

sustainable ● enterprise ● strategies



# Summary Social Audit Report

## April 2006 – March 2007

Using enterprise as a vehicle to create a fairer society through the alleviation of inequality and poverty.

# Background

SES is an enterprise development agency with Local Enterprise Agency Status. SES targets its work within hard-pressed communities. SES has promoted, developed and supported all forms of enterprises including social enterprise within Wearside and North East England since 1983. As a result the City boasts a vibrant social enterprise sector, for instance, during 2006-07 there were over 58 Social Enterprises directly associated with SES. These social enterprises are financially independent via trading activities, employ over 600 local people and have a collective turnover in excess of £10.2 million. Moreover, during 2006-07 SES created over 210 new enterprise start-up's within the City. Over 70% of these new enterprises were either started by people who were previously unemployed and resident within the 20% worst SOA of the City. SES is a social enterprise registered as an Industrial and Provident Society, employing 16 staff and having a turnover of around £650,000 per year.

## Our approach...

Support is vital to boost the chances of business and social enterprise start-up and to grow. SES has facilitated a model of enterprise development that targets, captures the imagination of, and meets the needs of those disadvantaged. A pro-active, holistic and integrated approach, it successfully engages people missed by mainstream agencies eg. local people from traditionally hard-pressed communities, BME groups, women (especially in social enterprises), etc.

SES's Enterprise Workers offer support to individual entrepreneurs and social enterprises and will also become more directly involved in the business planning process. This involvement will include:

- Animating the group (or individual)
- Influencing the pace of development including encouraging people when they are not performing and slowing the process when the group wants to progress too quickly
- Setting well-meaning trips and obstacles to test the commitment the group has to the business idea
- Writing aspects of the business plan
- Forming close relationships, when appropriate, with the group in order to break down barriers to the advisor/client relationship
- Brokering appropriate training

This approach is deliberately "activist" in nature and not "passivist". It is directive to a certain degree but is based on experience and long term working within, and identifying with, hard-pressed communities in the North East.

## Our work and what we deliver...

SES has been researching and refining its method of work to achieve increased performance. Based on a consortia-building approach, we have developed seven distinct but highly inter-related themes within our 'Prospecting for Enterprise in Communities Campaign':

Strategic working and policy development  
Traditional business start-up and development  
Social enterprise start-up and development:  
Enterprising Futures (Gentoo: Registered Social Landlord)  
FISCUS (Financial Inclusion, Work and Enterprise)  
Changing Landscapes (VCS Delivering Public Sector Contacts)  
Enterprising Community Zone

## Social accounting and audit...

SES undergoes an annual social accounting process, assessing the social, environmental and economic performance of itself as organisation and measuring its impact on stakeholders.

From April 2006 to March 2007 SES collected a range of information relating to our mission, underpinning values and our objectives. This included, on the one hand countable and factual information and, on the other, the opinions of our key stakeholders through interviews, surveys and questionnaires. We brought it all together in the form of Social Accounts which were then scrutinised by an independent Social Audit Panel. This document represents a summary of that Social Report.

## Our underpinning and shared values are...

- believing in a more equitable and inclusive society
- using enterprise as a vehicle to create a fairer society through the alleviation of inequality and poverty.
- being honest, accessible, approachable and accountable
- respecting all people as individuals and recognising their worth

The consultation with stakeholders revealed that SES is living up to its four shared values with the fourth value being rated particularly highly by our clients. The consultation revealed a number of suggestions which we intend to act upon.

### Action points:

- Regularly reinforce, discuss and agree on all our core values with staff and other key stakeholders
- Use our set of core values in all that we publish

# Economic impact...

We have analysed some of the figures available to us to assess SES's economic impact. We feel it is interesting and relevant given the nature of our organisation.

- In relation to SES's contribution to GVA, the evidence suggests that our micro-business starts and social enterprises have a greater propensity for a higher Labour Value Element in their turnover when compared to manufacturing, energy or transport.
- We estimate a conservative 60% of gross income represents the typical GVA of a micro-business start and/or social enterprise. Therefore there is a direct contribution to the North East GVA of £3.19m from our micro-business starts and £6.12m from our social enterprises.
- Analysis of our figures revealed that we are operating efficiently when compared to other similar projects.
- An outlay of £384,500 on enterprise start-ups has resulted in significant benefits as outlined in these social accounts
- We have delivered 26,877 hours of business animation, business start up advice and financial capability to 317 pre business clients and 210 new enterprises (excluding social enterprise). The average unit cost for training/advice was £14 per hour compared with an average local open market rate of £30 per hour
- The average cost per business created was £1,831 compared with a typical cost per business created of £3,933
- The enterprises we have supported have high survival rate. The majority (70%) of these businesses were derived within the "worst" 20% SOA areas of the city
- FISCUS facilitated an additional £53,077 financial gain via tax credits, whilst consolidating and/or helping people to manage £195,222 worth of personal debt – thus helping individuals be more solvent
- The turnover levels of the 210 new business starts was £5.19m of which 147 (70%) of the business starts resided with the "worst" 20% within the city, thus generating £3.6m of turnover income within these hard-pressed communities. This aids the local economies
- The businesses we have supported now employ 237 persons – thus providing more money to the local economies
- The New View (job linkage) programme resulted in an additional 165 local unemployed residents entering employment at an average cost for assisted job of £569. This local employment aids the wider economy
- We can illustrate that SES's interventions have resulted in a HM Treasury Net gain of over £16,000, a Welfare Benefit Saving of over £1.1m annually and an "Increased Disposable Income" indicator of £207,359
- In conjunction with our partners we have managed to attract over £4.35m investment for our partners. This could be spent locally stimulating the local economies. We have a number of further actions...
- Directly supporting 58 Social Enterprise, who have a combined trading income of £10.2m pa and who employ 600 local people.

## Action Points:

- Continue to monitor our economic impact using the indices we have developed
- Consider recasting our traditional financial accounts into a Social and Economic Impact Account separating out trading expenditure and social/economic benefit expenditure
- Look at expenditure after all the salaries and personnel costs have been paid and see on what SES is spending and where
- Consider carrying out a Local Multiplier 3 project to examine the proportion of our expenditure that is spent locally

# Client engagement

**Client Approach: To engage and interact mainly with people facing barriers to help them become active in enterprise to enabling them to gain self-esteem and ultimately progress socially and economically**

- We have worked with 524 **pre-business clients** from hard-pressed communities in Sunderland - 69% of whom were not working previous to becoming our clients and 23% had no qualifications at all
- We worked with 210 **business start-ups** (70% of them located in the most hard-pressed areas of the city) which have a combined turnover of just over £5m and who have created 237 jobs
- The business start-ups we have supported over the years show a significant survival rate - for instance 88% survival after 52 weeks and 70% after 78 weeks
- 102 out of the 111 who responded to our survey were "satisfied" or "completely satisfied" with the services they had received
- We supported and assisted 58 social enterprises employing over 600 people with a combined turnover of over £10.2m
- 30 out of the 33 social enterprises who responded to the survey were "satisfied" or "completely satisfied" with our services
- We have promoted our services in hard-pressed communities through leaflets, posters, adverts, press articles, events and presentations
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- We have promoted our services in hard-pressed communities through leaflets, posters, adverts, press articles, events and presentations
- We estimate that we spend an average of 51 hours supporting each enterprise client with a comprehensive business animation, start up and aftercare service

- We held 10 training events, 2 procurement events and partnered or attended a further 34 events
- Generally all our stakeholders were positive about SES achieving this objective as it is “people focussed”.
- However, the consultation led to a number of suggestions...

### **Action Points:**

- Continue doing more of the same, concentrating on building up long-term business relationships with our clients
- Seek further funds to continue the work of SES
- Consider improving the data collection for social enterprises and business start-ups so that the data can be brought together in a consistent form
- Consider setting targets for different client target groups in the future

# Objectives...

## Objective 1:

### To promote, develop and support individual entrepreneurship, enterprise and social enterprise focussed on hard pressed communities

- We have evidence that we have been effective in promoting, developing and supporting our enterprise programme within hard-pressed communities and we have improved our database, supervision processes and team building
- The delivery of OCR NVQ level qualifications has reinforced our quality standards for the programme
- Through our work with FISCUS the issue of indebtedness and enterprise formation has been highlighted
- We are hitting and exceeding more of our numerical targets than we have done in previous years
- From our consultation with clients, our services are well used and generally well regarded with nearly all clients feeling the SES services were “useful” or “very useful” with a majority saying SES had made a “huge difference” to their plans and ambitions. The vast majority would recommend SES to others
- Other stakeholders were positive about our performance against this objective with some minor reservations. This has led to a number of action points...

## Action Points:

- Continue to operate at the same level while recognising that we cannot continually expand at the rate we have done in the last two years
- Organise more team building activities to ensure the staff are constantly and sufficiently challenged
- Continue to set and review numerical targets

## Objective 2: To be involved in projects that benefit hard pressed communities

- We have been involved in a number of larger projects – mainly helping with enterprise development, such as Seaham North Dock Development, a £2.5m business case for the construction of work units and marina development managed by a social enterprise (ship), Compass Community Transport, Wearside First and Social Enterprise North East (SENE)
- We have worked closely with our partners mainly with business planning, funding applications and legal structures
- We have assisted in raising over £4.3m for projects in Sunderland and the North East
- One of our partners, New View, have been very effective in working with local people helping them to access employment opportunities. Of the 1701 New View clients, 74% have come from within hard-pressed communities and 527 have gone on to be trained, with 65 obtaining employment
- Through our work and partnerships with others we have a “badged” and integrated package: FISCUS (benefits), Wearside First (credit union), New View (job linkage), social enterprise (employment and economy), enterprise (help to the disadvantaged), and SHG (housing and residents)
- Most of our stakeholders felt we had performed well against this objective with some regional organisations feeling that SES has a much higher profile now compared with several years ago. There are a number of actions to emerge...

### Action Points:

- Communicate the “badged” package to staff and other stakeholders
- Continue the effective work of New View
- Continue to work in partnership with close partners and within groups in planning, developing social enterprise and raising funds for organisations
- Look at setting reciprocal and linked targets for SES, SCEN Partners, FISCUS and New View thus operating an integrated service

## Objective 3: To influence policy towards enterprise support and social enterprise

- We have been involved in a number of larger projects, mainly helping with enterprise development. We prepared the successful business case for £2.3m Seaham North Dock development which will see the construction of workspace and a modern marina managed by a social enterprise (ship). SES continues to work with Sunderland's award winning Compass Community Transport, Wearside First credit union and Social Enterprise North East (SENE)
- We have also tried to influence One North East, Government Office North East, Business Links Tyne and Wear and Business Links North East
- We have carried out three pieces of research to try and influence policy-makers
- Our stakeholders feel we have performed reasonably well against this objective and recognise that SES is now sitting at the right tables. However, we need to get our messages clear and straightforward as some still think we are only working only with social enterprises. There are a number of suggested actions...

### Action Points:

- Continue to try to influence organisations working in the area through personal contacts and regular attendance at meetings
- Establish a new working relationship with Business Links North East
- Consider re-wording this objective so that it is more specific and talks about who we are trying to influence and about what
- Use case studies in future to illustrate some of the outcomes from this objective

# Overall performance...

- All our partners and nearly all the staff were very positive about the performance of SES over the last year
- Our management staff revealed that SES is in a financially robust situation; has introduced an improved data collection system; has received generally positive feedback from clients; is a strong member of other partnerships; is looking to expand out of Tyne and Wear; and is keeping social accounts.
- Some of our other stakeholders felt that we have performed reasonably well and we have been good at focussing other organisation's attention on the hard-pressed communities in Sunderland and the North East but we could be better at communicating its strategic "added value" and by promoting the "business case" for future funding and contracts
- About 80% of SES's income is from open contacts and service level agreements and recently we have diversified our services within the North East. Consideration of our overall performance reveal some actions...

## Action Points:

- Expand sectorally by offering more needed services and geographically
- Talk in more detail to Business Links North East (BLNE) with a view to further partnership working
- Continue at what we currently do well
- Become better at proving impact and effectiveness

# Finally...

In conclusion, we feel that our set of social accounts summarised here provide us with a useful framework to manage and guide SES thus improving our services and at the same time proving to others the extent of our performance and the impact we are having on our stakeholders.

In future, social accounts we shall consider...

- Gathering the views of the Board of Directors, or appropriate governing body of the organisation, in relation to the values and social/economic/environmental performance of the organisation
- Making greater use of case-studies in the presentation of the accounts
- Making greater use of external benchmarks
- Revising the values to include some statement of limiting the size of SES and encouraging new initiatives to become independent

**For further information, copies of this summary or copies of our full and audited Social Report contact our offices at Hendon Co-operative Centre.**

# SOCIAL AUDIT STATEMENT

The Social Audit Panel has examined the draft Social Accounts submitted to us and discussed them in detail with Mark Saddington, Alan Kay and Kevin Marquis of Social Enterprise Sunderland (SES) at the Social Audit Panel meeting held on 18th July 2007. I have examined the revised Social Accounts which were prepared following the Social Audit Panel meeting and which have taken into account various points identified in the notes\* of the Social Audit Panel Meeting. We also examined a sample of the data and the sources of information on which the Social Accounts have been based.

We believe that the process outlined above has given us sufficient information on which to base our opinion.

We are satisfied that, given the scope of the social accounting explained in the revised draft and given the limitations of time available to us, the Social Accounts are free from material mis-statement and present a fair and balanced view of the performance and impact of SES as measured against its stated values, social, environmental and economic objectives and the views of the stakeholders who were consulted.

In the notes of the Social Audit Panel meeting we identified a number of important issues to be taken into consideration during the next social audit cycle. In particular we would refer to the following:

- i) Gathering the views of the Board of Directors, or appropriate governing body of the organisation, in relation to the values and social/economic/environmental performance of the organisation
- ii) Making greater use of case-studies in the presentation of the accounts
- iii) Making greater use of external benchmarks
- iv) Revising the values to include some statement of limiting the size of SES and encouraging new initiatives to become independent.

The members of the Social Audit Panel were:

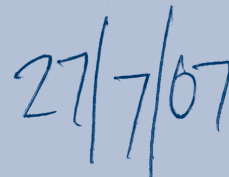
- a) Caroline Gitsham, Gentoo Group Living
- b) Hannah Stapley, Northern Rock Foundation
- c) Kevin Donkin, Business Investment Team, Sunderland City Council
- d) Patrick Boase, Community Business Scotland Network Services (Chair)

Signed:



Chair of the Social Audit Panel

Dated:



\* the notes of the Social Audit Panel meeting form part of the social accounting and auditing process and may, by arrangement, be inspected along with the full social accounts at the offices of Social Enterprise Sunderland at Hendon Cooperative Centre, 44 Mowbray Rd, Sunderland, SR2 8EL. Members of the Social Audit Panel have acted in an individual capacity.

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