

Futurebuilders Learning Phase 3

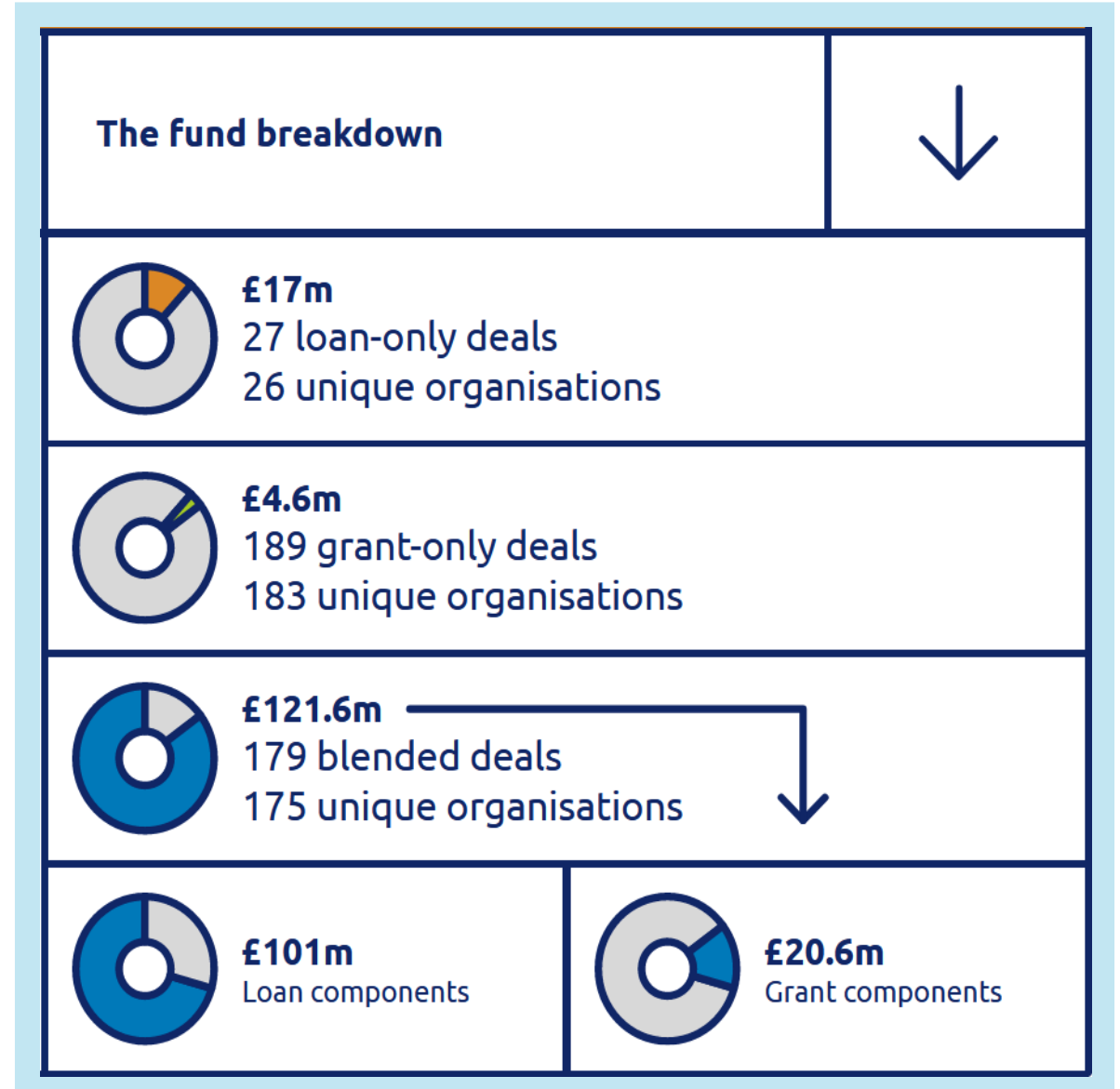
**What have we
learned & where
next?**



Recap: Futurebuilders England Fund

Futurebuilders was a ground-breaking, **Government-backed**, social investment fund that provided repayable finance to charities and social enterprises in England to help them bid for, win and deliver **public service contracts**.

The fund saw **£142 million** of loan, grant and blended finance invested into **406** charities and social enterprises between 2004 – 2010.

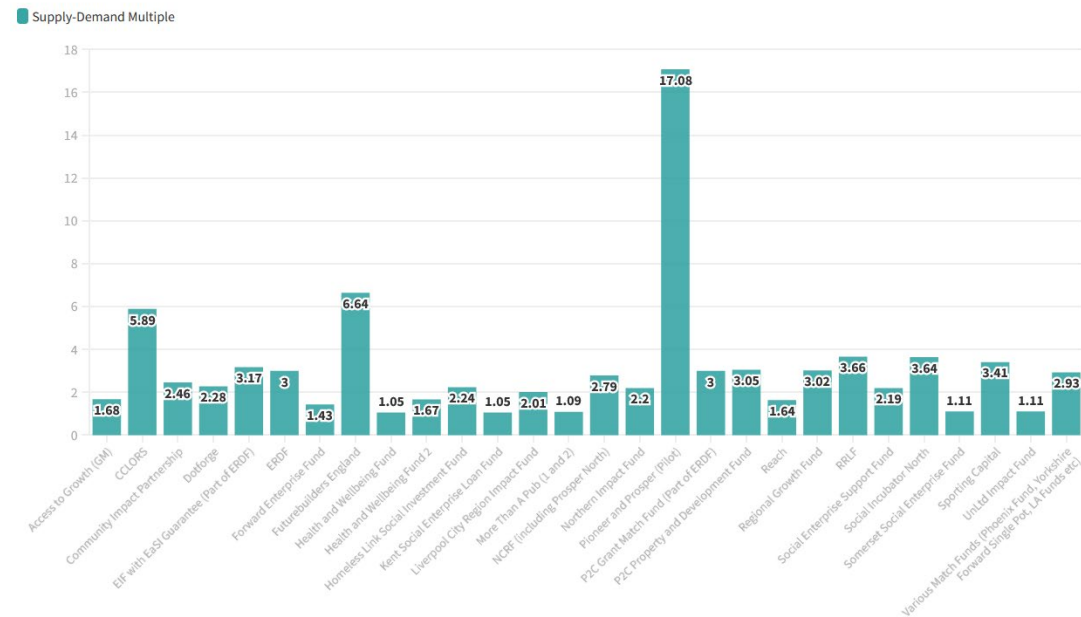
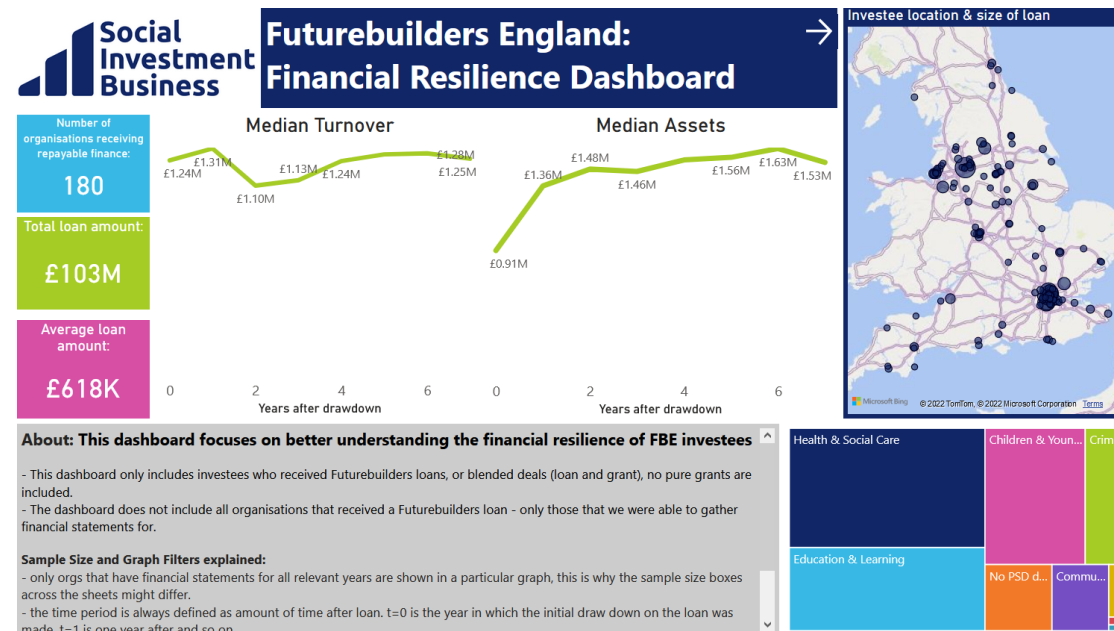


Recap: Outputs from the project to date

Since May 2019, SIB have been working with DCMS to **build the social investment evidence base** through the Futurebuilders Learning project.

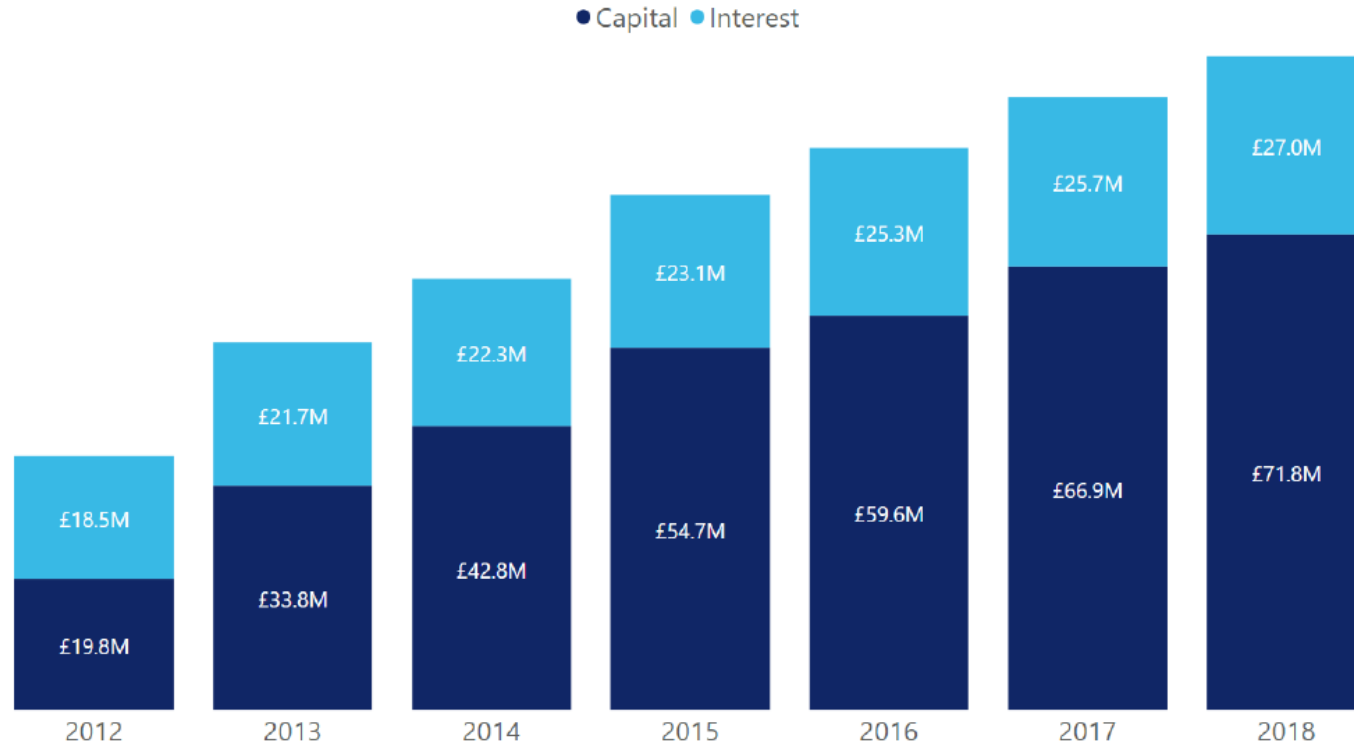
Outputs have included:

- **Data deep dive** & analysis of the **portfolio** with a **microsite** to summarise findings
- **Market sizing** exercise to assess supply-demand multiples
- **Variations analysis** to understand flexibility
- **Financial resilience** deep dive & **dashboard**, including a resilience **framework**
- **Access to Finance** Gateway Analysis



Impact: Returns for Government over time

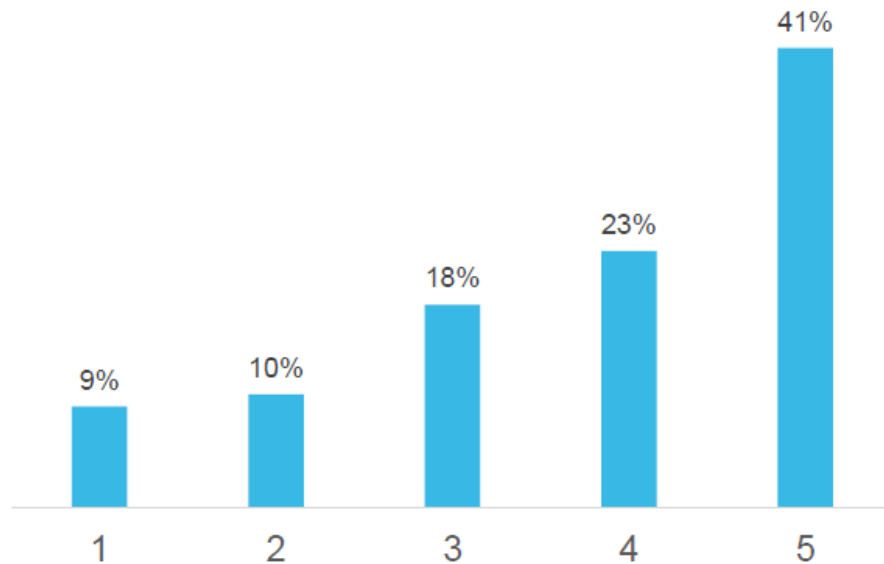
of the £116.6 million repayable investment, total payments of **£98 million have been received and paid back to Government** (where the Fund still has a minimum 16 years until closure).



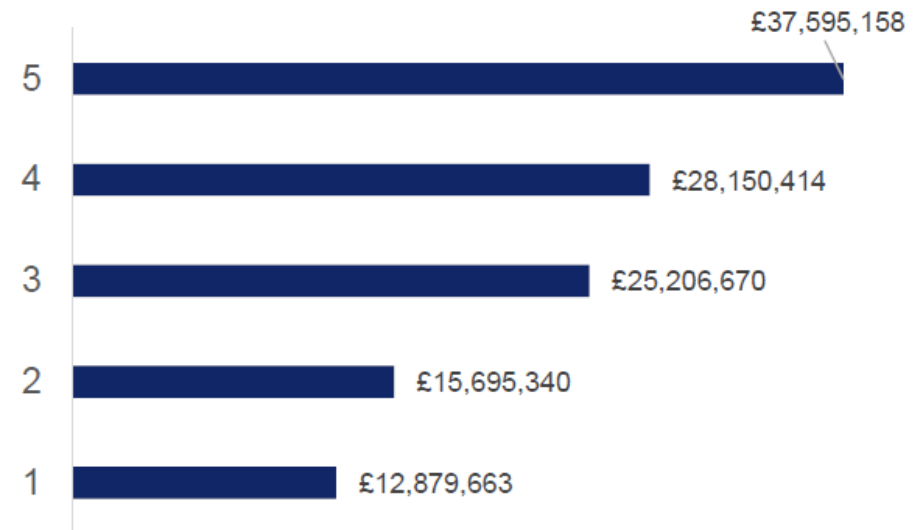
Impact: Reaching areas of greatest need

over **40% of Futurebuilders investment was deployed to the 20% most deprived areas** in the country. These areas will have benefitted from a stronger social economy and employment growth.

IMD 2010 Quintiles (by number of investees)

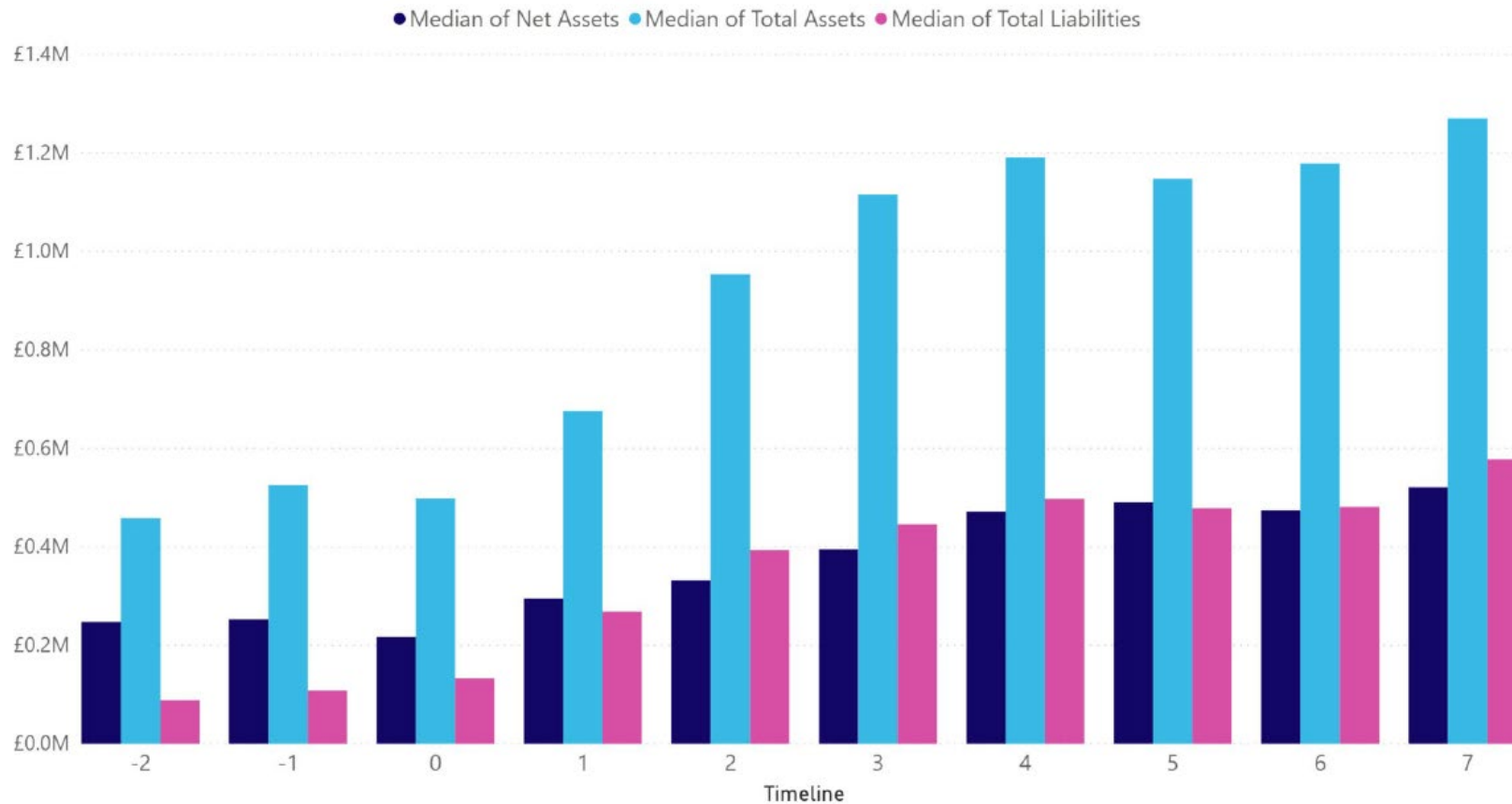


IMD 2010 Quintiles (by value disbursed)



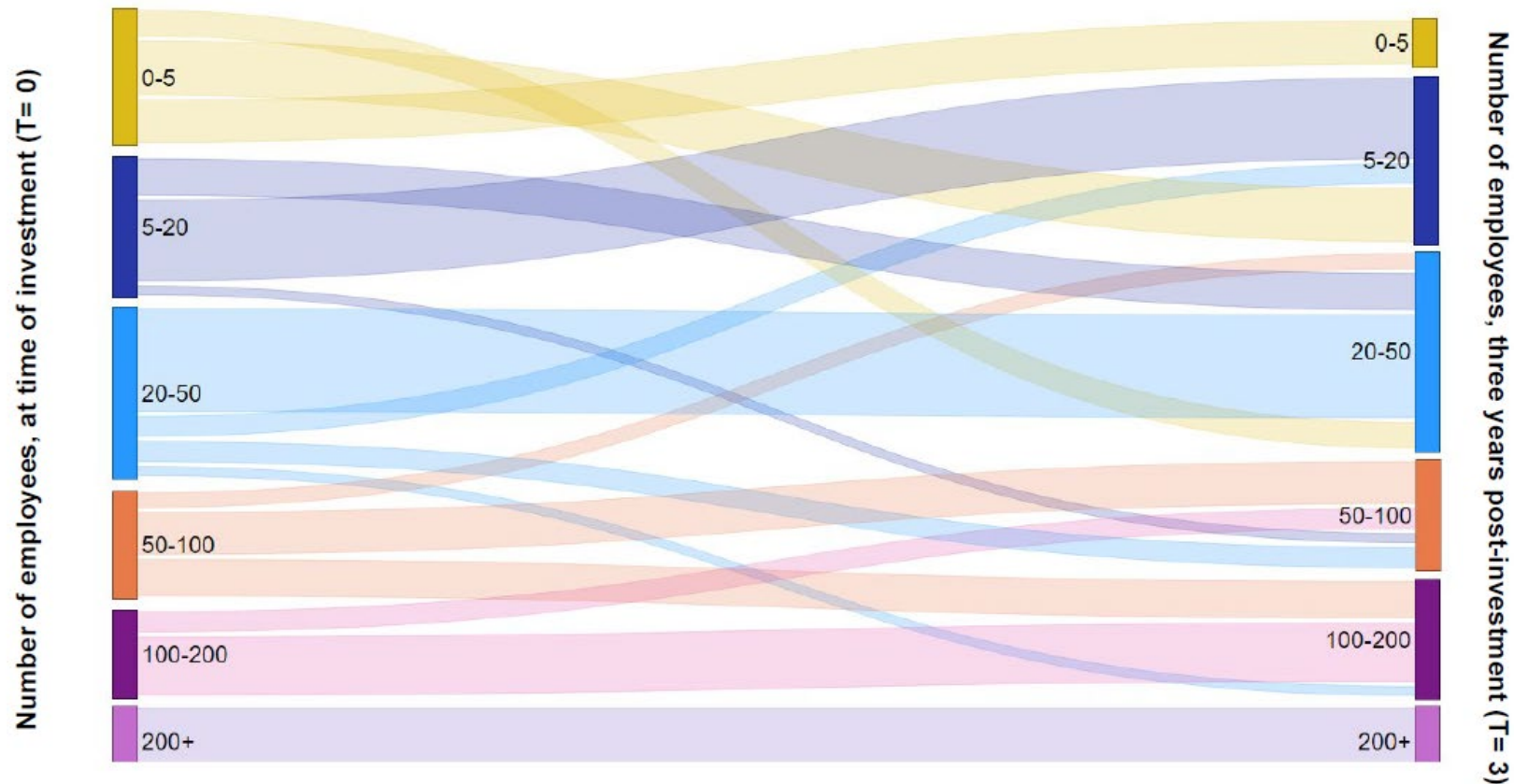
Impact: Improved financial performance

investees saw **increases across three key financial metrics** – turnover, net assets, cash – 3-4 years following investment, reaching a new and higher plateau.



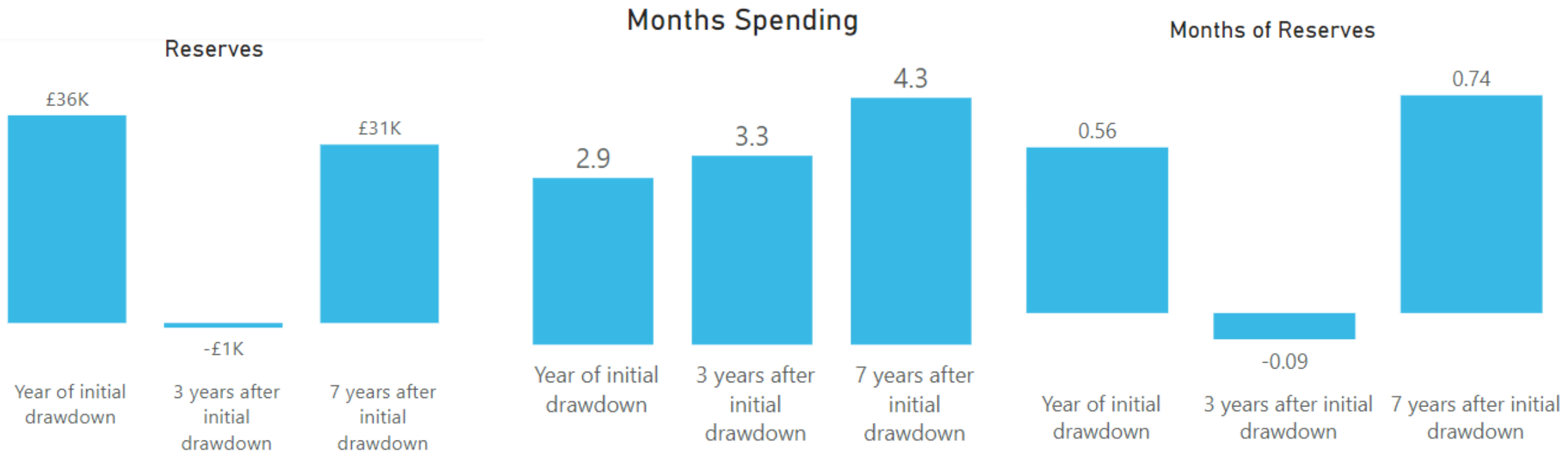
Impact: Long-term employment

investees employed 15% more people 3 years following investment – this is the equivalent to the **creation of 1,500 jobs**. In the majority of cases, organisational growth also correlated with wage growth per employee.



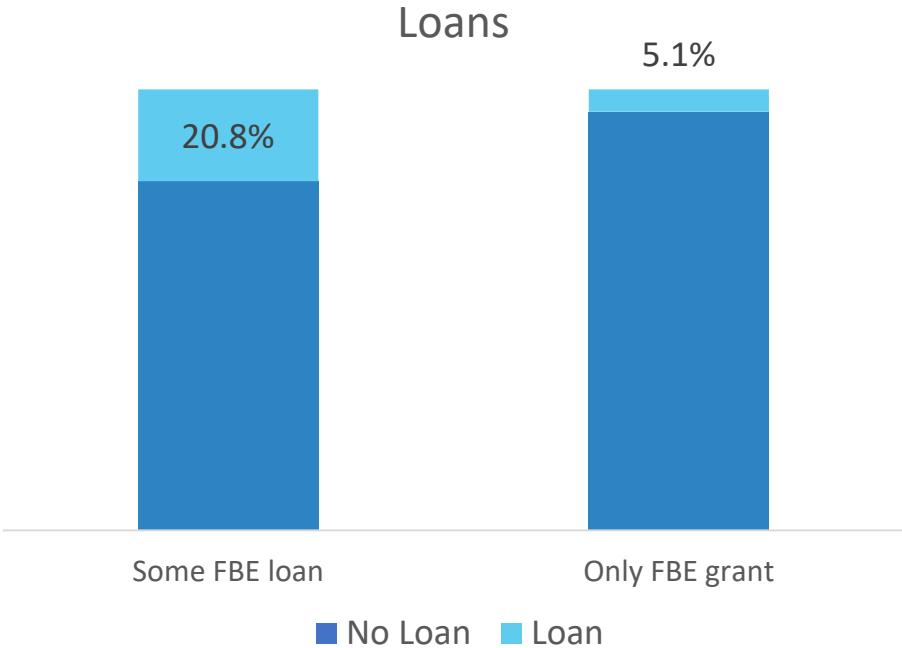
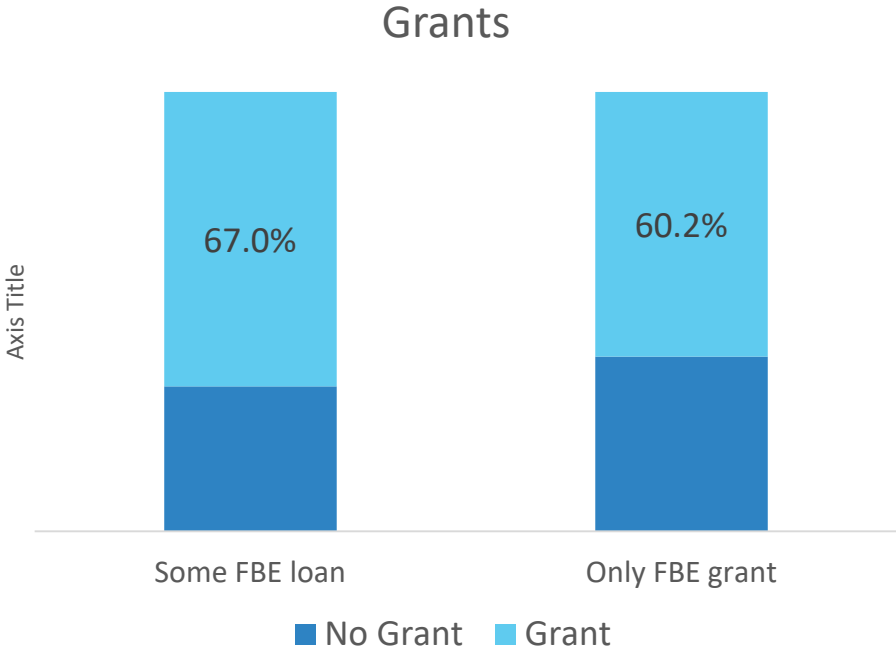
Impact: Organisational resilience

unrestricted funds and reserves relative to spending had improved 7 years after receiving a loan, meaning they were **more resilient to financial shocks** than they were before taking on social investment.

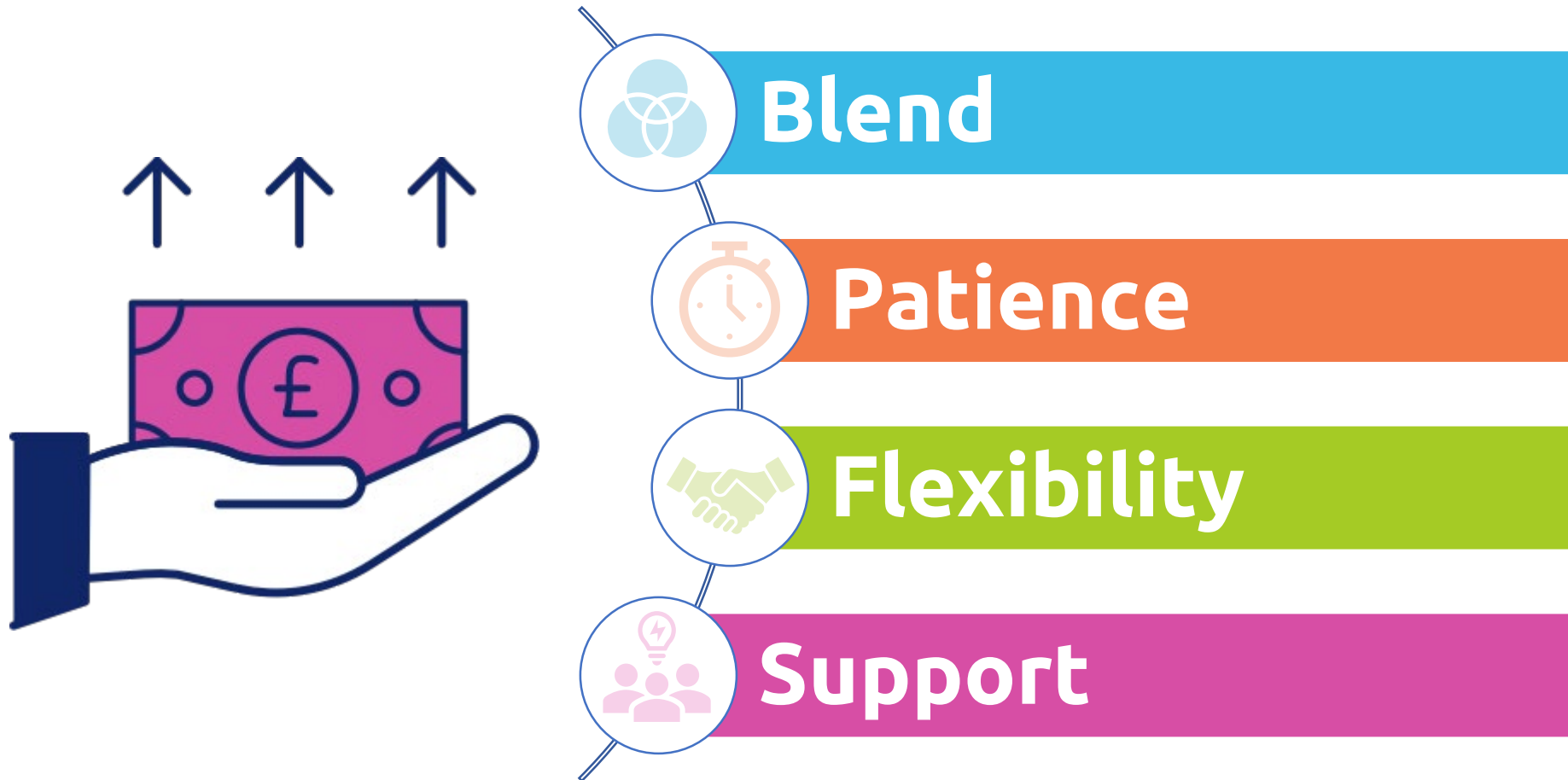


Impact: Improved access to finance

organisations that received a Futurebuilders loan were **four times more likely to likely to go on and receive further loans**, compared with organisations that only received a grant.



Four **key ingredients** for effective social investment



Where next for social investment?

ADEBOWALE

COMMISSION ON

SOCIAL INVESTMENT



Current policy
landscape

Dormant Assets Expansion



Transforming
Public
Procurement
Bill





Public bodies will be required to have an objective of **reducing geographical variations** in outcomes relevant to their business area, in line with **12 national missions**.

Legislation will put **social value** at heart of **commissioning & procurement**. Public buyers will be encouraged to give weight to bids that support **local communities and disadvantaged groups**, making it easier for **social enterprises** to **bid for and win public contracts**.

Government will consider how to encourage the **social economy** to **flourish in left-behind places** building on existing support and **generating evidence** on what social enterprises need to thrive in disadvantaged areas.

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There is a gap in the marketplace is for '**enterprise-centric finance**' that is patient, flexible, and less focused on debt (i.e. equity / quasi-equity).

Where there is interest in a social investment product, significant levels of up-front **public and institutional subsidy** may be necessary and can be deployed to support innovation and demand.

Social investment has issues around **equity and inclusion** – particularly for Black-led social enterprises which face a range of **structural barriers to accessing finance**.

There is also the perception that social investment is **London-focused** and data shows that it is not serving all parts of the country equally.

Discussion

Inequality

- *What can we do as a sector to ensure social investment is effectively tackling inequality?*

Data capability & insight

- *How can we harness data to generate useful insight that can inform the design and deployment of funding?*

Public service transformation

- *To what extent can social investment support the Government's social value agenda – how would a new fund be designed differently from Futurebuilders?*

Thank you