Social Enterprise in Argyll and Bute 2021

Report commissioned for Argyll and Bute TSI, Argyll and Bute Council and Inspiralba

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Third Sector Interface Argyll and Bute

InspirAlba

Argyll & Bute Council

Social Value Lab

Highlights

Number of social enterprises

257

Full time equivalent (FTE) employees

1,482

GVA added to economy

£47.3m

Are led by women

62%

Are located in rural Scotland

74%

Identify their organisation as a social enterprise

62%

Have exported within the last 12 months

4%

Sell to direct consumers

94%

Pay at least the Real Living Wage to all employees

87%

Are incorporated

70%

Won a public contract within the last 12 months

10%

Total annual income of Argyll and Bute SEs

£106.4m

Earned income from trading activities

60%

Self-sufficiency as a proportion of income converted by trading

49.6%

In financial surplus generated by the sector

10.3%

Net worth of Argyll and Bute's social enterprises

£165.7m

Contents

1. Introduction

This report presents the findings for Argyll and Bute of the 2021 Social Enterprise Census, the definitive biennial account of social enterprise activity in Scotland

The Social Enterprise Census is a multi-partner project led by CEIS, and researched by Social Value Lab. 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, with **53** responses from Argyll and Bute[1].
- 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 Argyll and Bute and where possible and sensible, made comparisons with the 2021 census results for all social enterprises in Scotland and with the 2017 Census[2] results for Argyll and Bute.

1 The total response rate across Scotland was 948 responses out of 6,047 social enterprises (16% response rate). For Argyll and Bute the response rate was 53 out of 257 social enterprises (21% response rate). For clarity, we have included the number of responses to each question at the relevant tables (N=).

2 In 2019 there was no bespoke Social Enterprise Census report published for Argyll and Bute.

2. The Composition of the Sector

The following tables present data on the composition of the social enterprise sector in Argyll & Bute.

Size of the Sector

There are **257** social enterprises operating in Argyll and Bute. This equates to **4%** of the total number of social enterprises in Scotland.

Social enterprises operating in Scotland

(2017: 5,600)

6,047 (+8%)

Are located in Argyll and Bute

(2017: 246)

257 (+4.5%)

Islay Gaelic Centre

Age profile

The average age of social enterprises active in Argyll and Bute is **22** years, similar to the rest of Scotland. However, Argyll and Bute has fewer start-ups and young social enterprises than the Scottish average

Argyll & Bute SEs 2017	Argyll & Bute SEs 2021	All Social Enterprises 2021
20 years	**22 years**	**22 years**

The social enterprise sector in Argyll and Bute is well established, with four fifths of social enterprises established more than ten years ago.

	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
0-4 years	9%	**7%**	14%
5-10 years	17%	**12%**	17%
Over 10 years	73%	**81%**	69%
Total	**100%**	**100%**	**100%**

Self-Identify as “Social Enterprise”

The social enterprise brand is relatively well established in Argyll and Bute. Almost two-thirds of organisations that are delivering social enterprise activity are calling themselves a social enterprise, slightly more than the national average and a growth compared to 2017.

Argyll & Bute SEs 2017	Argyll & Bute SEs 2021	All Social Enterprises 2021
55%	62%	56%

N=53

Legal Form

Social enterprises come in a variety of legal structures. The most common one is Company Limited by Guarantee (**42%**). The legal structures especially designed for social enterprises, Community Interest Company (CIC) and Scottish Charitable Incorporated Organisation (SCIO) have grown significantly since 2017.

Legal Form	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Company Limited by Guarantee	43%	**42%**	41%
Unincorporated	27%	**20%**	19%
Community Interest Company (CIC)	5%	**11%**	17%
Scottish Charitable Incorporated Organisation (SCIO)	8%	**14%**	13%
Trust	12%	**10%**	5%
Registered Society	5%	**3%**	6%
Total	**100%**	**100%**	**100%**

Encouragingly, the number of unincorporated social enterprises has decreased since 2017.

% of Argyll & Bute SEs 2017 incorporated	% of Argyll & Bute SEs 2021 incorporated	% of all Social Enterprises 2021 incorporated
61%	70%	77%

Charitable Status

Most social enterprises (**78%**) are also registered charities.

% of Argyll & Bute SEs 2017	% of Argyll & Bute SEs 2021	% of all Social Enterprises 2021
80%	78%	72%

Fyne Futures - Carbon Free Food Project


CYCLES MAXIMUS
BUTE PRODUCE
Bute Carbon Free Food Project
Climate Challenge Fund
Greener Scotland
Scottish Government
CYCLES MAXIMUS

3. Geographic Coverage

This section provides details about the geographical spread of social enterprises in Argyll & Bute.

Urban-Rural

In Scotland most social enterprises operate in urban areas. In Argyll and Bute this is reversed: almost three quarters of social enterprises (**74%**) are operating in rural areas.

Argyll & Bute SEs 2017	Argyll & Bute SEs 2021	% of all Social Enterprises 2021
72% Rural	**74%** Rural	**33%** Rural
28% Urban	**26%** Urban	**67%** Urban

Most social enterprises in Argyll and Bute operate in remote rural areas.

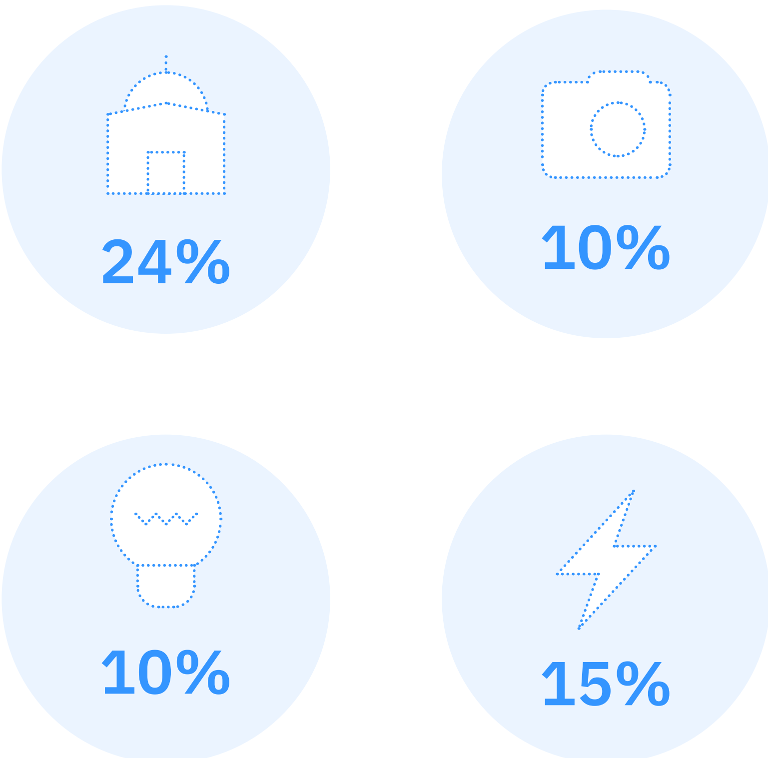
	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Large Urban Areas	0%	**0%**	36%
Other Urban Areas	4%	**4%**	20%
Accessible Small Towns	0%	**0%**	6%
Remote Small Towns	24%	**22%**	6%
Accessible Rural	3%	**2%**	14%
Remote Rural	69%	**72%**	19%

4. Markets

This section covers the markets social enterprises are operating in.

Economic Field

Social enterprises are active across all sectors of the economy. In Argyll and Bute the largest fields of activity are Community Centres & Halls (**24%**), Property, Energy, Utilities and Land (**15%**) and Tourism, Heritage & Festivals and Arts & Creative Industries **(both 10%)**. In these fields of activity there are relatively more Argyll and Bute social enterprises operating compared to the national picture, while there are relatively few Health & Social Care social enterprises.



Economic Field	Number of Argyll & Bute SEs	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises
Community Centres & Halls	61	**24%**	17%
Property, Energy, Utilities & Land	37	**15%**	5%
Tourism, Heritage & Festivals	26	**10%**	6%
Arts & Creative Industries	25	**10%**	14%
Health & Social Care	17	**7%**	13%
Sport & Leisure	17	**7%**	6%
Early Learning & Childcare	16	**6%**	10%
Environment & Recycling	14	**5%**	3%
Information, Consultancy & Support	8	**3%**	5%
Retailing	8	**3%**	3%
Food, Catering & Hospitality	6	**2%**	3%
Housing	5	**2%**	4%
Transport	5	**2%**	2%
Education, Training & Employment	1	**0.4%**	5%
Financial Services	1	**0.4%**	2%
Other	10	**4%**	3%
ALL SOCIAL ENTERPRISES	**257**	**100%**	**100%**

Geographical Markets

More than half of the social enterprises in Argyll and Bute operate in their local community (**54%**), which is more than double the national average (**25%**) and a **6%** increase compared to 2017.

Coverage	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
A Single Neighbourhood or Community	48%	**54%**	25%
A Local Authority Area	31%	**14%**	30%
More than One Local Authority Area	7%	**10%**	20%
Scotland-wide	2%	**2%**	10%
Across the UK	5%	**10%**	5%
Internationally	7%	**10%**	10%

N=50

Social enterprises in Argyll and Bute are half as likely to have traded internationally (**4%** vs. **7%** nationally), but the number of organisations in Argyll and Bute reporting having exported has doubled compared with 2017.

	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Have Exported/Licensed Overseas in Last 12 Months	2%	**4%**	7%

N=50

Main Offering

Two thirds of social enterprises in Argyll and Bute deliver services (**65%**). Compared to 2017, social enterprises have been delivering more goods.

Offering	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Mainly Goods	12%	**19%**	12%
Goods and Services Equally	10%	**17%**	13%
Mainly Services	78%	**65%**	75%

N=48

Customers

Almost all social enterprises in Argyll and Bute trade with the general public (94%), more than the national average. They trade significantly less with the public, private and third sector, compared to the national picture.

Customer Group	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Public Sector	36%	**33%**	50%
Private Sector	29%	**29%**	40%
Third Sector	23%	**29%**	49%
General Public	86%	**94%**	82%

N=48

Bidding for Public Contracts

The vast majority of social enterprises in Argyll and Bute did not tender for public contracts (**88%**), a largely unchanged picture compared to 2017.

Situation	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises
Did Not Bid For Contracts	87%	**88%**	82%
Unsuccessful in Bidding for Contracts	4%	**2%**	5%
Won a Contract Bidding	9%	**10%**	11%

N=41

Campbeltown Community Action Planning


Local Impacts
Increased temperatures
Change in rainfall
Flooding
Increased frequency of extreme weather

5. Business Practices

This section reports on the business practices of social enterprises in Argyll & Bute.

Good Governance

Social enterprises distinguish themselves by inclusive and transparent governance structures that are accountable to the communities they serve.

	The average number of Trustees/Directors in overall management and control of social enterprises	Social enterprises reporting a minimum of 3 unrelated Directors/ Trustees in place	Social enterprises led by and accountable to people in a particular neighbourhood / community
Argyll & Bute SEs 2021 —	9	98%	83%
Argyll & Bute SEs 2017 —	8	99%	85%
All Social Enterprises —	7	96%	75%

N=53

Diverse Leadership

Women represent just under half of all board members in Argyll and Bute (**47**%). Minority groups are slightly less represented on boards compared to the national average.

Diversity on boards	% of Directors/ Argyll & Bute SEs 2017	**% of Directors/ Argyll & Bute SEs 2021**	% of Directors/ All Social Enterprises 2021
Women	50%	**47%**	55%
Non-binary	N/A	**0%**	0.8%
Black and Minority Ethnic	2%	**1%**	3%
Young People (Aged Under 30 Years)	N/A	**4%**	5%
Disability/ Long Term Health Condition	9%	**5%**	10%
LGBTIQ+	N/A	**1%**	2%

N=50

Women are in the majority at half the boards in Argyll and Bute (**50%**), slightly below the national average.

At Least Half Directors are Female

Argyll & Bute SEs 2017	Argyll & Bute SEs 2021	All Social Enterprises 2021
52%	**50%**	**66%**

N=50

Profile Of Most Senior Staff Member

Women are also the most senior employee in almost two thirds of social enterprises in Argyll and Bute (**62%**), again slightly below the national average.

	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Female	63%	**62%**	71%
Non-binary	N/A	**0%**	1%
BAME	0%	**0%**	5%
Under 30	N/A	**9%**	4%
Has a disability or long-term condition	13%	**27%**	21%
LGBTIQ+	N/A	**4%**	6%

N=27-37

Employability Support

Inclusive Workforce

Social enterprises draw their workforce from all parts of the community. In Argyll and Bute employees with a disability or long-term condition and from black and minority ethnic background and those who identify as non-binary or LGBTIQ+ are relatively underrepresented in the workforce.

Group	% of Argyll & Bute SEs with no employees from group 2021	% of Argyll & Bute SEs with less than 50% employees from group 2021	% of Argyll & Bute SEs with more than 50% employees from group 2021	Unknown 2021
Female	3%	23%	74%	0%
Local resident	0%	8%	92%	0%
Previously unemployed	39%	31%	25%	6%
Disability or Long-term Condition	29%	43%	11%	17%
Black and Minority Ethnic	74%	11%	0%	14%
Under 30 years old	30%	46%	24%	0%
Non-binary	58%	6%	0%	36%
LGBTIQ+	34%	11%	3%	51%

N=39

Equality and Diversity Data Collection

Just under a third of social enterprises in Argyll and Bute (**28%**) do not collect any equality and diversity data, comparable to the national average. Argyll and Bute social enterprises do collect fewer equality and diversity data of minority groups compared the national average.

Workforce Data Collected % of Respondents	Argyll & Bute 2021	Respondents All SEs
Data on age	49%	50%
Data on gender	44%	47%
Data on disability	28%	43%
Data on ethnicity	18%	33%
Data on caring responsibilities	5%	19%
Data on sexual orientation	8%	16%
Data on religion and belief	5%	14%
Data on socio-economic background	15%	10%
None of the above	28%	31%

N=39

Pay Equity

Social enterprises have a flat pay structure. In Argyll and Bute on average the highest paid employee earns double the salary of the lowest paid employee in the organisation.

	The average differential between the highest and lowest paid employee	Social enterprises having a pay differential not exceeding 1:5
Argyll & Bute SEs 2021 —	2.0:1	100%
Argyll & Bute SEs 2017 —	2.0:1	98%
All Social Enterprises —	2.3:1	97%

N=31

Real Living Wage

A large majority of social enterprises in Argyll and Bute pay at least the Real Living Wage in Scotland to their employees, comparable to the national average, and a significant increase compared to 2017.

	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Pay at Least the Real Living Wage in Scotland for All Employees	75%	**87%**	85%

N=39

Secure Work

Social enterprises in Argyll and Bute use slightly more zero-hours contracts (**18%**) compared to the national average.

	% of Argyll & Bute SEs 2021	% of Argyll & Bute SEs 2017	% of All Social Enterprises 2021
Make Use of Zero Hours Contracts	18%	16%	14%

N=39

Employee Involvement

Social enterprises in Argyll and Bute have a range of arrangements in place to involve their employees in decision making processes, comparable to the national average. The most common engagement methods are the opportunity to present directly to the board (**79%**), open door policies (**79%**) and staff feedback processes (**55%**).

Formal arrangements/ methods of engaging employees in decision making	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Staff can submit or present items for Board meetings	79%	71%
‘Open door’ policies between employees and leaders	79%	82%
Staff feedback is sought through emails, surveys and so on	55%	60%
Staff representatives on the Board	34%	35%
Staff engagement forums	21%	27%
Staff have voting rights on certain matters under the organisation’s articles of association	13%	10%
Use of staff council/representative employee groups	0%	9%
Have a recognition agreement with a trade union	0%	5%
None of the above	3%	2%

N=38

Flexible Working Hours

The vast majority of social enterprises in Argyll and Bute offer some form of flexible working arrangement (**92%**). Most used is flexitime (**62%**).

	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Flexitime (flexible working hours)	62%	69%
Other flexible working patterns	51%	45%
An annualised hours contract	26%	21%
Job-sharing	18%	20%
Term-time working	13%	19%
On call working	8%	7%
A four and a half day week	5%	7%
A nine day fortnight	3%	3%
None of the above	8%	7%

N=39


You are
Stronger
you seem,
Braver
you believe, and
Smarter
you think you are.
Anything is possible
if you Believe In
yourself

6. Response to Covid-19 Pandemic

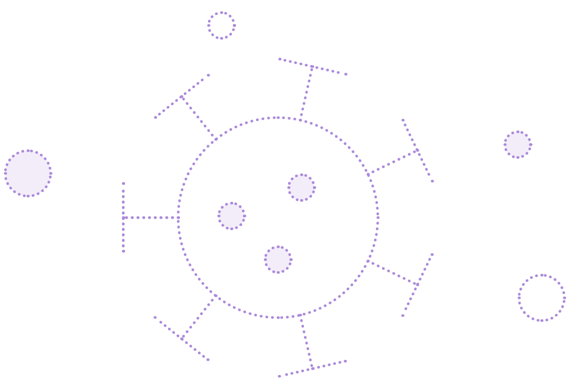
This section reports on the impact of the COVID-19 pandemic on the social enterprise sector in Argyll & Bute.

Impact of the COVID-19 Pandemic

Around two third of social enterprises in Argyll and Bute report a negative impact of the COVID-19 pandemic on their business (**64%**), while one in five report a positive impact (**19%**). This is consistent with the national average.

	% of Argyll & Bute SEs	% of All Social Enterprises
Positive impact	19%	19%
No impact	7%	5%
Negative impact	64%	68%
Not sure	10%	8%

N=42

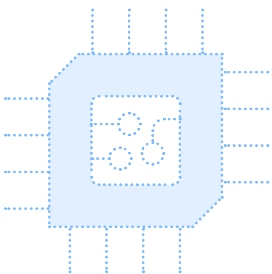


Use of Technology

Argyll and Bute social enterprises have made a shift towards digital work practices, comparable to the national average. However, social enterprises in Argyll and Bute are significantly less involved in e-learning, e-commerce and CRM systems compared to the national average.

Type of technology	% of Argyll & Bute SEs using more	% of All Social Enterprises using more
Virtual/Video Conferencing	93%	91%
Online Marketing	59%	51%
Remote team working apps	67%	62%
Website	55%	53%
Accounting/HR software	34%	30%
Cloud computing	34%	44%
E-learning	30%	65%
E-commerce	11%	26%
CRM system	8%	18%

N=26-40



Remaining Solvent

Social enterprises in Argyll and Bute have undertaken a range of mitigating actions to maintain revenue, reduce cost and keep their business afloat during the pandemic.

Mitigating actions	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Adjusting practices to social distancing	**78%**	75%
Access government financial support packages	**68%**	65%
Changed services to respond	**63%**	67%
Temporarily reduced services (e.g. opening hours)	**51%**	52%
Temporarily halted service/production	**46%**	45%
Move employees to home working	**41%**	50%
Drew down financial reserves	**17%**	18%
Sought business advice	**15%**	24%
Accessed financial loans	**5%**	11%
Adjusted supply chains / renegotiated contracts	**5%**	8%
Delayed payments to creditors	**5%**	3%
Increased bank overdraft	**0%**	1%

N=41

Impact on Employees

The pandemic has created uncertainty for employees of social enterprises. Just over half of social enterprises in Argyll and Bute have utilised the Job Retention Scheme to furlough employees, comparable to the national average. The level of redundancies in Argyll and Bute (**5%**) is half the national average.

	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Furloughed employees	51%	53%
Made employees redundant	5%	10%

N=41

Prospects Next 6 Months

A significant number of social enterprises in Argyll and Bute (44%) expected to run in an adapted way for the time being, while one in seven have permanently changed the way they run their business (**15%**).

	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Expect to continue operating in an adapted way for a while	44%	55%
Expect to return to normal	22%	13%
Continue running as pre-pandemic	15%	11%
Permanently changed how we operate	15%	18%
Expect to close temporarily	5%	2%
Expect to shut permanently	0%	1%

N=41

Shopperaid Covid Response

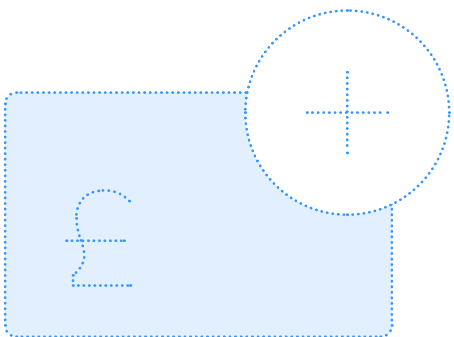
7. Financial Performance

This section provides the finical data for the social enterprise sector in Argyll & Bute.

Income

The total income of the sector in Argyll and Bute was **£106m**, and increase by **22%** compared to 2017, similar to the national picture (**+26%**).

Type	Argyll & Bute SEs 2017	Argyll & Bute SEs 2021	All Social Enterprises 2021
Registered Social Landlords	£30.3m	£38.5m	£1,988m
Credit Unions	£0.03m	no data	£46m
Other Social Enterprises	£57.0m	£67.9m	£2,782m
Total	**£87.3m**	**£106.4m**	**£4,816m**



Social enterprises in Argyll and Bute are somewhat smaller compared to the rest of Scotland. Just over half of social enterprises have a turnover of less than **£50k** (**51%**).

Income	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
£0-£49,000	59%	**51%**	41%
£50,000-£99,000	11%	**12%**	12%
£100,000-£249,000	14%	**13%**	16%
£250,000-£499,000	6%	**13%**	11%
£500,000-£999,000	6%	**6%**	7%
£1,000,000-£4,999,000	2%	**3%**	9%
£5,000,000+	2%	**3%**	4%
Total	**100%**	**100%**	**100%**

Half of the social enterprises in Argyll and Bute saw their income increase (**49%**), the other half reported a decrease (**51%**).

Two-Year Change in Income (2019-21)	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises
Income Has Increased	58%	**49%**	55%
Income Has Decreased	42%	**51%**	45%

Trading Income

Social enterprises in Argyll and Bute get just under **£63m** of their income from trading activities, more than double the trading income in 2017. This compares very favourably to the national picture, which saw an increase of trading income of just **19%** over the same period.

Value of Social Enterprise Activity Argyll & Bute SEs 2017	Value of Social Enterprise Activity Argyll & Bute SEs 2021	Value of Social Enterprise Activity All Social Enterprises 2021
£30.1m	**£62.6m**	**£3,274m**

Access to Finance

Grant funding is still by far the largest source of external finance (**79%**). One in six social enterprises in Argyll and Bute have not accessed any external finance (**17%**).

Types of Finance Applied for in Last 12 Months	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises
A Grant	77%	**79%**	80%
A Loan	9%	**10%**	12%
Leasing/Hire Purchase	3%	**5%**	2%
An Overdraft	3%	**0%**	1%
Community Share Capital	0%	**0%**	1%
Equity Finance	0%	**0%**	0%
None of the Above	23%	**17%**	17%

N=42

The willingness to consider loan funding in Argyll and Bute is comparable to the national average.

Willingness to Consider a Loan	% of Argyll & Bute SEs 2021	% of All Social Enterprises
Yes, fully	7%	9%
Yes, to an extent	24%	20%
No	62%	56%
Not sure	7%	15%

Expenditure

The total expenditure of social enterprises in Argyll and Bute is **£96m**.

Type	Total Expenditure Argyll & Bute SEs 2017	Total Expenditure Argyll & Bute SEs 2021	Total Expenditure All social enterprises 2021
Registered Social Landlords	£25.5m	£34.5m	£1,742m
Credit Unions	£0.04m	no data	£36m
Other Social Enterprises	£53.5m	£61.6m	£2,515m
Total	**£79.0m**	**£96.1m**	**£4,293m**

More social enterprises have seen their cost increase (**56%**) than decrease (**44%**).

Two-Year Change (2019-21)	% of Argyll & Bute SEs 2017	% of Argyll & Bute SEs 2021	% of All Social Enterprises
Costs Have Increased	57%	56%	53%
Costs Have Decreased	43%	44%	47%

Argyll and Bute social enterprises spend around a third of their money on staffing, considerably less than the national average.

Staff Cost Ratio - Argyll & Bute SEs 2017	Staff Cost Ratio - Argyll & Bute SEs 2021	Staff Cost Ratio - All Social Enterprises
33.6%	34.2%	53.5%

Profitability

Social enterprises in Argyll and Bute have made a surplus of just over **£10m**, an increase of **24%** compared to 2017.

Type	Total Surplus Argyll & Bute SEs 2017	Total Surplus Argyll & Bute SEs 2021	Total Surplus All social enterprises 2021
Registered Social Landlords	£4.8m	£4.0m	£247m
Credit Unions	£0m	no data	£10m
Other Social Enterprises	£3.5m	£6.3m	£267m
Total	**£8.3m**	**£10.3m**	**£524m**

The Profitability Ratio[3] of the social enterprise sector in Argyll and Bute is **9.1%**, similar to the national ratio, but significantly higher that the ratio in 2017, which is similar to the national picture.

Profitability Ratio - Argyll & Bute SEs 2017	Profitability Ratio - Argyll & Bute SEs 2021	Profitability Ratio - All Social Enterprises
5.5%	9.1%	9.5%

A high Profitability Ratio for the sector does not tell the whole story. Profit is not equally divided over all social enterprises. Two thirds of social enterprises made a profit (**65%**), while a third made a loss (**34%**).

Making a Surplus/Deficit	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises
Making a Surplus	60%	**65%**	66%
Breaking Even	3%	**1%**	1%
Making a Deficit	38%	**34%**	33%

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.

Financial Health

A key indicator of financial health is the extent to which organisations' short-term debts (current liabilities) are covered by cash and other assets that can be turned into cash quickly (Current assets). Social enterprises in Argyll and Bute have current assets of almost **£53m**, and current liabilities of just over **£31m**.

Type	Current Assets 2021 Argyll & Bute	Current Liabilities 2021 Argyll & Bute
Registered Social Landlords	£13.8m	£15.0m
Credit Unions	no data	no data
Other Social Enterprises	£38.9m	£16.3m
Total	**£52.7m**	**£31.3m**

Financial health is commonly expressed as the Current Ratio[4], the ability to meet their short-term debt. Typical social enterprises in Argyll and Bute (excluding RSLs and Credit Unions) have a healthy Current Ratio of 2.1.

	Argyll & Bute SEs 2017	**Argyll & Bute SEs 2021**	All Social Enterprises 2021
Registered Social Landlords	1.1	**0.9**	1.7
Credit Unions	0.9	**no data**	1.1
Other Social Enterprises	1.9	**2.1**	2.1
All	-	**1.5**	1.7

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.

The Debt Turnover Ratio[5] of typical social enterprises in Argyll and Bute (excluding RSLs and Credit Unions) is **44** days, significantly better than the national average. This means that debtors to Argyll and Bute social enterprises on average pay their invoice within **44** days.

Debt Turnover Ratio - Argyll & Bute SEs 2017	Debt Turnover Ratio - Argyll & Bute SEs 2021	Debt Turnover Ratio - All Social Enterprises
43 days	**44 days**	**117 days**

Balance Sheet

Overall the social enterprise sector in Argyll and Bute looks healthy with significantly more assets (**£397m**) than liabilities (**£232m**), with net assets (the resulting sum if social enterprises would be wound up) of **£166m**.

Type	Total Assets 2021 Argyll & Bute	**Total Liabilities 2021 Argyll & Bute**	Net Assets 2021
Registered Social Landlords	£268.5m	**£204.1m**	£64.4m
Credit Unions	no data	**no data**	no data
Other Social Enterprises	£128.8m	**£27.5m**	£101.3m
Total	£397.3m	**£231.6m**	£165.7m

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 Ratio[6] of depicts the extent to which organisations are financially independent through earned income (can cover their cost through trading). In Argyll and Bute the Self Sufficiency Ratio is **49.6%**, significantly lower than the national ratio.

Self Sufficiency Ratio - Argyll & Bute SEs 2017	Self Sufficiency Ratio - Argyll & Bute SEs 2021	Self Sufficiency Ratio - All Social Enterprises 2021
53.5%	**49.6%**	**67.3%**

The Grants Ratio[7] shows the extent to which social enterprises are dependent on grant income to cover their cost. The Grants ratio of **25.7%** is comparable to the national ratio, and has improved significantly since 2017. In 2017 the Grants Ratio for Argyll and Bute was significantly higher than the national average (**28.1%**).

Grants Ratio - Argyll & Bute SEs 2017	Grants Ratio - Argyll & Bute SEs 2021	Grants Ratio - All Social Enterprises 2021
39.2%	**25.7%**	**26.3%**

Argyll and Bute social enterprises have Unrestricted Reserves of **£50m**, a **70%** increase compared to 2017. These are reserves that the governing body of the social enterprise can spend the way they want (within the objectives of the organisation).

Unrestricted Reserves - Argyll & Bute SEs 2017	Unrestricted Reserves - Argyll & Bute SEs 2021	Unrestricted Reserves - All Social Enterprises
£29.7m	**£50.6m**	**£2,310m**

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.

The Survival Ratio[8] presents the time that social enterprises can survive without any income. The Survival ratio of **40** weeks, a significant improvement compared to 2017, shows that social enterprises in Argyll and Bute can survive for over **9** months without any income

Survival Ratio - Argyll & Bute SEs 2017	Survival Ratio - Argyll & Bute SEs 2021	Survival Ratio - All Social Enterprises 2021
26 Weeks	**40 Weeks**	**45 Weeks**

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 Argyll & Bute

This section presents the economic contribution of the social enterprise sector in Argyll & Bute.

Gross Value Added (GVA)

GVA is the measure of the added value of goods and services produced in any part of the economy. The social enterprise sector in Argyll and Bute contributed an estimated £47.3m to the economy.

Estimated Gross Value Added to the Economy 2021	Gross Value Added to the Scottish Economy
£47.3m	**£ 2.63bn**

GVA Breakdown by Economic Field

Economic Field	GVA - 2021
Arts & Creative Industries	£1.6m
Community Centres & Halls	£0.7m
Early Learning & Childcare	£2.0m
Education, Training & Employment	£1.0m
Environment & Recycling	£8.2m
Financial Services	no data
Food, Catering & Hospitality	£2.0m
Health & Social Care	£3.4m
Housing	£16.7m
Information, Consultancy & Support	£0.7m
Property, Energy, Utilities & Land	£4.6m
Retailing	£0.3m
Sport & Leisure	£3.7m
Tourism, Heritage & Festivals	£1.5m
Transport	no data
Other	£0.8m
ALL SOCIAL ENTERPRISES	**£47.3m**

Employment

The social enterprise sector is a significant employer in Argyll and Bute, employing an estimated **1,482** FTE.

Full-time Equivalent (FTE) employees in the Argyll & Bute social enterprise sector 2021

1,482

Full-time Equivalent (FTE) employees in the social enterprise sector in Scotland

89,970

Arts & Creative Industries

Community Centres & Halls

Early Learning & Childcare

Education, Training & Employment

Environment & Recycling

Financial Services

Food, Catering & Hospitality

Health & Social Care

Housing

Information, Consultancy & Support

Property, Energy, Utilities & Land

Retailing

Sport & Leisure

Tourism, Heritage & Festivals

Transport

Other

Employment Breakdown by Economic Field

Economic Field	Employment - 2021
Arts & Creative Industries	51
Community Centres & Halls	72
Early Learning & Childcare	116
Education, Training & Employment	23
Environment & Recycling	241
Financial Services	-
Food, Catering & Hospitality	65
Health & Social Care	139
Housing	359
Information, Consultancy & Support	25
Property, Energy, Utilities & Land	96
Retailing	22
Sport & Leisure	180
Tourism, Heritage & Festivals	43
Transport	-
Other	50
ALL SOCIAL ENTERPRISES	**1,482**

9. Social Impact

This section presents the social impact of this sector in Argyll & Bute.

Main Social and Environmental Objectives

Social enterprises set themselves apart from the private sector by pursuing social objectives and thus contributing to the Scottish Government's National Outcomes[9].

	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Enabled communities to be more inclusive, empowered, resilient and safe	**66%**	63%
Enabled people to value, enjoy, protect and enhance our environment	**64%**	45%
Enabled people to become more healthy and active	**53%**	57%
Enabled children and young people to grow up loved, safe and respected	**40%**	42%
Enabled people to become more educated, skilled and able to contribute to society	**40%**	54%
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%

9 https://nationalperformance.gov.scot/national-outcomes

Enabled a more globally competitive, entrepreneurial, inclusive and sustainable economy	21%	17%
Enabled Scotland to be open, connected and make a positive contribution internationally	19%	14%
Enabled creativity, and vibrant and diverse cultures to be expressed and enjoyed	15%	31%
Enabled people to respect, protect and fulfil human rights and live free from discrimination	15%	22%

N=47

Beneficiaries

Argyll and Bute social enterprises work with vulnerable and disadvantaged groups in society. The most reported groups of beneficiaries are people from rural and island communities (**78%**), young people (**57%**) and older people (**43%**).

Reported beneficiaries	Argyll & Bute SEs 2021	All Social Enterprises 2021
People from rural and island communities	78%	33%
Young people	57%	52%
Older people	43%	42%
People experiencing socioeconomic disadvantage	39%	55%
Individuals with a physical disability / long-term condition	35%	35%
Individuals with a learning disability	28%	36%
Women and girls	24%	29%
Carers	22%	22%
People with mental illness or mental health problems	22%	39%

Alcohol or drugs addiction/dependency	17%	19%
Long-term unemployed	15%	27%
People from minority ethnic backgrounds	11%	18%
Veterans / ex-military	9%	8%
People with convictions	7%	12%
Homeless / coming out of homelessness	4%	12%
People identifying as LGBTIQ+	4%	11%
Refugees and asylum seekers	2%	14%
Victims of crime	2%	6%

N=46

Most social enterprises in Argyll and Bute (**38%**) reported an increase in the number of beneficiaries in the last year, while almost a quarter reported a decrease (**23%**).

	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Increased	38%	39%
Little or no change	21%	22%
Decreased	23%	29%
Unsure	17%	9%

N=47

Towards net Zero

The social enterprise sector plays its part in achieving a reduction in carbon emissions and has taken a range of actions to achieve this. Only one in five social enterprises in Argyll and Bute (**19%**) have not undertaken any action, comparable to the Scottish average.

Actions Taken to Reduce or Offset Emissions	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Introduced measures to increase recycling	38%	46%
Reduced purchasing of consumables	34%	30%
Introduced measures to reduce energy consumption	30%	31%
Switched to natural, recyclable and recycled materials	23%	24%
Switched to energy from renewable sources	21%	10%
Planted trees or sponsored others to do so	15%	13%
Plan in place to become net zero	15%	9%
Training for staff on reducing emissions	15%	10%
Introduced sustainable travel schemes	13%	9%
Measured greenhouse gas emissions	9%	8%
Electrified your fleet	6%	3%
Business travel policy to promote sustainable travel	4%	6%
None of the above	19%	16%

N=47

Three fifths of social enterprises in Argyll and Bute are well or somewhat prepared for the transition to Net Zero (**58%**), slightly more than the national average. This means that the remaining social enterprises are not prepared (**42%**).

Reported preparedness for Net Zero	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Extremely prepared	7%	6%
Somewhat prepared	51%	43%
Not so well prepared	20%	36%
Not at all prepared	22%	15%

N=45

Funding to implement changes was mentioned most frequently by Argyll and Bute social enterprises (**80%**).

Help Required to Make Transition to Net Zero	% of Argyll & Bute SEs 2021	% of All Social Enterprises 2021
Funding for implementing actions	80%	73%
Information on practical next steps to take	47%	58%
Technical support from experts	42%	39%
Peer-to-peer learning and case studies	20%	26%

N=45

Measuring Social Impact

Measuring social impact, the extent to which social enterprises are achieving their social objectives, is becoming increasingly important. More than three quarters of social enterprises measure their social impact to some extent (**79%**), slightly more than the national average.

Extent To Which Organisations Measure Their Social Impact	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
A Large Extent	17%	**23%**	19%
Some Extent	48%	**56%**	57%
Not Very Much	23%	**8%**	16%
Not at All	11%	**13%**	8%

N=47

10. Prospects and Needs

This section provides detail on the prospects and needs of the sector in Argyll & Bute.

Business Confidence

Social enterprises in Argyll and Bute are slightly less confident about the future than those in the rest of Scotland.

Business Confidence Index[10]

The Social Enterprise Confidence Index for Argyll and Bute shows a score of **12.2**, slightly less than for all social enterprises in Scotland.

Argyll & Bute SEs 2021	All Social Enterprises 2021	UK Businesses
12.2	**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.

Only a minority of Argyll and Bute social enterprises are much more confident (**7%**) about the future. Like all social enterprises the confidence index is much lower than the UK index for SMEs.

Reported Confidence in Economic Prospects	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Much More Confident	5%	**7%**	13%
More Confident	14%	**32%**	37%
As Confident	40%	**41%**	23%
Slightly Less Confident	36%	**17%**	20%
Much Less Confident	5%	**2%**	8%

N=41

Looking ahead over the next 12 months, the largest changes social enterprises in Argyll and Bute expect are to cooperate more with others (**65%**), increased cost (**62%**) and reducing their carbon footprint (**61%**).

Longer Term Changes Expected (12 months)	**% of Argyll & Bute Respondents Expecting Increase 2021**	% of All Respondents Expecting Increase 2021
Joint working with others	**65%**	58%
Operating costs	**62%**	74%
Activity to reduce carbon footprint	**61%**	56%
Demand for services	**59%**	70%
Product/service range	**52%**	55%
Proportion of income from trading/ contracts	**44%**	43%
Total income	**43%**	53%

Support for staff wellbeing	**42%**	52%
Reliance on grants	**41%**	28%
Operational processes	**41%**	50%
Digital delivery of activities	**39%**	37%
Total employees	**35%**	40%
Geographic coverage	**18%**	27%
Contracts with the public sector	**7%**	17%

N=31-37

Barriers to development

The most frequently mentioned barriers to development reported by social enterprises in Argyll and Bute are declining funding (**64%**), increasing cost (**58%**) and limited capacity to develop trading activities (**52%**). There are some significant differences comparing to the national picture.

	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Insecure or declining funding	50%	**64%**	52%
Increasing costs	47%	**58%**	55%
Lack of time/capacity to develop trading potential	61%	**52%**	45%
Recruitment and retention difficulties	20%	**33%**	24%
Skills gap shortages	21%	**30%**	24%
Difficult market/trading conditions	17%	**27%**	34%
Cashflow difficulties	21%	**18%**	19%

Public awareness or preconceptions of social enterprise	21%	**15%**	22%
Difficulty complying with regulations or legislation	17%	**12%**	12%
Difficulties securing public contracts / service level agreements	12%	**9%**	16%
Competition within the market	6%	**9%**	14%
Difficulty accessing finance	20%	**9%**	13%
Inadequate business support	12%	**3%**	11%

N=33

Support Needs

The three most useful support needs reported by social enterprises in Argyll and Bute are quite different from those mentioned by the rest of the sector. Developing the workforce (**46%**), attracting new talent (**43%**), improving environmental sustainability (**41%**) and developing new products and services (**41%**) are the most frequently mentioned.

Compared to 2017, the importance of improving environmental sustainability is remarkable (from **18%** to **43%**).

Forms of Support That Social Enterprises Might Benefit from in the Next 12 Months	% of Argyll & Bute SEs 2017	**% of Argyll & Bute SEs 2021**	% of All Social Enterprises 2021
Developing your workforce	40%	**46%**	40%
Attracting new and young talent	37%	**43%**	36%
Improving environmental sustainability	18%	**41%**	41%
Developing new products or services	43%	**41%**	36%
Preparing a business plan for growth	28%	**38%**	32%

Planning for business change and succession	28%	**38%**	30%
Developing digital capabilities	29%	**35%**	34%
Developing your market strategy	37%	**32%**	40%
Measuring social impact	43%	**30%**	47%
Researching new opportunities	37%	**30%**	36%
Collaborating with others to succeed	40%	**30%**	39%
Learning new business skills	26%	**22%**	20%
Developing leadership capabilities	34%	**19%**	29%
Improving business practices	26%	**19%**	25%
Starting up a new business venture	9%	**14%**	9%
Tendering for public sector contracts	13%	**14%**	19%
Finding a business mentor	16%	**14%**	18%
Finding property solution	16%	**14%**	17%
Managing your intellectual property	9%	**14%**	10%
Recovering from business difficulties	3%	**8%**	17%
Doing business in international markets	12%	**8%**	7%
Attracting repayable/loan finance	10%	**5%**	8%

N=37

Third Sector Interface Argyll and Bute

InspirAlba

Argyll & Bute Council

Social Value Lab