Use of Subsidy in Social Investment

Blending debt and grant through the **Growth Fund** programme

Report 3: **The Deployment Period**

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January 2025

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Introduction & Overview

Introduction

The Growth Fund is a social investment programme which was set up to provide small scale (≤£150k), affordable, unsecured loans to charities and social enterprises in England, using blended finance.

The programme was funded by The National Lottery Community Fund (TNLCF) and Better Society Capital (BSC), each committing £22.5m of finance, and was managed in a wholesale capacity by Access – The Foundation for Social Investment. The programme was delivered by fourteen social investors who each managed their own fund(s). These funds ranged in size, target market and approach, but all delivered a similar product within the overall parameters of the programme.

The programme was designed and launched in 2015/16. Prior to this, the availability of small-scale, unsecured social investment in England had been limited, despite a known demand. The Growth Fund was established to broaden the availability of small-scale loans by tackling the barriers which were preventing more social investors from being able to offer small loans in an affordable way.

Growth Fund deployment (of social investment to charities and social enterprises by the social investors) took place between 2016 and 2023 (although most individual funds were not open for the entirety of this period).

In 2016, when the programme had been established and was open to applications from social investors wishing to set up funds, Access published our first report in this series entitled *Initial observations on blending debt and grant from the Growth Fund*.

In 2019, once all 16 of the initial funds had been launched, we published a second report: *Use of Subsidy in Social Investment*. That second report detailed how the Growth Fund funds had been established and structured, how they intended to use subsidy, and what they were aiming to achieve - as well as sharing some initial data from the programme's first couple of years of lending.

In September 2023, the last Growth Fund fund made its final investment and closed, taking the programme's total number of investments made to charities and social enterprises to 724. Following this end of the programme's deployment period, we have produced this new Use of Subsidy report. The aims of this report are to analyse the activity of the funds throughout their deployment periods, to examine the ways in which the funds/ programme utilised subsidy – and how well this correlates with the original assumptions – and to reflect on the successes, challenges and learnings arising from this stage of the programme.

It is important to note, however, that the Growth Fund programme has not yet come to a close. Whilst the deployment period is now finished, many of the funds remain in their repayment period – where they are still receiving repayments from some of their investees and (where applicable) are repaying the capital they they borrowed from Better Society Capital or other sources. Even after the repayment period has ended there is the potential for Growth Fund legacy activity. Any fund with a residual fund balance after repayment obligations to BSC have been met have the opportunity to apply to the funding partners to retain and repurpose those funds for related social investment activity. It is not until the last fund's repayment period has finished – which is currently expected to be December 2029 – that we will be able to fully draw out all of the learnings from the programme. We hope to produce a fourth and final report at that stage, detailing how the portfolio of charity and social enterprise loans performed financially and the overall impact that the programme had. However, now is nevertheless a good point at which to consider the data and learnings that have emerged so far.

It should be noted that this report is written by (and from the perspective of) Access, who manage the programme in a wholesale capacity. Access has worked closely with both the funders and with the social investors throughout the programme, which has informed our reflections here. However, this report does not purport to be an independent evaluation of the programme – such an evaluation is being carried out by Ecorys on behalf of The National Lottery Community Fund and we do not want to duplicate their work. The aim of this report is rather to specifically examine the use of subsidy within the programme by analysing the data available, whilst sharing some observations and reflections about what this may show, for context.

This report has been designed with the following audiences in mind:
- organisations that were involved in the Growth Fund;
- social investors who are delivering, or who are thinking about delivering, a blended finance fund;
- funders who are considering funding a blended finance fund;
- others who are interested in how blended finance can be structured.

The report is therefore fairly detailed.

This report is one of a series of new Use of Subsidy reports that Access is producing this year, each one examining a different programme that we manage or fund. A Use of Subsidy report about the establishment of our Flexible Finance programme was published in 2024 and is available here. A Use of Subsidy report about the establishment of our Enterprise Growth for Communities (EGC) programme – which is a follow-on programme to the Growth Fund, offering similar products and delivered by some of the same social investors that we worked with on the Growth Fund – will follow later this year.

We would welcome any questions or reflections on this report – contact details can be found on the last page.

Delivered by

Structure of the Growth Fund: An overview

Delivered by

Grant from TNLCF in three parts, A, B & C, provided via. Access

Loan from BSC and/ or other investor, provided directly into the fund

Social investor

x17 funds

Grant A
Pot for **covering costs** of making small loans

Pot for **lending**

Loan
Capital layer gets repaid to BSC (or other lenders) with interest

Grant B
Grant layer **allows for the fund to afford defaults**

Grant C
Pot for **making grants** to charities & social enterprises

Subsidy for social investors' operating costs

- Subsidising a social investor's operating costs helps them to afford to make lots of smaller loans instead of fewer larger ones.
- Grant A was originally capped at 10% of each fund's total grant, but this proportion needed to be increased during the course of the programme.
- Slightly higher Grant A allocations were provided upfront to non-specialist social investors to reflect higher set-up costs, lower fund sizes and the funds' work reaching new organisations or sectors.
- Grant A was originally envisaged to support social investors just in the early stages of their funds, however additional Grant A was also provided later in the programme to support social investors to overcome difficulties, e.g. the impacts of the Covid-19 pandemic, or if they were looking to grow their fund.

Charity/ social enterprise

x724 investments

Loan
Gets repaid to the social investor with interest
(except when defaults occur)

Grant
For the charity/ social enterprise **to keep**

Loans to charities & social enterprises

- The 'lending pot' that social investors were given was comprised of capital – mostly via. a loan from Better Society Capital, although social investors were free to source capital elsewhere if they preferred – and some Grant B.
- Grant B covers estimated levels of defaults by charity/ social enterprises, so that the social investor should still be able to repay the capital that they have borrowed from BSC/ others.
- The ratio of Grant B: capital in each fund varied, depending on several factors around risk and affordability.

Grants to charities & social enterprises

- Grant C was used to provide grants to charities and social enterprises alongside their loans, to help with affordability and accessibility.
- Grants were typically smaller than the loans, although could be up to 50% of the total investment package.
- Not all charities/ social enterprises received a grant. Social investors could choose whether to offer grants to all, some or none of their investees.
- Some social investors offered Grant C in a standard loan: grant ratio, whilst others varied the proportion of Grant C according to need.

Operating the Growth Fund

This information is provided just as additional context on how the programme operated.

Programme governance & Access's role

The programme has been jointly governed throughout by The National Lottery Community Fund, Better Society Capital and Access via. a **Joint Investment Committee (JIC)**.

The JIC is made up of two representatives from each organisation, with Access carrying out the chair and secretariat roles. The JIC governed the programme from inception, deciding which social investors to fund, and throughout the deployment period. The JIC continues to oversee the programme during its current repayment period phase.

All JIC decisions are made by 75% majority, giving each of the three organisations an effective veto over all key decisions.

Since 2018 there has also been a **Growth Fund Management Group**, which has delegated authority from the JIC to make some of the more day-to-day management decisions, and decisions below certain thresholds of materiality. The Management Group consists of one designated representative from each of the three organisations, with decisions made by consensus (or otherwise referred to the JIC).

In addition to being a part of decision making, Access's role is to manage the programme on the funders' behalf, bringing updates, decision points and recommendations to the JIC/ Management Group. We see our role as being to try to balance the needs of the various stakeholders (grant provider, capital provider, social investors, charities & social enterprises) when making recommendations, and to absorb complexity for all parties as much as possible.

Fund structures & legal agreements

When social investors applied to run a social investment fund under the programme, they were offered the opportunity to submit a single, combined application for TNLCF grant and BSC capital. The vast majority – 15 of the 17 funds that went on to be approved – did so. However, applicants were also able to source alternative capital elsewhere if they preferred. Two funds chose to do so – both of which were Community Foundations who partnered with their local County Councils for funding. One other fund (the Health & Wellbeing Challenge Fund, South West) used predominantly BSC capital but also leveraged a small proportion of additional capital from the South West Academic Health Science Network (SWAHSN).

All social investors that borrowed capital from BSC were required to set up a Special Purpose Vehicle (SPV) – a subsidiary company – through which to operate their fund. This structure was put in place to protect both the social investor and BSC. A **Share Charge** agreement between BSC and the social investor gave BSC rights to take ownership of the SPV in the unlikely event that a fund were to be mismanaged, or if a social investor were to refuse to repay their loan when able to do so. However, in the event that a social investor was unable to repay BSC due to a higher-than-expected volume of their charity/ social enterprise loans defaulting, this structure meant that BSC could only recoup any money remaining in the SPV and had no rights over any money or assets held by the social investor outside of their SPV.

Social investors which chose not to borrow from BSC were able to structure their fund differently, i.e. running it off their own balance sheet, provided that their capital provider was content with the fund structure.

All social investors who borrowed from BSC had a **Loan Agreement**, setting out how the capital should be used and when/ how it should be repaid. This agreement was between four parties – the social investor themselves, their SPV, BSC as the capital provider, and Access – who were party to these agreements due to our role in managing the programme. BSC charged 5% interest on capital borrowed (this interest rate was reduced to 2% mid-programme as part of a range of measures to support social investors following the onset of the Covid-19 pandemic).

All BSC-funded funds were also required to have a **Service Level Agreement (SLA)** in place between the social investor and their SPV. This set out how the SPV should be operated, and included a schedule of **operating costs** setting out the amounts that social investors were permitted to transfer out of their SPV each quarter to cover/ contribute to their costs for running the fund (all staff were employed by the social investor company, not the SPV). BSC were not party to the SLAs but provided the templates for these.

All Growth Fund social investors received grant from TNLCF. An **External Delegation Agreement (EDA)** between TNLCF and the social investor's SPV was in place for each of them, setting out how the grant should be used.

Each social investor also wrote an **Investment Manual**, which was approved by the funding partners. Although not a legal agreement itself, a summary of this was appended to the EDA. The Investment Manual set out how the fund would be managed, detailing the social investment products that would be provided and the processes by which the funding would be managed.

Operating the Growth Fund (cont.)

This information is provided just as additional context on how the programme operated.

Covenants

A standard **deployment covenant** existed in each fund's EDA, whereby social investors were required to deploy at least 70% of their quarterly deployment targets over a rolling two-quarter (i.e. six-month) period.

Instances of social investors falling below this covenant were fairly frequent. The funding partnership reviewed all funds' deployment data against targets quarterly and quickly agreed waivers in most of those cases, enabling the social investors to carry on as normal and try to catch-up over the following months. It was recognised that, particularly in smaller funds, just one or two loans being deployed at the start of one quarter rather than at the end of the previous one was enough to put the fund below the 70% covenant, so funds were not penalised for this. However, the reason for requiring covenants/ waivers was that deployment speed had a significant impact on funds' financial models. If deployment was slower than expected, it could cause cashflow issues later on, resulting in a social investor being unable to pay themselves their future operating costs (for which they were reliant on receiving repayments from investees). Therefore this covenant was used by the funding partnership as an early indicator of potential future issues, triggering conversations between Access and the social investor on whether a reforecast/ restructure – or any other support – could be needed.

The other covenant, this one in the BSC Loan Agreement, was the **Asset Coverage Ratio (ACR)**. All funds using BSC capital had to maintain an ACR above a certain threshold (~1.2-1.3) throughout the fund. Breaches of this covenant, which could indicate a risk to BSC's capital, were much rarer but always triggered a re-model to understand the impact, usually followed by a restructure.

The Growth Fund & the Covid-19 pandemic

When the Covid-19 pandemic started and the UK entered its first period of lockdown in late-March 2020, it was a challenging and uncertain time for both the social investors and the charities and social enterprises that they were supporting.

The Joint Investment Committee, comprised of BSC, TNLCF and Access, began exploring what support might be needed. In emergency meetings convened in April and May of 2020, some initial measures of support were agreed. In the early weeks of the pandemic, the funding partnership rolled out a package of support which included:

- **Additional Grant A** to cover the next six months of scheduled fund operating costs for all social investors, to enable them to provide repayment holidays to as many charities and social enterprises as needed without having to worry about their own short-term cashflows.
- **Additional Grant C** allocations to enable social investors to provide emergency grants to some of their existing charity and social enterprise investees whose operating models had been most adversely impacted by the pandemic/ lockdowns.
- The temporary **increasing of the maximum investment size** from £150k to £200k, to enable social investors to grant and/ or lend additional money to charities and social enterprises who had already received up to £150k.
- The establishment of a separate £1m **Business Support Grants fund**, funded by Access, into which Growth Fund social investors could refer existing investees to apply for grants to buy-in support for business planning, financial planning, etc. to help get them through the pandemic. This Business Support Grants programme ran in parallel to the Growth Fund, but is not included in any overall Growth Fund figures. A stand-alone evaluation of this intervention will shortly be published by Access as a separate report.
- An initial six-month period of no interest accrual on all BSC capital borrowed by social investors, followed by a permanent **reduction in the rate of future BSC interest accrual** from 5% down to 2% (with the potential for 'upside sharing' in high-performing funds, up to the original 5% BSC maximum return).
- The automatic **waiving of deployment covenants** for an initial six-month period (later extended further), so that social investors could focus their attention on supporting their existing investees and so that the programme was not requiring new loan making at what might not be an optimal time for some charities and social enterprises to be borrowing.
- The **lifting of all reporting requirements** for six months, so that social investors could focus solely on supporting their investees and staff.

These changes, and the speed at which they were introduced, were warmly welcomed by the social investors at the time and were later credited by many of them as having helped them to help their investees at a time of great challenge.

The pandemic undoubtedly had a significant impact on the Growth Fund programme, including (but by no means limited to) on the overall performance of the loans (inc. default rate). We believe that the support measures that were introduced likely had some counteracting effect, although a smaller one. However, with no counterfactual, it is obviously impossible to accurately quantify what most of these impacts were.

Glossary

The following terms are used throughout this report, so this glossary is provided for reference.

Access: Access – The Foundation for Social Investment. The organisation which managed the Growth Fund programme on behalf of The National Lottery Community Fund and Better Society Capital.

Asset Coverage Ratio (ACR): a measure of how likely a fund is going to be to repay its debts. Most funds were required to maintain an ACR above a specific threshold, often c. 1.2 – 1.3. The ACR was calculated as: total assets (the sum of outstanding investee loans and interest, excluding those written-off, plus cash-in-bank) minus the next six months' of operating costs, divided by the total amount outstanding to BSC (capital plus accrued interest).

BSC: Better Society Capital. Known as 'Big Society Capital' at the start of the programme and until 2024. One of the funding partners, the provider of capital to most of the social investment funds in the programme.

Charities and social enterprises: The organisations that received investment through the programme, via. social investors.

Commitments: The amount of grant and/ or capital allocated to each social investment fund at any point in time. Each fund's 'commitments on launch' made up its original fund size, with any subsequent top-ups or other changes resulting in new commitment sizes.

Covid Grant C: Grant C which was deployed during the early stages of the Covid-19 pandemic, when fund managers were given additional Grant C allocations and were allowed to deploy Grant C to existing investees as grant-only tranches – i.e. without having to deploy it alongside additional loan funding – to support those organisations during the pandemic/ lockdowns.

Deployment: The provision of money by social investors to charities and social enterprises, in the form of loans and grants, through the Growth Fund programme.

Deployment covenant: The requirement for all funds to deploy at least 70% of their quarterly deployment targets on a two-quarter (six-month) rolling basis. See p7 for details.

Downsize: A reduction, during the deployment period, in the total amount of TNLCF grant and/ or BSC/ other capital allocated to a fund as part of a restructure. This generally occurred because a fund was reducing its deployment targets or deciding to close early.

Funds: The seventeen social investment funds that were run by social investors under the Growth Fund programme, through which the social investors provided loans and grants to charities and social enterprises.

Fund compositions: The amounts of Grants A, B, C and capital comprising each social investment fund.

Funding partnership: TNLCF, BSC and Access, who governed the programme jointly. TNLCF and BSC funded the programme, whilst Access managed the programme on their behalf.

Grant A: Grant provided to social investors to subsidise their operating costs.

Grant B: First-loss grant. Used by social investors as part of their lending-pot, alongside capital, for making loans to charities and social enterprises.

Grant C: Grant that social investors could use to make grants to charities and social enterprises alongside loans.

Operating costs: The management costs withdrawn from funds by social investors, on a quarterly basis and in line with an agreed schedule.

Original forecast: The forecasts of each fund at the point of their respective launch, or an aggregation of these. Individual funds' launch dates ranged from 2016 to 2020, so aggregated original forecasts do not represent a programme-level forecast at one specific point in time – rather this represents the initial assumptions of the funds collectively, which serves as a useful point of comparison to final programme data.

Reforecast: Changes to a fund's schedule of quarterly deployment targets. Formal reforecasts were agreed between the social investor and the funding partnership.

Restructures: Material changes agreed to a fund/ fund model after the fund had launched. See p13 for details.

Social investors: The organisations which ran a social investment fund under the Growth Fund programme.

TNLCF: The National Lottery Community Fund. Known as 'Big Lottery Fund' at the start of the programme and until 2019. One of the funding partners, the provider of the grant (Grant A, Grant B and Grant C) into the programme.

Top-up: An increase to the amount of grant and/ or capital allocated to a fund. This could be to support a struggling fund to overcome specific challenges by providing them with extra grant, or to support a high-performing fund to do more by giving them more grant and capital to enable further deployment.

SECTION ONE:

The Growth Fund funds & changes during the programme

Funds overview

There were seventeen Growth Fund funds launched. Sixteen of these went on to make investments into charities and social enterprises. The other, PICNIC fund, closed early without having done so. That fund is still included in the table, and in other parts of this report where relevant, for completeness.

Two social investors, Big Issue Invest and Resonance, launched second funds after their original funds came to a close. These are shown throughout this report as separate funds, as this is how they were structured and delivered. Some other social investors also received additional funding during the programme, but those were structures as top-ups to their existing funds so have been treated as single fund data points throughout this report. There is more detail on these funds and top-ups later in this report. Details of the seventeen funds that were launched are listed below and overleaf.

Fund name	Social investor	Geographic remit	Thematic focus	Source of capital	Fund launch	Fund end (deployment period)	Total grant utilised	Total capital utilised	Total amount deployed
Access to Growth (Greater Manchester)	GMCVO	Greater Manchester	N/A	BSC	2017	2022	£1,394,981	£1,324,772	£3,254,498
Community Impact Partnership	Orbit, Clarion Futures, L&Q and Peabody (partnership of four housing associations)	England-wide, but targeted mainly on East Midlands, East London & South-East	N/A	BSC	2018	2021	£546,001	£547,267	£790,000
Cultural Impact Development Fund	Nesta	England-wide	Socially driven arts & culture organisations	BSC	2018	2022	£589,496	£555,262	£962,622
Devon Social Investment Fund	Devon Community Foundation	Devon, Plymouth & Torbay	All sectors except health & wellbeing	BSC	2017	2019	£233,485	£189,972	£396,886
Forward Enterprise Fund	Social Investment Business (partnered with Forward Trust)	England-wide	Addressing issues of addiction recovery and/ or supporting ex-offenders with employment	BSC	2018	2022	£287,785	£228,929	£398,370
Health & Wellbeing Challenge Fund (South-West)	Resonance	South-West England	Health & wellbeing	BSC & South-West Academic Health Science Network (SWAHSN)	2016	2020	£1,750,300	£1,708,212	£3,206,481
Health & Wellbeing Challenge Fund (South-West) 2	Resonance	South-West England	Health & wellbeing	BSC	2020	2022	£840,350	£935,249	£1,780,000

Funds overview (cont.)

Fund name	Social investor	Geographic remit	Thematic focus	Source of capital	Fund launch	Fund end (deployment period)	Total grant utilised	Total capital utilised	Total amount deployed
Homeless Link Social Investment Fund	Homeless Link	England-wide	Addressing issues of homelessness	BSC	2017	2021	£1,093,932	£926,855	£1,986,200
Impact Loans England	Big Issue Invest	England-wide	N/A	BSC	2016	2019	£1,638,107	£3,626,594	£7,613,110
Impact Loans England 2	Big Issue Invest	England-wide	N/A	BSC	2018	2022	£2,063,290	£2,301,552	£5,212,225
Invest for Impact	Livv Housing Group (formerly 'First Ark')	North-West England	N/A	BSC	2016	2021	£2,464,318	£2,249,151	£5,220,351
Kent Social Enterprise Loan Fund	Kent Community Foundation	Kent & Medway	N/A	Kent County Council	2017	2021	£419,303	£504,488	£861,800
Northern Impact Fund	Key Fund	North England & the Midlands	N/A	BSC	2016	2023	£4,091,600	£2,780,128	£9,683,935
PICNIC fund	-	England-wide, but planned to focus on public parks in three+ city regions	Public parks	BSC	2018	2020	£119,500	£0	£0
Somerset Social Enterprise Fund	Somerset Community Foundation	Somerset	N/A	Somerset County Council	2017	2023	£527,869	£604,606	£1,165,232
Sporting Capital	Sporting Assets	England-wide	Sports organisations delivering social outcomes for communities	BSC	2017	2022	£1,426,551	£1,668,460	£3,181,525
UnLtd Impact Fund	UnLtd	England-wide	Addressing barriers to employment and training	BSC	2017	2021	£1,403,551	£1,690,656	£2,860,787

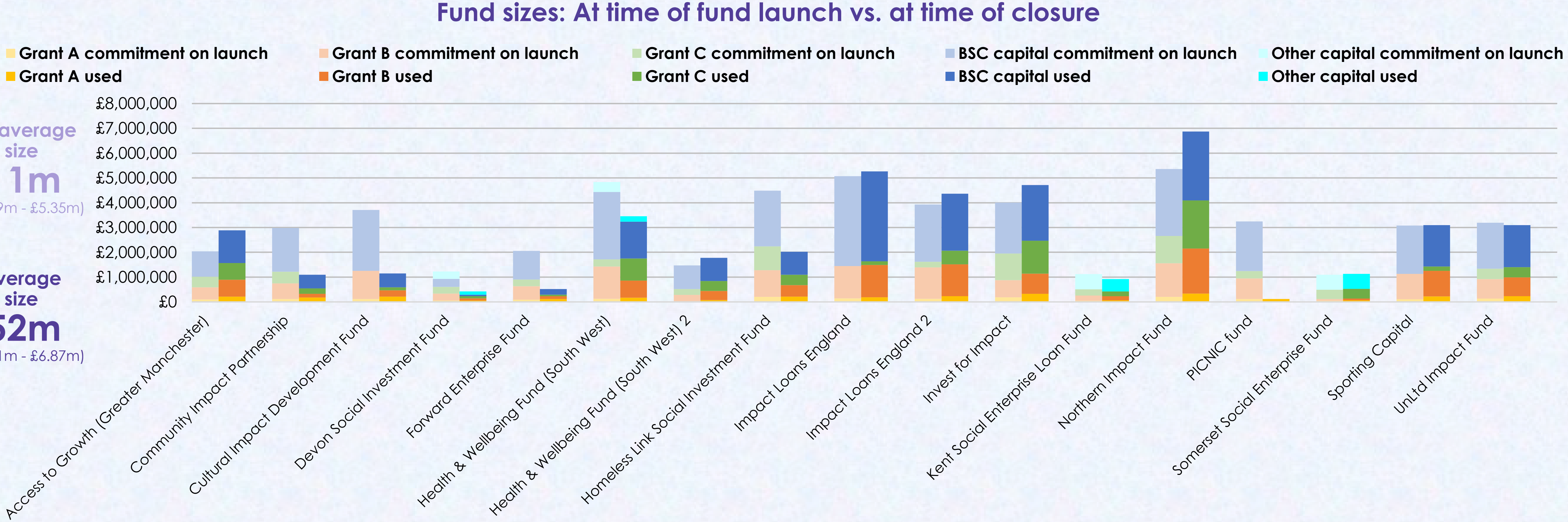
Fund sizes & compositions

The graph below shows the size and composition of the seventeen funds, both at the time of their respective launch dates – i.e. the original fund sizes (the faded bar on the left in each pair), and at the time of each of their respective closure dates – i.e. the final fund sizes (the darker bar on the right in each pair).

During the programme, some funds received ‘top-ups’ – i.e. increases to their capital and/ or grant funding – to enable them to stay open for longer and/ or to deploy more money, whilst others downsized or closed early without utilising all of their original grant and capital allocations. The Growth Fund was set up to encourage innovation and to trial new approaches in the market, and it was always anticipated that some funds would need to be reviewed as we and social investors discovered more about the precise nature of demand, even before we consider external factors such as the Covid 19 pandemic. Therefore, it should not be interpreted that those that downsized or closed early are in any way considered by the Growth Fund partners to have failed. On the contrary, all funds played a vital role in the programme by testing out different approaches and generating significant learnings about what can work well and what can be more challenging to deliver when it comes to this type of blended finance, and these learnings have already informed the design of a number of more recent programmes and initiatives. Most of the funds that closed early (or delivered less social investment than they had originally planned) had still supported a number of charities and social enterprises whilst open, forming an important part of the programme’s overall impact and legacy.

Original average fund size
£3.11m
(range: £1.09m - £5.35m)

Final average fund size
£2.52m
(range: £0.01m - £6.87m)



In addition to the increased sizes shown for some of the individual funds, two of the funds – Health & Wellbeing Challenge Fund (South West) 2 and Impact Loans England 2 – themselves represent a different kind of top-up, whereby the social investors received funding to launch a second fund rather than to top-up their original fund.

Fund restructures during the programme

As shown on the previous page, all funds' capital and/ or grant allocations changed during the course of the programme. Whilst the previous graph compares original fund sizes and fund sizes at the end of each fund's deployment period, in most cases those increases/ decreases were not made all in one go, but were the net outcome of a number of changes/ decision points throughout the programme's deployment period. However, changes to fund size were not the only changes that needed to take place.

Material changes agreed to a fund during the programme were known as '**restructures**' and included any (or often a combination) of the below:

- Increase to **fund size** – i.e. providing additional capital and/ or grant (a 'top-up')
- Decrease to **fund size** – i.e. agreeing to a reduction in capital and/ or grant allocation (a 'downsize')
- Changes to **ratios** (of grant to capital, or Grant A/B/C to total grant amount)
- **Deployment period** extension or reduction
- **Repayment period** extension or reduction
- Plan agreed for fund to **close early**
- Increased/ decreased/ reprofiled **deployment targets** (a reforecast)
- Increased/ decreased/ reprofiled **operating costs**
- Significantly increased/ decreased **default assumptions**
- Reduction of **BSC interest rate** (due to Covid-19 pandemic)
- Material changes to **product metrics** (e.g. the average size, maximum term, average interest rate or average Grant C ratio of the loans being offered to charities and social enterprises)

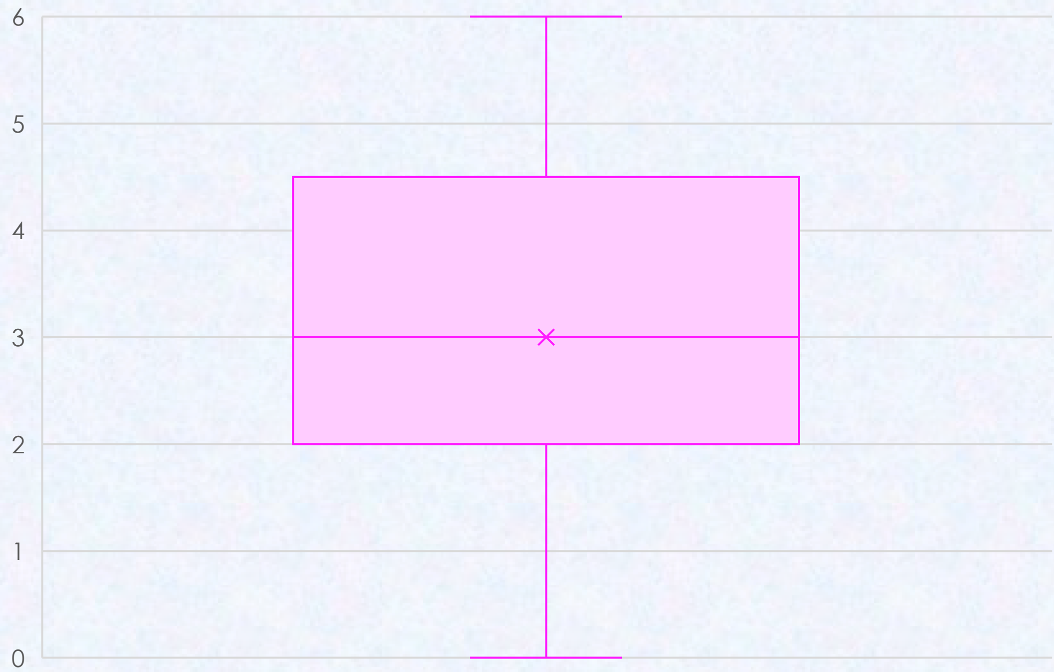
i.e. anything which would materially impact a fund's financial model.

Such changes could be initially proposed by a social investor or by the funding partnership, but had to be agreed between all four parties (the social investor, TNLCF, BSC and Access) to take effect. **If multiple changes were made at one time, as was often the case, this was classed as one single restructure.**

Some other changes were agreed between a social investor and the funding partnership during the programme but were not classified as restructures. Either because the changes were of a small quantum and therefore not considered to be material, or because they were related to fund delivery but had no impact on the financial model. Examples of such changes which were **not** counted as restructures included:

- Changes to a fund's own eligibility criteria or geographic area covered
- Changes to a social investor's key processes for approving or managing loans
- Changes to 'key persons' within a social investor organisation

Number of restructures per fund
(during deployment period only)

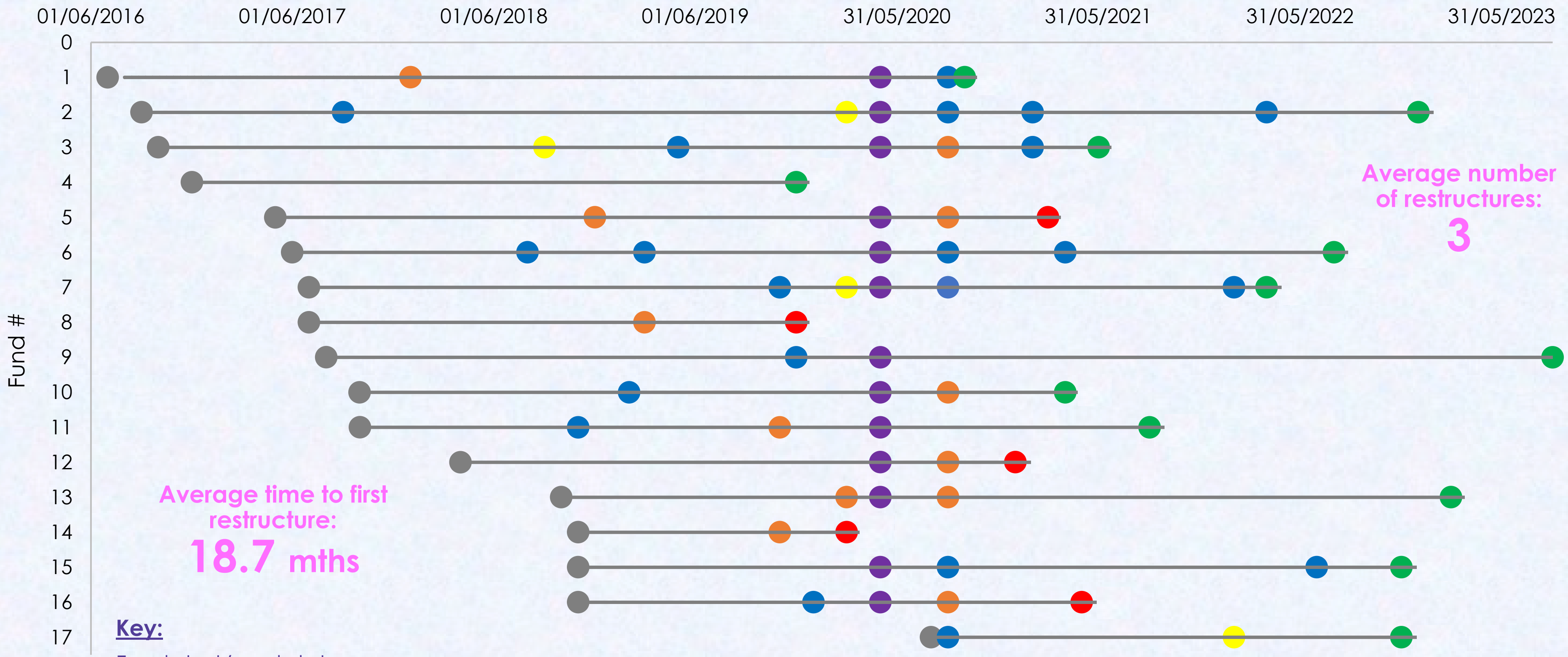


Above: The average (mean and median) number of restructures required for a fund during the deployment period was **three**. The number of restructures ranged from zero to six, with the majority of funds requiring between 2 and 4.5 restructures during their deployment period.

Fund restructures during the programme (cont.)

Each line on the graph below represents the deployment period of a fund. The grey dots on the left show the start of each deployment period. The green or red dots on the right show when each fund closed, whether that was on or later than scheduled (green) or earlier than previously scheduled (red). Neither start or end dates are counted as restructures. However, every other dot in between those represents a restructure. These are broken down into different categories, including significant top-ups to enable high-performing funds to deliver more investment (yellow); emergency Grant A and C top-ups given to all funds during the Covid-19 pandemic (purple); other restructures – including changes to funding commitments, operating costs, fund length and/ or deployment targets (blue); and downsizes (reductions in grant and/ or capital allocations) of funds that were struggling to deploy (orange).

Frequency & nature of restructures during each fund's deployment period



Key:

Fund start/ end dates:

- Fund launch (start of deployment period)
- Fund closed on schedule
- Fund closed early

Restructures:

- Significant top-up – additional funding to enable further deployment
- Grant A & C emergency top-ups during pandemic
- Fund downsize – reduction in funding
- Other restructure – inc. changes to one or more of: funding amounts, operating costs, fund length, deployment target

For consistency, the graph shows each fund's deployment period only. Some funds have had additional restructures during their repayment periods so far.

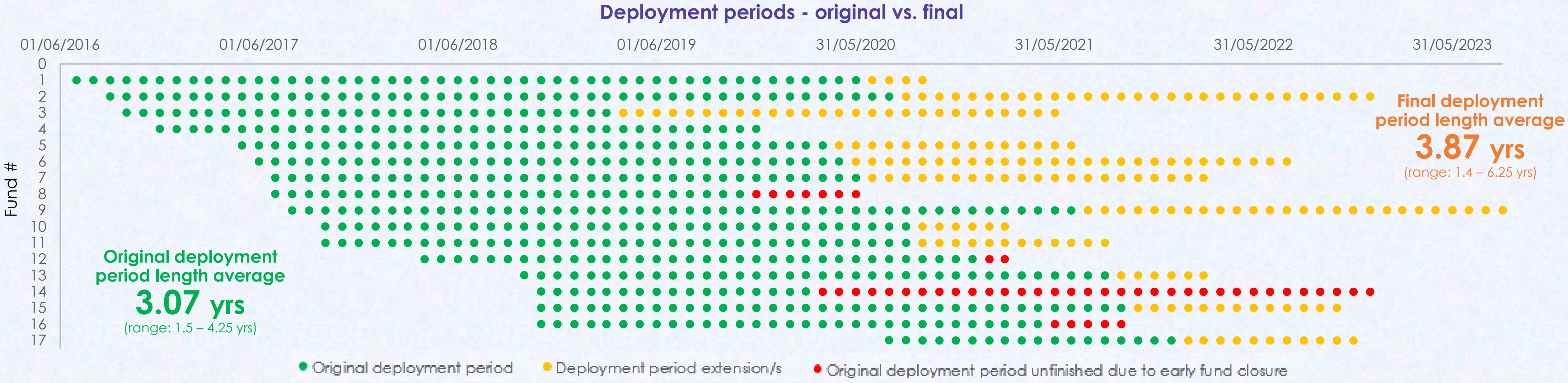
Funds here are not shown in alphabetical order but in order of launch date.

The frequency of restructures reflects the fact that this was a learning programme for both the funding partnership (this was Access's first blended finance programme) and the social investors (many of whom were being social investors for the first time), so we were all learning about what grant amounts/ ratios are needed and how strong the demand for different funds/ products would be. Restructures were made when funds were struggling, but also when they were performing strongly and wanted to expand.

The onset of the Covid-19 pandemic and lockdowns triggered grant top-ups for all funds (see p7 for details), as shown by the column of purple dots in early 2020. Those whose funds had already ended by this time also received the relevant aspects of this support, but this is not shown on the graph as it fell outside of their deployment periods.

Fund restructures during the programme (cont.)

Many restructures included changes to the length of a fund's deployment period. The graph below (where each dot represents one month, and each row represents one fund's deployment period) shows each fund's original deployment period length (in green) along with any period added through extensions (in yellow). Extensions to deployment periods were sometimes as a result of top-ups, giving high-performing funds more time to deploy additional funding, or were sometimes agreed to give under-performing funds more time to deploy their existing funding. Four funds, which were struggling to deploy the volumes of investment that they originally envisaged, closed early before their original deployment periods were finished. The periods that they were originally due to remain open, beyond their early-close date, are shown in red.



In addition to deployment periods, restructures frequently included changes to some other key metrics:

Repayment period length		
Number of funds where this changed	Original average	Average at end of dep. period
7	4.82 yrs	5.02 yrs

Fund size (grant + capital)		
Number of funds where this changed	Original average	Final average
17	£3.11m	£2.52m

Deployment (loans + Grant C)		
Number of funds where this changed by >£0.5m	Original target - average	Final average
12	£3.12m	£2.86m

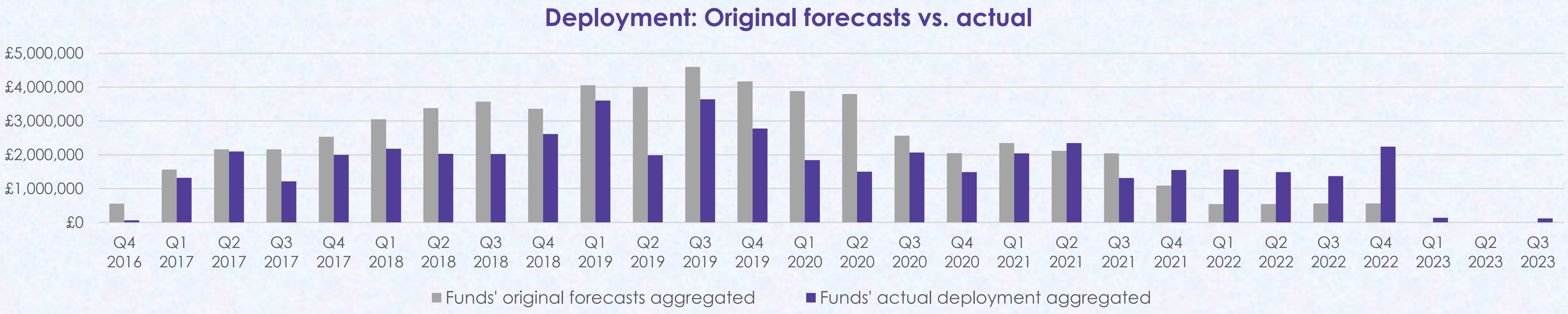
Operating costs (deployment period)		
Number of funds where this changed	Original average	Average at end of dep. period
	£345k	

Deployment over time – forecast vs. results

The graph below shows the aggregate of the original deployment forecasts in grey, compared to when deployment actually took place across the programme (in purple).

The 'original forecast' bars are an aggregate of the seventeen funds' initial deployment targets, as at each of their respective launch dates. Fund launch dates ranged from 2016 to 2020. By the time the later funds were launched, many of the earlier funds had reforecast (i.e. changed their deployment targets with agreement from the funding partners) or, in a couple of cases, closed early (in which case any underspend was reallocated to other funds). Therefore, these grey bars do not represent an overall programme forecast at one specific moment in time, but they do provide a useful comparator for analysing expected vs. actual deployment across all funds collectively.

The graph shows that overall deployment was slower than expected, with fewer investments deployed in 2016-2020 than originally forecast but more deployed in 2021-23 to compensate. Quarters represent calendar year quarters (e.g. Q1 means January to March).



The main cause of slower than expected deployment in the early years of the programme was that the vast majority of the social investors – and Access, BSC and TNLCF – significantly underestimated how long it would take new funds to build up a pipeline, support charities and social enterprises with any investment-readiness needs and then start to deploy loans. This is explored in more detail in Section Three of this report in the context of Grant A.

The main cause of slower than expected deployment during 2020 was the onset of the Covid-19 pandemic, when many social investors paused, or significantly reduced, new lending in order to focus on supporting their existing investees through this challenging period.

The main cause of higher-than-originally-expected deployment during 2021-23 was that several funds were given deployment period extensions, in some cases to enable them to deploy additional funding (following top-ups), or in other cases to give them more time to deploy their existing funding if they had fallen behind schedule.

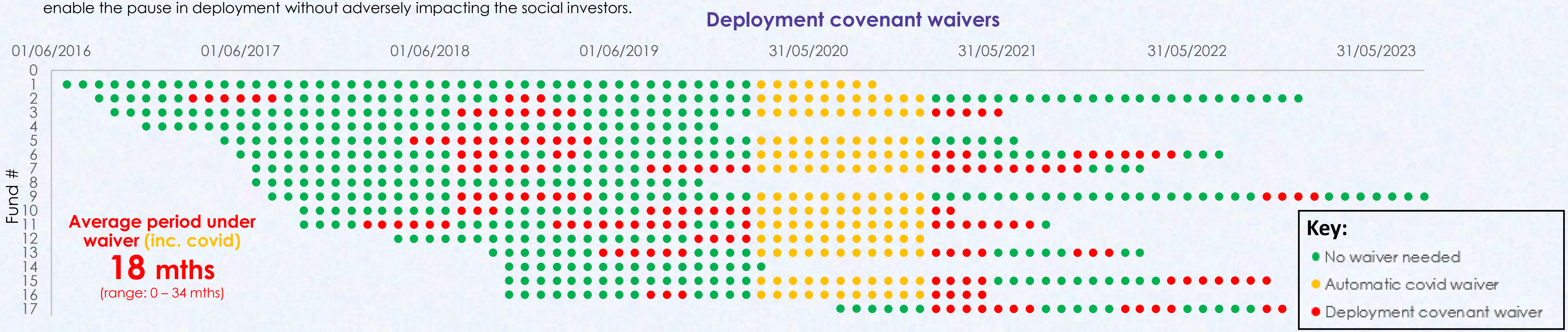
Deployment over time – performance vs. targets

As shown on the previous page, deployment lagged behind original targets for the duration of the programme.

As outlined on page 7, a standard deployment covenant existed in each fund's EDA (grant agreement), whereby social investors were required to deploy at least 70% of their quarterly deployment targets over a rolling two-quarter (i.e. six-month) period. Funds' deployment targets would be updated occasionally as part of a restructure. When this occurred, the deployment performance was measured against their new agreed deployment targets going forward.

When funds' deployment over the previous six months was below 70% of their latest targets, this triggered a conversation with Access, on behalf of the funding partners, to explore whether their deployment targets/ fund model still felt achievable or whether a restructure/ deployment targets reprofile might be needed. In this way, the funding partnership aimed to support fund managers by helping to ensure that deployment challenges could be identified and managed before they started having knock-on implications for the fund manager. The fund models were very sensitive to speed of deployment, so if deployment was much slower than planned it could have a number of implications, including the risk that fund managers would be unable to sustain their operating costs (because if too few loans had been deployed, repayments coming back in from investees would be insufficient to fund the social investor's scheduled operating costs). When deployment fell below 70% of target, the funding partnership would often agree a waiver for a certain period of time. Sometimes this was to enable the social investor to continue deploying and try to get back on track. Other times this was to enable the social investor to work with Access to develop a restructure/ reforecast, which would then be taken to the funding partners for agreement.

These periods of deployment covenant waiver are mapped out on the graph below (where each line of dots represents one fund's deployment period, with non-waiver periods in green and waiver periods shown in red). What this graph demonstrates is that keeping to deployment targets was challenging for the vast majority of funds, suggesting that both the funding partnership and the social investors underestimated how difficult deployment would be when deployment targets were set, which created challenges for social investors. When the Covid-19 pandemic began in early 2020, all funds received an automatic six-month waiver of the deployment covenant, later extended to a year, so that social investors were not under pressure to deploy new loans during this period unless they wanted to do so, giving them the option to focus entirely on supporting existing investees instead. During this period, the funding partnership provided additional TNLCF Grant A to cover all funds' operating costs for six months, to enable the pause in deployment without adversely impacting the social investors.



Four funds that **closed early** were under **non-Covid** waivers for just **2.8 months** on average, whilst the other funds which **did not close early** were under **non-covid** waivers for **11.5 months** on average. This demonstrates that it was not the lowest-performing funds which drove the high volume of waivers – the funds that were struggling the most were encouraged to carry out fairly rapid restructures rather than seeking waivers (at which point some made the decision to close). Funds that were struggling less were offered waivers, sometimes for sustained periods of time, and were more likely to remain open for the duration (even though some ended up deploying less than originally anticipated during that same period).

SECTION TWO:

The Growth Fund investment activity – aims & results

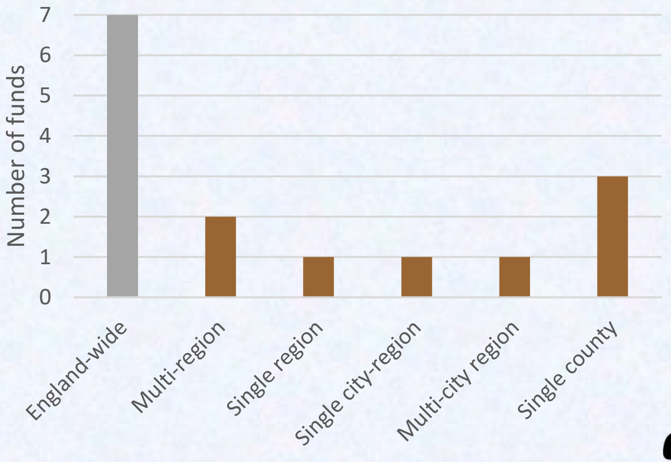
Fund geographies – the setup

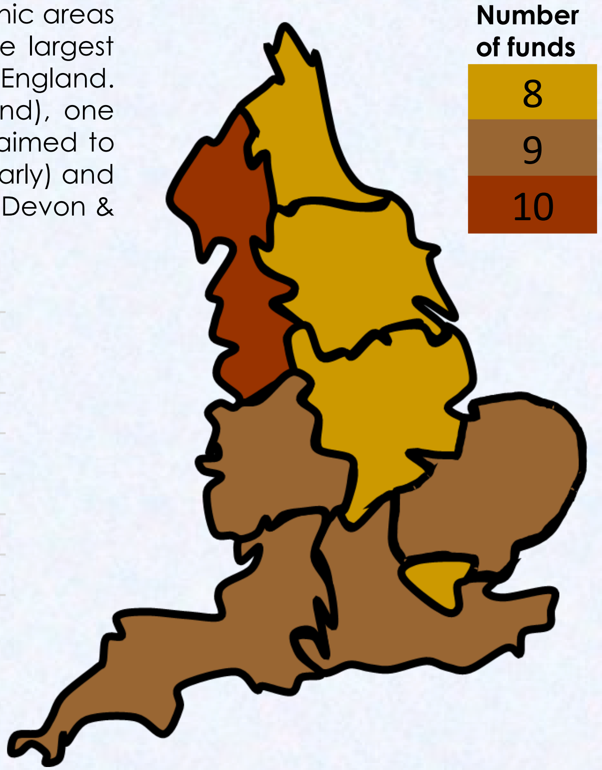
The Growth Fund sought to achieve good coverage across England in terms of charities and social enterprises reached.

To achieve this, the funding partnership welcomed place-based approaches which aimed to generate strong reach into specific (often underserved) areas, whilst balancing the programme with a number of England-wide funds to ensure that charities and social enterprises based anywhere in England would be able to access finance.

Below: Of the seventeen funds established, seven were open to charities and social enterprises operating anywhere in England, with the other ten focussing on specific geographies.

Below: The funds varied significantly in the geographic areas that they covered. Of the place-based funds, the largest two were multi-region, covering large areas of England. Another fund covered a single region (NW England), one covered a city region (Greater Manchester), one aimed to cover multiple city-regions (but ended up closing early) and three focussed on a single county each (Somerset, Devon & Kent).





Left: This mix of funds collectively offered good coverage across the nine regions of England, providing choice for potential investees. The map below shows the number of funds that were available in each region. England-wide funds are shown in all regions, whilst funds covering relatively small areas are shown in the region that they were based in, even if their reach did not extend across the entirety of that region.
There was a fairly even spread of funds across all regions, but the region covered by the largest number of funds was the North-West.
The fund which aimed to cover multiple city-regions (Picnic) is not included in this map, as these regions had not all been selected before the fund closed early-on.

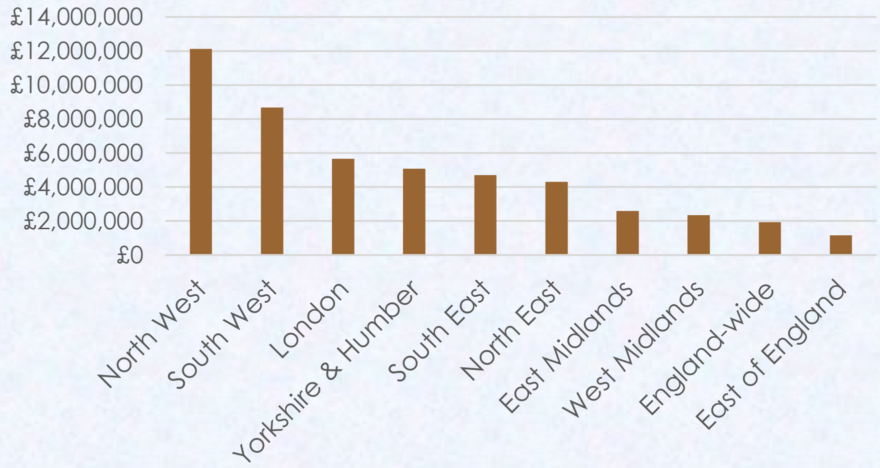
Fund geographies – the results

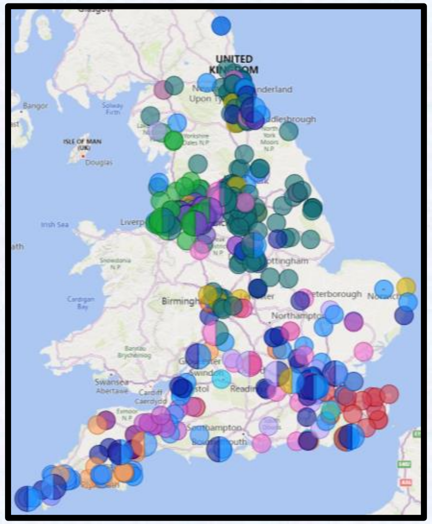
So, how did the programme perform geographically? Where were the charities and social enterprises that received investment through the programme?

Below left: The overall programme reached charities and social enterprises operating in all nine areas of England, as well as some operating on a national scale. The most investment by far, over £10m, went to organisations operating in North-West England. This is the region where the greatest number of funds were operating, including three place-based funds. South-West England, where a number of place-based funds were also operating, received the next largest volume of investment. The least Growth Fund investment flowed to East-England organisations and to England-wide organisations – the latter being unsurprising due to the programme targeting small to medium-sized charities and social enterprises.

Below right: Another way that we can measure the overall programme's reach is by looking at which deciles the charities and social enterprise investees were in, using the Index of Multiple Deprivation (IMD). Although the programme did not initially seek to target organisations on this basis when it was first launched back in 2015/16, it quickly became notable how much the programme's reach was skewed towards areas of higher deprivation. Access now considers this to be one of the Growth Fund's greatest measures of success, so has adopted "strong IMD 1-3 reach" as an explicit aim of our subsequent blended finance programmes, to replicate and build on this pattern.

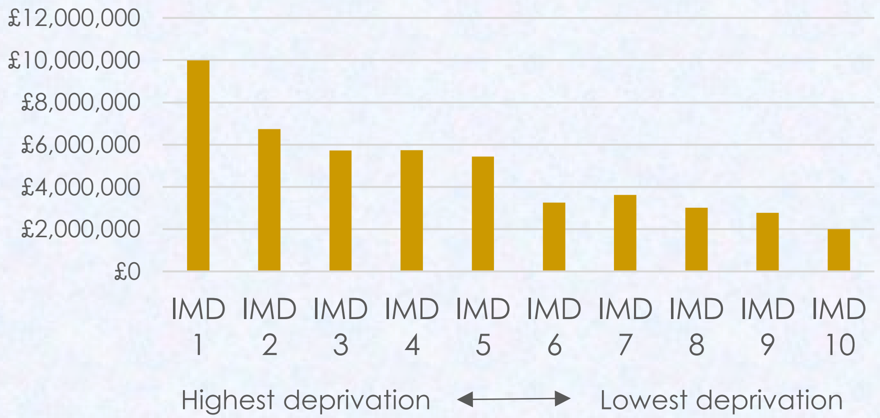
Total investment by geography





Above: Map of the 724 Growth Fund investees (one colour per social investor).

Total investment by IMD



Funds that were **place-based** deployed, on average, **83%** of their original deployment targets, verses **69%** which was achieved, on average, by **England-wide** funds.

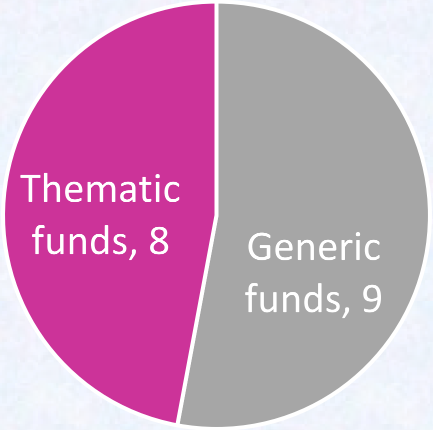
(range: 0% - 155%)   (range: 19% - 106%)

NB: Where funds' deployment exceeded 100% of target, they generally received top-ups (additional funding) due to strong performance. Sometimes additional deployment could also be achieved by additional recycling of existing fund capital.

Fund thematic focusses – the setup

The Growth Fund sought to experiment with a range of approaches when it came to sector/ thematic focusses. The funding partnership funded a number of funds with no thematic focus, to ensure that the programme would be accessible to eligible charities and social enterprises regardless of their area of operation. However the programme also funded several funds with specific thematic focusses. The hypothesis was that those thematic-specialist social investors might be able to reach more, or harder to reach, charities and social enterprises in their sectors than more generic social investors could. Additionally, the programme funders hypothesised that social investors with specific thematic specialisms would be able to draw on their expertise to identify investible business models and to provide specialist support to their applicants and investees throughout the process, both directly and via their relevant networks.

Below: Of the seventeen funds that were established, nine were open to charities and social enterprises of any area of operation, whilst the other eight were targeting specific thematic outcomes.



Below: The table below shows the eight thematic funds and their themes. They are shown in the order of most niche to most broad. This non-scientific ranking is Access's own assessment, based on our understanding of the funds' **original** aims.

Most niche → Most broad

Thematic fund name	Thematic fund theme
PICNIC fund	Organisations operating in public parks (in certain city regions).
Forward Enterprise Fund	Addiction & recidivism via. employment
Health & Wellbeing Challenge Fund (South West)	Health & wellbeing procurement & commissioning
Homeless Link Social Investment Fund	Homelessness
Sporting Capital	Sports organisations delivering social outcomes for communities
Cultural Impact Development Fund	Socially driven arts & culture organisations
Health & Wellbeing Challenge Fund (South West) 2	Health & wellbeing (general)
UnLtd Impact Fund	Addressing barriers to employment and training

During the programme, some thematic funds chose to shift or broaden their focus to help meet demand from charities and social enterprises and/ or to increase their deployment.

Readers will notice for example that the two Health and Wellbeing Challenge Funds are ranked differently. The first aimed to focus specifically on health and wellbeing procurement and commissioning models. That fund ended up downsizing, but the second fund then launched, having dropped the procurement and commissioning focus and instead seeking to address issues of health and wellbeing much more broadly, and went on to exceed its original deployment target.

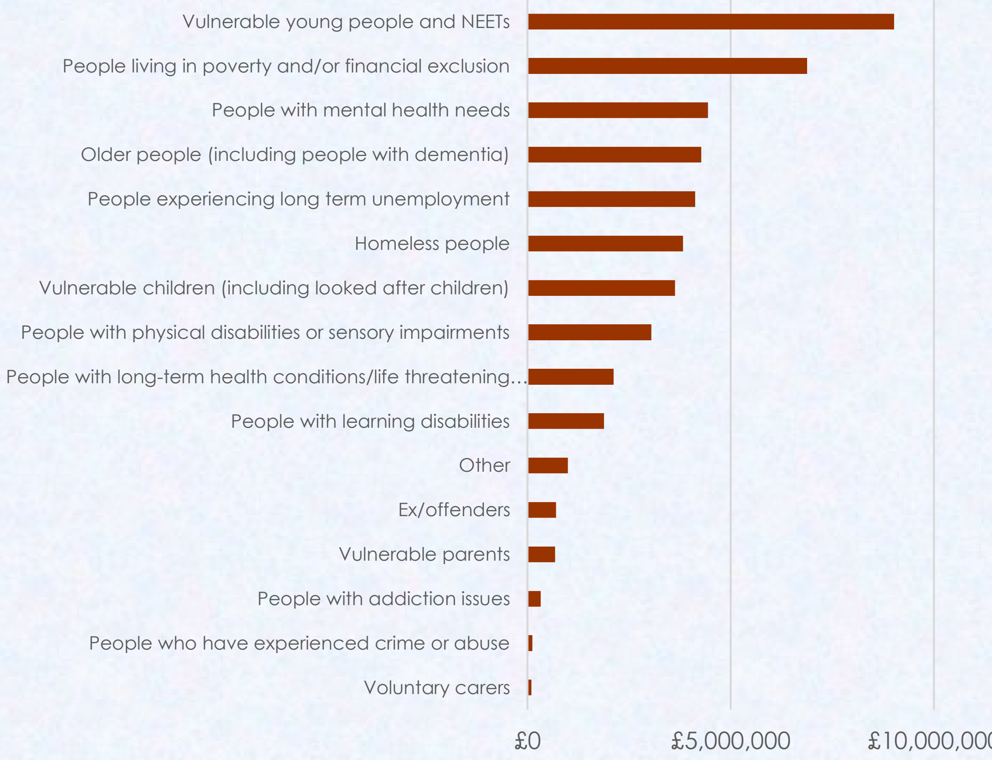
Fund thematic focusses – the results

So, how did the programme perform thematically? Which outcome areas and beneficiary groups were each of the charities and social enterprises that received investment through the programme primarily targeting?

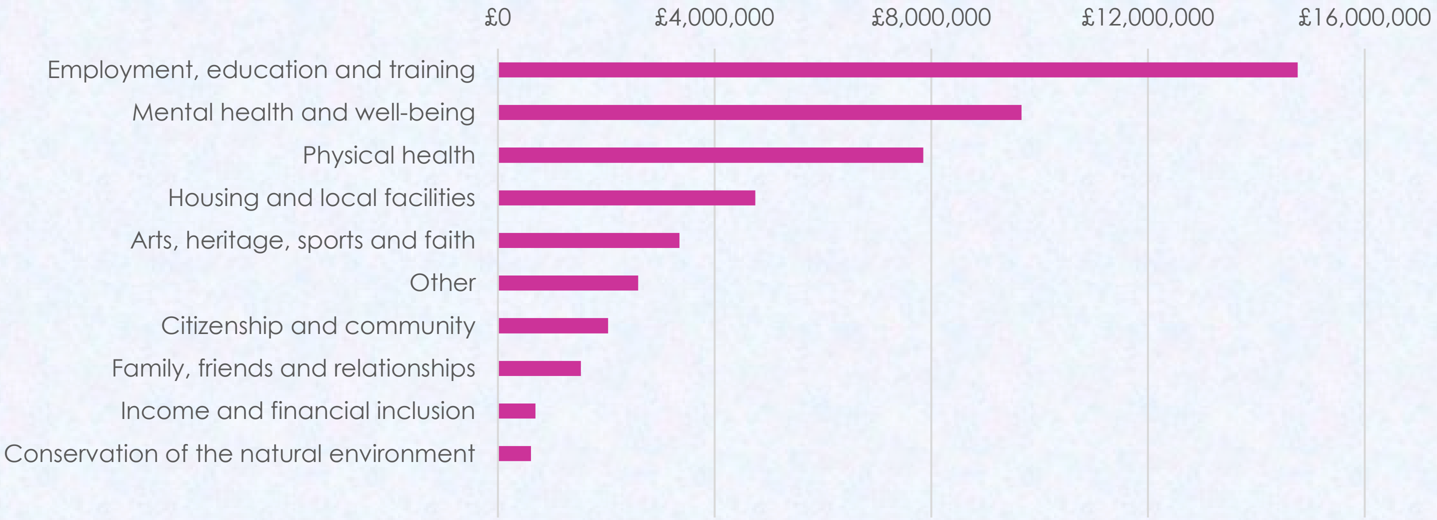
Right: The programme invested in charities and social enterprises that were targeting a wide range of primary beneficiary groups.

Below: The programme invested in a range of outcome areas. The five areas to receive the most investment all had one or more thematic fund specifically targeting them. Whilst these thematic funds certainly contributed to these numbers, some of the larger generic funds invested heavily in these areas too.

Total investment by investee's primary beneficiary group



Total investment by investees' primary outcome area



Funds that were **thematic** deployed, on average, **59%** (range: 0% - 124%) of their original deployment targets, compared to **94%** (range: 24% - 155%) achieved, on average, by **generic** funds.

The two most niche thematic funds particularly struggled to generate pipeline, and both closed early.

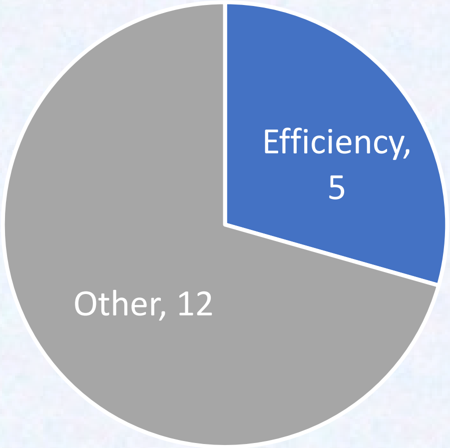
NB: Where funds' deployment exceeded 100% of target, they generally received top-ups (additional funding) due to strong performance. Sometimes additional deployment could also be achieved by additional recycling of existing fund capital.

Fund strengths – the setup

After launching the programme in 2015/16, the Joint Investment Committee started reviewing applications from social investors (or organisations wanting to become social investors) wishing to be part of the programme. The programme generated a large amount of interest, and the JIC quickly concluded that it would not be realistic to expect every application to be strong on every programme aim. The JIC identified three themes, or **strengths**, and started attributing **one or two** of these to every successful application. These 'strengths' acted as a very high-level investment thesis, identifying **what it was hoped that each fund would deliver** under the programme.

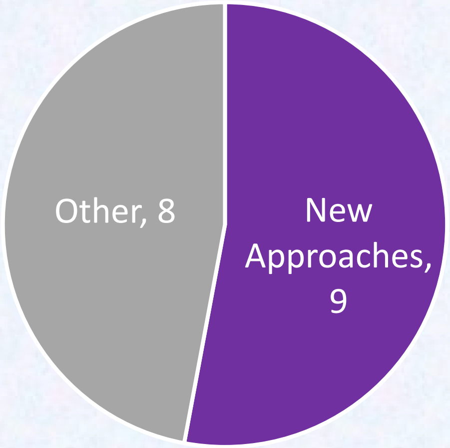
The JIC aimed to build an overall portfolio which included funds bringing all three strengths. However, the JIC was not necessarily seeking a balanced portfolio in terms of the number of funds with each strength, because different funds were going to be different sizes. The JIC defined the three strengths as follows:

Efficiency: *Social investors who can meet current demand from charities and social enterprises for smaller, unsecured loans in an efficient way*



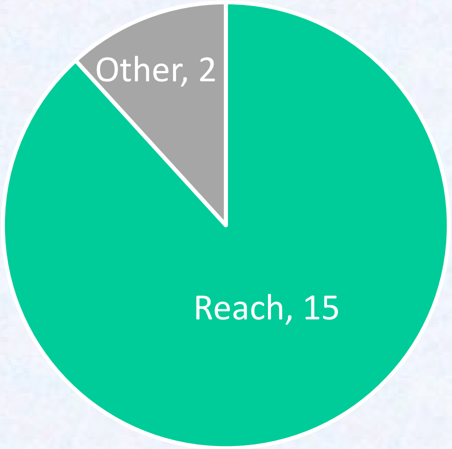
Five of the funds were identified by the JIC as likely to be strong on Efficiency (sometimes alongside a second strength). These funds were those being delivered by existing (experienced) social investors – Big Issue Invest, Key Fund and Resonance.

New Approaches: *Social investors who offer creative and relevant new products for charities and social enterprises, or new ways of delivering social investment to the sector.*



Nine of the funds were identified by the JIC as bringing New Approaches to the programme (sometimes alongside a second strength). In the majority of cases this was about the type of organisation that was seeking to become a social investor – including a place-based infrastructure organisation, housing associations and new delivery partnerships.

Reach: *Social investors who can offer social investment to, and make it relevant for, groups of charities and social enterprises who have not been able to benefit before.*



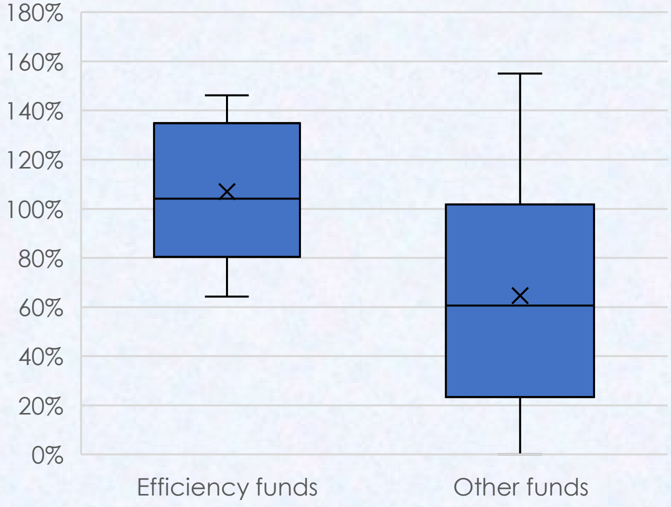
All bar two of the successful fund applications were assessed by the JIC as likely to be able to extend the programme's Reach to a specific group of charities and social enterprises – whether in terms of those organisations' geographies or thematic/ other expertise. This was sometimes alongside a second strength.

Fund strengths – the results

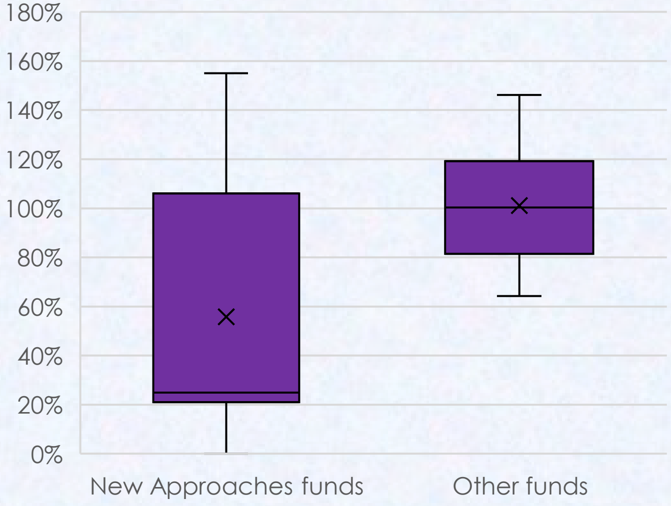
ACCESS The Foundation for Social Investment

So, how did funds with different perceived strengths perform against their original deployment targets?

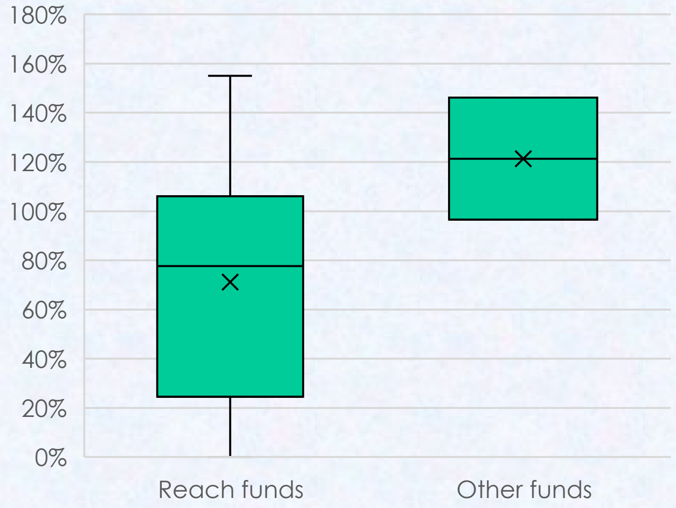
Efficiency funds vs. other funds – deployment as a % of original target



New Approaches funds vs. other funds – Deployment as a % of original target



Reach funds vs. other funds – Deployment as a % of original target



Efficiency: The main measure of success for Efficiency is volume of deployment vs original target. The box and whisker diagram above shows that Efficiency strength funds did deploy significantly more (as a percentage of their original targets) than other funds did. This is unsurprising given that Efficiency funds were run by social investors with the most previous social investment experience. It is notable however that the single highest performing individual fund was not an Efficiency fund.

New Approaches: Deployment vs target can also serve as a measure of how successful New Approaches strength funds were at delivering their approaches. New Approaches funds deployed the least (vs. original target) than other funds, suggesting that these funds struggled the most with fund delivery. This could be due to the fact that the majority of New Approaches funds had no social investment experience prior to the Growth Fund. However, some New Approaches funds still delivered large volumes of investment.

Reach: The best metric for measuring the success of Reach funds would be to examine whether those funds reached more first-time investees than others, however that data is unfortunately not available across the programme as a whole.
Deployment data shows that Reach funds deployed less on average (vs. original target) than other funds. This could suggest that finding and supporting new/ harder to reach investees was more resource intensive than originally assumed, leading to lower performance against deployment volume targets. However, what we cannot know is whether the investees that were funded by Reach strength funds would have been unable to access investment otherwise, or whether they would have gone to an Efficiency fund instead.

Efficiency funds deployed, on average, **107%** of their original targets, **New Approaches** funds **56%** and the **Reach** funds deployed an average of **71%**.

(range: 64% - 146%) (range: 0% - 155%) (range: 0% - 155%)

NB: Where funds' deployment exceeded 100% of target, they generally received top-ups (additional funding) due to strong performance. Sometimes some additional deployment could also be achieved by additional recycling of existing fund capital.

Organisation types – the setup

To try to achieve the programme's Efficiency, New Approaches and Reach ambitions, when the programme was launched the Joint Investment Committee encouraged applications from different types of organisations, including those which were not specialist social investors and those with no prior social investment experience.

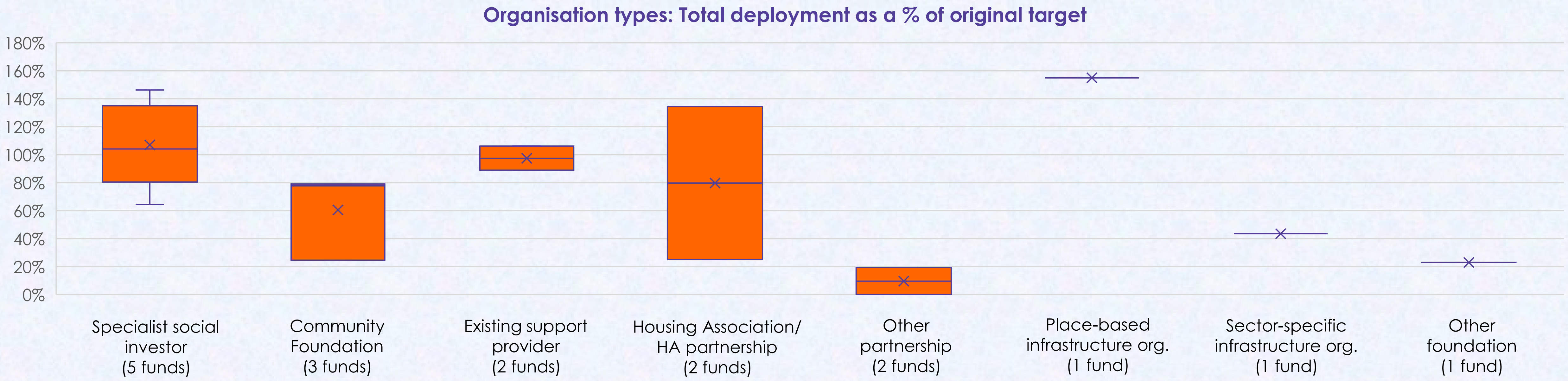
The graphs below show the types of organisations that set up the seventeen funds, and how many of those had some form of prior social investment experience.

Above bar graph: Five funds were managed by a specialist social investor (two of whom ran two funds each). The other 12 funds were managed by a range of different types of organisation or partnership.

Above pie chart: Just over half of the funds were run by an organisation that had some social investment experience prior to joining the Growth Fund programme. The amount of experience in this group varied.

Organisation types – the results

So, how did different types of organisations perform in terms of deployment?



Above: In terms of deployment volume, the specialist social investors were very successful on average. This might be as expected due to their prior experience, although specialist social investors often had the highest initial targets and some still managed to out-perform them. Existing support providers also performed strongly. However, the one place-based infrastructure organisation deployed the most investment compared to its original target.

It is important to note that the sample sizes here are very small, with just one or two funds run by most of the different organisation types. There will have been a number of other factors at play which helped to determine deployment performance, so we should be cautious about drawing any firm conclusions here.

Deployment is of course also not the only measure of success. When the programme comes to an end, we will be able to look at portfolio performance (i.e. default rates) to see whether some types of organisation had greater success in supporting investees to successfully repay their loans.

Funds with **some prior social investment experience** deployed, on average, **85%** (range: 19% - 146%) of their original deployment targets, compared to **69%** (range: 0% - 155%) achieved by those **without**.

Investments & investees – aims & results

How did the programme perform against its objectives in terms of investments and investees?

Number of investments	
Aim: > 700	**Actual: 724**

The programme aimed to make over 700 investments and succeeded, making 724. These investments supported 580 unique charities and social enterprises, because some received more than one investment.

Target investee size	
Aim: Small – medium sized	**Actual: Median turnover: £180k Median employees FTE: 4**

These charities and social enterprises were generally small. The median turnover at the point of investment was reported to be £180k and the medium number of employees just four.

Average investment size	
Aim: < £150k	**Actual: £72k**

Investment range	
Aim: ≤ £150k	**Actual: ≤ £200k**

The average investment size was £72k. The maximum investment size was temporarily increased from £150k to £200k during the Covid-19 pandemic to enable social investors to provide additional finance - in the form of emergency loans or just additional Grant C – to support existing investees during that difficult period. At all other times, the £150k maximum was adhered to.

Interest rates range	
Aim: 6.5% - 12%	**Actual: av. 7.15%**

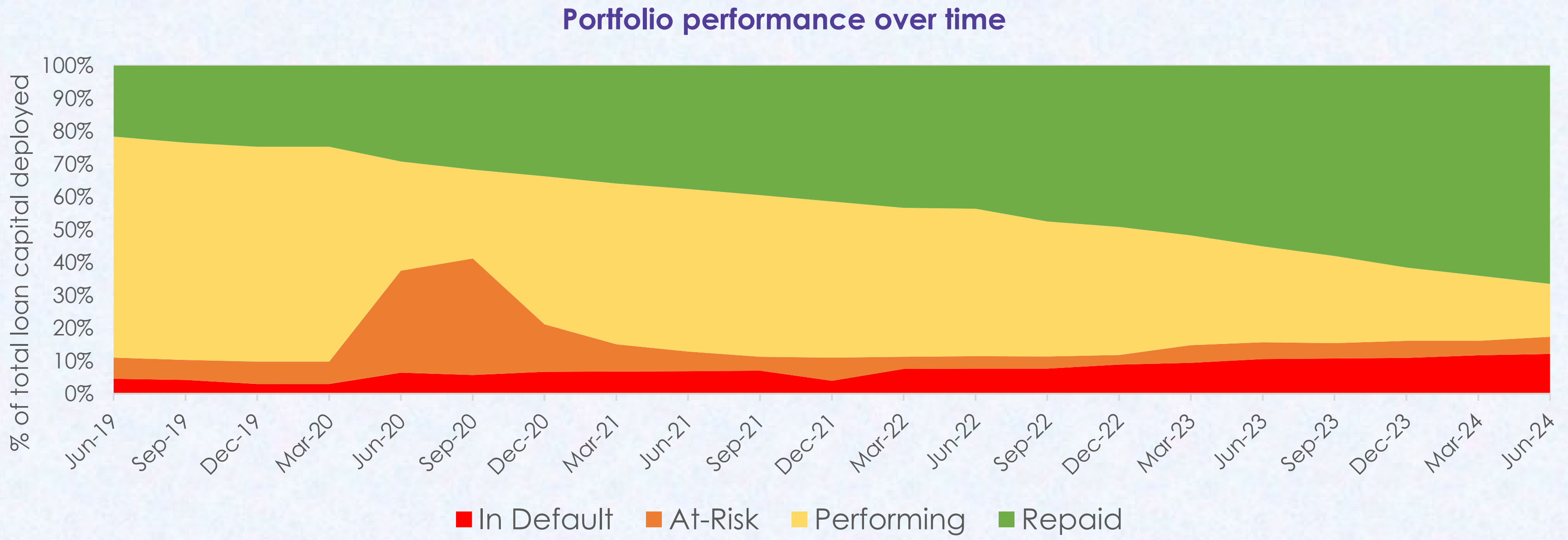
The average interest rates for loans was 7.15%. Interest rates for individual loans ranged from 0% (in only a handful of cases) to 12% (but only two individual loans exceeded 10%). Some funds also charged a small arrangement fee.

Portfolio performance – aims & results to date

At time of writing (2024) the Growth Fund's deployment period has finished but its repayment period remains in progress. Therefore, whilst many of the charities and social enterprise investees have finished repaying their loans (or defaulted), many other live loans remain where repayments have not yet finished. As a result of this, we do not yet have final portfolio performance data and will not have this for a number of years to come. Until that final data is available, we cannot conclude anything definitive about the proportion of successfully repaid loans vs. defaulted loans and what that means for the success of the programme – or whether the right amount of subsidy was used.

However, for information, the chart below shows the aggregate portfolio performance to date, from June 2019 through to June 2024. The Y axis represents the percentage of total loan capital (inclusive of Grant B) deployed to charities and social enterprises at each point in time. This graph excludes Grant C, which (in the vast majority of cases) was not repayable.

To note, June 2019 was not the beginning of the programme, but it was the point at which we agreed standard definitions of 'in default' and 'at-risk' with all social investors, so that this data could be reported in a more standardised way across the programme from then onwards. These definitions are shown in the box below.



Performing means an investment which is neither at-risk nor in default, but which has not yet repaid.

At-risk means an investment which:

a) Is 30 or more days in arrears, but less than 90 days in arrears (on either capital or interest payments); AND/ OR

b) An investment which has been restructured within the last six months; OR

c) An investment which the social investor considers to be at risk for a different reason (e.g. reasons could include VCSE at potential loss of premises, key director leaving, etc.)

In default means an investment which:

a) Is 90 or more days in arrears, OR

b) Has otherwise defaulted (on some or all of the loan) – e.g. company has entered administration

The spike in at-risk data during 2020 was caused by the Covid-19 pandemic, when significant volumes of the portfolio required restructuring in order to give charities and social enterprises repayment holidays or other flexibilities to support them through that difficult period.

As at June 2024, 12.12% of the total underlying portfolio is in default. This will likely continue to increase slightly over the coming years. However we currently consider the programme to be performing well in this regard – some defaults were always expected, hence the provision of Grant B. Had no defaults occurred, it would have been a sign that the programme had not taken enough risk when trying to get investment flowing to charities and social enterprises who would not have been able to access it without this form of subsidy.

SECTION THREE:

Use of subsidy in the Growth Fund

Grant A (operating cost subsidy) – theory & overview

GROWTH FUND HYPOTHESIS: Providing social investors with a modest amount of operating cost subsidy can help cover the relatively high cost of making small loans and can thereby enable them to invest at the sub-£150k level.

The structure of the Growth Fund allowed for a direct subsidy into each fund's operating costs during its early period.

Throughout the programme, social investors were able to withdraw money from their fund each quarter to cover their operational costs, up to an agreed level. Each fund had a schedule of quarterly operating costs, agreed in advance (and occasionally updated via. a restructure), setting out the amounts that they could draw in each period. Operating costs were generally higher during the deployment period (when a fund manager was making new investments and managing existing ones) and lower during the repayment period (when a fund manager was still managing existing investments and repaying the capital it had borrowed). Generally, operating costs would reduce throughout the repayment period, the theory being that fund managers would be managing fewer loans in the latter part of the repayment period, by the time that most of their investees would have already repaid (or defaulted).

In the fund model, the majority of these pre-agreed quarterly operating costs should be covered by income generated by the funds – i.e. investees' repayments of capital, interest and/ or fees to the social investor. However, in the early stages of a fund, before the fund has deployed enough loans to be generating sufficient returns, operating costs needed to be funded in a different way. Grant could be used to cover social investors' operating costs during this period. We refer to grant used for this purpose as Grant A.

When the Growth Fund was set up, it was decided that Grant A should be capped at 10% of each fund's grant – i.e. at least 90% of each fund's total grant had to be Grants B and C. TNLCF suggested this 10% cap in line with the management cost thresholds on their usual grant programmes. The rationale for having a cap was that the vast majority of grant should flow through to charities and social enterprises, with the funds themselves generating the majority of their operating cost income through their lending activity. (It is worth noting here that when funds generate operating cost income through the repayments they receive from their investees, that cashflow includes Grant B which has been lent out and hasn't yet been lost to defaults, so this is one of many examples where the distinction between the different grant types is not as clear as it may at first appear.) Whilst the rationale for capping Grant A was reasonable, there was very little available evidence at the time as to what level of direct operating cost subsidy would be needed for social investment funds at this scale, so in this respect the 10% cap was arguably somewhat arbitrary.

All funds were set up with an initial Grant A allocation (which varied fund to fund). At the time it was hoped that these initial Grant A commitments would suffice. However, in practice the funds all required Grant A top-ups during the programme, which led the funding partnership to decide to dispense with the initial 10% Grant A cap. The reasons for funds' higher Grant A needs can be broadly grouped into two buckets:

- Individual funds' circumstances – In the early stages of the programme this generally came about because a fund had not managed to start deploying as early or as quickly as originally envisaged, meaning that their Grant A ran out before the fund was receiving sufficient volumes of investee repayments to enable it to sustain its own operating costs. Not all funds were impacted by this, but many were.
- All funds were impacted by the Covid 19 pandemic.

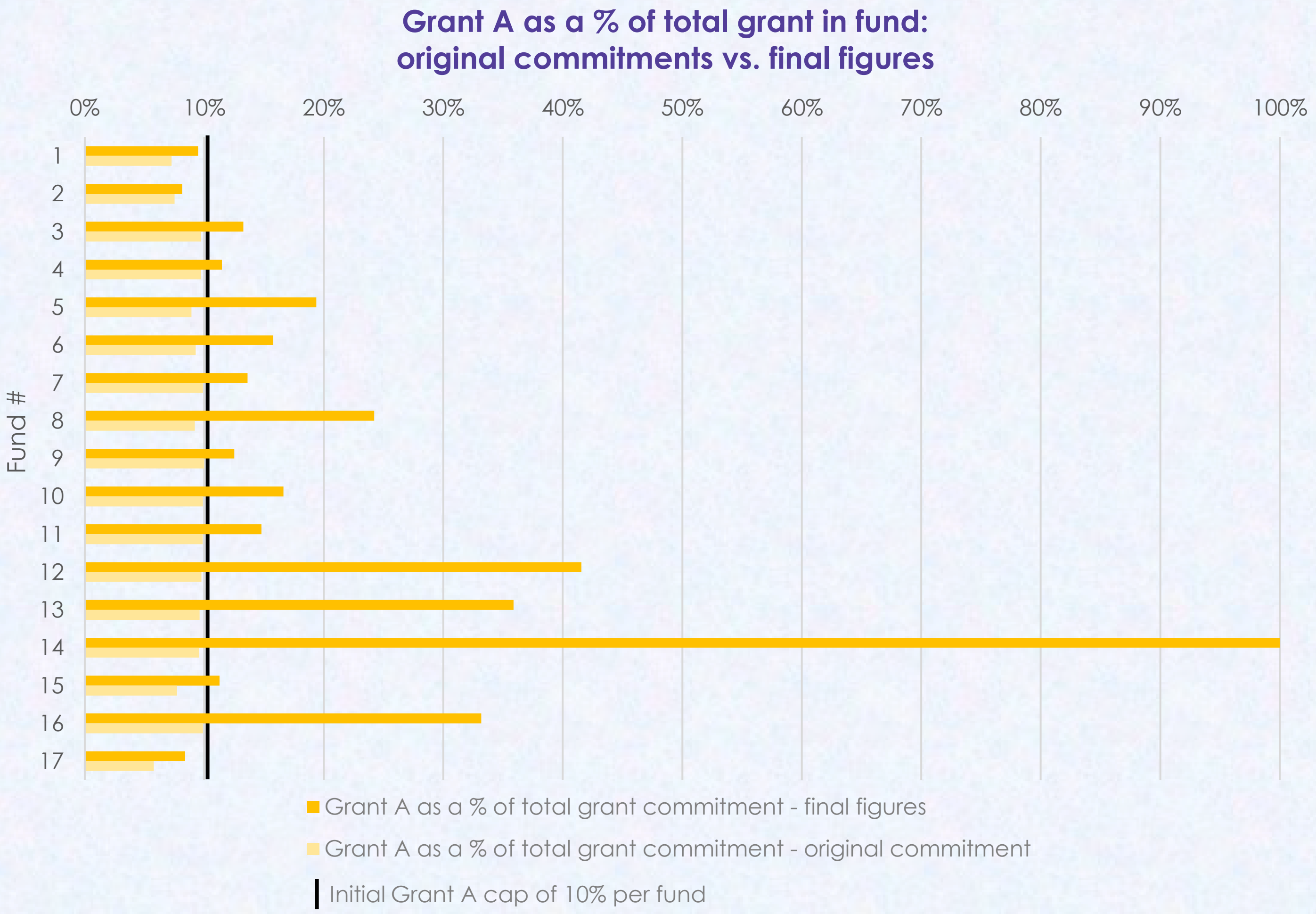
When the Covid 19 pandemic started and the UK went into its first lockdown in Spring 2020, it was clear that this would be a very challenging period for fund managers and their investees. The funding partnership therefore provided all fund managers with additional Grant A to cover their scheduled operating costs for the next six months (followed by additional increases for some, if needed). The rationale for this was that by providing fund managers with certainty around their own operating costs – and by temporarily removing the dependency of those operating costs on investee repayment cashflows – fund managers would be able to support their investees by offering emergency repayment holidays, at their discretion, for any investees that needed one, without worrying about whether they as a fund could afford to do so. This resulted not only in Grant A amounts being higher than originally anticipated, but in Grant A being used by funds part-way through their deployment periods, rather than just at the start of their deployment periods as had originally been modelled.

Other funds exceeded the original 10% Grant A threshold simply because they did not utilise all of their Grant B/ C, meaning that the proportion of grant that they utilised which was Grant A was higher than originally anticipated. In one case, Grant A was used to establish a fund which did not go on to make any investments – i.e. this fund did not use any of their original Grant B and C allocations – meaning that 100% of that fund's final grant expenditure was Grant A.

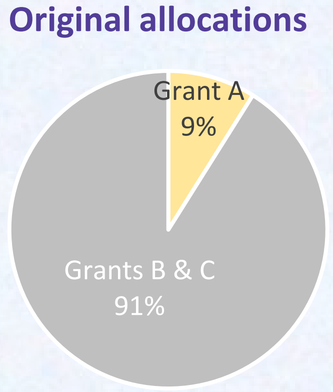
The graphs on the following pages show how the proportions of Grant A changed during the programme, as well as illustrating some of the reasons why these changes were necessary.

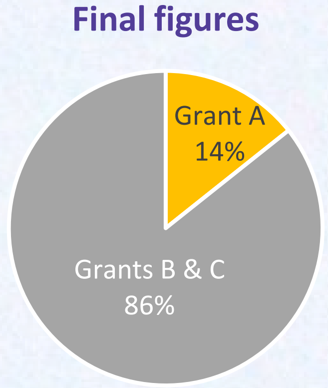
Grant A (operating cost subsidy) – changes to amounts & ratios

Over the course of the programme, the amount of overall grant that was allocated for use as Grant A increased from £1.95m to £3.02m.



The average Grant A (as a % of total grant, as shown in the above graph) was 9% at the start of the programme and 22.9% (or 18.1% excluding PICNIC fund) by the end of the programme.

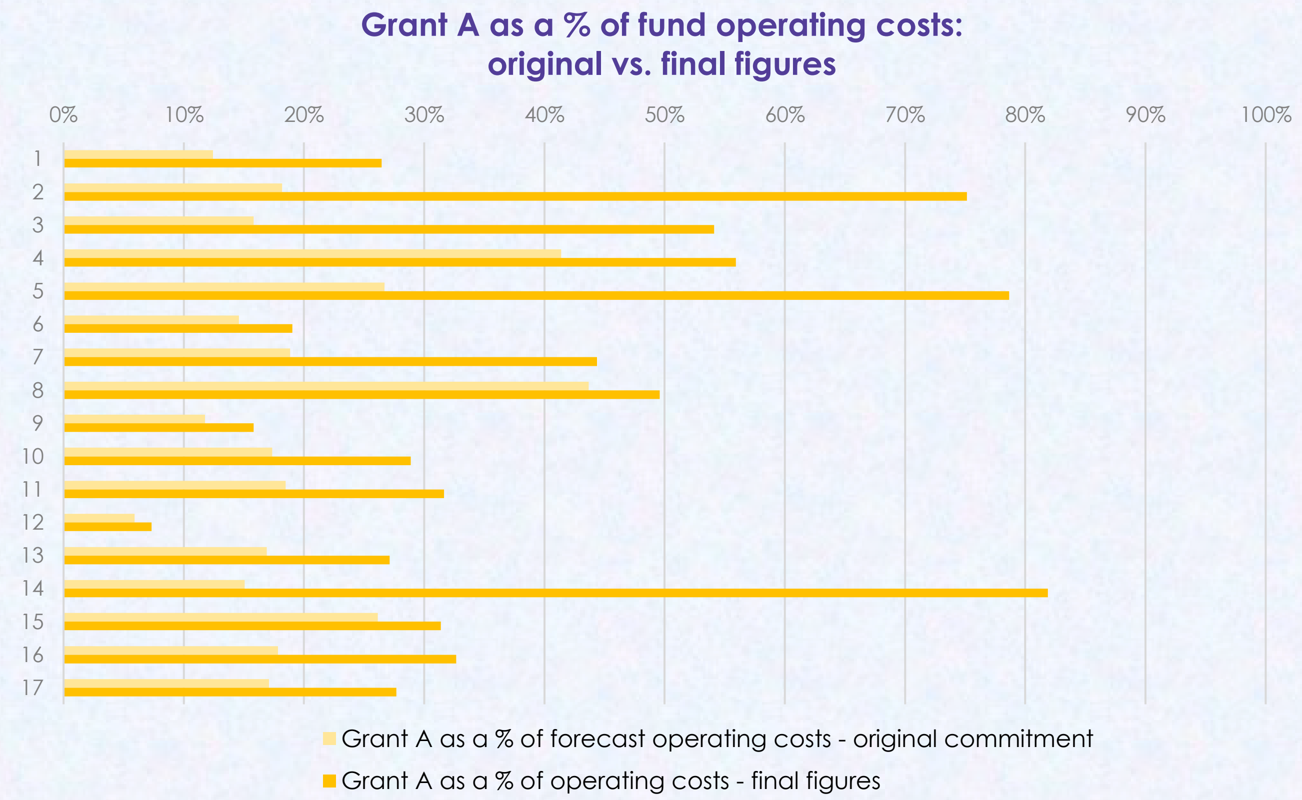




Above:
The pie charts show the proportion of total programme grant which was originally due to be utilised as Grant A (left) vs the proportion which had been utilised as Grant A by the end of the programme. **The total proportion of programme grant spent on Grant A was 5% higher than originally planned.**

Left:
The proportion of each fund's total grant (A+B+C) which was Grant A.
The light-yellow bars on top show the proportions of Grant A when each fund was launched – the majority are at or very close to the 10% maximum threshold which was applicable at the time.
The dark-yellow bars underneath show the proportions of Grant A in each fund at the end of the deployment period – i.e. Grant A as a proportion of the total grant amount which was actually utilised by each fund.
All of the funds where Grant A exceeded 20% of total grant by the end of the fund's deployment period were funds which closed early and/ or without deploying all (or, in one case, any) of their Grant B/C (but having spent all of their Grant A during set-up). In these funds the Grant A is proportionally high, but is not necessarily a higher monetary amount than in other funds.
Grant A exceeded the original 10% threshold in the majority of other funds too – some reasons for which are outlined on the previous page.
Funds where Grant A was <10% by the end of the programme still received Grant A top-ups during the programme – but they received larger Grant B/C top-ups too.

Grant A (operating cost subsidy) & operating costs



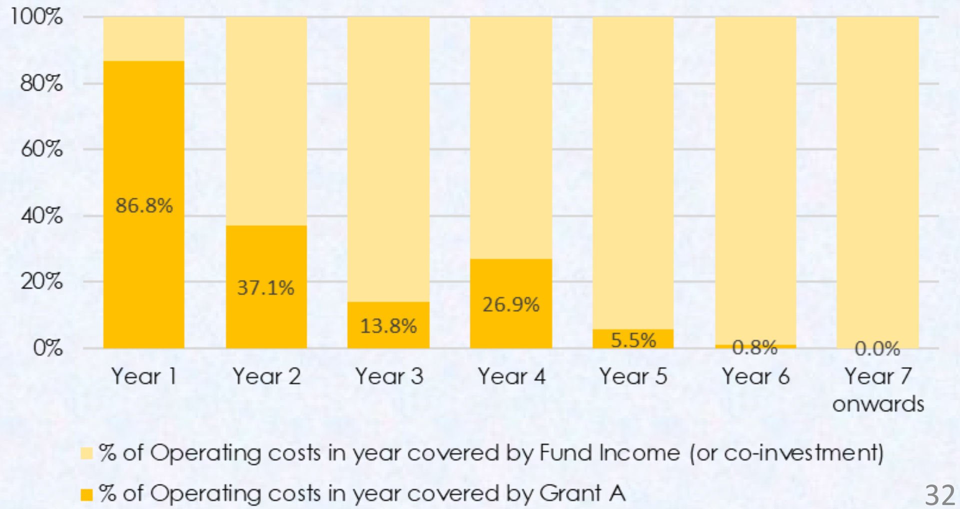
The graph above shows the proportion of forecast lifetime fund operating costs which was due to be covered by Grant A, compared to the eventual position. All funds inevitably saw the percentage of Grant A rise, as additional Grant A was agreed for all live funds during Covid, to allow funds the ability to cease receiving repayments from charities and social enterprises for six months, without leaving them short of funds available to pay their own costs. Many other factors contributed to increases in the percentage however, including fund top-ups, restructures and early closures leading to a reduction in overall lifetime operating costs (a particular factor here, as Grant A was drawn and spent early, so would become a much more significant proportion of smaller fund fees in these scenarios).

Average expected Grant A % of operating costs was **19.9%** at outset, but has ultimately grown to an average of **40.5%** as a result of the combination of factors outlined above.

The graph below shows the overall proportion (across all funds) of the operating costs drawn by fund managers which was funded at source by Grant A, compared to other sources of fund income.

The graph shows the crucial role that Grant A plays overall in the operating model for these funds, but particularly in the first year(s) of funds, before other income was flowing. A rapid tail-off over time then follows, although the effect of Covid can also be seen in this graph. The pandemic period of Grant A support happened over the same six months in 2020 for all funds, but for each fund this may have occurred in anything from the first year to the fourth year of their fund life, therefore the effect of this Grant A injection is variously represented across the first four bars of the chart. The graph below represents the **average** percentage amount of operating costs covered in each year of any given fund, not the totals values across all funds.

The main other source of income to cover operating costs is the repayments made back into a fund by charities and social enterprises on the loan element of their investments. However on occasions, particularly early in the life of some funds, drawings of capital from co-investors also made a contribution to cost coverage.



Grant B (first-loss protection) – theory & overview

ACCESS The Foundation for Social Investment

GROWTH FUND HYPOTHESIS: To be able to make loans to charities and social enterprises which can benefit from taking on social investment, but which lack security or a track record, the social investor needs to have the capacity to bear losses.

The Growth Fund was set up to try to significantly increase the availability of small, unsecured loans. At the time, one of the barriers preventing social investors from being able to offer more of this type of product was risk. Most social investors borrow the capital that they use to invest into charities and social enterprises, so they need to be confident that they will receive enough money back from their investees to enable them to repay their capital provider (with interest) at the end of the fund. Making small, unsecured loans to small/ medium sized charities and social enterprises, many of whom have never borrowed before, comes with risk. One way that this type of risk can be mitigated is by charging very high fees or interest to borrowers, however that is obviously sub-optimal and creates barriers to access. Therefore, in order to address this challenge in a more appropriate way, a significant proportion of the Growth Fund's grant was used as first loss protection. We refer to grant used for this purpose as Grant B.

In social investment funds there are different ways that a grant loss-layer can be structured. In the Growth Fund, Grant B was structured in a standard way in all funds. The grant was blended with the capital from Big Society Capital (or other sources) and was used to make loans.

Each social investor had an agreed 'Grant B ratio'. This was the ratio of Grant B to capital in the fund. (For example, if a fund was borrowing £3m of BSC capital and was being given £1m of Grant B, to form a total lending pot of £4m, then their Grant B ratio would be 25%.) Social investors had to draw down capital and grant from the programme funders in this fixed ratio, ensuring that both pots of money were utilised in the correct proportion.

In theory, allowing social investors to draw down and utilise all of the Grant B first could be more efficient, as it would mean that the capital could then be drawn later in the fund/ borrowed for a shorter time, meaning that the social investor could incur less interest and could utilise that money saved by making more investments. However using such a structure in the Growth Fund could have led to an imbalance of funding due to the risk that social investors might be unable to make the volume of loans that they originally planned to make – which did happen in several cases – which would have meant that proportionally too much grant and not enough capital was utilised. Such a scenario could have been resolved by requiring a reconciliation at the end of fund deployment periods with a further injection of capital to reimburse the grant provider and ensure an equal balance of funding at that point. Due to these complexities this structure was not followed on the Growth Fund and all funding was drawn in agreed proportions throughout the deployment period.

The Grant B ratio was the ratio in which social investors drew down Grant B and capital from the programme's funders. Initially, it was also therefore the ratio in which social investors' lending took place. (I.e. they would draw capital and Grant B from the funders and then deploy that money to an investee in the form of a loan). However, over time (in most funds) the drawdown ratio and the deployment ratio did not remain the same. This is because social investors often relent some of the money that they had already lent once and then received back via borrowers' repayments. This relending of money (capital and Grant B) is known as recycling.

When they initially modelled their funds, each social investor had an assumption around how much recycling they would be able to do. This figure would have been impacted by a number of variables, including the length of the fund's deployment period and the level of operating costs required (repayments from borrowers would need to cover the social investor's operating costs before being used for recycling).

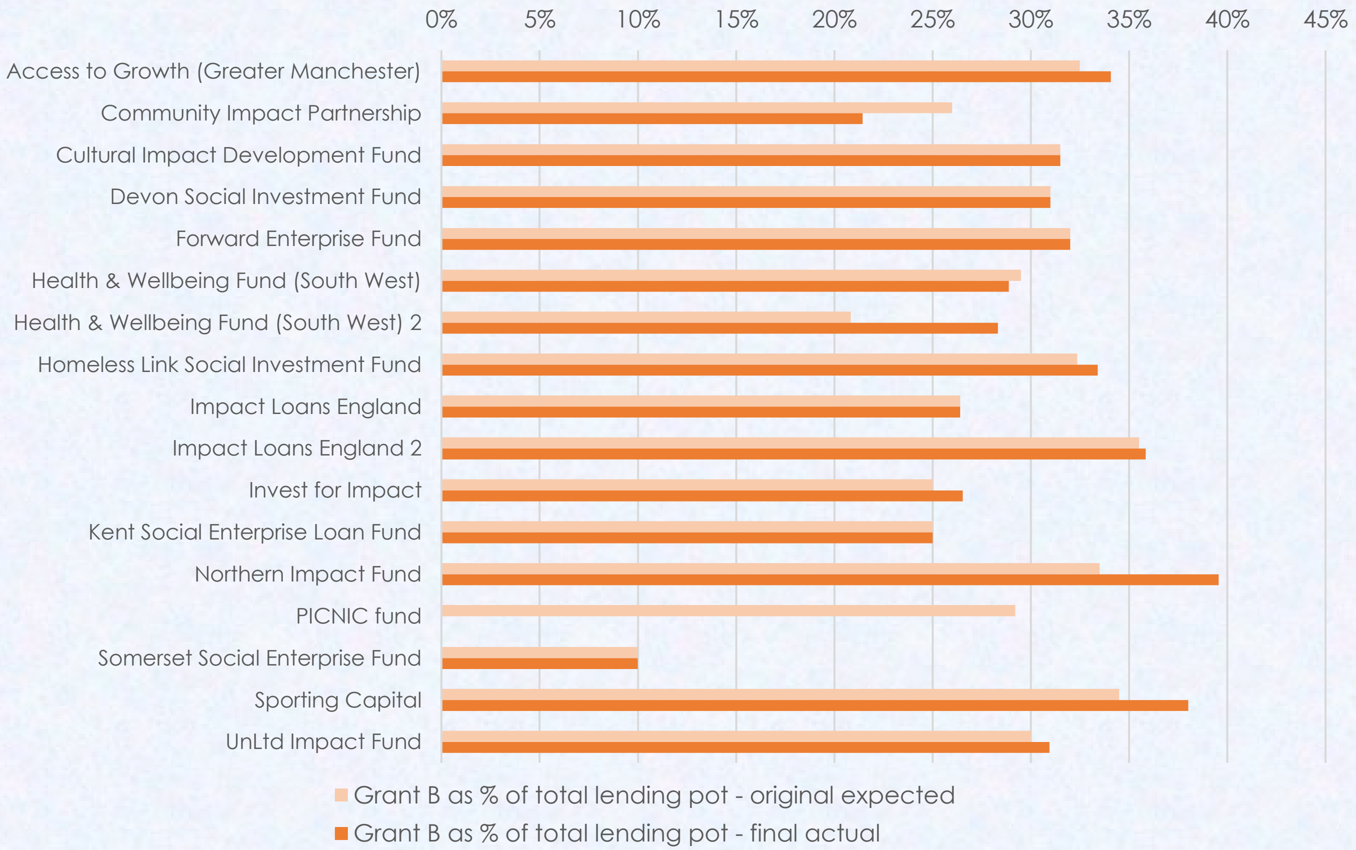
When determining the level of Grant B in each fund, it was therefore important to factor in the assumptions around recycling. For example, if a fund expected to do no recycling and expected to lose 20% of money lent through defaults, then a Grant B ratio of 20% might be appropriate*. However if a fund expected to do a lot of recycling and expected 20% of loans to default, then a Grant B ratio of above 20% would be needed, to ensure that there was sufficient loss layer to cover capital that was being lent not once but twice - i.e. capital which had twice the risk of defaulting.

*Since default assumptions were just that, assumptions, in most cases an additional Grant B 'buffer' was built in. So for example, if a fund was assuming a default rate of 25%, the Grant B ratio might be around 30% - comprised of the 25% that was expected to be lost, plus a 5% buffer in case defaults were a bit higher than expected. If the additional buffer (or any of the rest of the Grant B) does not end up being lost through defaults, social investors can apply at the end of the programme to retain this for use in future social investment funds or similar activities.

Grant B (first-loss protection) – changes to amounts & ratios

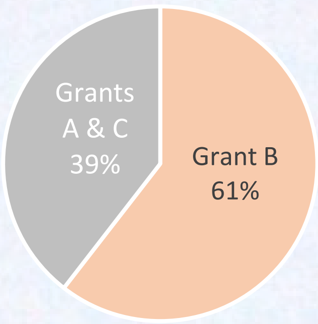
Over the course of the programme, the amount of overall grant that was allocated for use as Grant B decreased from **£13.23m** to **£10.05m**.

Grant B as a % of the total lending pot (Grant B + capital) – original commitments vs. final figures

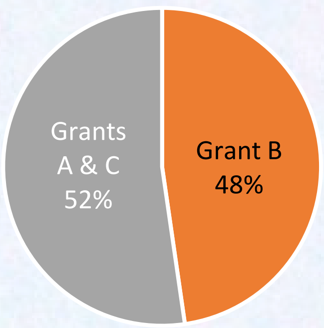


Over the course of the programme, the average proportion of Grant B in each fund's total lending pot (as shown in the graph above) went from **29%** at the start to **28%** by the end.

Original allocations



Final figures

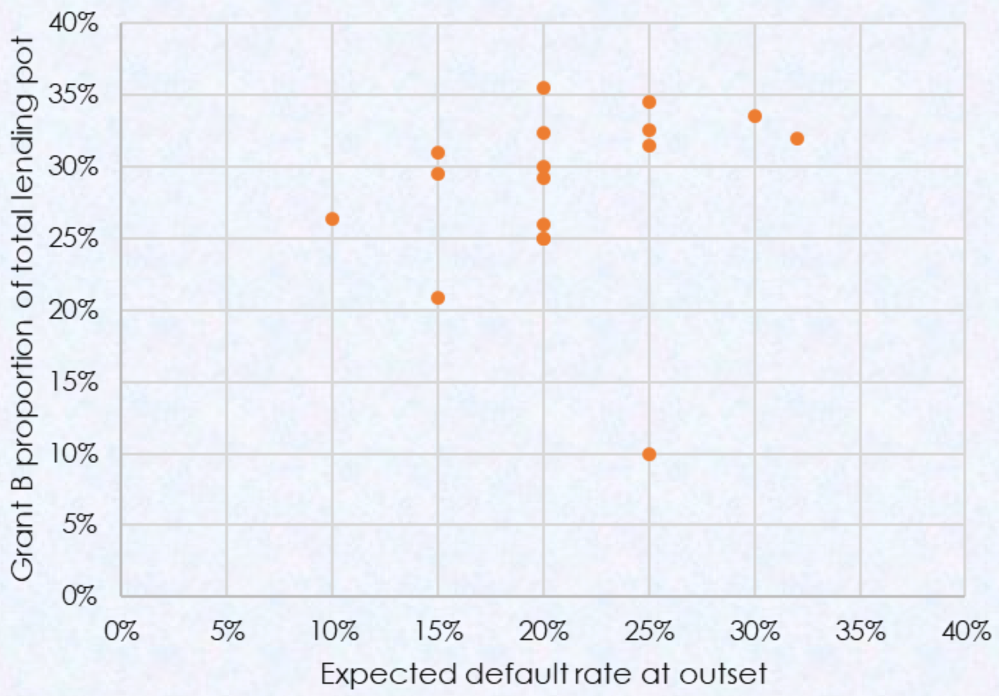


Above:
The pie charts show the proportion of total programme grant which was originally due to be utilised as Grant B (left) vs the proportion which had been utilised as Grant B by the end of the programme. **The total proportion of programme grant spent on Grant B was 13% lower than originally planned.**

Left:
The amount of Grant B as a percentage of the total amount of money (Grant B + capital) projected to be used/ actually used to make loans to charities and social enterprises.
During the programme, this percentage increased for eight funds, stayed the same for seven funds and decreased for two funds.
The fact that half of funds needed proportionally more Grant B than originally expected, and only two needed less, indicates that the perceived risk of investee defaults increased during the programme.

Grant B (first-loss protection) & default assumptions

Relationship between Grant B (as proportion of the total lending pot) and the expected default rate

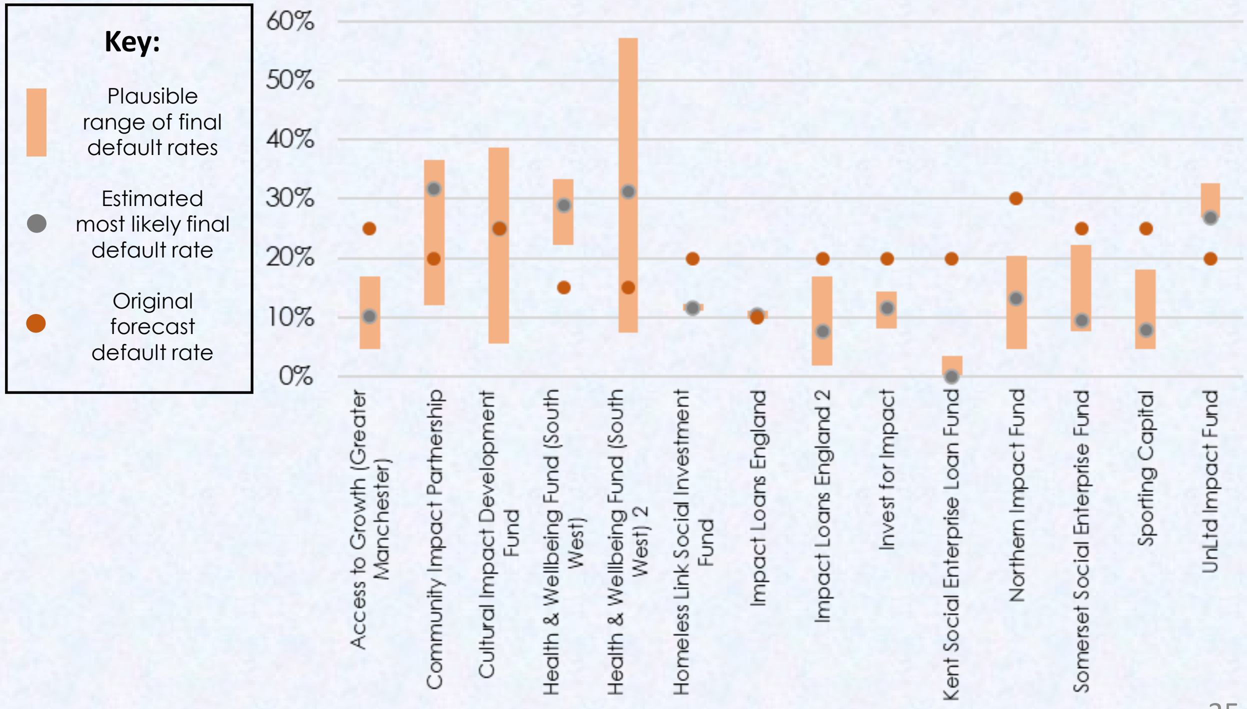


Each fund (unlabelled) is represented by a ● in the above graph.

As would be expected, the amount of Grant B utilised in a fund structure broadly correlates with the expected default rate, given that its purpose is to cover first loss, with the amount of Grant B usually slightly exceeding the level of defaults. However the fact that this correlation is not a clear straight line demonstrates that there are other factors at play, including fund cashflow requirements and the amount of investments expected to be made with recycled funds (where recycling is projected to be high, a higher level of initial input Grant B may be required to ensure default coverage is present for more than one round of funding). The outlier at the bottom of the graph represents a fund where the source of repayable capital was concessional, rather than commercial and therefore required less first loss coverage.

The graph below shows the current performance of different funds in respect of expected final default rate, compared to the originally modelled forecast default rate. The range of possible outcomes varies between funds, with some still having a wide range of possibilities, and others already very limited. This is representative of how long each fund still has to go to the point of completion of repayment periods, with some already having closed or being near to closure. Four funds could end up with final default rates extremely close to their original projection, although this is only guaranteed to be so in one case. In all other cases the probable range (which could still be wider than that shown in extreme scenarios) is already outside of the forecast, with eight funds set to deliver a lower than expected default rate, and two set to deliver a higher than expected rate. Three funds are excluded from this graph, one having closed without any investments made, and two which closed early and transferred out of the Growth Fund structures, meaning data is not available to Access

Current default performance rate by fund



Grant C (grants alongside loans) – theory & overview

GROWTH FUND HYPOTHESIS: Enabling social investors to provide charities and social enterprises with a small amount of grant alongside their loan will encourage these organisations to take on investment, will reduce the risk to the borrower and will make the loans more affordable.

Charities and social enterprises which could benefit from taking on social investment but which have not borrowed before may, understandably, be hesitant to do so. Many of their concerns – which may also be shared by organisations that have borrowed before – are likely to relate to risk and affordability. In order to address these issues and make the products more suitable and appealing to these organisations, the Growth Fund offered social investors the option to make grants alongside loans. E.g. a social enterprise might receive a loan of £80k and, with it, a grant of £20k. The grant that is used for making those grants is what we refer to as Grant C.

When social investors initially applied to Access, The National Lottery Community Fund and Better Society Capital for funding to run a Growth Fund fund, they were asked whether they wanted to offer Grant C to all, some or none of their investees. If they wanted to offer Grant C to some or all of their investees, they were asked to consider what proportions of Grant C they wanted to offer (compared to the amount of repayable finance) by considering the needs of their particular target market and by setting out any evidence or assumptions that they had used to arrive at those figures. The funding partnership aimed to work with social investors to agree a level of Grant C which would be sufficient to address the affordability and risk barriers faced by the charities and social enterprises that each fund would be aiming to reach, whilst balancing the need to ensure an efficient use of grant in order to maximise the total number of charities and social enterprises that would be able to benefit from the programme.

In theory, Grant B solves for risk/ barriers at the social investor/ capital provider level, whilst Grant C solves for risk/ barriers at the borrower level. However in practice, the distinction between the role that each grant type is playing can be less clear. In many cases, the more Grant C an investee receives (relative to the amount that they are borrowing) the less risky the investment becomes for the social investor as well as the borrower. Hence some overlap between the purposes of these two grant types.

Receiving more Grant C might mean that a charity or social enterprise investee needs to borrow less than they might otherwise have needed to (or have been able to). Or, it might mean that they borrow the same amount as they otherwise would have done, but that their repayments become easier to manage, and/ or that they have additional money available to spend on the project in question (or a different one).

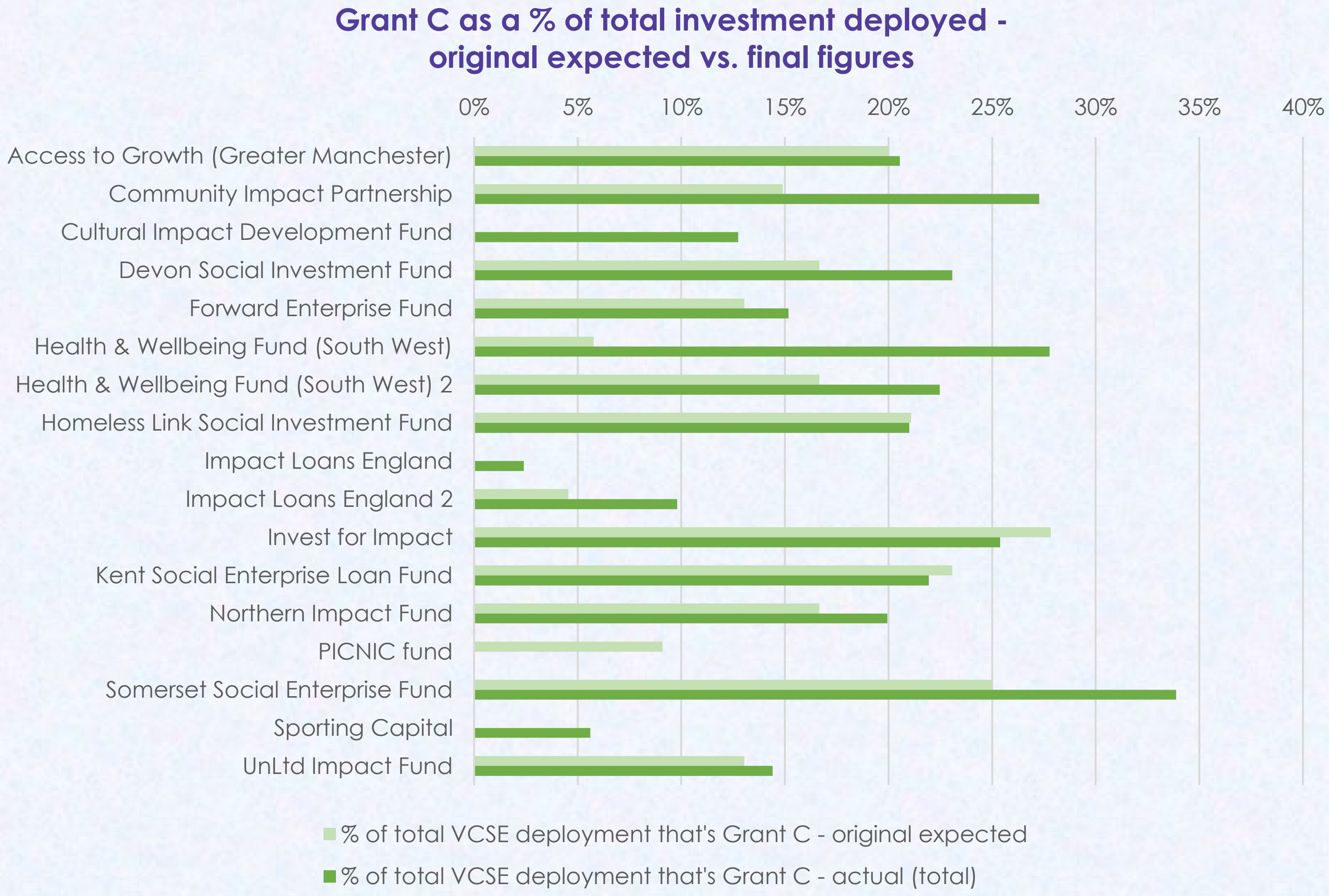
At the start of the programme, social investors were encouraged not to market Grant C as being primarily for the purpose of putting towards loan/ interest repayments, but instead to consider its broader potential. Some social investors provided Grant C for specific purposes which were agreed upfront with each investee. This Grant C was sometimes used by investees to purchase non-revenue-generating equipment or support (for which repayable finance would have been less suitable), or to enable them to further extend the reach or impact of their activities. Or, in some cases, the grant was used to help the organisations to further their knowledge/ skills in certain areas - e.g. financial management or social impact management - by covering the time or costs associated with doing so (often to build on or further embed aspects of investment-readiness support that social investors had provided prior to investment).

However, it would be naïve for us to think that many borrowers (and perhaps some social investors) would not simply have seen this grant as money which could be used to effectively reduce the interest and/ or capital repayments of their loan, effectively resulting in a much reduced (or even non-existent) interest rate once the Grant C had been netted off against loan repayments. Indeed, given that one of the objectives of Grant C was to help with the affordability of taking on social investment, this is an entirely reasonable way of looking at it. The only downside, perhaps, is that it might not give those borrowers as much experience of managing an interest-bearing loan – experience which could benefit them if they need to borrow larger/ less-subsidised amounts in the future.

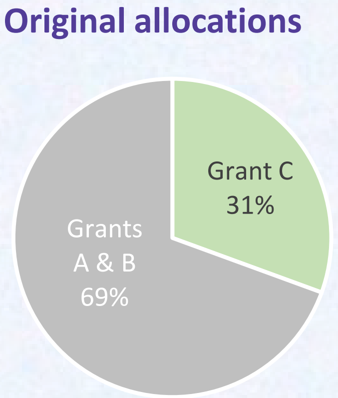
For the majority of the programme, social investors were only permitted to disburse Grant C alongside loans. It could not be deployed as pre-investment grant because Access was funding another programme – the Reach Fund – into which social investors could refer charities and social enterprises in need of investment readiness grant support. However, when the Covid-19 pandemic and lockdowns began in early-2020, the funding partnership offered Grant C top-ups to all social investors and allowed them to deploy 'post-investment Grant C' to charities and social enterprises that they had already invested in through the programme, to provide emergency grant support to some of the investee organisations that were most severely impacted by the pandemic/ lockdowns. This 'covid Grant C' was deployed between 2020 and 2021 and is included in the total deployment figures throughout this report.

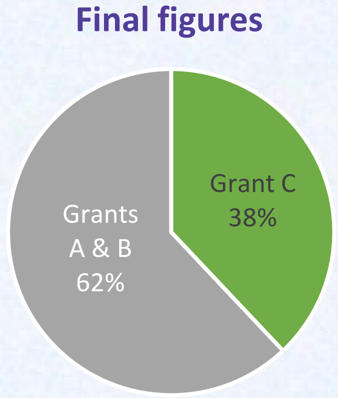
Grant C (grants alongside loans) – changes to amounts & ratios

Over the course of the programme, the amount of overall grant that was allocated for use as Grant C increased from **£6.68m** to **£8m**.



The average (per fund) proportion of Grant C (as a % of total fund deployment, as shown in the above graph) was originally forecast to be **13.4%**. The actual average by the end of the programme was **17.8%**.





Above:
The pie charts show the proportion of total programme grant which was originally due to be utilised as Grant C (left) vs the proportion which had been utilised as Grant C by the end of the programme. **The total proportion of programme grant spent on Grant C was 7% higher than originally planned.**

Left:
The proportion of each fund's total deployment to charities and social enterprises (loans plus grants) which was originally expected to be comprised of Grant C vs which was actually comprised of Grant C by the end of each fund's deployment period.

Thirteen funds deployed proportionally more Grant C than they originally expected. This includes three funds which did not originally plan to deploy any Grant C, but which changed their minds and started to use Grant C midway through the programme.

Three funds deployed proportionally slightly less Grant C than originally expected. The final fund deployed no Grant C, or VCSE loans, before closing.

Actual Grant C deployed (the dark green bars) is inclusive of any emergency Covid Grant C which some funds deployed during the pandemic. There are more details on this Covid Grant C on page 40. However, not all increases in the proportions of Grant C deployed can be attributed to Covid Grant C – some funds increased their Grant C to loan ratio prior to the pandemic and/ or for reasons other than the pandemic.

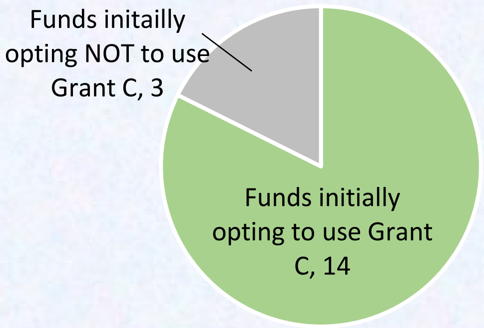
Grant C (grants alongside loans) – use and approaches

Social investors had flexibility as to if and how to use Grant C. Initially, three funds opted not to utilise Grant C – i.e. they planned to deploy just loans, without any grant alongside. However, by the end of the programme, all funds (apart from the one which closed without deploying anything) had disbursed some Grant C.

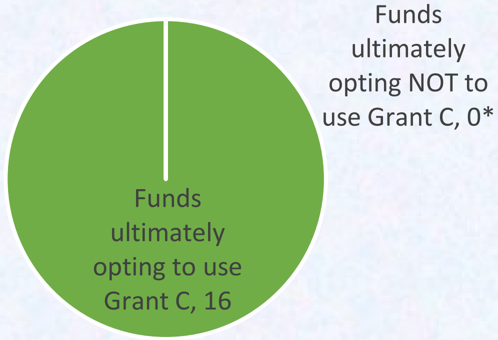
One of these funds, Impact Loans England, deployed only Covid Grant C. However, after their first fund finished deploying, Big Issue Invest set up Impact Loans England 2, in which they did utilise Grant C as part of their aim to reach smaller and more diverse organisations with the second fund.

The other two funds which did not initially opt to use Grant C – Cultural Impact Development Fund and Sporting Capital – applied for a Grant C allocation part-way through the programme and then started deploying grant to some of their subsequent investees alongside loans, to help those funds to overcome deployment challenges. Both funds also deployed small amounts of Covid Grant C.

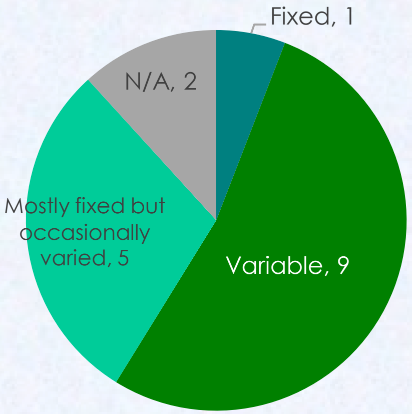
Proportion of funds initially opting to use Grant C



Proportion of funds ultimately deploying Grant C



Use of Grant C:
Fixed vs. variable ratios (# of funds)



When deploying Grant C alongside loans, fund managers could choose whether to deploy a fixed proportion of grant in each investment (e.g. each investee receiving 80% loan and 20% Grant C), or whether to vary the proportion of Grant C in each deal (e.g. one investee might receive 40% Grant C, another 20% and another 0%). The only requirement was that no investee could receive more Grant C than loan.

The graph to the left shows the number of funds which opted to deploy Grant C in a fixed loan to grant ratio, vs those which opted to deploy Grant C in a variable loan to Grant ratio. Only one fund – Homeless Link Social Investment Fund – provided a standard ratio of Grant to every single investee. Five others had a standard ratio but varied this occasionally, whilst nine provided Grant C in a completely bespoke ratio for each investee.

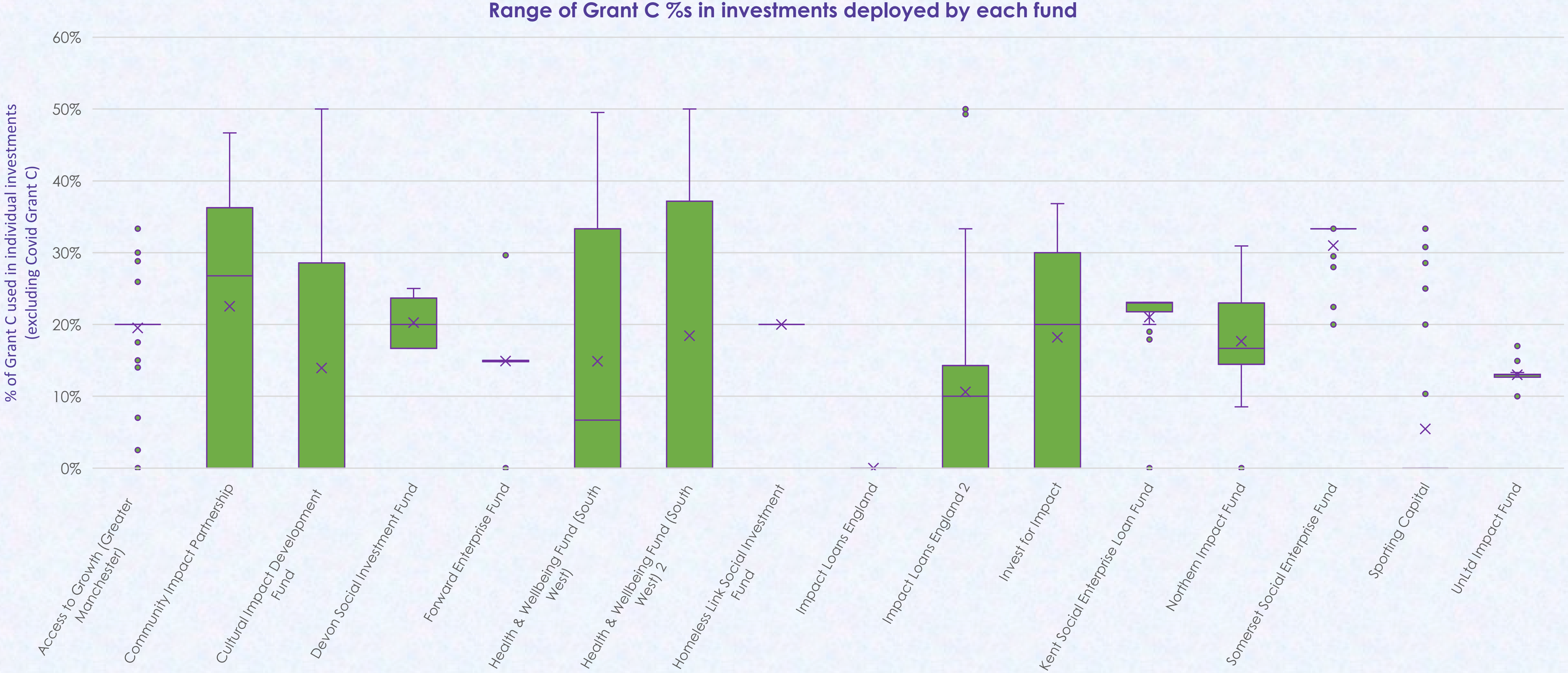
Social investors using predominantly fixed ratios often chose this approach because they felt that it made the product simpler to market and/ or fairer to deliver. Social investors that varied the ratio for each investee often chose this approach in order to make best use of the grant by applying it where it was most needed. It is probably helpful that both approaches were used, as some investees would have been attracted by a simple, fixed offer whilst others who required a more subsidised product would have benefitted from the flexibility that some funds offered.

The graph on the previous page shows the overall proportion of Grant C deployed by each fund, as a percentage of the total amount of investment (loan plus Grant C) deployed.

Different use of Grant C: In the vast majority of funds, Grant C was deployed as a simple grant. However, one social investor, Resonance, who ran the Health & Wellbeing Challenge Fund (South-West) followed by the Health & Wellbeing Challenge Fund (South-West) 2, opted to use Grant C in a fairly distinct way. They wanted to experiment by using Grant C as equity investment, quasi-equity investment, or as additional debt on subordinated terms. For example, an investee might receive 80% of their investment as a simple term loan which requires repayment, and the other 20% (the Grant C) as other debt, the repayment of which is only triggered if certain conditions occur. Since the Grant C in these funds is repayable (in some cases) after the loan, it is too early at this stage of the programme to conclude anything definitive about the success of this approach, because both funds' repayment periods are still in progress.

*Picnic fund has been excluded from the top-right pie chart, because this fund would have deployed Grant C had it not closed without deploying anything.

Grant C (grants alongside loans) – grants disbursed



Above:
Range of ratios of Grant C (as a % of total investment) used by each fund. This graph **excludes Covid Grant C**, which was deployed post-investment, to avoid skewing data away from the fixed/ usual fund ratios. In box and whisker diagrams, the centre line (where applicable) represents the median and the x represents the mean. The green boxes, where applicable, show the interquartile range – i.e. the central 50% of the dataset.

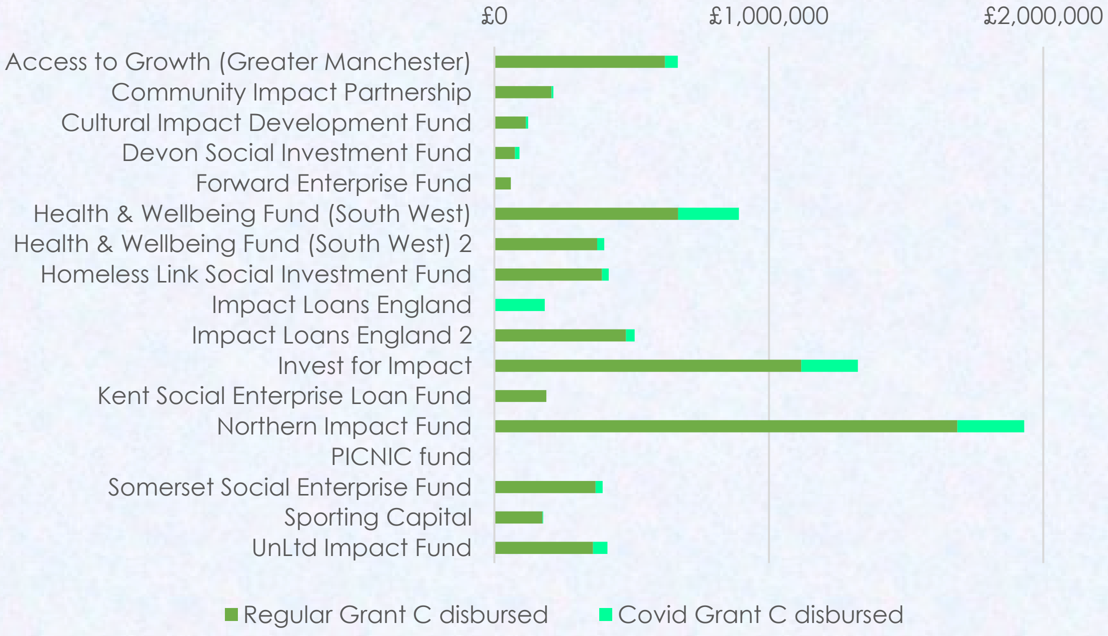
Grant C (grants alongside loans) – grant disbursed

In total, £7.99m of Grant C was disbursed to charities and social enterprises through the Growth Fund.

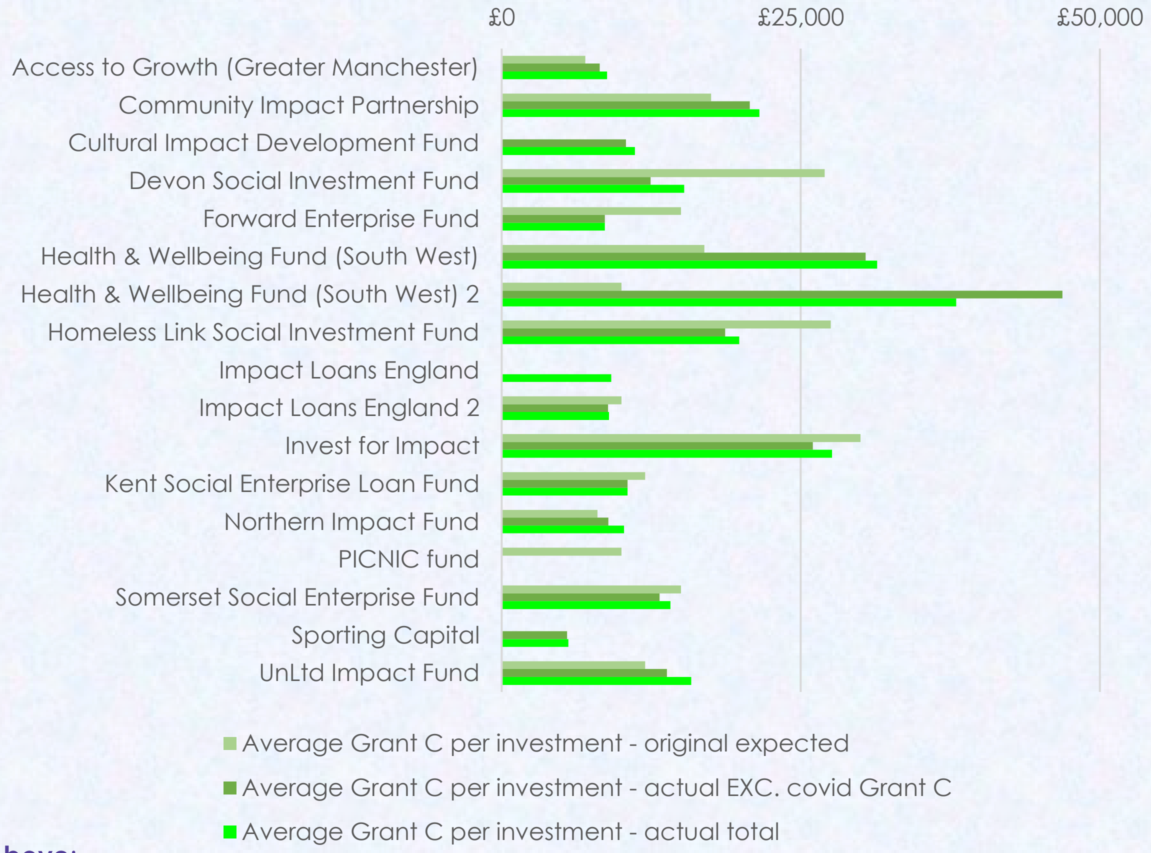
The majority of this, £6.89m (86%), was disbursed alongside loans. An additional £1.10m (14%) of 'Covid Grant C' was disbursed to existing investees as emergency grant (without additional loan) during the pandemic.

Below:
The total amounts of Grant C disbursed by each fund, showing the proportion that was deployed as emergency post-investment 'Covid Grant C' during the first year of the pandemic, vs the regular Grant C which was disbursed alongside loans.

Grant C disbursed: regular vs. covid



Grant C: Average grant amount per investment, per fund



Above:
The average amount of Grant C disbursed as part of each investment (investments where Grant C was used) by each fund.

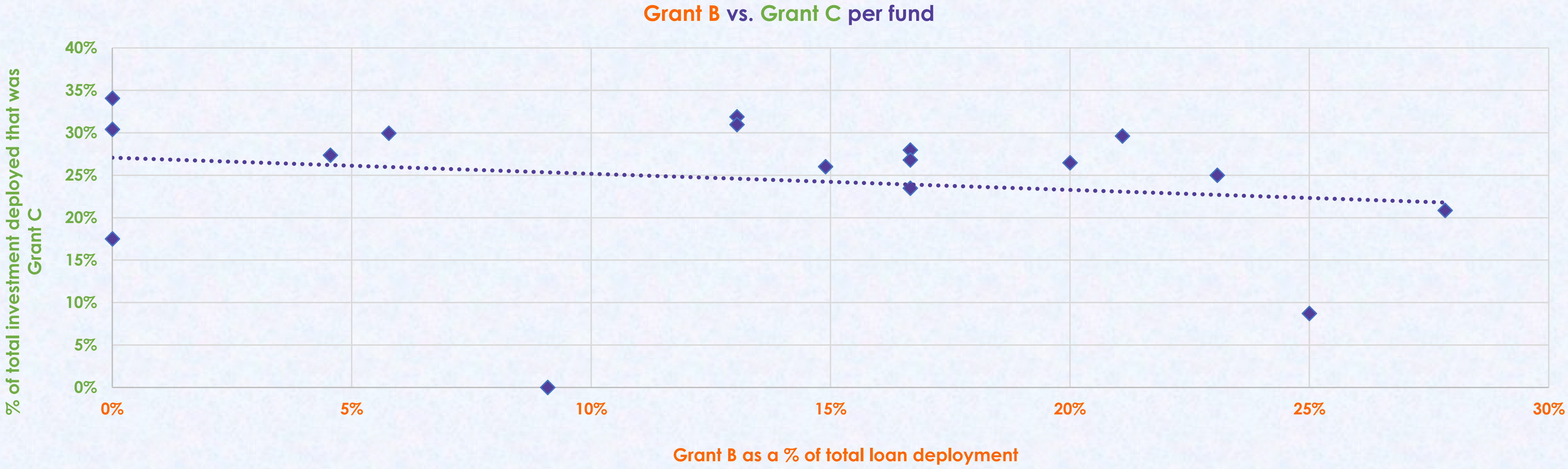
The average (per fund) average originally assumed by funds was **£12.8k**. The actual average (per fund) average was **£15.2k** excluding Covid Grant C, or **£16k** when Covid Grant C is included.

Grant B & Grant C – trends & trade-offs

Whilst in theory Grants B and C are for separate and distinct purposes, in reality the role that they are playing in the fund model may not be as clear-cut as it first appears.

Grant B, the first-loss layer, protects the fund capital against investee defaults. However, Grant C, applied at the deal level, can also help to mitigate risk. If an investee borrows less than they otherwise would have done because they are receiving a portion of their investment as Grant C, logically they should find their (smaller) loan easier to repay. It is therefore interesting to compare the amounts or proportions of Grants B and C in each fund.

However, we cannot really know if/ to what extent the two grant types interplay until the end of the funds' repayment periods. We will then know how many loans in each fund successfully repaid vs how many defaulted, which will tell us whether the amounts of Grant B in each fund were sufficient.



Above:
There is a weak trend between the proportion of Grant C deployed by a fund (as a % of their overall deployment) and the proportion of Grant B (as a % of total loan deployment), whereby the higher Grant C proportion, the lower the Grant B proportion. This could suggest that Grant C helps to mitigate risk, meaning that funds that deploy more of it require slightly less Grant B.

Conclusions: **Key takeaways**

SECTION ONE:

The Growth Fund funds & changes during the programme

The **average fund size** (grant plus capital) was £3.11m at the start of the programme and **£2.52m** by the end of the programme. High-performing funds received top-ups, but some funds downsized/ closed early, reducing the average.

The average number of restructures required by a fund during its deployment period was 3, and the maximum was 6. The average time to first restructure was 18.7 months.

The average length of a fund's **deployment period** was **3.07 years** at the **start** of the programme and **3.87 years** by the **end** of the programme. Whilst most funds required extensions in order to complete deployment, some closed early, reducing the average.

Deployment was slower than originally forecast during the early years of the programme. The average length of period **under waiver** for falling below the deployment covenant was **18 months**. This included **automatic waivers** provided during the Covid-19 pandemic of up to **1 year** (where applicable).

SECTION TWO:

The Growth Fund investment activity – aims & results

The programme made 724 investments, averaging £72k. The largest amount of investment went to charities and social enterprises in **North-West and South-West England** and to those based in **IMD 1**. Organisations supporting **employment, education and training** outcomes received the most investment.

Funds that were **place-based** deployed, on average, **83%** of their original deployment targets, verses **69%** which was achieved, on average, by **England-wide** funds.

Funds that were **thematic** deployed, on average, **59%** of their original deployment targets, compared to **94%** achieved, on average, by **generic** funds.

Efficiency funds deployed, on average, **107%** of their original targets. **New Approaches** funds **56%** and **Reach** funds deployed an average of **71%**.

Funds run by social investors with **some prior social investment experience** deployed, on average, **85%** of their original deployment targets, compared to **69%** achieved by those **with no prior experience**.

SECTION THREE:

Use of subsidy in the Growth Fund

During the course of the programme, the overall amount of Growth Fund grant designated as **Grant A** rose from 9% to **14%**. The amount designated as **Grant B** decreased from 61% to **48%**. And the amount designated as **Grant C** increased from 31% to **38%**.

The average **Grant A**, as a % of total grant, was 9% at the start of the programme and **22.9%** (or **18.1%** excluding PICNIC fund) by the end of the programme.

Over the course of the programme, the average proportion of **Grant B** in each fund's total lending pot went from 29% at the start to **28%** by the end. It is too early to conclude whether this was the right level, as the programme's repayment period remains in progress.

The average (per fund) proportion of **Grant C**, as a % of total fund deployment, was originally forecast to be 13.4%. The actual average by the end of the programme was **17.8%**.

14% of programme **Grant C** was disbursed as **Covid Grant C** during the pandemic.

Further information & contact details

This report was produced by Access – The Foundation for Social Investment. Access helps charities and social enterprises get the finance they need to make a difference. Together with our partners, we ensure they have the means to sustain or scale their impact. We do this by building a social investment market fit for the future, as well as delivering finance for the sector. We target those most in need of patient and flexible investment through three levers:

1. Funding enterprise development and blended finance in England.
2. Sharing knowledge and data and translating it into practical insight that others can use.
3. Mobilising others who share our goal of making capital work for communities.

The Growth Fund was managed by Access and was funded by The National Lottery Community Fund (TNLCF) and Better Society Capital (BSC).

The programme was delivered by Big Issue Invest, Key Fund, Resonance, Livv Investment, GMCVO, Homeless Link, Sporting Assets, UnLtd, Nesta, Kent Community Foundation, Sommerset Community Foundation, Devon Community Foundation, Social Investment Business with Forward Trust, and Community Impact Partnership.

Access funds a number of other programmes and publishes up to date data on these every quarter. This is published in an interactive format (Power BI) two months after the end of each calendar quarter. Growth Fund data is also housed within this report, which we call our Quarterly Dashboard.

This report is part of a series of Use of Subsidy reports produced by Access. The other reports are available here.

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