power to change | business in community hands

Research Institute

Research summary

The community business market in 2018

Community businesses are a vehicle for change, enabling people to collectively make a difference to things that matter to them, in the place that they live. These organisations all share a hybrid business model that sees profits directly benefiting local communities. Community businesses operate in a diverse range of economic sectors from child care and village halls through to energy and housing to name a few.

This year's report reviews the structure, size and shape of the community business market in England in 2018 and considers the outlook for the year ahead. This is the fourth in Power to Change's series of annual reports on the community business market. A refined methodology was used for the 2018 market size estimates. Due to greater availability of secondary data, the model this year relies on fewer assumptions compared to 2017 and has a stronger empirical basis.

An overview of the market in 2018 is appended to this summary – see page three.

Key findings

- The estimated **number of community businesses operating in England in 2018 is 7,800**. The estimated size of the market in 2017 was 6,600 community businesses which is now considered to be an under-report due to limited evidence.
- The total market **income is estimated at £1.05 billion** with **£0.69 billion of assets**.
- The research estimates that community businesses employ **33,600 staff** and have **125,200 volunteers**.
- **New data has enabled childcare and village halls to be included as isolated business activities in** Power to Change's community business market estimates.
- **Venues such as community hubs and village halls** continue to be the **largest category** of community businesses, comprising 34% (compared to 32% in 2017).

Dr Abigail Diamond , Professor Tim Vorley, John Higton, Rachael Archer, Dr Rebecca Steer and Irshad Mulla (2018). *The Community Business Market in 2018*, London: Power to Change.

Confidence
The confidence of the community business sector continues to grow. In 2018 nearly two-thirds (66%) of community business representatives responding to the survey were confident about their financial prospects, up from 63% in 2017 and 47% in 2016. In addition, the proportion of respondents less confident about their financial prospects in the next 12 months has seen a large drop to only 13% (20% in 2017). 70% and 50% of respondents respectively believe that they will engage more volunteers and employ more paid staff in the next 12 months. Fewer than one in ten survey respondents alluded to challenges related to Brexit and the interview findings indicate that community businesses and their sector representatives are still unsure about the extent to which leaving the European Union will benefit or hinder their organisations.

Innovation
The 2018 survey results demonstrate that three quarters of community businesses are expecting their overall income to increase in the next year. Respondents are optimistic that this increased income will come more from trading (75%) than from grant funding (48%). The research finds that community businesses are seeking to increase their trading opportunities by expanding or diversifying their current offer, regardless of whether this is a proactive decision or motivated in response to grant funding becoming more difficult to access.

Support
There has been an increased proportion of community businesses deriving most of their income from grants in 2018 compared to 2017. Given this, community businesses are likely to require support to identify ways to effectively increase their trading opportunities. The 2018 survey indicates that support provided by local government organisations is considered by community businesses to be the most valued external source of support. To be effective, non-grant reliant community businesses are likely to need to engage local people in the services they deliver in order to increase their customer base and potentially compete against private companies which are investing significant amounts of money to attract people to their services. The 2018 primary research findings reveal that support to develop digital marketing strategies is required by some community businesses which lack the internal expertise to develop effective social media channels to enlist supporters and service users.

Impact

Reducing social isolation and increasing community cohesion are the most frequently reported (by 84% and 83% of survey respondents respectively).

About the research

For a second year, the report was researched and written by CFE research, an independent non-profit organisation. The 2018 assessment is based on the combined online and Computer-Assisted Telephone Interviewing (CATI) survey of 300 community businesses and telephone interviews with 15 individuals from across the sector, as well as a desk-based review of existing evidence, secondary databases and literature.

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Appendix: Market overview 2018

Table 1: Market size estimates for community businesses, 2018

Sector	Number of organisations	Income (£m)	Assets (£m)	Income (£m median)	Assets (£m median)	Staff	Volunteers
Community hubs	1,900	371	161	0.20	0.09	7,600	37,800
Employment, IAG; training and education; business support	900	88	100	0.10	0.12	5,100	11,500
Housing	400	132	49	0.30	0.11	1,300	5,300
Health, social care and wellbeing	500	35	38	0.07	0.08	2,500	1,000
Transport	300	126	62	0.43	0.21	4,400	3,200
Sports and leisure	500	61	68	0.14	0.15	3,600	7,700
Arts centre/ facility	300	19	5	0.06	0.02	1,400	6,100
Libraries	500					1,500	7,700
Pubs	100	27	21	0.25	0.19	700	1,600
Shops (and cafés)	400	57	60	0.15	0.16	1,400	10,400
Food, catering and production	200	29	20	0.12	0.08	1,500	4,400
Energy	200	14	7	0.07	0.03	200	1,800
Craft, industry and production	100						
Finance	300	32	97	0.11	0.34	600	3,800
Environment/ nature conservation	300	13	4	0.05	0.02	300	2,000
Village halls	700	34		0.05		1,300	19,300
Childcare	200	10		0.05		200	1,600
Total	**7,800**	**1,048**	**692**	**0.14**	**0.12**	**33,600**	**125,200**

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