

## Research summary

# The community business market in 2017

Community businesses are a popular way for people to work together to affect positive change in their local area. A diverse range of these businesses can be found in various economic sectors but there is common ground between them in that their profits directly benefit local communities. These types of organisations are now seen as key to improving local areas and are increasingly popular in multiple sectors including health and social care, transport and energy to name a few.

This year's report considers the structure, size and shape of the community business market in England in 2017 and considers the outlook for the year ahead. The report follows on from those of 2014, 2015 and 2016, and presents the most accurate portrait to date of the size and shape of the community business market, as a result of innovations in methodology and an increased use of secondary data for triangulation. However, questions as to the data and its accuracy continue to be an issue. Measuring the growth of the sector is also complicated by community businesses often being engaged in multiple business activities.

An overview of the market in 2017 is appended to this summary – see page three.

## Key findings

- The estimated **number of community businesses operating in England in 2017 is 6,600**. Around 70% of these are situated in **urban** areas.
- The total market **income is £1.2 billion** with **£0.7 billion of assets**.
- The research reports that community businesses employ **35,000 staff** and have **119,500 volunteers**.
- **Three new areas of business** have been included and categorised under one sector; **Training and education; Information, Advice and Guidance and employability support and Business centre/business support**. These amount to 800 newly identified businesses and underline the diverse nature of the sector.
- The largest sector is venues (community hubs and village halls) which operate **multiple business activities** as do 44% of community businesses in general according to the survey. This diversification is important for income growth in 2017 and 2018.

## Points of interest

### Confidence

Despite adverse economic conditions, 63% of community businesses are confident about their financial prospects for the year ahead compared to the current year and only 20% are less confident. These figures were 47% and 28% respectively in 2016 and are in contrast to smaller businesses in general where confidence has fallen drastically over the past year<sup>i</sup>. The survey finds that many community businesses foresee continued steady growth, despite difficult economic times, particularly as community asset transfers continue. For example, a quarter of those community businesses that had not taken on new assets or embarked on new trading activities plan to do so in the coming year. Also, a significant number of interviewees were confident in growing their business, citing diversification and economic efficiency as opportunities for growth.

### Competition

Potential short-termism and a lack of concern about the poor domestic economic situation by community businesses could be a cause for concern when coupled with an expected reduction in available funding. The research concludes that “an environment of opposition rather than collaboration” may arise as competition increases, when 4 out of 5 community businesses still benefit from some grant funding – and these tend to be smaller organisations. Despite this, the optimism of community businesses may be a great asset when compared to the over cautious nature of small businesses in general.

### Staff, volunteers and public services

The research highlights that many of the community businesses that have paid members of staff are those which most closely resemble public service organisations e.g. employment, IAG, training, support, housing and health and social care. Conversely, community hubs, transport, retail and energy have a higher ratio of volunteers to staff.

### Peer support and infrastructure

Findings from the primary data indicate that community businesses desire support past the point of start-up and that this may take the shape of non-financial, peer support enabling them to build skills, capacity and sustainability. Currently, community businesses do not tend to pay for support, instead turning to local and regional government for guidance.

## About the research

The report was researched and written by CFE research, an independent non-profit organisation. The findings in this report are based on a rapid evidence assessment, reviews of datasets including the publicly available FAME (Companies House) dataset and the Power to Change grantee database, 259 community business survey responses and 43 in-depth interviews with individuals from across the sector.

The report contains an appendix which offers a market overview by looking at the scope, challenges and opportunities of each of the 18 sub-sectors.

The full report can be found at [www.thepowertochange.org.uk/research/research-publications/](http://www.thepowertochange.org.uk/research/research-publications/)

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<sup>i</sup> Federation of Small Businesses (2017) Voice of small business index: Quarter 3 2017.



## Appendix: Market overview 2017

Sector		Number of organisations	Income (£m)	Assets (£m) <sup>16</sup>	Income (£m median)	Assets (£m median)	Staff	Volunteers	Data quality
Community Hubs		1,650	£230	£110	£0.14	£0.07	6,600	41,300	
Employment, IAG; Training and Education; Business Support		880	£73	£40	£0.08	£0.04	4,400	5,300	
Housing		400	£70	£170	£0.18	£0.42	2,200	3,800	
Health, social care and wellbeing		300	£90	£15	£0.31	£0.04	5,700	4,500	
Transport		1,200	£400	£230	£0.34	£0.19	9,600	9,600	
Sports and Leisure		350	£40	£30	£0.12	£0.08	2,800	7,700	
Arts Centre/Facility		200	£10	£5	£0.05	£0.02	500	4,000	
Libraries		440	n/a	n/a	n/a	n/a	450	18,500	
Pubs		46	£6	£16	£0.12	£0.35	160	1,400	
Shops (and cafés)		348	£55	n/a	£0.16	n/a	1,100	9,600	
Food, catering and production		200	£50	£25	£0.25	£0.12	1,200	7,500	
Energy		192	£123	n/a	£0.64	n/a	110	2,270	
Craft, Industry and production		150	£20	n/a	£0.14	n/a	150	2,500	
Finance		50	n/a	n/a	n/a	n/a	n/a	n/a	
Environment/Nature Conservation		150	£15	£5	£0.09	£0.03	450	1,500	
<b>Total</b>		<b>6,600</b>	<b>£1,200</b>	<b>£650</b>	<b>£0.20</b>	<b>£0.12</b>	<b>35,500</b>	<b>119,500</b>	

Good OK Poor