



# Technical annex to the final report of the Growth Fund evaluation

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# About the evaluation

In 2016, The National Lottery Community Fund commissioned [Ecorys](#) and [ATQ Consultants](#) (ATQ) to carry out a mixed-methods process and impact evaluation of the Growth Fund. The evaluation aimed to assess and track the effectiveness of the Growth Fund in enabling a wider group of Voluntary, Community, and Social Enterprise organisations (VCSEs) to successfully access social investment, become more resilient, and deliver greater social impact. The main topics for the evaluation were to understand:

- ▶ The most effective approaches to the use of subsidy in building the market of small-scale unsecured or higher-risk loans and the provision of loans and grants to VCSEs.
- ▶ The impact of the Growth Fund on how social investors provide social investment to VCSEs – with and after subsidy – and how other funders and lenders outside of Growth Fund have been influenced.
- ▶ The impact of the Growth Fund on the understanding and take-up of social investment amongst VCSEs.
- ▶ The extent to which greater take-up of social investment leads to greater financial resilience and social impact within the VCSEs.

The summative findings from the evaluation are presented in the [Final Growth Fund evaluation synthesis report](#). The report draws on previous evaluation publications, which are cross-referenced throughout,<sup>1</sup> and the research activities described below. In addition, the evaluation was guided by and sought to interrogate [The Growth Fund Theory of Change](#).

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<sup>1</sup> All reports and thematic insights published as part of the Growth Fund evaluation can be found on The National Lottery Community Fund's website [here](#).

# Methodology

## Longitudinal VCSE case studies

The evaluation team completed 20 longitudinal case studies with VCSEs that received social investment through the Growth Fund. The case study organisations were sampled to achieve diversity in terms of investor, reasons for applying to the Growth Fund, business models, investment size, and other VCSE characteristics.

Case study VCSEs were visited up to 3 times; when they first took out a loan, part-way through their loan term; and a final visit when they stopped repaying their loan.<sup>2</sup> At each 'visit', interviews were carried out with a range of stakeholders including VCSE managers, delivery staff, and (where appropriate) beneficiaries, as well as their respective social investor. Visits were a mix of in-person, face-to-face fieldwork visits and online interviews via Microsoft Teams (with more in-person fieldwork completed before the Covid-19 pandemic, after which time, case study VCSEs expressed a preference for online engagement).

Over the course of the evaluation, three of the selected VCSE case studies closed down and were substituted with alternate case studies (meaning that 25 individual VCSEs were consulted overall). For two of the three closed down case studies, the research team interviewed the social investor to understand the reason for their closure (and what role, if any, the Growth Fund investment played) but were unable to make contact with the former VCSE managers. The evaluation team also sought to interview VCSEs that applied for funding but were unsuccessful, however due to a lack of engagement, this strand of activity was discontinued. Therefore, the qualitative views represented in the main report are based on case studies mostly undertaken with VCSEs that were 'surviving', and the views of VCSEs that faced closure or were not funded are not represented.

## Interviews with the Programme Partnership

The evaluation team also undertook interviews with representatives from the Growth Fund Programme Partnership (i.e. The National Lottery Community Fund, Access, and Better Society Capital). The purpose of the interviews was to understand the successes and challenges in implementing the Growth Fund at a programme-level. Initial interviews with the Programme Partners were completed in 2018 and aimed to gather views on the early stage progress of the Growth Fund, including any lessons learned. Interim interviews were carried out in late 2020 into early 2021 to understand the set-up phase and revisit the ToC. Summative interviews in 2025 focused on reflecting on the overall successes and challenges with implementation and delivery, the impact of the Growth Fund, the legacy of the programme, and a final assessment of the ToC.

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<sup>2</sup> This could be after the final loan repayment was made; up to the point of the loan being written-off or the VCSE closed; or at the end of the evaluation if loan repayments continued beyond the evaluation timescale.



## Interviews with the Growth Fund social investors

The Growth Fund social investors were also consulted on an annual basis. Seven rounds of interviews were completed between 2019 and 2025. All active social investors were contacted at each round of consultations and we also interviewed those social investors in the year that their funds were closed early, except for social investors from one fund, which closed before deploying any funds. However, it was not possible to consult investors that had closed their individual funds early, after their closure. At an early stage of the evaluation, the evaluation team also consulted three unsuccessful social investors who applied to become the Growth Fund social investors, to understand their views of the application process and whether they had subsequently gone on to be involved in the social investment market outside of Growth Fund.

The interview completion rate was over 90%. The final round of interviews were completed in June and July 2025. The evaluation team used a semi-structured topic guide which asked core questions about the implementation of the Growth Fund every year to assess longitudinal changes, as well as questions to support the wider evaluation's investigation of specific themes such as VCSE financial resilience and repayable grants. In July 2025, we also conducted a workshop with the social investors to specifically explore the use of subsidy theme discussed in the [main Synthesis report](#) and in further depth in the [Use of Subsidy: Lessons from the Growth Fund](#) report.

## Analysis of the Growth Fund Management Information (MI)

Throughout the investment period, investors were required to submit quarterly reports to Access, who cleaned the data and carried out quality control checks. Access consolidated these reports into a single quarterly dataset, which was shared with Ecorys and also used to produce a digital dashboard designed to inform the Joint Investment Committee (JIC) about progress in delivering the fund. In total, the management information (MI) data covers 726 investments made to 580 VCSEs.

All analysis is based on data from Q3 2025 (i.e. up to September 2025). However, four fund managers had stopped providing quarterly updates on their investees (with their final submissions being made in December 2021, September 2023, March 2024 and December 2024 respectively), which slightly reduces the reliability of more recent datasets.

Descriptive analysis (e.g. frequency tables, cross-tabulations) was carried out on the following areas of interest:

- ▶ Purposes of VCSEs for taking on a Growth Fund loan.
- ▶ Monetary value of loans.
- ▶ Employed staff and reported annual incomes of funded organisations at the time of application.
- ▶ Geographic distributions of investment.
- ▶ Loan performance (repaid, performing, at-risk or in default at time of analysis).

In addition, the evaluation team carried out analysis on factors that affected loan repayment. For this, loan performance was grouped by the following variables:

- ▶ VCSEs' primary source of income.
- ▶ Loan purpose.
- ▶ Loan size
- ▶ Organisation size (calculated as employed Full Time Equivalent (FTE))
- ▶ Loan size as percentage of reported annual income.

## Surveys of VCSE investees

In order to gain insights into the impacts of funding on VCSEs' financial resilience and their investment experience, two online survey streams were carried out: a baseline survey and an annual survey.

The baseline survey was shared quarterly by social investors with new investees who had received investments in the previous three months. This survey focused on investees' prior funding experience, their engagement and satisfaction with the Growth Fund, the anticipated impact of the investment, and future investment intentions. Responses were manually checked for duplications in order to ensure that only one response per VCSE was used in the analysis. Where VCSEs submitted responses more than once, only the first response was retained. In total, 167 VCSEs completed the baseline survey out of 580 organisations funded through the Growth Fund (a response rate of 29%).

Table 1: Baseline survey responses per year

Year	2019	2020	2021	2022	2023
Responses	73	30	34	26	4

A follow-up survey was sent to all VCSEs each year, distributed by the social investors. The annual survey was sent out 7 times (2019-2025) and examined VCSEs' repayment experiences, perceived impacts of the investment, financial positions, and future funding outlooks. Annual response numbers typically ranged between 40 and 60, peaking at 85 in 2023. Whilst the response rate to the survey was within an expected range for a survey of this nature, the relatively low and varying total number of responses, combined with changes in the composition of respondents across survey years, limited the ability to conduct (and value of) longitudinal analysis. To maximise insights into VCSEs' experiences over time, all annual survey responses were combined. Where organisations responded in more than one year, only their most recent response was retained. This matching process combined automated name recognition with manual verification to avoid inconsistencies caused by spelling variations. However, organisations that substantially changed their name during the investment period may still appear twice in the dataset. In total, 244 unique VCSEs responded to at least one annual survey, meaning that 42% of funded organisations participated at least once.

Table 2: Annual survey responses per year

Year	2019	2020	2021	2022	2023	2024	2025
Responses	46	45	53	60	85	69	35

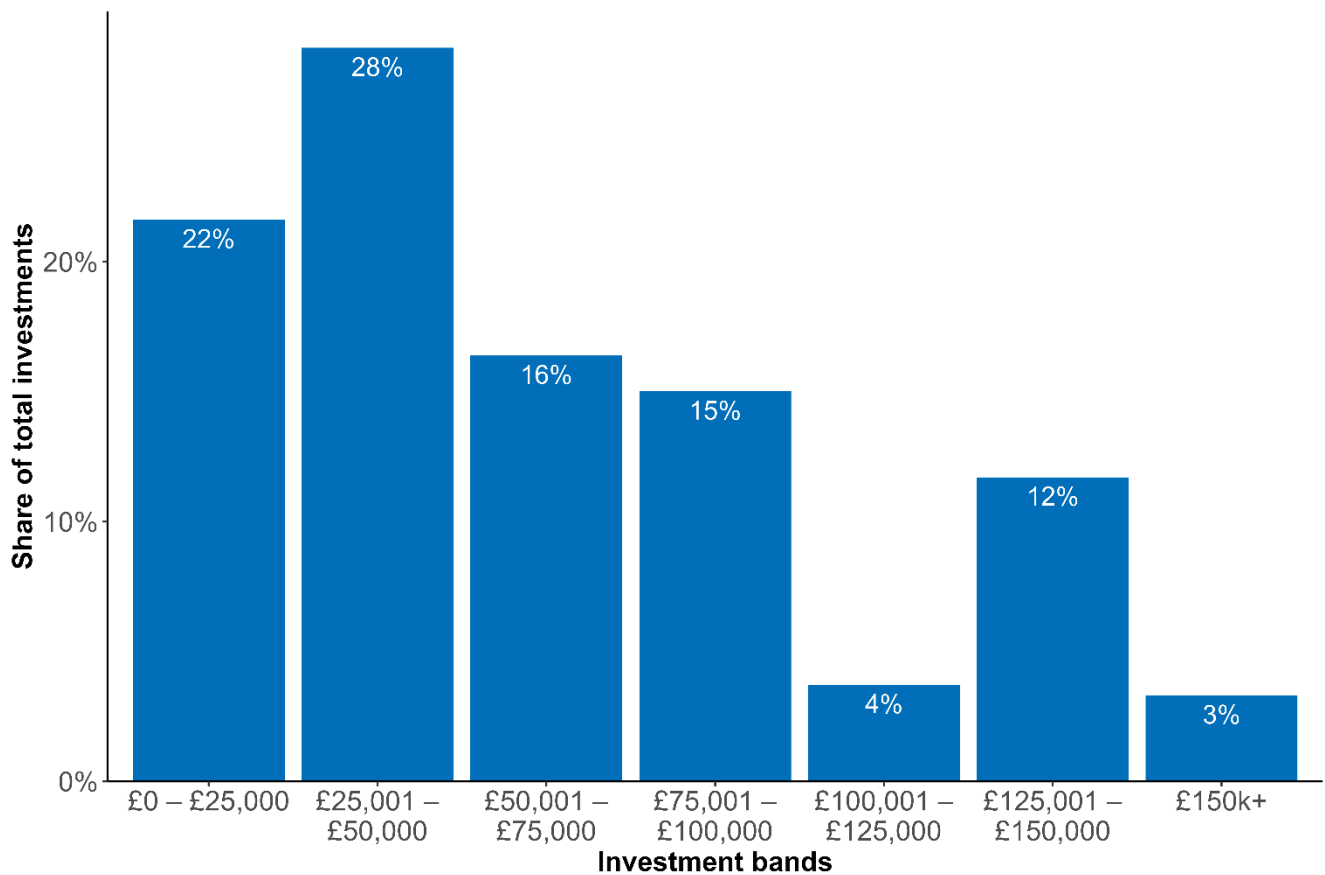
# Additional data figures and tables

## Additional figures from the survey and MI analysis

The key findings from the survey and MI analysis are included in the main [Growth Fund Synthesis Report](#). Below are some additional data figures presenting the evidence underpinning those key findings.

The Growth Fund achieved its aim of providing relatively small-scale finance (typically under £150k) for VCSE organisations. Half of loans (50%) were £50k or under.

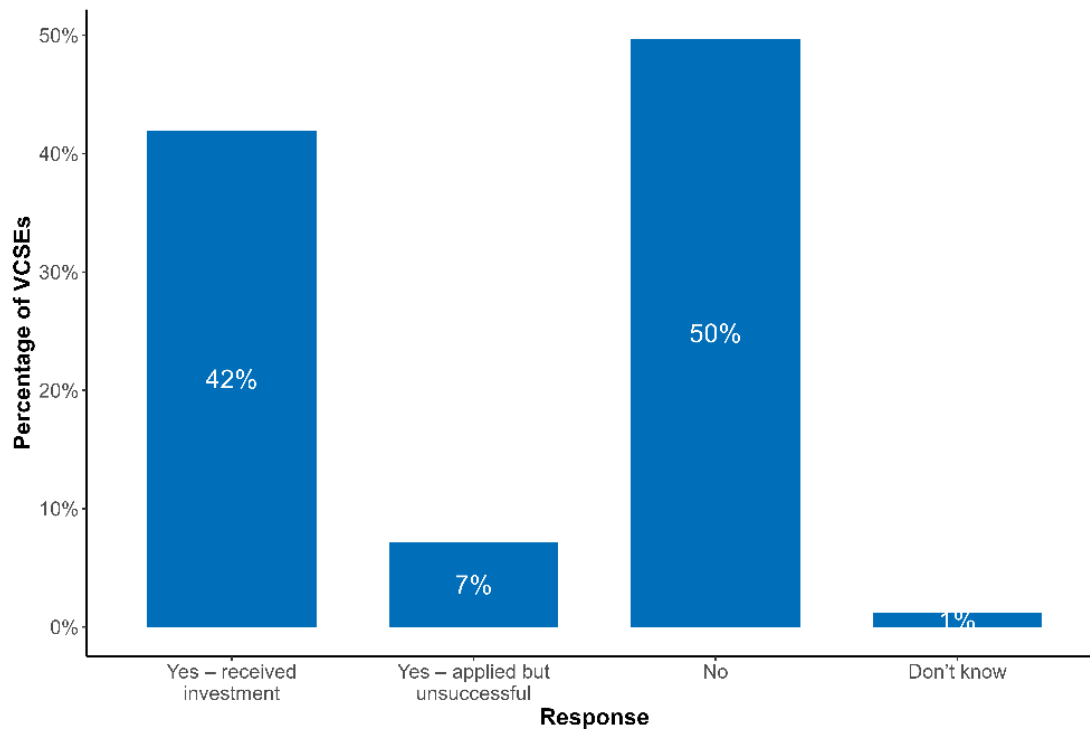
Figure 1 Growth Fund investments by investment size



Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs. Chart produced by Ecorys.

The Growth Fund's aim of reaching organisations without a prior investment history was somewhat achieved, with half of survey respondents reporting that they had not applied for investment before.

Figure 2 Has your organisation ever applied for investment (excluding grants) before receiving this investment?

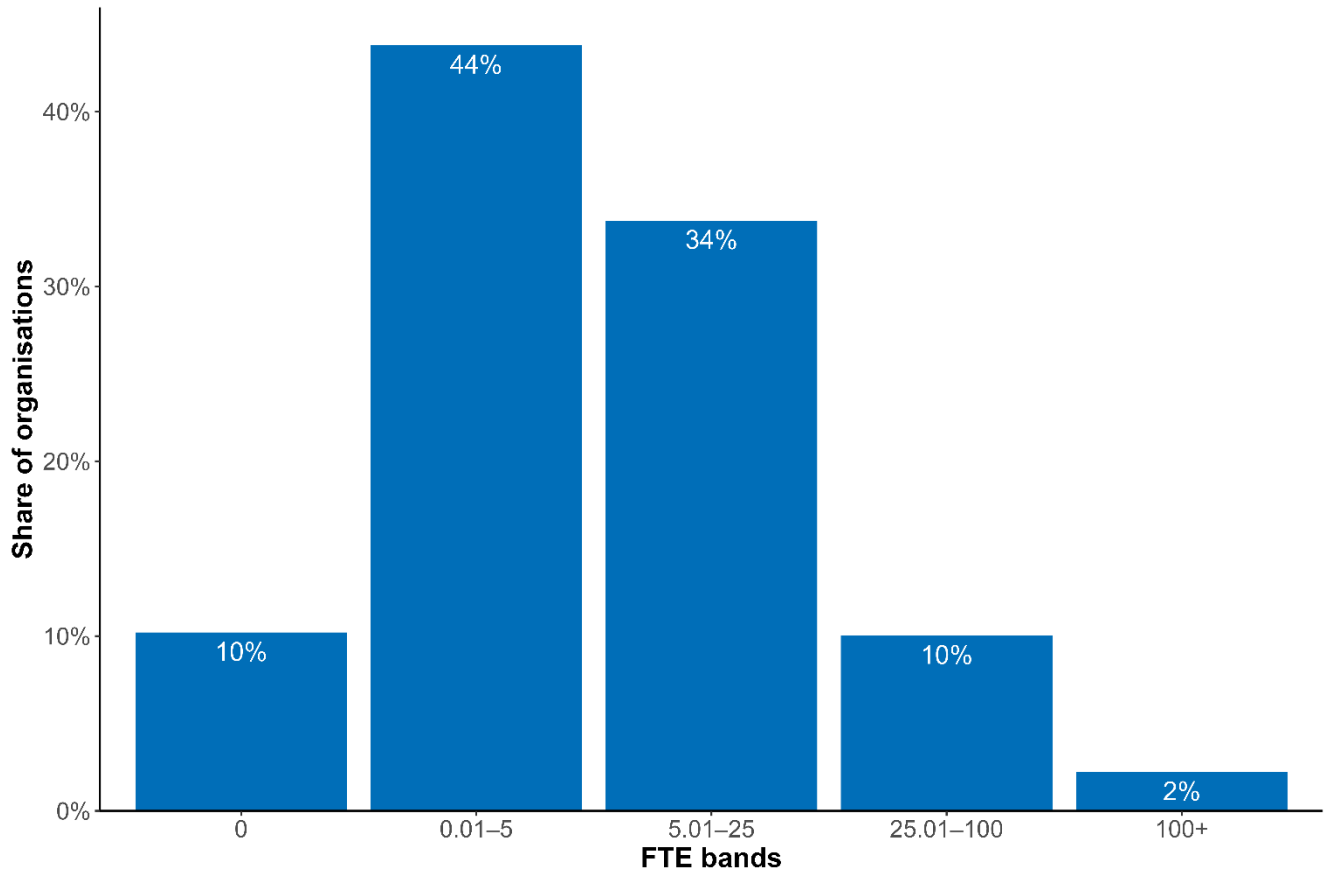


Source: Growth Fund Baseline Survey (n=167).



VCSEs receiving Growth Fund investments were predominantly small-to-medium in terms of income<sup>3</sup> and employed few staff, aligning with the Growth Fund's ambition to support organisations with the potential to grow and expand their activities, rather than those that were already large and established.

Figure 3 Growth Fund investees by full-time equivalent staff (FTEs)



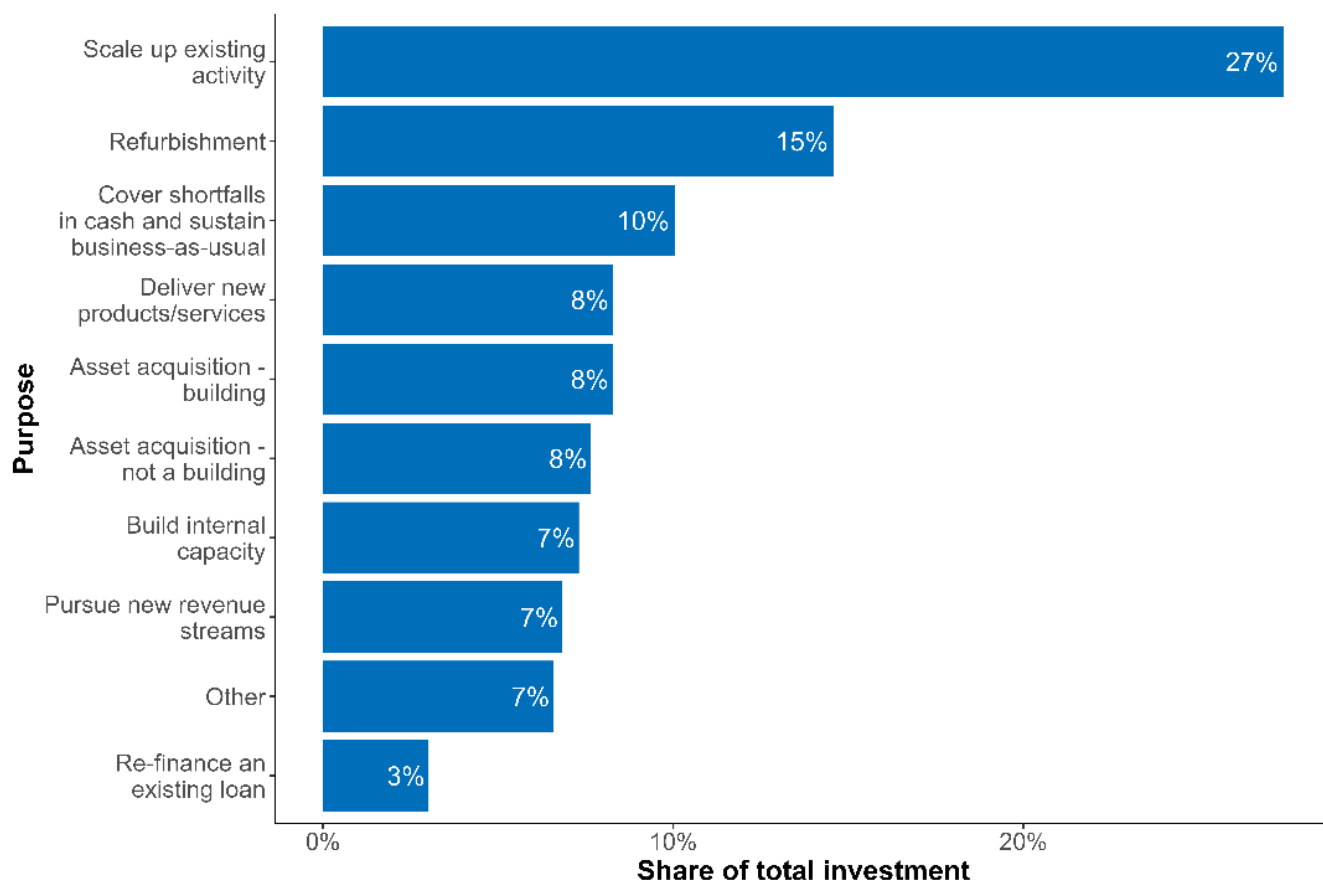
Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs.<sup>4</sup>

<sup>3</sup> The majority of organisations (52%) had medium-sized reported incomes (£100k-£1m), and 37% were 'small' (between £10k and £100k) or 'micro' (less than £10k).

<sup>4</sup> For VCSEs that received multiple investments and reported this information more than once, only the first entry was used. This helps make results more comparable, as later entries may already reflect changes after receiving Growth Fund investment.

The most frequently cited purposes for taking on a Growth Fund loan were to scale up existing activity (27%), followed by refurbishments (15%).

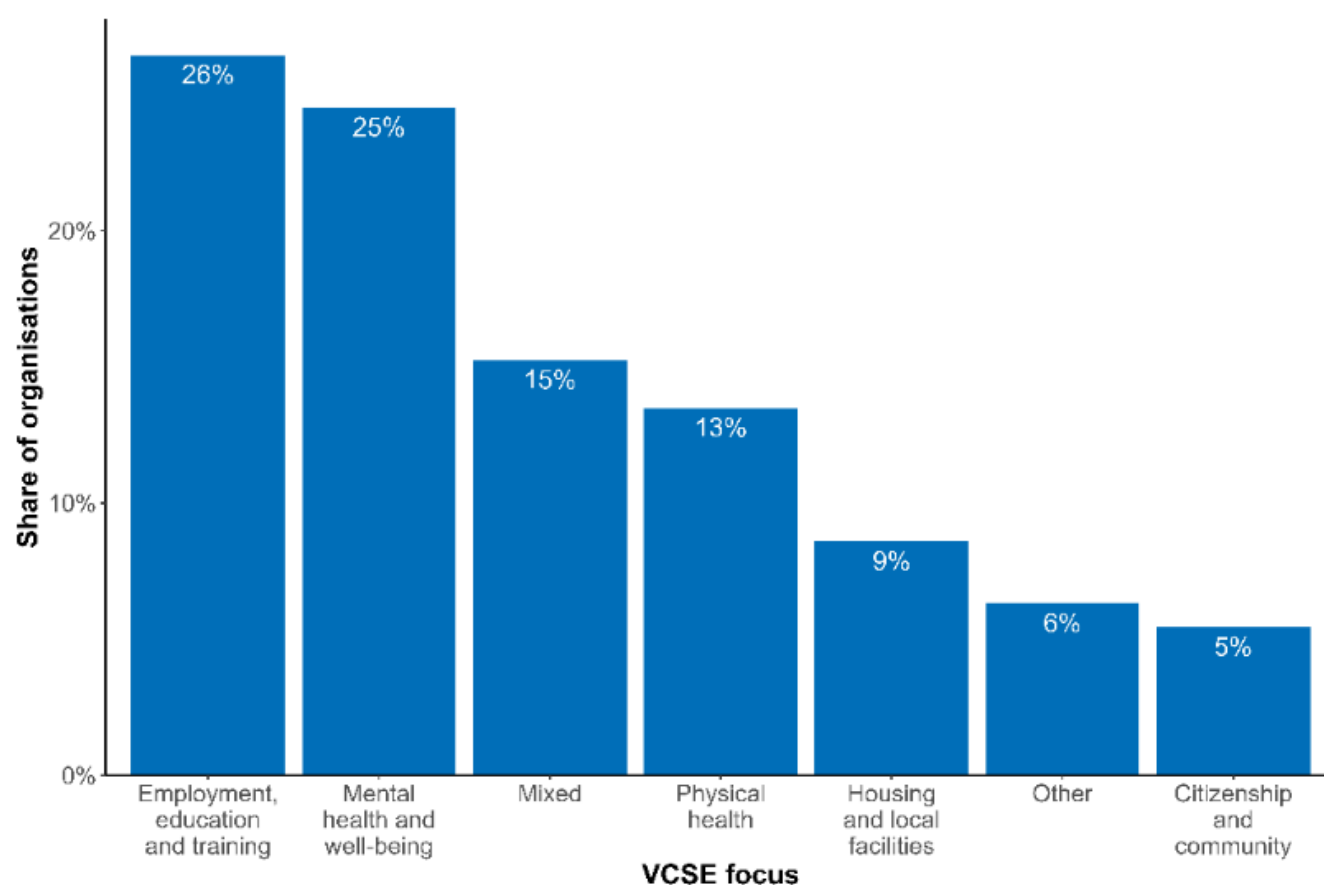
Figure 4 Growth Fund investments by purpose



*Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs. Purposes which were listed by less than 2% of investees were summarised in the 'Other' category.*

Growth Fund investments reached a diverse set of VCSEs with a range of thematic focuses.

Figure 5 Growth Fund investees by primary thematic focus

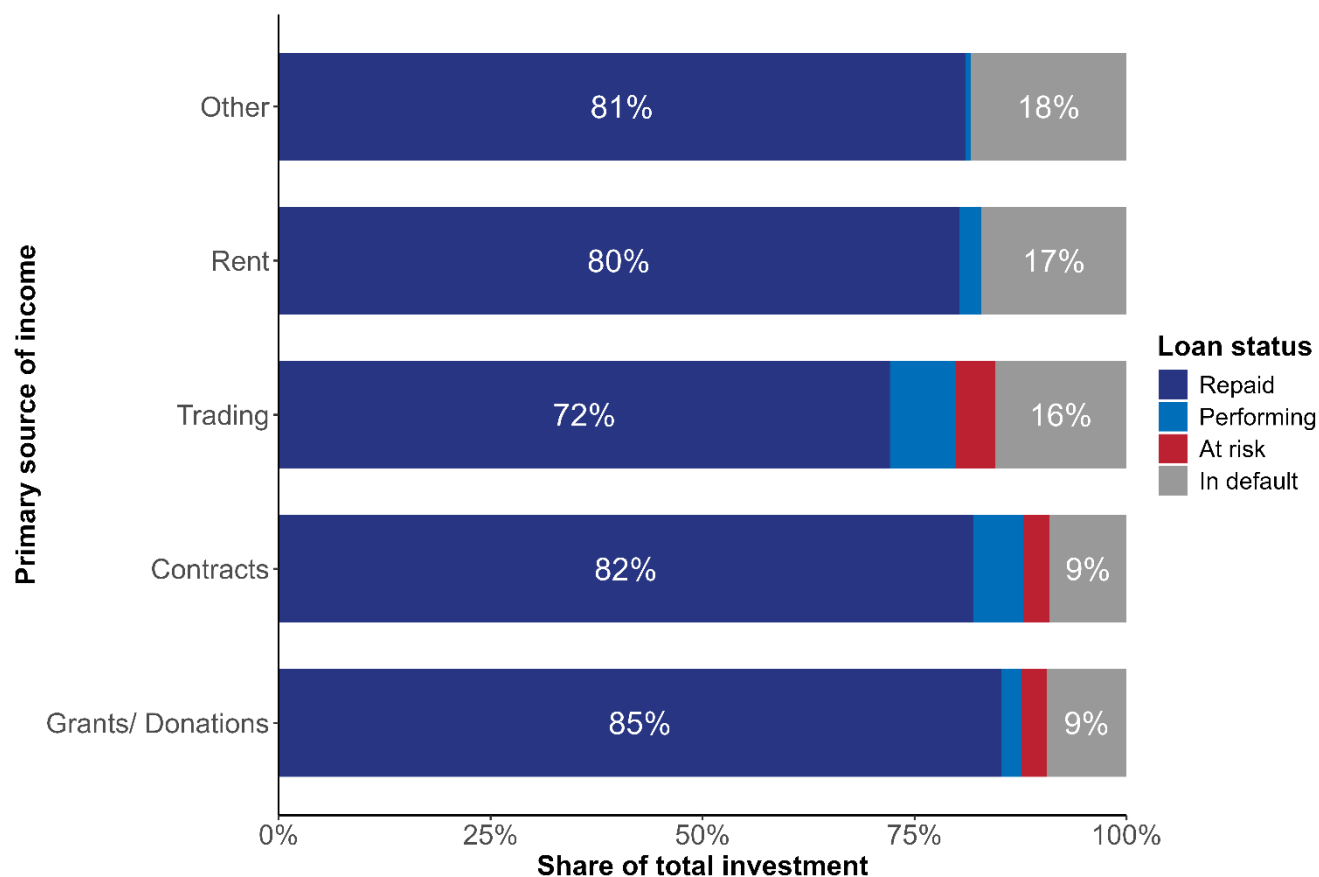


Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs.<sup>5</sup> Chart produced by Ecorys.

<sup>5</sup> For VCSEs that received multiple investments and reported this information more than once, only the first entry was used.

Comparing loan performance from the Growth Fund MI data by VCSEs' primary source of income before applying for the investment showed a correlation between organisations' pre-existing business models and likelihood of repayment. VCSE's relying on trading or rents as primary source of income had higher default rates than those relying on contracts or grants.

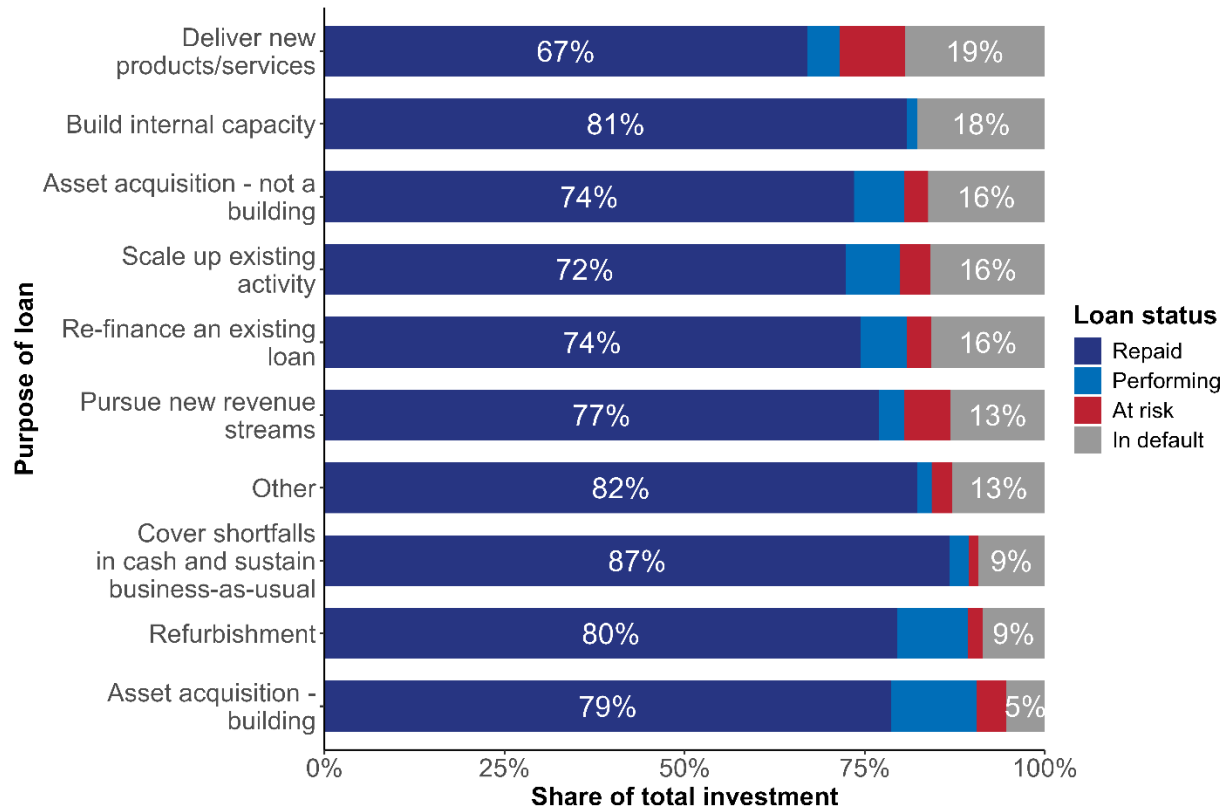
Figure 6 Loan performance by primary source of income



Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs. Chart produced by Ecorys. Percentages relate to the total of loaned funds.

Looking at different loan purposes, VCSEs that used their loans for building purchases exhibited the lowest default rates (5%).

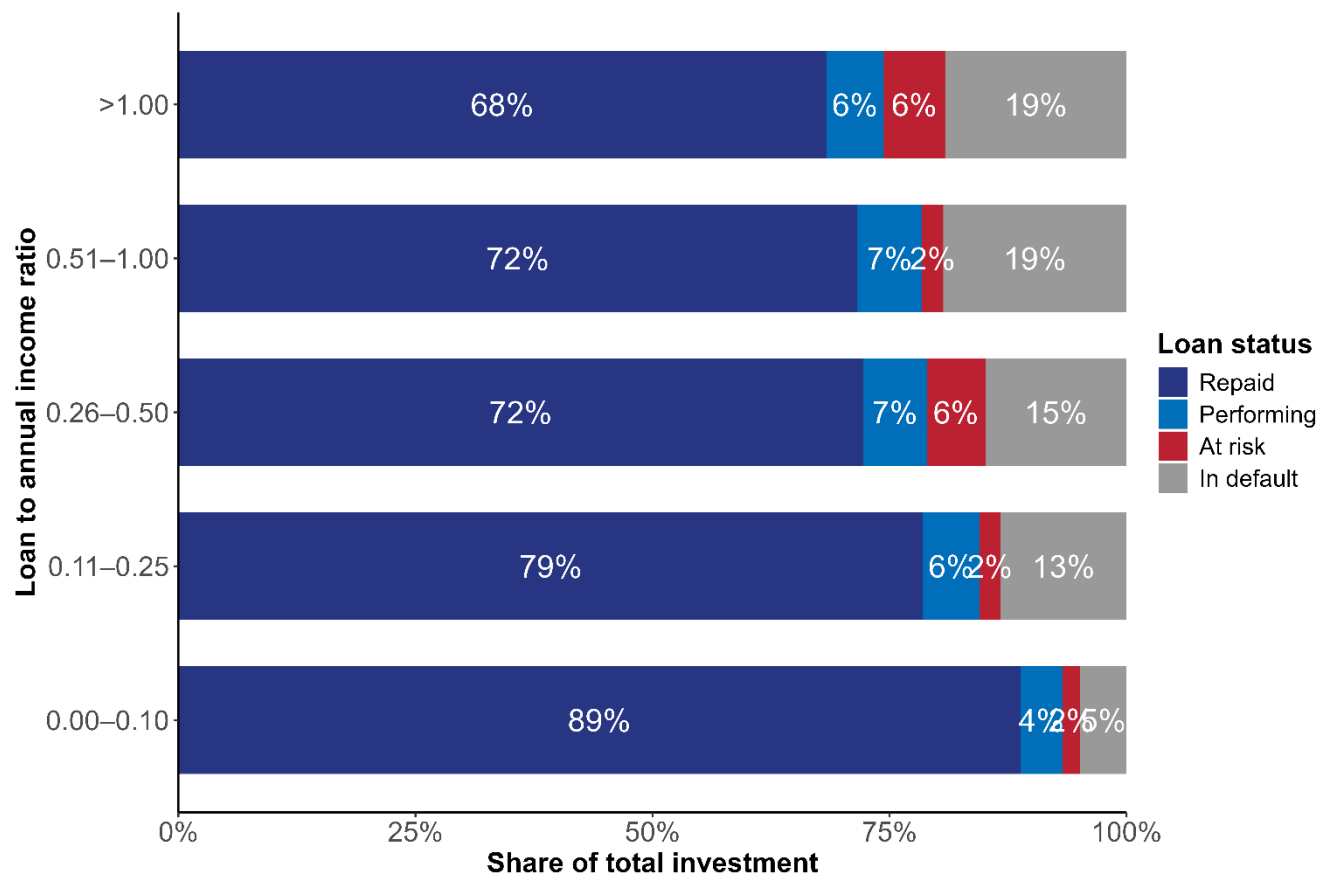
Figure 7 Loan performance by purpose of loan



*Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs. Chart produced by Ecorys. Percentages relate to the total of loaned funds.*

Default rates increased steadily with larger loan-to-income ratios.

Figure 8: Loan performance by loan-to-annual-income ratio

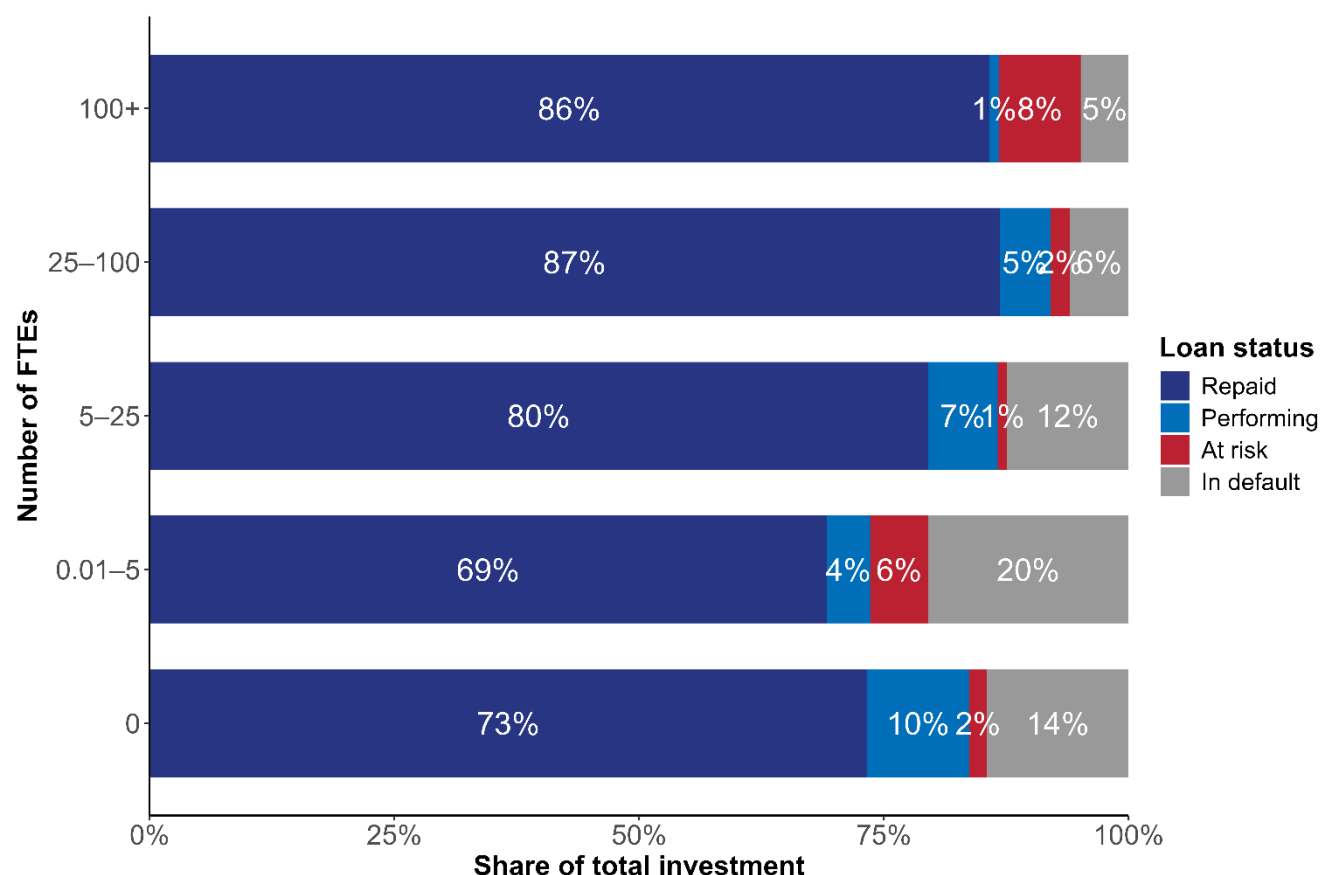


Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs. Excludes organisations which reported zero annual income.



Although the Growth Fund targeted predominantly small organisations due to their growth potential, these loans also carried the highest risk. The highest rate of default (20%) was seen amongst VCSEs with the smaller staff teams of under 5 (but not zero) Full-Time Equivalent staff (FTEs).

Figure 9: Loan performance by FTE

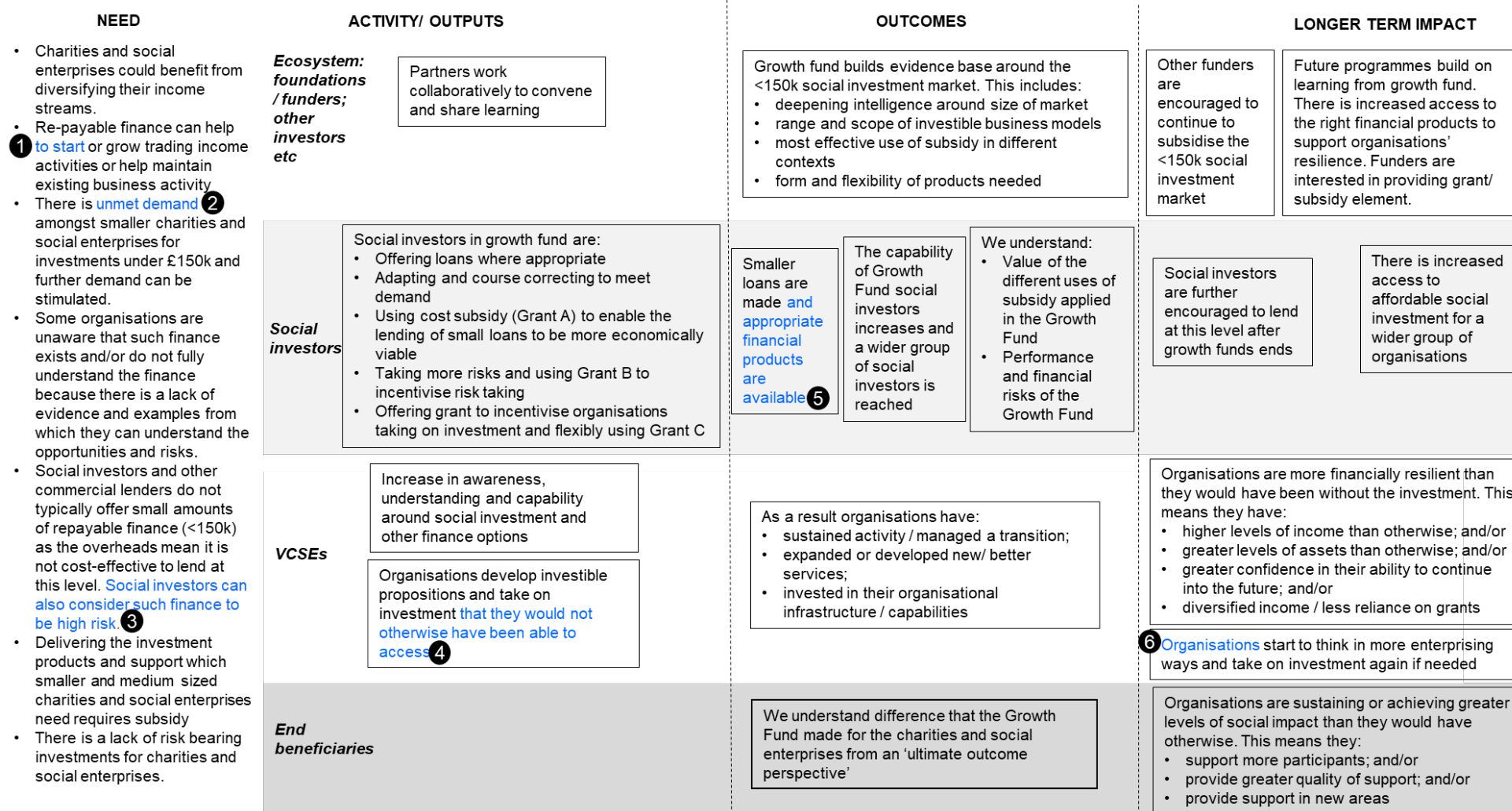


Data source: Growth Fund Management Information based on 726 investments made to 580 VCSEs. Excludes organisations which did not report information on employed FTEs.

# The Growth Fund Theory of Change

The Growth Fund Theory of Change (ToC) is presented below. As outlined in the conclusions, the ToC largely played out as anticipated, with some nuance. Numbered elements of the ToC indicate where further nuance is added overleaf.

Figure 10 Growth Fund Theory of Change



1. While repayable finance generally can support the start-up of trading income, the Growth Fund experience is that the investment was more commonly used to maintain or scale-up existing activities.
2. There is unmet demand amongst smaller VCSEs for investment under £150k, however, it takes longer to convert latent demand into actual demand than first envisaged.
3. Social investors believed that the investments were not always high risk. They commented that due to VCSEs' general risk aversion, many investments are low risk. Indeed, the investment was most often used to scale-up existing, successful activity.
4. Some VCSEs had accessed investment before their Growth Fund investment. However, Programme Partners reflected this may have been historic and/or characteristically dissimilar and therefore this does not necessarily indicate that suitable alternative investment would have been available to the investees at the time of receiving Growth Fund investment.
5. The Growth Fund has gone some way to plug the gap in the social investment market and meet VCSEs unmet funding needs. However, there is still a need for more innovation in the funding offering for VCSEs to meet further unmet needs.
6. The VCSE case studies provided evidence of increased entrepreneurialism and appetite for further social investment, however, this was often held by the individual staff members involved with the Growth Fund investment. When individuals moved on, the organisational-level appetite and knowledge of social investment could be lost suggesting this change occurred at an individual rather than organisational level.

