



Big Potential Breakthrough  
Evaluation Report:  
Year 5 | December 2019



Dr Richard Hazenberg  
Institute for Social Innovation & Impact  
University of Northampton



# Table of Contents

1. Foreword	3
2. Overview	4
3. Executive Summary	7
4. Results	11
5. Summary & Recommendations	38
6. Glossary of Terms	41
7. Appendices	42
8. References	52

# 1. Foreword

The National Lottery Community Fund's (the Fund) Big Potential programme (BPB) emerged from a clear understanding that charities and social enterprises needed the right kind of support to achieve their ambitions for the communities they work with.

This evaluation of the fifth year of the the Fund's Big Potential Breakthrough programme looks at research results gathered from the first five years (2014-2019) of operation. For the first time, this is supported by the first batch of longitudinal data coming from those VCSEs that completed end-of-grant Diagnostic Tool surveys.

To date, 29 VCSEs out of 319 VCSEs that were awarded grants have gone on to secure social investment deals totalling £6.56 million, from grant funding of £9.45 million. £6.89 million was awarded across 255 preliminary grants and £2.65 million, across 64 investment plan grants. These deals were either community share investment or debt finance (loan) deals; and equate to 68.8% of the funding awarded.

Many of the programme participants suggest that the programme's biggest success has been around building the capacity of VCSEs and increasing their sustainability. The final research to be conducted over the next year will seek to improve our understanding of these longitudinal impacts. We applaud the investment raised and appreciate too, participants' acknowledgment of the programme's success - which would not have been possible without the input of BPB's various stakeholders. We have valued especially the learning willingly shared by all stakeholders throughout this evaluation.

The VCSEs, the providers, the panels making recommendations, the staff across the partners who supported SIB in delivering the programme (Charity Bank, Social Enterprise UK and Northampton University) and the Fund who had the foresight to design and commission Big Potential. With our partners, we will seek to use this information to influence and inform future work.

As Social Investment Business work on the design and delivery of other grant and support programmes, these evaluations prove incredibly useful. Our responsibility is to use the information, put learnings into practice, and continue to make our work as effective as possible - which in turn, allows us to help more charities and social enterprises improve more people's lives. We hope sharing this report will assist others to do the same.

**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 (BPA) that launched after BPB, and which also closed in December 2017. BPA 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.

We were looking to achieve the following outcomes from the BPB:

- Supporting 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

The BPB programme was launched by the National Lottery Community Fund and delivered by Social Investment Business (SIB), in partnership with Charity Bank, Locality and Social Enterprise UK (SEUK). The University of Northampton is the evaluation partner for the fund's research needs and the evaluation programme will continue until 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
- BPB panel assesses the application
- 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 detailed 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). Following this, the 1:1 support advisor session involved the VCSE speaking face-to-face (usually through a video call) with an expert advisor to re-engage with the diagnostic tool and discuss their business model.



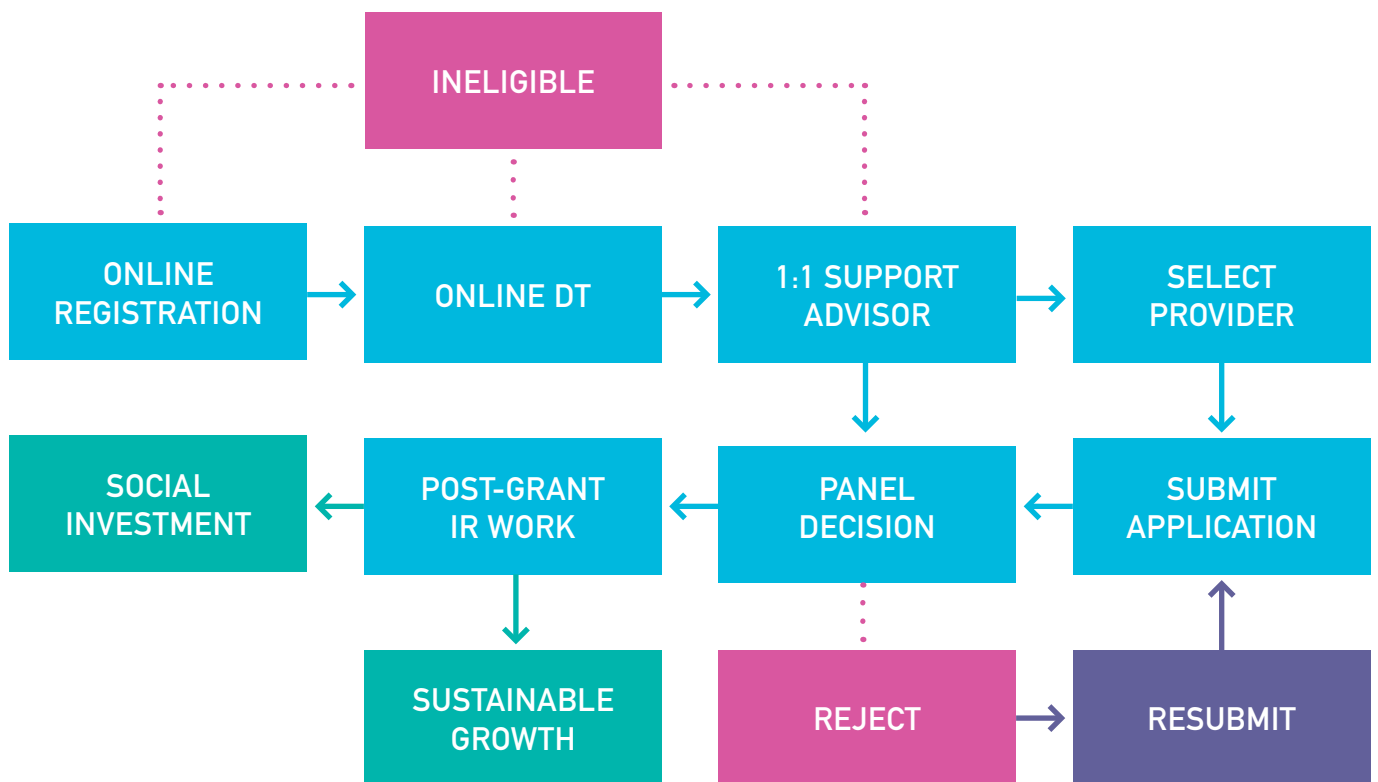
The VCSE then followed this by selecting a support provider from the list of approved providers who worked with them in partnership to develop their grant application. The grant application was submitted following a period of work with the provider and the BPB panel decided to make a recommendation to the Fund 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 the Fund.

These seven phases are outlined below in Figure 2.1.

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.

**Figure 2.1 – Seven Phases of the BPB**



This paper represents the fifth annual evaluation report for the BPB covering the first 60 months of operation, up to February 23rd 2019. In doing so it covers the entire grant award period of the programme (with grant awards completed by December 2017). However, as the monitoring of VCSEs continues until 18 months' post-grant, the primary data collection phase for the research will not end until mid-2019 (or 18 months after the final disbursement of funding is made). 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 within 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 is becoming apparent as the research progresses is that the impact lead-time for BPB is longer than expected, as VCSEs at the smaller end of the sector are 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. This research will seek to explore this impact on all VCSEs that have engaged with BPB as the evaluation draws to a close in 2020.



## 3. Executive Summary

All the data contained in this research reflects the performance of the BPB up to February 23rd 2019. A mixed-methods approach to data collection was adopted that involved the collection of quantitative and qualitative data. The quantitative data (collected from 1,125 VCSEs<sup>1</sup>) was collected through the online application process and the diagnostic tool (both online and one-to-one). These tools 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; 7 Panel Members; 5 investors; and 4 programme delivery staff) was in the form of 56 semi-structured interviews. For the VCSE participants:

- five had completed their grant applications
- three were in the post-grant delivery phase
- six had been unsuccessful
- three had been rejected but successfully reapplied to the programme
- five were twelve months' post-grant, and,
- one had withdrawn from BPB without making a grant application<sup>2</sup>.

As in Years Two through to Four, in Year Five no VCSEs entered into dispute with the programme<sup>3</sup>. Therefore, a total of 58 interviewees have participated in the research by the end of Year Five of the BPB.

1 This figure includes eligible and ineligible VCSEs (994 eligible; 93 ineligible; 5 withdrawn; and 33 under review).

2 Three interviewees had participated from the withdrawn VCSE.

3 See Appendix A for a full methodological overview.

### 3.1 Research Findings

The research results gathered from the first five years of operation of BPB provide an interesting overview of both the performance of BPB and the wider VCSE sector. Specifically, to date:

- In total there were 21,334 individual user sessions (24,227 total page views) on the BPB website in Year 5 (compared with 49,983 in Year 2, 45,997 in Year 3 and 16,811 in Year 4) with the majority of visitors seeking learning resources or information about Big Potential.
- 893 VCSEs were directly engaged through the regional events during the grant-awarding phase of BPB. These regional events (one-day workshops) had a significant impact on VCSE knowledge of social investment, with participants scoring +10.2% on a social investment knowledge test that was administered at the beginning and end of the workshops.
- Of the 1,125 VCSEs that completed the online DT, 1,025 VCSEs were classed as eligible for BPB.
- 890 VCSEs completed their '1:1 Support Advisor Session'.
- 702 VCSEs submitted grant applications, of which:
  - Preliminary Grants:
    - 255 were successful.
    - 272 were rejected.
  - Investment Plan Grants:
    - 64 were successful.



- 111 were rejected.
  - Average grant value was:
    - £27,110 per organisation for Preliminary Grants.
    - £41,092 per organisation for Investment Plan Grants.
  - £9.54 million of grant awards have been made
    - Total BPB grant spend of £9.45m<sup>5</sup>.
  - Across the 4 years of BPB engagement issues have been noted including:
    - VCSEs in the South East, South West and East of England regions are under-represented<sup>6</sup>.
    - The engagement of women-led VCSEs is slightly below the national average of 43%, at 31.5% across all four years.
  - The VCSEs that engaged with the BPB were:
    - Small in scale (average turnover of £275,000).
    - Local organisations (70.4% operate at community, local and regional levels).
    - Very limited in profitability (average £334), but with good asset bases (£92,000) and debt levels (£15,000) (relative to turnover).
  - Provider selection for VCSEs was critical to the success of the BPB, especially around personal/organisational values, and Provider experience/skillsets.
  - The Panel and grant decision-making phase worked well.
- To date, 29 VCSEs have gone on to secure social investment totalling £6.56 million, out of a grant awardee pool of 319 VCSEs and total committed grant funding of £9.45 million. These finance deals were either community share investment or debt finance (loan) deals.
    - It could be argued that the investment statistics should only be compared against the 64 Investment Plan Grants awarded, as the Preliminary Grants were never explicitly aimed at raising immediate investment. On this basis, 29 investment deals from 64 IP Grants (45.3%) indicates a much better return.



<sup>4</sup> £9.54 million in grants were approved, but ultimately £90,000 was returned to the BPB.

<sup>5</sup> This data is based upon comparisons with data on the national proportions of VCSEs regionally contained in the 2017 NCVO Almanac, which utilises data gathered in 2015.



## 3.2 Recommendations & Learning

This is for the first time supported by the first batch of longitudinal data outlined in this report (see page 48), which comes from those VCSEs that completed end of grant Diagnostic Tool surveys (n = 37)<sup>6</sup>. Based on the conclusions outlined above, the following five key learning points are made for the BPB and other IR-focused programmes (as well as government and policy-makers) moving forwards. Some of these replicate what was identified in the Year 4 report, but have been updated slightly to also reflect nuances in the data from Year 5:

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)<sup>7</sup>. 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.

6 This will be further supplemented moving forwards with surveys and data capture, to enable longitudinal outcomes for VCSEs and Providers to be identified. The planning for this is currently ongoing between the University and SIB with the data capture phase scheduled for the Autumn (once all grant monitoring has been completed).

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. 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.

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

**5. Evaluation:** Further data is required in order to better demonstrate the additionality delivered by BPB, which will require a change to the research methods. Therefore, the research will over the next twelve months seek to explore both Provider longevity (how many of the approved BPB Providers are still trading post-BPB), and longitudinal changes in VCSE demographic data for both BPB grant awardees and non-grant awardees. It is hoped that this additional data collection will allow more robust conclusions to be made around the additionality that BPB has brought to the sector. A full evaluation plan has been submitted by the University to SIB to outline the details for this new data collection.

The BPB operated robustly and delivered genuine impact across the VCSE sector. The BPB engaged a wide variety of VCSEs 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). The growth in social investment deals leveraged (29 deals to date valued at £6,564,866) means that the deals secured investment equal to 68.8% of the grant funding provided. However, if we only look at the IP grants, as these were targeted as those most likely to lead to investment, then this rises to 2.48x grant value.

Given the long sustainability paths that BPB VCSEs are on, this deal flow will likely further increase in the future, as the nascent support provided through BPB leads to a core of more sustainable (and hence IR) VCSEs emerging that require investment to scale, and show that what today looks like moderate success is in fact a significant impact on IR in the VCSE sector.



8 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.

9 Albeit as was noted earlier, £90,000 of this was eventually returned to the Fund giving a total grant spend of £9.45m.

## 4. Results

The data gathered to date in the form of website statistics, diagnostic tool completions, workshop knowledge outcomes and the participant interview data are presented in this section. The results are presented in relation to each stage of the programme, with the statistical data used to demonstrate trends from the BPB, whilst the interview data is used to explore participant perceptions of the BPB to date, as well as providing context and explanation (where applicable) to the quantitative data. All the quantitative data presented in this section relates to the BPB performance up to February 23rd 2019, whilst the qualitative data relates to VCSEs that either had received their grant application decisions or were already 12 months' post-grant award before this date.

### 4.1 Marketing, Online Registration and Events

The website demand statistics demonstrate the levels of online engagement with the BPB. The website captures a number of key indicators including website usage (per visitor page view); email statistics; and geographic reach. In addition, this section also reports the statistics for the BPB events held and all of these individual elements will be presented and discussed in turn. Table 4.1 below represents the website usage data for the period February 24th 2018 to February 23rd 2019.

Table 4.1 – Website Usage Data

Webpage	Page views	Total Sessions
Big Potential	24,227	21,334

Sub-page	Page Views
Home page	3,577
Learn	4,194
News	1,132
Contract/login	1,057
About	1,299

In total there were 21,334 individual user sessions (24,227 total page views) on the BPB website in Year 5 (compared with 49,983 in Year 2, 45,997 in Year 3 and 16,811 in Year 4) with the majority of visitors seeking learning resources or information about Big Potential. Considering the programme had closed, the level of engagement with the website was still very strong. The website was also used to provide information and updates on BPB, as well as to market the programme, albeit it was recognised that despite SIB's best efforts to convey information to VCSEs in this was, it wasn't always successful in getting through the frontline.

“And we can put as much information on a website as you like; nobody's going to read it all. We've all got short attention spans now haven't we? And we don't read as much as we used to, and all of this. So we can put out as much information as we like but if you're talking to other people before you are speaking to the actual funder, a lot of perceptions about the fund were in place before people even got to us.  
(P46 – Programme Delivery Staff)

10 The sub-pages within the table have changed compared with previous years, due to the 'prepare' and 'apply' pages were no longer active due to the BPB being closed to applications.

Table 4.2 below provides information on both the regional programme events provided around the country and the bespoke events at which a Big Potential presence was also involved. This details that 893 VCSEs have been engaged through the events (no events were held in Years 4 and 5, so this represents the final total for the BPB and the same figures that have been presented since the Year 3 report), during which they learnt about social investment, the Big Potential Programme, as well as hearing from social entrepreneurs who have successfully secured funding from both the Big Potential and/or other social investors. This also demonstrates that the workshop attendance and DT submission numbers are very similar, suggesting that engagement through the workshops was positively correlated with VCSEs then progressing to apply to BPB.

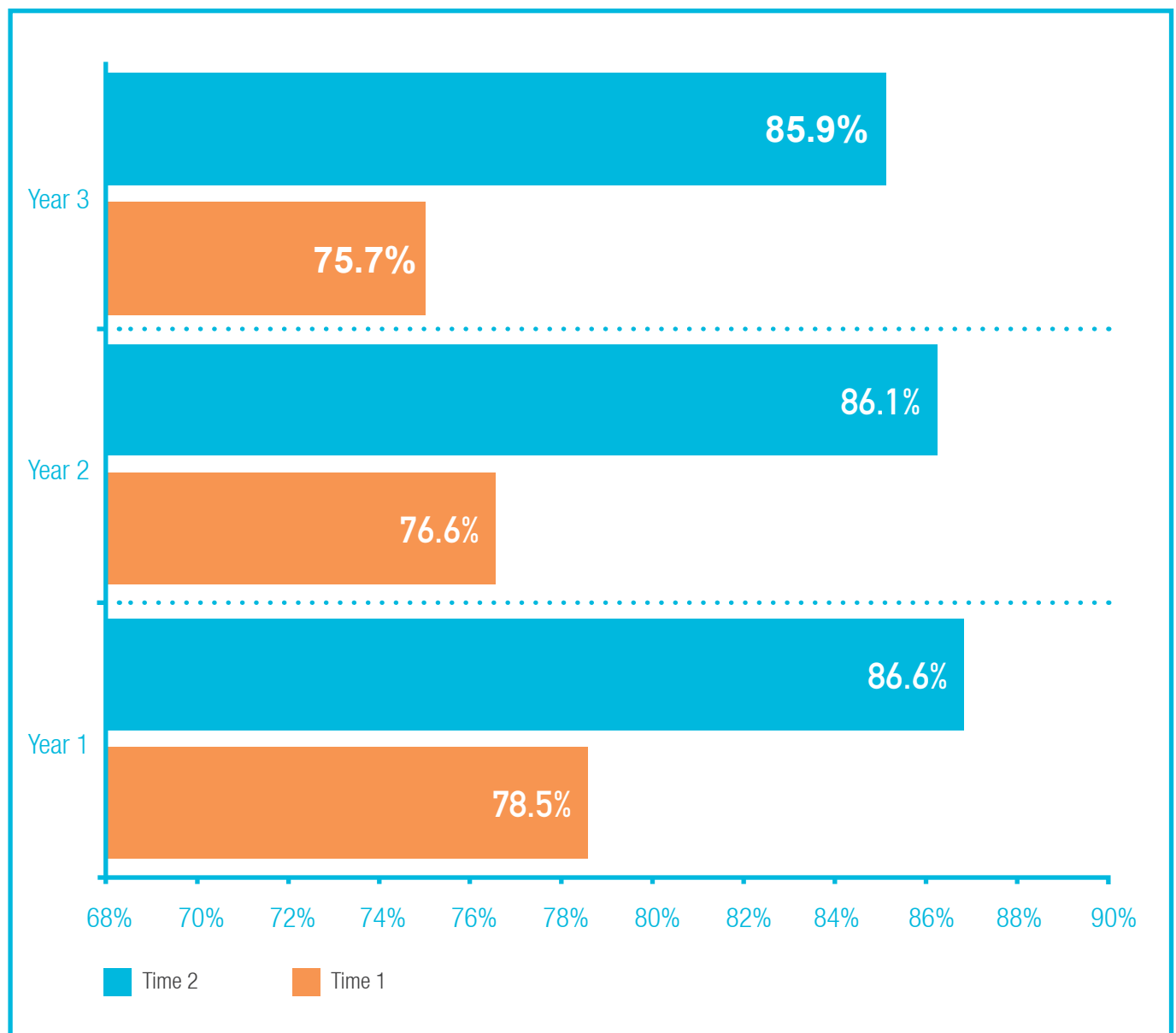
Regional Programme Events			
Location	Year	Bookings	Attendees
Walsall	1	115	85
Plymouth	1	70	50
London	1	96	60
Leeds	1	95	89
Cambridge	2	65	38
Ipswich	2	65	42
Salford	2	60	51
Gateshead	2	61	24
Swindon	2	41	21
Darlington	2	75	43
Lincoln	2	26	12
Chelmsford	2	60	45
Sheffield	3	61	31
Coventry	3	54	25
Preston	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
<b>Total</b>		<b>1,217</b>	<b>893</b>

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.



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, so that an understanding could be gleaned as to the impact that the workshop had on their knowledge of the Social Investment Market (SIM). This data is presented below in Figure 4.1 and identifies that the workshops had a positive impact on attendees' knowledge of social investment. The overall impact to the end of the BPB programme (+10.2%) demonstrates that the workshops raised social investment knowledge as measured by the survey to around 86%. In addition, when asked to rate the workshops' impact themselves the attendees scored the workshops effectiveness at 89.4% in improving their knowledge (Nb. 50% would have signalled no impact<sup>11</sup>). This demonstrates that the BPB workshops delivered strong impact on participant investment readiness knowledge and achieved good approval ratings from attendees.

**Figure 4.1 – Workshop Social Investment Knowledge Test**



Nb. See Appendix B for the full data breakdown.

11 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.

Regional engagement was assessed using the data gathered in the Online Diagnostic Tool. Figure 4.2 below outlines the breakdown of BPB applicants by region.

**Figure 4.2 – BPB Eligible DT Applicants by Region**

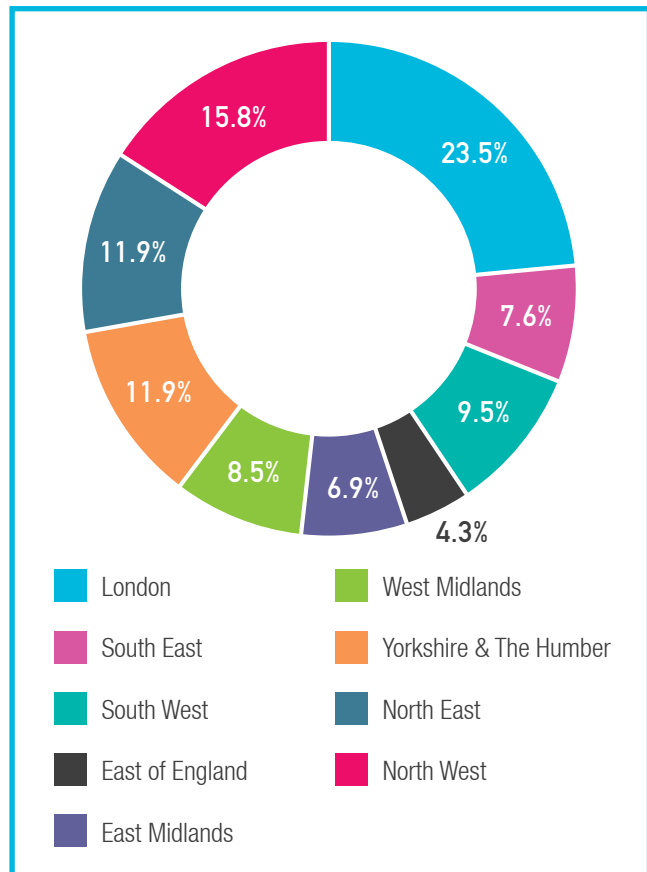


Figure 4.2 above demonstrates that just under one-quarter of the eligible BPB online DT applicants were based in London (23.5%)<sup>12</sup>. The other main geographic regions engaging with the BPB were: North West (15.8%); Yorkshire and Humber (11.9%); and the North East (11.9%).

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 4.3)<sup>13</sup>, the representation from the regions on BPB was relatively in-line with regional averages.

<sup>12</sup> The data here is slightly skewed by the fact that 27.5% of the VCSEs that are based in London operate nationally, hence their focus is broader than this data may suggest.

<sup>13</sup> As noted in the Executive Summary, this is taken from the 2018 NCVO Almanac; which still utilises the 2015/2016 data:

In London, the number of registered users was higher (23.5%) than the average of 18%, as was the case in the North East with 11.9% of registered users compared to a national proportion of 3.4%. The notable exceptions were the South East (7.6% / 18.6%); the East of England (4.3% / 12.5%); and the South West (9.5% / 13.1%), which were significantly lower than their respective national averages (NCVO, 2018). This data suggests that the BPB struggled to engage with VCSEs from these three regions (South East, South West and the East of England) over the course of the programme<sup>14</sup>.

It should be noted that these regions (and particularly the East of England and the South West) have traditionally been difficult areas to garner applications from on previous third sector programmes, and indeed there are limits to what programmes such as BPB can do to drive engagement. Nevertheless, future funding programmes similar to BPB need to be aware of these systemic and structural issues in engaging these regions on grant funding programmes.

“ So where there’s more of a cold spot for social investment, not just in the east of England but in other areas as well, like in Cumbria or, sort of more rural areas, it’s often harder, I think, to get social enterprise networks and clustering and to get, therefore, social investment. And it’s more - the higher transaction costs to deliver social investment in those regions as well. (P39 – Social Investor) ”

<sup>14</sup> As per the comment made in the Executive Summary, 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.

Table 4.3 – VCSE Regional Engagement at DT Stage

Region	Total for Years 1-4	Difference to NA	National Average
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 data taken from NCVO (2018). Those regions highlighted in red are more than 25% down on the national average figures.

This section has provided an overview of the BPB website engagement data and shown a high number of individual user sessions over the course of the BPB (156,862 in total). It has also shown that the BPB was broadly successful in reaching the VCSE sector across the whole of England, albeit problems remained with engagement to the end of the programme, particularly in engaging the South East, South West and East of England. However, it can be argued that this is more an issue of regional infrastructure than it is BPB engagement. The North East acts as an interesting case-study here, with applications from the region to BPB soaring since Year 1.

There is no doubt that the efforts expended by SIB through the regional workshops and promotion of the BPB helped here, but the growth of the VCSE sector in the North East, along with the support infrastructure/ecosystem around it, also contributed. Ongoing infrastructure building in the East of England (almost certainly behind the historic low programme engagement rate of the region in BPB and similar programmes. The growth of Bristol as a regional hub for social enterprise (and indeed Plymouth also), may act to bolster the South West in the same way that Newcastle has for the North East, which may make engagement in these regions easier for future programmes.

## 4.2 The Online Diagnostic Tool

In total 1,025 diagnostic tools were completed and submitted by eligible applicant VCSEs (from the 1,125 DT submissions in total). This represents an eligibility percentage of 91.1%. From the 1,025 eligible DTs received, 890 VCSE progressed to and had their 1:1 Support Advisor Session (SAS). Throughout the programme, VCSEs have been largely positive about the DT and 1:1 Support Advisor Sessions, seeing them as developmental stages that allow them to test the assumptions they have about their investment readiness and to have these challenged/supported by one of the advisors. However, there was some critique of the 1:1 SAS in the Year 5 interviews, with one VCSE arguing that the SAS merely told them what they already knew (and was on the DT). To a degree, this critique is valid, because the function of the SAS was really to sense-check what had been input into the DT. In addition, interviewees in previous reports have argued that hearing what they already knew was reassuring, as it acted as a means of external validation. This was certainly the perception of some of the BPB programme delivery staff, who argued that it allowed VCSEs to consider their strengths and weaknesses. Nevertheless, it was also recognised that the usefulness of the DT might be related to the level of development of a VCSE, with larger/established organisations maybe found it less useful.

“

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]

(P50 – Successful VCSE)

”

“

I think the diagnostic had its benefits and probably its drawbacks. It was quite basic so I think it was quite useful for organisations that were quite early stage to have something that identifies where they need to develop. But I think for organisations that are a bit later stage than that and slightly more developed it wasn't particularly useful and was more a tick box exercise, if you like. And I think there was sometimes a little bit of confusion around the score that it gave and needing a certain score to progress, which wasn't the intention of the diagnostic. It was just purely a tool to try and establish where they needed to develop.

(P48 – Programme Delivery Staff)

”

“

Every day's a school day, we're always learning and if we've helped every organisation that's had a Big Potential grant, or actually if we've helped every organisation that's even taken the Diagnostic to just learn a little bit about themselves and their strengths and weaknesses and how they can be better equipped in some way to support their beneficiaries, that's the amazing thing about Big Potential.

(P46 – Programme Delivery Staff)

”

One area in relation to the DT that has been consistently highlighted throughout the five years of evaluation, was the tendency of VCSE applicants to see the DT as a summative rather than formative assessment, especially in relation to the final IR percentage score. As has been noted before, and also later in this report (see page 44) the DT score was never used as part of any assessment of suitability for BPB, albeit this was an area that VCSEs often did not recognise.

“

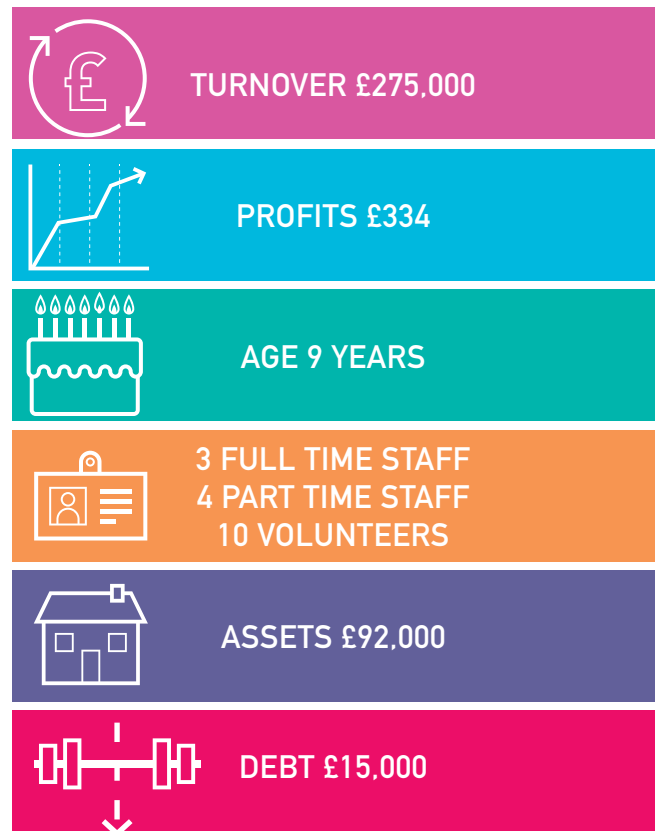
So they would get a percentage score and that was one thing that was really unclear on the diagnostic actually. I used to get loads of calls like, 'My score is really low, does that mean I can't go to next stage?' I was like, 'No, just don't worry about that, that's to give the consultants some information from your organisation, just to see what your strengths and weaknesses are'.

(P47 – Programme Delivery Staff)

”

Demographic data relating to the of the types of VCSEs that applied to BPB. By the end of Year 5 data had been collected through the DT from 1,025 VCSEs that were deemed eligible for BPB <sup>16/17</sup>. In relation to these VCSE organisational profiles the diagnostic tool revealed the following key organisational traits for the average VCSE applicant to BPB (see Figure 4.3)

**Figure 4.3 – VCSE Organisational Demographics**



<sup>15</sup> A summative assessment relates to a final assessment of a participant's performance, whilst a formative assessment relates to an ongoing assessment at a particular point in time. In this instance, this meant that participants were not viewing the DT as a developmental exercise, rather as a test that needed to be passed.

<sup>16</sup> This means that the sample is skewed towards BPB eligibility and so is not wholly representative of the VCSE sector.

<sup>17</sup> 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).



In comparison to the data gathered in the first four years, the demographic data across the five years of the BPB is almost identical with few changes. Indeed, the smaller-end of the VCSE sector that engaged with BPB consisted of mainly micro-enterprises (less than 10 FT staff), with turnover of £250,000 per year and extremely low profitability (0.1% of turnover). These VCSEs were also significantly reliant on just two main income streams and derived half of their income from the public sector. Conversely, despite this the organisations are characterised by low debt-levels and decent asset bases, with an asset/debt ratio of over 6:1.

The investment needs of VCSE applicants remains the same as reported in the first four years, with an average investment need of £250,000 (91% of annual turnover). The significant size of the sample demonstrates that this segment of the VCSE sector has serious sustainability issues, and that support for the sector is still urgently needed if a serious retrenchment of the third sector is not to be experienced in the next decade. This lack of development was also described by one Provider when describing a particular VCSE that they had worked with. However, it should also be noted that this lack of sustainability won't always put an investor off, especially if the major factor is a lack of financial performance, as often it can instead be the quality of the investment idea i.e. what is the money being used for and how can that drive future revenue that can be used for repayment.

The reasons for exploring/seeking investment articulated by the VCSEs in Year 5 were the same as those discussed by the VCSEs during the previous four years (social/commercial scaling; consolidation of previous growth; organisational independence/flexibility; property/assets acquisition/renovation; and income diversification). However, in some cases it was also driven by Providers identifying and convincing VCSEs that they should apply to BPB, even when the VCSE themselves remained unconvinced. The social investment focus here did not help, as many organisations were naturally suspicious or nervous of repayable investment.

“ Not developed enough yet [to access social investment]. I was talking to one [VCSE] just over two weeks ago and they are still struggling with the delivery of the project and trying to get it off the ground...so they are nowhere near the funding stage yet. It was quite an ambitious project I'm not going to lie to you, but they are still in the early stages of working out the marketplace. ”  
(P56 – Provider)

“ So obviously they are trying to do something with the money [investment] so you wouldn't expect them to be necessarily repaying the debt out of existing cash-flows, because that money is going to be invested into something and that something will probably have an impact on their financials... ”  
(P55 – Provider)

“ Their needs were to find finance obviously; their needs were to diversify their income streams in the main because they were principally too heavily involved with grants..... they didn't always recognise the need to be a little more commercial in the way that they operated and one of the blockers that I found for organisations to apply to Big Potential was that they didn't want to apply for the social investment at the end of the process. They could see the benefits of the Big Potential work that we would do with them as the Provider to help them, but they didn't want to do that end-piece, which was borrow the money or get the investment to do it. ”  
(P56 – Provider)

This hesitancy around social investment was also recognised by the programme delivery team, even though it must also be acknowledged that unsuccessfully applying to BPB, but still learning about social investment can be a positive thing. This returns to the themes identified in previous reports around the knowledge and educational impacts of BPB pre-grant award.

“As part of our income diversification.....its extra sales, but it also furthers our charitable mission as well. Because obviously...a huge amount of [social problem] happens... so obviously earn income yes, but most importantly [scaling the social mission].”  
(P58 – Successful VCSE)

“I was never convinced about this [the BPB application]. I can't even remember what the rationale was, the logic must have been that there is a marketplace out there, and if we had more capacity to invest in marketing, we can unlock that market. It's interesting because I think that is true, we are unlocking that market, but the reason we are is not through marketing or business development capacity, it's because we have invested in our knowledge and expertise. Our thought leadership is definitely opening doors and demand for our consultancy support has grown four-fold...I think what I am trying to say to you is that we wouldn't have embarked on this if a funder [Provider] hadn't told us to. We were very much in the hands of [Provider] and taking their advice...”  
(P54 – Unsuccessful VCSE)

“That's right, they've got to know what it means. Even the term 'investment readiness', it can be like, 'What do you mean by investment readiness? What do you mean by investment?'. In most cases it's repayable investment so the organisations are like 'oh its repayable investment'. Once they know what it is then it's not for them because they have to pay it back.”  
(P49 – Programme Delivery Staff)

“I think it was good at educating people and I think organisations, even the ones that were unsuccessful I think it was a good thing for them to get the feedback, (1) from the one-to-one, and (2) from if they were unsuccessful, once we gave them full feedback as to why it was unsuccessful and I think that was really useful. And I think even if they didn't get the grant, they had the knowledge then and the information as to what we mean by investment readiness and what kind of things they need to do as an organisation to develop themselves to be ready for securing funds at a later stage. (P49 – Programme Delivery Staff)”

The first four evaluation reports consistently focused on the need for sustainability support at this end of the VCSE sector (i.e. micro- and small organisations). Recognition that BPB had a de facto focus on capacity-building and a de jure focus on social investment, has been a mainstay in the interview data. This was recognised in the Year 5 interviews by participants, who saw the future sustainability of the VCSE sector as requiring further income diversity and organisational resilience, features that BPB supported them with. However, within the wider ecosystem, especially amongst funders and policy-makers, the focus on investment readiness is unhelpful (this will be explored in more detail later in the report).

“I think organisations realise they need to be a bit more enterprising; that they need to diversify their income. And historically being grant reliant, moving forward probably isn't the most sustainable way to operate.”  
(P48 – Programme Delivery Staff)

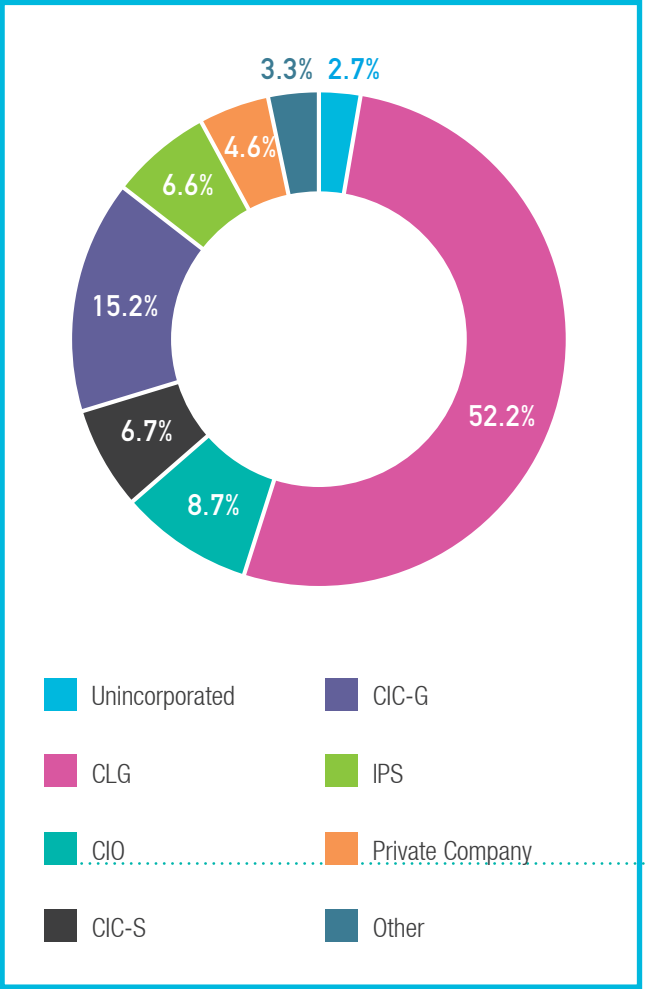
“So I think actually, and I know there was pressure from various places not to call it a capacity building programme, but what else was it? Seriously, what...if you are helping people be better equipped to understand core parts of their business and core elements of what they're doing, if that isn't building capacity I don't really know what is.”  
(P46 – Programme Delivery Staff)

“So I think actually, and I know there was pressure from various places not to call it a capacity building programme, but what else was it? Seriously, what... if you are helping people be better equipped to understand core parts of their business and core elements of what they're doing, if that isn't building capacity I don't really know what is. (P46 – Programme Delivery Staff)”

The majority (52.2%) of VCSE applicants were Companies Limited by Guarantee (see Figure 4.4 below), with over one-third (37.2%) of applicants being social purpose organisations such as charities, social enterprises and cooperatives (Community Interest Companies, Industrial Provident Societies and Charitable Incorporated Organisations). In addition, 55.9% of all organisations were also registered charities, showing that the majority of the organisations (irrespective of legal form) were the trading arms of charities.

Whilst BPB experienced a downward trend in the number of registered charities applying in Years 2 and 3, there was an upturn in charitable applications in Year 4 back towards Year 1 levels [62% (Year 1); 49% (Year 2); 52% (Year 3); and 61.8% (Year 4)].

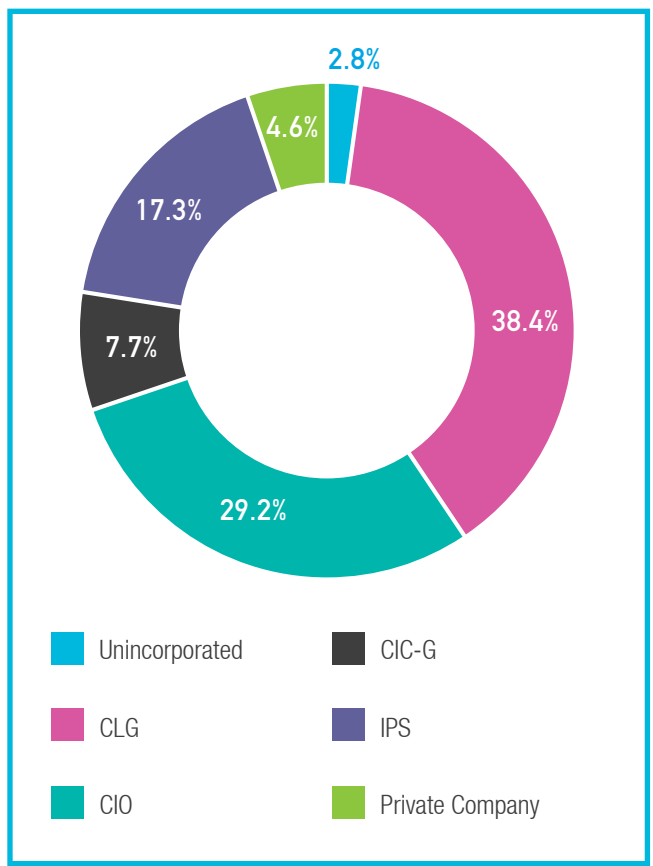
**Figure 4.4- Organisational Legal Form**



Nb. See Appendix D for the full data breakdown.

In relation to geographic reach, 70.4% of all VCSE applicants operated at a localised level (neighbourhood, local authority and regional combined) (see Figure 4.5). A total of 17.3% of VCSEs operated at a national level. This compares with a sector trends of 78% of VCSEs operating locally and 22% of VCSEs operating nationally (NCVO, 2017).

**Figure 4.5 - VCSE Geographic Reach**



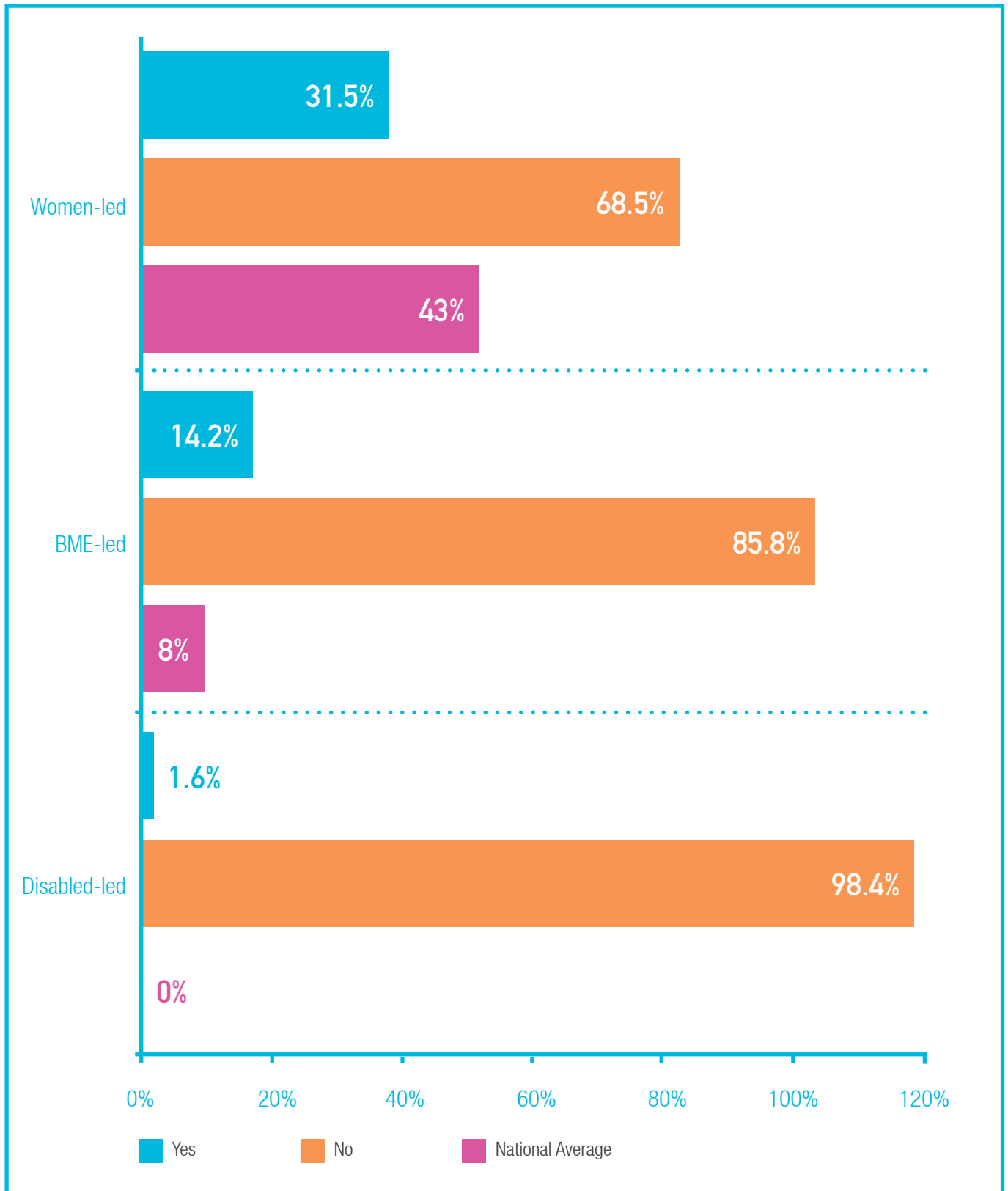
Nb. See Appendix E for the full data breakdown.

In relation to engagement with VCSEs that are women-, BME-, and disabled-led, engagement was mixed (see Figure 4.6 below). Women-led organisations represented just under one-third of the sample (31.5% across all years of BPB) compared with annual breakdowns of: Year 1 = 34%; Year 2 = 30.6%; Year 3 = 27.8%; and Year 4 = 34.9% (there were no new applicants in Year 5). As has been noted in previous reports, this is lower than the sector average of 50% provided by Teasdale et al. (2011) and 43% by NCVO (Lewis, 2010). However, despite five interviews (one held in Year 5) with randomly selected women-led VCSEs, no cause for this has been identified. Indeed, for the women-led VCSEs interviewed throughout the evaluation's five years to date, the interviewees did not articulate any experienced barriers to engagement based on gender.

BME-led VCSEs accounted for 14.2% of the sample across all four years (Year 1 = 12%; Year 2 = 18.8%; Year 3 = 14.1%; and Year 4 = 12.7%) compared with a national rate of 7.7% of VCSEs that were primarily BME focused (NCVO, 2014a): As has been noted in previous reports, BME engagement has not been a problem area for BPB, as BME VCSEs have applied to the programme consistently in higher numbers than the sector national average.

Overall engagement with disabled-led VCSEs was somewhat difficult to gauge, especially given the previously identified issue of distinguishing between disabled-led and disabled-focused VCSEs (see the Years 3 and 4 reports). Over the course of BPB, 16 disabled-led VCSEs were engaged, representing 1.7% of the sample (or nearly 1/50). Given the previous estimate that disabled-led VCSEs might only make up 1/800 of the sample (Hazenbergh, 2017), this means that engagement with BPB might be higher than the national average<sup>19</sup>. As with the previous four reports, whilst six of the disabled-led VCSE applicants were approached for interview, none agreed to participate. However, given the above this does not seem to be a major issue for BPB as a programme.

**Figure 4.6 - Women-, BME- & disabled-led VCSEs**



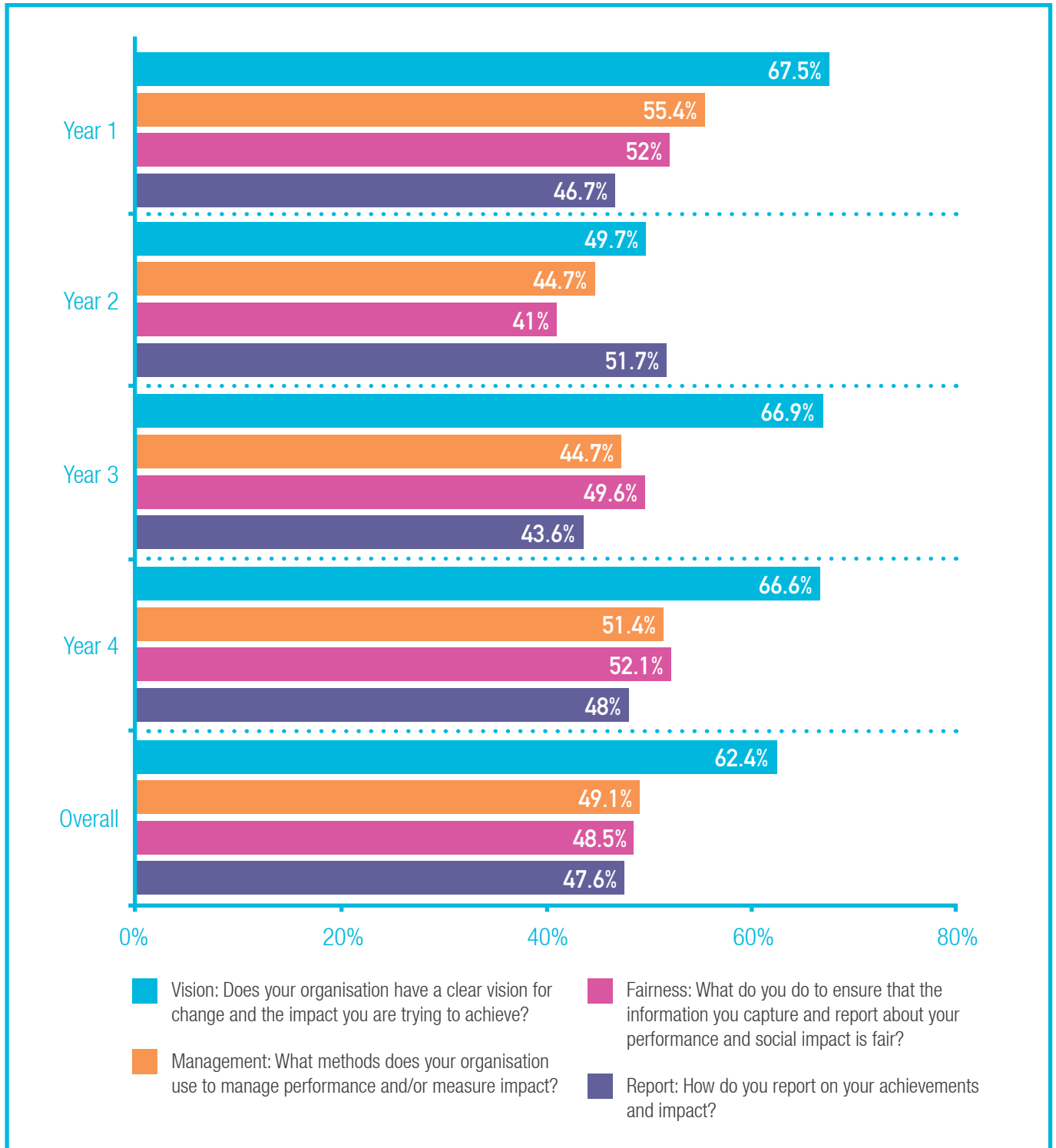
Nb. See Appendix F for the full data breakdown. The data here represents the proportions for Years 1, 2, 3 and 4 combined. As was outlined above, it is difficult to ascertain the true size of the disabled-led VCSE populations nationally and so the figure shown here is 0%. All national average data is taken from the 2015 NCVO Almanac, as the 2018 Almanac does not contain updates to this data.

19 Indeed, SIB focused a significant amount of work in Year 4 to reach out to disabled-led VCSEs based upon the findings of previous research reports. This has clearly had a significant impact on engagement.



Finally, VCSE organisations were also asked to rate their perceptions of their social mission, social impact measurement, the validity and reliability of this measurement and how they reported it (see Figure 4.7a). The VCSE applicants were asked to rate their social impact measurement on an 11-point Likert scale in relation to the following four areas (for full details on the scale end-points and the full questions asked please see Appendix G):

**Figure 4.7a – Social Impact Measurement Perceptions**



Nb. See Appendix G (Table 7.6a) for the full data breakdown. The Likert ratings are represented here as percentages.

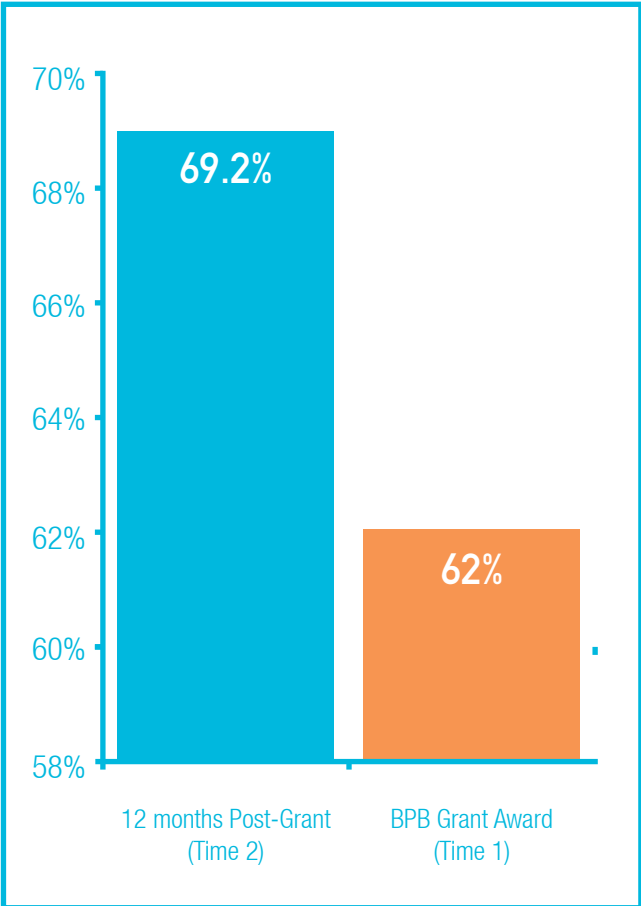
The overall data here demonstrates that VCSEs can articulate their vision for change and how they deliver social impact, but that they struggle to measure this accurately and disseminate it appropriately. This was also argued by one of the Provider organisations.

“ 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... (P55 – Provider) ”

The research is exploring the impact of BPB on the social impact of VCSE grant awardees, utilising SIB’s Method for Impact Analysis and Assessment (MIAA) tool . SIB conducts the MIAA with VCSEs at two stages: The first MIAA is conducted when a grant has been awarded to a VCSE; whilst the second MIAA is conducted when the post-grant work is completed and the monitoring of the grant with the VCSE is closed. The MIAA has a maximum score out of 30 and the tool is being used to understand how engagement with the BPB shapes VCSE social impact over time. The data for the longitudinal impact to date (some VCSEs are still not 18 months’ post grant award) is displayed in Figure 4.7b.

The data reveals that organisations are experiencing a statistically significant ( $p < .001$ ) increase (+7.1%) in their MIAA scores during the post-grant phase of the BPB. This demonstrates that during this time VCSEs are increasing their impact according to the measures within the methodology. Whilst this data cannot solely be attributed to BPB, given the focus of many of the grants being at least in part on social impact measurement (70 of the grants awarded had a social impact/social impact measurement element to the post-grant support) it is reasonable to posit that the BPB had significant impact on VCSE’s impact according to the measures within the MIAA.

Figure 4.7b – Social Impact Measurement Perceptions



Nb. See Appendix G (Table 7.6b) for the full data breakdown. The MIAA scores out of 30 are represented here as percentages.

The data reveals that on average BPB applicants were/had:

- micro-enterprises employing less than 10 employees (3 FT staff on average);
- limited in turnover (£270,000);
- high reliance on volunteers;
- small profit margins (0.1%);
- high reliance on a small number of contracts (<2);
- Broad reliance on public sector income (50% of total income).

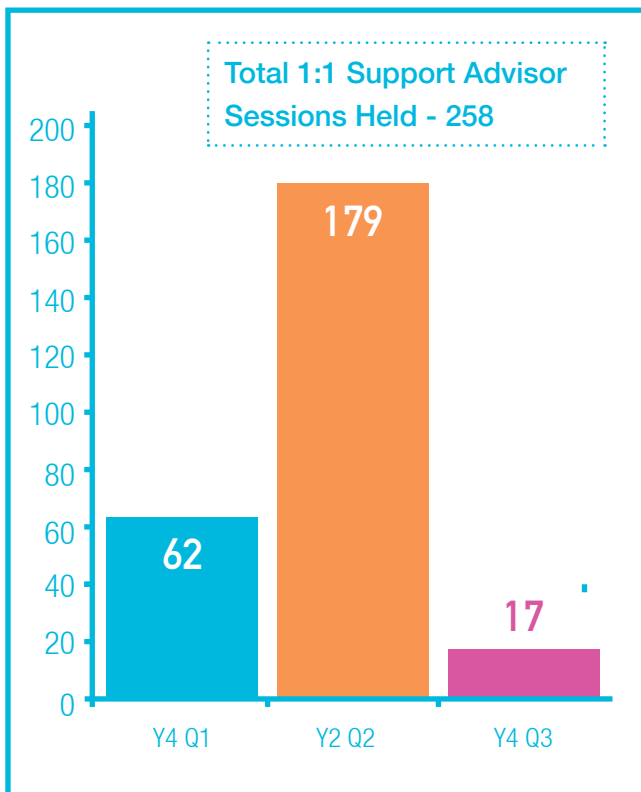
BPB VCSEs also struggle to measure and report their social impact, which limits their ability to market their work both internally to staff and externally to beneficiaries and key stakeholders. BPB is positively affecting VCSEs’ ability to understand, describe, measure and report their social impact. Nevertheless, BPB VCSEs (i.e. the smaller end of the VCSE sector) clearly face significant sustainability challenges, suggesting that support delivered by future programmes could be critical to the health of the micro-VCSE sector.

20 It should be noted that the MIAA solely seeks to explore VCSE perceptions of their social impact: It does not in any way actually measure social impact. The exploration of perceived social impact is gained in relation to three areas: mission fulfilment; beneficiary perspective; and wider impacts.

### 4.3 The 1:1 Support Advisor Sessions & Assessing Investment Readiness

In total 890 1:1 Support Advisor Sessions (SASs) were held with VCSEs (Year 1 = 176; Year 2 = 225; Year 3 = 231; Year 4 = 258)<sup>21</sup>. In Year 4 the pro-rata value of 1:1 SAS is 442, given that the grant awarding phase ended in Month 7 of Year 4, demonstrating the growth in applications towards the end of the BPB grant-award phase. Figure 4.8 below provides an overview of the 1:1 Support Advisor Session provision for each of the four years of grant-awards in BPB.

**Figure 4.8 – 1:1 Support Advisor Sessions by Quarter**



Nb. Provision of 1:1 SAS ended in September 2017, hence the lack of data for Y4 Q4.

Figure 4.8 identifies that the BPB held 37 1:1 Support Advisor Sessions per month in Year 4 (a significant increase over the average of 16 sessions per month in Year 1, 21 sessions per month in Year 2 and 20 sessions per month in Year 3).

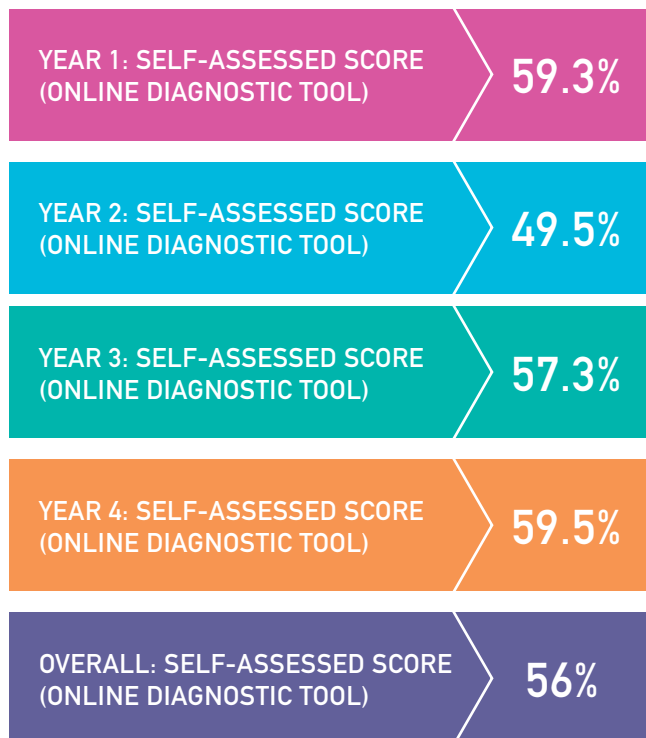
This is due to the fact that VCSEs realised that BPB was due to close to grant applications, and so inevitably led to a spike in applications and hence 1:1 SAS. Across the four years of the programme (41 operational months) BPB averaged just under 22 1:1 SAS per month.

The 1:1 Support Advisor Session also provided the opportunity to reassess (with the expert advisor’s help) the VCSE’s overall investment readiness score on the diagnostic tool (for more information on how investment readiness was assessed please see Appendix H). Figure 4.9 below outlines the scores of VCSEs in relation to their investment readiness when first engaging with BPB for Years 1, 2, 3, 4 and overall. It demonstrates that the overall IR score on the DT for VCSEs was 56%, well below the 80% threshold that is considered to be IR. Indeed, this acknowledgement of the lack of IR and sustainability in the micro-VCSE sector has been a feature of the BPB research throughout the data gathering and analysis phases.

21 Out of 994 1:1 invitations

22 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% is 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.

## Figure 4.9 – Investment Readiness Scores (Online DT)



Nb. See Appendix H for the full data breakdown. A score of 80% or higher on the diagnostic tool is viewed as being 'investment ready'.<sup>23</sup>

When analysing the demographic data in relation to initial IR scores, there was also a statistically significant difference in VCSE IR scores both in relation to whether a VCSE was a registered charity and whether it was BME-led. Indeed, those organisations that were also registered charities scored on average +5.5% higher than those VCSEs that were not registered charities, whilst those VCSEs that were BME-led scored 3.6% lower than non-BME-led VCSEs (see Appendix H for an overview of this data). These findings suggest that there is more of a demand for IR support in the non-charitable and BME-led segments of the VCSE sector<sup>24</sup>.

<sup>23</sup> 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% is a feature of the tool as designed by Locality.

<sup>24</sup> There is a caveat here that the data only relates to those VCSEs that applied to BPB and so were actively seeking IR, this could skew the data when compared to the sector as a whole.

The 1:1 Support Advisor Sessions continued to act as initial means for VCSEs to 'critically reflect' on their IR (and sustainability). It can be seen as a sense-check stage for VCSEs following on from the DT, even if for some organisations this isn't needed and feels like a repetitive process that only tells them what they already know.

### 4.4 Preparing the grant application

The pairing of the VCSE with a BPB support provider organisation marked the point at which the provider partnering element of the programme began (albeit some VCSEs had existing or past relationships with Providers). During this phase the VCSE worked with the provider to identify areas of organisational need, devise strategies for meeting these needs and also prepare and submit the final grant application to the BPB. During this phase no quantitative data was collected; however, this phase and the impact that it had on the VCSEs was explored in the interviews and the following themes were identified.

The grant application phase remained a critical element in the BPB journey, and one that in the main seemed to work well, both in relation to the mechanics of building the application, and also in relation to the Provider selection and relationship in co-producing applications. Prior reports have all shown how the Provider selection phase is critical and dependent on value alignment between Provider and VCSE. Nevertheless, the selection of Providers remained an area that was tricky for some VCSEs (see Case-study H later in the report for an example of this), whilst others (both successful and unsuccessful) argued that they felt that some of the Providers were only in business because of BPB and that their business models were based upon identifying and building critical masses of applications.

To a degree, this is unavoidable when trying to build a Provider ecosystem, as the quote below related to 'seagulls' demonstrates. However, it is an interesting area that requires further exploration and so in the final 12 months of the evaluation the research team will be mapping how many of the BPB's approved providers remain in business now that the programme has ended.

“We went with [Provider Name] in the end, because I think they had a really good reputation...the work with a particular consultant that we were paired with from [Provider Name] that relationship didn't really work out that well for us...I think there was maybe just a little bit of a personality difference as a foundation; but then on top of that [VCSE Name] is quote an entrepreneurial charity and we are keen to push things forward quite quickly and I think our CEO and the consultant didn't work particularly too well together to be honest.  
(P58 – Successful VCSE)”

“They [Provider] were fine, the only the big problem, which sort of knocked everything out was that they were the ones that encouraged us and said 'we think it's got a really good chance' and put the time in, and then when it failed...I don't know whether they get paid per submission, but when it failed and they said 'well you were never anywhere near likely going to get it' it to me just made no sense at all. So they were perfectly nice to work with, but their advice was actually deeply confusing.  
(P54 – Unsuccessful VCSE)”

“It was clear that some of these Providers are pretty much setup in business in order to apply to this Fund, and a lot of them put in large numbers of applications in the sure-fire knowledge that they'll get lucky with a percentage of those; and that's their business model.  
(P50 – Successful VCSE)”

“We had both of those, we had those that approached us because they had gone through the first sift, I can't remember what it was, but they would have their own initial chat [1:1 SAS] with Big Potential and then approach us because we were on the list of Providers...so some of the, some of the organisations came to us once they'd had their initial meeting with Big Potential, some were realised that we were the only Provider in the region that they wanted to work with, or that they were clients or they knew about us...  
(P56 – Provider)”

“You can't blame them [Providers]... when the trawler throws the sardines over the side, you know you get a few seagulls...you know some tasty morsels, and it's an active ecosystem and you'll get people taking advantage of the availability of funding, and that is true of any stream of funding.  
(P52 – Panel Member)”



The closed list<sup>25</sup> 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 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.

“ 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. (P48 – Programme Delivery Staff) ”

“ 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%?' (P47 – Programme Delivery Staff) ”

“ The funding was too heavily focused on external providers with high day rates, rather than providing much needed backfilled capacity for the VCSE. (P51 – Unsuccessful VCSE) ”

The arguments around Provider day-rates was also identified by a Panel Member in Year 5, who also argued that there was a feeling that the costing's in grant applications were in part used to cover application-building costs (through padding-out of post-grant activities).

“ You know, you are talking about grants of, I don't know, £50,000, or £70,000, to often to quite small organisations, the great bulk of which money, is actually going to fund a limited range of consultants, who are on day rates of £1,000 plus in some cases<sup>26</sup>. Which personally I find, as did a lot of people on the panel, absolutely quite, it stuck in the gullet a little bit. What's more, given the demands of the process, you know of that £50,000 probably maybe £20,000 was effectively going to fund the application, because the Panel ask for a lot of evidence, a lot of material in support of the application, you know 20-30 pages of documentation to be completed... (P52 – Panel Member) ”

This is a difficult critique to verify, and to a degree the alternative would be to pay Providers per application worked on, a process that conversely may only encourage higher numbers of applications, but with a lower quality. However, the issues identified in this section around Provider selection, support to identify Providers, maximum day-rates and funding models pre- and post-grant award should be considered when designing future programmes. **26**

<sup>26</sup> It should be noted that despite the interviewees' quote here, the day rate for Providers was capped at £1,000 including VAT.

<sup>25</sup> 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'.

Finally, the process of building grant applications was found in the Year 5 data to be generally collaborative and aligned with each partner's skillsets and knowledge, albeit some Providers let the VCSE lead, whilst others led themselves on different areas. Providers would also build other consultants into the grant applications where they felt that they didn't have the expertise to deliver on certain aspects of the post-grant support phase.

“ We would meet with them and we would try and think 'is there a definite project here for us to be able to help them apply for Big Potential' and if there was going to be a need for them to apply for social investment funding somewhere down the line...We very much took the decision that we didn't tend to get too involved in the application writing, we would let the organisation do that and then we at the end would go through it and then sit down with them and sort of turn the pages if you like to sort of make sure that everything stacked up and looked like it was going to be a good application. ”  
(P56 – Provider)

“ We tended to just have a Word version of it [application] and we'd pretty much flit it between us, and if there were bits around the support or the number of days or budget, or how that support would help them, then we would probably lead on because we have done this lots of times..... then probably the sections around the business, what they are trying to do with the money would probably be drafted by them first and then we probably would do a final edit and then send it in. ”  
(P55 – Provider)

“ When we put together applications we realised that...the financial side of things, that was where our strengths lay. But we also recognised, I realised very quickly when I started to talk to these VCSEs, that they didn't just need help with the financial side of things, they would sometimes need help with their more operational side of things, management capabilities, market research. So what we did was we normally put an application together that had a few different external, not big P providers, but that we brought on-board if we saw that an application needed or an applicant need help with other things. ”  
(P56 – Provider)

#### 4.5 The Panel & Grant Decision Phase

In relation to the Panel phase and the final decision as to whether to accept or reject grant applications, the research evaluation has access to both quantitative and qualitative data. In total there were 702 grant applications across all four years that BPB was open (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<sup>27</sup>.

In relation to the types of grants that have been awarded, to date the BPB has provided £9.54 million in grant funding<sup>28</sup> (£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).

The majority of preliminary grants (56%) have been used by VCSEs to measure social impact, with the remainder split between changing governance structures (18%) and developing new income streams (26%)<sup>29</sup>.

For Investment Plan Grants the split was across changing governance structures (33%), developing new income streams (24%), and measuring social impact (43%)<sup>30</sup>.

<sup>27</sup> Of these applications were originally unsuccessful and accepted after resubmission.

<sup>28</sup> £90,000 across 7 grant awards was returned to the BPB ultimately meaning a total spend of £9.45m.

<sup>29</sup> Based upon available data from a sample of 171 Preliminary Grant Awards.

<sup>30</sup> Based upon available data from a sample of 46 Investment Plan Grant Awards.

Figure 4.10 outlines the grant awards made and the IR score of successful applicants.

### Figure 4.10 – Grant Awards Offered

See Appendix I for the full data breakdown including Preliminary and IP Grants analysed separately.

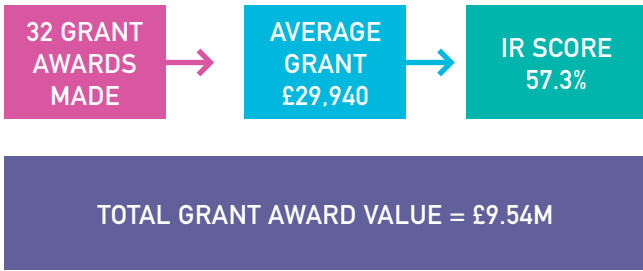
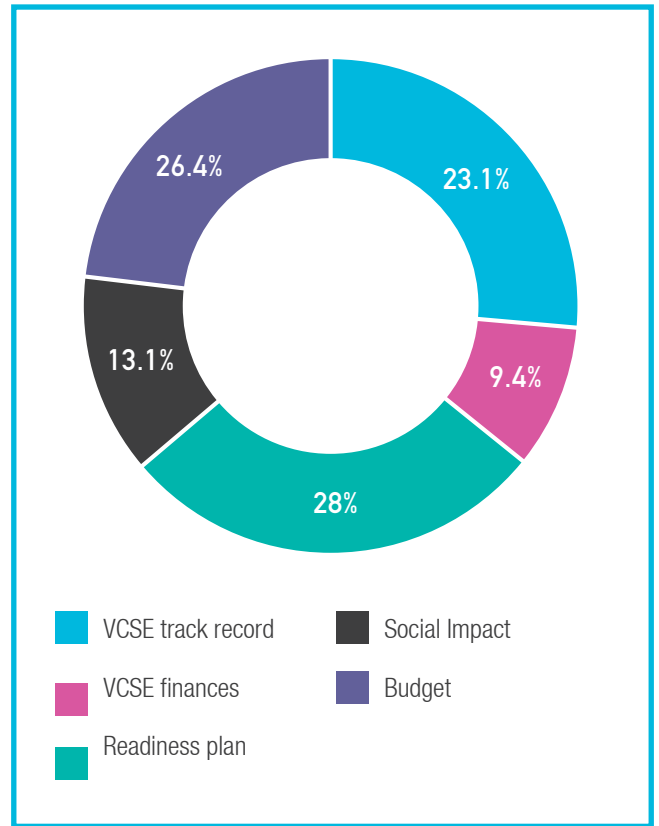


Figure 4.10 outlines the main trends to emerge from this data in relation to grant awards as a whole (Preliminary Grants and Investment Plan Grants). The IR score of a VCSE at the online 1:1 DT stage was not predictive of grant outcome, with no significant difference between the IR scores of unsuccessful and successful applicants for either Preliminary Grants or Investment Plan Grants. As has been noted in previous reports, the DT scores when first applying are not meant to discriminate, but rather as a means to identify weaknesses in the VCSE’s business model that needs to be addressed (and for research evaluation purposes). Indeed, given that the aim of the BPB was to raise IR in those that most needed it, it is intuitive that there would not be a link between these two variables. Figures 4.11a and 4.11b overleaf, outline the specific and thematic reasons for grant application rejection.

### Figure 4.11b – Thematic Rejection Reasons



Nb. See Appendix J for the full data breakdown.

### Figure 4.11a – Grant Application Detailed Rejection Reasons

Nb. See Appendix J for the full data breakdown.

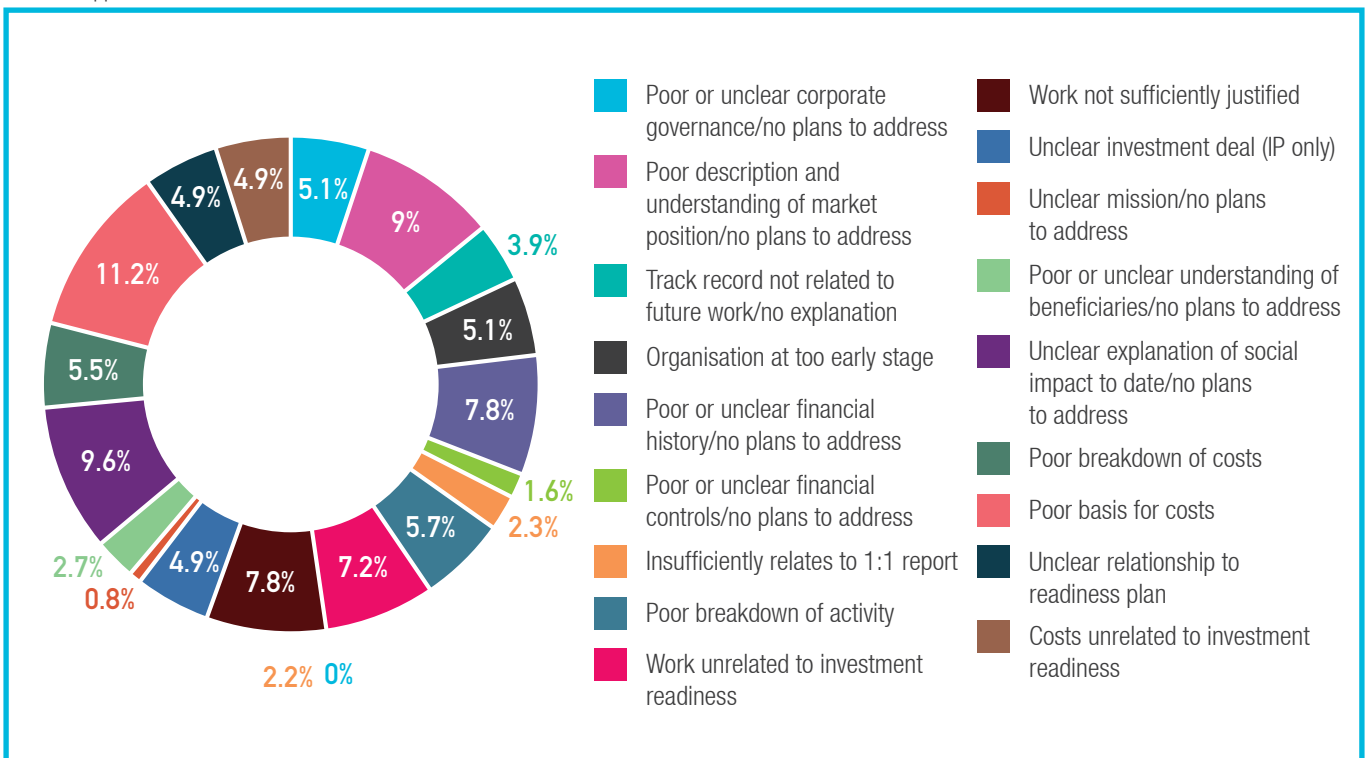


Figure 4.11a reveals that the largest rejection reasons given for BPB grant applications being unsuccessful were:

- poor description/understanding of market position;
- unclear social impact;
- and poor basis for costs in the proposal.

These accounted for 29.8% of all rejection reasons, despite only being 3/18 of the possible rejection reasons. In addition, across the thematic areas a poor investment readiness plan, a poor budget and a lack of track record accounted for 77.5% of all rejection reasons. It should also be noted that due to the surge in applications during Year 4 because of the imminent closure of BPB to new applications, rejections towards the end of BPB were shaped by the Panel being constrained by a high volume of applicants and a very limited remaining budget for grant awards. This invariably increased competition and led to some VCSEs being unsuccessful in their grant applications whom might otherwise have been successful earlier on in the programme. This was certainly argued by one of the VCSEs in Year 5.

“ We reached the very final stage, indications were we would have got it if [it was] any other round [due to high competition]<sup>31</sup>, at the time it felt really disappointing as all hurdles had been cleared until that point. We subsequently went for and achieved the Reach [Access Foundation Reach Fund] grant, which was a much simpler process.  
(P51 – Unsuccessful VCSE) ”

In relation to the Panel process, in the main throughout the five years of the evaluation this has been viewed positively by Panel members, VCSEs and Providers.

In relation to the Panel process, in the main throughout the five years of the evaluation this has been viewed positively by Panel members, VCSEs and Providers.

In Year 5 there were some frustrations articulated in the timescales for receiving grant application decisions (see Case-study H), but also an acknowledgement from Panel Members and Programme Delivery Staff that the Panels were thorough, professional and delivered with common sense. However, one Provider did argue that there was sometimes a lack of vision from the Panel in assessing applications with ‘transformative’ potential.

“ 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.  
(P52 – Panel Member) ”



31 This VCSE submitted their application in the summer of 2017 as the BPB was coming to an end.



“ They said a pound is enough, so that’s the rule, that is the general rule. So they could ask for a grant amount of 25,000 and if their investment raised amount was 25,100 that’s fine, that’s eligible. So the difference had to be a pound but they had to justify it. Obviously they would prefer it if it was a better ratio. So sometimes we used to get really great applications where they’d only ask for twenty-five grand and they were looking to raise £500,000 and they’d be like, ‘This is great value for money’. So they would really appreciate those kind of applications. (P46 – Programme Delivery Staff) ”

“ So we got turned down for a couple where I think we should have definitely got it and would have been quite transformative for the organisations, and then we did get it for others where, it was still useful... but it was definitely less of a transformative big deal, and some of the feedback, you could see why they were doing it, but it didn’t completely make sense. (P55 – Provider) ”

Perhaps an area that has not been explored before in previous reports, relates to the impacts that Panel membership had on those participating from a personal development and knowledge generation perspective. Indeed, as the Panel Member below argued, the Panels were interesting experiences that enhanced their own knowledge of the VCSE and investment sectors. In this respect it could be seen as a capacity-building programme even for stakeholders who were already well-embedded in the ecosystem.

“ How did I find the Panel? Well I found it a really interesting learning process, because whilst I had worked a lot with social businesses using the term broadly, in certain sectors particularly employment and training sector. I found that I was learning a lot about the social finance ecosystem. The various funders, the various consultants, and providers of consultancy, and the range of social businesses whether charities or Companies Limited by Guarantee...I learned about the wide-range of diversity in the sector. So actually quite an interesting learning process for me. (P52 – Panel Member) ”

#### 4.6 Post-Grant Phase

The post-grant phase allowed VCSEs to engage in the consultancy work with their Provider designed to improve their IR and shape their ability to secure social investment in the future<sup>32</sup>. Participants discussed how the post-grant phase was not linear, and that misperceptions of how long some of the post-grant award activities could take could lengthen the timescales required to finish to grant work with the Provider.

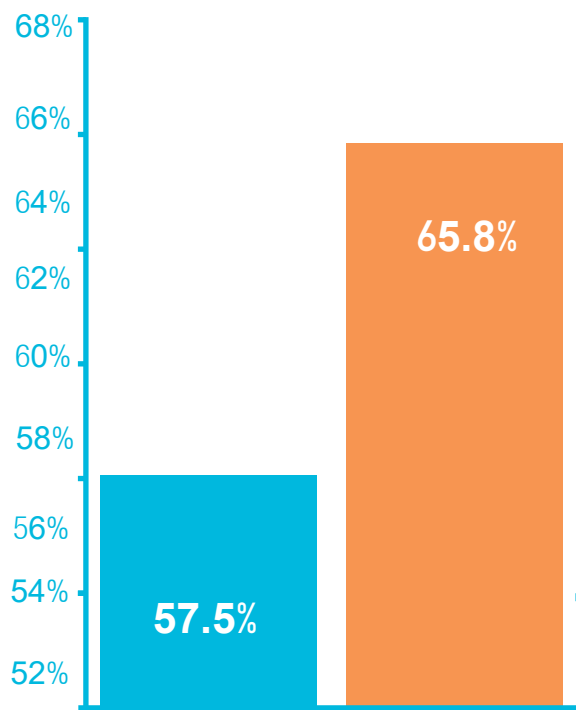
“ We took quite a bit longer to do the project than the six months that we put in our project plan. So I guess there was a bit of a distance between the expectations of what we set out that we were going to do within a certain timeframe...actually we spent longer on it, we spent 9-10 months on it. (P57 – Successful VCSE) ”

32 Albeit as was noted earlier, it was acknowledged in BPB that many VCSEs would not be IR and be very far from securing investment and that the work would be as much about raising awareness of social investment as driving deal-flow. Only the IP grants were seen as providing a realistic pipeline of potential investees.



The research sought to map the impact of these through VCSEs completing the Diagnostic Tool again at the end of their grant award period. This allowed the research to then explore changes in the DT IR score over time through paired-sample t-tests. The data reveals that there was a statistically significant ( $p < .05$ ) increase of +8.3% in VCSE's IR score between Time 1 (completing the online DT when first applying to BPB) and Time 2 (completing the online DT when completing their post-grant phase)<sup>33</sup>. Figure 4.12 below outlines this finding.

**Figure 4.12 – Longitudinal Impact on DT IR Score:**



As was noted above, 319 grant awards were made throughout the BPB. As of February 23rd 2019 of these 319 grants awards (64 of which were IP grants) made, 29 investment deals had been secured with a combined value of £6.56 million; as well as 13 public sector contract wins with a combined value of £1.60 million. Figure 4.13 below provides an overview of this secured investment and contracts.

**Figure 4.13 – Investment & Contracts Secured to Date:**



Nb. This data is based on the 29 investment deals and 13 public sector contract deals currently secured by BPB grant awardees.

To date nearly £8.2m has been raised in social investment and contract wins, at an average investment amount of just over £226,000 per deal and an average contract value of just over £123,000. Whilst it could be argued that 29 from 319 grant awards is low (9.1% investment success rate), it should be recognised (and has been in previous reports), that the serious sustainability issues facing VCSEs, particularly those at the micro-enterprise end of the spectrum, precludes many of these from accessing investment.



<sup>33</sup> Caution should be noted in interpreting this data however, as only 37 VCSEs completed the Time 2 DT. This low sample-size, whilst still accounting for 11.6% of all grant awardees, means that generalisation of the findings is not possible.

One VCSE argued that their types of organisations were just not on the radars of social investors, whilst one of the Programme Delivery Staff also acknowledged that securing social investment was not the overt focus of the Preliminary Grants.

“ 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. ”  
(P54 – Unsuccessful VCSE)

“ 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'. ”  
(P49 – Programme Delivery Staff)

One of the Programme Delivery Staff also took the above logic further, by articulating that the success of BPB could not be counted in deal-flow alone, as its real success lay in raising awareness of social investment so that VCSEs could explore whether it was applicable to them or not.

“ 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 thing 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. ”

(P46 - Programme Delivery Staff)

It can also be argued that businesses and hence VCSEs are fluid organisational entities, and priorities and business models change over time. Indeed, where social investment can look attractive at an early stage, further development and work can lead to changes in this perception amongst those working in the VCSE and also the trustees.

“ ...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 ”  
(P57 – Successful VCSE)

Developing this further, it could also be argued that the investment statistics should only be compared against the 64 Investment Plan Grants, as the Preliminary Grants were never explicitly aimed at raising immediate investment. On this basis, 29 investment details from 64 IP Grants (45.3%) indicates a much better return for BPB and demonstrates that even at the micro-end of the VSE spectrum, investment pipelines can be created with the right organisations, with the right type of support. There is also what can be termed the hidden impact, where unsuccessful applicants go on to secure social investment, sometimes with the continued support of their Provider. This is an area where it is ultimately difficult to track impact in the long-term, especially when it involves VCSEs that BPB engaged, but where the application was rejected and so post-grant monitoring did not occur. Indeed, one Provider discussed a specific example of this for a VCSE that they supported towards significant investment.

“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. (P55 – Provider) ”

During the five years' evaluation of the BPB, the research has identified five long-term impacts of engaging with BPB for VCSEs, namely:

- governance and leadership
- market analysis
- strategic planning
- legitimisation of the VCSE's future plans
- social impact measurement

This impact in these areas and on making VCSEs more sustainable was also articulated by one VCSE, with acknowledgement of how BPB had positively impacted the sustainability of their organisation in relation to back office functions, pricing strategies, and knowledge of social investment.

“It's changed how we, yeah some of our back office functions, how we price and how we bid for new work. So I would say that we are in a stronger position, so in terms of yeah, some aspects of finance and governance as a result of having the programme. We understand more about social investment... (P57 – Successful VCSE) ”

“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.(P56 – Provider) ”

“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... (P55 – Provider) ”

“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. (P48 – Programme Delivery Staff) ”

Previous reports have critiqued the social investment ecosystem centred on sustainability the fit of social investment for VCSEs. This was still an area that participants discussed in the Year 5 interviews, although the nuance had slightly changed. The impact of austerity on the ecosystem was an area that was acknowledged by one of the Programme Delivery Staff, with acknowledgement that the shape of applications changed throughout BPB, as the delayed effects of austerity began to bite the sector. In addition, one participant also talked about the dual impact in the ecosystem of a lack of investable VCSEs, but also the homogeneity of social investment products. Issues of cost-benefit were also raised, as to whether social investment was really better than other funding options.

“ 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'. (P46 – Programme Delivery Staff) ”

“ Sometimes it can be quite hard to see exactly what the positives are with social investment versus a bank loan if I'm completely honest, because sometimes the interest rates aren't really that preferable.....but I think that would be one of the reasons why we're not jumping at it, because it does feel like the benefits are quite, I don't know what the word is, quite minor in comparison to other funding options. (P58 – Successful VCSE) ”

There remains resistance to this marketisation of the sector from some VCSEs, with one arguing that the third sector should be more broadly supported by the government and that market-based funding is not suitable for many VCSE organisations. This raises concerns for the sustainability of VCSEs moving forwards, as it is difficult to see government policy around austerity shifting soon (especially in relation to civil society), and suggests that if the market and social investors are to remain the solution, then new funding mechanisms and products need to be developed (as was also argued for by a Provider).

“ We rely on Trusts and Foundations to really underpin this organisation; we should be supported by government, but the current administration has cut that off, we can't even get money out of the Lottery because of the word [refers to specific activity of the organisation], which is an explicitly political block, and we are being pushed towards this market-based funding, which I thought was a waste of time and it was a waste of time. The National Lottery should recognise that their core role is actually building the capacity of civil society to play its full role, and that means it has got to be independent of government...(P54 – Unsuccessful VCSE) ”

“ 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... (P55 – Provider) ”



There was also an argument made by one of the participants that Big Potential more broadly (BPB and BPA) could be seen as a self-fulfilling, circulatory system, whereby the ecosystem fuels itself (this also ties into the evaluation critique presented by the same participant further on). There is no doubt that funded programmes like BPB will always have a certain degree of ‘circularity’ to them; indeed, the presence of funding itself drives behaviours and changes markets. This represents perhaps a broader critique of the ecosystem, that has emerged throughout the evaluation of BPB, whether it be in relation to Provider day-rates and sustainability; VCSE need for investment or its appropriateness; and the wider sustainability issues facing the VCSE sector.

“ It [Big Potential] is a little bit the ecosystem fuelling the ecosystem, and then evaluating the fuelling of the ecosystem. Now I don’t know if you think that is unfair, and I wouldn’t want to include anyone’s motives in any of this, there are really impressive people involved, but there is a little bit of circularity to it all.  
(P52 – Panel Member) ”

Finally, the evaluation was critiqued by the same participant, as not focusing on what the additionality of the BPB (and Big Potential more broadly) has been.

“...the evaluation reports that have been done, they are absolutely high quality in terms of presentation of the information and everything, but what they don’t do and maybe they just can’t do it, is ask the really hard questions, which is ‘has there actually been any additionality here?’. You know, £10 million of vaguely public money through the Big Lottery has gone into funding some expensive consultants to help a small subset of organisations...  
(P52 – Panel Member) ”

This is a problem for all research both in identifying causality for changes and measuring what that change has been. The evaluations to date have sought to overcome this through longitudinal tracking of VCSEs (i.e. with the DT scores) and through exploring outcomes (investment) and perceptions of numerous stakeholders. Nevertheless, it must be acknowledged that to date it has been difficult to truly capture this additionality, due to low response-rates to the longitudinal elements of the research and the (impossibility) of identifying what investments would have occurred anyway without BPB (or contracts on BPA).

To assist in developing these lines of enquiry, the evaluation will therefore in the next 12 months seek to uncover changes over time for VCSEs (turnover, profitability etc.) for both VCSEs that received BPB grants and VCSEs that did not. In addition, and as has already been mentioned, explorations of Provider longevity will also be undertaken to see what additionality has been brought to the Provider marketplace. One Provider discussed the additionality that had been brought their own organisation.

“ Its [Big Potential] made the [name] team more knowledgeable around the sector...but we didn’t have as much experience in the corporate finance side of things, so the finance raising and that kind of thing. So it’s been very useful from that point of view to develop our not-for-profit modelling skills for example. And just more general awareness... (P56 – Provider) ”



## 4.7 Big Potential Breakthrough Case-studies

This section seeks to explore the experiences of VCSE organisations that are 12 months' post-grant and aims to provide short case-study overviews of VCSE journeys through BPB, in order to provide a narrative of the experience. The purpose of these case-studies is not to present a uniform map of the journey or to suggest standardised pathways that can occur through BPB, but rather to provide a rich picture of the possible journeys and outcomes that a VCSE can go through in preparing a grant application, working together in the post-grant phase, and in securing or exploring social investment<sup>34</sup>.

### 4.7.1 – Case-study Organisation H

VCSE-H operates in the criminal justice and arts sector in the London region. It is Company Limited by Guarantee with Charitable Status and when applying initially to BPB it had:

- been in operation for 56 years;
- employed 14 staff (9 FT and 5 PT);
- turnover of just over £700,000 and was non-profit;
- asset/debt ratio of 1:2.25;
- received one-fifth of its income from the public sector and had good income diversity (just 22% of its income coming from its two largest contracts).
- VCSE-H was successful in applying for a BPB grant, securing nearly £30,000 in a Preliminary Grant award.

VCSE-H applied to BPB as it wanted support to increase its trading income and to explore social investment as a means of leveraging in investment further into the future. In discussing the journey, the case-study will show that VCSE-H found the journey frustrating at times (especially pre-grant award in relation to the mechanics of applying to the BPB), but ultimately found the post-grant award phase very useful and impactful. In discussing their reasons for applying to BPB, the CEO stated:

**Essentially, the point of the Big Potential application was to give us a steer on how we could essentially increase our trading income.” (VCSE-H – CEO)**

Having completed the Diagnostic Tool and 1:1 SAS, VCSE-H then began the process of identifying a Provider. The CEO found this experience challenging and difficult, due to the breadth of Providers available and what they perceived as a lack of support in this from BPB<sup>35</sup>, but also because of their lack of knowledge of both social investment and the Provider marketplace.



**This whole scheme is to encourage people to think about using social investment and to get them ready for social investment; and so therefore, one might assume that the people applying to the scheme don't know a huge amount about social investment when they are applying to it, but are interested in what it might do for them... You are given absolutely no help whatsoever in working out who your consultancy Provider should be. So there is an entire list, a huge, huge list, of quote 'Approved Providers', but its drawn so broadly and the categories of expertise for the experts are so wide, that you could spend four months researching them all... So I ring up SIB and say 'is there any help you can give me in narrowing down the potential Providers for this?' And they say 'No' and you go 'Why not?' and they say 'Because we are distributing the grants and we are not allowed to give any kind of support in terms of who you are going to work with'.....So I find that very, very difficult. (VCSE-H – CEO)**



Once the grant application had been submitted, VCSE-H also found the process of waiting for the Panel decision to be frustrating, as they had to wait for longer than the eight weeks specified.

They also found their relationship with their Grant Manager to be sub-optimal and more focused on paperwork than anything else<sup>36</sup>.

<sup>35</sup> It should be noted here that it was a contractual condition of delivering the Fund and the need to remain impartial from an ethical perspective, that prevented SIB from offering support in choosing Providers. The point raised by VCSE-H however, returns to previous themes from earlier reports centred on having a system for assessing Provider quality and expertise more thoroughly (similar to a TripAdvisor-style platform perhaps).

<sup>36</sup> Although it should be noted that the Grant Manager's role in BPB was not to be hands-on with awardees, but rather to ensure that the grant was delivered by the VCSE and Provider as promised.

<sup>34</sup> Please note, the case-study in this section is labelled H, as A-G were detailed in the Years 2, 3 and 4 reports.

“ So what I am objecting to is the fact that they told you it would be 8 weeks until you got a decision and in the end it wasn't it was a great deal longer than that. And secondly, you are then given somebody... who I was told was my grant manager. Now in my book a grant manager is someone who does take an interest in what the grant was for and provides a certain amount of support for you along the way. Actually, in this case none of those things apply, it turns out he was just the [person] that would chase you when you didn't put your monitoring forms in. You know, he had absolutely no interest in what we did... (CEO - VCSE-H) ”

However, despite the aforementioned issues, VCSE-H found the process of working with their Provider in the post-grant phase to be very beneficial, as they enjoyed a good relationship with their Provider and felt that the grant delivered impactful work for them. This has led to them pursuing a capital development project over the next 18 months, which they will then follow-up with further exploration of social investment.

“ 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.(CEO - VCSE-H) ”

Overall though the BPB grant has given VCSE-H clear development ideas for expanding the organisation, their impact and their business opportunities. Social investment is more of a medium-term focus and could be used to expand the team (perhaps for the business development opportunities outlined below), but this is not a current priority. Nevertheless, this is exactly the type of support that Preliminary BPB grants were designed for. The intention was never to drive short-term investment pipeline, this was the focus of the Investment Plan grants and Big Potential Advanced, but to raise awareness and knowledge of social investment for smaller organisations as a longer-term aspiration. Clearly the work done here has been positive in terms of developing VCSE sustainability, albeit that is a judgement that can probably only really be made several years after the end of BPB, given the timescales being discussed in this case-study for development.

“ There are some good ideas that we can work on [from post-grant development work] and have done, like improving our digital presence, selling more online and increasing corporate opportunities, that sort of thing. But to develop the kind of sea-change that they [Provider] are talking about we will need to employ an additional member of staff in a business development role...and we are not in a position to do that.(CEO - VCSE-H) ”

# 5. Summary & Recommendations

## 5.1 Overview of Performance

The BPB launched in February 2014 and closed to applications 3½ years later in September 2017. The programme received:

- 1,125 completed online DTs, of which 994 were eligible for BPB.
- In relation to the 964 eligible online DTs:
  - o 890 1:1 Support Advisor Sessions were held.
  - o 702 grant applications were submitted, of which:
    - 319 were successful
    - 383 were unsuccessful<sup>37</sup>
- BPB has provided £9.54 million<sup>38</sup> in grant funding (£6.91 million across 255 preliminary grants at an average of £27,110 per grant; and £2.63 million across 64 investment plan grants at an average of £41,092 per grant).

The marketing of the BPB resulted in 156,862 total user sessions on the BPB website across the five years; and 893 VCSEs engaged directly through the workshops held around the country. This led to a broad-based engagement with the VCSE sector, although problems of engagement still persist in relation to the South East (7.6% / 18.6%); the East of England (4.3% / 12.5%); and the South West (9.5% / 13.1%) regions. The proportion of women-led VCSEs remained slightly below the national average as stated by NCVO (31.5% of applicants / 43% national average), although none of the women-led VCSEs interviewed identified any issues themselves with the BPB in this respect. Engagement with disabled-led VCSEs ended at an overall proportion of 1.7% of all applicants, which is higher than the estimated 1/800 national ratio of disabled-led VCSEs identified in the Year 3 report (Hazenbergh, 2017).

The turnover, profitability and asset/debt ratios of VCSEs that applied to BPB demonstrate that the programme managed to reach its target audience of small-scale, locally based organisations that struggle with profitability and sustainability. The average IR scores as calculated across the four years of applications was 56%, and demonstrates that most VCSEs are a significant distance away from being IR<sup>39</sup>. This demonstrates a clear need for support across the sector in regard to IR/sustainability focused programmes.

Throughout the delivery of the BPB, the online DT, 1:1 support advisor sessions, and grant applications were all viewed positively and as constructive processes, and no major negative critique was received in the interviews. The grant application phase appeared to be working well, with VCSEs and Providers working together and co-producing applications; albeit in the Year 5 data there were negative comments made related to Provider matching (lack of support to identify suitable Providers) and the quality of feedback in the 1:1 SAS sessions.

VCSEs and Providers were broadly happy with Panel feedback, although one VCSE discussed the (too) long wait for their grant application decisions (being longer than 8 weeks). The main specific reasons for rejection across the four years of BPB delivery were poor description/ understanding of market position (9%); unclear social impact (9.6%); and poor basis for costs in the proposal (11.2%). Thematically, rejections were generally related to poor track record (23.1%), a poor IR plan (28%) and poor costing's (26.4%).

<sup>39</sup> As was previously noted, the threshold within the DT that is considered to be IR is 80%.

<sup>37</sup> 21 of these applications were originally unsuccessful and accepted after resubmission.

<sup>38</sup> £9.54 million in grants were approved, but ultimately £90,000 was returned to the BPB.

The post-grant work and the development of and impact on VCSEs in the 18 months' following the grant award was commended by the VCSEs, Providers and Investors across the five years of evaluation as being very positive. There was a specific focus within the post-grant phase on: governance and leadership; market analysis; strategic planning; legitimisation of the VCSE's future plans; scaling income; and social impact measurement. Indeed, in relation to the last area SIB's MIAA tool (that assesses an organisation's approach to measuring social impact), identified a +7.2% improvement for VCSEs that completed their post-grant phases. Sustainability issues and social investment not being short-term priorities remains an issue also, as the Case-study H VCSE demonstrates, through their focus on capital projects in the short-term. Social investment for this VCSE was seen as a medium-term goal that could allow them to expand human resource capacity to further develop trading income. The longitudinal data presented in this Years' report also shows that the post-grant phase has improved VCSE IR as measured by the DT, with a +8.3% increase in IR across the respondent cohort<sup>40</sup>.

To date, 29 social investment deals have been secured, with a total value of £6.56 million. This evaluation argues that this represents a successful intervention, given the micro-enterprise<sup>41</sup> nature of BPB VCSEs, their lack of IR and the fact that only 64 IP grants have been awarded<sup>42</sup>. Indeed, the lack of IR at this end of the VCSE sector is significant (as demonstrated by both the average DT IR scores and the organisational demographic data), and so the lead times for VCSEs to progress to IR and also to securing investment are likely to be lengthy (perhaps as long as five years).

Whilst this finding reproduces the focus on sustainability and IR presented in the first four years of the evaluation, the depth of data now only serves to underline this issue, and to show the sustainability challenges that exist at the micro-enterprise end of the VCSE sector.

## 5.2 Learning

As this represents the last annual report prior to the final end of programme report due for completion in May 2020, as with last year's report, it is not appropriate to provide recommendations for the development of BPB moving forwards. BPB has operated well from an operational perspective, with most participants commenting positively on how the BPB operated and was run by SIB. As with the Year 4 report, the recommendations presented in this section are therefore aimed at understanding the long-term impact of the BPB (including monitoring investment outcomes) and more generally focused on similar IR programmes moving forwards. This is for the first time supported by the first batch of longitudinal data outlined in this report (see page 48), which comes from those VCSEs that completed end of grant Diagnostic Tool surveys (n = 37)<sup>43</sup>.

Based on the conclusions outlined above, the following five key learning points are made for the BPB and other IR-focused programmes (as well as government and policy-makers) moving forwards. Some of these replicate what was identified in the Year 4 report, but have been updated slightly to also reflect nuances in the data from Year 5:

**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)<sup>44</sup>. 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.

40 Caution should be noted in interpreting this data however, as only 37 VCSEs completed the Time 2 DT. This low sample-size, whilst still accounting for 11.6% of all grant awardees, means that generalisation of the findings is not possible.

41 Defined as less than 10 FTE employees.

42 IP Grants were ultimately the form of grant that was considered as the main driver of investment pipeline on BPB.

43 This will be further supplemented moving forwards with surveys and data capture to enable longitudinal outcomes for VCSEs and Providers to be identified. The planning for this is currently ongoing between the University and SIB with the data capture phase scheduled for the Autumn (once all grant monitoring has been completed).

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



2. **The Journey:** The formative nature of the BPB journey is 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-matching generally working well (albeit there were several examples of the 'fit' not being quite right. Nevertheless, greater transparency of Provider performance, and mechanisms to avoid Providers 'cherry-picking' good VCSE application candidates should be considered<sup>45</sup>. 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.

<sup>45</sup> 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.

5. **Evaluation:** Further data is required in order to better demonstrate the additionality delivered by BPB, which will require a change to the research methods. Therefore, the research will over the next twelve months seek to explore both Provider longevity (how many of the approved BPB Providers are still trading post-BPB), and longitudinal changes in VCSE demographic data for both BPB grant awardees and non-grant awardees. It is hoped that this additional data collection will allow more robust conclusions to be made around the additionality that BPB has brought to the sector. A full evaluation plan has been submitted by the University to SIB to outline the details for this new data collection.

The BPB operated robustly and delivered genuine impact across the VCSE sector. The BPB engaged a wide variety of VCSEs 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)<sup>46</sup>. The growth in social investment deals leveraged (29 deals to date valued at £6,564,866) means that the deals secured nearly double the grant funding provided (or a near 2.5x return if only IP grants are considered). Given the long sustainability paths that BPB VCSEs are on, this deal flow will likely further increase in the future, as the nascent support provided through BPB leads to a rump of more sustainable (and hence IR) VCSEs emerging that require investment to scale, and show that what today looks like moderate success is in fact a significant impact on IR in the VCSE sector.

<sup>46</sup> This will be further supplemented moving forwards with surveys and data capture to enable longitudinal outcomes for VCSEs and Providers to be identified. The planning for this is currently ongoing between the University and SIB with the data capture phase scheduled for the Autumn (once all grant monitoring has been completed).

## 6. Glossary of Terms

<b>ANOVA</b>	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).
<b>CIC-G</b>	Community Interest Company Limited by Guarantee
<b>CIC-S</b>	Community Interest Company Limited by Share
<b>CIO</b>	Charitable Incorporated Organisation
<b>CLG</b>	Company Limited by Guarantee
<b>ICRF</b>	Investment and Contract Readiness Fund
<b>IPS</b>	Industrial Provident Society
<b>IR</b>	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).
<b>SI</b>	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).
<b>SIB</b>	Social Investment Business
<b>SIM</b>	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.
<b>SROI</b>	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.
<b>VCSE</b>	Voluntary, Community and Social Enterprise.

# 7. Appendices

## 7.1 – Appendix A: Methodology & Sample Data

Quantitative data was collected through the online application process and the diagnostic tool (both online and one-to-one). These tools 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). Data relating to participant perceptions of their knowledge of the social investment market was also captured through questionnaires that were distributed at the workshop events. All data was analysed using the Statistics Package for the Social Sciences' (SPSS), with descriptive statistics sought, alongside ANOVAs and paired-sample t-tests. Quantitative data in the form of the DT was also captured from VCSEs that were 12 months' post grant award, so as to capture longitudinal changes following engagement with the BPB.

Qualitative data in the form of a semi-structured interview (see Appendices L-O for the interview schedules) was collected from 29 VCSEs<sup>47</sup>; 11 Provider Organisations; 7 Panel Members; 5 investors; and 4 programme delivery staff. For the VCSE participants at the time of interview: seven had completed their grant applications; four were in the post-grant delivery phase; nine had been unsuccessful, three had been rejected but successfully reapplied to the programme, five were twelve months' post-grant and one had withdrawn from BPB without making a grant application<sup>48</sup>. As in Years Two, Three and Four, in Year Five no VCSEs had entered into dispute with the programme. Therefore, a total of 56 interviews have been held with 58 stakeholders by the end of Year Five of the BPB.

<sup>47</sup> The VCSE interviewees were drawn from the following geographical regions: 6 x London; 3 x South East; 6 x South West; 1 x East of England; 1 x East Midlands; 4 x West Midlands; 3 x Yorkshire & Humber; 2 x North East; and 3 x North West.

<sup>48</sup> Three interviews had participated from the withdrawn VCSE.

As of February 23rd 2019 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; VCSE 12 months' post-grant). The interviews explored each VCSE's business model, their experience of the BPB and their future plans in relation to social investment and business scaling. For those VCSEs that were 12 months' post-grant award the interviews also explored the long-term impacts of the BPB on their organisations (not just in relation to social investment). However, 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 seven 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. The website data gathered involved the collection of registered interest from VCSEs considering applying to the BPB. This stage of the quantitative data analysis led to the capture of data from 2,452 VCSEs.

The second stage of data analysis (the online diagnostic tool) resulted in a total of 1,125 VCSE research participants and (as of February 23rd 2019) 994 of these VCSEs had been assessed as eligible and completed/booked their 1:1 Support Advisor Session with an advisor. The workshop social investment knowledge questionnaires have so far resulted in the capture of Time 1 and Time 2 data from 276 VCSEs.

## 7.2 – Appendix B: Workshop Knowledge Test Scores & Evaluation

SI Knowledge Score		N	Mean Score	+/-	t	SD
Year 1	Time 1	58	78.5%	+8.1%	<b>6.54***</b>	13.0%
	Time 2	58	86.6%			12.0%
Year 2	Time 1	183	76.6%	+9.5%	<b>12.94***</b>	14.7%
	Time 2	183	86.1%			12.7%
Year 3	Time 1	276	75.7%	+10.2%	<b>16.14***</b>	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	894.%

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.

## 7.3 – Appendix C: VCSE Demographic Data

Demographic Variable	N	Mean	Median	SD	Min.	Max	
VCSE age (years)	985	15.07	8.50	19.0	<1	118	
Turnover	971	£1.23m	£275,000	£5.72m	£0	£156.1m	
Net profitability	835	£43,353	£334	£198,443	£-79,924	£2.65m	
Total assets	981	£1.03m	£91,523	£4.88m	£0	£87.69m	
Total debt	932	£308,562	£14,742	£1.71m	£0	£32.97m	
Investment needs	988	£579,920	£250,000	£3.56m	£0	£90m	
Income diversity (% of income from top 2 customers)	940	66.4%	70%	26.2%	1%	100%	
Public sector reliance (% of income from public sector)	786	52.0%	50.0%	32.0%	0%	100%	
Staffing	FT	996	15	3	61	0	1,394
	PT	994	14	4	50	0	890
	Volunteers	992	174	10	2,665	0	75,425

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



## 7.4 – Appendix D: Legal Organisational Structure

Table 7.3 – 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
<b>Total</b>	<b>956</b>	<b>100</b>
Charitable origins		
Origin	Yes	No
Registered charity	557 (55.9%)	440 (44.1%)
<b>Total</b>	<b>997</b>	

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

## 7.5 – Appendix E: VCSE Geographic Reach

Table 7.2 – VCSE 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
<b>Total</b>	<b>961</b>	<b>100</b>

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

## 7.6 – Appendix F: Women-, BME- & disabled-led VCSEs

Table 7.5 – Women-, BME- & disabled-led VCSEs			
Type	Yes	No	Total
Women-led	314 (31.5%)	682 (68.5%)	<b>996</b>
BME-led	141 (14.2%)	855 (85.8%)	<b>996</b>
Disabled-led	16 (1.7%)	950 (98.3%)	<b>966</b>

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

## 7.7 – Appendix G: Social Impact Measurement

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):

- 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).
- Fairness:** What do you do 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).
- 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).
- 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).

Table 7.6a – Social impact				
Question	Year	N	Mean	SD
Report	<b>Overall</b>	<b>995</b>	<b>47.6%</b>	<b>24.6%</b>
	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	<b>Overall</b>	<b>995</b>	<b>48.5%</b>	<b>20.8%</b>
	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	<b>Overall</b>	<b>995</b>	<b>49.1%</b>	<b>21.2%</b>
	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	<b>Overall</b>	<b>995</b>	<b>62.4%</b>	<b>22.2%</b>
	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.

Factor	N	Mean	t	SD
MIAA score (Time 1)	174	18.61	17.8***	3.25
MIAA score (Time 2)		20.75		2.83

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.

## 7.8 – Appendix H: VCSE Investment Readiness Perceptions

In calculating the investment readiness of VCSE applicants, data was collected in the Diagnostic Tool in relation to VCSE perceptions of their organisational capabilities. Specifically, the areas that were explored were:

- **The people in the organisation:** Staff, volunteer and senior management team skillsets.
- **Product(s) and customers:** Product clarity, market competition, customer base, organisational adaptability and networks.
- **Impact:** How organisations measure social impact, track record, community engagement and organisational capacity (in relation to impact).
- **Finances:** Financial management, accounting practices and financial forecasting.

VCSEs were asked to rate their abilities against specific questions within these four areas. They rated themselves on an 11-point Likert scale that ranged from 0-10. Each question provided explanations detailing what each end of the Likert scale related to. The answers provided for these given areas were then calculated to produce final scores across five areas (Governance and leadership; Financial performance; Financial control; Quality and impact; and Market potential). These five final scores were then combined to provide an overall total score relating to a VCSEs investment readiness (as a percentage). This process was undertaken by VCSEs when they completed their online DT.

Factor	N	Mean (T1)	SD
Year 1			
Investment readiness score	220	59.3%	12.8%
Year 2			
Investment readiness score	277	49.5%	21.5%
Year 3			
Investment readiness score	235	57.3%	11.6%
Year 4			
Investment readiness score	212	59.5%	10.4%
<b>Overall</b>			
<b>Investment readiness score</b>	<b>944</b>	<b>56%</b>	<b>15.8%</b>

$N < 1,025$  for the overall data as some organisations did not complete all parts of the diagnostic tool and so a final overall score could not be calculated.

Table 7.7b – Online DT Scores Comparison by Year

Factor	N	Mean	F	SD
Investment readiness score (Year 1)	220	59.3%	<b>24.9***</b>	12.8%
Investment readiness score (Year 2)	277	49.5%		21.5%
Investment readiness score (Year 3)	235	57.3%		11.6%
Investment readiness score (Year 4)	212	59.5%		10.4%

Nb. \* =  $p < .05$ ; \*\* =  $p < .01$ ; \*\*\* =  $p < .001$ . One-way ANOVAs were undertaken in order to test for the annual differences.  $N < 1,025$  for the overall data as some organisations did not complete all parts of the diagnostic tool

Table 7.7c – Charitable Status Online DT Comparison

VCSE	N	Mean	F	SD
Charitable Status				
Registered Charity	513	58.5%	<b>29.3***</b>	15.4%
Not Registered Charity	429	53.0%		15.7%
BME-led				
BME-led	136	52.9%	<b>6.1*</b>	17.8%
Not BME-led	805	56.5%		15.4%

Nb. \* =  $p < .05$ ; \*\* =  $p < .01$ ; \*\*\* =  $p < .001$ . One-way ANOVAs were undertaken in order to test for the organisational differences.  $N < 1,025$  for the overall data as some organisations did not complete all parts of the diagnostic tool

## 7.9 – Appendix I: Grant Awards Data

Table 7.8 – 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



## 7.10 – Appendix J: Grant Application Rejection Reasons

Rejection Reason		Prelim Grants	Invest Plan Grants	Total
Variable	Specific			
	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
	Poor or unclear financial history/no plans to address	32	8	40
	Poor or unclear financial controls/no plans to address	8	0	8
	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
	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
	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
<b>Totals</b>		<b>356</b>	<b>155</b>	<b>511</b>

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.

## 7.11 – Appendix K: 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?
  - a. Online application?
  - b. 1:1 Diagnostic?
  - c. Mentoring and partner organisation?
  - d. Final grant application?
5. What was your knowledge of investment readiness prior to engaging with Big Potential?
  - a. How has this changed?
6. Did you engage with the Big Potential workshops and if so what was your experience of them?
7. What do you see happening with your venture over the next 12 months?
  - a. Expansion?
  - b. Seek further investment?
  - c. Social impact?
8. How has the Big Potential programme changed your organisation?
9. Did you encounter any barriers/problems with the Big Potential programme?
10. What do you think are the main barriers to you seeking investment from the private sector?
  - a. Has the Big Potential programme helped with any of this?
11. Is there anything else that I haven't asked that you think is important or wish to add?

## 7.12 – Appendix L: 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?

## 7.13 – Appendix M: 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?



## 8. References

1. 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.
2. DWP, (June 2014), Disabled Peoples user-led organisations: list and contacts, Office for Disability Issues and Department for Work & Pensions, 1st June 2014, available online at <https://www.gov.uk/government/publications/disabled-peoples-user-led-organisations-list-and-contacts>
3. Feldman, M. S., Sköldbberg, K., Brown, R. and Horner, D. (2004) 'Making sense of stories: A rhetorical approach to narrative analysis,' Journal of Public Administration Research and Theory, 14(2), pp. 147–70.
4. Field, A., (2009), Discovering Statistics using SPSS, 3rd Edition, Sage Publications, London.
5. Gregory, D., Hill, K., Joy, I. & Keen, S., (2012), Investment Readiness in the UK, Big Lottery Fund, July 2012, London, available online at ([https://www.tnlcommunityfund.org.uk/media/research-documents/social-investments/invest\\_ready.pdf?mtime=20190215124536](https://www.tnlcommunityfund.org.uk/media/research-documents/social-investments/invest_ready.pdf?mtime=20190215124536)).
6. Hazenberg, R., (June 2016), Evaluation of the BIG Potential Breakthrough Fund for Year 2, Big Lottery Fund Evaluation Report Year 2, Big Lottery Fund.
7. Lewis, R., (2010), Close to Parity: Challenging the voluntary sector to smash the glass ceiling, Clore Social Leadership Fellowship Paper, available online at <http://www.cloresocialleadership.org.uk/userfiles/documents/Research%20reports/2010/Research,%20Rowena%20Lewis,%20FINAL.pdf>
8. Moth, D., (June 2014), Email marketing benchmarks 2014: How do you stack up? Econsultancy Report – June 11th 2014, available online at <https://econsultancy.com/blog/64994-email-marketing-benchmarks-2014-how-do-you-stack-up>.
9. NCVO, (2014a), 64: Who works in the voluntary sector? NCVO UK Civil Society Almanac, available online at <http://data.ncvo.org.uk/a/almanac14/who-works-in-the-voluntary-sector-3/>
10. NCVO, (2017), Geography, 2017 NCVO UK Civil Society Almanac, available online at <https://data.ncvo.org.uk/almanac17/>
11. NCVO, (2016), Size and Scope, UK Civil Society Almanac 2016, available online at <https://data.ncvo.org.uk/a/almanac16/size-and-scope/>
12. Ronicle, J. & Fox, T., (2015), In pursuit of readiness: Evaluation of the Investment & Contract Readiness Fund, October 2015, available online at <https://www.sibgroup.org.uk/sites/default/files/files/ICRF%20Evaluation.pdf>
13. Teasdale, S., McKay, S., Phillimore, J. & Teasdale, N., (2011), Exploring gender and social entrepreneurship: women's leadership, employment and participation in the third sector and social enterprises, Voluntary Sector Review, 2(1), pp. 57-76.





call us on [020 3096 7900](tel:02030967900)

email [enquiries@sibgroup.org.uk](mailto:enquiries@sibgroup.org.uk)

visit [www.sibgroup.org.uk](http://www.sibgroup.org.uk)

twitter [@TheSocialInvest](https://twitter.com/TheSocialInvest)

Social Investment Business CAN

Mezzanine

7-14 Great Dover Street London

SE1 4YR