

Buy Social Corporate Challenge



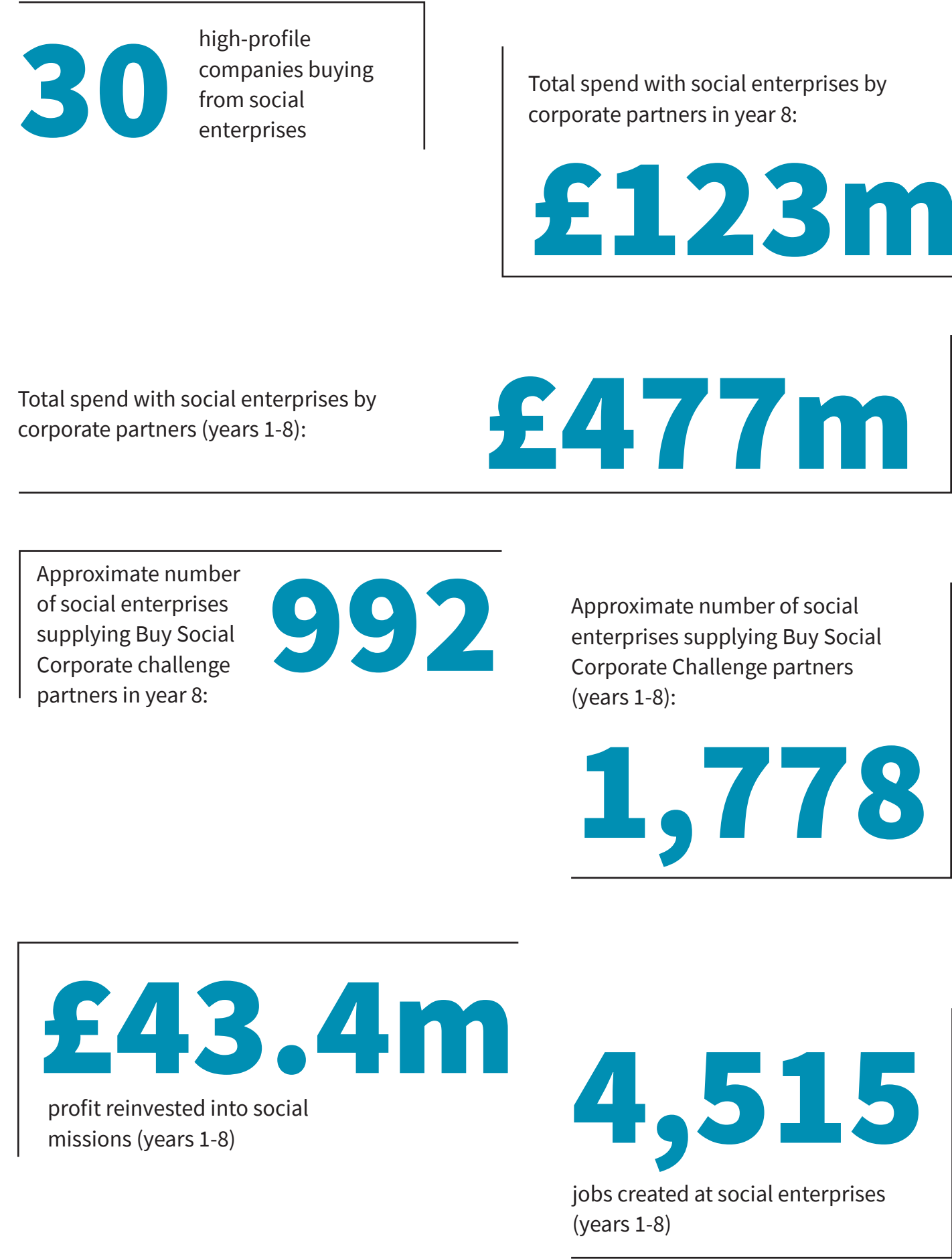
Year 8 Report

Summer 2024

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

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Introduction

Supply chains are changing. When the world’s largest companies go to market to source the products and services they need, they are increasingly doing so through the lens of sustainable procurement. Deloitte’s 2023 Global Chief Procurement Officer Survey showed that Environmental, Social and Governance (ESG) considerations have risen to number two on the list of priorities for procurement - up from seven in the previous survey.

The drivers behind this shift have been well documented, and it is now widely accepted that prioritising ESG principles can provide a competitive advantage in engagement with all key stakeholder groups - including customers, investors, regulators and employees.

The scope of ESG work is broad when it comes to supply chains, from reducing carbon emissions to mitigating the risk of modern slavery and improving diversity within the supplier base. A key tool enabling companies to make progress across the full range of ESG priorities is social procurement, whereby they proactively select social enterprises as suppliers for goods or services to drive a positive social impact inside their value chain.

In 2016, Social Enterprise UK launched the world’s largest commitment to social procurement: the Buy Social Corporate Challenge. This ground-breaking initiative has brought together a group of high-profile companies aiming to collectively spend £1 billion with social enterprises

through procurement. The programme supports forward-thinking corporations to go beyond considerations of cost and risk, harnessing their supply chains as an opportunity for positive impact.

Social enterprises are businesses with a social or environmental purpose, which reinvest or donate at least half their profits to further that mission. They trade just like any other business, but they use profit to put people and planet first, transforming lives and communities. As the social enterprise movement continues to grow in the UK and across the globe, there are many more opportunities for mainstream businesses to effect positive social and environmental change by bringing social enterprises into their supply chains.

As the Buy Social Corporate Challenge reaches the eight year mark, it’s heartening to see the rising interest and participation in social procurement. This report provides insight into this growing trend and responses to frequently asked questions on the topic, as well as presenting the progress that Buy Social Challenge partners have made in the latest 12 months and across the programme so far.

Contact socialprocurement@socialenterprise.org.uk to find out more and discuss how your organisation can get involved.

What is the Buy Social Corporate Challenge?

The Buy Social Corporate Challenge is the world’s largest commitment to social procurement. Launched by Social Enterprise UK in 2016, it brings together a group of high-profile businesses collectively aiming to spend £1bn with social enterprises through their procurement.

More than 60% of social enterprises in the UK trade with the private sector, so this is a significant pool of potential suppliers for buying organisations looking to embed social value into their core operations.

30 large companies signed up to the Buy Social Corporate Challenge are working together to increase supply chain opportunities for social enterprises and achieve the

collective £1bn spend target by 2026. Social Enterprise UK leads the programme and delivers a comprehensive package of support to corporate partners, including:

- supply chain reviews
- training sessions
- premium access to a comprehensive online social enterprise directory
- pitching events for buyers to meet suppliers
- buyer-supplier matching and connections
- roundtable discussions
- peer-to-peer collaboration sessions
- bespoke support to facilitate collaboration between corporate partners and social enterprises

Is the social procurement market growing?

Yes. The Buy Social Corporate Challenge is Social Enterprise UK’s flagship social procurement programme, and the organisations involved have seen an increasing level of

trade with social enterprise suppliers in recent years. The 30 corporate partners currently signed up represent all major industrial sectors across the economy.

Founding Partners:



Partners:



992



social enterprises supplied Buy Social Corporate Challenge partners in year 8

The approximate number of social enterprises supplying goods and services to Buy Social Corporate Challenge partners in year eight of the programme was 992.

The number of trading relationships between social enterprise suppliers and Buy Social Corporate Challenge buyers has increased by 74% in the last two years alone.

Year	Number of trading relationships
Year 6 (2021)	1,074
Year 7 (2022)	1,607
Year 8 (2023)	1,870

This latest year saw the highest level of trade between social enterprise suppliers and Buy Social Corporate Challenge buyers since the programme launched. The total spend with social enterprises in year eight amounted to £122,565,061 - bringing the collective total spend across the programme so far to £477,436,592.



The growth of the social procurement market is being supported by a wide range of international organisations, including the European Commission, OECD and World Economic Forum.

Further evidence of the growth in interest in social procurement is the fact that Social Enterprise UK has taken up speaker slots at a number of high-profile industry events in the last 12 months, including World Procurement Congress, CIPS Sustainable Procurement Summit and ProcureCon.

£122,565,061

spent with social enterprises in year 8



£477,436,592

spent to date with social enterprises (years 1-8)

What are the benefits to large businesses of trading with social enterprises?

Procurement has traditionally focused primarily on minimising and managing cost and risk, but more and more business leaders now see procurement as a strategic function that can add value to the bottom line. Social procurement uses existing business spend to bring about a positive social and environmental impact, and its implementation is relatively straightforward.

It also brings a wide range of business benefits. The table below shows the benefits most valued by Buy Social Corporate Challenge partners, according to Social Enterprise UK’s annual survey.

Benefits to Buy Social Corporate Challenge partners of working with social enterprises	
Benefit	strongly agree/agree
Sourcing from social enterprises has supported business values and purpose	96%
Sourcing from social enterprises has brought innovation into the supplier base	96%
Sourcing from social enterprises has increased supplier diversity	92%
Sourcing from social enterprises has created external recognition	92%
Sourcing from social enterprises has improved environmental sustainability in supplier base	84%
Sourcing from social enterprises has enhanced engagement within the procurement team	76%
Sourcing from social enterprises has raised awareness of procurement function with business leadership	76%

Wider research work at Social Enterprise UK supports the message from Buy Social Corporate Challenge partners on innovation, diversity and sustainability. The comprehensive sector review published in the State of Social Enterprise report 2023 showed that:

- 68% of social enterprises developed a new product or service in the last year - with new product/service development a useful proxy for innovation
- 58% of social enterprises have leadership teams that are at least half female
- 43% of social enterprises have at least one leader from Black, Asian or Minority Ethnic backgrounds
- 19% of social enterprises have a core mission addressing climate change

Partners were also invited to expand on the benefits of the programme in their own words.

Lendlease are passionate about creating places where communities thrive, economically, socially and environmentally. The Buy Social Corporate Challenge helps to deliver against this aspiration by opening up previously untapped avenues for purchasing that in turn, supports the local economies in which we work to be more resilient, more empowered and to thrive.

Lucille Watkins-Brazier, Lendlease

Wates is a founding partner of the Buy Social Corporate Challenge and keen to see the group of partners hit the £1 billion target as this translates into the delivery of greater social value through procurement spend and greater impact as a business.

Su Pickerill, Wates

As a Purpose-led organisation, participation in the Buy Social Corporate Challenge provides PwC with an excellent platform to create social value from our business operations. Through this programme we have developed partnerships with some excellent and inspirational social enterprises and we are proud of our contribution to growing the sector.

Jeremy Willis, PwC

Engaging with social enterprises through the Buy Social Corporate Challenge has not only diversified our supply chain but also enriched our business practices with innovative solutions and a sense of purpose. By prioritising these partnerships, we've not only made a positive impact on society but have also strengthened our brand reputation as a socially conscious organisation committed to driving meaningful change.

Kieron Thompson, NFU Mutual

What are the benefits to social enterprises of trading with large businesses?

Even though social enterprises often take advantage of grant funding and donations to build their business, trading relationships with corporate clients are especially valuable in building financial sustainability for B2B social enterprises. Social enterprises supplying to Buy Social Corporate Challenge partners also reported many other benefits beyond revenue, which are detailed in the following table.

When it comes to the core benefits of this trade, it is useful to remember that what sets social enterprises apart from other businesses is that they reinvest at least half their profits into their social or environmental mission. We estimate that the trade with Buy Social Corporate Challenge partners has led to the reinvestment of approximately £43.4 million of profit into the social or environmental missions of social enterprises over the first eight years of the programme.

BENEFITS TO SOCIAL ENTERPRISES OF WORKING WITH BUY SOCIAL CORPORATE CHALLENGE CLIENTS	
Benefit	strongly agree/agree
We made changes to our products/services	72%
We learned how to engage more effectively with corporates	69%
We secured new contracts with other companies from having corporates in our client list/references	69%
We made changes to our marketing approach	55%
We began to consider additional geographical areas for our operations	52%
We extended our range of products/services	48%

£43.4m

of profit reinvested into social/environmental causes as a result of buy social corporate challenge trade (years 1-8)



The State of Social Enterprise 2023 reported the top ten social or environmental missions of UK social enterprises as:

- Social/environmental causes addressed by UK social enterprises
1. supporting vulnerable people

2. improving physical health, mental health and wellbeing

3. creating employment opportunities

4. supporting other social enterprises/organisations

5. addressing social exclusion

6. supporting disabled and neurodiverse people, and people with long-term health conditions

7. addressing the climate emergency

8. promoting education and literacy


9. addressing financial exclusion

10. providing affordable housing/addressing homelessness

When it comes to the creation of employment opportunities, every year Social Enterprise UK analyses the number of jobs created or supported by trade with Buy Social Corporate Challenge partners – and it is estimated that a total of 4,515 jobs have been directly or indirectly created at social enterprises as a result of trade with Buy Social Corporate Challenge clients over the first eight 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.

4,515

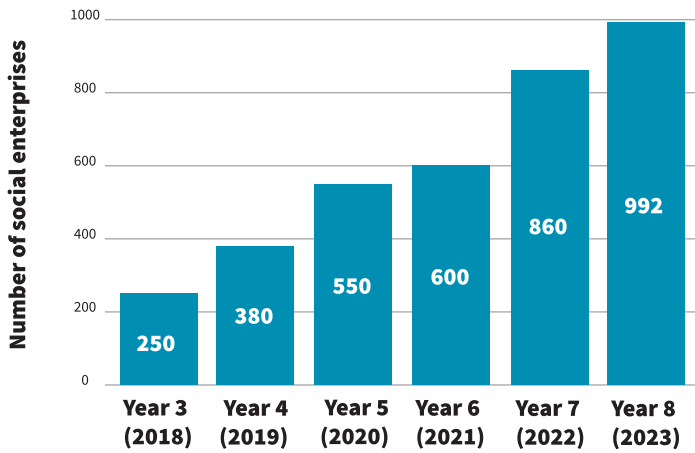
jobs created at social enterprises as a result of Buy Social Corporate Challenge trade (years 1-7)



In which product/service categories can social enterprises most commonly be found?

The Buy Social Corporate Challenge has experienced significant year-on-year growth in the number of social enterprises engaging with corporate partners. From 250 social enterprises in the programme’s third year (2018), this figure has now increased to 992 for year eight (2023).

This upward trajectory emphasises the expanding role of social enterprises within corporate supply chains and their increasing contribution to the broader economy.



Social enterprises engaged in the Buy Social Corporate Challenge present a diverse range of products and services, spanning 199 distinct spend categories. Although the number of spend categories remained stable from year seven, the supplier base has expanded. These specific spend categories align with several high-level principal categories, as illustrated in the table below.

Comparing the latest data with the previous year reveals consistency in categories such as consultancy and business support, education and skills development, and facilities management – all of which maintain a robust presence, indicating the enduring significance of these sectors within the social enterprise landscape and their pertinence to corporate partners.

Despite the extensive array of products and services offered by social enterprises participating in the Buy Social Corporate Challenge, there are still noticeable gaps. While there has been a slight increase in categories such as food and beverages, employment and career services, and

healthcare services, the IT and digital services sector remains underrepresented. This suggests untapped potential for growth in digital transformation services, cybersecurity and advanced IT solutions.

Category	Area	Number Percentage
Community services	138	7.5%
Consultancy and business support	275	14.9%
Creative industries	41	2.2%
Education and skills development	307	16.6%
Employment and career services	100	5.4%
Events	89	4.8%
Facilities management	193	10.4%
Food and beverages	114	6.2%
Health care	141	7.6%
Hospitality	29	1.6%
HR and employee wellbeing	148	8.0%
IT and digital services	13	0.7%
Merchandise, corporate gifts and retail	27	1.5%
Other	85	4.6%
Research	151	8.2%
	1,851	100%

There is a clear and consistent upward trend in the number of higher-value contracts and the growth of established social enterprises effectively trading with multiple Buy Social Corporate Challenge clients. In year eight, the programme had 22 trading relationships worth more than £1 million each, compared to 13 such high-value relationships the previous year.

The following social enterprises are currently trading with ten or more Buy Social Corporate Challenge clients: Fruitful Office, Hey Girls, WildHearts Group, Change Please, NEMI Teas, From Babies with Love, Mental Health First Aid England, Nuneaton Signs, Social Supermarket and Waste to Wonder.

How do social enterprises compare with other businesses on cost and product/service delivery?

Social Enterprise UK research consistently shows that social enterprises trading with Buy Social Corporate Challenge clients are competitive on cost and the quality of product or service delivery.

In an annual survey of Challenge partners, 80% reported that their social enterprise suppliers are comparable with other suppliers on cost, with only 20% reporting a higher cost. 100% of Buy Social Corporate Challenge partners were

happy with the quality of product or service delivery. Breaking this down further, 75% of partners reported that social enterprises were comparable on quality and the remaining 25% reported that social enterprises delivered a higher product or service quality when compared with other suppliers.

80%

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



100%

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

How can buying organisations get involved if they are not ‘corporates’?

To complement the success of the Buy Social Corporate Challenge, Social Enterprise UK launched a new social procurement programme in 2022: Social Procurement Connect. This programme has been set up to support a much wider range of organisations to engage with social enterprises through their everyday purchasing.

Buy Social Corporate Challenge partners have played a fundamental role in showing how buying organisations can effect social and environmental change through procurement. As leaders in the social procurement arena, they have also played an essential part in building a large data set on the social enterprise suppliers that exist in the UK. Social Procurement Connect participants have greatly benefitted from this shared knowledge, with social enterprise markets and opportunities growing more and more each year.

Social Procurement Connect participants come from a variety of sectors. The service has been designed to support a wide range of organisations, including private sector companies, public sector bodies, higher education institutions and social housing providers. A number of large social enterprises are also signing up to Social Procurement

Connect, which means that some organisations are now operating on both the buyer and supplier side of the social procurement market.

Buying organisations are welcome to sign up to Social Procurement Connect at any time. Contact socialprocurement@socialenterprise.org.uk to find out more.



What support is on offer to companies outside the UK?

Global corporations now have the opportunity to expand their social procurement activity across a much wider geographical region. Telos is a social enterprise set up by the Buy Social Corporate Challenge team and combines a similar programme with advisory and advocacy to help large companies maximise the impact of their supply chains across the Europe, Middle East and Africa (EMEA) region.

Six corporate partners (AstraZeneca, CBRE, Johnson & Johnson, SAP, Siemens and Zurich Insurance Group) have signed up to work with Telos, and they are already engaging

with B2B social enterprises across multiple national markets. Buyer-supplier connections have already been made across a wide range of product and service categories, including employee wellbeing services, facilities, food and beverages, fulfilment and waste management.

The Telos team welcome the opportunity to connect with organisations interested in social procurement across the EMEA region. Contact charlie.wigglesworth@telosglobal.org to find out more.

Case study – Social enterprises collaborate to offer scaled-up service in the cleaning industry

A number of social enterprises across the Midlands have teamed up to offer clients cleaning services on a wider geographical scale, supporting the growth of their businesses and their social impact.

Argonaut Community Enterprises, Jericho Cleaning, Radiant Cleaners, Rising Stars Property Solutions and Upbeat Clean are all cleaning suppliers trading with or in discussions with Buy Social Corporate Challenge partners. Each of them operates in a different area of the Midlands, but they are all dedicated to creating employment opportunities for marginalised groups. In 2023, the businesses began to

meet on a regular basis - sharing information, resources and contacts with a view to boosting the combined social impact of their businesses.

Where opportunities arise, all five social enterprises are looking to put together joint proposals to allow them to work on bigger contracts, increasing the social value and impact of the services provided. The group can currently offer cleaning services in a uniform manner across the whole of the Midlands region, and the aim is to expand the group to include cleaning social enterprises in other locations.

“Individually each of our companies is too small for some contracts. We are demonstrating to large companies that we have heard them, we are collaborating and we are offering them what they want and need. We solve a cleaning and social value problem for them – working together creates the social value they want, delivers the excellent cleaning they need and changes the lives of people across the Midlands. So if you need cleaning anywhere in the Midlands, get in touch.”

Matt Parfitt, Radiant Cleaners



Case study – Social value embedded in supply chain of 2023 Labour Party Conference



Liverpool welcomed thousands of delegates to the annual Labour Party Conference at ACC Liverpool in October 2023 - and for the first time ever, a major political party conference used its supply chain to make a significant investment in the local economy and community.

Social Enterprise UK worked with the venue and the catering contractor, Sodexo, to open up opportunities for social enterprise suppliers in the conference's food and drink provision. 40% of conference suppliers were social enterprises, with every coffee served coming from social enterprises.

The supply chain included a range of Social Enterprise UK members, including:

- Belu - water with 100% of profit invested in pursuit of purpose to change the way the world sees water
- Change Please – coffee that provides employment opportunities for people experiencing homelessness as well as access to housing and training
- Half the Story – biscuits that provide employment opportunities for people experiencing homelessness
- Homebaked – pies and other baked goods from a bakery that provides jobs, training, community engagement and regeneration in the local Anfield area – one of the most socioeconomically deprived regions of the UK
- NEMI Teas – tea that helps to create stable work for refugees who are looking for UK work experience
- Spare Snacks – snacks made from 'wonky' or surplus apples that would otherwise be wasted
- Fruitful Office – fruit baskets that help local communities and address deforestation

It is estimated that hundreds of thousands of pounds in social value were generated through the supply chain at the 2023 conference, and there are plans to increase this further in future. There are also discussions between some of the social enterprises and ACC Liverpool around expanding the relationships to include food and drink provision all year round at the many events hosted at the venue.

Jonathan Reynolds MP, shadow Secretary of State for business, energy and industrial strategy, commented:

“Labour supports businesses of all sizes, and it is fantastic to see the growing social enterprise market showcased here in Liverpool. Labour knows the value of business to communities and our economy that’s why we will give firms of all sizes the strong economic foundations they need to prosper.”

Rebecca Kane Burton, CEO Sodexo Live! UK & Ireland, added:

“Social impact is at the beating heart of Sodexo; it’s a core value upon which our founder Pierre Bellon built the business back in 1966. Working with the Labour Party and the ACC Liverpool Group therefore provides the ideal backdrop to showcase the social enterprises and diverse supply chain we partner with. I am delighted our team is able to play its part in connecting with and benefiting the communities we serve.”

Faye Dyer, chief executive of The ACC Liverpool Group, said:

“Social value is at the heart of The ACC Liverpool Group and we are delighted to work with Sodexo Live! and the Labour Party to further our shared values and commitments. The Labour Party conference provides us all with a valuable platform to showcase these important organisations and their initiatives, which are making a real positive difference.”

Peter Holbrook CBE, chief executive of national sector body Social Enterprise UK, concluded:

“It’s great to see the Labour Party recognising the value of social enterprise in our economy, transitioning its annual conference to do less harm and create more benefit for people and planet. Integrating social enterprises into the conference’s supply chain gives a glimpse of how business can be done better, and how we can build an economy where all of society profits – so we hope other major events take inspiration from this and follow suit.”

About Social Enterprise UK

This report was produced by Social Enterprise UK, the national membership body for social enterprises.

We lead the world's largest network of businesses with a social or environmental purpose, working together to create a fairer economy and a more sustainable future for everyone. We exist to be a strong voice for our social enterprise, demonstrating the difference that mission-led businesses are making in the world and influencing decision-makers to create an environment where this way of doing business can thrive.

We campaign on behalf of the social enterprise community, having led public policy for decades and helped to pass the Social Value Act (2012), using the mounting evidence from our comprehensive research to make the case for change. We drive cross-sector collaboration, working with private companies and public institutions to bring social enterprises into their supply chains, helping any organisation to create positive social and environmental impact.

Find out more and join the community at www.socialenterprise.org.uk.

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