

State of Social Enterprise

in London

November 2024

This paper sets out headline statistics on social enterprise in London, based on data from Social Enterprise UK's latest State of Social Enterprise (2023) research and wider evidence in their Social Enterprise Knowledge Centre.

Economic contribution



There are around **24,700** social enterprises in London, creating around **266,000** jobs for the region

They generate around **£484 million** in annual profit, re-investing **£438 million** into achieving their social missions

Social enterprises generate around **£26bn** in turnover - equivalent to 5% of regional GDP

Last year, **59%** reported that they had developed a new product or service for their organisation to deliver, while **32%** reported developing a new product or service for the market



Financial performance



49% of social enterprises reported making a profit last financial year – up from 41% in 2021

66% of social enterprises reported that their turnover had increased from the previous year – a significant rise from just 40% in 2021

Those making a loss fell from **35%** in 2021 to **28%** in 2023

Leadership

62% of social enterprises in London are majority-led by women

32% are majority-led by people from ethnic minority backgrounds



Mission and impact

16% of social enterprises here operate in the most deprived areas of the region



85% believe social and environmental friendliness are equally or more important than cost when buying goods and services



83% pay the real Living Wage to all staff members

74% have a target to reduce carbon emissions over the next three years

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Regional distinctions

Demographics

37% of social enterprises in London have been operating for less than three years, higher than the national average. But there are also a number of long-established businesses – the average age of a social enterprise here is slightly higher than it is nationally. There are fewer social enterprises registered as Community Interest Companies here, and a higher proportion registered as Companies Limited by Shares.

There are almost twice the proportion of social enterprises in the creative industries in London compared to nationally, with fewer operating in retail.

Employment

In terms of mission, more London social enterprises create employment opportunities and employ people from groups disadvantaged in the labour market. Expectations to grow staff numbers are higher here too. Flexible working is slightly less common here, however, than the national average.

Trading patterns

London social enterprises are less likely than the national average to trade with the public sector, but more likely to trade internationally and sell goods outside the UK, including outside the EU. A higher proportion trade with the private sector as their main source of income, and trading with the general public is significantly lower as a main source of income. Social enterprises here that do trade with the public sector are less likely to obtain work with local or combined authorities.

Funding and finance

London social enterprises are seeking more finance on average, but not securing it. Based on a small sample, this has been the case since 2019 but significantly worsened in 2023. London social enterprises are less likely to go to social investors for loans than the national average, but much more likely to go to banks. Fewer social enterprises in London seek finance to buy, rent, lease or improve buildings.

For full details of the State of Social Enterprise 2023 research methodology, sponsors and partners, see www.socialenterprise.org.uk/social-enterprise-knowledge-centre/the-state-of-social-enterprise. Due to sample sizes, we have been unable to report on certain data in each of these regional reports. Thank you to all the social enterprises who have participated in Knowledge Centre data collection. Thank you to all the social enterprises who have participated in Knowledge Centre data collection. For any queries, contact research@socialenterprise.org.uk.

Case study – Hackney Co-operative Developments

Hackney Co-operative Developments (HCD) is a local economic development agency, that looks to work with the local community to explore ways in which they can come together to create a sustainable environment for the people of Hackney to flourish.

HCD supports the creation and growth of co-operatives and social enterprises. Programmes, such as its Pioneering Social Enterprises in Hackney initiative, and its role as a local membership agency, have allowed HCD to network and connect organisations, building a movement dedicated to growing the locally owned social economy.

In addition, HCD also provides affordable workspace to aspiring social and cultural entrepreneurs, ethical start-ups, and creative professionals. Through facilitating engagement and work, HCD plays an important role in nurturing the local business ecosystem and supporting ongoing urban regeneration.

HCD also oversees Gillett Square, a unique community-led public space in the heart of East London. HCD runs a



programme of community and cultural events aimed at supporting socially cohesive regeneration, while retaining diversity and showcasing local creativity.

In 2023, HCD continued its social impact within the Hackney community. It not only supported the development of various social enterprises and co-operatives but also helped with the formation of four new local co-operatives. HCD also worked with partners to provide welfare rights advice to local citizens, completed and let 36 affordable workspaces, and held 38 events on Gillett Square.