

INNOVATIVE SOCIAL INVESTMENT ACROSS ENGLAND



In partnership with
 BARCLAYS



Big Issue Invest Corporate Social Venturing

Final Research Report

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It should be noted that Digital Mums represents one of the best case-studies for how to embed social impact measurement in an early-stage SB. Whilst the University of Northampton initially engaged in the design and development of a bespoke SIM for Digital Mums, and then provided 12 months support to collect the data, analyse and report on it, Digital Mums also recruited and employed an individual whose responsibility was social impact measurement (this was not initially a FT position and nor should it be in early-stage ventures). This individual then, with support from UoN, eventually took ownership of the SI measurement processes, analysis and reporting, so that external support from the University was no longer required 18 months after initial engagement. This individual has since expanded the scope and focus of the SI reporting and Digital Mums now has its own in-house SI measurement team and processes, with which it can learn about its organisational performance and market its activities effectively to external partners. This demonstrates how a knowledge transfer process can be established through programmes like the CSV and provides a best practice overview of how to develop organisational resilience and sustainability in the area of SIM. 43

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Foreword

Corporate Social Venturing (CSV) is designed to be about more than funding: it’s about building a deep connection between business, employees and the social entrepreneurs who are changing the way business is done in the UK. BII CSV exists to satisfy the market failure that is manifest in the social investment space. A failure of provision in the early stage market, due to two reasons: One, the scalability of tech based equity deals being more attractive to funders. Two, the limited risk available to debt financiers, meaning the amount of risk needed to fund early stage enterprises is not available.

BII CSV looks to satisfy this need by bringing new investment capital to the social investment market, demonstrating that larger businesses can invest and support in a much more value led and sustainable manner. We then harness the skills of our private partners and provide a skills transfer across all sectors, thus creating, value driven partnerships for, and between, all three business markets -Private, Public, and the Third sector.

The early stage investment provided by partners, coupled with this skill sharing, provides an opportunity to take greater risk around investments, providing a solution to a failure in the existing social investment market- it is important that the programme has the ability to invest in early stage businesses that are not guaranteed to succeed but with patient investment and high quality ongoing support have a far greater chance of success. This report is the second to independently evaluate if we are succeeding in this objective.

1. Overview

Big Issue Invest (BII) has developed an innovative programme aimed at raising the access to finance of SBs. The 'Corporate Social Venturing' (CSV) programme is aimed at delivering social outcomes, improvements to target beneficiaries and development of SBs through a mixture of mentoring, business support, workshops and investment. The CSV has been developed by BII involving with key partners: Barclays Bank, Fusion21, First Ark, Places for People, Experian and the University of Northampton. Working alongside the key partners is a set of sector specialist advisors, including, but not limited to, Guys and St Thomas's (for health); Teach First (for Education); and Tech Strategy Board and Ashurst (for legal support).

1.1 – CSV Aims

Specifically, the CSV seeks to achieve the following core aims and sub-aims:

1. Introduce new organisations to take part in social investment

2. To provide bespoke business support to SBs, informed by their stage, geographical position and sector.
3. Assist SBs to increase sustainability and to scale income and social impact.
4. Promote job creation within the SBs.
5. Social businesses to progress through:
 - a. Accessing the programme.
 - b. Attracting social investment.
 - c. Securing public/private sector contracts and increased sales volumes.

1.2 – CSV Structure

The CSV is to be delivered across a four year time period and will be structured in four main stages. The four main stages of the CSV are:

1. **Selection:** Applicants will apply online. This application will be assessed using BII's Impact Index that measures financial sustainability, scalability, management team/structure and social impact. The top 25-30 applicants that pass this stage will be reviewed by all partners and a first investment day undertaken with partners forming the "investment committee"- 15-20 ventures will be chosen to take part in the next stage of the programme.
2. **Business Mentoring:** Participants will then be matched with a business mentor(s) from the partners, who will then work with participants for 3 months to develop a business plan/pitch. Participants are also provided with specialist workshops, potential access to markets/contacts and the ability to learn through their peer network, including the overall network of BII. Advice will also be received through our sector specialists i.e. Tech strategy board, Guy's and St Thomas's and Teach First.
3. **Pitching:** A two day 'Caterpillar Cocoon' will take place at the end of the cohort. During this participants will pitch to the Investment Panel that will contain BII, partners and investors.
4. **Investment:** Successful participants will be offered investment capital, plus ongoing support and mentoring. These ventures will be required to provide ongoing updates of their performance and will receive post-investment support. This was structured as debt investment across a 6-year loan period, with the first three years allowing for interest-only repayments.

1.3 – CSV Fund Size

In total the CSV originally targeted to allocate a total of £1.3 million investment. This funding needed to:

1. Support 28 ventures through convertible loans of up to £50,000. Specifically:
 - a. 30-40 ventures to be supported initially.
 - b. First round of applicant ventures to be selected in June 2014; second round of applicants to be selected in June 2015.
 - c. Identified target sectors of education, creative industries, health and social care and homelessness.

2. Executive Summary

2.1 – Overview

The data presented in this report reflects the performance of the Big Issue Invest CSV across both Rounds 1 and 2 of investment applications, as well in relation to the longitudinal performance of the financial and social elements of the CSV Fund. In doing so the report presents data from: the application phase; the investment phase; and the longitudinal financial and social impact on CSV investees. In exploring the social impact, the report includes case-study social impact reports for investees that have been developed during the CSV programme.

In order to achieve this the research adopted a mixed-methods approach to the data collection that involved quantitative analysis of social businesses' (SB) application data; quantitative and qualitative data gathered from the case-study VCSEs as part of a social impact data collection plan put in place during the mentoring phases. In

total the quantitative data analysis involved the data from 295 SB applicants (194 in Year 1; and 198 in Year 2).

The investment data gathered to date demonstrates that BII has engaged with nearly 400 VCSEs across the country, and has invested in 40 of these. The total investments committed at the end of the CSV amount to £1.746 million, which is nearly half a million pounds over the original target projection. Risk and early-stage investment in social enterprises are difficult to ascertain, but of the 40 investments made 16 are assessed by BII as being high-risk, accounting for £698,000 of investments or 40% of the portfolio. In relation to these 16 high-risk investments, 6 are considered to provide potentially medium to high social impacts, whilst 3 investments have to date failed (a 7.2% portfolio failure rate). The investments made range in value from £12,500 to £100,000 with the full £1.746 million now disbursed to the VCSEs.

2.2 – Findings

The data presented in this report has identified that the CSV has performed well over its lifetime (albeit there are still several years left to run on all of the investments) and that the vast majority of investments are on course to be repaid. The research reported in this publication explored two main areas of focus for the CSV: fund performance and social impact. The findings in relation to these are summarised here.

2.2.1 – CSV Performance:

In relation to the data a number of trends emerged in relation to the types of SBs engaged at different phases; the selection/rejection of SBs; the investments and mentoring support offered; and the performance of the investees and the investments made. In summary these are:

- **Geographic engagement** with the VCSE sector was heavily skewed to London. However, the CSV has performed well in the North East, North West and East Midlands; whilst falling short of national averages in the South East, South West, East of England and the Yorkshire and Humber.

- **Social sector engagement** remains focused on the education and health sectors (over 60% of all online applicants). The lack of public procurement expertise on the investment panel should therefore be addressed in future iterations of the fund, due to the uniqueness of these marketplaces.
- **Limited companies**, whether CLG/CLS/CIC, are still the main organisational types engaged (83.5%) of online applications. This is in line with the sector in general and so is an expected outcome for the CSV.
- **Market demand** and **social impact/mission** remain the biggest reasons for rejection during the Selection Day. In addition, the BII Matrix provided an accurate predictor of whether a SB would be shortlisted to the mentoring phase. This raises the question of whether the Selection Day itself is required in future iterations of the programme?
- **Financial plans** and **product/service development** are the main reasons that SBs are declined investment at the Caterpillar's Cocoon. Therefore, more focus on these areas could be provided during the mentoring phase.
- **Investment demographics** identify that there is a significant bias towards investment in London (45%) when compared with national averages. Investments in SBs from the North East were strong however, with 15.8% of investments occurring in the North East despite SBs from the region making up less than 4% of applications. SBs from the North West did particularly poorly, with zero investments despite accounting for nearly 12% of the applications. This possibly points towards the difference that a rapidly improving ecosystem can have for SBs in relation to sustainability and investment readiness, as the North East has seen a huge growth in social investment infrastructure in the last few years. CSV investees were also broadly in line with national averages in relation to women- and BME-led boards. Finally, investees had an average turnover of £134,000, employed 3 FTE staff and operated in areas of moderate disadvantage (IMD Rank 4 average). In relation to social exclusion, over one-quarter of investments were made in SBs operating in the top 20% most deprived areas in England.
- **Investment risk** was also an issue within the CSV, with a disparity between high-risk *investments* and high *impact*. Indeed, only one-third of high-risk investments were assessed to have medium or high impact potential. However, this was balanced by the relatively high sustainability of SBs as assessed by grant dependency, with only 7% being grant dependent. This

demonstrates the inherent risks associated in social investment, especially for nascent/early-stage SBs, but also the role that robust due-diligence processes can deliver in identifying suitable investee organisations.

- **Investment characteristics:** The average investment amounted to £44,000, loaned out at an average rate of 5.2%. With approximately £50,000 of pro-bono support provided to SBs on average, the total commitment in supporting investees was just under £100,000. Nearly 80% of investments were required for developmental and/or early-stage capital, which again is high-risk by nature even in traditional investment sectors. The data held for beneficiary engagement for nine of the SB investees (these were the organisations that returned this data) demonstrates that the average SB engaged with 612 beneficiaries. If this is extrapolated across the CSV then nearly 25,000 beneficiaries will have been engaged.
- **Investment performance** was strong and in line with pre-CSV expectations, with 40 SB investments made to a total value of £1.75 million. 37 of these are on track to repay with repayment completions beginning in 2017. The fund is on course to make full returns to corporate partners who invested. However, four key areas of focus were identified for future iterations of the fund to mitigate potential risks:
 - *Burn-rate:* Early-stage SBs can experience cash-flow problems and potential business failure. This requires both additional finance and support/patience from investors. In the CSV to date, the three potential investment failures will provide a fund failure rate of 7.2%.
 - *Social entrepreneurs:* It is critical in early-stage SB investments that social entrepreneurs are supported both informally (i.e. mentoring), and formally (i.e. board member expertise).
 - *Market Focus:* Heterogeneous support mechanisms are required to reflect social sector focus (i.e. public procurement expertise for SBs seeking public contracts).
 - *Product:* SB need to supported early-on to develop a clear roadmap for product.
- **Investment impact** was also positive, with SBs experiencing an average growth in turnover of 3%. However, for many SBs this growth was achieved from a backdrop of imminent business failure prior to CSV engagement. The

investment from CSV was also seen to have positive impacts on: marketing and brand; internal capacity; sustainability and investment readiness.

- **Future Finance** is important for those SBs that experience high-growth and require additional cash-flow to fund this. The CSV could provide this through a secondary tier fund or ensure that formalised links to the wider social investment market are provided (i.e. could the CSV act as an incubatory pipeline for larger investment funds through additional partnerships?).
- **Leveraged Funds:** 12 SBs leveraged in external finance following investment from the CSV, with an average amount of £77,500 per SB. Crucially, for those SBs that were able to leverage in additional finance, turnover growth was 15% (compared with the CSV average of 3%).

2.2.2 – Social Impact of the CSV:

The indications from the social impact data obtained through four case-study organisations are that the CSV is generating a good return on investment in relation to the primary impact delivered by investees. Indeed, across the four case-study organisations a primary-level social impact of £3.7m was generated, from just £200,000 of financial support (or £400,000 if pro-bono support is included). This represents a social return on investment of £18.69/£1 of financial investment; or £9.35/£1 of total support committed. Extrapolated across the CSV's 40 investments this could amount to £37 million of social impact generated if the other investments perform to the same level¹. The collection of additional data and the development of a further four case-studies in the coming months will provide a clearer picture of the social impact generated.

3. Research Aims & Methods

3.1 – CSV Research Aims

The Year 1 report sought to evaluate the efficacy of the CSV programme, in order to suggest programme improvements for Year 2. In Year 2 the focus of the research moved towards understanding the investment decisions made during the programme, the social impact derived from investments, and the benefit to corporate partners of engaging with such a programme. In this final report the emphasis has moved towards assessing the demographics of applicants, understanding the nature of the 40 investments made to date both demographically and performance-wise, and understanding the social impact of investment longitudinally. Therefore, the following three research questions were explored:

RQ1: What are the demographic characteristics of the SBs that apply to the BII CSV?

RQ2: What are the characteristics of the investments made within CSV?

RQ3: What are the social impacts delivered by CSV investees?

3.2 – Research Methods

In addressing the research questions outlined above, the research evaluation will adopt a mixed-methods research design that will utilise both quantitative and qualitative research tools. An overview of the specific methods/tools to be used is presented below, along with a description of the specific research questions that the method/tool will address.

3.2.1 – Quantitative Methods:

Quantitative data will be captured utilising the following research tools:

1. *Online application process:* Organisational demographic data will be captured at this stage to assess the types of SBs that are applying to the programme.
2. *Investment Data for CSV:* Investment data for CSV investees will be captured, along with longitudinal data gathered through a BII/UoN designed survey that will track organisational demographic changes post-investment (i.e. increases in turnover).
3. *University of Northampton's 'Social Impact Matrix':* The UoN's SIM will be used to develop a bespoke measure of SI performance for the BII CSV programme (see Section 3.3 for an overview). This will then be used to assess the social impact of case-study organisations that successfully secure funding from the programme post-investment.

All quantitative data analyses will be conducted using the Statistics Package for the Social Sciences (SPSS) version 22.0.

3.2.2 – Qualitative Research Methods:

Qualitative data will be captured utilising the following research tools:

1. *Social Business case-studies*: A sub-sample of in-depth case-studies will be conducted with SBs that successfully seek investment. These case-studies will occur within a maximum of 12 months' post-investment and will seek to explore the social impact delivered by the SBs over a 12-month period. These will in places also include beneficiary case-studies.

Previous reports for CSV during Years 1 and 2 captured qualitative data from a wide-range of stakeholders including investees, mentors and programme partners. Therefore, readers should engage with these reports for an overview of programme performance in relation to the design and process of the investment journey itself. This reports is focused on final (or ongoing) investment outcomes, and the social impact leveraged by these investments.

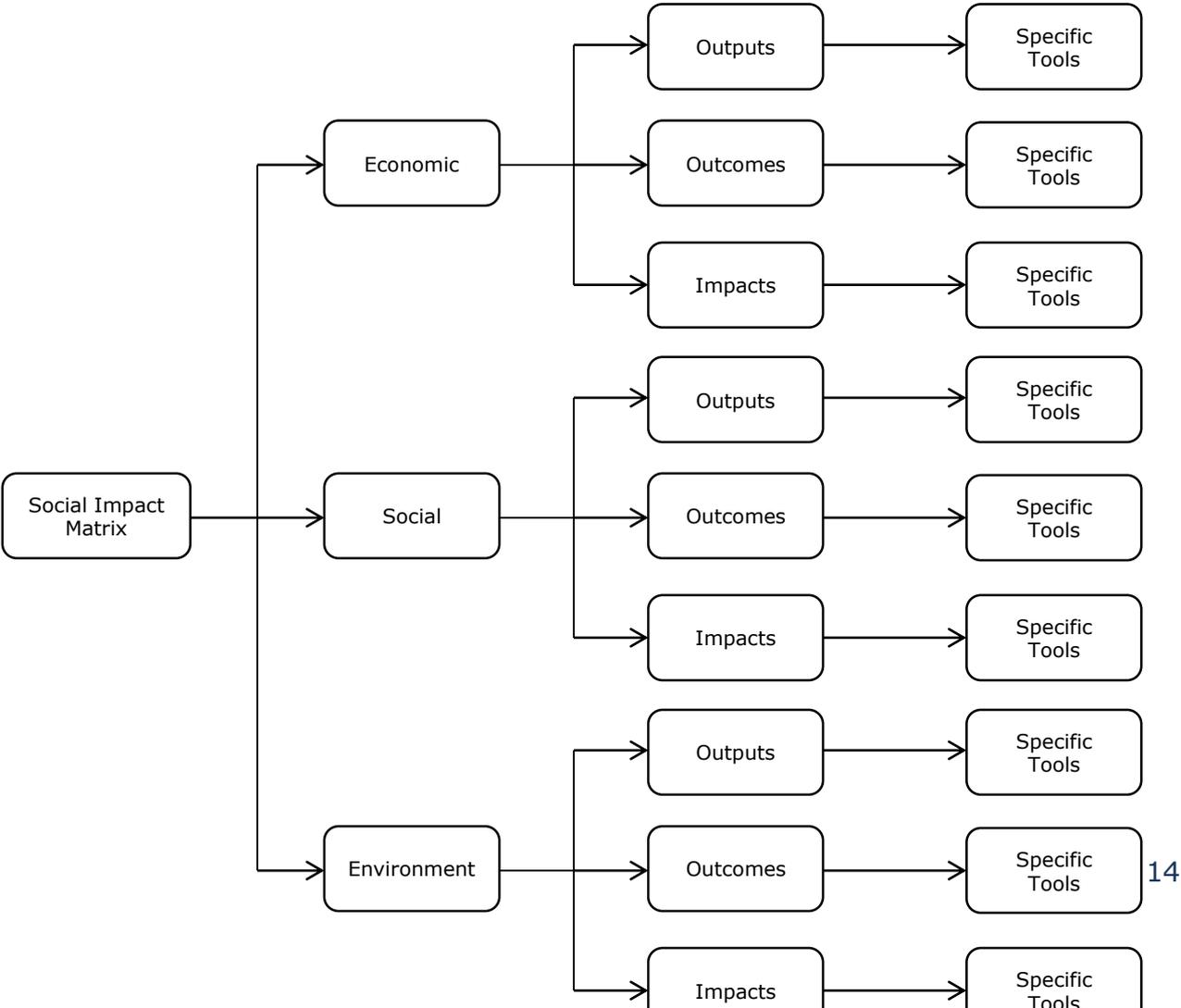
3.3 – Social Impact Matrix

The University of Northampton's 'Social Impact Matrix' utilises the prior work of McLoughlin *et al.* (2009) and combines it with the 'triple-bottom line' that is present in the business models of social enterprise and also the delivery of public services. The triple-bottom line consists of economic, social and environmental impacts that are delivered by organisations and (in the absence of a current theoretical definition of social value) used as a proxy for social value. Any organisation that seeks to use the model to develop their own social impact matrix has to first decide what specific areas of impact that it has in the economic, social and environmental spheres. Once these areas have been defined the organisation must then identify what its specific outputs, outcomes and impacts are for these areas of impact and then develop or identify tools or formula that can be used to measure these specific outputs, outcomes and impacts. Figure 3.1 overleaf outlines this process.

A simplified example of this would be if a social enterprise that works in the work-integration sector sought to evaluate its social impact. First, it would map the economic, social and environmental areas that it operated in. One example of this would be employment, which would be present in both the economic and social elements of the model. An employment related *output* would be the number of jobs

created; an employment related *outcome* would be the psychological benefit to an individual of being employed; an employment related *impact* would be the savings to the state of reduced welfare payments. Specific tools would then need to be selected in order to capture this data. This would be simple for the number of jobs created; however, for the outcomes and impacts specific tools or formula would need to be utilised/created. Psychological scales that measured constructs such as well-being, self-efficacy or anxiety could be employed to measure outcome. Impact could be measured by adopting a formula that multiplied the number of jobs created (J) by the annual income of an individual on job-seekers allowance (B). The result of this calculation could also be added to the increase in income tax and national insurance income created by the new employment (T). This would give a calculation that would provide the fiscal savings to the state of the intervention $[(J \times B) + T]$. The specific application of this methodology for each social impact case-study is presented with each case-study (see Section 5).

Figure 3.1 – The Social Impact Matrix:



3.4 – Sample

In relation to the quantitative data sample a total of 392 SBs applied to the BII CSV across both years of operation, and from these applications 56 were shortlisted for the CSV Selection Days (held in June 2014 and 2015). These 56 SBs were then assessed on the BII-IIT by all of the partner organisation panel members and their applications were also discussed during the Selection Day itself with the assistance of PowerPoint SB overviews produced by BII utilising the IIT scores delivered by the programme partners in their assessments. From this shortlisting process investments of £50,000 were made in a total of 40 organisations, ranging from £12,500 to £100,000, with a total investment value of £1.746 million.

In relation to the qualitative data sample contained in this report, data was gathered in the BII/UoN survey from 20 of the investee organisations, whilst qualitative case-study data is presented where applicable in the SI reports for the investee organisations who have returned their data. It is anticipated that further updates on investee social impact will be received in the coming months, and these will be added to this report as appendices on an ongoing basis.

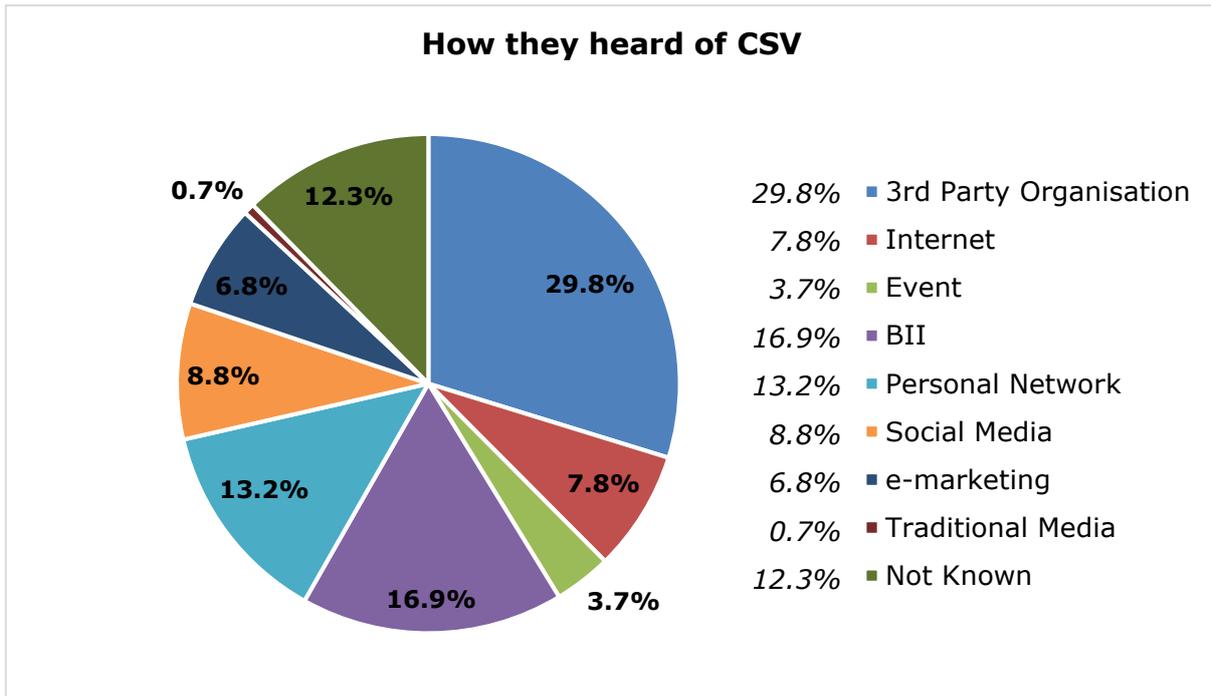
4. CSV Performance

The results presented in this section represent the evaluation of the CSV programme to date in relation to the quantitative data gathered over the first two years of operation. The data is presented here in relation to the progression of SB applicants through the four main stages of the CSV programme, including: the online application; the selection day; the caterpillars cocoon; and investments made.

4.1 – Applying to the CSV

In relation to the reasons for engaging with the CSV, Figure 4.1 below outlines the methods of engagement for SBs when learning about and applying to the CSV programme.

Figure 4.1 – Method of SB Engagement with BII CSV (%):



Nb. Data drawn from the 392 SB applicants that answered this question when applying to the CSV during rounds 1 and 2. Numbers in italics to left of key represent/match the values for each variable contained in the pie slice.

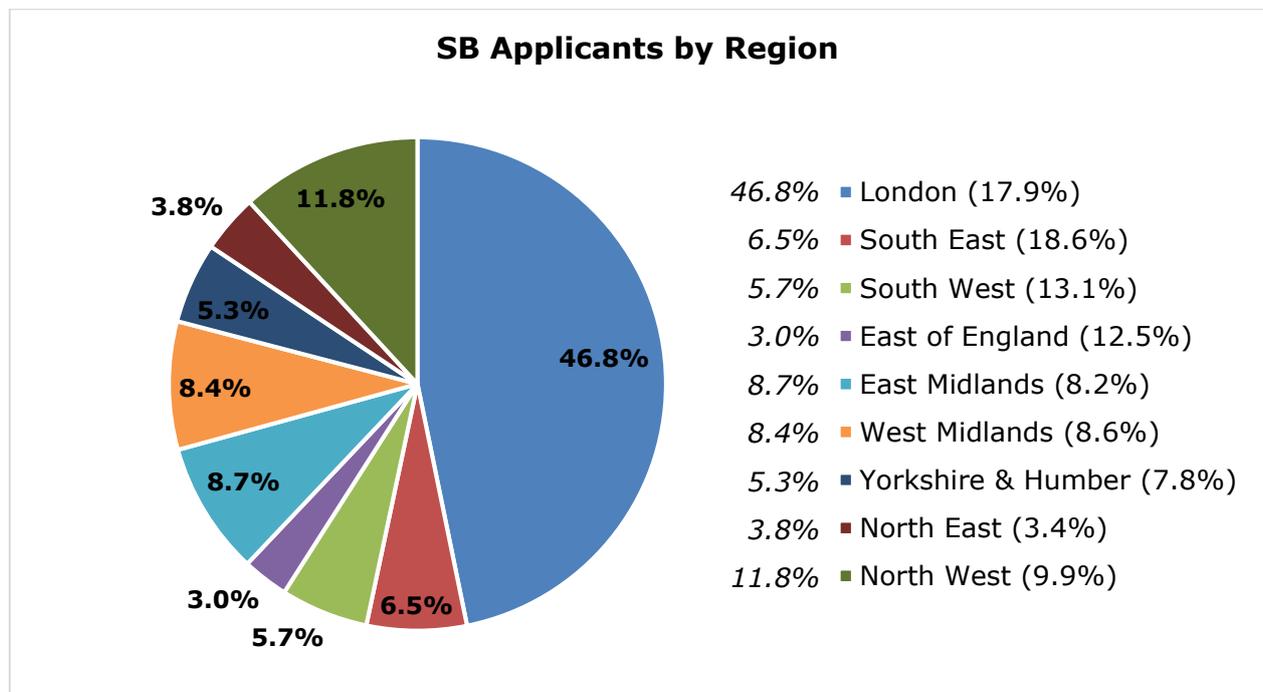
Figure 4.1 identifies that the majority of applicants (over two-thirds) engaged with the CSV originally either through a third-party organisation, direct engagement with BII, personal networks or social media. This demonstrates the powerful nature of stakeholder networks (either held by BII or by the SB) in the sector when it comes to disseminating information. Indeed, whilst traditional and social media accounted for nearly 10% of recruitment, it was really these informal methods of engagement that marketed the programme.

4.2 – The Online Application

The data gathered during the online application phase demonstrates the geographical locations of SB applicants; their sector of operation; organisational legal form; investment need; and whether they have already secured investment previously. In relation to the geographical locations of SB applicants, this is outlined below in Figure 4.2 in relation to the nine regions of England. The data demonstrates that the CSV programme has over both years had a disproportionate bias towards recruiting London-based SBs (although it performed slightly better in this regard in Year 2). Indeed, nearly half of all applicants were based in London compared with a

national average of less than one-fifth; whilst elsewhere in England the CSV failed to engage with sufficient SBs (as viewed by the NCVO national averages – represented in Figure 4.2 in the key) in the South East, South West, East of England and the Yorkshire and Humber, whilst also falling very slightly short in the West Midlands. However, engagement was particularly strong with SBs in the East Midlands, North East and the North West (NCVO, 2014). It is difficult to ascertain why this may be the case, although the high number of applications that originated through third party organisations or BII links, might mean that the stakeholder networks in the under-represented regions are not as developed.

Figure 4.2 – SB Applicants by Region:

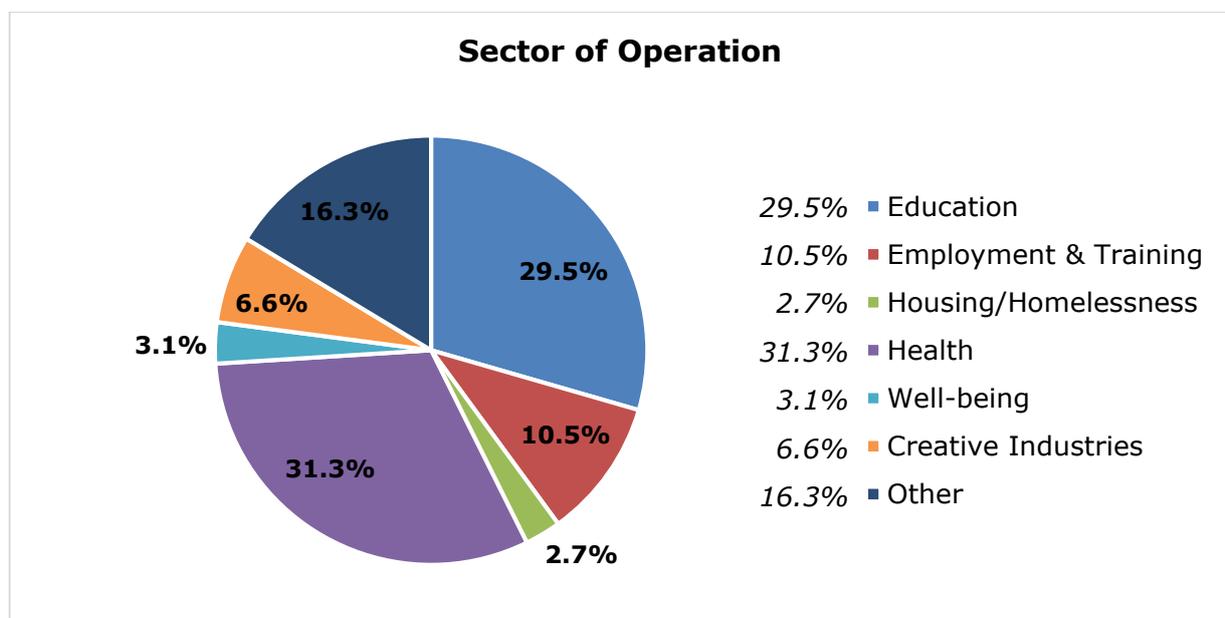


Nb. Nb. Data drawn from the 392 SB applicants that answered this question when applying to the CSV during rounds 1 and 2. Numbers in italics to left of key represent/match the values for each variable

contained in the pie slice, whilst numbers to the right of the key in brackets represent the national average values.

Figure 4.3 below outlines the data in relation to the sectors that the SB applicants operated in. This demonstrates that health and education are the main areas of operation for SB applicants to the CSV, with over 60% of all applicants identifying this as their primary sector. This is perhaps unsurprising given both the policy support that has existed in the health sector in relation to social business models in the last decade, as well as the market that exists with schools for educational and youth services (given that schools are increasingly independent and autonomous in the spending of their budgets).

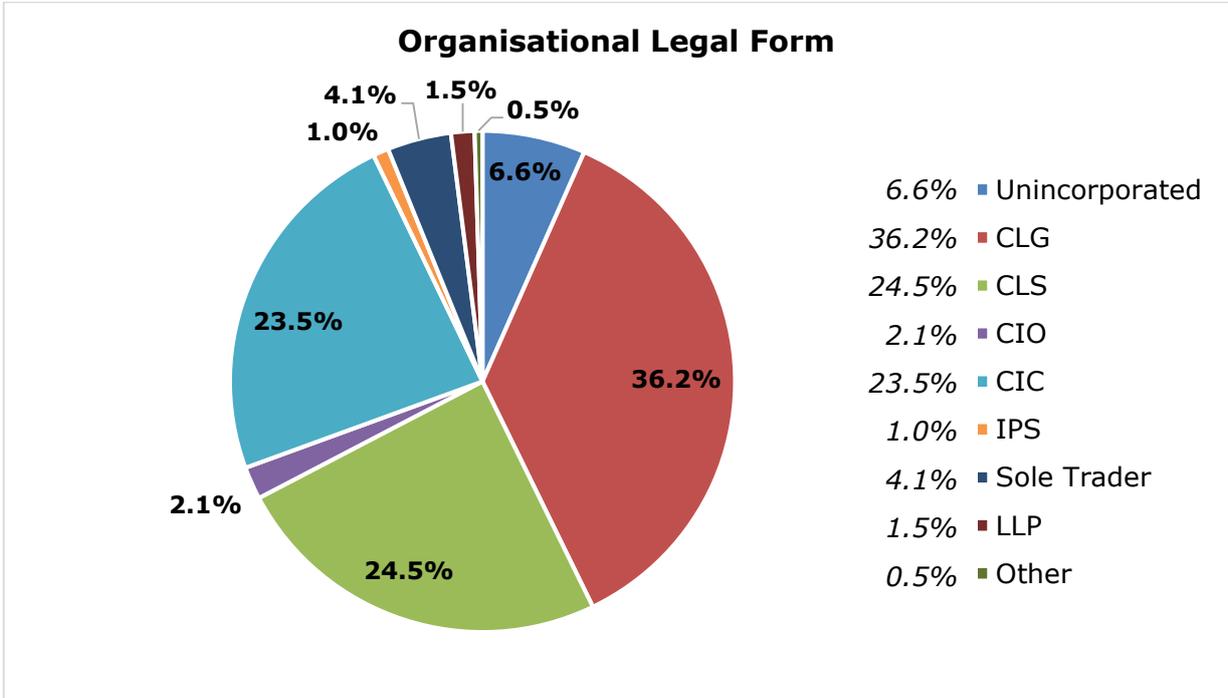
Figure 4.3 – Sector of Operation (%):



Nb. Data drawn from the 392 SB applicants that answered this question when applying to the CSV during rounds 1 and 2. Numbers in italics to left of key represent/match the values for each variable contained in the pie slice.

Figure 4.4 below outlines the organisational legal forms of SB applicants to the CSV. As with the Year 1 cohort, the applicants across both years were still heavily skewed towards Limited Companies, with over 60% being CLGs or CLSs. However, there was an increase in the number of CICs that applied to the programme, with the total CSV proportion of CIC applicants being 23.5%, compared to 19% in Year 1. Again, these findings are not surprising, given that the CSV focused more on CICs in Year 2, and also given that the vast majority of SBs in England are Limited Companies or CICs. Nevertheless, despite these trends, there still remains a diverse range of legal forms applying to the CSV.

Figure 4.4 – Organisational Legal Form (%):

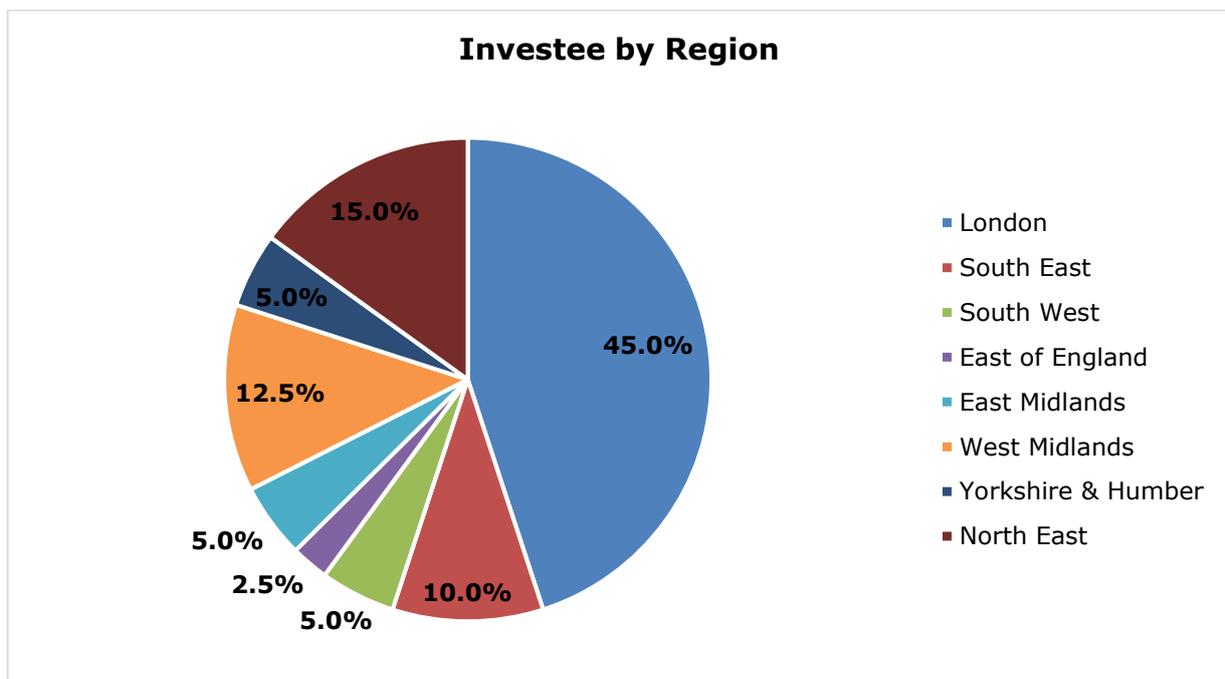


Nb. Data drawn from the 392 SB applicants that answered this question when applying to the CSV during rounds 1 and 2. Numbers in italics to left of key represent/match the values for each variable contained in the pie slice.

4.3 – Investment Performance

In the period since the CSV commenced 40 investments have been made in VCSEs totalling £1.746 million, of which to date the full £1.746 million had been disbursed by BII. These investments have been made at a standard rate of 5%, excepting two smaller investments of £12,500 and £20,000 that were made at rates of 8.5%, giving the fund an overall interest rate of 5.2%. Figure 4.5 provides an overview of the regional make-up of the 40 CSV investees. The data reveals broad similarities with the make-up of the applicants themselves, although notable exceptions include the high proportion of successful applicants from the North East (3.8% of applications, 15% of investments); and the complete lack of investments in the North West (11.8% of applications, 0 investments).

Figure 4.5 – Investee by Region (%):



Data was also collected from investees in relation to organisational legal form (see Figure 4.6).

Figure 4.6 – Organisational Legal Form (%):

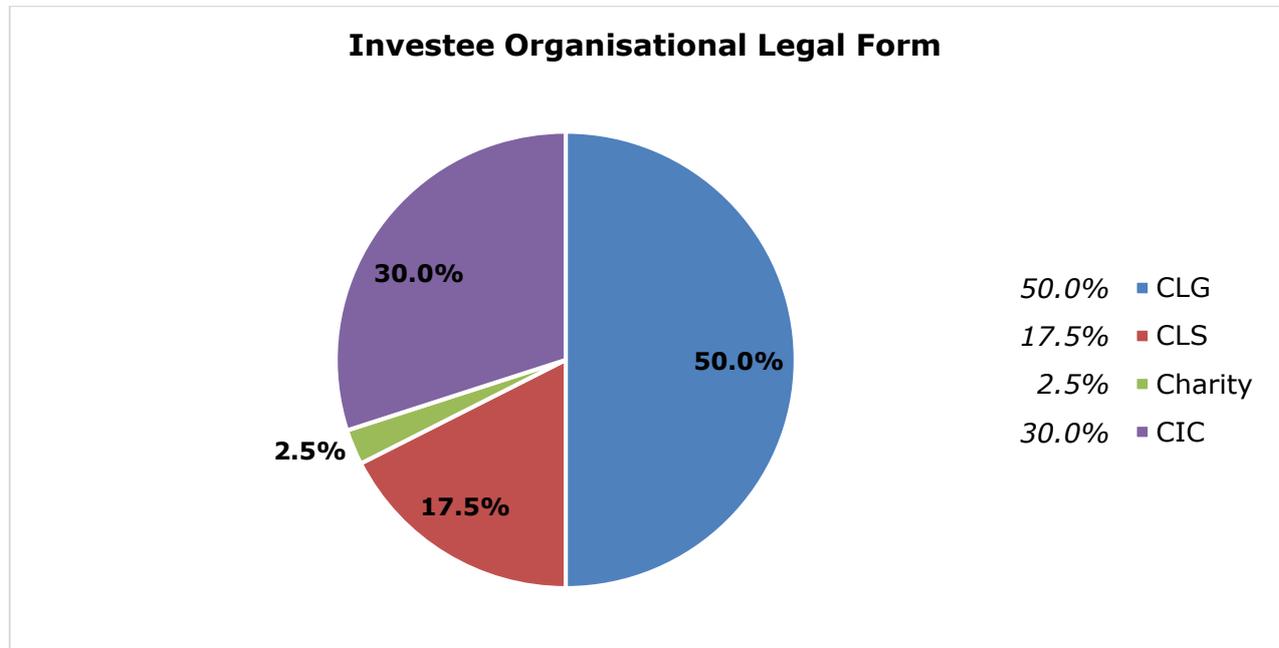
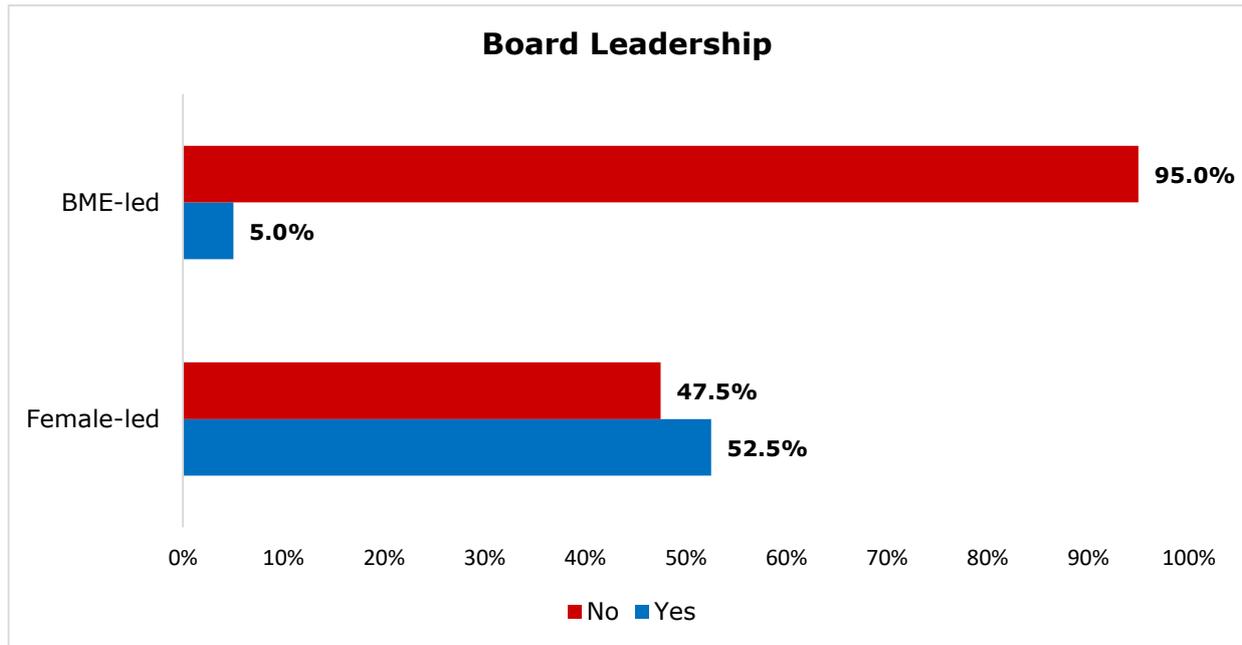


Figure 4.6 reveals that almost all CSV investees were incorporated as one form of Limited Company, with nearly a third of these adopting the Community Interest Company legal form. This is in line with the application data to the CSV fund, where over four-fifths of applicants were also CLG/CLS/CIC organisations, but also demonstrates that applicants that were not Limited Companies in one form or another were very unlikely to succeed in gaining investment from the CSV².

The breakdown of investees by the board leadership type of the organisation was also possible based upon whether the organisation was BME or Female-led. This is presented in Figure 4.7 below.

Figure 4.7 – Board Leadership:

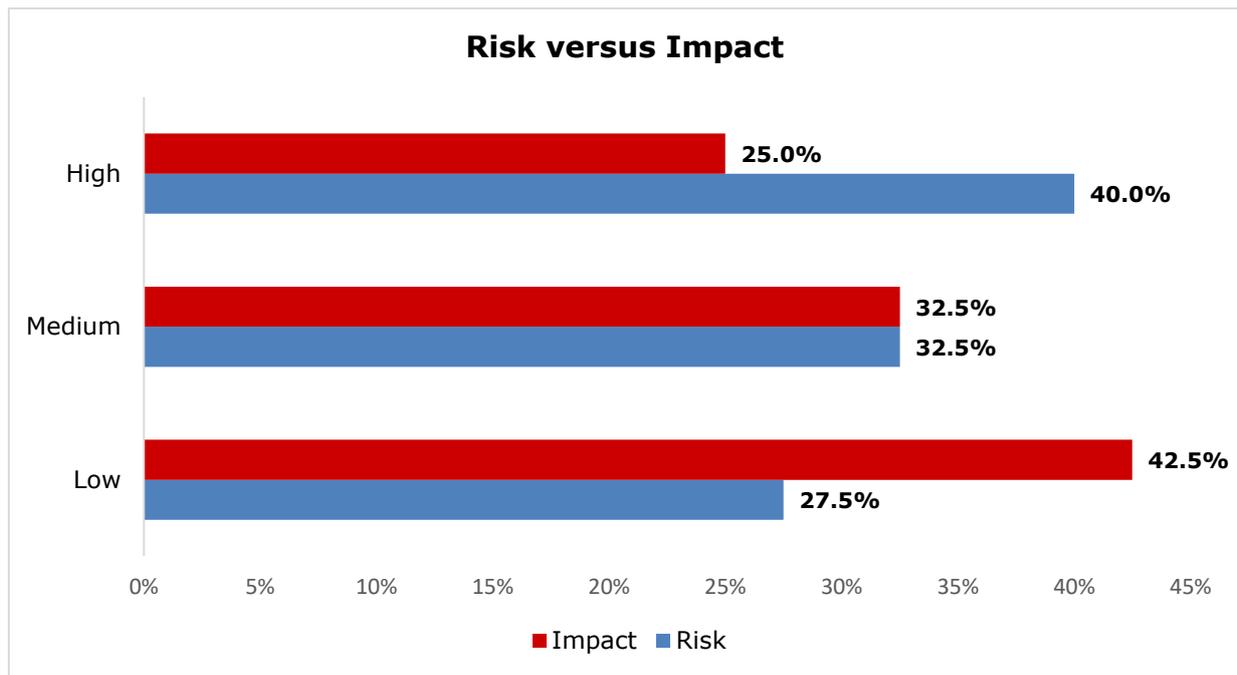
² It should be noted that a cross-tabulation test revealed that 75% of Limited Companies were successful in being shortlisted for investment, whilst only 44% of other legal organisational forms were successful ($p < .01$). Therefore, in calculating an odds ratio Limited Companies were 4x more likely to be shortlisted than other legal forms.



The data reveals that the CSV investees were very evenly split between male and female-led boards. Indeed, the proportion of female-led boards was higher than the national average for the third sector, that sits at 43% (Lewis, 2010). In relation to BME-led investees however, the CSV was below the national average that sits at 7.7% of VCSEs (NCVO, 2014a), with only 5% of investees being BME-led.

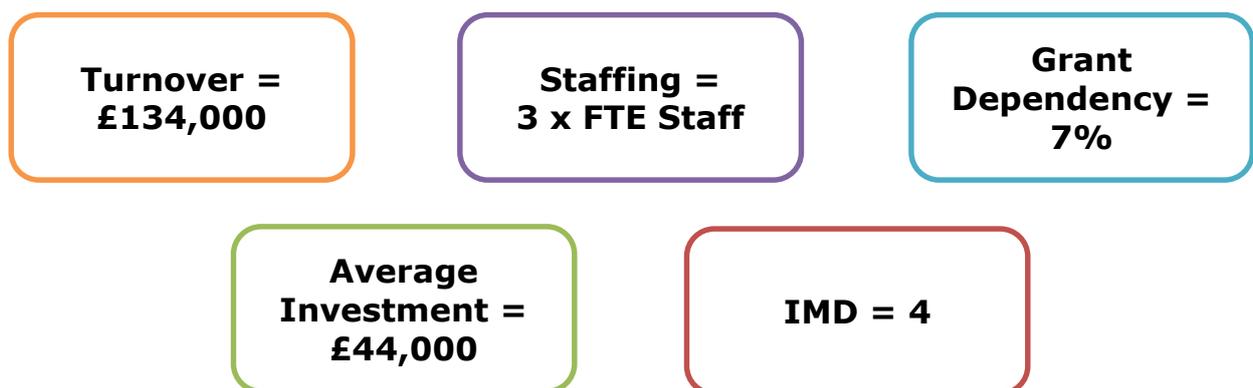
BII also utilised their expert knowledge to rate investments on a 3-point Likert scale (Low, Medium, High) in relation to perceived risk and impact of said investment. The data from this analysis across the 40 investments demonstrates that perceived risks were higher than perceived impacts, demonstrating the high-risk nature of early-stage investments in the social business sector, and the uncertainty in being able to identify high-impact propositions. Indeed, high-risk investment made up the majority of CSV investments (40%), but this was not aligned with a similar number of high-impact investments, with only 6 of the 16 high-risk investments being rated as medium or high impact projects. Figure 4.8 illustrates this.

Figure 4.8 – Investment Risk versus Impact:



The organisational demographics of investees was also captured in relation to turnover, staffing, grant dependency, investment disbursed and IMD rank of organisation³. Figure 4.9 outlines this:

Figure 4.9 – Investee Demographics & Investment Characteristics:



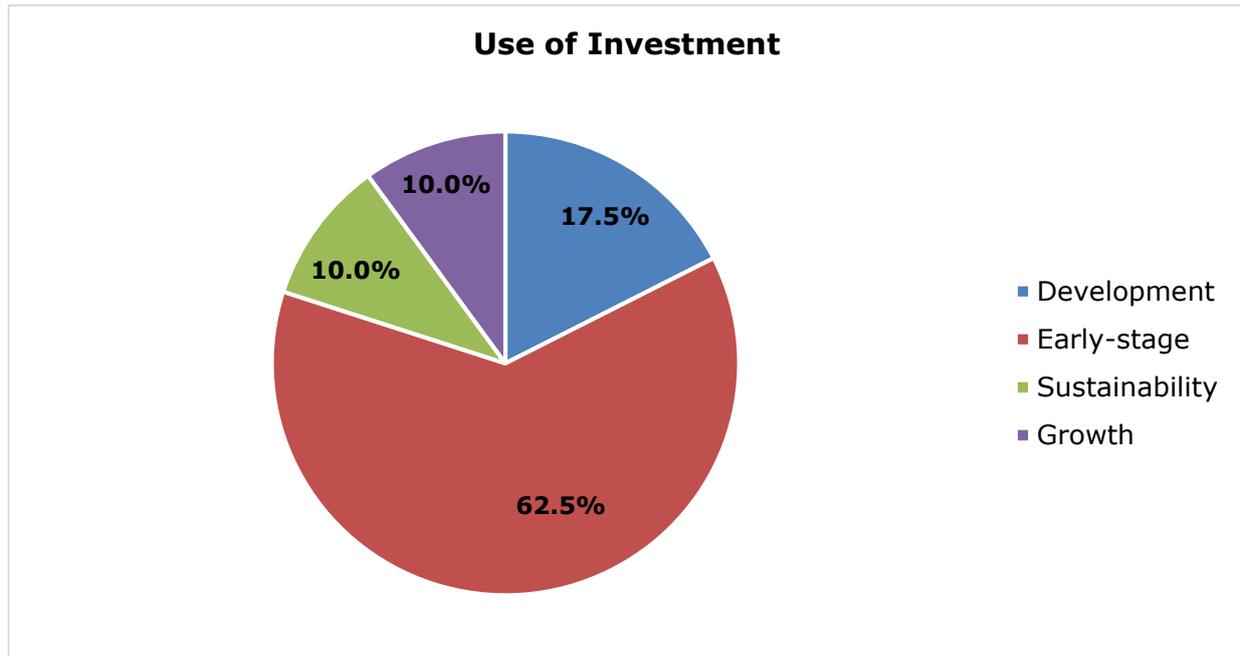
³ The latter was calculated by using the investees post-code to ascertain where they were based in relation to the Index of Multiple Deprivation, which was then reported as a decile value (1-10), with 1 indicating the SB operated in the 10% most deprived areas in England, and 10 indicating a SB operated in the 10% least deprived areas.

The data reveals that successful investees were low turnover micro-enterprises, with a low dependence on grant income. The average investment made across the 40 CSV investments was just under £44,000 and the average IMD location rank was 4. In relation to investments made in SBs operating in disadvantaged areas (classed as IMD rank 1 and 2) 27.5% (n=11) were made to an average value of nearly £38,000. Interestingly, the SBs operating in these areas were smaller than the average CSV investee (turnover = £97,000; FTE Staff = 1), but they were also less grant dependent (5%). It should however be noted, that utilising a SB's post-code to ascertain the IMD rank of the areas they support is a far from perfect analysis tool and so only gives us an indication of the beneficiary areas supported by CSV. Nevertheless, on this basis nearly half a million pounds of CSV money was invested in areas of significant multiple deprivation.

In relation to beneficiary numbers the data is somewhat more limited, as only a subsample of investee organisations (n=9) reported their beneficiary numbers. However, the data reveals that for these organisations the average number of beneficiaries was 612⁴. If this is extrapolated across the entire fund, then it suggests that the CSV has supported SBs to engage with nearly 25,000 beneficiaries. Finally, the research data captured the use of funds by investees in relation to: development capital, early-stage capital, sustainability capital and growth capital. Figure 4.10 below details these findings.

Figure 4.10 – Use of Investment Funding:

⁴ The median value is reported here as there were 2 organisations with very high numbers of beneficiaries, which skewed the mean value.



The data reveals that unsurprisingly given the focus of CSV, the majority (nearly four-fifths) of the funding was for developmental or early-stage capital. Indeed, some of the investees were pre-trade when the investment was made, demonstrating the unusual demographic (in social investment terms) that the CSV was seeking to engage. This is something that should be acknowledged as early-stage capital for SBs is very difficult to access and this funding, as will be seen in Section 4.5, was important in allowing these investees to grow and sustain. This has to date come with a (relatively) low failure rate, given the types of organisations being funded.

4.4 – Investment Failure

To date three SBs have had difficulty in scaling the venture, which has led to potential problems of repayment, and of these it is projected that three SBs will default on their loans. This leaves up to £125,000 of loan finance potentially at risk in the CSV, which if not repaid will give the fund a failure rate of 7.2%. Nevertheless, two of these failures have emerged due to factors outside of the CSV Fund's control, including serious health problems for one social entrepreneur, and the sad death of another. These are generally unforeseen circumstances that even the most rigorous due-diligence procedure cannot identify, and are not reflections on the business models of either defaulting SB.

Internal reviews by BII into the difficulties faced by SB investees (particularly in the early scaling and investment process) identified four key risk factors in these type of early-stage SB investments:

- *Burn-rate:* Early-stage SBs burn through cash quickly in the early stages of business growth, which can lead to cash-flow problems and potential business failure. This requires both additional finance and support/patience from investors in recognising that these cash-flow problems are (usually) a transitory phase that will be overcome as the SB matures.
- *Social entrepreneurs:* The nature of SBs means that they are often over-reliant on the social entrepreneur that founded them, and this can lead to problems when working in areas where the founder's passion and drive are not enough to overcome their lack of knowledge and experience. It is therefore critical in early-stage SB investments that these individuals are supported both through mentoring, but also formally through the appointment of external specialists to the SB's board to oversee the SB's performance.
- *Market Focus:* The market focus of the SBs and the sectors that they operated in were often important factors in success. This was particularly true for education sector SBs that were working in public procurement markets. Future funds similar to the CSV need to recognise the importance of having investment panel members with experience in this area.
- *Product:* There needs to be a clear roadmap for product development that helps the SB to avoid the wasting of money on redesigns of the product/service that never lead to market engagement.

4.5 – Longitudinal Investment Impact

The need for SBs to seek further investment funding for scaling beyond initial support from the CSV has also clearly emerged from the fund's data. One of the case-study SBs outlined in the next section has managed to raise £335,000 of additional investment (£250,000 equity finance and £85,000 grant); whilst another SB is actively pursuing an additional £200,000 of investment. This need means that future iterations of the CSV (or similar funds) should build in formalised pipeline support into the wider social investment market, or consider having a secondary-level fund

for CSV investees deemed to be low-risk/high-impact for post programme investment. The data collated shows that a total of 12 investees leveraged in external funding (although the value of this funding was missing for 4 of these) and that 28 SBs had not secured additional investment. For those that had secured additional finance and that data was held for, the average amount leveraged in was £77,500⁵, demonstrating that some of the SBs were able to use their SV investment to secure income from other sources.

The CSV investment did impact upon the investees' turnover levels, with turnover being on average 3% higher 12 months' post-investment than when the investment was received. For those organisations that were also able to leverage in external investment the growth in turnover was more marked, with an increase of over 15%. Considering that the focus of the CSV (as demonstrated by the 'use of investment' chart earlier) was for developmental or early-stage capital, this presents good growth. Indeed, early-stage SBs will not always significantly grow their turnover, as they are instead refining their business models and prototyping products and services. The impact of the CSV was also demonstrated through individual quotes that were obtained from investee CEOs in relation to how they felt that the investment had impacted their businesses. Some argued that the investment had literally saved the business from closure and reversed this situation into one of growth:

"Without the support of Big Issue Invest the business would have had to close, a strong statement but very true. Financially and emotionally I could not have continued on my own, yet the business has grown 20% since the Big Issue invested. It has allowed me the time to spend growing the business and also given me the support to really look at how the business was running and make the necessary changes (and there were many that were needed!). Running a business on your own is very lonely and demanding, the Big Issue Invest programme allowed me the support and guidance I desperately needed and also the financial support to allow me to work in the business." (SB1)

⁵ The median value is £30,000, but this still represents nearly two-thirds of the loan value committed by the CSV fund.

"The business would have ceased trading if not for the investment made by BII. The investment has enabled us to shore up the infrastructure and develop an effective trading model which fits with available resources" (SB2)

"Without it, we'd not still be here." (SB15)

Others identified the impact that the investment and overall engagement with BII had upon their confidence, marketing and brand, as the association with Big Issue was hugely influential in internal and external perceptions of the business. It could almost be argued that successfully securing the investment was a form of validation for some of the business owners/leaders.

"Given us the chance to promote our products to a much larger audience and given us increased confidence." (SB13)

"We are now perceived as a much more professional business with our new marketing material and website. It has also allowed us to source further sales and devote more time to promoting the business thanks to the addition of a Facilities Manager funded by BII." (SB18)

"Brand alignment - having BII brand has been very helpful, expertise from BII team...has helped us steer the business. Ability to invest in high-risk digital proposition that otherwise we would have been too risk averse to undertake." (SB7)

Another impact of the investment related to improving the sustainability and capacity of the SBs. Indeed, many were able to leverage in new staff (or promote existing staff), as well as develop new products (one SB developed an app). What this points towards is an overall increase in the resources of the business (financial, social, human and intellectual capital). This increased capacity was due to both the financial investment received from BII, as well as the non-financial support (mentoring) that was received from the corporate partners.

"It enabled us to move towards sustainability and increase our resources." (SB4)

"The investment supported a new role within [SB], someone looking after the operational duties, this created time for myself (Owner) to focus on sales and business." (SB3)

"Investment from the Big Issue has been critical to the development of [SB name] as a start-up and to the appropriate investment in specialist skills to develop the capacity and capability of the team to deliver benefit to our...partners, [beneficiaries] and families. The surrounding non-financial support from Big Issue's Corporate Partners has led to an increase in service/product offer and increased capacity and capability within the team." (SB10)

Clearly then the CSV had a significant impact on those SBs that received investment and assisted them to grow through the leveraging in of additional investment, intellectual and human capital, to seek sustainability and improve their marketing and brand awareness/recognition. For some organisations there was also significant social impact achieved, which relates to business growth but in a non-financial way, and this will now be explored in Section 5.

5. Social Impact Case-studies

The utilisation of the University's 'Social Impact Matrix©' to develop social impact matrix frameworks for the successful SBs that received investment. This provided the CSV with the unique opportunity to track the social impact of its investees, and hence indirectly infer the impact that the programme, through its financial investment and mentoring support, had leveraged in. Due to the very early-stage of the SBs that were generally invested in, nearly all did not have any social impact measurement framework built-in to their operations prior to engaging with the CSV. This therefore made it impossible to rigorously and longitudinally assess the impact delivered by the CSV both before and after engagement. However, as many of these VCSEs were nascent or very early-stage, it is reasonable to propose that the support and finance that they received was significantly related to the impact that they delivered over the following 12 months.

In total, 28 social impact matrices were produced for SBs that engaged with the programme, of which 16 SBs have actually implemented into their daily operations. However, the difficulty and time-consuming nature of social impact measurement, especially for early-stage ventures, has meant that of these 15 SBs only 8 SBs have fully engaged with the research team on this and have either provided 12 months of data or are in the process of collecting this data. In addition, a ninth organisation (Goldfinger) having had the initial SI Matrix developed for them, are now producing their own in-house social impact reports. These are listed below:

1. Digital Mums
2. Circle Collective (formerly Circle Sports)
3. Employability Trust
4. SXT Health
5. EPIC Risk Management (formerly EPIC Gambling)
6. Change Please (formerly Old Spike Roastery)
7. Hospice Quality Partnership
8. Bite the Ballot

The case-studies reported here represent 4 of these SBs, three from Year 1 and one from Year 2. The research team are continuing to work with the other SBs and are

aiming to produce the further four case-studies in due course, when the relevant data has been received. This demonstrates the difficulty for early-stage SBs of engaging in research to capture their impact, and highlights a tension that exists for these SBs in that they require research data to secure resources (grants; investments; pro-bono support); but they do not have the resources required (financial; time; human) to embed social impact frameworks and capture the data. This presents a clear challenge for future investment programmes similar to the CSV.

The four case-studies are presented in this section in relation to the data gathered. The specific methodology is presented for each case-study, and the data collected was in the main quantitative in nature. However, two of the case-studies also collected qualitative mini-case-studies of beneficiaries, which allows the impact reports to provide a contextual overview to the numerical data. At the end of this section, these case-studies are used to provide generalised evidence of the *potential* overall impact of the CSV if extrapolated across all supported ventures.

5.1 – Digital Mums⁶

5.1.1 – Overview:

This document represents an overview of Digital Mum’s beneficiary social impact to date for the period September 2014 to June 2016. It is based upon a data gathering process that was commenced in collaboration with the University of Northampton in August 2014 and that seeks to longitudinally assess the ‘outputs, outcome and impact’⁷ delivered by Digital Mums. The research conducted was small in scale in order to match with the resources that Digital Mums and the University deemed suitable to allocate to the research, and so there are no counterfactuals presented or randomised control group data for comparison. This document merely seeks to identify the possible social impact by Digital Mums through its work, as well as

⁶ This is the same case-study as presented in the Year 2 evaluation report.

⁷ Our understanding of these terms is informed by the work of McLoughlin et al. (2009). An *output* can be defined as the direct and easily identifiable outputs of an intervention (e.g. the number of mums supported into employment). An *outcome* represents positive changes to participants’ states of mind that will enhance their lives, their future employability and their psychological well-being (e.g. improved well-being). *Impact* is an even longer-term benefit and is the impact on society resulting from the outputs/outcomes delivered (e.g. welfare savings of a mum securing employment or the increased tax receipts that their work brings to the state).

demonstrating the psychological outcomes that it brings to the mums that it works with.

5.1.2 – Digital Mums SB:

Digital Mums (<http://digitalmums.com/>) is one of the UKs leading digitally-based social enterprises. The company offers support to mothers who are out of work, by providing them with the training and opportunity to become social media managers for small- and medium-sized enterprises (SMEs). This 21st century digital working model allows the 'Digital Mums' to work flexibly, at times to suit them and from anywhere in the world (including their homes). The company was founded in 2013 as Hackney Social by Kathryn and Nikki as a social media management company for SMEs and morphed into Digital Mums in 2014. The inspiration for the business model came from Kathryn and Nikki's experiences of seeing their own mothers unemployed and unable to work due to family commitments. Interestingly and much to many people's surprise, they are not mums themselves, but they do not see why in the modern digital world gender inequality should persist in the workplace. Today Digital Mums has 54 mums working as social media managers and is/has supported 181 students through their 'Live Learning Programme' and they are targeting significant growth over the next 5 years. Digital Mums began with our simple idea: there are a huge number of amazing and talented women out there who are unable to work due to family commitments and that freelance digital social media management provides the flexibility, reward and career opportunities that they need. In taking this innovative approach to working practices and digital technology, Digital Mums is truly a social business for the 21st century.



Some of the Digital Mums Alumni.

5.1.3 – Methodology:

The research has utilised a mixed-methods approach to the data collection that predominantly consists of quantitative methods. Digital Mums has captured output data from the mums that it works with including:

- Demographic data (i.e. age; geographic location).
- Financial Data [i.e. household income; household expenditure; benefits claimed per week (prior to engagement with Digital Mums and afterwards); and childcare costs (prior to engagement with Digital Mums and afterwards)].
- Intervention Outcome Data (i.e. type of employment gained (part-time, full-time, self-employed)).

In addition, and in collaboration with the University, Digital Mums has also sought to capture quantitative outcome data using academically validated psychometric scales that are designed to measure the distance travelled by individuals in relation to

psychological outcomes, and that also act as evidence of Digital Mum's 'theory of change'. These include:

- **General Self-efficacy:** General self-efficacy (GSE) has been linked through prior research to employability and positive job outcomes (Eden and Aviram, 1993; Lucas and Cooper, 2005; McLellan et al., 2009); education and vocational success (Locke et al., 1998); and general success in life (Chen et al., 2001). On a simple level GSE can be seen to consist of a combination of constructs including confidence, motivation and self-esteem (Judge et al., 1997). The GSE scale utilised in this study was developed by Schwarzer and Jerusalem (1995) and can be found online at <http://userpage.fu-berlin.de/~health/engscal.htm>
- **Well-being:** The reinforcement of positive mental well-being in mums is seen as central to Digital Mum's theory of change and the work that they do with mums. Positive well-being is important to individuals as it bolsters their life chances and improves their quality of life. In this study, mental well-being was measured using the Warwick-Edinburgh Well-being scale, a 14-item scale that is freely available online.
- **Online Bonding Social Capital:** This type of social capital relates to exclusive networks in which individuals have deep, common bonds and ties (Putnam, 2000). Traditionally, this has been viewed through the lens of friends and family, although in the digital world it could also include people in similar situations to you or from similar backgrounds. For the Digital Mums this should relate to the networks that they create with each other, that is mums in similar positions who are learning to become social media managers. The scale utilised here is Williams (2006) online bonding social capital scale, a 10-item scale that has been shown to be a valid and reliable research tool (Williams, 2006).
- **Online Bridging Social Capital:** Bridging social capital is a related construct to bonding social capital, but differs as it is an inclusive construct rather than an exclusive one. This means that it represents the networks that people create with individuals from different backgrounds to them. These ties are often more superficial and tentative than bonding relationships, but are also broader (Putnam, 2000). For the Digital Mums these relationships will most likely be created through professional networks and through their work as social media managers. The scale utilised here is Williams (2006) online bridging social

capital scale, a 10-item scale that has been shown to be a valid and reliable research tool (Williams, 2006). In addition, the research also longitudinally measured the network size of the mum's social media presence including their twitter and LinkedIn accounts.

- The GSE, Well-being, OBoSC and OBrSC scales were administered longitudinally to the Digital Mums both when they started (Time 1) and again 12 months later (Time 2).

Impact was also calculated for Digital Mums where possible based upon the direct financial impact of the mums gaining employment, including the payment of income tax and national insurance, as well as reductions in benefits payments (although this latter data-point has been difficult to gather mainly because many of the mums were not claiming significant benefits prior to engaging with Digital Mums). The impact on the mums of reducing their childcare costs (as a Digital Mum can work from home as a social media manager) was also captured. As was noted above counterfactuals have not been explored and so we are unable to base these calculations on what would have occurred anyway and so the impact figures represent estimations of the *maximum* financial impact that Digital Mums could have delivered. In addition, some qualitative case-study data relating to a sub-sample of beneficiaries are presented throughout this summary to contextualise the quantitative data.

[5.1.4 - Social Impact Data:](#)

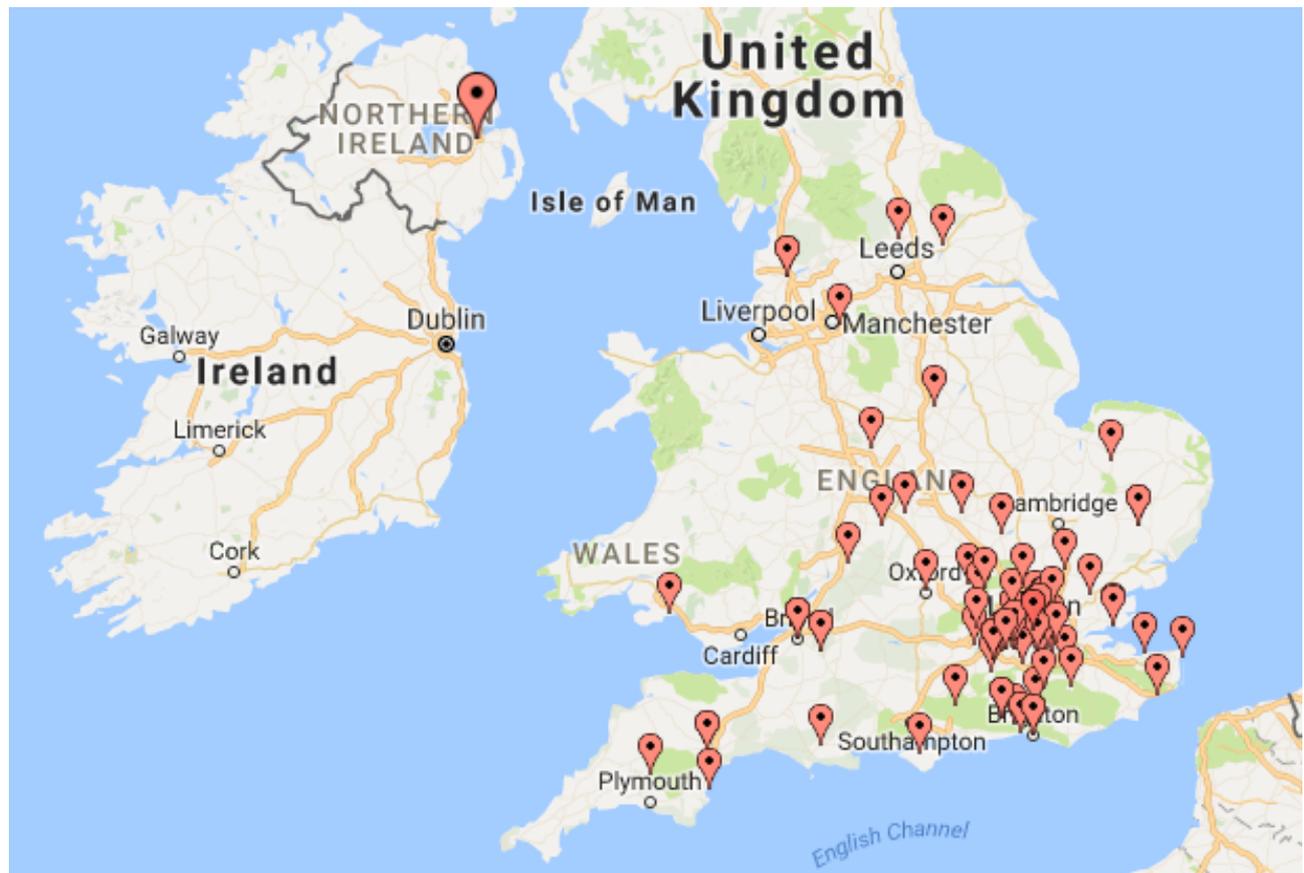
To date Digital Mums has worked with 181 mums to train them to become social media managers, and of these 181 mums:

- The average age is 39 years.
- The average earnings of the mums before leaving work to have children were £12,487 per year. If mums who declared no income for the prior 12 months are excluded, this mean income figure rises to £17,304.
- 7 of the 181 mums had been in higher tax rate jobs before having children.
- 30% of the mums were stay at home mums with no childcare costs, but who weren't working. These 54 mums were able to become self-employed social media managers and hence equals 54 newly employed individuals.

- Of the 127 mums that were working, they had spent on average £4,486 in the previous year on childcare. In addition, these mums had also spent an average of £797 on commuting per annum.
- 6 of the mums had been on jobs-seekers allowance prior to engaging with Digital Mums, costing the state £19,882.40 in JSA payments.
- 35 of the mums had claimed other benefits in the previous 12 months claiming a total of £101,461.81.

In addition, Figure 5.1 below details the geographic locations within England of the Digital Mums. This demonstrates that whilst Digital Mums is still much centred on London and the South East, they are starting to expand their network of mums and throughout the rest of England and Wales (Nb. they also have beneficiaries in Scotland and Northern Ireland).

Figure 5.1 – Beneficiary Mapping



Mapping courtesy of www.batchgeo.com

Beneficiary Case-study – Beck

Beck is a mum who had, prior to having children, a great PR career in Australia working for a music television station. Following her move back to the UK, she became a mum and left her career behind. However, she wanted to get back into the world of work in a way that would not detract from her role as a mum, and so initially took a course in accounting (book-keeping). Despite this though she found accountancy was not for her, and decided to give Digital Mums a go after a friend referred her. She now feels that this was one of the best decisions that she has ever made, as it has given her a ‘new lease of life’ and reconnected her with the technology world. The course also gave her a huge boost to her confidence that had taken a hit after leaving work (despite Beck being a confident and hugely experienced individual in her old PR job). Being a Digital Mum has given Beck her confidence back, provided her with contact with peer groups and has made her feel like ‘she is part of something’. Beck argues that it provides a really bespoke intervention for mums, stating:

“It’s just incredible, it fits in with everything and gives me things that I didn’t even realise I needed or wanted. I have just kind of felt like it has kind of being designed for me.”

As was outlined above, longitudinal data was captured for the Digital Mums cohorts in relation to GSE, well-being, OBoSC and OBrSC. This data is presented in this section both in relation to the general state of the sample at Time 1, and the longitudinal change. Descriptive statistics were sought from the data and paired-sample t-tests were conducted to explore the longitudinal changes in the four constructs. Tables 5.1 below outlines the findings:

Table 5.1 – Longitudinal Outcomes for Mums					
<i>Whole Cohort Analysis</i>					
Variable	N	Time 1 Mean	Min.	Max.	
GSE	179	84.1%	45%	100%	
Well-being	181	72.7%	38.6%	95.7%	
OBoSC	180	59.6%	36%	84%	
OBrSC	181	79.6%	56%	100%	
<i>Longitudinal Analysis</i>					
Variable	N	Time 1	Time 2	+/-	t
GSE	53	84.9%	84.1%	-0.8% (NS)	0.6
Well-being	54	73.4%	75.9%	+2.5% *	2.1
OBoSC	54	60.4%	63.1%	+2.7% *	2.0
OBrSC	54	79.9%	80.4%	+0.5 (NS)	0.3

Nb. * = $p < .05$; ** = $p < .01$; *** = $p < .001$; NS = Non-significant. Some sample-sizes might be < 181 due to incomplete surveys at Time 1. In addition, only 99 mums have been with Digital Mums for more than 1 year and not all mums have completed their Time 2 surveys.

Table 5.1 demonstrates that the mums were relatively efficacious at Time 1 in relation to their GSE levels. However, their wellbeing levels were only average (an average score on the Warwick-Edinburgh WB scale is between 59%-71%). This is

probably indicative of much of the Digital Mum's cohort to date in that many of them had successful careers prior to having children, but have found themselves isolated since becoming a mum. This is to a degree borne out in the social capital data, as the mums feel that they have good professional networks (bridging social capital), but comparatively rated themselves significantly lower in relation to close relationships (bonding social capital). In relation to the still longitudinal changes the still relatively low sample-sizes involved limit the ability to extract meaningful data; however, there was a statistically significant increase in OBoSC ($p < .05$) of nearly 3% and a statistically significant increase ($p = .08$) in well-being of 2.5%. This suggests that the most powerful impact on the mums of engaging in Digital Mums is that of meeting 'like-minded' mums in a similar situation. However, it must also be noted that whilst significant these increases are modest.

Beneficiary Case-study – Caroline's Story

Caroline is a Digital Mum who used to work as a Graphic Designer, and felt that her experience in Art and Design would provide her with the right knowledge and experience to become a social media manager. She engaged with Digital Mums after finding them online (as Caroline says 'word of mouse') and after being accepted on to the course spent 6 months engaged on the course and produced a report based upon her experience working with a partner. Caroline found the whole experience positive, but particularly appreciated the peer networks that she was able to engage in with other mums, and now attends meetings with other Digital Mums in her local area. She is now working with a number of SMEs managing their social media accounts and digital marketing campaigns, and feels that Digital Mums has given her a new way of working.

Longitudinal data was also collected from the mums in relation to mum's income, job-seekers and other benefits claims, and childcare and commuting expenditure. Table 5.2 below outlines this data both for the whole cohort at Time 1 and also longitudinally for those mums that have been in the programme for more than 12 months.

Table 5.2 – Longitudinal Outcomes for Mums

<i>Whole Cohort Analysis</i>					
Variable	N	Time 1 Mean	Min.	Max.	
Mum's Income p.a.	176	£12,487	£0	£93,000	
Childcare p.a.	106	£4,006	£0	£13,000	
Commuting p.a.	86	£653	£0	£4,000	
JSA p.a.	181	£110	£0	£3,764.80	
Other Benefits p.a.	180	£564	£0	£11,000	
<i>Longitudinal Analysis</i>					
Variable	N	Time 1	Time 2	+/-	t
Mum's Income p.a.	52	£10,775	£11,526	+£751 (NS)	0.4
Childcare p.a.	18	£5,596	£5,244	-£352 (NS)	0.3
Commuting p.a.	11	£884	£458	-£326 (NS)	1.3
JSA p.a.	2	£3,765	£63	-£3,702*	59
Other Benefits p.a.	8	£2,247	£1,350	-£897 (NS)	1.0

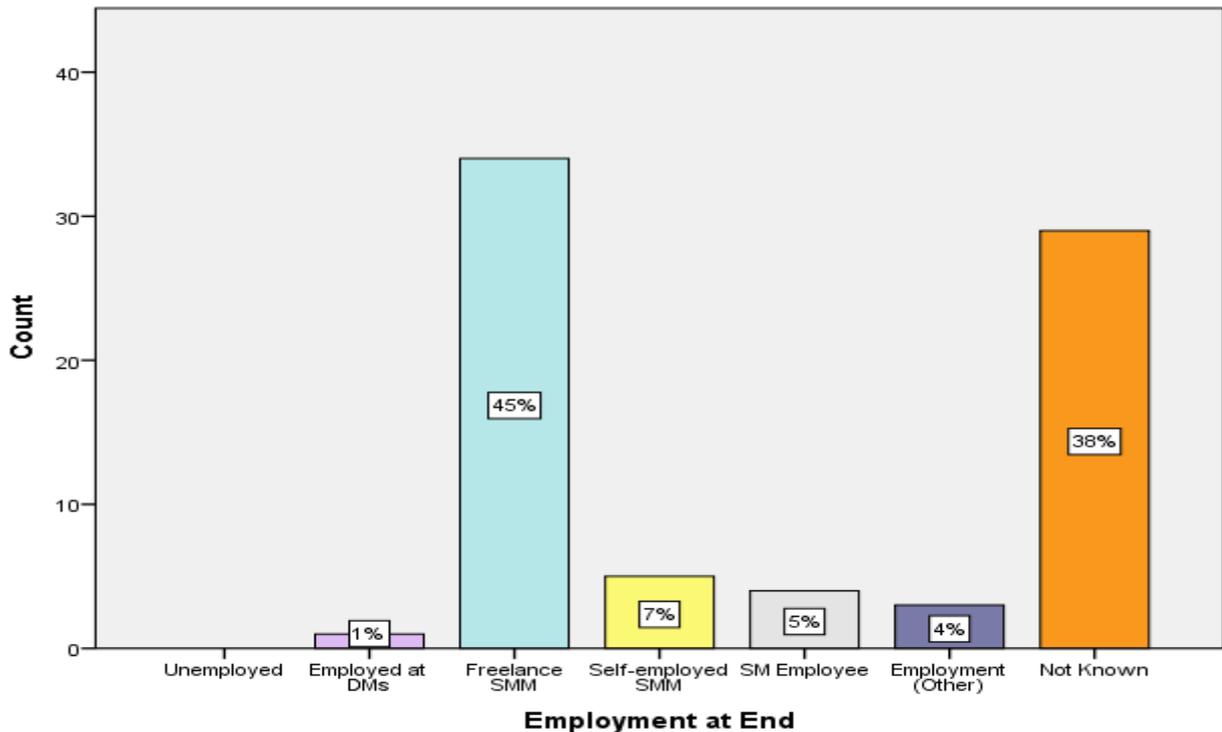
Nb. * = $p < .05$; ** = $p < .01$; *** = $p < .001$; NS = Non-significant. Some sample-sizes might be < 181 due to incomplete surveys at Time 1. In addition, only 99 mums have been with Digital Mums for more than 1 year and not all mums have completed their Time 2 surveys. In addition, not all mums will have had commuting and/or childcare costs if they weren't working, and also not all mums were claiming benefits/JSA.

Table 5.2 demonstrates that the mums that Digital Mums have supported have relatively low personal income levels, but comparatively high childcare and commuting costs. The data outlined above also demonstrates that the main benefits to mum's financially was in relation to income, which increased by nearly 7% on average for mums 12 months after they had been with Digital Mums. However, there was also an impact on benefits claims as for those mums on 'other benefits' claims decreased by nearly £900 per year and for those mums who were on JSA prior to Digital Mums their JSA claims dropped to almost zero (this is only based on a sample of 2 mums though so caution should be applied. Nevertheless, the increase in National Insurance payments made by the mums who have completed Time 2 data would amount to an extra £103.64 per mum or £5,389.17 across the 52 mums. It is important to note though that this is still early stage data, which represents less than 1/3 of the overall number of mums that Digital Mums has supported. This sample also does not include the more disadvantaged mums that Digital Mums are now engaging with through their Academy. These mums will (if they gain employment) present greater social impact benefits across the board as they will be claiming in general more out of work benefits than the cohort here.

The dataset also provided information on the specific employment outcomes for 76 of the mums who were one year post-commencement at Digital Mums (see Figure 5.2). This demonstrates that nearly two-thirds of the mums (62%) are now in employment, either as social media employees (6%) or as freelance/ entrepreneur

(52%) social media managers. A further 4% of mums have gone on to secure employment in non-social media roles. For 38% of the mums’ outcomes are unknown.

Figure 5.2 – Employment Outcomes:



Beneficiary Case-study – Juliet

Juliet was an entrepreneur herself before becoming a mum, running her own market research business following a career in media. However, she found the workload of the business too much alongside her new life as a mum and so decided that she needed to find alternative work that would fit better with her home life. She found out about Digital Mums through Facebook and the world of social media management appealed to her, as it provided ‘impactful work’ that she could ‘fit around her family due to the flexible hours involved’. Juliet found the course informative, but like other mums found the social side of the experience extremely valuable and now has numerous online friends. The work has led her to already working with two clients and she also has two more lined up for work in the future. Juliet feels that Digital Mums has boosted her confidence through the nurturing environment that it provides, articulating that:

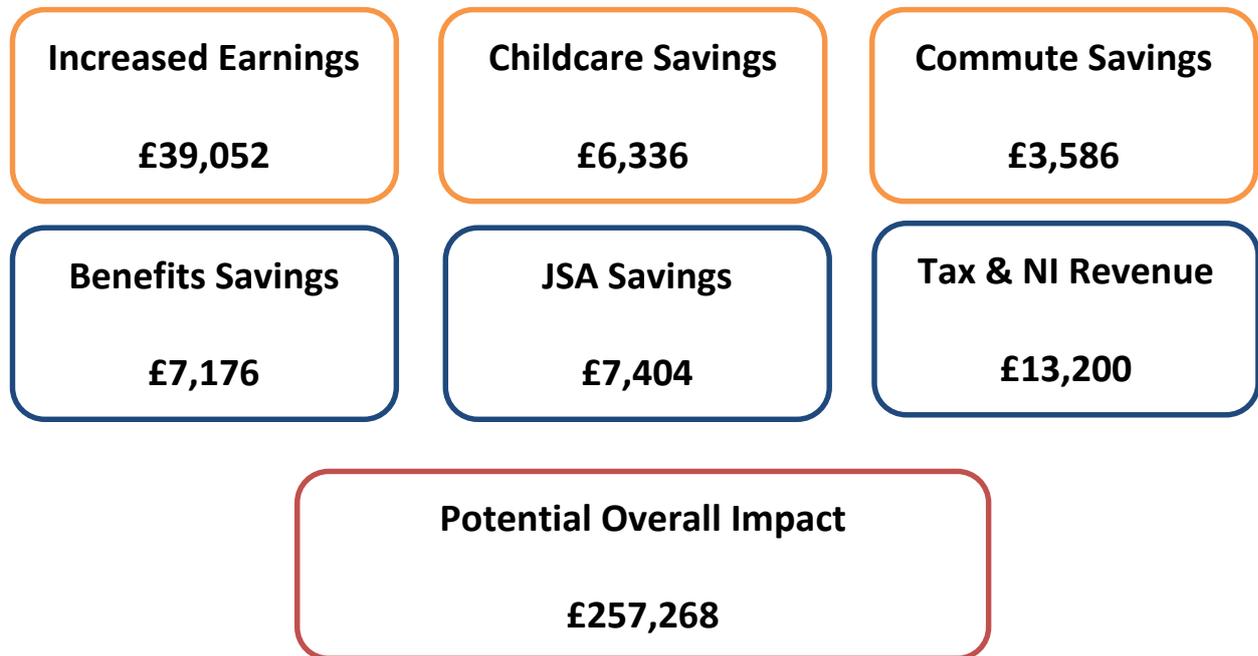
“I would say that they have given me my confidence back, they have been incredibly nurturing, they have been inspirational because I have just been surrounded by some really intelligent, thoughtful kind of generous people, who also kind of are perfectly accepting that when sometimes you are trying to work with mums you know things can go belly up [laughs]...Being with people who are doing something about it [maternal unemployment] it has just been brilliant yeah.”

5.1.5 – Summary:

The data outlined in this report is interim and based in some cases on small sample-sizes. However, it does point towards Digital Mums having a very positive impact on the mums that they engage, particularly in relation to bonding social capital and the creation of peer networks, and in supporting them into sustainable employment. This also has the knock-on effect of improving mum's wellbeing. In addition, they are also offering mums the opportunity to generate increases in their personal income, and in a way that allows them to also maintain a balance with their family life. Whilst the savings to the state at this stage are not significant, this will increase over time as both the number of mums that provide data at Time 2 increases and the organisation engages with more disadvantaged mums who cost the state more in benefits.

Based upon the data generated so far, Figure 5.3 below summarises the social impact that has been generated by Digital Mums with the 54 current mums for which longitudinal data is available. This demonstrates that Digital Mums has delivered £48,974 of benefit to the mums who have so far completed the course and for whom 12 month's longitudinal data is held. In addition, this has had a direct benefit to the state of £27,780. This gives a total direct social impact created of £76,754 or just over £1,421 per mum supported. However, as this is based on a sub-sample of the 181 Digital Mums to date, it could be extrapolated that if this impact average is maintained across the whole sample then the potential impact to be delivered could be at least £257,268. It should also be noted that this data only relates to primary impacts that can be easily identified and does not take into account wider impacts related to employment through Digital Mums. In addition, as Digital Mums begins to work with more disadvantaged mums who earn less and claim more in benefits, the social impact delivered will grow significantly.

Figure 5.3 – Potential Social Impact of Digital Mums:



[5.1.6 – Follow-on:](#)

It should be noted that Digital Mums represents one of the best case-studies for how to embed social impact measurement in an early-stage SB. Whilst the University of Northampton initially engaged in the design and development of a bespoke SIM for Digital Mums, and then provided 12 months support to collect the data, analyse and report on it, Digital Mums also recruited and employed an individual whose responsibility was social impact measurement (this was not initially a FT position and nor should it be in early-stage ventures). This individual then, with support from UoN, eventually took ownership of the SI measurement processes, analysis and reporting, so that external support from the University was no longer required 18 months after initial engagement. This individual has since expanded the scope and focus of the SI reporting and Digital Mums now has its own in-house SI measurement team and processes, with which it can learn about its organisational performance and market its activities effectively to external partners. This demonstrates how a knowledge transfer process can be established through programmes like the CSV and provides a best practice overview of how to develop organisational resilience and sustainability in the area of SIM.

5.2 – Circle Sports⁸

5.2.1 – Overview:

This document represents an interim overview of Circle Sport’s beneficiary social impact to date for the period 2016-2017. It is based upon a data gathering process that was commenced in collaboration with the University of Northampton in January 2015 and that has longitudinally assessed the ‘outputs, outcome and impact’⁹ delivered by Circle Sports since then. The data contained in this report represents the annual social impact data for 2016-2017. The research conducted was small in scale in order to match with the resources that Circle Sports and the University deemed suitable to allocate to the research, and so there are no counterfactuals presented or randomised control group data for comparison. This document merely seeks to identify the possible social impact delivered by Circle Sports through its work, as well as demonstrating the psychological outcomes that it brings to the young people that it works with.

5.2.2 – Methodology:

The research has utilised a mixed-methods approach to the data collection that predominantly consists of quantitative methods. Circle Sports has captured output data from the young people that it works with including:

- Demographic data (i.e. age and gender).
- Financial Data (i.e. benefits claimed per week prior to engagement with Circle).
- Intervention Data (i.e. hours engaged per week; course type completed; qualifications gained).
- Corporate and volunteer engagement.
- Employment Outputs (i.e. job outcomes; earnings; hours worked per week).

⁸ The 2015/2016 data was presented in the Year 2 report. This is a follow-up to that report that explores the 2016/2017 data and also adds the lens of Corporate Impact for Circle Sports.

⁹ Our understanding of these terms is informed by the work of McLoughlin et al. (2009). An *output* can be defined as the direct and easily identifiable outputs of an intervention (e.g. the number of young people placed into employment). An *outcome* represents positive changes to participants’ states of mind that will enhance their lives, their future employability and their psychological well-being (e.g. improved well-being). *Impact* is an even longer-term benefit and is the impact on society resulting from the outputs/outcomes delivered (e.g. welfare savings of placing a young person into employment).

In addition, and in collaboration with the University, Circle has also sought to capture quantitative outcome data using academically validated psychometric scales that are designed to measure the distance travelled by individuals in relation to employability, and that also act as evidence of Circle Sport's 'theory of change'. These include:

- **General Self-efficacy:** General self-efficacy (GSE) has been linked through prior research to employability and positive job outcomes (Eden and Aviram, 1993; Lucas and Cooper, 2005; McLellan et al., 2009); education and vocational success (Locke et al., 1998); and general success in life (Chen et al., 2001). On a simple level GSE can be seen to consist of a combination of constructs including confidence, motivation and self-esteem (Judge et al., 1997). The GSE scale utilised in this study was developed by Schwarzer and Jerusalem (1995) and can be found online at <http://userpage.fu-berlin.de/~health/engscal.htm>
- **Well-being:** The reinforcement of positive mental well-being in young people is seen as central to Circle Sport's theory of change and the work that they do with young people. Positive well-being is important to young people as it bolsters their life chances and improves their quality of life; indeed, low mental well-being has been linked to poor mental health, depression, social isolation, and risk-taking behaviours (The Children's Society, 2016). In this study, mental well-being was measured using the Warwick-Edinburgh Well-being scale, a 14-item scale that is freely available online.

The GSE and Well-being scales were administered longitudinally to Circle's beneficiaries both when they started (Time 1) and when they completed the intervention (Time 2).

Impact was also calculated for Circle where possible based upon the direct financial impact of young people gaining employment, including the payment of income tax and national insurance, as well as reductions in benefits payments (although this latter data-point has been challenging to gather). As was noted above counterfactuals have not been explored and so we are unable to base these calculations on what would have occurred anyway and therefore the impact figures represent estimations of the *maximum* financial impact that Circle could have delivered. In addition, Circle has captured some qualitative case-study data relating to a purposeful sub-sample of beneficiaries that are used throughout this summary to contextualise the quantitative data.

5.2.3 - Social Impact:

Circle Sports currently operates two stores, one based in Dalston and the other based in Lewisham. For the purposes of this report only the impact delivered at Dalston has been captured and reported, due to both resource constraints in the research and also methodological implications¹⁰. The Circle course at the Dalston shop is supported by grant/contract funding (approximately 2/3 of the cost of each placement), with the remaining 1/3 being funded from Circle's shop generated profits¹¹.

Dalston Store:

In 2016/2017, Circle has engaged with 77 young people (average age 21 years; age range 18-25 years) through its intervention programme in Dalston, of which 37 were male and 40 were female. These individuals engaged with Circle Sports for an average of 24 hours per week, which included volunteering, as well as training in Circle's confidence, personal presentation and employability skills (CVs, interviews and workplace behaviour) workshops. The young people were also provided work-experience through the Circle Sport's shop. Employment was gained by 59 of these 77 young people and Figure 5.4 below provides an overview of this data, whilst the first case-study helps to contextualise this¹².

¹⁰ The young people at Lewisham do not engage in the full Circle Sports intervention and are only engaged for 8 hours per week instead of 24 hours per week. Therefore, the decision was made to focus solely on the Dalston site.

¹¹ The employability placements in Dalston costs £1,000 per young person to implement, with £650 being covered by grant/contract funding and £350 being covered through Circle's trading income/profits.

¹² All case-studies presented have been done with the express permission of the young people involved.

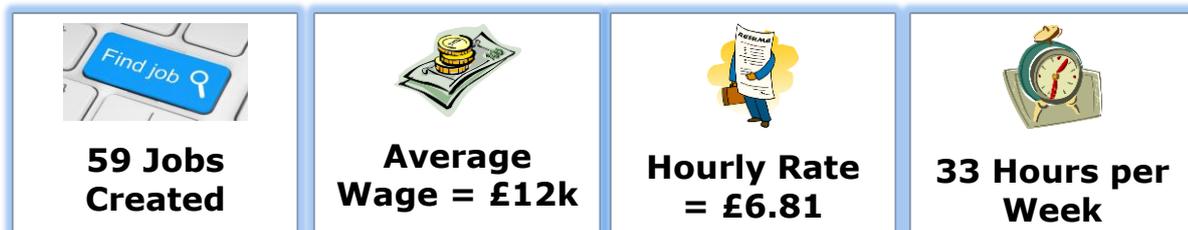
Name: Amina Jama **Age:** 19

Trainee’s History: Amina was referred to Circle Collective by Poplar job centre at our bi-weekly group drop in. She initially didn’t attend the session, but Elaine spoke with her over the phone and gave her details of the project. Amina hadn’t attended the group session as she wasn’t really interested in retail. Once we explained that the full Circle programme including shop work experience isn’t just about retail, but also Customer Services skills and having the experience of working for a social enterprise on your CV, she signed up and started the course. Amina volunteers at a local community centre and long-term was looking for a career in midwifery. She also has a great passion for poetry, as she is taking part in a project with the Camden Roundhouse. Amina was enthusiastic during the boot-camp workshops, and surprised herself at how much she enjoyed her work experience in the shop.

Outcome: Amina has successfully secured an apprenticeship with Aim Skills.

Quote from trainee: *"I never thought about working for a training provider or in social media. I am really enjoying working with the team at Aim Skills and have learnt so much already. I never would have applied for this if it wasn't for Circle. Thank you so much."*

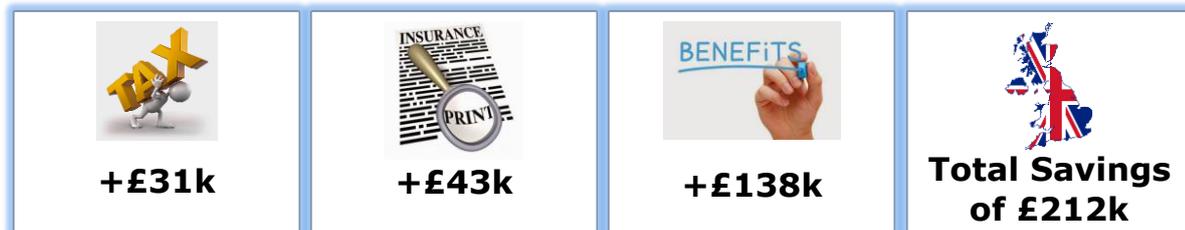
Figure 5.4 – Employment Outputs:



From 77 beneficiary interventions Circle was able to place 59 of these into employment (a success rate of nearly 77%). Based upon these figures and an average wage level of £11,851 per year it is possible for us to estimate the savings to the state gained through increased income tax and national insurance receipts, as well as benefits savings through reduced job-seekers allowance¹³. Figure 5.5 below details this data:

¹³ These savings are based upon an income tax rate of 20% paid over £11,000 per year; an NI rate of 12% paid over £5,824 per year; a self-reported value of benefits claimed per week (£45.57 for this cohort); and an assumption that all employed young people remain in work for 12 months post-Circle.

Figure 5.5 – Societal Financial Impact:



Circle delivered an extra £31,120.85 in income tax payments; £42,615.18 in National Insurance Payments; and £138,060 in welfare savings. Based upon these calculations we are able to demonstrate that Circle Sports delivered a maximum direct financial benefit to the UK state of £211,796.03, despite only spending £77,000 on the employability intervention for the 77 young people (£1,000 per placement¹⁴). This represents a social return on investment for Circle’s employability work of £2.75/£1. However, as Circle funds 1/3 of the employability programme through its own trading income, the cost per placement is only £650 and hence the total spend on 77 placements is £50,050. Therefore, the net SROI ratio for Circle is **£4.23/£1**.

Name: Kuran Jaylan **Age:** 18

Trainee’s History: Kuran was referred to Circle from Hoxton job centre and interviewed well when we first met him. He was looking for a job in customer services, specifically a games shop. Having no qualifications after dropping out of school, and with limited work experience, Kuran felt he was being held back. He lives with his grandfather, and had no contact with his mother so had limited support in his personal life. Kuran was a great trainee who took an active part in the workshops and picked up customer services skills very quickly in the shop. Kuran attended on a two-week placement in facilities services and so impressed the management at the placement company that he has since secured a full-time role with them.

Outcome: Kuran has a full-time job and even secured a month’s worth of travel costs from his job centre advisor to help him get off the ground with his job.

Quote from trainee: *"I had never thought of working in a post room as a customer services job. When I went to the career day I loved it the minute I walked in the building. Having the Circle staff there, and calling and texting me throughout I knew I wasn't on my own. They wouldn't have let me drop out!"*

¹⁴ As was noted earlier, not all of this £1,000 is provided by grant/contract funding, but also by Circle’s commercial income. If only the grant/contract funding is included in the SROI calculation (£650 – total spend on placements of £50,050) then the ratio improves to £3.77/£1.

The outcome data collected in relation to GSE and Well-being also demonstrates that Circle had a positive impact on the young people, even for those that did not secure a job post-intervention. Not only were well-being scores improved, but so were GSE scores and hence employability. In this case it can be argued that Circle therefore improved the employability of young people and hence moved the majority of them closer towards the job-market. Figure 5.6 below outlines this data:

Figure 5.6 – Young Person GSE and Well-being:

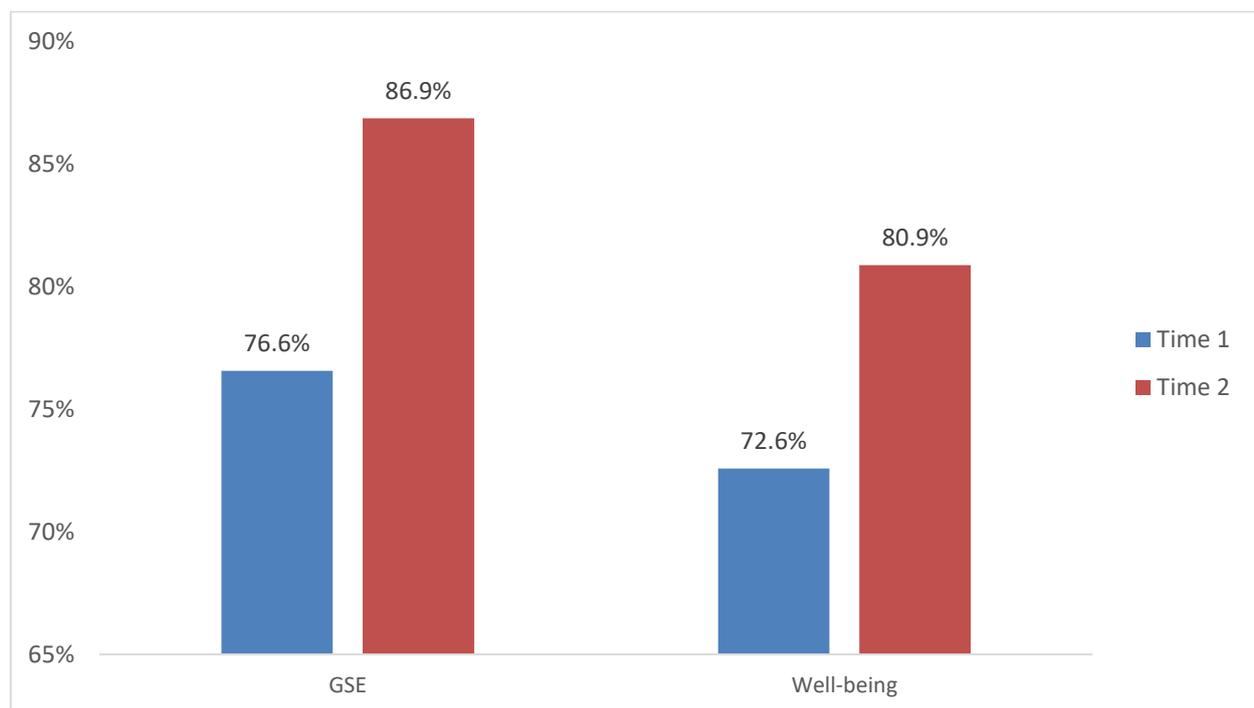


Figure 5.6 outlines that Circle Sports had a very positive impact on young people’s GSE and well-being levels, therefore improving their life chances and employability. Indeed, GSE across the 77 young person sample increased by over 10% and well-being increased by over 8%¹⁵, which are significant changes (particularly for GSE which has been shown to be a very stable construct). Interestingly, the increase in GSE and well-being during the intervention was higher for those that secured employment than for those that remained unemployed. Young people who secured employment registered an increase in GSE of 11.5% and in well-being of 9.5%; compared with those who remained unemployed who experienced increases in GSE

¹⁵ Both of these increases were statistically significant ($p < .001$), which denotes that that there is only a 1/1000 probability that these changes in sample scores occurred by chance.

of 7.1% and in well-being of 4.2%¹⁶. This data strongly suggests therefore, that Circle Sport's model of increasing the confidence, motivation, self-esteem and well-being of individuals is central to their success in making young people more employable and in helping them to secure employment. The case-study below details how Circle helps young people to increase their confidence.

Name: Laura Benjamin

Age: 19

Trainee's History: Laura was referred to Circle from Hoxton job centre. She was open to any type of work but had high hopes to try and get a business admin apprenticeship. During her initial interview, Laura said she was low on confidence having been turned down for several jobs with no feedback as to why. This made her feel like not trying at all to avoid facing rejection again. Laura took part in all of the workshops and quickly progressed to doing her work experience in the shop. Throughout the programme, Laura explored the option of working in admin by working one day a week in the office with the training team.

Outcome: Laura is currently working on the *Woodbury Down* development in Hackney and loves every minute of it. Circle will support Laura through the enrolment onto her apprenticeship and cannot wait to see her qualified and progressing through her career.

Quote: *"I knew I really wanted to work in admin and enjoyed the tasks I was given by Circle's job coach, such as data inputting and scanning documents. My time in the shop also taught me how to talk to strangers and learn important details to sell things."*

[5.2.4 – Corporate Impact:](#)

Finally, Circle Sports also delivers opportunities to corporate partners to engage in volunteering. For the corporate partners, this allows them to engage in staff development through individual volunteer placements and the provision of workshops, as well as contributing towards their corporate social responsibility (CSR) outputs and targets. Data relating to this volunteer time has also been captured as part of this research, in order to demonstrate the value that these volunteers bring to Circle and also the social value that Circle provides through volunteering. Figure 5.7 illustrates this data below.

¹⁶ The difference between the two groups was statistically significant for both the GSE measure ($p < .01$) and the Well-being measure ($p < .001$). This equates to a 1/100 and 1/1000 probability that these changes in sample scores occurred by chance respectively

Figure 5.7 – Volunteering Value at Circle:



The volunteering data reveals that Circle Sports has facilitated 750 hours of corporate volunteering and work experience through its programme, across 17 individuals at 5 corporate partners. This has represented a CSR spend of £21,600 in added value for the corporate partners that they can claim as part of their CSR reporting¹⁷. Whilst this is obviously of significant added value to Circle Sports as well, this can still be considered as a social impact delivered by the organisation, as they are facilitating the delivery of corporate CSR programmes that also offer development opportunities to corporate staff. Indeed, the value of this is presented below through two statements made by representatives of corporate partners.

Corporate Partners

"[Circle] are the most successful charity Experian work with." **Experian**

"Young people that lack parental support often struggle the most. Circle are great at identifying this early on and putting extra support in place so they can work with the learner to take away the fear factor. Our one to one sessions look at all areas of income and I follow up those that need that extra support as they often don't get it anywhere else." **MyBnk**

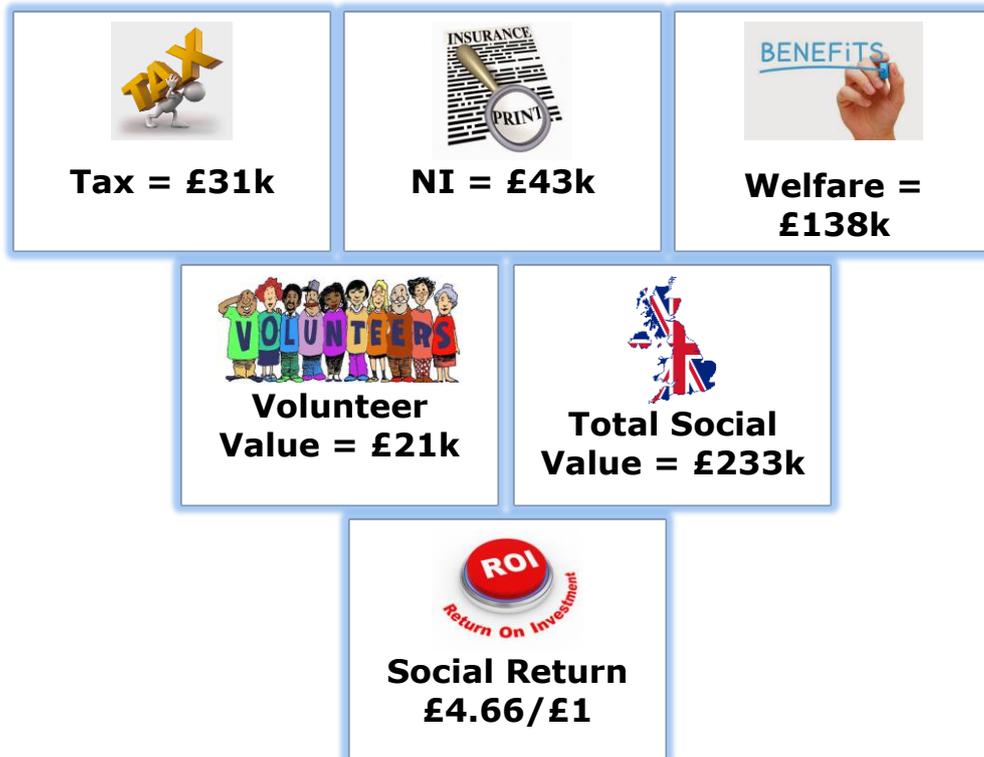
5.2.5 – Summary:

The data reported above when combined identifies that Circle Sports delivered £233,396.03 of social impact to society through its work with unemployed young people and corporate partners. Given the aforementioned programme costs of £77,000 this provides a return on investment of £3.03/£1. If the money that Circle uses from its own trading income is factored into this calculation, then the

¹⁷ This calculation is based upon an average corporate volunteer hourly rate (at full economic cost) of £28.80.

programme costs reduce to £50,050 and so the net SROI value for Circle is **£4.66/£1**. Figure 5.8 below outlines this impact.

Figure 5.8 – Overall Social Impact:



The data presented here offers evidence that Circle Sports is producing positive outputs, outcomes and impacts for its beneficiaries, partners and society, and that these benefits can prove to be cost-effective for the State. Considering that in the year 2015-2016 Circle also generated nearly £186,000 of social impact, then over a two-year period it has delivered over £419,000 of value to society.

Further data needs to be captured however, and in the long-term control groups and counter-factual research would help to increase the reliability and validity of the claims made in this summary. However, the case-studies presented do provide some confidence that it is the work of Circle Sports and the way that they interact with and support young people that assist them to become more employable and secure employment. Data collection is now ongoing for the 2017-2018 social impact report.

5.3 – The Employability Trust¹⁸

5.3.1 – Overview:

This document represents an overview of The East Durham Employability Trust's (EDET) beneficiary social impact to date for the period 2013-2016. It is based upon a data gathering process that was commenced in collaboration with the University of Northampton in August 2015 and that seeks to longitudinally assess the 'outputs, outcome and impact'¹⁹ delivered by The Employability Trust. The research conducted to date has been relatively small in scale in order to match with the resources that The Employability Trust and the University deemed suitable to allocate to the research, and so there are no counterfactuals presented or randomised control group data for comparison. In addition, whilst it is recommended that in the future The Employability Trust focus on measuring the less tangible effects of their work in relation to the *outcome* benefits of their research, this report reflects only the *output* and *impact* data gathered and calculated to date. This document seeks to identify the possible social impact delivered by The Employability Trust through its work, and act as an initial data gathering process that can lead to additional social impact data collection moving forwards.

5.3.2 – Methodology:

The research has utilised a quantitative approach to the data collection. The Employability Trust has captured *output* data from the unemployed people that it works with including:

- Demographic data (i.e. age; gender; time spent unemployed).
- Financial Data (i.e. benefits claimed per week prior to engagement with The Employability Trust).
- Employment Outputs (i.e. job outcomes; earnings; employment longevity).

¹⁸ This social impact report also appeared in the Year 2 CSV report.

¹⁹ Our understanding of these terms is informed by the work of McLoughlin et al. (2009). An *output* can be defined as the direct and easily identifiable outputs of an intervention (e.g. the number of people placed into employment). An *outcome* represents positive changes to participants' states of mind that will enhance their lives, their future employability and their psychological well-being (e.g. improved well-being). *Impact* is an even longer-term benefit and is the impact on society resulting from the outputs/outcomes delivered (e.g. welfare savings of placing a person into employment).

In addition, and in collaboration with the University, in the future The Employability Trust will also seek to capture quantitative *outcome* data using academically validated psychometric scales that are designed to measure the distance travelled by individuals in relation to employability, and that also act as evidence of The Employability Trust's 'theory of change'. These include:

- **General Self-efficacy:** General self-efficacy (GSE) has been linked through prior research to employability and positive job outcomes (Eden and Aviram, 1993; Lucas and Cooper, 2005; McLellan et al., 2009); education and vocational success (Locke et al., 1998); and general success in life (Chen et al., 2001). On a simple level GSE can be seen to consist of a combination of constructs including confidence, motivation and self-esteem (Judge et al., 1997). The GSE scale utilised in this study was developed by Schwarzer and Jerusalem (1995) and can be found at <http://userpage.fu-berlin.de/~health/engscal.htm>
- **Well-being:** The reinforcement of positive mental well-being in unemployed people through engagement in work is seen as central to The Employability Trust's theory of change and the work that they do with their beneficiaries. Positive well-being is important to people as it bolsters their life chances and improves their quality of life; indeed, low mental well-being has been linked to poor mental health, depression, social isolation, and risk-taking behaviours. It is recommended that The Employability Trust measure well-being using the Warwick-Edinburgh Well-being scale, a 14-item scale that is freely available online.

The GSE and Well-being scales would be administered longitudinally to The Employability Trust's beneficiaries both when they started at EDET (Time 1) and when they completed their time there (or at an agreed time-point i.e. after 3 months of engagement) (Time 2).

Impact was also calculated for The Employability Trust where possible based upon the direct financial impact of people gaining employment, including the payment of income tax and national insurance (as a proportion of full-time and/or part-time work paid at the living wage), as well as reductions in benefits payments (calculated by the minimum amount of job-seekers allowance that an individual is entitled to by age group). As was noted above counterfactuals have not been explored and so we

are unable to base these calculations on what would have occurred anyway and so the impact figures represent estimations of the *maximum* financial impact that The Employability Trust could have delivered.

5.3.3 - Social Impact:

In total to date, The Employability Trust has engaged with 74 unemployed people of whom data was collected from 70 individuals (average age 25 years; age range 17-55 years) through its work, of which 58 were male and 12 were female. These individuals were employed by EDET and then either assisted into sustainable employment or employed directly within EDET where applicable. Table 5.3 below outlines the demographic data for the unemployed people that have engaged with EDET to date:

Table 5.3 – Beneficiary Demographic Data						
<i>Variable</i>	<i>N</i>	<i>Mean</i>	<i>Median</i>	<i>Range</i>	<i>SD</i>	
Age	70	24.8	21	17-55	9.4	
Gender	Male	58		N/A		
	Female	12				
Time Spent Unemployed (Months)	49	26.4	12	6-274	39.5	
NEET	NEET	57		N/A		
	Not NEET	13				

Nb. N < 70 as some data is missing for some individuals.

Table 5.3 also outlines the high proportion of NEETs engaged by EDET (81.4% of all beneficiaries) and the high level of social exclusion of most beneficiaries as measured by time spent unemployed (12 months). In relation to the latter, the median value of 12 months unemployed represents a more robust measure as the mean value is skewed by one individual who was 43 years of age and had never worked. If this individual is removed from the dataset and the mean value recalculated then the average time spent unemployed prior to engaging with EDET is 21 months. Therefore, both the median and the mean values demonstrate that EDET is working with individuals that are seriously socially excluded (unemployed > 12 months). In the future, additional data capture around beneficiary’s highest educational qualification; household income; and home post-code would strengthen the dataset around social exclusion.

In relation to the employment outcomes for the 74 beneficiaries the 70 beneficiaries that data is held for all secured employment post-EDET, giving a success rate of 94.6%. Figure 5.9 below highlights employment rates for these 70 individuals at both 3 months and 6 months post-EDET.

Figure 5.9 – Employment Outputs:

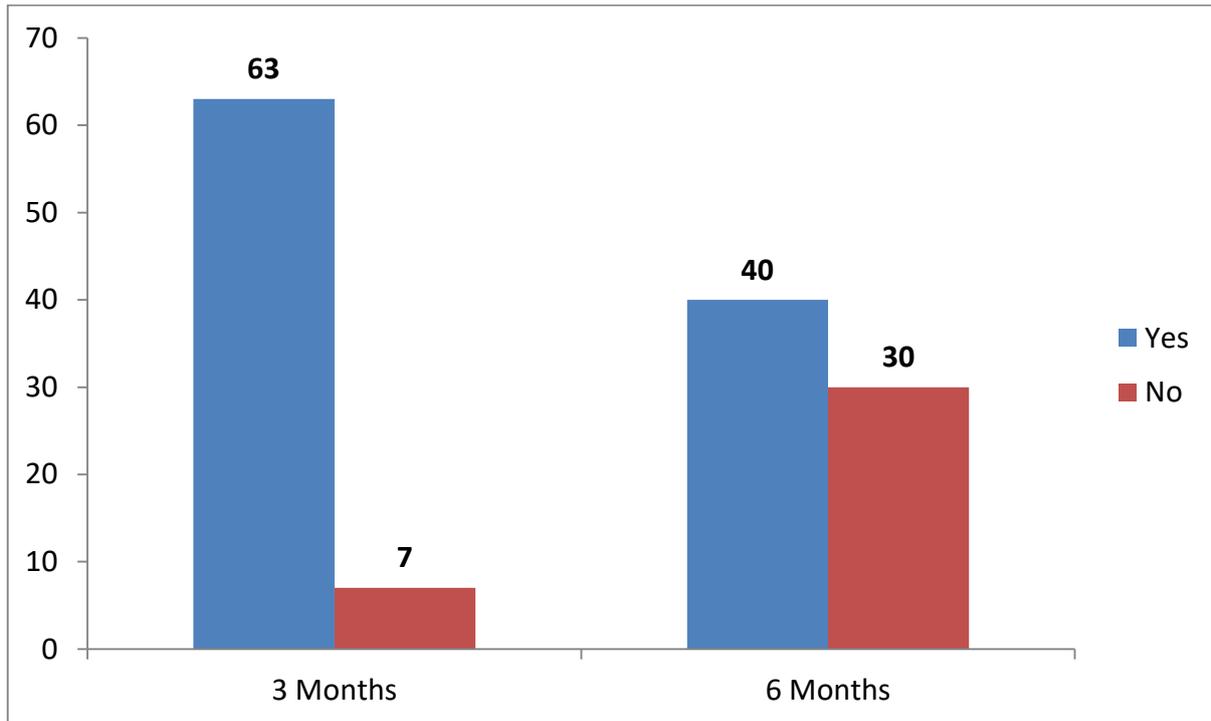
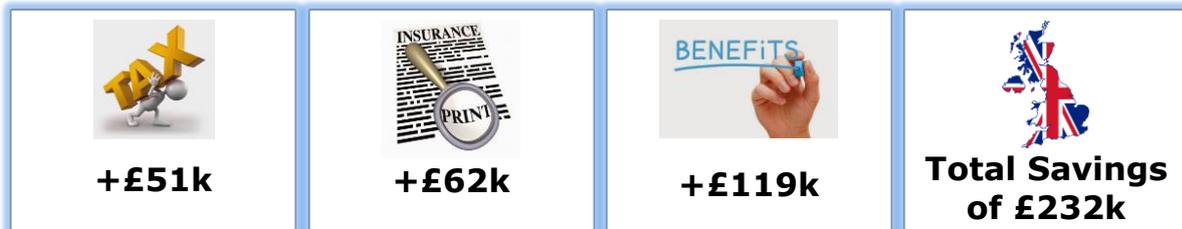


Figure 5.9 above demonstrates that EDET has very strong performance in relation to longer-term employability outcomes for its beneficiaries, with 90% of the individuals it engages with going on to secure employment post-EDET engagement. This figure drops to 57.1% for beneficiaries still in work at 6 months post-EDET. However, considering the level of disadvantage outlined above in relation to the beneficiary group and the time spent unemployed prior to EDET, this represents a very high success rate. In calculating the social impact of such employment outcomes, the research draws upon the employment rate at 6 months post-EDET in order to demonstrate the level of impact at the lower performance trends. In future and in order to create a more robust dataset, it is recommended that EDET track individuals up to 12 months post-intervention in order to calculate robust long-term

outcomes²⁰ and impacts. Figure 5.10 below provides an overview of the social impact delivered by EDET to society based upon these 6-months post-EDET employment figures²¹.

Figure 5.10 – Societal Financial Impact:



EDET delivered an extra £50,624 in income tax payments; £61,600 in National Insurance Payments; and £119,288 in welfare savings (Jobseekers’ Allowance). Based upon these calculations we are able to demonstrate that EDET delivered a maximum direct financial benefit to the UK state of £231,512, despite only spending £60,600 on the employability intervention for the 74 beneficiaries (£818.92 per placement)²². This represents a social return on investment of **£3.82/£1**²³. In addition, and whilst it cannot be calculated here due to the limited nature of the research, it should also be noted that of the 57 NEETs that EDET engaged, 45 had spent at least 6 months unemployed prior to engaging with EDET, and of these 45 NEETs 27 were still in employment after 6 months. Given that the UK government estimates that the minimum long-term cost to society of a young person aged 16-24 years spending more than 6 months unemployed and remaining excluded from the job-market is £97,000, then the potential longer-term benefit to the state of EDET’s work could be significantly higher.

²⁰ This would include beneficiaries completing the GSE and well-being scales for a third time at this 12 month point (Time 3).

²¹ These savings are based upon an income tax rate of 20% paid over £10,000 per year; an NI rate of 14% paid over £5,328 per year; a minimum value of job-seekers allowance of £2,982.20 per year; and an assumption that all employed people remain in work for 12 months post-EDET. This is all based on an assumption that those in employment would be earning the living wage of £7.85 for 40 hours per week (£16,328 per year).

²² This calculation only includes staff costs and on-costs, and does not include overheads from the business. Therefore, if the latter are included, the SROI may be slightly lower (assuming an overhead costing of 25% the SROI ratio would drop to £3.06/£1).

²³ As was outlined earlier, the lack of a control group and counterfactual data limits the validity of this calculation, which is done on a simplistic basis. However, it does seek to demonstrate the potential impact of EDET Sports and the methodology is in line with the resources that they have for SI measurement.

5.3.4 – Summary:

The data presented here, albeit limited, does suggest that The Employability Trust is producing positive outputs and impacts for its beneficiaries and society, and that these benefits can prove to be cost-effective for the State. Further data needs to be captured however in relation to outputs and outcomes and in the long-term control groups and counter-factual research would help to increase the reliability and validity of the claims made in this summary. However, the case-studies presented do provide some confidence that it is the work of EDET and the way that they interact with and support their beneficiaries that assist them to become more employable and secure employment that is sustainable in the longer-term.

5.4 – SXT Social Impact Report 2016/2017²⁴

5.4.1 – Overview:

This document represents an interim overview of SXT Health CIC's beneficiary social impact to date through a 5-month period dating from June 2016 through to October 2016. It is based upon a data gathering process that was commenced in collaboration with the University of Northampton in August 2014 and that seeks to longitudinally assess the 'outputs, outcome and impact'²⁵ delivered by SXT Health as adapted through the University's 'Social Impact Matrix©'²⁶. The data reported in this paper was collated by Aleron from SXT website dashboard data and then combined with the secondary research conducted by the University of Northampton to identify the social impact delivered by SXT Health and the potential financial savings that SXT's activities has for the State.

²⁴ Whilst this report references a 5-month period, a more extensive 11-month evaluation is in preparation and will be completed once the final data is received from SXT.

²⁵ Our understanding of these terms is informed by the work of McLoughlin et al. (2009). An *output* can be defined as the direct and easily identifiable outputs of an intervention (e.g. the number of individuals supported to access a sexual health clinic appointment). An *outcome* represents positive changes to participants' states of mind that will enhance their lives, their future employability and their psychological well-being (e.g. improved well-being) [it should be noted here that due to the strict confidentiality and anonymity of SXT's web-platform and the resources devoted to the project, the capturing of outcome data in this research has not to date been conducted]. *Impact* is an even longer-term benefit and is the impact on society resulting from the outputs/outcomes delivered (e.g. savings to the NHS in reduced treatment costs from reducing the transmission of sexually transmitted diseases).

²⁶ For more information on the 'Social Impact Matrix©' see <http://simatrix.co.uk/index.dev.php>

The research conducted was small in scale in order to match with the resources that SXT Health, the University and Aleron deemed suitable to allocate to the research, and so there are no counterfactuals presented or randomised control group data for comparison. The social impact data reported is however, largely based upon findings from NHS and other public health studies that did utilise randomised control groups and counterfactuals in their analysis. Nevertheless, this document merely seeks to identify the possible social impact delivered by SXT Health through its work in supporting people to access sexual healthcare in the areas of contraception and sexually transmitted diseases (most notably HIV). In doing so the report identifies key impacts and health-based cost-savings delivered by SXT, whilst also mapping out areas for future research that SXT Health CIC can engage in to further evidence its social impact.

[5.4.2 – Methodology:](#)

The research has utilised a quantitative methodological approach to the data collection that consists of data collected through the SXT website. SXT Health has captured output data from the beneficiaries that it works with including:

- Demographic data [i.e. age (for partner referrals only); gender; geographic location (in terms of nearest clinic); sexual orientation; mode of engagement (mobile or web-based)].
- Service data [i.e. sexual health issue; service required; providers selected; treatment/testing received; drop-out rates; at-risk partner intervention data].
- Evaluation data [i.e. service needs met; evaluation of SXT website; evaluation of services accessed].

Impact was also calculated for SXT Health where possible based upon the direct financial impact of the sexual health interventions delivered, including savings in: reduced HIV transmission and treatment; reduced STI transmission and treatment; contraception related savings including reduced abortion costs and unwanted pregnancies. Furthermore, whilst it is difficult to calculate the impact of providing support to victims of sexual abuse, the ability for individuals to access anonymous support online to begin the process of dealing with, preventing or stopping sexual abuse is significant. As was noted above counterfactuals have not been explored and so we are unable to base these calculations on what would have occurred anyway

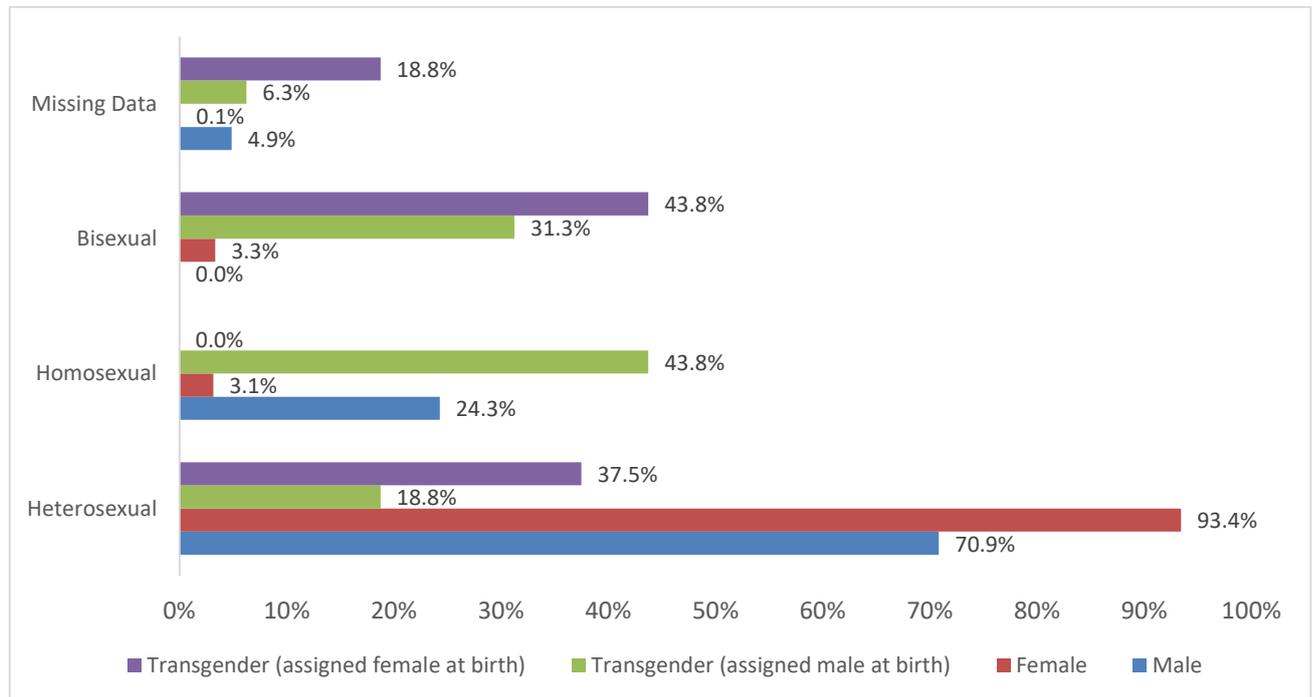
and so the impact figures represent estimations of the *maximum* financial impact that SXT Health's could have delivered. However, a caveat can be applied here in that many of the impact calculations made related to financial cost-savings are based on NHS and other public health research studies that have identified (through the use of RCTs and counterfactuals) the impact of different STI and contraceptive treatments, services and interventions. Therefore, the data reported here does have significant rigour and validity despite the lack of an RCT or direct causality, although it cannot be ascertained how many of SXT's beneficiaries would have sought support anyway if SXT had not existed. It is recommended that further research is undertaken to identify the percentage of SXT users that would have obtained the support elsewhere, in order to be able to calculate the exact impact delivered by SXT Health CIC. Whilst the collection of longitudinal outcome data and qualitative case-study data from beneficiaries would have helped to further conceptualise the impact delivered by SXT, this is understandably difficult to explore given the nature of the work that SXT delivers and the anonymity of the web-based platform²⁷.

5.4.3 – Social Impact Data:

To date SXT Health has engaged with a total of 10,051 beneficiaries through its website, with 7,323 (73%) being mobile users and the remaining 2,728 (27%) being web-based users. For those beneficiaries that self-identified their gender, 3,551 (39%) were male and 5,463 (61%) were female [28 beneficiaries identified as transgender]. A breakdown of the beneficiary sample is provided below in relation to gender and sexual orientation (see Figure 5.11):

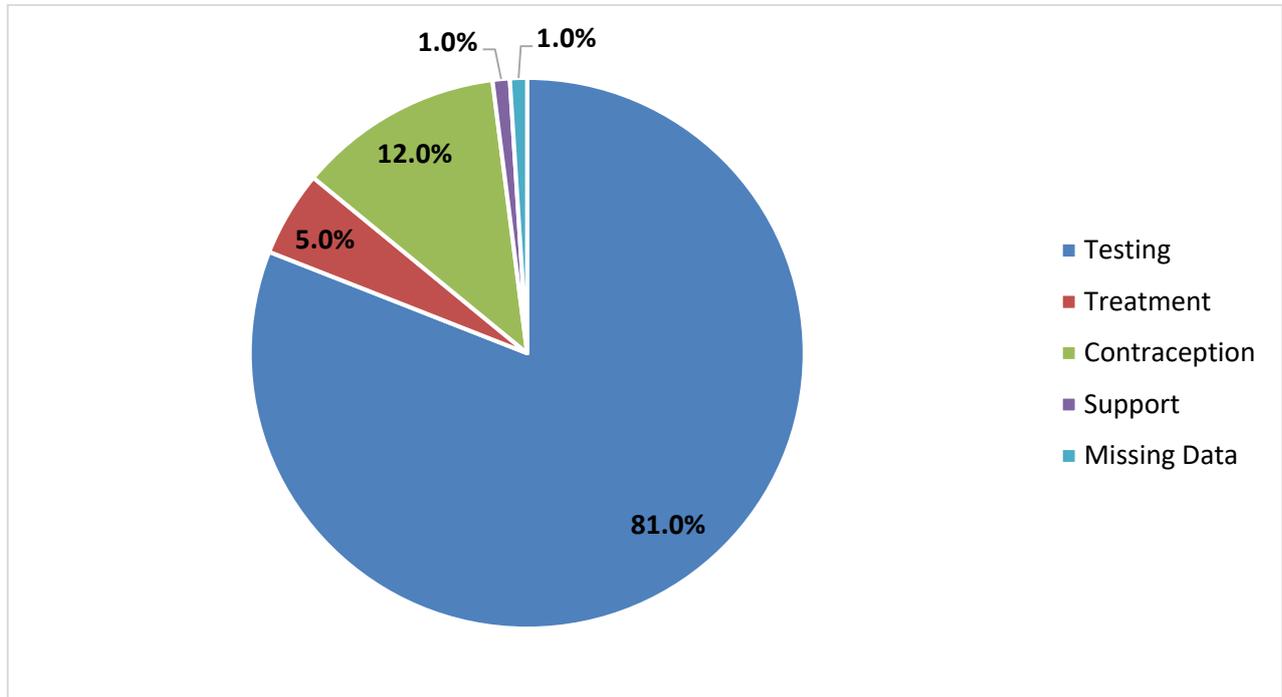
²⁷ Conversations between SXT and the University were held in relation to the collection of such longitudinal data, and it was identified as being technically feasible to achieve. However, it was decided not to pursue this as whilst the anonymity of users was possible to achieve, it was felt that this might undermine perceptions amongst beneficiaries of the confidentiality and anonymity of their data and that this might cause some people to avoid engaging with the services provided. This data collection was therefore not pursued for ethical, moral and practical reasons.

Figure 5.11 – Gender and Sexual Orientation of SXT Users:



In relation to the reasons for visiting the SXT website, users were split into four broad categories: those that required testing; those that required treatment; those that required contraception; and those that required support (e.g. for abortions, sexual health or sexual abuse). Figure 5.12 below outlines this demand and identifies that the vast majority of website users required STI testing services (over 4/5).

Figure 5.12 – Service Demand for SXT Users:



The data revealed that 42.5% of SXT users requiring STI testing were male, compared with 57.2% who were female (17 were transgender). In relation to the other three areas the figures were:

- *Treatment:* 61.5% male; 37.8% female; with 3 users identifying as transgender.
- *Contraception:* 7.3% male; 92.7% female; with 1 user identifying as transgender.
- *Support:* 21% male; 75.8% female; with 2 users identifying as transgender.

STI Prevention and Treatment:

For the 8,187 SXT users who visited the website to seek testing support for STIs, 87% were heterosexual, with 11% homosexual and 2% bisexual. Furthermore, of these beneficiaries 34% were symptomatic, 62% were asymptomatic, whilst 4% had a partner who had been diagnosed with an STI (the impact of partner testing will be explored at the end of this section). Of the 8,187 SXT users who sought STI testing, there was a 32% drop-out rate²⁸, which meant that only 5,567 of these individuals

²⁸ Defined here as the proportion of SXT users who did not select a single provider for prevention or treatment.

attended at clinics for appointments. Given this figure, and the fact that an estimated 10% of those individuals who are asymptomatic and tested for STIs have a positive diagnosis (Public Health England, 2017a; Public Health England, 2017b), SXT has ensured that approximately 557 individuals with STIs have been diagnosed and hence onward transmission is reduced through awareness²⁹. Indeed, if Chlamydia is taken as an example, being one of the UK's leading STIs accounting for 46% of all diagnoses (Public Health England, November 2016), then 256 new cases of Chlamydia have been diagnosed due to SXT referrals. Assuming that the individuals diagnosed then take precautions in preventing transmission (i.e. through the use of condoms etc.) and that treatment is then effective, this means that a minimum of 64 new cases of Chlamydia have been prevented due to SXT support³⁰. Given that the cost of identifying (through traditional screening methods) and treating chlamydia in one individual is calculated to be £566 per infected individual (Turner et al., 2011)³¹, then SXT has potentially saved³¹ the NHS £36,224 in Chlamydia treatment provision alone.

Utilising the same approach for Gonorrhoea (9% of new diagnoses; 27 tests for one positive diagnosis; indicative cost for identifying one individual through screening and treating them £1,092), Trichomoniasis (1.5% of new diagnoses; 17 tests for one positive diagnosis; indicative cost for identifying one individual through screening and treating them £687), and Syphilis (1.2% of new diagnoses; 114 tests for one positive diagnosis; indicative cost for identifying one individual through screening and treating them £4,609) produces the cost savings identified below in Figure 5.13 (PHE Fingertips, 2017; Hughes and Field, 2015)³². ***This demonstrates that SXT has saved the NHS £59,046 in treating these four STIs alone.***

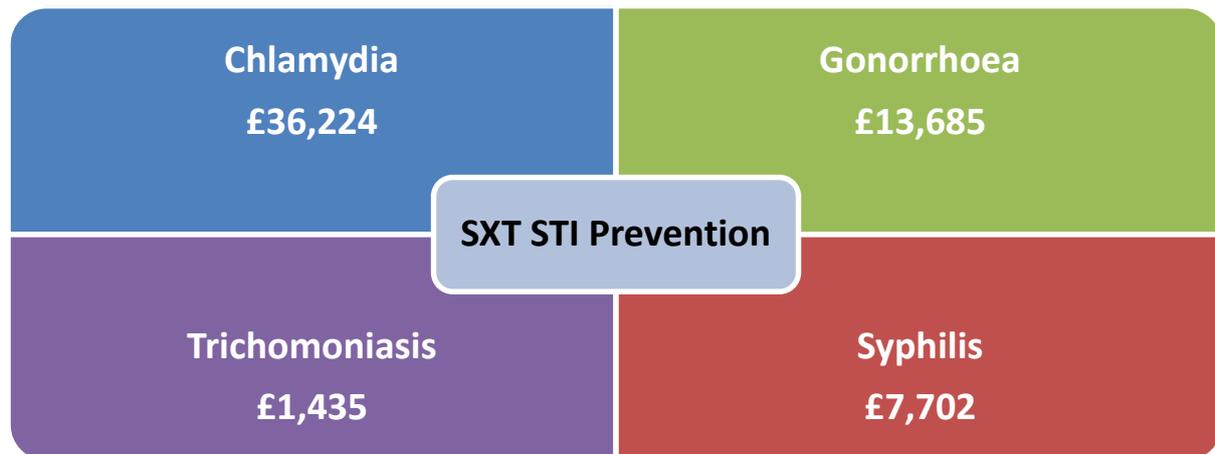
²⁹ It is important to note that figures for asymptomatic individuals testing positive for STI infections varies across geographic regions and age groups. The figure of 10% is based upon the 20-24 years of age group. Other sources have suggested that the figures could be lower [6-9% through the online tester SH:24 (<https://www.sh24.org.uk/>); whilst GUM clinics are finding rates of 10% across all age groups in London.

³⁰ Chlamydia has a 25% onward transmission rate for each exposure (Von Sadowsky, University of Ohio, 2007).

³¹ Turner et al.'s (2011) figure of £506 was adjusted for inflation to 2016 levels using the Bank of England inflation calculator (available at <http://www.bankofengland.co.uk/education/Pages/resources/inflationtools/calculator/default.aspx>).

³² The cost of identifying and treating one individual for Gonorrhoea, Trichomoniasis and Syphilis was calculated utilising Chlamydia as the baseline and testing prevalence rates as the ratio. As it costs £566 to identify and treat one individual with Chlamydia (based upon 14 tests per one positive diagnosis) then this gives a unit cost of £40.43 for a 1:1 test/diagnosis ratio. This figure can then be used to calculate costings for the other 3 diseases based upon their testing prevalence rates. This was done as Chlamydia is the most prevalent STI in England and so acts as a good baseline for costing's.

Figure 5.13 – SXT Onward Transmission Prevention Savings:



Whilst those beneficiaries seeking treatment for already diagnosed infections does not carry the same preventative impact through savings to the state, SXT has nevertheless supported 337 users to seek treatment, with 212 of these users actually going on to choose a single provider. In addition, SXT also engaged with 10 users who were seeking Hepatitis B vaccinations, 6 of whom attended at clinics. Hepatitis B costs the NHS around £37 million per year (Foundation for Liver Research, 2004)³³. Whilst the sample-size of 6 vaccinations is too small to make any meaningful calculations here (especially given that 90% of exposed adults will naturally recover from Hepatitis B without treatment) it nevertheless evidences how SXT is assisting people to take charge of their own sexual health. Indeed, in surveying SXT users who sought STI prevention and treatment, at least two-thirds had their needs partially met³⁴ and the average rating for the site was 8.3 out of 10.

In relation to partner infections and testing across all STIs, up to one-third of all partners tested will be found to have the same infection as their recently diagnosed partner. When applied to the SXT beneficiaries it is possible to ascertain the numbers of partners contacted and tested/treated in relation to the following infections: Chlamydia; Gonorrhoea; Trichomoniasis; Syphilis; and HIV (HIV will be covered separately in the next section). Table 5.4 below outlines the data for partner referrals and verified testing/treatment. The data outlines that SXT has saved the NHS a

However, it should be noted that the cost savings detailed here are based upon detection through screening and so for these 3 diseases are only indicative, as the NHS does not currently run a screening programme for Gonorrhoea, Trichomoniasis and Syphilis.

³³ The FfLR 2004 figure of £26m has been adjusted for inflation to 2016 levels, as above.

³⁴ This partially-met rating relates to user distance to clinic.

possible: £8,397 in treatment for additional Chlamydia treatment costs; £9,062 in treatment for additional Gonorrhoea treatment costs; £831 in treatment for additional Trichomoniasis treatment costs; and £22,722 in treatment for additional Syphilis treatment costs.

Table 5.4 – Partner Referrals and STI Testing/Treatment:

<i>Variable</i>	<i>Chlamydia</i>	<i>Gonorrhoea</i>	<i>Trichomoniasis</i>	<i>Syphilis</i>
Total Index Patients	989	383	121	102
Partners Declared in Clinic	2153	1220	166	403
Contactable Partners	1609	737	110	244
Partners Contacted	547	271	43	134
Partners Who Have Opened the Link	297	154	20	83
Partners Verified in Clinic	92	48	7	30
Partner Coefficient	0.09	0.13	0.06	0.29
Cost to Treat One Individual	£566	£1,092	£687	£4,609
Saving to State	£8,397	£9,062	£831	£22,722
Total Saving	£41,012			

Nb. The saving to the state calculation is based on the calculation that: Saving to State = [(Total Indexed Patients x Partner Coefficient) x Cost to Treat One Individual] x 1/6. This is based on the average transmission rate across the four conditions outlined above being one in three and so assumes that 1/3 of partners would catch the infection and that if unaware 1/3 would then pass it on, hence the figure of 1/6 (INSERT REF) and assumes a maximum risk that of the infected partners all would.

However, another way to explore the partner referral impacts is through unit cost savings to the state in identifying infected individuals who are otherwise asymptomatic. Indeed, as was evidenced above up to one-third of partners of individuals who have tested positive for Chlamydia, Gonorrhoea, Trichomoniasis and Syphilis will also have the infection. For the purposes of this paper a figure of 25% is used as this has been rate of transmission found by SXT in GUM clinics. Table 5.5 below details how much more effective partner referrals through an online platform like SXT are in comparison to traditional screening methods.

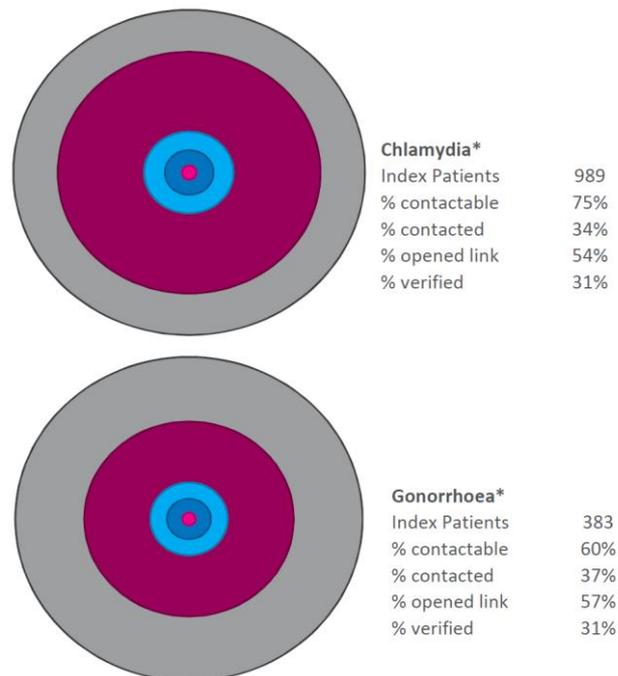
Table 5.5 – Partner Referrals Efficiency:

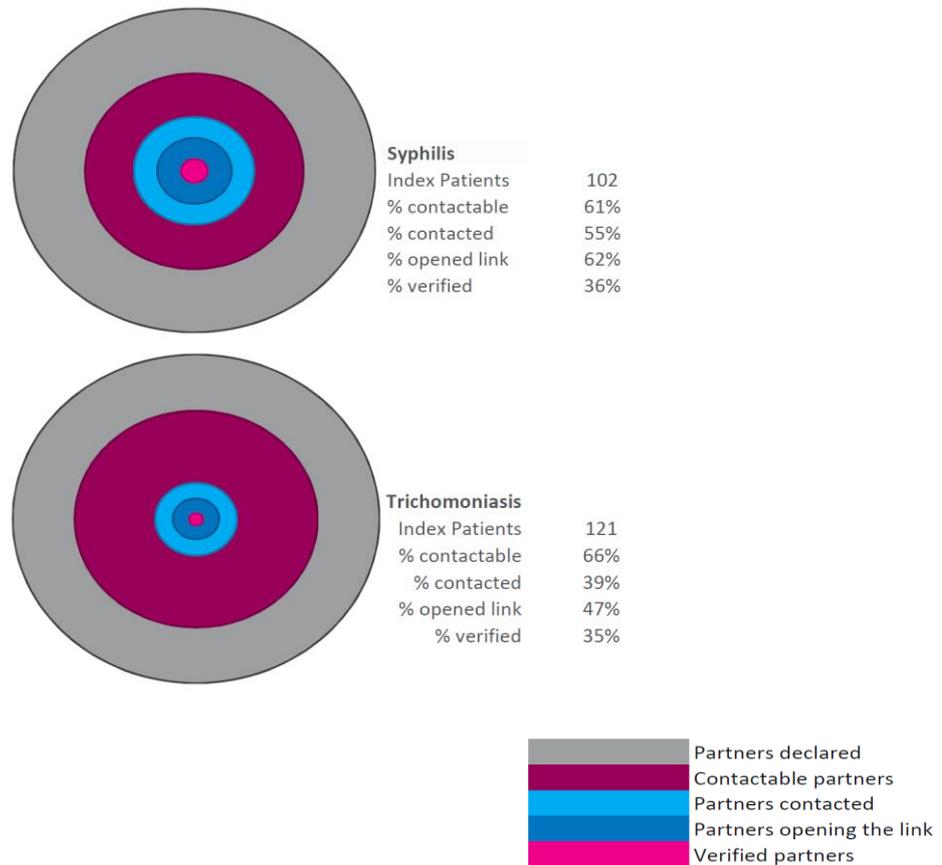
STI	Standard Screening Detection Rate	Partner Referral Detection Rate	Effectiveness Ratio	Potential Saving per Diagnosis
Chlamydia	14	4	3.5x	£404
Gonorrhoea	27	4	6.75x	£930
Trichomoniasis	17	4	4.25x	£525
Syphilis	114	4	28.5x	£4,447

Nb. The savings are based upon the unit costs of identifying and treating one individual for each disease through standard screening programmes. To calculate this the total unit cost for each STI is divided by the effectiveness ratio to produce the partner referral cost and hence calculate the differential (saving to the NHS). In reality the costs of screening for Syphilis (and to a lesser degree Gonorrhoea) are too high for the NHS to ever undertake it, due to the low prevalence rates.

The success of partner referral testing over traditional screening methods can also be graphically illustrated (see Figure 5.14 below). In these figures the bullseyes in the middle represent the partners that are diagnosed through the SXT referral scheme.

Figure 5.14 – Partner Referral Bullseyes:





In summary, in relation to STI prevention and treatment this section has demonstrated that SXT has in the five months that the data was available for created savings to the NHS of £100,058. Extrapolated over a one-year period (assuming that demand remains the same) this would provide an **annual impact of £240,140** in NHS savings in diagnosing and treating Chlamydia, Gonorrhoea, Trichomoniasis and Syphilis.

HIV Prevention and Treatment:

The prevention of the spread of HIV and therefore the savings to the NHS in treatment costs is an area where SXT Health CIC can have significant impact, particularly given that the lifetime treatment costs for HIV are £330,000 per person (Nakagawa et al., 2015). The SXT database captures data in relation to HIV prevention and treatment, as well as in relation to partner notifications. Between June and October 2016 SXT received queries from beneficiaries wanting: 46 x Pre-Exposure Prophylaxis (PrEP) HIV prevention treatment; and 85 x Post-Exposure Prophylaxis (PEP) emergency HIV prevention treatment. This is significant as PrEP

has been proven to reduce HIV acquisition by up to 86% (McCormack et al., 2016), which means that for every 100 individuals given PrEP for one year, 1.2 HIV transmissions will be prevented (equivalent to an NHS cost-saving of £3,960 for every individual protected for one year). For PEP interventions, for every 217 individuals administered the treatment, one HIV transmission is prevented (Richens et al., 2005), leading to an NHS cost-saving of £1,520 for every course of PEP prescribed³⁵. In applying these to the above SXT figures and the rate of 37% of SXT users not selecting a clinic, the following savings are delivered by SXT Health (see Figure 5.15 below):

Figure 5.15 – Preventative HIV Treatment (PrEP/PEP)³⁶:



Nb. The above calculations are based upon: PrEP Savings = [(46 PrEP Queries x 0.63 clinic attendance rate) x £3,960]; PEP Savings = [(85 PEP Queries x 0.63 clinic appointments likely to be made) x £1,520].

In relation to the notification and testing of partners of those diagnosed with HIV, SXT also demonstrated significant cost-savings to the state. Indeed, the data outlined below in Table 5.6 evidences that SXT’s partner referrals will have prevented 1.33 HIV infections, hence producing a saving to the state of £440,000 in lifetime treatment costs. This further demonstrates the significant social impact delivered by SXT Health CIC in relation to HIV. It should also be noted here that nearly all of these partner referrals were otherwise unaware and asymptomatic and so represent cases that would almost certainly not have been detected otherwise. This limits the need here for a control group and also demonstrates the high value impact delivered by SXT.

³⁵ This is based on 217 PEP treatments for one HIV transmission prevention (£330,000 / 217 = £1,520).

³⁶ The figures for PrEP treatment assume that for the 63% of enquiries that resulted in treatment, the individuals involved remained on PrEP for one year.

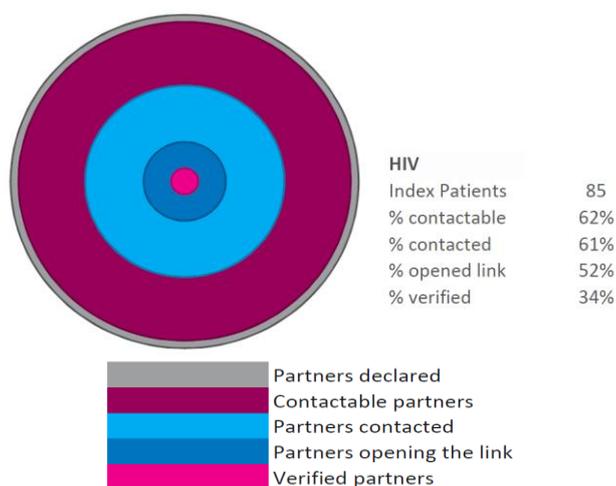
Table 5.6 – Partner Referrals and HIV Testing/Treatment:

<i>Variable</i>	<i>HIV</i>
SXT Beneficiaries	85
Partners Declared in Clinic	178
Contactable Partners	110
Partners Contacted	67
Partners Who Have Opened the Link	35
Partners Verified in Clinic	12
Partner Coefficient	0.14
Cost to Treat One Individual	£330,000
Saving to State	£440,000
Total	£440,000

Nb. The saving to the state calculation is based on the calculation that: Saving to State = [(Total Indexed Patients x Partner Coefficient) x Cost to Treat One Individual] x 1/6. This is based on the average transmission rate across the four conditions outlined above being one in three and so assumes that 1/3 of partners would catch the infection and that if unaware 1/3 would then pass it on, hence the figure of 1/6 (National AIDS Trust, May 2012) and assumes a maximum risk that of the infected partners all would.

This data can also be used, as was outlined in the last section, to identify the improved effectiveness of HIV related partner referrals over and above standard screening. Indeed, SXT data demonstrates that such directed partner referrals are 84x more effective than standard screening. Figure 5.16 illustrates this again using the SXT bullseyes.

Figure 5.16 – HIV Related Partner Referral Bullseyes:



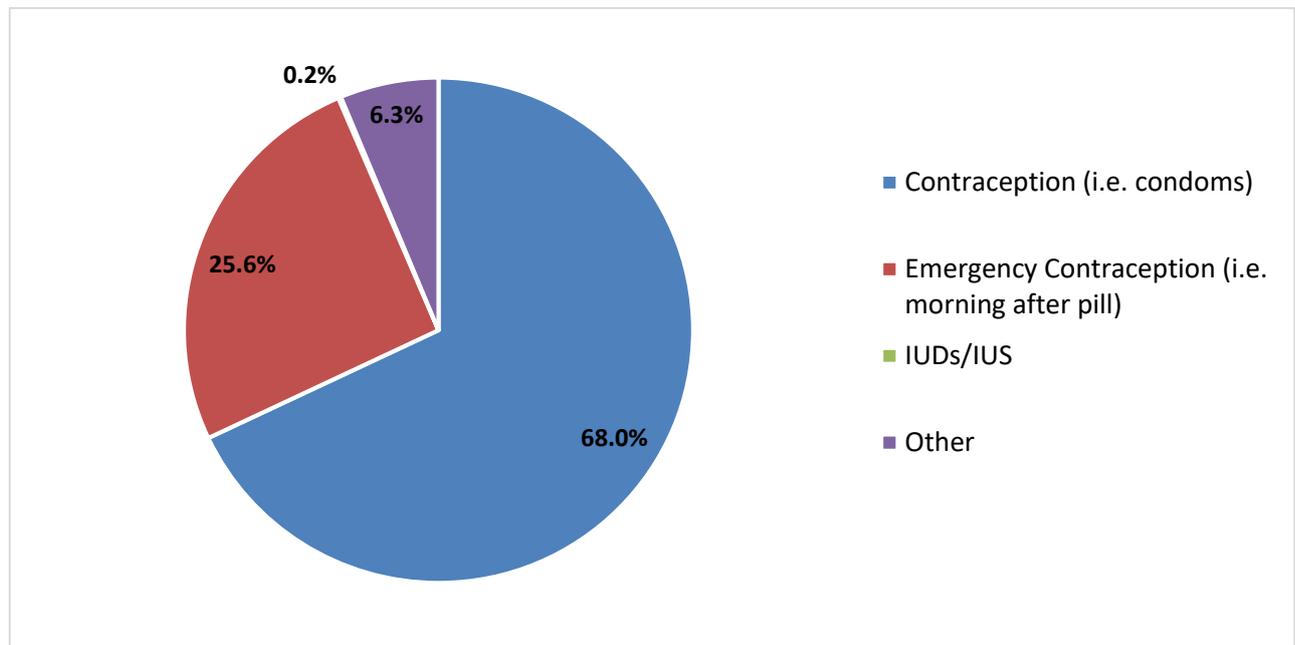
In relation to HIV prevention therefore SXT has in the five months that the data was available for created savings to the NHS of £636,157. Extrapolated over a one-year

period (assuming that demand remains the same) this would provide an **annual impact of £1.53 million.**

Contraception:

Contraception, both in relation to preventative and emergency contraception, is also a significant area in relation to SXT Health’s social impact. Indeed, in the five-month period of data collection, SXT received 1,165 requests for contraceptive support. Of these 1,165 SXT users, 85% were heterosexual, whilst 2% were homosexual and 3% bisexual (10% did not state). Of the 1,165 SXT users who sought contraceptive support, there was a 28% drop-out rate, which meant that only 839 of these individuals attended at clinics for appointments. In relation to the needs of these 1,165 SXT users, Figure 5.17 below provides a breakdown of these:

Figure 5.17 – Contraceptive Needs of Beneficiaries:



The pregnancy rate for young women engaging in one act of unprotected sex is 5% if said act occurs at a random time across the month or 25% across a year of unprotected sex (Colombo and Masarotto, 2000), therefore effective contraceptive support through the provision of free contraception (of various types) and emergency contraception is key to preventing unwanted pregnancies. Indeed, given that contraception rates vary between 92-98% success rates, the effective use of

contraception can be highly impactful in reducing unwanted pregnancies. This is particularly pertinent given that approximately 54% of unwanted pregnancies end in abortion (Sedgh et al., 2014), which costs the NHS £1,151 per abortion carried out (Thomas et al., 2010)³⁷, as well as the wider social costs of unwanted pregnancies that are estimated to be £2,922 including social costs for those pregnancies that continue to birth (Thomas and Cameron, 2013).

In relation to free-to-access contraception services such as the provision of condoms, contraceptive pills etc. SXT received requests from 792 individuals, of which 570 selected single clinics. Condoms and contraceptive pills have a failure rate of between 98% (condoms) and 99% (contraceptive pill) over one year of use (NHS, January 2015; NHS December 2014). This equates to a mean value of 98.5% effectiveness, which can be taken off of the 5% pregnancy rate (or 25% rate across a year with no contraception). Therefore, provision of access to condoms could provide a maximum social impact of £366,692 across a year, assuming that these people would not have accessed contraceptive support from elsewhere. Table 5.7 below provides an outline of this.

Table 5.7 – Contraception Access Societal Savings per Annum:

<i>Variable</i>	<i>N</i>
SXT Users Engaged	792
Potential Unplanned Pregnancies Across 1 Year (No Contraception) (25%)	198
Potential Unplanned Pregnancies Across 1 Year (Condoms/Pill) (1.5%)	12
Potential Unplanned Pregnancies Differential	186
Abortions Prevented from Unplanned Pregnancies (54%)	100
Potential Abortion Savings from Reduced Unplanned Pregnancies	£115,400
Potential Unplanned Pregnancies leading to Births	86
Societal Savings from Preventing Unplanned Pregnancies	£251,292
Total	£366,692

Nb. These figures do not take into account those unplanned pregnancies that do not result in births due to miscarriages or other health problems. The data does not also provide the counterfactual for SXT of how many of the above beneficiaries would have accessed contraception without SXT support (null hypothesis). Furthermore, whilst SXT can recommend and refer women for IUD or UPA emergency contraception, at the moment we cannot be certain how many actually are prescribed these. Hence figures provided here are indicative maximums.

SXT also provides benefits to society through assisting its users to access emergency contraception. Emergency contraception is also a key facility for women who have

³⁷ The figure provided by Thomas et al. (2010) has been updated to 2016 levels to account for inflation.

unprotected sex and wish to reduce the risk of pregnancy. The two main emergency contraception measures are: Ulipristal Acetate (UA) (pregnancy rate of 1.3% if used within 72 hours) (Moreau and Trussell, 2012); and Copper IUDs (pregnancy rate of <1% if used within 72 hours) (NHS, January 2015). In total SXT Health CIC provided access to UA for 298 beneficiaries and to IUDs for 2 SXT users. Given that the pregnancy rate for one act of unprotected sex is 5%, the savings provided through IUD access is negligible due to the low sample-size. However, Table 5.8 below identifies the savings made through provision of UA (more commonly known as the morning after pill) and demonstrates that SXT offers a maximum annual societal saving of £20,526.

Table 5.8 – Emergency Contraception Access Societal Savings per Annum:

<i>Variable</i>	<i>N</i>
SXT Users Engaged	298
Potential Unplanned Pregnancies Per Act of Sex (No Contraception) (5%)	15
Potential Unplanned Pregnancies Per Act of Sex (UA) (1.3%)	4
Potential Unplanned Pregnancies Differential	11
Abortions Prevented from Unplanned Pregnancies (54%)	6
Potential Abortion Savings from Reduced Unplanned Pregnancies	£6,924
Potential Unplanned Pregnancies leading to Births	5
Societal Savings from Preventing Unplanned Pregnancies	£14,610
Total	£21,534

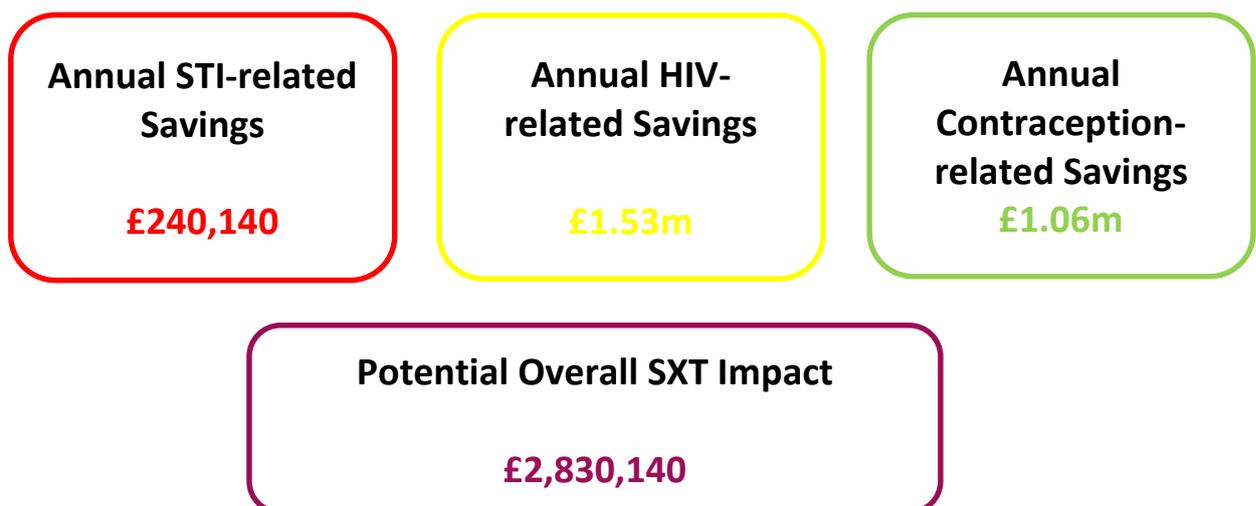
Nb. These figures do not take into account those unplanned pregnancies that do not result in births due to miscarriages or other health problems. The data does not also provide the counterfactual for SXT of how many of the above beneficiaries would have accessed emergency contraception without SXT support (null hypothesis).

Finally, SXT Health also received enquiries from 34 women who required support in accessing an abortion. Of these 34 women 44% did not make a clinic appointment leaving 19 women who made appointments. Whilst there is no data available (and hence no guarantee) that all 19 women went ahead with their abortions, assuming that they did means that SXT assisted a societal saving of £55,518 from unplanned pregnancies. Therefore, in summary SXT has in the five months that the data was available for created savings to the NHS and society related to reduced abortions and unplanned pregnancies of £443,744. Extrapolated over a one-year period of beneficiary engagement (assuming that demand remains the same) this would provide an **annual impact of £1.06 million.**

5.4.4 – Summary:

The data presented in this interim social impact report identifies the maximum social impact delivered by SXT Health CIC for the 5-month period between June 2016 and October 2016. As has already been noted, caution has to be engaged with these results as the data does not take into account counterfactual outcomes, that is how many beneficiaries would have sought support/testing/treatment without SXT existing. There is also a lack of randomised control trial data for the medical outcomes (although this is partially overcome utilising data gathered from existing medical studies) and some assumptions made about clinical attendance where data is not present for this. Nevertheless, despite these limitations the data clearly shows that SXT delivers a valuable service for its beneficiaries, which has high social impact and financial savings for both the NHS and public health bodies, as well as for wider society. Indeed, as Figure 5.18 below demonstrates, SXT has delivered *maximum annual financial savings* to society of: £240,140 in relation to STI testing and treatment; £1.53 million in relation to HIV testing and treatment; and £1.06 million in relation to reducing abortions and unplanned pregnancies. This means that SXT provides a maximum annual financial saving to the state of over **£2.83 million**.

Figure 5.18 – Total Social Impact Delivered by SXT Health CIC:



5.5 – CSV Overall Social Impact

The above four case-studies represent exemplars of the social impact that CSV investees have delivered. The data on this has been robustly collected utilising academically validated measures, and inferences of impact have utilised government statistics and monetary values where applicable. The data reveals that for these four SBs alone, a total of over £3.7 million of social impact at the primary level (that is impacts that can be directly attributed to the SB and easily monetised). The wider impacts are potentially much greater, but cannot be quantified in discreet research projects such as these. This provides a return on investment for the CSV of £18.69/£1 invested, given the £200,000 that has been invested across these four case-studies. If the pro-bono support is also included in this analysis and an indicative figure of £50,000 per SB is also utilised for these purposes, then this return drops to a still strong £9.35/£1 invested. In addition, whilst it is impossible to generalise from a sample of just four exemplar case-studies, if similar returns were demonstrated across the funds other 36 investments, this would provide a potential primary social impact of over £37m pounds for £1.75m of direct investment and £2m of pro-bono support.

Figure 5.19 – CSV Social Impact Performance:



It must be stressed here that these values are indicative maximums, as control groups have not been presented for three of the four case-studies (SXT has a quasi-

control group through generalised statistical data gathered from the NHS and Public Health England). Therefore, it is not possible to present a robust counter-factual for this data that would demonstrate what outcomes would have occurred anyway. If these were presented, then the impact values would be reduced. In addition, the data presented here relates to the impact generated from four SBs that fully engaged with the social impact reported, and which could be argued are exemplar cases of CSV investments. Therefore, the data for other SBs if it could be gathered might also demonstrate lower social impacts than achieved by these SBs. Further research is needed here to have more confidence in what at this stage are limited generalisations, but as further social impact data is generated from the project these projections will become clearer³⁸. However, this demonstrates the potential social impact that can be delivered by early-stage social investment funds, and also highlights the impact that can be provided to corporate partners as part of their CSR strategy.

³⁸ Indeed, when data is received from the other four SBs that are actively collecting data then this will double the sample-size. This will at least provide more robust impact data for what can be achieved in best case investment scenarios.

6. Summary and Recommendations

The data presented in this report has identified that the CSV has performed well over its lifetime and that the vast majority of investments are on course to be repaid. The findings in relation to fund performance and social impact are summarised here.

6.1 – CSV Performance

In relation to the data a number of trends emerged in relation to the types of SBs engaged at different phases; the selection/rejection of SBs; the investments and mentoring support offered; and the performance of the investees and the investments made. In summary these are:

- **Geographic engagement** with the VCSE sector was heavily skewed to London. However, the CSV has performed well in the North East, North West and East Midlands; whilst falling short of national averages in the South East, South West, East of England and the Yorkshire and Humber.
- **Social sector engagement** remains focused on the education and health sectors (over 60% of all online applicants). The lack of public procurement expertise on the investment panel should therefore be addressed in future iterations of the fund, due to the uniqueness of these marketplaces.
- **Limited companies**, whether CLG/CLS/CIC, are still the main organisational types engaged (83.5%) of online applications. This is in line with the sector in general and so is an expected outcome for the CSV.
- **Market demand** and **social impact/mission** remain the biggest reasons for rejection during the Selection Day. In addition, the BII Matrix provided an accurate predictor of whether a SB would be shortlisted to the mentoring phase. This raises the question of whether the Selection Day itself is required in future iterations of the programme?
- **Financial plans** and **product/service development** are the main reasons that SBs are declined investment at the Caterpillar's Cocoon. Therefore, more focus on these areas could be provided during the mentoring phase.
- **Investment demographics** identify that there is a significant bias towards investment in London (45%) when compared with national averages.

Investments in SBs from the North East were strong however, with 15.8% of investments occurring in the North East despite SBs from the region making up less than 4% of applications. SBs from the North West did particularly poorly, with zero investments despite accounting for nearly 12% of the applications. This possibly points towards the difference that a rapidly improving ecosystem can have for SBs in relation to sustainability and investment readiness, as the North East has seen a huge growth in social investment infrastructure in the last few years. CSV investees were also broadly in line with national averages in relation to women- and BME-led boards. Finally, investees had an average turnover of £134,000, employed 3 FTE staff and operated in areas of moderate disadvantage (IMD Rank 4 average). In relation to social exclusion, over one-quarter of investments were made in SBs operating in the top 20% most deprived areas in England.

- **Investment risk** was also an issue within the CSV, with a disparity between high-risk *investments* and high *impact*. Indeed, only one-third of high-risk investments were assessed to have medium or high impact potential. However, this was balanced by the relatively high sustainability of SBs as assessed by grant dependency, with only 7% being grant dependent. This demonstrates the inherent risks associated in social investment, especially for nascent/early-stage SBs, but also the role that robust due-diligence processes can deliver in identifying suitable investee organisations.
- **Investment characteristics:** The average investment amounted to £44,000, loaned out at an average rate of 5.2%. With approximately £50,000 of pro-bono support provided to SBs on average, the total commitment in supporting investees was just under £100,000. Nearly 80% of investments were required for developmental and/or early-stage capital, which again is high-risk by nature even in traditional investment sectors. The data held for beneficiary engagement for nine of the SB investees (these were the organisations that returned this data) demonstrates that the average SB engaged with 612 beneficiaries. If this is extrapolated across the CSV then nearly 25,000 beneficiaries will have been engaged.
- **Investment performance** was strong and in line with pre-CSV expectations, with 40 SB investments made to a total value of £1.75 million. 37 of these are on track to repay with repayment completions beginning in 2017. The fund is on course to make full returns to corporate partners who invested.

four key areas of focus were identified for future iterations of the fund to mitigate potential risks:

- *Burn-rate*: Early-stage SBs can experience cash-flow problems and potential business failure. This requires both additional finance and support/patience from investors. In the CSV to date, the three potential investment failures will provide a fund failure rate of 7.2%.
 - *Social entrepreneurs*: It is critical in early-stage SB investments that social entrepreneurs are supported both informally (i.e. mentoring), and formally (i.e. board member expertise).
 - *Market Focus*: Heterogeneous support mechanisms are required to reflect social sector focus (i.e. public procurement expertise for SBs seeking public contracts).
 - *Product*: SB need to supported early-on to develop a clear roadmap for product.
- **Investment impact** was also positive, with SBs experiencing an average growth in turnover of 3%. However, for many SBs this growth was achieved from a backdrop of imminent business failure prior to CSV engagement. The investment from CSV was also seen to have positive impacts on: marketing and brand; internal capacity; sustainability and investment readiness.
 - **Future Finance** is important for those SBs that experience high-growth and require additional cash-flow to fund this. The CSV could provide this through a secondary tier fund or ensure that formalised links to the wider social investment market are provided (i.e. could the CSV act as an incubatory pipeline for larger investment funds through additional partnerships?).
 - **Leveraged Funds**: 12 SBs leveraged in external finance following investment from the CSV, with an average amount of £77,500 per SB. Crucially, for those SBs that were able to leverage in additional finance, turnover growth was 15% (compared with the CSV average of 3%).

6.2 – Social Impact of the CSV

The indications from the social impact data obtained through four case-study organisations are that the CSV is generating a good return on investment in relation to the primary impact delivered by investees. Indeed, across the four case-study organisations a primary-level social impact of £3.7m was generated, from just

£200,000 of financial support (or £400,000 if pro-bono support is included). This represents a social return on investment of £18.69/£1 of financial investment; or £9.35/£1 of total support committed. Extrapolated across the CSV's 40 investments this could amount to £37 million of social impact generated if the other investments perform to the same level. The collection of additional data and the development of a further four case-studies in the coming months will provide a clearer picture of the social impact generated.

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