REACH FUND EVALUATION
FINAL REPORT

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SMALL CHANGE
Making a difference

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1. EXECUTIVE SUMMARY

INTRODUCTION

Access – The Foundation for Social Investment (Access) provides social investment readiness support through the Reach Fund, which is managed by the Social Investment Business (SIB) and delivered through 32[1] Access Point social investors and a range of independent \consultancy providers. The Reach Fund provides small, flexible grants averaging £13,545 to charities and social enterprises (CSEs) in England. The grants are provided to enable CSEs to become investment ready and raise social investment, with significant agency as to how the funding is used and which support providers, if any, are engaged to work with them.

This evaluation was commissioned to cover the period from Oct 2018 to Dec 2020, which included the onset of the Covid-19 pandemic, from March 2020 onwards.

THE EVALUATION HAD FIVE MAIN PURPOSES;

1. To test the efficacy of the design hypothesis of the Reach Fund; is the purposeful alignment of incentives producing the right outcomes for charities and social enterprises;
2. To better understand the impact and need of the Reach Fund grants;
3. To build on findings of the pilot evaluation – particularly with the addition of Access' renewed learning focus on (i) understanding the resilience of the organisations supported; (ii) exploring the value for money of the grants and (iii) exploring the business models of charities and social enterprises considering investment;
4. To make recommendations on strengthening the programme and building resilience in the VCSE sector;
5. To disseminate the findings and embed the learning in the sector, surfacing an "under the radar success story".

OUTCOMES

	Number	Value
Grants	384	£5.2m
Referral Fees	377	£283k
Total Spend		£5.5m
Investment Raises	137	£38.5m
Conversion Rates	36% of all grantees	58% where outcome known
Leverage		6.99 on grants and referral fees 7.37 on grants alone

Of the 384 grants disbursed between Oct 2018 and Dec 2020, 137 had resulted in investment raises at time of writing. At the lower end, this represents a conversion rate of 36% as a proportion of all grants given. However, we know that for 39% of investees the application for investment was still in progress or the outcome was not yet known (the average time from receiving a Reach Fund grant through to investment is 195 days, with a range from 4 to 854 days). We would expect this conversation rate to increase as more grantees progress through the investment process. In fact, at the higher end, when we look only at those grantees where the investment outcome is known (either yes got investment or no did not pursue or did not get investment) 58% of grantees successfully raised an investment post receipt of Reach Fund support.

Grants totalling £5.2m raised £38.5m giving leverage of grants to investments of 7.4 and of grants plus referral fees (paid to Access Points) to investment of 7.

Grantee Satisfaction Ratings	5 = highest rating
Quality of Support	4.6 / 5
Choice, Control & Agency	4.5 / 5
Business Planning Capacity	4.7 / 5
Capacity to Produce a Social Investment Proposal	4.6 / 5

Grantees rated the programme highly on a wide range of criteria including quality of support from support providers / consultants, their own choice, control and agency over the process, business planning capacity and capacity to produce a social investment proposal.

Support Providers Satisfaction Ratings	5 = highest rating
Building resilience	4.1 / 5
Building financial capacity	4.1 / 5
Building organisational capacity	4.1 / 5
Getting good social investment deals approved	3.8 / 5

Support providers / consultants saw the Reach Fund as building CSE resilience, financial and organisational capacity and helping to get good social investment deals approved.

Access Points: Reach helped a great deal:	% Response
Getting good deals approved	81%
Building a viable pipeline	81%
Growing their market	81%

Access Points assessed Reach Fund as helping “a great deal” in getting good deals “over the line”, building a viable pipeline for their organisations and in growing their market.

SUPPORT PROVIDERS

Support providers could be a significant asset in strengthening the Reach Fund, including in areas and regions with relatively low take-up. The evaluation recommends developing relationships with the network of support providers and infrastructure organisations and organising opportunities to share learning and provide feedback.

EQUALITY, DIVERSITY & INCLUSION

Access’ Measures of Success, which are particularly relevant to Reach Fund Equality, Diversity & Inclusion are;

- Improved access to social investment and the removal of barriers;
- Expanded reach of social investment, particularly to those excluded;
- Increased capacity to engage with social investment.

There is an issue in recruiting women-led organisations to the Reach Fund. The lower conversion rate from applicant to grantee is striking for Black and minority community-led organisations and is also a feature for LGBTQ+ led and Disability led organisations. Regional disparities also require attention. Further investigation is needed into the factors leading to lower participation, to identify changes needed in design, delivery, engagement, communication, support, assessment and training.

Over 20% of grants were made to organisations based in the top 10% of areas ranked as most deprived in England (IMD 1). 44% of grants went to organisations based in the 30% most deprived areas. In financial terms, 48% of the total value of grants went to those organisations.

The Reach Fund performance was compared to 360 Giving data on capacity building grants up to £20,000 where IMD status could be identified. By number, 58% of capacity-building grants went to IMD deciles 1 – 3, compared with 44% of Reach Fund grants and 50% of Growth Fund [2]investments. By volume of grants, 56% of capacity-building grants went to the top three deciles, compared to 47% of Reach Fund grants.

A renewed and strengthened focus on reaching people, organisations and areas currently excluded is required to stop the pattern of social investment actually reinforcing structural inequalities. This is clearly a priority for all of Access’ programmes and requires the engagement and support of its current partners and of new voices from marginalised groups and communities. Monitoring and reporting EDI performance would result in recognition of the strong performers and sharing and learning with those that need to improve. APs will be aware that EDI performance will affect their reputation and access to future programmes and support.

There have been long-running difficulties in attracting engagement in the South-East and East of England since before the Big Potential Programme started in 2014. In this case, The Reach Fund has under-performed significantly in those areas and in the East Midlands, compared to NCVO data on numbers of charities and social enterprises. There had previously been issues with take-up of support in the South-West, but that region, with North-West, North-East and Yorkshire & Humber now show strong representation, highlighting the importance of strong and engaged regional infrastructure as a channel for promoting social investment uptake.

In developing the next stage of the Reach Fund, a renewed focus on promoting reach, connecting with local infrastructure and ensuring Access Point engagement in the South-East, East of England and the East Midlands should help increase access to social investment.

SUPPORT NEEDS

Access Points and support providers agreed that the two most common support needs are business planning support and financial modelling/ financial forecasting. Organisations supporting community share issues also identify the need for help in creating share offer documentation and for marketing campaigns, including video production. Other less common, but important support needs were on governance and social impact. Finally, there were specific requirements for technical support relating to legal structures and property acquisitions.

VALUE FOR MONEY

Overall, the level of grant aid seems very reasonable in terms of the number and value of investment raises and the declared impact on organisational and financial capacity and resilience.

Reach Fund's more recent performance can be compared with the TI (now Curiosity Society) Learning Report, published in March 2019. In comparison, the conversion rate has increased from 31% to 36% and the leverage rate has risen from 5.66 to 7.37.

It is difficult to find direct comparators with the Reach Fund, as it fills a specific investment-readiness niche in the social investment ecosystem. It should be noted that many of the investment raises by Reach Fund grantees were made through the Growth Fund's blended finance offer, so that it was a combination of grants that leveraged the investment. The Reach Fund's conversion rate matches those of Big Potential Breakthrough and the Investment and Contract Readiness Fund[3]. Its leverage exceeds that of BPB and is lower than that ICRF, which had a budget for investment grants twice the Reach Fund's size and also supported by pre-investment grants. As a small, flexible and responsive programme, Reach Fund is delivering on its key objective of getting good investment deals over the line, at relatively low cost.

CSE MICROFINANCE

25 loans under £30,000 were made during the evaluation period. The provision of small, flexible loans for purposes such as working capital, small asset purchases, fundraising, marketing and selling could be very useful for small CSE organisations.

STRENGTHENING THE PROGRAMME

The design process has worked well, and grantees have assessed the quality of support, their choice, control and agency over the support provided, the contribution to building organisational and financial capacity and resilience and their understanding of and engagement with social investment very highly.

For the next phase of the programme, the incentivisation process and programme delivery could be strengthened by a number of innovations. These would require resources and funding, but some would be covered by proposed and potential changes, including the recruitment of a newly created Director of Partnerships and Advocacy role at Access and work with the Connect Fund – (an Access funded programme supporting social investment infrastructure). These innovations include;

NETWORKS AND COMMUNICATION;

- supporting networks and communication particularly through a light-touch Support Provider Network;
- developing and supporting informal networks of peers with experience of raising social investment, particularly in the South-East, East of England and East Midlands.

EQUALITY, DIVERSITY & INCLUSION;

- investigating further the barriers to Equality, Diversity & Inclusion relating particularly to organisations led by women, by black and minority ethnic leaders, by LGBTQ+-leaders and leaders with disabilities, to identify changes needed in design, delivery, engagement, communication, support, assessment and training.
- monitoring the amounts of investment raised as there is some evidence that the amounts raised for those with protected characteristics are substantially smaller;
- providing regular updates to Access Points on their "reach" performance on EDI and IMD, recognition of strong performers and sharing and learning with those who need to improve;
- engagement and development support for black and minority ethnic support providers, those with disabilities, LGBTQ+ support providers and those from excluded and under-invested communities to bring their experiences and expertise into social investment, to strengthen their business planning, financial modelling and other skills and to provide opportunities for them to work on social investment raises;

FILLING AND STRENGTHENING GAPS IN PROVISION;

- reviewing the existing cohort of Access Points, filling and strengthening gaps in Access Point provision, through a 'sandbox' approach with extra support for new or young intermediaries;

USEFUL SUPPORT;

- focussing and promoting support primarily on business planning and financial modelling/forecasting, so that the Reach Fund is not pulled into funding generic capacity building support;
- retaining the agency and control given to grantees and the flexibility with which the funding could be used;
- providing light touch feedback to unsuccessful applicants;
- reporting on microfinance level loans at or below £30,000;

GRANT AMOUNTS;

- There seems no reason why there should be a lower limit on grants. Most grants cluster between £8,000 and £15,000. The relationship between the size of grants that did not produce investment indicates that it is sensible to subject investments over £15,000 to the additional scrutiny that SIB applies;
- It is important that Reach Fund grants do not duplicate other funding, particularly if that funding is on a larger scale than Reach Fund.

The Reach Fund is an intelligently designed and successfully delivered i ntervention in the social investment market, delivering on a range of outcomes including organisational and financial capacity and resilience and social impact, and its primary objective of supplying appropriate social investment to its grantees. The triangular relationships between Access, SIB and between Access Points, grantees and support providers have worked well in balancing power relationships and benefits for each party.

SUPPORT PROVIDERS

"We have had continued support - they allowed for open communication beyond the initial intense work we undertook and now two years on we can still call on their support when needed. This has been particularly useful as we look to work our way through Covid restrictions and realign our services."

"All the people we worked with on the project went over and above in delivering outcomes for us as they always do."

"This is an average AAA and BBB were excellent whereas CCC gave us a mixed experience and we would not use them again."

"We are a very small organisation and a lot of what the consultant was helping us to do was new to us all so took a considerably longer time than anticipated. She was very patient, and I know that she put in far more hours than the funding will have covered to ensure we had a good outcome."

"The consultant was very interested in all our work and spent extra time explaining everything very clearly. She took time to get to know us, our thoughts, ideas and aspirations. She was honest about what was doable or not. She spent time with us generating and exploring alternative and new trading options going over and above. She shared good and alternative practice and options."

"General confidence-building through a friendly and supportive approach providing the reassurance that voluntary groups don't always get. We operate in a field with little back-up, no hierarchical structures to fall back on, not only not-for-profit but not-for-income either means that our capacity relies on the enthusiasm and willingness of the group in what are very tight financial circumstances. We achieved a successful Community Share Issue which we probably would not have done without the guidance of our consultants through REACH. I continue to recommend REACH as other groups are now asking us what we did, how we manage etc."

FEEDBACK ON ACCESS POINTS

“Involved me personally in the Social Enterprise Academy programme which was very valuable. General other advice about funding including social investment.”

“Linking us with other social impact organisations with similar aims. Help to develop a COVID response SWOT analysis. Working with o ther funder Architectural Heritage Fund to support the development of the overall funding blend for the project.”

“Provided routes to other sources of potential funding as fully seized of aims and aspirations of XXX Partnership.”

“The Access Point connected us to other local social enterprises that had secured investment.”

“I am not sure about the role of the Access point.”

“Yes we asked for Financial planning support which we were refused by the access point and asked to change our form to not include planning costs, legal costs or social impact costs.”

“On top of their expression of belief in our business, the level of support has been wide-ranging: from potential grants to support in choosing an appropriate financial package.”

2. INTRODUCTION

Access provides social investment readiness support through the Reach Fund, which is managed by the Social Investment Business and delivered through 324 Access Point social investors and a range of independent consultancy providers. The Reach Fund aims to help charities and social enterprises to become investment ready and get over the line to take on social investment which they otherwise could not. This is with the ultimate aim of improving their financial resilience and organisational capacity, so that they can sustain and increase their social impact.

EVALUATION PURPOSES:

This Reach Fund evaluation report by Small Change has five main purposes:

1. To test the efficacy of the design hypothesis of the Reach Fund; is the purposeful alignment of incentives producing the right outcomes for charities and social enterprises;
2. To better understand the impact and need of the Reach Fund grants;
3. To build on findings of the pilot evaluation – particularly with the addition of Access’ renewed learning focus on (i) understanding the resilience of the organisations supported; (ii) exploring the value for money of the grants and (iii) exploring the business models of charities and social enterprises considering investment;
4. To inform Access’ decision-making about future allocation of grant to the Programme over the next five years;
5. To disseminate the findings and embed the learning in the sector, surfacing an “under the radar success story”.

MEASURES OF SUCCESS

Access has set itself eleven Measures of Success (MoS) for its work, six of which are Primary MoS for the Reach Fund.

Primary MoS:

- Improved access and removed barriers to social investment (particularly those often excluded from investment);
- Expanded reach of social investment (particularly those often excluded from investment);
- Developed new enterprise models or grown existing ones;
- Increased capacity to engage with social investment;
- Leading the sustained or increased social impact for CSE;
- Increased financial resilience for CSE;

Reach Fund Theory of Change

At the beginning of the Evaluation process, a Theory of Change workshop was held with Access, Social Investment Business and Curiosity Society (Access' Learning Partner), facilitated by Small Change. The workshop considered;

- the Reach Fund's contribution to Access' Theory of Change;
- the change that the Reach Fund intends to generate for charities and social enterprises participating in the programme;
- the interactions between stakeholders involved in programme delivery, that generate the change, and;
- how the delivery of the programme leads from outputs to outcomes to the desired impacts of;
    - helping the right charities and social enterprises get over the line to the right type and size of social investment;
    - increased resilience and financial and organisational capacity.

The diagram overleaf summarises the output of the workshop and the Theory of Change framework for the evaluation:

Charities and social enterprises receive customised support, with the informed assessment of propositions by Access Points; knowledge and insights from their Support Providers and Access Points, strengthening their capacity and resilience, identifying gaps and deficits and filling them, helping to produce credible investment propositions and also linking grantees with networks and connections for future support.

Access Points see barriers to getting good deals over the line removed, their pipeline built, and their market grown. They have the capacity to advise on and support deals and can help with networks and connections. They also learn and share learning with the grantees and support providers.

Support Providers are funded to provide capacity support, with specific, targeted outputs. They have the skills and experience to identify gaps and deficits. They have networks and connections to help grantees and to act as a link to social investors. The process of engagement with Access Points enables them to learn more about social investment.

The underlying focus of all these interactions is to increase and improve social investment reach – particularly to those CSEs experiencing barriers to accessing social investment. This includes CSEs in areas particularly affected by deprivation (Index of Multiple Deprivation) and those with low take-up of social investment; CSE's led by those with protected characteristics (women leaders, Black & Minority Community leaders, leaders with disabilities, LGBTQ+I leaders) and smaller CSE organisations.

The interactions enable the Reach Fund to get good deals over the line. They also contribute to making social investment more inclusive, building organisational resilience and capacity and strengthening social impact. They contribute to Access' Measures of Success in improving access and removing barriers, expanding the reach of social investment, particularly to those excluded, developing new enterprise models, increasing capacity to engage with social investment, increasing financial resilience and leading to sustained or increased social impact.

REACH FUND THEORY OF CHANGE MEASURES OF SUCCESS

IMPROVED ACCESS & REMOVED BARRIERS

INCREASED CAPACITY TO ENGAGE WITH SOCIAL INVESTMENT

EXPANDED REACH, PARTICULARLY THOSE EXCLUDED

DEVELOPED NEW ENTERPRISE MODELS

INCREASED FINANCIAL RESILIENCE

SUSTAINED OR INCREASED SOCIAL IMPACT

CHARITIES AND SOCIAL ENTERPRISES

- Customised support;
- Informed assessment of propositions;
- Knowledge & insights;
- Capacity & Resilience;
- Gaps & deficits filled;
- Credible propositions;
- Networks & connections;

- DEALS OVER THE LINE

ACCESS POINTS / SOCIAL INVESTORS

- Barriers removed;
- Pipeline built;
- Market grown;
- Capacity to advise on & support deals;
- Networks & connections;
- Learning;

- DEALS OVER THE LINE

SUPPORT PROVIDERS

- Funded capacity support;
- Specific, targeted outputs;
- Skills to identify gaps & deficits;
- Networks & connections;
- Learning about SI.

- DEALS OVER THE LINE

Getting deals over the line

Social impact

Financial capacity

Organisat. Capacity

Resilience

Inclusion

Broad reach; IMD; Protected categories; Geography; Size

METHODOLOGY

Our proposed methodology was submitted as part of our tender, but with a proviso that our commitment was to co-design with Access and its partners wherever possible. This approach was adopted throughout the evaluation. The work started, as outlined in the introduction, with a Theory of Change workshop with Access, SIB and TI (now Curiosity Society).

Having developed and agreed the Theory of Change, a second workshop was held with the same partners and mapped the Terms of Reference of the evaluation onto the Theory of Change and Access' Measures of Success, where relevant to the Reach Fund. This allowed us to be confident that the evaluation was securely located within Access' overall strategy, that all relevant questions would be covered in the methodology and that there were no gaps in our approach. The two workshops played a major part in the design of three surveys and four interview guides, outlined below.

Three-way relationships and incentivised co-operation between collaborating parties is central to the operation and success of Reach Fund.

- Access works with SIB as delivery agent for the programme;
- Access Points are the gateway to access the Reach Fund;
- Applicant/grantees are the beneficiaries;
- independent support providers, often local consultants or small consultancies are chosen by the grantees to deliver support.

We reflected these multi-faceted relationships in our approach.

Applicants/Grantees: We surveyed 394 grantees and received 161 completed surveys, a response rate of 41%. We interviewed 10 grantees who had returned the survey, chosen by region, size, legal structure, IMD and organisational focus. We held short conversations with 6 applicants for Reach Fund grants who were unsuccessful in applying for grants. We were greatly helped by SIB who provided data on applicants and grantees.

Access Points: We surveyed all 32 Access Points and received completed surveys from APs covering 61%of grantees. We interviewed 10 Access Points who had completed the survey. APs also supported the evaluation by completing a spreadsheet on investment raises by each grantee and by connecting us with support providers.

Support Providers: Access Points connected the evaluators to 34 support providers across England. 17 of them completed our survey and 8 of those have been interviewed.

Each of the four terms of reference required data and input from all the sources. In order to manage the process, we developed an evaluation framework which identified the key questions to be addressed, the sources of information and what analysis would need to be carried out to answer each one. Interviews were recorded and transcripts were coded by CCI[5] against the Theory of Change, Measures of Success and Terms of Reference.

We would like to thank Access, SIB and Curiosity Society for their informed advice and guidance and help in accessing data. Grantees were more than helpful in sharing their experiences and suggestions for improvement. Those who were not successful in their grant applications also gave time to speak to us. Access Points/social investors completed the surveys, provided detailed feedback in interviews and produced data when we needed it. Support providers are the unsung heroes of the Reach Fund, and it was a pleasure to hear their support and suggestions for strengthening the programme.

3. IS THE PURPOSEFUL ALIGNMENT OF INCENTIVES PRODUCING THE RIGHT OUTCOMES FOR CHARITIES AND SOCIAL ENTERPRISES?

(Terms of Reference 1)

PRIMARY OUTCOME:

The primary outcome required of the Reach Fund is to enable charities and social enterprises which would not be able to raise appropriate social investment without support to "get social investment deals over the line."

The table below summarises the investment outcomes for the 384 organisations who received a grant from the Reach Fund between Oct 2018 to Dec 2020.

TOTAL YES (received investment)	137
TOTAL NO (did not pursue investment or did not receive investment)	98
Not yet/ In progress	104
No data/ DK	33
Other	12
TOTAL	384

It is challenging to determine the "true" or "final" conversion rate at this stage as so many investment applications are still in progress.

Of the 384 grants disbursed between Oct 18 and Dec 20, 137 had resulted in investment raises by 1st June 2021.At the lower end, this represents a conversion rate of 36% as a proportion of all grants given.

However, we know that for 38% of grantees, the application for investment is still in progress or the outcome is not yet known. The length of time from receiving a Reach Fund grant through to investment averages 195 days and ranges from 4 to 854[6] days, so this is not surprising.

We would expect this conversation rate to increase as more grantees progress through the investment process. In fact, at the higher end, when we look only at those grantees where the investment outcome is known (either Yes got investment or no did not pursue or did not get investment) 58% of grantees successfully raised an investment post receipt of Reach Fund support.

In the table below we have calculated the leverage for those 137 organisations who did get investment.

Both the conversion rate (up from 31.25% to 35.68%) and the leverage (up from 5.65 to 7.37) have increased since the last evaluation, as Access Points, support providers and VCSEs are more familiar with the scheme.

# Grants	384
£ Grants	£5,215,257
# Investments	137
£ Investments	£38,455,365
Lower Conv'n Rate	35.68%
Higher Conv'n Rate	57.56%
Leverage	7.37

Table 1: Reach Fund Grants, Investments, Conversion Rate and Leverage 15th Oct 2018 – 31st Dec 2020.

IMPACT OF THE PANDEMIC ON CONVERSION RATE AND LEVERAGE

Looking at grants made up to end March 2020, the leverage rate was slightly higher at 7.97 than for the entire evaluation period and the conversion rate rose slightly to 35.96%. One interpretation is that VCSEs that had been through the Reach Fund had the confidence and resources to carry on with their investment plans, but those starting out or at an early stage thought to prudent to pause, as the numbers of grants and investments fell sharply.

Source	# Grants	£ Grants	# Invests	£ Invests	Conversion Rate	Leverage
Reach Fund data Oct 18-Dec 20	384	£5,215,257	137	£38,455,365	35.68%	7.37
Reach Fund known outcomes	238		137		57.56%	
Reach Fund[7] Learning Report	224	£3,045,085	70	£17,227,650	31.25%	5.65
Growth Fund Eval[8] 2015-2018 Ecorys		£1,274,625	166	£9,639,915	N/A	7.56
Big Potential Breakthrough Evaluation9	64	£2,630,000	55	£8,930,00010	86%11	3.4
Investment & Contract Readi-ness Evaluation (Investment only)	79	£7.11m	28	£79m	35%	11.11

Table 2: Reach Fund data Oct 18-Dec 20 compared with previous Reach Fund Evaluation, Growth Fund Evaluation and Big Potential Evaluation.

Reach Fund's more recent performance can be compared with the TI (now Curiosity Society) Learning Report, published in March 2019. In comparison, the conversion rate has increased from 31% to 36% and the leverage rate has risen from 5.66 to 7.37.

It is difficult to find direct comparators with the Reach Fund, as it fills a specific investment-readiness niche in the social investment ecosystem. It should be noted that many of the investment raises by Reach Fund grantees were made through the Growth Fund's blended finance offer, so that it was a combination of grants that leveraged the investment.

Big Potential Breakthrough is a possible comparator, as it was aimed at smaller organisations than Big Potential Advanced. However, its leverage and conversion rates were measured after a first round of £6.91m preliminary grants and a filtering process, before second-round investment plan grants supported subsequent investment substantially lower.

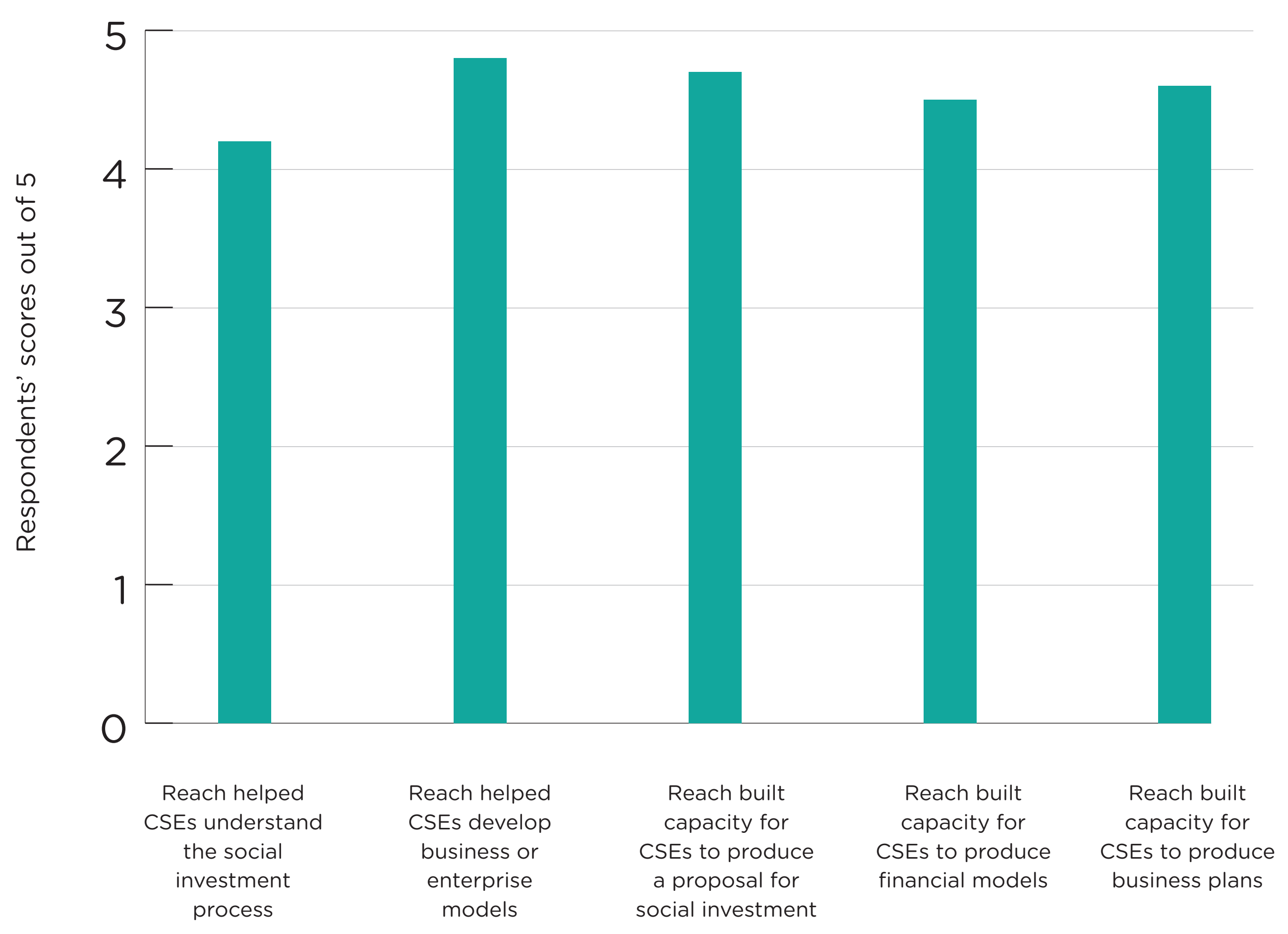
The Investment and Contract Readiness Programme (ICRP) supported organisations seeking to raise at least £500k in investment or public sector contracts of £1m or more. The table above shows data only on the investment-seeking organisations. 70 organisations received grant funding, averaging £41,094 compared to £13,581 for the Reach Fund. The conversion rate was 35%, just below Reach Fund's 35.68%. Leverage was 11.11, higher than Reach's 7.36. The average investment raised by ICRP of £2.82m compared to Reach's £274,307, demonstrating that the ICRP in a different area of the market to Reach and Growth Funds.

SUPPORT PROVIDERS' EVIDENCE ON "GETTING SOCIAL INVESTMENT DEALS OVER THE LINE"

Support providers (mainly independent consultants or small firms) were asked what contribution the Reach Fund makes to help Charities and Social Enterprises (CSEs) "get social investment deals over the line". They identified the particular contribution that the Reach Fund makes to deals that would not have got over the line without the input. 85% of Access Points agreed that the Reach Fund "helps a great deal" or "significantly" to get good deals approved.

Support providers recognised that the Reach Fund builds social investment capacity among its grantees, particularly in relation to developing business or enterprise models and capacity to produce financial models. The slightly lower rating (4.2) for helping CSEs to understand the social investment process may have more to do with the complex and opaque nature of the sector than a weakness in the Reach Fund.

Reach builds social investment capacity



SECONDARY OUTCOMES

The Reach Fund also aims to;

- strengthen organisational and financial capacity;
- build organisational resilience among charities and social enterprises that participate in the programme, and to;
- deliver impact through aligned incentives for its participants;
  - Access Points; social investment intermediaries who participate in the programme and provide access to investment;
  - Support providers who are commissioned by Reach Fund grantees to deliver consultancy and other technical support for their investment;
  - Reach Fund grantees who apply for a grant and manage their budget to fund the development of an investable proposition, commissioning consultants and other technical support and/or using the money to back-fill positions and free up management time to do some or all the work themselves.

THREE PERSPECTIVES

This section of the report provides three perspectives on the success of the Reach Fund in delivering on secondary outcomes through the responses of grantees, support providers and Access Points, collated through data analysis, surveys and interviews.

GRANTEES:

161 grantees responded to the request to complete a survey, a response rate of 42%. For the following questions, they were asked to rate out of 5, the extent to which the Reach Fund helped their organisation, in terms of quality of support; choice, control and agency; and building organisational resilience and financial capacity.

Quality of support - Satisfaction with;	The scheduling / timeframe of the work;	The competency of the people you worked with;	The output that the work produced;	The use you were able to make of this work in raising investment.
Score / 5	4.6	4.7	4.5	4.5

Choice, Control and Agency – Your control of the work of the consultant / provider(s);	Overall	To influence how much work was carried out;	To influence the speed of the work;	To influence the quality of the work.
Score / 5	4.5	4.4	4.3	4.4

The extent to which the Reach Fund grant helped your organisation;	To build your capacity to produce a business plan for your organisation;	To build capacity to produce a proposal for social investment;	To build other capacity within your organisation (governance, HR, tech, marketing etc).
Score / 5	4.7	4.6	3.9

The extent to which the Reach Fund grant helped your organisation;	To build the financial capacity of your organisation;	To build organisational resilience in dealing with current and future pressures	To build your overall organisational capacity.
Score / 5	4.4	4.3	4.3

"out of all of the blobs of money that we've had along the way, the Reach Fund has been one of the most beneficial. And one of the reasons for that is that we were given autonomy on who we chose and what we chose. I felt with some of the other funds that we've had in the past, we've been dictated to; these restrictions have been put on us, on the decisions that we've made. We knew exactly who we needed, and we knew what. And we also wanted to be able to pay for their services."

VALUE-ADDED

34% of grantees answered that the support provider / consultant that they worked with delivered extra advice and support that was not strictly speaking part of the consultancy assignment. The extra support was highly rated as follows:

How useful was the EXTRA advice and support from the provider / consultant in supporting your organisation to:		Develop your organisation's business or enterprise model	Submit a successful application to a social investment Access Point
	Score / 5	4.7	4.7
	Build financial capacity within your organisation	Build other capacity within your organisation (governance, HR, tech, marketing etc)	Build the impact management capacity within your organisation
Score / 5	4.2	4.1	3.7

Comments on the support included:

"Strengthening of existing relationships and support networks."

"Improved our understanding of the social investment marketplace. Improved our social impact data collection."

"Long term strategy for financial resilience above the impact of the social investment".

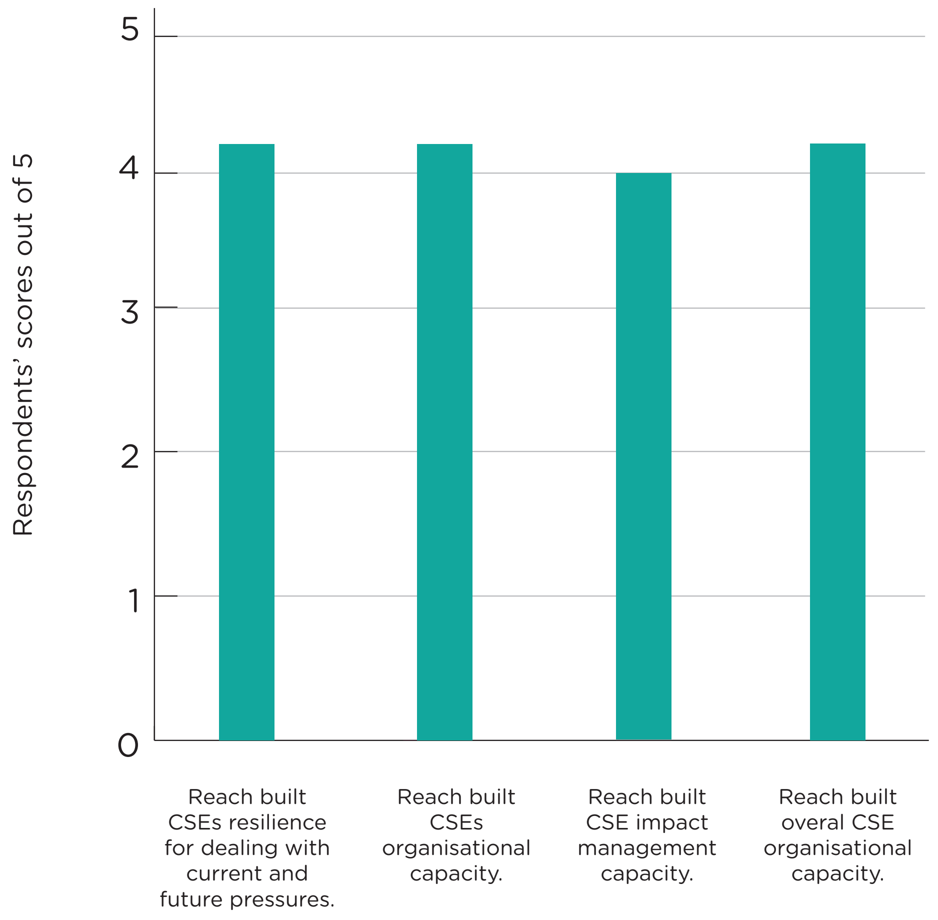
SUPPORT PROVIDERS

Support is usually provided by independent consultants or small organisations. There is no approved suppliers list and no central record of those providing support, as they are retained and paid by the grantees. Access Points were helpful in identifying 35 of these consultants who have worked for 18 out of 31 Access Points, including all the main investors. Most consultants have worked for more than three Access Points.

In terms of the secondary outcomes relating to resilience and capacity, Reach Fund was assessed by the providers as contributing substantially to CSE resilience for dealing with current and future pressures (4.14/5) and for building financial (4.13/5) and organisational (4.13) capacity. The contribution to impact management capacity (4/5) was seen as marginally less.

Support providers were aware that they were providing advice and support above and beyond that contracted for. This included support to prepare Reach Fund applications for funding, strengthening governance, fundraising, social impact assessment, accountancy and financial reporting, risk management and ongoing mentoring and coaching. They have built up networks of connections with charities, social enterprises, funders, infrastructure organisations and others. In interviews, they made the case that they are often the first port of call when CSEs are faced with unfamiliar issues and opportunities and maintain ongoing relationships, providing informal advice, support and mentoring, often unpaid. They are a resource that could be used to promote the Reach Fund and other programmes and to learn and share learning.

Reach builds resilience and capacity



ACCESS POINTS

18% of grantees responding recognised that Access Points had also provided support above and beyond normal service. Additional support often involved using their networks to help the grantees, with routes to sources of funding, training and development, social impact support and especially, support during Covid.

How useful was the EXTRA advice and support from the Access Point / social investor in supporting your organisations to:	Understand the social investment process	Develop your organisation's business or enterprise model	Submit a successful application to a social investment Access Point
Score / 5	4.5	4.4	4.7

ALIGNMENT OF INCENTIVES

The Reach Fund is designed to incentivise Access Points (social investors), charities and social enterprises (potential grantees) and support providers (usually independent consultants or small firms) to work together to produce investible propositions that become social investments. Charities and social enterprises are signposted or referred to an Access Point. The Access Point usually works with the CSE to help them register on the Reach Fund portal and complete a diagnostic tool to identify the work they need to do in order to raise investment.

The CSE then applies online for a grant, detailing the specific support required for an investment raise and how that support will be delivered. If they want to work with a consultant or other support provider, they choose who they will work with, contract with them directly and are responsible for managing and paying them.

GRANTEES

Grantees were asked how well their Access Point and support providers/consultants worked together and gave an average rate of 4.5 out of 5. Out of 152 responses, 15 (10%) had experienced issues, with some comments as follows:

> "There were amendments to budgets and so we acted as a go between as opposed to the two organisations working directly together."

> "COVID 19 meant that we could not get through the work in the anticipated time, and we also needed to ask if some of the funding could be reallocated."

> "Ensuring that all parties understood the unique regulatory responsibilities of Community Land Trusts as Community Benefit Societies that often fall outside for example, charitable or CIC parameters, that are generally the most familiar bodies that xxx support operates within."

> "My application took longer than necessary because it was not followed up on by the organisation that received the application."

SUPPORT PROVIDERS

Many support providers had previously worked in or engaged with the social investment sector and had previous relationships with the Access Points. They rated the way Access Points work with them as "very well" (69%) or "quite well" (19%). 12.5% rated their experience as "mixed".

Some of their comments were:

> "While having Access Points is a useful way of screening the investment potential of a project, it can sometimes lead to confusion as to who the client is. Ultimately the aim of Reach funding is to get the right social investment for the charity/social enterprise and that may not necessarily be with the Access Point."

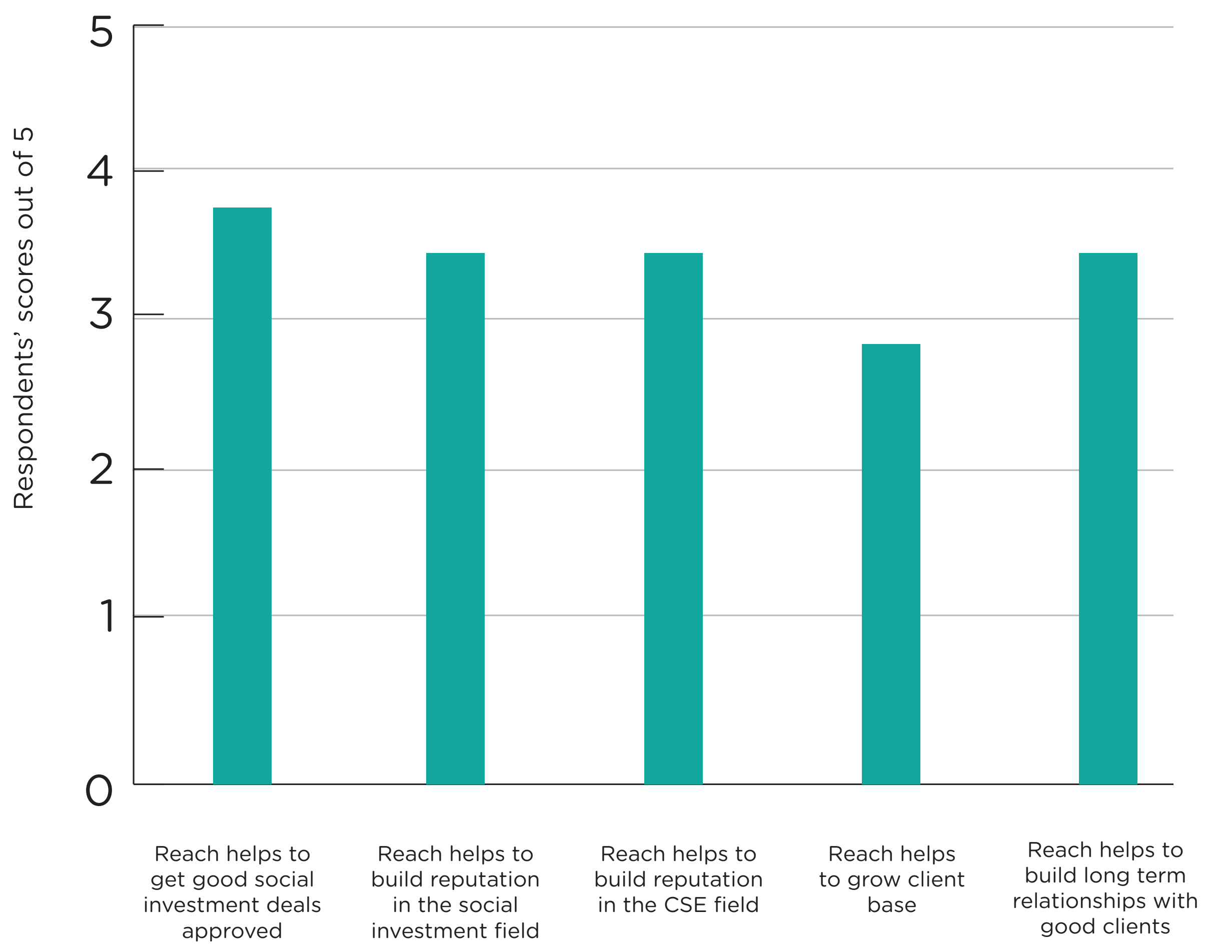
> "Some investors were clearer than others as to the requirements of the Reach funded project."

> "It is challenging at the start to understand the relationship between 'Access Points' and REACH, but once that is overcome, I have found the 'Access Points' very engaging and open minded to what the client is trying to achieve."

> "Overall, a very good experience."

Support Providers identified the opportunity to get good social investment deals approved as the most useful contribution to their business. It also helps in building their reputations in social investment and with charities and social enterprises more widely. It enables them to build long term relationships with good clients and, to some extent, to grow their client base.

Reach fund aligned incentives for support providers



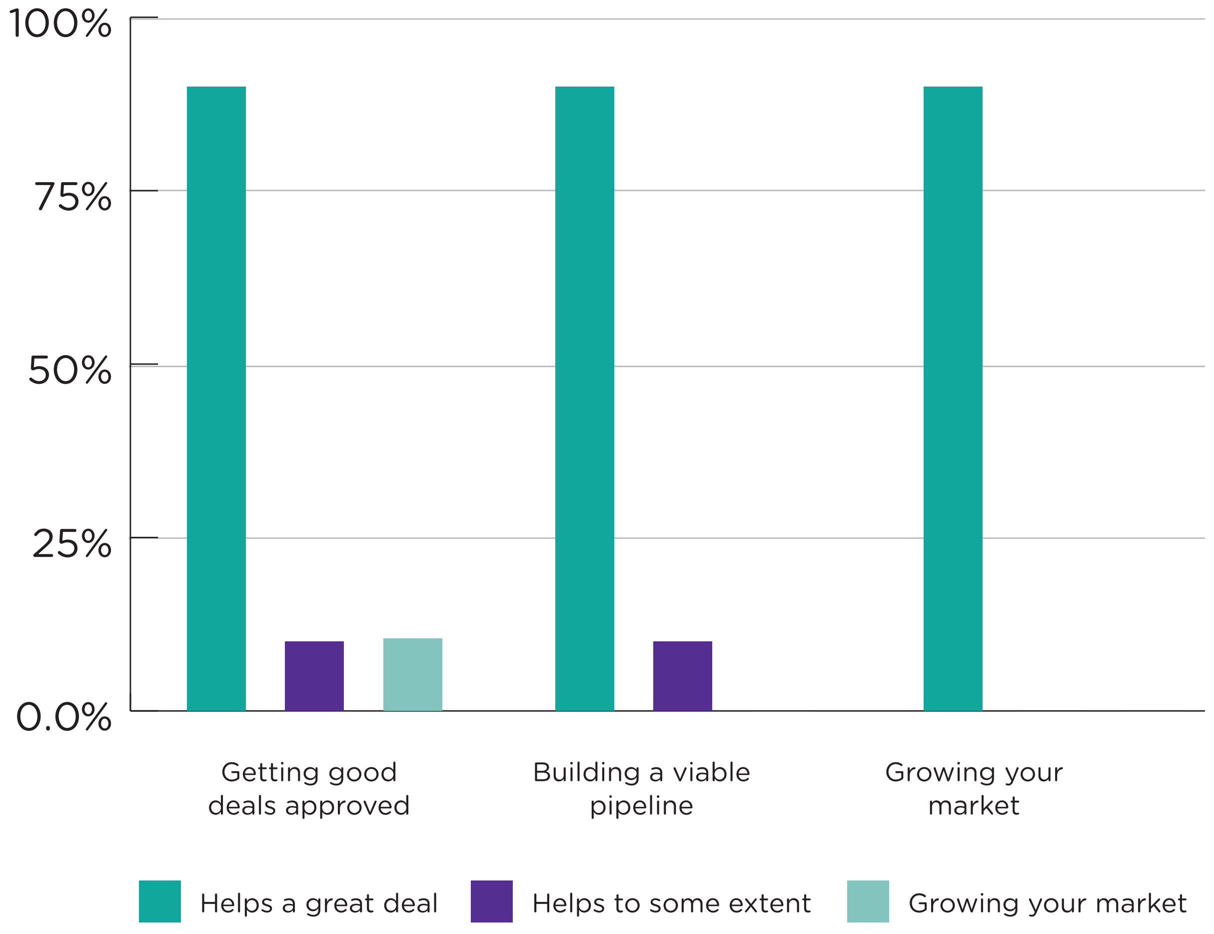
ACCESS POINTS

Access Points reported that they were mostly (46%) or sometimes (38%) asked to suggest support providers. They were clear in their comments that they did not recommend one support provider above another; providing a number of names if asked. 69% were very or reasonably content with the range of support providers available in the sector for grantees to work with. 23% were content but thought that the range was limited. 8% were not at all content with the range.

They were asked if there were some sectors or areas, such as Equality, Diversity & Inclusion or "left behind areas" where they would have difficulties recommending the right support provider. 30% replied that this happened sometimes and 20% that it mostly or always happens. 15% responded that providers from sometimes disadvantaged Black & Minority Community, disability or other backgrounds struggle to get work through the Reach Fund.

81% of Access Points responding rated the contribution of the Reach Fund to getting good deals approved, building a viable pipeline and growing their market as "helps a great deal". 9.4% thought it helped to some extent and 9.4% didn't respond.

Access points aligned incentives



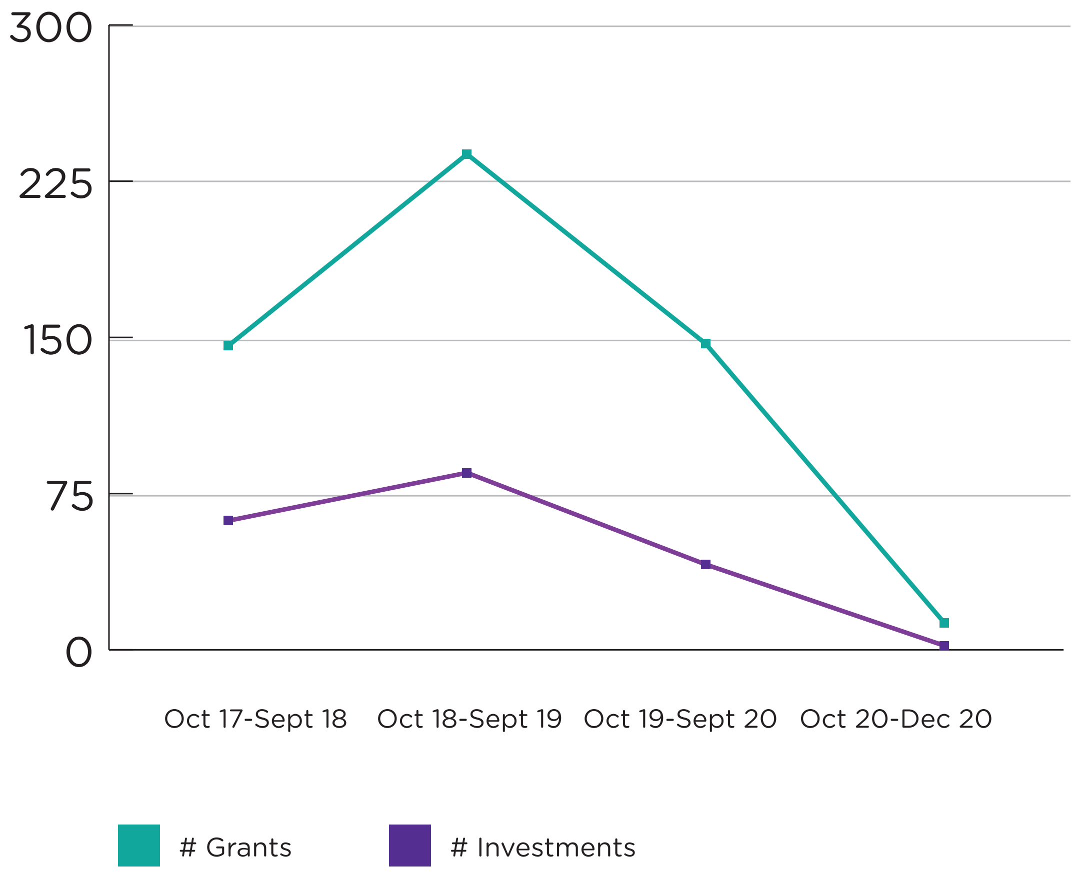
OPPORTUNITIES FOR IMPROVEMENT

REPORTING

Comparing Reach Fund data over time and identifying trends is helped by using standard cohorts for evaluations. Both conversion rates and leverage are useful indicators of performance, but the leverage may increase without increasing the performance of the programme in reaching those who need support, which reduces the appropriateness of the leverage rate as a primary measure of performance. One investment of £3.5 million can increase the leverage rate substantially, without delivering either better reach or more value for money.

The main evaluation data is reported using the Access-defined period from 15th Oct 2019 to 31st Dec 2020. However, in a different approach, the investment raise data has also been standardised over 12-month periods, starting at Oct 2017. Each cohort (with the exception of the last Oct 2020 to Dec 2020, the end of the evaluation period) includes one year of grants and all known investments made to those grantees within 2 years (730 days) of the grant date. 2 years was chosen as the cut-off point for associating a grant with an investment, as it well exceeds the average times from grant to investment, which have ranged from 192 to 323 days over the years.

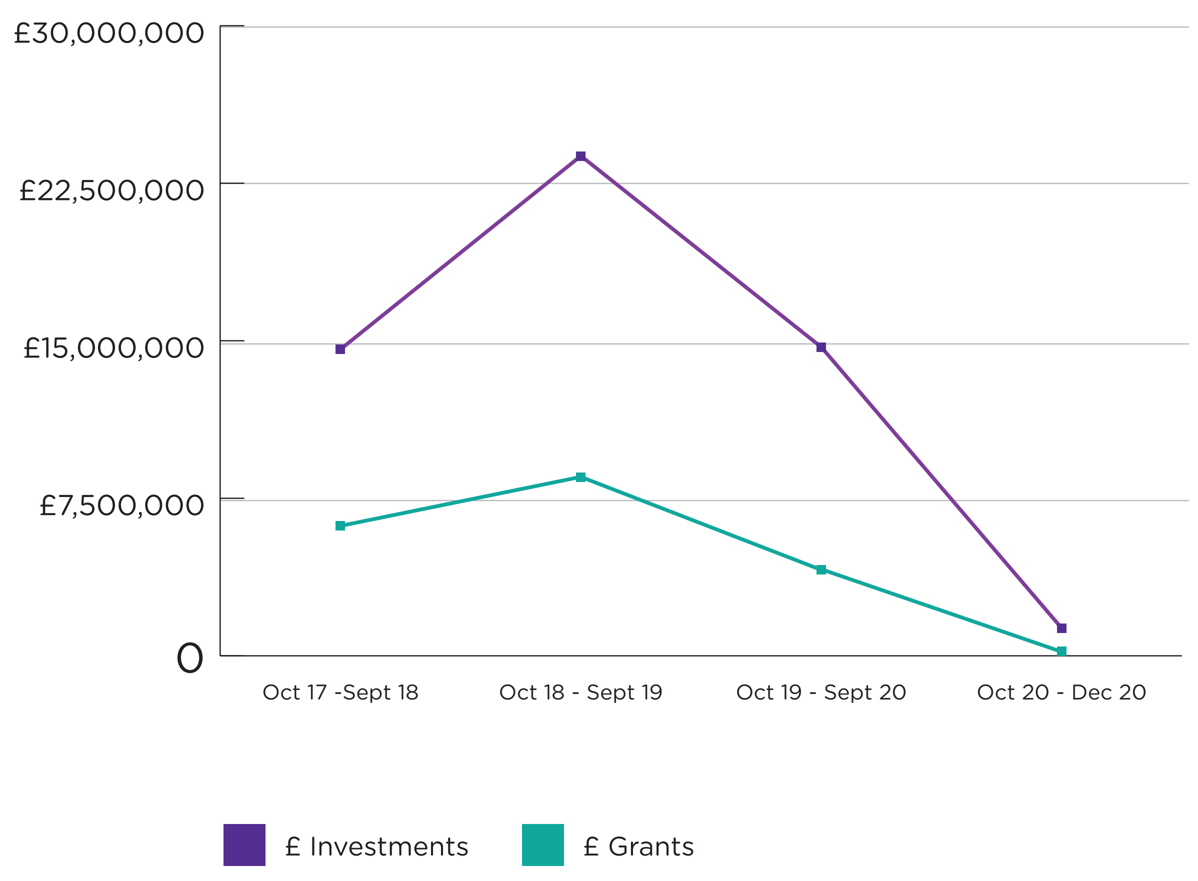
Reach fund No. of Grants & Investments 12 month cohorts



The cohort data shows that the number of grants rose sharply to 238 in 2018/19, then declined during Covid-19. The number of investments also rose in the 12 months to Sept 2019, before dropping to 41 and 2 in the 3 months to Dec 2020.

The value of grants rose in the 12 months to Sept 2019 from £2m to £3.3m, before falling back during Covid to £1.9m. There was a sharp rise in the value of investments from £9m to £21m, £11m of which came from 6 large investments. The following year, as Covid struck, the value of investments fell by £4m and would have fallen further, were it not for 17 large investments totalling £12.8m or 73% of the total raised.

Reach fund value of grants and investments



RECOMMENDATION: DATA COLLECTION AND ANALYSIS:

Data should be collected, analysed and reported on in standardised annual cohorts. Each cohort should include one year of grants and all investments made to those grantees within an agreed time after the grant date (2 years in this example).

RECOMMENDATION: INDICATORS AND MONITORING

In addition to number and value of grants and investments, conversion rate and leverage, quarterly data should be collected, analysed and reported on the reach of the programme, using Index of Multiple Deprivation, protected characteristics and region. The composition of the portfolio by Access Point and size and type of investment should also be reviewed regularly to ensure that the programme stays focused on Measures of Success relating to inclusion and to identify and recognise good practice by particular Access Points (more details in following chapter).

Support provider engagement and mobilisation

The design of the Reach Fund learned from the experience of other programmes, including Big Potential. Rather than having a Select Providers list, with some high-cost consultants, the Reach Fund has empowered its grantees to choose who to work with. This has resulted in most cases in high levels of satisfaction with the support providers. It has also developed networks and relationships of support which are locally based and value for money.

However, the light touch approach means that there is no central record of support providers and no ongoing engagement with them. Many of these individuals and organisations specialise in supporting charities and social enterprises and have particular expertise in areas such as social investment, finance and governance.

RECOMMENDATION: LIGHT TOUCH SUPPORT PROVIDER NETWORK

A network contact list of support providers and infrastructure organisations could be compiled and developed over time, with perhaps two updates per year from the Reach Fund, Providers could be given an opportunity to feed back on their experiences annually. In addition, an annual online event with Access, Access Points and support providers would provide mutual opportunities for learning and sharing experiences. The support providers could be a significant asset in strengthening reach in areas and regions with relatively low take-up.

While 38% of grantees heard about the Reach Fund from the social investor they were working with, a combined total of 44% heard from someone connected to another CSE organisation or to the social investment sector. Building peer relationships could also help to promote the Reach Fund and to strengthen understanding of social investment.

From survey comments and interview responses, it was clear that in some cases there is confusion about what the Reach Fund is, who manages it and works for it and what the objectives of the programme are. More detail will be given in the next section about those who did not pursue or are not pursuing social investment, but some of them did not realise that the main objective of the programme was to help organisations to access social investment. Others commented that "they call it a fund, but it's not really a fund, is it?" Access's role and the Reach Fund brand were sometimes not recognised or understood. Some Access Point staff may not be clear about who owns the fund and were thought by grantees to communicate that the grant funding 'belonged' to their organisation.

RECOMMENDATION: RENEWED ACCESS COMMUNICATIONS STRATEGY

It would be helpful if each Access Point received a short, clear brief on the Reach Fund, its objectives, structure, funding and how performance will be reported and monitored. APs should be asked to ensure that their staff understand the brief and how information on the Reach Fund should be communicated to grantees.

Another version of the brief could be designed for and shared with current and potential support providers and with infrastructure organisations.

4. TO BETTER UNDERSTAND THE NEED FOR AND IMPACT OF REACH FUND GRANTS

(Terms of Reference 2)

WHO IS THE REACH FUND SERVING?

Access' Measures of Success, which are particularly relevant to the Reach Fund's Equality, Diversity & Inclusion are;

- Improved access to social investment and the removal of barriers;
- Expanded reach of social investment, particularly to those excluded;
- Increased capacity to engage with social investment.

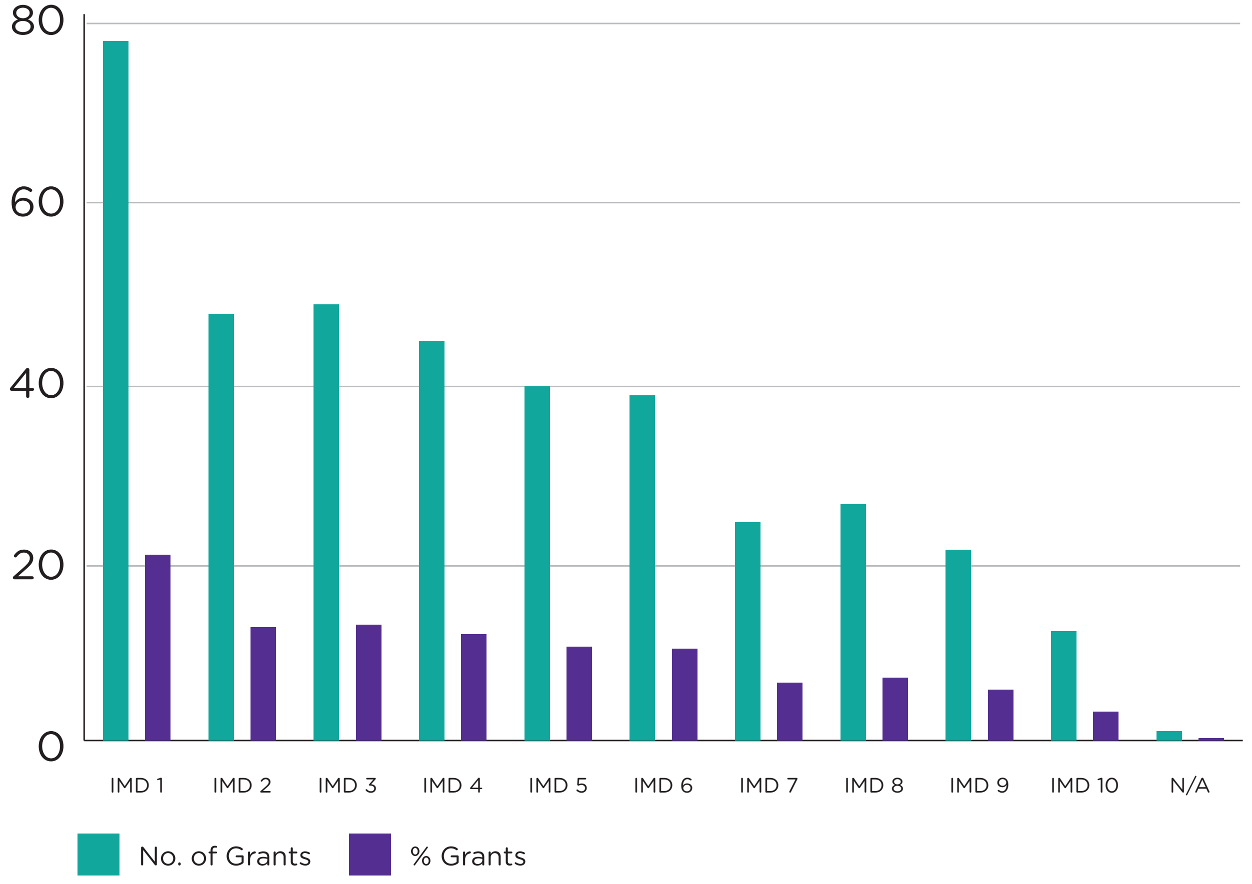
To what extent does the data demonstrate that the Reach Fund is delivering on those Measures of Success; how does it compare with other programmes with similar aims and how could delivery be improved?

384 grants were approved for the Reach Fund in the period from 15th Oct 2018 to 17th Dec 2020.

Index of Multiple Deprivation Ranking.

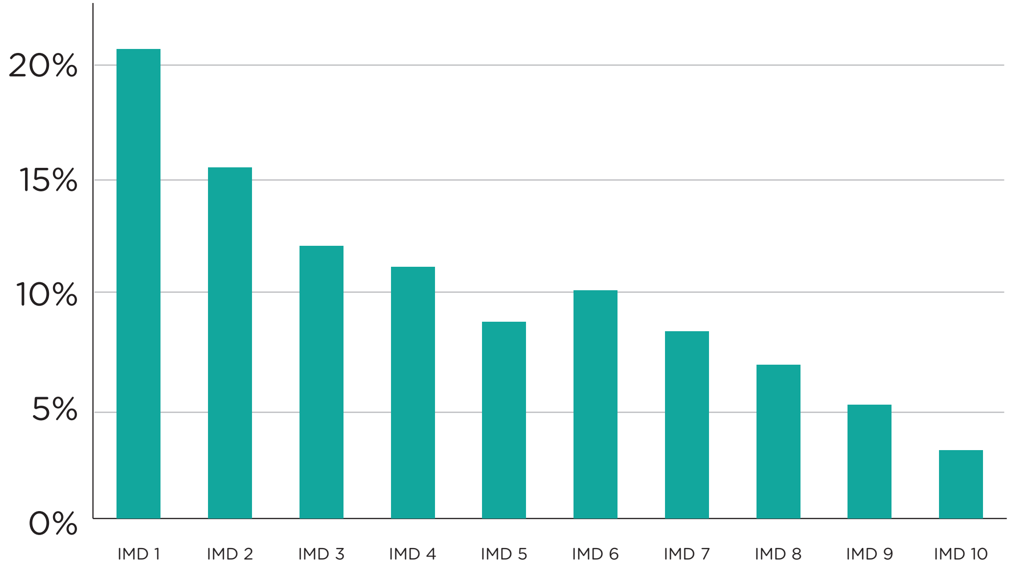
IMD Deciles - # and % of Grants

Over 20% of grants were made to organisations based in the top 10% of areas ranked as most deprived in England (IMD 1). 44% of grants went to organisations based in the 30% most deprived areas (IMD 1 – 3).



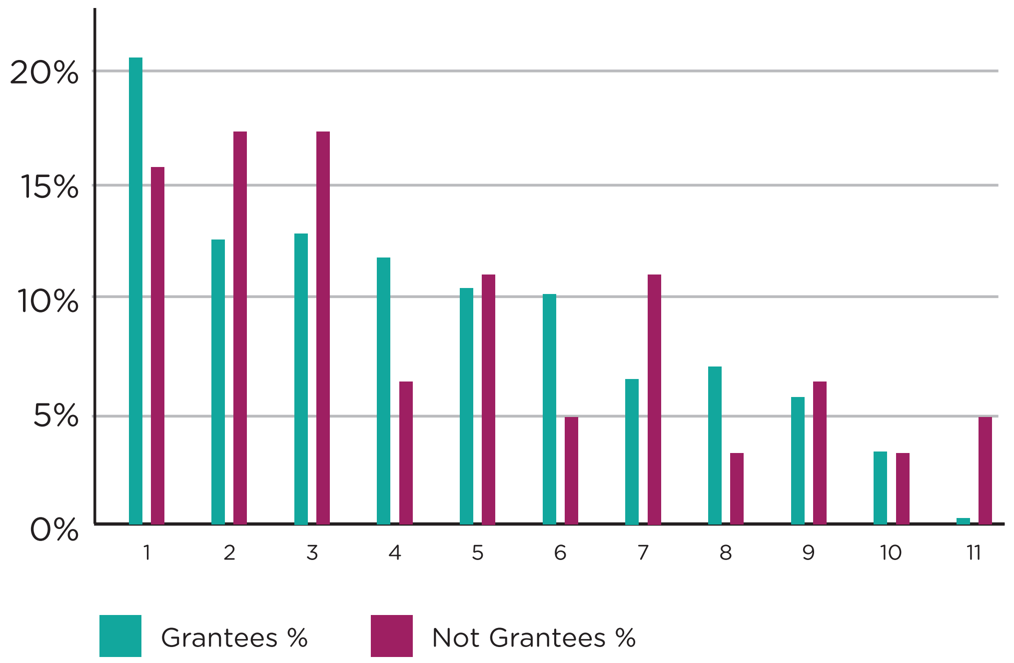
In financial terms, 48% of the total value of grants went to organisations in the 30% most deprived areas (IMD 1 – 3). The level of total grants per IMD area has a slight bump up at IMD 6, but then continued to decline.

IMD Deciles - Distribution of Grants by Value



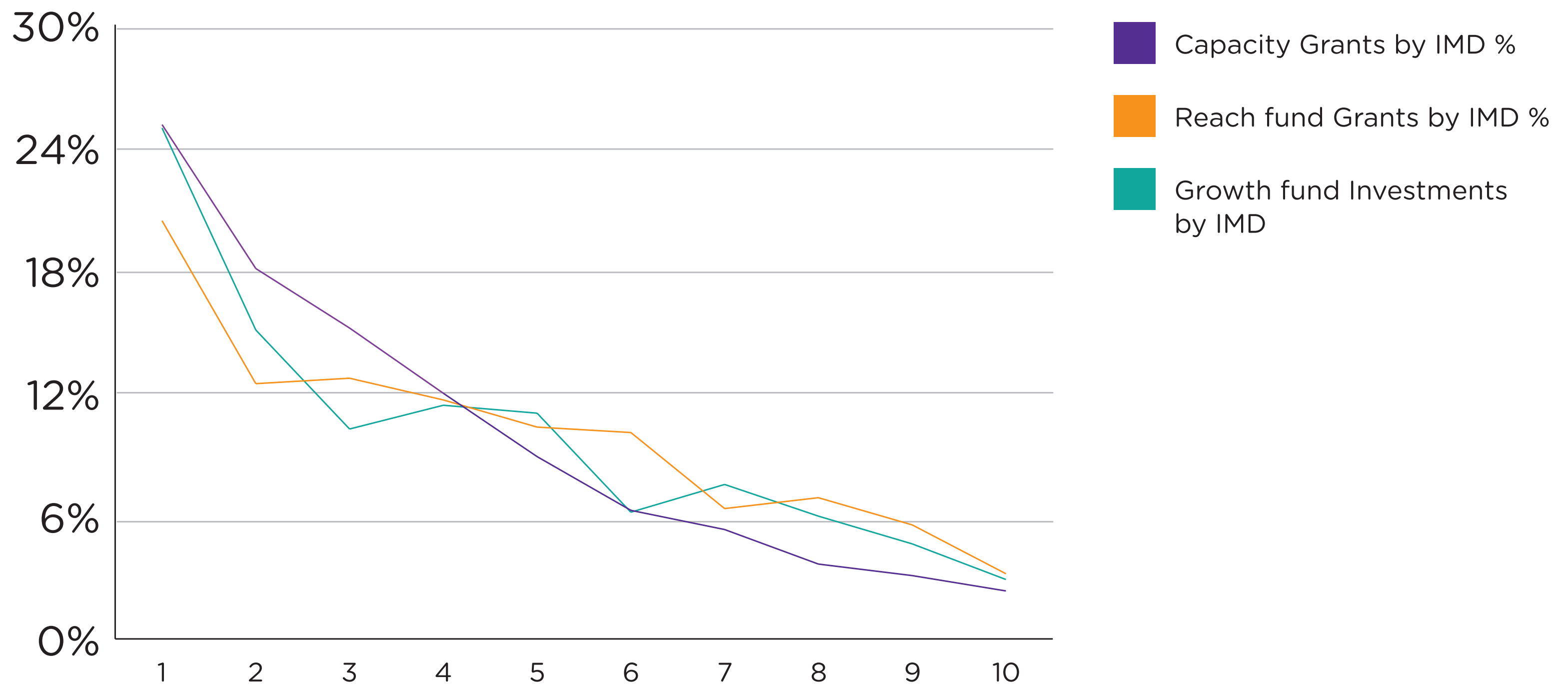
20% of grantees were based in the top decile (IMD 1) of areas ranked as deprived in England, in comparison with 16% of rejected applicants. 68% of grantees were based in the top 5 deciles (IMD 1 – 5), compared with 67% of rejected applicants. This indicates that the selection process generally works well in reaching more deprived areas, but it would be worth reviewing rejections of applications from IMD 2 and 3 areas, as part of a wider review of applications to increase uptake from organisations led by and working with those with protected characteristics.

IMD Deciles - %s of Grantees and Non-Grantees



As a comparison, 360 Giving data was searched for capacity-building grants up to £20,000, where postcode data was available to identify IMD status. By number, 58% of capacity-building grants went to IMD deciles 1 – 3, compared with 44% of Reach Fund grants and 50% of Growth Fund investments. By volume of grants, 56% of capacity-building grants went to the top three deciles, compared to 47% of Reach Fund grants and 51% of Growth Fund investments. The data also shows that the Reach Fund delivered higher average grant amounts to IMD 1 areas (£12,783 vs £10,701) and IMD 2 areas (£16,610 vs £13,863) than the capacity-building programmes.

IMD Deciles - # and % of Grants



Sources: 360 Giving Data: 1,067 Grants < £20,000 for capacity building, 2018 – 2020 where postcode given; Access Data on Growth Fund and Reach Fund.

IMD Categories 1 – 3 by Access Points

44% of all grants went to CSEs with postcodes in IMD deciles 1 – 3 (30% most deprived areas in England). Numbers of IMD grants by Access Point ranged from 0 to 31 and percentages ranged from 0% to 75%. The table below highlights the performance of Access Points that made both higher numbers of IMD 1 -3 grants and high percentages of IMD 1 – 3 grants as a proportion of their total.

Access Point	No. of Grants	Grants in IMD Categories 1 – 3	% Grants IMD 1 - 3
AP 1	73	31	42%
AP 2	56	30	54%
AP 3	31	21	68%
AP 4	32	18	56%
AP 5	26	10	38%

Table 4: IMD categories 1 – 3 by well—performing Access Point.

The good performance of other Access Points' performance included;

- AP 6 supported 10 grants, 6 of which were to Social Impact Bond consortia led by organisations based in IMD 1 – 3 areas (60%);
- AP 7 supported 4 grants, 3 of which were in IMD 1 – 3 areas (75%);
- AP 8 supported 20 grants, 9 of which were in IMD 1 – 3 areas (45%);
- AP 9 supported 13 grants, 6 of which were in IMD 1 – 3 areas (46%).

Specialist investors such as AP 10 (50%) and AP 11 (44%) support relatively small numbers of grantees but meet or exceed the average across all grants.

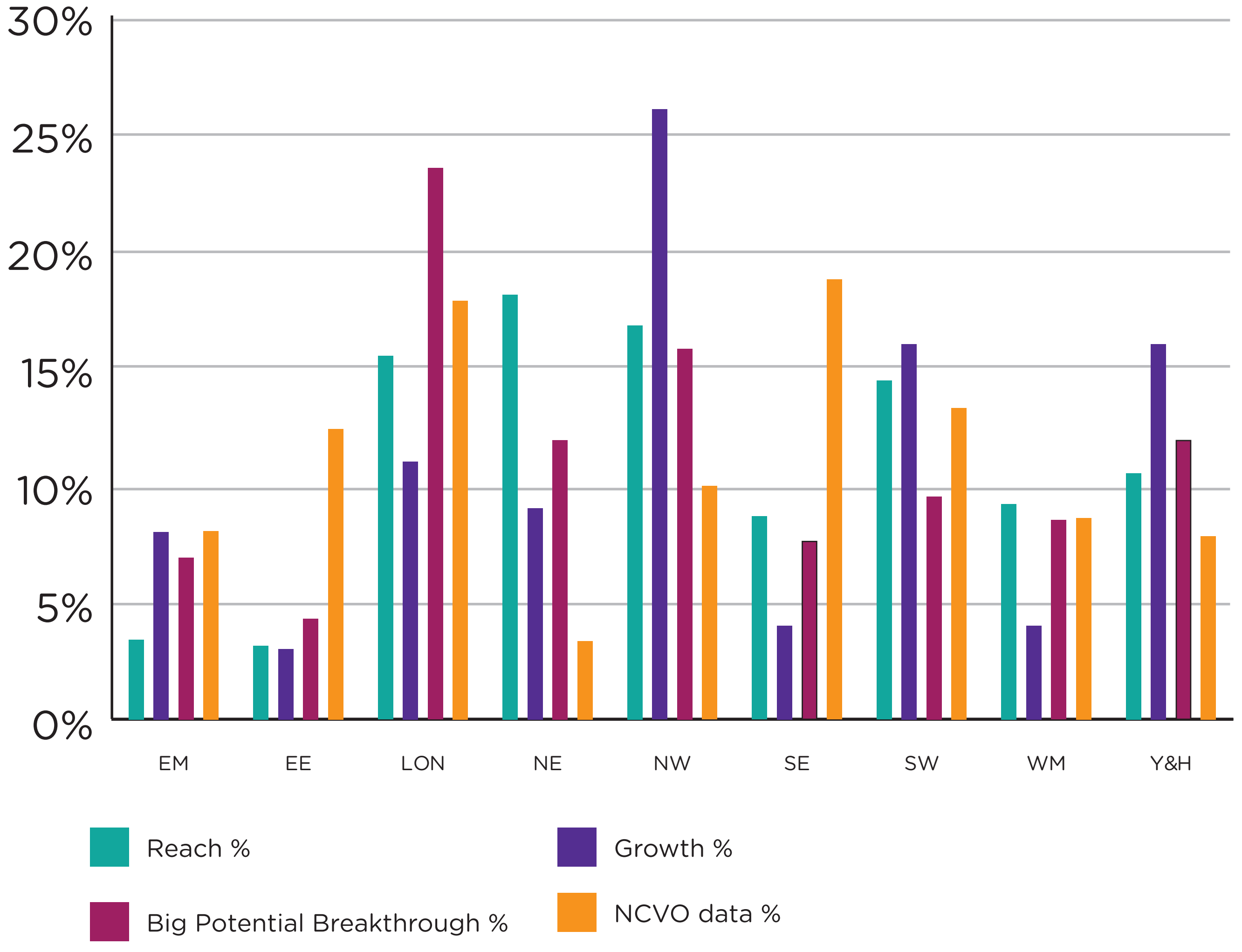
Geographical Reach

Geographical Reach	%	Average £Invest
Local	49%	£218,100
Regional	25%	£173,851
Multi-regional	8%	£704,833
National	8%	£201,222
International	5%	£151,500
Neighbourhood	4%	£336,250
Total/Average	100%	£248,615

49% of investments were raised by organisations with a local reach. Their average investment was £218,100, slightly below average. 25% were raised by regional CSEs, with an average raise a little lower at £173,851. There was a large increase in average raise for multi-regional organisations (8% of total) at £704,833. Neighbourhood areas also raised above average at £336,250.

Regional Performance

Reach Grantee % Comparisons by Region



There have been long-running difficulties in attracting engagement in the South-East and East of England since before the Big Potential Programme started in 2014. In this case, the Reach Fund has under-performed in those areas and in the East Midlands, compared to NCVO data on numbers of charities and social enterprises. There had previously been issues with take-up of support in the South-West, but that region, with North-West, North-East and Yorkshire & Humber now show strong representation, highlighting the importance of strong and engaged regional infrastructure as a channel for promoting social investment uptake.

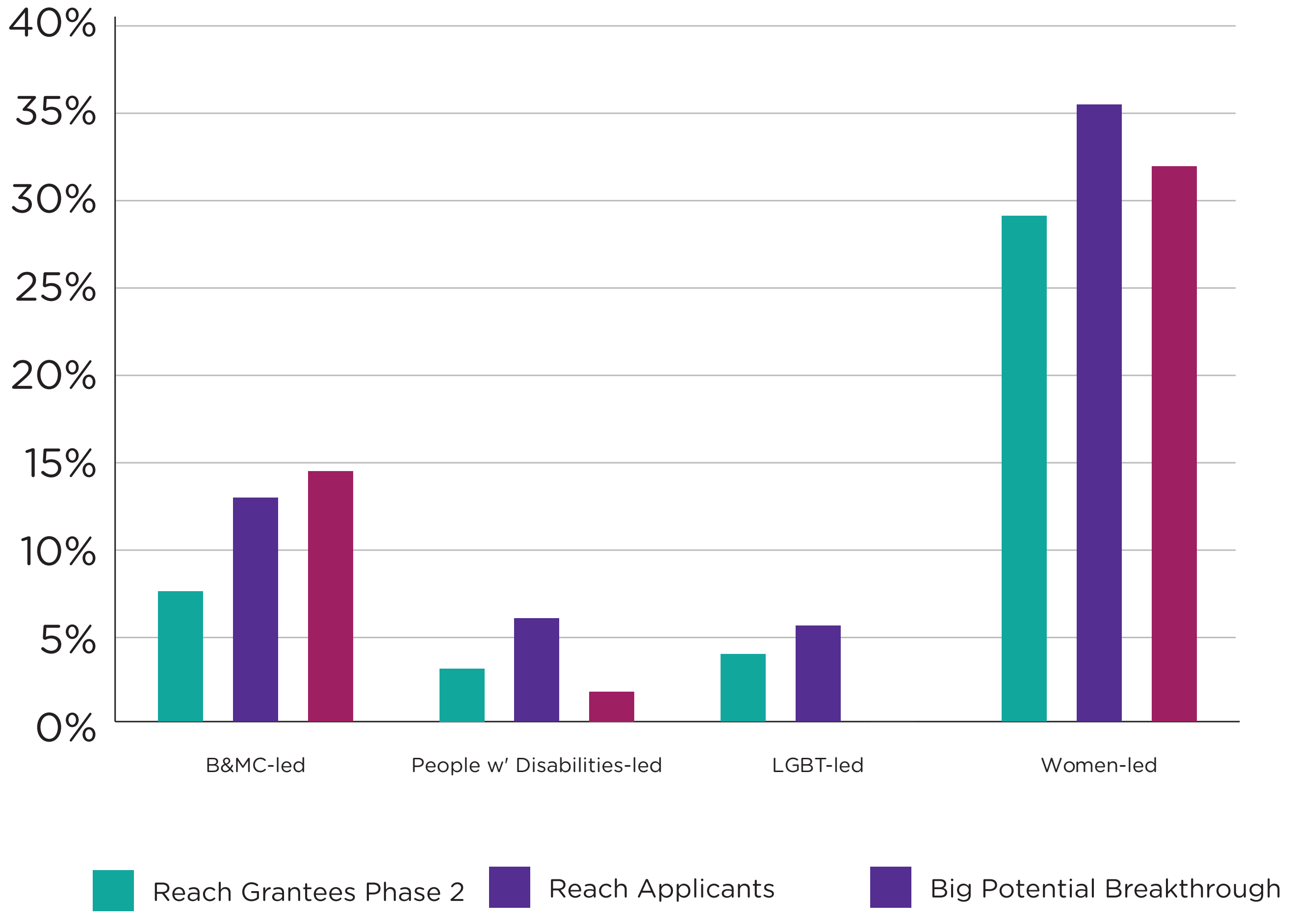
Analysis of unsuccessful applicants shows that 23.44% were from the North-West, and 18.75% each from London and Yorkshire & Humberside. East of England produced very low levels of applications, but also a low rejection rate at 3.13% of all rejected applications.

RECOMMENDATION: FOCUS ON BUILDING ENGAGEMENT AND SUPPORTING INFRASTRUCTURE IN UNRESERVED AREAS

In developing the next stage of the Reach Fund, a renewed focus on promoting reach, connecting with local infrastructure and ensuring Access Point engagement in the South-East, East of England and the East Midlands should help increase access to social investment.

Reach Fund Performance by Protected Characteristics

Equality, Diversity, Inclusion



40% of social enterprises and 63% of charities in England are led by women[12]. 29% of Reach Fund grantees are women-led. 13% of social enterprises and 6% of charities are led by BAME[13] leaders, compared to 7.38% of Reach Fund grantees. Comparative data was not found for LGBT led charities or for those led by people with disabilities.

RECOMMENDATION: FURTHER INVESTIGATION TO ADDRESS EQUALITY, DIVERSITY & INCLUSION ISSUES

There is clearly an issue in recruiting women-led organisations to Reach Fund. The lower conversion rate from applicant to grantee is striking for Black and minority community-led organisations and is also a feature for LGBTQ+ led and Disability led organisations. Regional disparities also require attention. Further investigation is needed into the factors leading to lower participation, to identify changes needed in design, delivery, engagement, communication, support, assessment and training.

A renewed and strengthened focus on reaching people, organisations and areas currently excluded is required to stop the pattern of social investment actually reinforcing structural inequalities. This will obviously carry across all Access' programmes and require the engagement and support of its current partners and of new voices from marginalised groups and communities.

Protected Characteristics by Access Points

BAME-led CSEs

7% of grants went to BAME-led CSEs. The table below shows the best performing Access Points in terms of higher numbers of grants to these organisations and a higher percentage of their total grants.

AP 5 and AP 4 both supported 2 grants to B&MC Led CSE's, 8% and 6% of their total grants respectively. 6 Access Points supported 1 grant each and 17 supported none.

Access Point	No. of Grants	Grants to B&MC Led CSEs	% Grants to B&MC -Led CSEs
AP 2	56	5	9%
AP 1	73	5	7%
Ap 8	20	4	20%
AP 12	14	3	21%

Table 5: Grants to BAME led CSEs by better performing Access Points.

Led by Persons with Disabilities

3% of grants went to CSEs led by persons with disabilities, with the highest number per Access Point being 2 grants. The table below shows the best performing Access Points in terms of higher numbers of grants to these organisations and a higher percentage of their total grants.

Access Point	No. of Grants	Grants to B&ME Led CSEs	% Grants to B&ME -Led CSEs
AP 3	31	2	6%
AP 1	73	2	3%

Table 6: Grants to CSEs led by Persons with Disabilities by better performing APs.

Seven Access Points supported 1 grant each to these organisations; 20 Access Points supported none. Full details are at Appendix 1.

LGBT14-Led CSEs.

4% of grants were awarded to LGBT-led organisations. The table below shows the best performing Access Points in terms of higher numbers of grants and a higher percentage of their total grants.

Access Point	No. of Grants	Grants to LGBT Led CSEs	% Grants to B&MC -Led CSEs
AP 2	56	3	5%
AP 1	73	2	6%

Table 7: Grants to LGBT-led CSEs by better performing APs.

Nine Access Points supported 1 grant each to these organisations. 18 Access Points made none. Full details are at Appendix Y.

Women-led CSEs

29% of grants went to women-led organisations. The table below shows the best performing Access Points in terms of higher numbers of grants to these organisations and a higher percentage of their total grants.

Access Point	No. of Grants	Grants to Women-Led CSEs	% Grants to Women-Led CSEs
AP 1	73	27	37%
AP 2	56	14	25%
AP 4	32	11	32%
AP 3	31	10	32%
AP 8	20	8	40%

Table 8: Grants to Women-led CSEs by better performing Access Points.

Other Access Points that performed well include;

- AP 12with 14 grants, 4 of which were to women-led CSEs (29%).
- AP 5 with 26 grants, 7 of which were to women-led CSEs (27%)
- AP 10 with 8 grants, 4 of which were to women-led CSEs (50%);
- AP 14, with 5 grants, 2 of which were to women-led CSEs (40%);
- 8 Access Points supported no grants for women-led CSEs; 6 supported 1 each; 4 supported 2 each and 2 supported 3 each.

RECOMMENDATION: OPENNESS AND TRANSPARENCY ON EQUALITY,DIVERSITY & INCLUSION DATA

Social Investment Intermediaries have a commitment to social justice but may find it difficult to embody that commitment in day-to-day work. As a first step, each Access Point should receive six-monthly or annual updates on the EDI performance; ideally all APs should see all the data. This would result in recognition of the strong performers and sharing and learning with those that need to improve. APs will be aware that EDI performance will affect their reputation and access to future programmes and support. A social investment infrastructure that reinforces inequality, uniformity and exclusion is not acceptable.

Large Investments

The Reach Fund is clearly successful in using small and well-targeted amounts of grant support to help charities and social enterprises access social investment. However, there is an issue in relation to a very small number of grants being used to support larger investment raises, both term loans and Social Impact Bonds. Organisations seeking large investments tend to operate in a more developed part of the market and are more likely to have higher levels of income and to be more investment ready.

Cohort	# Invest	£ Invest	# > £750k	% > £750k	£ > £750k	% £ > £750k
Oct 17-Sept 18	62	£9,181,798	2	3	£1,737,000	19%
Oct 18-Sept 19	85	£21,089,269	5	6	£11,180,000	53%
Oct 19-Sept 20	41	£17,516,096	7	17	£12,829,000	73%
Oct 20-Dec 20	2	£270,000	0	0	£0	0

Table 3: Large investments > £750k by annual cohort.

The table shows that the number of individual investments exceeding £750,000 increased in each cohort from 2 in the year to Sept 2018 to 7 in the year to Sept 2020. Fourteen investments of this size were raised in total. The average investment raise from these grants was £1.8m compared to £127k raised by the remaining investees. The average grant for these raises was £36,934 but ranged from £8,760 to £94,820, compared to £12,927 for the smaller raises.

The volume of larger investments raised increased from £1.7m in year to Sept 2018 to £12.8m in the year to March 2020. The percentage of the total investment raised by the Reach Fund each year from these larger investments rose from 19% in the year to Sept 2018 to 73% in the difficult Covid year to March 2021.

Some SIB programmes such as DCMS' Life Chances Fund includes development funding. An interim evaluation of the Fund described the development grants as "indispensable" but did not propose that the amount of funding should be increased. Reach Fund grants should prioritise support for CSEs that cannot raise appropriate grant support elsewhere and should not duplicate existing funding.

DISCUSSION POINT: LARGE INVESTMENT RAISES

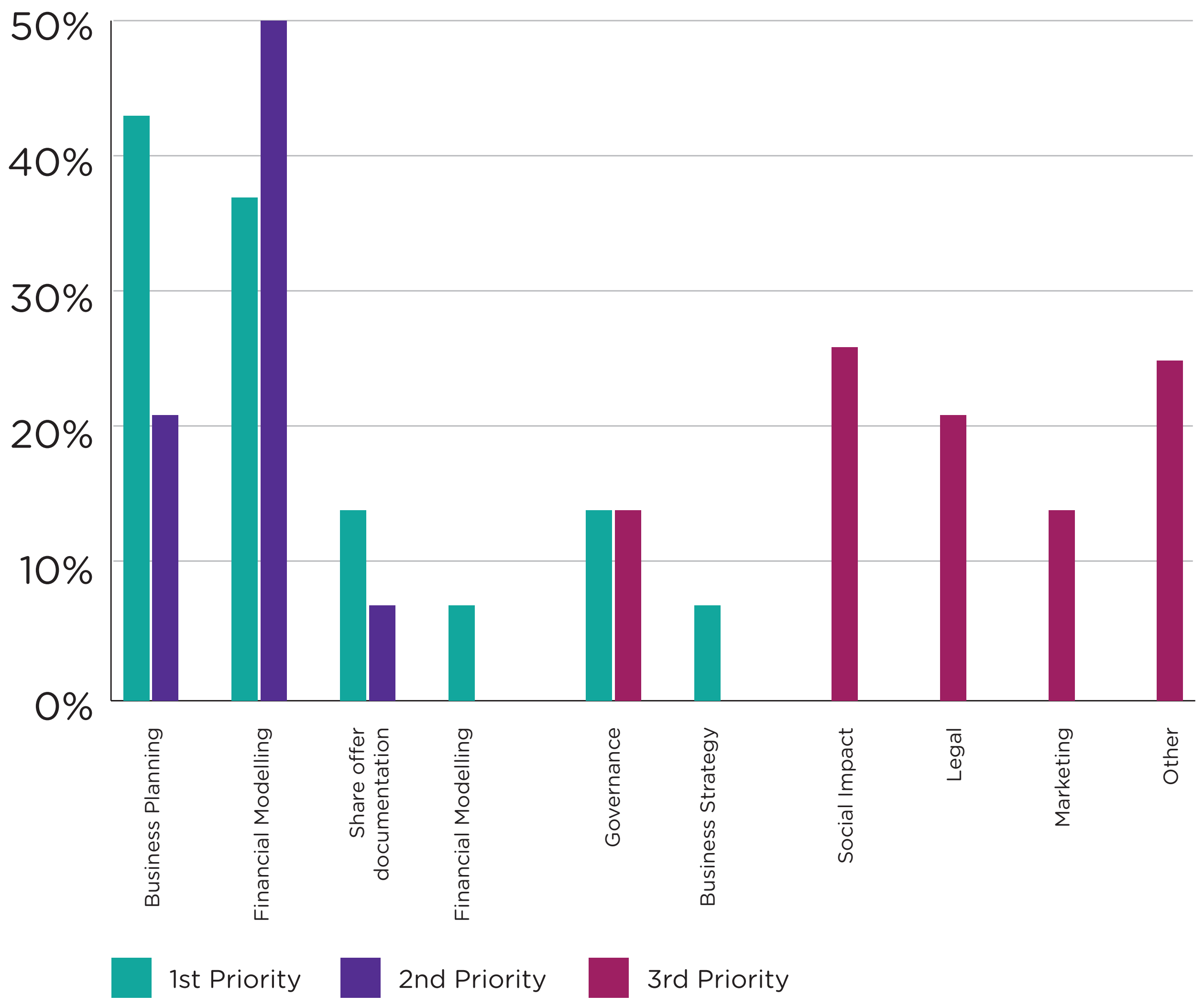
How does Reach Fund support maximise its impact in terms of its Measures of Success in improving access and removing barriers to social investment, particularly those often excluded from investment? Are those CSEs borrowing over £750,000 less likely to be excluded than those borrowing smaller amounts? Are CSEs that are part of a Social Investment Bond (SIB) consortium not already "included" in the sense of being brought into the SIB process? Is it a concern if 50% - 70% of total investment is raised by just 7 grantees?

WHAT TYPE OF SUPPORT IS MOST USEFUL?

Access Points agreed that the two most common support needs are business planning support and financial modelling / financial forecasting. Organisations supporting community share issues also identify the need for help in creating share offer documentation and for marketing campaigns, including video production. Other less common, but important support needs were on governance and social impact. Finally, there were specific requirements for technical support relating to legal structures and property acquisitions.

Access Points commented that there is a lack of awareness about the level of business planning and financial reporting that is required for social investment. Governance and risk management are often weak, but applicants are not necessarily aware of the importance of these requirements.

Access Points' Support Priorities



Support Providers (consultants and specialist advisors) also identified business planning and financial modelling as the most common needs. Significantly less common were social impact and governance support. There were occasional but important requirements for support on funding strategies, legal structures, marketing and pricing.

Access Points and support providers identified other needs, of which charities and social enterprises may be unaware. These include networks and connections with both grant-funders and social investors; understanding blended finance, asset transfers and asset (buildings, land) management; peer mentor support and social impact measurement.
The need for increased financial management education was also identified.

36% of grantees said that their support provider/consultant delivered extra advice and support that was not strictly speaking part of the consultancy assignment. This support was highly rated by the grantees, with a rating of 4.65 out of 5 for supporting their organisation to submit a successful application to a social investment Access Point; 4.63 out of 5 for support in developing the organisation's business model and 4.44 out of 5 for helping to understand the social investment process. Grantees also noted the support to build financial capacity within their organisation (4.17/5); build other capacity (4.03/5) and build the resilience of the organisation (3.92/5).

Only 7.4% of grantees identified and rated extra input from their Access Point. For those that received it, the support to submit a successful application to a social investment Access Point was rated 4.72/5; support to understand the social investment process was rated 4.54/5 and support to develop the organisation's business model was rated 4.34/5. Grantees rated support to building financial capacity within their organisation at 4.29/5, building other capacity at 4/5, building organisational resilience at 3.75/5 and building impact management capacity at 3.55/5.

RECOMMENDATION; ACKNOWLEDGE EXTRA SUPPORT PROVISION BY SUPPORT PROVIDERS AND ACCESS POINTS AND SUPPORT SHARING AND LEARNING BETWEEN PARTNERS.

Extra advice not part of the consultancy assignment was received by 36% of grantees and was highly rated, particularly for developing a business model and understanding the social investment process. Acknowledging the extra support and encouraging providers and Access Points to share, informally, their experience and expertise would strengthen the impact of the programme on financial and organisational capacity, organisational resilience and social impact management.

WHAT IS THE AMOUNT OF GRANT NEEDED?

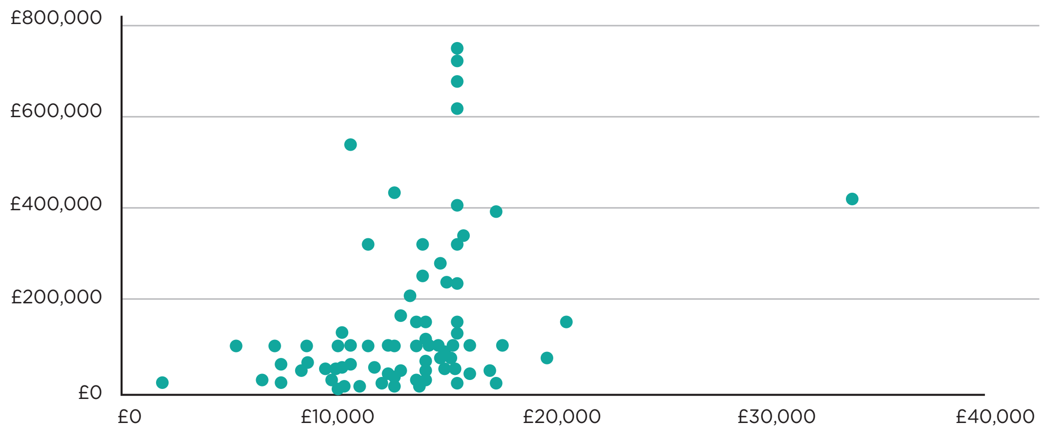
Grant amount and successful raises

The 137 grants that resulted in investment raised a total of £38,455,365. Of the seven investments over £1m, grants ranged from £11,000 to £59,400. The largest investment was £4.8m and the associated grant was £94,820, shared between a number of organisations. The largest grants of over £40,000 supported a number of organisations involved in social impact bonds. Two of these investments delivered leverage of over 200 times.

Looking just at investment raises under £750,000, it is likely that applicants are aware of applications for more than £15,000 receive higher levels of scrutiny, leading to the vertical line of dots at that point. However, rather than hindering investment success, it appears from the data that grants at and slightly over £15,000 perform very well in terms of leverage, averaging 12.84 times the grant amount and having a conversion rate of 50%, compared with the overall average of 36%.

Grant amount and social investment raise

Grant amounts and investment raises < £750,000



Grant amounts and unsuccessful raises

Grant Size	No. of Grants	Received Invest		Did Not Receive Invest		In progress, other, unknown	
		#	Conv Rate	#	Non-Conv Rate	#	%
£0 – 5k	10	2	20%	4	40%	4	40%
£5k - £10k	70	25	36%	15	21%	30	43%%
£10k - £15k	264	88	33%	68	26%	103	39%
£15k - £20k	24	12	50%	7	29%	5	21%
£20k - £50k	12	6	50%	0	0%	6	50%%
£50k - £100k	4	4	100%	0	0%	0	0%
Totals	384	137	36%	94	25%	148	39%

Finally, reviewing the grant amounts that produced no investment, while the non-conversion rate is higher for very small grants under £5k, these grantees are more likely to meet the requirement of being otherwise excluded from the social investment market and only needing a small intervention to help them "over the line". Given that 50% of grants between £15k and £50k had not converted at the time of analysis, it makes sense for those applications to receive the higher level of scrutiny already provided by SIB.

Having analysed grant amount by region, IMD decile, legal status, charitable status, turnover and number of staff (see Appendix 1), no significant relationship with the size of grant received was identified. As an example, "current year" (at the time of application) turnover accounted for 7% of the differences in grant amounts.

Overall, the level of grant aid seems very reasonable in terms of the number and value of investment raises and the declared impact on organisational and financial capacity and resilience. The perceived 'obstacle' of higher levels of scrutiny for grants over £15,000 does not seem to have impacted on investment raises. Even very small grants, such as the lowest at £1,800, can deliver social investment; in that particular case, of £20,000. These grants seem to meet the Reach Fund requirement very well; that a small level of financial support is sufficient to get the social investment deal over the line.

How efficacious is the grant support in helping CSEs "get over the line"

The overall conversion rate for Reach Fund grantees is 35% (137). A further 40% were "still in progress"; investment was offered but not taken up; or the outcome was not known (148). 25% (94) are not pursuing or did not pursue investment. Excluding the unknown outcomes or those that are still in progress, the conversion rate is 58%.

IS THE REACH FUND VALUE FOR MONEY?

Reach Fund Performance

Total No. of Raises	138		
Total Value of Raises	£38,455,365		
	Attributed Raises	Contributed Raises	Totals
Number of Raises	136	1	137
Value of Raises	£38,405,365	£50,000	£38,455,365
Number of Grants	383	1	384
Value of Grants	£5,201,257	£14,000	£5,215,257
No. of AP Fees	377	1	378
£ AP Fees	£282,000	£750	£282,750
Total Grants & Fees	£5,483,257	£14,750	£5,495,007
Cost per Raise	£40,318	£14,750	£39,819
Cost per £ Raised	0.15	0.30	0.14

Of the 137 raises during the evaluation period, 136 were raised within 2 years and 1 was raised more than 2 years after the grant payment. A simple way of defining investment raises that could reasonably be attributed to the Reach Fund support is time – within 2 years. Those that took place more than 2 years after date of the grant are assessed to have had a contribution from the programme.

	Reach Fund	Big Potential Breakthrough	ICRF
Referral Fees	£282,750		
Av Grant	£13,581	£41,092	£83,871
Grant	£5,215,257	£2,630,000[15]	£9,540,000[16]
Av Invest	£280,696	£250,000	£2.82m
Total Investment	£38,455,365	£8,930,000	£79,000,000
Contracts	N/A	£15,960,000	£154,000,000
Total Spend	£5,498,007	£2,630,000	£9,540,000
Leverage	7.37[17]	3.4[18]	8.28
Conversion Rate 1	36%	34%	35%
Conversion Rate 2[19]	58%		

The lower estimate of Reach Fund's conversion rate matches those of Big Potential Breakthrough and the Investment and Contract Readiness Fund. Its leverage exceeds that of BPB and is lower than that ICRF. However, ICRF had a budget for investment grants double that of the Reach Fund and also funded an earlier round of pre-investment grants. As a small, flexible and responsive programme, it is delivering on its key objective of getting good investment deals over the line, at relatively low cost.

Reach Fund's average investment raise at £280,696 is close to those of Big Potential Breakthrough (£250,000), but well below the Investment and Contract Readiness Fund (£2.82m).

However, if the 14 large investments (over £750k) totalling £24m are excluded, the average (mean) drops to £118,930, which well below the BPB average. The median loan was £70,000, which is closer to the Growth Fund median of £40,000. This also shows how a relatively small number of large investments has a substantial effect on average investments and on the space that Reach occupies in the social investment market.

The leverage ratio can be seen as an indicator of success if it is large, and of achievement in terms of reach if it is small. In international microfinance, average loan size in relation to GDP per head is used to measure “penetration”; which means the extent to which a microfinance programme is reaching poorer and hard to reach organisations and communities. The equivalent measure here could be used to see if Access Points are facilitating smaller loans which are a first step into social investment.

The data gives some evidence that Access Points are facilitating access to microfinance level loans to CSE’s. 27 of the 137 (19.7%) investments were at or below £30,000. The smallest loan was £4,000. The average size of these smaller loans was £18,646, 64% of GPD per capita (£29,147 in 2020). It would be worthwhile to monitor and report on smaller loans as a percentage of the overall portfolio to note Access Points supply of flexible finance using faster and more automated processes.

Given the objectives of the Reach Fund, it makes sense to concentrate on increasing conversion rates in addition to growing percentages of grantees from CSEs led by women, Black and Minority Ethnic leaders, leaders with disabilities, leaders from the LGBTQ+ community and from the 30% most deprived areas according to the Index of Multiple Deprivation. Developing fast and flexible access to smaller loans is likely to support these outcomes. The leverage ratio can then be seen as an interesting indicator that can provide guidance on the part of the social investment market prioritised by the Reach Fund and on how that market is developing over time.

Loans > £30k	AP 1	AP 3	Ap 8	AP 11	AP 2	AP 15	AP 4
No.	12	4	4	2	1	1	1
Total	£231,000	£50,000	£62,911	£50,000	£13,498	£29,000	£30,000
Average	£19,250	£12,500	£15,728	£25,000	£13,498	£29,000	£30,000

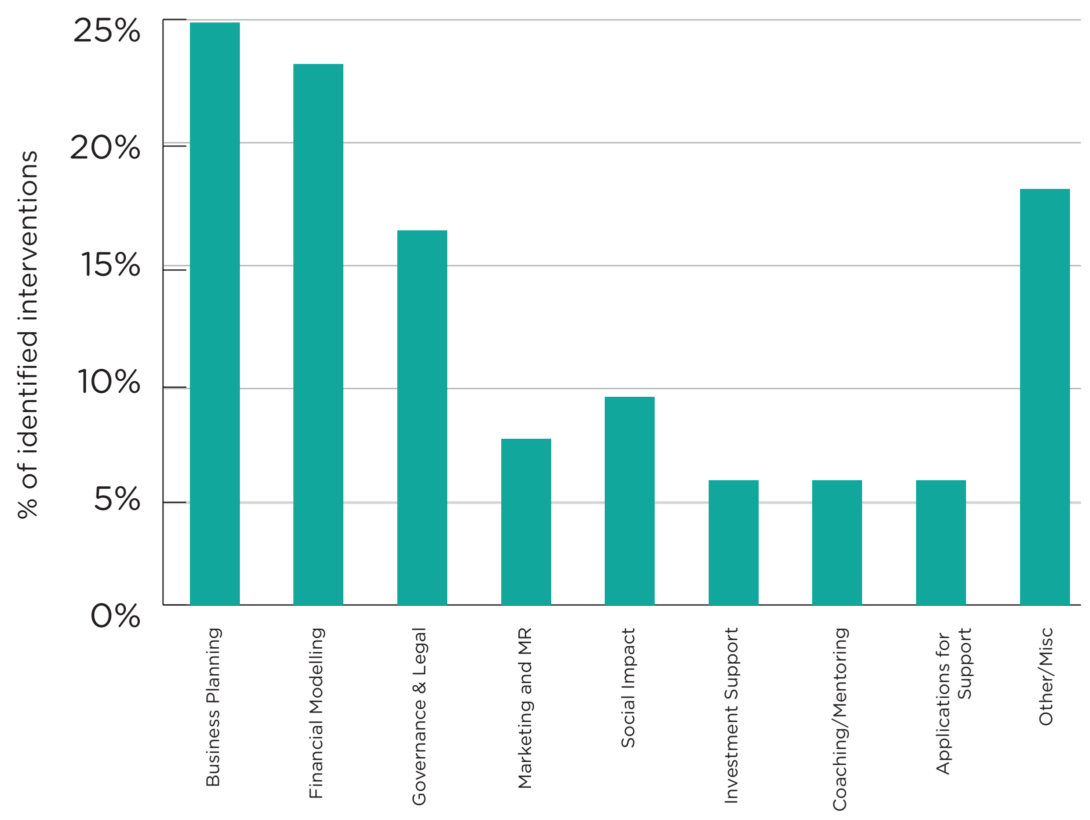
The table above provides details of microfinance lending by some of the Access Points.

5. TO BUILD ON FINDINGS OF THE PILOT EVALUATION, PARTICULARLY WITH THE ADDITION OF ACCESS’S RENEWED LEARNING FOCUS

(Terms of Reference 3)

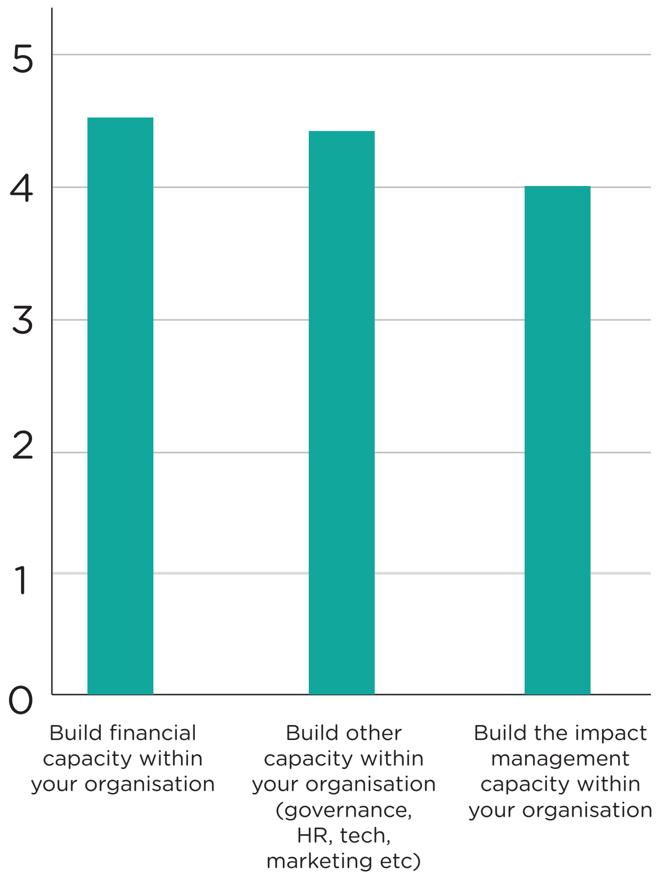
UNDERSTANDING RESILIENCE

Support from Providers / Consultants



The principal forms of intervention from support providers to CSEs related to Business Planning and Financial Modelling and Projections.

Extra advice and support from providers



However, one-third of grantees identified extra advice and support as building financial capacity within their organisation (rated 4.1/5), building other capacity within their organisation (4.5) and building the resilience of their organisation (3.9/5).

Grantees' comments identified the importance of long-standing relationships, networking, collaborating and connecting with other key organisations, coaching and mentoring, long term strategy for financial resilience, greater understanding of financial management and the every-day usefulness of the advice.
The comments also highlighted the lonely responsibility of managing a small or medium-sized CSE and how important it is to know who to contact for advice and support.

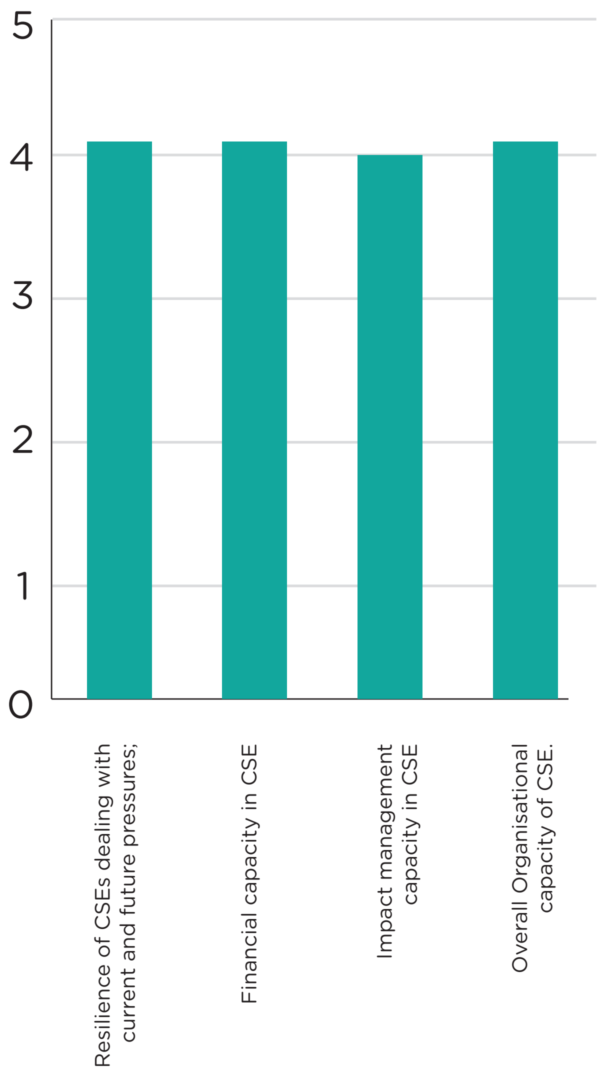
> "The support from the second consultant has been an ongoing relationship that is bringing us continuous benefits during this period of the pandemic and we expect far into the future with the funder relationships she is creating for us."

> "Always on hand for advice, support and linking with similar organisations, took time out of busy schedules to give support and reassurance."

Although fewer Access Points were thought to have contributed in terms of extra support, comments identified their help in making connections, providing links to sources of funding and support, helping access to PR opportunities and giving reassurance to boards that their proposals were realistic. The extra advice and support were rated as building financial capacity with their organisations (4.45/5), building other capacity within the organisation (4.1/5), building organisational resilience (4.17/5) and building other capacity (3.94/5). It would be worthwhile to explore with the Access Points whether there would be a light touch and cost-effective way of using their experience, expertise, networks and contacts to provide support to more Reach grantees.

Support Providers views on resilience

Support Providers: Reach Fund Built



Resilience of charities and social enterprises for dealing with current and future pressures

Support Providers rated the Reach Fund's contribution to CSE resilience and capacity highly, with a similar contribution (4.13/5) for resilience, financial capacity and overall organisational capacity and a slightly lower mark (4/5) for impact management. Their comments provide a richer flavour of their engagement and support:

> "The Reach grant enables the social enterprise to have ownership of the documents produced and also the knowledge, skills and expertise of the wider social investment marketplace. It builds financial resilience and confidence that has put all the social enterprises that we have worked with in a better position to deal with pressure and uncertainty. Social leadership is an emerging theme coming out of the pandemic and Reach indirectly has played a major role in that process, through empowering board members and senior managers with the tools to be able to better assess financial risk and develop coping and recovery plans."

> "Ongoing mentoring for the social enterprise project. Helping to keep it on track. This tends to be more at the beginning and reduces over 18 months. As much as monthly initially reducing to quarterly."

> "Reassurance, building up confidence, often impinging too much on people's personal life so help them to do things more efficiently, secure more staff, to act strategically and not operationally."

> "Project management (generally always); Understanding and considering risk (often); Alternative funding sources (sometimes); Best practice examples (quite often); Working on their funding strategy in parallel to their social investment request. Bid writing and securing added-value investment through grant programmes. Networking and providing connections to share and learn with others. Building collaborations for joint trading activity."

EXPLORING VALUE FOR MONEY

Both the conversion rate (of grants to investments) and the leverage (investment raised as a multiple of grant spend) would have been higher had it not been for the pandemic. The conversion rate dropped from 36% to Sept 2019 to 28% to Sept 20 and further to 15% in the following months.

Perhaps the best way to increase value for money is to improve targeting of the programme, both in terms of reach (IMD, protected characteristics and intersectional disadvantage – covered earlier in the report) and in reducing the non-conversion rate. The table below reports the data on non-conversions by annual cohort.

Cohort	Not pursuing investment	Other	Blank	Don't know the outcome	Total non-conversion rate
Oct 17-Sept 18	32%	2%	5%	7%	46%
Oct 18-Sept 19	30%	3%	5%	4%	42%
Oct 19-Sept 20	22%	3%	5%	3%	33%
Oct 20-Dec 20	0%	0%	15%	0%	15%

Table 9: Non-conversion rates by annual cohort
The proportion of grantees who did not pursue investment fell from a high of 32% in 2017/18 to 22% in 2019/20.

It seems likely that the reduction in numbers not pursuing social investment was caused by a combination of delays due to Covid and a disinclination to close off opportunities in such a difficult time.

While it is not a failing of the programme that grantees realised that social investment was not for them, clearer messaging of the purpose of the programme could increase take-up by those genuinely interested in raising investment. The responses of some interviewees demonstrated that they didn't understand the purpose of the programme.

"There is an expectation that you'll go for social investment. And I think there's been quite a lot of pushing to get on and go for social investment. And particularly when I did have to put my foot down several times and say, no, we're not going for it, because it was always kind of like, well, the next window is… this the next window ".

"So that's my feel of the process was that a lot of people applied in the first instance without a genuine want to get further investment just to receive the money to build the plan and to put those things in place… Without in my opinion, without a real commitment to then get any investment just to actually secure the funding. And I think if almost if you called it playing a game".

RECOMMENDATION: CLARITY OF MESSAGING AND SHARING PERFORMANCE INFORMATION

Clarity of messaging from the different partners to the potential and actual grantees and to support providers could be improved. Access Points could see their conversion rates against their peers' and will understand that it is in no-one's interest to use scarce grant-funding on CSEs that are not interested in or ready for social investment.

EXPLORING BUSINESS MODELS OF CHARITIES AND SOCIAL ENTERPRISES

The Grantee online survey was quite extensive, with more than 30 questions. It is also difficult to elicit information on business models from survey respondents who may either be unfamiliar with the concept or have a complex mix of revenue streams. As a result, grantees were not asked about their business models. Support providers, who would be familiar with both the theory and the practice, were asked to fill the gap. They were able to provide basic information on 149 CSE organisations with which they had worked.

The general public, including local residents, (44%) and local government (32%) are the main customers. This implies that retail skills, market research, customer care and community engagement might be important for business development as well as understanding commissioning and bidding for health and social care and local government work.

Enterprise mainly sells to:	%	No.
Business sector	2%	3
National government	2%	3
Local government	32%	48
Charity or non-profit distributing organisation	12%	18
General public	44%	66
Other type of purchaser, not in this list;	7%	11
10 - sell outcomes/benefits to grant giving organisations 1 - sells to local residents		149

Beneficiary is mainly:		
Employed by the enterprise	34%	41
Customers of the enterprise	31%	37
Reached through the enterprise	25%	30
Subsidised by profits from the enterprise	9%	11
Not directly linked to the enterprise	2%	2
Other not in this list: Social investors	0%	
Total		121

Most beneficiaries are employed by (34%) or customers of (31%) of the enterprises. This reinforces the importance of locality, social engagement and inclusion for these organisations.

Health and social care provision attracts most income (37%), followed by retail (21%) and rent or return (16%) from land, buildings or other issues.

This is a simple assessment of a limited number of social enterprises but highlights the opportunity to share analysis and learning which will improve Local Access partners' support of their local social enterprises, through the co-design and peer learning processes. It strengthens the opportunities for engagement with other organisations including Power to Change, Social Enterprise UK and Locality. It also demonstrates that a network of local support providers can be a valuable source information, insights and local experience.

Income is mainly from...		
Rent or fixed-capital return (land, buildings, other assets)	16%	20
Manufacturing or production	3%	4
Green and recycling economy	6%	8
Retail	21%	26
Knowledge-based activity	5%	6
Health and social care provision	37%	47
Other services and service management	10%	12
Other source of income generation:	2%	3
Skatepark & franchise fees		126

TYPES OF CAPITAL AND INVESTMENT SOUGHT BY DIFFERENT TYPES AND SIZES OF ORGANISATIONS.

The largest number of investments (61) were term loans, with an average raise of £182,384. They were followed by Blended Finance (36), although it likely that many of the term loans came from the Growth Fund and therefore were also blended finance. Social Impact Bonds (10) raised the largest average investment of £1,735,000, followed by Community Share Offers (10) at £436,975. Only 4 mortgages were declared.

Type of investment	No. of investments	Average 1st £Invest
Term Loan	61	£182,384
Blended Finance	36	£68,649
Community Share Offer	10	£436,975
Social Impact Bond	10	£1,735,000
Overdraft or Line of Credit	5	£127,238
Mortgage	4	£198,333
Other	3	£61,166
Equity investment	2	£87,500
Not Known	6	£83,333
Total	137	£38,455,365

Companies ltd by guarantee received the largest percentage of total investment (33%) and the highest average investment, at £362,248. Community interest companies ltd by guarantee received 24% of total investment, a relatively low average investment at "£130,180. Community interest companies limited by shares received 15% of total investment, with an average raise of £281,726. It is of note to see unincorporated organisations, with 1% of total investment, raising an average of £275,000 – it would be useful to know if the members were fully advised of the risks they were taking.

Legal Status	% of total investment	Average £ Invest
Co. ltd by guarantee	33%	£362,248
Community Interest Co. ltd by guarantee	24%	£130,180
Community Interest Co. ltd by shares	15%	£281,726
Industrial & Provident Soc (BenCom)	13%	£303,676
Charitable Incorporated Organisation	7%	£81,429
Private company	4%	£68,000
Other	2%	£125,000
Unincorporated organisation	1%	£275,000
Blank	1%	£75,000
Average		£248,615

EQUALITY, DIVERSITY & INCLUSIONS STATISTICS

As well as accessing fewer investments, organisations led by women, persons with disabilities, BAME and LGBT leaders also receive smaller investments. The differential, for women-led organisations is just over £50,000 and that sample size is large enough to be robust.

For the other protected categories, so few investments have been received (4, 8, 2), that the exact differential can be debated. However, the size of the differential is strikingly large;

- £102,878 less for organisations led by persons with disabilities;
- £217,739 for organisations led by BAME leaders;
- £229,064 for organisations led by LGBT leaders.

Woman-led	No. of Invests	Sum of £ Invests	Average of £ Invests
No	67	£17,619,952	£266,969
Yes	38	£8,236,036	£216,738
Totals / Averages	105	£25,855,988	£248,615

Persons w Disability-led	No. of Invests	Sum of £ Invests	Average of £ Invests
No	101	£25,257,211	£252,572
Yes	4	£598,777	£149,694
Totals / Averages	105	£25,855,988	£248,615

BAME-led	No of £ Invests	Sum of £ Invests	Average of £ Invests
No	97	£25,474,988	£265,364
Yes	8	£381,000	£47,625
Totals / Averages	105	£25,855,988	£248,615

LGBT-led	No. of £ Invests	Sum of £Invests	Average of £ Invests
No	103	£25,808,077	£253,020
Yes	2	£47,911	£23,956
Totals / Averages	105	£25,855,988	£248,615

LEARNING AND SHARING

The Reach Fund network of Access, Social Investment Business, Access Points and support providers is an amazing trove of experience, expertise, resources, collaboration, co-operation and commitment to the CSE sector. Covid-19 hindered opportunities for learning and sharing learning across the network, with other Access programmes and in the social investment and CSE sectors. However, even before then, partners in the network were not entirely satisfied with the opportunities for sharing and learning.

14% of Access Points were not at all satisfied with opportunities for sharing learning among social investors, for collaboration among social investors and with sharing learning about social investment among CSEs. 57% found that opportunities were satisfactory but limited. Only 14% found the opportunities to be satisfactory or highly satisfactory.

ACCESS POINTS

Satisfaction levels	Opportunities for sharing learning among social investors	Opportunities for collaboration among social investors	Opportunities for sharing learning about social investment among CSEs
not at all satisfactory	14%	14%	14%
satisfactory, but limited	57%	57%	57%
Average	14%	14%	14%
Satisfactory	7%	7%	7%
highly satisfactory	7%	7%	7%
Total	100%	100%	100%

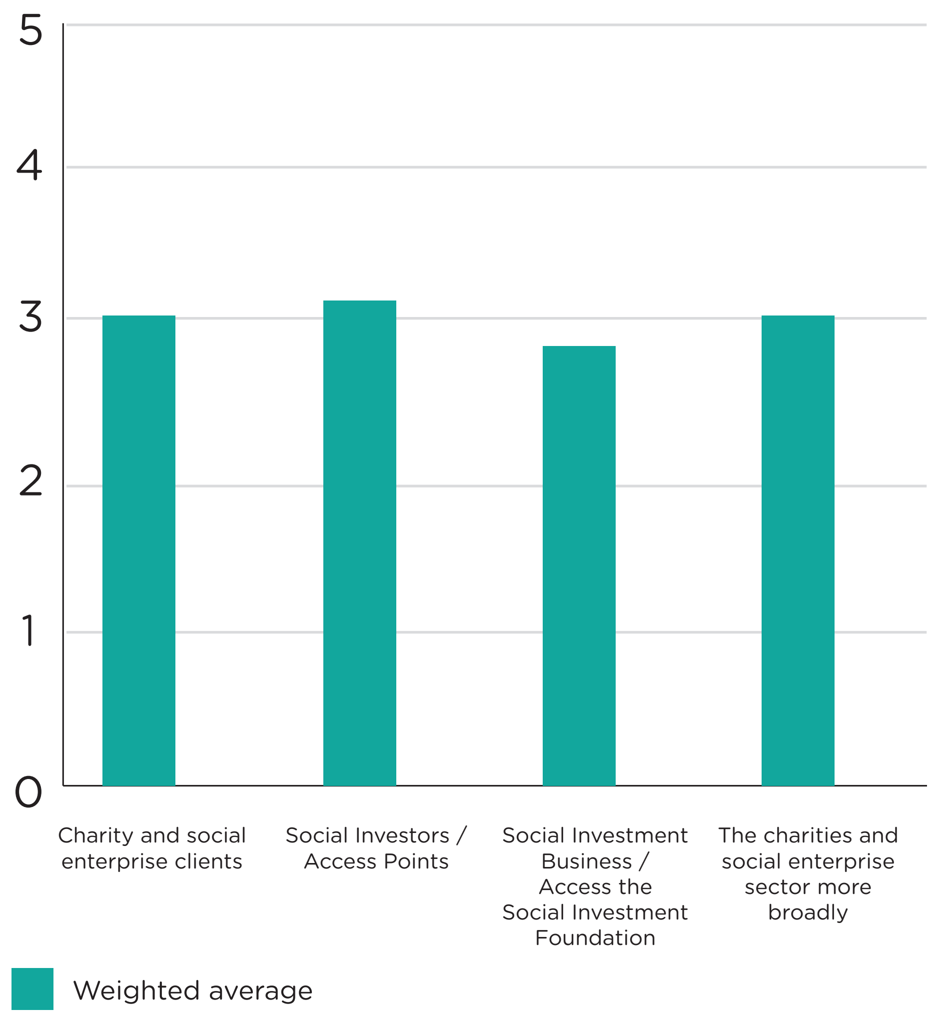
Comments included:

- "We are unaware of any shared learning."
- "Little learning is shared and very infrequently to be meaningful."
- "This is possibly a missed opportunity."
- "The fact that using a particular contact point[20] means an exclusive commitment to use that contact point to raise finance actually discourages collaboration.
I would like to see collaboration between social investors actively encouraged through Reach as blended finance approaches are often the most suitable."

Support Providers:

Support providers were generally very enthusiastic about the Reach Fund and overall ratings were highly favourable. However, in terms of opportunities for sharing learning, they were far less positive. Opportunities for sharing learning with Access Points were rated at 3.08/5. Opportunities with charities and social enterprise clients and the charity and social enterprise sector more broadly were both rated at 3/5. Finally, opportunities for sharing learning with SIB and Access were marked at 2.83/5.

How satisfactory are the opportunities for sharing learning that the Reach Fund provides?:



Comments:

- "There are limited opportunities to share learning with the Social Investment Business or Access apart from through conferences / workshops they attend or by providing informal feedback directly to staff. We therefore are active in sharing learning with our clients and the wider charity and social enterprise sector (through posts in LinkedIn for example) and in encouraging networking between organisations considering social finance".
- "I haven't been invited to share my learning or the learning of the client I worked with. I have made other charities / social enterprises aware of the Reach Fund."
- "We encourage the social enterprises that we work with to compete all monitoring so that investment journeys and social impact can be captured. XXX are develop a network of social enterprise leaders that have secured investment so that they can act as peer mentors and share experiences."

Rather than being seen as a criticism, these reflections from Access Points and support providers communicate their interest in and support for Access' programmes, particularly the Reach Fund. These key partners can support shared learning, develop resources and support Access' advocacy work at local, regional and national level and help to deliver Access' legacy for the future.

RECOMMENDATIONS

Strengthening the programme

That design process has worked well, and grantees have assessed the quality of support, their choice, control and agency over the support provided, the contribution to building organisational and financial capacity and resilience and their understanding of and engagement with social investment very highly.

For the next phase of the programme, the incentivisation process and programme delivery could be strengthened by a number of innovations. These would require resources and funding, but some would be covered by proposed and potential changes, including the recruitment of a newly created Director of Partnerships and Advocacy role at Access and work with the Connect Fund – (an Access funded programme supporting social investment infrastructure).

Networks and communication

1. Developing and engaging with a light touch Support Provider Network, with regular updates and an opportunity for providers to feed back on their experiences annually. In addition, an annual online event with Access and its partners, Access Points and support providers would provide mutual opportunities for learning and sharing experiences. The support providers could be a significant asset in strengthening the Reach Fund in areas and regions with relatively low take-up. This could be the responsibility of the Director of Partnerships and Advocacy.

2. While 38% of grantees heard about the Reach Fund from the social investor they were working with, a combined total of 44% heard from someone connected to another CSE organisation or to the social investment sector. Support, perhaps through the Connect Fund, for informal networks of peers who have had the experience of raising social investment through the Reach Fund could strengthen the programme, particularly in the South-East, East of England and East Midlands. New Leaf New Life is already providing this support in the North of England, with support from the Connect Fund.

3. It would be helpful if each Access Point received a short, clear brief on the Reach Fund, its objectives, structure, funding and how performance will be reported and monitored. APs should be asked to ensure that their staff understand the brief and how information on the Reach Fund should be communicated to grantees. Another version of the brief could be designed for and shared with current and potential support providers and with infrastructure organisations. Clarifying that the Reach Fund is not suitable for projects such as finding a building to purchase or a site to develop or early-stage development of a new business model would be helpful.

Equality, diversity & inclusion

4. Further investigation of the barriers to Equality, Diversity & Inclusion, relating to the recruitment of organisations led by women, by black and minority ethnic leaders, by LGBTQ+-leaders and leaders with disabilities, to identify changes needed in design, delivery, engagement, communication, support, assessment and training. As well as monitoring the percentage of applicants who receive grants and then raise investment, the amounts of investment raised are important as there is some evidence that the amounts raised for those with protected characteristics are substantially smaller.

5. Regular updates to Access Points on their "reach" performance on EDI and IMD, recognition of strong performers and sharing and learning with those who need to improve. APs will be aware that EDI performance will affect their reputation and access to future programmes and support. After a period of feeding back data to the Access Points, if performance does not improve, Access should consider a combination of incentives and disincentives. This would involve rewarding Access Points with good EDI performance and switching budgets away from those whose performance continues to be poor, in relation to their catchment areas or focus.

6. Engagement, perhaps through the Connect Fund, and development support for black and minority ethnic support providers, those with disabilities, LGBTQ+ support providers and those from excluded and under-invested communities to bring their experiences and expertise into social investment, to strengthen their business planning, financial modelling and other skills and to provide opportunities for them to work on social investment raises.

Filling and strengthening gaps in provision.

7. A review of the existing cohort of Access Points, to identify;
   - those who have not supported grant applications for some time;
   - those that no longer want to participate in the Reach Fund;
   - geographical and sectoral gaps in provision.

Where provision gaps need to be filled and new or young intermediaries are the best option available, a "sandbox" approach with extra support would speed up development and improve delivery. Some experienced Access Points would be willing to provide shadowing support and advice at a reasonable cost.

Useful support

Reach Fund support should be primarily focussed on business planning and financial modelling/forecasting. It is important that the Reach Fund is not pulled into funding generic capacity building support, even though this is often lacking for CSEs. This could be signalled in the promotion of the programme, as a way of maintaining the focus on getting investible propositions over the line. However, grantees, Access Points and support providers all welcomed the agency and control given to grantees and the flexibility with which the funding could be used. Early support for governance and social impact needs can have a significant effect on the viability and effectiveness of CSEs.

Community share issues have been very successful, with support from the Reach Fund. They have specific requirements for creating share offer documentation, achieving the Community Shares Standards Mark and marketing and promoting the share issue. There are also specific requirements for technical support relating to legal structures and property acquisition.

Some unsuccessful applicants received a phone call with feedback on why they did not receive a grant and found it helpful. If it is feasible, it would be worth providing fast, responsive feedback by email or phone which could both strengthen capacity and support future engagement.

The data provides some evidence that Access Points are facilitating access to microfinance level loans to CSE's. 25 of the 120 investments were at or below £30,000. It would be worthwhile monitoring and reporting on smaller loans as a percentage of the overall portfolio and encouraging Access Points to grow this category, with due regard to their sustainability and possibly with some extra subsidy. The provision of small, flexible loans for purposes such as working capital, small asset purchases, fundraising, marketing and selling could be very useful for these organisations. Access to capital without the constraints of the Growth Fund and using blended finance would also support the growth of microfinance.

Grant amounts

Having analysed the grant amounts by region, IMD decile, legal status, charitable status and number of staff, no significant relationship with the size of grant was identified. A grant of £1,800 raised an investment of £20,000; a grant of £5,040 raised £100,000. There seems no reason why there should be a lower limit on grants. Most grants cluster between £8,000 and £15,000. The relationship between the size of grants that did not produce investment and average grant size indicates that it is sensible to subject investments over £15,000 to the additional scrutiny that SIB applies.

Value for money can be increased by reducing the non-conversion rate. While it is not a failing of the programme that grantees realised that social investment was not for them, clearer messaging of the purpose of the programme could increase take-up by those genuinely interested in raising investment. If Access Points can see their conversion rates against their peers, they will understand that it is in no-one's interest to use scarce grant funding on CSEs that are not interested in or ready for social investment.

The percentage of investments exceeding £750,000 has grown over the programme's life, reaching 58% of the total value in the year to March 2020 and peaking at 74% in the difficult Covid year to March 2021. Some SIB programmes such as DCMS' Life Chances Fund includes development funding and should not require further funding from the Fund. Reach Fund grants should prioritise support for CSEs that are likely to be excluded from social investment and who cannot raise appropriate grant support elsewhere. It should not duplicate existing funding.

The numbers of grants peaked at 227 in the year to March 2020 and have fallen sharply since then. It will take some time for the numbers to recover, but, if Covid-19 is under control, we could expect the annual numbers to recover from March 2022 and to grow steadily from then, as CSE's develop and adapt their business models to meet growing demands for support and services.

Conclusion

The Reach Fund is an intelligently designed and successfully managed intervention in the social investment market, delivering on a range of outcomes including organisational and financial capacity and resilience, social impact, equality, diversity and inclusion and its primary objective of supporting access to appropriate social investment for its grantees. Its average grant size of £13,143, compared to £41,094 for Big Potential Breakthrough, working with a similar cohort of CSEs. The triangular relationships between Access/SIB and between Access Points, grantees and support providers have worked well in balancing power relationships and delivering benefits for all party.

"Out of all of the blobs of money that we've had along the way, the Reach Fund has been one of the most beneficial. And one of the reasons for that is that we were given autonomy on who we chose and what we chose. I felt with some of the other funds that we've had in the past, we've been dictated to; these restrictions have been put on us, on the decisions that we've made. We knew exactly who we needed, and we knew what."

APPENDIX 1: SUPPORTING DATA

Standardised annual cohorts.

The investment raise data has been standardised over 12-month periods, starting at Oct 2017. Each cohort (except for the last, which only covers 3 months to Dec 2020, the evaluation end date) includes one year of grants and all investments made to those grantees within 2 years (730 days) of the grant date.

The data shows a steady rise in the number of grants and the number of investments from 133/53 in the year ending Sept 2018 to 230/80 in the year ending Sept 2019. The number of grants drops in the year to March 2020, before rising to 202 and then falling again to 192 during peak-Covid. Investments rises significantly to 195 in the year to Mar 2020, before dropping to 44 in the year to Sept 2020 and falling again to 5 in the year to Mar 2021. There is a steady rise in leverage until Covid struck but more variation in the conversion rate from 40% to 33% to 36% to 36% then falling to 31% and 7% at peak-Covid.

Cohort	# Grants	£ Grants	# Investments	£ Investments	Conver Rate 1; % of all grants	Conver-Rate 2: % of known out-comes	Leverage
Oct 17-Sept 18	146	£2,008,198	62	£9,181,798	42%	54%	4.57
Oct 18-Sept 19	238	£3,311,947	85	£21,089,269	36%	52%	6.37
Oct 19-Sept 20	147	£1,890,665	41	£17,516,096	28%	52%	9.26
Oct 20-Dec 20	13	£157,768	2	£270,000	15%	100%	1.71
Total	544	£7,368,578	190	£48,057,163	35%	53%	6.52

Larger Grants

The table below shows the number, value and percentages of investments over £750,000 by cohort.

Cohort	# > £750k	£ > £750k	% £ >£750k
Oct 17-Sept 18	2	£1,737,000	19
Oct 18-Sept 19	5	£11,180,000	53
Oct 19-Sept 20	7	£12,829,000	73
Oct 20-Dec 20	0	£0	0
Total	14	£25,746,000	54

Smaller grants

The table below shows the number, value and percentages of investments under £750,000 by cohort.

Cohort	# Invest < £750k	£ Invest < £750k	% £ < £750k
Oct 17-Sept 18	60	£7,444,798	81
Oct 18-Sept 19	80	£9,909,269	47
Oct 19-Sept 20	34	£4,687,096	27
Oct 20-Dec 20	2	£270,000	100
Total	176	£22,311,163	46

Reach by Access Point

Grants by IMD Categories 1 – 3 by Access Point

Access Point	No. Grants / IMD Categories 1 - 3	% Grants IMD 1 - 3
AP 27	3	75%
AP 20	21	68%
AP 25	6	60%
AP 23	18	56%
AP 19	30	54%
AP 1	4	50%
AP 24	2	50%
AP 12	2	50%
AP 3	1	50%
AP 26	6	46%
AP 7	9	45%
AP 16	4	44%
AP 6	31	42%
AP 15	10	38%
AP 13	4	36%
AP 21	1	33%
AP 4	8	32%
AP 10	4	29%
AP 22	2	25%
AP 17	1	25%
AP 18	1	25%
AP 10	0	0%
AP 5	0	0%
AP 8	0	0%
AP 2	0	0%
AP 28	0	0%
AP 9	0	0%
AP 14	0	0%
AP 11	0	0%
Totals	168	44%

Grants by Protected Characteristics by Access Point

	No. Woman Led	%Women Led	No. B&MC Led	% B&MC Led	No. Led by Persons w Disability	% Led by Persons w Disability	No. LGBT Led	% LGBT Led
AP 29	0	0%	0	0%	0	0%	0	0%
AP 10	4	50%	1	13%	0	0%	1	13%
AP 1	27	37%	5	7%	2	3%	1	1%
AP 6	3	30%	0	0%	0	0%	0	0%
AP 25	0	0%	0	0%	0	0%	0	0%
AP 5	7	27%	2	8%	1	4%	0	0%
AP 15	0	0%	1	25%	0	0%	0	0%
AP 24	1	25%	0	0%	0	0%	0	0%
AP 17	1	9%	1	9%	0	0%	0	0%
AP 13	3	25%	0	0%	0	0%	1	8%
AP 22	2	50%	0	0%	0	0%	1	25%
AP 18	2	8%	0	0%	1	4%	1	4%
AP 4	11	32%	2	6%	1	3%	2	6%
AP 23	1	100%	0	0%	0	0%	0	0%
AP 8	8	40%	4	20%	1	5%	1	5%
AP 7	1	25%	0	0%	0	0%	1	25%
AP 27	0	0%	0	0%	0	0%	0	0%
AP 2	14	25%	5	9%	1	2%	3	5%
AP 19	0	0%	0	0%	0	0%	0	0%
AP 28	1	50%	0	0%	0	0%	0	0%
AP 9	2	15%	1	8%	1	8%	0	0%
AP 26	0	0%	0	0%	0	0%	0	0%
AP 3	10	32%	1	3%	2	6%	0	0%
AP 20	0	0%	0	0%		0%		0%
AP 14	2	40%	0	0%	0	0%	1	20%
AP 11	2	22%	0	0%	1	11%	0	0%
AP 16	1	33%	1	33%	0	0%	0	0%
AP 21	0	0%	0	0%	0	0%	0	0%
AP 12	4	29%	3	21%	0	0%	1	7%
Totals / Percentages	107	28%	27	7%	11	3%	14	4%

Grant amounts by region

Region	Average Grant	No. of Grants
Yorkshire & Humberside	£11,874	37
North-East	£12,130	68
North-West	£12,920	59
South-West	£13,013	52
West Midlands	£14,470	34
South-East	£14,484	31
East Midlands	£15,062	13
London	£15,340	56
East of England	£17,295	11
Unspecified	£13,265	7
Average / Total	£13,542	368

Grant amounts by Index of Multiple Deprivation Decile

IMD	Average Grant
IMD 1	£12,783
IMD 2	£16,610
IMD 3	£13,261
IMD 4	£12,705
IMD 5	£11,199
IMD 6	£13,725
IMD 7	£17,328
IMD 8	£13,124
IMD 9	£12,059
IMD 10	£12,682
Average	£13,518

Grant Amounts by Legal Status

Legal Status	Grant Averages	No. of Grants
Charitable Incorporated Organisation	£10,580	27
Community Interest Company (shares)	£11,276	32
Unincorporated organisation	£12,788	10
Private company	£13,222	11
Other	£13,820	37
Community Interest Company (guarantee)	£14,117	197
Community Benefit Society	£14,164	41
Undeclared	£14,472	9
Community Interest Company (unspecified)	£14,600	2
Company Limited by Shares	£14,840	1
Industrial & Provident Society	£14,910	2
Average	£13,542	369

Grant Amounts by Charitable Status

Charity	Average of Amount Grant
No	£13,595.63
Yes	£13,400.34
Grand Total	£13,521.75

ENDNOTES

1 2 of the 32 Access Points left the Reach Fund, leaving 30 still active at 30th Dec 2020

2 The Growth Fund is a partnership between the National Lottery Community Fund, Big Society Capital and Access and is designed to provide the finance that charities and social enterprises need for growth or diversifying their business models: https://access-socialinvestment.org.uk/blended-finance/the-growth-fund/

3 The Investment and Contract Readiness Fund was funded by the Cabinet Office and managed by Social Investment Business from May 2012 to Mar 2015.

4 2 of the 32 Access Points left the Reach Fund, leaving 30 still active at 30th Dec 2020.

5 Concern, Claim, Issue

6 If the elapsed time between grant approval and investment offer exceeded 2 years (730 days), the investment was not included in the conversion and leverage analysis, as the contribution of the Reach grant is assumed to decrease over time.

7 Reach Fund Learning Report; The TI Group; March 2019; Access–The Foundation for Social Invest.

8 Growth Fund Evaluation: Update Report 1: Delivery so Far; James Ronicle, Rachel Wooldridge, Edward Hickman, Sam Isaac and Matthew Cutmore, April 2019.

9 Big Potential Breakthrough Evaluation; Final Evaluation Report Year 6: Sept 2020.

10 37 investments (£8,929,466) and 18 contracts (£15,957,987).

11 2nd round grants

12 Beyond Charities, Looking at Wider Civil Society; Keeva Rooney and Oliver Chan; NCVO 13 August 2020.

13 "BAME" is used when referred to statistical data collected using that term. Black & Minoritised Community (B&MC) is used in all other cases.

14 LGBT was the term used in the registration process for the Reach Fund, rather than the current term of LGBTQ+.

15 Investment Plan Grants only

16 Investment Grants only

17 Grants/Investments = 7.37; Grants + Referral Fees/Investments = 6.99

18 Investment Plan Grants and Investments only

19 The "known" conversion rate is calculated as the proportion of grants where the outcome is known, excluding those still in progress and those where the outcome is unknown.

20 The comment reinforces the need for a clear message for Access Points about opportunities to switch to more suitable social investment providers.

November 2021:

More information from
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