power to change | business in community hands

Supporting analysis of the Community Business Market Report 2019

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Contents

Introduction

This technical appendix supports Power to Change's 2019 report on the community business market. It provides more detail on the technical details of 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 revised and simplified 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 2019 (CBMS19) is also provided in Excel format on the Power to Change Research Institute webpages[1] as follows:

– The anonymised survey data for all closed questions for import into analytical software for anyone undertaking their own analysis.
– 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 2019 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 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 data set, identified by putting all the numbers in a data set 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

Appendix A: Primary research methods

This report is the fifth study for Power to Change that seeks to describe the community business market, and the third conducted by CFE Research (CFE). The approach to defining and then estimating market size builds on the revisions introduced by CFE in 2017 and 2018 (Diamond et al., 2017 and 2018).

The research activities used to build the evidence base were:

– a rapid evidence assessment of relevant literature about the community business market to revisit and update the literature identified in 2018 and conduct searches to find new secondary literature and data to aid the market assessment tasks

– a review of existing secondary data sources and subsequent analysis

– a mix-mode quantitative survey of community businesses identified through a screener question.[3] The survey was delivered using online methods and Computer-Assisted Telephone Interviewing (CATI)

– qualitative in-depth telephone interviews with community business representatives.

This approach has been taken 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/or challenges to market growth?

Additional areas of interest to Power to Change in 2019 and therefore examined in this year's study are:

– workforce development within community businesses, for both their paid staff and volunteers

– the type of support community businesses seek and value

– the drivers of community businesses' confidence in their financial outlook.

[3] The screener question in the 2019 survey is: 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 respondents 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 data sets

We reviewed relevant literature, including published research, grey literature, and policy documentation. We identified and reviewed relevant data sets 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 revisit of the literature and data sets included in the 2018 annotated bibliography
- online search for publicly available material using Google search, including Google Scholar – this is to cover non peer-reviewed content, including governmental reports, policy documents and grey literature
- recommendation by Power to Change
- searching the bibliographies of relevant publications identified through other methods.

Search terms

The search criteria were:

- a time limit of material published since 2018 to ensure relevance to current context
- search terms relating to the community business sector as defined by Power to Change.

The initial set of search terms included the following for each of the key sectors within the community business market:

Table 1: Search terms for rapid evidence assessment 2019

Business/es	Income
Community business/es	Assets
Number	Future outlook
Staff	Opportunities
Volunteers	Challenges

Table 2: Sectors of community business market

Arts centre/facility	Health and social care
Business support	Housing
Café	Information and guidance/employability support/training/education
Childcare	Library
Community hub/facility	Pub
Craft and production	Shop
Digital services	Sports and leisure
Energy services	Transport services
Environmental/nature	Village hall
Finance services	Youth services
Food and farming	

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

Review of data sets

We also conducted a review of potential data sets 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 data sets 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
– Sheffield Hallam University's data on the financial health of community assets on behalf of Power to Change (Archer et al., 2019) for the village hall sector
– Social Enterprise UK's (SEUK's) 2019 survey
– Additional external survey data from Shared Assets about land-based community businesses.

Community Business Market Survey 2019

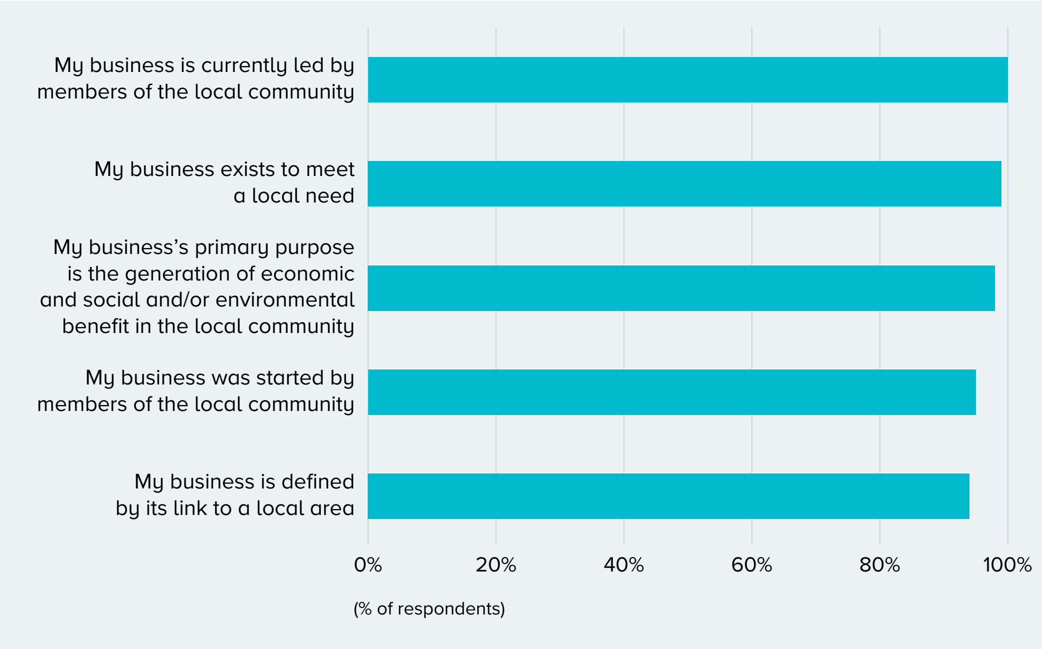
The 2019 study continued to use the community business survey first employed in 2016. The key changes we made to the survey in 2019 were to insert additional questions relating to Power to Change's topics of interest in 2019 (outlined earlier in this appendix) and to stipulate that respondents' survey data would be shared with Power to Change in full, rather than an anonymised version as in the past. The latter could have influenced the survey response rate.

The CBMS19 was disseminated throughout May and June 2019 via two modes:

Online	The survey was programmed into CFE's survey software Confirmit and disseminated directly to respondents of the 2018 survey willing to be surveyed again and Power to Change's grant applicants, as well as shared by Power to Change's partners via direct emails, newsletters and social media pages.
Computer-Assisted Telephone Interviews	Those businesses which had been surveyed in 2018 and willing to participate in future surveying activity but which had not yet completed the survey online were approached to undertake it by telephone.

Respondents 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. Almost nine in ten (88%) businesses passing the screener met all five criteria which is very similar to the 86% of organisations doing so in 2018.

Figure 1: Proportion of respondents that met each of the criteria for a community business (n=312)



The screener question rejected 56 respondents. The main reason for businesses being screened out was them not being led by members of the local community, with 95% of screened out businesses being affected by this compared to 100% last year. The second most common criterion businesses did not meet was having not been started by members of their local community; seven in ten community businesses (71%) failed to meet this criterion, a slightly larger proportion than in 2018 (63%).

In total, 312 full valid survey responses were received in the 2019 study;[4] 12 via CATI[5] and 300 online. This is an increase of 12 complete survey responses in total compared with the number received in 2018. In total, 2,532 businesses were contacted by email (2,282 from CFE and 250 from Power to Change) to participate. Of those contacted by CFE, 2,200 emails were delivered successfully and 82 bounced back. Based on these figures the indicative response rate (excluding bounce back emails) was 13%.[6] The online link to the

4 An additional two survey responses were dismissed because the community businesses were located outside of England.
5 The vast majority of 2018 survey respondents who agreed to be re-contacted for future research had already completed the online survey which meant the sample for the CATI survey was much smaller in 2019 than 2018 (only 20 community businesses).
6 138 of the email addresses contacted were generic, i.e. started with 'admin@' or 'info@' etc. which may also have an impact on the response rate as they were not directed to a specific individual.

survey was also promoted by Power to Change and its partners via newsletter, direct mail and social media channels, so the size of the wider sample of organisations receiving this link is unknown.

Only complete survey responses were analysed. 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 the upcoming tables, and in supporting text where appropriate.

Table 3: Descriptive data on community businesses

Subgroup	Response (n)	Valid proportion answering (%)
Current operational status	**312**	
Organisation currently operating	291	93
Organisation not yet operating	21	7
When operating businesses started trading	**289**	
Pre-recession (2007 or before)	96	33
Recession (2008 to 2013)	70	24
From 2014 onwards	123	43
Size of business (staff numbers)	**309**	
No paid employees (includes not yet operating)	70	23
Micro (1 to 9 paid employees)	152	49
Small to medium (10+ paid employees)	87	28

As in recent years, the 2019 survey sample of community businesses is biased towards established organisations with the vast majority (93%) already in operation. A slightly lower proportion of the businesses surveyed this year had commenced operating post-recession, i.e. from 2008 onwards (62% compared to 67% in 2018).

Table 4: Sectors of community businesses taking part in the survey

Designated sector	Response (n)	Proportion (%)
Arts centre	16	5
Business centre/business support facility	7	2
Café	4	1
Childcare	7	2
Community hub/facility	92	30
Craft, industry and production	3	1
Digital services, consultancy or products	2	1
Energy services, consultancy or generation	8	3
Environmental/nature conservation services, consultancy or products	7	2
Finance services, consultancy or products	2	1
Food catering and production/farming	11	4
Health and social care services, consultancy or management	20	6
Housing services, consultancy or management	11	4
Information, advice and guidance/employability support	8	3
Library	7	2
Pub	14	5
Shop	28	9
Sports and leisure services, consultancy or management	13	4
Training and education	21	7
Transport services, consultancy or management	5	2
Youth services	1	0
Village hall	5	2
Other	20	6
Total	**312**	

Table 5: Region of community businesses taking part in the survey

Region	Response (n)	Proportion (%)
East Midlands	35	11
East of England	27	9
London	32	10
North East	26	8
North West	38	12
South East	26	8
South West	61	20
West Midlands	31	10
Yorkshire and the Humber	35	11
Total	**311**[7]	

Table 6: Office of National Statistics (ONS) rural/urban classification of community businesses taking part in the survey

ONS rural/urban classification	Response (n)	Proportion (%)
Urban sparse	1	-
Town and fringe sparse	3	1
Village sparse	3	1
Hamlet sparse	2	1
Urban less sparse	218	70
Town and fringe less sparse	31	10
Village less sparse	37	12
Hamlet less sparse	9	3
Unknown	8	3
Total	**312**	

[7] One survey respondent did not provide a postcode and therefore could not be included in this table.

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 (72%) of the respondents' community businesses operate within urban classifications, and just under three in 10 (28%) in communities classed as rural.

Depth interviews with community businesses and sector body representatives

We undertook fifteen depth follow-up interviews with community business leaders who had completed the 2019 survey. Potential interviewees were identified by a re-contact question in the 2019 survey. We developed a purposive sample of interviewees to reflect:

– the range of sectors within the community business market, excluding cafés, pubs and shops as Plunkett Foundation already undertakes annual research with pubs, shops and shops with cafés[8]
– frequently selected responses on topics of interest to Power to Change in 2019 (as outlined earlier).

The interviews focussed on opportunities and challenges that community businesses had experienced over the previous 12 months in addition to those they were likely to face in the future and what changes they would need to make to respond to such opportunities and challenges. In addition, the interviewees were also invited to share their views regarding Power to Change's areas of interest as outlined earlier.

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

[8] In addition, we ensured that just under half of the interviewees led community hub businesses, given their prevalence within the community business market.

List of community business interviewee organisations

- Anerley Town Hall
- Arch-Way Project
- Bermondsey Community Kitchen
- Brookenby Community Land Trust Ltd
- BS3 Community Development
- Centre4 Ltd
- Dene Valley Community Partnership
- Godolphin Cross Community Association
- Kimberworth Park Community Partnership
- Leeds Community Homes
- Norwich Community Solar
- NTC Touring Theatre Company Ltd
- Redruth Revival CIC
- Settle Community and Business Hub

Appendix B: Market size estimates

Introduction

This year's estimation model is less complex than the one used previously. We have been able to collate two data sets which contain many more data points at the smaller sector level. This has two advantages. Firstly, the base samples for individual sectors used for estimation are larger than many used in previous years which gives more confidence in the model outputs. Secondly, we can use a simpler model that is easier to reproduce over time.

The two data sets are:

1. Combined data from the 2019 and 2018 surveys.
2. A secondary data set developed from Power to Change funding records and some external data.

In addition, we also used secondary data for sectors for which there are existing analysis and/or reports. This section of the report details the estimation process in three stages.

Firstly, we outline 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.

Secondly, the modelling approach is described 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 data sets.

Thirdly, we outline the deficiencies and caveats in the new 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 that 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 is beginning to age and has not been recently updated. A good example is the Directory of Self-Help Housing Projects used in prior reports which has not been updated since 2013[9]. This source has been removed from this year's estimation model for housing. The Department for Transport data used in the transport sector has also not been updated since last year, but is retained (with some additional qualitative approximation) for the purpose of estimation this year.

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

Collectively, seven sectors in Table 7 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 are 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, we know that the size of the housing, transport and libraries sector is roughly the same. We can therefore use this to calibrate survey returns from the CBMS19 and SEUK 2019 results (described in more detail later).

9 http://self-help-housing.org/directory-existing-projects/

Table 7: Known sector data based on external data

Sector	Sources	Businesses (n)	Income (£)	Staff (n)	Volunteers (n)
Housing	Community Land Trusts (2019); Cohousing (2018)	261	n/a	n/a	n/a
Transport	Department for Transport (2018); Butcher (2015)	300	n/a	n/a	n/a
Libraries	Department for Digital, Culture, Media & Sport listing (2019)	350	n/a	140 (FTE[10])	n/a
Pubs	Plunkett Foundation (2019a)	84	168,300	n/a	n/a
Cafés and shops	Plunkett Foundation (2019b); cafés as a proportion of shops total[11]	421	n/a	1,900	13,900
Food	Community Supported Agriculture (2019); Sustainweb (2019)	238	n/a	n/a	n/a
Energy	Community Energy England (2019)	235	154,000	175 (total)	n/a

The issue of village halls

Action with Communities in Rural England (ACRE) provided internal data which supported its estimate of 10,000 village halls operating in England. However, there remains little supporting evidence from which to estimate the proportion of these halls that operate as community businesses. Research in two northern locations estimate the proportion of village halls operating as community businesses is as high as 60%, albeit based on small sample sizes (Scott et al., 2018). In 2020 results from a forthcoming survey of village halls by ACRE will be available which will offer a better estimate of those operating as community businesses as per the Power to Change definition. Until then, the authors and Power to Change have drawn on anecdotal evidence suggesting a higher proportion of village halls are likely to operate as community businesses than the 9% used in previous reports, to inform a working assumption that 20% of village halls currently operate in this way. At this point, we've excluded village halls from the list of known sectors.

10 Full time equivalent
11 Survey and secondary data find the total number of cafés as 16% of the total of shops. 363 (shops) x 1.16 = 421 cafés and shops

No other trustworthy external data exists for other sectors, so other methods are used to estimate the number of businesses therein.

Secondary data from Power to Change and associate organisations

Power to Change maintains separate databases of businesses and individuals that apply to 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 data sets provides detail to identify each business or organisation listed. The coverage and variables collected vary between data sets, however some data can be combined to create a larger collection for the purpose of analysis.

In prior years, a pre-collated single data set of all Power to Change's applicants 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 or may even have been rejected. By nature, grantees have made successful applications and are much more likely to operate as community businesses in line with Power to Change's criteria. While it was necessary to include applicants in some sectors in prior years, their inclusion did lead to some bias in the market estimates. This is because the applicant pool will include organisations whose applications fail because they do not meet the community business criteria.

Five data sources for which individual businesses could be identified were used to create a larger secondary data set of community businesses. The data drawn from these collections are summarised in Table 8.

Table 8: 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 and 2019 who have applied to the Power to Change Community Business Fund. All are established businesses. The data set includes multiple records for the same business.	86	From the most recent listing for a business[12]	From the most recent listing for a business	Headcount of all staff	Headcount of volunteers
Bright Ideas Fund	All grantees from 2018 and 2019 who have applied to the Power to Change Bright Ideas Fund. Will include start-ups/pre-start-ups.	55	Income data in bands – used the mid-point for estimates	No data	Headcount of all staff	Headcount of volunteers
Trade Up	All Power to Change Trade Up grantees, no dates given. All should be trading businesses.	72	No data	No data	Headcount of all staff	Headcount of volunteers
MyCake data	Financial database based on Power to Change grantees created for Power to Change by external consultants. No date on records.	369	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-assets survey data	UK-wide data set of land-based community businesses identified through a survey by Shared Assets.	26	Mid-point from a survey band response	No data	Headcount of all staff	Headcount of volunteers Mid-point from banded survey response

[12] '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 each of these five data sources to create a series of common fields which were then combined into a single data set. As individual businesses were identified, duplicates could be removed to create a data set of unique businesses. Data processing notes for each of the five data sets follow.

Community Business Fund (CBF) data

1. The data set 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, a number of 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 data set.

Bright Ideas Fund (BI) data

1. As per the CBF, this data set had duplicates of organisations and combined applicants with grantees. Unlike CBF, there was only a single record for grantees. These were all selected.
2. 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. More than a third of records were classed as 'zero/not trading' and assigned £0 income (26 of 63 grantee records).
3. Bright Ideas data did not record assets.
4. 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.

5. Thirty-three records had no listed primary sector. For these, a subjective judgement was made 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.
6. 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.
7. Volunteer numbers were sub-divided into ‘casual volunteers’ and ‘regular volunteers’. The total number of volunteers is the sum of the two figures where present.

Trade Up (TU) data

1. Trade Up supports an individual through training. Only those listed as ‘accepted’ were included. All individuals and the community businesses they represented (recorded under ‘project name’) were unique.
2. Income (‘income in last financial year’) was not listed as a numeric but rather an open text field describing the organisation’s financial position/status at the point of application. A large number of records referred to attached documents which were not provided to CFE as they were potentially commercially sensitive. No meaningful financial information could be derived for the majority of beneficiary organisations from the data supplied. No data on assets was recorded.
3. TU data had full coverage of staff and volunteer headcounts. Entries of zero were assumed to mean no employees or trainees at that point of application.

MyCake data set

1. Power to Change commissioned an external agency (MyCake) to manage a data set of financial records for applicants and grantees. Data on grantees only was added to the combined data set.
2. Sector was recorded in the data set under the ‘sector – Power to Change’ variable. The MyCake data set listed a single sector and, as per other data sets, this categorical variable was reclassified to align with that used in the CBMS19 survey.
3. The MyCake data set had partial coverage of full-time equivalent staff numbers. One in six entries recorded a figure for FTE staff.

4. The strength of the MyCake data was the coverage of financial data. 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

5. As a result, net assets could be a negative value.

Land-based assets data set

1. Data from a survey by Shared Assets was provided. The records described businesses with a specific focus on land-based activities. The data set covered the UK and the postcode was used to remove those based outside of England. All records were unique.
2. Several columns identified how the organisation self-classified their organisation type. Only those selecting 'community business' or 'business' were selected (26 of 97 businesses).
3. 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.
4. 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.

Classifying sector

We required a common variable for the main sector of a community business for analysis. Each of the five data sets 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 data set to a common code frame, specifically that which was used in the CBMS19 survey and the subsequent report.

Excepting CBF data, the number of records held on each data set was small. Each data set described sector differently. For this reason, manual coding was used to assign the main sector rather than an automated process. Manual coding 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.

Other secondary data

Several other data sets were provided for potential inclusion, however the data was of insufficient quality to use. The quality of data for two data sets is high. Both Sheffield Hallam University' Assets and Financial Health survey and the data from the SEUK 2019 survey is excellent. However, four in five records in the data set where the sector can be identified are community hubs, village halls or shops. Community hubs account for half of the total records and a lot of data about this sector is already available. Cafés and shops are one of the seven known sectors. Further, there is some duplication between other secondary data. As a result, the Sheffield Hallam data was used to estimate income and asset totals for village halls only in the market size estimation process.

The SEUK 2019 data does not include any data that would identify a business (as a data protection condition of transfer). This means duplicate businesses cannot be identified for use in a collective data set.

Data describing 84 'community businesses' within the Liverpool City Region was supplied. However, there was no data present to check whether businesses match Power to Change's sector definition. The report published by the Liverpool City Region does name all of the businesses included (Heap et al., 2019). As per the SEUK 2019 survey returns, no data was recorded that could identify individual businesses and hence whether duplicate records are present in a collated data set.

Power to Change also provided a list of contacts from its Customer Relationship Management (CRM) database. However, this data did not include any financial, staffing or volunteer data. Community business grantees comprised 289 businesses of 3,741 CRM records. A large number of the 289 records were duplicates. As most of these organisations drew grants from the Community Business Fund, Trade Up and/or Bright Ideas, they were already present in the combined data set.

The profile of businesses in data collated from secondary sources

As shown in Table 9, the combined secondary data panel numbers 513 unique community businesses. The distribution of these businesses by sector is presented in Table 9 alongside the key market estimate metrics used in the modelling. Sectors in italic text are those with fewer than 30 organisations listed.[13] No craft, industry and production sector businesses were identified -in the combined secondary data.

[13] A sample size of 30 is often considered to be reliable for deriving statistical estimates.

Table 9: Distribution of businesses and key market metrics by sector – combined secondary data set

	Total records		Staff numbers		Volunteer numbers		Income		Assets	
Sector	(n)	(%)	(n)	Median (n)	(n)	Median (n)	(n)	Median income (£)	(n)	Median assets (£)
Arts centre or facility	35	6.8	14	6	8	60	23	125,083	28	23,684
Business support; employment; advice service; training and education	71	13.8	31	7	18	17.5	46	161,174	52	43,209
Cafés and shops	37	7.2	18	2.5	15	31	24	93,109	22	45,468
Community hubs	151	29.4	78	6	59	28	107	125,000	99	49,642
Childcare	3	0.6	3	0	3	15	3	2,500	-	-
Craft, industry and production	-	-	-	-	-	-	-	-	-	-
Digital services, consultancy or products	3	0.6	3	2	3	35	1	2,500	-	-
Energy	11	2.1	3	0.2	2	19.5	7	71,675	7	33,862
Environment or nature conservation	32	6.2	22	3.5	22	30	19	30,000	10	39,003
Finance	3	0.6	2	19	1	12	2	940,389	2	379,262
Food, catering and production	39	7.6	15	10	13	40	24	87,182	24	4,758
Health, social care and wellbeing	31	6.0	17	8	16	17.5	18	48,686	15	114,130
Housing	22	4.3	11	2	7	10	20	63,334	16	56,991
Libraries	1	0.2	-	-	-	-	-	-	-	-
Pubs	32	6.2	5	22	4	17.5	14	27,802	18	45,605
Sports and leisure	35	6.8	27	9	15	23	26	288,508	22	151,031
Transport	5	1.0	2	17	2	6.5	3	212,587	3	356,995
Village halls	2	0.4	-	-	1	41	1	15,000	-	-
Total	**513**	**100**	**251**	**6**	**189**	**25**	**338**	**96,870**	**318**	**45,485**

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 37% of records recorded a figure for volunteer numbers and 49% for staff. Coverage of financial data is better as data on income and assets is present in 66% and 62% of cases respectively. Note that some volunteer, income and asset data is estimated as the mid-point of a banded option.

Distribution

Three in ten (29%) of all community businesses in the secondary data set are classed as community hubs, and one in seven within the combined employment/training/business support/education sectors. The next largest sector is food, catering and production which accounts for one in thirteen businesses.

Financials

The median value of assets recorded in the secondary data is £45,500. However, note that a large proportion of these observations come from the MyCake data which records net asset value (as opposed to, for example, capital assets). It is likely that the definition of asset varies between data sets (when recorded).[14] The median recorded income is £97,000.

Staffing

The combined secondary data estimates a median of six staff and 25 volunteers per community business. Whilst 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.

Data from the 2018 and 2019 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 2018 and 2019 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 CBMS19 were used and also matched to the CBMS18 survey returns. Any duplicates found in the CBMS18 data set were removed, and useful variables from the remaining records joined to the CBMS19 data to create an aggregated record.

14 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.

As per Table 10, combining survey responses resulted in a total of 491 unique records spanning 2018 and 2019. Unlike the secondary data set, the coverage of staff, volunteer and income data was much fuller. The survey does not, however, collect data on assets.

Table 10: Distribution of businesses and key market metrics by sector – combined survey returns

	Total records		Staff numbers		Volunteer numbers		Income	
Sector	**(n)**	**(%)**	**(n)**	**Median (n)**	**(n)**	**Median (n)**	**(n)**	**Median income (£)**
Arts centre or facility	24	4.9	24	4.5	24	30	24	91,355
Business support; employment; advice service; training and education	66	13.4	65	5	66	12	63	90,000
Cafés and shops	52	10.6	52	3	52	25	50	149,805
Community hubs	143	29.1	138	4	143	20	141	103,000
Childcare	9	1.8	9	46	9	12	9	750,000
Craft, industry and production	5	1.0	5	5	5	4	4	51,001
Digital services, consultancy or products	6	1.2	5	6	6	25	5	50,001
Energy	15	3.1	15	1	15	8	15	50,001
Environment or nature conservation	11	2.2	11	6	11	20	11	225,000
Finance	4	0.8	4	9.5	4	19	3	23,456
Food, catering and production	13	2.6	13	9	13	10	13	200,000
Health, social care and wellbeing	30	6.1	29	12	30	20	29	300,000
Housing	16	3.3	16	4	16	16	14	250,000
Libraries	9	1.8	9	1	9	50	9	20,000
Pubs	24	4.9	19	0	24	15	19	128,863
Sports and leisure	26	5.3	26	17.5	26	20	23	205,000
Transport	6	1.2	6	18	6	10	6	613,260
Village halls	10	2.0	10	1.5	10	31	10	48,190
Other	22	4.5	22	3	22	17.5	22	50,001
Total	**491**	**100**	**478**	**4**	**491**	**20**	**470**	**114,500**

Distribution

The distribution of surveyed community businesses is not dissimilar to that found in the secondary data set. Nearly three in ten surveyed community businesses are classed as community hubs and one in eight within the combined employment/training/business support/education sectors. Cafés and shops comprise one in nine of the combined survey data set.

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 data set and survey achieved samples.

Financials

The median recorded income is £114,500. The income measure used for both surveys is a combination of the exact figure given by respondents and a mid-point estimate in the minority of cases where respondents provide a banded response.

Staffing

The combined survey data estimates a median of four staff and 20 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.

Modelling the total market size

The estimation model

There are two main changes in the data available for modelling the size of the market in the 2019 report:

– As noted earlier, a larger estimated sample of community businesses was drawn from SEUK's 2017 State of Social Enterprise Survey compared to that available from the 2019 survey. The 92 identified community businesses in 2019 were too few to input into a model. These businesses were mainly found in the three sectors of community hubs, pubs and cafés and shops. Better data exists elsewhere describing these sectors, for example from Plunkett Foundation.

– The two secondary and survey data sets described above are much larger than those used last year.

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

1. External data from seven sectors is used to estimate the total size of this aggregated group. The seven sectors are:

– cafés and shops
– energy
– food, catering and production
– housing
– libraries
– pubs
– transport.

Combined, these seven sectors total 1,893 ‘known’ community businesses.

2. An average size for each sector based on survey returns is calculated from the number of observations in the secondary and survey data sets. This index approach means that variance in proportional response by sector between the secondary and survey data is smoothed.

   Average Sector ($S_{ave\ (i)}$) = Number of secondary observations (Sec_i) / Number of combined survey observations (Sur_i)

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 141 / 1,893 = 7.4%.

4. It is then assumed that the number of observed businesses in all other sectors (except village halls) is the same as this proportion (7.4%). An estimate for each unknown sector is therefore the number of observations ($S_{ave\ (i)}$) divided by 0.074.

The results of this process are shown in Table 11. Village halls are excluded from this model and considered separately because of the uncertainty in the size estimate for this sector.

Table 11: 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	29.5	5.7			396	8.0	396	4.4
Business support; employment; advice service; training and education	68.5	13.3			920	18.6	920	10.2
Cafés and shops	44.5	8.6	421	22.2			421	4.7
Community hubs	147	28.5			1,974	39.9	1,974	22.0
Childcare	6	1.2			81	1.6	81	0.9
Craft, industry and production	5	1.0			67	1.4	67	0.7
Digital services, consultancy or products	4.5	0.9			60	1.2	60	0.7
Energy	13	2.5	236	12.5			236	2.6
Environment or nature conservation	21.5	4.2			289	5.8	289	3.2
Finance	3.5	0.7			47	0.9	47	0.5
Food, catering and production	26	5.0	239	12.6			239	2.7
Health, social care and wellbeing	30.5	5.9			409	8.3	409	4.6
Housing	19	3.7	261	13.8			261	2.9
Libraries	5	1.0	351	18.5			351	3.9
Pubs	28	5.4	84	4.4			84	0.9
Sports and leisure	30.5	5.9			409	8.3	409	4.6
Transport	5.5	1.1	301	15.9			301	3.4
Village halls	6	1.2					2,140	23.8
Other	22	4.3			295	6.0	295	3.3
Total	**515.5**	**100.0**	**1,893**	**100.0**	**4,947**	**100.0**	**8,980**	**100.0**
'Known' observed total	**141**		**141**	**7.4**				

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 11.
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:

   a. the combined survey data set

   b. the combined secondary data set

   c. external data sources

   d. for village halls, the Sheffield Hallam Financial Health of Assets data set is used.
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 12 are rounded to the nearest hundred for business, staff and volunteer estimates, and to the nearest £m for total income and assets.

Table 12: Market size estimates for community businesses, 2019

Sector	Number of organisations	Income (£m)	Assets (£m)	Income (£m median)	Assets (£m median)	Staff	Volunteers
Village halls	2,100	17	642	0.01	0.30	3,200	66,300
Community hubs	2,000	247	98	0.13	0.05	7,900	39,500
Business support; employment; advice service; training and education	900	148	40	0.16	0.04	4,600	11,600
Arts centre or facility	400	50	9	0.13	0.02	1,800	11,900
Cafés and shops	400	63	19	0.15	0.05	1,300	10,500
Health, social care and wellbeing	400	123	47	0.30	0.11	4,900	8,200
Libraries	400	7	-	0.02	-	400	17,600
Sports and leisure	400	118	62	0.29	0.15	3,700	9,400
Environment or nature conservation	300	9	-	0.03	-	1,000	8,700
Housing	300	17	15	0.06	0.06	1,000	4,200
Transport	300	-	-	-	-	-	-
Energy	200	36	8	0.15	0.03	200	1,900
Food, catering and production	200	21	1	0.09	0.00	2,400	9,600
Childcare	100	-	-	-	-	-	-
Craft, industry and production	100	3	-	0.05	-	300	300
Digital services, consultancy or products	100	3	-	0.05	-	400	1,500
Pubs	100	14	4	0.17	0.06	300	1,300
Finance	-	-	-	-	-	-	-
Other	300	15	-	0.05	-	900	5,200
Total	**9,000**	**890**	**945**	**0.11**	**0.05**	**33,900**	**205,600**

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