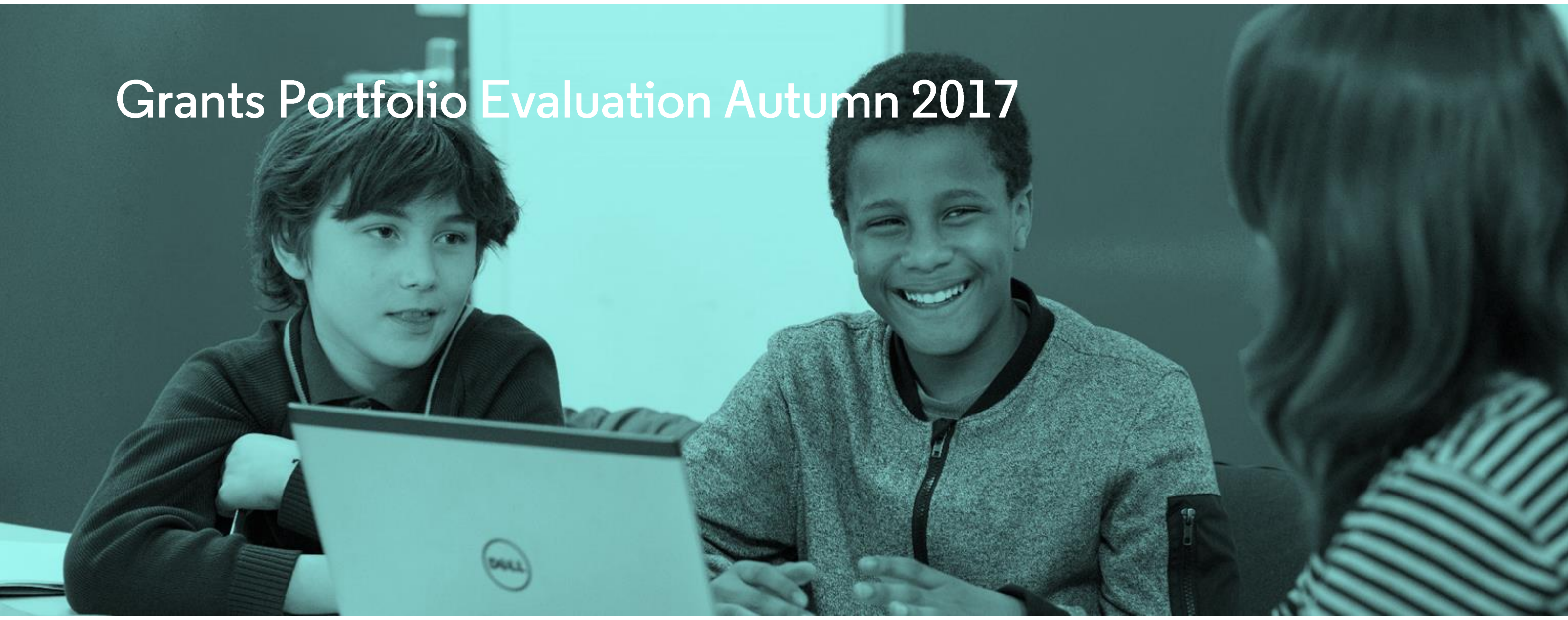
Grants Portfolio Evaluation Autumn 2017



The Fore provides high-impact, investment-style grant funding and business expertise to exceptional small charities and social enterprises to increase scale, sustainability, and efficiency. All grantees set themselves bespoke targets for to achieve during each year of grant funding. These targets typically include a mix of organisational development goals and hard outcomes that together capture the intended transformational impact of The Fore's investment. The Fore assesses each grantee's progress against its agreed targets annually, and compiles its findings into reports released on the anniversary of each funding round. This is our second report, covering the Autumn 2017 grantees.

14
Grants made Autumn 2017

2
Grantees delayed evaluation/payment

2
Delayed grants from Summer 2017 included

14
Grantees reviewed
££££££££££££

34
Targets
✓✓✓✓✓✓✓✓✓✓✓✓
✓✓✓✓✓✓✓✓✓✓✓✓✓
✓✓✓✓✓✓✓✓✓

155
Total points scored

/

170
Total points available

4.6 / 5
Average score

91%
As a percentage
(Previous report: 82%)

Image: Tutors United

CONFIDENTIAL

What have we learned?

1. What a round!

First and foremost, it is remarkable how successful the organisations in the Autumn 2017 round have been. The average score against targets was 91% (up from 82% in the last round), and the cumulative average score for most target categories has also increased.[1] Not only did most grantees do exceptionally well against their targets, but many also expressed confidence about comfortably meeting their year 2 targets.

Most strikingly, a number of grantees dramatically out-performed their targets. One grantee had a target to establish two new franchises during the year, but actually established three and has two more about to open. Another grantee had a target to increase its sales revenue to £200,000, but actually achieved £285,000. Most dramatically of all, one grantee aimed to bring in an additional £30,000 through NHS social prescribing contracts, but actually brought in over £95,000 – more than triple the original sum – with an additional £35,000 already in the pipeline for next year.

Grantees out-performing their targets in this manner has made us reflect critically on our own monitoring and evaluation process. If an organisation fulfils its targets, we give it a score of 5/5 (or 100%). However, this method cannot effectively capture or track when grantees do significantly better than anticipated. The first two graphs in appendix I are an attempt to rectify this problem – showing performance for financial sustainability and charitable activity in terms of the actual figures, rather than just the scores against targets.

2. Pro bono comes into its own

Many of the grantees in this round took full advantage of the pro bono support offered by The Fore, which has provided tangible benefits. One grantee was able to achieve its remarkable franchising success partly through support from a School for Social Entrepreneurs volunteer with experience of social franchising, and a connection with a volunteer from the branding consultancy FITCH who helped them market their offer. Another grantee received fundraising support from a volunteer who flew all the way to Sri Lanka to witness their work first-hand, and also received strategic guidance from an experienced staff-member at Deloitte (who not only helped them realise their strategy for a new enterprise would not succeed, but also helped them develop a replacement strategy). Finally, one grantee has used a series of volunteers and mentors to help overcome the ‘key man risk’ and danger of burnout associated with the CEO’s role (see the last report for more on key man risk in small charities). All of these introductions were made through The Fore’s corporate partners and Engaging Experience philanthropy network.

Additionally, six grantees have joined the Measuring The Good programme, run by the Coalition for Efficiency and Volunteering Matters. This programme helps young organisations improve their data collection and impact measurement, allowing them to become more efficient and prove their value to funders. The Fore offers fully-funded places on the programme to all its grantees. Those that have

---

[1] As mentioned in our last report, a disproportionate number of first year targets are ‘input’ targets (successfully spending grant funding, on salaries, equipment etc), which we consider easier to achieve than other kinds of target. Therefore, we would expect the average score against targets for many of these grantees to decrease in subsequent years.

taken up the offer have reported positive experiences, and that their data collection and impact management has improved.

3. Two pairs of hands are better than one

The Fore often funds staff costs, as expanded staff capacity is frequently fundamental to an organisation's growth and development. Grantees often request funding for new full-time junior staff members in order to free up the time of CEOs. However, two grantees planning to do this actually found it was more beneficial to hire two part-time staff-members with their grant, rather than one full-time employee.

This echoes outcomes in the previous round, where one grantee also altered its plans and hired two part-time staff instead of one full-time. Additionally, one organisation from the Spring 2018 round has already reached out to inform us that the full-time staff member they hired using their grant has left the position, and the organisation will use the remainder of the funding to fund the directors for additional part-time work rather than re-filling the role.

These cases demonstrate the value of being a flexible funder and providing a framework within which grantees are able to change their plans after the inception of grant funding when external circumstances change. However, it also raises questions about what we should expect a single staff member to be capable of, given that we offer a maximum grant of £30,000 over three years. It is possible that, when funding an organisation's first or second ever paid employees, the work can be too much for a single person to cope with on a salary we can finance. Employing multiple people on a part-time basis may engender greater flexibility and sustainability, and ultimately create better value for money in the long term.

4. Not so killer contracts

In our evaluation of the previous round, we found that organisations were struggling to raise revenue through public sector contracts more than by other means (such as grants or sales). We hypothesised that the market for contract revenue might not be as lucrative as many organisations assume, and that grantees might perhaps better focus their efforts elsewhere.

In this round, however, we saw the opposite. The two organisations with targets to bring in revenue through contracts not only scored more highly than organisations looking to bring in revenue by other means, but also dramatically out-performed their targets. One grantee had a target of raising £30,000 new revenue from contracts, but actually brought in over £95,000. Another had a target to increase the value of four of its existing contracts, and ended up more than doubling the value of five of them. As a result of these achievements, the cumulative average score for increasing revenue by contracts has leapt up by 24%.

This shows that, in the early instances of our grant portfolio evaluations, findings must not be extrapolated too much. However, as we build our evidence base over time, our findings will become more robust.

5. Unexpected innovations

Several grantees modified their business models in ways that were unforeseen at the beginning of their grant. One grantee significantly modified its model as it expanded into a new region – hiring local venues rather than running its own space, using an app to help beneficiaries access its services, and redesigning its core programme with the help of a professional psychologist. Another also modified its offering in response to changing demand, delivering services primarily in individual homes rather than in care homes. One grantee is exploring using its model to help new beneficiary groups, and another realised that, by pivoting to offer teacher training, rather than teaching pupils directly, it could reach significantly more children while also making its impact more sustainable and locally-led.

We are seeing that, once an organisation is thriving, it is very likely to innovate continually, rather than follow a pre-ordained path. Once again, we must reiterate that organisation's long-term development is extremely challenging to predict at the inception of a grant. Things can, and do, change in unforeseen ways – often for the better. There is therefore incredible value in being open to allowing grantees to redirect funds to meet new opportunities.

6. CSR: a mixed bag?

During the year, several grantees set out to secure funding from corporates. One grantee did report relative success in building relationships with companies with a nightlife focus. However, others had a much harder time. One grantee had a target to develop relationships with 5-10 corporates to access CSR (corporate social responsibility) support; it actually built relationships with only three, and none have yet led to any funding (although there is potential for funding in the coming year). Another grantee has a target for the third year of its grant to raise funds by establishing a corporate partners programme, but has already expressed doubts that this will be feasible.

These findings reinforce what is already known about the sector – that the amount of funding corporates are willing to commit is steadily decreasing (donations by FTSE 100 companies fell by a quarter between 2013 and 2016[2]). 2018 has been an especially tough year for corporate giving, as Britain's exit from the EU raised the prospect of a business exodus, making trans-national companies unwilling to invest in their UK branches (let alone give to UK charities). It is possible that charities over-estimate how much funding will be available via this route, and that some should pivot to seek funding elsewhere (however, we should reiterate once again that our findings should not be extrapolated too far due to small sample sizes).

7. The dilemma of controlling targets

The Fore does not dictate targets to its grantees - instead, targets are devised by each grantee with the supervision of their assessors. The Fore's ethos is to be led by the charitable organisations it serves – we do not assume that we know more about their areas of operation than they do, and we let them guide us in creating appropriate metrics for a grant's success. This ethos often presents a challenging balancing act, as there will always be the possibility of targets being miscommunicated or misinterpreted. However, this cohort has shown that the benefits of not imposing targets on grantees more than outweigh the risks.

[2] https://www.ft.com/content/89a4b008-0057-11e8-9650-9c0ad2d7c5b5 (last accessed January 2019)

Appendix I: Select Breakdown of Targets by Category – Autumn 2017:

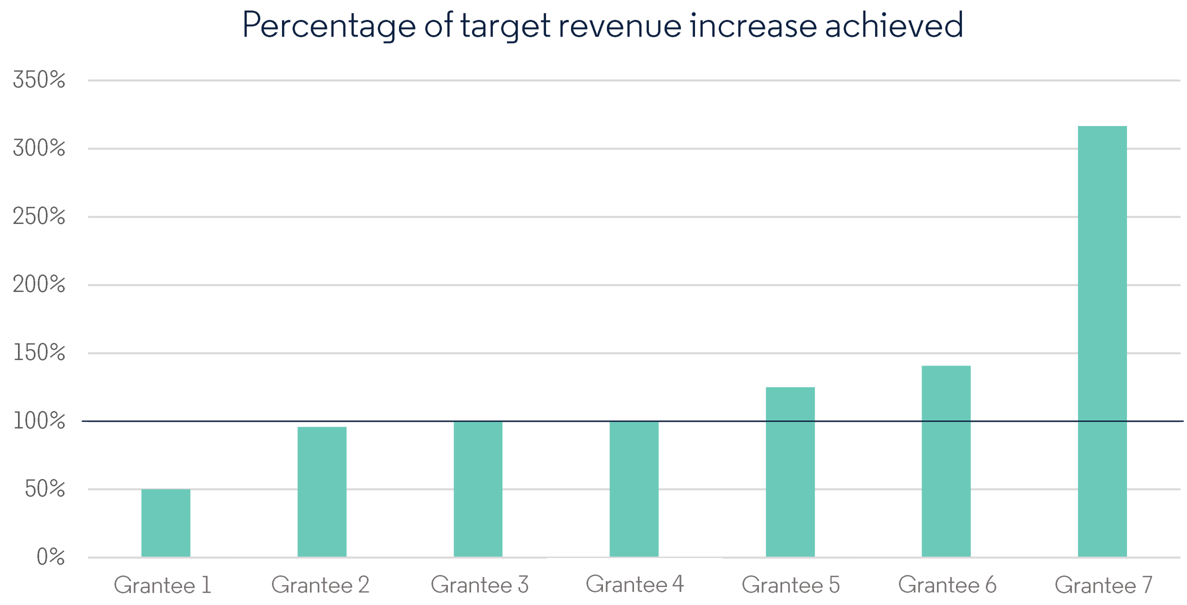
Category of target	Number of targets evaluated[3]	Average score against targets /5	Score as a percentage	Number of targets Evaluated (all rounds)	Score as a percentage (all rounds)	Change since last report[4]
Increasing financial sustainability	**7**	**4.4**	**89%**	**12**	**83%**	**+7%**
Through contracts	3	5	100%	5	84%	+24%
Through grants or donations	0	-	-	2	80%	0%
Through earned income /sales	2	4.5	90%	3	93%	-7%
Unspecified	2	3.5	70%	2	70%	-
Expanding charitable activity	**7**	**4.4**	**89%**	**18**	**86%**	**+2%**
By developing new products or services	1	5	100%	6	97%	+1%
By reaching more people	4	4.3	85%	7	83%	+3%
By expanding into new areas	2	4.5	90%	5	76%	+9%

[3] As some targets sit in multiple categories, the total number of targets across all categories is greater than the number of targets reviewed. Additionally, this table does not take into account 'input' targets, as opposed to 'output' or 'outcome' targets. 'Input' targets relate to the successful spending of the grant funds (eg to hire staff, or purchase new facilities, etc). These targets are substantially easier to achieve, and do not, in of themselves, benefit the organisation, so we do not compare them with the others.

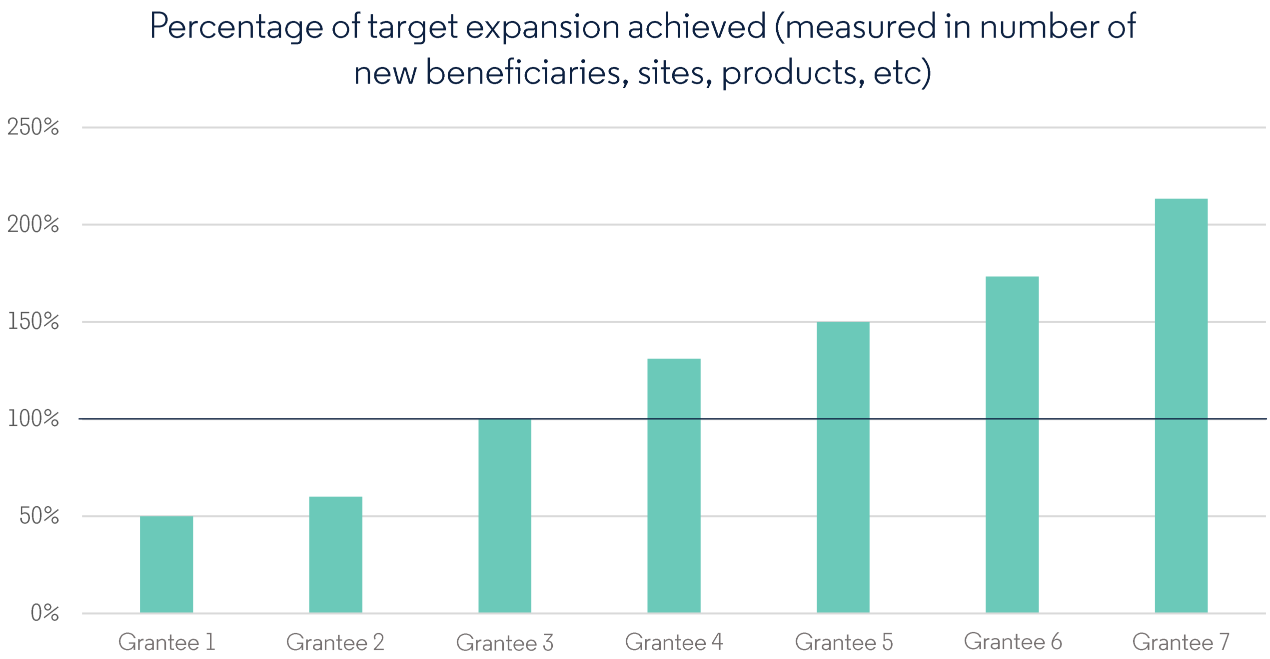
[4] The Fore has changed the way it calculates the average score for each over-arching category of targets in order to more accurately weight the scores in each sub-category according to the number of targets being assessed (an oversight in the previous method). We have backdated this method onto the average scores from the previous round, leading to small changes in some of the figures compared to the last report.

Category of target	Number of targets evaluated	Average score against targets /5	Score as a percentage	Number of targets Evaluated (all rounds total)	Score as a percentage (all rounds total)	Change of score as a percentage since last report
Increasing organisational capacity	**9**	**4.6**	**91%**	**11**	**93%**	**-7%**
By improving structure and governance	4	5	100%	4	100%	-
Through research, evaluation and impact assessment	1	4	80%	1	80%	-
By improving marketing or developing profile	1	5	100%	1	100%	-
By nurturing partnerships	3	4	80%	5	88%	-12%
Other	0	-	-	0	-	-
Increasing efficiency	**2**	**4**	**80%**	**5**	**92%**	**-8%%**
By increasing use of volunteers	1	3	60%	1	60%	-
By strengthening systems and processes	1	5	100%	4	100%	0%
Other	0	-	-	0	-	-
Strategic Planning	**1**	**2**	**40%**	**1**	**40%**	**-**

1. Increasing financial sustainability



2. Expanding charitable activity



3. Increasing organisational capacity

4. Increasing efficiency

5. Cumulative total scores (all rounds)