# Beacon Philanthropy and Impact Forum 2024

## Summary and Key Findings

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# SECTION 1: Executive Summary

## Introduction

On 29th February, The Beacon Collaborative hosted the fourth Beacon Philanthropy & Impact Forum at the Guildhall in London. The invitation-only event brought together 251 participants from across the philanthropy and impact communities and included philanthropists, impact investors, sector leaders, charity leaders, policy makers, academics, think tanks, regulators and media.

The purpose of the day was to bring together cross-disciplinary expertise to answer the question: *What will it take to grow giving and impact in the UK?*

During the day, attendees heard presentations and panel discussions from:

- **The Rt Hon Stuart Andrew MP** — Parliamentary Under Secretary of State for Sport, Gambling and Civil Society
- **Thangam Debbonaire MP** — Shadow Secretary of State for Digital, Culture, Media and Sport in the United Kingdom
- **Sacha Sadan** — Director of ESG at the Financial Conduct Authority
- **Rory Brooks CBE** — Philanthropist and trustee at The Charity Commission
- **James Broderick** — Chair of the Impact Investing Institute
- **Ajaz Ahmed** — Philanthropist, Ajaz.org
- **Patricia Hamzahee** — Advisor, impact investor and philanthropist
- **Zaki Cooper** — Founder of Integra Group
- **Jeremy Rogers** — Manager of the Schroder BSC Social Impact Trust and Chief Investment Officer at Big Society Capital
- **Giles Shilson** — Chair of City Bridge Foundation
- **Cath Dovey CBE** — Co-founder of The Beacon Collaborative

Participants also took part in 60 lively roundtable discussions during which they swapped experiences, stories, insights and wisdom as they tried to examine how we can break down the silos between the impact community and financial community.

What are the ways we can drive forward the sustainable finance agenda in order to deliver an impact-led transition for people, planet and an equitable economic future?

This year's forum saw a rich exchange of ideas, dynamic discussions, valuable networking and potential future collaborations.

None of it could have happened without our volunteer facilitators and note-takers or our wonderfully generous sponsors, supporters and partners:

- **Schroders**
- **Barclays Private Bank**

- **Redington**
- **City Bridge Foundation**
- **Charities Aid Foundation**
- **Owen James Events**

# Executive summary

During the roundtables, the points of discussion were captured and the key findings have been extracted and formulated here into one continuous narrative.

More detailed insights, quotes and questions from each roundtable can be found in the roundtable notes summaries in Section 2.

## Nurturing and supporting generosity and social impact  requires long-term investment and would benefit from a national strategy for philanthropy

Participants agreed that supporting generosity is a shared responsibility between government, the private sector, the philanthropy sector and charities. We need to continue efforts to forge collaboration among these groups to grow giving.

However, we must also recognise that the burden cannot be borne by charities, which means we need to consider who has the most capacity to support generosity.

Private philanthropy can catalyse certain actions that are needed to grow the infrastructure for giving, such as catalysing the data culture in the charity sector (especially drives toward standardisation of definitions and taxonomies) and investing in impact reporting.

Philanthropy could also drive more innovation in the charity sector through unrestricted funding and applying an investment mindset to provide the bandwidth for charities to think creatively and build capacity in areas such as shared infrastructure.

But this activity will be piecemeal until we have a national strategy for philanthropy that addresses the role of philanthropy within changing economic thinking and wider democracy. If successful, its positive outcome will be a better environment for philanthropy and recognition that philanthropy encompasses many perspectives.

Growing philanthropy will require long-term investment and there is an argument for public funding to support this ambition. Participants discussed whether such funding could be delivered via an arms-length body that takes responsibility for delivering the strategy.

Equally, there is a need for greater understanding  about the complementarity of philanthropy, impact investing and ESG strategies. They are tools in a toolkit and a portfolio approach is essential for private individuals and families to drive social impact.

However, the market place is siloed. We need far greater understanding of the spectrum of capital by market participants, advisers and regulators. Until we achieve this, philanthropists, family investors and grantmakers will not receive holistic advice that allows them to agree and move forward with the best approach to achieve their social impact goals.

## We need to continue building tools to support personalised philanthropy strategies

- **In part this can help to fill the gaps that are left by fragmented wealth advice**
- **It will also help to disseminate better practices in giving**

The philanthropy sector needs to continue designing tools to support donors – recognising that donors need personalised strategies. Philanthropy is personal so standard approaches are difficult.

The general lack of professional advice on philanthropy means these kinds of tools are even more important as they can provide a form of holistic support. For example, it can be hard for individual donors to find guidance when donors go through a wealth transition or liquidity event.

For these new donors, intermediary funders could have an important role to play in ensuring accountability and meeting community needs. Donors also need support on practices such as unrestricted and trust-based giving.

To some extent, peer engagement is substituting for advice (and will be essential for as long as philanthropy is on the fringes of societal norms). But peer engagement is still in its infancy in the UK. There needs to be different peer engagement strategies for different segments of the philanthropic community – there is no "one-size-fits-all" approach.

The tools supporting philanthropic donors need to be developed including wider perspectives, especially those of the charity sector, and smaller charities particularly, to ensure they do not get overlooked.

They also should draw on practices emerging in the grant-making sector, where there is a recognition that they have set the norms which may have contributed to perpetuating the status quo. Strategies to "share power" seek to overcome this dynamic.

These strategies typically seek to engage communities in giving. However, views are mixed on their effectiveness and there isn't yet an evidence base which could easily support their roll-out to a wider base of philanthropic donors.

Indeed, the general lack of consistent data about charities is compounding the challenge of a lack of infrastructure supporting philanthropy. To support the development of better tools and strategies to enable donors, government needs to drive the transition towards better quality charity data and funders need to fund charities to provide it.

Participants also noted when considering the data challenges, we mustn't conflate the challenges of gathering data from charities with the challenges of measuring impact. These are separate challenges and by conflating them, we risk making the data challenge insurmountable.

## Sustainable investment strategies are moving from ESG towards impact investment, but more will be needed from policy makers and regulators

Impact investing has plateaued in the UK because the regulatory environment is not sufficiently supportive. Trusts and foundations, and private investors, want to do more but need more and better education and support.

The SDR regulations (Sustainability Disclosure Requirements) are more about confidence in labels than increasing flows — they won't grow the market or drive best practice without incentives for advisers.

Also, there is no shortage of tax reliefs and they are generous, but they are not optimised for social impact and there are multiple barriers to take-up.

Advocacy is needed with FCA to introduce impact investing to the Consumer Duty regime. Increased engagement form the Charity Commission and FCA will also be needed to overcome the barriers via guidance and adviser training.

## The challenge of effective impact measurement is nuanced with different needs and motivations in the philanthropy and impact investment sectors

Philanthropic funders highlight that the purpose of impact measurement is to have points of learning and better outcomes. Impact reporting can get to those goals and any impact measurement needs to be bespoke. Using conventions is helpful but we also need innovation, especially about learning from negative impacts.

The impact investing community, meanwhile, needs for assurance that impact measurement is robust. Impact investing requires more than intentionality; it must be anchored in theories of change and it has to be robust, especially for strategies that use impact as a return-proxy.

The discussion on impact measurement also highlighted that there is rich nuance in the language of sustainability. Standardising our use of terminology loses that nuance. Instead, we need to take responsibility for using language clearly, simply and intentionally in order to foster dialogue.

# SECTION 2: Roundtable notes

## Roundtable topic: Why we need a national strategy for philanthropy and impact

**Key themes**

- **A national strategy for philanthropy needs to address the role of philanthropy within our changing economic thinking and our evolving democracy**
- **The strategy needs to be long term and there is an argument that it should be delivered by an arms-length body**
- **If successful, its positive outcome will be a better environment for philanthropy and recognition that philanthropy encompasses many perspectives**

- A national strategy would help government to understand where philanthropy/impact fits into the economy and send a clear message going forward about the role that government sees for both the charitable sector and philanthropy.
- We need to learn from past experiments – a strategy provides the opportunity to analyse them and embed learnings.
- It should also explain how philanthropy fits within changing economic thinking and evolving democracy.
- We need to define the problem and outline the role philanthropists can play in being part of the solution.
- It needs to harness the power of local connection and build on existing place-based giving schemes.
- DCMS must continue to examine this area including looking at: the tax system, the role of wealth advisers (training and standards), FCA regulation, and how different structures can support giving across regions.
- We also need to assert the difference between tax and philanthropy.
- It must ensure a long-term approach, particularly on a pipeline of match funding.
- It should join up government effort as much as possible and build lasting relationships between government departments and philanthropists focused on their subject areas e.g. environment.
- The strategy should focus on grand challenges, rather than quick impact.
- Place-based giving is extremely important — there are gaps in funding social impact across the UK, charities in the regions need help.
- Should include impact investment.
- Education will support the democratisation of philanthropy.
- We must celebrate the role of philanthropy to build confidence in charities and the sector.
- However, lack of infrastructure in the philanthropy sector limits our ability to make the case – particularly developing data to advocate for the sector. The importance of infrastructure needs to be highlighted.

Questions:

- We can all get behind the concept of a strategy – but who leads it? Should it be sector or government led?
- Should the strategy be agnostic on the type of philanthropy and best practice?
- Should the strategy be owned by an arms-length body, to ensure cross-party support, accountability and continued alignment between government and philanthropy?

## Roundtable topic: Impact investing vs philanthropy – the role of private capital to deliver positive change for society

Sponsors: BIG SOCIETY CAPITAL Schroders

**Key themes**

- **There is a need for greater education about the complementarity of philanthropy, impact investing and ESG strategies, they are tools in a toolkit and a portfolio approach is most likely to be successful**

- **However, advice is siloed and advisers are not trained across the spectrum of capital. As a consequence, family investors cannot receive holistic advice that allows them to agree and move forward with the best approach to achieve their social impact goals.**

- **Regulators also have a role to play to mitigate concerns and ensure standards and accountability.**

- Philanthropy, impact investing and ESG strategies each have limitations.
- Philanthropy:
  - Often driven by personal interest and long-term sustainable funding is difficult to achieve
  - Challenges identifying organisations and measuring impact, not always structured
  - Perception that it is out-of-touch and driven by personality
- Impact investing:
  - Perception that impact metrics are less rigorous than financial metrics and / or risk becoming a “tick-box” exercise
  - Perception that it is high-risk (venture-like) and 10 year horizons don’t match 3-5 year investment cycles
- ESG:
  - Perception that ESG (and impact investing) restrict the investible universe and hence limit return potential
  - Definitions are unclear

- Division among members of a family regarding the best approach to achieving social change can hold back investment into all strategies.
- Need for greater understanding of the complementarity of philanthropy, impact investment and ESG. A portfolio approach can harness best qualities of philanthropy, impacting investing, ESG to drive change – applying consistent decision criteria to all (ie. not just applying impact measurement to philanthropic giving).
- But the lack of advice and support prevents these discussions. If advisory firms have the expertise, it is siloed.
- There is a general lack of education and understanding among market participants.
- Requires action by regulators (FCA) and advisers.
- Regulators can:
    - Mitigate concerns (eg. around greenwashing)
    - Ensure standards and accountability impact measurement and reporting
    - Enable investable models that meet the needs of different market participants
- Advisers need to be trained to advise across the spectrum of capital and engage all family members, wherever their starting point, eg.
    - Traditional investors more likely to be engaged by highlighting the similarities of impact investment to conventional investing, with the same criteria and rigour
    - Applying a risk management lens
    - Positioning investments in the context of the regulatory frameworks
    - Centring discussion around values or the origin of the family wealth, rather than models or returns
- Also needs to be more attention paid to the problem that all strategies are largely top-down, effective solutions to social problems need to be co-designed with the affected communities, in a “bottom-up” approach.

## Roundtable topic: How do we encourage more peer engagement and impact?

**Key themes**

- **Peer engagement will be essential for as long as philanthropy is on the fringes of societal norms**
- **Peer engagement is an outcome that happens from initiatives that start by building trust through learning and networking**
- **There needs to be different peer engagement strategies for different segments of the philanthropic community – there is no “one-size-fits-all” approach**
- **Peer engagement is in its infancy, it requires fundraisers and advisers to learn how to do it well**

- Peer engagement will be important as long as philanthropy is outside the societal norm and subject to criticism.
- Our culture is stifling philanthropy and philanthropists are isolated.
- Peer engagement is essential at the point of a liquidity event because there is no obvious place to gain confidence.
- It is also needed to support families, especially through generations because of different values and perspectives on societal needs.
- Peer engagement is a process with the goal of building trust
  - Lead with learning and networking to establish the safe space. Knowledge networks are the starting point.
  - Trust is essential to move from networking to peer engagement.
- Because trust is the target outcome, there is a fear of pitching that network must overcome.
- The goals for peer engagement should be to provide a space where peers can:
  - Reach beyond their own networks
  - Meet and align with other donors to give together
  - Build knowledge
  - Make fewer mistakes
  - Ensure greater peer accountability.
- Peer networks need to be segmented, by age, inheritor/entrepreneur, location, etc. Like-mindedness matters to build trust.
- But fragmentation makes it hard to create critical mass.
- It should be possible to include fundraisers to share ideas and solutions (but not to pitch). To achieve this you will need more than one fundraiser in any peer engagement event.
- Advisers haven't yet identified their clients' needs in this area.
- There is also a need for collective vehicles (especially in the field of impact investment) to bring people together.
- A national strategy for philanthropy and more championing within government could set the tone for better peer engagement.

Questions:

- Where does the responsibility for convening peer engagement lie? Is it government's responsibility. National and local government have convening power.
- Or, should government set the tone that would create the culture for others to convene peer engagement activity?

## Roundtable topic: Connecting the sector – tools and strategies

### Key themes

- **Donors need personalised strategies, which requires a variety of tools and strategies to support them**

- **The general lack of professional advice on philanthropy means tools are even more important to provide holistic support**

- **In designing tools to support donors, we must include wider perspectives, especially that of the charity sector, and smaller charities particularly, to ensure they do not get overlooked**

- There are many types of donor so it is hard to create synchronicity between donors and charities.
- Donors need personalised strategies, which ideally would involve multiple advisers to provide a holistic view – however there is a lack of advice and the roles played by different advisers needs clarifying.
- We need FCA support to develop adviser training.
- We should be developing tools and strategies that make donors feel comfortable they are making good decisions when giving to charities.
- Needs a variety of tools to ensure different donor types find the kinds of support they need: platforms, advice, membership organisations, education, networks, peer engagement, online tools.
- Not about collaborating as funders, it is about enabling.
- Critical need is shared data – will enable common platforms.
- As we build tools, need to ensure that smaller charities are involved in the design.
- We need to have greater investment in collaboration to ensure all voices participate in the design of tools and strategies (small charities, private sector, public sector, etc).
- We need to develop more strategies for collaboration – building common objectives, using place as an incentive for collaboration, tackling power imbalances, and being prepared to allow collaboration to fail. We have to be free to take those risks.

Questions:
- Do we need an innovation fund to support the development of different tools and strategies?
- How do we ensure that small charities are not overlooked and that power is shared effectively?

# Roundtable topic: Common data and technology infrastructure – the next frontier

### Key themes

- **Lack of consistent data on charities fuels the challenges of a lack of infrastructure supporting philanthropy, which is holding back our ability to grow giving**

- **Government needs to drive the transition towards better quality charity data and funders need to fund charities to provide it**

- **Major donors have a role to play in catalysing change in the data culture in the charity sector**

- Lack of consistent data fuels the challenges of the lack of infrastructure.
- Better data would enable intermediation, transparency, collaboration, and greater trust in the charity sector.
- We need government/DCMS to push for charity data in a standard format.
- Funders need to fund charities to provide good data: they are over-tasked and under-resourced, so we need to make sure providing data is easy.
- Need for data that is place based, where funds are, where gaps are.
- Data and KPIs still open to interpretation, aggregation of data is even harder.
- Philanthropy and social investment require different systems.
- There is a lot of activity but it isn't coordinated.
- Could use existing data more effectively.
- Players need to be convinced that common data has a real purpose.
- Development of impact data requires more consultation and agreement: it is difficult to measure impact (quantitative data is difficult, qualitative is easier).
- Need consultation on core indicators of impact: for sustainability, for SDG impact reporting, etc.

Questions:
- Philosophical question: should we reduce philanthropy to data sets?
- Could major donors fund and drive development of data standards (acting as catalyst for change) and facilitated by advisers such as 360 Giving, NPC and PBE?
- Could the ONS play a role?

# Roundtable topic: Innovation in philanthropy

## Key themes

- **The charity sector lacks bandwidth for creative development. It also lacks shared infrastructure, which is a place where collective innovation could happen (eg. platforms)**

- **Philanthropy could drive more innovation through unrestricted funding and applying an investment mindset**

- Notable innovations taking place, but they not scaled or mainstream, eg.
    - Participatory grant-making
    - Match funding
    - Match trading grants
    - Unrestricted funding
- There is little incentive for T&Fs or philanthropists to innovate. The expectation falls on charities, who are under-resourced for R&D.
- Philanthropy could drive greater innovation
    - Patient, risk-taking capital
    - Identifying those with domain knowledge
    - Funding infrastructure and enablers
    - Investment mindset
    - Focus on replicability and scalability
- More unrestricted funding could start to move the innovation needle.
- Consider celebrating smarter, transformative philanthropy that creates spaces and enables transformative collective approaches.
- Consider incentivising innovation-focused philanthropy (eg. through match funds).
- Opportunities to identify innovation practices that can be transposed into the charity sector, eg:
    - Technology and data practices from the private sector
    - Open-source and interoperability
    - Convening and user-led design
    - Effective learning from failure

- There are risks involved in innovative philanthropy and philanthropists need to be prepared, success rates may mirror investment portfolios (1 in 10).
- We can also show them the opportunities that may emerge from £1m, £10m or even £100m of funding into innovation.
- Next generation more likely to be hands on in their philanthropy – may drive innovation.

# Roundtable topic: Whose responsibility is it to support generosity?

Sponsor: BARCLAYS | Private Bank

## Key themes

- **Supporting generosity is a shared responsibility, requires continued efforts to forge collaboration to grow giving**
- **The burden cannot be borne by charities, which means we need to consider who has the most capacity to support generosity**
- **Should we consider public funding?**

- Philanthropy operates in a hostile media environment – culture is the primary driver of giving.
- Narrative needs to be clear that philanthropy is everyone's responsibility – not just for the super-rich.
- Cannot put the burden onto charities to educate donors, it is a collective responsibility.
- We are too reliant on the same small group of donors who understand the importance of supporting generosity.
- Requires long-term investment.
- Collaboration can create a shared responsibility (ie. government/ charities/ philanthropists/ philanthropy sector working together on infrastructure).
- We need more advocacy on this topic – innovation will be key to moving forward.
- Areas that need more funding:
  - Peer-to-peer advice
  - Volunteer movements
  - Local philanthropy
  - New generation of donors
  - Challenge that there are too many charities, which creates an environment of competition.
- Worried about the focus on payroll giving, when what charities need is long-term unrestricted funding.

Questions:

- Who does philanthropy creating value for? Government? Wider society? Charities
- Which would be the most <u>effective</u> group to support generosity?
  - Other donors
  - Financial advisers
  - Government
- Should we consider public funding for the infrastructure of giving?

# Roundtable topic: Sharing power – building trust

## Key themes

- **There is a recognition in the grant-making community that they have set the norms which may have contributed to perpetuating the status quo. Strategies to "share power" seek to overcome this dynamic**

- **There are a growing number of strategies to engage communities in giving, however views are mixed on their effectiveness and there isn't yet an evidence base**

- **Philanthropy is personal so standard approaches are difficult and it can be difficult for individual donors to find guidance on the practices**

- **Intermediary funders have an important role to play**

- Money is power.
- Funders create the environment/set norms which can be damaging.
- Charities have to jump through hoops with creates cost and competition.
- Shift in attitude among grant-makers toward more participatory practices.
- There are different ways to share power – within organisations and through grant-making.
- It is a spectrum – a journey, don't have to do it all at once.
- Communities share their knowledge, funder share their influence. Funders can use their convening power to create space for others to speak, but
    - Risk aversion holding back funders from change
    - Lack of trust holds back recipients from deep trust.
- It will take time to build trust and confidence on both sides so that they can work strategically together.
- It is a new field so "rules of the game" haven't been established, transparency is therefore essential so no one feels "done to"
    - Funders need guidance
    - Charities need to know what is reasonable so they can push back.
- Current thinking on best practice: long term grants (10 years), strengthening resilience through core cost grants, strengthening leadership, seeking feedback.
- Participants were split on whether these practices are more or less costly, efficient and accountable. Risk appetite is key (can be seen as high-risk because of lack of evidence).
- Hard for individual donors to find guidance and support on these practices, and they tend to be risk-averse. Takes time and a level of confidence to give up control.
- Also, philanthropy is very personal so standard approaches are difficult.
- Intermediary funders have a significant role to play in ensuring accountability while ensuring community needs are prioritised – but they are resource intensive.

Question:

- Is the phrase "sharing power" helpful? Does it put off donors who are not aware of the practices?

## Roundtable topic: When it comes to sustainability: are we speaking the same language?

### Key themes

- **There is rich nuance in the language of sustainability. Standardising our use of terminology loses that nuance**

- **Instead, we need to take responsibility for using language clearly, simply and intentionally in order to foster dialogue**

- There are different definitions of sustainability depending on the context.
- For charities, it can mean:
  - Their own resilience
  - Government taking responsibility for sustainable change.
- For family offices, it can mean:
  - Whether the organisation has managed key-person risk
  - Correct governance
  - A self-financing model.
- Among investors, it means:
  - Specific type of investment on the spectrum of capital.
- A shared definition would not be helpful as it is a nuanced concept.
- Diversity of thought is valuable and can create better dialogue providing all parties are clear on the nuance being discussed.
- We need to invest time, effort and trust in our conversations about sustainability.
- It can be helpful to substitute words to ensured shared understanding (eg. the resilience of charities, rather than their sustainability).
- We need to be aware of these differences and use language intentionally. Our intentions are more important than the specific words, and sometimes this is lost.
- Everyone should take responsibility getting language right, so it is an enabler rather than a barrier.
- Most important is to be clear and simple.

## Roundtable topic: Is sustainable finance coming of age?

### Key themes

- **The move away from ESG has created an opportunity for a mature conversation about real impact investment**

- **Private/philanthropy capital is needed to invest in impact reporting, especially drives toward standardisation of definitions and taxonomies**

- **Advocacy is needed with FCA to introduce impact investing to the Consumer Duty regime**

- Financial institutions are broadly on board with sustainable investing.

- Standard definitions would help to reduce issues such as greenwashing.
- Need definitions that suit local, regional and global effects.
- Need standard taxonomy.
- Still a perception that there is a trade-off between return and impact.
- There has been a move away from ESG – investors are more focused on returns in current volatile markets.
- The EU is generally ahead of the US.
- Money needs to be invested in impact reporting.
- Family wealth/next gen most likely to drive change.
- We should be advocating for Consumer Duty to include impact and to clarify impact and measurement.

## Roundtable topic: Navigating impact investing: unveiling sector, strategies and themes

### Key themes

- **Impact investing has plateaued in the UK because the regulatory environment is not helping. T&Fs and investors want to do more but need more and better education and support**

### Quotes

*"The endowment model is shackled by regulation and the mindset of trustees."*

*"The regulatory model needs to foster easier and more transparent channels of capital."*

- Impact investing in the UK has plateaued – needs a kick start to get to the next level.
- There is a sense that people want to do more.
- There is interest in opportunities that honestly balance impact and returns.
- We should acknowledge there is a spectrum.
- There needs to be more honesty around both the size of the impact and return. There is a tendency to over-promise.
- Impact-oriented capital has: intentionality, outcome metrics, alignment of goals.
- Impactful sectors are: edtech, health tech, childhood wellbeing, renewable energy, care homes
- Venture funds could enable impact investing with a lens-focus (eg. childhood-lens, old-people lens, community development, migrant integration, underserved communities).
- Charities can't register as investment firms, which holds back development.
- Charity trustees lack financial knowledge to make investment decisions.
- Trustees need support to gain financial expertise
    - More simple products would help (cash replacements, platform based)
    - Education for gatekeepers
    - Start with a percentage

  - Advisers need to be equipped to support learning across diverse boards (trustees from professional backgrounds are sceptical, trustees from non-professional backgrounds are often disengaged on financial issues)
  - Need to be able to position social and environmental returns as well as the financial return
  - Advisers need to be trained to do this difficult work.
- Some of this knowledge transfer could come from better peer networks.
- Need to stop pitching and start developing the knowledge of the trustees and gatekeepers.
- ACF has started training for trustees.
- Should be seeking to transform the foundation model to venture philanthropy.

Questions:
- Where are the impact opportunities for endowments? (ie. lens-based investing)

## Roundtable topic: Do we have a shared vision yet for impact reporting?

### Key themes

- **Impact measures need to be bespoke. Using conventions is helpful but we also need innovation, especially about learning from negative impacts**
- **Isn't the point of impact measurement to have points of learning and better outcomes? Does impact reporting get us to those goals?**
- **We mustn't conflate the challenges of gathering data from charities with the challenges of measuring impact**

### Quotes

*"Is the sector chasing a unicorn?"*

*"We should move from talking about "impact reporting" to "insight reporting."*

*"Impact measurement is the antithesis of universal metrics. We have to embrace the subjectivity and the rigour needed to drive change."*

- Impact measurement has to be bespoke, ex ante, and based on shared objectives/outcomes, but useful to use existing conventions.

- Data is important – both standard (eg. data from 360Giving and the Charity Commission), and also non-standard data.
- Good to have high-level common standards, but there is confusion and data alone disassociates funders from meaning.
- Funders have important responsibilities:
    - To be clear about intended impact up front
    - To fund impact reporting separately from programmatic and core
    - To be clear how they use the data
    - To encourage charities to be clear about their Theories of Change.
- Impact measurement needs to be proportionate – can be run alongside annual reporting.
- You could potentially standardise across sectors, but you need data and stories, which is messy.
- Also have to consider how to learn from negative impacts – the whole point is to learn from the data. Focus on impact can discourage charities from sharing information about what hasn't worked.
- Some charity sectors may lose out because they can't report on impact in the same way as others (eg. prevention charities, or those where the interventions aim for life-time benefits).
- Very useful for advocacy which is essential for real change, but this discourages focus on learning from negative impacts.
- Growing amount of data on climate impact, but not social impact.
- Impact investing conventions are clearer, eg aligning with SDGs.
- Need to think of it like GDP, as a measure it isn't perfect but useful as a common standard.

## Roundtable topic: Getting to grips with impact measurement requirements

### Key themes

- **For impact investment, impact measurement is essential for strategies that use impact as a return-proxy**

- **Need for assurance that impact measurement is robust - more than intentionality, it has anchored in theories of change and it has to be robust**

- Impact measurement is integral to impact-linked investment concepts such as impact-linked carry.
- Needs to be both quantitative and qualitative.
- Should also try to elevate the voice of communities.
- Needs to be rooted in communities but targeted at senior management (eg. using language of DEI).
- Advisers are not informed about impact measurement and therefore cannot advise.
- SDR might help.

## Roundtable topic: Will the FCA's SDR rules meet client demand?

### Key themes

- **The SDR regulations are more about confidence in labels than increasing flows, they won't grow the market or drive best practice without incentives for advisers**

- The SDR labels are good for clarifying, building confidence, addressing greenwashing.
- They will improve impact disclosure and measurement against theories of change.
- The regime is easier than EU taxonomy.
- But won't increase flows from T&Fs/philanthropy.
- Labels alone won't grow the market, needs incentives for advisers.
- Won't drive best practice.
- There is a capital backlog that isn't addressed – regulators playing catch-up.

Question:

- Is the lack of clarity on net-zero alignment a problem?

## Roundtable topic: How will extending VCT and EIS tax reliefs enable better social impact?

### Key themes

- **There is no shortage of tax reliefs and they are generous, but they are not optimised for social impact. There are also multiple barriers to take-up**

- **Increased engagement form the Charity Commission and FCA will be needed to overcome the barriers via guidance and adviser training**

- HMRC gets a multiplier effect from these reliefs.
- As a statement of public policy, it says this is the most effective way to encourage social impact.
- Even if only a small fraction of VCT/EIS money goes to social impact, it is still £millions, which will make a difference
    - EIS early stage (has unlocked £20bn for non-impact organisations, so much could be moved to impact if we focused on this)
    - SEIS even higher risk – earlier stage (social EIS).
- The reliefs suit certain type of funder
    - Level of interest in smaller companies
    - Able to judge if the investment case stacks up

    - Aware of the tax reliefs.
- CITR less well known (“best kept secret in the impact market”).
- But they are not optimal for social impact
    - Social entrepreneurs are not structuring their companies to benefit from the tax reliefs (choosing CIC, asset-locked structures rather than Ltd company)
    - Regulators are not providing guidance that would better enable use of tax reliefs
    - Entrepreneurs should be able to access this advice.
- And there are barriers of transmission of finance into these opportunities:
    - Low awareness, particularly among advisers, fail to present the opportunity as an integral part of investment. They need information, training and case studies.
    - HNW exemption numbers raised with is a problem for EIS, especially for family/friends investment who may not qualify as HNW
    - Advice from CC is not supporting growth in this kind of investment
    - Too much paperwork.
- There are a few EIS/CITR impact funds, but they are offered by niche managers, so difficult to access mainstream.
- Need Charity Commission  or another industry body to develop policy in this area.
- FCA should require advisers to provide information about these tax reliefs.

## Next steps

We hope these notes serve not only as a reminder of what was discussed on the day but live beyond the Forum and be shared with those who were unable to attend.

Please use these contributions as a learning tool to provide deeper insights into your work, to tackle problems or foster ways of working together.

Perhaps you see areas you would like to research further or include in your planning or policy formulation. Ultimately, we hope that by exploring some of these ideas and themes further it will inspire more collaboration between sectors and crystallise these insights into opportunities and action.