

SOCIAL AUDIT

Black Country Reinvestment Society

2nd Draft Social Accounts

2005



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Acknowledgements

The Black Country Reinvestment Society (BCRS) would like to take this opportunity to thank all the people and organisations who contributed to these Social Accounts.

This is the first set of Social Accounts produced by BCRS. These accounts have been compiled over the last few months and are based mainly on the consultation with certain stakeholders. Therefore our thanks go to all those who gave their time in completing the questionnaires and providing invaluable information. Finally BCRS thanks the West Midlands Social Accounting Cluster for their tremendous support throughout the process.

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1. Introduction

The Black Country Reinvestment Society (BCRS) became involved in the West Midlands Social Accounting Cluster (WMSAC) through its commitment to evaluate the impact of its services to the social, economic and environmental well being of the region in which it operates.

These Social Accounts cover the year 2005 and have been prepared by Paul Kalinauckas, Randip Sodhi and Stuart Field of BCRS.

1.1 History and Background to BCRS

The Black Country Reinvestment Society (BCRS) was set up in April 2002 as a Community Development Finance Institution (CDFI). CDFI's are independent sustainable financial institutions, providing access to finance to enterprises in disadvantaged communities.

Operating on a not for profit basis BCRS began by providing loans to social enterprises and other organisations from the social economy within the Black Country (covering Dudley, Sandwell, Walsall and Wolverhampton). The "Social Economy" refers to the whole of the 'not for personal profit' and mutual sector. Examples include social enterprises (e.g. community owned businesses, development trusts, social firms, co-operatives), charities, other voluntary and community based organisations, and most 'public good' purpose trusts.

BCRS was developed based on research undertaken by the social economy support agency Co-operation Black Country (cbc), which identified a real need for a source of local funding, tailored to the needs of the social enterprises in the Black Country region. The Society was officially registered in England under the Industrial and Provident Societies Act 1965.

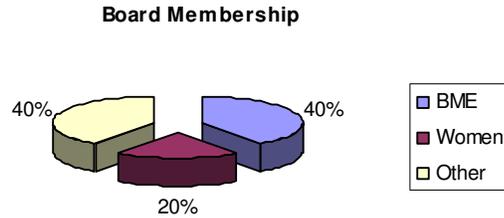
Initially run by one member of staff, BCRS made its first loan in 2003 to a local women-led social enterprise. It raised funds for lending through investments from private individuals, private enterprises and public bodies. As of 31st December 2005 BCRS had 25 members who invested into the Society. Member investors forego any financial return for the benefit of regenerating financial activity into the local neighbourhood. As such the beneficial return is social rather than fiscal. Each member has one vote, irrespective of the amount invested or borrowed. This provides a true mutual structure where no one organisation or individual can take control.

Over the years BCRS took the initiative to boost the social enterprise sector in the Black Country through organising and running the Social Enterprise Trade Fair. The event was the first of its kind in the region and provided a platform for social enterprises to network and as a direct result pulled in thousands of pounds worth of business into the region.

In 2004 BCRS underwent significant change. It obtained access to additional capital from the public sector and also became one of the first CDFI's to be accredited to offer Community Investment Tax Relief to its investors. In the same year BCRS recruited two new members of staff and made a strategic decision to widen its market to meet the demand for loans from other small and medium sized businesses that were contributing to the social, environmental and economic well being of the area, but were unable to access finance from traditional sources such as banks.

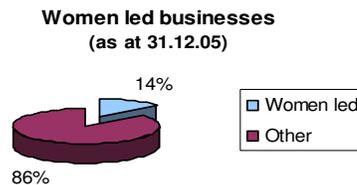
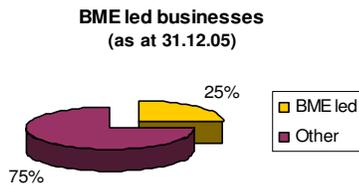
BCRS doubled its maximum loan size to £50,000 in 2005 in order to meet the demand for larger loans which was highlighted in findings from “Improving Access to Finance” research conducted by the local Regional Development Agency.

The Society is structured so that it is run by local people for the benefit of local people. As at 31st December BCRS had 10 volunteer directors of which 8 are based in the Black Country region. The board brings a wealth of knowledge and entrepreneurial skills and reflects the diversity of the communities BCRS sets out to serve. The figure opposite illustrates the composition of the board (see Appendix 1 for an Organisational Chart and review of Roles).



Wherever possible BCRS endeavours to work in partnership with other organisations in order to share best practise. It is a charter member of the Community Development Finance Association (CDFA) which is the UK trade association for CDFI’s. The lending policies used by BCRS are stated as best practice by the CDFA and are modelled on the Aston Reinvestment Trust loan procedure (a CDFI operating in the Birmingham region). BCRS is also a founding member of the Fair Finance Consortium, which is a group of CDFI’s in the West Midlands. It pro-actively seeks to develop and maintain close relationships with partner organisations such as Business Link advisors, banking officials, accountants, solicitors and other business support providers in order to develop a referral network. BCRS has a policy of referring clients to other CDFI’s where the total amount requested from the clients, the geographical base or the nature of the business is outside of the lending remit.

As a CDFI, BCRS is committed to promoting social and financial inclusion amongst underserved communities and groups, through the encouragement of entrepreneurship by providing finance to start ups and existing businesses and social enterprises. BCRS lends to enterprises that are making a positive impact on the social, economic and environmental well being of the region. BCRS targets customers in the Black Country, an area of high poverty and deprivation. It also targets clients within this area, which are BME or women led enterprises. A few examples of such customers include a centre offering Afro-Caribbean community services, a women led Asian counselling service, a young mum setting up her own Afro-Caribbean hair and beauty salon, a single mother setting up her own business and a women led training centre. The proportion of loans by BME and women led enterprises is shown in the figures below:



Loans are made at commercial rates which are slightly higher than the banks. The rate has remained at 8% above the Bank of England base rate since the beginning of 2005. The rate of interest reflects the added risk involved with making the loans to businesses unable to get finance from traditional sources such as banks. The loan procedure from enquiry to loan assessment is handled by members of staff. Enquiries are not only filtered by the loan amount and geographical base but also by the type of business in accordance with its mission. For ethical reasons BCRS does not make loans to Public Houses or Off Licences. Moreover as part of the criteria for grant funding BCRS has secured from the Regional Development Agency, as of October 2005 it is unable to cover the retail industry. Loans are appraised by a Loans Committee made up of Board members who make the decision to accept or decline an application. Depending on the outcome, members of staff are responsible for loan dispersal or rejection. Once all legal documents are completed the Chief Executive authorises the back-office (Co-operative & Community Finance, formerly ICOF, who manage the capital funds) to make the loan advance. Loans are then monitored (through monthly back-office statements, customer management accounts, visits etc) in order to ensure customers continue making payments (see page 16 for an illustration of the Loan Procedure).

As of 20th June 2006 BCRS had made 44 business loans to the value of £750,500. It has helped 12 start-up businesses and 32 existing businesses with their growth and development. This in turn has secured 290 jobs and created a further 44 for people of the local community.

See Appendix 2 for a Financial Summary of the 2005 accounts.

1.2 The Social Accounting and Audit Process

The social audit covers the 2005 calendar year.

The facts and figures used in these social accounts have been compiled from the records maintained by BCRS and prepared by Randip Sodhi. Paul Kalinauckas and Stuart Field helped with stakeholder consultations and, together with Randip, formed the social accounting group. The interpretations and conclusions have been formulated and agreed by the social accounting group.

2 Mission, values, objectives and activities

The Mission for BCRS was revised from the original statement found in the 2005-2007 Business Plan. As Values, Objectives and Activities had not previously been made explicit they were constructed by the social accounting group. All statements were then passed to Board members for approval and agreed at a Board meeting held on 24 November 2005.

Mission:

To meet the demand for loans from small businesses, social enterprises and other organisations that contribute to the social, environmental and economic well being of the area but are unable to access finance from traditional sources such as banks

Values:

- Working as part of the Black Country small business and social enterprise community
- Operating on a not-for-profit basis
- Operating along mutual and democratic principles
- Being committed to equal opportunities
- Valuing our customers, member investors, partners and staff

Objectives:

1. To provide business finance by...

Activities

- 1.1 Offering an accessible and approachable service
- 1.2 Supporting clients in the application process through one to one consultation
- 1.3 Referring applicants to business support agencies (as appropriate)
- 1.4 Following a rigorous loan procedure
- 1.5 Offering post loan support and guidance

2. To help regenerate some of the most deprived areas in the Black Country by...

Activities

- 2.1 Encouraging the creation and expansion of enterprise
- 2.2 Securing and creating jobs for people of the local community
- 2.3 Retaining and recycling capital within the sub-region
- 2.4 Playing an active part in local, area partnerships

3. To raise awareness of the loan fund in the region by...

Activities

- 3.1 Publicity in local newspapers/journals
- 3.2 Exhibiting at trade shows

- 3.3 Attending networking events
- 3.4 Direct mail to target markets
- 3.5 Managing a website

4. To develop effective collaborative working relationships with partner organisations by...

Activities

- 4.1 Meetings with bank officials, business link advisors and other potential referrers
- 4.2 Attending and speaking at seminars and conferences
- 4.3 Working at a strategic level with Local Authorities and other statutory bodies
- 4.4 Informing partners of developments with regular communication updates

5. To develop and manage the Society effectively...

Activities

- 5.1 Encouraging the growth of membership
- 5.2 Identifying and generating new income streams
- 5.3 Making successful bids for funding to grow the Society to a point at which it is sustainable
- 5.4 AGM at which members, staff, directors and the community can meet
- 5.5 Ensuring good employment practices

3 Stakeholders

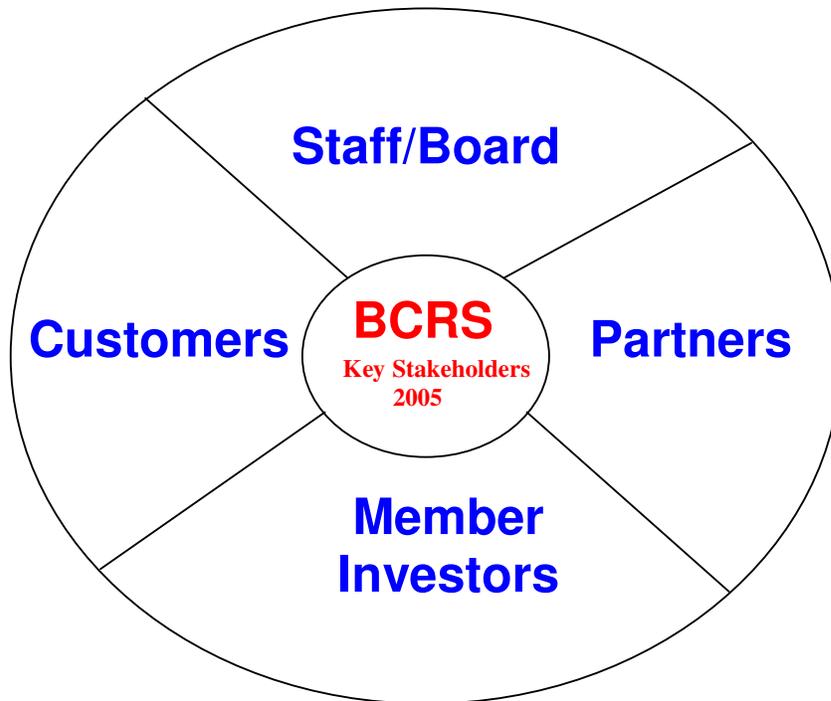
3.1 The Stakeholder Map

The following stakeholder map was devised at a WMSAC meeting and then reviewed at a BCRS staff meeting in October. All stakeholders were categorised according to the level of influence they have on BCRS. It separates the “key stakeholders” from “other stakeholders”.

Key Stakeholders	Other Stakeholders
<ul style="list-style-type: none"> • Customers (36) Businesses in receipt of loans • Staff (3) Chief Executive Business Development Manager Marketing & Administration Officer • Board (10) BCRS Board of Directors • Member investors (25) • Partners (95) CDFA Fair Finance Consortium Black Country Chamber of Commerce Business Link Business Advisors; Bank Officials; Accountants; Solicitors and other Business Advisors • Funders Small Business Service Unity Trust Bank BIGInvest CDFA Barclays Bank plc ISE Business Link Black Country Future Foundations AWM Wolverhampton Network Consortium Wolverhampton Strategic Partnership Natwest/Royal Bank of Scotland 	<ul style="list-style-type: none"> • Potential customers • Potential member investors • Local business groups • Community organisations • Regulatory bodies • Suppliers Stationary Insurance I.T Bank Legal Accountancy Advertising Landlord Co-operative & Community Finance Subscriptions • Local community • Wider community • Signposted enquirers • Regulatory bodies

3.2 Key Stakeholders

As this is the first time BCRS has undertaken a Social Audit, the social accounting group decided to focus on selective Key Stakeholders for this year’s audit. Notably the Funders were omitted from the consultation due to the time span that is necessary for consulting with the various organisations. This group is a key stakeholder as it is all the organisations that have provided capital and revenue support in terms of grants to enable BCRS to carry out its operations. Thus it was agreed that this stakeholder group would be invited for consultation in the future. The following diagram shows the groups that were consulted as part of the present social accounts. Each stakeholder group is then described below.



Customers – This is a key stakeholder group as it underlines the core activity for BCRS i.e. making business loans. It includes all individuals and businesses that have received a loan from BCRS. The portfolio of customers varies from companies involved in engineering to opticians, from new start-up to existing businesses and from sole traders to those employing less than 250 people. There were 36 loans made to the value of £534,000 from when BCRS commenced trading to the end of the social accounting period, however as this total includes 2 further loans made to existing customers the overall number of customers for this social audit are 34.

Staff/Board – The social accounting group decided to amalgamate these two groups. There are 3 staff members and 10 board members. However only 9 Board members were consulted as one board member is also a staff member.

Member Investors – This stakeholder group includes all the organisations and individuals that have invested into BCRS and therefore provided the capital to lend on to businesses in the region. Although there were 25 member investors at the end of the social accounting period, 9 were Board members (as stated above) thus 15 were consulted.

Partners – This group is made up of organisations that BCRS works closely with. It includes 2 associations that BCRS is a member of and also other organisations, groups and individuals that help to support the growth of the Society through collaborative working. These latter groups were selected for consultation based on how they have worked with BCRS over the social accounting period. Any organisation, group or individual that provided/could potentially provide a source of referrals is considered as a partner/potential partner thus all contacts within this category were invited to partake in the research. A total of 95 contacts from a distribution list were sent an invite for consultation.

4 Scope and methodology of the social audit

4.1 Omissions

Four groups of key stakeholders were consulted as part of these social accounts. Although BCRS has sought to make these accounts as comprehensive as possible, the Funders have not been consulted. BCRS intends to involve this key stakeholder group in its next social accounting process.

Furthermore activities 2.3, 2.4 and 4.3 have not been reported in these accounts as no information was collated from customers on the retaining and recycling of capital within the region and also no local/area partnerships or Local Authorities/statutory bodies were invited for consultation. It is intended that these be adequately reported in future social accounts.

4.2 Methodology

BCRS made as much use as possible of existing book-keeping methods in order to collate the quantitative data. The systems in place routinely gather information for reporting purposes. This includes regular progress reports to BCRS Board members, Funders and information communicated through literature.

No new systems of recording were established for the purposes of creating these social accounts

The use of questionnaires for collating the necessary data was deemed appropriate by the social accounting group. This technique was the most practical method as it allowed for precise answers through using closed ended questions as well as more in-depth answers through open-ended questions. Moreover due to time and resource constraints this method was the cheapest and quickest process of gathering data.

All questionnaires were delivered and analysed by Randip Sodhi. An explanation of the how the individual stakeholders were consulted and the response rates achieved is given below.

4.2.1 Customers

Background to the consultation

Not all of the 34 customers that make up this group were invited for consultation as a number of were either delinquent (i.e. missed up to 3 months of payments), in default (missed more than 3 months of payment) or their loan was considered a write off and thus legal action was being taken. Therefore the social accounting group decided not to send 15 customers a questionnaire (see Appendix 4 (a) Customer Status).

At the time of sending out the questionnaire (21 March 2006) 19 customers were invited for consultation. However 1 customer had fully repaid its loan and already completed a feedback form in January 2006. The form is an exit survey which is routinely sent to customers as soon as the loan is repaid (see Appendix 4 (b) Customer Feedback Form). The responses for the particular customer were gauged from the existing form. Therefore only 18 questionnaires were sent out.

Responses

A total of 18 questionnaires (see Appendix 4 (c) & (d)) were sent out on 21 March 2006, of which 11 were returned. As one customer completed a customer feedback

form which includes Q10, Q11, Q13-Q17 and Q20 the total number of respondents for these particular questions have been noted as 12.

Non-response to a questionnaire was only followed up with customers who remained up to date with their loan repayments. Notably the responses of 5 customers were not pursued as they became delinquent, ceased trading or went into liquidation after the date of posting the initial questionnaire.

4.2.2 Staff/Board

Background to consultation

All staff and Board members were briefed about the social audit prior to sending out the questionnaires (see Appendix 5 (a) Staff questionnaire and Appendix 5 (b), (c) & (d) for Board member consultation).

During the social audit period there were 3 members of staff and 10 Board members. One staff member left the organisation in December 2005. Therefore the social accounting group agreed that the new Business Manager could partake in the social audit as the roles are somewhat similar. In addition only 9 of the 10 Board members were consulted as one board member is also a paid member of staff. Notably 4 board members had retired in the early part of 2006 thus were sent a questionnaire with a covering letter explaining the social audit.

Responses

Staff questionnaires were delivered via individual in-trays and all 3 responses were received. The questionnaires to Board members were sent out with papers for a meeting (where the board member had retired they were sent a separate letter). Non responses were followed via email and also at a Board meeting. A total of 3 responses were received from the 9 Board members.

4.2.3 Member Investors

Background to consultation

All 15 members (i.e. those that are not a Board Member) were invited for consultation. The interaction from particular member investors has been low over the years and so the questionnaire was a good medium to engage them into a dialogue.

Responses

This group was sent out a questionnaire with a calling notice for the BCRS AGM (see Appendix 6 (a) & (b)). The non responses were followed up with member investors that attended the AGM. A total of 2 completed questionnaires were received.

4.2.4 Partners

Background to consultation

Inviting a variety of partners was initially seen as a good opportunity to gauge as many responses as possible. The questionnaire was used as a device to contact existing and potential partners i.e. any organisation or individual that could potentially provide a source of referrals.

Responses

The questionnaire was emailed to a list of 95 contacts as part of a newsletter (see Appendix 7 (a) & (b)). As no response to the questionnaire was received it was agreed by the social accounting group that this social audit should concentrate solely on partners that BCRS has developed a relationship with i.e. those where dealings have occurred and to consult potential partners at a later date. Thus the size of this stakeholder group was reduced to 18 when following up to the original email. A total of 8 completed questionnaires were received.

The following table summaries the consultation methods and response rates:

Stakeholders	Consultation method	No. consulted	No. of responses
Customers	Questionnaire sent by post, completed by follow up telephone call/interview if no response received	18 (5 excluded from follow up)	11 (61% of customers consulted) (32% of all customers)
Staff/Board - Staff	Questionnaire in individual in-trays	3	3 (100% of staff members consulted)
- Board	Questionnaire sent by post, follow up e-mail, and completed at Board meeting	9	3 (33% of board members consulted) (30% of all board members)
Member Investors	Questionnaire sent by post, follow up at AGM	15	2 (13% of member investors consulted) (8% of all member investors)
Partners	Questionnaire sent by e-mail, follow up at AGM and telephone interview	94 (later agreed 18)	8 (44% of partners consulted) (9% of all existing & potential partners)

5 Report on performance: analysis of the Social Accounts

This section of the accounts deals with the outcome of the consultations that were undertaken to establish how stakeholders feel BCRS are performing against their stated Mission, Values and Objectives. Notably not all stakeholders were asked about all of these issues as not all are relevant to the certain groups.

5.1 Mission

To meet the demand for loans from small businesses, social enterprises and other organisations that contribute to the social, environmental and economic well being of the area but are unable to access finance from traditional sources such as banks

All stakeholders were asked to state how far they thought BCRS lived up to its stated mission. The following table shows the scale alongside the responses from the individual stakeholder groups.

Stakeholders	No.of respondents					
	1	2	3	4	5	6
Customers (11)					1 (9%)	10 (91%)
Staff (3)					1 (33%)	2 (67%)
Board (3)		1 (33%)	1 (33%)		1 (33%)	
Member Investors (2)						2 (100%)
Partners (8)					5 (63%)	3 (37%)
Total (27)		1	1		8	17

All stakeholders generally felt that BCRS lives up to its stated mission as the majority of X's were placed near the 'Very much' category. However two thirds of Board members who took part in the audit were either indecisive having selected the middle of the scale or of the opposing view and did not feel that this was the case. One particular Board member suggested that "*We need to focus more on our stated mission for support to Social Enterprises*".

The responses from customers about their reasons for choosing a BCRS loan further signifies how BCRS lives up to its stated mission –

- *Working capital needed*
- *Because the bank would not help*

- *It was easier. Tried the bank initially but had no luck. The essential point being the bank was unable to understand a social business. They didn't have a clue*
- *The bank required too much security*
- *Because our communication was positively received. The representative understood what we were trying to do*
- *It was our only option at the time*
- *Unable to secure finance from elsewhere*
- *Difficulty getting elsewhere!*
- *Bank wouldn't help. Thank goodness for BCRS*
- *We needed finance, it was quick and easy. Was unable to get it from the bank*

These reasons highlight how BCRS is providing a source of finance to those businesses unable to access it from traditional sources such as banks.

5.2 Values

- Working as part of the Black Country small business and social enterprise community
- Operating on a not-for-profit basis
- Operating along mutual and democratic principles
- Committed to equal opportunities
- To value our customers, member investors, partners and staff

As is highlighted in Appendix 3, not all stakeholders were consulted about all the Values. Staff (**S**)/Board members (**BM**) and Member Investors (**MI**) in particular were asked about all of the above five values whereas the Customers (**C**) and Partners (**P**) were asked about selective values relevant to their needs. The stakeholders were asked to mark each value on a 1-5 scale, where 1 meant totally disagree and 5 meant totally agree.

Values		1	2	3	4	5	DK
Working as part of the Black Country business and social enterprise community	S (3) BM (3) MI (2)			1	3	2	
Total	8			1	3	4	
Operating on a not-for-profit basis	S (3) BM (3) MI (2)				1	2	
Total	8				1	7	
Operating along mutual and demographic principles	S (3) BM (3) MI (2)				1	2	
Total	8				2	6	
Committed to equal opportunities	S (3) BM (3) MI (2)					3	
Total	8					8	
To value our customers, member investors, partners and staff	S (3) BM (3) MI (2) C (11) P (8)		1	2	1	8	
Total	27	1	4	7	14	1	

The majority of stakeholders generally agreed/completely agreed that BCRS lives up to its values. However there is some suggestion that more could be done. For instance one staff member stated that they “*would like to be more integrated into the business community*”.

The final value from the list above showed some variance in terms of the responses. One quarter of all partners were neither in agreement or disagreement about BCRS valuing them as a partner organisation (Q13). Evidently one partner disagreed with the statement suggesting that they did not feel BCRS valued them as a partner organisation. In fact this value was also highlighted by a member of staff who commented “*we may over promise and under deliver in valuing our customers, investors etc*”. This could explain why another staff member felt that “*member (investors) do not get very involved, few turn up to AGM etc*”. However this does not seem to be the case with the member investors as all the respondents completely agreed that they felt valued.

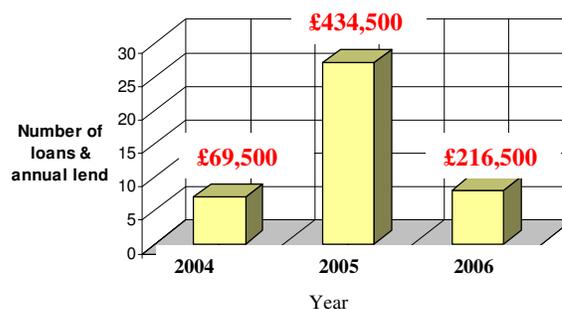
5.3 Objectives and Activities

Objective 1: To provide business finance by...

- Offering an accessible and approachable service
- Supporting clients in the application process through one to one consultation
- Referring applicants to business support agencies (as appropriate)
- Following a rigorous loan procedure
- Offering post loan support and guidance

a) What BCRS has done

The services of BCRS are available to any small business throughout the Black Country. The 2005-2007 Business Plan forecasted that BCRS would make loans to the value of £200,000. In fact a total of 27 loans were made in 2005 to the value of £434,500 which was a result of receiving 230 enquiries. The graph below illustrates the loans made as of 20 June 2006:



BCRS had excelled the original forecasts, so much so that it utilised the £400,000 Phoenix capital grant, awarded by the Small Business Service, almost six months ahead of schedule. The table below highlights the profile of loans made in 2005:

Region	Sandwell	Dudley	Walsall	W'ton	Outside BC	TOTAL
Total loan (£)	57,500	119,500	60,500	177,500	20,000	435,000
Start-up	3	2	1	2	1	9
Existing	1	6	4	7		18
Total loans	4	8		9	1	22
Social enterprise		2				2
BME -led		3		5		8
Women - led	1		1			2
Jobs created	12	3	5	4	2	26
Jobs secured	6	86	37	32	0	161

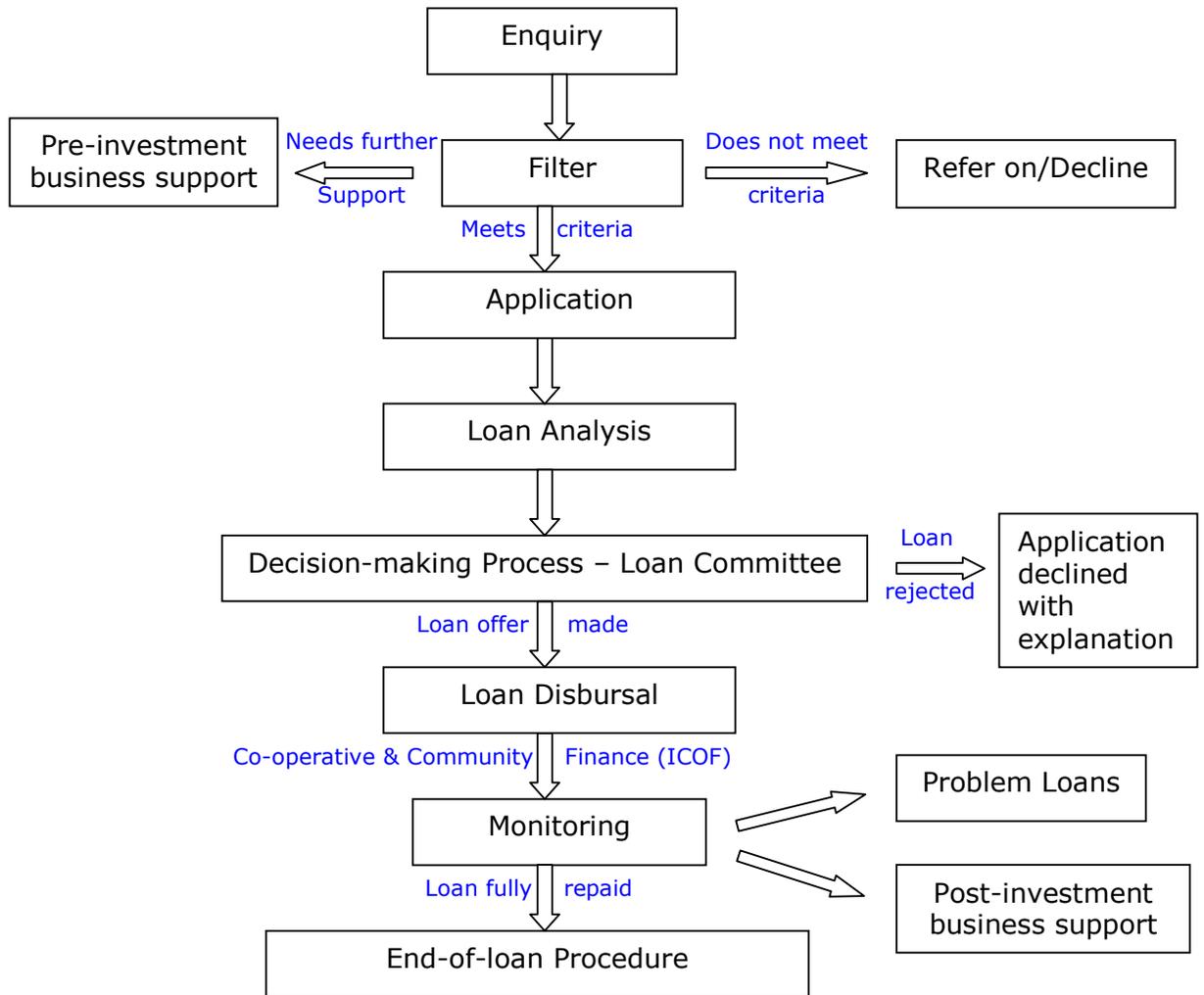
BCRS has a dedicated team of staff who are able to handle enquiries in an efficient manner. Notably a formal system of dealing with enquiries within the team was set up in mid 2005. A customer relationship management system was installed in December 2005 to improve data recording.

Meetings are held with clients in order to assist them in the application process. They are given pre-investment guidance in making the funding application and referred to specialist organisations where further support is needed e.g. Business Link for business planning. The total number of referrals made in 2005 has not been calculated as this data was not recorded until the latter part of the year.

A Loan Procedures Manual is in place which is set as best practice by the CDFA. This ensures that members of staff are aware of all lending policies and adhere to a standard procedure.

Customers are offered continuous support through monitoring calls and visits. This was done on a fairly ad hoc basis up until the end of 2005, but as a result of new funding criteria from the Regional Development Agency customers are, at a minimum, contacted on a quarterly basis. Moreover post investment support is provided and signposted where necessary in order to identify and tackle problems early on thus ensuring that the business remains viable.

The flow chart on the following page illustrates the Loan Procedure i.e. how BCRS makes the loans (correct as at 20 June 2006).



b) What the stakeholders think

All stakeholders were asked various questions which related to the objective and activities in some way.

Staff (S), Board members (BM) and Member Investors (MI) were asked about how well BCRS has performed against the objective on a 1-5 scale (where 1 is very unsuccessful and 5 is very successful).

Objective		1	2	3	4	5	DK
To provide business finance	S (3)				2	1	
	BM (3)				2	1	
	MI (2)					2	
Total	8				4	4	

All Staff, Board members and Member Investors agreed that BCRS had been successful/very successful in achieving this objective. Although it is noted that one member investor stated that *“I’m not sure I’ve got sufficient information to give an objective answer to these statements”* and that *“I have very little contact with the people who apply to you from whom I could get an objective view”*.

Staff (**S**) and Board members (**BM**) were asked about all the activities associated to this objective on the same 1-5 scale (where 1 is very unsuccessful and 5 is very successful).

Activity		1	2	3	4	5	DK	No response
Offering an accessible and approachable service	S BM				2 1	1 1		1
Supporting clients in the application process through one to one consultation	S BM				2 1	1 1		1
Referring applicants to business support agencies (as appropriate)	S BM			1	1	2	1	1
Following a rigorous loan procedure	S BM			1 1	1 1	1		1
Offering post loan support and guidance	S BM			2	1 2			1

There was agreement with Staff and Board members that BCRS was successful/very successful in the first two specific activities. However the latter activities gained a somewhat varied response. One staff member expressed concerns with referring applicants to business support agencies and suggested that it was *“difficult to refer clients on to business support to meet their needs which they expect from us”*. Two staff members commented on the amount of support provided by BCRS to clients and customers: *“we don’t have enough staff/time to check on all customers”* and *“resource constraints mean that pre/post loan support is limited”*.

Notably one Board member did not score any activities as it was stated that *“these may be outside average board experience. I can say what I believe happens but not give a reasoned response based on exact knowledge”*. This may suggest that Board members (like Member Investors) need more information about objectives and how BCRS is meeting the objectives.

As **Customers** are key recipients of BCRS services they were given specific questions to reflect their opinions to the objective and activities. The tables below show the statements that were used for this stakeholder group and the related scores using the different scales. It is noted again that responses were only gathered from non-delinquent customers.

	Strongly Disagree				Strongly Agree			
	1	2	3	4	5	DK	NA	
Q6. The staff at BCRS are approachable and friendly				1	10			
Q9. The business support BCRS referred to us was helpful				1	5		5	

	Very Unhappy			Very Happy		No response
	1	2	3	4		
Q10. Help you received from staff*			2	10		
Q11. The monitoring calls/visits*			2	9		1
Q12. The loan procedure			3	8		

* Total respondents = 12 as one customer completed a customer feedback form which contains these particular questions

The majority of customers strongly agreed that the staff at BCRS are approachable and friendly and were very happy with the help they received from them, some quotes received include: *“very professional”, “wonderful”* and *“the help we received was invaluable”*.

Generally customers were very happy with the loan procedure. One customer stated *“the whole application ran very smoothly”* although some concern was expressed with the time involved in the loan process, a suggestion to *“quicken up the process”* was made.

The service quality received by customers from staff was a key issue that the social accounting group wanted to collate. The majority of customers said that they were very happy (83%) with the overall level of service received from BCRS, 17% said they were happy. In fact 82% strongly agreed that BCRS had met all their expectations. One customer stated *“The service we received from you exceeded all our expectations. We cannot fault anything”*.

In terms of support, all customers agreed that they found the business support helpful (notably this did not apply to five customers). Moreover the majority were very happy with the post loan monitoring calls/visits, although one customer stated *“non received”*. This may be a result of internal resource constraints highlighted by staff members.

As word of mouth is such an effective way to get a message across to other clients, customers were asked whether they would recommend BCRS services. All customers agreed that they would recommend BCRS to another enterprise/entrepreneur, with two customers stating *“definitely”*.

Customers were also asked about the degree of difference BCRS made to their enterprise plans and ambitions. Notably 45% agreed that it had made some difference and 25% felt that it had made a huge difference to their business. *“We wouldn't have existed if it hadn't have been for your help”* was one of the comments received from a satisfied customer. However one customer felt that it had made no difference at all and stated that *“we would have got the finance somehow”*.

Final comments from customers include –

- *“Thank you for your first class service to social business”*
- *“It's a shame Business Link didn't advise us of funding via this route”*

Partners were consulted about the objective and asked about the difference they felt BCRS makes in providing access to finance (1 being No difference at all and 5 being A huge difference).

Degree of difference	1	2	3	4	5
Partners (8)			1	5	2

The majority were in agreement that BCRS was making a difference/huge difference with its services. This was also reflected in the responses received from partners when asked about what they thought BCRS does well –

- *Provides an important link for small businesses to access funding*

- *Satisfy needs of struggling companies*
- *Able to offer services to higher risk businesses*
- *Assistance/support to its clients who are unable to gain funds from elsewhere*

These responses show that many partners are aware of the mission and of the difference BCRS makes.

c) Commentary

Overall the stakeholders were very positive about the activities involved in providing business finance. One customer quoted *"you did exactly what it said on the tin!"*.

The key issues that emerge from this objective and activities are:

- BCRS has excelled in achieving its loan targets ahead of schedule.

It is acknowledged that customers were consulted according to their status. A total of 15 customers were not invited to partake in the process due to delinquency or defaulting in loan repayments. As a result there was a limited response rate from the total stakeholder group. The social accounting group plans to consult all customers during the next social accounts as this may uncover reasons why defaults occur.

In reflecting on the number of delinquent and default customers, BCRS acknowledges that of the £434,500 value of loans that were made in 2005 many would not necessarily have been made with the current level of skills and competencies within the Society. There is now a more robust process of analysing financial data which highlights a good business proposition.

- Does BCRS face an internal resource constraint and is this having an affect on customer loan support?

Notably this issue is in the process of being addressed as BCRS has recently contracted with the Black Country Small Business Service Route to Investment programme whereby client pre and post loan support is identified and undertaken.

- Are some stakeholders valued more than others? Some partners and customers neither agreed nor disagreed with the statement of being valued, whereas staff, board members and member investors all agreed/strongly agreed with the statement.
- A Loan Appraisal Training session has been planned for all staff and board members in August 2006. The aim of this training will be to perfect the current application appraisal system.

Objective 2: To help regenerate some of the most deprived areas in the Black Country by...

- Encouraging the creation and expansion of enterprise
- Securing and creating jobs for people of the local community

(note: two activities have been omitted from the consultation)

a) What BCRS has done

BCRS has encouraged business creation through attending various business events targeted towards individuals thinking about starting up in business. Moreover by actively promoting the loan fund to existing businesses through direct marketing and through networks BCRS has provided the catalyst necessary for business growth. The table below groups the types of meetings that were held throughout the year:

Type of Meeting/Event	Name of Meeting/Event	Number
Local Authority	Local Authority	3
	Local Enterprise Growth Initiative	3
Social Enterprise	Wolverhampton Social Enterprise Network	15
	Black Country Social Enterprise Network	1
	Future Foundations Social Enterprise Working Group	1
	West Midlands Social Enterprise Trade Fair – 12 April 2005	1
	Social Enterprise Awareness Day – 28 July 2005	1
CDFI	WM CDFI Action Group (Fair Finance Consortium)	8
	CDFA	10
	Other CDFI's	5
Partners/Potential Partners	Meetings with Business Link Advisors	15
	Meetings with Bank Officials	12
	Other Finance Providers/Business Advisors/Networks/Partnerships	49
Networking	Trade Fairs/Events: <ul style="list-style-type: none"> • Advantage Business Angels Venture Fair – 20 July • Black Country Chamber & Business Link Trade Show – 22/23 September 2005 • BCI Meet the Buyer Event – 13 October 2005 • AGS Business Show – 01 November 2005 	4
	Other Networking Events	19

BCRS took part in developing the first part-loan/part-grant scheme in Wolverhampton which was targeted at social enterprises. However due to insufficient funds available to the partner organisation the scheme failed to start up.

Through supporting new and existing businesses BCRS has enable to create and secure a number of jobs for people in the region. As at June 2006 BCRS has supported 12 start-up businesses and 32 existing businesses which has enabled 44 jobs to be created and 290 jobs secured.

b) What stakeholders think

Staff (**S**), Board members (**BM**) and Member Investors (**MI**) were asked about how well BCRS has performed against the objective on a 1-5 scale (where 1 is very unsuccessful and 5 is very successful).

Objective		1	2	3	4	5	DK
To help regenerate some of the most deprived areas in the Black Country	S (3) BM (3) MI (2)			2	2 1	1 2	
Total	8			2	3	3	

Staff and Board members were asked about the specific activities in relation to this objective:

Activity		1	2	3	4	5	DK	No response
Encouraging the creation and expansion of enterprise	S BM			1	2 1	1		
Securing and creating jobs for people of the local community	S BM				1 2	2		

Staff comments –

“We cant do much more about the poor quality of many industrial estates & premises but subject to that we exceed all our regeneration targets”

Board comments –

“I feel we should concentrate more on stimulating creation of social enterprises”

Customers were asked about the how the loan from BCRS had affected job creation (Q16) and increase in sales (Q17). Of the 8 customers that responded to Q16 a total of 20 new jobs were reported. Thus on average over 2 new jobs per business were created as a direct result of a loan from BCRS (note this only includes the 8 customers who responded to the question).

In terms of the increase in sales, 7 customers responded to the question and reported over £664,000 of sales. In working to averages this means that each business had an increase in sales of around £95,000 (note this only includes the 7 customers who responded to the question).

A number of respondents found it difficult to put an exact figure to Q17 increase in sales, responses included: *“20% increase in sales”* and *“30% increase in sales”*, which have not been included in the total value. One customer who had no response wrote *“Difficult because we made cost savings, we estimate at least 60% growth”*.

c) Commentary

Generally the majority of staff, board members and member investors agreed that BCRS was helping to regenerate deprived areas of the Black Country. As of October 2005 BCRS is restricted in only making loans within deprived areas of the Black Country as defined by the Government Office for the West Midlands.

Overall staff and board members agreed that the activities were meeting the objective.

Key issues raised from this objective and activities:

- The possibility to focus on social enterprise creation. It is noted that BCRS has changed its business planning and that social enterprise has become less of a target market over the year

Objective 3: To raise awareness of the loan fund in the region by:

- Publicity in local newspapers/journals
- Exhibiting at trade shows
- Attending networking events
- Direct mail to target markets
- Managing a website

a) What BCRS has done

During the course of the past couple of years BCRS has co-ordinated and led a number of activities to fulfil this objective. Recruiting a Marketing & Administration Officer has meant that more work has been done to raise the awareness of the Society. The main activities done are as follows:

- Formation and implementation of a Marketing Plan
- Negotiated a 'Business Finance' category within the local newspaper and consistently ran an advert within its business supplement
- Editorial highlighting key news stories and other important events (e.g. Trade Fair, AGM) in local newspapers (Express & Star), national newspapers (The Times), journals (Social Enterprise Magazine), community newsletters (The Echo, WNC) and specialist papers (Business Report, Prosper, Venture). All editorial is collated in a press cuttings file.
- Producing leaflets (for business loan and investor enquiries) in addition to annual reviews
- Producing business merchandise including pens, jute bags and banner for exhibitions
- Various sponsorship/advertising including local events (Windrush Employment & Training Business Awards), newsletters (local Chamber newsletters), Best of the Black Country Yearbook and deskpads (Express & Star)
- Organised and promoted the West Midlands Social Enterprise Trade Fair for three consecutive years. This showcase event had 40 exhibitors and attracted over 250 visitors in 2005 at which BCRS conducted a series of seminars. For instance the 'Financing in the Real World' seminar tackled financial exclusion by highlighting the sources of finance available to individuals, small businesses and social enterprises. It provided a real learning opportunity for over 30 attendees interested in accessing finance. Other seminars were targeted at business growth. In fact over £100,000 worth of potential business was reported as a direct result of the exhibitors attending the Fair
- Exhibited at various networking events and trade shows (Advantage Business Angels Venture Fair, BCCBL Business Trade Fair, Social Enterprise Awareness Event)
- Ad hoc direct mail campaigns to potential clients (letters and faxbacks using contacts from database and new chamber member details)
- Re-vamp of, and production of content for new BCRS website. This is now content managed by BCRS staff

b) What the stakeholders think

Staff (**S**), Board members (**BM**) and Member Investors (**MI**) were asked about how well BCRS has performed against the objective on a 1-5 scale (where 1 is very unsuccessful and 5 is very successful).

Objective		1	2	3	4	5	DK
To raise awareness of the loan fund in the region	S (3) BM (3) MI (2)			1 2	1 1 2	1	
Total	8			3	4	1	

Staff and Board members were asked about the specific activities in relation to this objective:

Activity		1	2	3	4	5	DK	No response
Publicity in newspapers/journals	S BM				2 1	1 1	1	
Exhibiting at trade shows	S BM			1	2	1		
Direct mail to target markets	S BM			1	3		1	1
Managing a website	S BM				2 1	1	2	

The responses signified that more needs to be done to fully achieve this objective. One staff member commented *“awareness is still quite low though we have tried hard to improve it”*. Others were of the same opinion and stated that *“more awareness is needed”* and there is a *“need to continually build the brand”*.

All customers were asked about how they became aware of BCRS:

	No of respondents
Word of mouth	3 (27%)
BCRS Leaflet	
BCRS Website	
Advertisement in press	2 (18%)
Referral by advisor	1 (9%)
Other:	5 (46%)
- searching the internet (x2)	
- local partnership	
- local community network	
- trade show	

The majority of customers had become aware of BCRS through other channels and through word of mouth.

Partners were asked about how aware they were of the services offered by BCRS.

Very aware	Somewhat aware	Not at all aware
4 (50%)	4 (50%)	

Half of all partners were only somewhat aware of BCRS services. In fact some of the other comments received focused on this particular objective. When asked what BCRS does not do well, two partners expressed their concerns in relation to this objective –

- *“not advertise it’s services to bankers”*

- “marketing”

It was also highlighted as an area for improvement by partners –

- “continue marketing strategy as some people would still be unaware of BCRS”
- “advertising”
- “key problem in getting your message across”

c) Commentary

Over half of all staff, board members and member investors agreed that BCRS had been successful/very successful in its performance against this objective. However a number scored it as neither particularly unsuccessful nor successful (i.e. using 3 from the 1-5 scale).

The performance against the activities was generally ranked as successful/very successful although a number of board members felt they did not know of them.

Interesting what seems to have worked in raising awareness of the loan fund is community/partnership networks, internet search and word of mouth as these were the main sources of enquiries for present customers. However it is noted that more enquiries are now being received through direct BCRS generated activities including website, leaflet and adverts in the local newspaper.

Key issues raised from this objective include:

- The need to continue the marketing drive to raise awareness
- Keeping board members informed about the activities undertaken in order to achieve the objective. At a recent board meeting, members were provided with a profile of enquiries which illustrated the number, sources, loan size, sectors and geographical region of enquiries
- Having conducted the West Midlands Social Enterprise Trade Fair for three consecutive years BCRS does not plan to continue organising the event in the future. The main reason for this being the shift in its target market in 2004 which now includes lending to small businesses as well as social enterprises

Objective 4: To develop effective collaborative working relationships with partner organisations by...

- Meetings with bank officials, business link advisors and other potential referrers
- Attending and speaking at seminars and conferences
- Informing partners of developments with regular communication updates

(note: one activity under this objective has been omitted)

a) What BCRS has done

BCRS has formed working relationships with other organisations over the years (the table on page 21 illustrates the different types and number of meetings held during the course of 2005). It is a charter member of the CDFA (national association for

CDFIs), is a founding member of the FFC (a consortium of CDFIs across the West Midlands) and a member of the Black Country Chamber of Commerce.

Through networking BCRS has been able to build a list of contacts of partners/potential partners i.e. that could potentially provide a source of referrals. A total of 76 meetings were held with partners/potential partners in 2005 in order to inform them of developments and services provided by BCRS (see table of meetings on page 21).

The Chief Executive has conducted 16 speaker sessions for different organisations across the region, including:

- Black Country Chamber
- Business Link advisors
- CITRUS
- Co-op Cardiff
- Fair Finance Consortium
- Fair Finance Fair
- Inspirational Women (x2)
- Institute for Social Entrepreneurs
- Mustard Programme
- Social Firms UK
- Southern Staffordshire Partnership
- West Midlands Social Economy Partnership
- West Midlands Social Enterprise Trade Fair
- Wolverhampton BME Consortium
- Wolverhampton Economic Partnership

Partners are kept informed of developments with literature e.g. an Annual Review. Moreover a new e-mail newsletter has recently been produced which provides latest news and is tailored to the needs of partner contacts.

b) What the stakeholders think

Staff (**S**), Board members (**BM**) and Member Investors (**MI**) were asked about how well BCRS has performed against the objective on a 1-5 scale (where 1 is very unsuccessful and 5 is very successful).

Objective		1	2	3	4	5	DK	No response
To develop effective collaborative working relationships with partner organisations	S (3) BM (3) MI (2)			1	1 1 1	1 1	1	1
Total	8							

Generally staff and member investors thought BCRS achieved this objective successfully over the year. Although one staff member commented that it is “*difficult to develop collaboration at times due to conflicting or competing agendas*”. However another staff member thought that the collaborative working relationships with partner organisations “*continues to expand*” and a “*two-way relationship, referral system*” is being formed.

Staff and Board members were asked about the specific activities in relation to this objective:

Activity		Very Unsuccessful			Very Successful			DK	No response
		1	2	3	4	5			
Meetings with bank officials, business link advisors and other potential referrers	S BM				1 1	2		1	1
Attending and speaking at seminars and conferences	S BM				1	1 1	1 1		1
Informing partners of developments with regular communication	S BM				1	1 2	1		1

Staff members generally agreed that BCRS was very successful/successful with performing the stated activities. However board members again highlighted the need for further information on the specific activities. In particular it was stated “*we need to know the situation*” in order for them to answer whether BCRS had been successful or otherwise in performing the activities.

Partners were given specific statements to score on a scale of 1-5 (1 being strongly disagree and 5 being strongly agree):

	1	2	3	4	5	DK
Q6. We have worked in collaboration/partnership with BCRS			2	3	3	
Q7. Our collaboration/partnership has been useful to us			2	2	4	
Q9. BCRS keeps us informed of developments with regular communication			3	3	2	
Q14. We shall be willing to continue our collaboration/partnership in the future				3	5	

The majority of partners strongly agreed that the partnership/collaboration had been useful to them, and all agreed that they will be willing to continue the collaboration in the future. This suggests that BCRS is working towards achieving the objective as partners see the value of the relationship.

In terms of the informing partners of developments over half agreed/strongly agreed that BCRS kept them informed with regular communication. However three partners neither agreed nor disagreed with the statement which may suggest that they are unaware of this activity.

The partners were asked specific questions about the partnership. The majority agreed (50%)/completely agreed (38%) that they equally benefit from the collaboration and that they are confident in making referrals to BCRS (notably the same percentage of responses were given for the two statements, although one partner selected ‘don’t know’ for the latter statement).

One partner commented “*although at an early part of our relationship I do feel it’s a useful collaboration and I’m sure it will continue to grow over the coming years*”.

Another stated *"I was always more than confident when making referrals to BCRS...clients always fed back positively"*.

Over half of all partners agreed/completely agreed that they had received referrals from BCRS, which signifies a two way relationship in providing referrals. However one partner indicated that they had not received any referrals from BCRS as the statement was disputed. Some partners did not know whether they had received any referrals from BCRS, this could be due to a lack of awareness of such referrals by the person completing the questionnaire.

All partners agreed (82%) or completely agreed (12%) that BCRS has been an efficient organisation to work with.

Other comments from partners include –

- *"Good service but high interest rate is a disadvantage....it is not beneficial to the organisation. Lowering this could increase client base and wider audience"*
- *"To be more decisive in loan decisions – shorten time"*
- *"Increase business advisors understanding – push for more referrals"*
- *"Reduce interest rates on loans potentially"*
- *"A useful and important service to economic development in the Black Country"*

c) Commentary

Overall there is agreement amongst the stakeholders that BCRS has performed successfully against the objective and its related activities.

The key issues that have emerged are:

- More communication with partner organisations. As has already been noted this activity has been recognised through a new monthly e-mail newsletter

Objective 5: To develop and manage the Society effectively by...

- Encouraging the growth of membership
- Identifying and generating new income streams
- Making successful bids for funding to grow the Society to a point at which it is sustainable
- AGM at which members, staff, directors and the community can meet
- Ensuring good employment practices

a) What BCRS has done

In order to take the Society to its next level of growth BCRS has undertaken a number of activities to meet this objective. As of 31st December 2005 BCRS had 25 member investors who had subscribed to shares within the Society. Although no new investors were recruited in 2005 the ultimate aim is to reach a membership of 100 investors. A new investor drive was commenced through the production of a new leaflet. Individuals and businesses were directly targeted to increase the growth of membership.

BCRS has been able to secure various different income streams. Initially a successful bid to the Small Business Service meant that a grant for revenue and capital funding helped the Society in its early growth phase. Having excelled in loan targets, BCRS lend all the capital almost six months ahead of schedule. Thus additional support was sought from the Regional Development Agency and a successful bid has meant that funding has been secured through its Advantage Small Loan Programme.

BCRS has produced a set of Financial Forecasts with the help of Mazars, a major firm of accountants. This document has been used as supporting evidence when making bids and applications for future funding. In fact a recent bid to the Regional Development Agency meant that BCRS became one of the first CDFI's in the regional to obtain additional capital to make more loans.

A number of ad hoc projects were also undertaken (Feasibility Study, Wolverhampton Community Development Finance Project) which were supported with revenue funds from Neighbourhood Renewal Fund and Wolverhampton Network Consortium.

For regulatory purposes BCRS holds an Annual General Meeting (AGM) each year which brings together all key stakeholders. It is used as a showcase event to encourage more member investors and also to inform key stakeholders of developments. A total of 25 people attended the last AGM held on 28 June 2006. It is noted that the AGM has a low attendance rate from member investors i.e. only two additional members who were not directors attended the meeting in 2006.

BCRS has used the services of Peninsula to provide consultancy with Health and Safety, Personnel and Employment Law. An employee handbook is in place which lists all the employment policies including Equal Opportunities in order to ensure good employment practices.

Overall the Board of Directors ensure that the Society is developed strategically and managed effectively.

b) What the stakeholders think

Staff (**S**), Board members (**BM**) and Member Investors (**MI**) were asked about how well BCRS has performed against the objective on a 1-5 scale (where 1 is very unsuccessful and 5 is very successful).

Objective		1	2	3	4	5	DK	No response
To develop and manage the Society effectively	S (3) BM (3) MI (2)				3 3	2		
Total	8				6	2		

All the above stakeholders believed that BCRS was successful/very successful in relation to this objective.

Staff and Board members were asked about the specific activities in relation to this objective. Their responses are given in the following table:

Activity		Very Unsuccessful			Very Successful			DK	No response
		1	2	3	4	5			
Encouraging the growth of membership	S BM		1	1 1	1	1		1	
Identifying and generating new income streams	S BM			1 1	1	2 1			
Making successful bids for funding to grow the Society to a point at which it is sustainable	S BM			1 1	1	2 1			
AGM at which members, staff, directors and the community can meet	S BM				1 2	2 1			
Ensuring good employment practices	S BM				1 2	2 1			

Staff and Board members were in agreement that BCRS had been successful/very successful with the final two activities. However encouraging growth of membership, identifying and generating new income streams and making successful bids for funding were activities that many did not believe were successful or unsuccessful (as shown under the '3' column).

Notably one staff member thought BCRS had been unsuccessful with the first activity and stated that BCRS *"needs more members"*. This comment was agreed with another staff member *"membership growth has been limited"*. In terms of income generation it was noted that BCRS *"needs greater variety of sources of income"*.

The three members of staff were asked a series of questions about their job, support, terms & conditions and training & development.

All staff agreed that they enjoyed their work and found it interesting. Although one member stated *"don't totally enjoy it as I worry about the long-term viability of BCRS"*.

One staff member stated that they did not have a clear sense of responsibility and stated *"My responsibilities are somewhat vague. At times there is confusion as to who's responsible for a particular job"*.

All employees felt that their ideas and suggestions were taken seriously and were satisfied with their involvement in decisions which affect their work. Moreover the communications within the organisation were seen to be good. However one staff member was indecisive as to being able to influence the decision-making of the organisation.

Overall all employees felt that their health and well being was taken seriously at work and morale amongst staff is generally high. Moreover all staff strongly agreed that they were proud to work for BCRS.

All staff strongly agreed that they felt part of a supportive team and agreed that they get good support from the other staff. Two staff members strongly agreed that their manager gives honest feedback on their performance. One was somewhat indecisive with a response to the statement and commented *"no feedback yet received from annual appraisal"*.

In relation to the terms and conditions of employment all staff were satisfied with the hours of work. It is noted that one member of staff is changing their hours of work to a 4-day week.

However there was some dissatisfaction with other terms and conditions of employment namely the work load, pay, other benefits and general working conditions. Notably all members of staff showed some concern in feeling under too much work pressure. All responses to this statement were given a score of 3 indicating no agreement or disagreement. One staff member commented *“pressure of work high as still going through early stage”*. Furthermore two members of staff showed dissatisfaction with the pay they received with comments such as *“paid under the market rate for the role compared to other CDFIs”* and *“pay is below average for the job”*. Another disagreed with the statement of being satisfied with other employee benefits (e.g. holidays), and a further was dissatisfied with the working conditions and expressed a concern with the *“office climate – no facilities for winter/summer”*.

In terms of training and development, two members of staff received between two-five days training and one staff member received one day of training. All staff agreed that the training was worthwhile although there was some indication that more is necessary as not all agreed that they had received the training necessary to do their jobs effectively. One staff member suggested that *“no training for CEO’s of CDFI’s yet available”* and another stated that *“some duties I undertake have not been covered in the training”*.

All staff members have undergone an appraisal which was seen as a good system by two staff. One staff member who had not received feedback from the appraisal was not in a position to decide effectively thus marked the statement with a ‘3’. Although all staff members agreed that they were given opportunities to develop and advance in their roles.

Final comments from staff include –

- *“Consolidate market sector in which to operate”*
- *“Need more staff to handle certain tasks – allowing for clearer job roles”*
- *“We should have had 4 staff by now....with only 3 we haven’t the time to do all we ought to do”*

Board members were asked a series of questions about the purpose of the board, the way it works, the membership, other objectives they wanted to see addressed and about overall performance of BCRS.

Responses from board members in terms of the purpose of the board were quite varied. One member thought it was important for the board to be responsible for the day to day management, whilst another was of the opposing view that this was not important at all (one no response was recorded). Deciding policy issues and strategic direction was agreed by all to be a very important role for the board. Other potential roles which included acting as advisors, giving support to staff, having ultimate legal responsibility and ultimate responsibility for the financial good management of the organisation were all seen as important or very important by all board members.

Two of the board members agreed that the remit of the board is clear and whereas one was neither in agreement nor disagreement with the statement. It was suggested that board members *“need to remain more conscious of responsibilities during discussion”*.

A series of statements about the way the Board works were put forward to all of its members. All completely agreed/agreed that they received relevant papers for the meeting in good time and that minutes were circulated promptly. Although the majority agreed that they were given enough information about the organisation to fulfil duties as a board member, one board member indicated that this may not be the case suggesting the *“need to know more”* (as mentioned earlier in the report).

The majority of board members agreed that the meetings are run well and agreed that that they found it easy to participate in the discussion. All board members agreed that the board meets often enough to discharge its duties. A suggestion was made that *“it would be useful to deadline particular aspects of Board concern on a regular rotational basis i.e. as the highlighted topic”*.

With regards to the membership of the Board, the overall response was that it is not well balanced. All members neither agreed nor disagreed that it was well balanced in terms of local and non-local people. Board members did not see the membership as being balanced in terms of gender. In addition members neither agreed nor disagreed with the composition of age within the board (notably one board member gave no response to the gender and age statements). Moreover one member did not see membership as reasonable in terms of professionals and non-professionals.

The question about the size of the Board received opposing answers. One member agreed that the size was just right whilst another disagreed and another failed to provide a response. However *“local business people currently operating SME’s”* was given as a suggestion for other types of people current board members would like to see become members.

Board members were also asked to list objectives they thought BCRS should be addressing. One suggestion was received namely *“Working to further research, develop and implement social enterprise opportunities within the sub-region”*.

The overall performance of BCRS over the year was rated between 5-8 on a scale of 1-10 (with 1 being very poor and 10 being excellent). The board member who gave the average rating suggested that *“staff changes”, “leadership from board required in certain areas”* and the need for *“more detail... to be supplied to the board in order to make informed decisions”* as the main reasons for the score.

Member investors were asked additional questions about being a BCRS member investor. Of the two members that responded to the questionnaire, one member completely agreed whilst another agreed that they receive enough information about BCRS in order to fulfil their duties and that they are assured that their investments have been put to good use. Both members completely agreed that they receive an invitation to the AGM and that they would encourage others to invest in BCRS. No other objectives were suggested by the member investors.

One member commented *“As far as I know you do a very good job and achieve your objectives very happy to continue supporting you”*.

In terms of the difference BCRS makes in providing access to finance one member believed BCRS has a huge difference whilst the other thought it has some difference.

c) Commentary

There is overall agreement that BCRS has been successful in performing against this objective. However there has been some concern expressed over particular activities.

Key issues raised from the objective are:

- Increase membership
- Ensure Board Members are well informed, allowing for changing membership.

Board members highlighted their lack of knowledge of various activities. For instance within objective 3 publicity, direct mail and managing the website were named as activities that particular board members were unaware of. One comment was that *"we need to review our current practice and look at how we might ensure a higher profile for the organisation"*

In order to increase the awareness amongst board members of activities it is noted that BCRS will look into issuing all Board members with relevant papers before and after a meeting i.e. even to members unable to attend the meeting

- Review Board composition
- Clarify Board roles and responsibilities. Since the end of the Social Accounting period there has been a change in the composition of Board members
- To review Employment Terms & Conditions and employee benefits

An employer contribution to employee's personal pension schemes was scheduled for introduction in 2006

- Review resource requirements
- Review roles and responsibilities/job specifications of Staff members
- Ensure staff appraisal system is fully implemented
- Ensure training plans are drawn up and implemented for each staff member

6 Environmental Impact

BCRS implements day-to-day environmental practices such as using recycled paper for office printing and reusing paper and envelopes where practical. Shredded paper is recycled for composting at a local allotment. Coffee and tea used in the office are fair-trade labels.

As a tenant of the building BCRS has only minimal control over the energy efficiency of and energy usage in the entire premises. However, care is taken by all staff to turn off light and electrical appliances in its particular offices when not needed.

Staff members adhere to a travel policy whereby car sharing occurs when travelling to and from meetings and events. Moreover one member of staff cycles to work some days.

Although BCRS does not have a formal environmental policy in place it proposes to put one together for the next set of social accounts.

7 Economic Impacts

Through providing access to finance to individuals and business who may otherwise be excluded from traditional lenders BCRS makes a significant economic impact upon its customers and members of the community. BCRS was able to draw in £400,000, from outside the region, into the Black Country through securing funding from the Small Business Service. In particular over £750,000 has been invested in the region as of June 2006. BCRS has helped to secure over 290 jobs and created a further 44 for people of the local community. Many people have been given the opportunity to start-up in business, and even come off state benefits and earn a living for themselves. Others have been given the opportunity to further the growth of their business. In fact as a direct result of a BCRS loan over £664,000 increase in sales was reported by customers that were able to put an approximate figure to the amount.

BCRS also adheres to a local purchasing policy and opts to buy from a social enterprise where possible.

It is noted that BCRS now has appropriate recording mechanisms in place that record the economic statistics and impacts in a more appropriate manner.

BCRS has not researched how the capital lend to businesses is retained and recycled in the region. This activity is of economic concern and is intended to be measured in the future possibly through the Local Multiplier 3 (LM3) tool which explores how much of the money spent by an organisation is used in the local community.

8 Compliance

As an Industrial and Provident Society BCRS fulfils the necessary requirements of accounts filing and reporting to the Financial Services Authority.

BCRS adheres to a strict equal opportunities and health and safety policy.

The findings of the social accounts will be reported to all key stakeholders including Funders (a key stakeholder not consulted in the present accounts).

9 Main issues and conclusions

BCRS has made considerable achievements over the years. There was consensus amongst all stakeholders that BCRS has lived up to its stated mission. Although there was an indication that it needs to do more to support and stimulate the social enterprise sector. It is noted that having changed its strategic direction in late 2004 to include lending to the small businesses, BCRS may have lost focus on the social enterprise sector as the majority of demand has come from the private sector.

In terms of values, the majority of stakeholders agreed that BCRS had lived up to its five core values. However one value was particularly highlighted namely 'To value our customers, member investors, partners and staff'. Notably some customers and partners did not rate this value well. Could this mean that some stakeholders are made to feel more valued than others? BCRS intends to hold a selection of events specifically targeted towards partner organisations thus this may help to combat such perceptions.

Generally stakeholders were in agreement that BCRS has performed successfully against the five objectives.

In terms of general performance, customers were highly satisfied with service levels and all stated that they would recommend BCRS services to others, as did member investors. Partners were confident in the making referrals and stated they would continue the collaboration in the future. However the need to speed up the process was mentioned by some partners and customers. Could this length of time involved in the loan process be a result of the internal resource constraint mentioned by staff? Notably staff also felt that this was affecting the level of customer support BCRS was able to provide. However it is noted that this issue may have been somewhat resolved through the recent collaboration with Black Country Small Business Service, which means that BCRS is able to identify and work with clients and customers in need of pre and post loan support.

Generally stakeholders feel that BCRS is making somewhat of a difference in closing the access to finance gap. It is noted that this level of difference may increase as BCRS experiences higher growth rates. Nonetheless through providing an alternative route in accessing finance, BCRS has been able to create a number of additional jobs for people of the local community and thus enabled businesses to increase their levels of sales over the years. Whether this income is retained and recycled within the region by customers is an area that BCRS could explore in future social accounts.

Generally many people are still unaware of the CDFI sector as a whole. BCRS has made considerable progress to raise awareness of its fund in the region although many stakeholders expressed a need to continue the marketing drive to attain more custom and take it to its next level of growth. Furthermore more member investors and income streams need to be identified in order for BCRS to become sustainable and prolong its life cycle.

Moreover there seems to be a need to keep stakeholders informed of BCRS activities. In particular some board members and partners expressed the need for more information about certain activities. It is noted that BCRS has recently produced an e-mail newsletter to keep partner organisations up to date with developments. This may be extended to specific bulletins to board members and possibly member investors.

Key recommendations:

- Review internal resource constraints

- Continue supporting the social enterprise sector
- Ensure all key stakeholders in particular Board members and Partners are well informed
- Review roles and responsibilities for Board and Staff members
- Review Board composition
- To review Employment Terms & Conditions and employee benefits
- Ensure the staff appraisal system is fully implemented
- Ensure training plans are drawn up and implemented for each staff member
- Continue the marketing drive to raise awareness
- Increase membership

In conclusion it is recognised that BCRS is in its growth stage and so it has considerable work to do in order to fully meet all its values and objectives. In fact it is already working towards addressing some of the issues highlighted in the social accounts.

10 Strengths and Weaknesses of the Social Accounting Process

Generally the social accounting process has worked well. Given that this is the first social accounting process for BCRS the response rates were adequate, although the number of completed questionnaires received from Member Investors and Board Members was disappointing. Customers were willing to contribute their views once followed up although many were not consulted due to their changing loan status. All staff were very willing to contribute their views.

The findings do give a useful critique of the services offered by BCRS. It identifies a number of issues for BCRS to consider.

The accounts have been presented to a social audit panel from which the final report was produced.

11 Future plans for the Social Accounting Cycle

These social accounts relate to the 2005 calendar year. It is intended that BCRS will conduct future social accounts to coincide with the next financial year and also consult those stakeholders that were omitted from the present accounts.

12 Dialogue and disclosure

A copy of the completed and audited accounts will be circulated to all those stakeholders who were consulted and they will be placed on the agenda for discussion at a Board meeting.

The social accounts will be placed on the BCRS website and they will be included in the directory of social accounts maintained and publicised by the Social Audit Network.

The accounts will be a valuable document which will be used by BCRS to attract more funders, member investors and supporters.