

## Research summary

# The community business market in 2016

**Community businesses are formed when communities come together to address challenges they face together. There are many types of community business, operating in a wide range of economic sectors, but common to these is that they are accountable to their community and that the profits they generate deliver positive local impact. Research shows that the number of these organisations is increasing, and that they are taking on growing numbers of local assets such as libraries, community centres, parks, and sports facilities.**

Each year, the Power to Change Research Institute commissions research to estimate the size and shape of the community business sector in England. This year's research builds on the 2014 and 2015 studies, and provides estimates of the size of the community business market across 15 sub-sectors. These are transport; food catering and production; energy; libraries; finance; craft, industry and production; shops / cafés; housing; arts centre / facility; community hub / facility; sports and leisure; environmental / nature conservation; digital; health and social care; pubs (ranked in descending order of numbers of businesses).

## Key findings

- Over the past year, this research estimates that the community business market has grown by 5%. This compares very favourably to recent estimates of growth rates in both the charity and small business sectors (1% and 2.3% respectively).
- The total estimated number of community businesses in England is 7,085, including a relevant subset of village halls (conservatively estimated at 900) for the first time.
- Community businesses are estimated to employ over 36,000 staff and engage nearly 200,000 volunteers.
- In total, community businesses are estimated to generate more than £1 billion of income each year on £2.1 billion of assets. Transfers of assets from public ownership to communities is underpinning growth in some sub-sectors, such as libraries, arts facilities, community hubs, pubs and environmental conservation.
- Most growth overall is seen in sport and leisure, where a strong policy direction towards sport for social impact has emerged. Fast growth has also continued in libraries, driven by local authority asset transfers.
- The research identifies certain other sectors as having high growth potential, including: housing, health and social care, and the redevelopment of heritage assets into community hubs.

## Points of interest

### Key attributes of community business

Community businesses are a diverse group, operating in many different economic sectors and geographical locations, and responding to varying local social and economic needs. Despite their differences, the research identified some common and distinctive features of community businesses. These include strong community engagement; an understanding of, and ability to respond to, local needs and priorities; combined income sources creating a broad and resilient revenue base; and an ability to rely on a committed volunteer base that supports the business through challenging periods.

### Resilience

The research found that the community business sector continues to grow despite major pressures on public funding, significant changes in the policy environment and slower economic growth. In 2016 (and previously in 2015), none of the 15 sub-sectors covered by the research saw an overall decline in numbers. The research identified four factors underpinning community business resilience: their ability to develop a diverse range of business lines and expand these over time; their appetite to enter into mutually beneficial partnerships with other local organisations; their flexibility to quickly refocus their activities to meet local demand; and their capacity to lean on their communities for support when it is most needed. The ability of community businesses to withstand shocks is a key driver of continued growth in the market as a whole.

### Confidence

The research surveyed community businesses, asking about confidence in the organisation's future. Overall, respondents were net positive by 11 points on a scale of -100 to +100. This contrasts with relatively low confidence among small businesses overall, which recently dipped into negative territory (-2.9) for the first time since 2012. In the year ahead, community businesses expect their income to rise and their staff and volunteer numbers to grow.

## About the research

The report was researched and written by Social Finance, an independent not for profit organisation. The methodology to assess the growth of the market in 2016 involved a rigorous, bottom-up review of 15 key market sub-sectors. This involved interviews with more than 50 individuals from across the sector, a survey that attracted responses from 158 community businesses, and a detailed desk-based review of the latest market research.

The report contains detailed appendices, which offer individual overviews of each of the 15 sub-sectors covered in the research. It also offers an assessment of the strength of the available data for each sub-sector to enable users of the research to make informed decisions about interpretation of the data.

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