

Buy Social Corporate Challenge



Year 6 Report

A group of high-profile businesses is aiming to collectively spend £1 billion with social enterprises through their procurement.

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High-profile companies
buying from Social
Enterprises:

30

Total spend with Social
Enterprises in year 6:

£91m

Total spend with Social
Enterprises years 1-6:

£255m

Approximate number
of Social Enterprises
supplying Buy Social
Corporate Challenge
Partners in year 6:

600

Approximate number
of Social Enterprises
supplying Buy Social
Corporate Challenge
Partners years 1-6:

1,030

Profit reinvested
into social missions
years 1-6:

£26m

Jobs directly or
indirectly created at
Social Enterprises
years 1-6:

2,700

Introduction

The Buy Social Corporate Challenge is a simple initiative with a bold ambition: that a group of 30 high-profile, large-scale businesses can collectively spend £1 billion with social enterprises through their procurement by 2026.

Led by Social Enterprise UK (SEUK) in partnership with the Department for Digital, Culture, Media & Sport, the Buy Social Corporate Challenge was launched in Downing Street in April 2016 with seven Founding Partners.

SEUK has created a package of strategic engagement, guidance and brokerage that supports Buy Social Corporate Challenge partner companies to identify, onboard and work effectively with social enterprises with the right products, services and scale for their procurement needs, and ensures social enterprises are supported through the onboarding and delivery of their goods or services.



Community Wood Recycling

About social enterprise

Social enterprises are businesses with a social or environmental mission. Like traditional businesses they aim to make a profit but it's what they do with their profits that sets them apart – reinvesting or donating them to create positive social change.

There are over 100,000 social enterprises in the UK and they can be found in nearly every sector – from consumer goods to healthcare, community energy to creative agencies, restaurants to facilities management.

Approximately 50% of social enterprises in the UK trade with the private sector, which means that this is a significant pool of potential suppliers for large companies that are looking to embed purpose into their core operations.

Comment from SEUK Chief Executive Peter Holbrook

“Following higher scrutiny by investors, stakeholders, staff and consumers, mainstream UK businesses are increasingly considering their social and environmental impact when they set strategy and make decisions.

“SEUK welcomes this shift and we believe social enterprise has an important role to play in supporting the wider business community to embrace social value and consider the social and environmental impact of their work.

“There is a group of businesses that are leading the way in leveraging their procurement in service of their purpose. The Buy Social Corporate Challenge partners are demonstrating effectively how their purchasing decisions can help them play their part in achieving a fairer and more sustainable economy.

“What this sixth annual Buy Social Corporate Challenge report reveals is that the Challenge is on track to deliver its ambitious £1 billion target, thanks to the commitment and vision of our corporate partners and the ability of the UK's leading social enterprises to deliver high-quality products and services.”



“...the Challenge is on track to deliver its ambitious £1 billion target, thanks to the commitment and vision of our corporate partners and the ability of the UK's leading social enterprises to deliver high-quality products and services.”

Snapshot – the first six years of the Buy Social Corporate Challenge

The corporate partners

Each year since the programme was launched in 2016 we have produced an annual report showing the progress made in terms of corporate partners signed up, their spend with social enterprises and the resulting social impact.

Our vision was of a group of 30 high-profile companies from a broad range of industries which are showing leadership in social procurement and a commitment to increase spend with social enterprises. We now have that group of 30 corporate partners, and we are committed to working with them to accelerate their trade with social enterprises in order to achieve the £1 billion goal by 2026.

The partners on the programme at the end of year six are Amey, AstraZeneca, Barclays, CBRE, Co-op, Compass/Foodbuy, Deloitte, EQUANS, GSK, John Sisk & Son Ltd, Johnson & Johnson, KPMG, Landmarc Support Services, Lendlease, Linklaters, LV=, Mitie, Motorola Solutions, Nationwide, Nestle, NFU Mutual, PwC, Robertson Group, SAP, Siemens, Sodexo, The Crown Estate, Wates Group, Willmott Dixon and Zurich.

The social enterprise suppliers

The number of social enterprises trading with our corporate partners has risen year on year. We estimate that approximately 600 social enterprises supplied one or more of the corporate partners over the last 12 months. The most common category areas currently served by the social enterprises are education and skills development, research, consultancy and business support, community services, facilities management, creative industries and events.

The cumulative spend total

We are delighted to be able to report that in the first six years of the programme, Buy Social Corporate Challenge partners have collectively spent over a quarter of a billion pounds with social enterprises through their procurement. The estimated total spend at the end of year six was £255,669,777.

The impact

What sets social enterprises apart from other businesses is that they reinvest at least 50% of their profits into their social or environmental mission, and we estimate that the trade with Buy Social Corporate Challenge partners has led to the reinvestment of approximately £26.5 million of profit into the social/environmental missions of social enterprises over the first six years of the programme.

Our survey shows us that 52% of social enterprises trading with Buy Social Corporate Challenge clients have been able to recruit more staff as a result of this trade. We estimate that a total of 2,700 jobs have been directly or indirectly created at social enterprises as a result of trade with Buy Social Corporate Challenge clients over the first six years of the programme. These jobs often go to individuals facing additional barriers to the labour market, such as people with disabilities, people who have been in prison or people who have experienced homelessness. Our research also shows us that social enterprises are good employers. They are more likely to pay the Living Wage, more likely to recruit staff and leadership teams that represent the gender, ethnic and disability diversity of the communities they operate in, more likely to offer flexible working, and have lower CEO:staff pay ratio gaps.

Reaching the £1 billion target

Each time we have admitted new corporate partners onto the programme this has clearly played a part in pushing the collective spend levels higher, and now that we have reached our cap of 30 partners we are determined to do everything we can to ensure that the collective spend on the Buy Social Corporate Challenge continues to increase. We have calculated that we will achieve our £1 billion target within the 10-year timeframe if the average annual spend at each corporate partner increases by 20% each year between now and 2026. The hard work starts here, but this will also bring about the growth in the social enterprise supplier base and the resulting social impact outcomes which we all want to see.

This report – methodology and definitions

This is our sixth annual Buy Social Corporate Challenge report. It summarises the progress made in the last 12 months (April 2021 - March 2022) as well as reviewing the impact achieved to date across the lifetime of the programme.

The Social Enterprise UK team conducted online surveys in the first two months of 2021. We surveyed all of the Buy Social Corporate Challenge partners participating in the programme at the time and carried out a separate survey with a sample set of the social enterprises which were suppliers to those partners. A total of 30 responses were received from the corporate partners and 32 responses from social enterprises. Separately, we collected annual spend data from the Buy Social Corporate Challenge partners and aggregated the spend reported to give an estimated collective spend total.

Social enterprise

– a business with a social or environmental mission¹.

Social procurement

– the sourcing of goods and services from social enterprises by large buying organisations (such as corporations).

Total Spend With Social Enterprises Years 1-6:

£255 million

Total Spend With Social Enterprises Year 6:

£91 million



Recycling Lives

¹To see the full list of criteria an organisation must satisfy to be classified as a social enterprise, <https://www.socialenterprise.org.uk/all-about-social-enterprise/>

The corporate buyers

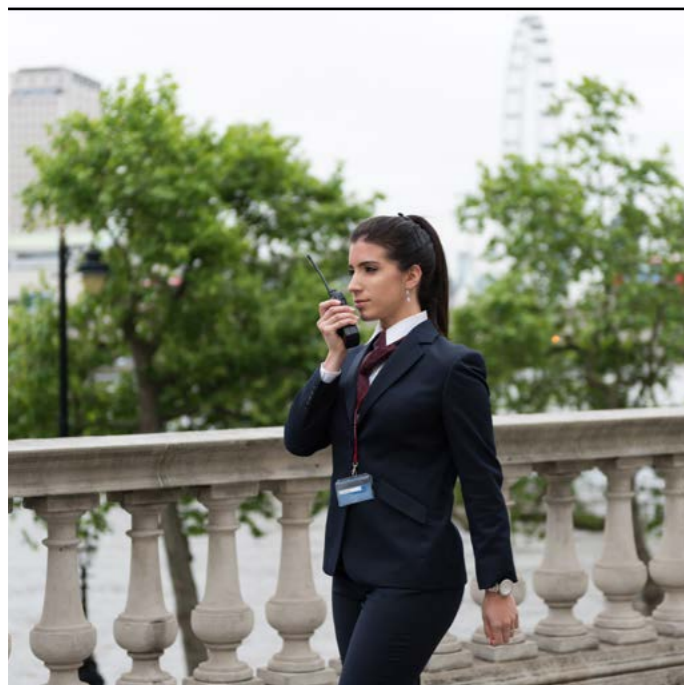
The Buy Social Corporate Challenge was launched in 2016 with seven Founding Partners and the number of participating businesses has increased year on year. We now have 30 large companies signed up representing every major sector in the UK economy, showing that sourcing from social enterprises is an option for any business, regardless of the industry it operates in and the structure of the business.

We have shown that it works for national businesses with devolved procurement structures which primarily source products and services locally or on a project-by-project basis, and we have shown that it also works with multinational businesses with centralised procurement functions which primarily source products and services at an international level.

We have capped the programme at 30 corporate partners, as we see this as a leadership group of forward-thinking businesses which are committed to achieving the collective target of £1 billion spent with social enterprises by 2026.

“We now have 30 large companies signed up representing every major sector in the UK economy,”

| Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|----------|--------|--------|--------|--------|--------|--------|
| Partners | 7 | 11 | 15 | 24 | 27 | 30 |



Corps Security

Founding Partners



Partners on the programme at the end of year six



The social enterprise suppliers

We estimate that approximately 600 social enterprises supplied one or more of the corporate partners over the last 12 months. As can be seen from the table below the number

of social enterprises trading with Buy Social Corporate Challenge partners has risen considerably year on year.

| Year | Year 3 (2018-19) | Year 4 (2019-20) | Year 5 (2020-21) | Year 6 (2021-22) |
|------------------------------|------------------|------------------|------------------|------------------|
| Number Of Social Enterprises | 250 | 380 | 550 | 600 |

Product and service range

Social enterprises are providing products and services to Buy Social Corporate Challenge partners across 209 distinct spend categories. This represents a 23% increase on the

corresponding figure from year five. These 209 specific spend categories fall into a number of high-level principal categories, shown in the table below.

| Products/services delivered by social enterprises to Buy Social Corporate Challenge partners | | |
|--|------------|-------------|
| Category | Quantity | Percentage |
| Community services | 42 | 7.02% |
| Consultancy and business support | 69 | 11.54% |
| Creative industries | 36 | 6.02% |
| Education and skills development | 135 | 22.58% |
| Events | 36 | 6.02% |
| Facilities management | 55 | 9.20% |
| Food and beverages | 21 | 3.51% |
| Health care | 32 | 5.35% |
| Hospitality | 28 | 4.68% |
| HR and employee wellbeing | 23 | 3.85% |
| IT and digital services | 6 | 1.00% |
| Gifting, merchandise and retail | 12 | 2.01% |
| Other | 28 | 4.68% |
| Research | 75 | 12.54% |
| TOTAL | 598 | 100% |

Contract values

The increasing level of trade means that we are seeing more 7-figure contracts than we did earlier in the programme.

Argonaut Community Enterprises, Attigo, Belu, Corps Security and Recycling Lives are among the social enterprises which have had contracts worth £1 million or more with a Buy Social Corporate Challenge client in the latest 12 months.

NEMI Teas and WildHearts are among the social enterprises which are currently supplying five or more Buy Social Corporate Challenge partners.

Impact

The impact that corporate clients' revenue allowed social enterprises to create spans a broad range of social and environmental causes, as can be seen in the table below.

We are also seeing an increasing number of established social enterprises which are successfully trading with multiple Buy Social Corporate Challenge clients. **auticon, Change Please, Community Wood Recycling, From Babies with Love, Fruitful Office, Hey Girls, Mental Health First Aid England,**

| Which of the following causes did contracts with your corporate clients help your organisation to address? | |
|---|-----|
| Creating employment opportunities | 87% |
| Supporting people with disabilities | 48% |
| Improving mental health and wellbeing | 43% |
| Addressing social exclusion | 43% |
| Supporting vulnerable people | 39% |
| Supporting other social enterprises/organisations | 39% |
| Benefitting a particular community | 30% |
| Addressing the climate emergency | 30% |
| Improving physical health and wellbeing | 26% |
| Supporting individuals who experience discrimination due to their race/ethnicity (Black, Asian, Minority Ethnic groups) | 22% |
| Promoting education and literacy | 17% |
| Supporting vulnerable children and young people | 17% |
| Addressing financial exclusion | 9% |
| Supporting women and girls / gender equality | 9% |
| Providing affordable housing/addressing homelessness | 9% |
| Providing or supporting access to arts, leisure, heritage and sports | 4% |

Key success factors

Reaching a quarter of the way towards our overall goal of £1 billion spend is an important milestone and an appropriate moment to reflect on the Buy Social Corporate Challenge journey so far. We believe that the following factors have helped to bring about these initial successes.

When launching the Buy Social Corporate Challenge we deliberately **set a programme target to galvanise collective action**. Our vision at launch was of a select group of social procurement pioneers whose demand would act as a ‘pull factor’ in building the market. We were conscious of the fact that the £1 billion target was ambitious but we believed that this would help us to achieve impact at scale. We have also encouraged the participating companies to set individual company targets.

We have worked hard throughout the programme to make **clear links between social enterprise engagement and the corporations’ broader strategic objectives**. SEUK’s research continues to build the evidence base for the social enterprise movement, and our **State of Social Enterprise 2021 report** provides clear evidence that social enterprises are outperforming other businesses on innovation, diversity and sustainability.

Legislation has also been a key driver in embedding social value into corporate procurement strategies opening up more opportunities for social enterprises. 2022 marks ten years since the passage of the Public Services (Social Value) Act 2012, commonly known as the Social Value Act. Social Enterprise UK was one of the primary authors of the Social Value Act, calling for it as part of our election manifesto in 2010 and working closely with Chris White MP and both sides of the House to get it onto the statute book. The Act has helped to transform the debate around the role of procurement and what can be achieved through public spending, and any large company which wishes to win business with the public sector needs to demonstrate it has a clear social value strategy. Engagement with social enterprises in the supply chain is a common lever used by companies to embed social value into its operations.

Innovation

66% of social enterprises introduced a new product or service in the last year, compared to just 35% of UK businesses as a whole.



Diversity

47% of social enterprises are led by women, compared to just 16% of mainstream SMEs.

14% of SEs are led by a person from a racialised community (Black, Asian and Minority Ethnic backgrounds), compared to 8% of mainstream SMEs.



Sustainability

20% of social enterprises are addressing the climate emergency as part of their core mission.

67% of social enterprises have (or plan to embed) tackling climate change or the climate emergency into their constitution/articles of association.



The business case for corporate partners – reasons for participating and benefits

The business case for sourcing from social enterprises continues to grow strongly. In our annual survey of Buy Social Corporate Challenge partners (conducted in early 2022) we listed a range of potential benefits arising from social procurement. Below we present the results of this survey, showing how many corporate partners agreed with each potential benefit:

| Agree/ Strongly agree | Benefit |
|--------------------------|--|
| 100% | Sourcing from social enterprises is aligned with our social goals |
| 92% | Sourcing from social enterprises has supported business values and purpose |
| 88% | Sourcing from social enterprises is aligned with our commercial goals |
| 81% | Sourcing from social enterprises has increased supplier diversity |
| 81% | Sourcing from social enterprises is linked with other social impact initiatives across the business |
| 69% | Sourcing from social enterprises has created external recognition |
| 69% | Sourcing from social enterprises has enhanced engagement within the procurement team |
| 58% | Sourcing from social enterprises has brought innovation into the supplier base |
| 50% | Sourcing from social enterprises has helped the company to win new business |
| 50% | Sourcing from social enterprises has raised awareness of procurement function with business leadership |
| 46% | Sourcing from social enterprises has improved environmental sustainability in supplier base |
| 31% | Sourcing from social enterprises has increased Tier 1 supplier engagement |
| 27% | Sourcing from social enterprises has helped to attract talent into procurement function |

Legislation has also been a key driver in embedding social value into corporate procurement strategies, opening up more opportunities for social enterprises.

The business case for social enterprise suppliers – reasons for participating and benefits

Building a supply relationship with large corporate clients can be time-consuming and challenging. However, where it leads to a successful outcome it can be a valuable feature of a growth strategy, helping social enterprises to scale up their businesses and their impact. The revenue from Buy Social Corporate Challenge trade across years 1-6 has allowed social enterprises to reinvest a total of £26.5 million into their social/environmental missions. For many social enterprises their social mission has a focus on employment, and we estimate that approximately 2,700 jobs have been directly or indirectly created at social enterprises throughout the lifetime of the programme as a result of trade with Buy Social Corporate Challenge partners.

We asked the social enterprises what percentage of their total sales turnover came from Buy Social Corporate Challenge partners and the average response was 21%.

In our annual survey of Buy Social Corporate Challenge social enterprises (conducted in early 2022) we listed a range of potential benefits arising from social procurement, asking the social enterprises which ones they agree and disagree with. We received a net positive response for all of the benefits we listed.

As a result of our corporate contracts:

| Agree/ Strongly agree | Benefit |
|--------------------------|--|
| 70% | We secured new contracts with other companies from having corporates in our client list/references |
| 57% | We learned how to engage more effectively with corporates |
| 57% | We began to consider additional geographical areas for our operations |
| 43% | We extended our range of products/services |
| 39% | We made changes to our marketing approaches |
| 30% | We made changes to our products/services |

As with previous years, the most significant benefit reported was the way that winning business from, and delivering to, corporate clients puts the supplier in a better position to succeed with other corporate clients in the future. 70% of the social enterprises confirmed that they had secured new contracts with other companies from having corporates in their client list/references. We believe that this comes partly from the learning opportunities that corporate experience provides and partly from the reassurance that a strong client list gives to other potential clients.

The competitiveness of social enterprises

In our survey of corporate partners we asked how their current social enterprise suppliers compared with other suppliers, and we are delighted to see that once again our corporate partners have reported a strong performance on cost and quality.

95% of corporate partners report that social enterprises deliver comparable or higher quality compared with other suppliers

95%



Hey Girls

90% of corporate partners report that social enterprises are cost neutral or cheaper when compared with other suppliers

90%

Next steps on social procurement

We are delighted to see that social procurement is rising up the agenda across the procurement profession. Once a niche activity practised by a select number of visionary companies, social procurement has taken its place as an indispensable part of the procurement strategy of any forward-thinking business. Since its launch in 2016, the Buy Social Corporate Challenge has shown what is possible in this area and we are keen to build on this success and drive further growth in the market. We are approaching this growth in three ways:

1 Stimulating further supply-side growth

2 Supporting a wider cohort of buying organisations

3 Expanding our social procurement work across Europe

Stimulating supply-side growth

As noted above, if we are to achieve our ambition of £1 billion spent with social enterprises across the Buy Social Corporate Challenge the average annual spend at each corporate partner will need to increase by 20% each year between now and 2026. On the demand side, our corporate partners are working hard to connect this work across their businesses and open up as many opportunities as possible for social enterprises.

The social enterprise supplier base has matured significantly in recent years, making it easier to find B2B social enterprises that large corporations can source from. However, it is still challenging to find suitable suppliers for many corporate requirements and the maturing of the social enterprise market needs to continue and accelerate for the Buy Social Corporate Challenge to reach its £1 billion target. We have seen some success in the way that the Buy Social Corporate Challenge has signalled to the supply-side of the market where there is demand from large businesses, but we want to go much further.

We have identified certain spend categories where it is especially difficult to find social enterprises that are suitable for the corporate market. The following product and service areas are where we believe there is significant unfulfilled demand for social enterprise suppliers among our corporate buying community.

- Building maintenance
- Doors and windows
- Couriers
- Electrical testing and maintenance
- Employee benefits
- Furniture
- Ground transportation/fleet
- Heating and ventilation
- Home repair/refurbishment
- Household removals
- IT software solutions
- Janitorial supplies
- Lifts and escalators
- Lighting
- Motor repairs
- Packaging
- Scaffolding

Contact business@socialenterprise.org.uk if you would like to discuss opportunities for social enterprises to enter the corporate market in any of these product or service categories.

In recognition of the need to stimulate further supply-side growth our corporate partners are bringing social enterprises into the heart of their sustainable procurement strategy and elevating social enterprises to the status of strategic supplier to ensure that these relationships are managed in the way that any other strategic suppliers are managed.

Some of our corporate partners have set up initiatives to improve the readiness of social enterprises to scale up. In some cases, social enterprises are receiving extra support on how to navigate onboarding and compliance processes. We are seeing provision of mentoring, expert-led business planning workshops and in some cases guaranteed meetings with a relevant category manager. Social enterprises are also benefiting from reduced payment terms to help tackle cashflow issues and reduce the barriers that social enterprises face in establishing supplier relationships with large companies.

Supporting a wider cohort of buying organisations

In autumn 2022, SEUK will launch a new pilot initiative to support a much broader cohort of organisations to practise social procurement. Social Procurement Connect will provide buying organisations with the tools, expertise and connections they need to accelerate their trade with leading social enterprises.

Social Procurement Connect has been designed for buying organisations from all sectors, including private sector companies, public sector bodies, higher education institutions, housing associations, large charities and large social enterprises. It will offer participating organisations a supply chain review to identify the social enterprises they already have in their supplier base and will help these organisations to implement social sourcing and find new social enterprise suppliers.



From Babies With Love

Expanding our social procurement work across Europe

The social enterprise movement is a global movement and many of the corporations we work with are global companies with a spend footprint which spans a wide range of national markets. To support these multinational corporations we have launched a Buy Social Europe pilot programme to facilitate a geographical expansion of their social procurement work.

The pilot is being led by SEUK with the support of **Euclid Network** and **Social Enterprise World Forum (SEWF)**, and we have brought together a coalition of national social enterprise intermediaries across Europe to help us deliver this programme.

We are currently supporting a small group of corporate partners to open up supply chain opportunities for social enterprises across the EU + Switzerland region. AstraZeneca CBRE, Johnson & Johnson, SAP and Zurich Insurance Group are Founding Partners of Buy Social Europe and we are keen to welcome more global corporations to sign up.

Get involved

Please contact us at business@socialenterprise.org.uk if you would like to discuss anything in this report or if you would like to receive further information about Social Procurement Connect or Buy Social Europe.

“Some of our corporate partners have set up initiatives to improve the readiness of social enterprises to scale up.”

“The social enterprise supplier base has matured significantly in recent years, making it easier to find B2B social enterprises that large corporations can source from.”

About Social Enterprise UK

We are the national body for social enterprise - business with a social or environmental mission. Our members come from across the social enterprise movement – including a wide range of local grassroots organisations, multi-million pound businesses, charities and public sector organisations who support our vision of a world where social enterprise is the usual way of doing business.

To find out more, visit www.socialenterprise.org.uk

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Buy social corporate challenge

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This report

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