ADDRESSING THE FUNDING GAP OF LGBTQ+ SUPPORT ORGANISATIONS

Can social investment be part of the solution?

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Social Enterprise UK

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CONTENTS

INTRODUCTION

LGBTQ+ communities in the UK face a worsening problem on two fronts. Regressing public attitudes and growing anti-rights sentiment are driving up the number of people who need support at the very moment those same forces are eroding opportunities to provide the support required.

While voluntary, community, and social enterprise (VCSE) organisations can step up to fill these gaps, funding and resources are required to grow and sustain their work. But the funding context, particularly for grants and donations, is fragmented – risking these organisations being caught in a dangerous feedback loop of rising demand and a shrinking pool of resources to meet it.

Building on our recent research into the opportunities and barriers for LGBTQ+ social enterprises to address these challenges, this report asks a more specific question: as grants and donations decline, can social investment be part of the solution, and when does it work well?

It sets out the wider context of LGBTQ+ support & the funding landscape, draws on case studies of different financing models, and closes with a discussion and recommendations for LGBTQ+ social enterprises and social investors.

GRANT FUNDING is declining at a time of increased need

[1] https://medium.com/illumination/we-need-more-lgbt-social-enterprises-this-is-why-e6fa0dd89afb

METHODOLOGY

Our previous research looked at both social enterprises led by LGBTQ+ people and those who provide services to LGBTQ+ people. This report narrows in on the latter group. We made this a deliberate choice so we could focus on the service-delivery question, rather than leadership, which deserves its own dedicated focus.

It draws on SEUK's 2025 State of Social Enterprise data and three in-depth case studies, each illustrating types of external finance used to support their growth. Sample sizes are included alongside all figures and charts. Individual sample sizes are not listed in the text but, unless explicitly cited, the data has only been included where LGBTQ+ social enterprise responses represented a minimum of 10% of total answers. Weighted bases were used to ensure the accuracy of averages and percentages and ranged from 213 to 295; actual response figures may be higher or lower.

This report focuses on social enterprises which provide services to LGBTQ+ people

LGBTQIA+ stands for lesbian, gay, bisexual, transexual, queer, intersex and asexual. The shortened version – LGBTQ+ - is used in this report. "LGBTQ+" is used to denote those who identify as lesbian, gay, bisexual, transgender, queer and 'other', while acknowledging that there are many alternative terms for these populations. The "+" or "other" indicates that this definition is meant to be inclusive of all who identify as part of the spectrum, including, for example, non-binary, and other queer identities (Walker, 2025). More information on terminology can be found here.

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LGBTQ+ RIGHTS AND EXPERIENCES IN THE UK

LGBTQ+ rights in the UK have regressed at a staggering rate. In 2015 the UK was ranked 1st in Europe for its support for LGBTQ+ people by the International Lesbian, Gay, Bisexual, Trans, and Intersex Association's (ILGA) 'Rainbow Map'[1]. A decade later the UK had plummeted to 22nd, a ranking that remained unchanged in 2026, making it the worst country in Western Europe for LGBTQ+ rights.

Legal changes to gender recognition, policies surrounding the rights of LGBTQ+ asylum seekers and refugees, and the rights of intersex people to bodily integrity have all played a significant role in this reversal. The effects of this are not confined to rankings – but ones that have lasting consequences for LGBTQ+ people. For example, between 2019-2023 hate crimes based on sexual orientation increased by 112% and hate crimes against trans people increased by 186% over the same period in England and Wales[2]. While there have been slight declines since 2023, it's worth noting that these groups are some of the most likely to experience violence[3] and many instances remain unreported[4].

In addition, there are particularly worrying trends in the mental health and life outcomes for LGBTQ+ people in the UK. Recent ONS data on mortality by sexual orientation in England and Wales showed that not only were LGBTQ+ people 1.3 times more likely to die than heterosexual people, but suicide was the leading cause of death across most age groups. Especially depressing are the statistics for young people which showed that among 16 to 24-year-olds, suicide accounted for 45.3% of deaths compared with 26.6% among heterosexuals in the same age group[5].

As the UK's treatment of LGBTQ+ people continues to decline, the everyday lives of LGBTQ+ people continue to get harder.

Hate crimes based on sexual orientation have increased by 112%

%

1 LGA-Europe, 'United Kingdom - Rainbow Map', 17 May 2026.
2 Home Office, 'Hate Crime, England and Wales, 2022 to 2023, 2nd Ed.', GOV.UK, 2 November 2023.
3 Home Office, 'Hate Crime, England and Wales, Year Ending March 2025', GOV.UK, 9 October 2025.
4 Rachel Russell et al., 'Understanding LGBT+ Perspectives on Hate Crime and Barriers to Reporting in the UK', The Police Journal, 22 November 2025.
5 Office for National Statistics, 'All-Cause and Cause-Specific Mortality by Sexual Orientation, England and Wales', 12 January 2026.

THE FUNDING CONTEXT

Against this backdrop civil society groups across the UK, including charities, voluntary groups, and social enterprises (VCSEs), have provided a vital line of defence in supporting the UK's LGBTQ+ community. The one category of the Rainbow Index where the UK scores a perfect 100% is 'Civil Society' – reflecting the legal right of LGBTQ+ people within a country to exercise freedom of assembly, association, and expression[6]. A plethora of VCSEs exist to help combat these challenges and, as our own data shows, the social enterprise community is growing to respond to these needs – with an increase from 11% to 18% between 2023-25 in LGBTQ+ social enterprises[7].

Unfortunately, heightened challenges facing LGBTQ+ people has coincided with an increasingly difficult funding landscape. Corporate donations have fallen sharply, driven by cuts to equity, diversity, and inclusion initiatives. The impact on Pride events illustrates the scale of the problem: a survey of Pride Organisations found that 85 out of 112 festivals had lost revenue from corporate sponsorships, with 21 reporting falls of more than 50%[8].

Individual donations are lower, due to a combination of public attitudes and the increased cost of living, and charitable income remains constrained. LGBT Consortium, the UK's largest network of LGBTQ+ organisations, found that there was only around £55 million of funding going to LGBT+ organisations in 2023. To put this into context the same amount was raised in a single day by the Disasters and Emergencies Committee Ukraine Humanitarian Appeal in 2022. Overall, only 0.1% of total charitable income goes to LGBT linked VCSEs, and 70% of that money flows to the 20 largest organisations[9].

Worryingly, these trends are even hitting historically well-resourced organisations - in its 2024-25 accounts, Stonewall posted a £2 million drop in income, leaving less than £100,000 in its cash reserves[10]. As anti-rights sentiments continue to gain traction across the world, this figure risks shrinking even lower – carrying real consequences for the safety and wellbeing of LGBTQ+ people.

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Only 0.1% of total charitable income goes to LGBT linked VCSEs, and 70% of that money flows to the 20 largest organisations

6 ILGA-Europe, 'United Kingdom - Rainbow Map'.

7 Social Enterprise UK, State of Social Enterprise: Backbone of Britain (2025).

8 Josh Parry, *London Pride 2025 Returns as Events Struggle with Falling Funds*, London, 5 July 2025.

9 Dr Cat Walker, The LGBTQ+ *Fund Report - The UK LGBT+ Voluntary & Community Sector Finances, Funding & Future* (Consortium, 2023).

10 Rob Preston, Stonewall Restructuring Following USAID Freeze with up to Half of Roles at Risk, 24 May 2025.

LGBTQ+ SOCIAL ENTERPRISES

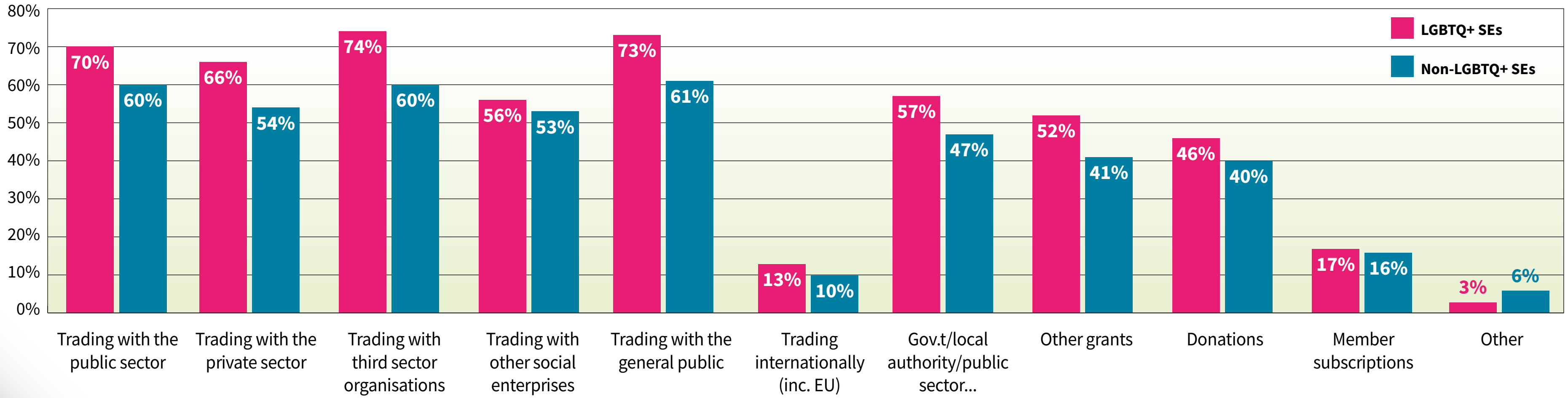
LGBTQ+ social enterprises are a notably different group within this landscape. Unlike the broader LGBTQ+ VCSE sector, where research showed only 14% of income is generated through trading and 51% from grants and donations, LGBTQ+ social enterprises are considerably more financially active. Our 2025 data showed they had a median income of £100,000, marginally lower than other social enterprises, and over half generate 75-100% of their income through trading.

LGBTQ+ social enterprises also show some notable differences when compared to their non-LGBTQ+ equivalents. For example, while their main trading sectors are similar to the wider social enterprise economy, they are slightly more active in education and skills development (19% vs 17%) and creative industries (13% vs 9%), and notably more so in health care (11% vs 7%), reflecting the specific needs of the communities they serve.

They also generate income from a wider range of activities which could make them better placed to weather funding pressures and increased demand[11] (see figure 1).

Over half of LGBTQ+ social enterprises generate a majority of their income through trading

Figure 1: Income generation activities



[11] SEUK, State of Social Enterprise: Backbone of Britain (2025), LGBTQ+ Social Enterprises Weighted Bases: 295

LGBTQ+ SOCIAL ENTERPRISES

(CONTINUED)

Conversely, figure 1 also shows that LGBTQ+ social enterprises are 10% more likely than their non-LGBTQ+ counterparts to draw income from public sector grants, and 11% more likely to access grants from other sources. Moreover, for one in four LGBTQ+ social enterprises, grants are their primary income source, so while their diversity of trading activities offers some protection, it is unlikely to fully offset the impact as the wider funding landscape contracts.

This vulnerability may already be showing in the data. LGBTQ+ social enterprises reported weaker financial performance than their non-LGBTQ+ counterparts over the past year with 30% reporting a decline in turnover (30% vs 21%). Looking ahead, they are also less optimistic, with fewer expecting turnover to increase in the next 12 months (54% vs 59%) and more anticipating a further decline (17% vs 13%).

They are also more likely to cite financial barriers as an obstacle to sustainability and growth (82% vs 72%), with grant funding availability (70% vs 66%), cash flow (57% vs 55%), and cost of premises (39% vs 25%) all featuring more prominently than for non-LGBTQ+ social enterprises.

For ONE in FOUR LGBTQ+ social enterprises, grants are their primary income source

ATTITUDES TO FINANCE

Given these pressures, it is perhaps unsurprising that LGBTQ+ social enterprises hold notably more negative views of all forms of external finance. As figure 2 shows, the majority report that available finance is unsuitable for their organisation, insufficient in scale, and not sufficiently signposted.

Figure 2: Perceptions of external finance (inc. grants)[12]

TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING:	LGBTQ+ Social Enterprises		Non-LGBTQ+ Social Enterprises	
	Net Agree	Net Disagree	Net Agree	Net Disagree
Forms of finance available are suitable for my organisation	32%	51%	34%	42%
The amount of suitable finance available to my organisation is sufficient	18%	65%	30%	48%
The finance available to my organisation is well sign posted	25%	63%	32%	53%

32% of LGBTQ+ social enterprises think the available forms of finance are suitable

[12] Ibid, LGBTQ+ Social Enterprises Weighted Bases: 273

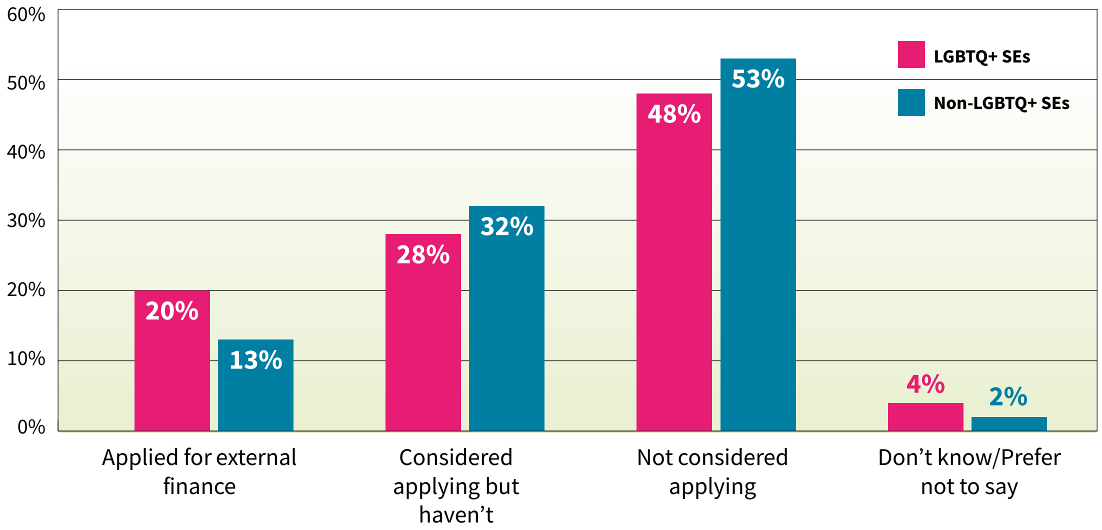
ATTITUDES TO FINANCE

ATTITUDES TO FINANCE

(CONTINUED)

In response to these difficulties, there are signs of a growing willingness among LGBTQ+ social enterprises to explore alternative financing options. As figure 3 shows they are more likely to have applied for non-grant based external finance in the past 12 months (20% vs 13%) with notably higher application rates for blended capital (15% vs 10%) and loans (41% vs 37%).

Figure 3: Summary of interest in external finance (non-grants)[13]



48% of LGBTQ+ social enterprises have not considered applying for external finance

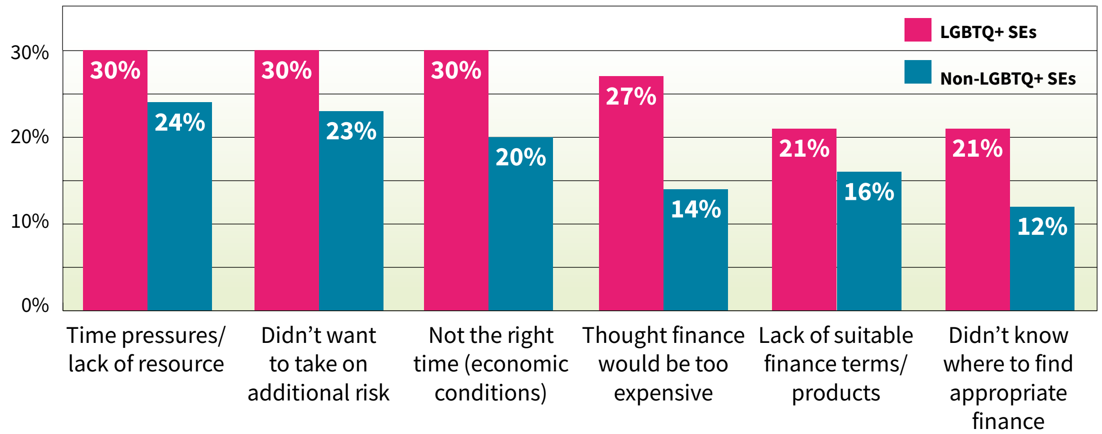
[13] Ibid, LGBTQ+ Social Enterprises Weighted Bases: 273

ATTITUDES TO FINANCE

(CONTINUED)

On the other hand, the data also highlights some concerns. Of those who considered external finance but did not follow through, LGBTQ+ social enterprises were more likely to cite external pressures and structural barriers as the reason. The most prominent were cost, economic conditions, risk aversion, and time pressures (see figure 4), with a further 21% citing not knowing where to find appropriate finance and unsuitable products, compared to 12% and 16% for non-LGBTQ+ social enterprises respectively. Their success rate also falls well short – less than half of those that applied secured finance (49% vs 64%)[14].

Figure 4: Reasons for not applying among those who considered external finance[15]



While these figures should be treated with some caution due to sample size constraints, LGBTQ+ social enterprises appear increasingly willing to explore external finance but are held back by a combination of limited awareness, negative perceptions, and a market that has not yet fully adapted to their needs. The case studies that follow examine three organisations that have successfully navigated this landscape, each using a different form of external finance to grow their work – demonstrating that when the right product meets the right need, social investment can play a meaningful role in supporting LGBTQ+ social enterprises to thrive.

27% of LGBTQ+ social enterprises thought finance would be too expensive

[14] Ibid, 20% applied leaving a low LGBTQ+ Social Enterprise Weighted Base: 55

[15] Ibid, 28% considered applying but didn't leaving a low LGBTQ+ Social Enterprise Weighted Base: 77

CASE STUDY

MICRO RAINBOW

Homosexuality is illegal in 65 countries. In 12, it is punishable by death. The threat of persecution faced by LGBTQ+ people in these countries leads 1,500 LGBTQ+ asylum seekers to come to the UK every year[16]. However, these individuals are still not safe upon entry to the UK, with 41% of LGBTQ+ asylum seekers in the UK experiencing homelessness while seeking asylum, and 72% not having enough money to cover their living expenses[17]. Micro Rainbow, a pioneering social enterprise founded in 2012 by Sebastian Rocca, was created to address these pervasive inequalities, and to support LGBTQ+ refugees and asylum seekers to feel socially included and access education, employment, and housing.

Micro Rainbow was initially 100% grant funded, as this was seen as a 'risk averse' means to generate income in its early stages, but crucially these first grants were accessed as a 'means to an end'. Rocca acknowledges that "risk averse boards, particularly from charity backgrounds, are scared about taking debt and unsure if they are risking their own money". In addition, Sebastian believes that "entrepreneurial skills that might be missing in some organisations" and "a lack of awareness of what is available and possible", prevent some organisations from taking on investment.

From its inception, financial sustainability was a central goal for Micro Rainbow. A core aspect of their business model – providing safe and secure temporary housing for LGBTQ+ asylum seekers – could not be achieved through leasing properties, which would result in shorter-term contracts and lower quality housing. Asset ownership was therefore imperative to ensure the safety of vulnerable tenants – especially because, Rocca notes, "We wanted to be sustainable in the long-term so the availability of assets existed beyond our lifetime". Owning assets was also necessary to support the business model and increase its financial resilience, due to the potential for capital appreciation over time and refinancing.'

[16] Sebastian Rocca and Rosalind Duignan-Pearson, *Held Back: Poverty of LGBTQI Refugees in the UK* (Micro Rainbow, 2024).

[17] Home Office, Asylum claims on the basis of sexual orientation 2023, Gov.UK, 22 August 2024.

Micro Rainbow

Social Enterprise UK

CASE STUDIES

This report offers examples of when, why, and how external finance has been successfully obtained and leveraged by LGBTQ+ organisations, enabling them to grow their operations and scale their support. The case studies illustrate not only how successful social investment partnerships can happen, but how these can be replicated to support LGBTQ+ social enterprises and the LGBTQ+ community at large.

These insights serve to inform both investors and investees on what can be done to further support the LGBTQ+ social enterprise sector. We hope these learnings will be taken forward to design and develop knowledge, systems, and products which can improve the existing 'provision gap' for LGBTQ+ organisations, enabling them to continue to operate and thrive in an increasingly hostile environment.

CASE STUDY

MICRO RAINBOW (CONTINUED)

Rocca initiated a conversation with a social investor at a conference in 2017, five years after Micro Rainbow was first established. This meeting came at a point where Micro Rainbow's model was being piloted and seemed to be working. "When we found the niche we wanted to focus on, and when we came up with a model that was replicable, social investment was crucial to be able to grow," said Rocca. "Not just for the sake of growth, but to meet a growing need and to benefit from economies of scale."

Due to their confidence in Micro Rainbow's business model, this investor introduced Rocca to more connections, eventually enabling Micro Rainbow to secure around £3.5 – 4 million in their first round of social investment from six organisations[18]. This enabled the purchase of 25 properties in which to house LGBTQ+ refugees and asylum seekers and proved essential in developing Micro Rainbow's credibility as a housing provider, giving them leverage in discussions with local authorities and central government. "Social enterprises are seen as Class B providers. Credibility was important for the long-term," said Rocca.

The success of this investment was not just down to luck. Not only did Micro Rainbow operate a successful, proven business model, but from the outset, Rocca notes that there was "always someone at the end of the phone" willing to support them with any concerns. Through the due diligence process of the investment application – a process which can knock investee confidence if unsuccessful – Rocca's investors adopted a "learning point of view," he said, rather than viewing the process as a pass-or-fail test. Even following the successful drawdown of their initial investment, investors were actively devoted to the success of Micro Rainbow, signposting Rocca and his team to relevant grants, awards, and speaking opportunities. This wraparound support was mutually beneficial, proving the dedication of the investors to 'make their investment work.'

> "When we came up with a model that was replicable, social investment was crucial to be able to grow"

One of Micro Rainbow's safe houses.

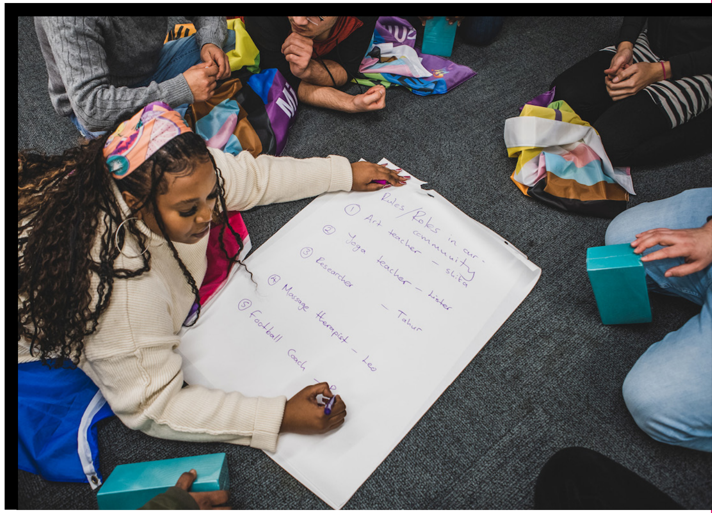
[18] Good Finance, 'How Our Failure Led to £4 Million in Social Investment', 19 June 2024.

CASE STUDY

MICRO RAINBOW (CONTINUED)

In December 2025, Micro Rainbow completed their second round of social investment, meaning their total received thus far is close to £9 million. Two additional investors joined; for one, it was their first social investment. These two new investors joined after Micro Rainbow pitched for funding to a group of investors, an event co-organised by those already invested. The second round of investment will enable Micro Rainbow to increase the number of their safe houses to 45, up from their current 31, which provide over 42,000 bed-nights a year across the UK. Because of their willingness to support an LGBTQ+ social enterprise, there will now be less LGBTQ+ asylum seekers and refugees facing persecution, homelessness, and isolation. Micro Rainbow hopes to eradicate homelessness of LGBTQ+ people fleeing persecution by 2030.

Rocca's advice for both social investors and LGBTQ+ organisations looking to access social investment? 'Be curious'. While there is "lots of fear" around social investment, especially among LGBTQ+ entrepreneurs, "social investors should want to work with you". Likewise, the importance of community among LGBTQ+ social entrepreneurs cannot be understated. Rather than acting as competitors fighting over a small piece of pie, Rocca notes that the power of coming together and fostering community can support LGBTQ+ organisations to build confidence and networks of mutual support. Confidence can also be built by social investors, who Rocca argues should approach investment in LGBTQ+ initiatives from a place of learning, collaborating, and wanting to make investment work. As Micro Rainbow demonstrates, when these deals are successful, they are immeasurably valuable to the most vulnerable in society.



Members of Micro Rainbow's community of LGBTQ+ people seeking safety taking part in a workshop. Credit: Sarah Emma Smith.

CASE STUDY

TONIC HOUSING

Prior to the founding of Tonic Housing in 2014, there was no specialist accommodation for elderly LGBTQ+ people in the UK. These individuals, who were more likely to live alone, had generally worse health outcomes, and were less likely to have children or family support to lean on than their non-LGBTQ+ peers, were routinely denied care that met their unique needs and circumstances. Countless older LGBTQ+ people felt so isolated in their old age that they felt the need to 'go back into the closet' to ensure their care needs were met[19]. With thanks to Tonic Housing, and the investment they were able to secure, the residents of this pioneering retirement home now feel like 'they have a new family.'

Creating an affirming, safe community for elderly LGBTQ+ people was a long journey. Tonic CEO Bob Green recounts working in the LGBTQ+ housing sector 20 years ago, at a time when older LGBTQ+ people were living in "unsafe housing, they were isolated and lonely". Many of these individuals, who lived in informal housing arrangements such as London's Lesbian squats in the 1960s and 70s, had spent their lives campaigning for specialist accommodation for their communities as part of the wider fight for homosexual equality. It wasn't until 2014, when Tonic was established, that their aspirations began to be realised.

In its early years, Tonic did not own the assets necessary to provide suitable housing for the LGBTQ+ community. In 2017, the organisation recruited Anna Kear, a community housing specialist with a deep understanding of the finance landscape. With Kear onboard, Tonic started conversations with relevant stakeholders. These initial conversations with local housing associations, Lambeth Council, and the Riverside Housing Group were vital in understanding the availability of both properties and funding. One of the key mechanisms that was uncovered through these conversations was the Community Housing Fund.

The entrance to Bankhouse, where Tonic purchased 19 apartments to create the UK's first LGBTQ+ Retirement Community.

[19] Tonic Housing Association, 'Business Plan', 2022.

CASE STUDY

TONIC HOUSING (CONTINUED)

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Launched by the Government in 2016, this specialist fund was designed to support local communities to deliver affordable, community-led housing, such as cooperatives and community land trusts. In London, this fund was delivered by the GLA, who provided Tonic with initial support to deliver a research project which formed the evidence base for the need of specialist LGBTQ+ retirement housing. Green notes that this fund was “vital for community groups to get their projects off the ground,” allowing diverse and marginalised communities to “shape their own solutions”.

Following their successful research project, Tonic applied for a GLA loan of £5.7 million to secure the initial purchase of 19 retirement apartments in 2021. Green believes the success of this application was made possible through Kear’s “experience and expertise,” and “having champions in the right place at the right time”. Support from their local council, the GLA, and the housing association from which they bought the apartments enabled Tonic to purchase these apartments just one year after completing their initial research project.

Tonic’s 19 apartments are inhabited by 26 residents, 17 are co-owned with residents through the Older Persons Shared Ownership Team, and 2 were converted into affordable rented accommodation, allowing them to be let to older LGBTQ+ people experiencing homelessness. Following the successful sale of these apartments, Tonic were able to repay their loan in full in just three years – testament to the success of their business model. After four years of demonstratable financial success, Tonic successfully became the UK’s first LGBTQ+ Registered Social Housing Provider in 2025.

Alongside their business operations, Tonic has curated an inclusive, affirming community for its residents. Care staff in their building receive specialist LGBTQ+ training and offer 24-hour support to Tonic residents. Several Tonic residents have purchased specialist care packages; due to their trust of the staff and the quality of care they receive.

Bob Green, Head of Operations, Tonic.

TONIC

TONIC HOUSING (CONTINUED)

Tonic prides itself on its vibrant, inclusive culture – reflective of the community it serves to support – and hosts drag nights, cocktail evenings, and film clubs designed to enable residents to live their life to the fullest. Rather than just being LGBTQ+ friendly, Tonic has used investment to actively affirm the lives and needs of its residents.

The Community Housing Fund, which was vital not only to the success of Tonic Housing but so many other community-led housing projects, is coming to the end of its funding life in 2026 and is not scheduled to be renewed. However, Green argues that hope is not lost, and that collaboration between LGBTQ+ organisations is necessary to secure the future of the sector. Rather than pursuing competition, Tonic has embraced collaboration with likeminded organisations, supporting organisations such as Stonewall Housing and the LGBTQ+ Foundation to access funding to get new projects off the ground. Rather than relying on purely external support, Green notes the importance of "finding partnerships to be able to meet our own needs," within the LGBTQ+ sector. Speaking of Tonic's success, he reflects, "we couldn't have done it without each other."

The generation of LGBTQ+ people who initially campaigned for homosexual equality did not all live to see the creation of specialist LGBTQ+ accommodation. However, their campaigning has now enabled elderly LGBTQ+ people to "to live openly and celebrate their own later lives," as Green puts it. At a time when these vulnerable individuals are subject to attacks on their rights to safe and inclusive spaces, organisations such as Tonic Housing provide invaluable specialist support. It is important that in a fragile funding landscape, investors continue to recognise and support the vital work of organisations such as Tonic in supporting marginalised people to live freely.

Interiors of apartments purchased with a loan from the Greater London Authority (GLA)'.

CASE STUDY

GAYDIO

In 2026, the UK's LGBTQ+ radio station celebrates its 20th anniversary. What began as a month-long broadcast for Manchester Pride Festival has evolved into the UK's first FM radio service to serve the LGBTQ+ community, operating in 30 cities across the UK. Gaydio has grown into a space where new artists develop their platforms, meaningful causes are championed, and the LGBTQ+ community shares their stories – whether triumphs or challenges.

Gaydio's commitment to supporting the LGBTQ+ community goes far beyond their radio broadcasts. Each year, the Gaydio Academy supports hundreds of LGBTQ+ people and allies to develop skills and experience in broadcasting, media, and content creation. All activities delivered by the Academy are free, and feedback from learners is overwhelmingly positive, with participants feeling 'empowered, confident, and ready to pursue a career in radio'[20]. Academy participants play an active role in Gaydio's mission – to give back to the community they serve.

Like most radio stations, Gaydio generates most of their income through commercial trading. Sponsorships, advertising, product activations, and their flagship event – The Gaydio Awards – serve to sustain both the radio station and the Academy. Alongside this traded income, Gaydio initially generated around a third of their income through grant funding. But, as Ian Wallace, Gaydio's Executive Director and Founder notes, "Grant funding is great, but it's a lot harder to come by". When Gaydio was looking to expand their operations and improve their facilities, they therefore considered social investment through Big Issue Invest.

Gaydio's new studio, partly funded with £75,000 of blended finance (a mix of grant and loan) from social investor Big Issue Invest.

[20] https://www.gaydio.academy/testimonials/

CASE STUDY

GAYDIO (CONTINUED)

Gaydio's investment application centred around the need for updated broadcasting equipment and a new, more updated studio. This was not only for the benefit of the station's broadcasters, but for the experiences of Academy trainees – "the focus shifted to make sure experiences were of a quality, rather than a quantity". Angelo Mastromarini, Investment Manager at Big Issue Invest, notes that "the move was crucial to their growth strategy," enabling Gaydio to "reach more participants of their programme".

Gaydio's LGBTQ+ focus was not foundational to Big Issue's decision to support them – but it was an added bonus. Mastromarini notes that "they are more than just a commercial radio station," and the Academy programme especially "looks after a core that we care about." Without the LGBTQ+ focus, Gaydio "was still investable," said Mastromarini, but the LGBTQ+ focus "added an additional element". The Academy's demonstrable impact strengthened Gaydio's application, with Mastromarini highlighting the organisation's ability to, "leverage its expertise and knowledge" to support people within their sector as a key factor for their success.

Gaydio received an initial £35,000 from Big Issue Invest in 2018 and a subsequent higher amount in a further investment round. This was £140,000 of blended capital, with around half as a grant and the other half a four-year loan. This investment enabled them to upgrade to a larger facility, invest in more modern equipment, and Wallace crucially notes, to "make a space that feels good". Reflecting on what made this deal successful, both Wallace and Mastromarini reflect on the strong, proven business model Gaydio were able to present. Mastromarini notes that "they knew what they were doing", and Wallace agrees that Gaydio "always had a mind for what was commercially viable".

Gaydio founder Ian Wallace and Kobrah officially open the new Gaydio studio in February 2026.

Ian at the mic.

CASE STUDY

GAYDIO (CONTINUED)

Gaydio's previous experiences with grant funding and their more recent foray into social investment provides them with a unique view on steps grant-reliant organisations need to take in order for investment to work. Wallace notes that key to successfully obtaining any social investment is "recognising that it isn't a grant", and though it comes with a "bit more flexibility", investees must also make sure they are secure financially, as "without that you don't have anything". Wallace continues that Gaydio "managed the investment as a change process, making sure the existing team felt like part of the process". This mindset enabled them to manage their way through the investment process, maintaining a "measured route out".

However, a successful investment deal requires more than a commercially minded investee – it requires an investor that is engaged, active, and understanding. For Wallace, Big Issue Invest delivered on their side of the deal, stating "they were really good with us – they understood quite soon the value of what we are trying to do". Mastromarini concurs that the deal demonstrated genuine, shared commitment between the partners, with both Gaydio and Big Issue Invest sharing mutual understanding of the clear, bounded purpose of the investment, and the tangible outcomes a successful deal would deliver.

GAYDIO

Social Enterprise UK

> **"Big Issue Invest ... understood the value of what we are trying to do."**

Gaydio's new studio, partly funded with £75,000 of blended finance (a mix of grant and loan) from social investor Big Issue Invest.

SUMMARY

The current funding landscape for LGBTQ+ VCSEs is tough, with little signs of improvement. The problems that negatively impact the availability of grants for these organisations – the emboldening of anti-rights movements, a decline in corporate giving, and well-resourced hate campaigns – are the same problems that make the support they deliver ever more necessary. The more this sector continues to rely heavily on grant finance, the less well-resourced it will be when fighting the powerful forces that seek to deny LGBTQ+ people of free, healthy lives.

However, this report has shown that there is an underused means of support for these organisations – particularly those with trading models. Social investment, as evidenced by Micro Rainbow, Tonic Housing, and Gaydio, can play an important role in supporting LGBTQ+ organisations to grow their business and amplify their impact, enabling them to further support marginalised communities. While all three organisations champion different causes, operate different models, and started from different financial positions, they were all able to successfully apply for and leverage social investment to achieve their ambitions and scale their social impact.

Evidently, there is a gap between the social investment world and LGBTQ+ social enterprises. As our data demonstrates, LGBTQ+ social enterprises hold disproportionately negative views of external finance as a whole and, despite showing appetite through applications, are less likely to successfully secure funding from social investors than others. Similarly, the wider LGBTQ+ VCSE sector, including charities and voluntary groups, faces similar barriers and would equally benefit from greater awareness of how to develop more trading models and access social finance.

The more this sector continues to rely heavily on grant finance, the less well-resourced it will be when fighting powerful forces

Dr Cat Walker, The LGBTQ+ Fund Report - The UK LGBT+ Voluntary & Community Sector Finances, Funding & Future (Consortium, 2023)

RECOMMENDATIONS

Below are six recommendations to help LGBTQ+ social enterprises, investors, and the wider social investment ecosystem close the gaps between them. We have split the social investment advice between individual investors and wholesalers. They have markedly different roles to play in making this a reality, with individual investors working directly with organisations on the ground, and wholesalers shaping the products, programmes, and awareness infrastructure that make access possible at scale.

DON'T WAIT until you need finance to explore it

FOR LGBTQ+ VCSES

1. Engage early and build relationships

Don't wait until you need finance to explore it, and don't wait until your model feels perfect. Engaging with social investors early gives you time to understand what is available, build relationships, and develop incrementally towards a more commercial model. Start small, be adaptable, and use investor relationships as a source of support and guidance along the way – our case studies show that early setbacks and iterations were often what shaped the model that eventually secured investment.

2. Build your case and your network

Social investors back trading organisations with a clear route to repayment and demonstrable impact, not missions alone. Understanding your numbers, evidencing your outcomes, and being able to articulate your model are as important as the work you do. Good Finance is a reliable starting point for understanding what products exist and peer networks can help build support and knowledge.

FOR INDIVIDUAL SOCIAL INVESTORS

Social Enterprise UK

3. Support applications and extend support

LGBTQ+ VCSEs may be exploring repayable finance for the first time, particularly those transitioning away from grant-dependent models. Investors should be prepared to offer more guidance than they might with others. Where possible, go beyond the investment - signpost investees to relevant funds, programmes, and alternative lenders, should they not fit your investment model, and continue to engage with them once their investment is repaid.

4. Consider your product and support offer

If you don't offer blended finance, consider it. Blended capital helps provide startup costs these organisations might not be able to afford – particularly legal advice, financial modelling, and marketing. Also consider how to provide non-financial assistance yourself or by working with partner organisations that might provide low-cost or pro-bono support. For organisations at an early stage of commercial development, this wraparound support can be as valuable as the capital itself.

SOCIAL INVESTORS: actively engage with networks to understand their specific needs

FOR WHOLESALE SOCIAL INVESTORS

Social Enterprise UK

5. Close the ecosystem knowledge gap

Individual investors cannot raise awareness alone. Lead coordinated outreach to LGBTQ+ networks, ensuring intermediaries and support organisations have clear, accessible information about what finance is available and how to access it. This includes actively engaging with LGBTQ+ networks to understand their specific needs and shaping the products and criteria that front-line investors deploy.

6. Invest in the evidence base

The data in this report points to strong demand for non-grant based external finance among LGBTQ+ social enterprises. Yet, concerns remain for success rates and reasons for not applying, which are distinct from the wider sector. That gap is not yet well understood. Wholesalers should support more robust data gathering and research, grounded in the lived experience of LGBTQ+ organisations to understand what is driving low application success, and using those findings to improve products, processes, and outcomes.

There is **STRONG DEMAND** for non-grant based external finance among LGBTQ+ social enterprises.

CLOSING REMARKS

We would like to thank all the social investors and social enterprises, both in this report and our previous work, for contributing to these findings. As the research and case studies above demonstrate, the success and sustainability of this sector is becoming ever more vital.

If you are an LGBTQ+ social enterprise, there are opportunities out there and you do not have to navigate it alone. We have included a set of useful resources below, and SEUK and Good Finance are on hand to connect, support, and signpost. If you are an investor, seek out these organisations, signal that you are open, and invest in the relationships. For wholesalers, use your position to shape the products, awareness, and infrastructure that make access possible at scale. This community deserves better access to finance - together we can make that happen.

USEFUL RESOURCES

Good Finance Knowledge Hub – an online resource showing social investment options and support for different organisations|

www.goodfinance.org.uk/knowledge-hub

School for Social Entrepreneurs, Trading For Good & Social Investment Pathway, - programmes and grants to support VCSE start-ups and scale-ups

www.the-sse.org/learning-support/explore-all-programmes-workshops/

USEFUL RESOURCES (CONTINUED)

Social Investment Business, REACH Fund – provides small grants for organisations looking to develop models before applying for social investment

www.sibgroup.org.uk/fund/reach-fund/

Big Issue Invest & Unltd's Growth Fund – for organisations with £200k turnover but specifically designed to support those working to tackle inequalities in communities, including LGBTQIA+.

www.bigissue.com/invest/growth-impact-fund-big-issue-invest/

Social enterprise blog and LGBTQ+ peer network

Build a Social Enterprise is a blog by the founder of Micro Rainbow, sharing leadership tips on social investment & entrepreneurship but grounded in lived experience. He also coordinates a peer group of LGBTQI CEOs who want to increase their commercial viability for activities aimed at LGBTQI people – message him on LinkedIn to join.

www.buildasocialenterprise.com

www.linkedin.com/in/sebastianrocca/

ABOUT SOCIAL ENTERPRISE UK

Social Enterprise UK

Social Enterprise UK is the UK national voice for social enterprises.

We lead the world's largest network of businesses with a social or environmental purpose, working together to create a fairer economy and a more sustainable future for everyone. We exist to be a strong voice for social enterprise, demonstrating the difference that mission-led businesses are making in the world and influencing decision-makers to create an environment where this way of doing business can thrive.

We campaign on behalf of the social enterprise community, having led public policy for decades and helped to pass the Social Value Act (2012), using the mounting evidence from our comprehensive research to make the case for change. We drive cross-sector collaboration, working with private companies and public institutions to bring social enterprises into their supply chains, helping any organisation to create positive social and environmental impact.

Find out more and join the community at **socialenterprise.org.uk**

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Thanks to our Knowledge Centre sponsors and partners: Access – the Foundation for Social Investment; Better Society Capital; the Department of Culture, Media and Sport, for making this work possible.

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