Strategic Plan 2018-23

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ACCESS The Foundation for Social Investment

Access – An overview of our role

Access works to make charities and social enterprises in England more financially resilient and self-reliant, so that they can sustain or increase their impact.

We do this through supporting the development of enterprise activity to grow and diversify income, and improving access to the social investment which can help stimulate that enterprise activity.

Access will be around for a decade, but the need for this work will continue well beyond that. So our approach is to work through others to create partnerships which can outlive us, test and learn from new approaches, and generate knowledge which improves the work of others seeking the same goals.

We are entering the second phase of Access's ten year life. We have learned a great deal from our first few years, and we are ready to make a significant and ambitious commitment to commit the majority of our endowment over this main middle phase of our life.

Over the next five years we will have three strands to our work:

1. **Providing £40m to support a broad range of enterprise development activities in partnership with other foundations, social investors, sector infrastructure bodies and enterprise advisors. This support will help charities and social enterprises to earn more of their own income and specifically develop business models which can be further supported through utilising social investment.**

2. **Managing and promoting blended finance models which bridge the gap between charities and social enterprises on one side and social investors on the other. These models help make the social investment easier to find and more relevant for charities and social enterprises, and help social investment reach parts of the sector which are yet to benefit.**

3. **Learning from our programmes and listening to the changing investment needs of the sector in order to influence our future work and that of others who support charities and social enterprises; and building systems which make that knowledge easier to understand and use for the long term.**

Why was Access as set up and how we are funded?

Social Investment can play a hugely significant role in helping charities and social enterprises to become more resilient, and grow and scale their impact. It can do this through supporting the development of enterprising activity in those organisations which allows for the generation of new sources of income and can directly contribute to the creation of social impact. We think that more organisations could and should be using it.

Access was launched in 2015 with the support of our partners the Big Lottery Fund (BLF), Big Society Capital (BSC) and the Cabinet Office (responsibility has now moved to DCMS) to address two specific gaps for charities and social enterprises trying to access social investment:

1. Social investment products need to be better suited to what charities and social enterprises are asking for;
2. Many charities and social enterprises who could benefit from taking on social investment need support to be able to do so.

Access was created by Big Society Trust (BST), working in collaboration with BLF, BSC and DCMS, following extensive consultation with the sector. Each of these organisations shares the same vision to expand the reach of social investment, and each organisation brings its own resources and expertise to support Access in delivering on its mission. BST has a board made up of members with broad experience in the social and financial sectors. It is the sole member of Access and is the company which ensures BSC remains true to its social mission.

Why is our work needed and how have we chosen our priorities?

This strategic plan has been developed with three main sources of evidence

1. Evidence from charities and social enterprises
2. What we have learned from our programmes so far
3. What we have learned from other programmes seeking to address similar challenges, including specifically evaluations of those programmes

Evidence from charities and social enterprises about what they need: drawn from our consultations in 2015 and 2017, and from numerous research reports

The consultation we carried out between June and December 2015 already identified *capacity building* as a key demand from the sector when considering taking on social investment. There was consensus about key areas[1] that should be promoted, which included:

- Leadership: skills, confidence and 'thinking time'
- Governance: Knowledge and risk appetite of trustees, systems & processes
- Impact management: the ability to quantify, report on, increase and 'get paid for' its impact
- Finance and business modelling: skills, confidence, tools and time to develop proposition
- Marketing: market-testing new ideas and effectively selling them
- Systems and use of data: an organisation's ability to collect, analyse and respond to real, relevant data in real time, through maintaining user-friendly and cost-effective systems

A similar consultation which we carried in the summer of 2017, and which was followed by a number of interviews in October, confirmed the importance of income diversification and enterprise activity as a precondition of any conversations about access to finance[2]. This tallies with recently published surveys by SEUK, NCVO and CAF[3], which conclude that:

- One third of small charities[4] have no reserves (NCVO, 2017), and about half report to be struggling (CAF, 2017). The picture is more positive with large

[1] As it is presented in this document, these areas remain relevant today, and are often the same areas that social enterprises identify as priority needs; as they are the key areas that are identified and supplied by capacity programmes.
[2] The consultation in 2015 included 25 written responses, as well as many discussions. The 2017 online discussion contained around 20 responses; which were complemented with 10 interviews.
[3] These are *The future of business* by SEUK (2017); NCVO's *Voluntary Sector Almanac* (2017); CAF's *Social Landscape* (2017); and IVAR's (2016) *Small charities and social investment*. These studies conclude, for example that:
[4] The CAF study included 472 interviews, including 287 with small charities. NCVO (2017) estimates there's around 100,000 small charities in the UK; and IVAR (2016) estimated in their study around social investment that the universe of small and medium-sized voluntary organisations in England would be 62,789.

charities (17% report to be struggling); and social enterprises[5], 70% of which report to be profitable (SEUK, 2017).

- Diversification of income has become a key strategy. Social sector organisations are adjusting to a world of increasingly competitive contracts and declining in grants (IVAR 2016). Trading (whether with the general public or the public sector) is the main source of revenue for social enterprises (SEUK, 2017); just as earned income now accounts for over half of the voluntary sector's income, and shows the highest growth (NCVO, 2017).
- In order to maintain or improve their growth and resilience, social enterprises and charities list diverse needs. Access to finance is clearly an important barrier for many social enterprises (17% report *access to finance* and 23% *cash flow* as a top barrier). However, social enterprises also report barriers around demand, commissioning and recruitment; and when asked about their main priorities and needs, these include marketing strategy, attracting new clients, introducing technology and others (SEUK, 2017). For the voluntary sector more widely, access to finance is not recorded explicitly, but CAF (2017) reports that CEOs worry about funding; and now place income diversification high up their list of priorities. These are followed by other priorities around strategy, governance and resourcing.
- These trends are taking place in the context of charities reporting increasing demand for their services (related to austerity, population growth, increasing inequality, etc.; 85% expect an increase in demand over the next 12 months). However, the level of income is not increasing at the same pace. Major foundations are increasing their grant-giving (ACF, 2017); however, donations from the public are not increasing (CAF, 2017), Government grants have declined significantly, and Government contracts for charities peaked in terms of total value in 2010 (NCVO, 2017).

The evidence highlights the sector's appetite for diversifying income resources. Trading and enterprise has been identified as the main potential area of growth in income for the sector. The evidence also shows that the organisations pursuing those strategies recognise a wide range of challenges, including access to finance. This fits with the experience of our programmes, where our partners confirm that their client organisations have a wide range of needs. However given that enterprise activity is a prerequisite of increasing demand for social investment, it seems clear that our work needs to encompass a wider range of support and therefore broaden from simply investment readiness to enterprise development as a route for diversifying income, in particular when it can unlock growth opportunities that will increase demand for social investment.

To achieve our objectives as the Foundation for Social Investment, we need to build a better understanding of the enterprise models in the sector which can help organisations grow their income and impact; in particular those models which can best be supported by access to social investment.

[5] SEUK reports there's around 70,000 social enterprises in the UK. Their survey is based on 1,500 interviews.

In terms of the supply of appropriate social investment to charities and social enterprises, the original rationale for creating the Growth Fund still holds true.

Evidence, from surveys such as SEUK's 'State of the Sector' and Big Lottery Fund's 'Investment Readiness in the UK', consistently show that the majority of charities and social enterprises seeking investment are looking for amounts below £150,000. Often, they are looking for investment well below this figure:

> *"The message is a consistent one: the average amounts asked for are £100,000 or below."* 'Prospecting the Future', SEUK

However, research has also established that few investments were offered at this level, and those that were were often unsuitable:

> *"Ventures often feel [repayable finance] is too risky or simply does not exist in a form which they would feel able to commit to (i.e. an unsecured loan)."* 'Social Finance in the UK', Design Council

If more smaller loans could be offered, and made affordable to social investors to offer, then many more charities and social enterprises could use social investment to support the development of enterprise activities.

As part of our learning role we will test the extent to which the Growth Fund, and other blended finance programmes, have addressed this need.

<u>What we have learned for our programmes so far</u>

In reviewing our original Theory of Change, we have identified a number of key lessons from our initial programmes:

When Access was set up we framed our interventions in the context of the "social investment market", and how our interventions were having an impact on the supply and demand for social investment. While this remains the case, we have learned that this is not an effective way of engaging with charities and social enterprises. For our beneficiary organisations, the "social investment market" as a construct is of little relevance. What matters much more are the "markets" or ecosystems in which they work, and how they are changing, especially in terms of the funding mix.

Access is the Foundation for Social Investment, and so we have a focus on social investment as a tool. However addressing the capital needs of charities and social enterprises only makes sense if we also build a greater understanding of the income models in the sector. The tool is only useful if there is a revenue stream, or one can be built, which provides a surplus. We have used the phrase "Enterprise development" to capture this.

We see our role to develop knowledge and provide support to help charities and social enterprises to be able to be more enterprising in those ecosystems where there is a potential for revenue streams to be built or to grow; and in particular where access to social investment will further increase that enterprising activity. We believe that this is a key element of supporting organisations to be more resilient and self-reliant and sustain or create more impact as a result.

We know that this doesn't apply to all of the "markets" in which charities and social enterprises operate, and that the funding challenges and barriers to resilience in the sector are much broader than can be solved just by enterprise development and increasing access to finance. But this is the area where we believe we can make a unique contribution.

This means that our interventions need to start further upstream with much more focus on the understanding and development of enterprise models as well as preparing organisations to take on investment. In helping to stimulate that journey towards enterprise, we have learned that supporting the development of knowledge, systems and processes within charities and social enterprises is important, but that is only part of the story. Successfully building enterprise activity requires ambition, and various cultural aspects within the organisation need to be addressed first.

We have also learned that the link between financial resilience and more sustained or greater impact is a complex one. The former does not necessarily lead to the latter. In supporting the development of enterprise activity in the sector we also need to continue to support initiatives which lead to better impact management, so that charities and social enterprises can understand and evaluate both the impact and financial considerations of developing their business models.

Through our work we have clearly seen the value of working in partnership and the need for us to play our role in a broader movement of organisations and funders seeking to support the resilience of the sector. Our contribution in that context is to develop knowledge and capability around developing enterprise models and access to finance.

The early evidence from the Growth Fund suggests that the blend of finance is helping to address the well evidenced gap for smaller, unsecured lending, and reaching organisations who may not have benefitted from social investment before. A huge amount of learning will also emerge from the funds over the next few years, especially around how subsidy can help increase the supply of appropriate social investment. We have also learned how the flexibility of the funds and the structure of the blend of those funds impacts on the breadth of investment products which can be offered to charities and social enterprises. In future blended finance models we will advocate for greater flexibility both of grant and investment capital to allow for more patient products to be made available to charities and social enterprises.

We have been hugely encouraged by the range of organisations who have come forward wanting to play a greater role in providing social investment, and believe that this pool could continue to grow.

What we have learned from other programmes seeking to address similar challenges?

There is a rich experience of capacity development for charities and social enterprises in the UK. We have reviewed research and programme evaluations, and also met with key stakeholders in the sector[6].

The literature reviewed suggests that the type of support that social sector organisations require, and capacity building organisations offer, coincides, in general terms, with those identified above as charity and social enterprise needs. EVPA (2015) categorises them in three areas: *financial sustainability* (e.g. including business planning and financial modelling), *organisational strategy* (e.g. governance, staff recruitment…), and *social impact management*. Such issues also appear in *Strength in Numbers,* a review by SIB of 1,335 applications from their investment readiness programmes.

Sophisticated evidence on the outcomes of these programmes is sparse. Ecorys (2015) reported that participants in the Investment and Contract Readiness Fund improved their skills in the areas addressed. While Professor R. Hazenberg's (2017) evaluation of *Big Potential Breakthrough* shares that organisations spoke positively about their financial, business and market-analysis planning skills increasing. The latter study also warns that organisations applying are often fragile. For this reason the emphasis should be on their resilience, rather than investment readiness exclusively. Most evaluations speak to the fact capacity building takes time, and often involves not only an improvement in skills, but also a cultural change in the organisation (e.g. Hornsby's 2017).

Most literature also focuses on lessons for building effective capacity building programmes, which we have used to build the principles behind our own Strategy for the next five years. They include:

- The need for capacity building to tailor services to the target group. First of all, it is important to recognise that programmes should build both capacity (e.g. assets, networks) and capabilities (e.g. skills, governance). From a business function perspective, charities and social enterprises require support in a wide range of areas, as discussed above: *from strategy and identification of income diversification opportunities, to staff skills and business modelling*. In Homeless Link's experience, for example, it is crucial to explore the various options a charity might have to diversify income, before helping to develop a

[6] Findings presented here come mainly from: Ecorys' (2015) *Evaluation of the Investment and Contract Readiness Fund* (ICRF); Professor R. Hazenberg (2017, 2017b)'s *Evaluation Report of Big Potential Breakthrough* (BPB) Year 2 and Year 3; Adrian Hornsby's (2017) A review of the Impact Readiness Fund; the Third Sector Research Centre (TSRC) studies on capacity building (for example Research Report 125 of 2014 on *Building Capabilities in the Voluntary Sector: What the evidence tells us*; and EVPA's (2015) *Practical guide to […] non-financial support*. Internationally, we also referred to GIIN (2017)'s recent report *Beyond Investment: The Power of Capacity Building Support* We also interviewed a capacity building organisations such as Social Investment Business and Locality; investors involved in the Growth Fund (e.g. Key Fund, Homeless Link); UK Youth; and other foundations such as Esmée Fairbairn and Power to Change.

business plan for the specific idea proposed for investment. The needs of organisations in a specific sub-sector will also vary and should feed into the design. Unavoidably, organisations will need support in various areas; and –as SIB has found out – often over various cycles.

- Even with a suitably designed package of support, services will require adjusting to the needs of each organisation. In this area, best practice points out to the use of diagnostics, combined with a one to one discussion with adviser or peer (e.g. Hazenberg, 2017).
- The success of a programme depends significantly on the motivation of its clients (TSRC, 2014), so charities and social enterprises need to own the process and gain direct experience and skills from the intervention (see Ecorys, 2015). This requires the use of a combination of tools. The *Third Sector Research Centre* categorises them as *internal expertise* (which can be supported through training or small grants), advice *from peers*, and from *external advisers*. Various studies in the UK and also internationally (e.g. GIIN's -2017), conclude that different mechanisms will be best suited to different context and themes; and that other factors will need to be considered such as availability of trusted providers and cost. The experience of Locality shows that a programme is more effective when it can combine various tools, for example, grants with advice, peer networks and field visits.
- Research also points in particular to the value of learning from similar organisations, or in similar sectors. UK Youth shared that this is particularly key when an organisation thinks about starting new activities. The development of peer networks now features highly in the work of various support agencies, including Power to Change.
- There is a need for robust methods to monitor progress, and adjust to ensure the programme best meets the needs of organisations. Programmes should keep an eye on sustaining learning gained (TSRC, 2014). Lessons on specific approaches and business models can be documented and shared, for example through cascade systems.
- Finally, the success of capacity building programmes will depend on counting with capable and trusted providers (TSRC, 2014).

In summary, previous capacity building programmes offer critical lessons which help frame our approach. These include the need to start with the organisation's needs; the importance of offering a range of services and methods including advice from peers, and working through strong partners; and the need for flexible programmes that can pivot, and which promote fluid learning among participants.

Our context and ecosystem and the role we hope to play

Although we have significant resources at our disposal, Access is a relatively small organisation and one which will only be around for ten years. To have real impact we must work with and through others who share our broad goals, to help charities and social enterprises to be more resilient in order to sustain or achieve greater impact.

We therefore deliberately take a network leadership approach. In serving the needs of charities and social enterprises, we see our key collaborators as:

- Other funders and foundations
- Sector networks and membership bodies
- Specialist consultancy and advisory organisations
- Social investors and intermediaries

As we hope is evident throughout this strategy, the principles of Network Leadership[7] will unpin our work:

- Trust not control
- Humility not brand
- Node not hub
- Mission not organisation

[7] https://ssir.org/network_entrepreneurs/entry/the_most_impactful_leaders_youve_never_heard_of

ACCESS
The Foundation for
Social Investment

Our updated Theory of Change and Model of Transformation

We built a Theory of Change in 2015 when Access was founded. As reflected above in our lessons from the first two years of our work, we have revisited a number of the assumptions in that Theory of Change and sought to reflect our updated strategy within it.

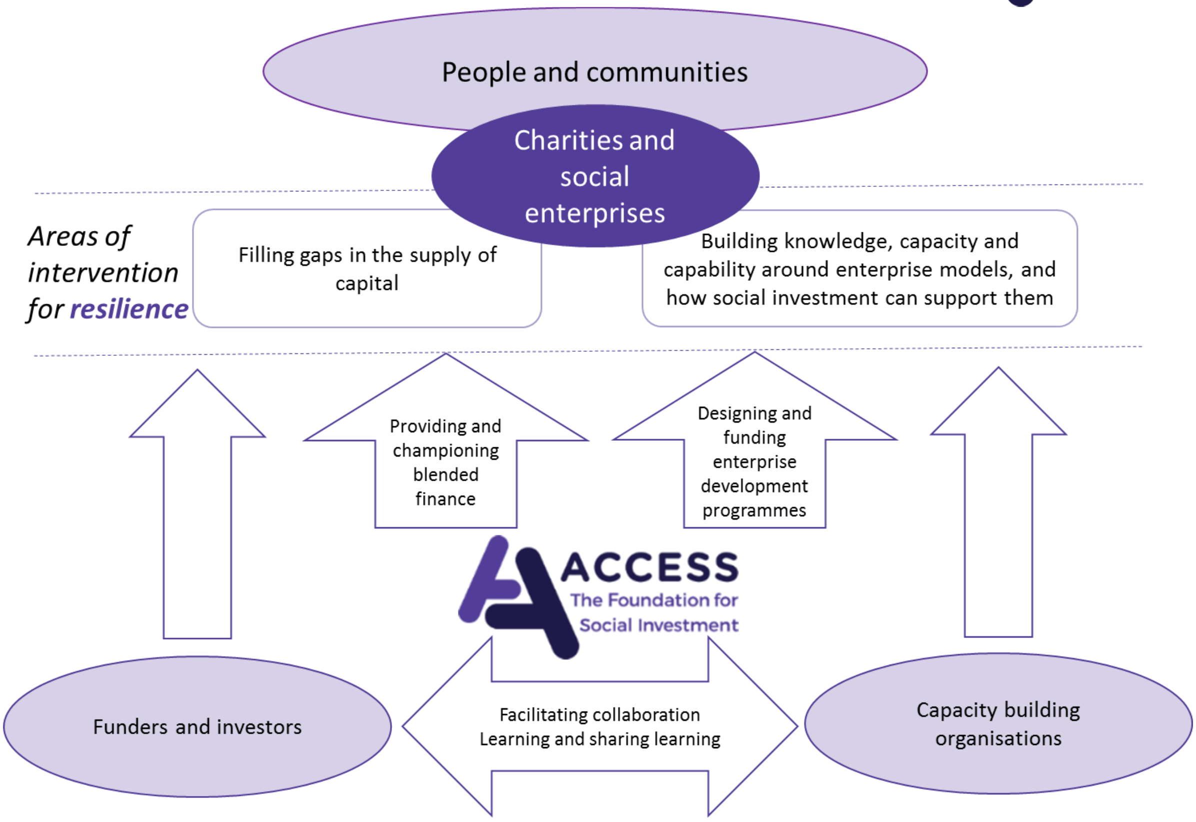
The difference between the previous Theory of Change and the revised one is more evolution than revolution, reflecting two years of experience and a developing understanding of how Access can make a significant impact.

There is a pivot in perspective – from the lens of helping to develop the social investment market to the lens of helping to build resilient charities and social enterprises through use of social investment.

Helping charities and social enterprises become more resilient and, as a result, able to sustain or increase their impact, is more clearly the fundamental purpose of Access. Social investment and increasing access to finance are the tools which we can use to help build that resilience. We seek to highlight the areas which we can stimulate in order to increase resilience, especially helping to create successful enterprise activities to diversify income, and in particular where those enterprise activities can best be supported through increasing access to social investment. The range of our interventions may change in response to learning over time. However we are clear that there are other elements outside of Access's work which contribute to charities and social enterprises being more resilient, but they are not areas where we feel we can make a unique contribution.

Whilst Access works directly and indirectly with charities and social enterprises, it does so in order that they can make a difference with the people and communities they serve. This has moved from implicit to explicit in our Theory of Change.

There is a shift in understanding Access's role as market champion – from Access as exemplar and embodying good practice to Access as actively collaborating with others and enacting network leadership.



Our Model of Transformation

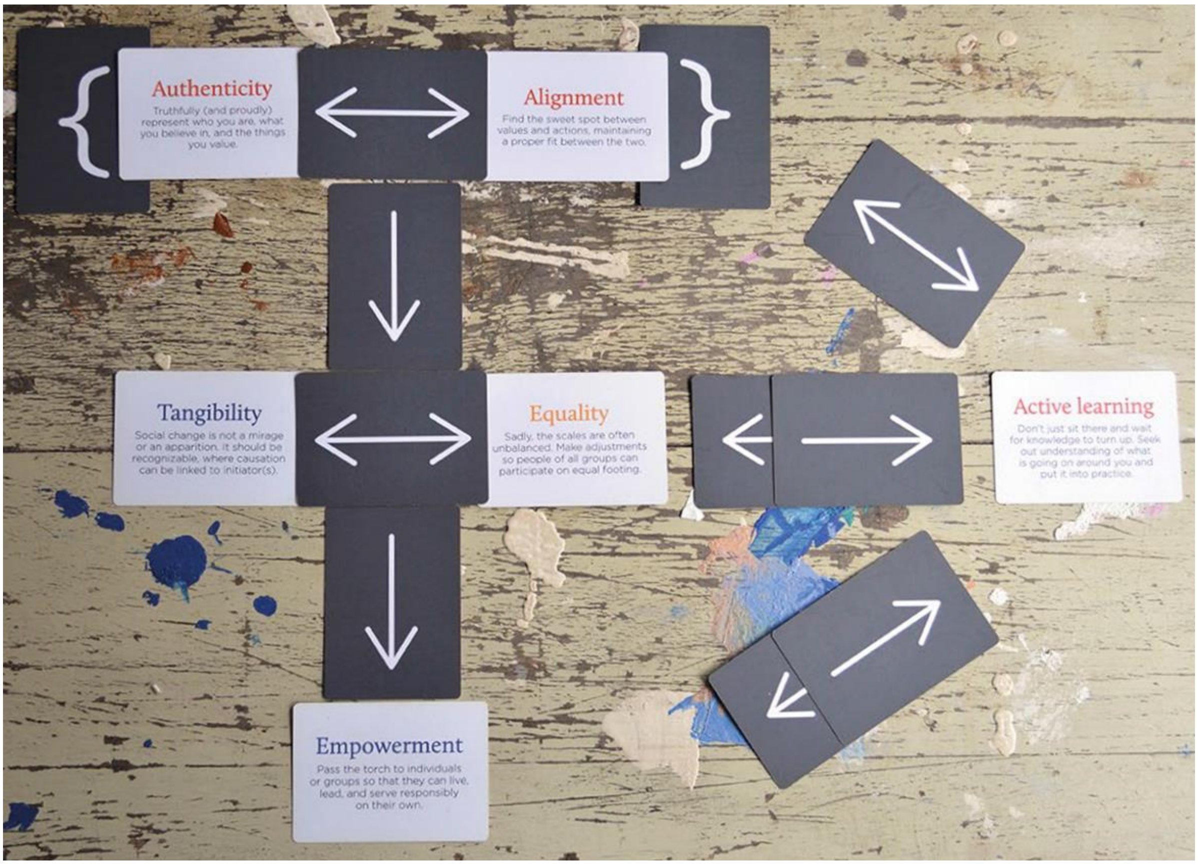
Working with our learning partner, the TI Group, we identified the following impact values, or indicators of transformation, that need to be present in everything we do. These have helped shape our approach to measurement as well as our measures of success themselves.

Access gathers stories from all parts of the value chain (authenticity) to involve others in the conversation about what works - or doesn't – so that it can help peers and partners to align their work around good practices, changing the conversation and improving practices over time.

Access's programmes have a tangible effect that is visible throughout the value chain in terms of the uptake of tools and approaches and flows of money. Appropriate support and products that meet the range of charity and social enterprise needs are created by Access and others so that social needs are more equally served.

As a result of all of the above, charities and social enterprises become more resilient and sustain or increase their social impact

Active learning takes place at every stage of the value chain. All organisations are more confident in their own impact and have the data to back this up. All organisations adjust their own practices in the light of learning.


Authenticity
Truthfully (and proudly) represent who you are, what you believe in, and the things you value.
Alignment
Find the sweet spot between values and actions, maintaining a proper fit between the two.
Tangibility
Social change is not a mirage or an apparition. It should be recognizable, where causation can be linked to initiator(s).
Equality
Sadly, the scales are often unbalanced. Make adjustments so people of all groups can participate on equal footing.
Active learning
Don't just sit there and wait for knowledge to turn up. Seek out understanding of what is going on around you and put it into practice.
Empowerment
Pass the torch to individuals or groups so that they can live, lead, and serve responsibly on their own.

What does success look like?

If we are successful, at the end of our ten year life we will see the following:

- Overall, charities and social enterprises are managing to **sustain their impact or achieve greater impact** because they are **more financially resilient and self-reliant**. They have **readier access to the finance** that they need when they need it, to sustain and develop income generating activities (whether this be small loan, loan with grant or quasi equity). And, **more** charities and social enterprises who have not received this sort of investment before **are accessing it**.
- Charities and social enterprises are **diversifying their incomes** through enterprise activity and trading more successfully, including through taking advantage of a wider range of investment opportunities, and crucially **building stronger balance sheets**. They have been able to make this shift because they have improved knowledge, systems, processes, skills and governance.
- This shift has occurred because there is now **more appropriate enterprise development support** related to income diversification and now **more places** for charities and social enterprises to go to access smaller affordable loans and blended finance products.
- There is a **strong evidence base about what works** to underpin the development of enterprise development and investment programmes by other funders, infrastructure bodies, and support providers. Also, other foundations have been encouraged to pursue a total impact approach to investment.

We need measures that show if Access is having the impact it intends. We will measure our success in five areas, which are outlined in detail at the end of the document.

Some of these relate to Access's direct impact, and some of these measures recognise our broader role in an ecosystem of other funders and support organisations, our role in influencing other actors, and overall how healthy the ecosystem is.

"Minimum viable measurement" should cover these without imposing an unnecessary or excessive burden on Access and crucially the charities and social enterprises in receipt of our funding.

Access does not need to quantify its impact on the ecosystem so much as to be confident that it has reduced dysfunction and promoted healthy function through its interventions.

Good measurement will help with decision making for Access as well as other actors.

Shared learning, engrained and adopted, stands to be a legacy that outlives Access.

Detail of our strategy for the next five years

Theme One: Enterprise Development

Overview

The most significant area of development in this strategic plan is our approach to growing the capacity of charities and social enterprises to engage with social investment.

Over the next five years Access will commit £40m to a programme to support enterprise development for charities and social enterprises in England. The programme will provide a broad range of support to help organisations make a transition to new enterprise models, or grow existing ones, with a focus on the models which are best enabled by access to finance, and on enabling organisations to utilise the tool social investment as part of that transition.

This support will be built on a foundation of growing the information and knowledge base across the sector, and in specific sub-sectors and places, about what enterprise opportunities really look like, how they grow, who the customers are, how profitable different activities can be, what the impact on the organisation might be, and crucially the financing requirements of those enterprise models.

On that foundation we will build a suite of support products which can be accessed both through existing sector networks and a central enterprise development function. Support will include practical diagnostics, peer mentoring and learning opportunities, grant support at various stages of the journey and professional advice where required.

This will be a collaborative endeavour, working with a broad range of other foundations, sector infrastructure bodies, peer networks, social investors and advisors. Charities and social enterprises will play a key role in designing the support and, as it evolves over time, in governing the programme.

Rather than describing this support as "investment readiness" as has happened in the past, we will focus on enterprise development. This is because it is the growth of earned income which allows charities and social enterprises to be more resilient and self-reliant, and social investment is a tool which can help to achieve that.

In more detail:

Access is committed to taking a responsive and iterative approach to developing this programme. We have given a lot of thought to what it could look like, but funders can easily fall into the trap of over-specifying a programme at the outset and then building something which doesn't allow for the necessary flexibility to respond to learning. We are also committed to building a movement with partners who share our ambitions to grow enterprise in the sector, and they will also play a role in shaping how our work evolves.

These principles will drive the design of this programme:

1. It starts with enterprise:
In order to take on and repay investment, in whatever form, enterprising activities which generate a surplus are a prerequisite. The starting point and entry requirement for our support programme must therefore be a commitment to develop new, or grow more, diverse income streams.

2. Charities and Social Enterprises need to 'learn by doing'…
In order for organisations to understand fully their potential for diversifying income, including developing trading activity, grant funding should provide them with the resources to test propositions and refine their business models in the light of direct experience.

3. …and can learn from and with each other.
There is already great expertise and knowledge within the sector's existing networks: by drawing upon and strengthening these resources, rewarding reciprocity and mutual commitment, we will develop the sector's resilience as a whole. In this way, a balance can be struck between providing specific, bespoke support, and drawing together groups of organisations with similar challenges and opportunities, to learn from and with each other, based on their accumulated 'collective intelligence'.

4. Share learning about what works.
By aggregating and effectively disseminating what we already know, and then establishing an ongoing process to regularly collect and share learning, we have the opportunity to offer increasingly efficient and effective support. This applies most particularly to building knowledge about the range of business models which have proven to be successful, and increasing the knowledge about how the markets which charities and social enterprises operate within are developing.

5. Make the form of support fit with the need.
The predominant form of support offered for investment readiness up to this point has taken the form of consultancy, with a focus on providing analytical services. A greater range of interventions, provided in different ways beyond a consultancy model, need to be tested and refined, with a focus on creative, design-led approaches.

Initially we will begin to develop this programme in a number of sub-sectors. We have chosen to focus on homelessness and youth services in which to launch the programme. This is because we believe that these sectors have significant untapped potential for enterprise development and therefore a latent requirement for social investment, and it is where we believe we can be particularly additional. We have prioritised this sub-sectoral approach because, based on want we have learned from our work so far, we believe that it is the best way to build the knowledge base about the enterprise models which can best work and to provide support which can be appropriately tailored.

We intend to offer a **broad menu of support** to charities and social enterprises which will include:

Type of support	Description
Diagnosis and review	A best-in-class diagnostic process, combining an online self-assessment questionnaire, peer-led reflection and independent review, to lead organisations to identify strategic priorities, opportunities for enterprise and support needs.
Information and guidance	Building on the approach of Good Finance, Access will support the development of an open, integrated information base to support enterprise in the social sector. This will include: clear, accessible information about successful business models, market intelligence and research by sector and region, 'self-service' guides, and sources of advisory support and investment. This information and knowledge will have various homes depending on the best place to reach different parts of the social sector.
Peer Support/ Mentoring	Throughout all aspects of the support offered, engagement and reciprocity with peers will be an expectation for all involved. This will be enabled through resourcing and strengthening existing networks, as well as developing 'cross-network' matching services to ensure that the best fit can be achieved for both individual connections and cohorts.
Learning opportunities	Learning opportunities will be made available to individuals and groups to help start the journey towards enterprise development, to gain inspiration from others who have been on the journey and key skills to understand the impact on the organisation.
Peripatetic expertise	We will explore developing approaches to funding specific transformational roles in organisations, for example an interim finance director, to work as part of the team, one day/week for 6-12 months. Their contribution will be targeted and time-bound, with the objective of transferring responsibility and capability to the internal team over the course of their engagement.
Feasibility Grants	Small grants of around £5,000-£10,000, principally for internal capacity, will be provided for organisations to investigate

	and develop an enterprise proposition from the very earliest stage into a proposed delivery plan.
Enterprise Development grants	More substantial grants will be available for organisations which have a developed enterprise proposition where there is a potential requirement for investment. These will be spent on a mixture of internal capacity and external expertise, to develop, test and refine a proposition, including starting or growing trading activities.
Investment readiness grants	Depending upon continuing to gather learning from The Reach Fund, it is likely that we will continue to offer investment readiness grants to organisations with a well-developed enterprise model and who need specific help to secure investment, via our network of Access Points.

Organisations will not be expected to make a linear progression through these options; rather support will be tailored to the specific needs of organisations. The menu of support covers a range of intensities of interventions, from relatively inexpensive, light touch, one-to-many learning opportunities to high contact, high value one-to-one consultancy. As a general rule, the greater the value of the intervention, the closer we would expect the organisation to be to using social investment as a tool to help grow their enterprise activity.

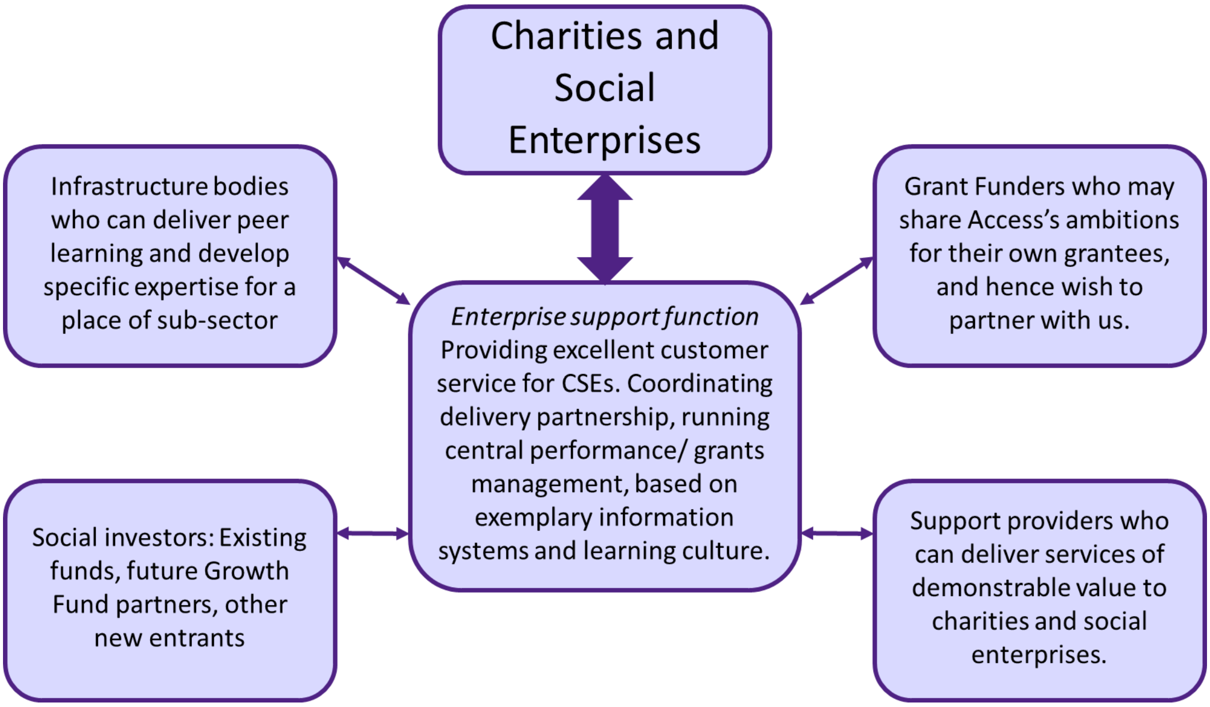
We aim to support up to 10,000 organisations through accessing information, guidance and tools which can help them to begin considering how they may be able to become more enterprising.

As the interventions we support become more expensive, we will be more targeted in the organisations which our programmes support. For example we estimate that we will fund around 1,000 feasibility grants and 400 enterprise development grants during the next five years.

To deliver this support in specific sub-sectors we will build a coalition of partners which will include the lead infrastructure bodies and networks in those sectors, enterprise support agencies, advisors, knowledge hubs like Good Finance, and a grant management partner who can also provide clear advice to charities and social enterprises about the support which is on offer. Gathering data and learning from across the programme will be critical and is part of the design process from the start.

Over the longer term these partnerships may formalise with shared governance, and a key role for charities and social enterprises within that governance. Once we become clearer on which elements of this support are best devolved, and which may be best centralised (such as grant management, advice lines, etc.) we can start to define how this partnership can be structured in the long term, and how it might meet the needs of other funders, not just Access.

This might look something like this:



<u>The Connect Fund</u>

We know that supporting the sector's infrastructure is a critical part of building this ecosystem for the long term. As part of our original capacity building strategy we committed 10% of our endowment to directly fund social investment and broader voluntary and social enterprise infrastructure to better meet the needs of charities and social enterprises. This is delivered for us by Barrow Cadbury Trust via the Connect Fund.

Over the life of this strategy we will continue to support the Connect Fund with a particular focus on catalysing new networks, products and support from the infrastructure sector which help meet the enterprise development and finance needs of the sector, and which help equips infrastructure organisations to play their role in delivering this vision.

Theme Two: Blended Finance

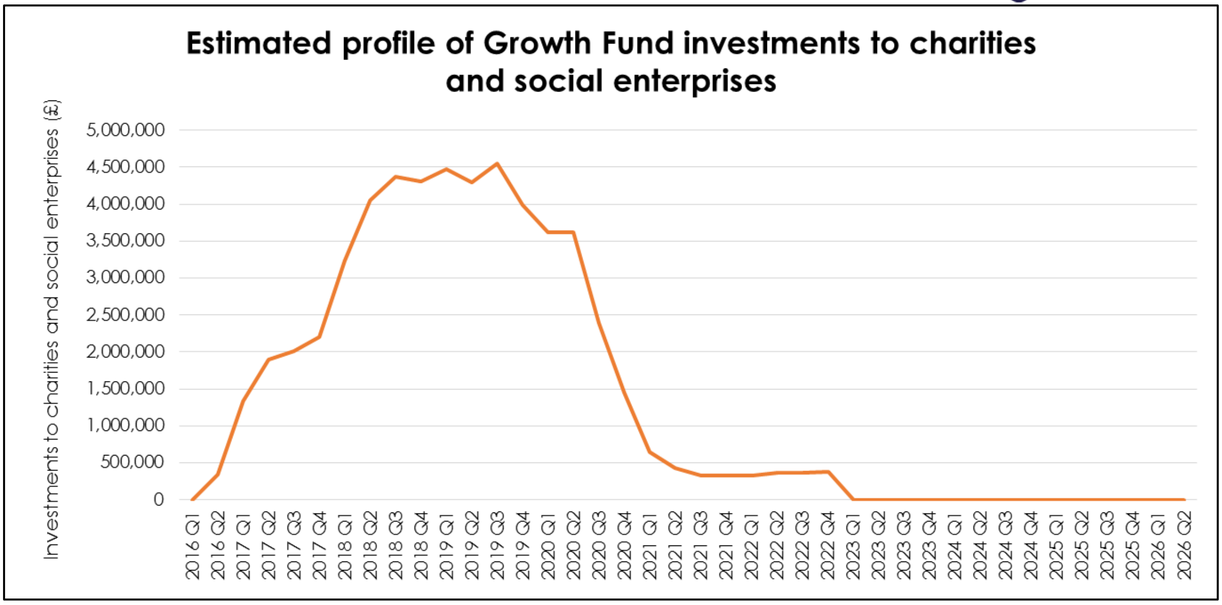
In this middle period of Access's ten year life, we will focus on three elements to our work on blended finance. We believe that blended finance can bridge the gap between charities and social enterprises on one side and social investors on the other. This will help make the social investment easier to find and more relevant for charities and social enterprises, and help social investment reach parts of the sector which are yet to benefit:

- Actively support and manage the portfolio of social investors in the Growth Fund
- Seek opportunities to supply more grant into blended finance models which help expand the reach of social investment, actively working with a range of partners
- Leading the case for blended finance and convening the discussions with other potential providers of subsidy around the value of the approach, based on our learning and that of others

Managing the Growth Fund portfolio

Since 2015 Access has committed the vast majority of the Growth Fund, a blended capital programme for social investors to enable them to offer small scale unsecured finance to charities and social enterprises around England. As of March 2018, 11 loan funds have already been launched through the scheme and we closed to new expressions of interest in December 2017. The remaining funds will be committed by mid-2018.

The investment funds which the Growth Fund has invested in will be offering loans to charities and social enterprises until the early 2020s, with peak distribution of loans to the sector in 2019.



The social investors in the Growth Fund portfolio will continue to play a critical role in the provision of finance to the social sector for several years to come (estimates based on profiles of live funds plus probability adjusted pipeline as at March 2018).

Our priorities in managing the Growth Fund portfolio are:

- To support the social investors who are delivering the Growth Fund through building an active peer community within and beyond the Growth Fund itself. We will encourage the sharing of best practice and learning, and where Access can add value we will seek to put in place shared solutions.
- To continue to seek to simplify the process for our social investors and, in particular, the charities and social enterprises who receive loans from the Growth Fund. We recognise that blending finance from different sources, each with their own constraints, is complex. Our goal is to absorb as much of that complexity as possible. We will continue to invite and respond to feedback on how this can best be done.
- Gather as much evidence as possible from the programme and share that learning widely. There are a range of hypotheses which the Growth Fund is testing and we have made good progress in putting in place the right processes to answer these questions. These include: where are subsidies best used?; to what extent has the Growth Fund changed behaviours within the social investors and increased the incentives for them to raise this sort of investment in the future?; and to what extent has the Growth Fund made social investment more attractive for charities and social enterprises? We will work closely with our funding partners, the Big Lottery Fund and Big Society Capital, as well as the programme's evaluators and our own learning partners to gather rich meaningful data and learning, while ever being mindful of the burden which data collection places on the social investors and the charities and social enterprises.

Building more blended finance programmes

We have learned a great deal from managing the Growth Fund, and are well placed to build on this track record and manage a wider portfolio of blended finance programmes. Identifying other potential sources of grant subsidy is critical to making this happen.

Over the next three years we will work closely with Big Society Capital in managing £10m of grant from dormant accounts to blend with BSC's capital with a focus on supporting communities experiencing disadvantage.

We will build on what we have learned from managing the Growth Fund, including from those funds which are focused on a specific geography, and create a flexible blend for social investors. In particular, one which encourages more patient and long term investment products than have been available from the Growth Fund.

In a similar way to our work on the Growth Fund, we will seek to maximise our learning from this initiative to better build the sector's knowledge about how blended approaches work, especially in the context of place based investment.

We will continue to work with Government, other foundations and other potential donors to identify opportunities for further blended models which will best meet the sector's needs and where there might be a meaningful role for Access to play.

Championing the role of blended finance

While there is more that we can learn from building our portfolio of blended finance programmes, to best achieve our vision we need to encourage a greater supply of blended finance for the sector from a wide range of sources.

The Growth Fund has been one of a number of blended approaches, all designed to overcome particular challenges which can better connect the right sort of capital to the charities and social enterprises which need it. Other major initiatives include the Third Sector Loan Fund run by Social and Sustainable Capital, and the Arts Impact Fund, run by NESTA.

Access will build its role as a hub of knowledge and learning about these initiatives, and seek to influence key actors within, and funders of, the social investment market, to better understand how blended finance approaches can unlock more capital for the sector in a way which best suits the sector's needs around risk, scale and impact.

Growing this body of knowledge will help build the sustainability of the social investment market by making clearer the specific role which subsidy may need to play over the longer term in meeting some of the financing needs of the social sector. That will in turn help providers of other sources of repayable and commercial capital better understand the parts of the social investment market which can successfully absorb their money and those which cannot, or can only do so if it is blended.

Critical to this will be to understand and evaluate different approaches to blending, the impact of those different approaches on charities and social enterprises and their long term resilience, and how to best use the precious grant subsidy to generate the maximum possible social impact.

Building on our specific approach to learning, we will seek to develop clear offers for potential providers of grant support, including Government, Foundations and corporates, for blended funds, and will seek to broaden the range of intermediaries who are knowledgeable about managing blended finance.

We will also seek to influence other social investment wholesalers in the UK and overseas for them to better understand the roles of different sorts of capital in meeting the needs of the social sector.

Theme Three: Listening, learning and sharing knowledge

With our fixed life we know that sharing learning and knowledge is central to Access's impact and legacy. We want to be remembered for more than having run some useful programmes. We want to change the way the sector is supported and financed, for good. Our learning will centre on what works for charities and social enterprises when it comes to enterprise development and social investment; what we call "leading with the need".

Over the next five years, Access will build on its role as a learning organisation. We will focus on listening to the changing needs of charities and social enterprises, extracting as much knowledge as possible from our programmes and that of others, making that knowledge available in a way that is useful for charities and social enterprises, and influencing key actors in the social investment value chain and beyond.

To enable this to happen we need to build the systems and tools which make it possible to share learning about successful enterprise models in the sector, and make real social investment deals meaningful for charities and social enterprises.

We need to develop our reputation as a centre of this knowledge but will focus on embedding knowledge in the voices of other partners which will reach well beyond our own networks

We have identified three parts to this area of our work, which will contribute to answering three questions:

1. How do we know if our programmes are working?
2. How do we learn best?
3. How do we share our learning to shape practice?

How do we know if our programmes are working?

To be able to answer this question we will need to continue to work with our partners across social investment and beyond to help build a data "observatory", which connect and makes useful the data from both our enterprise development and investment activities, as well as over time, building as clear a picture as possible about the business models which best work for charities and social enterprises who are growing or seeking to grow their enterprise activity (see above).

Beyond our own programmes, we will also work with as many other social investors as possible to be able to provide a broad picture of how capital is flowing to charities and social enterprises and the impact to which that capital contributes.

We will approach this task of building the systems and tools to make the data more intelligible from the perspective of what charities and social enterprises will find the most useful. We will adopt user led design processes to underpin this work.

How do we learn best?

We believe that we and the sector as a whole will learn best from having conversations. Our approach is to start by listening.

We will continue to identify the forums, networks and individuals which best capture and tell us the experiences and needs of charities and social enterprises when it comes to the role that enterprise development and investment can help play in building resilience. We will listen to those messages, and in particular seek to hear from those who have not yet benefitted from social investment. We will seek to summarise and analyse those stories to both make better decisions and also create a feedback loop to share stories back to charities and social enterprises and influence future behaviour.

Combining what we hear from those conversations with the data we are able to use and interpret, we will then seek to analyse, add meaning, tell the stories and ultimately embed learning. This will involve ensuring that there is active feedback; seeking to check context and patterns in what we are seeing and hearing; attempting to screen out bias, group think and self-interest and other distortions, and test our interpretations; and ensure transparency by openly publishing the data as well as our analysis interpretation so that further analysis can be crowdsourced.

How do we share our learning to shape practice?

We will use our unique position to bring together the various stakeholders, from charities and social enterprises, social investors, funders, advisors and support organisations around the lessons which we begin to identify. We want to convene a shared movement across the sector to address shared challenges and to seek common solutions by working in a different way. We will seek to build connections with the voices which are not yet involved.

Beyond the social investment universe, we will also seek to better understand and ground in work in the wider economy and society and find the allies who can help us to bring the learning we help generate to a wider audience. We will build our capacity to advocate for what we see and to seek to inspire more actors to seek to support charities and social enterprises.

To underpin all of our learning activity will collect feedback on the extent to which Access's learning is heard and acted upon.

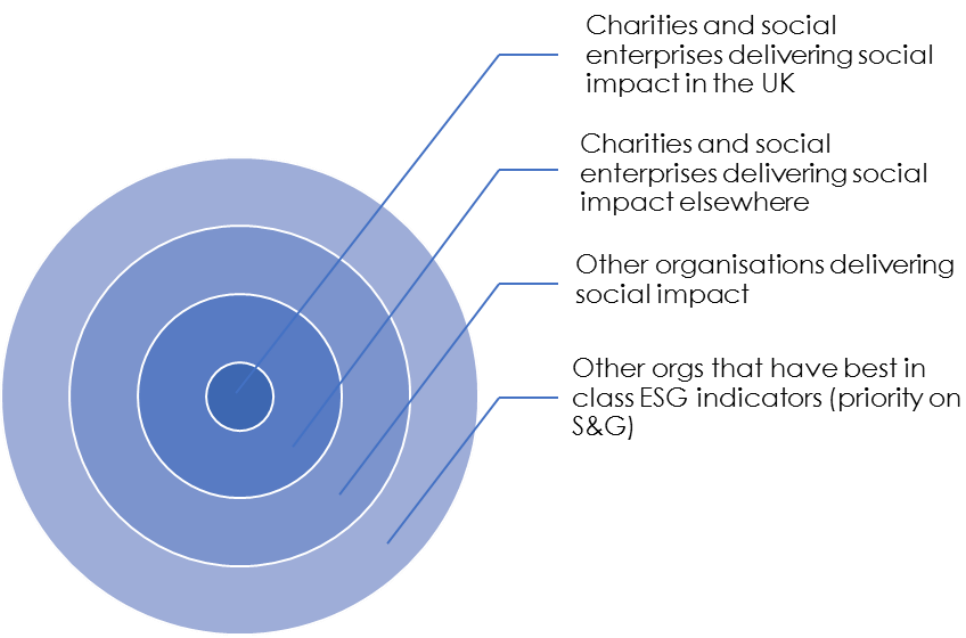
Underpinning our work

Total Impact

Our capacity building work is funded by a £60m endowment we were given by the Cabinet Office in 2015 (this policy area in Government is now managed by the Department for Culture, Media and Sport – DCMS). We will spend this on our programmes over our ten year life.

Rather than simply holding these funds in the bank before they are used, we are seeking to use them to make investments which will achieve as much social impact as possible, before being repaid and then used to make grants.

In defining the impact we are seeking to achieve, we developed a set of priorities for how the endowment should be invested which align closely with our mission of increasing the flow of capital to charities and social enterprises. We call this the bull's eye model.



Rathbones manage the endowment for us and invest principally in social and ethical fixed income investments such as charity bonds and other ethical bonds. Over time its ambition is to shift as much as possible of the capital in the endowment to being invested at the centre of the bull's eye. Given our various constraints (principally how long we can make the investment for) we hope this can rise from around 35% to about 40%.

We will share widely the evidence of where our endowment is being invested, as well as the impact and financial performance, in order to seek to influence other foundations and investors to ask themselves questions about impact and replicate similar approaches.

What does Access need to look like?

Access has a small team; central to our approach is to work with partners to deliver our impact. This is because those partners are much better able to work with the breadth and diversity of the charity and social enterprise sector than we could on our own. We also believe that this approach will have longer term and more sustainable impact.

This has been our model of working since we launched in 2015 and our plans for the next five years have been built on the same principle.

However we see a few areas where we need to specifically develop our capacity and capability in order to be able to deliver the ambitious strategy we have outlined. These include:

- Developing the data systems which underpin our own programmes and which allow us to process and make meaningful data for the wider sector.
- Building our learning capabilities and our capacity to analyse and interpret the data we are seeing and the stories we are seeing.
- Developing the clarity of our communications, for different audiences and across different media.

How will we know if it is working?

We will measure our progress across five areas:

Measure of success 1: Increased resilience of charities and social enterprises in pursuit of impact

Overview of measure	Charities and social enterprises become more resilient by diversifying their income through sustainable enterprise models, and using social investment to do so, thereby maintaining or increasing impact on beneficiaries
Questions to answer	Number of organisations supported? Quantity of support provided and of investment raised? Did Access's direct or indirect support help charities and social enterprises to: • maintain or increase their social impact? • diversify their income through enterprise activity? • generate a surplus, if appropriate? • strengthen their balance sheet? • access social investment? • become more confident and capable of doing any of the above?
Data collection	Feedback from programme fund recipients Tracking organisations throughout their involvement with Access through the diagnostic Specific evaluations related to specific programmes Amount of investment raised and/or increased income diversification, by type and amount

Measure of success 2: Perceptions from charities and social enterprises of quality of capacity building support and social investment

Overview of measure	The reported quality of capacity building support and appropriateness of finance (with social investment as the focus) judged by feedback loops
Questions to answer	What has been the experience of organisations across and within each of our programmes? Did interventions help organisations to engage with social investment more effectively? What has been the experience of access to finance and related capacity building support elsewhere? What is working well in which sectors, in which geographies, at what scales and in what contexts?
Data collection	Diagnostic related for the capacity building support Feedback from peer organisations, social enterprises and charities, funders, investors, infrastructure bodies, membership bodies etc. 360 degree feedback Data from other non-Access programmes

Measure of success 3: The extent to which there is greater expertise, fluency and collaboration around how enterprise development support and blended finance is provided to charities and social enterprises

Overview of measure	Proliferation of expertise, fluency and collaboration around enterprise development and blended finance
Questions to answer	To what extent has a strong cohort of investors, providers and other bodies formed around these issues? To what extent are the needs of charities and social enterprises being better met by these organisations? This becomes increasingly important towards the end of Access's life. Have other funders been persuaded to provide subsidy to enable small charities and social enterprises to access social investment and capacity building? Has learning from our programmes influenced how other initiatives are being designed and delivered (including total impact approaches)?
Data collection	Focus groups and semi structured interviews with key stakeholders Surveys and interviews with charities and social enterprises that have been involved in Access programmes

Measure of success 4: Use and application of the evidence base which Access has built

Overview of measure	Extent to which all organisations including charities and social enterprises are accessing and applying the knowledge base as it relates to diversifying their income through enterprise models and accessing social investment
Questions to answer	Where and how do we see this evidence base being created and curated? How is this intelligence used by intermediary and support organisations? Have we deepened intelligence about the size of the market(s) and the range and scope of investible business models in charities and social enterprises? To what extent are other foundations and other investors more inclined to seek impact through the management of their capital?
Data collection	Monitoring of use of evidence base, in terms of organisation size, sector and geography Follow up with organisations to see how the evidence base informed practice

Measure of success 5: Needs of social enterprises, charities and communities are addressed in diverse contexts, particularly those often excluded from investment and support

Overview of measure	**Support, whether from Access or elsewhere, needs to effectively reach charities and social enterprises operating with diversity. This might be about where they work, who they work with, what they address, the size of their organisation, the type of finance they need, and the terms on which it is available.**
Questions to answer	Which contexts are showing progress and which are missing? Where representation seems low, what appear to be the barriers? Who can we work with and what can we design to address these barriers?
Data collection	Geography, area of activity, BAME representation, women-led organisations, age and size of organisations, turnover, number of staff/volunteers

From targets to transparency: aligning our progress with our approach

The standard means of accountability related to impact is to have targets and measure whether they are achieved. In our context these will relate to our programmes, as we will measure quantity of organisations reached, financial targets related to investment and grants and outcomes achieved.

However, targets for the above indicators might not be suitable for charting the progress Access is making. This is due to two reasons.

1. Our approach is increasingly one of experimentation, adopting a lean methodology with constant iteration rather than a predetermined plan.
2. The capacity building work is complex, in that it involves working alongside many different support organisations, with social enterprises and charities across a range of sectors and geography.

Therefore, instead of targets, we are adopting a process of transparency with as close to real-time data as possible. As we publish our activity, related to the organisations we are working with, and the outcomes that are being achieved, we will be able to understand more about whether our work is having the desired impact, and if not then change what we are doing.

More detail on our approach to learning, including the principles underpinning our approach and considerations around the methodology we will adopt are laid out in our “Learning Strategy”.