

Charity bank

Brighter Futures Fund

Extending Charity Bank's Impact Beyond Lending

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Executive Summary

The Brighter Futures Fund is Charity Bank's grant fund for unlocking lending and supporting organisations that are not yet able to access repayable finance.

Funded through retained bank profits and waived shareholder dividends, the Fund provides targeted grants to organisations that are not yet ready for loan finance, or where loan applications are not viable without subsidy.

By combining grant and loan funding, the Fund creates a clear pathway from philanthropy to sustainable investment, enabling organisations serving underserved communities to access capital that would otherwise remain out of reach.

Since inception, every grant made by the Brighter Futures Fund has benefited only organisations and projects that are either diverse-led [1] or located in the bottom 30% of areas of deprivation in the UK.

Since launch, £684k of grants has unlocked £4.7m of lending, demonstrating a strong catalytic effect.

The Brighter Futures Fund demonstrates how targeted grant funding can strengthen a social bank's impact and effectiveness.

By bridging the gap between grant and loan finance, it:

- **Extends Charity Bank's reach into underserved communities:** 81% of the grants we awarded went to organisations serving the 30% most deprived communities in the country, and 69% went to organisations that were diverse-led.
- **Unlocks lending that would not otherwise occur:** every £1 in grant funding we provide unlocked £6.82 of additional loan funding for recipients.
- **Builds investment readiness amongst underserved social impact organisations**: based on comparison to our own lending criteria, grant funding consistently improved recipients' ability to access loan finance, strengthening the social impact sector.

For investors, it provides clear evidence of disciplined, high-impact capital deployment, where relatively small amounts of grant funding unlock significantly greater volumes of sustainable investment.

[1] **A diverse-led organisation is one whose Board or SMT is made up of 50% or more global majority, LGBTQ+, or with a disability.**

The report at a glance:

A catalytic model for impact. Small, targeted grants unlock long-term lending and sustainable impact.

What the Fund does

Directs capital to underserved communities and the organisations serving them

Supports organisations to become investment ready

Unlocks lending where it would not otherwise be possible

Who it reaches

Organisations serving the UK's most deprived communities:

81% of grants went to organisations in the most deprived 30% of neighbourhoods.

Diverse-led organisations and those underrepresented by mainstream finance:

69% of grants went to organisations with diverse leadership.

Key results

£684k in grants deployed

16 organisations supported

£4.7m in lending unlocked, equivalent to an additional £6.82 for every £1 of grant [2]

[2] Based on £684,000 of Brighter Futures Fund grants associated with £4.7 million of additional lending to supported organisations.

The need and response



The challenge

Across the UK, many charities and social enterprises delivering strong social impact are unable to access repayable finance.

This is not due to a lack of demand, but structural barriers, including:

- Limited reserves or financial track record
- Early-stage or unproven business models
- Higher perceived risk linked to location or communities served
- Insufficient funding for development and transaction costs

As a result, many viable projects struggle to proceed, and organisations remain excluded from the social investment market.

Our model

The Brighter Futures Fund addresses this gap by deploying targeted grant capital alongside Charity Bank's lending.

It operates through two mechanisms:

1. Unlocking lending

Grants improve project viability and affordability, enabling loan finance that would not otherwise be possible.

We want to ensure that impact-led organisations receive the lending that is right for them. For that reason, our grants are offered with no condition that the organisation goes on to take a loan with Charity Bank. 4 of the 16 organisations we awarded grants to went on to take a loan with another lender, but the majority chose to stay with Charity Bank.

2. Building investment readiness

Grants fund capacity building, development costs and preparation for future borrowing.

This blended approach ensures grant funding delivers lasting impact, creating a pathway to sustainable finance rather than a one-off intervention.

The Fund is financed through retained profits and waived shareholder dividends, allowing Charity Bank to recycle value back into underserved communities.

Governance and integrity

The Brighter Futures Fund operates within a robust governance framework:

- Administered through a donor-advised fund structure
- Independent verification, due diligence and compliance checks for all grants
- Clear separation between grant decisions and loan approvals
- Grants are approved by an independent committee made up of volunteers from across the bank
- Formal agreements and ongoing impact monitoring

This ensures capital is deployed responsibly, transparently, and in line with Charity Bank's mission.

Impact and outcomes

Results and catalytic impact

Since launch in late 2024, the Fund has:

- Deployed £684k in grants to 16 organisations
- Unlocked £4.7m in additional lending, both from Charity Bank and other investors.
- Had a powerful catalytic effect, with every £1 in grant helping to attract £6.82 of investment.

This shows that targeted grant capital can:

- Enable projects that would not otherwise proceed
- Mobilise significantly larger volumes of investment
- Support organisations to move towards financial sustainability

Beyond individual projects, the Fund strengthens the wider financing ecosystem by improving access to capital for underserved organisations.

Building investment readiness

By providing organisations with the grant capital they need to strengthen their own capacity, or bolster their financial reserves, the Fund plays a critical role in building investment readiness. This makes it easier for recipients to secure financial support from us, or other lenders, in the future.

As part of Charity Bank's due diligence, we collected data on each organisation's existing access to funding, and their borrowing history. Assessing each organisation against our own lending criteria allowed us to understand how grant funding changed each organisation's investment readiness.

We found that:

- 0% of supported organisations had previously accessed lending from Charity Bank.
- 0% of supported organisations would have met our lending criteria without grant support.
- 100% improved their investment readiness and ability to engage with repayable finance.

This demonstrates the Fund's role in improving access to finance, especially for smaller organisations, and those from underserved communities. In time, this will lead to a greater proportion of social impact organisations being able to access loan finance.



Reaching underserved communities

The Fund is intentionally focused on organisations that are excluded from mainstream finance.

Funding is directed to organisations that are:

- Based in, or serving, the UK's most deprived communities
- Led by underrepresented groups

In practice:

- A significant proportion of funded organisations operate in areas within the lowest deciles of deprivation: 81% of the grants we awarded went to organisations that were operating in the 30% most deprived UK communities.
- Many are diverse-led organisations, reflecting Charity Bank's commitment to equity and inclusion: 69% of the grants we awarded went to organisations that were diverse-led.

This targeted approach ensures capital reaches those most excluded from traditional funding.

Delivering impact across priority sectors

The Fund supports organisations working in areas of significant social need, including:

- Housing and homelessness
- Mental health and wellbeing
- Refugee and migrant support
- Youth services and education

These sectors align closely with Charity Bank's broader impact strategy and reflect some of the most pressing challenges facing communities across the UK.

Case studies

CASE STUDY

Education and Support Services (ESS)

Grant: £30,500 | Associated lending: £40,000

ESS works with vulnerable young people and families in Somerset. Funding supported the creation of a full-time Engagement Manager, strengthening capacity and enabling growth.

The funding directly enabled:

- A warm space for local residents during winter
- Christmas Day support for over 30 isolated individuals
- Transport for vulnerable young people to access education and services

Impact highlights:

- New partnerships developed, generating further income
- Community support expanded during the cost of living crisis
- Increased organisational capacity, with further roles planned

“One individual told us the Christmas support had quite literally saved his life, while another said it was the only hot meal he had eaten in months.”

Fran Deeley, CEO, Education Support Services



CASE STUDY

Changing Futures North East

Grant: £40,000 | Associated lending: £240,000

The organisation is developing a new children’s home in Hartlepool. Funding supported planning, professional fees and regulatory requirements, enabling the project to move forward.

Impact highlights:

- Early-stage project costs covered, enabling progression
- Financial risk reduced at a critical stage
- Confidence to proceed with a significant capital project
- Future provision for up to four children at a time

“The grant reduced financial risk and gave us the confidence to move forward with a significant project.”

Graham Alton, CEO, Changing Futures North East



CASE STUDY

MEC Foundation

Grant: £75,000 I Associated lending: £497,500

Funding enabled the refurbishment of a community centre in Newcastle, creating student accommodation alongside upgraded community space.

Impact highlights:

- 23 residents provided with safe, modern accommodation
- Stable income stream secured, strengthening financial resilience
- Community facilities retained alongside increase housing capacity
- Reduced operating costs and improved energy efficiency

“We now have a sustainable income stream and significantly improved facilities, allowing us to continue serving our community with confidence.”

Fatih Tuysuz, Trustee, MEC Foundation



Insights

Q&A with Daniel Wilson-Dodd, Head of Social Investment Solutions, Charity Bank

How does the Fund strengthen Charity Bank’s model?

“The Fund helps us support organisations earlier in their journey, when they’re not quite ready for a loan. By combining grants with lending, we can help more projects get off the ground and build relationships with organisations that may become future borrowers.”

How does it lead to impact?

“The Fund helps grants and lending work together. A relatively small grant can help an organisation make key changes that signal to a lender that they’re in a good position to take on loan finance. By targeting grants carefully, we’re able to unlock much larger amounts of investment, leading to much more impact. Having that access to loan finance also means these organisations are more financially resilient in the long term, so they’re still around to deliver great impact years down the line.”

What role does it play in the wider sector?

“Many organisations fall into a gap where grants alone aren’t enough, but they’re not able to access loan finance, either. From the perspective of a lender, their operating model might not be proven enough, or their grant income might not be sufficient to get a larger loan. The Fund helps bridge that gap, making it easier for capital to reach communities that need it most.”

Why does this matter for investors?

“It means philanthropic capital can go further. By helping unlock additional lending and investment, the Fund can support more organisations and increase the impact created from every pound invested.”



Conclusion

The Brighter Futures Fund demonstrates how targeted grant funding can strengthen a social bank's impact and effectiveness.

By bridging the gap between grant and loan finance, it:

- Extends Charity Bank's reach into underserved communities
- Unlocks lending that would not otherwise occur
- Builds investment readiness amongst underserved social impact organisations, strengthening the social impact sector.
- For investors, it provides clear evidence of disciplined, high-impact capital deployment, where relatively small amounts of grant funding unlock significantly greater volumes of sustainable investment.

As the Fund grows, Charity Bank intends to continue monitoring both financial and social outcomes, helping build the evidence base for blended grant and loan models across the social investment sector.



Appendix: Methodology and Limitations

This report draws on internal Charity Bank data collected through grant applications, due diligence processes, and ongoing monitoring of supported organisations.

Assessment of investment readiness is based on Charity Bank's lending criteria, applied consistently across all funded organisations to understand how grant support influenced their ability to access repayable finance.

Findings on catalytic impact (e.g. grant-to-lending ratios) are derived from observed outcomes across the portfolio, comparing grant funding deployed with associated lending unlocked.

There are several limitations to note.

1. Much of the evidence on investment readiness is based on internal due diligence assessments rather than independently verified or longitudinal data, and therefore reflects Charity Bank's judgement at a point in time.

2. Although this analysis includes all 17 grants awarded to 16 organisations, the programme is small in scale. This may limit the extent to which findings can be generalised.

3. Outcomes such as "lending unlocked" and improvements in readiness cannot be fully attributed to grant funding alone, as organisations may also have benefited from other support, external funding, or changes in circumstance.

4. This analysis focuses on early outcomes; longer-term impacts on organisational sustainability and access to finance will require ongoing tracking.

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