The Oversight Trust

Assets for the Common Good

Access: The Foundation for Social Investment Quadrennial Review

Final Report

15 June 2021

Contents

Summary

Overall assessment

A. Access – The Foundation for Social Investment (Access) has significant positive impact on the Charity and Social Enterprise (CSE) sector's infrastructure and investment by providing subsidy into blended capital, via intermediaries, to small CSEs and developing enterprise capacity and resilience among CSEs.

Access' activities have strong CSE sector support and are delivered through an effective agile organisation that demonstrates values and alignment with the sector.

Access' direct social impact via CSEs is significant but, given the range of inputs and difficulty of attribution, hard to aggregate. However, as a minimum, it is highly likely that:

- The direct financial injections via the Growth Fund and COVID19 emergency lending fund resulted in activity and impact that otherwise would not have happened, particularly for the most deprived communities.
- Activities under the Reach Fund and Enterprise Development Programme (and Local Access, once fully developed) enable organisations that have not previously accessed social investment to do so.

B. Within the current business model and over the next five years, Access should increase its activity and impact by:

- Securing new long-term funding of the subsidy element into blended capital, through successors to the Growth Fund, before current funds are fully committed by 2022.
- Continuing long-term funding of the other Access programmes (currently funded by the endowment to 2025) to build CSE infrastructure.
- Building the sustainability and scale of its intermediaries and programmes, including the use of Access' convening authority to make the most of its networks and learning.
- Convening debate and catalysing advocacy of the CSE contribution to society and the economy – and the next phase of Access' development – aimed at key decision-makers. This implies building and sharing a stronger and more sophisticated narrative that demonstrates the long-term need for blended finance and enterprise support – and the value/challenges of deploying subsidy.
- Taking steps to mitigate the vulnerabilities of the Access lean organisational model.
- Catalysing debate and actions within the CSE sector to better address the needs of marginalised communities, including challenging the sector's record on equality, diversity and inclusion.

C. The strategic 'legacy issue' for Access through the remaining five years of its life is to balance:

- Doing what only Access can do to enhance current programmes and learning, including securing funding for key programmes or their successors.
- Advocating a long-term Government commitment to blended capital for small CSEs commensurate with their social and economic importance, not least the 'levelling up' potential outside London and the Southeast.

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- Preserving the knowledge and capabilities built up in Access and its programmes, rather than risking losing two to three years' momentum by making a fresh start.

Strategic issues for further discussion

First category – issues for Access' leadership attention:

1. **Sustainability of the flow of blended capital beyond 2022, given the inevitability of subsidy to offset the costs of investing in and supporting small CSEs**
   The costs are principally the unavoidable transaction costs, provision of 'first loss' cover and the costs of support to small CSEs. There should be a longer-term commitment to fund the sector, in order to ensure CSEs are not subject to stop-go shocks, while they play a critical social and economic role in the aftermath of the pandemic.

2. **Complexity, fragility and cost in the social investment ecosystem**
   The social investment ecosystem is complex and high-cost, resulting in many small, fragile intermediaries. The sustainability and scale of intermediaries would be improved by longer-term commitment to fund infrastructure, as well as measures to increase the flow of investment through existing channels and reduce the complexity of decision-making.

3. **Vulnerabilities of Access running a lean organisation**
   Access clearly benefits from the effectiveness, flexibility and shared values of its agile, lean internal organisation, outsourced model and its culture. The corollary of these benefits is vulnerabilities, including key individual risk and dependence on key suppliers and partners. While not shifting away from the fundamental model, measures could be considered to address these issues.

Second category – issues for wider engagement, where Access can convene debate and catalyse wider CSE sector action:

4. **Equality, diversity and inclusion**
   The social investment sector does not appear at all diverse and has not reached all organisations that could benefit from a truly inclusive mode of operation. Access is committed to pursuing change and has invested to address issues of inequality in the CSE investment sector. Access could catalyse work across the sector through its programme design, its investment in intermediaries and its investment in CSEs that is focused on tackling inequalities.

5. **Advocacy**
   Access has positive relationships with Government and across the CSE sector, which it can use to catalyse and convene coalitions to build the case to Government and beyond for the importance of blended finance and support for building resilience through enterprise, for CSEs and their role across England.

6. **Legacy**
   Access is already discussing how it approaches its 2025 deadline. The CSE sector and Government need to be enrolled in the debate (one that is quite pressing given the full commitment of the Growth Fund and Connect Programmes in the next 18 months) around sustainability of blended capital, enterprise support, CSE infrastructure and learning. The options for post-2025 provision need structured evaluation.

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Review Process

The independent review panel (the 'Panel') of Keith Leslie, Neil Sherlock and Claire Brown supported by Fiona Young Priest (secretariat) was tasked with assessing whether Access has met its objectives and whether it is effective in its operations. The Panel was accountable to an Oversight Trust – Assets for the Common Good (OT) group of Nicola Pollock, Stephen Howard, Kevin Davis and Alastair Ballantyne. Access made its senior staff available for interview; established a comprehensive data room of material, meeting records, analyses and other documents; and the senior Access leadership engaged regularly with the Panel. We are grateful to Sophie Kelly for her support with documents, arranging meetings and dealing with various questions from the Panel. Terms of Reference are appended as are brief biographical notes on the reviewers (Appendix 1 and 2 respectively).

The approach adopted by the Panel, in agreement with OT and Access, was to engage the people and stakeholders of Access in conversation, exploring the successes, challenges and opportunities for the organisation, being mindful of its limited life (defined on formation as 10 years: 2015-25). The Panel did not conduct an audit of Access data nor develop alternative analyses, the review was conducted on the basis of data and analyses provided by Access. The priority was to have open conversations with a wide range of stakeholders on the topics they wished to discuss and to do so in a constructive and confidential atmosphere. The Panel believes this priority has been realised.

The Panel worked with OT and Access to identify 50-plus stakeholders and organisations including: past Access trustees, Access Board members, OT Directors, Big Society Capital (BSC) staff, National Lottery Community Fund (NLCF) staff, policy makers, CSE membership and representative bodies, intermediaries (including those who were not successful in gaining funding) and ultimate investees in the voluntary, charitable and social enterprise sector. Appendix 3 lists the stakeholder organisations who were represented during the interview process. Interviewees also suggested further organisations and individuals who could provide valuable insight. Alongside the internal and external interviews, an open invitation was shared on the Access and OT websites, the Department for Digital, Cultural, Media and Sport (DCMS) and via social media channels (from 28th January to 15th March 2021) to encourage input from the social sector. Respondents were encouraged to either share free-form responses to a dedicated mailbox or complete a short online survey.

We found a high degree of consensus across all our circa 50 interviews. Typically, an interview discussion comprised 15-20 minutes' appreciation of Access' work and 20-40 minutes' discussion around issues and options facing Access – all addressed constructively. Another beneficial aspect of our interviews was that, in many areas, there was a high degree of commonality and consensus in points raised, which should enable Access both to respond to this review and constructively use its findings in debate about future funding of the CSE sector.

The review took place during the ongoing COVID19 shutdown, with interviews taking place over Zoom. Members of the Panel worked from home and we believe that we obtained full and open input from interviewees and full and open feedback from Access on our thinking and report as they developed. Our thanks are due to all whom we 'met' during the review period 22nd February to 30th March 2021. All data cited was correct as of 1st May 2021, but some may be subject to later change as reports are updated in the normal course of events.

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Overview of Access

Objectives

Access works to make CSEs in England more financially resilient and self-reliant, so that they can sustain or increase their impact. Access supports the development of enterprise activity to grow and diversify income and thereby improve access to social investment, which can help stimulate that enterprise activity. Access was founded to fill an identified gap in the social investment marketplace – to provide blended capital to small CSEs in England – a need not met by BSC alone, nor by philanthropic foundations and trusts.

We use the term 'blended capital' throughout this review to mean a combination of grant and loan, where the grant helps to make that capital more suitable for the CSEs who seek finance, by allowing for investors to take greater risk, subsidise small transactions or make investment more affordable.

Access was set up in 2015 and will be around for a decade, but the need for this work will continue well beyond that[1]. Its approach is to work through others to create partnerships which can outlive Access; test and learn from new approaches; and generate knowledge which improves the work of others seeking the same goals. Access has a staff team of eight based in London, within the BSC offices, and is a charity structured as a company limited by guarantee with a board of 10 trustees drawn from the social sector, trusts and foundations and the business and finance sectors. John Kingston was tasked with establishing Access and was appointed as the first chair, while Seb Elsworth was appointed as the first chief executive. Seb has been referenced throughout the interview process as a respected chief executive, a 'go-to person' in the sector, known for establishing good relationships with stakeholders. Within Access itself he has worked to establish a positive working culture with a small team.

Access received an expendable endowment of £60.65 million from DCMS (formerly Cabinet Office) in 2015 as Grant-in-Aid to enable the growth of a sustainable social investment market by: identifying needs of social sector organisations, supporting programmes, activities and initiatives to support those needs and developing capacities and skills of social sector organisations. This endowment is managed on a total impact basis, seeking to achieve both financial and social impact. All investments are in social and ethical fixed income investments, charity and other ethical bonds. These funds are to be exhausted between 2025 and 2030. The endowment funds Access' capacity building programmes, principally the Enterprise Development Programme (EDP) and the Reach Fund but also others.

Alongside this endowment, Access has received funding for making grant subsidy available in blended capital programmes.

In 2015 Access entered a partnership with NLCF and BSC to manage the Growth Fund. Access manages NLCF's grant of £22.5 million in the programme, which is invested in intermediaries alongside debt from BSC. Access also oversaw the process of appointing intermediaries to and remains the overall manager for the programme. Decisions are made jointly by representatives from the three organisations: intermediaries hold legal agreements directly with NLCF and BSC.

More recently Access has received funding from Dormant Accounts which has allowed it to manage the grant into blended programmes directly. This includes £10 million funding for Local Access, a place based blended finance programme with co-investment likely from BSC. A further £30 million was allocated in May 2020 from Dormant Accounts to support COVID19 recovery.

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Programmes

Access currently has three strands to its work: enterprise development and other capacity building; blended finance; and listening, learning and sharing knowledge. These are delivered as follows.

Capacity building

Enterprise Development Programme – a five-year programme managed by a coalition of partners. The programme aims to provide a broad range of support for CSEs in England currently operating in six specific sectors, helping them become more financially resilient by developing new enterprise models, or by growing existing ones: Access is contributing £16.8 million.

Investment Readiness – Reach Fund – provides support to CSEs that wish to take on social investment, but for whom there is a particular barrier, which needs to be overcome. In order to apply to the fund (£19.1 million), an organisation must be referred by a social investor registered with the fund, known as an 'Access Point'.

Support Infrastructure – Connect Fund – a partnership between Access and the Barrow Cadbury Trust, providing support to organisations delivering services for CSEs seeking social investment (Access is contributing £6.2 million). Connect Fund will be fully committed by 2023.

Blended Finance

Growth Fund – a partnership of NLCF, BSC and Access. Designed to provide the finance that CSEs need for growth or diversifying their business models. The fund (£46 million) is aimed at organisations that are unlikely to have taken on social investment before. Much of the work to develop the key design principles of the Growth Fund was undertaken by BSC and NLCF, while Access was being established. In taking on the management of the Growth Fund, Access has had to work with the complicated structure of the fund and the constraints this has entailed i.e. caps on the level of subsidy available: no more than 10% of the grant could be used for the intermediaries' costs and no more than 50% of funds available could be grant. Access' understanding of the need for subsidy has evolved over the years and it now has a clearer view on the strategic role this type of finance has in the market place. Any future iteration of (or successor to) the Growth Fund would offer a more nuanced subsidy blend, complementing what was already available, taking into account the level of transaction costs involved in making small loans and ensuring that the finance was more affordable. The Growth Fund will be fully committed to CSEs by 2022.

Local Access – a joint funding programme, established by Access and BSC, that aims to support the development of stronger, more resilient and sustainable social economies in disadvantaged places. Access will deploy £8 million from its own endowment for enterprise development activity, together with £10 million from Dormant Accounts for the grant subsidy in blended investment structures.

COVID19-Related Emergency and Recovery Support – In May 2020 it was announced that Access would receive £30 million of new funds from Dormant Accounts to support the development of new blended finance models for social investment providers to make available to CSEs impacted by the COVID19 crisis.

In addition, Access previously funded the Impact Management Programme, a £3.3 million fund offering support to CSEs seeking to grow their ability to quantify, report on, increase and get 'paid for' their impact. Access also supports Good Finance; a collaborative project to help improve access to information on social investment by CSEs.

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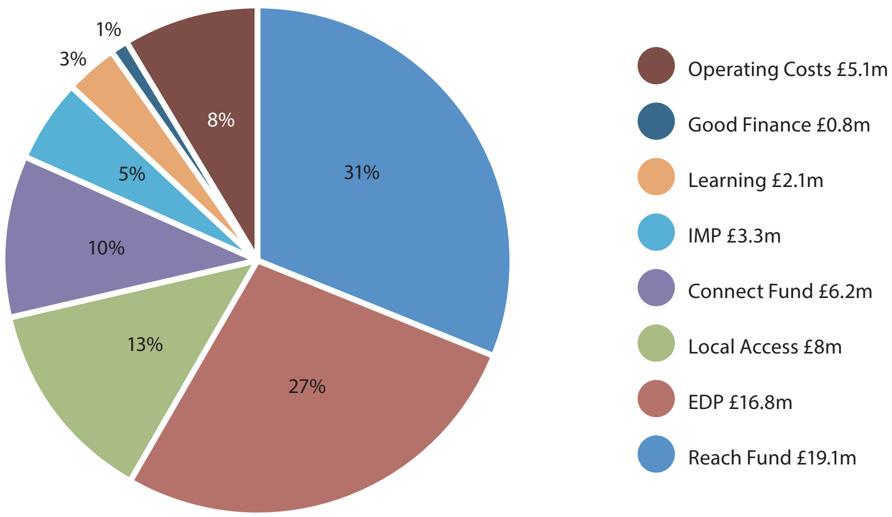
Total funds deployed through Access

Drawing all these together the pie chart below summarises current projected spend on Access programmes and operating costs. The bar chart sets out and compares the blended finance funds it is managing.



Access manages £62.5 million of grant for three blended finance programmes. Growth Fund grant is provided by the National Lottery Community Fund. Grant for local access blend and COVID response and recovery programmes is from dormant accounts.

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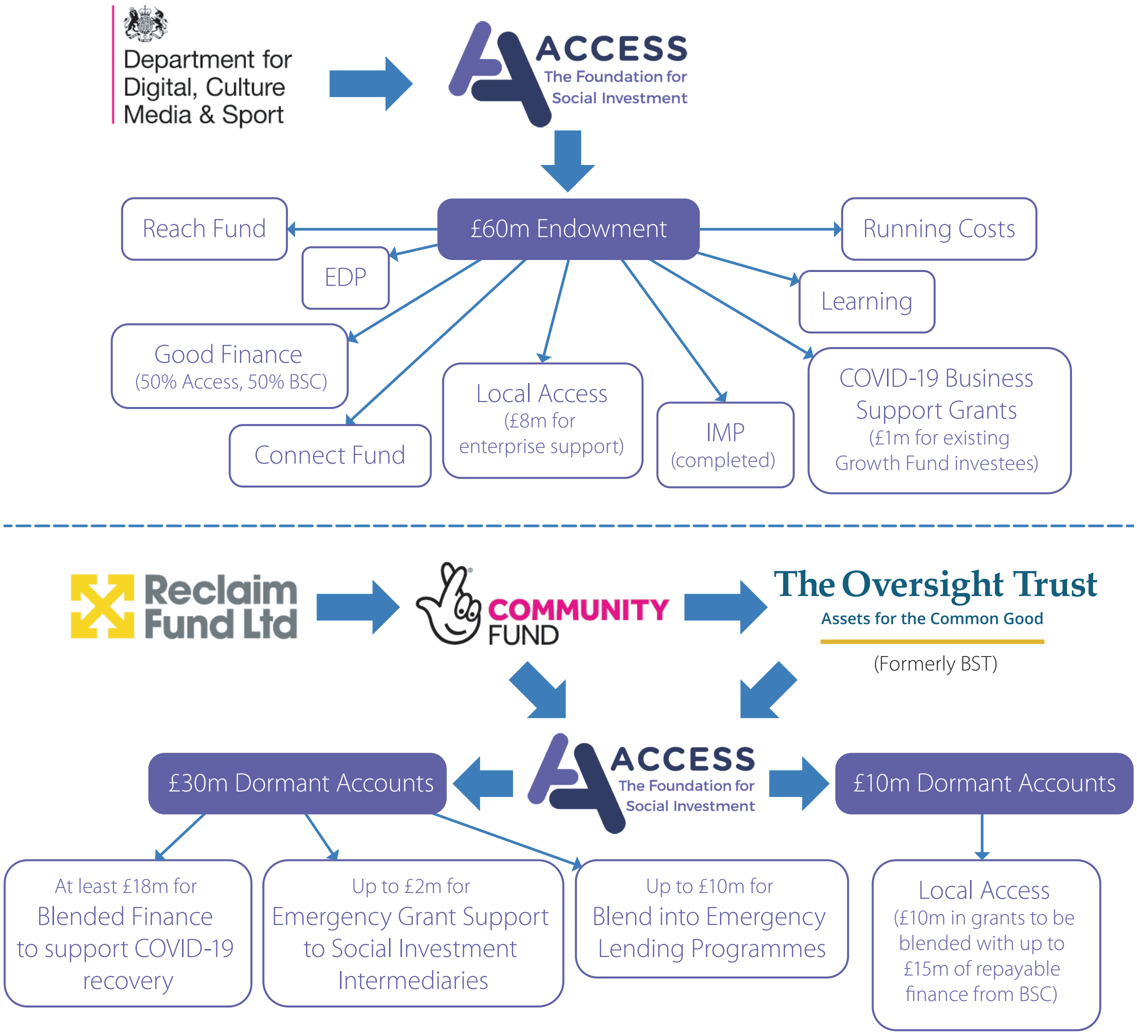
Overview of flow of funds to Access



Overview of Growth Fund

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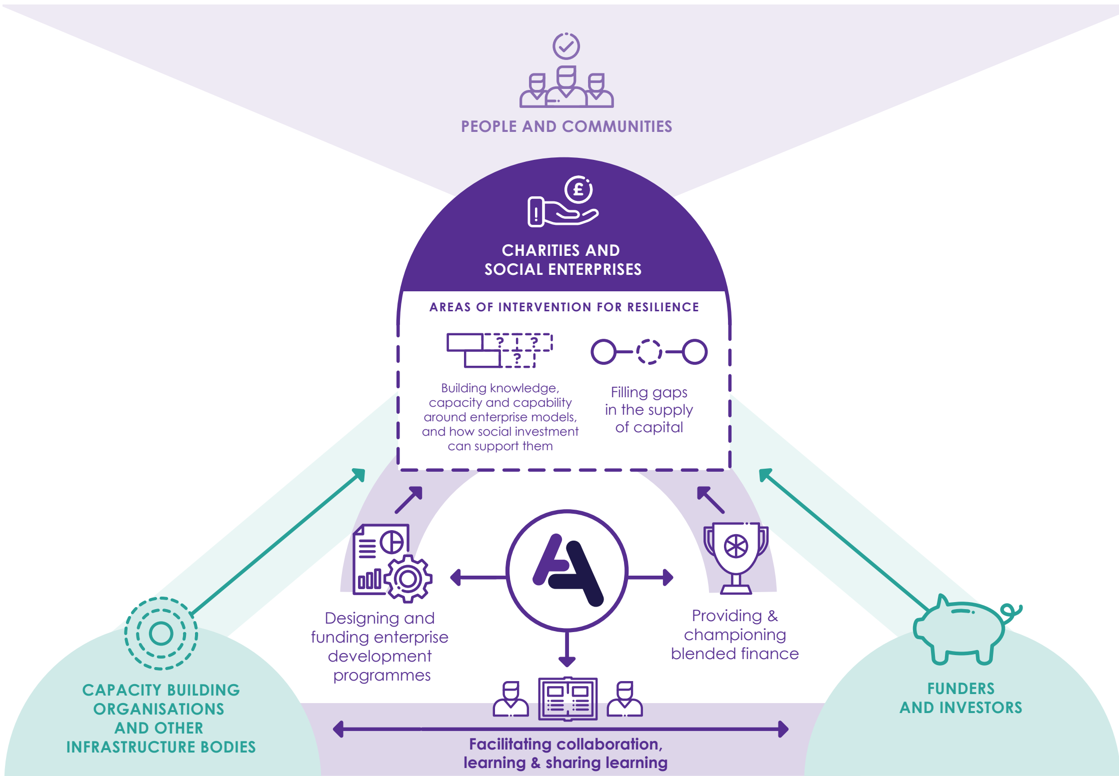
Listening, learning and sharing knowledge

In addition to its programmes, Access has developed its Theory of Change (set out below) that, through financial resilience, CSEs will be able to sustain or increase their impact. To support its work Access has appointed a learning partner, the Curiosity Society.

In the next five years Access aims to listen to the changing needs of CSEs; extract as much knowledge as possible from their programmes and that of others; make that knowledge available in a way that is useful for CSEs; and influence key actors in the social investment sector and beyond[2].

With its fixed life, Access knows that sharing learning and knowledge is central to its impact and legacy. Access wants to be remembered for more than having run some useful programmes. It wants to change the way the sector is supported and financed, for good.

Access: Theory of Change



We work to make charities and social enterprises in England more financially resilient and self-reliant, so that they can sustain or increase their impact.

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Key achievements and successes

Overwhelmingly positive feedback on successes and impact

Feedback from interviewees as to Access' success to date is overwhelmingly positive. Access is seen as consistent, extremely important, doing something that is very difficult to do and transforming some areas of the market. In particular, feedback on its capacity building grants is almost entirely without criticism following the change of emphasis from investment readiness to enterprise development.

Access has undoubtedly filled a funding gap in the social investment market through its enterprise development approach to capacity building grants and via its partnership programmes that have increased the provision of blended finance. But perhaps of greater importance is that most interviewees believe the nature of funding provided by Access is what the sector appears to most need – i.e. its programmes have increased the availability of capacity building grants and access to low value subsidised loans for smaller CSEs. The ongoing provision of this form of finance is essential to building the financial resilience of the CSE sector: if Access closes this momentum will be lost.

Access is clear as to its four key approaches:

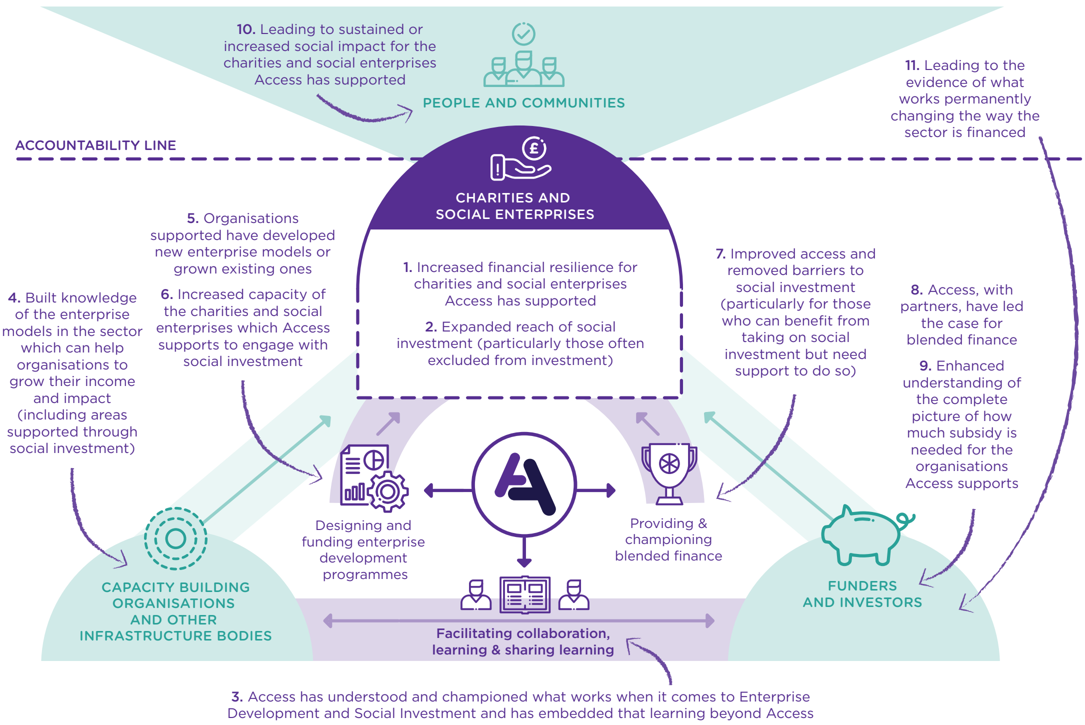
1. Funding capacity building
2. Provision of blended finance, alongside partners
3. Sharing its learning and championing its market
4. A total impact approach to managing its endowment.

Its overall vision is to see CSEs sustain their impact or achieve greater impact because they are more financially resilient and self-reliant.

Access has developed a methodology around measuring success, acknowledging where Access and its intermediaries' role ends and the success and impact of the CSEs begins. Within this, Access identifies 11 measures of success, as set out below.

11 Measures of Success

Access works to make charities and social enterprises in England more financially resilient and self-reliant, so that they can sustain or increase their impact.



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"Measures 1-9 relate to Access' direct impact. Whilst we may only be one of many actors contributing towards changes in these nine areas – we still hold ourselves to account in terms of achieving positive impact.

Measures 10 and 11 sit beyond Access' 'line of accountability'. The purpose of our work is to lead to changes in these areas eventually down the line, so it is important to represent them here. Access does not however hold ourselves to account or routinely measure how we are impacting on these measures. That is because they are too far removed from our delivery for us to claim any direct role in their achievement and there are too many other factors at play influencing the outcomes (i.e. Access' attribution is too far removed). However we do want to test the relationship between our more tangible impact and these longer term changes."[3]

As the model suggests, this analysis of impact is complicated and not just about the numbers. Ongoing measures of success are inherently difficult to quantify given the range of inputs; time frames; and difficulty of attribution and aggregation. However, working with the Curiosity Society and with its intermediaries and investees, Access has carried out extensive impact measurement and evaluation of its various programmes. The key successes cited to date include:

- Over 500 investments via the Growth Fund, representing circa 20% of the social investment market deals done in 2019. The average investment of £66,000 is close to what Social Enterprise UK reports as the median amount of finance sought by social enterprises in 2019[4]. Loans have been heavily concentrated in more-deprived areas across England; more than half of the capital has been invested in the most deprived 30% of neighbourhoods, and it has significantly increased the reach of social investment to smaller organisations. In comparison with other funds, investment has been more biased towards the lower Index of Multiple Deprivation (IMD) deciles[5]; by late 2019, £5.5 million had been invested in organisations based in the 10% most deprived places in England.

- More than 600 grants have been awarded from the Reach Fund, with an average size of under £14,000, significantly increasing the reach of social investment to smaller CSEs. Grantees feel in control of the support they received and social investors report that the fund is effective in growing the market they can serve. Early indications from an evaluation currently underway indicate that circa 40% of grantees go on to get investment and these are heavily skewed to more-deprived areas (one third in bottom 20% of places by IMD).

- The pilot of the Enterprise Development Programme demonstrated that Access' support overwhelmingly accelerated the development of the beneficiary organisations' enterprise activity[6]. Over 200 organisations have benefitted from EDP so far across four sectors (Homelessness, Youth, Mental Health, Equality). An example of this is the work with HomelessLink on the 16 revenue models of social enterprises working in the homeless sector.

- To date £3.6 million has been committed in COVID19 emergency grants, to help make loans viable. This has leveraged £10 million in loans to 47 organisations.

- Access has published '5 lessons from 5 years' with details of its various programmes and learnings[7].

As we write this report, the COVID19 global pandemic has lasted more than a year and the Access response was widely applauded by interviewees from all viewpoints – most especially in its initial pace and the flexibility of the funding deployed.

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Feedback from interviewees highlighted questions which we come back to later in this report:

- Who will provide the essential long-term reliable subsidy for capacity building and blended capital models to CSEs, once Access is gone?
- Who will support the CSE sector's development of an understanding of the role and appropriate use of subsidy, its successes, limitations and challenges?
- Is Access doing enough to disseminate its impact and share learnings from both its successes and failures?
- Is Access sufficiently exploiting its unique position and knowledge to advocate more for greater provision of long-term sustainable funding streams?
- Is the current social investment infrastructure too complex and bureaucratic? As a consequence, is it slow to deploy capital, burdensome and expensive relative to scale?

Mode of operation is 'of the CSE sector'

Organisation: small team punching above its weight

Access was set up with a team of five; this increased to seven following a restructure in 2018 and a further programme manager was recruited in 2020, following the COVID19 response funding. This team of eight is well-respected and every interviewee mentioned at least one of the Access team with whom they had worked. Many recognised that the diverse trustee group complemented the impact of the team. Most interviews included positive statements like Access is a 'small team punching above its weight'.

The organisation is seen by those interviewed as overwhelmingly both innovative and acting in a collaborative, co-operative and consensual way.

CSE culture and relationship with Access: shared DNA

The small team, the mission of Access and the culture of the organisation strongly chime with the CSE sector and those who are part of the same ecosystem. Access' DNA works well with CSEs because the organisation avoids being top-down, has a clear value of listening and a preference for action and impact rather than noise and profile.

As part of the strategy refresh in 2018, Access pivoted from investment readiness and began to focus on the role enterprising activity plays in increasing the resilience of CSEs. There have been a number of positive outcomes cited by interviewees:

- The listening to, working with and building of programmes with sectoral organisations and other grant-makers such as Barrow Cadbury Trust.
- An appreciation for the work with equality, youth and mental health issues that have all become increasingly important during COVID19.
- The Reach and Connect Funds have helped organisations immensely: many interviewees commented on how game-changing they have been.

However, it is worth noting that there were external concerns about whether Access should focus

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its strategy on putting less of its resources into more projects or more into fewer projects, given its financial and team constraints. This is an issue for Access to consider. Indeed, the challenge of this will have been exacerbated by the on-going impact of the pandemic.

Across the sector, many interviewees made comments reflecting an appreciation that Access was at the same table as BSC and NLCF, influencing decisions. However, some questioned Access' impact on decision-making. It is clear to the Panel – a view shared by Access – that there is some confusion over the role Access plays, particularly with the Growth Fund. Questions were also raised on another programme, Local Access, around the slow speed of the roll out. Some interviewees recognised that COVID19 was clearly a factor, as was the task of building Local Access with multiple new partners, rather than delivering an agreed programme through established partners.

Network leadership: learning for Access and for the sector

Access has a strong culture, which helps build and sustain its relationship with CSEs. In many ways it has a network style of leadership, which is welcomed, albeit there is a view from the sector – and not just the sector – that Access can play and catalyse a wider advocacy role (See Issue 5). Interviewees felt that Access has an extremely important role.

Using its network leadership role Access has an opportunity, in the next few years, to live its organisational values by sharing learning; working closely with its learning partner, the Curiosity Society. The Director of Learning role is pivotal to this and the argument was made that this area is one where Access will likely need more resources over the next few years to disseminate learning across the social investment ecosystem. This key work, in the view of the Panel, could also support the convening of advocacy across the sector to opinion-formers and decision-makers. The '5 lessons in 5 years' series of podcasts[7] is a good example of network leadership; playing both into what can be acted upon now and through legacy and assisting with the communication of the role and impact of Access.

Focus of limited 10 year life: positives and negatives

This was an area where there were differing views from those the Panel interviewed. On the positive side was a sense that a limited life has helped Access focus on catalysing others to fill the subsidy gap as part of blended finance. However, time is short to get market feedback in order to share learning from any new initiatives by 2025.

On the negative side was an argument that, even at the end of 10 years, the need for subsidy will remain – 'no one else does what Access does' was often heard in interviews. In addition, there is a danger that a future Government will have to re-invent Access if it closes. Finally, time spent focussing work on legacy could distract a small team.

Based on feedback from interviewees, the questions to which the Panel suggests Access gives further consideration are:

- Is sufficient attention paid to communicating the role of Access in key programmes?
- Should Access put more into fewer projects or less into more projects, given the financial and team constraints of the organisation?
- Should Access add to the resources of the learning side of the organisation, to share key findings on a wider basis across the social investment ecosystem?

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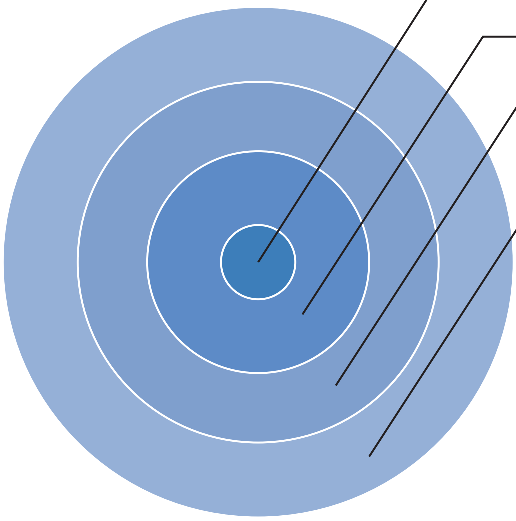
Total impact methodology was ahead of the curve

From inception, as required by DCMS, Access has invested its endowment with the intent of making a financial return, whilst also aligning investments where possible with its overall mission[8]. To this end Access adopted an innovative 'bull's eye' model (shown below), prioritising those investments that most closely align with its mission. Access was mindful, in setting such an objective, that this prioritisation may not always be possible when considering overall return, risk and liquidity needs. Those interviewees who were aware of the model commented as to its usefulness as an approach and expressed a wish to understand it more fully.



As a result of its investment objectives, scale and bull's eye methodology, Access has invested nearly 50% of the endowment in UK CSE bonds; the optimal 'tier one' (centre) of the 'bull's eye'. It has not been able to invest more than 50%, partly due to liquidity requirements, but also due to the scale and liquidity of the UK CSE bond market. The balance of the portfolio is in organisations delivering social impact or best-in-class environmental, social and governance (ESG) bond investments. Access monitors these investments through the reporting and summary impact data that Rathbones, the fund manager, provides. The annualised net financial return from inception of the portfolio to the end of 2020 was 2.79%, 0.5% in excess of the benchmark set to measure the performance of the fund, given its timeframe and liquidity constraints.

Being in receipt of a spend-down endowment, Access is not reliant on financial returns from its investments to make grants. It does not need to maintain the real value of the endowment, although any 'surplus' is intended to be distributed. Its primary financial investment aims are to protect the capital value of the endowment during the spend-down period and provide liquidity for grants. Having a fixed-term endowment meant Access had to mandate a lower financial risk and return objective than would a perpetual endowment model and consequently it invested wholly in bonds.

The performance of the portfolio, both financial and impact, has been in line with the investment objectives. If Access is to make more generalised external claims as to the usefulness of its total impact methodology , then more rigorous analysis of impact and its interplay with the financial risks and returns would be helpful in explaining to others its successes, limitations, relevance and replicability.

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Over the past decade, impact/ESG/responsible/international/thematic/best-in-class investment methodologies have evolved significantly and are now much better understood and broadly adopted. There is significant data that shows such approaches do not necessarily detract from financial returns and, indeed, in many instances add to them.

The Panel believes Access is rightly cautious not to overclaim the success of its investment portfolio given its limited life, risk to maturity, size and specific impact objective. The Panel suggests Access leadership considers:

- More in-depth analysis of the return, risks and impact of the investment portfolio before concluding on its ultimate outcomes and performance.

- Sharing the value of the thinking methodology that is the ‘bull’s eye’ approach because it may help other charities develop their thinking around the relationship between their mission and their investment portfolios.

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Strategic issues for further discussion

First category – issues for the leadership of Access

Issue 1

Sustainability of the flow of blended capital beyond 2022, given the inevitability of subsidy to offset the costs of investing in and supporting small CSEs. Provision of blended capital and enterprise development through Access is essential to CSE impact in the most deprived communities

The Panel is convinced that, in the absence of Access, the social and economic impact of the CSEs in receipt of Growth Fund capital would simply not have been delivered. Whether measured by number of deals or monetary total, investments from the Growth Fund (which was responsible for 20-30% of all UK social investment deals in 2018 and 2019) have:

- Predominantly supported organisations based in the most deprived communities in England, to a greater extent than the rest of the social investment market (See key achievements and successes earlier in this report).
- Focussed on the most disadvantaged and vulnerable individuals in those communities and predominantly invested in employment and health.

Similarly – based on interview feedback – the combination of providing blended capital and supporting enterprise development through Access is highly likely to generate higher-quality insights and subsequently better-attuned programmes than if Access were only providing advice and support.

Other actors in the CSE ecosystem provide elements that duplicate many of Access' programmes, whether comprising support in developing resilient business models or sector-specific advice and advocacy, or (limited) grants that can then be complemented by providers of repayable capital. Access' unique market positioning is as the wholesale provider of grant subsidy into the social investment market, both helping to build the capacity of the sector to develop enterprise models and making repayable capital viable at the smaller end of the CSE sector.

Structural costs for small CSEs drive an inevitable need for subsidy to offset market failure

In a purely market-driven approach, virtually no financial institutions would routinely make social investments at the small end of the CSE sector. The grant subsidy in blended capital offsets this market failure by aligning incentives and enabling the overall investment to better meet the realities of financing the CSE sector's business models. The subsidy reflects the inevitably higher costs of:

- Small transactions (high overhead per deal)
- Returns eroding capital over the long term ('first loss')
- Ongoing support to each individual CSE receiving investment.

The impact of Access on market infrastructure is convincing, albeit fragile, as explored in the next section. Many intermediaries – especially the smaller-scale newer intermediaries – are likely to continue to rely on subsidy to remain in business, although they could in time replace Access as a provider of support to enterprise development within their local area or their sub-sector speciality marketplaces. In contrast, it is hard to see any substantial sustainable substitute for Access as the provider of blended capital and therefore it is essential to test whether the inevitable subsidy is justified by the impact achieved.

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The CSE sector makes a unique social and economic contribution and is under-invested

The Kruger Report (Levelling up our communities: proposals for a new social covenant: A report for government by Danny Kruger MP September 2020) points out the impact of CSEs in marginalised communities: "Two million people are employed in the social economy, which numbers 100,000 businesses and contributes £60 billion to GDP. The value of the sector to places experiencing economic hardship is apparent in the fact that for every £100,000 of turnover, social enterprises create three jobs, compared to the 0.66 jobs created by the private sector for the same money. 30% of jobs created in poorest communities are in social enterprises. They are job-creating machines for people and places which experience the highest unemployment."[9]

This pattern of CSE social and economic contribution has been highlighted in past reviews. According to the DCMS/Department for Business, Energy and Industrial Strategy (BEIS) Market Trends published in 2017[10] the 99,000 social enterprises then employed 1.44 million people. Compared to Small and Medium Enterprises (SMEs), the average CSE employed more people and was more likely to innovate and seek financing – albeit for smaller amounts. These repeated analyses all support the proposition that Access-type support to CSEs and their social and economic contribution could be significantly greater.

The SME sector has access to British Business Bank (BBB), which does not make grants, but instead offers soft loans and equity to business start-ups. Since inception, BBB has made investments/loans of £8 billion (to 31st March 2020) to 98,000 businesses, according to its website. In 2020 BBB released £38 million from loans as a write off (2019: £44 million), recognising that these loans would not be repaid – in addition it carries provisions against loans from year to year[11]. Like Access and BSC, BBB also acts as a wholesaler and is developing new intermediaries, but, whereas BBB is only expected to return the equivalent gilts rate as a wholesaler, BSC is expected to earn a return that preserves its capital base.

Urgency to secure short-term and medium-term sustainable blended capital

The Panel sees continued subsidy as a necessity to release the unique social and economic impact of CSEs through the provision of blended capital. Securing future provision is now an urgent task.

The Panel encourages Access to pursue the following issues:

Immediate 2022-23 need for new funding
The Growth Fund is expected to be fully committed by 2022. The related (but not capital-providing) Connect Fund ends in 2023. Successor programmes, learning the appropriate lessons from experience, are required. The rationale for urgent action is, firstly, to avoid disruption in the resourcing of high-impact CSEs during a critical period in the aftermath of the pandemic and, secondly, to avoid loss of learning. Many Access programmes are designed to engage previously-marginalised communities and CSEs – these programmes take time to evolve and to make consequent adjustments. Loss of continuity and commitment could lose momentum.

Options 2025 onwards for sustainable blended capital
Concluding that subsidy is inevitable in providing appropriate capital to the small CSE sector may be relatively straightforward, but the best form in which to frame such programmes is less straightforward and often driven by short-term constraints – for example, the complex caps/limits/sourcing of the Growth Fund.

It seems unlikely that the best option would be to simply extend the Growth Fund. Access and the CSE sector have learned lessons from this and other programmes. The remaining period to Access' scheduled conclusion in 2025 allows for exploration of options for successor programmes.

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Issue 2

Complexity, fragility and cost in the social investment ecosystem.

Unjustified complexity in the social investment ecosystem

Many interviewees questioned the complexity and multiple layers within the social investment market. They questioned not only the role of Access, but whether all the infrastructure organisations add value. Whilst Access is only part of the social investment ecosystem, it is well placed to help answer these questions from its learnings and networks and to advocate for change.

Intermediaries and CSEs criticised the social investment ecosystem for being many-layered and thus complicated, time consuming to navigate and expensive. Whilst Access cannot necessarily bring about change on its own it can advocate for better ways of doing things. To advocate effectively, Access' relationship with wholesalers of loan capital needs to be sophisticated and as a peer. To date this has been challenging given Access' small scale relative to other social investors, particularly BSC. Access is also constrained by the terms of its original endowment from DCMS, which limits it to acting as a wholesaler.

In the Panel's view there are some significant questions still to be answered regarding the effectiveness and efficiency of the broader social investment ecosystem. There remains much opportunity for Access to use its unique position as a significant wholesaler of subsidy and to advocate from its learnings so as to continue to make change for the better, such that the social investment ecosystem can best support the CSE sector.

Fragility of intermediaries: getting to scale versus partnering with marginalised groups

The emphasis given, particularly by the Growth Fund, to funding a variety of intermediaries – and beyond the usual suspects – was reflected on by many interviewees as a reasonable objective to aid diversity of funding and approach, and to build the choice of intermediary organisations for social investors and investees. However, given the small scale of capital available and the investment of time and resource needed to establish these intermediaries, questions were raised as to how successful this has been. Some interviewees suggested now would be a good time to review the distribution of funding across intermediaries and consider whether a period of consolidation and concentration of any additional capital available would be most helpful.

There is still much concern as to the fragility of most intermediaries and a question mark as to who should fund their set up, research and development and growth costs. Most intermediaries would, of course, like to see more funding of their balance sheets. Almost all those interviewed wanted to see more funding of intermediaries as organisations and trusted partners, rather than just funding their programmes. Most characterised their role under existing social investment funding models as deliverers of fund management of wholly dictated, inflexible fund mandates, with onerous reporting requirements. Intermediaries often have limited or no capital of their own to seed new investment ideas or invest in developing or marketing their operations. This stifles innovation and growth. In addition, continuing innovation was given as an example by intermediaries of something that was being carried out at the expense of investing in really good existing programmes.

Any successor to Access, or indeed any new programmes set up by Access, is/are likely to face similar challenges around speed of set-up and delivery, especially where no intermediary infrastructure exists, as well as ongoing fragility of intermediaries, unless the ecosystem evolves to better fund and scale the intermediary layer. Local Access has yet to deploy funds, in part due to this fragile, under-resourced and often – particularly in places of deprivation – simply missing voluntary and community sector infrastructure.

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The Panel suggests that Access works with partners to review the successes and challenges of establishing and funding effective, sustainable and innovative intermediaries in the social investment sector, to form a greater shared understanding of what might best support CSEs in the long term.

Scope to reconsider complexity and cost within Access
Access' own activities were widely praised in that they look and feel like the sector. The lean team was often particularly cited as a positive. However, some questions were also asked around Access' contribution to complexity and cost:

- Could Access speed up and/or scale its own activities significantly with a larger in-house team? Examples quoted where this might apply included:
  - More rapid expansion of sub-sector specific funding of the capacity building programmes, to cover additional sub-sectors of the CSE sector in the remaining life of the funds.
  - Increasing the pace of deployment of funds and new programme set-up, especially where current structures are too rigid and overcomplicated.
  - Improving the capacity of the Access team for advocacy work on behalf of the CSE sector. A level of complexity and the extent of the process to secure funding that is held by most to be disproportionate to the scale of funding.
- Has Access outsourced too far, become over-reliant on others, added another layer of decision making and costs, and become too removed from the social sector?
  - Some CSEs and intermediaries assert that they are providing unpaid research as part of their contribution to designing new programmes. The 'hidden' costs of the model are then embedded within the total grant made. This reliance of the team on partners for parts of the process is leading to a sense of remoteness of Access to the CSE or intermediary.
- Has the drive for innovation by Access in its ways of providing support to and working with CSEs gone too far?
  - Although innovation is generally welcomed in the CSE sector, questions were raised by interviewees as to the risk of innovation for its own sake citing extensive cross-over between programmes, over-engineering of programmes and the need to strike the right balance in the remainder of Access's life between innovation and building on past successes. This clearly overlaps with the complexity question, where some interviewees asserted that Access was not specific at the start of the programme design process as to what its limitations and expectations were – and this led to unnecessary delay and cost for partners.

It was acknowledged that some of these issues were due to the restrictions imposed by other funders, but it was felt that Access could take greater ownership and bring a lighter hand to the process. Most difficult was the Growth Fund, which was universally criticised for being unnecessarily complicated, excessively rigid, bureaucratic, overly intrusive, and with burdensome reporting on behalf of other funders. Interviewees recognised this was likely mostly to be beyond Access' control but were keen that this was not repeated in successor funds.

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The Panel would encourage Access to:

- *Explore the potential for simplicity and efficiencies*
  within its own programmes and, in so far as it is able, within the overall social investment model.

- *Build sustainability of intermediaries*
  working with partners to identify more effective and flexible funding of intermediaries, as the critical points of contact with CSEs

- *Gather the data needed to be even more transparent*
  as to the actual total cost of the model including its contribution to costs and that of its outsourced partners, intermediaries, co-investors and funders. This should include recognition of the intermediaries' costs of research and development, incurred whilst these organisations work alongside Access to develop the structure of new funds.

Issue 3

Vulnerabilities of Access running a lean organisation

Key individual risk linked to the 10 year life for Access
Access is now approaching a critical point in its development. A number of interviewees expressed concern as to whether the trustees are aware of how much is bound up in the founder Chief Executive; feeling there would come a tipping point when it would be too late for him to leave. This is a complex issue due to the uncertainty over future funding and has consequences for both the Access team and the CSE sector that cannot be ignored; Access needs to know sooner rather than later if further funding is available.

John Kingston was a key part of the set-up of Access, establishing with Seb Elsworth the DNA for which Access is known. Seb is perceived as being critical to the functioning of Access. We heard a number of times that 'Access is Seb / Seb is Access' and concerns were expressed as to whether, as the founder Chief Executive, Access' strategy, culture and DNA were being built around an individual and not the organisation. However, these concerns could be over-stated given the fact that Access continued to function during a series of extended absences of senior people (including the Chief Executive's extended paternity leave).

The lean team is valued but brings risk and stress
It surprised a number of interviewees that Access' team is so small. We heard from a few interviewees that the restructure of the team in 2018 had been brave and led to a much stronger sector-based organisation. Those who did know about the size of the team felt it was very impressive; leaving the team lightweight and nimble, ensuring that funding was going into the sector – not being spent on overhead costs (Access' team size was invariably compared with that of BSC). Interviewees mentioned a number of times that the Access team is a good team to work with, very impressive, very supportive and not seen within the sector as competitive.

This small team is currently strained and we heard from a number of internal and external interviewees that all staff members are working under pressure, stretched and carrying heavy burdens. The team expanded by one member in the last year whilst also taking on £30 million further dormant asset funds requiring the design of a new programme, continuing the development of the Local Access programme and amending the terms (with the other funders) of the Growth Fund, due to COVID19. Those interviewees involved in Local Access, for example, observed that the programme could have been set up more quickly if there had been a bigger Access team.

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Access' trustees have an ongoing and inclusive dialogue with staff. We understand that there is a willingness amongst the trustees to invest more in the team if it is needed. We also recognise that the trustees themselves bring a richness of experience and background to the organisation. Interviewees have praised Access' governance, recognising that there have been two good Chairs and a recent Board refresh. However, due to the small team size, there will always be a loss of knowledge when a staff member leaves.

The outsourcing model brings some additional costs
As already discussed in Issue 2, the outsourcing model has been a deliberate choice for Access but this implies:

- Work is delegated to other organisations and this cost is not recognised as a true cost of Access' work. This is a benefit of the outsourced model, but we heard from a number of interviewees that the full cost of developing programmes is not always reflected – intermediaries can have a lot of sunk costs whilst working with Access on design.

- Access has not calculated the costs of in-sourcing this work and so it is not possible to offer a comparison.

- Access relies heavily on Social Investment Business as its strategic grants partner for the administration of the EDP, the Reach Fund and the Resilience and Recovery Loan Fund.

Lack of engagement during outsourced legal negotiations was also mentioned by a number of interviewees, who raised concerns that Access 'left the room' when contractual terms were being discussed. The Panel understands this reflects the complex role that Access has within the Growth Fund partnership, where legal agreements are actually held directly with NLCF and BSC. On other programmes Access uses its own solicitors when entering into an agreement.

Power to Change, one of the interviewee organisations, has decided that it needs a different operating model, more staff intensive, to better support the organisations it works with. This is mentioned because it offers an alternative way of working to outsourcing.

Advocacy and learning capacity is limited
Access has limited capacity to engage in advocacy, lobbying and policy work. This is balanced against its staff feeling that they 'know their place within the CSE sector' and are 'waiting in the wings' to implement something that might come out of others' work in these areas. This lack of capacity could become more critical as Access enters its last five years and begins to disseminate lessons learnt – looking to establish its legacy. One interviewee in particular stressed that Access needs to learn to speak tri-lingually as it works with Government, the CSE sector and investors.

A number identified a future role that Access could have as convenor, bringing together learning and networks. Interviewees often mentioned that Access could do more to bring about a greater collective understanding within CSEs, intermediaries and investors as to the uses and limitations of social investment; in particular, identifying the use of subsidy and being more active in sharing its programme successes and failures.

Although Access needs to balance its overheads as it comes to the end of its life, it may need to consider the possibility that it will have more staff at the end of its life than its beginning.

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Access is emerging from the shadow of BSC
Access and BSC are part of the same organisational structure; both have OT as their parent undertaking and BSC was very involved in the setting up of Access.

We asked interviewees for their views on the relationship between Access and BSC and received a divergence of views. Some see BSC as a 'big brother' to the Access 'little sister' with others commenting that over the last two years Access has begun to have more of its own identity and has evolved to look less like BSC. Some felt that Access and BSC should be working together more closely with others feeling that Access is relying on its Growth Fund funders too much (BSC and NLCF). Some felt that Access was dominated by BSC with others feeling that Access is very happy to play the role of 'good cop' to BSC's 'bad cop'. Intermediaries felt that Access lacked teeth in the Growth Fund discussions and the perception of whether Access was acting as an advocate or agent was confusing, particularly during negotiation of a relationship with BSC, that interviewees described as 'tense' and a 'rollercoaster'. Interviewees felt there continues to be a time gap with Access' management of the Growth Fund when, during negotiations, issues needed to be deferred to BSC or NLCF.

In non-COVID19 times, Access and BSC share an office. Interviewees felt Access' brand differentiation has become confused through being sited with BSC; although some felt that co-location was a benefit to both organisations and they should be working closely together. Others commented that Access needs to engage in the next stage of its development as more of a standalone entity.

The Panel recognises that the relationship between Access and BSC is multi-layered. Interviewees have agreed that there is a need for them to exist as two very separate entities. BSC sees its relationship with Access as open and positive although it accepts that it has 'done a lot of the heavy lifting in the past'.

Organisational vulnerabilities linked to decisions on the future of Access
The Panel suggest that Access leadership:

- Explicitly address the key individual issue, acknowledging the sensitivities around it, alongside the question of whether Access' existence should extend beyond 2025. We know that the trustees are scenario planning for such an eventuality but this cannot be left for too long.

- Review the organisation's ongoing workload and consider whether the current staff structure needs bolstering to ensure that staff do not burn out.

- Review the staffing of the organisation to ensure that Access has the structure in place to deliver its legacy of learning to the CSE sector.

Second category – issues for wider engagement

Several of the strategic issues raised in this quadrennial review are beyond what can be addressed by the leadership of Access acting alone – equality, diversity and inclusion (EDI), advocacy and legacy. Their scope is cross-sector and decision-making lies with others. However, Access is well-placed to catalyse the CSE sector and engage decision-makers in addressing these broader vital strategic issues. This catalytic role is not new to Access, as evidenced by its convening activities, such as the Social Economy Group in 2020.

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Issue 4

Equality, diversity and inclusion

Access has a track record of supporting the CSE sector in addressing challenging issues in EDI – for example, via its membership of the Equality Impact Investing Projects UK Taskforce, an initiative itself funded by the Connect Fund. Access has already identified the need to better understand the EDI aspects of its programmes and learning and our comments should not be interpreted as criticism or suggesting lack of commitment.

However, it is clear that the world and society's expectations have changed over the last year. Among the most prominent changes have been revulsion at the killing of George Floyd and the consequent groundswell for change – and the backlash against it. Changes in expectations have been accelerated by evidence from the pandemic and its aftermath of a widening gap between 'haves' and 'have nots', hitting marginalised communities most. This widening gap encompasses the 'levelling up' agenda but goes beyond it in terms of marginalised communities across England, including some within outwardly-prosperous communities and regions.

Continuing EDI focus needed within current programmes
Our interviews confirmed that Access is committed to pursuing change and should continue its efforts to catalyse work across the sector through its programme design, investment in intermediaries and investment in CSEs tackling inequalities. The Panel suggests that Access redouble its efforts to:

- Respond to feedback from intermediaries and stakeholders that current efforts (especially with the Growth Fund) are intrusive and reflect the needs of funders rather than those of the CSE sector. This should play to Access' strengths in listening and CSE sector culture.

- Act in addressing discrimination across all protected characteristics, including intersectional discrimination and other statuses recognised by the Equality and Human Rights Commission, while recognising the pressing priority of racial inequalities. As well as tackling other cultural and attitudinal biases not covered by equality legislation that favour – for example – male leaders of CSEs.

- Catch up with the practical analyses already employed by established place-based intermediaries (e.g. Community Foundation for Tyne & Wear and Northumberland) for engagement in the most pressing opportunities and the sharing of approaches to minority representation and activation. The opportunity for place-based work on EDI was also highlighted in the Kruger Report: "Government needs to be very deliberate about ensuring that the perspective and experiences of BAME people are included in policy design and implementation. Perhaps more importantly, policy should very deliberately seek to create opportunities and occasions for people from marginalised communities to work with others across the boundaries of ethnicity and faith. We will bring our country together from the ground up, by stitching together different 'communities of identity' in the same 'community of place'. Subsidiarity enables inclusion, by empowering local people to work together on common projects."[12]

Address the limiting assumptions around social investment
The social investment sector continues to be profoundly non-diverse, as mentioned during many of our interviews and evidenced by the senior management ranks of most investors and intermediaries. The sector has also failed to provide support to many organisations in, or working to tackle the issues faced by, marginalised communities.

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Having stated the problem so bluntly, the Panel also warns against rushing to action or setting targets without taking time to draw out the complexities, subtleties and contradictions of social phenomena, including engagement with those with lived experience of the issues. Rushing to action risks ignoring foreseeable as well as unforeseen consequences, and setting targets, without such a process, risks focusing on reporting rather than on real change.

Access has a track record of taking time to engage the sector and developing, then testing, thoughtful responses to the challenges of the CSE sector. The Panel suggests that this deliberate approach should be harnessed and Access continue to catalyse efforts to:

- *Insightfully critique assumptions behind 'we have the answers'*
  It is much easier for investors to believe that 'lack of resilience' is the main issue in CSE investment-readiness, than to explore the 'lack of relationship' that results in social investment being unintentionally in the hands of the few. The 'lack of resilience' assumption fits CSEs to investor mindsets of 'we have the funds that you need' and encourages the belief that investment-readiness is in essence a technical problem amenable to a programmatic 'fix'.

- *Address underlying relationship issues*
  Unfortunately, the reality is that investor mindsets overlook the aversion of many CSE founders to implicit demands from outsiders that they conform to alien financial concepts. The '(lack of) trust' reality, and the need to build relationships before one can build resilience, requires new motivation and capabilities – most likely to be found via intermediaries, trade bodies, community groups and other unusual partners.

- *Recognise the investment required*
  Building trust can take time and certainly requires investment of effort – both of which ultimately need to be provided by someone. Charities, individual business leaders and community groups all have a role to play and may be 'hidden subsidisers' of CSE development. However, social investment funders also need to recognise that reaching marginalised communities and remedying the exclusivity of social investment reinforces the inevitability of subsidy to deal-origination, deal-making and post-deal support.

Issue 5

Advocacy – to build the case to Government and beyond for the importance of blended finance for CSEs and their social role across England

Positive Access relationship with Government
Access has a good and positive two-way relationship with the Government, both at official and ministerial level. This relationship is developing beyond Whitehall to local and regional Government given the development of Local Access and other longer-established programmes like the Growth Fund. There is a clear recognition of the gap that Access fills in the social investment market, especially the listening, learning and working with CSEs that has helped cement relationships with Government at national level. The allocation of £30 million of dormant asset money in May 2020 underlined this. It has also further elevated the role of Access to a key support to the resilience of CSEs through blended finance at this challenging COVID19-dominated time. It has allowed Access to underpin existing lending programmes, but also to innovate by developing with partners new flexible forms of social investment for CSEs.

Relevance to the 'levelling up' agenda
Local Access aligns with the Government policy of levelling up, which with differing names has

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been an aspiration of previous governments and carries support across the political spectrum. This activity, as it builds up over the next five years, could be a valuable demonstration of the role that CSEs, supported by social investment, are able to play in social impact across England, not least in some of the most disadvantaged communities. Progress has been modest so far, largely because of the impact of COVID19, but Local Access has the potential to play a flagship role for the next phase of Access' activities. There was support, from some interviewees, for Access to share its learning on an on-going basis, to help inform the thinking of key decision-makers in Government on levelling up policy. Access would need to broaden and deepen its relationship across Government, whilst also thinking through the appropriate partners to work with, convene and take the lead.

Opportunity to catalyse advocacy
Access has an opportunity in the next five years to catalyse advocacy by working with others like BSC, Social Investment Forum and CSE organisations, to share its learning and influence the debate around policy development. This catalytic role is not new to Access, as evidenced by activities such as the convening of a group of leading social economy actors in 2020 to coordinate the sector's message to Government, in terms of the contribution it could make both to the 'levelling up' agenda and post-pandemic economic recovery. Interviewees expressed respect for the leadership of Access, including the diverse group of trustees, which will help in supporting and working with partners to build the case to influence policy.

This is a further demonstration that, because of the strength of its brand and the respect in which its team is held, Access can work with others in influencing policy decisions. However, if Access is to highlight gaps and opportunities in the market and promote the role of Government in supporting social investment, including the on-going importance of both subsidy and enterprise support to build resilience for CSEs, it will need to deploy or convene more time and resources.

In the view of the Panel, Access should consider the following:

- *Continued advocacy from programme learning*
  that Access has gained across its programme mix in England, not least in catalysing advocacy and convening partnerships with the social sector and organisations like BSC.

- *Enhancing evidence-based advocacy*
  involving the building and sharing of an analysis that demonstrates the case for blended finance need by the CSE sector in the long term.

- *Convening the relevant organisations to make the case for blended capital*
  including subsidy and enterprise support. This would be powerful in helping decision-makers build the resilience of the CSE sector, encourage the social and economic contribution of the sector in levelling up and support the impact of the social investment ecosystem.

Issue 6

Legacy

Access has already set up a Legacy Group at Board level which has begun substantial and robust discussions regarding 2025, including whether Access should continue beyond its planned 10 year life. The Legacy Group has identified as main themes:

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- blended finance
- enterprise and resilience
- understanding of business models

and is mapping out what success looks like; progress to date; key audiences and allies; and an assessment of Access' goals.

The Panel applauds Access' leadership's work to set up a discussion of 2025 – the opportunity for Access is to catalyse the debate at a much broader level. The Panel suggests themes and options to be considered by the Legacy Group, by the CSE sector and by stakeholders:

Themes of legacy

- As a result of COVID19, CSEs are in a different place: although some have sadly vanished during the crisis, the social and economic importance of the sector is evident. The investment by Access in enterprise development and blended capital infrastructure means that the platform is in place to increase the investment and impact, tailored to the needs of CSEs and their beneficiaries – not just the needs of funders.
- Ensuring a sustainable flow of blended capital and enterprise development – as outlined in Issue 1, this is both an immediate and a 2025 priority.
- Avoiding the usual 'stop -> lose learning -> go -> slow start' of sector initiatives. If Access closes as planned in 2025, an effective plan and funding is required by 2023 to ensure hard-won learning, experience and trust is not lost.
- Maintaining the impact and scale, as well, as retaining the trust of intermediaries, not least the newer and more fragile.
- Managing the impact of uncertainty on the Access organisation and the effectiveness of the lean, outsourced model as the remaining operational period shrinks.

Creating options in the run-up to 2025

- Building 'legacy thinking' into current programmes and building on core strengths in blended capital and enterprise development …
- … in balance with continued innovation (subject to new funding of Access programmes by 2022), although little time remains to innovate, gain feedback and adjust, before 2025.
- Testing the responses of Access and the CSE sector to different scenarios for the political, economic, social, technological and health environment 2025-35.
- Exploring 'scale' versus 'innovation and diversity' for 'future Access(es)' – should the priority be to put much more capital through existing channels and/or to invest more slowly through new channels to marginalised CSEs/places?

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Enrolling stakeholders

- The CSE sector and Government need to be enrolled in the debate around sustainability of blended capital, CSE infrastructure and learning.
- This 'catalysing advocacy' role is a natural task for the Chair and trustees with support from the Chief Executive and team, but it should not distract them from core operations.

Evaluating the options to succeed Access – Panel's views

- We observe that:
  - The need for subsidy into blended capital is inevitable.
  - The activities of providing that capital and of enterprise development are probably best combined.
  - Access has strong relationships both with the CSE sector and with Government.
  - A stop/go approach brings a sizeable learning and delay penalty.
- We conclude that all 'successor options' should be tested against the 'continued Access option'. A conclusive evaluation of all successor options will require dedicated resources and time, probably including an objective external perspective. We suggest this effort be concluded in ample time to avoid the penalties of a stop/go in 2025.

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Appendices

Appendix 1 – Terms of Reference

Purpose

To examine the effectiveness of each organisation within the TopCo Group in delivering against its respective Objects/Mission, as set out in its governance documents

Output

A brief, high level report, envisaged at less than 20 pages, which is intended to be focused rather than comprehensive. The review team will identify (i) the organisation's key achievements and successes; and (ii) strategic issues where the review team believe further consideration is required. The Chair of the reviewed OpCo will be expected to offer a public response.

The review will <u>not</u> attempt to offer specific recommendations to the organisation's management.

Data

Primary data: interviews with key stakeholders; open call for evidence; interviews with key staff.

Secondary data: governing documents / articles of association; internal policies and procedures; published financial accounts; published impact data.

	Social impact	Systems Change	Operational effectiveness	Organisation specific
Potential guiding criteria	Does OpCo have a clear and ambitious strategy for achieving social impact which is in line with its mission? Has effective execution of this strategy delivered social impact? Do both the OpCo's mission and strategy meet a need which is not adequately met by alternative interventions?	Has OpCo articulated a clearly stated Theory of Change in line with its mission? Does OpCo's Business Plan reflect the Theory of Change? Has OpCo attracted other funding or other resources through partnerships to leverage its activities?	Does OpCo have well functioning governance structures? Is the organisation operating with appropriate levels of transparency? Are the operating costs of OpCo in line with comparable organisations?	What are the particular challenges faced by OpCo? How well has OpCo responded to these challenges? Is the organisation prepared for changes to the conditions it may face in the future?
Potential points to consider	OpCo's approach to measuring the impact of, reporting the impact of, and learning from its programmes [OpCo's ability to deliver sustained improvement in the social issue; its approach to longevity (i.e. spend down vs evergreen)] [OpCo's approach to making returns on programme related investments]	OpCo's role in the wider ecosystem Evidence for the System Change that OpCo has achieved The partnerships that OpCo has formed, resources OpCo has leveraged, and funding it has unlocked for use on the social issue	OpCo's approach to its operating costs OpCo's pace of deploying funds OpCo's ability to identify and manage risks (appropriate risk appetite) OpCo's controls and procedures around deploying funds	To be determined by the review panel, in association with TopCo board members and key stakeholders

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Appendix 2 – Reviewers

Keith Leslie

Keith is Chair at Samaritans in UK & Ireland and author of A Question of Leadership. He is a former partner at Deloitte LLP and McKinsey & Company.

Neil Sherlock CBE

Neil is a Trustee of National Literacy Trust, was a partner at KPMG and then PwC and served as a special adviser to Deputy Prime Minister Nick Clegg in the Coalition Government.

Claire Brown

Claire sits on the Advisory Board of Cazenove's Charity Authorised Investment Funds and is a trustee of various charities including the Barts Charity. Formerly she sat on the Investment Committee of Comic Relief and was the Finance & Investment Director at the Esmée Fairbairn Foundation.

Fiona Young Priest

Formerly the Head of Finance and Resources at the Tudor Trust and before that the Director of Finance and Resources at Crisis UK. She is co-author of the National Council for Voluntary Organisations' Good Guide to Financial Management.

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Appendix 3 – Interviewees' organisations

Access
Barrow Cadbury Trust
Big Issue Invest
Big Society Capital
Bristol and Bath Regional Capital
Bubble Hub
Charities Aid Foundation (CAF) Venturesome
Comic Relief/Diversity Forum
Curiosity Society (formerly TI Group)
DCMS
Eastside Primetimers
Equality Impact Investing Partnership
Esmée Fairbairn Foundation
Greater Manchester Centre for Voluntary Organisation
Homeless Link
Impact Investing Institute
Key Fund
Lloyds Bank Foundation
Local Trust
National Lottery Community Fund
Orbit (Community Investment Partnership)
Power to Change
Rathbones
Redcar Link
Resonance
School for Social Entrepreneurs
Social Enterprise UK
Social Investment Business
Sumerian
The Oversight Trust
Think NPC – New Philanthropy Capital
UnLtd
Voluntary Organisations' Network North East

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