

Social Investment – White Hope or Red Herring?

Alison Hope (www.hopephilanthropic.com)

Alison Hope is an independent philanthropy adviser and founder of Hope Philanthropic. www.hopephilanthropic.com. She questions some basic assumptions about social investment; proposing that there be a balanced approach (philanthropy and social investment as appropriate) to supporting the third sector. An example of this balance is in the article about Alder Hey Children's Charity.

It's always refreshing to hear about new methods of funding and the current hot topic is social investment. It's certainly generating a huge buzz at the seminars where the pioneers in the UK social investment sector are gathering to swap stories and discuss the opportunities it opens up. However, without wishing to pour cold water on a hot topic, I do still have some questions...



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So we know who it might be for, but who won't get a look in?

Let's be honest here. Most issues cannot be tackled via a social investment funded initiative. That is because on the whole the current charity sector has nothing to 'sell' or cannot prove an ROI, a direct and most importantly quantifiable impact on public sector savings resulting from successful outcomes. I would suspect this probably accounts 99.9% of the not for profit sector in the UK. However, the world is a big place and offers a massive opportunity for social investors to think globally and we still need people to give, and give intelligently.

How can we make sure people feel good about getting involved?

I have heard advisors refer to the 'lack of product' available to satisfy potential demand. But the term devalues the worth of social investment, ignoring the many initiatives that improve services for some of the world's most disadvantaged people. Let's keep the terminology positive and emotive so that investors who want to make a difference will feel drawn to this, and add investment to their giving.

Buyer- beware! Is there a danger of miss-selling?

A concern has to be how some organisations are selected. A private banker told me of a presentation she had attended where a number of social investment opportunities were described by a representative of a social investment fund. Amongst its portfolio was a care home chain, which included a home where her mother had been living and to whom she had made several complaints of poor care on behalf of her mother.

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There are some parallels here with other forms of investment. I am reminded of a presentation by ethical investors I attended a few years ago, which was equally concerning. They included a massive international hotel chain in their portfolio because it made much of its environmental credentials. While many hotels are doubtless trying to improve their sustainability they are still, after hospitals, amongst the highest consumers of energy and water and producers of waste. Of course care homes in the UK are regulated but if they appear in social investment portfolio should there be extra due diligence? And who should do it?

Will the current experimental investments come clean if they fail?

We have some extremely high expectations of social investment. It aims to tackle some of society's most intractable problems: reoffending, adoption breakdowns, homelessness to name a few. I look forward to hearing how some the pioneering investments pan out but sincerely hope that we will see real transparency. Events at Peterborough Prison, where the UK's first social impact bond (Sib), was hailed as a success but now faces an uncertain future due to changes in government running of rehabilitation services, are confusing to say the least. But given the strong connection between the rise of social investment and government policy, we need to know that the learnings are shared – good, bad and warts!

From my perspective as a philanthropy advisor, I feel that it is very early days, so would certainly make sure that clients are aware of opportunities, but I anticipate philanthropy will win out for some time to come. However that doesn't stop me crossing my fingers for a solid success story that can be emulated world-wide.