

State of Social Enterprise 2023

Executive Summary

This report sets out key findings from the biennial State of Social Enterprise survey, run by Social Enterprise UK since 2009, to provide a comprehensive national picture of the sector in 2023, as part of Social Enterprise UK's wider evidence in the Social Enterprise Knowledge Centre. Using government estimates and data from the State of Social Enterprise, we find:

131,000 social enterprises across the UK.¹



1 in 42 UK businesses is a social enterprise.²



- Social enterprise **turnover was approximately £78 billion** last financial year, which is equivalent to around **3.4% of GDP**.³
- Last financial year, social enterprises generated **more than £1.2 billion in profits**, of which £1 billion was reinvested into their social and environmental missions⁴. By comparison, FTSE 100 companies were on track to spend a record amount on share buy-backs, alongside nearly half of expected net-profit of £170 billion going to paying dividends.⁵
- Social enterprises **employ around 2.3 million people** UK-wide.
- **Social enterprises in the UK's most deprived communities reinvested more than £270m profit** – equivalent to more than a fifth of the amount invested through Phase Two of the Government's Levelling Up Fund.⁶

While social enterprises are doing relatively well, considering the difficult operating circumstances for all business, evidence from the 2023 data indicates an increasing trend of strain. Given more appropriate support and understanding, social enterprise could thrive rather than survive.

State of Social Enterprise 2023 analysis highlights that:

- Start-up rates remain high, with one in three social enterprises operating for less than three years, and the proportion of Community Interest Companies registered across the country significantly higher than the total number of Companies House registered businesses – but the proportion of long-established social enterprises has decreased.
- The proportion of social enterprises operating in the most deprived places has fallen over the last decade; these social enterprises are seeing higher drop in turnover, fewer public sector contracts and greater contraction in jobs.
- While social enterprises overall report strong turnover growth, the proportion of those expecting turnover to decrease is double the pre-pandemic levels.
- Almost half of social enterprises report an insufficient amount of suitable finance available, with over a third saying the available forms of finance are unsuitable for their business and a third lacking the skills to obtain external finance or investment.

¹ Latest government figures estimate that there are 131,000 social enterprises with employees across the UK, and a further 325,000 self-employed or non-employer enterprises. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1101560/Social_Enterprise_Market_Trends_2019_-_Middlesex_University.pdf

² Based on estimates of 5.5 million UK businesses in operation: www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release.html

³ Based on latest ONS estimates of UK GDP in 2022: www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/abmi/pn2

⁴ See methodology for calculation approach

⁵ www.ajbell.co.uk/sites/default/files/AJBYI_Q1-2022_Dividend_dashboard.pdf

⁶ www.bbc.co.uk/news/56238260

Despite operating in times of acute social and financial pressure, social enterprises deliver not only for our economy but also society and environment. The sector continues to prove resilient in the face of challenge, and to outperform other forms of business across multiple metrics.

Economy

33%

of social enterprises are under three years old



65%

of social enterprises grew their turnover last year



70%

made a profit or broke even last year



68%

of social enterprises developed a new product or service in the last year



Society

58%

of social enterprises have leadership teams that are at least half female



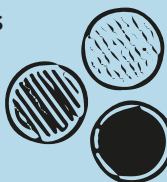
84%

of social enterprises said they were a real Living Wage employer



43%

of social enterprises have at least one leader from Black, Asian or Minority Ethnic backgrounds



22%

of social enterprises said operate in the most deprived areas of the UK, compared to 14% of wider business



Environment

83%

of social enterprises believe that buying socially and environmentally-friendly products is as important, or more important, than costs



19%

of social enterprises have a core mission addressing climate change



65%

of social enterprises have a plan for reducing greenhouse gas emissions



Data is from the State of Social Enterprise 2023 survey unless otherwise stated, and methodology is detailed at the end of the report. For feedback or queries, contact research@socialenterprise.org.uk.