

Research summary

The community business market in 2019

Community businesses are diverse. This research describes how the community business market spans at least 18 economic sectors, with the majority of businesses (63%) offering more than one service. These organisations all share a hybrid business model that sees profits directly benefiting local communities.

This year's report reviews the structure, size and shape of the community business market in England in 2019 and considers the outlook for the year ahead. This is the fifth in Power to Change's series of annual reports on the community business market. A refined methodology which included simplifying the estimation model and creating a combined dataset of 2018 and 2019 survey responses means this report offers the most robust estimates of the community business market so far.

An **overview** of the market in 2019 is appended to this summary – see page three.

Key findings

- The estimated **number of community businesses in England is 9,000**. The 2018 estimate was 7,800. Due to better availability of data, this is now considered to be an under-report.
- The research estimates that community businesses employ **33,900 staff** and **205,600 volunteers**, with an average of 14 paid staff and 32 volunteers per business.
- The total market **income is estimated at £890 million** with **£950 million of assets**. Changes in these numbers compared to previous years are due to better availability of data, and the related inclusion of greater number of village halls in this year's assessment.
- **Venues such as community hubs and village halls** continue to be the **largest category** of community businesses, comprising 46% of the market, and rising to 59% when combined with those who offer a venue or hub as a secondary activity. There are other notable groupings: over a third (34%) of community businesses provide **training/education** and 29% operate a **café**.
- Community businesses reported on the **impact** their organisation was having on its users and customers. The most reported impacts were reducing social isolation (85%), increasing community cohesion (82%) and improving health and wellbeing (81%).

Workforce

The research estimates that community businesses employ 33,900 staff with the proportion of paid staff working part-time having increased to 64%. They also have 205,600 volunteers which is an increase of nearly two-thirds from last year. The increase is largely due to the inclusion of greater number of village halls in this year's assessment. More than half of the volunteer workforce (51%) supports community hubs and village halls. Village hall community businesses are heavily reliant on volunteers, engaging 66,300 and accounting for half of the overall increase in total volunteer numbers. More community businesses believe their volunteer numbers will increase (65%) compared to those that believe their number of paid staff will increase (44%).

Understanding the larger businesses

One in ten (900) community businesses provide a range of services categorised as 'business and employment support, guidance and training'. A further 1,200 community businesses provide services akin to the public sector – this includes libraries, sports and leisure facilities, and businesses offering health, social care and wellbeing services. Together these 2,100 businesses are large income generators, accounting for nearly half (45%) of total market income. They also employ large numbers of staff compared to other community businesses.

Support needs

Community businesses identify some important skills gaps that may limit their impact. One in five businesses report skills deficiencies in 'advanced information technology/software' (21%) and 'communications and marketing' (20%). One in eight (13%) identify a lack of 'research and evaluation' skills within their organisation. Relatedly, one in six businesses (17%) state that support to measure their impact is the most important assistance they need to sustain or grow their business.

Confidence

Around three in five (58%) community businesses are at least 'slightly confident' in their future financial position, an eight percentage point fall from 2018. Lower confidence is reported in the context of greater reported concerns about securing future grant funding and external influences on the business. However, as in previous years, community business representatives are more confident than those participating in other business surveys. For example, just over a quarter of respondents to the Institute of Directors' Confidence Tracker had an optimistic outlook to the year ahead in the summer of 2019.

About the research

For a third year, the report was researched and written by CFE research, an independent non-profit organisation. The 2019 assessment is based on: a combined dataset of responses from an online and Computer-Assisted Telephone Interviewing (CATI) survey of community businesses from 2018 and 2019 (312 respondents); telephone interviews with 15 individuals which reflected the range of sectors within the community business market and who frequently selected responses to questions on topics of interest to Power to Change in 2019 (drivers of confidence in the financial outlook of community businesses from 2016-2018, workforce development and non-financial support needs); secondary databases; and literature.

Appendix: Market overview 2019

Market size estimates for community businesses in England, 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; IAG; 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