



State of Social Enterprise 2025:

Backbone of Britain



Chocolate Films

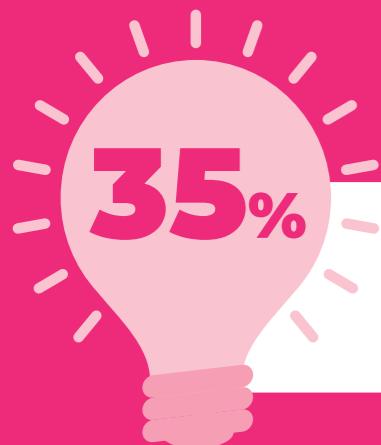
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Executive Summary



ECONOMY



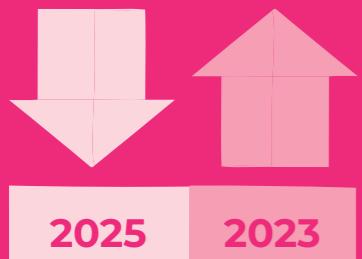
35%

of social enterprises developed a new product or service last year (up from 23% in 2023)



40%

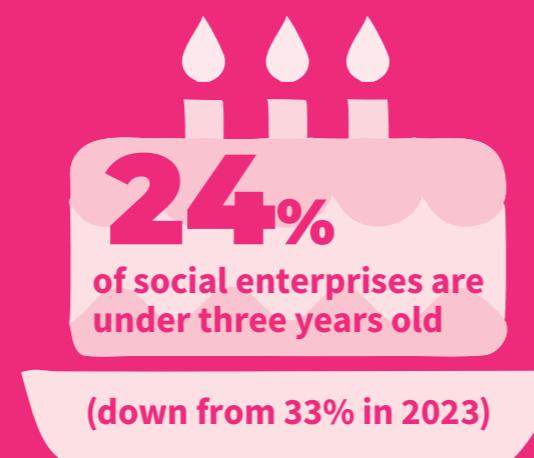
made a profit last year (a decrease of 8% from 2023)



2025

2023

48% of social enterprises grew their turnover last year (down from 65% in 2023)



24%

of social enterprises are under three years old

(down from 33% in 2023)

ENVIRONMENT



33%

of social enterprises are very concerned about the impact climate change may have on their business



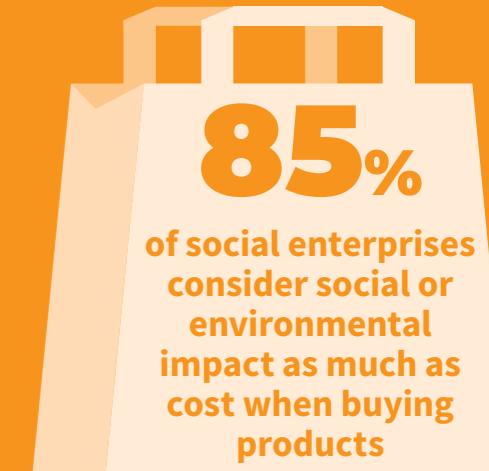
26%

of social enterprises became more energy efficient in the last 12 months



16%

of social enterprises have a core mission addressing the climate emergency



85%

of social enterprises consider social or environmental impact as much as cost when buying products

SOCIETY

83%

of social enterprises said they were a real Living Wage employer

57%

of social enterprises have female leaders



81%

of social enterprises said they have at least one leader with lived experiences of the social issue(s) addressed by the organisation

Fusion 21

Foreword

We are proud to sponsor this report, which highlights the resilience, innovation and impact of social enterprises across the UK. This State of the Sector report shows that, despite tough economic conditions, social enterprises continue to make a visible positive impact on society.

The report is titled 'Backbone of Britain' because these organisations are vital for so many people. If they were to disappear overnight, societal collapse could become a very real possibility. They support vulnerable people, strengthen local communities, and tackle urgent social issues such as mental health. They also invest in staff development, pay fair wages, and create jobs for those facing barriers. These businesses remain committed to supporting diversity and delivering social value in their communities.

And it's certainly been a tough couple of years for them since this report was last published. You'll read about the harsh financial realities of trying to run a social enterprise against the backdrop of a flat economy and a period of inflation that's meant spending on goods and services has slowed down. Despite the key findings and recommendations of the Adebawale Commission, access to finance is still difficult, with fewer organisations securing the funding they need to grow.

Dave Neilson
Group Chief Executive, Fusion21

But social enterprises are known for their grit, determination, and resilience, and it seems these challenging trading conditions have strengthened the resolve of many. The report finds more of them are innovating to survive and thrive, developing new efficient processes, or introducing new products

and services. Growth remains the ambition for a majority of them, because growth means more social impact, the motivating force for these businesses.

At Fusion21, we believe social enterprises are central to building a fairer, more inclusive economy. Their work in delivering social value, providing inclusive employment, and making a positive difference in communities is exactly the kind of change Fusion21 supports. As a national social enterprise and charity delivering procurement solutions, social investments, partnerships, and advocacy, we remain committed to supporting the social enterprise sector in strengthening its resilience and maximising effectiveness.

This report shows that social enterprises continue to make a positive difference where it matters most. To help them continue to thrive, they need the right tools, support, resources, and recognition.

Dave Neilson

Group Chief Executive, Fusion21



Introduction

PURPOSE AND SCOPE OF THE 2025 SURVEY

This report summarises the results of Social Enterprise UK's (SEUK) 'State of Social Enterprise Survey 2025'. SEUK has conducted biennial social enterprise surveys since 2009, providing a robust evidence base for use by social enterprises, policy makers, researchers, funders, commissioners, investors and the wider public. Importantly, the research informs and promotes practical solutions for social enterprises to thrive.

The survey seeks to provide a comprehensive picture of social enterprise across the UK, aligning questions where possible to the UK Government's Small Business Survey for comparison. The questionnaire was developed jointly by Social Enterprise UK with BMG Research (who conducted the data collection) and external reviewers Lauren Tuckerman, Lecturer in Entrepreneurship, University of

Glasgow, Professor Gordon Liu, Faculty of Business and Law, Open University, and Professor Richard Hazenberg, Institute for Social Innovation and Impact, University of Northampton. Please see the methodology section at the end of the report for details of sample size and process.

KEY THEMES AND CHANGES SINCE 2023

Economic conditions are tough. Whilst financial performance has weakened, with profit-making enterprises down from 48% to 40%, break-even rates rose from 22% in 2023 to 28%. The proportion of younger social enterprises has decreased, but the overall number of CICs registered has grown – indicating a slight slow-down in start-up growth.

Yet social enterprises are still delivering for society against the odds – there is an increased focus on supporting the vulnerable and serving local communities, addressing the challenges of our times like the mental health of the nation, paying fair wages, investing in staff development, and creating jobs for those who struggle such as those who are disabled or the victims of racism.

Social enterprises also have staff and leaders who reflect the diversity of the country.

Social enterprises out-perform other forms of business on most performance metrics including turnover growth and business optimism, and retention and growth of staff, as well as being more invested in addressing climate change and making use of training and business support.

Financial barriers have intensified, including concerns about accessing appropriate forms of repayable finance, with those securing the funding they sought having dropped. Tax is a greater concern, likely linked to National Insurance contribution changes, as are skills and capacity gaps.



Financial Performance & Operations



Community Shop

This section of the report examines the financial landscape of social enterprises, focusing on income sources, trading activities, and financial performance.

Many social enterprises engage with public sector contracts, especially those working in education. International trade affects a small proportion of social enterprises, with most activity confined to the UK. The report also provides insights into turnover trends, showing optimism for future growth.

TURNOVER AND PROFITABILITY

The number of social enterprises reporting a rise in turnover has dropped by 17% compared to 2023 and a lower proportion of them anticipate growth in the year. More of them expected growth than experienced growth over the last year.

Social enterprises, however, are more likely to have increased turnover (48% compared to 36%) than other forms of business, according to the government small business survey. Median annual turnover has correspondingly decreased to £75,000, from £151,000 in 2017 and £100,000 in 2021 and 2023. Fewer social enterprises reported making a profit than in 2023.

Trends in turnover (past and projected)

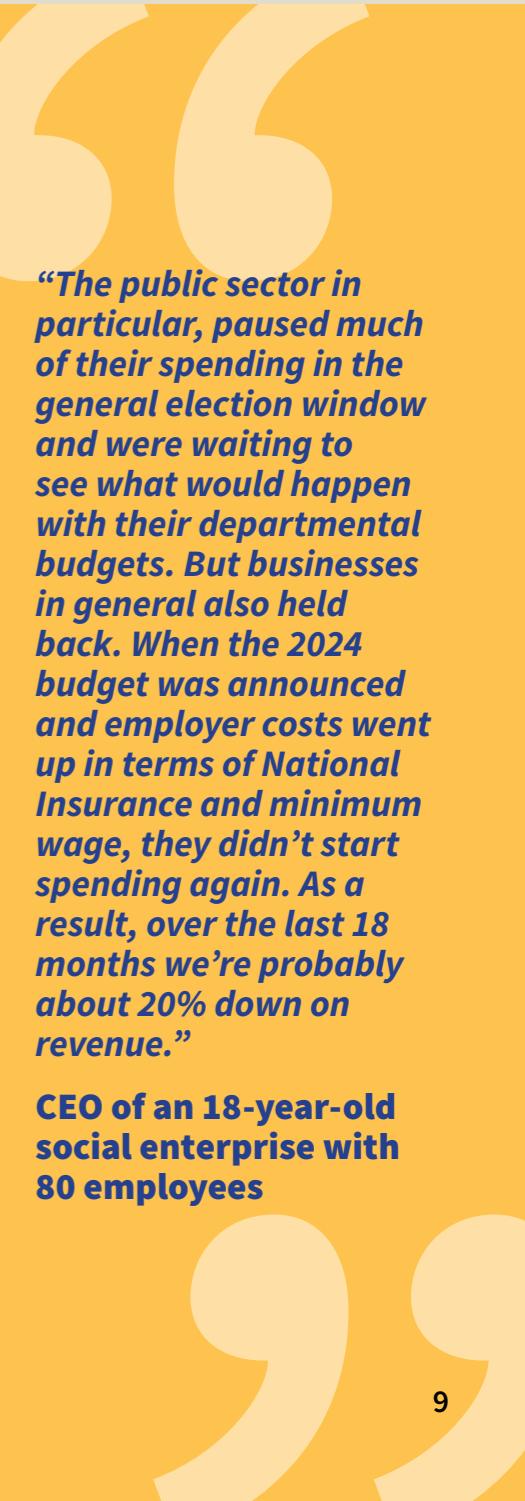
While 48% of social enterprises reported an increase in turnover over the previous 12 months, this has dropped significantly from 65% in 2023.

58% expect turnover to increase next year – but this is a decrease (-4% on last year) – and turnover growth expectations did not align with expectations provided in the 2023 survey, as 64% thought they'd grow in the year ahead, and looking back at that year, only 48% actually did.¹

Meanwhile, the percentage of organisations experiencing a decline in turnover has increased from 17% in

2023, to 22% this year. The proportion of organisations reporting no change in turnover over the last 12 months has also increased (21% compared to 14% in 2023).

Compared to other forms of business, social enterprises were significantly more likely to have increased their turnover in the past 12 months (+12%) and significantly less likely to have seen turnover decrease (+8%). Social enterprises were also more likely than other businesses to anticipate turnover growth over the coming year.²



¹ This is imprecise as the surveys took place 2 years apart and not all respondents will have reported on a consistent financial year, so these figures should be read as indicative that there could be an expected growth/reality gap – but not proof as to there being one.

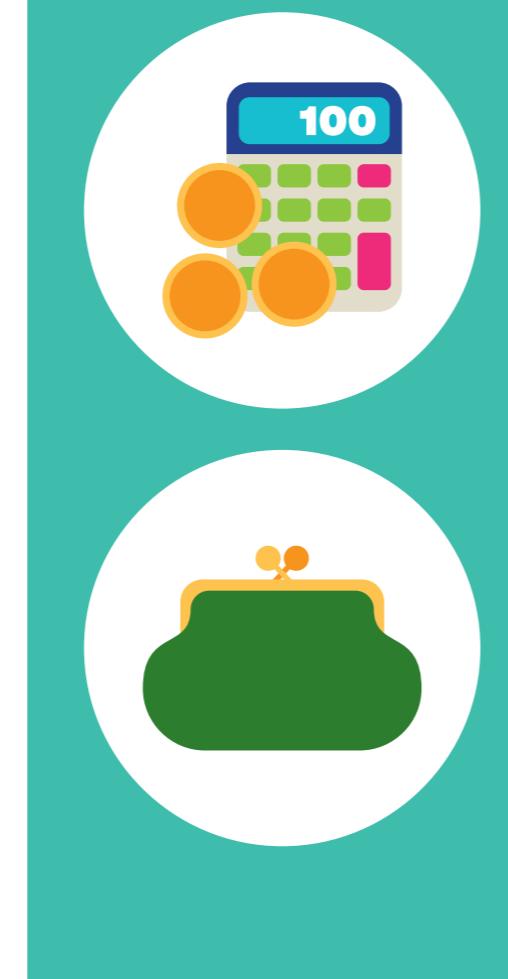
² <https://www.gov.uk/government/statistics/small-business-survey-2024-businesses-with-employees/longitudinal-small-business-survey-2024-sme-employers-businesses-with-1-to-249-employees>

Certain groups were more likely to report static or declining turnover:

- Scottish and Welsh social enterprises (28% and 29%, respectively), as well as those in South West England (31%)
- Those in operation 6-10 years (29%)
- Those with 500-1000 employees (31%)
- LGBTQ+ led social enterprises (29%)
- And in particular, social enterprises focused on employment and careers (44%), followed by those working on addressing environmental issues (31%)/addressing the climate emergency (32%), and working to support LGBTQ+ people (31%)

Those most likely to have reported turnover increase were:

- Yorkshire and the Humber and the East Midlands (both 53%)
- Social enterprises registered as IPS – coops
- Those with higher numbers of staff, particularly those with over 1000 staff (74%, albeit very small sample)
- Social care and children and early years social enterprises (61%), those working with ex-offenders (67%), children and young people (59%)
- Social enterprises that provide training to staff (58%) and that implement energy efficiency measures, compared to those that don't (53% vs 46%)



Annual turnover

Social enterprises vary widely in financial scale. While 10% reported turnover under £10,000, and 12% between £10,000 and £30,000, 5% turnover more than £5 million, with a further 8% turning over between £1 and £5 million a year.

The median turnover decreased from £100,000 in 2023 to £75,000 in 2025. However, the mean excluding outliers remained stable, suggesting this may reflect sample composition (fewer very large organisations in 2025) rather than sector-wide decline.

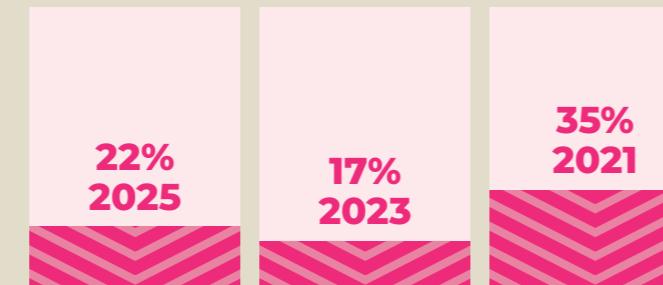
Turnover growth was slightly lower among female-led and Black-led social enterprises compared to male-led and White-led ones respectively. Male-led enterprises and those led by minoritised ethnic groups were marginally more likely to see turnover decline.

TURNOVER CHANGES IN PAST 12 MONTHS

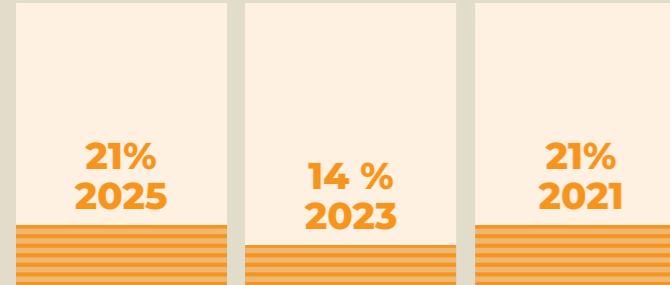
INCREASED



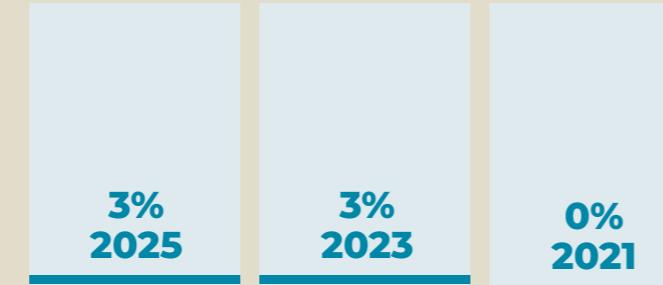
DECREASED



STAYED THE SAME



DON'T KNOW



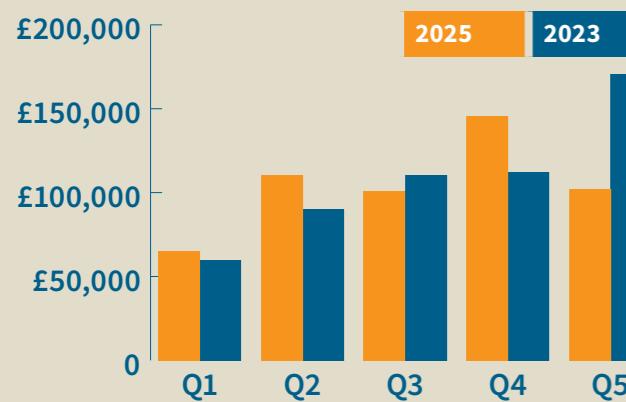
TURNOVER OR INCOME FROM ALL SOURCES LAST YEAR	2025	2023	2021
Nothing	<1%	1%	2%
Up to £10,000	10%	8%	12%
More than £10,000 up to £30,000	12%	10%	12%
More than £30,000 up to £50,000	10%	9%	9%
More than £50,000 up to £85,000	9%	19%	11%
More than £85,000 up to £150,000	11%	12%	12%
More than £150,000 up to £250,000	9%	10%	7%
More than £250,000 up to £500,000	10%	13%	10%
More than £500,000 up to £1 million	7%	6%	5%
£1 million to £3 million	6%	4%	8%
£3 million to £5 million	2%	2%	2%
More than £5 million up to £10 million	2%	1%	2%
More than £10 million up to £20 million	1%	*%	1%
More than £20 million up to £50 million	1%	*%	1%
More than £50 million	1%	1%	2%
Not yet had a full financial year	6%		

MEDIAN TURNOVER BY CHARACTERISTIC

MEDIAN TURNOVER BY YEARS OF OPERATION



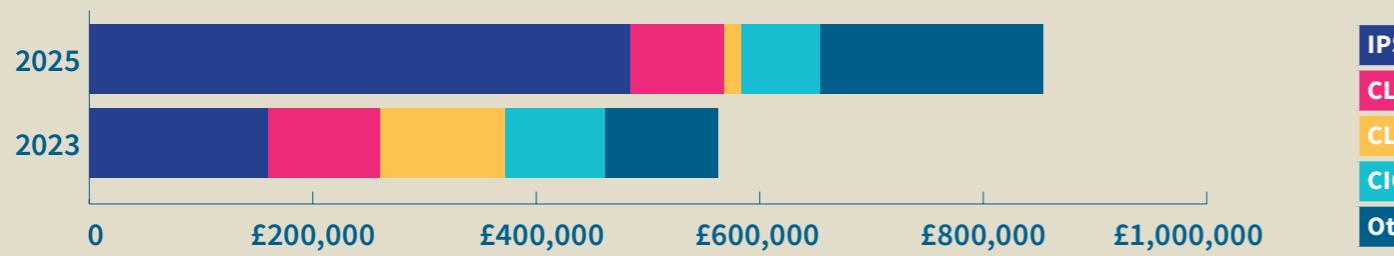
MEDIAN TURNOVER BY IMD QUINTILE



MEDIAN TURNOVER BY NUMBER OF STAFF



MEDIAN TURNOVER BY LEGAL FORM



For information about quintiles, see Methodology section.

PROFITABILITY	2025	2023	2021
Made a profit/surplus	40%	48%	49%
Made a loss	26%	26%	25%
Break even	28%	22%	25%
Not sure which, but didn't make a profit/surplus	3%	2%	N/A
Don't know	2%	2%	0%
Prefer not to say	1%	1%	N/A

Profit/loss/break-even status

Just 2 in 5 (40%) of social enterprises reported making a profit/surplus in the last financial year (down from 48% in 2023), and a quarter (26%) made a loss, in line with 2023 and 2021 (26% and 25% respectively). This year, 28% broke even.

Of those that reported making a profit, 28% had also seen a decrease in turnover, and a further 36% no change in turnover. Possible explanations include: improved efficiency/reduced costs enabled profitability without growth, organisations achieved surplus targets and prioritised stability over growth, or measurement timing issues (profitability reflects full year, turnover growth may be more recent).

Social enterprises more likely to have made a profit over the last financial year include those with IPS legal status (72%), in comparison to other legal forms (CLS: 43%, CLG: 37%, CIC: 36%) and those operating for 11 years or more (48%). Typically, the more established the social enterprise is, the more likely they are to have made a profit in the last 12 months: 32% for those in operation for up to 3 years, 36% for 3-5 years, and 38% for 6-10 years. Further, those with male leaders (45%) in comparison to 36% for those with female leaders; and those with White leaders (42%) in comparison to 30% of those led by individuals from Black, Asian, and Minority Ethnic (BAME) backgrounds.

19% of those that made a loss saw turnover increase, and a further 24% saw no change in turnover, with 27% of those that broke even having increased turnover and 25% seeing no change. Whilst 58% of organisations with turnover exceeding £1 million increased turnover, 42% remained static or declined, suggesting growth challenges even among established, larger social enterprises.



40%
of social enterprises reported making a profit



LEYF Bessborough

INCOME AND TRADING

Proportion of income from trading has decreased slightly, with a drop in trading with the private sector and the general public. Those generating income from the public sector is up fractionally, with a corresponding increase in those applying for public sector contracts.

Income sources and proportions

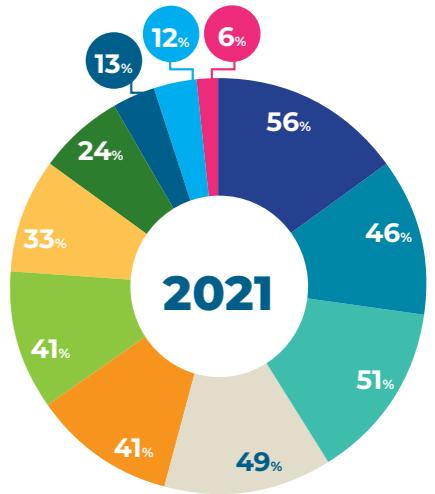
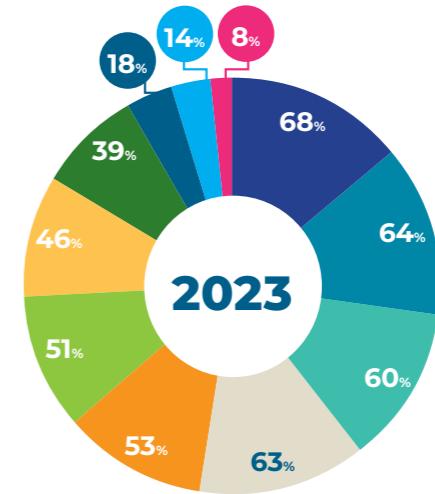
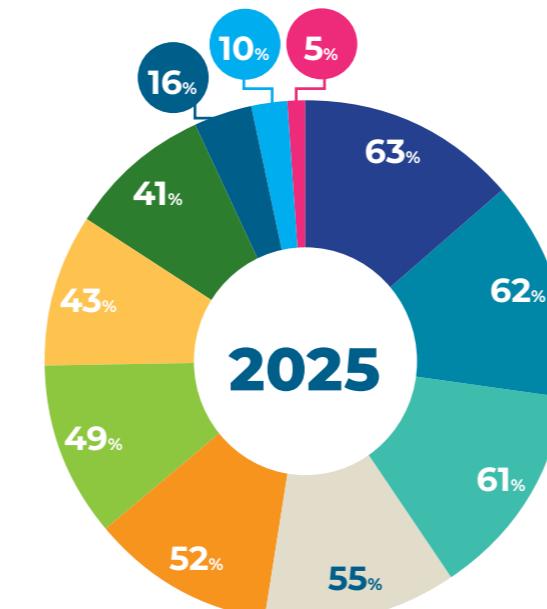
We asked social enterprises about the proportion of income generated from trading, the range of trading sources, and the main source of income.

Whilst fewer organisations are highly trade-dependent now than previously (71% of organisations generate over 50% of income from trading, down from 77% in 2023), the median proportion of income from trading across all organisations remains 75%.

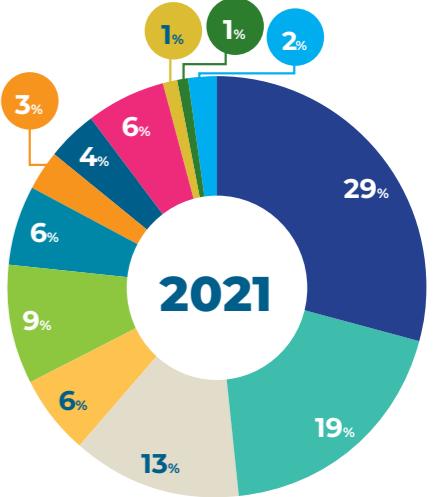
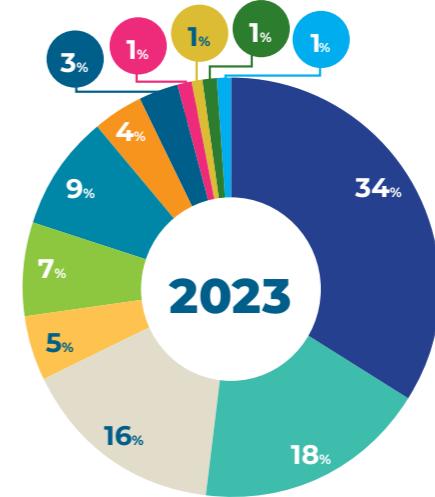
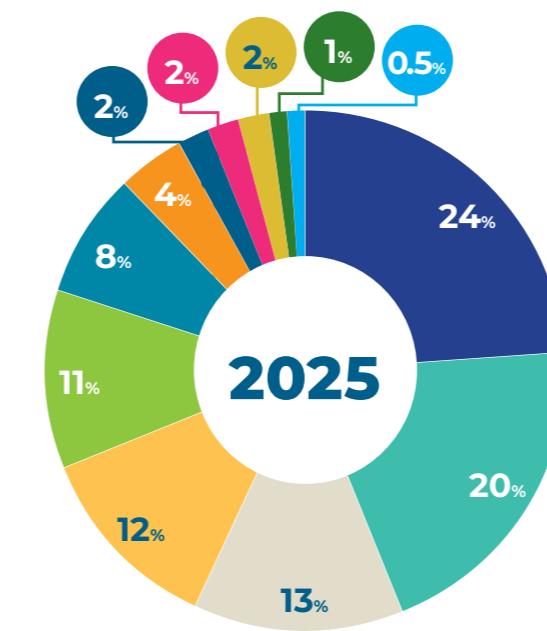
Trading with the general public is the most common income source (63%) – a slight decrease from 68% in 2023. This is followed by trading with third sector organisations (62%) and the public sector (61%). Trading with the general public is also the most frequently cited main source of income (24%).

75%
of social
enterprises'
income comes
from trading

ALL INCOME SOURCES



MAIN INCOME SOURCES



Trading with the general public

Trading with third sector organisations (e.g. charities, voluntary groups)

Trading with the public sector

Trading with the private sector

Trading with other social enterprises

Grants from the government/local authority/public sector

Other grants

Donations

Membership subscriptions

Trading internationally (including EU contracts)

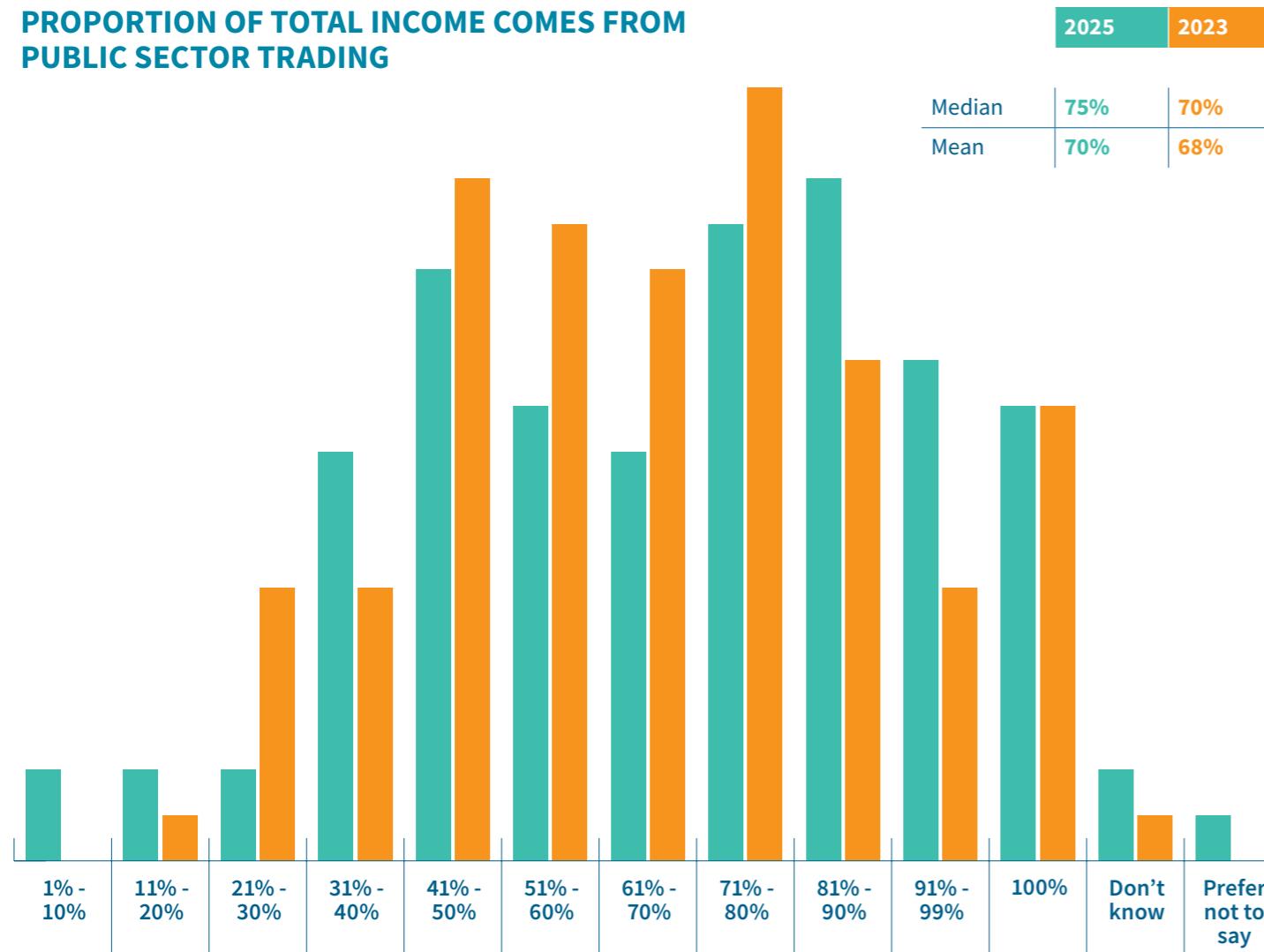
Other

Don't know

Public sector contracts and procurement

Of the 61% of social enterprises that generate income through public sector trading or government grants, (which has increased slightly since 2023), 74% receive funding from local or combined authorities, while 23% cite the NHS or Clinical Commissioning Groups, and 22% report income from UK central government departments. Over time, local authority contracts have increased slightly and, unsurprisingly, European funding has declined since 2021.

PROPORTION OF TOTAL INCOME COMES FROM PUBLIC SECTOR TRADING



	2025	2023
Local authority/Combined authority	74%	73%
UK Departments of State including central government departments	22%	23%
Clinical Commissioning Group (local)/ NHS/Health Service	23%	26%
Devolved nation government departments	5%	9%
European/international	3%	8%
Other	9%	12%
Don't know	5%	3%

For social enterprises operating for more than two years, 28% have submitted bids for public sector contracts – up slightly from 2023. An additional 13% have expressed interest without submitting a bid, again an increase from 2023. Notably, 37% of those working in education and skills development have actively bid for contracts, proportionately more than any other sector.

ENGAGEMENT WITH PUBLIC SECTOR CONTRACTS	2025	2023
Neither expressed interest nor bid	51%	58% ▼
Have bid	28%	23% ▲
Have expressed an interest but not bid	13%	8% ▲
Not applicable	6%	10% ▼
Don't know	2%	1% ▲

International trade

When asked whether they sell goods, services, or license products internationally, the majority of social enterprises (83%) said they do not trade outside the UK. This is broadly similar to other forms of business. Of those that do, 12% trade within the EU/EFTA/EEA, and 11% operate in markets beyond those regions. Social enterprises led by women are less likely to trade overseas compared to those led by men (79% vs. 85%).

28%
of social enterprises have bid for public sector contracts



TRADING ACTIVITIES

Education and skills development is the most common primary – and secondary – trading activity. Business support and consultancy has grown since 2023, whereas retail has seen a sharp decline.

Principal trading sectors

In 2025, education and skills development remained the most common, main trading activity among social enterprises, increasing to 17% from 14% in 2023. Business support and consultancy showed larger growth, rising to 11% from 8% in 2023.

Retail saw a significant decrease in 2025 compared to 2023, down from 14% to 7%. Whereas culture and leisure increased to 5%, from 3% in 2023.

	Agriculture – farming/gardening	Aggregate average	
	2021-25	2025	2023
2%			
	Business support/consultancy		Aggregate average
	2021-25	2025	2023
9%		11%	8%
		27%	
	Childcare and early years		Aggregate average
	2021-25	2025	2023
1%		1%	1%
		NA	
	Community services		Aggregate average
	2021-25	2025	2023
6%		8%	6%
		4%	
	Creative industries performing arts, music, film and television, book/magazine publishing, advertising, web, design, print, digital marketing		Aggregate average
	2021-25	2025	2023
9%		10%	9%
		9%	

	Culture and leisure (including sports and community centres)	Aggregate average	
	2021-25	2025	2023
4%			
	Domestic services/cleaning		Aggregate average
	2021-25	2025	2023
1%		1%	1%
	Education and skills development		Aggregate average
	2021-25	2025	2023
15%		17%	14%
		15%	
	Employment and careers services		Aggregate average
	2021-25	2025	2023
2%		2%	2%
		2%	
	Environmental – recycling, reuse, awareness etc		Aggregate average
	2021-25	2025	2023
3%		2%	5%
		3%	
	Financial support and services		Aggregate average
	2021-25	2025	2023
3%		2%	3%
		3%	
	Healthcare		Aggregate average
	2021-25	2025	2023
8%		8%	7%
		10%	
	Hospitality		Aggregate average
	2021-25	2025	2023
3%		4%	3%
		3%	

	Housing	Aggregate average	
	2021-25	2025	2023
2%			
	IT - consultancy/software development and telecommunications (including sports and community centres)		Aggregate average
	2021-25	2025	2023
2%		2%	2%
	Manufacturing		Aggregate average
	2021-25	2025	2023
3%		2%	4%
	Retail		Aggregate average
	2021-25	2025	2023
10%		7%	14%
		10%	
	Social care		Aggregate average
	2021-25	2025	2023
4%		4%	4%
	Transport		Aggregate average
	2021-25	2025	2023
1%		1%	1%
	Utilities (energy)		Aggregate average
	2021-25	2025	2023
1%		1%	1%
	Workspace/room hire		Aggregate average
	2021-25	2025	2023
2%		2%	2%
	Other		Aggregate average
	2021-25	2025	2023
7%		7%	6%
		9%	

Secondary trading sectors

In 2025, social enterprises were also asked about additional trading activities beyond their principal focus, offering insight into the breadth and diversity of their operations.

As well as being the main primary trading sector, education and skills is the most common additional trading sector too. While community services is not commonly cited as a principal activity, nearly one in five (19%) report engaging in it. Similarly, employment and career services is undertaken by 12% of organisations, despite not being a primary focus.

8% of social enterprises have a retail trading focus beyond their primary trading sector, 10% and 7% respectively in health and social care, and 3% in early years provision.

Over a quarter (27%) of social enterprises state that they do not engage in any other trading activities beyond their main area of work. This rises to 38% for those with a primary trading focus in retail but is much lower for social care social enterprises (14%) and those creating employment opportunities (15%).

“It’s been tough because the construction sector is in the doldrums. We work a lot with that sector, so consequently we’ve had a tough year too. High interest rates and the cost of living crisis means the housing market has been very slow. House builders are focused on profit so they’re not going to build lots of houses if people aren’t buying them. However, with the need to build huge numbers of homes and upgrade lots of infrastructure, we are very optimistic for the medium term.”

Richard Mehmed, Managing Director, Community Wood Recycling

AGE AND LONGEVITY

The proportion of social enterprises operating for three years or less has dropped to below 2017 levels, according to the survey sample. This is despite a faster rise in CIC registrations based on Companies House data. CICs are more likely to dissolve within the first few years of operation. By contrast, IPS-registered social enterprises (coops) are more likely than other business forms – particularly CICs – to survive up to five years.³

The proportion of social enterprises operating for less than one year rose from 3% in 2023 to 5% in 2025, while those in the 1-3-year category experience a significant decline from 30% to 19%.

The share of organisations operating for 4-5 years increased from 13% to 17%, indicating growth in mid-stage enterprises. Those in operation for 6-10 years also rose from 23% to 26%.

The proportion of enterprises operating for 11-20 years remained steady at 21%, as did the share of those trading for more than 20 years at 11%, suggesting that longer-established organisations tend to maintain greater stability over time.

Social enterprises in Wales are significantly more likely to have been trading for more than 20 years compared to the total sample (26% cf. 11%).



YEARS TRADING	2025	2023	2021
Up to 6 months	3%	2%	3%
7 months to a year	2%	1%	3%
1-3 years	19%	30%	28%
4-5 years	17%	13%	13%
6-10 years	26%	23%	25%
11-15 years	14%	15%	11%
16-20 years	7%	6%	6%
More than 20 years	11%	11%	10%



City Health Care Partnership CIC

6
average
number of
employees
in a social
enterprise

NUMBER OF EMPLOYEES

Around three-quarters of social enterprises have paid staff, some with employee numbers in the thousands, whereas the median is 6 staff.

Most social enterprises are small in scale, with many having few or no full-time staff. However, not all social enterprises are SMEs - 3% have more than 250 staff, and some of the largest social enterprises have staff numbering over 10,000.

Social enterprises were asked about the number of paid employees across all their sites. While the average number of employees is 72, the most common bandings were 2-9 employees (38%), followed by 10-99 employees (19%), with 23% having no paid staff – and social enterprises hire a median of 6 paid staff.

3

<https://www.uk.coop/sites/default/files/2025-09/Co-operative%20and%20Mutual%20Economy%202025.pdf>

Growth and Innovation

This section outlines the strategies social enterprises are using to grow and the challenges they face. Innovation remains central, with a higher proportion introducing new products or services and forming partnerships, though fewer are expanding into new markets compared to previous years. Looking ahead, most plan to continue innovating and building new collaborations.

However, growth is hindered by financial constraints, economic instability, market access issues, and limited public understanding of social enterprises. Skills shortages and recruitment difficulties also pose challenges. On a positive note, many organisations are embracing digital tools to manage operations and sell products online, reflecting a growing reliance on technology.



GROWTH STRATEGIES

A higher proportion than in previous years have developed a new process or introduced new products and services as part of their growth strategies, although expansion into new markets and geographies has decreased. In terms of future growth, there is an increase on 2023 data in the proportion intending to seek investment.

Actions taken in the past year

Over the past year, social enterprises have taken various steps to grow their businesses, with innovation playing a central role. Half (50%) of social enterprises introduced new products or services to their organisation, with higher rates in Wales (63%), the North West (61%), and among those working on employment and careers (83%). Meanwhile, 35% introduced products or services new to the market entirely. This was more common in Wales and among LGBTQ+ led social enterprises, as well as those focused on social care, housing, and climate action.

A higher proportion (35%, compared to 25% in 2023) developed a new process – however this figure was at a similar level in 2021 (36%), as social enterprises got through Covid, indicating that there

may be a similar pattern of pivoting and adapting taking place given ongoing economic uncertainty.

Around 42% of social enterprises focused on cutting costs and boosting efficiency, particularly in Scotland and the West Midlands, in least deprived areas, and in larger organisations.

41% strengthened partnerships with the public or private sectors, particularly those in the North East and in most deprived areas, and Black-led social enterprises – plus those working in housing.

Only 33% expanded into new geographies or customer markets - down considerably from 42% in 2023, with particularly low levels of expansion in Northern Ireland, LGBTQ+ led social enterprises and those working in social care.

ACTIONS TAKEN IN LAST 12 MONTHS TO GROW

	2025	2023	2021
Developed new products and/or services new to your organisation	50%	53%	37%
Reduced costs/increased efficiency	42%	45%	50%
Increased partnerships with public and/or private sectors	41%	N/A	N/A
Increased the level of marketing/advertising	38%	40%	42%
Developed new products and/or services – new to the market	35%	23%	37%
Increased prices	35%	43%	20%
Diversified or expanded into new geographic or different customer markets	33%	42%	45%
Invested in new equipment/IT/computer software	32%	37%	51%
Invested in R&D (research and development)	15%	18%	N/A
Invested in new capital assets	15%	18%	25%
Won business as part of a consortium	8%	9%	11%
None of these	7%	5%	5%
Merged with or acquired another organisation	2%	4%	4%

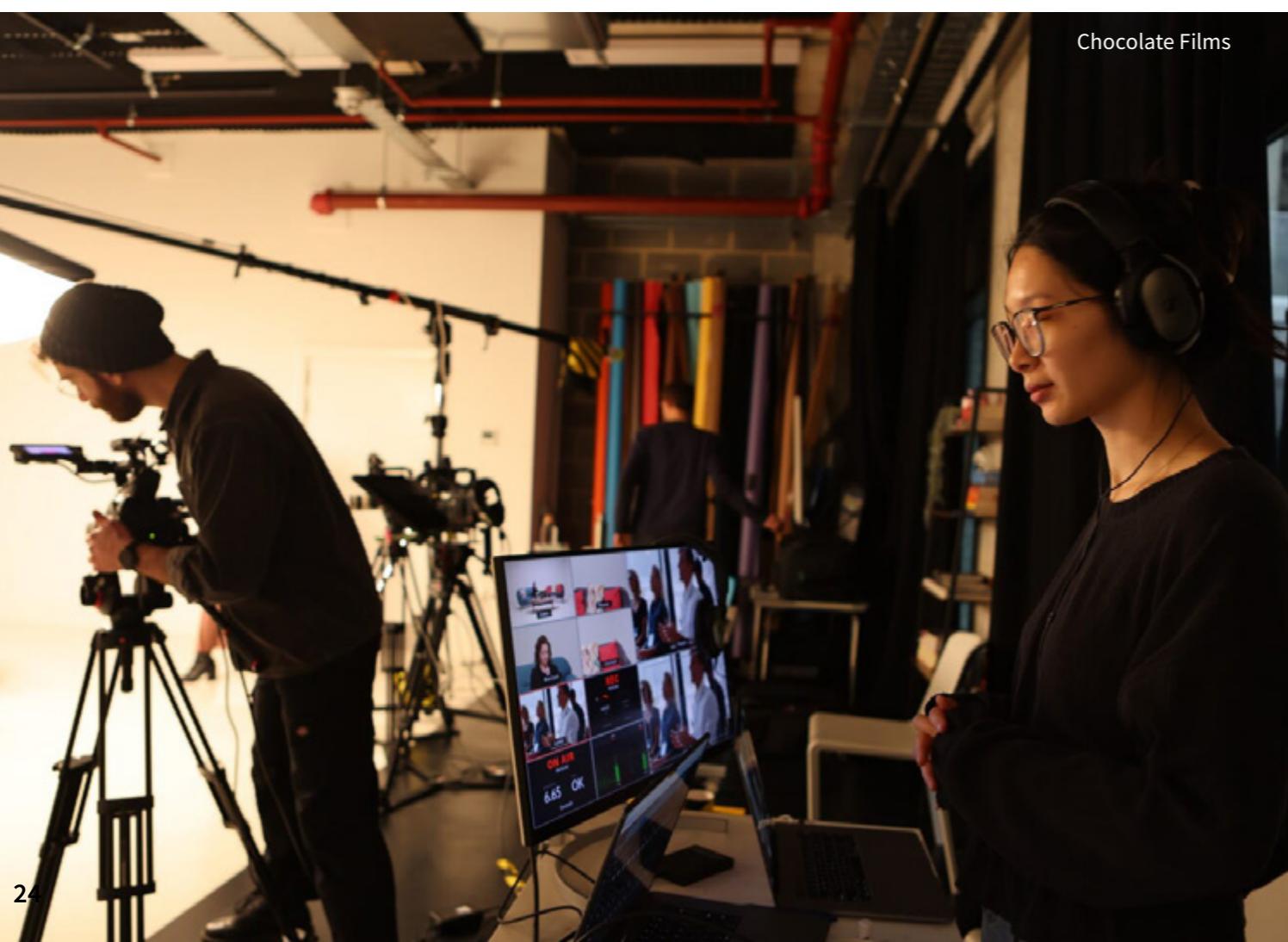
Plans for future growth

Social enterprises expecting turnover growth in the next year are planning a range of strategies to achieve it. As in 2023, most (69%) aim to develop new products or services (as in previous years), while forming new public or private sector partnerships (added as an option this year) is also a key approach (68%).

41% plan to grow by reducing costs and increasing efficiency. Notably, 51% of those planning to cut staff cited cost reduction as their reason. Social enterprises in Scotland and Northern Ireland were more likely to anticipate reducing costs/increasing efficiency, as were those registered as an IPS (coops), those with 100-250 staff and over 1000 staff, those led by people from Black and other minoritised ethnicity backgrounds, and those working in retail.

41% said they intended to seek investment to grow, this figure jumps up to 66% for Black-led social enterprises, 69% for those focused on employment and careers, and 51% for those working with children and young people.

GROWTH PLANS	2025	2023	2021
Develop new products and/or services	69%	68%	66%
Diversify or expand into new geographic or different customer markets	59%	59%	57%
Seek investment to increase the rate of growth of your business	41%	33%	17%
Reduce costs/increased efficiency	41%	44%	22%
Increase prices	40%	41%	12%
Develop a new process	35%	25%	36%
Invest in R&D (research and development)	26%	23%	
Invest in new capital assets	25%	20%	27%
Invest in products/services/processes to green/decarbonise operations	21%	23%	27%



74%
of social enterprises experience financial barriers to growth



BARRIERS TO GROWTH

Social enterprises now cite financial barriers and challenges specific to their sector as more significant obstacles to growth than in previous years. Key issues include cash flow, taxation, access to suitable finance, poor understanding of social enterprise, and difficulties with procurement and public sector contracts.

Financial, market, skills, and systemic challenges

In line with the Government's Small Business Survey, we asked social enterprises about barriers to growth. Financial constraints were the most cited (74%, up from 62% in 2023) followed by broader economic factors (64%), then market and customer demand issues (38%), both down

slightly from 2023 findings. 29% said that issues linked to being a social enterprise were significant barriers, up from 20% in 2023.

Organisations could identify barriers across multiple categories; percentages reflect the proportion citing at least one barrier in each category.

BARRIERS TO SUSTAINABILITY AND/ OR GROWTH	2025	2023
Financial barriers	74%	62%
Wider economic and general issues	64%	67%
Customer demand/market issues	38%	41%
Issues linked to being a social enterprise	29%	20%
Skills issues	25%	28%
Other	13%	23%

“Some of our best customers have gone into administration this year, big organisations that have just folded. We didn’t see that coming. We’ve had 10 year partnerships with these organisations.

Suddenly they’re not paying their bills. Our cash flow situation can be precarious; we put 14-day terms on our invoices but it’s not unusual for a corporate to take a year to pay an invoice, consuming our precious time and energy chasing, and placing our own financial health at risk.”

Davie Parks, Managing Director, The Skill Mill

Financial barriers

For those who identified key barriers to growth, we asked for more detail. Financial challenges were the most frequently cited obstacles to growth, with 68% of social enterprises reporting difficulties in securing grant funding, up from 48% in 2023, and 54% highlighting cash flow issues, up 10% from the last survey.

Obtaining debt finance decreased slightly as a concern, but there is increased concern about types and terms of finance compared with 2023 data.

Obtaining finance D/E

21% **2025** **29%** **2023**

Affordability of finance D/E

16% **2025** **16%** **2023**

Unsuitable finance types

16% **2025** **13%** **2023**

Cash flow

54% **2025** **44%** **2023**

Pensions

8% **2025** **1%** **2023**

Availability/cost of premises

28% **2025** **12%** **2023**

Other cost-related issues

27% **2025** **28%** **2023**

None – something else

3% **2025** **8%** **2023**

National Insurance contribution rises announced in the autumn 2024 budget may explain why concern about taxation has increased significantly (up 21% to 33%). The availability and cost of suitable premises is also a bigger worry – for 28% of respondents, compared to just 12% in 2023.

Wider economic and general issues

Wider economic and general issues were among the most frequently cited barriers to growth by social enterprises, with 70% concerned by the impact of inflation and the rising cost of living (down 6% from 2023, when the question was worded 'recession' rather than inflation). Time pressures are a major barrier for 39% of respondents, up very significantly from 2023. Red tape and lack of access to good business support are less cited as barriers.

Cost of living/inflation*

70% **2025** **76%** **2023**

Regulations/red tape

21% **2025** **12%** **2023**

Barriers linked to being a social enterprise

Of the 29% who cited barriers related to being a social enterprise, two thirds said lack of or poor understanding/awareness of social enterprise among general public/ customers was a problem, up slightly from 2023 results, and the same proportion (66%) mentioned lack of or poor understanding/awareness of social enterprise among banks and support organisations, also up from the previous survey.

Economic instability/climate

74% **2025** **72%** **2023**

Lack of/poor business support

17% **2025** **10%** **2023**

Time pressures

39% **2025** **18%** **2023**

None – something else

39% **2025** **5%** **2023**

* = Recession 2023

Customer demand/market issues

Barriers around customer demand and market issues was the third most common concern, with an increase in social enterprises affected by difficulties accessing customers, and lack of demand. Difficulty accessing procurement and lacking capacity to meet procurement criteria have both risen as concerns.

Accessing customers

46% **2025** **41%** **2023**

Accessing procurement/commissioning

37% **2025** **22%** **2023**

Lack of capacity – procurement/commissioning criteria

23% **2025** **12%** **2023**

None – something else

15% **2025** **22%** **2023**

Skills issues

One in four social enterprises reported facing skills-related challenges. The most prevalent issue was a general shortage of skills, including expertise in areas such as finance and marketing, cited by 61% – a significant rise from 48% in 2023. Other notable challenges included recruitment difficulties, 42%, which is a sharp decline from 60% in 2023 and lack of managerial skills, mentioned by 31%, slightly up on the previous survey.

Shortage of managerial skills

31% **2025** **27%** **2023**

Shortage of skills generally*

61% **2025** **48%** **2023**

None - something else

10% **2025** **5%** **2023**

* = including financial & marketing

Recruiting non-executive directors/trustees

25% **2025** **21%** **2023**

Recruiting staff

42% **2025** **60%** **2023**

D/E = Debt or Equity

* Interest rates or repayment terms

NI = National Insurance

EMPLOYMENT TRENDS

Social enterprises are more likely to have increased staff numbers than other forms of business over the previous year, and more likely to anticipate staff numbers growing in the year ahead than is the case for other forms of business.

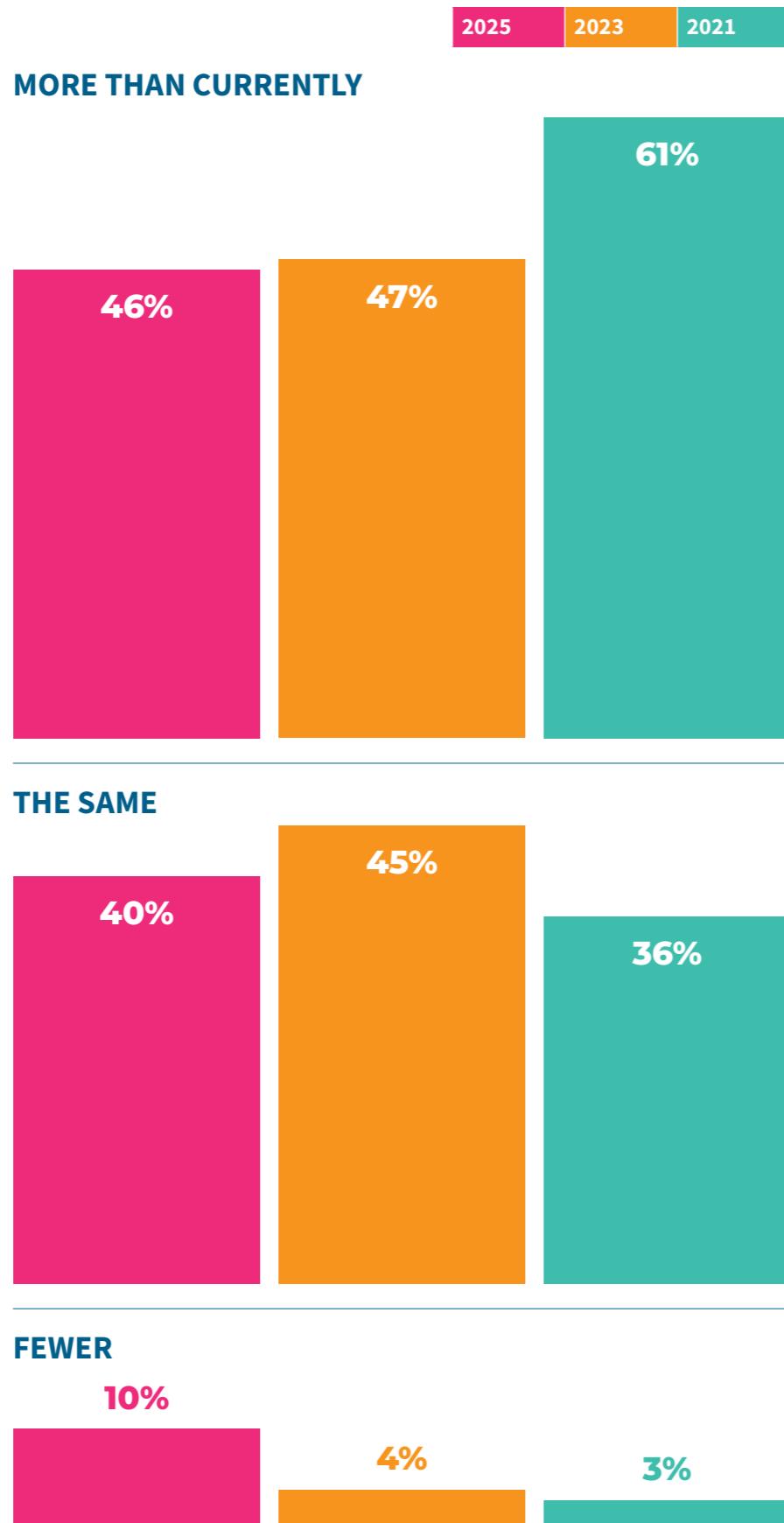
Changes in staff numbers

Respondents were asked to report if the number of paid employees their organisation had 12 months ago had changed. Just under a fifth (17%) saw staff numbers decrease, and a third (37%) had seen staff increase – 41% had maintained the same number of employees.

Social enterprises in the East Midlands and East of England were particularly likely to have seen staff numbers increase, as were those working in childcare and early years.

Compared to other forms of business, social enterprises were more likely to have increased staff numbers over the previous 12 months (37% compared to 24%), and less likely to have decreased staff numbers (17% compared to 23%).⁴

EXPECTATIONS ON NUMBER OF EMPLOYEES IN 12 MONTHS' TIME



⁴ <https://www.gov.uk/government/statistics/small-business-survey-2024-businesses-with-employees/longitudinal-small-business-survey-2024-sme-employers-businesses-with-1-to-249-employees>

Future employment expectations

Social enterprises were also asked whether they expect to change employee numbers over the next year. 46% indicated that they expect to employ more people within the next year, while 40% stated that they expect their number of employees to remain the same. Only 10% noted they expect fewer employees in the next 12 months.

Staff growth was particularly cited in the East Midlands, by Black-led social enterprises, those working in housing and with children and young people.

Social enterprises were significantly more likely than other business forms to anticipate increasing staff numbers over the coming year.

Training and development

Over three quarters (81%) of organisations with employees reported providing some form of training or development for their staff, whether formal off-the-job training or informal on-the-job training. This includes 46% who offered both formal and informal training, 18% who provided only formal training, and 17% who provided only informal training.

Social enterprises were significantly more likely than other forms of business to have provided both formal and informal training to staff.

Use of technology

We asked social enterprises whether they use technology or web-based software to sell products online or manage their operations. Nearly four in five (79%) reported using such tools for business management, while about half (49%) use them to sell to customers online.

Compared to other forms of business, social enterprises were significantly more likely to report using technologies and web-based software to sell to customers online and to manage their business.

Related research with SEUK university partners has shown that social enterprises are adopting and exploring AI, particularly those working in education, healthcare, or business support. And they are using it for day-to-day operations, exploring its potential for improving customer service and automating administrative tasks.⁵

⁵ <https://www.socialenterprise.org.uk/knowledge-centre-blogs/ai-adoption-in-uk-social-enterprises-key-insights-and-next-steps/>



Finance and Funding

This section of the report explores how social enterprises engage with external finance. It outlines the types of finance being used, and recent application trends, including the reasons for seeking investment and outcomes of applications. It also highlights success rates, and typical amounts raised. Additionally, the section examines barriers and perceptions about access to finance.



CURRENT USE OF FINANCE

Nearly three-quarters of social enterprises currently use some form of external funding and finance, with over half of these citing grants.

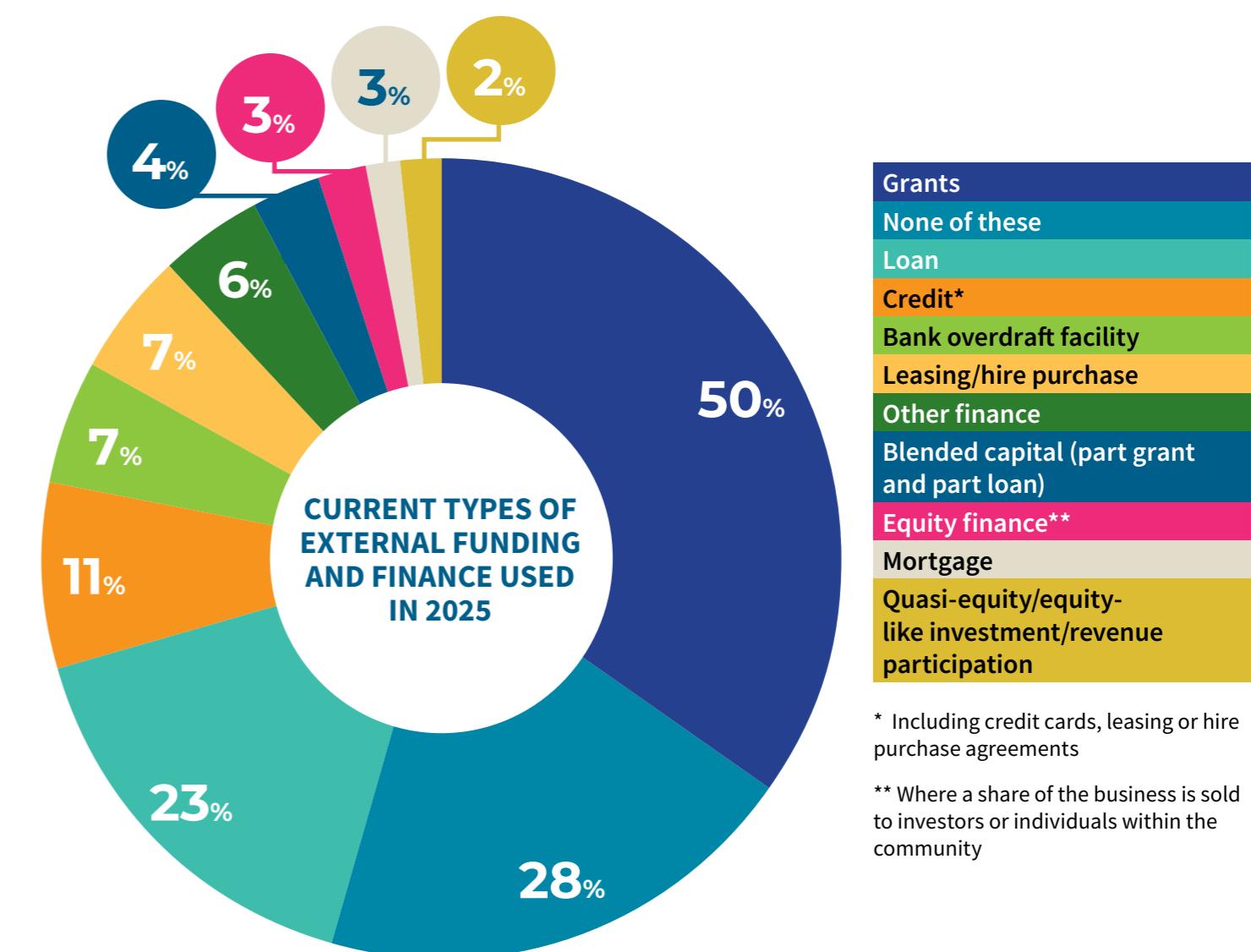
Types of finance in use

71% of social enterprises reported that they currently use some form of external funding or finance, most commonly grants (50%), followed by loans (23%, down from 33% in 2023) and one in ten currently use credit. White-led and male led social enterprises are more likely to have loans. Female and minority led social enterprises are more likely to have grant income. Nearly two-thirds of childcare and early years social enterprises have a loan, compared to a fifth of social care social enterprises.

Current loan usage decreased substantially (23% vs 33%), yet loans remain the most sought type of new finance (38%). This implies either: high loan rejection rates, existing loan holders not renewing/repaying without replacement, or new entrants seeking loans whilst established organisations move away.

CLS-registered social enterprises have similar levels of grant income to the average, whereas the percentage is lower for those registered as CLGs.

Social enterprises are significantly less likely than other forms of business to be using repayable finance in the form of bank overdrafts, credit or leasing and hire purchases to finance their businesses.



* Including credit cards, leasing or hire purchase agreements

** Where a share of the business is sold to investors or individuals within the community

APPLICATIONS AND OUTCOMES

Loans are the most commonly sought form of repayable finance, although the proportion of social enterprises seeking loans has decreased – and social enterprises are less likely than other forms of business to have applied for external finance, although the proportion applying to social investors remains similar. Success rates have dropped slightly overall – and there has been a big decrease in the proportion of social enterprises securing the full amount of finance they sought.

For the remainder of questions, we asked respondents about repayable finance in its various forms (we didn't include grants).

Types and sources of finance applied for

One in seven organisations (14%) reported applying for external funding other than grants in the past 12 months, a similar proportion to 2023 – but a big drop from 2021 when 34% said they had. Higher application rates were seen in Yorkshire and the Humber, amongst IPS-registered social enterprises (coops), with male-led organisations marginally more likely to have applied for finance than female-led counterparts.

Among these, the most commonly sought type was a loan (38%) – although this has decreased significantly since 2023, back to 2021 levels. This is followed by blended finance (11%) and overdrafts (10%) – all three the same top forms of non-grant finance identified in 2023.

As a whole, social enterprises are less likely overall to have applied for external finance than other forms of business.

TYPES OF EXTERNAL FINANCE

APPLIED FOR	2025	2023	2021
A grant	50%	58%	77%
A loan	38%	52%	39%
Blended capital (part grant and part loan)	11%	18%	9%
An overdraft	10%	14%	6%
Leasing/Hire purchase	5%	2%	2%
Equity finance*	4%	12%	8%
Credit**	4%	12%	N/A
A mortgage	2%	2%	2%
Quasi-equity/equity-like investment / revenue participation	1%	5%	5%
Other	44%	13%	16%
Don't know	2%	4%	1%

* Where a share of the business is sold to investors or individuals within the community

** Including credit cards, leasing or hire purchase agreements

Secured loans

For those who applied for a loan, nearly three-quarters (70%) said it was unsecured, while 16% reported securing it against business assets and another 16% against personal assets.



Half the Story

Sources of finance

In terms of where social enterprises applied for finance, specialist social investment organisations were the most-cited, with a third (32%) of social enterprises applying to them – in line with 2023 data.

The most notable shift in sources of finance applications this year compared to 2023 is the sharp decline in the use of peer-to-peer or crowdfunding platforms, dropping from 10% to 1%. The proportion applying through grant-making trusts or foundations remains much lower than in 2021, when half (50%) used this route.



WHERE APPLIED TO FOR FINANCE	2025	2023	2021
Specialist social investment organisation	32%	32%	19%
Bank	27%	28%	27%
Grant making trust or foundation	18%	20%	42%
Social bank	14%	11%	6%
Friends and/or family	10%	8%	10%
Local authority	9%	7%	20%
Government fund	8%	10%	26%
Community Development Finance Institution (CDFI)	4%	2%	1%
Venture capitalist	2%	5%	2%
Building society	1%	2%	1%
Peer to peer/crowd funding	1%	10%	5%
Credit Union	0%	0%	*%
Other	15%	18%	25%
Don't know	4%	0%	2%

Need for finance

When asked why they applied for external finance, a majority (55%) of social enterprises cited working capital or supporting their cashflow – similar to 2023 (59%). A similar proportion said that they wanted external finance to invest – either in product and service delivery, staff training and marketing, or buying, renting, leasing or improving buildings or land.

PURPOSE OF FINANCE OR CAPITAL SOUGHT	2025	2023
Working capital or cashflow	55%	59%
Buying, renting, leasing or improving buildings or land	25%	20%
Acquisition of capital equipment or vehicles	22%	11%
Investment in a new or significantly improved goods or services	16%	23%
Marketing	15%	20%
Staff training or development	13%	20%
Investment in a new or significantly improved process	11%	18%
Other	14%	16%
Don't know	2%	1%

Application success rates

In the past 12 months, 60% of social enterprises who applied for external finance successfully secured funding – a decrease from 64% in 2023. These were more likely to be organisations that have been operating for 11+ years (83%), in the least deprived areas (although those in the most deprived areas also had a slightly higher than average rate of success), with CICs and female-led social enterprises less likely to have successfully applied for finance.

Among successful applicants:

- 47% obtained a loan (54% in 2023).
- 12% secured blended capital (compared to 16% in 2023).
- 10% successfully accessed overdrafts or leasing/hire purchase arrangement – marking the most notable change since 2023, as no respondents reported leasing/hire purchase and only 2% mentioned overdrafts in 2023.

TYPES OF FINANCE SECURED	2025	2023
A loan	47%	54%
Blended capital i.e. part grant and part loan	12%	16%
An overdraft	10%	2%
Leasing/hire purchase	10%	0%
Equity finance (e.g. where a share of the business is sold to investors or individuals within the community)	8%	8%
Credit - including credit cards, leasing or hire purchase agreements	5%	12%
A mortgage	2%	4%
Quasi-equity/equity-like investment / revenue participation	0%	0%
Other	20%	3%
Don't know	0%	18%

When looking at sources of finance, 31% of successful applicants secured finance from a specialist social investment organisation, up marginally from 2023. 23% secured finance from

a regular bank, an increase from 2023. Fewer raised finance from trusts and foundations and social banks. Among successful applicants:

FROM WHOM FINANCE SECURED	2025	2023
Specialist social investment organisation	31%	28%
Bank	23%	18%
Social bank	9%	13%
Grant making trust or foundation	8%	14%
Local authority	7%	7%
Friends and/or family	7%	4%
Venture capitalist	2%	0%
Peer to peer/crowd funding	2%	9%
Community Development Finance Institution (CDFI)	2%	1%
Building society	1%	2%
Credit Union	0%	0%
Government fund	0%	6%
Other	27%	7%
Don't know	1%	18%

Target versus achieved finance/credit raised

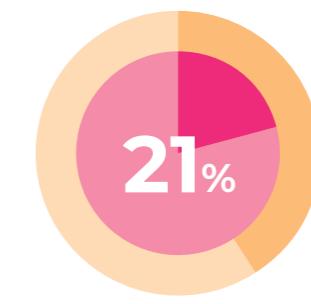
The median amount of external funding (excluding grants) sought was £37,500 (very similar to the £40,000 median seen in 2023, although relatively lower given inflation).



£37.5k median external funding sought (vs £40k in 2023)

Only 21% of social enterprises that sought external finance were able to secure the whole amount desired – this is significantly lower than the 41% in 2023.

The median amount raised was £87,500, although social enterprises with male leaders raised a much higher median of £150,000, compared to £87,500 for female leaders and male-led organisations were 10% more likely to secure all the finance they sought than those led by women.



SECURED FULL FUNDING (down from 41% in 2023)



BARRIERS AND PERCEPTIONS

Risk aversion and fear of rejection have increased as reasons for not applying for finance, with less confidence about the amount and suitability of forms of finance available. Just 31% think external finance is well sign-posted, and over three-quarters disagree that application forms are easy to navigate.

Considering finance

Social enterprises that did not seek external finance were asked whether they had considered applying for a new source of finance in the past 12 months. The majority (62%) said they had not considered it, while 37% had.

Those that had considered applying for a new source of finance were asked which type they were interested in. The largest proportion (39%) considered applying for a loan, although this is down from 52% in 2023. 25% considered blended capital (a mix of grant and loan), an increase from 24% in 2023.

SUMMARY OF INTERESTED IN EXTERNAL FINANCE	2025	2023	2021
Not considered applying	52%	56%	44%
Considered applying but haven't	31%	31%	22%
Applied for external finance	14%	11%	34%

FORMS OF FINANCE CONSIDERED	2025	2023	2021
A loan	39%	31%	65%
Blended capital i.e. part grant and part loan	25%	24%	3%
Other	18%	32%	14%
Equity finance (e.g. where a share of the business is sold to investors or individuals within the community)	11%	9%	2%
An overdraft	10%	9%	33%
Quasi-equity/equity-like investment / revenue participation	10%	5%	11%
Credit - including credit cards, leasing or hire purchase agreements	8%	8%	1%
None	8%	10%	16%
A mortgage	3%	5%	6%
Leasing/hire purchase	2%	6%	8%
Don't know	2%	3%	4%
Prefer not to say	1%	1%	1%



51%
of social enterprises don't
think there is enough
suitable finance available



REASONS FOR NOT APPLYING	2025	2023	2021
Time pressures / lack of resource	25%	26%	15%
Didn't want to take on additional risk	24%	16%	12%
Not the right time (economic conditions)	22%	19%	14%
Thought application would be rejected	20%	12%	15%
Lack of suitable finance offering / terms / products	17%	11%	13%
Finance too expensive / interest too high	16%	13%	11%
Other	15%	9%	19%
Didn't know where to find appropriate finance	14%	11%	12%
No finance required	12%	14%	25%
Decision would have taken too long / too much hassle	10%	10%	8%
No security / collateral to offer	10%	5%	4%
Lack of confidence / skills to take on finance	9%	8%	13%
Restrictions of organisation's legal form	8%	6%	3%
Risk of social mission being diluted	6%	4%	4%
Poor credit history	3%	2%	4%
Will be applying / still considering	2%	1%	-
Don't know / prefer not to say	0%	1%	2%



FCMS

Reasons for not applying

62% of social enterprises do not intend to apply for a new source of finance. These organisations were questioned why they decided not to apply for a new source. The answers were mixed, with 25% saying time pressures / lack of resources prevented application and 24% didn't want to take on additional risk – an increase from 2023. Similar proportions said it's not the right time (economic conditions) or that they thought the application would be rejected.

Views on finance suitability, accessibility, and skills

Respondents were asked to indicate if they agree or disagree with a number of statements about external finance.

The majority of respondents (58%) agreed that their organisation has the financial, marketing, and business skills needed to secure external finance and investment, which is similar to the 59% recorded in 2023. Likewise, the proportion who disagreed with this statement remained almost unchanged, at 34% compared to 35% in 2023.

Less than half (44%) disagree that the forms of finance available are suitable for their organisation, while a smaller proportion (33%) agree that this is the case.

When asked whether the amount of external finance available to their organisation was sufficient, only 28% agreed, down from 38% in 2023. Nearly half (51%) disagreed, including 20% who strongly disagreed, representing an increase from the 47% who disagreed in 2023.

Respondents were asked whether the finance available to the organisation is well sign posted, over half (54%) disagreed including 15% who strongly disagree. 31% of respondents agree that the finance available is well sign posted.

Half of respondents (50%) disagree that the application process is easy to navigate. A smaller proportion of respondents (24%) agree that this is the case.

TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING:

	TOTAL 2025		TOTAL 2023		TOTAL 2021	
	Agree	Disagree	Agree	Disagree	Agree	Disagree
Forms of finance available are suitable	33%	44%	45%	40%	44%	44%
Amount of suitable finance is sufficient	28%	51%	28%	51%	44%	35%
My organisation has the financial, marketing and business skills required to obtain external finance and investment	58%	34%	59%	36%	64%	26%
The finance available to my organisation is well sign posted	31%	54%	-	-	-	-
The application process is easy to navigate	24%	50%	-	-	-	-

Mission & Impact

London Early Years Foundation



This section of the report focuses on the social and environmental missions of social enterprises, particularly the groups they aim to support and employ. It highlights that many organisations prioritise helping vulnerable individuals, improving mental health, and serving specific communities. The data also reveals which disadvantaged groups are most commonly supported or employed, with a strong emphasis on youth, local communities, and individuals with mental health or learning disabilities. Additionally, it notes a connection between service provision and inclusive employment, especially among organisations supporting LGBTQ+ communities, suggesting a broader commitment to representation and lived experience.

SOCIAL AND ENVIRONMENTAL OBJECTIVES

Supporting vulnerable people is the most commonly cited social objective, with mental health and wellbeing rising again in 2025 as a focus – particularly amongst social enterprises led by women.

Core missions

When asked about their organisation's primary social and environmental goals, the most frequently cited objective was supporting vulnerable people, selected by 46% of organisations - up from 31% in 2023. There was also a notable increase in organisations prioritising mental health and well-being, rising to 43% this year compared to 35% last year.

Additionally, 34% of organisations reported that their main aim is to benefit a specific community.

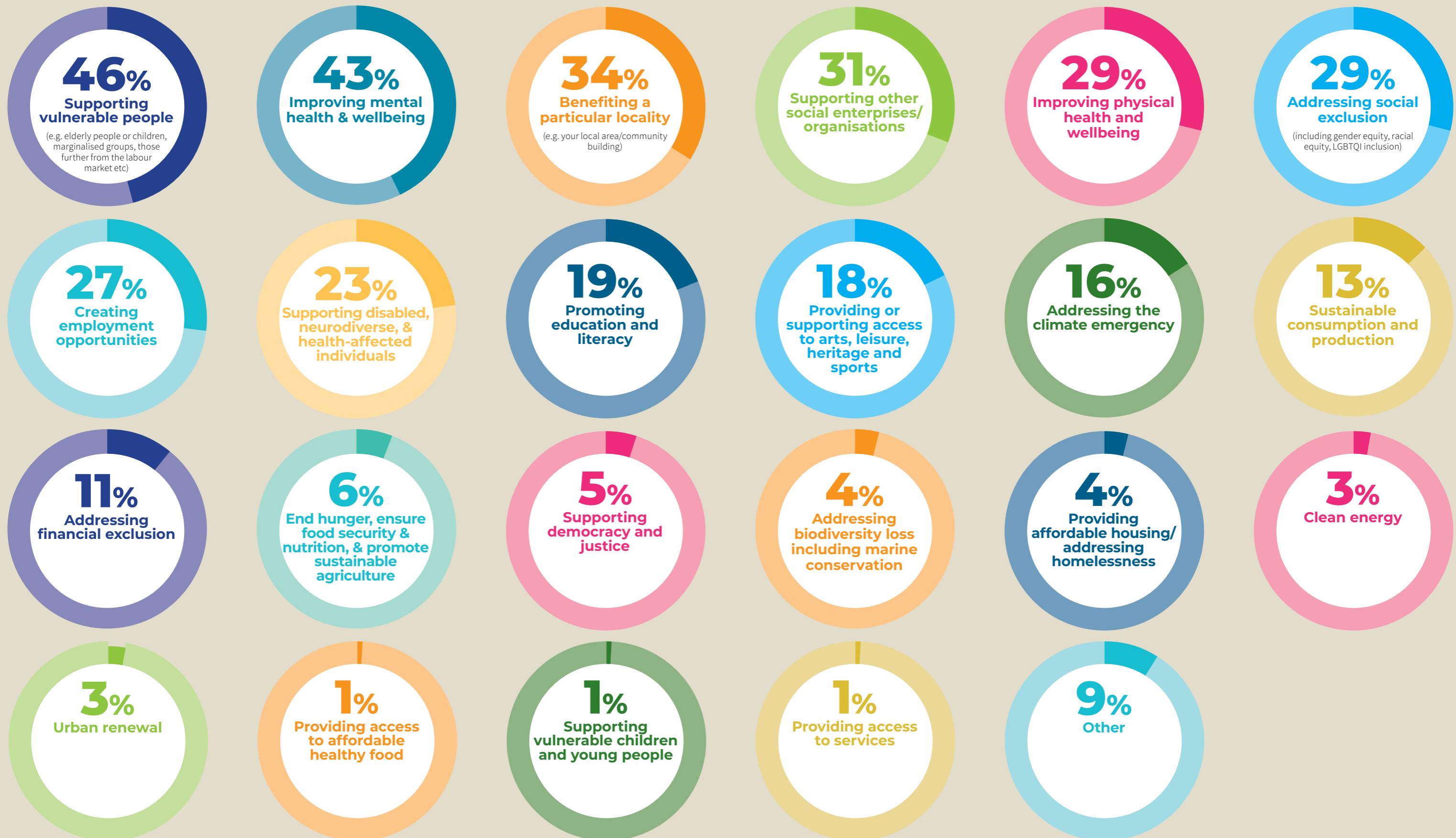
Both female-led (49%) and male-led (37%) organisations commonly prioritise mental health and wellbeing, with female-led organisations showing notably higher rates. Meanwhile, organisations based in the least deprived areas are less likely to focus on supporting vulnerable people (33%) compared to the overall sample (46%)

– social enterprises based in the least deprived quintile communities are more likely to focus on mental health, followed by benefitting their locality.

Social enterprises based in the most deprived quintile communities are also likely to benefit their locality, but also more likely than the average to support vulnerable people and improve physical and mental health.



Main social and/or environmental objectives 2025



BENEFICIARY GROUPS

There has been an uptick across the board in social enterprises providing support to disadvantaged groups and supporting these people into employment, particularly for people with disabilities and those experiencing racism.

Communities and groups served

We asked social enterprises which communities or groups they aim to support through their services or activities.

The most-cited group was children and young people at 42%. And the proportion of organisations focusing on the local community has risen significantly from 27% in 2023 to 41% this year.

Individuals experiencing mental health issues were also a key focus, cited by 37% of respondents - up from 31% last year. Similarly, 37% of social enterprises reported providing services for people with learning disabilities and focus on people with physical and sensory disabilities were all up on previous years.

“We’re not going to stop employing people because I genuinely believe that’s the best way of doing things. We can see we’re lifting people up, we’re stopping them from going back to prison, we’re helping people who would otherwise be taking up loads of NHS appointments. We’re taking people who are in the benefits system and turning them into taxpayers.”

Matt Parfitt, CEO of Grace Enterprises



INDIVIDUALS/GROUPS FOR WHOM SERVICES OR BENEFITS PROVIDED



* Black, Asian, Minority Ethnic Groups



Communities and groups employed

We also asked social enterprises from which communities and groups, if any, they employ individuals from. The most commonly employed group was members of the local community (26%), as has been the case previously. This is followed by women and girls (24%), and individuals with mental health issues (20%) or those who experience racial or ethnic discrimination (20%). Individuals with physical (17%) and learning disabilities (17%) also feature prominently among those employed. 31% of respondents

reported not employing individuals from any disadvantaged group, meaning far more social enterprises are seeking to employ people from disadvantaged groups than has been the case previously (43% in 2023, 45% in 2021).

A consistent pattern emerges in terms of leadership demographics and engagement with related communities. Female-run social enterprises are more likely to seek to employ disadvantaged women and girls (28% compared to

24%), leaders from Black, Asian and minority ethnicity backgrounds are also significantly more likely to hire people from these backgrounds (46% compared to 20% average), 41% of LGBTQ+ leaders hire from LGBTQ+ communities (compared to 15% average), and leaders with a disability are significantly more likely to hire people with physical and learning and sensory disabilities than other leaders.



INDIVIDUALS AND GROUPS EMPLOYED	2025
No disadvantaged groups or individuals	31%
Members of the local community	26%
Women and girls	24%
People with mental illness or mental health problems	20%
Individuals who experience discrimination due to race/ethnicity*	20%
Individuals with a physical disability	17%
Individuals with a learning disability	17%
LGBTQ+ people	15%
Long-term unemployed	13%
Individuals with a sensory disability	13%
Ex-offenders / coming out of offending	8%
Refugees and asylum seekers	7%
Young parents	7%
Children and young people	7%
Other	6%
Young people leaving care	6%
Homeless / coming out of homelessness	6%
Alcohol or drug addiction / dependency	5%
Veterans / ex-military	5%
Older people losing independence	3%
Don't know	2%

* Black, Asian, Minority Ethnic groups

Governance, Structure and Workforce

NEMI Teas



This section of the report explores the legal structures, leadership and workforce profiles of social enterprises in 2025. It highlights the most common legal forms, with Community Interest Companies remaining dominant, and outlines tenancy arrangements, showing a mix of leasing and property ownership.

Information about the diversity of social enterprise leadership and workforce is also included, along with workforce conditions. Most social enterprises pay the Real Living Wage and invest in staff training.



LEGAL STATUS OF SOCIAL ENTERPRISES

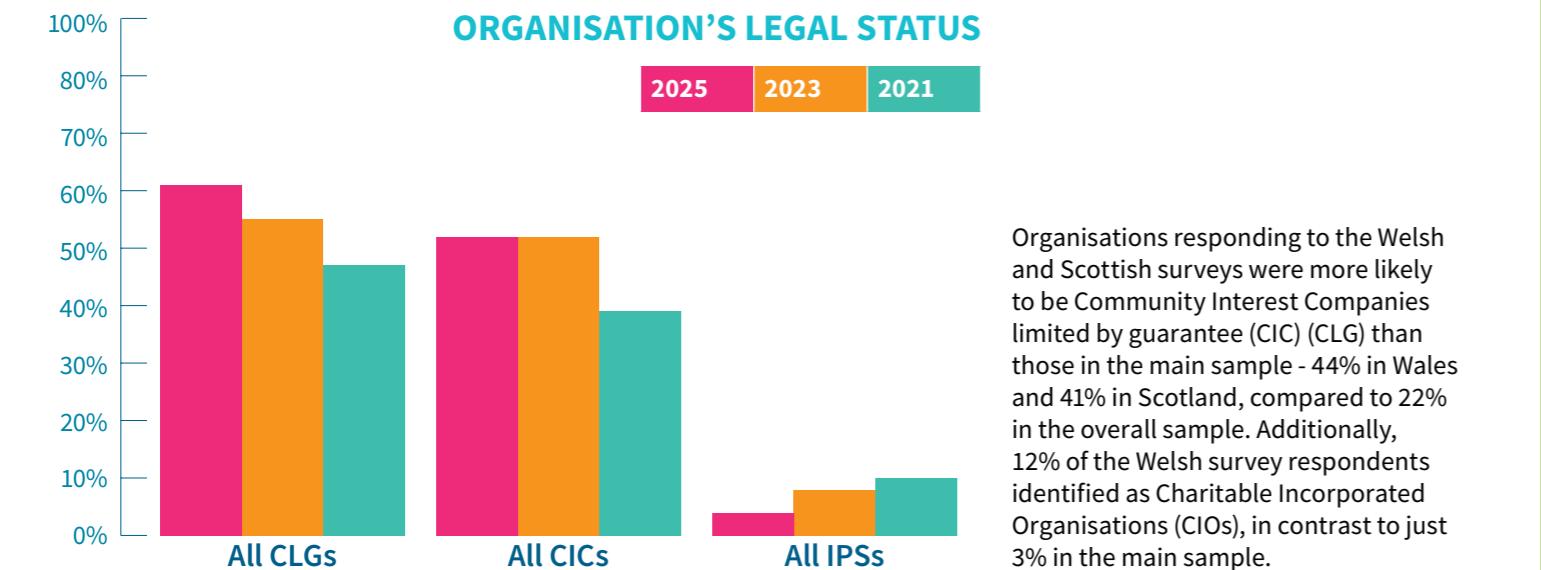
The proportion of social enterprises registered as CICs remains over 50%, whilst national data shows that CIC registrations as a whole continue to rise faster than other business legal forms.

The most common legal status among social enterprises surveyed in 2025 remains the Community Interest Company (CIC) Limited by Guarantee, with a slight increase from 33% in 2023 to 37% in 2025. This aligns with Companies House data, where registered CICs are growing at a slightly faster rate than other business legal forms in this period. The proportion of IPS-registered social enterprises (coops) has decreased slightly.

One in four organisations (24%) are structured as a Company Limited by Guarantee (CLG), making it the second most prevalent legal form. The Company Limited by Shares (CLS) remains the third most common legal status, holding steady at 11%, consistent with the 2023 findings.

ORGANISATION'S LEGAL STATUS	2025	2023	2021
Community Interest Company (CIC)	37%	33%	21%
Company Limited by Guarantee (CLG)	24%	22%	28%
Company Limited by Shares (CLS)	11%	13%	17%
CIC Limited By Shares	8%	11%	8%
CIC Unsure which	7%	7%	9%
Community Benefit Society/ BenCom (IPS)*	3%	4%	6%
Charitable Incorporated Organisation (CIO)	3%	2%	
Other	3%	4%	7%
Co-Operative Society (IPS)*	1%	3%	5%
Sole proprietorship	1%	2%	2%
Limited Liability Partnership	1%	*%	1%
Unincorporated association	*%	1%	1%

* previously Industrial and Provident Society (IPS) – Bona Fide Co-operative Society/ Bona Fide



Organisations responding to the Welsh and Scottish surveys were more likely to be Community Interest Companies limited by guarantee (CIC) (CLG) than those in the main sample - 44% in Wales and 41% in Scotland, compared to 22% in the overall sample. Additionally, 12% of the Welsh survey respondents identified as Charitable Incorporated Organisations (CIOs), in contrast to just 3% in the main sample.



WORKFORCE PROFILE

Social enterprise workforces are significantly more female than the population as a whole, as well as being representative of the wider population in terms of ethnicity, disability and sexuality. Social enterprises are also more likely to be female-led than other forms of business, and three-quarters are led by people with lived experience of the social issues the business is seeking to address.

The social enterprise workforce continues to reflect strong diversity across several dimensions, based on data from those with two or more employees.

Around 65% of the social enterprise workforce are female. Among social enterprises with paid employees, 78% report that at least half of their workforce are women, with 18% stating their entire workforce is female.

Around 22% of social enterprise staff are from minoritised ethnicity backgrounds. 60% of social enterprises have at least one staff member from a Black, Asian, or other ethnic minority background, with 20% reporting that at least half of their workforce are from these groups. 7% say their entire workforce is made up of people from ethnic minority backgrounds.

Leadership demographics

Respondents were asked how many directors, or people on the leadership team their organisation has and the composition of the leadership team in terms of sex, age and ethnicity. All but 10% of leadership teams include a woman, around a fifth have at least one person from a minoritised ethnicity background, and over four-fifths have at least one person with lived experience of the social issues their organisation addresses, in their leadership team.

Person in overall control

We also asked about the overall people in control of the business. Over half of social enterprises (57%) have female leaders, with more female-run CICs and more female leaders in health and social care. Larger social enterprises are slightly more likely to be led by men, however, as are those in Northern Ireland, Yorkshire and the Humber, and those working with ex-offenders.

Most leaders are White British (68%), with 17% from a minority ethnic background. This includes 10% Black, 4% Asian, and 3% mixed ethnicity. There is a higher proportion of White leaders in least deprived areas and corresponding higher presence of leaders from minoritised ethnicity backgrounds in most deprived areas. Longer established social enterprises are more likely to be White-led, 26% of those under 3 years old are minority ethnicity led. 91% of coops (IPS) are White-led (none of the respondent IPS-registered organisations were led by someone from a minority ethnicity background), compared to 69% of CICs (and 21% led by people from ethnicity minorities).

Social enterprises are significantly more likely than other forms of business to have a Black, Asian or mixed ethnicity leader, of which government data indicates 6% are minority ethnic group led.⁶

10% of leaders were LGBTQIA+, although 13% either preferred not to say or were unsure. And nearly one-third of leaders (30%) identified as disabled or neurodivergent, compared to 59% who were not. Social enterprises are significantly more likely than other forms of business to have a disabled or neurodivergent leader.

Three quarters of social enterprises (75%) reported the person in control of their organisations has lived experience of the social issues their social enterprise seeks to address.

⁶ <https://www.gov.uk/government/statistics/small-business-survey-2024-businesses-with-employees/longitudinal-small-business-survey-2024-sme-employers-businesses-with-1-to-249-employees#profiles-of-smes>

Board composition

We asked social enterprises about the make-up of their board. Around half of board members are representatives of the local community (but not part of the staff team), about a quarter are employees and just under a fifth are service users. About a quarter of board members are elected, but over half of social enterprises don't elect any board members. About 50% of social enterprise board members are female, and just under half have lived experience of the social issues their organisation addresses.

Social enterprises report having an average of around four board members, although 9% have more than 10.

Workforce demographics

The following findings present both organisational-level and workforce-level statistics. The former indicates how widespread diversity is across organisations; the latter indicates overall representation.

The social enterprise workforce continues to reflect strong diversity across several dimensions, based on data from those with 2+ employees.

Around 65% of the social enterprise workforce are female. Among social enterprises with paid employees, 78% report that at least half of their workforce are women, with 18% stating their entire workforce is female.

Social enterprises led by women from minoritised ethnicity backgrounds were likely to have fewer staff, as were those working in culture and leisure and retail.



Around 22% of social enterprise staff are from minoritised ethnicity backgrounds. 60% of social enterprises have at least one staff member from a Black, Asian, or other ethnic minority background, with 20% reporting that at least half of their workforce are from these groups. 7% say their entire workforce is made up of people from ethnic minority backgrounds.

Around 20% of social enterprise staff are disabled. Over two thirds (62%) of social enterprises report having at least one disabled employee, and 15% say that at least half of their workforce are disabled people.

While representation of LGBTQ+ staff is lower (12% of the workforce), 44% of social enterprises report having at least one LGBTQ+ employee, and 6% say that at least half of their workforce identify as LGBTQ+. However, over one in ten (11%) reported not knowing what proportion of their workforce are LGBTQ+ people – a much higher level of uncertainty than is seen in other groups.

61% of the social enterprise workforce on average have lived experience of the social issues the enterprise addresses, with 35% of organisations reporting that their entire workforce has such lived experience - highlighting the deep connection between mission and staffing in the sector.



Chocolate Films

65%
of the social
enterprise
workforce
are female

EMPLOYMENT CONDITIONS

Social enterprises remain highly likely to be real Living Wage employers, and to provide training and development opportunities for their staff, significantly more so than is the case for other forms of business.

Real living wage

83% of social enterprises with paid employees reported paying the real Living Wage, this is in-line with the 84% seen in 2023.

IPS registered social enterprises (coops) are less likely to pay the real Living Wage (38% don't), as are social enterprises working in employment and careers, childcare and early years. Those generating their main trading income from the public sector are as likely as

the average to pay the real Living Wage (84%), however those generating their main trading income from the general public are less likely to (74%), and for those mainly generating income from members this figure falls to 57%.

Environmental Sustainability



This section focuses on climate-related actions. While some social enterprises prioritise either cost or social and environmental impact when making purchasing decisions, the majority strive to balance both. There has been a slight decline in the adoption of energy efficiency measures compared to 2023. Despite this, concern about the potential impact of climate change remains high, with most social enterprises expressing at least some level of worry about how it could affect their operations.



Cost vs. environmental/ social considerations

Social enterprises were asked about their most important consideration when procuring products and services. For 14%, cost was the primary factor, while another 14% prioritised the social and environmental impact.

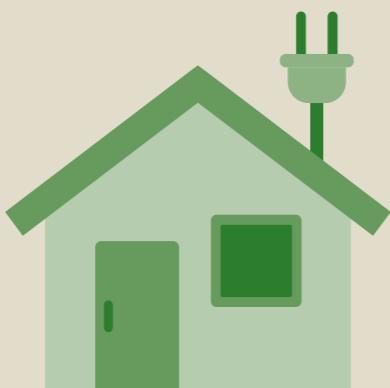
However, the majority (71%) stated that both cost and being socially and environmentally responsible were equally important in their procurement decisions, up from 67% in 2023.



PRIORITISATION OF COST/IMPACT IN PROCUREMENT	2025	2023	2021
Both are equally important	71%	67%	68%
Cost	14%	14%	14%
That it is socially and environmentally-friendly	14%	16%	16%
Don't know	1%	2%	2%

Climate consideration and efficiency measures

In the past 12 months, 26% of social enterprises reported installing energy efficiency measures, representing a decrease from the 33% that did so in 2023.



INSTALLED ENERGY EFFICIENCY MEASURES	2025	2023	2021
Yes	26%	33%	30%
No	69%	64%	66%

Concern about climate change

Overall, 75% of social enterprises reported being concerned about the potential impact of climate change on their business, with 42% stating they are somewhat concerned and 33% indicating they are very concerned. Meanwhile, 22% of social enterprises reported that they are not concerned about the effects climate change may have on their operations – this proportion is higher for Scottish social enterprise and those working on employment and careers.



	2025	2023	2021
Very concerned	33%	33%	30%
Somewhat concerned	42%	64%	66%
Not concerned	22%	2%	4%

Community Shop



Support and Advice



Tap Social Movement

This section highlights the external support networks and advisory needs of social enterprises.



EXTERNAL SUPPORT AND TOPICS OF ADVICE SOUGHT

Social enterprises are more likely to use external advice than other forms of business, particularly for support with growth and planning.

We asked whether social enterprises use any external support providers and over three quarters (77%) said they do – a significant jump from 2023 (52%). Social enterprises with Black leaders are significantly more likely to seek out external support (95%), as are those in Northern Ireland (88%), and the North East (91%).

In terms of the topics that social enterprises have sought support or advice on, the most common area was business growth and business planning, with 61% of respondents indicating this need. This was followed by financial advice (45%) and support with marketing (38%). These key topics highlight that there's a focus on sustainability and visibility within the sector.

Social enterprises are significantly more likely than other forms of business to use external support providers, and more likely to seek support with business plans and business growth. 13% of social enterprises sought advice on reducing environmental impact, compared to 2% of businesses as a whole.

INFORMATION OR ADVICE	2025	2023
Business growth/business plans	61%	53%
E-commerce/technology	23%	11%
Employment law/redundancies	37%	12%
Environmental impact/sustainability/energy efficiency	24%	11%
Exporting	2%	1%
Financial advice e.g. how and where to get finance	31%	22%
Financial advice e.g. accounting, cash flow, general running of the business	45%	27%
Governance issues	33%	9%
Health and safety	32%	6%
Impact measurement	33%	7%
Importing	1%	1%
Improving business efficiency/productivity	17%	12%
Innovation	17%	6%
Investment readiness support	9%	4%
Legal issues	30%	19%
Management/leadership development	32%	10%
Marketing	38%	29%
Reducing or off-setting carbon emissions/other emissions	8%	4%
Regulations	15%	6%
Relocation	4%	2%
Taking action to protect the environment/reducing impact on the environment	13%	5%
Tax/National Insurance law and payments	23%	6%
Trade mission attendance	1%	1%
Training/skills needs	33%	10%
Workplace pensions	15%	2%
Business survival or operation through Coronavirus COVID-19 pandemic and beyond	7%	3%
Other	3%	8%

Methodology and Sample Overview

Summary of survey approach

The survey employed two approaches to data collection: a telephone survey in instances where contact numbers were supplied, and an online version accessed via unique links sent to all remaining contacts with email addresses, as well as phone contacts who opted for the online version and respondents who received the survey via social media and promotion networks and accessed it via an open link. Both elements were undertaken concurrently between February and April 2024, using Computer Aided Telephone Interviewing and Computer Aided Web-based Interviewing. A total of 897 interviews were completed: 407 by telephone and 490 online.

As in previous surveys, data provided from SEUK's membership database have been supplemented by data collected by the Wales Co-operative Centre (Cwmpas) using an online survey aligned with the SEUK survey. This generated 325 completed responses from Welsh organisations. In 2024, it was also supplemented by data collected by Social Enterprise Scotland, using an online survey with overlap with the SEUK questions. This generated a further 444 responses from organisations based in Scotland. Further, a survey was conducted in Northern Ireland.

There were differences between the State of Social Enterprise 2025 survey and the Cwmpas and SE Scotland surveys - both in terms of the questions asked and, in some instances, the response options provided. Where questions are common to both surveys, Cwmpas and SE Scotland data has been presented in the tables, but in instances where different response options were provided this has been noted in discussion of the findings.

The 2025 'State of Social Enterprise' Survey was undertaken alongside a survey of social enterprises in Northern Ireland undertaken by Middlesex University and Queen's University, Belfast and funded by Department for the Economy NI. This survey employed the 2025 survey questionnaire, so the data was easily integrated. To boost the number of NI social enterprises taking part, Social Enterprise Northern Ireland provided a contact list, which was added to contacts supplied by other NI bodies. This generated 132 completed responses. In addition, an open link to the survey was shared with Kindred, a community organisation focused on social enterprise within the Liverpool City region, who circulated it to their contacts in that area, resulting in 24 completed responses.

Sample characteristics

The scope of the survey included organisations that defined themselves as a social enterprise - i.e. they agreed that their business has "primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners".

The sample aligns with past State of Social Enterprise Survey data and with the overall business population in terms of region and legal form, so representation broadly aligns to the previous samples.

The survey data has been weighted using the latest available business population estimates at the time (2024) to ensure that the findings are representative by nation and English government office region. This corrected any disproportionate representation of a region or nation across the achieved sample, part of which was achieved through an online survey. Online surveys are more difficult to quota-control and have an element of self-selection.

The Welsh and Scottish supplementary data has been weighted down so that the total number of responses - including those in the main survey - are representative of the business populations in Wales and Scotland.

Survey coverage

The survey collected a wide range of information from participating organisations, covering the following broad areas:

- Organisational characteristics such as legal status, area of operation, method of income generation, headcounts, make-up of leadership team etc;
- Social and environmental objectives and activities;
- Barriers to growth and sustainability;
- Financial characteristics such as turnover/ income, expansion/ diversification, sourcing finance/ capital etc.

For a full copy of the survey questions, please contact research@socialenterprise.org.uk

IMD quintile

This quintile is based on the Index of Multiple Deprivation (IMD) 2015, which is the official measure of relative deprivation for small areas or neighbourhoods in England. It is common to describe how relatively deprived a small area is by saying whether it falls into the most deprived 20% of small areas nationally or the least deprived 20% of small areas nationally. These are the IMD quintiles that have been used to classify locations within the data report. Quintiles are calculated by ranking every small area in England from one (most deprived) to 32,844 (least deprived) and dividing them into five equal groups, where one indicates the lowest level of deprivation and five the highest level.

Sourcing the sample

Social Enterprise UK supplied its own membership database for the purposes of conducting the survey, and data was received from UnLtd. This year, Coops UK did not submit data for use in the survey. Following the introduction of a 'panel' approach in 2023, this was repeated in 2025. Respondents from the State of Social Enterprise 2023 survey that had agreed to take part the next time the survey was undertaken were included in a panel - Panel 1 - to make

use of responses they had provided previously to reduce the demands on them this year. A second panel - Panel 2 - comprised Social Enterprise UK contacts for whom some information on length of time established and business activity was available in the membership database, while remaining contacts were included in Panel 3, and were asked all the survey questions.

While telephone numbers were available for the majority of Panel 1 and Panel 2 contacts (88%), only email addresses were available for the majority of Panel 3 contacts (91%). This was the key driver to undertaking a mixed mode (telephone/online) sampling approach.

In addition, open survey links were distributed by other organisations operating in the social enterprise universe - namely, Kindred based in the Northwest of England - and via social media. Furthermore, exhaustive promotion of the survey by Social Enterprise UK resulted in a number of additional requests to take part in the survey (opt-ins), which were de-duplicated against the existing contacts. All that was known about these contacts was what was included in the email request to be included - often a potential respondent name, organisation name, telephone number and email address.

Analysis

We have presented results rounded to zero decimal places, which may mean that some percentages may not amount to exactly 100%. Some questions have multiple answers, so responses in these cases make up more than 100%. Median and mean figures are used, and the main report clarifies where appropriate.

For further methodology details, or any other feedback or enquiries on this report and the wider Social Enterprise Knowledge Centre data, please contact research@socialenterprise.org.uk

ABOUT SOCIAL ENTERPRISE UK

Social Enterprise UK is the UK national voice 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 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 socialenterprise.org.uk

 Social Enterprise UK  Social Enterprise UK

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