

State of Social Enterprise in the West Midlands

November 2024

This paper sets out headline statistics on social enterprise in the West Midlands, 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 **10,500** social enterprises in the West Midlands, creating around **67,000** jobs for the region

These social enterprises generate around **£2bn** in turnover - equivalent to 2% of regional GDP

They generate around **£124 million** in annual profit, re-investing **£98 million** into achieving their social missions

Last year, **51%** developed a new product or service for their business to deliver, while **16%** reported developing a new product or service for the market



Financial performance



60% of social enterprises in the West Midlands reported making a profit in the last financial year, while a further **24%** reported breaking even

66% reported their turnover had increased in the last 12 months - up from **48%** in 2021 - and a further **20%** reported their turnover had remained the same

Leadership

51% of enterprises in the West Midlands are majority-led by women

25% are majority-led by people from ethnic minority backgrounds



Mission and impact

32% of social enterprises in the West Midlands are operating within the most deprived areas of England



82% believe social and environmental friendliness are equally or more important than cost when buying goods and services



76% pay the real Living Wage to all staff members

52% have a target to reduce carbon emissions over the next three years

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Regional distinctions

Business focus

The proportion of social enterprises in the West Midlands offering business services as their core trading activity is twice as high as the national average. West Midlands social enterprises are also more likely to operate in the education sector than across the rest of the country.

Grant funding

Many social enterprises report generating income through grants. 54% of social enterprises in the region generate income through non-government grants, compared to the national average of 46%. 19% report grants as their main source of income, with the proportion citing non-government grants as their main source twice the national average.

However, applications for grant funding are not as high as the rest of the country. 49% of social enterprises in the West Midlands applied for grant funding in the previous 12 months, compared to 58% of social enterprises across the country.

Diversity in employment

The social enterprise workforce in the West Midlands is more diverse than in England overall. On average, 66% of social enterprise employees here are women, compared to 60% nationally. 28% of social enterprise employees in the region are from ethnic minority backgrounds, compared to 17% across the country.

Profitability and optimism

Social enterprises in the West Midlands were more likely to report making a profit. 60% said they had made a profit in the previous financial year, compared to the national average of 48%. On average,

80% of profits were re-invested back into achieving the social missions of these organisations.

West Midlands social enterprises are also slightly more optimistic about their turnover projections than elsewhere in England. 69% believe their turnover will increase in the next year compared to the national average of 62%

Notably, a smaller proportion of social enterprises in the West Midlands are turning to price rises in their plans to achieve growth. Only 30% of those expecting their turnover to grow plan on raising prices, compared to 41% of social enterprises across the country. This reflects action taken in the previous 12 months, with only 30% reporting they had increased prices, compared to the national average of 43%.

Finance and tax

A slightly larger proportion of social enterprises in the West Midlands face financial barriers to growth. 67% reported that various financial barriers were their biggest obstacle impacting the sustainability and growth of their organisation, compared to the national average of 62%. However, the specific barriers were different to the rest of the country.

Issues around finance and taxation were more commonly reported by social enterprises in the West Midlands. 35% reported obtaining finance as a major barrier locally compared to 29% nationally, while 24% said issues around taxation had undermined sustainability and growth - twice the national average. However, a significantly smaller proportion of social enterprises here reported cash flow as a specific financial barrier impacting their business.

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 – Birmingham & Solihull Social Economy Consortium (BSSEC)

BSSEC CIC is a consortium of social economy organisations, infrastructure support, policy makers and social investors. It originated over 20 years ago in Birmingham and Solihull but now encompasses the wider region, working closely with the West Midlands Combined Authority (WMCA). As a grassroots organisation, BSSEC provides the local voice of the sector and lobbies for necessary changes.

The BSSEC team wrote a strategy for social economy growth across the region, which was approved by the WMCA Board in 2022 and won £2.5m for interventions to stimulate growth - a level of investment never seen before in the social economy here. The strategy identifies an ecosystem approach, emphasising the value of collaboration. WMCA and other key stakeholders have embraced this spirit in the creation of a new Social Economy Advisory Board, including commitments to resourcing new provision.

BSSEC's role has been to communicate The Social Economy Framework for Growth: bringing together key stakeholders to promote a common understanding of what can be done and how, sharing experiences of receiving support, and identifying gaps to address.



In addition to the £2.5m investment, nine new social economy clusters or 'hotspots' have been resourced to stimulate growth in local communities, boosted by a Social Economy Drive raising awareness across the region through events and campaign activities. WMCA procurement policy changes have made it easier for social economy organisations to win contracts, and business support organisations have been trained in social investment capacity building to improve support for social businesses.

As an enabler, challenger and leader for the local social enterprise movement, BSSEC has been instrumental in building a stronger social economy across the West Midlands.