



**Birmingham**  
Social Enterprise City



# **Birmingham Social Enterprise City:**

## **A Baseline Survey of Social Enterprise in the City of Birmingham**

### **EXECUTIVE SUMMARY**

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Analysis and reporting: by BSSEC for the  
Birmingham Social Enterprise City steering group

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*We gratefully acknowledge The Barrow Cadbury Trust, whose financial support made this survey possible*



## 1.0 INTRODUCTION

During the period February to June 2019 the Birmingham Social Enterprise City steering group carried out a baseline survey of social enterprise activity in the city as part of building a more robust evidence-base for our Social Enterprise City plans and activities. The aim was to help illuminate the economic and social contribution of social enterprises and especially the ways in which they are able to unlock additional social value.

Using existing contact and caseload lists from iSE and Birmingham & Solihull Social Economy Consortium (BSSEC), internet searches and publicly accessible sources including the register of Community Interest Companies and Companies House, a master-list of **564** social enterprises was identified. An online survey link was heavily promoted to the social enterprises on this master-list. In the final stages of the survey telephone chasing was also utilised to increase take-up.

Special thanks for their efforts with this survey are also due to Rebecca Giannelli at iSE, Louise Cannon at UnLtd and Alun Severn at BSSEC. We also gratefully acknowledge The Barrow Cadbury Trust, whose financial support made the survey possible.

### 1.1 Completion Levels & Sample Size

After responding to the filter questions, the base sample eligible (and able) to complete the questionnaire was **77** (41.9% of those beginning the survey).

This base sample of **77** social enterprises completing the survey equates to **13.65%** of the identified Birmingham social enterprise population (564). Where appropriate, numerical totals (e.g. for volunteer-hours or jobs created) are multiplied by a factor of 7.32 to arrive at a figure applicable to the whole of the identified social enterprise population.

## 2.0 KEY FINDINGS OF THE SURVEY

### 2.1 Trading

- 1) **75%** of social enterprises engage in trading activities and 25% say they do not. This illustrates to those who are still sceptical that the vast majority of social enterprises are 'real businesses' that regard themselves as trading enterprises.
- 2) The concept of 'trading' remains problematical, however. Significant numbers of social enterprises are not clear whether what they are doing constitutes 'trading'. The confusion arises particularly amongst those social enterprises that are winning contracts that enable them to deliver services in the marketplace. Some social enterprise staff do not consider this to be trading. While it is true that they are probably not 'selling' their services to their end-users they are nonetheless competing in the open market to secure the resources that will enable these services to be delivered and this should therefore be regarded as trading. We need to work on this in the context of SE City.

## 2.2 Levels of income earned from trading

- 3) **74%** of social enterprises earn at least 25% of their income from trading; 26% do not. In Birmingham, this is in keeping with there being a high proportion of newer, younger social enterprises that have been operating for less than three years (see 2.3 below).

## 2.3 Age of social enterprises in Birmingham

- 4) The social enterprise sector in Birmingham is characterised by a high proportion of newer, younger social enterprises.
- 5) Almost **41%** of social enterprises in Birmingham have been formed in the past three years. This is a substantial increase in this age-band and is higher than both the national comparator figure of 21% (The Future of Business: State of Sector survey 2017, SEUK), and the figure from the Digbeth Social Enterprise Quarter survey (2014) of 21%. This has implications for the continuing support and development of the sector in Birmingham, for social investment providers, and for policy-makers. Looked at positively, it is evident that many have found Birmingham to be a good place to start a new social enterprise: the data suggests that we have a young and new-start social enterprise level that is almost double the national figure (Birmingham: 41%; national SEUK figure: 21%). This increase in the youngest age-band may be attributable to the fact that over the past two years or so ISE has accessed increased resources for new-start support programmes. New-start support is also available through the School for Social Entrepreneurs Midlands and UnLtd.
- 6) The 4-10 years age-band (34%) is comparable with the national profile (36%). But the over-10 years age-band in Birmingham (25%) appears substantially lower than the last available national figure (40%).

## 2.4 Turnover levels

- 7) The high proportion of social enterprises that have been operating for 3 years or less is reflected in the turnover profile of the sector. 38% of social enterprises have turnover in the £0-£24k a year range, indicating that they are still in the early stages of trading and income-generation.
- 8) Other turnover-levels from £25k to £400k are fairly evenly distributed, ranging from 12% to around 6% as one approaches £400k. There is a significant thinning out from £401k to £1m, with very few social enterprises represented in these turnover bands.
- 9) The only available national comparator figures (from SEUK's 2017 survey) suggest that the sector in Birmingham may be lagging behind in terms of growth. For example, SEUK's survey found 19% of social enterprises falling into the £100,001 to £250,000 band; and 21% into the £250,001 to £1m band.
- 10) In the Birmingham sector there is also a substantial grouping – almost 10% – of well-established social enterprises with turnovers of over £1m.

- 11) Enabling a greater proportion of social enterprises to scale-up and enter the turnover bands £500k-£1m should be a priority as the Birmingham-wide sector is thinly represented here.

## 2.5 Trade sectors

- 12) The five most populous trade sectors for social enterprise in Birmingham are:

Education & training	52%
Health, social care & welfare	41%
Community development & regeneration	26%
Advice, counselling & guidance	18%
Creative, digital & media	18%

- 13) Retail in the Birmingham-wide sector is of increasing significance at almost 10%, but smaller than the national comparator figure of 16% (SEUK survey, 2017).
- 14) This survey confirms – as have others – that social enterprises are under-represented in manufacturing, with 0% social enterprises falling into this category in Birmingham and only 1% nationally.

## 2.6 Staffing levels

- 15) In keeping with the high representation of younger and new-start social enterprises that have been operating for 3 years or less, we see a spike – almost 39% – in the number of social enterprises that do not yet employ staff. This has serious implications for the support, development and capacity of social enterprises at the smaller end of the spectrum in Birmingham. It should also be noted, however, that iSE reports an increase in the number of individuals it is supporting for whom social enterprise is a second business or an alternative career post-redundancy. If, as this suggests, some individuals are essentially ‘part-time social entrepreneurs’ or are starting a new social venture around an existing job, this too may help account for the almost 39% of respondents not yet employing staff. Again, this marks an important emerging trend in the sector.
- 16) The next most populous group is that employing 1-5 staff, at almost 32%.
- 17) While just over 19% of social enterprises employ 6-12 staff, there is again a marked thinning out in the number of social enterprises employing 13-50 staff. This can be assumed to correlate in broad terms with the fact that medium-sized social enterprises in Birmingham – i.e. those with turnovers between £401k and £1m – are thinly represented.
- 18) In the context of SE City we should try and identify ways of assessing whether there is potential for growth and scaling-up in the sector that will bring more enterprises into the ‘medium bands’ of staffing (13-50 staff) and turnover (£500k-£1m), because the sector is very thinly represented here.

## 2.7 Job creation/job losses

- 19) 54% of the sector saw no change in their staffing levels during the preceding two years, but:
- **37%** of respondents created an additional **87** FTE staff posts, and
  - **9%** of respondents made redundancies, reducing their staff levels by a total **27** FTE posts.
  - The net total jobs created during the preceding two-year period by social enterprises in our sample was therefore 60.
- 20) If these patterns were reflected across the whole of the identified social enterprise population then:
- **663** FTE jobs would have been created in the previous two years.
  - **198** FTE jobs would have been lost in the previous two years.
  - The net job creation would have been **465** jobs in the two years to date.

## 2.8 Social enterprises as living wage employers

- 21) The majority of social enterprises (**59%**) already pay the living wage. 26% do not currently pay the living wage but plan to, while 14% are unable to pay the living wage and have no immediate plans to do so.
- 22) Birmingham City Council has just launched a campaign which it hopes will see Birmingham become the first English city achieving 'real living wage city' status, as part of the Living Wage Foundation's "Making Living Wage Places" scheme. We should make efforts to incorporate this "Real Living Wage Birmingham" campaign into SE City and build on the strong commitment to fair pay that already exists amongst social enterprises.

## 2.9 Spend with other social enterprises

- 23) **86%** of social enterprises make some spend with other social enterprises. In our sample this totalled **£2,270,185.00** a year.<sup>1</sup>
- 24) If this pattern of spend were reflected across the whole of the identified social enterprise population then the sector as a whole would be spending almost **£16.62m** a year in social enterprise inter-trading.

## 2.10 Use of volunteers

- 25) **64%** of social enterprises utilise support from volunteers. For social enterprises

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<sup>1</sup> The base sample of 77 social enterprises completing the survey equates to 13.65% of the identified Birmingham social enterprise population (564). In this and following instances, numerical totals (e.g. for volunteer-hours or jobs created) are multiplied by a factor of 7.32 to arrive at a figure applicable to the whole of the identified social enterprise population.

responding to the survey, **377** volunteers are donating **5,338** hours every month – equivalent to **64,056** hours a year. If valued at only £11.95 an hour this would be worth **£765,469** a year to the social economy.

26) If these patterns were reflected across the whole of the identified social enterprise population then:

- Almost **2,760** volunteers would be donating **39,074** hours a month – equivalent to **468,888** hours a year.
- If valued at only £11.95 an hour this would be worth over **£5,603,211** a year.

### **2.11 Reinvesting in the business**

27) **69%** of social enterprises reinvest a sum each year in the business. The total reinvested by the sample responding to our survey is **£765,200** per year.

28) If this pattern were reflected across the whole of the identified social enterprise population then this reinvestment would be worth **£5,601,264** a year.

### **2.12 Reinvesting to achieve social mission**

29) **69%** of social enterprises confirmed that they do reinvest each year in achieving their social mission. The total sum reinvested each year in achieving social mission by the sample responding to our survey is at least **£4,036,400**.

30) If this pattern were reflected across the whole of the identified social enterprise population then this reinvestment would be worth **£29,546,448** a year.

### **2.13 Identifying and reporting social impact**

31) We have long recognised that many social enterprises still struggle with the language and concept of 'social value', despite the fact that the legislation enshrining social value as a legitimate consideration in public procurement -- the Public Services (Social Value) Act 2012 -- has been in force for seven years. We therefore chose to use the more familiar language of 'social impact'. The aim was to allow respondents to describe – and ideally *quantify* – the three social impact achievements they considered most important to their enterprise and which best illustrate their work.

32) By and large this did not work. Relatively few respondents quantified their key social impact achievements and it is evident that many social enterprises have made very little progress in devising ways to articulate – let alone measure – their social impact. Many know what their activities are intended to achieve but few can point with confidence to the consequences of their work – what has changed, who has benefitted and how. To see such little progress in enterprises' abilities to articulate their social impact (or social value) is disappointing. However, it must also be acknowledged that none of the surveys we have been involved in have been successful in formulating workable questions in this regard. It may simply be that surveys are just not the right medium for such questions: if respondents don't have the information to hand at the time the survey is received, then

the likelihood is that they will either skip the question or answer it with a generality.

33) In the context of SE City, therefore, we should return to basics and do some support work that will help social enterprises:

- Clearly explain their social purpose.
- Clearly explain how their trading activities help achieve this social purpose.
- Identify key social impact headlines which enable them to determine the effectiveness of their actions, with specific emphasis on:
  - The consequences of their actions;
  - What changes and how;
  - Who benefits.

iSE has in the past worked with individual social enterprises to help them capture and explain key impact or social value outcomes in a simple infographic. Such an approach has some merit because once coached in this, enterprises can subsequently replicate it for themselves.<sup>2</sup> Similarly, in 2016 BSSEC published a presentation entitled *Are you under-reporting your social value? How to identify social value in your contracts & services.*<sup>3</sup> Perhaps in the context of SE City something along these lines could be devised to offer basic guidance around social impact reporting. There is a huge range of resources available online regarding social impact and social value, but in practice this is part of the problem: enterprises generally lack the time to navigate these resources and make an informed assessment about methods that might work for them.

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<sup>2</sup> This approach was tested as part of the preparation for the Birmingham Social Enterprise City on the 15th November 2018. iSE helped social enterprises attending to produce infographic posters showcasing their impact and social value. There is a link in this post on the BSSEC blog from which a zip file of all the infographics can be downloaded: <http://bssec.org.uk/special-feature-birmingham-social-enterprise-city-official-launch-was-a-night-to-remember/>.

<sup>3</sup> Are you under-reporting your social value? How to identify social value in your contracts & services (BSSEC, 2016). Links in this blog post: <http://bssec.org.uk/a-free-presentation-to-help-you-identify-your-social-value-and-report-it/>. Direct link: <http://bssec.org.uk/wp-content/uploads/2016/09/Identifying-SV-v2.0.ppt.pdf>.