



THE ENTERPRISE DEVELOPMENT PROGRAMME (EDP)

An interim Review of Year 1
2018-2019



Executive Summary

The Enterprise Development Programme (EDP), funded by Access and managed by a coalition of partners, aims to help charities and social enterprises in England to be more enterprising, by developing new enterprise models or growing existing ones. The ambition is for these organisations to diversify their income streams and/or earn more of their own income - thereby becoming more financially resilient and self-reliant.

In its first year, it focused on two specific sectors, youth and homelessness. It made 120 grants and supported 40 organisations in peer learning. The purpose of this interim review was to collect learning before the year 1 grants had ended. This was in order to inform the design and delivery of the second year which started in autumn 2019.

Its key findings are that:

EDP consistently increased the capacity of the organisations supported, helping them move their enterprising ideas forward more rapidly and effectively.

ORGANISATION LEVEL

The partners have collectively built each others' knowledge and capability around enterprise models in the youth and homelessness sectors. There was a mutual benefit for support providers as they learnt from the sector partners and vice-versa that was recognised by the partners and, in some cases, the organisations supported.

SECTOR LEVEL

Whilst understanding of how to approach enterprise development has grown amongst the partners, there is a need and opportunity to champion what works and influence others - with this review being an early step in this direction.

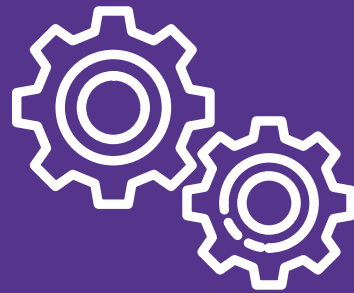
WIDER LEARNING AND INFLUENCING

The Enterprise Development Programme is continuing in youth and homelessness and is expanding to include the mental health and equality sectors. In its second year, EDP is developing the structure of the programme to offer a more integrated and customised experience for participating organisations, based on the learning and experience of the partners and participants.



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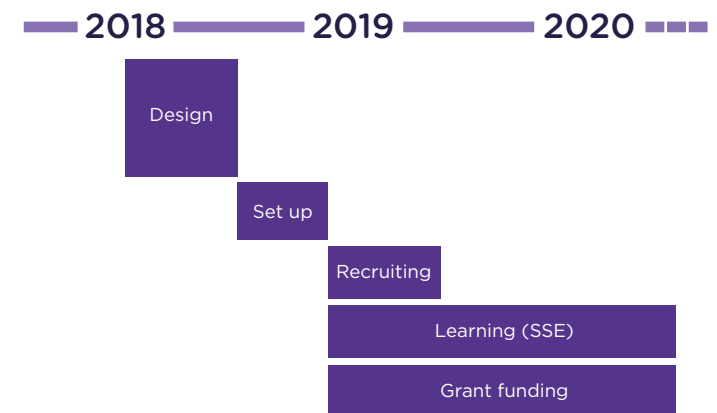
A. BACKGROUND

What is the Enterprise Development Programme (EDP)?

- A five year programme, funded by Access – The Foundation for Social Investment and managed by a coalition of partners.
- Aims to help charities and social enterprises in England to become more financially resilient by developing new enterprise models, or by growing existing ones.
- Fits with Access's strategic shift in 2018 to broaden its range of capacity building support from just investment readiness to enterprise development as a route to diversifying income, particularly where business models are developed which can be further supported through social investment.
- Focuses on particular sectors in order to better reach organisations and provide a deeper level of understanding (for example of revenue models within different sectors).
- The Social Investment Business managed two grant streams: smaller feasibility grants for organisations looking to explore and test ideas including through business planning and market research, and development grants for those looking to launch or grow their enterprising activity. The latter were larger development grants (£30-35k) used either to increase internal capacity to get enterprise ideas off the ground or as capital to purchase equipment or refurbish premises, etc.
- The School for Social Entrepreneurs provided peer-based learning opportunities to 40 leaders of charities and social enterprises. This included training, workshops and residentials. Organisations involved in the peer-learning were also eligible for a special form of grant linked to increases in turnover, called Match Trading.

The pilot year – Timeline

- A year-long pilot of the Programme was launched in September 2018 for charities and social enterprises working in the Youth and Homelessness sectors – this pilot is the subject of this review. Whilst the “official” year one pilot ended in Sept 2019, many grants that had been awarded were still being spent/ completed. Full impact data from all grants was not yet available for inclusion in this review.



- The programme is expanding. Organisations from the Mental Health and Equality sectors have recently joined.

Purpose of this interim review

Access wanted to learn from the first year of operation, consolidating learning and changes to inform the second year. This entailed undertaking research before the end of the grant period, with the consequence that it was too early to see some effects and many organisations were yet to feedback about their experience. Although this leaves gaps in data, it was necessary to do an interim review ahead of launching the second year. Access expects to commission a full review of the first year when a complete dataset is available.

EDP had four main learning questions.

1. Do participants show progress with revenue models without detriment to impact as a result of participating in the programme?
2. What additionality (if any) is seen from the sectoral approach? Is it evident in...
 - Individual organisations?
 - Learning cohorts?
 - Sector partners?
 - More widely in the homelessness and youth sectors/ecosystems?
3. How do partners learn about and share learning on resilient revenue models?
4. How diverse a range of charities and social enterprises is EDP helping and how confident can partners be that this includes those that really need it?

EDP's ambition was not just to make organisations more resilient and impactful, but sectors as well. The purpose of this interim review was to assess the extent to which available evidence supported this ambition.

Why a sectoral approach?

Testing a sectoral approach is perhaps the main innovation in EDP. The intention was that this might work in terms of:

- Reaching charities and social enterprises
- Developing learning including a shared and coherent body of knowledge around revenue models
- Building capacity in sector bodies as well as frontline organisations
- Increasing receptivity towards earned income as part of sectoral resilience
- Creating greater enduring capacity in the homelessness and youth sectors

How are we judging EDP?

EDP is judged based on Access' measures of success that are relevant to this programme, ie:

- Organisations supported to develop new enterprise models or grow existing ones
- Increased capacity of and removed barriers for the charities and social enterprises supported
- Increased financial resilience for the charities and social enterprises Access has supported

— ORGANISATION
LEVEL

- Access and partners have built knowledge, capability and capacity of the enterprise models

— SECTOR LEVEL

- Access has understood and championed what works when it comes to enterprise development (and social investment)

— WIDER
LEARNING AND
INFLUENCING

Each section addresses one of these levels. Data is sparser for the last two sections because of the stage of the programme and there are more questions to explore in these sections.



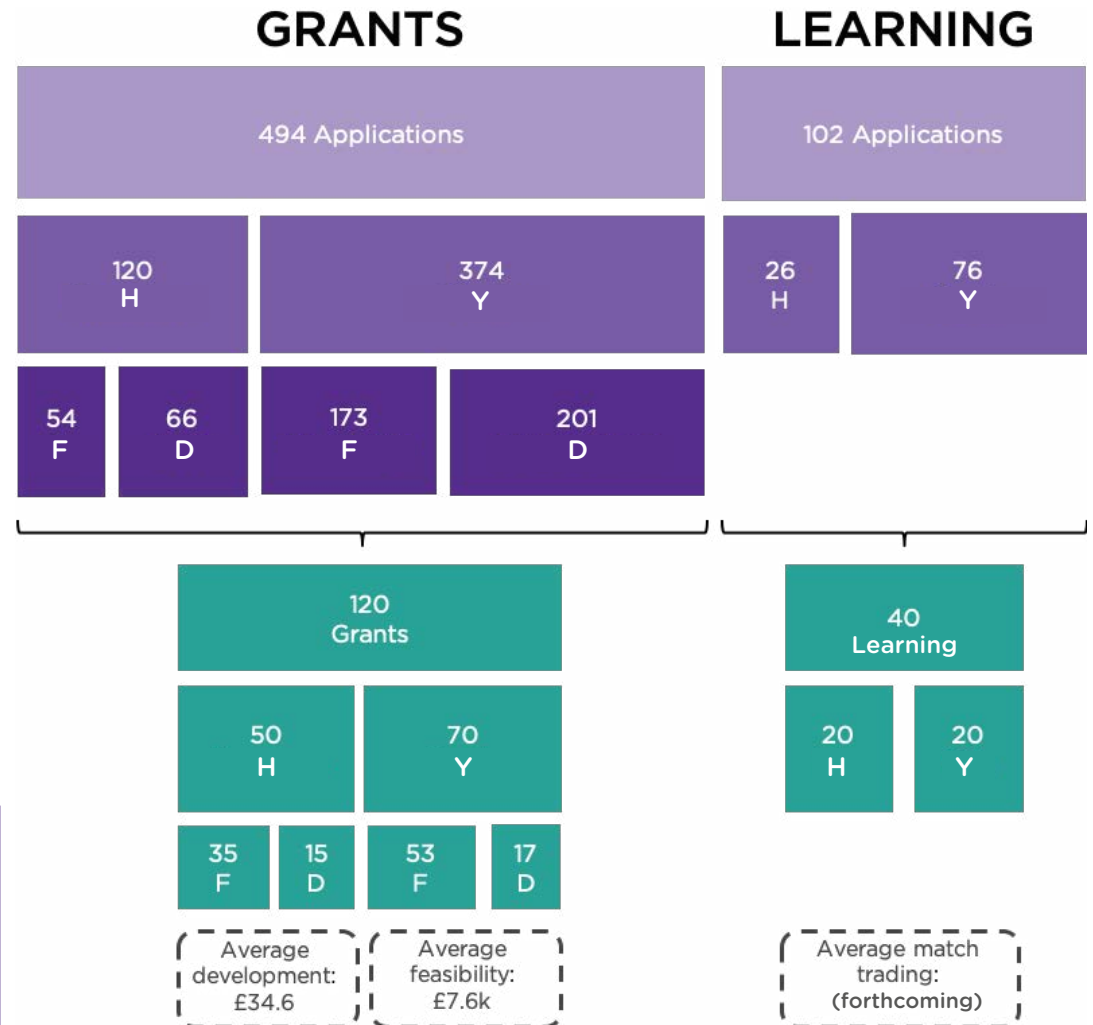
B. ORGANISATION LEVEL LEARNING AND CHANGES

What differences in applications do we see across sectors and parts of the programme?

- There were over twice as many applications from organisations supporting young people as those supporting homeless people.
- Those supporting young people had a correspondingly lower rate of successful applications (25%) vs those supporting homeless (50%).
- Applications from youth organisations were clustered around cities whereas applications from homelessness organisations were more evenly distributed
- Feasibility grants made up the majority of approved applications (53%) in comparison to development grants (20%) or SSE funding (27%)
- The development grant had the lowest level of applications to approval; only 19% of applications were successful.

LEGEND

H - Homeless
Y - Youth
F - Feasibility grant
D - Development grant



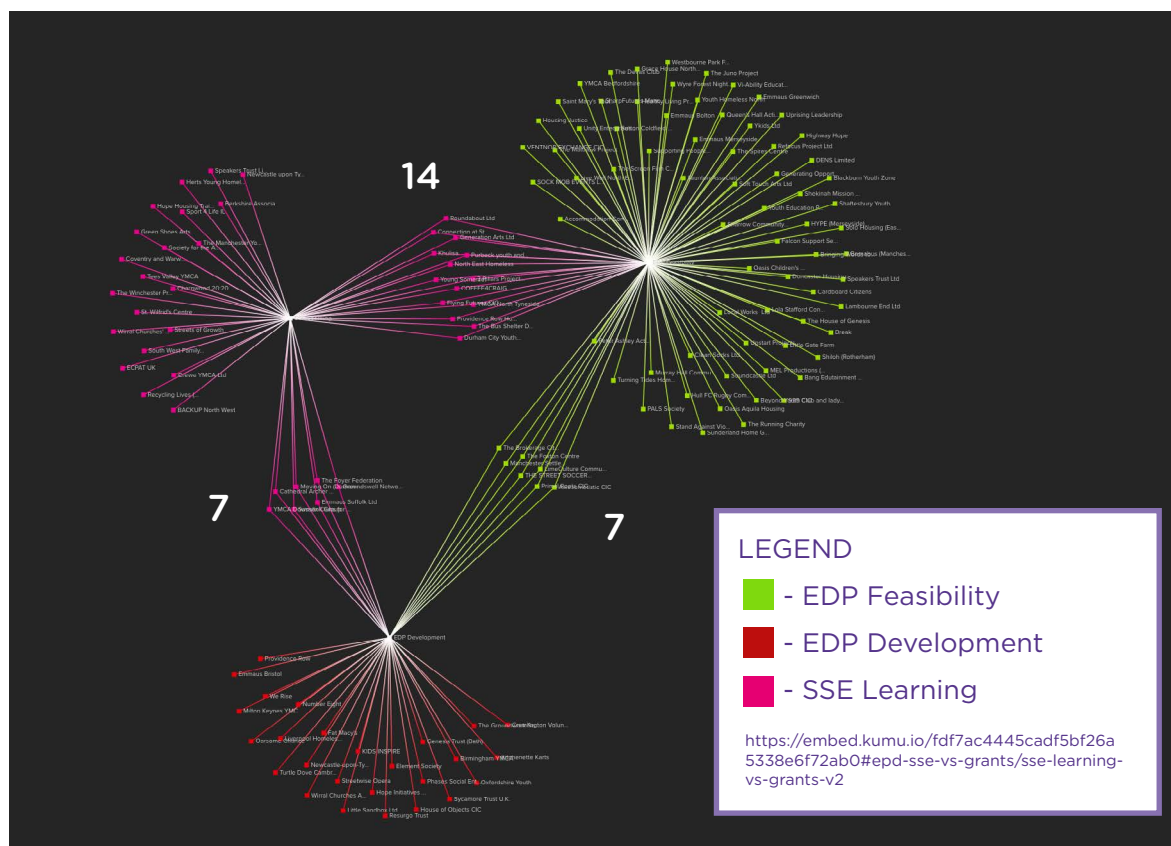
Programme overlaps

There were some overlaps within the programme, shown in the diagram.

Each coloured dot represents one organisation. The top right of the diagram shows those that received feasibility grants, the bottom shows development grants and the top left shows participants on the learning programme, run by SSE. Organisations that received support from more than one part of the programme are shown in the middle and numbered for ease of reference. From this we can see that:

- 21/40 (53%) of the learning cohort also received grants (14 feasibility grants plus 7 development grants)
- 7 feasibility grant recipients went on to receive development grants (4% of all feasibility, 3% of all development grants)
- 1 organisation received all three types of support

Some organisations were either considered for or benefitted from other Access programmes, such as Reach Fund and Growth Fund



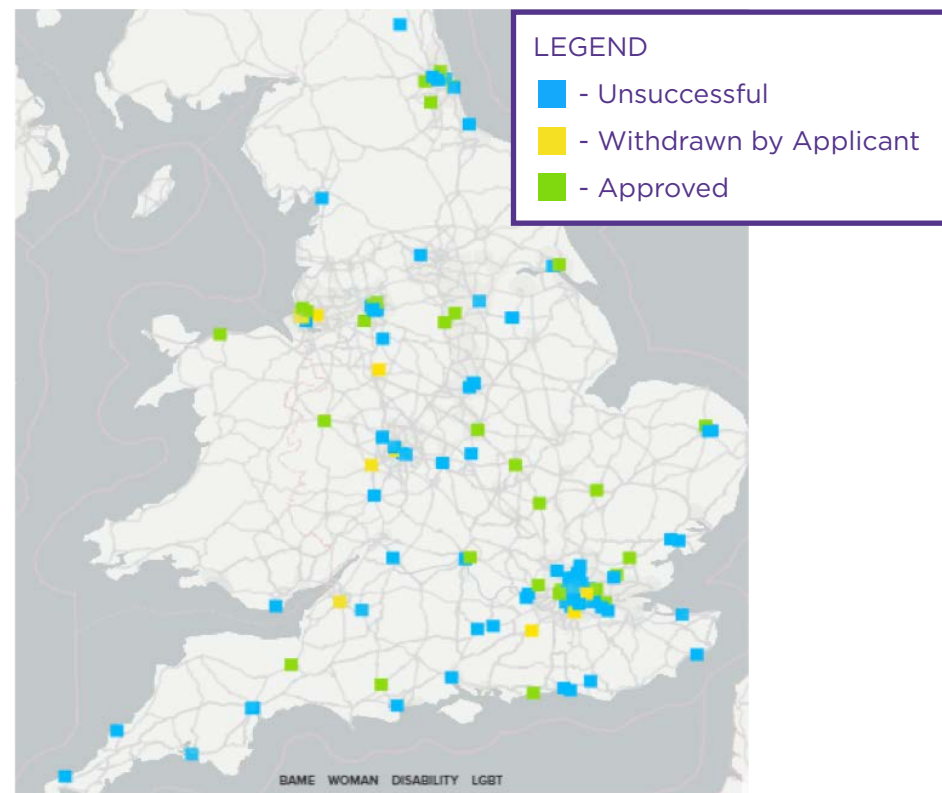
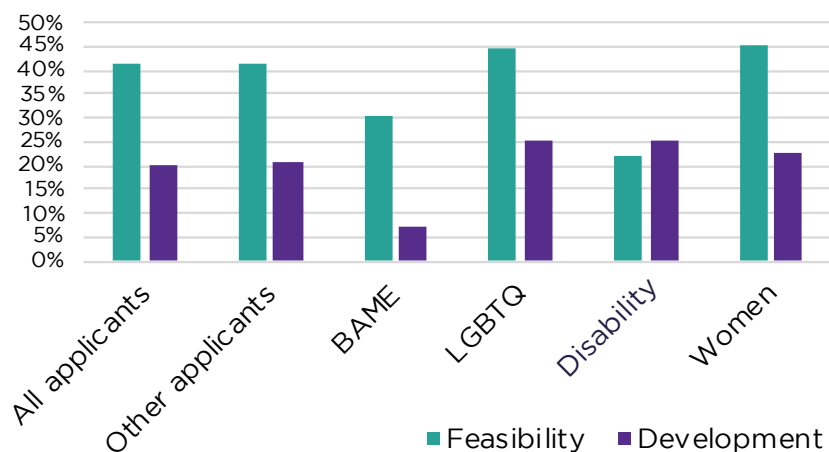
Following analysis of both quantitative data about how grants were used, alongside workshops and discussions across partners, some key process design changes were made for Year 2. One of the most important was a shift from Year 1 of organisations applying for specific elements of support on offer (i.e. for different grants or peer learning), to Year 2, where organisations instead applied to become part of a cohort before the support and funding were determined. This shift was premised on finding the right organisations to work with (rather than just those perhaps best at writing grant applications). Once the Year 2 cohort was in place, a diagnostic was undertaken to determine what package of support the organisation most needed.

Who missed out?

- Access is interested in improving the reach of its programmes and this is part of its measures of success. So we pay attention to who missed out.
- The overall trend was that women-led and minority-led groups (BAME, LGBTQ, Disability) submitted more applications in the youth sector than homelessness. This trend was particularly strong in London.
- BAME applications constituted 26% of applications in the youth sector, higher than homelessness. 11% of BAME applications were approved in the youth sector. The youth sector was more competitive than homelessness, with 374 applications, 70 of which were successful (18%).
- While women and other minority-led groups applied more evenly across the country, BAME applications were most concentrated in London with some representation in other cities, notably the Midlands.

- Whilst 32% of all grant applications were approved, BAME led organisations were less successful, with only 17% approved. This dropped to only 7% of Development grants, compared to 20% of all Development applications.
- While BAME led applicants had a low rate of successful applications for the development grants, Disabled people, Women and LGBTQ led organisations had the same or better success rates than non-minority or women-led organisations.

Percentage of successful applications by diversity



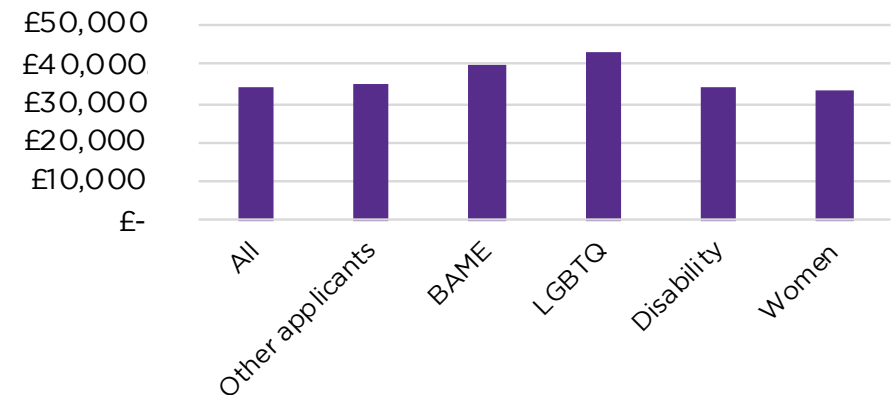
- Despite BAME led organisations having a lower than average rate of successful applications to the development grant they received some of the highest grants in EDP after LGBTQ organisations.
- Organisations led by women and disabled people received £1-2k below the average grant amount for the programme.
- Though BAME led organisations received higher grant amounts they also represented the biggest disparity between grant requested and received – with 50% of grants being reduced by £10-15k.
- Whilst most grants were reduced, women led organisations were granted £1600 less than non-women led organisations on average.
- There was no difference between the grant requested and received for LGBTQ led organisations or those led by disabled people.

NB: grant size data was unavailable for Feasibility grants at time of writing. Grant size data for the development programme was available for 27 applicants.

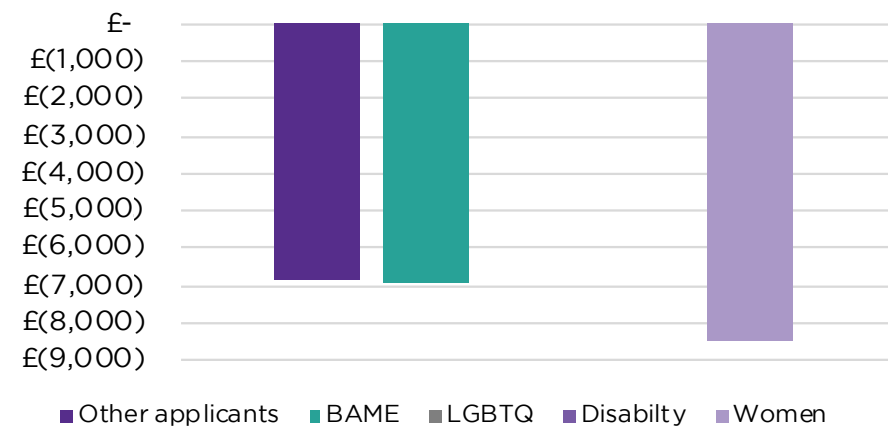
Phase 2 Summary:

Based on this interim learning, a new step in the process was added in Year 2 delivery. Once the cohort of organisations had been proposed, a range of statistics were examined to ensure that it was balanced. Equally Ours has joined EDP as a partner and unconscious bias training has been provided for the partners. Equalities is now one of the new sectors EDP is working in.

Average development grant size by category



Average reduction from grant requested to grant received by category



Diversity maps

LEGEND

- Unsuccessful
- Withdrawn by Applicant
- Approved



BAME
Led Applications



Disability
Led Applications



LGBTQ
Led Applications



Women
Led Applications

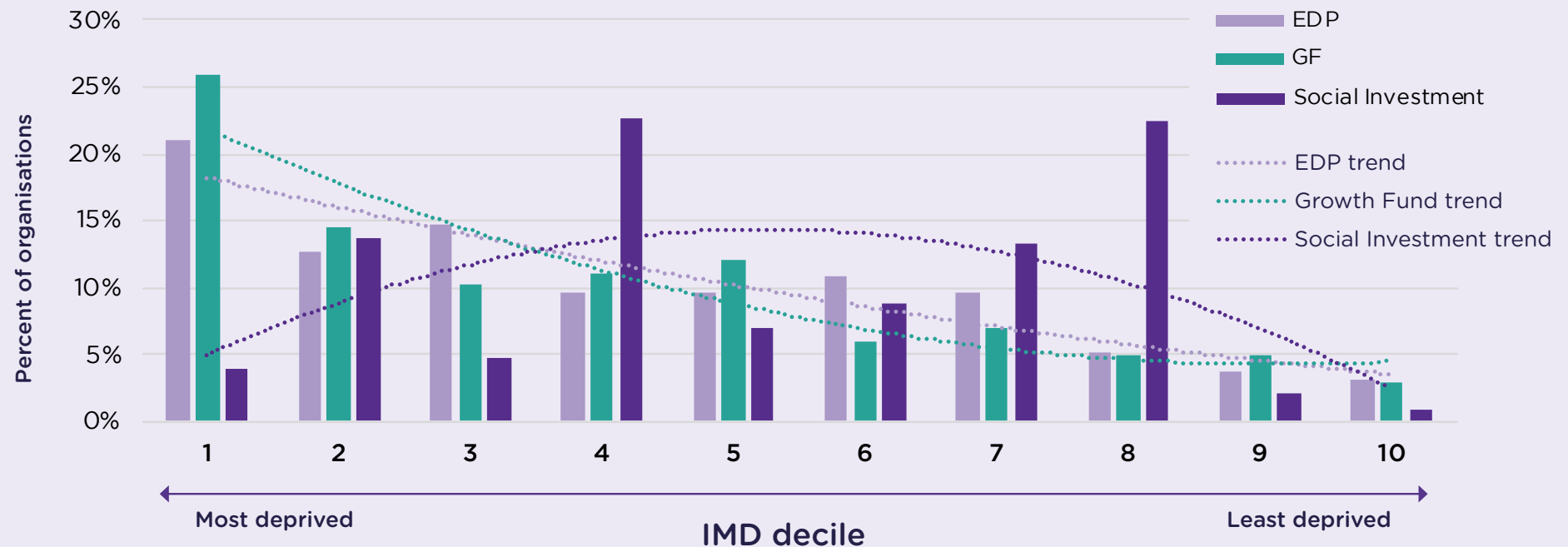
Geography and deprivation deciles (IMD)

- Where the organisations supported through EDP are based was analysed in terms of the Indices of Multiple Deprivation. This was compared to similar data for investments in organisations through the Growth Fund, a programme managed by Access with Big Society Capital and The National Lottery Community Fund, and Open Deal Data gathered by BSC on social investment in the UK. (Growth Fund all known deals and Open Deal Data 2015-2018)
- The general pattern in EDP and Growth Fund (GF) is the same – significantly more resources are going to areas with higher levels of deprivation.
- The trend in EDP is slightly less marked – EDP is serving a greater proportion of organisations in middle income areas.

Possible factors:

- Programme design – diversification and exploring new trading options means organisations already have a base of revenue from other activities.
- Organisations in EDP are larger than those in Growth Fund – more medium sized charities and social enterprises.

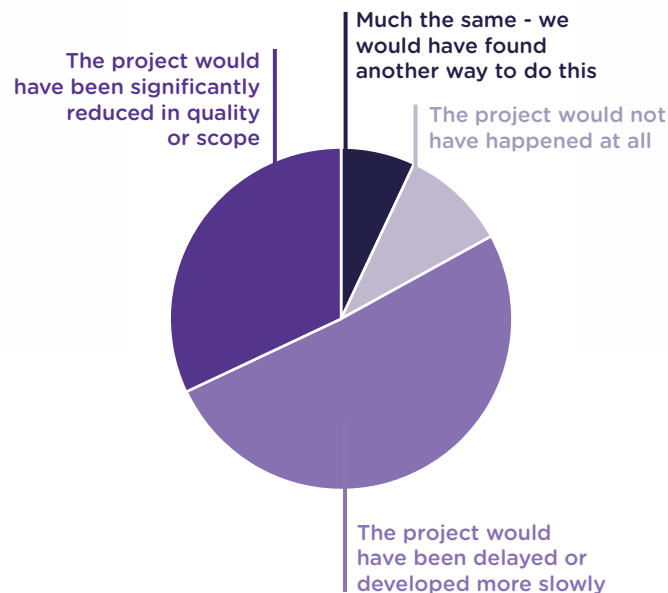
Programmes and investment compared to the Indices of Multiple Deprivation (IMD)



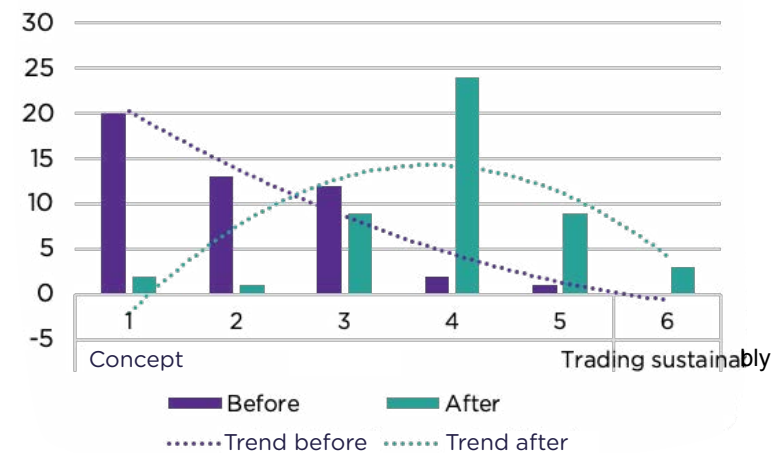
Increased capacity of and removed barriers for the charities and social enterprises supported

- First and foremost EDP was perceived as an accelerator, speeding up the journey of developing enterprises. Secondly it was seen as an improver of enterprising ideas.
- EDP almost universally improved capacity and removed barriers for participant organisations.
- EDP helped move ideas forwards – although many have further to go.

What would have happened without EDP? Survey of grant and learning participants

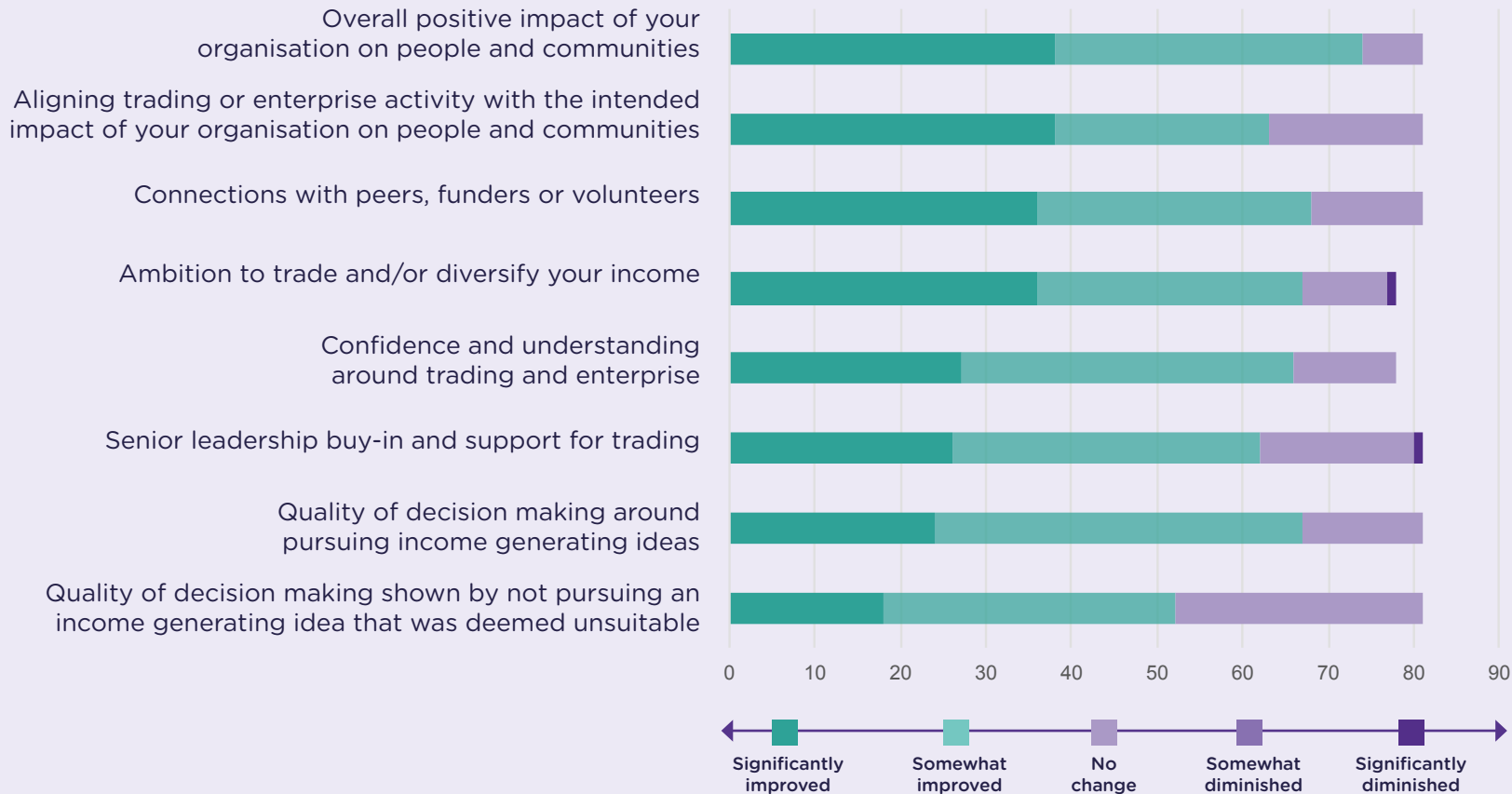


Stage of enterprising idea before and after (grants only)



Participating organisations were asked at the end of the grant to assess where they were at the beginning of the programme and where they were at the end, using a 1 to 6 scale, where 1 was "concept" and 6 was "trading sustainably".

Participant organisations' perception of changes from EDP



NB this is based on 81 responses to a survey issued to organisations that had completed the programme. Since a significant number of grants were still running, these numbers are likely to change when further responses are received.

There was a difference in how data was collected. For organisations receiving grants from SIB, they received a link to an online survey where SIB could not see

the results or identify organisations. For organisations working with SSE, the questions were included as part of a longer survey issued by SSE, so the results were not anonymous. For this report they are shown together. Fuller comparison may be worthwhile when the grants are complete and all organisations have had a chance to respond.

Increased financial resilience for the charities and social enterprises Access has supported

Financial resilience suggests that an organisation has diversified its income, increased it and possibly increased any surplus/strengthened its balance sheet.

EDP is helping organisations to transition to new enterprise models or grow existing ones – both of these take time. One year is likely to show more costs and little/no income beyond grant. Therefore resilience won't show up straight away.

This fits with the earlier data showing that organisations receiving EDP grants have generally progressed but in most cases not to self-sufficiency. (See p.16.)

In terms of lead indicators, we can only draw on self-reported survey data. The last graph shows that:

- Confidence and ambition for trading have increased significantly (although this is not the same as doing it!), also;
- This has not been to the detriment of impact: aligning trading with the intended impact of the organisation was the second strongest category in responses after the overall positive impact

This is encouraging but needs to be treated with some caution in the absence of other sources.

SSE match trading is the exception to the unavailability of financial metrics. By design, it took organisations that were already trading and provided support and a financial incentive to do more. Match trading data was not available at the time of this review and needs to be analysed later.

What do organisations need next?

Survey respondents were asked **what they need to progress** – also a good indication of potential barriers. **Most responses fell into one of these groups:**

Some are thinking of **how the business grows:**

“To further develop a valuable offer that can be sold at a sustainable price”

“Launch funding will be required but we are already looking at a pricing menu for services going forward. We will need to develop a marketing plan to target a fresh client base and an additional member of staff will be required at some point.”

Finance & time:

Seeking more grant is quite common. Some want Capital Expenditure, a few say debt and a dedicated staff or team member was also a common need.

“1 year funding and support is never enough for any fledgling enterprise. We will be looking for further support to make the enterprise sustainable in the long term. We have been trading for nearly four years over all and generate 65% of our income this way. We aim to be generating 80% of our income through our enterprises within the next few years.”

“A 1 year timescale to make a social enterprise self sustaining is unrealistic - so better financial planning over 3 years to build all the costs in.”

Some want **specialist support**, e.g. with brand + marketing:

“We absolutely need help with our whole organisation marketing, from branding and design to website, social media and print strategies”

“A really good brand and marketing plan, prospect research resource, enhanced capacity to work remotely and possibly a bigger office”

HR support, Marketing expertise, Project management system, Sponsors/Donors from a TD “Friends” scheme to further engage the community”

Some are thinking of the **culture change** required within their organisation:

“Continue to build an enterprising culture within the organisation; get partner support & start-up funding”

Some seek **solidarity** from peers or mentors:

“Opportunities to share learning with other charities who are running an enterprise activity”

“We are hoping to keep the support group going and still link with people on the course”



C. SECTOR LEVEL LEARNING AND CHANGES

Access and partners have built knowledge, capability and capacity of the enterprise models in the sector

This is an important ambition of the Enterprise Development Programme and for Access. In order to support enterprising ideas and make social investment relevant for charities and social enterprises it is imperative to understand enterprise models. At present, learning about effective and impactful enterprise models has largely been confined to within sectors and across the EDP partnership. This is to be expected as it is still early days.

More time will enable better judgments about the effects on sectors. At this point however we can see:

1. A cohort of more enterprise-literate organisations in the homelessness and youth sectors:

- Some sustainable enterprise models
- Most showing enterprise as work in progress, with the journey sped up by support

2. Partners that collaborate, learn and become more aware of sector dynamics through EDP:

- Sector partners exhibit learning through the process – confidence and enterprise literacy increase
- Support providers value sector insight, in areas such as programme design, promotion, decision-making for grants, and ongoing communication with the sectors
- Collective benefit: there are some examples of sharing messages about enterprise more widely (e.g. Homeless Link conference), or testing and consolidating learning that is shared across sectors (e.g. a series of roundtables and research on revenue models)

3. An emerging typology for revenue models in the homelessness sector.

- This was based on two round tables and additional research by EDP partners, including testing it against applicants from the homelessness sector and analysing other social enterprise examples. This is shown on the next slide. EDP partners are exploring how to develop and use it more widely, including across other sectors.

Homelessness revenue models identified

CORE

- Rent
- Advice services
- Housing first

BUILDINGS

- Maintenance, renovation and construction
- Cleaning and facilities

PRODUCTION

- Space hire
- Recycling and upcycling
- Making

AGRICULTURE

- Horticulture and produce

SERVICES

- Food and drink
- Childcare
- Wellbeing
- Finance for financial inclusion
- Employment agency
- Social lettings agency

RETAIL

- Shop
- E commerce

Sectors: what makes the difference?

There appear to be some emerging benefits from a sectoral approach. Further analysis will be undertaken in the full review to explore this more. For now, we know that the following two reasons (neither likely to be right on its own) contribute towards the strength of the sectoral approach.

Reason 1:

- **It's all about the sector** – some sectors are warmer to and more ready for enterprise. They have more examples of organisations that are already trading with some success, are used to revenue streams that are not grant-based, and the sector is more cohesive/less dispersed.

Reason 2:

- **It's all about the sector partner** – it's preferable for a sector partner to have direct, stronger relationships with fewer applicants, so that organisations feel more supported. Looser relationships, particularly ones that are mediated by other organisations, make it more challenging.

Both of these hypotheses can find some justification in the comparison of Youth and Homelessness sectors.

The value add from a sectoral approach was very apparent from feedback in the homelessness sector. (The sample for youth was smaller so cannot be compared directly at present.)

“It was the relationship between Homeless Link and SIB which helped. From the start, it was clear that our sector was understood and we didn't need to compete with other sectors for the funds.”

“They are moving forward well with efforts to support our sector to be more enterprising”

“The understanding of the sector its challenges and unique issues was imperative to the focused learning”

“Homeless Link ensured that I fully understood the process and most importantly that the SIB grant officer fully understood the challenges faced by charities working with people experiencing homelessness”

“Advice when spoken with very good. When applying for SIB it would be helpful to get information on how Homeless Link is connected and how it works in conjunction with the grants”

Sources of evidence for sector findings

As developmental evaluator, the TI Group listened, asked questions and in some cases facilitated partner meetings. It also had ongoing conversations and meetings with partners separately, and had access to the same data as the partners. All of these sources contributed to the findings in this section.



D. WIDER LEARNING AND INFLUENCING

Programme design – learning and improving

Experience of the first phase informed design in three areas and led to changes from the pilot year that are reflected in the second year.

1. How to get closer to EDP applicants/participants:

- The importance of the sector partners from a pre-application stage in outreach and engagement
- A role for sector partners in peer-to-peer learning
- In the pilot year, organisations applied to be part of the peer learning element and spaces were limited. However following review, it was decided that in Year 2 the peer learning should be open to all organisations. Additionally in Year 2, sector partners are now in control of the learning budget and can purchase training for organisations. This means it is more bespoke for organisational needs.
- A role for sector partner in shaping the content of learning

2. Integrating different programme elements with grants

- In Year 1 organisations applied to specific elements of the EDP (ie feasibility & development grants and peer learning). Following review this has changed for Year 2. The programme partnership now has a deeper understanding of the enterprise journey, how long it takes, and what is needed at different stages. In Year 2 the emphasis has been on finding the right organisations to work with first and foremost (i.e. those whose ambitions align with the programme objectives) and then (once accepted onto the programme) developing a holistic package of support based on their needs.
- The rationale was to offer more value and flexibility to EDP participants.
- Separating admission to the programme from designing a customised journey and package of support was intended to make it easier to get to know organisations and their needs than starting with a grant application.

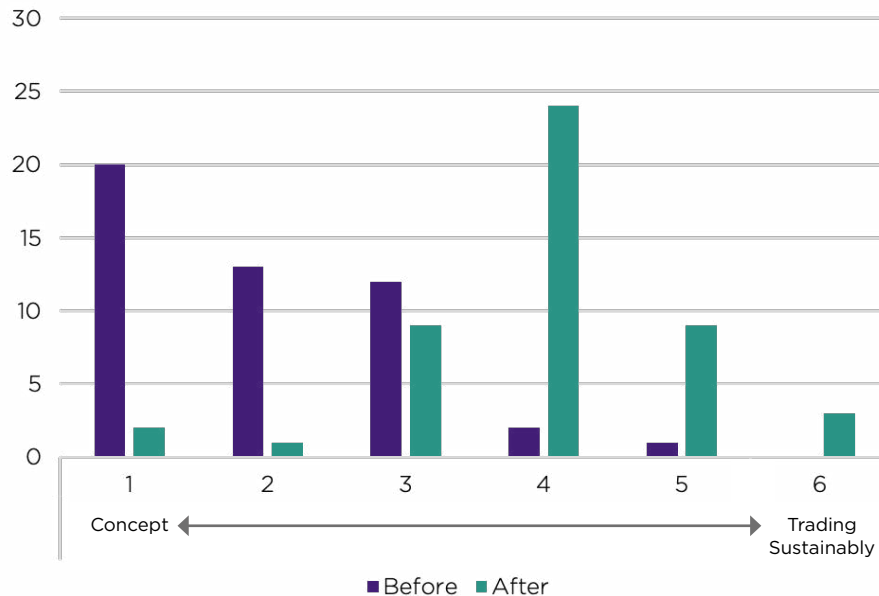
3. Shape of the money

- In Year 1, only the 40 organisations taking part on the SSE peer-learning programme were eligible for match trading. Now it is potentially available to all organisations on the Year 2 cohort, as well as other options such as releasing further funding once certain objectives have been met.
- There was strong interest in match trading, particularly after an initial grant, with a suggested ceiling of £30k for grants before trading.
- Whilst it was discussed, there was consensus that grant should not be repayable.
- EDP should support a spectrum of enterprising ideas, from ones that were “small and easy” to more “developmental”, challenging ideas.
- These ideas are now being tested and tried out. How they are implemented and their effects will be explored in a future report.

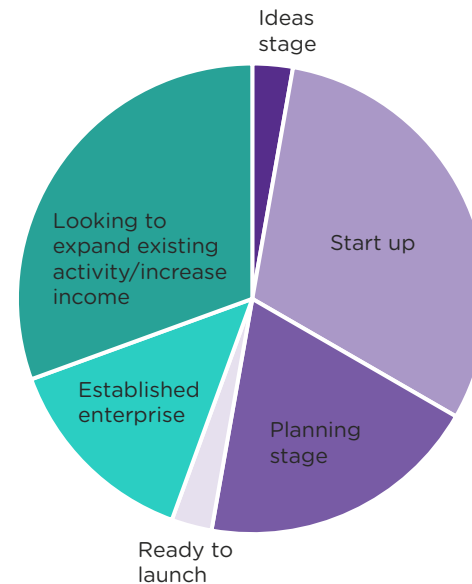
Enhanced understanding of the complete picture of how much subsidy is needed

As described on the previous slide, The EDP partnership now have a deeper understanding of the enterprise journey, how long it takes, and what is needed at different stages. This is important not just for developing packages of support but also for enhancing our understanding of how much support is needed to progress organisations along the, often lengthy, enterprise journey.

Stage of enterprising idea before and after (grants only)



Learning final survey: what stage is your enterprise at right now?



The full evaluation of the pilot year and the evaluation of the new “cohort” approach in Year 2, will provide more insight into the total support needs required (and the associated resources).

