

# Social Investment

## A Tool in the Philanthropists Toolkit

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*Coutts, along with other similar institutions, is increasingly playing an active role in illustrating the power of social investment. The Coutts Million Dollar Donors Report [www.coutts.com/donorsreport](http://www.coutts.com/donorsreport) notes that social investment is of increasing interest to major philanthropists in the UK*

In recent years social investment, by which I mean the provision of finance to generate social and/or environmental as well as financial returns, has increasingly appeared on the radar of philanthropists.

In fact many clients of Coutts are, in their own right, leaders in the field having helped to create and develop the social investment market in the UK. And interestingly Angela Burdett-Coutts, one of the most progressive Victorian philanthropists gave an interest-free loan to help the development of the Royal Marsden hospital.

Over the past few years, the Coutts Institute has engaged with this emergent field in a number of ways. Our Forums for Philanthropy have offered clients the opportunity to hear from some of the UK's leading philanthropists that have incorporated social investment into their work. We have hosted events that have provided social businesses the opportunity to pitch for social investment and where appropriate we have also raised the opportunity of social investment when providing tailored advice to clients and their families on philanthropy. In addition to offering tailored advice, we have made introductions to other social investors to enable collaboration. Many of our clients are entrepreneurs, so where they have chosen to make a social investment in some instances they have also brought with them their valuable expertise and networks to help the organisation they have invested in develop and grow.

But what is clear is that there is only a relatively small subset of charities or social enterprises that are well-placed to take on social investment. Social investment is not and will not become a magic-bullet that will replace philanthropy. Many organisations are not suitable for social investment, and those that may be in a position to take on repayable funding may need philanthropy to help them become investment ready. So philanthropy will clearly continue to be essential to support charitable organisations and social enterprises worldwide.

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The development of the social investment narrative has, however, helped to raise awareness of the different ways in which philanthropists can deploy their financial resources to positively impact social or environmental change. At one end of the spectrum there is the much needed grant-making, and at the other end of the spectrum there are those who have established endowments and are looking to incorporate environmental, social, governance and ethical factors in to investment decision-making processes in relation to mainstream markets. Social investment lies in the middle of this spectrum, and where appropriate, it can potentially be a great tool in the philanthropist's toolkit.



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