



**Mapping Edinburgh's  
social enterprise sector in 2015**

**EDINBURGH**  
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**Social**  
**Enterprise**  
**Network**  
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# FOREWORD FROM ESEN'S CHAIR

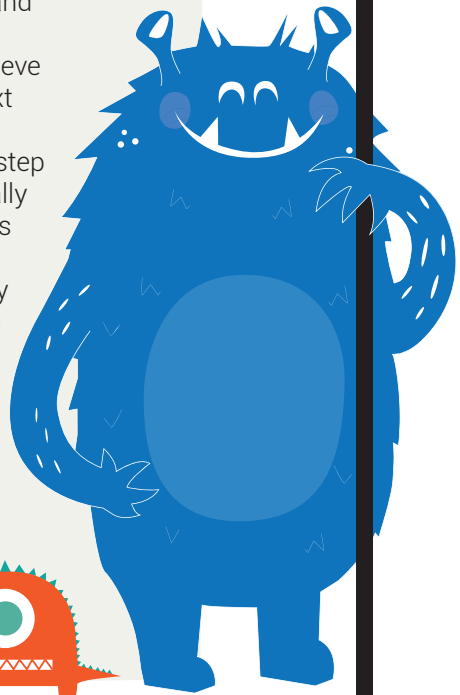
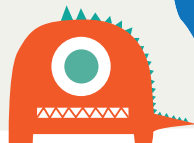
Over the last two years we've seen social enterprise slowly and steadily becoming the vehicle of choice for effecting real change in society and community. As a result of the work of the city's social enterprises and ESEN, the Business Gateway and City of Edinburgh Council Economic Development team, more and more people in Edinburgh are both finding out about social enterprise and making the choice to get involved. New social entrepreneurs are coming from a variety of sources from universities, schools and colleges through to former sole traders wanting to operate their business with an ethical purpose at its very heart.

There are huge challenges ahead. With the City of Edinburgh Council budget cuts looming it is clear that things cannot remain the same and if we want our city to flourish we will need to look at a different way to achieve this. I personally see that over the next few years there will be significant opportunities for social enterprise to step in and fill some of the gaps and actually as a result of the evolution that occurs the end result may be better services, stronger communities and a better city for all and especially those who are on the fringes of society.

*Emma*

Emma Galloway  
Chair  
ESEN

**BUY  
THE  
GOOD  
STUFF**



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## KEY FINDINGS

There are at least 200 social enterprises in Edinburgh, up from 120 in 2013

Almost 8000 people are involved in the running of social enterprises in the city, of which 1220 are staff, 650 are trainees and over 6,000 are volunteers

The sector has a turnover of £120 million a year, up from £44 million in 2013

94% of the sector's income is generated from trading, up from 75% in 2015

Consumers are the main market for 58% of social enterprises up from 41% in 2013

27% of responding social enterprises are trading arms or projects of larger organisations, down from 40% in 2013

# INTRODUCTION

This report is a follow up to ESEN's 2013 report '[Social Enterprise in Edinburgh: People, Profit and Place](#)'. In 2013, ESEN measured the size and scale of the social enterprise in Edinburgh for the first time and this second report sets out how the sector has developed and grown over the past two years.

The data in the report is based on survey responses from 56 social enterprises and turnover data for an additional 24 organisations. See page 18 for further information on the methodology used.



# DEFINING SOCIAL ENTERPRISE

This study places the size of the social enterprise sector in Edinburgh at a minimum of 200 social enterprises. As with ESEN's 2013 study, we have only counted organisations that meet the Social Enterprise Code and that have engaged with ESEN as social enterprises or that have defined themselves as a social enterprise.

The Code criteria are:

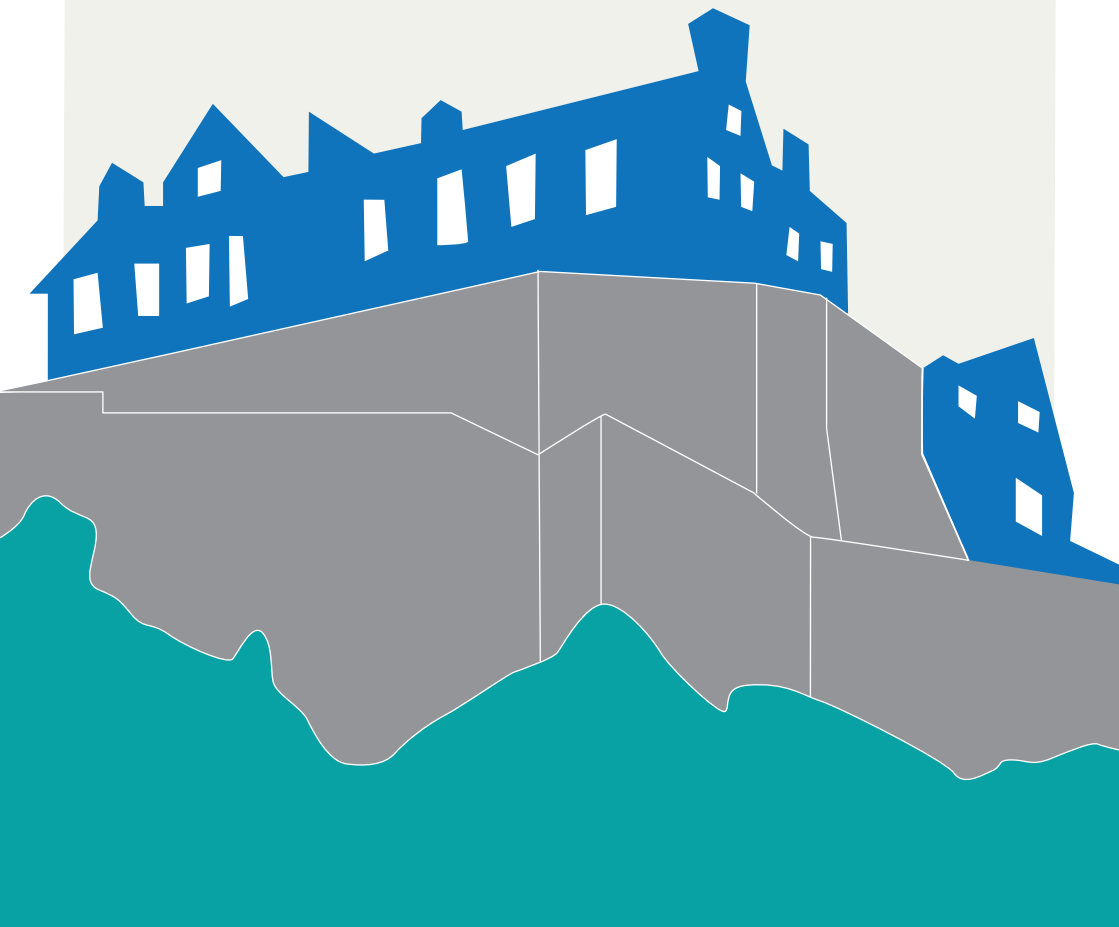
- A social enterprise (SE) is a business trading in the marketplace – selling goods and services – but whose primary objective is to achieve social and/or environmental benefit.
- Regardless of its legal form, the constitution of a SE will include the requirement that profits are reinvested in the business or in the beneficiary community – and not distributed to owners/shareholders/investors.
- The constitution will always require that on dissolution, the assets of the SE are reinvested in another organisation with similar aims and objectives. Taken together Criteria 2 and 3 are referred to as the 'asset lock' – the defining characteristic of a SE – which distinguishes it from the private sector.
- SEs are different from those charities and voluntary organisations which do not aspire to financial independence through trading.
- SEs are distinct from the public sector and cannot be the subsidiary of a public body.

Some other social enterprise studies in Scotland measure all organisations that meet the criteria of Social Enterprise Code. ESEN has opted not to go down this route because it would count organisations that may not define themselves as social enterprises and that may be undertaking a small amount of trading. ESEN's business is to support social enterprises, which is why we have only measured those organisations that define themselves as such.



# EDINBURGH SOCIAL ENTERPRISE NETWORK

Edinburgh Social Enterprise Network (ESEN) is the membership network for social enterprises in Edinburgh. Established in 2005, the network now has 105 members and a further 100 social enterprises on its books. ESEN provides a range of services to social enterprises including: one-to-one support, networking, information and signposting, promotion and representation. It is a partner in Edinburgh's Third Sector Interface. Further information can be found on ESEN's web site: [www.edinburghsocialenterprise.co.uk](http://www.edinburghsocialenterprise.co.uk).





# SOCIAL ENTERPRISES IN EDINBURGH

Edinburgh is known for the strength and vibrancy of its social enterprises. The sector in the city is hugely diverse with social enterprises selling at least 40 different types of product and service.

Social enterprises in Edinburgh make a huge difference to their communities, society and the environment. The impacts they create include: building community capacity, creating opportunities for people to access jobs, training opportunities, the arts, sport, technology and wellbeing services; promoting health equality; the promotion of sustainability and environmental awareness; helping people to move out of homelessness; encouraging entrepreneurial spirit and social innovation and creating opportunities for people with disabilities.



# Social Enterprise Strategy for Edinburgh

Edinburgh is two years in to delivering its ambitious Social Enterprise Strategy (2013 – 2018): Enabling Enterprise. The Strategy, which draws support from a wide range of partner and support organisations, is coordinated by the Social Enterprise Strategy Implementation Group. This Group is a sub-group of the Edinburgh Compact Partnership.

The Social Enterprise Strategy for Edinburgh has five strategic outcomes:

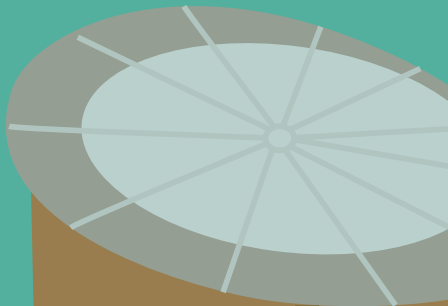
- Edinburgh's social enterprise sector grows and becomes more resilient
- The social value of public services is maximised and profiled
- Engagement by social enterprises with users and customers is enhanced
- The social and economic impact of Edinburgh's social enterprise sector is understood and recognised
- Access to social enterprise education increases in schools and in further and higher education

Some of the key achievements of the Strategy have been:

- The Buy the Good stuff marketing campaign promoting social enterprises to consumers
- The creation of a Social Enterprise Adviser post with the Edinburgh Business Gateway
- The running of Social in the Square, Scotland's first social enterprise festival
- Initiatives to raise awareness of social enterprises amongst businesses including the running of social enterprise markets at the Royal Bank of Scotland's headquarters and social enterprises being invited to speak at the Business Gateway's monthly Growth Club events



**BUY  
THE  
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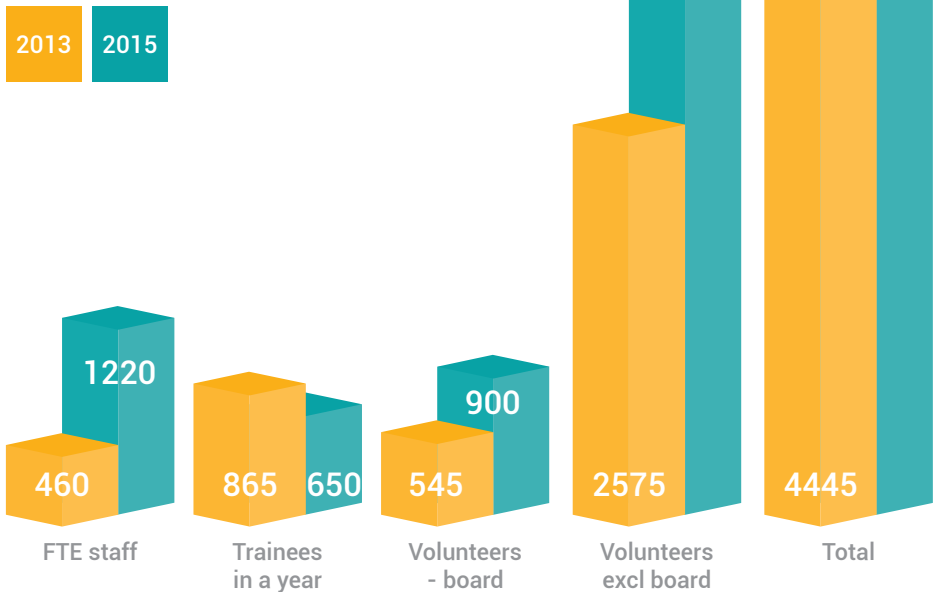


**SOCIAL ENTERPRISES  
IN EDINBURGH**

# THE PEOPLE MAKING IT HAPPEN

Respondents were asked to provide information on the number of people involved in running their social enterprise, namely full-time equivalent (FTE) staff, trainees and volunteers. As can be seen, the numbers of staff and volunteers have significantly increased over the past two years. In fact, the number of people employed in the sector has almost trebled while volunteer numbers have doubled. The only figure that has fallen since 2013 is the number trainee places and the reasons for this will require further investigation.

Over 80% of social enterprises have volunteers both on their Board and involved in the day-to-day business of running the social enterprise.



# A BOOMING INDUSTRY

The total turnover for the sector has almost trebled in the past two years from under £44 million to £121 million. This is down to a growth in the number of social enterprises and in their average turnover.

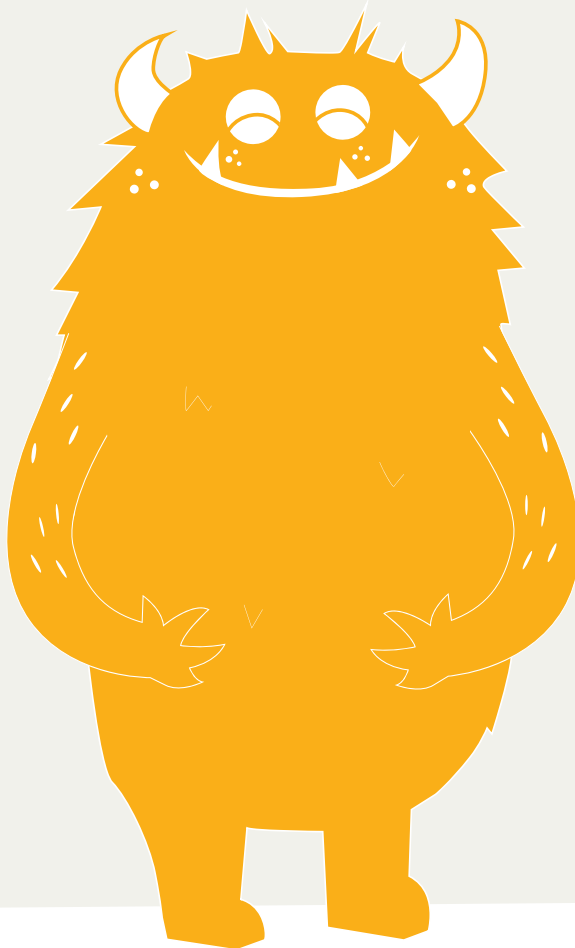
£44.7 million

2012/13

£121 million

2014/15

Turnover

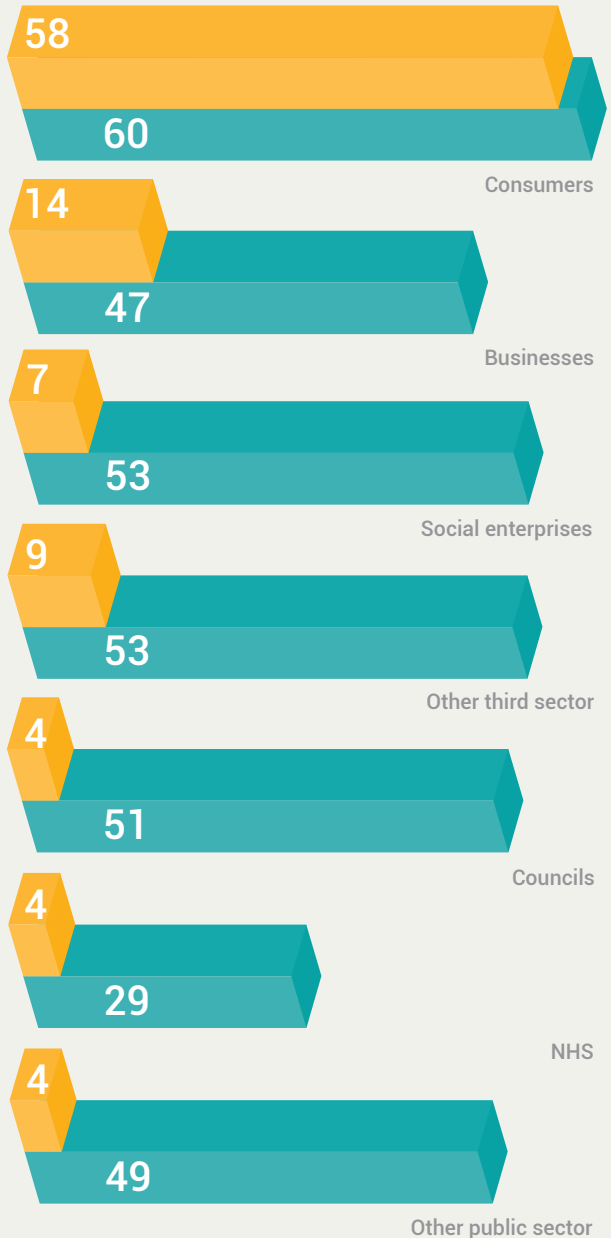




# A SHIFTING CUSTOMER BASE

Social enterprises sell to a wide range of customers including consumers, the public sector, businesses and other social enterprises and third sector organisations. Historically the public sector was one of the most significant markets for social enterprises, but as the sector has matured there has been a shift towards selling to consumers. In 2013, Edinburgh already had a particularly proportion of social enterprises that sold primarily to consumers and this shift has continued.

■ This is our main market (%)  
■ This is one of our markets (%)

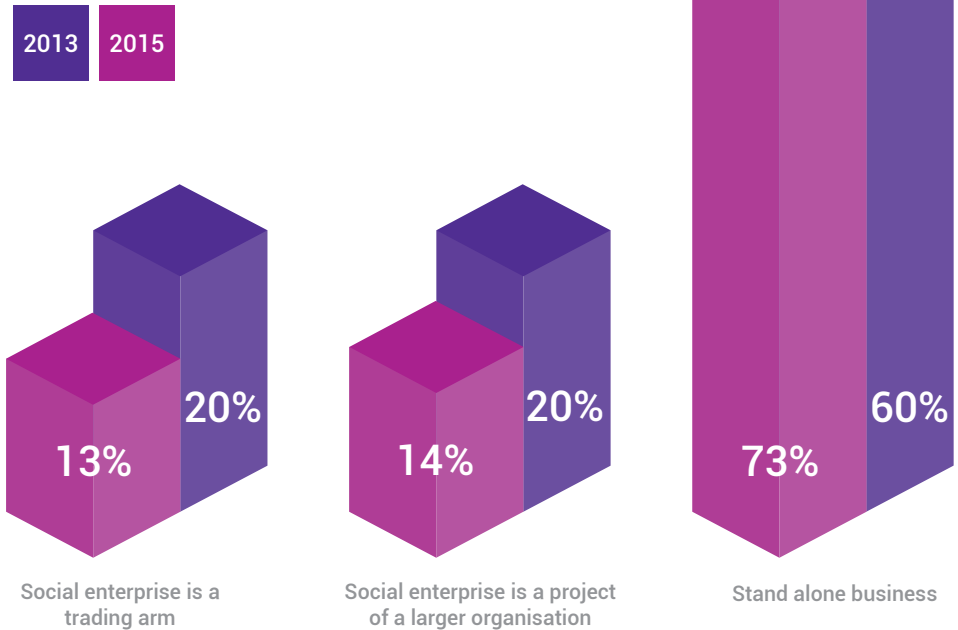


Social enterprise markets in 2015



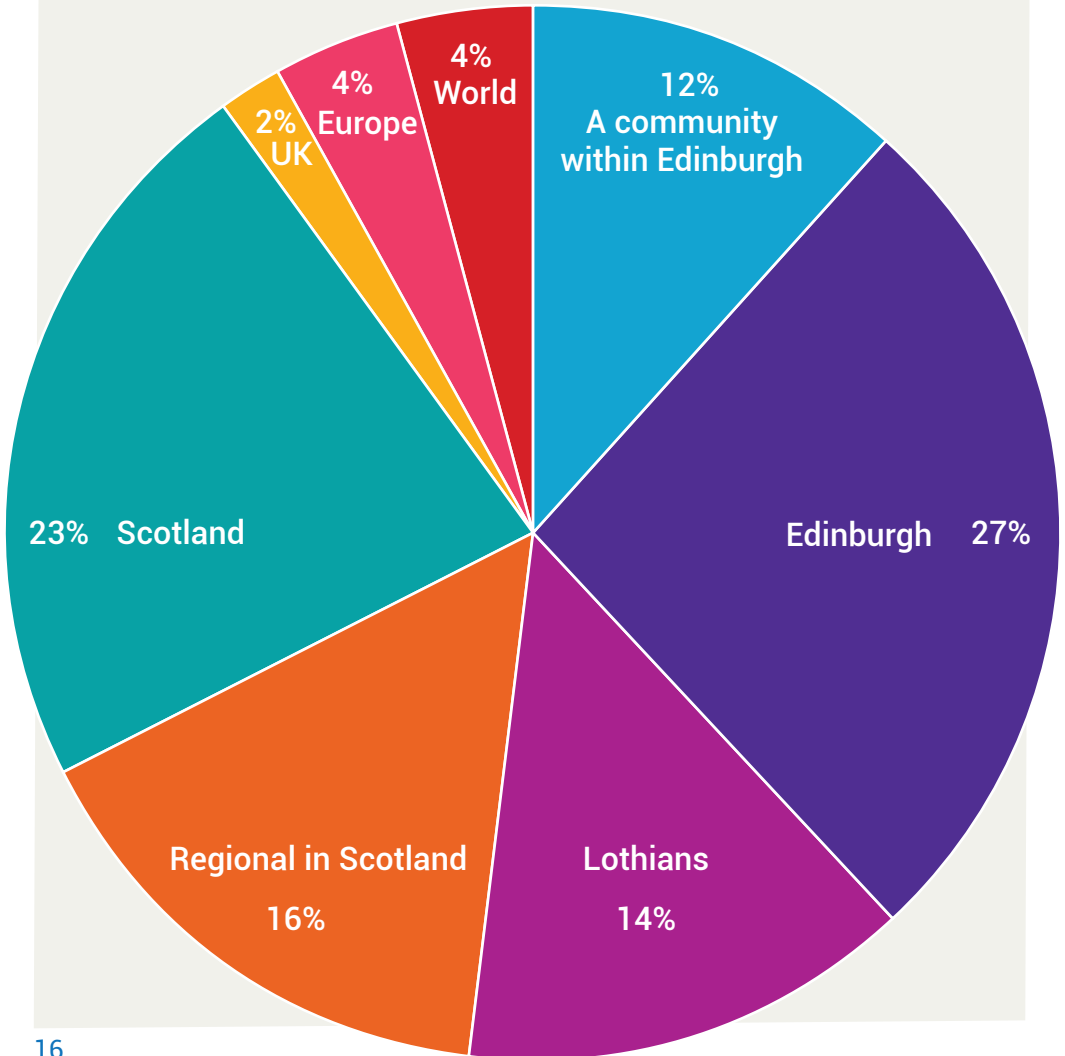
# THE CHANGING SHAPE OF SOCIAL ENTERPRISE

Organisations were asked if their social enterprise was a stand-alone business or part of another organisation. Of the 56 respondents, 73% were stand-alone social enterprises while 13% were trading arms of charities and 14% were projects of a larger organisation. There has been an increase in the number of respondents that are stand-alone social enterprises since 2013.



# FROM LOCAL TO INTERNATIONAL

Organisations were asked to tell us which geographical area they covered in terms of selling their products and services. As can be seen 39% operate entirely within the boundaries of Edinburgh while 61% sell to markets outside of the city.



# CONCLUSION

In 2013, Edinburgh was already known as a city with a thriving social enterprise sector. This report shows that there has been an extraordinary increase in the size of the social enterprise sector in Edinburgh over the past two years. We now have a sector that is growing rapidly, is using trading to generate over £120million for Edinburgh's communities and is becoming a significant force in terms of employment in the city.



## A NOTE ON METHODOLOGY

The methodology used for this survey was the same as that used for ESEN's 2013 report: People, Profit and Place. The data on which this report is based was collected between March and May 2015. 167 social enterprises were emailed an online survey. Those that had not completed the survey by the end of April were contacted by phone and reminded about the survey and given the option of completing it over the telephone.

Organisations were asked to provide data that related only to their socially enterprising activity in Edinburgh. By the end of May 2015, 56 social enterprises had completed the survey and it was closed at this point. ESEN was also able to access turnover data about 24 social enterprises with charitable status from the OSCR web site.

ESEN has extrapolated this data to in order to estimate turnover, staff, trainee and volunteering data for 200 social enterprises. In order to not overestimate the figures, ESEN has based the figures on the assumption that social enterprises that were not contacted or that did not reply to the survey were, on average, half the size of those that did.



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