



Access Summary Annual Report

2016 – 2017

This annual report provides an update of Access's activities against the operational plan for the year April 2016 – March 2017.

This year was the first year of a [two year strategic plan](#) which underpinned the first phase of Access's life.

When we drafted our operational plan for the year we set out the following priorities

Our Programmes

1 Capacity Building

We will launch our first two capacity building programmes, delivered via partners and grant managers, supporting charities and social enterprises.

We will continue to develop our plans for supporting the social investment market's own infrastructure and launch a programme.

We will continue to review and evaluate the performance of our programmes and determine who can benefit from our work and change what we are doing as needs arise.

2 Growth Fund

We will continue the delivery of the Growth Fund, aiming to stay on track with committing the fund over three years, with a balance across our three portfolio priorities.

We will focus on encouraging social lenders to provide a simple and accessible process for charities and social enterprises seeking to take on a loan

We will support more organisations to become social lenders through a back-office solution and other tools and support.

Our Approach

3 Market Championing

As we generate learning from our programmes we will share this widely, through a range of relevant media, with key stakeholders.

We will track how we are perceived by those stakeholders and how we may be able to influence the work of other organisations through what we learn.

We will publish data relating to our programmes and support wider publication of data across the social investment sector.

4 Seeking Total Impact

We will complete the appointment of our asset manager and transfer funds to them quickly. We will work closely with them to build an impactful portfolio and seek to maximise that impact over time.

We will begin to share our experiences and learning with other Foundations.

Enabled by

Clear and jargon-free communications on our purpose, role and strategy in all our media

Leveraging the knowledge and capacity of our partner organisations and key stakeholders

Maximising the contribution and potential of our trustees and staff

Excellent systems and processes which add value to our applicants and partners

Overview:

Our capacity building programmes are aimed at helping charities and social enterprises in England to be better equipped to take on new forms of social investment and to understand how social investment might be relevant for them. These programmes are funded by an expendable endowment from DCMS, to be spent down over ten years. As part of our [Annual Plan for 2016-17](#) we have published detailed rationale for the design of our initial programmes, including the specific learning we intend to gather.

Key achievements over the year

We finalised our approach to delivering our capacity building activities over the following two years, developing detailed specifications for:

- [The Reach Fund](#), offering investment readiness grants via social investors, called Access Points;
- [The Impact Management Programme](#), offering grants for organisations to develop their impact management strategy to help them raise investment, and to develop a "Pathway to Impact" which will make it easier for charities and social enterprises to use existing tools to develop their impact approach in a self-service way; and
- [The Connect Fund](#), to provide grants and other forms of investment to support the development of organisations which help charities and social enterprises to better access capital.

We ran competitive tender processes to deliver each of these programmes and appointed the Social Investment Business (SIB) to run the Reach Fund, and New Philanthropy Capital (NPC) and a group of partners to run the Impact Management Programme in the Summer of 2016.

Later in the year we ran the tender process for the Connect Fund and appointed the Barrow Cadbury Trust to run the fund in December 2016. We supported SIB and NPC to develop, market and launch the Reach Fund and Impact Management Programme and played an active role developing those programmes.

The Reach Fund

The Reach Fund received expressions of interest from 36 social investors and initially appointed ten Access Points, with total grant allocations of £805k. The application window for Access Points reopened in April.

By the end of March

- 66 organisations had registered to complete a diagnostic
- 21 grants had been awarded at a total of £290k and an average size of £13,818.
- Seven of the Access Points had put forward applications



Most Access Points have not referred as many charities and social enterprises through the programme as they had forecast. This may be partly due to the early stage of the development of the programme; however it may also indicate that demand for late-stage investment readiness activity is limited.

Case Study:

[Hollywell Housing Trust](#), a charity and social enterprise set up to offer bespoke housing services for vulnerable people in Devon & Cornwall, has become the first organisation to receive investment as a result of a Reach Fund grant. They received a £90,000 loan from the Health & Wellbeing Challenge Fund (South West) after a £4,500 Reach Fund grant helped Hollywell to design, build and develop their financial model.

Hollywell provides a vital service to vulnerable people by providing a tenancy and housing support service and the investment will allow them to expand their operations, reduce their waiting list and reach new areas across Devon & Cornwall.

The Impact Management Programme

The Impact Management Programme, delivered by a partnership led by NPC, ran eight outreach events attended by 218 charities. Four co-design sessions have been held to design the Pathway to Impact with 35 organisations. NPC also ran five training events for the Impact for Growth grant programme with 105 attendees from 77 organisations.

The grant window for Impact for Growth opened in March and closed on 10 April. There were 30 applications across 13 providers. Total grants applied for were £1.4m, average grant size of £47k. Following detailed assessment decisions will be made by 1 June.

Charities and social enterprises have responded positively to being closely involved in the design process. Their feedback has confirmed the starting underlying assumptions for the Pathway strand, that measuring and reporting impact can be confusing, funders and investors have different requirements, and it's often not clear how the information they collect is being used.

Peer support has been emphasised throughout as a crucial part of doing impact management well and building shared approaches.

Demand for the training has been strong, and has helped to establish shared expectations from both support providers and potential grantees.

The Connect Fund

Barrow Cadbury Trust appointed a Fund Manager to lead the programme and are working to open the fund for applications from existing social investment intermediaries and other charity and social enterprise sector infrastructure organisations by early June.

How have we done? The Growth Fund

Overview:

The Growth Fund tackles the gap in the supply of small loans, of under £150,000, for charities and social enterprises. We do this by providing a blend of loan and grant capital to social investors in England allowing them to offer simpler investment products for the sector. It is envisaged that, over the three year investment period of the Growth Fund, Access will support between 15 and 20 social investors.

The loan financing is provided by Big Society Capital, blended with the grant funding provided by the Big Lottery Fund. The role of Access is to facilitate and administer this programme, rather than to hold or provide the funding directly. The Joint Investment Committee (JIC) decides who will receive finance from the Growth Fund. The committee includes representation from Access, the Big Lottery Fund and Big Society Capital.

Key Achievements over the year:

During the course of the year we completed the first four investments into intermediaries who have launched social investment funds. We are on track to complete the commitment of the Growth Fund by Q1 2018

55 expressions of interest received

44 invited to apply

25 discussed
at JIC

Average
investment in
charity or social
enterprise:
£64,250

Average
loan:
£62,530

Average
grant:
£4,914

LIVE FUNDS

at 31 March:

- Invest for Impact (First Ark)
- Northern Impact Fund (Keyfund)
- Impact Loans England (Big Issue Invest)
- Health and Wellbeing Fund (Resonance)



	Total to date (to 31 Mar 17)
Number of social investors to launch funds	4
Number of enquiries received by social investors from charities/ social enterprises	427
Number of applications received by from charities/ social enterprises	57
Number of applications approved	40
Number of loans disbursed	22
Funds social investors have committed to charities/ social enterprises	£2,840,600
Funds social investors have drawn down from Access	£2,120,388
Funds social investors have deployed to charities and social enterprises	£1,345,000

Lessons so far:

We have begun to publish data on the performance of the Growth Fund in our [quarterly dashboards](#) and on the [proposed use of subsidy from 13 applicants to the Growth Fund so far](#).

A comprehensive evaluation of the Growth Fund is now in place commissioned by the Big Lottery Fund.

We are continuing to see a steady stream of expressions of interest and applications from a wide variety of organisational types, including infrastructure bodies, community foundations and existing social investors. We have good coverage across the country, especially in the South West and North West and we are seeing funds operating at a number of different scales.

The majority of applicants are seeking to establish non-specific funds, however there are a few examples of funds targeting specific impact areas such as: Health and Well-being, homelessness, employability, and education.

To support a wider range of organisations to take on the role of being social investors, we have put in place a relationship with a recommended provider of back-office support for loan administration and updated our applications process and guidance based on feedback. We have also sought to develop a community of the social investors delivering the Growth Fund and refreshed the documentation to make it easier to use.

Overview:

Our role as a market champion is principally focused on us effectively gathering and sharing the learning from our programmes. We also seek to improve the information available to charities and social enterprises about social investment and fund research which contributes to the knowledge needed for us to achieve our mission. We seek to make our work as open and as transparent as possible and continue to consult on how our programmes should evolve.



Key achievements over the year

We have worked closely with partners in Big Society Capital and across the sector to develop [Good Finance](#) which was in beta for much of the year and launched fully in April 2017. The site is aimed at supporting charities and social enterprises to navigate the world of social investment.

During the year Access developed and published a comprehensive learning strategy which defined our key measures of success during Access's ten year life. The strategy also unpicks the assumptions which sit behind our theory of change and suggests how they can be tested, as well as suggesting a range of evaluation questions for periodic review.

We also began the process of recruiting a learning partner who can deliver this strategy for us and will confirm this role in May 2017.

We began the process of publishing [quarterly dashboards](#) with data on the performance of our programmes.

In December 2016 we published our [first learning report](#) which summarises the lessons from the set-up of Access.

In January 2017 we published summary data and analysis from 13 live Growth Fund applications in our report [Initial Observations on Blending Debt and Grant from the Growth Fund](#). The data in this report has been used across Government and within other foundations to scope blended finance programmes.

We have also shared reflections on and themes from visits to charities and social enterprises on our [blog](#) and through articles, and opinion pieces in the sector press and at relevant conferences.

We have not yet begun the process of undertaking an assessment of the perception of Access in the broader market, and plan to undertake this in the second part of 2017.

Research we have funded:

Over the year we have supported research projects which have further developed the knowledge around how best to support charities and social enterprises to best engage with the social investment market. These include:

We supported the [Institute for Voluntary Action Research](#) to undertake a major study, looking at the experiences of smaller charities in taking on social investment. This report takes a close look at the 'social investment journey' of 25 small charities, providing in-depth insights into their motivation, experience of the process, challenges encountered, the support they received and factors that might improve the journey.

We funded this [Flip Finance](#) research to establish the extent to which risk finance (quasi equity) is being used in social investment, to investigate the experiences of those who had used it and to determine whether there is a need for greater availability within the sector, as well as to consider alternative models of risk-finance which could be tested.

We funded Datakind and partners to undertake a [Data Evolution Project](#). This research looked at the journey towards data maturity and where social sector organisations were along the way, creating a framework and tool for measuring data maturity in the social sector and sharing methodology.

We are also co-funding [Prosper](#), a business support programme for the arts, museums and libraries delivered by Creative United and partners. Our funding is focussed on research and evaluation activities for the programme, to develop a better understanding of the business support and investment readiness needs of charities and social enterprises in the arts and culture sector.

We have also begun work to build a [better understanding of how subsidy has been used](#) to build the social investment market since 2000 and will be working with a range of partners to identify the most useful areas on which to focus further research.



How have we done? Our Total Impact Approach

Overview:

The trustees are committed to investing the £60m expendable endowment from DCMS to achieve total impact. This means investing each pound to achieve the maximum social impact and, at the same time, ensuring our financial objectives and liquidity requirements are met.

Key achievements over the year

We finalised our approach to managing our endowment and went out to market to select an asset manager.

We appointed Rathbones to place and manage our endowment investments. Throughout the year we have met them on a regular basis to work with them on refining our total impact investment strategy.

We had set up a sub-committee of the board (the Endowment Investment Committee) to meet around four times per year to monitor and review the portfolio (representatives from Rathbones attend part of these meetings).

At 31st March, 32% was in charities and social enterprises delivering social impact in the UK, 1% was in charities and social enterprises delivering social impact elsewhere, 15% was in other organisations delivering social impact, and 47% was in other bonds and funds considered best in class for a range of social indicators. 5% was held in cash.

We have openly shared our process through blogs as we have established our approach to managing the endowment. We have also shared a case study in charity finance magazine and through sector conferences including Good Deals in November 2016.

