

MIDLANDS ENGINE

Observatory

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STATE OF SOCIAL ENTERPRISE

NOVEMBER 2021

Midlands Engine Social Enterprise Headline Findings:

Economy

45%

of social enterprises are under five years old

50% EM 41% WM 47% UK



43%

of social enterprises grew their turnover over the last year

40% EM 45% WM 44% UK



78%

made a profit or broke even last year

75% EM 80% WM 74% UK



60%

of social enterprises introduced a new product or service in the last year

52% EM 65% WM 66% UK



Society

47%

of social enterprises are led by women

29% EM 60% WM 47% UK



67%

of social enterprises said that they were a Living Wage Employer

65% EM 68% WM 72% UK



21%

of directors are from Black, Asian and Minority Ethnic backgrounds

31% EM 42% WM 31% UK



22%

of social enterprises operate in the most deprived parts of the UK

13% EM 29% WM 22% UK



Environmental

87%

of social enterprises believe that buying products that are socially responsible and environmentally friendly is as important – or more important – than cost

88% EM 86% WM 84% UK



20%

of social enterprises are addressing the climate emergency as part of their core social/environmental mission

27% EM 14% WM 20% UK



82%

of social enterprises have or plan to embed tackling climate change/climate emergency into their constitution/articles of association

88% EM 86% WM 67% UK



Social enterprises deliver economically, environmentally and socially. They are a growing part of the business sector, contributing across all areas of our economy and society. This survey, using the results from Social Enterprise UK 2021 National Survey, explores how social enterprises are growing financially, delivering economic and social impact, and providing leadership and solutions to social and environmental needs.

Social Enterprises at a Glance

- Social enterprises in the Midlands Engine were more likely (55%) than the national average (35%) to be registered as a **Community Interest Company (CIC)**.
- Social enterprises in the Midlands Engine were slightly more likely to be **very new start-ups** under 6 months old and organisations aged 1 to 3 years old, compared to the national average.
- A higher proportion of organisations in the Midlands Engine **employed staff from the local area**. They were slightly more likely than the national average to be operating at a neighbourhood level as their widest outreach but less likely to **involve their local communities** in organisational decision making.
- In terms of treatment of staff, Midlands Engine organisations reported less staff engagement in decision making and were **less likely to pay living wage** or to offer flexible working arrangements.
- Social enterprises in the Midlands Engine were **more likely to hire female staff** and have female leadership than was the case nationally. However, they had a much lower salary average for the highest earner and fewer overall staff on average compared to the national picture.
- Generally, Midlands Engine social enterprises were **more engaged in environmental issues** than was the case nationally.

Social enterprise has proved remarkably resilient in the face of acute challenges caused by the COVID-19 pandemic.

Turnover and finance

- Regional turnover was more likely to have increased in the last 12 months. Social enterprises in the Midlands Engine were **more optimistic about annual turnover growth** over the coming year than the national picture, with more projecting an increase compared to nationally, and fewer expecting decreased turnover.
- Midlands Engine social enterprises generated a lower percentage of their total income from trading activities than the national average and were more likely to cite trading with the general public and the public sector as their main source of income. In terms of public sector income, they were **less likely to receive grants** from central government, local authorities or the public sector compared to the national average.
- Midlands Engine social enterprises were less likely than the UK average to report that they had applied for external finance in the 12 months prior to the study, despite higher numbers than the national rate reporting that they had considered applying. The main reason for **not applying for finance was due to finance not being required, thinking it would be too expensive, or a lack of finance offering suitable terms**.
- Regional respondents reported being able to raise significantly less on average than the national average and were more likely to say that finance was sought to sustain operations in challenging times, raising concerns about their potential resilience to the current crisis.

Social enterprises are defined as businesses with social and/or environmental missions – but as understanding of the climate emergency grows, it is clear that social justice cannot exist without environmental justice. And social enterprises are responding to this.

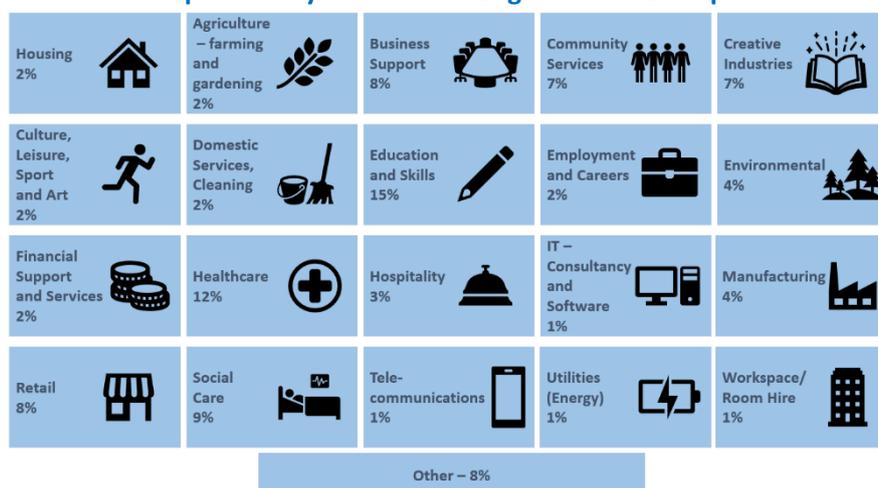
Noble missions

- Social enterprises in the Midlands Engine are **more likely to be operating in areas of deprivation than their national counterparts**. Those operating in deprived areas have larger turnovers than those operating in non-deprived areas.
- **Slightly more enterprises in the Midlands Engine are led** by women than the average of those operating across the UK.
- Social enterprises in the Midland Engine are more likely than their UK counterparts **to invest in training and development for staff**.
- The most cited disadvantaged groups to which Midlands Engine social enterprises provide **services or benefits are individuals with mental health problems**.
- Midlands Engine social enterprises are more likely to be **addressing the climate emergency** as part of their main social or environmental mission than UK social enterprises.
- The vast majority of social enterprises are factoring in the **environmental impact** of their supply chains when developing their business. Most believe the social and environmental friendliness of products is as or more important than cost, a larger proportion than the UK average.
- A third of all Midlands Engine social enterprises (36%) reported that they have **embedded tackling climate change/climate emergency** into their constitution/articles of association. A further third (31%) reported having plans to or are considering doing so. At a time when many companies are discussing their proposals to tackle climate change, social enterprises are prepared to hold themselves formally accountable for their actions.

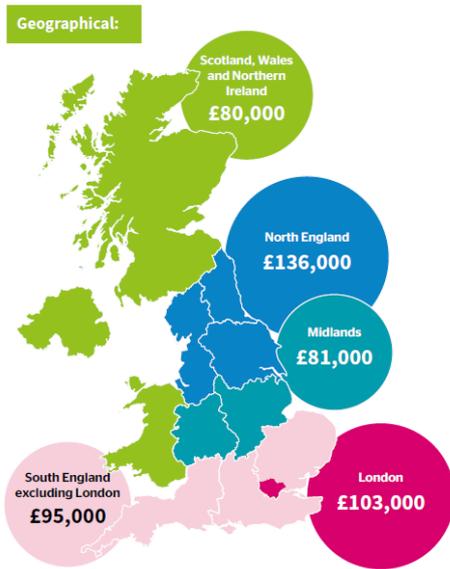
Rural / urban divide in the Midlands Engine

- **Rural social enterprises were more likely to be led by a woman**. However, fewer social enterprises in rural areas were led by someone from a racialised community, and a small percentage were led by people with a disability compared to urban based social enterprises.
- Urban social enterprises were far more likely to have made a profit/surplus than their rural counterparts, and urban social enterprises had a higher average turnover than rural enterprises.
- Enterprises operating in urban areas hire more people than their rural counterparts. However rural social enterprises pay their leaders almost double the sum that urban enterprises do.

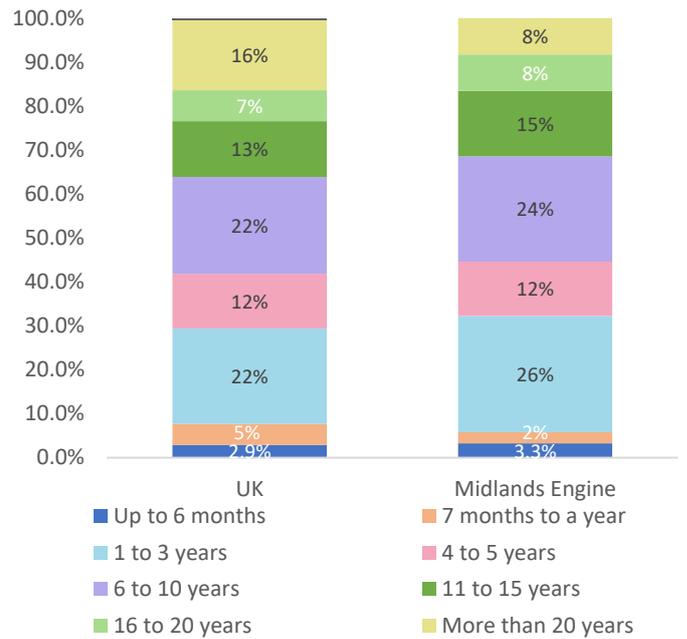
Principal activity of Midlands Engine Social Enterprises



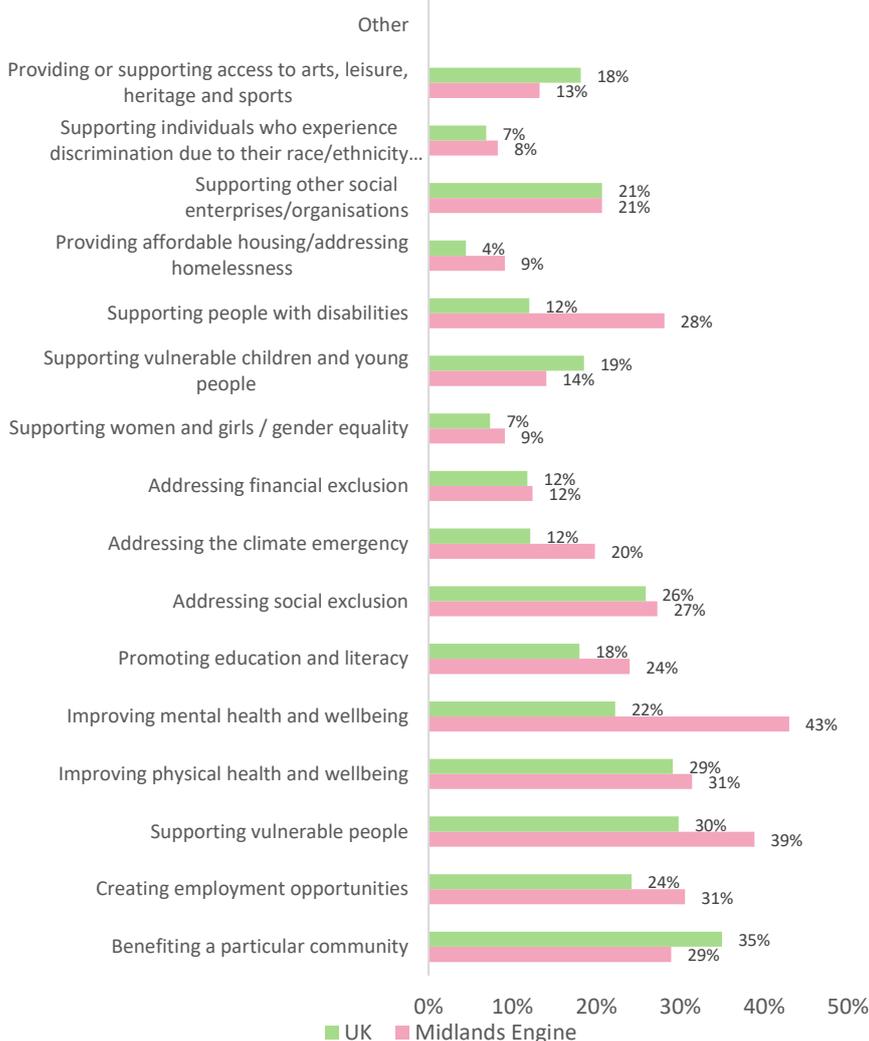
Median annual turnover



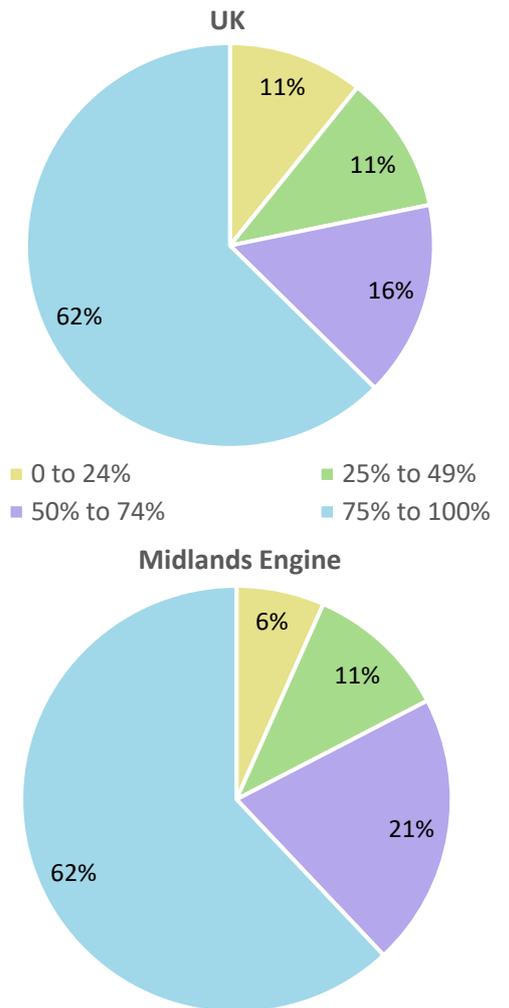
Length of operation



How would you describe your organisation's main social and/or environmental objectives?



Proportion of income earned through trade



With thanks to:

