisation understand what enterprise development is? Does it resonate with the organisation’s strategic desire to develop services to be more income-generating? |       |       |
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**Identifying Barriers**

The following discussion should explore the risks or fears Board members might have identified in relation to taking on repayable finance.

If you better understand these risks and fears, you can begin to explore how to mitigate against these and ensure all appropriate income generating options can be explored.

Recording actions to pursue may help in keeping track of where you want to be.

We have added an initial consideration to help get you started.

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| **Risk or Fear** | **Any mitigation possible?** | **Actions to Pursue** |
| Personal Liability of Trustees | If the organisation is incorporated, and the Trustees can demonstrate due diligence and appropriate financial decision-making then liability will be limited. | * Ensure appropriate financial decision-making controls / protocols are in place between SMT and Board
* SMT / Trustee training on undertaking due diligence checks
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**Resource**: [Types of Fundraising](https://www.consortium.lgbt/wp-content/uploads/2019/07/Types-of-Fundraising-3.pdf) (Ctrl+click)

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**External Link**: [Get Informed, Social Investment for Boards](https://www.bigsocietycapital.com/get-informed-tools-and-resources) (Ctrl+click)

**Section 6: Further Resources**

Consortium is keen to share good resources with our Members, rather than simply duplicate. The following organisations have produced excellent resources in relation to social investment and will provide more in-depth reading on the topic. Ctrl+click to access the links

**Good Finance:** <https://www.goodfinance.org.uk/>

A collaborative project that exists to help charities and social enterprises navigate the world of social investment

**NVCO:** <https://knowhow.ncvo.org.uk/funding/social-investment-1>

Provides in-depth information and case studies on social investment

**Connect Fund:** <http://www.connectfund.org.uk/>

Resources and learning around social investment, as well as information on the funding programme supporting Consortium’s own work in this area.

**Big Society Capital:** <https://www.bigsocietycapital.com/>

They engage with social investors and fund managers to help make connections to charities and social enterprises easier

**Community Shares Unit:** <http://communityshares.org.uk/>

Supporting communities who want to explore the use of community shares as a form of social investment

**Get Informed:** <https://www.bigsocietycapital.com/get-informed-tools-and-resources>

Work of Big Society Capital which focuses on enabling charity trustees to better understand the opportunities and risks of using social investment

**Equality Impact Investing:** <https://www.dartington.org/new-report-equality-impact-investing-from-principles-to-practice/>

A report looking into the importance of equality impact in the social investment movement.

As you have worked through this Toolkit you will have gathered information you need to better understand how social investment might work for your organisation. Most of our Toolkits have templates which you can download and transfer the relevant information from the Toolkit across to, so that you have your own bespoke piece of work for your group.

If your group needs any further support around the topic covered in this workbook please get in touch with our Engagement Team via email admin@consortium.lgbt

To find out more about Joining Consortium, visit our website for more information.