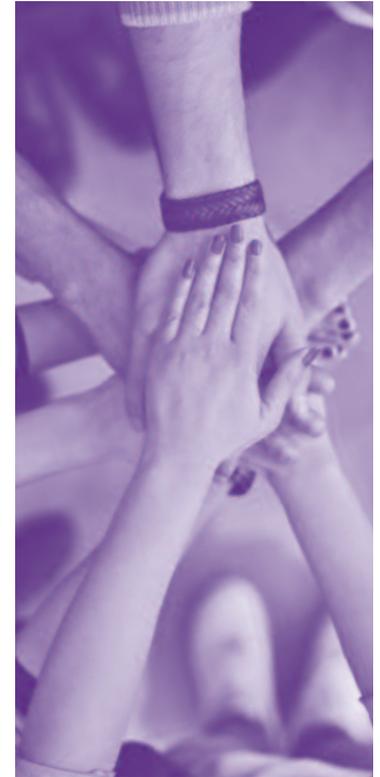

Social Value: A Reporting Framework for Community Finance

2015



Citi Foundation



cdfa



About this Report

This Report was prepared by the Centre for Business in Society (CBIS) at Coventry University with support from Fraser Battye at ICF Consulting. It was commissioned by the Community Development Finance Association (CDFA) and supported by Citi Foundation.

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About the CDFA

The Community Development Finance Association (CDFA) is the voice for providers of fair and affordable finance. We represent and support a national network of community development finance institutions or CDFIs. Our mission is to support the development of a thriving and sustainable CDFI sector that provides finance for disadvantaged and underserved communities, bringing wealth, well-being and economic prosperity to these areas. We provide support, funding and networking services to CDFIs, raise their profile with government and investors, and seek to create a positive environment for their continued growth and success.

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About Citi Foundation

The Citi Foundation works to promote economic progress and improve the lives of people in low-income communities around the world. We invest in efforts that increase financial inclusion, catalyse job opportunities for youth, and reimagine approaches to building economically vibrant cities. The Citi Foundation's "More than Philanthropy" approach leverages the enormous expertise of Citi and its people to fulfil our mission and drive thought leadership and innovation.

www.citifoundation.com

May 2015

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1 Introduction

1.1 Demonstrating the impact and value of community finance

Community finance delivers innovative financial products for businesses, social ventures, individuals and households unable to access finance from mainstream providers.

The Community Development Finance Association (CDFA) and its membership are strongly committed to expanding the impact of such 'fair finance' in the economy and society. Recent publications have set out the scale of the sector and its achievements¹, the scale of the challenge still ahead², and a manifesto of the steps required in meeting that challenge³.

It is recognised by the CDFA that in supporting expansion of the sector, a key requirement remains comprehensive and robust reporting of the economic and social impacts and value of community finance. This will facilitate building of a new brand and marketing proposition to funders, investors and the broader stakeholder community to provide a strong and coherent message on the benefits and value of community finance.

With the support of Citi Foundation⁴, the CDFA has commissioned a programme of activity to build the capability, capacity and consistency of community finance providers in reporting their impact and value, including the recent publication and roll-out of an Economic Impact Tool and associated

Calculator⁵. This project builds on Inside Community Finance and the Economic Impact Tool to further develop the ability of community finance providers to report and demonstrate their value through the creation of a 'social value framework'; **a reporting framework that sets out the range of 'value propositions' recognised and delivered to the variety of stakeholders of community finance**⁶.

Drawing on current data collection practices, and seeking to provide simplicity of adoption for practitioners, the Social Value Framework facilitates the telling of a set of 'social value stories' about community finance. The Social Value Framework supports the ability to 'tell, evidence and report' in a common and transparent manner that imparts strong, consistent and coherent key messages to the stakeholder community of community finance.

The project continues the development of frameworks available to the sector to demonstrate their value as a cornerstone of the financial services industry, and their contribution to economic growth, community development and consumer empowerment.

¹ CDFA (2014) Inside Community Finance: The CDFI Industry in the UK 2014, <http://www.cdfa.org.uk/about-cdfis/icf/>

² Henry, N and Craig, P. (2013) Mind the Finance Gap – Evidencing Demand for Community Finance: A Report for CDFA, supported by RBS, <http://www.cdfa.org.uk/policy/publications/mindthefinancegap/>

³ See <http://www.cdfa.org.uk/policy/justfinance/>; see, also, <http://socialimpactinvestment.org/>

⁴ <http://www.citibank.com/citi/foundation/who/>

⁵ <http://www.cdfa.org.uk/2014/10/20/measuring-impact/>

⁶ Report authors: Nick Henry and David Jarvis of Coventry University and Fraser Battye of ICF Consulting.

1.2 What is social value and how do you measure it?

“Over the last few decades, many people have attempted to measure what is sometimes called social, public, or civic value—that is, the value that nongovernmental organizations (NGOs), social enterprises, social ventures, and social programs create. The demand for these metrics has come from all sectors: foundations want to direct their grants to the most effective programs; public officials, policymakers, and government budget offices have to account for their spending decisions; investors want hard data analogous to measures of profit; and nonprofits need to demonstrate their impact to funders, partners, and beneficiaries. Metrics to meet these needs have proliferated over the last 40 years, resulting in hundreds of competing methods for calculating social value.”

Mulgan, G. (2010) Measuring Social Value;
http://www.ssireview.org/articles/entry/measuring_social_value/

Over time, these ‘competing methods for calculating social value’ have coalesced under the emergence of ‘modern social accounting’ (RSA, 1995)⁷ – taken at its simplest to be the collation and communication of data about an organisation's impacts upon different groups and constituencies within society⁸. However, a plethora of different labels have been employed in social accounting practice, including: social audit; social responsibility accounting; corporate social reporting; social return on investment; ethical statements; values report and social statement to name but some⁹.

⁷ Royal Society of Arts (1995) *An Inquiry into the Nature of Tomorrow's Company*, London

⁸ Grey, R., Collison, D. and Bebbington, J. (1997) ‘Environmental and Social Accounting & Reporting, The Centre for Social and Environmental Accounting Research, University of Dundee; https://www.st-andrews.ac.uk/media/csear/discussion-papers/CSEAR_dps-socenv-socacc.pdf

⁹ Grey, R., Dey, C., Owen, D., Evans, R. and Zadek, S. (1997) ‘Struggling with the praxis of social accounting: Stakeholders, accountability, audits and procedures’. *Accounting, Auditing & Accountability Journal*, 10(3): 325-364; <http://dx.doi.org/10.1108/09513579710178106>; New Economics Foundation

Yet this complex diversity of terms is misleading in the main as virtually all social accounting practices share a number of common principles and the basic challenge; namely, defining impacts, measuring and attributing them to particular activities, and valuing impacts (and the costs associated with generating them). Within this, some approaches draw more on the (positivist) tendency in economics as demonstrated in the Treasury’s ‘Green Book’¹⁰ whilst others reflect a more pluralist approach in determining impacts and their value¹¹.

Given the ethos, values and breadth of impacts of community finance, the more pluralist tradition of social accounting is adopted in this report. This approach incorporates a process of stakeholder dialogue which, in essence, seeks to provide each of the stakeholders in an organisation with a “voice” - and looks to identify how each stakeholder group is able to provide an opinion (an assessment) as to whether or not the organisation is achieving its aims and social values as they understand them. In this sense, the method recognises that some outcomes and impacts can only be described and reported through the multiple views and perceptions of particular stakeholders¹².

Social accounting here, then, is akin to telling an organisational story; building a ‘triangulated’ and/or ‘multi-perspective’ narrative using both quantitative and qualitative metrics of social value as recognised by stakeholders to document achievements, track social

(November 2000) *Corporate Spin*; http://www.neweconomics.org/page/-/files/Corporate_Spin.pdf

¹⁰

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

¹¹ For example, http://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf

¹² Pearce, J. and Kay, A. (2008) *Really telling accounts! Report on a social accounting and audit research project*; <http://www.nr-foundation.org.uk/wp-content/uploads/2011/08/ReallyTellingAccounts.pdf>;

impact, and potentially identify where improvements can be made (in relation to stakeholder expectations).

1.3 Project aims and methodology

The project aim is to provide a common framework for CDFIs to build and report 'stories of social value', and provide a further basis for the sector to tell its 'story' on a joint and consistent basis as part of the on-going process of building a strong and coherent message.

Expanding from the CDFA Economic Impact Tool, and utilising a similar set of impacts, the framework details the range of stakeholder perspectives on the 'value propositions' of community finance, including the means through which that value is expected to be understood and reported. The methodology entailed:

- Confirming the values, aims and objectives of community finance;
- Providing a stakeholder map for community finance;
- Generating stakeholder statements of the value and benefits of community finance; and,
- Creating a framework by which community finance organisations can report on, and assess their development of, economic and social value across the stakeholder community ('a social value framework').

2 Building the CDFA Social Value Framework

2.1 Recognising key principles

Whilst subtle variations in language are apparent between the various social accounting toolkits, generally a set of key underlying principles can be traced. These principles form a series of steps which together comprise the social accounting process, and enable organisations to build in accountability through engagement with their key stakeholders¹³.

Table 2.1 Proving and Improving: Key principles of social accounting

1	Clarify Purpose
2	Define Scope
3	Engage Stakeholders
4	Determine Materiality
5	Make Comparisons (benchmarking)
6	Be Transparent

7	Verify Accounts
8	Embed the process

Source: <http://www.proveandimprove.org/tools/socialaccounting.php>

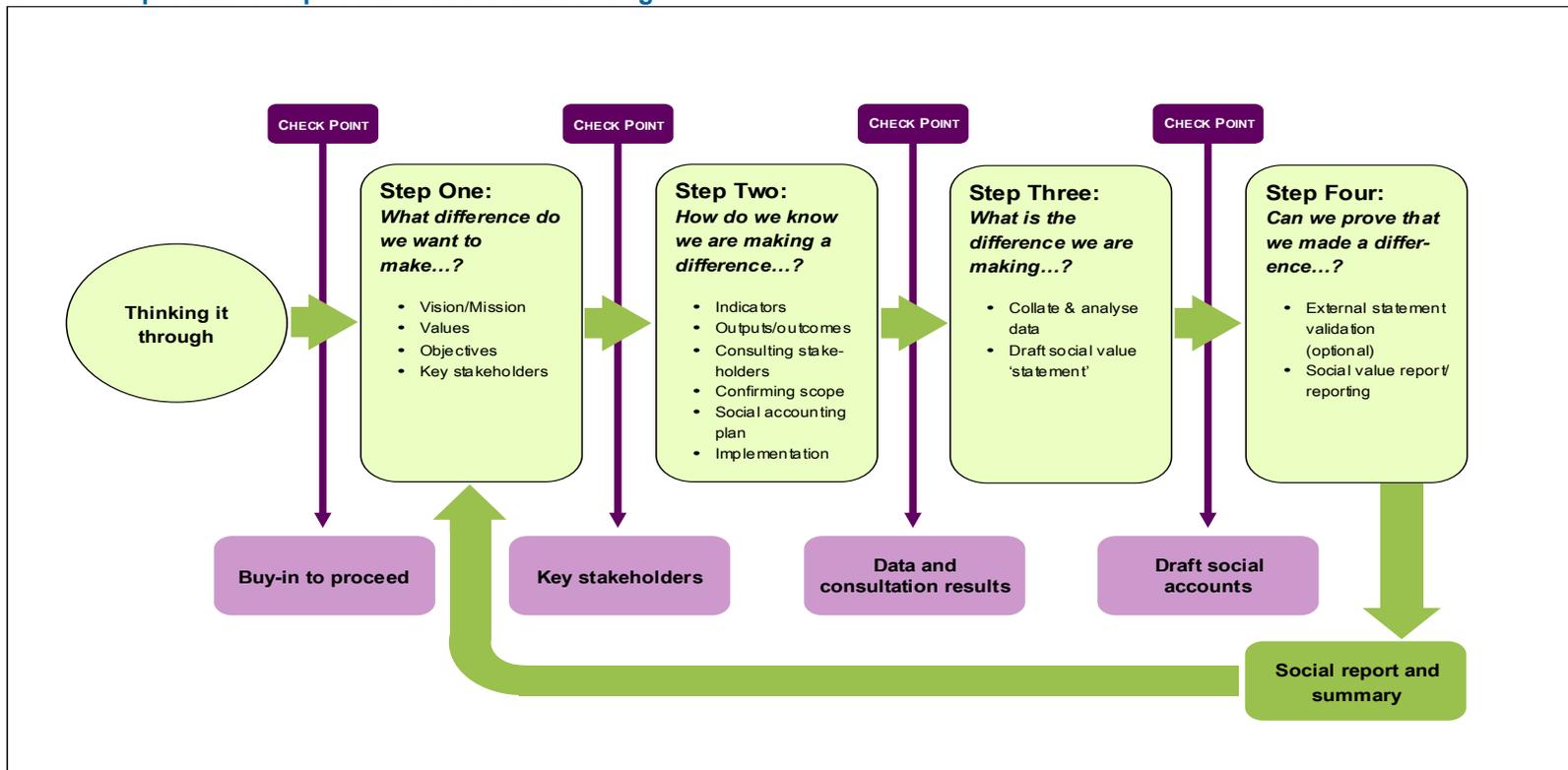
¹³ See, for example: Cameron, J., Gardner, C. and Veenhuizen, J. (July 2010) Social accounting: A practical guide for small community organisations and enterprises. Centre for Urban and Regional Studies, The University of Newcastle, Australia; http://www.communityeconomies.org/site/assets/media/Jenny_Cameron/Social_Accounting_Manual_Version_2_July_2010.pdf; Meldrum, B., Read, P. and Harrison, C. (Undated) A Guide to Measuring Social Impact; http://www.illuminateict.org.uk/sites/www.illuminateict.org.uk/files/a_guide_to_measuring_social_impact_v2.pdf; <http://www.proveandimprove.org/tools/socialaccounting.php>; <http://www.socialauditnetwork.org.uk/getting-started/what-is-social-accounting-and-audit/prove-improve-account-new-guide-to-social-accounting-and-audit/>

2.2 From principles to process

The principles identified in Table 2.1 can be clustered into a series of broad phases in the process of measuring and reporting social value (Figure 2.1). The first phase - **‘what difference do we (want to) make...’** - concerns the clarification of an organisation’s activities and underpinning values. It also maps and engages key stakeholders whose perspectives will be central to the ‘accounting’ of social impacts. In the second phase - **‘how do we know we are making a difference...’** -

organisations determine the ‘scope’ or focus of the social accounts. This includes engaging with stakeholders, developing and confirming expected outputs and outcomes and identifying the appropriate metrics and indicators which can demonstrate the difference that is being made. Through analysis of data collected based on the assessment framework devised in the second phase, the third phase considers the question **‘what is the difference we are making...’**. The final phase comprises the drafting, external validation and publication of a statement of social value

Figure 2.1 The process and phases of social accounting



Source: Adapted from http://www.socialauditnetwork.org.uk/files/cache/9bab2baf0cf4d1acaa9b8b61870e6308_f51.jpg

The above principles and phases highlight that effective reporting of social value is a process that: considers the perspectives of people and groups important to an organisation; that is inclusive of all activities of an organisation; enables comparison with other organisations addressing similar issues; is updatable; is subject to external scrutiny; and is communicated to others both within and without the organisation.

2.3 Social value and the stakeholders of community finance

The Social Value Framework presented here helps community finance organisations to report social value by framing common understandings ('value propositions') of the range of social values generated by the sector.

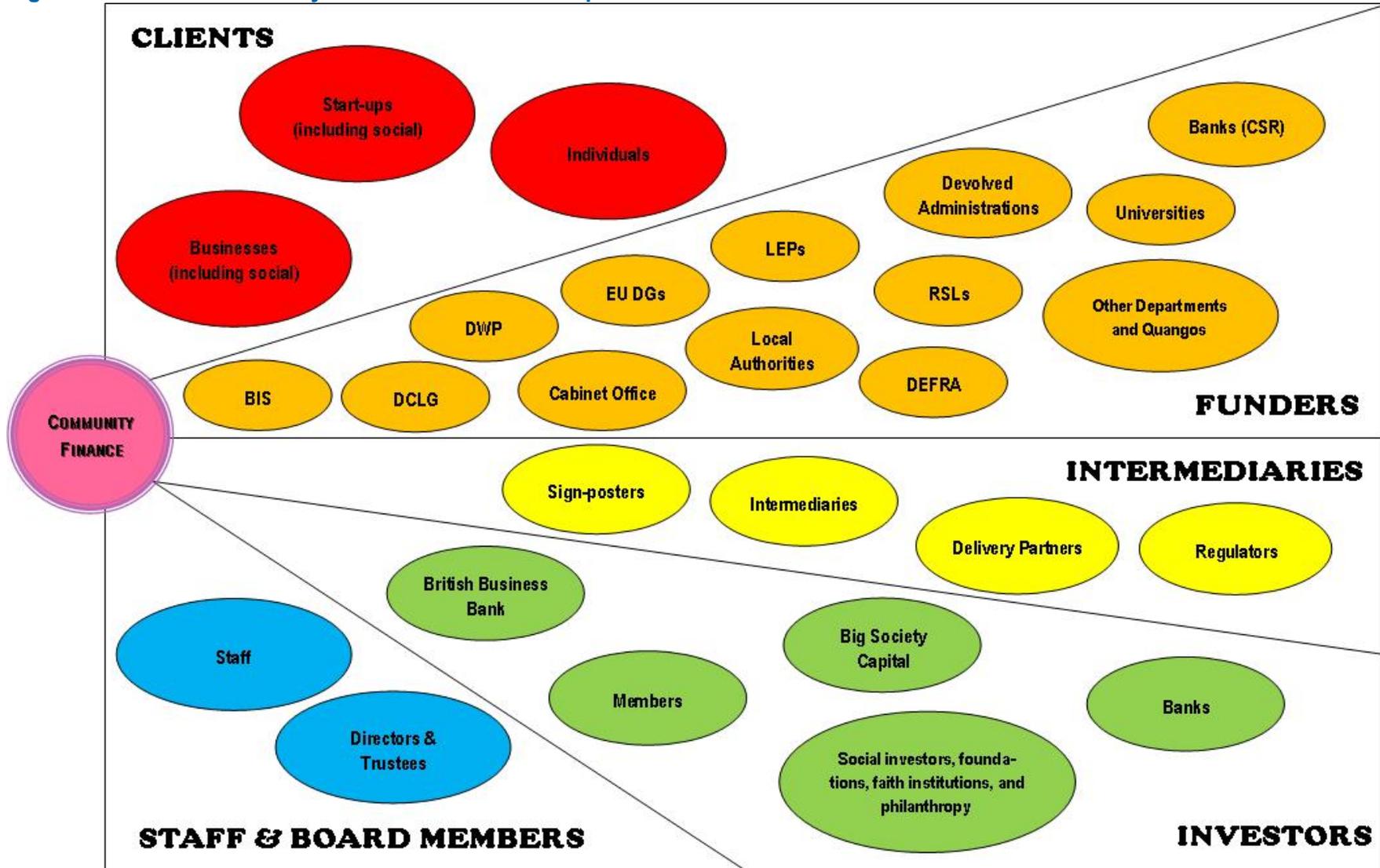
In previous work undertaken in the development of the CDFA Economic Impact Tool a series of logic models were developed with sector Impact Champions which describe the aims, core outcomes and range of economic and social impacts generated by the activities of community finance¹⁴.

These logic models have been used in the Social Value Framework as the basis for applying the initial key social accounting principles of 'clarifying purpose' and 'defining scope' at sector level (see Table 2.1 above). This process includes identifying and mapping the key stakeholders of community finance – a not inconsiderable process (see Figure 2.2 below)

¹⁴ <http://www.cdfa.org.uk/wp-content/uploads/2014/10/CDFI-Economic-Impact-Tool-Report-Sept14.pdf> Annex 1

2.3.1 The stakeholder community of community finance

Figure 2.2 Community finance stakeholder map



2.4 The CDFA Social Value Framework

The Social Value Framework draws on the key principles of social accounting, and the stakeholder map (Figure 2.2 above):

The Social Value Framework (Table 2.2 overleaf):

- acknowledges the presence of different stakeholder groups – from clients through funders, investors and intermediaries to staff;
- articulates the social value generated by community finance *as the stakeholder groups might see it*; and,
- suggests possible indicators and/ or evidence that could be used to assess the extent to which these value statements are realised in practice.

Looking at the Framework, Blue Rows are broad Stakeholder Groups (for example, Clients and Funders) and Lilac rows are individual stakeholders within these Groups (for example, Individuals under Clients and BIS, DWP or Devolved Administrations under Funders). Taking each individual stakeholder in turn, reading across the Row provides the value proposition, proposed indicator(s) and suggested source of your evidence.

The framework has identified such indicators in a pragmatic manner such that, in the majority of cases, a qualitative statement of value can be supported by a quantitative indicator drawn from standard loan application information and portfolio data (MIS).

Overall, based on the generally agreed common activities, impacts and social values generated by community finance, the framework aims to provide an overview of the range of value propositions and associated evidence that stakeholders state they would expect from a transparent community finance sector attuned to good practice monitoring and reporting of social value.

Table 2.2 Common reporting of the social value of community finance: Value propositions

We know we are creating social value for our CLIENTS, because...			
...start-ups (including social) say that...	Possible Indicator(s)	Sources of evidence	Economic Impact Tool Value?
<i>I could not have accessed this funding otherwise</i>	No. of loans made to start-ups	MIS (Management Information System, including loan application)	Yes
<i>Your advice and support has improved my business skills</i>	% of clients agreeing with statement	Client survey	Yes
<i>You have allowed me to fulfil my ambition to start up a business</i>	Clients describe positive changes in their lives from 'becoming their own boss'	Client case studies	-
...existing businesses say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>I could not have accessed this funding otherwise</i>	No. of loans made to existing SMEs	MIS*	-
<i>Your advice and support has improved our business skills</i>	% of clients agreeing with statement	Client survey	Yes
<i>You have enabled our business to survive / grow</i>	No. of loans made to existing SMEs Annual turnover growth No. of jobs created/saved Amount of investment leveraged Clients describe the impact of the business loan	MIS* Client survey Client case studies	Yes. Of jobs saved or created through the loan
...social enterprises say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>You have enabled our social enterprise to survive / grow</i>	No. of loans made to existing social enterprises Annual turnover growth No. of jobs created/saved Amount of investment leveraged	MIS* Client survey	Yes
<i>Your advice and support has improved our business skills</i>	% of clients agreeing with statement	Client survey	Yes
<i>You have enabled our social enterprise to deliver its social outcomes and value</i>	Clients describe the impact of the business loan on the delivery of their social outcomes	Client case studies	-
...individuals say that...	Possible Indicator(s)	Sources of evidence	EIT Value?

<i>You provided access to more affordable borrowing</i>	No. of loans made to individuals	MIS*	Of like-for-like savings
<i>You provided access to fairer borrowing</i>	% of clients agreeing with statement	Client survey	-
<i>Your advice improved my ability to manage money</i>	% of clients agreeing with statement	Client survey	Yes
<i>In the future I am now very unlikely to use 'payday lenders'</i>	% of clients agreeing with statement	Client survey	-
<i>You have helped me to take more control of my life</i>	% of clients agreeing with statement	Client survey	-
<i>You have reduced the current burden of debt on my life</i>	Clients describe the impact of the loan on their financial situation, living conditions and lifestyle	Client case studies	-
<i>You have allowed me to make my house safe and secure</i>	No. of loans made (possibly) % of clients agreeing with statement	MIS* (possibly) Client survey	Yes if home brought up to Decent Homes standard
<i>You have enabled me to continue living in my own home</i>	% of clients agreeing with statement	Client survey	Yes
<i>You have supported my continued ability to have independence and control over my living conditions</i>	Clients describe the impact of the loan on their living conditions and lifestyle	Client case studies	-

We know we are creating social value for our FUNDERS, because...

<i>...Banks engaged in corporate social responsibility say that...</i>	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>We are a trusted partner that supports the delivery of their corporate social responsibility objectives</i>	No. of bank CSR investments in organisation Value of bank CSR investments in organisation Name checks in bank publicity material	Annual Report Bank publicity material	Potentially, delivering impacts in line with bank CSR objectives
<i>...BIS (and economic development units) say that...</i>	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>We are making it easier to set up a business in the UK</i>	No. of loans made to start-ups Value of loans made to start-ups No. of start-up businesses assisted Amount of investment leveraged	MIS*	Yes
<i>We are making it easier to grow a business in the UK</i>	No. of loans made to existing SMEs which increase turnover	MIS* Client survey	Yes, for SMEs increasing employment

	Value of loans made to existing SMEs which increase turnover No. of loans made to existing SMEs which increase employment Value of loans made to existing SMEs which increase employment Amount of investment leveraged No. of existing businesses assisted		
<i>We are supporting economic opportunity for all</i>	No. of loans made to entrepreneurs and SMEs from under-represented groups / disadvantaged areas No. of businesses assisted from under-represented groups / disadvantaged areas Clients describe the impact of the business loan	MIS* Client case studies	Yes, can be generated from EIT as a sub-set of loans delivered
<i>We are increasing the supply and diversity of funding for SMEs</i>	No. of debt-based loans made to all businesses Value of debt-based loans made to all businesses Value range of debt-based loans made Average size of debt-based loans made Clients describe the impact of the business loan	MIS* Client case studies	-
... Cabinet Office (and social economy units) say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>We are making it easier for social enterprises to access finance (and grow)</i>	No. of loans made to social enterprises Value of loans made to social enterprises Amount of investment leveraged No. of jobs created Annual turnover growth	MIS* Client survey	Yes
<i>We are growing the social investment market</i>	No. of loans made to social enterprises Value of loans made to social enterprises Amount of investment leveraged	MIS*	-

	No. of social enterprises assisted No. of social enterprises accessing social investment for first time	Client survey	
<i>We are supporting long term solutions to difficult social problems (especially in deprived areas)</i>	No. of loans made to social enterprises (in deprived areas) Value of loans made to social enterprises (in deprived areas) Amount of investment leveraged (in deprived areas) Clients describe the impact of the business loan on their delivery of social outcomes	MIS* Client case studies	-
<i>We are building a better civil society</i>	Clients describe the impact of the business loan on their delivery of civil society social outcomes	Client case studies	
...DCLG say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>We are enabling communities to invest financially in themselves</i>	No. of loans to community enterprises Value of loans to community enterprises Amount of investment leveraged No. of community enterprises assisted Examples of enterprises assisted	MIS* Client case studies	-
<i>We are supporting social action in communities – to drive local regeneration and community development</i>	No. of loans to community enterprises Value of loans to community enterprises Amount of investment leveraged No. of community enterprises assisted Clients describe the impact of the business loan on their social action	MIS* Client case studies	-
<i>We are building stronger, more cohesive and inclusive communities</i>	Clients describe the impact of the business loan on their delivery of social outcomes	Client case studies	-
...DEFRA say that...	Possible Indicator(s)	Sources of evidence	EIT Value?

<i>We are strengthening economic growth in rural areas</i> (See, also, contribution to Rural Development Programme)	In rural areas ¹⁵ : - No. of loans made to start-ups - Value of loans made to start-ups - No. of start-up businesses assisted - Amount of investment leveraged - No. of loans made to existing SMEs which increase turnover - Value of loans made to existing SMEs which increase turnover - No. of loans made to existing SMEs which increase employment - Value of loans made to existing SMEs which increase employment - Amount of investment leveraged - No. of existing businesses assisted Clients describe the impact of the business loan	MIS* Client survey Client case studies	Yes (if rural area outputs identified)
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It should be noted, also, that all government policy is ‘rural proofed’ to ensure no disadvantage to rural communities. There is, then, additional merit where community finance is seen to be delivering a range of policy outcomes in rural areas.

...DWP say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>We are helping to tackle (entrenched) worklessness</i>	No. of business loans to workless individuals	MIS*	Yes
<i>We are helping to create improved outcomes for ex-offenders</i>	No. of business and/or personal loans to ex-offenders	MIS*	-
<i>We are helping to build a thriving social investment market</i>	No. of loans made to social enterprises Value of loans made to social enterprises Amount of investment leveraged No. of social enterprises accessing social investment for first time	MIS*	Yes
<i>We are improving social justice</i>	Clients (individuals and enterprises) describe the impact of the loan on social justice outcomes ¹⁶	Client case studies	-

¹⁵ See <https://www.gov.uk/government/collections/rural-urban-definition> for typology of rural areas

<i>We are increasing access to affordable credit</i>	No. of loans made to individuals	MIS*	Of like-for-like savings
<i>We are tackling problem debt</i>	No. of individuals receiving money management advice No. of hours of money management advice provided No. of clients stating ‘Your advice improved my ability to manage money’ No. of clients stating ‘In the future I am now very unlikely to use ‘payday lenders’ Examples of clients demonstrating how ‘You have reduced the current burden of debt on my life’	MIS* Client survey (see Clients section above) Client case studies (see Clients section above)	Yes

...Devolved Administrations...

The previous sections have reviewed the policy domains of a number of key Government Departments concerning community finance, drawing from the Departments’ strategies and policy statements to identify the key metrics and indicators that comprise the policy evidence base.

The extent to which these strategies and policies encompass the UK and/or have equivalents in the Devolved Administrations varies by policy domain, including strength of commitment. In most cases, however, policy domains or themes are similar and highly relevant and, likewise, the evidence base for delivering social value is similar also.

In most cases, therefore, material pertaining to particular policy outcomes as outlined above (and below) can be easily adapted to the specific contexts of the Devolved Administrations.

Sources of evidence

<http://www.northernireland.gov.uk/>
<https://www.gov.uk/government/organisations/northern-ireland-office>
<http://www.scotland.gov.uk/>
<https://www.gov.uk/government/organisations/scotland-office>
<http://wales.gov.uk/?lang=en>
<https://www.gov.uk/government/organisations/wales-office>

...European Commission Directorates-Generals...

The European Commission is divided in to departments (or Directorates-Generals) which equate to a policy area, such as Agriculture and Rural Development (DG AGRI), Employment, Social Affairs and Inclusion (DG EMPL) or Urban and Regional Policy (DG REGIO).

Community finance organisations are aware of previous European programme funding such as ERDF/ESF channelled through UK governance systems. Programmes for the period 2014 – 2020 have now been adopted (see http://ec.europa.eu/budget/mff/programmes/index_en.cfm) and will be implemented both through the DGs and territorial governance systems such as Devolved Administrations and LEPs. The core

Sources of evidence

http://ec.europa.eu/about/ds_en.htm.
http://ec.europa.eu/budget/mff/programmes/index_en.cfm)

¹⁶ See <https://www.gov.uk/government/publications/social-justice-outcomes-framework>;
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324103/Child_poverty_strategy.pdf

EU agenda of 'inclusive growth' implies that many European initiatives will be of strong relevance to community finance. Under EU procedures, monitoring systems are clearly stated but, usefully, are likely to closely mirror the metrics and indicators of social value contained throughout this table.

...Local Authorities...	Sources of evidence	EIT Value?
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As with central government, each Local Authority will have a strategic framework and set of policies. These will, however, follow common themes to which community finance as outlined above clearly contributes. For example:

- *Business*: entrepreneurship, SMEs, social enterprise, priority sectors, employment (and skills);
- *Community*: financial literacy, poverty, inclusion, well-being, civic engagement, social innovation;
- *Place*: infrastructure, housing, transport, sustainability, public space, regeneration

Community finance providers should be able to identify key local policies and utilise the social value framework to provide 'locally attuned' evidence and reporting of social value

...Local Enterprise Partnerships...	Sources of evidence	EIT Value?
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Each Local Enterprise Partnership has an economic development strategy and set of associated policies. All include entrepreneurship, employability and access to finance; social enterprise; and inclusive growth. These themes are replicated for EU programme money which is being managed through LEP activity.

Strategies, Key Policy Documents, LEP Chair Policy Statements

Various

Community finance providers should be able to identify key LEP strategies (downloadable from their websites) and utilise the social value framework to provide 'locally attuned' evidence and reporting of social value against key themes.

...Registered Social Landlords say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
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We are supporting residents to set up a business

No. of loans made to resident start-ups
 Value of loans made to resident start-ups
 No. of resident start-up businesses assisted
 Amount of investment leveraged
 Resident clients describe the impact of the business loan

MIS*

Client case studies

Yes

...Universities say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
------------------------------------	------------------------------	----------------------------	-------------------

We are supporting students' employability and enterprise

No. of student volunteers/ placements/

MIS*

Yes, for advice and loans

internships
 No. of loans made to student start-ups
 Value of loans made to student start-ups
 No. of student start-up businesses assisted
 Amount of investment leveraged
 Student clients describe the impact of the placement or business loan

Client case studies

We know we are creating social value for our INVESTORS, because...

...Banks say that...

You provide an investment opportunity that meets our business objectives

Possible Indicator(s)

No. of bank investments
 Value of bank investments

Sources of evidence

Annual Report

EIT Value?

-

...Big Society Capital says that...

We provide appropriate and affordable finance to charities and social enterprises

Possible Indicator(s)

No. of loans made to charities and social enterprises
 Value of loans made to charities and social enterprises

Sources of evidence

MIS*

EIT Value?

Yes

We are contributing to the growth of a vibrant, diverse and sustainable social investment market

No. of loans made to charities and social enterprises
 Value of loans made to charities and social enterprises
 Amount of investment leveraged
 No. of charities and social enterprises assisted
 No. of charities and social enterprises accessing social investment for first time
 Range of social mission of investees
 Clients describe the impact of the business loan

MIS*

Client case studies

-

...British Business Bank says that...

We are increasing the supply and diversity of funding for SMEs

Possible Indicator(s)

Value and volume of debt-based loans

Sources of evidence

MIS*

EIT Value?

-

made to all businesses
 Average size of debt-based loans made
 Clients describe the ability to access finance

Client case studies

...Members say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>I value my membership as a means to support the organisation to deliver its social mission</i>	% of members strongly agreeing with statement	Member survey	-

...Social investors/ foundations / faith institutions/ philanthropists say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
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<i>We are a professional and trusted partner</i>	No. of social investments in organisation Value of social investments in organisation Public endorsements by investor Service awards	MIS* Partnership literature	-
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<i>Through innovative business models, we are helping to... build/enable/tackle/improve/overcome ...across a range of economic, environmental and social issues (select from elsewhere in the social value framework).</i>	'Return on investment (ROI)'. Specific outputs and outcomes achieved in relation to investment. The simple <i>provision</i> of a statement of outputs and outcomes 'bought' by an investment – and so meeting investor objectives - will often suffice as part of investor dialogue	MIS* Client survey Client case studies	Various available
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We know we are creating social value for our STAFF and BOARD, because...

...Directors and Trustees say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>Board membership in support of delivery of the organisation's social mission is a rewarding role</i>	% of Directors and Trustees strongly agreeing with statement	Director/Trustee survey	-
...Staff say that...	Possible Indicator(s)	Sources of evidence	EIT Value?

<i>They value the work we do and how it helps to improve people's lives</i>	% of staff strongly agreeing with statement	Staff survey	-
<i>We provide an enjoyable, rewarding and professional working environment within which to deliver the organisation's social mission</i>	% of staff strongly agreeing with (the different elements of the) statement	Staff survey	-

We know we are creating social value for our INTERMEDIARIES, because...

...Delivery Partners say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>We are a trusted partner to work with/for, that supports the delivery of their organisational objectives</i>	Length of partnership No. of delivery contracts agreed over time Value of delivery contracts agreed over time Name checks in delivery partner publicity material	Annual Reports MIS* Delivery partner publicity material	Potentially, delivering impacts in line with Delivery Partner objectives
...Intermediaries say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>You offer a solution for my clients</i>	No. of loans made to referred clients	MIS*	Yes, can be generated from EIT as a sub-set of loans delivered
...Regulators say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>You provide consumers with a set of appropriate products and services that they can trust</i>	Authorisation / registration / etc. notice / certificate	Annual Report	-
...Signposters say that...	Possible Indicator(s)	Sources of evidence	EIT Value?
<i>You offer a potential solution for our markets and customers</i>	No. of referred enquiries dealt with	MIS*	-

NB. * MIS (Management Information Systems, including original loan application data)

3 How to Use the Social Value Framework

3.1 Using the Social Value Framework

- 1) **The starting point is the Community Finance Stakeholder Map or, more precisely, creation of your organisation's Stakeholder Map using Figure 2.2.**

You may even wish to draw your own Stakeholder Map incorporating, for example, the actual name of your local authorities, devolved administration policy unit or social investor¹⁷.

Your stakeholder map may be smaller or broader than that provided; if it is broader, it is advised to note or (colour) code those who are not covered by the existing Map (and, therefore, the Social Value Framework).

The aim is that where your Stakeholder Map mirrors those stakeholder groups mapped in Figure 2.2 above then the value proposition you should be looking to evidence and report is taken from the Social Value Framework – supporting a coherent message by the sector to individual stakeholders or stakeholder groups.

- 2) **Once you have a map (or list) of your stakeholders you should move to the Social Value Framework itself (Table 2.2) – and identify each of your stakeholders in the coloured rows.**

Blue rows are broad Stakeholder Groups (for example, Clients and Funders) and Lilac rows are individual stakeholders within these Groups (for example, Individuals under Clients; and BIS, DWP or Devolved Administrations

under Funders). Again, you may wish to construct your own table reflecting your unique Stakeholder Map¹⁸.

- 3) **Taking each individual stakeholder in turn, reading across the row provides the value proposition, proposed indicator(s) and suggested source of your evidence.**

In the majority of cases, a qualitative statement of value can be supported by a quantitative indicator drawn from standard loan application information and portfolio data (MIS).

The other major source is client survey data which, again, draws predominantly from standard and good practice post-loan data (and aligned to recent sector reporting developments).

The final column notes if the social value proposition can be monetised using the recent CDFA Economic Impact Tool.

It is also likely that your organisation will gather other evidence that can be used to support the value statement. You can use this. Combining different sources can enhance your case; it can also make it richer – for example, using a case study to add a 'human side' to statistical data.

Undertaking this process may generate some evidence gaps, or more likely requirements for 'tweaks' of data collection systems (see section 3.4 below).

- 4) **At the end of this process, working through your Stakeholder Map, you will have developed your own Social Value Framework for your organisation – utilising common descriptions ('stories') of social value to enable coherent and consistent key messages.**

¹⁷ A template of the Stakeholder Map is available from the CDFA on request.

¹⁸ A template of the Social Value Framework Table is available from the CDFA on request.

If you have additional stakeholders in your Stakeholder Map not recognised in the current Social Value Framework you can, if you wish, utilise the same methodology as demonstrated in the Framework to produce your own 'value proposition' for that particular stakeholder¹⁹.

3.2 Guidance on reporting

At the end of this process:

- you will have mapped/ listed who you create social value for;
- and the types of value you create for them; and,
- you will have (a range of) evidence for this.

There are then choices about how to present your results:

- *for your organisation*: for example, directly to staff and through annual reporting²⁰;
- *for individual stakeholders*: recognising that you have generated tailored value propositions for each stakeholder ('key messages') and how that tailoring may be taken further in how you communicate your results to a particular stakeholder²¹.

In either case, you have a value proposition, a (mixed) set of evidence and the ability to be clear and transparent about the process and data that has generated your statement of social value.

¹⁹ It is suggested also that you might report such additional stakeholders to the CDFA as if others do the same then additional stakeholder rows could be added to this initial Social Value Framework.

²⁰ One can envisage the Stakeholder Map and range of social value evidence forming core aspects of an Annual Report.

²¹ In larger organisations this takes you in to the realms of Communication and Stakeholder Engagement Plans.

3.3 Incorporating the Social Value Framework into your business process

By generating your own organisational Stakeholder Map and Social Value Framework you have created something which has the potential to be used as a **tool for strategic review**.

It is suggested that once a year the senior management team sit down to review the Stakeholder Map and Social Value Framework, including:

- Has a social value key message been provided to each stakeholder in the framework in the last 12 months? If so, when, how, and has any impact been identified?
- Do new stakeholders need to be added to the Social Value Framework and / or others removed?²²
- Is the organisation's evidence used in each of the value propositions up-to-date, updateable or requiring a more concerted effort to achieve?
- Do any developments for individual stakeholders imply that the value proposition has shifted and / or needs re-casting?²³
- Developments in stakeholder map – population and shifting value propositions

3.4 Updating the Social Value Framework master template – the role of CDFA

In many cases, the stakeholders identified are in strategic and partnership relationships with the CDFA, acting on

²² It is expected that the CDFA will also provide annual updates of the Social Value Framework template, including stakeholder additions and removals.

²³ It is expected that the CDFA will also provide annual updates of the Social Value Framework template, including if stakeholder propositions have shifted and new statements need to be adopted. In this way, the key objective of consistency of message can be maintained.

behalf of its membership and community finance more broadly. It is the CDFA who is well positioned to identify the changing stakeholder population and / or anticipate shifts in stakeholder expectations of community finance and, therefore, specific value propositions.

It is proposed therefore that, on an annual basis:

- The CDFA 'publishes' an updated Community Finance Stakeholder Map, including both stakeholder dynamics identified by them and potentially reported through members' own stakeholder mapping processes. For example, one extension for consideration might be to include 'individual client families' in the Clients section of the Stakeholder Map;
- The CDFA 'publishes' an updated Social Value Framework, including any stakeholder revisions, value proposition revisions and evidence base developments. In addition, this will incorporate any appropriate updates to the Economic Impact Tool.

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