Supporting analysis of the Community Business Market Report 2020

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Contents

Introduction

This technical appendix supports Power to Change's 2020 report on the community business market. It provides more detail on the methods used to estimate market size for individual sectors, and for the market overall.

There are two appendices in this document:

– Appendix A covers the survey and qualitative methods adopted in the primary research

– Appendix B details a model to estimate the size of the community business market, staffing levels and financial data. This incorporates how Power to Change's own data was used.

Supporting data and tables from the Community Business Market survey 2020 (CBMS20) are also provided in Excel format on the Power to Change Research Institute webpages[1] as follows:

– The anonymised survey data for all closed questions which allows others to undertake their own analysis using their preferred analytical software.

– The data tables with a breakdown of all single code, multi-code and numeric questions from the survey. Base sizes and proportional responses by item are shown. For numeric questions, mean and median scores are presented in addition to estimates for standard deviation.[2]

In some instances the data in the tables published on the Power to Change Research Institute webpages differs from the figures or tables displayed in the 2020 main report. This is because data used in the report can be derived from more than one survey question or where not all responses to a question are used, e.g. when outliers have been excluded.

[1] At the time of writing you can see https://www.powertochange.org.uk/research/

[2] Mean is the average, calculated by adding together all entities then dividing the total by the number of entities. 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. The standard deviation is the number which indicates how spread out measurements for a group are from mean. A low standard deviation means that most of the numbers are very close to the average. A high standard deviation means that the numbers are spread out.

Appendix A: Primary research methods

This report is the sixth study for Power to Change that seeks to describe 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 (Diamond et al., 2017 and 2018 and Higton et al., 2019).

The research activities we used to build the evidence base:

- a rapid evidence assessment of relevant literature about the community business market to revisit and update the literature identified in 2019 and conduct searches to find new secondary literature and data to aid the market assessment tasks and understand the impact of Covid-19
- a review of existing secondary data sources and subsequent analysis
- an online quantitative survey of community businesses identified through a screener question[3]
- qualitative in-depth telephone interviews with community business representatives and stakeholders supporting and researching this market.

We took this approach to provide the best quality evidence possible to describe the community business market and draw conclusions about its structure. This year's study was designed to answer a series of research 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 challenges to market growth?

However, 2020 has proven to be a singular year. The principal area for examination in this year's study was the impact of Covid-19 on community businesses, in particular on their workforce, the business support they require, and confidence in their financial outlook.

[3] The screener question in the 2020 survey was: 'Which of the following apply to your business? a) My business was started by members of the local community b) My business is currently led by members of the local community c) My business exists to meet a local need d) My business is defined by its link to a local area e) My business's primary purpose is the generation of economic and social and/or environmental benefit in the local community'. For participants to be able to continue to complete the survey they had to select criterion 'b' and two of the other statements.

Rapid evidence assessment and review of datasets

We reviewed relevant literature, including published research, grey literature and policy documents. Appropriate datasets were identified and reviewed to inform the development of research tools and assess existing intelligence of relevance to the key research questions.

Search tools

We sourced literature through:

- a brief revisit of the literature and datasets included in the 2019 annotated bibliography
- online search for publicly available material using Google search, including Google Scholar – this is to cover non peer-reviewed content, inclusive of governmental reports, policy documents and grey literature
- recommendations by Power to Change
- searching the bibliographies of relevant publications identified through other methods.

The search criteria and terms used this year were a brief update of those used before. A time limit was set of material published since 2018 to ensure relevance to current context and we reused the terms used in prior studies.

The search terms were then modified and expanded on an ad hoc basis to narrow or broaden searches as required. Data from some of the sources identified was used to inform the market size estimates.

Review of datasets

We also reviewed potential datasets to inform the market assessment. The purpose of this review is to continue increasing the data available on which to make estimates about the community business market. As a result of the review it was agreed that the following datasets provided sufficiently large sample sizes and appropriate definitions of community businesses to be included in the market estimate analysis:

- Power to Change's grantee data based on a number of internally and externally managed funding records
- Action with Communities in Rural England's 2020 survey of village halls
- Plunkett Foundation's survey of pubs and shops.

Some datasets used in prior estimation models were either unavailable this year, had not been updated recently or achieved insufficient samples sizes for estimation purposes.

Community Business Market Survey 2020

The 2020 study used some of the community business survey questions first employed in 2016. The key changes we made to the survey in 2020 were to insert additional questions relating to the impact of Covid-19 on community businesses. The main changes covered:

– removing questions on the number and composition of the business's stakeholders, and the future challenges faced by the business

– changing general questions relating to most useful business support, and who provided it, to focus on their business response to Covid-19

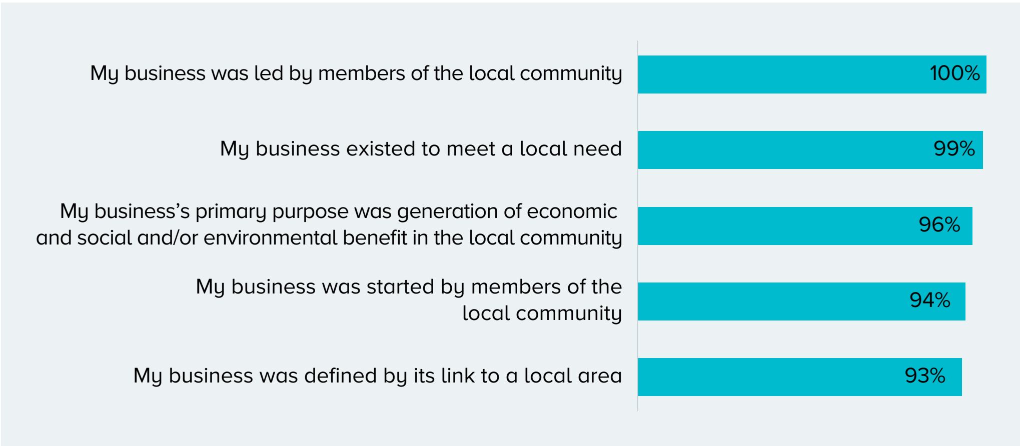
– removing much of the detail regarding different types of income and assets to cover only total figures and how these changed as a result of Covid-19

– altering questions about their future business direction to ask how their business changed in response to Covid-19 instead.

The survey was disseminated online throughout May and June 2020 at the time when the UK was in a national lockdown as a result of the Covid-19 pandemic. This was programmed into CFE's survey software Confirmit and disseminated directly to participants of the 2019 survey willing to be surveyed again and Power to Change's grant applicants, as well as shared by Power to Change's partners via emails, newsletters and social media.

Participants had to pass a screener question before completing the survey to confirm that their business was led by members of their local community and agree with at least two of the other statements relating to Power to Change's definition of a community business. Figure 1 illustrates eligible community business leaders' responses to the screener question. Over eight in 10 (84%) businesses passing the screener met all five criteria which is slightly below the 88 per cent of organisations doing so in 2019 and 86 per cent in 2018.

Figure 1: Proportion of participants that met each of the criteria for a community business in February 2020 (n=449)



The screener question rejected 34 participants. The main reason for businesses being screened out was that they were not led by members of the local community, with 91 per cent of screened out businesses being affected by this compared to 95 per cent last year. The second most common criterion businesses did not meet was not having been started by members of their local community; three-quarters of excluded businesses (76%) failed to meet this criterion, a slightly larger proportion than in 2019 (71%).

In total, 449 full valid survey responses were received in the 2020 study.[4] This is an increase of 137 complete survey responses in total compared with the 312 received in 2019. In total, 3,421 businesses were contacted by email to participate. Of those contacted, 3,071 emails were delivered successfully and 350 bounced back. Based on these figures the indicative response rate (excluding bounce back emails) was 15 per cent. The online link to the survey was also promoted by Power to Change and its partners via newsletters, direct mail and social media channels, so the size of the wider sample of organisations receiving this link is unknown.

We only analysed complete survey responses up to the final re-contact questions. The survey data was thoroughly checked and cleaned before being analysed.

A breakdown of the type of organisations that took part in the survey is provided in Tables 1–4, with supporting text where appropriate.

[4] Eight full survey responses were discounted as they were duplicates from the same organisation. In these instances, the response providing the most detail was retained.

Table 1: Descriptive data on all community businesses

Subgroup	Response (n)	Valid proportion answering (%)[5]
Operational status prior to Covid-19	**449**	
Organisation operating	416	93
Organisation not started operating yet	33	7
When operating businesses started trading prior to Covid-19	**416**	
Pre-2000	63	15
2000 to 2007	66	16
Recession (2008 to 2013)	91	22
From 2014 onwards	196	47
Operational status during lockdown 1 (May/June 2020)	**416**	
Fully operational	64	15
Partly operational	208	50
Ceased operating but anticipate re-opening	139	33
Ceased operation and do not anticipate re-opening	4	1
Don't know/Prefer not to say	1	0
Size of business (staff numbers)	**404**	
No paid employees (includes not yet operating)	93	23
Micro (1 to 10 paid employees)	231	57
Small to medium (More than 10 paid employees)	80	20

As in recent years, the 2020 survey sample of community businesses is biased towards established organisations with the vast majority (93%) already in operation. A slightly higher proportion of the businesses surveyed this year had commenced operating post-recession, i.e. from 2008 onwards (69% compared to 62% in 2019).

5 Values do not always sum to 100 due to rounding.

Table 2: Sectors of community businesses taking part in the survey

Designated sector	Response (n)	Proportion (%)[6]
An arts centre	29	6
A business centre/business support facility	12	3
A café	14	3
Childcare	6	1
A community hub/facility	124	28
Craft, industry and production	4	1
Digital services, consultancy or products	4	1
Energy services, consultancy or generation	9	2
Environmental/nature conservation services, consultancy or products	13	3
Finance services, consultancy or products	4	1
Food catering and production/farming	14	3
Health and social care services, consultancy or management	27	6
Housing services, consultancy or management	13	3
Information, advice and guidance/employability support	8	2
A library	5	1
A pub	26	6
A shop	30	7
Sports and leisure services, consultancy or management	29	6
Training and education	32	7
Transport services, consultancy or management	8	2
Youth services	12	3
A village hall	3	1
Other	21	5
Don’t know/Prefer not to say	2	0
Total	**449**	**100**

6 Values sum to 101 due to rounding.

Table 3: Region of community businesses taking part in the survey

Region	Response (n)	Proportion (%)
East Midlands	27	6
East of England	32	7
London	32	7
North East	41	9
North West	71	16
South East	49	11
South West	69	15
West Midlands	39	9
Yorkshire and the Humber	64	14
Unknown	25	6
Total	**449**	**100**

Table 4: Office of National Statistics (ONS) rural/urban classification of community businesses taking part in the survey

ONS rural/urban classification	Response (n)	Proportion (%)[7]
Urban sparse	0	*
Town and fringe sparse	3	1
Village sparse	7	2
Hamlet sparse	0	*
Urban less sparse	313	70
Town and fringe less sparse	50	11
Village less sparse	51	11
Hamlet less sparse	0	*
Unknown	25	6
Total	**449**	**100**

[7] Values do not sum to 100 due to rounding.

We used postcode analysis to identify the regions in which the community businesses surveyed are based, and whether or not they operate in rural or urban communities. Having appended the Office for National Statistics' rural/urban classification (ONS, 2017) to the survey data it is evident that just over seven in 10 (74%) of the participants' community businesses (for which their postcode is known) operate within urban classifications, and just under three in 10 (26%) in communities classed as rural.

In-depth interviews with community businesses and sector representatives

In July 2020, when lockdown restrictions had been eased, we undertook fifteen in-depth follow-up interviews with community business leaders who had completed the 2020 survey. Potential interviewees were identified by a re-contact question in the 2020 survey. We developed a purposive sample of interviewees to reflect:

– the range of sectors within the community business market
– differing extents to which Covid-19 had impacted community businesses' level of operation.

The focus of the follow-up interviews in 2020 was on understanding in more detail the impact of the Covid-19 pandemic on community businesses, the challenges as well as the opportunities it presented, and the ways in which they had adapted in response.

All 15 interviewees were willing to participate in a case study illustrating the impact of the pandemic on their community business in more detail. From these, we selected five to reflect a range of sectors and experiences.

We also conducted four in-depth telephone interviews with sector representatives identified by Power to Change. These focussed on the impact of the Covid-19 pandemic on community businesses, the type of support they sought to respond to its effects, and the factors influencing confidence in their future outlook.

With interviewees' permission, the in-depth interviews were recorded to allow for full transcription. Transcripts were then analysed and coded thematically.

List of interviewee organisations

- Bollington Initiative Trust
- Brighton Energy Co-op
- Chichester Community Development Trust
- Fusion Health & Well Being
- Gloucestershire Community Energy Co-operative
- Ignite Me Workshop Theatre
- Mission Me CIC
- National Association for Voluntary and Community Action
- Natural Ability
- North Deal Community Company Ltd
- Plunkett Foundation
- Ramsey Neighbourhoods Trust
- Redgrave Community Society Ltd
- Slapton Village Community Shop
- St Albans Community Association
- St Chad's College, Durham University
- Wigan Council
- Winsham Shop Limited
- Youthcomm Radio

Appendix B: Market size estimates

Introduction

For the first time, we have broadly been able to replicate the market estimate used for this study with the previous year. The simpler model, using updated figures from the same two datasets from last year, has mostly been retained:

1. Combined data from the 2020 and 2019 surveys.
2. A secondary dataset developed from Power to Change funding records and some external data.

We used secondary data for sectors for which there are existing analysis or reports. This section of the report details the estimation process in three stages.

Stage 1 outlines the main data sources used to estimate the size of most individual sectors – including the data processing and transformation processes used to clean data and derive comparable variables.

Stage 2 describes the modelling approach from which estimates are derived. The method makes an assumption about the size of 'known' sectors (those for which there is good documentary evidence) and then estimates the size of all other sectors based on the distribution of businesses found in the survey and secondary datasets.

Stage 3 sets out the deficiencies and caveats in the model and how these may be addressed in subsequent waves.

The data sources used as the foundation of the model

External data sources

Some of the better estimation data available is derived from research conducted by other organisations. Research and data describes the number and operational characteristics of community businesses in seven sectors. However, some of this data has not been recently updated including that for libraries which was last updated in 2016 (Department for Digital, Culture, Media & Sport, 2017). This source has been retained this year as we made the subjective judgement that the number of libraries would not change significantly over that time.

External data describing the composition of a sector from other sources is particularly useful in the model, as it provides a foundation upon which estimates for other sectors can be calculated.

Collectively, the seven sectors in Table 5 represent those for which good external estimates exist. **They are referred to as 'known' sectors for the purpose of explaining the model**. The size of all other sectors is categorised as 'unknown'.

The relative size of each of the seven known sectors acts as an initial distributive template for the wider market. For example, it is known that the size of the housing, transport and libraries sector is roughly the same. This can therefore be used to calibrate survey returns from the CBMS19 and Social Enterprise UK (SEUK) 2019 results (described in more detail later, see SEUK, 2019).

Table 5: Known sector data based on external data

Sector	Sources	Businesses (n)	Income (£)	Staff (n)	Volunteers (n)
Housing	Community Land Trusts (2020) Cohousing (2020)	260	n/a	n/a	n/a
Transport	Department for Transport (2020)	473	n/a	n/a	n/a
Libraries	Department for Digital, Culture, Media & Sport listing (2017)	350	n/a	140 (FTE[8])	n/a
Pubs	Plunkett Foundation (2020)	85	n/a	n/a	n/a
Cafés[9] and shops		413	n/a	830	8,300
Food	Community Supported Agriculture (2020) Sustainweb (2020)	254	n/a	n/a	n/a
Energy	Community Energy England (2020)	252	116,000	231 (total)	n/a

8 Full-time equivalent.
9 Café numbers are estimated from Plunkett's total of shops in England. The survey returns show that the number of sole cafés is 30% that of shops. This percentage is applied to the shops numbers to derive an estimate for both. Nearly a third of shops (30%) also operated a café.

The issue of village halls

Action with Communities in Rural England (ACRE) completed a survey of village halls in 2019 (Archer et al, 2020). This report offers detailed information on halls but did not include a specific question about how halls function as community businesses. Estimates for community business numbers were derived from the survey dataset of 2,109 participants using the following three definitional criteria:

1. The village hall survey asked participants to describe their hall. All self-reporting as 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.
2. The survey asked by who the village hall was run. All participants stating that their hall was run by 'members or trustees with no power for user groups to appoint trustees or a parochial church council' were excluded.
3. The survey asked about the annual income derived from different sources. 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 and trading' were included.

The village hall survey collected income data in banded ranges which required imputation to estimate a specific income figure. The size of the bands differed based on the type of income. For example:

– bands for 'hiring charges' ranged from '£0' (no income) to '£50,000' or more using £5,000 increments
– the maximum value for 'enterprise and trading' was '£10,000 or more' with bands rising in £1,000 increments.

The imputed income was the mid-point between bands where applicable. For the maximum band values, half of the increment was added to the highest value. For example, those selecting the highest '£50,000 or more' category for 'hiring charges' were imputed as drawing an income of £52,500 from this source.

The level of income used to define inclusion and exclusion is subjective and based on a figure around the lower 10th percentile for annual income found in the survey data (£16,000).

A quarter (25%) of surveyed village halls (533) met all these criteria. Applying this proportion[10] to ACRE's estimate of 10,700 village halls in England gives a rounded total of 2,700 operating as community businesses.

Secondary data from Power to Change and associate organisations

Power to Change maintains separate databases of community businesses and individuals that apply for its various funds. Further, other external bodies legally share data describing known and potential community businesses with Power to Change, although only two of these datasets provide detail to identify each business or organisation listed. The coverage and variables collected vary between datasets, however some data can be combined to create a larger collection for the purpose of analysis.

In earlier years, a pre-collated single dataset of all Power to Change's applicants and subsequent grantees was used to estimate some market figures. The key issue in using these records was the inclusion of applicants, as such organisations had yet to be assessed for grants and hence led to some bias in such estimates. This issue was largely resolved last year, reducing this bias.

We used five main data sources for which individual businesses could be identified to create a larger secondary dataset of community businesses. Table 6 summarises the data drawn from these collections.

[10] To one decimal place, the proportion is 25.3%

Table 6: Secondary data sources used for market estimation

		Data coverage – unique businesses				
Data source	**Description of records**	**n**	**Income**	**Assets**	**Staff**	**Volunteers**
Community Business Fund	All grantees from 2018 to 2020 of the Power to Change Community Business Fund. All are established businesses. The dataset includes multiple records for the same business. Records known to be earlier than April 2018 excluded.	101	From the most recent listing for a business[11]	From the most recent listing for a business	Headcount of all staff	Headcount of volunteers
Bright Ideas Fund	All grantees from 2018 to 2020 of the Power to Change Bright Ideas Fund. Will include start-ups and pre-start-ups. Records known to be earlier than April 2018 excluded.	86	Income data in bands – used the mid-point for estimates	No data	Headcount of all staff	Headcount of volunteers
Power to Change financial data	Financial database based on Power to Change grantees created for Power to Change by external consultants. No date on records. Records known to be earlier than April 2018 excluded.	408	Total revenue recorded	Net asset data, so includes debt and hence negative values	Full-time equivalent, so an under-report of headcount	No data
Land-based assets survey data	UK-wide dataset of land-based community businesses identified through a 2019 survey by Shared Assets. Records known to be earlier than April 2018 excluded.	22	Mid-point from a survey band response	No data	Headcount of all staff	Headcount of volunteers Mid-point from banded survey response
Empowering Places dataset	Data from Power to Change's place-based development programme helping to empower key local communities to develop community businesses.	73	Annual turnover	No data	Headcount of all staff	Headcount of volunteers
Other data	Mostly data which is still recent enough to use from the older dataset, plus a small number of grantee surveys of businesses not recorded elsewhere. Records known to be earlier than April 2018 excluded.	13	Varies	Varies	Varies	Varies

11 'Most recent listing for a business' refers to the data provided closest to the time of analysis if multiple records exist for a single organisation.

We processed all data sources to create a series of common fields which were then combined into a single dataset. As individual businesses were identified, duplicates could be removed to create a dataset of unique businesses.

Data processing notes for each of the five main data:

Community Business Fund (CBF) data

1. The dataset received included duplicates of organisations and combined unsuccessful or unprocessed applicants with grantees. It was necessary to select one grantee from duplicate entries. All unsuccessful or unprocessed applicants were excluded.
2. The original data included a field recording the ‘date of submission’. In the case of multiple, the most recent entry was selected. The data required was the most recent available where income and assets were recorded.
3. In most cases, income and assets were listed in the same data record. However, some records had income recorded in a different year to assets.
4. To ensure as much data coverage as possible, two single-organisation spreadsheets were created. The first recorded the most recent data available for staff numbers, volunteers etc. The second rationalised income and assets into a single organisational record in the small number of cases where income was recorded in one date of submission for an organisation, and assets in another record.
5. The spreadsheet with the most recent data was then matched to the record with income recorded to create a single organisational record.
6. Staff headcounts were derived by totalling the number of full-time and part-time staff listed in the most recent record. Volunteer headcounts were listed in the CBF dataset.

Bright Ideas Fund (BI) data

1. New BI records were available to supplement those used last year.
2. As per the CBF, duplicate records of organisations and combined applicants with grantees were present. Unlike CBF, there was only a single record for grantees. These were all selected.
3. All BI income data was recorded in bands. For the purpose of analysis the mid-point in the band was derived as an estimate of income.
4. Bright Ideas data did not record assets.
5. Sector was recorded in several fields. The first (‘type of activity’) contained multiple entries. Two other columns listed the ‘primary sector’, ‘secondary sector’, and ‘other’ sectors. Where listed, the primary sector was used.

6. A subjective judgement was made for records with no primary sector recorded on the main activity based on the multi-code ‘type of activity’. All the records’ listed sector options were compared to the name of the organisation, and web searches were performed where the primary sector could not be easily identified.
7. Paid staff and volunteer numbers included both recorded zeros and blank cells. Blank cells were treated as unknown. Zeros were counted as no paid staff at a community business.
8. Volunteer numbers were sub-divided into ‘casual volunteers’ and ‘regular volunteers’. The total number of volunteers was calculated by adding together the two figures where present.

Power to Change financial dataset

1. Since last year, Power to Change has changed the contractor operating its financial dataset.
2. Coverage of applicants and grantees is now better – only grantees were selected.
3. Sector was recorded in the dataset as a text field. This categorical variable was coded and then reclassified to align with that used in the CBMS20 survey.
4. The financial dataset had partial coverage of full-time equivalent staff numbers. Very few records recorded volunteer numbers.
5. Two variables were used in the market estimation model: ‘total revenue income’ was used for the income value and ‘total net assets’ for assets. As a net figure, assets records:

   fixed assets + current assets – current liabilities – long-term liabilities
6. As a result, net assets could be a negative value.

Land-based assets dataset

1. Data from a survey by Shared Assets was provided in 2019 and reused where:
   a. no new equivalent record was found in fresh data from other recent sources, or
   b. the date of the record was after March 2018.
2. The records described businesses with a specific focus on land-based activities. The dataset covered the UK and the postcode was used to remove those based outside of England last year. All records were unique.

3. Several columns identified how the organisation self-classified their organisation type. Only those selecting 'community business' or 'business' were selected.
4. The 'sector type' variable recorded multiple sectors across which the business operates. Eighteen businesses had no sector recorded. As per other data, a subjective judgement was made on the main activity based on the multi-code 'sector type'. All the records' listed sector options were compared to the name of the organisation and web searches were performed where the primary sector could not easily be identified, or where sector was not recorded.
5. Income data was recorded within bands. For the purpose of analysis the mid-point in the band was derived as an estimate of income. No asset data was recorded.

Empowering Places dataset

1. This new dataset was not used in previous iterations of the market estimate. It records details of community businesses supported in six locations through Power to Change's Empowering Places programme. A single duplicate was removed.
2. All data was provided after March 2018.
3. Data for the number of employees and volunteers is present for around half of all records.
4. Data for turnover in the prior financial year was present for around a third of records. No asset data is present.

Classifying sector

A common variable for the main sector of a community business was required for analysis. Each of the five datasets used different descriptors to class sector of operations and, as noted, sector was often recorded as a multi-code variable, i.e. each business could be classed under more than one sector. This means that subjective coding was required to match sector descriptions in each dataset to a common code frame, specifically that which was used in the CBMS20 survey and the subsequent report.

Excepting CBF data, the number of records held on each dataset was small. Each dataset described the sector differently. For this reason, manual coding was used to assign the main sector and this followed two main steps: choosing a business's main sector, then reclassifying that sector into the agreed Power to Change categories used in the survey and reporting.

The profile of businesses in data collated from secondary sources

As shown in Table 7, the combined secondary data panel numbers 699 unique community businesses. The distribution of these businesses by sector is presented in Table 7 alongside the key market estimate metrics used in the modelling. Sectors in italic text are those with fewer than 30 organisations listed.[12]

The number of observations used to estimate median values for staff, volunteers and financial data is shown in the table alongside the median value for each variable. The table shows that 43 per cent of records included a figure for volunteer numbers and 56 per cent for staff. Coverage of financial data is better as data on income and assets is present in 79 and 71 per cent of cases respectively. Note that some volunteer, income and asset data is estimated as the mid-point of a banded option.

Distribution

A quarter (25%) of all community businesses in the secondary dataset are classed as 'community hubs', and one in seven within the combined 'employment, training, business support and education' sectors. The next largest sector is 'health, social and wellbeing' which accounts for one in 11 businesses.

Financials

The median value of assets recorded in the secondary data is £63,883. However, note that a large proportion of these observations come from Power to Change's financial data which records net asset value (total value of assets minus the total value of liabilities) as opposed to, for example, capital assets. It is likely that the definition of asset varies between datasets (when recorded).[13] The median recorded income is £114,188.

Staffing

The combined secondary data estimates a median of six staff and 22 volunteers per community business. While the variance between sectors for staff and volunteers is wide, note the observed samples in most cases are below 30 and hence comparative analysis comes with significant caveats.

12 A sample size of 30 is often considered to be reliable for deriving statistical estimates.
13 Assets could include: fixed assets, e.g. land or buildings; current assets, e.g. cash; tangible assets, e.g. land or cash; or intangible assets, e.g. software.

Table 7: Distribution of businesses and key market metrics by sector – combined secondary dataset[14]

	Total records		Staff numbers		Volunteer numbers		Income		Assets	
Sector	**Base (n)**	**(%)[15]**	**Base (n)**	**Median (n)**	**Base (n)**	**Median (n)**	**Base (n)**	**Median (£)**	**Base (n)**	**Median (£)**
Arts centre or facility	50	7	27	7	15	58	36	211,572	41	27,879
Business support, employment IAG, training and education	99	14	55	6	42	13.5	82	115,065	73	63,250
Cafés and shops	51	7	32	2	26	29	39	76,591	36	39,595
Community hubs	174	25	103	9	79	28	152	143,420	144	80,551
Childcare	*3*	*0*	*3*	*0*	*3*	*15*	*3*	*2,501*	-	-
Craft, industry and production	*7*	*1*	*5*	*0*	*4*	*0.5*	*4*	*1,500*	-	-
Digital services, consultancy or products	*1*	*0*	*1*	*2*	*1*	*11*	*1*	*2,500*	-	-
Energy	*16*	*2*	*3*	*2*	*3*	*14*	*14*	*60,900*	*14*	*74,585*
Environment or nature conservation	41	6	27	6	26	27.5	33	47,461	20	117,614
Finance	*4*	*1*	*4*	*11*	*1*	*72*	*4*	*278,900*	*4*	*235,290*
Food, catering and production	54	8	24	3	20	27	41	82,494	36	28,029
Health, social care and wellbeing	62	9	34	6.5	28	11	43	45,000	29	122,418
Housing	*28*	*4*	*15*	*2*	*10*	*15*	*23*	*52,878*	*21*	*105,759*
Libraries	*3*	*0*	*2*	*0*	*3*	*70*	*3*	*25,000*	*1*	*6,677*
Pubs	30	4	9	9	2	18.5	18	99,233	26	32,267
Sports and leisure	57	8	40	10	27	12	44	170,178	35	136,226
Transport	*9*	*1*	*5*	*26*	*5*	*7*	*9*	*323,953*	*9*	*126,100*
Village halls	*2*	*0*	-	-	*1*	*41*	*2*	*276,977*	*1*	*410,954*
Other	*8*	*1*	*4*	*0.5*	*4*	*9*	*5*	*126,719*	*5*	*33,153*
Total	**699**	**100**	**393**	**6**	**300**	**22**	**556**	**114,188**	**495**	**63,883**

[14] Items in italics denote sectors where the total number of records is fewer than 30.
[15] Values do not sum to 100 due to rounding.

Data from the 2019 and 2020 Community Business Market surveys

Secondary data is drawn primarily from figures submitted from 2018. To increase the number of observations available for market estimation, we combined data from the 2019 and 2020 surveys, which creates a comparable set of figures with the secondary data. The key benefit of this approach is at the sector level as more data is available for estimation purposes. However, combining data does mix historical and current data.

The process was straightforward. All records from CBMS20 were used and also matched to the CBMS19 survey returns. We removed any duplicates found in the CBMS19 dataset, and joined useful variables from the remaining records to the CBMS20 data to create an aggregated record.

As per Table 8, combining survey responses resulted in a total of 641 unique records spanning 2019 and 2020. Unlike the secondary dataset, the coverage of staff, volunteer and income data was much fuller. The survey does not, however, collect data on assets.

Distribution

The distribution of surveyed community businesses is not dissimilar to that found in the secondary dataset. Nearly three in 10 (28%) surveyed community businesses are classed as 'community hubs' and one in seven within the combined 'employment, training, business support and education' sectors. Cafés and shops comprise one in 10 of the combined survey dataset.

Note that some similarity in the distribution of businesses would be expected, as Power to Change records are used as one of the main sample frames for the survey (although other samples are used alongside snowball methods). There will therefore be a relationship between the secondary dataset and survey achieved samples.

Financials

The median recorded income is £100,002. The income measure used for both surveys is a combination of the exact figure given by participants and a mid-point estimate in the minority of cases where participants provide a banded response.

Staffing

The combined survey data estimates a median of 3.5 staff and 15 volunteers per community business. As with the secondary data, the variance between sectors for staff and volunteers is wide, with the caveat that many sector estimates are based on fewer than 30 observations.

Table 8: Distribution of businesses and key market metrics by sector – combined survey returns[16]

	Total records		Staff numbers		Volunteer numbers		Income	
Sector	**Base (n)**	**(%)[17]**	**Base (n)**	**Median (n)**	**Base (n)**	**Median (n)**	**Base (n)**	**Median (£)**
Arts centre or facility	40	6	40	2	39	20	38	52,500
Business support, employment IAG, training and education	89	14	85	3	85	8	79	80,000
Cafés and shops	63	10	60	3	59	20	57	169,000
Community hubs	177	28	168	4	167	20	158	100,000
Childcare	*10*	*2*	*10*	*36*	*10*	*9*	*10*	*611,958*
Craft, industry and production	*7*	*1*	*7*	*2*	*7*	*9*	*7*	*17,295*
Digital services, consultancy or products	*6*	*1*	*6*	*5*	*6*	*7.5*	*5*	*30,000*
Energy	*15*	*2*	*13*	*1*	*13*	*7*	*13*	*30,000*
Environment or nature conservation	18	3	18	4.5	18	25	16	39,000
Finance	*5*	*1*	*5*	*4*	*5*	*20*	*3*	*840,000*
Food, catering and production	19	3	18	3.5	17	12	17	100,000
Health, social care and wellbeing	42	7	39	11	38	13.5	36	167,250
Housing	*21*	*3*	*17*	*0*	*18*	*17.5*	*17*	*100,000*
Libraries	*9*	*1*	*9*	*1*	*9*	*50*	*7*	*52,876*
Pubs	33	5	21	3	25	11	22	123,666
Sports and leisure	35	5	30	7	30	13.5	29	154,846
Transport	*11*	*2*	*11*	*13*	*11*	*11*	*9*	*449,500*
Village halls	*5*	*1*	*5*	*1*	*5*	*20*	*5*	*51,000*
Other	36	6	32	1	33	15	29	95,000
Total	**641**	**100**	**594**	**3.5**	**595**	**15**	**557**	**100,002**

16 Items in italics denote sectors were the total number of records is fewer than 30.
17 Values do not sum to 100 due to rounding.

Modelling the total market size

The estimation model

The main change in the data this year is the inclusion of ACRE's data on village halls which allows a better estimate of staffing, volunteer and financial data in that sector. The model this year replicates that used before.

External data (that describing some individual sectors in detail) is used in the estimation process:

1. External data from seven sectors is used to estimate the total size of this aggregated group. Combined, these seven sectors total 2,090 'known' community businesses. The seven sectors are:
   - cafés and shops
   - energy
   - food, catering and production
   - housing
   - libraries
   - pubs
   - transport.
2. An average size for each sector is calculated from the number of observations in both the secondary and survey datasets. This index approach means that variance in proportional response by sector between the secondary and survey data is smoothed.

   Average Sector (Save (i)) = Number of secondary observations (Seci) / Number of combined survey observations (Suri)
3. The average sector size for all 'known' sectors is summed and then divided by the total number of 'known' community businesses from Step 1. This estimates the proportion of the 'known' population indexed in Step 2. This proportion is 162.5 / 2,090 = 7.8%.
4. It is then assumed that the number of observed businesses in all other sectors (except village halls) is the same as this proportion (7.8%). An estimate for the number of businesses operating in each unknown sector is therefore the average sector observations ($S_{ave\ (i)}$) divided by 0.078.

The results of this process are shown in Table 9. Village halls are excluded from the estimation model and considered separately for two reasons. Firstly, there is some remaining uncertainty in the size estimate for this sector (see 'The issue of village halls' earlier in this Appendix). Secondly, including a large number of village halls exerts significant influence on the overall model by nearly doubling the total sector size estimate.

Table 9: Steps used to estimate sector and total market size

Sector	Indexed average		Known total		Estimated total		Total market estimate	
	(n)	(%)	(n)	(%)	(n)	(%)	(n)	(%)
Arts centre or facility	45	6.7			579	9.3	579	5.2
Business support, employment IAG, training and education	94	14.0			1209	19.4	1,209	10.9
Cafés and shops	57	8.5	413	15.3			413	3.7
Community hubs	175.5	26.2			2257	36.1	2,257	20.4
Childcare	6.5	1.0			84	1.3	84	0.8
Craft, industry and production	7	1.0			90	1.4	90	0.8
Digital services, consultancy or products	3.5	0.5			45	0.7	45	0.4
Energy	15.5	2.3	252	9.3			252	2.3
Environment or nature conservation	29.5	4.4			379	6.1	379	3.4
Finance	4.5	0.7			58	0.9	58	0.5
Food, catering and production	36.5	5.4	254	9.4			254	2.3
Health, social care and wellbeing	52	7.8			669	10.7	669	6.1
Housing	24.5	3.7	260	9.6			260	2.4
Libraries	6	0.9	350	12.9			350	3.2
Pubs	31.5	4.7	88	3.3			88	0.8
Sports and leisure	46	6.9			592	9.5	592	5.4
Transport	10	1.5	473	17.5			473	4.3
Village halls	3.5	0.5					2,707	24.5
Other	22	3.3			283	4.5	283	2.6
Total	**670**	**100.0**	**2,090**	**100.0**	**6244**	**100.0**	**11,042**	**100.0**
'Known' observed total	***162.5***		***162.5***	***7.8***				

Estimating financial and staffing data

As per prior years, seven data points in each sector are provided if evidence exists for estimation.

1. **Number of organisations:** This is an estimate of the total number of community businesses operating in that sector taken from Table 9.
2. **Median income and median assets:** Median income is ideally drawn from a source where there are at least 30 observations. If fewer than 15 observations are available for any sector, no estimate is derived. If there is more than one source with sufficient data, the largest number of observations is usually used unless there is specific reason not to, for example, if one total is mostly derived from mid-point estimates of banded survey responses. The four sources are:
   - the combined survey dataset
   - the combined secondary dataset
   - external data sources
   - the English Village and Community Hall Survey 2020.
3. **Total sector income and total sector assets:** The total income and assets for the sector as a whole. This is recorded in millions and derived by multiplying the median for the sector by the estimated number of community businesses in the sector.
4. **Staff and volunteer numbers:** As per median income and assets, median staff and volunteer estimates are based on the data source with the most observations. The total number of paid staff and volunteers estimated to work in the sector is the median multiplied by the estimated number of organisations in the sector.

As the sector size estimates are reliant on a series of assumptions, total numbers in Table 10 are rounded to the nearest hundred for business, staff and volunteer estimates, and to the nearest million for total income and assets.

Table 10: 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	-	-	-	-	-	-
Cafes 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 (some differences due to rounding)	**11,300**	**973**	**870**	**0.10**	**0.08**	**37,800**	**148,700**

Caveats with the modelling process

The model is reliant on strong assumptions. The strongest is applying a smoothed proportional response for all 'known' businesses to each estimated sector (bullets 3 and 4, p.24). The proportion of businesses responding in each 'known' sector in the survey ranges from 2 per cent for libraries to 36 per cent for pubs, hence there is significant variation in the response rate by sector. 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. Applying a flat percentage as a response rate to all estimated sectors therefore assumes a great deal.

The model is also sensitive to this estimation percentage. A percentage point decrease (to 6.8%) increases the estimated total of community businesses by 900. Conversely a percentage point increase in the response rate estimate (to 8.8%) decreases the estimate by 800 community businesses.

The model's sensitivity is also influenced by the small number of observations available to estimate the key income, asset and staffing and volunteer numbers for some sectors. New data from businesses previously missing from the survey or secondary data can influence average scores which is why the median figure is used in the model. Nevertheless, the median can still be influenced as new data become available.

New data and the sensitivity of the estimate are the key reasons why between-year changes in reported sector and market sizes can fluctuate markedly. For example, the total market size estimate this year increased to 11,300 from 9,000 in 2019. Despite this, total sector estimates for assets decreased and staffing levels remained broadly the same.

Total market estimates are calculated by summing all data from sectors where an estimate is present. These totals are therefore influenced by any changes in the underlying data within each sector. In the case of the fall in assets, this is very strongly influenced by the village hall sector estimate which is now based on better data from the ACRE survey. Total village hall assets were estimated at £642 million in 2019: the better data available this year more than halved that to £316 million. This large change masks rises in reported assets in several other larger sectors this year compared to last.

Coding businesses to a sector can also be subjective, especially when a business delivers multiple services. The prime example is the community hubs sector. For example, the way the survey participant classes the business may differ from that given by another 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.

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