

Better Business:

Priorities for Development of South Yorkshire's Social Economy

Introduction and Context

The Social Economy is a collective term that encompasses all 'not for private profit' organisations outside of the public sector and having social or environmental purpose. It includes social enterprises, co-operatives, community businesses, mutual societies and charities. Many of these organisations contribute to the foundational economy, providing goods and services essential to everyday life – housing, health and social care, education and skills, food, transport and retail - part of the vibrancy of our communities and high streets. Others are on the frontline of innovation, pioneering new approaches to social value, harnessing ideas and technologies to build a fairer, greener and more inclusive future.

In South Yorkshire there are around 4,800 registered social economy organisations, representing some 6 per cent of all registered economic undertakings¹. An estimated 5,000 more operate as clubs, unincorporated associations and unregistered charities².

Our region has a deep-rooted culture of mutual aid, co-operation and community action, and has been a pioneering region in the development of social enterprise. South Yorkshire Social Economy Forum was launched in April 2025 as a new forum for social entrepreneurs passionate about creating positive social change for the welfare of people and planet. Our purpose is to support the region's social economy through knowledge sharing and joint action, and to influence local and regional policies on social and economic development.

South Yorkshire's Mayoral Combined Authority has published its Local Growth Plan, a 10 year framework for regional investment and development. The Plan sets out an ambition that growth be inclusive from the outset, creating an economy that works for everyone:

We will prioritise: good business models, including support for cooperatives, employee ownership, and social enterprises, with responsible practices integrated into mainstream business support; foundational sector support, including targeted productivity and innovation support for health, education, retail, logistics, and public administration; and, inclusive integration, including user-designed support systems, regional collaboration mechanisms, and measurement frameworks tracking social and environmental impacts alongside economic outcomes. We will use procurement, where possible, to drive diversity into our business base and to create local value.³

¹ Analysis from Companies House Register, Charities Register and Mutuals Register, 1 October 2025

² <https://www.shu.ac.uk/centre-regional-economic-social-research/publications/south-yorkshire-vcse>

³ <https://www.southyorkshire-ca.gov.uk/getmedia/f8b5b0f1-1c0d-4c9c-9212-b3244f761630/45525-SY-Growth-Plan-Final-2025-09-30.pdf>

To realise this ambition requires innovative investment, strengthened partnerships, and a regional framework for action on the social economy that recognises and supports its vital contribution to inclusion, wellbeing, social justice and environmental improvement.

This briefing paper sets out the context and priorities for development and proposes an action plan for better business, to support people, communities and our environment.

State of the Sector

The State of Social Enterprise survey is a biennial report on the state of the sector, published by Social Enterprise UK (SE-UK). Below are some of the key findings of the 2023 survey:⁴

- UK turnover of social enterprises was approximately £78 billion (3.4% of GDP)
- Social enterprises generated more than £1.2 billion profit of which £1 billion was reinvested into their social and environmental missions
- Total workforce of social enterprises was around 2.3 million people UK-wide
- 58% have leadership teams that are at least half female
- 43% have at least one leader from Black, Asian or minority ethnic background
- 22% operate in the most deprived areas, compared to 14% of wider businesses
- 65% of social enterprises in the UK have a plan for reducing greenhouse gas emissions with 19% having a core mission to address climate change

Social Economy in South Yorkshire

Regional survey data from SE-UK similarly highlights the diversity of the social enterprise workforce in the Yorkshire and Humber region in comparison to the UK as a whole⁵:

- 59% of Y&H workforce were female (UK average 47%)
- 11% from Black, Asian and other minority ethnic groups (UK 18%)
- 10% people with disabilities (UK 13%)

Social enterprises are particularly involved in people facing sectors. The SE-UK survey highlights health care, social care, education, skills development, and creative industries as the most frequently cited trading activities of social enterprises in Yorkshire and Humber.

The South Yorkshire survey “South Yorkshire VCSE: Understanding Value and Impact” makes similar observations. The most common goals of organisations that responded to the survey were supporting health and wellbeing (87% of survey respondents), increasing community participation, cohesion and belonging (75%) and meeting individual needs (72%).⁶

⁴ <https://www.socialenterprise.org.uk/seuk-report/mission-critical-state-of-social-enterprise-survey-2023/>

⁵ <https://www.socialenterprise.org.uk/seuk-report/state-of-social-enterprise-2021-yorkshire-and-the-humber/>

⁶ <https://www.shu.ac.uk/centre-regional-economic-social-research/publications/south-yorkshire-vcse>

Social economy organisations take various forms including companies limited by guarantee, community interest companies, charities, co-operatives, community benefit societies and mutuals. The scale of the sector in South Yorkshire can be assessed from data on registered entities on Companies House, the Charities Register and the Mutuals Register⁷:

Registration type \ Locality	Barnsley	Doncaster	Rotherham	Sheffield	South Yorkshire
Companies Limited by Guarantee (exc. CICs and charitable companies)	190	310	158	892	1550
Community Interest Companies (including CICs ltd by guarantee and CICs ltd by shares)	68	204	82	339	693
Charitable Companies	65	77	65	307	514
Other Registered Charities	206	456	21	1015	1888
Co-operatives, Community Benefit Societies and Other Mutuals	38	37	27	81	183
Total	567	1084	543	2634	4828

Benefits and Opportunities

Social enterprises demonstrate a better way to do business, prioritising people and planet and using the majority of any profit to further their mission. In doing so, they contribute to reducing economic inequality, improving social justice and to environmental sustainability.

Among key benefits delivered by social enterprises are:

- contribution to social value and community wealth building
- promoting and strengthening a culture of entrepreneurship
- ability to reach groups facing various forms of disadvantage and exclusion
- diversity of the social enterprise workforce and of new social entrepreneurs
- retaining economic wealth and social capital in the locality and community
- flexibility and innovation in responding to multiple socio-economic challenges
- higher levels of resilience and longevity than private business models
- high commitment to carbon reduction and environmental sustainability

⁷ Data as at 1 October 2025 based on registered address search for all South Yorkshire postcodes. Only “active” companies included from Companies House data. Only currently “registered” charities and societies are included from the Charities Register and the Mutuals Register. Not all companies limited by guarantee are strictly social enterprises.

Challenges

Research from SE-UK and others indicate some persistent challenges to social enterprise success which highlight the importance of specific and specialised interventions in support:

- lack of awareness within mainstream business support provision of appropriate models of incorporation and governance for social enterprise
- social enterprise leaders need to develop business understanding to translate a passion to solve a problem into a viable and scalable business proposition
- access to finance requires specialist understanding of the social investment market such as blended grant/loan products and community shares
- equity finance is rarely appropriate as social enterprise purposes are usually entrenched by an asset lock and a cap on financial return on investment
- better understanding is needed among purchasers and decision makers of the strengths of social enterprise and benefits of building the social economy

Key findings from the State of Social Enterprise Survey 2023 include:

- 67% of social enterprises cite economic conditions as a barrier to growth
- 62% cite financial barriers, with access to grant funding a key issue
- 40% say the forms of finance available are unsuitable for their business
- One third say they lack skills to obtain external finance and investment
- 52% of respondents reported the use of external business support

Strategic Priorities for South Yorkshire

To realise the full potential of South Yorkshire's social economy, there is a need to align investment, policy and partnership activity. Clear priorities should guide action planning, shape funding programmes, and inform engagement with regional and national partners.

1. Investment and Access to Finance

- Expand access to capital through a dedicated Social Economy Investment Fund, offering a mix of small and medium-sized grants alongside patient, repayable finance.
- Prioritise early-stage and growth funding for social economy organisations working in the more deprived areas or addressing key social and environmental challenges.
- Encourage place-based investment and asset development, ensuring capital remains rooted in local communities and supports inclusive wealth creation.

2. Skills, Leadership and Business Capacity

- Build leadership capacity among new and existing social entrepreneurs through targeted training, mentoring, peer learning and specialist business advice.
- Support cooperation and knowledge sharing, particularly in foundational sectors including health and social care, education and skills, food and environment
- Foster innovation and digital capability, supporting social enterprises to adapt to new technologies including AI and to transition to low-carbon business models.
- Develop future talent pipelines, working with schools, colleges, universities and voluntary organisations to promote social entrepreneurship.

3. Market Development and Procurement

- Use public procurement as a driver for inclusion, applying social value principles in commissioning across South Yorkshire local authorities and anchor institutions.
- Support supply-chain participation, facilitating smaller social enterprises to bid collectively and to form consortia or partner on larger contracts.
- Promote the “Buy Social” movement, encouraging both public and private organisations to purchase goods and services from mission-led suppliers.
- Measure and report social and environmental impact, embedding transparent social and environmental outcome frameworks in procurement processes.

Towards a Framework for Action

Delivering these priorities requires a practical and coordinated Framework for Action - a set of structures, commitments and investments to turn strategy into delivery. The framework should be co-designed with stakeholders and aligned with the Local Growth Plan, ensuring the social economy is recognised as a key driver of inclusive and sustainable prosperity.

1. Establish a Social Economy Taskforce

- A multi-stakeholder leadership group to steer this agenda, with representatives from SYMCA, local authorities, anchor institutions and the VCSE sector.
- Co-design and production of a detailed Social Economy Development Plan (2026–2030) with investment targets, delivery plans and accountability mechanisms.

2. Launch a Social Economy Investment Fund

- A dedicated regional investment vehicle to provide start-up funding to support the pipeline of new social economy initiatives plus development finance for existing organisations to scale-up or to develop new and innovative products and services.
- Start-up funding (£1-5k grant) providing light touch, unrestricted finance based on a viable business model, measurable impact and demonstrable capability to succeed.

- Development finance (£5-100k blended grant/loan) linked to match funding commitments, trading revenue targets, and social and environmental impact.
- Initial investment target of at least £10 million over five years, drawing on Growth Mission Fund, other devolved funding and social investment providers.

3. Ensure an Inclusive Support Infrastructure

- Embed social enterprise competencies within local and regional business support services through new recruitment or training of business advisors in post.
- Support specialist social enterprise advice and support provision, including on legal structures and governance, access to finance and social impact assessment.
- Promote knowledge sharing, networking and practical co-operation through support for regional, place-based and sectoral networks in the social economy.
- Engage with national networks including Social Enterprise UK, Co-operatives UK, Locality and Power to Change for shared learning and co-investment.

4. Embed Social Value in Regional Policy

- Develop a Social Value Charter for procurement in South Yorkshire, committing public bodies and major contractors to measurable social and environmental outcomes.
- Integrate social economy metrics into regional economic development measures and performance reporting including jobs, inclusivity, wellbeing and carbon reduction.
- Promote place-based development, community wealth-building, and community ownership, enabling residents to shape local investment and regeneration.

5. Strengthen Data, Evidence and Research

- Commission regular State of the Social Economy in South Yorkshire reports to track development, impact and contribution to regional social and economic priorities.

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