

Social Enterprise in Scotland



CENSUS 2017

Acknowledgements

The Social Enterprise Census is a project led by Community Enterprise in Scotland (CEIS) as part of a wide-ranging partnership initiative.

The project has been carried out with financial support from the following funding partners: Scottish Government; Big Lottery Fund and Social Investment Scotland.

The Social Enterprise Census 2017 has been guided by representatives from the following agencies which, together, comprised the Steering Group for the project: Big Lottery Fund; Council of Ethnic Minority Voluntary Sector Organisations (CEMVO); Highlands and Islands Enterprise; Scottish Enterprise; Scottish Government; Senscot; Social Enterprise Academy; Social Enterprise Scotland; Social Firms Scotland; Social Investment Scotland; and Voluntary Action Scotland.

This report has been researched and produced by Social Value Lab.

www.socialvaluelab.org.uk

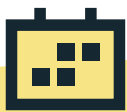


The Headlines



▲
5,600

Social enterprises currently operating in Scotland



▲
599

Social enterprises formed in the last two years



▲
34%

Of all social enterprises located in rural Scotland



▲
20 years

The average age of a social enterprise in Scotland



▲
79%

Of social enterprises selling direct to the general public



●
7%

Of social enterprises involved in international activity



▲
61%

Of social enterprises generating at least half of their income from trading



▲
50%

Negatively affected by the economic climate over the last 12 months



▲
64%

Of Scotland's social enterprises led by women



▲
1:2.5

The average differential between the highest and lowest paid worker



■
70%

Led by and accountable to people in a particular community



■
81,357

Full-time equivalent employees supported by the sector



▲
£3.8bn

The total annual income of social enterprises in the country



▼
£287m

The combined operating surplus of all social enterprises



▲
£5bn

The net worth of Scotland's social enterprises



■
£2bn GVA

The economic contribution of social enterprises to Scotland



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1 INTRODUCTION

THIS REPORT PRESENTS THE FINDINGS OF
THE SOCIAL ENTERPRISE CENSUS 2017,
THE DEFINITIVE BIENNIAL ACCOUNT OF
SOCIAL ENTERPRISE ACTIVITY IN SCOTLAND.



Context

Social enterprises are organisations that trade for the common good. They address social needs, strengthen communities, improve people's life chances and protect the environment.

The Scottish Government has a long-standing commitment to realising the potential of social enterprise; a way of doing business that is great for the economy and great for the people of Scotland. This commitment is set out in **Scotland's Social Enterprise Strategy**¹ – an ambitious and long-term programme that describes a clear path to stimulating social enterprise activity, developing stronger organisations, and realising market opportunity over a ten-year timeframe.

“Social enterprise has the potential to tackle some of the toughest social issues we face, and tackle them at source. To act as a mechanism for community empowerment, helping communities deal with issues they face. To provide a positive influence on the world of commerce, modelling a more ethical way of doing business. And, on top of all this, to help us become a more innovative, entrepreneurial society.”

Angela Constance MSP, Cabinet Secretary for Communities, Social Security and Equalities

Scotland's Social Enterprise Strategy 2016-2026

The Social Enterprise in Scotland Census

2017 is a collective endeavour; a project brought forward in 2015 by those agencies with a shared interest in supporting social enterprise and growing its impact (see organisations listed in the Acknowledgements section for further details).

Building on the 2015 pilot study, the Social Enterprise Census is intended to provide a robust baseline and track the changing scale, characteristics and contribution of the sector over the next decade. This will provide a snapshot of activity and progress every two years and inform ongoing implementation of the long-term national strategy.

Focus of the Study

The study provides a detailed profile of **social enterprise activity** in Scotland. It focuses on the scale, reach and contribution of this activity and the characteristics, prospects and needs of those organisations that are delivering it.

By 'social enterprise' the study refers to organisations that are undertaking social enterprise activity and operating in a way that is consistent with the **Voluntary Code of Practice for Social Enterprise in Scotland**². This offers a broad but widely agreed set of criteria by which social enterprises can be identified and recognise each other.

¹ Scottish Government, Scotland's Social Enterprise Strategy 2016-2026, December 2016 <http://www.gov.scot/Publications/2016/12/4404/0>

² <http://www.se-code.net/>

Social Enterprise Definitional Criteria

There are five essential elements of a social enterprise:

1. **They trade, with the primary objective of social or environmental benefit but also to enhance their financial independence.**
2. **Any profits are reinvested back into the business or used for the benefit of the people it exists to serve, rather than distributed to owners, shareholders, or investors.**
3. **On dissolution, any assets are reinvested in another organisation with similar aims and objectives.**
4. **They are constituted and managed in an accountable and transparent way – particularly with regard to the community they serve.**
5. **They are distinct from the public sector and cannot be the subsidiary of a public body.**

Source: Adapted from the Voluntary Code of Practice for Social Enterprise in Scotland

The study has identified social enterprises systematically and objectively based on the definitional criteria set out^[1]. It is not primarily concerned with whether organisations recognise themselves as social enterprises, but with whether enterprise activity is occurring and to what extent. It therefore includes the work of some types of third sector organisations that are undertaking enterprise activity but not normally identified as social enterprises, or likely to self-identify as such. Likewise, it excludes some organisations identifying themselves as social enterprises but which do not fully meet the agreed criteria.

A detailed briefing on the interpretation of the Voluntary Code has been prepared. This describes the basis for including and excluding organisations based on the criteria, as well as the associated limitations and challenges. This is set out in an accompanying Technical Note.

Methodology

The research for the study was carried out between March and August 2017. It included four main and interrelated elements:

1. **Identification of the population of social enterprises currently active in Scotland.** This built on the dataset of social enterprises compiled in 2015, but involved a re-screening of over **15,000** third sector organisations and enterprises previously excluded that did not fully meet the criteria during the previous assessment.
2. **A full and objective financial assessment of the population of social enterprises** was undertaken. The publicly available financial accounts of more than **9,500** organisations were initially reviewed and a fuller assessment carried out in **6,200** cases. In the end, financial data was extracted from various sources and compiled for **4,439** of the **5,600** confirmed social enterprises (**79%** of all), although full data was not available for each.

3. A large-scale **census survey of potential social enterprises** was conducted. This was carried out to verify and extend upon the data already gathered. Administered largely online, this obtained **1,650** responses, which after purging for duplicate and ineligible responses left unique responses from **1,351** of the population of **5,600** social enterprises. The achieved sample enables findings that are highly representative for the sector nationally, with data accurate to the **95%** confidence level **±2.32%**.
4. An extensive **financial and economic analysis** of the available data was conducted. Data from the various sources were combined and cleaned for further analysis. Financial data, where available, were aggregated, analysed and benchmarked using various financial ratios relating to financial performance, strength and sustainability. Income, employment and GVA (Gross Value Added) estimates were also produced.

The accompanying Technical Note provides further details about the methodology and the basis for producing the findings outlined in the report.

Changes and Improvements

The methods employed for the 2017 study were based on those piloted in 2015. However, there have been three main changes (and improvements) worth noting:

- There were significant improvements in the fullness and quality of data available for the study. In particular, there was access to financial and employment data now in the public domain but not available for the previous study, including data from the Office of the Scottish Charity Regulator (OSCR) and Care Inspectorate.

- Changes were made to the survey design, including refinements to the survey questionnaire and improvements to the achieved sample (now making it representative in terms of economic sector as well as high level geography).
- The basis for calculation of GVA and employment estimates was modified, in light of the availability of better data.

Taken together, these changes mean even greater accuracy and fewer assumptions behind the estimates provided. However, these changes may affect the reliability of comparative analyses against the 2015 study. Therefore, comparisons are only made in this 2017 report where it is assured that data has not been significantly affected by such variations, and elsewhere appropriate caveats are provided.

Comparisons have also been drawn, where appropriate, with the latest Small Business Survey Scotland³. These are made under full acknowledgment that underlying caveats exist, making exact like-for-like comparisons difficult.

Extensive work has been undertaken by Social Value Lab to ensure the accuracy and coverage of data on social enterprise activity in Scotland. Work continues to improve the definition and identification of social enterprises, and there is ongoing refinement to the methods employed to study this. Future waves of the Social Enterprise in Scotland Census will therefore bring further improvements in the quality of data available.

The Scottish Government is also taking steps to ensure that the data from the study can be used more widely to inform the work of those in the social enterprise movement and those committed to supporting it.

³ Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016).

2 COMPOSITION OF THE SECTOR

THE SOCIAL ENTERPRISE SECTOR BRINGS TOGETHER A DIVERSE GROUP OF ORGANISATIONS WITH DIFFERING TRADITIONS, BUSINESS MODELS, MOTIVATIONS AND GOALS. WHAT THEY SHARE IS THEIR INVOLVEMENT IN ENTERPRISE ACTIVITY, UNDERTAKEN FOR THE GOOD OF SCOTLAND. THIS SECTION EXAMINES THE CHANGING COMPOSITION OF THIS GROUP OF ORGANISATIONS, THEIR SIZE, THE FORM THEY TAKE, AND THE IDENTITIES THEY ADOPT.



Size of the Sector

The social enterprise sector in Scotland is growing. Today there are an estimated **5,600** social enterprises at work across the country. This represents an **8%** growth in numbers since the first Social Enterprise Census in 2015. It means that there is currently one social enterprise operating for every **1,000** people in the country.

350,410

Private Sector
Enterprises



21,349

Registered
Charities



649

Registered
Societies



5,600

Social
Enterprises



+8%

Growth in the number
of social enterprises
between 2015 and 2017



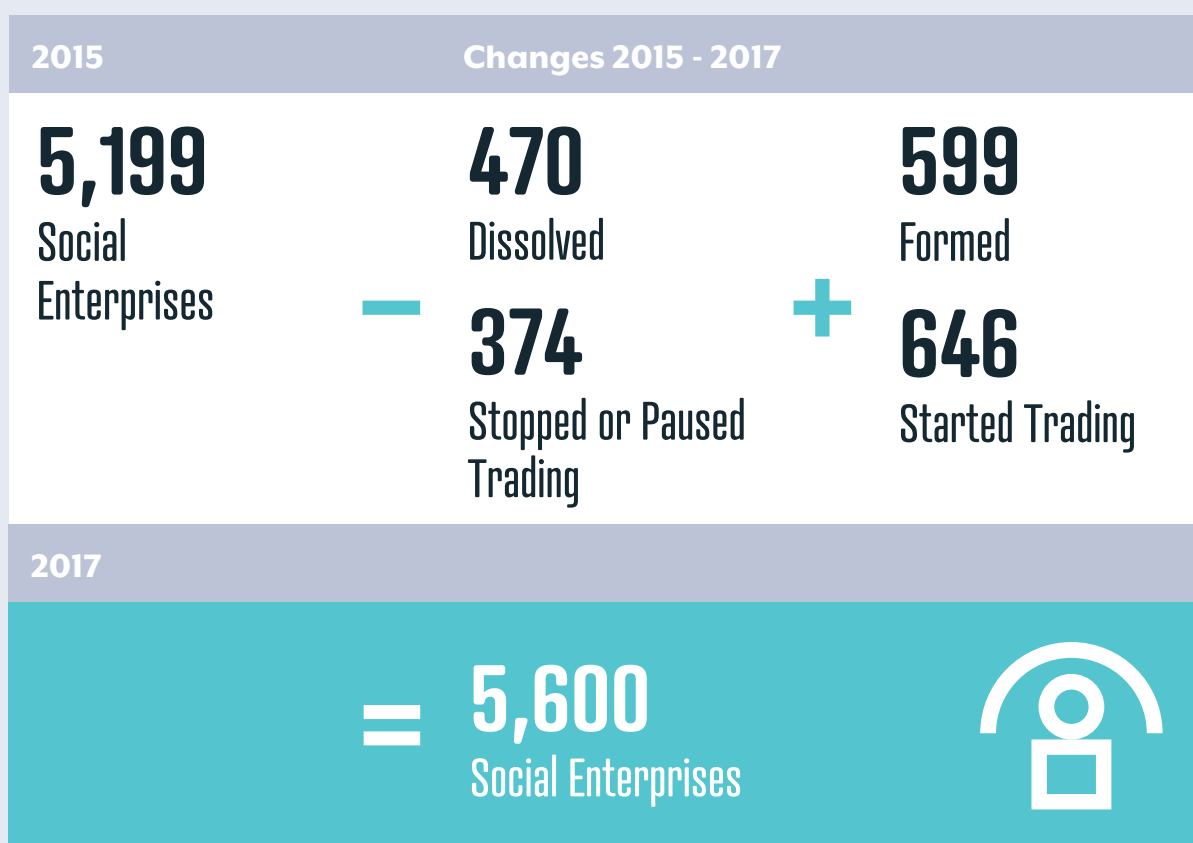
5,600

Social Enterprises
operating in Scotland

Churn Within the Sector

The social enterprise community in Scotland has gained and lost members during the last two years^[2]. Some **599** new organisations have formed during the period, some hardwired to trade from the outset, while **470** have dissolved and deregistered. Approximately **646** well established third sector organisations have embarked on enterprise activity to support their independence and resilience, while **374** no longer trade to any meaningful extent. Taken together these elements of **churn within the sector has led to a net growth of just over 400 organisations carrying out social enterprise activity.**

COMPONENTS OF CHANGE IN THE SECTOR (2015-17)



The social enterprises formed since 2015 are spread unevenly across a number of economic sectors. **The largest number of new starts has been in the Arts & Creative Industries sector.** The largest relative growth in new social enterprise activity has been in the Food, Catering & Hospitality sector and in Education, Training & Employment.

NEW STARTS BY SECTOR ^[3]

Economic Sector	No. of New Starts	Net Change (2015-17)
Arts & Creative Industries	128	+16%
Community Centres & Halls	68	+7%
Early Learning & Childcare	20	+3%
Education, Training & Employment	58	+22%
Environment & Recycling	13	+8%
Financial Services	0	0%
Food, Catering & Hospitality	30	+28%
Health & Social Care	76	+12%
Housing	4	+2%
Information, Consultancy & Support	27	+12%
Property, Energy, Utilities & Land	35	+11%
Retailing	31	+17%
Sport & Leisure	38	+15%
Tourism, Heritage & Festivals	37	+10%
Transport	12	+11%
Other	22	+12%
ALL NEW STARTS	599	+11%

Age Profile

Despite the deep roots and long history of the social enterprise movement in Scotland, **most social enterprises today are relatively young**. Thirty four per cent of social enterprises are ten years old or less. This is comparable to the wider SME sector in Scotland in terms of age, where **31%** of small businesses are ten years old or less⁴. The **average age of social enterprises is 20 years**, comprising a mix of reasonably newly formed enterprises together with well-established organisations that have embarked on trading in their maturity.

AGE^[4] OF SCOTLAND'S SOCIAL ENTERPRISES



	Number of Social Enterprises	% of All
0-4 years	959	17%
5-10 years	928	17%
Over 10 years	3,713	66%
ALL SOCIAL ENTERPRISES	5,600	100%

Source: Analysis of data on all identified social enterprises, 2017

Income

There is considerable variation in the size of social enterprises. Most (**57%**) have an income of less than **£100,000**. In comparative terms, **social enterprises tend to be larger in size than the wider population of charities in Scotland**.

COMPARISON OF INCOME BY SIZE BAND



Income	% of Social Enterprises	% of Registered Charities ⁵
£0 - £49,000	43.4%	69.6%
£50,000 - £99,000	13.6%	10.4%
£100,000 - £249,000	16.0%	9.5%
£250,000 - £499,000	8.9%	4.0%
£500,000 - £999,000	6.3%	5.6%
£1,000,000 - £4,999,000	8.2%	0.8%
£5,000,000+	3.6%	0.2%
Total	100%	100%

Source: Analysis of publicly available financial data where available for identified social enterprises, 2017, compared with data from the Office of the Scottish Charity Regulator (OSCR)

4 Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016). It should be noted that the findings from the Small Business Survey presented in this report relate to SMEs with employees only.

5 Data excludes registered Scottish charities headquartered elsewhere in the UK.

Legal Form

Social enterprises take a variety of legal forms. They tend to trade as private companies, operating without share capital (evident in **44%** of cases). Since the first Social Enterprise Census in 2015, there has been a **disproportionately large growth in the social enterprises now operating as Scottish Charitable Incorporated Organisations (SCIOs)⁶ and Community Interest Companies (CICs)⁷** although, taken together, these still account for only one-in-five social enterprises.



THE LEGAL FORM OF SOCIAL ENTERPRISES

Legal Form	Number 2017	% of All 2017	Net Change (2015-17)
Community Interest Company ⁸	553	10%	+35%
Company Limited by Guarantee	2,448	44%	-2%
Registered Society	398	7%	-7%
Scottish Charitable Incorporated Organisation	588	11%	+101%
Trust	294	5%	+8%
Unincorporated	1,315	24%	+2%
Other	4	0%	-
ALL SOCIAL ENTERPRISES	5,600	100%	+8%

Source: Analysis of data on all identified social enterprises, 2017

Most social enterprises are now incorporated entities, making them distinct under law from the people involved. The **29%** of social enterprises that continue to trade as unincorporated associations or trusts, potentially place trustees/directors at greater risk of personal liability should things go wrong⁹. However, the majority of unincorporated social enterprises are now well established (**85%** are over 10 years old), and appear to have modest and relatively predictable income streams (**78%** have an income of less than **£50,000**). They are typically found managing community halls (**38%**) and delivering childcare services (**35%**).

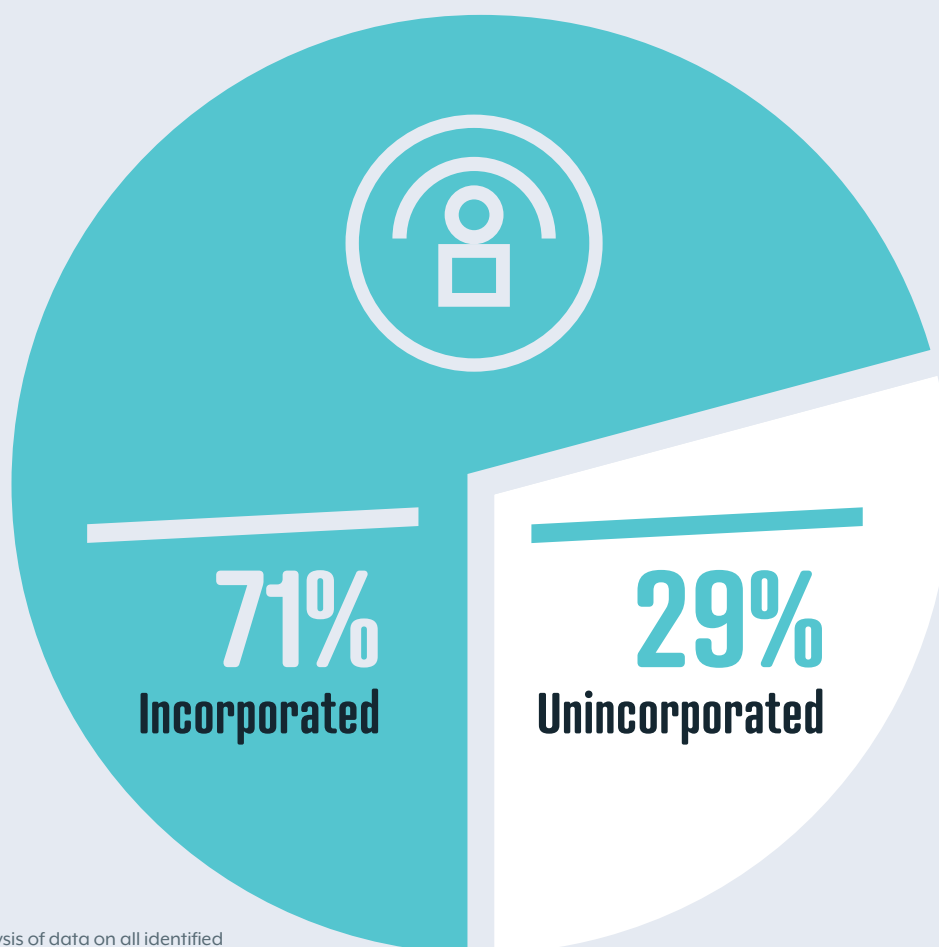
⁶ Scottish Charitable Incorporated Organisation (SCIO) is an optional legal form for registered charities that enables them to become a corporate entity, able to enter into contracts, employ staff, incur debts, own property, etc.

⁷ Community Interest Companies (CICs) are limited companies, with special additional features that certify their social mission, lock in assets, and limit dividend payments to members. Most CICs do not hold share capital.

⁸ The Social Enterprise Census does not generally include legal forms that allow organisations to hold share capital and therefore precludes the possibility of distribution of dividends to shareholders. A notable exception are CICs, which are routinely counted in where other definitional criteria are met, given that all CICs have a statutory asset lock. For further information see the full Technical Note that accompanies this main report.

⁹ Find out more about deciding on an appropriate legal form at <http://www.scvo.org.uk/setting-up-a-charity/decide-on-a-structure/>

INCORPORATED AND UNINCORPORATED SOCIAL ENTERPRISES



Source: Analysis of data on all identified social enterprises, 2017

Charitable Activity

All social enterprises act in the interests of a particular community or in the wider public interest. Given that most pursue charitable goals, and may derive benefits from charitable status, it is unsurprising that three-quarters are also registered as charities. Looking at it another way, this means that almost **one-fifth of registered charities in Scotland are undertaking enterprise activity** and operating in a way consistent with the Voluntary Code of Practice for Social Enterprise.



75%

Of social enterprises are registered charities



18%

Of registered charities¹⁰ carrying out social enterprise activity

Source: Analysis of data on all identified social enterprises, 2017

¹⁰ Excludes registered Scottish charities headquartered elsewhere in the UK.

Sector Identity and Coherence

The social enterprise movement is a coming together of overlapping organisational traditions, types, and forms. Indeed, the **term ‘social enterprise’ has only become common currency during the last decade**. It is therefore unsurprising **that just 56% of respondents have reported using the term to describe their organisation**^[5]. Well established terms (‘Charity’, ‘Voluntary Organisation’) are still widely used as the basis for self-identification. The terms used can relate to the work that social enterprises do (field of activity), how they do it (business model), or how they are organised (legal or regulated form). In practice, social enterprise leaders often use multiple terms to identify their organisation.

TERMS USED BY SOCIAL ENTERPRISES TO SELF-IDENTIFY

Term	% That Would Use Term to Describe Their Organisation
Social Enterprise	56%
Charity	73%
Voluntary Organisation	42%
Community Enterprise	21%
Development Trust	7%
Social Firm	6%
Co-operative	3%
Credit Union	3%
Supported Business	3%
Housing Association/Co-operative	2%
Mutual/Employee-Owned Business	1%
Other	13%
None of the above	5%

Source: Social Enterprise Census Survey, 2017

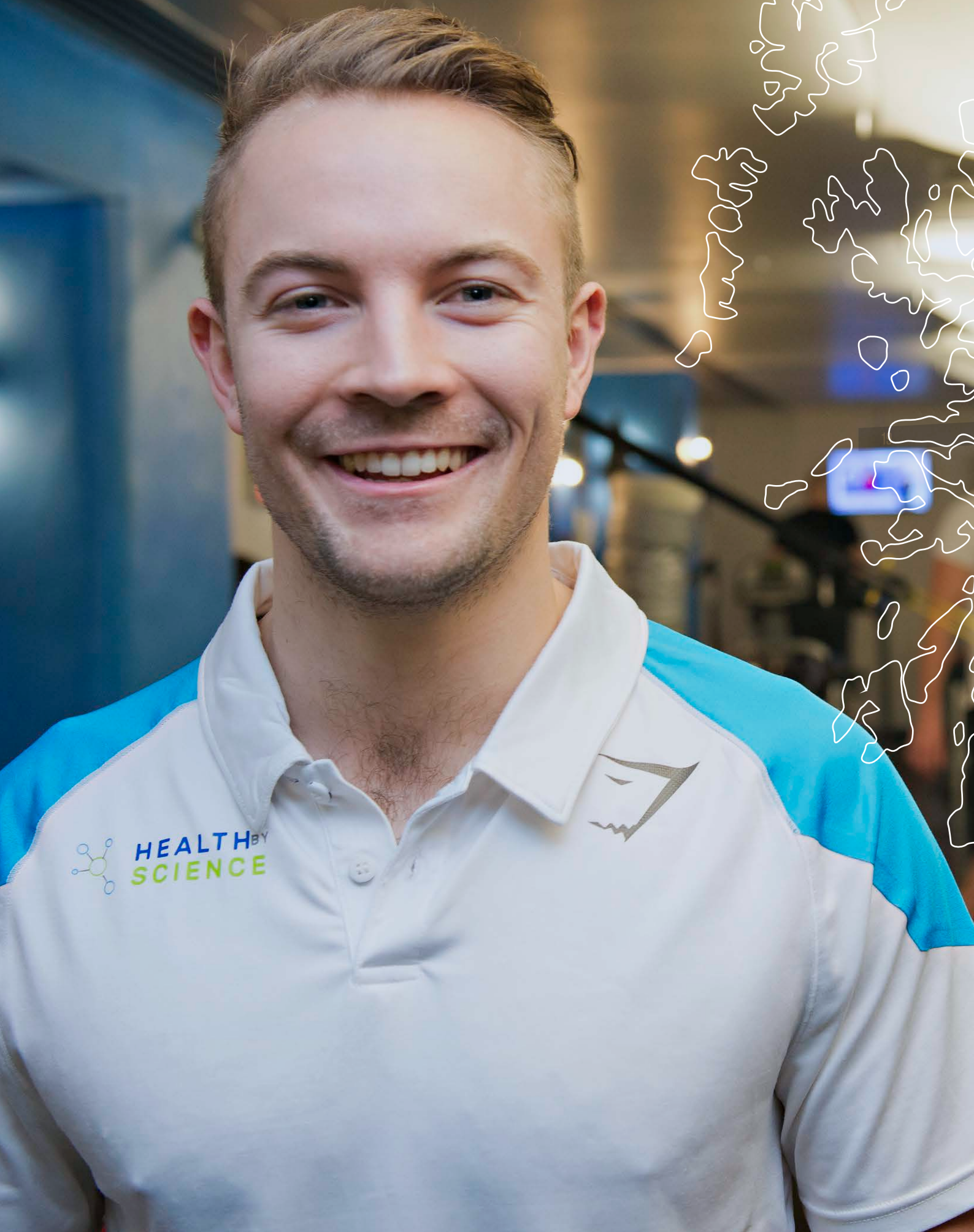
The evidence suggests that **the term ‘social enterprise’ is not yet widely used or accepted in all parts of the social enterprise community**. In particular, organisations in two of the larger economic sectors – Early Learning & Childcare and Community Centres & Halls. Organisations established more than **10 years** ago are also considerably less likely to self-identify as social enterprises.

% SELF-IDENTIFYING AS ‘SOCIAL ENTERPRISES’

KEY SECTORS ¹¹		AGE		LOCATION	
 Arts & Creative Industries	68%	0-10 Years	71%	Rural	50%
 Early Learning & Childcare	28%	> 10 Years	46%	Urban	59%
 Community Centres & Halls	36%				
 Health & Social Care	54%				
 Housing	49%				

Source: Social Enterprise Census Survey, 2017

¹¹ ‘Key Sectors’ referred to here and throughout this report are the five fields of activity which contain the most significant share of social enterprises or social enterprise trading activity



3 GEOGRAPHIC 3 COVERAGE

SOCIAL ENTERPRISES ARE LOCATED ACROSS THE LENGTH AND BREADTH OF SCOTLAND IN WHAT IS NOW A WELL-ESTABLISHED PATTERN. THIS SECTION DESCRIBES THE COVERAGE AND GROWTH OF SOCIAL ENTERPRISES ACROSS THE COUNTRY AND EXPLORES THE LOCATIONS GIVING RISE TO THIS ACTIVITY.



Regional Coverage

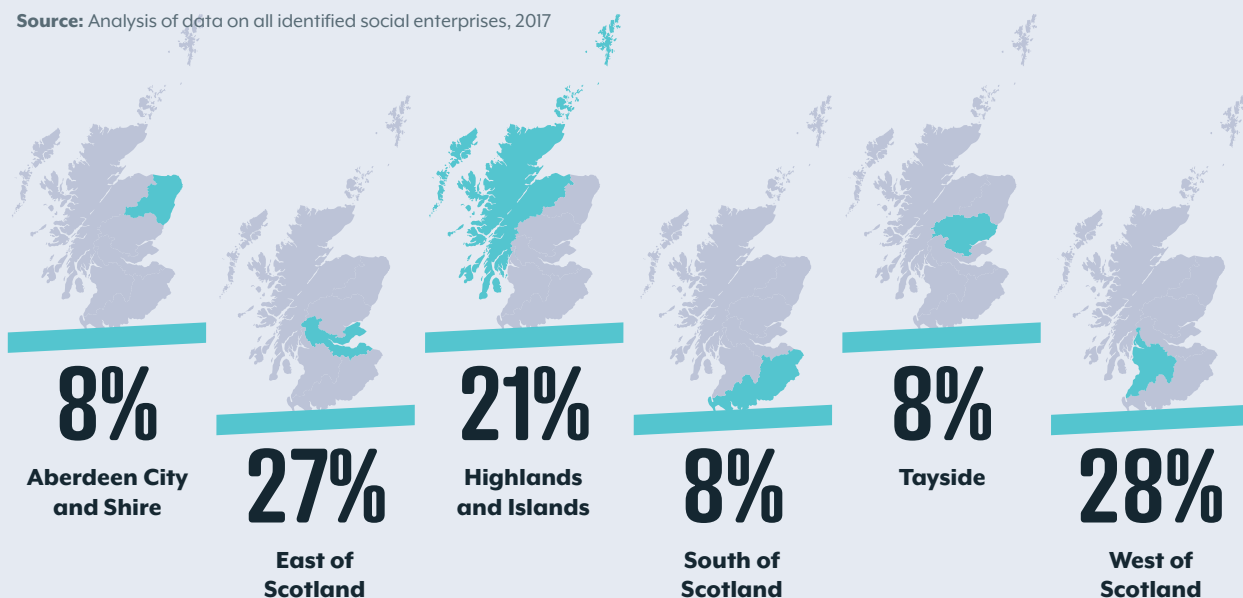
There is considerable variation in the regional coverage of social enterprise activity. In line with the evidence reported in 2015, **social enterprises continue to be located in the greatest numbers across the urban central belt of Scotland** (East and West of Scotland), where **3,105** social enterprises are headquartered. **The Highlands and Islands region is also very significant in terms of the density of social enterprises located there** (the region contains **21%** of Scotland's social enterprises but only **9%** of the nation's population). In financial terms, there is a particular concentration of social enterprise activity in the West of Scotland, which accounts for **47%** of total trading income generated by the sector. Over the last two years, the rate of growth of social enterprises has been highest in Aberdeen City and Shire, Tayside, and South of Scotland, although this growth has been from a relatively small base.

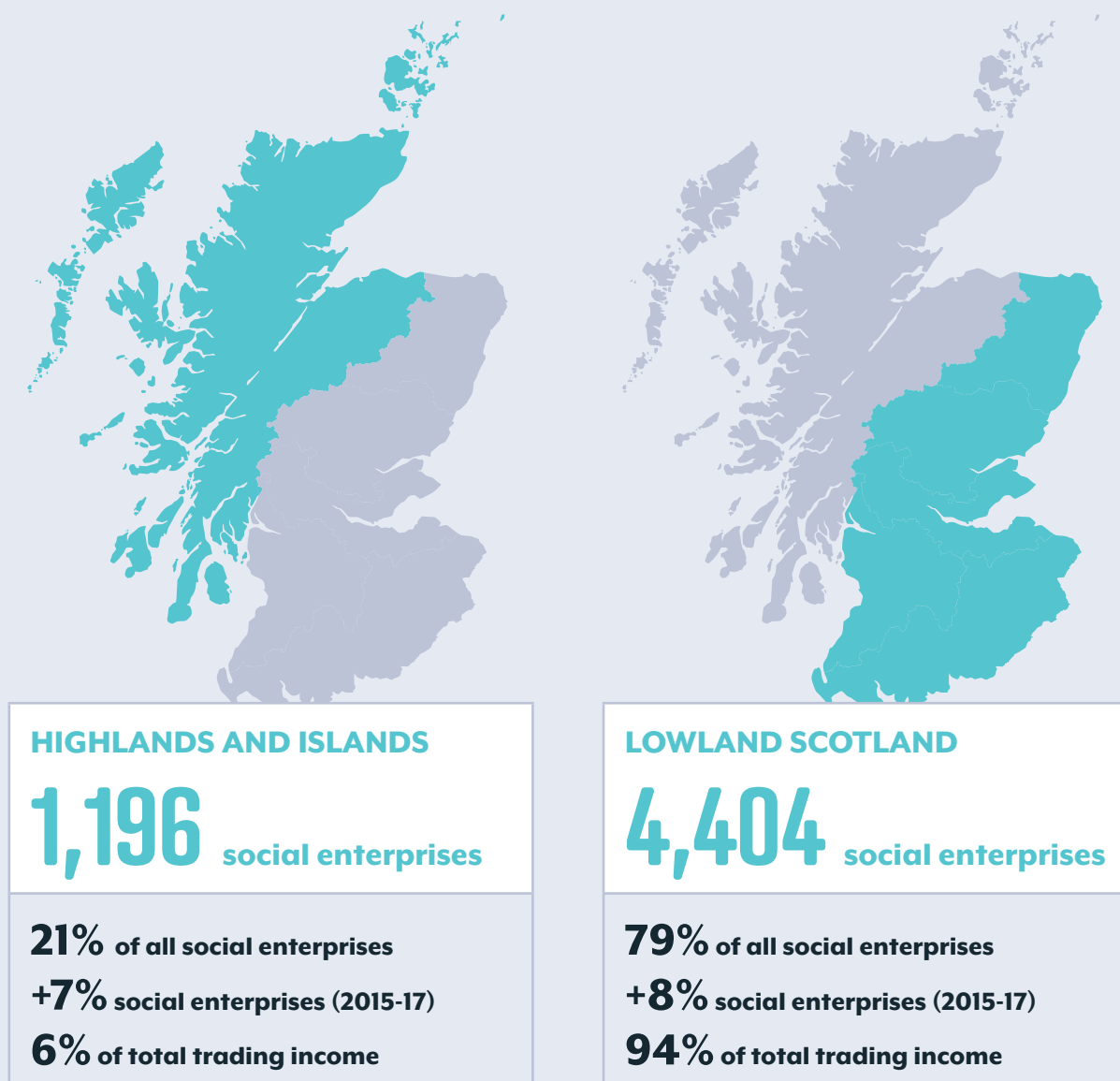
SOCIAL ENTERPRISE ACTIVITY BY REGION

	Number of Social Enterprises	% of All Social Enterprises	Net Change (2015-17)	Share of Sector Trading Income
Aberdeen City and Shire	430	8%	+15%	7%
East of Scotland	1,537	27%	+7%	30%
Highlands and Islands	1,196	21%	+7%	6%
South of Scotland	441	8%	+13%	5%
Tayside	428	8%	+14%	5%
West of Scotland	1,568	28%	+4%	47%
ALL REGIONS	5,600	100%	+8%	100%

21

Source: Analysis of data on all identified social enterprises, 2017





Source: Analysis of data on all identified social enterprises, 2017

Local Reach

Scotland is a patchwork of social enterprise activity stretching across all local authority areas. Consistent with the picture revealed in 2015, the largest concentrations of social enterprise activity can be found in Glasgow City (**732** social enterprises), City of Edinburgh (**716**), and Highland (**539**). Taken together, Scotland's four city authorities – Glasgow, Edinburgh, Aberdeen and Dundee – now account for **31%** of all of social enterprises.

The number of social enterprises has been growing across most of the country. Since the earlier report in 2015, social enterprises have been added in greatest numbers in Fife (**+59** social enterprises), City of Edinburgh (**+46**), and Aberdeenshire (**+46**)¹². Despite growth in **27** of the **32** local authority areas, there remain significant variations per capita, ranging from **44** social enterprises per **10,000** people in the Shetland Islands to just **3 per 10,000** people in North Lanarkshire. In some local authority areas, social enterprise activity is not yet taking hold in large numbers.

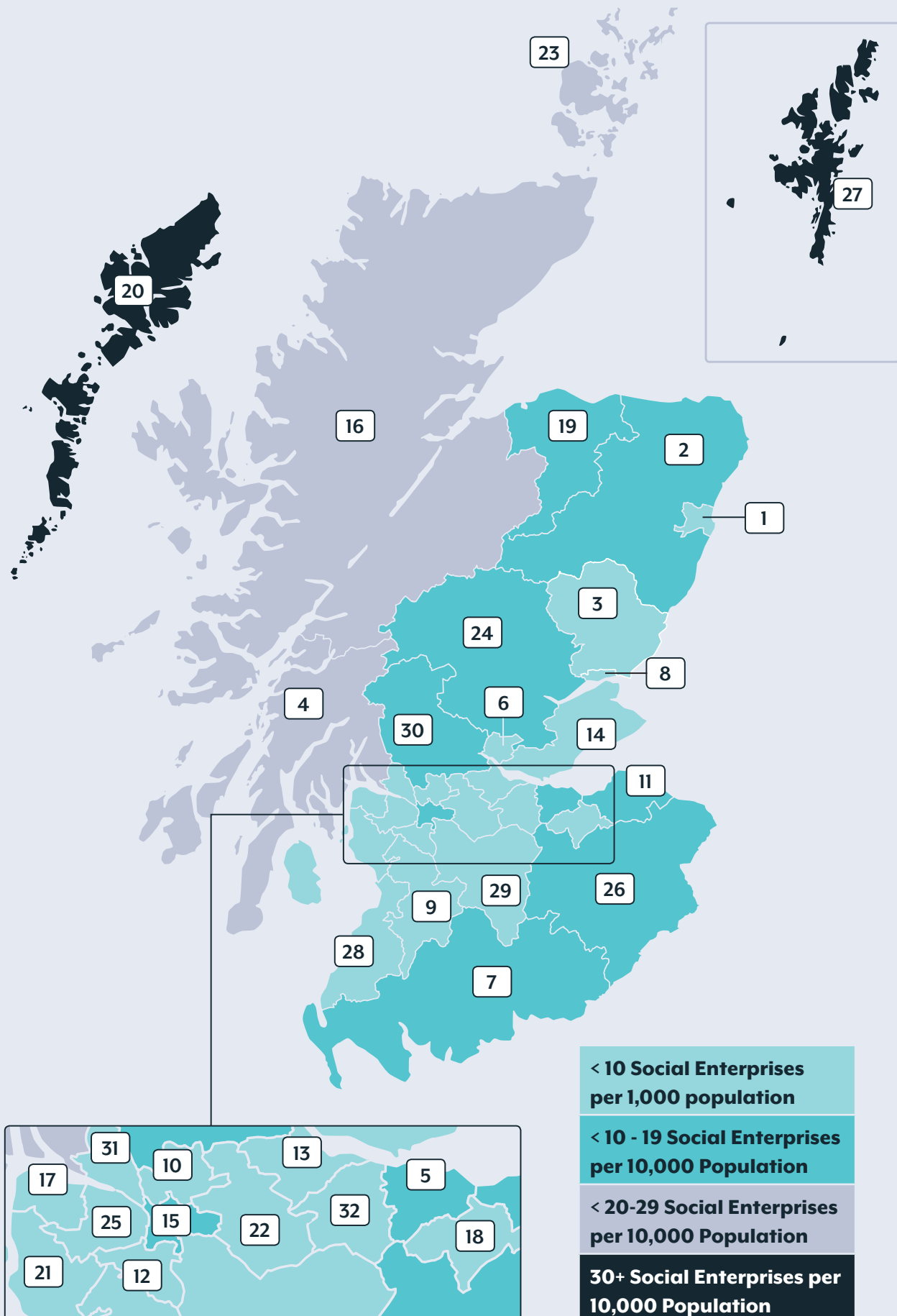
¹² An increase in social enterprise numbers may be due to both the formation of new social enterprises and the commencement of significant trading activity in established third sector organisations.



SOCIAL ENTERPRISES PROFILE AND CHANGE BY AREA

	Number of Social Enterprises	% Share of All Social Enterprises	Social Enterprises Per 10,000 People	Net Change (2015-17)
1. Aberdeen City	139	2.5%	6	+12
2. Aberdeenshire	291	5.2%	11	+46
3. Angus	109	1.9%	9	+16
4. Argyll and Bute	246	4.4%	28	+2
5. City of Edinburgh	716	12.8%	14	+46
6. Clackmannanshire	29	0.5%	6	-3
7. Dumfries and Galloway	218	3.9%	15	+28
8. Dundee City	135	2.4%	9	+3
9. East Ayrshire	73	1.3%	6	+4
10. East Dunbartonshire	52	0.9%	5	+1
11. East Lothian	131	2.3%	13	+6
12. East Renfrewshire	42	0.8%	4	+1
13. Falkirk	87	1.6%	5	+8
14. Fife	238	4.3%	6	+59
15. Glasgow City	732	13.1%	12	+28
16. Highland	539	9.6%	23	+10
17. Inverclyde	59	1.1%	7	+5
18. Midlothian	66	1.2%	7	+9
19. Moray	139	2.5%	14	+15
20. Na h-Eileanan Siar	109	1.9%	41	0
21. North Ayrshire	111	2.0%	8	+13
22. North Lanarkshire	104	1.9%	3	-3
23. Orkney Islands	64	1.1%	29	+8
24. Perth and Kinross	195	3.5%	13	+28
25. Renfrewshire	83	1.5%	5	-1
26. Scottish Borders	223	4.0%	19	+28
27. Shetland Islands	101	1.8%	44	+6
28. South Ayrshire	77	1.4%	7	+16
29. South Lanarkshire	163	2.9%	5	+20
30. Stirling	147	2.6%	16	+9
31. West Dunbartonshire	70	1.3%	8	+6
32. West Lothian	112	2.0%	6	-3
SCOTLAND	5,600	100%	10	401

Source: Analysis of data on all identified social enterprises, 2017



**< 10 Social Enterprises
per 1,000 population**

**< 10 - 19 Social Enterprises
per 10,000 Population**

**< 20-29 Social Enterprises
per 10,000 Population**

**30+ Social Enterprises per
10,000 Population**



Rural-Urban Distinctions

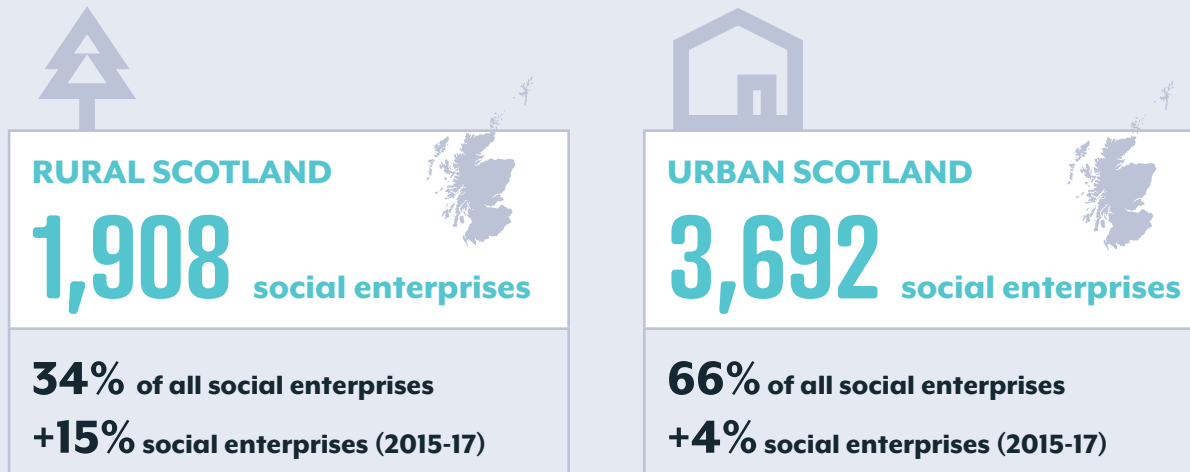
The first Social Enterprise Census in 2015 highlighted the distinctive character and unique importance of social enterprises in rural Scotland. Two years on, **social enterprise continues to find fertile ground in rural areas**. These areas have given rise to a larger net growth in social enterprises than urban communities since 2015, and remain more densely populated by social enterprises. By contrast, the data shows that social enterprises remain significantly under-represented per capita in large towns located outside of the main cities ('Other Urban' areas of between **10,000** and **125,000** people).

BREAKDOWN OF SOCIAL ENTERPRISES BY URBAN-RURAL CLASSIFICATION

	Land Area (SqKm)	% of Scotland's Population ^[6]	% of Social Enterprises	Net Change in Number (2015-17)
Large Urban Areas	531	34%	35%	+5%
Other Urban Areas	753	35%	19%	+6%
Accessible Small Towns	217	9%	6%	+6%
Remote Small Towns	107	3%	6%	-4%
Accessible Rural	21,425	12%	15%	+17%
Remote Rural	54,903	6%	19%	+13%
SCOTLAND	77,936	100%	100%	+8%

Source: Analysis of data on all identified social enterprises, 2017

Rural Scotland now accounts for **34%** of Scotland's social enterprises but only **18%** of the nation's population. This reflects the importance of social enterprise activity to business and community life, particularly in remote rural areas.



Source: Analysis of data on all identified social enterprises, 2017

27

Consistent with the findings of the 2015 report, **five rural local authorities again stand out as having the highest density of social enterprises per capita**. All located in the Highlands and Islands region, these are also the five areas with the lowest population densities in Scotland, the highest share of population living in remote locations, and the highest density of registered private enterprises per capita.

LOCAL AUTHORITY AREAS WITH THE HIGHEST DENSITY OF SOCIAL ENTERPRISES

	People Per SqKm	% of Population Living in Remote Areas ^[7]	Social Enterprises Per 10,000 People	Private Enterprises Per 10,000 People ^[8]
Argyll and Bute	13	44%	28	467
Highland	9	38%	23	489
Na h-Eileanan Siar	9	73%	41	457
Orkney Islands	22	67%	29	700
Shetland Islands	16	70%	44	659
SCOTLAND	69	6%	10	322

Source: Analysis of data on all identified social enterprises, 2017

Presence in Deprived Communities

Social enterprises are at work in all parts of the country, providing everyday services to people from all walks of life. The evidence shows that **the location of social enterprises broadly reflects the pattern of relative area deprivation and affluence across Scotland** with, for example, **5%** of social enterprises located in the **5%** most deprived areas and **10%** located in the 10% most deprived areas. This is consistent with the findings reported in 2015, although conclusions have been based on the updated 2016 Scottish Index of Multiple Deprivation (SIMD) classification¹³.

SHARE OF SOCIAL ENTERPRISES IN SCOTLAND'S MOST DEPRIVED AREAS

	% of Social Enterprises 2015	% of Social Enterprises 2017
5% Most Deprived Areas	5%	5%
10% Most Deprived Areas	10%	10%
15% Most Deprived Areas	14%	13%
20% Most Deprived Areas	18%	17%
REST OF SCOTLAND	82%	83%

Source: Analysis of data on all identified social enterprises, 2017, classified by SIMD 2016

The latest data confirms **no particular clustering or over-representation of social enterprises in areas of high deprivation**, as evident in the analysis of the ten local authority areas with the greatest local share of deprivation. While the SIMD shows where deprivation is most concentrated – guiding organisations to where their work can have the biggest impact – it is not particularly helpful in exploring the targeted effect of social enterprise activity. This is because social enterprises are not always headquartered where their activity takes place (only **26%** serve a single neighbourhood or community, while **42%** operate across more than one local authority area). Also, the SIMD does not fully account for the unique needs and challenges that social enterprises respond to in sparsely populated rural areas.

¹³ The Scottish Index of Multiple Deprivation (SIMD) is the Scottish Government's official tool to identify areas of multiple deprivation in Scotland. It is a relative measure of deprivation across 6,976 small areas with roughly equal population. Find out more at <http://www.gov.scot/Topics/Statistics/SIMD>.

SHARE OF SOCIAL ENTERPRISES IN TEN AREAS WITH THE HIGHEST LOCAL SHARE OF DEPRIVATION

Local Authority	Local Share of 20% Most Deprived Areas	% Share of All Social Enterprises
1. Glasgow City	48%	13.1%
2. Inverclyde	44%	1.1%
3. West Dunbartonshire	40%	1.3%
4. North Ayrshire	38%	2.0%
5. Dundee City	37%	2.4%
6. East Ayrshire	33%	1.3%
7. North Lanarkshire	32%	1.9%
8. Renfrewshire	27%	1.5%
9. Clackmannanshire	24%	0.5%
10. South Lanarkshire	21%	2.9%

Source: Analysis of data on all identified social enterprises, 2017, classified by SIMD 2016 and local authority area.



4 MARKETS

FROM MANAGING LAND IN THE WESTERN ISLES, TO RUNNING A THEATRE IN AYR, TO PROVIDING AFTER SCHOOL CARE SERVICES IN GLASGOW, SOCIAL ENTERPRISES ARE BECOMING AN INCREASINGLY FAMILIAR PART OF OUR DAILY LIVES. THIS SECTION EXAMINES THE MARKETS IN WHICH SOCIAL ENTERPRISES TEND TO OPERATE AND THE CUSTOMERS THEY TEND TO SERVE.



Economic Sectors

The social enterprise sector is diverse, with **thousands of organisations at work across the Scottish economy**. In sheer numbers, social enterprises are most likely to be found undertaking trading activity relating to Community Centres & Halls, Arts & Creative Industries, Early Learning & Childcare, and Health & Social Care.

BREAKDOWN OF SOCIAL ENTERPRISES BY ECONOMIC SECTOR^[9]

Economic Sector	No. of Social Enterprises	% of All Social Enterprises	Economic Sector	No. of Social Enterprises	% of All Social Enterprises
 Arts & Creative Industries	777	14%	 Housing	226	4%
 Community Centres & Halls	971	17%	 Information, Consultancy & Support	223	4%
 Early Learning & Childcare	708	13%	 Property, Energy, Utilities & Land	307	6%
 Education, Training & Employment	262	5%	 Retailing	182	3%
 Environment & Recycling	153	3%	 Sport & Leisure	254	5%
 Financial Services	121	2%	 Tourism, Heritage & Festivals	361	6%
 Food, Catering & Hospitality	106	2%	 Transport	108	2%
 Health & Social Care	659	12%	 Other	182	3%
			ALL SOCIAL ENTERPRISES	5,600	100%

Source: Analysis of data on all identified social enterprises, 2017

There are **major differences between the social enterprise activity that can be found in rural and urban Scotland**. In rural areas, one-third of social enterprise activity relates to the running of Community Centres & Halls, while activity relating to Property, Energy, Utilities & Land and Tourism, Heritage & Festivals is also relatively more common than in urban neighbourhoods. The profile of social enterprise activity across urban Scotland is somewhat more evenly spread across fields than in rural areas, with Arts & Creative Industries and Health & Social Care also relatively more common.

TOP 5 SECTORS (BY NUMBER OF SOCIAL ENTERPRISES)

RURAL SCOTLAND	URBAN SCOTLAND
 1. Community Centres & Halls	 1. Arts & Creative Industries
 2. Early Learning & Childcare	 2. Health & Social Care
 3. Property, Energy, Utilities & Land	 3. Early Learning & Childcare
 4. Tourism, Heritage & Festivals	 4. Community Centres & Halls
 5. Arts & Creative Industries	 5. Education, Training & Employment

Source: Analysis of data on all identified social enterprises, 2017

The **financial strength and contribution of social enterprises varies across economic sectors**. Social enterprises are strongest in the fields of Housing and Health & Social Care, which together account for **70%** of all income to the sector.

SHARE OF SOCIAL ENTERPRISE SECTOR INCOME BY ECONOMIC SECTOR

Economic Sector	% of Total Social Enterprise Sector Income	Economic Sector	% of Total Social Enterprise Sector Income
Arts & Creative Industries	5.5%	Housing	44.2%
Community Centres & Halls	0.9%	Information, Consultancy & Support	3.2%
Early Learning & Childcare	2.4%	Property, Energy, Utilities & Land	1.7%
Education, Training & Employment	4.2%	Retailing	1.0%
Environment & Recycling	1.7%	Sport & Leisure	1.3%
Financial Services	0.9%	Tourism, Heritage & Festivals	3.5%
Food, Catering & Hospitality	0.7%	Transport	0.4%
Health & Social Care	26.3%	Other	2.0%
		ALL SOCIAL ENTERPRISES	100%

Source: Analysis of data on all identified social enterprises, 2017

Goods and Services

Social enterprises carry out enterprise activity that can take many forms. The 2017 survey data suggest that **most social enterprise activity is in the service industry**, with four-in-five organisations mainly providing services. The pattern of service and non-service related activity shows only modest variations for social enterprises located in urban and rural areas.

MAIN SOCIAL ENTERPRISE OFFERING BY GEOGRAPHY

Offering ^[10]	% of Rural Social Enterprises	% of Urban Social Enterprises	% of all Social Enterprises
Mainly Goods	14%	10%	11%
Goods and Services Equally	13%	9%	10%
Mainly Services	74%	82%	79%

Source: Social Enterprise Census Survey, 2017



Market Alternatives

Social enterprises tend to start out from within local communities, in response to a perceived local need, or 'market failure'. They **often fill a market gap that the private sector cannot (profit margins too low and risks too high) or that is beyond the statutory responsibilities of public authorities**. The 2017 survey findings show that in just over half of cases, respondents reported that there is no likely alternative source of supply in their absence. Also, they are somewhat less likely than in 2015 to identify other private or third sector providers as potentially stepping into the breach.

ASSESSMENT OF THE MARKET ALTERNATIVES⁽ⁱⁱⁱ⁾

Alternative Provider	2015	2017
A Private Company	18%	14% ▼
A Public Body	9%	10% ▲
Another Third Sector Organisation	24%	22% ▼
No One	49%	54% ▲

Source: Social Enterprise Census Survey, 2015 and 2017

There are striking differences between urban and rural social enterprises. In particular, rural social enterprises are more likely to report no alternative form of provision and are less likely to identify other private or third sector providers as an alternative. This is consistent with what we know about the **fragile and underserved markets in rural economies**¹⁴.

ASSESSMENT OF THE MARKET ALTERNATIVES BY LOCATION

Alternative Provider	Rural	Urban
A Private Company	9%	17%
A Public Body	8%	11%
Another Third Sector Organisation	13%	26%
No One	70%	46%

Source: Social Enterprise Census Survey, 2017

14 See for example <http://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/PubRural>

Customers



All social enterprises have customers that pay a fee in return for the value they derive from a product or service (these customers may or may not be the ultimate consumers or beneficiaries). The 2017 survey points to a reduction over the last two years in the share of social enterprises earning income from trade with public sector customers and through business-to-business sales (either third sector or private sector businesses). This has been offset by a reported **increase in direct trade with the general public** – for example, childcare fees from parents, admission income from events, income from rents or lets, and so on. The data reveal that in practice a majority of social enterprises (**54%**) earn income from more than one of the customer groups described.

REPORTED CUSTOMER GROUPS^[12]

Customer	2015	2017
Public Sector	61%	52% ▼
Private Sector	39%	36% ▼
Third Sector	50%	46% ▼
General Public	68%	79% ▲

Source: Social Enterprise Census Survey, 2015 and 2017

Relating to the above points, new survey evidence gathered in 2017 indicates that around one-in-five social enterprises has bid for a contract being tendered by a public sector customer in the last 12 months, approximately three-quarters of which secured the contract. It should be noted that this describes only new, competitively tendered activity during the year and does not include continuing or renewed contractual agreements not subject to public tender.

BIDDING FOR PUBLIC CONTRACTS (LAST 12 MONTHS)^[13]

Situation	% of Social Enterprises
Did Not Bid For Contracts	80%
Unsuccessful in Bidding for Contracts	5%
Won a Contract	15%

Source: Social Enterprise Census Survey, 2017

Market Area

The size of the geographic market in which a product or service is traded varies greatly among social enterprises. The survey findings show that in one-quarter of cases (**26%**) social enterprises serve only a single neighbourhood or community, while three-fifths (**58%**) do not operate outside of their local authority boundaries. Also, just **13%** of social enterprises operate outside of Scotland. The figures presented have remained reasonably stable since first examined in 2015, suggesting no significant expansion or contraction in geographic markets during the period.

WIDEST GEOGRAPHY ACROSS WHICH SOCIAL ENTERPRISES OPERATE^[14]

Coverage	2015	2017
A Single Neighbourhood/Community	24%	26% ▲
A Local Authority Area	32%	32% ●
More Than One Local Authority Area	21%	20% ▼
Scotland-Wide	11%	10% ▼
Across the UK	5%	5% ●
Internationally	7%	7% ●

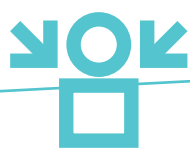
Source: Social Enterprise Census Survey, 2015 and 2017

Community Enterprises

Community enterprises are a distinct type of social enterprise that are closely associated with a particular place. They carry out enterprise activity in a single community (village, town or neighbourhood) and remain locally controlled and democratically accountable to people in that community. Based on varying definitions, it is estimated that there are between **1,176**¹⁵ and **1,400**¹⁶ community enterprises in Scotland, of which three-fifths are located in rural areas. The majority of these locally controlled enterprises are managing local assets (community buildings, land, renewable energy, etc.), delivering childcare, and promoting heritage and tourism.

25%

Of social enterprises identify as covering a single neighbourhood/community AND being led by and accountable to people in this area^[15]



21%

Use the term 'Community Enterprise' to describe their organisation^[16]



Source: Social Enterprise Census Survey, 2017

¹⁵ Estimate based on the percentage of respondent organisations self-identifying as 'community enterprises'

¹⁶ Estimate based on the percentage of respondent organisations which report both covering an area no greater than a single neighbourhood/community AND being led by and accountable to people in a particular neighbourhood/community



International Activity

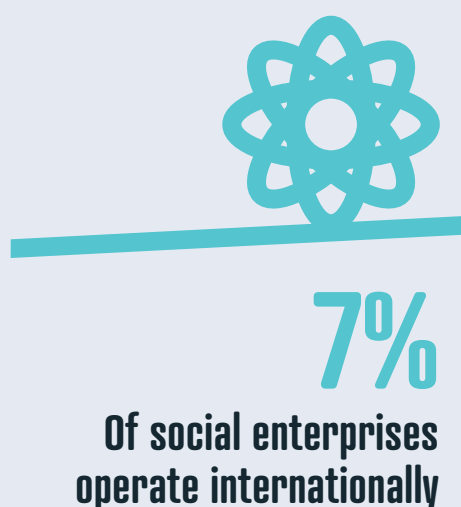
Increasingly Scotland is looking to international markets to offer opportunities for social enterprises, potentially exposing them to new ideas and markets, and stimulating innovation, income and growth¹⁷. The 2017 survey findings show that **the proportion of Scottish social enterprises operating internationally has remained steady at 7% since 2015**. International activity includes selling goods and services outside of the UK, serving international visitors to Scotland, collaborating with international partners, or contributing to the delivery of transnational projects. Over one-third (**37%**) of the group of social enterprises reporting international activity sit within the Arts & Creative Industries, but beyond this it is a reasonably diverse group by size, age, and location.

INTERNATIONAL SOCIAL ENTERPRISE ACTIVITY

	2015	2017
Operate Internationally ^[17]	7%	7% ●
Have exported/Licensed Overseas in Last 12 Months ^[18]	5%	4% ▼

Source: Social Enterprise Census Survey, 2015 and 2017

Much of the international activity involves trade overseas¹⁸. The 2017 survey indicates that **4% of social enterprises have been selling goods and services overseas in the last year**. To put these findings into perspective, the latest Small Business Survey Scotland shows that **12%** of SMEs in Scotland sold goods or services outside the UK in the 12 months prior to the survey¹⁹.



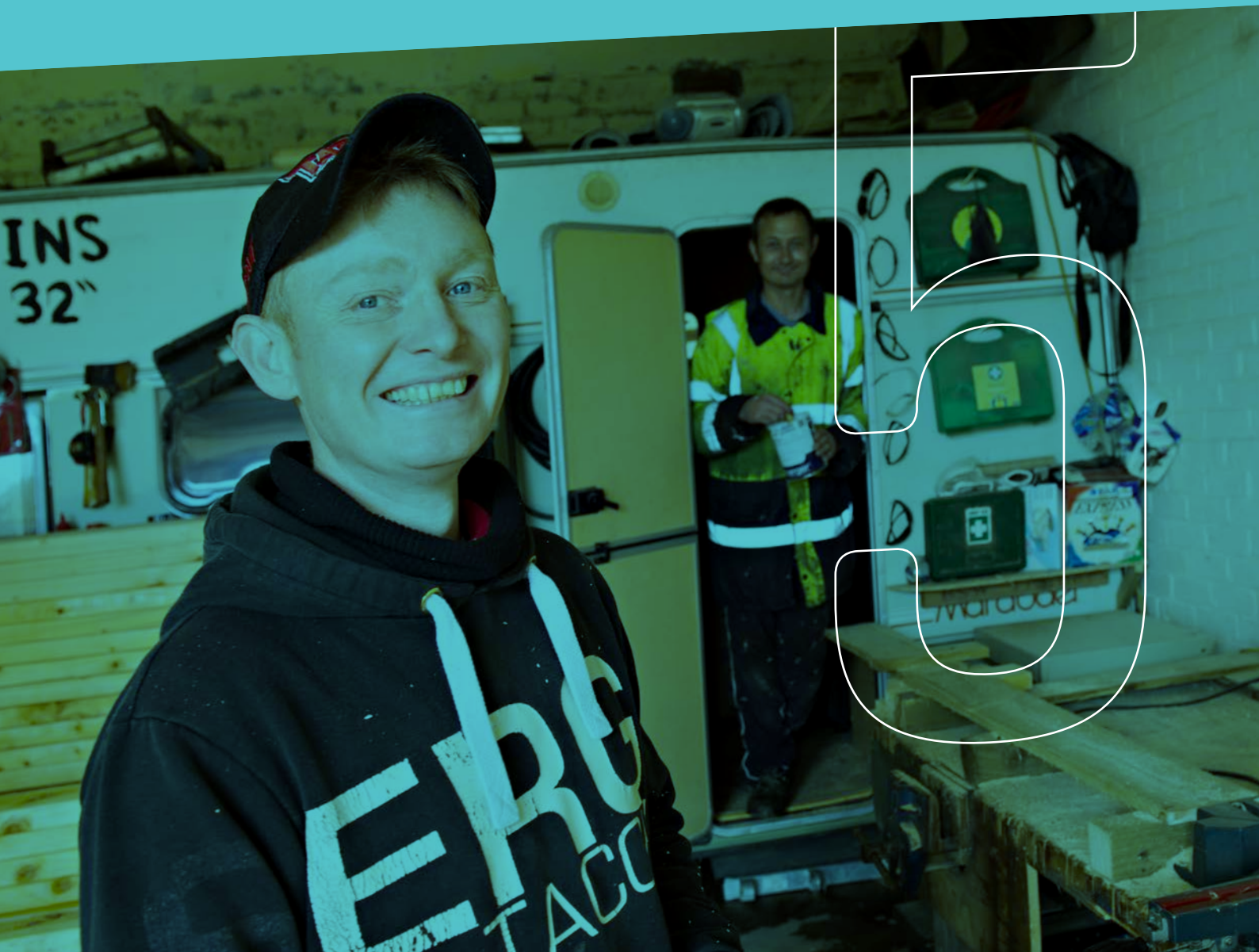
¹⁷ Scottish Government, Internationalising Social Enterprise: A Strategy for Scotland, September 2016

¹⁸ Trade overseas can include various licensing and exporting arrangements. It can include sales secured online from international markets as well as through direct and continuing relationships with known international customers.

¹⁹ Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016). It should be noted that the findings from the Small Business Survey presented in this report relate to SMEs with employees only.

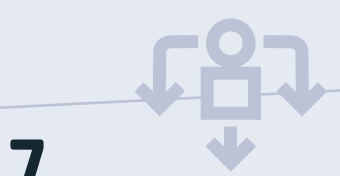
5 BUSINESS PRACTICES

SOCIAL ENTERPRISE IS A DISTINCTIVE AND POWERFUL WAY OF DOING BUSINESS — ONE THAT IS GENERALLY CONSIDERED TO BE ETHICAL, FAIR AND INCLUSIVE. THIS SECTION EXAMINES THE COMMITMENT OF SOCIAL ENTERPRISES TO GOOD GOVERNANCE, DIVERSE LEADERSHIP, FAIR PAY, AND DECENT WORK THAT IS ACCESSIBLE TO ALL.



Good Governance

Social enterprises tend to **operate in a transparent way**, and most remain firmly rooted in and accountable to the communities they serve.



7

The average number of Trustees/Directors in overall management and control of social enterprises ^[19]



96%

Of social enterprises report a minimum of 3 unrelated Directors/Trustees in place ^[20]



70%

Of social enterprises are led by and accountable to people in a particular neighbourhood/community ^[21]

39

Source: Social Enterprise Census Survey, 2017

Consistent with established best practice²⁰, **almost all social enterprises operate under the stewardship of at least three unrelated directors/trustees**. Social enterprises that operate as Community Interest Companies (CICs) can be somewhat of an exception²¹ and tend to have a lower number of directors (trustees) in control.

PROFILE OF DIRECTORS/TRUSTEES BY LEGAL FORM

Legal Form	Average No. of Trustees/Directors ^[22]	% Reporting at Least 3 Unrelated Directors/Trustees ^[23]
Community Interest Company	4	86%
Company Limited by Guarantee	7	98%
Registered Society	10	100%
Scottish Charitable Incorporated Organisation	8	99%
Trust	9	98%
Unincorporated	8	96%

Source: Social Enterprise Census Survey, 2017

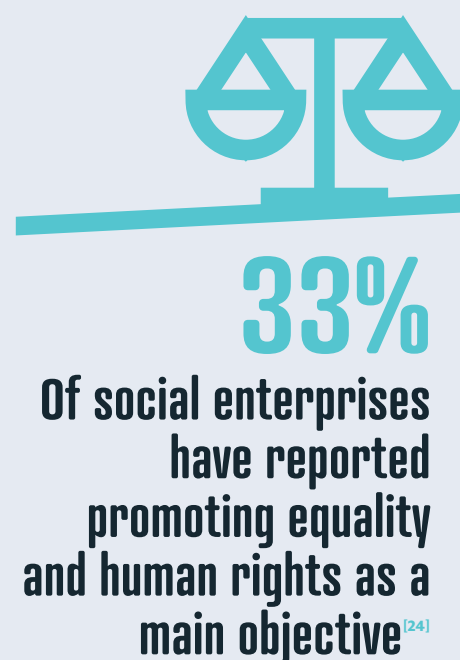
²⁰ The Voluntary Code of Practice for Social Enterprise in Scotland has introduced a new best practice criterion which states that, regardless of legal form, social enterprises should have a minimum of three (unrelated) Directors.

²¹ Legislation states that a CIC Limited by Guarantee should have at least two directors (trustees) although a CIC Limited by Shares can have just one director and shareholder.

Diverse Leadership

Social enterprises generally embrace diversity, while many also actively work to promote equality and human rights.

The picture of diversity among the leadership of the social enterprise community is a mixed one. As reported in the 2015 study, women play a leading role in the social enterprise community, with almost two-thirds of organisations led by a female employee. The survey evidence suggests that in **2%** of cases people from an ethnic minority group form the majority of board members and in **3%** of cases social enterprises are led by a paid employee from a minority background – this compares with the **4%** of Scotland's population from ethnic minority groups²² and **2%** of SMEs run by a member or mostly by members of an ethnic minority group²³. However, while people with a long-term health problem or disability account for **20%** of the Scottish adult population²⁴, this group comprises just **15%** of social enterprise managers and **9%** of board members/trustees. Also, while young people represent **28%** of Scotland's population²⁵ they account for only **3%** of social enterprise managers and **1%** of board positions.



Source: Social Enterprise Census Survey, 2017

DIVERSITY ON BOARDS^[25]

	% of Directors/ Trustees from This Group	% of Social Enterprises Where at Least Half of the Directors are From This Group
Women	53%	59%
People from Black and Minority Ethnic Communities	3%	2%
Young People (Aged Under 25 Years)	3%	1%
People with a Disability or Long Term Health Condition	9%	6%

Source: Social Enterprise Census Survey, 2017

²² <http://www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Ethnicity/EthPopMig>

²³ Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016). Minority ethnic group (MEG)-led businesses are defined as having a person from an ethnic minority in sole control of the business or having a management team with at least half of its members from an ethnic minority.

²⁴ <http://www.gov.scot/Publications/2014/03/7340/24>

²⁵ Based on Mid-2016 population estimates for Scotland

PROFILE OF SALARIED SOCIAL ENTERPRISE LEADERS/MANAGERS^[26]



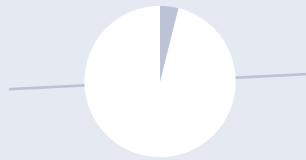
Female **64%**



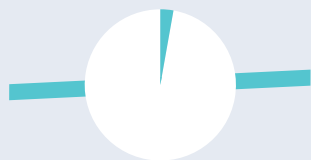
51% Scottish population that are female



Black and Minority Ethnic **3%**



4% Scottish population are from BME groups



Young person²⁶ **3%**



28% Scottish population are people



Disability or long-term health condition **15%**



20% Scottish population have long-term health or disability



Women Taking the Lead

The 2017 Social Enterprise Census Survey findings confirm the prominence of women in leadership positions. In **59%** of cases (**53%** in 2015), social enterprises have reported greater or equal participation by women at board level and in **64%** cases (**60%** in 2015) the most senior employee (CEO or equivalent) is female. To put this in some context, the most recent Small Business Survey Scotland shows just **20%** of SMEs were defined as being women-led²⁷, while research by Social Value Lab shows only **13%** of all board posts and **4%** of CEO positions in Scotland's leading **500** companies are held by women²⁸. In part, the high levels of women leaders in social enterprises are driven by their presence in particular fields dominated by female employment, such as Early Learning & Childcare (where **98%** of social enterprises report women leaders) and Health & Social Care (where **70%** of social enterprises are led by women).

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Pay Equity

Social enterprises have **generally very flat pay structures and tend to avoid the excessive executive pay found in other parts of the economy**. The survey data indicates that the sector has maintained the average pay ratio of **1:2.5** reported in 2015 – this represents the difference between the highest and lowest paid across the sample of social enterprises reporting.



Source: Social Enterprise Census Survey, 2017

The level of **pay equity varies somewhat within the sector**. In **95%** of cases, social enterprises do not exceed the best practice pay ratio of **1:5** for the sector²⁹, although the evidence suggests that pay differentials increase as income grows, and by implication as more hierarchical management structures are introduced.

27 Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016). The Small Business Survey defines Majority-led by women businesses as controlled by a single woman or having a management team composed of a majority of women.

28 Social Value Lab, Better Business, Better Scotland, 2016. This study examined gender diversity in the boardrooms of Scotland's Insider Top 500 Companies, systematically analysing gender data from company information in the public domain.

29 The Voluntary Practice for Social Enterprise in Scotland suggests a maximum ratio of 1:5 between the lowest and highest paid as a useful benchmark which reflects the values of the sector.



AVERAGE PAY RATIO BY SOCIAL ENTERPRISE INCOME SIZE

Total Income of Social Enterprise	Average Pay Ratio Reported ^[29]
£0-£49,000	2.0
£50,000-£99,000	2.3
£100,000-£249,000	2.3
£250,000-£499,000	2.3
£500,000-£999,000	2.8
£1,000,000-£4,999,000	3.4
£5,000,000+	5.1

Source: Social Enterprise Census Survey, 2017

A Living Wage

Social enterprises strive to be good employers, **providing decent pay that supports a decent standard of living**. The 2017 survey data suggests that **72%** of social enterprises pay all employees at or above the living wage, as defined by the Living Wage Foundation³⁰. This represents an increase from **68%** of social enterprises in 2015, and is similar to findings for the SME sector as a whole³¹. This is also consistent with the commitment to fair pay expected from progressive businesses in Scotland³².

	2015	2017
Pay at Least the Living Wage in Scotland for All Employees^[30]	68%	72% ▲

Source: Social Enterprise Census Survey, 2015 and 2017

However, the survey responses have pointed to some **challenges in keeping pace with rising national pay rates**. Social enterprises have reported: standstill budgets or modest uplifts to contracts that do not keep pace with annual increases in the Living Wage; competition on price from the private sector; difficulties achieving viable charge rates to consumers while maintaining affordability; and escalating employer costs and obligations. The survey data point to particular challenges for social enterprises delivering Early Learning and Childcare services.

³⁰ http://scottishlivingwage.org/what_is_the_living_wage

³¹ Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016). The findings show that 75 per cent of SMEs in Scotland stated that they paid all of their employees aged 18 or over (excluding volunteers, apprentices and interns) at or above the living wage as defined by the Living Wage Foundation at the time of the survey.

³² Scottish Business Pledge <https://scottishbusinesspledge.scot/>



PAYMENT OF LIVING WAGE BY SUB-SECTOR^[31]

Key Sectors	Pay at Least the Living Wage
Arts & Creative Industries	81%
Early Learning & Childcare	44%
Community Centres & Halls	66%
Health & Social Care	83%
Housing	97%

Source: Social Enterprise Census Survey, 2017

Secure Work

Social enterprises generally recognise that security of employment, work and income are important foundations of fair employment. However, **while most do not employ people based on zero hours working arrangements, the proportion that report they do has increased from 12% to 15% since 2015**. This compares unfavourably with the 8% of Scottish SMEs that have reported offering zero hours contracts³³. The use of zero hours (or very low hours) contracts is generally not regarded as acceptable where the burden of risk falls disproportionately on workers and is not consistent with the aspirations of Scotland's Fair Work Convention³⁴.

	2015	2017
Make Use of Zero Hours Contracts ^[32]	12%	15% ▲

Source: Social Enterprise Census Survey, 2015 and 2017

Some parts of the social enterprise sector find it difficult to offer regular, secure work, most notably those operating in the care field. Social enterprises have cited a variety of challenges in planning staffing levels and guaranteeing working arrangements, given irregular contract activity and uncertain incomes, together with the need for flexible or responsive staffing for some activities. These are industry-specific challenges affecting all providers/suppliers.

³³ Scottish Government, Small Business Survey Scotland, 2015 (Published August 2016)

³⁴ Scottish Government, Fair Work Convention: Fair Work Framework, March 2016 <http://www.fairworkconvention.scot/framework/FairWorkConventionFrameworkFull.pdf>

USE OF ZERO HOURS CONTRACTS BY MAIN SUB-SECTOR^[33]

Key Sector	Make Use of Zero Hours Contracts
Arts & Creative Industries	13%
Early Learning & Childcare	21%
Community Centres & Halls	15%
Health & Social Care	20%
Housing	15%

Source: Social Enterprise Census Survey, 2017

Targeted Employment

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Social enterprises are inclusive organisations that tend to create jobs in the labour market for women as well as employ locally. The survey findings show that in almost four-in-five cases, social enterprises draw more than half of their workforce from the local labour pool. Also, in three-quarters of cases, women comprise a majority of the workforce.

	2015	2017
More Than Half of Employees are Female ^[34]	70%	76% ▲
Employ More Than Half Their Workforce Locally ^[35]	75%	79% ▲

Source: Social Enterprise Census Survey, 2015 and 2017

Access to Opportunity

Social enterprises **value and develop talents from all sections of the community and strive to create fair work that is available to everyone**. The survey research indicates that, for example, almost one-in-five social enterprises exist mainly to create employment, training, work experience and volunteering opportunities. In addition, almost two-thirds provide training or support designed to boost employability.





18%

Have a MAIN aim to create employment, training, work experience and volunteering opportunities WITHIN the organisation^[36]



41%

Employ People Formerly Disadvantaged in the Labour Market^[37]



49%

Employ Previously Unemployed Young People (Aged Under 25)^[38]



63%

Provide training or support intended to improve employability^[39]

Source: Social Enterprise Census Survey, 2017

The research reveals the extent to which social enterprises **actively work with and seek to extend employment opportunities to people often considered furthest from the labour market**. This is important in harnessing productive capacity, nurturing talent and boosting long-term economic performance³⁵.

35 Scottish Government, Scotland's Labour Market Strategy, August 2016. <http://www.gov.scot/Publications/2016/08/2505/0>

TARGETING OF OPPORTUNITY TOWARDS DISADVANTAGED GROUPS^[40]

Disadvantaged Groups	Work With	Seek to Employ
Young people leaving care	70%	30%
People with mental illness or mental health problems	84%	16%
Homeless / coming out of homelessness	79%	21%
Alcohol or drug addiction / dependency	87%	13%
Long-term unemployed	71%	29%
Individuals with a physical disability	79%	21%
Individuals with a learning disability	84%	16%
Young parents	78%	22%
Older people losing independence	85%	15%
People with convictions	80%	20%
Refugees and asylum seekers	73%	27%
Veterans / ex-military	64%	36%

Source: Social Enterprise Census Survey, 2017



6 FINANCIAL PERFORMANCE

SOCIAL ENTERPRISES COME IN ALL SHAPES AND SIZES FROM LARGE INTERNATIONAL CHARITIES, TO NATIONAL HOUSING ASSOCIATIONS, TO SMALL COMMUNITY ENTERPRISES. THIS SECTION EXAMINES THE FINANCIAL STRENGTH, PERFORMANCE AND SUSTAINABILITY OF THIS DIVERSE GROUP OF ORGANISATIONS, TOGETHER WITH THE MAIN CHANGES EVIDENT SINCE 2015³⁶.

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³⁶ For the most part this section refers to the latest financial data as collated from published accounts with a 2016 year-end, while the 2015 Census report refers to financial data drawn from accounts with a 2014 year-end.

Sector Income

The income of the social enterprise sector is substantial. **Overall income to the sector has grown by 5% over the last two years and stands at £3.81 billion** in the latest year for which figures are available. The vast majority of this income to the sector (**70%** of it) comes from trading activity.

SHARE OF SECTOR INCOME BY SOURCE^[41]



Source: Analysis of publicly available financial data, 2017

The **income held within the sector is highly concentrated**. Housing associations (Registered Social Landlords) now account for **41%** of the sector's income, an increase from the **36%** share reported in 2015. Credit unions also continue to make a distinctive contribution to the sector.

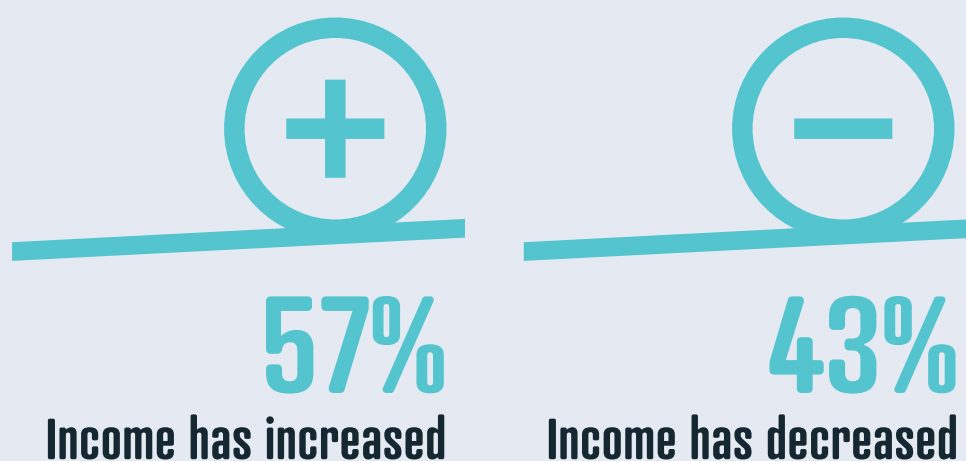
TOTAL INCOME TO THE SOCIAL ENTERPRISE SECTOR^[42]

Type	Total Income 2015	Total Income 2017	Net Change (2015-17)
Registered Social Landlords	£1,300m	£1,569m	+21% ▲
Credit Unions	£30m	£33m	+11% ▲
Other Social Enterprises	£2,290m	£2,206m	-4% ▼
ALL SOCIAL ENTERPRISES	£3,620m	£3,809m	+5% ▲

Source: Analysis of publicly available financial data, 2017

The headline figures, however, disguise **notable variations in incomes at organisational level**. Almost three-in-five organisations (**57%**) have an income of less than **£100,000**. While the incomes of housing associations and credit unions have grown in the last two years, those of the more typical and main group of social enterprises have gone down (**-4%**). Indeed, where comparisons are possible, the figures suggest that **43% of all social enterprises have seen their incomes fall over the two-year period**.

TWO-YEAR (2015-17) CHANGE IN INCOME AT ORGANISATION LEVEL^[43]



Source: Analysis of publicly available financial data, where available for individual social enterprises in both financial years

Trading Levels

The value of social enterprise activity, measured by trading income³⁷, is a key indicator of success for the sector. Encouragingly, the figures show that the sector generated an estimated **£2.74 billion from trading in the latest financial year, equating to a 22% increase on 2015**.

TOTAL TRADING INCOME

Value of Social Enterprise Activity 2015	Value of Social Enterprise Activity 2017 ^[44]	Net Change (2015-17)
£2,246m	£2,744m	+22% ▲

Source: Analysis of publicly available financial data, 2015 and 2017

³⁷ 'Trading income' refers to income generated through providing goods or services in return for payment, often under contract (or 'Service Level Agreement').

Housing associations account for a very significant share of trading income, accounting for **£1.21 billion** of enterprise activity last year.

SHARE OF SECTOR TRADING INCOME BY SOCIAL ENTERPRISE TYPE^[45]

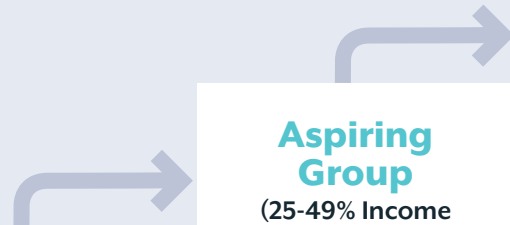
Registered Social Landlords	Credit Unions	Other Social Enterprises
46%	1%	53%

Source: Analysis of publicly available financial data, 2017

Behind the headline figures, the financial data show that **individual organisations are generating a higher proportion of their income from trading than two years earlier**. The 'core' group of social enterprises – those that generate more than half of their income from trading – now constitutes **61%** of the sector (up from **51%** in 2015) and contributes **89%** of the total value of social enterprise activity. This is a journey for most third sector organisations, as earned income streams and financial independence grows.

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BREAKDOWN OF CHANGING TRADING IN THE SECTOR



	Emerging Group (<25% Income From Trading)	Aspiring Group (25-49% Income From Trading)	Mature Group (50%+ Income From Trading)
% of Social Enterprises 2015	33%	16%	51%
% of Social Enterprises 2017 ^[46]	21%	19%	61%
Net Change in Group (2015-17)	-13%	+3%	+10%
Share of all Sector Trading Income	3%	7%	89%

Source: Analysis of publicly available financial data, 2015 and 2017

The **median income from trading is £50,000 for social enterprises**^[47]. As might be expected, the level of **income from trading generally grows over time** as organisations become more established. Typically, trading income doubles by the fifth year of operation, and almost doubles again after ten years.

MEDIAN TRADING BY AGE OF ORGANISATION^[48]

	0-4 Years	5-10 Years	Over 10 Years	ALL
Median Trading Level	£17,100	£34,500	£61,100	£50,000

Source: Analysis of publicly available financial data, 2017

There are **marked differences in trading levels across the diverse fields within which social enterprises operate**. While the median trading income for Community Centre & Halls is just over **£18,000**, the equivalent for Housing is **£3.4m**. Encouragingly, social enterprises in every economic sector earn on average more than half of their income from trading. In most sectors the average income from trading ranges from half to two-thirds, with notably larger exceptions in relation to Early Learning & Childcare (**87%**), Financial Services (**85%**)³⁸ and Housing (**80%**). In absolute terms, the largest amount of trading income is generated by those social enterprises active in Housing and Health & Social Care.



38 Credit Unions constitute the vast majority of social enterprises operating in the Financial Services Sector. Like other financial institutions they are regulated by the Prudential Regulation Authority.



TRADING LEVEL AND CONTRIBUTION BY SECTOR^[49]

Sector	Median Trading Income	Average % Income from Trading	Share of All Sector Trading Income
Arts & Creative Industries	£35,500	58%	3.6%
Community Centres & Halls	£18,100	53%	0.5%
Early Learning & Childcare	£53,200	87%	2.7%
Education, Training & Employment	£107,800	59%	4.1%
Environment & Recycling	£56,800	54%	1.3%
Financial Services	£115,800	85%	1.2%
Food, Catering & Hospitality	£57,050	60%	0.3%
Health & Social Care	£182,250	59%	28.2%
Housing	£3,412,650	80%	48.6%
Information, Consultancy & Support	£114,300	50%	2.4%
Property, Energy, Utilities & Land	£28,300	51%	1.1%
Retailing	£35,350	65%	0.9%
Sport & Leisure	£35,350	63%	1.0%
Tourism, Heritage & Festivals	£67,000	53%	2.6%
Transport	£34,600	50%	0.2%
Other	£60,300	53%	1.4%
ALL SOCIAL ENTERPRISES	£50,000	61%	100%

Source: Analysis of publicly available financial data, 2017

Expenditure

Collectively **the social enterprise sector spent £3.52bn in the latest financial year**, reducing to **£2.12bn** when housing associations and credit unions are excluded from the analysis.

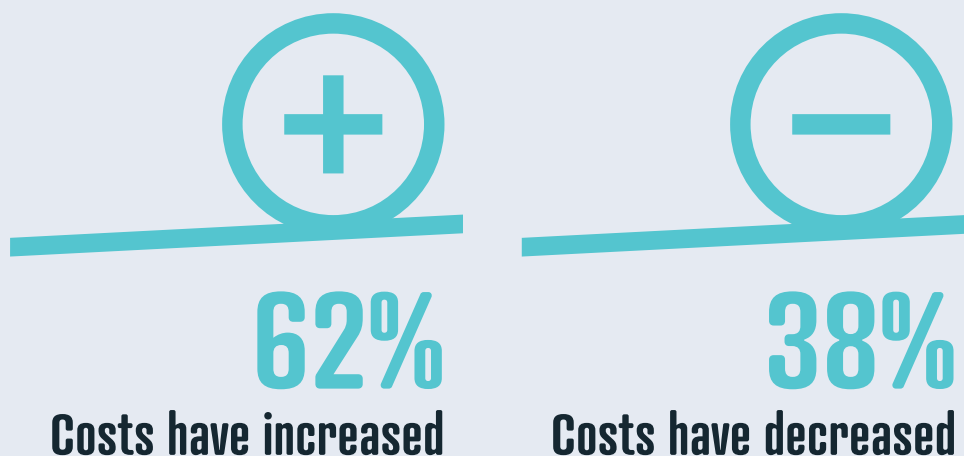
TOTAL EXPENDITURE OF THE SOCIAL ENTERPRISE SECTOR

Type	Total Expenditure 2015	Total Expenditure 2017 ^[50]	Net Change (2015-17)
Registered Social Landlords	£1,073m	£1,376m	+28% ▲
Credit Unions	£27m	£28m	+4% ▲
Other Social Enterprises	£1,990m	£2,118m	+6% ▲
ALL SOCIAL ENTERPRISES	£3,090m	£3,522m	+14% ▲

Source: Analysis of publicly available financial data, 2015 and 2017

Spending, or in other words costs, have increased further and faster than revenues since reported in 2015. Against the **5%** increase in income stands a **14% increase in cost**. When housing associations and credit unions are excluded, the income of typical social enterprises has fallen by **4%**, while costs have risen by **6%**. Where comparable figures are available, they show that almost two-thirds of social enterprises (**62%**) have increased their costs, while the other one-third have curbed spending.

TWO-YEAR (2015-17) CHANGE IN COSTS AT ORGANISATION LEVEL^[51]



Source: Analysis of publicly available financial data, 2015 and 2017

The figures show that staffing remains the single largest cost for social enterprises, accounting for more than half of their total expenditure.

STAFF COST RATIO³⁹ OF SOCIAL ENTERPRISES



Source: Analysis of publicly available financial data, 2015 and 2017 / **Note:** Excludes Registered Social Landlords and Credit Unions

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Profitability

Being profitable is as essential for social enterprises as it is for any other business (i.e. generating more income than they are spending on staffing, materials and overheads). In this respect, the figures show that **collectively the sector made an estimated surplus of £287m** in the latest financial year, around **5%** less than two years ago. In particular, credit unions have become less profitable.

SURPLUS GENERATED BY THE SOCIAL ENTERPRISE SECTOR

Type	Total Surplus 2015	Total Surplus 2017 ^[53]	Net Change (2015-17)
Registered Social Landlords	£215m	£193m	-10% ▼
Credit Unions	£9m	£5m	-44% ▼
Other Social Enterprises	£90m	£89m	-1% ▼
ALL SOCIAL ENTERPRISES	£300m	£287m	-5% ▼

Source: Analysis of publicly available financial data, 2015 and 2017

³⁹ The Staff Cost Ratio is the percentage of actual expenditure among social enterprises which is allocated to staffing costs. The formula is Staffing Costs/ Total Expenditure x 100.

The overall profitability ratio for the typical group of social enterprises (excluding housing associations and credit unions) has decreased marginally to **4.0%**, meaning that on average a social enterprise makes a surplus of **4p** on every **£1** of income. Although squeezed, it should be noted that overall the sector remains in profit.

PROFITABILITY RATIO⁴⁰ OF TYPICAL SOCIAL ENTERPRISES



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Source: Analysis of publicly available financial data, 2015 and 2017 / **Note:** Excludes Registered Social Landlords and Credit Unions

The headline figures again disguise marked variations. Of concern, more than **four out of ten social enterprises made a loss in the latest financial year examined**. Also, as noted earlier, while the sector has expanded in numbers from **5,199** to **5,600** over two years (driven largely by new start social enterprises), approximately **470** social enterprises have dissolved and deregistered during the period.

SOCIAL ENTERPRISES MAKING A SURPLUS/DEFICIT^[55]

Last Financial Year End	% of Social Enterprises
Making a Surplus	58%
Breaking Even	1%
Making a Deficit	41%

Source: Analysis of publicly available financial data, 2017

⁴⁰ The Profitability Ratio tells us the amount of surplus per £1 of income social enterprises have earned after taking account of all expenditure. The formula is Net Surplus (Deficit) / Total Income x 100.

The figures suggest that **small social enterprises tend to operate at the margins of breakeven and make a limited net contribution to the trading surpluses of the sector**. In the latest year, the smallest **82%** of social enterprises contributed just **2%** to the overall financial surplus produced by the sector, while largest **4%** of organisations (with an income of **£5m+**) contributed **72%**.

CONTRIBUTION TO SECTOR SURPLUS BY INCOME BAND

Total Income	Share of Social Enterprises	Contribution to Sector Surplus
£0 – £499,000	82%	2%
£500,000 – £999,000	6%	4%
£1,000,000 – £4,999,000	8%	22%
£5,000,000+	4%	72%
ALL SOCIAL ENTERPRISES	100%	100%

Source: Analysis of publicly available financial data, 2017

Profitability varies across different parts of the social enterprise community. **Some economic sectors are more profitable than others for social enterprises**, notably: Retailing; Housing; Property, Energy, Utilities & Land, Financial Services; and Tourism, Heritage & Festivals. Social enterprise activity in two sectors – Sport & Leisure and Community Centres & Halls – collectively returned a loss last year.

PROFITABILITY RATIO BY SECTOR

Sector	Profitability Ratio	Sector	Profitability Ratio
Arts & Creative Industries	5.8%	Housing	19.6%
Community Centres & Halls	-0.4%	Information, Consultancy & Support	2.0%
Early Learning & Childcare	5.1%	Property, Energy, Utilities & Land	13.4%
Education, Training & Employment	0.5%	Retailing	20.6%
Environment & Recycling	1.9%	Sport & Leisure	-1.3%
Financial Services	11.9%	Tourism, Heritage & Festivals	10.3%
Food, Catering & Hospitality	8.5%	Transport	2.0%
Health & Social Care	1.4%	Other	2.7%

Source: Analysis of publicly available financial data, 2017

Financial Health

A main measure of the health of any business is its liquidity, the extent to which it can pay its short-term debts out of its cash and other liquid assets. Collectively, the sector has **£1.35bn debt payable within the next 12 months** (current liabilities), but this is **covered by £2.56bn of cash and other assets that can be turned into cash quickly** (current assets).

CURRENT ASSETS AND LIABILITIES OF THE SECTOR (2017)^[56]

Type	Current Assets	Current Liabilities
Registered Social Landlords	£993m	£495m
Credit Unions	£549m	£495m
Other Social Enterprises	£1,019m	£355m
ALL SOCIAL ENTERPRISES	£2,561m	£1,345m

Source: Analysis of publicly available financial data, 2017

The most common measure of liquidity is the current ratio, indicating the ability of an enterprise to meet short term obligations (due to within one year). Consistent with the squeeze reported for most organisations, **the current ratio for Scotland's social enterprise sector has decreased slightly**. Disregarding housing associations and credit unions, the current ratio for typical social enterprises has fallen from **3.4** to **2.7** over two years, although still remains relatively healthy.

CURRENT RATIO^[41] OF SOCIAL ENTERPRISES^[57]

	2015	2017	Net Change (2015-17)
Registered Social Landlords	1.8	2.0	+11% ▲
Credit Unions	1.1	1.1	0% ●
Other Social Enterprises	3.4	2.7	-21% ▼
ALL SOCIAL ENTERPRISES	1.9	1.8	-10% ▼

Source: Analysis of publicly available financial data, 2015 and 2017

⁴¹ The Current Ratio provides an indication of social enterprises ability to meet short term obligations (those obligations due within 1 year or less). The formula for the Current Ratio is Current Assets/Current Liabilities.

Another important indication of financial health is how quickly debtors pay their invoices (Debt Turnover Ratio). **The time debtors take on average to pay the invoices of social enterprises has increased by six days during the period.** The Scottish Government is encouraging business customers in all parts of the economy to commit to making prompt payments, given the important effect this can have on cash flow and overall company performance⁴².

DEBT TURNOVER RATIO⁴³ OF TYPICAL SOCIAL ENTERPRISES^[58]



Source: Analysis of publicly available financial data, 2015 and 2017 / Note: Excludes Registered Social Landlords and Credit Unions

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Financial Strength

The balance sheet gives an account of the financial strength of any enterprise. It tells us what an organisation owns and what it owes to others, the difference being its net worth. Overall **the balance sheet for the social enterprise sector remains strong**, with total assets of **£15.59bn** and total liabilities of **£10.55bn**, resulting in **an increase in net worth from £3.9bn two years ago to £5bn in the latest year**. The increase on net worth has been driven by an increase in assets held by social enterprises. Housing associations account for just over half of the net worth of the sector (51%) and three-quarters of the total assets held.

AGGREGATED BALANCE SHEET FOR THE SECTOR^[59]

Type	Total Assets ⁴⁴	Total Liabilities ⁴⁵	Net Assets ⁴⁶
Registered Social Landlords	£11,682m	£9,114m	£2,568m
Credit Unions	£570m	£513m	£57m
Other Social Enterprises	£3,335m	£927m	£2,408m
ALL SOCIAL ENTERPRISES	£15,587m	£10,554m	£5,033m

Source: Analysis of publicly available financial data, 2017

42 Scottish Business Pledge <https://scottishbusinesspledge.scot>

43 The Debt Turnover Ratio provides an indication of how long debtors take to pay their account. The formula is Debtors / Total Income x 365.

44 Assets are possessions held by social enterprises either to use in the course of their work, or to generate income. These include cash, unpaid invoices, property, equipment, stock and investments.

45 Liabilities include all that social enterprises owe to others, from unpaid bills to loans and long term pension liabilities.

46 Net assets represent the net worth of the sector and equate to its total funds.

Sustainability

An important objective for social enterprises is increased financial independence and resilience through trade. The ratios calculated show that **self-sufficiency among typical social enterprises has increased slightly since 2015.**

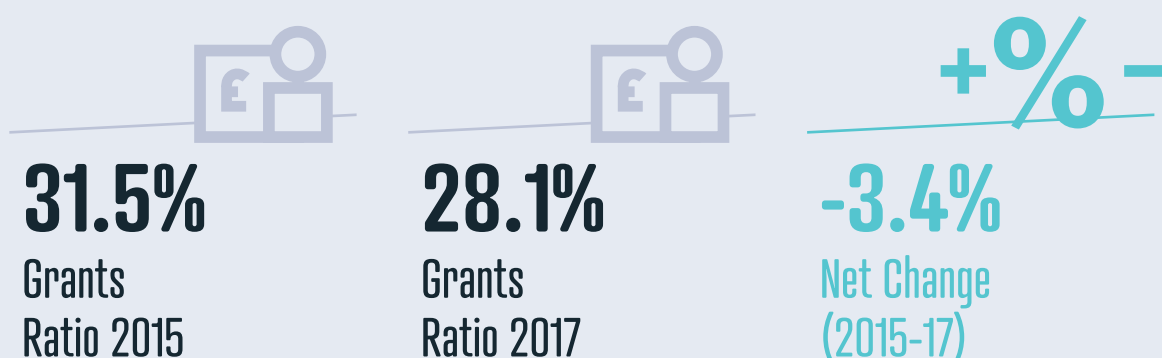
SELF SUFFICIENCY RATIO⁴⁷ OF SOCIAL ENTERPRISES^[60]



Source: Analysis of publicly available financial data, 2015 and 2017 / **Note:** Excludes Registered Social Landlords and Credit Unions

In reality, many social enterprises continue to make use of grant funding. Apart from funding critical services and project activity in some fields, grant funding is (like in the private sector) also required to encourage research and development, innovation, and business diversification. The ratios calculated indicate **some reduction in the use of grant funding since 2015.**

GRANTS RATIO⁴⁸ OF SOCIAL ENTERPRISES^[61]



Source: Analysis of publicly available financial data, 2015 and 2017 / **Note:** Excludes Registered Social Landlords and Credit Unions

⁴⁷ The Self Sufficiency Ratio provides an indication of the extent to which social enterprises are able to cover their costs through trading. The formula is $\text{Earned Income} / \text{Total Expenditure} \times 100$.

⁴⁸ The Grants Ratio provides an indication of the extent to which social enterprises are making use of grant funding. The formula is $\text{Grants} / \text{Total Income} \times 100$.

Enterprise activity can help to build a financial reserve that in turn contributes to financial independence and resilience. The data show that **collectively social enterprises have accumulated just under £4bn of unrestricted reserves, reducing to £1.67bn when housing associations and credit unions are excluded.** This is the part of the net worth of social enterprises that directors/trustees can dispose of as they see fit (within the restrictions associated with their social objectives).

TOTAL UNRESTRICTED RESERVES⁴⁹ OF TYPICAL SOCIAL ENTERPRISES



Source: Analysis of publicly available financial data, 2015 and 2017 / **Note:** Excludes Registered Social Landlords and Credit Unions

In theory, although not prudent, social enterprises could use their unrestricted reserves to keep services running should income cease for any reason. As measured by a Survival Ratio, **the typical group of social enterprises could continue to operate for almost 10 months without any income.**

SURVIVAL RATIO⁵⁰ OF TYPICAL SOCIAL ENTERPRISES



Source: Analysis of publicly available financial data, 2015 and 2017 / **Note:** Excludes Registered Social Landlords and Credit Unions

⁴⁹ Unrestricted Reserves are unrestricted funds held in reserve by social enterprises, and exclude funds restricted for a specific purpose.

⁵⁰ The Survival Ratio provides an indication of how long social enterprises could survive with no income. The formula is Total Unrestricted Reserves / Total Income.

7 CONTRIBUTION TO SCOTLAND

SOCIAL ENTERPRISE IS A WAY OF DOING BUSINESS THAT IS GOOD FOR THE NATIONAL ECONOMY AND GOOD FOR THE GLOBAL ENVIRONMENT AND SOCIETY. THIS SECTION ESTIMATES THE VALUE THAT THE SOCIAL ENTERPRISE SECTOR CONTRIBUTES TO THE ECONOMY AND EMPLOYMENT IN SCOTLAND, AND EXAMINES THE SOCIAL CHANGE IT IS WORKING TOWARDS.



Gross Value Added (GVA)

Social enterprises make an important contribution to inclusive economic growth in Scotland – **helping to create greater prosperity while ensuring there is fairness in how wealth, resources and opportunities are distributed**. This economic contribution can be measured in terms of Gross Value Added (GVA), the official measure of the value of goods and services produced in any part of the economy.

The data compiled for individual social enterprises assessed in this study indicate a **total GVA produced by the sector of just over £2bn**. This offers a conservative estimate⁵¹.



Source: Analysis of publicly available financial data, 2017

An apparently strong increase in GVA in the last two years (2015 estimate: **£1.68bn**) is a result of two factors. Firstly, a growth in the number of social enterprises that are part of the sector. Secondly, the availability of more and better data on social enterprise activity, leading to a more accurate method of estimating GVA than was previously feasible⁵². Given these methodological refinements, it is therefore not possible to make a reliable like-for-like comparison with the 2015 estimate.

⁵¹ This report provides estimates of GVA and Employment for the 82% of social enterprises where either income or employment data could be obtained. Findings have not been grossed up for the entire population of 5,600 social enterprises. However, it is likely that many of those enterprises where data is not available will be of a smaller scale and would not significantly increase the assessment of total economic contribution of the sector.

⁵² GVA has been estimated at the level of the individual social enterprise by Net Income and Employee Costs and adjusting for changes in the value or cost of assets used in producing the product or service (depreciation and amortisation). It has been estimated using organisation-specific data from publicly accessible accounts, supplemented by data derived from the Social Enterprise Census survey. A detailed briefing note on the method of calculation of GVA, and refinements since 2015, is presented in the accompanying Technical Note.

The updated GVA estimates enable a more robust assessment of the varying economic contribution of different parts of the social enterprise sector. **Some fields of activity with relatively small numbers of social enterprises have been shown to account for a large share of the sector's GVA, while the reverse is also true.** For example, activity relating to Community Centres & Halls is central to the work of **17%** of all social enterprises but delivers only **1%** of the sector's GVA. By contrast, Housing activity accounts for only **4%** of social enterprises, but for **33%** of all GVA produced, while Health & Social Care providers deliver the largest Value Added in absolute terms (**£753m GVA**).

GVA BREAKDOWN BY SOCIAL ENTERPRISE SUB-SECTOR

Economic Sector	GVA 2017	% of GVA Produced	% of Social Enterprise Population
Arts & Creative Industries	£98.2m	4.8%	14%
Community Centres & Halls	£20.5m	1.0%	17%
Early Learning & Childcare	£70.4m	3.5%	13%
Education, Training & Employment	£97.5m	4.8%	5%
Environment & Recycling	£32.2m	1.6%	3%
Financial Services	£15.5m	0.8%	2%
Food, Catering & Hospitality	£9.8m	0.5%	2%
Health & Social Care	£752.8m	36.9%	12%
Housing	£672.9m	33.0%	4%
Information, Consultancy & Support	£68.9m	3.4%	4%
Property, Energy, Utilities & Land	£32.7m	1.6%	5%
Retailing	£21.0m	1.0%	3%
Sport & Leisure	£25.4m	1.2%	5%
Tourism, Heritage & Festivals	£63.2m	3.1%	6%
Transport	£8.8m	0.4%	2%
Other	£48.5m	2.4%	3%
ALL SOCIAL ENTERPRISES	£2,038.3m	100%	100%

Source: Analysis of publicly available financial data, 2017

Employment

The economic contribution of social enterprises can also be gauged in terms of employment – the jobs that the sector creates and sustains.

The data available in **2017** indicates that the social enterprise sector is a significant source of employment in Scotland. The study estimates **81,357 Full Time Equivalent (FTE) employees**⁵³.



Source: Analysis of publicly available financial data, 2017

Due to the availability of better data and improvements in the calculation of employment estimates, a comparative analysis against the 2015 study is not advisable⁵⁴.

Consistent with GVA estimates, the data available show an asymmetric pattern of FTE employment across social enterprise subsectors. In absolute terms, **social enterprises in the Health & Social Care field contribute most to total sector employment** (comprising **37,022 FTE employees**). Health & Social Care together with Housing make up approximately one-sixth (**16%**) of all social enterprises, but create two-thirds of all employment.

⁵³ A Full Time Equivalent (FTE) equates to one employee working full-time. The calculation of FTE employment offers a method of standardisation to account for differences brought about by full and part-time working patterns across social enterprise fields and workplaces. This can be contrasted with the measure of Employee Headcount, which counts the number of individuals employed, making no distinctions between the hours of work contributed.

⁵⁴ Employment estimates in the 2017 report have been produced using improved data from a variety of sources (and in some cases multiple sources for each organisation). Where full and part-time employment figures (either from individual accounts or survey responses) have been available, these have been converted to Full Time Equivalents (FTEs) using national Office for National Statistics (ONS) benchmarks. By contrast, the employment estimate provided in the 2015 report was stated as a headcount (112,409 total employees). Fuller details of the method used for calculating employment estimates are provided in the accompanying Technical Note.



EMPLOYMENT BREAKDOWN BY SOCIAL ENTERPRISE SUB-SECTOR

Economic Sector	Employment (FTE) 2017	% of all Employment	% of Social Enterprise Population
Arts & Creative Industries	4,188	5.1%	14%
Community Centres & Halls	1,356	1.7%	17%
Early Learning & Childcare	4,270	5.2%	13%
Education, Training & Employment	3,476	4.3%	5%
Environment & Recycling	1,275	1.6%	3%
Financial Services	514	0.6%	2%
Food, Catering & Hospitality	433	0.5%	2%
Health & Social Care	37,022	45.5%	12%
Housing	17,153	21.1%	4%
Information, Consultancy & Support	2,432	3.0%	4%
Property, Energy, Utilities & Land	1,024	1.3%	5%
Retailing	1,761	2.2%	3%
Sport & Leisure	1,471	1.8%	5%
Tourism, Heritage & Festivals	2,232	2.7%	6%
Transport	565	0.7%	2%
Other	2,184	2.7%	3%
ALL SOCIAL ENTERPRISES	81,357	100%	100%

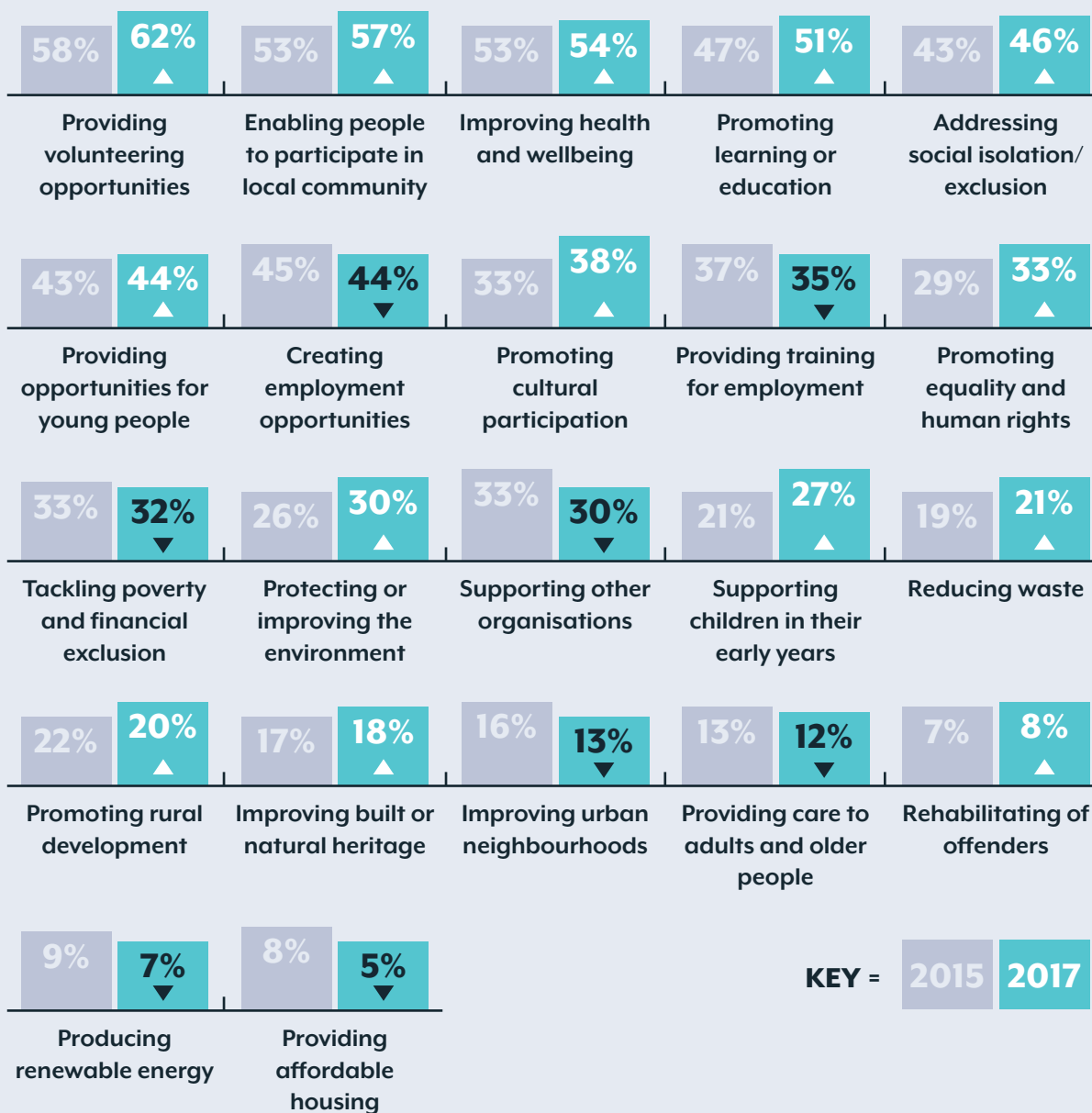
Source: Analysis of publicly available financial data, 2017

Social Change

Scotland's social enterprise sector is part of a global effort towards social change, one that recognises the need for a radically better way of organising the economy for the benefit of all. Consistent with earlier results, the 2017 survey illustrates the **range of ways in which social enterprises are working to make Scotland a fairer and more prosperous country, improving outcomes for all.**

MAIN SOCIAL AND ENVIRONMENTAL OBJECTIVES PURSUED^[63]

Source: Social Enterprise Census Survey, 2015 and 2017



The findings show that the most commonly pursued objectives in 2017 remain unchanged from 2015. The latest snapshot suggests only modest changes in priorities, with some objectives more widely held in 2017 and others less so, as the sector continues to respond to the big issues of the day for Scotland. The data also illustrates the sheer **breadth of interrelated issues being tackled by the sector**, with individual social enterprises pursuing an average of seven objectives from among those listed.

8 PROSPECTS AND 8 NEEDS

SOCIAL ENTERPRISE ACTIVITY HAS BEEN GROWING OVERALL AND IS PROVING REASONABLY RESILIENT, BUT IS THIS SET TO CONTINUE? AND HOW DO WE ENSURE THAT SOCIAL ENTERPRISES ARE GIVEN THE BEST CHANCE OF FUTURE SUCCESS? THIS SECTION EXAMINES THE CONFIDENCE AND PROSPECTS OF SOCIAL ENTERPRISES IN LIGHT OF THE PREVAILING ECONOMIC CLIMATE, AND EXPLORES ASSOCIATED CHALLENGES AND NEEDS.

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The Economic Climate

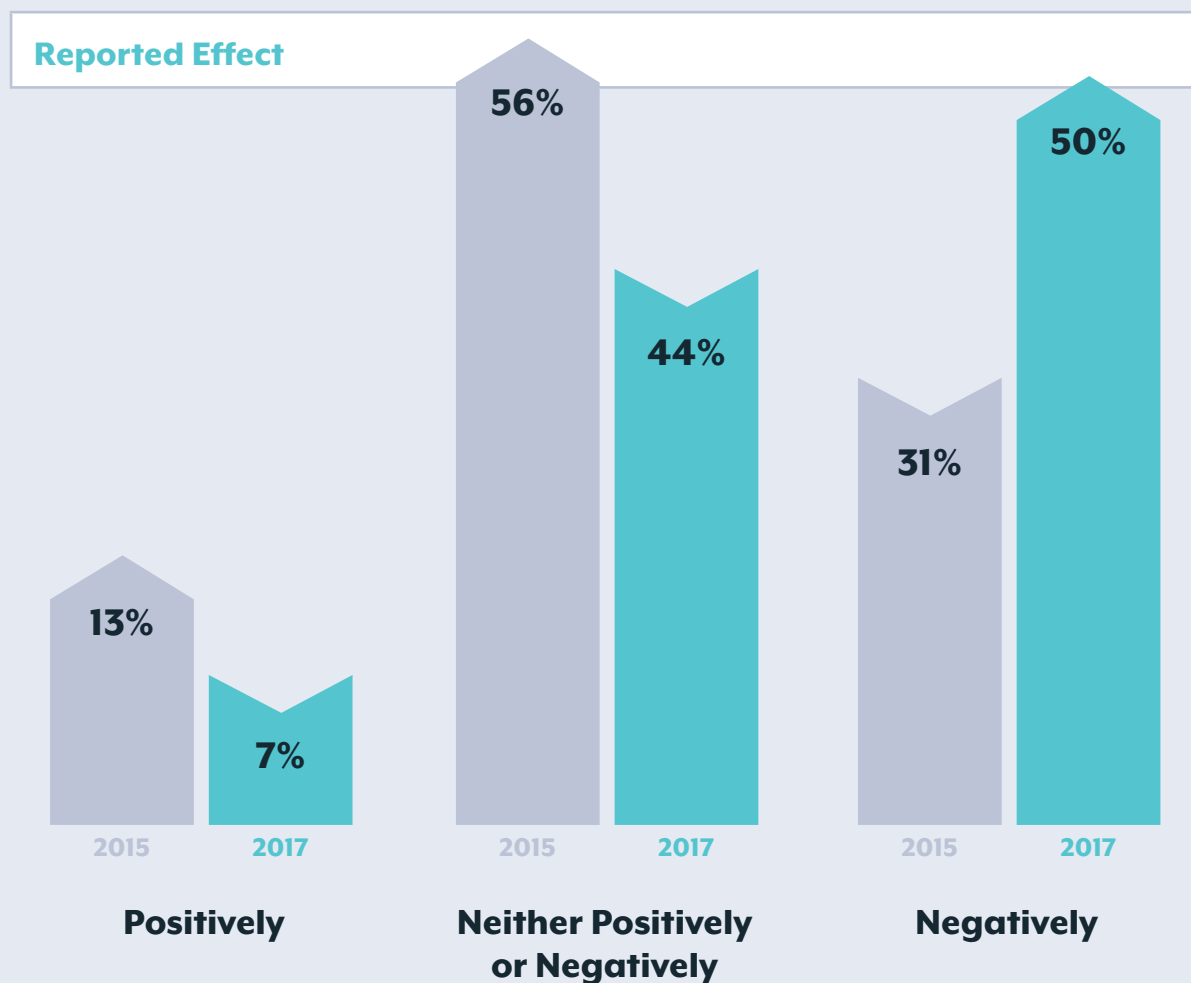
The period between the 2015 and 2017 studies has been one of considerable change. Long term improvement in Scottish productivity performance and a relatively resilient labour market has been balanced by the more recent slowdown in GDP performance (attributed in part to the contraction in the Oil and Gas sector), fluctuating consumer and business sentiment and a weaker economic outlook as a result of the UK decision to leave the EU, together with continuing pressure on public finances (which are of key importance to the social enterprise sector).

The 2017 survey data suggest that **on balance, the economic climate over the last 12 months has had a negative effect on the prospects of social enterprises**. Half of all respondents have reported a negative effect and only **7%** a positive one. A greater share of social enterprises have reported a negative influence today than in 2015, suggesting deteriorating conditions for the sector.

REPORTED EFFECT OF THE ECONOMIC CLIMATE OVER THE LAST 12 MONTHS ON THE PROSPECTS OF SOCIAL ENTERPRISES^[64]

Source: Social Enterprise Census Survey, 2015 and 2017

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Main Factors Influencing Markets and Prospects

Social enterprise leaders have identified a number of main influencing factors.



AN UNCERTAIN LANDSCAPE

Respondents have described a period punctuated by elections (creating 'standstill' periods) and continuing economic uncertainty regarding Brexit and the future constitutional position of Scotland. More tangibly, they have reported continuing challenges and change within the public sector, including organisational restructuring, staff changes and shifting priorities that have threatened established people, partnerships and funding relationships.

A CHALLENGING PUBLIC FUNDING ENVIRONMENT

Respondents have pointed to the influence of continuing public sector financial constraints and implications for key income streams. They have highlighted insecure, standstill or reducing public sector funding, which is reportedly undermining their ability to plan and deliver key services. They have emphasised increased competition for both public sector grants and contracts, and an increasingly resource-intensive process of winning work and funds. They have also highlighted circumstances where contract volumes and prices have been restricted or are subject to ongoing uncertainty.

ECONOMIC HARDSHIPS INFLUENCING CONSUMER BEHAVIOUR

Respondents have stressed the continuing financial pressures facing consumers, including static wages, rising prices, and associated hardships. They point to the dual effect of these hardships, in placing increased demands on their social mission, while threatening income streams where consumers are also their customers (responsible for paying rents, childcare fees, admission tickets, etc.). In a context of diminishing purchasing power, social enterprises have pointed to circumstances where families are spending less or finding cheaper alternatives (e.g. parents shifting from formal to informal/unpaid childcare arrangements or reducing their hours of paid childcare).

RISING COSTS ACROSS THE BOARD

Respondents have reported a widespread increase in costs. This includes the increased cost burden associated with meeting employer obligations (living wage, pension costs, etc.) and inflationary costs associated with running offices (rent, utilities, etc.) or delivering services (food, fuel costs, etc.). They have underlined the difficulty in striking a sustainable balance between the need to raise prices to ensure their activity remains economically viable, and the desire to keep prices low enough to remain competitive or ensure they are affordable to struggling families.

Business Confidence

Business confidence is an important barometer of the health of any sector, with direct implications for investment and employment. Set against a challenging economic backdrop, the survey results point to **weakening confidence in the social enterprise sector**. Over one-third of respondents (**37%**) have reported feeling slightly or much less confident in the economic prospects facing their organisation for the next 12 months (compared to the previous 12 months), while a further two-fifths of respondents have reported feeling as confident.

REPORTED CONFIDENCE IN ECONOMIC PROSPECTS^[65]

Confidence Level	% of Respondents
Much More Confident	6%
Slightly More Confident	17%
As Confident	41%
Slightly Less Confident	29%
Much Less Confident	8%

Source: Social Enterprise Census Survey, 2017



To explore changes in business sentiment further, the 2017 Census has introduced a Social Enterprise Confidence Index based on the method employed by the ICAEW UK Business Confidence Monitor⁵⁵. Using this method, a Confidence Index of +100 would indicate that all survey respondents were much more confident about future prospects, while -100 would indicate that all were much less confident. **The first Social Enterprise Confidence Index stands at -7.8** and can be contrasted with the latest UK Business Confidence Index (Q2, 2017), which is running at **+6.7** (having moved back into positive territory for the first time since the EU referendum). Further analysis reveals **particularly low levels of confidence among those social enterprises operating in the Health & Social Care field and those more than 10 years old**.

⁵⁵ The ICAEW Business Confidence Monitor (BCM) is one of the largest and most comprehensive quarterly reviews of UK business confidence and provides a regular snapshot of the economy. Reports are based on data drawn from a continuous research programme consisting of approximately 1,000 telephone interviews each quarter with ICAEW members working in industry and commerce. The Business Confidence Index is calculated from the responses to the following: 'Overall, how would you describe your confidence in the economic prospects facing your business over the next 12 months, compared to the previous 12 months?' A score is applied to each response, and an average score calculated.

BUSINESS CONFIDENCE INDEX FOR THE FIVE MAIN ECONOMIC SECTORS^[66]

Source: Social Enterprise Census Survey, 2017



BUSINESS CONFIDENCE INDEX BY AGE OF ORGANISATION^[67]

	0-4 Years	5-10 Years	Over 10Years
Business Confidence Index	1.0	-2.4	-11.9

Source: Social Enterprise Census Survey, 2017

Changes Forecast

The evidence suggests that **the level of optimism within the social enterprise community has waned somewhat since 2015**. In the first assessment in 2015 respondents widely asserted confident forecasts for the following year relating to an increase in demand for services, joint working, income and so on. The actual results reported in the latest set of survey figures suggest that growth in these variables has been much less widespread than expected. For example, in the 2015 survey **66%** of respondents expected their service/product range to increase the following year, which according to 2017 responses has subsequently transpired in only **41%** of cases. The earlier forecasts potentially reflect a natural optimism bias on the part of the social enterprise leaders that responded.

REPORTED AND FORECASTED CHANGES^[68]

Variables	% Respondents Forecasting Increase for 2016 (Reported in 2015 Census)	% Respondents Reporting Actual Increase for 2016 (Reported in 2017 Census)	% Respondents Forecasting Increase for 2018 (Reported in 2017 Census)
Total income	66%	50%	53%
Proportion of income from trading	58%	37%	45%
Contracts with the public sector	31%	15%	23%
Geographic coverage	31%	23%	30%
Product/service range	63%	41%	53%
Demand for services	82%	67%	75%
Operating costs	74%	70%	78%
Joint working with others	72%	50%	64%
Reliance on grants	26%	22%	29%
Total employees	47%	35%	37%

Source: Social Enterprise Census Survey, 2015 and 2017

Forecasts for the coming year are generally more modest than those stated two years ago.

For example, **45%** of organisations now expect income from trading to increase in the next 12 months, compared to **58%** two years ago.

Key Challenges

Social enterprises like all businesses are coming up against obstacles that can cause them to stall or serve to limit their potential. The most widely reported obstacle in 2015 was the lack of time/capacity available to social enterprise leaders to develop the trading potential of their organisation, followed by the combined challenges of insecure or declining grant funding and increasing costs. The 2017 survey data show that these three main obstacles are still the most frequently reported today. Further analysis reveals no marked differences in the main challenges facing social enterprises in urban and rural Scotland, and no clear pattern by age, size or sector. However, there has been a notable increase in the number of social enterprises reporting two particular challenges - increasing costs (described elsewhere in this report⁵⁶) and difficulty accessing finance (explored below).

REPORTED CHALLENGES TO THE DEVELOPMENT OF ORGANISATIONS^[69]

Obstacle/barrier	2015	2017
Lack of Time/Capacity to Develop Trading Potential	59%	54% ▼
Insecure or Declining Grant Funding	50%	51% ▲
Increasing Costs	41%	51% ▲
Difficult Market/Trading Conditions	29%	27% ▼
Cashflow Difficulties	22%	22% ●
Public Awareness or Preconceptions of Social Enterprise	22%	21% ▼
Skills Gaps or Shortages	22%	20% ▼
Difficulties Securing Public Contracts/Service Level Agreements	21%	20% ▼
Competition Within the Market	20%	20% ●
Difficulty Accessing Finance	13%	20% ▲
Recruitment and Retention Difficulties	16%	17% ▲
Difficulty Complying With Regulations or Legislation	14%	14% ●
Inadequate Business Support	14%	13% ▼

Source: Social Enterprise Census Survey, 2015 and 2017



Access to Finance

Over the past decade organisations have required different ways of funding social enterprise activity, including the use of various forms of repayable (loan) finance. Such finance can enable social enterprises to build capacity, develop new revenue streams, make needed capital investments, and manage cash flow effectively.

The results of the 2017 survey indicate that that over half of social enterprises are now aware of their options, although only **29%** are willing to consider the use of repayable finance, while **14%** are already making use of this form of funding. The evidence also suggests that there remains a large minority of social enterprise leaders (approximately **27%**) that don't yet know enough to determine whether their organisation is able to access repayable finance.

REPORTED AWARENESS, ATTITUDES AND USE OF REPAYABLE FINANCE^[70]

Reported Position	Yes	No	Don't Know
Aware of the Options	56%	37%	7%
Willing to Consider	29%	64%	8%
Able to Access	35%	38%	27%
Currently Making Use of	14%	83%	3%

Source: Social Enterprise Census Survey, 2017

The survey findings also help to show which sources of finance social enterprises are most commonly turning to. The data suggest that three-in-four social enterprises applied for some form of finance in the last 12 months. While three-quarters applied for grant funding, just **9%** applied for a loan.

TYPES OF FINANCE APPLIED FOR IN LAST 12 MONTHS^[71]

Finance Type	% Applying for Finance
A Loan	9%
A Grant	73%
An Overdraft	4%
Equity Finance	0%
Leasing/Hire Purchase	3%
Community Share Capital	1%
None of the Above	24%

Source: Social Enterprise Census Survey, 2017

The 2017 study has also explored in more depth the challenges facing social enterprises. From the open responses, a number of obstacles have been identified as holding organisations back from taking on a loan. Central to these are the strength of future earned income streams (and confidence in these) and the associated reticence evident on the part of social enterprise trustees/directors.

REPORTED OBSTACLES TO USING REPAYABLE FINANCE^[72]

Obstacle	% of Comments Relating to Obstacle
Concern or reluctance among board members	31%
Perceived legal or technical impediments	6%
Inability or uncertainty regarding meeting repayments	39%
Limited knowledge, capacity or capabilities	7%
Unable to meet requirements of lender	6%
Inappropriate interest rate, term or conditions	12%

Source: Social Enterprise Census Survey, 2017

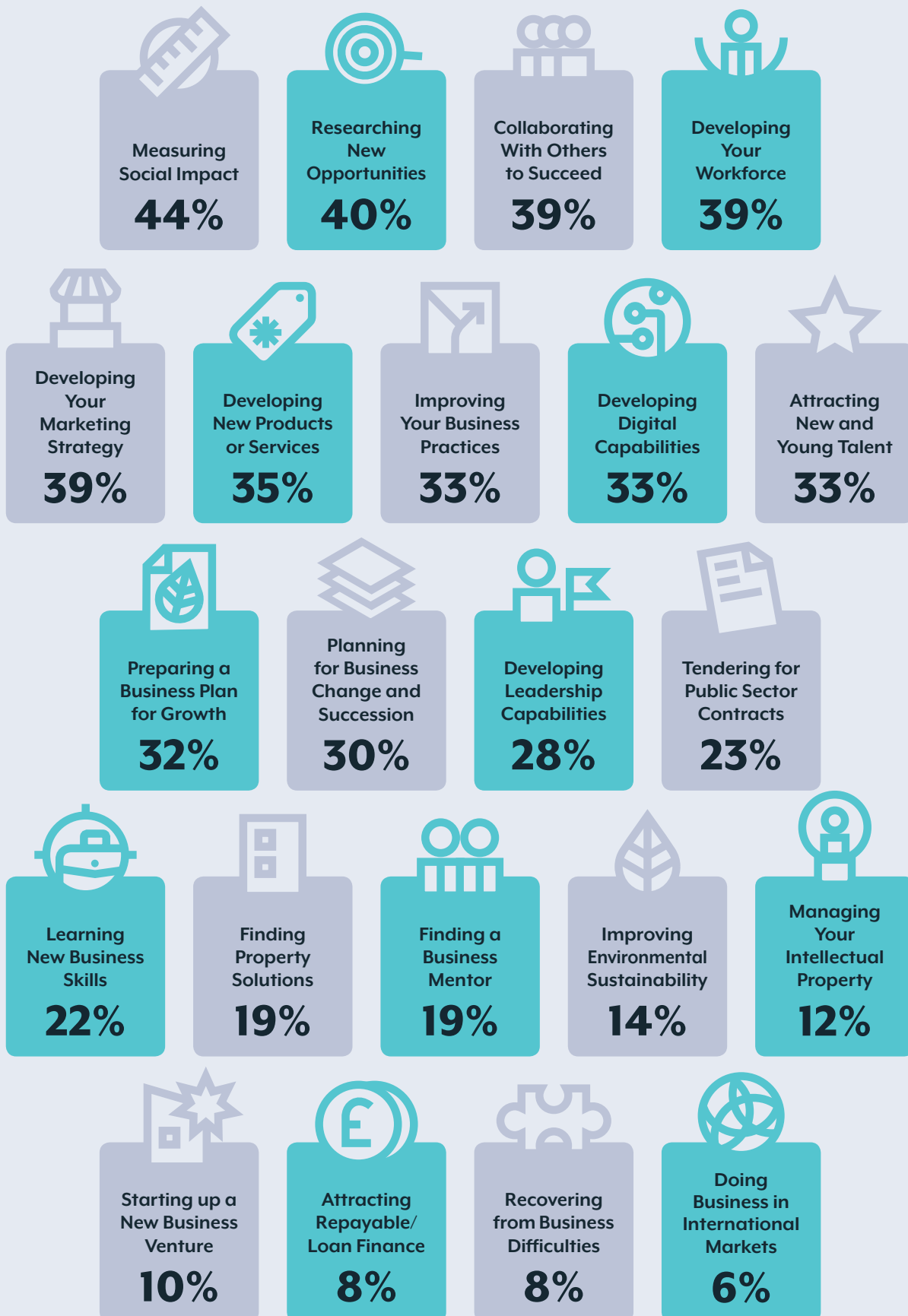
Support Needs

The Scottish Government is committed to ensuring that social enterprises have the resources, knowledge and networks they need to reach their full potential⁵⁷. As such, the 2017 survey work has explored 22 areas of potential support that social enterprises might usefully benefit from. **The area of support most widely requested relates to help with measuring social impact** (reported by **44%** of respondents). Also included in the top five forms of support deemed most useful to the sector, are help with researching new opportunities, collaborating with others, developing the organisation's workforce, and developing a marketing strategy.



57 Scottish Government, Scotland's Social Enterprise Strategy 2016-2026, December 2016 <http://www.gov.scot/Publications/2016/12/4404/0>

REPORTED FORMS OF SUPPORT THAT SOCIAL ENTERPRISES MIGHT USEFULLY BENEFIT FROM IN THE NEXT 12 MONTHS^[73]



MEASURING SOCIAL IMPACT

The Scottish Government is committed to enabling social enterprises to produce the evidence they need to show they deliver well, produce positive impacts (social, economic and environmental), and live up to appropriate values and practices⁵⁸. The survey results suggest that there is still some way to go to embed effective practices, with approximately one-third of respondents reporting that they measure their social impact 'not very much' or 'not at all', and less than one-in-five measuring it to 'a large extent'.

The evidence also suggests that consistency of approach remains elusive. Of those organisations that make some attempt at measuring social impact, approximately one-in-ten report using one of the two most established frameworks (SAA and SROI), while **18%** make use of some other recognised method. In practice, most social enterprises use their own methods (not any prescriptive framework) which, from the detailed responses offered, vary substantially in approach, focus, and sophistication.

REPORTED EXTENT TO WHICH ORGANISATIONS MEASURE THEIR SOCIAL IMPACT^[74]

Response	% of Respondents
A Large Extent	18%
Some Extent	48%
Not Very Much	23%
Not at All	11%

Source: Social Enterprise Census Survey, 2017 /
Note: Excludes respondents stating 'Don't Know'

METHODS USED TO MEASURE SOCIAL IMPACT^[75]

Method	% of Respondents
Social Accounting and Audit (SAA)	4%
Social Return on Investment (SROI)	7%
Other Method	18%
Own Method	80%

Source: Social Enterprise Census Survey, 2017



58 Scottish Government, Building A Sustainable Social Enterprise Sector in Scotland: 2017-20, April 2017. <http://www.gov.scot/Publications/2017/04/8804/0>



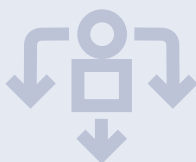
Endnotes

- [1] The approach to interpreting the criteria of the Voluntary Code of Practice is set out in a separate Technical report.
- [2] Based on a comparison between the data from the 2015 and 2017 Census.
- [3] Data from 2017 Census Database.
- [4] Age here is taken from the point at which social enterprises register as a company, mutual or charity (if unincorporated). When conflicting, the oldest registration is taken as the formation date.
- [5] Based on 1,323 responses to the question "Is 'social enterprise' a term that your organisation uses to describe itself?" (Social Enterprise Census 2017 Survey, June 2017).
- [6] Latest Small Area Population Estimates, Mid Year 2016.
- [7] Latest Small Area Population Estimates, Mid Year 2016.
- [8] Scottish Government, Businesses in Scotland, 2016.
- [9] Social enterprises have been categorised by their principle field of economic activity, not their social purpose. Some enterprises work across more than one sector. Where this is the case the social enterprise has been categorised to the field of activity where it derives most of its income from.
- [10] Based on 1,201 responses to the question "Does your organisation mainly sell goods or services?" (Social Enterprise Census 2017 Survey, June 2017).
- [11] Based on 1,291 responses to the question "If your organisation was not operating, who do you think would provide the goods and services that you currently offer?" (Social Enterprise Census 2017 Survey, June 2017).
- [12] Based on 1,175 responses to the question "Does your organisation sell goods or services (including under contract/agreement) to any of the following customer groups?" (Social Enterprise Census 2017 Survey, June 2017).
- [13] Based on 1,194 responses to the question "Has your organisation bid for and won a public sector contract in the last 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [14] Based on 1,299 responses to the question "What is the widest geographic area across which your organisation operates?" (Social Enterprise Census 2017 Survey, June 2017).
- [15] Based on 1,299 responses to the question "What is the widest geographic area across which your organisation operates?" and 1,334 responses to the question "Is your organisation led and accountable to people in a particular neighbourhood/community?" (Social Enterprise Census 2017 Survey, June 2017).
- [16] Based on 1,327 responses to the question "Which, if any, of the other following terms would you use to describe your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [17] Based on 1,299 responses to the question "What is the widest geographic area across which your organisation operates?" (Social Enterprise Census 2017 Survey, June 2017).
- [18] Based on 1,299 responses to the question "Has your organisation exported/licensed goods or services to overseas markets in the last 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [19] Based on 1,284 responses to the question "How many individuals in the following categories currently serve on your organisation's governing board/committee?" (Social Enterprise Census 2017 Survey, June 2017).
- [20] Based on 1,333 responses to the question "Please state whether the following statements about your organisation are true or false: We have a minimum of three (unrelated) Directors/Trustees on our governing board/committee" (Social Enterprise Census 2017 Survey, June 2017).
- [21] Based on 1,334 responses to the question "Is your organisation led and accountable to people in a particular neighbourhood/community?" (Social Enterprise Census 2017 Survey, June 2017).
- [22] Based on 1,284 responses to the question "How many individuals in the following categories currently serve on your organisation's governing board/committee?" (Social Enterprise Census 2017 Survey, June 2017).
- [23] Based on 1,333 responses to the question "Please state whether the following statements about your organisation are true or false: We have a minimum of three (unrelated) Directors/Trustees on our governing board/committee" (Social Enterprise Census 2017 Survey, June 2017).
- [24] Based on 1,276 responses to the question "Which of the following, if any, are your organisation's main social and/or environmental objectives?" (Social Enterprise Census 2017 Survey, June 2017).
- [25] Based on 1,284 responses to the question "How many individuals in the following categories currently serve on your organisation's governing board/committee?" (Social Enterprise Census 2017 Survey, June 2017).
- [26] Based on 987 responses to the question "Please answer 'yes' or 'no' to the following statements about the characteristics of the most senior employee in your organisation" (Social Enterprise Census 2017 Survey, June 2017).
- [27] Based on 819 responses to the question "Approximately what is the ratio between the salary of the highest and lowest paid employee in your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [28] Based on 819 responses to the question "Approximately what is the ratio between the salary of the highest and lowest paid employee in your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [29] Based on 819 responses to the question "Approximately what is the ratio between the salary of the highest and lowest paid employee in your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [30] Based on 987 responses to the question "Does your organisation: Pay at least the 'Living Wage in Scotland' to all employees?" (Social Enterprise Census 2017 Survey, June 2017).
- [31] Based on 987 responses to the question "Does your organisation: Pay at least the 'Living Wage in Scotland' to all employees?" (Social Enterprise Census 2017 Survey, June 2017).
- [32] Based on 932 responses to the question "Does your organisation: Use Zero Hours employment contracts?" (Social Enterprise Census 2017 Survey, June 2017).
- [33] Based on 932 responses to the question "Does your organisation: Use Zero Hours employment contracts?" (Social Enterprise Census 2017 Survey, June 2017).
- [34] Based on 978 responses to the question "Approximately, what proportion of your workforce: Are female" (Social Enterprise Census 2017 Survey, June 2017).
- [35] Based on 959 responses to the question "Approximately, what proportion of your workforce: Are residents of the local area(s) in which your organisation is based" (Social Enterprise Census 2017 Survey, June 2017).
- [36] Based on 1,292 responses to the question "Is your MAIN aim to create employment, training work experience and volunteering opportunities WITHIN your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [37] Based on 899 responses to the question "Approximately, what proportion of your workforce: Were disadvantaged in the labour market" (Social Enterprise Census 2017 Survey, June 2017).
- [38] Based on 909 responses to the question "Approximately, what proportion of your workforce: Were previously

unemployed young people (aged under 25 years)" (Social Enterprise Census 2017 Survey, June 2017).

- [39] Based on 921 responses to the question "Approximately, what proportion of your workforce: Receive training or support intended to improve their employability" (Social Enterprise Census 2017 Survey, June 2017).
- [40] Based on 650 responses to the question "Do you work with or seek to employ individuals facing any of the following issues?" (Social Enterprise Census 2017 Survey, June 2017).
- [41] For RSLs calculated based on financial data for 151 RSLs, for Credit Unions calculated based on financial data for 94 CUs and for Other Social Enterprises calculated based on financial data for 4,194 social enterprises.
- [42] For RSLs calculated based on financial data for 151 RSLs, for Other Social Enterprises based on financial data for 4,194 social enterprises. For Credit Unions the data come from Bank of England, Credit union annual statistics – 2016, 31 July 2017, Table 3.3.
- [43] Calculated based on financial data of 1,522 social enterprises with income data available for both the 2015 Census and the 2017 Census.
- [44] Calculated based on financial data available for 151 RSLs, 94 Credit Unions and 3,007 Other Social Enterprises.
- [45] Calculated based on financial data available for 151 RSLs, 94 Credit Unions and 3,007 Other Social Enterprises.
- [46] Calculated based on financial data available for 3,007 social enterprises, excluding RSLs and Credit Unions.
- [47] Calculated based on financial data available for 3,007 social enterprises, excluding RSLs and Credit Unions.
- [48] Calculated based on financial data available for 3,007 social enterprises, excluding RSLs and Credit Unions.
- [49] Calculated based on financial data available for 151 RSLs, 94 Credit Unions and 3,007 Other Social Enterprises.
- [50] For RSLs calculated based on financial data for 151 RSLs, for Other Social Enterprises based on financial data for 4,163 social enterprises. For Credit Unions the data come from Bank of England, Credit union annual statistics – 2016, 31 July 2017, Table 3.3.
- [51] Calculated based on financial data of 1,512 social enterprises with expenditure data available for both the 2015 Census and the 2017 Census.
- [52] Calculated based on financial data available for 2,067 social enterprises, excluding RSLs and Credit Unions.
- [53] Calculated by Total Income minus Total Expenditure.
- [54] Calculated based on financial data available for 4,195 social enterprises, excluding RSLs and Credit Unions.
- [55] Calculated based on financial data available for 4,158 social enterprises, excluding RSLs and Credit Unions.
- [56] Calculated based on financial data available for 149 RSLs, 96 Credit Unions and 3,710 Other Social Enterprises.
- [57] Calculated based on financial data available for 149 RSLs, 96 Credit Unions and 3,670 social enterprises, excluding RSLs and Credit Unions.
- [58] Calculated based on financial data available for 2,341 social enterprises, excluding RSLs and Credit Unions.
- [59] Calculated based on financial data available for 149 RSLs and 3,710 Other Social Enterprises. For Credit Unions the data come from Bank of England, Credit union annual statistics – 2016, 31 July 2017, Table 3.2.
- [60] Calculated based on financial data available for 3,007 social enterprises, excluding RSLs and Credit Unions.
- [61] Calculated based on financial data available for 1,875 social enterprises, excluding RSLs and Credit Unions.
- [62] Calculated based on financial data available for 3,710 social enterprises, excluding RSLs and Credit Unions.
- [63] Based on 1,276 responses to the question "Which of the following, if any, are your organisation's main social and/or environmental objectives?" (Social Enterprise Census 2017 Survey, June 2017).
- [64] Based on 1,213 responses to the question "Has the economic climate over the last 12 months positively or negatively affected the prospects of your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [65] Based on 1,212 responses to the question "Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [66] Based on 1,212 responses to the question "Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [67] Based on 1,212 responses to the question "Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [68] Based on 1,088 responses to the question "Please tell us about any changes in the last 12 months, and what you expect to change for your organisation in the next 12 months:" (Social Enterprise Census 2017 Survey, June 2017).
- [69] Based on 1,074 responses to the question "What, if any, are the main barriers/obstacles to the development of your organisation?" (Social Enterprise Census 2017 Survey, June 2017).
- [70] Based on 1,144 responses to the question "To what extent are you considering or using repayable/loan finance as a means to grow your organisation or increase its impact?" (Social Enterprise Census 2017 Survey, June 2017).
- [71] Based on 1,176 responses to the question "Which types of finance, if any, did your organisation apply for during the last 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [72] Based on an analysis of 340 qualitative responses to the question "To what extent are you considering or using repayable/loan finance as a means to grow your organisation or increase its impact?" (Social Enterprise Census 2017 Survey, June 2017).
- [73] Based on 1,037 responses to the question "Which, if any, of the following might your organisation usefully benefit from help with during the next 12 months?" (Social Enterprise Census 2017 Survey, June 2017).
- [74] Based on 1,294 responses to the question "To what extent does your organisation measure its social impact?" (Social Enterprise Census 2017 Survey, June 2017).
- [75] Based on 1,031 responses to the question "What main tools or methods, if any, does your organisation use to measure its social impact?" (Social Enterprise Census 2017 Survey, June 2017).







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