

SOCIAL INVESTMENT INSIGHTS SERIES

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Conservation of the Natural Environment and Social Investment

Access to the environment supports a range of positive social outcomes. As an investment wholesaler, Big Society Capital is in a position to invest in social investment intermediaries that support organisations with an environmental mission. Big Society Capital will prioritise beneficiary groups in more acute need and investments that generate social as well as environmental outcomes. This paper covers the need, policy context and market overview and goes on to identify areas social investors may be able to help to support the conservation of the environment.



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The Social Investment Insights Series are occasional papers drafted by members of Big Society Capital's team on areas of interest to the social investment market.

Big Society Capital is a financial institution with a social mission, set up to build the social investment market in the UK, so that charities and social enterprises can access appropriate repayable finance to enable them to grow, become more sustainable and increase their impact on society. It is doing this by building a diverse social investment market: encouraging investors to lend or invest money to achieve a social as well as a financial return. Since it was set up as an independent organisation in 2012, Big Society Capital has signed more than £160 million in investments to specialist organisations who lend to charities and social enterprises. Over five years Big Society Capital will be capitalised with approximately £600 million, from a combination of English dormant bank accounts and the four main UK high street banks.



EXECUTIVE SUMMARY

Big Society Capital is an independent financial institution with a social mission, set up to help grow the social investment market. At Big Society Capital we can invest in organisations with an environmental mission in the same way we fund social purpose organisations, through the social finance intermediaries we support. For Big Society Capital to engage, investments need to create both a positive social and environmental outcome. Investments must also aim for a positive financial return.

Overall as an organisation, Big Society Capital prioritises investments that positively impact disadvantaged groups in the UK.

There are four main ways Big Society Capital is likely to support the environment.

The first two are underway and operating well:

- Through the secured and unsecured lenders we back as a wholesaler. These intermediaries: Charity Bank, FSE Group, Social Investment Scotland and Social and Sustainable Capital, amongst others, provide investment funds for environmental organisations seeking to achieve social and environmental impacts.
- Through supporting community share issues that back community renewable energy and other local environmental projects. The Resonance Community Share Underwriting Fund which Big Society Capital invested in alongside charitable trusts and foundations is an example of the kind of support we can offer here.

The next two ways we are likely to support the environment are less well proven from the social investment perspective, but provide opportunities:

- Backing innovative approaches that link the natural environment directly to social issues. For example, the mental health benefits of engagement with the environment may be supported through social impact bonds where the benefits of better health may be used to support environmental enhancement.
- Supporting interventions at greater scale. The land purchase approaches pioneered by trusts and foundations in the UK and the USA may be further scaled-up. Larger scale woodland restoration, or complex ecosystem services projects may ultimately be investable. Home energy efficiency interventions have a track record and may draw social investment in time.

There is a long tradition of social investors supporting environmental projects and organisations, led by pioneers such as Triodos Bank and Ecology Building Society, Energy4All and many local communities. We hope that Big Society Capital can bring our weight as a wholesaler and market developer to support the next wave of social investors looking for sustainable solutions to social and environmental problems.



CONNECTING SOCIAL AND ENVIRONMENTAL OUTCOMES

People have a basic need for the environment. We live in it and the air, water, food and raw materials we rely on, come from it. A complex interaction between living organisms and the physical world maintains the conditions for life.

With greater utilisation of natural resources, the ability of the natural world to maintain easy conditions for life has become compromised. Like anything that is over-used and under maintained, our environment is showing some wear and tear. The main pressures on the environment in the UK are a subset of similar global pressures¹:

Pressure	Response
Climate change: Increased levels of greenhouse gases, predominately carbon dioxide from burning fossil fuels, traps energy within the oceans and atmosphere, disrupting the climate	Reductions in greenhouse gas emissions; Development and roll out of non-fossil fuel sources of energy generation (nuclear and renewable) Energy efficiency Adaptation and mitigation responses
Pollution: From industry and sewage, agriculture, toxic chemicals, air pollution from transport, noise and light pollution	Regulation and control of emissions and pollutants Improved vehicle efficiency Sustainable agricultural methods
Invasive species: People move plants and animals, accidentally or deliberately, to the UK where they have no natural predators to keep them in check	Better biosecurity Control and removal of invasive plants and animals
Use of the land and sea: Pollution, mineral extraction, urban development, freshwater use, fishing, agriculture	Land and marine planning; protected areas (national parks, sites of special scientific interest, marine protected areas; Accreditation of sustainable fisheries

Social and environmental issues are closely connected

The environmental pressures outlined above impact a range of social outcomes, both at the community and individual level. There is a growing body of evidence to suggest that people in areas of deprivation are disproportionately affected by environmental pressures. People in disadvantaged areas across England experience greater exposure to air pollution, sea flooding, close proximity to large industrial and waste management sites and poor river water quality. Statistics on environmental quality published in 2010 show that the more deprived an area is, the more exposed its residents are to unfavourable environmental conditions.²

In terms of the way Big Society Capital frames social outcomes, there are three areas where the connection between social and environmental outcomes is strongest: Citizenship and Community, Physical Health; and Mental Health and Wellbeing.

Citizenship and Community

At a community level, the connection between social and environmental outcomes is strong in a number of areas:

Community resilience and localised climate change impacts

Climate change impacts can have severe long-term impacts on the survival and strength of local

¹ State of the Natural Environment, Natural England, 2008

² HM Government, The Natural Choice: securing the value of nature, 2011. Data from DEFRA, Environment Agency and CLG



communities, particularly those where there is under-funding for mitigation or adaptation. For example, a number of local authorities across Wales are planning a “managed retreat” from rising sea levels, with 50 coastal communities expected to be affected over the next 45 years. Fairbourne, in Gwynedd, is expected to enter into managed retreat in 2025. More than 400 homes are expected to be abandoned in the village by 2055 as part of that policy.³

Community energy

According to DECC, there are more than 5,000 groups in the UK working to transform how their community uses energy. Estimates suggest that schemes involving local communities could supply enough electricity for 1 million homes by 2020⁴ with the right funding support. Community groups are often better placed to maximise the benefits of certain renewable technologies, such as district heat networks, and can gain wider benefits such as local economic regeneration and a stronger sense of community cohesion.

Access to the natural environment and community cohesion

Access to green and open spaces has a range of social impacts. Research suggests the presence of vegetation can halve the incidence of violent and property crimes in otherwise identical social housing. Crime is lower in inner-city areas with more areas of natural vegetation.⁵ Green spaces also facilitate greater social connection and build community cohesion.

Physical Health

The positive health effects of access to natural environments and green spaces have been observed on a range of outcomes, from longevity, to cardiovascular disease, self-reported health, and sleep patterns.

Mental Health and Wellbeing (closely linked to the above)

In 2013, UK mental health charity Mind released “Feel Better Outside, Feel Better Inside,” a report including new findings from the University of Essex showing the benefits of ecotherapy (getting active outdoors, gardening, food growing or undertaking environmental conservation work supported by trained professionals) for mental wellbeing.

Seven in ten (69%) people experienced significant increases in wellbeing by the time they left an ecotherapy project. The report found that introducing just five people with mental health problems to ecotherapy saved the State more than £35,000 each year in costs for medication, Jobseeker’s Allowance and healthcare.⁶

³ BBC Wales report, February 11th 2014, url: <http://www.bbc.co.uk/news/uk-wales-26125479>

⁴ DECC, Community Energy Strategy, January 2014

⁵ Kuo FE and Sullivan WC (2001) Aggression and violence in the inner city: effects of environment via mental fatigue. *Environment and Behavior* 33(4): 543–71. Referenced in HM Government: *The Natural Choice: securing the value of nature*, 2011.

⁶ Mind, *Feel better outside, feel better inside: Ecotherapy for mental wellbeing, resilience and recovery*, 2013



POLICY CONTEXT

Both climate change and the conservation of the environment are on the social, economic and political agendas as more evidence becomes available of the impact of a deteriorating environment on society, communities and individuals. As such, there are relatively robust regulatory bodies and frameworks that govern climate change and conservation issues in the UK.

Climate Change

The Department of Energy and Climate Change (DECC) is the key part of UK government dealing with climate change. The Climate Change Act 2008 required a series of assessments of climate risks to the UK, both under current conditions and over the long term. It also commits the UK to a 34% reduction in greenhouse gas emissions by 2020 and an 80% reduction in greenhouse gas emissions by 2050 (against 1990 levels).⁷

In response to the Act, in January 2012, the Government published the Climate Change Risk Assessment which identified that the UK is vulnerable to rising temperatures, extreme weather, flooding, water shortage and health threats in the long term (2050 to 2100).

The UK is also subject to international targets around greenhouse gas emissions, chiefly under the Kyoto Protocol. The UK overachieved on its emissions reduction targets under the Kyoto protocol between 2008 and 2012, reducing emissions by 22.5% against the baseline, compared with a target 12.5% reduction.⁸

Conservation

The Department for Environment, Food and Agriculture (DEFRA) is the body in the UK government that primarily deals with issues such as conservation, rural development, the countryside, biodiversity and sustainable agriculture.

In 2011, the Government published a Natural Environment White Paper detailing its vision for the natural environment over the next 50 years, including actions to protect and improve the natural environment, grow a green economy and reconnect individuals and communities with nature.

A 2012 response to the paper published by The House of Commons Environment, Food and Rural Affairs Committee asserted that the Government is unlikely to commit significant additional sums of public money to fund the up to £1 billion a year which the UK needs to ensure its ecological resilience.⁹

In light of this, the response sets out a number of key recommendations that have implications for funding and the potential role for social investment in this area, including¹⁰:

Capturing the benefits of ecosystems services

Work must be done to set out how payments can flow from beneficiaries of ecosystems services, such as the supply of clean water, to those who protect and enhance these environmental systems.

'Up stream' prevention

The National Ecosystem Assessment's collection of evidence should now be used to stimulate investment in cost-effective methods of enhancing the natural environment's ability to provide outcomes

⁷ Climate Change Act 2008

⁸ Briefing for the House of Commons Environmental Audit Committee, Environmental Protection, June 2014

⁹ House of Commons Environment, Food and Rural Affairs Committee Natural Environment White Paper, Fourth Report of Session 2012–13

¹⁰ Ibid.



such as high quality water rather than building infrastructure to clean up supplies.

The importance of evidence

A target should be set for increasing public engagement with nature, and measurements must be established which demonstrate the link between public participation in activities in the natural environment and improved health and educational attainment¹¹.

Social sector organisations and NGOs (such as Greenpeace and Friends of the Earth) work hard to try and improve government policy, implementation of it and good enforcement of the law.

¹¹ Ibid.



FUNDING CONTEXT

Mainstream markets are delivering environmental improvements – particularly around cleaner energy, but not necessarily keeping pace with economic growth or within environmental boundaries.

Green technology and energy investment projects:

Green technology has grown to be a mainstream investment segment, with the cost of facilitating technologies falling (e.g. batteries, power transmission, and energy production devices such as solar).

Renewable energy accounted for 72% of the EU’s energy investment in 2013¹² (in 2003, it was 20%). Globally, \$214 billion was invested in renewable energy. Green technology investment includes clean energy and also the facilitators of it: batteries, power transmission, energy controls, energy efficiency, energy production devices (solar panels etc.)

However, as the population continues to grow, so does our demand for energy: global energy demand is set to increase 60% in the next thirty years. Fossil fuels will continue to bear the majority of the world’s energy burden, and despite the gains made in adoption of renewables, their share of the global energy mix is likely to remain modest by 2040.¹³

As with other sectors Big Society Capital addresses, there are funding streams available for environmental improvement in the UK, though many are under pressure.

Funding streams for environmental causes ¹⁴	2010/ 2011	2011/2012	
UK Foundations	£87.2m	£112m	
Big Lottery	£102m	£81m	
Public sector grants	£121m	£87m	

There is a gap between measures that need funding and funds available

While government funding has achieved some goals the scale of funding is not sufficient for the goals set.

There are funding needs at scale, including:

- The Committee on Climate Change (CCC) has asserted that government is not increasing spending in line with projected changes in our climate. The Committee have suggested that spending plans are £500 million lower than required over the next 25 years to meet the increasing need for investment in flood mitigation¹⁵. In 2009, the Environment Agency recommended flood defence investment increase by £20 million plus inflation every year, but many of these schemes have been subsequently postponed as a part of wider government funding cuts¹⁶.
- The Government has an ambitious target of 15% of the UK’s energy generated from renewable

¹² Renewables 2014 Global Status Report, REN 21 2014

¹³ International Energy Agency, World Energy Outlook 2014, released November 2014

¹⁴ Definitions of ‘environmental causes’ varies by funding stream. Please refer to individual data references below for exact definitions

¹⁵ Committee on Climate Change, Managing Climate Risks and Wellbeing to the Economy, 2014

¹⁶ <http://www.theguardian.com/environment/2014/feb/16/flood-area-defences-funding-cuts>



sources by 2020 that requires a step-up in renewables funding.

- There is a strong social and environmental need for investment in energy efficiency at both the individual and the infrastructure level. The low levels of efficiency within the existing housing stock has a significant impact on health and fuel poverty, particularly within disadvantaged groups.
- Only £5.7 million or 0.6% of the total annual spend by environmental groups goes towards air, noise and water pollution, even though the evidence suggests these forms of pollution cost the UK more than £10 billion a year in healthcare costs and together generate more complaints than any other environmental issue.¹⁷

¹⁷ Passionate Collaboration? Taking the pulse of the uk environmental sector, Cracknell, Miller, and Williams, 2013



MARKET OVERVIEW

Activities of environmental organisations in the UK

Some examples of responses to environmental issues by UK Charities and other social organisations are outlined below (of course, some organisations span all categories):

Category	Activities	Example organisations
Directly improving the environment	Ownership and management of land for conservation purposes, running nature reserves, improving agricultural practices	RSPB, Wildlife Trusts, Woodland Trust, National Trust, John Muir Trust, Buglife, Plantlife, Bat Conservation, Butterfly Conservation
Better regulation	Information and campaigning to reduce, eliminate or better regulate environmentally damaging practices	IPPR, Policy Exchange, Green Alliance, Friends of the Earth, ClientEarth
Behaviour change	Convincing companies, individuals and communities to take steps to reduce damaging practices	10:10, Greenpeace, People and Planet, Carbon Disclosure Project, Climate Group
Improving practice	Support for practical improvements to current practices	Passivehaus Trust, Association for the Conservation of Energy, Community Energy England

Why do civil society organisations carry out these functions?

First, the pace of change is not sufficient to meet needed environmental improvements, particularly around climate change. Neither market forces, nor government action are bringing about rapid enough reductions in greenhouse gas emissions.

Second, as externalities are not typically included in investment decisions, an improved environment is not necessarily a market efficient allocation of resources. For example, as well as highly positive social outcomes, conventional farming has negative environmental impacts which are not currently captured by regular funding.

Third, linked to the above, desirable environmental outcomes may not come about without civil society support. Most environmental improvements (clean air, bird protection) have come about through sustained campaigning and public pressure.

Key social investment financiers:

Organisation	Environment focused funds:	Sectors
Green Tech	Mainstream green tech markets: renewable energy, power, standard efficient housing, industrial improvements	All
Green Investment Bank	£3.8 billion	Offshore wind Energy Efficiency Waste and Bioenergy Emerging sectors
Triodos Bank	c€1.7 billion environment loans (Europe wide figures) ¹⁸ Also manage funds (Triodos Renewables)	Energy and Climate change Organic Food and Agriculture (also funds in social and cultural areas)
Ecology Building Society	£125 million total assets	Green housing, property

¹⁸ Triodos Bank Annual report, Loans €3,544,716 of which 49% are environment



CHALLENGES FOR SOCIAL INVESTMENT

Additionality needs to be clearly demonstrated

It has been encouraging to see the flows of capital to green technology and renewable energy accelerate over the last 10 years. To make the best use of social investment it should not do what commercial capital can. Potential gaps:

- Early stage investment; however, this may best be met with government grants, or experienced seed and early stage investors
- Proving or replicating successful initial projects, where returns can be uncertain or implementation risk still high
- Community assets; there remains a funding gap for community projects. Community share issues linking community benefits and environmental objectives and outcomes are an emerging social investment area

Policy risk

The environment is in a politically complex space. Political consensus can be achieved, such as the recent Marine Act, which created a network of marine protected areas. Other areas, such as the most cost effective interventions to avoid dangerous climate change, are contested. Given we are likely to choose intermediaries operating at the edge of the market, where subsidy and policy drive the financial viability of projects, policy risk will remain a challenge.

A disconnect has emerged between socially focused and environmentally focused social investors

Modern pioneer social investors from the 1980s such as Triodos and Ecology Building Society did not split off environmental problems from social ones. More recent institutional flows such as Big Society Capital and the Green Investment Bank have been given or chosen more specialised missions.



OPPORTUNITIES FOR SOCIAL INVESTMENT

Economic and social benefit

As noted, a healthy and functioning natural environment creates many positive social outcomes. It also has a significant economic benefit. The UK National Ecosystem Assessment (NEA), published in June 2011 summarises the growing body of evidence on the state of the UK's natural environment and provides an overarching assessment of the benefits that nature provides to the UK. The services of the natural world underpin billions of pounds of economic activity annually in the UK, including¹⁹:

- £350 million for fish landings;
- £430 million for biodiversity pollination services;
- River-water quality improvements worth up to £1 billion; and
- Net carbon sequestration by woodland worth some £680 million.

In addition, there are over 3 billion recreational visits to the countryside generating a social value in excess of £10 billion each year.

Towards a theory of change

- Social investment is needed to compensate for externalities. The benefits to society of environmental improvements, or less damaging practices, are not captured by the current pricing framework. For example, flood maintenance and agricultural subsidy schemes operate out of different budgets, departments and worldviews. The benefits of flood protection happen downstream; some of the solutions, upstream.
- Existing policy and price signals are not strong enough to bring about change. Social investors are needed for early market development. While in general, the long term trend is for better regulation and pricing changes to incorporate externalities (such as pricing carbon emissions), in the short to medium term, the effect of these measures is not strong enough to drive change.

Given the links between social and environmental outcomes, a number of environmental opportunities fall under Big Society Capital's other impact areas. This is because the primary motivation for interventions in these areas is to generate social impact (with environment impact secondary):

- Community Energy
- Community Waste
- Green Property and Housing

For example, energy efficient refurbishment of empty property can also lead to a number of social outcomes, in terms of local employment and community ownership and participation. Work by CDFI London Rebuilding Society included the energy efficient refurbishment of empty homes. These opportunities are explored in other Social Insight papers in this series. Beyond these clear opportunities, we see three broad opportunity areas for social investment to support positive environmental outcomes:

Short to medium term (1 – 5 years)

Supporting the funding needs of intermediary organisations with an environmental mission

For groups such as Foundations, Trusts and Charities, investing in environmental organisations through mission- or programme related investments is a way to expand the pool of available capital and catalyse

¹⁹ UK National Ecosystem Assessment, Human Well-being: Economic Values from Ecosystems, Chapter 22, pp 1068–9



further engagement by other partners and stakeholders, such as corporates and the Government.

Examples of impact investment solutions include:

Loans to bridge the gap until public funding is secured, typically for conservation purposes:

The Esmee Fairbairn Land Purchase Facility helps major conservation organisations (the RSPB, the Wildlife Trusts, and the Woodland Trust) purchase sites of strategic importance. The organisations are given a two year window to fundraise and buy the land back, during which rent and interest repayments are made. The fund has made eleven offers on land totaling over £8 million, with six fully paid back and secured for conservation so far.

Equity or quasi equity investments in organisations producing a product or service that delivers environmental benefit:

CAF Venturesome and The Esmee Fairbairn Foundation have provided quasi-equity funding for Global Action Plan, a UK charity that provide behavior change programmes for public sector and private organisations to help people live more sustainably.

Investing in large-scale renewables to fund conservation:

The National Trust's Renewable Energy Investment Programme plans to provide clean energy to 43 of its historic properties. £3.5 million has already been invested in five pilot projects, including hydro, biomass and heat pumps. The long-term goal is to reduce the Trust's energy costs by more than £4 million per annum, releasing money for conservation work.

**Longer-term (5 to 10 years):
Potential models for investment**

There are a number of models for investment with potential to generate significant environmental benefit that have yet to emerge. This is due to the complexity of structuring the solution, the number of potential stakeholders involved and the ability to generate or clearly define a revenue stream or savings.

Capturing the savings of ecosystem services

Ecosystems are complex. Environmental assets play a crucial role in providing essential services including air and water filtration, soil and watershed protection, flood mitigation, and carbon sequestration. However, there is often a gap in the flow of capital from the beneficiaries of ecosystems services, such as those who benefit from the supply of clean water and clean air, to those who invest in protecting and enhancing those environmental systems.

The number of stakeholders involved in creating solutions – and the complexity of government and local authority budgets flowing into different parts of the system (for example, around flood defences) makes developing an investment solution that adequately captures the risk/return for each group a challenge. However, the social and environmental benefits of a better functioning ecosystem would be significant.

A multi-partner approach would be required, potentially involving large NGOs, Trusts and Charities with nature conservation and land management experience, working with corporates, local authorities and national government to co-develop solutions with the support of specialised financial intermediaries.

Internationally, the work of NatureVest, a division of the Nature Conservancy, is exploring investable models.



Payment-by-results models

For environmental issues such as water quality improvement, or pollution levels, social impact bond-style interventions could hold potential for a number of reasons:

Many standardised environmental metrics already exist, and in theory, are easier to measure and track than social outcomes. Rigorous monitoring of certain environmental metrics, such as air and water quality, are also likely to increase in the future.

There is a small (but growing) body of evidence that connects specific environmental outcomes with cost - particularly related to health outcomes. For example, a recent study commissioned by the Mayor estimated that over 4,000 extra deaths each year in London are attributable to one kind of pollutant, microscopic airborne particles. The health costs of air pollution in the UK have been estimated at up to £20 billion a year – twice as much as obesity.

Again, though the potential environmental and social benefits of such an intervention would be significant, the complexity of structuring the investment solutions which would require a multi-partner approach, a clearly defined beneficiary group, and an understanding of the full cost to society of the issue being addressed, could remain a barrier.



PRIORITIES FOR BIG SOCIETY CAPITAL

Big Society Capital looks at environmental outcomes at two levels²⁰:

Community, sector and society level:

- Conservation of Natural Spaces
- Recycling, waste and sustainable water use
- Strong public awareness of and engagement with the natural environment
- Sustainable agriculture
- Sustainable buildings and transport
- Sustainable energy

Individual level:

- Accesses and enjoys the natural environment and heritage
- Understands the importance of, and reduces personal impact on, the natural environment.
- Understanding as to how to sustain the natural environment

There are a number of opportunities for Big Society to engage with environmental issues:

Small and medium sized charities

Environmental charities, like any others, may need access to investment finance from time to time. This finance is delivered by a range of intermediaries we support, most likely to be through lenders such as Charity Bank, FSE Group, Social Investment Scotland and SASC providing secured and unsecured loan finance. We may play a role in facilitating additional investment funds to support environmental charities investing in ancillary environment focused social enterprises.

Participation

We support existing intermediaries or develop new ones that support greater levels of participation in a way that strengthens community based environmental impact. An example of the type of investment we could look to replicate would be our support of intermediaries or platforms involved in community share issues. The Community Share Underwriting Fund we support is a good current example of how we, alongside a group of trusts and foundations, are supporting community share issues. This supports the effective mobilisation of retail investors and individuals to back social enterprises that they have a connection with that create local social and environmental impact. Increasingly, community share issues are being used to fund sustainable energy and community forestry / agriculture, which can provide communities with a revenue stream to re-invest according to local needs.

Innovation

There are many links between environmental impacts and vulnerable beneficiary groups. We have already touched upon evidence that suggests that people in areas of deprivation are disproportionately affected by environmental issues in the UK. An example where there is a link between vulnerable beneficiary groups and the environment is mental health. Work is already being done to strengthen the evidence base of the link between access to a healthy natural environmental and positive mental health outcomes. As an investor, we could support intermediary organisations investing in organisations delivering these interventions, where clear social impact could be demonstrated. In the longer term, there may be the opportunity to support solutions through Social Impact Bonds that directly link improvements

²⁰ From the Big Society Capital Outcomes Matrix <http://www.bigsocietycapital.com/outcomes-matrix> The Big Society Capital Outcomes Matrix was developed in partnership with New Philanthropy Capital, the SROI Network, Triangle Consulting and Investing for Good



in mental health outcomes delivered through environmental based interventions (such as ecotherapy) to cashable savings for commissioners. This could be particularly relevant given the increasing cost burden of mental health issues on national budgets.

Scale

There is an opportunity for us to support greater engagement of institutional investors in capital intensive areas of environmental management with a particularly clear revenue stream, such as forestry services. Again, we would look to prioritise investments that deliver a social, as well as environmental return. Woodland creation and community forestry management, combining the steady growth of trees over time, the relative performance of timber markets and land value appreciation give woodland creation investment a number of attractive characteristics for institutional investors.²¹ Clearly, for us, the social impact has to be demonstrable. The Mersey Forest in Cheshire is one example of a successful community forest that creates social and economic returns. Local authorities benefit not just from green space but also, in future, from access to woody biomass for energy.

Big Society Capital welcomes organisations contacting us if they are interested in exploring partnerships or co-development of investment solutions in this space.

²¹ EnviroMarket, Future Funding Models for Woodland Creation, April 2011



The information and opinions in this report were prepared by Danyal Sattar, Development Director, Candice Motran, Investment Director and Camilla Parke, OnPurpose Associate, on behalf of Big Society Capital.

Titles available in the Social Investment Insights Series

- Growing Social Enterprise Through the Holding Company Model: Groupe SOS (June 2014)
- Social Impact Bonds: Lessons Learned (June 2014)
- Growing the Market for Charity Bonds (July 2014)
- Housing and Social Investment (August 2014)
- Health and Social Care (December 2014)
- Financial Inclusion and Social Investment (December 2014)
- Long-Term Unemployment and Social Investment (December 2014)
- The Criminal Justice System, Those It Affects and Social Investment (January 2015)
- Social Investment in Education (February 2015)
- Communities and Social Investment (March 2015)
- Social Investment for Families, Friends and Relationships (March 2015)
- Arts, Heritage and Sports and Social Investment (April 2015)
- Conservation of the Natural Environment and Social Investment (April 2015)