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Busnes Cymdeithasol Cymru
Social Business Wales

Mapping the Social Business Sector in Wales 2025

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List of abbreviations

Inter Departmental Business Register	IDBR
Office for National Statistics	ONS
Lower Super Output Area	LSOA

Contents page

Table of tables

Table of figures

Introduction

Since 2014, a mapping exercise has been undertaken, typically on a biennial basis, to model the social business sector in Wales. Wavehill were commissioned by Cwmpas, on behalf of Social Business Wales, to undertake the latest biennial mapping exercise.

The purpose of this exercise is twofold: to model the estimated size and scale of the sector, and to conduct a health check of the sector (including identifying some of the challenges and opportunities faced).

1.1 Definition

Social business is an umbrella term that describes organisations operating within the social economy, which could include social enterprises, co-operatives, mutuals, and employee-owned businesses. A detailed description of what each of these terms means is set out in Table 1.1 below.

Table 1.1: Organisation definitions

Organisation Type	Description
Mutual/Co-operative	A mutual/co-operative is an organisation owned by, and run for the benefit of, its current and future members.
Social Enterprise	A social enterprise is a business with primarily social objectives and whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders and owners. It has three key characteristics: • It has a social, community or ethical purpose • It operates using a commercial business model • It has a legal form appropriate to a 'not-for-personal-profit' status and social ownership.
Employee-Owned Businesses	The Employee Ownership Association describes employee-owned businesses as businesses that are totally or significantly owned by their employees. Employee ownership can take one of three forms: • Direct employee ownership – using one or more tax-advantaged share plans, employees become registered as individual shareholders owning a majority of the shares in their business • Indirect employee ownership – shares are held collectively on behalf of employees, normally through an employee trust • Combined direct and indirect ownership – a combination of individual and collective share ownership.

2. Methodology and context

The study followed a broadly similar approach to that adopted in previous exercises and can be summarised in three work packages: data gathering, survey work, and analysis.

2.1 Data gathering and validation

The first stage involved the ongoing maintenance of the contacts database of social businesses, including the collation and deduplication of lists of social businesses in Wales which were held by stakeholder partners and on public registers. New social businesses were identified either through the Community Interest Company (CIC) register and Cwmpas' active client list. In total, these lists were cross-referenced against the businesses identified in previous mapping exercises, generating 3,198 unique contacts.

Whilst the primary purpose of the contact list was to generate leads for survey responses, it also provided a further opportunity for the researchers to validate the status of these businesses. During the data collection, a further 31 businesses were identified as having ceased trading and 49 either were duplicates or did not consider themselves to be a social business. This resulted in a final list of 3,113 social businesses for the survey exercise and our estimate of the size of the current sector.

The sampling approach from previous mapping exercises is likely to have an impact on the profile of businesses in our database. Notably, there is likely to be a shift in the distribution of age and geography of businesses for two reasons;

- In 2022, around a quarter of the unique contacts (815) were sourced from a list provided by Cwmpas who had engaged with it in the last 2 years for start-up support. It is likely that this has shifted the size and age profile of social businesses supported and these shifts would be reflected in the database of contacts obtained from Cwmpas.
- In 2020, the Glamorgan Voluntary Service (GVS) shared a large number of new contacts, of which 174 were retained on the list of businesses to contact. This retention of these contacts for this year continues to have an (albeit diminishing) effect on the geographical distribution of social businesses presented in this report.

2.2 Data collection

The survey was distributed both online and via telephone, with the online survey link shared with the Social Enterprise Stakeholder Group (Development Trusts Association Wales, Social Firms Wales, UnLtd, Cwmpas and WCVA) to be distributed amongst social businesses. Businesses that completed Part 1 of the survey online could choose whether to complete Part 2 via telephone or continue with the online survey. Equally, some businesses completed both Part 1 and Part 2 via telephone. Using a hybrid approach to distribution was designed to reflect an acceleration in the increased use of digital technology, improve response rates and reach businesses not included in the Wavehill contacts database.

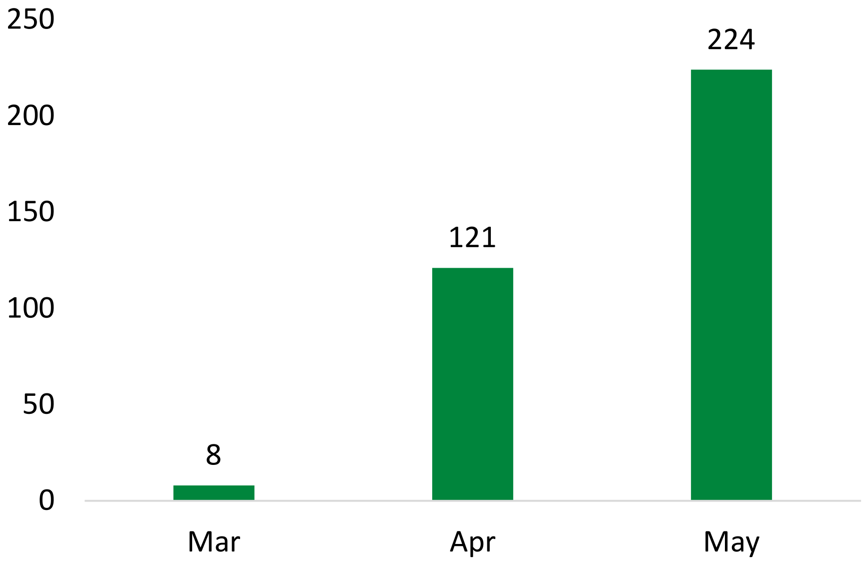
The survey questions were divided into two parts: Part 1 was a shorter, 10–15-minute survey that covered factual information about the business (e.g. sector, employment, geography, turnover, legal status, etc.), while Part 2 was a longer, more qualitatively focused survey (30 minutes on average) which included questions on workforce practices, business growth, barriers to growth, social goals, and action on net zero and wider policy.

In total, 354 businesses completed Part 1 of the survey (11% response rate). Additionally, 217 completed Part 2, representing a 7% response rate.

In terms of survey content, only minor changes were made to the questions posed compared to the previous survey, with additional questions included to reflect the ongoing policy development including questions. These related to the Well-being of Future Generations Act and local authority support[1]. This included questions around commitments and actions to addressing the climate crisis. The majority of questions and response options from the 2020 and 2022 exercise were retained, which enables the comparison of findings between survey waves.

Figure 2.1 below shows the period of data collection, between March and May 2025. This is a shorter data collection window than previous mapping exercises; for example, the previous research collected data between October 2022 and February 2023. The 2025 data collection also therefor represents a shift in seasonality in terms of responses, which may affect the comparability with previous years.

Figure 2.1: Number of surveys by month



Source: Wavehill Survey 2025 (n=353)

[11] This was included following the publication of an Audit Wales report in 2022 that found that most local authorities lack a coherent strategy and are not working collaboratively to help the growth and development of social businesses.

2.3 Analysis and limitations

All survey data was analysed, with findings presented in the remainder of this report. Wherever possible, the report presents trend analysis in order to demonstrate how the sector has changed since these exercises were conducted.

Two approaches are adopted in conducting this analysis:

- a comparison of overall samples within 2022 and previous exercises, and,
- a panel approach by comparing a matched sample. This included both a three-wave panel (i.e. the exact same businesses who completed the survey in 2020, 2022 and 2025) and a two-wave panel with respondents in both 2022 and 2025.

Additionally, the continued use of contacts provided by Glamorgan Voluntary Services, first included in the 2020 mapping exercise, may have influenced the profile of the sample and the estimates for the number of businesses operating within the sector. These contacts are more likely to include smaller, volunteer-led clubs and charitable organisations, which may not always align with the characteristics of social businesses captured elsewhere in the sample.

In addition to the trend analysis, the survey results have also been contextualised through benchmarking with the general business population in Wales and with the social business sector in other parts of the UK. As part of this process, we have drawn on data from the ONS' Business Counts (Inter-Departmental Business Register (IDBR) and the latest State of Social Enterprise survey conducted by Social Enterprise UK (2023)[2] although comparisons between these surveys should be taken as indicative since they rely on different sampling methods and are conducted at different times of the year.

Finally, in collaboration with our research partners, Etic Lab, this research explored further, novel approaches to understanding:

- the scale (stock of businesses) operating in the sector;
- the proportion that had recently (since 2022) ceased operations, and to understand the digital maturity of social businesses

The details and limitations of this research are set out below.

Digital Maturity Research

The research involved verifying the current status and web presence of social businesses for which a website link was available, as well as evaluating their digital maturity using Etic Lab's updated maturity score.

The analysis found that for over half of identified social businesses (54%) it was difficult to identify an online presence (through a URL). Unfortunately, the lack of a verifiable online presence for the majority of social businesses compromised the robustness of the research.

[2] Mission Critical – State of Social Enterprise Survey 2023

However amongst those (916) who were identified and could be traced back to 2022 (the point at which the previous survey was conducted):

- 99% who were in existence and registered as a charity in 2022 were still recorded as active on the charity register in 2025
- 91% who were in existence and registered at Companies House in 2022, were still (as of 2025) recorded as active on Companies House

Collectively these figures suggest closure rate of around 3% per annum over that period. In terms of digital maturity, again, the relative lack of an online presence meant there was limited coverage of the data. Indeed it was recognised that due to the size and nature of many social businesses, their web presence (where any existed) is possibly focussed on social media platforms as opposed to websites (which is excluded from Etic Lab's digital maturity assessment). Analysis of digital maturity across the sector is therefore only reflective of that proportion with an online (web presence) and is therefore not reflective of the state of the sector as whole.

3. Composition of the sector

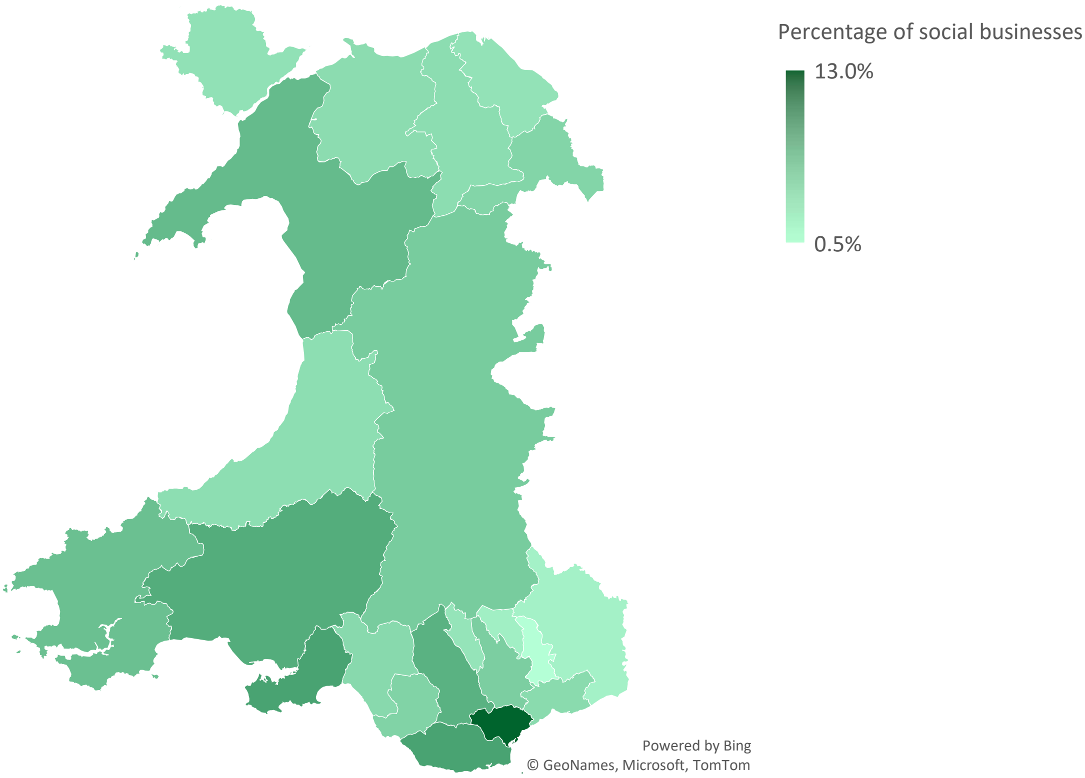
Summary

- We estimate that there are now at least 3,113 businesses in the sector, an increase of 13% from 2022 (2,750)
- Social businesses now account for 2.9% of the total business stock, up from 2.5% in 2022.
- Around one in six of the social businesses identified can be considered ‘start-ups’ (16% or 56/353), where the business had traded for two years or less.
- The South East continues to have the strongest presence of social businesses as a proportion of total business stock, with the South West showing the greatest increase in proportion of social businesses.
- There appears to be a link between the prevalence of social businesses registered in a location with the socio-economic deprivation of that location
- The social business sector is estimated to generate between £3.5bn and £5.7bn of turnover each year.
- It is estimated that the social business sector employs between 57,000 and 68,000 people.
- Social businesses continue to operate across a broad and diverse range of sectors, however, there has been a concerning drop in the proportion of community centres/social spaces/youth clubs since 2022.
- There appears to be an increase in volunteering in social businesses, with an estimate of between 59,000 and 64,000 volunteers operating in the sector.

3.1 Geographical coverage and start-ups

We estimate that there are now 3,113 businesses in the sector, an increase of 13% from 2022 (2,750). The figure below shows the geographic distribution of social businesses in Wales.

Figure 3.1: Geographic distribution of social businesses across local authorities in Wales



Source: Wavehill Contacts List (n=3,046)

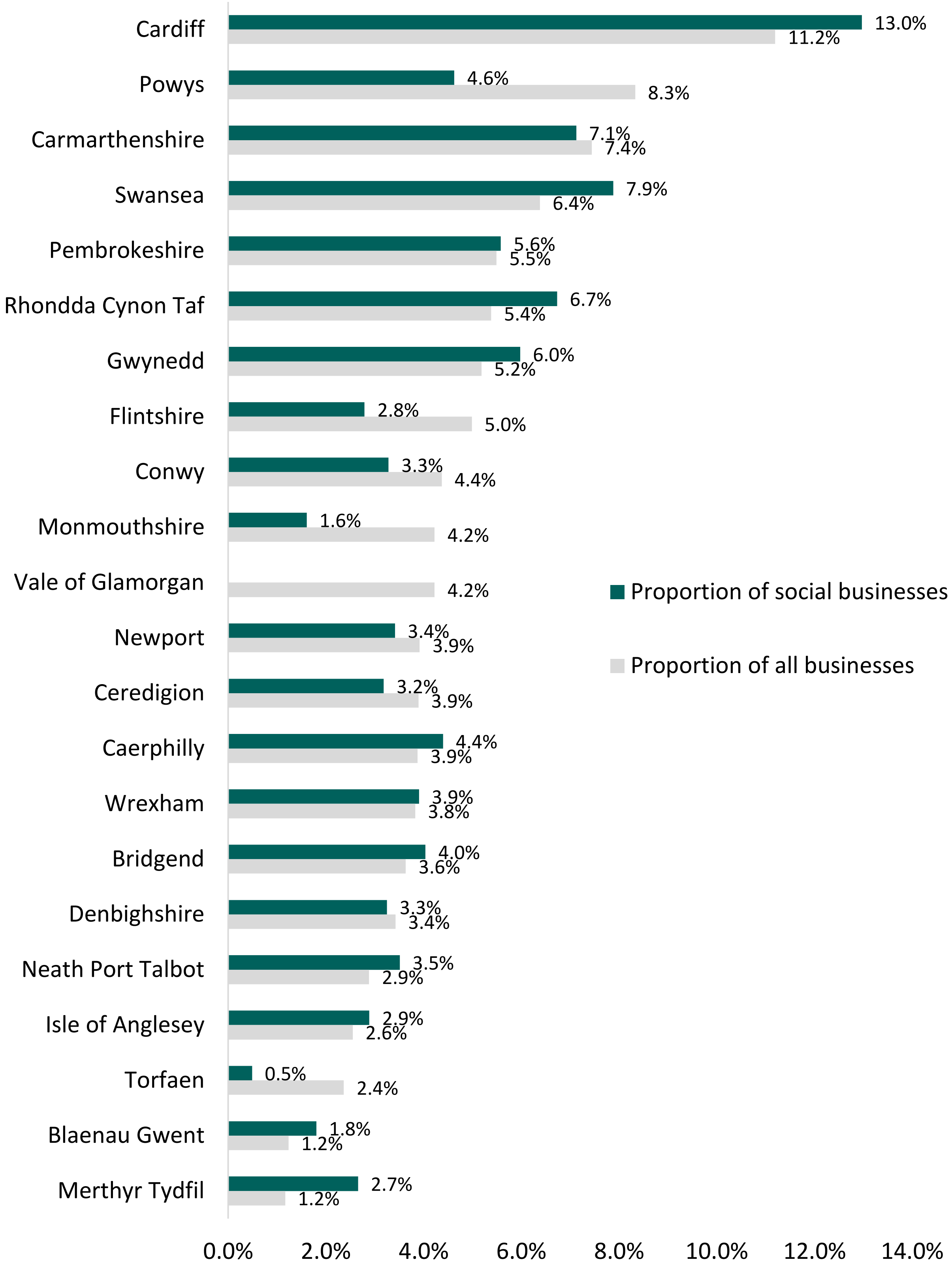
Geographical distribution can be analysed in two ways, either considering;

- The percentage of social businesses out of the total social business stock compared with the percentage of other businesses in each local authority.
- Social businesses as a proportion of total businesses stock for each local authority.

Using the first type of analysis, Cardiff has a comparable percentage of total businesses (11.2%) with social businesses (13%). As with previous analyses, there appears to be a concentration of social businesses in the South Wales Valleys relative to business stock, particularly in Rhondda Cynon Taf, Merthyr Tydfil, and Blaenau Gwent, which all show a higher percentage of social businesses relative to their share of the general business stock in Wales. For example, Merthyr Tydfil makes up 2.7% of social businesses but only 1.2% of total businesses, whilst in Blaenau Gwent 1.8% of all identified social businesses are located, compared to 1.2% of the overall business base.

By contrast, Monmouthshire and Powys have a smaller share of identified social businesses relative to their business stock. Powys, for example, represents 8.3% of all Welsh businesses but only 4.6% of social businesses. Similarly, Monmouthshire accounts for 4.2% of all businesses but only 1.6% of the social business sector. This suggests that social businesses are less prevalent in these more rural and affluent areas.

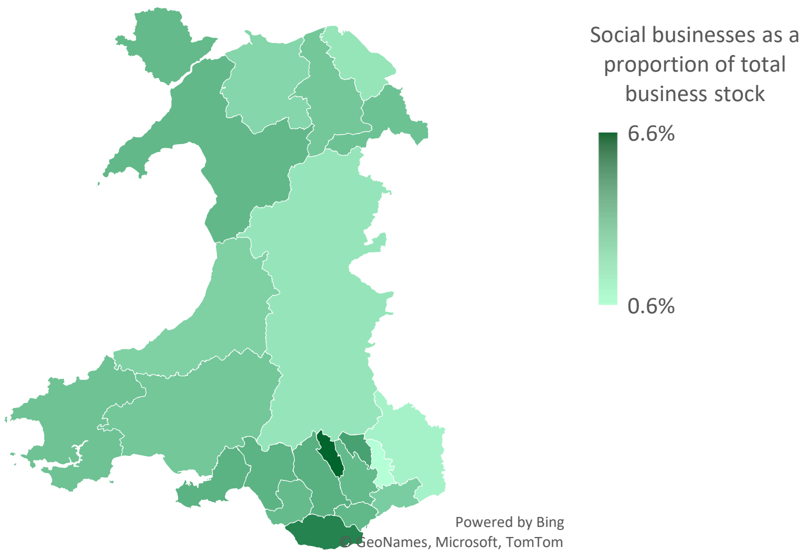
Figure 3.2: Geographical distribution of social businesses compared with all businesses



Source: Wavehill Contacts Database (n=3,046) and IDBR Business Counts Data (n=105,235) Please note, the proportion of social businesses in the Vale of Glamorgan has been excluded from this graph due to sample bias.

Analysis of social businesses as a proportion of the total business stock shows particularly strong activity in the South East, with notably high concentrations in Merthyr Tydfil (6.6%), the Vale of Glamorgan (5.4%), and Blaenau Gwent (4.2%). Other areas such as Rhondda Cynon Taf, Swansea, and Neath Port Talbot shower higher than average levels of social business presence, suggesting a strong cluster of activity in the Valleys and parts of South West Wales.

Figure 3.3: Social Businesses as a proportion of total business stock



Source: Wavehill Survey (n=315) and Nomis (n=108,055)

The regional variation can be seen most clearly in Figure 3.4 below, where South East Wales has the highest average proportion of social businesses at 3.2%, whilst Mid Wales this figure is 1.8%. It is notable that the figure for South West Wales has increased the most since 2022, increasing 5 percentage points.

Figure 3.4: Social businesses as a proportion of business stock, by regions over time

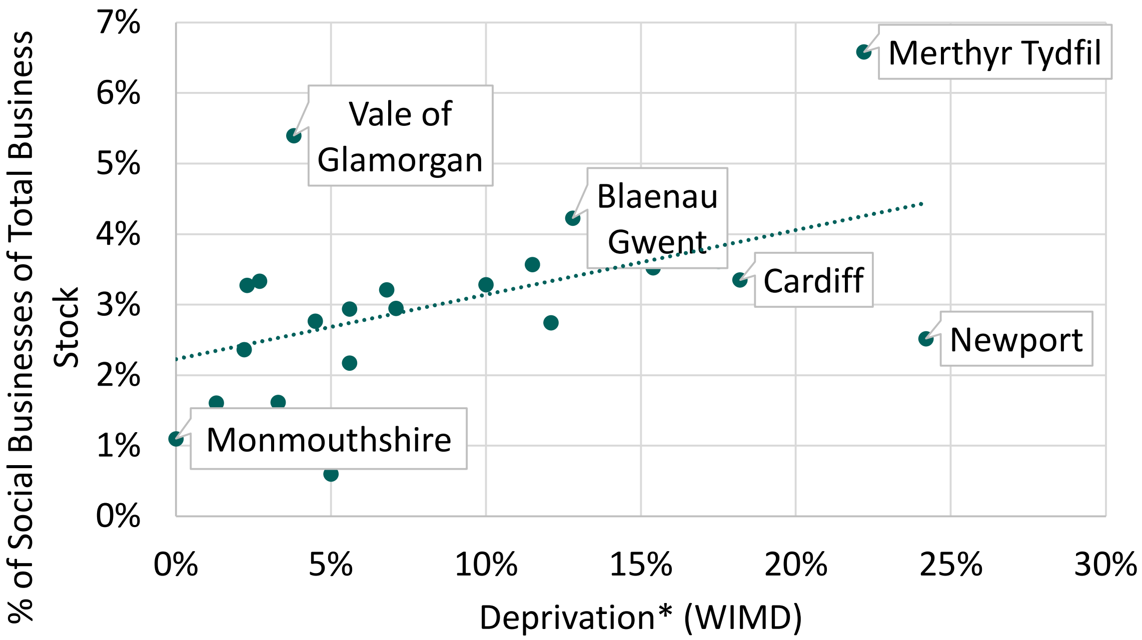
Source: Wavehill Survey

When considering the geographical coverage of social businesses, it's interesting to note the correlation between social businesses and deprivation. A comparison between the proportion of social businesses of total business stock and a proxy for the deprivation of the local authority[3] is set out in Figure 3.5 below, where each data point represents a local authority.

This analysis suggests there may be a trend where local authorities with greater deprivation have a greater proportion of social businesses. This pattern reflects the role of social businesses in providing employment and services in areas where mainstream economic activity is more limited, and where there are likely to be fewer private sector opportunities. This also demonstrates the role of the social business sector in both generating economic activity and also contributing to inclusive local economies – particularly in areas facing socio-economic challenges.

[3] This is calculation using the proportion of Local Super Output Areas (LSOAs) in the most-deprived 10% ranks of the Welsh Indices of Multiple Deprivation (WIMD).

Figure 3.5: A comparison between proportion of social business and social deprivation of local authorities, where each point represents a local authority in Wales



Source: Wavehill Contacts Database, UK Business Counts, Welsh Government[4]
* This uses a proxy of deprivation, calculated by taking the proportion of Lower Super Output Areas with a local authority that fall within the most-deprived ranks of WIMD

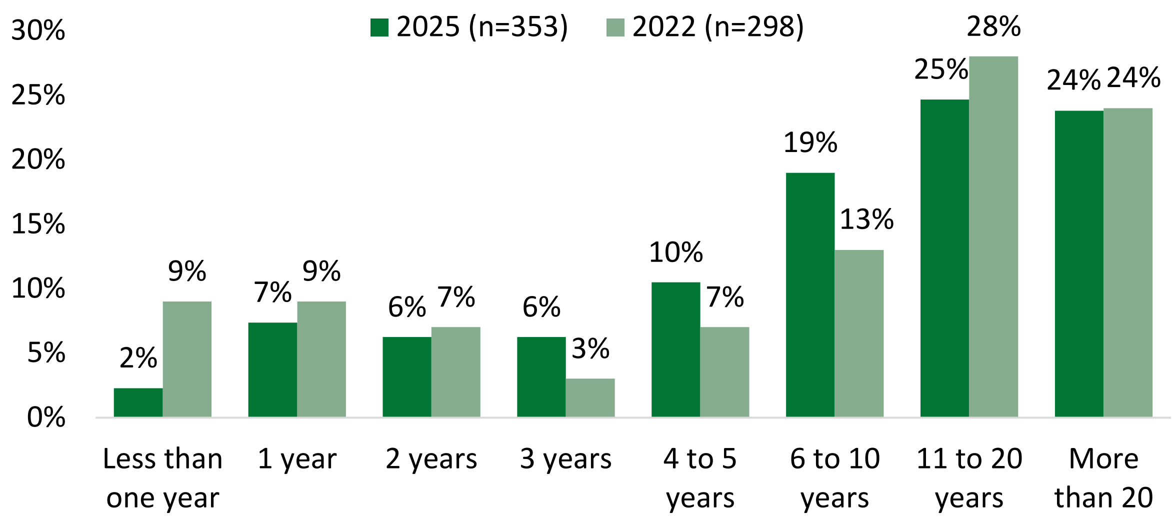
3.1.1 Start-up activity

The 2025 data suggest a slight decline in start-up activity compared to previous years. In total, 16% of surveyed businesses began trading in the last two years, compared to 25% in 2022 and 17% in 2020. The proportion of brand-new businesses (trading for less than a year) is particularly low in 2025, at just 2%, compared to 9% in both 2022 and 2020. While this may reflect broader socioeconomic factors, such as economic uncertainty or changes in funding availability, it may also be partially influenced by a shift in how and when new businesses come into contact with available support. In particular, a recalibration of the support offer[5] may mean that fewer early stage or new businesses are being captured in the data. As a result, it is important to interpret this change as a potential shift in visibility rather than a decline in start-up activity overall.

[4] Welsh Index of Multiple Deprivation (WIMD) 2019 Results report, Welsh Government
[5] It is important to note that this sub-sample may have affected the distribution of age of the social businesses presented in this report, where a large number of start-ups may bias the sample towards younger businesses. Thus, it is acknowledged that the proportion of start-up businesses in this report is likely to be an overestimate.

That said, there is some evidence of continued early-stage growth, with start-up activity more evenly distributed across the past five years. For instance, 6% of businesses began in each of the last three years (2022, 2021, and 2020), and the proportion trading for 4–5 years has increased from 7% in 2022 to 10% in 2025. This suggests that while it appears that fewer new businesses are being created, those from the post-COVID start-up wave are surviving and maturing.

Figure 3.6: Age of businesses at the time of survey, over time



Source: Wavehill Survey

3.2 Size of businesses and sector estimations

3.2.1 Employment

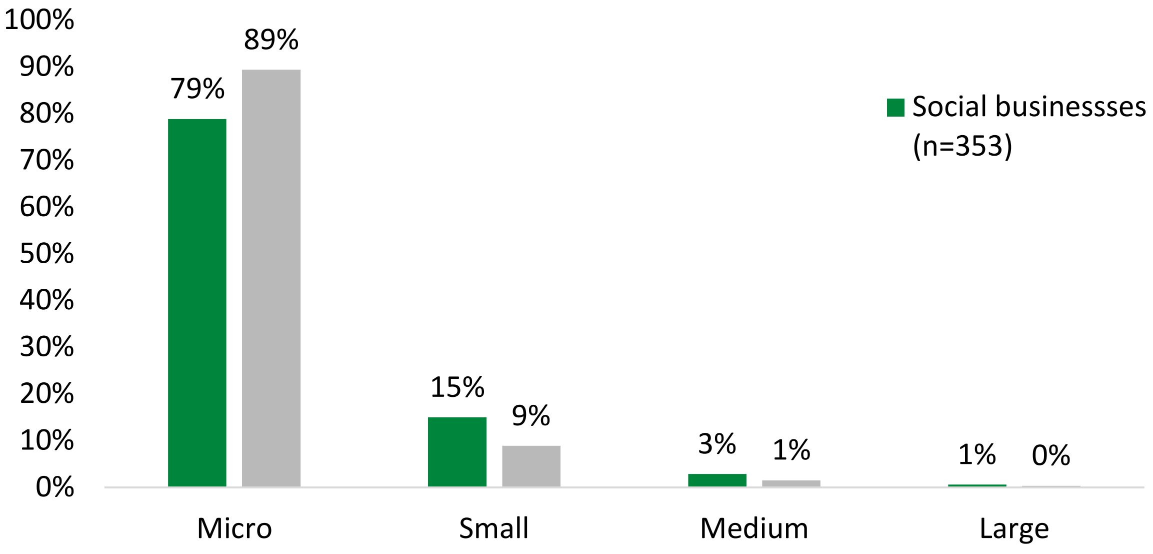
The size profile of identified social businesses in Wales, based on number of employees, continues to differ from that of the wider business population. While micro businesses (1–9 employees) remain the most common across both groups, they account for a smaller proportion of social businesses (79%) compared to 89% of all businesses in Wales.[6] In contrast, social businesses are more likely to be small enterprises (10–49 employees), making up 15% of the sector, compared to just 9% of all businesses. This reinforces previous findings that social businesses are often structured to support larger teams, likely due to the labour-intensive nature of their work in community support, health, education, and service delivery.

There is also a greater presence of medium (3%) and large (1%) employers within the social business sector compared to the wider business base, where these categories are virtually

[6] It is important to note that the survey sample may over represent larger social businesses, who are often better resources and more likely to respond. As a result, while this data gives a useful indication of overall trends, the true proportion of micro social businesses across the sector may be higher.

absent. While these figures are small, they point to a subset of social businesses operating at scale, often with complex governance structures and a broad reach.

Figure 3.8: Size of social businesses compared to total business stock



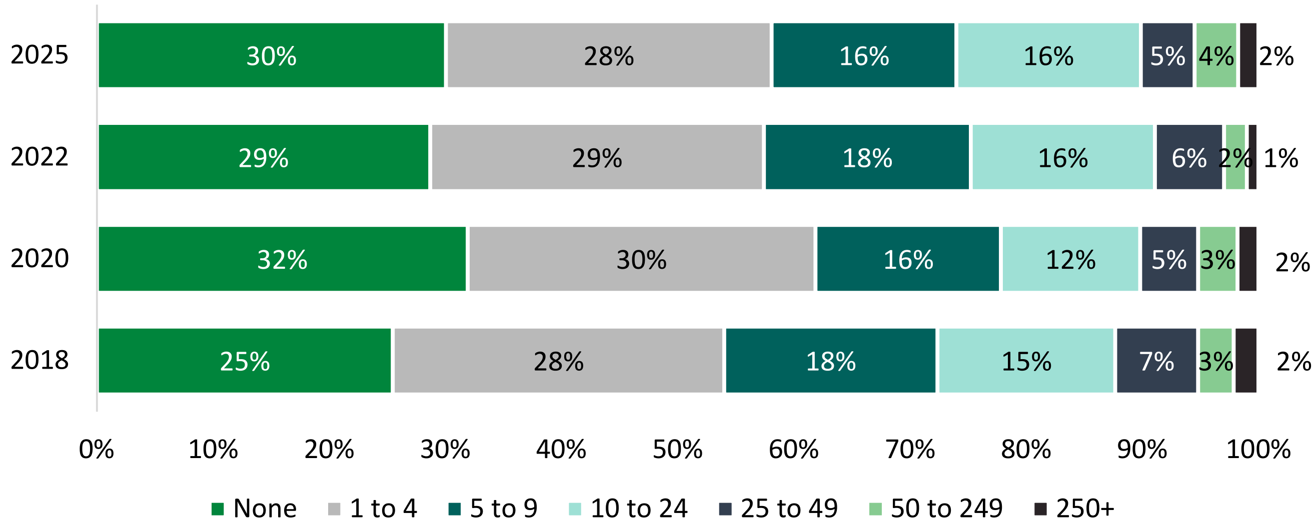
Source: Wavehill Survey 2025

The percentage of social businesses with no paid staff (either sole-traders or those run by volunteers) appears consistent with 2022 figures, with 30% of respondents in 2025 saying they have no paid staff.

3.2.2 Sector Employment estimate

Figure 3.9 presents social business employment bandings from 2018 to 2025. It is important to note that the mean average size of all respondent businesses in 2025 was slightly smaller than the 2022 average (21 compared with 23 employees). This aligns with a slight shift in the profile of surveyed businesses – while the overall distribution across employment bands remains broadly similar to 2022, the 2025 sample is slightly more polarised. There has been a small reduction in the proportion of businesses with 5-9 employees (down by 4%), and a corresponding increase in both the smallest (0-4 employees) and the largest (50+ employees) categories.

Figure 3.9: Social business employment bandings 2018 to 2025 (Total sample)



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When taking the approach used in previous mapping exercises using the mean average and estimated sector size, the growth in the number of social businesses in the sector from 2,828 businesses to 3,113 means that overall there has been a growth of 4% with a sector-wide estimate of 68,297 employees up from 65,700 in 2022.

It is important to note that due to methodological challenges faced during the 2020 reporting period (largely due to the pandemic), both the 2020 and 2022 report contained two estimates for the total number of employees in the sector due to 2020 results being at odds with 2018 reporting.

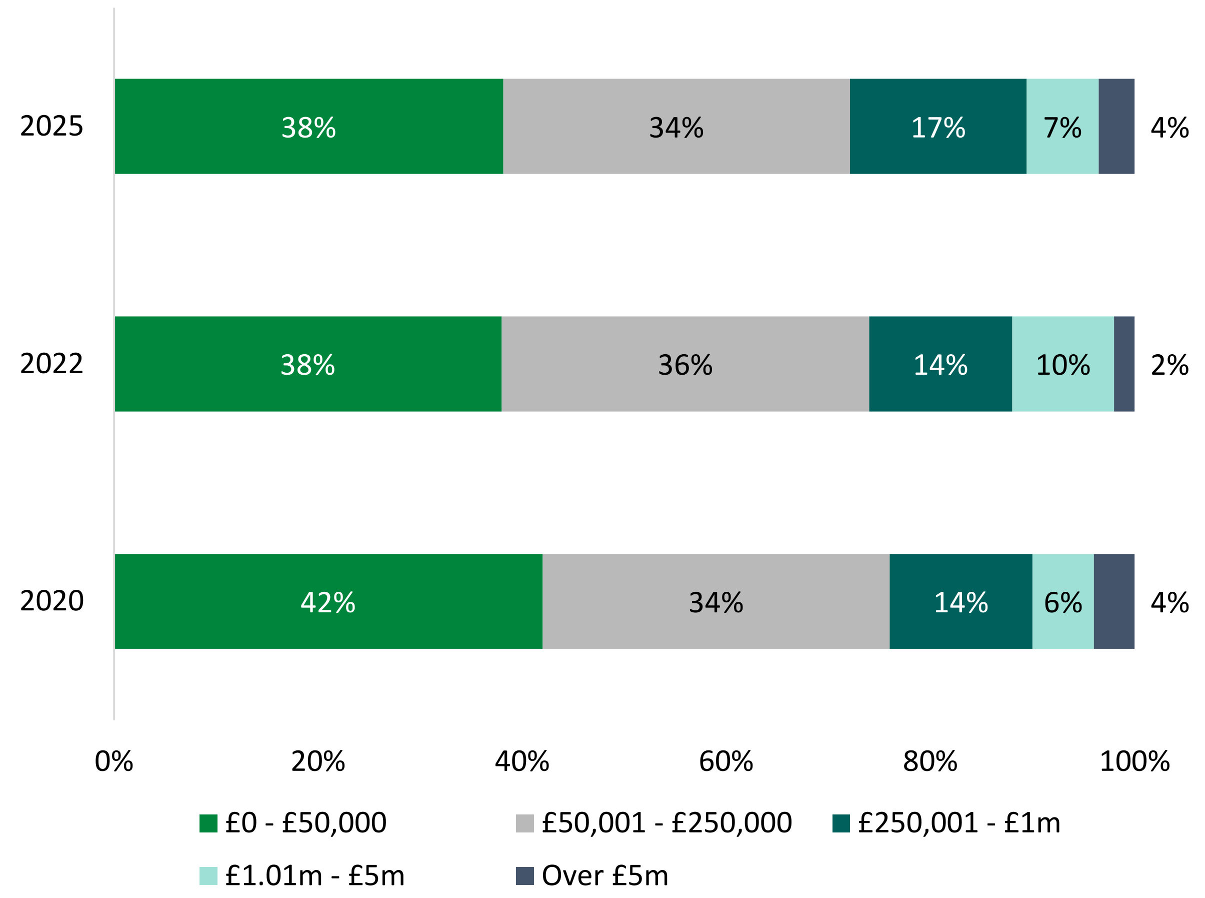
For the second estimate, an alternative method was used by conducting an analysis of the matched sample and identifying growth patterns, to produce a final sector estimate of 55,969 in 2020 and 56,713 in 2022. Using this methodology on the 2022 to 2025 sample shows a much more modest growth of 0.4% Applying this growth to last year's estimate provides a revised estimate of 56,953.

Taken together, these findings suggest that while the sector has grown in terms of the number of businesses, average business size has slightly decreased, and the overall employment of the identified social business sector is estimated to be between 57,000 and 68,000 employees.

3.2.3 Turnover

Turnover data for identified social businesses shows considerable similarities with the previous survey, albeit with marginal increases in the proportion of businesses with turnover in excess of £0.25million demonstrates the diverse nature of the sector as it contains both very small and very large businesses.

Figure 3.10: Turnover bandings reported in 2020, 2022, and 2025



Looking at data from matched businesses who completed the survey in both 2025 and 2022, whilst nearly two thirds of businesses saw their turnover increase 18/49 reported a decrease in turnover between the two years.

Table 3.1: Turnover changes 2022 to 2025

	Number of businesses	% of businesses
Increase	31	63%
Decrease	18	37%
Total	**49**	

For the sample as a whole, average turnover had increased from £198,334 in 2022 to £247,368. For the three year matched sample, the average turnover had increased from £188,846 in 2020 to £313,132 in 2025.

Following a similar methodology to that used in 2022, average turnover for survey participants was calculated using a combination of self-reported figures and midpoint figures where turnover bands were used. For businesses with a turnover greater than £10 million, their annual turnover was taken from public reports.

Given the extremes in the dataset, two sector-wide average turnovers were modelled which either included or excluded a particularly large organisation (sometimes referred to as outliers) captured in the survey. **This generated an average turnover estimate of £1.4m per organisation when including the large organisation and £644,228 when the outlier was excluded.** These are slightly lower than estimates generated in 2022 of £1.38m per organisation when including the large organisation and £715,161 when the outlier was excluded.

These figures were applied to the sector wide figure of 3,113 businesses in order to determine the estimated turnover for the identified social business sector. The estimate was then adjusted to include turnovers from additional very large organisations with a very high turnover (for example Dŵr Cymru) who were not included in the survey. Where the large turnover captured in the sample was excluded from the average, this was also included in the adjustment.

The total value of the sector, based on the estimated turnover of known and identifiable social businesses in Wales, is estimated to be between £3.5 billion and £5.7 billion.

3.2.4 Size of operational sectors

Using the entire 2025 survey sample, an analysis of business size by operational sector further reveals the variability within the sector. Arts, entertainment, recreation & other services businesses account for almost a quarter of all businesses surveyed (22%); however, they make up only 18% of employees and 16% of turnover generated by respondents. Conversely, the small number of 'Business administration & support services' sector businesses (5% of the sample) account for 21% of employment and 29% of all turnover generated. Accomodation and Food businesses, which represent 1% of the sample, account for 12% of the total turnover generated by respondents.

3.2.5 Volunteering

The 2025 data suggest an increase in volunteering within the social business sector, with findings indicating that more organisations now engage higher numbers of volunteers compared with 2022.

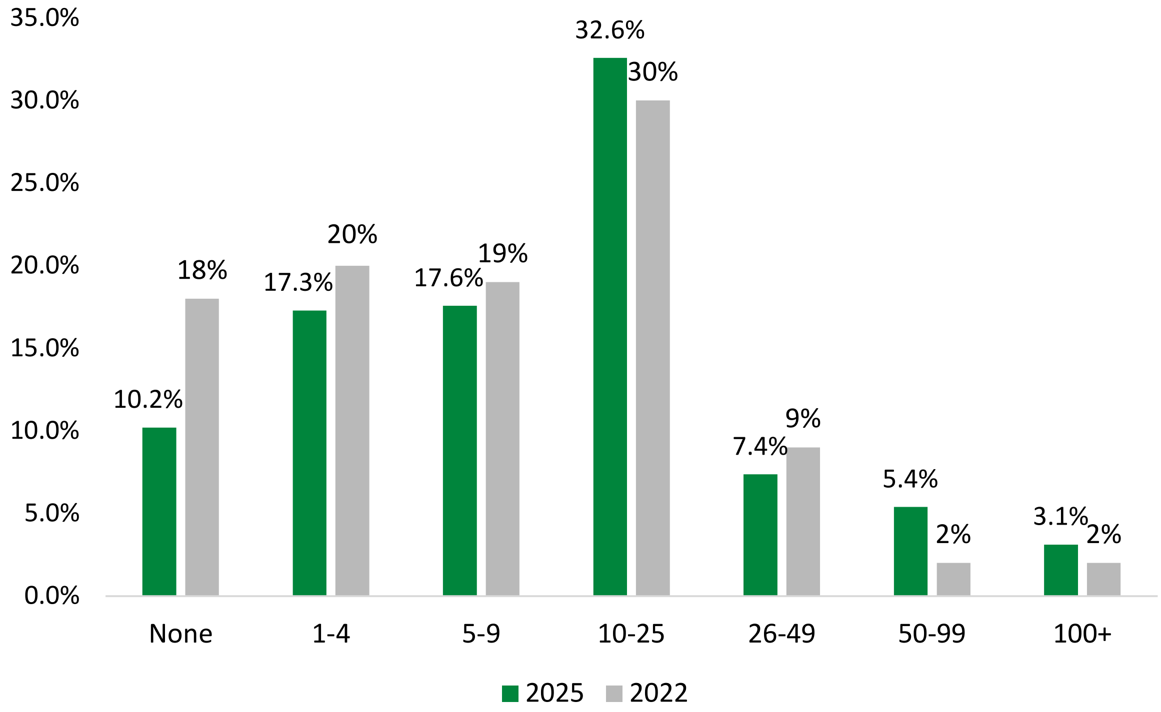
Comparing businesses that responded in 2020, 2022 and 2025, (n=38), there has also been an increase in volunteers in 2025. Amongst these matched businesses, the average number of volunteers was 14 in 2020, 12 in 2022 and 15 in 2025.

Across the whole sample, the average number of volunteers across the sample was 20.5, which sees a return to 2020 levels (20 volunteers) following a drop in 2022 (19)[7]. Across the whole sample, the proportion of organisations reporting no volunteers has dropped from 18% in 2022 to 10% in 2025, suggesting that more businesses are reintroducing or expanding volunteer roles following the disruption caused by the pandemic.

[7] Please note, this excludes the figure from one social business operating nationally that reported 29,000 volunteers, which was considered to be an outlier.

The most common volunteer band remains 10-25 volunteers, reported by a third of organisations (33%), an increase from 20% in 2022. There has also been a small rise in organisations supported by larger volunteer bases, with 5% now reporting 50-99 volunteers and 3% reporting 100 or more, both up from 2% in the previous survey.

Figure 3.11: Volunteer size bandings, 2022 and 2025

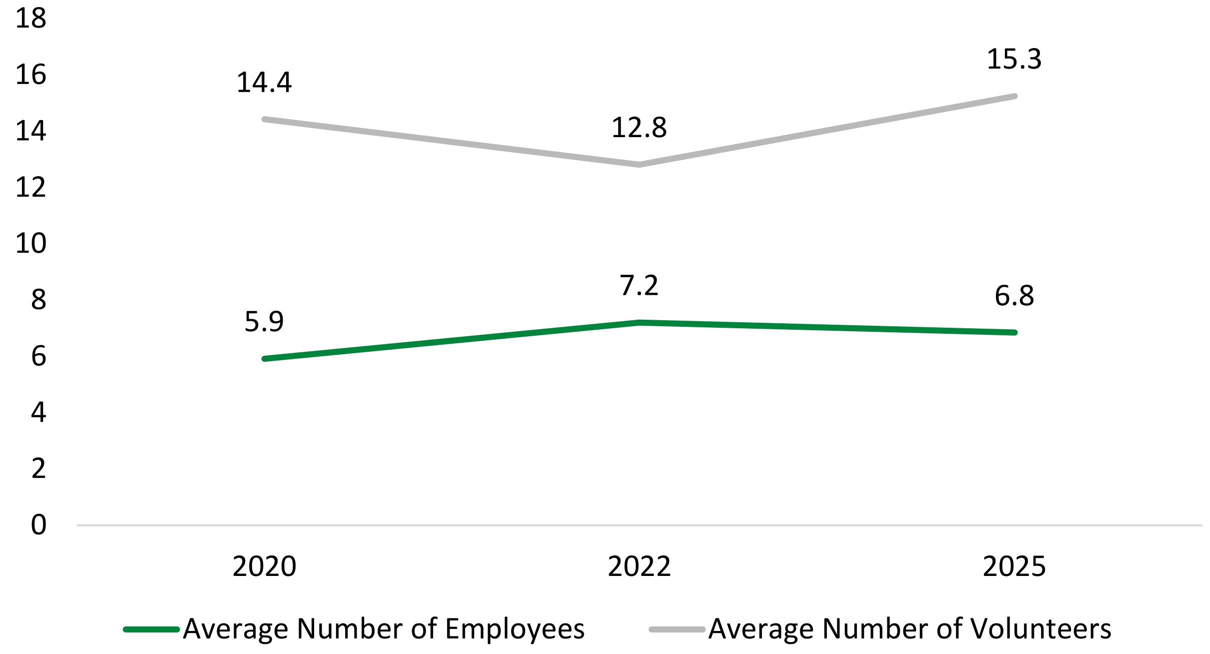


Using the estimated number of businesses in the sector (3,113) the average number of volunteers for the whole sample (20.5) and matched business (19) were scaled up to provide an estimate of **between 59,000 and 64,000 volunteers operating in the sector.**

Comparing the figures for volunteering with employment in the sector, it's interesting to note the trends over time with matched panel businesses. Notably, whilst the average number of paid staff rose in 2022 and has returned to 2020 levels in 2025, the reverse is true for volunteering. The average staff to volunteer ratio was therefore:

- 1 (staff member) : 2.4 (volunteers) in 2020
- 1 : 1.8 in 2022, and,
- 1 : 2.2 in 2025

Figure 3.12: Average number of employees and volunteers for panel respondents, 2020 to 2025



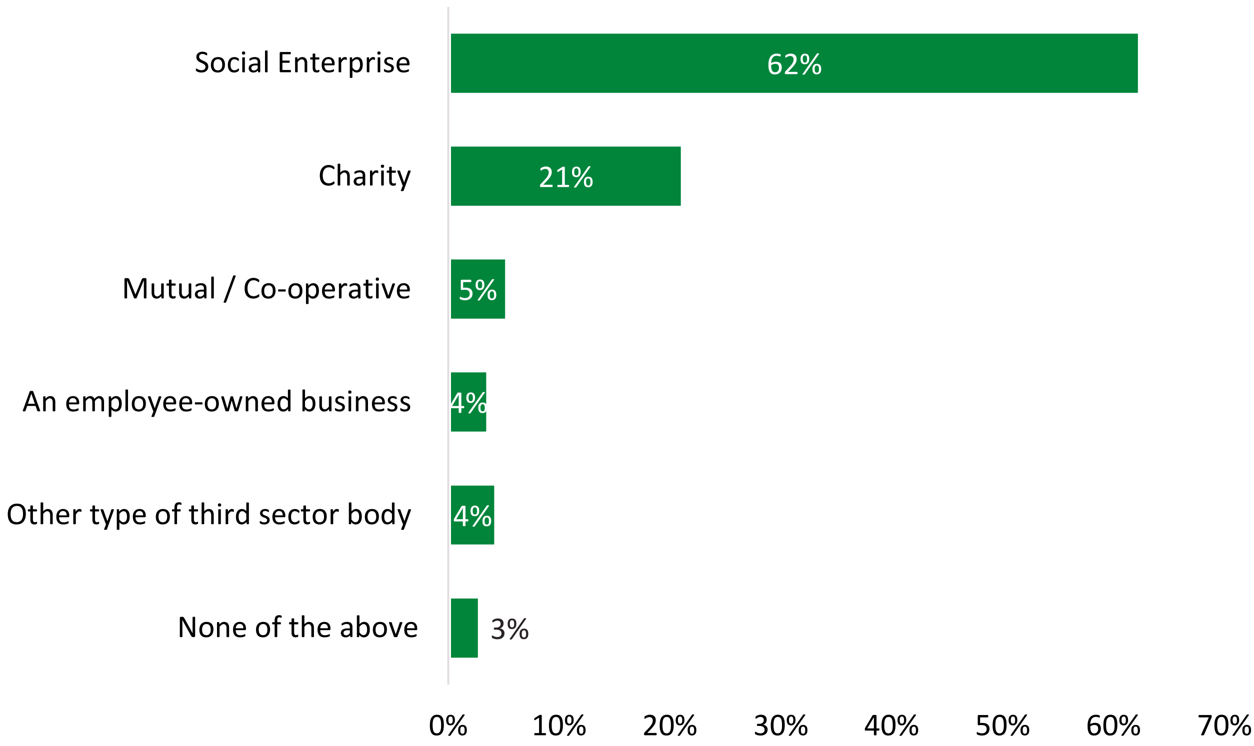
Source: Wavehill Survey (n=38)

3.3 Organisation type

The 2025 data continue to show a slight decline in the proportion of organisations identifying as social enterprises, with 62% of respondents selecting this category, down from 66% in 2022 and 73% in 2020. This may reflect a more nuanced understanding of legal and operational models among respondents, a broader diversification in the governance structures of organisations within the sector, or a simply a shift in the sample of respondents.

Over the same period, the proportion of organisations identifying as charities has also continued to fall, from 35% in 2020 to 28% in 2022, and now 21% in 2025. While some of this may reflect reclassification due to the revised question wording, it may also indicate a gradual move away from grant-dependent models, in favour of more enterprising or hybrid approaches.

Figure 3.13: Types of social businesses surveyed

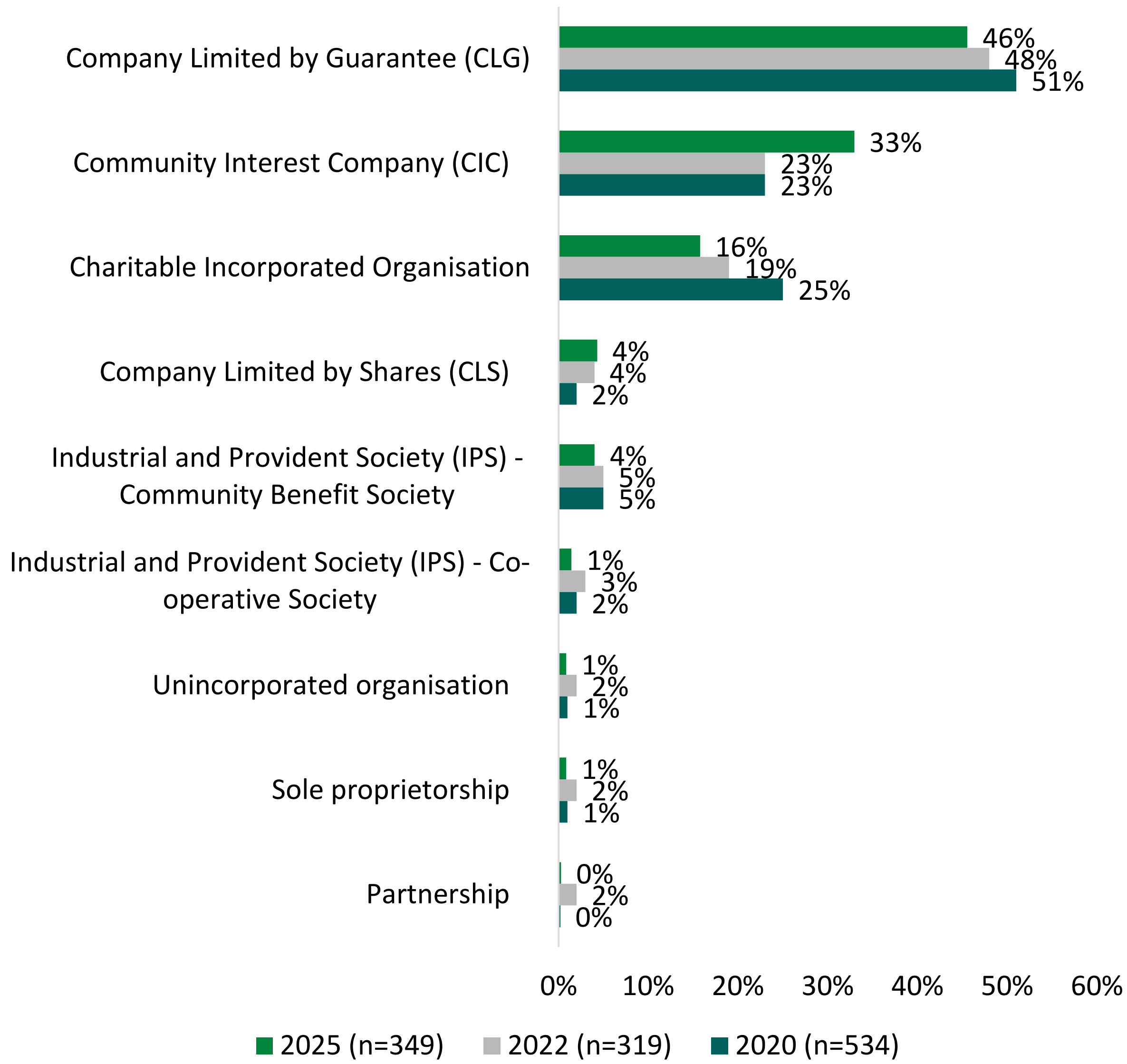


Source: Wavehill survey (n=353)

A response option for 'supported businesses' was also included separately as a follow-on question. A full definition of supported business can be found in Annex 1. Previous research has shown that many more businesses fit the supported business criteria than they realise. This is important because there are reserved opportunities for supported businesses incorporated within public procurement. Thus, two follow-up questions were asked for respondents not selecting this option to understand the true scale of supported business activity. In total, 11% of businesses said they were supported businesses (37/352) with 10 businesses (3%) saying they still weren't sure whether they were a supported business or not after being provided with a definition.

The legal status of social businesses has remained comparable with previous exercises, with just over half operating as companies limited by guarantee. However, there has been a notable rise in the proportion of Community Interest Companies (CICs), which now make up a third of the sample (33%) – up from 23% in both 2022 and 2020.

Figure 3.14: Legal status of social businesses 2020, 2022 and 2025



Source: Wavehill Survey

3.4 Operational sectors

Social businesses continue to operate across a broad and diverse range of sectors, reflecting the sector's embeddedness in local communities and its responsiveness to social and economic need. As in previous years, organisations either self-identified their operational sector or were manually coded based on a description of their activities. While this data provides a useful snapshot of the sector's composition, figures should be interpreted as indicative rather than definitive, especially given small changes in coding and classification approaches over time.

In 2025, the largest share of social businesses (22.2%) operates in the Arts, Entertainment, Recreation and Other Services, a grouping that encompasses community arts organisations, heritage bodies, sports clubs, leisure providers, and creative classes. While this remains the most common sector, the proportion has fallen slightly from 24.3% in 2022.

There has been a continued presence of social businesses in foundational economy sectors, with Health (12.4%) and Education (12.1%) remaining significant components of the landscape. Though slightly reduced compared to 2022, these figures reinforce the social business sector's vital role in delivering core services and addressing community wellbeing.

One of the most notable changes is the sharp decline in social businesses operating community centres, youth clubs, and other shared social spaces, falling from 11.3% in 2022 to just 4.7% in 2025. This drop may reflect longer-term trends following the pandemic, including ongoing financial pressures, building closures, or shifts in service delivery models.

Meanwhile, several other sectors have grown in representation, albeit from a smaller base. For example, Business Administration and Support Services increased from 3.2% in 2022 to 5.3% in 2025, and Accommodation and Food Services rose from 2.1% to 3.8%, perhaps pointing to a recovery or diversification in community enterprise model.

Overall, the 2025 data illustrates both continuity and evolution in the sector's profile. While the arts and foundational sectors remain central, there is evidence of greater diversity, with some growth in technical, hospitality, and digital sectors—alongside a concerning decline in community infrastructure-based enterprises such as youth clubs and community centres.

4. Social value and impacts

Summary

- The majority of respondents are influenced by the Well-being of Future Generations Act to some extent (79% or 170/215)
- Mitigating climate change is an increasing priority for social businesses, and more are taking action on Net Zero (10 percentage point increase on 2022)
- Social businesses are leading the way on gender parity in senior leadership, with 58% of respondents saying their most senior employee is female.
- The majority of businesses offered services in English and Welsh; around three-quarters offered signage or branding, and two-thirds Welsh-speaking staff.

Social businesses are different from traditional private sector companies and charities because they strike a balance between the two, looking to trade as any other business but also primarily existing to deliver on their social mission. This social mission could be creating positive value for the local communities in which they operate or on a national level. Having discussed business and trading performance in the previous chapter, we now turn our attention to exploring their social value and impacts.

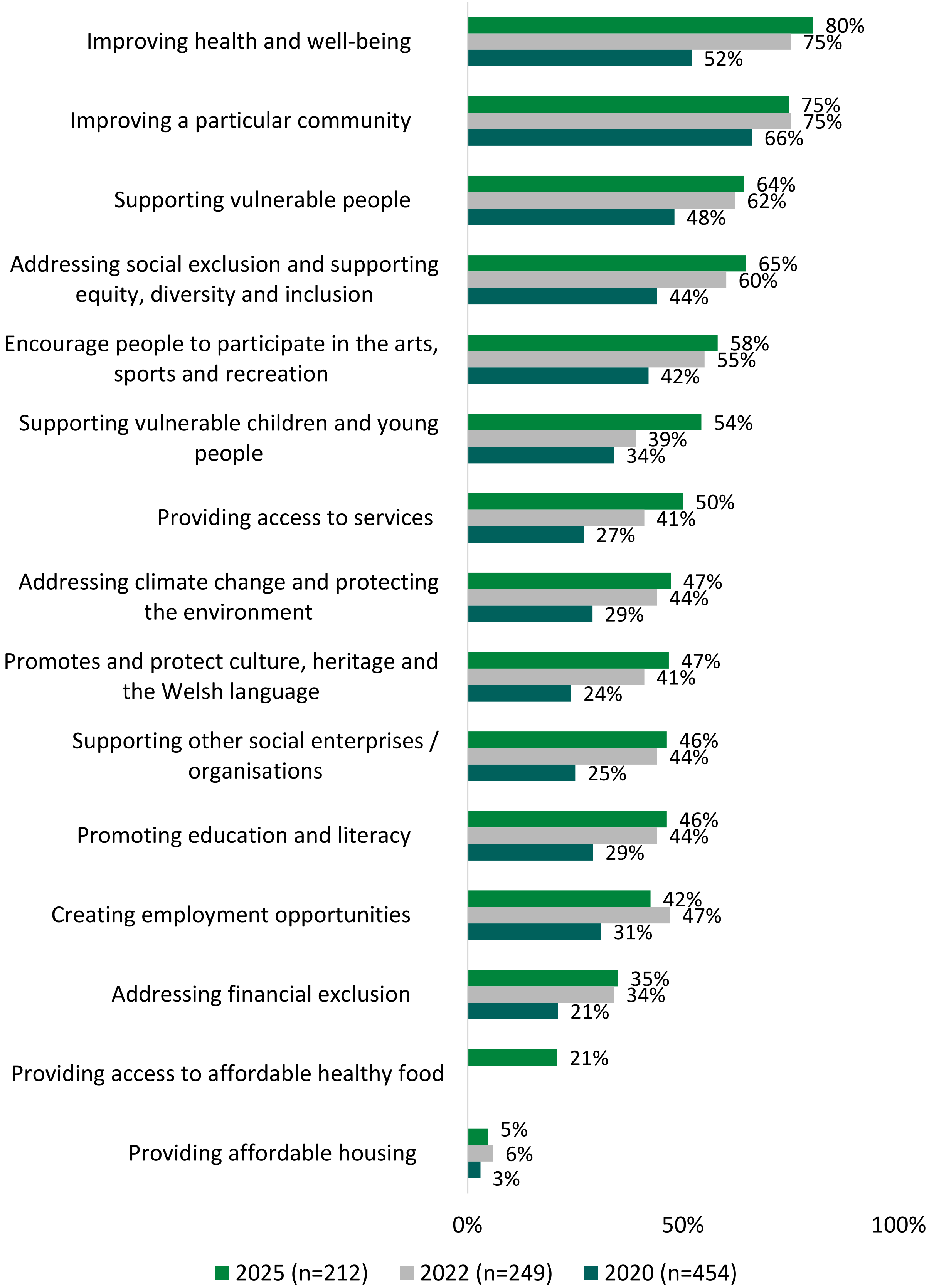
4.1 Social objectives

The 2025 data shows that social businesses in Wales are working towards a wide range of social objectives, with most organisations identifying with five or more objectives. Improving health and wellbeing remains the most commonly selected objective, cited by over 8-% of businesses – a rise from 75% in 2022 and just over half in 2020 – reflecting the sector's continued commitment to supporting physical and mental health.

Improving a particular community remains a core objective for three quarters of social businesses, reflecting the importance of place based approaches and local regeneration. Some objectives have become more prominent since 2020. The proportion of organisations promoting culture, heritage or the Welsh language has nearly doubled over five years, rising form 24% in 2020 to 47% in 2025. Similarly, the percentage of businesses providing access to services has grown substantially, form 27% in 2020 to 50% in 2025.

There have also been notable increases in objectives related to social justice and inclusion. Support for vulnerable children and young people has risen from 34% in 2020 to 54% in 2025, and the share of businesses working to address social exclusion and promote equity, diversity, and inclusion has grown from 44% to 65% over the same period. Environmental goals are also increasingly prominent, with nearly half of all businesses now reporting working to address climate change or protect the environment.

Figure 4.1: Main social objectives as identified by organisations

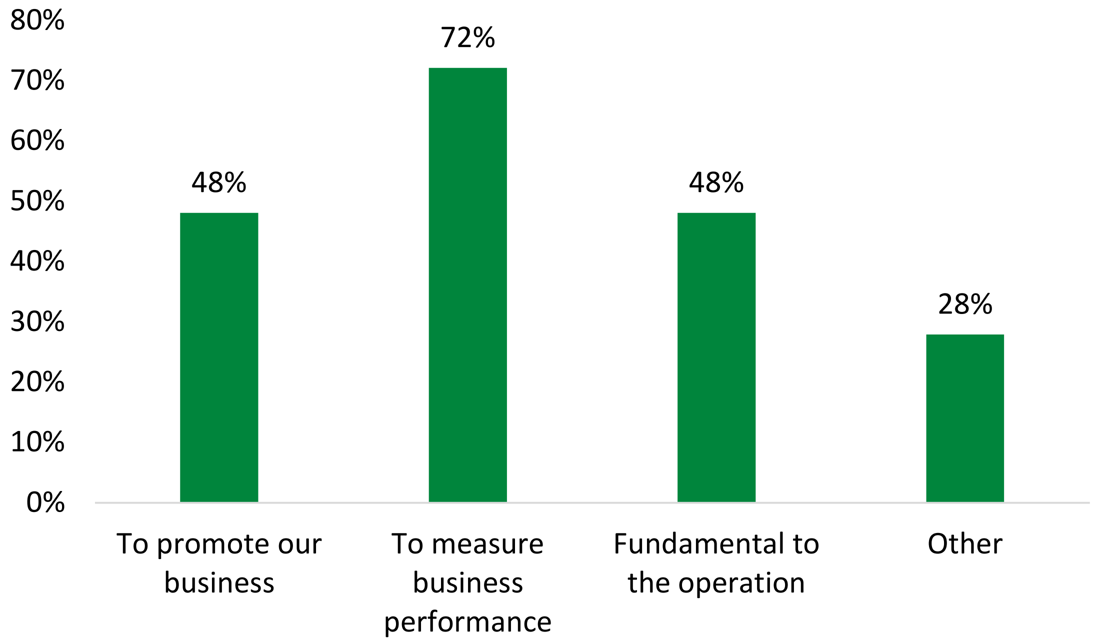


Source: Wavehill Survey

4.1.1 Measuring social impact

A higher proportion of businesses measure their social impact in 2025 compared with 2022 (48% compared with 43%). Amongst those who said they were measuring impact, 72% reported it was to measure business performance and a further 48% said it was used to promote their business. For the 48% of businesses who measure their social impact, measuring social impact was fundamental to their operations.

Figure 4.2: How do you use the information on your social/environmental impact?



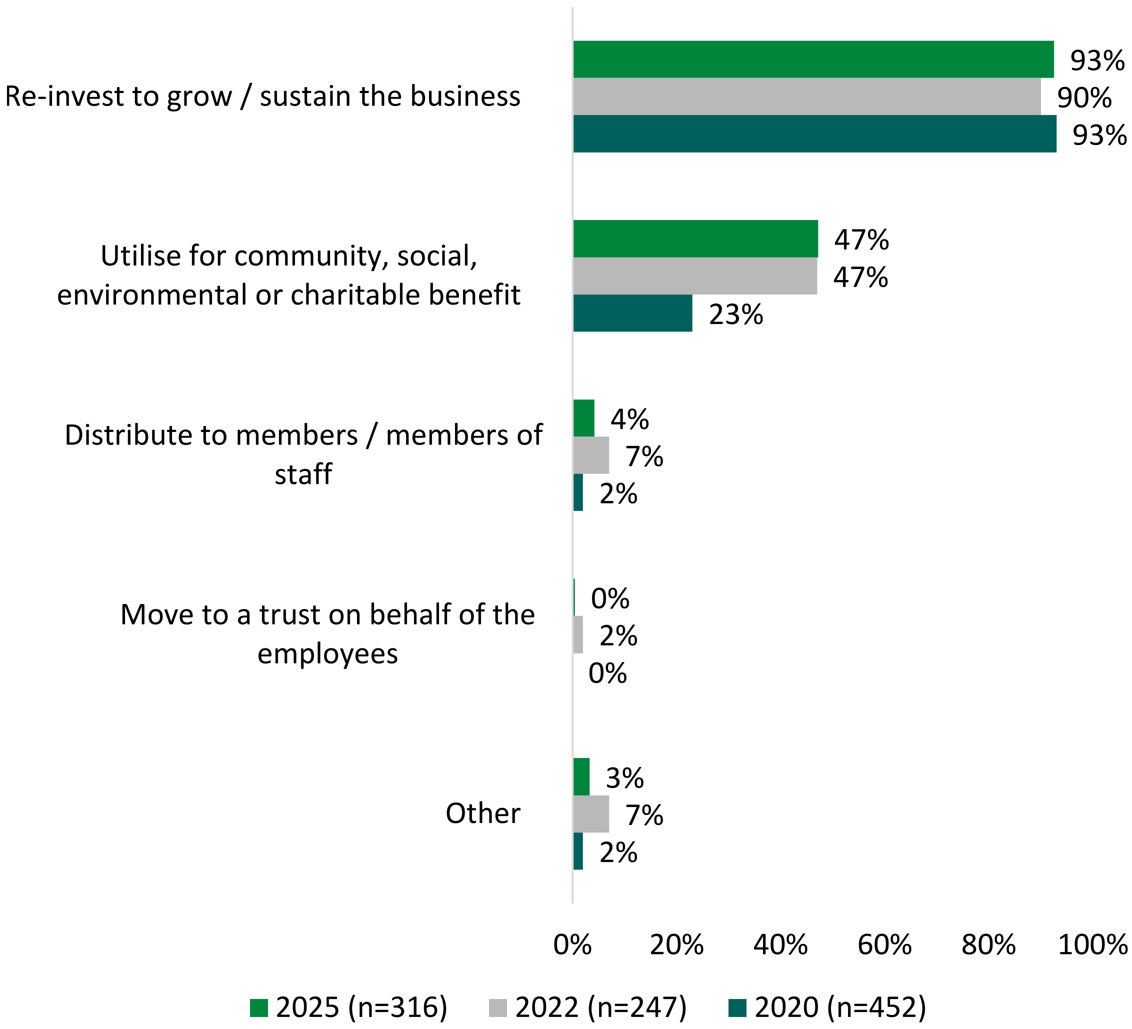
Source: Wavehill Survey (n=104)

4.2 Profit destinations

The key difference between a traditional private sector business and a social business is that any surpluses made by the latter are principally reinvested in the business or the community, rather than being driven by the need to maximise profit for shareholders and owners. The data for 2025 is broadly consistent with previous years. The proportion of businesses that reinvest surplus to grow or sustain the business has returned to 2020 levels of 93% of businesses, compared to 90% in 2022 and 93% in 2020.

At the same time, there is consistency in the number of businesses that use their surplus for community, social, environmental, or charitable benefit. In 2025, this was reported by nearly half of businesses (47%), the same as 2022 and up from 23% in 2020.

Figure 4.3: What do you do with any surplus/profit that you generate?



Source: Wavehill Survey

4.3 Business practices

Part of the social value that the sector is perceived to have lies in its role as fair employers, offering a fair wage and conditions. The above analysis on how social businesses use their surplus indicates there may be an increase in the number of employee-owned businesses or membership organisations.

4.3.1 Employment Practices

Questions related to social businesses as employers suggest that 84% of social businesses with employees pay the living wage to all staff (£12.21 in April 2025). This represents an increase from 66% in 2022 (£9.50).[8] Furthermore, the data suggests that social businesses tend to draw their employees from the local area, with 80% of respondent businesses' workforce living within 10 miles of their workplace, up from 78% in 2022 and 57% in 2020. Despite the move towards online working during the pandemic, the increasing focus on local employment suggests that the social business labour market still requires staff to be close to office or service delivery locations.

4.3.2 Leadership profile

Businesses were asked about the composition of their leadership teams, including both the size and demographic profile of those in leadership roles (such as directors, trustees, and non-executive directors). Consistent with previous mapping exercises, gender representation remains strong, with women making up 51% of the senior leadership teams of social businesses. Notably, 58% of respondents suggested the most senior employee in their organisation was female. This reflects the sector's ongoing distinction from the wider private sector, where women remain underrepresented in senior roles. This is a further increase on 2022 findings, when 51% of businesses reported a woman as their most senior leader and 51% of senior teams were made up of women on average.

Ethnic diversity within leadership remains limited, with only 6% of businesses reporting at least one leader from a minority ethnic background. Whilst a slight increase since 2022, this figure highlights ongoing challenges around representation and inclusion, and suggests a need for more targeted support or outreach to address this imbalance. However, it is important to note that this figure broadly reflects the wider Welsh population, where 93.8% identify as White.[9]

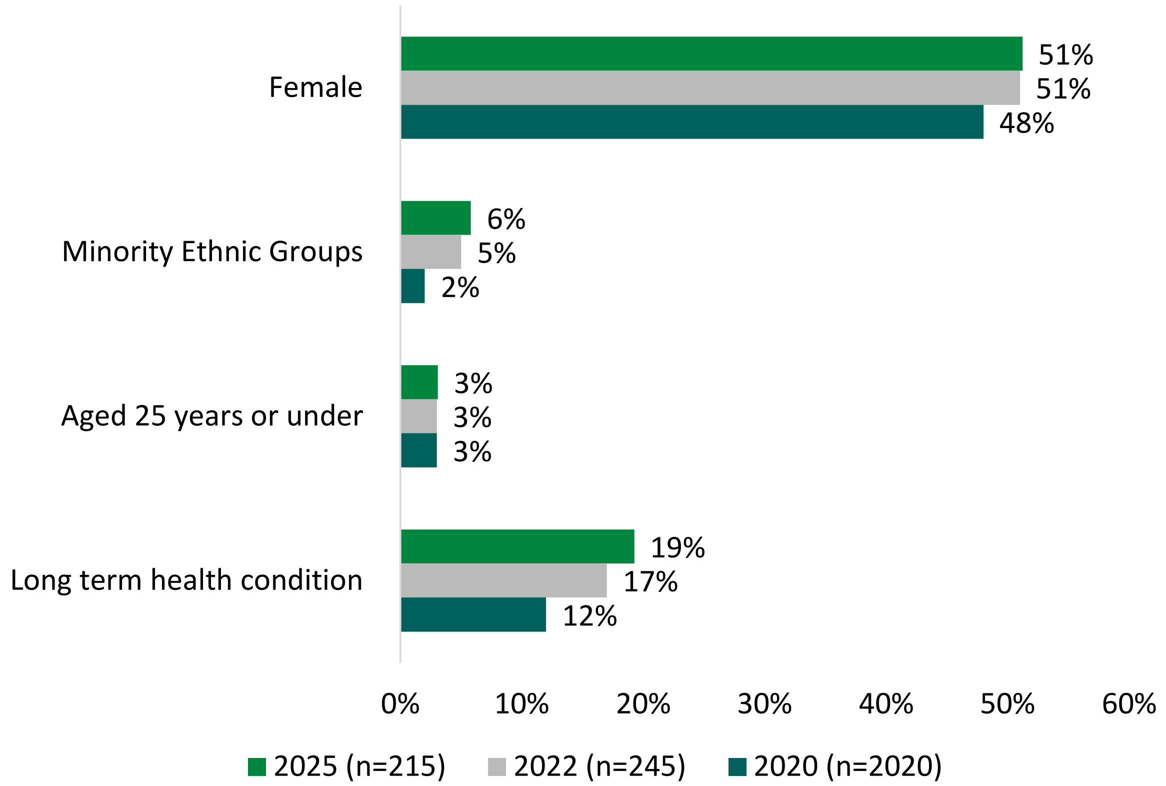
In addition, 19% of businesses reported at least one leader with a disability or long-term health condition, suggesting some progress in terms of inclusive leadership and accessibility, although the data does not indicate whether such individuals are equitably represented in the most senior roles. However, this should also be understood in the context of an increase in long-term health conditions across the UK amongst working age people[10].

[8] This figure should be interpreted with caution. Due to an error in survey designed, this question was posed to ask about the living wage (previously known as the minimum wage), as opposed to the 'real' living wage set by the Living Wage Foundation. As such, this may be an overestimation of the number of social businesses paying the real living wage. This question has been retained for comparability with previous reporting.

[9] Office for National Statistics, 2021 Census

[10] Local labour force survey, 2023

Figure 4.4: Average proportion of demographic groups amongst the senior leadership teams of social businesses 2025



Source: Wavehill survey

4.3.3 Welsh Language

In 2020 a new question was added to the survey to capture the extent to which organisations offered their services in Welsh. Responses to this question in 2022 were broadly in line with figures reported in 2020 although responses from the matched sample suggests there has been a slight rise in businesses who are not offering these services at all.

In 2025, the data shows a mixed picture, with some areas of provision declining slightly and others remaining stable. Use of Welsh signage has decreased, with 33% of organisations using it to a large extent, down from 38% in 2022. However, the proportion not using Welsh at all has remained relatively stable at 25%, following a sharper drop between 2020 and 2022.

In terms of branding and marketing, levels of use have stayed broadly consistent. Around one third of businesses use Welsh to a large extent (34% in 2025, similar to previous years), while 27% do not use it at all—a slight increase from 2022.

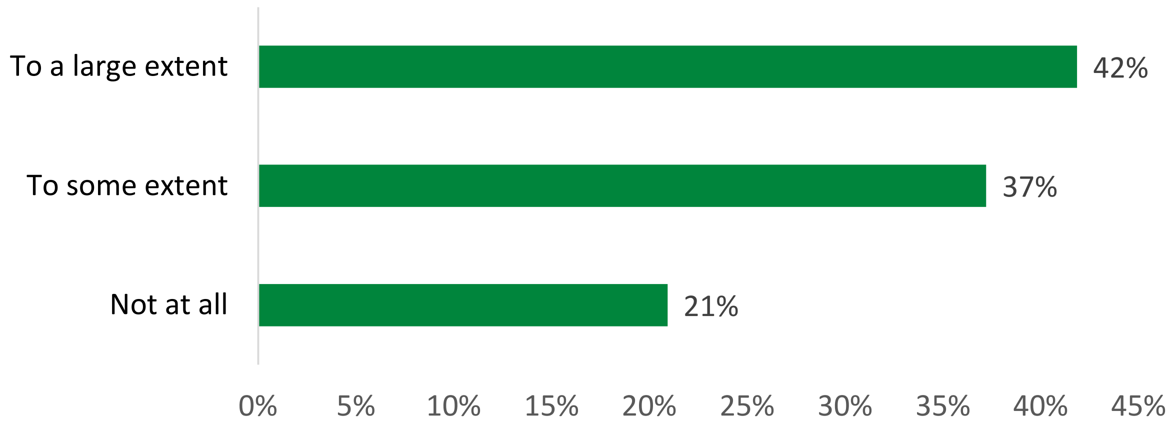
The most noticeable change has been in the availability of Welsh-speaking staff, where there has been a steady decline in use to a large extent, falling from 39% in 2020 to 24% in 2025. At the same time, the proportion of organisations reporting no Welsh-speaking staff at all has risen from 21% in 2020 to 33% in 2025, suggesting a growing challenge in recruiting or retaining Welsh-speaking employees.

4.4 Alignment with Well-being of Generations Act

The 2025 survey asked social businesses to reflect on how much the Well-being of Future Generations (Wales) Act 2015 has influenced their business planning. The results show that the Act continues to be important in shaping the sector's strategic direction. Just over four in ten businesses (42%) said the Act has influenced their planning to a large extent, with 37% reporting some influence. This shows that nearly 80% of social businesses recognise the Act as having at least some impact on how they plan and operate.

One in five businesses did say that the Act had not influenced their planning at all. This suggests that while the legislation has become embedded for many, there remains a portion of the sector where its relevance or application is less clear. Overall, however, the data points to a strong level of alignment between the social business sector and the long term goals of the Act, particularly around sustainable development and community wellbeing.

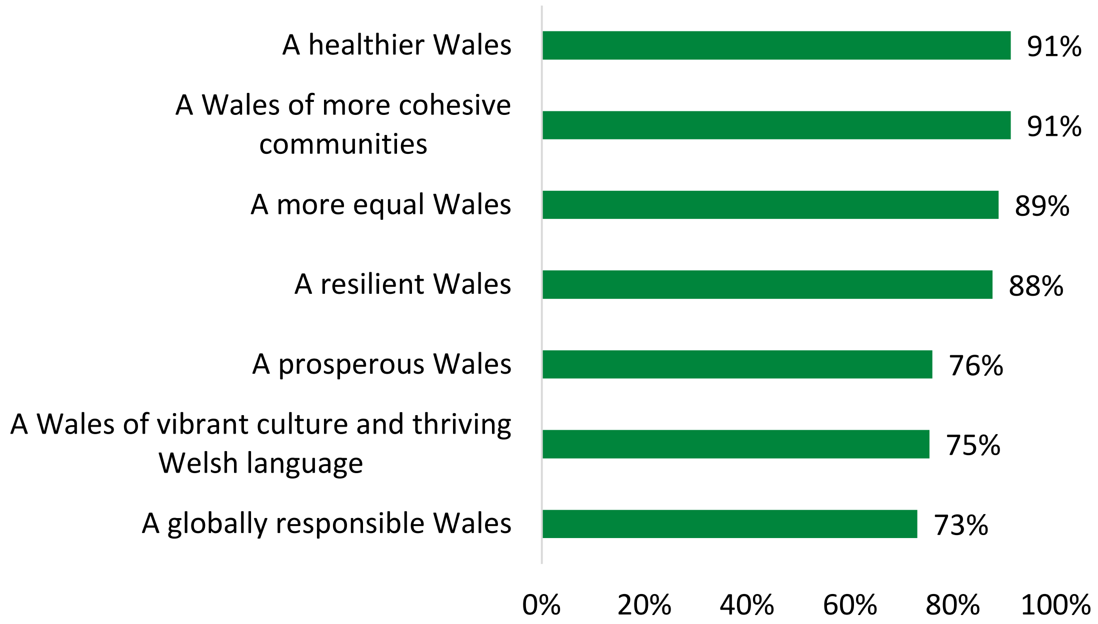
Figure 4.5: The extent to which the Wellbeing of Future Generations (Wales) Act 2015 has influenced social businesses in Wales



Source: Wavehill Survey (n=215)

In the 2025 survey, businesses were asked which of the seven goals in the Act felt the most important to their business. The data shows strong alignment with the goals and demonstrates a clear focus on improving health, building stronger communities, and promoting equality. Environmental resilience and sustainable economic growth are also important demonstrating their aim to create jobs and support local economies with a long term approach. Welsh culture and language also feature strongly, showing that businesses value the unique identity and heritage of Wales, and finally, many social businesses demonstrate a sense of global responsibility, taking actions that consider Wales's role in the world.

Figure 4.6: Wellbeing goals in the WBFG Act that businesses felt were the most important to them



Source: Wavehill Survey (n=171)

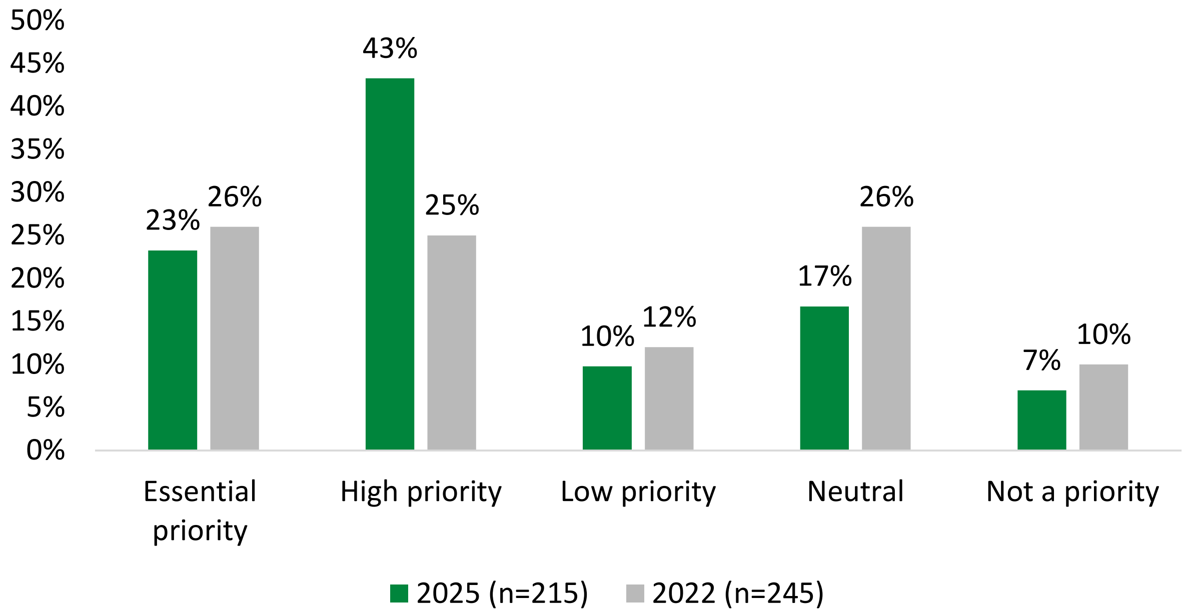
4.5 Climate and Net Zero objectives

In 2025, social businesses were again asked about the priority they place on mitigating the climate crisis and working towards net zero carbon emissions. The findings suggest a stronger commitment overall, with 66% of businesses describing this as either a high or essential priority, up from 51% in 2022. Notably, the proportion of businesses identifying climate action as a high priority has increased significantly, rising from 25% in 2022 to 43% in 2025, while those rating it an essential priority remained relatively steady at 23%.

Fewer businesses now report being neutral on the issue—17% in 2025 compared to 26% in 2022—and the proportion saying that it is not a priority at all has fallen, from 10% to 7%. This suggests that more businesses are moving away from passive or uncertain positions and beginning to recognise climate action as a more central part of their purpose and planning.

While there is still a small minority (10%) for whom climate action is a low priority, the overall trend points towards growing engagement with environmental sustainability across the sector, reflecting wider societal and policy shifts towards decarbonisation and long-term resilience.

Figure 4.7: How much of a priority is mitigating climate change for your business?



Source: Wavehill Survey

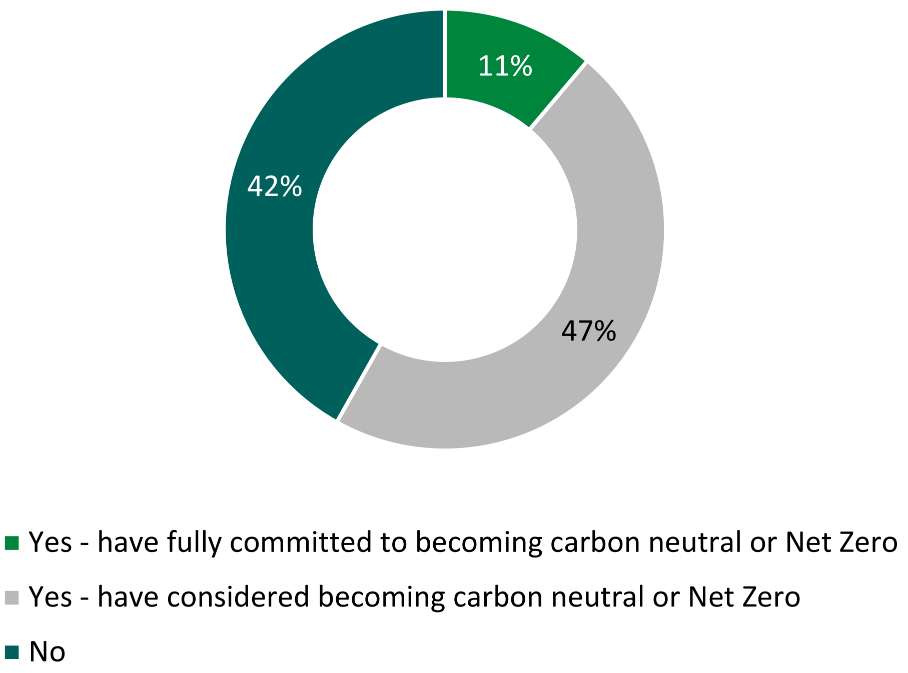
4.5.1 Commitments

Businesses were asked whether they had committed to or considered becoming carbon neutral or net zero. While many social businesses continue to see the climate crisis as a priority, only 11% said they had fully committed to achieving carbon neutrality or net zero emissions. This represents a slight drop from 2022, when 15% had made such a commitment.

However, almost half (47%) of businesses reported that they had considered taking this step, suggesting that interest and awareness remain high, even if formal action is more limited. Meanwhile, 42% of respondents said they had not considered or committed to becoming carbon neutral, a slight increase on previous years. While more social businesses are recognising the importance of addressing climate change—reflected in the growing number prioritising it in their planning—the data shows that relatively few have taken steps to fully commit to a net zero pathway.

As noted in previous years, evidence from wider sector research suggests that social enterprises in Wales may still be more likely than their counterparts elsewhere in the UK to embed climate action in their mission.

Figure 4.8: Have you fully committed or considering becoming carbon neutral or net zero?

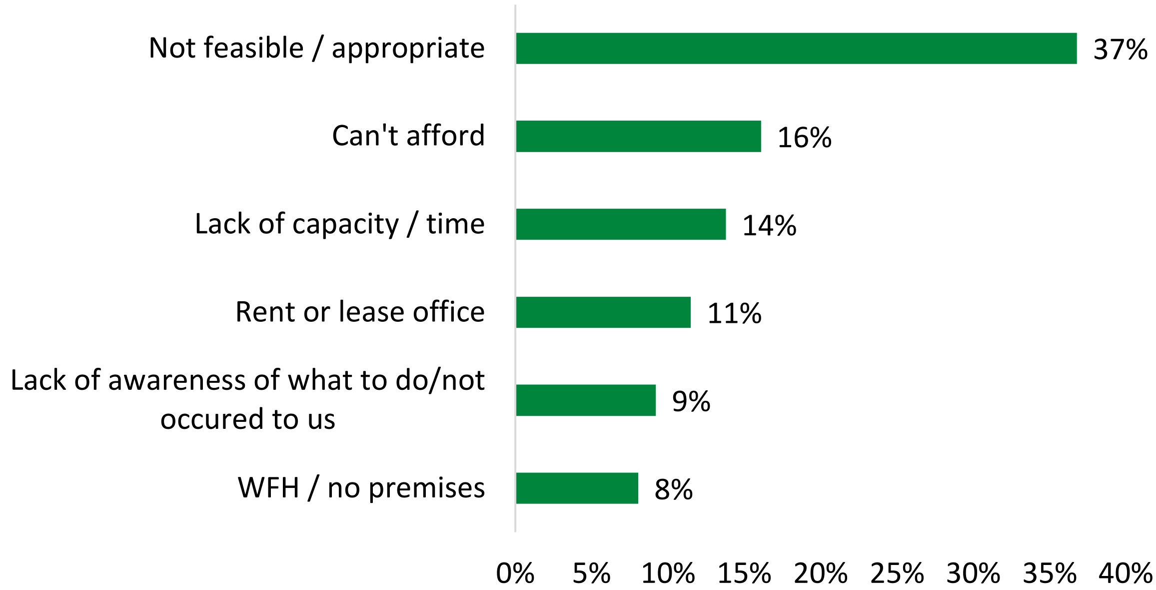


Source: Wavehill Survey (n=215)

Among the 42% of social businesses who said they had not taken steps towards becoming carbon neutral or net zero (shown in the figure above), the most commonly cited reason was that it was not feasible or appropriate for their organisation, reported by 37% of respondents. This highlights that for a portion of the sector, the nature of their work, operating model, or scale may present practical barriers to engaging with net zero goals. Other frequently mentioned barriers included financial constraints, with 16% saying they couldn't afford it, and 14% citing a lack of time or capacity. These findings suggest that while awareness and interest in environmental action may be growing, many organisations face operational pressures that limit their ability to act.

Some businesses also said their premises are rented or leased (11%), making it harder to implement changes directly, while 9% reported a lack of awareness or said it simply hadn't occurred to them to take action. A further 8% said they have no premises, or staff are working from home, which may limit the relevance of some carbon reduction initiatives.

Figure 4.9: Reported barriers to becoming carbon neutral or net zero



Source: Wavehill Survey (n=87)

Among those social businesses that had considered but not yet introduced environmental actions, the most common barrier was lack of funding. This was identified across nearly all areas of environmental activity and highlights the need for greater financial support if more businesses are to take steps towards sustainability. For those who had considered energy efficiency measures, over three quarters (76%) said funding would help them implement changes. Around 29% also highlighted the need for support and advice, and a smaller number mentioned other barriers such as organisational complexity or competing priorities.

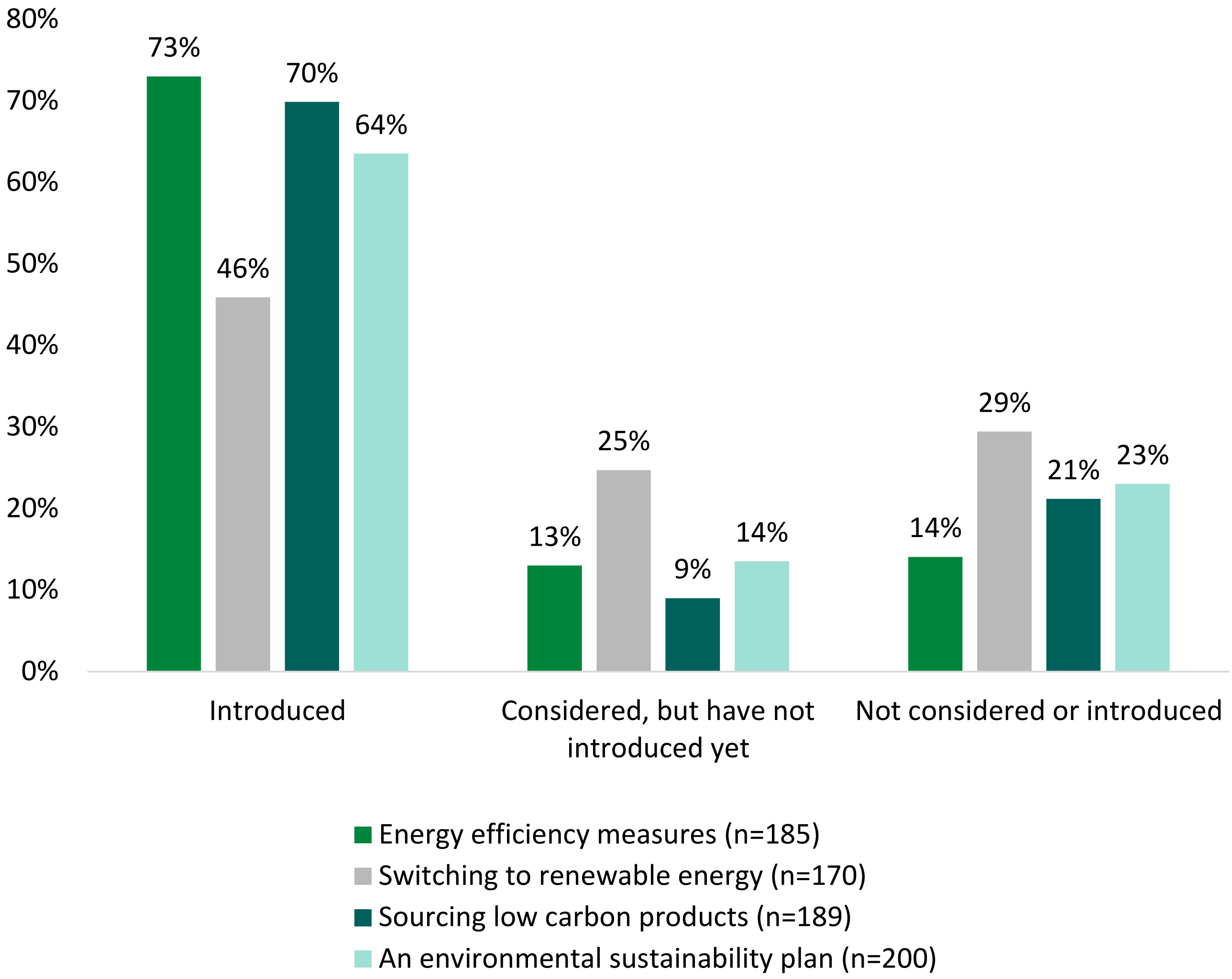
When it came to switching to renewable energy, 75% cited funding, while 18% needed support and advice, and 12% said that not owning their premises was a barrier. Similarly, among businesses interested in becoming carbon neutral or achieving net zero, nearly half (49%) reported a need for education or advice in addition to funding (61%), showing the importance of tailored support to help organisations plan and deliver on their sustainability goals. This was also reflected in relation to developing environmental sustainability plans, where two thirds (67%) said they needed specialist guidance, more than any other area for environmental action.

4.5.2 Actions

Where businesses have taken actions, social businesses were most likely to have introduced energy efficiency measures, with 73% of respondents (135 out of 185) reporting that they had taken action in this area. This marks a notable increase from 63% in 2022, suggesting continued momentum in response to rising energy costs and a growing focus on sustainability across the sector.

A high proportion of businesses had also adopted low carbon procurement, with 70% (132 out of 189) saying they were actively sourcing low carbon products. This is a newly reported area in the 2025 survey and indicates strong awareness of the environmental impact of supply chains. Environmental sustainability is also becoming more embedded with 64% of businesses reporting that they have introduced an environmental sustainability plan. According to the Business Insights and Conditions Survey in April 2025, approximately 22% of businesses in Wales had a climate change strategy.[11]

Figure 4.10: Have you considered or introduced any of the following measures to address the climate crisis?



Source: Wavehill Survey 2025

[11] Business Insights and Conditions Survey Wave 139, ONS

5. Growth and Trading

Summary

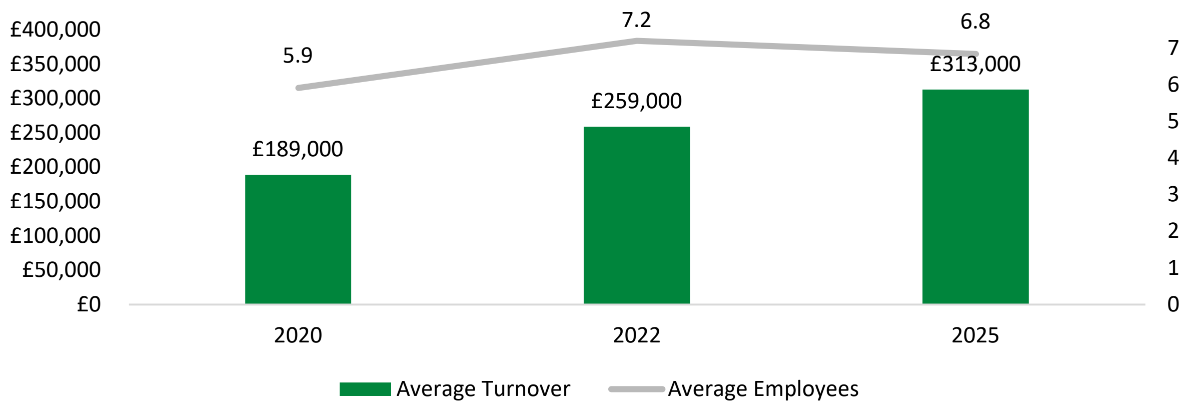
- There is cautious optimism on business resilience and growth
- Respondents were broadly positive about their outlook, with a fall in those thinking their profit will decrease.
- Social businesses have a consistent profile of income sources from previous years, with trading and grants continuing to be important.
- As businesses mature (age) they tend to become less reliant on grant funding and have a higher proportion of income from trading products or services.
- Accessing both loans and procurement opportunities continue to be the skills where businesses report the lowest capabilities, along with marketing and online marketing skills.
- There is high confidence for business leaders in strategic skills such as financial management, developing and implementing a strategy and people skills and management.

5.1 Business growth

To understand business growth between 2020 and 2025 it is most useful to compare businesses that have contributed turnover or employment data for all three waves of the survey. This allows meaningful comparison of growth figures and ensures any apparent growth is not due to sampling variation.

As demonstrated in Figure 5.1, a comparison of turnover and average number of employees suggests that businesses in the matched sample have continued to grow over the period. The average number of employees has declined slightly between 2022 and 2025 but is still up from the 2020 average.

Figure 5.1: Average turnover and average number of employees over time (panel respondents)



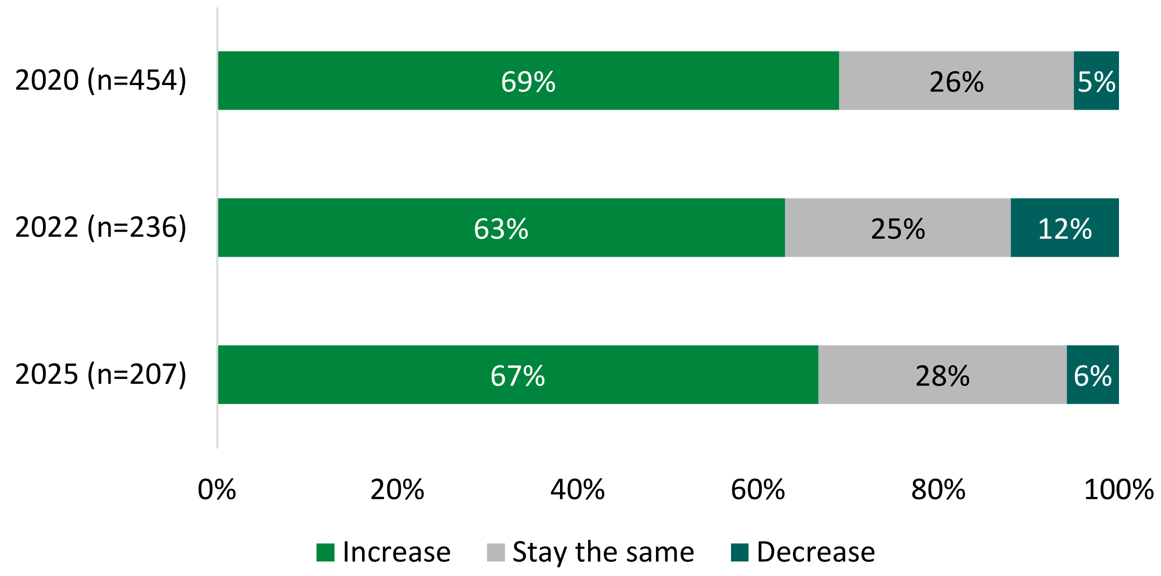
Source: Wavehill Survey 2025 (n=30)

Across the 2025 sample, respondent indicators related to business development suggest that businesses are continuing to expand, diversify their services, or attract new customers and investors. Previous mapping surveys highlighted that during the pandemic in 2020 businesses were in a phase of consolidation or survival, and then sought to grow in 2022 – this trend has continued into 2025, with a further increase in respondents suggesting they have developed in the last 12 months. For example, almost two-thirds of businesses developed new products and services (65%, a 12 percentage point increase on 2022) and 28% have attracted investment to expand (a 6 percentage point increase on 2022).

However, there has been a fall in those saying they have won a public sector procurement contract, with 13% doing so in the last 12 months compared with 20% in 2022. This is also reflected in findings on business trading patterns (Section 5.2 below), where there has been a small decrease in businesses trading with the public sector through service level agreements or contracts.

There was general optimism by social businesses as to their profit prospects over the next 2-3 years. Two-thirds of businesses expected their profit to increase (67% or 138/207 businesses) demonstrating overall optimism towards growth prospects over the next three years. Businesses are not only more positive about their growth than in 2022, but they are also less pessimistic, with the proportion of businesses thinking their profit will decrease halved from 12% to 6%.

Figure 5.2: Thinking about the next 2-3 years, do you think your profit will increase, decrease or stay the same?



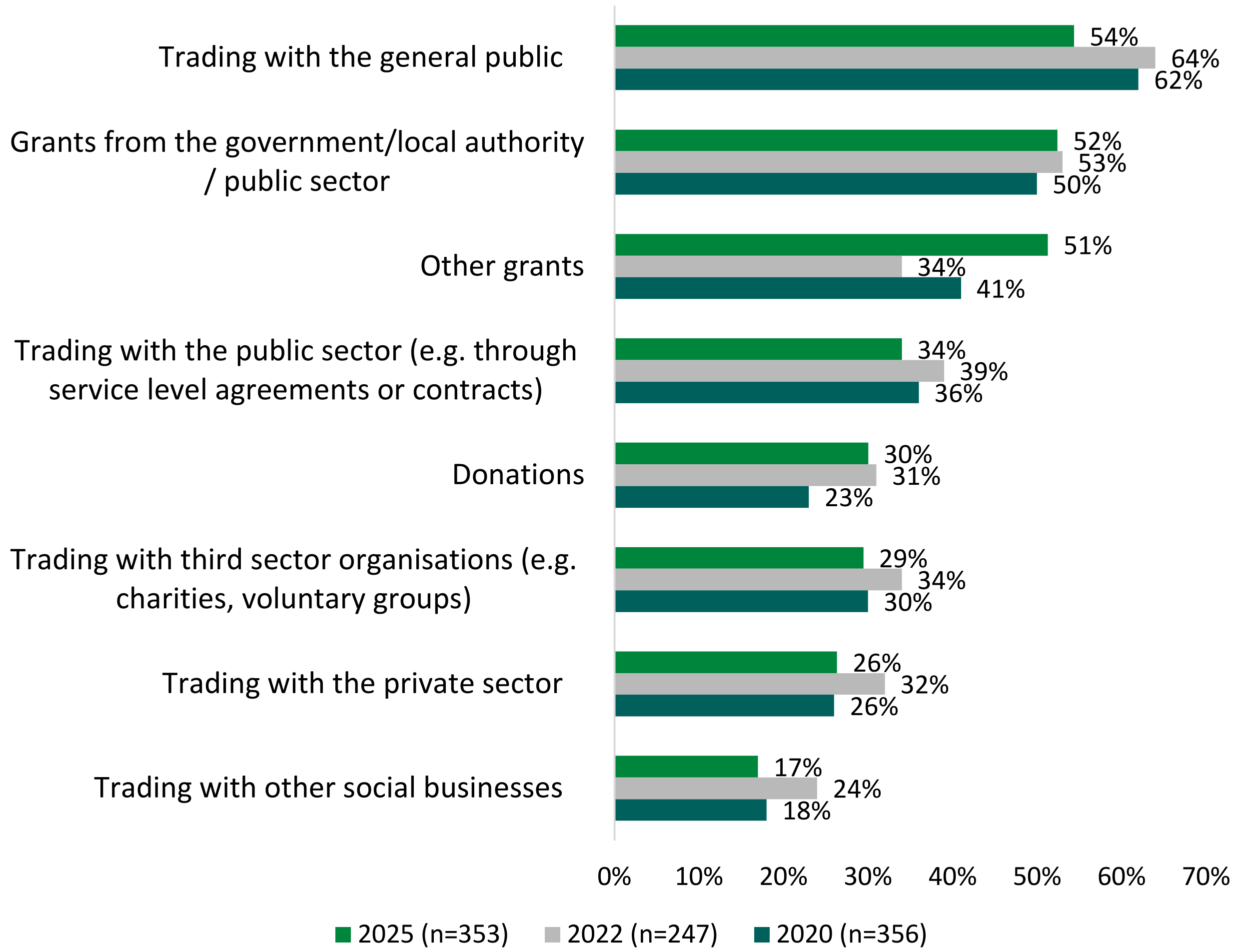
Source: Wavehill Survey

Expectations relating to turnover over the next 2-3 years were more consistent with findings 2022 and 2020, with those expecting turnover to increase at 70% in 2025, 69% in 2022, and 71% in 2020.

5.2 Trading patterns

Social businesses have a range of income sources, reflecting their business models as both social orientated but also commercially focused; this is what differentiates social businesses from other third sector organisations. The main sources of income have remained somewhat consistent over time, with trading with the general public and grants from the public sector continuing to be the main sources of income. The biggest shift is an increase in 'other grants', i.e. not those from the government, local authority, or public sector. Whilst it is unclear what has influenced the growth in respondent businesses accessing "other grants", it may be associated with grant opportunities arising through distribution of the UK Shared Prosperity Fund (SPF). In many local authority areas across Wales, grant support through SPF has been distributed to the third sector via third parties which potentially may have led to recipients attributing this to other (rather than government) grant support. "

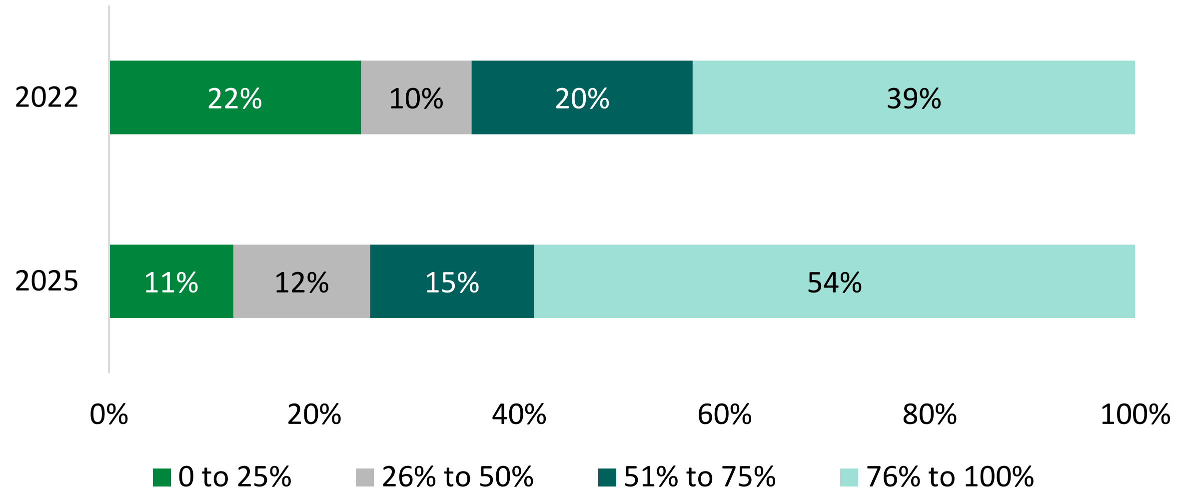
Figure 5.3: What are the main sources of income your organisation receives? (Please tick all that apply)



Source: Wavehill Survey

In terms of the proportion of income sourced through trading activities, i.e. income generated by the goods or services as opposed to the receipt of grants or donations, an analysis of panel respondents suggests this may have increased since 2022. For matched respondents between 2022 and 2025, the proportion of businesses who secured over three-quarters of their income from trading activities has increased from 39% in 2022 to 57% in 2025.

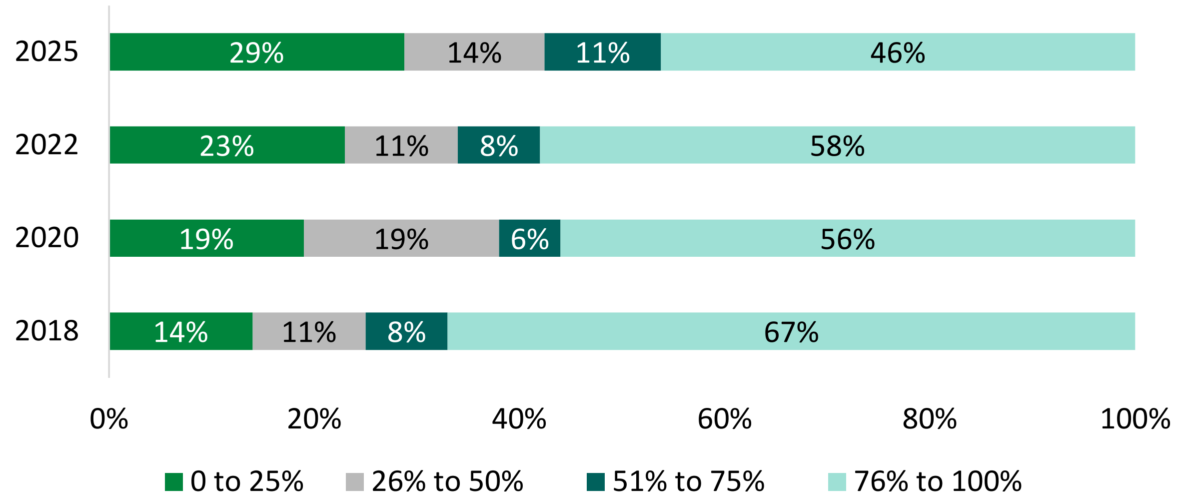
Figure 5.4: Approximately how much of your organisation's total income is generated from trading activities? 2022 and 2025 matched sample



Source: Wavehill Surveys (n=40)

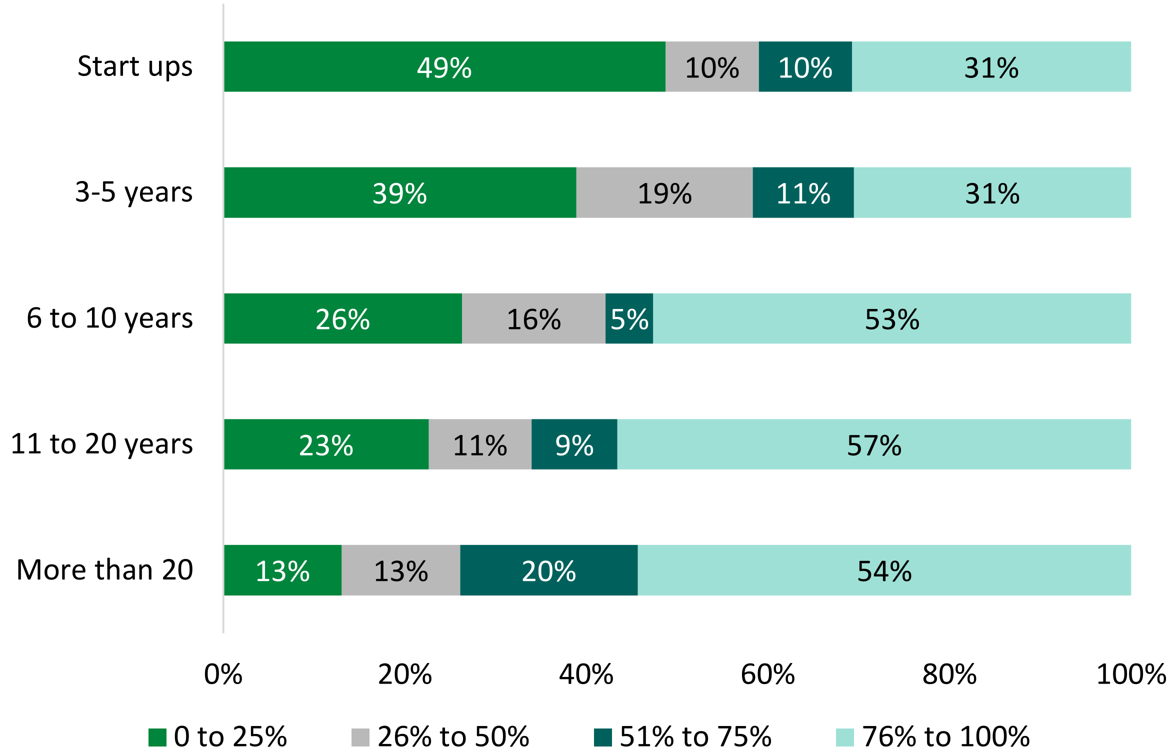
However, this trend is at odds with a comparison of all survey samples between 2018 and 2025 which suggests that the percentage of income generated from trading has fallen.

Figure 5.5: Approximately how much of your organisation's total income is generated from trading activities? 2018 to 2022 whole survey sample



Another key finding relating to income sources, is that an analysis of business age and income suggests that as businesses mature (age) they may become less reliant on grant funding and source a larger proportion of income from trading activities. Figure 5.6 below shows that in 2025, nearly half of start-ups generated less than a quarter of their income on trading; this figure falls consistently as businesses age, with only 13% of social businesses older than 20 years with less than a quarter of their income on trading. Equally, over half of businesses older than 6 years source more than three-quarters of their income through trading. This reflects the volume of grants designed to support younger businesses as they develop, but also perhaps demonstrates how businesses diversify their income sources as they mature. This trend is also reflected in the matched panel survey.

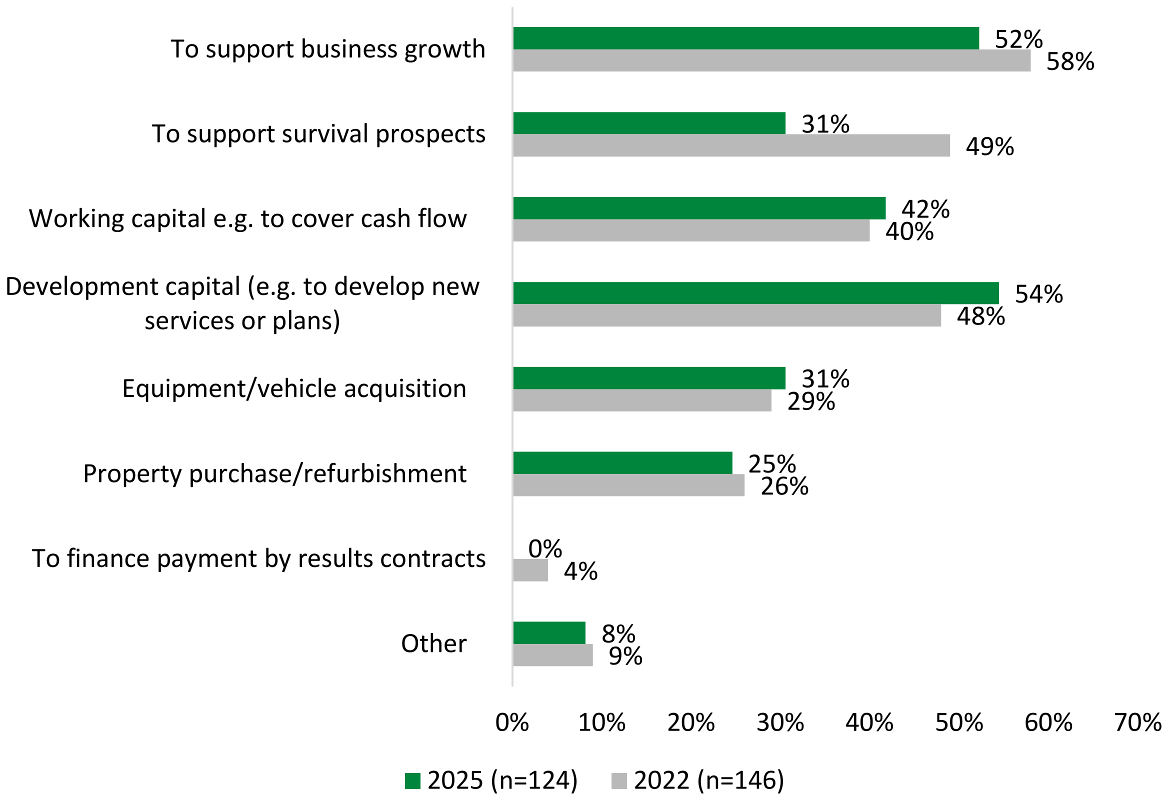
Figure 5.6: How much of your total income is generated from trading activities, by business age



Source: Wavehill Survey (n=212)

Social businesses who said they had accessed grant or repayable finance in the last year were also asked what they were using this finance or capital to fund. Similarly to 2022, the majority of businesses were using this capital to support business growth (52% or 70/124 businesses) and 54% (73 businesses) for development capital. It's positive to note that there are fewer businesses using grant finance to support survival prospects, falling from around half of businesses in 2022 (49%) to less than a third (31%) in 2025.

Figure 5.7: What were you using this finance or capital for?

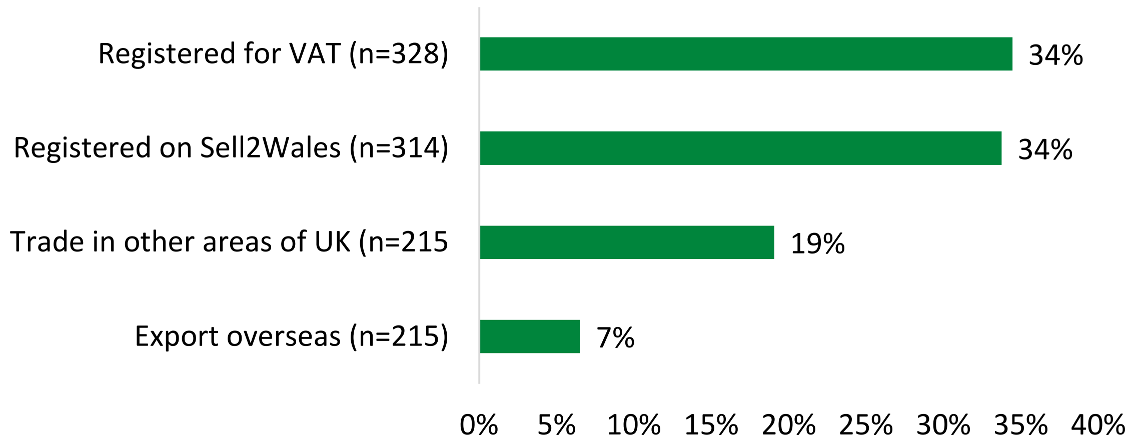


Source: Wavehill Survey 2022 and 2025

Reviewing wider metrics on business trading and exports, around one third of respondent businesses are registered for VAT (34% or 113/328), which is required if VAT taxable turnover is higher than £90,000. A similar proportion are registered on the tendering portal Sell2Wales (34% or 106/314). This may be understood in context of the findings below (Section 5.3) relating to capabilities on procurement, however it may also be reflective of the business types, where not all provide services that may be procured.

In terms of trading patterns, just under one in five businesses trade in other area of the UK (19% or 41/215), whilst 7% (14 businesses total) export overseas.

Figure 5.8: Indicators of business trading and exports



Wavehill Survey 2025

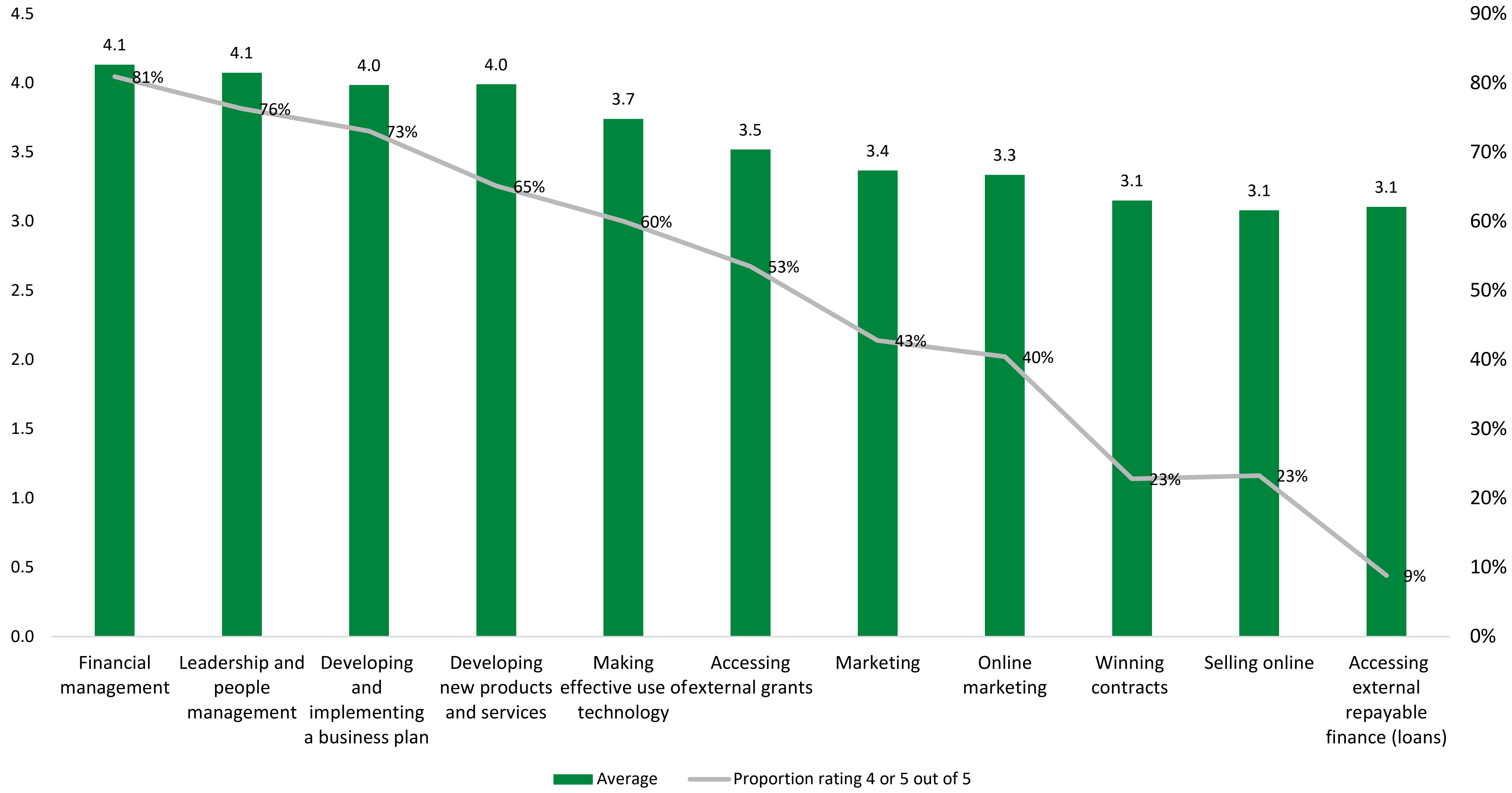
5.3 Business capabilities

Survey respondents were asked to rate their own business capabilities over a range of different business practices on a scale of 1 to 5 (where 1 is rated as very poor and 5 as very strong). The mean score provided for each of these areas is shown in the chart below and reveals that self-reported business capabilities are generally consistent with those in previous years. Accessing both loans and procurement opportunities continue to be the skills where businesses report the lowest capabilities, with an average score of 3.1 for both; notably, for accessing loans only 9% of respondents rated themselves strong or very strong. These figures have remained persistently low across all survey years.

There is also a continued gap in digital and marketing capabilities, with an average 3.4 and 3.3 out of 5, respectively. This is consistent with previous years and aligns with findings in Section 6.1, where a lack of marketing skills was thought to be a barrier to growth for nearly a third of respondents (31% or 65/213). There also appears to be a slight decline in confidence around online sales and marketing since these categories were first introduced in 2020. Only a minority of businesses now feel confident selling goods and services online, and around a third said this was not relevant to their business – suggesting a continued digital divide.

Despite these challenges, confidence in core strategic and operational skills remains high. As in previous years, the highest ratings were for financial management (36% rated themselves 'very strong'), developing and implementing a strategy (30%) and people management (28%). These figures are in line with the 2022 data and continue to reflect the strength of leadership within many social businesses.

Figure 5.9: Average capability score (where 5 is very strong) and percentage responding either 'strong' or 'very strong'



Source: Wavehill survey 2025 (n=215)

6. Challenges, opportunities and support needs

Summary

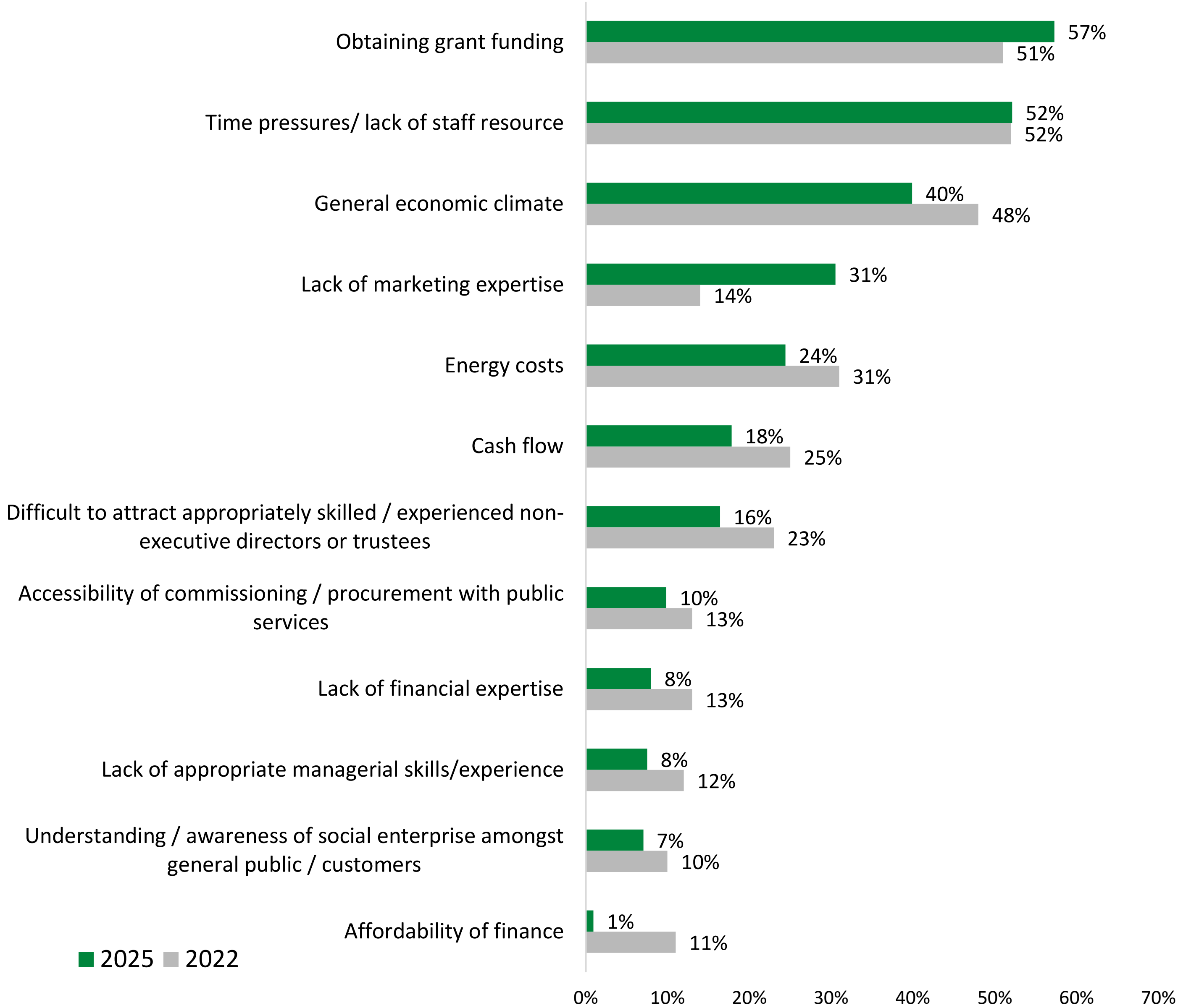
- Access to grant funding and limited staff capacity remain the most common barriers to growth, with over half of respondents highlighting these challenges, pointing to ongoing pressures in a competitive funding landscape and resourcing constraints
- Marketing expertise is an increasingly important barrier, with 31% of businesses identifying it in 2025 compared to 14% in 2022
- Businesses face both capacity and information-related barriers to accessing finance, with lack of time to apply, unsuccessful applications and unsuitable finance options among the most common challenges
- The majority of businesses expressed a strong interest in tailored support for social businesses, particularly amongst start-ups.
- Views on the level of support provided by local authorities to social businesses are mixed.

6.1 Barriers to growth

As with the previous mapping exercise, the data shows that businesses continue to face a range of barriers to growth, many of which reflect the ongoing pressures in the wider economy, alongside long standing structural challenges in the sector.

As in 2022, access to grant funding and time pressures or lack of staff resource are the most widely reported challenges, each affecting over half of respondents. This suggests that competition for funding remains high, while many businesses continue to operate with limited capacity to plan for growth alongside delivery. One of the most notable shifts is the increase in businesses citing a lack of marketing expertise, which more than doubled from 14% in 2022 to 31% in 2025. This likely reflects the increasing importance of digital communications. Meanwhile, the proportion citing the general economic climate as a barrier has fallen slightly, though it still affects two in five businesses, showing that the wider economic pressures, such as inflation and cost of living, are still having an impact.

Figure 6.1: What are the four most significant barriers to your organisation's sustainability and/or growth currently?



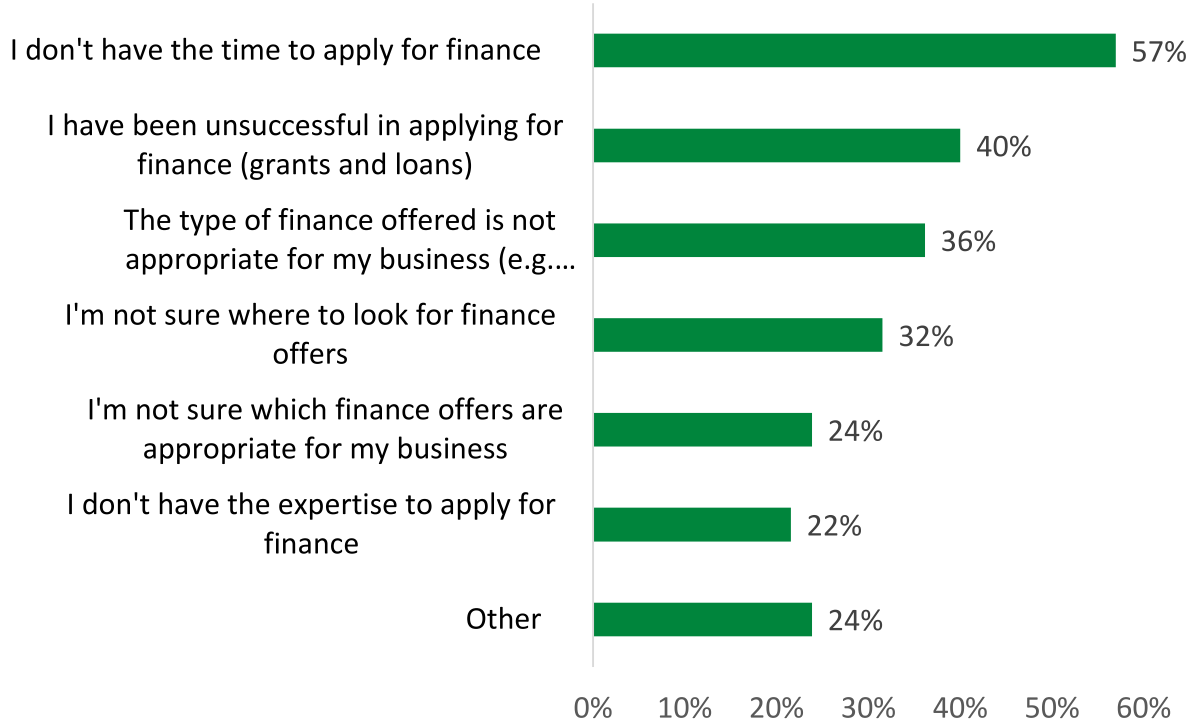
Source: Wavehill Survey 2022 and 2025

Several new barriers were also included as options in the 2025 survey, highlighting additional barriers. For example, increased staffing costs were cited by 21% of respondents, reflecting pressures from employment-related expenses. Regulatory issues, lack of IT expertise, and lack of access to business support were also identified, albeit by a smaller proportion, pointing to operational challenges that could limit growth.

Businesses who suggested that accessing finance was a barrier for their business were asked a follow up question to understand the nature of these challenges. The data highlights a range of practical and structural barriers that are preventing organisations from securing funding. The most commonly cited issue was a lack of time to apply, with 57% of respondents identifying this as a key barrier, reflecting the broader resource and capacity constraints affecting the sector.

A high proportion of businesses also reported challenges with unsuccessful applications, with 40% stating that they had applied but not been successful in securing finance. Appropriateness of finance options is also an issue, with over a third stating that the finance available, particularly non-grant finance, does not meet the needs of their organisations. In line with this, around a third of respondents said that they do not know where to look for finance, and a quarter struggle to identify which offers are suitable. This points to an ongoing information gap that could be addressed through clearer signposting support.

Figure 6.2: Why do you state that accessing finance represents a challenge for your business?



Source: Wavehill Survey (n=130)

There were a number of businesses who responded ‘other’, where 16 businesses (12.3%) commented that there was increasing competition for grant funding and 3 saying there was cuts to funding available.

“It's very competitive and challenging. There are lots of organisations trying to access the same pot of money.” **Social business**

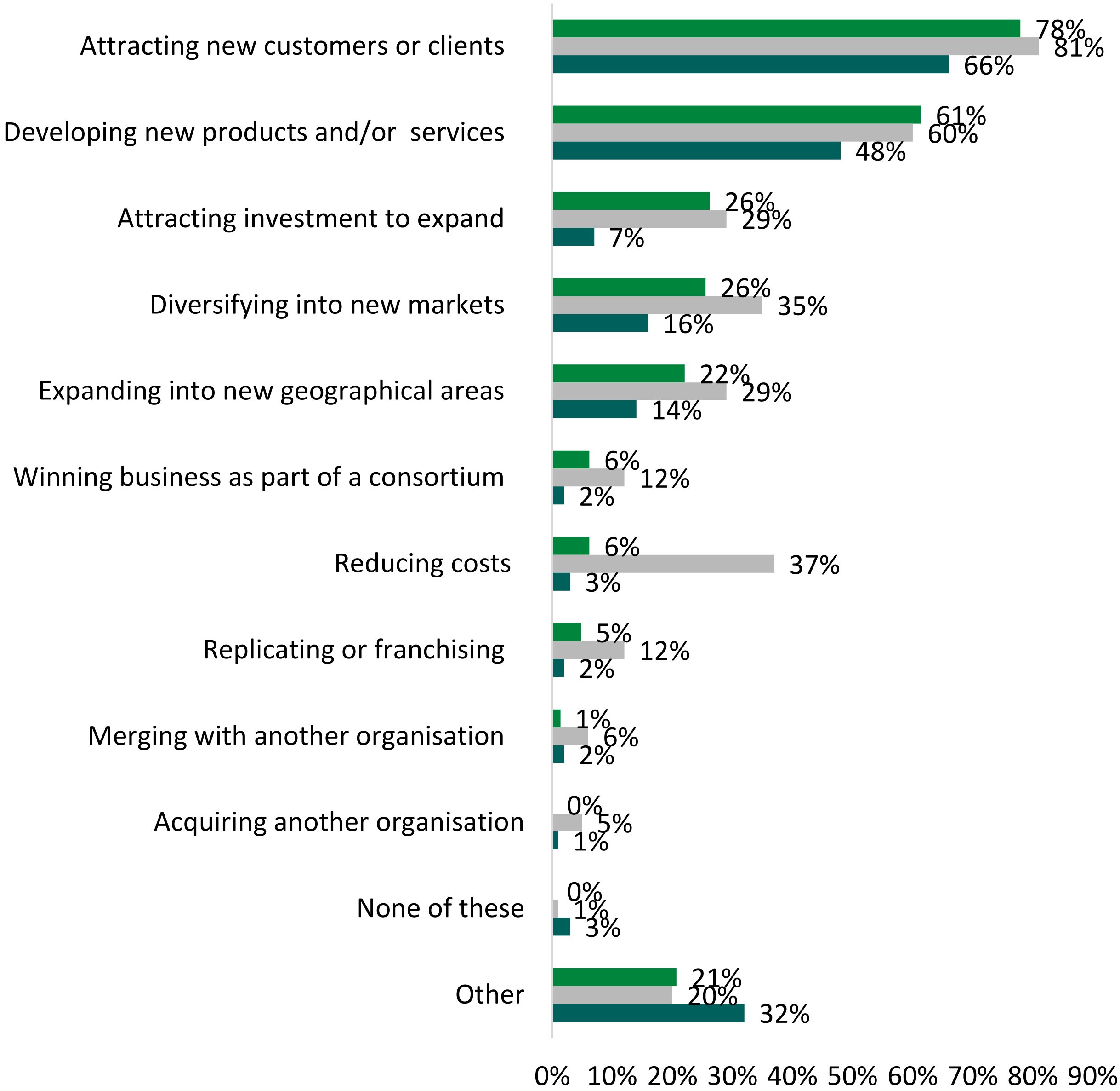
“Not as simple as it used to be. It's much harder to access now.” **Social business**

6.2 Pathways to growth

The data suggests that most social businesses will continue to focus on organic growth strategies, particularly by expanding their customer base and developing new products or services. Attracting new customers or clients remains the most widely pursued pathway to growth, cited by 78% of businesses. This is broadly in line with previous years and highlights continued emphasis social business place on building their customer base as a key route to growth. It also reflects the importance of market visibility in supporting business sustainability.

Similarly, 61% of respondents are looking to grow through developing new products or services which suggests ongoing innovation within the sector and a willingness to meet customer needs or respond to changing market conditions. Other pathways to growth, such as attracting investment (26%) and diversifying into new markets (26%), are less commonly pursued but still important for a smaller proportion of businesses.

Figure 6.3: How does your organisation plan on achieving this increase?



Source: Wavehill Survey

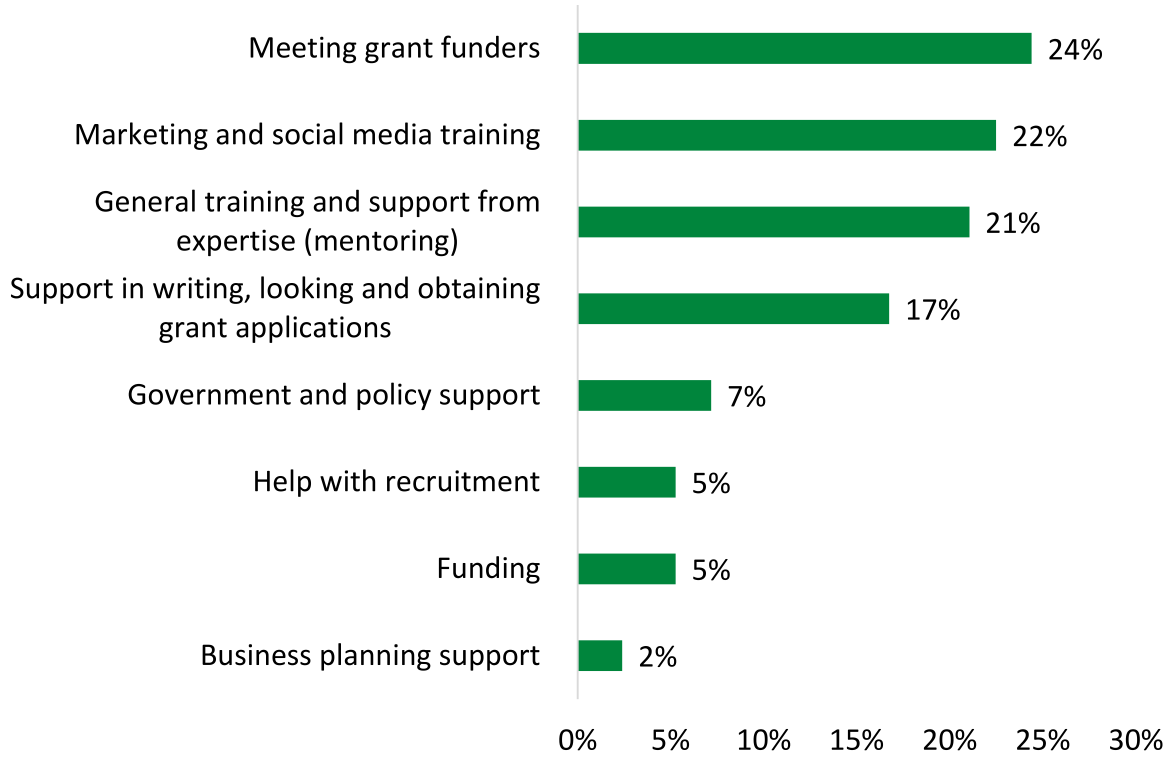
6.3 Support needs

Businesses were able to offer free text responses around the support they needed to address their barriers to growth. The most frequently mentioned areas of support were those that relate directly to accessing finance, developing organisational skills, and navigating a complex sector.

Meeting grant funders was the most commonly cited type of support, with 24% of respondents mentioning this. This reinforces the importance of creating direct opportunities for businesses to connect with funders and understand what types of funding are available. Closely following this was support in writing, finding, and obtaining grants and general training and mentoring from experts, suggesting that many businesses are seeking both funding as well as support with navigating the application process and improving their own capacity to respond to opportunities.

While slightly fewer businesses mentioned help with recruitment and marketing and social media training, these still represent important gaps, particularly as lack of marketing expertise was raised frequently as barriers to growth (Figure 6.1 above). Although less commonly mentioned, support around government and policy and business planning still indicate areas where targeted guidance or reform could ease some of the structural pressures social businesses face.

<u>Figure 6.4: What support would best address barriers to sustainability or growth you identified?</u>



Source: Wavehill Survey (n=209) excluding Other (13%)

"Collaboration and coming together with other groups so we can bid together and opportunities to meet funders" **Social business**

"Training, mentoring, opportunities to meet funders, specialist support in marketing, finance etc" **Social business**

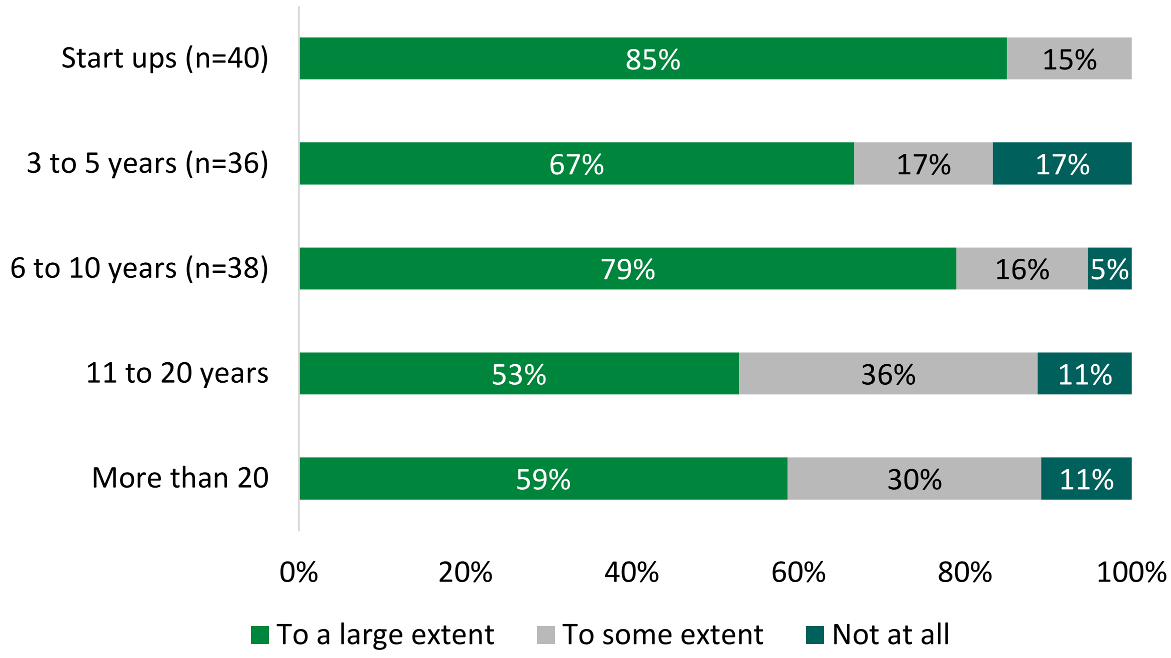
"I think marketing support, having someone to support us, an additional team member who would help us digitally and with general marketing, and upskilling ourselves within the team, so more capacity" **Social business**

6.3.1 Dedicated support

The majority of businesses expressed a strong interest in tailored support for social businesses, with 67% indicating that they would find dedicated business support useful to a large extent. A further 24% said they would find it useful to some extent, suggesting that nearly all respondents see some value in support that is designed specifically for the sector.

When examining the perceived usefulness of the support by business age (Figure 6.5), the data shows that start-up businesses are the most likely to see value in this type of support. Overall, 85% of start-ups said they would value it to a large extent, with the remaining 15% to some extent; no start-ups said they wouldn't value this support.

Figure 6.5: Proportion of businesses that would find dedicated support useful by business age

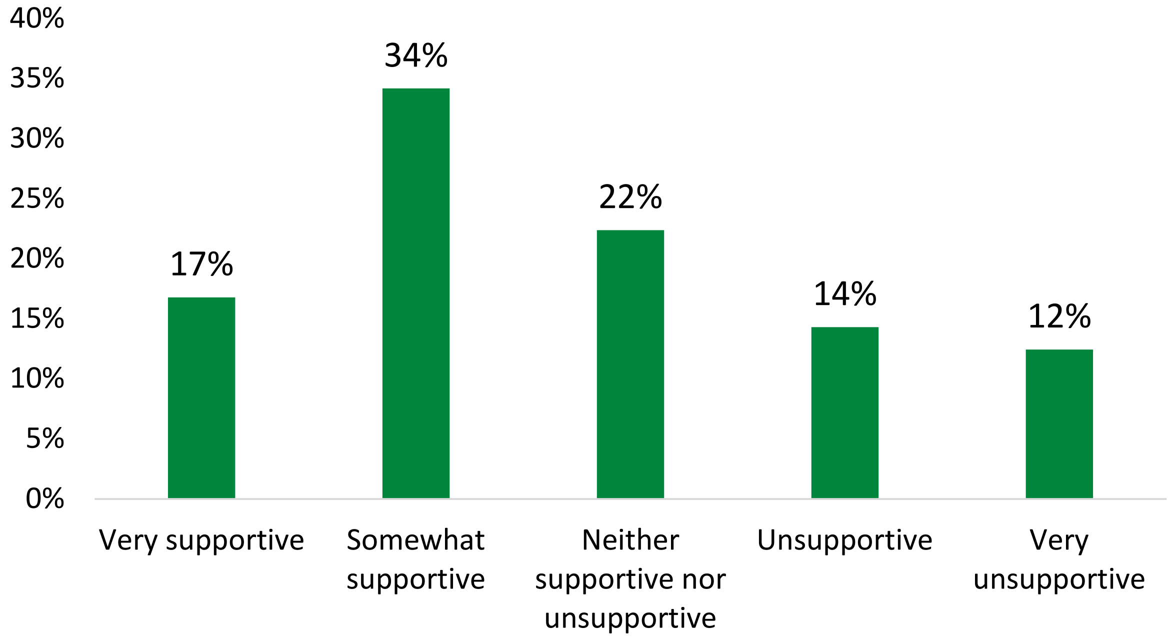


Source: Wavehill Survey

Views on the level of support provided by local authorities to social businesses are mixed, highlighting variation in how social businesses experience and perceive local authority support. This question was included in 2025 to reflect the findings of the Audit Wales report in 2022 that highlighted the gaps in support and strategic from local authorities in terms of social businesses.

Around half of respondents described their local authority is either very or somewhat supportive, suggesting that many businesses feel they receive recognition or assistance from their local authority. However, over a quarter (26%) felt their local authority was unsupportive (14%) or very unsupportive (12%), indicating dissatisfaction with the level or nature of support available. A further 22% were neutral, describing the support as neither supportive nor unsupportive, which may reflect limited interaction or unclear support channels.

Figure 6.6: Business' perception of local authority support



Source: Wavehill survey (n=161)

7. Summary of findings

7.1 State of the sector

The 2025 Social Business Mapping Census found a sector in a period of consolidation. Following the labour market upheaval of 2020 and the economic uncertainty in 2022 around rising supply chain and energy costs, the state of the sector in 2025 can be characterised as cautiously optimistic, albeit with some emerging concerns associated with an increased reliance on grant funding.

Among those surveyed, the proportion of brand-new businesses (trading for less than a year) is low in 2025 which may reflect a broader shift in the pipeline of social business development, potentially influenced by economic uncertainty, changes in funding availability, or a recalibration of the Cwmpas support offer. However, there is continual growth in the business stock, with an increase in total social businesses and an increase in the proportion of social businesses of the total business stock in Wales.

The picture in terms of employment appears to be mixed, with the overall sample of respondents suggesting a modest growth in employment based on average number of employees per respondent business, whilst there was a fall in employees for matched panel businesses. For matched panel businesses, where employment has fallen, volunteering has increased.

There also appears to be an increase in volunteering more generally amongst social businesses following a fall in 2022, with an estimate of between 59,000 and 64,000 volunteers operating in the sector. Across the UK, levels of formal volunteering continue to decline and remain below pre-pandemic levels, although the rate of decline has slowed[12]. Therefore, the increase in volunteering may speak to a post-Covid recovery in volunteering in Wales, and/or a sector seeking support from volunteers to fill gaps in a reducing staff capacity.

7.2 Trading performance and barriers to growth

Respondents were broadly positive about their organisation's outlook in terms of business resilience, with a fall in those thinking their profit will decrease. Equally, there was general optimism amongst social businesses as to their profit prospects over the next 2-3 years. Despite global geopolitical instability, the relative lack (when compared to the fieldwork periods associated with the previous two surveys) of economic instability in the UK appears to be mirrored in the cautious optimism from businesses that they will survive and grow.

Social businesses have a broadly consistent profile of income sources from previous years, however, there has been a recent jump in the proportion who referred to drawing on "other grants" as a source of income. It is unclear what has driven this change although policy

[12] UK Civil Society Almanac 2024, NCVO

interventions such as SPF may have influenced their increased prevalence amongst the surveyed cohort.

It’s also positive to note that as businesses mature (age) they tend to become less reliant on grant funding and have a higher proportion of income from trading products or services. This is reflected both in the income profile for businesses of different ages as well as the matched panel businesses as they aged between 2022 and 2025.

It should be noted, however, that there has been a fall in those saying they have won a public sector procurement contract, and accessing both loans and procurement opportunities continue to be the skills where businesses report the lowest capabilities. This is particularly important because there are reserved opportunities for supported businesses incorporated within public procurement. When only a third of social businesses are registered on the tendering portal Sell2Wales, there is a clear opportunity for supporting businesses (in instances where their services/products could be useful to the public sector) to access public procurement opportunities.

Lack of marketing expertise and difficulty attracting non-exec directors are the biggest skills-based barriers to growth for businesses, with help with marketing raised as a means of addressing barriers to growth.

Perspectives on local authority support for social business were mixed, reflecting the findings of an Audit Wales report that highlighted the gaps in support and strategic from local authorities in terms of social businesses. With this in mind, there was a strong consensus that specific business support for social businesses would be valuable; over two-thirds of businesses saying they would value this ‘to a large extent’, with this figure increasing for younger businesses.

7.3 Effecting social change

The 2025 data shows that social businesses in Wales are working towards a wide range of social objectives, with most organisations identifying with five or more objectives, suggesting they are tackling complex and overlapping issues within their communities. There also appears to be a link between greater social business presence with greater socio-economic deprivation across local authorities in Wales; this highlights the important role that social businesses play in more deprived areas.

In the year of the tenth anniversary of the Well-being of Future Generations Act, it’s notable that the majority of businesses are influenced by the Act to some extent; improving a particular community is consistently an important mission for social businesses, reflected the core principles of the Act. Mitigating climate change is also an increasing priority for social businesses, and more social businesses are taking action on Net Zero. Social businesses also lead the way on gender parity in senior leadership, however the usage of Welsh as part of business practices has remained stable since 2022.

Annex 1: Definition of Supported Business

Procurement Act 2023 – Section 32

A "supported employment provider" means an organisation that operates wholly or partly for the purpose of providing employment, or employment-related support, to disabled or disadvantaged individuals where—

a. disabled or disadvantaged individuals represent at least 30 per cent of the workforce of the organisation,
b. if a particular part of the organisation is to perform the contract, disabled or disadvantaged individuals represent at least 30 per cent of the workforce of that part of the organisation, or
c. if more than one organisation is to perform the contract, disabled or disadvantaged individuals represent at least 30 per cent of the combined workforce of—
    i. those organisations,
    ii. where a particular part of each organisation is to perform the contract, those parts, or
    iii. where a combination of organisations and parts is to perform the contract, those organisations and parts.

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