



Investment Readiness

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Investment Readiness

Background

What is it?

Does it apply to me?

Why should my organisation even consider it?

Where can I go for help?



Background

The economic impact :-

**“If you build
it, they will
come”**

Sir Ron Cohen

‘Growing the Social Investment Market: The Landscape and Economic Impact’

1. 2011/12 the value of social investment market > £200m, 25% growth from 2010/11
2. investment = 340 social ventures, 6,870 UK FTE jobs and £58m in GVA



Charities & social enterprises are already a big part of UK plc

The 'social economy' is bigger than many people think

Charities

160,000 + in number
Annual income £36bn+
Work-force of 765,000

Social enterprises

68,000+ in number
Annual income £24bn+
Work-force of 800,000

Scale

Resilience

Innovation

There are great examples of scale, resilience and innovation



£193m
turnover



£156m
turnover

56% of social enterprises reported an increase in turnover during the recession





But they face problems raising appropriate capital

As a whole, the social sector is under-scale and poorly capitalised

Many charities are small

85% of charities have income <£100,000

Under capitalised

many charities have assets equivalent to less than 3 months trading

Volatile financing

Only route to a strengthened balance sheet often surplus reinvestment, or volatile donations

There is a particular need for long-term risk-taking capital

Capital as a barrier to growth

48% of social enterprises say lack of affordable finance is largest barrier to sustainability (v. 33% of SMEs)

Lack of appropriate capital

63% of social enterprises want long-term loans
48% want funding with a mix of debt and equity

Growing demand for capital

demand from sector for higher risk capital will increase to about £550m (out of total £750m) by 2015



The terminology!

No agreed definition

Accepted as:-

"... a state whereby an social investor is able to seriously consider making an investment".

A set of principles



Staircase of finance

Open market investment

Other forms of social investment

Seed corn/patient capital

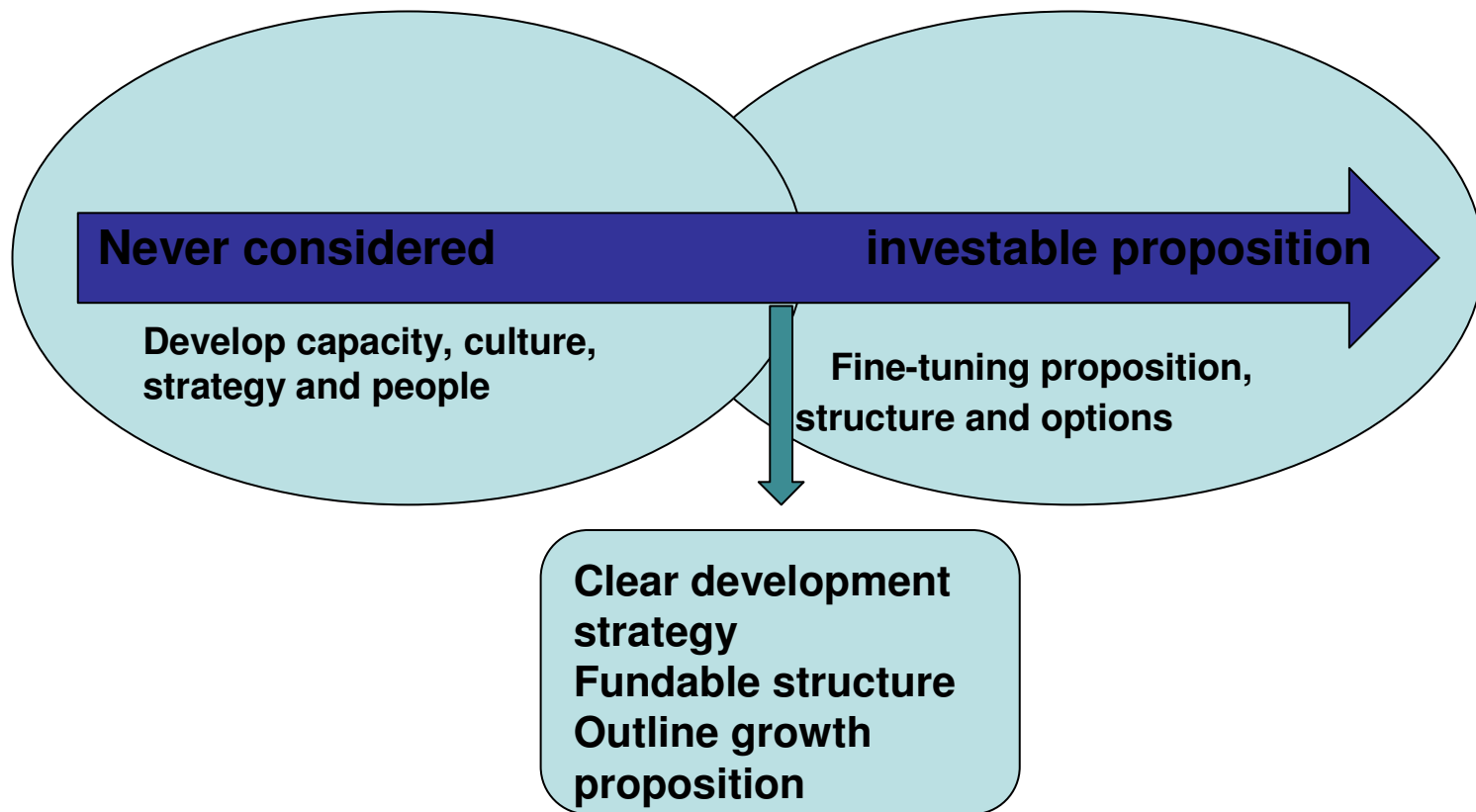
Grant/investment blend

Grants

Investment Readiness



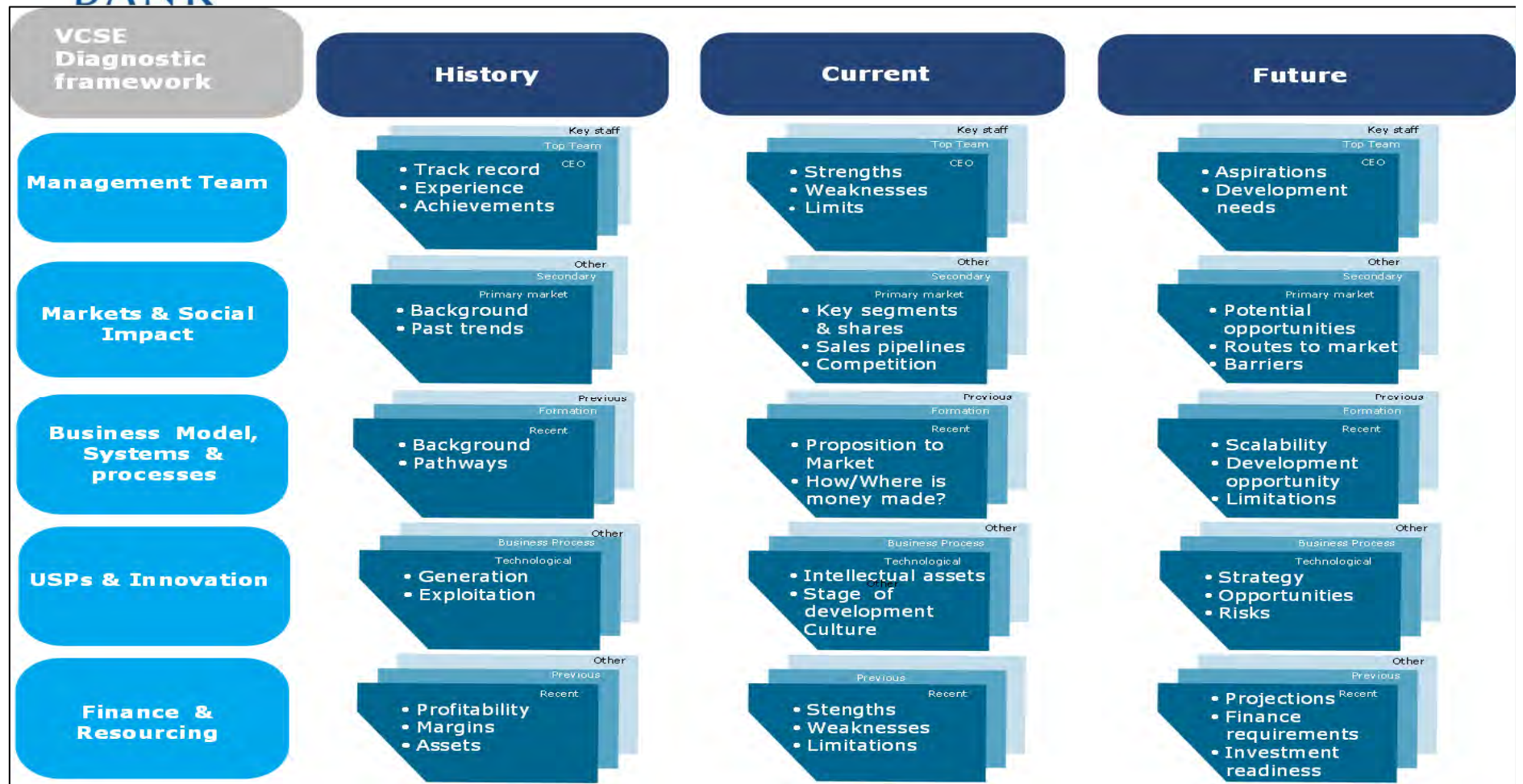
The journey



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Key principles



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Is it for me?

:

Yes!

Investment ready



investment

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HELP!

Investment & Contract Readiness Fund (ICRF)

Big Potential – launch is expected just before Christmas

For more specific programmes:-

Mutuals programmes

Community Rights

Social Impact Bond



CASE STUDY : Chesterfield Football Club Community Trust



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