



G8 Factsheet: Social Investment and Social Enterprise

United Kingdom presidency of the G8, June 3, 2013

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1. What is social investment?

Social investment provides capital which gives social sector organisations the capacity to deliver returns. These may be social, financial or both. This investment can take the form of revenue funding or capital investment:

- revenue funding allows an organisation to deliver defined outputs or outcomes. It covers day-to-day activities, regular service provision and ongoing projects. It often takes the form of payments for contracted services, grants and donations
- capital investment provides finance to build an organisation's long-term capacity to achieve its social mission

Social investment is repayable, often with interest. It provides capital to enable social sector organisations to develop new and/or existing activities that generate income. These activities generate a surplus which is used to repay investors.

Social sector organisations may generate a surplus through trading activities, contracts for delivering public services, grants and donations, or a combination of some or all of these. Social sector organisations can include non-profit organisations.

2. What are social enterprises?

Social enterprises are businesses that tackle social or environmental problems and work in communities to improve people's lives. Social enterprises can include charitable non-profits or businesses that make money. The majority of social enterprises reinvest their profits in the communities they work in.

3. Why is government interested in social enterprises?

There are around 68,000 social enterprises in the UK. They represent 7% of all SMEs and contribute at least £24bn to the economy.

Social enterprises create jobs and offer employment opportunities to excluded groups:

- the sector employs over 2 million people in the UK, including half a million sole traders
- over half of social enterprises employ people who are disadvantaged in the labour market including people with disabilities, long-term unemployed and ex-offenders
- social enterprises focus on disadvantaged areas: 39% work in the 20% most deprived communities in the UK, and over 80% of them reinvest surpluses locally
- there are 180,000 social enterprise SME employers, representing 15% of SME employers
- including sole traders, the total number of SME social enterprises is 688,000
- Social enterprises are estimated to have total annual incomes of £163 billion a year; and contribute £55bn billion to the economy in Gross Value Added

4. Social impact investment conference - 6 June 2013

As part of the UK's G8 Presidency this year, the Prime Minister has asked for an event focusing on social impact investment. On 6 June 2013, the **G8 Social Impact Investment Forum** – the first of its kind – will help to catalyse this growing agenda and to enable the market to operate effectively on a global scale.

Prime Minister David Cameron said: > I want to use our G8 Presidency to push this agenda forward. We will work with other G8 nations to grow the social investment market and increase investment, allowing the best social innovations to spread and help tackle our shared social and economic challenges.

Social impact investment aims to tackle the world's most significant social and environmental challenges. Every year, an increasing number of businesses deliver innovative and financially sustainable services to address social problems at root. Social impact investment recognises this increased value of business through the supply of private capital to organisations on the basis of social, as well as financial, returns.

Within the UK, and across the G8 countries, growth in the social impact investment market has demonstrated a range of benefits including economic growth, improved public service delivery and innovative ways of tackling the most complex social issues. Most importantly, the social impact investment

market enables ventures to support individuals and their communities in a more effective and sustainable way.

The forum will provide a platform for gathering together senior politicians, major philanthropists, leading investors and business executives, pioneering entrepreneurs and innovative policymakers from across the G8 to discuss the opportunities and challenges that a global social impact investment market presents.

The forum will consist of 3 sessions:

- the first session will focus on demonstrating the potential of the social impact economy. This session will explore the differing motivations that have led to these various approaches and highlight the wide range of beneficial results, as well as the lessons learnt
- the second session will examine the potential for social impact investing in international development. Social impact investment offers an exciting opportunity to encourage private capital into developing countries, working towards the achievement of the Millennium Development Goals
- having heard about why government, investors and philanthropists are interested in the market, the final session will explore the steps needed to enable the market to operate effectively on a global scale. In addition, there will be a trade fair showcasing the UK's social investment market, as well as breakout sessions to provide an opportunity for in-depth learning on market innovations

Source: **GOV.UK**