

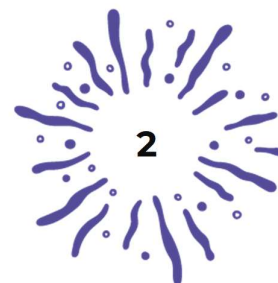


A joyful 'work-full' ride

The GROW Fund Year 1 Learning Report

By Barking & Dagenham Giving





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1. Executive summary

GROW Fund is part of the UK's first community-led social investment fund. It's the largest sum Barking & Dagenham Giving has ever granted in a single initiative and a completely new model for participatory investment.

The GROW Fund pilot, launched with £360,000, consisted of £200,000 in grants and £160,000 for business development and loans. The Fund targeted entities with strong community ties and potential for substantial growth.

We are grateful to our funders London Borough of Barking and Dagenham, Lankelly Chase Foundation, and Barrow Cadbury Trust - Connect Fund for helping make this pilot possible.

The participatory model put residents at the heart of decision-making. They designed the eligibility criteria and the application process, ensuring inclusivity and alignment with local needs.

Highlights of this approach were:

- Successfully reaching groups who are typically underrepresented in the investment world because they saw it as something for them.
- Boosting grassroots business development, particularly with Black female-led businesses.
- Grantees reported significant improvements in their business operations, community connections, and personal wellbeing.

The pilot has shown an appetite for this type of funding in the borough and there is a pipeline of exciting and investable opportunities here.

The long-term potential - locally and nationwide - is as yet untapped. Realising this potential depends on recognising the successes of the pilot year and believing that social investment markets can be developed in places where few think that's possible.

We're actively fundraising for the second year of the GROW Fund.



Our aim is to bring Barking & Dagenham out of the cold and transform it into a hotspot for social sector funding and investment. We aim to attract £5 million of additional investment to address the systemic issues that matter most to local people.

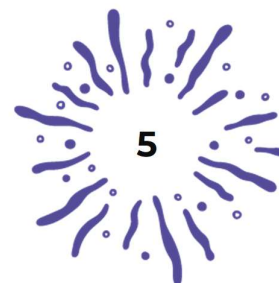
We are excited about the GROW Fund's ability to shift perspectives, change behaviours, build agency, and inspire at every stage of its process.

We invite partners to join us on the next phase of this transformative journey. The GROW Fund has laid a strong foundation; with your support, we can build on this success.

For more information about the report contact Cameron Bray, Head of Learning & Participation.

For more information about partnership and investment opportunities contact Kate Harmatz, Head of Fundraising & Partnerships.





2. Introduction

2.1 Background

Since it started in 2020, Barking & Dagenham Giving (BD Giving) has been changing how money flows in the borough.

During the lockdown periods we harnessed the collective energy of local communities to start participatory grant-making, enabling Barking & Dagenham residents to decide how to use money for their area.

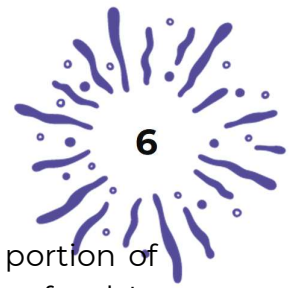
With a £100,000 fund from the Lankelly Chase Foundation, residents steered funds toward the charities, social enterprises, small businesses and sole traders that they recognised as contributing to their communities. Lankelly Chase Foundation set minimal restrictions so we gave residents as much power as possible to decide how and where the money was distributed. Much of the money went to people and places that hadn't received grants before.

“It was a truly participatory process that welcomed and included representatives from different areas across the borough. It afforded me the opportunity to apply my knowledge of the borough's unique groups, their aims and outcomes of decisions.”

- Dr. Arinola Araba, local business-owner and 2020 resident decision-maker

‘The application process was clear and easy. I appreciate the trust this showed in a time of need. Many applications stifle creativity rather than encourage it and even though our ambitions are big this [GROW Fund] has really kickstarted our thinking to make it practical and the support has made this a reality with many more organisations now getting behind it.’

- AJ Haastrup, local business-owner and 2020 grant recipient



Based on this success, we partnered with the council to use a portion of Community Infrastructure Levy money to set up a local investment fund. In parallel, Lankelly Chase Foundation we got a further £250,000 000 'local fund' for the borough, as well as £110,000 in core funding for BD Giving to support the fund's delivery. Our ambition was for the community to direct the money where it was needed most.

Equipped with these two pots of money, we embarked on a two-year journey with a Community Steering Group (CSG), to design the country's first community-led investment policy and set up a local social investment fund.

Over months of learning together, residents came to understand a broken financial system. High levels of deprivation, fear around debt, and comparatively low rates of business survival combined with exclusionary social investment language led to confusion and reticence among social enterprises and charities about repayable finance.

The CSG saw an opportunity to pilot something to fix it and The flexibility of Lankelly Chase Foundation funding meant The GROW Fund, the UK's first 100% community-led social investment fund, was born.

2.2 The GROW Fund pilot

The GROW Fund pilot was established in 2023 as a £360,000 blended finance offer, made up of £200,000 worth of grants and £160,000 for business development support and loans with flexible terms. Those who were offered grants were also required to complete a business development programme.

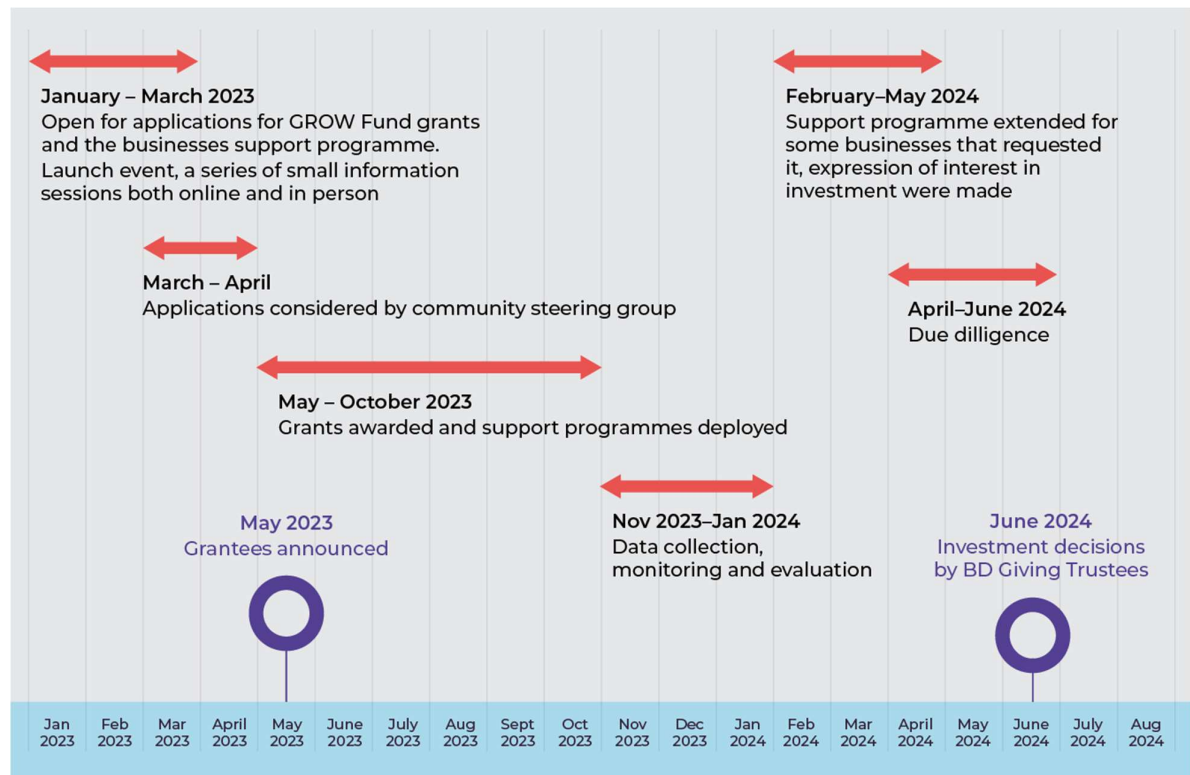
BD Giving put out an invitation to tender to deliver the development programme that would support the grantees and prepare them for possible investment from the GROW Fund. The successful bid came from Impact Hub London. They delivered a bespoke programme that addressed: theory of change, business planning, and preparing for investment. Sessions began soon after grantees were awarded. A mix of

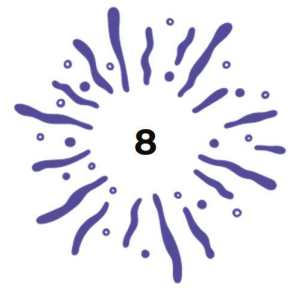


online and in-person sessions, along with one-to-one meetings, took place over seven months.

Once grant money was spent and the programme was completed, entities were able to apply for a GROW Fund loan.

Timeline





3. What happened

Ten residents designed the specifics of the £200,000 business developments grant fund.

They decided unrestricted grants of £25,000 should be awarded to eight entities and spent over six months. That meant they would look to fund organisations with experience of trading and clear ambitions for substantial growth.

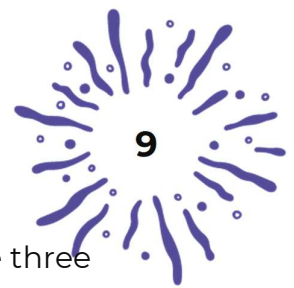
The group of residents started by defining the eligibility criteria.

- They targeted smaller entities by limiting applications to businesses with a turnover between £50,000 and £300,000.
- They asked applicants to provide examples of their connection to the borough.
- They made it clear applicants must commit to a business development programme that would increase their ability to take on investment in future.

Next, the group considered what they needed to know in order to make decisions about an applicant. The application form they designed captured:

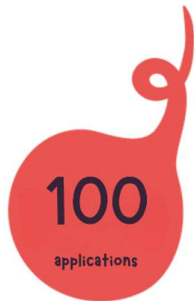
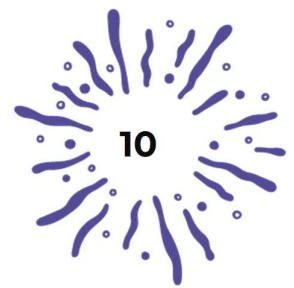
1. Organisational history
2. Existing and desired skills
3. Community impact and solutions they're providing to current challenges
4. Financial health and business management strategies

The group arranged drop-in sessions to support applicants: four in-person sessions across the borough and one online session. While afternoon in-person sessions had low attendance, the evening and online sessions were well-attended.



Data shows that applicants who attended a drop-in session were three times more likely to be considered by the steering group.





Result: 100 applications

The group asked BD Giving staff to do a first sift. Two staff members scored applications on a scale of 1-4 based on eligibility criteria set by residents. When they couldn't reach a consensus, they opted to take the application forward.

Result: 39 applications advanced

In the second sift, residents used the Consider.it platform, which allows users to customise parameters and indicate their level of agreement or disagreement using a slider to anonymise and score applications. Responses on the platform were anonymised as there were applications from fellow steering group members. They advanced applications with positive consensus.



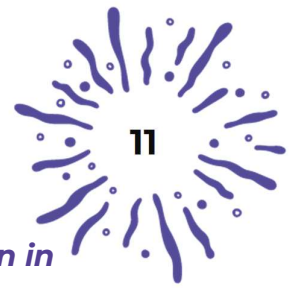
Result: 20 applications advanced

In the final decision stage, residents used Consider.it to further assess and discuss applications before a final in-person meeting. At the meeting BD Giving staff presented the group with the Consider.it results and different scenarios as to what the final eight would look like. They identified consistently strong applications and intentionally diversified the final selection.

They selected applicants with alternative company structures, niche themes, or service in the borough's most vulnerable areas over equally strong applications that would have duplicated impact or increased risk.

Result: 8 applications awarded





“Overall this has been a positive experience, and I have grown in confidence”

– Resident decision maker.

3.1 Applicants vs. grantees

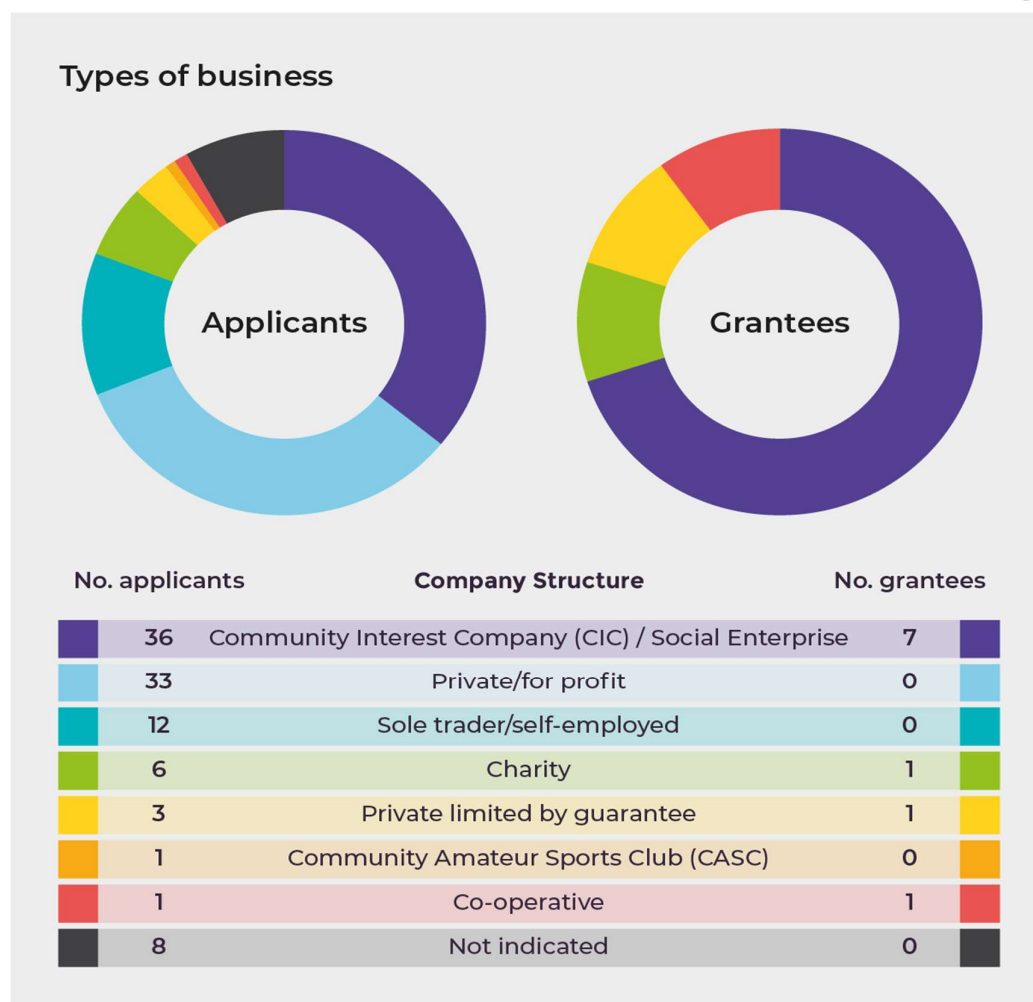
In summary:

- 100 organisations applied.
- Eight applications were successful.
- Two were joint applications so a total of ten organisations benefited from the GROW Fund over seven months.

During this time, they received instalments of a £25,000 grant and a business development programme delivered by Impact Hub London.

Types of businesses that applied / were awarded

The majority of applications for the GROW Fund came from social enterprises, aligning with our marketing focus on social enterprises as the most suitable for the fund's objectives and future investments. We sourced potential applicants from Companies House and contacted them through email and social media. Notably, the only cooperative business that applied was funded, as our aim for a diverse portfolio gave unique applicants an advantage.



Themes of businesses that applied / were awarded

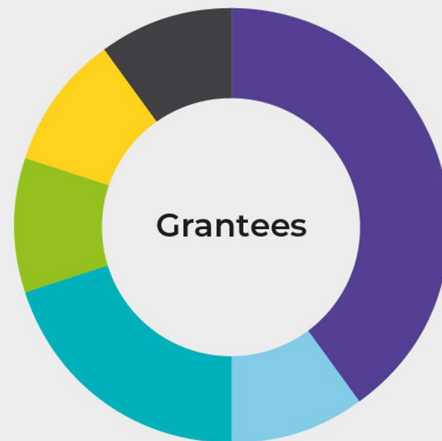
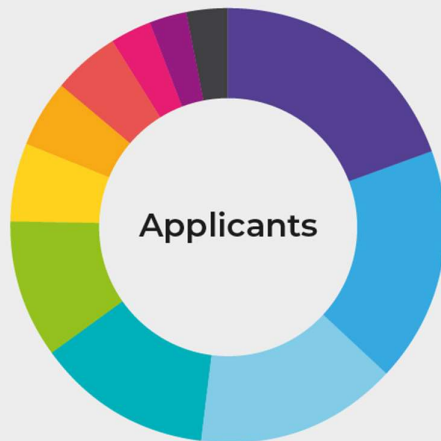
The GROW Fund attracted a range of business themes, with BD Giving staff coding and sorting applicants according to the Borough Manifesto themes.¹ Some businesses fit multiple categories, but 'Arts & Culture' dominated the applicant pool.

There were only nine applications that fell under the Environment & Sustainability category. Yet of the eight successful applicants, three had a focus on

¹ <https://www.lbbd.gov.uk/sites/default/files/2022-09/Barking-and-Dagenham-Together-Borough-Manifesto.pdf>

Environment & Sustainability, which highlights a growing sense of urgency to see more initiatives tackling environmental degradation as well as social causes.

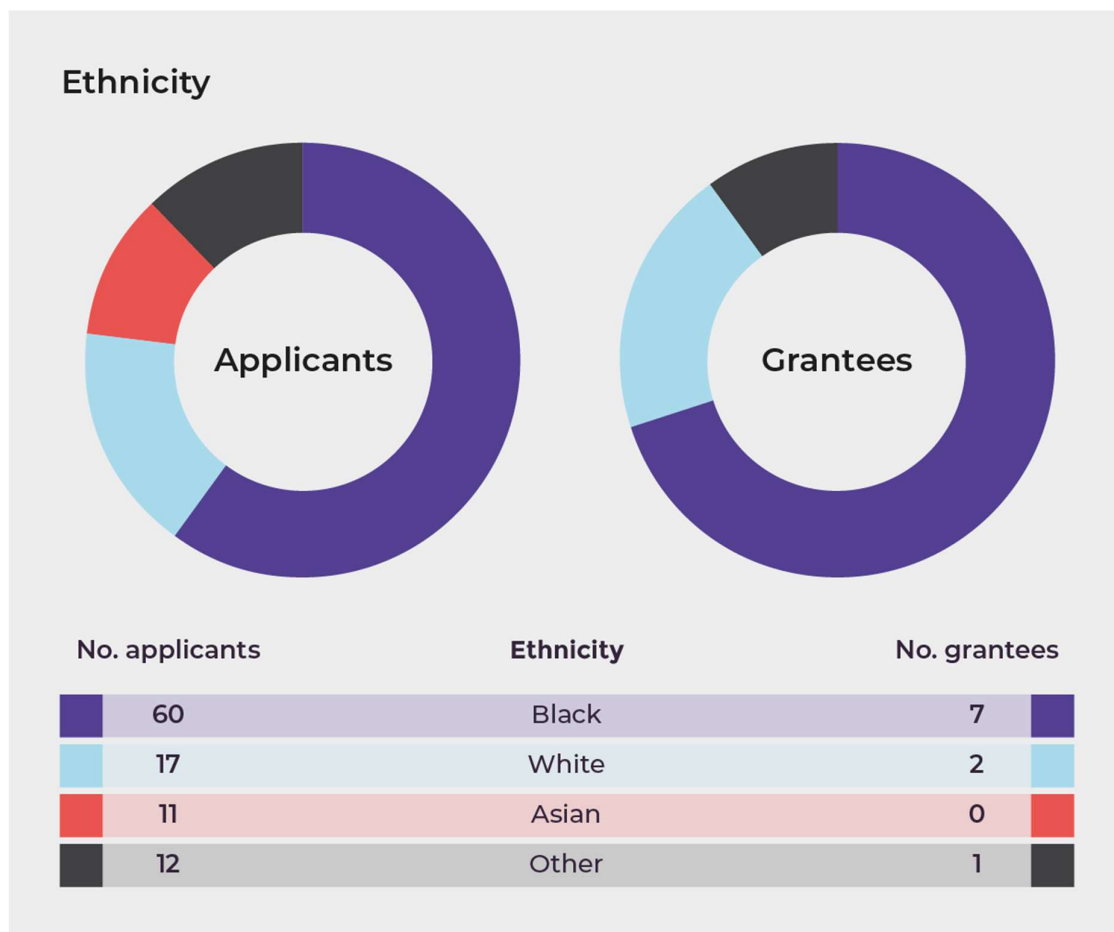
Themes of business



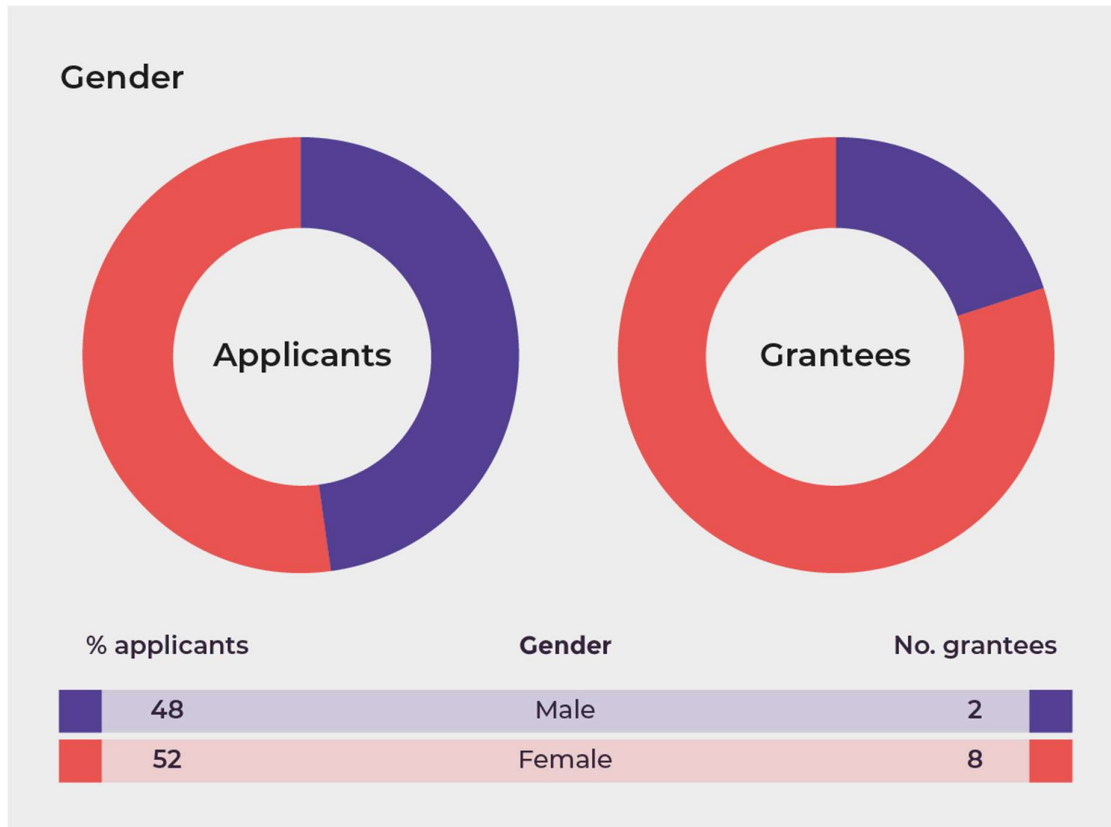
No. applicants	Themes	No. grantees
27	Arts and culture	4
24	Education	0
21	Youth and social work	1
18	Food and drink	2
14	Health and wellbeing	1
8	Environment and sustainability	1
7	Sports and recreation	0
7	Technology	0
4	Social care	0
4	Beauty and cosmetics	0
4	Community space	1

Ethnicity of applicants / awarded grantees

The following two graphs illustrate the ethnic and gender demographics. The data reveals that the GROW Fund successfully reached diverse groups that are typically underrepresented in social investment. This inclusivity is attributed to the fund's design, which enabled local people to identify with the fund's story and see themselves as part of the opportunity.



Gender of applicants / awarded grantees



4. The impact

4.1 Impact on grantees

We surveyed grantees both at the beginning and end of the business development programme to assess changes in turnover, community connection, and wellbeing. All grantees reported:

- Increased knowledge of local support resources;
- Stronger community and cohort connections; and
- Higher satisfaction with their personal lives.

Additionally, semi-structured interviews conducted at the end of the business development programme highlighted the following changes for each grantee:

Business Name What they do	Significant changes
Area44 & One Room Live <i>(joint bid)</i> Studio space, workshops, and events for those in the creative industries.	• Leased a permanent space that includes a recording studio that can be rented for income. • Produced events in the borough and across London establishing income from ticketed events.
Company Drinks Community gardening/ foraging and drinks making classes in outdoor and community spaces.	• New business plan for bottling, retail, and event bar services that support increased income generation • Developed an entirely new event bar service and accompanying marketing materials • Enrolled in School for Social Entrepreneurs programme, securing £5,000 in funding • Secured multi-year grant funding from City Bridge Foundation to pay for a salaried position

	Applied for £25,000 investment from the GROW Fund
Sew London Project Sewing classes using textile waste, whilst selling upcycled clothing through fashion line Reyclothes.com	- Launched a pop-up shop in Ilford to test retail offering - Accepted onto the eBay for Change programme to develop e-commerce business - Seeking investment from BD Giving
Grounded Coffee Resident-led coffee shop within the new Barking Riverside development	- Financials for the cafe were hosted within another local organisation during the GROW Fund, which led to accounting challenges - Challenges have resolved but it kept the cooperative from fully participating in the business development programme
Ultimate Counselling Specialist mental health services for asylum seekers and refugees	- Hired new business development staff to support income diversification - Working towards securing large government contracts. - Seeking investment from BD Giving
Fruitful Orchard Outdoor education programmes, ecotherapy and agroforestry consultancy	- Launched a new website - Developed consultancy model for projects across the UK - Established a pricing scale for paid activities in order to supplement income - Interested in acquiring land and exploring community ownership models
The Boathouse Studios Multi-purpose historic events space for commercial and community use	- New management structure and COO role to support an ambitious plan for growth - Applied for £25,000 investment from the GROW Fund
Barking & Dagenham Youth Dance (BDYD) & Future M.O.L.D.S Communities <i>(joint bid)</i>	Received accreditation as an educational facility.

Joint venture to create a registered community educational facility at John Smith House in Barking offering jobs training and skills development for young people.

- The consortia they developed to take up premises in the borough is now looking to be established as its own entity.

“Upon launching the GROW Fund, the team decided that if at least one grantee should be in a position to seek investment from the Fund, we would view the programme as a success. However, we are now in a position where we are looking to invest in three incredible social enterprises, and all but one business considering it for the next financial year!”

– Jack Webb, Programme Manager, BD Giving

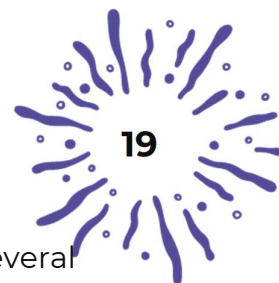
“Interestingly, during a reflection session, some grantees began referring to themselves as “stewards of the community’s wealth.” This shift in perspective is powerful, laying the foundation for a robust community investment programme, where the stewarding role could be a strong motivator for success.”

– Cameron Bray, Head of Learning and Participation, BD Giving

4.2 Impact on decision-makers

As a direct result of their participation in the GROW Fund, resident decision makers have shared with us that **they considered more deeply their impact in their own communities.**

For example, Zainab Omokhe’s experiences inspired her to launch Wander Wild Forest School—a space for children to explore the outdoors. She applied her newfound investment knowledge to turn her vision into a social enterprise and secured business development support and funding from Big Issue Invest.



After becoming an ambassador for BD Giving and speaking at several reputable conferences about community-led investing, Wunmi Oyewole said:

"I want to amplify the spirit of ambition within Barking and Dagenham and I also want to share my experiences with a small community of women in my home country Nigeria."

The experience made them feel more connected to where they live.

Kasang Kajang, an architect who was new to the borough, went on to successfully apply to join BD Giving's Board of Trustees. She is now chairing a sub-committee of the Board that oversees BD Giving's stake in properties, putting her architectural expertise to work in her community.

And for Liliana Hristova and Irina Goncherenko, who share a children's book publishing company, brought participatory decision-making structures into their business and the volunteering they do at their children's schools.

5. What we learned

5.1 Learning about GROW Fund applicants

The application design process shapes the applicant pool.

Our resident decision makers ensured the GROW Fund resonated with their communities by acknowledging the barriers black and minority entrepreneurs face in accessing funding.

They directed BD Giving on using accessible language in the marketing of the Fund and in the application form, encouraging storytelling over traditional form responses.



The GROW Fund successfully appealed to a broad audience, as evidenced by the diversity of the applicant pool. However, a third of the applicants held postgraduate or higher qualifications, which is uncharacteristic of the borough. We think our marketing strategy rather than the application form itself can be adjusted for future GROW Fund opportunities to address this.

Entrepreneurial ambitions exceed BD Giving's resources.

We witnessed a strong desire for more business support and information about funding and investment beyond what currently exists in the borough. Alongside the GROW Fund opportunity, we promoted business development opportunities with Hatch and Alia to which residents responded positively. After announcing the grantees, we connected organisations that weren't awarded grants with opportunities from Vested and the Growth Impact Fund. Applications and connections continue to be forged for the GROW Fund's applicant pool.

The interest from applicants indicates a high demand for these resources.

A collaborative solution is greater than the sum of its parts.

Within the applicant pool, there were only two partnership applications. Both were funded. The business support helped formalise partnerships between long-time collaborators, such as Area 44 and One Room, and BDYD and Future MOLDS. This signals to the rest of the borough that collaboration leads to better solutions and can unlock more resources.

5.2 Learning about the decision-making process

"I feel so fortunate to have been a part of the first cohort of the Community Steering Group. It's been a long and interesting, but sometimes cautious and anxious, journey. I had no knowledge about social investments, investing for good or participatory funding when I started but now I'm almost becoming an expert, I should say. Thank

you BD Giving for giving some residents the tools to flourish. What a joyful but sometimes 'work-full' ride this has been. I'm so glad and grateful to have been involved."



We surveyed the community steering group members at the end of the process and they told us the following.





Participation deepens community engagement.

Despite a lengthy and rigorous decision-making process, participatory methods yielded positive outcomes for decision makers. They emerged with a deeper understanding of their communities. Members of the group unanimously reported feeling more connected to each other, BD Giving, and the borough.

Create the conditions for trust.

To build trust BD Giving has adopted a stance of 'radical vulnerability', emphasising transparency in our processes and a willingness to show emotional openness with our partners. Providing space for decision makers to voice concerns ensured sustained engagement, even if they were dissatisfied with the final decisions.

Following a decision-making process, one member expressed concerns about the process itself. Their intention was not to alter the outcome but to ensure their feelings were acknowledged and respected. Their willingness to share these concerns and trust in our responsiveness indicates that we successfully created a supportive environment.

5.3 Learning about delivering participatory funding programmes

Clarity is integral to a participatory process.

We fluctuated between providing extensive information to the resident decision makers to help build confidence and pulling back when the group was comfortable leading. We didn't want them to feel pressured by our ambitions. However, we should have more regularly clarified that while BD Giving had its own goals, the GROW Fund's purpose was to reflect the triumphs and challenges of the decision-makers and grantees.



BD Giving should be more visible in the business development programme.

Due to resourcing and a desire to avoid micromanaging our delivery partner or the grantees, we stepped back during the programme. By the midpoint, it became clear that the grantees needed more emotional support and reassurance that the delivery partner was invested in their work. We took corrective steps and attended the remaining sessions alongside our delivery partner - adding an extra level of continuity and support for the grantees.

Wraparound support is critical for business growth.

Despite the GROW Fund meeting a widespread need for unrestricted funding in the borough, most grantees struggled to spend the money. At the midpoint review, when organisations had received £17,500, they had only spent about £8,000 on average. Several factors contributed to this, including businesses being unaccustomed to unrestricted funding, nervousness about spending in case better opportunities arose, and external issues like hiring challenges and failed lease agreements. While we support business independence, we never want grantees to feel uncertain about spending decisions. We can improve by offering a more extensive roster of mentors, referral opportunities, and rely on friends in the sector to help grantees navigate challenges.

It's clear grantees benefited from the resources they were given with seven of the ten businesses considering some form of investment by the end of the business development programme. We anticipated that at least one grantee would reach this point, but with three grantees reaching this point, we've validated that our general approach was effective.

6. What's next?

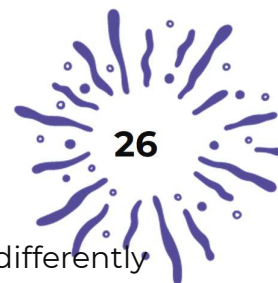
6.1 Recurring cycles of the GROW Fund

The GROW Fund pilot made clear there is appetite in Barking and Dagenham for this type of funding and for resident participation in decisions about this type of fund. We intend to continue offering an annual cycle of business development programmes; blended finance options; and, attracting more social investors to our borough under the banner of the GROW Fund.

The GROW Fund promotes the ideals of a circular and localised economy to boost local hiring, procurement, and ambition. We want to work towards more of this in future iterations of the Fund.

We'll continue the democratisation of money by digging deeper into what a place-based and community-led social enterprise market can look like.





To do this, we need partners that are willing to commit working differently in the short term and strengthening a community for the long term

We have attracted a diverse range of applicants, particularly those underrepresented in usual social investment portfolios — something many other funders struggle to do. Partners can learn from our approach to community engagement and how we've navigated participation within investment decisions. Through this work, partners catalyse an interest in and understanding of social investment, leading to more Barking and Dagenham organisations entering their own investment pipelines.

6.2 A loan product for small, private businesses

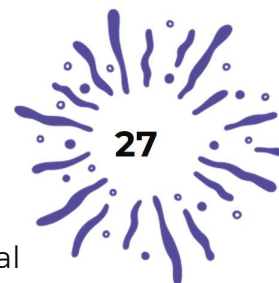
Despite comprising a third of the applicants and delivering a great deal of local impact, not a single for-profit business was awarded a grant from the GROW Fund. We've reflected on how to better serve these businesses, typically excluded from social investment and too small to access fair-rate capital from mainstream lenders.

We conducted a feasibility study on the borough's interest in accessing fair and patient capital, especially for small, private businesses contributing social value without it being their primary focus. We are actively fundraising to make this product available by the end of 2024.

6.3 Keeping our community at the helm

The decision-making group was created to put residents at the heart of our new investment fund and guide us through uncharted waters. With their help, we're now on the right path, and as confidence has grown, our needs have evolved. We'll recruit a new group of residents to hold BD Giving accountable for our investments.

We developed a participatory toolkit, co-designed with the initial resident group from September 2023 to May 2024, to enable anyone in the



borough to understand our investment journey and explore social investments.

This new stewarding group will be part of our participatory network, which includes the residents we've engaged since our inception. We'll provide ongoing opportunities for decision-making through a new digital platform that increases resident access to our participatory work.

7. Conclusions and recommendations

The GROW Fund is our most ambitious grantmaking project to date. It involved creating a brand-new product for an untested and uncertain market while trying to hold community decision-making at the centre of the process.

Our experience over the last 18 months makes us confident about the following recommendations for colleagues across the funding landscape.

7.1 Make people-centred processes

It's often assumed that people from deprived communities don't apply for funding due to a lack of awareness, but our experience shows that organisations are aware—they just don't see themselves reflected in the opportunity. Often, this is because they lack the support, knowledge, and time that wealthier communities have.

Without support and a clear entry point in your application process, what will change?

Solutions like anonymised applications show mixed results, as subtle indicators in language and tone still reveal biases. Funders must meet people where they are, both literally and figuratively.



The GROW Fund successfully reached an underrepresented population, with 70% of applicants and recipients from black and ethnic minority communities who often lack equitable access to capital. This was achieved not by explicitly targeting these communities, but by involving their members in shaping the language and promoting the Fund within networks we couldn't reach directly.

When a message resonates as something from within the community, rather than from a funder or investor, it is more effectively received.

We believe these are some of the tactics that help make a funding process accessible to people in communities like Barking and Dagenham:

- Use straightforward language and explain jargon/complex words when certain terms can't be avoided.
- Test communication with people from the communities you want to reach.
- Create governance structures that enable and mitigate risk rather than inhibit it.
- Recognise that founders' and entrepreneurs' time is valuable so aim to work around them – have meetings in the evening, at weekends, or at a place that is convenient for them.
- Pay people for engagement; or, offer food, travel reimbursements, and childcare if unable to make direct payments.

We'll continue to use inclusive language and stories in our marketing materials about the Fund. It's not enough to post an opportunity and assume the right people will find it. We will actively seek community referrals and experiment with audio, video, and visual content to draw people into the written application. Our goal is to create shareable content that resonates with the community, helping local business owners and entrepreneurs see that the GROW Fund is for them.

7.2 Change the narrative around investment

From the earliest days of working with a community steering group to design an investment policy, to researching appropriate terms for GROW Fund loans, and throughout the business development programme, we heard about people's fears of debt. Terms like "scary" and "shameful" were commonly used, reflecting a widespread aversion to debt in the borough. This contrasts sharply with how wealthy individuals often leverage debt to spend money and avoid taxes, indicating that those in power do not share this fear. The negative narrative around debt has prevented people in Barking and Dagenham from accessing the resources needed for growth and innovation. Fear of loans has kept many organisations reliant on grants or in precarious financial positions with family and friends. Access to loans with fair terms could have resolved many issues for these businesses.

Some of the steps that should be taken to breakdown preconceived notions about loans, and to arrive at loan terms that are fair for both the lender and the borrower, include:

- Provide education around financial instruments, asking people what questions they would like to have answered.
- Fund programmes around financial literacy, either separately or alongside investment programmes.
- Resource local organisations to host spaces in communities for open and vulnerable conversations about money.
- Create a sense of community among borrowers.

With the GROW Fund we aim to transform our community's relationship with debt by putting residents in a stewardship role over the community's money. We've designed our loan process with simple language, minimal paperwork, and co-designed terms to give borrowers a sense of ownership over the Fund. This helps them understand how their loan is managed, flows through their business, and can potentially return to the community to help others. We believe this stewardship mentality can encourage more people to access available resources.

The GROW Fund was the most ambitious grantmaking project that BD Giving has taken on to date. It involved creating a brand-new product for an untested and uncertain market while trying to hold community decision-making at the centre of the process.

Creating a new social investment landscape in Barking and Dagenham is a generational piece of work, one that had to start somewhere. The GROW Fund was a solid first step towards building that market.

We hope others share our confidence in future cycles of the GROW Fund. Join us on this journey—there's so much to learn.



The logo for Barking & Dagenham Giving features a white rectangular box containing the text "Barking & Dagenham" in a sans-serif font, with "Giving" in a bold sans-serif font below it. To the right of the box is a white stylized map of the Barking and Dagenham borough.

Barking & Dagenham
Giving

Barking and Dagenham Giving was set up in 2020 to give local people more opportunities to participate in decision-making.

The people of Barking and Dagenham are at the heart of everything we do. Uniquely, all our funding and investment decisions are made by residents to achieve social good in one of the most deprived boroughs in England.

Our aim is for Barking and Dagenham to become a hot spot for social sector funding and investment in the next three years. We want to attract £5 million of additional investment to address the systemic issues that matter most to our local community.

We're in it for the long haul - and we're hopeful about the future in Barking and Dagenham. Local people have the appetite to improve the borough and our community-led grantmaking and social investment can accelerate their efforts.



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