



LEARNING & EVALUATION REPORT

2017–2024





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1. FOREWORD

BARROW CADBURY TRUST AND ACCESS FUND FOREWORD

The Connect Fund has been a transformative force in the social investment landscape – contributing to collective efforts to build a stronger, more resilient social investment sector, but also a more equitable one.

Launched in 2017, funded by Access – the Foundation for Social Investment, and delivered by the Barrow Cadbury Trust, the Connect Fund set out to strengthen and diversify the social investment ecosystem. This report looks at what was learned from the programme, highlighting some of the challenges and exploring some of the success stories.

Over the past seven years, the Connect Fund disbursed £5.28 million via 137 grants to 88 organisations. Through the programme’s various initiatives, we have seen how collaboration, knowledge-sharing, and a focus on inclusivity can drive positive change.

Over those seven years, the Connect Fund brought together a wide array of stakeholders to build collaborative networks and promote innovation; the programme has played a pivotal role in reshaping social investment. From its inception, the Connect Fund aimed to address some of the biggest challenges faced by the social investment sector: ensuring that VCSE organisations had access to repayable finance, fostering a collaborative and informed market, and advocating for a more inclusive and diverse social investment ecosystem. The programme’s impact, however, extends beyond financial support. It created a platform for connection and learning, where organisations across the sector could share knowledge, explore new ways of working, and develop partnerships to solve systemic problems.

The Connect Fund has boosted connections and partnerships between social investment intermediaries and voluntary sector infrastructure. These interventions have propelled the market through skill development, peer support, enterprise development, and convening events to foster an engaged learning community.

We know that supporting the social investment sector’s infrastructure is a critical part of building this ecosystem for the long term. This evaluation is shared in the spirit of openness and a desire to ensure that ongoing efforts are additional and complementary to the work undertaken as part of the Connect Fund. We know that the lessons learned over the past seven years will continue to shape the future of social investment, including Access and Barrow Cadbury Trust’s own understanding of the market and future strategy, ensuring that it remains a powerful tool for tackling inequality and creating lasting, positive social impact across the UK.

Seb Elsworth

Chief Executive | Access – The Foundation for Social Investment

Dame Sara Llewellyn

Chief Executive | Barrow Cadbury Trust

January 2025



2. EXECUTIVE SUMMARY

The Connect Fund was launched in 2017 with funding from Access – the Foundation for Social Investment. It was established to contribute to an increase in the amount of social investment flowing to social sector organisations, to enable them to maintain and grow their social impact.

1. Improving the social investment market for charities and social enterprises.
2. Advancing a more open, diverse and accessible social investment market.

The Connect Fund made 133 main grants during the period from January 2018 and August 2024, as well as 3 small development grants, 2 small sponsorships and 2 speakers' donations.

PROJECT IMPACT

INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT:

Open, fair and transparent access

Connect Fund delivered real progress on this outcome in terms of building relationships with and between VCSE infrastructure organisations, social investment intermediaries and other actors. Delivery into under-invested areas (IMD 1 – 3) was excellent and similar to that of the Reach Fund (CF 51.5% vs RF 48%). More work is clearly needed to develop demand in the remaining cold spots, especially the North East, West Midlands, East of England and London.

Better understanding of/action taken to address barriers face by organisations led by under-represented groups in accessing SI

This category was tightly focused and delivered important research and learning. The projects that delivered strongly on understanding of/action taken to address barriers in accessing social investment were marked by the quality of their research into and knowledge of the sectors and the geographies they focussed on.

Investment flows particularly to organisations led by under-represented groups

The improved understanding of barriers to accessing social investment has led to the design and delivery of research, support and new funds by under-represented groups on a much more inclusive basis. The systemic changes in the strategies, policies and delivery of social investment were led and delivered by Black and Minoritised Community -led organisations and leaders. Much of the early-stage work was facilitated by the Connect Fund.

Board and investment committee diversity

The Social Investment Consultancy's project supported the Working Group on Leading and Convening, research, skills development and resource sharing. It prepared the ground for the work of the Diversity Forum on Equality, Diversity & Inclusion.



BRIDGES: Voluntary sector infrastructure and the social investment market connecting and influencing each other; Funders and investors more responsive to needs in the VCSE sector

Social investment has become better known and more trusted over the term of the Connect Fund. This impact was delivered by a combination of a change in policy from impact investing to supporting enterprise development, application support from the Reach Fund, the Connect Fund, a growing bank of experienced investees, fairer and more flexible finance and programme delivery online and in-person.

BRIDGES: Voluntary sector infrastructure and the social investment market connecting and influencing each other; Collaboration within the social investment market, connecting the infrastructure to the market

Collaboration within the sector, allowing for a natural level of competition, is positive and relationships with Access are particularly strong, with respect on both sides. Intermediaries engage and collaborate on new product and programme development, enabling greater investment in disadvantaged communities and job creation in economically deprived areas.

Market EFFICIENCY, sector RESILIENCE: More efficient market functioning and more resilient VCSE and Social investment sector; Investors able to provide more tailored and appropriate finance more efficiently; VCSEs

The technical progress of social investment intermediaries, infrastructure organisations in social investment and the VCSE space has been significant. It has supported institution-building, informed product and support development and delivered solutions in the fields of data, reliable output and impact reporting, learning and dissemination.

PROJECT LEARNING

WHAT DO SUCCESSFUL PROJECTS LOOK LIKE?

Successful Connect Fund projects were characterised by:

- Pre-project engagement with social investment;
- Relationships of trust with delivery partners;
- Focus on or contribution in part to clear strategic priorities for the participants;
- Focus on a topic, region and/or a community of interest, rather than a broad aim to support social investment engagement;
- Convening and managing collaborations at different levels, as appropriate.

WHAT DO SUCCESSFUL CAPACITY-BUILDING PROGRAMMES LOOK LIKE?

Future capacity-building programmes will maximise impact if they deliver:

- Open engagement with the social investment and VCSE sectors to identify priority issues;
- Longer term support commitment (more than 12 months), with checkpoints on delivery and impact;
- Crowding in other funders and experienced organisations to work together on solutions;
- Support for fundraising from other sources;
- Strategic reviews of focus and delivery in response to environmental changes;
- Support to understand and use, implement and learn from Theories of Change;
- Translation of Theories of Change into Theories of Practice;
- Requiring promised evaluation reports to be delivered.



QUALITY OF EVALUATION REPORTS

Almost half of project evaluations were rated as poor or average, often not delivering on the evaluation plan in the project application. There was a particular problem with projects funded for a year or less, where staff were recruited to deliver the project and, understandably, left for a new post before producing the final report. Funding that avoids a cliff-edge finish would be helpful.

DEVELOPING A STRUCTURE OF SUPPORT FOR EDI

Equality, Diversity and Inclusion is an issue of concern for most SIs. However, it is difficult for small, over-stretched and under-resourced organisations to allocate resources to the issue. There are strategically important EDI infrastructure projects, running on short-term grant funding for years. There may be an opportunity to deliver a long-term solution, possibly hosted by the Social Investment Business, based on a business plan that includes grant and earned income.

PROJECT LEGACY

The social investment sector has been transformed over the past 7 years by the combined efforts of the Department for Culture Media and Sport, National Lottery Community Fund, Access and Better Society Capital, social investment trusts & foundations, the social investment intermediary sector, VCSE infrastructure and organisations and external support providers.

The latest social investment data available from Better Society Capital shows a trebling of investment between 2017 and 2022, from £3,003m in 2017 to £9,328m in 2022.

The Connect Fund's impact on the sector was strongest on open, fair and transparent access; far greater understanding and action on barriers faced by organisations led by under-represented groups and investment flowing particularly to organisations led by under-represented groups.

Connections between VCSE infrastructure organisations and the social investment sector were challenging, particularly as a result of Covid-19. Local and regional VCSE organisations and private consultancies worked with SIs to deliver impactful projects. However, some regional cold spots still remain, including the North East, West Midlands, London and East of England.

The social investment sector has learned much about the needs and requirements of potential investees and their sectors and the investment offer is lower cost, blended, flexible and comes with other supports. The trust deficit, while not eliminated, is substantially reduced. The favourable ratings of Connect Fund events and engagement with VCSE organisations provide evidence of increasing trust.

Social investment intermediaries have engaged significantly around enterprise development in a range of Connect Fund and Access programmes. While this can act as a marketing opportunity, it is an extra cost and an "add-on" to their core business.

The response of the sector to Covid-19 was impressive and collaborative, involving DCMS, Access, Connect Fund and volunteer assessors. Those organisations that were re-capitalised through Covid funding said that the process allowed them to retain experienced staff and maintain delivery and deployment of funds. The sector would have been much weaker, particularly in reaching smaller organisations and weaker regions, if they had not been supported.

The efficiency, effectiveness and resilience of the sector has been strengthened by a series of data projects, improving the availability and use of standardised data, widening the scope of data analysis and developed EDI monitoring and reporting services. The technical process of the sector in the fields of data, reliable output and impact reporting, learning and dissemination.



3. INTRODUCTION

Access – The Foundation for Social investment – was established in 2015 by three partners; the Cabinet Office, the Big Lottery Fund (National Lottery Community Fund) and Better Society Capital (formerly Big Society Capital). Research by the National Lottery Community Foundation in 2012 had identified that social investment was not offering the smaller scale, higher risk, flexible and affordable loans needed by charities and social enterprises. This was particularly the case for organisations working in the most underserved places and communities.

Access was charged with:

- Tackling the gap to ensure the supply from social investment intermediaries was the right kind of finance to meet the sector’s needs;
- Tackling the demand gap, to provide long-term capacity building funding.

Access was in the early stage of its life in 2016 and used consultation exercises with charities and social enterprises and also with social investment intermediaries, to design and develop its Capacity Building Programme. This included the Connect Fund¹ as well as the Reach Fund and the Impact Management Programme.

The initial aims of the new Infrastructure Investments Fund (renamed The Connect Fund) were:

- To increase the amount of social investment flowing to charities and social enterprises, in order that they can maintain and increase their social impact;
- To increase the availability and quality of social investment infrastructure support available to charities and social enterprises in England, by increasing the resilience and effectiveness of intermediary organisations.

Access invited tenders for programme delivery in October 2016 and The Barrow Cadbury Trust was awarded the contract from 27th March 2017 for three years, an initial value of £1.8m. This was increased in November 2017 to £3.6m. The Connect Fund received a further £3m and revised its funding priorities in 2020 to align more closely with the work of Access’ other programmes, to make the best possible use of the limited funds available and to respond to the new and emerging needs of the sector as a consequence of the Covid-19 pandemic. Its strategy was reviewed again in July 2023.

Barrow Cadbury had been an “early adopter” of social investment in the UK, investing in the original Peterborough Social Impact Bond. It had built a social investment portfolio including Social Impact Bonds, community shares, charity bonds and direct loans to charities and social enterprises.

Barrow Cadbury Trust had also worked with Access on *Small Charities and Social Investment*² research in 2016, which identified the need to strengthen infrastructure to support the social investment journeys of charities and social enterprises. It brought strong experience of supporting VCSE infrastructure and good relationships with key organisations including NAVCA, NCVO, ACEVO and specialist and equalities infrastructure organisations.

This evaluation report covers the period from project inception in 2017 to 30th August 2024. Some projects will continue to deliver until October 2025.

1 Initially known as the Infrastructure Investment Fund.

2 *Small Charities and Social Investment*; Institute for Voluntary Action Research, Baker, L and Goggin N 2016ISBM Number 978-0-09574199-4-0



4. PROJECTS

The Connect Fund made 133³ grants between the period from January 2018 and February 2024, under the following Theory of Change categories:

IMPACT	OUTCOMES	OUTPUT	NUMBER	AMOUNT
1 investment FLOWS	1 Investment flows to all parts of the VCSE sector that could benefit	1 Open, fair and transparent access	11	£430,650
1 investment FLOWS	1 Investment flows to all parts of the VCSE sector that could benefit	2 Better understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing SI	23	£1,032,740
1 investment FLOWS	1 Investment flows to all parts of the VCSE sector that could benefit	3 Investment flows particularly to organisations led by under-represented groups	22	£948,645
1 investment FLOWS	1 Investment flows to all parts of the VCSE sector that could benefit	4 Board and investment committee diversity	1	£55,100
2 infrastructure BRIDGES	1 Voluntary sector infrastructure and the social investment market connected and influencing each other	1 Funders and investors more responsive to needs in the VCSE sector	15	£492,873
2 infrastructure BRIDGES	1 Voluntary sector infrastructure and the social investment market connected and influencing each other	2 Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market	20	£819,950
3 intermediaries NETWORK	1 Social investment intermediaries connected through partnerships, tools, resources and learning	1 Collaboration within the social investment market	11	£992,850
4 Market EFFICIENCY; sector RESILIENCE	1 More efficient market functioning and more resilient VCSE and Social Investment sector	1 Investors able to provide more tailored and appropriate finance more efficiently VCSE's able to access that finance more efficiently	27	£929,300
Covering all IMPACTS	The Gatherings 2017, 2020, 2023		3	£51,088
		TOTALS	#133	£5,783,196-

In addition, three grants of £2,000 each were made to Voscur, Bristol & Bath Regional Capital and LCCDA (CASE) for proposal development. Hatch Enterprise received a grant of £2,000 towards sponsorship of the Good Deals & Beyond conference diversity session. London Fields Publishing Ltd received a grant of £1,000 as sponsorship of two workshops on BAME and gender diversity. Both CoLab Exeter and EVA Women's Aid received small donations for speaking at the Connect Fund launch.

³ 133 main grants plus 5 x £2,000 grants for proposal development and 2 donations to speakers at the Connect Fund launch.



Project numbers, £total, £average and £range of funding by Theory of Change Category

ToC CATEGORY	#PROJECTS	£TOTAL	£AV	£LOW	£HIGH
Flows Investment flows to all parts of the VCSE sector that could benefit Open, fair and transparent access	11	£430,650	£39,150	£10,000	£64,500
Flows Investment flows to all parts of the VCSE sector that could benefit Better understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing SI	23	£1,032,740	£44,901	£10,000	£120,000
Flows Investment flows to all parts of the VCSE sector that could benefit Investment flows particularly to organisations led by under-represented groups	22	£948,645	£43,120	£10,000	£120,000
Flows Investment flows to all parts of the VCSE sector that could benefit Board and investment committee diversity	1	£55,100	£55,100	£55,100	£55,100
Infrastructure BRIDGES Voluntary sector infrastructure and the social investment market connected and influencing each other Funders and investors more responsive to needs in the VCSE sector	15	£492,873	£32,858	£10,000	£80,800
Infrastructure BRIDGES Voluntary sector infrastructure and the social investment market connected and influencing each other Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market	20	£819,950	£40,998	£6,000	£60,300
Intermediaries NETWORK Social investment intermediaries connected through partnerships, tools, resources and learning Collaboration within the social investment market	11	£992,850	£90,259	£22,000	£250,000
Market EFFICIENCY; sector RESILIENCE More efficient market functioning and more resilient VCSE and Social Investment sector Investors able to provide more tailored and appropriate finance more efficiently CDS's able to access that finance more efficiently	27	£959,300	£34,418	£9,900	£100,000
Covering all IMPACTS The Gatherings 2017, 2020, 2023	3	£51,088			
TOTALS	133	£5,783,196			



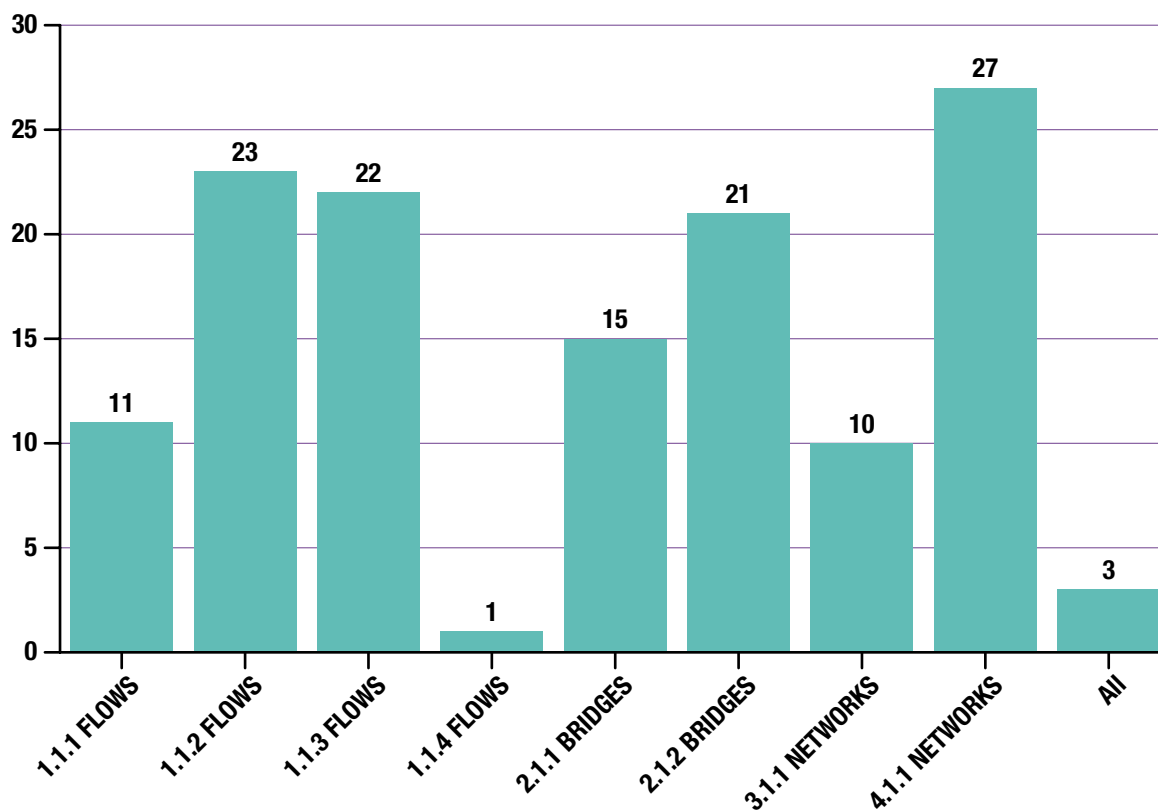
ToC CATEGORY / LEGAL STRUCTURE	PLC ⁴	INFRAST	SII	CHARITY	LLP	MUTUAL	LA	TOTAL
1 FLOWS 1 Investment flows to all parts of the VCSE sector that could benefit 1 Open, fair and transparent access	1	5	3	1	1	0	0	11
1 FLOWS 1 Investment flows to all parts of the VCSE sector that could benefit 2 Better understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing SI	4	13	3	0	0	2	1	23
1 FLOWS 1 Investment flows to all parts of the VCSE sector that could benefit 3 Investment flows particularly to organisations led by under-represented groups	0	6	5	8	0	0	0	21
1 FLOWS 1 Investment flows to all parts of the VCSE sector that could benefit 4 Board and investment committee diversity	1							1
2 infrastructure BRIDGES 1 Voluntary sector infrastructure and the social investment market connected and influencing each other 1 Funders and investors more responsive to needs in the VCSE sector	3	6	1	2	0	3	0	15
2 infrastructure BRIDGES 1 Voluntary sector infrastructure and the social investment market connected and influencing each other 2 Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market	2	10	1	1	0	7	0	21
3 intermediaries NETWORK 1 Social investment intermediaries connected through partnerships, tools, resources and learning 1 Collaboration within the social investment market	2	3	5	0	0	0	0	10
4 Market EFFICIENCY; sector RESILIENCE 1 More efficient market functioning and more resilient VCSE and Social Investment sector 1 Investors able to provide more tailored and appropriate finance more efficiently VCSE's able to access that finance more efficiently	4	11	6	5	0	2	0	27
Covering all IMPACTS The Gatherings 2017, 2020, 2023	3							3
TOTALS	20	55	24	18	1	16	1	133

⁴ PLC = Private Limited Company; Infrastructure is an organisation providing support to VCSEs as their primary purpose; Social Investment Intermediary is an organisation receiving investment and reinvesting in VCSE organisations; Charity is an organisation registered with the Charity Commission of England and Wales; LLP is a Limited Liability Partnership; Mutual is a Co-operative or Community Interest Company; LA is a Local Authority.



CONNECT FUND GRANTS PORTFOLIO SUMMARISED IN CHARTS

Number of Grants by Theory of Change Category



REFERENCE

FLOWS

Investment flows to all parts of the VCSE sector that could benefit:

- Open, fair and transparent access;
- Better understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing SI;
- Investment flows particularly to organisations led by under-represented groups;
- Board and investment committee diversity.

BRIDGES

Voluntary sector infrastructure and the social investment market connected and influencing each other:

- Funders and investors more responsive to needs in the VCSE sector;
- Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market.

Intermediaries NETWORK

- Social investment intermediaries connected through partnerships, tools, resources and learning;
- Collaboration within the social investment market.

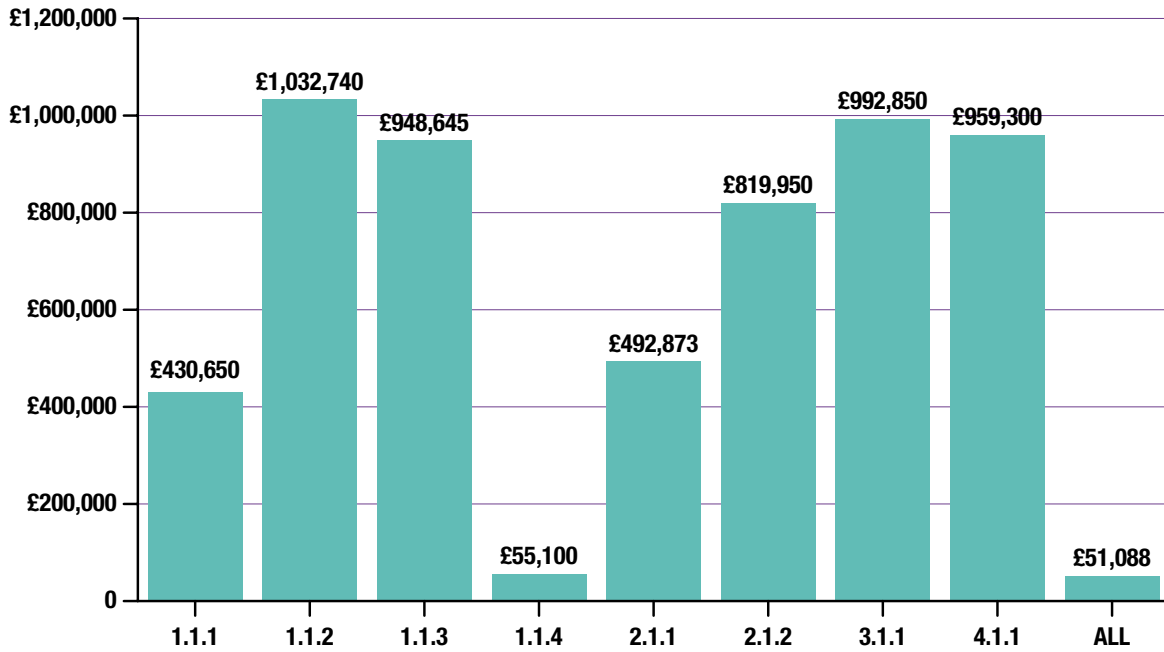


Market EFFICIENCY; sector RESILIENCE

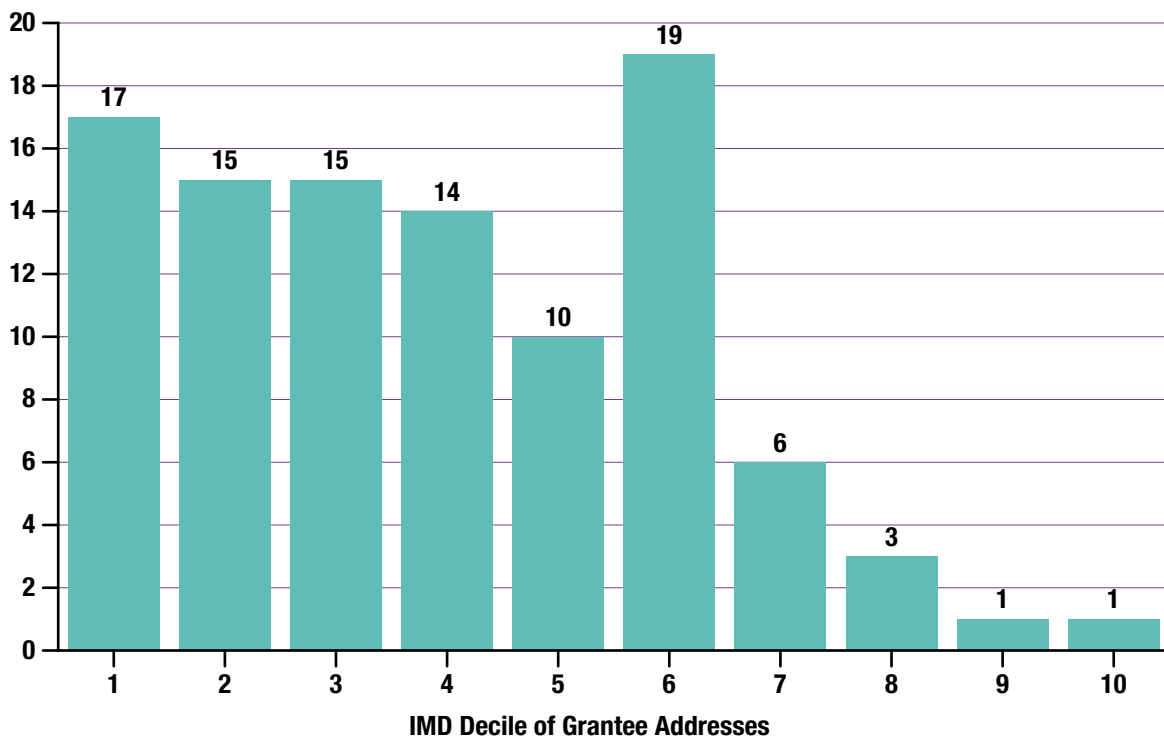
- More efficient market functioning and more resilient VCSE and Social Investment sector;
- Investors able to provide more tailored and appropriate finance more efficiently and CDS's able to access that finance more efficiently.

Covering all IMPACTS The Gatherings 2017, 2020, 2023

Value of Grants by IMD Decile



Grantee Addressees by IMD Decile

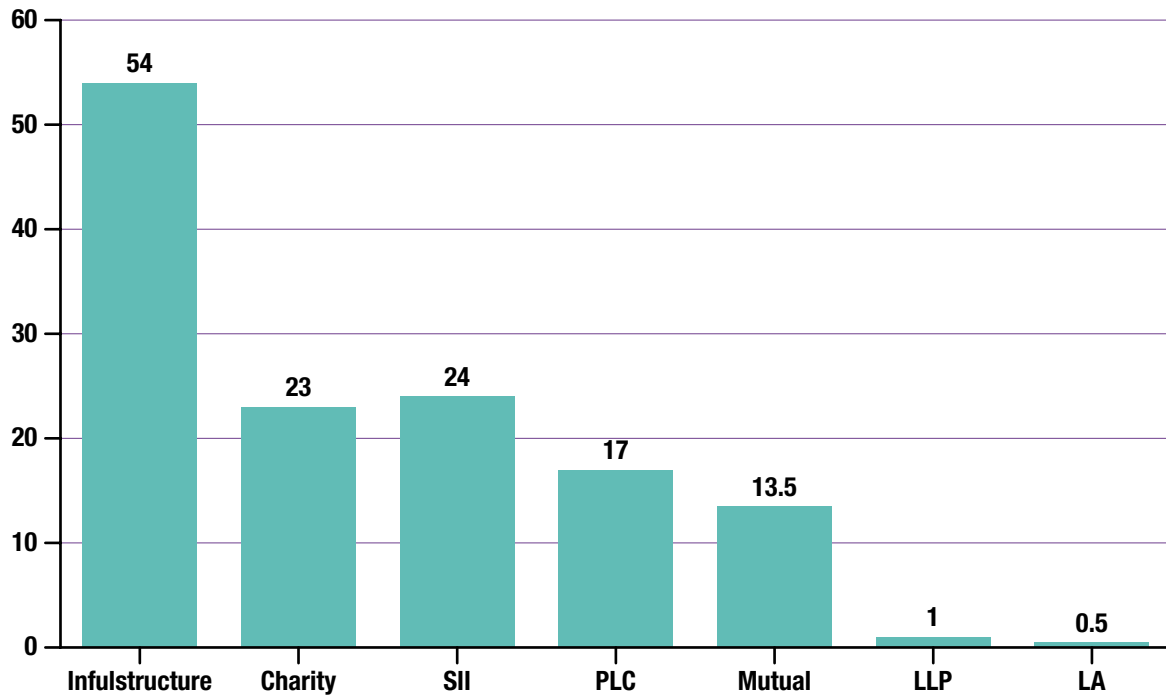




Number of Grants by Range of Amounts



Number of Grants by Legal/Organisational Structure





5. IMPACT

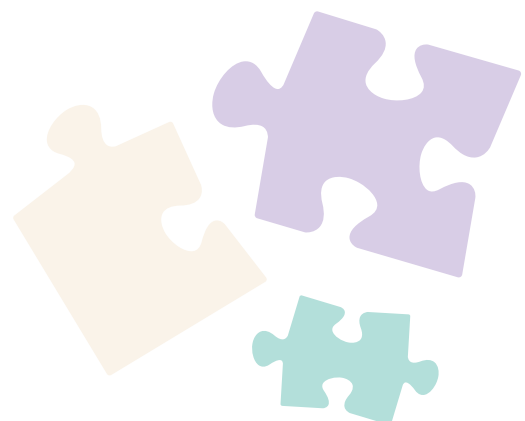
The 2020 – 2024 Theory of Change defined two overall objectives for the Connect Fund;

- Improving the social investment market for charities and social enterprises;
- Advancing a more open, diverse and accessible social investment market.

The impacts and outcomes specified to deliver on those objectives are:

- 1. Investment flows to all parts of the VCSE sector that could benefit;**
 - 1.1 Open, fair and transparent access;**
 - 1.2 Better understanding of / action taken to address barriers faced by organisations led by under-represented groups in accessing social investment;**
 - 1.3 Board and investment committee diversity;**
 - 1.4 Investment flows particularly to organisations led by under-represented groups.**
- 2 Voluntary sector infrastructure and the social investment market connected and influencing each other;**
 - 2.1 Funders and investors more responsive to needs in the VCSE sector;**
 - 2.2 Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market.**
- 3 Social investment intermediaries connected through partnerships, tools, resources and learning;**
 - 3.1 Collaboration within the social investment market.**
- 4 More efficient market functioning and more resilient VCSE and Social Investment sectors;**
 - 4.1 Investors able to provide more tailored and appropriate finance more efficiently. VCSE's able to access that finance more efficiently.**

The Connect Fund operated as part of the social investment sector infrastructure, funded by Access and working in partnership with other organisations including the social investment intermediaries, VCSE infrastructure organisations, social investment infrastructure bodies and their members. The following sections review the evidence and assess the extent to which the Connect Fund delivered on its intended impacts and outcomes. Attribution will never be clearcut as different players coalesced and co-operated to develop and improve impact.





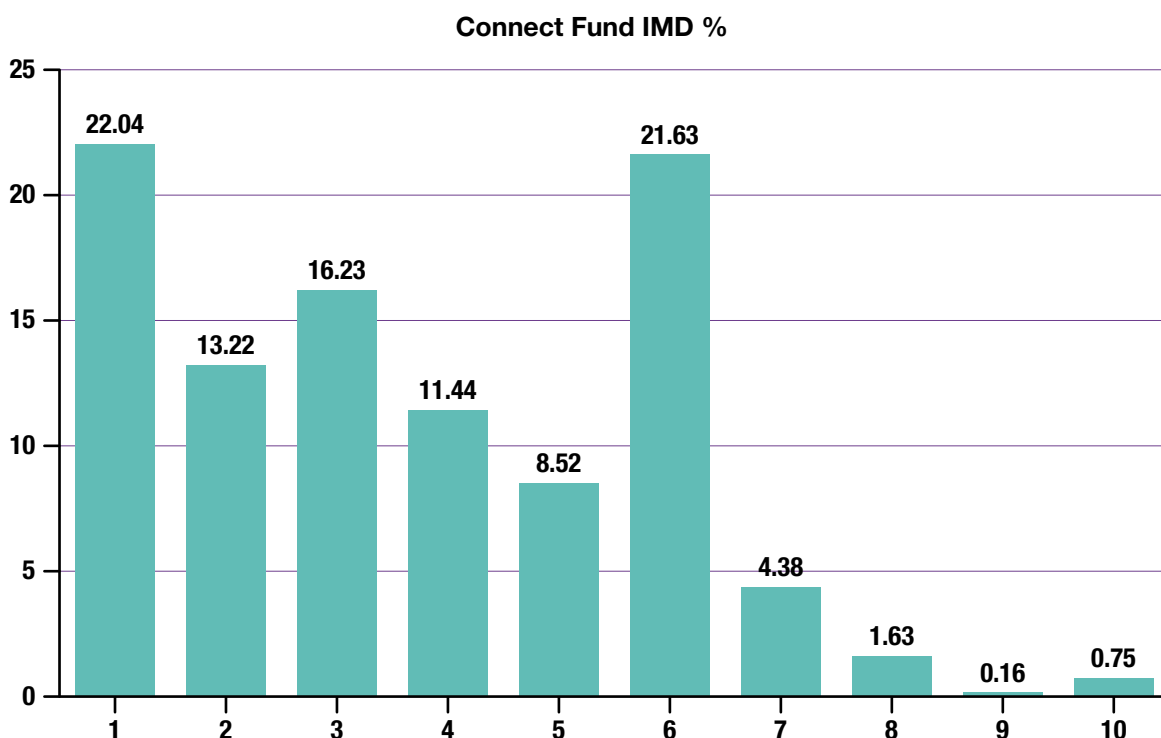
5.1 FLOWS: INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT

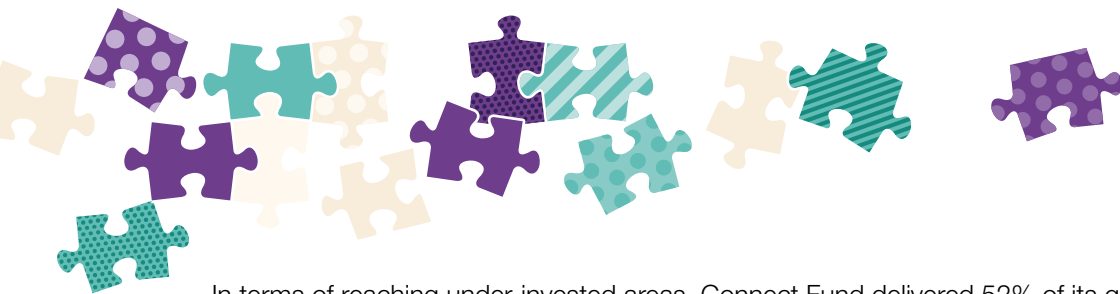
1.1 OPEN, FAIR AND TRANSPARENT ACCESS

Projects that delivered impact in this category included Key Fund's Connect to Invest and Plain Language project. These two projects first researched the gap in trust and knowledge between social investment and the VCSE sector and then delivering a suite of documents that used plain language to explain the social investment offer. VCSE infrastructure organisations including VONNE, Medway Voluntary Action and Northern Social Investment Group, were trusted to engage with charities and social enterprises, opening social investment opportunities for them. A number of projects worked to open up opportunities outside the VCSE sector including with local authorities in Merseyside and Cheshire and NHS Charities and Integrated Care Boards. Other projects, where this was not their primary objective, contributed through research and engagement projects, including the Equal Terms Project and the work of Good Finance. The quality and impact of projects delivered by larger and better resourced organisations tended to be of higher quality and impact. Covid-19 also had more of an impact on the capacity of small and medium VCSE organisations.

Due in part to Covid-19 and to staff turnover, there were two areas of focus which could have improved delivery against this outcome:

- Project evaluation reporting was poor, with only 38% of projects delivering good final reports, as assessed by the evaluator against the grant proposals. As well as the impact of Covid-19, the most common problem was that the project manager post was funded by the programme and s/he left at or before the end, to find alternative employment. A less cliff-edge approach would mitigate the problem;
- Management and sharing of resources, produced by the projects, was a challenge both for grantees and for Connect Fund. Useful and practical resources were not available to organisations that could have benefitted from them, which led to the duplication of resources and to confusion about best practice. The issue is now being addressed with the support of Good Finance.





In terms of reaching under-invested areas, Connect Fund delivered 52% of its grants into the three most deprived areas (IMD areas 1–3). A high proportion of its grants (21.63%) were delivered to IMD 6, but this was mainly due to the number of national charities and social enterprises based in Southwark. The highest percentage of grants (22%) was delivered in IMD 1 and only 5.3% into the least-deprived IMD (8–10) areas.

Connect Fund delivered real progress on this outcome in terms of building relationships with and between VCSE infrastructure organisations, social investment intermediaries and other actors, including consultants and public sector organisations. Delivery into under-invested areas (IMD 1 – 3) was excellent and similar to that of the Reach Fund (CF 51.5% vs RF 48%). Connect Fund delivered higher proportions of funding in three Reach Fund cold spots (South East, East of England & East Midlands), which could result in feeding more demand through to Reach. More work is clearly needed to develop demand in the remaining cold spots, especially the North East, West Midlands, East of England and London.

5.1 FLOWS: INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT

1.2 BETTER UNDERSTANDING OF/ACTION TAKEN TO ADDRESS BARRIERS FACED BY ORGANISATIONS LED BY UNDER-REPRESENTED GROUPS IN ACCESSING SI

This category was more tightly focused and delivered important research and learning. The projects that delivered strongly on understanding of/action taken to address barriers in accessing social investment were marked by the quality of their research into and knowledge of the sectors and the geographies they focussed on.

Foundational work commissioned by Black Southwest Network allowed the organisation to design and deliver support, develop a Black and Asian Business and Social Enterprise Network and organise a conference on Delivering Equitable Outcomes for BAME communities and organisations. Voice4Change's Shifting Gear's project aimed to change perceptions within the "BME" sector that their voices were not heard, to determine their particular needs. The project also identified the need for a social investment fund targeting organisations led by those from Black Asian and Minority Ethnic backgrounds. The Pathway Fund was launched as a new wholesale fund in November 2022. Create Equity Accelerator Programme will provide organisational development, capacity building and grant funding to black-led social enterprises and charities in the arts and creative industries.

Connect Fund has supported the establishment and development of the Diversity Forum, the Social Investment Forum, the Equality Impact Investing Project and other Equality-focused networks and projects. The SEICC programme grew from a recognised need in the sector that there was a missing pipeline of diverse consultants. The Community Consultants were able to engage with some social investors and have delivered support to VCSE organisations through the Reach Fund.

However, some gaps remain, for 'cold spot' regions where strategic and enterprise development support is needed.



CASE STUDY

DIVERSITY FORUM: MULTIPLE PROJECTS

In 2017, the Social Impact Investors Group and Better Society Capital commissioned a survey on diversity and equality in the sector. The responses confirmed “a glaring disconnect in the socio-economic backgrounds of social investors making decisions, individuals running social services and individuals seeking funding for their organisations.” Following a session facilitated at The Gathering 2017 (convening the key stakeholders in the sector), a working group was established by Danyal Sattar, CEO, Big Invest, to develop the Diversity Steering Group.

In 2018, The Social Investment Consultancy’s managing director, Bonnie Chiu, was supported by The Connect Fund to act as project manager for The Gathering Working Group on Leadership and convening; Research and E&D Audit; Skills development and resource sharing; Data sharing and network mapping; Communications. This was aimed at preparing the ground for a focus on addressing inequality, uniformity and exclusion in the sector.

It led on to a second project, to establish the Diversity Forum (DF), started in September 2020. The Social Investment Business agreed to host The Diversity Forum and to provide leadership and governance support, convening the quarterly Diversity Champions Network meetings, assist the HR Training Group on EDI work and provide partnership and liaison to other initiatives, research and communications support. Connect Fund paid for a full-time co-ordinator, to build on the foundations and activities of the network. The work was supported by Big Issue Invest, The National Lottery Community Fund, The Social Investment Partnership, The Social Investment Consultancy, Voice4Change and Better Society Capital. The onset of Covid-19 had a significant impact on its work, forcing key partners to concentrate on the survival of their clients and their organisations. Diversity Champions sessions, Steering Committee meetings and the Diversity Breakfast Talks continued on-line.

Funding was provided for a Phase 3 project starting in September 2021. The Forum collaborated with other EDI initiatives, including the Equality Impact Investing Project, Equally Ours, Investment Committees of the Future and Addressing Imbalance. This allowed the organisations to review research needs and co-ordinate activity. DF also worked with the Social Investment Forum working group on improving diverse recruitment, providing updates to CEOs and promoting DF and other guides and supports. At that stage, 15 social investment intermediaries had signed the Diversity Manifesto, had an initial 1:1 meeting and a quarterly check in with the Forum Manager.

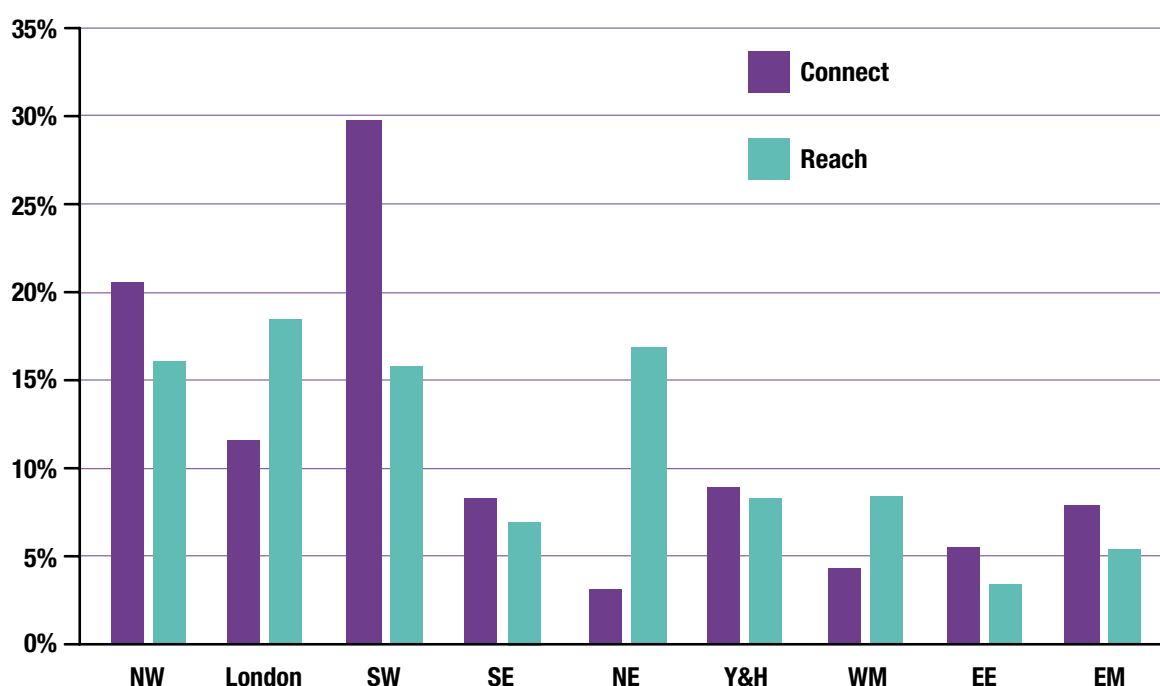
A fourth grant was provided in September 2022, to run for two years until August 2024, so the final report is not available. The interim report shows improvements on measuring and reporting progress. The EDI Toolkit was updated and launched and provides a more practical way for investors to plan, develop and be held accountable to their annual EDI goals. Monthly events and Champions Network drop-in meetings were held, monthly newsletters published, and social media channels maintained. Two coffee-break webinars were held on disability and different approaches to EDI. Engagement by the sector is an issue in an under-resourced and busy sector. Network meetings were only attended by five or fewer attendees.



The last Diversity Forum project funded, in November 2023, was EDI Data for the Sector and was a major step forward. The collection, analysis and safeguarding of diversity data is a major and complex challenge for organisations new to the practice. The outcomes of the project are:

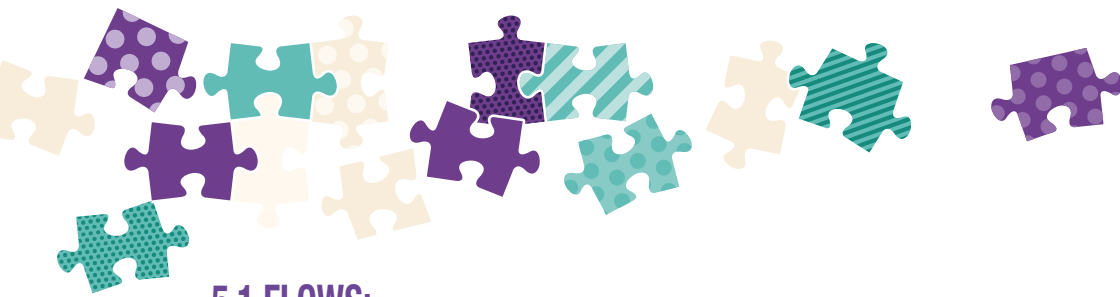
- A 14-step framework for reviewing diversity data collection, with recommendations at sector, organisation and individual level. It provides a method of self-assessment and quality assurance for diversity data collection, to ensure that it is user-centred, inclusive and purposeful;
- An EDI Toolkit for implementation of diversity data collection by social impact investors.

Regional Distribution Connect vs Reach



The chart above shows the regional distribution of funding, comparing Connect Fund with Reach Fund. As Connect Fund focused strongly on regional and national organisations, 66% of its grant money went to organisations working at England or regional level. In order to make the comparison meaningful, national-level funding has been re-allocated proportionally across the regions. The Reach Fund cold spots were the South East, East of England and East Midlands. Connect Fund also found the East of England to be a cold spot and had low take up in the North East, West Midlands and, given the size of the VCSE sector in the Region, London. Connect Fund provided 50% of its funding to the South West and North West, both areas that also performed strongly for Reach Fund.

While the data is not comprehensive, there appears also to be a gap in support and take-up in both Connect Fund and Reach Fund from women-led organisations, those led by and serving people with disabilities and smaller organisations.



5.1 FLOWS:

INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT

1.3 INVESTMENT FLOWS PARTICULARLY TO ORGANISATIONS LED BY UNDER-REPRESENTED GROUPS

The improved understanding of barriers to accessing social investment has led to the design and delivery of research, support and new funds by under-represented groups on a much more inclusive basis.

The Equality Impact Investing Project team worked with Bates Wells and a Reference Group of impact investors and investee organisations to produce a suite of investment documents aligned with equality principles. The project has gone beyond the original expectations to consider in-depth how power is enacted and communicated. It has also allowed EIIP to grow their own standing to influence the sector.

Voice4Change England: Embedding Racial Justice in Public Markets provided a Racial Equity Scorecard, to enable investors to consider racial equity more intentionally in public market investments. The scorecard can be used as a standalone tool, or to complement other ESG and DEI metrics and benchmarks. It was created in response to the need for more corporate actions on racial equity and aims to drive corporate behavioural change.

The School for Social Entrepreneurs: Match Trading for better EDI outcomes focused on social enterprise leaders who identify as black or ethnically minoritised. Voice4Change provided training and supported SSE to embed stronger EDI infrastructure and data frameworks to improve EDI data analysis and impact reporting.

The Ubele Initiative CIC aimed to identify the challenges and barriers that have led to the low uptake of community shares among Black and racially minoritised communities, identify examples of co-ops and CBSs that have started, completed, or failed in a community share offer. The insights generated from the research are intended to design a defined programme of work to support new Black and racially minoritised co-ops and mutuals. The completion date has been extended to August 2024.

Shift Foundation worked with Big Issue Invest and Unltd, advised by the Diversity Forum, to research the feasibility of a new fund aimed at under-represented entrepreneurs and enterprises. The Growth Impact Fund has been launched by Big Issue Invest and Unltd and funded by a wide range of investors.

Connect Fund would not claim to have driven the origination of new wholesale social investment funds. As part of the research, learning and funding infrastructure, we do note the involvement of grantees in the development of:

- The Pathway Fund, a new impact investment wholesaler, dedicated to catalysing opportunities for Black and Ethnically Minoritised communities across the UK;
- Flexible Finance, with 36% of investments delivered to Black and minoritised-led organisations, twice as much as any other programme;
- The Cost of Living Programme, with 76% of the total investment going to IMD 1 – 3;
- Local Access programmes in Bradford, Greater Manchester, Gainsborough and Redcar, Cleveland and Hartlepool.



Systemic changes in the strategies, policies and delivery of social investment were led and delivered by Black and Minoritised Community-led organisations and leaders. In the cases listed above, much of the early-stage work was facilitated by the Connect Fund. The opportunity to engage with other Connect Fund grantees and to participate in the Gathering events in 2014, 2019 and 2023 was also appreciated.

5.1 FLOWS: INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT

1.4 INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT; BOARD AND INVESTMENT COMMITTEE DIVERSITY

The Social Investment Consultancy's project supported the Working Group on leading and convening, research, skills development and resource sharing. It prepared the ground for the work of the Diversity Forum on Equality, Diversity & Inclusion.

5.2 BRIDGES: VOLUNTARY SECTOR INFRASTRUCTURE AND THE SOCIAL INVESTMENT MARKET CONNECTING AND INFLUENCING EACH OTHER

2.1 FUNDERS AND INVESTORS MORE RESPONSIVE TO NEEDS IN THE VCSE SECTOR

The original Theory of Change for the Connect Fund in 2017 identified many of the issues hindering the development of the social investment market and set objectives for its improvement, including;

- VCSE organisations better connected to social investment intermediaries;
- Amplifying the demand-side perspective;
- Encourage social investment intermediaries to better meet the finance needs of small and medium VCSEs;
- More partnerships developed to solve market problems;
- More VCSE infrastructure organisations increase their understanding of the market and engage with social investment.

The challenge of connecting VCSE organisations with social investment was initially taken up by NACVA but was hindered by the advent of Covid-19. CERT (Yorkshire & Humber), Sheffield SEN, New Leaf New Life (North West) and Social Enterprise Kent (South East) delivered impactful projects in their regions, developing skills and experience in social investment and improving its reputation among participants. These organisations have been important in acting as expert advisors and intermediaries in the sector and other regions would benefit from similar support.

Good Finance's online courses, particularly Social Investment Unpicked, not funded by Connect Fund, have proved more flexible and cost-effective in providing information and sharing experiences in social investment.

Crowdfunder's Financial Passport is designed to provide a single tool to make it easier for organisations and social investors to engage and may make initial applications easier for VCSEs.

A common problem in this category was that some funded projects focused on non-social investment outcomes. It should have been possible to provide guidance and links to useful resources and examples and to challenge the level of commitment to social investment.



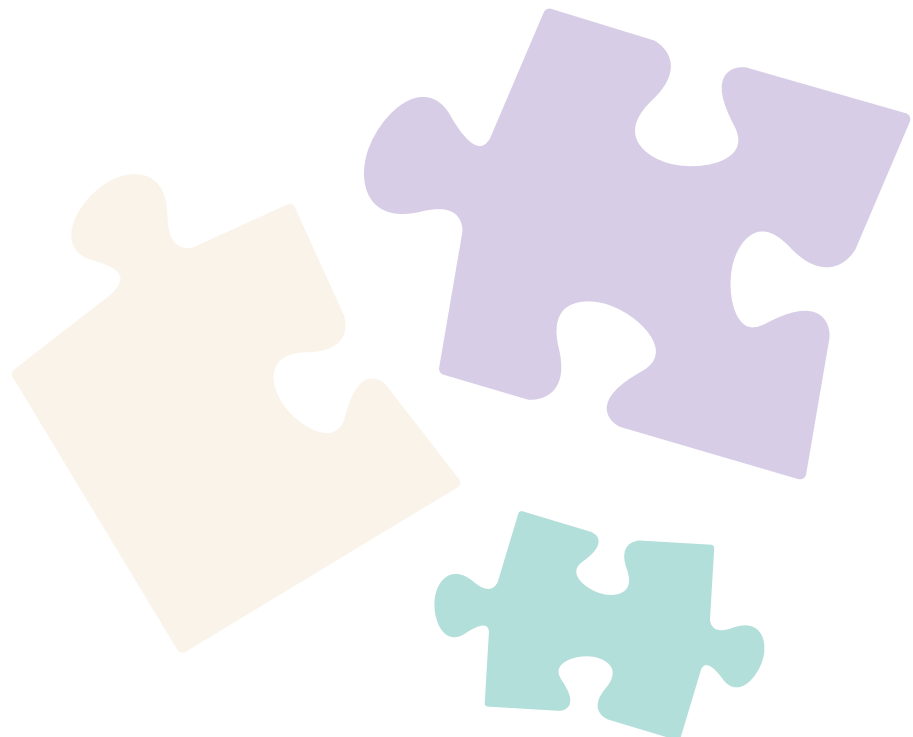
Social investment has become better known and more trusted over the term of the Connect Fund. This impact was delivered by a combination of a change in policy from impact investing to supporting enterprise development, application support, a growing bank of experienced investees, fairer and more flexible finance including blended finance, and programmes delivered online and in-person.

5.2 BRIDGES: VOLUNTARY SECTOR INFRASTRUCTURE AND THE SOCIAL INVESTMENT MARKET CONNECTING AND INFLUENCING EACH OTHER

2.2 COLLABORATION BETWEEN VCSE INFRASTRUCTURE AND SOCIAL INVESTMENT INTERMEDIARIES, CONNECTING THE INFRASTRUCTURE TO THE MARKET

Key Fund was one of the earliest social investors to identify the trust deficit between social investors and the VCSE sector. Its later project on Plain Language implemented changes that would build trust in the sector. The Young Foundation's project on user voice in social investment challenged and supported the social investment sector to make user voice a core element in the development of new social investment funds. Social Business International's E3M Collective Impact project was a leader in engaging social investment, social enterprise, local authorities and local business to design specific interventions. Hatch Enterprise's Collective Leadership Group, Locality's The Future of Assets and Enterprise and Wessex Community Assets' Building Community Assets all addressed social investment from a VCSE perspective, helping participants to see it as real and achievable.

Other impactful projects were delivered by New Leaf New Life, CERT and Voscur. Eastside Consulting Ltd.'s Investment Plus project proposed that post-investment support could be funded from improved investment outcomes but struggled with investee capacity and lack of resources to fund the work in the future. Nine projects delivered limited or no impact.





CASE STUDY

NOTHING ABOUT US WITHOUT US: MAKING THE CASE FOR END USER VOICE IN SOCIAL INVESTMENT

The Young Foundation was funded to produce a report on how the lived experience of social investment beneficiaries could and should be central to decision-making and power in the sector. The inspiration for the project came from a workshop at The Gathering convening of the social investment sector in Leicester in 2019.

The project interviewed people from the social investment sectors, social ventures and lived experience experts, to set out what lived experience means, the case for its importance and the approaches, research methods, pilots, tools and frameworks that could be used to advance this work.

The report makes the case for importance of lived experience insights, but also understands the challenges for social investors in engaging with a very broad range of beneficiaries. A useful typology of social investment funds distinguishes:

- Funds making low risk loan type investment with no fund focus on end beneficiaries, who can use lived experience to encourage a beneficiary centred approach;
- Funds making low risk loan type investments into organisations working with a specific group of beneficiaries, supporting investees to involve their beneficiaries in every step of their journey;
- A fund making equity like or high-risk investments into organisations working with a specific group of beneficiaries, listening to their ultimate beneficiaries, but maybe looking for less resource intensive approaches;
- A fund making equity-like or high-risk investments into organisations working with a specific group of beneficiaries, bringing more resource-intensive lived experience insights into every stage of the fund.
- <https://youngfoundation.b-cdn.net/wp-content/uploads/2020/02/Nothing-About-Us-Without-Us-Report-2020.pdf?x83233>

A series of case studies provide examples of how lived experience can be integrated into the key stages of:

- Fund Design;
- Due Diligence;
- Decision Making;
- Portfolio Management;
- Impact Management;
- Governance.

The tools appropriate to each stage include:

- Testing outcomes and impacts with groups of beneficiaries;
- Lean data/customer feedback;
- Surveys;
- Shadow boards with lived experience;
- User representation on investment committees;
- User representation on investee boards and/or management team.

The report identifies the importance of ensuring that the board, management team and investment committee agree on the purpose and value of listening to the beneficiary voice. The engagement of those with lived experience must create value for them. Those involved in person centred approaches must be safeguarded and developed through the process. Representation of all lived experience perspectives is a challenge. Sharing power with beneficiaries is and will remain a challenge.

The influence of the “Nothing About Us Without Us” can be seen in the design and development of a range of new funds including The Pathway Fund, Flexible Finance for the Recovery and Cost of Living Social Investment Support Fund and the Growth Impact Fund.



5.3 NETWORKS: SOCIAL INVESTMENT INTERMEDIARIES CONNECT THROUGH PARTNERSHIPS, TOOLS, RESOURCES AND LEARNING

3.1 COLLABORATION WITHIN THE SOCIAL INVESTMENT MARKET

NAVCA had been a key infrastructure support organisation before the pandemic, which hit at the time when member organisations would be asked to pay their membership fees. The grant helped to maintain member services during the crisis.

Singlify received a partial subsidy of £30,000 which reduced the cost to social investment intermediaries of implementing the information management system, when demand was reduced during the pandemic.

Collaborative projects within the social investment sector included the development of Women in Social Finance, The Social Investment Forum, The Diversity Forum, the Equality Impact Investing Project and a series of data definition and standardisation projects. All of these were important projects which delivered impact within the social investment and VCSE sectors, but were funded on a short-term basis, which led to difficulties with the recruitment and retention of workers. It is intended that the tools and resources developed by the Connect Fund will be curated and hosted by Good Finance, but it is regrettable that lack of accessibility to the resources limited their availability and promotion during the programme.

Collaboration within the sector, allowing for a natural level of competition, is positive and relationships with Access are particularly strong, with respect on both sides. Intermediaries engage and collaborate on new product and programme development. These include green energy transition; energy efficiency, energy advice and green employment and skills and cost of living support, enabling greater investment in disadvantaged communities and job creation in economically deprived areas.

5.4 MARKET EFFICIENCY, SECTOR RESILIENCE: MORE EFFICIENT MARKET FUNCTIONING AND MORE RESILIENT VCSE AND SOCIAL INVESTMENT SECTOR

4.1 INVESTORS ABLE TO PROVIDE MORE TAILORED AND APPROPRIATE FINANCE MORE EFFICIENTLY; VCSE'S ABLE TO ACCESS THAT FINANCE MORE EFFICIENTLY

The first data project, delivered by Open Data Services Co-operative, had been funded by the Connect Fund in January 2018. A second project, Social Investment Performance Data Exchange, was managed by Social Enterprise UK. From May 2019 onwards, data projects were managed by Social Investment Business, working with a range of social investors including Key Fund, Social and Sustainable Capital Big Issue Invest, Sumerian Partners and Nesta. The Data Hub and Exchange project improved the availability and use of standardised data in response to Covid-19 and widened the scope of data analysis. This helped to unlock £30m of dormant accounts funding for Access, through demonstrating the economic effect of Covid-19 on local communities.

Bristol & Bath Regional Capital worked with VOSCOUR to provide practical skills in trading social investment, business planning and strategic sustainability. The project led into longer-term collaboration on City Funds, Local Access and the VCSE Recovery Strategy.

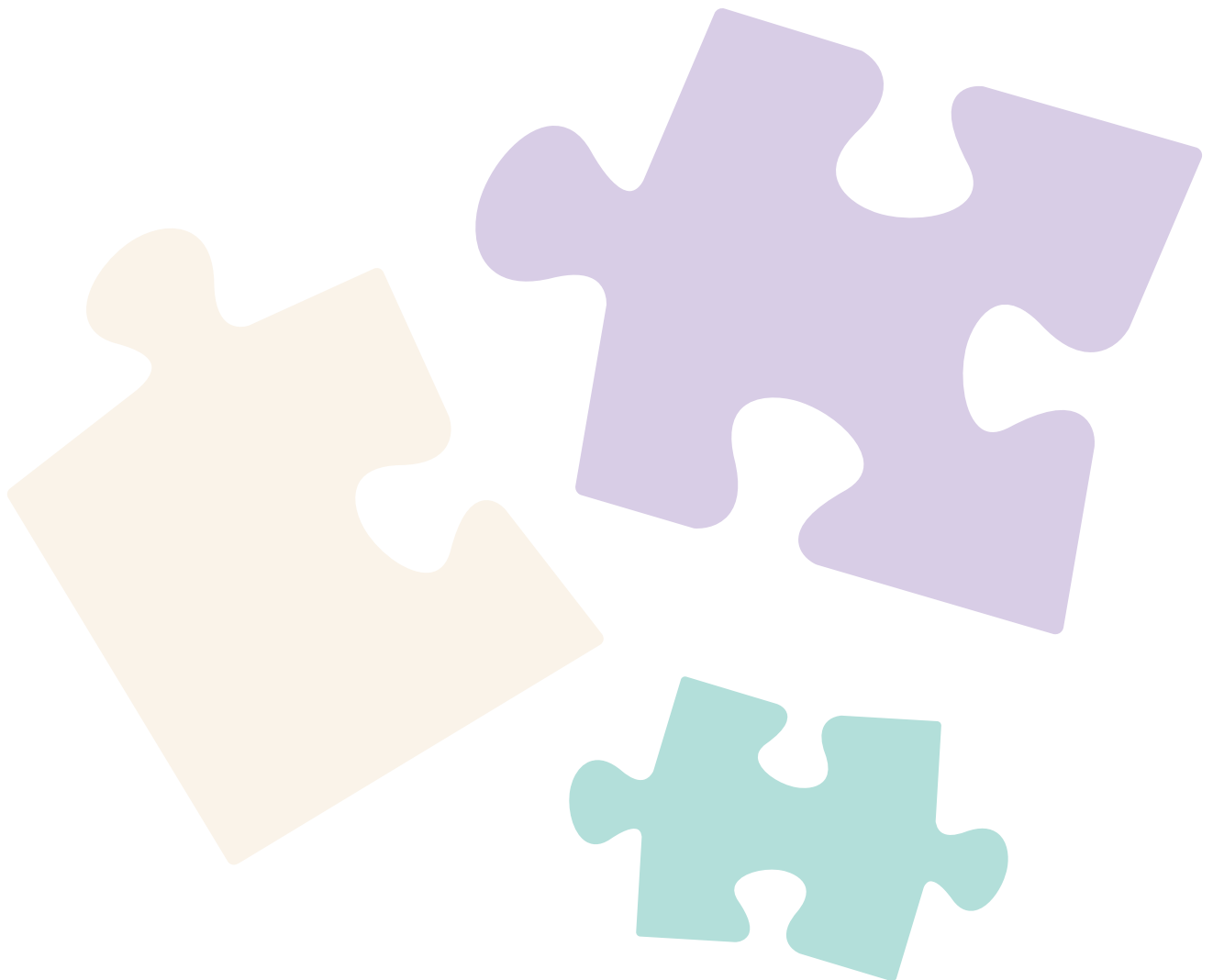


CERT, a regional infrastructure organisation working in Lincolnshire, Yorkshire & Humber, continued its social investment work, identifying the lack of experienced social investment advisors and was funded by People's Postcode Lottery to address the deficit. Active Gloucestershire worked with Resonance to identify the opportunities for social investment in sport as a strategic priority for the organisations.

Sumerian developed a learning platform for venture philanthropy and hosted an open-source learning platform for standards, templates and training tools. Beacon Fellowship Charitable Trust set up a Commission on Individual Catalytic Capital from High-Net-Worth Individuals. The report of the Commission recommended accessible courses on impact investing for advisors, networks and events to support HNWI and advisors and professional accreditation for advisors on impact investing. Some of these projects may deliver more impact over time.

Big Issue Invest (BII) used a grant of £19,800 to fund the production of detailed first principles modelling of their business model. The modelling enables BII to move away from taking unfavourable investment terms and conditions to survive. The models allowed BII to demonstrate, in the language of investors, how BII operates and what conditions and returns will allow BII to survive and thrive.

The technical progress of social investment intermediaries, infrastructure organisations in social investment and the VCSE space has been significant. It has supported institution-building, informed product and support development and delivered solutions in the fields of data, reliable output and impact reporting, learning and dissemination.





6. LEARNING

WHAT DO SUCCESSFUL PROJECTS LOOK LIKE?

Successful Connect Fund projects were characterised by:

- Pre-project engagement with social investment;
- Relationships of trust with delivery partners;
- Focus on or contribution in part to clear strategic priorities for the participants;
- Focus on a topic, region and/or a community of interest, rather than a broad aim to support social investment engagement;
- Convening and managing collaborations at different levels, as appropriate:
 - Public/lived experience;
 - VCSE infrastructure;
 - Social investment infrastructure;
 - Funding and investment infrastructure;
 - Local authorities, health sector organisations, public sector, universities, private businesses;
 - Policy.

WHAT WILL SUCCESSFUL CAPACITY BUILDING PROGRAMMES LOOK LIKE?

Future funding programmes will maximise impact if they deliver:

- Open engagement with the social investment and VCSE sectors to identify priority issues;
- Longer term support commitment (more than 12 months), with checkpoints on delivery and impact;
- Crowding in other funders and experienced organisations to work together on solutions;
- Support for fundraising from other sources;
- Strategic reviews of focus and delivery in response to environmental changes;
- Support to understand and use, implement and learn from Theories of Change;
- Translation of Theories of Change into Theories of Practice⁵;
- Time and funding to deliver good quality self-evaluation and learning and an insistence on delivery of what was promised.

⁵ Seeing ToC, not as a rigid, static framework, but as a tool to assess whether initial assumptions are proved to be right and how the ToC needs to change in practice;



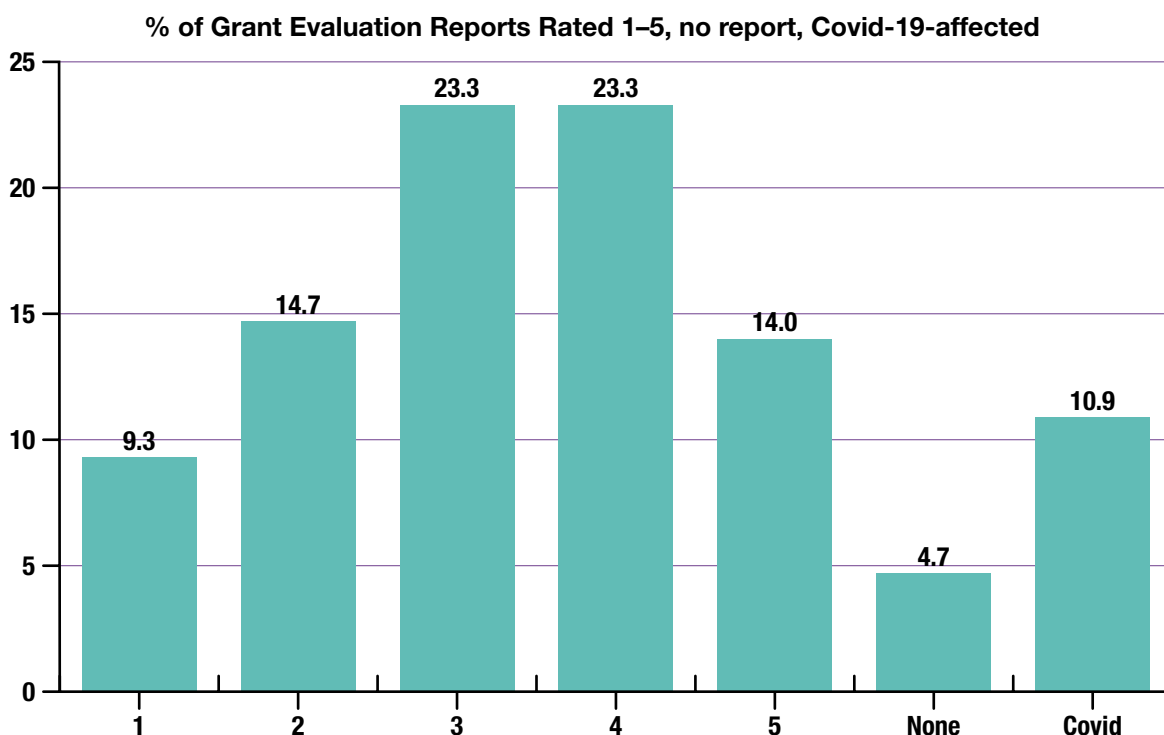
SMALL DEVELOPMENT GRANTS

Any future funding programmes may consider adopting Connect Fund's offer of small development grants to give potential grantees the time and resource to research ideas with potential in more depth, before applying for funding. Smaller organisations without previous engagement in social investment should be encouraged to link up with more experienced infrastructure organisations or social investors. This success of this type of engagement can be seen in the Local Access projects.

PROJECT EVALUATION AND LEARNING

Connect Fund has demonstrated its commitment to and support for its grantees, who provided very positive feedback on their relationship with the grantor. Covid-19 clearly had an impact on engagement with grantees, although only 11% referenced Covid-19 as an issue in their reports.

However, there was little challenge to project managers when analysis of the applications compared to interim and final reports showed that some projects were clearly diverging from the objective of improving the social investment market. Grant funding organisations can maintain their collaborative and supportive approach to grantees, while querying and challenging their focus on delivering impact in line with the programme's theory of change.





24% of grantees provided poor final evaluation reports, with little evidence of change or impact. 23.3% were rated by the evaluator as average, scoring 3 out of 5 points. 37.5% of project evaluations were rated as good, scoring 4-5 out of 5. 4.3% of grantees provided no final reports at the point of evaluation. 11% referenced Covid-19 for either not providing or providing minimal reports. There was a particular problem with projects funded for a year or less, where a manager was recruited to deliver the project and, understandably, left for a new post before producing the final report. Funding that avoids a cliff-edge finish would be helpful.

CORE CHARTER OF RIGHTS AND RESPONSIBILITIES

In the early stages of Connect Fund, projects focused on researching the relationship with the VCSE sector and identifying issues, including:

- Lack of knowledge of the VCSE sector and its sub-sectors and geographies;
- High cost;
- Unclear investment terms imposed without consultation;
- A long and obscure due diligence process;
- A perception of arrogance, with the terms of business changing late in the process.

These projects have clearly had an impact on the terms on which finance is now offered, the terms and conditions of the offer, the language used in documentation and the emphasis on a supportive relationship between intermediary investor and investee.

DEVELOPING A STRUCTURE OF SUPPORT FOR EDI

Equality, Diversity and Inclusion is an issue of concern for most SIIIs. However, it is difficult for small, over-stretched and under-resourced organisations to allocate resources to the issue. There are strategically important infrastructure projects, most of which have been running on short-term grant funding for years. These include:

- Diversity Forum Projects and EDI Toolkit;
- Women in Social Finance;
- Equality Impact Investing Projects;
- Community Consultants;
- Equalising Deal Terms;
- Ubele's project on Community Shares;
- Business Under Development (B&MC consultancy support).

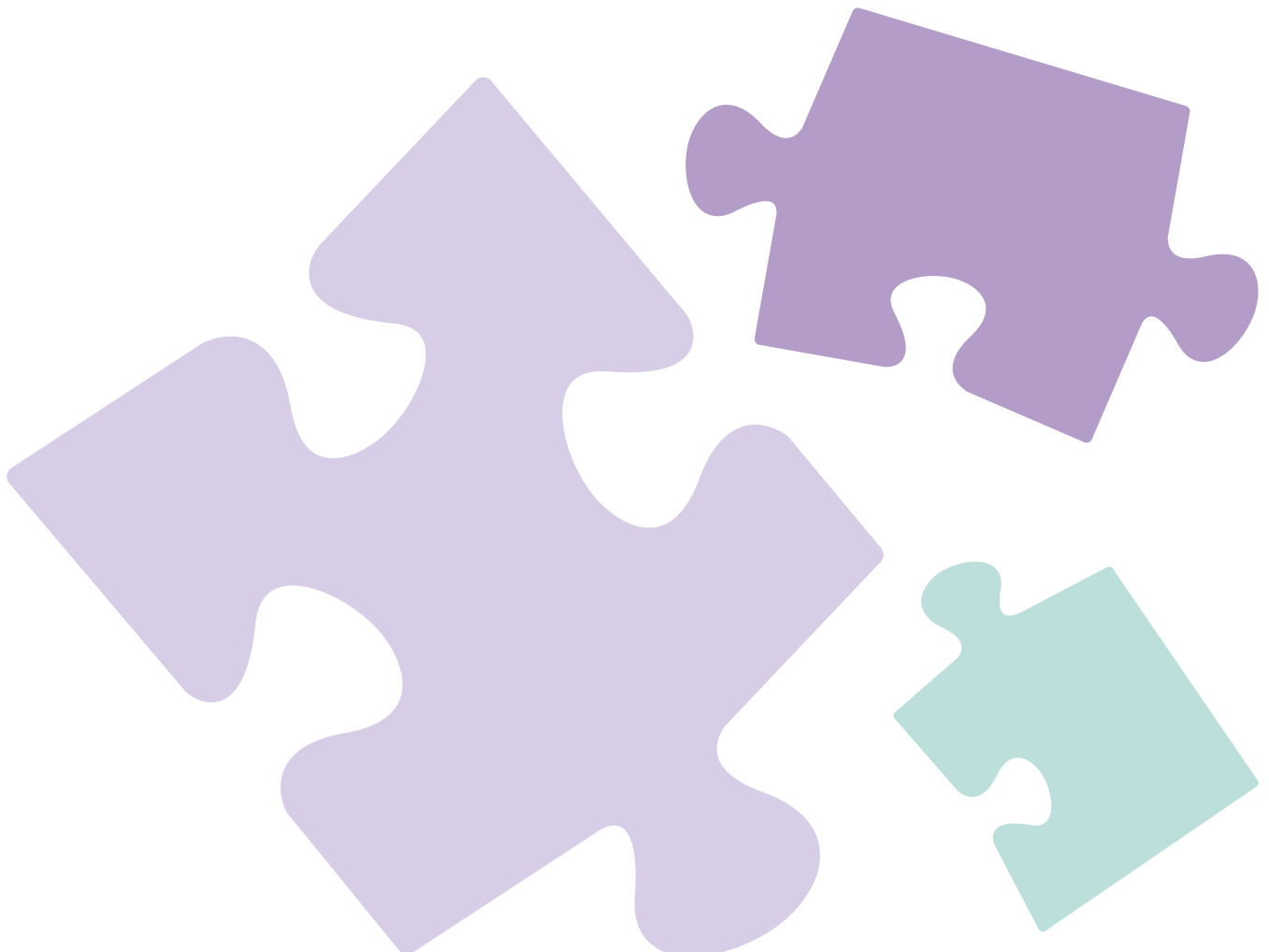
Many of these projects have been hosted by Social Investment Business, as an important contribution to the sector infrastructure. A sustainable structure is needed, that will allow those projects to continue their work. If Social Investment Business was willing to continue hosting, a shared business plan that includes grant and earned income could fund their ongoing operations, if delivered by an experienced social entrepreneur. Earned income would be generated by, for example, providing EDI training, monitoring and reporting services for social investment intermediaries as well as investees; equality impact investing consultancy, pathways into social investment for VCSE finance leaders and other services. The Social Investment Forum may also wish to engage with the services.



VCSE organisations struggle even more than SIs to address the issues of equality, diversity and inclusion. ACEVO has led work to address the EDI needs and requirements of VCSE organisations, both internally and facing the sector. The social investment sector can work with ACEVO and other EDI leaders to help VCSEs to engage on EDI; EDI strategy development and implementation can be a benefit to VCSE organisations and needs to be presented as such, rather than as another administrative burden. It enables them to:

- Reach under-served, under-represented and under-estimated people;
- Research and understand their community or community of interest;
- Develop programmes and support offers that are clearly informed by that research and meet community needs;
- Demonstrate to funders and statutory organisations that they do engage, reflect and represent their communities;
- Make stronger cases for funding, capacity-building and policy development support.

Social investment intermediaries cannot drive this process, but they can engage and support it. Capacity-building programmes and investment products should reward those organisations that address EDI issues effectively.





7. LEGACY

The Connect Fund programme 2017–2024 was funded by Access – the Foundation for Social Investment, delivered by Barrow Cadbury Trust and worked as part of a collaborative ecosystem. Key stakeholders included Social Investment Business, Better Society Capital’s Good Finance project, The Diversity Forum, The Social Investment Forum, The Social Investment Consultancy, Equality Impact Investing projects and regional and local VCSE organisations.

The different stakeholders contributed in different ways to the legacy of the programme. We also have a baseline against which to judge overall programmes.

The initial themes and outcomes⁶ set for the Connect Fund illustrated the level of development of the social investment sector in 2017, defined key issues and set a baseline from which to measure legacy.

STRATEGIC OUTCOMES	INTERMEDIATE OUTCOMES
A more enterprising market	VCSE infrastructure organisations have knowledge and skills to support VCSE organisations taking on repayable finance
	Social investment intermediaries are better equipped to foster/facilitate enterprise development
	VCSE infrastructure organisations are better connected to SI intermediaries
A more collaborative market	Networks are open and accessible
	New/different organisations join networks & attend events
	Information is more effectively shared
	More/new connections are made
	Best practice is showcased
A better informed market	Amplify the demand side perspective
	Encourage SI intermediaries to better meet the finance needs of small and medium VCSEs
	Champion an impact-first approach
	Greater consensus on where gaps in the market/infrastructure exists
	VCSE organisations feel more confident about entering the SI market
	More partnerships developed to solve market problems

⁶ Connect Fund Theory of Change 2017



A MORE ENTERPRISING MARKET

VCSE INFRASTRUCTURE ORGANISATIONS HAVE KNOWLEDGE AND SKILLS TO SUPPORT VCSE ORGANISATIONS TAKING ON REPAYABLE FINANCE

The role of VCSE infrastructure organisations in supporting VCSE organisations taking repayable finance was under development when Covid-19 hit in March 2020. Their focus had to pivot to supporting member organisations to survive and support their communities. Even before Covid-19, there was a challenge in embedding knowledge and understanding of social investment in infrastructure, which often involved just one employee or one consultant. While many VCSE infrastructure organisations now have some experience with social investment, often through the Connect Fund, it has generally not been a core component in their support offer, leading to patchy provision. However, a diverse range of organisations including infrastructure, private consultancies, charitable trusts and others have stepped up to provide advice and support. These include New Leaf New Life, VONNE, Medway Voluntary Action, Black South West Network, Voice4Change England, GMCVO, Ubele and others. Cold spots for Connect Fund included the North East, West Midlands, London and East of England. If funding is available, it should be targeted at these regions.

SOCIAL INVESTMENT INTERMEDIARIES ARE BETTER EQUIPPED TO FOSTER/FACILITATE ENTERPRISE DEVELOPMENT

Social investment intermediaries have also been through a challenging time during Covid-19, which was then followed by the cost of living crisis. Few social investment intermediaries operate at a scale that would support the supply of finance at affordable rates, as well as funding enterprise development and generating stable profits. However, SIs including Social Investment Business, Key Fund, Big Issue Invest, GMCVO, Bristol & Bath Regional Capital and Co-operative & Community Finance engaged on a range of Connect Fund enterprise development projects, provided relevant examples of social investment and advised on the process. In addition, two Access-funded programmes, the Enterprise Development Programme and Local Access, engaged a range of specialist and local infrastructure organisations to support enterprise development in the Environment, Equality, Homelessness, Mental Health and Youth sectors. Hatch Enterprise's Collective Leadership Group project was a good contribution to collaboration across enterprise support and capacity building provision.

VCSE INFRASTRUCTURE ORGANISATIONS ARE BETTER CONNECTED TO SI INTERMEDIARIES

Twenty projects were funded on the basis of collaboration between VCSE infrastructure and social investment intermediaries. Impactful projects included the Young Foundation's project on User Voice, Social Business International's E3M Collective Impact projects in Gainsborough and an early project, Key Fund's Connect to Invest based on the "Borrowing in the Wild" research report. Locality's The Future of Assets and Enterprise was a strong post-Covid-19 recovery report, delivered with support from Key Fund, as was CERT's Social Business Knowledge Hubs project. Voscur working with Bristol & Bath Regional Capital on the South West Social Invest project, which led on to Gateway to Social Investment and Bristol City Funds. These connections are more prevalent outside of London and the concentration of SIs in London makes connections more challenging.



A MORE COLLABORATIVE MARKET

NETWORKS ARE OPEN AND ACCESSIBLE

The events delivered by Connect Fund during the programme were clearly different from mainstream social investment sector events. They were attended by more grantees from VCSE infrastructure, VCSE organisations, smaller and younger organisations and more diverse people. The two Gathering events organised by Connect Fund in Leicester and London were also more open and diverse. 52% of attendees at the Leicester event were directly engaged in social investment and 37% came from the VCSE sector. The Gathering hybrid events organised in collaboration with or by Good Finance were also striking for the difference in representation from Black and minoritised communities, regions outside London, working class communities and women. This is a much more open and diverse sector, but there is still a distance for the social investment sector itself to travel, as evidenced by the EDI data collected by sector organisations.

INFORMATION IS MORE EFFECTIVELY SHARED

The Connect Fund shared information, knowledge and learning through a website, a newsletter, events including the Gatherings and updates through the Barrow Cadbury and Access communication channels. Fund staff communicated effectively with grantees in terms of grant reporting.

MORE/NEW CONNECTIONS ARE MADE

The first Gathering in Devon, which was not organised by Connect Fund, concentrated on bringing the social investment sector together. The subsequent events in Leicester and London were designed to include investors, investees, VCSE infrastructure organisations and other participants in the sectors. They were a great opportunity to hear and learn from a wide range of experiences and to collaborate on identifying issues and solutions.

Connect Fund grantee events were welcome and helpful and received very positive feedback from attendees. They particularly appreciated the opportunity to meet other grantees, share experiences and learn from each other. These events included the Gatherings 2019 and 2023, Connect Fund Learning Community Event 2018, Connect Fund UK Community Foundations Event 2019, joint event with Good Finance on Addressing Imbalance 2022 and 2023 and a range of Diversity Forum events.

BEST PRACTICE IS SHOWCASED

Grantee events and the Gatherings were used to showcase best practice, which was useful for VCSE and SII organisations. It also supported more collaboration and learning from peers, such as from the Equal Terms Deal project.

Significant numbers of learning resources were produced by grantees during the programme, and these were available on the project website. However, the display was overwhelming, and it was not easy to identify appropriate resources for particular needs. A legacy page has been set up on the Barrow Cadbury Trust website, which will significantly improve access to valuable resources:

<https://barrowcadbury.org.uk/our-work/the-connect-fund/connect-fund-resources/>



A BETTER-INFORMED MARKET

AMPLIFY THE DEMAND SIDE PERSPECTIVE

Partnerships were developed during the Connect Fund between a range of local, regional and national VCSE infrastructure, VCSE organisations, consultants and research organisations, which led to much improved communication. The development of new funds, such as Pathway and the Cost of Living Fund, is much more based on research and engagement than in earlier years. Connect Fund's role has included funding Big Issue Invest's financial modelling, which allowed the organisation to demonstrate, in the language of investors, what conditions will allow the organisation to support its investees. CERT, working in Lincolnshire, Yorkshire & Humber, was helped to address the deficit in social investment advisors as was Black Brilliance's Business Under Development project. Active Gloucestershire identified the opportunities for social investment in sport, working with Social Investment Business.

ENCOURAGE SI INTERMEDIARIES TO BETTER MEET THE FINANCE NEEDS OF SMALL AND MEDIUM VCSES

The major driver of improvements in service to meet the finance needs of small and medium VCSEs has been the design and supply of wholesale blended finance by Access to the SIs. Through first The Growth Fund, then Covid-19 Related Emergency Support, Flexible Finance for Recovery, Local Access, Enterprise Growth for Communities, the Cost of Living Social Investment Support Fund and the Energy Efficiency Social Investment Programme, Access' blended flow of grant funding, investment and access to advice and support, has enabled the SIs to design and develop their funds to best support VCSEs and their communities.

Connect Fund would not claim to have driven the origination of new wholesale social investment funds. However, as part of the research, learning and funding infrastructure, we can note the involvement of grantees in the development of:

- Flexible Finance, with 36% of investments delivered to Black and minoritised-led organisations, twice as much as any other programme;
- The Cost of Living Programme, with 76% of the total investment going to IMD 1–3;
- Local Access programmes in Bradford, Greater Manchester, Gainsborough and Redcar, Cleveland and Hartlepool.

SIs that had benefited from the opportunity to research the needs and requirements of potential investees include Key Fund, Big Issue Invest, Sumerian, Bristol & Bath Regional Capital, GMCVO and Social Investment Business.

CHAMPION AN IMPACT-FIRST APPROACH

Over the seven years of the Connect Fund, the social investment sector moved away from an impact-first approach, recognising that sustained efforts to grow the social investment market had not met the needs of many charities and social enterprises. The focus now is towards demonstrating the value of blended finance and championing enterprise development.



GREATER CONSENSUS ON WHERE GAPS IN THE MARKET/INFRASTRUCTURE EXISTS

Issues identified as part of the development of Connect Fund include:

- Lack of open, fair and transparent access;
- Lack of understanding of the barriers faced by organisations led by under-represented groups;
- Investment did not flow to these organisations;
- Boards and investment committees were not diverse;
- Funders and investors were not responsive to needs in the VCSE sector.

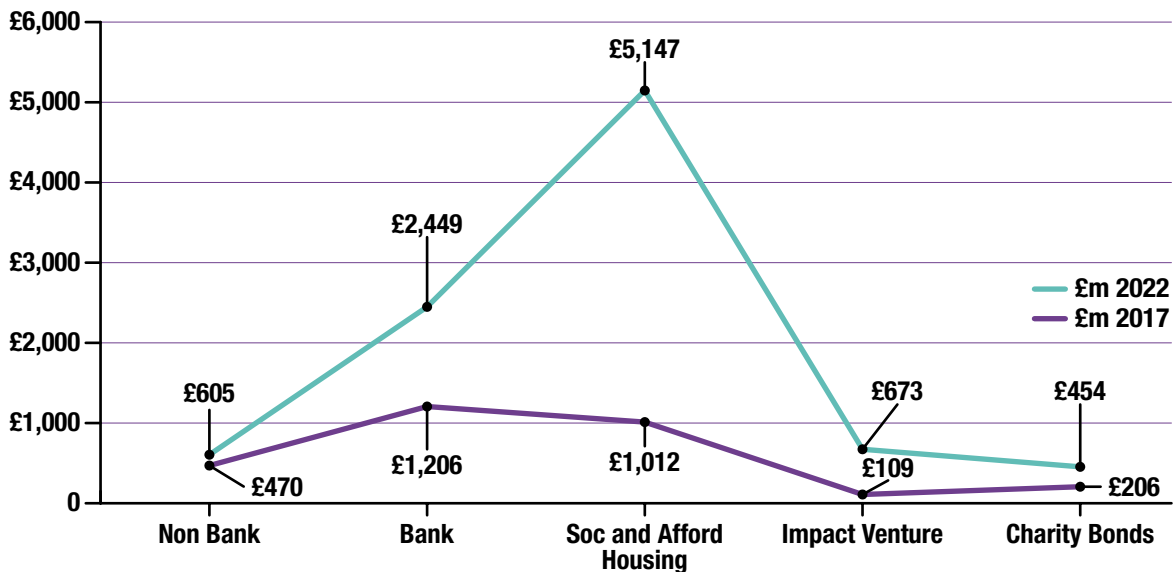
Research, consultation, the development of new initiatives, evaluation and monitoring have delivered a change in mindset, aims and delivery in the sector. EDI projects led by The Diversity Forum have begun to provide baseline information on the lack of equality, diversity and inclusion. SII's have signed up to the Diversity Manifesto. Connect Fund funded the development of the EDI toolkit and Equalising Deal Terms. Significant work has been delivered through the Equality Impact Investing projects. Access's provision of wholesale blended finance has allowed SII's to be more responsive to needs in the VCSE sector.

CONCLUSION

The social investment sector has been transformed over the past seven years by the combined efforts of the Department for Culture Media and Sport, National Lottery Community Fund, Access and Better Society Capital, social investment trusts & foundations, the social investment intermediary sector, VCSE infrastructure and organisations and external support providers.

The latest social investment data available from Better Society Capital shows a trebling of investment between 2017 and 2022, from £3,003m in 2017 to £9,328m in 2022.

Growth in Social Investment 2017–2022





% Increase in Investment by Category

CATEGORY	%
Non-Bank	29%
Bank	103%
Social & Affordable Housing	409%
Impact Venture	517%
Charity Bonds	120%
Average	211%

The Connect Fund’s impact was strongest on **open, fair and transparent access; far greater understanding and action on barriers faced by organisations led by under-represented groups** and **investment flowing particularly to organisations led by under-represented groups**. Connect Fund grants funded research, data, tools and resources, EDI infrastructure and the development of new, more equitable funds.

Connections between VCSE infrastructure organisations and the social investment sector were challenging, particularly as a result of Covid-19, followed by the cost of living crisis. Local and regional VCSE organisations and private consultancies worked with SIIIs to deliver impactful projects in many of the sectors and regions. However, some regional cold spots still remain, including the North East, West Midlands, London and East of England.

The social investment sector has learned much about the needs and requirements of potential investees and their sectors and the investment offer is lower cost, blended, flexible and comes with other supports. As a result of these improvements, the trust deficit, while not eliminated, is substantially reduced. The favourable ratings of Connect Fund events and engagement with VCSE organisations provides evidence of increasing trust.

Social investment intermediaries have engaged significantly around enterprise development in a range of Connect Fund and Access programmes. While this can act as a marketing opportunity, it is an extra cost and an “add-on” to their core business.

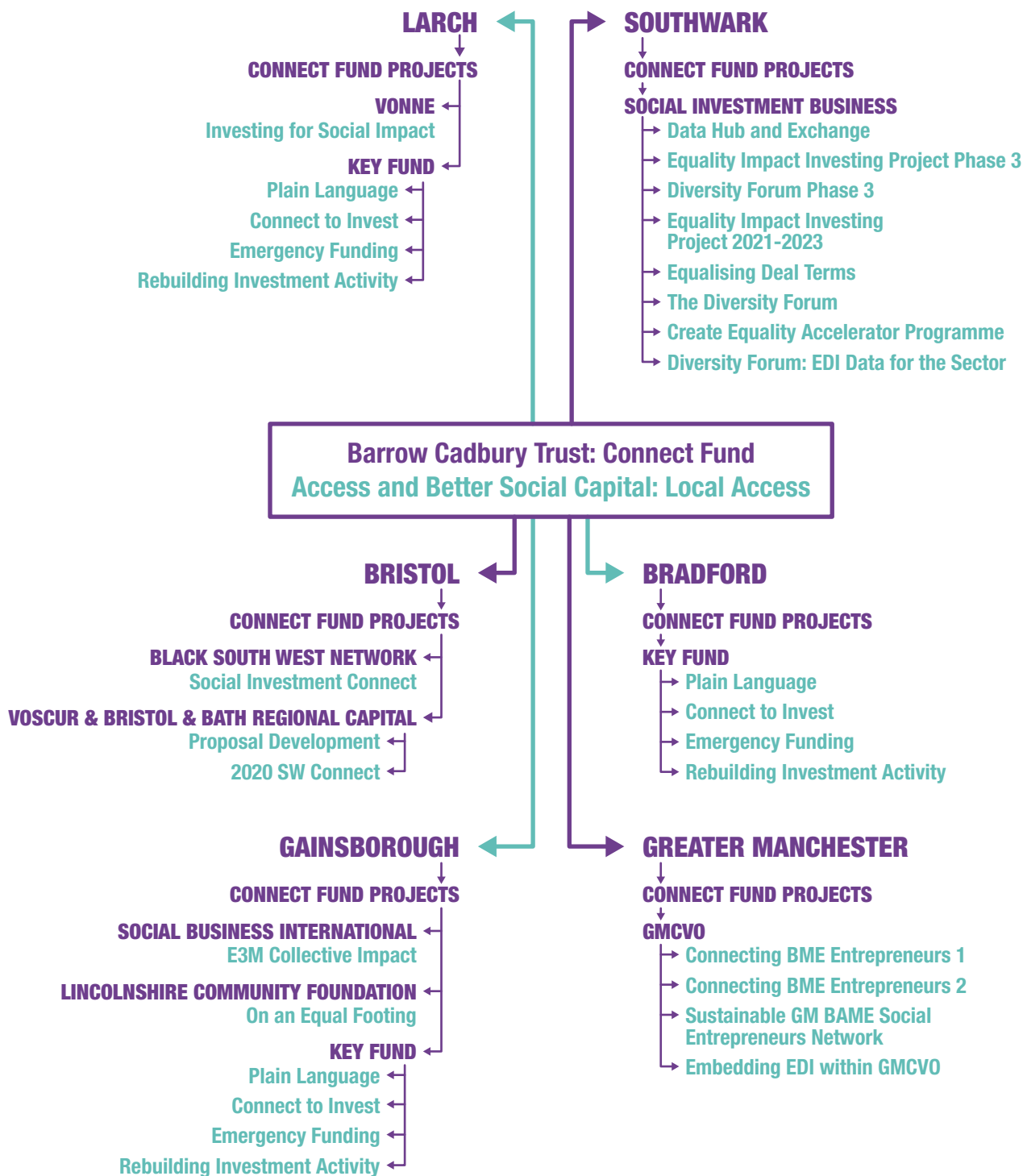
The response of the sector to Covid-19 was impressive and collaborative, supported by DCMS, Access, Connect Fund and volunteer assessors. Those organisations that were supported through funding said that the process allowed them to retain experienced staff and maintain delivery and deployment of funds. The sector would have been much weaker, particularly in reaching smaller organisations and weaker regions, if they had not been supported.

The efficiency, effectiveness and resilience of the sector has been strengthened by a series of data projects, improving the availability and use of standardised data, widening the scope of data analysis and developing EDI monitoring and reporting services. The technical processes of the sector have improved in the fields of data, reliable output and impact reporting, learning and dissemination.



8. NETWORKS AND BRIDGES

The following diagrams illustrate the networks and bridges developed by the Connect Fund during the programme, that supported Access’s Programmes and Measures of Success.





CONNECT FUND AND LOCAL ACCESS

All 6 of the Local Access projects were supported by organisations that received Connect Fund grants.

Key Fund supported Bradford, Gainsborough and LARCH (Local Access Redcar, Cleveland and Hartlepool). The Plain Language produced a full range of legal documents that were easy to understand and were also used by 2 other investors. Connect to Invest was one of the earliest projects to research the deficit of trust between social investors and the VCSE sector and build relationships with VCSE infrastructure.

GMCVO supported Greater Manchester, where 29% of residents⁷ are from an ethnic minority. GMCVO's projects focused initially on building relations with and supporting Black & Minority Community social enterprises and then moved on to addressing EDIB challenges within the organisations.

Connect Fund projects played a major role in the development of the Bristol project. This included the 2018 Gateway to Social Investment, with VOSCUR coaching and support services and BBRC working with VOSCUR on training programmes. 2 x £2,000 grants were given to VOSCUR and Bristol & Bath Regional Capital, to help them develop their proposal to Local Access. Black South West Network was also funded to research the Black & Minority Community social enterprise sector in the South West, to report on barriers and challenges and then developed a network of support for the sector.

Gainsborough was supported in the Local Access pre-application phase by Social Business International through the E3M Alchemy programme, in partnership with Stone King, Numbers for Good, The Change Coefficient, Catch 22, Oldham, Rotherham and West Lindsey Councils. The programme facilitated partnership development, collaboration, co-design and the identification of specific interventions. Lincolnshire Community Foundation also supported Gainsborough before and during the On an Equal Footing project, aimed at engaging more women-led organisations in social investment. Finally, Key Fund also supported the programme, as above.

VONNE was a support partner in LARCH. Its Connect Fund project worked with Social Enterprise Acumen to deliver the NE Investing for social impact project. The CEO had been a strong voice for social investment in the North East "cold spot".

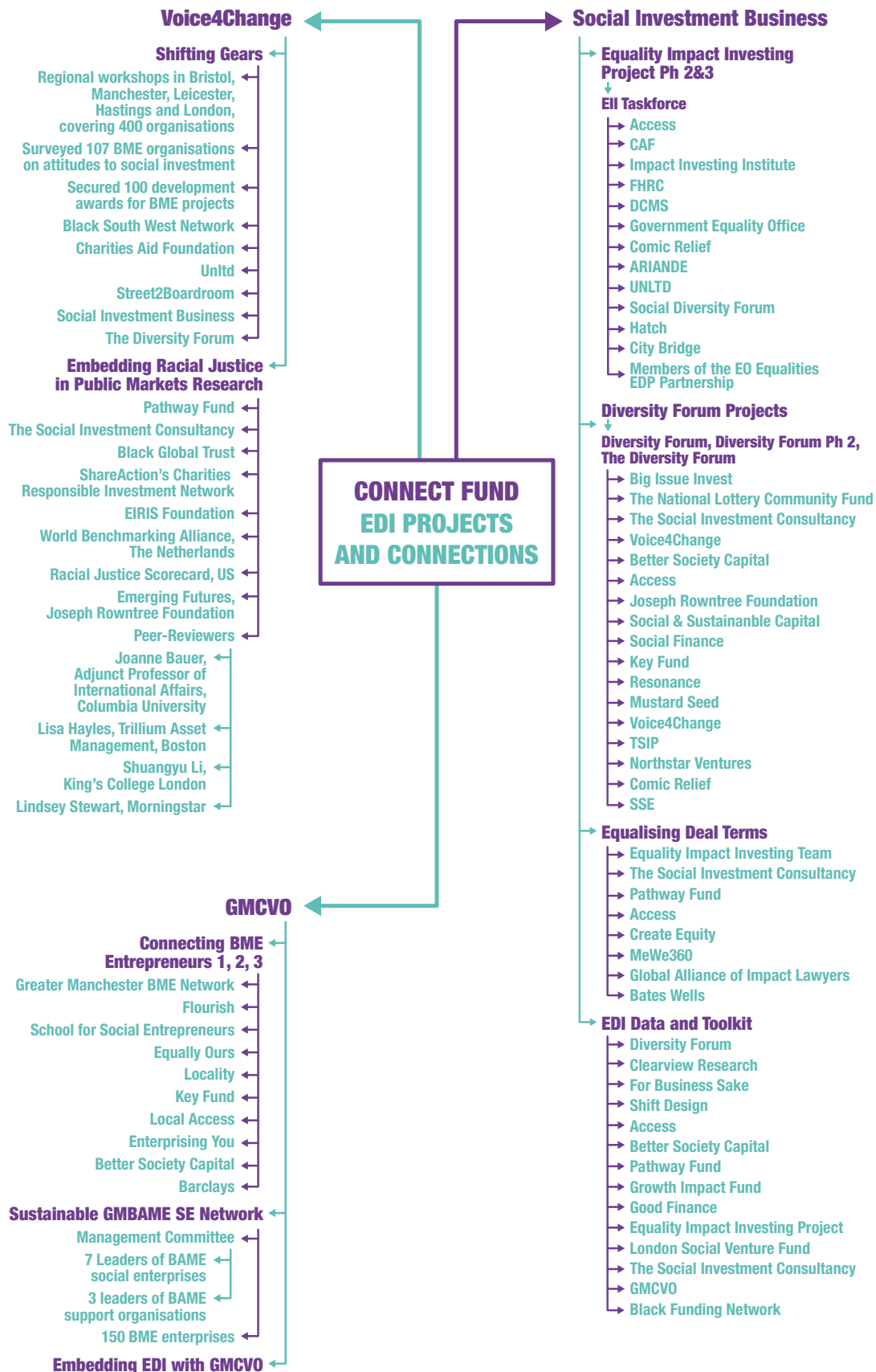
Southwark was supported by the Social Investment Business, which has played a crucial role as an infrastructure support organisation for Connect Fund projects. 8 projects build knowledge and capacity on Equality, Diversity & Inclusion and implemented changes in data management and the power relationships between investor and investee.

Strategic developments in the social investment sector were strengthened by consultation with and engagement by Access in the project approval process.

⁷ GMCA Census 2021 Briefing; Ethnicity; GMCA Research June 2023.

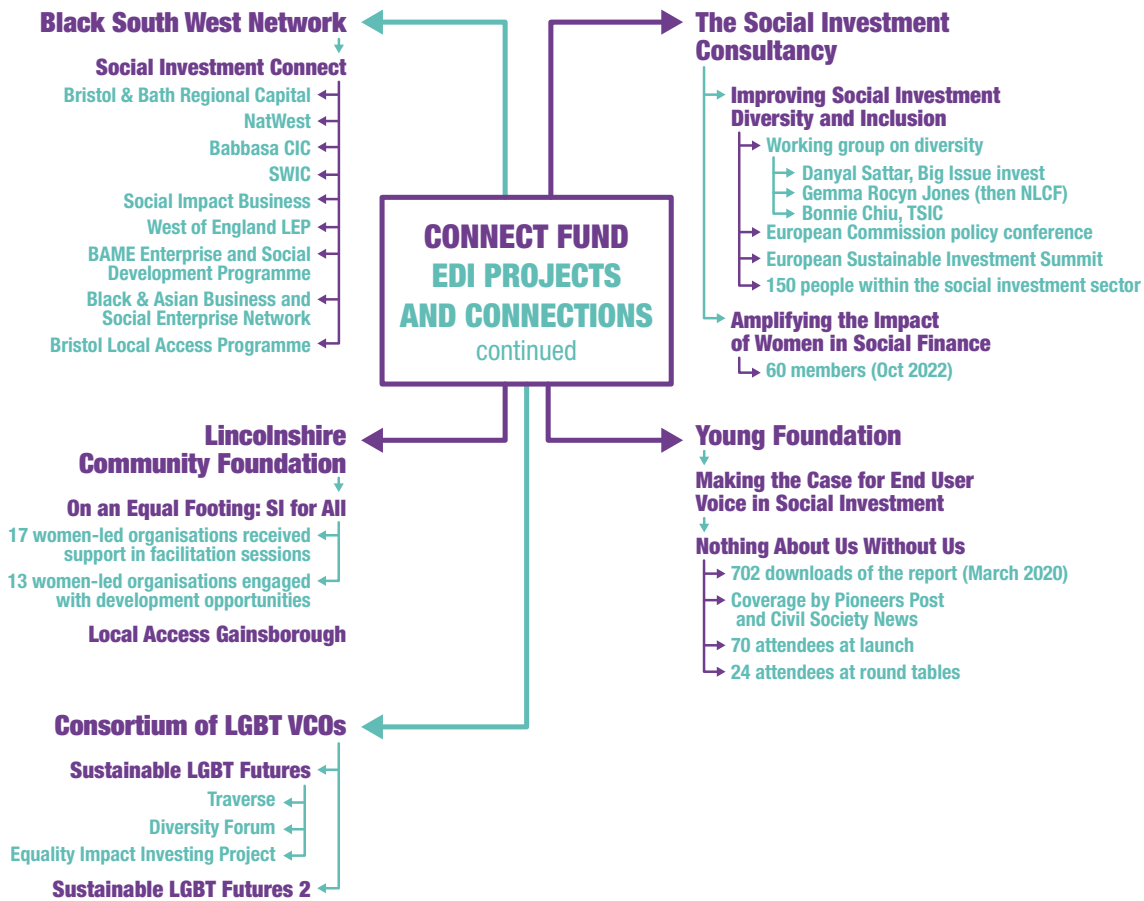


CONNECT FUND AND EQUALITY, DIVERSITY & INCLUSION (CONTINUES ON P38)





CONNECT FUND AND EQUALITY, DIVERSITY & INCLUSION (CONTINUED FROM P37)





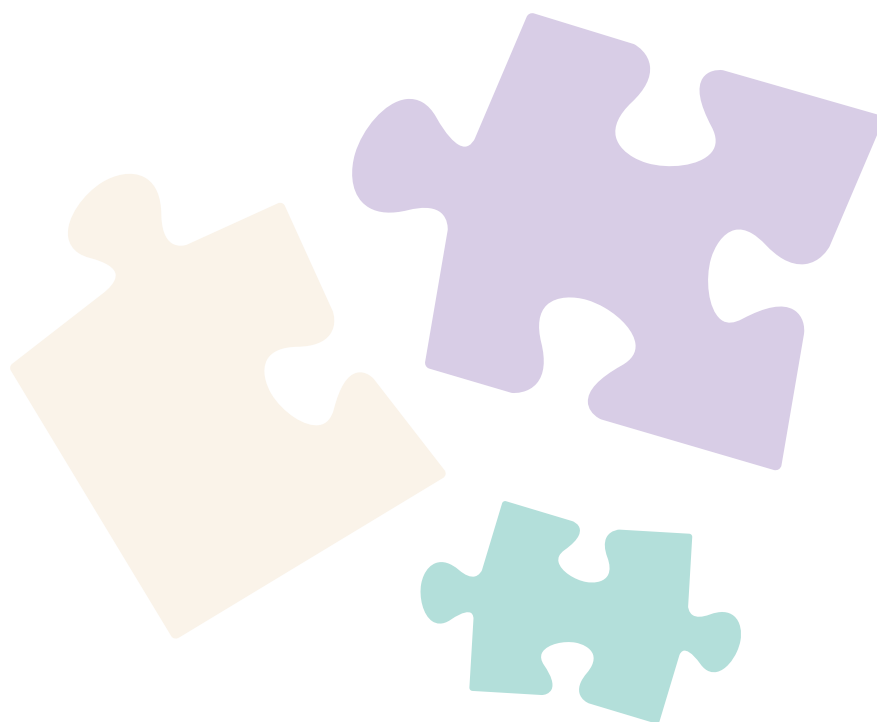
The Black Lives Matter campaign focused attention on the lack of equality, diversity and inclusion in the social investment sector. It opened doors for funding, campaigning, research and commitments to change from funders, social investors and VCSE infrastructure organisations. Connect Fund played an important role in funding and supporting key projects that did the work on research, learning and implementation and advanced the cause of equality and diversity in the sector.

Two black and minority community-led organisations delivered key projects in this category.

Voice4Change England (V4CE)'s Shifting Gears project was an example of good practice in terms of research, regional outreach, building partnerships and networks. V4CE went on to develop a scorecard to assist the embedding of racial justice in investment processes. **Black South West Network** worked at regional level. As with V4CE, the project started with good quality research which supported engagement with B&MC led social enterprises, partnership and networking.

GMCVO led work in identifying and connecting “B&MC” entrepreneurs in Greater Manchester. Forming and supporting the “BAME” Social Enterprise Network was an important step forward, but the focus on social investment turned out to be too early for the entrepreneurs. GMCVO is now concentrating on EDI work internally. Involving the Consortium of LGBT VCSE organisations was helpful in bringing them into contact with social investment, leading to engagement with the Enterprise Development Programme and the Equality Impact Investing Project. However, the project was more useful in identifying social impact as an immediate priority.

The Social Investment Consultancy played an important role during the Connect Fund, in its work on Women in Social Finance, advancing work on EDI and the development of the Pathway wholesale fund. The Young Foundation's project on user voice in social investment challenged and supported the social investment sector to make user voice a core element in the development of new social investment funds.





ANNEX 1

METHODOLOGY

The Connect Fund was launched in 2017 with funding from Access – the Foundation for Social Investment. The Fund was established to contribute to an increase in the amount of social investment flowing to social sector organisations, to enable them to maintain and grow their social impact. It was envisaged that this would be achieved through strengthening social investment infrastructure organisations and increasing the availability and quality of the support offered to social sector organisations.

Barrow Cadbury Trust commissioned a formative evaluation process from Small Change in 2020, to enable ongoing development and improvement, while assessing overall effectiveness and impact and identifying lessons learned for future infrastructure support programmes. The process needed to capture learning for internal and external audiences, concentrating on identifying new challenges that needed a response, on-going learning for the sector and influencing future strategic direction for infrastructure support. The main Theory of Change (2020 – 2022 and retrospective to 2017) for the programme was designed to fit retrospectively to cover Phase 1 and Phase 2. It reduced the initial number of overarching objectives from nine to two.

LEARNING AND EVALUATION PARTNER DELIVERY

METHODS OF ENGAGEMENT WITH THE CONNECT FUND		
EXTERNAL ENGAGEMENT	BASELINE SALESFORCE DATA ANALYSIS	INTERNAL ⁸ ENGAGEMENT
Connect Fund webinars	Grant application forms	Theory of Change Workshops 2021, 2023, 2024
Good Finance Addressing Imbalance 2022	Grant assessments	Improvements to applications forms, assessments and reports
Good Finance/Connect Fund EDI Event 2023	Grant decisions	Connect Fund Legacy Workshop 2023
Diversity Forum events	Interim project reports	Connect Fund Strategy Development 2023
16 Case Studies	Final project reports	Monthly or Quarterly meetings ⁹
Blogs	End of project assessments and comments	
The Gatherings 2017, 2019, 2024		

⁸ Internal to programme, i.e. involving Barrow Cadbury staff and trustees and Access – The Foundation for Social Investment.

⁹ With some gaps due to Covid-19, staff turnover or ill-health.

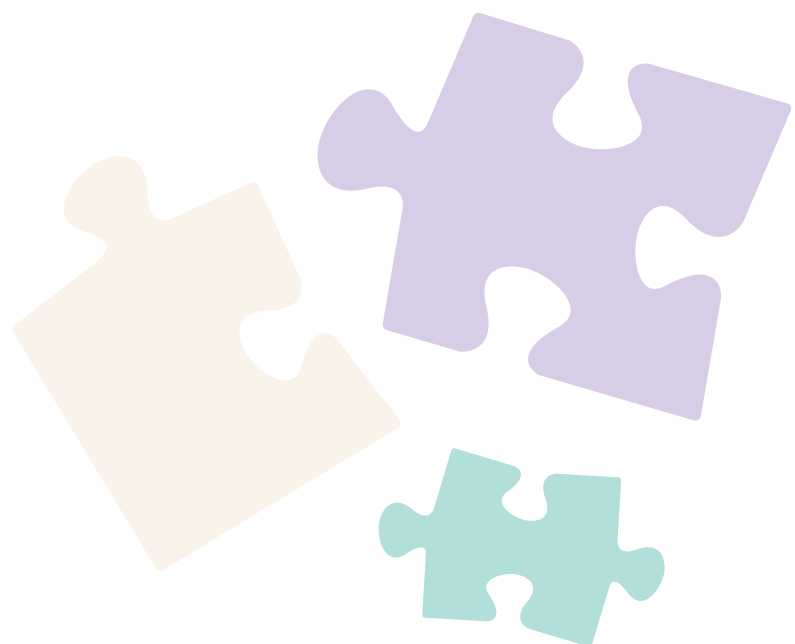


Small Change provided a combination of learning and evaluation support for the Connect Fund. Before the contract started, Niamh Goggin facilitated a Connect Fund Co-Design Day with Barrow Cadbury Trust and Access attendees. This identified shared principles, values and vision, set the historical context to the programme, identified issues and opportunities in the market and clarified the need for work on the Theory of Change. Theory of Change workshops were held for each of three programme phases; 2021 (retrospective Phase 1), 2022 (Phase 2) and 2023 (Phase 3). As we learned more about the needs of the social sector and what worked more effectively to deliver impact, the Theory of Change was refined and improved. This was particularly the case in relation to project applications, assessments and report in Phase 3. In addition to the Theory of Change workshops, a Connect Fund Legacy Workshop was organised by Access with Connect Fund in May 2023, followed by a Strategy Workshop in July 2023.

The baseline of evidence collection and assessment involved extracting, over time, as projects were implemented and completed, details of 133 projects from Salesforce grant application forms, assessments, interim and final reports. Projects were classified by type of impact, outcome and output, in line with the developing theories of change used in the programme. Feedback was provided to programme staff on strengths and weaknesses, and we worked together on strengthening application, assessment and evaluation reporting forms and processes.

In terms of engaging with grantees, presentations were made and conversations held at events including a Connect Fund webinar, Good Finance – Addressing Imbalance Live in 2022, a joint Good Finance/Connect Fund Equality, Diversity and Inclusion event in 2023 and a number of Diversity Forum events. Case studies of 36 funded projects from 16 grantees were completed during the programme. A blog on EDI projects managed by Black South West Network, GMCVO and Voice4Change England was published. Online and later, in person Connect Fund events were attended, with feedback provided to the Connect Fund team. The Gathering meetings were attended, bringing the social investment sector together for two days in Dartington, Devon in 2017 and in Leicester in 2019, although not in Leicester 2023.

Initially, quarterly meetings with the Connect Fund Team were arranged, but this became difficult during Covid-19, as the team concentrated on supporting existing grantees. After the pandemic, staff turnover in 2022 also had an impact, but monthly meetings were then restarted in September and have run regularly since then.





ANNEX 2

THEORIES OF CHANGE

The initial vision for the programme was: *For social investment intermediaries and voluntary, community and social enterprise (VCSE) infrastructure organisations to develop shared solutions to prioritise impact in the social investment market.*

Phase 1 of the programme supported projects working across eight themes, with associated Intermediate Outcomes (Short term) and Strategic Outcomes (Long term) and an overall vision: *Intermediaries and Infrastructure organisations develop shared solutions, to prioritise impact in the social investment market.*

The initial Theory of Change diagram can be seen at Annex 1. It was based on research carried out by Access – The Foundation for Social Investment and Barrow Cadbury Trust and their combined experience and expertise in the sector. It did a thorough job in identifying objectives, which described the scale and scope of the social investment challenge in 2017¹⁰.

This was a hugely ambitious challenge for a relatively small and initially short-term grant funding programme. However, the sector as a whole, led by Access, was committed to facing up to the challenge.

Each objective in the first Theory of Change was linked to intermediate outcomes, with associated “questions to answer”. However, this structure did not translate into an understanding of the processes by which the outputs, outcomes and impact would be achieved. The intermediate outcomes were also lacking in detail and the related questions were not specific.

An interim learning report covering the period 2017–2019 was commissioned by Barrow Cadbury Trust from New Philanthropy Capital and published in July 2019. The report confirmed the challenges facing the sector but was not thought to have assessed progress made or to have identified emerging issues. The decision was made to commission a formative evaluation of the whole programme. Connect Fund worked with Access to revise its funding priorities in 2020 and invited proposals for a new learning and evaluation contract in December 2020. The contract, delayed by the onset of Covid-19, was awarded to Niamh Goggin of Small Change after a participative co-design engagement.

One of the first evaluation tasks, in April 2021, was to work with the project team to develop a new Theory of Change, based on the initial challenges identified, but with more detail on outputs, outcomes and impacts and linked also to Access’s Theory of Change and Measures of Success¹¹.

The second Theory of Change (2020–2022 and retrospectively applied from 2017 for consistency) for the programme was designed to cover Phase 1 and Phase 2. It reduced the number of overarching objectives from nine to two:

- 1. Improving the social investment market for charities and social enterprises;**
- 2. Advancing a more open, diverse and accessible social investment market.**

¹⁰ See ANNEX 2 for details of the initial objectives

¹¹ See ANNEX 2 for Access Theory of Change



Objective 1 focused, firstly, on connections and engagement between¹² voluntary sector infrastructure and the social investment market and secondly on social intermediaries connected through partnerships, tools, resources and learning.

The desired outcomes it specified were:

1. Funders and investors more responsive to needs in the VCSE sector;
2. Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market;
3. Collaboration within the social investment market;
4. More efficient market function and more resilient VCSE and social investment sector.

Objective 2 concentrated on advancing a more open, diverse and accessible social investment market, which would deliver investment flows to all parts of the VCSE sector that could benefit.

The desired outcomes specified were:

1. Open, fair and transparent access;
2. Better understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing social investment;
3. Board and investment committee diversity.

The second Theory of Change was also mapped against Access' Measures of Success, to demonstrate the potential contribution from Connect Fund. There was a strong relationship with the following measures of success:

- **MoS 1:** Increased financial resilience for charities and social enterprises Access has supported;
- **MoS 2:** Expanded reach of social investment (particularly those often excluded from investment);
- **MoS 3:** Access has understood and championed what works when it comes to Enterprise Development and has embedded that learning beyond Access;
- **MoS 4:** Built knowledge of the enterprise models in the sector which can help organisations to grow their income and impact;
- **MoS 5:** Organisations supported have developed new enterprise models or grown existing ones;
- **MoS 6:** Increased capacity of the charities and social enterprises which Access supports to engage with social investment;
- **MoS 7:** Improved access and removed barriers to social investment (particularly those often excluded from investment).

The Connect Fund was reviewed and renewed again in 2022, with new funding guidelines, covering:

- **Equality, Diversity and Inclusion;**
- **Recovery & Resilience (Post Covid-19);**
- **Peer Networks to Support Market Building;**
- **Challenge Funds.**

The expected outcomes remained the same as in Phase 2 (and Phase 1, applied retrospectively). However, there was a clearer link with Access' work. For example, the Equality, Diversity & Inclusion fund was strategically aligned with Access' Reach Fund, bringing under-served groups and organisations into social investment. The Challenge Funds were also tasked with more open, fair and transparent access to social investment. Connect Fund also supported greater Board and investment committee diversity and increased and strengthened the number of diverse voices in the sector.

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¹² See ANNEX 2 Connect Fund Theory of Change 2020 - 2022

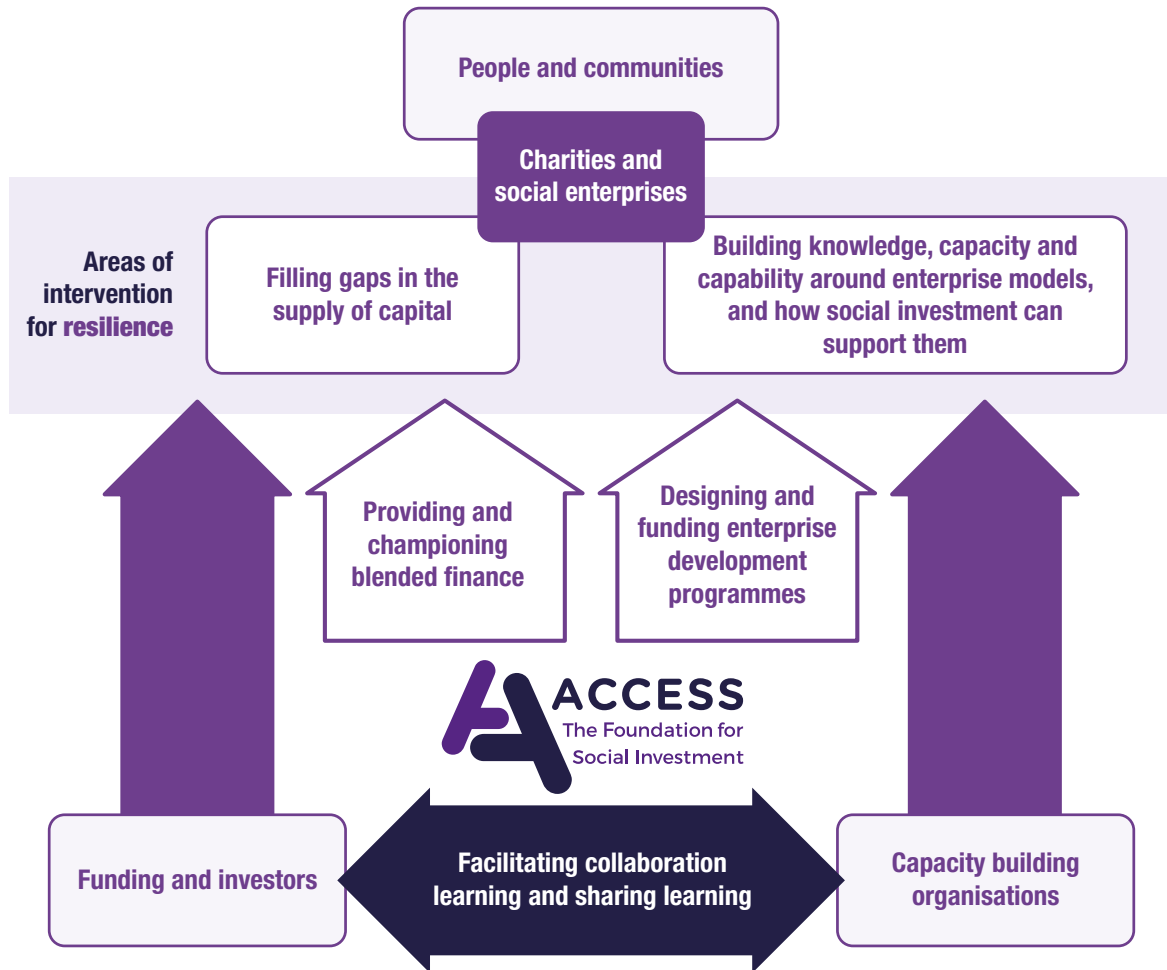


2017–2020 INITIAL CONNECT FUND OBJECTIVES

THEME	INTERMEDIATE OUTCOMES (SHORT TERM)	STRATEGIC OUTCOMES (LONG TERM)	OVERALL VISION
Capacity Building	<ul style="list-style-type: none"> Voluntary, Community and Social Enterprise (VCSE) infrastructure organisations have knowledge and skills to support VCSE organisations taking on repayable finance Social Investment (SI) intermediaries are better equipped to foster/facilitate enterprise development VCSE infrastructure organisations are better connected to SI intermediaries 	A more enterprising market	Intermediaries and infrastructure organisations develop shared solutions, to prioritise impact in the social investment market
Networks	<ul style="list-style-type: none"> Networks are open and accessible New/different organisations join networks & attend events Information is more effectively shared More/ new connections are made Best practice is showcased 	A more collaborative market	
Market Information	<ul style="list-style-type: none"> Amplify the demand-side perspective Encourage SI intermediaries to better meet the finance needs of small and medium VCSEs Champion an impact-first approach Greater consensus on where gaps in the market/infrastructure exist VCSE organisations feel more confident about entering the SI market More partnerships developed to solve market problems 	A better informed market	
Diversity	<ul style="list-style-type: none"> Greater knowledge and evidence about cultural barriers to SI More actions taken by SI intermediaries or infrastructure orgs to increase diversity in SI sector Greater awareness of need for increased diversity in SI sector (unconscious bias) More diverse staff, boards and committees in SI intermediaries VCSE organisations new to SI enter SI conversations Greater clarity around the need for products appropriate for diverse groups 	A more diverse market	
Business Development	<ul style="list-style-type: none"> Increase new products and services in the market to drive sustainability of business models Increase in the number of cold spots stimulated to connect into the SI/repayable finance market 	More resilient intermediary organisations	
Data Sharing	<ul style="list-style-type: none"> Increased consensus around the importance and value of sharing transaction and impact data Increase in number of intermediaries sharing SI data Greater sharing of transaction information SI intermediaries have access to and make better use of new platforms to aid data sharing Increase in no. of stakeholders/institutions supporting and contributing to data sharing 	A more transparent social investment market	
Standards and Templates	<ul style="list-style-type: none"> Duplication of resources is reduced More standards and templates are openly available 	A less complex social investment market	
Skill Development	<ul style="list-style-type: none"> More VCSE infrastructure organisations increase their understanding of the SI market and engage with SI VCSE infrastructure organisations increase internal capacity to address SI 	A wider understanding of social investment	



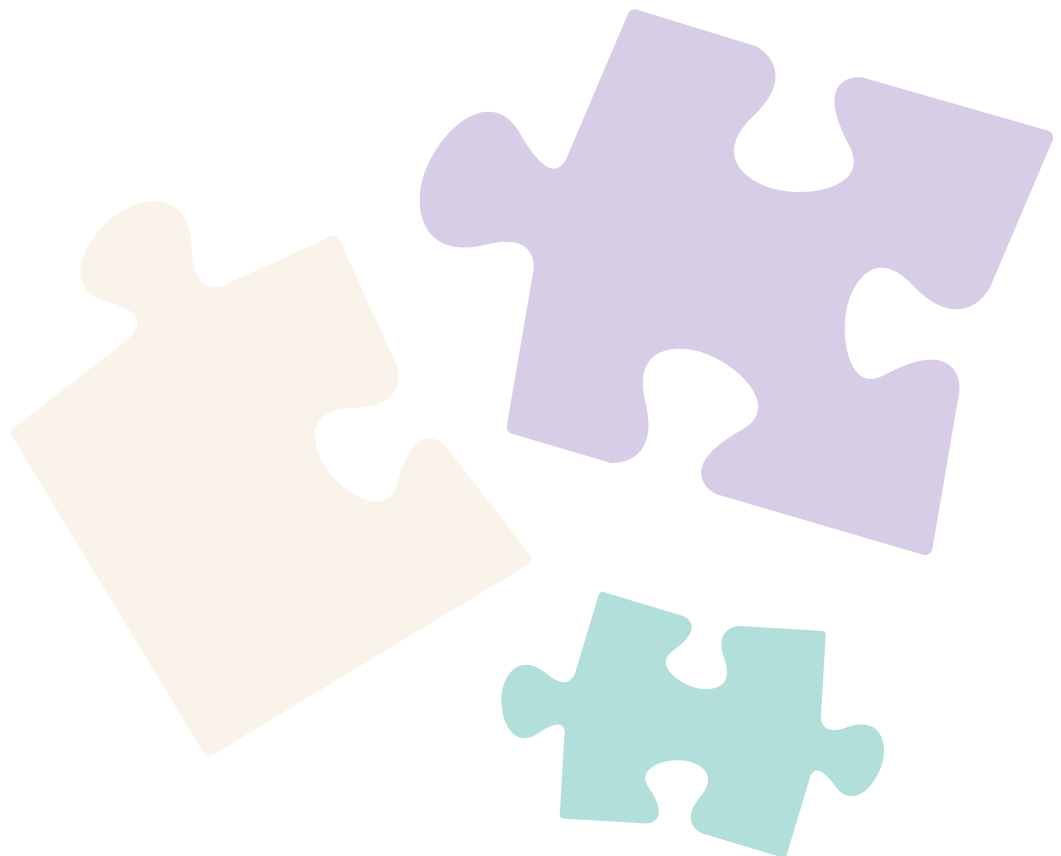
ACCESS THEORY OF CHANGE APRIL 2021

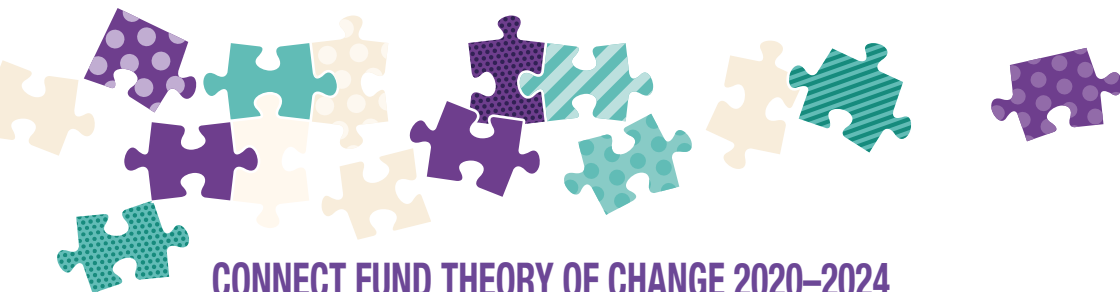




ACCESS MEASURES OF SUCCESS APRIL 2021

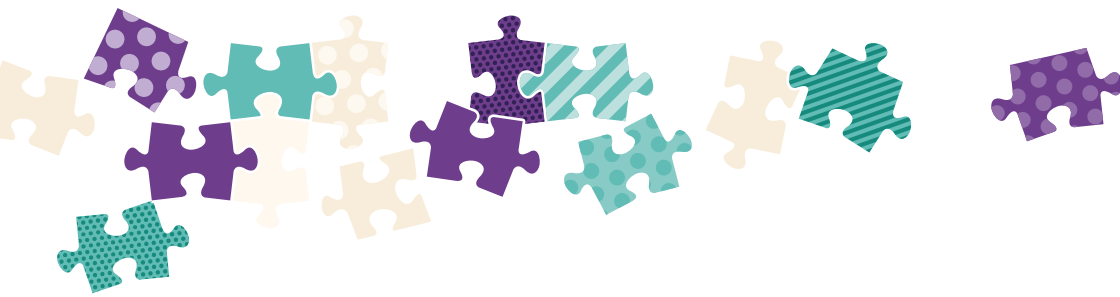
- **MoS 1** Increased financial resilience for charities and social enterprises Access has supported;
- **MoS 2** Expanded reach of social investment (particularly those often excluded from investment);
- **MoS 3** Access has understood and championed what works when it comes to Enterprise Development and has embedded that learning beyond Access;
- **MoS 4** Built knowledge of the enterprise models in the sector which can help organisations to grow their income and impact (including areas supported through social investment);
- **MoS 5** Organisations supported have developed new enterprise models or grown existing ones;
- **MoS 6** Increased capacity of the charities and social enterprises which Access supports to engage with social investment;
- **MoS 7** Improved access and removed barriers to social investment (particularly those often excluded from investment);
- **MoS 8** Access, with partners, has led the case for blended finance;
- **MoS 9** Enhanced understanding of the complete picture of how much subsidy is needed for the organisations Access supports;
- Leading the sustained or increased social impact for the charities and social enterprises Access has supported;
- Leading to the evidence of what works permanently changing the way the sector is financed.





CONNECT FUND THEORY OF CHANGE 2020–2024

OBJECTIVE	IMPACTS	OUTCOMES	OUTPUTS
Improving the social investment market for charities and social enterprises	Voluntary sector infrastructure and the social investment market connected and influencing each other	Funders and investors more responsive to needs in the VCSE sector	Research and co-creation to inform funders and investors of VCSE needs
			Champion and facilitate more support for blended finance
		Collaboration between VCSE infrastructure and social investment intermediaries, connecting the infrastructure to the market	Awareness and understanding between the two
			Increased understanding, simplification of terminology. Shorter processes, faster turnaround and higher conversion rates
			Piloting direct support offers for VCSEs to engage with SIs
			Embedding experience and expertise on social investment in the VCSE sector
	Social investment intermediaries connected through partnerships, tools, resources and learning	Collaboration within the social investment market	Partnerships (Social Investment Forum, Diversity Forum, Responsible Finance?)
			Networks established or developed (both formal and informal) to aid better knowledge sharing
			Exchange of experience and expertise between VCSE infrastructure orgs and social investors
			Tools and resources
			Shared learning, events, downloaded tools and resources, changes in engagement, processes and delivery of social investment
More efficient market functioning and more resilient VCSE and Social Investment sector	Investors able to provide more tailored and appropriate finance more efficiently. VCSE's able to access that finance more efficiently	Expanded range of finance products, such as microfinance	
		New entrants and re-entrants into the market, particularly at the lower end (by monetary value)	
		Key stakeholders have increased capacity and/or resource to explore income generation/sustainability opportunities	
		Shorter processes, faster turnaround of applications by VCSE's and SI intermediaries and higher conversion rates	
Advancing a more open, diverse and accessible social investment market	Investment flows to all parts of the VCSE sector that could benefit	Open, fair and transparent access	Monitoring, reporting, learning and sharing on engagement and outputs from the priorities relating to diversity and access
		Better understanding of/ action taken to address barriers faced by orgs led by under – represented groups in accessing SI	Reports, learning and case studies outlining the challenges experienced/barriers
		Board and investment committee diversity	Increase in recruitment, training, employment and leadership positions from excluded individuals, groups, organisations and geographies
			Those with lived experience of the issues and opportunities being addressed by social investment are included in process development and decision making
	Investment flows particularly to organisations led by under-represented groups	Access for organisations led by and those supporting women, BME, LGBTQ+I people with disabilities and other underrepresented groups (e.g. working class/ lower income)	



ANNEX 3

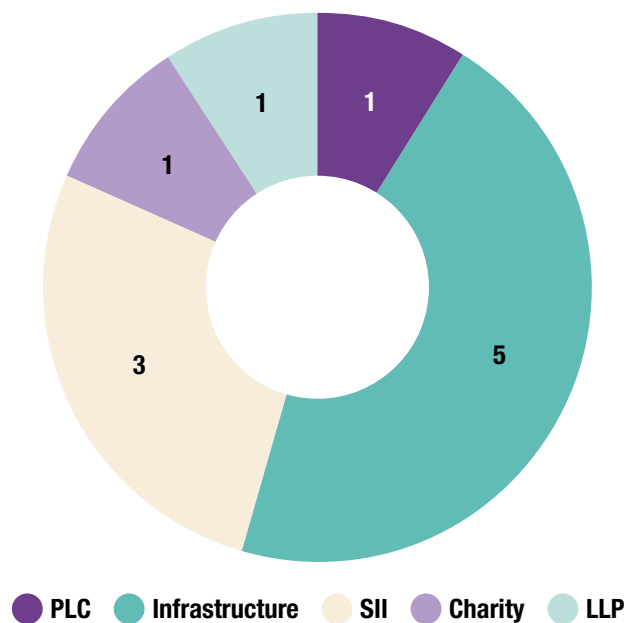
PROJECT ANALYSIS AND DETAILS BY IMPACTS AND OUTCOMES

1.1 FLOWS

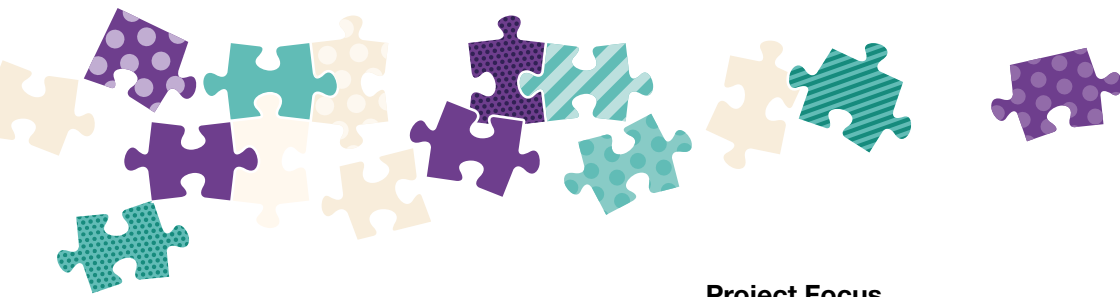
1.1.1 INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT; OPEN, FAIR AND TRANSPARENT ACCESS

11 projects were funded in this category, the first in January 2018 and the last in November 2023.

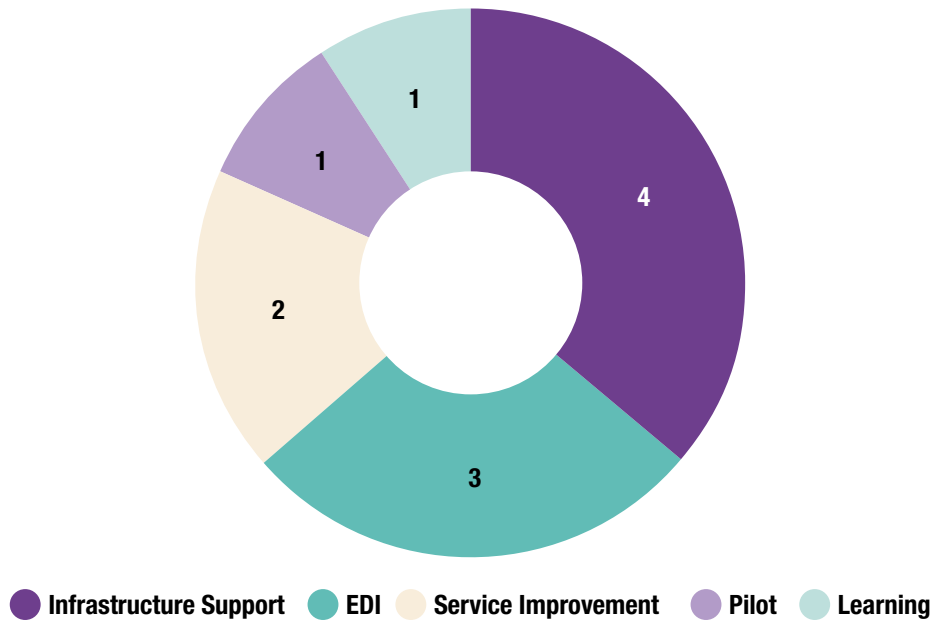
Organisation Type



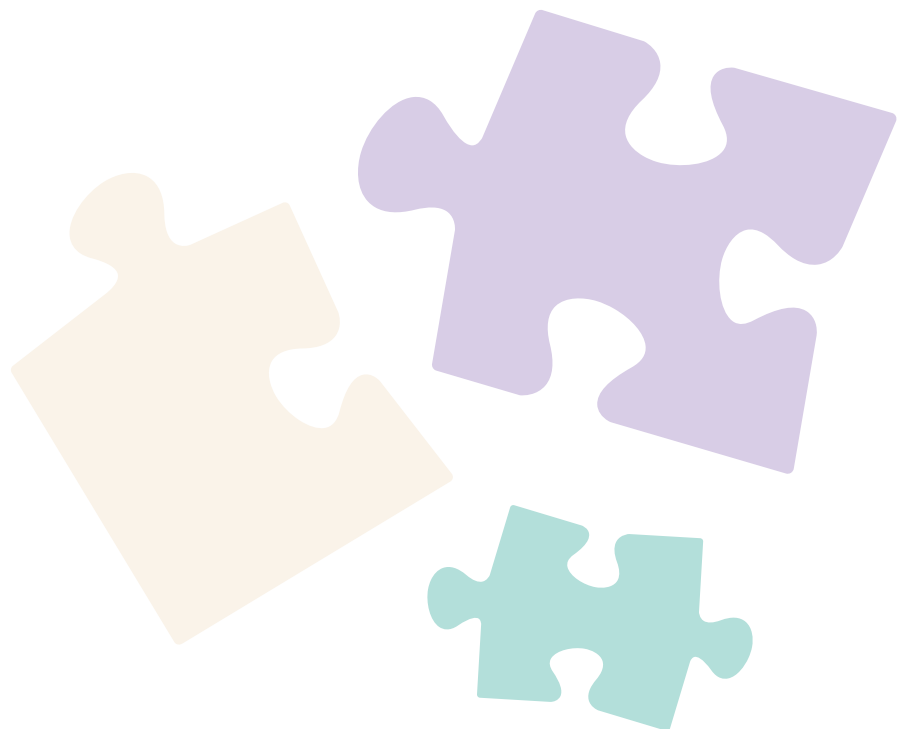
By organisation type, there were 5 infrastructure organisations, 3 social investment intermediaries, and 1 PLC, charity and Limited Liability Company.



Project Focus



4 projects provided infrastructure support. 3 focused on Equality, Diversity and Inclusion. 2 worked on service improvement and there was 1 pilot and 1 innovation project. Infrastructure support was provided by existing VCSE membership organisations. The EDI projects were delivered by 1 infrastructure organisation and 2 social investment intermediaries. Service improvement projects were delivered by a social investment intermediary and a charity. The pilot was delivered by an LLP and the innovation by a charity.





CASE STUDY

KEY FUND: PLAIN LANGUAGE

This project was interesting, because it built on previous projects by Key Fund, that had helped social investors to understand barriers to social investment and to identify ways of removing those barriers. Two fundamental barriers were trust and limited understanding of legal and financial technicalities. The documentation involved could be confusing and hard to understand for those taking investment for the first time. GMCVO had also identified, in connecting “BAME” entrepreneurs to social investment, that language was seen as a barrier.

Key Fund wanted to break down those barriers caused by legal jargon, technical language and formality, by creating a suite of open access, plain English social investment documents.

The process involved:

- 1) Commissioning solicitors to review and re-write Key Fund standard investment documentation in plain English, while ensuring that documents remain legally compliant and technically correct;
- 2) Producing standard, open access documents in plain English for secured and unsecured investment: offer letter, loan agreement, debenture, security resolution, deed of postponement, guarantees, legal charges, valuation instruction, waiver of legal advice, grant offer letter and agreement;
- 3) Ensuring that versions of the standard documents were reviewed and tested by a small advisory group of sector intermediaries. Ensure documents are appropriate for all legal forms of social enterprise.

Key Fund’s Plain Language project developed a suite of investment document templates that met the needs of investors and investees. The documents are used by Key Fund for their new Growth Fund contracts and the three Local Access Programmes they support. They were also used by GMCVO Invest and Co-operative and Community Finance.

The projects with the most actual or potential impact were those that worked with partners and networks to research and deliver outcomes:

- New Philanthropy Capital is collaborating with Allia C&C, a pioneer in social investment and Tribe Capital, an impact investor. The aim is to grow the social investment market through meeting the demand for capital at rates and on terms currently unavailable at scale. The finance would be delivered through a Special Purpose Vehicle-led investment structure to enable trusts and foundations to collaborate through leveraging their balance sheets. The project conclusion was that the proposal was unlikely to be adopted without a significant leading participant. It was helpful in identifying key obstacles to success;
- Public Services Lab is working with Local Authorities in Merseyside and Cheshire to understand the barriers faced by organisations led by under-served groups in accessing social investment. Working with local authorities, the Liverpool City Region Combined Authorities and key social investors, the project has produced a guide to the role, responsibilities and challenges of local authorities in social investment. The report is also informed by the experience of delivering Juno, a not-for-profit children’s residential company in Liverpool;



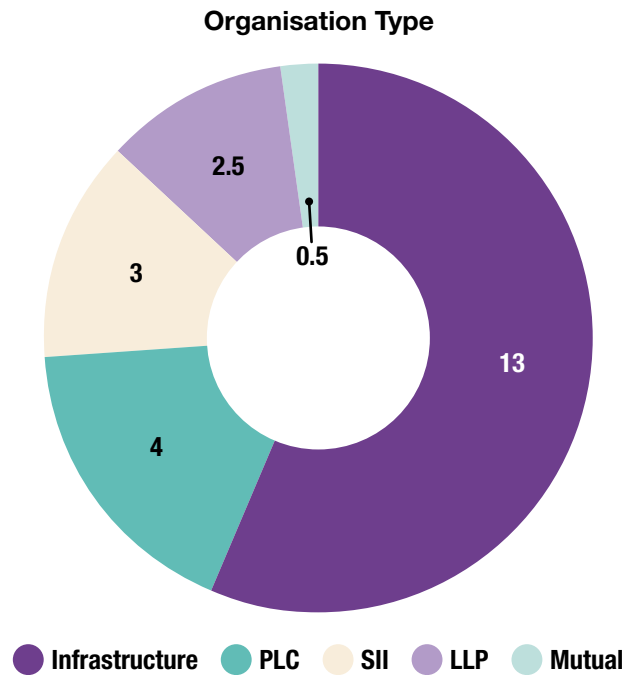
- Social Finance aimed to grow social investment approaches in NHS Charities and Integrated Care Boards. They ran a roundtable event with Dilys Winterkorn of the Pathway Fund, Charles Kwaku-Odoi of the Caribbean and African Health Network, Heather McLean, McMillan Cancer Support and Jason Dorsett, CFO at Oxford University Hospitals NHS Foundation Trust on the barriers faced by organisations led by under-served groups in accessing social investment. They have engaged with more than 65 people from relevant organisations to understand the barriers to wider uptake of social investment. They also worked with NHS Charities together and have forged links with medium-large charities to test opportunities for social investment. Issues addressed include the lack of appropriate blended financing options and the power discrepancies between investors and investees.

A number of the projects delivered by small VCSE infrastructure and support organisations suffered from lack of capacity and/or the loss of key individuals, due to ill-health or because the funding was coming to an end. However, Covid-19 also had a major impact on the capacity of small and medium VCSE organisations.

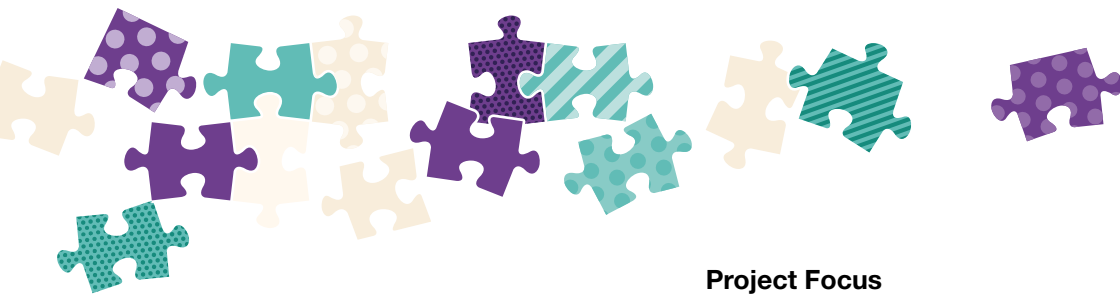
The projects that look likely to deliver a longer-term legacy were mainly designed and delivered towards the end of the programme's seven years and by larger and better resourced organisations. They engaged with partners within and outside the social investment sector and improved understanding of the role and potential impact of social investment and are building relationships with trust.

1.1.2 FLOWS INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT; BETTER UNDERSTANDING OF/ACTION TAKEN TO ADDRESS BARRIERS FACE BY ORGANISATIONS LED BY UNDER-REPRESENTED GROUPS IN ACCESSING SI

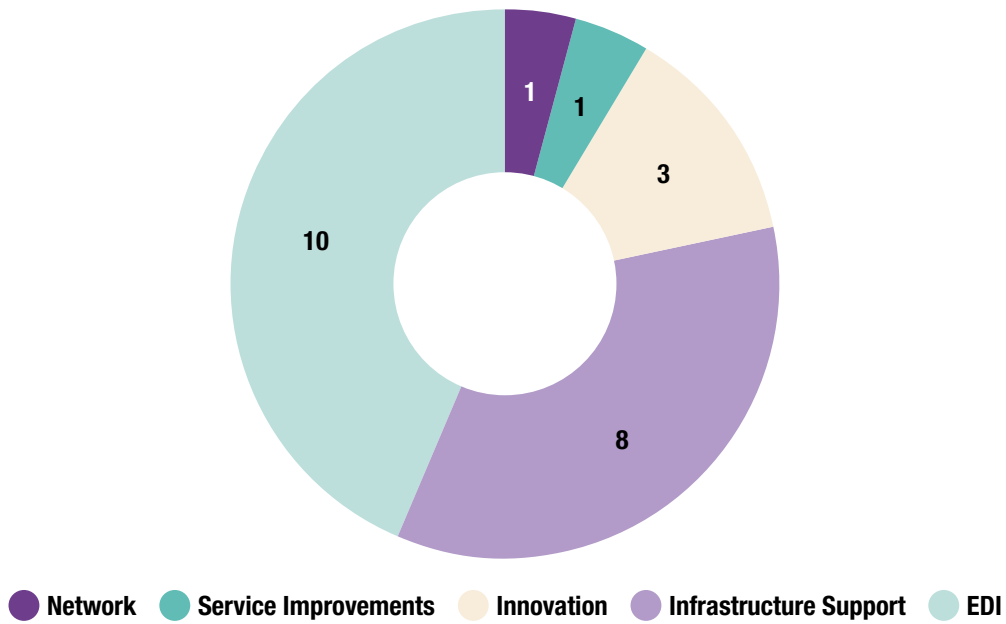
23 organisations were funded in this category, the first in November 2022 and the last in September 2023.



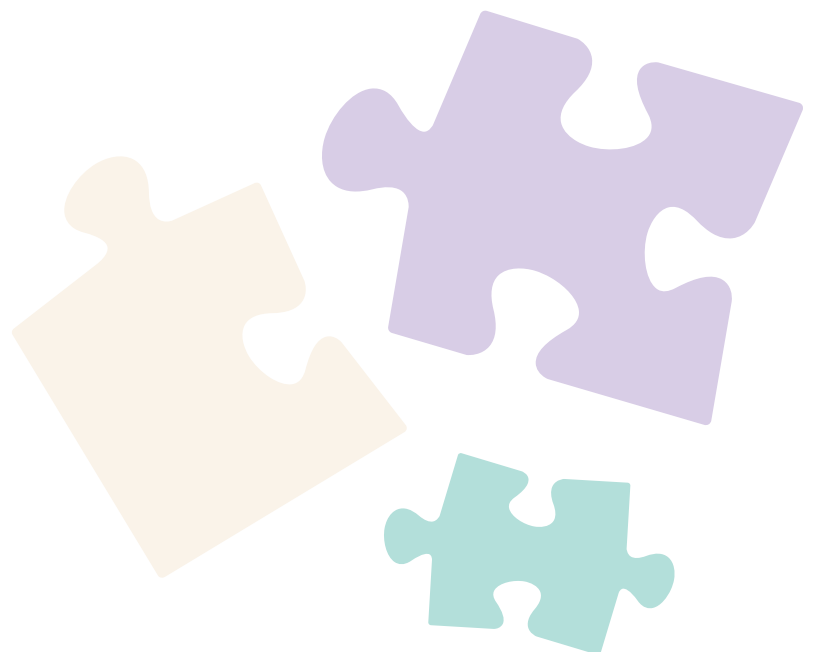
There were 13 infrastructure organisations, 4 PLCs and 3 social investment intermediaries, 2.5 mutuals and 0.5 local authorities (1 shared LA/mutual project).



Project Focus



Ten projects delivered Equality, Diversity and Inclusion projects. 8 delivered infrastructure support. 3 were innovation projects and 1 each were networks and service improvement projects. Of the 9 EDI projects, 5 were delivered by infrastructure organisations, 3 by social investment intermediaries and 1 by PLC. The 8 infrastructure support projects were delivered by infrastructure organisations. The 3 innovation projects were delivered by a PLC, a joint local authority and a mutual collaboration and a mutual. The service improvement project was delivered by a social investment intermediary. The network project was delivered by a university.





CASE STUDY

DIVERSITY FORUM: MULTIPLE PROJECTS

In 2017, the Social Impact Investors Group and Better Society Capital commissioned a survey on diversity and equality in the sector. The responses confirmed “a glaring disconnect in the socio-economic backgrounds of social investors making decisions, individuals running social services and individuals seeking funding for their organisations.” Following a session facilitated at The Gathering 2017 (convening the key stakeholders in the sector), a working group was established by Danyal Sattar, CEO, Big Invest, to develop the Diversity Steering Group.

In 2018, The Social Investment Consultancy’s managing director, Bonnie Chiu, was supported by The Connect Fund to act as project manager for The Gathering Working Group on Leadership and convening; Research and E&D Audit; Skills development and resource sharing; Data sharing and network mapping; Communications. This was aimed at preparing the ground for a focus on addressing inequality, uniformity and exclusion in the sector.

It led on to a second project, to establish the Diversity Forum (DF), started in September 2020. The Social Investment Business agreed to host The Diversity Forum and to provide leadership and governance support, convening the quarterly Diversity Champions Network meetings, assist the HR Training Group on EDI work and provide partnership and liaison to other initiatives, research and communications support. Connect Fund paid for a full-time co-ordinator, to build on the foundations and activities of the network. The work was supported by Big Issue Invest, The National Lottery Community Fund, The Social Investment Partnership, The Social Investment Consultancy, Voice4Change and Better Society Capital. The onset of Covid-19 had a significant impact on its work, forcing key partners to concentrate on the survival of their clients and their organisations. Diversity Champions sessions, Steering Committee meetings and the Diversity Breakfast Talks continued on-line.

Funding was provided for a Phase 3 project starting in September 2021. The Forum collaborated with other EDI initiatives, including the Equality Impact Investing Project, Equally Ours, Investment Committees of the Future and Addressing Imbalance. This allowed the organisations to review research needs and co-ordinate activity. DF also worked with the Social Investment Forum working group on improving diverse recruitment, providing updates to CEOs and promoting DF and other guides and supports. At that stage, 15 social investment intermediaries had signed the Diversity Manifesto, had an initial 1:1 meeting and a quarterly check in with the Forum Manager.

A fourth grant was provided in September 2022, to run for two years until August 2024, so the final report is not available. The interim report shows improvements on measuring and reporting progress. [The EDI Toolkit](#) was updated and launched and provides a more practical way for investors to plan, develop and be held accountable to their annual EDI goals. Monthly events and Champions Network drop-in meetings were held, monthly newsletters published, and social media channels maintained. Two coffee-break webinars were held on disability and different approaches to EDI. Engagement by the sector is an issue in an under-resourced and busy sector. Network meetings were only attended by five or fewer attendees.



The last Diversity Forum project funded, in November 2023, was EDI Data for the Sector and was a major step forward. The collection, analysis and safeguarding of diversity data is a major and complex challenge for organisations new to the practice. The outcomes of the project are:

- A 14-step framework for reviewing diversity data collection, with recommendations at sector, organisation and individual level. It provides a method of self-assessment and quality assurance for diversity data collection, to ensure that it is user-centred, inclusive and purposeful;
- An EDI Toolkit for implementation of diversity data collection by social impact investors.

The projects that delivered strongly on this outcome (understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing social investment) were marked by the quality of their research into and knowledge of the sectors/geographies they focussed on.

Black Southwest Network commissioned the School for Social Enterprise and a local researcher to identify BAME social enterprises in the South West. This produced baseline data on the number of organisations and the scope of their reach and activities. The foundational work allowed the organisation to design and deliver support, develop a Black and Asian Business and Social Enterprise Network and organise a conference with local and social investment funders, on Delivering Equitable Outcomes for BAME communities and organisations. BSWN now works on the Local Access Programme with Bristol & Bath Regional Capital, the School for Social Entrepreneurs, Voscur, Ashely Community Housing and Street2Boardroom to create a more diverse and inclusive economy by removing barriers to funding and support.

Voice4Change's Shifting Gear project aimed to change perceptions within the “BME” sector “that nobody was listening to their voices” or their particular needs. V4C ran regional and national workshops, events that ensured those voices were heard. They also ran events on Community Asset Transfers and Social Investment and developed resources and case studies and an initial entry point to social investment, with CAF and the Social Investment Business. The project also identified the need for a social investment fund targeting organisations led by those from Black Asian and Minority Ethnic backgrounds. The Pathway Fund was launched as a new wholesale fund in November 2022.

The Consortium of LGBT Voluntary and Community Organisations, through its Connect Fund support, brought the voice and contribution of their sector to Access' Enterprise Development Programme and The Diversity Forum. Action Hampshire introduced social investment and enterprise development, particularly to women-led organisations. They also built connections and relationships with social investors.

Two projects: Create Equity Accelerator Programme and For Business' Sake and SEI Community Consultants (SEICC) were strategically important. The former was delivered through a partnership between Social Investment Business and Create Equity. The accelerator programme is still under development and will provide organisational development, capacity building and grant funding to black-led social enterprises and charities in the arts and creative industries. It is also designed to diversify the advisor market.

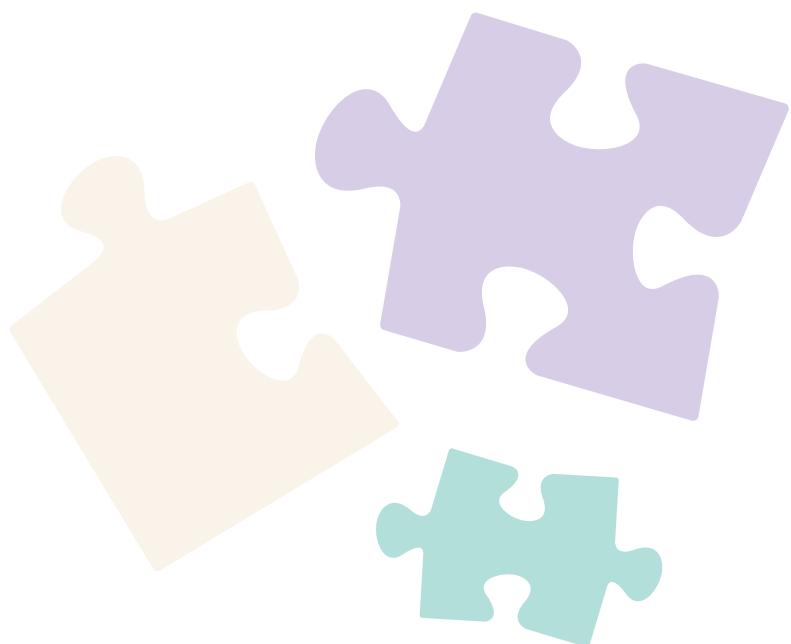


The SEICC programme grew from a recognised gap in the sector that there was a missing pipeline of diverse consultants. 12 aspiring Social Economy Investment Community Consultants were recruited to the programme and worked with For Business Sake to co-design the programme. The first part of the programme, development of the SEIC programme, was well delivered. The Community Consultants were able to engage with some social investors and have delivered support to VCSE organisations through the Reach Fund. It would be useful if a formal programme of engagement with the social investors was delivered, so that the consultants can see exactly what the criteria and requirements of each investor are.

In 2021, **Barking & Dagenham Giving** piloted a model of funding that encouraged five youth organisations to build consensus on how £45,000 should be distributed. It now has an endowment fund and wants to extend the work of their Community Steering Group to participate in financial and decision-making in the borough. Working with The Curiosity Society, initial teaching tools have been tested and published and a new Wisdom and Insight Network is being established to use the tools. This means engaging local people in a new participative framework that will support all their programmes. Curiosity Society is actively engaging with five new communities on Democratic Money.

Finally, **Repowering London** realised that residents in low-income areas were not investing in community share issues to fund community energy projects. They will be launching two new share issues in Newham and North Kensington over the coming year. The aim is to attract at least 50% of members from underrepresented communities and/or with experience of economic inactivity and to get these members involved in the co-operative. They have developed partnerships with organisations including the Centre for Sustainable Energy, Kings College and Newham College. The project will benefit the national renewable energy infrastructure by helping to make community share issues more inclusive. It has also helped Repowering London to develop its practice in co-design and will directly impact the diversity of their own membership.

As with projects in the previous chapter, some of those that did not deliver on their proposed impacts found that their initial assumptions on which the project design was based were not explored in advance and did not prove to be accurate. Finally, a number of projects gradually moved away from social investment into more general strategic development. This could have been challenged and should not have received repeat funding. An independent evaluation found that those projects did not deliver or evidence delivery.

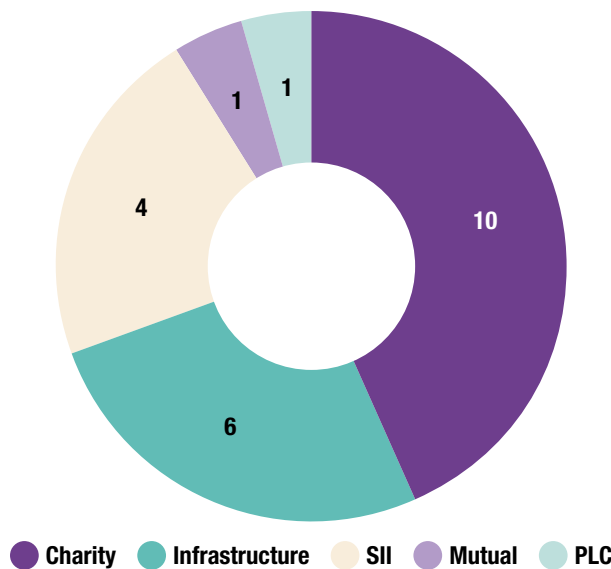




1.1.3 FLOWS INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT; INVESTMENT FLOWS PARTICULARLY TO ORGANISATIONS LED BY UNDER-REPRESENTED GROUPS

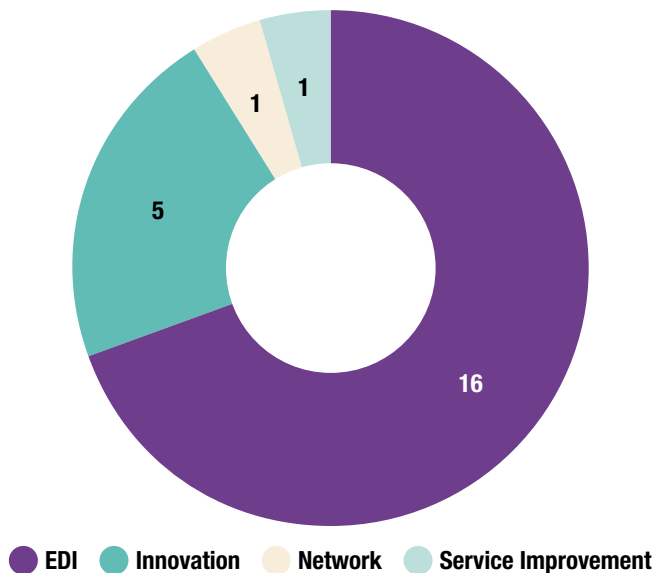
22 organisations were funded in this category, the first in January 2018 and the last in December 2023.

Organisation Type



There were 10 charities, 6 infrastructure organisations, 4 social investment intermediaries, 1 mutual and 1 PLC.

Project Focus



16 projects focused on Equality, Diversity and Inclusion. 5 were innovation projects. 1 developed a network and 1¹³ delivered on service improvement. 6 of the EDI projects were delivered by charities, 4 by infrastructure organisations, 3 by social investment intermediaries and 1 by a PLC. 3 of the innovation projects were delivered by charities, and 1 each by a social investment intermediary and a mutual. The service improvement project was delivered by a social investment intermediary. The network project was delivered by an infrastructure organisation.

¹³ 1 project was funded under COVID-19 Support, but the project delivered service improvement



CASE STUDY

EQUALITY IMPACT INVESTING PROJECT

The Equality Impact Investing Project Phase 1 found: “only a few investors were currently working to tackle broader issues or dimensions of inequality, either in their own practices or through their investment strategies. There was a lack of alignment between how equality was understood and measured within social impact investment and in the wider equality movement.” EIIP identified three interrelated issues in the investment system:

- Lack of knowledge, skills and methods and low use of social investment in the VCSE equalities sector. Neither supply nor demand has identified what works and does not;
- Connections between social investors and VCSE organisations that deliver equality impact are extremely underdeveloped, particularly for those VCSE organisations working with or for individuals or groups who experience multiple and systemic disadvantage or discrimination;
- While there was recognition early on of the relevance of inequalities and discrimination to social outcomes, the sector has not kept pace with continuing socio/economic policy and practice.

The field of equality impact investing was characterised as nascent and significantly behind the curve of other, now mainstream, fields such as environmental impact investing. This was both a factor in and driven by the lack of a specialist intermediary offer (to other SIFI's and VCSE equality organisations).

EIIP focused its first project on the current lack of understanding and adequate evidence base relating to social investment and equality impact. The project codified, defined standards for, and pioneered the new field of equality impact investing. EIIP has built the evidence base, relationships and working foundations for a range of projects and activities, to grow and embed this field in UK social investment.

EIIP Phase 2 started in August 2019 and aimed to build the EII market, working through a Task Force comprised of key actors in both social investment as well as the equalities sector. When Covid-19 struck in March 2020, face-to-face events and planned input into projects and programmes managed by Task Force members were cancelled. A single social investor summit was delivered on the inequality impact of COVID-19 in their short- and longer-term responses. Follow-on work was delivered with Task Force members and stakeholders, to assess their EII commitments in light of COVID-19. A submission was made to the government review on the role of the VCSE in rebuilding post COVID-19. EIIP Phase 2's work was severely impacted by Covid-19. This was not just by the reduction in the capacity of stakeholder organisations, but also that the pandemic exacerbated inequalities, disproportionately impacting equality organisations and the people and communities that they work with. Finally, while the Black Lives Matter movement renewed a focus on improving work on equality and diversity, there remains a need to also integrate multi-dimensional approach to inequality promoted by EIIP.

Equality Impact Investing Project Phase 3 started in September 2020. Together with a grant from the Department for Culture, Media and Sport, EIIP held a major Equality Impact Investing and Levelling Up event, produced a full EII toolkit and training programme and enhanced its internet and media/communication presence.



In terms of impacts, taking action to advance diversity and inclusion, Access strengthened the requirement for and actively sought equality impact from Flexible Finance partners, and also extended its Equalities: Enterprise Development Programme, adding a dedicated BME strand. Better Society Capital revised its Outcomes Matrix to support the setting and monitoring of equality impact goals and has further integrated EII principles into its own policies and strategies. DCMS adjusted its practice in line with its own equality impact plans and evaluation framework. Several social investment intermediaries have set and progressed clear EDI/EII goals. One collaboration has been with the Social Tech Trust, which produced an innovative tool to assist investors in assessing investment opportunities that tackle the root causes of inequalities.

In maintaining and strengthening diverse voices in the social investment market, EIIIP supported the work of dedicated projects including Women in Social Investment Forum, The Diversity Forum and the Social Investment Forum EDI sub-group. Training and resources include substantive element on diversifying and empowering voices through participatory processes. Finally, the Task Force, with its mix of social investment actors and equalities infrastructure organisations, has increased scrutiny on, capacity in and action by investors and wholesalers.

In enabling groups experiencing barriers to access social investment, EIIIP has increased investors' awareness and understanding of the need among social investors and infrastructure, through communications and advocacy, helping investors to engage with EHR organisations, training and one-to-one support.

Social Investment Business: Equalising Deal Terms aimed to address power imbalances between impact investors and their investees, in relation to investment terms, processes and legal documents. The Equality Impact Investing Project team worked with Bates Wells and a Reference Group of impact investors and investee organisations to produce a suite of investment documents aligned with equality principles. The outputs were Equalising Deal Terms Principles, an Impact Term Sheet with guidance notes and a report on EDT Investee Perceptions. The project has gone beyond the original expectations to consider in-depth how power is enacted and communicated. It has also allowed EIIIP to grow their own standing to influence the sector.

Voice4Change England: Embedding Racial Justice in Public Markets provided a Racial Equity Scorecard, to enable investors to consider racial equity more intentionally in public market investments. V4C worked with the Pathway Fund, TGRG, The Social Investment Consultancy, EIRIS and UK and international peer reviewers. A focus group was convened from Friends Provident Foundation, Colourful Impact, Barrow Cadbury Trust, Big Society Capital, The Scott Trust Endowment and Guy's & St Thomas' Foundation. The scorecard can be used as a standalone tool, or as a tool to complement other ESG and DEI metrics and benchmarks. It was created in response to the need for more corporate actions on racial equity and aims to drive corporate behavioural change.

The School for Social Entrepreneurs: Match Trading for better EDI outcomes focused on social enterprise leaders who identify as black or ethnically minoritised. Voice4Change provided training and supported SSE to embed stronger EDI infrastructure and data frameworks to improve EDI data analysis and impact reporting. Match Trading was integrated into the Community Enterprise Growth Plan, as part of the social investment product range.

Shift Foundation: Impact Custodian IC Pilot was developed with Trust for London to trial improved assessment criteria that balance community 'lived experience' and professional 'learned experience'. The pilot process delivered a structured recruitment procedure, an investment process and made decisions to invest a total of £268,000 in three organisations from a pool of forty-two. Shift engaged with Barking & Dagenham Giving and Curiosity Society as well as other grantees. However, the organisation has since closed.



The Ubele Initiative CIC: Diversity, community-owned businesses and community shares aimed to identify the challenges and barriers that have led to the low uptake of community shares among Black and racially minoritised communities, identify examples of co-ops and community businesses that have started, completed, or failed in a community share offer. The insights generated from the research should design a defined programme of work to support new Black and racially minoritised co-ops and mutuals. The completion date has been extended to August 2024.

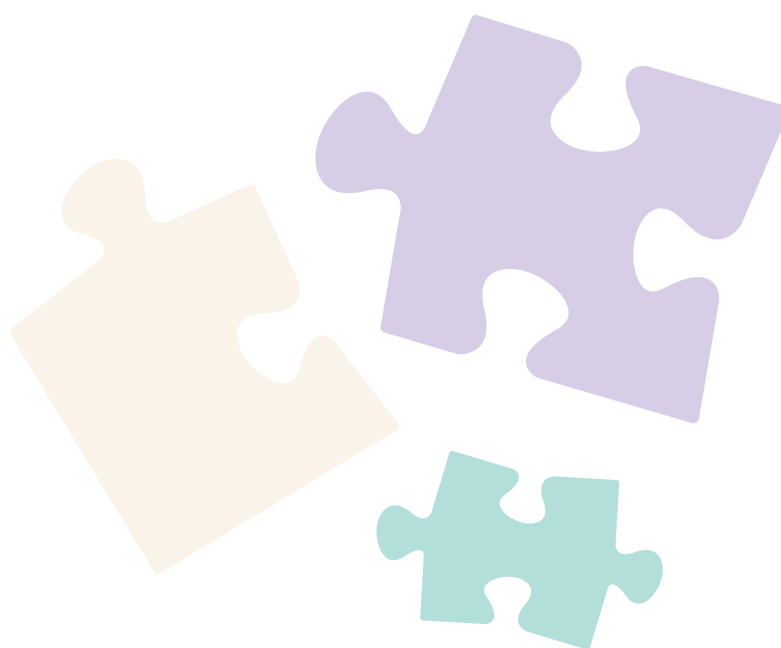
Shift Foundation worked with Big Issue Invest and Unltd, advised by the Diversity Forum, to research the feasibility of a new fund aimed at under-represented entrepreneurs and enterprises. The Growth Impact Fund has been launched by Big Issue Invest and Unltd and funded by a wide range of investors including Access – The Foundation for Social Investment, Barrow Cadbury Trust, Bank of America, Big Society Trust, Trust for London and the Greater Manchester Combined Authority. The Fund works directly with Social Purpose Organisations by providing finance and non-finance support to diverse founders and teams and engages with the sector to generate and share learning.

Projects that were less impactful were over-ambitious in their objectives, given limited time and budget. There were problems with initial assumptions, the lack of awareness of previous, unsuccessful projects and lack of recognition of “where participants were at.”

1.1.4 FLOWS INVESTMENT FLOWS TO ALL PARTS OF THE VCSE SECTOR THAT COULD BENEFIT; BOARD AND INVESTMENT COMMITTEE DIVERSITY

Only one organisation was funded under this category, in January 2018.

In 2018, The Social Investment Consultancy's managing director was supported by The Connect Fund to act as project manager for The Gathering Working Group on Leadership and convening; Research and E&D Audit; Skills development and resource sharing; Data sharing and network mapping; Communications. This was aimed at preparing the ground for a focus on addressing inequality, uniformity and exclusion in the sector through the Diversity Forum. TSIC is a PLC, and the project supported a Network.

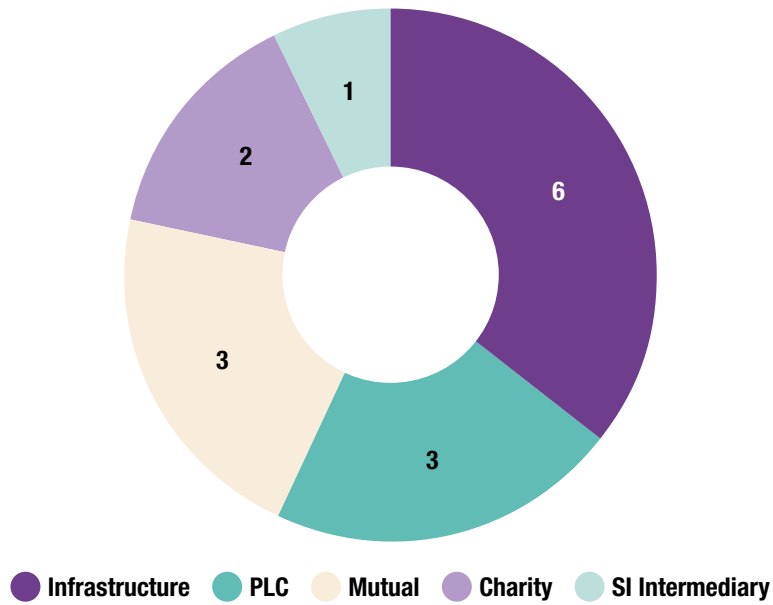




2.1.1 BRIDGES VOLUNTARY SECTOR INFRASTRUCTURE AND THE SOCIAL INVESTMENT MARKET CONNECTING AND INFLUENCING EACH OTHER; FUNDERS AND INVESTORS MORE RESPONSIVE TO NEEDS IN THE VCSE SECTOR

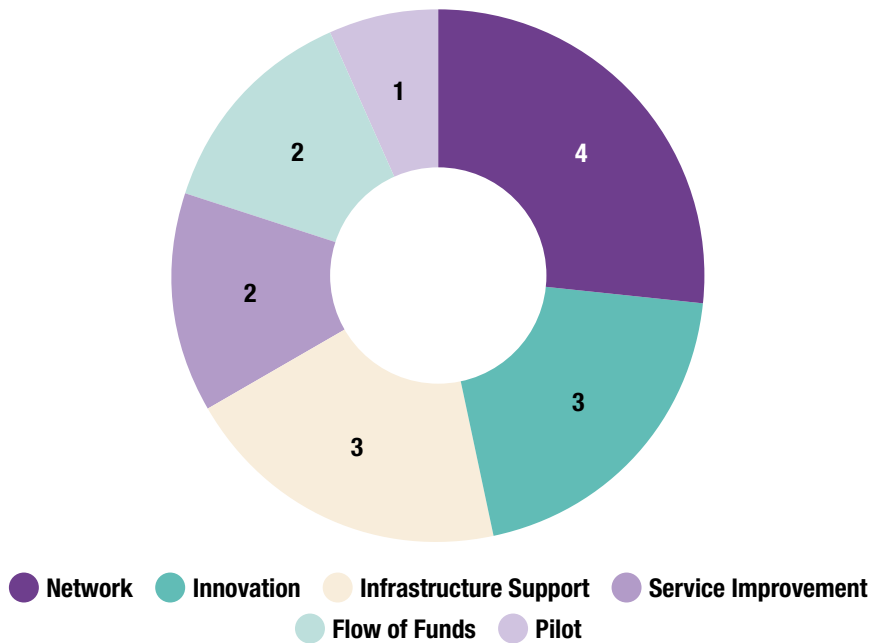
15 organisations were funded in this category, the first in January 2018 and the last in February 2024.

Organisation Type



6 infrastructure organisations were funded, 3 each of PLCs and mutuals, 2 charities and 1 social investment intermediary.

Project Focus



4 of the projects created or supported networks. 3 each focused on innovation and infrastructure support. 2 each provided service improvement and flow of funds. 1 was a pilot.



The network projects were delivered by 1 PLC and 2 infrastructure organisations. The service improvement projects were delivered by 1 Mutual/CIC and 1 PLC. Innovation was delivered by 1 charity, 1 mutual/CIC and 1 PLC. The pilot was delivered by an infrastructure organisation. Infrastructure support was delivered by 3 infrastructure organisations. Flow of funds was delivered by 1 charity and 1 social investment intermediary.

Despite the impact of Covid-19, four regional social enterprise organisations delivered impactful support for survival and social investment.

- CERT's Social Enterprise Humber project provided information and guidance on funding and loan opportunities, business opportunities and joint working. Despite the crisis, they were able to assist a local arts organisation to attract £70,000 of social investment, two emerging community hubs to attract £30,000 and £17,000 and have assisted in the start-up of 5 new social enterprises.
- Social Enterprise Kent's Kent and Medway Peer Networks was an example of a project with strong engagement from participants, good impact and excellent project evaluation and data reporting, which has been a weakness of many projects.
- Sheffield Social Enterprise Network's Peer Network Programme provided peer mentoring to 100 participants, with 20 masterclass attendees. The success of the project encouraged on-going funding up to March 2025.
- New Leaf New Life: is recognised as "an important element of social investment infrastructure in the North East" (Access feedback). The project expanded its peer mentor network and delivered mentoring across the North East Region. 38 organisations received one-to-one support on social investment. 70 social enterprises were introduced to social investors. Social investment of £581,000 was raised through the project.

Crowdfunder is a crowdfunding platform with a strong presence among community interest companies and arts and culture venues, which may look to social investment to complement their fundraising. The Financial Passport is an innovative tool to make it easier for organisations to engage with social investors and vice-versa. Investors will be able to complete their Financial Passport on the Crowdfunder platform and invite social investors to review the information and decide whether the project is likely to meet their criteria. It has received interest and support from Good Finance and key social investors.

Two exploratory projects were not able to deliver the proposed outcomes. Bubble Chamber GMS CIC was unable to match the needs and requirements of social entrepreneurs with available capital. Big Issue Invest's Impact Investing Reconnecting to the Crowd was discontinued as it was found to be unviable. The remaining grant was rescinded, but it should be acknowledged that funding for innovation will not always result in success and this level of transparency is important.

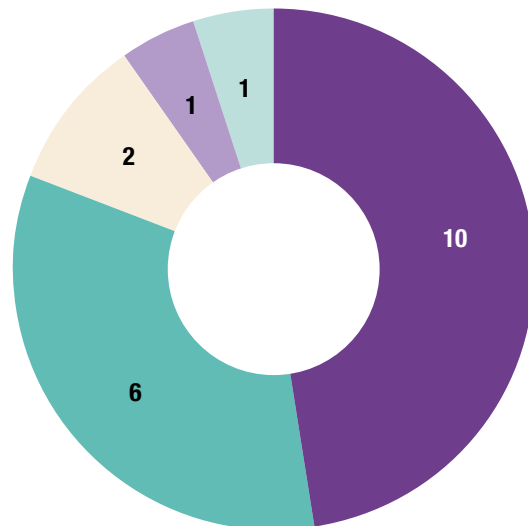
A number of projects made some progress but did not deliver long-term impact. The collection and analysis of market data would be more effective if carried out regularly, using a range of research methods. A large project working with community food enterprises was more focused on enterprise models and grant funding than social investment. A network project focused on Equality, Diversity & Inclusion among member organisations, rather than social investment and EDI.



2.1.2 BRIDGES: VOLUNTARY SECTOR INFRASTRUCTURE AND THE SOCIAL INVESTMENT MARKET CONNECTING AND INFLUENCING EACH OTHER; COLLABORATION BETWEEN VCSE INFRASTRUCTURE AND SOCIAL INVESTMENT INTERMEDIARIES, CONNECTING THE INFRASTRUCTURE TO THE MARKET

20 organisations were funded in this category, the first in January 2018 and the last in October 2021.

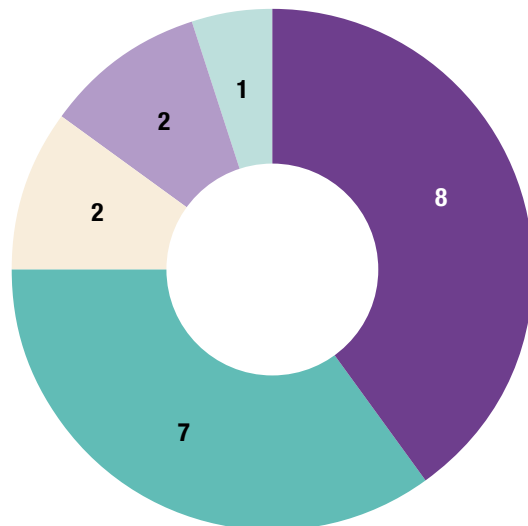
Organisation Type



● Infrastructure ● Mutual ● PLC ● SI Intermediary ● Charity

10 infrastructure organisations were funded, 6 mutuals, 2 PLCs and 1 each of SI intermediaries and charities.

Project Focus



● Infrastructure Support ● Network ● Innovation ● Learning ● Service Improvement

8 projects delivered infrastructure support, 7 supported networks, 2 funded innovation and 2 funded learning projects. 1 project delivered service improvement.

The infrastructure support projects were delivered by 8 infrastructure organisations. The networks were delivered by 5 mutuals, 1 social investment intermediary and 1 infrastructure organisation. The innovation projects were delivered by a charity and a PLC. The learning projects were delivered by a CIC and an infrastructure organisation.



CASE STUDY

NOTHING ABOUT US WITHOUT US: MAKING THE CASE FOR END USER VOICE IN SOCIAL INVESTMENT

The Young Foundation was funded to produce a report on how the lived experience of social investment beneficiaries could and should be central to decision-making and power in the sector. The inspiration for the project came from a workshop at The Gathering convening of the social investment sector in Leicester in 2019.

The project interviewed people from the social investment sectors, social ventures and lived experience experts, to set out what lived experience means, the case for its importance and the approaches, research methods, pilots, tools and frameworks that could be used to advance this work.

The report makes the case for importance of lived experience insights, but also understands the challenges for social investors in engaging with a very broad range of beneficiaries. A useful typology of social investment funds distinguishes:

- Funds making low risk loan type investment with no fund focus on end beneficiaries, who can use lived experience to encourage a beneficiary centred approach;
- Funds making low risk loan type investments into organisations working with a specific group of beneficiaries, supporting investees to involve their beneficiaries in every step of their journey;
- A fund making equity like or high-risk investments into organisations working with a specific group of beneficiaries, listening to their ultimate beneficiaries, but maybe looking for less resource intensive approaches;
- A fund making equity-like or high-risk investments into organisations working with a specific group of beneficiaries, bringing more resource-intensive lived experience insights into every stage of the fund.

A series of case studies provide examples of how lived experience can be integrated into the key stages of:

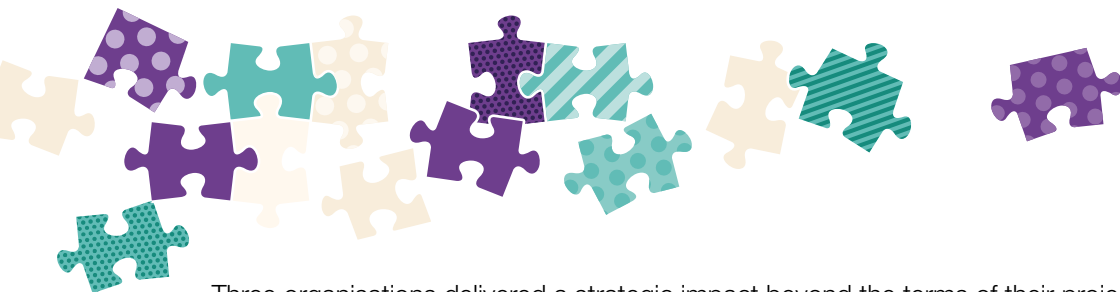
- Fund Design;
- Due Diligence;
- Decision Making;
- Portfolio Management;
- Impact Management;
- Governance.

The tools appropriate to each stage include:

- Testing outcomes and impacts with groups of beneficiaries;
- Lean data/customer feedback;
- Surveys;
- Shadow boards with lived experience;
- User representation on investment committees;
- User representation on investee boards and/or management team.

The report identifies the importance of ensuring that the board, management team and investment committee agree on the purpose and value of listening to the beneficiary voice. The engagement of those with lived experience must create value for them. Those involved in person centred approaches must be safeguarded and developed through the process. Representation of all lived experience perspectives is a challenge. Sharing power with beneficiaries is and will remain a challenge.

The influence of the “Nothing About Us Without Us” can be seen in the design and development of a range of new funds including The Pathway Fund, Flexible Finance for the Recovery and Cost of Living Social Investment Support Fund and the Growth Impact Fund.



Three organisations delivered a strategic impact beyond the terms of their projects;

- **The Young Foundation's project on User Voice** is covered in the case study above. User Voice is now a core element in the development of new social investment funds and in the work of the Diversity Forum.
- **Social Business International's E3M Collective Impact project** worked with a wide range of stakeholders, including local authorities, social enterprise leaders and social investors. Gainsborough was supported in the Local Access pre-application phase by Social Business International through the E3M Alchemy programme, in partnership with Stone King, Numbers for Good, The Change Coefficient, Catch 22, Oldham, Rotherham and West Lindsey Councils. The programme facilitated partnership development, collaboration, co-design and the identification of specific interventions.
- **Key Fund's Connect to Invest project** in 2018 was an early project that identified the trust deficit between social investors and the VCSE sector. "Borrowing in the Wild", produced by Adrian Ashton, carried out a desk review of reports on barriers to investment in rural areas. Lincolnshire Community Foundation, VONNE and Cumbria Social Investment Partnership then interviewed VCSE organisations in Lincolnshire, Northumbria and Cumbria to provide further evidence. The final report provided important evidence of the work needed to engender trust in the sector.

Hatch Enterprise was one of the founding members of the Collective Leadership Group, bringing together, organisations that deliver community-based entrepreneurship programmes. The group has over 45 members, including Unltd, School for Social Entrepreneurs and The Young Foundation. The project delivered:

- 25 peer engagement and expert-led events;
- 3 task forces working on;
 - group strategy and ways of working;
 - embedding DEI practices and building a collective voice;
 - developing a website, newsletter and members' database;
- enabling more than 15 member collaborations.

Locality's The Future of Assets and Enterprise project was a strong piece of research on the experience of their member organisations since Covid-19, an assessment of the challenges facing the organisations, identification of barriers to accessing social investment, practical guidance on community enterprise business models and 10 key lessons for community organisations.

Wessex Community Assets' Building Community Assets project worked with SWIG Finance, Devon New Economy Institute and the School for Social Entrepreneurs to support community economic development projects. The intended business model was that a charge on successful community share offers would fund future technical advice. While this model was found not to be viable, the project is now embedded as a core service of WCA, providing infrastructural support in a rural region.

Wolverhampton VCSE Investing in Social Enterprise aimed to raise awareness of social investment, based on feedback that groups/organisations were both reticent and not ready for social investment. The project then focused on developing entrepreneurialism, understanding finance and developing an investment proposition. Two Community Interest Companies were supported to secure Access Reach fund grants for social investment application support. The organisation still provides advice, support and links to social investors.



New Leaf New Life Business Solutions: The Lived Experience Recovery Toolkit brought together a group of women from a range of ethnic, social, economic and social sector backgrounds to bring new perspectives on social investment and the impact of Covid-19. NLNL gained confidence to develop lived experience products and services for the investment marketplace.

CERT's Social Business Knowledge Hubs project produced a series of business factsheet style resources to enable infrastructure organisations to support the development of new health and social care services and social enterprises. On advice from Connect Fund staff, new materials including an outline business plan and explanatory notes were produced for less experienced social entrepreneurs. Covid-19 had an impact on the project, particularly on finding the right time to release products. The materials are still available on the CERT website.

VOSCUR's 2020 South West Social Invest project, working with Bristol & Bath Regional Capital, delivered a fast-track programme to 8 leaders from 6 organisations. It also delivered 7 bespoke consultancy projects, where the focus was on surviving Covid-19, rather than social investment. This was agreed with Connect Fund.

Eastside Consulting Ltd.'s project was Investment Plus – Making Social Investment Go Further. It worked with Social and Sustainable Capital to test an approach to providing post-investment support to investees, which could be funded from improved investment outcomes, lower transaction costs and investment outcomes. The project struggled with lack of capacity of investees to engage with the programme. Neither investors nor investees were found to have the resources to purchase capacity-building support.

Four of the projects funded work with little or no social investment engagement. One project was an interesting exploration of social investor opportunities within a sector but had limited impact. Two projects were based on partnership working and engagement but did not work out as expected. Another project helped to stabilise an infrastructure organisation but delivered limited impact. Two projects delivered in succession by one organisation did not deliver social investment impact.

The successful projects are characterised by:

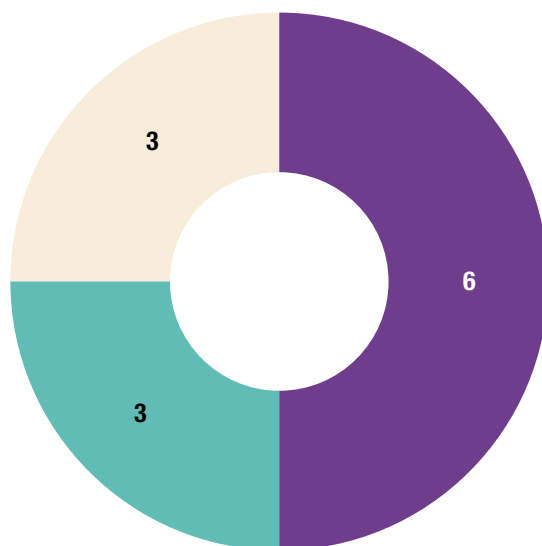
- A clear synergy between the strategic priorities shared by the applicants and the Connect Fund;
- Convening and managing collaborations at different levels, as appropriate to the strategic focus of the applicants. This might include engagement with partners on some or all of:
 - public/lived experience;
 - VCSE infrastructure;
 - social investment infrastructure;
 - funding and investment infrastructure;
 - policy development and implementation.
- Pre-existing relationships of trust with partners, which enable changes to the plan when circumstances change;
- Clear reporting on the project objective, activities, outcomes and impact.



3.1.1 NETWORKS SOCIAL INVESTMENT INTERMEDIARIES CONNECT THROUGH PARTNERSHIPS, TOOLS, RESOURCES AND LEARNING; COLLABORATION WITHIN THE SOCIAL INVESTMENT MARKET

11¹⁴ organisations were funded in this category, the first in December 2017 and the last in September 2022.

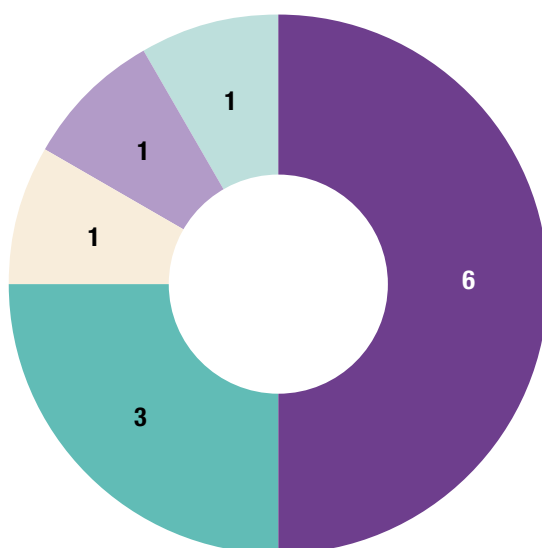
Organisation Type



● SI Intermediaries ● Infrastructure ● PLC

4 social investment intermediaries were funded, 2 of whom received 2 grants; 6 grants in total. 3 infrastructure organisations and 3 PLCs.

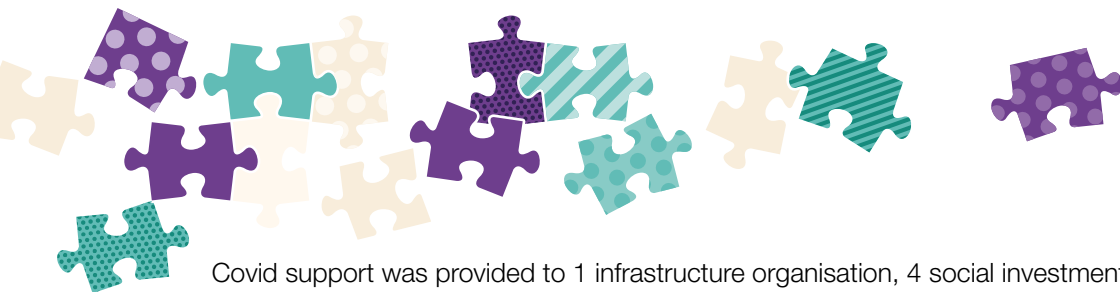
Project Focus



● Emergency Support ● EDI ● Learning ● Infrastructure ● Service Improvement

6 grants provided support during Covid-19. 3 projects were for EDI work, 1 for learning, 1 for infrastructure and 1 for service improvement.

¹⁴ 1 project received Covid funding because it provided strategic services for the sector, so is counted in this category, although the funding related to service delivery.



Covid support was provided to 1 infrastructure organisation, 4 social investment intermediaries¹⁵, and 1 key service provider to the sector. 2 EDI projects were delivered by a social investment intermediary and 1 by a PLC. The learning project was delivered by a PLC. The infrastructure project was delivered by an infrastructure organisation.

The Social Investment Consultancy was funded to manage the development of Women in Social Finance, a membership support network for female practitioners working in investing, inclusive finance, sustainable finance and leadership in social finance. The project delivered a planning and strategy review, improved their use of technology, developed membership support and training and supported diversity in other networks.

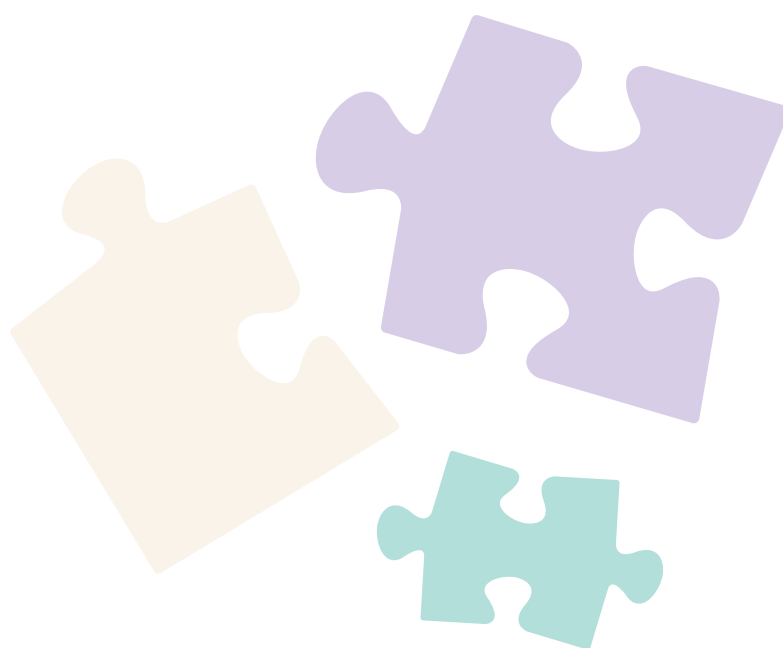
The Community Shares Company developed 2 online courses for community groups interested in using community shares offers to fund their community business. The 2 courses were a Virtual Workshop introduction to community shares and a masterclass series to take participants through the share offer process. The project was managed by Dave Boyle, a very experienced CEO and consultant in the community ownership sector. Although the project over-ran on time and budget, the quality and content of the courses was good. However, the online classes had very limited take-up, with low co-operation from the co-operative sector.

The Social Investment Forum, initially managed by Social Enterprise UK, provided a forum for social investment intermediaries to collaborate on shared issues and opportunities. It was relaunched in 2020, with Social Investment Business as secretariat and a Chair and Steering Committee.

Social Investment Business Diversity Forum is covered in the case study in a case study in section 7.1.2.

Social Enterprise UK: SI Performance Data Exchange was an early project in Jan 2018, aimed at identifying and standardising key data. It was followed by Social Investment Business projects including Data Hub & Exchange in May 2019 and the Diversity Forum's EDI Data for the Sector with Shift Design, who developed the EDI Toolkit for social investors.

Social Investment Business's Equality Impact Investing Project Phase 2 is covered as part of the case study on EII projects in section 7.1.3.



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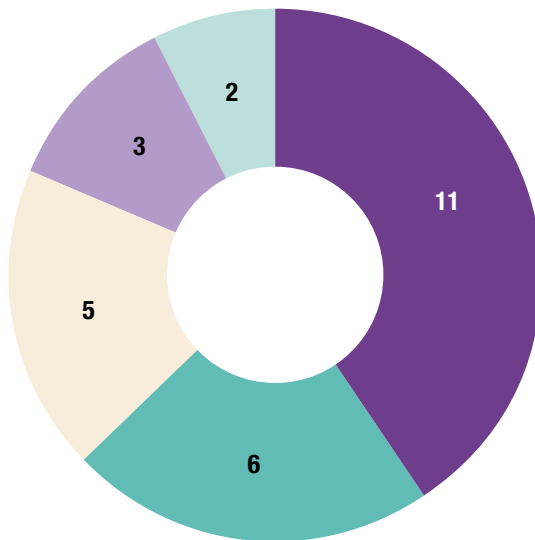
¹⁵ 1 social investment intermediary received 2 grants.



4.1.1 MARKET EFFICIENCY, SECTOR RESILIENCE MORE EFFICIENT MARKET FUNCTIONING AND MORE RESILIENT VCSE AND SOCIAL INVESTMENT SECTOR; INVESTORS ABLE TO PROVIDE MORE TAILORED AND APPROPRIATE FINANCE MORE EFFICIENTLY

28 organisations were funded in this category, the first in January 2018 and the last in January 2024.

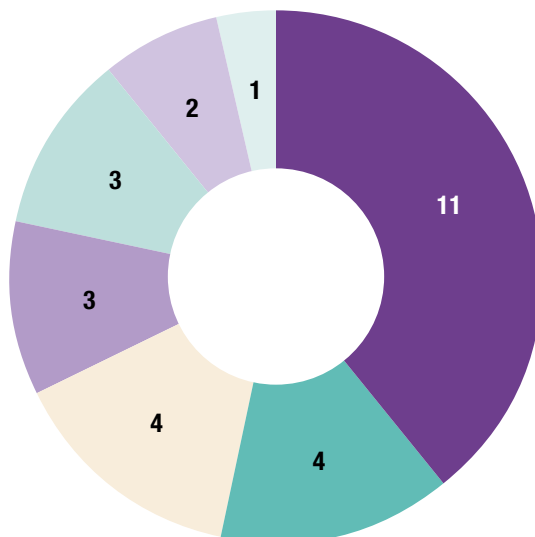
Organisation Type



● Infrastructure ● SI Intermediary ● Charity ● PLC ● Mutual

11 infrastructure organisations were funded, 6 social investment intermediaries, 5 charities, 3 PLCs and 2 mutuals.

Project Focus



● Infrastructure Support ● Network ● Innovation ● Learning ● Service Improvement ● Flow of Funds ● EDI

11 projects focused on infrastructure support, 4 each on networks and innovation, 3 each on learning and service improvement, 2 on flow of funds and 1 on EDI. The infrastructure projects were delivered by 7 infrastructure organisations and 1 PLC, 2 PLCs and 1 social investment intermediary. The networks projects were delivered by a charity, a social investment intermediary, a mutual and an infrastructure organisation. The innovation projects were delivered by 2 social investment intermediaries, a charity and a PLC. The service improvement projects were delivered by an infrastructure organisation, a social investment intermediary and a charity.



The ‘learning’ projects were delivered by a mutual and 2 charities. The ‘flow of funds’ projects were delivered by an infrastructure organisation and social investment intermediary. The EDI project was delivered by an infrastructure organisation.

CASE STUDY

BIG ISSUE INVEST: DETAILED FIRST PRINCIPLES FINANCIAL MODELLING

Big Issue Invest received a grant of £19,800 to fund the production of detailed first principles modelling of their business model. Social investment Intermediaries (SII) invest funds received from other sources, including investment funds, public funding, charitable trusts and others.

The funds are invested for a time-limited period and then returned to the investors. This places social investment intermediaries on a treadmill, receiving income only while funds are “live” and constantly searching for investment for the next fund. Delays in receiving sign-off on the investment and changes in the terms and conditions can lead to the loss of skilled and experienced staff and difficulties in replacing them. The power relationship between social investment intermediaries and investors is strongly in favour of the investors.

It is also important to understand that the SII sector is still young and the last 20 years have been spent establishing new organisations, building skills and systems, developing relationships of trust with investors, charitable trusts and foundations and public sector organisations. In parallel, they needed to learn from and develop relationships with the VCSE sector, which had reasons to mistrust the concept of debt and investment. These were huge challenges and required great commitment and resilience, as well as a unique mix of financial, entrepreneurial and VCSE experiences.

The SIIs are mostly sub-scale and must grow significantly to be able to attract institutional investors, who will generally invest in larger tranches and smaller proportions of the overall fund. Big Issue Invest commissioned an experienced financial modeller, previously employed by Big Society Capital. The modelling enables Big Issue Invest to move away from taking unfavourable investment terms and conditions to survive. Growth Impact Fund, Social Impact Debt Fund IV as well as Big Issue Invest’s direct lending facility were the 3 funds modelled. The models allowed BII to demonstrate, in the “language” of investors, how each of three operate and what conditions and returns will allow BII to survive and thrive.

Big Issue Invest CEO, Danyal Sattar, assessed the impact of the project as transformational in terms of engagement with potential investors. It was also very helpful with institution-building. However, the process can still be long, tortuous and unpredictable. Investors have changed the terms of business late in the process, including cutting fees on which the SIIs rely to fund their operations. More work is needed to make the process of raising appropriate investment, for SIIs with a proven track record of impact, from a disparate range of social investors, more efficient, effective and equitable for all concerned.

A sector-level engagement with the investors might be helpful in mitigating the power imbalance between social investment intermediaries and their investors. This might be facilitated by the development of standards on relationships with VCSE organisations, which would then need to be reflected in the treatment of intermediaries by social investors.



CERT Gearing Up: CERT has been an important infrastructure organisation for the social economy in Lincolnshire, Yorkshire & Humber and has received 3 grants during the period of the Connect Fund. This project worked with Key Fund to equip organisations with the skills to produce investable propositions. It used its contacts to set up “seeing is believing” visits for participants, as well as technical support. In attempting to refer participants to social investment advisors, they identified key gaps in provision that are hampering social investment and developed a plan, funded by the People’s Postcode Lottery, to address the deficit.

Data Projects: Data Services Co-operative: Sharing SI Data/ Social Enterprise UK: Social Investment Performance Data Exchange. Key partners included Power to Change, Key Fund, The Community Shares Unit and the Social Investment Forum. Social Investment Business then took over the management of data projects for the sector. The next project, Data Hub and Exchange rapidly improved the availability and use of standardised data in the sector, in response to Covid-19, and widened the scope of data analysis. This phase of data development helped to unlock £30m of dormant accounts funding for Access. It produced sales transaction data to demonstrate the economic effect of Covid-19 on local communities. It produced consistent data for Covid-19 collection and integrated Covid-19 data questions in Recover Funds with Power to Change, the Resilience and Loan Recovery Fund with Big Society Capital and the Youth Endowment Fund Covid-19 Grant Round.

Bristol & Bath Regional Capital: Gateway to Social Investment was an early collaboration between Voscur, a VCSE infrastructure organisation and a social investment intermediary in the South West. Organisations gained practical skills in trading, social investment and longer-term business planning and strategic sustainability. The project led into longer-term collaboration on City Funds, Local Access and the VCSE Recovery Strategy. The project ran from November 2019 and was extended to March 2021, due to Covid-19 delays.

Sumerian: Learning Platform for Venture Philanthropy and Disseminating Learning from Philanthropic Capital. The first project developed a learning platform for venture philanthropy, (providing enterprise development support with patient capital), with training modules, a Venture Philanthropy operations manual and tools. The five training modules were tested with Guys and St Thomas’ Trust Charity. The second project built on expressions of interest from other trusts and foundations, using an open-source learning platform to host standards, templates, information and training tools for open-source dissemination. Feedback from Guys and St Thomas, Comic Relief, Dunhill Medical Trust, On Purpose and Vital Foundation led to a concentration on development of 4 case studies.

Big Issue Invest: Innovation Engine BII was able to develop an effective product development process, useful to identify opportunities for the business and the sector and to integrate the experiences of beneficiaries into the product development process.

Active Gloucestershire, Gloucestershire SI for Sport: AG worked with Resonance to explore the potential for social investment in sport and social activity. The organisation offers social investment support for sport and physical activity organisations. It worked with Gloucestershire Funders and the county Playing Pitch Strategy Group and engaged with 28 organisations. Social investment remains a priority for the organisation, delivering a positive social impact while providing unrestricted earnings. Investees include Sofab Sport, Gloucester.



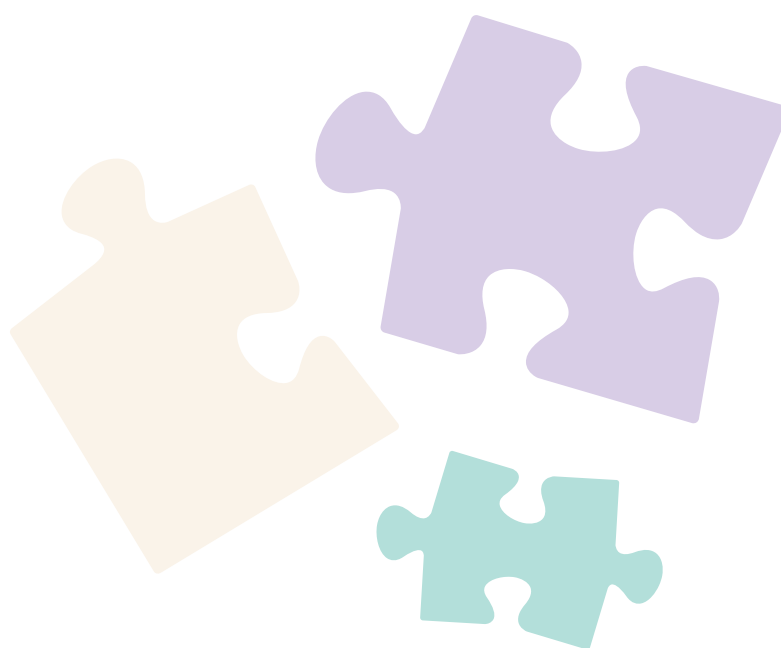
Beacon Fellowship Charitable Trust individual Catalytic Capital Commission: This project set up a commission to explore the reasons for the lack of capital from High Net Worth (HNW) individuals into social impact start-ups and propose actions to grow impact investing from HNW individuals. The project reported to the All-Party Parliamentary Group on Philanthropy and Social Investment in 2022. The final report was launched in 2022 with speakers including Sir Harvey McGrath, former Chair, Better Society Capital, Lyn Tomlinson, Cazenove Capital and Matthew Bowcock, Beacon Collaborative. The report made recommendations, including:

- Accessible courses for advisors and HNWIs;
- Networks and events to attract, retain and support HNW impact investors;
- Professional accreditation for HNWI financial advisors in impact investing advice;
- A requirement for advisors to establish their HNW clients' values and appetite for impact investment.

Diversity Forum: EDI Data for the Sector. The Diversity Forum's project on EDI data brought together social enterprise leaders and social investors to simplify data collection on diversity characteristics. It used a design thinking approach to prototype the system and worked with Shift Design to publish the EDI Toolkit. This has provided a more practical way to research and report on their annual EDI goals. The kit recommends:

- Assembling an EDI working group;
- Assess EDI against the 7 principles of the Diversity Manifesto;
- EDI action planning;
- Report back to the Diversity Forum.

The action planning template is a useful guide and reporting mechanism to keep the process moving. Overall, the project has significantly advanced the practicality of EDI planning and reporting. However, the initiative struggled to achieve positive engagement with social enterprises. VCSE organisations need to see the benefits of monitoring, reporting, sharing information and strategizing on the basis of their research.





CASE STUDY

HOMELESS LINK: SOCIAL INVESTMENT MANAGEMENT PLATFORM

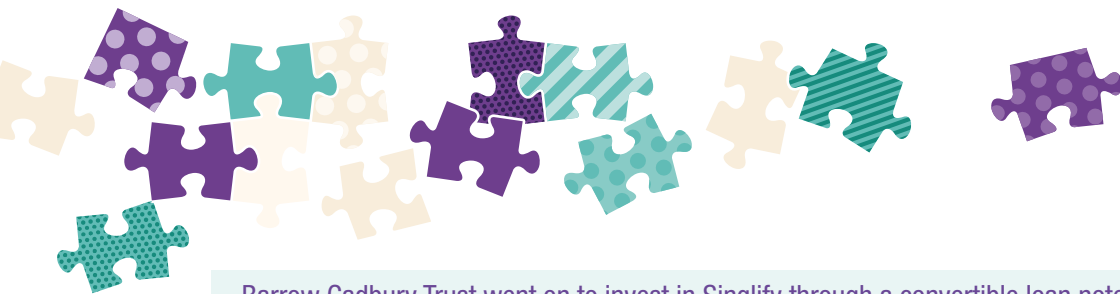
Homeless Link, a new social investment intermediary, was funded to the amount of £9,900 for a short feasibility study to test the market for the development of a management information product for social investment finance intermediaries (SIFIs). HL believed that there was no single platform/software product to meet the need of fund managers to manage applications, assessments, decisions, due diligence, ‘Know Your Customer’ regulations, payment, repayments, credit control, monitoring and impact report.

Social investment and grant-making organisations were dissatisfied with their existing systems and data infrastructure but found that the available “off the shelf” solutions were inadequate. The cost of custom building and maintaining their own solutions was unaffordable. The sector was too niche to interest commercial developers and investors but large enough to support a non-profit-maximising social enterprise.

Homeless Link could see the need for a system and commissioned Maarten Rooney, who had the skills and experience, particularly with Salesforce, to carry out the feasibility study. Letters of intent were provided by Homeless Link and Rewilding Europe, a Dutch charity, which gave enough confidence to proceed with the feasibility study. Resonance, Homeless Link Greater Manchester Social Investment, Key Fund, Devon Community Foundation, SIB Group, Unltd, Conservation Capital, Joseph Rowntree Foundation, Social Investment Forum, Big Issues Invest and First Ark were interviewed for the study.

The feasibility study work provided an estimate of 30 SIFIs in the UK in 2018. Most SIFIs were using low-cost multi-system solutions to manage their data flows. Frustrations included poor communication between systems, inadequate loan management systems, inefficiency in communicating with clients and in reporting and inability to use data to get better insights. There was a strong interest in better data management solutions. There was also a potential market in CDFIs and in the international MFI market. Homeless Link also connected with the Connect Fund data sharing projects and agreed that metrics and data models emerging from those projects could and should be embedded in the platform. Social investment wholesalers agreed strongly that there was a difficulty in collecting standardised and shared data and a solution would make it easier to aggregate data to fund level.

Singlify, as the system was named, was configured specifically for ethical lenders and is integrated with specialised customer engagement and decisioning solutions. It is built on the Salesforce technology platform, benefitting from Salesforce annual R&D investment. The system now supports more than 20 customers including Homeless Link, Resonance, Unltd, Sporting Assets, Social Investment Business, WCVA, GMCVO, Social and Sustainable Capital and Key Fund. In addition, CDFIs and MFIs using the system include SWIG Finance, Action France Initiative, Community Finance Assadaqaat, Microstart, Microlux and Qredits. Singlify is now moving into the UK credit union sector, with investment support from Fair4All Finance.



Barrow Cadbury Trust went on to invest in Singlify through a convertible loan note, later converted to equity. This was an innovative development for the Trust, as Singlify was a private company without an asset lock. This was to allow for further investment and growth. The issue of private benefit was very carefully considered. The investment was later converted to equity.

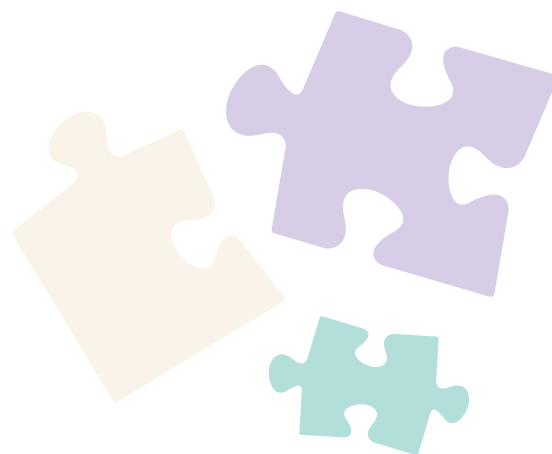
The social investment sector in the UK now has a modern core banking, loan origination and CRM solution at an affordable price. As Singlify is successful in reaching more ethical lenders in and beyond the UK, it can improve operational efficiency and flexibility, control of data and better impact reporting.

Co-operative & Community Finance: Support Social Investment with Back Office Solutions. C&CF, founded in 1973, is the oldest CDFI in the UK and used its experience to provide back-office services to other organisations. It has been running on a legacy Excel-based system that was not fit-for-purpose. They needed support to migrate to a new system, that would also permit the organisation to grow its back-office service business and strengthen its sustainability. While the migration project had difficulties and ran a year over plan, that delay was unsurprising, particularly as it was impacted by Covid-19. The new system has improved functionality, consolidated processes and can take a loan through an end-to-end journey on the one system with the data held in one place. CCF is now pitching its services to new clients across its networks.

Key Fund Investments Limited: Energy Resilience Fund Grant Scheme. The project provides grants of up to £10,000 for 10–20 to allow them to stabilise and reduce their energy costs with green retrofitting. The cost of the installation could be funded by social investors including Key Fund, Architectural Heritage Fund, Big Issue Invest, Charity Bank and Social Investment Business. The project was delayed by the time taken to raise funds for the £5m Pilot Energy Resilience Fund and demand has been slow, as the energy price shock has subsided.

Equal Care Co-op: Care Shares Legal Framework: Equal Care is a platform social care co-operative that helps older and disabled people to build their own Team including family, paid workers and volunteers who are all members of the Co-op. It intends to design a transferable share offer that could widen investor participation in co-operatives and social enterprise. Co-operative withdrawable shares are illiquid and offer low rates of return. There is no market or route to buy or sell shares.

Projects did not deliver for reasons common to previous impact areas, including departure of key staff, need for longer term engagement, lack of financial preparedness in terms of financial resilience, business planning and strategic development and failure to obtain buy in from key stakeholders.





CASE STUDY

THE GATHERINGS

DARTINGTON 2014, LEICESTER 2019; LEICESTER 2023

The Gatherings were a series of events organised to bring together the social investment sector, to build networks for collaboration, listen to new voices, raise sector challenges, identify market gaps and propose solutions for the sector.

The first Gathering event was not a Connect Fund event, although The Social Investment Consultancy's Connect Fund grant enabled TSIC's CEO to act as project manager. It was delivered in **February 2017 at Dartington Hall, Totnes, Devon** by a steering group of social investment leaders (Danyal Sattar, Camilla Parke, Holly Piper and Whitney Thomas). It was organised to build better relationships and collaborate to develop real-world outcomes to challenges in the sector. One hundred and thirty attendees participated in 20 workshops and a range of challenges proposed and led by participants to work together to tackle big issues.

The Gathering was funded and organised by Barrow Cadbury and the Connect Fund and aimed to develop collaborative solutions for the UK social investment market. It was held in **Leicester, 11–12 March 2019** which was a much more accessible location for social investors, especially those from outside London and those with disabilities. The key themes were:

- Connecting to the Social Sector;
- Prioritising Impact;
- Building the Market;
- Future Gazing and Future Shaping.

The Gathering highlighted the need to connect to the social sector, involving people, projects, places and public and private sector organisations. The attendance supported this commitment in a way which was rare in the social investment sector. 52% of attendees were directly engaged in social investment and 37% came from the CSE sector. The Gathering went on to stimulate a range of Connect Fund projects learning from and listening to charities and social enterprises.

LEARNING

Key issues identified and progressed at and after the event included:

- Inflexible, impatient finance;
- Barriers to entry for new voices in the sector;
- Failure to engage with the social sector regionally and locally and to understand the importance of place and building relationships;
- Lack of diversity within the social investment sector and structural inequality in access to finance;
- Move away from investment readiness to focus on enterprise development to build sustainable and resilient organisations;
- Structural inequality and discrimination in the social investment sector in boards, investment committees, staff teams, infrastructure, places and beneficiaries;
- Encouragement of “bold commissioners” of public services to achieve better outcomes for end users;
- Opportunities to democratise the social investment sector.



The final Gathering organised and funded by Barrow Cadbury Trust and the Connect Fund was held in Leicester in October 2023, bringing together 130 of the UK's most active participants in social investment. The themes of the event were:

- **Money & Power;**
- **Doing the Work;**
- **Future Thinking.**

Money & Power

Speakers highlighted the impact of the shape and nature of wholesale funding on finance for the VCSE sector, the challenges of supporting organisations to adapt to climate change while still delivering impact and difficulties in surviving the cost of living crisis. Data collection, analysis and presentation is crucial in making the case for VCSE support and resources. Reconstructing risk reviewed real deals to uncover how risk is perceived in the sector. Opportunities to bring place-based investment to the next stage were presented. A presentation on the Equalising Deal Terms project discussed how to address risk in more equitable and inclusive ways. Participatory investment is being trialled by a number of organisations.

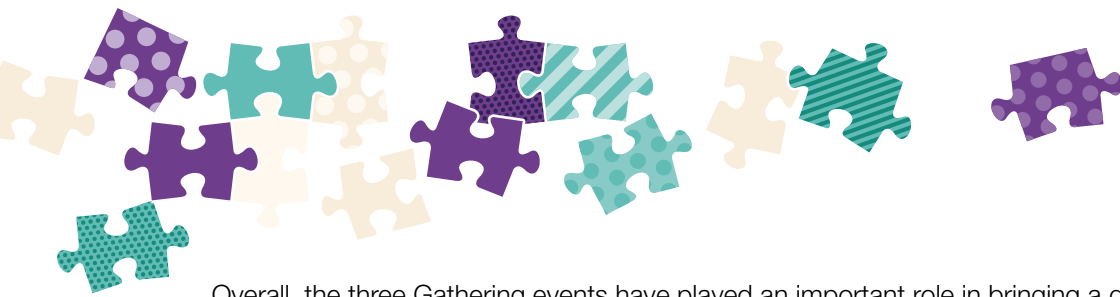
Doing the Work

A presentation on reimagining health and social care considered co-design and testing of new investment responses to unmet needs in health and social care. The use of different approaches to subsidy through blended finance shared experience on using guarantees, dormant assets and grant support. Investors shared their experiences of learning through failures. The sector could benefit from the collective intelligence of international best practice and sharing resources and capacity. Are products designed to meet the needs of the market for patient capital and low interest rates? Are there exit risks in moving to more blended and equity-like structures?

Future Thinking

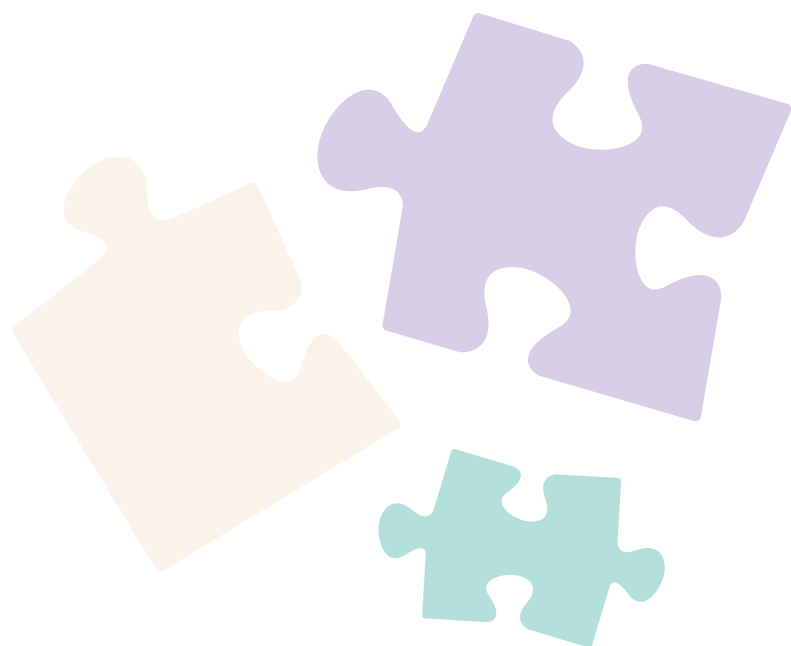
Social investment faces challenges in reaching disadvantaged and under-represented communities. There are opportunities in types of finance (community shares), adaptation of products (e.g. Sharia-compliant products) and “roots-up” support. Trusts and foundations can take an impact-conscious approach to investment activity. What are the opportunities to influence a new government in the UK?

The event was particularly valued for networking opportunities, making new connections, getting to know the sector better and experiencing the diversity and representation from across the sector. More focus on funding needs, gaps in current provision and an opportunity for entrepreneurs and investors to co-design solutions would have been beneficial. Senior speakers from government, policy makers and investors would have been welcome, as would more input about big challenges such as migration, climate change and populism.



Overall, the three Gathering events have played an important role in bringing a diverse sector together, identifying key issues at different stages of development and collaborating on solutions. The impact of the events can be seen in action on:

KEY ISSUES	SELECTED ACTION
Flexible, patient finance	Learning from diversity projects, Key Fund's Connect to Invest, Vonne, BSWN, SSE projects
Barriers to entry for new voices in the sector	Engagement with organisations including BSWN, Voice4Change, Do It Now Now, VONNE and LCF
Engaging with the social sector	Attendance by many regional and local networks that went on to apply for funding
Understanding the importance of place	Grants to organisations that went on to participate in Local Access and UKCF project
Lack of diversity & structural inequality	Range of projects funded on EDI including Women in Social Finance, Diversity Forum, EIP and Young Foundation
Focus on enterprise development	All six Local Access places were CF grantees, Homeless Link and Groundwork were both funded by CF before joining the Enterprise Development Partnership





ANNEX 4

ALL PROJECTS LIST BY IMPACT, OUTCOMES, OUTPUTS

**FLOWS // Outcomes: Investment flows to all parts of the VCSE sector that could benefit:
Output: Open, fair and transparent access.**

ORGANISATION	PROJECT	AMOUNT	START DATE
London Fields	Pioneers Post Punch-up	£60,000	01/01/2018
Northern Social Investment Group Ltd.	Social Equity Associates	£60,000	01/01/2018
VONNE NE	Investing for social impact	£40,000	02/04/2018
Medway Voluntary Action	Social Investment Champion	£21,000	11/06/2018
Key Fund	Plain Language	£25,000	17/02/2020
Sumerian Foundation	Intentional Impact Product – UK Asset Manager	£20,000	14/11/2020
Big Issue Invest	Inclusive Social Investment	£30,000	01/12/2022
Social Enterprise UK	Socio-economic privilege and social investment	£47,250	06/01/2023
Public Service Lab	LA Socially Investing M & C	£52,900	01/08/2023
Social Finance	De-mystifying SI through power sharing	£64,500	21/08/2023
New Philanthropy Capital	Scaling patient and flexible capital	£10,000	30/11/2023



FLAWS // Outcomes: Investment flows to all parts of the VCSE sector that could benefit: Better understanding of/action taken to address barriers faced by organisations led by under-represented groups in accessing SI.

ORGANISATION	PROJECT	AMOUNT	START DATE
Finance for Sustainability	Comm Partners	£60,000	01/01/2018
Black South West Network	Social Investment Connect	£59,900	01/03/2018
Voice4Change England	Shifting Gears	£44,240	01/03/2018
Consortium of LGBT VCOs	Sustainable LGBT Futures	£50,000	01/06/2018
Exeter CVS	SIMPL	£40,000	04/06/2018
GMCVO	Connecting BME Entrepreneurs 1	£24,300	04/06/2018
Peterborough CVS	Invest 4 Good	£21,000	02/07/2018
Birmingham VCS	Accessible Social Investment for Birmingham	£50,000	03/09/2018
The Good Economy Partnership Limited	Fastfeedbk Feasibility Study	£10,000	06/02/2019
Torbay CD Trust	SIMPL 2.0	£30,000	21/11/2019
Colab Exeter	SIMPL 2.0	£30,000	22/11/2019
Plymouth	SIMPL 2.0	£30,000	22/11/2019
Consortium of LGBT Voluntary and Community Organisations	Sustainable LGBT Futures 2	£30,000	28/02/2020
Peterborough CVS	Invest 4 Good Peterborough & Wider Cambridgeshire Part 2	£30,000	01/04/2020
Social Investment Business	Diversity Forum – Phase 3	£60,000	03/01/2021
Social Investment Business	The Diversity Forum	£120,000	09/01/2022
Social Investment Business	Create Equity Accelerator Programme	£60,000	16/11/2022
Big Society Capital	Good Finance – Addressing Imbalance Live	£30,000	30/06/2022
Bath Spa University & 3SG	Bath Social Impact Network	£32,000	23/02/2023
SEI Community Consultants	For Business Sake	£58,500	01/03/2023
Barking & Dagenham Giving and The Curiosity Society	Democratic Money	£83,500	01/04/2023
Community Action Hampshire	Investment Ready	£29,400	01/04/2023
Repowering London	Challenging power with community energy	£49,900	01/09/2023



FLows // Outcomes: Investment flows to all parts of the VCSE sector that could benefit: Investment flows particularly to organisations led by under-represented groups.

ORGANISATION	PROJECT	AMOUNT	START DATE
Dartington Hall	Equality impact Investing Project Ph1	£29,525	01/01/2018
Lincolnshire CF	On An Equal Footing SI for all	£34,700	01/04/2018
Social Investment Business	Equality Impact Investing Project Phase 2	£30,000	19/08/2019
GMCVO	Connecting GM BME entrepreneurs to social investment 2	£30,000	01/09/2019
Social Investment Business	Equality Impact Investing Project – Phase 3	£60,000	21/09/2020
Shift Foundation	Shift/BII/UnLtd New Fund – Feasibility Study	£19,500	15/11/2020
Greater Manchester Centre for Voluntary Organisation	A Sustainable GM BAME Social Enterprise Network	£59,800	03/01/2021
Co-operatives UK	Developing & Enabling Shariah Compliant Community Shares	£30,000	20/02/2021
Social Investment Business	Equality Impact Investing Project 2021–2023	£120,000	10/04/2021
Social Investment Business	Equalising Deal Terms	£28,920	07/01/2022
Greater Manchester Centre for Voluntary Organisations	BASE Network	£29,600	01/05/2022
Social Tech Trust	Social Tech Ventures	£39,260	01/06/2022
DINN ENTERPRISE CIC	Delivering finance to Black led orgs through new means	£60,000	30/09/2022
Voice4Change England	Embedding Racial Justice in Public Markets Research	£30,000	24/10/2022
The School for Social Entrepreneurs	Match Trading for better EDI outcomes	£58,400	16/11/2022
Shift Foundation	Impact Custodian IC Pilot	£86,600	01/05/2023
Lincolnshire Voluntary Engagement Team CIC	Lincolnshire Peer Networks Leadership Programme	£32,500	01/07/2023
GMCVO	Embedding EDIB within GMCVO	£35,240	01/08/2023
The Ubele Initiative CIC	Diversity, community-owned businesses & Community Shares	£29,600	04/09/2023
Social Investment Business	Diversity Forum: EDI Data for the Sector	£60,000	01/11/2023
Black Brilliance – Demystifying Social Investment	Business Under Development	£10,000	30/11/2023
UnLtd regranted to Shift Design	EDI Toolkit Phase 2: Social Investor Rollout	£35,000	18/12/2023



FLAWS // Outcomes: Investment flows to all parts of the VCSE sector that could benefit: Board and investment committee diversity.

ORGANISATION	PROJECT	AMOUNT	START DATE
The Social Investment Consultancy	Improving Social Investment Diversity and Inclusion	£55,100	01/01/2018

BRIDGES // Outcomes: Voluntary sector infrastructure and the social investment market connected and influencing each other: Funders and investors more responsive to needs in the VCSE sector.

ORGANISATION	PROJECT	AMOUNT	START DATE
Social Spider CIC	Social Investment Intelligence Network (SIIN)	£33,000	01/01/2018
Yorkshire & Humber School for Social Entrepreneurs	Market Making for Social Investment	£15,000	01/03/2018
The Royal Society for Public Health	SI Demo Fund for Birmingham	£25,000	01/01/2019
CERT	Social Enterprise Humber	£30,000	23/10/2019
Bubble Chamber GMS CIC	Patient Capital Fund Development Research	£10,000	15/12/2020
Big Issue Invest	Impact Investing Reconnecting to the Crowd	£28,000	08/02/2021
Sheffield Social Enterprise Network CIC	Peer Networks to Support Market Building Sheffield	£37,400	02/01/2023
Kindred	Hands on Help	£50,000	20/02/2023
Sustain	Good Food Enterprise	£80,800	28/02/2023
Plymouth SEN	Building Bridges & Pathways	£30,000	01/03/2023
Social Enterprise Kent CIC	Kent and Medway Peer Networks	£27,673	01/03/2023
New Leaf New Life	Connect to Invest	£41,000	01/06/2023
Crowdfunder	Financial Passport	£65,000	24/07/2023
EIRIS Foundation	Social Investment in Charity Pooled Funds	£10,000	14/02/2024
A Security Trustee suitable for Social Investors	I FOR CHANGE LTD	£10,000	19/02/2024



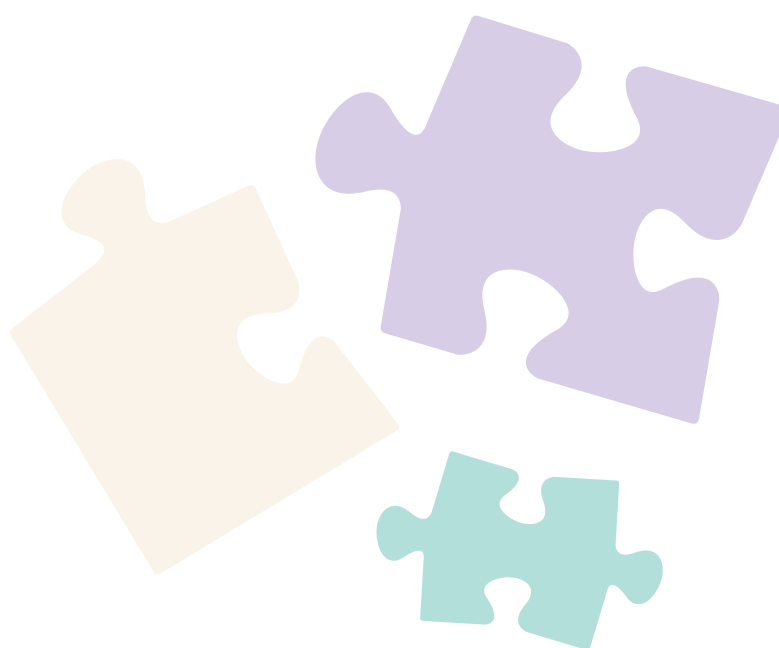
BRIDGES // Outcomes: Voluntary sector infrastructure and the social investment market connected and influencing each other: Collaboration between CSE infrastructure and social investment intermediaries, connecting the infrastructure to the market.

ORGANISATION	PROJECT	AMOUNT	START DATE
Community Development Finance Association	Growing Our Potential	£60,300	01/01/2018
Eastside Consulting	Investment Plus	£59,750	01/01/2018
Key Fund	Connect to Invest	£50,000	01/01/2018
Locality	Knowledge_Skills for SI and E	£60,000	01/01/2018
Social Business International	E3M Collective Impact	£40,000	01/02/2018
UK Community Foundations	SI Pilot for CFs	£50,000	01/04/2018
Wessex Community Assets	Building Community Assets	£42,000	07/05/2018
Plymouth VCSE	SIMPL 1	£38,600	01/06/2018
Torbay CD Trust	SIMPL	£40,000	01/06/2018
Social Enterprise East of England	Bridge to Social Investment	£31,000	01/07/2018
Wolverhampton Voluntary Sector Council	Investing in Social Enterprise	£43,200	03/09/2018
VOSCUR	VOSCUR 2020 South West Social Invest	£60,000	01/11/2018
LCCDA (CASE)	LCCDA SI for Social Business	£59,100	01/01/2019
The Young Foundation	The Young Foundation Making the Case for End User Voice in Social Investment	£10,000	23/07/2019
Social Enterprise East of England	Bridge to Social Investment Phase 2	£6,000	21/10/2019
Sortified CIC	Sensemakers Covid-19 to Recovery	£36,000	21/01/2020
New Leaf New Life Business Solutions CIC	The Lived Experience Recovery Toolkit (ALRT)	£26,000	15/11/2020
Locality	The Future of Assets and Enterprise	£30,000	09/01/2021
CERT Ltd	Social Business Knowledge Hubs	£38,000	23/02/2021
Impact Hub Kings Cross Ltd	Feeding the City: Accelerate	£40,000	02/10/2021



NETWORKS // Outcomes: SI intermediaries connected through partnerships, tools, resources and learning: Collaboration within the social investment market.

ORGANISATION	PROJECT	AMOUNT	START DATE
The Social Investment Consultancy	Amplifying the Impact of Women in Social Finance	£54,570	01/12/2017
The Community Shares Company	Community Shares e-course	£35,280	01/01/2018
Social Enterprise Coalition:	SI Forum	£30,000	08/01/2018
Social Enterprise UK:	SI Performance Data Exchange	£22,000	08/01/2018
Social Investment Business	SIB Diversity Forum	£29,000	01/09/2019
NAVCA	Funding for Covid-19 recovery	£30,000	30/02/2020
Singlify	Core support for Covid-19 recovery	£30,000	05/07/2020
Key Fund Investments Limited	Funding for Covid-19 recovery	£250,000	04/01/2021
Greater Manchester Centre for Voluntary Organisation	Funding for Covid-19 recovery	£100,000	12/01/2021
Bristol and Bath Regional Capital (BBRC)	Funding for Covid-19 recovery	£205,000	01/04/2022
Key Fund Investments Limited	Rebuilding Investment Activity	£207,000	15/09/2022



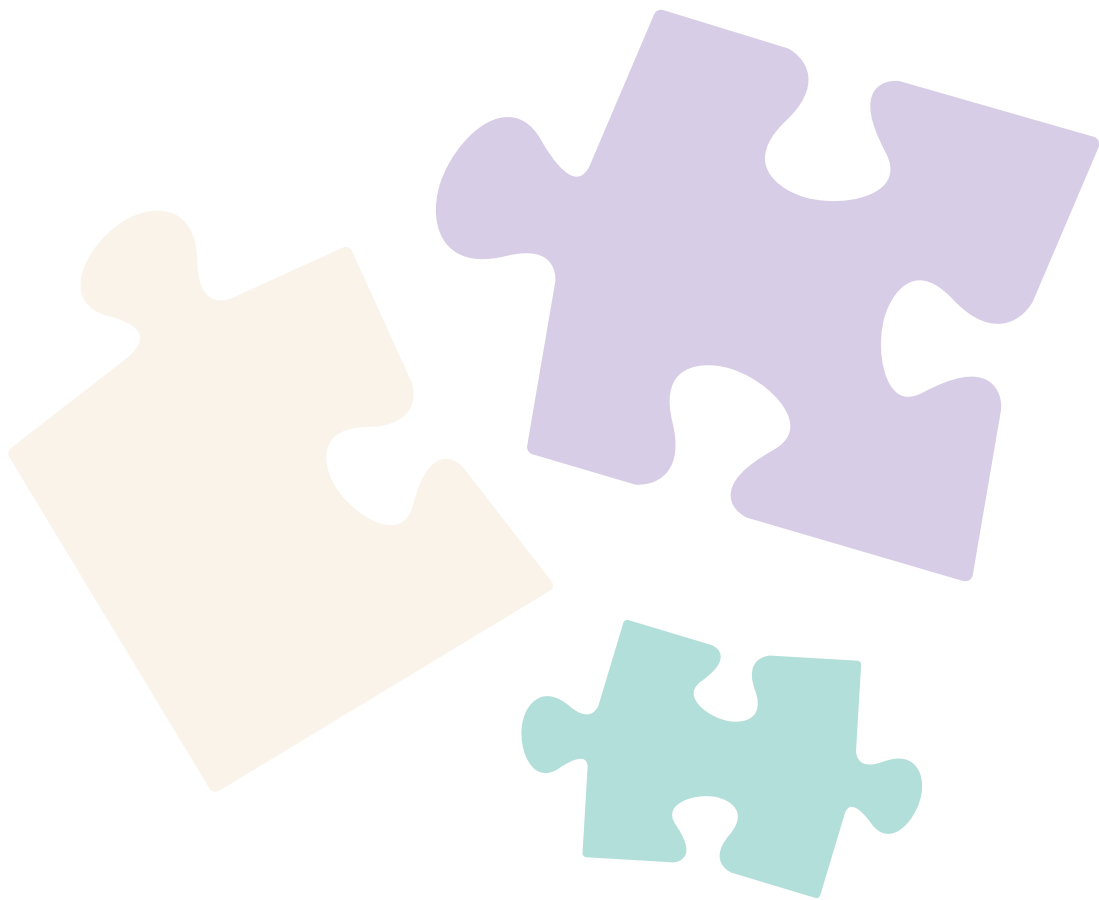


NETWORKS // More efficient market functioning and more resilient VCSE and Social Investment sector: investors able to provide more tailored and appropriate finance more efficiently CDS's able to access that finance more efficiently.

ORGANISATION	PROJECT	AMOUNT	START DATE
Co-operatives UK	Community Shares Standard Board	£20,000	01/01/2018
Homeless Link	SI Management Platform	£9,900	01/01/2018
Open Data Services Co-operative	Sharing SI Data	£30,000	08/01/2018
Liverpool CVS	Communities of Practice Project	£54,000	01/04/2018
Hastings Voluntary Action	Hastings Voluntary Action SESS	£31,650	24/05/2018
Disability Rights UK	Disabled People's Orgs & SI	£60,000	11/06/2018
CERT	Gearing Up	£39,000	01/07/2018
Groundwork South Yorkshire	SI Breakthrough	£43,200	01/07/2018
Sefton CVS	Sefton SI Development Project	£51,500	02/07/2018
Community Action Suffolk	Supporting SI in Suffolk	£60,000	01/09/2018
Bristol & Bath Regional Capital	Gateway to Social Investment	60000	01/11/2018
Sumerian	Learning Platform for Venture Philanthropy	£30,000	20/12/2018
Voluntary Action Leicestershire	Social Investment Ready Leicestershire	£18,200	14/02/2019
National Association for Voluntary and Community Action (NAVCA)	Infrastructure Social Investment Support	£58,850	28/02/2019
Social Enterprise Coalition (Social Enterprise UK)	Demand led B2B social investment feasibility study	£10,000	04/04/2019
Social Investment Business	Data Hub & Exchange	£30,000	02/05/2019
Big Issue Invest	Innovation Engine	£10,000	28/06/2019
Sumerian	Disseminating Learning fr Philanthropic Capital	£30,000	30/07/2019
London Fields Publishing	PP Enterprise Development	£30,000	01/09/2019
Finance for Sustainability	Venture Philanthropy in Ageing	£10,000	01/10/2019
Active Gloucestershire	Gloucestershire SI for Sport	£10,000	12/12/2019
Beacon Fellowship Charitable Trust	Individual Catalytic Capital Commission	£43,500	09/08/2021
Hatch Enterprise	Collective Leadership Group	£30,000	06/09/2021
Big Issue Invest	Detailed first principles financial modelling of Bill	£19,800	12/10/2021
Co-operative & Community Finance	Supporting Social Investment with Back Office Solutions	£29,700	07/01/2022
Key Fund Investments Limited	Energy Resilience Fund Grant Scheme	£100,000	16/11/2022
Equal Care Coop Ltd	Care Shares Legal Framework	£10,000	15/01/2024



ORGANISATION	PROJECT	AMOUNT	START DATE	IMPACT	OUTCOMES	OUTPUT
Barrow Cadbury Trust	The Gathering, Dartington	£1,000	19/11/2018	1 FLOWS	All	All
Barrow Cadbury Trust	The Gathering, Leicester	£17,897	12/11/2018	1 FLOWS	All	All
Barrow Cadbury Trust	The Gathering Convening 2023	£32,191	09/05/2023	1 FLOWS	All	All



Read the Summary here:
[The Connect Fund - Barrow Cadbury Trust](#)

Barrow Cadbury Trust
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