

South East: Trading with the public, high level income from trading

State of Social Enterprise 2021
in the South East



Social
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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

South East Headline Findings

Our research found that social enterprises in the South East:

- Are less grant reliant compared to the UK average. Social enterprises here generated 84% of their income through trading in the last year, were less likely than the UK average to generate income through grants, less concerned about grant income and less likely to have applied for grants.
- Had a high average turnover of over £3 million. Turnovers were less likely to have grown in the last year however, and social enterprises in the region were less likely to have made a profit or surplus in the previous financial year compared to the UK average.
- Tended to operate beyond their local and regional base. Nonetheless nearly two-thirds actively involved external stakeholders such as beneficiaries and the local community in organisational decision-making.
- Lack the climate engagement of other regions. Although over a fifth of social enterprises here had addressing the climate emergency as their main mission, social enterprises in this region weren't as committed to action on climate as the UK averages for social enterprises.
- More said that they had no plans to codify any commitment to address the climate crisis and fewer had installed energy efficiency measures in the last year. There has, however, been a decrease in the proportion that prioritise cost over environmental factors in procurement since 2019.
- More likely to trade with the general public compared to the UK average. This was the main source of income for over a third of social enterprises in the region.
- Social enterprises in the South East have relatively modest average staff sizes compared to their average turnover, although there are strong expectations of workforce growth in the year ahead. There has been a significant decrease in the proportion offering flexible working to staff since 2019, and the proportion is lower than the UK average. Social enterprises here are also slightly less likely to offer training or to involve staff in organisational decision-making. There has also been a significant decrease in the proportion paying staff the Living Wage since 2019, and the region is amongst the least likely to do so.
- Social enterprises applied for significantly less finance, based on median figures, in the South East compared to the UK as a whole and they are comparatively unsuccessful in securing what they sought. Slightly more social enterprises here apply for finance than is the case UK-wide, and there is significant disparity within the region in terms of amounts sought and raised. However, they are particularly unlikely to seek finance from social investors compared to other regions.

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 South East region consists of the counties of Berkshire, Buckinghamshire, East Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex and cities and major urban areas include Brighton and Hove, Canterbury, Oxford, Portsmouth, Southampton, Winchester, Reading and Milton Keynes.

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.

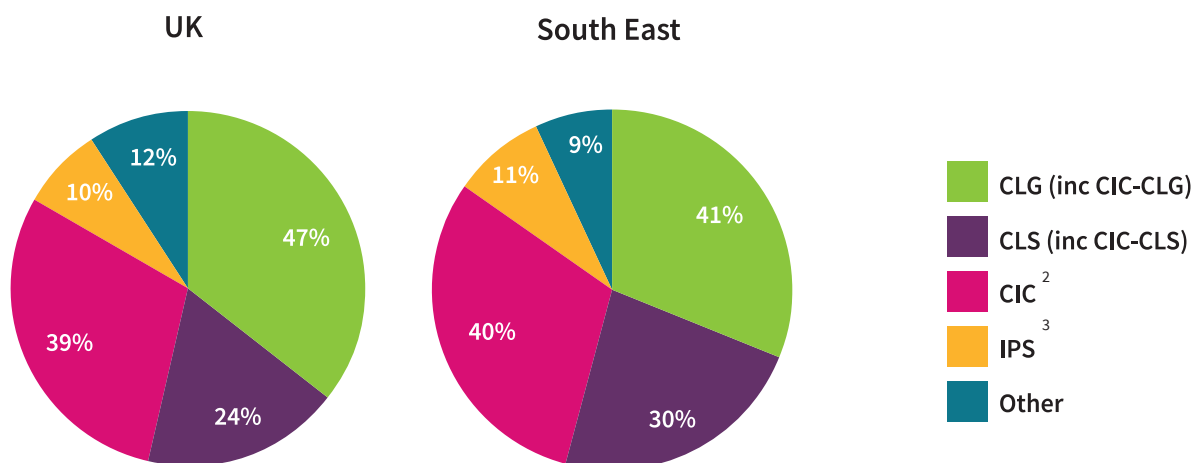
There are pockets of established social enterprise activity in coastal rural areas in Hampshire as well as in urban centres such as Brighton and Oxford, and newer initiatives in Solent and Ashford.

Social Enterprise Demographics

Social enterprises in the South East have been trading for an average of 10 years. 30% were established within the last three years and 14% have been running for 16 or more years. Proportionately more social enterprises here have been trading for 4 to 15 years compared to the UK average.

In terms of the legal form under which social enterprises operate, there was a slightly higher proportion of companies limited by shares amongst social enterprises in the South East compared to the UK average, with social enterprises here less likely to be limited by guarantee.

Legal status

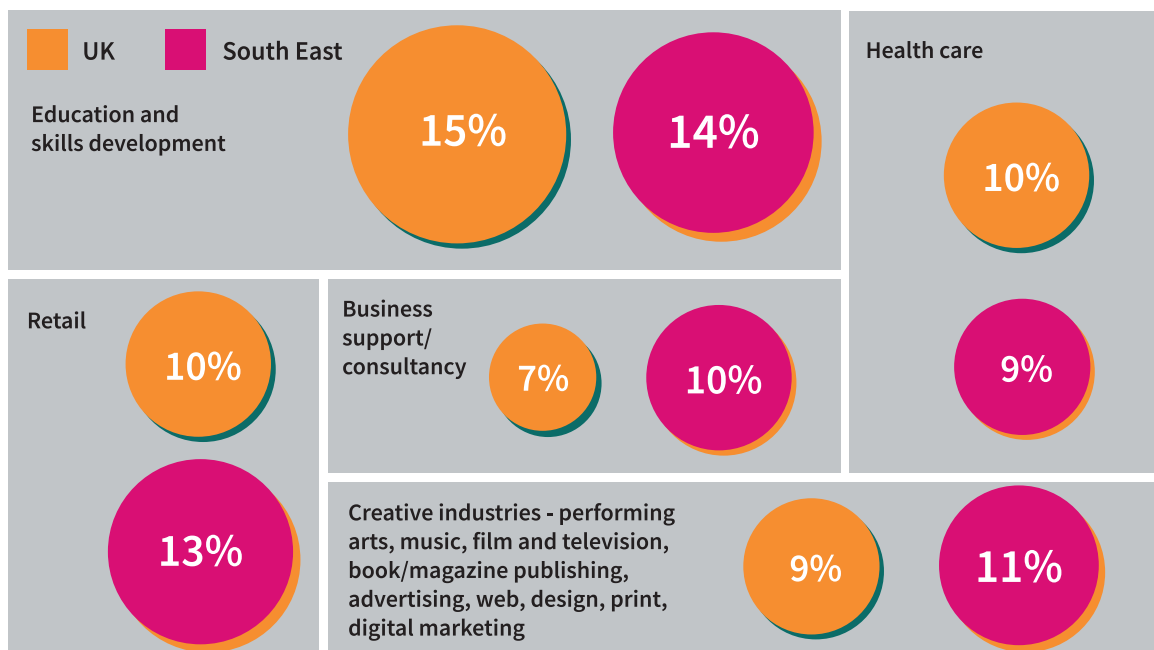


Looking at the sector of the economy that social enterprises trade in predominantly, education and skills development was the most-cited sector – as in most regions. Retail social enterprises were slightly more common in the South East, as was business support/consultancy. 5% primarily operated in the environment sector.

² 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.

³ 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.

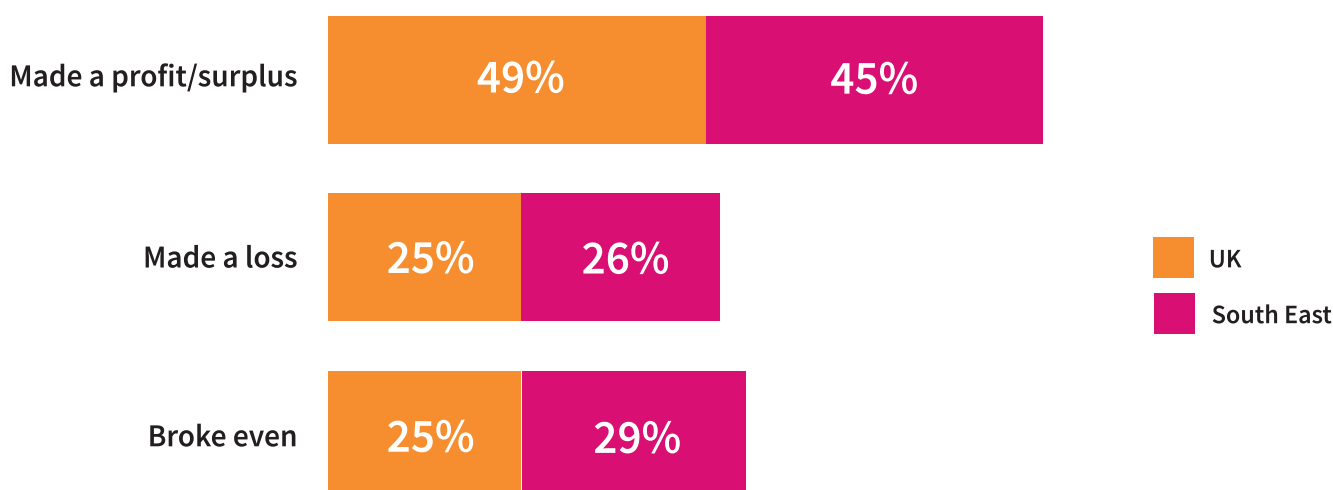
Top five principal trading activities



The average turnover for a social enterprise in the South East was £3.1 million (compared to £2.2m UK-wide), this was mainly due to a slightly higher proportion than the national average turning over £20-50 million (which may be a factor of sampling/response rates more than a reality of the region's social enterprise make-up). There were slightly more social enterprises in the South East than elsewhere that generate under £10,000.

45% of social enterprises in the South East made a profit or surplus last year, compared to 44% in 2019. It should be noted that this data reports on the financial year prior to the survey, so for many respondents could cover a time-period mostly or entirely prior to the COVID crisis.

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.

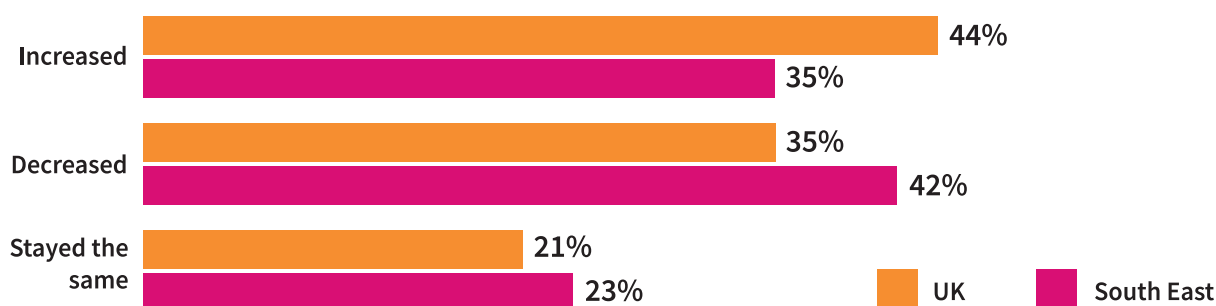
Knowing that the combination of additional grant funding and restricted opportunities for many social enterprises to secure income through their usual trading routes during the pandemic, we explored the impact this has had on the proportion of income generated through trading.

Social enterprises in the South East generated 84% of their income through trading – more than the UK average of 80%. The proportion of income generated through trading has barely declined since 2019, unlike elsewhere where it has seen a

significant drop since the last SOSE survey.

Despite this, turnover hasn't increased in the region at the same rate as the UK average. Just a third of social enterprises here saw their turnover grow in the last 12 months, and 42% saw it decrease. This could be because the higher proportion of income generated through trading meant a bigger hit due to COVID than was the case where there is more reliance on non-trading income sources such as grants.

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 coped⁴. In the South East, social enterprises were slightly more likely than the national average to have drawn on reserves. 72% changed processes or ways of working in response to the crisis and 50% changed the products or services they provide.

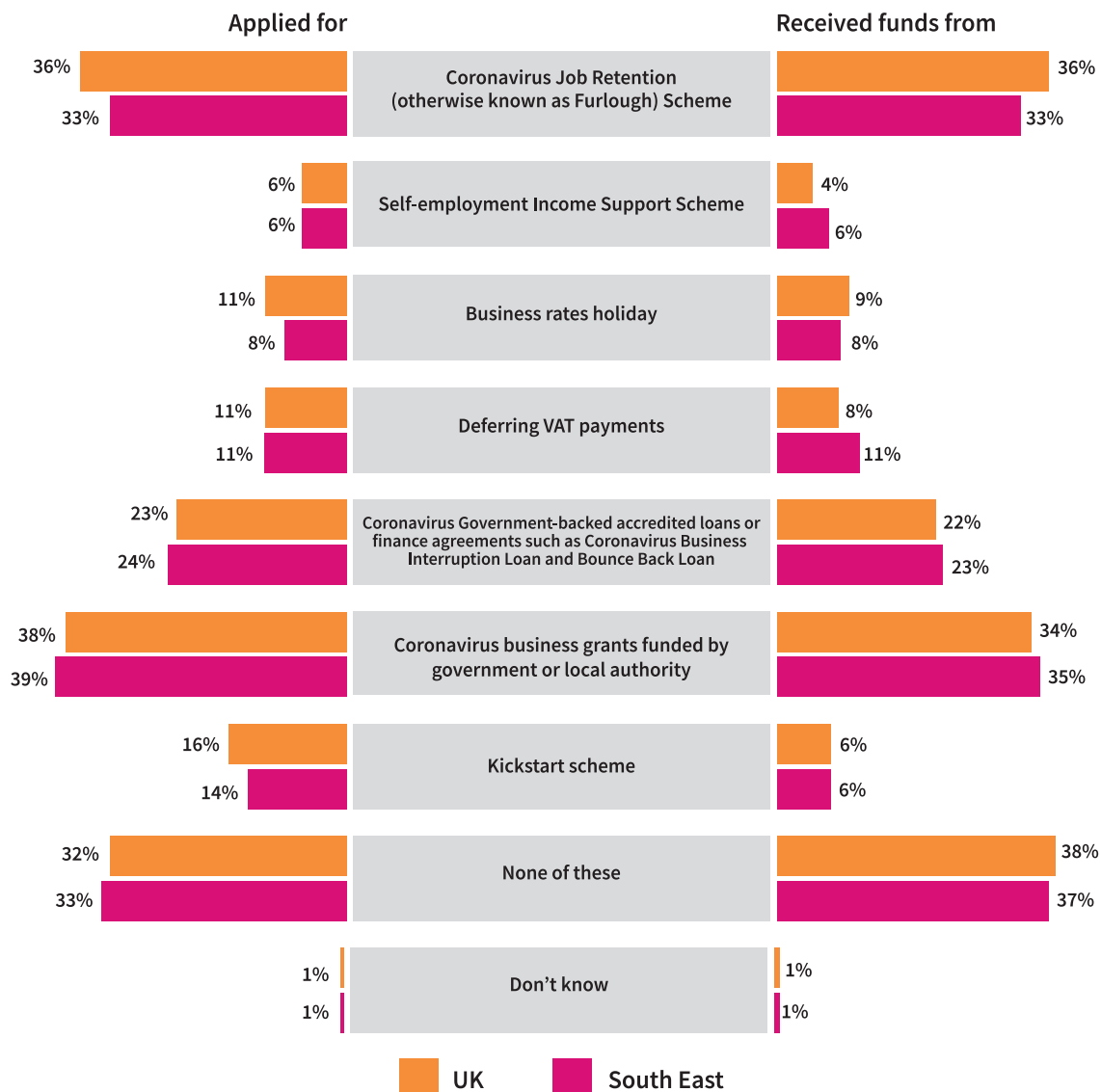
The survey asked about measures taken to cope with the pandemic that affected workforce. As elsewhere, just over half of social enterprises here provided facilities for remote working and just over a third furloughed staff. Social enterprises here were more likely than the national average

to reduce staff working hours or to move staff to new roles. They were less likely to have increased staff hours, or to have recruited new staff.

We also asked whether social enterprises had applied for COVID-19 support schemes. A third of social enterprises in the region applied to and secured funds from the furlough scheme, with a slightly higher proportion getting business grants and just over a fifth securing government-backed loans. All figures were broadly in line with the national averages.

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

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.

We asked respondents about the make-up of their Board. Social enterprises in the South East were less likely than the UK average to recruit representatives of the local community to their Boards, although they were as or slightly more likely to have employees and service users on their Board. 62% of social enterprises in the region actively involve external stakeholders such as beneficiaries and the local community in decision-making.

In terms of their reach, social enterprises in the South East were most likely to say that they operate nationally, with slightly fewer than the national average operating at a sub-regional level.

We asked social enterprises who their three most important providers of external support are. Peer networks were more important here than elsewhere, as are national membership bodies and universities. Social enterprises in the South East were less likely than the UK average to cite local government as an important source of support, nor mentors. Anecdotally, in Kent, Social Enterprise Kent no longer has a county council funded infrastructure support contract, which in turn means that most social enterprises have little or no interaction with Kent County Council and don't get support from them.

Three most important providers of external support (n=76, highest 6 reported) ⁵

National membership bodies	42%
Peer networks	36%
Grant providers	33%
Local government	24%
Mentors (formal/informal)	18%
Friends and family	17%

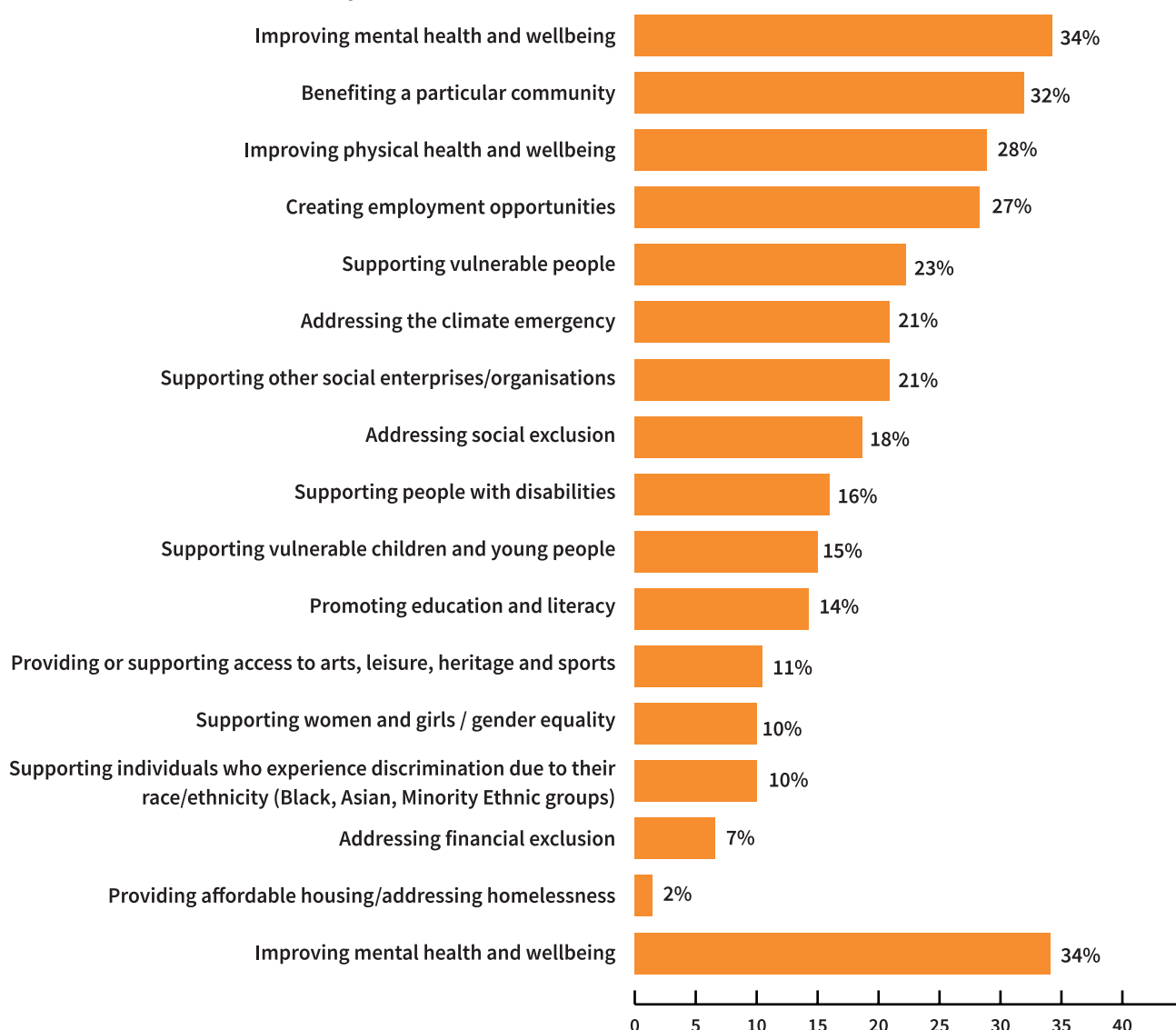
Social and Environmental Impact

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

Looking at the social and environmental objectives of social enterprises in the South East, mental health was the most-cited objective – as in most regions. Fewer social enterprises here, compared to the national average, were working on education

and literacy, social and financial exclusion, disability and homelessness. 10% of social enterprises in the South East were addressing racism as a main social objective.

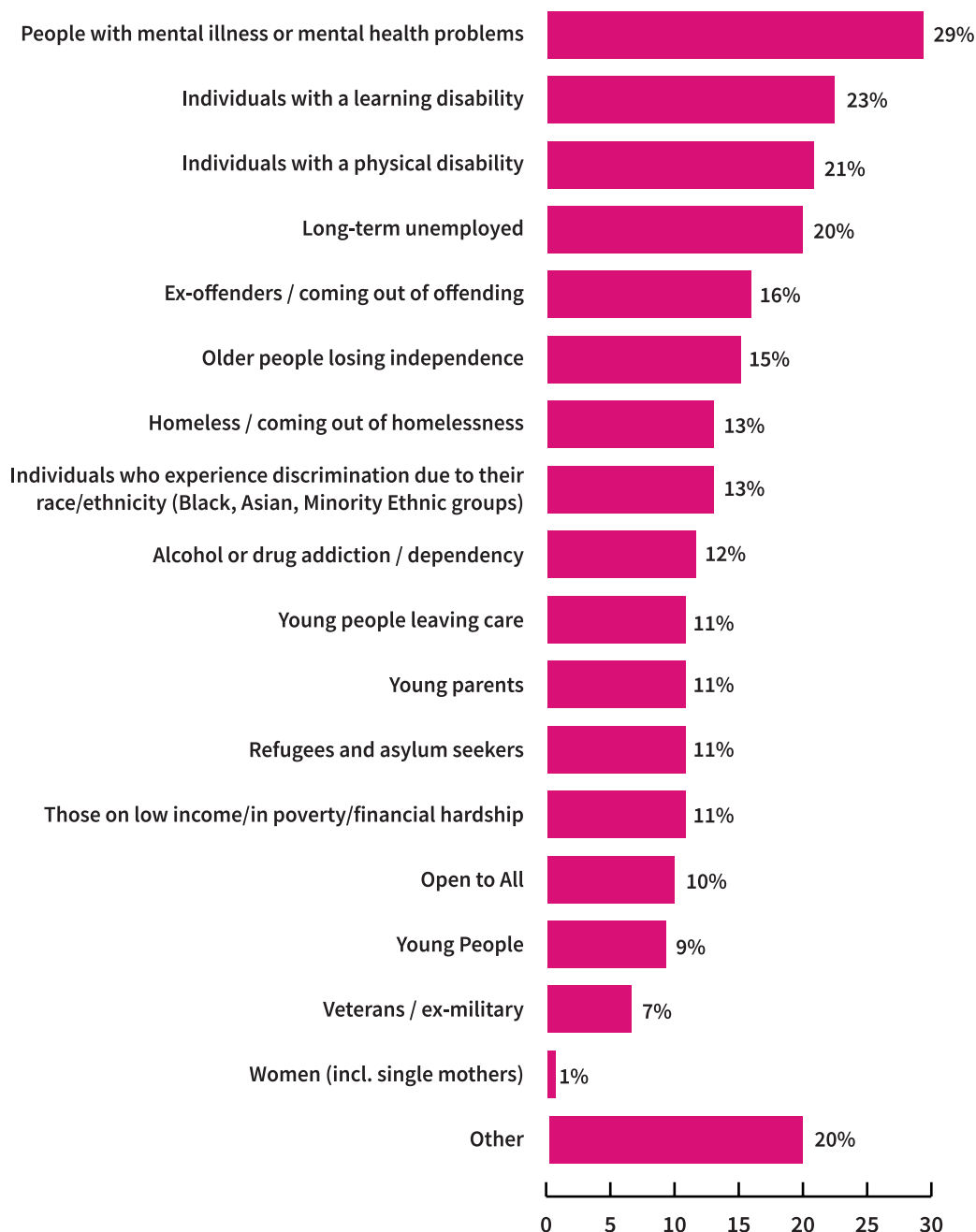
Main social and/or environmental objectives



⁵ This data was collected through a top-up survey conducted with SOSE 2021 respondents in September 2021

We also asked respondents which groups and individuals they provide services or benefits to. In the South East social enterprises were most likely to cite working with people experiencing mental illness or mental health problems. Compared to the UK average, they were more likely to be working with those on low incomes/in poverty, but less likely to be working with people experiencing homelessness or people experiencing racism.

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

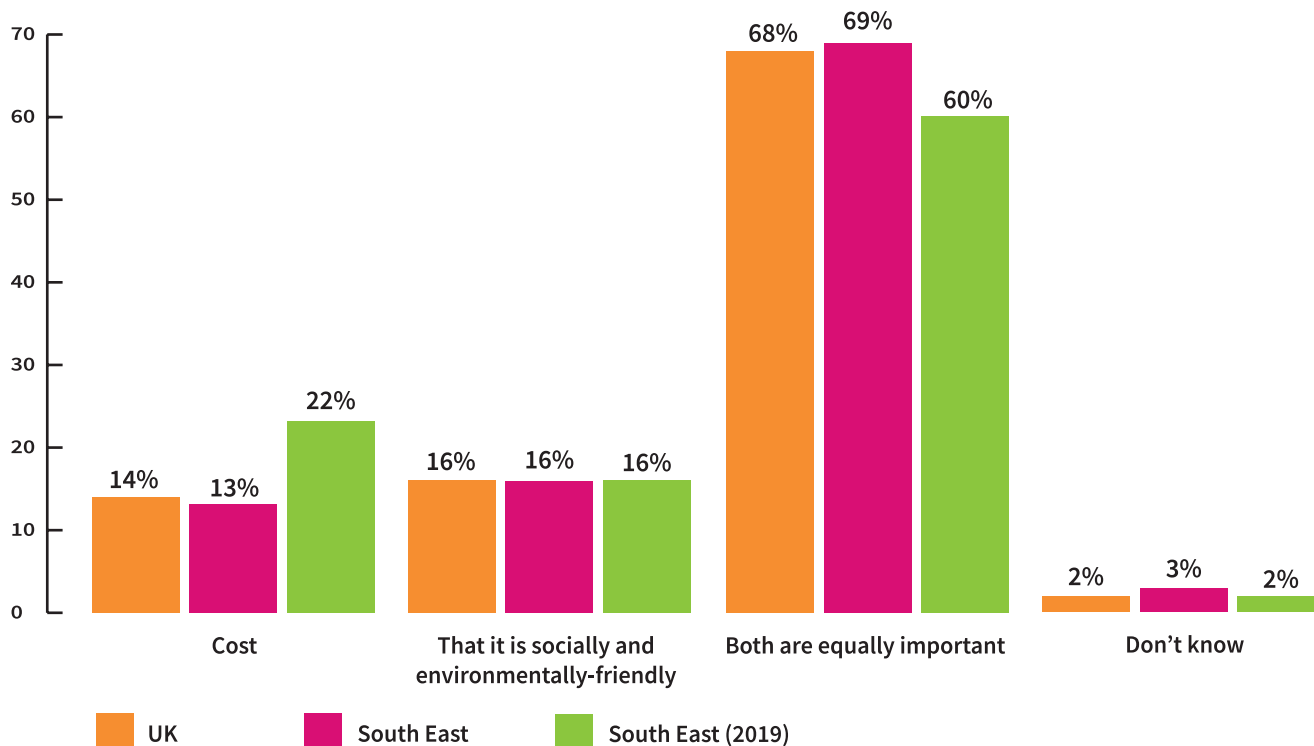


Environmental impact

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

The proportion of social enterprises in the South East that prioritise cost has decreased since 2019, although those that prioritise social/environmental factors hasn't increased.

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. 29% of social enterprises in the South East said they had done this, with a further 33% considering it. 11% had a commitment to net zero or a climate strategy. 26% had no plans to codify their commitment to address the climate emergency at the moment – this is significantly more than is the case nationally. In terms of practical actions taken, 28% of social enterprises in the region have installed energy efficiency measures in the last 12 months – less than the UK social enterprise average, but significantly more than business as a whole (13%)⁶.

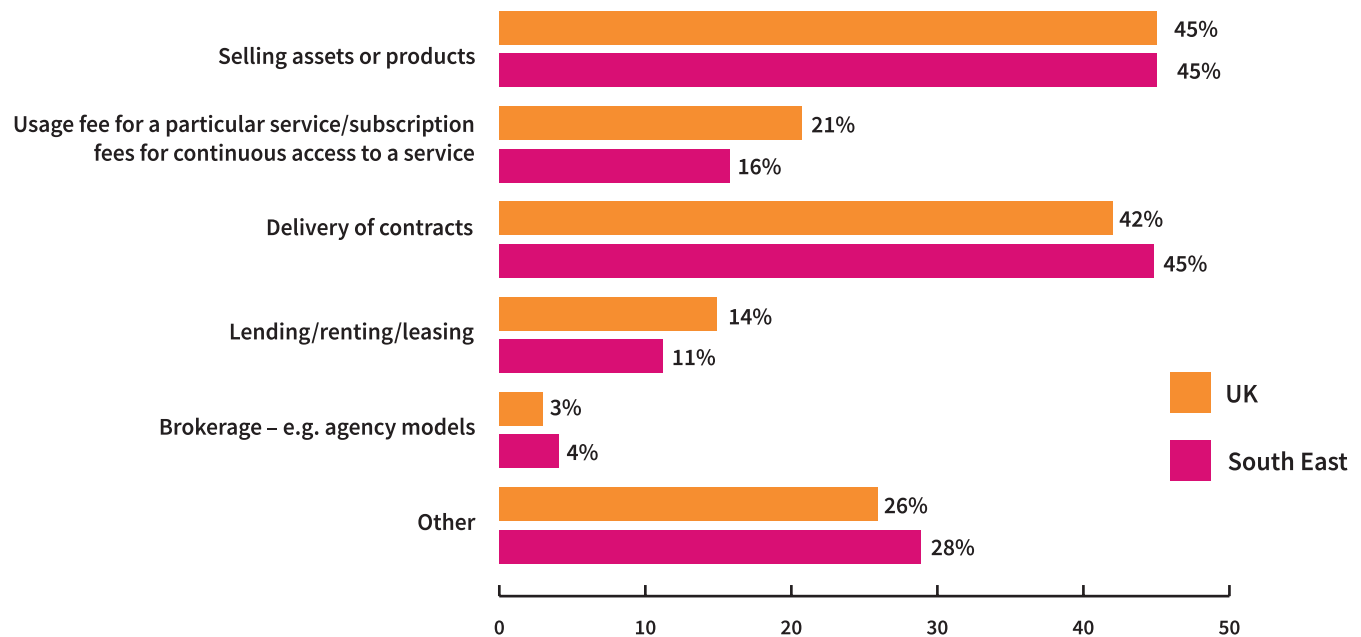
⁶ <https://data.gov.uk/dataset/efa5133a-ad72-47a3-ae9f-b4f8ab385a0c/small-business-survey>

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.

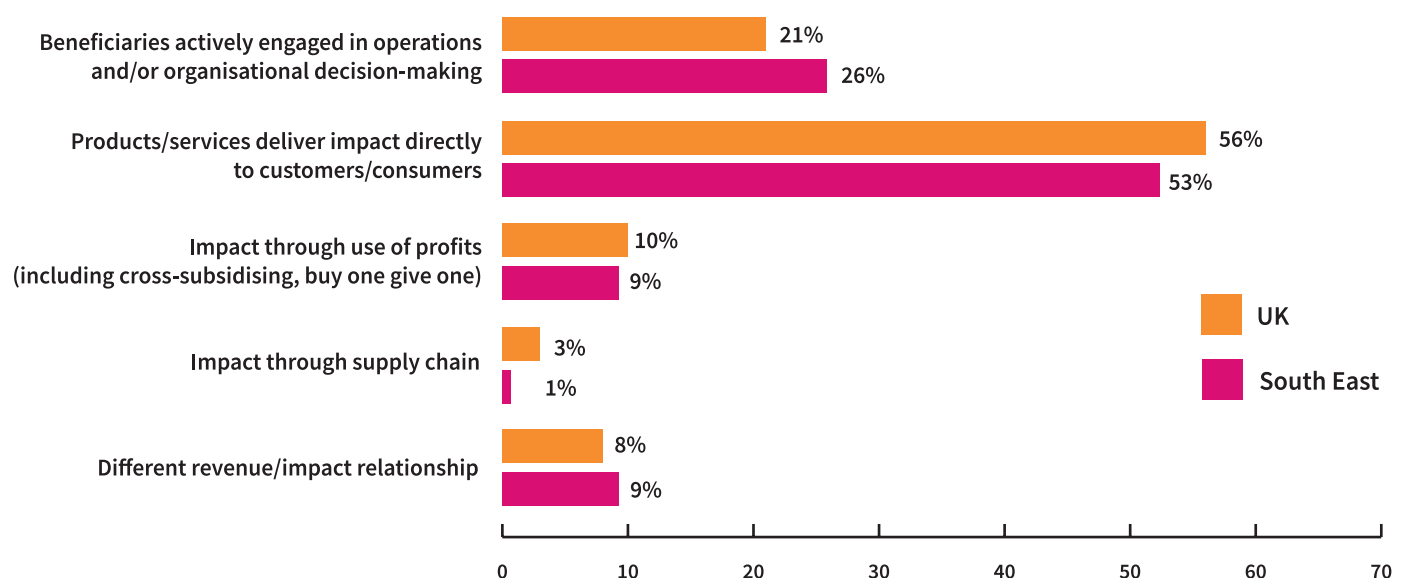
In the South East, social enterprises were equally likely to be selling assets/products or to be delivering contracts to generate revenue.

Revenue generation model



In terms of the relationship between revenue generation and mission, over half of social enterprises in the region delivered impact directly to customers/consumers through their products or services and over half saw their impact as coming through beneficiary engagement in operations.

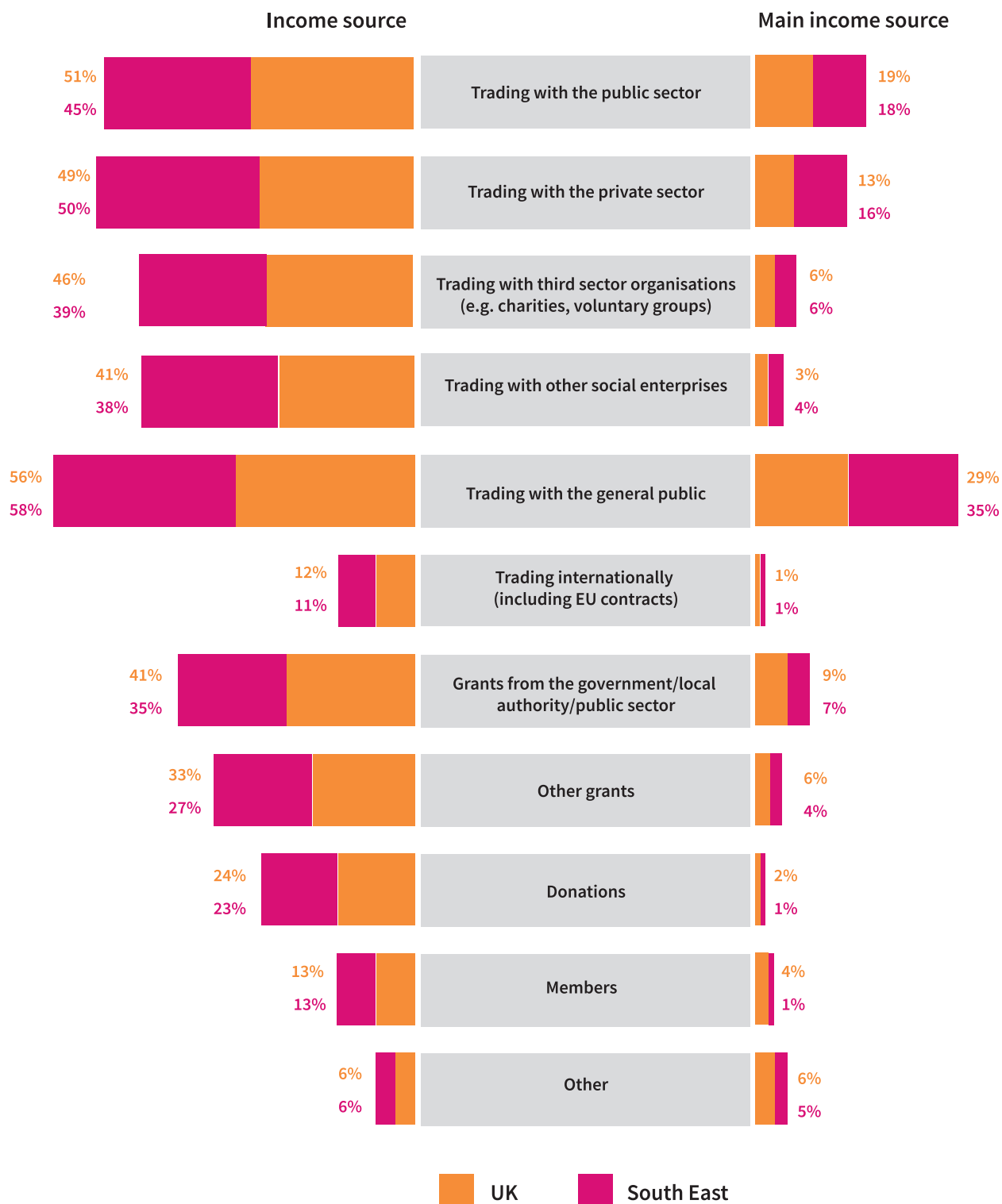
Main relationship between your organisation's revenue generation and your social/environmental mission



We asked social enterprises who they trade with, and which of these sources is their main source of income. In the South East, 58% of social enterprises traded with the general public and 50% trade with the private sector. Respondents here were less likely to trade with third sector organisations, the public sector, other social enterprises or to generate income

through state grants than is the case on average for the UK. Social enterprises here generated 70% of their income from their main source. For those that traded with the public sector, 17% saw this income increase in the last year – which was 5% fewer than the UK average.

Income generation



Workforce Demographics and Staff Engagement

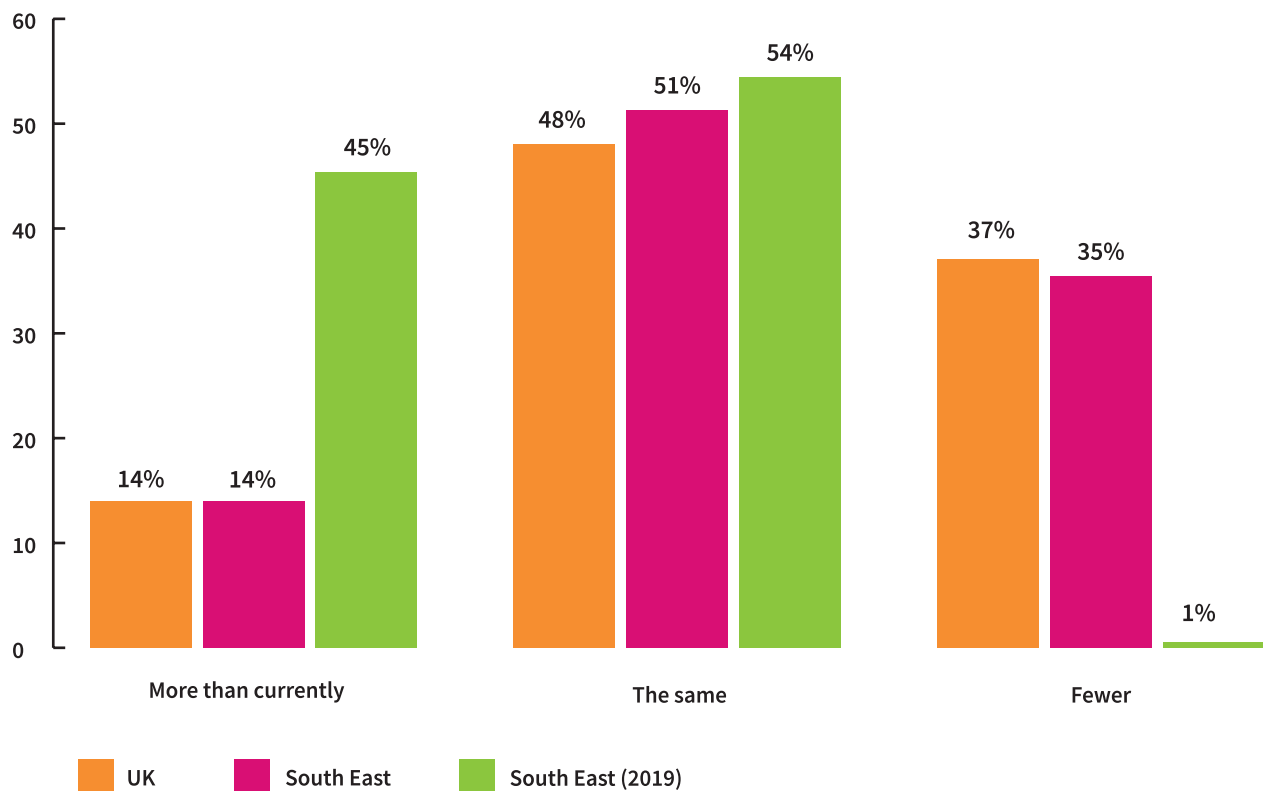
Social enterprises in the South East had, on average, 47 paid employees (compared to the UK average of 128). 17% of social enterprises here didn't have any paid staff and 5% have over 250 staff.

Social enterprises in the region had an average of 27 full-time staff and 16 temporary or casual staff.

In terms of workforce demographics, 87% of the workforce of social enterprises in the South East were drawn from the area local to the majority of the social enterprise's activities. 60% were female, 19% were people from Black, Asian and other Minority Ethnic backgrounds⁷ and 12% are disabled people.

We asked social enterprises whether their staffing levels have changed compared to 12 months ago. In the South East, 14% of social enterprises have reduced their workforce in the previous year and 35% had seen it grow. Significantly more reduced their staff teams in the year prior to the 2019 survey, indicating that this has been a good year for recruitment in the region.

Staff compared to 12 months ago



In terms of investing in staff, 84% of social enterprises here said that their staff are actively involved in organisational decision-making and 74% said that they invest in staff development and training. Both these figures are slightly below the national average.

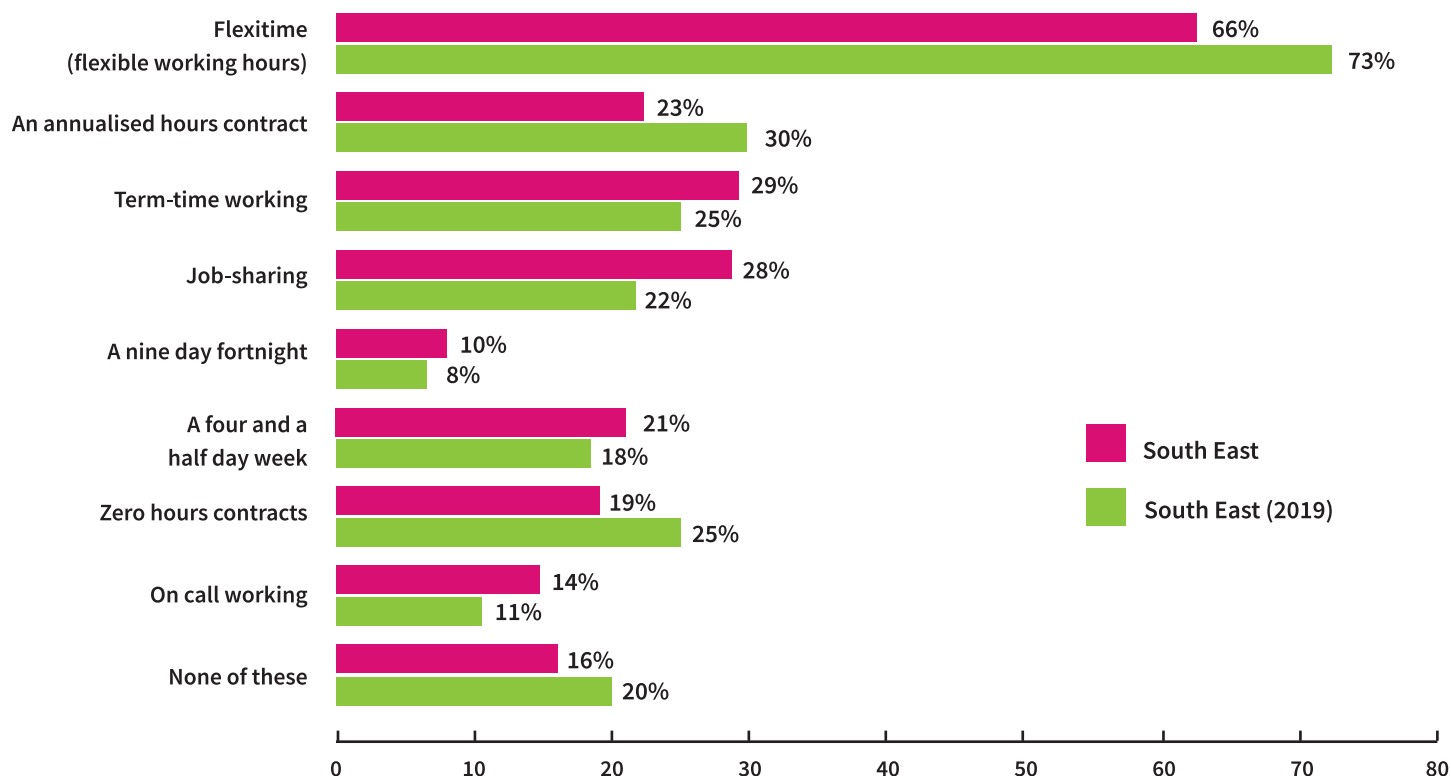
Flexible working arrangements have become significantly more prominent due to the pandemic. In the South East, social enterprises offered broadly the same proportions of

different working hours arrangements compared to the UK average, with slightly fewer offering flexi-time and slightly more providing zero hours contracts here.

There has been an overall decrease in the proportion of social enterprises offering any kind of flexible working since 2019, across all the types of arrangement asked in the survey.

⁷ Based on 2011 census data, the population of the South East was 9% Black, Asian and other Minority Ethnic Groups and 85% White British. <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>

Working hours arrangements for employees



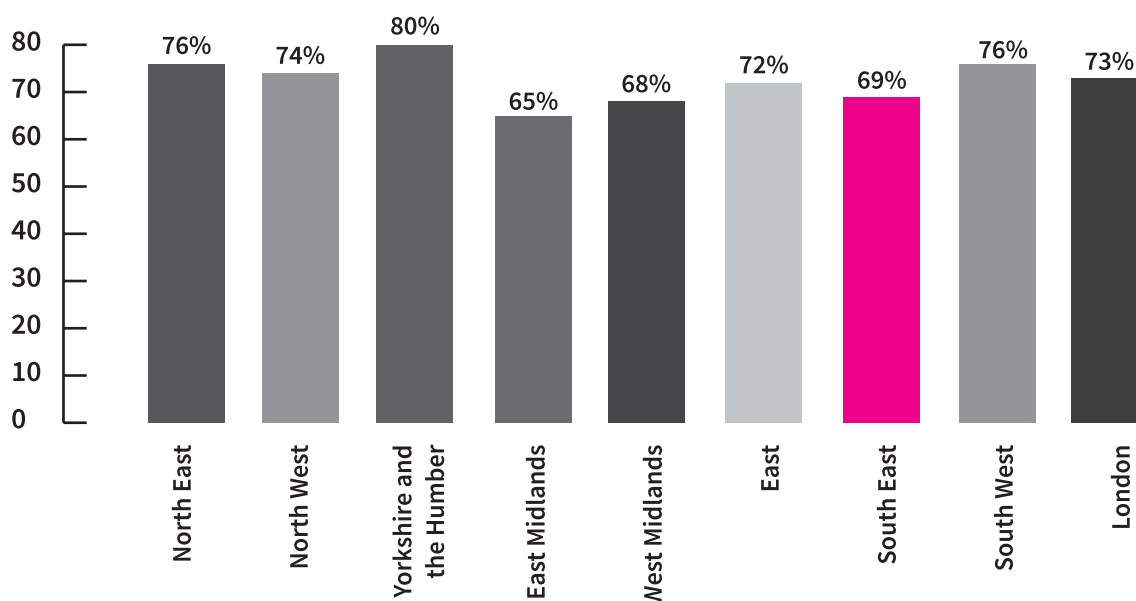
The proportion of social enterprises paying the Living Wage⁸ to staff in the South East has decreased since 2019, as it has on average across the UK. It has decreased by a higher proportion here than elsewhere and the region is amongst the least likely to pay staff the Living Wage. It could be that

higher costs of living in the region, and tighter margins due to lower reliance on grants or restrictions from public sector contracts, are having a knock-on effect on some aspects of business operations, for example if tighter operating margins are affecting staff pay.

Proportion of Social Enterprises Paying the Living Wage



Proportion of social enterprises that pay the Living Wage, by region



⁸ 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

Social enterprises in the South East were more likely to be led by men than women, more likely to be led by people aged over 45 years old compared to the national average and slightly more likely than the national average for social enterprises to be led by a disabled person.

In terms of ethnicity, approximately 85% of the population of the region is White British and 9% are people from Black, Asian and other Minority Ethnic groups (albeit based on 2011 data, see footnote above), so leadership here was broadly representative of the local population in terms of ethnicity.

Leadership demographics

	UK	South East	FTSE100 ⁹	SMEs
Male	47%	50%	94%	79%
Female	47%	41%	6%	16%
White British	74%	77%		84%
White Other	7%	6%		6%
Asian or Asian British	4%	3%		2%
Black or Black British	6%	5%		*%
Other including Mixed heritage	2%	4%		3%
ALL racialised communities	12%	12%	6% (2020)	5%
16 to 24	1%	0%		
25 to 44	32%	24%		
45 to 64	53%	56%		
65+	8%	10%		
Disability	11%	14%	0%	No data
No disability	82%	77%	100% ¹⁰	No data

We asked social enterprises to report the salary of the organisation's highest earner. The median salary of the highest earner in an organisation was £24,000 here, compared to £28,000 for the UK as a whole. Although there were some larger social enterprises in the region, there was a high proportion of smaller and newer social enterprises which may explain this.

⁹ https://www.cipd.co.uk/Images/ftse-100-executive-pay-report_tcm18-82375.pdf

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

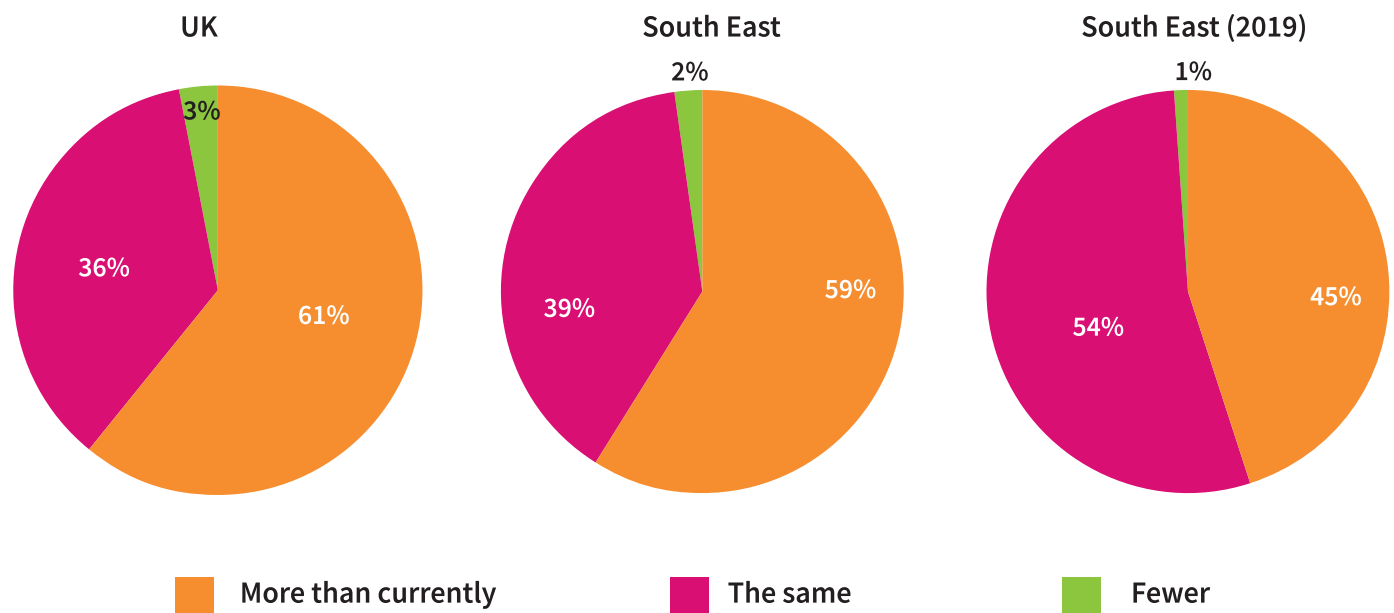
Growth trends

We asked a number of questions about growth trends through the survey.

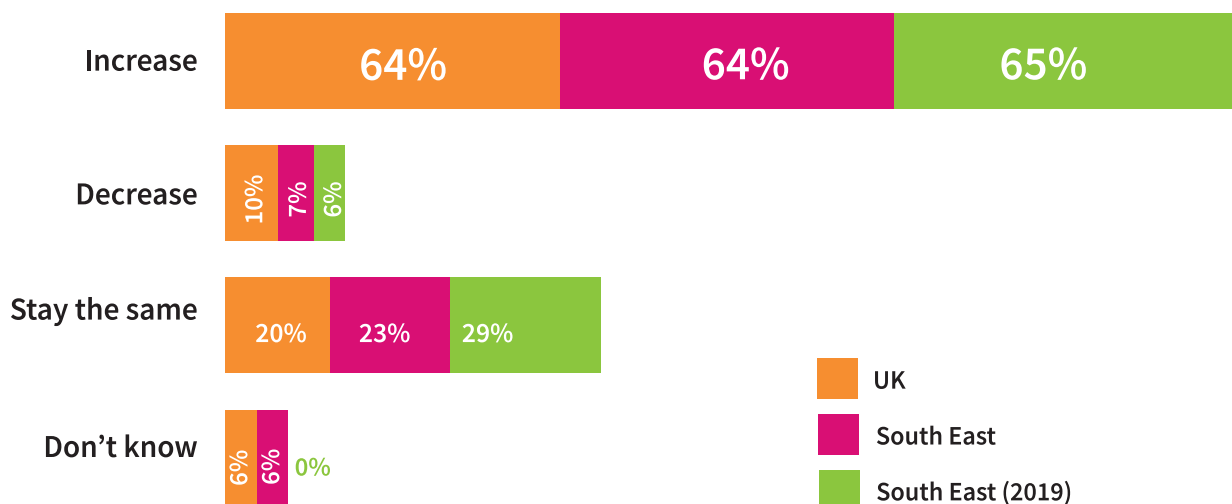
Social enterprises in the South East were slightly less optimistic about growing their staff teams than the UK average, but 14% more expected to grow their workforce than was the case in 2019. So as elsewhere, there appears to be a social enterprise recruitment boom due to take place.

64% of social enterprises in the region expected their turnover to grow in the coming 12 months, a similar proportion to both the UK average and to figures for the region for 2019. Slightly fewer social enterprises here expected turnover to decrease than is the case for the UK as a whole.

Workforce size expectations for the next 12 months



Turnover expectations for the next 12 months



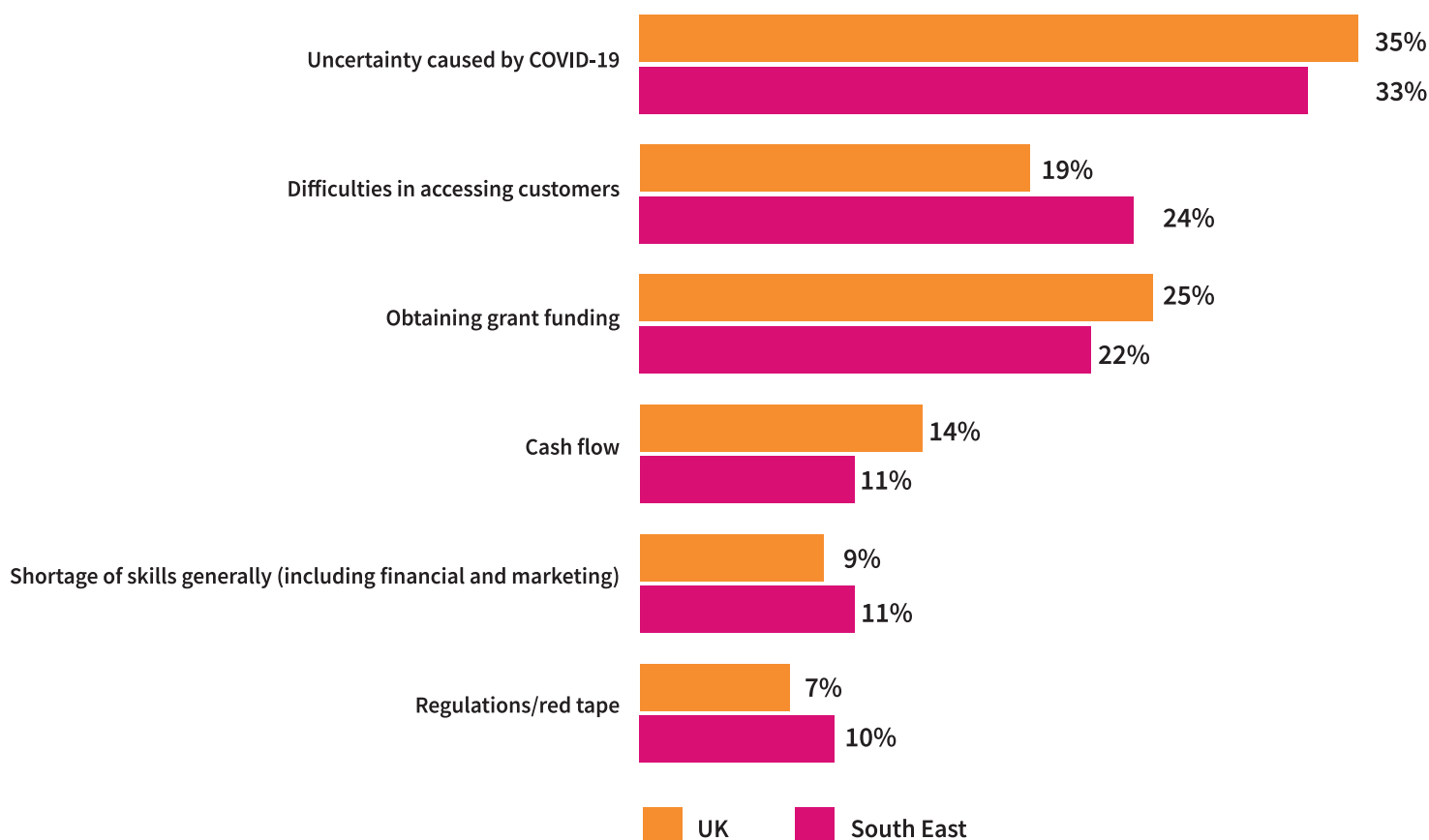
We asked social enterprises what actions they have taken in the previous 12 months to sustain and grow their businesses. 63% of social enterprises in the South East developed products and/or services new to their organisation in the last year and 52% invested in new equipment/IT/computer software. Social enterprises here were less likely than the UK average to have developed a new process, sought investment to grow, or increased prices or reduced costs.

55% of social enterprises in the region provided products/ services free or at reduced cost in direct response to COVID-19 related needs during the last year.

The survey asked what social enterprises see as their top three barriers to sustainability and/or growth. As elsewhere, COVID-related uncertainty was the biggest concern for social enterprises in the South East. Terms of finance and shortage of managerial skills were not cited as major barriers by any of the respondents in the region.

Compared to the UK average, social enterprises here were more concerned about accessing customers, but less concerned about lack of demand, or about recruiting staff.

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

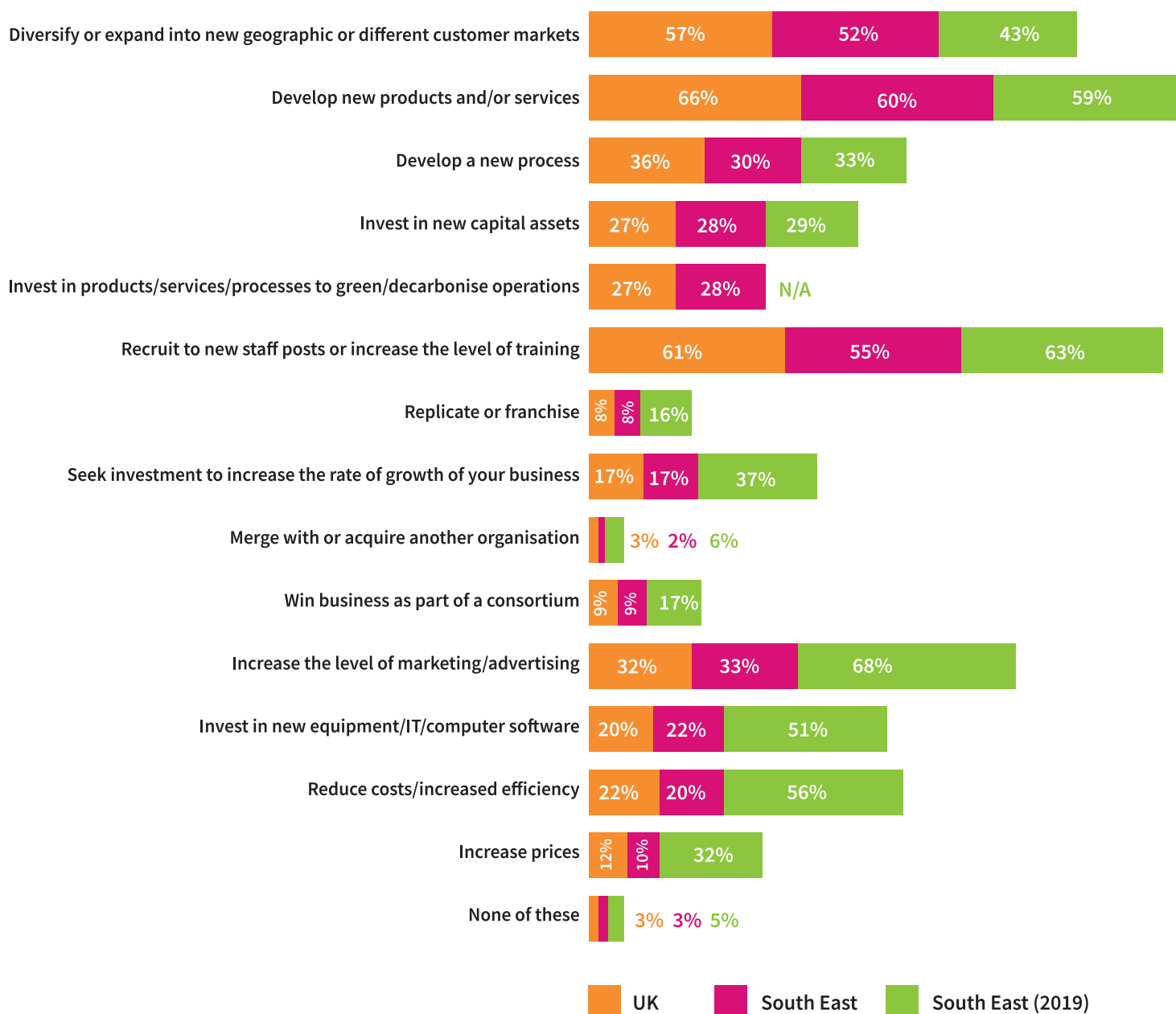


In terms of future growth, respondents who expected their turnover to grow were asked how they envisage achieving this.

60% of social enterprises in the South East expected to innovate, developing new products and services. 55%

planned to recruit new staff or increase training – fewer than was the case in 2019. There was also far lower intention to seek investment to grow this year compared to two years ago.

Growth plans



Finance

The final set of survey questions relate to funding and finance. Social enterprises in the South East were slightly more likely to have applied for finance in the last year compared to the UK average, and the proportion who applied in the region has increased compared to 2019.

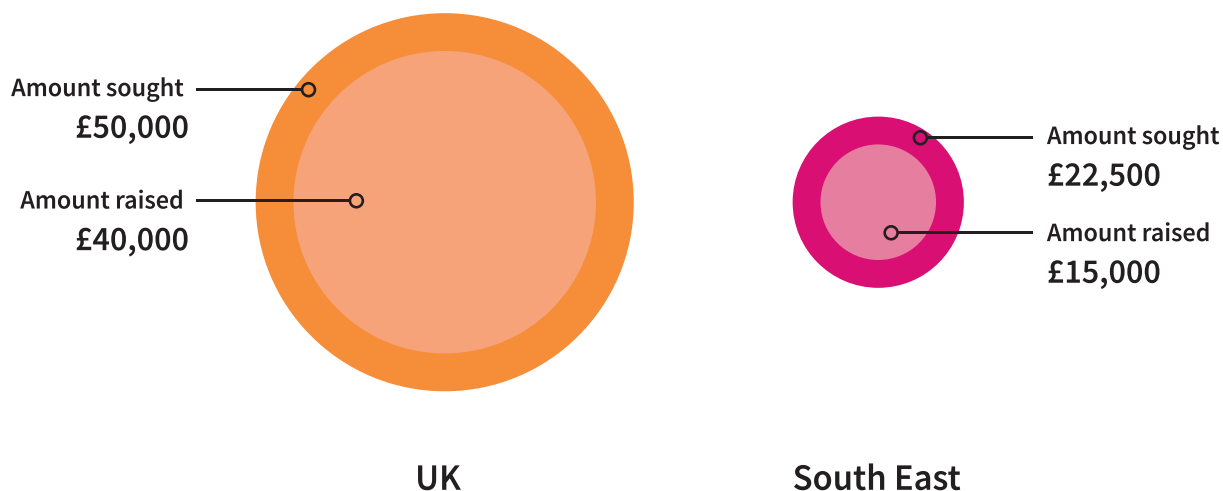
Summary of interest in external finance



Of those that decided not to apply for finance, nearly a third said it was because they didn't require finance. 14% felt it would be too expensive, and another 14% said that time pressures and lack of resource were part of the reason they didn't apply. Social enterprises in the South East were slightly more likely to cite cost as a barrier but less likely to say that they lacked security or that they or their Boards didn't want to take on additional risk.

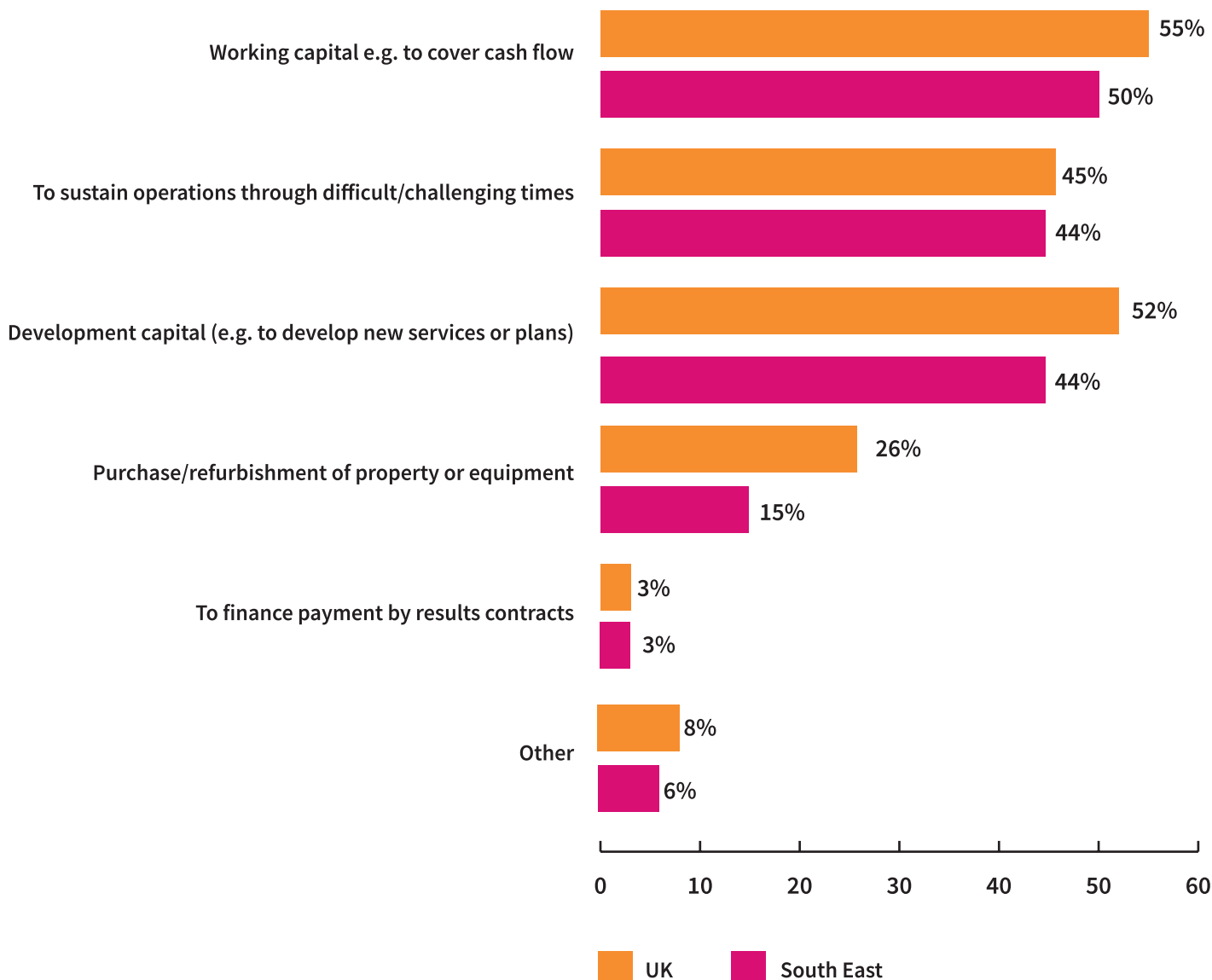
Where they were looking for external finance (excluding grants), social enterprises in the South East sought a far lower median amount compared to the rest of the UK and were comparatively less successful in securing the amounts they sought. The average figures sought and raised were far higher, however, indicating significant regional disparity in terms of both amounts sought and ability to raise finance needed.

Amounts of external finance (excluding grants) sought and raised



The most common reason for seeking finance in the South East was for working capital, followed by development capital and to sustain operations. Social enterprises here were less likely to be seeking money for purchasing or refurbishing property or equipment.

Purpose of finance or capital sought



In terms of who they sought finance from, 31% of social enterprises in the region applied to grant making trusts or foundations (compared to 42% on average UK-wide). Social enterprises here were more likely to go to their local authority and to venture capitalists. They were less likely, compared to the national average, to apply to banks, government funds and particularly less likely to apply to social investors (only 7% did so, compared to the national average of 19%).

61% of social enterprises here thought that they had the financial, marketing and business skills required to obtain external finance and investment, a slightly lower proportion than the UK average, which indicates that although the region is relatively confident about finance, there are a number of social enterprises here that feel less well equipped to secure the money they need.

Deep Dive: Brighton

Of those that shared location data, 18 of the survey respondents were based in the Brighton postcode area (BN). We have looked at questions where at least the majority of these 18 responded to give a brief summary of social enterprise activity in Brighton.

Social enterprise respondents in the Brighton postcode area had been trading for an average of 11 years and had an average of 14 paid staff members. 56% of them expected to grow their workforce in the year ahead, so they are smaller than the regional average and slightly less optimistic about staff growth.

The average turnover here was £195,000, far lower than the average turnover for the region. However, 47% of social

enterprises here made a profit or surplus last year and a whopping 82% expected to grow their turnover in the year ahead, so there seems to be significant potential for growth.

They might be set to grow, but considering this area has the country's only Green MP, it might be surprising that the proportion of social enterprises that had made a formal commitment to addressing the climate emergency is lower than the regional and national average here, at 39%.

Social enterprise respondents here were more likely to be male than female, but a significantly higher proportion of social enterprise leaders in the Brighton postcode area are disabled people – 21%, compared to the social enterprise average for the UK of 12%.

Case Study: Diversity and Ability

Diversity and Ability is a pioneering social enterprise led by and for disabled people. Based in Brighton, it supports individuals and organisations to create inclusive cultures where diversity is celebrated and people can thrive. 85% of their staff team identify as neurodiverse and/or disabled.

It provides one-to-one support to people through the education system and runs training and workshops for workplaces and institutions. It also runs an international programme which spreads its message of inclusivity and educates people on the practical means through they can better understand and welcome disabled people.

They work to redefine how society views disability, actively breaking down barriers that limit the opportunities and freedoms of disabled people to flourish through centring the importance of lived experience.

Two core modes of thinking run across the social enterprise's work and inform all of its programmes – disablement and intersectionality. The concept of disablement originates in the social model of disability, and the disabling situations in which people are placed. Framing things this way shifts the emphasis away from how an individual can change to fit in, to addressing the social barriers which result in people being excluded. Intersectionality recognises the importance



and diversity of lived experience and respecting how different people live different lives. An understanding of how race, gender, class, sexuality and other aspects of identity interact with each other and with the social concept of ‘disability’ is core to Diversity and Ability’s work, allowing the social enterprise to better tailor support and create system-wide change.

The social enterprise runs one- to-one support session for young people facing disablement, providing individualised peer support through further education, higher education and on into the workplace. These are delivered by trainers with lived experience of disablement. Individuals are provided with assistive technology training, mental health mentoring, study skills tutoring and also workplace strategy support and coaching. Assistive technology is a technology that can help remove a barrier that is presented to an individual, allowing people to fully participate. This can include things like screen readers, screen masks or software to speak into which writes copy.

Work with students is funded by the Disabled Students Allowance and Access to Work schemes as well as earned income through organisational training programmes and the social enterprise’s international work.

Diversity and Ability partner with businesses and universities on their Diversity and Inclusion agendas, working with businesses and grassroots organisations around the world to transform perceptions around disablement and create environments where difference is celebrated.

Over the pandemic Diversity and Ability worked with local and national charities to provide internet access to those in emergency accommodation in the Brighton area, as well as delivering personalised digital skills training workshops to digitally excluded people throughout the country.

Research carried out by the New Economics Foundation Consulting and UnLtd found that for every £1 spent on Diversity and Ability’s services a return of £16.55 of social value is created. Across their higher education work this translates to £9.48 million of social cost-benefit a year.

Based on an interview with Atif Choudhury and Ellie Thompson at Diversity and Ability

<https://diversityandability.com/>