



# Improving livelihoods: Prospecting for enterprise

**Social Audit Report  
2009- 2010**

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Sustainable • Enterprise • Strategies



## GLOSSARY

ARC:	Area Regeneration Company
BECON:	Black Minority Ethnic Community Organisations Network
BENE:	Business Enterprise North East
BIC:	Business and Innovation Centre
BLTW:	Business Links Tyne and Wear
BLNE:	Business Link North East
BME:	Black Minority Ethnic
CASA:	Care and Share Associates
CBS Network:	Community Business Scotland Network
CIC:	Community Interest Company
CFDI:	Community Finance Development Initiative
DTI:	Department of Trade and Industry
DWP:	Department of Work and Pensions
ESF:	European Social Fund
FISCUS:	Financial Inclusion Social Enterprise
FSA:	Financial Services Authority
GATES:	Grindon Action Technology & Enterprise Service
GENTOO:	Registered Social Landlord (Sunderland Based)
GONE:	Government Office North East
GVA:	Gross Value Added
HMRC:	Her Majesty's Revenue and Customs
IDB:	Information, Diagnostic and Brokerage
IMD:	Indices of Multiple Deprivation
IB:	Incapacity Benefit
IS:	Income Support
JSA:	Job Seekers Allowance
LEGI:	Local Economic Growth Initiative
LIBRA:	Wearside Financial Inclusion Partnership
LSP:	Local Strategic Partnership
NCC:	Newcastle City Council
NDC:	New Deal for Communities
NESEP:	North East Social Enterprise Partnership
NHS:	National Health Service
NRF:	Neighbourhood Renewal Fund
NVQ:	National Vocational Qualification
OCR:	Oxford & Cambridge Royal Society
OFT:	Office of the Third Sector
ONE:	One North East (Regional Development Agency)
PT:	Princes Trust
PNE:	Project North East
RDA:	Regional Development Agency
RES:	Regional Economic Strategy
RIC:	Regional Infrastructure Consortia
RSL:	Registered Social Landlord

SAN:	Social Audit Network
SCC:	Sunderland City Council
SCEN:	Sunderland Community Enterprise Network
SEC:	Social Enterprise Coalition
SEIF:	Social Enterprise Investment Fund
SENE:	Social Enterprise North East
SERAP:	Social Enterprise Regional Action Plan
SES:	Sustainable Enterprise Strategies
SFEDI:	Small Firms Enterprise Development Initiative
SHCA:	Sunderland Home Care Associates
SHG:	Sunderland Housing Group (Gentoo)
SHIP:	Seaham Harbour Investment Partnership
SME:	Small to Medium Enterprise
SMT:	Senior Management Team
SNCBC:	Sunderland North Community Business Centre
SOA:	Super Output Areas
SRB:	Single Regeneration Budget
SROI:	Social Return on Investment
SYET:	Sunderland Youth Enterprise Trust
TWEDCO:	Tyne & Wear Enterprise Development Company
TWIC:	Tyne & Wear Infrastructure Consortia
TWP:	Tyne and Wear Partnership
TWSBS:	Tyne and Wear Small Business Service
TWSBG:	Tyne and Wear Small Business Grant
TWSEP:	Tyne and Wear Social Enterprise Partnership
VONNE	Voluntary Organisation Network North East
VCS:	Voluntary and Community Sector
VfM:	Value for Money
WFCU:	Wearside First Credit Union
WNF:	Working Neighbourhood Fund YMCA: Young Men's Christian Association SES

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- Key Aspects Checklist Final Framework for Social Accounts

**Other Available Information:** Actual questionnaires, monitoring forms and notes used throughout consultations, and interview structures/focus groups. Research notes for SROI,

## Foreword SES - Improving Livelihoods: *Prospecting for Enterprise*

**SES** is a social enterprise company with over 28 years of practical business experience in supporting and developing social and community enterprise, and the growth of self-employment within North East England. The development of enterprise skills, the growth of self-employment and successful social enterprises all offer people alternative routes out of inequality and poverty. The vision of SES is therefore

*“To use enterprise in all its forms as a vehicle for the creation of a fairer society through the alleviation of inequality and poverty and to underpin our work by taking an evidence-based approach”.*

Services are delivered in the local community through working with a partnership of organisations having shared values, including:

- A belief in a more equitable and inclusive society
- Respecting all people as individuals and recognising their worth
- A belief that co-operation, self-help and entrepreneurialism are creative forces for change
- Being honest, accessible, approachable and accountable

SES has successfully facilitated a model of enterprise development that, in our view, targets, captures the imagination of, and meets the needs of those most disadvantaged. It is a proactive, holistic and integrated approach and it engages people often missed by mainstream agencies which may be geographically remote or psychologically daunting to newcomers to enterprise and social enterprise.

What makes SES special and separates SES from the generic business support services is our **intensive support mechanism** at the pre start and aftercare stage. This is vital to boost the chances of business start up (including social enterprise) especially in deprived areas. Our approach illustrates a **‘more hands on’** process, where **‘face to face’** contact meetings with clients give reassurance to the support SES offers.

### **SES achievements 2009/10 include the following headlines**

- Created 249 new traditional businesses, with a collective projected turnover of £7.348 million and raising loan average investment worth £1093 for each
- Through the SME support provided by SES the survival rate for assisted businesses is 80% for those trading 12 months, 64% for those trading 18 months and 63% for those trading 24 months.



- Created 22 new Social Enterprises
- Supported 141 Social Enterprises/VCS organisations who have raised £3.9 million in investment and made 38 successful tender applications worth over £8.7million.
- Collectively, SES Social Enterprises/VCS organisations turnover £26,305,000 employ 1373 staff and 528 volunteers
- Calculated (SROI) financial impact worth **£7.64** return for every £1 invested
- Re-enforced our commitment to work within Hard Pressed Communities where 67% of our clients reside in Super Output Areas, where IMD is below 30% and 78% were workless before engagement with SES
- Working with 57 VCS organisations across Newcastle exploring possible transition to Social Enterprises– turnover contracts
- Through our partnership work within TWIC 95 organisations have stated they have improved business skills of which 10 are pursuing the possibility of creating new trading arms
- Been commended by our investors/partners for;
  - Being approachable, always willing to get involved in broader issues
  - Being one of a few social enterprise support organisations in the North East
  - Being reliable, professional and consistent.....working to budget and to spec
  - Having a track record for working with Hard pressed communities
  - Having definitive 'community roots' and 'championed the social enterprise sector'

These achievements can be attributed to the intensive face to face work carried out by the SES team across hard-pressed communities, where community engagement, face to face contact, 'hands on' practises and activities and emergency support is part of the service offer delivered by SES.

## Economic Backdrop

The above headline performance of SES outcomes and outputs are very effective especially given the nature of the global recession during the last two last 2 years. The coalition government has made reducing levels of worklessness, particularly long-term worklessness, a key priority. Evidence has shown that worklessness is not only costly to the taxpayer, but it is central to tackling deeply entrenched inequalities and associated social problems. As a result, the government is committed to a major and radical overhaul of welfare-to-work provision.

In terms of economic prosperity the North East is currently going through a very challenging period. The full impact of the global recession is not yet clear for the region, as much data covering the period is not currently available. With regard to the North East Labour Market the broader measure of unemployment, the North East unemployment rate is 9.8% (February 2010). Whilst this rate has been roughly stable over the past few months it is now the highest of any region. There are 86,900 Jobseekers Allowance claimants in the region, down by 600 on the month to November and down by another 500 in December.

Looking at the quarterly change these increases have been slowing down since February this year and the final quarter of 2009 actually saw a fall of 800 claimants. This compared to a rise of 2,100 in quarter three, an increase of 5,300 in quarter two and the recession's peak quarterly rise of 12,100 in 2009 Q1. The increase in the unemployment rate over the past year has been

broadly in line with the rest of the country as a whole. Unemployment rose by 1.6 percentage points in our region over the year, matching the UK increase.

The spatial impact of the recession is non-uniform within the North East. Unemployment is increasing across the region but at differing rates, within the region, those districts with traditionally high levels of unemployment have some of the largest absolute increase in unemployment, but areas with previously low rates have seen some of the most rapid percentage changes. For example, areas within County Durham tended to show the greatest percentage increases in unemployment – all areas seeing rises above the national (up 85%) and regional (up 67%) averages. JSA doubled in the 22 months to December 2009 in County Durham as a whole. Other sub-regions have demonstrated broadly similar rates of increase – Tees Valley at 68%, Tyne & Wear with 60% and Northumberland a little lower at 50%.

However, a similar increase for an area that had a higher initial number of JSA claimants means more actual claimants e.g. whilst unemployment in both Tynedale and Sunderland grew by around 70% in the 22 months to Dec 2009, in numerical terms this meant an increase of 394 for Tynedale compared with Sunderland's 4,198.

In relation to economic outlook of the North East there appears to be a degree of confidence, for example, according to the North East Chamber of Commerce Business Barometer (Q3 2009) the survey shows that whilst remaining negative indicators such as plant investment, current employment, sales and UK orders showed an improvement in Q3 2009 compared with Q2 2009. Future turnover, profitability and employment were all forecast to be up.

The Institute of Chartered Accountants in England and Wales (Business Confidence Monitor – Quarter 4 2009) indicates an increase in confidence amongst business professional in the North East & Cumbria continues to improve and the Q4 survey saw the region record a Confidence Index of 28.6, the third highest score in the UK. This represents an increase of 17.1 points on Q3 and the index now stands at 4.0 points above the national average. The survey highlights how firms in Northern England now expect growth of 4.0% in profits over the next 12 months – the strongest forecast for growth since Q3 2008.

The Regional Development Agency / Ipsos Mori National Business Survey (Half-yearly; Jun, Nov 2009), highlighted that the North East demonstrated broadly balanced expectations as to the business climate over the next year.

26% of the region's companies expected the business climate to deteriorate over the next 12 months - a similar level of business confidence to that found at the national level (25%). Similarly, a quarter of North East companies expected to see a general improvement over the next year with the remaining half of companies expecting stability. Around 27% of companies in the region expect output to increase over the next twelve months (1 in 5 expect a fall), whilst employment levels are forecast to increase by 16% of businesses (18% expect reduced employment). Perhaps most tellingly, just 15% of North East companies expect profits to increase in the next year with 36% forecasting lower profits.

Although there are 'broadly balanced expectations' within the private sector, in the public and third sector the future is viewed much more pessimistically and that 'their' recession is just about to hit. A combination of proposed spending cuts under the Coalition government, and the end of many of the 3 or 4 year regeneration and public spending programmes launched under



the last government (many of which have protected the public and third sector from the ravages of the recession a few years ago) means that they are about to enter 'their' recession. This will result in significant job losses and will see the reduction in, or even meltdown of many organisations and infrastructures which deliver welfare, employability and enterprise programmes.

There remains the fear the cutback in the Public sector will lead to a 'double dip' recession nationally. For the North East public sector cutbacks will have even more significance than for other parts of the country because a higher proportion of the North East economy is based on the public sector and as a consequence our Region will be hit the hardest.

## Emerging Policy Drivers

Notwithstanding the above and the fact that there remains many dark clouds on the horizon, however out of 'change' always comes 'opportunity'. SES performance during 2009-10 has been very effective especially when facing global economic recession whilst entering into a period of austerity, new and emerging policy drivers via the Coalition government.

**Social Enterprise** - With regards to social enterprise within the UK today, we have a world-leading generation of social entrepreneurs (*and we are pleased that Wearside and Tyneside are making a significant contribution to this new generation*) We have a genuine growth industry, with 1.7m people involved in social ventures full-time at any one time, the highest number in western Europe (EMES, 'Social Enterprise in Western Europe,' Roger Spear). We have established businesses selling socially beneficial products and services, reaping profits and improving lives. We have locally-based ventures and start-ups creating everything from youth groups to health and care co-ops to renewable energy. There are 62,000 such social enterprises in the UK with a combined turnover of £24bn. Many others create smaller, less formal organisations. They are the leaders of sports clubs and activity groups. They look after open spaces and parks, residents' and tenants' associations, mutual support groups for people with long-term ill health, and more. Their ventures build relationships and bring together communities.

The State of Social Enterprise Survey, released November 2009 found that despite the recession, social enterprises are twice as confident of future growth as typical small to medium enterprises (SMEs), with 48% of social enterprises responding positively as opposed to just 24% of SMEs.

Additionally, since the economic downturn began, 56% have increased their turnover from the previous year whilst less than 20% have seen it go down. This is a considerably better performance than SMEs in the UK, where only 28% increased their turnover and 43% saw it go down.

The survey also found that social enterprises challenge the glass ceiling: 26% of social Enterprises could be described as 'women-led' - almost twice as many compared to small businesses (26% compared to 14%). Furthermore, 41.1% of all board members are women, compared to just 11.7% of board members in FTSE 100 companies and 4.9% in AIM-listed companies.

Within the Coalition's emerging policy frameworks there appears to be support for the creation and expansion of mutuals, co-operatives, charities and social enterprises, whilst enabling these

groups to have much greater involvement in the running of public services. Moreover, these drivers will facilitate public sector workers a new right to form employee-owned co-operatives and bid to take over the services they deliver. This has the potential to empower millions of public sector workers to become their own boss and help them to deliver better services. These policy shifts are embedded within Philip Blond writings (*Red Tory: How Left and Right Have Broken Britain and How We Can Fix It*) and associated think tank Respublica - cornerstone of Big Society, for instance:

*'They (social enterprise) are the grass roots; the lifeblood of this diverse, resilient sector, which itself is the age-old idea of the locally-driven, eclectic community marketplace, updated for the modern age. They are not charitable objects, they are not service users, and they are not vessels of state welfare; they are civic outriders of market and state, who are, venture by venture, sowing the seeds of a new social economy'* (Philip Blond)

Within this context a further report by Asheem Singh - *The Venture Society* - calls for a network of 'community lablets' across the country that would act as

*"incubators for new social enterprises by providing the basic infrastructure, advice and funding to dramatically boost the number of start-up enterprises."*

The report recognises that key to the success of the lablets would be a strong connection to the local area and draws heavily on successful models in Denmark and the US.

The Report lays out plans for the community lablets to be supported by established social enterprises and organisations, who would develop a set of specialised hubs or 'Social Labs' that would test, drive, and support innovation in the sector. The large social foundations would crucially provide financial support and guidance to these new enterprises. In a major change of direction the report recommends that regulatory powers are transferred to the Social Labs who would also get the power to approve new flexible venture-lite structures for social start ups funded by community lablets.

The report also calls for the creation of a Bureaucracy Task Force that would cut the burden of regulation on early stage social entrepreneurs, which it concludes represents a major barrier to new social enterprises. The report backs the creation of a new fund and plans to support mutual, co-operative and foundation models, which can then make local decisions about venture priorities. It calls for a switch in funding from existing programmes to provide greater support towards start-up costs and local infrastructure. In the longer term, the report backs the development of a capitalised social investment bank, targeted tax breaks for new investment vehicles and a community reinvestment act.

The Coalition has put the **"Big Society"** at the heart of its policy reforms. Big Society has three main concepts at its heart; social action, public service reform and community empowerment. Funds from dormant private bank accounts will be used to found a "Big Society Bank" which will fund community groups. This will come into place in spring 2011. Four areas in the UK have been named as 'training grounds' for the big society – these are the Eden Valley (Cumbria), Liverpool, Windsor & Maidenhead, and Sutton, the intention being that the big society will spread out from these areas in due course. The Social Enterprise sector will likely become

stronger delivery partners, moving delivery away from the local authority and towards the private and social enterprise sector including co-operatives.

**Traditional Enterprise** - The following information helps when estimating impacts (Source: BIS Small and Medium Enterprise Statistics 2006, available at <http://stats.berr.gov.uk/ed/sme/>) There are 4.7 million businesses in the UK, almost all of these enterprises (99.3 per cent) are small. Only 27,000 (0.6 per cent) are medium-sized and 6,000 (0.1 per cent) are large.

### Breakdown by business size

Micro, small and medium size businesses (2007)	
Business size (number of employees)	Total number of businesses
Zero	3,460,360
1-9 (micro)	1,019,295
10-19	111,165
Zero to 19 employees	4,590,820
10-49 (small)	166,820
50-249 (medium)	26,690
250+	5,920

UK private sector enterprises employed an estimated 22.7 million people at the start of 2007, an increase of 332 thousand (1.5 per cent) since the start of 2006. Estimated employment in SMEs has risen from 13.2 million at the start of 2006 to 13.5 million people at the start of 2007, or from 58.9 to 59.2 per cent of all private sector employment. At the start of 2007, UK enterprises had an estimated combined annual turnover of £2,800 billion, an increase of £181 billion (6.9 per cent) since the start of 2006. Turnover in SMEs is estimated at £1,440 billion, £83 billion (6.1 per cent) higher than 2006. As a proportion of all private sector turnover, this has decreased slightly from 51.9 per cent to 51.5 per cent.

## Richard Report

The Richard Report (Small Business and Government: Submission to Shadow Cabinet 2010) provides a useful insight in what business support should look like in the future; the report's approach is reflective of Oliver Letwin MP (Conservative Party's Head of Policy) assertion for the need to shift from a "provision-based paradigm" to a "framework-based paradigm". This model fits with the Richard's recommendations essentially

*'government should interact with small businesses: to enable a framework for support, but not to seek to intervene itself, unless reasonable access to advice and support is not practically possible' (p 18)*

The report recommends that whole apparatus of business support should be replaced by a single, web-based Business Information Service based on a system of online customer feedback and buyer and seller grading and rating. Review of access to finance, a refocusing of innovation / procurement measures should as the US style-SBIR procurement programme and a more hands-on approach to enterprise education.

**Work for Yourself:** A new national Work Programme will launch from summer 2011, bringing all welfare-to-work programmes into a single framework of preferred prime contractors. This announcement reinforces messages from the new government about expanding the role of private and social enterprise in welfare-to-work and a range of other service delivery. This will shift the role of Local Authorities from direct contractors and in some cases providers of services to influencers of service delivery in the locality. An indication of this approach is the Coalition's Work for Yourself – a new programme to supplement the Coalition's Work Programme the intention is to build a network of business mentors and offer substantial loans to would-be entrepreneurs, supporting self-employment and franchising as a route back into work.

### Welfare Benefits

The government has announced plans to proceed with the 'migration' of existing incapacity benefits (IB) claimants i.e. those currently receiving IB, Severe Disablement Allowance or Income Support (on the grounds of illness or disability) to Employment and Support Allowance or another benefit. IB claimants will undergo a Work Capability Assessment to determine their future benefit entitlement. Those that are capable of work will be required to make a claim to Jobseeker's Allowance and will be expected and supported to find suitable employment. Claimants not immediately ready for employment will be transferred to Employment and Support Allowance and given the necessary support as they prepare for work or a return to the workplace.

**Jobseekers' Allowance claimants** will be put on welfare to work programme immediately, rather than after 12 months as is currently the case, and local work clubs will be developed where unemployed people can exchange skills and make contacts.

All out-of-work benefits and tax credits may be replaced with a single payment as part the welfare system reforms. The Independent has summarised the developments, writing that

*"Mr. Duncan Smith will suggest replacing the 51 benefits currently available to the unemployed, as well as income-related benefits for the low-paid, with a single benefit covering all people of working age. It would also incorporate the cash currently paid out under Gordon Brown's flagship tax credits scheme, which would effectively be abolished" Independent, 30<sup>th</sup> July 2010.*

### A Regional Growth Fund

The Growth Fund has been created to help areas that will be most affected by public sector cuts. The fund will operate in 2011/2012 and 2012/2013 and will seek to help areas most dependent on public sector employment as the country makes the transition to private sector-led growth. Both private bodies and public-private partnerships will be able to bid for funding. More detail is expected over the coming weeks and months that may allow for clarification whilst identifying the Growth Fund relationship with Local Enterprise Partnerships. From September, people setting up new businesses outside London, the South East and the East of England will be exempt from £5,000 of **National Insurance** payments for the first 10 workers for the next three years. The white paper on sub national economic growth is due late summer.

## Local Enterprise Partnerships

The Coalition has announced the abolition of the Regional Development Agencies (RDAs), Strategic Health Authorities, Government Office North East, and the introduction of Local Enterprise Partnerships (LEPs). These are groups of councils and businesses that will work together to create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy.

Supporting small business start-ups will therefore be important. Government has indicated that Local Enterprise Partnerships will want to work closely with universities and further education colleges, in view of their importance to local economies, and with other relevant stakeholders. In some areas, tourism will also be an important economic driver. Local Authorities and business leaders have been given the opportunity to propose where and how LEPs should be created. It will be important that social enterprise and Councils, whether in a LEP of its own or in partnership with other Local Authorities, has an in-depth understanding of the challenges and barriers to employment and enterprise, understands the demand and supply of the jobs economy and knows what has worked and has not within the programmes such as WNF.

## Conclusion

Out of 'change' always comes 'opportunity'. SES does have the values, skills, products and services that are very relevant to the emerging policy drivers and, as a consequence, has the potential to seize the new opportunities. The real challenge is to survive and then navigate through the impending flux. SES will then be able to grasp and make a real contribution to the emerging opportunities for the benefit of our client group, the most disadvantaged within in our communities, and to deliver on its Mission statement of using enterprise in all its form to address inequality and poverty.

The implementation of the above 'drivers for change', and the possibility that any external funding for regeneration will be allocated through competitive bidding (as opposed to allocation according to need) indicates that it is likely that current resources such as WNF in its present form will cease at the end of March 2011. We need to highlight that our activities of creating opportunities for employment and enterprise in all its forms are:

- efficient and effective,
- do reach the most disadvantaged,
- impacts on the 'demand' as well as the 'supply' side to reduce unemployment
- Gets people off benefit and
- are rooted within an evidence base that is independently verified.

The message is that SES delivers business start up and development work and in addition is a social enterprise specialist and using resources to focus more intently on SES's role in supporting the creation and development of social and community enterprises in the region.

- We identified Social Enterprise as a growth area over the next five years.
- Social Enterprise is gathering momentum – it has political support, there a number of impressive social brands now established to act as influencers/role models on a national/regional level, there's a charter and a recognised quality mark.

- Society is being re-evaluated and reconsidered in a way that it hasn't for many years.
- Big changes are coming which see a withdrawal of Government and public sector Intervention – there is a gap which social enterprise is made to fill – a point which is being recognised by key decision makers (Cameron's big society speech, the dissolution of Business Link and the RDAs).
- The big society changes will also have a massive impact on the way business advice is delivered. We've mentioned the dissolution of Business Link and the RDA – the time is ripe to reposition the SES with the new decision makers and influencers.
- The potential entrepreneurs are ready and willing either through redundancy or unemployment.
- Traditional business advice is oversubscribed although not within deprived communities.
- Social enterprise support is much more difficult to find.
- Social enterprise is yet to become a household term (both among the general public and policy makers, key decision makers and funders) – there's a great opportunity to lead the way, establish a regional conversation, get people excited about social enterprise.
- The North East is already experiencing terrible unemployment, with more to come. It has a number of deprived areas. We need a solution to the problem.



## 1.0 SES - Who We Are

### SES - Improving Livelihoods: *Prospecting for Enterprise*

Established in 1983, **SES** is a social enterprise company with nearly 28 years of practical business experience in supporting and developing social and community enterprise, and the growth of self-employment within North East England. The development of enterprise skills, the growth of self-employment and successful social enterprises all offer people alternative routes out of inequality and poverty. The vision of SES is therefore;

*“To use enterprise in all its forms as a vehicle for the creation of a fairer society through the alleviation of inequality and poverty and to underpin our work by taking an evidence-based approach”.*

Services are delivered in the local community through working with a partnership of organisations having shared values, including:

- A belief in a more equitable and inclusive society
- Respecting all people as individuals and recognising their worth
- A belief that co-operation, self-help and entrepreneurialism are creative forces for change
- Being honest, accessible, approachable and accountable

#### SES Method of work

SES has successfully facilitated a model of enterprise development that, in our view, targets, captures the imagination of, and meets the needs of those most disadvantaged. It is a pro-active, holistic and integrated approach and it engages people often missed by mainstream agencies which may be geographically remote or psychologically daunting to newcomers to enterprise and social enterprise.

SES recognises that **Community Anchors** are the vehicle for all forms of enterprise engagement often already exists in the heart of communities and that, by a process of dedicated development and support delivered through these organisations, alienated individuals and groups can become economically active and socially included. Community Based Organisations have the contacts, capacity and commitment to access local people that other external, more conventional and reactive approaches have always failed to reach. These organisations clearly represent a major opportunity to deliver new kinds of social enterprise coaching development to a significant number of people via a wide range of provision for example;

- They are often enterprising organisations in their own right struggling to survive and creating success in areas abandoned by the market and / or the public sector.
- They often provide services that can help remove barriers to enterprise e.g. childcare, workshops, common services, marketing and design, access to ICT etc.

- They can be a location for vocational training/ placements/ Intermediate Labour Market schemes etc
- They can be a location where welfare / benefits and other advice which is delivered in a sympathetic way that is seen to be not part of the “system”
- They are local, accessible and trusted with formal and informal mentoring and other forms of support being delivered.
- They can be a local hub and / or be networked into a wide range of local organisations that work with diverse groups and individuals.
- They can be places where ethnic minorities, other underrepresented groups and particularly women feel more at ease and involved.
- They may already be integral to other regeneration programmes.

Community Based Organisations are more likely to be rooted and proactive in areas where market failure is worst and with those groups not highly represented in the SME community or indeed the wider labour market. In this sense they represent a context in which enterprise

*“support (can be) responsive and tailored to individual needs rather than simply the provision of reactive responses to queries”.*

Current strategic and delivery partners of SES include:

- Northern Rock Foundation
- European Regional Development Fund
- RTC North
- Job Linkage: City Region Employability Framework
- North East Regional Improvement and Efficiency Partnership
- Back on the Map, New Deal for Communities (Enterprising Community Zone)
- BECON
- Social Enterprise Investment Fund (Department of Health)
- Capacity builders - Social Enterprise North East
- FISCUS
- Community Anchors, The Mission North Shields, Wallsend People Centre, Cheveyside Newbiggin Hall, Seaham North Dock, Blissability South Shields, West End Women’s & Girls Centre, Choppington Village Hall & Youth Centre, Tomas Gaughan. Farringdon Jubilee Centre
- Sunderland City Council
- FIN
- Gentoo (Enterprising Futures )
- Gateshead MBC
- DEAL
- South Tyneside Council
- Sunderland Home Care Associates
- Newcastle City Council
- North Tyneside Council

### What makes SES different and special?

What separates SES from the generic business support services is our **intensive support mechanism** at the pre start and aftercare stage. This is vital to boost the chances of business

start up (including social enterprise) especially in deprived areas. Our approach illustrates a **'more hands on'** process. SES supports the development of enterprise in all its forms and the formation of new businesses including social enterprises through:

- Targeting hard-pressed communities and disadvantaged individuals
- Promoting social enterprise as a business model, and providing specialist support
- The pro-active stimulation of enterprise, building a personal relationship that moves away from a "Can't do" to "can do" attitude
- Providing advice and support that is tailored to the client's individual needs and circumstances
- Offering quality products essential for business development – business planning, business and financial management, legal structures and governance, raising finance etc
- Setting well meaning obstacles to test the commitment of individuals
- An ability to demonstrate value for money
- Providing more 'hands on' and intensive support than mainstream providers
- Forming close relationships, if appropriate, with groups to break down advisor client relationships barriers
- Providing key insights to the policy agenda
- A holistic package, including advice on debt management and in-work benefits to improve transition from 'welfare' to enterprise
- Adopting Social Auditing and Social Return on Investment as sound management tools, and methods for improved accountability to investors
- Clear economic and social objectives that are not addressed by mainstream providers

### Proving and Improving

Within present day economies, it is essential that we:

- deliver positive results by our investment decisions,
- identify impact of our endeavours and activities within social, environmental and economic settings,
- prove that our activities make a difference, and
- that we use our evidence base to continually review and improve the products and/or services that we deliver.

In 2000, SES began planning and preparing for their first set of social accounts, this was produced in 2001/2002, and they have continued to utilise the independently verified Social Accounts and Audit (SA) process to this end. Social auditing is a systematic and objective accounting procedure that enables organisations to measure a range of internal and external factors not covered by financial auditing – verification takes place via an independent Social Audit Panel. For the last two years SES has been exploring the application and integration of Social Return on Investment (SROI) methodologies in order to add to and complement SES SA process.

Like other outcomes approaches such as SA, SROI can help you manage and improve services and make your organisation more sustainable. SROI aims to help organisations understand and manage the social, environmental and economic benefits (value) that they are creating. It is a

measurement approach, developed from traditional cost-benefit analysis that captures the economic value of social benefits by translating social objectives into financial measures and focuses on the most important sources of value as defined by Stakeholders.

Like Social Accounting an SROI analysis is the process of understanding, measuring and reporting on the social, environmental and economic value that is created by an organisation. Although, an SROI ratio is a monetised measure of the social value that has been created, compared to the investment required to achieve that impact. It takes the financial concept of return on investment a step further by capturing social, economic, and environmental as well as financial value. For example, when a previously unemployed person completes a training programme and starts a new job, not only do they increase her personal income, but also they create value for the Government by paying taxes and no longer claiming welfare benefits. Thus, the impacts of the training programme are both social and economic, the value of which SROI was designed to measure.

During 2009-10 SES are attempting to integrate the two approaches to our work, both process will be verified via an independent Assurance process via SROI-UK in addition to an independent Audit Panel for SA.

By implementing SA and SROI, SES can demonstrate its impact upon social, economic and environment whilst measuring the difference we make, headline 2009-10 achievements are listed below as compared to the last three years.

## 1.1 Vision, Values and Objectives

### Our Vision:

*“to use enterprise in all its forms as a vehicle to address poverty and inequality within our communities”*

### Our Values:

- *believing in a more equitable and inclusive society*
- *respecting all people as individuals and recognising their worth*
- *believing that co-operation and self-help are creative forces for change*
- *being honest, accessible, approachable and accountable*

### Our Objectives:

- 1 To actively promote, develop and support individual entrepreneurship, enterprise and employment, mainly with people from hard pressed communities
- 2 To support social enterprise formation and increase opportunities for growth within the social enterprise sector.
- 3 To work in partnership with other service providers and community based organisations, adding value to our services and facilitate consortia working.

SES reviewed their objectives in preparation for this year’s social accounts in response to the consultation carried out with the Senior Management Team in 2008/09 (see appendix 2), mainly

due to the feeling that some activities were duplicated in objective 3 and 4. It was agreed to consolidate objective 1-4 to enable simplification of our aims and activities. Objective 5 and 6 from 2008/09 accounts still firmly exist within SES but are reported on within the key aspects checklist.

## 1.2 Investors of our work

SES has worked with a variety of investors and funders since it was established in 1983 and over this time become well respected and recognised for their business start up programmes within hard pressed communities. The success is attributed from the firmly embedded vision and values, these have not deviated over time and therefore remain rooted throughout the organisation and the teams. Currently (2009-10) the work of SES business start initiatives are implemented by the following investment:

- **Back on the Map** – The New Deal Communities programme is specifically targeted at a the East End & Hendon areas of Sunderland, the primary function of the initiative is to increase awareness of enterprises within the spatial area, increase business formation via local within the locality and an element of SME support. Investment for 2009/10 - **£179,913**
- **Northern Rock Foundation** investments in SES to assist with the formation of business starts from residents within deprived communities. Investment for 2009/10 - **£55,850**
- **Sunderland Local Authority** has a service level agreement with the objective of promoting and assisting Wearside residents into self-employment. Investment for 2009/10 - **£42,500**
- **European Regional Development Fund** is a three year business start up revenue element. Investment for 2009/10 - **£32,750**
- **Sunderland Working Neighbourhood Fund** via an open tender process invested approximately £540,000 to Sunderland Enterprise Consortia to deliver business starts within Sunderland, the consortia members include SES, NE-BIC, FISCUS, Gentoo, Sunderland North Community Business Centre. SES investment allocation for business start formation for the year 2009/10 - **£152,458**
- **Sunderland Working Neighbourhood Fund** – Additionally SES as part of the Sunderland Enterprise Consortia received apportioned costs to employ 3 Enterprise Talent Scouts Investment for 2009/10 - **£ 75,000**
- **Newcastle-Upon-Tyne WNF** is a program of engagement with VCS organisations to support them through transition to social enterprise, identify potential trading activities, support funding applications. Investment for 2009/10 - **£85,000**

Total investment for 2009/10 - **£ 623,951**

## 1.3 The Structure of SES

SES employed 25 staff during 2009/10 and the following table outlines the staff employed on the variety of projects discussed in section 1.2. Clients are assigned a named worker depending on the

area of residency and housing tenure and from there on after the client will work with their advisor on their venture through to start up and beyond.





## 1.4 Historical Output Achievements

The table below outline SES achievements with regarding to outputs since 2006

**Table Comparison of Outputs achieved by SES in 2009/10**

Description	2006/07	2007/08	2008/09	2009 – 2010		TOTAL
				Target	Actual	
New Enterprise Starts	210	229	235	245	249	<b>923</b>
Number of existing business supported	600	587	450	440	420	<b>2057</b>
Number of new Social Enterprise	16	19	20	20	22	<b>77</b>
Number of Pre Business start Beneficiaries (caseload)	524	501	500	600	783	<b>2308</b>
% number of Business starts residing in worst 30% SOA / Jobless	71%	67%	70%	70%	67%	<b>69%</b>
Number of Voluntary Groups assisted	75	61	65	75	57	<b>265 (Ave)</b>
Turnover of Social Enterprises (*Sunderland Only)	£10.2m *	12.78m *	£13.5m *	16.5m	26.3 m	<b>15.69m (Ave)</b>
Number of people employed in Social Enterprise (Sunderland only???)	619*	745*	750*	1000	1373	<b>838 (Ave)</b>
Social Enterprises supported	55	76	85	85	82	<b>75 (Ave)</b>

## 2.0 SES – Our Relationship with Social Accounting

SES has practiced Social Accounting and Auditing since 2003 and has used the process and its findings to inform the organisations strategic direction. The social accounting process, particularly consultation, imposes a learning environment for which SES can prove and improve its work.

### 2.1 Action Taken since Last Year's Social Audit

Action points implemented as a result of last year's audit are as follows;

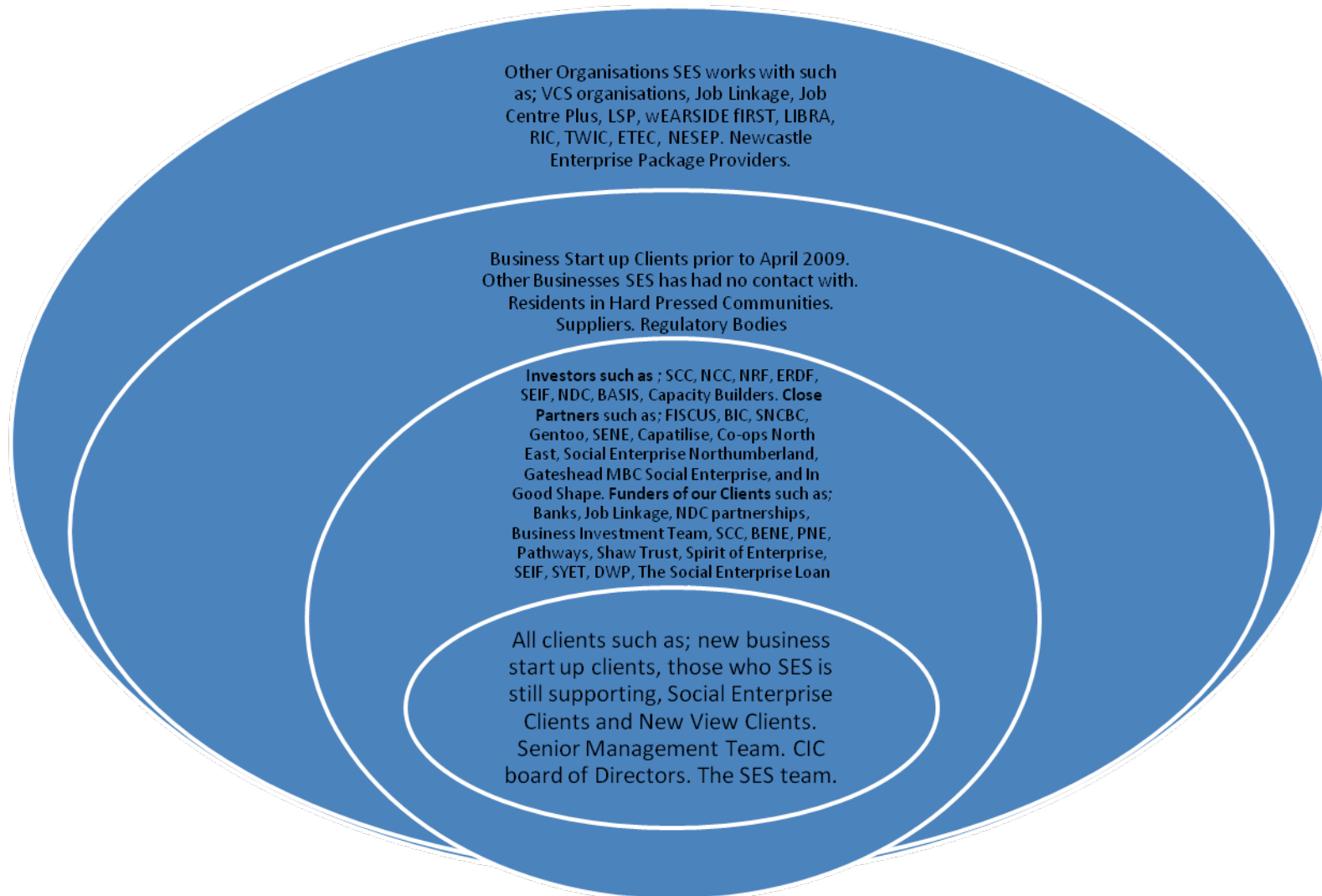
- An improved set of business offer documents was introduced October 2009 – with this SES introduced a more disciplined and managed process of recording information.
- Designed a database specifically for Social Enterprises and the Voluntary Sector, this database allows more quantitative data to be captured giving the opportunity to collect more data and demonstrate the full impact of our work with the Social Enterprise Sector
- Improved the quality and consistency of our case study material, in total 9 structured case studies have been written this year,
- Streamlined the organisational objectives, a full review was completed prior to commencing this years' social accounts; the intention was to consolidate objectives 1-4 and simplifying our aims and activities.
- Reviewed our stakeholder relationships and influencing strategy, and categorized them by their level of power and interest.
- Improved our bidding process through engagement with 'Bid Perfect', a consultancy firm which assists and facilitates the internal management process of tendering for contract and begun compiling a tender library.
- Experienced working within a consortia model, being part of a 5 strong consortia since April 2009 we have gathered a large amount of knowledge and awareness which will position SES well for future consortia contracts.
- Carried out a full and complete monitoring exercise with ALL business start up clients over the last 24 months with plans to implement a monthly rolling system, this will provide SES with a 'real time' picture of business survival rates and show ebbs and flows throughout the year.

Appendix 2 details a full action report from last year's social audit.

### 2.2 This Year's Scope and Methodology

It was agreed that the scope of the Social Accounts will mainly concentrate on both our **social** and **economic impact** to clients and communities (Objectives 1-3). To begin to identify whom SES should consult with for this year's accounts, a stakeholder analysis was carried out as detailed in the diagram below, N.B. the distance from the inner circle indicates the closeness of the relationship, (those nearer to the centre are those with a closer relationship).

**Stakeholder**

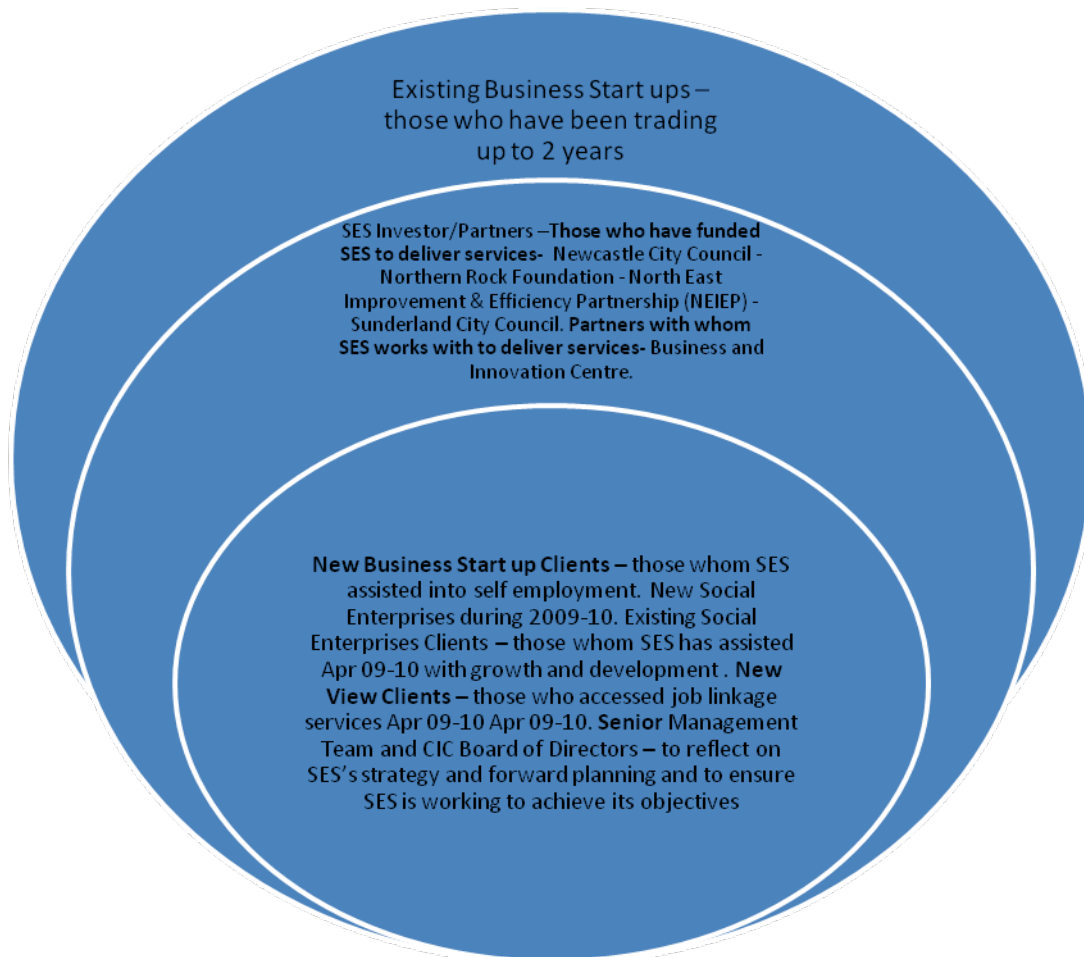


**Analysis**



## 2.4 Stakeholder Consultation

This process assisted in identifying which stakeholder groups to consult with, it was agreed that a representation from the three closest stakeholder groups would be selected; These are shown below;



Omitted from this selection is the stakeholder group which falls into the outer layer of the circle, as SES believes the scope of this year’s social audit would not benefit from consultation with this group.

## 2.5 Consultation Methods

The table overleaf details the various methods SES planned to use to carry out the consultation process and what data can be used to evidence some of the findings and results



## Consultation Methods

S'holders Consulted	Information Gathering Method	Subjects covered/Data Gathered	When	Comments
<b>New Business Start ups Apr 09-Mar 10</b> (206 Client Consultation Apr – Jan10) (264 Start up confirmation sheet)	<b>Client Consultation</b> – sent to every client that have used our services to start their business, (April 09- Mar 10) <b>Start up Confirmation sheet</b> – carried out with every new business start up	Services used; the range and quality of services received; the difference SES has made to them; would they recommend SES Estimated turnover and number of staff employed	February/Mar 2010 <b>Completed April 2010</b>	Trish organised questionnaire content, and distributed to advisors to complete with their clients. Paul inputted and analysed the returned questionnaires which is presented in both consultation section and SROI impact map.
<b>Existing Business Start ups 271</b>	<b>Monitoring Questionnaire</b> – carried out with every business start up since Apr 08, data collected will be presented in 12 mths, 18 mths and 24 mths survival % rate	Their current status and performance of the business; the services they provide; barriers and obstacles to growth; staffing structures; what future support is required and who they will use; impact the business has had on themselves and their client group	February/Mar 2010 <b>Completed May 2010</b>	Paul organized client list and Trish co-ordinated collation. Data analysed and used within SROI impact map
<b>Social Enterprise Clients (141)</b>	<b>Telephone Questionnaire</b> - to be conducted with all Social Enterprises and VCS that SES has had contact with during April 09-Mar10	Their Enterprise details, turnover, number of staff they employ, the specific needs to them and their enterprise, the level of intervention with SES, the funds applied for, pending and secured	April 2010 <b>Completed May 2010</b>	Trish prepared questionnaire for data to be collected by Social Enterprise workers. Charlotte inputted data which was used in both consultation section and SROI
<b>Clients: Job Linkage (521)</b>	<b>Hanlon database</b> – analysis of client intervention and achievements	Number of people accessing the service; variety of services received; number of people into work; number of people receiving training.	April 2010 <b>Completed May 2010</b>	Rachel prepared information which was used in SROI section.
<b>Partners , Investors and Funders</b>	<b>Consultation</b> - formal structured interview carried out with a representative from Partners, Investors of SES and the Funders of our clients	What their relationship is with SES, how aware they are of the work we carry out, their opinion is on our objective and if/how we achieve them and the influence we have had on them and their organisation	April 2010 <b>Completed May 2010</b>	Alan Kay conducted and wrote up findings
<b>Senior Management Team and SES Board</b>	Focus group using H forms, etc	Mission; Values; Objectives and Activities	April 2010 <b>Completed May 2010</b>	Alan Kay facilitated and wrote up findings

## 2.6 Available data

### Internal Paper-based Systems

Over recent years SES has introduced accurate and efficient data collection systems. SES has tracked client intervention and business survival since rates 05/06 although during 07/08 huge steps were taken to refine and synchronize the internal data recording system and introduced a 'Business Offer' document. This document is periodically reviewed and updated and introduced to new staff during the induction phase, its purpose is to track the journey of every client. All enterprise talent scouts, business advisors and social enterprise managers across the organisation use this recording system for every client intervention.

The information used in this audit report will be taken from the following client documents;

- The client registration form (SES02) - this captures the clients current status when they begin intervention with SES, information such as IMD, Housing Tenure, Current Income and Length of Unemployment is stored on an internal database.
- The Business Start up Social Enterprise start Information Sheet (SES08) – this captures the legal status of the business, their increased earning potential, opportunities for employing staff, the amount of start up funding raised for the business and the impact SES and its services has had on them.
- The Business Monitoring Sheet (SES09) – this captures how the business is performing at 6, 12, 18 and 24 months. The information gathered is; turnover, earnings, number of staff employed any problems they may be experiencing and if SES can offer any additional support.

There is an additional 7 documents used throughout the client intervention process, all to ensure the client receives a full and complete service. Please view the full and complete set of The Business Offer documents in Appendix 1.

In addition to SES's own data recording systems, the team use 2 other CRM (customer relationship management) systems to monitor additional client intervention;

**Hanlon** – is used by all partners on the WNF programme across Sunderland and Newcastle, it makes provision for a client tracking and monitoring tool which allows SES and other partners involved to focus all activities to the benefit of the client and co-ordinate agency support. All client records are unique and protocols are put in place for data sharing. All partners are able to monitor a client's development and progression (milestones) and in the future other relevant attributes such as self-esteem and confidence.

**Intrelate** – This is an internal system used by all workers, its current facility is a time management tool for our finance department. The introduction of HANLON has brought about questions regarding the most appropriate recording system and this is currently under review.

## 3.0 SES – What we Deliver

### 3.1 The Work of SES

As previously stated SES has successfully facilitated a model of enterprise development that, in our view, targets captures the imagination and meets the needs of those most disadvantaged. It is a proactive, holistic and integrated approach, and it engages people often missed by mainstream agencies which may be geographically remote or psychologically daunting to newcomers to self-employment and social enterprise.

SES supports BIS (The Department for Business and Innovation Skills) 5 key areas in the Enterprise Strategy; where everyone with entrepreneurial talent is inspired to take up the challenge, equipping owners with the knowledge and tools to unlock talent, facilitate opportunities to access finance, reduce the burden of regulation and enforcement without removing the essential requirements and offer support to assist owners to sustain and grow their business. Our network of enterprise talent scouts, business advisors and social enterprise managers work with clients to;

- build motivational levels and enhance and improve skills
- seek and refer to other partners organisations without losing core contact
- facilitate market research gathering
- support business planning
- encourage the client to self determine the viability of their business idea
- seek and act as an intermediary with applications for social enterprise / business start up investment
- support fledgling business start ups and social enterprises to become sustainable and grow

### 3.2 Objectives and Activities

Listed in the table below are some of the activities SES carries out in order to meet their 3 objectives;

- 1 To actively promote, develop and support individual entrepreneurship, enterprise and employment, mainly with people from hard pressed communities
- 2 To support social enterprise formation and increase opportunities for growth within the social enterprise sector.
- 3 To work in partnership with other service providers and community based organisations, adding value to our services and facilitate consortia working.

Objective 1.	Activities
<p><b><i>To actively promote, develop and support individual entrepreneurship, enterprise and employment, mainly with people from hard pressed communities</i></b></p>	<p>Targeting and Promoting SES services primarily within hard-pressed communities and those from under-represented groups.</p> <ul style="list-style-type: none"> <li>• 67% reside in Super Output Areas, where IMD is below 30% (<i>last year we reported 68%</i>)</li> <li>• 78% were workless before engagement with SES (<i>last year we reported 75%</i>)</li> <li>• 61% have below NVQ Level 2 – 21% having no education at all (<i>last year we reported 59%</i>)</li> <li>• 57% of our clients live in some form of rented accommodation</li> </ul> <p>Encouraging individuals and groups to be more entrepreneurial, through community engagement events and workshops. The SES team - Enterprise Talent Scouts and Business Advisors, -and the enterprise support they offer has been evident at 8 conference/ seminar events, 8 financial inclusion road shows, 5 community partnership/networking events, 8 open/fundays, 5 drop in and workshop sessions arranged by family centres and schools. In addition regular attendances at monthly area forum, FISCUS health and wealth sessions and connexions drop in sessions occur.</p> <p>Supporting the individuals or groups through the business planning process using a specially tailored approach to meet their needs - The client support package offered by SES generally includes a mix of elements (See Appendix 1: The SES “Business Offer”). Where most meetings are face-to-face, one-to-one and usually last 1.5-2 hours at one to two week intervals. Each client can expect to receive on average 30 hours of training/guidance, although the range could be between 10 – 50 hours.</p> <p>Identifying Business Start up funding opportunities to eliminate or reduce reliance on cash investment requirements and act as the intermediary in the application process - The SES team keep up to date with all available funding changes. currently SES works closely with 6 funders although there are additional funds available to individuals depending on their circumstances – in total £264,925 was raised by the team in traditional business start up funding, on average this is £1,063.00 per business created.</p> <p>Working through FISCUS to assist moving people from benefits to enterprise - Each worker has access to a dedicated FISCUS advisor, who will meet with the client and discuss their current position. A benefits check will be carried out and an ‘in work’ better off calculation will be produced to allow the client to see how they will benefit from commencing in self employment. Contact will be maintained with the FISCUS worker to ensure the transition process from welfare to enterprise is as smooth as it possibly can be.</p>

Employing, training and developing a network of enterprise workers –SES has organized a number of training sessions to assist with developing both their technical knowledge, skill and ability. All **business advisors** have attended 4 day ‘cascading enterprise training’ with PIE (People into Enterprise), 2 day outcomes training with ‘The Learning Team’. All **business advisors and enterprise talent scouts** have attended 2 day participatory appraisal training course, 1 day benefits and welfare training with FISCUS, ½ day introduction to Enterprise Catalyst , ½ day introduction to HANLON and **all Talent Scouts** have had ‘Coaching Training’ and Enterprise Coaching Training’. In addition some individual advisors have organized their own training as part of their own self development plans, these include AAT qualification, bid and tendering course, NVQ L3 assessors award and SFEDI training and Social Auditing Master class and Social Return on Investment .

Offering ongoing support to all business start ups to improve sustainability and facilitate growth - All business start up clients can access our services for up to three years once trading has commenced (for social enterprise this is extended), and this is encouraged in the early months of trading. However, to ensure consistency SES has introduced 6, 12, 18 and 24 monitoring meetings where business advisors give the client the opportunity to discuss specific problems they’re having or have had with their business and advice is given on how to overcome them or a meeting will be set up where more in depth support can be given

Objective 2.	Activities						
<p><b><i>To support social enterprise formation and increase opportunities for growth within the social enterprise sector.</i></b></p>	<p>Offering specialist support to individuals and groups to develop social enterprises, community-owned enterprises, credit unions and worker’s co-ops - SES is involved in engaging and supporting community owned Organisations, social enterprises and voluntary groups. In total there are 6 FTE social enterprise advisors; 2 work out of the Mission in North Tyneside supporting voluntary groups with transition to social enterprises. Other areas of expertise involve specific advice on business planning and preparing their business services for SEIF applications, another focuses on social enterprise formation, and more recently SES has been awarded a contract by the Co-op Group to develop and support Co-op’s across the Northern Region.</p> <p>Building strong relationships with potential funding organisations for Social Enterprises – SES have worked with funding Organisations such as SEIF (Social Enterprise Investment Fund), The Big Lottery, Northern Rock Foundation, Futures Builders, Big Issue and TSELF (The Social Enterprise Loan Fund), all of whom have supported some of the social enterprise that SES support with funding offers.</p> <p>Supporting Social Enterprises with investment plans and react accordingly to emergency requests - A newly established Social Enterprise database has allowed SES to quantify the support it offers to social enterprises. There are <b>141</b> enterprises listed on this database, all of whom have had varying levels of intervention with SES advisors. From this, SES can report that between them they:</p> <ul style="list-style-type: none"> <li>• turnover £26,305 million</li> <li>• employ a total of 1373 staff and 538 volunteers</li> </ul> <p>They have secured over £3.9 million investment, made 74 tender applications, 38 of which were successful valuing over £8.7 million and 15 where £655,000 is pending. It is important to note however that SES has varying levels of intervention with the enterprises, this depends on their needs and available resources, below outlines a list of successful applications where SES have offered intensive support</p> <p><b>Successful Investment Plans where SES have given intensive support</b></p> <table data-bbox="577 1283 1211 1383"> <tbody> <tr> <td>A-Z1</td> <td>£50,000</td> </tr> <tr> <td>Evergreens</td> <td>£50,000</td> </tr> <tr> <td>Mission 12-17</td> <td>£40,000</td> </tr> </tbody> </table>	A-Z1	£50,000	Evergreens	£50,000	Mission 12-17	£40,000
A-Z1	£50,000						
Evergreens	£50,000						
Mission 12-17	£40,000						

Sunderland Dance	£350,000
YMCA Newcastle	£178,061
Sit 'n' 'b' fit	£128,000
Elite Family Services	£105,000
Rookie Sports	£105,000
Solar Training	£30,000
Military Mental Health	£20,000
<b>Total</b>	<b>£1,056,061</b>
<b>Tenders Submitted and Successful where SES have given intensive support</b>	
Shiney Row Childcare Co-op	£80,000
Continuum Community Support Cohesion	£109,000
Rednile Projects Ltd	£40,000
<b>Total</b>	<b>£229,000</b>
<b>Tenders Submitted and Pending where SES have given intensive support</b>	
The Twisting Duck Company	£10,000
Millin Centre	£95,000
<b>Total</b>	<b>£105,000</b>
<p><b>Tenders Submitted but Unsuccessful</b> In total 39 tenders to the value of ½ million were unsuccessful, SES views these learning opportunities for the enterprise and the tendering exercises carried out facilitates building a portfolio/library. Improving the skills set within our social enterprises through organising training workshops and events – this year SES have delivered the following social enterprise based training programmes, 3 X 2 day SROI, 4 X 'getting ready to tender' 2 X what is social enterprise, 2 x Outcome frameworks, Replication and Franchise, 2 x Social Accounting &amp; Audit, 2 X USPs and market opportunities, Asset Transfer, Social Enterprise Legal. In total 54 social enterprises attended these sessions -</p>	

Objective 3.	Activities
<p><b><i>To work in partnership with other service providers and community based organisations, adding value to our services and facilitate consortia working.</i></b></p>	<p>Supporting a range of partners with business planning and strategy – SES offer resource to the following organisations to aid business planning and strategy;</p> <ul style="list-style-type: none"> <li>• Raich Carter Sports Centre support via director allocation</li> <li>• Capitalise (finance for social enterprise) via director allocation</li> <li>• Enterprising Futures – Gentoo Group – steering group and business planning and evaluation</li> <li>• Enterprising Community Zone - managing the initiative and servicing the “Experts” Panel and Hendon Business Forum</li> <li>• Social Enterprise North East – a co-ordinated delivery mechanism for new Social Enterprise within the North East – recently awarded capacity Builders funding</li> <li>• Durham Council– advice/guidance on enterprise within hard-pressed communities via SHIP creation (Seaham Harbour Investment Partnership) and preparing a £2.4m business case. In addition support to social enterprise for NW Durham</li> <li>• In Good Shape – Health Care Procurement</li> </ul> <p>In addition SES have supported some of their close partners in the following ways:</p> <ul style="list-style-type: none"> <li>• Wearside First Credit Union (WFCU) – production of 5 year business plan and funding application</li> <li>• Sunderland North Community Business Centre (SNCBC) - governance and new company formation and CIC registration</li> <li>• LIBRA Financial Inclusion Partnership - Partner</li> <li>• New View - business planning and funding application</li> <li>• FISCUS – integration of SES and FISCUS clients, researching new markets and USP</li> <li>• Gentoo - Financial Inclusion Working Group and the formation of LIBRA partnership</li> <li>• Gentoo – SES Seconded Staff to Enterprising Futures</li> <li>• FIN – workshops on ‘Social Enterprise – a solution to service delivery’</li> </ul>



Other support SES offers to some of their partners are listed below;

- Research and report production on RSLs and enterprise formations
- Sunderland Homecare Associates Ltd and Sit n b Fit CIC – promoting and expanding the social enterprise sector by maximising the current opportunities with health and social care e.g. direct payments, externalisation of services etc
- Working with BECON (regional BME infrastructure body) to implement action research on enterprise needs of BME communities
- Joint Funding bids with NE BIC
- In Good Shape – joint work on 5 social enterprises for disabled people
- Social Enterprise North East – joint delivery of social enterprise starts throughout the region, CIC registration and preparation of 2 investment plans
- Preparation of 2 regional tenders ‘ONE’ on enterprise coaching and Dyslexia Resident – and Enterprising VCS
- East End Women & Girls Centre Newcastle – strategic planning
- Regional Research Report on User Led Organisations & Personalisation
- Thomas Gaughan Centre, Walker, Newcastle - Healthy Food initiative

Considering all invitations to sit on various boards and attending steering group meetings and events –

**Kevin Marquis – Director**, as well as director of SES CIC Kevin is;

- Board member for Sunderland Resource centre and attends meetings as and when required
- Board member of Capitalize North East and meets quarterly
- Board member of SENE (Social Enterprise North East) and attends as and when required
- Board Member of the Raich Carter Sports Centre
- Consortia member for TWIC

**Mark Heskett Saddington – Director**, as well as director of SES ,Mark is;

- Board member of SENE (Social Enterprise North East) Board Member of Sunderland Working Neighbourhood Fund
- Board Member of CBS Ltd (Community Business Scotland) Member of Sunderland Economic Master Planning Group

**Bill Robinson - Senior manager**;

- Is an elected representative for the community and voluntary sector of the Economic Prosperity Partnership (previously Sunderland Partnership) and attends along with 20 other partnership Organisations

	<ul style="list-style-type: none"> <li>• Attends regular meetings throughout the year representing the Community and Voluntary sector at Economic Masterplan Groups.</li> <li>• Attends monthly board meetings as an elected director for Compass Community Transport, FISCUS and Wearside First he provides ongoing support for business performance.</li> </ul> <p><b>Bob Webb – Social Enterprise Manager;</b></p> <ul style="list-style-type: none"> <li>• Is on the Newcastle City Council ‘Business Development Fund’ panel, where business investment Applications are considered</li> <li>• Is part of Community Hubs Programme for Newcastle City Council, this is a project which looks into community assets and considers its suitability and prospect of becoming local community hubs</li> </ul> <p><b>Linda Rutter – Senior Manager</b></p> <ul style="list-style-type: none"> <li>• Director of In Good Shape CIC</li> <li>• Board Member of European Social Franchising Network Board</li> <li>• Member of the Food Chain North East Consortia</li> <li>• Member of RIC</li> <li>• Board member of FISCUS</li> <li>• Member of SHA New Leaf New Life portfolio partnership</li> </ul> <p><b>Toni Clark</b></p> <ul style="list-style-type: none"> <li>• Is part of the ‘Hanlon’ development group, this group informs the future development of the CRM system</li> <li>• Is a steering group member for ‘specialise support services project within TWIC (Tyne and Wear Infrastructure Consortium)</li> </ul> <p>Supporting and participating in community events and programmes - Throughout the network of advisors, both talent scout and advisors they have attended;</p> <p><b>Conferences and Seminars</b></p> <p>BME Conference in Bangladeshi Centre – ULO/ Commissioners Regional Conference in Glass Centre - Social Enterprise conference on Health &amp; Care Drivers for Social enterprise, Train to Gain provider day, Princess Trust Volunteer Partner Event</p> <p><b>Partnership Event/Networking Events</b></p>
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**Open Days** Bangladeshi Fun Day, Hendon Valley Rd Fun Day, Pennywell Youth Project Fun Day, Enterprising Sunderland – Stadium of Light, Academy 360 Fun Day, Nidderdale Open event, Raich Carter Fun Day, Galleries Event - Win an iPod business competition

**Road Shows and Drop in Session** A series of 8 Financial Inclusion road shows organized by Gentoo, A series of 3 Library drop in sessions organized by Family Centres, Easington Lane Primary School, Newly unemployed workshop session at The Galleries Information Centre

**Regular Forums and Events** Sunderland CVS Area Forum Meetings (monthly meetings in 4 areas), Health and Wealth events organized by FISCUS (approx every quarter), Connexions Monthly drop in sessions

Engaging with specific sector development drivers such as; Health and Care, Environmental and Arts and Crafts and establishing strong working links within. – SES works in partnership with Strategic Health authority and Third Sector commissioning groups to position social enterprise within the health and well being market place and show casing good practice. Two of our Social Enterprise Founders (Margaret Elliott and Lynn Summerside) are social enterprise ambassadors for the department of Health and filter information from a local to national and national to local perspective in terms of service delivery. SES have also worked with the 12 local authorities to explore the capacity and commissioning opportunities for User Led Organisations.

In addition SES provides strategic guidance to the North East food forum and working with the community food sector to create an economy of scale in terms of growing, producing, consuming and developing a kite mark for the region that represents valuing people, place and planet. Within the Creative Industry, SES worked in partnership with dance city to develop regional consortia of dance practitioners to work towards a model of commissioning through consortia and packaging of services.

SES has provided advice and support to Social Enterprise and VCS organisations operating within the Health and social Care Sector, particularly in relation to Personalisation. This support has taken the form of working with Local authorities to implement the Personalisation agenda and emerging user led social enterprises.

## 4.0 Consultation – Our Social Impact

This next section details the results from the consultation carried out with our stakeholders, it will highlight the impact we have on our three key stakeholder groups;

- Clients (Traditional Business Start up and Social Enterprise)
- Investors and Partners
- Senior Management Team

### 4.1 Traditional Business Start up Client

From this consultation process SES can take pride in some key outcomes;

- **81% of our traditional start up clients rated the advisors range of knowledge as Excellent**
- **79% of our traditional start up clients rated the advisors quality of service as Excellent**
- **63% of the businesses supported by SES are still trading after 2 years, 64% of the businesses are still trading after 18 months and 78% still trading after 12 months, compared with North East region average survival rate of 58.4%**

These results are set within the context of our typical traditional business start up client group, which reveals;

- **67% of our clients reside in areas where IMD is below 30%**
- **78% of our clients are workless before joining our programmes**
- **57% of our clients live in some form of rented accommodation**
- **61% of our clients are educated to only L2 or below**

### 4.2 Profile our of Traditional Business Start up Clients

The following tables give more detail to the profile of our traditional business start up clients and demonstrate SES commitment to fulfilling their values;

Firstly, most of our clients, in fact 78% are workless prior to engaging with our services ,in addition to this the table highlights that 43% of them have been workless for 7-36 months and 13% for 3 years or more. This information collected from each client is useful when ascertaining what incentives are available for the client. The team work closely with FISCUS to ensure the client is given the best possible financial backing when starting the business, many back to work incentives are dependent on benefit claimed and for how long.

Benefit/Jobless Types in Business Start Up Clients	2007/08	2008/09	2009/10
Receipt of IS/JSA	76 (33%)	110(42%)	105(40%)
Receipt of IB/Non JSA	80 (35%)	51 (20%)	64 (24%)
None (Unemployed Only)	N/A	34 (13%)	36 (14%)
Working	73 (32%)	66 (25%)	59 (22%)
<b>Total</b>	<b>229</b>	<b>261</b>	<b>264</b>
Jobless 0-6 months	60 (26%)	103(39%)	91 (44%)
Jobless 7-36 Months	63 (27%)	64 (25%)	88 (43%)
Jobless 36+ months	33 (14%)	26 (10%)	26 (13%)

Wearside & ERDF only

This next table shows that SES focus across hard pressed communities has remained consistent over the years. SES works hard at promoting its service throughout these communities, especially where employment is low and poverty is high. To do this the team work out of centres and in some cases alongside other community agencies to ensure barriers around attending formal settings are removed and additional resources are available such as; internet access and other IT facilities.

Super Output Area of Business Starts	2007/08	2008/09	2009/10
1-10% SOA	78 (34%)	83 (32%)	82 (31%)
1-20% SOA	137 (60%)	148 (57%)	133 (50%)
<b>1-30% SOA</b>	<b>153 (67%)</b>	<b>178 (68%)</b>	<b>176 (67%)</b>
31-100 SOA	76 (33%)	77 (30%)	86 (32%)
Outside Sunderland	N/A	6 (2%)	2 (1%)

Wearside & ERDF only

We focus our work across local neighbourhoods and communities, where rented accommodation is high. This table shows we have remained consistent in our approach with this, although it is becoming evident that 'private landlord residency' is on the increase. This figure may be attributed to many losing their home owner status due to redundancy or loss of employment and been forced into accepting rented accommodation at short notice.

Housing Tenure of Business Start Up Clients	2007/08	2008/09	2009/10
<b>Registered Social Landlords (RSL)</b>	<b>62 (27%)</b>	<b>63 (24%)</b>	<b>52 (20%)</b>
Owner Occupier	82 (36%)	119 (46%)	114 (43%)
<b>Private Rented</b>	<b>40 (18%)</b>	<b>32 (12%)</b>	<b>50 (19%)</b>
<b>Other (incl. homeless or living with parents)</b>	<b>43 (19%)</b>	<b>47 (18%)</b>	<b>48 (18%)</b>

Wearside & ERDF only

We offer more intensive support to those with little or no education to compile and construct their business plan, the table below indicates that 61% of our clients have only a Level 2 qualification or below. Many clients don't have internet access, IT skills and are low in academic confidence, yet they have in-depth and very practical experience in their industry, and for those who don't have financial backing to kick start their business a business plan is critical. Many clients would be unable to tackle writing their business plan and be too daunted by the experience without the intensive, one-to-one support of SES.

Level Of Qualification	2007/08	2008/09	2009/10
None	55 (24%)	42 (18%)	55 (21%)
NVQ 1	N/A	10 (4%)	12 (5%)
NVQ 2	73 (32%)	86 (37%)	90 (35%)
NVQ 3	64 (28%)	51 (22%)	66 (26%)
NVQ 4/5	37 (16%)	43 (19%)	33 (13%)

Wearside & ERDF only

To further demonstrate the work SES completes with its clients, we feel it necessary to demonstrate some of the thoughts and feedback received from our clients;

### 4.3 Consultation Results from our Business Start up Clients

Clients who work with SES receive intensive business start up support and those whom accessed these services between April 09 and Jan 10 (206) were asked to complete an evaluation questionnaire, 78 responded, a summary of the can be seen below; SES provides a range of services, however 76% of clients came to SES for help with the following services (listed in order of popularity);

- 1) Provision of general business advice and support
- 2) Guidance and support with business plan and financial management
- 3) Guidance and Assistance in identifying and applying for funding investment
- 4) Guidance and support on book-keeping and accounts
- 5) Guidance and support and advice on National Insurance, VAT and Income Tax

When asked about the **range of knowledge** and **quality of service** from the business advisor;

- **81%** rated our range of knowledge **5 –excellent**
- **79%** rated our quality of service **5 - excellent**

The evaluation also asked them to tick the relevant answer to a variety of statements, these questions were about the difference SES made to their skills and personal development, the 78 respondents said; *e.g. 66 out of 78 people said they had an increased understanding of where to get support....*

Personal Development Areas	Increased	Decreased	Stayed the same
Understanding of where to get support	66	1	7
Understanding of what I need to do	68	1	6
Aspirations about my future	63	2	10
My motivation has	59	1	14
My confidence has	57		18
My self-esteem has	51		23
My ability to make informed choices has	55		18
My business skills have	63		10

Other comments made by the clients were;

- Without Ernest I don't think I would have come as far as I am today with my business venture"
- "Very helpful and supported me with information to help run my cafe. I was very grateful for all their help"
- "I was very impressed with the knowledge and help I received from Ron at SES. He made everything go very smoothly for me and took all the worry out of going self-employed"
- "I would not be in business now if it not for the excellent support and help from my business adviser"
- "Bill and the team were very helpful when I needed advice and help, always with a smile"
- "I approached the service with an idea of how I wanted to operate, advertise etc, and got confirmation that I was heading the right direction and some additional help was offered and welcomed"
- "Very knowledgeable. Could advise on all aspects without the need to get the text books out"
- "Michelle gave me a lot of confidence which spurred me to make the best from my new business"
- "Lovely person (Trish), very easy to talk to and extremely helpful"
- "I would like to personally thank Ernest for all his help, support and belief in myself. Thanks Ernest"

SES carries out consultation with their existing business start ups to conduct monitoring with them all at 6, 12, 18, and 24 month intervals, and the data collected from this exercise advances our analysis and highlights the overall survival rates of the businesses assisted with SES. The table below shows how this has changed over the three years;

Year	Survival Rate 52 wks	Survival Rate 78 wks	Survival Rate 104 wks
2007-08	69%	69%	N/A
2008-09	79%	69%	66%
2009-10	78%	64%	63%

These results show a decline to the number of businesses surviving beyond 12 months, this maybe a result of the difficult economic climate markets have been experiencing over recent years.

However, the following benchmarking evidence in terms of business survival rates SES performance is at times better. For example a DWP Research Report No 184 'Business Start-up support for young people' delivered by Princes Trust: 'a comparative study of labour market outcomes (2003)' shows;

*'some 70-75 per cent of Prince's Trust supported businesses were still trading at 18 months after start up, the survival rate fell to around 50 per cent as the business approached their fourth anniversary of start-up (p2)'*

Moreover, in certain regions the report highlighted there is a broad 'north – south' pattern with generally higher business survival rates recorded in London and south eastern England – the

North East region had an average survival rate of 58.4% illustrating that SES 18mth business survival rate of 64% was good particularly within a period of recession

*' North East survival rates were 58.4% compared to East Midlands 79.4%, London 73.6%, South West 72.3%, Eastern 69.5%, South East 65%, West Midlands 64.7%, North West 58.3% and Yorkshire & Humber 57.8%. (p 64).*

MTL 2008 Evaluation study of South Yorkshire Business Link business start programme indicated a survival rate of 56% at the 52 week stage for the 2007-2008 cohort which covers the Sheffield, Barnsley, Doncaster and Rotherm areas of South Yorkshire (Final Evaluation of Business Link South Yorkshire Generic & Intermediate Business start programmes MTL 2008 p 21).

According to CFE (Evaluation of New Entrepreneur Scholarships LSC Sept 2007) average survival rate across all cohorts' averages at 85%. But, on interrogating the data the NES cohort reflects very micro flexible type of enterprise, for instance, turnover levels are often less than £15,000 and the study noted that two thirds (65%) supplement the income from their business with paid employment, informal work and/or income support – which indicates a flexible or part-time business thus having the appearance of relative good survival rates.

These survival rates are slightly above the English national average for VAT registered business, 90% after one year and 65-70% after three years, over the period 1994 to 2001. According to Small Business Analytical Unit 2006, although we feel that we should exercise some caution in making this comparison as the registration threshold for VAT registered businesses is £70,000 (April 2010), considerably higher than the average turnover of SES businesses. There is no available data highlighting the survival rates of Business Link survival rates.

2009-10 - The average turnover from the business is also gathered when monitoring is carried out, this information is shown below showing comparisons to last year;

#### **Turnover at 52 week, 74, and 104 week data capture points**

	<b>Average Turnover 2007/08</b>	<b>Average Turnover 2008/09</b>	<b>Average Turnover 2009/10</b>
12 mths	£26,078	£15,000	£19,285
18 mths	£29,183	£21,000	£20,847
24 mths	N/A (did not collect)	£28,000	£21,090

Some economic comparisons can be drawn from a CFE study (Evaluation of New Entrepreneur Scholarships LSC Sept 2007) average survival rate across all cohorts' averages at 85% - the survival rate after one year is 94%, and 86% after 3 years of trading. However, on integrating the data the NES cohort reflects very micro flexible type of enterprise, for instance turnover levels are often less than £15,000 and the study noted that two thirds (65%) supplement the income from their business with paid employment, informal work and/or income support – which indicates a flexible or part-time business thus having the appearance of relative good survival rates.



## 4.4 Background to our work with Social Enterprises

SES roots lie within the Co-operative movement – it was launched in 1983 as Sunderland's Co-operative Development Company. SES continues to promote, develop and support social enterprise as an alternative business model to the traditional approach because it adds the 'social' to the 'profit' motive. Created by entrepreneurs driven by social objectives (they tend not to be from the SES target group i.e. the most disadvantaged – in fact many tend to be middle class women), social enterprises do tend to deliver much greater social benefit or 'added value' than their private sector counterparts:

- They deliver on the 'triple bottom line' by prioritising the social and environmental, as well as the economic,
- They use the innovation and flexibility of enterprise to deliver often better and cheaper social services which are more customer focused
- They are often located, and target their recruitment, within the more disadvantaged communities
- They tend to include their members or employees as key stakeholders and, as a result, tend to offer better terms and conditions, training and job satisfaction. This is evidenced by staff retention, often in trades which are known for haemorrhaging staff.

Social enterprise does offer an alternative business model that in certain areas can deliver services and products in a more flexible, productive and customers focused way than both the public and private sectors and, as a result can bring real added benefit to both. It is for this reason that politicians and other strategic thinkers are increasing their interest in social enterprise, co-operatives and mutuals, and why there are new and increasing opportunities for the sector.

SES carries out work in both Sunderland and Newcastle and during 2009/10 have:

- Created 22 new Social Enterprises
- Supported a database of 141 Social Enterprises/VCS Organisations who have raised £3.9 million in grant investment and made 38 successful tender applications worth over £8.7million.
- Collectively, the Social Enterprises/VCS organisations turnover £26,305, 000 employ 1373 staff and 528 volunteers
- Working with 57 VCS organisations across Newcastle exploring possible transition to Social Enterprises
- Through work within TWIC consortia, 95 organisations have stated they have improved business skills of which 10 are pursuing the possibility of creating new trading arms

### Our Work in Sunderland

SES currently offer a variety of support to a number of Social Enterprise at different stages. Typically activities include;

- business ideas and generation,
- business planning,
- company formation and
- growth and sustainability

Our database reveals during Apr09-Mar10 the Sunderland office has assisted 65 social enterprises, with an addition 11 in emerging phase. Collectively they generate £18,140,000 million in turnover and employ 1,116 staff.

### Our Work in Newcastle

SES also has a base in North Tyneside, the two workers here deliver on a programme of support to the VCS and Social Enterprise Sector as part of Newcastle City Council's Enterprise Support Package. The overall objective of the programme is to improve the sustainability of the sector by supporting organisations to, for example:

- explore new markets
- become more enterprising
- develop marketing strategies
- understand the "value" of social objectives
- improve business planning
- establish trading arms

Through their strong partnership links and presence in Newcastle, the programme has supported 57 VCS, with a variety of services including, business growth and strategy development, investment applications, advice on developing a community group, creating trading arms, and new social enterprises, of which 7 have been established during 2009-10.

Whilst many programmes delivered by SES involve new business creation, in reality, the complexity of the work carried by the social enterprise advisors is often not measured, for example; Community Catering Initiative which won a tender to operate a Bistro in separate premises 5 miles away from its base at the Thomas Gaughan Community Centre ("The Space" at the HQ of the Home Group) created 3 new jobs and a projected turnover of between 60 and 80 K in the first year of trading. Although, through the support, job creation and increased turnover is evident, additional intensive support such as those listed below was critical to get the project to that stage;

- Capacity building with the directors
- Submitting tender
- Building partnership with Home Group (who regard themselves as a key stakeholder)
- Action planning
- Compliance issues
- Accommodating a change of culture and working practices (Community Centre AND upmarket office block)
- Continual review of systems to bring them into line with the expectations of the Home Group

There is a long tradition of support for members of communities finding their own solutions to problems such as unemployment, gaps in service provision etc. In the last 28 years this support via SES social enterprise services has contributed to Social Enterprise being "mainstreamed" (features in all the main parties' manifestos). Why do it? Because Social Enterprise can provide mutually owned solutions to local problems and the delivery of public services in a cost effective and accountable way. Real examples of this can be seen in some case study material SES has produced during 2009/10 (as recommended by the panel 2008/09). These can be seen in appendix 6.

## 4.5 Comparisons Traditional Business Start up/Social Enterprise

There is a continual debate about whether or not SE and the methods of supporting it are the same as for any business. SES applies the same philosophy in its approach to providing support no matter who the client is BUT, it might be worth highlighting those characteristics that help define SE, not to argue that they need a dramatically different approach, but to demonstrate that they often require a different emphasis. For example, in the Forward it points out that 99.3% of businesses are small – it follows that a high percentage of pre-start enterprises are sole traders. SE's are almost always more than 1 person, and will, by definition, be servicing the needs of a defined community. Whilst the process of identifying key stakeholders is the same for all forms of business, this part of the development process is invariably more complex in the case of SE's, particularly when you factor in that the paying customer is often different to the beneficiary. In other words the "stakeholder map" is likely to be a good deal more complex for a SE compared to a sole trader.

The table below highlights some differences between Traditional Businesses and Social Enterprises/VCS

Subject	Traditional Businesses	Social Enterprises/VCS
Average turnover for after 2 yrs	£21,090	£186,565
Majority Gender Director/Ownership	Male (68%)	Female (52%)
Average number of staff employed after 2 yrs	1.36	7.3*

\*without 538 volunteers

## 4.6 Consultation with Social Enterprise sector

SES has carried out a mini research project with all 141 Social Enterprises and VCS organisations on their database, and from this has compiled a broad range of major barriers and future support requirements, these can be seen in the tables below;

Major Barriers	Number of Respondents
Getting finance for development/ creation	51
Lack of contract opportunities	50
Getting Grant funding	30
Establishing new markets	34
Difficulties surrounding procurement procedures	26
Lack of Revenue/income	23

Future Support	Number of Respondents
Strategy planning	40
Marketing /promotion	39
Financial Projections	38
Advice on E- Tendering/Commissioning	34
Entering into new markets	34
Legal structures	30

The results of this exercise verify that the work and activities carried out by SES are working towards overcoming the barriers and meeting the demand for support in this sector.

On a wider level, the New Philanthropy Capital report of 2009 highlighted the benefits of mergers in the third sector, and put forward some notable case studies to demonstrate how organisations can become stronger and more successful by merging.

The important distinction made in the report is that charities should focus not on their own organisation – but on the individuals and groups they are trying to help. Once this key issue is understood, the rationale for merging some charities and other TSOs becomes compelling. Rather than organisations competing for the same funds or donations, if they pooled their own resources and became more efficient, they could maximise the benefits of their fundraising and other revenue streams. The charitable purpose should take precedent over the charitable organisation. One prominent example is on cancer research. In 2001, The Imperial Cancer Research Fund merged with the Cancer Research Campaign to create Cancer Research UK – now one of the UK's leading charities with a combined income of £240m. Merging helped both organisations fulfil their stated aims of developing cures for this disease.

This argument can be made across many TSO sectors. If organisations concentrate on fulfilling their stated aims and objectives they would be more inclined to consider collaborative working, or even merging with other similar organisations to provide better, more efficient service to end-users and customer groups.

Duplication of effort is reduced with collaborative working and mergers. With collaborative activity, organisations can concentrate on what they do best, and join with others who offer complementary comparative advantages. With mergers, this process is formalised and two or more competing organisations with similar aspirations join to form one distinct organisation, which can deliver a single, efficient service and grow as a result of winning new contracts / commissions.

The following evidence is provided by the recent VONNE survey and briefing “Still Surviving NOT Thriving”:

- Over half of organisations (55%) report an actual decrease in funding;
- 69% of organisations have experienced an increased demand for services;
- However, 26% of organisations have already seen a decrease in staff numbers, and 27% of organisations anticipate making staff redundant in the next 12 months;
- One third of organisations expect to close an existing service in the next 12 months;
- 10% of organisations anticipate closing down completely within the next 12 months, jumping to 33% of small organisations.

So there is a widely understood and appreciated need to generate income / revenue streams, against a backdrop of increased economic pressures on public finances and charitable donations from individuals, trusts and foundations and businesses. But there is an increased demand for the vital frontline services delivered by the sector. Our project will address this anomaly, and allow TSOs to join forces strategically to explore and capture new revenue streams, and better respond to the increased demand for their services. Encouraging collaborative working, and considering mergers between organisations, is required to help TSOs respond to the post-recession, scarce funding environment in 2010 and beyond.

It is clear that public spending cuts will be made post the 2010 election, whatever the result. This also strengthens the case for our project – as TSOs will need to look at their mid and long-term viability within this challenging funding environment, and begin to reach out to other organisations to consider new ways of working (including changes to governance and structure) to ensure their sustainability. This obviously means exploring potential for collaborative working and exploring possibilities of mergers with other like-minded organisations in the region.

This can be further substantiated in the next section. Which gives an example of the ‘Enterprise Landscaping’ exercises that SES has been carrying out over the last 18 months, the examples show the landscaping exercise from NESEP (North East Social Enterprise Partnership), and other groups which have taken part such as; BME communities, Women and residents from one of the highest super output areas across Sunderland (Hendon).

The exercise generates feedback from participants regarding issues such as; Barriers to enterprise (yellow), gaps in provision (green) and best practise (blue), and from the 4 carried out so far we have been able to draw on some commonalities throughout.

Many of these barriers would indicate the necessity for one to one contact where building trust and forming relationships are a critical part of the enterprise support process. Additionally, the transition from ‘benefits’ to enterprise appears to be crucial, such an observation is reinforced by a recent FISCUS / SES Progress Report on a new enterprise and financial inclusion initiative.

The next five pages show the individual results from each exercise followed by a summary detailing the commonalities from all four.

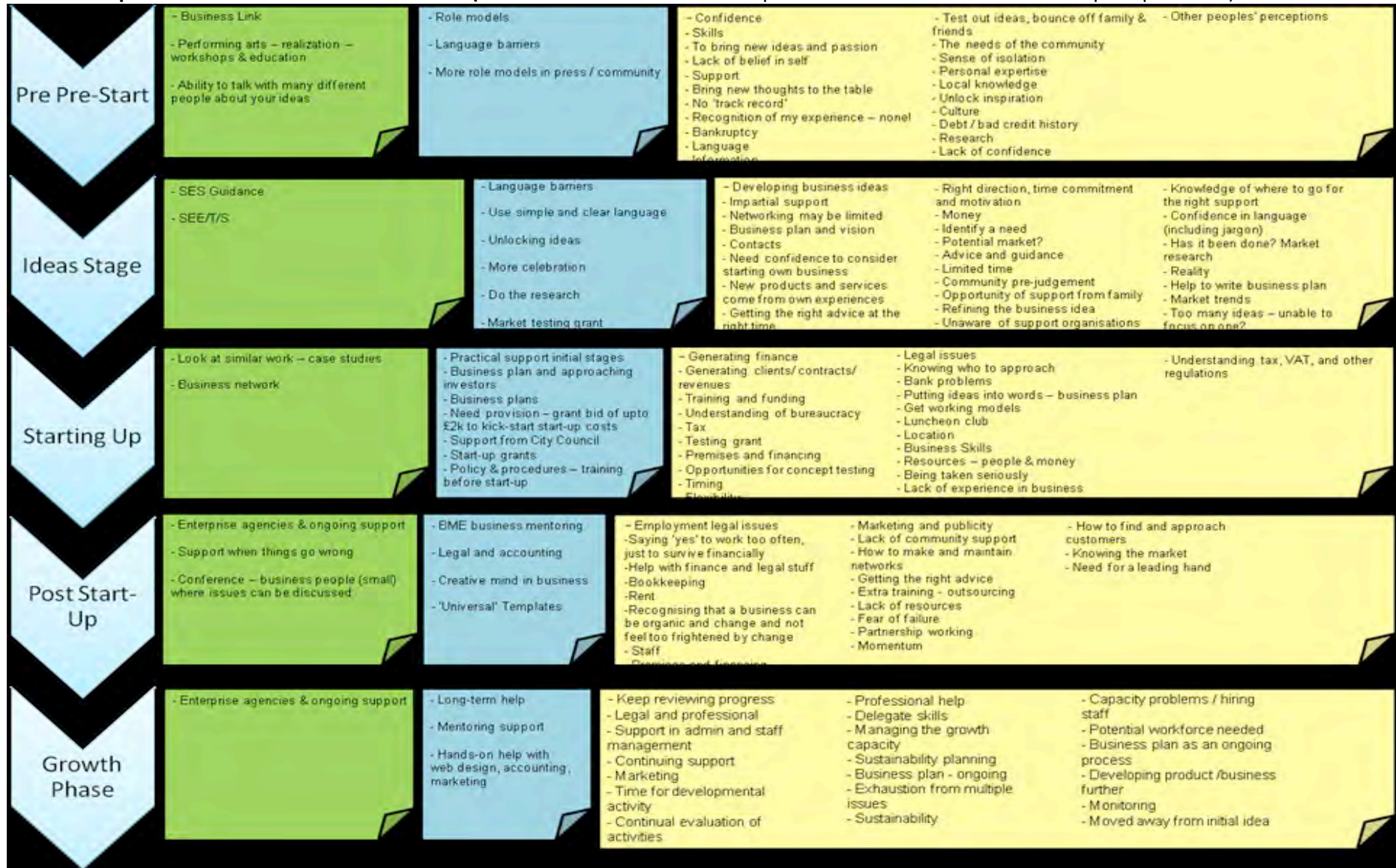


Social Enterprise Journey – 120 attendees Redcar and Cleveland (KEY – Yellow- Barriers to enterprise. Blue- Best Practise. Green- Gaps in provision).

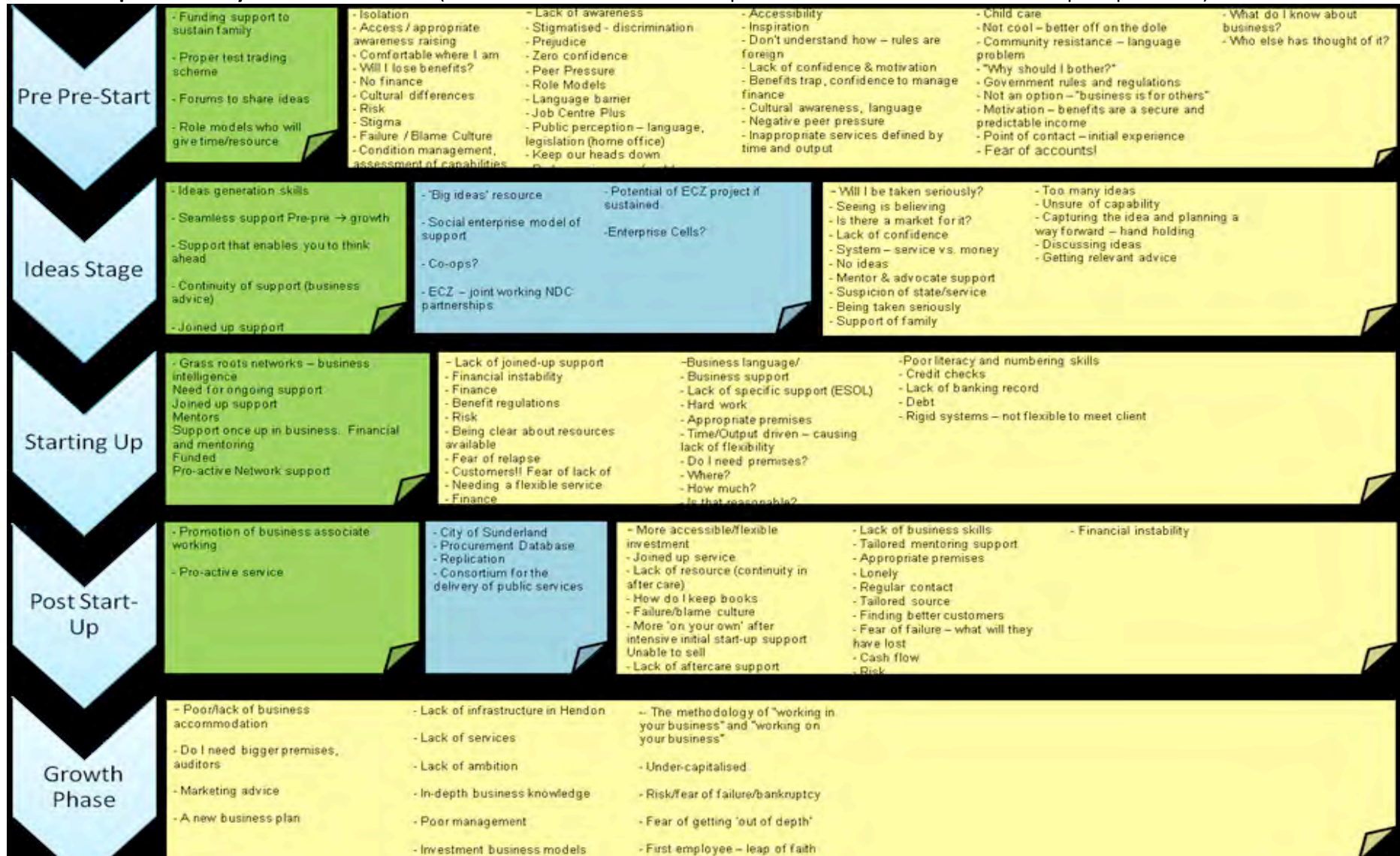




Social Enterprise BME – 45 attendees Newcastle (KEY – Yellow- Barriers to enterprise. Blue- Best Practise Green- Gaps in provision).



Social Enterprise Journey – ECZ 25 attendees (KEY – Yellow- Barriers to enterprise. Blue- Best Practise. Green- Gaps in provision).





Women Enterprise Journey – 150 attendees Tyne and Wear (KEY – Yellow- Barriers to enterprise. Blue- Best Practise. Green- Gaps in provision).





## 4.7 Consultation with Partners and Investors

Maintaining and working towards strong partnership links is critical for the growth and sustainability for SES. As part of this year's consultation process, SES carried out a semi-structured interview with 5 investors/partners.

From this exercise SES can reveal some very encouraging and positive comments;

- SES is “very approachable, always willing to get involved in broader issues”
- SES helps NCC achieve their objectives in enterprise support.
- SES is one of the few social enterprise support organisations in the North East
- SES also works with voluntary committees/boards (not just managers) to help them strengthen their organisations (eg. John Buddle Workspace)
- SES is “very reliable, professional and consistent”. They “work to budget” and “to spec” and have influenced NEIEP’s thinking – “ethically, socially and professionally”
- SES has a good history in working with enterprise development and has shown initiative in this area
- In the past NRF has supported business development and SES was expected to think creatively in making proposals
- NRF has been very impressed with the work of SES and the supported programmes had “very positive outcomes and were well reported”
- SES contributes to the WNF consortium objectives; they are innovative and keep social accounts and an SROI; they have an ethos and tend to focus on the “hard-to-reach” members in society
- SES has had a track record of working with hard-pressed communities – a “unique history” - and in the consortium has the support of the BIC which is a “professional, mainstream organisation”
- SES is achieving this objective. They have a “good reputation” in this area; are known to be “active in the communities”; and have a “good ethos and history”.
- SES has definitive “roots in communities”. SES has always “championed the social enterprise sector”
- SES has established themselves as experts in social enterprise; have expanded into Newcastle and Tyneside; are seen to be trustworthy; and will go the “extra mile” for their clients
- SES has created a range of community initiatives; supports a large number of fledgling and developing businesses; and is recently going to build a “container city” as a hub for alternative enterprise
- Forming and making the consortium work has been a serious achievement as each member adds something to the consortium

Participants of this consultation are as follows;

- John Musham (JM), Principal Officer (Enterprise), Economic Development, Newcastle City Council (NCC)
- Paul McEldon (PM), CEO, Business Innovation Centre (BIC), Sunderland
- Dawn Docherty (DD), Joint Improvement Partnership Programme Manager, North East Improvement and Efficiency Partnership (NEIEP)
- Richard Walton (RW), Programme Manager, Northern Rock Foundation (NRF)

- Berni Whitaker (BW), Enterprise Manager, Working Neighbourhoods Fund, Sunderland City Council (SCC)

The next section summarizes the findings (appendix 4 details the full report and appendix 3 shows the interview schedule), it begins with an overview of the partnership relationship we have with them and their awareness level of SES;

**John Musham (JM),**

NCC is working with SES via the Newcastle Enterprise Package funded by Neighbourhood Renewal Fund and the Working Neighbourhoods Fund (NRF and WNF). This package is worth £3.65m and has 4 themes and 13 activities and SES has been awarded Lot 10 worth about £100,000 covering enterprise development for the voluntary sector in disadvantaged areas in Newcastle. The package runs until March 2011 and involves working with 8 organisations and covering awareness-raising; holding events and promoting the support and funding that is available; supporting other providers who have Enterprise Advisers; working in schools; referring where appropriate to support for business planning and other aspects; assisting with asset transfer. **NCC – Awareness Level: 8/10**

**Paul McEldon (PM),**

In 2009 the BIC and SES formed a consortium made up of SES, BIC (lead partner), SNCBC, FISCUS and Gentoo and were awarded a contract worth £2m from SCC under the Working Neighbourhood Scheme which started in April 2009 and will finish in March 2011. **BIC – Awareness level: 8/10**

**Dawn Docherty (DD),**

The North East is made up 12 local authority areas. These are involved in the delivery of Adult Social Care which they do collaboratively in terms of funding and priorities. This collaboration is managed by JIP Project Managers who can commission providers to carry out work. The managers monitor the work and report back to the NEIEP and JIP Programme Board on behalf of the Directors of Adult Social Care and senior NHS officers. NEIEP commissioned SES to work with user-led organisations (ULOs). SES was asked to carry out two pieces of work that covered mapping/scoping ULOs; defining recommended North East criteria for ULOs and how they engage with local authorities; holding workshops on enterprise for ULOs; and co-ordinating a regional conference. Both reports on the work done have been submitted and included recommendations on a regional network for ULOs; procurement status of ULOs; a kitemark system and the commissioning guidance/checklist for ULOs. NEIEP have been very pleased about how the work has been carried out to a high standard and in meeting all core project deliverables. **NEIEP– Awareness Level: 8/10 for this project; 5/10 more generally**

**Richard Walton (RW),**

NRF has made grants to SES in the past – these particular grant schemes are no longer being run by NRF. The most recent grant made to SES was for £287,000 which covered the period from 2007 – 2010 and involved the costs of a business support programme in hard-pressed communities. It is estimated that around 600 enterprises have been supported in this three year period and NRF receives regular reports from SES which they monitor. **NRF – Awareness Level: 8/10**



**Berni Whitaker (BW),**

SSC have a Working neighbourhood Scheme and Fund (WNF) and they have contracted with the consortium made up of BIC, SES, FISCUS, SNCBC and Gentoo to provide Talent Scouts and Enterprise Advisers in Sunderland's hard-pressed communities. Under the WNF there are 10 projects of which the Neighbourhood Talent Scouts and Business Advisers (NTSBA) is one with a value of £1.1m over 2 years (09 –11). The consortium receives visits from the SCC; holds regular meetings of the Steering Group; and submits reports on the work done. **SCC – Awareness Level: 7/10**

When consulted, each organisation were asked a series of questions relating to their experiences when working with SES, the results are shown below and listed by organisations;

**Newcastle City Council**

Positive things in working with SES?	Negative things in working with SES?
<ul style="list-style-type: none"> <li>- SES is “very approachable, always willing to get involved in broader issues”</li> <li>- Bob Webb is “enthusiastic, reliable and trustworthy”; and aids SES’s profile within NCC</li> <li>- NCC feels confident in referring organisations to SES (eg. recent enquiry from Durham)</li> </ul>	<ul style="list-style-type: none"> <li>- In 2009 SES’s administration was less well defined and there were “difficulties in getting detailed figures relating to beneficiaries and finance” – BUT this has improved greatly in the last year</li> <li>- SES, at times, submits proposals which are too complicated and “swamped with information” – BUT this, too, has improved</li> </ul>
<b>Benefits from working with SES?</b>	
<ul style="list-style-type: none"> <li>- SES helps NCC achieve their objectives in enterprise support.</li> <li>- SES has proved to be “reasonable” in their proposals and costs; and commits time (often unpaid) to working with NCC</li> <li>- SES is one of the few social enterprise support organisations in the North East</li> <li>- SES also works with voluntary committees/boards (not just managers) to help them strengthen their organisations (eg. John Buddle Workspace)</li> </ul>	
<b>Any changes in your organisation as a result of working with SES?</b>	
<ul style="list-style-type: none"> <li>- SES submitted a proposal for Lot 10 (see above) that highlighted the potential of working with voluntary organisations on enterprise development. NCC now sees this as a growing area of work and the feedback from voluntary organisations has been very good.</li> </ul>	
<b>How could your relationship with SES be improved?</b>	
<ul style="list-style-type: none"> <li>- “Cannot think of any ways the relationship could be improved”. NCC would like to be able to continue to work with SES post-March 2011 – but this depends on funding</li> </ul>	

## Business Innovation Centre (BIC)

Positive things in working with SES?	Negative things in working with SES?
<ul style="list-style-type: none"> <li>- Increased “mutual understanding” which enabled the BIC to see how SES works and its ethos; and SES recognised the BIC’s strengths</li> <li>- The work together is more “dovetailed” with smoother mutual referrals</li> <li>- The main thing is that the BIC and SES did not compete and through forming a consortium won the WNF contract</li> </ul>	<ul style="list-style-type: none"> <li>- Within the consortium there was a learning curve to understand all the partners ways of working</li> <li>- The consortium has had to work closely with SCC which has, at times, been frustrating – but no major problems</li> <li>- Although Paul has known Kevin and Mark for over 10 years and they sit on the Economic Prosperity Group, he is still confused about their respective roles within SES and copies them both in on all correspondence</li> </ul>
<b>Benefits from working with SES?</b>	
<ul style="list-style-type: none"> <li>- The BIC and SES now share “common paperwork” and the same software (Minerva). This has made it easier for mutual referrals as they “ask the same questions”. They are currently introducing Hamlyn software</li> <li>- The formation of the consortium has made it easier to deal with local authorities</li> <li>- The consortium is Sunderland-based and this is popular with Councillors</li> <li>- The consortium has enabled the BIC and SES to think about expanding outside Sunderland</li> <li>- The BIC have the resources to manage “big contracts” and this access to resources can be beneficial to SES</li> </ul>	
<b>Any changes in your organisation as a result of working with SES?</b>	
<ul style="list-style-type: none"> <li>- The BIC and SES share systems now</li> <li>- The BIC has learned from the way that SES works</li> </ul>	
<b>How could your relationship with SES be improved?</b>	
<ul style="list-style-type: none"> <li>- All the consortium partners have made an effort in Year 1 of the WNF contract to understand and learn from each other. In the future (Year 2), the BIC and SES could present a “more united front” outside Sunderland.</li> <li>- There could be other ways the BIC and SES could collaborate – particularly on sharing “back office” services: financial and marketing. It would be worth having a “mature and honest conversation about this soon”</li> </ul>	

## North East Improvement and Efficiency Partnership (NEIEP)

Positive things in working with SES?	Negative things in working with SES?
<ul style="list-style-type: none"> <li>- SES is “very reliable, professional and consistent”. They “work to budget” and “to spec” and have influenced NEIEP’s thinking – “ethically, socially and professionally”</li> <li>- The relationship between NEIEP and SES was “very robust” and SES were flexible and listened to suggestions to improve their engagement with ULOs and other stakeholders</li> <li>- Worked collaboratively and worked well with Vision Sense (who were working with commissioners) to complement the overall ULO programme</li> </ul>	<ul style="list-style-type: none"> <li>- SES were “very new to the Adult Social Care Agenda and a lot had to be explained initially. However, they responded “marvellously” to ensure project deliverables were met</li> <li>- SES took constructive criticism about the large size of their final reports and they adapted them appropriately by putting more in the appendices</li> </ul>
<b>Benefits from working with SES?</b>	
<ul style="list-style-type: none"> <li>- The NEIEP is now more aware of social return on investment (SROI) and social accounting and audit (SAA). Similarly, NEIEP is now more aware of Social Impact Bonds, social enterprise and CICs. They are impressed by SES’s values and principles; recognise that they work successfully with enterprise and are branching out of Sunderland.</li> <li>- SES provided excellent value for money in delivering this contract and added value in enabling ULOs to engage in further development opportunities through their mainstreamed programme.</li> </ul>	
<b>Any changes in your organisation as a result of working with SES?</b>	
<ul style="list-style-type: none"> <li>- SES has shared their thinking with the NEIEP Project Board and Dawn has personally developed an interest in SROI and SAA. This increased understanding of social enterprise may lead to more work in moving ULOs into becoming social enterprises.</li> </ul>	
<b>How could your relationship with SES be improved?</b>	
<ul style="list-style-type: none"> <li>- NEIEP would use SES again especially in impact measurement and in developing business skills for the social care sector. They have delivered on time, within budget and provided excellent value for money.</li> </ul>	

## Northern Rock Foundation (NRF)

Positive things in working with SES?	Negative things in working with SES?
<ul style="list-style-type: none"> <li>- SES has a good history in working with enterprise development and has shown initiative in this area</li> <li>- In the past NRF has supported business development and SES was expected to think creatively in making proposals</li> <li>- NRF has been very impressed with the work of SES and the supported programmes had “very positive outcomes and were well reported”</li> </ul>	<ul style="list-style-type: none"> <li>- NRF did not really have a problem with SES</li> <li>- NRF is not currently supporting enterprise development and now only has programmes on homelessness and financial inclusion</li> <li>- The one area of disagreement is that SES supports the creation of CICs and NRF struggles to see the advantages of CICs as they’re not a structure that lends itself to applying to a charitable trust for charitable funding. “It’s a social business model not a charity.”</li> </ul>
<b>Benefits from working with SES?</b>	
<ul style="list-style-type: none"> <li>- NRF feel the support they offered SES was “money well spent” as SES is an “agent for change” and is one of the few organisations operating in the most “needy areas of Sunderland</li> </ul>	
<b>Any changes in your organisation as a result of working with SES?</b>	
<ul style="list-style-type: none"> <li>- No</li> </ul>	
<b>How could your relationship with SES be improved?</b>	
<ul style="list-style-type: none"> <li>- If NRF was funding in the area that SES works then the relationship with SES could be enhanced and improved. But NRF has less money to spend and circumstances have changed. However, NRF likes the fact that SES keep social accounts. They also like the fact that SES are “able to validate their work”; are “astute player in their field”; and “always ready to give an independent view”.</li> </ul>	



## Sunderland City Council (SCC)

Positive things in working with SES?	Negative things in working with SES?
<ul style="list-style-type: none"> <li>- SES contributes to the WNF consortium objectives; they are innovative and keep social accounts and an SROI; they have an ethos and tend to focus on the “hard-to-reach” members in society</li> <li>- SES has had a track record of working with hard-pressed communities – a “unique history” - and in the consortium has the support of the BIC which is a “professional, mainstream organisation”</li> <li>- In the WNF contract the Talent Scouts have exceeded their targets in referring to Enterprise Advisers (although the consortium figures are slightly down on their targets)</li> </ul>	<ul style="list-style-type: none"> <li>- SSC believes that there are no real negatives but there is still “room for improvement”</li> <li>- SES has a strong corporate ethos which at times can be “at odds” with the programme framework eg. the WNF work includes small grants with specific criteria which is disputed by SES as they feel the criteria should be flexible. SSC stressed this was not a big problem but a “difference in understanding”</li> </ul>
Benefits from working with SES?	
<ul style="list-style-type: none"> <li>- Berni feels she has personally “benefitted a lot” from working with SES as SES staff are “very open, very willing to help and very responsive”. She is now much more “aware of the challenges of social enterprise”.</li> <li>- SCC has benefitted through the implementation of the contract; and the clients have benefitted from the work done by SES and the consortium</li> </ul>	
Any changes in your organisation as a result of working with SES?	
<ul style="list-style-type: none"> <li>- SSE has raised the profile and awareness of social enterprise and enterprise in hard-pressed communities within the SCC</li> </ul>	
How could your relationship with SES be improved?	
<ul style="list-style-type: none"> <li>- SCC would like to see some case studies in the reporting back – but other than that they are very pleased with the relationship between SCC and the consortium</li> </ul>	

### Some Final remarks included....

- Some organisations such as Financial Inclusion Newcastle (FIN) support enterprises by initially looking at legal aspects rather than what the organisation wants to do. Similarly other organisations such as ENTRUST and PNE sometimes include excessive management fees – this is not done by SES.
- NRF is “saddened that they are no longer going to be funding SES! They await the final SES report.
- Berni feels personally that SES is a “smashing group of individuals – very friendly, very welcoming and willing to share. They are doing a very good job!”.

*Reported by Alan Kay 02/06/10*

## 4.8 Consultation with the Senior Management Team

A focus group session was held with members of the board and senior management team. The session was intended to reflect on the organisations strategy and assess how SES is meeting its Mission, Values, Objectives and Activities. The following table shows an overview of the session, however, the full and complete report can be found in appendix 5,

<b>Overall Performance: SES uses enterprise in all its forms as a vehicle to address poverty and inequality within our communities.</b>	
<b>Positive</b>	<b>Negative</b>
SES has been successful at delivering its programmes and in meeting targets despite the recession (2x)	Concern about drifting away from SES's mission of working with the most disadvantaged in hard-pressed communities (2x)
The "buy-in" from staff on our mission (core purpose) is rising	At times it is difficult to get SES's staff to focus on the mission (core purpose)
There is a increasing interest in "enterprise" development from the VCS (Voluntary and Community Sector)	Danger that the percentage of clients from the hard-pressed communities is declining
There are some interesting "models" or examples emerging of how SES delivers its work	At times there is a tension between achieving the mission (core purpose) and considering other wider development issues
SES has a good reputation with Newcastle City Council on the delivery of programmes	SES did not win the recent contracts to support individual enterprise start-ups in Newcastle and Durham
SES continues to have a high profile at regional and sub-regional levels in the area of enterprise and social enterprise development	There is no alternative funding streams in place post March 2011 and thus there is uncertainty over the future
SES has been successful in winning contracts with the Social Enterprise Investment Fund (SEIF) which involves working with health organisations	Some of the referrals from other agencies to SES are "spurious" and SES becomes a "dumping ground" for difficult clients
SES has been effective at addressing the wider agenda of enterprise support	It is difficult to satisfy the demand for the work that SES does with current resources
SES still reflects and works within its core values	
SES has become better and more effective at extending to other areas and other sectors	

The team identified ways in which SES can improve;

- SES has to communicate more with its staff about the company's shared values to ensure buy-in from the staff
- SES should look at the way they work with individual enterprises as they are visited and this involves time and extra travel
- SES should consider other ways of delivering enterprise support in Newcastle – perhaps through on-line banking, on-line business planning, etc.

Future Action Points for each objective were agreed upon;

### **Objective 1**

- SES should review the delivery of this objective in terms of the WNF and the wider aspects. This is particularly pertinent in the light of the end of funding streams in March 2011
- SES should explore the possibilities of linking more directly to the SCC and ONE with future opportunities in mind although this is very difficult to predict given the pending election

### **Objective 2**

- SES should investigate the possibility of increasing work in health and social care
- SES should review the delivery mechanism and evidence base for their work with social enterprise
- SES should consider working more on environmental and green sectors as Tyneside and Teeside have special renewable energy status; and SES and Gentoo are holding a “green” event or trade fair

### **Objective 3**

- SES should look more closely at potential partners before “jumping in”
- SES has to rationalise its partnership working

*Facilitated by Alan Kay  
25/05/10*

## 5.0 Creating Economic Impact

During 2009/2010 SES can report some impressive achievements;

- Created 249 new traditional businesses, with a collective projected turnover of £7.348 million and raising loan average investment worth £1093 for each
- Through the SME support provided by SES the survival rate for assisted businesses is 78% for those trading 12 months, 64% for those trading 18 months and 63% for those trading 24 months.
- Created 22 new Social Enterprises
- Supported 141 Social Enterprises/VCS organisations who have raised £3.9 million in investment and made 38 successful tender applications worth over £8.7million.
- Collectively, SES Social Enterprises/VCS organisations turnover £26,305,000 employ 1373 staff and 528 volunteers
- Calculated (SROI) financial impact worth £7.64 return for every £1 invested
- Re-enforced our commitment to work within Hard Pressed Communities where 67% of our clients reside in Super Output Areas, where IMD is below 30% and 78% were workless before engagement with SES
- Working with 57 VCS organisations across Newcastle exploring possible transition to Social Enterprises– turnover contracts
- Through our partnership work within TWIC 95 organisations have stated they have improved business skills of which 10 are pursuing the possibility of creating new trading arms

### 5.1 Comparable costs for services

#### Cost per business created

In previous years SES have measured the monetary value of their work using VfM (Value for Money). The table below shows these indices over a four year period.

Year	Number of Business start ups	Business Start up Investment	VfM
2006-07	210	£384,500	<b>£1,830</b>
2007-08	240	£311,000	<b>£1,306</b>
2008-09	261	£399,850	<b>£1,532</b>
2009-10	271	£623,951*	<b>£2,302</b>

*Full SES investment included – previous year's 15% deduction was applied for SME support, if 15% deduction applied to this years the VfM would be calculated at £1955.*

These above results, despite the fluctuation, measure favourably compared with;

A 2006 Warwick University Report indicated a 'BLNE cost per job excluding customer fees £11,578'pp 12 (*Economic Impact Study of Business Link Local Services Final Report 2006 Warwick University URN/07/1169*). A North East consultancy, New Skills Consulting 2009

Business Case illustrated that EU Priority 2 business start initiative costs approximately £8,883 per business created.

A Centre for Business Research 2007 study concluded that the median average cost of starting a business at £7,500, and found that a significant proportion of start-ups required external funding to meet this need (Cosh, A., Hughes, A., Bullock, A., and Milner, I. (2008) Financing UK Small and Medium Sized Enterprises: Report from the Centre for Business Research).

Regeneris Consulting highlighted the average unit cost per business assisted is within the South East England SEEDA programmes was approximately £7,000 (Table 2-7) (Evaluation of SEEDA Business Investments in the South East: Individual Enterprise September 2008) MTL 2008 Evaluation study of South Yorkshire Business Link business start programme indicated a cost per business of £4,356 for the 2007-2008 cohort that covered the Sheffield, Barnsley, Doncaster and Rotherm areas of South Yorkshire (Final Evaluation of Business Link South Yorkshire Generic & Intermediate Business start programmes MTL 2008 p 21)

The table below lists some comparable financial proxies linked to the services we provide;

Common Needs	The Cost to Purchase such Services
Provision of General Business Advice	NEESPR lists a private business consultant (Alan Grieves) advertising services such as ours at a cost of <b>£45.00</b> per hour
Writing a Business Plan	<a href="http://www.thebusinessplanteam.co.uk">www.thebusinessplanteam.co.uk</a> advertises costs starting from £500 to write a business plan
Information of Book keeping, Accounts, Tax and NI	Comparable book keeping/accountancy services found on NEESPR (Futures Accountancy and Finance) show a minimum cost <b>£35.00</b> per hour.

During 2009-10 SES business start up staff delivered 23,208 hours of business animation, business start up and financial advice/training to 783 pre-start up beneficiaries and the 271 business start ups. Using the total business start up investment for 2009-10 of £529,951 an average unit cost per hour of £22.83 can be calculated. This unit cost can be used to make a quick comparison between the project unit costs and the market fee rates of similar services provided commercially by small enterprises in and around the area, these are listed in the table above, it is interesting to note that book-keeping advice can be purchased at a minimum cost of £35 per hour; business plans can be wrote for a minimum cost of £500 and company formation, secretarial and business advice can be purchased at hourly rates of £45.

## 5.2 SROI Methodologies

SES has introduced SROI methodologies into this year's social accounts as an additional way to demonstrate their impact, with plans in the autumn to progress to a full and complete SROI impact map.

In doing this exercise we have discovered varying degrees of proxies and indicators and acknowledge that broader analysis of these may be required, however, the work we have completed so far demonstrates the financial value SES has created to each of its stakeholders, using our own data and existing consultation methods. We feel deeper exploration to understand the full theory of change from stakeholder perception will only strengthen our impact to clients and communities.

It is necessary however to outline some very important factors for consideration before introducing the map. The following tables highlight the profile of the clients, they show that;

- **67% of our traditional business start up clients reside in areas where IMD is below 30%**
- **78% of them are workless before joining our programmes**
- **57% of them live in some form of rented accommodation**
- **61% of them are educated to only L2 or below**

The map begins with the value created to our beneficiaries, it begins with 'the enterprise client', and those who have reported increased motivation and self esteem. It can be assumed that for a client to reach the appropriate confidence level to run their own business that attending a confidence building course maybe a way for this to be achieved, [sroiproject.org.uk/sroi-database](http://sroiproject.org.uk/sroi-database) shows an indicator for the cost for a professional self confidence training course delivered by PTP and approved by CPD to be £425.00.

Other areas of value for this stakeholder include the business advice and subsequent production of a business plan. Many private companies who offer the range of business advisory services do not openly advertise fixed prices; however we have been able to identify starting prices of business plan production to be £500 from the [businessplanteam.co.uk](http://businessplanteam.co.uk).

This stakeholder will also benefit from increased disposable income and a FISCUS study (included in appendix 8) which uses their own calculations show that on average this may total £4576. SES has used FISCUS benchmarking data for the previous 4 years, therefore can trust the calculations and evidence consistency, it is very important however to note that [sroiproject.org.uk/sroi-database](http://sroiproject.org.uk/sroi-database) show a possible proxy of £10,666 for increased disposable based on information gathered from HMRC.

This proxy of increased disposable income can also be assumed for those who find employment as a result of business start ups and/or social enterprise starts (**Indirect Beneficiaries**). The figure of 99 derives from 19 additional staff employed in the 93 traditional enterprises at 12 month trading and 80 staff from the 15 social enterprises trading at 12 months net job creation ratio of 0.92, these figures are very favourable when compared with NES study (NFEA Management Information data & CFE Survey 2007) which indicates a net job creation of 0.19 and a Princes Trust (2002 Study) net job creation of 0.44 Sources pp 102 CFE Evaluation of New Entrepreneur Scholarships LSC 19<sup>th</sup> Sept 2007

SES has identified **The Investor/Funder** stakeholder group, those whom invest in our services to increase economic development and increase local spend to be another key stakeholder group, It is expected that the new businesses will generate income for local suppliers through purchasing stock and supplies, and assuming ¼ of an annual turnover of £19,285 (this is the average turnover of our businesses trading 12 months), we can estimate that each of our businesses may spend £4821 locally on stocks and supplies.

Another key stakeholder group that we have identified is; **The Exchequer who** will benefit from an increase in income tax. To identify the possible proxy for this we have used the average reported turnover of our businesses trading for 12 months (£19285), the average business incurs costs of 1/3 of the turnover leaving £12,921 profit. Tax paid on this profit totals £1290 per business We believe this figure to be very modest when considering an Economic Evaluation of the Small Firms Loan Guarantee (SFLG) Scheme Marc Cowling, Jan 2010 Institute of Employment Studies BIS, who reports that a minimum of 0.08- 0.14 per £'s turnover will be paid in income tax . Using the same turnover of £19285 a treasury income worth £2,700 per business would be generated.

Finally, the **Exchequer - DWP**. Research has proven to be very inconsistent when identifying a proxy for this, a study completed by Small Firms Loan Guarantee indicates that the total benefits paid to a single person with no dependants was £6,623.76 pa and for a married person with two dependent children was £16,500 pa, these figures were based on DWP 2006 rates via DWP cost benefit framework <http://research.dwp.gov.uk/asd/asd5/WP40.pdf>. On the other hand, [sroiproject.org.uk/sroi-database](http://sroiproject.org.uk/sroi-database) shows from a study completed with NEF (new economics foundation) using DWP data that benefits claimed prior to people find work totalled only £48 per week (2496 per annum). These contrasting figures have led us to use the study completed by FISCUS, this a local organization who deal with varying family circumstances show an average of £9645 is claimed each year per family Appendix 8 details the break down, the table below provides a summary of these financial proxies for the last 6 years of SES Social Accounts.

#### FISCUS Average (- +) financial profiles of three case studies

SES Social Audit database	2009/10	2008/09	2007/08	2006/07	2006/06	2004/05
Treasury Net Gain	124.80	124.80	150.00	114.00	109.00	109.00
Welfare Benefit Saving Indices	9475.96	7391.45	£7,558	£7,603	£7,345	£8,738
Increased Disposable Income of.....	4575.59	3317.75	£1,874	£1,410	£1,541	£1,271

The following map highlights the Social Return on Investment (SROI) process and journey. It details each stakeholder groups objectives what expected changes they may experience as a consequence of their intervention with SES. It shows both qualitative and quantitative data in terms of what they input and what outputs can be expected but what SROI really aims to demonstrate is the 'outcomes' achieved for each stakeholder and what value that outcome is to them, this involves much consultation and evaluation, and for this Social Accounting process SES has only made use of all current and available monitoring and evaluation systems, with this in mind we feel more exploration needs to be carried out in order to tease out more beneficiary changes and outcomes.

#### As an example for Line 1 in the map, the story of change is as follows;

The Beneficiary '**Business Start up Client**', will commence intervention with SES, some progress to business planning stage others decide that self employment may not be for them right now. SES met with 783 potential business start up clients during 2009/10 of which 271 went into self



employment. When a survey was conducted with 78 of those clients 64% said that through SES they had assurance about their prospects and had grown in confidence and self esteem. When applying 64% of the total number of business starts (271) we can assume **173** people would report this outcome.

We have set the duration of **2** years, SES knows most of the continued intervention between SES and the client lasts approximately 2 years and providing their business aims and objectives continue to prosper and they gain practical learning experiences as time progresses then the term for this outcome may extend beyond the two years.

When identifying how or where else the client may succeed in fulfilling this personal outcome we identified that to purchase a 'professional confidence training course' may achieve the same outcome, this was valued at **£425** on the SROIPROJECT website.

The process then asks 'so what', it is here where deadweight, displacement and attribution is applied. For this particular stakeholder group SES have deducted;

- **20%** for deadweight, others may have contributed such as family members and other linked local services
- **10%** for displacement, this may account a small % of other same industry businesses being displaced by the new business created
- **25%** for attribution, we have assumed that 25% of our business start may have achieved these outcomes without the help of SES.

It is important to note at this point that SES has deducted **55%** from the initial impact calculation.

The map then calculates the financial proxy and discounts the deadweight, displacement, attribution and drop off.

This process is carried out for each beneficiary and although the duration of 2 years remains consistent as does the 20% deduction for deadweight, varying levels of displacement and attribution are applied depending on the outcome achieved, e.g.

- **10%** displacement for people achieving business plans - this activity is critical to the client's success and there are very few services providers who tackle business planning client intervention in the way SES does. In contrast to.....
- **30%** displacement and attribution for **Indirect Beneficiaries** (those who find employment as a result of our business start ups), the 30% displacement and 30% attribution is applied due to the likelihood of them finding a job without SES intervention. For this client

It's useful to note the following table which give explanations of the quantities within the map;

**Description of the Quantities; (listed in the order as they appear in the map)**



Quantities	Description
173	64% of 249 business starts, this figure is used based on 50 people out of the 78 surveys returned reported an increase in confidence and self esteem= 64% .
13	3 people out of the 78 returned surveys reported a reduction in confidence/self esteem,(4% of 271)
203	75% of business starts last year required a business plan
211	22% were workless before the programme therefore 22 % of business start (194) will benefit from additional income
512	SES had appointments with 783 people last year, 271 of them started their business 783-271 = 512
99	At 12 months 15 social enterprises employing 80 staff and 97 traditional businesses employ 19
271	The actual number of business starts last year
271	The actual number of business starts last year
169	169 enterprise clients were claiming a benefit before self employment.
169	169 enterprise clients were claiming a benefit prior to programme

**The impact map, as it stands shows that through intensive, one to one, individual business start up support, SES returns £7.64 for every £1 invested.**

SROI Network																												
Stakeholders	Stakeholders' Objectives	Inputs		Outputs		The Outcomes							Deadweight %	Displacement %	Attribution %	Drop off %	Impact	Calculating Social Return										
Who do we have an effect on? Who has an effect on us?	What do you think will change for them?	What they invest (description)	What they invest (value £)	Summary of activity (quantified)	Description	Indicator	Source	Quantity	Duration	Financial Proxy Description	Value	Source	Who else contributed to the change?	What activity did you displace?	What would have happened without us?	Does the outcome drop off in future years?	Outcomes times proxy less attribution and deadweight	Discount rate (%) 3.5%										
(START ON NEXT ROW)																												
Year 1																												
Year 2																												
Year 3																												
Year 4																												
Year 5																												
Business Start up Beneficiaries/Clients	1. To raise awareness of Enterprise development 2. Increase Opportunities for Enterprise 3. People have increased understanding of where they can get support - increased understanding of what they need to do - increased aspirations about their futures - increased motivation for self-help - increased confidence - improved self-esteem - been enabled to make informed choices 4. People have been enabled to set up their own business - increased understanding of business development 5. More new businesses 6. More new jobs created 7. Increased business start-ups by the most disadvantaged people 8. More personal wealth 9. Less reliance on state benefits 10. To increase opportunities for sustainable businesses	Time	0	To programme engagement events and activities to engage people in enterprise opportunities (approx 800 people). Provide meeting places in outreach venues and centres where enterprise talent scouts can meet with clients from all areas (approx 600 pre-start clients). The enterprise talent scouts work with them to improve skills, confidence and abilities, once they are ready (approx 400 pre-start clients) they are referred to a business advisor to carry out business planning, this leads to 150 business start ups	people feel assured about prospects and grow in confidence and self esteem	number of people who report they feel assured about prospects and have grown in confidence and self esteem	client consultation - evaluation material from April 09 to Jan 2010	173	2	the cost for a professional self confidence training course delivered by PTP and approved by CPD	£425.00	sroiproject.org.uk/sroi-database	20%	10%	25%	0%	£39,703.50	£39,703.50	£39,703.50	£0.00	£0.00	£0.00						
					People who are daunted by the process and lose confidence in start up ideas, motivation and confidence	number of people reporting reduction in confidence	client consultation - evaluation material from April 09 to Jan 2010	13	1	cost per hour for life coach sessions/counselling - Life coaching can be bought for £30-£40 per hour with a suggested number of session to be 6 - 8 X £35-£210	-£425.00	sroiproject.org.uk/sroi-database	20%	10%	0%	0%	0%	0%	0%	-£3,978.00	-£3,978.00	£0.00	£0.00	£0.00	£0.00			
					people achieve/produce their own business plan - 75% need business plan - so dont achieve this outcome	number of people achieving meaningful and functioning business plan	SES database and client files	203	1	The cost for writing a business plan starts at £500	£500.00	thebusinessplanteam.co.uk	20%	10%	10%	0%	0%	0%	0%	0%	£65,772.00	£65,772.00	£0.00	£0.00	£0.00	£0.00	£0.00	
					people have more disposable income through going into self employment	number of people reporting they take a wage from the business and have survived more than 12 months	SES database and monitoring	211	2	Average increased disposable income	£4,576.00	FISCUS study appendix 8	20%	10%	10%	17%	10%	10%	17%	10%	£625,667.33	£625,667.33	£519,303.88	£0.00	£0.00	£0.00	£0.00	£0.00
					People who do not start a business after some support but gather some skills and knowledge - some produce a business plan	number not progressing any further	SES database and client files	512		Outcome not valued at this stage as special data needed not yet available			0%	0%	0%	0%	0%	0%	0%	0%	0%	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Indirect Beneficiaries	People become employed in the businesses	Time	0	12 month monitoring revealed 12 businesses employing 2, 1 employing 3 and 1 employing 6	People find employment as a result of SES business start up programme	number of businesses reporting that they have employed staff	SES database and client files	99	2	Average increased disposable income	£4,576.00	FISCUS study appendix 8	20%	10%	10%	0%	£293,559.55	£293,559.55	£293,559.55	£0.00	£0.00	£0.00	£0.00	£0.00				
Funders/Investors (WNF and ERDF)	Achievement of local and regional government initiatives regarding enterprise and economic development, especially where employment is low and poverty is high.	Money to run the project	£623,951.00	As detailed in enterprise and employment activity	Increase in the number of businesses created	number of businesses started	SES database and client files	271	2	Using the money invested in SES of £529,951 divided by the number of business start ups of 271, a unit cost of £1,955 proves very favourable when compared to Tyne and Wear Business Link average cost per business start at £4,297. Lancashire Rural Futures 2002-03 by Rural Innovation cost per new business advised £3,925 and BIS small and medium enterprise statistics 2008 show a cost of £7500 to set up and grow a business.			0%	0%	0%	0%	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00				
					Local economy supported by people becoming more economically active	Amount of additional spend benefitting local economy	SES database and client files of business turnover and projected local spend	271	2	increased spend in the local economy on stocks and supplies from new businesses - an estimation of 25% of turnover	£4,821.00	25% of the average turnover £19285	20%	20%	20%	17%	20%	17%	20%	£668,923.39	£668,923.39	£555,206.42	£0.00	£0.00	£0.00	£0.00	£0.00	
The Exchequer	Increase income through TAX and NI	Information service to the client	0	281 (169 Self employment and 112 Job Linkage) more people paying TAX and NI	Treasury receiving more TAX and N.I. Contributions	Amount of TAX and N.I. Paid on annual turnover of £19285	SES database using total number of business starts	169	2	Tax paid based on annual turnover £19285 (this is the average turnover of our businesses trading 12 mths)	£1,290.00	Own calculations based on £19285 turnover (19285 - 33% expenditure - 6475 tax free allowance = 6446/20%)	20%	10%	20%	17%	£125,573.76	£125,573.76	£104,226.22	£0.00	£0.00	£0.00	£0.00	£0.00				
The Exchequer DWP	Reduce benefit/welfare claimants	Administer changes to benefit claim	0	281 Less people claiming a benefit (169 Self employment and 112 Job Linkage)	Overall reduction in benefit payments to self employment	Unit saving per annum £9475 for people finding employment or self employment	SES database and Hanlon database using clients who were claiming benefits prior to joining the programme	169	2	Benefits saved	£9,465.00	FISCUS study appendix 8	20%	10%	20%	17%	£921,360.96	£921,360.96	£764,729.60	£0.00	£0.00	£0.00	£0.00	£0.00				
Total																	£2,736,582.49	£2,276,729.17	£0.00	£0.00	£0.00	£0.00						

**Explanation of the numbers detailed in column I Quantity- listed in order as they appear**

- 173 64% of 249 business starts, this figure is used based on 50 people out of the 78 surveys returned reported an increase in confidence and self esteem= 64% .
- 13 3 people out of the 78 returned surveys reported a reduction in confidence/self esteem (4% of 271)
- 203 75% of business starts last year required a business plan
- 211 22% were workless before the programme therefore 22 % of business start (194) will benefit from additional income
- 512 SES had appointments with 783 people last year, 271 of them started their business 783-271 = 512
- 99 At 12 months 15 social enterprises employing 80 staff and 97 traditional businesses employ 19
- 271 The actual number of business starts last year
- 271 The actual number of business starts last year
- 169 169 enterprise clients were claiming a benefit before self employment.
- 169 169 enterprise clients were claiming a benefit prior to programme

Present value of each year	£2,644,041.06	£2,125,351.04	£0.00	£0.00	£0.00
Total Present Value	£4,769,392.09				
Net Present Value	£4,145,441.09				
Social Return £ per £	£7.64				

## 6.0 Summary and Conclusion

### SES and enterprise

1. SES has over 28 years of practical business experience in supporting and developing social and community enterprise, and the growth of self-employment in North East England. The development of enterprise skills, the growth of self-employment and successful social enterprises all offer people alternative routes out of inequality and poverty. The vision of SES reflects this:

*“To use enterprise in all its forms as a vehicle for the creation of a fairer society through the alleviation of inequality and poverty and to underpin our work by taking an evidence-based approach”.*

2. SES activities are aimed at creating opportunities for employment and enterprise in all its forms. These activities are:
  - Efficient and effective
  - Reach the most disadvantaged
  - Impact on the ‘demand’ as well as the ‘supply’ side to reduce unemployment
  - Get people off benefit
  - Are rooted in a robust evidence base that is independently verified
3. Services are delivered in the local community through working with a partnership of organisations having shared values, including:
  - A belief in a more equitable and inclusive society
  - Respecting all people as individuals and recognising their worth
  - A belief that co-operation, self-help and entrepreneurialism are creative forces for change
  - Being honest, accessible, approachable and accountable
4. Evidence from ten years of conducting intensive SA and SROI exercises has demonstrated quite clearly that the only effective way of nurturing sustainable social enterprises, women entrepreneurs, workless and BAME entrepreneurs, is through hands-on, can-do, face-to-face support.
5. SES’ successful model of enterprise development targets, captures the imagination of, and meets the needs of, the most disadvantaged. It is a pro-active, holistic and integrated approach and it engages people who are often missed by mainstream agencies, which can be geographically remote or psychologically daunting to newcomers to enterprise and social enterprise.
6. SES recognises that *community anchors* are a critical vehicle for all forms of enterprise engagement. These often already exist at the heart of the community and, through a process of dedicated development and support delivered through these organisations, alienated individuals and groups can become economically active and socially included.

7. Community-based organisations have the contacts, capacity and commitment to access local people that other external, more conventional and reactive approaches have always failed to reach. These organisations clearly provide a major opportunity to deliver all kinds of social enterprise coaching and mentoring to a significant number of people, for example because they:
- Are often enterprising organisations in their own right struggling to survive, and operating successfully in areas eschewed by the market and / or the public sector.
  - Often provide services that help remove barriers to enterprise, e.g. childcare, workshops, common services, marketing and design, access to ICT, and so on.
  - Can support opportunities for vocational training, work placements, Intermediate Labour Market schemes and similar activities.
  - Can support the provision of welfare benefits and other advice – delivered in a sympathetic way that is seen to be not part of the ‘system’.
  - Are local, accessible and trusted – and can provide a base for formal and informal mentoring and other forms of support to be delivered.
  - Can be a local hub and/or be networked into a wide range of local organisations that work with diverse groups and individuals.
  - Can be places where ethnic minorities, other under-represented groups and, particularly, women, feel more at ease and involved.
  - May already be integral to other complementary regeneration initiatives.
8. Community-based organisations are more likely to be rooted in, and proactive in, areas where market failure is greatest. They are more likely to attract those groups not highly represented in the SME community or indeed *the wider labour market*. *As a result, they represent a context in which enterprise support can be responsive and tailored to individual needs rather than simply a reactive response to enquiries.*
9. SES fosters all kinds of enterprise, including both traditional small business starts as well as social and community enterprise. Achievements in 2009-10<sup>1</sup> included the following:
- Creation of 249 new traditional businesses, with a collective projected turnover of £7.348 million and raising loan average investment worth £1093 for each.
  - A survival rate for assisted businesses of 80% for those trading 12 months, 64% for those trading 18 months and 63% for those trading 24 months.
  - Creation of 22 new social enterprises.
  - Provision of support for 141 social enterprises/VCS organisations that have raised £3.9 million in investment and made 38 successful tender applications worth over £8.7million.
  - Working with 57 voluntary and community sector organisations across Newcastle exploring the possible transition to social enterprise.
  - Delivering, in partnership, support to 95 organisations, in order to improve their business skills. Ten of these are pursuing the possibility of creating new trading arms.
10. In total, SES-supported social enterprises and voluntary and community organisations now have a turnover in excess of £26.3 million; they employ 1,373 staff and 528 volunteers.

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<sup>1</sup> Taken from ‘Draft Social Audit Report 2009-10’, August 2010.

11. SES uses Social Audit and Social Return on Investment to measure its impact, and provide evidence of its performance. All stakeholders and staff are closely involved in this process. And clients are consulted. A calculation of the Social Return on Investment for last year suggested a financial impact involving an £8.14 return for every £1 invested. This also represents excellent value for money.
12. All activities are carefully monitored and evaluated, and SES pursues an active programme of research. This ensures that all important decisions are taken on the basis of robust evidence.
13. SES targets clients from the most deprived areas. In the last year, 67% of clients lived in Super Output Areas, where the IMD rating was below 30%; and 78% were workless before engagement with SES. Experience has shown that new enterprise can be nurtured, and can flourish, even in the least auspicious of circumstances.
14. These achievements can be attributed to the intensive work carried out by the SES team across hard-pressed communities, where community engagement, face to face contact, 'hands on' activities and emergency support are vital components of the service.
15. What sets SES apart from the generality of business support services is the provision of intensive support at the pre start and aftercare stages. A more 'hands on' approach, where 'face to face' contact with clients gives added reassurance, is critical in boosting the chances of successful business or social enterprise start-up – especially in deprived areas.

## Encouraging enterprise in under-represented groups and neighbourhoods

16. Some population groups and neighbourhoods remain stubbornly under-represented in terms of small business formation and growth. These include women and some BAME groups, and people living in more disadvantaged areas where worklessness is widespread.
17. Despite recent progress, women remain far less likely to start their own businesses than men. The gap is especially wide for young women. Research undertaken by the Department for Business Innovation & Skills suggests that if female entrepreneurship in the UK could be raised to US levels, over 800,000 more businesses would be created. Some Black and Asian Minority Ethnic (BAME) groups – especially Black – also lag well behind their male, white compatriots in terms of business formation.
18. Changing this situation will involve improved awareness of entrepreneurship at all ages, targeted support appropriate to their needs, reduced burdens on small businesses and nurturing the right skills and networks. But, the benefits can be very substantial.
19. Research into business start-ups by women and BAME individuals<sup>2</sup> in the North East, conducted by SES during 2009-10, described the key economic and social roles that these businesses play in local economies and for local communities.

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<sup>2</sup> 'Ethnic Minority Business and Enterprise Development Service', SES, 2009; and 'The Role of Women's Business in Local Economic Resilience', SES, 2010

20. Businesses designed by and run by women and BAME entrepreneurs have a range of benefits both for the individual concerned and for their community. In addition to providing a route into employment and independence for the individual, such enterprises potentially present a route away from poverty, low income and debt.
21. These businesses play an important role in promoting local economic resilience through:
- Capturing and projecting the enterprising culture that exists
  - Providing local job opportunities – many of them in disadvantaged communities
  - Offering a route out of unemployment for the workless
  - Fostering the development of local monetary and social economies
  - Fostering pride, independence and launching new careers
  - Improving the family's economic circumstances and reducing reliance on benefits
  - Providing local services that benefit the community
  - Providing role models for other aspiring female and BAME entrepreneurs
  - Exploiting niche markets
  - Boosting the acquisition of new skills and know-how that will often have wider application
22. It is clear, then, that any efforts to support the creation and growth of enterprises managed by women and BAME entrepreneurs, or people living in areas of disadvantage and worklessness, are likely to yield valuable returns. We need to ensure that business support organisations deliver appropriate and useful services for these clients, and this essentially means intensive face-to-face contact.

## Where next?

23. Summarising the key messages...
- Social enterprise will be a growth area over the next five years. It is gathering momentum and has political support.
  - There are a number of impressive social brands now established to act as influencers/role models on a national/regional level, there's a charter and a recognised quality mark.
  - Social enterprise has yet to become a household term (both among the general public and policy makers, key decision makers and funders) – there is now a great opportunity to get people excited about social enterprise.
  - New government policy on the economy, the provision of business support and the growth of the Big Society, are combining to dramatically change the operating environment for organisations providing support for enterprise and social enterprise.
  - New opportunities are opening up for all kinds of enterprise, including social enterprise.
  - Redundancy and unemployment will ensure a continuing supply of potential entrepreneurs who need appropriate help and support.
  - Tackling worklessness must remain a high priority, especially in the most deprived areas.
24. The new Local Economic Partnerships (LEPs) will have a critical role to play in ensuring that the right operating environment is in place to enable businesses to take full advantage of the opportunities that are opening-up.

25. Local authorities will also have a vital role to play in encouraging and supporting the growth of all kinds of enterprise in their area, including social enterprise. Some local authorities have already demonstrated their willingness to rake a lead and to innovate in this regard<sup>3</sup>.

## SES and the future

26. SES has a set of values, skills, products and services that are very relevant to the emerging policy drivers and, as a consequence, has the potential to seize the new opportunities. It may also provide a helpful model that can be adapted and replicated in other areas of the UK.
27. SES can make a real contribution to meeting the needs of aspiring entrepreneurs from all areas and walks of life – many of them drawn from the most disadvantaged in the community. It can deliver on its mission of using enterprise in all its form to address inequality and poverty if it is given the right support and encouragement.

*“The Government’s vision is for many more people in the UK to have the opportunity, aspiration and motivation to use their talent and initiative to be enterprising and have an increased proportion of people starting a business.”*

(Department for Business Innovation & Skills website, September 2010)

*A Big Society “offers the potential to completely recast the relationship between people and the state: citizens empowered; individual opportunity extended; communities coming together to make lives better.”*

(David Cameron and Nick Clegg writing in ‘The Coalition: our programme for government’, May 2010)

*“We want to give citizens, communities and local government the power and information they need to come together, solve the problems they face and build the Britain they want. We want society – the families, networks, neighbourhoods and communities that form the fabric of so much of our everyday lives – to be bigger and stronger than ever before. Only when people and communities are given more power and take more responsibility can we achieve fairness and opportunity for all.”*

(‘Building the Big Society’, Cabinet Office website, May 2010)

*Charities will increasingly have to “prove their impact” in order to receive funding. There is “a great deal of pressure on the sector to more effectively communicate its impact”, and “to be able to tell a story that doesn’t just rely on anecdotes or bringing a few people into the office to tell their personal story.”*

(Civil Society Minister, Nick Hurd, in a speech to mark the 20th anniversary of [Charities Evaluation Services](#), September 2010)

<sup>3</sup> See, for example, the work that the Young Foundation has been doing with partner local authorities, on behalf of the Department for Communities and Local Government.



## 8.0 Dissemination and dialogue

Each stakeholder group will receive a summarised version of the final approved social report. The full report will be placed on SES's website. The summarised version including the main conclusions will be sent out to all users and policy makers throughout the North East, in total this accounts for about 850 people,

## 8.2 The next social accounting Social Return on Investment cycle

We are planning to continue with social accounting and ensure that the process is embedded in all the work of SES.

## SES (Sustainable • Enterprise • Strategies)

The Social Audit Panel has examined the draft Social Accounts submitted to us and discussed them in detail with Julie Gowland of Gentoo Living, Narinder Singh of Gateshead Council and Bernadette Speight – SAN Auditor at the Social Audit Panel meeting held on 10th September 2010. 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) Consultation on values each year provides critical feedback on SES' unique approach giving data to use as on-going Performance Management and a Competitive Advantage in the market place concerning Quality of Service.
- ii) SES could pull out more information on social and economic impact within their case studies.
- iii) SES should expand the range of consultation methods used to gather feedback and encourage active involvement.

The members of the Social Audit Panel were:

- a) Bernadette Speight – SAN Auditor
- b) Narinder Singh, Gateshead Council
- c) Julie Gowland, Gentoo Living

Signed: M. B. Speight: *M. B. Speight* Dated: 27th September 2010

Chair of the Social Audit Panel

\* The notes of the Social Audit Panel meeting form part of the Social Accounting and Auditing process and may, by arrangement, be inspected at the offices of SES at The Mission, Lower Rudyerd Street, North Shields NE29 6NG Members of the Social Audit Panel have acted in an individual capacity.



**Sustainable • Enterprise • Strategies**