

2021 Social Enterprise Census Data for the Highlands and Islands Region

Report for Highlands and Islands Enterprise (HIE)

 *Social Research*

 *Service Design & Innovation*

 *Strategy & Collaboration*

 *Evaluation Support*

 *Social Impact Measurement*

November 2022



1. Introduction

This report presents the result the of the Social Enterprise Census 2021 for the Highlands and Islands region of Scotland.

The Social Enterprise Census is a multi-partner project led by CEIS, and researched by Social Value Lab. Highlands and Islands Enterprise (HIE) was part of the Steering Group supporting the research. The project has been carried out with support from the Scottish Government as part of a 10-year commitment to track the development of the social enterprise sector nationally.

The Social Enterprise Census 2021 research consists of a number of elements:

- Identification of the population of social enterprises currently active in Scotland.
- A full and objective financial assessment of the population of social enterprises from publicly available financial accounts.
- A large-scale Census survey of social enterprises.
- An extensive financial and economic analysis of the available data, including income, employment and GVA (Gross Value Added) estimates.

This report has extracted the data for the Highlands and Islands and where possible and sensible, made comparisons with the 2019 Census results and/or the with the 2021 census results for all social enterprises in Scotland.

2. The Composition of the Sector

The following tables present data on the composition of the social enterprise sector in Highlands and Islands.

Number of social enterprises

6,047

Social enterprises operating in Scotland (2019: 6,025)

1,277

Are located in the Highlands and Islands (2019: 1,270)

Age

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|---------------|-----------------------------------|-----------------------------------|----------------------------------|
| 0-4 years | 8% | 8% | 14% |
| 5-10 years | 17% | 14% | 17% |
| Over 10 years | 75% | 78% | 69% |
| Total | 100% | 100% | 100% |

Average age

| Highlands & Islands SEs 2019 | Highlands & Islands SEs 2021 | All Social Enterprises 2021 |
|------------------------------|------------------------------|-----------------------------|
| 20 years | 23 years | 22 years |

Self-Identify as “Social Enterprise”

| Highlands & Islands SEs 2019 | Highlands & Islands SEs 2021 | All Social Enterprises 2021 |
|---------------------------------|---------------------------------|--------------------------------|
| 52% | 55% | 56% |

N=230

Income Bands

| Income | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|-----------------------|-----------------------------------|-----------------------------------|----------------------------------|
| £0-£49,000 | 55% | 52% | 41% |
| £50,000-£99,000 | 14% | 13% | 12% |
| £100,000-£249,000 | 15% | 15% | 16% |
| £250,000-£499,000 | 6% | 9% | 11% |
| £500,000-£999,000 | 5% | 4% | 7% |
| £1,000,000-£4,999,000 | 4% | 5% | 9% |
| £5,000,000+ | 1% | 1% | 4% |
| Total | 100% | 100% | 100% |

Legal Form

| Legal Form | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
| Company Limited by Guarantee | 45% | 44% | 41% |
| Unincorporated | 23% | 21% | 19% |
| Community Interest Company (CIC) | 10% | 11% | 17% |
| Scottish Charitable Incorporated Organisation (SCIO) | 10% | 12% | 13% |
| Trust | 9% | 8% | 5% |
| Registered Society | 4% | 4% | 6% |
| Total | 100% | 100% | 100% |

Incorporated Social Enterprises

| % of Highlands & Islands SEs 2019 incorporated | % of Highlands & Islands SEs 2021 incorporated | % of all Social Enterprises 2021 incorporated |
|--|--|---|
| - | 70% | 72% |

Charitable Status

| % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of all Social Enterprises 2021 |
|-----------------------------------|-----------------------------------|----------------------------------|
| 77% | 78% | 72% |

3. Geographic Coverage

This section provides details about the geographical spread of social enterprises in Highlands and Islands.

HIE Region

| | Number of Highlands & Islands SEs 2021 | % of Highlands & Islands SEs 2021 |
|-------------------------------|--|-----------------------------------|
| Argyll and the Islands | 267 | 21% |
| Caithness and Sutherland | 131 | 10% |
| Inner Moray Firth | 239 | 19% |
| Lochaber Skye and Wester Ross | 192 | 15% |
| Moray | 148 | 12% |
| Orkney | 72 | 6% |
| Outer Hebrides | 122 | 10% |
| Shetland | 106 | 8% |
| | 1,277 | 100% |

Urban-Rural

Highlands & Islands SEs 2021

| RURAL | | URBAN | |
|------------------------------|--|------------|--|
| 72% | | 28% | |
| Highlands & Islands SEs 2019 | | | |
| 72% | | 28% | |
| All Social Enterprises | | | |
| 33% | | 67% | |

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Large Urban Areas | 0% | 0% | 36% |
| Other Urban Areas | 9% | 9% | 20% |
| Accessible Small Towns | 2% | 2% | 6% |
| Remote Small Towns | 17% | 17% | 6% |
| Accessible Rural | 8% | 8% | 14% |
| Remote Rural | 65% | 65% | 19% |
| SCOTLAND | 100% | 100% | 100% |

Widest geography across which Social Enterprises operate

| Coverage | % of Highlands and Islands SEs 2019 | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|-------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| A Single Neighbourhood or Community | 42% | 39% | 25% |
| A Local Authority Area | 30% | 31% | 30% |
| More than One Local Authority Area | 10% | 10% | 20% |
| Scotland-wide | 5% | 4% | 10% |
| Across the UK | 3% | 4% | 5% |
| Internationally | 11% | 12% | 10% |

N=221

International Activity

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|-----------------------------------|-----------------------------------|----------------------------------|
| Have Exported/Licensed Overseas in Last 12 Months | 8% | 6% | 7% |

N=222

4. Markets

This section shows the markets social enterprises are operating in.

Economic Field

| Economic Field | Number of Highlands and Islands SEs | % of Highlands & Islands SEs 2021 | % of All Social Enterprises |
|------------------------------------|-------------------------------------|-----------------------------------|-----------------------------|
| Community Centres & Halls | 348 | 27% | 17% |
| Property, Energy, Utilities & Land | 146 | 11% | 5% |
| Tourism, Heritage & Festivals | 134 | 10% | 6% |
| Arts & Creative Industries | 107 | 8% | 14% |
| Health & Social Care | 82 | 6% | 13% |
| Early Learning & Childcare | 70 | 5% | 10% |
| Sport & Leisure | 66 | 5% | 6% |
| Retailing | 57 | 4% | 3% |
| Environment & Recycling | 53 | 4% | 3% |
| Transport | 41 | 3% | 2% |
| Information, Consultancy & Support | 40 | 3% | 5% |
| Education, Training & Employment | 37 | 3% | 5% |
| Food, Catering & Hospitality | 26 | 2% | 3% |
| Housing | 24 | 2% | 4% |
| Financial Services | 6 | 0.5% | 2% |
| Other | 40 | 3% | 3% |
| ALL SOCIAL ENTERPRISES | 1,277 | 100% | 100% |

Main Offering

| Offering | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|----------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Mainly Goods | 16% | 16% | 12% |
| Goods and Services Equally | 15% | 16% | 13% |
| Mainly Services | 70% | 68% | 75% |

N=209

Customers

| Customer Group | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|----------------|-----------------------------------|-----------------------------------|----------------------------------|
| Public Sector | 42% | 44% | 50% |
| Private Sector | 34% | 37% | 40% |
| Third Sector | 31% | 40% | 49% |
| General Public | 85% | 87% | 82% |

N=208

Bidding for Public Contracts

| Situation | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises |
|--|-----------------------------------|-----------------------------------|-----------------------------|
| Did Not Bid For Contracts | 85% | 87% | 82% |
| Unsuccessful in Bidding for Contracts | 2% | 2% | 5% |
| Won a Contract Bidding Alone | | 9% | 11% |
| Won a Contract as Part of a Consortium | 12% ¹ | 3 | 4% |

N=180

¹ In 2019 the distinction between alone and as part of a consortium was not made

5. Business Practices

This section reports on the business practices of social enterprises in Highlands and Islands.

Good Governance

Highlands & Islands SEs 2019



| Highlands & Islands SEs 2019 | | | |
|------------------------------|--|-----|-----|
| 8 | | 98% | 83% |
| All Social Enterprises | | | |
| 7 | | 96% | 75% |

N=211/212/230

Inclusive Boards

| DIVERSITY ON BOARDS | % of Directors/ Highlands & Islands SEs 2019 | % of Directors/ Highlands & Islands SEs 2021 | % of Directors/ All Social Enterprises 2021 |
|--|---|---|--|
| Women | 50% | 50% | 55% |
| Non-binary | N/A | 0.3% | 0.8% |
| Black and Minority Ethnic | 1% | 1% | 3% |
| Young People (Aged Under 30 Years) | N/A | 4% | 5% |
| Disability/ Long Term Health Condition | 8% | 6% | 10% |
| LGBTIQ+ | N/A | 1% | 2% |

N=211

At Least Half Directors are Female

| Highlands & Islands SEs 2019 | Highlands & Islands SEs 2021 | All Social Enterprises 2021 |
|---------------------------------|---------------------------------|--------------------------------|
| 57% | 57% | 48% |

N=211

Diverse Leadership

Profile Of Most Senior Staff Member

| | % of Highlands and Islands SEs 2019 | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|---|---|-------------------------------------|
| Female | 67% | 68% | 71% |
| Non-binary | N/A | 0% | 1% |
| BAME | 1% | 1% | 5% |
| Under 30 | N/A | 5% | 4% |
| Has a disability or long-term condition | 10% | 22% | 21% |
| LGBTIQ+ | N/A | 2% | 6% |

N=128-153

Pay Equity

Highlands & Islands SEs 2021

1: 2.1

The average differential between the highest and lowest paid employee

97%

Of social enterprises have a pay differential not exceeding 1:5

| All social enterprises | |
|------------------------|-----|
| 1:2.3 | 97% |

N=118

Real Living Wage

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|-----------------------------------|-----------------------------------|----------------------------------|
| Pay at Least the Real Living Wage in Scotland for All Employees | 76% | 87% | 85% |

N=157

Secure Work

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Make Use of Zero Hours Contracts | 18% | 17% | 14% |

N=157

Inclusive Workforce

| Group | % of Highlands & Islands SEs with no employees from group | % of Highlands & Islands SEs with <50% employees from group | % of Highland and Islands SEs with >50% employees from group | Unknown |
|-----------------------------------|---|---|--|---------|
| Female | 5% | 18% | 77% | 0% |
| Local resident | 1% | 7% | 90% | 1% |
| Previously unemployed | 35% | 36% | 18% | 12% |
| Disability or Long-term Condition | 33% | 44% | 8% | 15% |
| Black and Minority Ethnic | 78% | 11% | 1% | 9% |
| Under 30 years old | 39% | 48% | 13% | 0% |
| Non-binary | 65% | 3% | 1% | 32% |
| LGBTIQ+ | 57% | 9% | 1% | 33% |

N=143-155

Equality and Diversity Data Collection

| Workforce Data Collected % of Respondents | Workforce Data Collected % of Respondents Highlands & Islands | Workforce Data Collected % of Respondents All SEs |
|---|---|---|
| Data on age | 47% | 50% |
| Data on gender | 42% | 47% |
| Data on disability | 31% | 43% |
| Data on ethnicity | 21% | 33% |
| Data on caring responsibilities | 13% | 19% |
| Data on sexual orientation | 8% | 16% |
| Data on religion and belief | 7% | 14% |
| Data on socio-economic background | 1% | 10% |
| None of the above | 36% | 31% |

N=156

Support to Improve Equality and Diversity in Workforce

Most organisations would benefit from some form of training regarding diversity in the workplace. This includes training delivered by external organisations on recruitment and marketing employment opportunities to the right people, collecting and analysing data on diversity in their workforce, and improving the culture of equality and diversity in the organisation.

A number of organisations also reflected that their lack of diversity was reflective of the small communities in which they lived, which are typically less ethnically diverse.

There were also suggestions that the intimate and close-knit nature of communities and work environments made it difficult for people to identify openly about their gender or sexual orientation.

Organisations further acknowledged that financial support and funding would help them to increase their knowledge and resources to promote diversity.

Engaging Employees in Decision-making

| Formal arrangements/ methods of engaging employees in decision making | % of Highland and Island SEs 2021 | % of All Social Enterprises 2021 |
|---|-----------------------------------|----------------------------------|
| 'Open door' policy between employees and leaders | 88% | 82% |
| Staff can submit or present items for Board meetings | 75% | 71% |
| Staff feedback is sought through emails, surveys etc | 54% | 60% |
| Staff representatives on the Board | 35% | 35% |
| Staff engagement forums | 23% | 27% |
| Staff have voting rights on certain matters | 9% | 10% |
| Use of staff council/representative employee groups | 8% | 9% |
| Have a recognition agreement with a trade union | 1% | 5% |
| None of the above | 3% | 2% |

N=156

Flexible Working patterns

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|------------------------------------|--|---|
| Flexitime (flexible working hours) | 69% | 69% |
| Other flexible working patterns | 45% | 45% |
| Job-sharing | 24% | 20% |
| An annualised hours contract | 20% | 21% |
| Term-time working | 13% | 19% |
| On call working | 9% | 7% |
| A four-and-a-half-day week | 6% | 7% |
| A nine-day fortnight | 3% | 3% |
| None of the above | 7% | 7% |

N=157

6. Response to Covid-19 Pandemic

This section reports on the impact of the COVID-19 pandemic on the social enterprise sector in Highlands and Islands.

Influence of COVID-19 Pandemic

| | % of Highlands and Islands SEs | % of All Social Enterprises |
|-----------------|---------------------------------------|------------------------------------|
| Positive impact | 22% | 19% |
| No impact | 7% | 5% |
| Negative impact | 66% | 68% |
| Not sure | 5% | 8% |

N=182

Embracing Digital

| | % of Highlands and Islands SEs using more | % of All Social Enterprises using more |
|----------------------------|--|---|
| Virtual/Video Conferencing | 90% | 91% |
| E-learning | 56% | 65% |
| Remote team working apps | 53% | 62% |
| Website | 52% | 53% |
| Online Marketing | 45% | 51% |
| Cloud computing | 36% | 44% |
| Accounting/HR software | 27% | 30% |
| E-commerce | 27% | 26% |
| CRM system | 10% | 18% |

N=178

Mitigating actions to the Pandemic

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|--|---|
| Adjusting practices to social distancing | 76% | 75% |
| Access government financial support packages | 68% | 65% |
| Changed services to respond | 59% | 67% |
| Temporarily reduced services (e.g. opening hours) | 58% | 52% |
| Temporarily halted service/production | 43% | 45% |
| Move employees to home working | 43% | 50% |
| Sought business advice | 20% | 24% |
| Drew down financial reserves | 12% | 18% |
| Accessed financial loans | 9% | 11% |
| Adjusted supply chains / renegotiated contracts | 5% | 8% |
| Delayed payments to creditors | 1% | 3% |
| Increased bank overdraft | 1% | 1% |

N=181

Impact on Staff and Employees

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|----------------------------------|--|---|
| Reduced hours of temporary staff | 15% | 15% |
| Furloughed employees | 50% | 53% |
| Made employees redundant | 6% | 10% |

N=165

Prospects Next 6 Months

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|--|--|---|
| Continue running as pre-pandemic | 11% | 11% |
| Expect to return to normal | 13% | 13% |
| Expect to continue operating in an adapted way for a while | 55% | 55% |
| Permanently changed how we operate | 17% | 18% |
| Expect to close temporarily | 3% | 2% |
| Expect to shut permanently | 1% | 1% |

N=180

7. Financial Performance

This section provides the financial data for the social enterprise sector in Highlands and Islands.

Share of Sector Income by Source

| Highlands & Islands SEs 2021 | | |
|------------------------------|---------------|--------------|
| Trading Activity | Grant Funding | Other Source |
| 56% | 30% | 14% |
| Highlands & Islands SEs 2019 | | |
| 58% | 23% | 19% |
| All Social Enterprises 2021 | | |
| 69% | 20% | 11% |

Total Income to the Social Enterprise Sector

| Type | Highlands & Islands SEs 2019 | Highlands & Islands SEs 2021 | All Social Enterprises 2021 |
|-----------------------------|------------------------------|------------------------------|-----------------------------|
| Registered Social Landlords | £80.0m | £92.0m | £1,988m |
| Credit Unions | £0.4m | £0.4m | £46m |
| Other Social Enterprises | £239.2m | £255.9m | £2,872m |
| Total | £319.6m | £348.3m | £4,816m |

Two-Year Change in Income at Organisation Level

| Change (2019-21) | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises |
|----------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Income Has Increased | 55% | 53% | 55% |
| Income Has Decreased | 45% | 47% | 45% |

Total Trading Income

| Value of Social Enterprise Activity Highlands & Islands SEs 2019 | Value of Social Enterprise Activity Highlands & Islands SEs 2021 | Value of Social Enterprise Activity All Social Enterprises 2021 |
|--|--|---|
| £185m | £190m | £3,274m |

Total Expenditure of the Social Enterprise Sector

| Type | Total Expenditure Highlands & Islands SEs 2019 | Total Expenditure Highlands & Islands SEs 2021 | Total Expenditure All social enterprises 2021 |
|-----------------------------|--|--|---|
| Registered Social Landlords | £65.4m | £78.4m | £1,742m |
| Credit Unions | £0.4m | £0.4m | £36m |
| Other Social Enterprises | £226.2m | £223.6m | £2,515m |
| Total | £292.0m | £302.4m | £4,293m |

Two-Year Change in Costs at Organisation Level

| Change (2019-21) | % of Highlands & Islands SEs 2021 | % of All Social Enterprises |
|----------------------|-----------------------------------|-----------------------------|
| Costs Have Increased | 55% | 53% |
| Costs Have Decreased | 45% | 47% |

Staff Cost Ratio² of Social Enterprises

| Staff Cost Ratio Highlands & Islands SEs 2019 | Staff Cost Ratio Highlands & Islands SEs 2021 | Staff Cost Ratio All Social Enterprises |
|---|---|---|
| 35.3% | 38.6% | 53.5% |

² 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.

Surplus Generated by the Social Enterprise Sector

| Type | Total Surplus Highlands & Islands SEs 2019 | Total Surplus Highlands & Islands SEs 2021 | Total Surplus All social enterprises 2021 |
|-----------------------------|---|---|--|
| Registered Social Landlords | £14.6m | £13.6m | £247m |
| Credit Unions | £0.0m | £0.0m | £10m |
| Other Social Enterprises | £13.0m | £32.3m | £267m |
| Total | £27.6m | £45.9m | £524m |

Profitability Ratio³ of Typical Social Enterprises

| Profitability Ratio Highlands & Islands SEs 2019 | Profitability Ratio Highlands & Islands SEs 2021 | Profitability Ratio All Social Enterprises |
|--|--|---|
| 5.6% | 12.5% | 9.5% |

Social Enterprises Making a Surplus/Deficit

| Last Financial Year End | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises |
|-------------------------|--------------------------------------|--------------------------------------|--------------------------------|
| Making a Surplus | 55% | 66% | 66% |
| Breaking Even | 0% | 1% | 1% |
| Making a Deficit | 45% | 33% | 32% |

Current Assets and Liabilities of The Sector

| Type | Current Assets 2021 | Current Liabilities 2021 |
|-----------------------------|------------------------|-----------------------------|
| Registered Social Landlords | £51.7 | £36.2m |
| Credit Unions | £5.8m | £6.3m |
| Other Social Enterprises | £193.2m | £53.3m |
| Total | £250.7m | £95.8m |

³ 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.

Current Ratio⁴ of Social Enterprises

| | Highlands & Islands SEs 2019 | Highlands & Islands SEs 2021 | All Social Enterprises 2021 |
|-----------------------------|---------------------------------|---------------------------------|--------------------------------|
| Registered Social Landlords | 0.7 | 1.4 | 1.7 |
| Credit Unions | 1.1 | 0.9 | 1.1 |
| Other Social Enterprises | 3.3 | 3.3 | 2.1 |
| All | 1.7 | 2.5 | 1.7 |

Debt Turnover Ratio⁵ of Typical Social Enterprises

| Debt Turnover Ratio Highlands & Islands SEs 2019 | Debt Turnover Ratio Highlands & Islands SEs 2021 | Debt Turnover Ratio All Social Enterprises |
|--|--|---|
| 52 days | 46 days | 117 days |

Aggregated Balance Sheet for the Sector

| Type | Total Assets 2021 | Total Liabilities 2021 | Net Assets 2021 |
|-----------------------------|----------------------|---------------------------|-----------------|
| Registered Social Landlords | £961.8m | £786.5m | £175.3m |
| Credit Unions | £6.5m | £6.3m | £0.2m |
| Other Social Enterprises | £645.9m | £144.8m | £501.1m |
| Total | £1,614.2m | £937.6m | £676.6m |

⁴ 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.

⁵ The Debt Turnover Ratio provides an indication of how long debtors take to pay their account. The formula is Debtors / Total Income x 365.

Self Sufficiency Ratio⁶ of Social Enterprises

| Self Sufficiency Ratio Highlands & Islands SEs 2019 | Self Sufficiency Ratio Highlands & Islands SEs 2021 | Self Sufficiency Ratio All Social Enterprises 2021 |
|---|---|---|
| 55.2% | 53.3% | 67.3% |

Grants Ratio⁷ of Social Enterprises

| Grants Ratio Highlands & Islands SEs 2019 | Grants Ratio Highlands & Islands SEs 2021 | Grants Ratio All Social Enterprises 2021 |
|--|--|---|
| 26.1% | 36.0% | 26.3% |

Total Unrestricted Reserves of Typical Social Enterprises

| Unrestricted Reserves Highlands & Islands SEs 2019 | Unrestricted Reserves Highlands & Islands SEs 2021 | Unrestricted Reserves All Social Enterprises |
|--|--|---|
| £168m | £220m | £2,310m |

Survival Ratio⁸ of Typical Social Enterprises

| Survival Ratio Highlands & Islands SEs 2019 | Survival Ratio Highlands & Islands SEs 2021 | Survival Ratio All Social Enterprises 2021 |
|--|--|---|
| 36 Weeks | 47 Weeks | 45 Weeks |

⁶ 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 Earned Income / Total Expenditure x 100.

⁷ The Grants Ratio provides an indication of the extent to which social enterprises are making use of grant funding. The formula is Grants / Total Income x 100.

⁸ The Survival Ratio provides an indication of how long social enterprises could survive with no income. The formula is Total Unrestricted Reserves / Total Income.

8. Economic Contribution to Highlands and Islands

This section presents the economic contribution of the social enterprise sector in Highlands and Islands.

Gross Value Added (GVA)

| | | |
|---|---|---|
| £165m | £197m | £ 2.63bn |
| Estimated Gross Value Added to the Highlands and Islands Economy 2019 | Estimated Gross Value Added to the Highlands and Islands Economy 2021 | Gross Value Added to the Scottish Economy |

GVA Breakdown by Economic Field

| Economic Field | GVA 2019 | GVA 2021 |
|------------------------------------|----------------|----------------|
| Health & Social Care | £35.9m | £45.3m |
| Housing | £33.9m | £39.0m |
| Property, Energy, Utilities & Land | £12.0m | £18.8m |
| Environment & Recycling | £12.7m | £13.2m |
| Arts & Creative Industries | £11.4m | £11.8m |
| Sport & Leisure | £11.5m | £10.7m |
| Tourism, Heritage & Festivals | £9.7m | £10.3m |
| Education, Training & Employment | £6.6m | £9.5m |
| Early Learning & Childcare | £6.4m | £8.0m |
| Information, Consultancy & Support | £5.9m | £7.3m |
| Community Centres & Halls | £4.4m | £6.0m |
| Retailing | £3.9m | £4.6m |
| Transport | £2.1m | £3.4m |
| Food, Catering & Hospitality | £4.2m | £2.8m |
| Financial Services | £0.2m | £0.1m |
| Other | £3.7m | £5.8m |
| ALL SOCIAL ENTERPRISES | £164.6m | £196.6m |

Employment

| | | |
|---|---|--|
| 7,294 | 7,228 | 89,970 |
| Full-time Equivalent (FTE) employees in the Highlands and Islands social enterprise sector 2019 | Full-time Equivalent (FTE) employees in the Highlands and Islands social enterprise sector 2021 | Full-time Equivalent (FTE) employees in the social enterprise sector in Scotland |

Employment Breakdown by Economic Field

| Economic Field | Employment 2019 | Employment 2021 |
|------------------------------------|--------------------|--------------------|
| Health & Social Care | 1,932 | 1,878 |
| Housing | 617 | 673 |
| Sport & Leisure | 616 | 629 |
| Property, Energy, Utilities & Land | 386 | 587 |
| Early Learning & Childcare | 590 | 579 |
| Arts & Creative Industries | 512 | 378 |
| Education, Training & Employment | 403 | 377 |
| Tourism, Heritage & Festivals | 466 | 366 |
| Environment & Recycling | 348 | 364 |
| Community Centres & Halls | 491 | 341 |
| Information, Consultancy & Support | 280 | 280 |
| Retailing | 249 | 253 |
| Transport | 118 | 154 |
| Food, Catering & Hospitality | 70 | 88 |
| Financial Services ⁹ | 6 | 0 |
| Other | 210 | 282 |
| ALL SOCIAL ENTERPRISES | 7,294 | 7,228 |

⁹ No data for Financial Services

9. Social Impact

This section presents the social impact of the sector makes on Highlands and Islands.

Main Social and Environmental Objectives Pursued

| | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|--|--|---|
| Enabled communities to be more inclusive, empowered, resilient and safe | 63% | 63% |
| Enabled people to value, enjoy, protect and enhance our environment | 54% | 45% |
| Enabled people to become more healthy and active | 51% | 57% |
| Enabled people to become more educated, skilled and able to contribute to society | 41% | 54% |
| Enabled children and young people to grow up loved, safe and respected | 31% | 42% |
| Enabled creativity, and vibrant and diverse cultures to be expressed and enjoyed | 27% | 31% |
| Enabled thriving and innovative businesses with quality jobs and fair work for everyone | 26% | 24% |
| Enabled poverty to be decreased by sharing opportunities, wealth and power more equally | 23% | 34% |
| Enabled a more globally competitive, entrepreneurial, inclusive and sustainable economy | 20% | 17% |
| Enabled Scotland to be open, connected and make a positive contribution internationally | 17% | 14% |
| Enabled people to respect, protect and fulfil human rights and live free from discrimination | 13% | 22% |

N=192

Beneficiaries

| Reported beneficiaries | Highlands & Islands SEs 2021 | All Social Enterprises 2021 |
|--|------------------------------|-----------------------------|
| People from rural and island communities | 68% | 33% |
| Young people | 52% | 52% |
| Older people | 49% | 42% |
| People experiencing socioeconomic disadvantage | 41% | 55% |
| Individuals with a physical disability / long-term condition | 33% | 35% |
| Individuals with a learning disability | 30% | 36% |
| People with mental illness or mental health problems | 28% | 39% |
| Women and girls | 21% | 29% |
| Carers | 17% | 22% |
| Long-term unemployed | 13% | 27% |
| Alcohol or drug addiction/dependency | 11% | 19% |
| Homeless / coming out of homelessness | 7% | 12% |
| People from minority ethnic backgrounds | 6% | 18% |
| People with convictions | 6% | 12% |
| Refugees and asylum seekers | 5% | 14% |
| Veterans / ex-military | 5% | 8% |
| People identifying as LGBTIQ+ | 4% | 11% |
| Victims of crime | 2% | 6% |

N=189

Change in Number of Beneficiaries last 12 months

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|---------------------|-------------------------------------|----------------------------------|
| Increased | 35% | 39% |
| Little or no change | 27% | 22% |
| Decreased | 28% | 29% |
| Unsure | 10% | 9% |

N=191

Actions Taken to Reduce or Offset Emissions

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|--|--|---|
| Introduced measures to increase recycling | 38% | 46% |
| Introduced measures to reduce energy consumption | 32% | 31% |
| Reduced purchasing of consumables | 28% | 30% |
| Switched to natural, recyclable and recycled materials | 27% | 24% |
| Planted trees or sponsored others to do so | 16% | 13% |
| Plan in place to become net zero | 14% | 9% |
| Switched to energy from renewable sources | 14% | 10% |
| Measured greenhouse gas emissions | 9% | 8% |
| Training for staff on reducing emissions | 9% | 10% |
| Introduced sustainable travel schemes | 8% | 9% |
| Electrified your fleet | 6% | 3% |
| Business travel policy to promote sustainable travel | 5% | 6% |
| None of the above | 18% | 16% |

N=190

Prepared for Net Zero

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|----------------------|--|---|
| Extremely prepared | 5% | 6% |
| Somewhat prepared | 49% | 43% |
| Not so well prepared | 32% | 36% |
| Not at all prepared | 14% | 15% |

N=192

Help Required to Make Transition to Net Zero

| | % of Highlands and Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|--|---|
| Funding for implementing actions | 81% | 73% |
| Information on practical next steps to take | 57% | 58% |
| Technical support from experts | 46% | 39% |
| Peer-to-peer learning and case studies | 26% | 26% |

N=187

Measuring Social Impact

| Extent To Which Organisations Measure Their Social Impact | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|--|--|--|---|
| A Large Extent | 15% | 11% | 19% |
| Some Extent | 49% | 51% | 57% |
| Not Very Much | 24% | 15% | 16% |
| Not at All | 12% | 11% | 8% |

N=193

10. Prospects and Needs

This section provides detail on the prospects and needs of the sector in Highlands and islands.

Economic Climate

| Reported Effect of The Economic Climate Over the Last 12 Months on the Prospects of Social Enterprises | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 |
|--|-----------------------------------|-----------------------------------|
| Positively | 10% | 19% |
| Neither Positively or Negatively | 51% | 33% |
| Negatively | 39% | 47% |

N=183

Business Confidence

| Reported Confidence in Economic Prospects | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|-----------------------------------|-----------------------------------|----------------------------------|
| Much More Confident | N/a | 12% | 13% |
| More Confident | 20% | 38% | 37% |
| As Confident | 47% | 26% | 23% |
| Slightly Less Confident | 33% | 17% | 20% |
| Much Less Confident | N/a | 7% | 8% |

N=179

Business Confidence Index¹⁰

| Highlands & Islands SEs 2021 | All Social Enterprises 2021 | UK Businesses |
|---------------------------------|--------------------------------|---------------|
| 15.9 | 13.2 | 47.0 |

¹⁰ The Social Enterprise Confidence Index calculates confidence as a single score. On a range between +100 (all respondents much more confident about the future) and -100 (all much less confident). This methodology is consistent with the ICAEW UK Business Confidence Monitor, which provides a quarterly snapshot of the sentiment within the wider business community.

Longer Term Changes Expected (12 months)

| | % of Highlands and Islands Respondents Expecting Increase 2021 | % of All Respondents Expecting Increase 2021 |
|---|---|---|
| Total income | 53% | 53% |
| Proportion of income from trading/contracts | 39% | 43% |
| Contracts with the public sector | 10% | 17% |
| Geographic coverage | 19% | 27% |
| Product/service range | 52% | 55% |
| Demand for services | 66% | 70% |
| Operating costs | 74% | 74% |
| Joint working with others | 55% | 58% |
| Reliance on grants | 29% | 28% |
| Total employees | 36% | 40% |
| Digital delivery of activities | 32% | 37% |
| Activity to reduce carbon footprint | 60% | 56% |
| Support for staff wellbeing | 48% | 52% |
| Operational processes | 43% | 50% |

N=158

Types of Finance Applied for in Last 12 Months

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises |
|-------------------------|--|--|------------------------------------|
| A Grant | 70% | 83% | 80% |
| A Loan | 10% | 10% | 12% |
| Leasing/Hire Purchase | 4% | 2% | 2% |
| An Overdraft | 4% | 1% | 1% |
| Community Share Capital | 1% | 1% | 1% |
| Equity Finance | 0% | 1% | 0% |
| None of the Above | 25% | 12% | 17% |

N=182

Barriers to development

| | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|--|---|---|
| Insecure or declining funding | 49% | 59% | 52% |
| Increasing costs | 45% | 56% | 55% |
| Lack of time/capacity to develop trading potential | 45% | 50% | 45% |
| Recruitment and retention difficulties | 20% | 32% | 24% |
| Difficult market/trading conditions | 14% | 29% | 34% |
| Skills gap shortages | 19% | 25% | 24% |
| Public awareness or preconceptions of social enterprise | 12% | 19% | 22% |
| Difficulty complying with regulations or legislation | 12% | 13% | 12% |
| Cashflow difficulties | 16% | 13% | 19% |
| Difficulties securing public contracts / service level agreements | 11% | 12% | 16% |
| Competition within the market | 9% | 11% | 14% |
| Difficulty accessing finance | 17% | 8% | 13% |
| Inadequate business support | 9% | 7% | 11% |

N=155

Support Needs

| Forms of Support That Social Enterprises Might Benefit from in the Next 12 Months | % of Highlands & Islands SEs 2019 | % of Highlands & Islands SEs 2021 | % of All Social Enterprises 2021 |
|---|-----------------------------------|--|----------------------------------|
| Measuring social impact | 31% | 45% | 47% |
| Attracting new and young talent | 33% | 43% | 36% |
| Improving environmental sustainability | 19% | 41% | 41% |
| Researching new opportunities | 30% | 39% | 36% |
| Developing your workforce | 28% | 38% | 40% |
| Collaborating with others to succeed | 30% | 38% | 39% |
| Developing new products or services | 26% | 36% | 36% |
| Developing digital capabilities | 24% | 34% | 34% |
| Developing your market strategy | 32% | 32% | 40% |
| Planning for business change and succession | 21% | 32% | 30% |
| Preparing a business plan for growth | 23% | 31% | 32% |
| Developing leadership capabilities | 16% | 28% | 29% |
| Improving business practices | 17% | 21% | 25% |
| Learning new business skills | 16% | 20% | 20% |
| Finding property solution | 15% | 18% | 17% |
| Finding a business mentor | 11% | 15% | 18% |
| Tendering for public sector contracts | 13% | 11% | 19% |
| Recovering from business difficulties | 4% | 10% | 17% |
| Managing your intellectual property | 8% | 10% | 10% |
| Starting up a new business venture | 8% | 9% | 9% |
| Attracting repayable/loan finance | 6% | 7% | 8% |
| Doing business in international markets | 3% | 6% | 7% |

N=157

Find out more
www.socialvaluelab.org.uk

info@socialvaluelab.org.uk

Call us on **0141 530 1479**



Studio 222, South Block,
60 Osborne Street, Glasgow, G1 5QH.
