



Cass CCE: Head Over Heart: a symposium on the future of nonprofit finance

A big conversation about charity finance models and social investment

Cass CCE recently held a symposium on charity finance and social investment which brought together charity leaders, funders, regulators, umbrella bodies, government figures, academics and the investment community to have a big conversation about charity finance models and the potential opportunities social investment can deliver.

Earlier research from Cass CCE found that 20-25% of organisations are ready to go for it, 60% inquisitive but equally concerned about what the change will mean, 20% will not go on the journey. With many organisations and trustees pretty uncertain about how social investment and finance will work for them, speakers looked at the case for it.

One big reason more charities are looking at social investment is the climate of austerity which is testing charity finance models. Grants and government funding are down by 25%, and according to the latest [NCVO's Almanac](#) there is a predicted £4.6bn shortfall in voluntary sector finances by 2018/19.

A social investment and social finance model using a balance of donations, grants and repayable finance can start to address some of these key challenges, but this is still a fledgling market.

However, a survey commissioned by Cass CCE for the Symposium highlighted that the next five year period will a 10-12% shift away from donations and grants and towards social investment models.

Clearly some boards are risk averse and the model won't work for everyone. CFG's Chief Executive Caron Bradshaw, one of our speakers, reported a rise in the number of trustees beginning to see social finance as an enabler rather than a risk. She added however, that boards need greater financial capability so trustees ask the right questions and put in place the best business models before they embark on social investment.

The complexity and hype around the market is another barrier to growth that needs addressing before businesses and charities can talk the same language and build the social investment market together.

The Symposium survey highlighted that only 45% of all charities say they have a clear understanding of social investment.

Sara Llewellyn, Chief Executive at Barrow-Cadbury Trust, closed the Symposium and argued that time should be taken to build understanding so that nonprofits and charities can decide if social investment is a useful tool for them or not. She argued that sometimes taking that time to understand can pay real dividends in the long-run as different business models will emerge as a result.



Ten key questions for charities before embarking on social investment were also discussed:

- What finance do we need and why do we need it? Are there alternative ways of getting finance or raising money?
- Would a loan or crowdfunding be a better option?
- What kind of financing will make the most impact?
- Which investors should we use and are there intermediaries we should be talking to?
- Will the social investment be part of a balanced funding mix?
- How much will it cost?
- When will we be able to repay?
- Will we need to change our business model to do it?
- What will the impact be and how will it enhance our mission?
- How will that impact be measured for investors?

For some organisations, social investment is already enabling them to be financially sustainable, take their work to scale and make a genuine impact for their beneficiaries. But it is not a silver bullet that will be right for everyone.

Further conversations between charities, government, the investment community and academics are needed to lead to greater collaboration and action to grow the market and help greater numbers of organisations benefit.

Check out the [social finance page at Cass CCE](#) where soon you will be able to view the highlights of the symposium as well as news of future social finance events.