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An evaluation of Virgin Money Foundation's North East Fund

Institute for Voluntary
Action Research

September 2018



Authorship and acknowledgements

This report has been written by Heather Petch, Liz Firth, Chris Mills and Ben Cairns, based on fieldwork carried out by the authors.

Thanks to the staff and volunteers of the 15 grantee organisations for giving up their time to take part in this evaluation and for sharing their experiences and ideas so freely and openly. Thanks also to the staff and trustees of the Virgin Money Foundation for their time, hospitality and willingness to reflect.

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Introduction

Evaluation purpose

In January 2018 Virgin Money Foundation ('The Foundation') commissioned the Institute for Voluntary Action Research ('IVAR') to carry out an evaluation of its North East Fund Grants programme, with the purpose of *'learning what works'* in order to *'talk to Government about best practice and the future funding needs of organisations working in the field.'*

Subsequently, in April 2018, the purpose of the IVAR evaluation was revised to:

- a. *'inform the Board about outcomes [of the North East Fund Grants programme]*
- b. *provide feedback about the Foundation's [grant-making] approach to date*
- c. *raise questions about the focus and future direction of the Foundation, in order to support the Board in developing a more cohesive view of mission and strategy.*

Evaluation process

The evaluation took place between January-July 2018. There were four strands of work:

- Semi-structured interviews with three Foundation staff, four Board members and a representative of the Department of Culture, Media and Sport (DCMS)
- An analysis of monitoring data from 40 projects supporting young people into jobs and people in housing need, funded as part of the 2015/16 and 2016/17 funding rounds (Monitoring data for the 12 social enterprise grants were not analysed, unless otherwise stated)
- In-depth interviews (including 10 visits) with 15 funded projects about the impact of Foundation funding and Beyond the Grant (the Foundation's capacity building programme) support
- Workshop with Board members.

This report

In Part One of this report we address the first two (revised) purposes of the evaluation by setting out our key findings, reflections and recommendations under four headings:

- Overview of the North East Fund
- Getting young people into jobs
- Supporting people into the private rented sector
- Beyond the Grant support to funded projects.

In Part Two, we present a brief discussion and summary of recommendations in order to address the third purpose of the evaluation. In a separate Annex, we present a series of case studies of funded organisations.¹ We refer to those who took part in the evaluation as 'study participants', 'grantees' or 'funder'. Their views and experiences are, for the most part, presented anonymously and are illustrated with unattributed quotations (indicated in italics). Where necessary, we indicate if opinions were expressed by a particular group. Given that this was a qualitative rather than a quantitative study, we do not indicate the number of people holding any particular point of view.

A note on terminology

The following shorthand is used:

'The Foundation' for Virgin Money Foundation
'The Fund' or 'NEF' for The North East Fund
'BtG' for Beyond the Grant (the Foundation's capacity building programme)
'Virgin' to refer to the Virgin brand in general
'PRS' for the private rented sector.

¹ Most of the case study data is from 2016, unless stated otherwise (and even if the organisation was funded for more than one year). This is because complete data is not yet available for projects funded as part of the third, 2017 round.

Part One: Key Findings

1. Overview of the North East Fund

1.1 Background to the Foundation

Virgin Money Foundation was launched in 2015 as an independent charitable foundation “to promote the sustainable regeneration of economically and socially deprived communities in the UK”. The Foundation is supported by, but independent from, Virgin Money, with its own Chair, Board of Trustees and a small staff team.

The Foundation is closely aligned with the values and brand of the Virgin Money business. Running costs are met by Virgin Money so that all donations are spent directly on grants. Initially, grant-making was focused on the North East, with donations totalling £8 million over four years. Over time, the Foundation is aiming to expand to achieve national impact and, during the course of the evaluation, has launched initiatives in Glasgow and Norfolk.

During the evaluation, the proposed takeover of Virgin Money by Clydesdale and Yorkshire Banking Group was announced, with the newly merged organisation due to trade under the Virgin Money brand. This change is not expected to affect the near future of the Foundation but create future opportunities.

1.2 The North East Fund

Introduction

The Foundation’s focus to date on the North East Fund reflects its commitment to the region following the takeover of Northern Rock by Virgin Money and the interests of the Cabinet Office/DCMS, which co-funded the programme. Both were acutely aware of the impact of the 2008 recession in the North East, a further blow to a region still struggling with its post-industrial heritage.

Within this broad context, the Foundation decided to focus on two key areas:

- Supporting young people into employment, because they have taken the biggest hit from the recession and Government austerity measures
- Supporting work with people in housing need, because of the importance of housing to the wider Virgin Money agenda.

A third strand, which is not central to the evaluation, is support for locally-led community enterprises that are delivering social and economic benefits in their communities.

Programme criteria

The Foundation makes clear in the application criteria that it wants to support projects that:

- Have strong local roots
- Will make a real and measurable impact in the parts of the North East that need it most
- Have systems in place to measure this impact
- Have plans in place for when the money comes to an end.

The indicators used for the strands focused on in this evaluation are:

- Young people get into work and sustain a job for six months
- People in housing need enter sustainable and affordable tenancies in the private rented sector.

The Foundation funded 53 projects in the first two rounds (2015/16 and 2016/17):

- 19 projects delivered by 16 organisations working to support young people into jobs
- 21 projects delivered by 19 organisations housing people who are homeless or at risk of homelessness
- A further 13 social enterprise projects have been delivered by a diverse group of 12 organisations (only two of these have been included in the evaluation findings).

Government funding rules meant that grants were only for one year. Some projects received funding for multiple years but had to make an application for each funding year.

Grant-making approach

Applications: There are a number of stages to the application process: full application; eligibility screening and shortlisting; and an assessment visit to review targets and organisational health before recommendations for funding are made to a Board sub-group and then to the full Board. A range of targets may be set, depending on the nature of the grant and the project's objectives and activities. In order to assess both the effectiveness of individual projects and achievement of the Fund's objectives, projects are expected to commit to a specific number of people obtaining work or housing.

Measuring and monitoring progress: Foundation staff hold a grant set-up meeting with all successful organisations. Staff regularly analyse whether projects are achieving their targets (and the proportions overall which have done so), progressing towards them, or are underperforming.

Reporting: Foundation staff take a supportive approach to grant management and monitoring and, during the year, help projects to move towards their targets. As the grants are short-term, funded organisations are required to report at three, six and 12 months, which means that any problems can be picked up early on. The monitoring form asks projects to explain progress, any learning about success factors and any barriers to delivery. To assess whether people remained in jobs and housing, many organisations are also expected to submit a final report six months after the end of the project.

1.3 Performance against targets

The Foundation began delivering very quickly. Within four months of the launch, it was already awarding grants. Grantees agreed targets related to the work or housing goals. In the first two years, reports show a high degree of success in achieving these.

The data presented in this section include outcomes for the 12 projects funded as social enterprises.

- Over half (27) projects across both years achieved the targets agreed in awarding the grant; a small number surpassed their targets.
- Around a quarter (14) came close to achieving their targets and provided clear and reasonable explanations for the shortfall.
- Only six underperformed more seriously. Five occurred in 2015 – the first year of operation.
- One housing organisation was unable to implement its project during 2016, so the grant was rolled forward to the following year.
- Funding was spread over the region, in line with the ambitions of the Foundation's Government partner.

1.4 Reflections

There was a good deal of learning. Projects reported on reasons for success, on barriers to progress and on shifting their approach to adapt to need. Most of these are discussed in relation to the specific funding strands. However, some stand out as of general relevance in relation to understanding 'what works' in relation to the Foundation's mission to support regeneration in areas of high deprivation:

Timescales: One year is a very short time to start up new projects and guarantee success: *'it takes time to develop a package you're going to be delivering – you need to get yourself out there and get referrals'* (grantee). Although most projects made good progress, this issue was cited as a challenge throughout our research. Delayed starts sometimes reflected staff recruitment challenges, with project delivery dependent on at least one additional person. There was also the requirement for flexibility when working with people with complex needs. Approaches have to be tried, tested, and adapted, which is difficult within a short time frame. The Foundation responded to this challenge by agreeing a second year of funding for six projects in 2016: *'A lot of the success wasn't realised until the second year but resulted from support in the first year. Had it not been for the second year's funding, it would have been difficult for a new project to deliver results'* (grantee). This practice continued in 2017, with some projects receiving a third (and final) annual grant.

Capacity: Sometimes there were more general capacity issues within an organisation that meant targets were missed. In small to medium sized organisations, staff vacancies can have a detrimental impact on delivery more generally. The Foundation is sensitive to these challenges and taking active steps to support grantee capacity through its Beyond the Grant programme.

Flexible funding: The Foundation was praised for its accessible and responsive approach to challenges facing funded projects and to changing circumstances. As a result, it was able to support projects to progress, even where agreed

targets could not be achieved within a short time frame. The experience of the YMCA Newcastle in developing a community building into a community centre and café offering training and working experience for young people, illuminates the point:

‘The project had its problems. When we submitted the application, we were in advanced negotiations with the college to run courses, but the Government Skills Funding Agency cut the college budgets and they couldn’t afford to fund community-based courses. I was able to pick up the phone to Virgin Money Foundation and explain that we weren’t going to be able to achieve the levels of training and work placements that we said we would. We worked out what we could achieve and what we could do differently.’

The YMCA adjusted its plans for the café, which now has a 5-star rating on Trip Adviser.

Local skills and knowledge: Most of the 15 projects interviewed reported that the expertise of the Foundation’s staff, with their in-depth knowledge of the ecosystem of voluntary organisations in the region and relationship-based funding approach, was invaluable. It was doubtless a factor in enabling the Foundation to hit the ground running and respond intelligently to changing circumstances:

‘The staff at the Foundation have got great knowledge and great insight into how the sector works. They’re not just gathering information on paper, presenting, measuring it against progress. They really get it. And they understand their local community.’

1.5 Recommendations

The Foundation already has a strong commitment both to building capacity through its Beyond the Grant programme and to being a responsive and flexible funder. Findings and recommendations on both these issues are considered in more detail later in this report.

In developing future programmes to support regeneration in areas of high deprivation, we would recommend that the Foundation give attention to the question of:

Multi-year grants: To date, the Foundation has been constrained to make annual funding decisions for the North East Fund. Good practice guidance and strong feedback from grantees argues that one-year funding should be the exception rather than the rule in the future. A willingness to give repeat grants for two or more years is helpful but does not provide the security organisations need to plan and successfully deliver complex interventions.

Building a UK-wide Foundation: The Foundation has proved to be an intelligent and responsive place-based funder, with excellent local knowledge and a high level of skill in building valued relationships with grantees. As it rolls out its commitment to sustainable regeneration into other communities across the UK, the Foundation’s strategy is to focus on areas where Virgin Money has a strong base. Going forward, it will be important to ensure that the Foundation acquires and applies deep knowledge of an area when it

begins grant-making there. This is a valuable asset but not a complete answer to the question of maintaining the sector knowledge and informed relationships that have played a critical role in the success of the Fund.

2. Getting young people into jobs

2.1 Key findings

2.1.1 Outcomes achieved

Across the two years evaluated, 530 young people were supported into employment.

Grant period	Number of grants	Value of grants	Young people helped into work
2015	9	£353,287	237
2016	10	£379,413	293
Total	19	£732,700	530

Performance was particularly strong in 2016, where numbers increased by 23%, even though only one additional grant was awarded. Types of jobs varied, including roles within hairdressing, construction, driving, retail and administrative/office work.

Organisations faced a number of challenges in monitoring whether individuals had sustained jobs for the six months required to meet the Foundation's success indicator, so it is not clear whether this requirement was met in all cases.

2.1.2 Meeting pressing need

To meet the criteria of the Fund, projects had to be working in deprived communities where unemployed young people face a range of challenges and barriers in obtaining and sustaining employment. There is good evidence that the programme successfully reached many young people who miss out from more general employment initiatives. Projects reported on the many factors that militate against access to the job market for the young people with whom they work and how they were seeking to address them. These include:

Aspiration and motivation: Most of the youth and community projects described low employment aspirations as a feature within the communities where they were working. Unemployment has persisted across generations, so it is hard for young people to see a different path: *'Lack of hope and self-esteem is being passed down sometimes consciously and sometimes subconsciously to young people in a second or third generation of poverty and unemployment'* (grantee).

Lack of confidence: Many projects spoke about the gap between an external display of confidence and young people's true feelings: *'It is clear that while outwardly most of the young people on the project wish to project a persona that communicates confidence, the reality is somewhat different. A number of the young people to date are consistently lacking in confidence and have low self-esteem. A proportion of these have displayed fragile mental health, some giving*

cause for some level of concern over possible early signs of depression. In some of these cases, the work itself has proven therapeutic and the role of the Manager and a supportive team have been of significant importance to their progress' (grantee).

Dealing with complexity: The multiple and often complex problems faced by disadvantaged young people in poor areas were described as a challenge across the board. The Blue Watch Youth Centre, for example, spoke about responding to the complexities of *'previous and current lifestyle choices and insufficient structure to be job ready. Low motivation, inconsistent attendance and punctuality, alcohol and drug issues are all areas that have required prolonged perseverance and patience to address. Other issues include lack of confidence and aspiration, social skills, employability skills such as preparing a CV and interview techniques, including dress code and etiquette'*. Working with young people as individuals and building trusting relationships is key to successful interventions: *'A young person came in who was getting interviews and was quite articulate, but he had terrible personal hygiene issues and no one would tell him. You can't do that on the first day – you have to develop a relationship and then deal with things. He got a job in the end and then a girlfriend. Everything else fell into place. But there's no point helping him fill out forms unless you deal with personal hygiene'*.

Issues around realism and expectations: Developing realistic goals and a rounded sense of self were common themes in helping young people into work. There is a fine balance between boosting confidence, yet also grounding some people's goals. For example, one young person had wanted to apply for a driving job without either a licence or the ability to drive. One project worker was concerned about young people presenting *'a distorted sense of self and of others'* which meant they found it hard to identify what kind of job they might be looking for or be suited to, let alone to articulate what they could bring to a job. The project worker said this lack of self-awareness and empathy was sometimes exacerbated by the use of social media. Building Futures East reported that: *'the key message here is flexibility in meeting the needs of these young people but within the clear parameters of the project and on the basis of personal responsibility and accountability'*. One of the objectives of the project was about real preparation for work. *The expectation therefore to attend punctually, consistently and irrespective of the prevailing weather conditions. The majority of the pre-apprentices were able to respond to this, indeed some exceeded expectation'*.

Practical and financial barriers: Fares to travel to interviews and training courses, suitable clothes and fees for certification were some of the challenges young people with no spare cash confronted. South Tyneside Employment Network (STEN) used some of its grant funding to provide this kind of support: *'With this grant we've had money to support discretionary things, like access training courses, fares for interview or interview clothes. One example of success is an ex-offender who we supported onto a three-month course in Stockton. He couldn't afford to get there, though he did drive, so we paid for fuel and he completed the course, got certified and is now working'*.

Being or feeling excluded from services that could help: Organisations like Actes and STEN, with long-standing experience of delivering employment training work, discussed the challenge of reaching the most disadvantaged young people through contracted or publicly funded programmes, in which the price or criteria may not enable a flexible and person-centred approach. STEN was able to use funding from the Foundation to deploy a tailored approach targeted at the group of 16-18 year-olds, often collectively referred to as 'NEET' (Not in Education,

Employment or Training): *'This group are often left behind these days, especially those coming out of school who don't know what to do. There's supposed to be careers guidance in schools but it's not the best in the world. And they can be very hidden, as they are not on benefits and get trapped as NEETs' (grantee).* Many organisations stress the importance of outreach activities to reach the most disadvantaged young people – of *'going to young people on their own territory'*. Youth Almighty described how they work with other agencies and with families: *'We'll get a list from Connections and send out a letter with a leaflet. If we don't get a reply, we'll go and knock on doors and then, more than likely, you get parents involved who encourage their kids to come along. Most of the people we contacted via door knocks have come along – getting the relationship started makes a difference'*.

2.1.3 Enabling new providers

The Foundation funded a diverse range of organisations, with different levels of specialist expertise around employment. Over the two years evaluated, nine grants have been made to youth and community organisations, four to employment and training specialists, two to cultural and sport groups and four to others, including a national homelessness organisation and a YMCA. This diversity has produced interesting learning in terms of the juxtaposition between their contrasting organisational experience of employment training work but broadly similar conclusions about 'what works'.

Supporting community-based youth organisations to deliver focused work around employment has been a defining feature of this strand of the Fund. A new approach for most of them, their outcomes, experience and learning shine a light on the ingredients for success in enabling the most disadvantaged young people to find work. The community development approach adopted by many of these projects was characterised by:

Strong relationships with young people: *'You've got your youth club running and you have more of a relationship and they will come to you' (grantee).*

Broader engagement with the community: *'The youngest that is coming here could be an eight year old coming to juniors, whose Nanna could be on a learning programme. Their great-Nan may be coming to a coffee morning, and their older brother or sister to the youth provision. Another family member could be on our academic course, which is extended from Sunderland College and includes English and maths GCSE. We're quite proud of that achievement as there are a lot of young people that didn't get the qualifications they wanted to, and are not confident enough to try. We can probably work with the whole of a family across our provision. And we're open seven days a week' (grantee).*

A 'can do' attitude: *'We saw services being cut for this kind of employment training work and felt there was a need. So, I did my internal quality assurance and two of us trained as level 4 tutors. The project support worker was from Connections, so she knows who to contact and has a qualification in advice and guidance' (grantee).*

Two specialist organisations were funded, that were not only locally rooted but also able to achieve outcomes with specific groups of young people. Bright Futures, for example, works with young women. As with many of the youth and community organisations, an employment project has been a new departure from its focus on education and engagement work designed to prevent sexual exploitation and support empowerment, health and well-being. The project valued this opportunity but struggled with the challenges of achieving hard

employment targets within short time frames: *'Hard outcomes are a real headache for us. One of the bits of learning was that we weren't able to meet the needs of young women with more complex needs. They were coming to us but we had to get them into employment, when we needed time to work around mental health issues, domestic abuse, etc. Staff were frustrated as there was nowhere to refer people to who weren't ready to get into employment.'* Fortunately, the Foundation was willing to fund this, and other promising projects, in a second and sometimes third year.

Some projects also developed partnerships to improve their accessibility to people who otherwise might not be aware of, or confident in, using their services: *'the grant gave us the opportunity to learn what's out there and what others have done. I've dealt with Key Project for homeless people and Bright Futures, a young women's project. And we're very involved in South Tyneside training network and have been able to share these networks. We need partnerships and can't do everything alone'*.

2.1.4 Building relationships with employers

Projects discussed the importance both of finding the right kind of work experience for individual young people and of building trust with employers: *'The success of the programme has been built on the relationship with employers, but you have to be really honest with them. If you have a young person who lacks confidence there's no point getting them a job in a factory of 200 people. You have got to get the first job that suits them and then perhaps something more. We were working with a girl last year who didn't know what she wanted to do, so we got her to go around charity shops and she got one near to where she lives. She was going in one afternoon a week, now two days a week working in the back office but next week she is going to see the manager about doing front of shop work. This is a girl with real confidence issues. She doesn't really want to leave charity shops, but I am encouraging her to do so'*.

Some projects had the benefit of existing relationships with employers ready to offer work placement and job opportunities for young people. For those new to employment training work, this was a challenging area, especially within a one-year funding programme. Many of the community-based projects focused on building relationships with local employers, at least to create initial opportunities for work experience.

The two projects funded under the social enterprise strand – YMCA Newcastle with its Urban Mushrooms enterprise and Cornerstone's woodwork business – have tackled the lack of jobs and work placement opportunities head on by creating their own. Cornerstone was started by a socially minded landlord believing *'the worst thing you can do is just put a roof over someone's head and have them staring at four walls'*.

2.2 Reflections

Learning about 'what works' from this strand of the Fund broadly falls into three overarching categories, which support recommendations for future Foundation programmes to support regeneration in the most disadvantaged communities.

2.2.1 Reaching young people in disadvantaged communities

Many projects supported by the Fund demonstrated considerable success in reaching and working with young people with low aspirations and complex lives. Critical to this success were:

Outreach and trust: Community-based youth projects, with a small number of staff and turnover of around £300,000 a year, are becoming increasingly community-oriented, opening up their resources and working intergenerationally and with whole families. Given the opportunity to run targeted projects around getting young people into work, they can build on a deep understanding of their local community and existing trusted relationships with local young people. Regular detached youth work and meeting young people on their own turf was the norm and many started knocking on doors to contact young people known to be unemployed. Such outreach work is only effective if delivered by organisations that are trusted.

Targeted services: Although well-positioned to reach out to marginalised young people who might not otherwise approach services for help, even community-based youth organisations face challenges in reaching those who are most marginalised or excluded, for example, young refugees or sex workers. Specialist services provide an essential access point for these young people. We did not have access to a breakdown of the profile of young people. However, several projects mentioned that their programmes were used overwhelmingly by young men. This therefore underlines the importance of targeting grants to projects that will reach young women.

Importance of partnerships: Most projects were involved in a wide range of partnerships to access opportunities and resources for young people or, in some cases, to make sure they were able to create opportunities for specific groups of young people. Those projects that were not based in a particular community also worked in partnerships to reach specific groups.

2.2.2 Responding to complexity

The case studies (given in a separate Annex) demonstrate the importance of focusing on individual needs and being able to respond flexibly to improve impact:

Individual support: All of the case study projects consistently emphasised the need for bespoke one-to-one work with young people who are most at risk of exclusion from work. Smaller, grassroots organisations again have a head start with this work, being able to build on existing relationships with young people and trust in the community. The main learning from the young people's employment work is that success with disadvantaged young people grappling with a range of emotional, behavioural, attitudinal, practical, financial and other issues requires a tailored, flexible one-to-one approach.

Realistic timescales: The focus on achieving employment-related targets was valued by most organisations, although some argued for greater attention to interim outcomes indicating progress towards employability. The supportive approach of the Foundation to monitoring and reporting was also appreciated. However, building trust and confidence in young people and addressing many and often complex personal issues so that young people are 'job ready' takes time. Nearly all of the organisations interviewed said it was hard to make real progress on getting people into jobs that they would sustain within a one-year time frame and this is especially true for those with the highest or most complex

levels of need. Projects need longer-term funding to develop and sustain their impact. Those that received a second year of funding from the Foundation are clear that this made a significant difference to their capacity to deliver.

Implementing learning: Many projects assumed that a group work approach would be more fun for young people, good for confidence building and socialisation and ultimately more cost efficient. However, the most successful projects adopted or moved to offering a more bespoke way of working with individual young people providing intensive one-to-one support and taking a rounded approach, including addressing behavioural issues. In general, the smaller, local projects appeared able to move most quickly to adopt a different way of working to that originally envisaged.

2.2.3 Accessing work experience and jobs

The short duration of individual grants makes it difficult to judge how well many of the projects might have done in securing a sufficient stream of work experience and jobs for young people. However, the evaluation highlights key areas of learning:

Creating opportunities: Many projects came up against the challenges of finding practical routes into work experience and employment to meet the diverse needs of the young people with whom they were working. Even where young people were largely 'job ready', building relationships with employers and creating sufficient opportunities takes time and attention. Several projects would like to see the Foundation's Beyond the Grant programme playing an active role in creating links with employers.

Supporting job retention: Ongoing support post-employment was seen as important for success, not only to sustain jobs but also to help with further progression. Most projects were proactive in their attempts to stay in touch with people to motivate and support them, as well as to monitor job retention. However, this was a challenge in a one-year project. Youth and community projects were able to keep in touch with people through informal means and networks, even if a young person did not return phone calls.

2.3 Recommendations

This strand of the Fund reinforces more general learning about the importance of longer term funding and continuing to offer a flexible and engaged funding approach. In developing future programmes to support regeneration in areas of high deprivation, we would recommend that the Foundation give particular attention to:

The role of community-based organisations: While all grantees are required to have strong local roots, it is clear that embedded youth and community organisations, usually providing a range of services, act as a particularly important entry point for many young people.

Targeted services: Where the Foundation wishes to ensure that it reaches specific groups of young people, including those who are most excluded and marginalised, there are strong arguments for funding specialist services with a proven track record in working with these groups.

Developing the market: Access to appropriate work experience and job opportunities is key to the success of funded projects. Where there may be

opportunities for the Foundation to support collaborative efforts in this area, or to take a strategic approach to engage Virgin Money directly in this challenge, the Foundation has the potential to add considerable value.

3. Supporting people into the private rented sector

3.1 Findings

3.1.1 Outcomes achieved

Across the two years evaluated, 635 vulnerable people on low incomes have been helped to access decent and suitable housing.

Grant period	Number of grants	Value of grants	People helped into accommodation
2015	7	£267,113	292
2016	14	£536,170	343
Total	21	£803,283	635

The initial indicator for this strand of the Fund was that people in housing need enter sustainable and affordable tenancies in the private rented sector (PRS). However, outcome figures also include people who have moved into various forms of social and charitable housing. This was often part of a journey, initially supporting people to manage a tenancy with support, so that they could develop the skills to do so independently.

There was a greater divergence between targets set and actual achievements than in the young people's strand of the Fund, especially in 2016. This is likely to reflect the developmental nature of several funded projects where resources are being invested (mainly a senior staff member's time) to achieve greater scale and sustainability beyond the one-year grant period.

3.1.2 Diverse approaches

There are many challenges in accessing and sustaining decent, affordable private sector tenancies in deprived areas for people with low or fluctuating incomes, whether from work or benefits, and who may also have additional support needs. Again, the Foundation funded a diversity of organisations, including local and national organisations, specialising in homelessness, work with young people, support for refugees and asylum seekers or offering broader services. Some were replicating proven models and others developing new ones. Together, they have adopted many different approaches, which offer valuable learning across a range of interventions. All are focused on improving access to decent, affordable and suitable homes for people in housing need.

The approaches can be broadly categorised as:

Rent guarantee schemes: Welfare reforms, especially changes to Housing Benefit, have made renting to tenants on benefits less attractive to landlords. Payments for rents are no longer made direct to landlords, so many see this as increasing their risk, especially where prospective tenants may have additional support needs. Two long-established organisations, 700 Club (a homelessness organisation in Darlington) and Hartlepool CAB offer access, advice and information alongside a rent guarantee or bond scheme. Guaranteeing rents provides assurance to potential landlords, while advice and support helps tenants to budget and manage their benefit claims, as well as understand and fulfil their responsibilities and obligations as a tenant: *'A lot of landlords don't want to work with us and are going upmarket to house those who are working. The only way we can persuade a landlord now to take a vulnerable person is to say we'll provide support both to protect their asset including the condition of the property – and the rent collection and to help the person to get on their feet'* (grantee).

Social lettings schemes: The national homelessness charity, Crisis, defines a social lettings agency as: *'a form of Private Renting Access scheme run on a commercial basis. They help homeless and vulnerable people to access and sustain PRS tenancies, but also generate income to cover operational costs'*² Seven organisations funded in the period of evaluation fit at least parts of this definition. Many directly lease private rented properties, relieving the landlord of management responsibilities. For example, Nacro (a national charity working across housing, education, justice and health), has used the expertise developed within its Homes Agency to establish a model of leasing and letting properties which is quickly becoming self-sustaining: *'Nacro's Housing and Wellbeing service has offered commissioners a wide range of housing and support solutions to meet the needs of vulnerable people and to support communities building their resilience and independence. As a social justice charity and registered provider, we meet the housing needs of those that cannot access or sustain housing themselves'*. In contrast, the Ethical Lettings Agency is working to create a fair and low-cost agency service for tenants and landlords: *'70% of our tenants are in receipt of Housing Benefit or Universal Credit. There is a prejudice about people on Housing Benefit – so we have to get the trust of landlords to be able to get properties for people in housing need. We do the job for landlords over and above what other agents do, so that we can get the properties. And we give tenants the benefit of working through a professional agency and living in a property that is largely managed by us – we get repairs done and so on. This gives people a choice who normally don't have any, without the costs that go with it'*.

Independent living skills: Nearly 40% of the projects have focused on housing and support for young people. Most concentrate on supporting young people to develop the independent living skills required to sustain a tenancy: *'A dedicated resource is important to create time to support young people who are on the very edge and enable them to move on with employability and their whole lifestyle'* (grantee). They often initially house young people in their own supported accommodation rather than in the PRS.

Renovation of empty properties: Two organisations focused on securing empty properties to renovate, which therefore provides both housing and supports the

² https://www.crisis.org.uk/media/236932/social_lettings_agencies_2015.pdf

development of skills, including independent living skills. East Cleveland Youth Housing renovated empty properties in East Cleveland, an area where young people find it especially hard to find a job and a home and where much of the housing is in disrepair. The grant has been supporting multiple outcomes including apprenticeships in construction for young people, on-site supervision to bring homes back into use and support for young people to develop independent living skills.

Supportive community solutions: The Foundation has also supported the development of a new Emmaus community, providing a home and meaningful work for people who have experienced homelessness and social exclusion.

3.1.3 Improving standards

Research funded by the Foundation and conducted by The Ethical Lettings Agency found that poor standards of housing, access arrangements and management in the PRS are big challenges for projects helping people in housing need: *'A lack of other suitable housing means a lot of vulnerable people have to rely on the private rental sector for their accommodation. All too often, they experience sub-standard living conditions with landlords and agencies ill-equipped to meet their needs – which leads to unstable tenancies and a risk of homelessness. There are now an estimated 4.5 million people living in poverty in private rented accommodation in the UK, a total which has increased by c.80% since 2007.'*³

Most projects are using their intermediary role to set decent standards and ensure these are maintained. Hartlepool CAB's scheme deals with advice needs, establishing relationships with landlords, checking standards, lettings and providing support to tenants to make it a home: *'We have landlords and letting agents who are registered with the scheme and agree to deal with us and abide by our protocols. So, our work depends on good relationship with landlords and letting agents, as well as tenants. Before we agree to a client moving into a particular tenancy, we go out and inspect, as the last thing we want to do is put people in a wreck. We are not only looking at it from a health and safety point of view but also the overall standard of accommodation and any repairs needed. And we ask that these are done'*.

3.1.4 Reducing the cost of accessing the PRS

All of the projects involved in supporting people to access the PRS are seeking more routes into the sector for people on low incomes which do not involve having to pay what can be exorbitant introductory, administrative, inventory and renewal fees. There has been a push (including by the agents that operate more ethically) to stamp out poor practice, but a 2016 announcement by the Chancellor, Phillip Hammond, that fees would be banned has not yet been followed through.

The creation of The Ethical Lettings Agency was an attempt to tackle this problem head on, by helping homeless people and those at risk of homelessness who are not recognised by or registered with local authorities or other commissioning bodies. It established itself as a social lettings agency with a High Street presence and, as its name makes clear, an ethical approach to lettings. Like the

³ The Ethical Lettings Agency, Support to Rent: Tackling homelessness in Redcar and Cleveland, Project Evaluation – Full report, November 2017. Funded by Virgin Money Foundation

other projects seeking access to the PRS, it is committed to informing and supporting people to reassure landlords about renting to tenants on benefits.

The Ethical Lettings Agency seeks to help tenants in a wide range of circumstances: *'Being a community interest company means all of the people we let to are in some form of housing need. In terms of tenants, we don't have any blanket "no's" as groups. We take everyone as individuals. Anyone can go and view a property with us. Lettings agents mostly don't touch people who are in receipt of Housing Benefit (HB); they say "we don't do HB" or they indirectly exclude, because people can't afford the fees.'*

Its commitment is to *'say yes wherever possible'*. Where this can be challenging is in helping people with more complex needs: *'Sometimes a condition of tenancy is that a support agency continues to work with people, as this is the only way we can take a risk on them. We are not yet set up to deal with really chaotic people and have to be absolutely sure about the support agencies working with vulnerable people'*.

With the support of the Foundation, The Ethical Lettings Agency in Redcar and Cleveland has levered in £5 million of social investment from Bridges Evergreen Holdings (managed by specialist impact investor, Bridges Fund Management) to purchase some 70 properties to help service the demand walking through the door of its high street social lettings agency: *'More people are renting privately now, 50% of whom are on Housing Benefit in this area. I'm doing good housing in a sector that doesn't have it and I can be more flexible than a big social landlord. The Foundation grant has allowed me to prove it can work in the private rented sector and to provide enough of it. We have set up a housing company with money to buy the houses. It's good housing management – it's what I was trained in. Housing need is so much broader than what it used to be. A whole part of society exists that doesn't have any good housing management; that's going to grow for the next 10 years as the PRS becomes more dominant in the housing market'*.

3.1.5 Supporting vulnerable people

The funding environment for supported housing and services helping people to sustain independent tenancies has changed radically over recent years. The end of ring-fenced Supporting People funding from local authorities and limited alternative options for meeting the costs of housing related support has had a severe impact on provision and is forcing a major rethink about how to continue this important work.

Some projects have focused their efforts on encouraging sympathetic landlords to consider vulnerable tenants, while working to connect people to specialist services and provide sufficient support for them in managing and maintaining their tenancies. Some landlords have proved willing to take a risk with tenants with more complex needs. The founder of Cornerstone project (funded under the employment strand of the Fund), is a case in point: *'I was a builder by trade and had a house I rented out as a pension thing really. The turning point was that people would take on a tenancy but weren't capable of dealing with it – having a roof over their head was utopia but paying bills and so on was a challenge. Then I got a girl in about 18 years ago – heavily pregnant – very slight and looked even more so with her pregnancy. I thought she'd be a nightmare tenant, but my heart went out to her. She was with someone from the teenage pregnancy unit and so I thought at least she was trying and had engaged with a support service. And without doubt she was the best tenant I ever had. So, I decided I'd*

house people who hadn't had a great start – often from families of several generations of unemployment'.

However, securing the right support services is essential: *'The people that come to our 'Bridge to Home' project are the most complex. Obviously, this requires more intense work than the way many bond schemes would operate. We have to put in the support to make it work, including working closely with drug and alcohol services' (grantee).* Longer-term sources of funding for this kind of work are now hard to find: *'The grant enabled us to have a dedicated resource that isn't there now in the statutory funding arena. We are continuing the work because it's become embedded in what we do but ironically we're having to review that and may in the next year have to say we can't do the same level of dedicated work' (grantee).*

3.1.6 Increasing the supply of directly managed accommodation

Many organisations were funded to increase access to the PRS by proactively taking on management of more PRS units. This has been achieved in a number of different ways. For example:

Nacro brought an established model and proven expertise in this area, which led first to a new Nacro Homes Agency in Teesside and then in Durham. The Nacro model provides a bridge between the needs of commissioners and the resources of the PRS: *'Working in partnership with private sector landlords, we have developed products to house people who are vulnerable and require support, meeting the strategic needs of local authorities and other partners. This has enabled Nacro Homes Agency to develop in many new areas of the country and to support a wider range of service users including women and families'.*

Action Foundation is seeking to expand a more stable supply of housing through purchase, as well as leasing and was funded to explore social investment to support this strategy: *'It was good to get a decent amount of funding to provide headspace and stability, to think strategically, rather than about survival all the time and to explore purchase rather than renting, building capacity and getting hold of property in a more sustainable way. We subsequently secured Commonweal Housing investment to purchase our first property and are talking to other social investment intermediaries about further acquisition'.*

Open Door already managed around 20 properties in Middlesbrough, both rented and owned. The Foundation's funding was designed to enable them to replicate this model in other areas, establishing a service to house and integrate refugees and asylum seekers in Stockton and Hartlepool: *'We achieved 26 bed spaces but not in the lifetime of the project. A one-year grant is not a lot of time to start hitting returns. If you start something new, you start to see returns in years two and three. But we were able to demonstrate to the next funder that this work has been seed funded for a year and from that regard the grant worked well'.*

3.2 Reflections

The diversity of approaches and the complex and changing environment for housing and housing support creates a more complex picture of 'what works' for this strand of the Fund. However, this is clearly a critical area of need and one in which the Foundation has supported important and successful interventions at a number of levels.

Broadly, some projects are largely concerned with improving access to the PRS as a whole, while others are building a form of alternative provision, at least, in part, by redirecting some of the assets of the PRS into their own management. Both approaches can operate well on different scales and in response to different levels of need. Both offer opportunities for new thinking, replication of proven models and broader social benefit. There are strategic decisions to be made about whether and how the Foundation wishes to engage in this sector in the future. For example, a diverse portfolio gives the Foundation an excellent overview of this complex area and the opportunity to spot new ideas or emerging opportunities across a range of interventions. Conversely, greater focus can support more robust judgements about reach and impact and build the Foundation's expertise and reputation in key areas.

In considering the development of future programmes around the PRS, whichever route is chosen to meet the challenge of housing need in deprived communities, we would highlight the following five areas for consideration:

Opening up the PRS: In an environment where social housing is scarce and owner-occupation an unrealistic goal for many, the PRS is an essential resource for people in housing need. It cannot be right that people are excluded from this resource simply because their incomes are low, or they are reliant on benefits to pay their way. There remains a pressing need for services that both seek to reassure and influence private landlords to accept these tenants, and that also reduce the access costs for prospective tenants, drive up quality and provide them basic support in securing and maintaining their home. The Ethical Letting Agency offers an interesting and locally-rooted model with the potential to make a significant difference for people who need no more than *'good old-fashioned housing management'* to help them keep their tenancy on track.

Supporting vulnerable people in the PRS: Many vulnerable people have to rely on the PRS for their accommodation and all too often experience sub-standard living conditions with landlords and agencies ill equipped to meet their needs. Support agencies play an essential role in both the practicalities of securing and managing a tenancy and connecting them both with specialist services and with the local community. As in the employment strand of the Fund, this role plays to the strengths of respected, well-networked, community-based organisations and targeted services working with groups of people who are particularly vulnerable or marginalised.

Developing alternative provision: Social purpose organisations bringing the management of private rented accommodation into their own hands offers a route into housing for people on benefits or low incomes, or facing additional challenges in securing decent accommodation, including those with greater support needs. Many organisations are also building their own asset base, whether they are aiming for a few properties or a large portfolio. Some of the projects supported by the Foundation have good prospects of becoming self-sustaining but, even where this is not the case, creating an income stream from rents provides greater stability and a stronger foundation for future fundraising. The Foundation has played an important role in enabling some projects to prepare for and secure significant social investment, so that they can go on to the next stage of development.

Supported housing: In a changing and complex environment, there remain many challenges in ensuring that people with greater support needs can be accommodated, even in housing directly managed by social purpose organisations. Welfare reform, threats to enhanced Housing Benefit payments, the demise of Supporting People funding and the pressure on adult care budgets mean that sources of revenue for support costs are very limited indeed. Where organisations are commissioned by public bodies (a local authority or health body) to provide support, eligibility criteria will reflect local priorities and the bar for these is increasingly high.

Empty properties: Renovation schemes involving people in housing need, and/or those wishing to develop skills in construction, can improve neighbourhoods and deliver a wide range of positive benefits for those involved, including a sense of ownership and pride if people 'do up' their own place. It can also boost the asset base of community-based housing projects if they have the opportunity to purchase properties.

3.3 Recommendations

This strand of the Fund reinforces more general learning about the importance of local knowledge, the distinctive role of community-based organisations and a flexible and engaged funding approach. In developing future programmes to support regeneration in areas of high deprivation, we would recommend that the Foundation give particular attention to:

Creating space for innovation or growth: Property remains an important asset and, provided it is well-managed, the development of a small portfolio supports greater organisational stability and the space to think more strategically. Equally, new ideas, provided they are well-informed and researched, must be welcome in such a challenging area of need. Some of the projects supported by the Foundation have clearly benefitted from short-term but flexible seed-corn funding. With the Foundation's backing for them and their ideas or development plans, they are well on their way to securing resources outside the scope of the Foundation's own budget. This approach speaks well to the Foundation's interest in 'thinking differently and making things happen'.

Vulnerable tenants: The question of support needs remains a fundamental challenge to many housing solutions. If the Foundation wishes to support not only disadvantaged communities but also the most disadvantaged and marginalised of their members, this must remain a concern. Some will obtain their support through local authority commissioning but, for the many who miss these high thresholds, other help is needed. There continues to be a critical support role for community-based organisations and specialist support services and the Foundation is well-placed to support the best of these in this important work.

Supporting multiple outcomes: The renovation of empty properties delivers for communities on a number of fronts, creating opportunities for training, employment and volunteering, developing assets, improving the environment, as well as providing housing. The Empty Home Community Grants Programme funded by the Government from 2012-2015 demonstrated the impact and dynamism of this multi-faceted approach, which could align well with the Foundation's overarching regeneration mission.⁴

4. Beyond the Grant support to funded projects

4.1 Findings

The provision of additional support to funded organisations, under the broad banner of 'Beyond the Grant' has developed relatively organically over the past few years. Our findings confirm that it adds real value, not least through the effective utilisation of Virgin Money staff and expertise (*'the wrap around support Virgin can give'*); and that different types of activity and expertise are highly regarded and appreciated by the full range of organisations – small, medium and large; new and old:

'Never known a funder like them before to give that additional input. We've got a lot more beyond the funding. They have offered us a whole range of advice – been brilliant.'

'I can see how it would be a really good thing for smaller charities as well when you don't know who to turn to. Even though we are a large charity, I would have no problem with ringing Virgin if I wanted advice on something.'

'I'm a manager here but do a bit of youth work, teach maths, do recycling, etc., etc. and [find] it's worthwhile going to Virgin Money events because it's real added value – which it needs to be if you are going to leave a busy job for a day. They're really friendly, warm and understand the voluntary sector and don't talk down to you which is really important. We're a medium-sized youth centre but I was talking to people [at a Foundation event] who've got three employees who are treated as just as important as a massive homelessness charity that they're funding. They're not bamboozling you with a massive corporate Virgin branding thing.'

'Really value the support we have had. It's a lot more than other funders.'

4.1.1 Specific areas of benefit

Through our analysis of monitoring data and interviews with funded organisations, we can highlight tangible benefits in six key areas of organisation and management:

HR: *'They understand the resources they have [that we need], for example, for HR but [also] that we need a system that meets regulations, but which we can*

⁴ Mullins, D., Sacranie H. et al. *Building a Legacy: The Impact of Empty Homes Community Grants Programme in the North East and Yorkshire and Humberside*, University of Birmingham Homes and Communities Research Group Working Paper 3

deliver. There's no point giving us a 92-page handbook on data handling. They know their target audience; their training is well worthwhile. I really thought hard about doing the manager training, but other youth organisations told me it was worth going on'.

Reporting: *'We're really lean, so some of our processes are inefficient, for example, we don't have time to embrace new technology and do things more efficiently. We had a couple of Virgin Money volunteers come in to automate some of our reporting documentation. It was no cost to us, great insight and brought new skills into the team. You don't know what you don't know. With minimal input it delivered fab results – disproportionately so'.*

ICT: *'We got some advice from one of their ICT people, as we were having trouble with an MS [Microsoft] package (Inforpath) which we were using to bring our support package recording into the 21st century. The guy from their IT section was helpful. Now it's all electronic'.*

Governance: Three of the 15 projects interviewed had recruited Board members with specific skill sets, which could otherwise be hard to find (HR in two cases and HR/training in the other). The new recruits are already finding an outlet for making a contribution to an issue or cause they feel strongly about: *'We accessed the wider workforce to find Management Committee members and found a woman interested who is a trainer around personal development. She is really enthusiastic and passionate about women's issues'.*

Networking: *'There were lots of different voluntary organisation managers there [at a 'Me as a Manager' training day]. It's good that there was a blend of different people, including some you don't know. You hear new ideas and what people are doing – and it is relaxed, so people are willing to share if things have gone wrong and [learn] how you dealt with it. We got a brilliant recycling contact off someone I met there – it's that kind of environment'.*

Staff development: At least one member of staff from most of the organisations interviewed has attended 'Me as a Manager' training and feedback has been positive both from those new to, or considering, management, as well as from staff with considerable management experience.

4.1.2 Specific initiatives

In addition, feedback about four specific Beyond the Grant initiatives was positive.

First, the *Strive to Thrive* sessions aimed at boosting the confidence of young people by running facilitated events in VM's head office:

'It was really exciting for our young people to go into that environment, really inspirational. The Virgin brand is fantastic for our young people. It's popular and relevant and to be able to go into their secret labyrinth was life changing – meeting people from a world famous corporate brand – "I've been to VM head office in Newcastle" they can say this to friends and family.'

Second, *Give a day*, which offers team-building opportunities for company staff and some volunteer labour for a project. It should be noted that this was a rare example of support not receiving universal praise, with a small number of organisations describing it as *'more trouble than it was worth'.*

Third, *Homeless packs and Christmas hampers*. Packs of essential household items such as pots, pans, cutlery, etc. are provided by VM for distribution to project clients who are setting up home. These are of real benefit to people moving into a new home, especially since the Government's Social Fund, which used to provide grants and loans, was cut three years ago.

Finally, the Foundation is keen to develop mutually supporting communities and networks of interest and has established a *Housing Learning Circle*. People who had attended valued the networking opportunities and '*being in an environment where you could think and talk ideas*'. One project suggested that links to other experts and relevant organisations in relation to work on housing and the PRS could strengthen the offer, for example, Joseph Rowntree Foundation (JRF), Crisis, Homeless Link and Homes England.

4.1.3 Value of the brand

Some organisations felt the Virgin brand was important in boosting PR and suggested that the Foundation could use its brand and convening power to greater effect as part of the Beyond the Grant offer:

'I don't think they champion what they do enough. They should champion it more and, in doing that, organisations like ours will have more kudos for being attached to them. It's a really good thing for us to drop into conversation/applications, etc. – [It's] not just about getting the money but also about being connected to an organisation that's good.'

More specifically, organisations involved in getting young people into work proposed that the Foundation could use the Virgin brand to garner and coordinate support from local business and employers, to help access work placements and other employment experience and training for young people:

'Do they work alongside other business forums and employers – for example, Local Economic Partnerships (LEPs)? Those links with employers are so important to get them on board. It's difficult for them [employers] to take the risk of taking on new employees. Help to get work trials would be great. Possibly work place mentors? Young people need to know how to conduct themselves in the workplace – [they] don't have any idea what it's like and need to develop that understanding.'

4.1.4 Areas for improvement

All of the organisations interviewed for the evaluation had positive things to say about their different experiences of Beyond the Grant support. The very small number of critical comments related mostly to the fit between the design/content of support and the organisation's particular developmental needs. Two very specific areas for improvement were identified.

First, the location of events. The need to travel to Newcastle for training and events was viewed negatively by two organisations based in other areas of the North East. Conversely, an organisation that was very positive about attending various networking and training events in Newcastle commented that they '*might think twice if they were held on Teesside*'.

Second, a small number said that finding the time to engage with the Foundation's Beyond the Grant offer was one of the reasons for not doing so or not engaging more: '*Brokering can be useful but with these things you have to weigh up how useful they are and whether it's worth spending time being a part of them*'. The availability of other sources of support may also have been a factor here, with organisations in receipt of support from both Lloyds Bank Foundation for England & Wales and from Pilotlight, as well as their own national umbrella bodies.

4.2 Recommendations

Grantees were excited by the relationship with the Foundation, the Virgin brand and the Beyond the Grant experience of the Virgin Money business and identified even more potential for utilising the brand, good will and convening power of the business. The positive experiences of funded organisations suggest that the Foundation's particular model of 'funding plus' is being developed and delivered in line with current better practice in this area. In thinking about how best to adapt and improve the offer, attention might be paid to four areas:

Making best use of Virgin Money staff: Effective engagement of Virgin Money staff calls for a good portfolio of small/medium-sized funded organisations who can really benefit from the skills they offer (e.g. HR and IT). Larger organisations often have their own capacity in these areas and may be less willing or interested in taking part.

Mixed portfolio: The evaluation highlights a range of benefits to key areas of organisation and management accruing from advice and support from staff with specialist skills. A mixed portfolio of both Beyond the Grant offers and funded organisations is likely to be required to encourage maximum engagement of Virgin Money staff.

The importance of fit: Earlier learning about funding plus practices (i.e. Beyond the Grant) across UK trusts and foundations confirms the importance of take-up being voluntary, not mandatory. This places a premium on the fit between the content/focus of the support offer and individual organisations' capacity and willingness to engage.⁵

The appeal to young people: Finally, the very positive feedback about *Strive to Thrive* does raise questions about the prominence given to work with young people. The Virgin brand clearly speaks strongly to this age group and there may be potential to increase the Foundation's impact by seeking to build even more strongly on this key asset.

⁵ <https://www.ivar.org.uk/our-research/funding-plus/>

5. Approach to grant-making

5.1 Findings

Feedback from grantees on the Foundation's grant-making processes covered seven areas:

- Aims, objectives and criteria
- Application process
- Assessment
- Duration of grants
- Reporting
- Monitoring and data
- Relationship with the Foundation.

Each of these is covered briefly below. It should be noted that, with a small number of exceptions, feedback was overwhelmingly positive.

Aims, objectives and criteria: Generally, people reported that the Foundation was clear about the goals and criteria of the Fund and that this clarity was communicated well throughout the process. This avoided time wasted on submitting applications, which could have been screened out at an early stage. Suggestions for improvements or adaptations included: the question of applying more than once: *'I wasn't entirely clear from the start whether they would entertain a second application. It would have been helpful if it was clearer when they put out the initial publicity'*; and the approach to core costs: *'There should be more flexibility for core costs – they don't advertise that you can load in core costs'*.

Application process: The process was viewed widely as streamlined and straightforward and frequently described as 'not onerous at all': 'I felt the process, though detailed, was fairly straightforward and easy to understand. I could understand what the questions were trying to achieve. This was straight to the point and didn't take a massive amount of time. Often questions are duplicated but with the Foundation's there was a proper sequence'.

The small number of comments related to the online system: *'At times the system doesn't work well. Their technology is a bit clunky'*; and the length of the process: *'I felt it was quite a long process for us. We'd applied in June and didn't start the project until the following April. It felt as if there was quite a big gap'*. [N.B. These comments do not take account of more recent changes to the online system]

Assessment: The face-to-face meeting was highly valued to clarify mutual expectations, build a relationship and introduce and encourage involvement with Beyond the Grant activity:

'I found the grant-making process compared to many other applications we make (and I've had considerable experience of these) fairly smooth. There were no major issues from beginning to end – from putting in the application and what happened in between to their final decision. I think the on-site visits are very important. It's all down to what you put down on paper with some applications but we had opportunity to talk about why they should fund us. I think this is very valuable'.

'Robust' and 'rigorous' were words used by more than one person to describe the process and visit:

‘I find them very engaged in comparison to some other grant makers where it feels more tick boxy. They ask good questions. I would much rather have that kind of relationship, as you know they’re passionate about what they’re doing. They’re good people that know their stuff and want to make a difference. They want to add best value’.

Only one organisation found the assessment too challenging and felt it would have been helpful to know in advance what would be covered.

Duration of grants: The most significant area of critical feedback related to the short-term nature of the grants and expectation that monitoring would continue six months after the grant had ended (otherwise reporting on outcomes being sustained for six months would not be possible).

Organisations expressed frustration about one-year grants and how ineffective it could be to run a project for only one year, especially if they are new projects. Some had tried to turn this to their advantage and used the funding to support start-up/pilot activity, treating the Foundation’s grant as leverage for other funding.

Despite these reservations, many participants were able to obtain funding over at least two years (six were funded in the two years covered by this evaluation: others have second year grants in later rounds). They also received advice and support from the Foundation about building on the learning from their previous project.

Reporting: Organisations were mainly positive about reporting systems. In line with feedback about the Foundation’s culture of transparency and openness, those interviewed described being able to be open and honest about difficulties and barriers, as well as progress. The reporting system asks for information about learning, and projects shared examples of this as an iterative process involving helpful discussions with Foundation staff. The option of using other documents to provide the narrative report (and a number had done so) is an example of the Foundation’s flexible approach.

Monitoring and data: In all but exceptional cases (e.g. a feasibility study), specific targets had been set and reported against as per the reporting schedule. We heard positive feedback about the process of monitoring and data collection, as well as the value of setting an outcomes-related goal for activities.

There are, however, significant challenges associated with collecting reliable and meaningful data, particularly for grants awarded for such a short period. Collecting outcomes data is time-consuming and there is significant variability in the capacity of organisations to do this consistently and well. More specifically, our review identified some limitations in the usefulness and comparability of outcomes figures:

- The use of differing criteria by grantees for measuring outcomes limited the comparability of the data. For example, whereas some projects strictly followed the housing fund’s outcome target and measured people moving into private rented accommodation, other projects counted people moving into their own supported accommodation and/or social housing as a successful outcome.
- Projects supported people with different levels of need. Variability in the provision of information by grantees on the level of presenting need precludes a more nuanced understanding of the outcomes data, i.e. it

becomes difficult to assess the level of 'distance travelled'. For example, helping young people into employment where they already had some qualifications represents a very different outcome to one where the young person has none.

- There are more variables driven by external factors, which are hard to assess in any event but especially difficult to factor in when grants are only being awarded for one year. They exacerbate the inevitable challenge of attribution.

Our review also identified some limitations arising from the calculation of costs, which has an impact on the cost per outcome figures. For the young people grants, the figure used was the average cost of getting a young person into a job which ranged from £752 to £3,522. For the housing grants, this was the average cost of getting a person or family into a sustainable and affordable tenancy and this ranged from £815 to £3,333. We do not present these costs in the tables presenting outcomes for each strand of the Fund in sections 2.1 and 3.1 above because:

- Grants were used to fund different types of cost. Some organisations received funding for direct project costs only, whereas others received funding for direct project costs and a share of their overhead costs. There were also examples where funding contributed to core organisational costs.
- The provision of one-year grants places some limitations on the comparability of the cost per outcome measures, as some projects invested money to start the project, resulting in higher comparable costs (and less delivery time to achieve outcomes).
- There was variation in the extent to which the Foundation funded the full project costs. In some cases, the Foundation was the only or main funder of a project. In other cases, the Foundation's grant covered a smaller proportion of project costs, with other funders picking up the balance. In those instances where the Foundation only funds part of the full project cost, the grant cost figure understates the full cost of achieving the reported outcomes.

Relationship with the Foundation: The relationship with the Foundation was valued highly by 14 of the 15 interviewees. Grantees felt their mission and the challenges and opportunities they faced were well understood. Most mentioned that the Foundation felt rooted in the region and had an in-depth understanding of the voluntary sector:

'The fact it's a small team has been brilliant and you're able to build relationships.'

Foundation staff were variously described as helpful and responsive; and their knowledge and expertise was valued. Specifically, the speed with which calls were responded to was mentioned by nearly all interviewees.

This proactive and supportive approach of staff made it easier for grantees to respond openly and transparently to information requests and to pick up the phone to the Foundation when things were going wrong with a project:

'It was just easy. When you look at what's expected of you in other grant-making organisations and look at the comparison, it was really so much easier. It feels different and quite personal compared to other funders. We had an issue with the Board a few years ago. The Foundation was one of the first groups I turned to and they were really helpful – giving us ideas and suggestions. I can't imagine other funders being like that.'

5.2 Recommendations

The Foundation has much to be proud of in its approach to grant-making. Its clarity of purpose, rigorous but straightforward application process, flexibility in the light of changing circumstances and strong relationship with grantees are all highly valued. The overall message is that the Foundation should continue as it has begun, incrementally improving its practice by encouraging feedback from applicants and grantees and exchanging learning with other foundations, as part of its day-to-day work. In thinking about the bigger picture, and about the Foundation's own needs in assessing its performance, two areas might benefit from further consideration:

Improving data on outcomes: Reliability of outcome data can be improved by agreeing clearer outcome definitions (which take realistic account of grantees' organisational capacity); maintaining them throughout the life of a grants programme; and providing a level of expert support to grantees in generating robust and meaningful data. Should the Foundation wish to develop more sophisticated measures of the social and economic value of the outcomes achieved, options should be explored thoroughly, with due attention to both the pros and cons of such approaches and the resources and skills needed to implement them effectively.

Connections and networks: Regeneration is a complex area of social need, sitting in a fast-changing political, social and economic landscape. Going forward, the Foundation might benefit from more time for the team to develop relationships and partnerships with other funders and experts in the Foundation's areas of interest.

Part Two: Conclusions

In Part One of this report, we set out key findings, reflections and recommendations from our evaluation to address its first two purposes:

- a. *'inform the Board about outcomes [of the North East Fund Grants programme],*
- b. *provide feedback about the Foundation's [grant-making] approach to date'.*

In this Part, we build on those findings, as well as our notes from the trustee workshop, to address the third purpose of the evaluation:

- c. *'raise questions about the focus and future direction of the Foundation, in order to support the Board in developing a more cohesive view of mission and strategy'.*

Our material is presented under five headings:

- 6.1 The wider context**
- 6.2 The distinctive assets of Virgin Money Foundation**
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A summary of the recommendations presented in Part One is provided in Appendix One.

6.1 The wider context

Part of the context for a discussion about 'future direction' is a growing recognition that what works best is flexible funding. Voluntary organisations, especially those classed as small to medium-sized, are facing multiple and complex challenges and have internal development needs that they need to address. If funding agreements are overly prescriptive, there is a risk that they will prevent organisations from having the necessary freedom to navigate their way through transition and respond to their changing context in a way that holds beneficiaries at the forefront.

Work published by IVAR in April 2018 identified that those involved in emergencies in 2017 (the Grenfell Tower fire and London Bridge and Manchester Arena bombings) had demonstrated that it is possible for funders to work differently, to the great benefit of their grantees and the communities that they serve.⁶ It showed the value of an approach to grant-making that is sensitive and attuned to beneficiaries; highly relational, rather than contractual; one that places a premium on trust. An approach that suggests a kind of common endeavour,

⁶ <https://www.ivar.org.uk/research-report/the-possible-not-the-perfect-learning-from-funder-responses-to-emergencies/>

where the assets of the funder (in this case, money) are combined with the assets of grantees (their work) for the common good.

If funders treat applicants and grantees with respect, if they recognise that applicants and grantees have assets (for example, activities, services, reach, trust, legitimacy, practice, knowledge, expertise) that have intrinsic value and significance, then our research experience is that their trust will be repaid by an intensity of effort and commitment.

Our evaluation has revealed that the Foundation takes a highly flexible approach, supporting projects to deliver in the most effective way to benefit beneficiaries rather than adhere to what they committed to in the initial application. The focus on outcomes rather than inputs helped; likewise, the licence given to projects supporting young people into work to shift away from group sessions to more tailored one-to-one delivery in response to young people lacking in confidence. This is practice that is both contemporary and valuable, and, as such, it seems worthy of both preservation and enhancement.

6.2 The distinctive assets of Virgin Money Foundation

In addition to its flexible approach, the Foundation's assets can be seen to include:

- Money – around £1 million per annum from Virgin Money plus any other funds acquired to spend on behalf of others (with the caution that this can create constraints – as experienced with Government match funding for the Fund)
- The Virgin name and what it stands for
- The relationship with Virgin Money.

The relationship with Virgin Money and association with the broader Virgin brand delivers – or has the potential to deliver:

- Association with a brand that particularly appeals to some key audiences, e.g. young people; people who want to 'do things differently'
- Skilled resources – Virgin Money staff and others who are keen to be involved in the work
- Mutually supportive relationships with relevant Virgin initiatives – Virgin Start Up; Virgin Money Giving
- Virgin Money products (including income generating products) and services that speak directly to the most disadvantaged communities, e.g. the basic bank account
- Learning about what it means to be a good business that reaches beyond CSR.

For the purposes of deliberations about future priorities, it is also important to highlight three things that are of particular importance to trustees. First, a view that the Foundation exists to make a difference for people in the most deprived places – this is the heart of the mission and everything the Foundation does must be tested against it. Second, thinking differently and making things happen are part of the Virgin DNA – the Foundation wants this from the people it supports and it also wants to do this itself: being willing to take more risks; and expecting some failure. Third, it is the balance and blend of funding and beyond the grant support (including convening power) that has most potential to be of most value.

6.3 The thoughts of funded organisations

Grantees were invited to share their views on the Foundation's future strategy. Most comments related to appreciation of Beyond the Grant support (as summarised in Section 4 above) and ideas about the grant-making process (as summarised in Section 5 above). In relation to strategy, the majority of study participants had little specific to say, beyond proposing that the Foundation remain committed to the North East and continue its existing funding approach, which people characterised as relationship-based, knowledgeable, open and flexible. Practical suggestions included greater collaboration with other funders and experts in the areas in which the Foundation chooses to fund, alongside greater utilisation of Virgin's PR capacity:

'I think, if they get the balance right between traditional charitable and genuine social entrepreneurship, they should be able to attract even more good people to come through who need backing to get them somewhere that's going to be very good.'

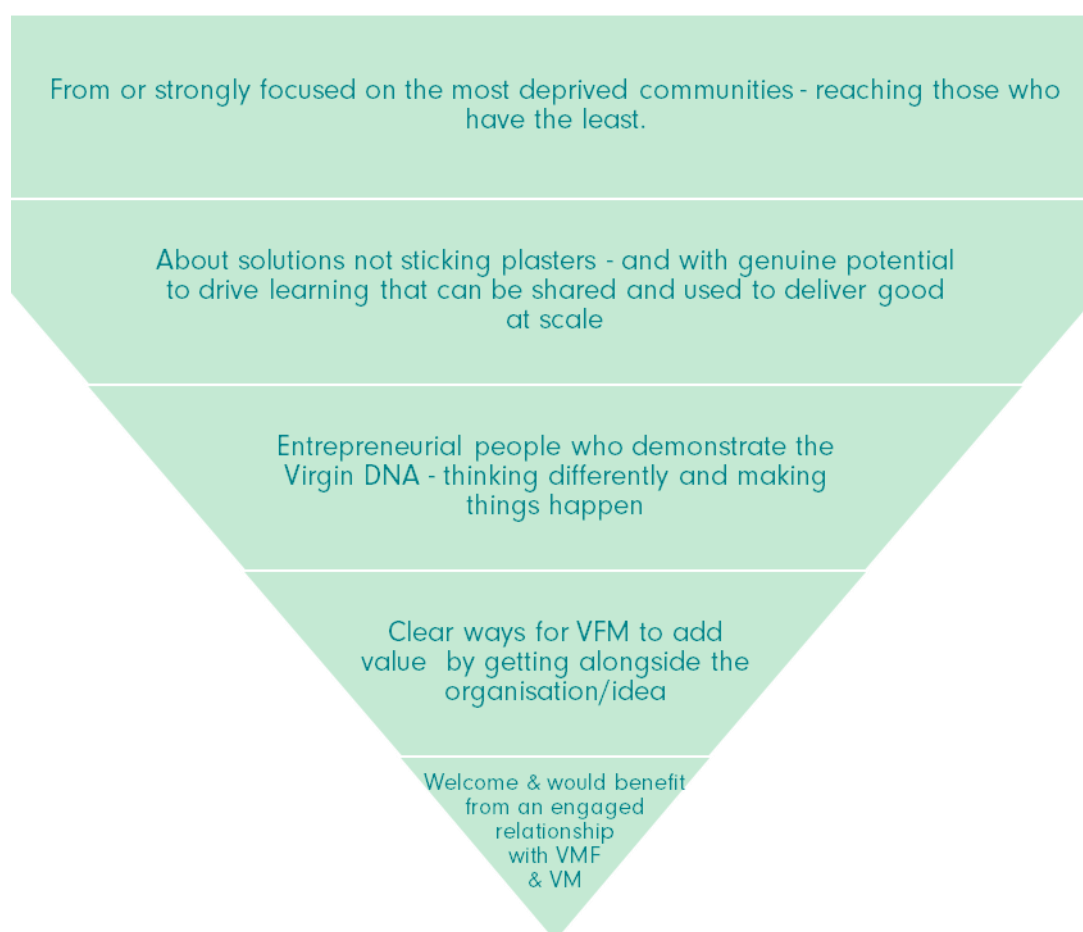
'The themes they've got mean they should definitely link up with others, like Joseph Rowntree and equivalent organisations, so that they can maximise their impact. They can't do it all alone as they need knowledge and expertise in so many fields.'

'I'm surprised that, with Virgin being so savvy about PR, that they're so quiet ... Greggs Foundation is very well known now. Putting positive stories and success stories out helps the region.'

'If credible people are doing good work within the fields and themes that they're focusing on, this can help reinforce the brand and attract good people to the Foundation.'

6.4 A model for determining focus and priorities

In thinking about the work the Foundation supports, as well as the ambition to be flexible, relevant and useful, we developed a decision-making funnel that could be systematically applied to both grant-making and Beyond the Grant support.



6.5 Concluding remarks

The mission of the Foundation is 'to promote the sustainable regeneration of economically and socially deprived communities in the UK'. The North East Fund has been the main focus for the Foundation's activities in its first three years (2015-2018).

Greater control and accountability at local level is acknowledged widely to be more effective than nationally controlled, top-down spending programmes. With relatively small-scale investment, the Foundation has learned a good deal about what makes a difference. The grant portfolio, its successes and the learning it has engendered are a testament to the need for a renaissance in regeneration: people-focused; rooted; building trust, confidence and relationships; and raising aspirations, nurturing talent and entrepreneurialism. Organisations that can play an anchoring role, or act as a 'point of focus', are required at community level to nurture relationships, trust and change.

The Fund has focused on delivery of outcomes for two specific groups of beneficiaries: young people without jobs and people who are homeless or at risk of becoming so. There is no question that both remain areas of great social need

and an important policy priority for Government. Having all 16 and 17 year olds in education, employment or training is a long-standing national policy goal, which sits alongside acknowledged challenges facing older young people despite a period of relatively high employment rates. In England, the 2018 Homelessness Reduction Act puts a greater onus on local authorities to provide advice and support to homeless people, irrespective of their eligibility for help with housing, and the Government recently announced a strategy to end rough sleeping within a decade.

The experience of the North East Fund has identified key skills and assets that the Foundation can bring to its future grant-making. While we were not tasked with producing recommendations for future strategy, we are able to conclude with four key points for consideration:

- The Foundation has a deep and serious commitment to change in deprived places, with a focus on solutions not sticking plasters. Is the key definition of success its impact on the communities that have the least or must it also reach the most disadvantaged in these communities?
- The Foundation's instinct is to support the entrepreneurial – people who think differently and make things happen. What does this call for in terms of attitudes to risk and tolerance of things operating at different scales? What is the appetite for a sophisticated assessment of all the ways in which this might be achieved, rather than a narrow focus on income diversification/generation?
- Virgin Money staff and the Virgin brand are both greatly and genuinely valued. What kind of grants portfolio is required to capitalise on this asset? Could more be made of the brand? Given the appeal to young people, should this become the main focus of grant-making?
- The Foundation is committed to flexible, responsive, relationship-based funding. How can such an approach be maintained as the Foundation diversifies?

Appendix One: Summary of recommendations

Recommendations – overview of the North East Fund

The Foundation already has a strong commitment both to building capacity through its Beyond the Grant programme and to being a responsive and flexible funder.

In developing future programmes to support regeneration in areas of high deprivation, we would recommend that the Foundation give attention to the question of:

Multi-year grants: To date, the Foundation has been constrained to make annual funding decisions for the North East Fund. Good practice guidance and strong feedback from grantees argues that one-year funding should be the exception rather than the rule in the future. A willingness to give repeat grants for two or more years is helpful but does not provide the security organisations need to plan and successfully deliver complex interventions.

Building a UK-wide Foundation: The Foundation has proved to be an intelligent and responsive place-based funder, with excellent local knowledge and a high level of skill in building valued relationships with grantees. As it rolls out its commitment to sustainable regeneration into other communities across the UK, the Foundation's strategy is to focus on areas where Virgin Money has a strong base. Going forward, it will be important to ensure that the Foundation acquires and applies deep knowledge of an area when it begins grant-making there. This is a valuable asset but not a complete answer to the question of maintaining the sector knowledge and informed relationships that have played a critical role in the success of the Fund.

Recommendations – getting young people into jobs

This strand of the Fund reinforces more general learning about the importance of longer term funding and continuing to offer a flexible and engaged funding approach. In developing future programmes to support regeneration in areas of high deprivation, we would recommend that the Foundation give particular attention to:

The role of community-based organisations: While all grantees are required to have strong local roots, it is clear that embedded youth and community organisations, usually providing a range of services, act as a particularly important entry point for many young people.

Targeted services: Where the Foundation wishes to ensure that it reaches specific groups of young people, including those who are most excluded and marginalised, there are strong arguments for funding specialist services with a proven track record in working with these groups.

Developing the market: Access to appropriate work experience and job opportunities is key to the success of funded projects. Where there may be opportunities for the Foundation to support collaborative efforts in this area, or to take a strategic approach to engage Virgin Money directly in this challenge, the Foundation has the potential to add considerable value.

Recommendations – helping people into housing

This strand of the Fund reinforces more general learning about the importance of local knowledge, the distinctive role of community-based organisations and a flexible and engaged funding approach. In developing future programmes to support regeneration in areas of high deprivation, we would recommend that the Foundation give particular attention to:

Creating space for innovation or growth: Property remains an important asset and, provided it is well-managed, the development of a small portfolio supports greater organisational stability and the space to think more strategically. Equally, new ideas, provided they are well-informed and researched, must be welcome in such a challenging area of need. Some of the projects supported by the Foundation have clearly benefitted from short-term but flexible seed-corn funding. With the Foundation's backing for them and their ideas or development plans, they are well on their way to securing resources outside the scope of the Foundation's own budget. This approach speaks well to the Foundation's interest in 'thinking differently and making things happen'.

Vulnerable tenants: The question of support needs remains a fundamental challenge to many housing solutions. If the Foundation wishes to support not only disadvantaged communities but also the most disadvantaged and marginalised of their members, this must remain a concern. Some will obtain their support through local authority commissioning but, for the many who miss these high thresholds, other help is needed. There continues to be a critical support role for community-based organisations and specialist support services and the Foundation is well-placed to support the best of these in this important work.

Supporting multiple outcomes: The renovation of empty properties delivers for communities on a number of fronts, creating opportunities for training, employment and volunteering, developing assets, improving the environment, as well as providing housing. The Empty Home Community Grants Programme funded by the Government from 2012-2015 demonstrated the impact and dynamism of this multi-faceted approach, which could align well with the Foundation's overarching regeneration mission.

Recommendations – Beyond the grant

Grantees were excited by the relationship with the Foundation, the Virgin brand and the Beyond the Grant experience of the Virgin Money business and identified even more potential for utilising the brand, good will and convening power of the business. The positive experiences of funded organisations suggest that the Foundation's particular model of 'funding plus' is being developed and delivered

in line with current better practice in this area. In thinking about how best to adapt and improve the offer, attention might be paid to four areas:

Making best use of Virgin Money staff: Effective engagement of Virgin Money staff calls for a good portfolio of small/medium-sized funded organisations who can really benefit from the skills they offer (e.g. HR and IT). Larger organisations often have their own capacity in these areas and may be less willing or interested in taking part.

Mixed portfolio: The evaluation highlights a range of benefits to key areas of organisation and management accruing from advice and support from staff with specialist skills. A mixed portfolio of both Beyond the Grant offers and funded organisations is likely to be required to encourage maximum engagement of Virgin Money staff.

The importance of fit: Earlier learning about funding plus practices (i.e. Beyond the Grant) across UK trusts and foundations confirms the importance of take-up being voluntary, not mandatory. This places a premium on the fit between the content/focus of the support offer and individual organisations' capacity and willingness to engage.

The appeal to young people: Finally, the very positive feedback about *Strive to Thrive* does raise questions about the prominence given to work with young people. The Virgin brand clearly speaks strongly to this age group and there may be potential to increase the Foundation's impact by seeking to build even more strongly on this key asset.

Recommendations – approach to grant-making

The Foundation has much to be proud of in its approach to grant-making. Its clarity of purpose, rigorous but straightforward application process, flexibility in the light of changing circumstances and strong relationship with grantees are all highly valued. The overall message is that the Foundation should continue as it has begun, incrementally improving its practice by encouraging feedback from applicants and grantees and exchanging learning with other foundations, as part of its day-to-day work. In thinking about the bigger picture, and about the Foundation's own needs in assessing its performance, two areas might benefit from further consideration:

Improving data on outcomes: Reliability of outcome data can be improved by agreeing clearer outcome definitions (which take realistic account of grantees' organisational capacity); maintaining them throughout the life of a grants programme; and providing a level of expert support to grantees in generating robust and meaningful data. Should the Foundation wish to develop more sophisticated measures of the social and economic value of the outcomes achieved, options should be explored thoroughly, with due attention to both the pros and cons of such approaches and the resources and skills needed to implement them effectively.

Connections and networks: Regeneration is a complex area of social need, sitting in a fast-changing political, social and economic landscape. Going forward, the Foundation might benefit from more time for the team to develop relationships and partnerships with other funders and experts in the Foundation's areas of interest.