

Impact Readiness Fund

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Organisation: Cabinet Office

Country: United Kingdom

Level of government: Central government

Sector: Economic affairs, Social protection

Type: Financial Resources, Public Service

Launched in: 2014

Overall development time: 1 year(s)

Link to the innovation's website

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Description

The GBP 2 million Impact Readiness Fund is a pilot programme that will help social ventures put the systems, processes, and governance in place to understand and improve their social impact. Delivered by the Social Investment Business, the Impact Readiness Fund will build on the lessons and learnings from Investment and Contract Readiness Fund and will generate lessons on models of capacity building support that can be scaled up by Access: The Foundation for Social Investment, a new independent foundation that will help social ventures access social investment.

Increasingly social investors and government commissioners are making funding decisions based on the social impact achieved by social ventures [1]. But while articulating social impact could lead to opportunities, the social sector struggles to collect, manage, and analyse the data they generate in a format that makes it easy for them to manage their business around maximising impact. A recent evaluation of the Investment and Contract Readiness Fund grantees showed that only 22% had confidence in their skills to measure their impact.

Why the innovation was developed

- While we have learned many lessons on capacity building support to help ventures become more financially literate through the Investment Readiness Programme, there has been no capacity building support that has focused on helping social ventures monitor, report on, and maximise their social impact.
 - To increase the impact, and evidence of impact, of social ventures
 - To increase the number and quality of investment ready social ventures able to secure social investment (contributing to the pipeline of investments for Big Society Capital) and to bid for and win public sector contracts (an important aspect of Her Majesty's Government's intent to diversify supply chains)
 - To help strengthen the network of social investors and support providers who can support social ventures in the longer term, strengthening the UK social investment market in the longer-term
 - To help build an approach by which the market can measure and articulate social, as well as financial, return, maintaining the UK's thought leadership on social investment
 - While articulating social impact could lead to investment and commissioning opportunities, the social sector struggles to collect, manage, and analyse the data they generate in a format that makes it easy for them to manage their business around maximising impact. A recent evaluation of a similar fund, the Investment and Contract Readiness Fund, showed that only 22% had confidence in their skills to measure their impact
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Objectives

Develop staff capacity, Improve effectiveness, Improve efficiency, Improve service quality, Improve social equity, Support economic growth

- To provide high quality support to ambitious social ventures
 - To build a stronger market in support services, with a better range of providers and greater choice for social ventures
 - To secure substantially more social investment for social ventures
 - To increase the number of public service contracts won by social venture-led bidders
 - To maximise the impact of Big Society Capital (an independent financial institution with a social mission, set up to help grow the social investment market in the UK) and open up opportunities for public service delivery
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Main beneficiaries

Businesses, Civil Society, General population, Government bodies, Government staff

- Social ventures - an organisation that works for community benefit and has a social mission at its core. This could be a profit-making organisation, a registered charity, and could take a number of legal forms.
- Approved support providers - these are organisations that provide specialist support to grantees (social ventures). You can see these organisations here: <http://www.sibgroup.org.uk/impactready/directory/>
- Social investors - fund managers that make investments to achieve social impact as well as financial return.

Results

Results not available yet

- This is the first fund paying for support for impact measurement. Demand was overwhelming and demonstrated that this type of support is required. We received GBP 7.5 million in funding requests for our first round of funding.
- All of our grantees will be receiving support until June 2015, and we will evaluate their progress before September 2015 to understand lessons and results.

Development

Design

This was developed by social investment policy experts at Cabinet Office in consultation with the social investment sector. We particularly tested ideas with organisations that are expert on social impact measurement. The funding model follows the model pioneered by a similar Cabinet Office fund, the Investment and Contract Readiness Fund. During evaluation, this model was praised by social ventures, support providers, and social investors for bringing together social investment stakeholders and growing the market in three ways - increasing the capacity of social ventures to take on investment, supporting social finance intermediaries who structure products and investment by paying for their work as support providers, and helping investors learn about which social ventures are seeking investment.

Design time: 2 month(s)

Testing

- Before the Fund was launched, we market tested different fund design ideas with social investment and impact measurement experts
- This fund is a GBP 2 million pilot fund, which could be taken to scale based on its performance.

Testing time: 1 month(s)

Implementation

Tools used:

- We procured for a fund manager
- We launched a website with information for prospective applicants
- We held a learning session with approved
- Open-source networking – any organisation in receipt of payment for support will be asked to share experiences. This protects support providers' intellectual property/commercial advantage whilst disseminating learning and building collaboration and confidence in new forms of financing across the social sector.
- Tight monitoring and evaluation – we expect the grant manager to provide us with market data and intelligence on: a segmentation of the organisations seeking support, and winning investment/contracts (scale, type, sector); the ratio of applicants to grants; the cost of support relative to the value of investments made and contracts won; social investment deal flow and contracts won by supported ventures (total numbers p.a.; rate of deals)
- Governance and programme management - Cabinet Office staff will be represented on the grant management investment decision making body (to gain experience in making value for money investment decisions)

Resources used:

- One official
- Budget of GBP 2 million committed and the ability to spend up to GBP 5 million

Implementation time: 2 year(s)

Challenges and solutions

- This work is ongoing. We will have peer learning sessions for grantees to learn about common challenges and developing solutions.
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Partnerships

Social Investment Business

Civil Society

Social Investment Business is our fund manager. They make funding recommendations to an independent panel of social investors (who make funding decisions). They administer grants and manage relationships with social ventures, support providers, and social investors.

Big Society Capital

Civil Society

Big Society Capital chairs the Investor Panel, which reviews funding applications and makes funding decisions. The Panel can also play a role in advising on strategic decisions around the fund's management and strategic direction.

Big Society Capital is an independent financial institution with a social mission, set up to help grow the social investment market in the UK.

Lessons Learned

Lessons Learned

- Market testing with stakeholders is important
 - Many social sector organisations have the ambition to scale up but struggle to do so in funding environments that were not designed with their needs in mind.
 - In this funding round, we did not seek contributions from other government departments as we were not able to predict what type of demand we would see for this support. But in previous funds like the Investment and Contract Readiness Fund, we raised funding from Arts Council England, Department for Health, and the Mutuels Support Programme. In the future, we would seek to be creative in order to leverage additional funding.
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Conditions for success

- Supporting infrastructure (e.g. skilled support providers)
- Guidance on impact measurement and funding (e.g. impact measurement and outcomes-focused business planning can mean different things to different people)

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