

East of England: maturing and financially robust

State of Social Enterprise 2021
in the East of England



Social
Enterprise UK



Social Enterprise UK (SEUK), in association with Barclays, commissioned the State of Social Enterprise Survey 2021 (SOSE), gathering 890 responses via telephone interviews and online surveys from across the UK. 54 of these responses were for the East of England region.

This report is one of nine setting out findings from the SOSE 2021 survey for each of the English regions. It is supported by Big Society Capital and Access - the Foundation for Social Investment. In the report, data for each region is compared both with data for the region from 2019, and to findings from the national dataset. For detail of the national data, please refer to No Going Back, our 2021 SOSE report ¹.

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Most importantly, thanks to the social enterprises who gave their time to complete the survey.

¹ <https://www.socialenterprise.org.uk/wp-content/uploads/2021/10/No-Going-Back-State-of-Social-Enterprise-Survey-2021.pdf>

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A social enterprise:

- Has a primary social and/or environmental mission which is set out in governing documents
- Earns income from trading (for the purposes of SOSE, at least 25%)
- Is controlled or owned in the interests of the business
- Reinvests or gives away profits or surplus

East Headline Findings

Our research found that social enterprises in the East of England:

- Had fared well financially over the last year. 60% made a profit and 54% increased turnover – more than the UK averages. Social enterprises here were more likely to have used the furlough scheme, which may be a factor in their greater resilience although it remains to be seen if this comparative success in profits and turnover is more than a short-term trend.
- Were more likely to be either big or small – there were fewer in between in terms of turnover. However, there were also fewer start-ups in the region – and fewer older businesses. This indicates that social enterprises here take different trajectories over similar periods of trading, also that the sector is maturing in the region.
- Had a higher than average proportion of health and social care social enterprises, and a higher proportion of income was generated through trading with the public sector here – and particularly from Clinical Commissioning Groups.
- Were more likely than the UK average to work at a regional level, and more likely to engage the local community in the running of their organisation. However, they were more likely than the UK average to say that national membership bodies were their preferred source of external support.
- Focussed on mental health in the region, alongside a wider health and wellbeing focus. There was less emphasis in terms of mission on addressing racism than was the case elsewhere.
- Were more likely to say that addressing the climate emergency was their core mission and they were more likely to have or be considering codifying their commitments to address climate change. However they were not significantly more committed overall in terms of procurement priorities compared to the UK averages for social enterprise.
- Were more confident about finance and less likely to say there was a shortage of affordable, suitable finance. However, they were far less likely to have applied for finance in the last year than was the case in 2019 – and were less likely to be considering seeking investment in the year ahead than was the case two years ago. But where they did apply, they secured the finance they sought.

Methodology

SEUK commissioned BMG Research to conduct fieldwork and initial data analysis for the State of Social Enterprise Survey 2021. They gathered a total of 890 responses via telephone interviews and online surveys between February and April 2021.

Please see the national report, [No Going Back](#), for details of the methodology, including sampling approach and analysis. Please note that not all percentages will total 100% due to rounding or due to a question allowing multiple responses.

This series of regional reports presents data from SOSE broken down by the nine English regions. Data in the main survey report is weighted by region and can be considered broadly representative. Regional data cannot be viewed as having the same degree of statistical representativeness, particularly for regions with lower response rates.

Regional evidence is mostly presented in comparison to the UK-wide dataset (including the region studied and the three devolved nations), and also in comparison to data for the region from 2019.

In addition to the data analysis, each regional report has been reviewed by a member of one of the Social Enterprises Places network within the region. In some instances, additional regional data has been made available and is discussed in the report.

Regional overview

The East of England region comprises the counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk, along with unitary authorities in Peterborough, Southend-on-Sea and Thurrock.

The region contains no large cities; the largest urban areas are Luton, Norwich, Southend-on-Sea, Peterborough, Cambridge, Ipswich, Watford, Colchester, Chelmsford and Basildon. Areas bordering London are more densely populated and linked to jobs and industry in the capital, while further out the economy is more rural. The region is reasonably affluent, but it suffers from limited hard infrastructure and low population density can limit economic and social activity.

Historically the area has been home to many cooperatives. Anglia Regional Co-operative - now part of and trading as Central England Co-Operative - is the largest in the region and began sponsoring the regional support network (Social Enterprise East of England (SEEE) in 2012. The 2010-2015 coalition government's mutuals programme led to several major spinouts in the region, which are now well-established social enterprises. Smaller social enterprises in the East tend to be less developed and more recently established.

Cambridge Social Enterprise Partnership (CSEP) estimate that there are almost 400 social enterprises currently across

the Cambridgeshire area, 167 of these are CICs registered in Cambridgeshire and Peterborough, half of which registered in the last two years. CSEP set up a 'Cambridgeshire Social Enterprise Mutual Support Group' during Covid². They have also been delivering workshops and presentations for Cambridgeshire County Council on procurement and what social enterprises can do, in collaborations with SEEE and Allia (a large local social enterprise that supports charities and businesses to grow). Allia is a key part of the local ecosystem, operating since 1999, and providing a broad set of support services that enable impact ventures to reach their full potential.

The region also hosts the UK's latest Social Enterprise Place - Norwich. As the Norwich City Vision 2040 and the Good Economy Commission aim to make Norwich a fairer city, the Social Enterprise Place seeks to embed social enterprise growth and delivery within these wider ambitions for the city. Norwich has over 50 social enterprises - more than one for every 5,000 people in the city's population. They employ nearly 2,700 people.

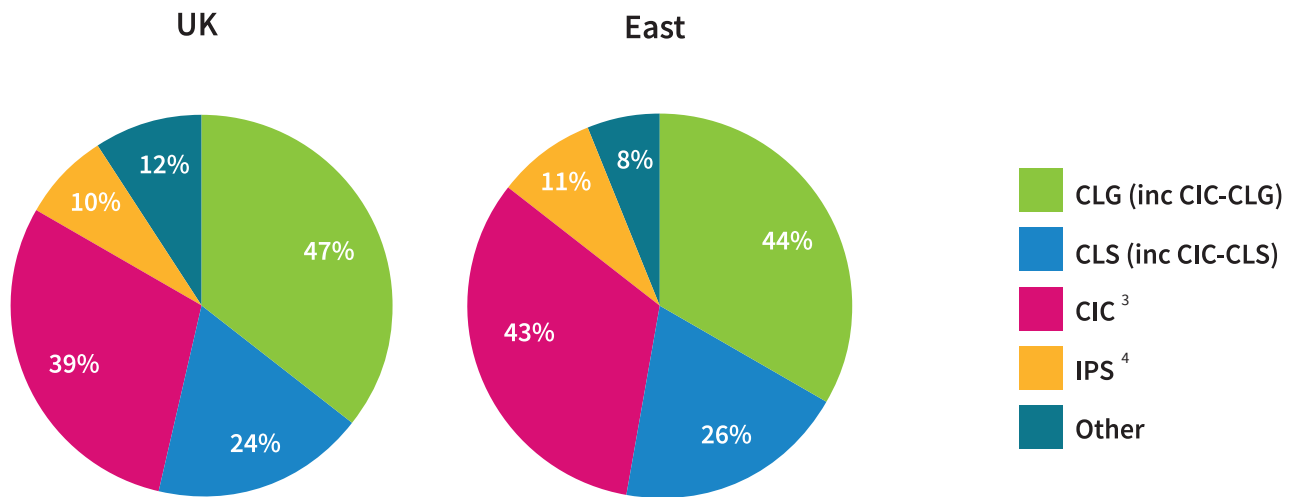
Social Enterprise Demographics

Social enterprises in the East of England had been trading for an average of 8 years, with just 9% having been trading for 16 years or more, compared to the national average of 16% trading for that length of time. There weren't more start-ups in the region, however, with 28% under three years old (compared to 34% nationally). Just over a third of social enterprises here had been trading for 6-10 years.

In terms of the legal form under which social enterprises operate, 44% of East of England based social enterprises were registered as a company or CIC limited by guarantee and overall social enterprises here were slightly more likely than the UK average to have registered as CICs.

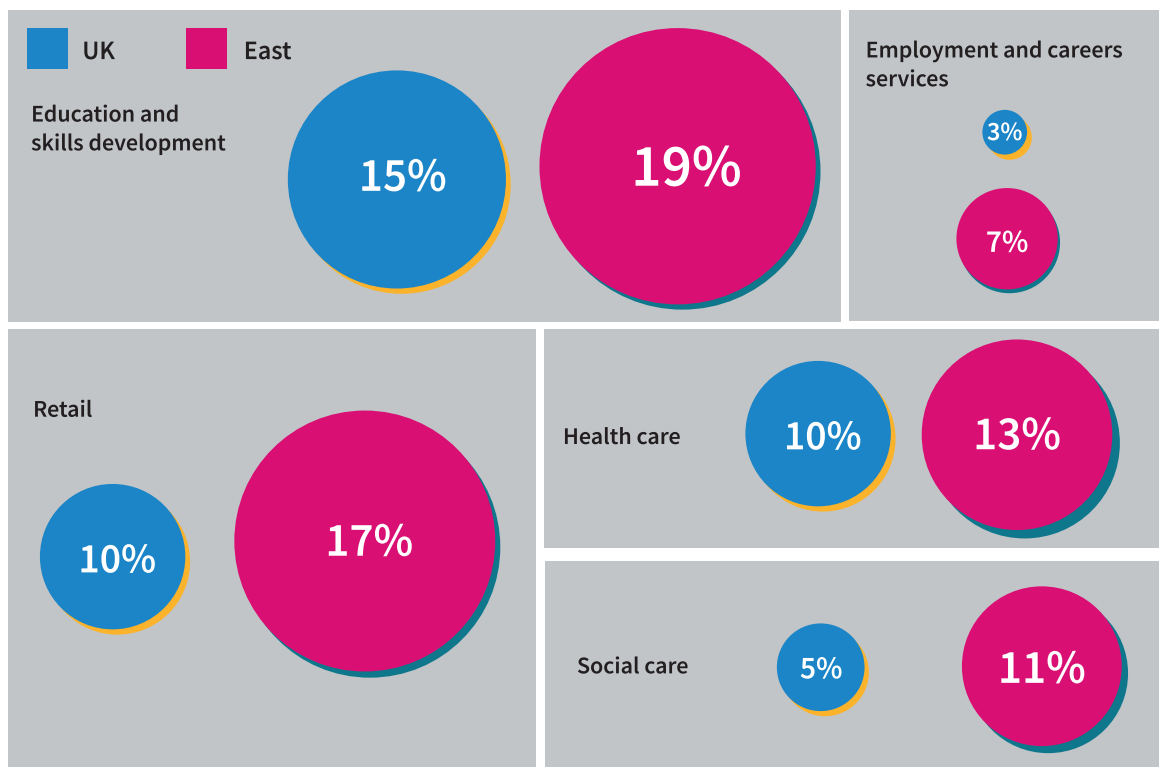
² <https://www.linkedin.com/groups/12412093>

Legal status



In terms of the sector of the economy that social enterprises traded in predominantly, almost a fifth of social enterprises in the East were focused on education and skills development, and a higher proportion compared to the UK averages were health care and social care social enterprises. None of the respondents in the East said that they worked in business support or consultancy.

Top five principal trading activities



The average turnover for a social enterprise in the East was £2.6 million (compared to £2.2m UK-wide), although there were a couple of outliers pushing this figure up. More social enterprises in the East had a turnover of over £3 million

compared to the UK average, but fewer had turnovers between £50,000 and £1 million – social enterprises here were more split in terms of large and small.

³ Community Interest Companies – a legal form established in 2005 which allows businesses to embed mission in their memoranda or articles of association. CICs can be limited by guarantee or by share; those limited by share are subject to a dividend cap.

⁴ Industrial and Provident Society (IPS) community benefit society (Bencom), a legal form for cooperatives and community benefit societies regulated under the Cooperatives and Community Benefit Societies Act of 2014.

COVID Impact

The COVID-19 pandemic has had far-reaching implications for social enterprise, many of which it is too early to fully understand. We asked questions specifically about the sector's response to COVID and uptake of available support.

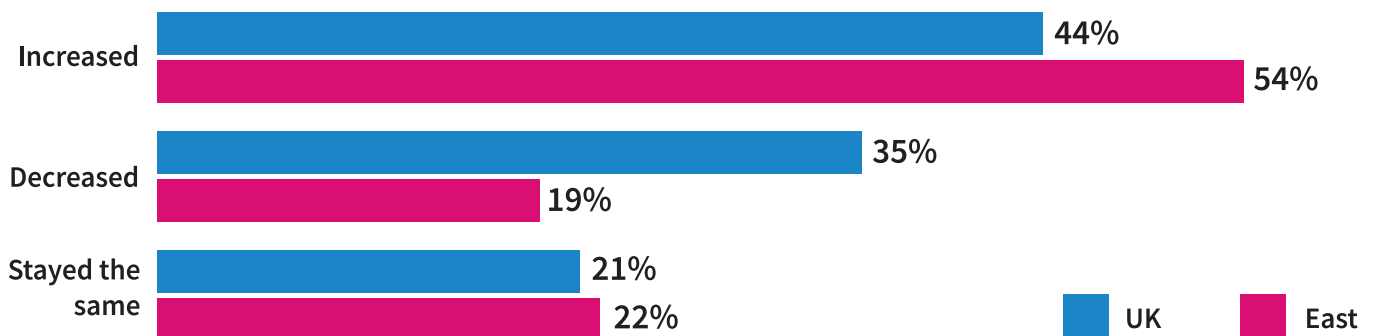
Due to the combination of additional grant funding and restricted opportunities for many social enterprises to trade through usual routes during the pandemic, we explored the impact this had on the proportion of income generated through trading.

The proportion of income generated from trading in the East of England was 81%, very slightly higher than the average for

social enterprises across the UK. However, it has dropped from 87% in 2019.

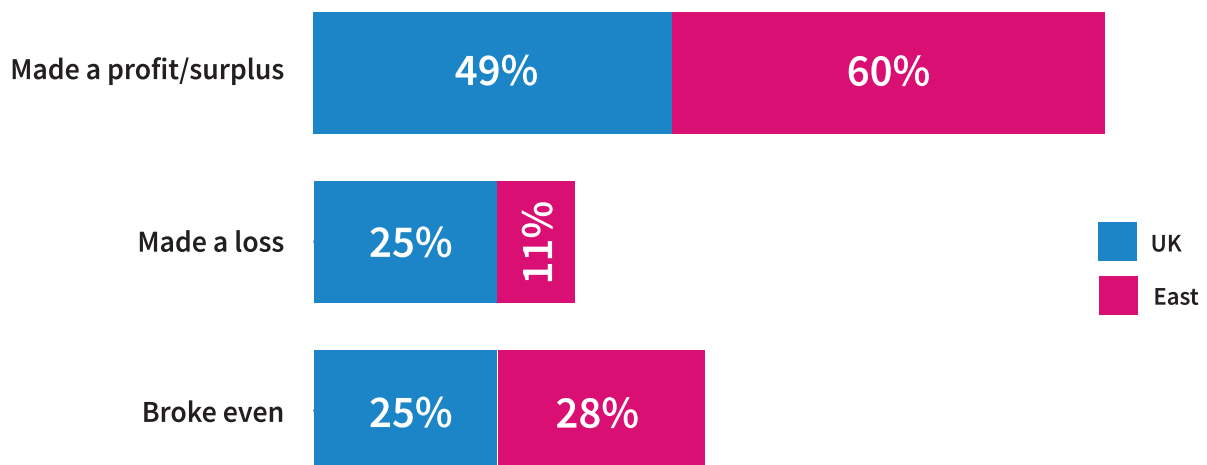
Despite this, over half of social enterprises in the region said that their turnover increased over the past 12 months with under a fifth saying that turnover had decreased – far fewer on average than the UK as a whole.

Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased, or stayed roughly the same?



Almost two-thirds of social enterprises in the East of England made a profit last financial year, significantly more than the UK average. Fewer made a loss too.

Profit or surplus in the last financial year



Due to the outbreak of COVID-19, we asked some additional questions about how social enterprises had coped⁵. In the East of England, 86% of social enterprises changed their ways of working and 51% changed the products and services they

provide. Social enterprises here were slightly less likely to have increased borrowing to cope with the crisis, but more likely to have built up a stock of supplies compared to the UK average for social enterprises.

⁵ Respondents were given the option to opt out of these questions, so there is a smaller respondent sample size.

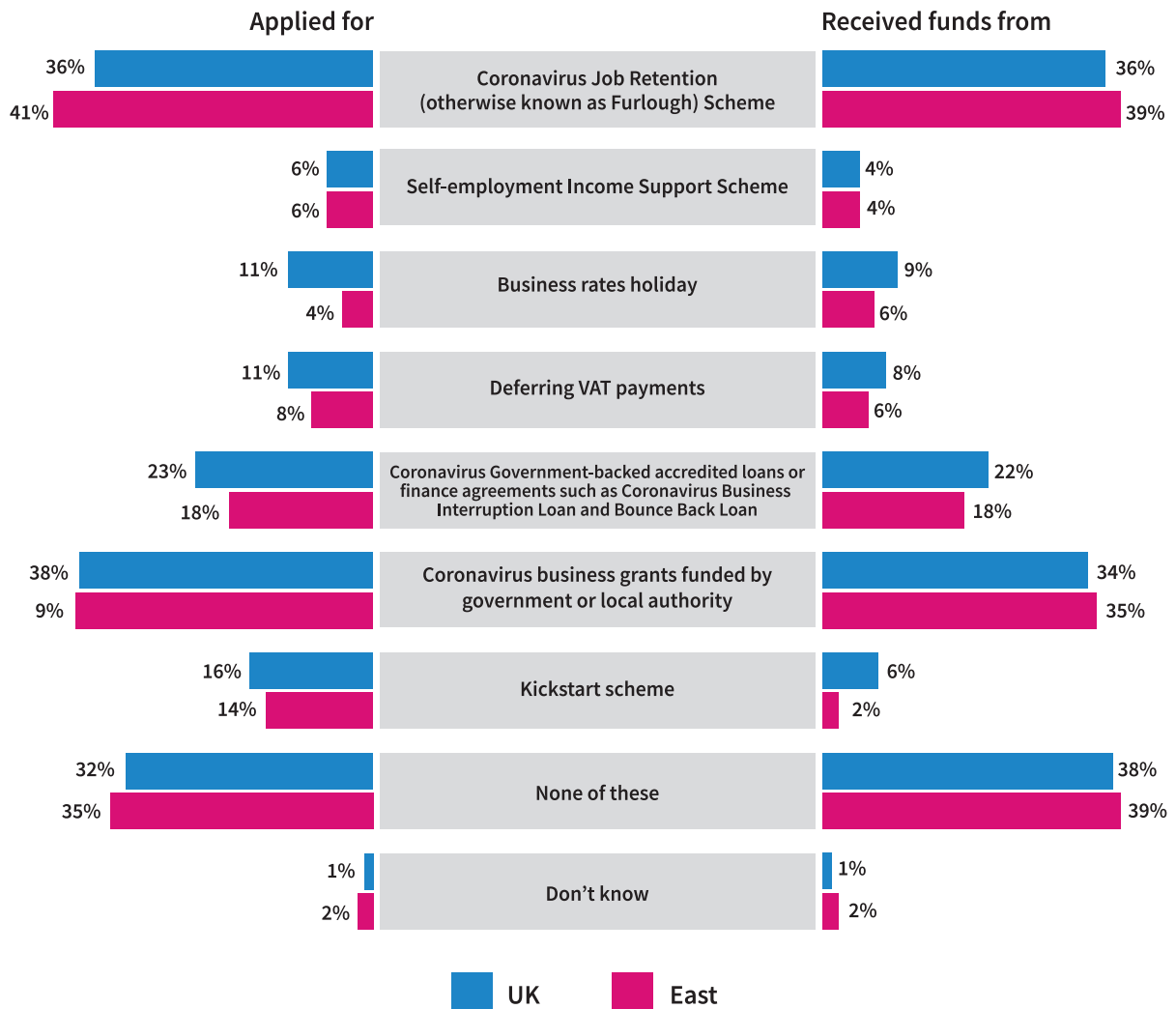
In terms of measures taken to cope with the impact of COVID on their workforce, social enterprises in the East of England were most likely to say that they provided remote working facilities (53%), provided additional training to upskill staff (49%) and that they furloughed staff (47% - a significantly higher proportion of social enterprises than the UK average of 33%).

Social enterprises in the region were more likely than the UK average to have recruited both short and long-term staff, they were also more likely to have increased staff working hours. They were less likely to have reduced staff hours, or to have reduced staff training compared to national average figures.

However, anecdotally there was a lot of volatility in social enterprise jobs in the region over the last year, including staff shortages in certain sectors.

We also asked whether social enterprises had applied for COVID-19 support schemes. 39% of social enterprises in the East successfully applied to the furlough scheme, and 35% received government or local authority grants. Social enterprises here were less likely than the national average to apply for or receive COVID-related government backed loans.

Coronavirus COVID-19 schemes applied to/accessed



Reach and Local Participation

We used the survey to look at how social enterprises engage with their local communities.

57% of social enterprises in the East of England had representatives of the local community that are not employed by the business on their Boards, 9% more than the average for the whole UK.

6 Overall, 2% of respondents said that they furloughed staff as a coping strategy – but didn't say that they'd successfully applied to the furlough scheme. The proportion who did this is higher in the South East – 8% – and we don't have an explanation, other than possible issues with interpretation of the questions.

A fifth of social enterprises here worked across several local authorities, and another fifth worked at the regional level with fewer working across the whole country or internationally than is the case on average for the UK.

We asked social enterprises who their three most important providers of external support were. Over half of social enterprises

in the East of England said that national membership bodies were their most important source of support. Social enterprises here were also more likely than the national average to value support from mentors and the Local Enterprise Partnership (LEP) – and less likely to cite local government or social investors as being their main sources of support.

Three most important providers of external support (n=27, highest 6 reported) ⁷

East

National membership bodies	56%
Grant providers	37%
Peer networks	30%
Mentors	30%
Local government	22%
Local membership/support bodies	15%

Social and Environmental Impact

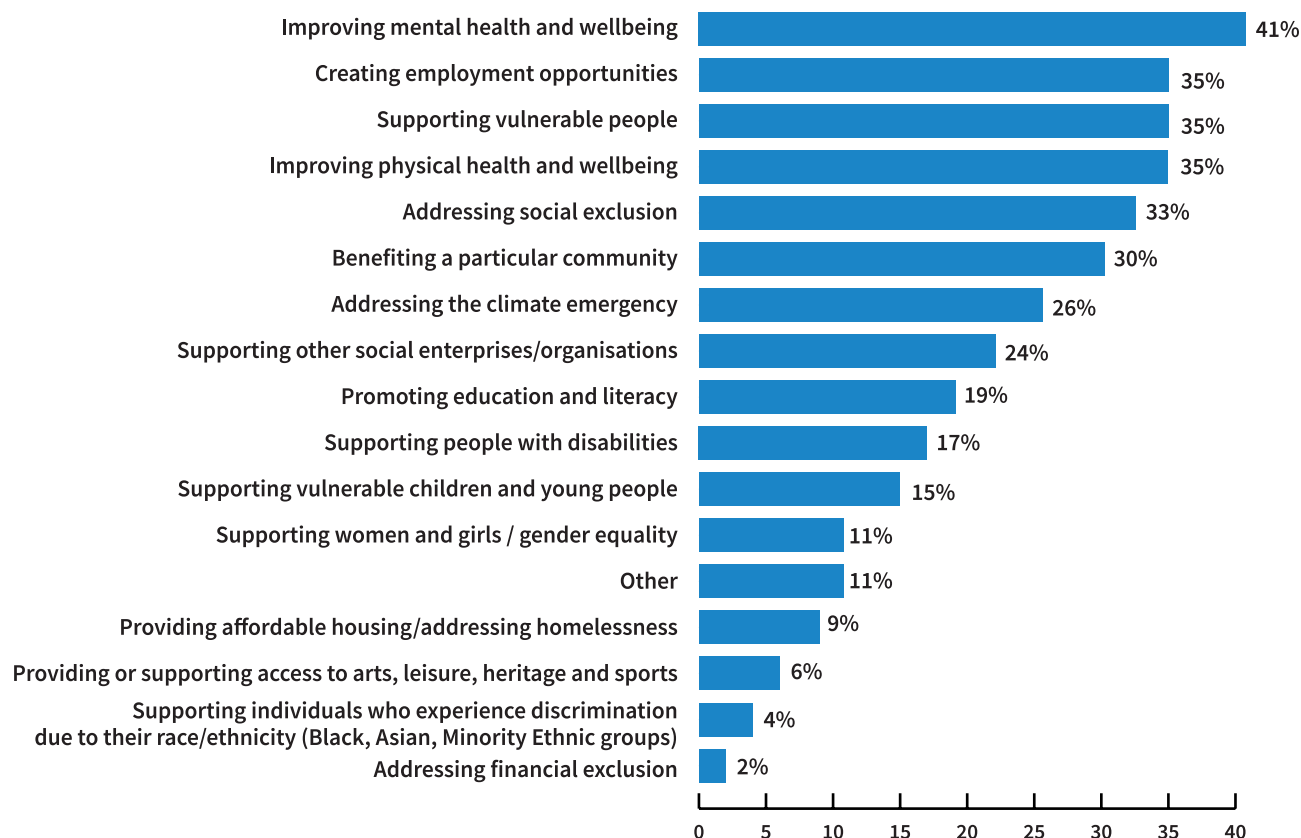
The survey captures information about social and environmental impact of social enterprises.

Social enterprises in the East of England were most likely to say that improving mental health and wellbeing was their main social/environmental objective, and to a greater extent than the UK average. Social enterprises here were also more likely than the UK average to be addressing the climate emergency as their core mission, as well as creating employment

opportunities and improving physical health and wellbeing.

Social enterprises here were significantly less likely than the national average to be addressing racism or financial exclusion, or to be working on access to arts, leisure, heritage and sports.

Main social and/or environmental objectives



⁷ This data was collected through a top-up survey conducted with SOSE 2021 respondents in September 2021.

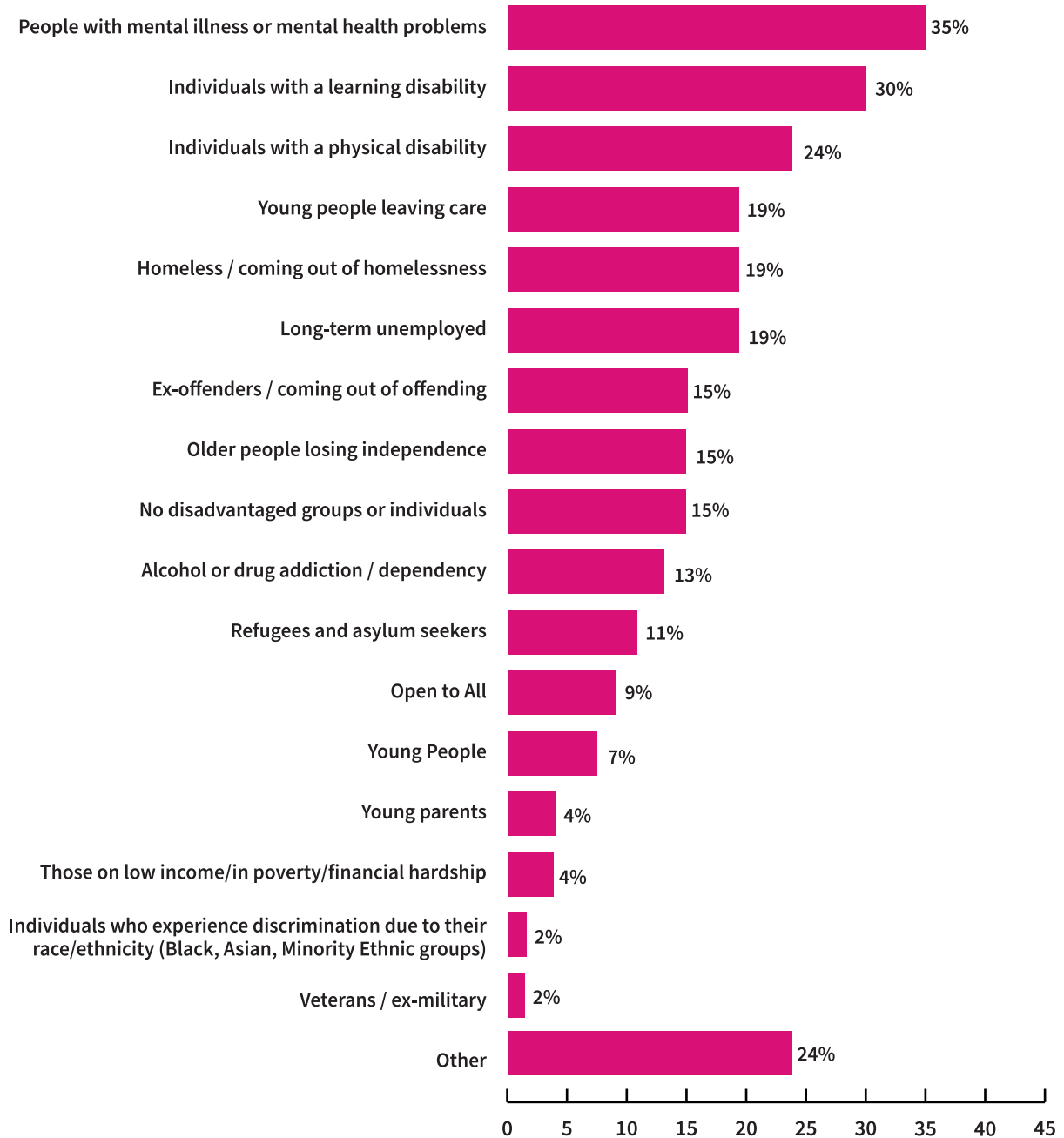
As could be expected given that almost half of respondents in the East had improving mental health and wellbeing as an objective, a similarly high proportion were providing products and services to people with mental illness or mental health problems (and to a slightly greater degree than the national average of 32%).

Social enterprises here were also more likely than the national average to be working with people with learning

disabilities, and with young people leaving care and people experiencing homelessness.

A far smaller proportion of social enterprises here were working directly with people who experience racism than the national average, social enterprises here were also less likely to work with young parents, those experiencing poverty and veterans.

Disadvantaged groups or individuals with specific issues to which social enterprises provide services or benefits

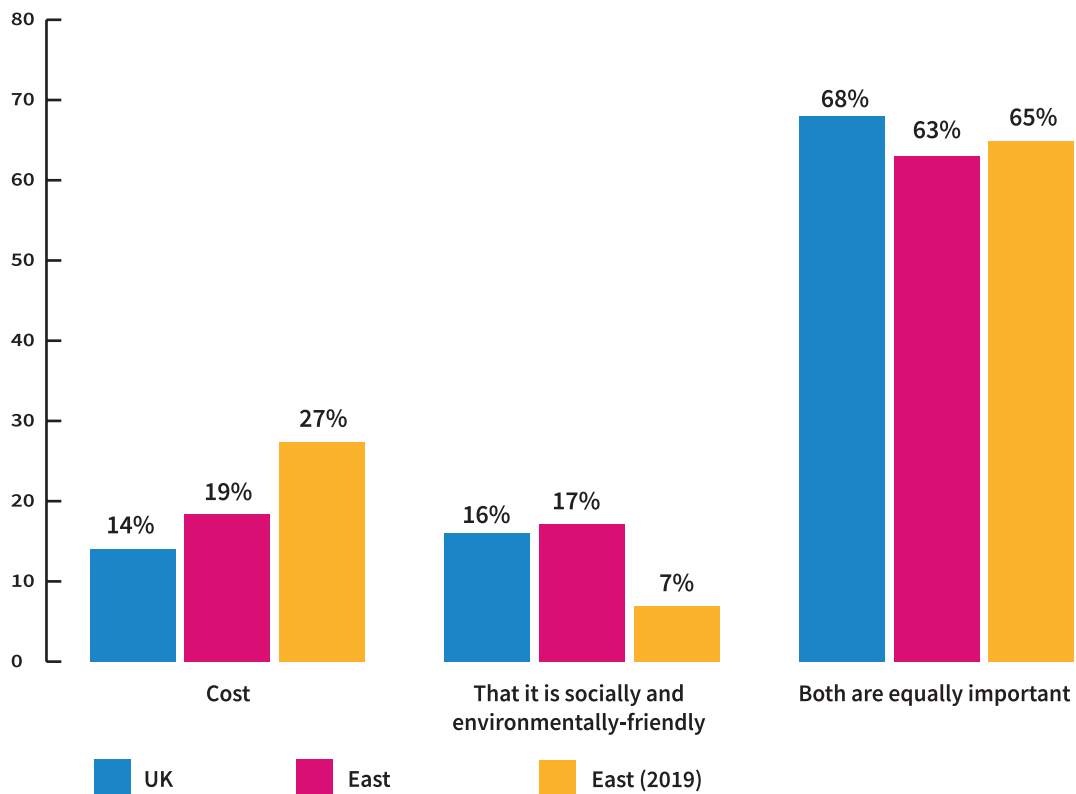


Environmental impact

As the climate emergency looms ever larger on the horizon, we explored the extent to which social enterprises are engaging with environmental change.

In the East of England, social enterprises were slightly more likely than the national average to prioritise cost in procurement, although the proportion that did so has decreased significantly since 2019. A similar proportion prioritised social/environmental factors, and this has grown over the last two years.

Procurement prioritisation



For the first time in 2021, we asked social enterprises if they have embedded – or are considering embedding – tackling climate change into their constitution/articles of association. 37% of social enterprises in the East had done so, and a further 35% were considering doing so. 15% have a commitment to net zero and/or a climate strategy. 11% had no plans to embed or codify any climate-related activity, this is a lower proportion than the UK average of 17%.

In terms of practical actions taken, 31% of social enterprises in the East had installed energy efficiency measures in the last 12 months, similar to the UK average for social enterprises – and significantly more than the average for business as a whole (13%⁸).

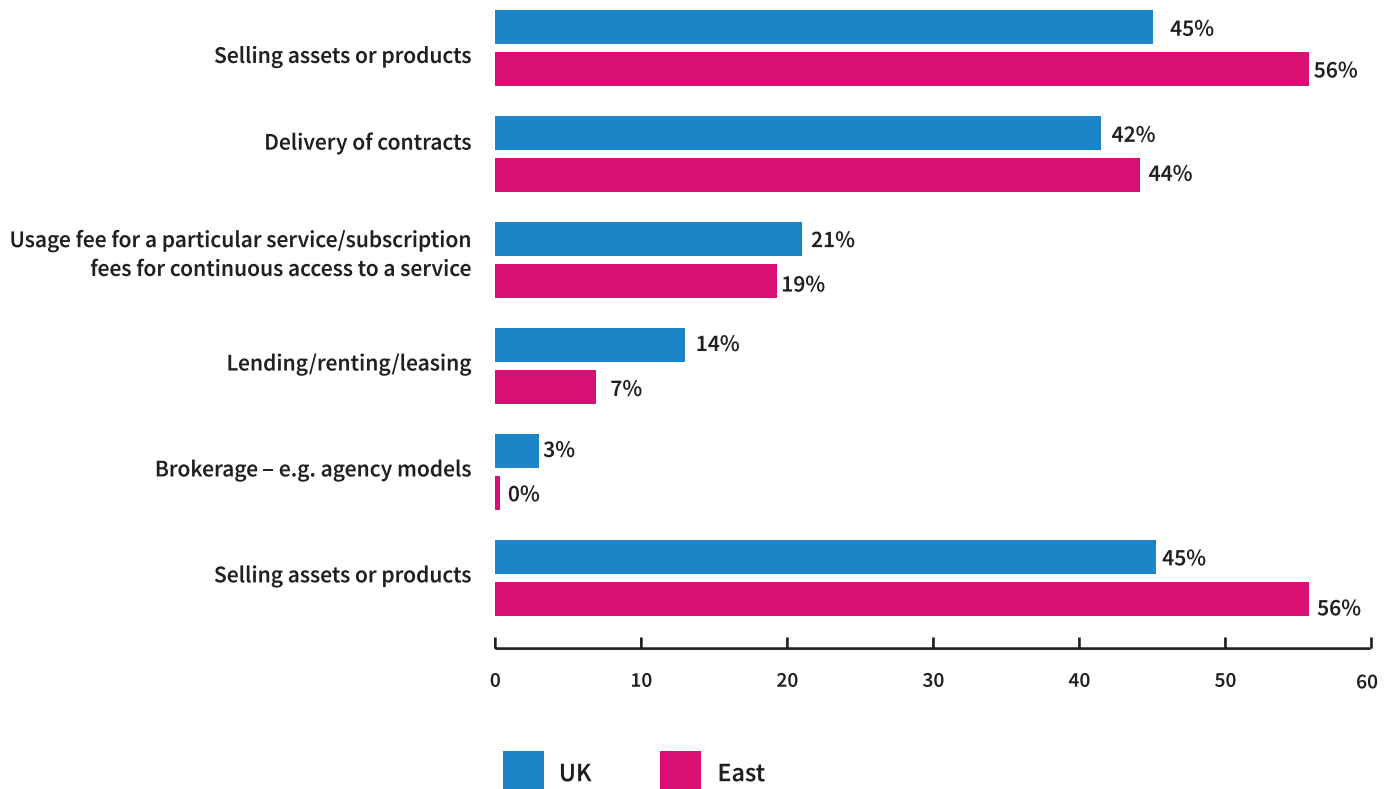
⁸ <https://data.gov.uk/dataset/efa5133a-ad72-47a3-ae9-b4f8ab385a0c/small-business-survey>

Business Model: Income and Trading

This year we asked for the first time about social enterprises' revenue generation models and the relationship between revenue generation and social/environmental mission.

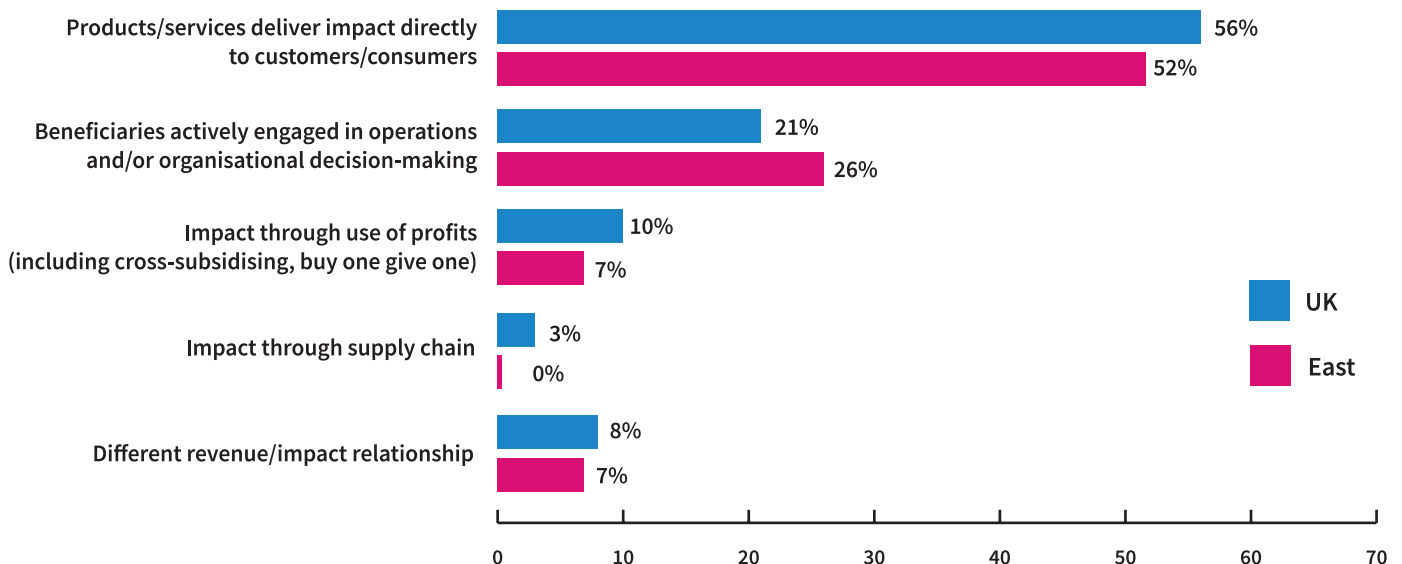
In the East of England, over half of social enterprises said that their main source of revenue generation is selling assets or products, followed by contract delivery.

Revenue generation model



In terms of the relationship between revenue generation and mission, just over half of respondents in the East said that impact is delivered directly to customers/consumers from their products or services, with none saying that they deliver impact through their supply chain.

Main relationship between your organisation's revenue generation and your social/environmental mission

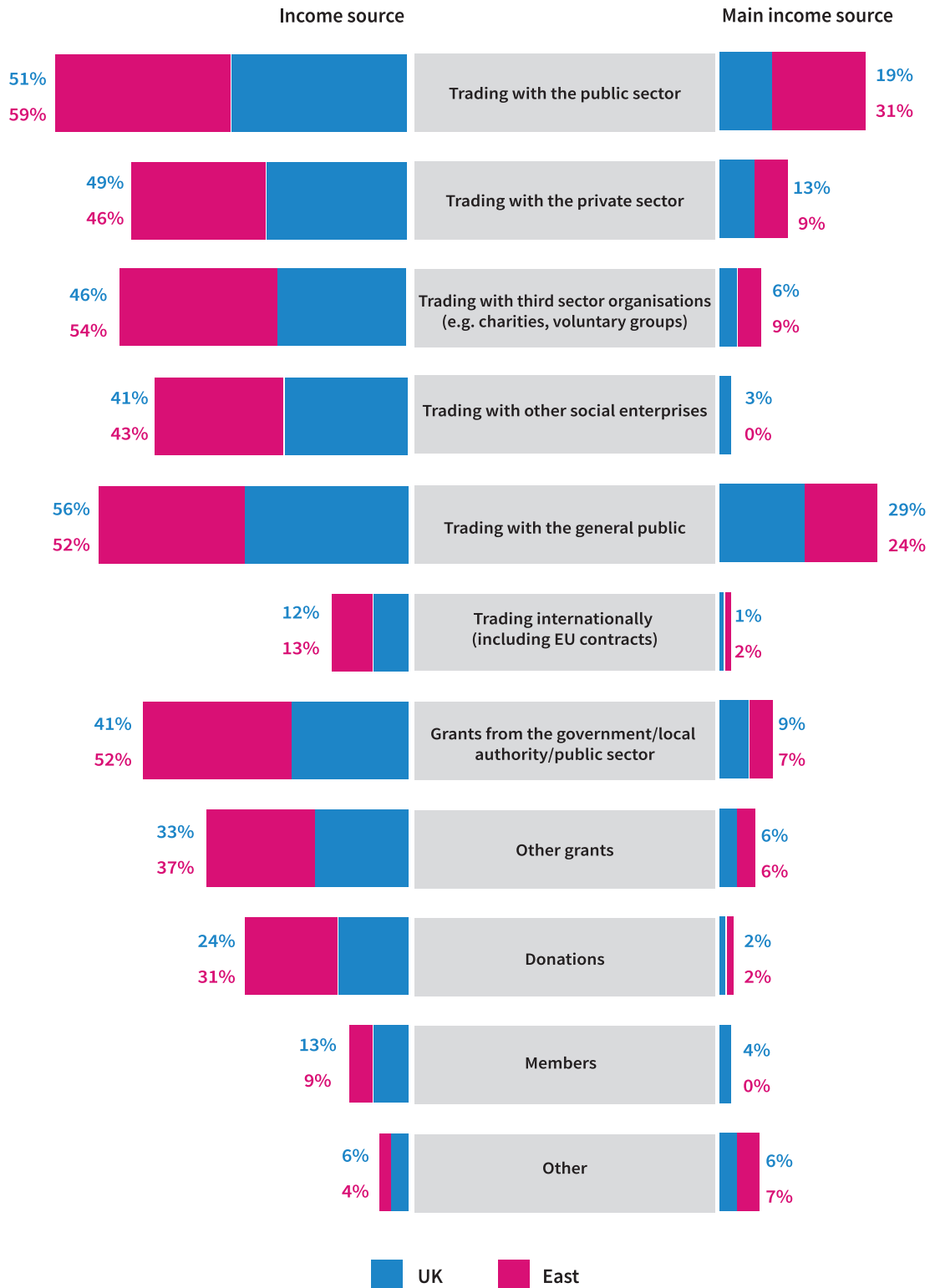


The survey asks social enterprises how they generate income, and what type of entity their main trading partners are. Social enterprises in the East were more likely than elsewhere to trade with the public sector, and particularly more likely to have the public sector as their main income source – this was the case for almost a third of social enterprises in the region. Public sector income was most likely to come from the local authority (74%), but also a higher proportion of social enterprises here received public sector income from a Clinical Commissioning Group – likely due to there being proportionately more health and social care social enterprises. 29% of respondents said that income from the

public sector has increased in the last year, compared to just 22% on average across the UK of those that trade with the public sector.

They were also more likely than the UK average to trade with third sector organisations, and to generate income from government grants. There was slightly less engagement with the private sector in this region compared to the UK average and social enterprises here have slightly less diversified income than the UK average, with 72% of income, on average, coming from their main income source (69% UK-wide).

Income generation



Workforce Demographics and Staff Engagement

Social enterprises in the East had on average 69 paid staff, compared to the UK average of 128. 50% of respondents had 1-9 paid staff and 9% had over 250 (more than the UK average of 4%).

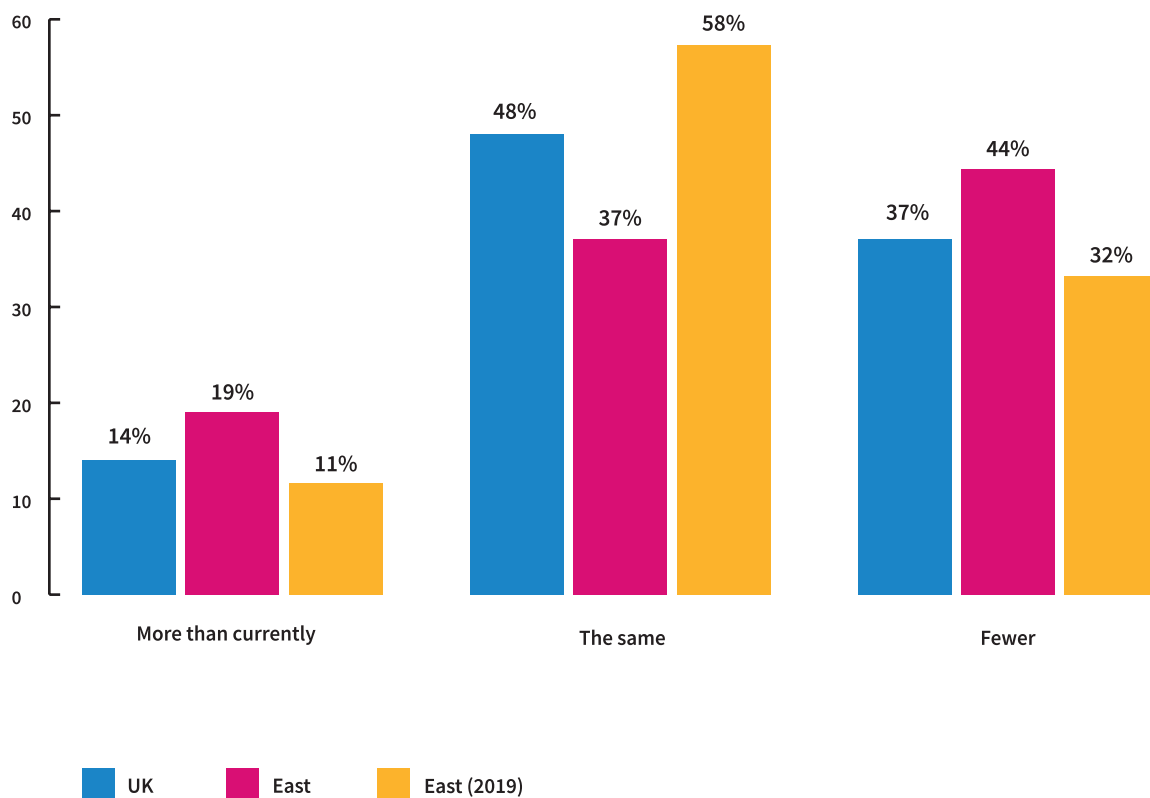
There were, on average, 23 full-time staff at social enterprises in the region and, on average, 4 temporary or casual staff. 65% of the workforce at social enterprises in the East of England were female, with almost a fifth of respondents having all-female staff teams. 13% of the workforce were people from Black, Asian and other ethnic groups that are a minority in the UK⁹. 38% of respondents had no staff from racialised community backgrounds on their teams.

10% of the workforce of social enterprises in the region were disabled people, although almost half of social enterprises

didn't have disabled people on their teams.

We asked social enterprises whether their staffing levels have changed compared to 12 months ago. A higher proportion of social enterprises in the East had lost staff compared to 12 months ago, as mentioned above this might be related to greater issues with staffing in certain sectors such as health and social care. This was a bigger drop in staff numbers than was experienced in the 12 months prior to the 2019 survey.

Staff compared to 12 months ago



In terms of investing in staff, 89% of social enterprises in the East actively involved staff in decision-making regarding the operation and future of their organisation and 83% invested in staff training and development.

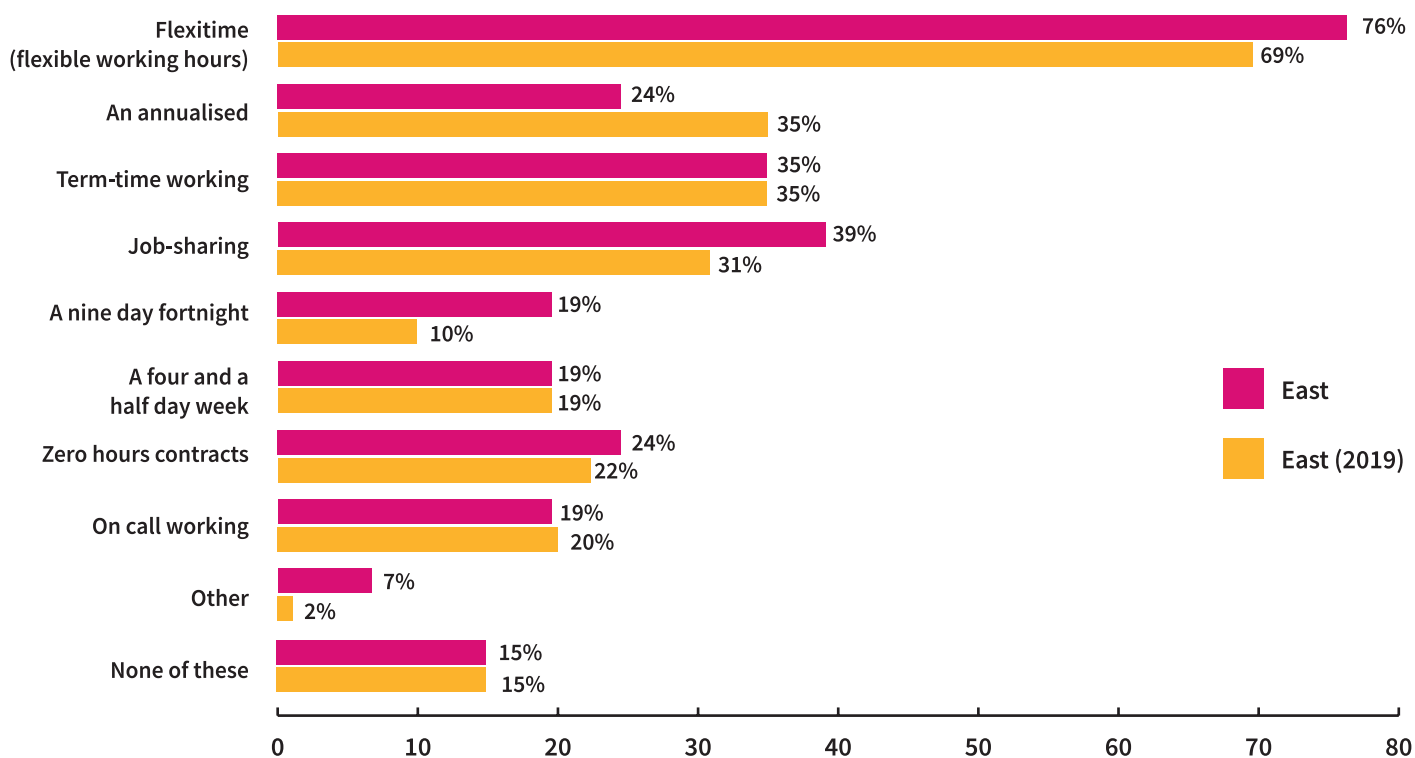
Flexible working arrangements have become significantly more prominent due to the pandemic. All forms of flexible working cited in the table below were more common amongst social enterprises in the East than is the case, on

average, across the UK. 76% of social enterprises in the East offered flexible working hours, 4% more than the UK average – and more than was the case in the region in 2019.

However, flexible working arrangements haven't universally increased in the region since 2019. Several forms of flexible working were now less common amongst social enterprises than they were.

⁹ According to the 2011 census, the East of England population was 85% White British and 9% and of the population comprised people from Black, Asian and other Minority Ethnic backgrounds.

Working hours arrangements for employees

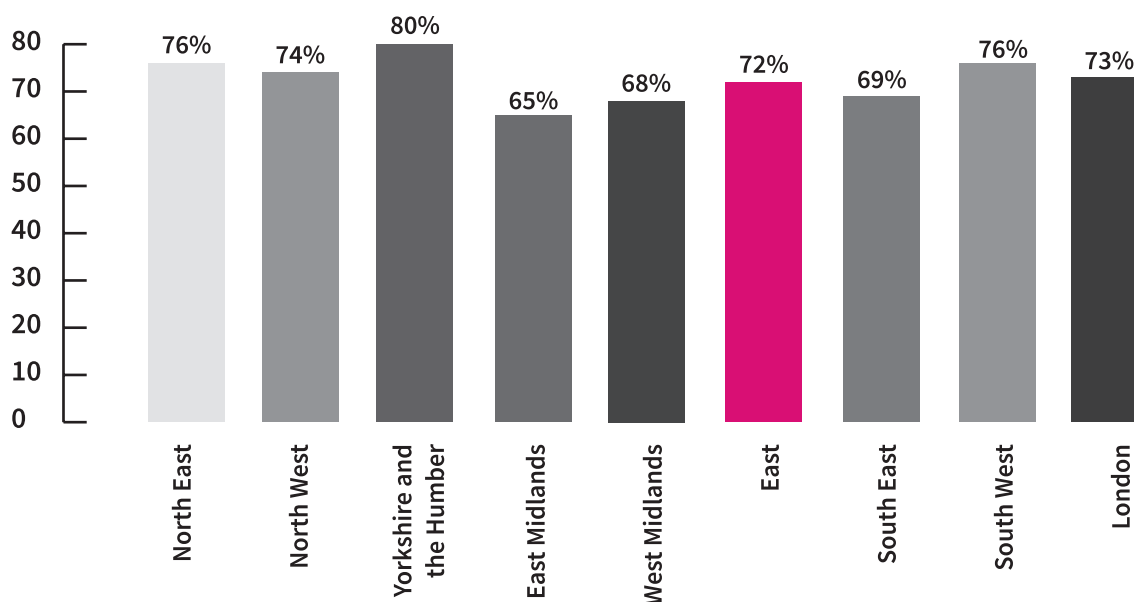


72% of social enterprises in the East of England pay staff the national Living Wage¹⁰, the same proportion as the UK-wide average. The proportion who paid the Living Wage has decreased slightly since 2019.

Proportion of Social Enterprises Paying the Living Wage



Proportion of social enterprises that pay the living wage, by region



¹⁰ The Living Wage is an hourly wage calculated based on the cost of living. It is higher in London, to reflect the higher cost of living in the capital. At the time of the survey, the Living Wage Foundation rates were £9.30 for the UK, except London where it was £10.75. <https://www.livingwage.org.uk/>

Leadership Demographics

59% of social enterprises in the East of England were led by women, significantly more than the UK average. 85% were led by people from a White British background, which is broadly in line with the region's population (albeit based on data from 2011, see footnote above), and 8% were led by people from Minority Ethnic group backgrounds.

There were no leaders aged under 25 in the region and a higher proportion were aged over 45 – almost four-fifths of social enterprises here. A very small proportion had disabled leaders.

Leadership demographics

	UK	East	FTSE100 ¹¹	SMEs
Male	47%	41%	94%	79%
Female	47%	59%	6%	16%
White British	74%	85%	No data	84%
White Other	7%	4%	No data	6%
Asian or Asian British	4%	4%	No data	2%
Black or Black British	6%	2%	No data	*%
Other including Mixed heritage	2%	2%	No data	3%
ALL racialised communities	12%	8%	6% (2020)	5%
16 to 24	1%	0%	No data	No data
25 to 44	32%	13%	No data	No data
45 to 64	53%	78%	No data	No data
65+	8%	9%	No data	No data
Disability	11%	2%	0%	No data
No disability	82%	98%	100% ¹²	No data

Social enterprise leaders in the East earned less on average than social enterprises across the UK, with the average salary being £29,000 (compared to £37,000). There was, however, a higher proportion of higher earners in this region compared to the UK average, which is likely to be in line with there being a higher proportion of social enterprises here with high turnovers.

¹¹ https://www.cipd.co.uk/Images/ftse-100-executive-pay-report_tcm18-82375.pdf

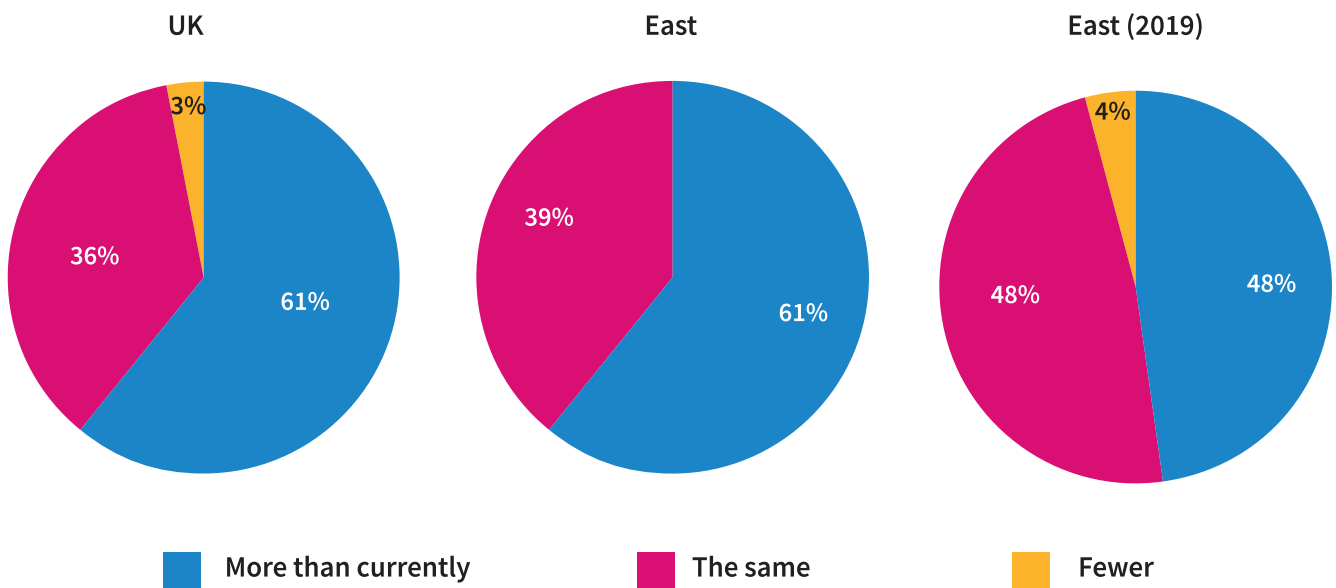
¹² <https://www.peoplemanagement.co.uk/news/articles/no-ftse-100-executives-or-senior-managers-have-disclosed-a-disability#grf>

Growth trends

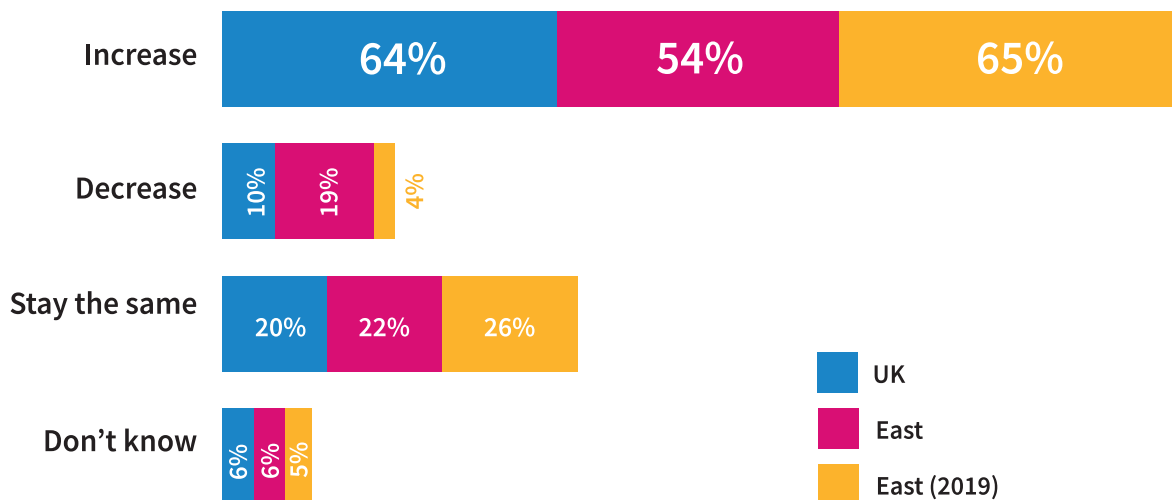
We asked a number of questions about growth trends through the survey. 61% of social enterprises in this region expected their workforce to grow in the coming 12 months – significantly more than was the case in 2019.

Just over half of social enterprises in the East anticipated turnover growth in the year ahead, although almost a fifth expected turnover will decline – a significantly higher proportion than in 2019.

Workforce size expectations for the next 12 months



Turnover expectations for the next 12 months

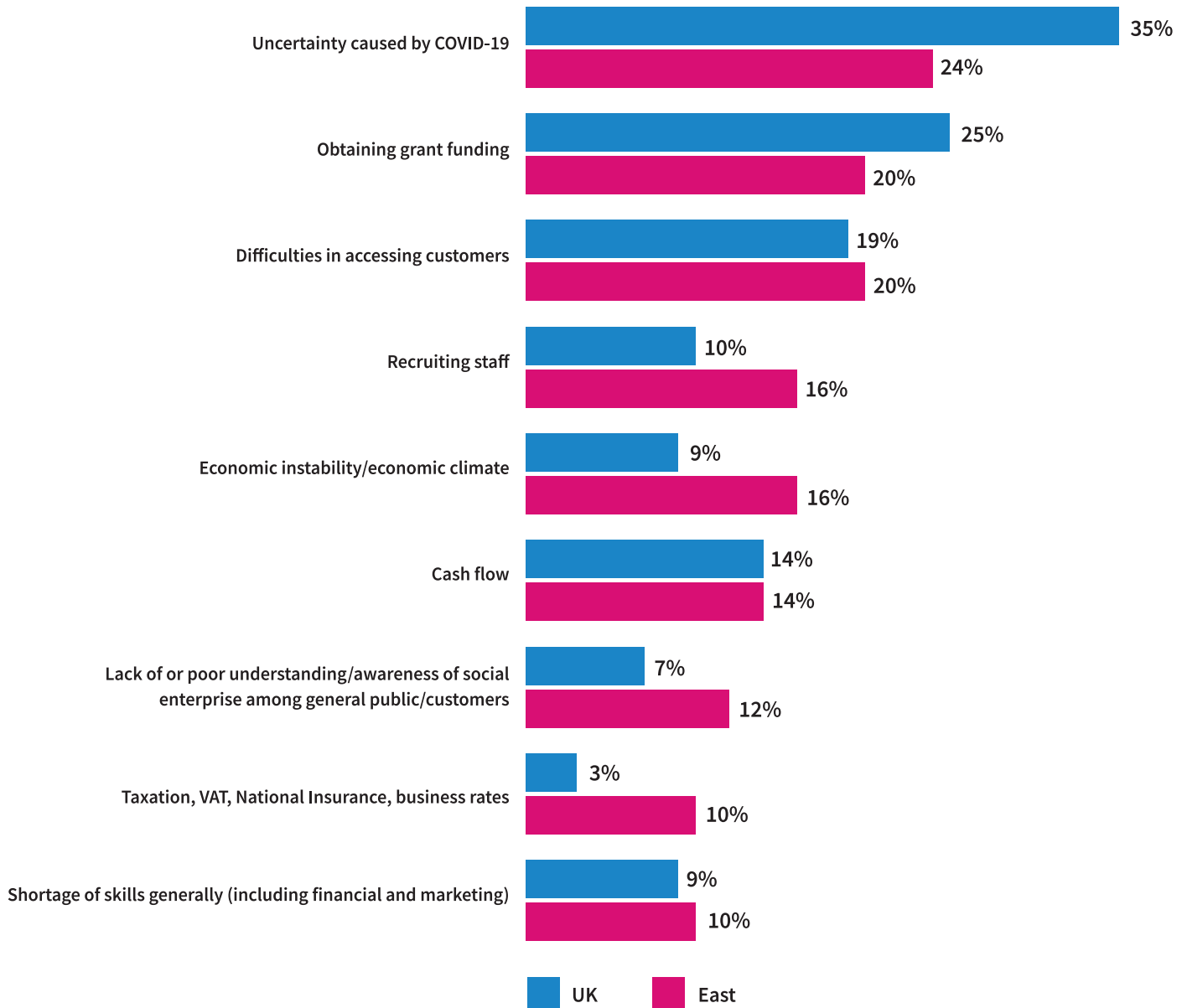


We asked social enterprises what actions they have taken in the previous 12 months to sustain and grow their businesses. 59% had developed products and/or services that were new to their organisation and 56% had developed a new process. Social enterprises here were more likely than the national average to have merged with or acquired another organisation and to have recruited staff or invested in training. They were also more likely to have increased prices and invested in new capital assets.

65% of social enterprises in the East region provided products/services free or at reduced cost in direct response to COVID-19 related needs.

The survey asked what social enterprises see as their top three barriers to sustainability and/or growth. COVID uncertainty was the most-cited barrier, as elsewhere, albeit to a lesser extent. Social enterprises here were more worried than the UK average about recruiting staff, about economic instability, and about poor understanding and awareness of social enterprise. Staff recruitment concerns, in particular, may be linked to the higher presence of health and social care social enterprises in the region, who are known – anecdotally – to be facing issues with recruitment.

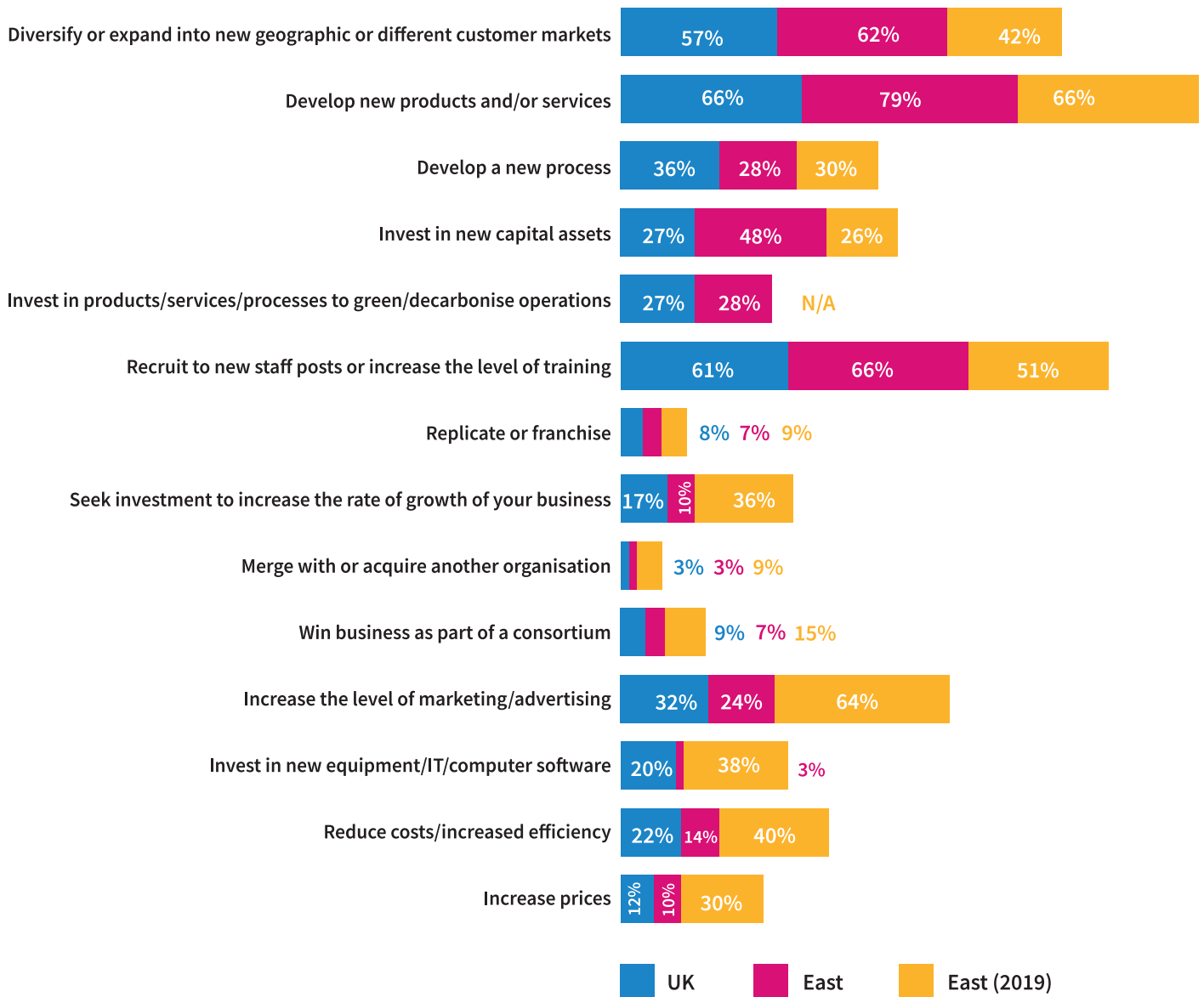
Three most significant barriers to your organisation’s sustainability and/or growth (responses that attracted 10%+ response rate)



In terms of future growth, developing new products/services was the most-cited plan, to a greater extent than the UK average. There was also higher expectation here to diversify or expand into new geographies or different customer markets and to invest in new capital assets.

Fewer social enterprises here planned to seek investment to grow compared to the UK average, and the proportion looking for investment to grow significantly decreased since 2019 in this region.

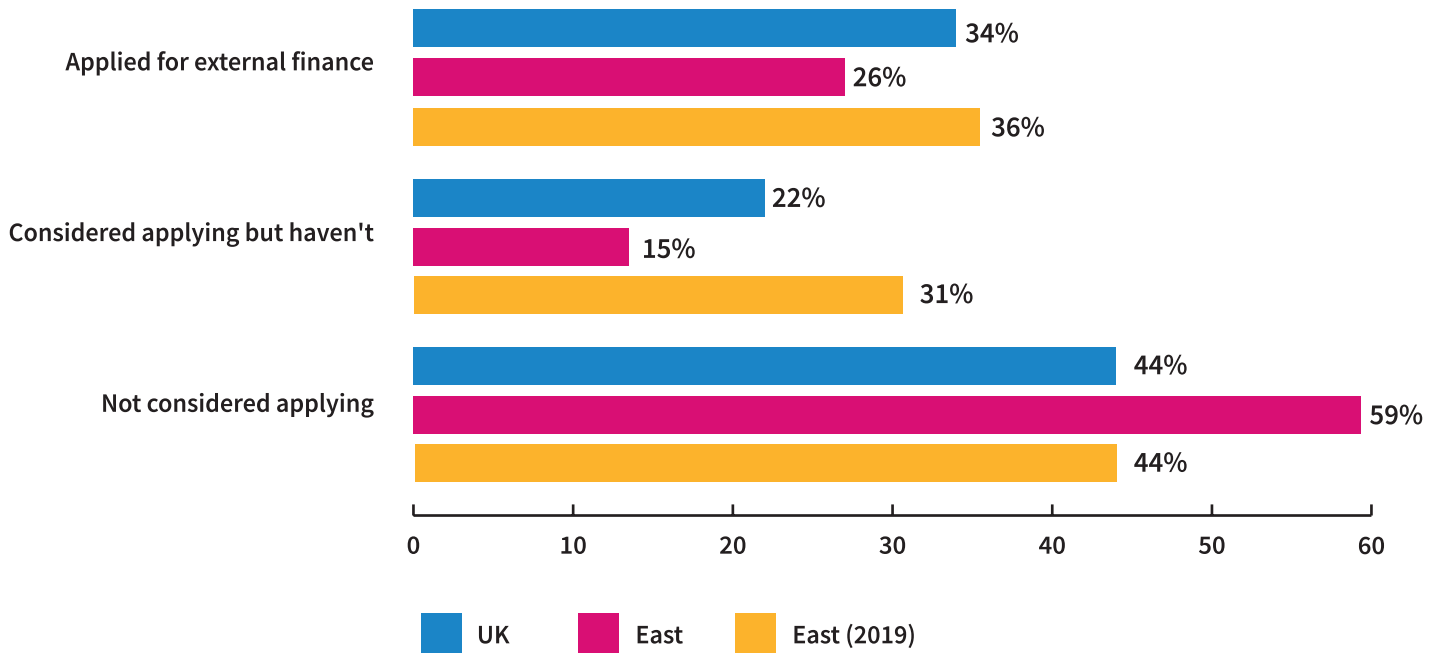
Growth plans



Finance

The final set of survey questions related to funding and finance. Social enterprises in the East of England were far less likely than the UK average to have applied for finance in the last year, nor to have considered it. And appetite for finance decreased significantly since 2019 in this region.

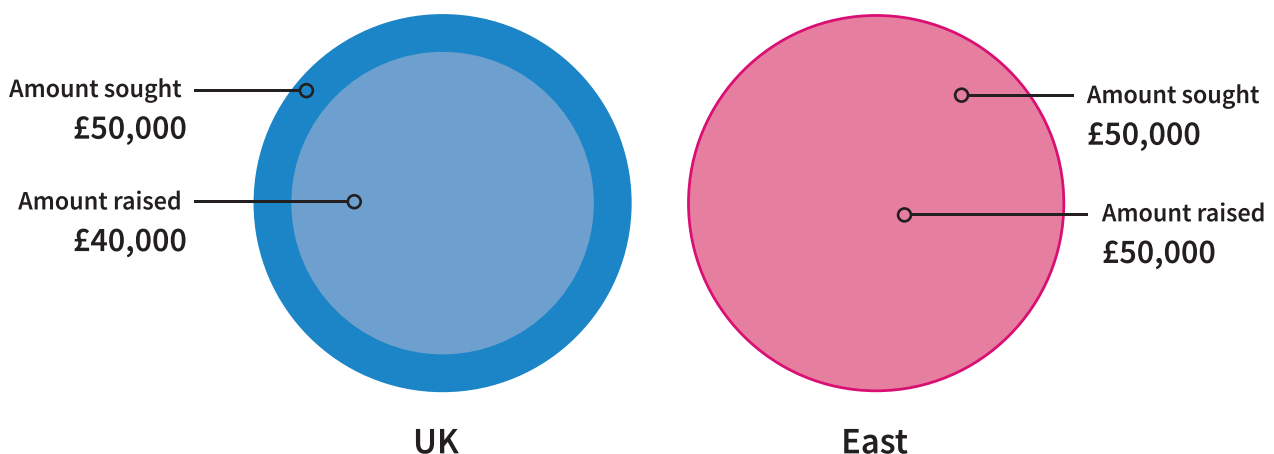
Summary of interest in external finance



Of those that decided not to apply for finance, 25% said that no finance was required. But the same proportion also said that they or their Boards didn't want to take on additional risk, or that there were time pressures/lack of resources – or other reasons not to apply. None said that cost of finance was a factor, nor concern about diluting their social mission.

Where they were looking for finance, social enterprises in the East sought the same median amount as the UK wide figure but raised the same amount, making them comparatively more successful in securing finance.¹³

Amounts of external finance (excluding grants) sought and raised

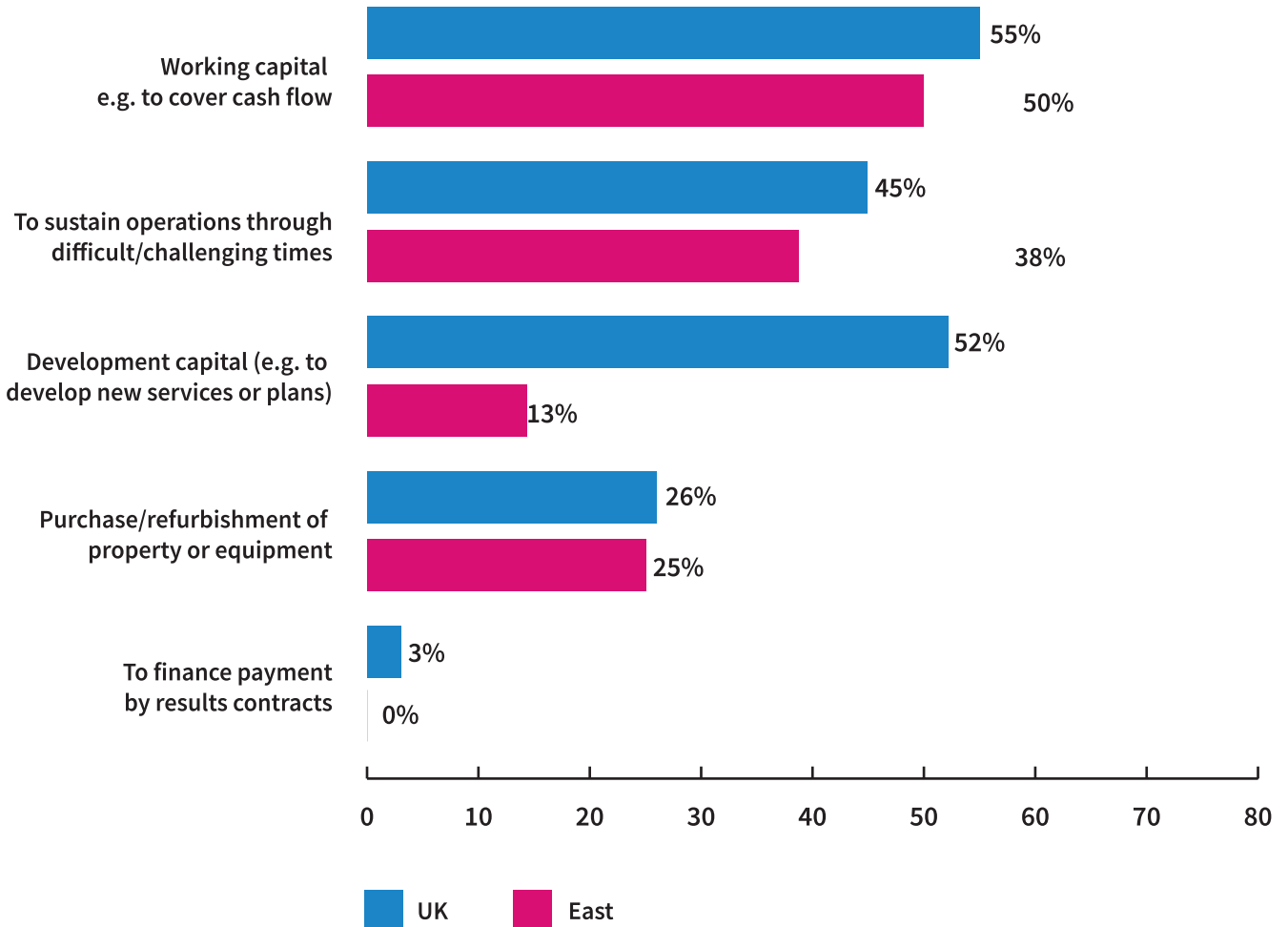


¹² It should be noted that this is based on a weighted sample of 21 – but unweighted 8 responses.

In terms of who they sought finance from, East of England social enterprises were very likely to go to banks – 43% did so, compared with 27% on average across the UK. They were also more likely to apply to their local authorities than the UK average. 21% applied to social investment and 43% sought funding from grant making trusts and foundations.

In the East, the most common reason for seeking finance, was for working capital, following by finance to sustain operations. Far fewer social enterprises here applied for money for development capital.

Purpose of finance or capital sought



Social enterprises in the region were less likely than elsewhere to think that the amount of finance available to their organisation is insufficient, nor that the finance available was unsuitable to them. They were more likely than the UK average to think that they had the financial, marketing and business skills required to obtain external finance and investment.

Case Study: Athena Education Support

Athena Education Support is a social enterprise set up in March 2019, born out of the need to make children's lives better, especially those struggling in school and with mental health issues.

It was founded by Sandra Govender, who after 30 years working in schools, most recently as a Head Teacher of a special needs school, decided to "break away and do something more meaningful for these children, to work more closely with parents and to improve children's life chances."

Having spent most of her professional life in the education system, Sandra felt that setting up as an independent social enterprise would provide more flexibility and the chance to work with more partners to improve educational opportunities and outcomes for vulnerable children. The heart of Athena's work revolves around bespoke personalised support for children and also for parents and other individuals vital to a child's development such as teachers.

Core to this is alternative educational provision for children at risk of permanent exclusion from mainstream schools. It takes the form of building support around the needs of each child, working with them to unpick the issues they are facing and taking steps to resolve these. Athena work with a child's school, which commissions their services, with the goal of re-integrating the child back into mainstream learning. Everything is built around the individual child. As Sandra puts it "there's no one size that fits all".

Since 2019 Athena have worked with over 60 children, an impressive achievement for a social enterprise that has only been trading for three years and currently only has a team of two directors, three tutors, a mindfulness therapist and the dedicated support of volunteers who help out on specific projects.

Athena runs parenting classes working with individual families to support them, and training programmes for professionals in the wider education and education support



sector. Athena also provides consultation services to leaders in education, health and social care.

They won the Alternative Education Provider of the Year for England and won a contract with Health Education England to provide autism training in the East of England and the Black Counties, with doctors now signposting children and parents to Athena.

Whilst alternative educational provision and the support of vulnerable children is at the heart of Athena's work, the social enterprise also runs a wider range of services for adults, particularly those with autism. Athena runs a training programme for people over 25 who have been unemployed, based on the same principals of building support around the needs of the individual. They also train businesses on supporting and employing people with autism.

When the COVID 19 pandemic hit, Sandra saw how older people in the local community were struggling with

loneliness and isolation. Athena set up a befriending service for the over 50s, connecting people online through events such as zoom art classes, movie nights and quizzes. They also established a telephone support line which helped people get their heads around changing COVID rules and deal with the uncertainty and lack of human connection caused by lockdowns.

Athena's work supporting people of all ages is all focused on "seeing society strengthened" and opening up opportunities for some of the most vulnerable children, families and adults in the East of England. In this sense, it is contributing to a genuine 'levelling up' of opportunity both in the world of education and employment.

Based on an interview with Sandra Govender

<https://www.athenaeducationsupport.co.uk/>