



Mobilising the impact economy as partners in national renewal

*Final report of the Social Impact Investment
Advisory Group*

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Executive summary

Government's Plan for Change sets out an ambitious agenda for a decade of national renewal. The Civil Society Covenant and Pride in Place Strategy commit to deep collaboration between government, civil society and the impact economy, and places as a means to deliver on that ambition, recognising that lasting renewal must be built with, not just for, communities. This report offers a practical roadmap for how government can put that commitment into practice – steps for creating a more strategic partnership with the impact economy to drive inclusive growth across the UK.

The impact economy is a diverse ecosystem of purposeful organisations and capital with a shared aim of delivering a strong economy in which everyone benefits. It delivers public services embedded in communities and responsive to local needs; often operates where there are market failures and where traditional businesses and investment models don't work; and tackles the barriers that inhibit economic growth, from skills gaps and poor health to a lack of affordable housing and climate resilience. Impact capital is the financial engine of this sector, comprising philanthropic capital, social investment and institutional impact investment. We estimate that it represents a combined **£106 billion in assets, of which at least £42 billion directly contributes to national priorities**, including affordable housing, good jobs, educational opportunities, and clean energy.

In an economic environment where every pound of public funding needs to work harder, a more strategic approach to partnership could **harness and grow the impact economy in support of national renewal**. Central to this is adopting a **mobilisation mindset**: using public capital and a co-design and delivery approach to attract investment and other resources, share delivery, and scale solutions which improve real outcomes for people.

We recommend the following as key steps government can take to implement this shift.

Pillar 1: Organising to mobilise and support the impact economy

- i. **Establish sustained and visible leadership at ministerial and senior civil service levels** to champion the impact economy agenda, drive cross-government action, and signal long-term commitment. Recommendations include appointing dedicated ministerial responsibility, forming a cross-Whitehall leadership group, and integrating Non-Executive Director representatives across departments. Additionally, we suggest creating an independent Impact Economy Advisory Group and institutionalising the Civil Society and Impact Economy Summit as an annual event to ensure continued sector engagement, expert guidance, and public visibility.
- ii. **Create an Office for the Impact Economy:** a director-led and well-resourced hub within government to provide the strategic leadership, coordination, and relationship management needed to embed partnership with the impact economy across government and provide a clear 'front door' for external stakeholders. This includes strengthening the UK's position as a leading global centre for impact capital and internationally mobile investment.

Pillar 2: Embedding the mobilisation mindset

- iii. **Embed a match first / leverage approach as a core principle of policy design.**
This could be achieved through changes to strategic policy and delivery frameworks, including business cases, procurement processes, Local Growth Plans, and the mandates of Public Finance Institutions. We recommend it's supported by guidance, training and enabling infrastructure to equip officials in central and local government with the necessary skills and tools, including a Local Investment Enablement Facility (LIEF) to share knowledge, provide practical help and reduce barriers to participation at the local level.
- iv. **Accelerate momentum through flagship projects**, by taking forward initiatives that demonstrate the model in action. We provide five examples of opportunities that are well-aligned with existing impact capital and government goals; offer diverse mechanisms, including philanthropy, blended finance, and outcomes approaches; and could be taken forward quickly to improve outcomes in communities across the UK. Looking forward, Government could use the next Spending Review to realise the benefits of working with the impact economy, co-designing interventions with impact economy stakeholders in the coming months to announce on that timeframe or before.

Pillar 3: Unlocking resources and participation at scale

- v. **Implement targeted reforms to unlock capital and corporate resources.**
Clarify fiduciary duties for pension schemes, modernise Gift Aid and legacy giving rules, integrate philanthropy and impact investment into wealth advice, and incentivise corporate purpose and giving.

As the Social Impact Investment Advisory Group, we were pleased to advise on the recently announced £500m **Better Futures Fund** – a significant example of partnership with the impact economy. This landmark fund will support vulnerable children and families through collaboration between government, communities, and impact investors. As the largest social outcomes partnership fund in the world, it also signals global leadership in the field of impact capital and public service reform. To maintain momentum and credibility, we recommend that government act swiftly and visibly to operationalise the Fund, reducing delay, ambiguity, or communication gaps that risk eroding confidence.

We also acknowledge that partnership requires ongoing commitment from both sides. We would be pleased to advise on the establishment of the independent Impact Economy Advisory Group and propose that the annual Civil Society and Impact Economy Summit is a joint endeavour, providing opportunity to deepen relationships, track and share progress, and maintain momentum. Finally, we recognise that mutual accountability and continued learning will be essential to achieving lasting impact and therefore suggest an independent review of progress against these recommendations in twelve months' time.

The Government has signalled a clear intent to work differently. This report builds on that momentum, offering a roadmap to embed partnership as the norm, steps to scale what works, and 'once and done' changes to create a more enabling system. It invites government to move from ad-hoc collaboration to a deliberate, system-wide approach that empowers the impact economy as co-creators of renewal.

About the Social Impact Investment Advisory Group (SIIAG)

The Social Impact Investment Advisory Group (SIIAG) was established in January 2025 by HM Treasury (HMT) and the Department for Culture, Media and Sport (DCMS) to strengthen collaboration between government, the impact economy, and civil society to mobilise private and philanthropic capital for public good. The SIIAG's mandate from government was twofold:

1. To provide advice on effective ways for government to use funds to mobilise impact capital, making recommendations for the objectives, design and intended social outcomes of one or more Impact Investment Vehicles to announce at the conclusion of the Spending Review (SR) in June 2025.
2. To review existing work on impact capital across government and provide views on the long-term future and direction of this work, aligned with the missions.

Dame Elizabeth Corley, Chair of Schrodgers, was appointed chair of the SIIAG. Other members were senior figures from major banks, funds, foundations, local government, civil society, and the impact investment sector: Kieron Boyle OBE, Impact Investing Institute; Michele Giddens OBE, Bridges Fund Management; Pete Gladwell, Legal and General; Neil Heslop OBE, Charities Aid Foundation; Tom Le Quesne, Lloyds Banking; Dominic Llewellyn, Impact Economy Collective; Dame Caroline Mason CBE, Esmée Fairbairn Foundation; Stephen Muers, Better Society Capital; Robert Pollock, Cambridge City Council; Alan Smith, Church Commissioners.

To inform its recommendations to government, the SIIAG established four working groups:

1. **Fund and vehicle design** – structuring investment-backed outcomes funds and vehicles (*led by Stephen Muers*).
2. **Opportunity areas** – identifying priority areas for near-term deployment of capital (*led by Kieron Boyle*).
3. **Deploying the full range of capital** – defining conditions for effective capital flow into national priorities (*led by Caroline Mason and Alan Smith*).
4. **Government-impact coordination** – developing partnership and organisational models for effective collaboration (*led by Dominic Llewellyn and Neil Heslop*).

We are grateful to the many organisations, representing philanthropy, institutional and social investors, social enterprises, purpose-driven businesses, charities, and local government, that have engaged through these working groups.¹ Following advice put to government on the design and delivery of scaled investment-backed outcomes funds and vehicles, the Government announced the £500 million Better Futures Fund.

This report consolidates the findings and advice to government on the second part of the SIIAG's mandate. Given the rich diversity of inputs, it represents a collective response to the questions set, but not uniform consensus on every element.

¹ A list of working group member organisations is appended



The impact economy is a driver of national renewal

The Government's *Plan for Change* lays out an ambitious agenda for a decade of national renewal. Delivering on this ambition will require embracing innovative partnerships to unlock fresh ideas, mobilise new resources, and deliver measurable results.

Building a prosperous UK means fostering thriving communities – rural, coastal and urban. It means tackling the barriers that keep regions and communities economically disengaged – from skills gaps and poor health, to lack of access to childcare and affordable housing. And it means addressing the resilience gaps in our regions and communities, whether from disruptions related to climate change, public health incidents, or economic shocks.

The impact economy is a diverse ecosystem of purposeful organisations and capital with a track record of delivering positive, measurable social and environmental impact in these critical areas. In the Civil Society Covenant, the Government set out a vision for deeper collaboration between government and this significant and growing sector of the UK economy, which includes social and institutional impact investors, philanthropic individuals and foundations, social enterprises, trading charities, and purpose-driven businesses.² These organisations often operate where traditional operating models don't work, focusing on areas like tackling economic inactivity, crime reduction, and reducing child poverty. While some impact economy organisations operate nationwide, most are deeply connected to communities, working closely with local public service partners, place anchors and residents to co-design and deliver solutions grounded in experience and grassroots insights.

*The **Civil Society Covenant**, launched by the UK Government in July 2025, seeks to strengthen the relationship between the state and civil society. It encourages collaboration and partnership, recognising the vital role of charities, social enterprises, and community groups in addressing social and economic challenges. The Covenant is built on the core principles of mutual respect, understanding, and trust between government and civil society. It promotes behaviours like openness, flexibility, and mutual learning to foster a more effective partnership.*

Impact capital is the financial engine of the impact economy

Impact capital is money intentionally deployed to generate positive social or environmental outcomes. It takes several forms to meet different needs. It can take different risk/return profiles, spans a range of financial instruments (from grants to blended finance to loans and equity), involves communities, organisations, and intermediaries delivering outcomes, and interplays with government regulation, procurement, and convening. Taken together, these capital forms, approaches and actors can provide a 'staircase' for moving innovative solutions and organisations towards greater maturity and scale.

² [Civil Society Covenant](#)

Figure: The Staircase model³

1	Plant	This is the exploration and idea stage, where new models or solutions are conceived. Investment here often takes the form of grants or philanthropic capital to support research, prototyping, and impact led innovation. It's about seeding change where the market won't naturally go.
2	Nurture	Early-stage organisations or initiatives begin to build operational capacity here. Flexible, risk-tolerant capital, including recoverable grants, underwriting or community shares , helps them test, refine, and stabilise delivery models. Support is essential to help them transition from 'vision' to 'viability'.
3	Establish	Here, the focus is on strengthening delivery and demonstrating consistent outcomes. Investments help embed systems, teams, and financial models. Blended finance, unsecured loans, and early-stage social investment can build a platform for maximising impact.
4	Grow	With a proven model, the focus shifts to expanding reach. Investment helps scale operations, enter new geographies, or diversify services. Capital becomes more commercial in nature, with appropriate levels of return, and is still focused on delivery against outcomes and impact.
5	Harvest	At this point, the initiative is mature. Investment may support replication, social franchising, or long-term infrastructure. Returns are clearer, risks are lower, and cross-sector partnerships (including pensions, private capital, or local government funding) often play a role. The goal here is sustained, distributed impact.

The staircase model shows how different forms of capital work together 'to create equity with equity'. This model is necessarily simplified. In practice, journeys may not be as clean and linear, with participants entering the staircase at various stages and apt to mix and match elements in combinations that work best for their needs. However, it demonstrates how impact can be maximised when different types of capital work together to meet the needs of different places or challenges.

Delivering a strong economy and prosperous communities will require mobilising all available resources. **Impact capital is already playing a significant role, comprising an estimated £106 billion in assets.** Our analysis has identified that impact capital **directly contributes at least £42 billion** towards initiatives and organisations delivering on the Government's top domestic policy priorities and over £60 billion supporting the UK's international reach and soft power.⁴

³ See Appendix 2 for a more detailed version of this model.

⁴ See Appendix 1 for further detail on the sources and methodology behind the market sizing data and mapping to policy priorities.

INSTITUTIONAL IMPACT INVESTMENT

The practice of large investors – such as pension funds, banks, insurers and charitable endowments – deploying capital to achieve both risk-adjusted financial returns and measurable impact. Institutional impact investment in the UK is worth an estimated **£76.8 billion**. This also includes wealth managers and institutional investment funds.

Approximately £26 billion of existing institutional impact investment is aligned to the Government’s national priorities.

Institutional impact investment is concentrated in clean energy, affordable housing, health, and SME finance. Public financial institutions play an important role de-risking and helping to scale impact investments. Place-based impact investing is gaining momentum, driven by the Local Government Pension Scheme (LGPS) and regional development initiatives.

PHILANTHROPY

Voluntary giving and funding without the expectation of a financial return.⁵ It is often focused on hard-to-tackle, less 'investable' issues and is particularly effective at supporting innovative and alternative preventative models and tackling acute needs. UK philanthropy contributes an estimated to **£27 billion** in impact capital annually and plays an important role as a catalyst to other forms of impact capital.

Approximately £14 billion of philanthropic capital is aligned to the national priorities. This capital often flows into areas that are difficult for traditional investors, such as crime reduction and addressing the drivers of child poverty. It is often highly place-based and acts as a catalyst for innovation and high-risk interventions, frequently providing match funding to make projects viable.

SOCIAL INVESTMENT

An approach that generates social impact through innovative funding structures like social outcomes partnerships (SOPs),⁶ blended capital funds, community shares, secured loans from social banks, and impact-focused venture capital. Financial instruments, such as guarantees, tax reliefs, and unsecured loans, are key to making these viable. UK social investment is worth an estimated **£10 billion**, of which about £8 billion is institutional investment (and therefore a subset of the £76.8 billion institutional investment in the UK).

Social investment is largely deployed in direct support of government priorities. It is well-distributed, with a focus on addressing issues like affordable and specialised housing and underserved enterprises.

⁵ The largest 300 endowed charitable foundations in the UK have over £84 billion in total assets, some of which is invested for both returns and positive impact. This capital is captured in the figures for social and institutional impact investment.

⁶ **Social Outcomes Partnerships (SOPs)** are a commissioning model where government funding is tied to achieving specific outcomes, such as improved employment for young ex-offenders. Delivery organisations are funded upfront by socially motivated investors, who bear the financial risk and are repaid only if outcomes are met. Over 80 SOPs have launched in the UK, generating nearly £9 in public value per £1 spent, including £3 in fiscal savings. (ATQ Consultants, [The value created by social outcomes contracts in the UK](#), 2024))

In line with the staircase model, impact capital is contributing to national priorities in diverse ways, with philanthropy and social investment most active in testing new approaches, especially in addressing barriers to opportunity, and institutional impact investing playing a key role in replicating and scaling proven approaches, especially in housing, SME finance and clean energy.

Examples of how the impact economy is contributing to national policy priorities include:

- **Made in Stoke** and **North East Roots** are local funds channelling philanthropic capital from current and former residents towards local needs including economic inclusion, cultural assets and poverty reduction.⁷
- The **Life Chances Fund** is a £70m SOP that aims to support over 60,000 individuals to achieve better life outcomes in areas such as health, employment, and housing. In one partnership, **AllChild**, improved outcomes led to an estimated **£43,000 in public savings per child**.⁸
- The **Everyone In** social investment pilot used a £25 million government grant to **leverage £138 million in external capital**, funding over 1,000 homes for rough sleepers – a **5.5x multiplier**.⁹
- **Abundance** is partnering with councils, companies and community energy projects to raise **climate bonds worth over £150 million** to date, enabling residents to invest in local climate action for as little as £5.
- The **Greater Manchester Pension Fund** (GMPF) has created a **Local Investment portfolio worth £1.42 billion** (4.8% of the fund's total value), financing 3,541 new homes, 586 childcare spaces at six new nurseries, one SEN school and a primary healthcare facility.¹⁰

These are just a few recent examples of a diverse, innovative, and longstanding sector operating up and down the country. The past twenty years have seen significant progress in the impact economy and fast growth in impact capital. The UK is seen as a world leader in this area, in part because of bold policy decisions made by governments across the political divide.

There is much more that could be achieved

A more intentional approach to partnering with the impact economy and growing the size of the impact capital market could have a powerful effect on long-term, inclusive growth across the UK. The challenge is to move from ad-hoc initiatives and pockets of pioneering practice to a coordinated, strategic approach that unlocks the full potential of partnership.

⁷ [Home - Made in Stoke Community](#); [Home - North East Roots](#),

⁸ [Life Chances Fund Evaluation](#)

⁹ [Social Investment Pilot Evaluation](#) (2025)

¹⁰ [Greater Manchester Pension Fund: Annual Assessment of the Place-based Impact of GMPF's Local Investment Portfolio \(2024\)](#)

Moving from ad-hoc successes to strategic partnership

The UK Government has a two-decade track record of catalysing and partnering to support the impact capital market, from pioneering outcomes partnerships models and other innovative funding structures, to establishing market infrastructure and introducing supportive regulation.

Since the start of 2025, this Government has taken welcome steps in recognising the opportunity to partner with the impact economy. As the SIIAG, we were pleased to play a pivotal role in shaping the design and strategic direction of the landmark £500m Better Futures Fund. We also note the increasingly frequent references to the impact economy's contribution in key government documents, including the Spending Review, the Industrial Strategy, the Department for Education's (DfE) Best Start in Life Strategy, and the Pride in Place Strategy. Government has also laid out its commitment to partnership with civil society and the impact economy in the Civil Society Covenant. The Covenant's principles of collaboration and shared responsibility echo the approach set out in this report: aligning government, civil society and the impact economy to accelerate national renewal.

Launched in July 2025, the UK Government's £500 million Better Futures Fund is a decade-long commitment to transform outcomes for up to 200,000 vulnerable children and families. Built on a social outcomes partnership model, it will support early intervention in education, housing, mental health, and youth employment, through collaboration between government, communities, and impact investors. As the largest social outcomes partnership fund in the world, it also signals global leadership in the field of impact capital and public service reform.¹¹

Practical examples of collaboration are emerging across departments, with civil servants and impact economy organisations co-designing fresh approaches to policy challenges through “Policy Labs” convened by the Impact Economy Collective. In recent months, these have included co-design sprints with the DfE, the Ministry for Housing, Communities and Local Government (MHCLG), and the Department for Health and Social Care (DHSC). Meanwhile, new capacity has been created within government, with the longstanding expertise in DCMS' Impact Economy Team now complemented by small teams in HMT, the Office for Investment (OfI), and Cabinet Office.

Changes already underway in domestic policy and global politics provide additional reasons to act on this agenda now. In England, the rewiring of local government through the **English Devolution Bill** will give new strategic authorities enhanced powers and financial flexibility which could be used to partner with impact capital.¹² Proposed reforms to the **Local Government Pension Scheme (LGPS)** with targets for local investment will unlock significant additional resources for place-based renewal (just 5% of LGPS assets invested in this way would unlock a further £20 billion of impact capital).¹³

¹¹ [Better Futures Fund press release](#) (July 2025)

¹² [English Devolution and Community Empowerment Bill](#)

¹³ [Local Government Pension Scheme \(England and Wales\): Fit for the future – government response](#)

Globally, impact capital holders are increasingly seeking stable, purpose-driven investment destinations aligned to their values. With its strong legal framework, deep financial expertise, and established leadership in green and social finance, the UK is well positioned to draw a greater share of this global market – estimated to be worth **£1.9 trillion**, comprising £1.2 trillion of social and impact investment¹⁴ and £752 billion of philanthropy.¹⁵ But other financial centres are actively competing for this capital. Securing and growing the UK's role would strengthen high-value financial services, channel investment into domestic priorities and international development, and reinforce Britain's soft power at a time of tighter aid budgets.

A more strategic and intentional approach to responding to this moment and leveraging pockets of pioneering practice could **activate and grow the impact economy in support of national renewal**.

Barriers to deeper partnership and shared impact

Several key challenges across government constrain greater collaboration:

- **A lack of coherent strategy and coordination** across departments regarding the impact economy.
- **Pathways to partnership are unclear** to external partners interested in engaging with government.
- **Limited skills, capacity, and understanding** within government departments, beyond specialist teams, and the wider public sector on how to work with the impact economy.
- **Insufficient and disconnected knowledge** across policy, innovation, enterprise and capital, which prevents the scaling of proven models and best practices.
- **A regulatory environment which discourages partnerships** between government and the impact economy, including procurement practices, pensions guidance, and wealth advice.

Similar barriers exist at the local level. From early years provision to community energy projects, housing delivery to healthcare, the UK's towns, cities and communities are where the creative and capital resources of the impact economy come together with the purpose and expertise of local public services. Local and combined authority officers are experts in shaping services to meet local needs, pioneering cross-sector partnerships and delivering outcomes in the context of prolonged financial pressure. This includes many examples of collaboration with impact economy providers and impact capital, and instances where local government itself has made impact investments. However, despite these examples, **many local government bodies and their partners lack the awareness, capacity and/or technical skills** needed to realise the full potential of partnerships with the impact economy.

In a fiscally constrained environment, where every pound of public funding needs to work harder, the impact economy can play a much bigger role in growth and renewal plans. This aligns with the Government's own ambitions to deepen its partnership with the organisations that bring vital community insight and delivery capability.

¹⁴ GIIN, [Sizing the impact investing market](#) (2024) – converted to GBP from US\$1.57 trillion.

¹⁵ [Around £144 billion is managed globally by trusts and foundations; around £608 billion is given by individuals](#)

The solution: Adopting a mobilisation mindset

To address these barriers and unlock the full potential of partnership, a **cultural shift towards a mobilisation and co-design approach** is needed. This means government shifting from acting as the sole funder of discrete projects toward being a strategic partner that works with the impact economy to develop solutions and uses government capital to crowd in contributions from other sources. It means taking a perspective on transformation that extends beyond individual spending cycles and moving from a mindset centred on project delivery to one of mobilisation.

Figure: Shifting from project to mobilisation mindset

Project mindset	Mobilisation mindset
<ul style="list-style-type: none">• Grants as primary funding tool• Short term / highly specified projects• Focus on project outputs• Government as sole funder• Short-term funding cycles	<ul style="list-style-type: none">• Strategic use of financial instruments• Commitment to impact and outcomes via purchasing decisions and approaches• Focus on sustainable system outcomes• Government as catalyst and partner• Patient capital with sustainable models

A government operating with a mobilisation mindset makes full and intentional use of the different enabling roles it plays. These roles can be categorised as follows, providing a toolkit for partnership:

- **Market Enabler:** Builds infrastructure and convenes stakeholders (e.g. Better Society Capital and Access Foundation have invested over £1 billion from an initial £400 million of public funds)
- **Regulator:** Shapes laws, regulations, and incentives (e.g. Local Housing Allowance)
- **Grantmaker:** Provides non-repayable funds to seed innovation and support public goods (e.g. MHCLG's £15 million grant into the Homelessness Property Fund)
- **Commissioner:** Uses purchasing power to procure social outcomes (e.g. The Skill Mill SOP reduced reoffending to 8% vs. 72% nationally)
- **Guarantor:** Underwrites private sector risks using sovereign credit (e.g. Affordable Homes Guarantee Scheme lowers borrowing costs for Housing Associations)
- **Investor:** Deploys repayable capital to de-risk and leverage private investment (e.g. National Wealth Fund's £500 million solar investment)
- **Issuer:** Raises capital through public debt instruments (e.g. 2021 'Green+' Gilt has attracted over £40 billion for climate and social impact)

Recommendations: a roadmap for mobilising the impact economy

Our vision is for the UK to be a world leader in the use of impact capital and collaboration across the impact economy, leading to a thriving UK where all can prosper.

The following sections of this report offer a roadmap for moving from ad-hoc collaboration to a more deliberate, system-wide approach that embeds partnership as a core feature of delivery: first, how government could *organise itself differently* to provide clear leadership and a "front door" for partners ; second, how the '*mobilisation mindset*' could be embedded across the public sector through new tools and behaviours; and third, how targeted regulatory reforms could *unlock more private and corporate capital*, growing the resources available for national renewal.

Pillar 1. Organising to mobilise and support the impact economy

Transforming the relationship between government and the impact economy will require a clear and unambiguous signal of commitment from the top, coupled with the capability to deliver on it. We recommend government:

- **Establish sustained and visible leadership at both ministerial and senior civil service levels** to champion the impact economy agenda, drive cross-government action, and signal long-term commitment.
- **Create an Office for the Impact Economy:** a director-led and well-resourced hub within government to provide the strategic leadership, coordination, and relationship management needed to embed partnership with the impact economy across government and provide a clear 'front door' for external stakeholders.

I. Establish sustained and visible leadership

The following actions would provide vital signalling of government's commitment and drive progress:

- **Appoint dedicated ministerial responsibility and establish a ministerial board and accompanying cross-Whitehall group with senior leadership from key departments** (including HMT, OfI, the Cabinet Office, and DCMS). This would send a clear signal of top-level government commitment, positioning the work as central to delivering economic growth, fiscal value, national priorities and public service reform. This group could also include representation from public finance institutions such as the British Business Bank and the National Wealth Fund.
- **Appoint Non-Executive Directors to represent the impact economy** within departments, to help set the direction of travel, advocate for cultural change across

public services, and maintain momentum on this agenda across government and its agencies.

- **Establish an independent Impact Economy Advisory Group.** A follow-on body to the Social Impact Investment Advisory Group, comprising leaders from across the impact economy, would ensure that government continues to receive expert guidance, maintain a direct link to the sector's insights and perspectives, and facilitate co-design. The SIIAG would be pleased to offer advice on the transparent and equitable recruitment of members to this group, should that be useful.
- **Make the Civil Society and Impact Economy Summit an annual event.** Establishing the high profile and impactful Civil Society and Impact Economy Summit of 2025¹⁶ as a yearly fixture would signal a long-term commitment to working with the sector, embed connections between civil society and the impact economy, and provide a platform for building relationships and sharing knowledge. The annual summit would celebrate progress and spotlight new instances of collaboration between the public sector and impact economy to realise shared priorities.

II. Create an Office for the Impact Economy

The creation of an Office for the Impact Economy would provide the necessary capability and capacity to deliver on ambitions. The following **principles** provide a guide for its design:¹⁷

- **Clear and strategic purpose.** Anchored in national priorities and the Government's Plan for Change, the Office would exist to ensure the impact economy is mobilised towards sustainable, inclusive growth – aligning with priorities from job and enterprise creation to public service reform and housing, as well as with overseas goals, supporting soft power, inward investment, and sharing expertise in development finance.
- **Collaborative and outward-facing approach.** The Office would be a strategic convener, facilitating collaboration and championing co-design across government and with the impact economy. A single, accessible point of contact, it would build and maintain relationships with investors, philanthropists, purpose-driven businesses and social enterprises. It would work with civil society and community organisations to build trust and unlock innovation, and seek to empower local authorities in their financial and commissioning capacity. It would also help government develop and coordinate a clear international outlook for impact capital, working to ensure the UK remains a leading base for impact funds and foundations.
- **Smart use of government levers.** The Office would make full use of budgeting, procurement, partnership tools (blended finance, match funding – including for philanthropy and enterprise grants, outcomes partnerships, and business partnerships), and data sharing to commission for long-term impact and shift incentives across government and the market. It would connect impact approaches with public spending and fiscal strategy, ensuring value for money and fiscal responsibility.
- **Centre of excellence and innovation.** Providing expert support and sharing best practice, the Office would accelerate learning, reduce duplication, and enable the discovery, testing, and scaling of high-potential ideas that align with government priorities.

¹⁶ [PM speech at the Civil Society Summit: 17 July 2025 - GOV.UK](#)

¹⁷ See Appendix 3 for a detailed list of principles

The following key **operating features** would be important in ensuring the Office's effectiveness:

- **Dedicated, senior leadership.** A central hub led by a dedicated director and supported by deputy director-led spokes embedded in key economic, investment, and spending departments with clear linkages to local government and public finance institutions.
- **Core capacity and expertise.** A core team of permanent senior civil servants, complemented by secondees, to provide the necessary capacity and expertise and build institutional knowledge. Expertise would include attracting, structuring, and integrating all categories of impact capital.
- **Budget.** A clear, ring-fenced budget to enable delivery, attract talent, and support partnerships.
- **Accountability.** A Ministerial Board, coalition of senior officials, and independent advisory group could provide oversight and strategic direction. Local authorities and combined authorities would need to be active partners in shaping and delivering the agenda.
- **Strategic direction.** Anchored in a strategy, potentially framed through a White Paper, and supported by visible milestones such as an annual Civil Society and Impact Economy Summit. Explicit links to flagship initiatives like the Better Futures Fund to reinforce its role in delivering government priorities and mobilising capital and partnerships at scale.

DCMS has provided a policy home for much of the agenda to date, leading on domestic philanthropy, impact investing, social investing, dormant assets, and social outcomes partnerships. HMT has played a pivotal role through the Social Impact Investment Advisory Group (SIAG) and helped embed philanthropy, social investing and impact investing into government priorities. The OfI has demonstrated the value of specialist teams, with its impact capital team showing how government can partner effectively to attract and deploy investment and philanthropy. And Cabinet Office has championed impact economy partnerships as a driver for public service reform. The task now is to expand upon this capability and leadership across the system, ensuring these diverse contributions and levers are connected and amplified through a hub.

Pillar 2. Embedding the mobilisation mindset across the civil service and wider public sector

Mobilising the creativity and capital resources of the impact economy in support of government priorities depends heavily upon a mindset and process shift among policymakers – from discrete commissioning to catalytic investment, from one-way delivery to multi-partner collaborations. We recommend that government:

- **Embed a match first / leverage approach as a core principle of policy design.** This could be achieved through changes to strategic policy and delivery frameworks (e.g. business cases, procurement processes, Local Growth Plans, and the mandates of Public Finance Institutions), supported by new capability and partnership infrastructure to embed and normalise co-design and co-delivery at central and local levels.
- **Accelerate momentum through flagship projects,** by taking forward one or more high-profile partnership initiatives to demonstrate the model in action and build on the energy of the Better Futures Fund.

III. Embed a 'match / leverage-first' approach

To embed a match-first or leverage approach across government, key **strategic policy and delivery frameworks** could be updated to help policymakers identify opportunities to mobilise impact capital and deliver through partnerships. Initiatives to support this could include:

- **Embedding the match first / leverage test into government planning frameworks, guidance and toolkits, including business case templates and procurement playbooks.** This would compel officials to seek external resources and partnerships in their policy design and delivery. It would be complemented by clear, accessible guidance for engaging with the impact economy's diverse actors and instruments (several of whom would typically fall outside of standard public procurement mechanisms). This could include **introducing a decision support tool** to help policy makers identify opportunities to mobilise impact capital, and which types of capital might be best suited to their specific policy goal. (A prototype of this tool developed by SIIAG can be found in Appendix 4.)
- **Updating guidance on Local Growth Plans and devolution proposals to promote partnerships with impact capital.** Local government reorganisation (LGR) and devolution represent a powerful opportunity to catalyse new ways of working between place leaders and the impact economy. Government could encourage place leaders further to embrace a mobilisation mindset by asking LGR proposals and Local Growth Plans to outline how they will partner with the impact economy to deliver on local objectives - including strategies for engaging with LGPS funds/pools, national and local asset managers, philanthropic partners and corporates, and their plans for developing a pipeline of investable projects.

The Mobilising Impact Capital decision support tool is a prototype developed in collaboration with members of the SIIAG to equip policymakers in developing opportunities to unlock additional private and philanthropic resources. The tool is structured around a set of key questions such as: How could the intervention attract other aligned partners? Do the partners bring additional expertise that could be leveraged? Does the intervention scale or replicate a successful model?

- **Giving Public Finance Institutions (PFIs) an explicit requirement to seek social and environmental results alongside financial leverage in their investment mandates.** PFIs already contribute substantially to national priorities, and some have strengthened their impact focus in recent years. However, there is no clear expectation that public investment should maximise social and environmental value alongside financial leverage, and no consistency across the PFIs¹⁸ on approach. To address this, the PFIs' leverage imperative could be complemented with an explicit requirement to optimise for social and environmental impacts within their existing investment mandates. Government could use the UK Strategic Public Investment Forum as the standing coordination mechanism on impact, convening PFIs to align high level outcome areas and evidence standards and share learning. This would improve coherence and transparency without duplicating delivery functions or constraining institutional autonomy.

¹⁸ Including British Business Bank, Great British Energy, Innovate UK, National Wealth Fund, UK Export Finance

Homes England has embedded community engagement and “locally relevant social value” into delivery, guided by its 2023–28 Strategic Plan, and the Crown Estate has evolved its strategy to create financial, environmental and social value for the nation, linking returns with net zero, nature recovery and inclusive growth.¹⁹

Delivering on a match-first / leverage and partnership-led approach will require investment in capability and partnership infrastructure: the systems, tools, and training that equip officials and place leaders to work confidently with impact capital and cross-sector partners. Initiatives to support this could include:

- **Launch an Impact Partnerships Academy**, offering ‘applied learning’ to officials across government and the wider public sector focused on developing the practical skills needed for forging effective partnerships with impact capital actors, understanding different asset classes and capital types, and developing project pipelines. This could be modelled on existing initiatives such as the Commissioning Academy, delivered in collaboration with sector experts.
- **Formalise and expand the use of collaborative design sprints** (as modelled by “Policy Labs”) in the development of new policies and programmes in concert with expert practitioners from the impact economy.

Participatory design approaches, as modelled by the Policy Labs convened by the Impact Economy Collective with DHSE, DfE, MCLHG and OfI, are vehicles to co-create solutions to policy problems, aligning ambitions and boosting the confidence of impact economy stakeholders to partner in delivery and/or funding.²⁰

Seed fund new support infrastructure for sharing knowledge, providing practical help and reducing barriers to participation at the local level. With more places looking at partnering with impact capital, there is a growing need for trusted advice and expertise, and a risk of duplication and wasted effort. A **‘local investment enablement facility’ (LIEF)** could provide a library of reliable information, a catalogue of suppliers, and accessible templates to equip place leaders in putting the mobilisation mindset into practice. It could facilitate communities of practice and peer learning to transfer knowledge from pioneer places to emerging and aspiring areas in a structured way - including impact capital partnership leads in strategic authorities and leaders of place-based giving schemes. Additional services could include a middle- and back-office function for local funds to reduce friction in the set up and administration of schemes. It would be an independent entity, working nationwide in collaboration with central government.

IV. Accelerate momentum through flagship projects

Government’s commitment in the Better Futures Fund is a clear signal of intent to partner with, harness, and grow the impact economy to deliver on national priorities. The SIIAG has identified further impact economy partnership opportunities where government could **move quickly** to

¹⁹ [Using community engagement to understand and deliver ‘locally relevant’ social value outcomes \(HTML\) - GOV.UK](#); Crown estate strategy: [Our strategy | The Crown Estate](#)

²⁰ [Impact Economy Collective](#)

improve outcomes in communities across the UK, build further precedent and expertise across government, and grow the impact economy.

These opportunities do not represent an exhaustive list; they are examples which could be mobilised quickly, are aligned to government priorities with strong existing allocations of impact capital, and are illustrative of the diverse mechanisms available to policymakers for mobilising the impact economy – philanthropy, catalytic investments, outcomes approaches, first-loss and blended finance.

Health & Work Outcomes Fund

Some 2.8 million people in the UK are out of work due to ill health, an issue projected to add an extra £40 billion to working-age health benefits spending this decade. Addressing this requires a new approach that sees health and work as mutually supportive, not separate challenges.

A large-scale outcomes fund could reframe this from an economic burden to an opportunity. The fund would attract a diverse range of capital to finance innovative solutions across asset classes and instruments (e.g. outcomes payments, debt, equity) that help people return to – and remain in – productive employment. Since each person returning to sustainable work generates an estimated £20,000 in annual benefit savings and tax revenue, the initiative would draw from future welfare savings to pay for employment outcomes, with government only paying for successful results.

Building on models like South Yorkshire's Pathways to Work, this approach would align health and employment services.²¹ Impact investors would provide upfront capital for interventions helping people with health conditions return to work, simultaneously improving wellbeing and supporting economic growth. Government would commit to paying for outcomes (primarily sustained employment) upon achievement, providing certainty to investors and encouraging innovation beyond established interventions.

Temporary Accommodation Impact Investment Facility

The homelessness crisis in England is a major and growing fiscal challenge, with 120,000 households in temporary accommodation (TA) and annual local authority spending on this reaching £2.29 billion. This over-reliance on TA is expensive and offers poor outcomes for individuals and families. It is also a contributor to rising social tension in parts of the country where hotels have been used to address demand. There is an urgent need for scaled-up, affordable, and high-quality solutions. There is a diverse and growing market of values aligned investment-enabled provision in many parts of the country but need outstrips supply. Among the examples of public-private schemes to meet this need was MHCLG's *Everyone In* pilot. This used £25 million of grant funding from central government to attract £138 million of additional capital, including local government and philanthropic grants, and private investment from the Local Government Pension Scheme – a 5.5x multiplier on central government's contribution. This capital was used to acquire and refurbish existing homes, which were then leased to charities to provide 847 units of stable housing and support for people with recent experience of homelessness.²² A full scale-up of this initiative could have a significant impact for thousands of people and save the taxpayer

²¹ [South Yorkshire kicks off 125 million plans to get Britain back to health and work](#)

²² [Social Investment Pilot Evaluation](#) (2025)

millions of pounds over the next decade by reducing reliance on costly temporary accommodation.

Given the scale of need, a range of national and local solutions will be required with participation of a diverse set of capital providers, including impact investors and values-aligned debt and equity provision from banks and institutional investors. The new National Housing Bank can play an important role to support and catalyse these interventions, alongside on-going efforts led by local and regional government.

Children's Residential Care Impact Investment Facility

Uneven provision of high-quality residential settings across the country means that 44% of children are currently placed outside of their home area, creating disruption for children and their families and inflating the cost to local authorities by over 1,150% in four years.²³

A national Impact Investment Facility for Children's Care, blending DfE grant funding with impact capital, would provide flexible, patient capital to mission-led providers to enable them to acquire properties and staff high quality homes in areas of demand.

The model builds on the success of other impact investment partnerships and is designed to ensure that only providers committed to high-quality care and local need receive funding. In terms of impact, a £25 million government grant is projected to attract an equal amount of impact investment and philanthropic capital, delivering 40 new children's homes with space for 120 children in the areas of greatest need.

Blended Finance for Community Energy Projects

Community energy projects deliver both environmental and social benefits, addressing fuel poverty and building local resilience. However, many of these ventures are not economically viable without additional support.²⁴

Earlier this year, impact capital providers launched a Community Energy Catalyst to begin addressing the funding and technical support needs of new and existing projects. A 'first-loss' investment in this vehicle from a government entity like GB Energy could mobilise additional impact capital, improving the vehicle's internal rate of return and making it viable for long-term commercial debt and institutional capital.

The Kilbirnie wind turbine and the Lawrence Weston community energy project demonstrate that this model can create valuable local revenue streams for community benefit and reduce energy costs. They have generated an estimated £48 million for community benefit funds and £25 million in annual savings for fuel-poor households.¹⁹

A catalytic government investment of £10 million could leverage £100 million of external investment. This could allow government to announce new projects that have already undergone due diligence and simplify the funding process for both fund managers and borrowers, who would only need to apply to one source.

²³ [Outsourcing Children's Social Care Tracker \(2024\)](#); [Astronomical rise in cost of children's social care placements](#)

²⁴ Better Society Capital analysis

Place-based Philanthropic Match Challenge

Despite the UK's generosity, the distribution of charitable giving is uneven and often fails to reflect the geography of local need. Within government's Pride in Place Strategy,²⁵ which commits up to £5 billion over 10 years to support up to 250 places, there is a major opportunity to change this – by embedding partnership locally and kickstarting a wave of place-based giving schemes.

Government could launch a Place-Based Philanthropic Match Challenge across Pride in Place neighbourhoods, where public grants can be matched with philanthropic donations and potentially build towards long-term endowment funding for each area.

Each neighbourhood board could be supported by a funder champion, such as a foundation or philanthropist in that place, to convene funders, coordinate match funding, and build local fundraising capacity. Ideally, government match funding would be paired with capacity-building grants to enable these organisations to professionalise their fundraising, attract diaspora wealth, and manage a wider range of donations.

The Community Match Challenge (2020) and the Grassroots Grants Programme (2008–11) have already proved this model to be effective. The former saw £85 million in government funds matched pound-for-pound by philanthropists to create the £165 million Community Match Challenge, demonstrating a powerful and immediate leverage effect. If Pride in Place and government's planned Place-Based Philanthropy Strategy²⁶ leveraged this approach, it could help unlock new local capital, strengthen civic infrastructure, and build lasting community endowments across the country.

The initiatives suggested here could be progressed quickly. Looking beyond these to greater future opportunities, government could use the next Spending Review in 2027 as a key moment to show that the benefits of working with the impact economy can be realised more widely and deeply, co-designing interventions with impact economy stakeholders in the coming months to announce on that timeframe or before.

Pillar 3. Unlocking resources and participation at scale

Targeted reforms to the UK's financial regulations and policy landscape have the potential to unlock significant impact capital and corporate resources. The SIIAG has identified four 'once and done' changes that either incentivise greater participation in the impact economy or else remove disincentives to the same:

- **Unlock private capital at scale** by clarifying fiduciary duties for pension schemes, and simplifying lifetime and legacy giving.
- **Integrate impact into investor, corporate and employee norms** by modernising wealth advice on philanthropy, and activating corporate purpose and giving.

²⁵ [Pride in Place Strategy \(2025\)](#)

²⁶ [Philanthropy - Igniting the spark of renewal](#)

V. Targeted reforms to unlock impact capital and corporate resources

Unlock private capital at scale

Clarify fiduciary duties for pension schemes

Misunderstandings about fiduciary duty – combined with a lack of clear legal footing – are preventing investors from aligning capital with broader long-term outcomes for UK savers. Many pension trustees still interpret acting in members’ ‘best interests’ as maximising short-term financial returns, rather than considering a broader set of financially material factors. This narrow view is reinforced by non-binding guidance and inconsistent legal opinions, leaving trustees uncertain about how far they can go in supporting national priorities like economic growth and regional development. **Without statutory clarity, fiduciaries remain constrained – even when the long-term interests of members and the UK economy align.**

A clarification of fiduciary duties that gave pension schemes the legal confidence to consider members’ real living standards – such as housing, energy, and climate resilience – would give trustees the legal confidence to act. Introducing it as an amendment in the Pension Schemes Bill would empower schemes to invest in ways that support both member outcomes and UK economic priorities, unlocking an estimated £100 billion or more in domestic investment over the next decade. Crucially, it offers a **constructive alternative to government reserve powers** that would mandate pension schemes to invest in UK assets – preserving trustee independence while enabling alignment with national priorities.

Simplify lifetime and legacy giving

Gift Aid provides £1.6 billion annually to the charity sector, but **an estimated £560 million goes unclaimed each year due to complexity and lack of awareness.**²⁷ Meanwhile, charitable gifts could be increased as pension pots come into the scope of inheritance tax, but current rules on charitable lump sum death benefits are restrictive. This makes it harder for individuals to use their pension pots as a vehicle for legacy giving and prevents the full potential of this capital from being realised. Government could modernise existing frameworks and unlock new funds with minimal cost by:

- **Legislating to allow for charitable lump sums to be made as authorised payments from pension pots** during lifetime, and reforming the rules around charitable lump sum death benefits to ensure gifts can always be made upon death, regardless of surviving dependents. This would align the treatment of pension assets with other assets and incentivise donors to bring forward charitable giving.
- **Streamlining and automating the Gift Aid claim process.** Empower donors by allowing them to register Gift Aid status within their HMRC personal tax accounts, enabling automatic application across all eligible donations. These changes would reduce the administrative burden on charities and unlock a substantial stream of unclaimed capital. The modernisation of Gift Aid could be embedded in future tax system digitisation.

²⁷ HMRC, UK Charity Tax Relief Statistics, 2025, [UK charity tax relief statistics commentary - GOV.UK](#) (NB the report states £1.6 billion but we have updated for latest CTR); Charitable giving and Gift Aid Research Report, HMRC, September 2016, [Charitable giving and Gift Aid research - GOV.UK](#)

Integrate impact into investor, corporate and employee norms

Modernise wealth advice on philanthropy

An estimated £1.2 trillion is held by wealthy individuals advised by wealth managers.²⁸ However, just 8% of the UK's 5.8 million wealthy individuals receive advice on philanthropy.²⁹ Philanthropy traditionally falls outside the scope of regulation in financial advice, making philanthropic advice optional and dependent on the expertise of individual firms and advisers. Logistical barriers also undermine giving – philanthropic payments are often the only transaction type that financial advisers cannot execute through their platforms.

Government could unlock the 'middle market' in philanthropy, facilitate its own match funding programmes, and accelerate impact investing by integrating impact goals into the financial advice framework. This could be achieved by **instructing the Financial Conduct Authority (FCA) to develop a strategy** for training financial advisers on philanthropy and impact investing, including adding it to their continuing professional development (CPD) requirements and **embedding impact capital options into regulated financial planning conversations**, building on the recent Sustainability Disclosure Requirements and product-labelling framework.

Activate corporate purpose and giving

The UK's 5.5 million businesses, employing nearly 28 million people and generating over £5 trillion in turnover, represent a powerful engine for delivering national priorities – from easing NHS pressure through preventative care to boosting economic growth by building affordable housing and tackling unemployment. 84% of UK business leaders would welcome government initiatives to support them to innovate and scale solutions to these issues.³⁰ Two targeted interventions could unlock greater participation and impact across the business community:

- **Support purpose-driven business through model governance tools.** Purpose-driven business encompasses a wide-range of entities including mutuals, co-operatives, employee-owned businesses, social enterprises, and charities, all sharing the aim of delivering a strong economy where society profits. Mainstream business also has a key role in promoting social benefit. To support the purpose driven business sector and increase engagement from the wider business community, government could **introduce new model articles to align shareholder and stakeholder interests, tracking take-up of these tools to inform future decisions on legislative changes.**
- **Incentivise corporate giving by larger businesses through transparent reporting.** Since the 2013 removal of mandatory reporting on corporate donations, FTSE 100 giving has declined by 34% in real terms.³¹ In 2024, only 25% of UK businesses donated to charity in the form of time, cash or goods. If more UK businesses gave one percent of their pre-tax profits to charity, including all the FTSE 100 and just a quarter of wider businesses, charities could receive £9.06 billion.³² Government could create a regulatory environment that incentivises corporate and employee giving by **reinstating mandatory, standardised reporting of corporate giving in annual reports**, transforming the sector's capacity to deliver public good.

²⁸ LEK consulting, 2022, [UK Wealth Management: Spotlight on Value Creation | L.E.K. Consulting](#)

²⁹ PBE, [Mission Give: the Potential of better philanthropy advice](#), 2024

³⁰ ReGenerate, [Partnering for Mission Delivery: Unlocking the Power of Business](#), 2025

³¹ Charities Aid Foundation, [Corporate Giving](#) 2024

³² CAF, [Corporate Giving](#) (2025)

Conclusion and next steps

This report has set out a practical roadmap for how the Government can unlock the capital and creativity needed to deliver a decade of national renewal by adopting a ‘mobilisation mindset’ and working strategically with the impact economy. The recommendations – to organise to mobilise and support the impact economy, embed a mobilisation mindset, and unlock resources and participation at scale – are an invitation to build a more ambitious and effective partnership.

We recognise that, for partnership to succeed, the impact economy must also evolve. We need to organise ourselves more effectively to be a coherent, reliable, and accessible partner for government. To that end, we would be pleased to **advise on the establishment of an independent Impact Economy Advisory Group**, and propose that the **annual Civil Society and Impact Economy Summit is delivered as a partnership between government and the impact economy**, creating a dedicated forum to deepen relationships, share progress, and maintain momentum.

A true partnership is built on mutual accountability. The Government has already laid important groundwork through commitments like the Civil Society Covenant and initiatives such as the Better Futures Fund and collaborative Policy Labs. The impact economy will actively support the delivery of these, holding both ourselves and government to account for turning these ambitions into tangible outcomes for communities. We will play our part in driving this agenda forward, and in twelve months’ time, we propose **an independent review of the progress made against the recommendations in this report**.

The Government has signalled its intent to work differently. We are pleased to advise on how to build on that momentum and enable the impact economy to play a central role in delivering national priorities. Ultimately, the success of this partnership will be judged by its impact on people – whether it delivers tangible improvements in wellbeing, opportunity, and resilience across communities. By embracing this roadmap, Government and the impact economy can move beyond transactional engagements to become co-creators of renewal.

Appendices

Appendix 1: Impact capital market sizing and mission mapping

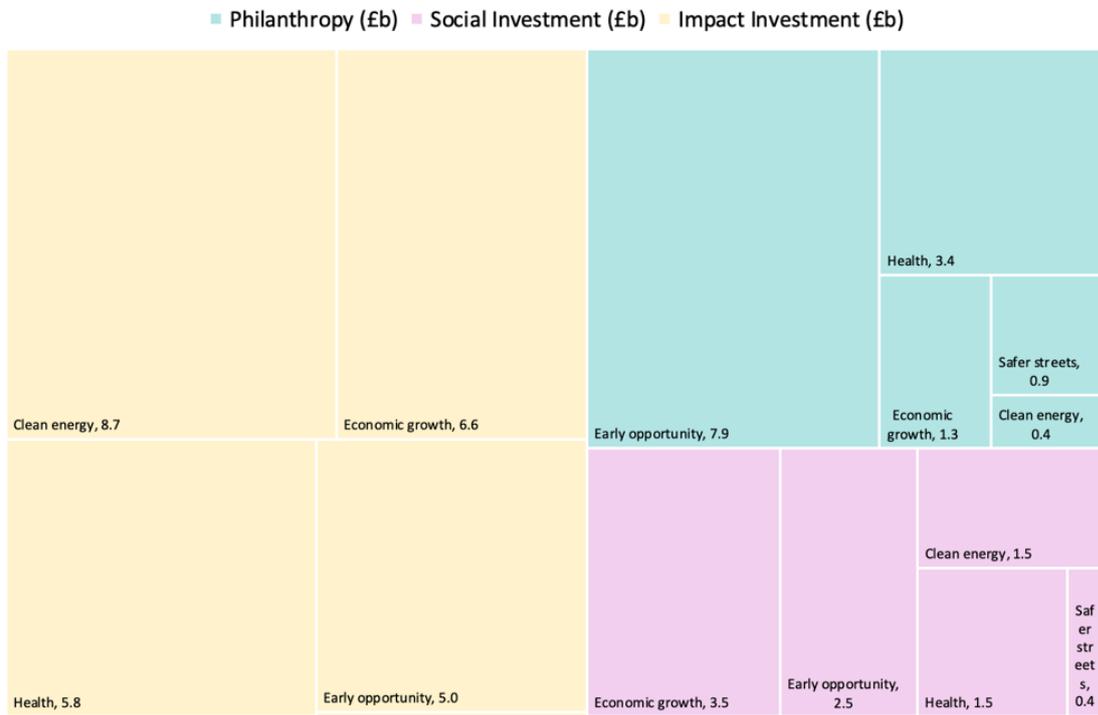
Figure: Mapping impact capital deployment across the priorities

Using data received, we mapped impact capital deployment across Govt missions ¹

	 Kickstart economic growth	 Make Britain a clean energy superpower	 Safer streets	 Break down the barriers to opportunity	 Build an NHS fit for the future	Other Impact ³	Total
Philanthropy	£1.3bn	£400m	£920m	£7.9bn	£3.4bn	£12.8bn	£14bn of £27bn
Social investment	£3.5bn	£1.5bn	£350m	£2.5bn	£1.5bn	£650m	£9.4bn of £10bn ²
Institutional impact investment	£6.6bn	£8.7bn	£80m	£5bn	£5.8bn	£50.6bn	£26.2bn of £76.8bn ²
Total	£11.4bn	£10.6bn	£1.4bn	£15.4bn	£10.7bn	£64.1bn	£41.6bn of £105.8bn
Other institutional investment	£1.4trn +	£12.5bn +	£80m +	£5bn +	£20bn +	Unknown	£1.5trn

¹ Overall figures are drawn from sector-recognised data sources; mission mapping represents estimates based on objective alignment analysis of data sources ² Estimated £8bn overlap between Social investment and Institutional impact investment. ³ Other impact includes finance for non-UK impact e.g. UK based institutional investors investing globally or philanthropic giving towards international aid

Figure: More than £40 billion of impact capital is already supporting national priorities



Methodology

This analysis draws on robust, sector-recognised data sources to estimate the scale of UK impact capital, complemented by estimates of flows aligned with national policy priorities.

Primary data sources include:

- **Philanthropic giving:** Charities Aid Foundation (CAF)³³ and Good Finance.³⁴
- **Social investment:** Market sizing from Better Society Capital.³⁵
- **Institutional impact investment:** Impact Investing Institute market sizing.³⁶ (Note that there is an estimated £8 billion overlap between intentional institutional and social investment. Institutional impact investment figures include all social investment.)
- **Wider institutional investment:** Data from the Investment Association and BVCA.

Mission mapping approach:

Government national priorities were identified using publicly available policy documents. Investments were then mapped to these priorities through objective alignment analysis:

- **Philanthropic giving:** Assessed by relevance of recipient sectors to national priorities; giving not aligned was excluded.
- **Social investment:** Evaluated by sector and organisational alignment.
- **Institutional investment:** Mapped by sector-level alignment.

International development and areas not explicitly identified as government policy priorities (e.g. animal welfare, arts and culture) were excluded from the mapping.

Limitations and caveats:

- Available data is high-level and some assumptions have been made about the alignment of funded activities to specific policy priorities.
- Due to overlap between social and institutional investment categories, aggregate figures must be adjusted to avoid double-counting.

³³ [UK Giving Report 2025: Trends in Giving](#) (2025), Charities Aid Foundation
[The state of giving: CAF's 2024 UK Giving Report](#) (2024), Charities Aid Foundation
[High Value Giving](#), Charities Aid Foundation

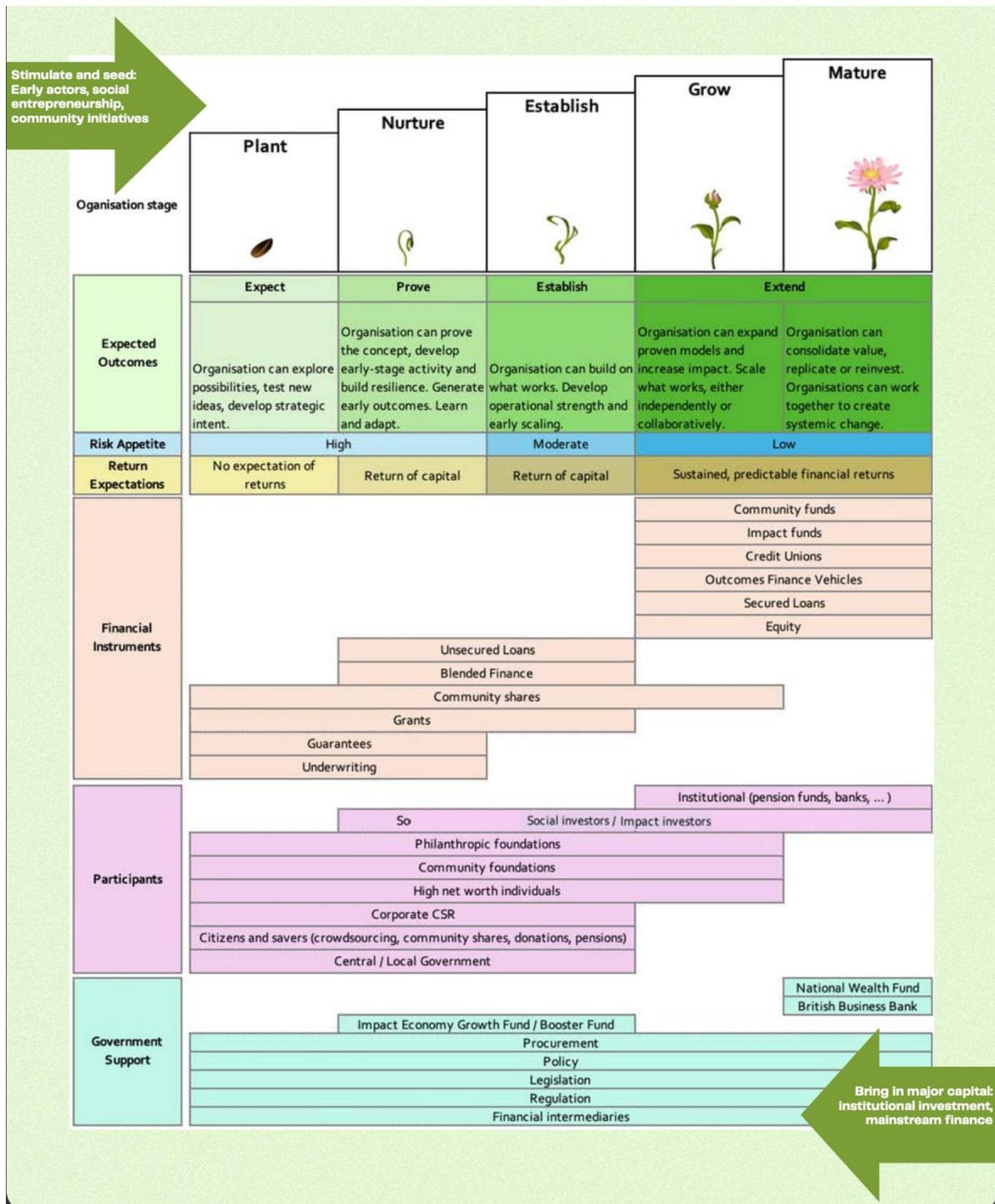
³⁴ [Good Finance](#)

³⁵ [2023 Market Sizing](#), 2024, Better Society Capital

³⁶ [The UK impact investing market: Size, scope and potential](#), 2024, Impact Investing Institute

Appendix 2: Staircase model of Impact Capital

A strategic and collaborative delivery and policy-ready framework to mobilise impact capital in ways that can be sustained beyond individual programmes or funds.



Appendix 3: Design Principles for the Office for the Impact Economy

	Principle	What it Means	Why it Matters
A clear and strategic purpose	Priority-led	Anchored in national priorities and the Plan for Change	Ensures relevance and alignment with national priorities
	Strategic direction and clarity	Establishes a shared long-term strategy for working with the impact economy	Improves internal coordination and builds external confidence
	Inclusive and sustainable growth	Supports jobs, enterprise, and economic participation through new capital flows	Aligns with economic and Treasury priorities
Collaborative and outward facing approach	Strategic convening across government	Facilitates collaboration across departments with a central policy and capital link	Breaks silos and connects leadership across Whitehall
	Co-designs with the impact economy	Engages philanthropy, investors, purpose-driven businesses, and social enterprises	Creates a single point of access for the UK's impact capital and delivery capability
	Civil society engagement	Builds strong partnerships with VCSEs and community organisations	Unlocks trust, insight, and community-led innovation
	Local capability-building	Supports commissioning and financial capacity of local/combined authorities	Unlocks demand, delivery, and decentralised innovation
Smart use of government levers	Effective use of partnership tools	Applies blended finance, match funding, catalytic capital, and outcome-based partnerships	Turns strategy into implementation; enables innovation and crowded-in investment
	Effective use of budgeting / procurement decisions	Enables commissioning for impact / outcomes particularly in delivery of human services	Machine for the delivery of impact economy – drives behaviours and shifts incentives towards long term impact
	Data sharing and collaboration	Creates practical frameworks for secure data sharing internally and externally	Improves decision-making, coordination, and trust
Centre of excellence and innovation	Platform for scaling social innovation	Enables discovery, testing, and scaling of high-potential mission-aligned ideas	Supports public service reform and reduces risk
	Centre of excellence functionality	Provides expert support and best practice to departments and partners	Increases confidence, reduces duplication, and accelerates learning and delivery

Appendix 4: Prototype Decision Support Tool – Mobilisation Framework

In a challenging fiscal environment, every pound of public funding work needs to work harder. A mobilisation, co-design approach to policy design and delivery will help departments unlock additional private and philanthropic resources and drive innovation to deliver against national priorities.

The proposed Mobilisation Framework is a practical tool to guide departments in shifting from a traditional approach, where government wholly funds discrete projects, toward a partnership approach, where government catalyses impact capital and other private sector and civil society resources to multiply impact and achieve sustainable outcomes at greater scale. It can be used in conjunction with the Staircase Model to help identify appropriate financial tools and build new partnerships.

The framework prompts two key questions:

1. **WHAT** are the strategic questions that government should consider when designing a new intervention that will help shift towards a ‘mobilisation mindset’
2. **HOW** can government co-design this intervention with impact capital partners so it leverages resources towards the objective, preserves public sector funding, and maximises impact

Key Strategic Questions:

What is the nature and objective of the intervention?	<i>Whilst the main objective of an intervention is to solve a social policy problem, additional aims can include delivering cost savings for taxpayers, funding an intervention that will not be funded otherwise, scaling an intervention or replicating it in another context. Clarity on secondary aims can surface opportunities to co-design.</i>
How can this intervention attract other aligned partners?	<i>The priorities of other stakeholders can shed light on room for alignment on objectives and provide opportunities to leverage impact capital. Early alignment can enable allow for a focus on greater scale, sustainable funding models, or interventions that continue beyond initial public investment.</i>
Do the partners bring additional expertise that could be leveraged?	<i>Private actors have different strengths, risk appetites and return expectations which can influence their ability to collaborate. In addition, some impact partners may play other roles to aid with the intervention that government could leverage (e.g. building the pipeline of interventions/ projects, building capacity in places, technical assistance).</i>
Is the intervention intended to scale or replicate a successful model?	<i>Some interventions are funded to increase scale of an existing intervention, whilst others may aim to replicate successful models in new places. Scale will require significantly more capital. Replication may require greater coordination. These factors have implications for the type of partnership and funding structure.</i>
Is a financially sustainable model possible for this intervention?	<i>Not every intervention will have an income stream or be financially sustainable. However, mechanisms can be built into the structure to make public capital go further. For instance, government grants can be recycled for a more resilient delivery model. In cases of persistent market failure, or where revenue models generate no or very low financial margins, the model may require ongoing government intervention but could be structured to leverage other types of capital to have greater impact.</i>

Appendix 5: List of working group member organisations

We are grateful for the commitment, energy and innovation that so many organisations and individuals contributed towards the work of the SIIAG, particularly the following members of the four working groups:

100x Impact	Impact Investing Institute
Access Foundation for Social Investment	Impactx Capital
Accounting for Sustainability	Investing for Good
AchieveGood	Joseph Rowntree Foundation
AllChild	Key Fund
Beacon	Kindred LCR
Better Society Capital	Kirklees Council
BlaST	Legal & General
Bridges Fund Management	Liverpool Council
Bridges Outcomes Partnerships	Lloyds Bank
Bristol and Bath Regional Capital	Lloyds Bank Foundation
British Business Bank	Locality UK
Cambridge City Council	National Council for Voluntary Organisations
Charities Aid Foundation	NEST Pensions
Charity Bank	New Philanthropy Capital
Charity Commission	Norfolk County Council
Church Commissioners for England	One Small Thing
Community Foundation serving Tyne & Wear and Northumberland	Our Future
Co-operatives UK	Pathway Fund
Crisis	Power to Change
East Midlands Combined Authority	ReGenerate
Esmée Fairbairn Foundation	Resonance
Ethos Foundation	Schroders
Foundation of Nursing Studies	Social Business International
Foundations Forum	Social Enterprise UK
Government Outcomes Lab	Social Investment Business
Homelessness Impact	The Pentecostal Community Bank
	Ubele Initiative
	UK Community Foundations

Nb. This is not an exhaustive list of all organisations consulted or otherwise engaged in the developing and testing the SIIAG's findings and recommendations, only the official members of the four working groups.