

ATTACHMENT 2:

Town of Victoria Park Social Impact Investment Process: Peppercorn Leases

1. Background Information

Peppercorn Rent

A peppercorn rent is a very small amount of money, such as \$1 per annum, that is paid by someone who is renting a building or piece of land so that the arrangement between them and the owner of the property is legal.

Social Value

Social value is the relative importance, that people place on change they experience in their lives. This change may include gaining new knowledge, understandings, feelings and attitudes, or a change in status. An example of a change in status is the changes experienced by an individual who goes from being unemployed for a long time, to being sustainably employed.

Reporting on the Social Value delivered by an Organisation

As with financial reporting, reporting on the social value that has occurred because people have been involved with an organisation's activities, helps an organisation make better decisions.

How not-for-profit organisation's report on the social value that is delivered with their activities, services, or programs, is rapidly changing. Across the world, governments, philanthropic foundations, and other funding agencies, are now requiring more rigorous reporting about the social value an organisation they fund, actually delivers.

Social Impact and Social Impact Investing

Social impact is the fundamental change that emerges at a community or societal level, as a consequence of activities, services or programs that have generated social value, consistently over a long period of time (7-10 years).

Social impact investing is now being undertaken by governments with the aim of generating social impact over the long-term, by generating social value over the short term.

Social impact investments come in many forms. However, support is based on an agreement between the investor and the organisation receiving support, as to what social value will be achieved.

In-line with local, national, and international trends with government investment in programs that generate social value, the Town of Victoria Park is developing social investment processes. The aim being to work in partnership with organisations receiving financial and/or in-kind support from the Town, to report more usefully on the social value generated by their activities, services and/or programs.

With the Town renewing community leases that are in holdover status, an opportunity has emerged for these social investment processes to be introduced with the **Town of Victoria Park Social Impact Investment Process (Peppercorn Leases)**

Not-for-profit organisations receiving a peppercorn lease from the Town will now be required to engage in this process at a level commensurate with their organisational capability and capacity.

2. Scope

This process is proposed to be applicable to new lease agreements with Leases currently in holding over and listed under section: Peppercorn Leases (Not-for-Profit Organisations), in Attachment 1¹.

3. Brief Description

Phase 1: Assessing organisational capability.

Not-for-profit organisations receiving new lease agreements with peppercorn rents, will be provided with a set of questions to answer regarding their current operations. This will help the Town assess where each organisation is in their journey towards reporting on the social value generated with their services.

This assessment will determine each organisation's social value reporting capability (knowledge, abilities, processes etc.) and determine if they require, considerable, some or minimal support to improve their capability.

Phase 2: Facilitating the Formation of a Self-supporting Learning Network.

The Town will facilitate the formation of a network of representatives of the not-for-profit organisations receiving peppercorn leases, to work together with the Town on ways to help their organisations move from their current level of capability to a level where they can competently report on the social value generated by their activities.

Phase 3: Capability Building.

In close association with the learning network established during Phase 2, the Town will:

- Provide (basic) skill-building opportunities for members of the network and their organisations, to increase their understanding and skill with reporting the social value generated with their activities, services and/or programs.
- Help the network source funding for more advanced skill-building/training in social value reporting.

Phase 4: Assessment

In close association with the learning network established during Phase 2, for the duration of each organisation's peppercorn lease, the Town will annually assess the growth of each organisation's capability to report on the social value generated by their activities. The aim of these assessments being to help guide the continuation of capability building as established during Phase 3.

These assessments will also help guide the Town's decision making regarding its social impact investment priorities, at the time when Peppercorn Leases (Not-for-Profit Organisations) expire.

¹ Please Note: Town of Victoria Park Social investment processes will be developed, in due course, to help organisations, other than not-for-profit organisations receiving peppercorn leases, that receive financial and/or in-kind support from the Town of Victoria Park to deliver community services / initiatives, to grow their capability to report on the social value generated by these activities.