An Assessment of Social Incubator Fund Outcomes

Final Report to Cabinet Office

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Final Report

A report submitted by ICF Consulting Services
in association with the Centre for Business in Society (CBIS), Coventry University

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Angie Jugnauth

ICF Consulting Services Limited
Watling House
33 Cannon Street
London
EC4M 5SB

T +44 (0)20 3096 4800
F +44 (0)20 3368 6960

www.icfi.com

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Prepared by	Angie Jugnauth, Mélanie Dubuis, Nick Henry, James Leather
Checked by	James Leather
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Contents

Executive Summary

HMG has a longstanding commitment to support the growth of the social economy. To achieve this aim, several major initiatives have been launched in the UK over the past few years. The **Social Incubator Fund** (SIF) was launched in 2012 in order to help drive a robust pipeline of start-up social ventures by increasing focus on incubation support, and attracting new incubators into the market. The launch of the SIF should be seen in the context of a number of other initiatives designed to improve both the supply of and demand for social investment. They include: the creation of **Big Society Capital;** the £10 million **Social Incubator Fund** which was launched as part of the **Government's Investment Readiness Programme** to support social ventures; and the **social investment tax relief** which was introduced to give individuals and organisations who invest in social organisations a reduction of 30 per cent of that investment in their income tax bill for that year[1].

A total of ten incubator programmes were supported by the SIF: (1) Bethnal Green Ventures (BGV); (2) Big Issue Invest (BII); (3) Dotforge Impact (DI); (4) Health Social Innovators (HSI); (5) Hub Launchpad (HL); (6) Seedbed; (7) Cambridge Social Ventures (CSV) (formerly Social Incubator East); (8) Social Incubator North (SIN); (9) Wayra UnLtd (WU); and (10) Young Academy (YA).

A key objective of SIF was to help promising social ventures develop the skills and capacity they need in order to grow and better serve people and communities most in need. Over the longer term, social incubation and support will generate social benefits and strengthen the growing social investment market, notably by:

- improving the quality and number of early-stage social ventures;
- improving signposting between social investment intermediaries for early-stage social ventures, thereby enabling them to secure further investment if appropriate; and
- increasing the number of social investors making investments into early-stage social ventures.

Typology (or typologies) of social incubators supported under the SIF

SIF programme characteristics were assessed across several dimensions, notably: (1) programme strategy; (2) partnership structure; (3) service offer or package of support provided to social ventures; (4) target clients; and (5) social outcomes. For each programme dimension, incubators were classified into distinct categories. This classification was informed by the degree of commonality in programme attributes.

The different categories are outlined in Table ES1.1 below. The categorisation indicates that:

- **Most SIF programmes were 'regional**', targeting social ventures in specific locations.
- **Most SIF programmes were established and run by private sector partners.** Prominent partner organisations across programmes included (but were not limited to) large multinationals (e.g. healthcare, telecommunications), financial institutions, professional services providers, small to large research companies, technology companies, social enterprises and charities.
- **Most incubator support programmes were offered to social ventures free of charge**, though a couple of programmes levied charges for some of their support packages.
- **Investment models varied across programmes**. Common approaches included the provision of: equity, quasi-equity, debt finance, convertible debt and bridge financing.
- **Most programmes targeted both start-up and established social ventures**.
- Although all of the programmes helped drive social change through their support to social ventures, **some programmes focused on driving better outcomes for targeted groups – such as vulnerable groups – while others focused more on the local community as a whole. Most programmes fell under the latter category.**

[1] ICF (2014) A map of social enterprises and their eco-systems in Europe. Country Report: United Kingdom.

Table ES1.1 Typologies of social incubators

Programme dimension	Typologies	Definition	Associated programmes
Programme strategy	Regional	Adopt a localised' approach to incubation support	Cambridge Social Ventures SEEDBED Social Incubator North
	Sectoral	Focus on specific social causes (e.g. poverty, lack of education, etc.)	Big Issue Invest Health Social Innovators The Young Academy
	Technological	Encourage the use of technology to deliver solutions to social problems	Bethnal Green Ventures DF wayra UnLtd
Partnership structure	Public-private	Delivery of programme by both public and private sector partners	Big Issue Invest Cambridge Social Ventures SEEDBED
	Partnership	Delivery of programme by private sector partners only	Social Incubator North Bethnal Green Ventures The Young Academy Health Social Innovators wayra UnLtd DF
Business support	Restricted access	Restrictions on either the amount of support offered or the extent to which support is offered free of charge or both	Bethnal Green Ventures DF The Young Academy
	Flexible access	No restrictions apply	Health Social Innovators SEEDBED Social Incubator North wayra UnLtd Cambridge Social Ventures
Financial support	Equity	Purchase of share capital; funders entitled to an equity stake in each social venture	Bethnal Green Ventures DF
	Quasi-equity	Funder entitled to a percentage of the social ventures' future revenue streams	Health Social Innovators
	Debt finance	A fixed sum of money is lent for a certain period of time at an agreed level of interest	Big Issue Invest Cambridge Social Ventures SEEDBED
	Convertible debt	Investment is initially made as a loan which can be converted, in whole or in part, to an equity investment in later stages	wayra UnLtd The Young Academy

Programme dimension	Typologies	Definition	Associated programmes
	Bridge financing	Provision of 'interim' financing until ventures are able to obtain permanent financing in later stages of the programme	Social Incubator North
Target clients	Start-up	Only start-up ventures are eligible to enrol	Bethnal Green Ventures; DF; Wayra; UnLtd; The Young Academy
	Mixed	Both start-up and operating ventures are eligible to enrol	HL; Health Social Innovators; Big Issue Invest; Cambridge Social Ventures; Seedbed; Social Incubator North
Social outcomes	Targeted impacts	Specific groups are targeted	Wayra; UnLtd; The Young Academy
	Community-wide impacts	No specific groups are targeted	Bethnal Green Ventures; DF; Big Issue Invest; Cambridge Social Ventures; Health Social Innovators; HL; Seedbed; Social Incubator North

Source: ICF consultation with social incubators; in-depth review of programme business plans

Effectiveness of the 'social incubator' model

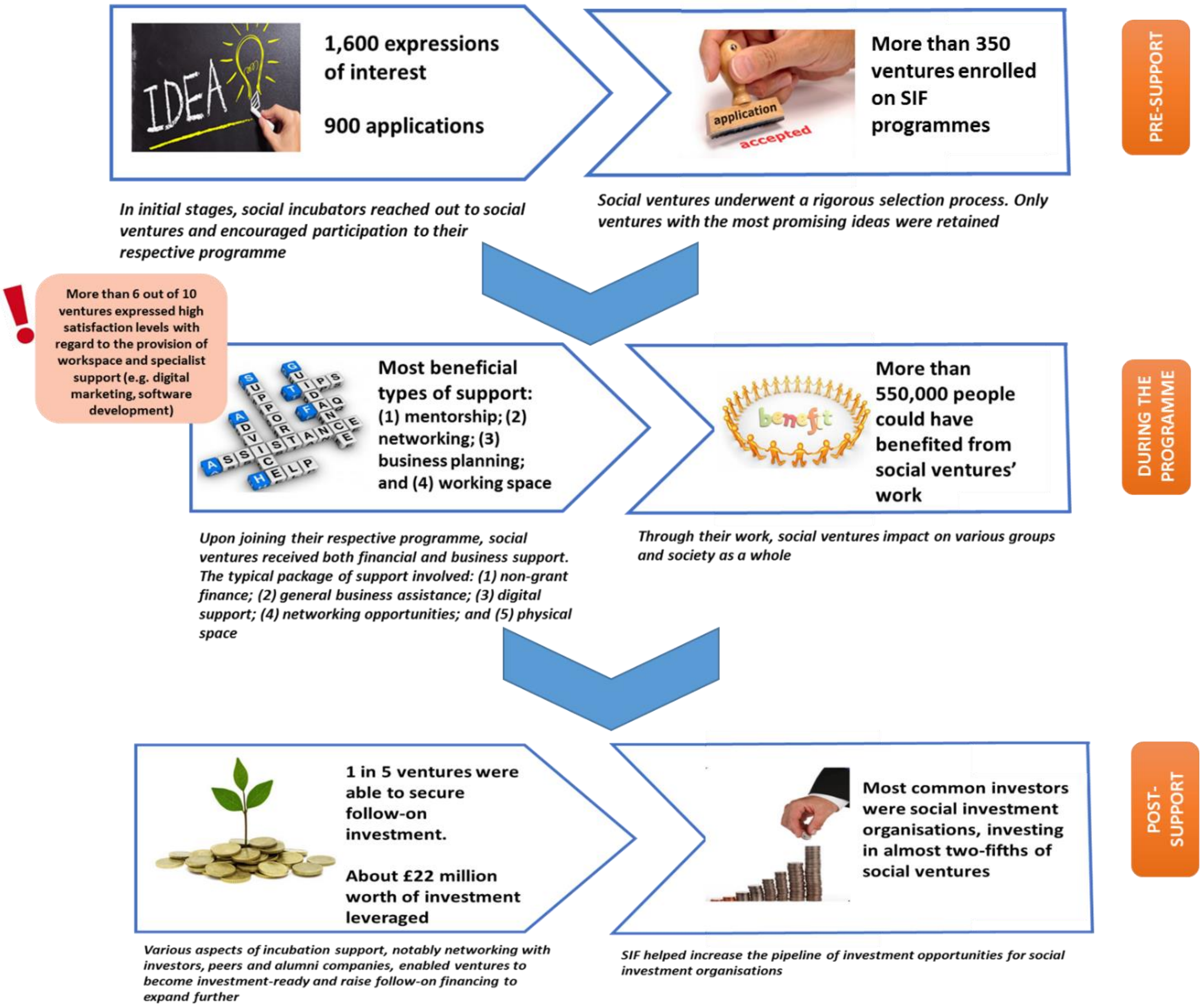
SIF's key objective was to help support a robust pipeline of start-up social ventures into the social investment market, by increasing focus on incubation support (i.e. increasing the amount of technical and financial support available), and attracting new incubators into the market.

Social incubators, funded through SIF, focused on supporting early-stage social ventures. They provided the incubation support to ventures required to set up or grow their business. The package of support offered by social incubators typically consisted of both financial and specialist business support and was aimed at enabling ventures "investment-ready," i.e. acquire the skills and organisational infrastructure they need to raise follow-on investment in the longer term and expand into sustainable businesses.

The extent to which SIF has met this objective is principally evidenced through the type of support offered to social ventures, including elements of support that were most relevant to their development or growth, and the outcomes realised, notably: the level of engagement with new investor organisations and the scale of follow-on investment SIF helped leverage.

Figure ES1.1 highlights key results delivered by SIF programmes at pre/during/post support stages.

Figure ES1.1 Key results delivered by SIF programmes



Evidence from the social venture census indicates that the package of support offered by social incubators is fairly uniform across programmes and predominantly focused on the provision of:

- **General business assistance**, in particular, help with business modelling/planning, sales and marketing strategy; and cost/pricing model.
- **Digital and technical support**, in particular, advice and support with digital marketing (e.g. via social media).
- **Networking opportunities**, which mainly involved help with identifying or making contact with mentors; peers/alumni; and potential investors.
- **Physical space**, including premises, hot-desking space or co-working space.

Social ventures expressed high levels of satisfaction with regard to the support they accessed via SIF. In particular:

- **Mentorship, networking, business planning and working space featured among the most useful elements of support accessed by social ventures**. One-to-one mentoring was particularly valued, along with regular engagement with peers, alumni networks and prospective investors.

- **Satisfaction levels were particularly high among ventures that accessed physical space as part of their programme**. Almost three-quarters of social ventures were either satisfied or very satisfied with this aspect of their programme.
- **Social ventures were generally praiseworthy of 'specialist support.'** This particularly included: (1) digital marketing; (2) software development; (3) development of a social impact model; and (4) development of a viable sales and marketing strategy. More than six out of 10 social ventures expressed high levels of satisfaction when prompted about each type of support.
- **A majority of social ventures were also satisfied with the terms and amount of financing they received as part of their respective programme**.

In addition, it was found that, the combination of seed capital and incubation support was important to the development and expansion of early-stage ventures. Financial data (or 'open data') from social incubators shows that demand for incubation support was high. SIF programmes generated nearly 1,600 expressions of interest and 900 applications over the period 2013-2015. More than 300 ventures enrolled on SIF programmes[2].

Evidence from our survey of social ventures indicates that more than six out of 10 ventures would not have been able to set up a business without SIF support, or it would have taken them longer to do so in the absence of support[3]. Rapid expansion was attributed by social ventures to specific forms of support that they received as part of their enrolment on a SIF programme, including:

- increased networking opportunities;
- enhanced access to seed funding;
- improved sector knowledge;
- quicker solutions to resolve business problems; and
- increased opportunities for product development.

SIF also sought to ensure that early-stage social ventures were sustainable over the longer-term – i.e. beyond their respective programme – by helping them secure follow-on investment. **Evidence from our survey and qualitative research with social incubators indicates that most SIF programmes focused on the provision of networking opportunities, especially with prospective investors.**

One in five ventures indicated that they were able to secure follow-on financing after joining their respective SIF incubator programme. For most of these ventures, follow-on investment was primarily sourced from social investment organisations (e.g. social investment finance intermediaries).

Additionally, among this sub-group of ventures, about two-fifths indicated that the package of support they received as part of their respective programme proved effective in helping them obtain follow-on investment.

The 'open data' corroborates findings from the venture census and indicates that most programmes focused on organising "demo days" that allowed ventures to engage with investors. **Data available for six programmes[4] shows that more than £12 million worth of follow-on finance has been accessed by social ventures**.

[2] Based on the number of contacts for social ventures provided by each incubator

[3] Based on the social venture census, whereby 77 per cent of ventures indicated that they would not have been able to set up their business or it would have taken longer had they not received support from their respective programme

[4] The six programmes are: Wayra UnLtd, Social Incubator North, BGV, Hub Launchpad, Health Social Innovators, Cambridge Social Ventures (previously Social Incubator East)

1 Introduction

1.1 The Social Incubator Fund

The Social Incubator Fund was launched in 2012 and is delivered by the Big Lottery Fund on behalf of the Cabinet Office. The aim of the scheme is to help drive a robust pipeline of start-up social ventures by increasing focus on incubation support, and attracting new incubators into the market. Social ventures can be defined as businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners[5]. This definition captures three core features of a social enterprise: (i) it must have primarily social objectives; (ii) it must be a business, charity or mission-led business; and (iii) where surpluses are generated, these should be reinvested principally for its social objectives or in the community, rather than distributed to shareholders and owners[6].

Social investment provides capital which gives social ventures the capacity to deliver returns, these may be social, financial or both[7]. The UK is recognised across the globe as a leading social investment market. To support social investment and the increasing demand, several major initiatives were launched in the past few years. Big Society Capital was created as an independent financial organisation that aims to support and develop social investment. Still in 2012, the Social Incubator Fund was launched as part of the Government's Investment Readiness Programme to support social ventures In 2014, a new Social Investment Tax Relief (SITR) was introduced to give individuals and organisations who invest in qualifying social organisations a reduction of 30 per cent of that investment in their income tax bill for that year[8].

It is in this context that the Social Incubator Fund (SIF) was established.

The SIF was created to enable social ventures to start-up and grow, and take advantage of social investment opportunities. The SIF provides social ventures with an intensive support package, consisting of investment, bespoke business support (including physical space) and access to expertise, which was intended to help social ventures build the skills and capacity they need in order to grow and better serve people and communities most in need. In the long-run, incubation support should help support the development of a pipeline of ventures that generate financial returns, as well as positive and measurable social impact.

Social Incubators offer existing and new entrepreneurs the tools to drive their entrepreneurial business and deliver social good

SIF has funded social venture intermediaries, notably social incubators, to support social ventures. Since 2013, over £10 million of matched-funding has been awarded by Cabinet Office to 10 geographically spread social incubators in England to assist in the development of early-stage social ventures (Box 1.1).

Box 1.1 Social incubators supported by the SIF

[5] Department for Business, Innovation and Skills (2011) *A Guide to Legal Forms for Social Enterprise*

[6] ICF (2014) A map of social enterprises and their eco-systems in Europe. Country Report: United Kingdom.

[7] GOV.UK (2013) G8 factsheet: social investment and social enterprise. Available at: https://www.gov.uk/government/publications/g8-factsheet-social-investment-and-social-enterprise/g8-factsheet-social-investment-and-social-enterprise

[8] ICF (2014) A map of social enterprises and their eco-systems in Europe. Country Report: United Kingdom.

BETHNAL GREEN VENTURES — Ongoing (end date: Dec 2016). An accelerator programme for early-stage technology-based social ventures. Total funding: £1.8m, of which £900,000 from SIF.	SEEDBED — Ongoing (end date: 2016) Offers intensive support and investment for social ventures in the South West. Total funding: £1.2m, of which £600,000 from SIF.
BIG ISSUE INVEST — Ongoing (end date: Nov 2018). Aimed at investing in social enterprises and charities that prevent and tackle poverty and create opportunity for people across the UK. Total funding: £2m, of which £1 million from SIF.	Cambridge Social Ventures — Ongoing (end date: 2016). Supports social ventures from across the East of England in growing. Programme will be taken over by partners. Total funding: n/a.
DF — Ongoing (end date: Dec 2016). Supports socially- motivated entrepreneurs to create impactful tech companies. Total funding: £1.5m, of which £753,500 from SIF.	SOCIAL INCUBATOR NORTH — Ongoing (end date: 2016). A £2.1 million programme targeted at social ventures that can make a lasting positive social or environmental impact. SIF funding of about £1m.
Health Social Innovators — Ongoing (end date: 2016). Aimed at accelerating the growth of ground-breaking, early-stage social health ventures across England. Total funding: £1.2m, of which £600,000 from SIF.	wayra. UnLtd — Completed. Targeted at individuals seeking to deliver positive social change. Total funding: £1.2m, of which £600,000 from SIF.
HL — Ongoing (end date: Mar 2017). Targeted at people on a mission – e.g. supporting families. Total funding: £2m, of which £1m from SIF.	THE YOUNG ACADEMY — Ongoing (end date: Mar 2018). Aimed at supporting early-stage social ventures working in the field of education to realise their potential. Total funding: £3 million, of which £1.5m from SIF

Source: desk-based research, consultation with social incubators

SIF funding was allocated to social incubators who, through their programmes, are capable of generating significant social change and strengthening the growing social investment market, notably by:

- improving the quality and quantity of early-stage social ventures;
- improving signposting between social investment intermediaries for early-stage social ventures, thereby enabling them to secure further investment if appropriate; and
- increasing the number of social investors making investments into early-stage social ventures as well as the amount of social investment.

Characteristics of **accelerator/ incubator model**:

(1) An application process open to start-up / recently-established businesses
(2) The potential for pre-seed investment
(3) A focus on small teams as opposed to individual founders
(4) Time-limited support (3 to 10 weeks) comprising programmed events and intensive mentoring

SOCIAL VENTURE INCUBATION CASE STUDY

Birdsong was established in 2014 to support women's charities who are at risk of closure due to funding cuts. Birdsong provides bespoke design, digital marketing and branding to help women's organisations to maximise their profits and support them to become social enterprises. Birdsong is also an online marketplace selling clothing made by women's organisations.

The three co-founders of Birdsong were in their early twenties, freshly graduated from university when they decided to start their own social venture. The business idea and social impacts that were to be achieved were clear, however they were lacking start-up finance and knowledge about how to create and run a business ("*starting a business is not something you learn in school or at university*" according to a co-founder).

After doing a crowdbacker, they managed to raise £1,000 and were looking into several options to raise more funding, including crowdfunding. However, these options were not feasible as, at the time, their business idea was only being developed on a part-time basis (to access such financing, full-time employment was required). Some six weeks after launching their business, Birdsong applied to the Bethnal Green Ventures incubator after hearing about them at a postgraduate course.

Birdsong reported that without the help of the social incubator programme, they would have not been able to start and grow their business. This was in part due to the lack of start-up capital, but was also a reflection of their lack of detailed knowledge about the process of setting up and running a business (specifically legal issues and administrative barriers: "*we would have just been teaching ourselves out of google if it was not for the programme*").

Through the social incubator programme, they received various types of support including general advice and assistance, impact measurement support, technical support, and access to networks. In addition to the knowledge gain, **the programme also allowed them to access additional grants from philanthropic investors.**

Within 18 months, Birdsong was able to develop its activities and double its turnover. Birdsong currently works with 15 suppliers, which are exclusively women's organisations and charities, and is selling in a dozen different countries. At least 50 per cent of the revenue raised goes directly back to the woman charities that they source from. The social impact is significant, as one of the co-founders explained:

"What we are doing is very important because funding to women's charities in the UK has been cut over the past 6 years and we have managed to raise £12,000 directly for women and women's organisations. So our impact has helped a few women's organisations to provide services to women experiencing domestic violence and with mental health problems."

1.2 Research objectives

The overarching objective of this study was to gather evidence surrounding the outcomes associated with the SIF and assess the effectiveness of social incubators in supporting early-stage social ventures. This evidence-gathering exercise entailed a close examination of incubator programmes and their beneficiaries which, in addition to informing an assessment of their performance, allowed for the development of incubator typologies on the basis of their unique operational features. It is to be noted that the SIF programmes are still ongoing and are at different stages of completion. Therefore, this analysis represents a snapshot in time for the majority of the programmes under evaluation.

Purpose of this study

The research consisted of two parts. Their specific objectives were to:

- **Develop a typology (or typologies) of social incubators ('Research Objective 1')**:
  - The aim was to further understanding around the different models of social incubation by exploring key programme characteristics.
- **Assess the effectiveness of the 'social incubator' model as a 'package of support' to early-stage social ventures ('Research Objective 2'):**
  - The aim was to analyse the outcomes generated by social ventures (through their participation in the incubator programmes) and assess whether these programme outcomes are consistent with SIF's wider objectives and intended outcomes.

To meet the aforementioned objectives, the following research questions were explored (Table 1.1).

Table 1.1 Research questions associated with each research objective

Research objective	Associated research question(s)
Develop a typology (or typologies) of social incubators	■ What are the unique characteristics of each social incubator programme?
Assess the effectiveness of the 'social incubator' model as a 'package of support' to early-stage social ventures	■ What elements of the support social incubators provide have social ventures found to be beneficial? ■ What were the outcomes associated with the Social Incubator Fund, including ventures supported and the amount of follow-on investment secured? ■ Has the social incubator model, as a package of support, been effective at supporting the growth of early-stage social ventures?

1.3 Study methodology

The collection of primary evidence during this study involved three main elements:

- a census of all of the social ventures that received support from the SIF via social incubators, carried out via an online survey;
- qualitative semi-structured interviews with the social incubators funded via the SIF; and
- follow-up qualitative interviews with a sample of social ventures.

To inform primary data collection tools and facilitate discussion, existing research and SIF programme data (i.e. publicly-available management information / open incubator data) were also reviewed[9].

A more detailed description of the methodology is provided in the separate Annexes document.

1.4 Structure of the report

The remainder of this report is structured as follows:

- Chapter 2 explores the characteristics of incubator programmes and presents a typology of the incubators supported via the SIF;
- Chapter 3 provides an assessment of the support delivered via SIF-backed incubators and assesses the outcomes generated; and
- Chapter 4 presents conclusions.

[9] Literature evidence was reviewed to inform the development of research instruments. The separate Annexes document presents a detailed bibliography

2 Features of SIF programmes

This section reports on distinct characteristics of social incubator programmes financed via the SIF. Commonality in programme features has also enabled the development of typologies, whereby programmes with similar attributes have been classified into distinct categories. The typologies provide a better understanding of similarities and differences in programme design and delivery.

This exercise draws on qualitative interviews undertaken with social incubators and secondary research that involved a review of business plans and management information supplied by each incubator.

2.1 Key findings

- Seven out of the 10 programmes supported by SIF had a local or regional focus. The remaining three – Bethnal Green Ventures, Dotforge Impact and Wayra UnLtd – focused on using technology to deliver solutions to social problems.
- Most SIF programmes were established and run with the help of private sector organisations only, including: charities and social investment organisations (e.g. social investment finance intermediaries (SIFIs) and financial institutions).
- The choice of social venture funding models varied between programmes. Financing mechanisms included: equity, quasi-equity, debt finance, convertible debt / loan / note, and bridge financing.
- Most programmes did not impose any restrictions as regards the support offered to ventures. As such, very few programmes charged for the support they offered. Where this was the case, the imposition of fees comprised an enrolment fee or a one-time fee for the support accessed, or both.
- Most programmes were targeted at both start-up social ventures (i.e. newly-emerged businesses in the first stage of their operations) and established social ventures that comprised operating social ventures looking to grow or expand.
- Most programmes, through the work of the ventures they supported, sought to bring positive social change to local communities and society as a whole. Headline 'open data' for the SIF programme, available for three incubators, indicated that more than 550,000 people benefited from the work of their social ventures over the period 2013-15[10].

2.2 Comparative analysis of programme characteristics

Error! Reference source not found. (overleaf) sets out, in abridged form, key features of the incubator programmes that were supported via the SIF[11]. Several programme dimensions are considered, notably:

- programme strategy;
- partnership structure;
- programme design and delivery; and
- target audience and selection of beneficiaries.

[10] Only three social incubators – BGV, SIN, and Wayra UnLtd – provided data on the number of people benefiting from their programme over the period 2013-2015. Figures available for each of these programmes were added together to provide an overall picture

[11] A more detailed version of **Error! Reference source not found.** below is provided in **Error! Reference source not found.**

A discussion of incubator typologies follows the descriptive overview of the programmes in Section 2.2.1.

Table 2.1 Features of social incubator programmes (abridged version)

Dimension	Programme characteristics									
	Bethnal Green Ventures	Big Issue Invest	Dotforge Impact	Health Social Innovators	Hub Launchpad	Seedbed	Cambridge Social Ventures	Social Incubator North	Wayra UnLtd	Young Academy
Strategy										
Mission	To build a supportive community for social entrepreneurs across England interested in building solutions to social and environmental problems by using technology	To support social enterprises and charities that strive to prevent and tackle poverty and create opportunity for people across the UK	To support socially-motivated entrepreneurs across the UK to create impactful tech companies	To accelerate the growth of ground-breaking, early-stage social health ventures within the healthcare space across England	To create an ecosystem of early-stage social ventures in key locations and enhance collaboration among ventures and market experts and investors	To create a vibrant and resilient social venture ecosystem for the South West region in England	To create a permanent incubator in the East of England and work closely with social ventures to help them grow and deliver significant social change	To create a specific North of England approach to social investment	To help social entrepreneurs with exceptional talent grow, and accelerate business success and social impact. Specific issues targeted	To support social ventures across England that are capable of influencing key areas of a young person's life, including the communities in which they live
Partnership structure										
Type(s) of partner(s) involved	Innovation agency; 'tech funder;' multinationals, consultancy / professional services provider	Financial institution; university; social enterprise; information services provider	Charity; social enterprise	Social investment finance intermediary (SIFI); private technology transfer and healthcare research companies	Innovation agency; Technology Media and Telecommunications (TMT) consultancy; philanthropic investors; technology company; social enterprises	Financial institutions; university; local council; local chamber of commerce; social enterprises	Charity; university; SIFI; development trust	Local investor company / social enterprise	Multinational (telecoms)	SIFI; financial institutions
Programme design and delivery - financial support										
Type(s) of investment	Equity	Convertible loans	Equity	Quasi-equity / revenue participation agreement	Quasi-equity / revenue participation agreement	Unsecured loans	Loans	Mix of patient capital and debt finance	Convertible loans	Convertible loans

Dim	Programme characteristics									
Terms of investment	Equity stake - 6%	Interest rate - 5%; repayment period - 3 years	Equity stake - 8% (2%- Dotforge; 6%- Key Fund)	Pay back debt or convert into equity; revenue share if latter option is chosen - 5%	Pay back debt or convert into equity; equity stake - 6%	6% Annual Percentage Rate (APR) interest (fixed); repayment period - 5 years	Interest rate - 9.5%	n/a	Equity stake - 10%	Repayment of loan– interest rate at 7% over two years; RPA over five years– RPA rate at 10% over the lifetime of the investment
Programme design and delivery - business / non-financial support										
Type(s) of business support	Specialist business advice; Training/ education/learning; Technical/digital support; Networking; Impact reporting; Workspace (localised); Post-programme support	Specialist business support; Networking; Mentoring/coaching; Post-programme support (18-month period)	Bespoke business support: Specialist business advice; Networking; Co-working space for a total of six months (localised); Post-programme support (three-month period)	Specialist business; Impact measurement & reporting; Sector-specific advice; Longer-term support – e.g. investment readiness; Networking; Meeting space; Post-programme support	Business development; Mentoring/ coaching; Networking; Training/learning; Supply chain collaborations; Post-programme support	Specialist business advice; Training/learning; Mentoring /coaching; Networking; Hot-desking	Specialist business advice; Training / education (monthly); Social impact reporting; Workspace (localised); Post-programme support	Mentoring; Learning; Hot-desking	Mentoring; Support to identify and access customer base; Networking; Social impact reporting; Workspace (localised); Post-programme support	Specialist business advice; Mentoring/ coaching; Follow-on investment support; Learning/training; Post-programme support
Delivery of support	Events (weekly); Office hours; Workshops (fortnightly); Face-to-face mentoring	Face-to-face one-to-one meeting (fortnightly); Progress calls (weekly); Workshops / events	Workshops (twice a week)	Mix of one-to-one and group sessions; Workshops	Day events; Mix of one-to-one and group physical meetings	Face-to-face one-to-one mentoring; Workshops / events; Online resources - online training / learning; Masterclasses; Action learning sets; Business review panels	Dedicated business adviser to each venture – regular one-to-one support	Intensive one-to-one support; Online learning;	Demo days; Workshops	Workshops; Dedicated mentor; Dedicated financial coach; One-to-one mentoring;

Dim	Programme characteristics									
Pricing of and restrictions on access to support	No charge for support provided; restrictions on legal support (for cost reasons)	No charge for support provided; no restrictions	£10,000 to enrol; no restrictions	No charge for support provided; no restrictions	No charge for support provided; no restrictions	No charge for support provided; no restrictions	£100 per venture to enrol; and £70 per venture for programme activities; no restrictions	No charge for support provided; restrictions on (1) one-to-one support (2 hours/week for 10 weeks); Action Learning Sets (5 sessions/month over 4 months)	No charge for support provided; no restrictions	No charge for support provided; restrictions: number of hours of mentoring (total-8 hours); hours of financial (total- 30 hours)
Target audience and selection										
Target clients	Early-stage technology start-ups across England focused on specific activities/societal challenges	Social ventures looking to deliver a sustainable business solution to a social issue in specific sectors	Early-stage technology start-ups across the UK	Early-stage and operating social ventures focused on specific health issues	Early-stage and operating social ventures based in specific locations	Operating ventures that have plans to grow; focused on specific thematic challenges; based in target locations	Early-stage and operating social ventures	Early-stage start-ups and operating ventures	Pre-revenue / very early-stage social ventures focused on environmental, health and education-based issues	Early stage ventures across England
Selection criteria	Criteria: (1) sector-specific: health and wellbeing, children/young people, social and environmental sustainability, civic innovation and democracy; (2) geographical reach: England; other: gender parity	Criteria: (1) area of business and social mission: creative industries,) health and social care; homelessness; (2) significant social change / benefits delivered to local communities; (3) ability to become sustainable / viable over the longer term	Criteria: (1) ability to deliver a minimum viable product (MPV); (2) ability to deliver significant social impact	Criteria: (1) objectives aligned with those of the programme; (2) focused on social challenges, specifically around key health issues: obesity, dementia, diabetes; (3) ability to develop a practical, cost-effective and sustainable business model; (4) strong market opportunities	Criteria: (1) location: London, Birmingham, Liverpool; (2) ability to develop a new product/service; (3) ability to achieve sustainability	Criteria: (1) location: South West and Cornwall & Isles of Scilly; (2) focus on thematic challenges: energy and the environment, food, hospitality and tourism, place and community, culture and the creative industries	Criteria: (1) ability to develop an innovative solution; (2) ability to deliver social benefits; (3) timing – ability to join the programme in a timely manner; (4) passion for cause/social mission; (5) eagerness to learn	Criteria: (1) ability to deliver real measurable impact; (2) ability to achieve sustainability	Criteria: clearly-defined objectives and impacts	Criteria: (1) thematic focus: education and access to employment; (2) location – based only in England; (3) uniqueness of approach / idea; (4) ability to create change on a large-scale; (5) ability to achieve sustainability

2.2.1 Social incubator typologies

Strategy

The first typology focuses on programme objectives or strategy. The result is three types of social incubators: (1) regional; (2) sectoral; and (3) technological. All of the incubators seek to drive significant social change through their programmes. However, the nature of these impacts varies:

- **'Regional incubators'** focus on delivering social benefits in specific locations. The Hub Launchpad, Seedbed, Cambridge Social Ventures and Social Incubator North programmes adopt a 'localised' approach to incubation support. This implies that support is restricted to social ventures that are based in targeted areas.
- For **'sectoral incubators'**, such as Big Issue Invest, Health Social Innovators and the Young Academy, social causes strongly influence funding decisions. Selected ventures are expected to propose solutions capable of tackling various societal challenges and drive significant social benefits for local communities or vulnerable groups (e.g. poverty, poor health, education inequality, etc.).
- The **'technological'** category relates to incubators that promote the use of technology to deliver solutions to social problems. These incubators may not be targeting specific sectors or locations. Their long-term goal may be to foster a technology-intensive social economy. Such programmes include: Bethnal Green Ventures, Dotforge Impact and Wayra UnLtd.

Partnership structure

The SIF programmes are managed in a similar fashion. The underlying business model is a partnership structure consisting of one lead organisation (or more) and one or more delivery partners. The lead organisation retains ultimate control as the legally accountable body and is generally responsible for coordinating the activities of the support programme. The role of delivery partners is generally twofold. First, as stipulated in the terms and conditions for SIF funding, they ought to provide the matched funding for social ventures. Second, they assist incubator programme design and delivery. Common activities undertaken by partner organisations are described in Box 2.1.

Box 2.1 Common activities undertaken by delivery partners

Partners generally play an active role In the delivery of the support programme. Above any financial contribution they make, many partners take on an oversight role. This may involve assisting programme design and delivery, investment decisions, the selection of social ventures and programme reviews and impact measurement and reporting.

Additionally, through their knowledge and expertise, partners can facilitate:

- programme outreach by identifying potential teams or reaching out to organisations and help them self-identify as social ventures
- access to expert mentoring/coaching
- supply chain collaborations / access to networks (investors, suppliers, target market(s) or customer base)
- the planning and hosting of specific events (e.g. thematic workshops, training sessions, group

Illustrative examples

The BGV programme is delivered in partnership with NESTA, the Nominet Trust, Keystone Law and Google. In addition to funding, these organisations have provided: help with identifying potential teams through their existing networks and communication channel; expert mentoring and coaching; workspace; pro bono support (e.g. legal advice at a reduced rate); advertising credits; help with planning and hosting key events, workshops and informal collaborations; advisory support on impact measurement and reporting.

The Young Academy programme is delivered in partnership with Esmée Fairbairn Foundation, the Union Bank of Switzerland and Bank of America Merrill Lynch. In addition to funding, the

discussions, alumni meetings, etc.) ■ marketing and advertising ■ peer-to-peer (P2P) exchange and learning opportunities ■ the provision of pro-bono support ■ the provision of workspace and/or meeting space ■ the provision of post-programme support *Source: ICF consultation with social incubators*	partners provide pro-bono support, including: dedicated financial coaches, mentors for strategic guidance and volunteers who help with investment decisions and programme delivery (on an ad-hoc basis).

Due to limited differences in the role played by delivery partners, the second typology only focuses on the types of partners involved. The result is two types of incubators: 'public-private consortium,' and 'partnership.'

The 'public-private' category encompasses social incubators whose support programme is delivered in partnership with both public and private sector organisations. Examples of such incubators include: Big Issue Invest, Cambridge Social Ventures and Seedbed.

The 'partnership' category, on the other hand, comprises social incubators that have partnered with private sector companies only. Bethnal Green Ventures, Dotforge Impact, Health Social Innovators, Hub Launchpad, Social Incubator North, Wayra UnLtd and the Young Academy are examples of such incubators.

Programme design and delivery – financial support

The third typology focuses on the type of financial support offered to social ventures. The result is five types of funding models: (1) equity; (2) quasi-equity / revenue participation (RPA); (3) debt finance; (4) convertible debt; and (5) bridge financing:

- **Equity** is a form of investment financed through the purchase of share capital. Bethnal Green Ventures and Dotforge Impact have adopted this funding approach, entitling them to an equity stake in each social venture. The equity stake acquired by Bethnal Green Ventures and Dotforge Impact are set at 6% and 8% respectively[12].
- **Quasi-equity**, or revenue participation, is structured as an investment where the financial return is calculated as a percentage of the social ventures' future revenue streams. This approach to financing has been adopted by Health Social Innovators and Hub Launchpad, whereby the revenue share for the former is capped at 5% and the latter at 6%.
- **Debt finance** involves lending a fixed sum of money for a certain period of time at an agreed level of interest. Big Issue Invest, Seedbed and Cambridge Social Ventures offer this form of financing, whereby investments in social ventures are provided as secured or unsecured loans. The annual percentage rate varies between 5% and 9.5% across incubators. Wayra UnLtd and Young Academy offer **convertible debt** (or convertible loan / note). The investment is initially made as a loan which can be converted, in whole or in part, to an equity investment in later stages.
- **Bridge financing** is offered by Social Incubator North. This approach involves the provision of 'interim' financing until ventures are able to obtain permanent financing in later stages of the programme. The first investment tranche is often used for foundation work, such as business planning, and to cover associated internal development costs. Subsequent investment rounds provide the remaining start-up funds.

[12] Dotforge Impact has a 2% equity stake in each venture. The other 6% is taken by Key Fund

Programme design and delivery – non-financial / business support

The package of support offered by social incubators is fairly uniform across programmes. Although the package of support offered is often tailored to the needs of targeted beneficiaries, incubation support is generally focused on some or most of the following areas:

- business development;
- access to expert networks (including mentors, advisers, investors, suppliers, market/customer base, etc.);
- access to peer / alumni networks;
- learning and development / training;
- performance assessment / impact measurement and reporting;
- long-term growth / sustainability (i.e. post-programme support); and
- workspace / meeting space.

Similarly, the delivery of support is fairly consistent across incubators. Common channels used by incubators are outlined in Table 2.2.

Table 2.2 Common support delivery channels

Delivery channel	Examples
Face-to-face	Workshops, daylong events, 'bootcamps', mentoring/coaching, masterclasses, scheduled meetings, ad-hoc meetings
Virtual	Email, social media, e-learning / other online resources
Individual	Mentoring/coaching, office hours, progress calls, scheduled meetings, ad-hoc meetings
Group	Peer learning, workshops, seminars, networking events, mentoring/coaching, members' clubs

Source: ICF consultation with incubators; review of individual business plans

In contrast, access to support varies across programmes. Access to support is restricted where fees and/or limits on the amount of support authorised per venture are imposed.

On this basis, a fourth typology is proposed: 'restricted access' and 'flexible access.' Most of the programmes offer flexible support. Conversely, the amount of legal support and one-to-one mentoring or coaching is restricted for ventures enrolled to the Bethnal Green Ventures programme and the Social Incubator North and Young Academy programmes respectively. In addition, the extent of support available free of charge is restricted by Dotforge Impact and Cambridge Social Ventures. Both charge joining fees worth £10,000 and £100 respectively. Cambridge Social Ventures also charges a nominal fee of £70 per venture for programme activities.

Target clients

A fifth typology focuses on the beneficiaries targeted by the incubators. The result is two types of beneficiary groups targeted by social incubators: (1) start-up beneficiaries; and (2) (2) mixed.

- Bethnal Green Ventures, Dotforge Impact, Wayra UnLtd and Young Academy predominantly target **early-stage social ventures** based in specific locations or sectors or both.

- The remaining incubators all target a **mix of social ventures**, notably: early-stage and establishing ventures, i.e. existing social ventures that may be struggling to make a business model transition but have the drive to access social finance to achieve growth.

In addition to the stage of the business cycle ventures are at, incubators consider other criteria when selecting beneficiaries. Broadly, selection is based on beneficiaries'

- Ability to generate significant social change / benefits;
- Ability to deliver a sustainable or viable product / service over the longer term; and
- Motivation for applying for social finance (e.g. passion for social causes).

The selection of ventures was accompanied by a rigorous application and 'recruitment' process. The aim was to identify high-quality applications and select the most promising ventures.

Social outcomes

The sixth aspect of incubator programmes considered relates to their intended or realised outcomes. Publicly-available data from incubators (i.e. management information) indicate that outcomes vary in nature and scale across the different programmes. In particular, noticeable differences are reported as regards 'primary beneficiaries' targeted by the programmes through their ventures. The analysis indicates two types of incubators: (1) 'targeted;' and (2) 'community-wide.'

- The **'targeted**' category includes incubators who, through their ventures, mostly impact on select groups, such as: children (and families), young people, adults in needs, people with disabilities and people with high-risk behaviours. Examples of such incubators are: Wayra UnLtd and Young Academy.
- All of the remaining incubators fall under the **'community-wide'** category. Their programmes target specific underserved groups in society as well as local communities and the society as a whole

Other data

Data against other performance metrics is available from incubators. However, given that this study does not seek to compare the magnitude of impacts achieved by each programme, programme names are not disclosed. Furthermore, as mentioned earlier in the report, the programmes are currently ongoing but not at the same pace: some are only 30 per cent complete while others are more advanced. Consequently, comparing them would not be feasible at this stage. Nonetheless, a brief discussion of the scale of impacts across all of the programmes is provided in Box 2.2.

Box 2.2 Scale of impacts, including social impacts, achieved via the SIF

Overview for the period 2013-2015

	No. of applications to SIF	No. of employees of social ventures	Investment leveraged (£) by social ventures	No. of people benefiting from social ventures' activities
SIF 1	397	65	2,656,516	439,050
SIF 2	369	212	2,450,000	n.a.
SIF 3	104	n.a.	305,000	n.a.
SIF 4	38	n.a.	n.a.	n.a.
SIF 5	92	n.a.	n.a.	n.a.
SIF 6	247	n.a.	1,370,600	22,617
SIF 7	174	2	400,000	n.a.
SIF 8	n.a.	n.a.	n.a.	n.a.
SIF 9	n.a.	40	5,619,858	88,394
SIF 10	39	n.a.	n.a.	n.a.
Total	**1,460**	**319**	**12,801,974**	**550,061**

Source: Open Data
Note: Data availability differs by SIF, with some having only 2013 data available while others having data for the period 2013-2015. Data pertaining to the number of employees comprises figures gathered in the most recent year.

1. Demand for incubation support
On the basis of the number of people registering interest and the number of applications received, the data suggests that demand for incubation support is high. This was also confirmed during qualitative interviews with incubators. Since its inception, SIF has generated nearly 1,500 applications.

2. Employment
Management information provides an indication of the number of people employed by ventures. There is no indication of whether these jobs were newly-created following support received via the SIF. The data shows that in 2013, ventures supported by BGV employed nearly 28 employees, the number increased to 65 in 2014. In 2014 and 2015, ventures supported by BII employed 60 and 212 people respectively, while Cambridge Social Venture-backed ventures took on about 45 employees in 2014 but had only 2 employees in 2015. Wayra UnLtd-supported ventures, employed 45 people in 2013, 34 in 2014, and 40 in 2015.

3. Amount of follow-on investment leveraged
Data relating to follow-on investment is available for six programmes only[13]. It shows that, over the period 2013-15, more than £12 million worth of follow-on finance has been sought and accessed by ventures of these programmes. In essence, SIF helped leverage a total of £22 million worth of private investment, twice as much as initial funding allocated under the fund.

Additional evidence shows that various programmes have provided opportunities to meet investors to their ventures. Dotforge Impact has offered two such opportunities, engaging more than 30 investors, notably: social angels (17); social investment funds (4); accelerators (1); commercial fund managers (9); and public sector funding agencies (2). Similarly, Wayra UnLtd has hosted two demo days that involved about 35 and 100 investors respectively.

4. Number of people benefiting from social ventures' work
Data relating to the number of direct beneficiaries is available for six programmes only. The data suggests that, between 2013 and 2015, more than 550,000 benefited from social ventures' work.

2.2.2 Summary of typologies

Table 2.3 (overleaf) provides a summary of the typologies assigned to incubators.

[13] The six programmes are: Wayra UnLtd, Social Incubator North, BGV, Hub Launchpad, Health Social Innovators, Cambridge Social Ventures (previously Social Incubator East)

Table 2.3 Summary of typologies and incubator classification

		Strategy			Partnership structure		Financial support					Business support		Target clients		Social outcomes	
	Incubator	Regional	Sectoral	Technological	Public-private	Partnership	Equity	Quasi-equity	Debt finance	Convertible debt	Bridge financing	Restricted access	Flexible access	Start-up beneficiaries	Mixed	Targeted	Community-wide
1	BETHNAL GREEN VENTURES			✓		✓	✓					✓		✓			✓
2	BIG ISSUE INVEST		✓		✓				✓				✓		✓		✓
3	DF			✓		✓	✓					✓		✓			✓
4	Health Social Innovators		✓			✓		✓					✓		✓		✓
5		✓				✓		✓					✓		✓		✓
6	SEEDBED	✓			✓				✓				✓		✓		✓
7	Cambridge Social Ventures	✓			✓				✓				✓		✓		✓
8	SOCIAL INCUBATOR NORTH	✓				✓					✓		✓		✓		✓

9	wayra. UnLtd			✓		✓				✓			✓	✓		✓	
10	THE YOUNG ACADEMY		✓			✓				✓		✓		✓		✓	

Note: 1: Bethnal Green Ventures; 2: Big Issue Invest; 3: Dotforge Impact; 4: Health Social Innovators; 5: Hub Launchpad; 6: Seedbed; 7: Cambridge Social Ventures; 8: Social Incubator North; 9: Wayra UnLtd; 10: Young Academy

3 Social ventures' views on the SIF-backed incubators

This chapter provides an assessment of the SIF as viewed by social ventures that received support from SIF-funded social incubators. The assessment consists of a review of programme delivery, i.e. the package of support sought and received by social ventures and the outcomes or impacts achieved. The assessment draws on evidence gathered from the online census with social ventures (see Section 1.3 for an overview of the methodology).

3.1 Key findings

Assessment of the financial support accessed by social ventures

- Over half of social ventures were satisfied with the amount (58 per cent) and terms (51 per cent) of the investment they received from their social incubator.
- One-fifth of social ventures (20 per cent) sought and accessed additional 'follow-on' financing after receiving support from an incubator.
- Amongst the sub-group of social ventures that accessed follow-on financing (n=39), investment was most commonly sought from social investment organisations (34 per cent), followed by private investors (e.g. social angels) (23 per cent) and philanthropists (20 per cent).
- Amongst the sub-group of social ventures that accessed follow-on financing, most ventures (43 per cent) regarded incubation support as either important (27 per cent) or very important (38 per cent) role in enabling them to access to follow-on finance.

Assessment of the non-financial support accessed by social ventures

- Specialist business advice and access to networks constitute key components of business support accessed by social ventures.
- Irrespective of the type of support, social ventures were satisfied with the support provided by incubators. The reported satisfaction level was particularly high among ventures who accessed physical space (72 per cent) and expertise via mentors (68 per cent) and peer networks (64 per cent).
- Social ventures were also generally satisfied with tailored support provided by incubators, especially in relation to: software development (68 per cent); business planning (67 per cent); and (3) digital marketing / social media (66 per cent).
- The most significant impacts of social incubation (excluding investment) were reported to be: increased supply-chain collaborations (67 per cent); sustainable growth (48 per cent); improved access to seed capital (43 per cent); and accelerated growth opportunities (38 per cent).
- Although social ventures generally felt that they would still have been able to set up their business in the absence of incubation support, a majority (62 per cent) believed that establishing the business would have taken much longer.
- Social ventures were asked if and how their respective programme could be improved. Some 58 per cent thought their programme could be improved. Priority areas for improvement raised by ventures included: (1) training, including content and quality of learning materials; (2) programme design, such as the frequency of programme activities; (3) information and advice (especially with regard to post-programme funding); and (4) networking, in particular alumni and peer-to-peer networking.

Realised / estimated social impacts

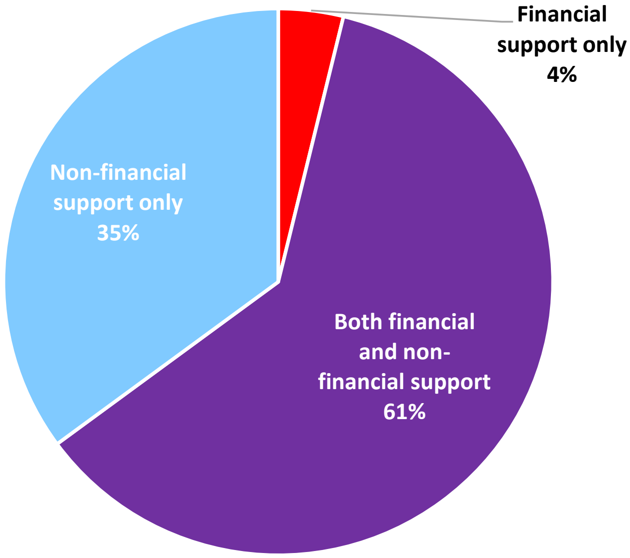
- Social ventures help drive social change that is reported to impact mostly on the community as a whole and certain vulnerable groups (e.g. people with mental disabilities).

3.3 Type of incubation support accessed by social ventures

The terms and conditions underpinning eligibility for SIF funding indicate that social incubators ought to assist early-stage social ventures with funding, business support and access to space[14]. As indicated in **Error! Reference source not found.**, the majority of social ventures (61 per cent) received both financial and non-financial support from social incubators under the SIF[15].

Subsequent sections explore this support in more detail: Section **Error! Reference source not found.** looks at financial support, and Section **Error! Reference source not found.** looks at non-financial support.

Figure 3.1 What type of support did you receive from the incubator?



Base (all respondents): 141

3.4 Assessment of financial support accessed by social ventures

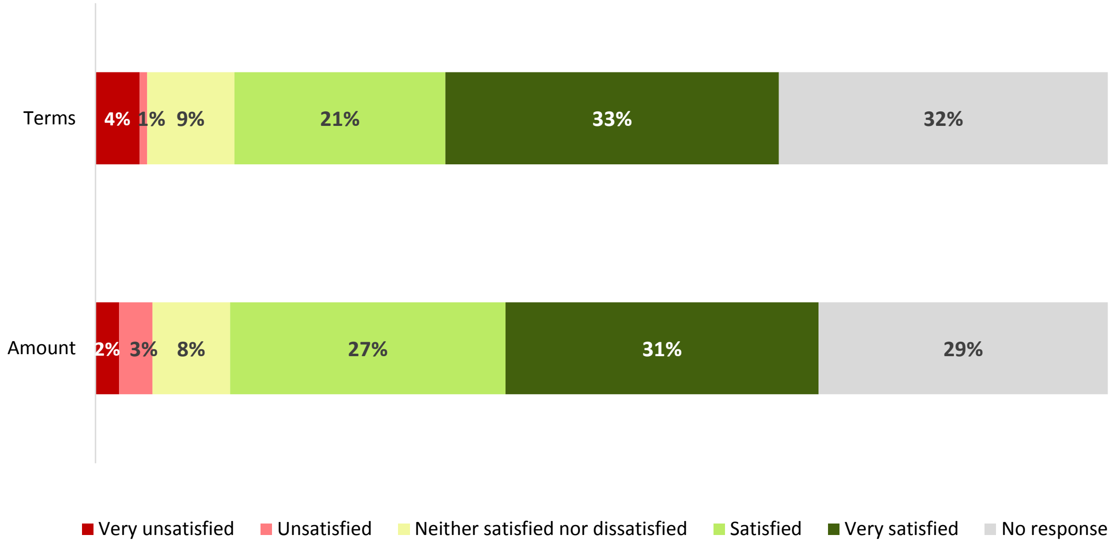
3.4.1 Social ventures' views on the financial support received

When asked about their views on the terms and amount of the investment they received via the SIF, most social ventures reported high satisfaction levels. More than half of the social ventures indicated that they were either satisfied or very satisfied with either the terms (54 per cent) or the amount (58 per cent) of investment that they received (**Error! Reference source not found.**).

[14] Big Lottery Fund https://www.biglotteryfund.org.uk/socialincubatorfund

[15] Please note that these figures ought to be interpreted with caution as ventures may be able to access additional funding in later stages of their respective programme or from other sources upon graduating

Figure 3.2 How satisfied were you in relation to the terms and amount of the investment you received?



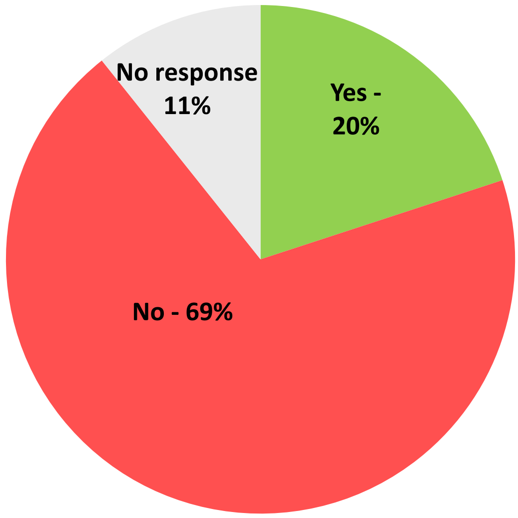
Base (respondents who received financial support): 84

3.4.2 Follow-on finance accessed by social ventures

Social ventures were asked whether, since receiving support from a SIF-backed social incubator (whether financial or non-financial), they had subsequently received additional investment or financing[16] from other sources (**Error! Reference source not found.**). While one-fifth of ventures (or 20 per cent) indicated that they had received follow-on financing, the majority (69 per cent) had not. It should be noted that social ventures had typically either recently completed their SIF-backed incubation programme, or indeed were still receiving support at the time of survey. It may thus be too soon to fully assess the extent to which social ventures were able to access follow-up finance.

[16] Note that this was restricted to non-grant investment / financing

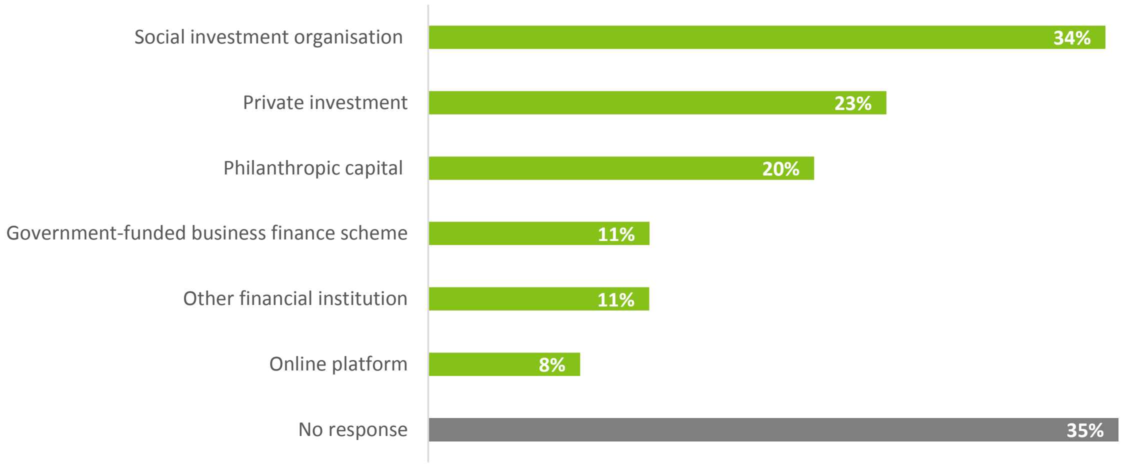
Figure 3.3 Have you received additional investment/financing since accessing the programme?



Base (all respondents): 141

The social ventures that had accessed follow-on finance were asked about the source of this finance (**Error! Reference source not found.**). Note that the base size was small (n=39) and so results should be treated with caution. As indicated in **Error! Reference source not found.**, follow-on financing was most commonly obtained from social investment organisations (34 per cent of social ventures that had received follow-on finance), followed by private investors (e.g. social angels) and philanthropists.

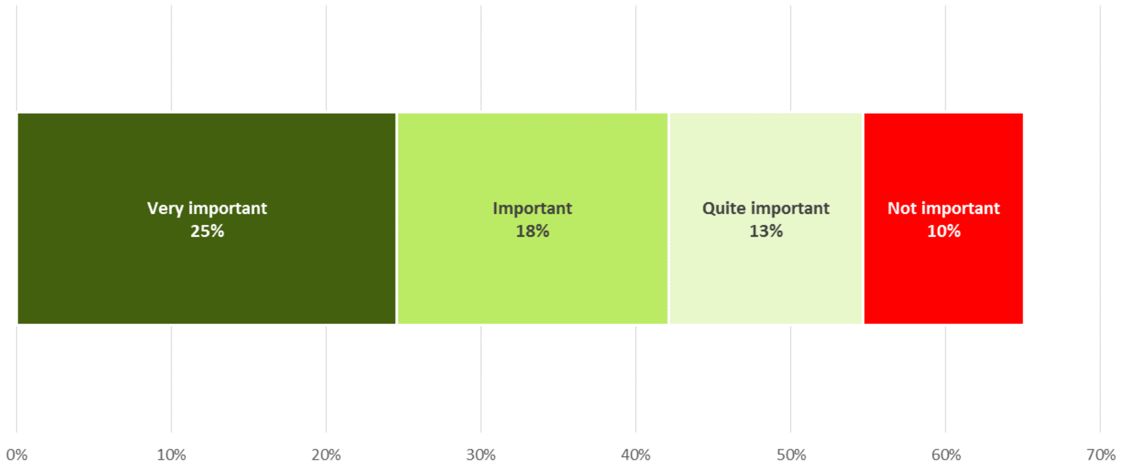
Figure 3.4 From what source(s) was this investment received?



Base (respondents who received follow-on financing): 39; note that percentage total does not add up to 100% as multiple answers were allowed

This sub-group of social ventures was also asked to assess how important the support they received from their social incubator had been in enabling them to access follow-on investment / financing (**Error! Reference source not found.**). More than two-fifths of social ventures considered the role of the incubator as either important (27 per cent) or very important (38 per cent) in accessing follow-on financing.

Figure 3.5 How important was any support you received from the incubator in accessing this follow-on/additional investment?



Base (respondents who received follow-on financing): 39, note that percentage total does not add up due to no responses.

The case study below provides a detailed discussion of how social incubation support enabled a social venture to secure follow-on investment.

Case study: how social incubation support allowed a social venture to secure follow-on investment

Policy in Practice was established in 2013 with the aim of making government policy easy to understand, in particular for people on lower incomes. This includes, for example, showing people how they can be better off at work, how to budget more effectively, and how they can have more disposable income. Furthermore, Policy in Practice helps local organisations to better understand who is impacted by welfare policy changes in order for them to better target support.

In their early stage, Policy in Practice benefited from various types of support from the social incubator programme, Wayra UnLtd. The major benefit of this support that was reported by the venture was the networking component of the programme, and specifically the introduction to potential investors which enabled them to access follow-on investment. According to a representative from Policy in Practice, "*the initial incubator introduced me to someone that was interested in the business and ultimately invested*". **In mid-2015, Policy in Practice secured £150,000 of follow-on investment, made up of combination of equity from three private investors and a matched grant under the Big Venture Challenge programme run by UnLtd**.

Policy in Practice indicated that, had they not received support from the social incubator, they might still have been able to secure investment from private investors, but that they suspect the equity stake might have been higher. **The incubator approach was seen as having largely facilitated social enterprise access to finance in view of promoting the social economy**.

The venture outlined the significant impact that follow-on investment had had on their business: "[an] *introduction to investors is what allowed next stage investment to happen, and the investors were excellent. They powered the company's growth both financially, and through their expertise*". **It has allowed the venture to grow substantially by giving them confidence, attracting investors, recruiting faster and ultimately increasing their social impact.**

Policy in Practice had two employees in 2013, and has since grown to 10 employees. **As a result of the follow-on investment, they were able to hire new staff earlier than expected, growing their sales team as well as their operational delivery team.** They were also able to hire staff at more senior level. **The venture's annual turnover was also reported to be three times higher in 2015 than in 2013.**

Similarly, the number of local authorities supported increased from 4-5 in the first round of

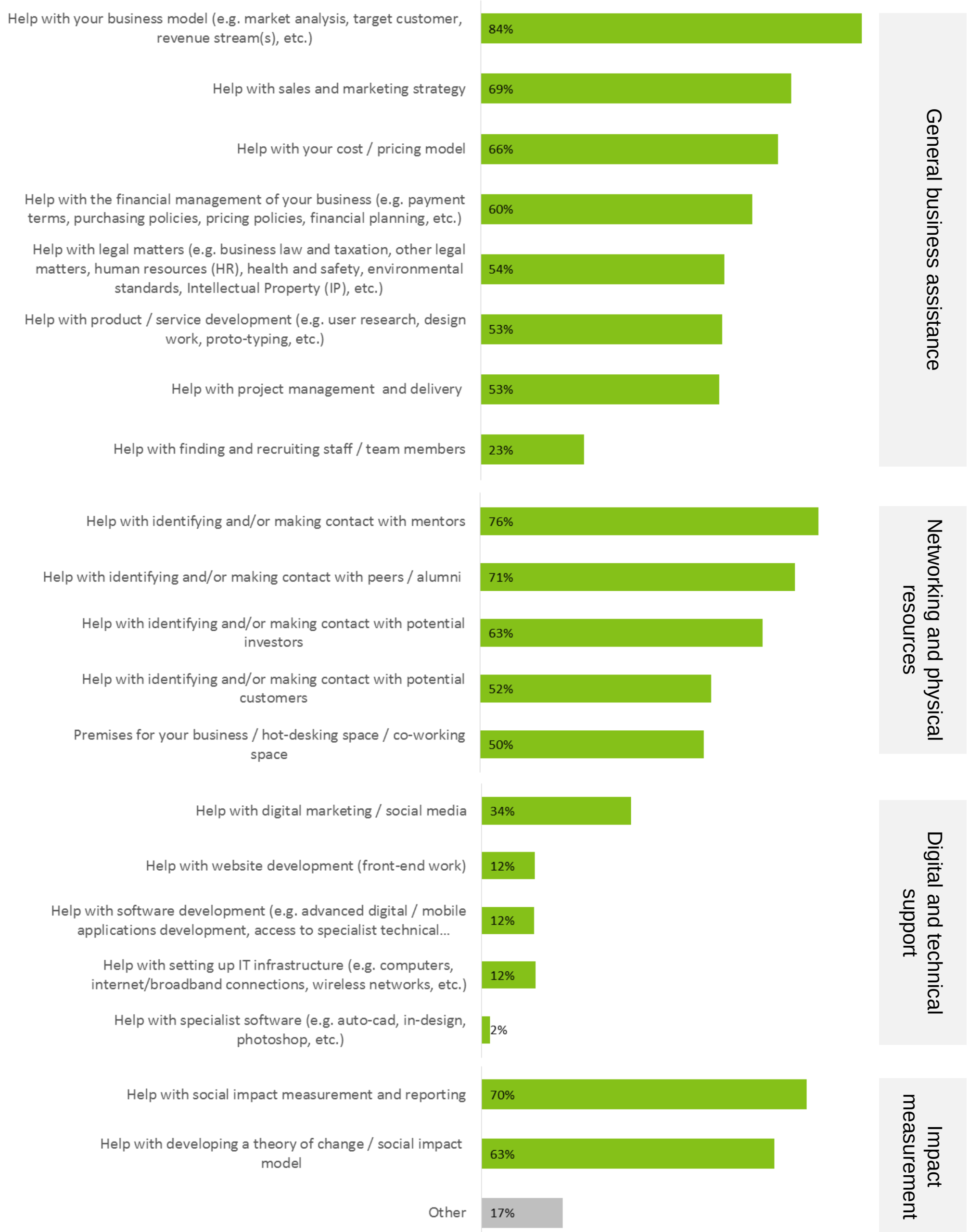
investment, to 12-15 in the second round of investment, to reach 44 local authorities to date. Policy in Practice is now able to help 25,000 people each month.

3.5 Assessment of non-financial support accessed by social ventures

3.5.1 Types of business support accessed

Error! Reference source not found. shows the different types of support accessed by social ventures from their SIF-backed incubator. As highlighted in Section 2.2.1, incubators' service offers laid greater emphasis on the provision of specialist business advice and access to networks, and this is reflected in the types of support accessed by social ventures. Conversely, the provision of / access to technical and digital support, such as specialist software, website / software development and the setting up of IT infrastructure, appears to be less prominent. The case study below explores how an incubator supported a social venture to start its business.

Figure 3.6 Which of the following types of non-financial support did you receive?

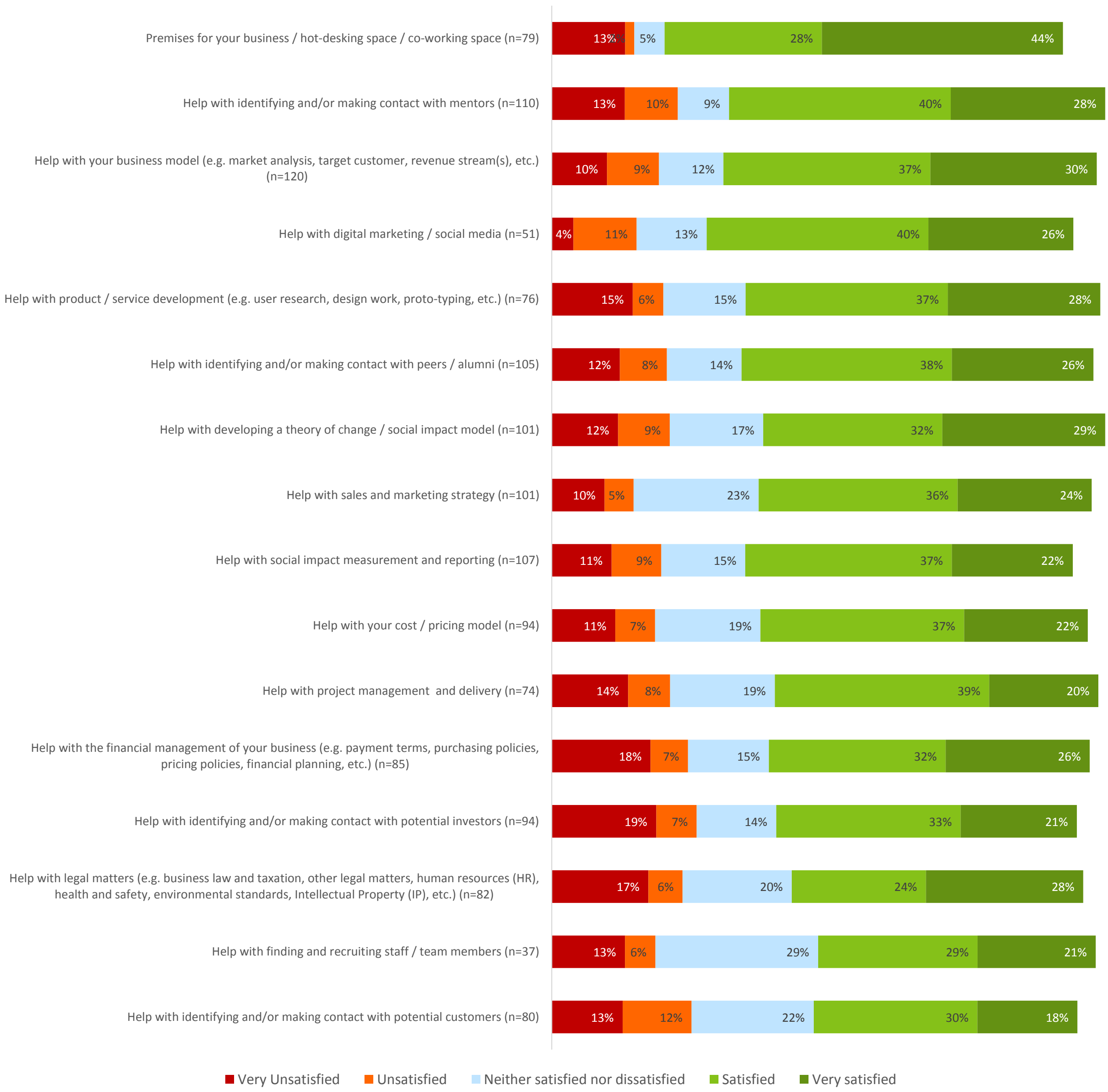


Base (respondents who received non-financial support): 137; note: sums to more than 100% as multiple answers were allowed

3.5.2 Social ventures' satisfaction with the support they received

Irrespective of the type of support, social ventures were satisfied with the support provided by incubators (**Error! Reference source not found.**). The reported satisfaction level was particularly high among ventures who accessed physical space as part of their programme. As such, almost three-quarters of social ventures were either satisfied (28 per cent) or very satisfied (44 per cent) with this aspect of their programme. Social ventures were also generally satisfied with tailored support offered via their programme, notably: access to mentors (68 per cent) and peers / alumni (64 per cent); and help with: (1) software development (68 per cent); (2) business planning (67 per cent); (3) digital marketing / social media (66 per cent); (4) developing a theory of change / social impact model (62 per cent); and (5) sales and marketing strategy (60 per cent).

Figure 3.7 Thinking about each type of support you have received, how satisfied were you?

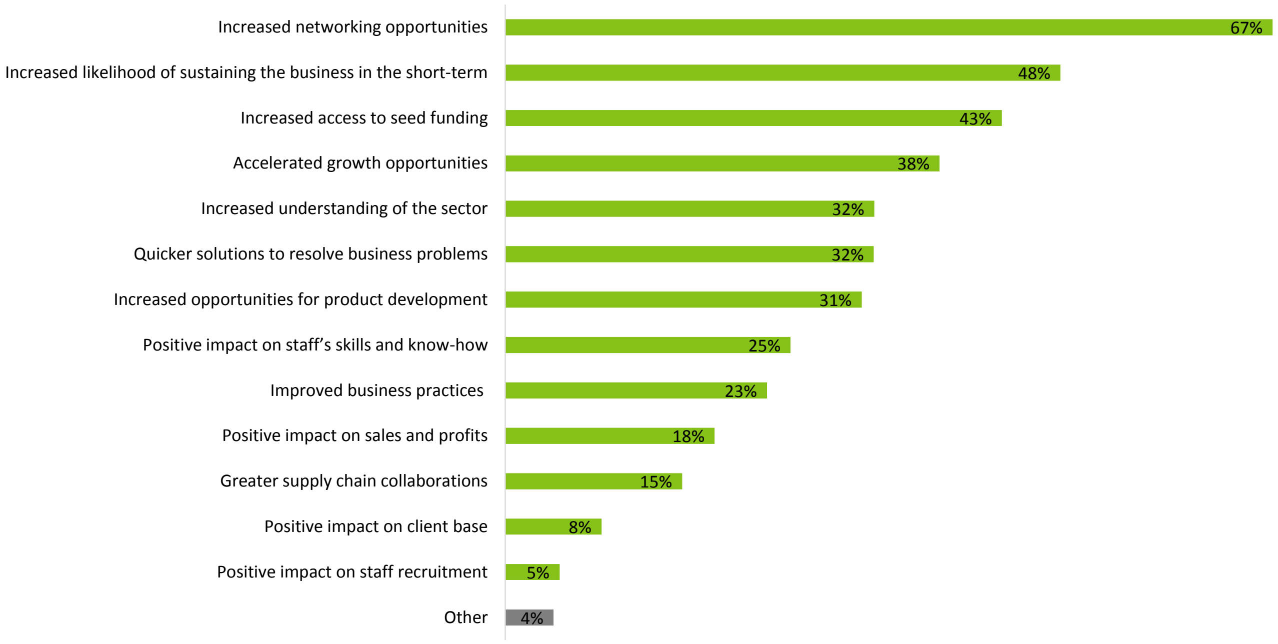


Base: total number of respondents who accessed each specific type of support (varies, see Figure); Note: excludes services where fewer than n=30 accessed support; Figure excludes no response and so does not sum to 100%

3.5.4 The impacts of business support on social ventures

Social ventures were asked to indicate whether the support they had received had had any impacts on their businesses (**Error! Reference source not found.**). Access to incubator programmes specifically contributes to: increasing (supply-chain) collaborations, for instance, via networking opportunities with peers and investors (43 per cent with the former and 24 with the latter); sustaining the business over the longer term (48 per cent); facilitating access to seed capital (43 per cent); and accelerating growth (38 per cent).

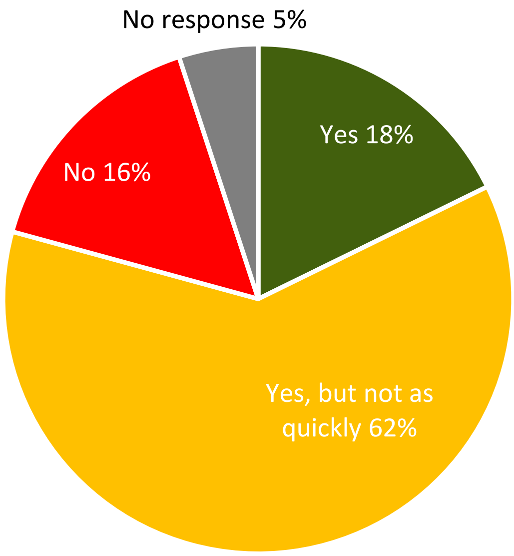
Figure 3.8 Thinking about all the support that you received, what impact did this have on your business



Base (respondents who received non-financial support): 137; note: sums to more than 100% as multiple answers were allowed

Social ventures were asked whether they believed that they would still have been able to set up and grow their business in the absence of the support they received from their incubator (**Error! Reference source not found.**). The survey results show that incubation support has helped kick-start and/or accelerate the development of over 100 social ventures (or 77 per cent). On the contrary, fewer ventures (n=26) felt that they would have still been able to set up or grow their business had they not joined a social incubator programme.

Figure 3.9 Do you think you would have been able to set up or grow your business without the support you received from the incubator?



Base (respondents who received non-financial support): 137

Case study: how an incubator supported a social venture to grow its business

Turtle Dove Cambridge was established in 2014 to support vulnerable young women who are not in employment, education or training by offering them opportunities to work at events across the city from charity fundraisers to weddings, funerals or private parties. Usually the tasks involve meeting and greeting of guests, serving the catering and other tasks that might be involved with the set up and clear down of any given event. The young women are also offered the opportunity to be involved with some intergenerational work with older people through facilitating art workshops and events such as afternoon teas for these older people who are accessing day centres and residential homes across the city.

Turtle Dove Cambridge accessed the Cambridge Social Ventures programme and received both financial and non-financial support. **The founder acknowledged that the support received made a *"massive"* difference to the venture, and believed that the venture would not have been able to grow without the support they received**: "*my background is not in business but in youth work, so we needed people with those skills set to help us grow, focus and expand*". **The SIF programme, and in particular the mentoring scheme, helped the venture on fundamental aspects of the business such as accounting, having a board, a business model, etc. The networking component was reported as key, leading to numerous contacts with other ventures within the programme, other businesses and mentors. The environment created by the programme allowed them to build and develop relationships quickly as well as to grow their business. Having an office space was also positive for the credibility**

of the business.

On the financial side, the founder mentioned that "*the loan was key to free up my time so I did not have to be working two part-time jobs and doing the business on the side…I actually had a breathing space of 6 to 10 months where I could then bring in more work so that I could start living from the revenue of the business".*

The founder reported not being aware of any other resources that provide such a complete package and it was one of the major reasons for joining that particular programme. **In the same period, they received funding from another programme, which "*was really helpful but it was also the practical support of the programme that we needed alongside it*". Following the social incubator support, they have been recently accepted to access another support programme, Lloyds Bank and Bank of Scotland Social Entrepreneurs Programme.**

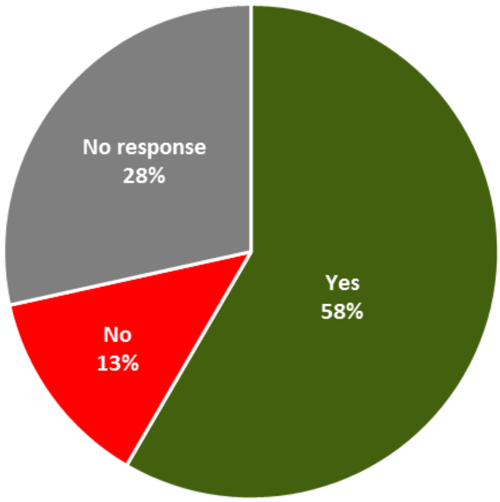
The support provided by Turtle Dove Cambridge enables young women to gain work experience, competencies and confidence. The support they receive also reduces their isolation by involving them in different circles and in the local community.

Turtle Dove Cambridge is still in its early days, but the founder already observes positive changes on the young women and their well-being and employability. The venture monitors women's progress by engaging with them at different stages (at the beginning of their involvement, half way through and when they leave), checking for positive outcomes such as confidence, teamwork, networking, etc. The venture also tracks, where they can, whether the young women end up in education, employment or training and if so where.

3.5.5 Improvements to the social incubator services

More than half (58 per cent) of social ventures who received support felt that their respective programme could be improved (**Error! Reference source not found.**).

Figure 3.10 Could any of the support you received have been improved?



Base (respondents who received non-financial support): 137

Social ventures were asked to indicate ways in which they thought that the service provided by the social incubators could be improved. Their responses are summarised in **Error! Reference source not found.**. Suggested priority areas for improvement were consistent across most programmes and included: (1) training opportunities; (2) programme design; (3) information and advice (post-programme funding); and (4) networking.

Table 3.1 Social ventures' suggestions for potential improvements to the social incubator service

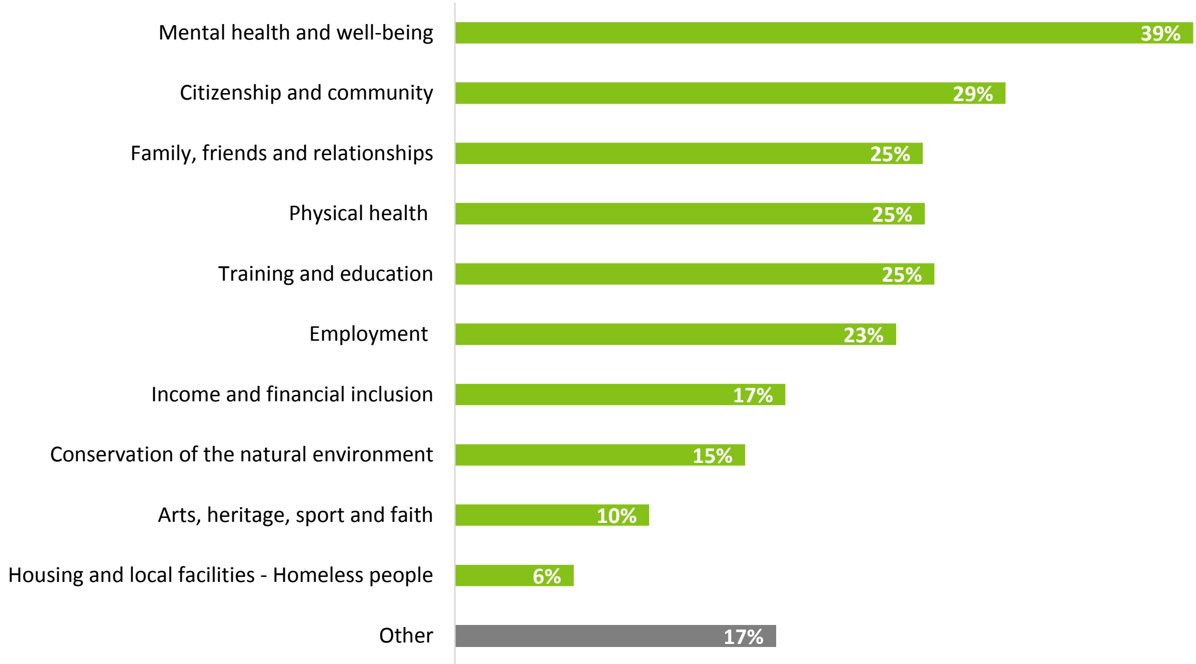
Area of support	Suggested improvements
Training, including content and quality of the courses	■ Training on specific topics (i.e. not general information) ■ Personalised/tailored training based on the specific needs of the venture ■ More practical training (i.e. as opposed to only theoretical training) ■ More one-to-one sessions ■ More experienced people delivering training (i.e. expert with practical experience)
Programme design	■ Advanced notice of workshops ■ Formalised structure of support (e.g. telephone conference of one hour every two weeks) ■ Additional time during the sessions to apply the content to their own business ■ Longer duration of the programme
Information and advice (post-programme funding)	■ Additional information on investors (who are they, what they want) ■ Information on appropriate funding to apply for ■ More emphasis on raising / making money ■ Better linkage between social ventures and potential investors ■ Access to post-accelerator support
Networking	■ Better use of alumni network ■ More peer to peer events ■ More networking events ■ Networking with actors of a particular sector (e.g. with schools)
Others	■ More responsive mentor ■ Access to office space and infrastructure ■ Automatically being signposted to local programmes where available (avoiding travel costs)

Note: open-ended survey question; qualitative analysis involved coding and grouping responses into the most popular themes

3.6 Assessment of impacts generated by social ventures

Social ventures are driven to deliver significant social change (**Error! Reference source not found.**). When asked about benefits they confer to society, most ventures indicated delivering significant benefits to: (1) the community as a whole; (2) people suffering from poor mental health; and (3) specific groups, such as children, young adults and/or older people.

Figure 3.11 In which of the following areas would you say your business delivers the most significant benefits to the society?



Base (all respondents): 141; note: sums to more than 100% as multiple answers were allowed; excludes no response (1%)

4 Conclusions

This report has presented the results of an assessment of outcomes generated by the Social Incubator Fund (SIF). Chapter 2 presented typologies of social incubators supported by the SIF on the basis of specific programme dimensions. Chapter 3 presented the results of a census of social ventures enrolled on SIF programmes. The online survey sought to increase understanding around the type of support provided to social ventures and the element(s) of support they found most beneficial in supporting their establishment and/or growth.

This concluding chapter presents a summary of the key results of the study.

4.1 Typology of social incubators

Research question: What are the unique characteristics of each social incubator programme?

Programme characteristics were assessed across several dimensions, notably: (1) programme strategy; (2) partnership structure; (3) service offer or package of support provided to social ventures; (4) target beneficiaries; and (5) social outcomes. For each programme dimension, ventures were classified into distinct categories. This classification was informed by the degree of commonality in programme attributes.

An overview of the typologies is provided in **Error! Reference source not found.** below.

Table 4.1 Typologies of social incubator programmes, by programme dimension

Typologies of SIF programmes					
Programme strategy	Partnership structure	Business support	Financial support	Target clients	Social outcomes
1. Regional	1. Public-private	1. Restricted access	1. Equity	1. Start-up	1. Targeted impacts
1. Sectoral	2. Partnership	2. Flexible access	2. Quasi-equity	2. Mixed	2. Community-wide impacts
3. Technological			3. Debt finance		
			4. Convertible debt		
			5. Bridge financing		

Legend: Most prominent category/categories

Conclusion 1 Most programmes, supported via the SIF, had a 'regional' or 'sectoral' focus

Seven out of the 10 SIF programmes were 'regional' or 'sectoral.' Regional incubators, including the Hub Launchpad, Seedbed, Cambridge Social Ventures and Social Incubator North adopted a 'localised' approach to incubation support. This implies that support was restricted to social ventures that were based in specific locations. In contrast, Big Issue Invest, Health Social Innovators and Young Academy targeted ventures that, irrespective of their location, were focused on tackling unique societal challenges, such as: poverty, poor health, lack of education, etc.

The remaining three SIF programmes – Bethnal Green Ventures, Dotforge Impact and Wayra UnLtd – were 'technological.' Their main goal was to support social ventures that were able to use technology to deliver solutions to social problems in view of creating a technology-intensive social economy over the longer term.

Conclusion 2 the SIF programmes worked with a range of partners, predominantly from the private sector

A total of seven programmes – namely Bethnal Green Ventures, Dotforge Impact, Health Social Innovators, Hub Launchpad, Social Incubator North, Wayra UnLtd and Young Academy – were delivered with the help of several partner organisations from the private sector. Such organisations included: large multinationals (e.g. healthcare, telecommunications), financial institutions, professional services providers, small to large research companies, technology companies, social enterprises, and charities. These leveraged not just financial support from the organisations, but also technical expertise in the form of mentoring for instance.

The remaining four programmes – Big Issue Invest, Seedbed, Cambridge Social Ventures – involved similar organisations, along with public sector organisations, notably universities.

Conclusion 3 Funding approaches varied across programmes – from equity and quasi-equity to debt finance, convertible debt and bridge financing

The most common funding approach used by social incubators was reported to be debt financing. Big Issue Invest, Seedbed and Cambridge Social Ventures offered debt finance, typically in the form of secured or unsecured loans.

Loans were also the preferred mode of financing for two other incubators – Wayra UnLtd and the Young Academy – although these were granted in the form of 'convertible debt,' i.e. the loans could be converted, in whole or in part, to an equity investment in later stages.

Bethnal Green Ventures and Dotforge Impact provided equity finance, entitling them to an equity stake in each social venture. Health Social Innovators and Hub Launchpad, on the other hand, adopted a quasi-equity approach, entitling them to a set percentage of social ventures' future revenue streams.

On the other hand, Social Incubator North chose to fund ventures in tranches. The first investment tranche was primarily used for foundation work (e.g. business planning) and to cover associated internal development costs while subsequent investment rounds provided the remaining start-up funds.

Conclusion 4 All of the programmes offered specialist support, but the package of business support was relatively consistent across programmes

All of the programmes offered specialised support. Notable areas of support included: (1) business development; (2) access to expert networks (e.g. mentors, advisers, investors, etc.); (3) access to peer/alumni networks; (4) learning and development; (5) impact measurement and reporting; and (6) post-programme support.

Access to support was, however, restricted by some incubators, specifically in terms of duration and cost. The amount of legal support and one-to-one mentoring was restricted for ventures enrolled on the Bethnal Green Ventures programme and the Social Incubator North (e.g. one-to-one support restricted to two hours per week over 10 weeks) and Young Academy programmes (e.g. mentoring support restricted to eight hours over the duration of the programme) respectively.

In terms of cost, Dotforge Impact and Cambridge Social Ventures charged joining fees. Cambridge Social Ventures also charged a nominal fee per venture for programme activities.

Conclusion 5 Most programmes were targeted at both early-stage and established social ventures

Four of the incubator programmes – Bethnal Green Ventures, Dotforge Impact, Wayra UnLtd and Young Academy – predominantly targeted early-stage social ventures based in specific locations or sectors or both. The remaining incubators all targeted a mix of social ventures, notably: early-stage and operating ventures.

Conclusion 6 Programme outcomes brought about positive social change for specific groups and/or local communities

Unlike conventional business support programmes (public sector or otherwise) the programmes supported by SIF were specifically tailored for social ventures and had bespoke support focused on bring about positive social change. Some programmes – Wayra UnLtd and Young Academy – were focused on driving social benefits to targeted groups, such as: children (and families), young people, adults in needs, people with disabilities and people with high-risk behaviours. The remaining programmes, on the other hand, did not target specific groups but local communities in general.

4.2 Assessment of the effectiveness of the social incubator model

Research question: What elements of the support provided through the SIF did social ventures find most beneficial?

The survey results corroborate findings from the qualitative research with social incubators – most of the social ventures surveyed indicated that key elements of support they received via their respective programme were:

- General business assistance, in particular, help with business modelling/planning (84 per cent), help with their sales and marketing strategy (69 per cent); and help with their cost/pricing model (66 per cent).
- Digital and technical support, in particular, advice and support with digital marketing (e.g. via social media).
- Networking, which mainly involved help with identifying or making contact with mentors (76 per cent); peers/alumni (71 per cent); and potential investors (63 per cent).
- Physical space (50 per cent), including premises, hot-desking space or co-working space.

Conclusion 7 Social ventures reported that the most beneficial forms of support were: (1) mentorship; (2) networking; (3) business planning; and (4) working space

One-to-one mentoring was particularly valued, along with regular engagement with peers, alumni networks and prospective investors.

The importance of the aforementioned sources of support was further confirmed by high satisfaction levels reported by social ventures across each programme. The reported satisfaction level was particularly high among ventures that accessed physical space as part of their programme. Almost three-quarters of social ventures were either satisfied (28 per cent) or very satisfied (44 per cent) with this aspect of their programme. Social ventures were also generally satisfied with: (1) the support offered to reach out to mentors (68 per cent); (2) the advice received on business planning (67 per cent); and (3) support offered to engage with peers / alumni (64 per cent)[17].

In addition, social ventures were in most cases praiseworthy of 'specialist support,' including: (1) digital marketing, whereby the reported satisfaction level was 69 per cent; (2) software development (68 per cent); (3) development of a social impact model (62 per cent); and (4) development of a viable sales and marketing strategy (60 per cent).

Similarly, most social ventures expressed high levels of satisfaction as regards the terms (54 per cent) and the amount (58 per cent) of investment that they received as part of their respective programme.

Research question: How effective was the social incubator model, as a package of support, in supporting the growth of early-stage social ventures?

The survey results show that incubation support has been critical to the development of social ventures, especially in terms of accelerating the process of setting up or growing the business.

Conclusion 8 Rapid expansion was attributed to specific benefits conferred to social ventures as part of their enrolment to an incubator programme, including: (1) increased networking opportunities; (2) enhanced access to seed funding; (3) improved sector knowledge; (4) quicker solutions to resolve business problems; (5) increased opportunities for product development.

For many social ventures, follow-on financing also played a key role in helping them expand the business. One-fifth of social ventures indicated having received additional investment capital since their enrolment on an incubator programme. For a majority of these social ventures, the package of support they received as part of their respective programme proved effective in helping them obtain additional follow-on financing.

Conclusion 9 The majority of social ventures (55 per cent) surveyed recognised that incubation support was important in helping them obtain follow-on investment.

Follow-on investment was sought by social ventures from various channels. Among social ventures that received follow-on financing, 34 per cent indicated that investment was provided by social investment organisations. Another 23 per cent obtained additional financing from private investors and a further 20 per cent from philanthropists.

4.3 Suggestions for improvement

While social ventures were appreciative of the support they have received from their respective incubator programme, many ventures felt that various aspects of these programmes could be improved.

Many ventures indicated that additional training sessions, including more personalised training (training that is focused on the specific needs of each venture), would be helpful.

There was a general preference for increasing the frequency of routine 'catch-ups' with programme leads or mentors. Some ventures also felt it would be useful to receive advanced notice of programme activities – such as workshops. Programme duration was also discussed by several ventures who were mostly in favour of prolonged incubation support.

[17] Please note that the reported percentages include ventures who have indicated being either satisfied or very satisfied with a particular element of support

Additionally, many social ventures felt that additional advice and guidance on how to secure follow-on investment would prove beneficial. In that regard, many ventures felt that additional networking events, especially with peers or alumni companies, could also prove helpful especially in helping them connect with prospective investors