

Social Investment Scotland's (SIS) mission is to connect capital with communities, to make a real, measurable and sustainable impact on people's lives. Since being established in 2001, SIS has now made investments of over £70m in 350 charities and social enterprises, the vast majority of these supporting social impact in Scotland.

In 2014, in a significant expansion of our funding programmes, we launched the Social Growth Fund (SGF), a programme of support including investment commitments from [Big Society Capital](#) (BSC) and the [Scottish Government](#). Since 2014, the SGF has made investment commitments of almost £13m to 22 organisations. BSC is an independent, UK wide organisation established in 2012 to grow the size of the social investment marketplace.

With the investment period for this fund having come to an end in March, SIS is now launching the Scottish Social Growth Fund. This new fund will make £17m of investment available to charities and social enterprises creating an impact in Scotland over the next three and a half years. In a key development, we are delighted to announce that the [University of Edinburgh](#) has joined as an investor in the fund.

The Scottish Social Growth Fund will continue to support the ambitions of social enterprises across the country. Taking on board learning from the original fund, the Scottish Social Growth Fund will provide flexible social investment products of between £100k and £1.7m with repayment periods of up to 15 years and fixed interest rates. This will continue to include 'risk capital' loans; offering patient capital to support social enterprises sustain and grow their social impact.

Alongside providing finance, a key part of SIS's role is to help organisations understand more about social investment and how they might access it to support the ambitions of their organisations. SIS offers a range of [business support programmes](#) as well as an [online diagnostic self-assessment tool](#) to assist social enterprises increase their capacity and resilience.

A key part of the expanded support role from the Scottish Social Growth Fund will be a greater focus on social impact analysis and reporting. SIS is recruiting a new [Head of Social Impact](#), who will work closely with our customers to develop impact strategies and reporting frameworks, helping them and SIS report on the impact of their activity.

Questions & Answers

Q Where is the Scottish Government money coming from?

A The Scottish Investment Fund launched in 2008 and was designed to help third sector organisations secure a transformational step change in their capacity, capability and financial sustainability. Thanks to the continued success of this fund, managed by SIS, recycled funds will continued to be made available to Scotland's third sector as part of the Scottish Social Growth Fund.

Q What is risk capital?

A Also sometimes called 'patient capital', risk capital is a repayable form of social investment that can take more risk than more conventional social finance or bank loans. The fund offers flexible investment packages that can be designed for a range of purposes (e.g. expansion, replication or capital projects) but that can be more patient in waiting for repayment (e.g. periods of three to five years).

Q Will this funding be more expensive?

A Risk capital is generally more expensive than standard term loans currently offered by SIS. Average interest rates will be between 8 and 10%; driven by a risk-based assessment covering social impact, financial, and governance considerations. As well as risk capital, the fund will be able to make straightforward loan investments at lower interest rates.

Q Will the fund be open to non-asset locked social enterprises or mission driven businesses?

A No. There will be no change to the investment policy of the fund - to receive investment an organisation must be a charity, company limited by guarantee or a community interest company (limited by guarantee or shares), or part of a group structure where the ultimate owner of the organisation meets these requirements. Organisations that are unable to meet these eligibility requirements are now able to access investment from [SIS Ventures](#).

Q When will the funds be available?

A The fund is open now. Interested organisations should [get in touch](#) via our [website](#).

Q What other changes have been introduced as part of this new fund?

A Compared to the previous fund, the Scottish Social Growth Fund encompasses a number of changes:

- The fund will be able to make loans over longer periods of up to 15 years;
- The fund will be able to make larger loans, with a maximum value of £1.7m in certain circumstances;
- The fund will have the flexibility to offer lower interest rates, particularly as loans mature and social impacts are demonstrated; and
- SIS will offer expert social impact advice as part of the due diligence process.

Q How will SIS administer this new funding?

A SIS has updated and refreshed the board that will oversee this new fund.

Kenny Fraser (Chair): CEO of Sunstone Communications and a chartered accountant and management consultant. Kenny is an expert in advising early stage companies in Scotland.

Donald McRae (Vice-chair): formerly chief economist, Lloyds Banking Group

Alex Stephens: Investment Manager, Big Society Capital

Sheila Fazal: Formerly partner, PwC

Natalie Jackson: Associate, QMPF

Alastair Davis: CEO of Social Investment Scotland