



# REACH FUND EVALUATION EXECUTIVE SUMMARY

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**SMALL CHANGE**  
*Making a difference*

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## 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<sup>1</sup> Access Point social investors. 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. One of the important features of the Reach Fund programme is that it gives CSEs significant agency as to how the funding is used. The choices devolved to CSEs include whether to use the grant to free up internal resources and which, if any, external support providers to choose to work with.

This evaluation covered the period from Oct 2018 to Dec 2020, which included the first ten months of the Covid-19 pandemic, from March 2020 onwards.

### THE FIVE MAIN PURPOSES WERE:

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”.



## MEASURES OF SUCCESS AND THEORY OF CHANGE

Access has set itself eleven Measures of Success (MoS), six of which are also Primary Reach Fund 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;

The design hypothesis of the Reach Fund is that the purposeful alignment of incentives produces the right outcomes for CSEs:



**CSEs** receive customised support, with the informed assessment of propositions by Access Points, combined with knowledge and insights from both their Support Providers and Access Points, thus strengthening their capacity and resilience through identifying gaps and deficits and filling them, helping to produce investible propositions and linking grantees with 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 generate and share learning with the grantees and support providers.

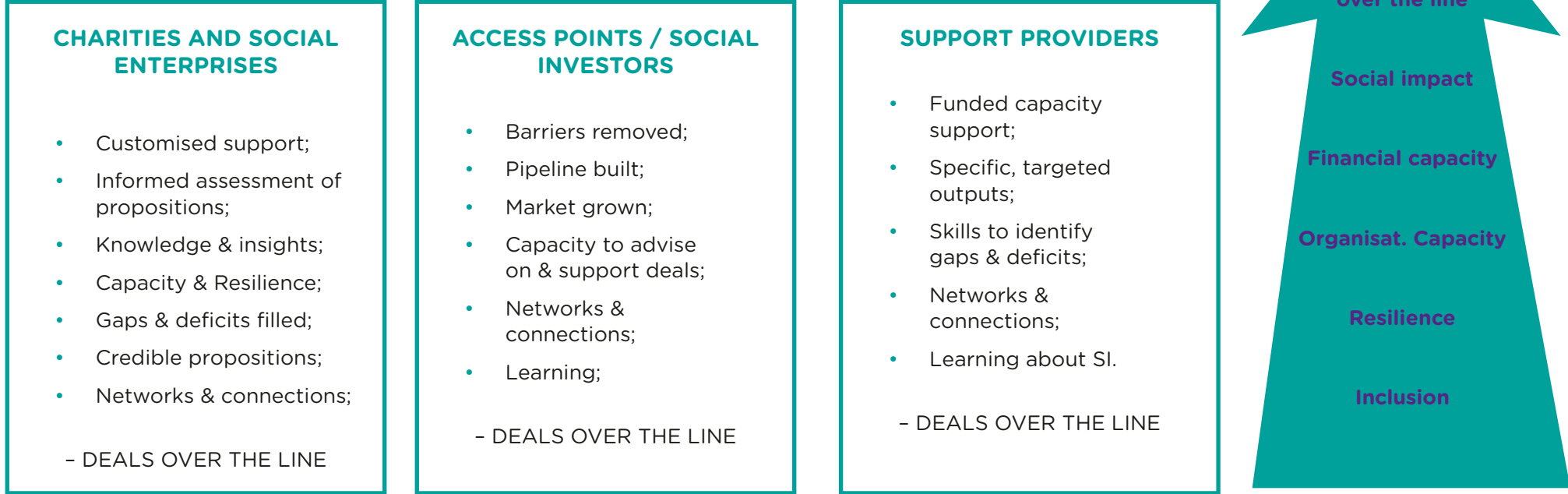


**Support Providers** are funded to provide capacity support, with specific, targeted outputs. They have the skills and experience to identify gaps and deficits. They have networks and connections to help grantees and to link CSEs to social investors. The process of engagement with Access Points enables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



# 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



Broad reach; IMD; Protected categories; Geography; Size .....➤





IMPACTS

Enabling CSEs to “get social investment deals over the line”

	Number	Value
Grants	384	£5.2m
Referral Fees	377	£0.3m
Total Spend		£5.5m
Investment Raises	137	£38.5m
Conversion Rates	36% of all grantees	58% where outcome known
Leverage		6.99 on grants + 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 7.37 and of grants plus referral fees (paid to Access Points) to investment of 6.99.

Empowering CSEs to Increase Capacity to Engage with Social Investment

Grantees - Satisfaction Ratings	Average Rating (5 = highest rating)
Quality of Support	4.6
Choice, Control & Agency	4.5
Business Planning Capacity	4.7
Capacity to Produce a Social Investment Proposal	4.6

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, and enhanced capacity for business planning and to produce a social investment proposal.

Engaging Support Providers to build organisational and financial capacity and resilience to get social investment deals approved

Support Providers - Satisfaction Ratings	Average Rating (5 = highest rating)
Building resilience	4.1
Building financial capacity	4.1
Building organisational capacity	4.1
Getting good social investment deals approved	3.8

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



## FINDINGS

### Removing barriers for Access Points to get deals over the line, build pipeline and grow the market

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

Access Points predominantly 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

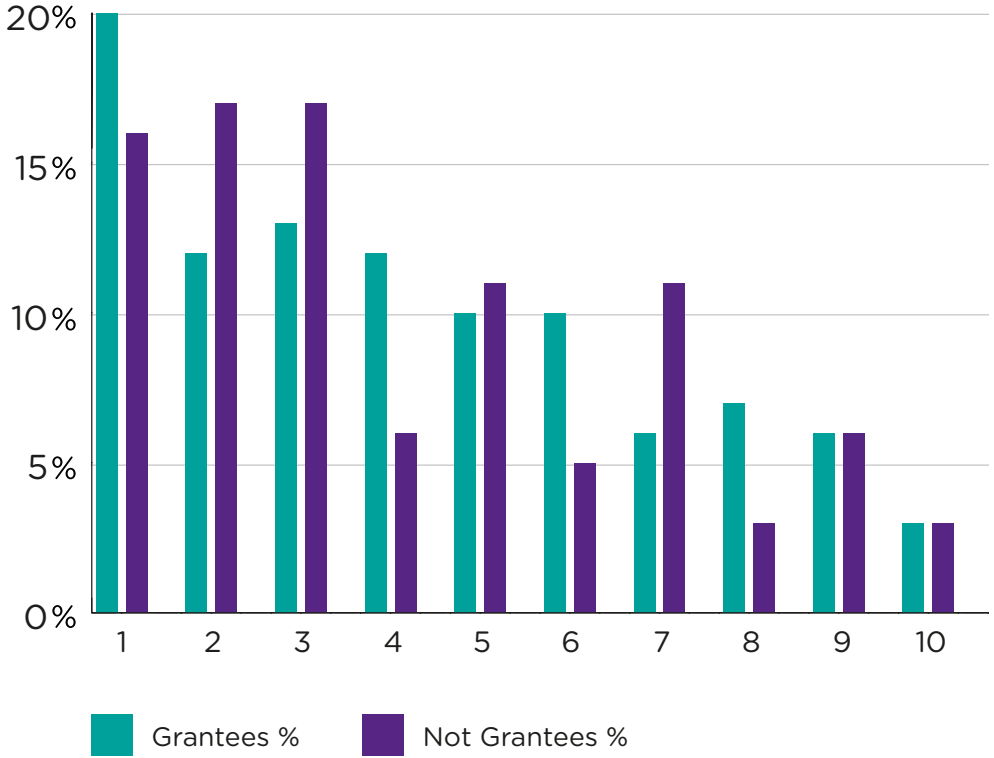
Access’ Measures of Success, that are particularly relevant to Reach Fund’s delivery on Equality, Diversity & Inclusion are:

- 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.

Over 20% of grants were made to organisations based in the top 10% of areas ranked as most deprived in England (IMD Decile 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

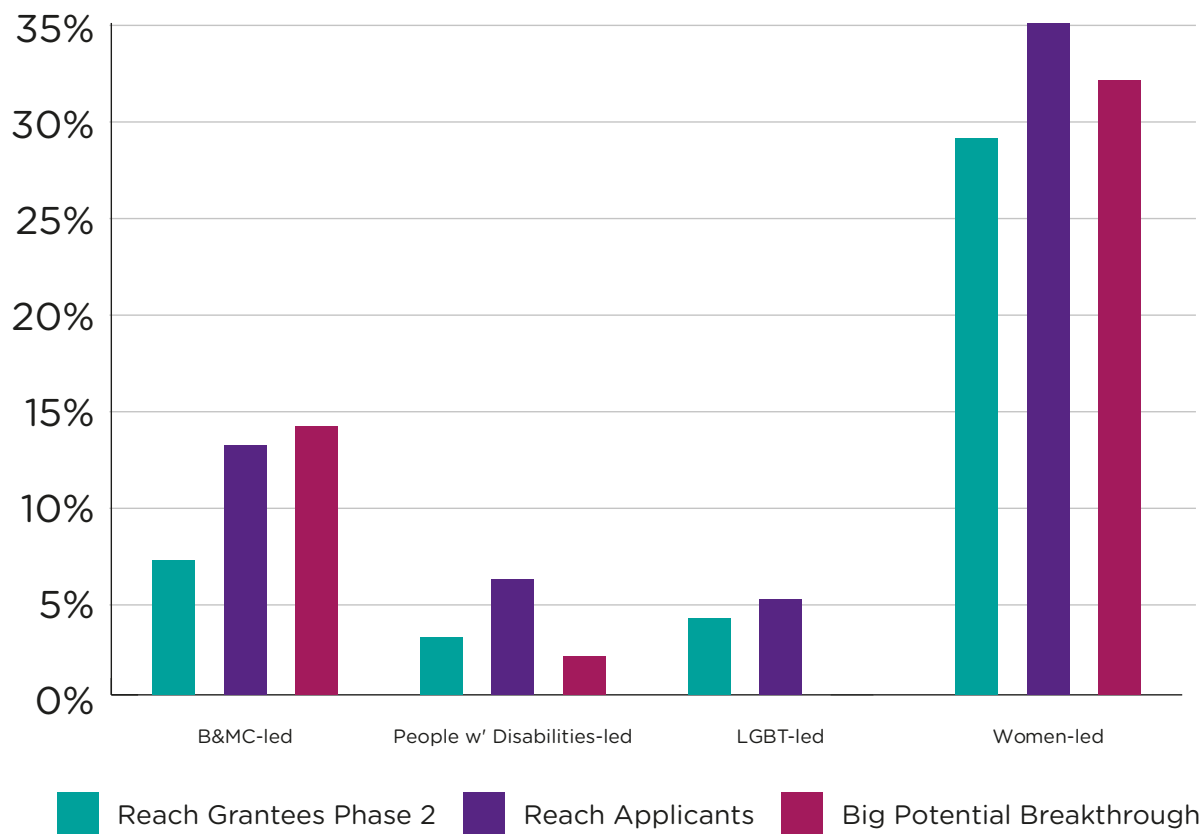
The Reach Fund performance was compared to 360 Giving data on capacity building grants up to £20,000 where IMD status could be identified. By number, 58% of capacity-building grants went to IMD deciles 1 – 3, compared with 44% of Reach Fund grants and 50% of Growth Fund<sup>2</sup> investments. By value,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

IMD Deciles - % of Grantees and Non-Grantees



There is an issue in recruiting women-led organisations to the Reach Fund, as 40% of social enterprises and 63% of charities in England are led by women. 13% of social enterprises and 6% of charities are led by BAME<sup>3</sup> leaders, compared to 7.38% of Reach Fund grantees. The lower conversion rate from applicant to grantee is striking for Black and Minority community led organisations and is also a feature for LGBTQi+ led and Disability led organisations. (Comparative data was not found for LGBT led charities or for those led by people with disabilities).

Equality, Diversity, Inclusion



Regional disparities also require attention, as Reach Fund has under-performed in the South-East, East of England and in the East Midlands. Further investigation is needed into the factors leading to lower participation, to identify changes needed in design, delivery, engagement, communication, support, assessment and training.

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 & the Humber now show strong representation, highlighting the importance of strong and engaged regional infrastructure as a channel for promoting social investment uptake.

Reach Grantee % Comparisons by Region





## IMPROVING REACH

Further investigation is required; of the barriers to Equality, Diversity & Inclusion, relating to the recruitment of organisations led by women, by black and minority ethnic leaders, by LGBTQI+-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.

Regular updates should be provided 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.

Engagement, perhaps through the Connect Fund, and development support for black and minority ethnic support providers, those with disabilities, LGBTQI+ 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.

In developing the next stage of the Reach Fund, there should be 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 is reasonable in terms of the number and value of investment raises and the impact on organisational and financial capacity and resilience.

Reach Fund’s more recent performance can be compared with that reported in the TI (now Curiosity Society) Learning Report (2019)<sup>4</sup>. In comparison, the conversion rate has increased from 31% to 36% and the leverage rate has risen from 5.7 to 7.4.

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 (BPB) and the Investment and Contract Readiness Fund (ICRF).<sup>5</sup> Its leverage exceeds that of BPB and is lower than that of ICRF, which had a budget for investment grants twice the Reach Fund’s size and was 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.





## RECOMMENDATIONS

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 implemented 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 EDI relating particularly to organisations led by women, by black and minority ethnic leaders, by LGBTQI+-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, LGBTQI+ support providers and those from excluded and under-invested communities to bring their experiences and expertise into social investment, to strengthen, where necessary, 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, with a ‘sandbox’ approach through peer groups and 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 size of grants and non-conversion rates 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.





## CONCLUSION

The Reach Fund is an intelligently designed and successfully delivered intervention 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 supporting reach and access to appropriate social investment for its grantees. The triangular relationships between Access, SIB and Access Points, and between Access Points, grantees and support providers have worked well in balancing power relationships and benefits for each party. We recommend continuing improvements in reach and impact, through a range of proposals detailed in the Reach Fund Evaluation Report.



## 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 for diversifying their business models: <https://access-socialinvestment.org.uk/blended-finance/the-growth-fund/>
- 3 “BAME” is used when referred to statistical data collected using that term. Black & Minoritised Community (B&MC) is used in all other cases.
- 4 <https://access-socialinvestment.org.uk/wp-content/uploads/2019/03/Reach-Fund-Learning-Report-FINAL-14-March-2019.pdf>
- 5 The Investment and Contract Readiness Fund was funded by the Cabinet Office and managed by Social Investment Business from May 2012 to Mar 2015.







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