



HM Government

# Social Investment: transforming lives

Social Justice is about giving individuals and families facing multiple disadvantages the support and tools they need to turn their lives around.

In March 2012, HM Government published the cross-government strategy '**Social Justice: transforming lives**', setting out its aspiration for Social Justice. The principles are based on tackling the causes of poverty and enabling the most disadvantaged to make positive lasting changes to their lives and the lives of their families.

Growing the social investment market will **unlock private capital to tackle social problems** by giving investors a social and financial return.

We are committed to **developing the social investment market**, harnessing the capital, expertise, and rigour of the private and social enterprise sectors.

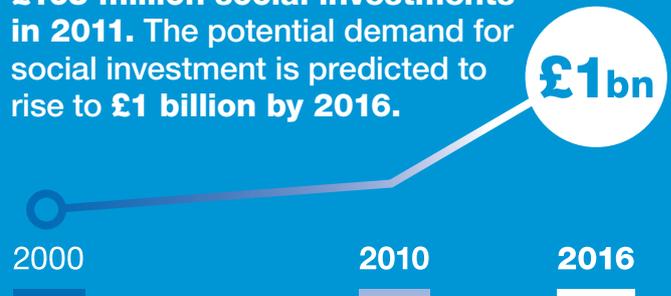
There are **13 Social Impact Bonds** launched in the UK. DWP has delivered 10 through its **£30 million Innovation Fund**. Ministry of Justice, Essex County Council and the Greater London Authority lead the others.

We have established the world's first social investment institution – **Big Society Capital** adding up to **£600 million** of investment.

**GROWING THE SOCIAL INVESTMENT MARKET IS IMPORTANT FOR DELIVERING THE GOVERNMENT'S SOCIAL JUSTICE STRATEGY.**



The Social Investment market grew from almost nothing over the past 10 years to **£165 million social investments in 2011**. The potential demand for social investment is predicted to rise to **£1 billion by 2016**.



Social Investment can deliver Social Justice objectives by providing:

**BETTER CAPITALISED SOCIAL VENTURES**



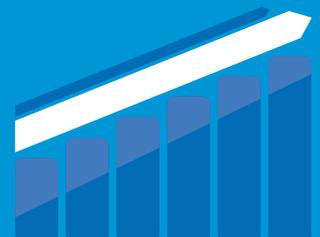
**SOCIAL COHESION**



**A STRONGER ECONOMY**



**UNLOCKING PRIVATE CAPITAL TO TACKLE DEEP ROOTED SOCIAL PROBLEMS**



## BARRIERS TO THE GROWTH OF THE SOCIAL INVESTMENT MARKET

### Scale

Investable business models and clarity of risks

Regulatory and tax structures

## The Government is strengthening the Social Investment market by:

Launched the **£600m** Big Society Capital.

Piloting **13** Social Impact Bonds (SIBs) in total.

A **£10m** Investment and Contract Readiness Fund.

Introducing a **tax relief** to encourage private investment into social enterprises.

Reviewing the **regulatory and legal framework** for social investment.

Launched the **Inspiring Impact** programme for impact measurement.

Established a **Centre for Social Impact Bonds**.

A **£10m** Social Incubator Fund

## THE SOCIAL OUTCOMES FUND



A **£20M FUND** MANAGED BY THE CABINET OFFICE

Provides a top-up' contribution to outcome-based commissions where there are savings for the public sector, but where no single commissioner makes enough direct savings to justify commissioning alone.

THE FUND OPERATES ONLY IN ENGLAND.



Aims to catalyse innovative new projects designed to deal with complex and expensive social issues.

### ...ARE SOCIAL IMPACT BONDS?

Social Impact Bonds (SIBs) are a subset of **payment by results schemes** and a mechanism for unlocking private capital to help tackle social problems in new and innovative ways. At the heart of a Social Impact Bond is an agreement by government to pay for an improvement in a social outcome, when it is shown to have been achieved. The mechanism **allows front-line organisations** the opportunity to deliver payment by results whilst the investor takes the risk.

# WHAT

### ...IS THE INNOVATION FUND?

The Innovation Fund is a **£30 million** fund set up by DWP to help establish a series of social investment vehicles which will improve the employability of disadvantaged young people and those most at risk of disadvantage. The Fund has already backed **10 new projects**. Over a three year period the Innovation Fund is expected to support up to **17,000** disadvantaged young people.

### ...IS THE GOVERNMENT DOING ABOUT INTRODUCING A TAX INCENTIVE TO ENCOURAGE PRIVATE INVESTMENT IN SOCIAL ENTERPRISES?

In the Budget 2013, we announced our intention to have a new tax relief for social investment, with a formal consultation on the detail. The outcome of the consultation will be confirmed at **Autumn Statement 2013** – with a view to introducing legislation in **Finance Bill 2014**.