



power to
change

business in
community
hands

Research Institute Report No. 29

The Community Business Market in 2020

March 2021

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About this report

This is the sixth in a series of annual reports published by the Power to Change Research Institute on the state of the community business market. The first two, covering 2015 and 2016, were written by Social Finance and published in March and November 2016. CFE Research has been commissioned to produce the report since 2017, with a remit to develop and refine the methodology, with triangulation against multiple data sources. The 2020 report has a particular focus on the impact of the Covid-19 pandemic on community businesses.

The report has been researched and written as an independent assessment of the market. Although Power to Change has provided considerable input and support to the team, the views expressed here remain entirely those of the authors. As with previous reports in this series, the focus has been to take an analytical market-level approach to estimate the number of community businesses and understand trends within the market and its component sectors. The study did not aim to advise Power to Change as an organisation on how to define a community business, or to determine its overall strategy or grant-giving criteria.

Full details about the methodology can be found in the Supporting Analysis of the Community Business Market Report 2020, published, at the time of writing, on the Power to Change Research Institute webpages.¹



Founded in 1997, CFE Research is a highly-regarded, independent social research company, providing research and evaluation services to government departments, public sector agencies, education providers, and local and national charities.

CFE is a not-for-profit organisation, employing a team of dedicated consultancy and research professionals as well as an extensive network of quality-assured associates selected for their expertise. Our reputation for depth of knowledge, timely results, innovative research methods and flexible approach has seen us become a leading social research agency within the UK. Our services help customers to understand what works, in what context and why.

¹ See <https://www.powertochange.org.uk/research/>

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We also extend our thanks to the organisations who provided the authors with data that they manage on behalf of Power to Change and their partners, including: Social Investment Business, Plunkett Foundation, Locality, Shared Assets, and Action with Communities in Rural England.

We are particularly grateful to the community business representatives who took the time to complete the Community Business Market survey and those, along with the sector representatives, who participated in the telephone interviews.

Executive summary

No economic report written in 2020 can ignore the huge influence of the Covid-19 pandemic. The Community Business Market survey has run for the past six years but the 2020 version was redesigned to understand how community businesses reacted and adapted to the pandemic. The survey was open in May and June 2020 and collected information relating to before and during the early pandemic. Pre-pandemic measures are used to make comparisons with earlier reports and the estimated size of the total community business market. This report demonstrates the impact of the most significant global emergency in a lifetime, shedding light on the challenges the sector shared with businesses of all kinds, but also the distinctive opportunities unearthed by businesses that exist to serve their communities.

Size and purpose of the community business market in England



11,300

community businesses operated in England in 2020

Before the advent of the pandemic, there were an estimated 11,300 community businesses operating in England, which is 2,300 more than our 2019 estimate. Of these, 5,000 (44%) businesses primarily operated as either community hubs (2,300) or village halls (2,700). Community hubs are the economic powerhouse of the sector, accounting for around a third of the market's total income and staff numbers. New data was available for village halls this year and contributes significantly to the higher market size estimate.

Community businesses remain varied. In early 2020 one in nine (1,200) mainly delivered services categorised as business and employment support, guidance and training. This reflects community businesses continued provision of services aligned with, or formerly provided by, the public sector. This includes an estimate of 700 community businesses mostly providing health, social care and wellbeing services, 600 offering sports and leisure services and 400 libraries.

Community businesses aim to have a positive impact on their local communities in many ways. The main three self-reported impacts are improving health and wellbeing (83%), reducing social isolation (82%) and improving community cohesion (75%). When asked to identify the main impact, nearly a third (31%) chose improving health and wellbeing. Achieving greater community cohesion increased in 2020 pre-Covid-19, moving up to second place as the main impact and reported by one in six (18%) businesses.

Adaptability and future outlook in light of Covid-19



73%

**identified some business opportunities
in light of Covid-19**

By early summer 2020, community businesses were proving resilient to the impact of the Covid-19 pandemic. Nine in 10 businesses adapted or changed services in response with nearly half (46%) of this group providing services remotely. Nearly three-quarters (73%) of community businesses identified some business opportunities and more than half (55%) expected to open up a new line of trading activity or diversify their products and services once the pandemic ended. A quarter (25%) of businesses reported an increase in trading. These were mostly shops and business in rural areas. Only 1 per cent of surveyed businesses had ceased operating and did not anticipate reopening.

However, of those still operating, two-thirds (65%) saw a decrease in business activity levels by June 2020. Financial concerns, the impact of Covid-19 guidelines and lower business performance were key influences on the three-quarters (73%) of community businesses less confident about their future financial outlook. One in six (18%) were not confident about the future in 2020. Eight in 10 (79%) community businesses received some form of financial support during the pandemic. When asked about the most important types of support required, three-quarters (77%) placed 'flexible grants or cash injections' in the top three

Staffing and volunteers



37,800

**people are employed within
the market**



148,700

volunteers within the market

We estimate community businesses employ 37,800 people in total. In the survey, the average community business employed 10 staff pre-pandemic, four fewer than in the previous year and likely to be caused by a change in the profile to smaller businesses in this year's survey. The proportion of paid staff working part-time increased by a further nine percentage points to 72% and represents an interesting three year trend which suggests community businesses may be flexible employers.

The balance between paid staff and volunteers differs markedly between sectors. Community businesses mainly offering health, social care and

wellbeing services employ around 11 staff on average; each sports and leisure business typically employs 10 staff. Conversely, businesses in several sectors employed an average of two or fewer paid staff. Paid staff estimates were lowest for libraries and businesses operating in the energy sector. By June 2020, as a result of the pandemic, the average number of paid staff per business fell by one employee.

An estimated 148,700 volunteers work for community businesses, which is 28 per cent fewer than 2019. Improved secondary data on village halls is a key factor in significantly revised downward estimates. Volunteers are essential in several sectors. Pre-pandemic, libraries were hugely reliant on their volunteer workforce with each estimated to engage 44 volunteers. Other sectors with an estimated 20 or so volunteers per business were those in the environment or nature conservation (26 on average) and food, catering and production sectors (23), cafés and shops (21) and community hubs (20). The pandemic caused an average fall of 11 volunteers per community business by early summer 2020 the impact of which may be detrimental.

Income and assets



A third of the estimated total market income of £973 million is generated by community hubs. Across the market, surveyed community businesses generate a median² annual income of £110,000, which is around £30,000 less than last year. However, businesses surveyed this year are typically smaller than those participating in 2019, which may explain the fall.

As last year, a third of community businesses (33%) derived most of their income from grants. As a result of the pandemic, over half the community businesses anticipated an increase in their income from grants in the coming 12 months. Survey participants and interviewees were concerned about the availability of funding to support community businesses in the short term.

The market's estimated total assets have fallen by £75 million since 2019 to £870 million. This fall is partly due to improved data on village halls that gives a more accurate, lower figure for assets compared with 2019. The revised model shows most of the market's assets (59%) are still accounted for by village halls and community hubs, but this proportion is 19 percentage points smaller compared with last year.

² The median is the middle number of the dataset, identified by putting all the numbers in a dataset in order (e.g. highest to lowest) then selecting the middle number.

1. Introduction

This report is the sixth study for Power to Change that describes the community business market, and the fourth conducted by CFE Research (CFE). The approach to defining and then estimating market size builds on the revisions introduced by CFE since 2017 and 2018 (Diamond et al., 2017, 2018 and Higon et al., 2019).

This year's³ study was designed to answer a series of questions in line with the previous reports:

- What is the composition and size of the community business market?
- What is the outlook for the community business market in the immediate future?
- What are the opportunities and/or challenges to market growth?

However, given the wider context of 2020, the principal area explored in this year's study was the impact of Covid-19 on community businesses – in particular on their business activity and workforce, the business support they require and confidence in their financial outlook.

1.1 Methodology overview

This report is based on:

- a survey of community business representatives and follow-up in-depth telephone interviews with a selection of these as well as sector stakeholders
- a market-sizing exercise drawing on some of the survey findings as well as secondary datasets.

This section summarises our methods. Further detail can be found in the Supporting Analysis of the Community Business Market Report 2020 which, at the time of writing, is available on Power to Change's website.⁴

Community Business Market 2020 survey

We continued to use the community business survey first employed in 2016. The key changes we made were to insert additional questions relating to the impact of Covid-19. We adapted the questionnaire to collect key metrics at two points in time: prior to February 2020 (a pre-pandemic figure) and at the time of the survey (May to June 2020).⁵ The pre-pandemic data is compared with findings from previous surveys.

³ 'This year' refers to 2020

⁴ See: <https://www.powertochange.org.uk/research/>

⁵ The data collected is based on survey participants' recall and is not independently verified.

The survey was disseminated online throughout May and June 2020 when the UK was in a national lockdown in response to the pandemic. It was programmed into CFE's survey software Confirmit and disseminated directly to prior participants of the 2019 survey willing to be surveyed again, Power to Change's grant applicants, and shared by Power to Change's partners via emails, newsletters and on social media.

In total, we received 449 complete and valid survey responses – 137 more than in 2019. We excluded partial responses from analysis. Of the 449 participants, 118 (26%) also participated in 2019;⁶ hence three-quarters of the 2020 survey sample did not complete the 2019 survey.

As the composition of the community business sample surveyed differed in 2020, we cannot determine whether any changes recorded are evidence of changing views or experiences, or reflect differences in the participant profile. The profile by sector is broadly the same as 2019. However, 2020's participants were more representative of micro businesses (those with 10 or fewer employees) and this year's median-reported income was lower.

This, in addition to the relatively small survey samples, means we have not applied tests of statistical confidence to the analysis of trends in the survey results. We only present comparisons between the survey findings from different years of the study where they indicate a noteworthy change in the structure or behaviour of community businesses.

In-depth interviews with community businesses and sector representatives

We conducted 15 in-depth follow-up interviews with community business leaders who had completed the 2020 survey in late July, when the lockdown restrictions were eased. These interviews were based on a purposive sample to reflect:

- the range of sectors within the community business market
- the differing extents to which Covid-19 had impacted community businesses' level of operation at that point in time.

Potential interviewees were identified via a re-contact question in the 2020 survey. The focus of the interviews was on understanding in more detail the impact of the Covid-19 pandemic on community businesses, the challenges and opportunities it presented, and the ways in which they had adapted in response. Five interviewees also agreed to participate in a case study illustrating the impact of the pandemic on their community business in more detail. These studies appear throughout the report to portray community businesses' experience of our findings.

⁶ This analysis is based on matching the postcodes, community business name and email addresses of participants in the two surveys.

We also carried out in-depth telephone interviews with four sector representatives identified by Power to Change. These focused on the impact of the pandemic on community businesses, the type of support they sought to respond to its effects, and the factors influencing confidence in their future outlook.

Review of literature and datasets for market assessment

A light-touch review of relevant literature included published research, grey literature and policy documentation, from which we identified, reviewed and updated relevant datasets to inform the development of research tools and assess relevant existing intelligence.

We use two methods to derive estimates. The survey records the current position and views of community businesses. The market estimates take this year's survey data on key financial and staffing metrics and adds data from two other sources: businesses who responded to last year's survey but did not participate this year, and data from secondary sources. Although combining data increases the amount available for analysis, some of it is naturally older. The report makes clear which estimates are derived from which sources. In the absence of a reliable population-level database, we used a model based on staffing levels and finances to offer a best estimate of the size and scope of the market. Chapter 4 provides an outline of the datasets we used.

1.2 Report structure

The 2020 Community Business Market study findings presented in Chapters 2 and 3 are based on the primary research undertaken by CFE Research, while those in Chapter 4 and the appendix principally draw on our analysis of secondary datasets.

- **Chapter 2** considers the activity, structure and income of community businesses surveyed in 2020 and the impact on them of the Covid-19 pandemic.
- **Chapter 3** examines the outlook for the year ahead for community businesses surveyed, including the business support they require and the challenges and opportunities presented by Covid-19.
- **Chapter 4** explores what can be learned from the evidence about the size of the total community business market.
- **Chapter 5** outlines the conclusions from the 2020 assessment of the community business market.
- **The appendix** summarises the key market metrics for each individual sector.

2. Community businesses in 2020

Community businesses in 2020 are similar to those surveyed in 2019 in terms of purpose but smaller in size. They proved their resilience to the initial stages of lockdown and adapted their business models quickly.

Key insights

- The profile of community businesses’ purpose pre-pandemic remained consistent with previous years:
 - the main business activity undertaken by the largest proportion of surveyed community businesses was acting as a ‘community hub’ (28%)
 - improving the health and wellbeing of local communities again was the most reported main impact arising from the work of community businesses (31%); and achieving greater community cohesion increased in importance, moving up to second place and reported by one in six (18%) businesses.
- Pre-Covid-19, community businesses were slightly smaller than those surveyed in 2019 by several metrics, including median income which was £110,000 in 2020 compared with £140,554 in the previous year’s survey.
- Pre-Covid-19, the proportion of community businesses which accessed grant funding (81%) and drew most of their income from this source (65%) remained on a par with the 2019 findings (81% and 62% respectively).
- By May and June 2020, community businesses were proving resilient to the impact of the Covid-19 pandemic; only 1 per cent of businesses had ceased operating and did not anticipate reopening. Of those still operating, two-thirds (65%) saw a decrease in business activity levels.
- Community businesses in rural areas and shops fared best during the earlier stages of the pandemic, whereas multi-activity providers and those in urban areas fared worse. How government restrictions affected business activity was a key differential.
- Many community businesses adapted quickly to the challenges of the pandemic; nine out of 10 of those still operating changed or adapted their business in response to it. The most frequently-cited change was providing services remotely (46%), followed by responding to community need (24%).
- The pandemic caused the average number of volunteers to fall to 11 by May and June 2020 compared with pre-Covid levels. In comparison, the average number of paid staff fell by just one over the same period. This presents a significant challenge given the market’s reliance on a volunteer workforce.

2.1 What community businesses do

Business activities

The most common pre-pandemic business activity reported by community businesses surveyed was a 'community hub or facility', which is consistent with previous years' findings (see Table 1). Prior to February 2020, almost three in 10 survey participants (28%) said their business' primary activity was a community hub or facility and a similar proportion (31%) listed this as a secondary activity. Community hubs provide an effective way to deliver multiple services to meet the needs of a local community.

Despite a 50 per cent increase in the sample size we achieved in 2020, the distribution of community businesses by sector remained broadly consistent with 2019. Differences in representation by primary sector only varied by ± 2 percentage points at most.

Delivery of single or multiple activities

The proportion of businesses delivering a single activity was consistent with prior years: a third of survey participants (34%) at February 2020, compared with 37 per cent in 2019 and 33 per cent in 2018. These results suggest that the ratio of single- to multi-purpose community businesses has remained constant over this time.

Prior to the pandemic, two-thirds (66%) of community businesses delivered two or more activities. Of these multiple-activity businesses, nearly three-fifths (59%) said they were community hubs and the most frequently reported other secondary activities were:

- training and education (34%)
- cafés (27%)
- an arts centre or space (23%).

These reflect the findings of previous years and are activities often delivered by community businesses that manage venues.

Combining categories of community business

Grouping main business activities together into categories (see grouped colours in Table 1) enables more comparative analysis. 'Venues' remain the largest group, comprising nearly three in 10 (29%) of all community businesses. A quarter (24%) of community businesses cited 'public-facing support services' as their main activity. Both pre-pandemic proportions remain consistent with the data from 2019.

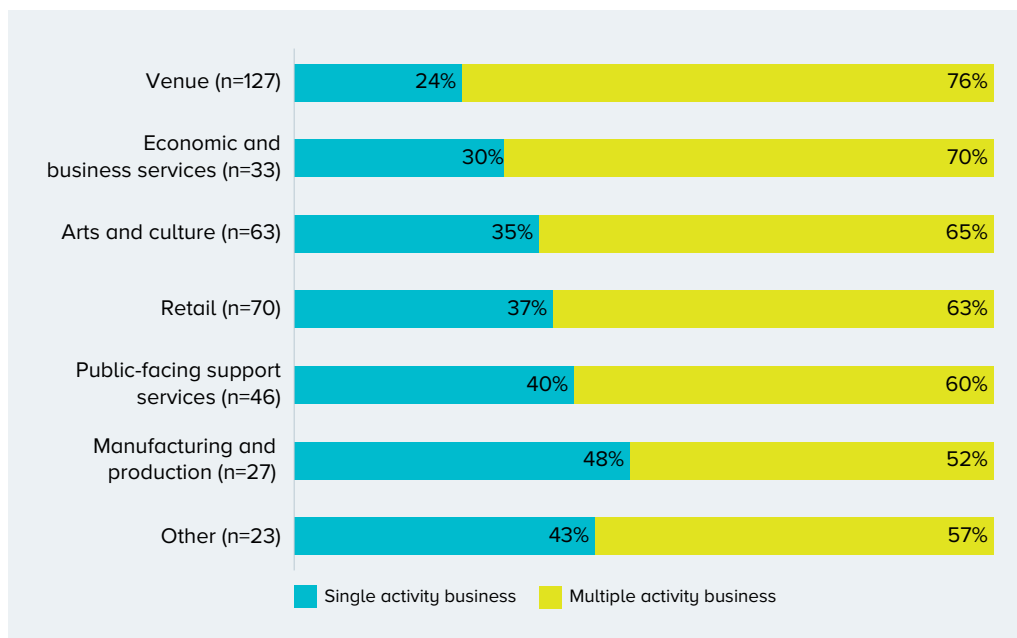
Table 1: Main business activity of community businesses prior to February 2020 reported in the survey

Main business activity	%	Grouped business activity	%
A community hub /facility	28%	Venue	29%
A village hall	1%		
Childcare	1%	Public-facing support services	24%
Health and social care services, consultancy or management	6%		
Housing services, consultancy or management	3%		
Information, advice and guidance/employability support	2%		
Training and education	7%		
Transport services, consultancy or management	2%		
Youth services	3%		
A cafe	3%		
A pub	6%		
A shop	7%		
An arts centre/space	6%	Arts/Culture	13%
A library	1%		
Sports and leisure services, consultancy or management	6%		
A business centre/business support facility	3%	Economic/business services	8%
Digital services, consultancy or products	1%		
Environmental/nature conservation services, consultancy or products	3%		
Finance services, consultancy or products	1%		
Craft, industry and production	1%	Manufacturing/production	6%
Energy services, consultancy or generation	2%		
Food catering and production/farming	3%		
Other	5%	Other	5%

Base: All survey participants (n=449)

Figure 1 compares a business' main category of activity with the number of activities offered prior to the pandemic. Again, this data is consistent with previous years. Businesses whose main activity is a 'venue' remain the most likely to deliver more than one activity (76% of all survey participants operating a venue). Businesses whose main activity was 'manufacturing and production' were most likely to conduct only that activity (48% of survey participants).

Figure 1: Grouped primary business activity categories by single vs multiple community business activities (bases variable)⁷



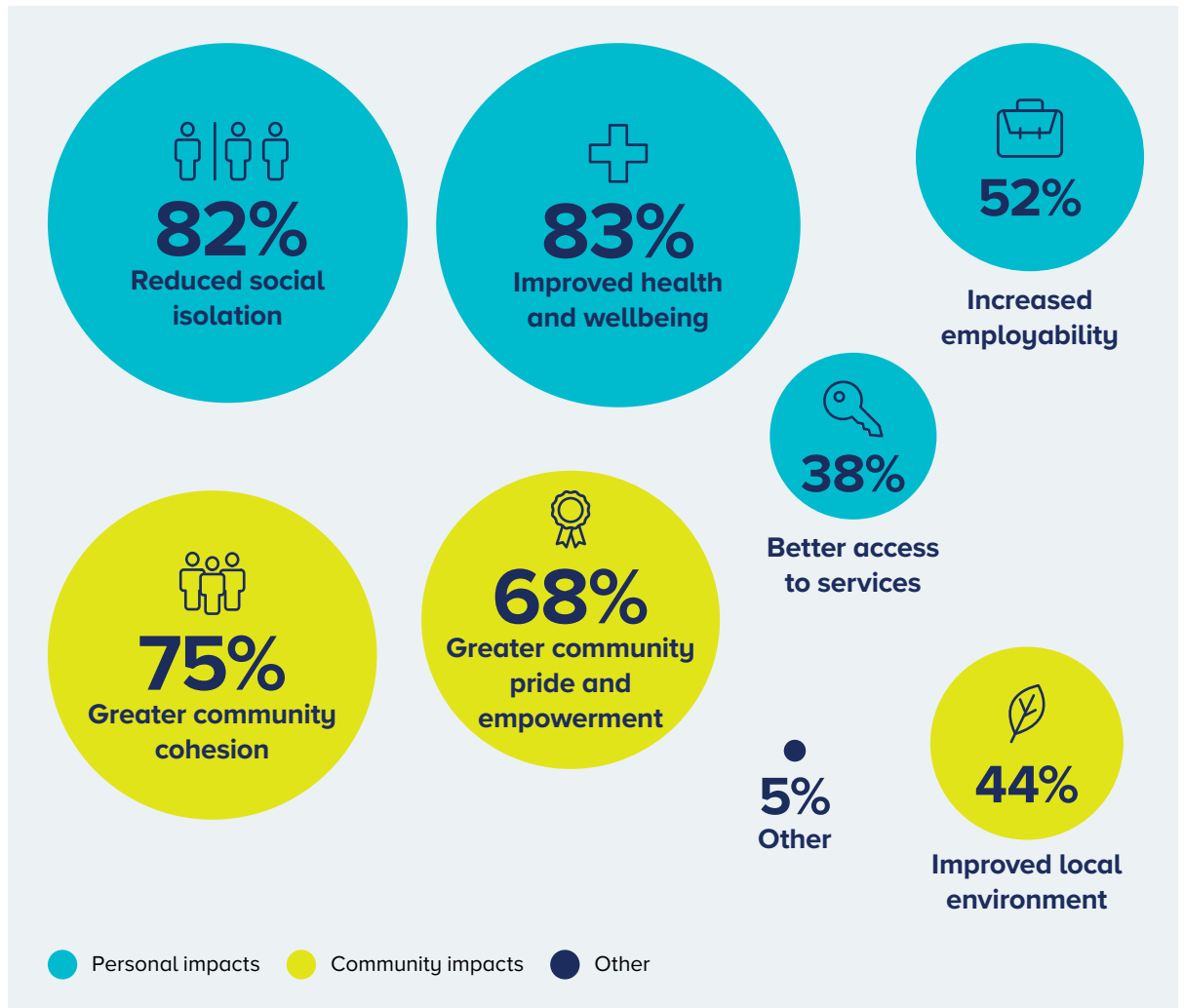
Base: All operational businesses pre-Covid-19 (n=416)

The purpose and impact of community businesses

The survey asked participants to identify all the social impacts resulting from their typical pre-pandemic business activities. Almost all those answering the question (95%) identified more than one impact and half (51%) identified five or more. Figure 2 shows 'improved health and wellbeing' and 'greater community cohesion' were the most commonly reported personal and social impacts respectively.

⁷ Note that aggregating data still results in low base sizes for most categories, which limits comparative analysis.

Figure 2: Community businesses' intended social impacts (n=416)

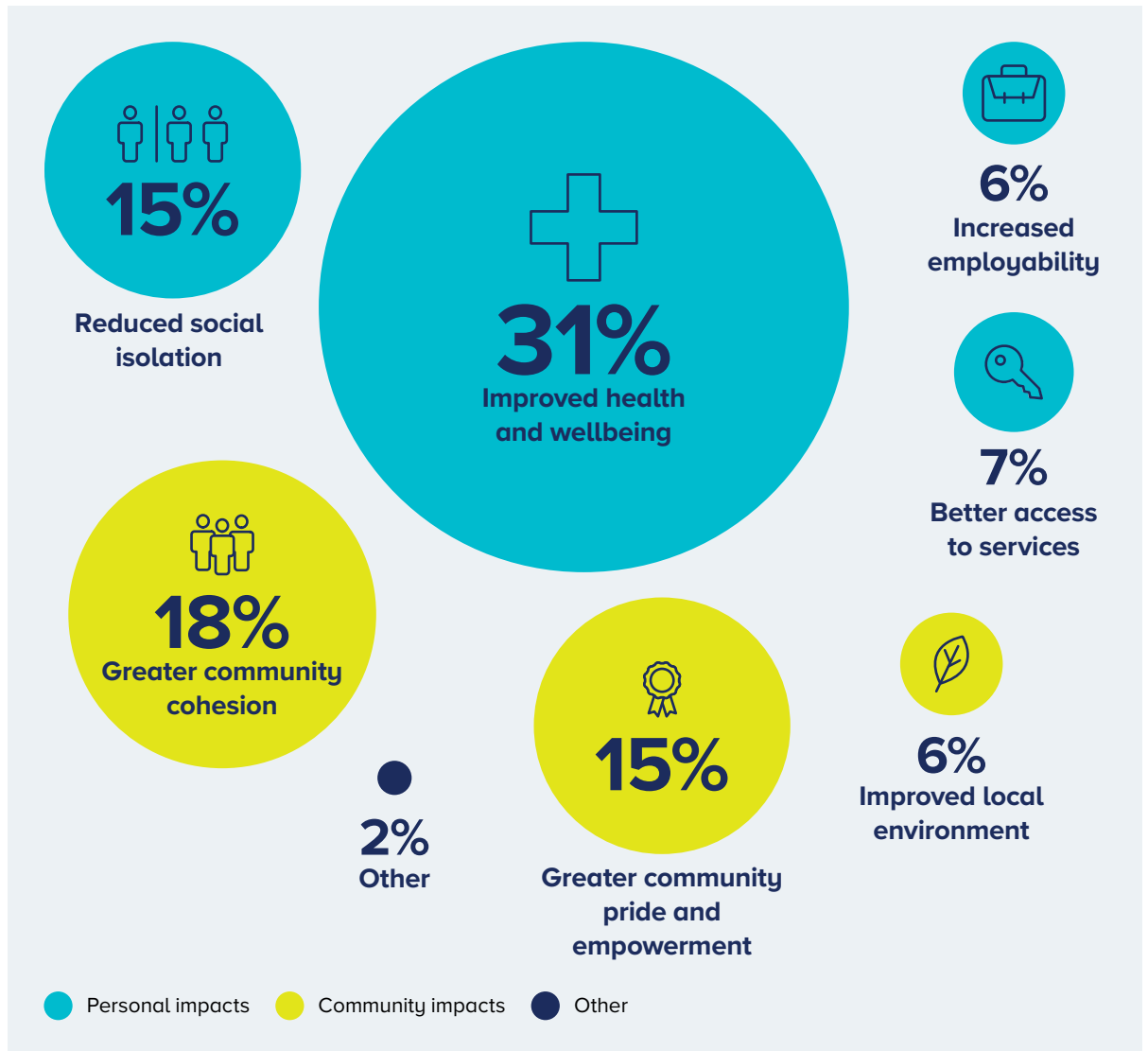


Base: All operational businesses pre-Covid-19 (n=416)

Survey participants were asked which of their social impacts they considered to be their primary impact pre-pandemic. Figure 3 identifies 'improved health and wellbeing' as the most common primary impact (31%). 'Greater community cohesion' is the most likely community-focused impact in 2020 (18%) whereas in 2019 it was 'greater community pride and empowerment'. Three in five (59%) identified a personal impact as the primary aim of their community business and two in five (39%) selected a community impact.⁸

⁸ The remainder stated 'other' or 'don't know'.

Figure 3: Primary social impacts of community businesses (n=416)



Base: All operational businesses pre-Covid-19 (n=416)

Area of operation

Based on their postcodes, three-quarters (74%) of community businesses operated in urban areas and one quarter (26%) in rural areas.⁹ This is a very similar split to the community businesses surveyed in previous years. The 26 per cent figure is also similar to the 23 per cent reported by the Office for National Statistics (ONS) for all rurally-based businesses in England (Department for Environment, Food and Rural Affairs [DEFRA], 2020).

⁹ By appending the Office for National Statistics' rural/urban classification (ONS, 2017) to the postcodes provided in the survey data.

Impact of Covid-19 on business operations

The community business market in 2020 study was set within the context of the early stages of the Covid-19 pandemic and a large proportion of the survey as well as the in-depth interviews with community businesses and sector representatives considered its impact on their operations.

Extent still operating

By May and June 2020, the business operations of the majority of community businesses surveyed were negatively affected by the pandemic. Only 15 per cent of survey participants reported that their community business was still fully operational. This was more likely to be the case for community businesses located in rural locations, those offering a single business activity and those in the retail sector. Half (50%) of the community businesses surveyed stated that they were operating in part, while a third (33%) had ceased operations but anticipated re-opening.

The interview findings indicate that the government's lockdown restrictions significantly impacted the operations of community businesses in the same way as the general economy. For example, community shops classed as essential continued to operate whereas non-essential services, such as pubs, had to close.

"... The pub sector and the woodland sector where you have trading activities [and those] related to training and group work [respectively], were shut down in their entirety. So, the loss of income in that [lockdown] period was catastrophic ..."
Interviewee, sector representative

Community businesses not delivering direct, face-to-face services to people – for instance property and energy sectors dependent upon assets (buildings) and infrastructure (generators) – also operated with minimal disruption.

Only 1 per cent of community businesses surveyed ceased operating and did not anticipate reopening. This may demonstrate the resilience of community businesses when compared with other retailers. In a survey by the British Independent Retailers Association published in April 2020, 20% of retailers said they did not intend to reopen after lockdown restrictions were relaxed (Jahshan, 2020). While it might be possible that email addresses for closed businesses were no longer functional at the time of the survey, there was no differential response by main business activity compared with 2019 indicating that this is not the case.

Case study 1: Gloucestershire Community Energy Co-operative – potential longer-term impact on business activity

Pre-Covid-19 context

The co-operative was set up in 2011 to develop renewable energy schemes and encourage energy saving initiatives in Gloucestershire. It is run by a board of six volunteers.

It has installed solar energy panels on an old factory which houses community enterprises and trades on the low-carbon energy it generates. Occupants benefit from receiving this subsidised. It was negotiating similar projects with primary schools across the county and had received £100,000 funding from the Power to Change Next Generation community energy scheme to develop low-carbon heating for social housing with a local district council.

Impact of Covid-19

Covid-19 had limited impact on its existing business and the board of volunteers could still meet virtually.

“Our existing generator that sits on the roof of the Victorian factory...carries on regardless so the revenue and the benefits of that...all works fine and we can do our routine maintenance and monitoring and pay the bills and...keep that going without much difficulty.”

However, limited progress was made on development opportunities as new project partners were busy addressing the impact of Covid-19 on their own operations.

Support received and needed

The Next Generation fund was helpfully flexible about timetables, and the co-op took advantage of the other support

available to produce an alternative strategy to deliver its anticipated outcomes in the new context.

“... the...grant team have been very helpful, they organise information exchange schemes so we can learn from other co-operatives and they have expert advice as part of their team, which we've taken advantage of.”

Future outlook

While the co-op's business model is sustainable and its overheads low (because it is volunteer-led), its ability to develop new projects is limited by uncertainty and it is slightly less confident about its post-Covid-19 prospects.

“It isn't going to put us out of business because fortunately we will continue to get a steady income from our existing generator, but it just means that we're not growing and developing in the way that we hoped.”

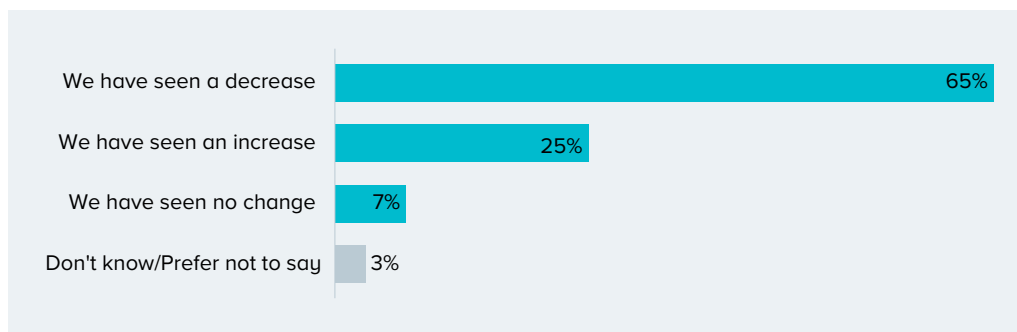
A longer-term positive impact will be the change in patterns of energy use, as home working reduced industrial and commercial consumption. People considered changing their energy use to help address the climate emergency, and community businesses in renewable energy could benefit from increased interest.

“I'm hopeful that there'll be a general awareness, both in people at large and in government, that ... ‘We need to do something about climate change’, and therefore that is an opportunity for us because we're in the business of providing, on a social enterprise basis, the solutions that meet that challenge.”

Changes in level of business activity

For the community businesses still operating, the pandemic understandably reduced business activity levels (see Figure 4). Business activity decreased for almost two-thirds (65%) of operating businesses, in particular those providing multiple activities. However, a quarter (25%) did see an increase in business activity.

Figure 4: Change in community business activity levels since February 2020 (n=273)



Base: All operational businesses post-Covid-19 (n=273)

Interviewees from community hubs and sports providers reported reducing their operations as they were no longer able to deliver their face-to-face group services.

“It’s had a massive, massive impact, [boxing] is obviously a contact sport. So, straight away, contact was stopped in March.”

Interviewee, community sports business

The community businesses experiencing an increase in business activity were typically located in rural areas; many were shops. Community shop representatives saw large increases in demand, at least during the lockdown phases of the pandemic, from local residents who changed their usual shopping behaviour during the restrictions. Community shop owners reported that customers preferred to use their services rather than make non-essential journeys to large and busy supermarkets, where the risk of catching coronavirus was considered greater. One community shop reported a 17 per cent increase in sales during lockdown.

“... We had a huge demand for our services from a community who didn’t want to venture out. So, commercially we’ve done very well for those few months.”
Interviewee, community shop

The pandemic had less of an impact on the activity of other community businesses whose staff could easily work from home and deliver services remotely by video call. This was the case for a youth services consultant we interviewed.

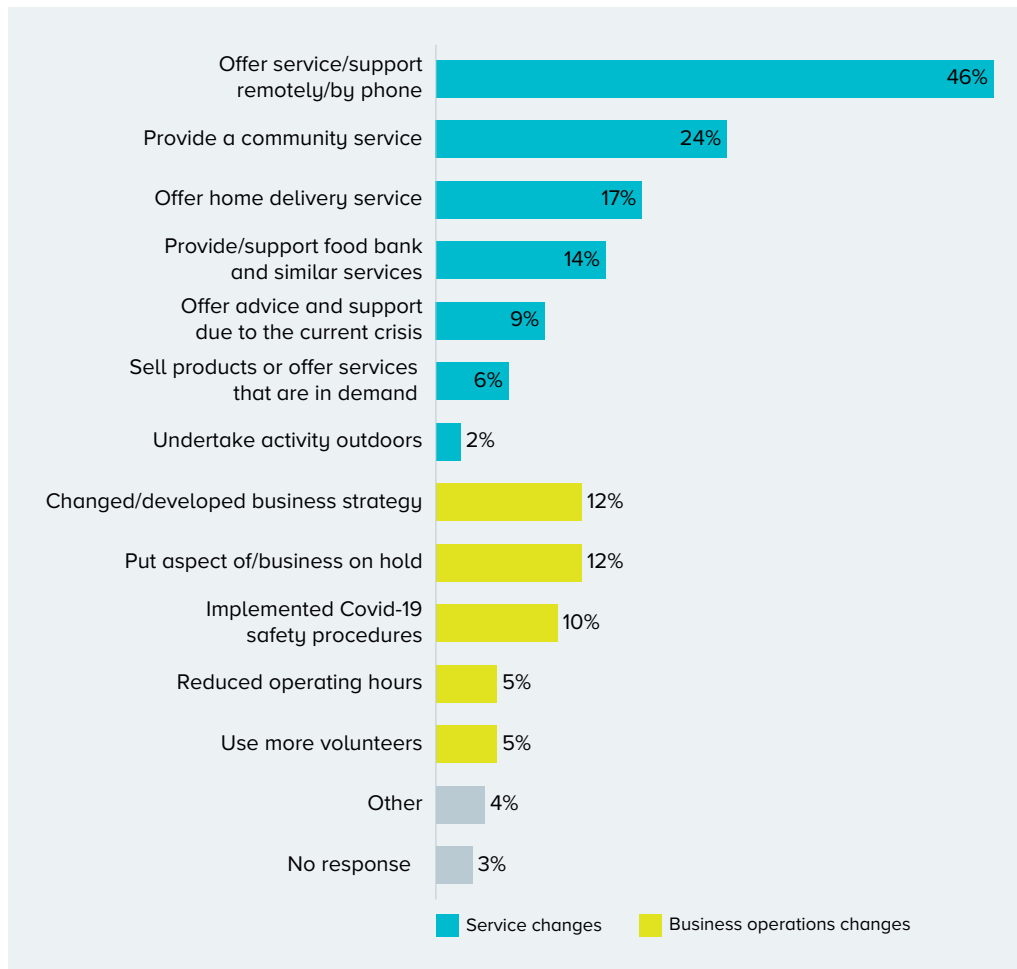
Changes in type of business activity

Of those community businesses still operating, the vast majority (89%) changed or adapted business activities or delivery in response to the pandemic. Multi-activity (92% compared with 81% for single activity) and micro-sized¹⁰ community businesses (when compared with those without any employees, 91% versus 78% respectively) were significantly more likely to report changes or adaptations. As identified earlier, multiple business activities were most commonly delivered by venues including community hubs. Interviewees from such businesses said they adapted to:

- minimise the reduction in income from cancelling face-to-face group activities and services for tenants in their space
- reduce the risk of residents’ social isolation by maintaining services where possible in an alternative Covid-safe format
- respond to the community’s new needs triggered by the pandemic.

¹⁰ With 1–10 employees.

Figure 5: Categorisation of the changes community businesses have made in response to Covid-19 (n=242)



Base: All operational businesses post-Covid-19 that had changed their type of activity (n=242)

The three changes most often made by community businesses surveyed were:

- offering a new or existing service remotely (46%) – examples cited in interviews included craft and exercise classes via video conferencing or welfare calls to those who were shielding
- providing a community service to meet a new need (24%), including offering their venue as a neighbourhood resource centre or shopping on behalf of those shielding
- delivering their products to people’s homes (17%).

The findings from the in-depth interviews provide further insight into these adaptations – specifically altering existing activities to make them Covid-safe and introducing new services to meet needs highlighted by the pandemic.

Altering existing activities

Many interviewees said their community business offered the same services but in alternative formats to adhere to new health and safety guidelines. Post-lockdown, one community sports business ran its classes outside on land to the side of its venue. It also introduced a booking system to limit the number of participants attending exercise classes held inside the building. Several community businesses moved their classes, activities and events online. These changes helped them to continue running their business. In several instances, such adaptations increased their reach, particularly with groups who found it difficult to attend sessions in person, such as those with physical disabilities or long-term health conditions.

“... An organisation that works with people with physical and mental disabilities said their support network when delivered through social media and Zoom online platforms reached into a new group of people that just weren’t engaged in it before because it just wasn’t on their radar.”

Interviewee, sector representative

By continuing activities online, some community businesses also sought to reduce the risk of social isolation among their customers during the pandemic. One community business facilitated art workshops on the video conferencing platform Zoom and similarly held their weekly fish-and-chip quiz night on Zoom. They arranged for the fish-and-chip van to serve customers on a ‘click and collect’ basis from their centre’s car park. Another community hub broadcast its local radio station from the presenters’ homes. A few interviewees described how their community business had developed resources to assist customers who were unfamiliar with video conferencing to access these online activities.

These examples of community businesses adapting their methods of engagement with their customers also demonstrate their intent to avoid losing contact with their users. We outline the additional ways they sought to maintain contact with their communities later in the report (see ‘Financial pressures and customer demand’ in Section 3.1).

Introducing new activities

Several community businesses offered new services in response to the pandemic. A community youth services consultant launched a remote careers mentoring programme to support young people while a community shop and a community hub introduced shopping delivery services for their customers who were shielding. The latter business also set up a prescription collection service for the same group of vulnerable people.

“We [the community business] set up a volunteer programme helping vulnerable people with their shopping and their doctor’s trips and everything like that.”
Interviewee, community hub

Other community businesses unable to operate due to lockdown restrictions, such as pubs, modified their activities either to provide a permitted service or support other local organisations to deliver.

“... The community pubs sector, around about two-thirds of them found a way of diversifying their offer and staying open during that moment, whether that was just off-site sales for the drink and food, opening up new community businesses like mini-shops, or establishing links with existing privately-owned shops or other community shops in their area and saying, ‘We’ve got chiller space, we’ve got plenty of space where you can come in and store dried goods, increase your warehouse capacity in many ways and come and use us’.”
Interviewee, sector representative

Additional examples cited by interviewees revealed community businesses working together to transform their activities to meet their communities’ needs, including:

- a village hall giving the venue space it could not use during lockdown to the community shop to store additional goods and products required to meet increased customer demand
- a pub linking up with social care providers to deliver meals on wheels to their vulnerable and shielding service users
- a community transport provider unable to carry passengers during lockdown delivering prescriptions and food parcels
- an arts and culture business which could no longer hire out its rooms utilising its volunteers to provide a welfare support helpline

This ability to change their business model in response to the challenges of the pandemic illustrates the adaptability and resilience of community businesses as well as their desire to serve their local area and respond to community need.

2.2 The composition of community businesses

Workforce

Staffing numbers

Table 2 shows how many people and volunteers worked for community businesses prior to February 2020. The table shows four in 10 businesses which responded were either micro businesses (57%) or employed nobody (23%). The remaining fifth (20%) employed 10 or more people, eight percentage points fewer than in 2019. The average number of employees was 10, four fewer than the equivalent figure in 2019.

Table 2 also shows a comparison with the population of all small and medium enterprises (SMEs) and no-employee businesses in the UK from the Department for Business, Energy and Industrial Strategy's (BEIS) Business Population Estimates, 2020 (BEIS, 2020a). This shows surveyed community businesses were far less likely than the UK average to employ no people (they are, after all, 'community' businesses). However, for those that do, the average number of people employed by micro and small/medium businesses was broadly comparable.

Table 2: Organisational structure of surveyed community businesses – workforce

Workforce measures	Base	All	Small & medium	Micro	No employees
Distribution by size band (%)	404	100	20	57	23
Number of employees (mean)	404	10	36	4	-
Number of employees (median)	404	3	20	3	-
Proportion part-time (mean, %)	307	72	69	73	-
Distribution UK SMEs by size band (%) ¹¹	5.8 m	100	4	19	76
Number of employees (mean)	22.8 m	9	34	3	-

The findings show an increase in the proportion of paid staff employed who were working on a part-time basis in the surveyed sample over three years from 2018 (2020: 72%; 2019: 64%; 2018: 55%). This could indicate that community businesses can offer flexible employment.

¹¹ Values do not sum to 100 due to rounding.

Volunteering numbers

Based on participants' recall in the survey, Table 3 shows marginally fewer volunteers were engaged with community businesses in February 2020 (an average of 29) compared with 2019 (average of 32). The difference in the size profile of community businesses this year is again the likely driver for this fall. Volunteers continue to be critical to the running of the organisations and the volunteer-to-paid staff ratio reported across all surveyed businesses was 2.9:1 prior to the pandemic (compared with 2.3:1 in 2019).

Table 3: Number of volunteers engaged by size of community business (n=403)

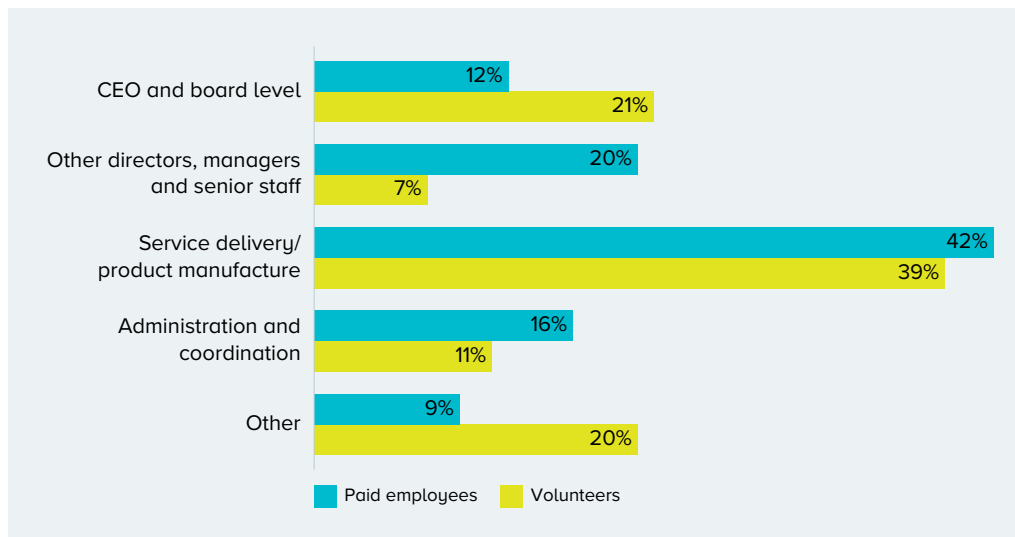
	<i>Base</i>	All	Small & medium	Micro	No employees
Number of volunteers (mean)	403	29	39	23	24
Number of volunteers (median)	403	15	24	15	12

Structure of roles

The 2020 Community Business Market survey asked about the roles that paid employees and volunteers fulfilled within the business before the pandemic. Figure 6 reflects the 2019 findings:

- community businesses utilised volunteers across all operational roles in similar proportions to paid employees – a higher proportion of directors and managers were paid employees; a higher proportion of CEOs and board members were volunteers
- the largest proportion of the workforce, whether paid or voluntary, were engaged in delivery roles ('service delivery and product manufacture')
- more than twice the proportion of volunteers were in roles classified as 'Other' than those in paid roles – this may indicate that some voluntary roles are varied and non-specific.

Figure 6: Roles of workforce in community businesses (base sizes vary)¹²



Changes in business structure in the context of Covid-19

Employees

Nearly seven in 10 (69%) community businesses employing paid staff during the early stages of the Covid-19 pandemic took action to reduce staff costs. Almost six in 10 (57%) furloughed staff,¹³ while just under two in five (16%) asked staff to reduce their hours. One in 10 (9%) asked paid staff to take a pay cut. Larger community businesses (with at least 11 paid staff and £50,000 of trading activity) as well as those longer-established (pre-2007) were significantly more likely to furlough staff.

Interviewees commented on the importance of the government's financial support for furloughing, particularly those community businesses which had at least partially closed during the lockdown. For example, furloughing enabled community hubs unable to run activities at their centres to retain their staff so they were ready to resume their services once the restrictions were lifted. Plunkett Foundation's 2020 study of rural community businesses found in its sample of pubs that, on average, 80 per cent of staff had been furloughed. Some community businesses also topped up the government grant to ensure their staff continued to receive their full pay.

Some community businesses unable to access the furlough scheme thought creatively and flexibly about how their staff were used, in order to limit reductions in hours or pay. One interviewee for a health and social care community business redeployed staff to other activities.

¹² 'Other' is the remaining proportion of staff not attributed to the four specified categories.

¹³ The government's Coronavirus Job Retention Scheme paid 80% of furloughed workers' wages (House of Lords Library, 2020).

“... People have been given different things to do. And at times, actually, we’ve had more staff than we had work to do. We’ve just accepted that people aren’t working 100 per cent but we’re still paying them because that’s not the staff’s fault.”

Interviewee, health and social care community business

Volunteers

Community businesses reported notable reductions in the number of volunteers working for them since the outbreak of Covid-19. Prior to the pandemic, community businesses had on average 25 volunteers compared with 14 during it. Over half (57%) of the community businesses surveyed reported a decrease in their number of volunteers. Falls in volunteer numbers were more likely for community businesses employing staff and those offering multiple services.

Decrease in volunteers

A third of interviewees experienced decreases in the number of volunteers community businesses were able to use during the early stages of the pandemic. They provided multiple reasons, including:

- ceasing or reducing operations during lockdown meant they had to reduce their workforce, and volunteers were easier to let go than paid staff
- having to operate within new health and safety regulations limited the number of customers they could serve, even for those experiencing increased demand – fewer volunteers were therefore required to serve customers
- volunteers are often older people, for whom shielding was a more common health strategy during the lockdown.

Community business and sector representative interviewees noted the detrimental impact of shielding on many organisations’ ability to operate fully during the pandemic.

“A lot of [community businesses] also rely heavily on volunteers to support them with their activity and that’s been a big challenge for them as well because a lot of the volunteers that they were reliant on were in the vulnerable shielding group ... and that meant that they didn’t have the same human resource to support the activity.”

Interviewee, sector representative

“... we can’t envisage, at this moment, opening for longer than we do because of the lack of volunteers to help cover the shop.”

Interviewee, community shop

Community businesses affected by reduced volunteer numbers during the lockdown sought ways to attract them back when the restrictions eased. One interviewee mentioned hosting one-to-one visits for their volunteers, to demonstrate the safety measures they had put in place in their community shop to protect both staff and customers. Another interviewee described the changes they planned to set up at their community hub's reception area, to ensure the safety of the volunteers working in this area but still enable them to converse with each other. This was considered important as socialising was a key benefit of volunteering for many.

"We're also very aware that the ones that want to come back, want to come back because of the social aspect of coming back. So, we're setting up two reception desks, side by side, but at a 90-degree angle to each other, and on two different levels, with sneeze guards up. So, that they can still sit with somebody and have that social communication still."

Interviewee, community hub

Case study 2: Slapton Village Community Shop – impact of Covid-19 on volunteer workforce

Pre-Covid-19 context

Slapton Village Community Shop is a community benefit society with 157 members. It opened in 2018 and is overseen by a management committee. The shop opened 8am–6pm six days a week, 8am–midday on Sundays. It was run by two paid managers working 20 hours each per week, supported by 43 volunteers.

Impact of Covid-19

“... we had a lot of volunteers who were over 70 or were shielding...we're still limping along with about half our volunteer force.”

Shielding guidelines affected the shop's staff and volunteers. Lockdown restrictions delayed the replacement of two departing managers adding pressure on the management committee volunteers overseeing the shop and its compliance with guidelines. The shop had to halve its opening hours.

The pandemic significantly reduced the shop's capacity, customer base and income.

“... we were losing about £600 a day ... and then we made more changes to the shop ... we started by reducing people into our shop, which is tiny ... we decided to only allow one shopper in at a time...”

Adaptations made in response

The shop introduced new services and Covid-19 compliant procedures, including a telephone credit card payment system that enabled a free delivery service for 35 shielding customers during the first lockdown.

As lockdown eased and the delivery service ended, slots were allocated for older people who had been receiving deliveries to visit the shop to see their safety procedures in practice.

Support needed and received

The management committee received a small business grant from the local council to help offset the shop's fall in income.

“... that £10,000 just gave us that feeling inside that, ‘Okay, this is going to be fine. We'll just take this week on week on week’. So, that was tremendously helpful.”

As a Plunkett Foundation member, the shop received financial planning support to develop a suitable cash flow projection, and found its Facebook page useful for information and ideas. The shop's volunteers also worked with other local organisations online.

Future outlook

It is currently unfeasible to extend the shops' opening hours as despite reassurance, many previously shielding volunteers are concerned about returning. The management committee is reluctant to fill its vacancies until finances are more stable. Additional grant funding for a paid staff employee would reduce the burden on the few willing shop volunteers.

Increase in volunteers

One in six (17%) community businesses (particularly rural businesses) reported an increase in volunteer numbers during the pandemic. A few community hub interviewees said they recruited additional volunteers following the pandemic. One community shop retained the same number of volunteers but the composition changed; previous volunteers who had to shield were replaced, at least in the short term, by people who were furloughed and offered their services for the first time. This shop set up a system to communicate easily and quickly with their newly-recruited volunteers and allocate the tasks they could helpfully undertake.

“We ran a volunteer group via WhatsApp which worked incredibly well, so if people wanted to volunteer we just added them to the list and at the maximum we had about 40 or so, and essentially if any requests came through for things like deliveries [or] any type of request for help, one of those volunteers could step up.”

Interviewee, community shop

Another interviewee also noted the important role the government’s furlough scheme played in enabling an increase in the number of younger volunteers during the pandemic. It helped them overcome the barrier of paid work commitments preventing them from giving their time to community organisations.

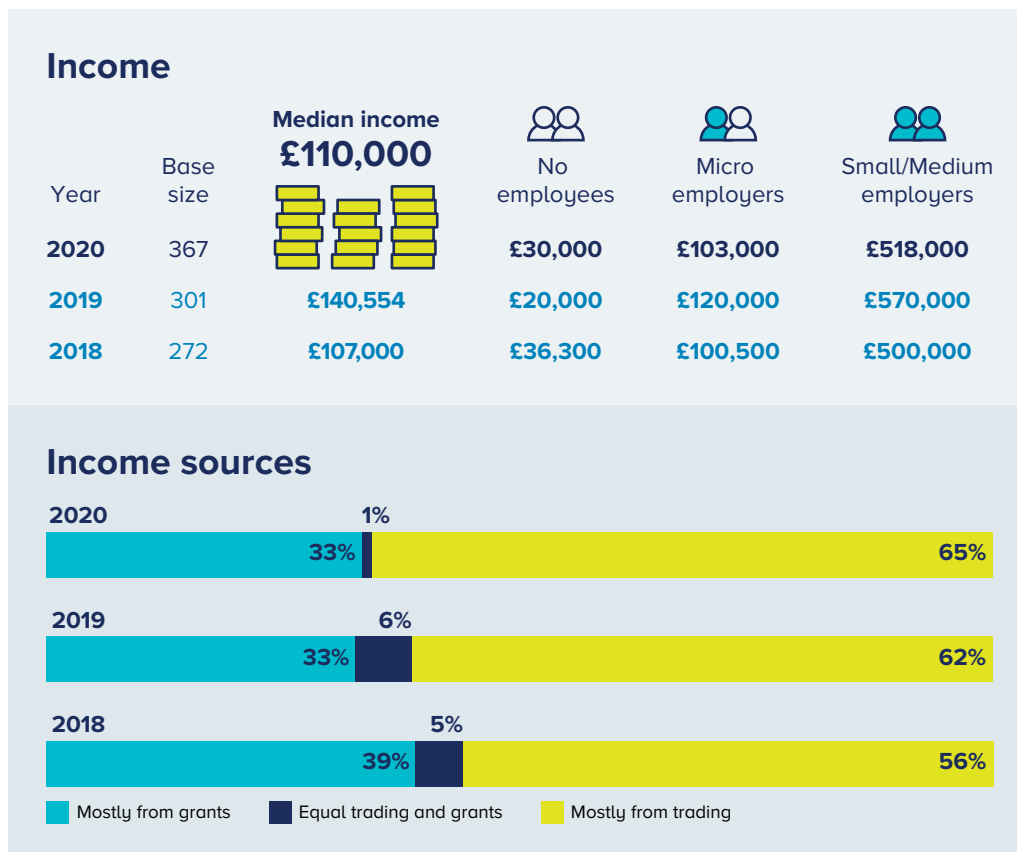
“... You saw a new generation of volunteers that potentially weren’t previously engaged in the community business because their day job prevented them from being available at the times they were required, step up.”

Interviewee, sector representative

2.3 Financing community businesses

The key financial characteristics of community businesses, and any differences over the past three years, are summarised in Figure 7. The median annual income of surveyed businesses is £110,000, down from £140,554 in 2019. Median reported income for trading and grants by this year's participants were £63,000 and £20,000 respectively.¹⁴ This is a return to similar median annual income levels reported in 2018 (£107,000). Moreover, on the other measures reported, little has changed over the past three years up to the advent of Covid-19.

Figure 7: Summary financial position of community businesses



¹⁴ 330 participants gave a figure for trading; 335 for grants.

Our analysis of the relationship between trading income and other variables revealed few surprises. A strong, positive relationship (factors rise or fall in step) exists between trading income and staff numbers, and a weaker positive relationship with volunteer numbers. We also found a relationship between trading income and when a community business was founded: older businesses generated higher trading income. We found no significant relationship between trading income and business confidence.

There are further examples of the different ways in which the pandemic has had a detrimental impact on many community businesses' finances later in the report (see 'Financial confidence and challenges experienced' in Section 3.1).

The role of grant funding

Four in five community businesses (81%) accessed grant funding in the last financial year, which is the same proportion as in 2019. This demonstrates a very different approach to business finance among community businesses than other small SMEs. BEIS's Longitudinal Small Business Survey in 2019 showed that only five per cent of SMEs accessed 'government or local authority grant/schemes' (BEIS, 2020b).

The proportion of community businesses reporting their income is mostly drawn from grants has also remained the same. The proportion of income drawn mostly from trading and other sources increased slightly in 2020 to 65 per cent, from 62 per cent in 2019. Other findings indicate that over half the community businesses surveyed anticipate their income from grants will increase in the coming 12 months (see 'Future income expectations' in Section 3.1) while survey participants and interviewees referenced concerns about the availability of funding to support community businesses (see 'Financial confidence and challenges experienced' in Section 3.1).

3. Outlook for the year ahead

This chapter examines community businesses' outlook for the coming year as of summer 2020. In light of the Covid-19 pandemic, it explores attitudes towards future income and financial confidence, likely changes to business operations and structure, opportunities and challenges.

Key insights

- The pandemic has significantly dented the financial prospects of community businesses. Seven in 10 (71%) survey participants anticipated their business' overall future income would decrease, driven by an expected fall in income from trading and contracts. This a striking reversal of fortunes, as 71 per cent in 2019 expected overall income to increase.
- Financial concerns, the impact of Covid-19 guidelines and business performance were key influences on the three-quarters (73%) of community businesses less confident about their future financial outlook. Unsurprisingly, given the economic uncertainty, this proportion is much greater than the 18 per cent of survey participants who were less confident about their financial prospects in 2019.
- Community business resilience up to June 2020 depended in part upon the availability of financial support. Eight in 10 (79%) community businesses received some form of financial support during the pandemic and three-quarters (77%) placed 'flexible grants or cash injections to use for any support' in the top three most important types required.
- Local authorities were most commonly cited (61%) as providing important support, followed by central government (30%), other community businesses (25%) and membership bodies (22%). Interview findings identified the support provided by local authorities and government was predominantly financial and that from other businesses and membership bodies non-financial. The non-financial support helped community businesses navigate the newly-introduced Covid-19 regulations and guidance at the time of the survey.
- As a demonstration of resilience, three-quarters (73%) of community businesses identified an opportunity. Developing new methods of working with customers or delivering products or services was the most frequently cited opportunity. Similarly, community businesses were already planning for their future: over half (55%) expected to open up a new line of trading activity or diversify their products or services once the pandemic ended.

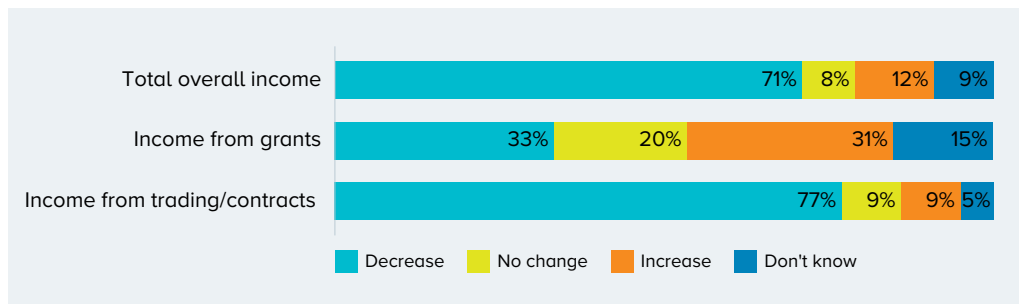
3.1 Financial outlook for community businesses

The advent of the Covid-19 pandemic led to a substantive change in many of the financial questions posed this year, which limits the ability to analyse change over time. References to findings from prior years include caveats as appropriate.

Future income expectations

Most community businesses surveyed were concerned about their future income as a result of Covid-19 (see Figure 8). Seven in 10 (71%) survey participants anticipated their overall income would decrease. This view among community businesses was especially common for those in urban areas and those who were running reduced, or had temporarily ceased, operations. The proportion is larger than the 56 per cent of third-sector organisations surveyed in summer 2020 which expected their income to fall over the coming two years (Chapman, 2020).

Figure 8: Community businesses' expectations about the impact of Covid-19 on their future income (n=416)



Base: All operational businesses pre-Covid-19 (n=416)

Figure 8 represents a reversal of opinion when compared with similar questions asked last year. In 2019, seven in 10 survey participants (71%) projected an overall increase in income for the coming 12 months: this year, the same proportion projected a decrease in overall income as a result of the pandemic. This fall is predominantly a result of less projected income from trading and contracts expected by over three-quarters (77%) of community businesses. Expected falls in trading were more likely to be reported for community businesses that:

- were based in urban areas
- employed paid staff
- were running reduced, or had temporarily ceased, operations
- delivered multiple services
- were venue based, particularly community hubs.

Community businesses reliant on public sector contracts are potentially vulnerable to any future austerity measures. Research by the Community Managed Libraries National Peer Network (2020) found that community-managed libraries feared cutbacks from local authorities post-Covid-19.

The findings of a Social Enterprise UK (SEUK) report illustrated that social enterprises' future income is expected to be similarly challenging; 59 per cent of these organisations anticipated demand for their business decreasing due to Covid-19 (SEUK, 2020, p. 7). Research conducted by sector bodies exploring the impact of the pandemic also found that organisations which had diversified their income sources and engaged with the general public and private sector were likely to be worse hit than those reliant on grants (Locality, 2020 and SEUK, 2020). This challenging predicament was also reported by several sector representatives interviewed and echoed in community businesses' written survey responses.

“... Those organisations and community businesses which have come to rely more heavily on trading will be hit because they can't get to their beneficiaries or they can't open their businesses, they can't do ticketed events or other services ...”
Interviewee, sector representative

Our ability to generate income has been seriously affected ... Most of our weddings for this year have been postponed or cancelled. The majority of income generation is achieved by large groups meeting in a physical space, e.g. theatre, school groups, tours, weddings, funerals, parties, cinema and other cultural events.
Survey participant, community hub

Conversely, more than three in 10 (31%) survey participants anticipated that income from grants would increase as a result of Covid-19. This is lower than the projected increase from grants of 54 per cent in the 2019 results. One speculative explanation for this could be that the survey was conducted at a time when many community businesses had already received emergency grant funding to help them endure the immediate impact of the pandemic, without knowing the crisis would last well into 2021. However, competition for grants in the coming year could be acute, particularly if a recession following the pandemic results in fewer charitable grants due to poor returns for funders' endowments (Institute for Public Policy Research, 2020).

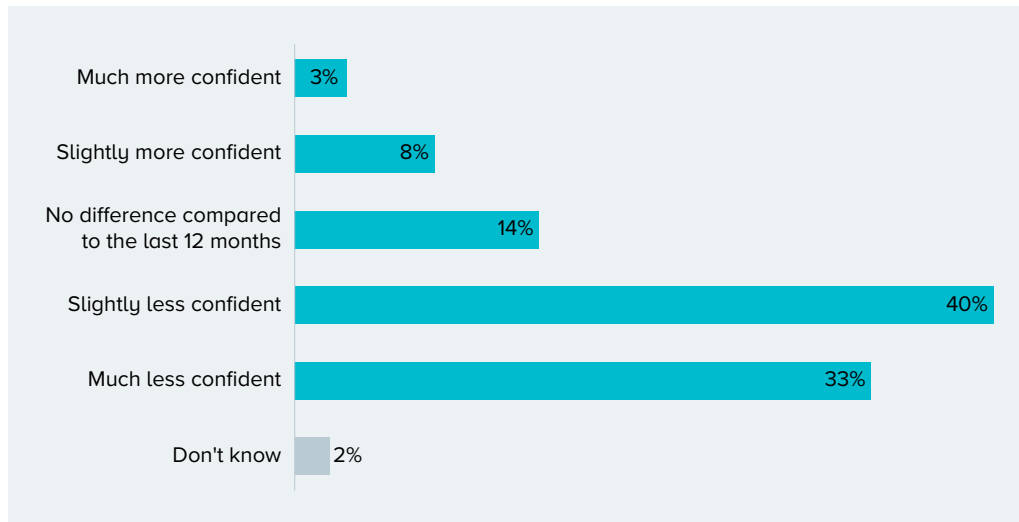
Three-quarters (73%) expected to seek grant funding from new sources (driven by urban and multi-activity providers and venues such as community hubs), while 42 per cent were likely to consider alternative funding opportunities such as crowdfunding once the Covid-19 pandemic had ended, with the latter significantly more likely to have been reported by urban community businesses.

Financial confidence and challenges

The pandemic has had a negative impact on community businesses' confidence in their future financial prospects (see Figure 9) – three-quarters (73%) of survey participants were 'slightly or much less confident' in their prospects as a result of the pandemic. Community businesses in urban areas and those who were running reduced, or temporarily ceased, operations were significantly more likely to report being 'much less confident'. These views are in line with the levels of pessimism expressed by other small businesses. In a King's Business School survey of small business entrepreneurs, nearly two-thirds (61%) felt their business might not survive the impact of the pandemic (Smithers, 2020).

In prior questions, survey participants were asked about the business confidence for the next 12 months. In 2019, one in six businesses (18%) were 'slightly' or 'much less' confident in their financial prospects for the next 12 months. Although not directly comparable, there is a clear (and understandable) loss of confidence this year compared with 2019.

Figure 9: Community business confidence in future financial prospects in light of Covid-19 (n=449)

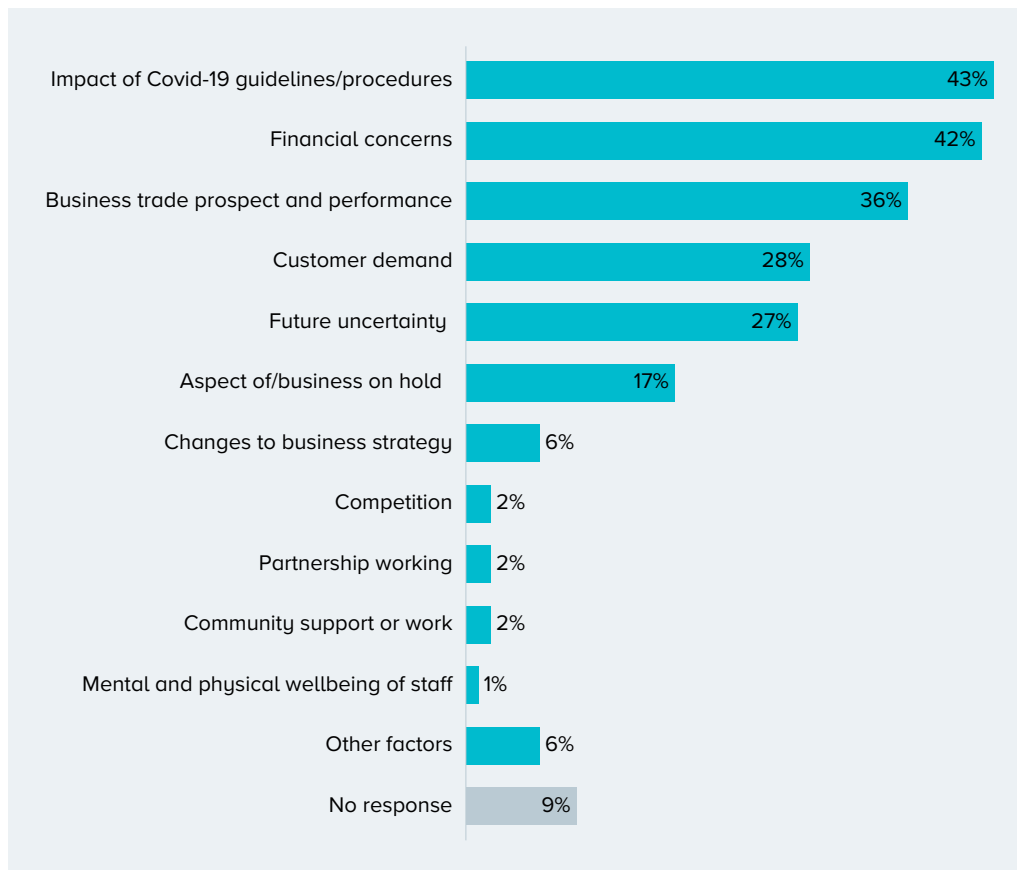


Base: All community businesses (n=449)

Community businesses were asked what factors influenced their level of confidence in their financial prospects. Figure 10 shows that the most frequently reported factors negatively influencing confidence were:

- the impact of implementing the Covid-19 guidelines and procedures on their business (43%)
- financial concerns including access to and availability of loans or grants and costs incurred (42%)
- the impact of the pandemic on their business prospects and performance (36%).

Figure 10: Factors influencing community businesses with low confidence in future financial prospects following Covid-19 (n=327)



Base: All survey participants 'slightly' or 'much less confident' in their future financial prospects (n=327)

There was a lot of overlap between the issues negatively affecting confidence in a community business' financial prospects and the challenges resulting from the pandemic.

The largest reported challenge was following Covid-19 guidelines and procedures, cited by more than a quarter (27%) of survey participants. Many also mentioned financial issues. More than one in five survey participants (23%) raised concerns about financial losses, Covid-19's impact on customer demand (22%) and difficulties restarting or reviving businesses (21%). Businesses raised several other financial concerns, like the availability of funding support and changes to the competitive environment.

The qualitative interviews provided further insight about the challenges resulting from the pandemic and how those influenced confidence about financial prospects. The issues are interlinked and include the negative impact and financial losses of implementing guidelines and procedures in response to the pandemic as well as reduced customer demand.

Implementing Covid-19 guidelines and procedures

Concerns regarding newly-introduced Covid-19 regulations weighed heavily on community businesses. Issues raised both in the survey and interviews related to identifying, understanding and implementing the government guidance. For example, while some community businesses sought help to find the relevant information for their organisation others wanted advice on maintaining staff safety in their new working environments, including home working. The interview findings indicated that community businesses approached local councils, membership organisations and businesses within their networks for information about implementing Covid-safe procedures. Actions included:

- reducing the number of customers allowed into the business at one time
- providing personal protective equipment for staff
- erecting screens at till points to protect staff and customers
- introducing hand-sanitiser points at entrances
- positioning staff back-to-back and socially-distanced
- delivering services online rather than face-to-face
- establishing booking systems to reduce the number of participants able to attend group sessions.

Responses also illustrated worries about staff skills and capacity to navigate the newly-introduced regulations.

“... People have had to move to home working and [there have been] lots of questions from small businesses about how they manage that and whether they have the right policies, processes and procedures in place to make that effective ... [And questions] about insurance and what help there was to make sure that any business insurance they got was good ...”

Interviewee, sector representative

Many interviewees anticipated that social distancing guidelines in particular would have a negative impact on their income as it would limit the number of customers they could serve at a time.

“In terms of a new normal, if we have to carry on social distancing, which seems likely, then the whole finances of the business are going to be very difficult.”

Interviewee, community pub

“Because of the social distancing, we’re never going to be able to get that many bodies in [to the venue] as we had before. It depends how long this social distancing is going to be in place.”

Interviewee, community sports business

Case study 3: Fusion Health & Well Being – impact of Covid-19 restrictions on face-to-face activities

Pre-Covid-19 context

Fusion Health & Well Being was set up in 2013 to promote sport and health-related activities for young people in a community facing high levels of deprivation and anti-social behaviour. Its team of five paid and three volunteer staff have extensive knowledge of dealing with challenging behaviours and vulnerable children within the care system. It provided boxing and fitness activities at a youth centre and already had plans to provide services for elderly residents facing social isolation.

Impact of Covid-19 and adaptations made

As boxing is a contact sport, sessions were impossible during lockdown and the team reduced to just two paid staff.

“It basically closed us down completely and there was nothing we could do. I’ve had to furlough staff members and tell volunteers that they’re no longer required.”

Fusion maintained contact with its community online, offering boxing tutorial videos and alternative fitness sessions. Take up was relatively strong, with 40 per cent of clients accessing them.

“I’ve been sending videos out to different people with boxing tutorials and different kind of things. I’ve done what I’ve been able to do in terms of what we’re restricted to do as well.”

It resumed with some socially-distanced services as lockdown eased in the summer.

Socially-distanced activity with children was challenging, the gym was not running

at full occupancy, outside classes relied on the weather, and the new booking system caused some friction.

“... If they don’t turn up, they don’t understand that they have to still pay, because we’re only restricted to 10 people... it’s really difficult because... you’re affecting the relationship between you and that person.”

Support needed

The charity accessed £11,000 from Power to Change and £1,300 from Sport England to help cover running costs like utility bills, and a £10,000 local government grant. The government’s furlough scheme also enabled it to avoid redundancies.

Future outlook

As lockdown first eased, the outlook was fairly positive. Despite the impact on the gym side of the business, the pandemic grew the community’s need for other services the organisation seeks to meet and for which it hopes to secure funding.

“Loneliness, social anxiety and all that kind of stuff that is going to be heightened because of Covid. So, we will need to be putting services on to be able to reach out to those kind of people.”

Fusion’s sustainability will increasingly depend on finding grants and other ways of subsidising services, as it faces the challenge of covering the costs of operating socially-distanced services below normal capacity for a community whose ability to pay full prices has also been seriously compromised by the financial impact of the pandemic.

Financial pressures and customer demand

Financial challenges featured prominently in the written survey responses and interviews with community businesses about the impact of Covid-19. In addition to the already mentioned costs of implementing Covid-19 guidance, government restrictions such as lockdown and social distancing resulted in a significant fall in income, as many community businesses reduced or suspended their services (as discussed in Chapter 2). This is further exacerbated by uncertainty about how long the restrictions will last.

... We are and will continue to sustain a loss in trading income, but the medium-to longer-term impact of this will depend on the following: how long we remain closed; how significant the income reduction is; how long it takes for us to get back to our previous level; whether we lose any trading partners post Covid-19.
Survey participant, community hub

Furthermore, Power to Change's research into community businesses' use of Covid-19 emergency support found that even those organisations which adapted their business models in response to the pandemic had much-reduced income levels and struggled financially (Power to Change, 2020). Research conducted by Locality revealed that 59 per cent of its members, many of whom are community businesses, risk losing a quarter of their income as a result of the pandemic (Locality, 2020).

Several stakeholder interviewees commented that community businesses dependent upon trading activity and paid staff would be more negatively impacted than those receiving grants and those reliant on volunteers. These interviewees also noted that community businesses with assets would be better placed to survive the pandemic if they paid a nominal 'peppercorn' rent, for example to a local authority which previously owned the building, rather than owning it outright. Community businesses falling into the latter group would be responsible for the maintenance costs of such assets. One sector representative predicted that community businesses reliant on generating venue income would reduce their operating hours, and thereby their overheads, in the short term in order to ride out the economic challenges presented by the pandemic.

Financial concerns were interlinked with uncertainty about the extent to which customer demand would return to pre-pandemic levels. In the survey, only a third (33%) of community businesses expected to resume full operations at their pre-pandemic level. Community businesses with no employees – compared with small and medium-sized¹⁵ organisations – and those which had continued to operate fully during the pandemic, were more likely to anticipate resuming pre-pandemic levels. One interviewee had already observed potential customers being less ready to commit to their projects.

¹⁵ With 11–249 employees.

“We do have an ongoing dialogue with the various people we’ve been working with. The dialogue hasn’t broken down completely, but it’s just a lot slower and people are less willing to make decisions than they were before.”

Interviewee, energy community business

Others worried that, post-lockdown, customers and particularly the most vulnerable would be reticent about starting to use services again due to concerns about Covid-19.

“We’re on a mixed estate of lots of older people, lots of social housing, lots of vulnerable people, people are genuinely still fearful and lots of people don’t want to come out yet. [in the winter], I think, everyone’s going to [go] back in [side] again.”

Interviewee, community hub

The interview findings suggested several community businesses had made efforts to maintain contact with their customers during the lockdown when their services were disrupted or access to them limited. Examples included:

- proactively calling residents to check they were okay and identify if they required any help
- adding customers to newsletters to keep them informed about changes to their services
- developing guides to assist those less experienced in using the internet to access online services.

For others, uncertainty regarding the number and extent of future lockdowns as well as the implications of adhering to Covid-19 guidance, resulted in them being cautious about the resumption of pre-pandemic levels of business activity.

“We have to slowly build it up, there’s no doubt about it. The rules and regulations keep on changing ... It’s very much an unknown quantity.”

Interviewee, community hub

Since the fieldwork for this study, a tiered system of local restrictions and another two national lockdowns demonstrate that the pandemic is far from over. Restrictions on business activity will continue well into 2021, which will influence community businesses’ views of their financial prospects. In January 2021, one in seven (15%) UK businesses responding to the Office for National Statistics’ Business Impact of Coronavirus Survey reported they had low, or no, confidence that their business would survive the next three months (ONS, 2021).

Sector representative interviewees were acutely aware that community businesses were only part way through the pandemic and that the full impact of Covid-19 on their financial prospects was yet to be observed.

“... We’re still probably unlikely to see the full shake out of that impact of lockdown on those businesses until we’re in early 2021 and you can start to consider how the businesses adapted and responded to that moment.”

Interviewee, sector representative

Resilience of community businesses

Despite the pervading uncertainty expressed by many interviewees, the majority felt that community businesses were better placed to endure the financial challenges presented by the pandemic than traditional for-profit businesses. Key reasons include:

- access to more financial support via grants and established support networks with other organisations, both in their locality and nationally
- lower running costs, with workforces dominated by volunteers and often subsidised rents for their venues
- experience in identifying their communities’ needs and galvanising support to address these. The important role that social capital plays in successful community businesses was also highlighted by Kleinhans et al. (2019) in their study into the durability of community businesses.

“They’re usually run by community protagonists or champions, so they’re able to quickly rally around the people in their local area, they know what the gaps are, they know who is in need, and they’re able to reach out directly to families and individuals who might need help.”

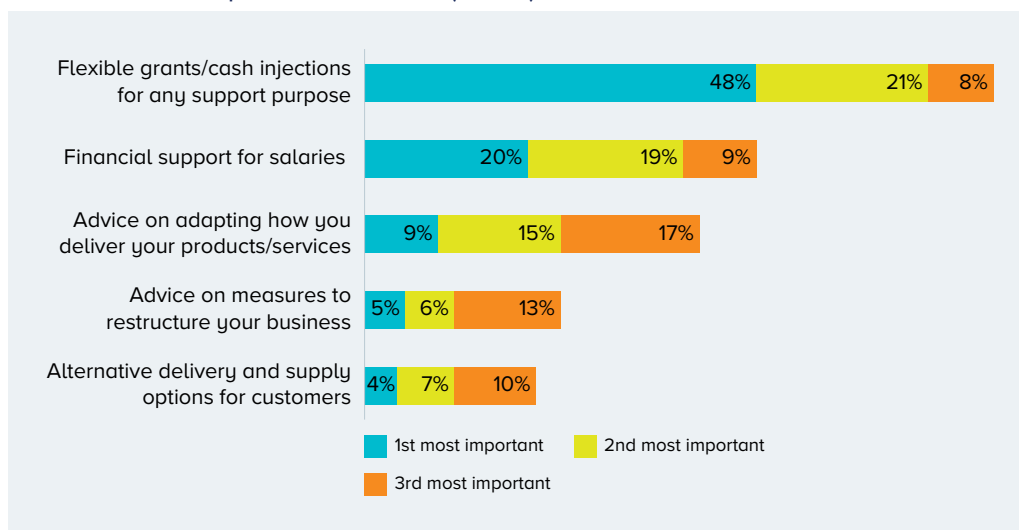
Interviewee, sector representative

Furthermore, community businesses have proven their ability to adapt to the impact of the pandemic and many plan to continue, further remodelling their operations to respond to future anticipated challenges and opportunities of Covid-19 (see ‘Changes to type of activity’ in Section 3.3).

3.2 Business support needs in response to Covid-19

The survey asked participants to rank the top three most important types of support their business needed as a result of the pandemic (see Figure 11).

Figure 11: Top three most important types of support required by community businesses to respond to Covid-19 (n=416)



Base: All operational businesses pre-Covid-19 (n=416)

More than one in five participants identified ‘advice on measures to restructure community businesses’ and ‘alternative delivery and supply options with customers’ in their top three support needs (23% and 21% respectively). The latter was particularly pertinent for shops, many of whom had experienced a significant increase in demand with little time to provide sufficient stock, made more challenging by the intense competition among retailers and the public to find and purchase limited supplies.

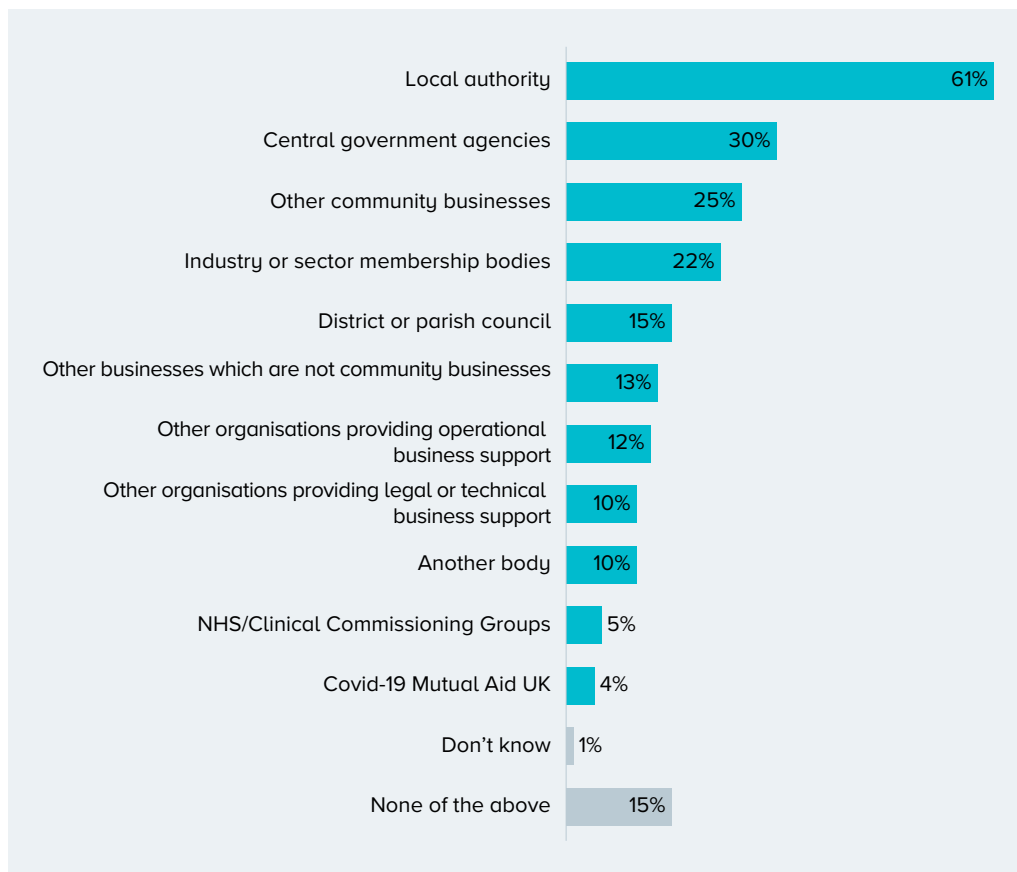
“... One shop told me that basically you were dealing with Christmas trade for twelve to fifteen weeks with only one week’s worth of notice to prepare for it whereas usually Christmas trade is a three-week period and you’ve got six months to prep for it.”

Interviewee, sector representative

Only 4 per cent of survey participants indicated that they required no support. These 17 community businesses represented 12 different sectors, the most represented being community hubs (n=3).

Figure 12 shows that ‘local authorities’ were cited most for providing important support to community businesses during the pandemic (61%, rising to 76% if considered with ‘district or parish councils’). The vast majority of community business interviewees said they received business rate relief grants from their local council. In addition, local government organisations provided a few interviewees with grants to address specific Covid-related issues such as purchasing personal protective equipment and moving services online.

Figure 12: Organisations providing community businesses with important support in response to Covid-19 (n=416)

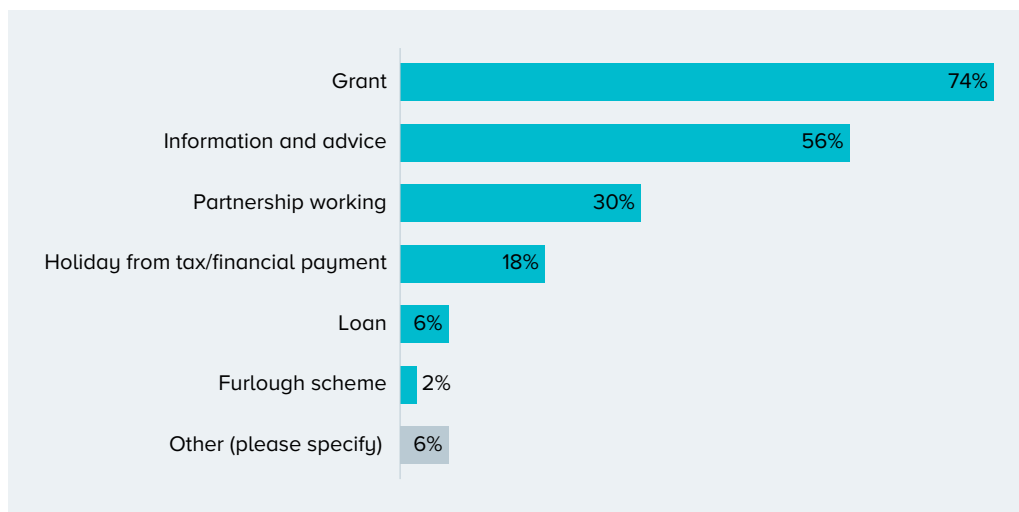


Base: All operational businesses pre-Covid-19 (n=416)

Larger community businesses (with at least 11 employees and those with trading activity of £100,000 or more), as well as those providing multiple activities, were more likely to report receiving support from their local authority or central government. Community businesses which had temporarily ceased operating were also significantly more likely to have received support from central government.

Figure 13 illustrates the type of support that community businesses received from these organisations in response to the pandemic. Eight in 10 (79%) community businesses received some form of financial support.¹⁶

Figure 13: Type of support received by community businesses in response to Covid-19 (n=350)



Base: All operational businesses post-Covid-19 that received support (n=350)

A small proportion (6%) of survey participants received a loan or grant support. The mean amount received was £21,711 and the median was £11,763. Larger community businesses (with at least 11 employees and trading activity of £100,000 or more) and those in urban areas received significantly more financial support than the sample average.

In-depth views on financial support

We asked community business and sector representative interviewees to outline the business support received in response to the pandemic and its value, as well as any outstanding needs. These interview findings demonstrate the importance of the financial support provided to community businesses by central and local government as well as other funders. All interviewees reported that their organisation had accessed grants of some form, and one-third had received the £10,000 Covid-19 business support grant.

Many sector bodies and charitable trusts had also launched Covid-19 response funding, for example Power to Change's Community Business Renewal Initiative (2020) and The Fore's Rapid Action by the Fore and Trusts (2020).

¹⁶ Whether grant, payment holiday, loan or furlough scheme.

Interviewees reported receiving funding from Power to Change, the Arts Council and the National Lottery Community Fund. This financial support provided the community businesses with a greater sense of security that they could withstand the challenges presented by the pandemic. For some it also enabled them to combat the financial losses they had incurred and survive the crisis.

“We’ve got a small grant from Power to Change to help us with the revenue that we’ve lost over the last few months. So, that’s keeping [staff] in employment, I’ve been able to still pay utility costs, all that kind of stuff. So it’s definitely had a huge impact.”

Interviewee – community sports business

For others in sectors facing increased demand such as shops, financial support led to employment of additional staff to serve the higher volume of customers.

“... There are some great examples of shops accessing the rate-related retail grants, and ... We know of at least three community shops whereby they didn’t have a full-paid complement and used that payment to pay ... individuals within the community looking for work. They were able to utilise that grant to basically bring in a capacity to help prop up their operations at a time that they were experiencing increased demand.”

Interviewee, sector representative

Additional financial support

Traditionally, community businesses have been more likely to seek grant funding than loans. This is evidenced in Figure 13; 74 per cent of community businesses received grant funding in response to Covid-19 compared with 6 per cent accessing a loan. Given the impact of Covid-19 on trading income, one sector representative interviewed believed community businesses’ demand (and hence competition) for financial support in the form of grants will increase in the coming year.

Another sector representative advised that funders of all types would need to consider carefully the type of community businesses they wanted to support rather than responding solely to those most practised in submitting grant applications. This could include drawing on local knowledge and existing networks to ensure they identified and helped businesses delivering essential services to survive.

“So, the message is ... aimed at the local authorities, trust foundations and government to say that, if you want to protect this valuable social asset, don’t just throw money at them in a blanket way, think about what you’re trying to protect and distribute accordingly.”

Interviewee, sector representative

Non-financial support

Interviewees from community businesses said they received non-financial support and advice from sector bodies and local government, increased flexibility from funders and increased partnership working.

Information and advice

Several interviewees received information and advice on accessing emergency funding and navigating Covid-19 related regulations and guidance. These organisations mentioned support from Power to Change, Plunkett Foundation and other organisations from the community and voluntary sector, which had helped them respond to the challenges the pandemic had presented for their businesses. In some instances, sector bodies also brokered relationships between community businesses or organisations in the same geographic area to share experiences of how to adapt to the challenges. Such brokerage was particularly valued.

“...Plunkett and Power to Change, they’ve been running various webinars to help community businesses, some of which have been focused on pubs ... An East Anglian community pub forum that we’re involved with, that’s been very useful in terms of sharing experiences and just talking through the challenges, and so I think in terms of helping us manage our way through this, that’s been very helpful.”
Interviewee, community pub

One sector representative explained that the non-financial support they provided was required because businesses were confused about the financial support on offer and the lack of clarity about the eligibility criteria.

Local authorities also provided valuable non-financial support. Examples included assistance to complete health and safety documentation, identifying suppliers of safety equipment, finding volunteers to replace any shielding members of the workforce or offering additional space to run services.

The interview findings demonstrate that sector bodies altered their approach to providing non-financial support in response to the pandemic. One body became more proactive in providing support to its members, contacting them directly to identify if they required any information or advice rather than waiting to be approached. This change recognised that community business leaders might be so focused on trying to ensure their organisation’s survival that they might not have time to consider seeking external support.

“... Pre-Covid, we had what was more of a reactionary service where groups would hear about us, attend an event or come across us through Google or through word of mouth ... But we realised that as soon as Covid struck, everybody’s priority would [be] on their own activities and [they] potentially might not be looking outwards for help and advice. So, we made a proactive contact ... throughout the ... seven months after that [first] lockdown date, we’ve managed to make contact with around about 95 per cent of them.”

Interviewee, sector representative

Flexibility of grant funders

In interviews, community business and sector representatives conveyed how helpful it had been for grant funders to allow organisations flexibility, for example, by extending deadlines by which they were due to deliver their target outcomes.

“Most grant funders responded very positively to the crisis and said ‘we recognise you are not going to be able necessarily do what you have been funded to do and so we’ll allow you to use your funds in a more unrestricted way and just manage the crisis.’”

Interviewee, sector representative

Community businesses in the energy sector wanted to receive similar flexibility from government. In some cases, Covid-19 had indirectly delayed their commissioning of projects as clients had focused on their own pandemic response efforts. These businesses and their sector bodies successfully lobbied BEIS to extend the Feed-in-Tariff (FiT) deadline for a limited time so more community solar projects could be completed (Hamilton-Shaw, 2020; IEA, 2020 and solarpowerportal.co.uk, 2020).

Partnership working

Partnership working was an important form of support which community businesses received and gave during the Covid-19 pandemic. Nearly three in 10 (28%) survey participants said their business had contributed to the efforts of Covid-19 Mutual Aid UK¹⁷ in their area to support people through the pandemic; 5 per cent were leading such efforts. Several interviewees, including representatives of community hubs and shops, said their organisation became a focal point for help, support and advice in their localities. Mutual-aid assistance provided by community businesses included recruiting volunteers, providing items to foodbanks and delivering food parcels, and making ‘wellbeing’ telephone calls to isolated residents. This testimony was often endorsed by local councils which, as one sector representative noted, recognised the benefits of incorporating community organisations in their pandemic response efforts.

¹⁷ For further information about the Covid-19 Mutual Aid UK see: <https://covidmutualaid.org/>

Case study 4: Ramsey Neighbourhoods Trust – developing new services and partnerships in response to Covid-19

Pre-Covid-19 context

The Ramsey Neighbourhoods Trust (RNT), established in 2009, works with Ramsey Million to provide youth clubs, a job-search service, community workshops and social events to improve the lives of local people and ensure a sustainable legacy. RNT has a team of 14 paid staff and 65 volunteers. Impact of Covid-19

Lockdown restrictions put in person and group activities and events on hold. Seven staff continued to work but youth club workers were furloughed until they could be brought back in summer 2020 to run safe socially-distanced sessions. Office staff were able to work from home.

“We’re running the sessions but totally differently ... we’ve had to make up all these activity packs and drop them round to all the houses. And then the kids can join in and make them on FaceTime [or] Zoom...”

Adaptations made in response

RNT recognised the importance of continuing providing services despite the challenges of the restrictions.

“We’ve just tried to make everything work in some way, so that people don’t forget, and they don’t give up, and they still have something to do”.

It provided online alternatives to enable social interaction. It continued its social club for adults with additional needs via Facebook, and activity coordinators delivered activity packs so members could join in live broadcasts.

“We do our craft club on the Zoom meeting, and all we do, really, is chat, but it doesn’t matter, because you’re seeing different faces...”

With local councillors and organisations, it established Ramsey Area Covid-19 Support, providing information, advice and support to local groups. This attracted more than 50 volunteers, many new to RNT. It provided a dedicated phone line, email and social media platform to respond to the community’s queries and requests, helping with shopping, collecting prescriptions and making ‘wellbeing’ telephone calls. It also became a referral agency for the Ramsey Foodbank, and the Ramsey Community Bus Association granted it use of their bus to deliver to people’s homes.

Support needed

In addition to grant funders allowing flexibility to respond to the crisis, RNT received further funding from the District Council, Rotary and Cambs Community Foundation to offer community services. This included running the Ramsey Timebank, where volunteers spent time supporting someone and accrued that time so someone else could help them if needed.

Future outlook

RNT’s future is strong. Knowing the community it serves has enabled them to adapt quickly to the Covid-19 crisis and it will continue to use its grassroots approach to do so into the future.

Additional non-financial support

Community businesses may require further non-financial support in the short to medium term. Several interviewees felt increased competition for grants and the wider climate of economic uncertainty would threaten the sustainability of some organisations. One sector representative emphasised the need for infrastructure organisations to assist community businesses to plan their business development.

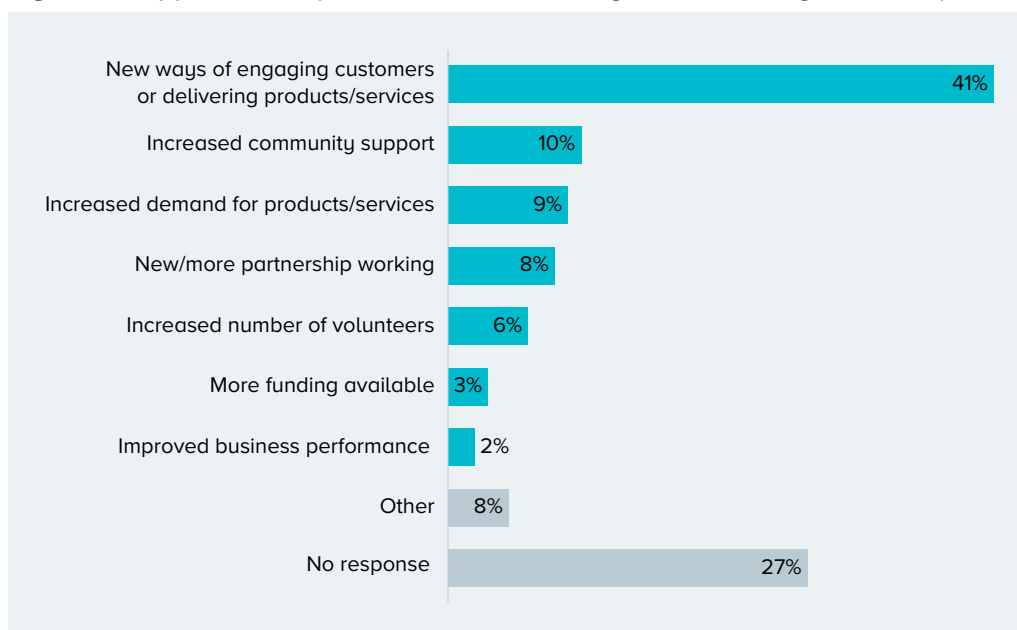
“... If you are operating hand to mouth off bits of grants here and bits of grant there, if you’re wanting to deliver a large service or a specific service to people, you need to have some sort of assurance and sustainability, and the way to do that is to have a viable operating model and business model.”

Interviewee, sector representative

3.3 Post-Covid-19 community business opportunities and plans

In spite of an uncertain future, 73 per cent of surveyed community businesses were able to identify at least one opportunity provided by the pandemic. Chapman (2020) reasoned a positive third-sector response was routine behaviour for leaders of organisations such as community businesses as they frequently operate in the context of financial uncertainty. The most cited opportunity by survey participants was developing new methods in which to work with customers or deliver products and services to them (41%).

Figure 14: Opportunities presented to community businesses by Covid-19 (n=449)



Base: All community businesses (n=449)

Many community businesses participating in this year's study planned business adaptations to their organisation when the Covid-19 pandemic ends. The survey and interviews reveal that these relate to changes to the type of business activity, operations, structure and partnerships.

Changes to type of activity

The reported intended adaptations of community businesses' activities involved continuing with the changes they had put in place in response to the pandemic and opening new lines of activity.

Continuing the changes made in response to Covid-19

Seven in 10 (71%) community businesses who changed or adapted their business activity in response to Covid-19 were at least 'fairly likely' to continue with this new or adapted activity once the pandemic has ended.

The pandemic forced many community businesses to use online platforms for the first time. Several interviewees were committed to continuing at least part of their service delivery online, even when meeting in groups is allowed again. The main driver for this decision was to increase customers' access to their services. For example, one interviewee whose community business delivers acting workshops to disabled people moved sessions online during the pandemic. They recognised the increased reach they achieved with the same number of staff and anticipated providing more services digitally, therefore reducing reliance on face-to-face delivery.

"... A silver lining has been that we've reached out to people across London to involve them in these workshops on Zoom, which isn't something that we had the capacity to do [previously]."

Interviewee, community arts centre

Diversifying into new areas

In the survey, over half (55%) of the community businesses expected to open up a new line of trading activity or diversify their products and services once the pandemic has ended. This response was driven by micro-sized and multi-activity businesses. Several interviewees alluded to plans for their organisation to deliver new services to meet the needs of their community, identified during the pandemic. These included a community hub which saw an opportunity to serve customers' health and wellbeing needs more effectively.

“A building that’s going to [be] passed to us a bit earlier than we’d thought, we’ve been working on plans to turn that into a health and wellness centre. Especially with everything going on with Covid, that’s a real opportunity there for people to come and have a place where they can relax, take a break and explore their own mental health.”

Interviewee, community hub

Opportunities for community businesses to develop into new areas of work may continue to arise in the coming months. Several studies have explored the role community businesses could play in supporting the regeneration of high streets (Lee et al., 2020 and Sutherland, 2020). Examples include bringing assets back into use, increasing footfall through working with other local businesses and increasing the diversity of high street visitors through offering a wider variety of services. These initiatives come at a time when the number of high street premises left empty in 2020 is likely to have doubled due to the pandemic (Butler, 2020). In addition, several studies find that Covid-19 led many people to reconsider how and where they shop, increasing the appetite to buy locally (Ibbetson, 2020).

Other examples include a community-based library which developed an accredited employability training programme about managing public space, in response to increased demand from job-seekers (Community Managed Libraries National Peer Network, 2020). Moreover, one sector representative speculated that traditional businesses, for example banks, could use the pandemic as an excuse to withdraw from their least profitable communities. Again, such behaviour provides an opening for more socially-minded community businesses to operate and meet local needs.

“... Some of the bigger [traditional businesses], they’ll use Covid as an opportunity to pull out of areas where they’ve wanted to get out of for years but they didn’t want to take the reputational hit of removing themselves from communities ... So, it could change the marketplace to some extent ... Community businesses are socially different ... and it could be that they’ll understand issues, say the cash economy that they need to keep going with ... And if any [banks] draw the line about what customers can do business, but ... credit unions and community banking is more friendly to people in less advantaged areas. So, there may be opportunities there ...”

Interviewee, sector representative

The sustainability of new ventures is not guaranteed. Several interviewees from community businesses said they could only continue newly-developed services if they secured suitable funding.

Case study 5: Chichester Community Development Trust – adapting operations to meet the demands of Covid-19

Pre-Covid-19 context

The Chichester Community Development Trust (CCDT) was established in 2009 as a community hub to support local projects, create opportunities and employment. Room hire accounts for 22 per cent of its income. It is run by five staff and, prior to Covid-19, there were 26 volunteers.

Impact of Covid-19

All of CCDT's buildings had to be closed during lockdown and bookings for all events and activities cancelled. It sought alternative means to deliver its existing services to help its community maintain a sense of belonging and reduce the risk of residents feeling socially isolated.

Adaptations made in response

CCDT worked with venue hirers to take activities online, where it also moved its own community café and IT café. It created new online events – including a youth quiz to help families engage with their children – developed an instructional video to help everyone access its online services and the IT café loaned computers to residents so they could join the online groups.

It attracted 20 extra volunteers with a flier and they helped deliver over 150 activities, including shopping for food, collecting prescriptions and walking dogs.

As the lockdown eased in summer 2020, some socially-distanced services and events resumed.

“We’ve got a socially-distanced wedding reception and ... We’ve got some funerals and the community are coming back out to book.”

Support needed

The trust reduced the impact of its financial losses through grants for business rates and funding from the local authority and Power to Change. It also accessed non-financial support including Locality's webinars on implementing Covid-related guidance and regulations and council advice about ensuring services and venues were safe for users. It also received a grant from the Heritage Lottery Fund to develop a listed chapel into a café, and funding for a mobile coffee cart to train young people in barista skills, helping expand opportunity and build hope in the community.

Future outlook

The trust is optimistic and has planned to use its existing buildings and design its new spaces to account for longer-term social-distancing requirements, as well as provide services that meet the community's needs following the pandemic.

“A building that’s going to [be] passed to us [we have] plans to turn that into a health and wellness centre ... for people to ... relax, take a break and explore their own mental health.”

“It looks okay for the future for us now because we’ve been able to get the grant funding and keep the business moving. But what we need now, to be able to deliver the new opportunities that we hope to do, is some more staff. So, we’ve been working with the local college to look on how we can take on some apprenticeships.”

Changes to business operations

Half (51%) of surveyed community businesses anticipated they would need to act to increase efficiency or reduce costs. The interview findings suggested various courses of action. Several interviewees said more regular home working and moving activities online could reduce their organisation's expenditure.

"... Some businesses ... have recognised that actually their physical space needs are not what they thought they were and they might be able to scale back some of their overheads there ... refresh their delivery model to be more online."

Interviewee, sector representative

However, others felt a return to in-person business operations and service delivery remained important for some organisations like community hubs. As evidenced in Figure 2, overcoming social isolation was an important intended outcome for the vast majority of community businesses and face-to-face interaction could be key to this.

"We can continue [remotely] like this, but it's not enough. We need to be able to mix. We need to be able to have people talking [to] each other ... We've got a great problem with ... social isolation and loneliness."

Interviewee, community hub

Changes to business structure

Many surveyed community businesses anticipated a change to staffing in response to the pandemic. Nearly half (49%) expected to re-evaluate their staffing and volunteer structures once the pandemic ends. This view was more common among larger businesses (with at least 11 employees and trading activity of £100,000 or more) as well as those providing multiple activities.

The end of the furlough scheme will lead to difficult decisions about staff salaries. Some interviewees felt redundancies might be required if income from trading did not recover and alternative funding from contracts or grants had not been accessed. The scale of redundancies across community businesses was considered by some sector interviewees to be smaller than for traditional businesses, given the market's reliance on volunteers. However, a more significant restructure was anticipated within some sectors, such as childcare and health and social care, which depend more heavily on employees with professional qualifications.

“... The difficulty they face obviously in the immediate future is if they have employees and when furloughing comes to an end and they will have to make redundancies ... Nevertheless, they probably can [survive] because many community businesses also have a very strong reliance on voluntary support ... [But] not all of them. If you're running support for older people which is more physical support, or you're running a nursery, you can't use volunteers. You've got to use proper staff ...”

Interviewee, sector representative

Some community businesses which engaged new volunteers during the pandemic thought it would be hard to retain them in the longer term. A few interviewees recognised that the influx of volunteers was partly due to the furlough scheme. They expressed concern about the likelihood of losing these volunteers when the furlough scheme ends, as these individuals return to their paid employment. One of the sector representatives interviewed proposed some potential ways for community businesses to hold onto this new generation of volunteers, including:

- offering opportunities to participate in the organisation outside of standard working hours, for example extending opening hours
- identifying tasks and roles that can be carried out remotely or at times convenient to the volunteer.

“... For some community businesses, it will be about rethinking their operations and saying, 'Were we offering volunteering opportunities at the wrong time of day?' So, if we've got people working a 9 to 5 job Monday to Friday, might it be that we need to stay open later in the evening if they were willing to give some hours that day. Or, it's looking at the roles and responsibilities of volunteers. Are there different tasks that could be completed in people's spare time related to websites, bookkeeping and some of those back-office functions?”

Interviewee, sector representative

Furthermore, while the pandemic gave some community businesses the opportunity to attract new volunteers, it also presented a very challenging work context for those volunteers. These challenges covered the changing needs of customers, increased customer demand and potentially fewer colleagues available to meet these changes (because furloughed or shielding). The potential strain on volunteers and likely turnover was of acute concern for some interviewees, given the reliance on volunteers in their workforce.

“We have this element of volunteer fatigue setting in, combined with the more difficult working environment.”

Interviewee, community pub

One sector representative proposed that the volunteers who responded to the national call for assistance, such as NHS Volunteer Responders,¹⁸ could provide an opportunity for community businesses to maintain volunteer numbers and refresh an exhausted workforce.

“... There’s a lot of conversations [about] the national models with the NHS responders ... If [the volunteers] don’t get utilised and actually they’ve shown an interest in being involved, how do we route them back into what’s close to them which is what’s likely to have a longer-term interest for them when it is close to their community.”

Interviewee, sector representative

Developing partnerships

Partnership working was anticipated to help recovery from the pandemic. Nearly two-thirds (64%) of survey participants expected to develop new partnerships or collaborations with other organisations once the pandemic has ended. A few interviewees reported that the community support provided by their business during the crisis had raised their profile with their local council. This could open up opportunities for future collaboration with the public sector.

“So, a lot more people know who we are and politically it’s helped us a lot because the local authority and council have had to come to us to say, ‘Please can you help?’”

Interviewee, community hub

One sector representative described how their local authority was bringing together clusters of community businesses requiring back-office support such as finance, HR or IT, to address the demand for such services. A partnership offer would help community businesses achieve economies of scale and retain the wealth produced within their community.

¹⁸ Over 750,000 people signed up to the NHS’ call for volunteers in the first four days of the scheme’s launch, three times more than the original target (NHS, 2020).

The interview findings suggest the pandemic accelerated the process of sector representative organisations working more closely together. Several organisations and charities came together to create the Voluntary and Community Sector Emergencies Partnership (NAVCA, 2020). This partnership helped local and national members to respond to emergencies by identifying what support was needed where, and allocating the available resources effectively. Another example was the launch of the Community Asset Protection support developed by Power to Change, Cooperatives UK, Plunkett Foundation and Locality (Power to Change, 2020). This partnership will enable sector bodies to share learning and activities with each other, reduce any duplication in their support offer and signpost members to relevant information and advice. The aim is to provide more efficient and effective support for community businesses in general and in response to crises.

“During lockdown, the regularity of contact, sharing ideas at an infrastructure support level meant that we were able to support each other’s activities, learn from each other’s experiences, not replicate where somebody was doing something that could be useful for [our] membership we promoted, and similarly partners to us ... That open communication between infrastructure bodies has meant that the sector has probably had a greater wraparound support available to them than what they would normally find.”

Interviewee, sector representative

4. Size and scope of the market

This chapter collates data from a range of different sources to estimate the size of the overall community business market in 2020. This includes pre-Covid data describing community businesses as of February 2020.

Key insights

- The survey and secondary data model estimates a population of 11,300 community businesses at February 2020, which is 2,300 more than the 2019 estimate.
- The estimated size of several aspects of the market also increased, most notably community businesses within three sectors:
 - the estimated number of community hubs increased by 300 to 2,300
 - business support, employment, information advice and guidance (IAG), and training and education – up 300 to 1,200
 - health, social care and wellbeing – also up 300 to 700.
- The estimated total income generated by all community businesses increased by £83 million to £973 million. Estimated overall sector assets fell by £75 million to £870 million over the same period.
- Reported full market staffing figures increased from 2019 by 3,900 to 37,800 paid staff. Conversely, the estimated number of volunteers pre-pandemic (as of February 2020) dropped by 28 per cent to 148,700 between 2019 and 2020.
- The model is sensitive to changes in sectors. The largest sub-sector remains village halls, for which better data on income, assets, staffing and volunteers is now available through the ACRE's English Village and Community Hall Survey 2020. This change is the key reason behind the falls in asset and volunteer estimates.

4.1 Market size and sector evolution over the year

Prior reports document the challenge of estimating the overall size of the community business market. The core of the issue is defining and categorising organisations by what they do and how they do business. Some organisations fit poorly into standard classification schema because either no category exists for them, or because they fall into several categories. Further, Power to Change's sector classifications are purposive and used to make decisions about funding allocations; they are not designed to assign a community business empirically to a consistent standard industrial classification¹⁹.

¹⁹ As per sectors assigned by the Office for National Statistics in the Standard Industrial Classification. See: <https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities>

The overall estimation model we used this year is broadly similar to that used in 2019, which is a first. One ambition for the study has been to create a replicable method which allows a little more surety that estimation data between years is comparable. However, some adaptations have necessarily been made to reflect the availability, or the loss, of different data sources. The data remains a best estimate of the size and shape of the market and its component sectors, given the limitations of data more widely.

Triangulating data for estimation

We have again used a variety of methods and data sources to estimate market size for individual sectors and for the market as a whole. The process is described fully in the Supporting Analysis report and makes the most of all different published data available, which is summarised here.

Databases from Power to Change grantees and other organisations

When businesses make an application to one of several Power to Change funds, detailed data is collected on the structure, financial position, purpose and objectives of the business. Furthermore, some organisations have supplied data to Power to Change for the purpose of secondary analysis. CFE Research received data from individual funds and some related datasets. The Supporting Analysis document describes how the architecture of each dataset is different, as are some units of measurement and categorical descriptors for some variables. The following data was merged to form a single secondary dataset for analysis and, in all cases, only data describing grantees was used²⁰. This year's data was compared with that already held from last year and updated where necessary.

- **Community Business Fund data (Power to Change)**²¹ Some businesses are listed more than once. In these cases, the business was only counted once and the most recent data on income, assets and paid staff and volunteer headcounts was used.
- **Bright Ideas Fund data (Power to Change)**²² No data on assets is included in this dataset and many businesses have no data on workforce numbers. This is primarily because many of those recorded are start-ups or new businesses. Data used is the most recent per business from Rounds 4 to 6 of funding (June 2018 to December 2019).

²⁰ In prior years, some applicant data was used to increase the sample available for analysis.

²¹ At the time of its operation, the Community Business Fund was aimed at community businesses needing funding to make their organisation more sustainable. Grants between £50,000 and £300,000 were available.

²² At the time of its operation, the Bright Ideas fund was aimed at local groups with a community business idea needing help turning it into a reality. Business support and advice as well as grants of up to £15,000 were available.

- **Empowering Places data and survey**²³ came from an external Power to Change study which provided headcount figures for staff and volunteers, plus an estimate for income. No assets data is provided.
- **Trade Up data (Power to Change)**²⁴ was not available this year, so 2019's figures were used if they were not superseded by an update from another dataset. The main data recorded is on employee and volunteer numbers. No financial information is provided in the data.
- **Power to Change's financial dataset** is maintained by an external organisation. The paid staff numbers provided are full-time equivalents and no volunteer data is provided. Overall net asset values are provided, a minority of which are negative values.
- **Land-based assets dataset** is a list of environmental and farm or production businesses produced from a survey by Shared Assets (2019). No values for assets are held in the dataset. The data here was used if it was dated after May 2018 and was not superseded by a matched record from another data source.

A common dataset of unique businesses was created from these six sources. Where duplicates were found, the most recent data available for a given financial or workforce variable was selected where known. The combined data provides more on known grantees than earlier reports. This means that data is now available for a number of sectors that hitherto had limited observations. Where enough observations in the dataset exist (around 10 or more), medians are derived for sectors for overall income, assets and numbers of paid staff and volunteers.

²³ Empowering Places is a place-based development programme which empowers catalyst organisations in six key areas to help develop a community business. For more information, see: <https://www.powertochange.org.uk/get-support/programmes/empowering-places/>

²⁴ Helping community businesses to grow by increasing their sales and providing match trade grants. For more information see: <https://www.powertochange.org.uk/get-support/programmes/community-business-trade/>

Primary survey data

We used records from the 2020 and 2019 Community Business Market surveys to create a larger market estimation dataset than that used last year. We used and compared all responses received this year with those from the 2019 survey. Where duplicates were found, records from 2019 were removed; all remaining unique records were then joined to create a larger file of staff and volunteer numbers, and total income. This resulted in a combined, single file of 641 community businesses. As with the grantee data, this file is larger than that used previously and improves sector estimates through increasing the data points available for analysis.

It is important to note that **the market metrics (staffing, volunteers, income and assets) are derived from the combined survey records of 2019 and 2020. This data differs from that presented from solely this year's survey** in Chapters 2 and 3.

Other secondary data sources

Some of the most accurate sector market-size estimates are derived from secondary data sources. In particular, this year saw the publication of Action in Communities in Rural England's (ACRE) The English Village and Community Hall Survey 2020 (Archer, Parkes and Speake, 2020), which provides improved data on village halls. This report more than any has influenced the overall increase in the estimated size of the market reported this year. However, the ACRE survey asked no questions which precisely identify village halls operating as community businesses, therefore the figure used in the report remains a (better) estimate.

Some reports are updated year on year, including the Plunkett Foundation's report that covers community pubs and shops (Plunkett Foundation, 2020). Official government data sources estimate the number of community businesses in the transport sector (Department for Transport, 2020). Data on libraries has not been updated recently so last year's estimates are retained for the model. Other sector bodies also produce estimates of varying quality that can help to calibrate other estimating methods for relevant sectors.

Estimating the number of community businesses in England

As with prior reports, the estimate for the overall size of the community business market is derived for sectors, then totalled up to arrive at an overall market estimate.

This year, two types of data were used to estimate sector sizes:

- Data from external reports can be used to gauge the number of community businesses in seven sectors:
 - cafés and shops
 - energy
 - food, catering and production
 - housing
 - libraries
 - pubs
 - transport
 - village halls.
- The number and distribution of community businesses by sector found in the Community Business Market surveys of 2019 and 2020 and aggregated grantee dataset, are also used for estimating the size of individual sectors.

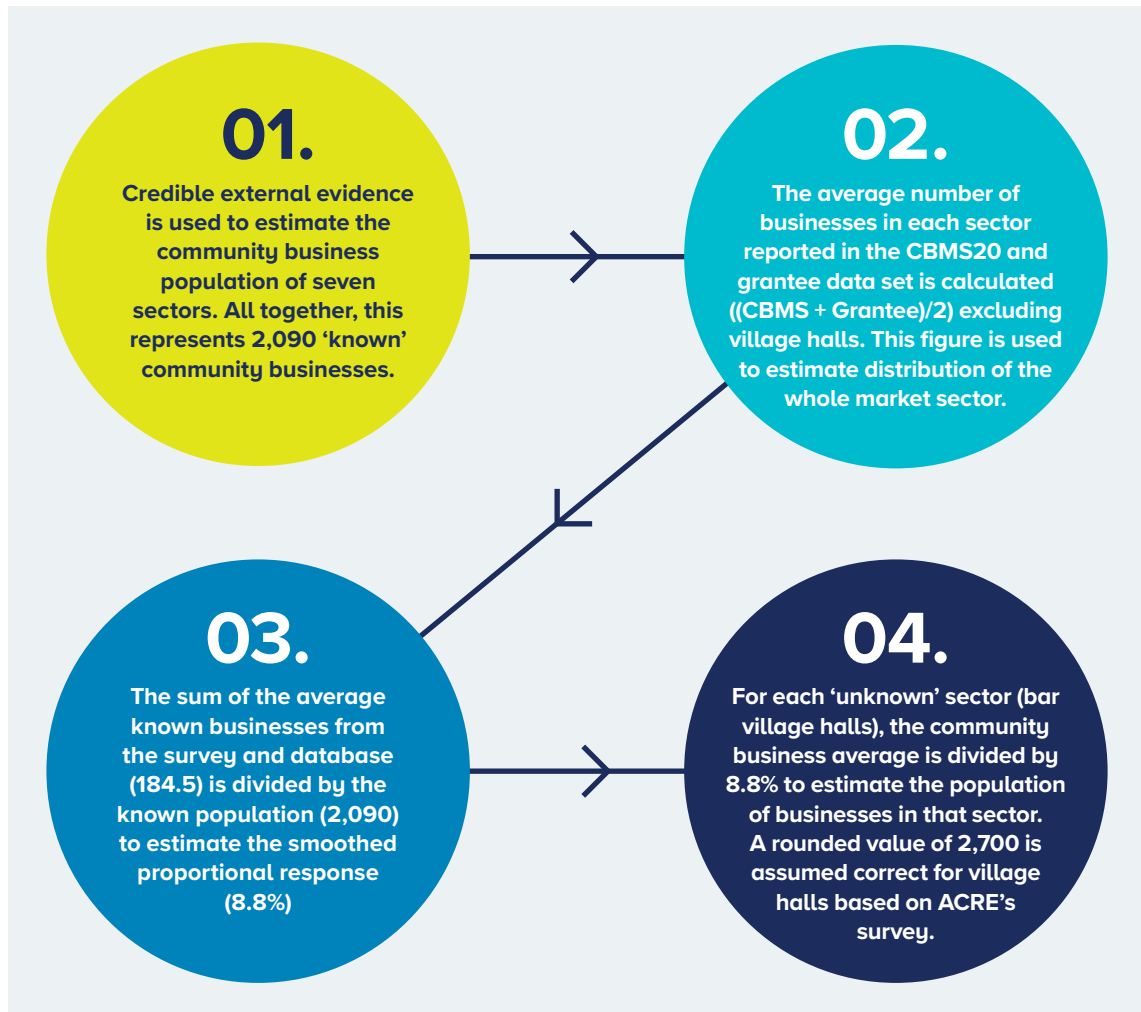
ACRE estimates that there are a little over 10,000 village halls in England. A total of 2,109 of these were surveyed in the English Village and Community Hall Survey 2020. Three questions were used as a proxy for a community business based on the type of hall, the sources of income generated and the type of governance structure (see more details in the Supporting Analysis report).

Based on these criteria, a quarter (25%) of village halls were estimated to operate as community businesses. This equates to 2,700 village halls.

The estimation model

The estimation process follows four steps;

Figure 15: The estimation process



The model is reliant on strong assumptions. The strongest is applying a smoothed proportional response for all known businesses to each estimated sector (Stage 2). The proportion of businesses responding in each known sector ranges from 2 per cent for libraries to 36 per cent for pubs, giving a significant variation. The data on pubs and shops is typically good, as these sectors have been recently researched in detail. The data on libraries has not been updated for some time.

Assigning a business to a sector is also open to interpretation, especially when a business delivers multiple services. For example, the way the individual responding to the survey classes the business may differ to that given by a different representative from the same business. Similarly, each grantee dataset codes main business sector differently (if at all). While a consistent manual code was applied as part of the data processing method, there is room for misclassification depending on who completes a Power to Change grant application or monitoring form.

Community Business Market metrics

Seven data points in each sector are provided for estimation if evidence exists.

1. **Number of organisations:** this is an estimate of the total number of community businesses operating in that sector as derived via our process and rounded to the nearest hundred. The model and, most importantly, a series of underlying assumptions is summarised below and described in detail in the Supporting Analysis.
2. **Median income:** median (rather than the average) income is used to address outliers and is derived using the following priority method:
 - a. secondary comparable income data if the external source is based on a larger number of observations than that collected in the survey or grantee dataset, or
 - b. from survey or grantee data, where there are 10 or more observations. Where there are more than 10 organisations in both datasets, the data sources with the most observations is typically chosen.
3. **Median assets:** assets are derived from grantee records except for village halls, which come from ACRE's English Village and Community Hall Survey 2020 (Archer et al., 2020).
4. **Total sector income:** the total income for the sector as a whole. This is recorded in millions. Income is typically derived by multiplying the median for the sector by the estimated number of community businesses in the sector.
5. **Total sector assets:** as per total sector income, median assets (where known) are multiplied by the estimated number of sector organisations.
6. **Staff numbers:** the headcount of staff estimated to work in the sector. This is a headcount where known, although some data only records the full-time equivalent figure. The total number is again the median multiplied by the estimated number of organisations in the sector. Overall, staff numbers are likely to be an under-report as some grantee and secondary data only lists full-time equivalent figures.
7. **Volunteer numbers:** as per staff (see 6 above).

As the sector size estimates are reliant on a series of strong assumptions, total numbers in Table 4 are rounded to the nearest hundred for business, staff and volunteer estimates, and to the nearest million pounds for total income and assets. A fuller market description of the individual sectors is provided in the Appendix.

Table 4: Market size estimates for community businesses, 2020

Sector	Number of businesses	Income (£m)	Assets (£m)	Median income (£m)	Median assets (£m)	Staff	Volunteers
Village halls	2,700	47	316	0.02	0.12	5,400	10,800
Community hubs	2,300	324	182	0.14	0.08	9,000	45,100
Business support, employment IAG, training and education	1,200	139	76	0.12	0.06	3,600	9,700
Health, social care and wellbeing	700	30	82	0.05	0.12	7,400	9,000
Arts centre or facility	600	122	16	0.21	0.03	1,200	11,600
Sports and leisure	600	101	81	0.17	0.14	5,900	7,100
Transport	500	-	-	-	-	-	-
Cafés and shops	400	70	16	0.17	0.04	1,200	8,300
Libraries	400	19	-	0.05	-	400	17,500
Environment or nature conservation	400	18	45	0.05	0.12	2,300	10,400
Energy	300	29	19	0.12	0.07	200	1,800
Other	300	27	-	0.10	-	300	4,200
Food, catering and production	300	21	7	0.08	0.03	800	6,900
Housing	300	14	27	0.05	0.11	500	4,600
Childcare	100	-	-	-	-	-	-
Finance	100	-	-	-	-	-	-
Pubs	100	11	3	0.12	0.03	400	1,000
Craft, industry and production	100	2	-	0.02	-	200	800
Digital services, consultancy or products	0	-	-	-	-	-	-
Total (may not sum due to rounding)	11,300	973	870	0.10	0.08	37,800	148,700

5. Conclusions

The total estimated number of community businesses has risen to 11,300, due to improvements in the underlying data describing village halls. Moreover, the survey and grantee data offers a stronger platform from which to conduct some individual sector estimates. However, the estimation model still uses proxies and imperfect measures and relies on a number of strong assumptions. There remains some distance to travel to deliver a truly confident estimate of community business numbers. We continue to recommend co-ordinated data collection between stakeholder organisations to build a clearer picture of the entire market and hence offer better targeted support to the right businesses.

The improved data on village halls has also led to some changes in the structural measures of the pre-pandemic community business market. The estimated total assets for the whole sector fell to £870 million and the estimate for the sector's volunteer workforce reduced by 28 per cent to 148,700. The whole sector's estimated income rose by £83 million and staffing levels by 3,900. Community businesses were generating income of £973 million and employing 37,800 people prior to the advent of Covid-19.

The majority of community businesses when surveyed in May and June 2020 continued to operate at least partially through the early pandemic and nearly all those which temporarily closed anticipated reopening. They have proven their resilience and adaptability to change. However, community business confidence in their financial outlook is much lower than last year, with many expecting their income to decrease. Moreover, the real impact on community business closures will not be known until the governmental support comes to an end.

The length of the pandemic means that the context in which community businesses operate in future is likely to be somewhat different. This gives community businesses the opportunity to reflect on their models of delivery and be more agile in serving their communities post-Covid. Researchers and sector bodies can support community businesses by identifying and promoting the role they can play in the post-Covid recovery, for example by helping the unemployed back into employment and providing relevant training.

Community businesses which had made significant efforts to be less reliant on grant funding and diversify their income to incorporate trading were hit hardest by the pandemic. Funding organisations will need to develop dedicated financial support to assist these community businesses through the continuing tough trading conditions. Demand for grants will grow and increased levels of funding will be required for the foreseeable future to sustain the market. Sector bodies' response to the pandemic demonstrated an appetite and ability to coordinate their efforts to support organisations in reacting to the challenges presented. A continuation of this collaborative approach with efficient signposting, and avoiding duplication, will help community businesses to navigate the system as they seek to recover from the impact of Covid-19.

Volunteers continue to be critical to the running of many community businesses and, where possible, played a crucial role in maintaining delivery and adapting services during the pandemic. Volunteer exhaustion and increasing work commitments as the furlough scheme ends will present retention challenges for community businesses. Support from sector bodies will be required to help sustain volunteering capacity. This includes signposting under-utilised volunteers registered to national volunteering programmes to local opportunities, and lobbying to promote the benefits of volunteering to paid roles so employers are flexible to staff with such commitments.

The pandemic has accelerated societal change from which community businesses can seize opportunities. People revealed a commitment to their community and the organisations which supported it during the pandemic. Community businesses and their sector representatives can build on this increased willingness to use community services and buy products locally. A digital revolution also occurred as technology was adopted by both providers and users to enable online service delivery. Community businesses can continue to develop these to increase the reach of their services and the ease with which their customers can access and engage with them. Technological solutions, such as online rotas and remote working, have the potential to recast engagement with a new wave of volunteers seeking flexibility to fit the time they give around work commitments. Organisations must remain conscious, however, of excluding groups lacking digital connectivity and exacerbating existing social inequalities.

The central role many community businesses played in local infrastructure response efforts to the pandemic demonstrates the value of their knowledge about local communities, ability to galvanise support from volunteers, and agility to respond to residents' needs. They can continue to influence the design and development of future community services. Self-promotion and championing by sector bodies will help them maintain this level of collaboration with local authorities and the voluntary and community sector.

The nation is still going through what we hope is the end phase of the pandemic. This study provides a snapshot of the impact of the first national lockdown and easing of those restrictions. The economic and social impact of multiple lockdowns and restrictions on business activities is likely to take several years to unfold. The UK's exit from the European Union and the transition period will also influence the context in which community businesses operate. Research to explore the longer-term impacts on, and changes to, community business operations and structures in 12 and 24 months' time will be valuable to understand the longer-term impacts on the market. Similarly, identifying the support needs of community businesses post-Covid will be required to help them recover and grow.

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Appendix: Individual sector estimates for market size

The composition of a sector estimate table

For each sector, a data table is presented that fulfils two functions. Firstly, it provides an estimate for a variety of market indicators for that sector. Secondly, the three main data sources for estimates are shown. Village halls is the only sector to use an additional data source which is ACRE's English Village and Community Hall Survey 2020 and identified with a **V** icon.

Table 5: Example market size data table

Market descriptor	2020 estimate	Data source
Number of organisations	900	C
Income (£m)	142	C
Assets (£m)	110	G
Income (£m median)	0.11	C
Assets (£m median)	0.08	D
Staff numbers	4,000	D
Volunteer numbers	9,900	D

C CBMS19 + 20 **G** Grantee data **D** Secondary data

Venues

Community hubs

The number and scope of community hubs is particularly difficult to estimate because they often deliver more than one service from the same location and hence defy easy classification. Locality defines a community hub as a suite of services that operate out of a specific location. They benefit from co-location, use local assets and are led by the community they serve (My Community, 2016).








Estimating the number of community businesses

Through pooling data, a better estimate of community hubs can be provided this year. As noted earlier, unique records from the CBMS20 and CBMS19 created a single file with 641 records. Combining data from numerous Power to Change databases created a grantee population dataset of 703 organisations. The average proportion of community hubs present in these datasets is 26 per cent. There is a connection between this data as the majority of contacts from the survey were derived from Power to Change records. The model estimates that 2,000 community hubs operate in England.

Estimating the market characteristics

Estimates for community hubs are based on the largest number of observations of any sector: around 140 in the survey for staff and volunteer numbers and a similar number in the secondary data for income and assets. Like last year, the survey data shows median staff numbers of 4 and 20 for volunteers and these numbers have again been used in the estimates in Table 6. The equivalent numbers in the secondary data are higher at 9 and 28 respectively. If secondary data was used, estimated sector staff and volunteer numbers would therefore increase.

Table 6: Market metrics for community businesses in the community hub sector

Market descriptor	2020 estimate	Data source
Number of organisations	2,000	 
Income (£m)	285	
Assets (£m)	160	
Income (£m median)	0.14	
Assets (£m median)	0.08	
Staff numbers	8,000	
Volunteer numbers	39,800	

 CBMS19 + 20  Grantee data  Secondary data

Village halls

The village hall community business model has significant parallels with community hubs. Village halls are buildings from which a number of services and activities can operate and fit within the overall community business concept, primarily through renting out space.

Estimating the number of community businesses

This report coincides with this year's publication of ACRE's English Village and Community Hall Survey 2020 (Archer, Parkes and Speake, 2020) which offers detailed information on halls. Estimates for community business numbers were derived from the survey dataset of 2,109 participants using the following definitional criteria:

- All operating out of church halls or rooms, parish or town council halls, halls used jointly with a school, reading rooms, Women's Institute halls and Scout or Guide halls were excluded.

- All survey participants stating that their hall is run by members and trustees with no power for user groups to appoint trustees or a parochial church council were excluded.
- Halls whose annual income from hiring charges was £10,000 or greater, or who derived £5,000 or more from renting for public services, renting to private or commercial concerns or from enterprise or trading were included.

A quarter (25%) of village halls met these criteria. Applying this proportion²⁵ to ACRE’s estimate of 10,700 village halls in England gives a rounded total of 2,700 operating as community businesses.

Estimating the market characteristics

ACRE’s 2020 report provides data on income, assets, staffing and volunteers. Averages and medians from all halls classed as community businesses are used in the table below.

Table 7: Market metrics for community businesses in the village halls sector

Market descriptor	2020 estimate	Data source
Number of organisations	2,700	V
Income (£m)	47	V
Assets (£m)	316	V
Income (£m median)	0.02	V
Assets (£m median)	0.12	V
Staff numbers	5,400	V
Volunteer numbers	10,800	V

C CBMS19 + 20 **V** ACRE Survey **G** Grantee data **D** Secondary data

²⁵ To one decimal place, the proportion is 25.3%.

Public-facing support services

Business and employment support

The sector is a grouping of five separate areas: employment information, advice and guidance; training and education; youth services, and business support. The few youth services (for those aged 16 or older) in the survey offer support services and so align best in this category.




Estimating the number of community businesses

As an aggregated sector, business and employment support has the largest number of sub-sector CBMS19 and CBMS20 responses after community hubs (89). The same applies for the grantee data, where 99 businesses are found. In both cases, business and employment support sector businesses account for 14 per cent of the total community business population.

Estimating the market characteristics

The business and employment support sector generates the second largest amount of income after community hubs and employs the fifth highest number of staff of all sectors. The ratio of volunteers to staff is, however, relatively small at 2.7:1.

Table 8: Market metrics for community businesses in the business and employment support sector

Market descriptor	2020 estimate	Data source
Number of organisations	1,100	 
Income (£m)	123	
Assets (£m)	67	
Income (£m median)	0.12	
Assets (£m median)	0.06	
Staff numbers	3,200	
Volunteer numbers	8,500	

 CBMS19 + 20  Grantee data  Secondary data

Housing

The housing community business sector comprises organisations that support neighbourhood or local activity to provide or develop housing. In prior years and in 2020, the sector includes community land trusts, community groups and co-housing schemes. However, certain elements of the sector are less easy to describe as a community business, especially co-operative schemes, some of which are operated by councils or housing associations.

Estimating the number of community businesses

Revisiting the sources used to estimate numbers in previous years, there is little change in the number of community land trusts in England and Wales²⁶ or the number of English co-housing²⁷ schemes. As self-help housing groups were removed from the totals due to the age of the data last year, it is possible that this year's estimate also remains an under-report.

Estimating the market characteristics

Table 9 also provides estimates for income, staff and volunteer numbers. Volunteer numbers are based on 16 observations. Grantee data is used for staff numbers (median of 2 from 15 observations) as the median figure in the survey data is zero. Income and asset figures are derived from 23 and 21 grantee records respectively. These are small bases for estimates.

Table 9: Market metrics for community businesses in the housing sector

Market descriptor	2020 estimate	Data source
Number of organisations	300	D
Income (£m)	14	G
Assets (£m)	27	G
Income (£m median)	0.05	G
Assets (£m median)	0.11	G
Staff numbers	500	G
Volunteer numbers	4,600	C

C CBMS19 + 20 **G** Grantee data **D** Secondary data

²⁶ <http://www.communitylandtrusts.org.uk/what-is-a-clt/about-clts> Accessed on 21 November 2020.

²⁷ <https://cohousing.org.uk/information/uk-cohousing-directory> Accessed on 21 November 2020.









Health and social care

No new secondary literature was found to help update the description of this sector. Based on evidence used previously (Stumbitz et al., 2018; Bedford and Harper, 2018), the range of services and activities grouped in the health and social care sector remains large and includes: statutory public services for physical and mental health and social care; user-funded health and wellbeing services; childcare; leisure, sports and physical fitness, and vocational and volunteering activities for therapeutic and rehabilitation purposes. There is some clear potential crossover with the sports and leisure sector discussed later in this report, although many sports-focused health community businesses provide mental health and wellbeing services. Childcare remains a separate sector.

Estimating the number of community businesses and their market characteristics

Community health and social care businesses are estimated to represent 6 per cent of the market. Financial data was drawn from grantee records and staffing and volunteer data from the survey returns – all of which had at least 30 observations. The health and social care sector has the third largest median asset figure outside of village halls and community hubs. Businesses in this sector also employ the most staff per business (12).

Table 10: Market metrics for community businesses in the health and social care sector

Market descriptor	2020 estimate	Data source
Number of organisations	600	 
Income (£m)	27	
Assets (£m)	72	
Income (£m median)	0.05	
Assets (£m median)	0.12	
Staff numbers	6,500	
Volunteer numbers	8,000	

 CBMS19 + 20  Grantee data  Secondary data

Childcare

Childcare services include crèches, nurseries and pre-school groups operating in community venues. It may also include support and pastoral services offered to support older school-age children. Additional work is still required to understand this sector in more detail, as crossover with other sector categories is likely, especially for venues such as community hubs and village halls. As noted by Archer et al. (2020), three in 10 village halls (which equates to over 3,000 halls) host playgroups.

The number of childcare businesses is derived from the estimation model and represents about 1 per cent of the total market, or around 100 community businesses. There is no secondary data available to validate this estimate.

Estimating the market characteristics

Too few observations were available in the combined survey or grantee data to estimate any market characteristics for childcare businesses.

Transport

Transport is a well-developed community sector covering a variety of schemes. The Department for Transport (DfT) has now updated the data it publishes and includes grants supplied to transport operators in England (Department for Transport, 2020). Moreover, a variable denoting community transport²⁸ organisations (CMOs) has been added to this dataset. This means a good estimate of community transport operators can be made. Excluding services operated by national charities, nearly 500 CMOs in England received funds from the DfT in 2020.

Estimating the market characteristics

As with childcare, too few observations were available in the combined survey or grantee data to estimate any market characteristics for transport businesses.

²⁸ Please see the community transport association for a definition <https://cta.uk.org/about-cta/what-is-community-transport/>

Arts and culture

Sports and leisure

Last year's land-based assets data was again partly used to derive detailed figures on sports grounds and clubs. In addition, much of the new data supplied by Power to Change included updated figures for many sports clubs. A relatively large number of surveyed community businesses classed sports and leisure as their main sector.









Estimating the number of community businesses

The combined survey and grantee data suggest that the sports and leisure sector accounts for around 5 per cent of the market, or 500 businesses when modelled.

Estimating the market characteristics

The inclusion of land-based assets data to the combined dataset and subsequent updates to this data has again increased the number of observations used to estimate business characteristics this year (at least 35 observations for all measures bar volunteers). The reported median income and assets for sports and leisure businesses is amongst the highest for any sector.

Table 11: Market metrics for community businesses in the sports and leisure sector

Market descriptor	2020 estimate	Data source
Number of organisations	500	 
Income (£m)	89	
Assets (£m)	71	
Income (£m median)	0.17	
Assets (£m median)	0.14	
Staff numbers	5,200	
Volunteer numbers	6,300	

 CBMS19 + 20  Grantee data  Secondary data

Arts centres and facilities

The grantee data for arts centres or facilities covers a range of businesses from general arts centres to cinemas, theatres, music venues and arts production organisations. The improvement in the relative quality of this data reported last year has been sustained this year.









Estimating the number of community businesses

The combined survey and grantee data provides an estimate of around 500 community arts centres, which is around 5 per cent of the total estimated community business market.

Estimating the market characteristics

The combined 2019 and 2020 survey data provides a reasonable sub-sample (40 businesses) from which to estimate staff and volunteer numbers. The grantee-only data used to estimate income and assets in this sector (and others) is also an improvement from the mix of applicant and grantee data previously. This sector generated the third largest pre-pandemic income.

Table 12: Market metrics for community businesses in the arts centres and facilities sector

Market descriptor	2020 estimate	Data source
Number of organisations	500	 
Income (£m)	108	
Assets (£m)	14	
Income (£m median)	0.21	
Assets (£m median)	0.03	
Staff numbers	1,000	
Volunteer numbers	10,200	

 CBMS19 + 20  Grantee data  Secondary data

Libraries

No updates to the current ownership model of libraries used last year has been made. Although the data from the Department for Digital, Culture, Media & Sport (DCMS) was from 2016, the data has been retained in the absence of anything new. This data records the type of management structure for which two are relevant to a community business model: community-run libraries and independent community libraries.²⁹

Estimating the number of community businesses

A total of 350 libraries in England are recorded in the DCMS data. The data also records the staff hours paid for each library, but not headcounts.

Estimating the market characteristics

By combining the 2019 and 2020 survey data, observations from just 10 libraries were used to estimate the number of staff, volunteers and income for the sector. These estimates should therefore be treated with caution.

Table 13: Market metrics for community businesses in the libraries sector

Market descriptor	2020 estimate	Data source
Number of organisations	400	D
Income (£m)	19	C
Assets (£m)	-	
Income (£m median)	0.05	C
Assets (£m median)	-	
Staff numbers	400	C
Volunteer numbers	17,500	C

C CBMS19 + 20 **G** Grantee data **D** Secondary data

²⁹ See <https://www.gov.uk/government/publications/public-libraries-in-england-basic-dataset>, Accessed on 17 September 2019.

Retail

Community pubs

The data quality for community pubs is good and is derived from a number of sources, the CBMS20, Plunkett Foundation's 2020 State of Rural Community Business Snapshot (Plunkett Foundation, 2020), and combined grantee data. Data from Plunkett was also used in prior reports, so any changes where this source is used compares like with like.

Estimating the number of community businesses

Plunkett Foundation's 2020 report records 88 pubs in England by the end of 2019.

Estimating the market characteristics

Thirty-three survey participants in the CBMS19 and CBMS20 stated their main activity as a pub, of which more than 20 provided data on staff and volunteer numbers and income. Assets are drawn from grantee data. Much of the data in the Plunkett report covers losses of income as a result of Covid-19. For this reason, survey data regarding pre-pandemic income is used for the measure this year.

Table 14: Market metrics for community pubs

Market descriptor	2020 estimate	Data source
Number of organisations	100	D
Income (£m)	11	C
Assets (£m)	3	G
Income (£m median)	0.12	C
Assets (£m median)	0.03	G
Staff numbers ³⁰	400	C
Volunteer numbers	1,000	C

 CBMS19 + 20  Grantee data  Secondary data

³⁰ Staff numbers for pubs was derived from the mean rather than the median because the median was 0. This means that most surveyed pubs ran solely using volunteers.

Community shops and cafés

Plunkett collects data on community shops in addition to pubs. Furthermore, the manual coding process highlighted that many shops operated cafés or vice versa. This made it challenging to assign a single sector code in many cases. For this reason, cafés have been combined with shops for the purpose of this report.

Estimating the number of community businesses

A count of the Plunkett Foundation data (2020) shows 318 community shops in England. The survey and grantee data also identifies a small number of cafés that does not warrant it a separate sector identifier, but it can be combined into this grouping. For every café in the combined CBMS19 and CBMS20 data, there are 2.7 shops. This ratio is used to estimate a total sector of around 400 shops and cafés operating as community businesses.

Estimating the market characteristics

This year's estimates for income, staffing and volunteer numbers are derived from at least 57 observations. Asset data was drawn from 36 grantee records. Median per business income and assets in this sector is towards the middle of the range for all sectors. The ratio of volunteers to staff in this sector is relatively high at 6.9:1.

Table 15: Market metrics for community shops and cafés

Market descriptor	2020 estimate	Data source
Number of organisations	400	D
Income (£m)	70	C
Assets (£m)	16	G
Income (£m median)	0.17	C
Assets (£m median)	0.04	G
Staff numbers	1,200	C
Volunteer numbers	8,300	C

C CBMS19 + 20 **G** Grantee data **D** Secondary data

Manufacturing and production

Food catering and production and farming

This sector covers farms and organisations that produce or process food, including for catering purposes. Note that not all farms are included here as some offer mental health and wellbeing services rather than agricultural production, and are therefore classed under the health sector.







Estimating the number of community businesses

Manual counts on the maps provided by Community Supported Agriculture³¹ and Sustain³² (2019) provide an estimate of 254 (rounded for reporting purposes) community businesses this year.

Estimating the market characteristics

The combined grantees data provides the best estimates of the sector's characteristics, especially for income and assets. The volunteer to staff ratio of 8.6:1 is high relative to many other sectors.

Table 16: Market metrics for community businesses in the food catering and production and farming sector

Market descriptor	2020 estimate	Data source
Number of organisations	300	
Income (£m)	21	
Assets (£m)	7	
Income (£m median)	0.08	
Assets (£m median)	0.03	
Staff numbers	800	
Volunteer numbers	6,900	

 CBMS19 + 20  Grantee data  Secondary data

³¹ <https://communitysupportedagriculture.org.uk/find-csa/>

³² A campaigning membership organisation for food and farming: <https://www.sustainweb.org/>

Energy sector

The energy sector covers aspects of energy generation and supply delivered by community businesses. The majority of the estimates for this sector are derived from the Community Energy State of the Sector 2020 report (Community Energy England, 2020). This is the definitive source of data on the sector. In addition, asset data is drawn from Power to Change’s dataset of grantees.

Estimating the number of community businesses


In its State of the Sector report, Community Energy England (CEE) lists 252 community businesses in England³³ and this figure is used in the overall estimate for the sector. As with all sectors, estimates are rounded to the nearest hundred.

Estimating the market characteristics

CEE’s report also provides figures for staff numbers and overall sector income, which are listed below in Table 17. No estimate for volunteer numbers is provided by CEE, so the combined survey data is used instead, albeit from 13 observations.

Table 17: Market metrics for community businesses in the energy sector

Market descriptor	2020 estimate	Data source
Number of organisations	300	D
Income (£m)	29	D
Assets (£m)	19	G
Income (£m median)	0.12	D
Assets (£m median)	0.07	G
Staff numbers	200	D
Volunteer numbers	1,800	C

 CBMS19 + 20  Grantee data  Secondary data

³³ This is based on an estimate of the businesses identified on a map and excluding those in Wales and Northern Ireland. Scotland was not included in the report at all.

Craft industry and production

Very little primary or secondary data exists describing this sector. In CBMS19 and 20 and grantee data, seven organisations self-classified into this sector. The estimated number of businesses operating in this sector (100) is derived from the proportional response across the survey and grantee data.

Economic and business services

Finance

Given the limited number of observations in the combined survey data (six organisations) and secondary data sources available, the finance sector is not included within the community business market size estimate model in 2020, except for an estimate of the total number of businesses based on the distribution in the survey data. More work is required to understand community businesses providing finance services.

Digital

As stated in the previous Community Business Market reports, no secondary data and too little primary data exists to create an estimate for a sector which is very hard to define precisely: digital services could form the basis for service offers in any other sector. Only six businesses self-classified as digital in the combined CBMS19 and CBM20 data and a single grantee in Power to Change's dataset.

Environmental and nature conservation

The businesses included in this group are a mixture of consultancies, recycling organisations and organisations managing protected environments such as woodlands, wetlands or marine environments.









Estimating the number of community businesses



The combined survey and grantee data suggest that the environmental sector accounts for around 3 per cent of the total market, or 300 businesses when modelled.

Estimating the market characteristics

The market characteristics data for the environmental sector is derived from all grantee and data, and that supplied on land-based assets last year. This equates to 41 businesses, including 20 which supplied data on assets.

Table 18: Market metrics for community businesses in the environmental sector

Market descriptor	2020 estimate	Data source
Number of organisations	300	 
Income (£m)	16	
Assets (£m)	39	
Income (£m median)	0.05	
Assets (£m median)	0.12	
Staff numbers	2,000	
Volunteer numbers	9,200	

 CBMS19 + 20  Grantee data  Secondary data

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