Mapping the Social Enterprise Sector in the West of England

A Report for the West of England Local Enterprise Partnership
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1. DEFINITION OF SOCIAL ENTERPRISE

This is the definition currently being used by Social Enterprise UK and the Government.

*Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.*

There have been various attempts at refining this definition. Some estimates of the scale of the sector have been based on a threshold level of trading equivalent to 25% of turnover. The Social Enterprise Mark has a criterion of 50% of income being achieved by trading, whereas others are based on self-definition. For the purpose of this exercise, and following discussion in the LEP Social Enterprise sub-group, it was agreed to use self-definition.

The growth of private ethical businesses and individual social entrepreneurship are seen as closely aligned to the social enterprise sector, however this mapping has sought to capture only those who are operating in a formal social enterprise legal structure, such as a co-operative, company limited by guarantee or community interest company as well as those trading as charities and unincorporated associations.

2. BACKGROUND – evidence of the scale of the sector

Social Enterprise Works (SEW) was commissioned in October 2012 by the West of England Local Enterprise Partnership to provide a baseline of the social enterprises and trading voluntary and community organisations in the West of England LEP area including location, turnover and number of employees.

There have been a number of local, regional and national studies estimating the scale of the social enterprise sector.

2.1 National view

**Social Enterprise UK**

“The best government data (the Annual Survey of Small Businesses UK 2010) estimates that there are approximately 68,000 social enterprises in the UK, the social enterprise sector contributing at least £24bn to the economy. Social enterprises are estimated to employ 800,000 people. We believe the true picture is that the social enterprise sector is bigger than this data suggests”
Co-ops UK
“Together the co-operative economy is worth some £35.6 billion and has 13.5 million members. Co-operatives are the largest membership movement in the country.”

2.2 Regional view

Research for RISE by Roger Tym & Partners in 2006 “Assessing the demand and supply of social enterprise business support in South West England” built a picture of the sector that comprised 5,500 organisations with potentially some 2,200 of these generating at least 25% of their income from trading activity.

2.3 Local

The last mapping of the broader social economy sector (including voluntary and community groups as well as trading social enterprises) for Bristol was undertaken in 2004/5. These were the headlines:

- **Bristol Social Economy worth £240m in 2004/5**
- **Employed 15,000 staff and 20,000 volunteers**
- **Generated 70% income from trading (direct sales and public contracts)**
- **47% based on neighbourhood renewal areas (areas of greatest social and economic disadvantage)**
- **35% self-classified as social enterprises, 10% co-operatives.**

3. METHODOLOGY

SEW designed and distributed a survey via survey monkey to capture information about social enterprises operating in the West of England area. The survey went out through a range of routes:

SEW’s own mailing list (approx 500)
SEW’s online directory
North Somerset Social Enterprise Forum mailing list
Voluntary Action North Somerset newsletter
Voscur (Bristol’s Council for Voluntary Service) e-bulletin
Bath & NE Somerset voluntary sector list (provided by B&NES Council)
Social Enterprise Mark holders through the Social Enterprise Mark Company.
Co-ops SW Newsletter
A listing from Companies House of Community Interest Companies in the West of England (100 contacts)
Range of social media forums and through linked-in groups

SEW also asked other partners to advertise it – these include the Sub-group members, West of England Rural Network and The Care Forum.

In additions SEW worked with South Gloucestershires CVS who had recently surveyed the voluntary, community and social enterprise sector in South Gloucestershire. They extracted appropriate data from their survey and got permission to share the data collected with SEW.

4. CREATION OF MAP AND ONLINE SURVEY

As online surveys have limited appeal, SEW felt that there needed to be some added value to those completing it. As a ‘carrot’ the survey was marketed as Social Enterprise ON THE MAP. Respondents had the offer of raising their profile by having an entry on a Google map with pins for each social enterprise and a free online directory entry. This was in addition to SEW capturing the economic data required by the LEP. The map and directory will be housed on SEW website but with links through to the LEP site.

The directory categories give a snapshot of the range of activities that those responding to the survey deliver. Respondents were able to choose a number of directory categories within which to be listed so there is some overlap of self-definition.

Marketing material:

Social Enterprise – ON THE MAP

Are you working for a Social Enterprise in the West of England or know someone who does?

The West of England Local Enterprise Partnership want to know more so they can map social enterprise activity in the area.

Do you work for a social enterprise in any of the following areas: Bath & NE Somerset, Bristol, N Somerset, or South Gloucestershire?
Social Enterprise Works are working with the West of England Local Enterprise Partnership to map social enterprise activity in the West of England.

To participate in this initiative all you have to do is click on the link below and submit a few details about your social enterprise. This information will be used to plot the location of social enterprises in the West of England on a map that will be available online. You can also submit your information for use in an online social enterprise directory.

Don’t miss out – Get on the map – Pass it on

5. SURVEY RESULTS

The survey asked for information about paid roles and the data does not include the vast contribution made to the sector through volunteering. Recent figures for Bristol alone collated by Volunteer Bristol using methodology developed by Volunteer England valued the contribution of volunteers to the Bristol economy to be £27 million.

There are a couple of segments of the sector which have been identified separately from the rest of the sector as their scale would otherwise skew the general results. The broad sweep of the social enterprise sector in the table below (5.1) is categorised as “other” but in analysed by area of activity in the following table (5.2).

The Government’s agenda as set out in Transforming Community Services has led to the externalisation of some major parts of the local NHS into social enterprise models. Within the West of England there are two major services; Bristol Community Health and North Somerset Community Partnership who are now community interest companies with a joint turnover of over £54 million and nearly 2000 staff.

The other very large players in the local sector are the Housing Associations. These are generally Industrial and Provident Societies and are playing an increasing role in the social enterprise sector. Given the scale of these organisations, they have been treated as a segment of the social enterprise sector in the survey analysis.

5.1 Primary Data

The table below shows the actual data that was collected from the dataset of 180 respondees:

<table>
<thead>
<tr>
<th>sectors</th>
<th>actuals: t'over £</th>
<th>actual jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>health</td>
<td>54,379,000</td>
<td>1,860</td>
</tr>
<tr>
<td>housing</td>
<td>84,936,000</td>
<td>863</td>
</tr>
<tr>
<td>other</td>
<td>46,168,107</td>
<td>2024</td>
</tr>
</tbody>
</table>

Social Enterprise Works
5.2 Areas of Activity
A snapshot of the areas of activity that those in the general “other” category are operating in was offered by their directory listing.

<table>
<thead>
<tr>
<th>Area of activity</th>
<th>Number of social enterprises selecting this directory description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and wellbeing</td>
<td>62</td>
</tr>
<tr>
<td>Children and Young People</td>
<td>58</td>
</tr>
<tr>
<td>Neighbourhood centres</td>
<td>26</td>
</tr>
<tr>
<td>Business services</td>
<td>25</td>
</tr>
<tr>
<td>Art and design</td>
<td>22</td>
</tr>
<tr>
<td>Food</td>
<td>22</td>
</tr>
<tr>
<td>Going green</td>
<td>20</td>
</tr>
<tr>
<td>Housing</td>
<td>20</td>
</tr>
</tbody>
</table>

5.3 Geographic Focus
Analysis of the geographic focus that is served by the organisations surveyed in the West of England.

1: work across all 4 LA areas in West of England
2: work in a combination of 2 or more LA areas, but not across all 4 LA areas in West of England
3: work in South Gloucestershire only
4: work in Bristol only

5: work in North Somerset only

6: work in Bath & NE Somerset only

The high number of social enterprises identified in South Gloucestershire reflects the different data collection process. SEW drew on a substantial piece of work undertaken by South Gloucestershire CVS to survey the voluntary, community and social enterprise sector in that area as well as the data capture routes used in the other local authority areas.

5.4 Legal Structures

The legal structures adopted by those organisations surveyed in the West of England.

Total 180 responses - some dual responses eg: charity & company limited by guarantee

1: co-operatives
2. companies limited by guarantee/community interest companies
3. charities
4. unincorporated
5.5 Economic Scale
Analysis of the survey respondees by economic scale:

Survey responses by economic scale

<table>
<thead>
<tr>
<th>Economic scale</th>
<th>Survey Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>£500K plus turnover</td>
<td>1</td>
</tr>
<tr>
<td>£250 - £500K turnover</td>
<td>2</td>
</tr>
<tr>
<td>£100 - £250K turnover</td>
<td>3</td>
</tr>
<tr>
<td>Less than £100K turnover</td>
<td>4</td>
</tr>
</tbody>
</table>

Economic scale (excluding the health externalisations and housing providers)

1: £500K plus turnover
2: £250 - £500K turnover
3. £100 - £250K turnover
4. Less than £100K turnover

6. EXTRAPOLATION FROM SURVEY DATA

The dataset of 180 respondees is clearly only a small proportion of the scale of the social enterprise sector in the West of England. To create a baseline for social enterprise activity in the West of England we therefore need to extrapolate the results collected.

Continuing to work in segments of the sector, it is clear that the data for the key health externalisations has been fully collected. It is also clear that the data for the local Housing Associations has only been partially collected. Data was collected from Knightstone Housing, Alliance Housing, Julian House, 1625 Independent People and Bristol Community Housing Federation. There are however a number of other large groups operating locally including Curo Housing Group, Places for People, Guinness Trust, United Housing and Elim Housing. To create the baseline, an assumption of 50% of total value has been put on the collected value of the housing association segment of the sector.

The South Gloucestershire CVS survey gives a good indication of the percentage of organisations that self-define as social enterprises. The S Glos CVS survey reached 50% of their target audience and of those 12.5% self-defined as social enterprises. To create the baseline, this percentage of 12.5% has been applied to the cohort of voluntary and community organisations in each local authority area to give a figure for potential social enterprises.
Total number of vcs organisations in West of England:

B&NES 185
Bristol 1200
N Somerset 600
S Glos 800
Total: 2785 x 12.5% = 348

In addition the reach of the survey (19) was particularly small in the co-operative sector where it is estimated there are 150+ co-ops in the West of England. The reach was stronger for Community Interest Companies where there were 43 respondees compared to a Companies House listing of 103 active CICs.

<table>
<thead>
<tr>
<th>Segment of sector</th>
<th>Known sector number</th>
<th>Responded to survey</th>
<th>Number of social enterprises not captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vol and community organisation</td>
<td>2785 of which 12.5% soc ent =348</td>
<td>118</td>
<td>230</td>
</tr>
<tr>
<td>Co-operative</td>
<td>150</td>
<td>19</td>
<td>131</td>
</tr>
<tr>
<td>CIC</td>
<td>103</td>
<td>43</td>
<td>60</td>
</tr>
<tr>
<td>Totals:</td>
<td>601</td>
<td>180 (30%)</td>
<td>421 (70%)</td>
</tr>
</tbody>
</table>

Applying the logic of the % reach of the survey across the key segments of the social enterprise sector creates the conclusions set out below:

<table>
<thead>
<tr>
<th>sectors</th>
<th>actuals: turnover £</th>
<th>actual jobs</th>
<th>% reach of survey</th>
<th>extrapolation: turnover £</th>
<th>extrapolation: jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>health</td>
<td>54,379,000</td>
<td>1,860</td>
<td>100%</td>
<td>54,379,000</td>
<td>1,860</td>
</tr>
<tr>
<td>housing</td>
<td>84,936,000</td>
<td>863</td>
<td>50%</td>
<td>169,872,000</td>
<td>1,726</td>
</tr>
<tr>
<td>other</td>
<td>46,168,107</td>
<td>2024</td>
<td>30%</td>
<td>153,893,690</td>
<td>6,747</td>
</tr>
<tr>
<td>Totals:</td>
<td>185,483,107</td>
<td>4,747</td>
<td></td>
<td>378,144,690</td>
<td>10,333</td>
</tr>
</tbody>
</table>

In conclusion therefore, the data collected through the survey and the extrapolation of its results through a logical analysis of the scale of various elements of the sector arrives at a headline baseline for the social economy sector in the West of England as follows:

**Number of social enterprises:** 600  
**Turnover of the sector:** £378 million  
**Jobs in the sector:** 10,000
7. RECOMMENDATIONS

The mapping report was considered by the Social Enterprise Sub-group of the LEP. They concluded that the data collected had achieved the goal of achieving a baseline for the scale of the social enterprise sector in the West of England which demonstrated the importance of that sector to the local economy. They recognised that further activity was required to gain a deeper understanding of the potential contribution of the sector to the growth of jobs and to the scale of the local economy and the following recommendations were developed.

1. The group recommends that further research be commissioned to examine the specific barriers to growth for the social enterprise sector and to identify opportunities to support the growth of the sector with a particular focus on areas of high growth.
2. The group acknowledged the impact of the health and housing sectors and the need to particularly explore how the LEP social enterprise sub-group can impact on their social enterprise development.
3. That the health of the social enterprise sector be reflected in the LEP quarterly economic bulletin.
4. That social enterprise be recognised as a key feature of the West of England economy and be promoted alongside other key industry areas within the Bristol Enterprise Zone and other Enterprise Areas.
5. That resource be identified to develop key interventions which will enable a step change in those geographic areas within the West of England where there is less depth of social enterprise activity.