SOCIAL AUDIT NETWORK LIMITED (SAN)

Social Report

1ˢᵗ January 2006 – 30ᵗʰ November 2007

December 2007

Social Audit Network
social accounting and audit for the community sector

CONTENTS

Appendices: (available in a separate volume)

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1   Introduction

The fundamental purpose of SAN is of course to promote social accounting and audit and to encourage its use by social economy organisations. Although many, if not most, of SAN's member organisations practise social accounting it was not until SAN became an independent incorporated company in May 2006 that it was really possible to practise what it preaches. The SAN Board therefore decided to try and prepare social accounts for 2006 and publish them during 2007. The work has been done on a voluntary basis by the SAN Chair, John Pearce, and another Director, Alan Kay, and sadly because of the dependence on volunteer time the original time-line has slipped significantly. These social accounts therefore report on what SAN has done during 2006 and up to November 2007. The consultations with stakeholders reported in these social accounts were carried out during November and December 2006 and consequently are somewhat dated, but are, we believe, nonetheless valid. Because of the time-line slip however SAN has taken the decision not to put these social accounts before a social audit panel. Instead a second set of social accounts will be prepared for the financial year 2008/09 and we would expect those to be both fuller and more up-to-date and to be ready for presentation to a social audit panel in the summer of 2009.

2   History and Background

The Social Audit Network (SAN) was established as an informal network in 2000 to facilitate the exchange of information and experience between practitioners of social accounting and audit in the social economy and voluntary sectors. The Network has held regular meetings and events at venues around the UK and held its first conference in York in December 2006. SAN distributes a monthly Circular to its email network and has developed a website (www.socialauditnetwork.org.uk).

During 2003-2005 SAN was part of the Quality and Impact Project of the Equal funded programme of the Social Enterprise GB partnership and as well as running events in Scotland, Wales and the English Regions reviewed and revised the social accounting and audit process which had been developing since early (in the 1990s) experiments with social accounting and audit by community businesses in Scotland, Traidcraft plc and the New Economics Foundation. The result was the publication in 2005 of the *Social Accounting and Audit Manual and CD* which explains the Three Step process and provides a wide range of tools, worksheets, examples, training exercises and case-studies. The Manual and CD are regularly enhanced by the inclusion on the SAN website of new "tools" which become known and available. The Manual and CD have been SFEDI endorsed.

SAN has developed an approval process for social auditors (persons qualified to chair the social audit panels which verify social accounts) and both maintains a register of approved social auditors as well as applying a quality assurance system based on feed-back from organisations audited, continuous professional development and occasional peer review.

SAN organises "master-classes" aimed at people with some basic understanding of the process who either wish to facilitate the process with other organisations or introduce social accounting to their own organisations (and sometimes both!) and at people wishing to become SAN approved social auditors. Participants in such action training programmes can obtain accreditation through an approved Open College

Network training course or through an endorsed award of the Institute for Leadership and Management.

In 2006 SAN became a company limited by guarantee with two classes of member: a) approved social auditors and b) ordinary members (persons or organisations committed to promoting and practising social accounting). A list of Directors since incorporation can be seen as an appendix. The SAN office is based with the Community Enterprise Unit Limited at Exeter, Devon and directors come from across the UK. Currently SAN is developing a Regional Strategy which seeks to appoint Regional "champions" or co-ordinators to both represent SAN and to promote and develop social accounting practice in their areas.

SAN has been entirely self-financing since incorporation with its main streams of income coming from the sale of manuals (23%), membership fees (5%), income received from training and facilitation programmes (57%) and the conference (13%). A summary of income expenditure for the first year since incorporation may be seen as an appendix. All Directors give their services as director in a voluntary capacity and when they provide professional paid-for services 5% of any fees are contributed to SAN. The financial management and administrative service provided by CEU Ltd is paid for.

3   Mission, values, objectives and activities

The Mission, Values, Objectives and Activities on which these social accounts are based were adopted by the Board of SAN Limited as part of the SAN development plan (see appendix) drawn up during the autumn of 2006 and were described in the Chair's report to the first AGM in December 2006.

Vision: *The Social Audit Network will work towards becoming the foremost network organisation in the UK promoting an accessible social accounting and audit process for the community, social economy and public sectors.*

Mission: *To promote and support social accounting as the preferred means whereby organisations operating in the community, social economy and public sectors report on their social, environmental and economic performance and impact.*

Values:
- *Democracy*
- *Accessibility*
- *Empowerment*
- *Partnership*
- *Transparency*

Objectives and Activities:

Objective 1: To promote, facilitate and encourage the use of social accounting and audit, especially within the social enterprise, social economy and community organisation sectors, through the sharing of information and experience by…
- building the email network and distributing the monthly circular
- running a SAN conference in December 2006 and annually thereafter
- maintaining the website and when resources permit revamping it
- expanding the toolkit of social accounting tools on the website, including the directory of social accounts

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- encouraging SAN members to form regional networks
- providing training (see below) and arranging for the SAN Three Step process to be approved/accredited by the ILM, OCN and SFEDI
- answering queries about social accounting and audit and sign-posting people to appropriate support, training and other expertise.

Objective 2: To lobby and influence other bodies and institutions on behalf of the Social Audit Network by…
- producing and distributing a SAN UK leaflet (based on the West Midlands one)
- arranging a series of meetings with key people and bodies

Objective 3: To establish and administer a process to approve persons who are deemed competent to act as social auditors and
To identify and arrange or provide appropriate training and continuing personal development for social auditors and social accounting trainers and facilitators by…
- setting up an effective administration and management system for handling social auditor applications, including co-ordinating a register of social audit panels
- setting up effective systems for implementing the quality assurance process for social auditors
- revising the annual return and ensuring it is completed by all social auditors for 2006 and annually thereafter
- revising the social audit panel checklist
- running three SAN master-classes annually (and encouraging regional SAN networks to run others)
- running at least three Continuing Professional Development (CPD) events annually for social auditors (and encouraging regional SAN networks to run others)

Objective 4: To undertake research and consultation to develop agreed common standards which may be applied in respect of i) the content of a set of social accounts; ii) the processes used in gathering information for and preparing social accounts; and iii) the methods by which social accounts can be verified as trustworthy by…
- developing a proposal to a) map the extent to which social accounting and audit is now being used in the social economy sector; b) identify which organisations use social accounting and audit on a regular basis and which have only used the process once; c) explore in the latter category the factors why they have not persisted with social accounting; and d) to come up with proposals which may make it easier for social economy organisations to use social accounting regularly, including examining how social accounting and business planning can dovetail into a single process
- researching how the various existing social accounting tools fit into the social accounting framework

Objective 5: To promote, establish and operate other projects, schemes and programmes which advance the understanding and practice of social accounting and audit by…
(There are no specific activities currently under this objective)

Objective 6: To ensure that SAN can be financially self-sustaining in terms of administrative overheads by the end of 2007 by…

- building ordinary membership to 100 during 2007 (worth £6000 in a full year) and an additional 50 annually thereafter
- building the register of social auditors to 60 by the end of 2009 (worth £6000 in a full year)
- selling at least 30 manuals per month (worth £9000)
- making a profit of at least £1000 per master-class (£3000)
- making a profit of at least £2500 from the annual conferences
- identifying potential funding sources to realise this SAN plan and make applications as appropriate for core and/or development finance and for the research proposals
- preparing social accounts annually

4   Stakeholders

4.1   The Stakeholder Map

A Stakeholder analysis was developed as part of the SAN development planning process:

Key stakeholders	Other stakeholders
Board members (Directors)	**Buyers of the Manual**
Social Auditors (31)	**Other organisations SAN has worked with**
Ordinary Members (32)	**Enquirers not included on the email list**
Recipients of the circulars (email network)	
Website users	
Partner Organisations new economics foundation Social Enterprise Academy Train 2000 CBS Network CEU REAP SEN Merseyside	**Partner organisations** SAN Sweden SANZ and SAN equivalent in Australia, Germany, etc.
Clients ASAN Cheshire CC AVOW/Wrexham Borough Council Social Enterprise Academy Valuing the Difference	
Attendees of training	
Masterclass Attendees	
Attendees at events	

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4.2   Key stakeholders

For its first social accounts SAN identified the following key stakeholders with whom consultations should take place in the way indicated:

Key Stakeholder Groups	Topics you want to ask each stakeholder group about	Consultation Method
Board Members	Mission, Values, Objectives and activities Priorities	Internally facilitated focus group
Social Auditors	Mission, Values, Objectives and activities Priorities Quality assurance and training	Questionnaire Annual Return
Ordinary Members	Mission, Values, Objectives and activities Priorities	Questionnaire (same as above)
Recipients of circulars	Circulars – content and format	Questionnaire
Website users	Content and format	Questionnaire
Partner Organisations and Clients	Mission, Values, Objectives and activities Priorities	email questionnaire
Attendees of training	The quality of the training	Evaluation sheets
Masterclass Attendees	What done	Questionnaire
Attendees of conference	The quality of the conference	Evaluation sheets

5   Scope and methodology of the social audit

The following table shows response rates of the consultations described above:

Stakeholder Group	Consultation method	Response
Social Auditor members	Questionnaire	5 from 28
Ordinary members	Questionnaire	7 from 19
Recipients of Circulars	Questionnaire via SAN Circular	14
Website users	Questionnaire via SAN Circular	11
Partner organisations & clients	Questionnaire	5
Master-class attendees	Questionnaire	18 from 75
Conference delegates	Evaluation form & questionnaire in Conference pack	56 conference evaluations from 90, 36 questionnaires about SAN's services

Apart from the conference feedback these response rates were disappointing and it is difficult to understand why. We suspect a number of Board members did not complete questionnaires as members because they would be involved in discussion at the Board and at the time of consultation a lot of ordinary members were new and perhaps unwilling or unable to comment. It may be that December is a bad time to get people to think about responding to questionnaires and it may be that the process was too heavily based on questionnaires. However, given the resources available we had no other real options so far as methodology was concerned. It is telling however that over 50% of conference attendees did respond, suggesting that motivation is higher when there has been direct contact.

These social accounts will be discussed by the SAN Board at its December 2007 meeting and again at the following meeting. The views of the Board will not therefore be reported within these social accounts but the Board will consider the issues arising and respond to them.

It is routine practice at all SAN training events for participants to complete a feedback form. These are reviewed by the trainers at the time and filed in the SAN office. The feedback forms have not been separately analysed for these social accounts.

Partners, Clients, Social Auditor and Ordinary Members (in total 17 respondents) were all asked the same questions about SAN's services as the additional questionnaire included in the 2006 conference pack. It is therefore possible that some people may have answered the same questions twice. However we believe that will only have happened in

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very few, if any, cases as a number of Client, Partner and Member questionnaires left that section blank and explained that they had already responded at the conference.

The quantitative information used in these social accounts is derived from records kept by SAN and generally reported in the SAN Circular, or to Board meetings or in the Chair's report to the AGM. Where no quantitative records are available this is indicated in the text.

The social accounts are structured around the Objectives and Activities which were adopted towards the end of 2006 as part of the SAN development plan. Consequently much reporting refers only to what has happened during 2007 as it is only possible to report for 2006 on those activities which were happening prior to the Development Plan being agreed.

6   The Report on performance: analysis of the Social Accounts

6.1   Vision and Mission

Stakeholders were not consulted about the Vision and Mission for these social accounts.

6.2   Values

Social Auditor and Ordinary Members and Partners & Clients were asked to score how well SAN lives up to it stated Values:

- *Democracy*
- *Accessibility*
- *Empowerment*
- *Partnership*
- *Transparency*

Responses across all groups were similar giving an average score on the scale 1 – 10 in the range of 7.5 to 8.5.

Two comments suggested that it would be better to express the Values using a phrase rather than a single word and one person suggested employing the "Shetland grid" (CD32.1e/f) as the consultation method in future. Another commenter had "found SAN particularly strong on accessibility and partnership". Three other value concepts were suggested: Equality; Environmental Sustainability; and Professionalism & Quality.

6.3   Objectives and activities

Objective 1: To promote, facilitate and encourage the use of social accounting and audit, especially within the social enterprise, social economy and community organisation sectors, through the sharing of information and experience by…

- **building the email network and distributing the monthly circular**

The email network had reached a total of 1300 by the 2006 AGM and has hovered between 1300 and 1400 during 2007. At its September '07 meeting the Board agreed to work to increase the size of the network over the coming year. While the majority

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of network members are based in the UK it includes people throughout Europe and farther afield, especially in New Zealand, Australia and India.

The SAN Circular has been distributed to the email network each month and seeks to include news of upcoming events, news of social accounting practice around the world, information about new tools, techniques and publications and to offer a forum for practitioners to make contacts with others and share experience.

We asked all recipients of the Circular to complete a brief questionnaire but received only 14 completed which was extremely disappointing. Of the 14, 4 were from outwith the UK. From their responses the most useful items in the Circular were considered to be: details of new social accounting tools; information about SAA events; and news of SAA from around the world. Least useful were: details of newly approved social auditors and of newly joined SAN members. Five people had provided information for the Circular and 7 seven who had not said they would consider doing so in the future. A majority (8) were happy to receive the Circular as word document attachment but a significant minority (5) would prefer the Circular to be incorporated within the email message.

Suggestions about the Circular included "more information about related methods" and "bigger picture stuff – eg CSR". One person commented that "it makes me feel part of the information loop" and another "it is fit for purpose and does the job". However another reckoned they "don't get much information from it".

Commentary: *there is insufficient feedback on which to base any conclusions. However SAN will re-run the consultation exercise in 2008 in order to seek views about revamping the Circular.*

- **running a SAN conference in December 2006 and annually thereafter**

SAN ran its first annual conference – "Prove, Improve and Account" in York in December 2006 and it was attended by 90+ people. The second conference – "Walk the Talk" – is being held in Birmingham in December 2007.

There was a good response to the conference evaluation form with 56 forms received, representing a response rate of 60%. The key findings are as follows:

General organisation

*A strong majority well satisfied with the organisation and venue. However some **points to note:***
- *We could easily have given a web reference for a map*
- *We should have provided better disabled access information*
- *Two workshops in the main hall was not a good idea – and one other workshop room was too small (and hot)*
- *The suggestion of having various tools "on display" and the opportunity to discuss them seems a good idea for the future*

Plenary sessions

Both plenary speakers were very well received, with one scoring particularly high. A couple of people commented about the second speaker that, while what he said was good, it was not of direct relevance to them.

Workshops

The range of opinion on the workshops was striking, notably for Intro, Real Deal, MtoM, Environment and especially Ethical Enterprise. Some people found these useful and others decidedly not.
*Some criticisms also about the perceived lack of preparation by presenters for their workshops. Some **points to note:***

- *The idea of better tailoring workshops to specific interests and levels of understanding makes obvious sense.*
- *Linked to that we could have either given workshop presenters a better brief or asked them to give us a clearer statement of what they were going to do so that delegates were better informed before making choices.*

Horses' Mouths

Were pretty well received, but some concerns about the time available and therefore depth.
*The format does allow delegates to hear first-hand experience but the quality of the presentations is important but outwith our control – making best use of 5 minutes is difficult. A **point to note:***

- *Could we give better guidance in future?*

Impressions of the day

Well received and most impressive that there were still so many people in the room!

Most useful elements

*Networking – meeting, talking and sharing stands out so, **point to note:***

- *Maybe more time for that in future?*

The plenary sessions were clearly a success and despite the criticisms of the workshops noted above a significant number of people flagged them as the most useful part of the conference.

Other comments

*A good number of positive comments and some specific negative points. **Those to note but not covered above are:***

- *The usefulness of getting others from the "quality and performance measurement field" to attend.*
- *The idea of linking a SAN conference with another event.*
- *Possibly an undue emphasis on social enterprise.*
- *The need to tailor the whole programme to cater for different levels/needs.*

- **maintaining the website and when resources permit revamping it**

The SAN website (www.socialauditnetwork.org.uk) has been maintained throughout 2006 and 2007 by our volunteer website manager, Norry Boulting, to whom we are extremely grateful for all the hard work he puts in. It remains an aspiration to again revamp the website (last done in 2005) but that depends on resources coming available.

We distributed a questionnaire along with SAN Circular asking people about the website and again had a disappointing response of just 11 completed forms. Most people (8) had used the website between 2 & 5 times within the previous quarter but one person claimed to have visited more than 20 times. An average score of 7.5 was given to "How easy is it to find things on the SAN website?" with a scoring range of 5 to 10. When asked "How do you rate the overall appearance of the site?" the score was 5.5 with a range of 2 – 10.

The most used pages of the website were reported as SA What is it?; case-studies; SA Tools; Membership; Register of social auditors and Research & Articles. The least used was Archived Circulars.

A majority of comments were about the layout and appearance: use a larger font; colours difficult and make text hard to read; home page not clear – topics "hidden"; links require two clicks; looks very old-fashioned; uninviting look. But not all comments were critical: "think the website is really good"; "overall good and clear".

Persons attending the conference were asked to comment on the website as one of SAN's services as were Members and Partners & Clients. In total 53 responses were received of whom 44 had used the website. Their average score was 6.7 with a range of 2 – 10.

Commentary: *there is a wide range of opinions on the website from the highly critical to the very complimentary. Critical comments are about layout and appearance rather than content. SAN is aware that the website is outgrowing its most recent revamp and requires to be adapted for future continuing expansion and complexity. That will be a priority once resources permit.*

- **expanding the toolkit of social accounting tools on the website, including the directory of social accounts**

The Manual and CD were published in 2005 but since then SAN becomes aware from time to time of new tools or "tricks of the trade" which practitioners use within their social accounting and which they are willing to share with others. These are flagged in the monthly Circular and lodged on the website in the "SA Tools" section (or an appropriate web link given). During 2006 nine new tools were added to the "kit" and during 2007 four.

The Directory of Social Accounts was revamped during 2007 and now lists all the social accounts that we know have been prepared by social economy organisations with either a website or email address. We seek to add as many examples as possible but are dependent on being given the appropriate information. We cannot guarantee that all organisations listed still exist nor can we guarantee that all websites and email addresses are operational. However we believe that it is a useful resource nevertheless to build such a directory of experience which other practitioners can tap into.

Commentary: *We recognise that some people are frustrated when they find a defunct website or email address. An alternative method of managing the directory could be to hold social accounts on the SAN website, but that can only realistically happen after the site has been re-engineered to cope with expansion.*

> - **encouraging SAN members to form regional networks**

During 2007 we have made considerable progress with the establishment of Regional SAN networks and the appointment of Regional Coordinators to both champion social accounting and audit and to represent SAN. A memorandum of understanding has been agreed between SAN and the Regional Coordinators for the five Regions where we have so far been able to identify people/organisations willing to act as Coordinators:

Scotland – CBS Network Ltd (Alan Kay and John Pearce)
Wales – Cylch, the Wales Community Recycling Network (Sarah Germain)
West Midlands – West Midlands Social Accounting Cluster (WMSAC) (Mike Swain, Iftikar Karim and Rosemary Collie)
East of England – The Social Enterprise People (Kate O'Brien and Dan Launchbury)
South West England – CEU Limited (Lorna Turner)

In the North West of England and in Yorkshire & Humber meetings of social accounting activists have been held and we expect to be able to confirm Regional Coordinators early in 2008. In other Regions we are still seeking people who might be willing to become actively involved with SAN in promoting social accounting and audit.

> - **providing training and arranging for the SAN Three Step process to be approved/accredited by the ILM, OCN and SFEDI**

During 2006 the SAN Manual & CD was endorsed as "entrepreneur friendly" by SFEDI (Small Firms Enterprise Development Initiative). The Open College Network course in Social Accounting and Audit for Community Organisations which had first been approved in Merseyside in 1999 was reviewed and re-approved as a national OCN course and a new Workbook for the course was developed (see www.socialauditnetwork.org.uk) During 2007 a social accounting and audit award based on the SAN manual and CD was endorsed by the Institute for Leadership and Management (ILM) and is delivered through the Social Enterprise Academy based in Edinburgh. The first "graduates" will receive their award in December 2007.

SAN's main training "product" is the "master-class" – two days exploring the Three Step process in detail using the Manual and CD and all the resources contained within them. This class is aimed at people wishing to understand the process in depth either to be able to facilitate with others or to apply it to their own organisation (or both). A third day is aimed at people wishing to become approved as SAN social auditors and examines in depth the process of the social audit panel and what is expected to be reported in social accounts and how.

During 2006 SAN ran three "master-classes": in York, Wolverhampton and Manchester. In addition SAN ran master-classes on contract to Valuing the Difference (Newcastle), The Social Enterprise Academy (Edinburgh) and Cheshire County Council (Ellesmere Port). Over 75 people attended these classes. During 2007 SAN has run master-classes in Oldham and in Edinburgh and on contract to the Social Enterprise Academy and to a group of Finnish visitors. Some 35 people attended these master-classes.

Other training, including "taster" sessions as well as master-classes are organised under the SAN banner but delivered by SAN's members in its regional networks and are not reported on in these social accounts.

A questionnaire was sent to all persons who had attended one of 11 master-classes run by SAN during 2005 and 2006. Twenty-two completed forms were received giving a response rate of 20%. We asked how participants recalled the class with hindsight as regards its usefulness and as regards the quality of delivery. Both aspects were scored at 8.1. Possible improvements to the classes which were suggested included: examples of how organisations have used SAA and hearing direct from organisations who have done it; more on environmental and economic; how to budget allocation of time; providing a bank of indicators.

We also asked in what ways people had used since social accounting since the classes:

Discussed introducing social accounting into your own organisation	*8*
Prepared (preparing) social accounts for own organisation	*7*
Helped (helping) another organisation prepare social accounts	*8*
Developed (developing) plans for a cluster of organisations to undertake social accounting	*7*
Given formal presentations about social accounting and audit	*9*
Run a training session in the social accounting process	*5*
Become(or applied to become) a SAN approved social auditor	*4*
Used some of the tools of social accounting in other aspects of your work	*11*
Written an article or paper on social accounting and audit	*4*

The questions about SAN's services revealed that 25 (of 53) people had attended a master-class. Their average score was 7.8 with the range for most 6 – 10 but with one person scoring just 4.

> **Commentary**: *the master-classes appear to be well-received by participants with at least one third following through the process in some way. Especially interesting is the way people make use of the tools in other aspects of their work, a point which was reinforced by comments given.*

> • **answering queries about social accounting and audit and sign-posting people to appropriate support, training and other expertise.**

SAN handles a constant stream of inquiries about social accounting and audit from the UK and from around the world. At present we have no system for recording the volume of these inquiries but a conservative estimate would suggest an average of 40 per month. Most inquiries go to the SAN office, but some are received direct by members of the Board, especially the Chair. The SAN office deals with those inquiries it can or passes onto a member of the Board those requiring other knowledge or experience. During 2007 a system of "duty director" was implemented to answer any inquiries the office is unable to deal with, but as the Regional Network develops any inquiries originating from a Region where SAN has a Co-ordinator will be routed to the Co-ordinator in the first instance.

The questions about SAN's services revealed that only 8 (out of 53) had used the information and inquiry service giving it a score of 7.4 with a range 6 – 10.

> **Commentary**: *the perception of the SAN office and the Chair, who field most of the inquiries, is that this service is frequently used and – we hope – gives good satisfaction. In future SAN will aim to keep better records of inquiries received and dealt with in order to be better able to follow-up afterwards.*

Partners, Clients, Social Auditor and Ordinary Members were all asked to score how important they considered each of the Activities of Objective One:

	Activity	P&C	SAM	OM
1.1	building the email network and distributing the monthly circular	8	9	7.5
1.2	running a SAN conference in December 2006 and annually thereafter	7.5	9	8
1.3	maintaining the website and when resources permit revamping it	8	9	8
1.4	expanding the toolkit of social accounting tools on the website, including the directory of social accounts	8	8	8
1.5	encouraging SAN members to form regional networks	7.5	9	7
1.6	providing training (see below) and arranging for the SAN Three Step process to be approved/accredited by the ILM, OCN and SFEDI	9	9	8
1.7	answering queries about social accounting and audit and sign-posting people to appropriate support, training and other expertise.	9	9	8

Commentary: the formation of regional networks; running an annual conference and building the email network and distributing the Circular were seen by Partners & Clients and Ordinary Members to be marginally less of a priority than the other activities. For auditors the toolkit is very slightly less important. However the sample was disappointingly small, especially as regards members, and SAN should seek a more robust way of gaining views from its members in future.

Objective 2: To lobby and influence other bodies and institutions on behalf of the Social Audit Network by…

- **producing and distributing a SAN UK leaflet (based on the West Midlands one)**

A UK version of the wall-chart was produced during 2007 and features case-studies from Scotland, England and Wales. A free copy was offered to all members of the SAN email network and multiple copies were made available to Board members and to regional contacts.

- **arranging a series of meetings with key people and bodies**

During 2007 SAN has made only modest progress on this activity largely due to the constraints of depending on volunteer time by Board members. Meetings have been held with Capacity Buildersand the national Neuro Muscular Campaign in particular.

In the Regions where local networks are emerging SAN is developing a wider range of contacts but these are not reported within these social accounts.

Partners, Clients, Social Auditor and Ordinary Members were all asked to score how important they considered each of the Activities of Objective Two:

	Activity	P&C	SAM	OM
2.1	producing and distributing a SAN UK leaflet (based on the West Midlands one)	8	8	7
2.2	arranging a series of meetings with key people and bodies	8	9	7.5

Commentary: Activity 2.2 is an area where SAN needs to redouble its efforts during 2008.

- **setting up an effective administration and management system for handling social auditor applications, including co-ordinating a register of social audit panels**

During 2006 seven new Social Auditors were approved and added to the Register and during 2007 a further three Social Auditors were approved. Throughout 2006 and 2007 SAN has attempted to co-ordinate the process of managing applications to become approved as a social auditor on a national basis. This has become increasingly difficult as an essential part of the approval process is for aspirant auditors to gain experience by sitting on social audit panels and then finally to be mentored by an approved auditor when they chair a first panel. For that to be well managed intelligence about all social audit panels is required and that is not always readily available in time. Towards the end of 2007 SAN began to explore ways in which this process could be co-ordinated in the first instance through the growing regional network where intelligence is easier to gather at a local level. We shall continue to explore this as a matter of urgency in the first half of 2008 as we know there is a considerable queue of people wishing to complete their training and become SAN approved social auditors.

Only two recently approved social auditors completed the social auditors questionnaire and both had been well satisfied with the mentoring process, although one did think the feedback on his/her panel notes could have been better. One respondent to the questions about SAN's services scored the mentoring process at four while others (9 in number) scored between 8 and 10.

Commentary: *SAN should a) develop and improved system of managing the approval process for social auditors and implement it as matter of urgency and b) consider introducing a feedback process for mentees so that where there is dissatisfaction in a particular instance it can be dealt with.*

- **setting up effective systems for implementing the quality assurance process for social auditors**

The main tool of the QA process is a questionnaire sent to all organisations for whom a SAN approved social auditor has chaired a social audit panel giving the organisation the opportunity to comment on the quality and effectiveness of the process. Questionnaires are returned to the SAN office and any issues which need to be tackled will be taken up by the Quality and Approvals Committee which was established in September 2007. During 2006 and 2007 the Committee had no critical issues to pursue.

In order to improve quality assurance SAN is intending to introduce a requirement for all social auditors to send their social audit panel notes to another approved social auditor for peer review and, as soon as resources permit, to introduce a process of random sitting-in on panels by members of the Q & A Committee. All social auditors have to demonstrate that they have undertaken a minimum number of relevant professional development during the preceding year.

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> - **revising the annual return and ensuring it is completed by all social auditors for 2006 and annually thereafter**

The social auditors annual return was revised early in 2007 and the return date changed to the financial year from the calendar year as it has previously been. All auditors completed returns and two were taken off the register for personal reasons which had led to their no longer being able to practise as a social auditor.

> - **revising the social audit panel checklist**

The Social Audit Panel checklist was reviewed and a new version issued in January 2007. A copy may be seen on the SAN website. In summer 2007 the Q & A Committee circulated a revised social auditing pack to all approved auditors.

> - **running three SAN master-classes annually (and encouraging regional SAN networks to run others)**

See Objective One above.

> - **running at least three Continuing Professional Development (CPD) events annually for social auditors (and encouraging regional SAN networks to run others)**

During 2007 SAN has managed to arrange two CPD events for its social auditors; one in Birmingham in May and one in the form of a workshop at the conference to be held on 4th December. These events were designed to give social auditors both the opportunity to meet and exchange views with colleagues and to focus on specific issues relating to the social audit panel process. The next event will be held in the first quarter of the New Year in Newcastle and we hope to achieve our target of three events during 2008.

Our SAN in Scotland network holds quarterly meetings and at each of these allocates one hour as a CPD slot, when colleagues introduce a topic for discussion and, on some occasions, strenuous debate. SAN will encourage other Regional networks to include similar opportunities as finding ways for social accounting facilitators as well as social auditors to learn from each other and support professional development is most important.

Partners, Clients, Social Auditor and Ordinary Members were all asked to score how important they considered each of the Activities of Objective Three:

	Activity	P&C	SAM	OM
3.1	setting up an effective administration and management system for handling social auditor applications, including co-ordinating a register of social audit panels	8	9.5	8
3.2	setting up effective systems for implementing the quality assurance process for social auditors	8.5	9	8
3.3	revising the annual return and ensuring it is completed by all social auditors for 2006 and annually thereafter	8	8	7.5
3.4	revising the social audit panel checklist	8	8	7
3.5	running three SAN master-classes annually (and encouraging regional SAN networks to run others)	7.5	8	8
3.6	running at least three Continuing Professional Development (CPD) events annually for social auditors (and encouraging regional SAN networks to run others)	8	8.5	8

Objective 4: To undertake research and consultation to develop agreed common standards which may be applied in respect of i) the content of a set of social accounts; ii) the processes used in gathering information for and preparing social accounts; and iii) the methods by which social accounts can be verified as trustworthy by…

- **developing a proposal to a) map the extent to which social accounting and audit is now being used in the social economy sector; b) identify which organisations use social accounting and audit on a regular basis and which have only used the process once; c) explore in the latter category the factors why they have not persisted with social accounting; and d) to come up with proposals which may make it easier for social economy organisations to use social accounting regularly, including examining how social accounting and business planning can dovetail into a single process**

There has been a growing interest in social accounting both from social economy organisations themselves and from agencies who invest in them and/or place contracts with them.   Social economy organisations are looking for effective ways of proving the value and worth of what they do, while at the same time being able to improve their performance. Investors, funders and contractors are seeking to better understand if they are getting good value from their investments and also to move on from having performance measured towards exploring the impact of programmes on people and on the environment.

SAN believes that it is time to reflect on the social accounting experience of the past ten years in order to ensure that it is fit for purpose for the next decade.   That is the main aim of the research project which has just started and is focusing on the North East of England (including Cumbria), on the Merseyside sub-region of the North West and on Scotland. The Social Audit Network and SAN in Scotland acknowledge gratefully the support of the following bodies which has made this important project possible: Northern Rock Foundation; Merseyside Social Enterprise Initiative; North West Development Agency; Social Enterprise Network Merseyside and Communities Scotland.

The findings of this research will, we believe, be of interest and relevance to all regions of the UK and it is hoped that once the initial research has been concluded other regions may be persuaded to at least map the extent of social accounting and audit practice within the social economy in their region.

Objectives of the Research

1   To identify the extent to which social accounting and audit has been/is being used by social economy organisations in the North East and Cumbria, in the Merseyside sub-region of the North West and in Scotland and especially to uncover how many use the process on a regular basis;
2   To understand the factors which may deter organisations either from undertaking social accounting or continuing with it after an initial trial;
3   To explore to what extent social accounting does meet the needs of the organisations themselves;

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4   To explore to what extent social accounting and audit does (or could) meet the
       requirements of those who invest in or otherwise sponsor or contract them.

The research outcomes will include **recommendations** about:

- how the social accounting and audit process may be modified to make it more
  easily "do-able" by social economy organisations, especially smaller
  organisations;
- the nature of support required to make it possible for social economy
  organisations to not only attempt but also persist with social accounting;
- whether a system of audit levels might usefully be introduced;
- how social accounting and audit may come to be accepted by investors and
  sponsors as a reporting/evaluation system appropriate to their needs;
- how social accounting can be better integrated with business planning and
  development planning for social economy organisations;
- how the social accounting and audit framework links with other quality and
  measurement tools.

We anticipate that the research will be of direct benefit to investors and funders of
social economy organisations (such as Northern Rock Foundation and Communities
Scotland) by ensuring that the social accounting and audit process is capable of
providing them with reports on the quality of performance and impact achieved.
Equally, we anticipate that the research will directly benefit social economy
organisations by ensuring that the social accounting and audit process can be
adopted by them more easily.

Elements of the Research Programme

The Research Programme includes an extensive **literature search;** building a
database of social economy organisations known to have engaged in social
accounting over the past ten years; conducting a **survey of all organisations on the
database** and preparing a selected number of detailed **case-studies**; and
undertaking a series of interviews with **key investors in, sponsors of and
contractors with** social economy organizations.

Early in 2008 there will a **seminar of leading and experienced practitioners** of
social accounting and audit and other related processes to discuss the findings as
they emerge and also **a seminar for all those interviewed as part of the research
programme**.

Finally there will be **conference** feedback event for a wider audience in the North
East of England and a **special event** in Scotland. The research report will be
published on the SAN website.

- **researching how the various existing social accounting tools fit into the
  social accounting framework**

The **Made to Measure framework** approach which is now being developed, helps
organisations to pick and mix, by looking at what elements of particular tools can
meet specific needs. In order to do this, a selection tool or 'spinner' is being
developed which allows the user to link steps of the social accounting process with
elements of other quality and impact tools. However, it is recognized that
organisations need to be able to enter Made to Measure from many directions – they
may have already chosen SAA, but may also have tried another tool first. If it were

easier to select a performance tool to use, and achieve better outcomes from those tool(s) through a more efficient and relevant process – then more organisations might take up SAA as a strategic management tool. Made to Measure will also be aimed at practitioners supporting social enterprises, not the social enterprises themselves.

The framework has been awarded a 'Supporting Performance Prize' in 2007 by the Performance Hub, which recognized the value of a comprehensive approach to the selection of which quality and impact tool(s) an organization can use.

Partners, Clients, Social Auditor and Ordinary Members were all asked to score how important they considered each of the Activities of Objective Four.

	Activity	P&C	SAM	OM
4.1	developing a proposal to a) map the extent to which social accounting and audit is now being used in the social economy sector; b) identify which organisations use social accounting and audit on a regular basis and which have only used the process once; c) explore in the latter category the factors why they have not persisted with social accounting; and d) to come up with proposals which may make it easier for social economy organisations to use social accounting regularly, including examining how social accounting and business planning can dovetail into a single process	9	8	9
4.2	researching how the various existing social accounting tools fit into the social accounting framework	7.5	8	8

Objective 5: To promote, establish and operate other projects, schemes and programmes which advance the understanding and practice of social accounting and audit

[No Activities were listed in the SAN plan under this Objective. However during 2006 and 2007 the following have been undertaken]

Towards the end of 2006 SAN undertook to facilitate in association with the Cheshire Social Enterprise Network a training programme with four organisations who had attended the Ellesmere Port master-class and wished to prepare social accounts for the 2006/07. A series of workshops was arranged for this mini-cluster and the 1 to 1 mentoring support was provided by CCC Social Economy staff. A day of two "technical workshops" were also arranged towards the end of March, the morning focussing on how to plan to measure environmental performance and impact and the afternoon session on measuring economic impact. By September 2007 three of the four organisations had successfully prepared social accounts and had them audited.

SAN was invited to prepare a proposal for a cluster of organisations being put together by Birmingham social enterprise agency I-SE. The training workshops are being delivered by SAN in association with our Regional network WMSAC who are also responsible for trouble-shooting and mentoring with the 12 participating organisations. It is planned that the first social accounts will be prepared and ready for audit by June 2008.

SAN has been asked by the Merseyside Social Enterprise Network to co-ordinate a social accounting programme on Merseyside and the first taster sessions were held in late summer/early autumn 2007. The programme will continue through 2008 and will be delivered by SAN colleagues based in Merseyside.

- **building ordinary membership to 100 during 2007 and an additional 50 annually thereafter.**

By the 2007 AGM in December SAN ordinary membership had reached 32. The Board will be reviewing its strategy for recruiting members and also considering the implications for membership of the growing regional networks.

- **building the register of social auditors to 60 by the end of 2009.**

By the 2007 AGM the Register of social auditors listed 31 people, of whom four are based overseas. Two persons were in the middle of the approval process and likely to be added to the Register by early 2008. Two persons left the Register in 2007.

- **selling at least 30 manuals per month**

During 2006 276 manuals were sold (= 23 per month) and in 2007 to end November 291 had been sold (= 26 per month).

- **making a profit of at least £1000 per master-class (£3000)**

Of the two 2007 master-classes one made a loss of £435 and one a profit of £909. Our target for 2008 remains £1000 profit per master-class.

- **making a profit of at least £2500 from the annual conferences**

The 2006 conference showed a surplus of £4362. Much of this was due to generous volunteer input from directors to run it and some sponsorship from one of SAN's members, CBS Network Limited.

- **identifying potential funding sources to realise this SAN plan and make applications as appropriate for core and/or development finance and for the research proposals**

The Board has not made as much progress on this activity as it would have liked, indeed as it should, given the high priority it has by general consent been accorded. However, by November 2007 a draft proposal covering the main areas for development had been drafted and costed. The main areas for development are: a central development and co-ordination resource for SAN, including funds for CPD and quality assurance; funds to support the growing regional networks; an upgrade of the SAN website; and developing an on-line update of the SAA Manual and CD.

- **preparing social accounts annually**

The SAN Board regrets that the preparation of the social accounts has been delayed but hopes that these present accounts give a reasonable foundation from which to build and prepare full social accounts for the financial year 2008/09.

Partners, Clients, Social Auditor and Ordinary Members were not asked to score how important they considered each of the Activities of Objective Six. However we did ask stakeholders to rank the first five SAN Objectives in order of priority:

	Objectives	P&C	SAM	OM
1	To promote, facilitate and encourage the use of social accounting and audit, especially within the social enterprise, social economy and community organisation sectors, through the sharing of information and experience	1	1	1
2	To lobby and influence other bodies and institutions on behalf of the Social Audit Network	2	4	2
3	To establish and administer a process to approve persons who are deemed competent to act as social auditors and To identify and arrange or provide appropriate training and continuing personal development for social auditors and social accounting trainers and facilitators	3	2	3=
4	To undertake research and consultation to develop agreed common standards which may be applied in respect of i) the content of a set of social accounts; ii) the processes used in gathering information for and preparing social accounts; and iii) the methods by which social accounts can be verified as trustworthy	4	3	3=
5	To promote, establish and operate other projects, schemes and programmes which advance the understanding and practice of social accounting and audit	5	5	3=

Commentary: There is clear agreement that Objective One is the most important. Unsurprisingly, again, the social auditors consider Three and Four to be next most important while ordinary members, partners and clients go for Objectives Two and Three in that order.

It must be remembered that the numbers responding to these questions were quite small (5 x partners and clients; 7 x ordinary members and 5 x social auditors).

7   Other views of stakeholders

We asked our Partners and Clients a number of questions about the nature of working with SAN and there was general agreement that working with SAN was both useful and successful. One person implied that SAN might be more prompt and efficient.

8   Environmental impact

SAN's financial and administrative services are provided by CEU Ltd and consequently the SAN office is based within the CEU office in Exeter. The CEU has a very robust environmental policy and set of practices which are reported in their own social accounts. SAN therefore abides by the green office policies and practices of CEU.

SAN does not so far have its own environmental policy and this is something which the Board has yet to address. The most significant environmental impact by SAN is long distance travel, often by plane and by car to attend Board meetings and to undertake training and other work.

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9 Economic impacts

No attempt has been made by SAN to explore what economic impact it might make and it is not clear if this will be sufficiently significant to make it worthwhile reporting. Any impact we might make on the local economy in Exeter will reasonably be calculated and claimed by CEU. As an organisation which depends significantly on volunteer input from Board members SAN could calculate the value of that pro bono work – and it would run to several tens of thousands of pounds in each year. At this stage the Board of SAN is not convinced there is any material worth in making this – or other - calculations.

10 Compliance

SAN Ltd's first annual accounts were reported to the AGM on 4 December 2007. The Company has duly filed its annual return with Companies House.

As an organisation with no staff and with an office hosted by another organisation SAN has not yet required to prepare the traditional policy statements usually required. However as SAN develops the Board will be keeping this closely under review to ensure that as an organisation SAN adheres to all statutory requirements and as a champion of social accounting SAN demonstrates best practice wherever it can.

11 Main conclusions and recommendations

Objective One

✓ A consultation about the SAN Circular should be re-run in 2008, aiming to get a wider response.

✓ Workshops at the conference should be better tailored to specific interests and levels of understanding of SAA.

✓ Conference workshop presenters should be better briefed.

✓ More networking time should be allowed for at the conference.

✓ The range of views about the website from highly complimentary to quite critical should be acknowledged and taken into consideration when it is possible to undertake a further revamp of the website.

✓ The best way of making social accounts available to interested parties should be reviewed.

✓ SAN should press ahead with building the regional networks and identifying co-ordinators for all the remaining regions.

✓ SAN should develop a recording mechanism for inquiries received in order to monitor both volume and quality of response.

Objective Two

✓ As a matter of urgency SAN must devote more time and resources to building contacts with key agencies and people.

Objective Three

✓ SAN should a) develop and improved system of managing the approval process for social auditors and implement it as matter of urgency and b) consider introducing a feedback process for mentees so that where there is dissatisfaction in a particular instance it can be dealt with.

✓ SAN should introduce routine peer review of social audit panel notes.

✓ As soon as resources permit SAN should introduce a process of random attendance at social audit panel meetings by members of the Quality and Approvals Sub-committee.

✓ SAN should try and ensure that at least three CPD events are arranged each year for SAN approved social auditors.

Objective Six

✓ SAN should review its strategy for recruiting ordinary members.

✓ SAN should take all necessary steps to ensure some core funding is received before the end of 2008.

Environment

✓ SAN should develop an environmental policy, especially in respect of its travel footprint.

The Social Accounting process

✓ SAN should explore how to better generate stakeholder response to consultations in its next social accounting cycle, including more face to face consultation and a facility on the website.

12   Strengths and weaknesses of the Social Accounting Process

A significant weakness of these social accounts is the time it has taken to prepare them and that, as has been explained earlier, is largely due to having to rely on volunteer input from members of the Board.

While the response to the conference evaluation form and the additional questions about SAN's services distributed to the 2006 conference delegates was very good, the response to all other consultations was disappointingly poor. This is strange as one might have expected people who are interested in and, in many cases are practising, social accounting and audit to have been more motivated than others to complete a survey form. It is hard to see how SAN might consult most stakeholders in other ways and it may be that arranging to questionnaires to be done on-line would achieve a higher response, especially from members of the email network.

There will also be scope in future to engage stakeholders in face to face consultation at SAN events and this will be considered in the next social audit cycle.

13   Future plans for the next Social Accounting Cycle

The SAN Board is committed to preparing full social accounts for the financial year 2008/09 and would hope that they will be audited during the summer of 2009

14   Dialogue and disclosure

A Summary of the main points from these social accounts will be included in the conference pack circulated to delegates at the 2007 conference and AGM. The Summary will also be circulated with the SAN Circular to the email Network.

The summary and the full social accounts, with appendices, will be posted onto the SAN website and all stakeholders encouraged to look at them and to send comments to SAN.