



Social Enterprise Advisory Panel Headlines: September 2020

What is the Social Enterprise Advisory Panel?

The Social Enterprise Advisory Panel (SEAP)¹ is an SEUK initiative to collect regular and light-touch data from social enterprises to drive forward their needs.

SEAP survey data is used to influence policymakers, inform useful product and service delivery (including by SEUK for members), to promote social enterprise in the media and general public, and to drive more relevant investment and funding.

This survey ran from 9th to 23rd September 2020. It received 263 valid responses from social enterprises². This report presents headline findings from the data. If you are interested to explore any of this data in more detail, please see contact details below.

Key findings

- Social enterprises are experiencing a dynamic period of change with only 11% running as they were pre-COVID.
- Nearly a third of social enterprises are providing targeted support to those in need due to COVID, showing how important social enterprise is for those most affected and most vulnerable.
- BAME-led social enterprises seem innovative and resilient, as all BAME-led respondents have adapted their business models, and this group has been particularly proactive at product/service innovation and pivoting to provide goods/services online.
- Kickstart looks quite promising for social enterprises – but has issues in scheme design.

Resilience

We continue to capture information about how social enterprises are faring as COVID-related uncertainty continues.

Nearly a third of social enterprises have seen their business activity alter in response to the crisis, with 21% having reduced activity, whereas 11% have increased activity. These figures show that social enterprises are experiencing a dynamic period of change with only 11% running as they were pre-COVID. This has potentially wide-reaching implications for the sector.

¹ <https://www.socialenterprise.org.uk/social-enterprise-advisory-panel/>

² 14 responses were incomplete, duplicate or not social enterprises.

What's the situation regarding your business operations?

Changes to business model – unsure if/when this will change	29%
Same model, reduced activity	21%
Changes to business model – permanent change	15%
Running as pre-crisis, little or no change to business model (processes, products/services or income sources)	11%
Same model, increased activity	11%
Changes to business model – plan to return to normal ASAP	8%
Completely new business model	5%

We asked how businesses have changed as a result of COVID-19. The prevalence of new products and services reaffirms what we know about social enterprises as engines of innovation. Further, nearly a third of social enterprises are providing targeted support to those in need due to COVID, showing how important social enterprise is for those most affected and most vulnerable. We will continue to highlight this crucial support which social enterprises are providing.

Social enterprises in the devolved regions (Northern Ireland, Wales and Scotland) are most likely to report either reduced or increased business activity and unlikely to have kept the same model or changed the model completely.

Respondents from BAME-led social enterprises are far more likely to have increased their business activity and all respondents in this group have modified their business model in some way to adapt to the crisis.

Smaller social enterprises (turnover of less than £100k) are most likely to have completely new business models.

If your business has changed as a result of COVID-19, do any of the following apply? ³

We now provide (more) products/services online	47%
We provide new/additional support directly targeted at those in need due to COVID-19	30%
We provide new products/services	29%
We provide reduced products/services	17%
Other (please specify)	16%
We are temporarily closed	5%
We have shut down	1%

Government support and non-government grants are helping many social enterprises hold on in the short-term, particularly where their main/regular income sources are in question. Inability to engage face-to-face is a big issue for some social enterprises, as some activities and groups of people can't engage online.

By size, social enterprises with turnovers of £500k–£5m are particularly likely to have innovated with new products/services – and least likely to have reduced the products/services they provide.

BAME-led social enterprises are also much more likely to have innovated with new products/services and to have provided services/goods online.

“Despite securing new funding [...] concerns over a second wave has left significant uncertainty over providing face-to-face services. We are resigned to the fact that we are becoming more funding dependant (less opportunity for trading) and plan to develop support via our on-line platforms while things are so uncertain.”

“We have had to adapt how we deliver our services due to social distancing. We are customer facing and work in the homes of vulnerable people. Our referrals are up and down with no consistent pattern. Feels like we have returned to our early days of operation only with a wider range of services to offer but without the pipeline of work we had stacked before COVID/March.”

“We have had to pivot our model to focus [...] on increasing sales (to make up for the fact that our supply chain has collapsed) and we are focussing more on wholesaling to independent retailers interested in supporting social enterprise (instead of direct to consumer which is how we previously operated).”

Kickstart scheme⁴

Nearly a third of social enterprises have or plan to apply for the Kickstart scheme, but the same proportion don't think the scheme will work for them and 39% of social enterprises aren't aware of how the Kickstart scheme works yet.

The main issues raised are challenges in partnering, scheme limitations in terms of timescale and payment amount, and general concerns about logistics.

SEUK is running webinars⁵ with information about the scheme and will continue to explore ways to help social enterprises make best use of available resources.

Is the Kickstart scheme set to help you?

Don't know yet/haven't looked into it	39%
Not relevant/not eligible	31%
We plan to apply in partnership with other organisations	19%
Hopefully, we've applied in partnership with other organisations	5%
We've applied/plan to apply as a representative body	4%
Hopefully, we've applied for 30+ job placements	1%
We plan to apply for 30+ job placements	1%

Perhaps unsurprisingly, smaller social enterprises (turnover of under £100k) are most likely to report that the scheme is not relevant or that they are ineligible. By region, social enterprises in the South of England are most positive about their potential to benefit from the scheme, with respondents in the North and Midlands less optimistic that it is relevant/of use to them.

⁴ <https://www.gov.uk/government/collections/kickstart-scheme>

⁵ <https://www.socialenterprise.org.uk/member-and-seuk-events/kickstarter-scheme-support-for-social-enterprises/>

“We are currently looking at how we might apply for this, but need to determine whether our current staff under the new ways of working and a ‘slimmer’ service are able to manage what could potentially be someone who needs high support and management.”

“Feel that the scheme is the wrong as it is short-term and does not fit with our social goal of sustainable employment.”

Growth expectations

Since the survey in July/August, social enterprise confidence in growth has improved slightly. 9% more expect to remain stable and 8% more expect to grow, with uncertainty reducing by 3%. Income reduction and closure expectations remain similar.

What are your growth expectations for the next 3-6 months?

	July/August	September
Uncertain – depends on the outcome(s) of pending funding applications/income/contracts	38%	35%
We expect to maintain a similar position to now	21%	30%
We expect to grow staff and turnover	17%	25%
We expect income to reduce and/or to lose staff	8%	8%
We expect to close	1%	1%
Don't know	5%	0%

BAME-led social enterprises are much likely positive about their growth prospects for the next three to six months compared to the overall respondent average. This could be due to their increased likelihood to have adapted their business model, products and services in response to the crisis.

Social enterprises – engines of job creation

We know from our State of Social Enterprise survey – and anecdotally – that social enterprises both generate more jobs than traditional business and are pioneers in hiring people from diverse groups, including those more likely to struggle in accessing the labour market. Given that unemployment rates are expected to rise as the furlough scheme is removed, we're keen to demonstrate how social enterprises can help address this – and identify issues they may face in doing so.

Thinking about job creation, what are the biggest barriers you face to retaining and increasing your staff?

Money – we don't have the funds to retain/increase staffing	72%
Time – we need more help but struggle to invest time in finding new staff	17%
Right fit – we've struggled to recruit people who fit our organisational culture and working requirements	15%
Additional costs of providing flexible work	11%
Additional costs of hiring from disadvantaged/marginalised groups	11%
Skills – we're not sure the skill sets we need or we've struggled to find people with these skill sets	10%

Cash is, unsurprisingly, a major factor in recruitment. However, skills gaps don't seem to be a major concern, which is positive. It's also noteworthy that most social enterprise employers don't perceive that hiring people from disadvantaged or marginalised groups, or providing flexible work, has significant additional costs. People also highlighted that 'onboarding' staff is a resource issue (relevant for the Kickstart scheme too). Location can limit staff and skills options, an issue for rural social enterprises, for example.

Impact on social beneficiaries

We asked social enterprises how COVID-19 has been affecting their targeted social beneficiaries (people or groups who may be staff, volunteers, recipients of products/services, clients or customers).

The overriding response across types of social beneficiary is that isolation and loneliness have risen due to the crisis, and this is resulting in increased mental health issues and worse physical health outcomes. Contributing to this, access to services (e.g. for people living with disabilities) is perceived to have worsened.

The digital divide is having an additional negative impact – many people in vulnerable groups struggle to access online support and services, which is especially problematic if they are shielding or struggling financially, for example.

Which of the following are targeted customers/clients/beneficiaries of your core products and services, or recipients of support through your social mission? (primary target)

Our local community	24%
People from other disadvantaged or marginalised groups	19%
Young people (under 25)	17%
People with physical and mental health issues	17%
Older people (over 65)	6%
People transitioning into 'mainstream' life (e.g. from homelessness, prison, substance abuse, military service or the care system)	6%
Long-term unemployed	5%
People from BAME communities	5%
People shielding due to COVID	1%

“COVID has been awful for almost all of our makers, increasing isolation for those who are already isolated and leading to the loss of the support [...] that provided a sense of purpose and productivity (as well as income).”

“As I am now operating a different business, I am having to rethink my beneficiary groups.”

“Our vulnerable volunteers and site users have been unable to attend site even as we’ve started to slowly open up again due to shielding and other issues. A lot of them are unable to use online methods of communication and our core team are not comfortable with doing things online so many of are struggling with isolation.”

“Our beneficiaries are (now) much harder to reach, and assist.”

Who are the respondents?

85% of respondents are current SEUK members and we hold more comprehensive data on 93%⁶ of all respondents at present. Following targeted outreach, we have achieved a more representative sample in terms of both turnover and location compared to the first survey.

Response rate by turnover

£0–100k	73%
£100k–£500k	16%
£500k–£5m	4%
£5m–£15m	4%
£15m–£50m	1%
£50m+	2%

Response rate by location

London	16%
Scotland, Northern Ireland and Wales	11%
East of England	16%
North West	17%
Yorkshire and & the Humber	7%
South East	8%
East Midlands	10%
South West	6%
West Midlands	7%
North East	3%

BAME leadership

9% of respondents are BAME-led (50% or more of the owners/managers come from Black, Asian and Ethnic Minority communities).

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Thank you to all the social enterprises who responded to this survey.

For questions about the SEAP – or to join – please contact Emily Darko emily.darko@socialenterprise.org.uk

We are keen to facilitate use of our data for the benefit of social enterprises. In line with GDPR, we consider requests to use aggregated and anonymised data for research that benefits the sector. There is a charge for processing this data.

This report was produced by Emily Darko and Milagros Rebollo. Thanks to Amy Rutter for copy editing. September 2020.

Linklaters

