

Social Value Analysis of Community Finance Ireland



A report carried out by Rose Regeneration & Rural Community Network NI

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Introduction & Context

Community Finance Ireland, formerly UCIT, is a Charity which provides loans exclusively to other third sector organisations such as community groups, charities, sports clubs, churches, and social enterprises throughout the Island of Ireland. Since 2001, as part of the UCIT Group, CFI disbursed more than €80 million to over 400 organisations.

As a registered charity, all profits generated by Community Finance Ireland are retained and recycled for reinvestment into the third sector.

Following on from work carried out in 2021, CFI asked both Rural Community Network and Rose Regeneration, to provide a Social Value analysis on their work and the support they provide to a wide range of groups throughout Ireland.

This analysis was to include their social finance provision from January 2019-May 2022, during the time of the COVID pandemic and several lockdowns that was in force throughout Ireland and was a particularly challenging period for the community/voluntary/sporting sector as well.

Throughout this period, CFI's role in assisting local communities was vital particularly as other funding resources were diverted away from supporting capital projects, to more local focussed COVID-19 responses.

What is Social Value

Measuring the tangible costs and outputs of an activity is relatively straightforward. We may know what our inputs are (e.g., the funding, equipment, or volunteers we need to run our activity) and the outputs expected of us (e.g., a target for the number of people participating in our activity); the greater challenge is quantifying the wider social, economic, and environmental outcomes we are delivering. This is what social value does. It asks the question 'if £x is spent on delivering an activity, what is the value of that same £x in terms of wider benefits for the local community?'

Whilst Social Value has been embedded in legislation in England & Wales since 2013, and Scotland in 2014, that has not been the case in Northern Ireland & ROI. However, in NI, from 1 June 2022 public sector tenders must include a minimum of 10% of the total award criteria to score social value. This minimum will apply to contracts for services and works above the threshold where the Procurement Regulations apply (i.e., services contracts valued above £122,976 and consultation contracts valued above £4,733,252). Where appropriate, Departments can also score for Social Value on contracts outside of these thresholds. Departments can also give greater weight to social value than the 10% minimum. A review of the Policy will take place in advance of June 2023 with the intention of increasing the minimum weighting to 20% subject to the approval of the Executive.

It is expected that Social Value will become a key component for service delivery contracts and funding for many groups in the Community & Voluntary sector going forward.

Social Value Principles

Social Value UK (SVUK) has 8 principles of social value. These are the basic building blocks for anyone wanting to take social value into account. The principles are:

- 1. Involve stakeholders** – people and organisations involved in your work can help you to identify outcomes and determine if change has occurred.
- 2. Understand what changes** – understanding the links between your context, activity, outputs, inputs, outcomes and impact you are making.
- 3. Value the things that matter** – capturing what matters most from the perspective of your stakeholders.
- 4. Only include what is material** – only include what is relevant and significant within your analysis.
- 5. Do not overclaim** – you will need to take account of five factors, what are called ‘deflators’ to understand your unique contribution to the outcomes you are measuring.
- 6. Be transparent** – be clear about the scope of your calculation including duration and timeframe.
- 7. Verify the result** – check your data and analysis with stakeholders, peers, and a third-party verification provider.
- 8. Be Responsive** - Pursue optimum Social Value based on decision making that is timely and supported by appropriate accounting and reporting.

These 8 principles are inherent in all Social Value analysis that RCN & Rose Regeneration carries out and were adhered to during this analysis.

Approach to Social Value

The Social Value Engine (<http://socialvalueengine.com>) has been used to undertake the Social Value analysis for Community Finance Ireland.

There are six steps to the standard SROI process namely:

1. Establishing scope and identifying key stakeholders to identify impacts.
2. Mapping project outcomes with stakeholders.
3. Evidencing project outcomes and giving them a financial value.
4. Establishing project impact – accounting for leakage, attribution, deadweight, displacement and drop off.
5. Calculating the SROI.
6. Reporting the findings from the assessment process.

Additionally, this project has focused on how CFI's impacts relate to the local place, a sustainable community where people want to live, work, and invest. To do this, our approach involves relating each of the project impacts to improvements in the sustainability of local areas.

We do this by cross referencing each of the proxies into the 17 themes of the Sustainable Development Goals. This approach enables us, not just to offer a financial Social Value of this work, but to set out the contribution that it has made to the relative sustainability of the area where they have supported organisations.

This approach is particularly powerful in supporting a narrative element to social value reporting which brings a local context to the Social Value process to accompany a financial value

Sustainable Development Goals

On September 25, 2015, global leaders adopted the 17 Sustainable Development Goals (SDGs) to protect the planet, fight against, and attempt to eradicate poverty to build a more prosperous world for future generations. These goals were established as part of the 2030 Agenda for Sustainable Development.

The 17 SDGs aimed to engage governments, companies, civil society, and individuals. Each goal includes a series of targets, each with their own indicators to determine whether the objective has been achieved.

The complete list of Sustainable Development Goals (SDGs) is as follows:



Methodology

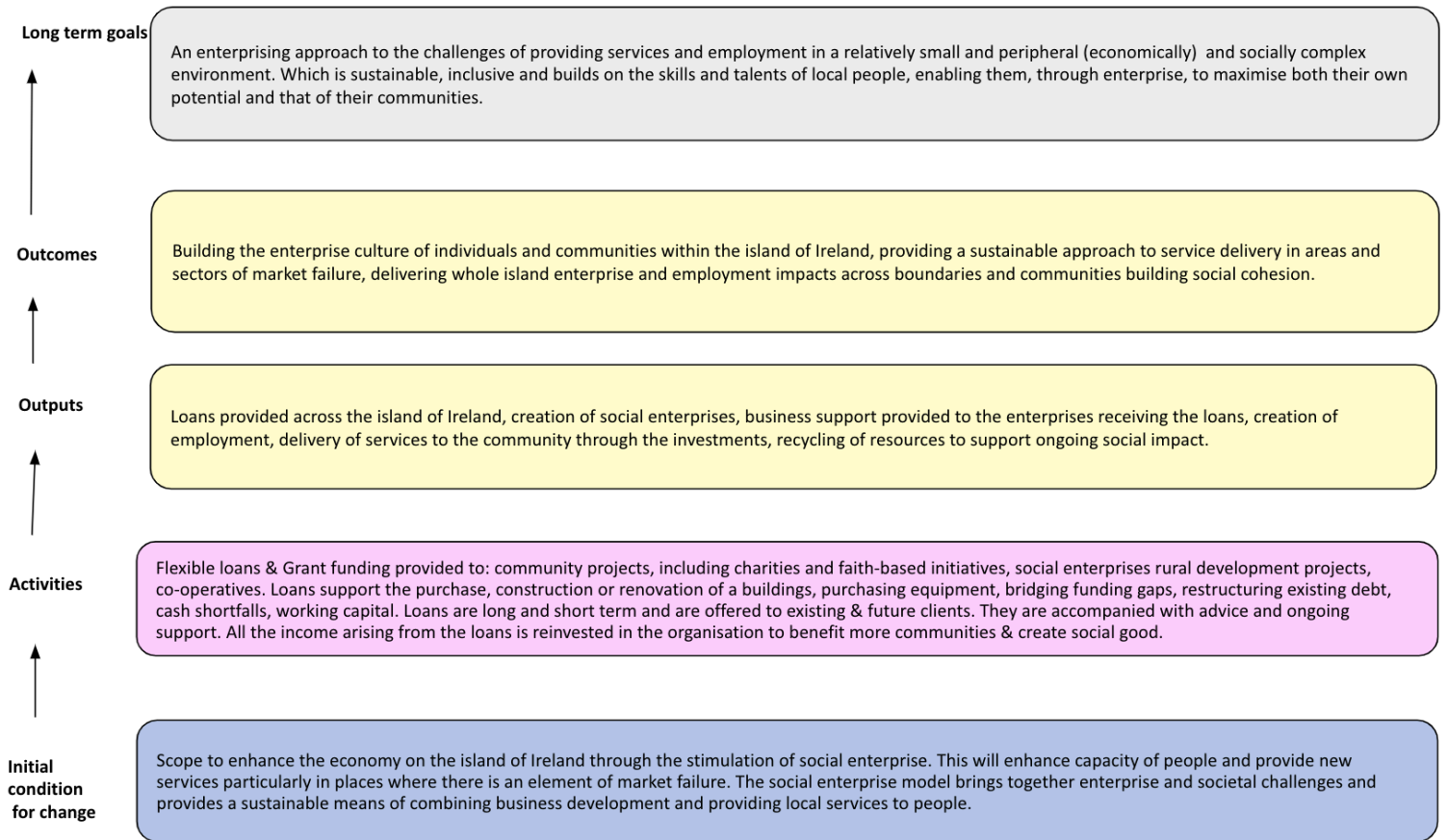
We followed a consistent approach to analysis involving:

1. Discussion with CFI staff and trustees on the difference their work makes in local communities
2. Analysis of available monitoring information.
3. Identifying the outcomes achieved
4. Assigning a gross £ value to each of these outcomes, using the range of 697 proxies within the Engine.
5. Applying a range of 'deflators' to produce a net £ value:
 - Leakage: How much of an outcome might have delivered an impact outside of the area that was initially intended.
 - Deadweight: How much of the outcome might have been achieved without intervention.
 - Attribution: What proportion of an outcome might be attributed to others because their activity contributed to it.
 - Drop-Off: What proportion of the outcome will diminish over time.
 - Displacement: How much of the outcome has displaced other outcomes.
6. Calculating the input costs - the amount of financial support awarded and other costs such as staff, running and other operating costs.
7. Producing a Social Value figure for the project by dividing the net value of the outcomes by the input costs

Outputs

We identified the outputs delivered by CFI through analysis of their core documentation including their annual reports, loan portfolio, credit documentation etc. This enabled us to develop a Theory of Change which we were able to discuss and validate with key staff and trustees involved with the organisation. A copy of the Theory of Change is set out below:

Community Finance Ireland



This process then allowed us to use the Social Value Engine to identify financial proxies to give a value to the outcomes arising from the approach set out in the Theory of Change.

Category	Number of Groups	Volume of Activity Inferred from Assessment of the Evidence	Financial Proxy
Education & Training	15	30 participants per organisation	Improved wellbeing resulting from participation in vocational training and employment training
Community Facilities	55	100 beneficiaries who regularly benefit from the facilities per organisation	Average spend on social activities
Enterprise	11	Benefit arising to each business person involved – average of 10 entrepreneurs per organisation	Average cost of starting a micro-business

Category	Number of Groups	Volume of Activity Inferred from Assessment of the Evidence	Financial Proxy
Health	11	30 participants per organisation	Unit cost for reduced benefit payments and health impact
Development Associations	20	100 people benefitting per organisation	Cost of a community well-being programme with a network approach
Sport	95	Contribution to social cohesion by each organisation 100 participants per organisation	Contribution of sport to social well-being
Arts & Heritage	15	1000 people engaged by each organisation	Life satisfaction increase from visiting heritage
Childcare	5	100 beneficiaries	Average cost of childcare in NI per week
Faith	17	100 people benefitting per organisation	Cost of a community well-being programme with a network approach
Social Club	3	100 people benefitting per organisation	Cost of a community well-being programme with a network approach
Tourism	4	1000 people engaged by each organisation	Life satisfaction increase from visiting heritage
Community Transport	2	500 regular users per organisation	Average weekly spend on transport in NI
Environment	3	12 specialist engagements per year per organisation	Access to specialist environmental knowledge per training course/ engagement
Total	256		

The Social Value Engine is accredited by Social Value UK. It is one of a very small number of internationally recognised tools for assessing social value. It contains 697 financial proxies which enable outputs to be matched to outcomes. The outcomes we have chosen as the basis for our analysis, having regard to our discussions and the Theory of Change are: -

Analysis of Impact

We have multiplied our broad-gauge assumptions in relation to the impact per organisation per theme by the number of organisations supported in each category of activity. We have then allocated this to a particular

financial proxy as indicated in the final column above. The resulting gross impact has been discounted to take account of:

- Leakage (L) – the proportion of participants from outside of the area
- Attribution (At) – the contribution of third parties to the achievement
- Deadweight (DWT) – the proportion of participants that might have found the benefit through another route
- Displacement (DISP) – the negative impact of the project on any “competing” areas of provision
- Drop Off (DOFF) – the extent to which the impact will diminish for each participation over time

We undertook a detailed series of interviews with a sample of 22 organisations to develop an overview of the discount we should apply based on their responses to the questions set out in the table below:

Group	Activity	L	At	DISP	DWT	DOFF
Hillside Evangelical Church	Buy residence for the Pastor of the Church to co-ordinate community and church activities	10	25	10	35	10
RCCG Royal Embassy Ltd	Buy property for their new church	10	30	10	40	20
Sensational Kids	Expansion of locations from 1-3, enabling the organisation to reach a wider audience	5	10	10	35	30
Comharchumann Oileán Árinn Mhór	To upgrade Holiday Village both inside and outside.	20	50	10	35	30
Ballycran GFC	Construction of a purpose-built gym, dance room and 4G Indoor Pitch	10	20	5	35	10
Carnaross GFC	New purpose-built clubhouse to help grow the club and facilitate Ladies Team	10	20	5	30	5
Made in Mourne	To open a second location for the hub.	10	25	15	30	30
Dublin Food Co-Op	Property Purchase	10	10		25	15
Lough Neagh Rescue	Help the bridging purchase of 2 Boats that are DAERA grant funded.	20	10		30	30

Group	Activity	L	At	DISP	DWT	DOFF
Walkinstown Greenhills Resource Centre CLG	To purchase a new building to relocate their services and increase capacity for their addiction service.	10	30	20	30	25
Betania CLG	To build a new church	10	20	10	25	10
VOYPIC/Include Youth	To purchase a new building as a dedicated youth space and to house two organisations working with young people	20	30	20	30	30
Athlone Town FC	Funding of pitches and other support	40	15	11	25	40
St Michael's Regional Community Development	Renovation Costs of Community Centre as part of LEADER programme. Bridging Finance.	10	30	20	25	15
Kilcar Kayaking	Equipment Bridging Loan	10	10		20	20
Forkhill Preschool Playgroup	To fund the shortfall of a large overall capital build of new purpose-built premises	5	10		25	25
Cloonacool Community Park	Walking Path	10	20	10	20	20
Downpatrick Property Trust	Regenerate a building in the Town Centre (Accommodation) and lease it to a hotel via a commercial lease arrangement.	0	10	10	25	40
Dromard Rural Development Group	Walking Track and changing of heating/lighting within their community facility	10	10	5	20	10
Fort Dunree	Boathouse Construction and Bridging Loan for Museum.	50	20	10	20	25
Ballina Boxing Club	Building of a brand-new state of the art boxing club. Facility to be opened by the end of 2022. Other funders in place like Lottery	20	20	10	20	5
Ashbourne Tennis Club	Bridging loan to cover other funder arrangements and to cover costs when building costs shot up	2	10	5	10	5
Average		14	20	9	27	20



The social value arising from these investments is set out in the first table below. In the second table below, we have also identified the source (via hyperlink specified) for each of the financial proxies we have used in the development of the analysis.

We have divided the net value of these impacts at their present value (i.e., discounted following treasury norms over 3 years) by the value of the loans over the period of analysis 2019-22 and assumed the duration of the impact per organisation at 3 years.

Following this process, it is possible to identify a social return on investment analysis of **£3.42 per £1** spent.

Output Title	Outcome	Proxy	Quantity	Years	Unit	Value	Leakage (%)	Attribution (%)	Deadweight (%)	Displacement (%)	Drop-Off (%)	Impact £
Education and Training	Increased development opportunities and skills levels	Improved wellbeing resulting from participation in vocational training and employment training	450	3	per person per year	1123.9	14	20	27	9	20	231,141
Community Facilities	Improved access to community facilities and services	Average spend on social activities	5500	3	cost per household per year	4138.8	14	20	27	9	20	10,403,647
Enterprise	Increase in the creation of new micro-enterprises	Average cost of starting a micro-business	110	3	per business	49503	14	20	27	9	20	2,488,725
Health	Improved community health	Unit Cost for reduced benefit payments and health impact	330	3	per person	17959	14	20	27	9	20	2,708,688
Development Associations	Improved community health	Cost of a community wellbeing programme with a network approach	2000	3	per person	42.25	14	20	27	9	20	38,620
Sport	Improved wellbeing through arts, culture and sport	Contribution of sport to wellbeing	9500	3	cost per person	50.89	20	20	27	9	20	205,542
Arts and Heritage	Improved wellbeing through arts, culture and sport	Life satisfaction increase from visiting heritage (including marine or maritime environments)	15000	3	per person	2167.5	14	20	27	9	20	14,859,255
Chilicare	Northern Ireland Specific Values	Average cost of chilicare in Northern Ireland per week	24000	3	per week	190.49	14	20	27	9	20	2,089,470
Faith	Improved community health	Cost of a community wellbeing programme with a network approach	1700	3	per person	42.25	14	20	27	9	20	32,827
Social Club	Improved community health	Cost of a community wellbeing programme with a network approach	300	3	per person	42.25	14	20	27	9	20	5,793
Tourism	Improved wellbeing through arts, culture and sport	Life satisfaction increase from visiting heritage (including marine or maritime environments)	4000	3	per person	2167.5	14	20	27	9	20	3,962,468
Community Transport	Northern Ireland Specific Values	UK average weekly spend on transport	52000	3	per week	78.95	14	20	27	9	20	1,876,325
Environment	Education and learning	Access to specialist environmental knowledge	36	3	Per training course (equivalent to covering 6 specialist areas)	1799	14	20	27	9	20	29,600
												38,932,101

could be argued that the areas of impact highlighted above are too small to be material in the overall assessment of benefits however we have included them for completeness.

The Source for each financial proxy is set out below:

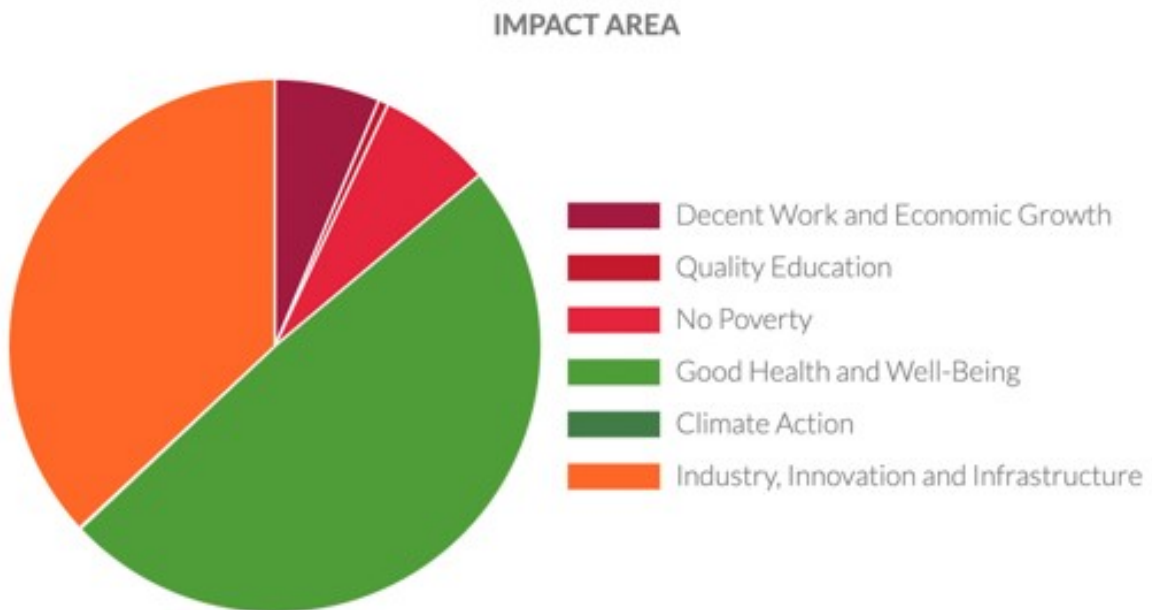
Proxy	Source
Improved wellbeing resulting from participation in vocational training and employment training	https://socialvalueuk.org/wp-content/uploads/2017/10/Impacts-of-education-pdf.pdf
Average spend on social activities	https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/articles/familyspendingexplorer/2020-03-26
Average cost of starting a micro-business	http://social-value-engine.co.uk/calculator/Average%20cost%20of%20starting%20a%20business.pdf
Unit Cost for reduced benefit payments and health impact	http://social-value-engine.co.uk/calculator/ModellingthevalueoftheCitizensAdviseservicein201516.pdf
Cost of a community wellbeing programme with a network approach	https://www.westyorks-ca.gov.uk/media/3012/evaluation-of-the-work-wellness-project.pdf
Contribution of sport to wellbeing	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/446273/Health_and_educational_benefits_of_sport_and_culture.pdf
Life satisfaction increase from visiting heritage (including marine or maritime environments)	https://historicengland.org.uk/research/results/reports/94-2016/TheSocialandEconomicValueoftheMarineHistoricEnvironment_IssuesandOpportunities
Average cost of childcare in Northern Ireland per week	https://www.employersforchildcare.org/report/northern-ireland-childcare-cost-survey-2018/
Cost of a community wellbeing programme with a network approach	https://www.westyorks-ca.gov.uk/media/3012/evaluation-of-the-work-wellness-project.pdf
Life satisfaction increase from visiting heritage (including marine or maritime environments)	https://historicengland.org.uk/research/results/reports/94-2016/TheSocialandEconomicValueoftheMarineHistoricEnvironment_IssuesandOpportunities
UK average weekly spend on transport	https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2018
Access to specialist environmental knowledge	https://www.findcourses.com/training-supplier/informa-connect/certificate-in-marine-pollution-prevention-management-1666033

As stipulated previously, all the outcomes identified above are linked back to one of the 17 UN Sustainable Development goals.

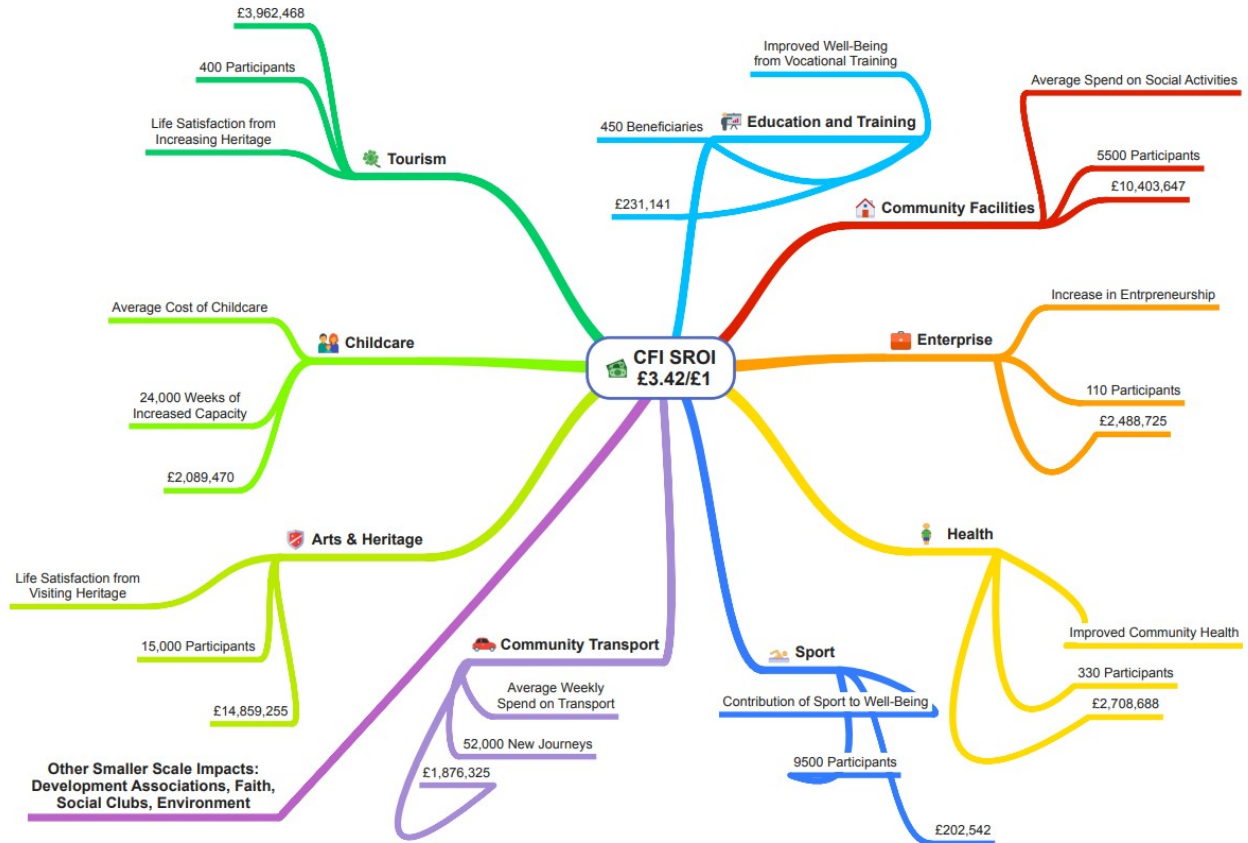
The table below outlines CFI's impact in supporting local groups against several of the SDGs. These figures indicate the impact that CFI's social finance provision made for the time period of January 2019-May 2022, during the time of the COVID pandemic and several lockdowns that were in force throughout Ireland.

UN SDG / Impact Area	Value
No Poverty	£2,708,687.71
Good Health and Wellbeing	£19,104,504.73
Quality Education	£231,141.23
Decent Work & Economic Growth	£2,488,724.91
Industry, Innovation & Infrastructure	£14,369,442.7
Climate Action	£29,599.63
Total	£38,932,100.91

The following diagrams illustrate the impact of CFI in more detail.



Impact Map



Qualitative Feedback

To ascertain the impact of the social finance that CFI provides to groups, the project team spoke to a sample of over 20 groups that it supported during the time period covered by this analysis. The purpose of these conversations was twofold-to allow the group to explain the work they do, and to determine the importance of the CFI support that each group received. This was the basis for our judgements on the deflators set out previously. Below we set out the insights arising from a qualitative perspective from these discussions.

- Groups approached CFI with several different purposes: Some of the applications were for bridging loans to have finance in place for the group to drawdown funding from other sources. Others were capital projects (i.e., construction of a new building, purchase of building, upgrade of facility or new facility, equipment costs) where large scale investment was needed, and the group had the capacity to repay the loan.
- As a result of COVID, many groups were faced with limited resources and their fundraising activities seriously curtailed because of lockdowns. The groups also were operating in a more difficult funding environment due to funding being re-allocated towards COVID responses. As a result of this, groups had to be creative in their approach to funding potential large scale projects.
- In terms of a few tourism projects that we spoke to, these groups turned to CFI to assist in their ongoing operation, as demand on them increased with the rise of “staycations” throughout the Island. By securing social finance, it helped these groups deal with increased footfall and visitor numbers, as well as coping with a surge in demand.
- When speaking to several groups in the Retail/Social Enterprise Sector, and despite operating in a turbulent business period, the support provided by CFI was not only vital to help cover with a drop in commercial revenue, but many seen this period as an opportunity to either diversify or expand. And again, this could only be done by the support provided to them by CFI.
- For some groups, and as an alternative to the more traditional ways to fundraise for capital projects and other initiatives, turning to CFI & using Social Finance has caused them to change their thinking to a more commercial basis. This includes the offering of their facilities for rent to cover costs, the purchase of building to solidify their operations, expansion, and growth of their service etc. It argued therefore that by doing this, it is assisting in the organisation’s own sustainability and in turn future proofing itself.
- The support of CFI has enabled many groups based in community settings to grow substantially. This was made clear in our discussions with sports groups, with many indicating that by improving their facilities through social finance they have seen increased usage in activities, upsurge in club memberships and more demand on their facilities. Tied in with this is the increased usage of outdoor spaces, that CFI

have also supported, that has led to more people using them and improving their own physical and mental wellbeing.

- Many if not all groups indicated that if it wasn't for CFI's financial support, their project simply would not have existed. The support provided has revitalized many of the groups spoken to, enabling not only a continuation of services but also assisting groups to go into a new phase of development & growth.
- The support provided by CFI acts as a lever for many of the groups supported. Not just in enhancing services/facilities in local communities, but enabling groups to expand into new projects i.e., childcare, employment schemes, projects tackling social isolation, intergenerational work etc

