



Social Enterprise Advisory Panel Headlines: January 2021

Key findings

- COVID-related uncertainty continues to trouble the social enterprise sector – 31% said this is their biggest concern for the year ahead. Around 23% of social enterprises have staff on furlough at the moment – and two-thirds of those that used offices pre-crisis envisage permanent changes in how/ where they work.
- In terms of funding and support needs, social enterprises are concerned about a drop in grant income at the start of the new financial year in April – and about the mental health of staff and service users.
- Brexit is not a major concern for most – but nearly 40% think there may be direct or indirect negative impacts. A lack of clarity around the UK Shared Prosperity Fund is a specific worry.
- Social enterprises remain resilient. Cash flow positions are steady across the sector, and although several respondents are focused on survival, a significant number have exciting plans for growth, partnerships, innovation and increasing their social and environmental impact this year.

Health of the sector

Every other survey, we ask the panellists about their cash flow position. Figures remain relatively static, with slightly more organisations secure in cash flow position for at least six months.

What's your cashflow position	May/June 2020	July/August 2020	October 2020	January 2021
We have funds to operate for another week	4%	2%	5%	3%
For about 1 month	8%	6%	5%	7%
2–3 months	21%	16%	23%	21%
3–6 months	24%	30%	21%	22%
6+ months	35%	37%	35%	37%

The year ahead...

At the start of 2021, we asked social enterprises how the year ahead looks for them at the moment.

Concerns

We asked respondents to tell us their number one concern for the next 12 months. COVID-related uncertainty was cited first, followed by trading income and funding. Open text responses revealed that

COVID uncertainty and income/funding are closely related. There is a specific concern that the availability of grant funding in 2020 won't be replicated in 2021 and will leave significant gaps in need for the sector as it continues to navigate significant challenges. Several respondents highlighted that COVID uncertainty is not just an issue of funding and income, but also for premises use, customer and partner engagement, and for business planning.

Cited as the third biggest concern after COVID and funding in open text responses was mental health. That of staff and customers/clients/service users.

There are also concerns in general about retaining staff – particularly where staff are furloughed. A couple of respondents did, however, mention the opposite problem – needing more staff to meet increased demand.

What is your biggest concern about the next 12 months?	
COVID-related uncertainty	31%
Trading income	30%
Funding/finance	27%
Staffing	9%
Supply chain	3%

“For some of our customers the cafe is a lifeline to have a chat and make new friends. Our volunteers who are mostly older members of the community miss the interaction with villagers.”

“Cannot operate the premises as no clear outlines on restrictions being lifted, cannot plan business with regards to staff, stock.”

“We are forced under government guidelines to be shut. We are unable to offer an alternative service without making a loss. All staff are furloughed. We don't know when we will be allowed to open and under what COVID restrictions. We are therefore unable to plan and budget for the forthcoming year.”

“We cannot currently pay for our staff and are worried we will lose our talented team and put them in financial difficulty.”

Brexit impact

Most social enterprises are not concerned about the impact of Brexit, but 20% are, and a further 18% are uncertain about the impact. We received a high number of open text responses to this question. Income loss is the biggest concern – with direct loss of EU funds and a lack of clarity about their replacement. Several people expressed frustration about the lack of information around the UK Shared Prosperity Fund. There were also concerns about the knock-on effects of potential partners, sponsors

and clients losing income. Cost implications and supply chain disruption is already affecting some social enterprises and is of concern for several. As is uncertainty about new legislation, regulations, tariffs – and a perceived general increased complexity in bureaucratic processes. A few social enterprises also mentioned issues recruiting staff from the EU (e.g. in cleaning, health and social care), and for the mental health of staff navigating new legal requirements.

Social enterprises also put forward general concerns about community cohesion, resilience and potential for wider negative socio-economic implications from Brexit. One social enterprise said they are considering relocating their operations to the EU.

Are you concerned about the impact of Brexit on your social enterprise?	
Yes	20%
No	61%
Not sure	18%

“We work with small producers across the world so importing will be impacted. We have customers in EU so selling to them has already been made more difficult with commodity codes required for everything and higher shipping costs and times.”

“We have seen some benefits in terms of research work, but there are many unknowns in the future and how this affects the businesses and people that we support.”

“We have carried out an assessment of Brexit on the organisation and the couple of areas we think might be impacted are in our supply chain (contractors not being able to get hold of materials, disrupted food supplies, and some costs increasing) and also post-EU structural funding [...] We think there will be little impact on costs and supply chain – still not clear on post-EU funding.”

“Whilst Brexit is profoundly unsettling, we don’t expect it to impact on the organisation itself.”

“Together with COVID, Brexit is the biggest threat to community stability. I suspect that poverty is going to go ‘off the scale’ in already deprived communities. The direct result on my CIC will be that there will be an increased demand for our project that maybe we can’t deliver. Brexit and COVID will leave a huge impact on society for many years to come.”

New Year's resolutions

It's not all doom and gloom! We also asked about people's intentions for the year ahead and respondents had lots of exciting plans – so we wait with excitement to see all that social enterprises will deliver this year. Many said their primary concern was survival. Others that they hope to 'get back to normal'. Growth was a frequently cited goal, along with plans for new projects, expansion into new markets, new partnerships and replication of existing successes. Many respondents explained ways they plan to increase their social/environmental mission, and in particular to undertake more work to support their local communities and to address mental health issues.

Increasing and diversifying income, securing funding, becoming less grant-reliant and ensuring financial stability was another popular plan for the year ahead.

Several social enterprises mentioned their ambitions to improve their online presence or brand and raise awareness about what they are doing.

Any new year's resolutions? What do you hope to achieve with your social enterprise this year?

"Survive!"

"Be more organised and make fuller use of volunteers."

"Do More Better"

"Just to open as normal."

"Grow, despite COVID. Gain long term funding and formalise our business, e.g. employ staff rather than rely on freelance workers."

"Better social media/marketing presence. Our media presence has always been more reactive, so want to be more proactive with our message."

"Grow, grow, grow!"

"We are looking to scale internationally and expand out impact – optimistic let's say in face of challenges!"

"Get back to normality so we can create more social and environmental impact. Increase trading so we are less dependent on grants."

"Better trade infrastructure and diversity."

"Support and develop more lived experience leaders through grassroots social entrepreneurship."

"More collaborations with other social enterprises/charities, would like to deliver more mental health training to organisations."

"Reach more isolated and vulnerable people to help boost their mental health – but don't burn out myself!"

"We hope to increase our turnover, improve our culture and organisation standards and have fun improving the lives of many."

Staffing

We asked respondents about furlough – most do not have staff on furlough. For those who do, the average number of staff on furlough is just under eight people.

What proportion of your staff are furloughed at the moment?	
None	77%
1–25%	10%
26–50%	3%
51–75%	2%
76–99%	4%
All	4%

Use of office space

The survey asked social enterprises how COVID has impacted office use – and how they expect this to play out in 2021. Nearly a quarter said they have never used office space, but only 15% said that they plan to use offices as pre-crisis (around a third of those who use offices at all), meaning that for two-thirds of office users, there is the expectation not to return to their offices as before.

What impact do you expect COVID will have on your use of offices in 2021 and beyond (compared to pre-crisis)?	
Didn't use offices prior to COVID, don't expect to in future	24% ¹
Switched to fully online and don't expect to revert to offices	10%
Continued use of offices, as pre-crisis	33%
Increased home working	67%
Increased use of flexible co-working or 'rent-a-desk' spaces	18%
Increased use of hired external meeting spaces	7%
Increased spend on virtual meeting software	34%

Work-space for social enterprises

We will share details of results from the questions about working space soon – but one finding is important to note:

Respondents feel that there is a significant gap in availability of co-working spaces for social enterprises outside the London area – particularly in the North West, North East and Yorkshire.

¹ 24% of the total respondents didn't use offices previously – the remaining percentages are of respondents that have used office space before (multiple answers permitted)

Who are the respondents?

We matched demographic data for 77% ² of respondents.

Response rate by turnover

£0–100k	73%
£100k–£500k	17%
£500k–£5m	6%
£5m–£15m	1%
£15m–£50m	1%
£50m+	2%

Response rate by location

London	23%
North West	12%
South West	11%
South East	11%
East of England	8%
Yorkshire and the Humber	8%
West Midlands	8%
Scotland, Wales, N Ireland	7%
East Midlands	5%
North East	5%

BAME leadership

11% of respondents are BAME-led (50% or more of the owners/managers come from Black, Asian and Ethnic Minority communities).

² Our central database includes data on prospective members and other contacts. We use this data in anonymous and aggregated form to conduct demographic analysis.

What is the Social Enterprise Advisory Panel?

The Social Enterprise Advisory Panel (SEAP)³ is an SEUK initiative to collect regular and light-touch data from social enterprises to evidence need and impact.

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

This survey ran from 7th to 26th January 2021. It received 343 valid responses from social enterprises.⁴ This report presents the headline findings. If you are interested in exploring any of this data in more detail, please see the contact information below.

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

Prize draw!

We're delighted to announce that Shared Enterprise⁵ was the winner of the November SEAP prize draw. They received gifts from Goodwash, Bounce Back, Make Some Noise, The Connectives, Madlug, Elvis & Kresse, WildHearts Group, Global Seesaw, Stand4 Socks, The Skill Mill, Change Please, NEMI Teas, Alive and Kicking, Harry Specters and LUX LUZ. Many thanks to all who donated prizes and to PPL for sponsoring.

Want to win next time? Look out for the February survey!

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

We are keen to facilitate the use of our data for the benefit of social enterprises. In line with GDPR, we're open 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 and Katie Apps for design. January 2021.

Linklaters



³ <https://www.socialenterprise.org.uk/social-enterprise-advisory-panel/>

⁴ 17 responses were tests, incomplete, duplicate or not from social enterprises.

⁵ <https://www.sharedenterprise.org.uk>