

# East Midlands: Expecting to grow

State of Social Enterprise 2021  
in East Midlands



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. 52 of these responses were from the East Midlands 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<sup>1</sup>.

This report was written by Emily Darko (SEUK), with inputs from Shehan Perera (SEUK), Chloe Stables (Access – the Foundation for Social Investment) and Stephen MacFarlane (West Northants Social Enterprise Towns).

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

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

# Contents

<b>East Midlands Headline Findings</b>	<b>4</b>
<b>Methodology</b>	<b>4</b>
<b>Regional overview</b>	<b>5</b>
<b>Social Enterprise Demographics</b>	<b>5</b>
<b>COVID Impact</b>	<b>7</b>
<b>Reach and Local Participation</b>	<b>8</b>
<b>Social and Environmental Impact</b>	<b>9</b>
<b>Environmental impact</b>	<b>10</b>
<b>Business Model: Income and Trading</b>	<b>12</b>
<b>Workforce Demographics and Staff Engagement</b>	<b>14</b>
<b>Leadership Demographics</b>	<b>17</b>
<b>Growth trends</b>	<b>18</b>
<b>Finance</b>	<b>20</b>
<b>Case Study: Wings and Radicles</b>	<b>22</b>

## 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 Midlands Headline Findings

## Our research found that social enterprises in the South West were:

Optimistic – social enterprises in this region were more likely than elsewhere to be anticipating growth in turnover, although less likely to anticipate this translating into growing their staff teams in the coming year. This continues a trend from 2019. Expected innovation and expansion into new geographies and markets was higher here than elsewhere.

More likely to be start-ups (established in the last three years) and to have smaller turnovers and less staff than the average for social enterprises in the UK. Compared to the UK-wide average, they were more likely to have registered as companies limited by guarantee than by share.

Seen slower growth in turnover and staff numbers than elsewhere, but had sustained higher proportions of income generated through trading over the last two years – from a slightly higher base in 2019. This may be because they were less likely to apply for funding from grant sources when seeking external finance. They applied in greater proportions, however, for COVID-related grants. They were also slightly more likely to identify grant income as part of their overall income generation.

More likely to be trading in the environment sector. They were more likely to prioritise social/environmental factors over cost in procurement and to have a codified plan or commitment to address climate change than the UK average. This is a significant shift from two years ago, indicating that a change in priorities is taking place faster here than elsewhere.

Had lower levels of female leadership than elsewhere (unlike in 2019), although there was a higher proportion of women on staff teams. Social enterprises in the region were more likely to be led by people from racialised communities than the UK social enterprise average, and there was a higher proportion of Black-led social enterprises here than all other regions except the West Midlands and London.

Less likely to apply for finance. Where they did, they secured less compared to UK averages. They were also more likely to say that they lacked the skills to secure finance, and that financial products available weren't suitable for them. More joined up regional support could be part of the solution to this and the wider development of social enterprise in the region.

## 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 most 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 Midlands region comprises Derbyshire, Leicestershire, Lincolnshire (except North and North East Lincolnshire), Northamptonshire, Nottinghamshire and Rutland. It has six main urban centres: Derby, Leicester, Lincoln, Mansfield, Northampton and Nottingham.

In general, social enterprises in the region have limited support infrastructure compared to other parts of the UK. There are fewer large urban centres here than in other regions, and towns here are less likely to have developed social enterprise activity.

However, there is strong activity from large institutions such as universities. In Northamptonshire, for example, there is active support for social enterprise by the University of Northampton and their Changemaker Incubator. The incubator supports businesses to pursue their social value

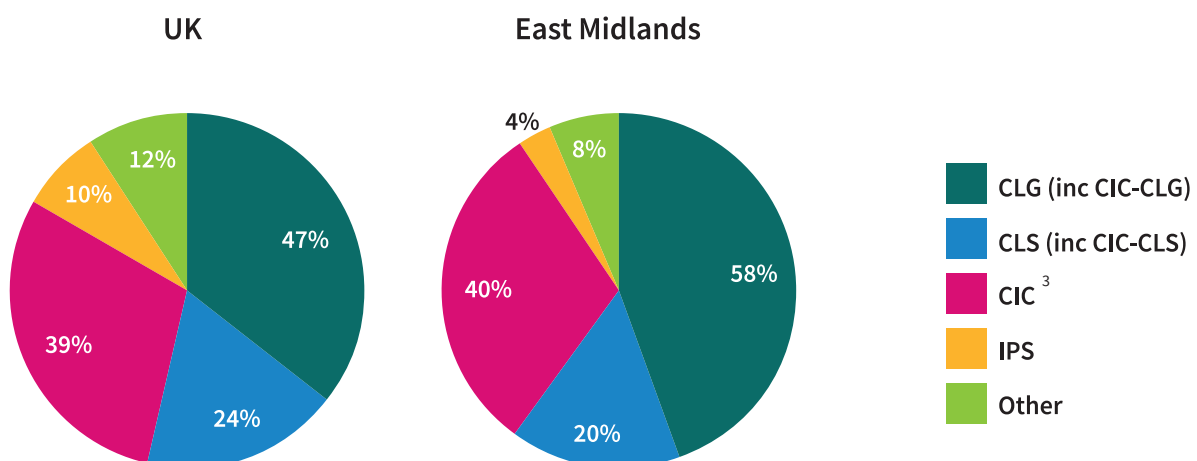
goals and measurement, and provides a rolling programme of funded interns to social enterprises across the county. The University of Northampton has worked closely with advocacy social enterprise West Northamptonshire Social Enterprise Towns (WNSSET) and other existing social enterprise structures. WNSSET will manage a social enterprise-specific grant fund of £400,000 provided by the Government's Towns Fund, working with the West Northamptonshire Unitary Council. The programme intends provide 15 grants per year for the next four years to deliver growth of trading or support start-up trading for social enterprises based in Northampton.

## Social Enterprise Demographics

On average, social enterprises in the East Midlands were eight years old, and 45% were established within the last three years (compared to 34% of social enterprises for the UK as a whole).

Social enterprises in the region were more likely to be limited by guarantee and less likely to be limited by shares compared to national averages; they are also less likely to be registered as IPS/BenCom<sup>2</sup>.

### Legal status

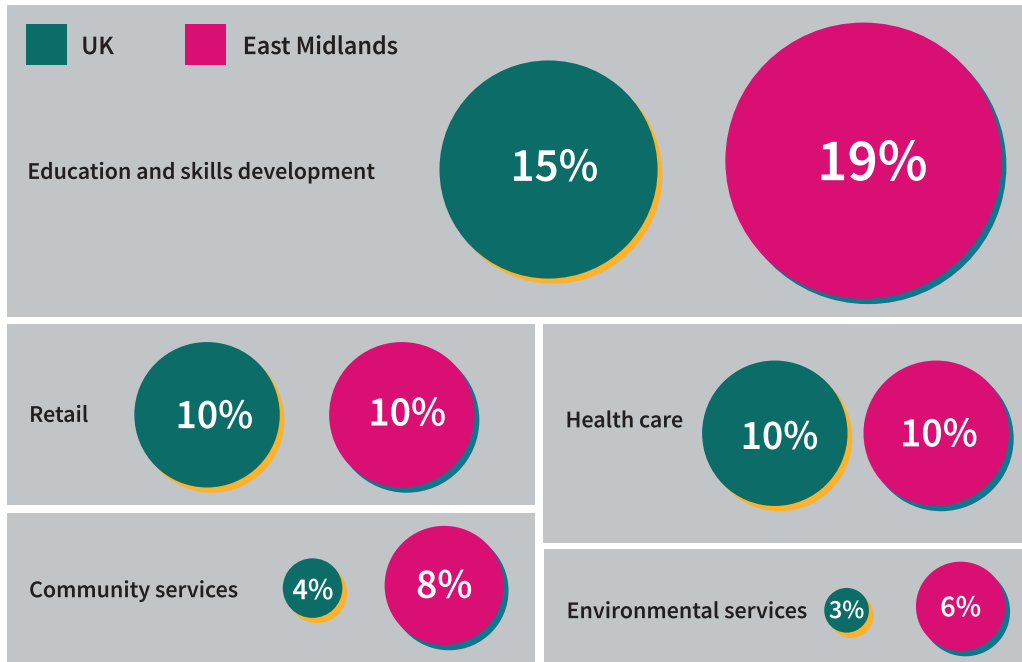


As elsewhere in the country, the main trading activities were education and skills development, health care, followed by retail. Social enterprises in the East Midlands were more likely to be operating in the environmental sector than the UK average. Fewer social enterprises here worked in the creative industries or business support and consultancy compared to national averages.

<sup>2</sup> 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.

<sup>3</sup> 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.

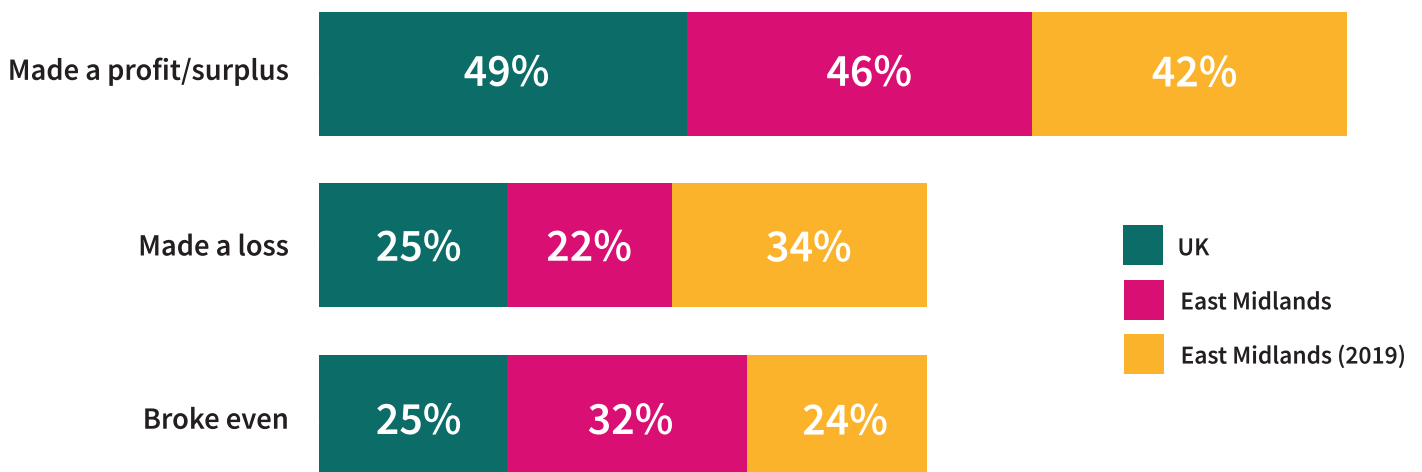
## Top five principal trading activities



Social enterprises in the region are smaller than elsewhere in the country. The average turnover for a social enterprise in the East Midlands was £388,000 (compared to £2.2 million UK-wide). 67% were generating under £150,000 (compared to 58% nationally), and slightly more (+3%) generated over £5 million. 8% generated over £1 million a year, compared to 16% on average nationally.

In terms of economic performance in the last financial year, East Midlands social enterprises were slightly less likely to have made a profit/surplus compared to UK averages. However, they were also slightly less likely to have made a loss. Social enterprises in the region were more likely to have made a profit in the last financial year than two years previously – and the proportion who reported making a loss has fallen significantly since the 2019 survey.

## Profit or surplus in the last financial year



# 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 response to COVID and uptake of available support.

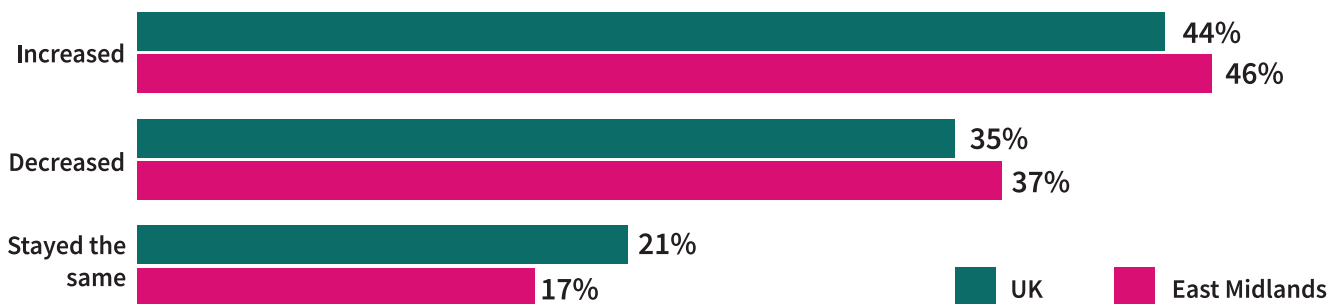
Knowing that the combination of additional grant funding and restricted opportunities for many social enterprises to secure income through their usual trading routes during the pandemic, we explored the impact this has had on the proportion of income generated through trading.

The proportion of income earned through trading in the East Midlands has decreased from an average of 89% in 2019

to 82% in 2021. However, this is still higher than for social enterprises across the UK collectively.

Over the last year, turnover levels have been broadly similar in this region to UK averages. This is despite a decline in income from the public sector: 15% said that paid work with the public sector had increased in the last 12 months (22% UK-wide), and 25% said it had decreased (20% UK-wide).

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



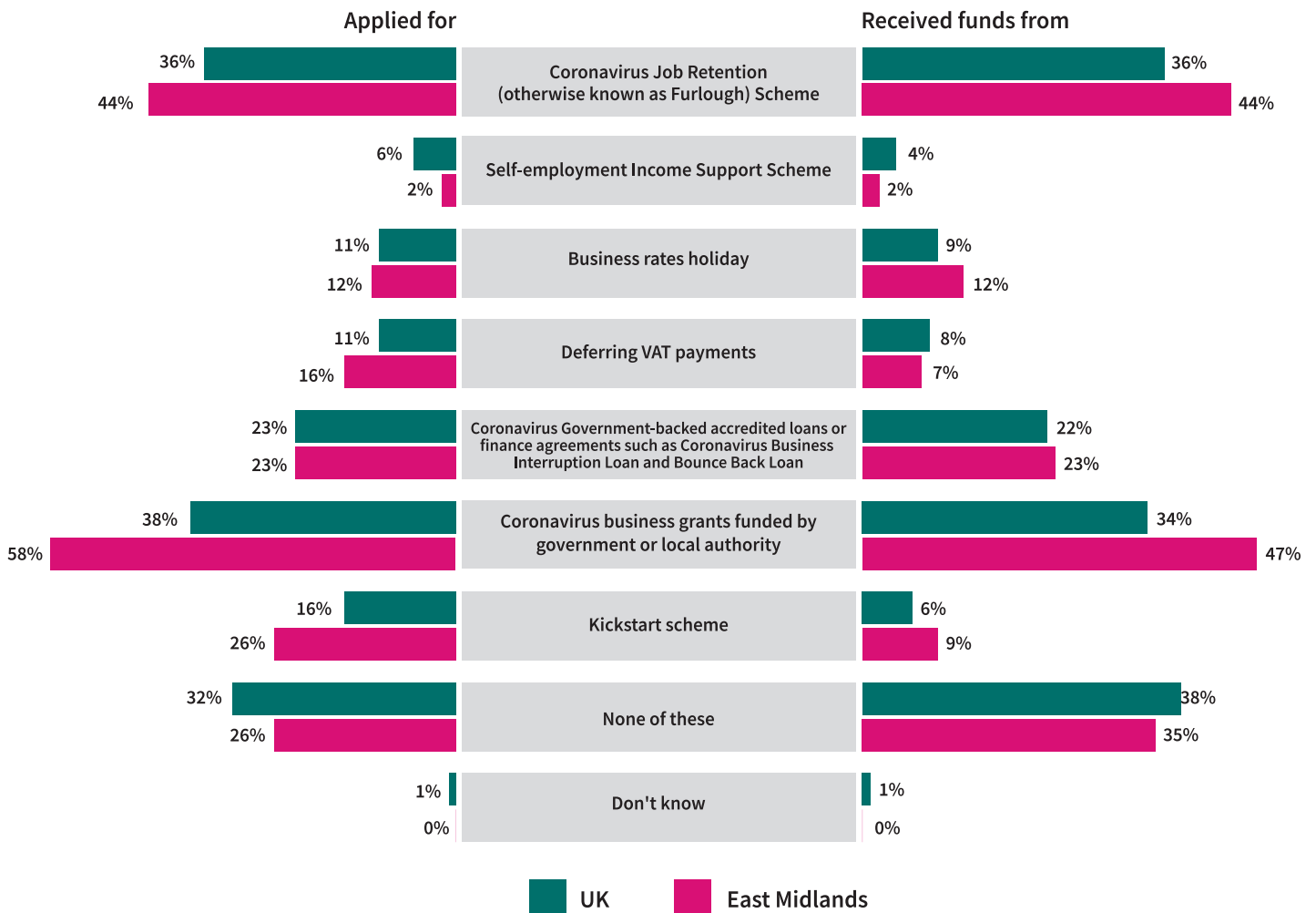
Due to the outbreak of COVID-19, we asked some additional questions about how social enterprises had coped<sup>4</sup>. In the East Midlands, nearly half of social enterprises furloughed staff (44%, compared to 39% for the UK overall). Related to this, social enterprises here were less likely to have altered staff working hours, recruited new staff or moved staff to new roles or to take on additional tasks. Employees of social enterprises in this region were also less likely than the UK average to have been made redundant (no respondents to this survey had made staff redundant as a result of COVID-19).

Social enterprises in the East Midlands were more likely than

elsewhere to have changed their methods of selling due to the pandemic, and to have built up stocks of supplies. Just over a third drew on reserves (35%), as across the country (36% of respondents UK-wide). Social enterprises in this region were less likely to have changed services or products.

We also asked whether social enterprises had applied for COVID-19 support schemes. All those in the region that applied for the furlough scheme received funds. Social enterprises here were more likely to have applied for government or local authority grants than their counterparts elsewhere, and more likely to be accessing the youth employment Kickstart Scheme.

<sup>4</sup> Respondents were given the option to opt out of these questions, so there is a smaller respondent sample size.



## Reach and Local Participation

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

We ask about the people represented on organisations' boards, and in the East Midlands, there was a slightly higher likelihood of service users being board members than elsewhere (27%, compared to 24% UK-wide).

Social enterprises in the East Midlands were significantly more likely than elsewhere to draw their entire workforce from the local area – 83% do so, compared to 67% on average across the country.

In terms of external non-financial support sources, East Midlands social enterprises were more likely to use local membership/support bodies than the UK average (17%, compared to 13%). However, social enterprises saw national membership bodies, grant providers, peer networks, and friends and family as the most important sources of support. There was a particularly high value placed on friends and family (38% said friends and family were one of their top three sources of support compared to 19% on average nationally).

### Three most important providers of external support (n=24, highest 5 reported) <sup>5</sup>

National membership bodies	38%
Grant providers	38%
Peer networks	38%
Friends and family	38%
Mentors	25%

<sup>5</sup> This data was collected through a top-up survey conducted with SOSE 2021 respondents in September 2021.



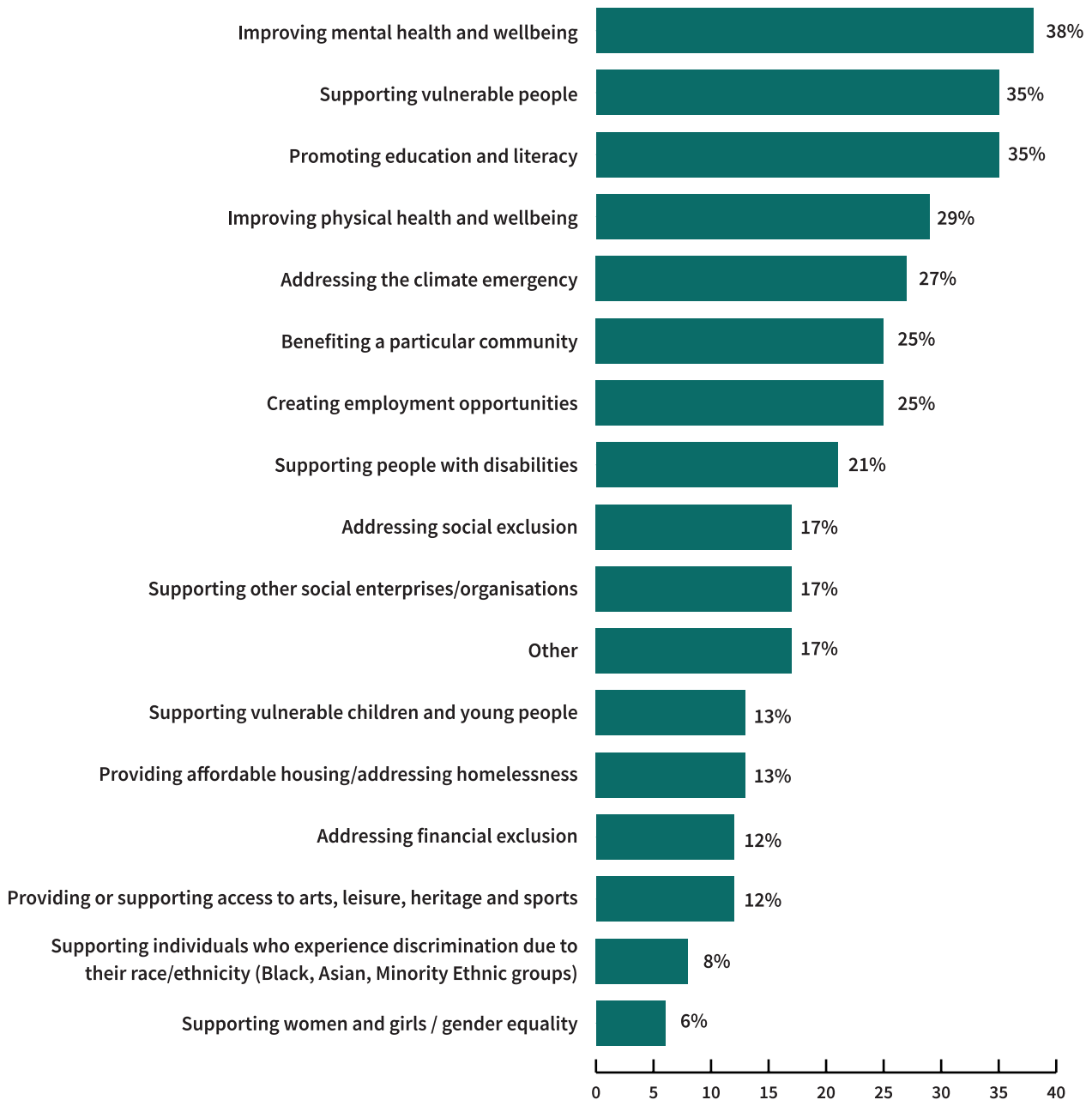
# Social and Environmental Impact

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

Social enterprises in the East Midlands were, as elsewhere, very focused on mental health. They were more likely than counterparts in other parts of the UK to be promoting education and literacy, and addressing the climate

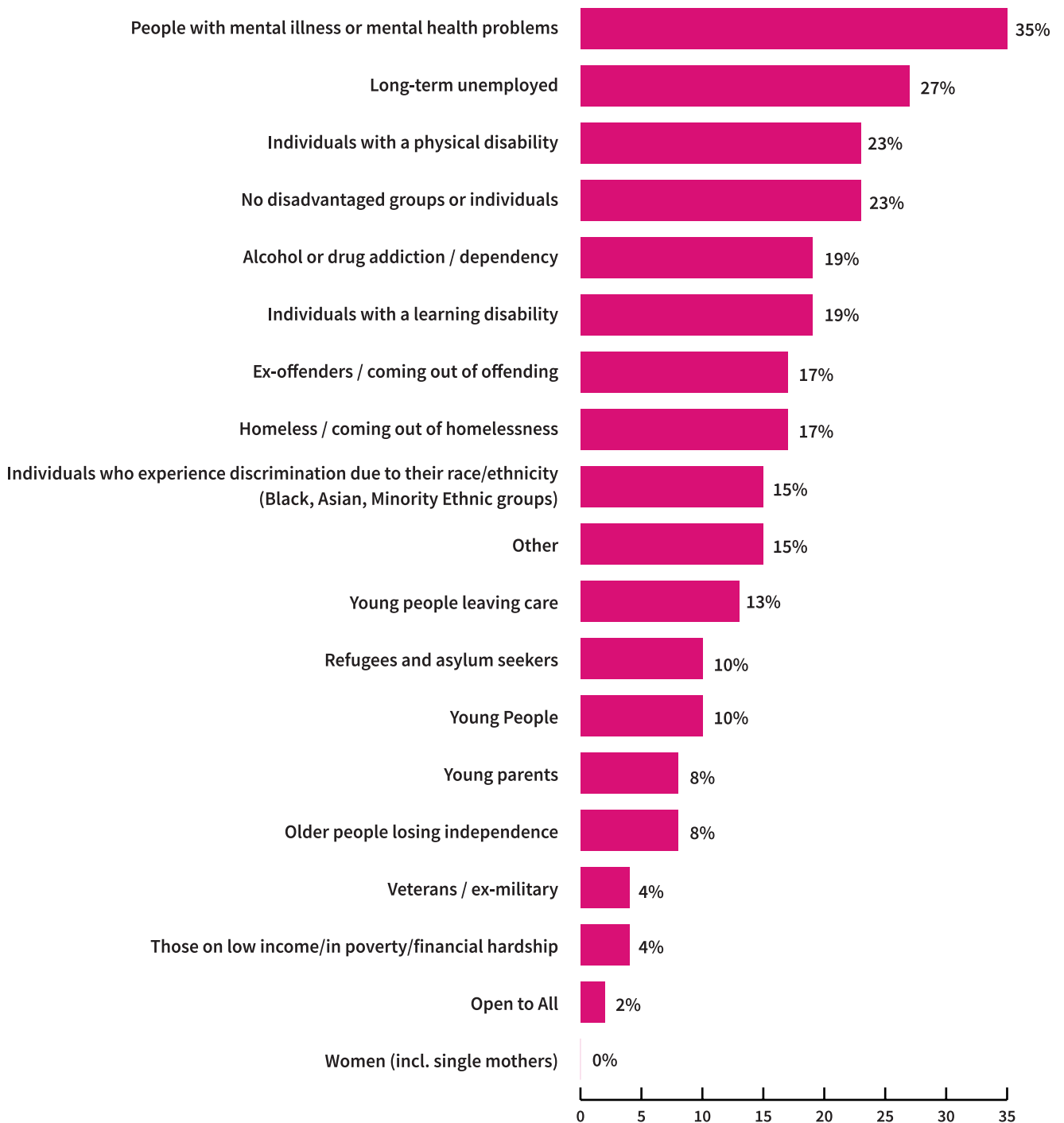
emergency. They were less focused on social exclusion, supporting other social enterprises, and supporting people who experience racial discrimination.

## Main social and/or environmental objectives



If we look at the individuals and groups that social enterprises in the region work with, there was a slightly higher focus than elsewhere on alcohol and drug addiction, long-term unemployment and ex-offenders – and less on racism, older people and women.

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

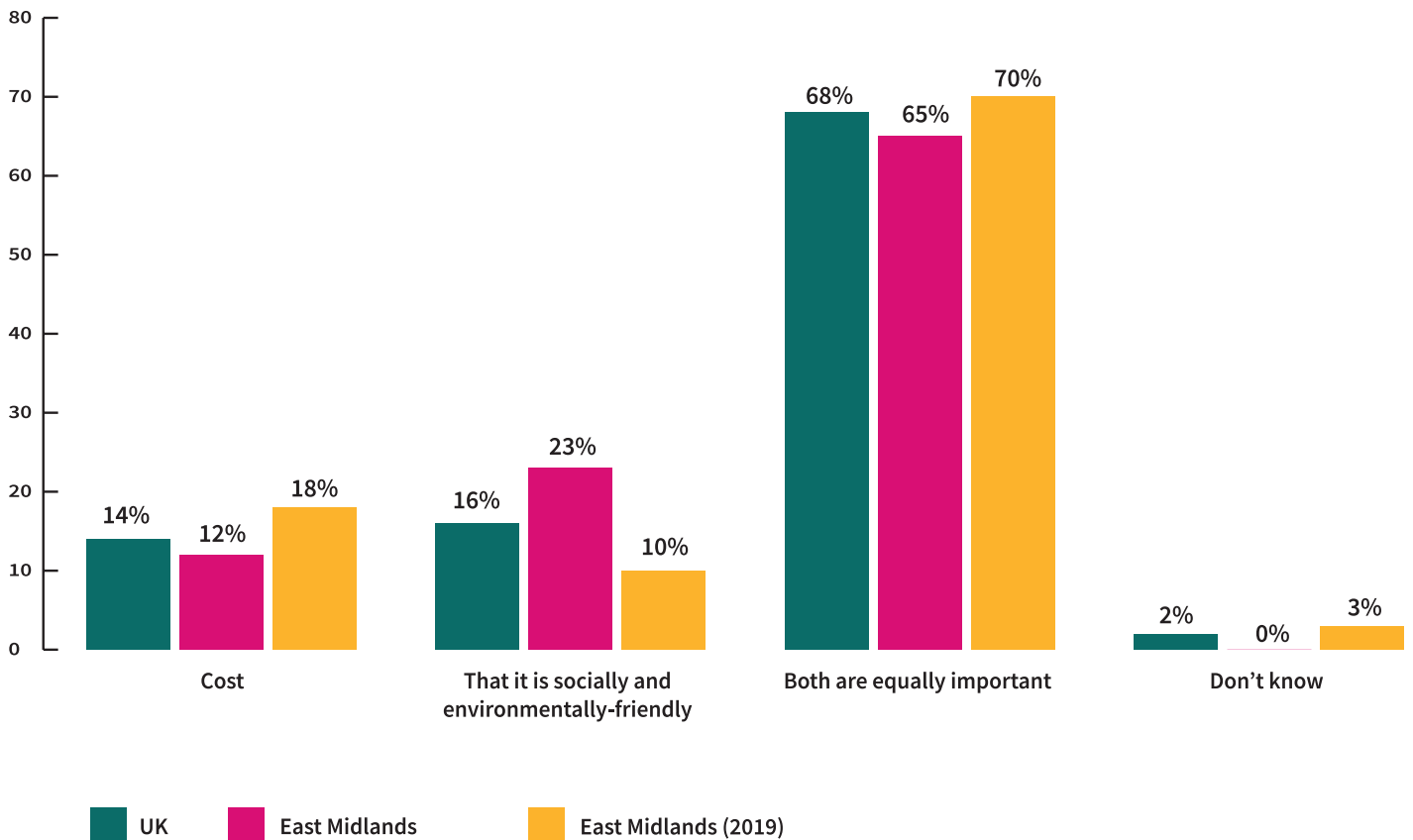


## Environmental impact

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

Social enterprises in the East Midlands were more likely to prioritise social/environmental factors over cost in procurement than the UK average. This is a significant shift from 2019, indicating a change in priorities is taking place at a faster pace here than elsewhere.

### Procurement prioritisation



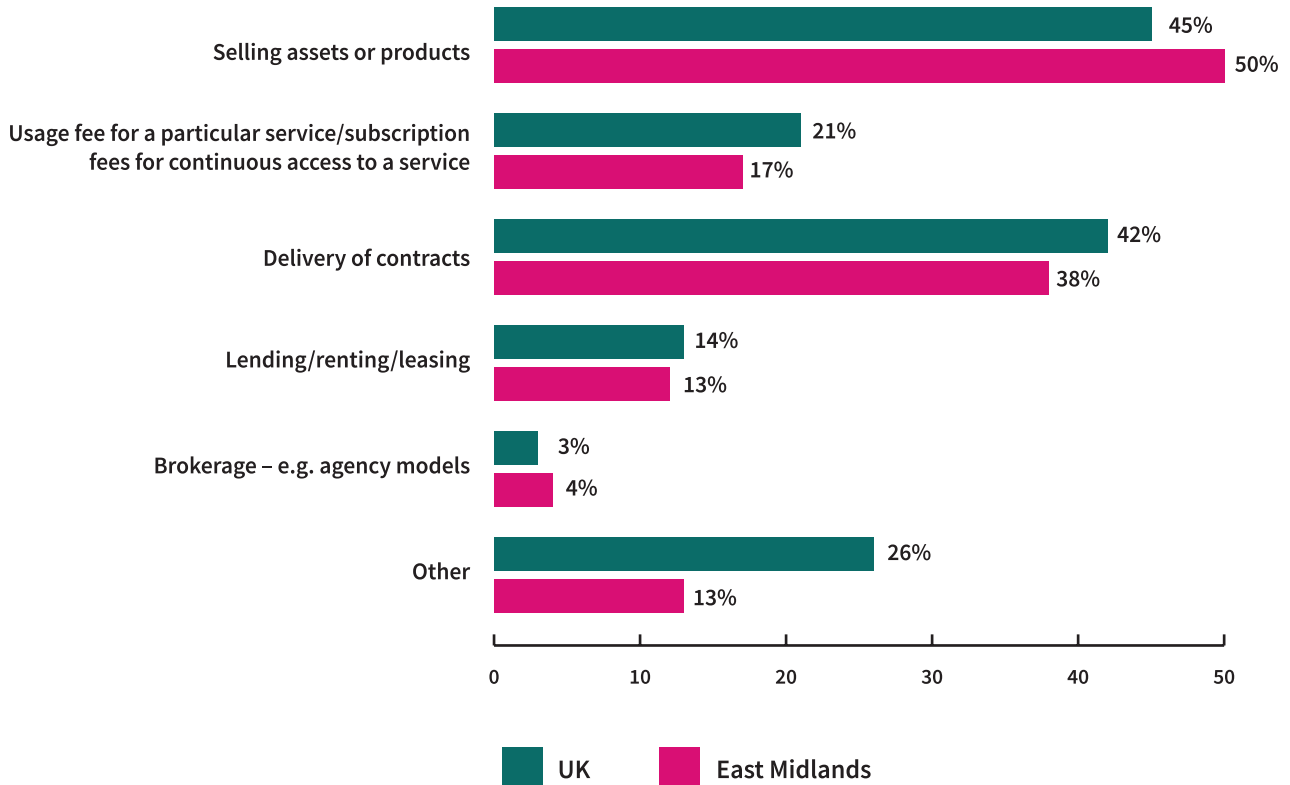
A far higher proportion of social enterprises in the East Midlands than UK-wide have embedded tackling the climate crisis into their constitutions or articles of association (52%, compared to 35% nationwide). Fewer say that they have no plans to make any formal commitment to addressing the climate emergency (12%, compared to 17% nationally). Nearly two-thirds of East Midlands social enterprises (62%) have a codified plan or commitment to address climate change, compared to just under half for the UK as a whole (49%).

# 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.

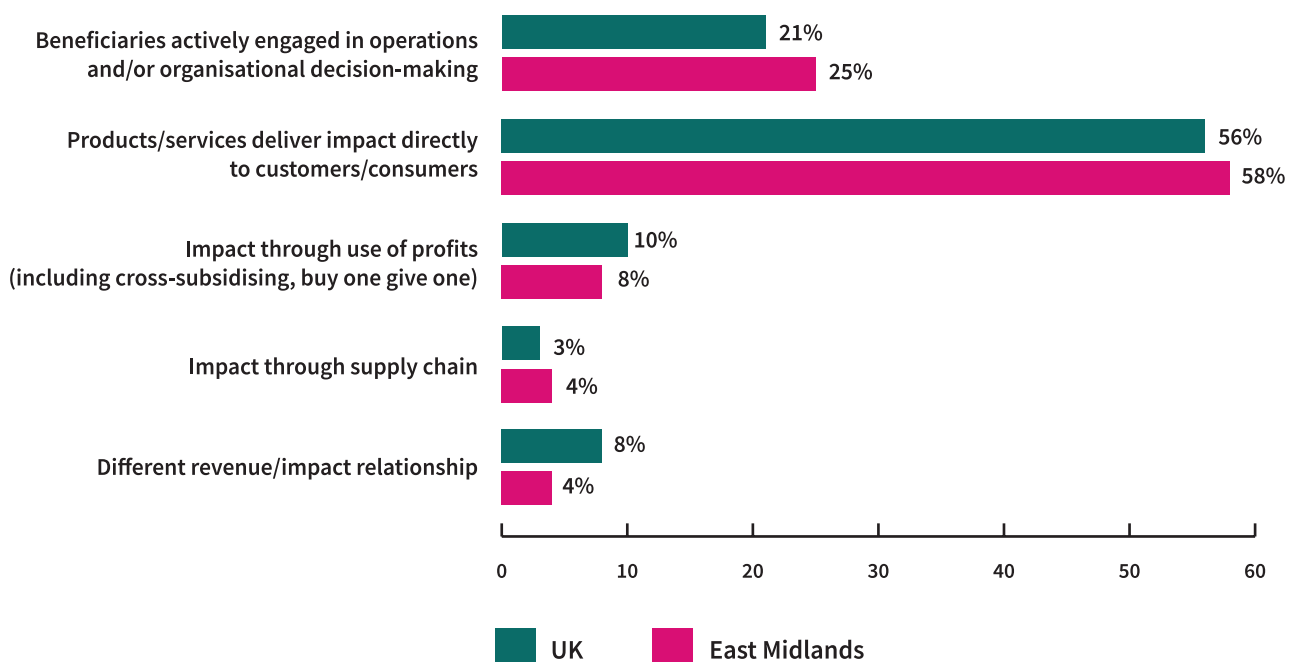
In the East Midlands, social enterprises were more likely than the UK average to sell assets or products and less likely to be relying on contract delivery or usage fees for income generation.

## Revenue generation model



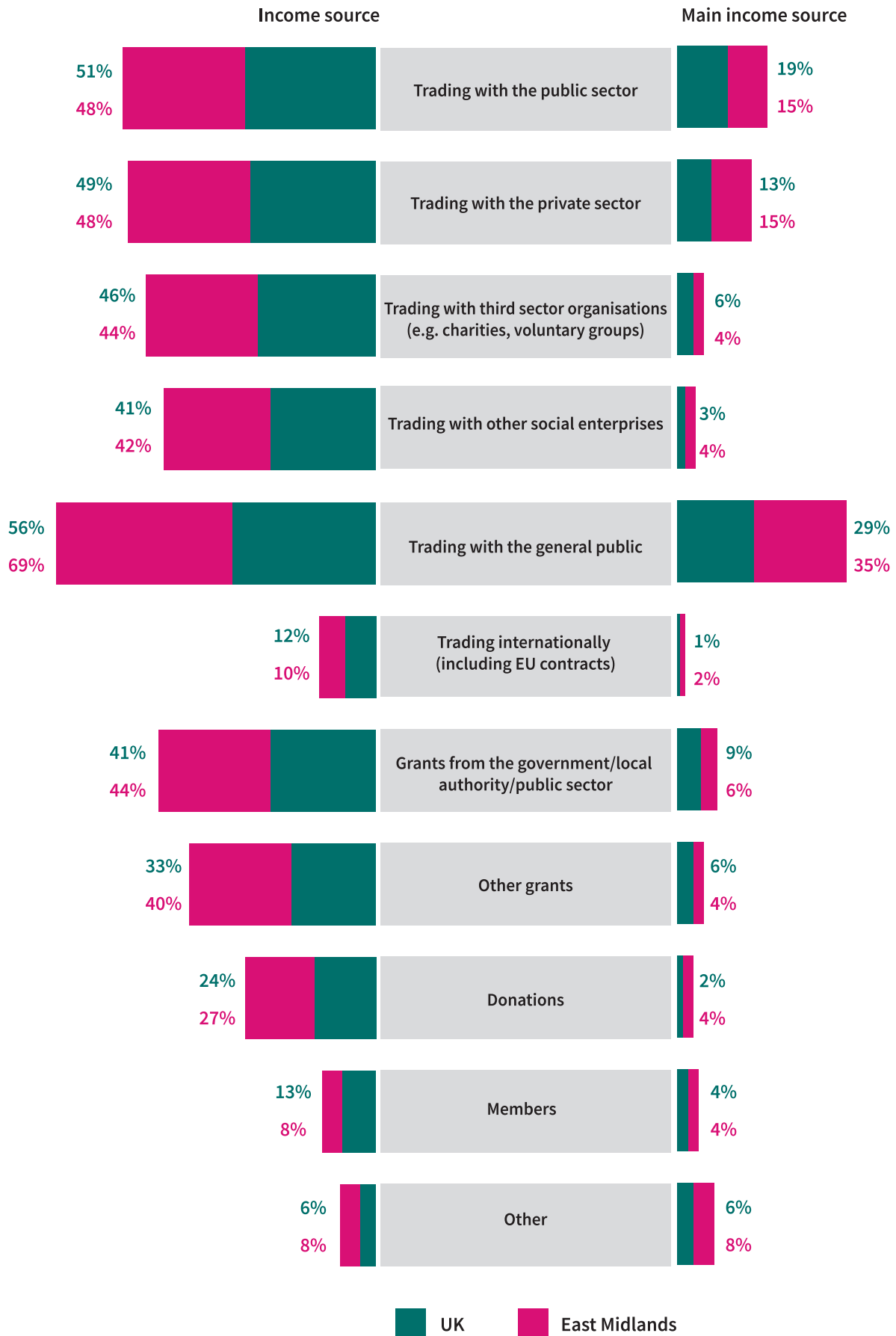
As across the country, using products and services to deliver impact directly to customers and consumers was the most commonly cited link between revenue generation and mission. This was followed by engaging beneficiaries in operations.

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



In terms of where social enterprises generate income, a significantly higher proportion of social enterprises in the East Midlands trade with the general public than is the case UK-wide. There was also higher engagement with grants. However, social enterprises here were less likely to generate income from trading with the public sector, including as a main source of income.

### Income generation



# Workforce Demographics and Staff Engagement

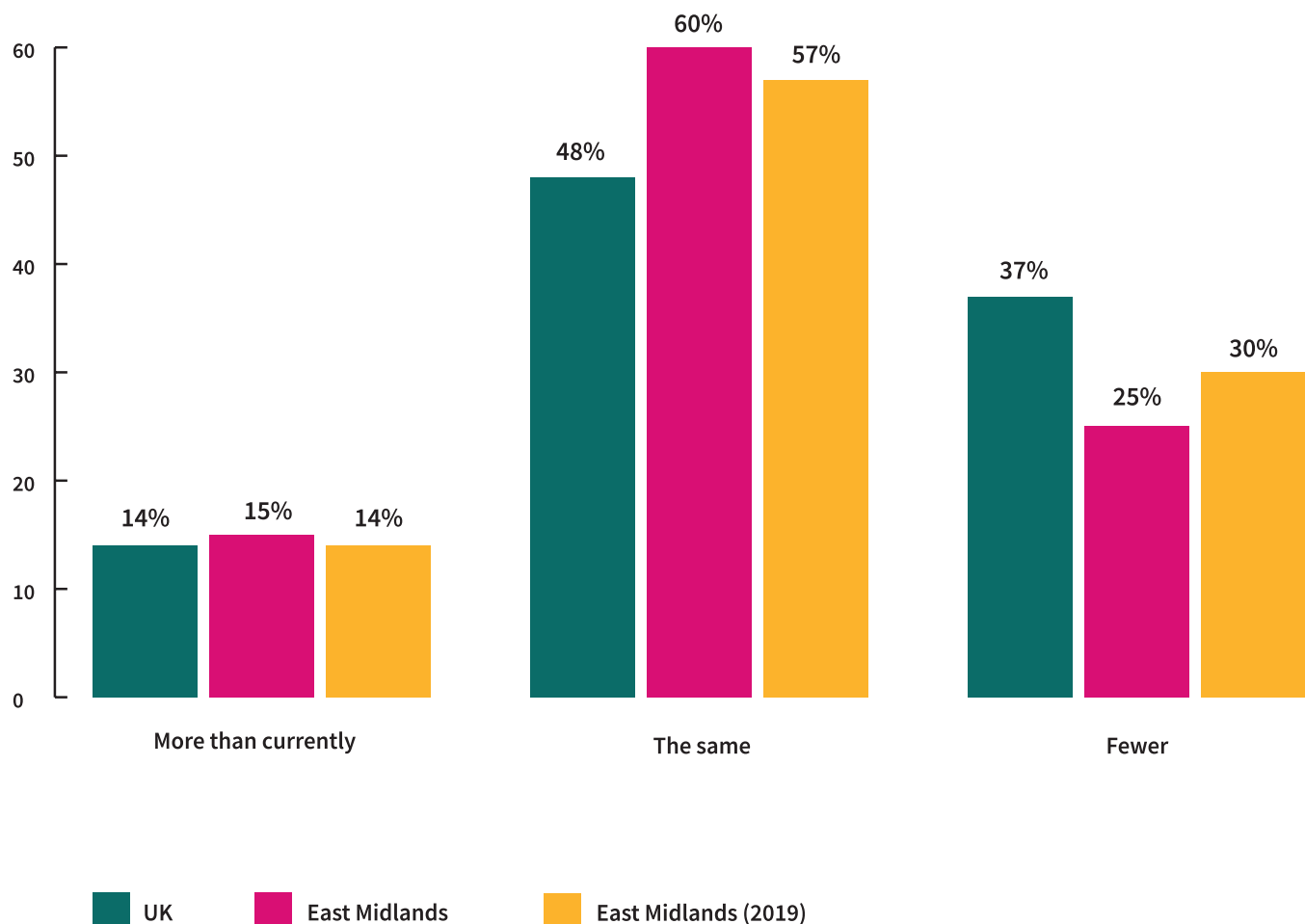
As well as average turnover being lower, social enterprises in the East Midlands had fewer staff: on average 34 paid employees, compared to the UK average of 128. A higher proportion had no employees (25%, compared to 16% nationally).

Of those that employ paid staff, only 14% had over nine who are full-time, and as only around 40% employ temporary or casual staff, we can assume that there were higher proportions of part-time staff than elsewhere.

Social enterprises in the East Midlands had proportionately more female staff (65% of the workforce, compared to 61% in the UK collectively). 14% of staff came from Black, Asian and other Minoritised Ethnic backgrounds, whereas this group made up just 10.8% of the region's population as of the 2011 census<sup>6</sup>. Slightly more social enterprises in the region had people with disabilities on their staff teams – 48%, compared to 44% at social enterprises nationwide.

Staff numbers were likely to have remained stable in the region over the last year, with fewer reductions in staff than in 2019.

## Staff compared to 12 months ago

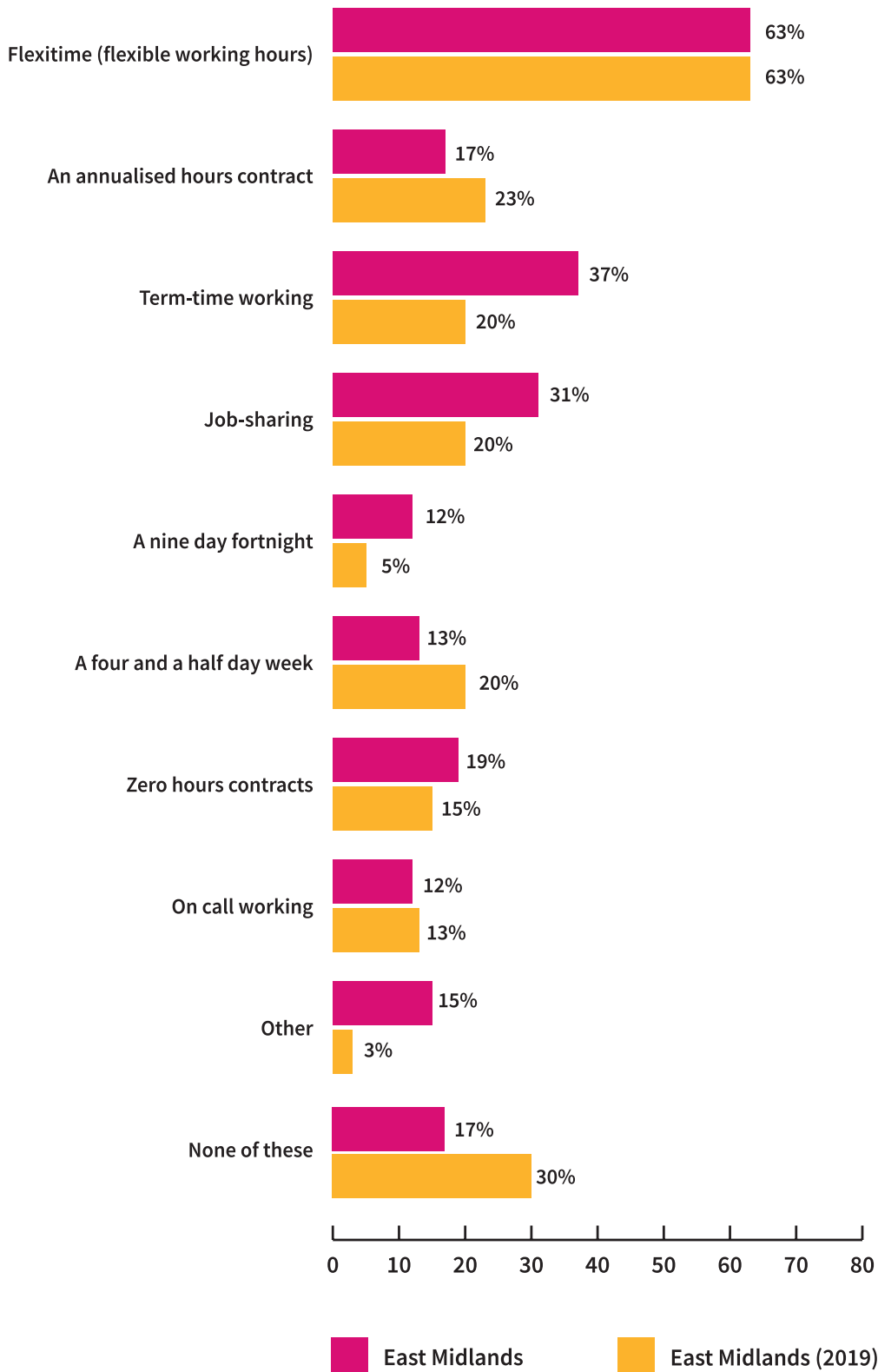


<sup>6</sup> <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest#areas-of-england-and-wales-by-ethnicity>

In terms of investing in staff, East Midlands social enterprises were slightly less likely to say that they invested in staff training and development than the UK average. Although 44% said they were investing to a large extent, 10% weren't investing at all.

Flexible working arrangements have become significantly more prominent due to the pandemic. In the East Midlands, there was a considerable increase in term-time working, job-sharing and the nine-day fortnight, as well as zero-hours contracts.

### Working hours arrangements for employees

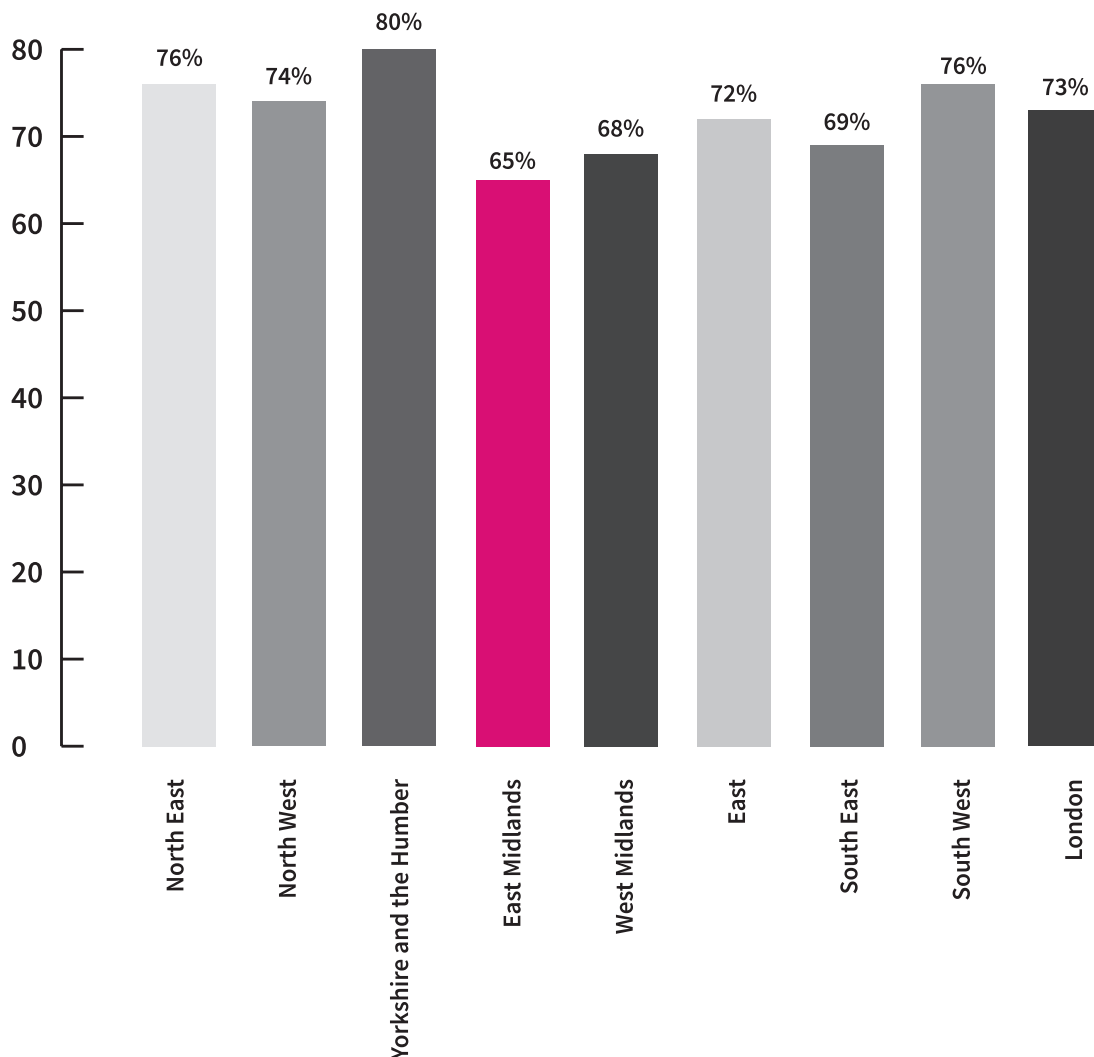


There was a lower likelihood of being paid the Living Wage <sup>7</sup> in the East Midlands, with 7% fewer social enterprises paying compared to the country as a whole, although the proportion that said they didn't pay it has decreased slightly since 2019. This was one of the lowest across the UK, along with the West Midlands and South East. Living Wage payment decreased across the entire economy in the last year. But we can estimate from SOSE data that social enterprises are still more likely to provide Living Wage jobs than other employers across all regions of the UK.<sup>8</sup>

### Proportion of Social Enterprises Paying the Living Wage



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



<sup>7</sup> 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 writing, the living wage was £9.90 for the UK, except London where it was £11.05. <https://www.livingwage.org.uk/>

<sup>8</sup> <https://livingwage.org.uk/news/4.8-million-jobs-uk-pay-below-real-living-wage>



# Leadership Demographics

Social enterprises in the East Midlands were far less likely to be led by women compared to the UK average – and compared to all other regions. There was a higher proportion of Black social enterprise leaders in this region compared to UK social enterprises as a whole and compared to the region’s population, based on 2011 census data<sup>9</sup>. Nationwide, social enterprises led by men and those led by White people were more likely to have higher turnovers. In the East Midlands, all social enterprises that reported a turnover higher than £1million were led by White people, 75% of whom male.

## Leadership demographics

	UK	East Midlands	FTSE100	SMEs
Male	47%	54%	94%	79%
Female	47%	29%	6%	16%
White British	74%	61%		84%
White Other	7%	5%		6%
Asian or Asian British	4%	5%		2%
Black or Black British	6%	10%		*%
Other including Mixed heritage	2%	7%		3%
ALL racialised communities			6% (2020)	5%
16 to 24	1%	0%		
25 to 44	32%	37%		
45 to 64	53%	39%		
65+	8%	12%		
Disability	11%	12%	0%	No data
No disability	82%	73%	100% <sup>10</sup>	No data

When looking at salary, social enterprise leaders in the East Midlands earned less than the average for the UK. The median salary of the highest earner in an organisation was £23,400 here, compared to £28,000 for the UK as a whole.

<sup>9</sup> Based on the 2011 census data 1.8% of the East Midlands population is Black (compared to 10% of social enterprise leaders here).

<sup>10</sup> <https://www.peoplemanagement.co.uk/news/articles/no-ftse-100-executives-or-senior-managers-have-disclosed-a-disability#ref>

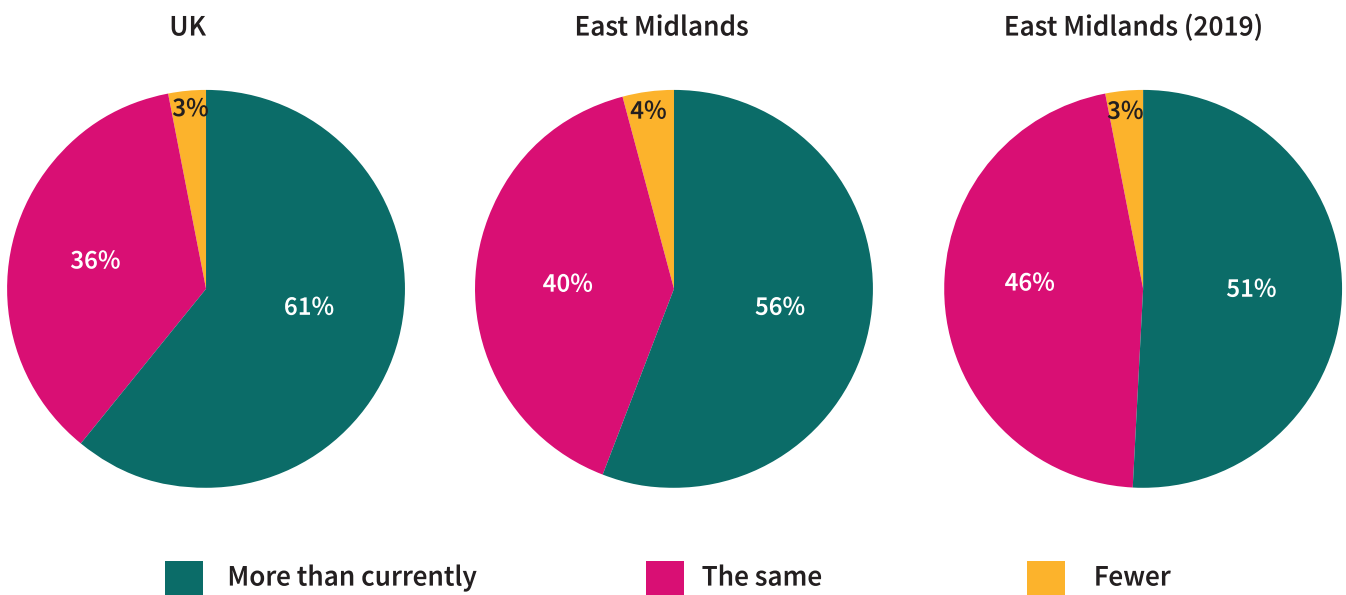
# Growth trends

We ask a number of questions about growth trends through the survey. Social enterprises in the East Midlands were slightly less optimistic about growing their workforces than the UK average, with a higher proportion expecting staff numbers to remain static. However, more staff growth was expected over the year ahead than was the case in 2019 – well over half of social enterprises in the region expect to grow their teams.

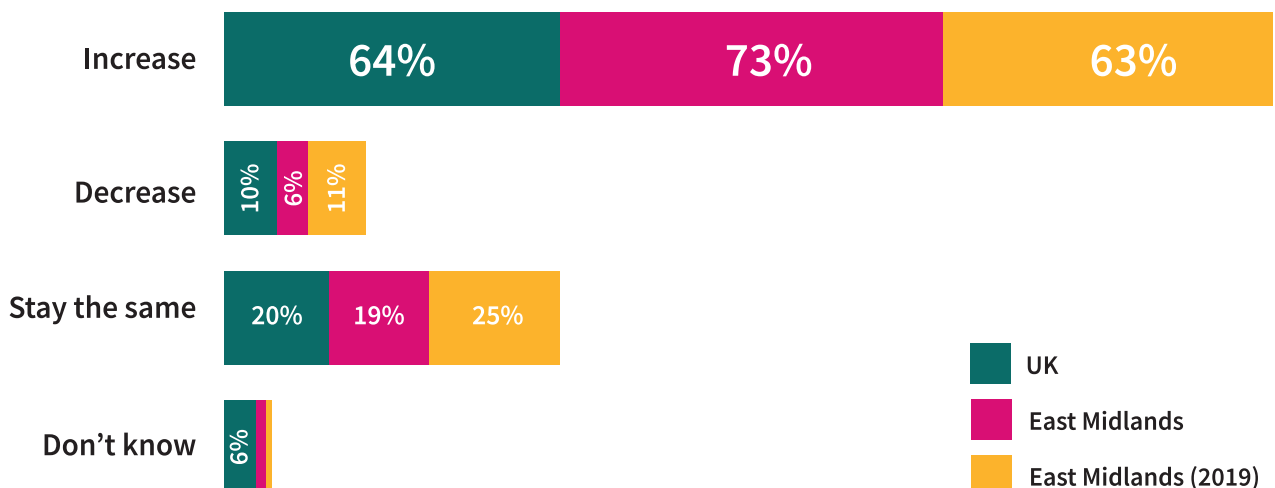
Social enterprises in the region were significantly more likely than counterparts UK-wide to anticipate turnover growth in the year ahead, with almost three-quarters expecting to grow. This was 10% more than pre-crisis in 2019.

While 73% expected to make more money only 56% expect to employ more staff. This could be due to a move towards less labour-intensive delivery methods (e.g. automation) or that despite expecting more turnover, they were still cautious about recruitment or expect existing staff to achieve higher productivity or increase their hours.

## Workforce size expectations for the next 12 months



## Turnover expectations for the next 12 months

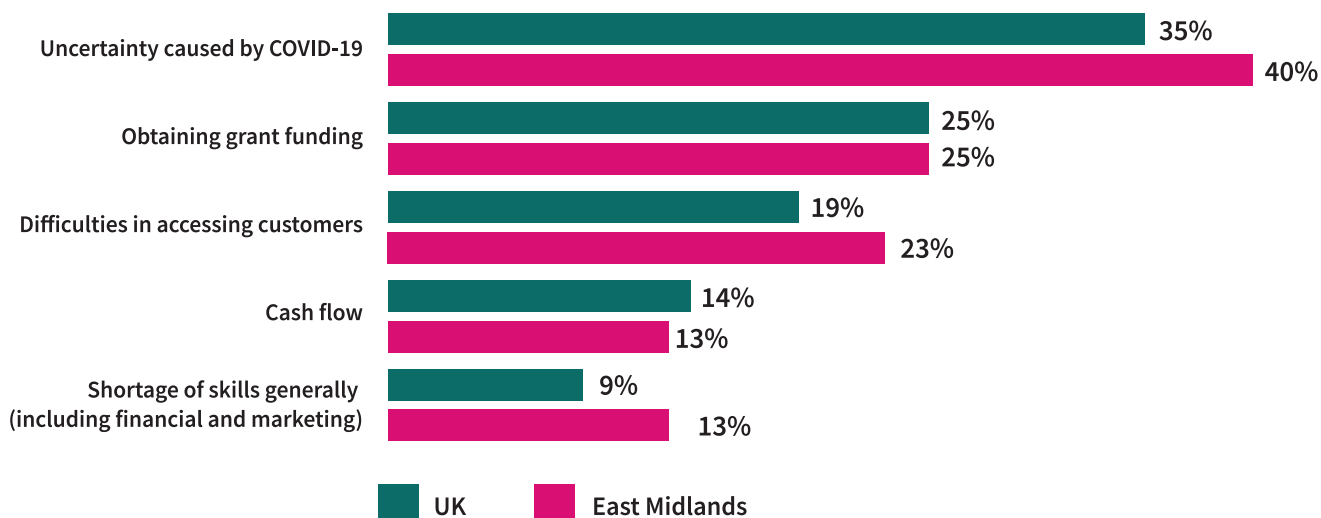


We asked social enterprises what actions they have taken in the previous 12 months to sustain and grow their businesses. In the East Midlands, social enterprises were particularly likely to have diversified or expanded into new geographies or different customer markets (13% more so than the national average). However, they were slightly less likely to have created new products and services overall (52% developed innovations new to their organisation, compared to 61% UK-wide). Twice as many social enterprises in the East Midlands as nationally said they had replicated or franchised their business in the last year (8%), and 10% more won

business as part of a consortium. 7% less sought investment for growth.

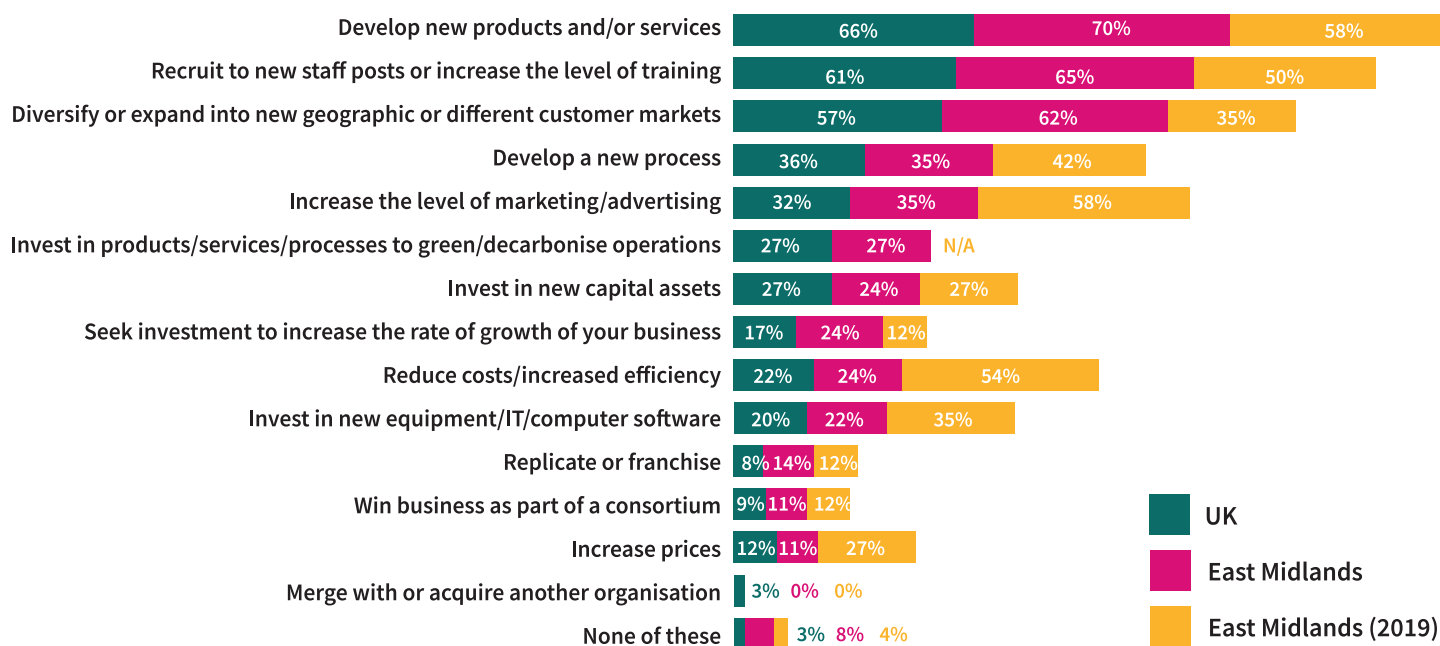
The survey asks what social enterprises saw as their top three barriers to sustainability and/or growth. COVID-related uncertainty was the most prominent concern in the East Midlands, and one of the top three barriers for more social enterprises here than on average nationally. Social enterprises here were slightly less concerned about recruiting staff than the UK average (6%, compared to 10%) but more concerned about skills shortages.

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



Regarding future growth, we asked respondents who expect their turnover to grow how they envisage achieving this. Over two-thirds of social enterprises in the East Midlands expected to develop a new product and/or service in the year ahead – significantly more than in 2019, and almost as many planned to recruit staff or increase training. There was also a higher expectation in this region compared to the UK average to seek investment to increase the growth rate of businesses, and to replicate or franchise.

**Growth plans**



# Finance

The final set of survey questions relate to funding and finance. Overall, social enterprises in the East Midlands were slightly more likely to have considered applying for external finance, but somewhat less likely to have actually applied in the last year, compared to the UK average.

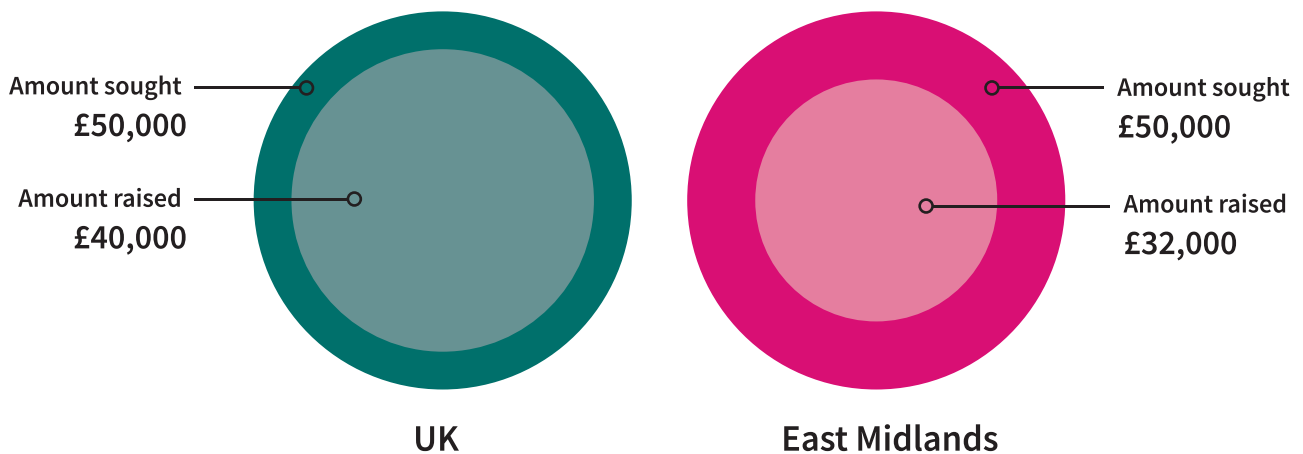
## Summary of interest in external finance



Of those that decided not to apply for finance, nearly a third said this was because they didn't require it. Over a fifth said that there was a lack of finance offering suitable terms or products; that they didn't know where to find appropriate finance; or that they or their board/trustees didn't want to take additional risks. All three factors were more prevalent in the East Midlands than across the UK collectively.

Where they were looking for finance, social enterprises in the East Midlands applied for the same median amount as social enterprises UK-wide. However, they were comparatively unsuccessful in raising the amounts they sought.

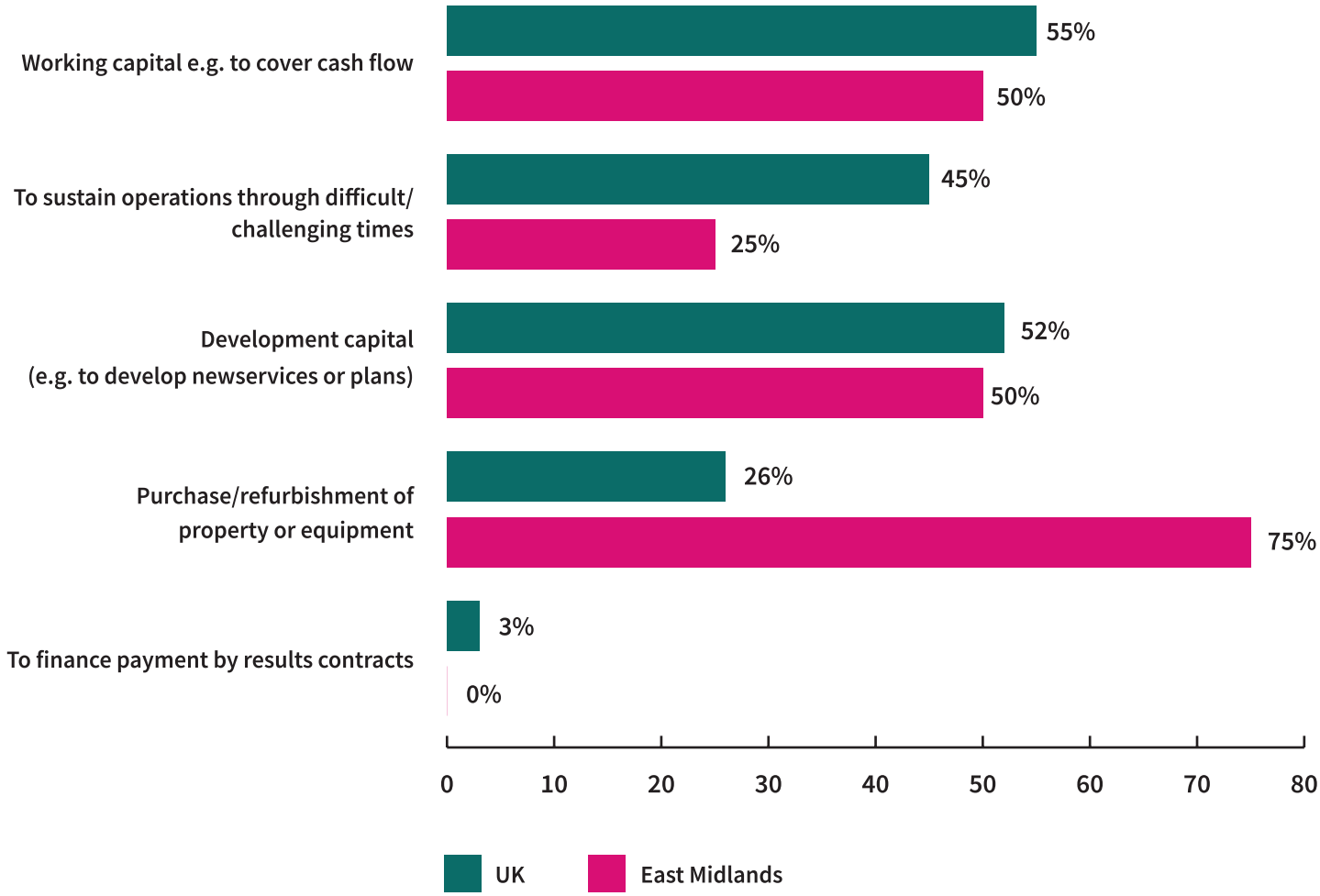
## Amounts of finance sought and raised



As for the forms of finance applied for, East Midlands social enterprises were slightly more likely than the UK average to have applied to specialist social investment organisations or to have turned to friends or family. They were significantly less inclined to have sought government or local authority funding, or funding from grant-making trusts and foundations, than the national average.

The most common reason for seeking finance in the region was to purchase or refurbish equipment or property. Fewer social enterprises here were looking for working capital or finance to sustain operations compared to responses for the UK as a whole.

**Purpose of finance or capital sought**



Social enterprises here were likely to say that they disagreed with the statement ‘the amount of external finance available to my organisation is sufficient’ – 41% disagreed, compared to 35% UK-wide. A third (33%) said that they don’t think their organisation has the ‘financial, marketing and business skills required to obtain external finance and investment’ (compared to just 25% on average for all social enterprises in the UK). We can’t tell from the data whether this is due to a lack of guidance in the region or because social enterprises here are less likely to access available support.



## Case Study: Wings and Radicles

Bees are the unsung heroes of the planet, vital for humanity's food security and biodiversity. Over 75% of crops rely on pollinating insects yet in the UK wild bees and hoverflies are in decline.<sup>11</sup>

Raising the importance of bees, their environmental importance, and the positive mental health potential of beekeeping is the inspiration behind Wings and Radicles – a social enterprise set up in August 2020 by young social entrepreneur Rachel Sampara, which also seeks to break down the class and racial barriers within beekeeping.

Coming from a working-class background herself, Rachel wants Wings and Radicles to not only provide education but promote inclusion and break-down the barriers to what is generally quite an elite occupation. Revenue from running bee-keeping workshops with members of the public help support programmes for minority groups and people from less affluent socio-economic backgrounds.

Rachel stumbled into the world of beekeeping after signing up for a beekeeping course run by Blackburne House, a Liverpool-based social enterprise which runs a series of programme supporting women from the local area. When signing up for the course she was experiencing mental health issues but on joining the first training session the “rest of the world melted away” as she focused on the tasks at hand. She eventually became a teacher on the course and it inspired her to set up Wings and Radicles.

<sup>11</sup> <https://www.bbc.co.uk/news/science-environment-47698294>

Initially based in Liverpool, Rachel moved to Northamptonshire where the business is now based. The social enterprise is early stage, and has hindered by the COVID pandemic which made it extremely difficult to make connections and build a network of support. However, Rachel has ambitious plans to grow the business. She has already started to deliver workshops and is forming connections with local charities and support organisations, working with them to highlight the mental health benefits of beekeeping to the people they support. Rachel believes that there is a good network of social enterprises in the East Midlands who help each other.

Wings and Radicles also have an online shop selling products made from beeswax all handmade by Rachel herself using wax mostly from the bees in her own hive. This includes food wraps, lip balm and wax melts. All money from sales is reinvested back into the business.

Wings and Radicles are symbolic of the desire of many social enterprises to tackle both social and environmental challenges, showing how even smaller businesses can look to create positive impact for both people and planet.

*Based on an interview with Rachel Sampara*

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