Big Potential Breakthrough Evaluation
Final Evaluation Report
Report Year 6 | September 2020

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1. Foreword

Welcome to the sixth and final annual evaluation report for Big Potential Breakthrough (BPB), which looks at the last six years of operation until 23 February 2020.

Back in 2014 when BPB was first launched, the funding programme was aimed at organisations who wanted support to help explore how social investment might help them and/or were looking to raise less than £500,000 of investment. BPB offered the opportunity for VCSEs to access grant funding of between £20,000 and £75,000.

BPB engaged a wide variety of charities and social enterprises from across England and provided £9.54 million in grant funding: £6.89 million across 255 preliminary grants and £2.65 million across 64 investment plan grants.

Not all of this impact is directly because of BPB, but this evaluation makes clear its significant impact on these organisations in what was, and has been, a challenging operating climate for the voluntary sector. While it is clear the programme has achieved a great deal, the learning and influence is still emerging.

Although the funding programme closed in September 2017, post-grant monitoring continued until Autumn 2018, and continuing qualitative data collection has and will continue into May 2020, the final stretch within which this report is published. Alongside our partners, we will seek to use this information to influence and inform our collective future work.

There are some findings here which are consistent with previous reports, and which we welcome. The flexibility we have provided on post-grant management has been valuable, as has been the focus on market potential, quality and impact. It is also encouraging that support focused on governance, business planning, financial modelling has demonstrated that building an organisation's resilience should be the aim - and provides the platform for enterprising work that leads to greater impact, supported by securing investment and contracts.

With this being the final report, we proudly reflect on our successful partnership between the National Lottery Community Fund and Social Investment Business and with all the delivery partners on both the BPA and BPB programmes. As both organisations work on the design and delivery of future grant and support programmes, these evaluations prove incredibly useful. Our combined responsibility is to use this information to ensure that business support is timely and effective, and that social investment is well-understood and used appropriately. In short, we both seek to use this data and knowledge to target resources where they are needed most: this, in turn, allows us to support people and communities to thrive. At a time when charities and social enterprises are facing huge uncertainty with the COVID-19 crisis, and when policymakers and funders are planning for the recovery, we hope sharing this report will provide valuable sectoral evidence for our partners and our peers.

Nick Temple
Chief Executive
Social Investment Business

Roger Winhall
Head of Funding
The National Lottery Community Fund

2. Overview

Big Potential Breakthrough (BPB), launched in February 2014 with an aim to improve the sustainability, capacity and scale of 'Voluntary, Community and Social enterprise' (VCSE) organisations in order to enable them to deliver greater social impact in their communities and beyond. Big Potential supported organisations looking to grow through securing repayable investment, as well as to buy in specialist support from a range of expert 'providers' to improve their 'Investment Readiness' (IR). The programme closed to applications in September 2017 with final budget commitments being made in December 2017.

The programme had a £10 million fund that offered 'voluntary, community and social enterprises' (VCSEs) the opportunity to access grant funding of between £20,000 and £75,000. This was to undertake more in-depth work with approved providers to help them develop their investment readiness and maybe go on to seek social investment in the future. The BPB sat alongside the Big Potential Advanced programme (BPB) that launched after BPB, and which also closed in December 2017. BPB sought to support social ventures who were aiming to raise at least £500,000 investment, or who wanted to bid for contracts over £1 million.

The core outcomes aimed at by BPB were to:

- Provide support to VCSE organisations to develop their capabilities to deliver social and charitable impact at greater scale for communities across England

- Improve learning and awareness of investment readiness approaches for VCSE organisations

The BPB programme was launched by The Big Lottery Fund (re-named The National Lottery Community Fund in January 2019) and delivered by Social Investment Business (SIB), in partnership with Charity Bank, Locality and Social Enterprise UK (SEUK).

The University of Northampton was the evaluation partner for the Fund's research needs and the evaluation programme continued till end May 2020.

The Big Potential Breakthrough Programme had seven distinct phases:

- online registration
- online diagnostic tool
- 1:1 support advisor sessions
- selecting a support provider
- submitting the grant application
- assessment of applications by the BPB panel, and,
- post-grant work with the support provider (if successful)

In the online registration phase the VCSE registered for the programme.

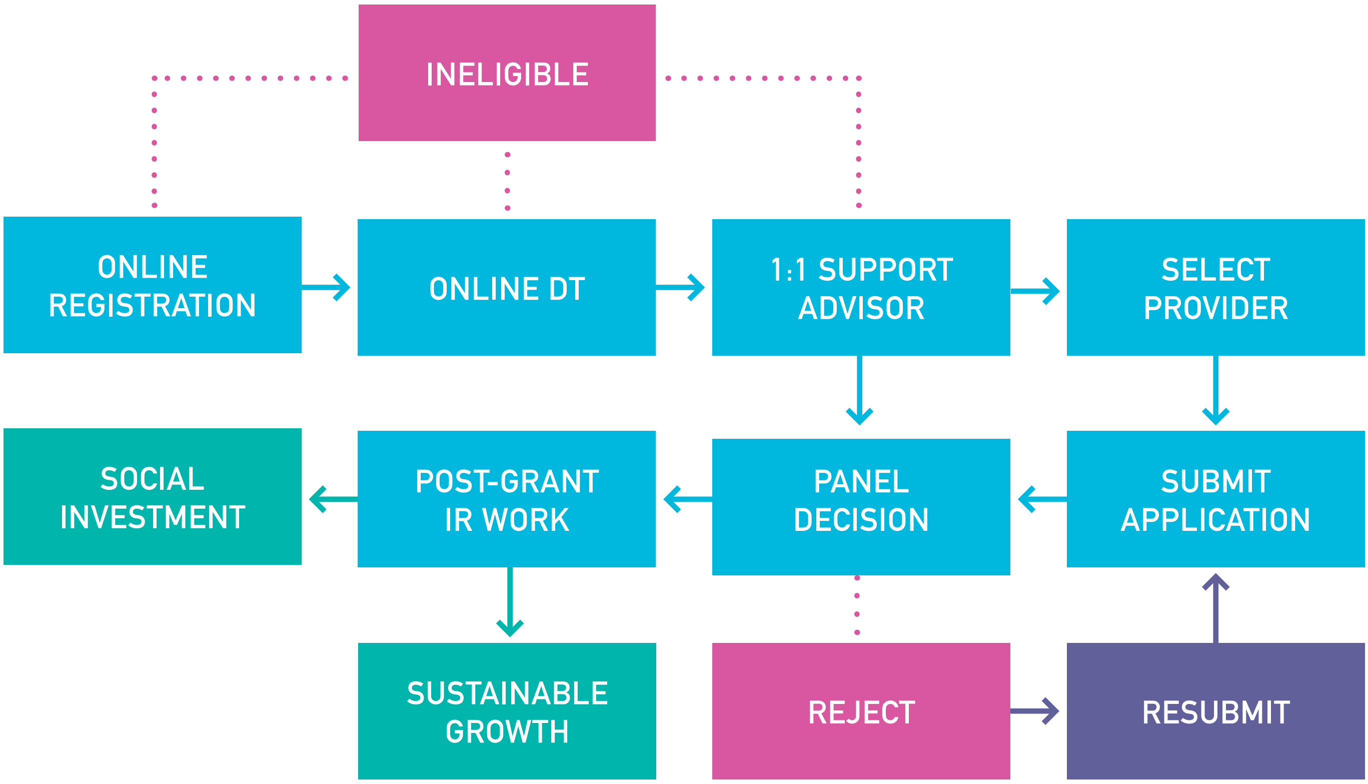
The VCSE then moved on to:

- Complete the online diagnostic tool (DT) in which they provided information about their organisation's business model (i.e. sector of operation, organisational reach, legal structure, financial data, income streams, governance models, staffing levels, skillsets, product details, accounting practices, and investment needs).
- Attend a 1:1 support advisor session where the VCSE spoke face-to-face (usually through a video call) with an expert advisor to re-engage with the diagnostic tool and discuss their business model.
- Select a support provider from the list of approved providers who worked with them in partnership to develop their grant application.
- Submit the application.

The BPB panel would then decide to make a recommendation to NLCF as to whether the application was successful or not. If unsuccessful the VCSE was able to reapply to the BPB if it desired. If successful, the VCSE was awarded the grant funding and used this to begin to work with its support provider to develop its investment readiness and to possibly go on to secure social investment (for preliminary grants; investment plan grants had a much clearer investment journey/proposition).

It is important to note that this process was considered to be developmental for the VCSEs and (aside from eligibility checks) the process was not selective until the panel decided to make a recommendation on the grant applications to the NLCF. These seven phases are outlined below in Figure 2.1.

Figure 2.1 – Seven Phases of the BPB



BPB was also supported by 17 events/ workshops in the English regions delivered during 2014-2017 with the objective of raising awareness on social investment and investment readiness and to promote how the BPB would be able to support VCSEs on their journey towards investment readiness. In addition to the main regional event programme, SIB and partners delivered bespoke events to organisations requesting such support wherever these could be accommodated within existing resources.

This report represents the sixth and final evaluation report for the BPB covering the 72 months of operation up to 23rd February 2020. In doing so it covers the entire grant award period of the programme (with grant awards completed by December 2017).

This report provides an overview of the efficacy of the BPB, the types of VCSEs that made applications to it and the impact that it is having on the investment readiness (and knowledge of investment) of these VCSEs. In providing this overview the report draws upon data gathered from the programme including: website data; application data (the Diagnostic Tool); event/workshop evaluation data; and an investment readiness knowledge questionnaire. In addition, interviews were also held with VCSE applicants.

What became apparent as the research progressed was that the impact lead-time for BPB was longer than expected, as VCSEs at the smaller end of the sector were perhaps further from being IR than was previously acknowledged. Therefore, the true impact of BPB may not be fully identifiable until well beyond the end of the programme.

3. Executive Summary

3.1 Research Findings

The data contained in this research report reflects the performance of BPB up to 23rd February 2020. However, the report structure differs from the previous five annual reports, to enable a wider analytical lens to be applied to the performance of BPB with respect to its impact on the sector as a whole. The previous reports were more focused on evaluating the efficacy of the programme itself.

The revised structure utilises what has worked well in previous reports, whilst providing a more thematic analysis of the performance of Big Potential that is aligned with the OECD's DAC Evaluation Criteria[1].

The performance of Big Potential will be graded against these criteria on a five-point scale (Green = Excellent; Green/Amber = Good; Amber = Satisfactory; Amber/Red = Poor; Red = Very Poor). This represents an adaptation of the OECD's DAC Evaluation Criteria, which traditionally uses just three grading's (Green, Amber and Red).

Within the OECD's thematic guidance, the themes that have emerged from the annual research reports have been subsumed, so that the findings are still grounded in the six years of evaluation data gathered.

The qualitative and quantitative data from previous reports are still utilised in these final reports, and complemented by further data gathered in year six by the research team. The report also makes use of external research to aid comparisons between Big Potential and other (similar) funds/programmes.

The approach to data collection was a mixed-methods approach using quantitative and qualitative data. The quantitative data, from 1,125 VCSEs[2] was collected through the online application process and the diagnostic tool (both online and one-to-one). These captured organisational data (i.e. sector of operation, organisational reach, legal structure, financial data, income streams, governance models, staffing levels, skillsets, product details, accounting practices, and investment needs).

The qualitative data collected (from 29 VCSEs; 11 Provider Organisations; 6 Panel Members; 5 investors; and 4 programme delivery staff) was in the form of 55 semi-structured interviews.

For the VCSE participants:

- 19 had been successful
- 9 were unsuccessful
- 1 was unsuccessful having withdrawn from BPB without making a grant application[3].

A total of 57 interviewees participated in the research by the end of Year Six of the BPB. Full details of the methodological approach and the interview sample breakdown can be found at Appendices A and B.

1 Details can be found at https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm

2 This figure includes eligible and ineligible VCSEs (1,025 eligible; 95 ineligibles; and 5 withdrawn).
3 Three interviewees had participated from the withdrawn VCSE.

3.2 Performance

In summary, the report findings indicate that:

- BPB's two core aims remain relevant in 2020.
  - 60% of Providers viewed BPB as very relevant/more relevant than ever in 2020
  - significant growth in the social investment market (21x growth between 2011-2019) demonstrates the growing need for IR support
  - BPB raised awareness of social investment amongst VCSEs and supported capacity-development and VCSE sustainability

- With regards to BPB grant applications:
  - 702 grant applications were received
  - 319 grant awards were made at an average value of £29,930 with a success rate of 45.4%. In breakdown:
    - 255 Preliminary Grants (£26,852 average grant value; £6.91 million total funding)
    - 64 Investment Plan Grants (£41,092 average grant value; £2.63 million total funding)
  - Regional engagement was largely strong. However, VCSEs in the South East (-11%); East of England (-8.2%); South West (-3.6%) were under-represented when compared with national NCVO (2018) data[4]
  - In relation to the 383 rejected grant applications, the main rejection reasons were:
    - poor investment readiness plan (28%)
    - poor budget (27%)
    - poor VCSE track record (23%)
    - poor social impact (13%)
    - poor VCSE finances (9%)
  - 60% of Providers surveyed rated the Panel feedback as average/good/very good, whilst this figure for Panel decision-making consistency was 70%
    - However, a significant minority of 40% and 30% respectively therefore rated this as Poor/Very Poor

- VCSE applicants to BPB had[5]:
  - turnover of £275,000
  - profitability of £320
  - organisational age of 9 years
  - staffing levels equivalent to 5 FTE
  - £250,000 investment need
  - operated mainly at the local/regional levels (67.6%)
  - 90% were Limited Companies (including CICs)

- Post-grant work was centred in the main on social impact measurement, governance structures and income stream development:
  - Preliminary Grants:
    - social impact measurement (56%)
    - changing governance structures (18%)
    - developing new income streams (26%)[6].
  - Investment Plan Grants:
    - changing governance structures (33%),
    - developing new income streams (24%)

- changing governance structures (33%),
- measuring social impact (43%)[7].
- Providers identified that:
  - VCSE *willingness* to engage was relatively good, with 47% of Providers rating this as good/very good)
  - VCSE *capability*[8] to engage was also robust, with 90% of Providers rating this as average/good
  - VCSE *capacity*[9] to engage was less strong though, with 84% of Providers rating this as average/not good
- VCSEs reported variable quality in Provider support, and articulated a desire to see more robust reporting of Provider performance

- With regards to social investment and contract wins:
  - BPB represented robust value for money, with a £2.6:1 ROI (nearly £24.9 million of investments/contracts won versus £9.54 million of grant funding). This breaks down to:
    - £8.93 million of social investments secured
    - £15.96 million of contracts secured
  - Barriers to securing investment were identified by Providers as due to a:
    - VCSE focus shifts
    - Lack of VCSE desire
    - VCSE/Trustee risk-aversion
    - lack of suitable investment products
  - BPB's ROI of £6:1 compares with ROIs of:
    - BPA £51:1 (Hazenberg, 2020)[10]

4 Based upon data gathered by NCVO in 2015/2016.

5 All average values are median.

6 Based upon available data from a sample of 171 Preliminary Grant Awards.

7 Based upon available data from a sample of 46 Investment Plan Grant Awards. All average values are median.

8 This relates to the skillsets within an organisation and their capability to effectively work on the post-grant development work.

9 This relates to a VCSE's time/HR capacity to engage with respect to their skills, knowledge and time resources

10 It should be noted that BPA was a significantly different fund to BPB. Whilst it can be argued that BPB really was unique, the Reach Fund is probably the closest fund to BPB in aims and VCSE applicants.

▪ Reach Fund £6:1 (TI Group, 2019)]

• The long-term impact of BPB has been mixed:

o For VCSE applicants to BPB:

▪ turnover has increased on average by £134,118, equivalent to +48.8%[11]

▪ profitability has decreased on average by £49,715, equivalent to -92.1%[12]

▪ social impact delivery and measurement (as measured by the MIAA) increased by 7.1%

o Post-BPB Providers had secured a further:

▪ 22 investment deals with a cumulative value of £2.1 million (average deal value of £95,455)

▪ 47 of the 67 BPB Providers (70%) were still trading as of 2019

▪ Provider failure rates for those established after BPB commenced were identical to those established prior to BPB's launch (16.7%)

Table 3.1 below summarises some of the key data outlined above, whilst also providing the annual breakdowns for the four years that BPB provided grants and six years that investment and contract wins have been monitored.

Table 3.1 – Data & Findings by Year in BPB[13]

Variable	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*	***Overall***
Grant Applications							
Applications	66	188	189	259	N/A	N/A	**702**
Grant Awards	33	93	97	99	N/A	N/A	**319**
Investment Sought	£250,000	£250,000	£250,000	£250,000	N/A	N/A	**£250,000**
VCSE Demographics							
VCSE Turnover	£290,000	£252,238	£250,000	£302,830	N/A	N/A	**£275,000**
VCSE Profitability	£17,649	£0	£0	£0	N/A	N/A	**£320**
VCSE Staffing[14]	5 FTE	3.5 FTE	4.5 FTE	6.5 FTE	N/A	N/A	**5 FTE**
Investment & Contract Wins							
Investment	£0	£736,000	£2.06m	£3.54m	£223,884	£2.37m	**£8.93m**
Contract	£0	£0	£872,650	£12.67m	£2.42m	£0	**£15.96m**
Investments + Contracts	£0	£736,000	£2.93m	£16.21m	£2.64m	£2.37m	**£24.89m**

11 Data collated from Companies House and the Charity Commission in November 2019 by Mr Michael Maher, a PhD Researcher and Data Manager at the University of Northampton.
12 Data collated from Companies House and the Charity Commission in November 2019 by Mr Michael Maher, a PhD Researcher and Data Manager at the University of Northampton.
13 All average values are median and where applicable figures have been rounded up/down.
14 Part-time staff have been included with an assumption that they are an average of 0.5FTE.

Throughout this report, each area of BPB performance was assessed in-line with the OECD's DAC criteria and graded on a revised 5-point grading system (Green = Excellent; Green/ Amber = Good; Amber = Satisfactory; Amber/Red = Poor; Red = Very Poor). This represents an adaptation of the OECD's DAC Evaluation Criteria, which traditionally uses just three grading's (Green, Amber and Red). Based upon this the BPB programme scored 47 points out of a maximum 55 points, giving an overall grading of Green/Amber (Good) (see Table 3.2).

Table 3.2 – OECD DAC Grading for BPB

Area	*Grading*	*Score*
BPB Aims Validity	Green	5
Activities, Performance & Impact	Green/Amber	4
Efficacy of BPB	Green/Amber	4
Enablers & Barriers of Performance	Green	5
BPB Value for Money	Green/Amber	4
Timeliness of BPB	Green	5
External Comparisons	Green/Amber	4
Impact on VCSEs	Green/Amber	4
Impact on Providers	Green/Amber	4
Impact on Investors/Commissioners	Green/Amber	4
Sustainability (Social Investment)	Green/Amber	4
Total	**Green/Amber**	**47/55**

3.3 Learning

Throughout the five years of reporting on BPB, recommendations were made for improvements to the programme, based upon the data and evidence gathered throughout the evaluation. These have been crystallised here into four key learning points to emerge from BPB. It is recommended that future programmes similar to BPB, take these on-board and utilise the learning in the design of programmes. These are as follows and have been drawn from the Year Five report (Hazenberg, 2019), as well as the data analysis in this report:

1. **Engaging the Sector:** Ensuring that programmes such as BPB reach different parts of the VCSE sector (geography; type; size) remains critical. Throughout the BPB, different geographic regions, most notably the South East and East of England have presented engagement challenges, as well as others periodically (the North East in Year 1 and the South West in Years 3 and 4)[15]. These engagement issues have been seen previously on other support programmes also, suggesting that wider ecosystem factors are at play in local areas. The North East provides a strong example of how a regional ecosystem can grow to become a hub for social investment.

2. **The Journey:** The formative nature of the BPB journey was one of the programme's defining features and greatest successes. Whilst the communication of this was difficult in the early stages, the learning processes undertaken during application and grant delivery were recognised by most VCSEs, even those that did not secure grants. As a programme of grant support around investment readiness (and wider sustainability and capacity-building issues), this provides an exemplar model (especially around application).

3. **Provider Working & Capacity:** Provider/VCSE engagement and the suitability of Providers for individual VCSEs has been a feature of all of the evaluations, with Provider-VCSE relationships generally working well (albeit there were several examples of the original choices made by VCSEs in provider selection not working out as expected). Nevertheless, greater transparency of Provider performance, and mechanisms to avoid Providers 'cherry-picking' good VCSE application candidates should be considered[16]. In addition, there was suggestion in the Year 5 data that BPB had (perhaps inevitably) led to some bloating in the Provider market.

4. **Sustainability Focus:** A focus on sustainability and capacity-building for the VCSE sector moving forwards would be beneficial. Indeed, it could be argued (and was by many participants) that this was what BPB delivered. This would naturally lead to increased IR as the key features of sustainability are closely linked to those characteristics defined as being investment ready. A re-shaping of the message away from investment readiness may also have increased engagement from some parts of the VCSE sector. Certainly, BPB's biggest success has been around building the capacity of VCSEs and increasing their sustainability.

16 Although this last point is not necessarily always a bad thing in programmes such as BPB, as such cherry-picking can lead to better grant applications and VCSEs more suited to the support aims of the programme.

4. Results

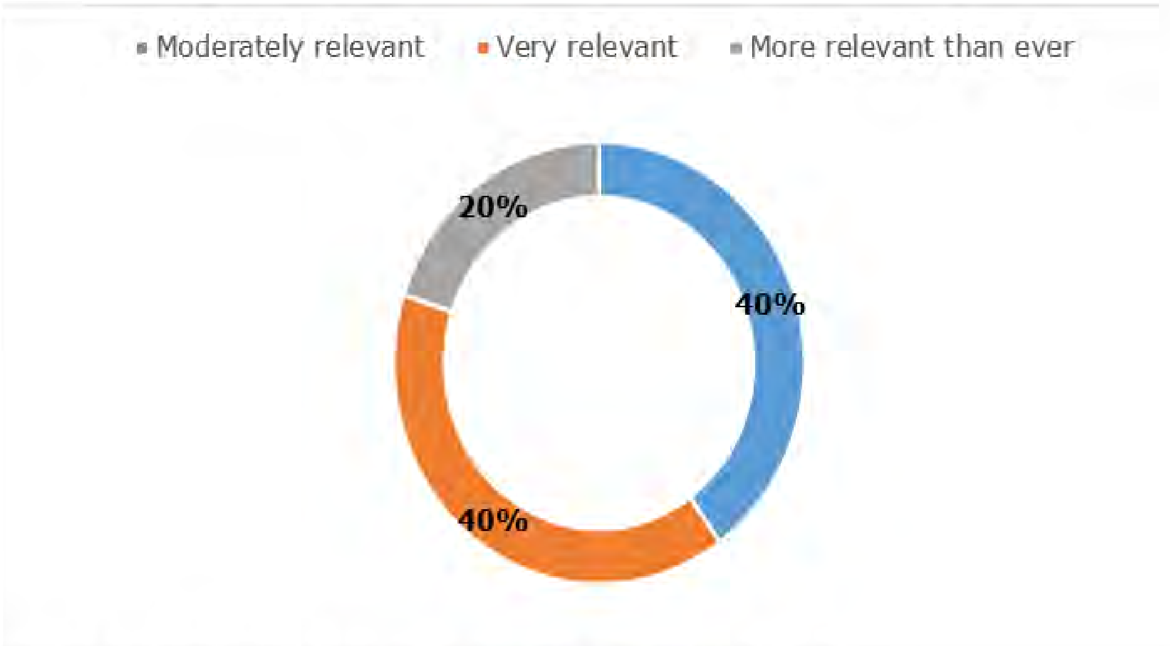
4.1 Relevance

The initial design of Big Potential was conceived in 2013, Big Potential Breakthrough commencing in 2014. This therefore raises questions as to how relevant the aims of BPB are in 2020, with respect to raising the investment readiness of VCSEs, developing the Provider market to support this, and raising awareness of the needs of the VCSE sector amongst key stakeholders. It can certainly be argued that over the course of the last 6-7 years, the focus both within Big Potential and also across the marketplace, has moved from investment readiness to resilience and sustainability more broadly. Certainly, the sustainability of organisations was a key theme to recurrently emerge from the data during this research. However, this section seeks to ascertain the relevance of BPB's original two aims in 2020, and these are listed below and will be discussed in turn in sections 4.1.1, 4.1.2 and 4.1.3:

- Providing support to VCSE organisations to develop their capabilities to deliver social and charitable impact at greater scale for communities across England

- Improving learning and awareness of investment readiness approaches for VCSE organisations

Figure 4.1 – Provider perceptions of BPB relevance



4.1.1 Ongoing validity of Big Potential's Aims

The relevance of BPB in 2020 is a question that the evaluation seeks to answer. This relevance was explored in the 2019 Provider survey, with respondents asked to rate the relevance of BPB from 1 (not at all relevant) to 5 (more relevant than ever). The data (see Figure 4.1) reveals that 100% of respondents felt that the programme was at least moderately relevant, with 40% of respondents seeing BPB as 'very relevant' and 20% as 'more relevant than ever'.

Given that BPB targeted smaller VCSEs that were further from being investment ready than the more established VCSEs engaged on Big Potential Advanced, it is to be expected that this part of the sector would retain high numbers of organisations that are not investment ready. Indeed, despite the growth in the social investment market witnessed in recent years (30% per year between 2015-2018 and an increase from £165 million in 2011 to £3.5 billion in 2019)[17], there remain a significant number of smaller VCSEs that are still far from being investment ready. An element of this lack of investment readiness is due to scale, the larger VCSEs seen on BPA are generally much closer to being investable propositions than the smaller VCSEs on BPB. However, the converse can also apply, in that smaller organisations with significant growth potential are also potentially very investable (particularly for equity investment deals) and programmes like BPB can help them to explore their commercial potential.

17 Big Society Capital, (November 2019), For a third-year in a row, UK social investment market grows by 30% - now worth over £3.5 billion, Big Society Capital News Article, 20th November 2019, available online at https://bigsocietycapital.com/latest/for-third-year-in-a-row-uk-social-investment-market-grows-by-30-now-worth-over-35-billion/

> Which is why we think that we are an organisation ripe for investment because if someone is to loan finance us to grow that sales work then we will be able to generate profit to pay-back the loan…It is an issue of scale, so that [growing the social mission] will be easier with a bigger scale and more work…
>
> (P2: Successful VCSE - 2015)

> I can see that Big Potential has its [pauses] there is a need for something like this to drive the commerciality of [VCSEs]. So I think there is a piece around that.
>
> (P55: Provider - 2019)

One of the key differentiators between BPB and BPA, was that the former was much more exploratory with a less clear journey to social investment (the programme essentially allowed VCSEs to explore the applicability of social investment for their model). Perhaps one of the key factors within BPB (and its ongoing relevance today) was that VCSEs could use the grant to explore social investment and then decide against pursuing it.

The programme also provided the opportunity for VCSEs to explore alternative sources of funding away from traditional grants. Given that much of BPB was delivered during the period of austerity (and the ongoing financial crisis related to Covid-19 today), it could be argued that BPB and programmes like it are just as important in 2020 as they were in 2014.

> It may be the case that they have done the work, they have decided that the type of investment they were looking for to seek isn't appropriate anymore and that is totally valid, and maybe that is one of the potential outcomes I suppose one of our observations might be we haven't seen quite as many things come through as we would expect but I think stepping back a bit, I think it is an important program to have for the sector and there are lots of organisations out there who need some type of support in order to get some investment ready or contract ready.
>
> (P21: Investor - 2017)

> We want to forge our own path and we find that with grant and contract work we have to just wag the tail of the commissioner. We know what makes a difference and we want to demonstrate that we know what makes a difference, and we want to attract other people who are more interested in funding differences than just satisfying one public health outcome or one particular need.
>
> (P3: Successful VCSE - 2015)

Another area that should be recognised when exploring BPB's ongoing relevance in 2020, relates to the long-term timescales involved in becoming investment ready and enhancing VCSE sustainability, particularly at the smaller end of the VCSE sector. Indeed, throughout this research, organisations have regularly talked about their 5-10 year growth journeys. Given that some VCSEs were only receiving their grants in late 2017, the true impact of BPB might not be fully known until the late 2020's.

> ...so our ambition over the next 10 years is to work with 25,000 refugees. So working with 2,500 people annually on the programme and that will look to be a sort of £40-50 million programme of activity. Why we were looking for this, what did we do? We'd just gone into [Location]. It was essentially looking at how we'd scale the business up, how we'd look at systems around the work that we're doing……We've got a financial product that actually we have the rights over, which means we can, once the [investment] goes through we'll then prep it for retail, which means we can actually go out into the community, get the community to invest into us, which is one of the things we wanted initially.
> (P25: Successful VCSE - 2017)

> We've benefitted greatly from the Big Potential grant in that we've, I don't know if you've seen our business plan, we've got an absolutely fantastic business plan, which is fantastic in the sense that there it is in our hand, we refer to it constantly. It helps us to stay on, you know, well we have this agenda for the next five years. We've given ourselves a programme of work and we can make sure we stick to it, and that is a very different place than we were five years ago when we were making it up as we went along, which is unnerving, you know.
>
> (P18: Successful VCSE - 2016)

The relevance of BPB can also be identified by the emergence of other similar funds designed to support the growth of social investment since 2014.

Indeed, BPB emerged in the design phase in 2013, when VCSE investment readiness was considered to be poor (Gregory et al., 2013). Since then, new funds have also emerged to support the sector and drive deal-flow.

- Access Foundation Reach Fund (2016-) (https://access-socialinvestment.org.uk/enterprise-development/the-reach-fund/)
- Access Foundation Impact Management Programme (2016-2019) https://access-socialinvestment.org.uk/enterprise-development/impact-management/
- Big Issue Invest Corporate Social Venture Fund (2015-2018) and (2019-) https://bigissueinvest.com/corporate-social-venturing-programme/

The ongoing need for programmes like BPB can perhaps be best summed up by a participant quote gathered as recently as 2018, during which the investor being interviewed lamented the ongoing lack of deal-flow, which they argued was due to both demand and supply-side issues.

> But from the demand side the critique was that none of this money, or not enough of this money is actually trickling down into the sector. So the bulk of the smaller to medium sized charities and social enterprises are not getting access to social finance, there's not enough of that blended finance, or unsecured finance or patient capital or equity available. Obviously, equity is more challenging, but even the unsecured lending wasn't happening. And from the supply side, the critique is that their business models are very stretched and it's very difficult for them to be sustainable. And that they therefore need this continued subsidy of we want to build the market and if we want them to serve that segment, the bulk of the market, which is the smaller to medium sized organisations.
> (P38: Social Investor - 2018)

OECD DAC Evaluation Grade = Green (Excellent)

4.1.2 Activities, Performance and Impact

This section explores participant perceptions of BPB's efficacy and sector impact, through the support provided to VCSEs applying to the programme, but also in relation to the outreach activities conducted such as the regional workshops. This section utilises workshop evaluation data, qualitative interview data from the different stakeholder groups, along with survey data gathered from Providers in November 2019.

Whilst the majority of the impact of BPB was naturally with VCSEs that engaged with the programme and secured grant funding, other elements of BPB also impacted the sector. Most notable of these were the 16 regional workshops run around the nine regions of England between 2014-2017 to raise awareness and knowledge of social investment amongst the VCSE sector.

In addition, five bespoke events were also run as part of the outreach work, with 893 attendees engaging across these 21 events (see Table 4.1). Further to these, three bespoke events for organisations of and representing disabled people (not included in Table 4.1) were also held in Leeds, Birmingham and Southampton in Spring 2017 in order to seek larger numbers of applications from disability-led VCSEs. This differentiated BPB from BPA, where the latter did not conduct physical workshops as part of its outreach work. Further to these workshops, 156,862 individual users engaged with the BPB website over the course of the programme.

Workshop attendees were also asked to complete a social investment knowledge questionnaire at both the beginning (Time 1) and end (Time 2) of the day. The data reveals that the workshops had a positive impact of +10.2% across the 21 regional events; whilst attendees also rated the workshops' effectiveness at nearly 90% in improving their social investment knowledge (50% would have signalled no impact[18]).

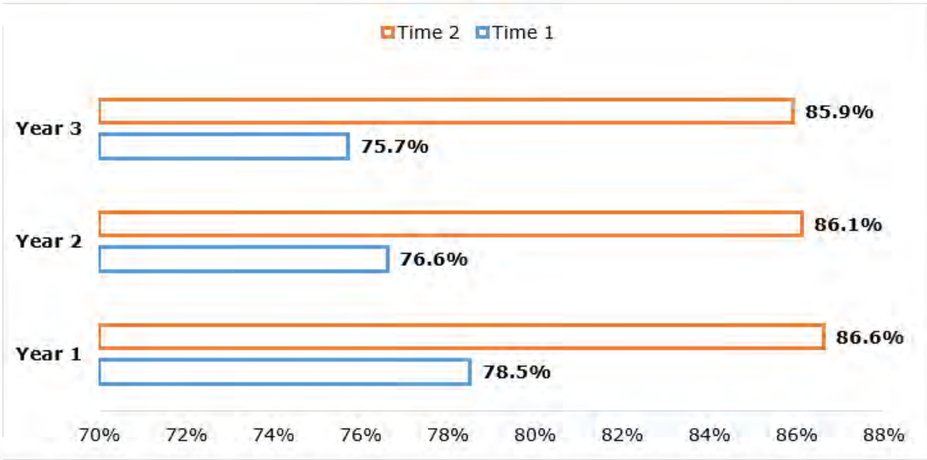
Table 4.1 –Events

Regional Programme Events			
Location	*Year*	*Bookings*	*Attendees*
Walsall	1	115	85
Plymouth	1	70	50
London	1	96	60
Leeds	1	95	89
Cambridge	2	65	38
Ipswich	2	65	42
Salford	2	60	51
Gateshead	2	61	24
Swindon	2	41	21
Darlington	2	75	43
Lincoln	2	26	12
Chelmsford	2	60	45
Sheffield	3	61	31
Coventry	3	54	25
Preston	3	61	45
Kent	3	67	51
Bespoke Events			
Location	*Year*	*Bookings*	*Attendees*
Nuneaton (Homeless Link Annual Conference)	1	15	15
Derby (YMCA Network)	1	30	23
Northampton	2	100	40
Good Deals	2	N/A	18
Hastings	2	N/A	85
Total		**1,217**	**893**

Nb. Re the bespoke events, SIB had responded to requests from networks of organisations who wanted to know more about social investment and hence delivered events/workshops for these organisations.

18 The participants rated the impact of workshop on a 5-point Likert scale where the median value (3) represented no impact. Therefore, a score below 50% (3) would represent negative impact and a score above this would represent positive impact.

Figure 4.2 – Workshop Social Investment

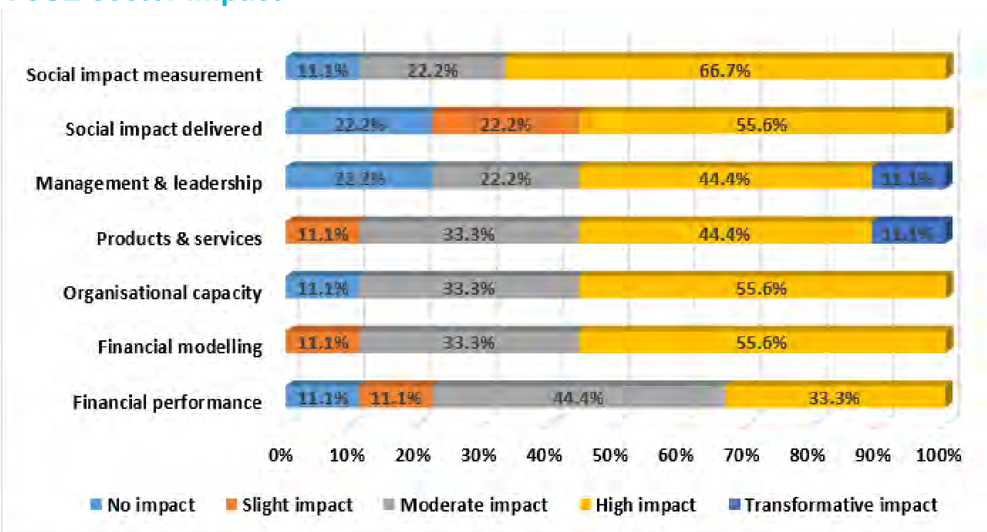


The 2019 Provider survey, within which Providers were asked to rate the impact of BPB on different aspects of the VCSE sector (financial performance; financial modelling; organisational capacity; products and services; management and leadership; social impact delivered; and social impact measurement), also demonstrated positive impact (see Figure 4.3)[20]. The data reveals perceptions of high impact in relation to all seven areas except for financial performance, which was the only area to not achieve at least high impact amongst more than 50% of Provider respondents.

However, across all seven areas that were ratings of no or slight impact, particularly in relation to the social impact delivered (44.4% of Provider respondents). This is perhaps understandable given the much earlier and smaller stages of VCSE development amongst the BPB cohort, but it is still an issue to be recognised when understanding the impact of BPB activities.

When understanding the wider impacts of BPB, it was acknowledged by the VCSEs that the impact went beyond just raising awareness of social investment or even becoming investment ready. The programme also impacted wider aspects of VCSE performance, such as business planning, demonstrating the capacity-building nature of BPB. Finally, the programme delivery team also recognised the impact on VCSE awareness and confidence around social investment, feeling that BPB had improved VCSE aspirations around social investment.

Figure 4.3 – Provider perceptions of BPB VCSE sector impact



19 See Appendix C for the full data breakdown.
20 The Providers rated this impact on a 5-point Likert scale ranging from 1 (No impact) through to 5 (Transformative impact).

> The project [BPB] was far wider than the grant and the loan from the [social investor] might suggest in terms of the work that our Big Potential consultants did, it was more really kind of really comprehensive business planning and getting us ready for that larger-scale investment. And although in the end we got that by the form of a grant…the business planning process was extremely beneficial for us as an organisation. So no, it was really positive for us.
>
> (P32: Successful VCSE - 2017)

> I think the biggest one is probably a greater awareness of what is needed to put together a business case or an investment case. Probably greater confidence that - I think the sector as a whole are probably a bit wary of taking on repayable investment, and I think to an extent this programme has helped generate a little bit of confidence around that.
>
> (P47: Programme Delivery Staff - 2019)

OECD DAC Evaluation Grade = Green/Amber (Good)

4.2 Effectiveness

BPB utilised an evidence-based process in its evaluation of effectiveness and response to problems identified within the evaluations through the five years of the programme. In this section the efficacy of BPB will be assessed.

4.2.1 Efficacy of Big Potential Breakthrough

The effectiveness of BPB was assessed during various stage, including the application process, 1:1 support advisor session, grant application, panel decision-making and post-grant award phases. Data was gathered from the BPB Diagnostic Tool completed by VCSEs at application (from 1,025 eligible VCSEs)[21], to explore the type of VCSE engaging with the programme (see Figure 4.4 for average VCSE demographics). A total of 702 BPB grant applications were made by VCSEs across the four years that BPB operated (66 in Year 1; 188 in Year 2; 189 in Year 3; and 259 in Year 4). of which 319 were successful, and 383 were unsuccessful/ withdrawn.

The average grant award for the successful 319 applicants was £29,930 (45.4% success rate)[22]. This equates to £9.54 million in grant funding[23] with:

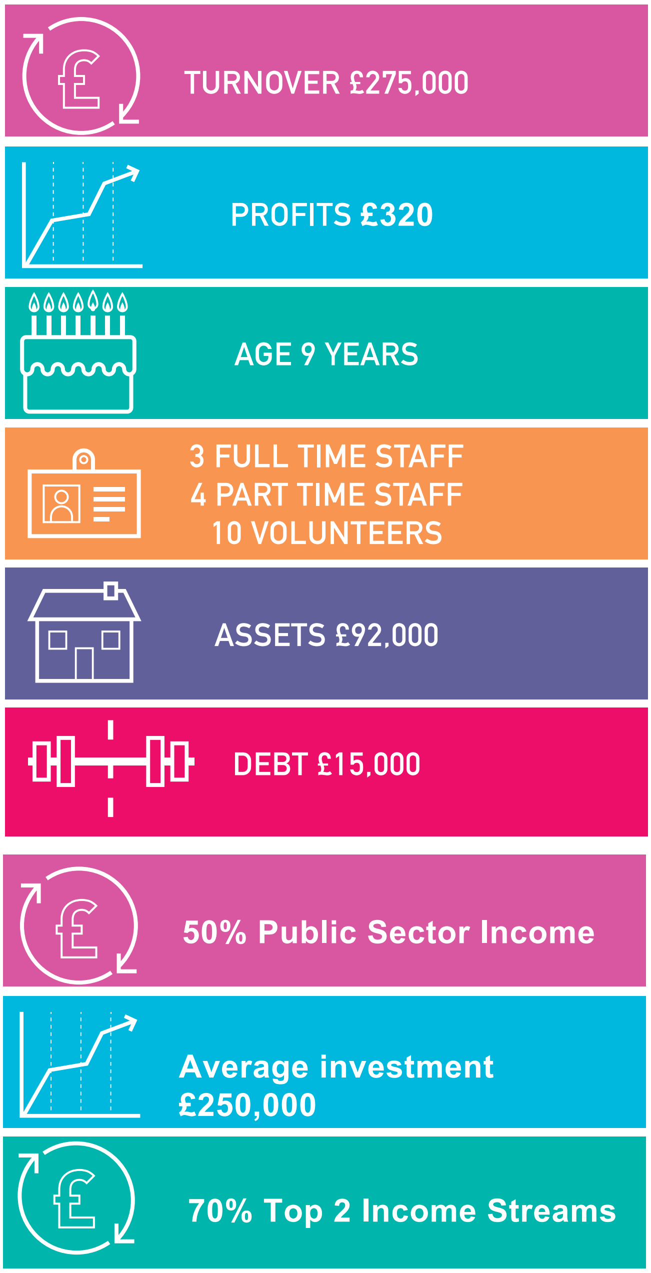
- £6.91 million across 255 preliminary grants at an average of £26,852 per grant; and
- £2.63 million across 64 investment plan grants at an average of £41,092 per grant.

21 The overall research had access to a larger set of demographic data (n=1,475) and DT data (n=1,125), which will be utilised in academic reports/ papers, but that are not relevant to this report here as these VCSEs were not deemed as eligible for BPB. There is also a commitment to make this dataset open access at the end of the BPB programme (subject to anonymization of the data). This will be completed before the end of 2020.

22 27 of these applications were originally unsuccessful and accepted after resubmission.

23 £90,000 across 7 grant awards was returned to the BPB ultimately meaning as total spend of £9.45m.

Figure 4.4 – VCSE Demographic Data[24]



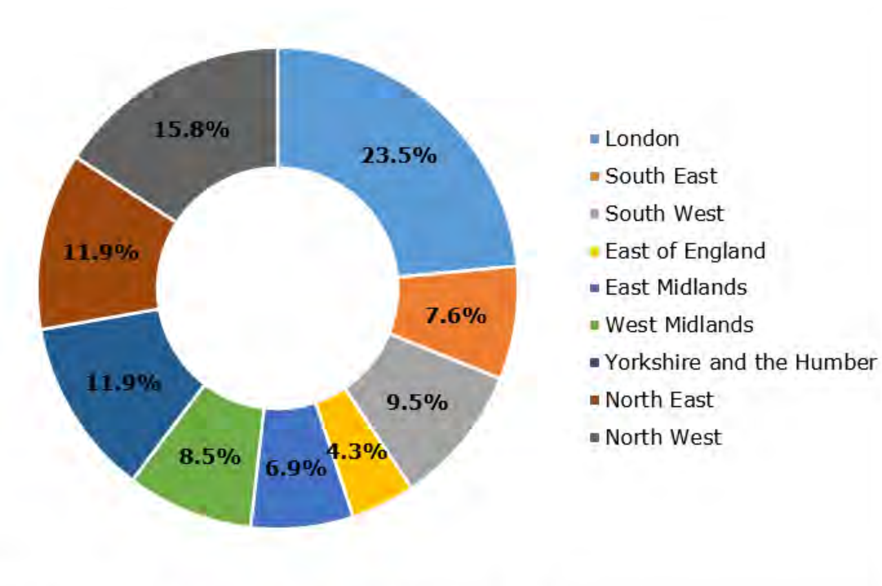
The above data reveals an average VCSE applicant that required significant investment (equal to nearly 91% of turnover), with limited profitability, significant financial reliance on a small number of contracts and relatively small staffing teams. However, the organisations were also relatively debt free (only 5.5% of turnover) and wit reasonable asset bases. However, these values suggest that securing social investment could present a challenge for the average BPB VCSE.

Regional Engagement

Regional engagement was assessed using the data gathered in the Online Diagnostic Tool. Figure 4.5 demonstrates that just under one-quarter of the eligible BPB online DT applicants were based in London (23.5%). The other main geographic regions engaging with the BPB were: North West (15.8%); Yorkshire and Humber (11.9%); and the North East (11.9%).

24 See Appendix D for the full statistical breakdown.

Figure 4.5 – BPB Eligible DT Applicants by Region



In comparison with the average regional percentage of voluntary sector organisations as a proportion of the national total (see the 2018 NCVO data below in Table 4.2)[25], the representation from the regions on BPB was relatively in-line with regional averages. The notable exceptions were: South East (7.6%/18.6%); East of England (4.3%/12.5%); South West (9.5%/13.1%). These three regions have traditionally been difficult to access areas for previous third sector programmes, whilst it must be accepted that programmes like BPB cannot always achieve market penetration in all areas. However, this is still an issue for future funding programmes to consider when seeking to engage with these three regions[26].

Table 4.2 – VCSE Regional Engagement at DT Stage

Region	Years 1-4	Difference to NA	NA
London	**23.5%**	**+1.8%**	**18.0%**
South East	**7.6%**	**-11%**	**18.6%**
South West	**9.5%**	**-3.6%**	**13.1%**
East of England	**4.3%**	**-8.2%**	**12.5%**
East Midlands	**6.9%**	**-1.2%**	**8.1%**
West Midlands	**8.5%**	**-0.1%**	**8.6%**
Yorkshire & Humber	**11.9%**	**+4.2%**	**7.7%**
North East	**11.9%**	**+8.5%**	**3.4%**
North West	**15.8%**	**+5.8%**	**10.0%**

Nb. National Average (NA) data taken from NCVO (2018). Those regions highlighted in red are more than 25% down on the national average figures.

25 This is taken from the 2018 NCVO Almanac, which still utilises the 2015/2016 data.
26 This data does not take into account regional differences in relation to areas of multiple deprivations. This means that caution needs to be applied before necessarily seeking to increase engagement with areas that whilst under-represented amongst registered users, may have less development needs than other regions.

The application phase of BPB

With regards to the perceptions of the online application, Provider matching and grant application phases, the 2017 Provider survey data gathered, and the interviews with stakeholders demonstrates that the overall application phase of the BPB worked well. The 2017 Provider survey showed that:

- 86% of Providers stated that the grant application timescale was 'just right'.
- 59% of Providers felt that the matching process with VCSEs was 'good' or 'very good'; 36% 'average'; and 5% 'poor'.
- 64% of Providers argued that VCSEs had a 'good' or 'very good' ability to input to grant applications.
- 59% of Providers stated that VCSEs had a 'good' or 'very good' willingness to participate in applications.
- 36% of Providers viewed the application format as 'good' or 'very good'. 36% felt that it was 'average', whilst 28% felt that it was 'poor' or 'very poor'.

With respect to the diagnostic tool, 1:1 Support Advisor Session and VCSE/Provider matching, the interview data also revealed positive and negative perceptions. With regards to the Diagnostic Tool, most people were positive, feeling that it was straightforward and gave a good overview of the applicant organisation's strengths and weaknesses. Overall, perceptions of the 1:1 Support Advisor Session were also good, albeit some felt that it was repetitive of the DT and that only one or the other was required.

> **It [diagnostic tool] wasn't too difficult to fill in. I think that I did it in half an hour to an hour. It was reasonable, it felt very logical and I felt very comfortable about being transparent and honest…I think it was reasonable straightforward.**
>
> **(P2: Successful VCSE - 2015)**

> **Having got through the first part, which was really quite interesting, and having got the feedback from our external consultant [1:1 Support Advisor] and the areas that she identified and raised made a lot of sense to us…I think the adviser report that we got back from Big Potential helped to refine some of the areas that we as an organisation were aware of, but maybe hadn't recognised how much we needed to improve at basically.**
>
> **(P43: Unsuccessful VCSE - 2018)**

> **The Diagnostic Tool is fine. The 1:1 is essentially you give the consultant a watch and they tell you what the time is. You know, he didn't tell us anything that we hadn't told him. And I have no idea what [BPB] paid him, but you know I could have written that and in fact I probably did write it. The fact is we had a Skype call and it took an entire afternoon with [Support Advisor's Name] and he write down what we told him. Fantastic! [sarcasm]**
>
> **(P49: Successful VCSE - 2019)**

Perceptions of the Provider matching phase and grant application were also generally good. Indeed, participants discussed how they had used the BPB database to shortlist and select potential Providers, whilst others had continued previous Provider relationships into BPB (as was also seen on BPA). Whilst there were some VCSE/Provider relationships that broke down, these were exceptionally rare on the programme, and along with what many argued was a straightforward application process, overall perceptions of this phase of the journey were good.

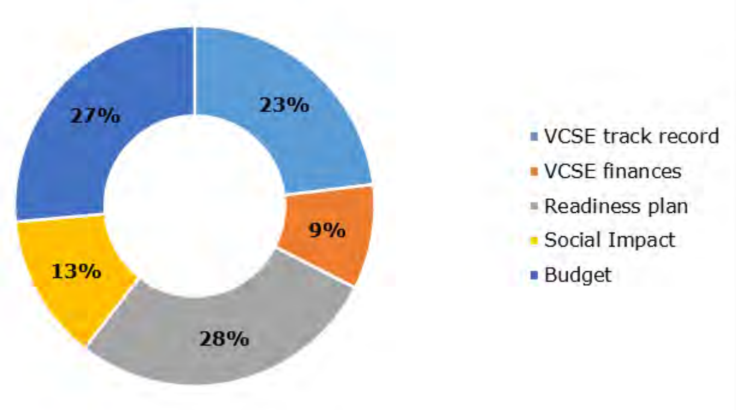
> I was aware of [Provider Name] anyway, but we did have a shortlist of two who were local to us…but there was a really helpful directory on the BP website as part of the application process that gave you a lot of detail about where the strengths of these different providers were…
>
> (P42: Successful VCSE - 2018)

> We're coming to the end of phase 1, having a meeting with our providers to see where we are. I mean, we've known the providers for a long time and they're absolutely great, they've just encouraged us and helped us and been great. The idea of being able to continue our journey with them through Big Potential is fantastic.
>
> (P30: Successful VCSE After Resubmission - 2017)

> Oh, the application process, I mean so no problems with that, so that was all good really. I mean, I did most of it with input from others. I think it could have been clearer…I mean, this was at the start of the process obviously and we are also talking about the work ongoing afterwards, as we got the grant. So yes, no that [grant application] was all good really.
>
> (P11: Successful VCSE - 2016)

Once an application was submitted to BPB, it was then considered by the BPB Panel, consisting of representatives from SIB, as well as social investment experts. In relation to the 383 rejected grant applications, the reasons for the rejections covered five main thematic areas (see Figure 4.6). These were: poor investment readiness plan (28%); poor budget (27%); poor VCSE track record (23%); poor social impact (13%); and poor VCSE finances (9%). These five thematic rejection areas all had sub-reasons given for rejection, which can be found in Appendix E.

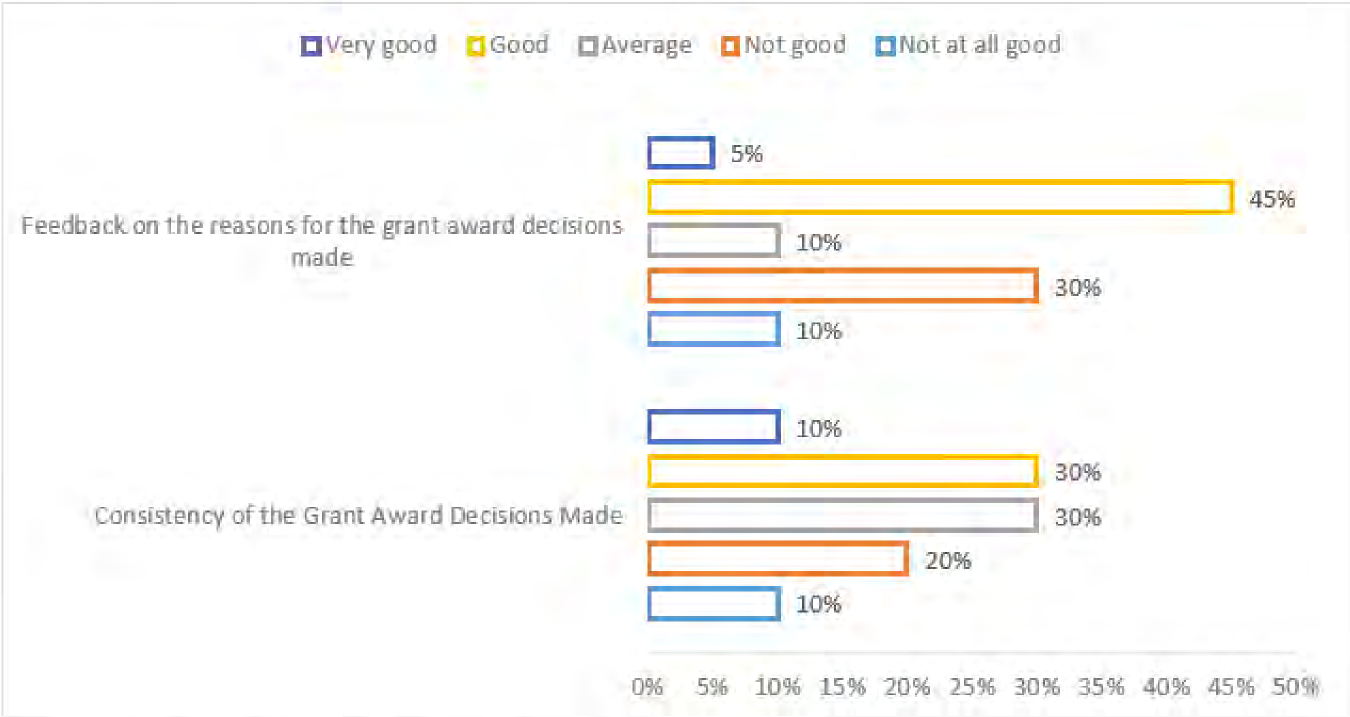
Figure 4.6 – Grant Application Rejection Reasons[27]



The 2017 Provider survey data showed a generally positive trend in perceptions of Panel consistency and feedback on the grant application and decision-making process (see Figure 4.7). The data reveals that 50% of Providers on BPB viewed feedback as good/very good, whilst 40% said the same for Panel consistency. There was however, an undercurrent of feeling that things could have been better, with Providers rating both areas as not good/not at all good at 40% (feedback) and 30% (consistency) respectively. These potentially negative issues will be discussed in more detail below in relation to the interview data.

27 See Appendix E for the full statistical breakdown.

Figure 4.7 – Provider Panel Feedback



Overall throughout the five years of BPB, feedback on the Panel decision-making process from VCSEs and Providers was positive, with respondents arguing that the process was usually timely, understandable and with clear feedback on decisions. This was also echoed by Panel members themselves, who felt that the process was well organised and professional, with well-informed discussions by experts in their fields.

> **I was impressed by the thoroughness with which people seem to have read the papers, the discussions were, the meetings were always well chaired, and I was very impressed with all the people who took the chairing, there were different people who took it at different meetings…… The Panel discussions were good discussions, well-informed.**
>
> **(P51: Panel Member - 2019)**

However, there were negative perceptions also echoed by VCSEs and Providers, that mirror the subset of negative responses from the 2017 Provider survey.

These issues tended to focus on a lack of perceived clarity around the Panel decision-making process, unclear feedback and a feeling that goalposts were moved. In reality, much of this will have been due to misperceptions and misunderstandings on applicants' parts, but the reasons for these misunderstandings may have been rooted in the way that feedback was provided or how information on changes to BPB criteria were communicated to different stakeholders.

> **I just feel the whole thing is a mystery to me really, who they have given money to, whether the programme is still going, whether we could reapply……so I don't think the feedback explained that really.**
>
> **(P5: Unsuccessful VCSE - 2015)**

…it seemed that for about a six, eight-month period, every month the panel retrospectively changed their criteria[28]. So we as providers then lost credibility with clients which made it hard for us to work with them in the future again, or word gets around. And that change of criteria wasn't necessarily that - it didn't get passed back up publicly. So it came to us as providers but then as far as the guidance went, that was publicly available to groups looking at it. 'Well the guidance says we don't need to worry about that'. 'Well actually, we do'. 'What do you know? We are going with what the funder's telling publicly'. Might just see it with Power to Change at the moment. Power to Change as a communication is shocking in that they actually contradicted. There's a programme that I represented a client to on the panel recently and they said, 'Oh yes, but these parts of the budget aren't eligible because they're capital'. We said, 'But the guidance your panel, you the panel published four weeks ago, publicly to all the Programme partners says it is'. 'Oh well, it's not now'. What the [expletive]. But that's the nature of the game. For all the good stuff that comes out there's messy stuff but that's the nature of - you know.
(P37: Provider – 2018)

The one final area to explore in relation to grant applications and the Panel decision-making phase of BPB, was in relation to perceived Provider quality and cost. Throughout the evaluation of BPB, VCSE often lamented high Provider day-rates, 'closed list' of approved Providers[29], and Providers taking too much of the grant funding (given that VCSEs were eligible to take up to 40% of a BPB grant). Indeed, this last point was an issue that was also recognised by BPB Delivery Staff and Panel members.

he 'closed list' of approved Providers on BPB was also another area that was argued as being a potential problem for the programme, as it reduced flexibility and limited options. This was also argued to be the case in relation to the stipulation that VCSEs could only take a maximum of 40% of the grant funding for internal use (a figure that rarely was achieved) and this caused issues down the line when the Panel were scrutinising applications. This was an area that was also recognised by VCSEs as well, with the oft-recurring theme of high Provider day-rates.

The funding was too heavily focused on external providers with high day rates, rather than providing much needed backfilled capacity for the VCSE.
(P50: Unsuccessful VCSE - 2019)

In particular, we found it difficult working in a sector where we all get paid around £80 a day and our smallholders earn something even slightly less than that, to be working with people who are on £1000 a day……It was just, everything that he was recommending in terms of our business development, this particular consultant, he wanted for us to sell everything we did. So at the moment we sell our smallholdings, but we provide advice free and do a lot of educational and, like, work days for free. And he wanted us to try and, you know, make everything into a product…I just felt like, that's not who we are, we're a community benefit society.

(P18: Successful VCSE - 2016)

28 It should be noted that despite these perceptions, the criteria for the Panel in making their decisions remained unchanged throughout BPB.

29 Organisations that wanted to become approved Providers could obviously apply to join this list (it was not closed in that sense), but what it did mean was that VCSEs had to partner with a Provider that was already 'approved'.

> I suppose the only other two comments I had, which I probably didn't mention earlier actually, I don't know whether having a closed list of providers was slightly limiting. Comparing it to the programmes that I'm involved with now, having the flexibility to choose who they feel is best placed to - not that some of those main providers weren't best placed to do it, but I suppose I do think it was slightly limiting.
>
> (P47: Programme Delivery Staff - 2019)

> Yes, so those were the main things that the Panel members used to not like when it came to the budget. But they had to make sure the costs relate to investment readiness, that was the main thing. So there used to be a lot around backfill as well, which they were happy to provide because there was a split between provider and VCSE costs, I think it was 60/40 and sometimes it didn't match; sometimes the Provider would get 100% so they [Panel members] used to be, 'Why is the provider getting 100%?
>
> (P46: Programme Delivery Staff - 2019)

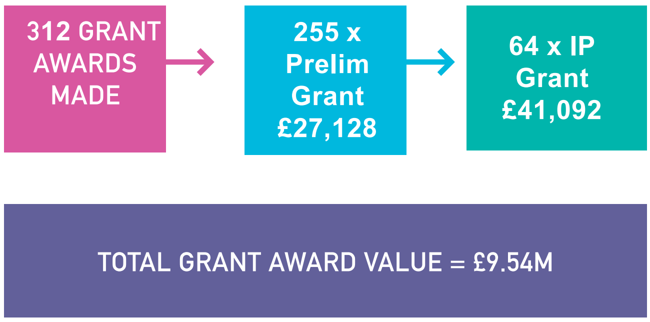
As was noted earlier, BPB received a total of 702 grant applications across the four years that it was open (Year 1 = 66; Year 2 = 188; Year 3 = 189; Year 4 = 259); of these 383 were unsuccessful/withdrawn[30] and 319 were successful.

30 27 of these applications were originally unsuccessful and accepted after resubmission.
31 £90,000 across 7 grant awards was returned to the BPB ultimately meaning as total spend of £9.45m.

BPB provided £9.54 million in grant funding[31]:
- £6.91 million across 255 preliminary grants at an average of £26,852 per grant; and
- £2.63 million across 64 investment plan grants at an average of £41,092 per grant).

Figure 4.8 outlines the grant awards made. The grant activity can be broken down as follows:
- Preliminary Grants:
  - social impact measurement (56%)
  - changing governance structures (18%)
  - developing new income streams (26%)[32].
- Investment Plan Grants:
  - changing governance structures (33%),
  - developing new income streams (24%)
  - measuring social impact (43%)[33].

Figure 4.8 – Grant Awards Offered[34]



In the post-grant phase participants were generally positive in the interviews about the reporting mechanisms, and the flexibility afforded to them by SIB in making changes to the work scheduled as appropriate. Within the 2017 Provider survey data, 37% rated the feedback mechanisms as good/very good, whilst a further 42% rated them as average.

> It has been a very positive experience being contract managed by Big Potential[35], we found our relationship manager very flexible, responsive and yeah, really it's been great.
>
> (P42: Successful VCSE - 2018)

32 Based upon available data from a sample of 171 Preliminary Grant Awards. 33 Based upon available data from a sample of 46 Investment Plan Grant Awards.
34 See Appendix F for the full data breakdown including Preliminary and IP Grants analysed separately
35 This is the participant really referring to SIB, as BP was the name of the programme managed and delivered by SIB.

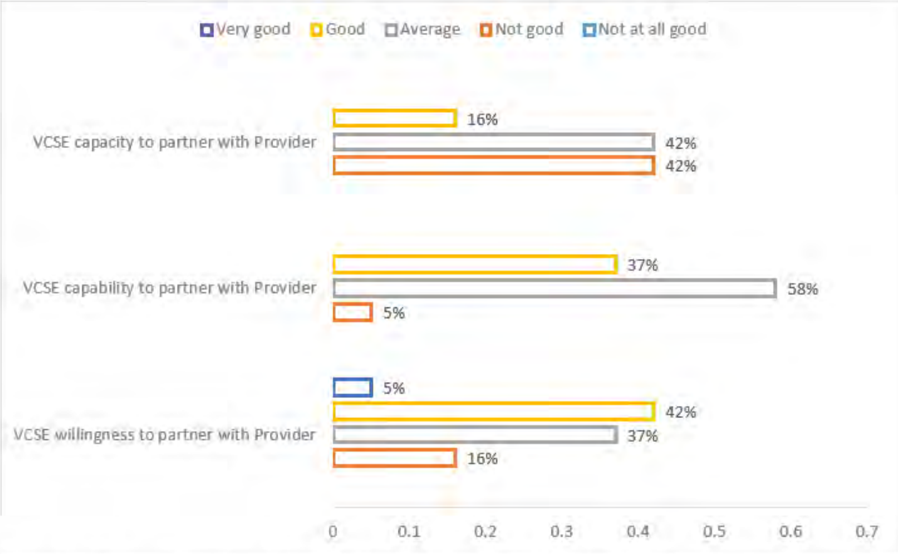
The work that was carried out during the post-grant phase was also seen as beneficial to VCSEs, leading some to social investment, whilst for others it instead improved capacity and capability within the organisation. Indeed, the vast majority of VCSEs that secured grants found that the impact of these on their organisations was very positive.

> "put together a very, very, very comprehensive social impact report, finance system to show the modelling and gearing of the charity over the next five and then took the business to pieces, took the business plan to pieces…So really yes, they [had a] massive support and by doing it we were offered the money by [social investor], which we've signed on and we're just about to, I think, start drawing down.
> (P29: Successful VCSE - 2017)"

> "The areas that the consultancy support came in was around doing a skills audit with our board……and here we'd got an external organisation who were offering us some advice about the mix of skills on the board…… We did some work with them around a market potential report, built around the two themes that we'd outlined within the application…and for us, that's really useful, because often with a board of trustees, I can tell them that I think this is the best idea going, and they may well take it on face value and believe what I'm saying, but if it comes in and somebody can reinforce that from outside, and say, 'you know what, this is really what you should be doing', and because we've got that extra capacity and expertise, what they can bring to the table is, 'and did you know that in Blackburn, this particularly project already, there's already work underway, there's this evaluation report that you can look at', so they've bought an external validation to the thinking and that was all captured within a sort of market analysis report that we're doing around the direction for us to move in, so that was a good reinforcement of that."(P19: Successful VCSE - 2016)

The capability, capacity and willingness of VCSEs to engage in the post-grant work was also captured in the 2017 Provider survey (see Figure 4.9 below).

Figure 4.9 – Provider Perceptions of VCSEs Post-grant[36]



The data reveals that Provider perceptions of VCSEs in the post-grant phase were not always positive. VCSE willingness to engage in the work was generally good, with Providers (47%) rating VCSEs as good/very good, and average (37%). Capability (as in the skills to complete the work) was also generally okay, with 95% of Providers arguing that VCSEs were average/good. However, capacity to engage in the work was not so positive, with 42% of Providers rating VCSEs as not good and another 42% as only average.

Overall, the efficacy of BPB was good across the five main phases (Diagnostic Tool, 1:1 Support Advisor Session, grant application, panel decision-making and post grant award). Whilst the impact of BPB on VCSEs and the wider social investment ecosystem will be discussed in more depth in sections 4.4.1 and 4.4.2, the underlying BPB process can be viewed as generally positive, albeit there were some issues with the 1:1 session, Provider matching and costs, as well as grant decision-making feedback and VCSE capacity to engage in the post-grant work.

OECD DAC Evaluation Grade = Green/Amber (Good)

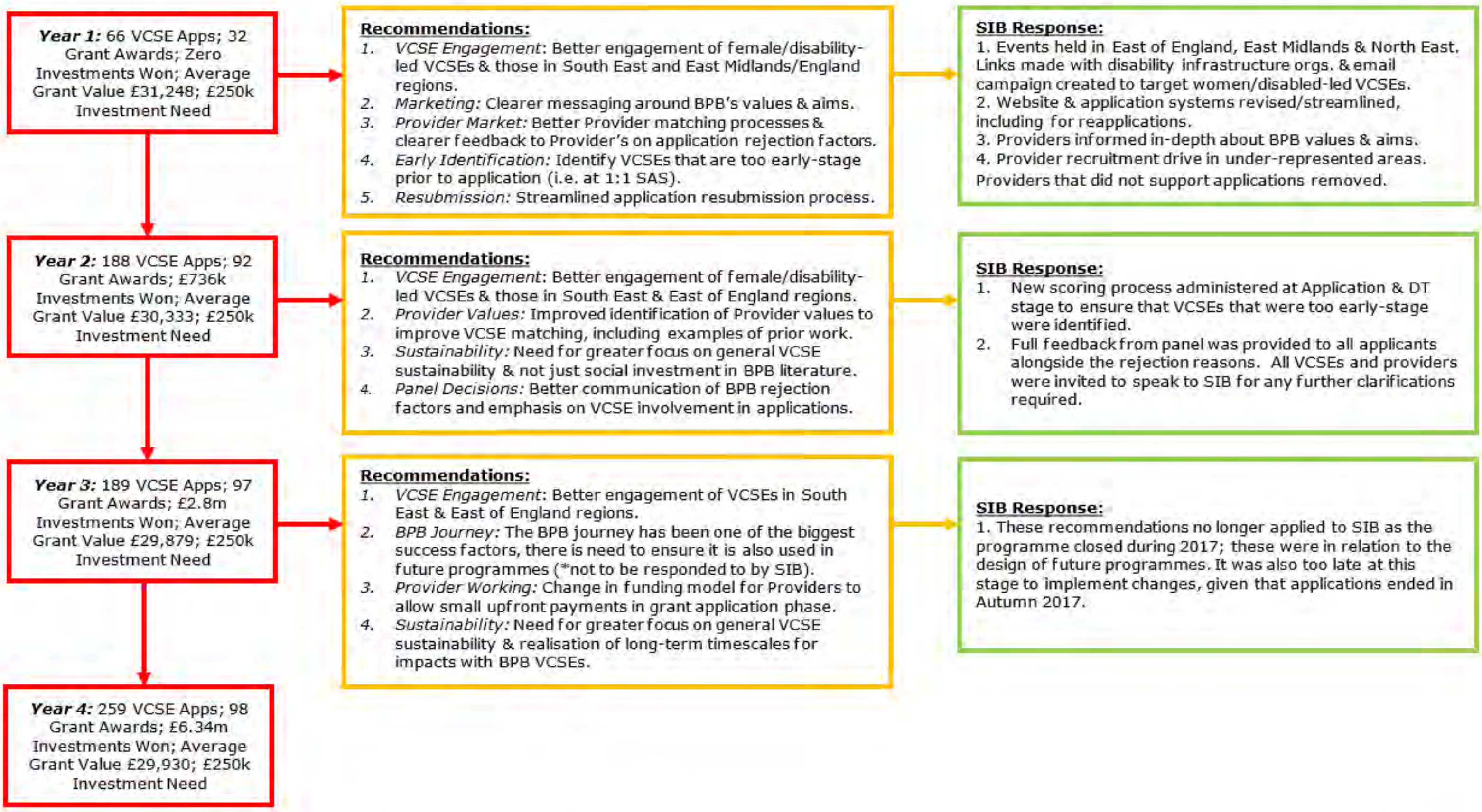
36 This is based upon Provider survey data from 23 BPB Providers.

4.2.2 Enablers and Barriers of Performance

As was also the case with BPA, the BPB programme was fluid throughout the four years of grant applications and evidence-led, with changes made based upon the recommendations made in the annual research reports. Each research report provided a set of recommendations for change, which SIB could consider and implement as/when appropriate. This meant that the barriers and enablers to the success of BPB changed as the programme progressed.

Figure 4.10 below details these challenges and the solutions adopted across the first four years of BPB[37]. Some of the recommendations could not be acted upon by SIB given the constraints on the funding model stipulated by The National Lottery Community Fund. Further, the recommendations provided in the Year 4 report are more general in relation to wider social investment, as no further changes could be made to BPB at this point. Therefore, SIB did not need to respond to these with regards to programme redesign.

Figure 4.10 – Barriers and Solutions over BPB's Lifetime

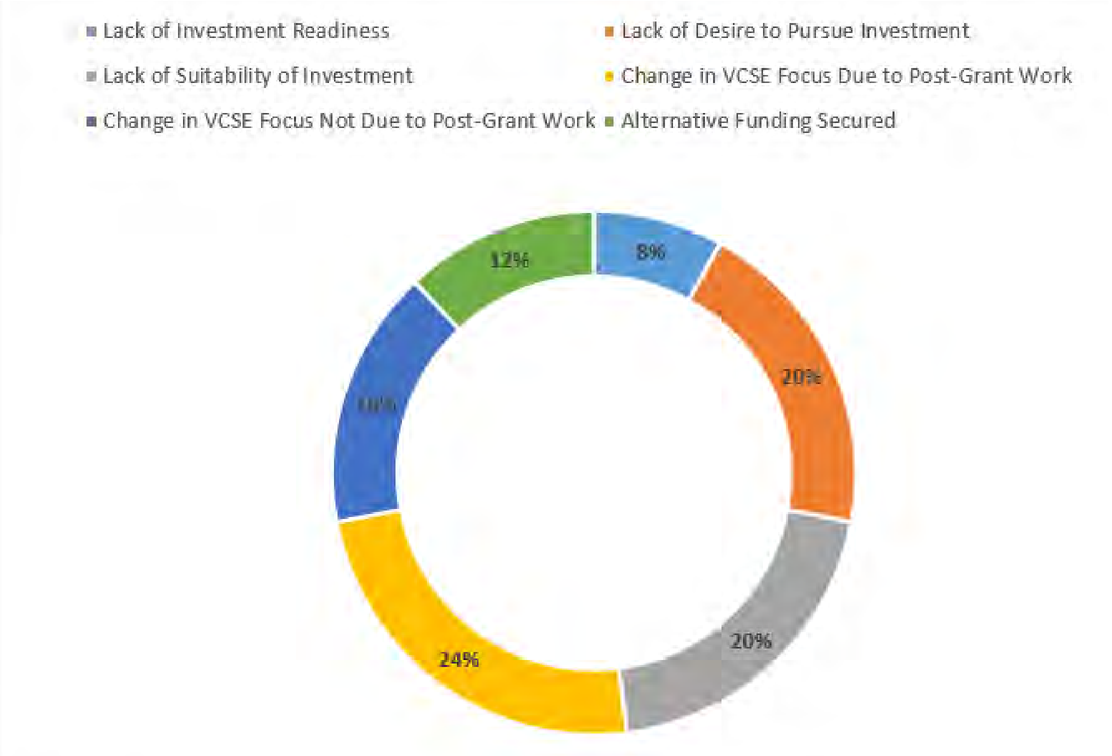


37 It should be noted that BPB also delivered contract wins through VCSE grant awardees to the value of nearly £16 million, albeit these are not included in Figure 4.10. Details of these wins are discussed further in section 4.3.1.

Whilst barriers to investment were identified in the BPA evaluation, on BPB these issues were often acute, given the smaller size and often relatively early-stage of BPB VCSEs in their development. The 2017 Provider survey explored these barriers in the post-grant phase, to reveal that the main factors were a change in VCSE focus away from social investment during the grant work (40%), and a lack of desire to pursues social investment (20%) or the lack of suitable social investment products (20%). Interestingly, a lack of investment readiness itself only accounted for 8% of Provider barrier perceptions. Figure 4.11 below outlines this data.

> **A lot of these organisations again they often don't have a finance director so they are not able to do the kind of financial modelling that reassures the board that the risk can be manage that is a really critical thing to do. I think voluntary organisations when it comes to risk are very risk averse quite rightly because their social mission has to come above their commercial one and as a result the Board of Trustees need a greater level of assurance again.**
> **(P29: Successful VCSE - 2017)**

Figure 4.11 – Barrier/Factors for not securing investment[38]



These barriers also emerged in the interview data gathered throughout the BPB evaluation, with trustee scepticism and VCSE risk-aversion being key barriers..

> **..we shared with the trustees where we had got to with the grant around social investment, so certain decisions were taken then around our market research and new pricing strategy and some aspects of our fundraising plan; but the Board felt that we needed more...to consolidate our position at the moment before meaningfully, before taking forward the social investment idea any further.**
> **(P56: Successful VCSE - 2019)**

38 This is based upon Provider survey data from 23 BPB Providers.

In addition, there was acknowledgement from Providers that the aims of Breakthrough were not ultimately about social investment deal-flow (albeit that was one facet), but rather about raising awareness of social investment, changing mindsets in VCSEs around income generation and ultimately making organisations more sustainable (an area that will be explored further later in the report). In this respect it is hard not to argue that BPB ultimately met its aims and was effective in supporting VCSEs in these areas.

> **“Ultimately we did what the programme [BPB] asked us to, but what we were really doing was we were helping them to become sustainable and I think quite a lot of the time we were giving them much broader advice, we weren’t just focusing on how we could get them social investment.**
>
> **(P39: Provider - 2018)”**

> **“The Breakthrough was more exploratory, and so we did one Breakthrough piece of work where there was a report at the end that we did, that basically said ‘you aren’t suitable for investment’. The point of the grant was to explore whether they were or weren’t…and the conclusion was that this just isn’t appropriate at this stage. I thought that was a really useful piece of work and I think the Trustees did as well, because they had gone through that process…**
>
> **P54: Provider - 2019)”**

OECD DAC Evaluation Grade = Green (Excellent)

4.3 Efficiency

The efficiency of BPB is assessed within this evaluation, in relation to three key areas: BPB’s value for money; its timeliness; and in relation to comparisons with other (similar) external funds/programmes that have been run. These will now be explored in turn in this section.

4.3.1 Big Potential’s Value for Money

To date, of the 319 grant awards made, 55 investments and contracts have been secured, totalling nearly £25 million (£24,887,453) with an average deal value of £452,499. This breaks down to £8,929,466 of investments across 37 deals (average deal of £241,336); and £15,957,987 of contracts across 18 contract awards (average contract value of £886,555) (see Figure 4.12). This represents a strong return given the grant outlay was only £9.54 million[39].

Figure 4.12 – Grant Investments and Investment/Contracts Secured

319 GRANT APPLICATIONS

GRANT FUNDING TOTAL OF £9.45M

18 x CONTRACTS SECURED = £16M

37 x INVESTMENTS SECURED = £8.9M

IC/GRANT RATIO OF 2:6:1

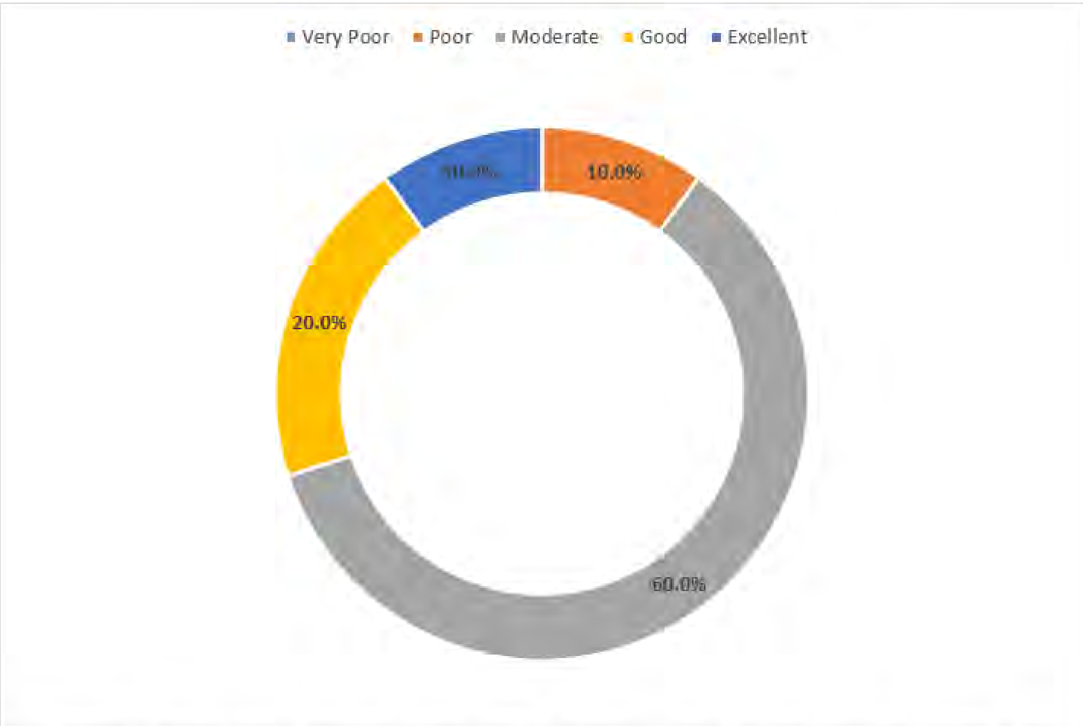
AVERAGE VALUE £452,499

39 £90,000 across 7 grant awards was returned to the BPB ultimately meaning as total spend of £9.45m.

This total value of investments and contracts secured represents an investment-contract/ grant ratio of over £2.6:1 in value. This represents a good financial return for BPB. Whilst this is lower than BPA (over £51:1) and the Reach Fund (£6:1) (TI Group, 2019), these comparisons must consider that both funds were different in their aims and target VCSEs to BPB (especially BPA). In comparison with Reach, BPB commenced funding two years earlier and was therefore operating within a more difficult investment period. Indeed, as will be shown in section 4.3.2, BPB really was a unique fund when established and the first of its kind, at a time (2014) when the social investment market was much less well-developed than now.

Perceptions of the value brought by BPB to the sector was also sought in the interview data and the 2019 Provider survey. With regards to the survey, Providers were asked to rate the value for money of BPB on a 5-point Likert scale ranging from 1 (very poor) to 5 (excellent). The results reveal that the majority (60%) of Providers perceived that BPB provided moderate value for money, whilst nearly one-third (30%) believed that it had delivered good/excellent value for money. Only 10% of Providers thought that BPB was poor value for money and none perceived it as very poor. These figures are slightly better than Provider perceptions of BPA, in which only 83% saw BPA as moderate/good/very good (see Figure 4.13).

Figure 4.13 – Grant Investments and Investment/Contracts Secured



The generally positive value for money was also something that was discussed by stakeholders in the interviews (aside from the issue of Provider day-rates raised earlier in the report). Indeed, VCSEs talked about the positive support that BPB had provided them, irrespective of whether they ultimately sought investment; whilst Providers made the argument that given the unique nature of what BPB was trying to achieve, deal-flow should not be the only measure of success.

Indeed, many saw that the real value for money on BPB came from the sustainability work that it enabled smaller VCSEs to engage in, which in other circumstances just would not have occurred due to limited resources.

> Whether or not we take the decision [to seek social investment or not] is kind of now irrelevant because we've had so much support from the Big Potential to get us to a place that we wouldn't have got to without it that we now have all sorts of choices. And none of that I would have thought of at the beginning because I didn't know what the journey would have entailed.
>
> (P30: Successful VCSE - 2017)

> [We] need to be careful about how they [BIG; Investors; SIB] evaluate the success of Big Potential Breakthrough. I think that it's harder to evaluate because I think a lot of the gains are soft gains rather than hard numbers……I hope that if you are talking with investors they don't beat up on that, the deal flow issue, because I don't think it [BPB] was really set up for that.
>
> (P14: Provider - 2016)

> It's all about sustainability. It's about impact and sustainability ultimately. The last year…it was in a loss-making position. This year we're looking to break even because of the demand for it [services]. And if we can get this [inaudible] investment right then it's going to see an increase in sustainability, it's going to keep people in jobs, we're going to see more young people with more outcomes, more positive outcomes and progression……It's hopefully going to see more regeneration for the area as well……So the wider impact is there for us as well. You know, £200,000-£250,000 type of investment doesn't sound a lot but it's huge in terms of what it can deliver in a place like this (P40: Successful VCSE - 2018)

Overall, BPB provided good value for money, with a respectable ratio (£2.6:1) of investment/contract wins to grant expenditure, given the nascent stage of many VCSEs in their social investment journeys. However, as was noted, its value for money should not just be measured using deal-flow, but rather the wider sustainability work that the programme enabled within the sector.

OECD DAC Evaluation Grade = Green/Amber (Good)

4.3.2 Timeliness of Big Potential

BPB launched in 2014 and in section 4.1.1 the relevance of BPB's initial aims in developing VCSE investment readiness amongst smaller organisations, as well as increasing investment deal-flow and supporting the growth of the Provider market were discussed. Here there will be a discussion of the timeliness of BPB at the time it was conceived (2013) and launched (2014).

Hazenberg, Seddon and Denny (2014)[40] demonstrated a gap between investment readiness conceptions of social investors and VCSEs based upon data gathered from fund managers in 2013. This IR gap was argued to be related to "financial sustainability; robust governance structures; broad and complimentary management team skillsets; clearly defined and scalable social missions and impacts; and a willingness and desire to seek investment and become investment ready" (Hazenberg et al., 2014:868). At the time there was no support for increasing VCSE investment readiness, certainly not at the smaller end of the VCSE sector (ICRF[41] had done investment readiness work with larger VCSEs between 2012-2014). Certainly, the context of the time must be considered, with the launch of Big Society Capital in 2012, the 'hype' that surrounded social investment, with Boston Consulting Group's statement that the market would be £1 billion in size by 2015 (it has since grown much larger) (Brown and Norman, 2011)[42]. In this context, the emergence of BPB was obvious.

> **"So obviously post-2010, after coalition government, BSC [Big Society Capital] being created, there was a lot of noise made about social investment and this finance being available for charities and social enterprises and how amazing it was. And you can have many opinions about that noise, but that's what it was for a lot of people was noise and trying to take that noise and relate it to a small organisation trying to deal with some really tough issues in really tough places and a lot of that noise just couldn't relate to those people and those organisations. So I think the great think about Big Potential is what it did was allow people to go, 'Look, there is all this noise, there is this thing called social investment. It may or may not be right for you, but here's a way that you can look at it, figure it out and find out whether or not this noise actually is applicable to you, and if it is applicable to you, how it might better help you help your beneficiaries.**
>
> **(P45: Programme Delivery Staff - 2019)"**

In addition, both Providers and Investors recognised the challenges inherent in the sector at the time of BPB's launch, and even after. Providers discussed the fact that their knowledge of social investment was limited prior to BPB, whilst investors discussed the lack of understanding of the market, of investment readiness, and sustainability/capacity-building as being key barriers to the growth of the marketplace.

40 Hazenberg, R., Seddon, F. & Denny, S., (2014), Intermediary Perceptions of Investment Readiness in the Social Investment Market, Voluntas, 26, pp. 847-871.

41 Investment and Contract Readiness Fund.

42 Brown, A. & Norman, W, (2011), Lighting the Touch-Paper: Growing the Social Investment Market in England, Boston Consulting Group & the Young Foundation, Report commissioned by Big Society Capital November 2011.

"Personally, my knowledge around the social investment market was virtually zero at the beginning…… so I think it has been good for all of us really, I think it has generally been a good learning curve. Because it is quite a new area for the voluntary sector, loan finance." (P39: Provider - 2018)

(P30: Successful VCSE - 2017) "

"You know; investment readiness is a massive issue for most organisations. Helping them to think this through is really, really important…Look, a lot of people talk about investment readiness like it's a place you can go to. And it isn't, it depends on who's looking at you really, it depends on their risk, risk blends I guess. For me, it means are you, does a business model stack up and are you ready to do it? And so, it's almost capacity building, but nobody wants to call it that.
(P28: Investor - 2017) "

Perhaps the best way to end the section is to quote a Provider discussing BPB, who described it as an experiment and one that was keen to learn iteratively as it developed. In this respect, BPB's timeliness as a forerunner to future funding streams (notably Access Foundation's Reach Fund) is apparent.

"I think it was a bold, grand experiment of support. I think it was incredibly enthusiastic, which was good and bad. I think the fact that it has every year done an open evaluation on itself is very commendable because for me, as a provider, that's had an immediate reflect on how I think about the programme, how I support groups through it, rather than just, 'Let's have a chat with the programme manager every once in a while'.
(P37: Provider - 2018) "

OECD DAC Evaluation Grade = Green (Excellent)

4.3.3 External Comparisons

Comparisons with other funds/programmes that were similar in their design and/or aims are always fraught with difficulties, as the reality is that no one fund is ever the same as another in aims, scope, values or timing. Nevertheless, such appraisals provide the ability to contextualise a programme or fund's place in the ecosystem, assess performance and understand how a market has developed (see Table 4.3).

Table 4.3 – Funds operating before/during BPB[43]				
Fund Name	**Years**	**Fund-size**	**Average Award Size**	**Aims**
Launched Prior to BPB				
Futurebuilders	2004-10	£145m	Loans £500k / Grants £185k	Loan & grant funding to support VCSEs to secure and deliver public service delivery contracts
Social Enterprise Investment Fund (SEIF)	2007-13	£119m	£152,000	Mainly grant funding for health & social care VCSEs (including spin-outs) to establish/increase service provision
Social Incubator Fund (SIF)	2012-14	£10m	£1.1m	Increased social investment deal-flow through incubation support/incubator start-up to drive social venture creation
Investment & Contract Readiness Fund (ICRF)	2012-14	£13.2m	£84,000	Grants to support developed/promising social ventures to access public sector contracts & investments
Launched Post BPB				
Impact Readiness Fund (IRF)	2014-16	£3.8m	£39,000	Grants for supporting VCSEs to develop their social impact measurement approaches
Big Potential Advanced (BPA)	2015-20	£10m	£70,000	Develop the IR/CR of established, larger VCSEs through grant-funded Provider consultancy support
Commissioning Better Outcomes Fund (CBOF)	2014-16	£40m	N/K	Funding for public services interested in outcomes-based commissioning/SIBs to develop new commissioning models
Social Outcomes Fund (SOF)	2014-16	£20m	N/K	Funding to enhance innovation in public service delivery, encourage growth of SIBs & promote partnership working
Access Reach Fund	2016-18	£3m	£14,000	Raising the IR of VCSEs & increasing social investment deal-flow
Access Impact Management Fund (IMF)	2016-19	£1.8m	£45,000	Grants for supporting VCSEs to develop their social impact measurement approaches

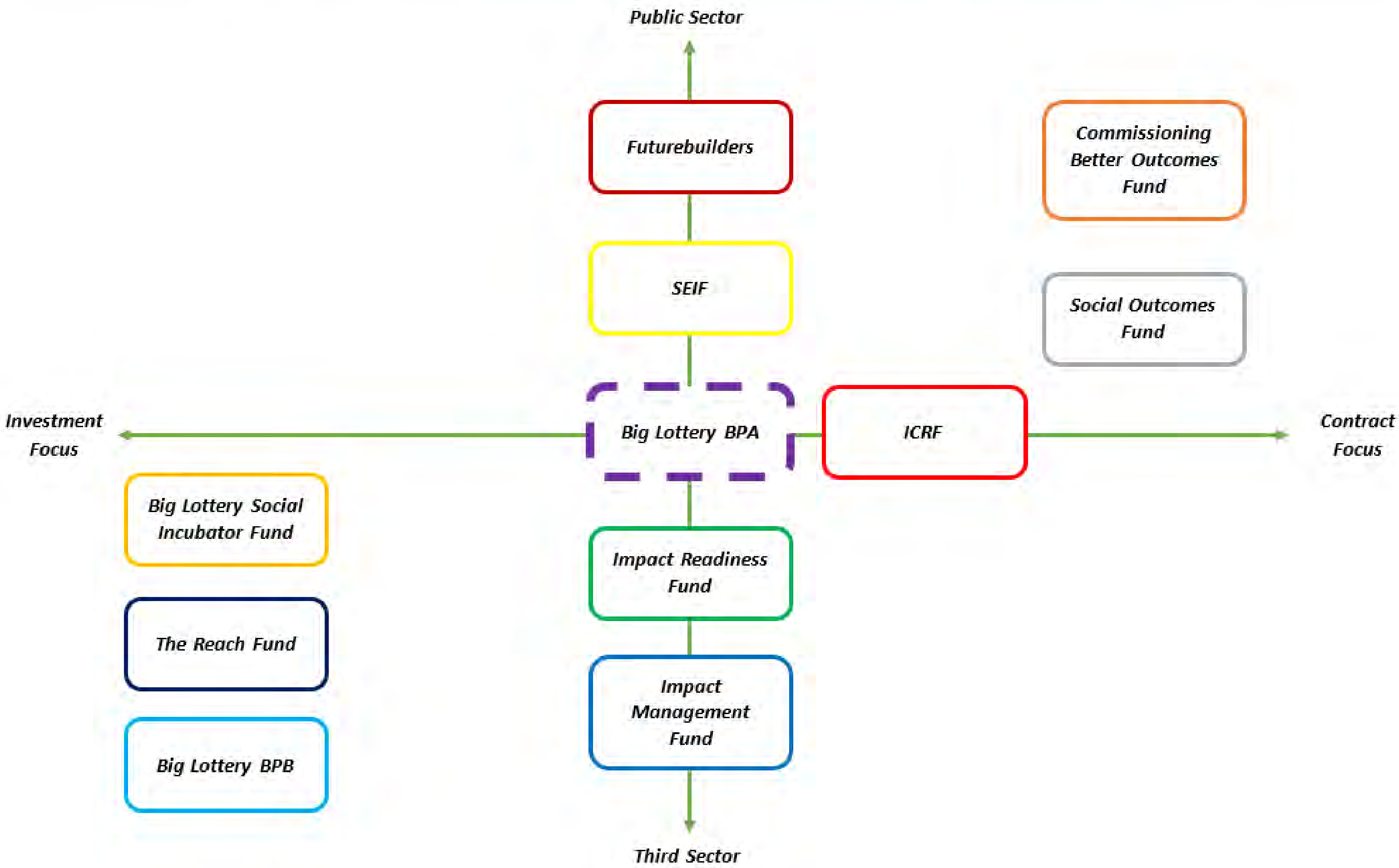
As was noted earlier in the report, whilst BPB has not delivered the same investment/ contract win to grant ratio (achieving £2.6:1), especially when compared with its most similar funds i.e. the Reach Fund (ratio of £6:1) (TI Group, 2019), such a comparison must acknowledge the fact that BPB emerged much earlier, in a nascent marketplace and targeted micro/small VCSEs.

Figure 4.14 overleaf outlines the positioning of different funds within the ecosystem in relation to investment/contract focus (x-axis) and the organisational type targeted (y-axis). The position of BPB (bottom left) clearly denotes its position as a purely investment readiness focused fund targeting third sector organisations[44].

43 Data obtained from: Futurebuilders (Brown, Behrens and Schuster, 2015); SEIF (Alcock et al., 2012; SIB, 2020); SIF (BIG, 2020a); ICRF (Ronicle & Fox, 2015); IRF (Hornsby, 2017); BPA (Hazenberg (2019a); CBOF (BIG, 2020b); SOF (BIG, 2020b); Reach Fund (TI Group, 2019); IMF (Access, 2019). This table is adapted from that presented in the final Big Potential Advanced evaluation (Hazenberg, April 2020).

44 Figure 4.14 builds upon the model presented in the ICRF evaluation (Ronicle and Fox, 2015:19) and was first presented in the final BPA evaluation report (Hazenberg, April 2020).

Figure 4.14 – Mapping of Support Ecosystem (Hazenberg, April 2020)



BPB really can be viewed as one of the first programmes of its kind, with its origins in the Futurebuilders programme and SEIF. However, there had not been a fund before that had so markedly targeted investment readiness support at such small, early-stage VCSEs. Indeed, it could be argued that there hasn't been a truly similar fund in this regard since.

OECD DAC Evaluation Grade = Green/Amber (Good)

4.4 Impact

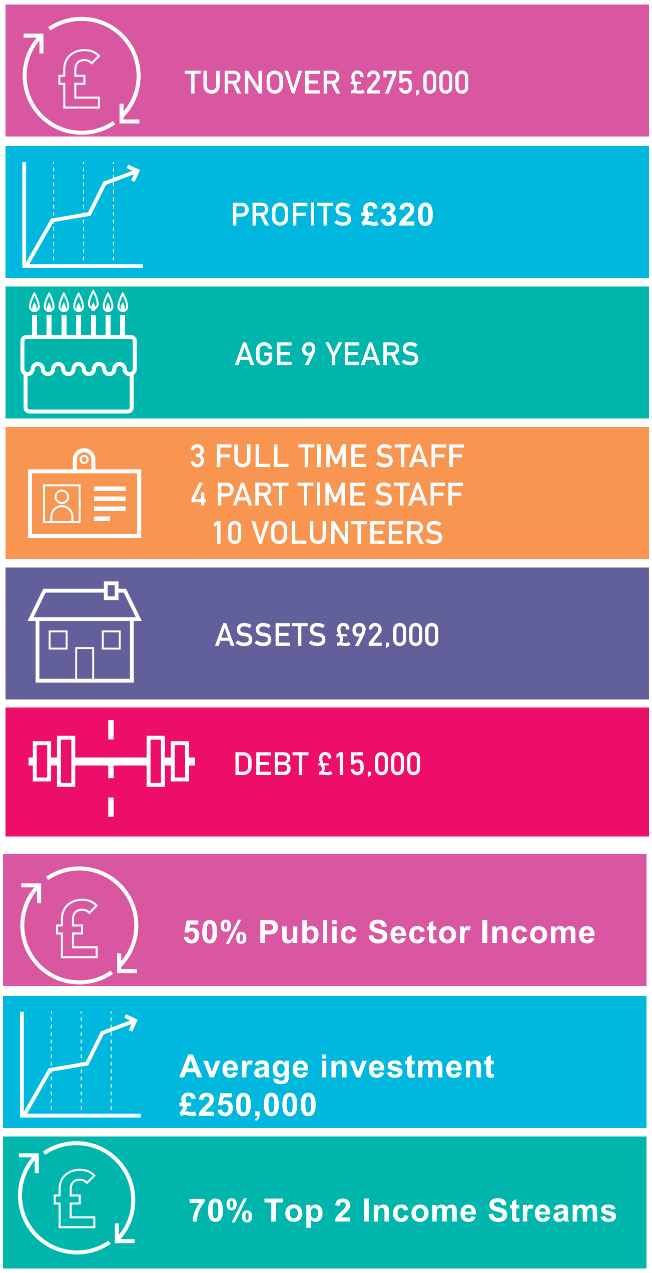
BPB's main stakeholders were VCSEs, Providers and Investors, and the impact on these three groups will be discussed in this section. Whilst BPB support did also lead to contract wins for VCSEs, the impact on commissioners is not discussed here, as this was not a primary aim of the programme (albeit data pertaining to the contract values secured is provided). The stakeholder interviews, Provider surveys of 2017 and 2019, as well as additional longitudinal data gathered from Companies House/Charity Commission[45] are all utilised in this analysis.

4.4.1 Impact on VCSEs

Data was captured from VCSEs in relation to: sector of operation, organisational age, staffing, turnover, profitability, debt and assets held. By the end of BPB's operation data had been collected through the DT from 1,025 VCSEs that were deemed eligible for BPB / [46/47]. This section will explore these demographic variables both at application (when completing the Diagnostic Tool), and as of November 2019 when the data mining through Companies House and the Charity Commission was carried out. Figure 4.15 overleaf provides an overview of the organisational demographics of applicants.

45 As noted earlier, the author is indebted to Mr Michael Maher, a PhD Researcher and Data Manager at the University of Northampton, for his support in identifying, collecting and cleaning this data.
46 This means that the sample is skewed towards BPB eligibility and so is not wholly representative of the VCSE sector.
47 The overall research has access to a larger set of demographic data (n=1,475) and DT data (n=1,125), which will be utilised in academic reports/papers, but that are not relevant to this report here. There is also a commitment to make this dataset open access at the end of the BPB programme (subject to anonymization of the data).

Figure 4.15 – BPB Applicant Demographics[48]



The data outlined above in Figure 4.15 outlines the average demographic data-points for VCSE applicants. The data reveals that:

- VCSE average turnover overall on BPB was £275,000

- Average profit for BPB VCSEs was £320 (0.1% of turnover) over the four years

- Assets of £92,000 with debt levels of only £15,000

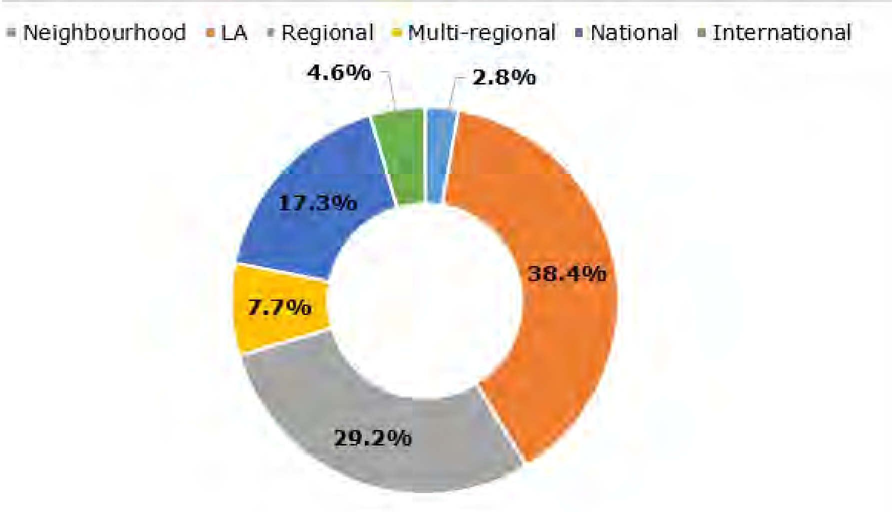
- Average age of 9 years

- 5 FTE staff[49]

- A ratio of investment need versus turnover of 90.9% (£250,000 investment need)

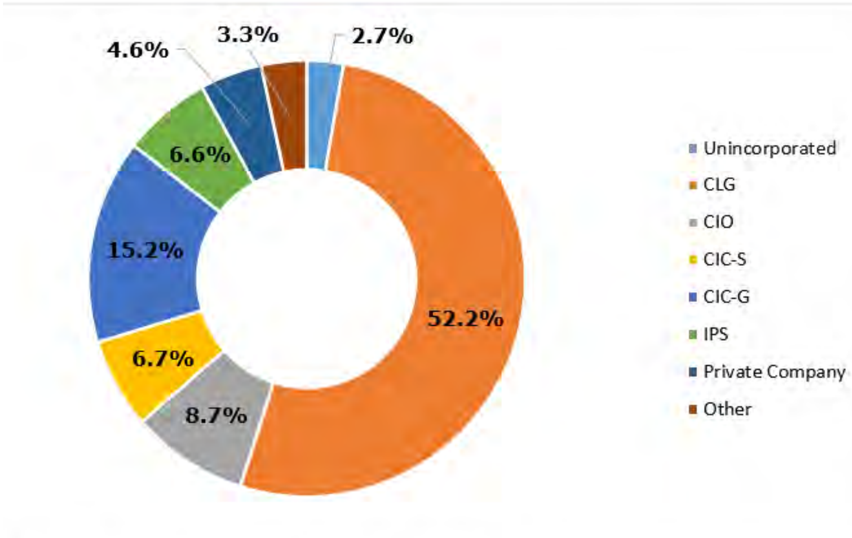
Data was also gathered in relation to VCSE geographic reach, with Figure 4.16 below illustrating that on BPB, the majority of VCSEs operated only locally/regionally (67.6%), again illustrating the micro/small size of VCSEs.

Figure 4.16 – VCSE Geographic Reach[50]



Data was also gathered in relation to VCSE geographic reach, with Figure 4.16 below illustrating that on BPB, the majority of VCSEs operated only locally/regionally (67.6%), again illustrating the micro/small size of VCSEs.

Figure 4.17 – Legal Organisational Structure[51]



48 See Appendix D for the full statistical breakdown. This is a repeat of Figure 4.4 shown earlier.

49 Part-time staff are assumed as 0.5 FTE in this calculation.

50 See Appendix G for the full statistical breakdown.

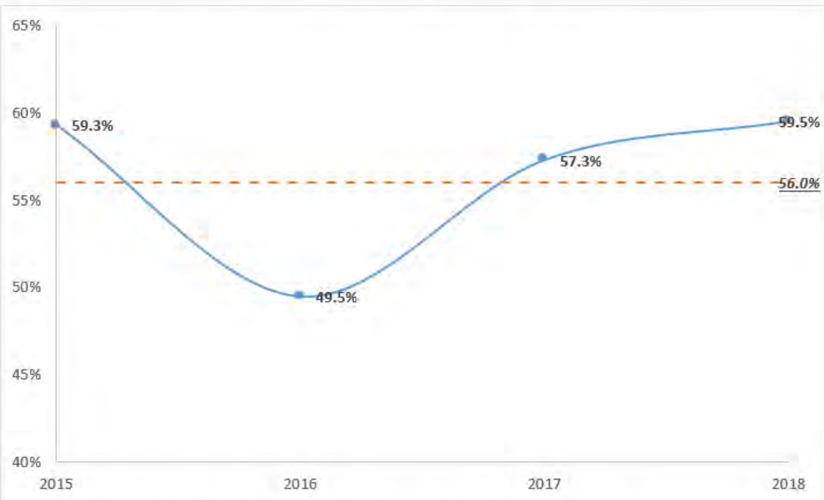
51 See Appendix H for the full statistical breakdown.

Unique to BPB was also the fact that the DT captured data from VCSEs to allow the calculation of an investment readiness score. The DT tool was designed by Locality and asked the VCSEs a number of questions related to the below five areas, with the numerical and Likert response data added leading to the calculation of an IR score. A threshold of 80% was used within this tool to indicate an organisation as being IR[52].

1. Organisational demographic data: (name/age/sector of operation/legal structure/staff size);
2. Finance and Accountancy: (turnover/historical turnover/profitability/assets/debt/investment type and need; accounting systems; cash-flow forecasts);
3. People: (management/leadership/staff skills);
4. Products and Services: (marketing/customer base/beneficiaries/product and service development);
5. Organisational Capacity: (operations; impact; impact measurement; community engagement; brand).

Figure 4.18 below outlines the DT IR scores for each year of BPB's operations (the four years of receiving grant applications) and the overall average IR score across the programme. The data reveals that the average IR score of BPB applicants was 56%, certainly well below the 80% threshold considered to indicate a VCSE being IR.

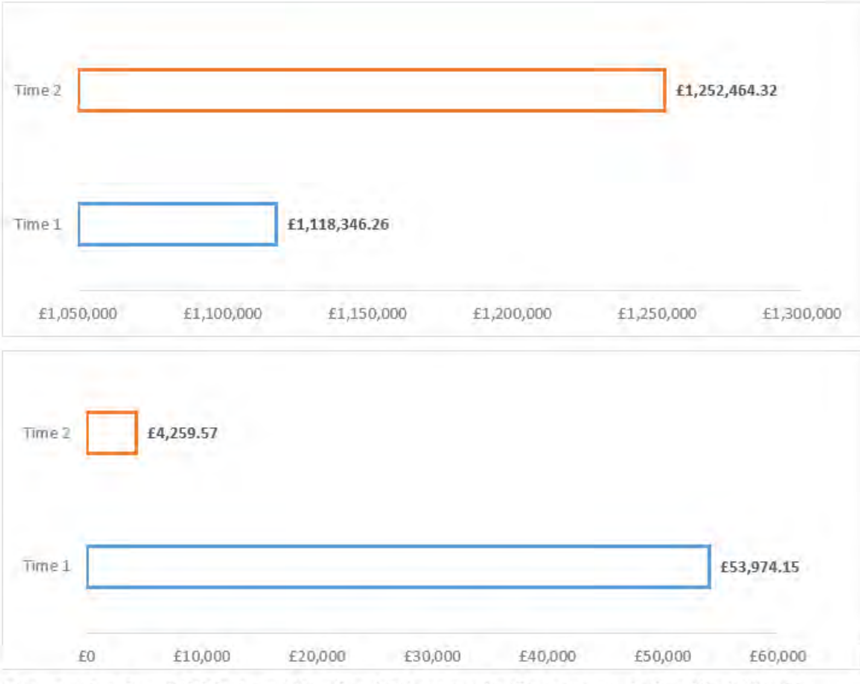
Figure 4.18 – Investment Readiness Scores (Online DT)



Longitudinal Impact

In order to assess longitudinal impact, data gathering was conducted through Companies House and the Charity Commission websites to obtain information on VCSE organisational data as of 2019[53]. Data was collected on VCSE turnover/profitability, so as to demonstrate longitudinal changes over time. Figure 4.19 below outlines this data, with Time 1 representing VCSE data when applying to BPB and Time 2 representing these variables as of 2019[54].

Figure 4.19 – VCSE Longitudinal Change in Turnover & Profitability[55]



52 The 80% threshold and the IR scores in general were never used by SIB in the assessment of grant applications, it was merely a feature of the research data collection design. The threshold of 80% was a feature of the tool as designed by Locality. It should be noted that the use of this threshold figure is purely for research purposes and was not used by SIB in their management of the project or to assess applications. Indeed, the overall IR score for applicant VCSEs was irrelevant in the BPB itself.

53 The research was carried out in November 2019 – see Appendix A for further details.

54 Due to this analysis utilising mean values rather than median, the figures here differ from those presented earlier in this report. In addition, to avoid adverse skewing of the data, 17 outliers were identified in the dataset and removed from the analysis.

55 See Appendix I for the full statistical breakdown.

The data analysis reveals that there was an increase over time in turnover (+£134,118; $p < .05$), but a subsequent decrease in profitability (-£49,715; $p < .001$), both of which were statistically significant. Analysis of changes in turnover and profitability against the amount of time elapsed since a VCSE's BPB application did not show any relationship.

The impact on VCSEs was also discussed in the interviews, with VCSEs themselves and Providers acknowledging the positive impact of BPB on their knowledge of social investment, sustainability and upskilling, income diversification and capacity building. Interestingly, even for those VCSEs that did not receive a grant, they felt that BPB had given them partnership working opportunities and helped expand their networks.

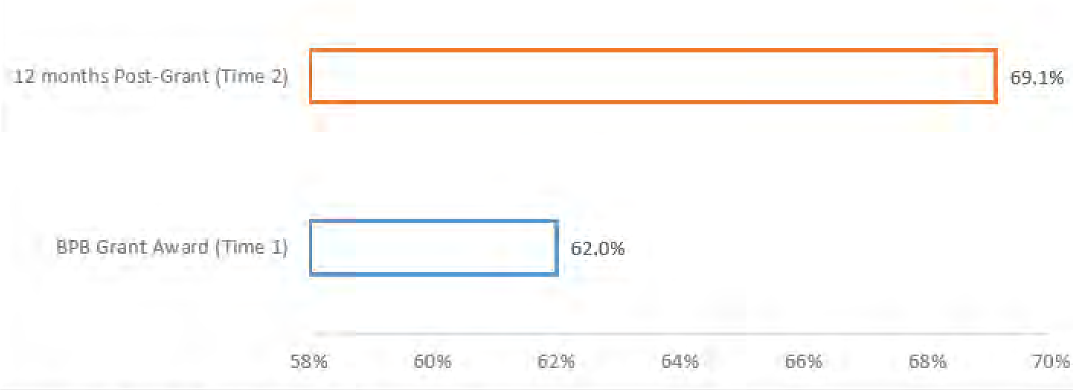
> **So what has come out of it from our point of view is that we have…an excellent working relationship with [Provider name], they have produced an excellent report that has go a lot of merit, even if I do think it is over-positive in terms of what we can achieve. It's given us a good idea of social investment and a good way forward, and I think it's something that we would be looking to implement in the medium-term. The only reason why we wouldn't be looking to do it more quickly is we are looking at capital development and we are relatively small organisation and that is pretty much taking up our entire capacity.**
> **(P49: Successful VCSE - 2019)**

> **Yes, it's fantastic as a capacity programme because it was open, it was flexible. There was a broad general thing that said all the support being proposed should help, and how does the support being proposed help them win over an investor subsequently, which is great. But actually, winning over an investor is not the same as what you need to be sustainable.**
> **(P37: Provider - 2018)**

> **Partnerships and collaboration were key. We are a member of Coops UK and had the support of our Provider. We are also plugged into regional third sector networks and have supported other local social enterprise start-ups as well.**
> **(P36 – Unsuccessful VCSE - 2018)**

Data related to the longitudinal impact of BPA on social impact/measurement was also captured through the MIAA[56] assessment tool, completed by SIB at the beginning of a VCSE's BPB journey (Time 1), and again 12 months' post-grant (Time 2)[57]. The MIAA has a maximum score out of 30 and provides insights into how engagement with BPB affected VCSE social impact and social impact measurement. The data revealed an average Time 1 MIAA score of 62%, with an average Time 2 score of 69.1% [increase of +7.1% ($p<.001$)] demonstrating a statistically significant positive impact on their delivery of social impact (see Figure 4.20).

Figure 4.20 – BPB MIAA Scores Longitudinally[58]



56 Methodology for Impact Analysis and Assessment , published by Investing for Good (https://www.investingforgood.co.uk/news/good-analyst)
57 Data based upon 178 VCSE responses.
58 See Appendix J for a full statistical breakdown.

The delivery of social impact and its measurement is an area that remains under-developed in the UK third sector, but BPB clearly positively impacted VCSE capabilities in this area. The scaling of social impact, and particularly its measurement, were areas that VCSEs and Providers often discussed as being a key benefit to their work through BPB.

> **Then the impact side of things was a bit of both. Some organisations are very good on that and have lots of data on it and others we were really having to draw out of them the kind of things that we thought the Panel would want to see……**
> **(P54: Provider - 2019)**

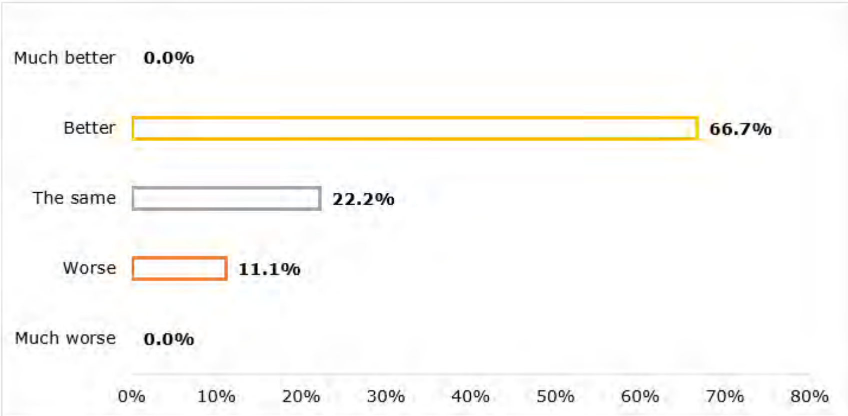
> **Someone's come in and just kind of literally blown my mind away by looking at how to measure impacts, social impacts and using different frames to [those] that we use in the field of psychology, which is largely the NHS ones that measure psychological improvements…they've expanded it for instance into areas about life satisfaction and just how much further you can measure and account to yourselves…So now, it's been just a real revelation.**
> **(P30: Successful VCSE after resubmission - 2017)**

OECD DAC Evaluation Grade = Green/Amber (Good)

4.4.2 Impact on Providers

When assessing the impact of BPB on Providers, and in general Big Potential as a whole on the Provider marketplace, it is important to consider the breadth, depth and quality of provision that was enabled during the programme, and how much of that still endures post BPB. When surveyed themselves in the 2019 Provider survey, Providers were asked to rate the impact of BPB on the Provider marketplace on a five-point Likert scale ranging from 1 (much worse) to 5 (much better). Figure 4.21 below details the results.

Figure 4.21 – Provider Perceptions of BPB's Impact on Provider Market



The data reveals that the majority of Providers felt that BPB had made the marketplace better (67%), whilst over one-fifth (22%) saw no change and 11% felt it had gotten worse.

The 2019 Provider survey also asked Providers to give details of their support of VCSEs and investment wins both during and post-BPB. The data for the BPB Provider respondents (N=10), indicated they had, during BPB, supported 19 investment deals with a cumulative value of £3,992,666 (average deal value of £210,140); post-BPB they had secured 22 investment deals with a cumulative value of at least £2.1 million (average deal value of £95,455)[59]. This data suggests that the strategy to build Provider capacity around social investment has worked, albeit post-BPB the deal sizes achieved have declined.

59 This suggests 41 investment deals, whilst the SIB reporting data only shows 37. This suggests that the BPB monitoring has not necessarily captured all of the investment deal outcomes that have emerged from BPB.

The interviewees discussed the positive and negative aspects of the Provider marketplace and its development over time. Providers discussed the fact that BPB had allowed them to expand their services and the expertise within their teams, to provide a breadth of support to VCSEs that wouldn't have been possible before. In addition, the process of supporting VCSEs also upskilled Providers and improved their capacity.

> **Then we have a team of lots of different consultants, well probably about 10 different consultants, that all do different specialisms, so like we had specialists in social impact, outcomes monitoring, specialists in the social finance side. We had specialists in marketing, assessing different markets, business planning, so you know we brought in these real specialists so that they were getting a real package from us.**
> **(P39: Provider - 2018)**

However, there were also concerns about the sustainability of the Provider marketplace in the long-term (and of many smaller VCSEs), an area that is even more acute now that BPB has ended. Further, the area of Provider day-rates and a notion that Providers have perhaps overly shaped the market through programmes like Big Potential was also raised. These can be perhaps viewed as both inevitable outcomes of large grant funding programmes like Big Potential, as well as being related to wider structural issues in the VCSE sector, but they are still worth considering in relation to BPB's impacts.

> **So there is a worry that the providers have kind of led the market. I know some of the fees that have been charged I think have been quite frankly preposterous for the work that's been done so, you know, I've got some concerns about to what extent the providers have been driving things.**
> **(P28: Investor - 2017)**

> **I think it's very difficult because I almost see it like a visually, a like a wave, like a mass, a large wave that's pulling, like the tide is pulling back and then you see, it exposes everyone on the beach, you see how fragile the business models are. So when it's receding it just exposes all of the financial fragilities, it exposes the risk, it exposes the over-dependency on specific contracts etc. And in the meantime there isn't anything else. Like, there isn't a wave behind it coming in to fill that in. And so you have a real - I do think a number of organisations are being pushed to the wall. I think that's true about the intermediary level of the advisors and I think it's also true with the actual delivery organisations on the ground. And I keep coming back to who pays, who's' going to pay for this? Especially if you're providing services for very vulnerable, under privileged, low income people with multiple complex challenges.**
> **(P38: Social Investor - 2018)**

With regards to testing Provider sustainability more accurately post BPB, data was gathered from Companies House to identify how many Providers were still trading and identify whether they existed prior to Big Potential. The data reveals the following[60]:

- 47/67 (70.1%) were still trading as of 2019.
- Median age of Providers was 10.5 years:

o This suggests that on average Providers existed prior to Big Potential.

o The data also reveals that at least 51/67 (76.1%) Providers existed prior to BPB[61].

60 Based on analysis first presented in the final BPA evaluation report in relation to the 67 Providers engaged on Big Potential (Hazenberg, April 2020).

61 Organisational age data was only obtained for 60 of the 67 Provider organisations, and so the percentage here is 85%.

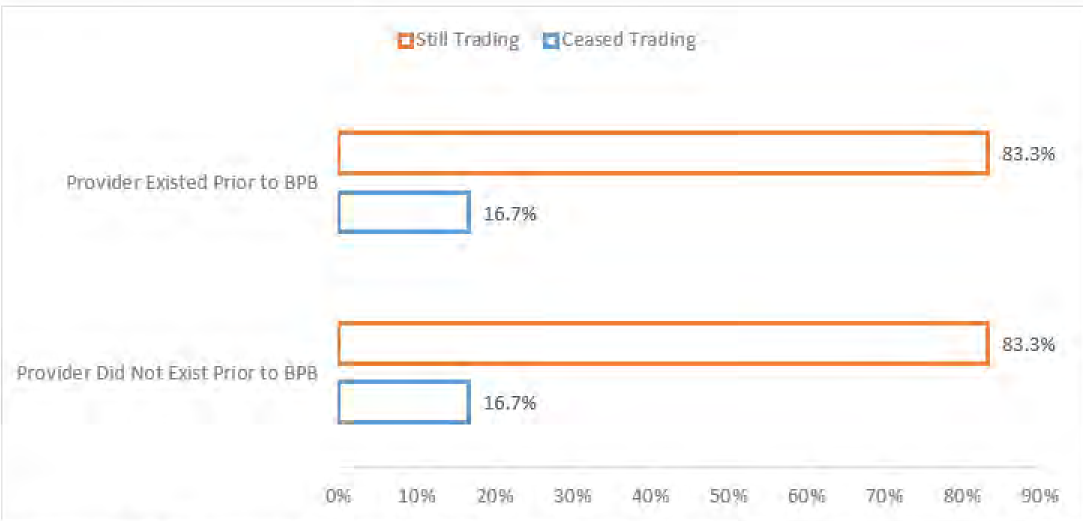
Finally, analysis was conducted to explore failure rates of Providers versus their existence pre or post the emergence of BPB[62]. The data reveals that the failure rate for Providers established after or before BPB commenced are identical and relatively low at 17%. This therefore indicates that new Providers that possibly appeared due to BPB funding did not then disappear at greater rates post BPB funding ending. Figure 4.22 outlines this data.

Despite some Providers ceasing to trade, the data shows that the majority of Providers are still trading, and that they continue to support VCSEs with social investment. As was noted in the final BPA evaluation, the better performing Providers will survive and deliver better investment outcomes, but in the main it seems that BPB's efforts to grow the Provider marketplace (despite some issues with day-rates) has largely met its aims. This can perhaps best be summed up by an investor who discussed the social investment marketplace.

> **I think the one thing I've learned is that the more you study this market the more complicated and complex it is. It's sort of - reality is very complex and so I wouldn't paint a dichotomous view of the sector. It's not 'this or that', or black and white. And sometimes when you talk to people their length of analysis gets a bit fixed and that is sometimes aligned with their political perspective or political philosophy. But I actually think the market is much more complex than that and it's dynamic and it's constantly evolving. And so I think there are no good actors or bad actors in this space; everyone is motivated by trying to find solutions, by trying to create social impact based on what their understanding of that is. And I think that's a good thing and a healthy thing and I think there will be more actors coming into the market. There will be more innovation and I think there will be more opportunities for partnering with the private sector as well, for example.**
> **(P38: Social Investor - 2018)**

OECD DAC Evaluation Grade = Green/Amber (Good)

Figure 4.22 – Provider Failure Rates on BPB[63]



62 This analysis utilised cross-tabulation Chi-squared tests.

63 See Appendix K for the full statistical breakdown.

4.4.3 Impact on Investors

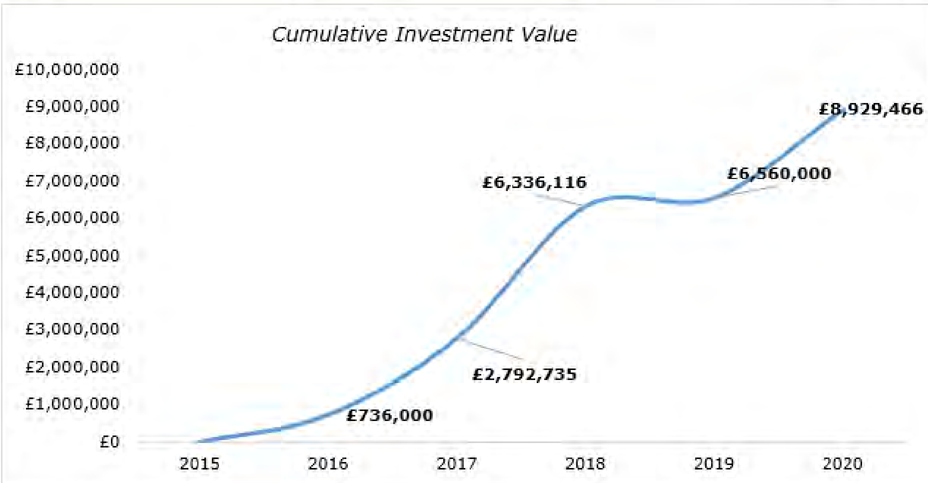
As was noted earlier in section 4.3.1, nearly £25 million (£24,887,453) of investments and contracts have been secured to date by the 319 BPB grant awardees, with an average deal value of £452,499. This includes 37 investments valued cumulatively at nearly £9 million (£8,929,466) and 18 contracts valued cumulatively at £15.96 million. The long development times for VCSEs on BPB can be seen through the lack of any social investment wins until Year 2 and the lack of contract wins until Year 3[64]. Ultimately, the vast majority of deal-flow for BPB emerged in Year 4 and beyond. See Figure 4.23 below.

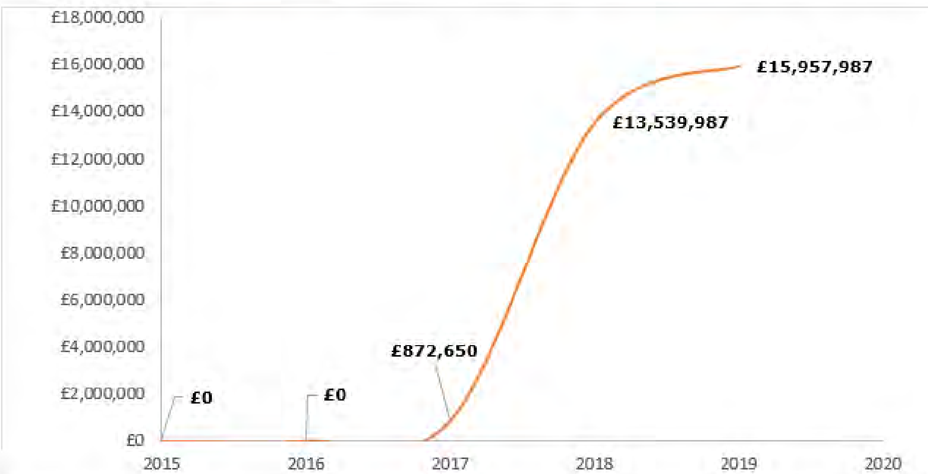
Whilst Figure 4.23 below demonstrates the impact that BPB has had on deal-flow, the wider impacts on all VCSE grantees was more mixed. Indeed, many VCSEs ultimately did not go on to secure social investment (or even seek it), as the BPB journey had led them to realise that social investment was not right for them.

Indeed, interviewees articulated often that the purpose of BPB was to allow VCSEs to explore social investment. For some this meant that they realised that it was not for them, whilst for others they applied for investment, but were turned down. For one VCSE, they were turned down for a BPB grant, but subsequently raised social investment anyway

> **"Which is kind of right really because the Prelim is just - it was really for you to sort of, if you had an idea that you wanted to go for investment or…Because we didn't say to people that they had to go for investment once they had secured their grant. It was about looking at where you are as an organisation and whether you feel that, with a bit of work, a bit of support, that you'd be able to go for that type of investment. So I would expect that to be a lot less. Some people might have gone in it and thought, 'It's really not for us. It's about repayable investment and maybe we couldn't afford it'. (P48: Programme Delivery Staff - 2019)"**

Figure 4.23 – Deal-flow Over Time





64 The values for each year are cumulative i.e. Year 2 values include all deals secured in Years 1 and 2; Year 3 values include all deals secured in Years 1, 2 and 3 and so on.

> I don't think that's how social investment funds think about an organisation like ours. I think we are so far away from the real interest of that type of finance, that I think that making a business case would have been very, very difficult.
> (P53: Unsuccessful VCSE - 2019)

> We got turned down for one [BPB application] that has subsequently gone on and raised about £2 million in terms of social investment…at the time the feedback was that it was just too early stage, but it was an investment into property, so we were quite clearly making the case that its, they were saying that the revenues weren't there, but the whole point was that you needed the buildings to get the revenue…… there was a huge demand and it was an investable proposition.
> (P54: Provider - 2019)

However, other stakeholders, including social investors themselves, were critical of the social investment market more broadly, arguing that costs were too high and that suitable products (certainly for smaller VCSEs) were just not available.

> Part of the problem is that a lot of that capital is very similar in nature. So it's all, most of it is less than ten years in terms of term, most of its probably less than five [years] really. It's all quite expensive, it's all 5%+ and certainly all of the Big Society Capital money is. So it's all quite similar but there's plenty of it. I think there is a need for long-term patient capital…that's definitely needed and would be the most useful, and I think the difficulty for social enterprises and organisations is that by their design they are going to be quite marginal in terms of profits, because you would rather spend the money if you can employ an extra person, then you are probably going to do that. So it certainly does seem like the capital could do with different types of money…
> (P54: Provider - 2019)

> So I don't think that there isn't a pipeline of investment ready organisations out there, I think it's the finance that isn't fit for purpose. And that's certainly the line that [Foundation Name] would take as well, in that they tried to shift by, for example the [Fund Name] and by ceding new blended finance funds out there with the degree of subsidy, of grant subsidy there so that those loans can be made on more of an unsecured basis so that they could have a grant element to them. The higher loss rate, or the higher transaction costs can be subsidised by that grant element that's in the Fund.
> (P38: Social Investor - 2018)

65 See Appendix H for the full statistical breakdown.
66 See Appendix I for the full statistical breakdown.

What then also came out again, with the research, chimed with what I've seen and experience in chatting about informally with other people, which was social enterprises, whether they be rural or urban, if they are going to take on some kind of debt then by far their preferred first choice is their regular High Street Bank because it's quick, it's easy, there's an existing relationship, off they go. Then it becomes friends and family, whether that be corporate friends, so partner charities or others as well. And then a distant third are social investors. And the reasons that are cited - and again it goes for multiple research papers as well, so I'm quite confident in it, which is it's the cost of it; it's financially too expensive in terms of the interest rates, the arrangement fees. It's too expensive in the time it takes to arrange the application in the first place and it's too expensive in the terms of the time it take so to manage it and report back against it.(P37: Provider - 2018)

Ultimately, the limited deal-flow on BPB, whilst a limitation compared to BPA, is not an area that the programme can be criticised for. After all, BPA was targeted at organisations that were much more investment/contract ready and closer to deals, whilst BPB's focus was on raising awareness and encouraging exploration of social investment. Ultimately, the programme delivered positive returns in investment/contract wins, given the £9.45 million of grant funding spent. A total of 55 investment and contract wins were made from 319 grant awards (17.2% success rate), a not insignificant return when we consider the financial demographic data of the average BPB VCSE and the exploratory nature of the programme.

OECD DAC Evaluation Grade = Green/Amber (Good)

4.5 Sustainability

The impact of BPB in relation to VCSE sustainability was discussed in sections 4.1.1/4.4.1. Here, the report will instead focus on the challenges facing the VCSE and social investment ecosystems, as well as the wider pressures that can limit the effectiveness of programmes like BPB.

4.5.1 The Sustainability of the Social Investment Ecosystem

Sustainability was an issue that emerged more than any other during the evaluation, alongside capacity-building as a key factor for VCSEs. What was acknowledged was that for the social investment ecosystem as a whole, investment deal-flow is best served not by a focus on investment readiness, but rather on sustainability (albeit it could be argued that these two terms are one and the same). Stakeholders discussed the idea of VCSE scaling through social investment, and were often critical of the concept that scaling is always good and/or the correct direction for VCSEs. Indeed, to encourage VCSEs to scale that perhaps shouldn't would not be beneficial to the VCSE sector nor the investors funding the scaling.

It's not always about scaling up, actually. It's about working in different ways and I keep coming back to this. It's about creating the opportunity for generating a mixed portfolio of income rather than just relying on grant funding……So for some organisations, it's not about increasing your turnover, it's about becoming more profitable. And I know that's a dirty word for a lot of voluntary organisations so you can call it a surplus, call it what you like, ultimately its money that gets recycled back into the organisation to help it develop and deliver better in the future. Whether that's through a process of growth or whether it's just a process of change or a combination of both. (P14: Provider - 2016)

> And I think the danger of organisations getting too focussed on scale is that they try to run before they can walk in some respects. And we've invested in organisations that, you know, they've been so quick to want to scale that they haven't really proved the model before they're trying to scale it. You know, so they're kind of [get] it working and then they think it's in a position where it can scale, so then they try and overstretch themselves to take things to scale and then things start happening. You know, maybe there's things that are unravelling with the original model and then they've kind of found that they are very exposed.
> (P31: Investor – 2017)

> So I think, to me where there is an opportunity to scale, that's great. But it's about is the organisation well enough resourced to do that? And have they - is the model proven enough that you can really take it to scale and..... I think we've also seen things where replicability and scale have been one of the key aims at the beginning, you know, to try and see if it is replicable and whether you could take something to scale, so we do quite a lot of proof of concept type investment.
> (P28: Investor - 2017)

Many interviewees argued that the drive for scale and social investment was part of a wider drive towards commercialisation in the VCSE sector. These stakeholders didn't necessarily argue that commercialisation and marketisation of the sector was a bad thing, but rather that it meant a change in direction for many charities and social enterprises, a change that may or may not involve social investment.

> ...the charity space is starting to become a little more commercial in the way that it is operating, and traditionally...there has been very much a mentality of grants and not necessarily being as commercial, from a third sector point of view, as it should be. I think that there is a change of mindset with that. There seems to be an awful lot more private sector people going on to the Senior Management Teams of charities...who are trying to drive the organisational transformation so that they become more commercial.
> (P55: Provider - 2019)

However, it was also argued that one of the key strengths of the VCSE sector was their local embeddedness in communities, which scale could potentially undermine. Therefore, there were discussions around the need for VCSEs to explore other forms of social investment (aside from traditional debt and equity deals), such as community share offers. Indeed, several BPB grant awardees (and one applicant that did not receive a grant) did indeed source funding from community share offers.

> And I think there's an argument about being embedded in a local place and about knowing the community. And so I would include within the social investment spectrum things like community share offers and that that's a really viable, vibrant market that should be continued to be developed because it helps to sustain organisations to diversify their income stream, to help them become more embedded and more impactful within the place that they're operating.
> (P38: Social Investor - 2018)

Finally, it should also be noted that BPB (and BPA) have operated during a time of government austerity, the financial pain of which was only truly beginning to be felt by 2017 when the grant funding application phase came to an end. This reduction in the availability of grant funding, alongside the increased competition for government and philanthropic funds, meant that many VCSEs were actively seeking new sources of funding including social investment. The question for the wider ecosystem remains whether there are the right investment products out there for VCSEs? It was even noted by one of the BPB delivery staff that they felt that austerity was behind the high numbers of applications for BPB grants. This is an issue that will now again be at the fore, with the Covid-19 crisis currently wreaking as yet unknown economic damage on the country. How prepared VCSEs are to weather this new storm, and the austerity that may again follow, is as yet unclear.

> **So when we then were closing the fund, I think we closed to diagnostics June 2017. So by the time we then got 2016, 2017, it was just; it's too much of a coincidence for that austerity piece not to have been a factor. And actually, from looking at the applications you could see people who were like, 'We know this funding's going to go and so we need to investigate how we can do it differently and whether investment can help us with that'.**
> **(P45: Programme Delivery Staff - 2019)**

> **But from the demand side the critique was that none of this money, or not enough of this money is actually trickling down into the sector. So the bulk of the smaller to medium sized charities and social enterprises are not getting access to social finance, there's not enough of that blended finance, or unsecured finance or patient capital or equity available. Obviously, equity is more challenging, but even the unsecured lending wasn't happening. And from the supply side, the critique is that their business models are very stretched and it's very difficult for them to be sustainable. And that they therefore need this continued subsidy of we want to build the market and if we want them to serve that segment, the bulk of the market, which is the smaller to medium sized organisations**
> **(P38: Social Investor - 2018)**

The social investment ecosystem saw strong year-on-year growth of 30% between 2015-2018 (Big Society Capital, November, 2019), which suggests that there is both funding and investable propositions out there. BPB has certainly contributed to this growth and in particular has done so at the most challenging end of the market, the smaller and less sustainable VCSEs. Nevertheless, challenges remain in relation to VCSE sustainability, the ongoing Covid-19 and financial crisis, and a potential lack of suitable investment products. It would be realistic to think that programmes like BPB can fill these gaps or solve these problems, but they do give VCSEs the ability (and time) to reconfigure their models in a way that potentially help their long-term survival.

OECD DAC Evaluation Grade = Green/Amber (Good)

5. Summary

5.1 Overview of Key Findings

As was noted at the beginning of this report, BPB had two core aims (listed below) and this evaluation has sought to explore whether these aims have been met in relation to 11 key areas (see Table 5.1 in section 5.3).

- Providing support to VCSE organisations to develop their capabilities to deliver social and charitable impact at greater scale for communities across England
- Improving learning and awareness of investment readiness approaches for VCSE organisations

Analysis revealed that BPB's original aims remain relevant in 2020, with 60% of Providers arguing that it was 'very relevant' or 'more relevant than ever'. Given that the social investment market has grown in size 21x since 2011 (Big Society Capital, 2019)[65], demonstrates that this is a sector that is going to become ever more relevant to VCSEs in the future. There remains a need for a greater focus on capacity-building and sustainability support, which is of particular importance to the smaller scale VCSEs supported by BPB (even more so now that we are experiencing a major recession and the Covid-19 crisis). Indeed, the data revealed that many VCSEs, Providers and Investors felt that the main benefit of BPB was not in driving investment readiness, but in supporting the development of wider business competencies that underpin the sustainability of the sector (especially products/services and management/leadership).

With regards to the efficiency of BPB, the programme had considerable success with its outreach work, in engaging 893 individuals through 21 regional workshops, whilst the website had 156,862 unique individual user visits. A total of 702 grant applications were submitted, of which 319 were successful (average grant value of £29,930; success rate of 45.4%; £9.54 million total grant funding[66]). This was split between 255 Preliminary Grants (£26,852 average grant value; £6.91 million total funding) and 64 Investment Plan Grants (£41,092 average grant value; £2.63 million total funding). Regional engagement was good, although applications from VCSEs in the South East (-11%); East of England (-8.2%); South West (-3.6%) were under-represented when compared with national NCVO (2018) data[67]. In relation to the 383 rejected grant applications, the rejection reasons given by the BPB Panel were split as follows:

- poor investment readiness plan (28%)
- poor budget (27%)
- poor VCSE track record (23%)
- poor social impact (13%)
- poor VCSE finances (9%)

Post-grant work was centred in the main on social impact measurement, governance structures and income stream development, with the split across the two types of grant award outlined below

- Preliminary Grants:
  - social impact measurement (56%)
  - changing governance structures (18%)
  - developing new income streams (26%)[68].
- Investment Plan Grants:
  - changing governance structures (33%),
  - developing new income streams (24%)
  - measuring social impact (43%)[69].

65 Big Society Capital, (November 2019), For a third-year in a row, UK social investment market grows by 30% - now worth over £3.5 billion, Big Society Capital News Article, 20th November 2019, available online at https://bigsocietycapital.com/latest/for-third-year-in-a-row-uk-social-investment-market-grows-by-30-now-worth-over-35-billion/

66 £90,000 across 7 grant awards was returned to the BPB ultimately meaning as total spend of £9.45m.

67 Based upon data gathered by NCVO in 2015/2016.

68 Based upon available data from a sample of 171 Preliminary Grant Awards.

69 Based upon available data from a sample of 46 Investment Plan Grant Awards.

Provider perceptions of VCSE willingness (47% good/ very good) and capability (95% average/good) to engage in the post-grant work were broadly positive, However, capacity to engage in the work was rated poorly (42% not good; 42% average).

Barriers to VCSEs successfully obtaining investment were identified in the Provider surveys and the interview data, and included VCSE focus shifting away from social investment (either due to the grant work carried out or external factors to BPB), as well as a lack of desire to pursues social investment and/or the lack of suitable social investment products.

Interestingly, in the Provider survey only 8% of Providers identified a lack of investment readiness as hindering access to social investment. Other barriers identified included VCSE/Trustee risk-aversion. When compared with other funds, BPB has the lowest ROI, with £2.6:1 of investment/contracts won in relation to grant spend. This compares with the Reach Fund[70] (perhaps the most similar fund to BPB), which achieved a ratio of £6:1 with £17.2 million of investments raised from just over £3 million of grant funding (TI Group, 2019). Nevertheless, as was discussed earlier, BPB started two years earlier than the Reach Fund and was therefore operating within a more difficult investment period, whilst it cannot be stressed enough that the aim of BPB was not purely about deal-flow, but ensuring that VCSEs explored social investment as a possible income stream.

BPB also delivered some positive impact on VCSE applicants. The average VCSE applicant to BPB had an average turnover of £275,000, average profitability of £320 (0.1% of turnover); an average organisational age of 9 years; and average staffing levels equivalent to 5 FTE. VCSE investment need was £250,000 (90.9% of turnover). The majority of VCSEs operated locally/ regionally (67.6%), whilst nearly 90% of BPB VCSEs were Limited Companies (including CICs). In the long-term, longitudinal analysis identified an increase in turnover (+ £134,118; +48.8%), but a reduction in profitability (- £49,715; -92.1%). This suggests that VCSEs engaged in BPB were able to scale, albeit this came at reduced surplus margins. Finally, BPB led to an improvement in social impact delivery and measurement (as measured by the MIAA tool) of +7.1%.

Two-thirds of Providers (67%) argued that BPB had improved the Provider and social investment marketplace, whilst Providers reported that they had secured a further £2.1 million of social investment deals post BPB. Whilst only 47 of the 67 BPB Providers (70%) were still trading as of 2019, this still represents a good survival rate and leaves a core of Providers with significant experience now of providing IR support .[71]

Furthermore, whilst many interviewees suggested during the five years of evaluation that BPB could artificially increase the size of the Provider marketplace through the provision of the grant funding, data gathered suggests this not to be the case, with identical failure rates for Provider organisations established before and after BPB commenced (16.7% respectively).

Finally, the programme positively impacted investors, through the direct support of VCSEs to obtain nearly £9 million of social investment, whilst BPB also led to nearly £16 million of public service contracts being procured by VCSE grant awardees, a bonus outcome considering BPB's sole focus on investment readiness.

The wider impacts of BPB though, seem to have been providing VCSEs with the resources to strategically map out sustainable futures for themselves and develop capacity, a factor that may not have been possible for such small organisations without the grant funding and Provider linkages. It will be interesting to see how the BPB VCSE applicants develop over the next decade, particularly with the ongoing economic and public health uncertainties related to Covid-19.

70 The Reach Fund is a grant programme that helps charities and social enterprises raise investment. The programme is funded by Access – The Foundation for Social Investment and is open to organisations in England. Social investors are often approached by charities and social enterprises who require extra support to raise investment. Through this programme, social investors can refer these organisations to the Reach Fund to apply for the support they need'. Taken from https://www.sibgroup.org.uk/reach.

71 First reported in the Final BPA Evaluation (Hazenberg, 2020).

5.2 Data Emergence Over Time

Figure 4.10 identified the different recommendations that emerged for each year of the BPB evaluation, which have all culminated to produce the Key Learning Points outlined in section 5.4. Table 5.1 below outlines the key data variables to emerge each year, whilst figure 5.1 below details the recommendations from each year of BPB.

Table 5.1 – Data & Findings by Year in BPB[72]

Variable	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*	***Overall***
Grant Applications							
Applications	66	188	189	259	N/A	N/A	**702**
Grant Awards	33	93	97	99	N/A	N/A	**319**
Investment Sought	£250,000	£250,000	£250,000	£250,000	N/A	N/A	**£250,000**
VCSE Demographics							
VCSE Turnover	£290,000	£252,238	£250,000	£302,830	N/A	N/A	**£275,000**
VCSE Profitability	£17,649	£0	£0	£0	N/A	N/A	**£320**
VCSE Staffing[73]	5 FTE	3.5 FTE	4.5 FTE	6.5 FTE	N/A	N/A	**5 FTE**
Investment & Contract Wins							
Investment	£0	£736,000	£2.06m	£3.54m	£223,884	£2.37m	**£8.93m**
Contract	£0	£0	£872,650	£12.67m	£2.42m	£0	**£15.96m**
Investments + Contracts	£0	£736,000	£2.93m	£16.21m	£2.64m	£2.37m	**£24.89m**

72 All average values are median and where applicable figures have been rounded up/down.

73 Part-time staff have been included with an assumption that they are an average of 0.5FTE.

Figure 5.1 – Emergence of Key Findings Over Time

5.3 Performance of Big Potential

Throughout this report, each area of BPB performance has been assessed in-line with the OECD's DAC criteria and graded on a revised 5-point grading system (Green = Excellent; Green/Amber = Good; Amber = Satisfactory; Amber/Red = Poor; Red = Very Poor).

This represents an adaptation of the OECD's DAC Evaluation Criteria, which traditionally uses just three grading's (Green, Amber and Red). Point scores have been allocated to these 11 areas based upon these criteria, to assess the overall performance of BPB, with the programme scoring 47 points out of a maximum 55 points (4.2 average). This gives an overall grading of Green/Amber (Good) for the BPB programme (see Table 5.2).

5.4 Key Learning Points

Throughout the five years of reporting on BPB, recommendations were made for improvements to the programme, based upon the data and evidence gathered throughout the evaluation. These have been crystallised here into four key learning points to emerge from BPB. It is recommended that future programmes similar to BPB, take these on-board and utilise the learning in the design of said programmes. These are as follows and have been drawn from the Year Five report (Hazenberg, 2019), as well as the data analysis in this report:

1. Engaging the Sector: Ensuring that programmes such as BPB reach different parts of the VCSE sector (geography; type; size) remains critical. Throughout the BPB, different geographic regions, most notably the South East and East of England have presented engagement challenges, as well as others periodically (the North East in Year 1 and the South West in Years 3 and 4)[74]. These engagement issues have been seen previously on other support programmes also, suggesting that wider ecosystem factors are at play in local areas. The North East provides a strong example of how a regional ecosystem can grow to become a hub for social investment.

2. The Journey: The formative nature of the BPB journey was one of the programme's defining features and greatest successes. Whilst the communication of this was difficult in the early stages, the learning processes undertaken during application and grant delivery were recognised by most VCSEs, even those that did not secure grants. As a programme of grant support around investment readiness (and wider sustainability and capacity-building issues), this provides an exemplar model (especially around application).

3. Provider Working & Capacity: Provider/VCSE engagement and the suitability of Providers for individual VCSEs has been a feature of all of the evaluations, with Provider-VCSE relationships generally working well (albeit there were several examples of the original choices made by VCSEs in provider selection not working out as expected). Nevertheless, greater transparency of Provider performance, and mechanisms to avoid Providers 'cherry-picking' good VCSE application candidates should be considered[75]. In addition, there was suggestion in the Year 5 data that BPB had (perhaps inevitably) led to some bloating in the Provider market. This will be explored further in the next year to understand how many Providers are still trading post-BPB.

4. Sustainability Focus: A focus on sustainability and capacity-building for the VCSE sector moving forwards would be beneficial. Indeed, it could be argued (and was by many participants) that this was what BPB delivered. This would naturally lead to increased IR as the key features of sustainability are closely linked to those characteristics defined as investment ready. A re-shaping of the message away from investment readiness may also have increased engagement from some parts of the VCSE sector. Certainly, BPB's biggest success has been around building the capacity of VCSEs and increasing their sustainability. The further research to be conducted over the next year will seek to improve our understanding of these longitudinal impacts.

74 It does not take into account areas of multiple deprivations nationally or within specific regions and so NLCF may wish to tailor their response to this finding in relation to this.

75 Although this last point is not necessarily always a bad thing in programmes such as BPB, as such cherry-picking can lead to better grant applications and VCSEs more suited to the support aims of the programme.

6. Glossary of Terms

ANOVA: Analysis of Variance: Analysis of Variance (ANOVA) is a statistical test that is used to compare average scores (means) across two or more conditions (Field, 2009:348).

CIC-G: Community Interest Company Limited by Guarantee.

CIC-S: Community Interest Company Limited by Share.

CIO: Charitable Incorporated Organisation.

CLG: Company Limited by Guarantee.

CR: Contract Readiness

ICRF: Investment and Contract Readiness Fund.

IPS: Industrial Provident Society.

IR: Investment readiness: IR relates to 'an investee being perceived to possess the attributes, which makes them an investible proposition by an appropriate investor for the finance they are seeking' (Gregory et al., 2012:6).

SI: Social investment: relates to the practice of providing finance to social ventures (debt, equity or mezzanine finance) with an expectation that a social as well as financial return will be generated (Brown and Norman, 2011).

SIB: Social Investment Business.

SIM: Social investment market: The SIM is the marketplace in the UK within which social investment takes place. It is made up of a variety of individual and organisational investors including: angel investors; 'social investment finance intermediaries' (SIFIs); social banks; wholesale banks (e.g. Big Society Capital); government funds; social venture capital firms; and social philanthropy funds.

SROI: Social Return on Investment: SROI is a social impact measurement methodology/tool that assesses the social/environmental impact of an organisation by monetising outcomes and assessing them in relation to the resources invested.

VCSE: Voluntary, Community and Social Enterprise.

7. Appendices

7.1 – Appendix A: Methodology & Sample Data

Quantitative data was collected through the online registration process and the grantapplication submissions through the Diagnostic Tool. These captured organisational data (i.e. sector of operation, organisational reach, legal structure, financial data, staffing levels, and investment/contract readiness needs) from 1,125 VCSEs[76]. Data relating to social impact and its measurement was also captured from VCSEs both at the start of the grant application process, and again upon completion of the grant application. This was done utilising SIB's bespoke designed MIAA assessment tool and has to date engaged with 178 VCSEs. All data was analysed using the Statistics Package for the Social Sciences' (SPSS), with descriptive statistics sought, alongside ANOVAs and chi-squared cross-tabulations. Finally, longitudinal data was also captured in relation to BPB VCSEs through collation of secondary data relating to VCSE demographic data (turnover, profitability, and staffing) obtained from Companies House and the Charity Commission in November 2019[77]. This data allows for inferences to be made in relation to long-term impact of BPB on the 599 VCSEs engaged. Additional quantitative data was captured through two specific surveys designed for Provider organisations that were designed to elicit their perceptions of the Big Potential Programme (both BPB and BPB). These surveys targeted the 67 registered Provider organisations for Big Potential, with 23 responding in survey one (2017) and 13 responding in survey two (2019).

Qualitative data in the form of a semi-structured interview (see Appendices L-O for the interview schedules) was collected from 29 VCSEs (nineteen successful; nine unsuccessful; and one that withdrew); eleven provider organisations; six panel members; five investors; and four members of the BPB delivery team] was gathered in the form of semi-structured interviews. Therefore, a total of 55 interviews have been held with stakeholders by the end of BPB. As of February 23rd 2020 the BPB had received and made decisions on grant applications from 702 VCSEs, and the participant VCSEs in this research were selected randomly from these 702 organisations (with the caveat that there would be a purposeful split across different stages of the programme (i.e. successful and unsuccessful VCSEs). The interviews explored each VCSE's business model, their experience of the BPB and their future plans in relation to investment readiness. The interviews were semi-structured in nature, which also allowed the participant VCSE to explore areas that they felt were important.

The interview data gathered was analysed using a narrative approach, but in relation to the five stages of the BPB. This narrative approach was used to gather a rich picture of how change occurred within each organisation as they went through the BPB and their experience of the BPB. In particular, the analysis sought to understand what elements of the BPB 'enabled' or 'inhibited' their investment readiness development, their knowledge of social investment and their future plans (Feldman et al., 2004). As with Feldman et al. (2004), the approach to data analysis was both inductive and iterative.

76 This figure includes eligible and ineligible VCSEs (1,025 eligible; 95 ineligibles; and 5 withdrawn). The main analysis only utilises the 1,025 eligible VCSEs.
77 As noted earlier, the author is indebted to Mr Michael Maher, a PhD Researcher and Data Manager at the University of Northampton, for his support in identifying, collecting and cleaning this data.

7.2 – Appendix B: Interview Sample Breakdown

Interview Sample Breakdown			
Participant Number	**Stakeholder Type**	**Interview Number**	**Year**
1	Successful VCSE	1	1
2	Successful VCSE	2	1
3	Successful VCSE	3	1
4	Successful VCSE	4	1
5	Unsuccessful VCSE	5	1
6	Unsuccessful VCSE	6	1
7	Panel Member	7	2
8	Panel Member	8	2
9	Successful VCSE	9	2
10	Successful VCSE	10	2
11	Successful VCSE	11	2
12	Provider	12	2
13	Provider	13	2
14	Provider	14	2
15	Provider	15	2
16	Unsuccessful VCSE	16	2
17	Unsuccessful VCSE	17	2
18	Successful VCSE	18	2
19	Successful VCSE	19	2
20	Investor	20	2
21	Investor	21	2
22	Panel Member	22	2
23	Provider	23	3
24	Provider	24	3
25	Successful VCSE	25	3
26	Panel Member	26	3
27	Provider	27	3
28	Investor	28	3
29	Successful VCSE	29	3
30	Successful VCSE (after resubmission)	30	3
31	Investor	31	3
32	Successful VCSE	32	3
33	Successful VCSE	33	3
34	Unsuccessful VCSE (withdrawn)	34	4
35	Unsuccessful VCSE (withdrawn)	34	4
36	Unsuccessful VCSE (withdrawn)	34	4
37	Provider	35	4
38	Investor	36	4
39	Provider	37	4
40	Successful VCSE	38	4
41	Unsuccessful VCSE	39	4
42	Successful VCSE	40	4
43	Unsuccessful VCSE	41	4
44	Panel Member	42	4
45	Programme Delivery Staff	43	4
46	Programme Delivery Staff	44	4
47	Programme Delivery Staff	45	5
48	Programme Delivery Staff	46	5
49	Successful VCSE	47	5
50	Unsuccessful VCSE	48	5
51	Panel Member	49	5
52	Unsuccessful VCSE	50	5
53	Unsuccessful VCSE	51	5
54	Provider	52	5
55	Provider	53	5
56	Successful VCSE	54	5
57	Successful VCSE	55	5

92 Participant 29 initially agreed to participate in the research and then withdrew, hence the table showing 47 interviews, but participant numbers running up to P48.

7.3 – Appendix C: Workshop Knowledge Test Scores & Evaluation

Workshop Social Investment Knowledge Scores						
SI Knowledge Score		N	Mean Score	+/-	t	SD
Year 1	Time 1	58	78.5%	+8.1%	**6.54*** **	13.0%
	Time 2	58	86.6%			12.0%
Year 2	Time 1	183	76.6%	+9.5%	**12.94*** **	14.7%
	Time 2	183	86.1%			12.7%
Year 3	Time 1	276	75.7%	+10.2%	**16.14*** **	14.4%
	Time 2	276	85.9%			13.6%
Workshop Rating						
		N	Score			
I believe that this workshop has enhanced my knowledge of investment readiness and the social investment market		275	89.4%			

Nb. * = $p < .05$; ** = $p < .01$; *** = $p < .001$. The totals presented here are cumulative for each year end i.e. the Year 3 figure represents the total number of workshop questionnaires collected across all three years.

7.4 – Appendix D: VCSE Demographic Data

VCSE Demographic Data						
Demographic Variable	N	Mean	Median	SD	Min.	Max
VCSE age (years)	984	15.06	8.45	19.0	<1	118
Turnover	970	£1.23m	£275,000	£5.72m	£0	£156.1m

7.4 – Appendix D: VCSE Demographic Data

VCSE Demographic Data							
Demographic Variable		N	Mean	Median	SD	Min.	Max
VCSE age (years)		984	15.06	8.45	19.0	<1	118
Turnover		970	£1.23m	£275,000	£5.72m	£0	£156.1m
Net profitability		834	£43,981	£320	£198,272	£-79,924	£2.65m
Total assets		980	£1.03m	£91,291	£4.88m	£0	£87.69m
Total debt		931	£308,894	£14,976	£1.71m	£0	£32.97m
Investment need		987	£580,305	£250,000	£3.56m	£0	£90m
Income diversity *(% of income from top 2 customers)*		939	66.4%	70%	26.2%	1%	100%
Public sector reliance *(% of income from public sector)*		785	52.1%	50.0%	32.0%	0%	100%
Staffing	FT	995	16	3	61	0	1,394
	PT	993	14	4	50	0	890
	Volunteers	991	175	10	2,667	0	75,425

Nb. N < 1,025 as some organisations did not complete all parts of the diagnostic tool.

7.5 – Appendix E: Panel Rejection Reasons

Grant Application Rejection Reasons				
Rejection Reason		Prelim Grants	Invest Plan Grants	Total
Theme	*Specific*			
VCSE track record	Poor or unclear corporate governance/no plans to address	19	7	26
	Poor description and understanding of market position/no plans to address	35	11	46
	Track record not related to future work/no explanation	14	6	20
	Organisation at too early stage	23	3	26
VCSE finances	Poor or unclear financial history/no plans to address	32	8	40
	Poor or unclear financial controls/no plans to address	8	0	8
Readiness plan	Insufficiently relates to 1:1 report	10	2	12
	Poor breakdown of activity	21	8	29
	Work unrelated to investment readiness	29	8	37
	Work not sufficiently justified	27	13	40
	Unclear investment deal (IP Only)		25	25
Social Impact	Unclear mission/no plans to address	3	1	4
	Poor or unclear understanding of beneficiaries/no plans to address	10	4	14
	Unclear explanation of social impact to date/no plans to address	36	13	49
Budget	Poor breakdown of costs	19	9	28
	Poor basis for costs	34	23	57
	Unclear relationship to readiness plan	19	6	25
	Costs unrelated to investment readiness	17	8	25
Totals		**356**	155	**511**

Nb. As 4 separate reasons can be given for an application rejection, the theoretical total for the data held on 383 rejections is 1,532. However, not all VCSEs are given 4 rejection reasons, hence N here equals 511.

7.6 – Appendix F: Grant Awards Data

Grant Awards Data						
Variable	N	Mean	Median	SD	Min.	Max
Preliminary Grant Awards Made	255	£27,128	£28,499	£3,532	£4,500	£40,400
Investment Plan Grant Awards Made	64	£41,092	£43,312	£8,259	£19,848	£55,020

7.7 – Appendix G: VCSE Geographical Reach

VCSE Geographic Reach		
Geographic reach		
Reach	*N*	*%*
Neighbourhood	27	2.8
Local Authority	369	38.4
Regional	281	29.2
Multi-regional	74	7.7
National	166	17.3
International	44	4.6
Total	**961**	**100**

N < 1,025 as some organisations did not complete all parts of the diagnostic tool.

7.8 Appendix H: Legal Organisational Structure

VCSE legal structures		
Legal form	N	%
CLG	499	52.2
CIC-G	145	15.2
CIO	83	8.7
CIC-S	64	6.7
IPS	63	6.6
Private Company	44	4.6
Other	32	3.3
Unincorporated	26	2.7
Total	**956**	**100**
Charitable origins		
Origin	Yes	No
Registered charity	557 (55.9%)	440 (44.1%)
Total	**997**	

N < 1,025 as some organisations did not complete all parts of the diagnostic tool.

7.9 – Appendix I: Changes in Turnover & Profitability Over Time

Turnover/Profitability Change Over Time				
Factor	N	Mean	t	SD
Turnover T1	599	£1,118,346	**2.55***	£2.14m
Turnover T2		£1,252,464		£2.30m
Profitability T1	563	£53,974	**-3.68*****	£9,232
Profitability T2		£4,260		£11,743

Nb. * = p < .05; ** = p < .01; *** = p < .001. Paired-sample t-tests were undertaken in order to test the longitudinal change.

7.10 – Appendix J: VCSE MIAA Scores

The VCSE applicants were asked to rate their social impact measurement on an 11-point Likert scale in relation to the following four questions (scale end-points are in italicised brackets after the question):

1. Report: How do your report on your achievements and impact? (0 = we don't provide documents such as annual reports, other than what is included in our financial accounts; 10 = an annual independently verified statement of our social performance is always available on our website and promoted widely).
2. Fairness: What do you to ensure that the information you capture and report about your performance and social impact is fair? (0 = we don't routinely collect information about our organisational performance; 10 = our social impact methodology routinely involves scrutiny and verification from an independent external body).
3. Performance/impact management: What methods does your organisation use to manage performance and/or measure impact? (0 = we do not have a formal method in place to track performance and measure impact; 10 = we use an established and externally developed social impact methodology, which is fully embedded in our overall organisational systems).
4. Vision: Does your organisation have a clear vision for change and the impact you are trying to achieve? (0 = we don't yet have a clear vision of what our organisation is trying to achieve in the longer term; 10 = we regularly review our vision, mission and objectives and the board and staff are all aware and signed up to them).

Social impact				
Question	Year	N	Mean	SD
Report	**Overall**	**995**	**47.6%**	**24.6%**
	Year 1	272	46.7%	22.5%
	Year 2	276	51.7%	31.4%
	Year 3	235	43.5%	21.1%
	Year 4	212	48.0%	20.3%
Fairness	**Overall**	**995**	**48.5%**	**20.8%**
	Year 1	272	52.2%	18.7%
	Year 2	276	41.5%	24.8%
	Year 3	235	49.4%	18.7%
	Year 4	212	52.1%	17.1%
Performance management	**Overall**	**995**	**49.1%**	**21.2%**
	Year 1	272	51.5%	20.6%
	Year 2	276	44.9%	23.6%
	Year 3	235	49.1%	20.1%
	Year 4	212	51.4%	18.9%
Vision	**Overall**	**995**	**62.4%**	**22.2%**
	Year 1	272	67.5%	20.4%
	Year 2	276	50.6%	24.2%
	Year 3	235	66.7%	19.0%
	Year 4	212	66.6%	19.2%

NB. Likert-scale responses are represented here as average (mean) percentages.

MIAA Longitudinal Scores				
Factor	N	Mean	t	SD
MIAA score (Time 1)	178	18.60	**17.96*** **	3.23
MIAA score (Time 2)		20.73		2.82

Nb. * = $p < .05$; ** = $p < .01$; *** = $p < .001$. Paired-sample t-tests were undertaken in order to test the longitudinal change. MIAA scores are out of 30.

7.11 – Appendix K: Provider Trading Status

Provider Trading Status				
Cross-tabulation Chi-squared Test				
Provider Traded Before BPB	N	Still Trading		X
		No	Yes	
No	12	16.7%	83.3%	0.000
Yes	48	16.7%	83.3%	

Nb. The X-value represents the Pearson's Chi-square value. * = $p < .05$.

7.14 – Appendix N: VCSE Semi-Structured Interview Questions

1. Will you please tell me a bit about your SE and describe your role?
a. Social mission?
b. Entrepreneur/CEO?
c. Legal and governance structure?
d. Future?

2. What are your main sources of income?
a. Sectors:
i. Private sector.
ii. Public sector.
iii. Donative.
b. Have those sources of income changed since you started up and if so how?

3. Why did you apply to the Big Potential programme?

4. What has been your experience of the Big Potential programme?

5. What was your knowledge of investment readiness prior to engaging with Big Potential?
a. How has this changed?

6. What do you see happening with your venture over the next 12 months?
a. Expansion?
b. Seek further investment?
c. Social impact?

7. How has the Big Potential programme changed your organisation?

8. Did you encounter any barriers/problems with the Big Potential programme?

9. What do you think are the main barriers to you seeking investment from the private sector or contracts from the public sector?
a. Has the Big Potential programme helped with any of this?

10. Is there anything else that I haven't asked that you think is important or wish to add?

7.14 – Appendix O: Provider Semi-Structured Interview Questions

1. Will you please tell me a bit about your organisation?
a. Social mission?
b. Experience/history?

2. Why did you become a provider for BP?

3. What has been your experience of the BIG Potential programme?
a. Mentoring and partner organisation?
b. Final grant applications?
c. Post-grant application?

4. What was your knowledge of the social investment sector like prior to becoming a Provider on BIG Potential?
a. How has this changed?

5. Did you encounter any barriers/problems with the BIG Potential programme?
a. What could be improved?

6. How do you believe that BP has helped the VCSEs that you have supported?
a. Investment readiness?
b. Business development?
c. Social impact?

7. What support have you provided to VCSEs during their applications?
a. What is most important area in your perception?

8. Can you tell me about a specific case-study (if applicable)?

9. Is there anything else that I haven't asked that you think is important or wish to add?

7.15 – Appendix M: Panel Semi-Structured Interview Questions

1. Will you please tell me a bit about your organisation?
a. Social mission?
b. Experience/history?

2. Why did you become a provider for BP?

3. What has been your experience of the BIG Potential programme?
a. Mentoring and partner organisation?
b. Final grant applications?
c. Post-grant application?

4. What was your knowledge of the social investment sector like prior to becoming a Provider on BIG Potential?
a. How has this changed?

5. Did you encounter any barriers/problems with the BIG Potential programme?
a. What could be improved?

6. How do you believe that BP has helped the VCSEs that you have supported?
a. Investment readiness?
b. Business development?
c. Social impact?

7. What support have you provided to VCSEs during their applications?
a. What is most important area in your perception?

8. Can you tell me about a specific case-study (if applicable)?

9. Is there anything else that I haven't asked that you think is important or wish to add?

7.14 – Appendix N: Panel Semi-Structured Interview Questions

1. Will you please tell me a bit about yourself?
a. Professional experience.
b. Current role.

2. Why have you become a panel member for BP?

3. What has been your experience of the BIG Potential programme Panel meetings?
a. Application quality?
b. Assessment?
c. Grant awardee updates?

4. Did you see any barriers/problems with the BIG Potential programme?
a. What could be improved?

5. How do you believe that BP has helped VCSEs?
a. Awardees?
b. Generally?

6. What do you think the impact of the BP is on the sector?
a. Business planning?
b. Investment readiness?
c. Social impact?

7. Is there anything else that I haven't asked that you think is important or wish to add?

7.15 – Appendix O: Investor Semi-Structured Interview Questions

1. Will you please tell me a bit about yourself?
   a. Professional experience.
   b. Current role.

2. What is your perception of the UK social investment market?

3. What role do you see Big Potential having on the UK SIM?

4. Did you see any barriers/problems with the BIG Potential programme?
   a. What could be improved?

5. How do you believe that BP benefits VCSEs?
   a. Awardees?
   b. Generally?

6. What do you think the impact of the BP is on the sector?
   a. Business planning?
   b. Investment readiness?
   c. Social impact?

7. Is there anything else that I haven't asked that you think is important or wish to add?

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