

RE-BALANCING THE NORTHERN IRELAND ECONOMY

2019 Report on Social Enterprise



Social Enterprise NI

ACKNOWLEDGEMENTS

This report was written by Stratagem on behalf of Social Enterprise NI. The format closely follows the Social Enterprise UK 2017 *State of Social Enterprise* report, designed and written by Nick Temple.

Economists Baker Tilly Mooney Moore undertook the Economic Impact Assessment.

We would like to thank the organisations who helped disseminate the survey, particularly: Ulster Community Investment Trust (UCIT), UnLtd, Volunteer Now, Northern Ireland Local Government Association (NILGA), Northern Ireland Council for Voluntary Action (NICVA), Strategic Investment Board (SIB), Chief Officers 3rd Sector (CO3), Irish League of Credit Unions, and Northern Ireland Federation of Housing Associations (NIFHA).

And lastly, thanks to the social enterprises who responded to this survey.

PHOTO CREDITS

All photographs were provided by local social enterprises.

Page 18: Arc Healthy Living Centre

Page 25: ArtsEkta

FOREWORD

This report is the first comprehensive survey of the social enterprise sector since 2013. Based on responses from a broad range of organisations, it clearly demonstrates that social enterprise has become a fundamental element of a re-balanced and more plural economy in Northern Ireland.

As this report highlights, the sector makes a significant economic contribution. When combining direct, indirect and induced impacts, it is worth £625 million to the economy. Its employment base has grown from 12,200 in 2013 to 24,860 in 2018; and equivalent growth in turnover has increased from £592.7 million in 2013 to £980 million in 2018. This clearly demonstrates economic growth in the sector in very difficult economic conditions.

Social enterprise represents a major new growth area within the economy, with 44% of the organisations surveyed commencing trade in the last five years and 25% within the last two years. 43% of the organisations surveyed are led by women; a consistent across the social enterprise sector in the UK as a whole.

It is worth noting that 53% of organisations employ half their workforce from their immediate locality. This places the sector as an important vehicle for delivering draft Programme for Government (PfG) outcomes around disadvantage, deprivation, reducing economic inactivity and delivering greater innovation.

This report establishes the growth of social enterprise over the last five years and highlights its distinct social and economic contribution, making the case as to why the Government should invest in its continued growth.

"It reinforces that social enterprises are real businesses, but their overriding social purpose ensures that they do business differently, making a real and lasting difference to peoples' lives."

As Northern Ireland moves towards a more plural re-balancing of its economy, there remains a missing piece in our economic jigsaw. We need an economic model that values social impact as an equivalent to price and quality.

To achieve this, we need to align Northern Ireland with the other regions of the UK by introducing a Social Value Act, putting a statutory duty on the public sector to demonstrate and maximise the social impact of its spending priorities.



John McMullan
Chair, Social Enterprise NI

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1.0 RECOMMENDATIONS

The survey conducted to inform this report is the first undertaken in the sector since 2013. There has been much political and economic change in the intervening period, not least austerity, the UK's decision to exit the EU, and the absence of a functioning Northern Ireland Assembly and Executive.

Despite these challenges, the sector continues to show resilience with significant growth in the last six years. Social enterprises are operating across every industry sector and exert a significant positive impact on the economy with £GVA. They are also delivering on government objectives on well-being and tackling disadvantage.

While primarily locally-focused, there is an appetite for growth and expansion, however organisations require support to enable this. Below are some recommendations based on our reading of the survey data and engagement with organisations within the sector.

1) DEFINITION OF SOCIAL ENTERPRISES

While in the field, feedback to this survey revealed confusion over the definition of a social enterprise in terms of legal structure and how they receive and generate money, particularly among those organisations who are both charities and engage in trading activity.

This however is an issue that is commonly found in other countries, and not just in the UK or Republic of Ireland.

“We are a charity, a social enterprise, and an enterprise agency. They are not mutually exclusive. For us to pick one skews the results of the survey.” (Anon response from our engagement with a social enterprise providing mentoring services).

Recommendation: Future surveys of the sector should seek to account for and capture the complexity of the structure of organisations, including those who have not commenced trading activities and require support to do so.

2) SIZE AND CHARACTERISTICS OF SECTOR

There is no central directory of social enterprises in operation across Northern Ireland nor is there any consistent approach across councils in collecting data and reporting on the level of social enterprise activity in each authority.

Recommendation: Mandatory duty for councils, government departments and other agencies to collect data and monitor the number of social enterprises and report to Social Enterprise NI. This should be aligned with NISRA's Annual Business Inquiry giving social enterprises parity with the business sector.

3) SOCIAL VALUE IN PUBLIC SECTOR PROCUREMENT

Northern Ireland is the only part of the UK with no legislative requirement to deliver social value through the procurement of public services or goods. Commissioners and procurement professionals have the power but no duty to include social value as scored elements of the assessment criteria.

Recommendation: Develop a draft Social Value Act for Northern Ireland building on the revised legislation emerging in England and Wales and Scottish equivalent.

Recommendation: In the absence of a Northern Ireland Assembly and a Social Value Act, the Department of Finance and Central Procurement Directorate (CPD) should ensure social value forms a substantive scored element of all procurement exercises.

Recommendation: An innovative Intelligent Commissioning Model underpinned by a new Commissioning Academy to invest in new commissioner skills.

4) INCREASING INCOME FROM TRADE

Social Enterprise NI have been very proactive in promoting the work of their members, increasing awareness of their business and seeking to encourage others outside and inside the sector to include social enterprises in their supply chains.

Despite this, the proportion of social enterprises generating over three quarters of income from trade is lower than that recorded for the UK as a whole, while one in five earn under 25%.

Recommendation: Strategic planning and management training programmes to maximise the capacity of organisations to grow, access external markets, and become strong and equal trading partners to private businesses.

Recommendation: Marketing, mentoring and advocacy support that increases awareness of social enterprises together with economic policy and a regulatory landscape that promotes the sector.

Recommendation: Social Enterprise NI should look to increase international engagement and work with others across the world to address this issue of how we refer to and define social enterprises.

5) AGE PROFILE OF LEADERSHIP

The sector is primarily led by those aged between 45 and 64 with only 2% of those surveyed aged 24 or under.

Recommendation: Social Enterprise NI should continue to develop relationships with local schools, universities and colleges along with organisations such as Young Enterprise NI.

2.0 KEY FINDINGS

ECONOMIC CONTRIBUTION: Taking into account direct, indirect and induced impacts, the social enterprise sector is worth £625 million to the economy, supports 24,860 jobs, and generates £581 million in wages annually.

DELIVERING FOR DRAFT PROGRAMME FOR GOVERNMENT (PfG): A quarter of social enterprises surveyed are based in the 50 most deprived areas, with a third in the top 100. This demonstrates how social enterprises are uniquely placed to deliver outcomes in areas including tackling disadvantage, social deprivation, reducing economic inactivity as well as increasing innovation.

SOCIAL ENTERPRISE DIRECTORY: There is a pressing need for collaboration between Social Enterprise NI and councils, government departments and other agencies to improve current reporting practices and create a directory of organisations operating across Northern Ireland.

COMMERCIALLY RESILIENT: Three quarters of organisations made a profit in the last financial year while 13% broke even. 61% saw an increase in turnover in the last 12 months compared to the previous year.

FEMALE ENTREPRENEURSHIP: 43% of organisations surveyed are led by women which is consistent with the UK average for the social enterprise sector.

SOCIAL ENTERPRISE INTER-TRADING: About a third of organisations have other social enterprises as part of their supply chain.

SOCIAL START-UPS: Four in 10 organisations surveyed commenced trading activities in the past five years, with 25% established in the last two years.

LOCALLY FOCUSED: Local communities are the single biggest beneficiary of social enterprise activity while 53% of those surveyed employ half of their workforce from the immediate local area.

SELLING TO THE PUBLIC: The most common source of income for social enterprises is trading activity.

BARRIERS AND PRESSURES: Uncertainty around the UK's exit from the EU, finance, and reduced funding are the top three barriers to sustainability and growth.

ENABLERS: Marketing, tendering and procurement skills, and business and strategic planning were cited as the three most important types of support required by social enterprises.

3.0 INTRODUCTION

The 2019 *Re-balancing the Northern Ireland Economy* report presents the findings of surveys conducted with 100 individual organisations, representing a total of 189 social enterprises, taking into account that many of those organisations surveyed have multiple enterprises. It is the first survey of the sector since 2013.

The Government defines social enterprises as:

'businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.'

The last survey of social enterprise activity was undertaken in 2013 as part of a review of the entire third sector by the Department of Enterprise, Trade and Investment (DETI, now the Department for the Economy) and the Department for Social Development (DSD, now the Department for Communities).

Analysis of data belonging to 153 social enterprises in 2013 found that while there were a small number of large organisations, the majority were small scale, limited in their capacity, undercapitalised and highly grant reliant.

Since then, the political landscape has changed significantly. The Northern Ireland Assembly and Executive have not met since January 2017. And while political uncertainty is not unusual, there are high levels of frustration at the

lack of decision-making and its impact across sectors. Together with the UK's decision to exit the the EU, there is much political and trading uncertainty.

For many years the social enterprise sector has called for a Social Value Act to ensure that social value is included in public procurement and commissioning. This call has intensified recently and in early 2017, the Procurement Board, chaired by the Minister of Finance, gave its approval for a Social Value Bill.

In the current political context, work has been able to continue on preparing for future legislation in the form of pre-consultation, however progress is slow.

In a more positive light, social enterprises have been enjoying additional support from the Department of the Economy through the creation in 2013 of Social Enterprise NI. Six years into operation, it is supporting the sector through a number of initiatives and programmes and is at the forefront of working for a Social Value Act.

Against this background, this report provides a snapshot of the current state of the sector including estimations of its size, scale, and the economic and social contribution of social enterprises.

The report also identifies what changes have taken place since 2013, and assesses the potential for organisations to grow into larger social enterprises with export potential.

The report closely follows the structure and style of previous reports undertaken by Social Enterprise UK in 2011, 2013, 2015 and 2017. These reports based their analysis of the performance and contribution of social enterprises around the following four areas:

SCALE AND SCOPE: This section looks at the types of social enterprises, the proportion of start-up and well-established organisations, where they are located, the industry sector they operate in, their scale by turnover and economic impact.

MARKETS AND MONEY: This section looks at how social enterprises are performing as businesses in different markets, where their income comes from, and whether they are growing and profitable.

PEOPLE AND PURPOSE: This section identifies what groups social enterprises seek to employ and support, who leads them, and the social change they are driving.

BARRIERS AND ENABLERS: This section looks at the key factors which act as barriers to achieving social enterprise objectives and what type of support is needed.

4.0 METHODOLOGY

The 2019 *Re-balancing the Northern Ireland Economy* report was commissioned by Social Enterprise NI. A total of 100 individual organisations responded to the survey, representing 189 social enterprises.

4.1 METHODOLOGICAL APPROACH

Drawing on Stratagem's knowledge of the sector, along with the networks available to Social Enterprise NI, a database was compiled in the period before the survey went live.

The contact collection phase provided a sample size of 843 organisations. This sample was not exhaustive and was based on the information obtained from official government sources and networks including:

- Social Enterprise NI membership list;
- Directories and social enterprise programme membership lists provided by Economic Development Officers in a number of local councils;
- Database of credit unions in Northern Ireland;
- Northern Ireland Federation of Housing Associations (NIHFA) membership list.

4.2 REPORT AND SURVEY LIMITATIONS

Efforts to compile an exhaustive list of all social enterprises in operation in Northern Ireland proved difficult. This was due to the absence of a central database and consistent reporting mechanisms in each of the councils. The introduction of

on the sector as a whole is based

General Data Protection Regulation (GDPR) in May 2018 impacted on the sharing of data and access to data during the survey window.

As the recommendations in section 1 make clear, there is a need for a statutory duty on local councils, government departments and agencies in the collection of data relating to the number and size of social enterprises in operation in each of the 11 local councils.

4.3 SURVEY DESIGN

The online survey, sent out by Social Enterprise NI to each organisation, consisted of 44 questions.

As one objective of this report was to identify changes and trends in the sector over the previous 5 years, the survey was designed within certain parameters. We included a substantial number of questions from the previous survey of the sector in 2013 to enable comparative analysis.

Following consultation with the Board of Social Enterprise NI:

- Additional questions were added to inform the Economic Impact Assessment of the sector;

- Respondents were asked questions included in the Social Enterprise UK 2017 State of Social Enterprise survey to obtain a deeper insight of the sector and bring findings into line with the UK as a whole.

4.4 RESPONSE RATE

Our survey of social enterprises was live from Wednesday 9 May until Friday 8 June 2018. Out of a sample size of 843 organisations, we received 100 detailed responses, equating to a response rate of twelve per cent which is well within normal parameters.

Given how the survey revealed that the majority of social enterprises are small and micro in size, it is reasonable to assert that end of year financial returns and introduction of GDPR will have had some impact on the response rate.

A number of steps were taken to increase the response rate including:

- Circulation of survey link by partner organisations who encouraged membership to complete survey;
- Extensive promotion by partner organisations on social media;
- Survey link sent to MLAs who sit on the All Party Group (APG) on Social Enterprise;
- Survey link sent to all local councillors to promote in their council areas via Democratic Services department;
- Engagement with organisations at the Social Souk event commissioned by Belfast City Council and delivered by

the social enterprise Work West;

- Targeted follow-up calls and emails by Stratagem and Social Enterprise NI.

4.5 REPORTING

The Economic Impact Assessment (contained in section 5) is based on responses to the survey scaled up to reflect the 843 organisations identified in the the scoping phase, and calculated using input-output tables and multipliers provided by the Department for Economy and analysis by economists Baker Tilly Mooney Moore.

Analysis is based on the 100 responses to the survey unless stated otherwise. In some instances, respondents chose not to answer certain questions or exited the survey before completion.

Comparisons are made throughout this report with previous surveys in 2013 by DETI/DSD and the 2017 Social Enterprise UK survey that looked at the UK as a whole. We acknowledge that certain caveats exist which consequently make like for like comparisons difficult.

Notwithstanding this, comparisons with both surveys enable us to identify broad trends and patterns within the sector.

5.0 SCALE AND SCOPE

This section presents findings on the landscape of social enterprise in Northern Ireland: their economic contribution, how well established they are, the proportion of new start-ups, their locations, the scale of their turnovers, the types of community in which they work and the economic sectors in which they trade.

5.1 WHAT IS THE ECONOMIC CONTRIBUTION OF SOCIAL ENTERPRISES?

The social enterprise sector exerts a significant positive impact on the Northern Ireland economy.

The direct benefits along with the total contribution of the sector is set out in figure 1 below. Direct economic impact accounts for jobs, wages, turnover and Gross Value Added (GVA).

Additional indirect and induced benefits are also produced through the

procurement of goods, products and services from suppliers in other sectors. Wages spent by those employed in the sector also generate further (induced) rounds of economic activity.

Taken together, we estimate that the sector has significantly grown over the last six years. In 2013, DETI and DSD estimated the sector as having an annual turnover of £592.7 million and employing a total of 12,200 people (summarised in figure 2).

FIGURE 1: ECONOMIC CONTRIBUTION OF SOCIAL ENTERPRISE SECTOR

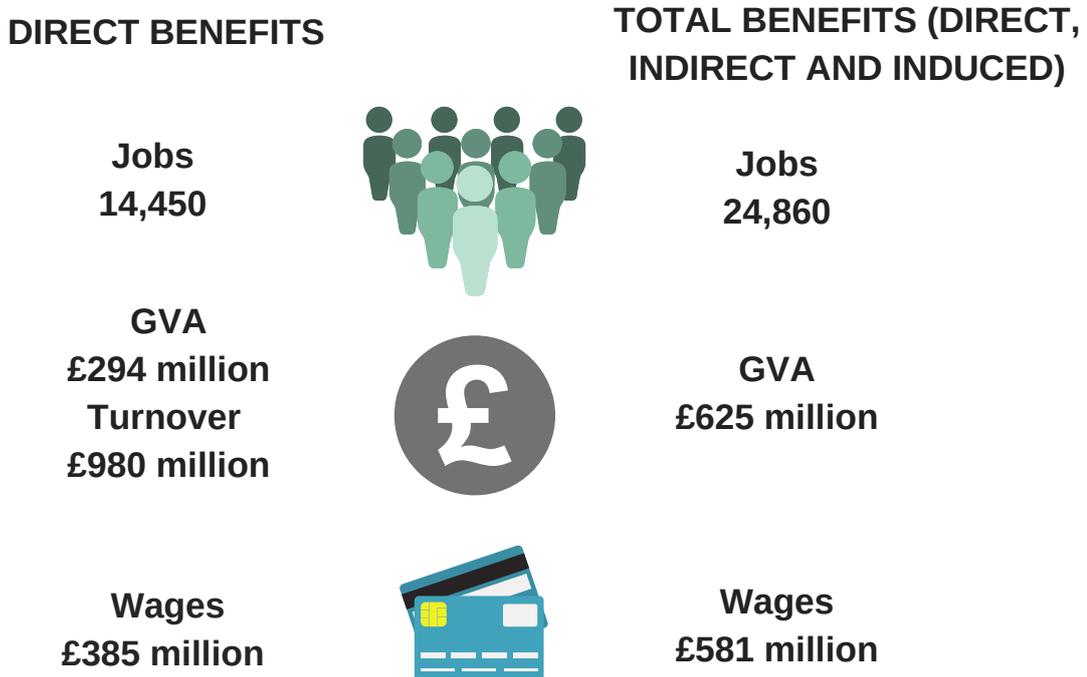


FIGURE 2: SUMMARY TABLE OF ESTIMATED SIZE OF SECTOR IN 2013 AND 2018

	2013	2018
Organisations	473	843
Employees	12,200	24,860
Turnover (£ million)	592.7	980

Anecdotal evidence suggests the level of volunteering has decreased since 2013 as social enterprises have moved towards a more business-focused model. This area is complex however, with volunteers still playing an important role within many social enterprises in areas including governance, and requires further research in future surveys of the sector.

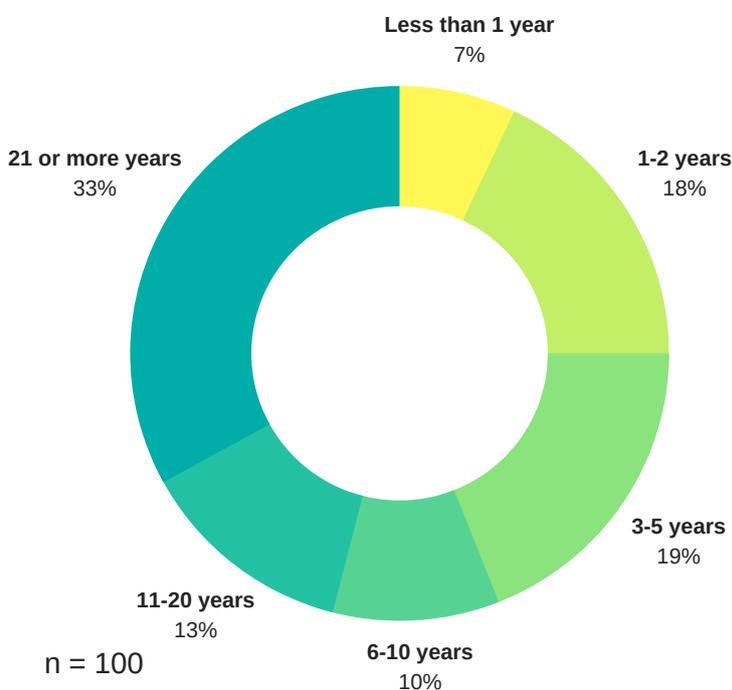
5.2 HOW WELL ESTABLISHED ARE SOCIAL ENTERPRISES?

Our survey results show there has been a steady wave of start-ups since 2013 with 44% of organisations commencing trading activities in the last five years.

Organisations under five years old constitute the largest group, with 23% in the 6-20 age bracket and 33% in operation 21 years or longer. The proportion of start-ups is similar to that recorded in the 2017 Social Enterprise UK survey which reported that 39% of organisations were under five years old.

One possible explanation behind the start-up wave is the support now offered by Social Enterprise NI and social enterprise programmes run by some local councils. Of those organisations that sought support in the previous 12 months, 70% engaged with Social Enterprise NI, 65% with local councils, with a smaller proportion seeking assistance from Invest NI, Enterprise NI, local enterprise agencies and former Social Enterprise Hubs.

FIGURE 3: ORGANISATIONAL AGE OF SOCIAL ENTERPRISES



Although not comparing the same sets of data, the indications are that the period since 2013 has seen a greater increase in social enterprise start-ups than in the five years before 2013. Figures released by the Community Interest Company (CIC) Regulator seem to substantiate this. The number of CICs in Northern Ireland has more than doubled from 129 in 2014 to 305 in 2018.

The number of organisations that have consolidated their position, developed additional enterprises, ceased trading activities or merged since 2013 is unknown. In 2013, a sizeable proportion of organisations indicated a willingness to merge if it meant being able to grow or expand.

5.3 HOW BIG ARE SOCIAL ENTERPRISES?

We asked respondents to state their turnover for the 2017-18 financial year as a means of identifying their size. The results, set out in figure 4 below, show that just over a third (34%) of those surveyed have a turnover of £99,999 or less.

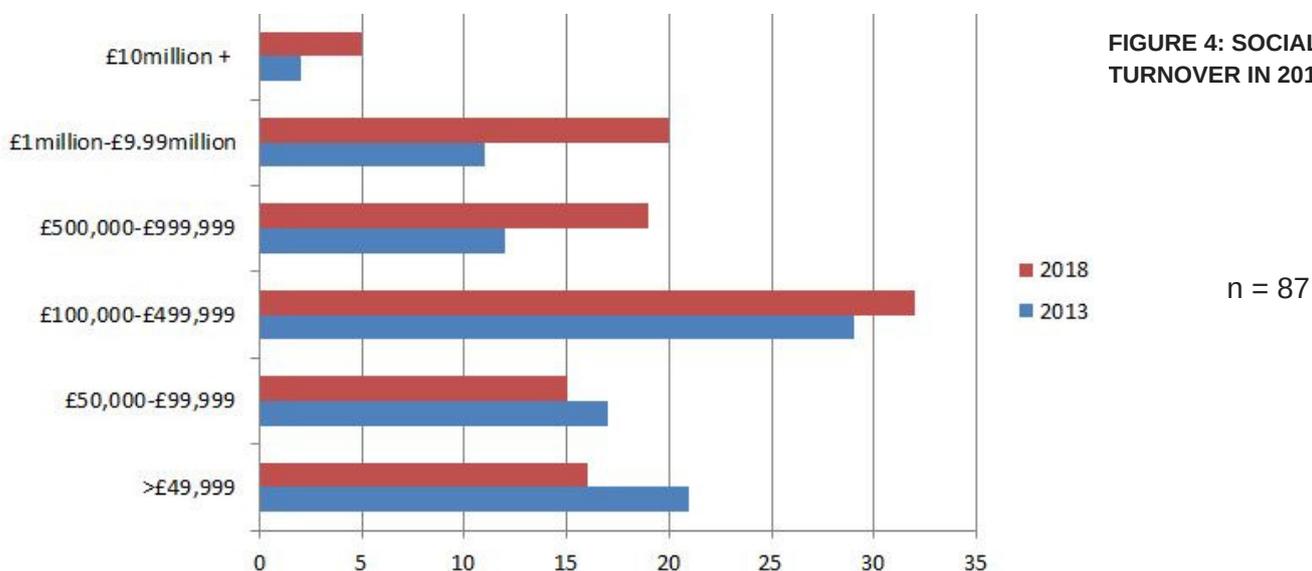
This is consistent with the 36% figure recorded in 2013 demonstrating that

social enterprises are still more likely to be small and micro-sized businesses.

A further 30% of organisations have a turnover between £100,000 and £499,999 (32% in 2013) and 12% have a turnover between £500,000 and £999,999 (19% in 2013).

Where we do see an increase is in the number of organisations operating at scale. 24% reported a turnover of £1 million or greater compared to 13% in 2013.

Turnover is closely linked with organisational age. All organisations surveyed with a turnover of £49,999 or less are under five years old while four in five organisations with a turnover of £1 million or more are over 11 years of age.

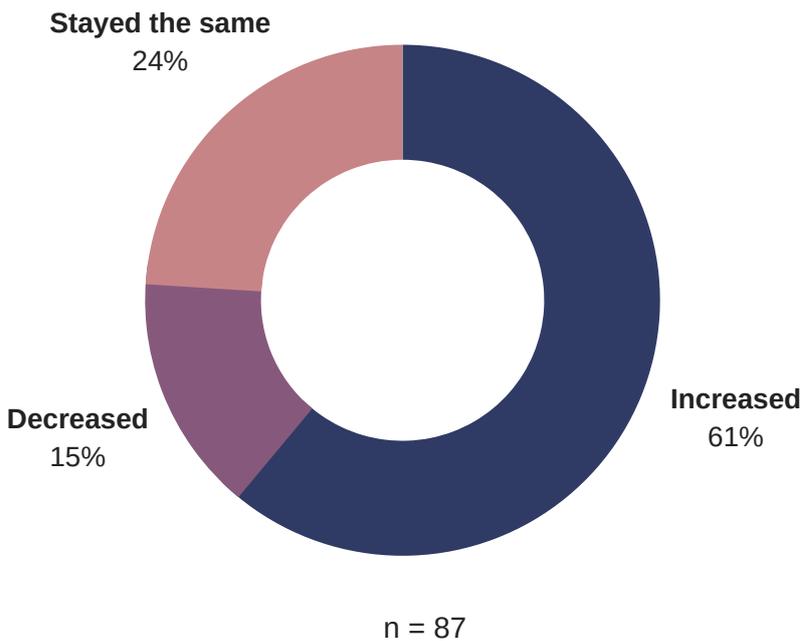


5.4 ARE SOCIAL ENTERPRISES GROWING?

61% of those surveyed reported an increase in turnover in the last 12 months compared to the previous financial year while three quarters made a profit in the last financial year.

Despite new and existing challenges to sustainability and growth (explored later), the social enterprise sector continues to be resilient. Optimism remains high, with just over three quarters of those surveyed expecting their profit to increase in the next 2-3 years.

FIGURE 5: CHANGES IN TURNOVER IN LAST 12 MONTHS COMPARED TO PREVIOUS YEAR



5.5 SOCIAL ENTERPRISES ON THE FRONTLINE

Using data from the 2017 Northern Ireland Multiple Deprivation Measure, we mapped the locations of social enterprises onto the 890 Super Output Areas (SOAs) as a way of understanding the particular areas and communities they aim to benefit.

A quarter of organisations surveyed are operating and undertaking trading activities in the top 50 most deprived SOAs, with a third in the top 100.

This data demonstrates that social enterprises are uniquely placed to deliver on draft PfG indicators contained in 2018-19 Outcomes Delivery Plan around disadvantage and deprivation.

5.6 THE SECTORS THAT SOCIAL ENTERPRISES OPERATE IN

Social enterprises operate and undertake trading activity in almost every industry sector in Northern Ireland. They are therefore well placed to drive social and environmental change as well as fueling economic growth.

In our survey, respondents were able to select multiple responses as a means of capturing the diversity of work and trading activity undertaken by social enterprises across multiple sectors.

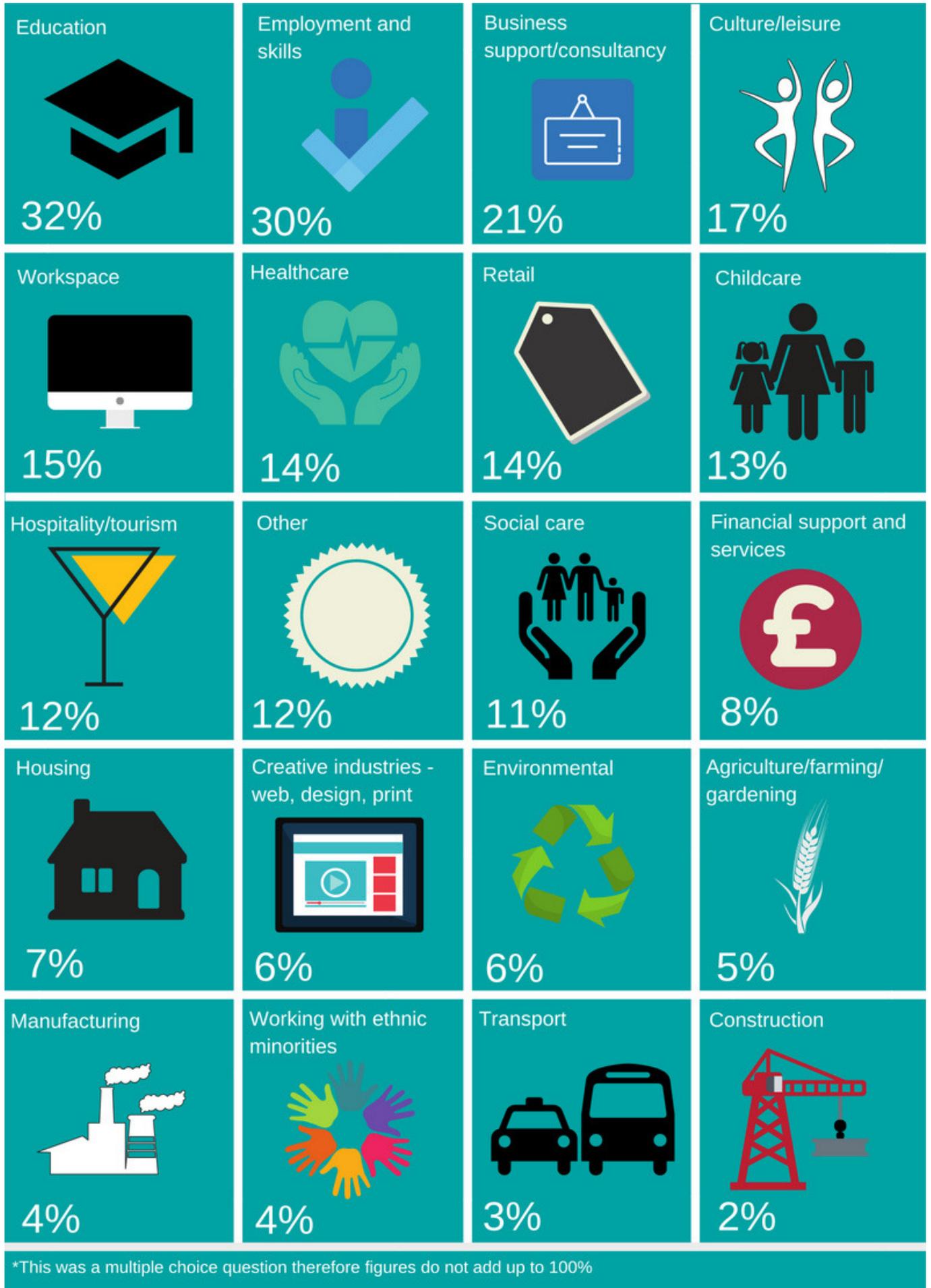
Figure 6 overleaf illustrates that social enterprise activity is most concentrated in service industries like education, employment and skills, and business support and consultancy. When combined, the provision of health and social care also constitutes a significant area of social enterprise activity.

It is somewhat difficult to make direct comparisons with the 2013 survey, partly because the broad sector of 'community' was identified as the largest area of social enterprise activity.

Nevertheless, the indications are that increased numbers of social enterprises are now operating in health care, social care, and education.

Importantly, there has been a significant increase in social enterprise retail activity. This trend is in line with the UK as a whole, indicating a diversification of income away from the public sector.

FIGURE 6: PRINCIPLE TRADING AREAS OF SOCIAL ENTERPRISES



5.7 WHERE ARE SOCIAL ENTERPRISES LOCATED?

As shown in figure 7 below, over half of those organisations surveyed are located in Belfast, with a smaller number in counties Antrim, Armagh and Derry/Londonderry.

The proportion of organisations in Belfast has increased from 35% in 2013 to 53 % in 2018. This confirms that social enterprise activity is predominantly concentrated in urban centres, the north-east and north-west, with the number of organisations significantly lower in the west (Fermanagh and Tyrone) and east (Down).

FIGURE 7: LOCATION OF SOCIAL ENTERPRISES IN NORTHERN IRELAND

Location	Social enterprises (%)
Belfast	53%
Antrim	16%
Armagh	11%
Derry/Londonderry	13%
Down	3%
Fermanagh	1%
Tyrone	3%

n =100



CASE STUDY: ARC Healthy Living Centre

ARC Healthy Living Centre is a social enterprise that aims to promote and improve well-being by bringing together a partnership of community health activities and services. Since opening its doors in 2001 in Irvinestown, Co. Fermanagh, the centre has been at the forefront of empowering local people to improve their lifestyles, health and life expectancy. It now operates across several sites in Fermanagh. Services include:

- Increasing educational attainment;
- Mother and baby programmes;
- Improving the ability of young people to cope with the impacts of anti-social behaviour and low self-esteem;
- Community pharmacy service, smoking cessation, sexual health services, drug and alcohol education and treatment services.

ARC was named Northern Ireland Health & Social Care Social Enterprise of the Year in 2015 and received the Queen's Award for Voluntary Service in 2018. CEO Jenny Irvine believes that a strong Board of Directors, focus, having people who believe that change is possible, together with a bit of luck, have contributed to the success of ARC.

"Having people involved who believe that change is possible is fundamental for the success of social enterprises." - Jenny Irvine

As an organisation operating in a border area, ARC is acutely aware of the potential impact of the UK's exit from the EU. In addition to difficulties in cross-border recruitment, a substantial proportion of ARC's part-time and volunteer staff are dependent on the agri-food sector as their main source of income which now faces an uncertain future. The continued absence of an Assembly and Executive also means there is little opportunity for organisations like ARC to advocate for changes in health and social care policy.

ARC's objectives are based around the notion that the limited resources available to rural areas means that they must be creative and solve local problems. The centre is currently looking at ways to harness grass cuttings and slurry to satisfy renewable energy needs.

<http://www.archlc.com>



@ARCHLCLTD1

6.0 MARKETS AND MONEY

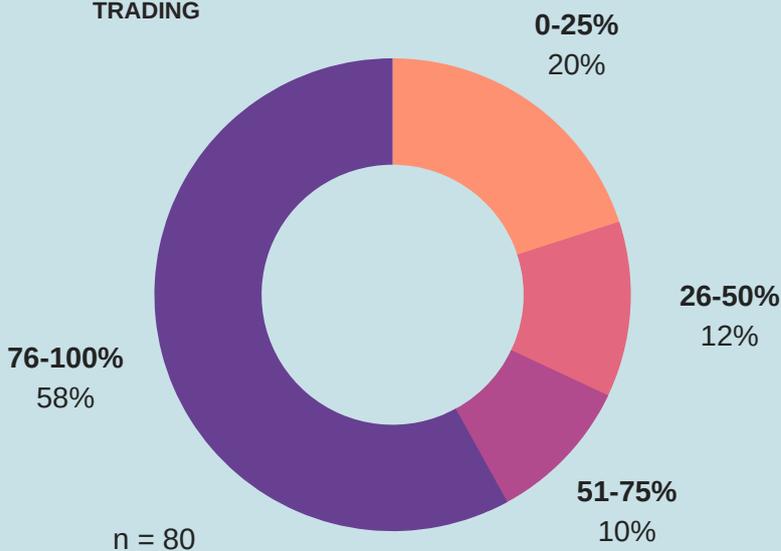
What differentiates social enterprises from traditional charitable models is that they generate income through trading. This section looks at how social enterprises are performing in the markets in which they operate, their profitability and strategies for growth.

6.1 PROPORTION FROM TRADE

We asked respondents what proportion of their total annual income comes from trade rather than from government and EU grants or donations.

The results show that 58% of organisations surveyed earn between 76% and 100% of their income from trade. This is lower than the 74% figure recorded in the Social Enterprise UK survey. One in five organisations surveyed generate less than 25% of their income through trade.

FIGURE 8: PROPORTION OF INCOME EARNED THROUGH TRADING



The Social Enterprise UK survey considered organisations earning less than 25% of their income through trade as too small and did not collect data from them in their 2017 survey.

The 2013 DETI/DSD survey found that the sector as a whole was heavily reliant on grants. And although almost 70% of those surveyed this time earn over half of their income through trading, grant dependence still continues to hinder the ability of organisations to become self-sustainable and be seen as equal trading partners to the private sector.

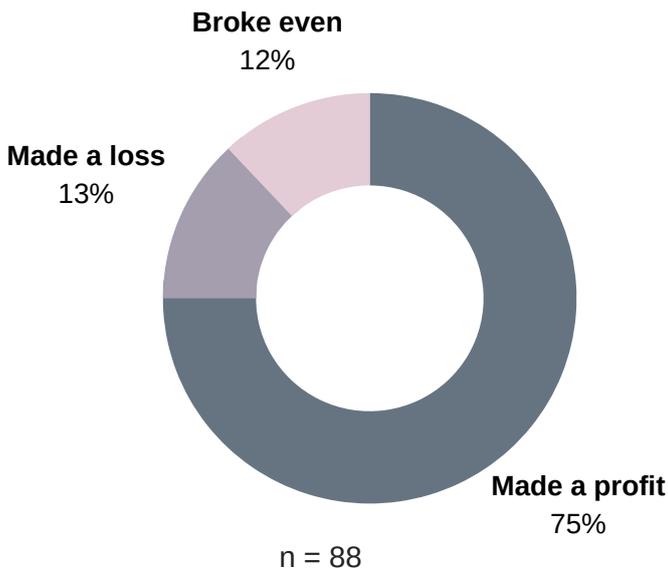
6.2 ARE SOCIAL ENTERPRISES PROFITABLE?

When asked if their organisation had made a profit, made a loss or broke even in the last financial year, three quarters of those surveyed said they made a profit. 12% broke even and 13% made a loss.

The proportion of profitable social enterprises has risen since 2013 when 68% of organisations saw an increase in profit in the previous financial year (2010-11) with 32% seeing no profit.

Of those profitable organisations, just over half (51%) reported their profit as being below £19,999. 28% made a profit of between £20,000 and £99,999, 6% between £100,000 and £249,999, and 15% over £250,000.

FIGURE 9: PROFITABILITY OF SOCIAL ENTERPRISES IN 2017-18 FINANCIAL YEAR

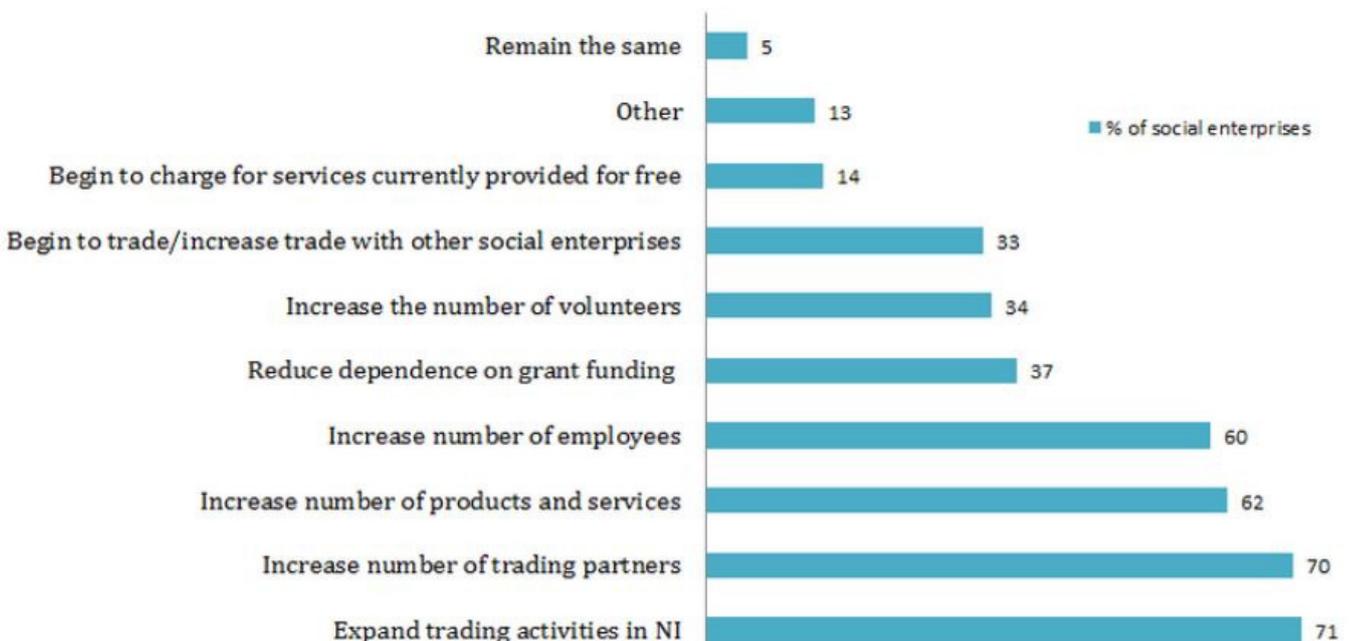


6.3 SUSTAINABILITY AND GROWTH

As shown in sections 5.4 and 6.2, 61% of those surveyed reported an increase in turnover in the last 12 months, with three quarters experiencing a profit.

Our survey also sought to establish what actions organisations were thinking of exploring in the next 12 months.

FIGURE 10: FUTURE PLANS FOR SOCIAL ENTERPRISES



n = 79

Figure 10 below illustrates that nearly all organisations have future plans aimed at ensuring sustainability and/or growth, with only a small number of organisations planning to remain the same.

The five most common measures social enterprises are currently planning to take remain exactly the same as in 2013, the only exception being that reducing dependence on grant funding now ranks higher than increasing the number of volunteers, albeit only marginally.

For those organisations who said they wished to grow, attracting new customers, developing and launching new products, and expanding into new geographic areas were identified as the top three ways of achieving this.

7.0 PEOPLE AND PURPOSE

This section looks inside social enterprises in Northern Ireland, at the people who run them, who and how they employ, and at the difference they are trying to make.

7.1 LEADERSHIP PROFILE

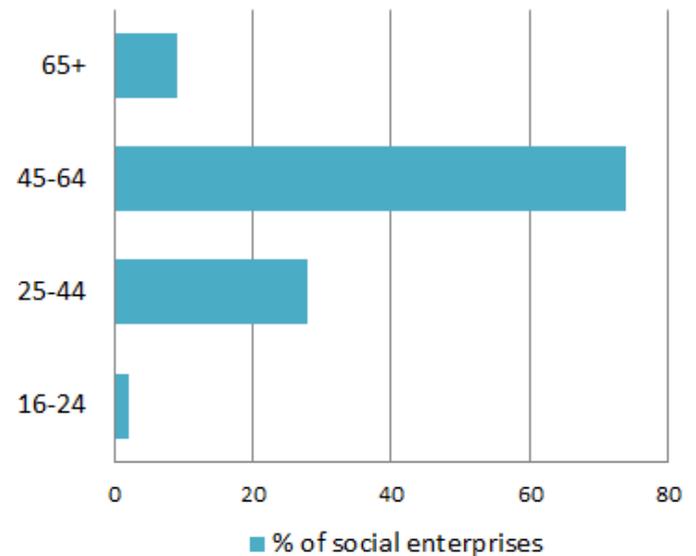
Our survey found that 43% of organisations are led by women and 57% men. Female entrepreneurship is consistent with the UK as a whole, with the 2017 Social Enterprise UK survey finding that 41% of social enterprises were led by women and 59% by men.

In Northern Ireland, social enterprises with between 50 and 99 employees are much more likely to be led by women, although this significantly decreases for organisations with more than 100 employees, and again for those with more than 250 employees.

The age profile of social enterprise leadership, set out in figure 11, shows that just 2% are aged under 24 while 9% are over 65. Almost three quarters of leaders are aged between 45 and 64 while just over a quarter are aged between 25 and 44. As this question was multiple choice, allowing respondents to select more than one leadership age category, responses do not add up to 100%.

Again, these figures are broadly the same as the UK as a whole. The 2017 Social Enterprise UK survey found that the vast majority of social enterprise leaders are aged either between 25 and 44 (25%) or 45 and 64 (58%).

FIGURE 11: AGE OF SOCIAL ENTERPRISE LEADERSHIP



n = 92

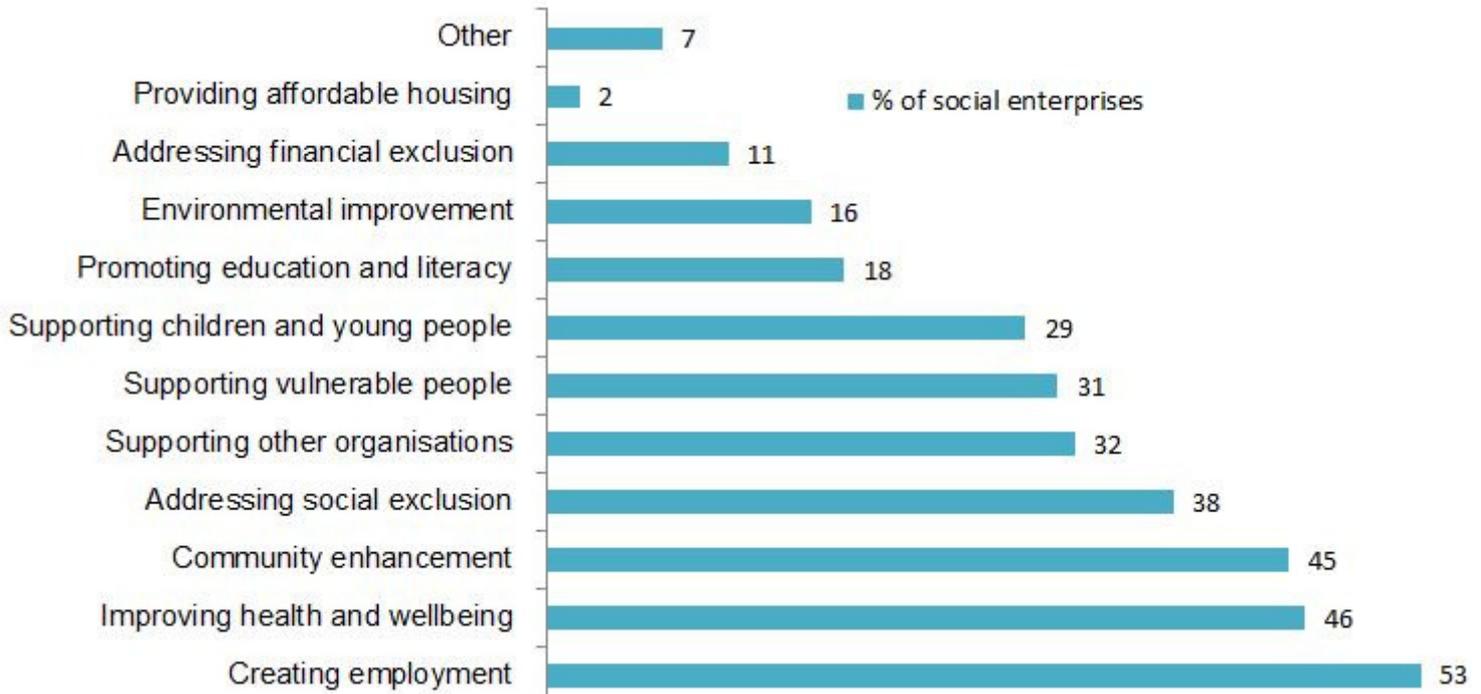
7.2 SOCIAL OBJECTIVES

Social enterprises are businesses that seek to change society for the better, reinvesting or donating their profit to create positive social change. Our survey allowed organisations to select multiple responses as a way of capturing how some seek to achieve more than one social or environmental purpose.

'Creating employment opportunities' ranked highest (53%) as a social purpose, closely followed by 'improving health and well-being' (46%) and 'enhancing 'communities and areas where people live by providing local services' (45%).

The frontline position of social enterprises is reinforced by the fact that approximately a third of organisations

FIGURE 12: SOCIAL ENTERPRISE OBJECTIVES



n = 100

seek to combat social exclusion, help vulnerable people, and support other similar organisations.

These findings support those of previous surveys, with the 2013 survey of the sector identifying ‘helping people into employment’ and ‘community enhancement’ as the largest categories of social enterprise objectives.

7.3 BENEFICIARIES OF SOCIAL ENTERPRISES

The local and on-the-ground importance of social enterprises is demonstrated in the identification of the ‘local community’ as the single biggest beneficiary of their activity. This remains unchanged from five years ago (78% in 2013 and 65% in 2018).

The results also show that in fulfilling this community role, social enterprises work with multiple groups including women, children, people on low incomes, people

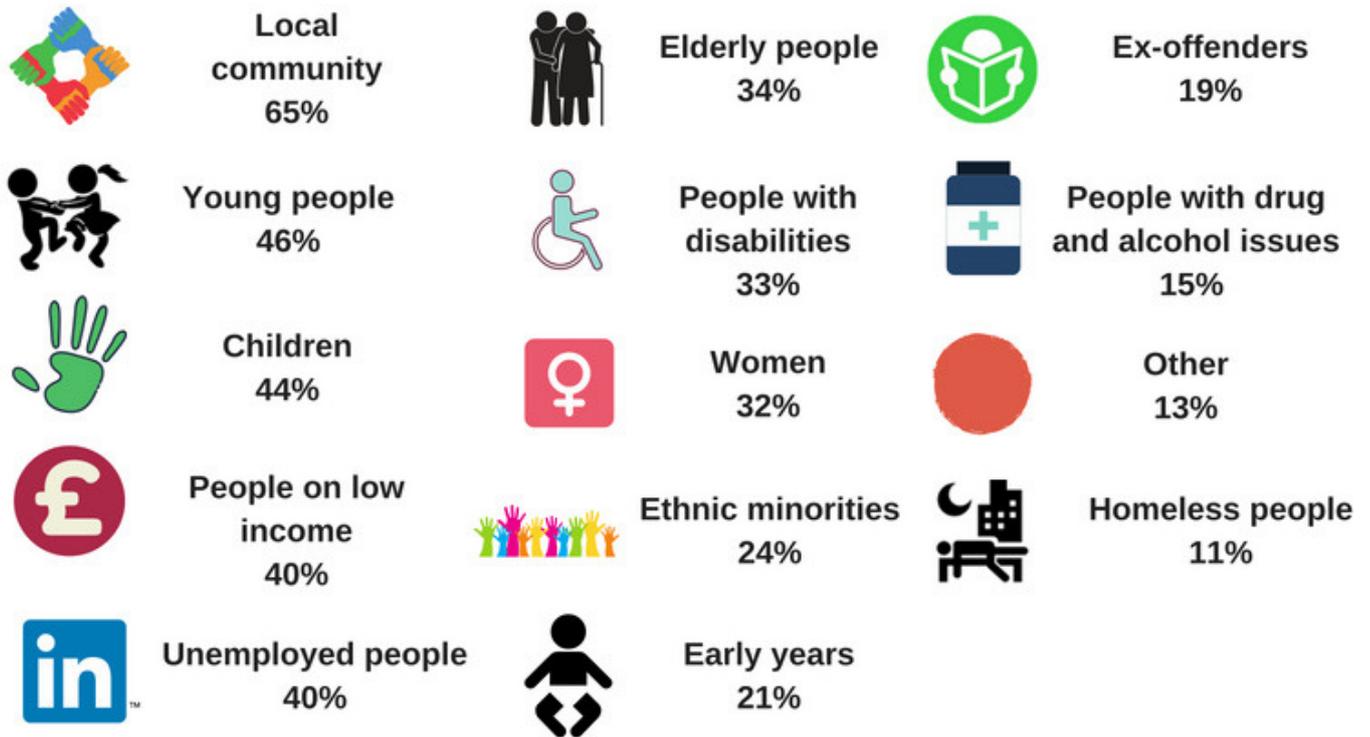
with disabilities, those seeking employment, and elderly people. Importantly, many organisations have multiple beneficiaries.

7.4 MEASURING SOCIAL IMPACT

While we did carry out an Economic Impact Assessment for this report, we did not attempt to quantify the social or environmental impact of social enterprises. We did however ask organisations if they took steps to measure their impact.

Over half (57%) measure their social impact to some extent and 17% to a great extent. 20% reported doing very little while 6% said they take no action at all. The methods used to measure impact vary widely, the most common being the collection of feedback through surveys and questionnaires. Tools such as Social Return on Investment (SROI) and Social Value Framework are used less frequently.

FIGURE 13: SOCIAL ENTERPRISE BENEFICIARIES



n = 100

7.5 SOCIAL ENTERPRISES AS EMPLOYERS

Local focus: Social enterprises are focused on local issues and also remain committed to recruiting locally. A third of all organisations surveyed said 76-100% of employees are drawn from within a five mile radius. A further 20% said that 51-75% of their workforce was local. Taken together, these two figures show that for 53% of social enterprises, half of their workforce live in the immediate local area.

Employment and job creation:

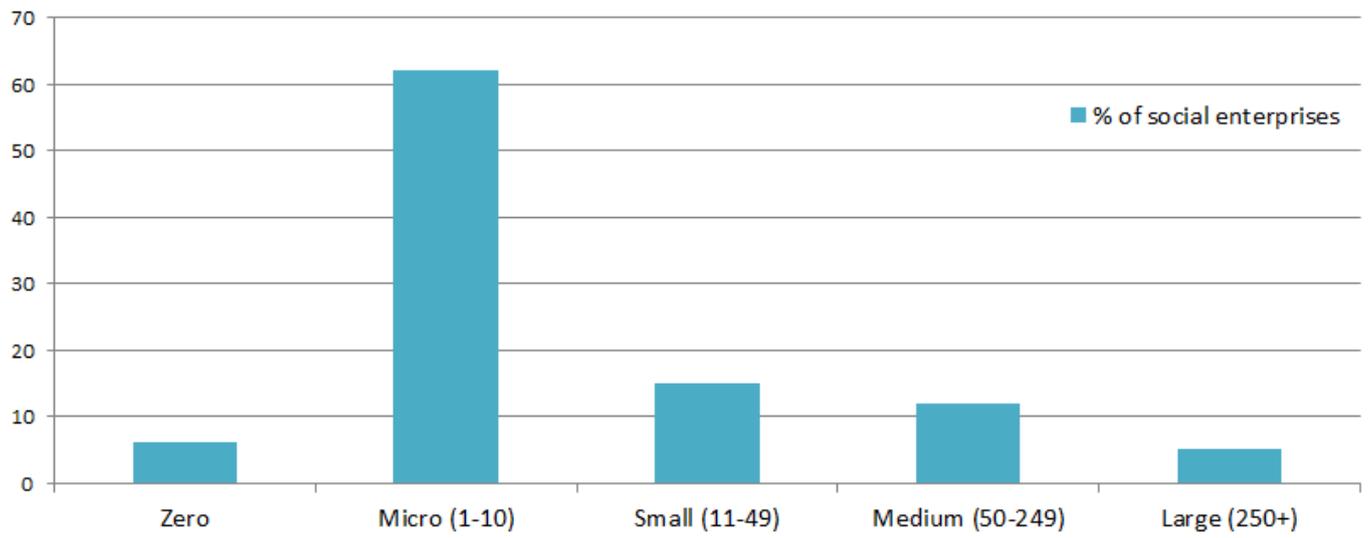
We asked social enterprises how many staff they employed. As figure 14 illustrates, over two thirds (68%) are operating on a microscale (10 employees or less), 15% on a small scale, 12% of a medium scale, while only 5% are large social enterprises with 250 employees or more.

The number of social enterprises operating at a micro scale in Northern Ireland remains consistent with the 71% figure recorded in 2013 and also the 68% figure from the 2017 Social Enterprise UK survey.

Plans to recruit: When asked about their organisation’s future plans, over half (57%) said they planned to increase the number of employees while a third indicated they would increase the number of volunteers.

In terms of the actual number of paid employees, the vast majority of organisations were planning on adding between one and four employees, reflecting the reality that a majority of social enterprises are either micro or small in size.

FIGURE 14: SOCIAL ENTERPRISE SIZE BY NUMBER OF EMPLOYEES



n = 100



CASE STUDY: ArtsEkta

ArtsEkta is a Belfast-based social enterprise dedicated to developing intercultural relationships and creating an inclusive and tolerant society in Northern Ireland and beyond, with 'Ekta' meaning 'uniting' in the Indian language.

The social enterprise was founded in 2006 by Nisha Tandon following her discovery of a critical absence of engagement with ethnic art in the arts and education sectors. The organisation delivers an innovative mix of programmes, using arts as the medium to address social issues such as racism, prejudice, conflict and discrimination.

ArtsEkta has received several awards in recognition of its work, including best community group at the 2017 NI Diversity and Equality Awards and best Festival at the 2017 NI Hospitality Awards.

Working with a committed team of freelance artists hailing from around the globe, and harnessing the power of culture and heritage, initiatives include:

- Working with asylum seekers and

refugees to improve emotional health and social well-being;

- Workshops in schools exploring cultural identity, global citizenship and consumption.

In addition, ArtsEkta organises and delivers the annual Belfast Mela (coming from the Sanskrit word for 'meeting'). It is the largest celebration of cultural diversity on the island of Ireland. The festival showcases identity through a unique programme of music, dance, food and visual arts.

Like other organisations represented in this report, ArtsEkta has suffered a reduction in government grant funding, particularly as a result of the cuts to the Minority Ethnic Development Fund (MEDF). This has impacted on their strategic planning for the future and presents a threat to sustainability and growth.

Despite these pressures, the organisation is currently in the planning phase of acquiring new premises in a means of increasing accessibility.

8.0 BARRIERS AND ENABLERS

This section explores the barriers and enablers for social enterprises in Northern Ireland, namely what factors help and hinder them achieve their social and commercial objectives.

8.1 BARRIERS

Our survey asked respondents to select the main barriers they faced to sustainability and growth. Access to finance was identified as the most significant, closely followed by reduced government funding and uncertainty around the UK's exit from the EU.

46% of respondents cited access to finance as a pain point. Although this figure is down on the 68% reported in 2013, it is broadly consistent with the UK as a whole. The 2017 Social Enterprise UK survey reported that access to finance was a barrier for 42% of organisations.

It is clear that austerity measures introduced in the last number of years continue to impact the sector in terms of a reduction in funding. When viewed

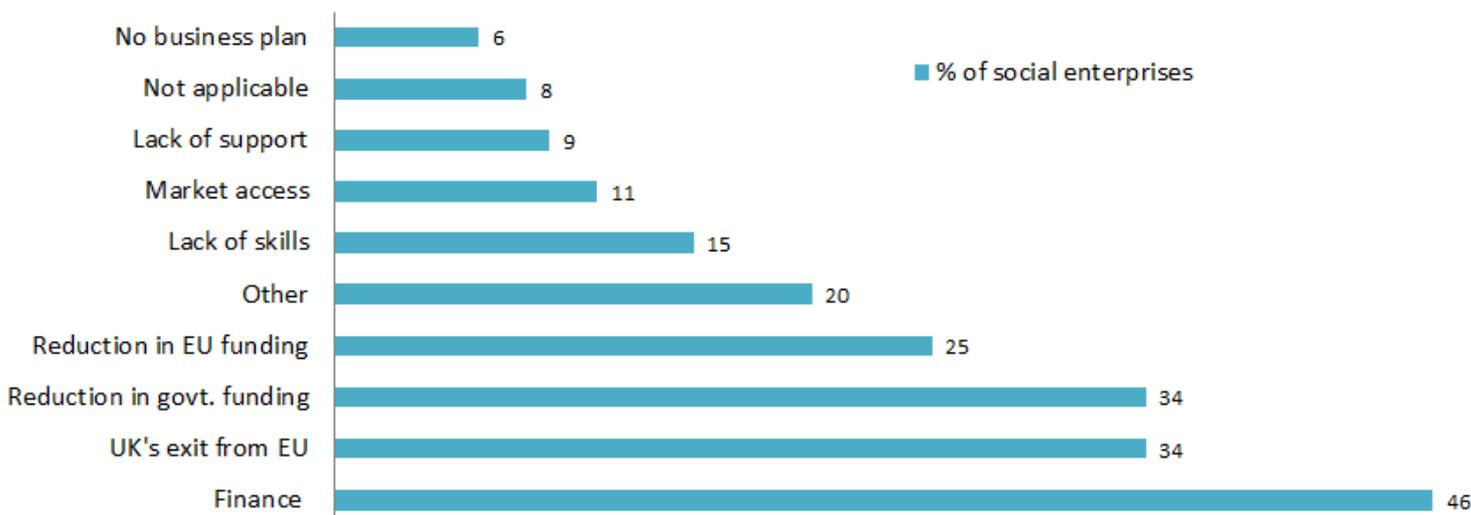
together with uncertainty around the UK's exit from the EU and the continued absence of an Assembly and Executive, social enterprises face significant challenges.

Indeed, in the Spring 2019 survey of third sector leaders undertaken by Ulster Bank and CO3, 75% of respondents said they believe political instability in Northern Ireland will worsen over the year ahead with 81% expecting the economy to deteriorate over the same period.

8.2 FINANCE AND SOCIAL ENTERPRISE

Given that access to finance is identified as a significant barrier, 63% of organisations surveyed said they applied for finance in the past 12 months.

FIGURE 15: SOCIAL ENTERPRISE BARRIERS



The majority (70%) of organisations that sought external finance applied for a grant illustrating the reliance on grant funding that is still present within the sector. A loan was the second most common form of finance applied for.

The purchase/refurbishment of property or equipment was identified as the single biggest purpose of external finance followed by development capital and working capital.

8.3 ENABLERS

In addition to identifying barriers, we also asked what types of support social enterprises needed to ensure sustainability and/or drive growth. This was a multiple-choice question with organisations able to choose more than one enabler. Unsurprisingly, marketing, tendering and procurement skills, and business and strategic planning were cited as the three most important types of support required.

Marketing: Almost 40% of social enterprises said they required marketing support. When combined with public relations and mentoring, it is clear there is significant need to help organisations maximise their reach, particularly as the general public constitutes the main market for social enterprise products alongside the public and private sectors.

Tendering and procurement skills: It remains the case that many social enterprises lack the skills to successfully transition from being majority grant-reliant to generating more income through trading activities. As a consequence, they may not be seen as equal trading partners by the business community.

Business and strategic planning: Many of those organisations within the predominant small and micro-sized cohort lack the resources and skills to develop business plans and increase turnover and profit.

FIGURE 16: SOCIAL ENTERPRISE ENABLERS



n = 79

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Social Enterprise NI is the representative body for social enterprises and social entrepreneurs across Northern Ireland.

We create a space in which all players, irrespective of size or experience, have their voice heard and can learn from one another. We also provide opportunities for collaboration between social enterprises and the public and private sectors. Our activities support all levels, from startups and community groups at the beginning of their social enterprise journey, to more experienced social enterprises.

Together, we aspire to achieve an environment where society profits and social enterprises excel at addressing and meeting community needs.

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