



power to
change

**Community
Business
Market Report
2022**

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Power to Change and CFE Research

ABOUT THIS REPORT

As the social economy evolves and grows, so does our evidence and insight about the difference community businesses can make to people's lives and the places they live.

Our 2022 Community Business Market Report reveals how a resilient community business sector is contributing to the economic, social, and environmental wellbeing of communities. The research used a survey, interviews, and a range of quantitative data sources to build a comprehensive snapshot of the market.

Our research estimates that there are 11,000 community businesses operating in England this year, with a total income of just under £1 billion, strengthening local communities through greater community power. Through community business, local people are taking ownership over the spaces and places that matter to them and delivering vital services that communities need. Our report looks at how they do that, and what support they need to become more resilient in future.

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understanding community business

UNDERSTANDING COMMUNITY BUSINESS

This year, we received an unprecedented 1,015 valid and complete responses to our Community Business Market Survey, our eighth annual study of the sector. The findings from this survey and 15 community business interviews, together with the additional data we use to estimate the size of the market, provide the most comprehensive picture yet of how community businesses contribute to a fairer economy and the wellbeing of communities.

“With their ability to adapt and respond swiftly to their communities’ changing needs, community businesses are playing an integral role in levelling up the country towards a fairer economy”

Tim Davies-Pugh, CEO of Power to Change

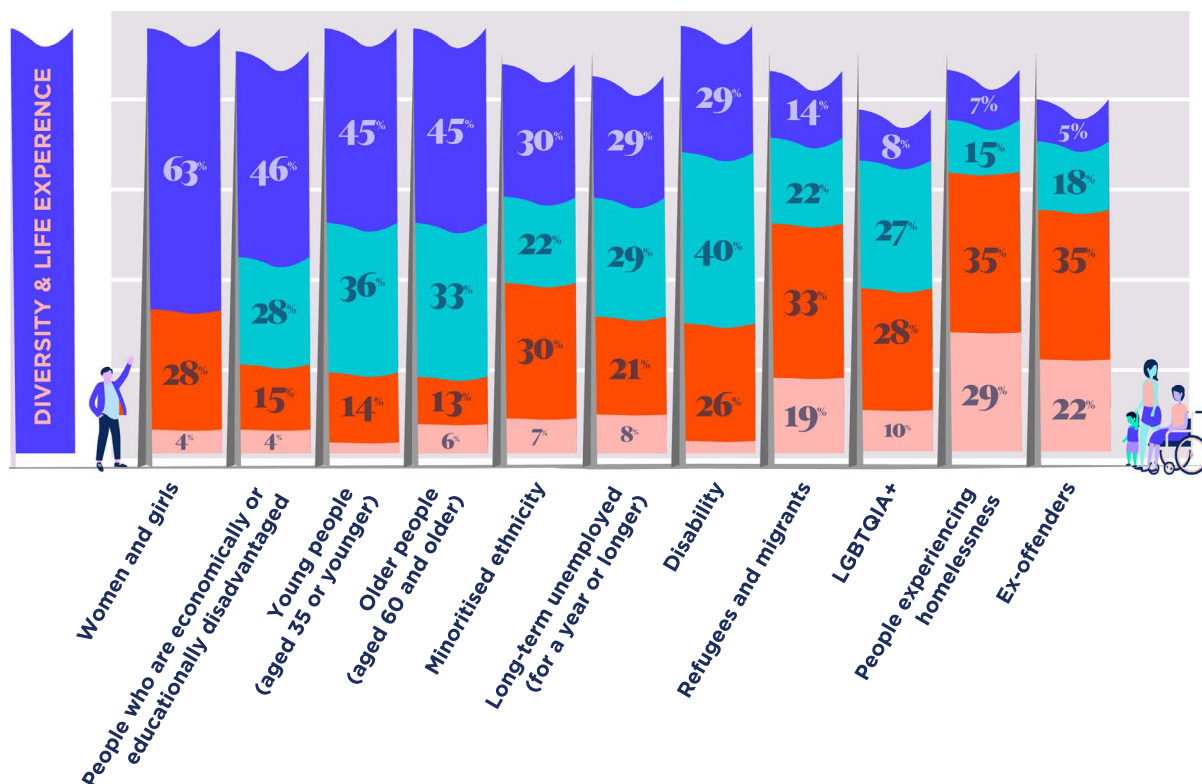
1.1 KEY FINDINGS

Our market analysis estimates that there are 11,000 community business operating in England, with a total income of just under £1 billion. Community businesses are owned by, rooted in, and accountable to their communities, operating with sustainable business models that generate both financial return and benefits for communities.



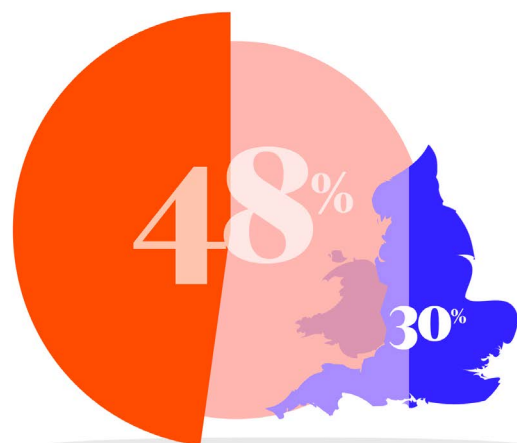
In their size, structure, services, and staffing, community businesses are as diverse as the communities they were established by and support. They are run and led by local people with knowledge or experience of the kind of economic and social challenges faced by many in the communities they support.

Characteristics of people that use or benefit from community businesses' support or services.



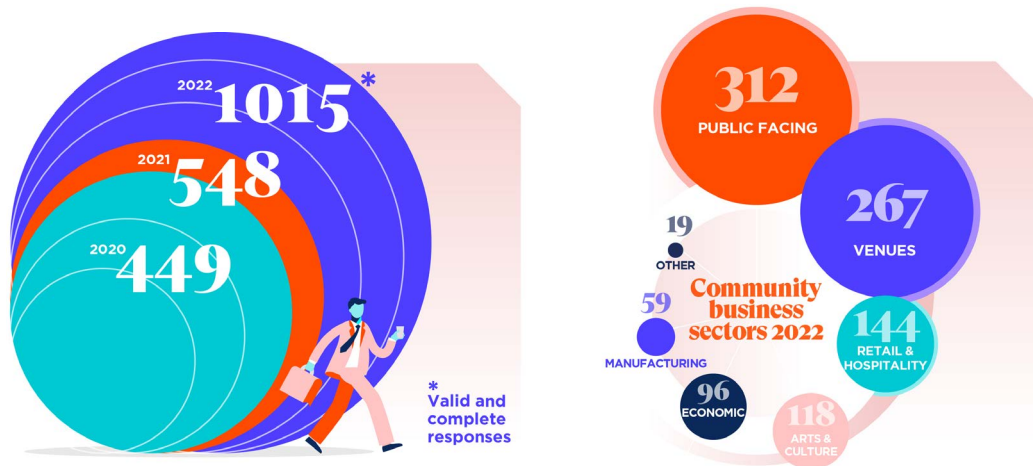
The survey findings show that community businesses disproportionately operate in areas facing multiple disadvantage – 48% operate in the 30% most disadvantaged areas in England (IMD 1-3).

Putting power into community hands, community businesses aim to make a difference to a wide variety of things that matter to their place and the people that live there. Most (76%) offer more than one service to their local community, meeting a wide range of needs.



Community businesses use a variety of legal structures and governance approaches to ensure they are accountable to the people they serve. Half those surveyed are either community interest companies (25%) or charities limited by guarantee (24%).

The proportion of community businesses reporting that they primarily provide public-facing support appears to be larger than ever; 31% of surveyed community businesses, a 10 percentage point increase from 2021. At 25%, community hubs remain the most common type of community business surveyed.



The annual Community Business Market Report combines findings from a wide-ranging survey, interviews with community business representatives, and data from a wide variety of external sources to build a comprehensive picture of the current scale, structure, practices, and experiences of the community business market. This year, we received an unprecedented 1,015 valid and completed responses to our Community Business Market Survey, our eighth annual study of the sector. The findings from this survey and 15 community business interviews, together with the additional data we use to estimate the size of the market, provide the most comprehensive picture yet of how community businesses contribute to a fairer economy and the wellbeing of communities.

1.2 ABOUT THE RESEARCH

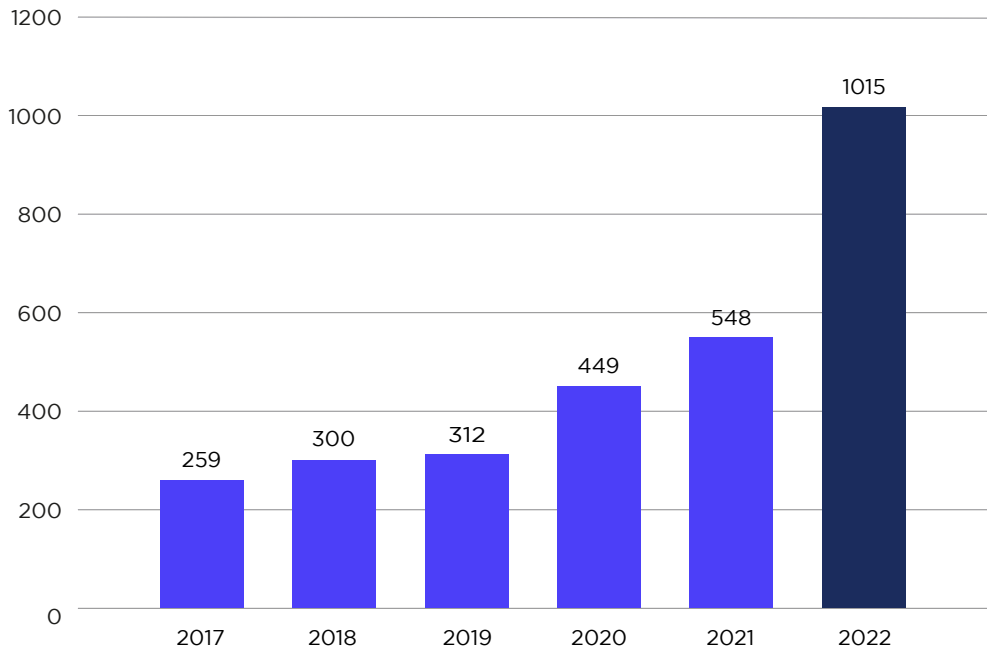
This is our eighth annual report on the community business market, drawing on the findings from an unprecedented number of responses to our survey and in-depth interviews with community businesses. Together with our analysis of data from a wide range of sector and other external sources, it provides the most comprehensive picture yet of the nature and scale of the community business market.

The research was carried out by CFE Research with extensive input from Power to Change.

Survey

The Community Business Market Survey was distributed in June and July 2022. We received 1,015 valid and complete responses from community businesses – nearly twice as many as last year (548).

Chart 1: Community Business Market valid survey responses (2017-2022)



This is a positive development demonstrating appetite in the sector to contribute to research. However, it comes with a note of caution about comparing data across years, as we cannot be certain whether any changes represent a true change in the market or are due to a large increase in the sample size.

Interviews

We interviewed 15 community businesses during July and August 2022 to enrich our insight on their experiences, hopes and needs, and capture some sense of the impact of external pressures on the sector, such as the cost-of-living crisis and rising inflation.

Market estimation

We also gathered data from a wide variety of internal and sector sources, and from further afield, to continue building our understanding of the size and structure of the market. You can find more detailed technical information about our approach in Section 5 and methods and download the full [anonymised survey dataset](#).

Referencing

This webpage report has been written jointly by CFE Research and Power to Change.¹



Power to Change is the independent trust that strengthens communities through community business. We started life in 2015 and use our experience and evidence to bring partners together to fund, grow and back community businesses in England to make places thrive. We are curious and rigorous; we do, test, and learn. And we are here to support community business, whatever the challenge.

CFE Research is an independent not-for-profit social research company providing research and evaluation services to government departments, public sector agencies, education providers, and local and national charities. It specialises in education, employment and skills, helping its customers understand what works, in what context and why.

If you would like to reference this report, please use: 'Community Business Market Report 2022, CFE Research and Power to Change (2022)'.

For further information or any questions about the research, you can contact Chloe.Nelson@powertochange.org.uk, Head of Impact and Learning at Power to Change, and John.Higton@cfe.org.uk, Research Director at CFE Research.

1.3 WHAT WE LEARNED ABOUT COMMUNITY BUSINESSES

Community businesses exist to help make places better. Run by local people and trading for the benefit of a community to which they are accountable, they put power in the community's hands and are best placed to deliver solutions that work for their areas. Community businesses aim to make a difference to a wide variety of things that matter to their place and the people that live there. In their size, structure, services and staffing, they are as diverse as the communities they were established to serve.

Size of the market

Every two years, we use primary data from the Community Business Market Survey to measure market sentiment and secondary data (this year, from 12 sources) to estimate the population of community businesses operating in England.



This year, our market sizing analysis estimates that there are 11,000 community businesses operating in England, with a total income of just under £1 billion. The estimated size of some sectors increased (notably housing, which doubled to 600) whereas some of the larger sectors decreased slightly (community hubs and arts centres/facilities). The whole sector appears to have shown resilience during the intervening Covid-19 pandemic.

¹This research was originally published as a webpage at powertochange.org.uk/impact/market-report-2022/. This PDF archive version was created in July 2024



The slight reduction in the number of community businesses has been accompanied by a dip in the total estimated market income to £959 million, a fall of 2%.

The estimated value of fixed assets owned by the sector from the market analysis in 2022 (£744 million) fell by 14% compared with 2020's estimate of £870 million.² The extent to which this is a real difference or a consequence of using a different data source for fixed assets is unknown.³ Our total estimate of 41,800 staff this year is 11% higher than the 2020 estimate (37,800). However, estimated volunteer numbers fell by 15% to 126,200.

You can find more information on our market sizing methodology, and a full breakdown of the data in the technical appendix in chapter 5. This year we are also sharing the [market sizing model itself](#), so that the sector has access to it and there is transparency in our calculations.

Community business activities

To help build a picture of the overall shape and composition of the market, we gather information about the types of activities undertaken by community businesses. From a list of 27 different activities, community businesses are asked to select all those that describe what they do, and then to identify the one that best describes their main activity. We then group selected main activities into categories that we use for analysis and reporting.⁴

²Our market sizing analysis takes both the Community Business Market survey data and other secondary data to estimate the total fixed asset value for the community business sector. See the 'Market Sizing' section of the Technical Appendix in Section 5 for more detail. Note that we also report fixed asset value based on survey data only in Section 2.

³This year, we used median fixed asset data from Twine (<https://twine-financial-dashboard.herokuapp.com/>), hosted by the Institute of Community Studies to estimate the value of fixed assets owned by the sector. In previous years, we primarily used Power to Change grantee data. This data is no longer being collected. See the 'Market Sizing' section of the Technical Appendix in Section 5 for more detail.

⁴You can find the full survey [here](#).

Categories

We sort community businesses into seven sector categories based on the main activity they report. These categories are:

- public-facing support services (31% of surveyed community businesses)
- venues (26%)
- retail and hospitality (14%)
- arts or culture (12%)
- economic or business services (9%)
- manufacturing, or production (6%)
- other (2%)

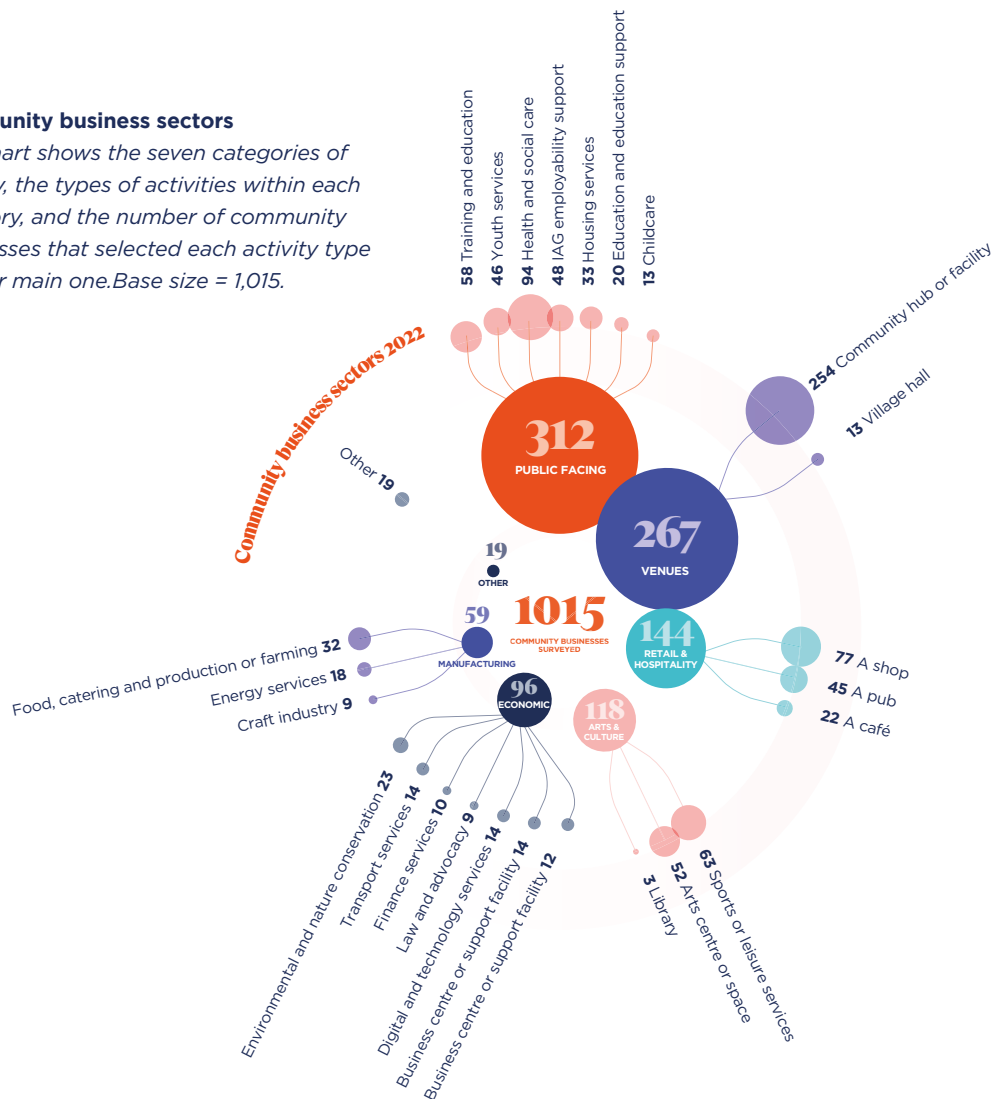
The proportion of surveyed community businesses that fall under public-facing support services increased by 10 percentage points from 2021. Public facing support includes:

- health and social care
- information, advice and guidance; employability support
- housing
- training and education
- youth and childcare services.

Until this year’s survey, venues (consisting of community hubs and village halls) had been the largest category of main activity.

Community business sectors

This chart shows the seven categories of activity, the types of activities within each category, and the number of community businesses that selected each activity type as their main one. Base size = 1,015.



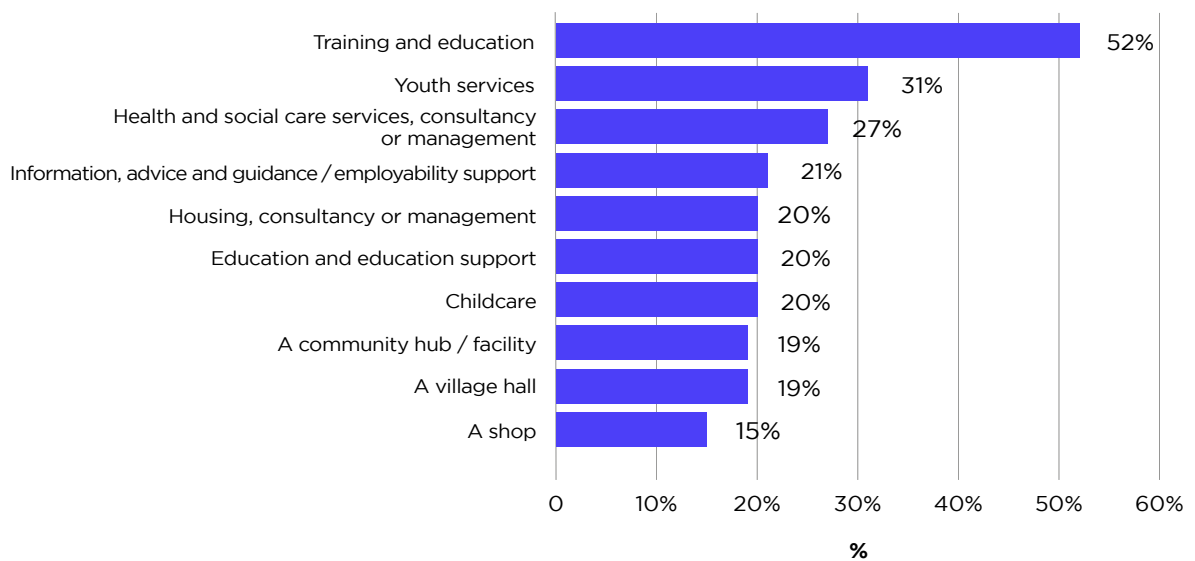
Main activity

Community hubs have persistently remained the most common type of community business for the eight years we have been surveying the market. In 2022, 25% (254) of surveyed community businesses selected community hub as their main activity.

All activities

Community businesses also tell us about all their activities. The most common of all community business activities selected were a community hub or facility (53%, 529 of 1,015 community businesses), training and education (31%, 316) and information, advice and guidance, and employability support (27%, 275).

Chart 2: Most common activities reported by community businesses (N=1,015)



Many community (76%) businesses said they had undertaken multiple activities at the time of completing the survey. For example, of the 316 community businesses providing training and education services, 47% also provide information, advice and guidance or support to build employability.

Spotlight: Community hubs

Community businesses reflect the multi-faceted needs of the local population, often bringing people together in physical spaces. The hub model continues to be an excellent way to serve multiple needs through offering a diverse range of services.

“We’re open to people in the local community that don’t have anything or come from the very deprived areas of the town...”

Ware Arts Centre

In this year’s survey, 529 community businesses (53% of 1,015 survey respondents) selected a community hub as one of their activities, and 254 of these selected it as their main activity.

Many of these 529 community businesses indicated that they also provide a broad range of public-facing support:

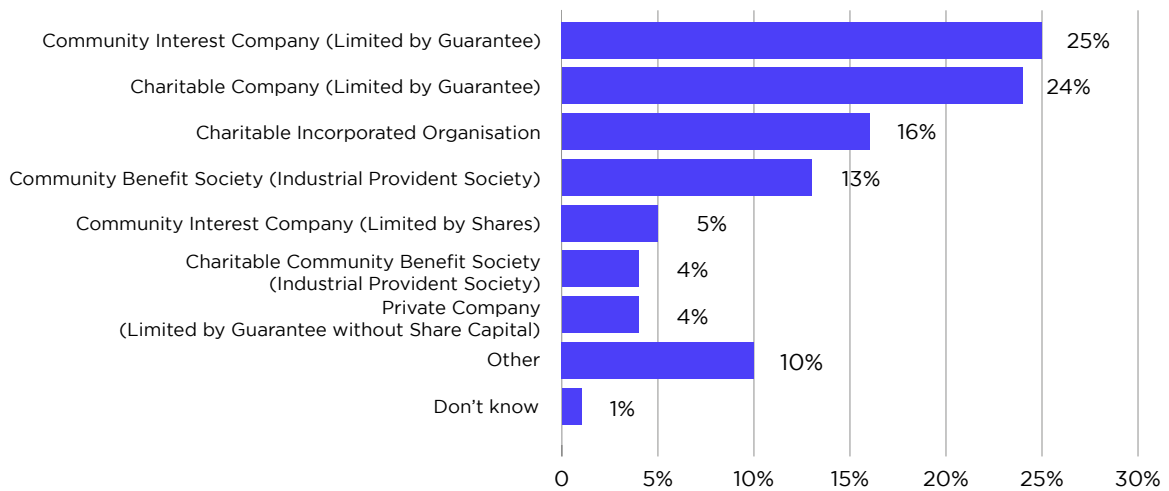
- 36% provide training and education (190 of the 529 community hubs)
- 33% provide information, advice and guidance or employability support (176)
- 26% youth services (140)
- 25% provide education or education support (133).

A third (34%) of these 529 community businesses also ran a café alongside their community hub.

Legal status

Community businesses use a variety of legal structures and governance approaches to ensure they are accountable to the people they serve. As their operating priorities differ from private sector businesses, they have more flexibility in legal structure, financial arrangements, and operating models. Of the 1,015 community business we surveyed, half are either a community interest company (CIC) (25%) or a charitable company limited by guarantee (24%), with the remainder adopting a variety of other structures.

Chart 3: Legal structure of community businesses (N=1,015)



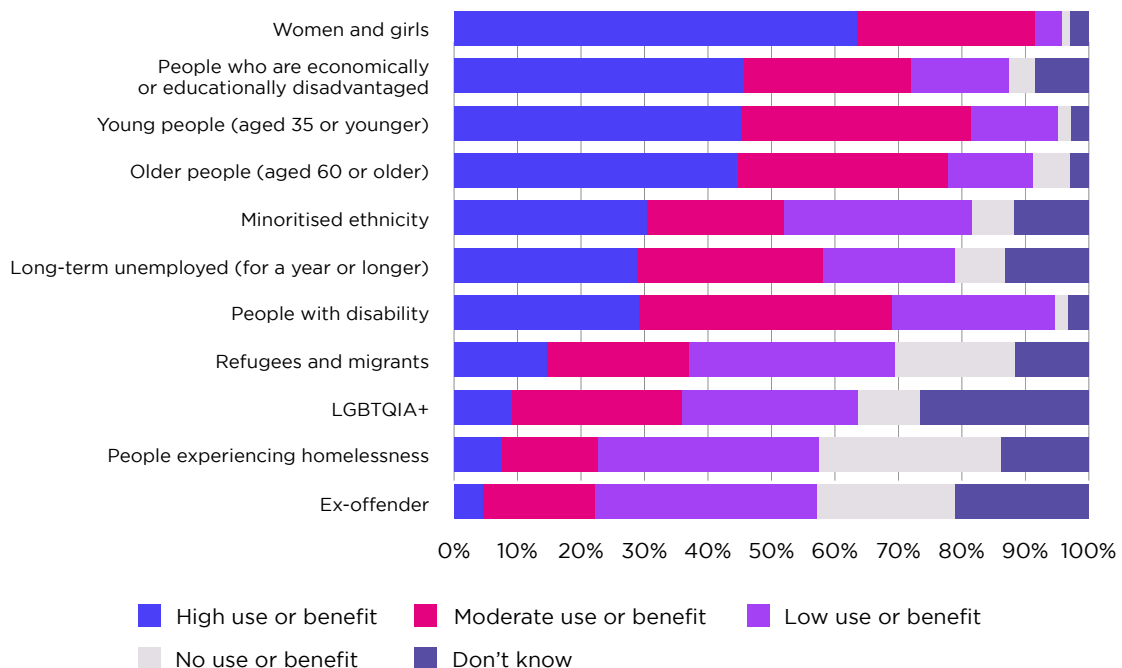
Charitable companies limited by guarantee are typically larger organisations: 42% employ 11 or more staff (compared with 24% overall), and 44% report total incomes over £300,000 (compared with 24% overall).

Diverse communities, diverse leadership

Community businesses are owned by and accountable to their communities. This year, we wanted to increase our understanding about the diversity of the sector and the people who run, use, and benefit from it.

Community businesses said that the groups that most use or benefit from their products and services are women and girls (91% of community businesses reported this group are ‘moderate’ or ‘high’ users or beneficiaries), young people (81%), older people (78%), and people who are economically or educationally disadvantaged (72%).

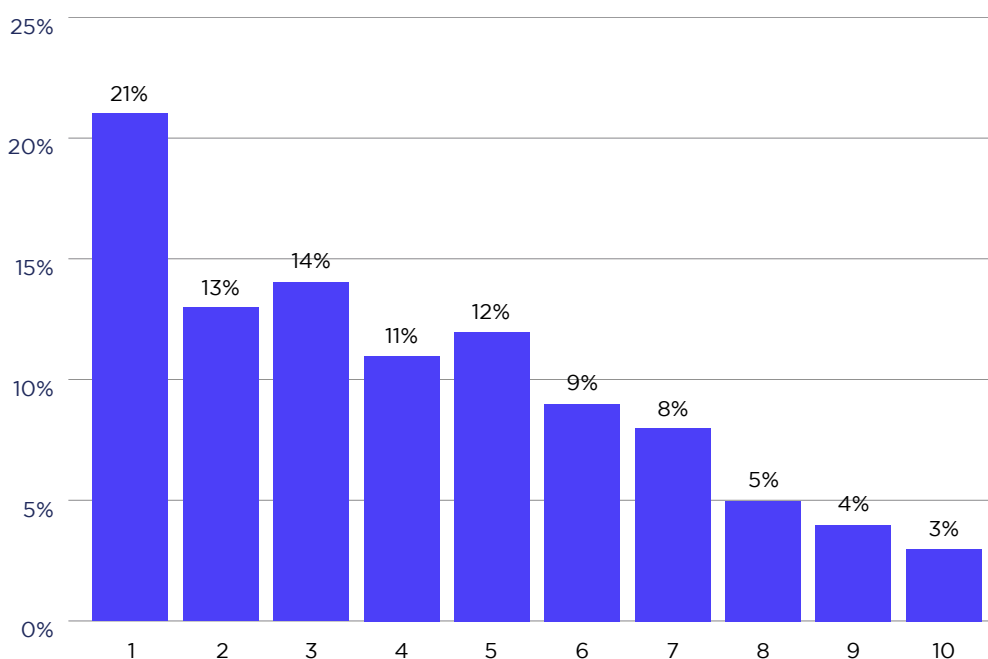
Chart 4: Characteristics of people that use or benefit from community businesses support or services (N=1015)



The groups with the highest proportion of reported ‘no use or benefit’ are people experiencing homelessness (29%), ex-offenders (22%), and refugees and migrants (19%). The high proportion of ‘don’t knows’ reported for LGBTQIA+, ex-offenders, and long-term unemployed, implies that community businesses are least likely to know whether these groups use or benefit from these services.

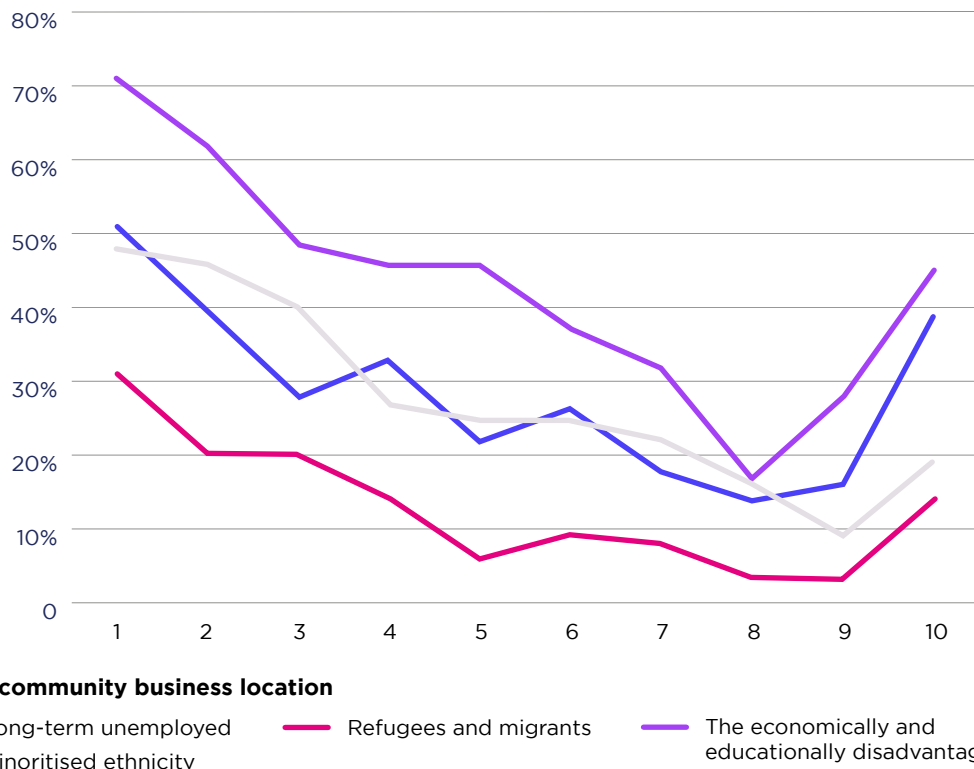
Community businesses disproportionately operate in areas facing multiple disadvantage – 48% operate in the 30% most disadvantaged areas in England (IMD 1-3), and just 12% operate in the most advantaged areas (IMD 8-10).

Chart 5: Location of community businesses by IMD



Community businesses operating in high areas of disadvantage generally see higher usage of their products and services by people with certain lived experiences, as shown in the chart. Although there is an increase in the proportion of reported usage of community businesses operating in the most advantaged areas (IMD 10) this year, this is likely to be caused by the small number of responses from community businesses operating in those areas (34 of 1,015 community businesses).

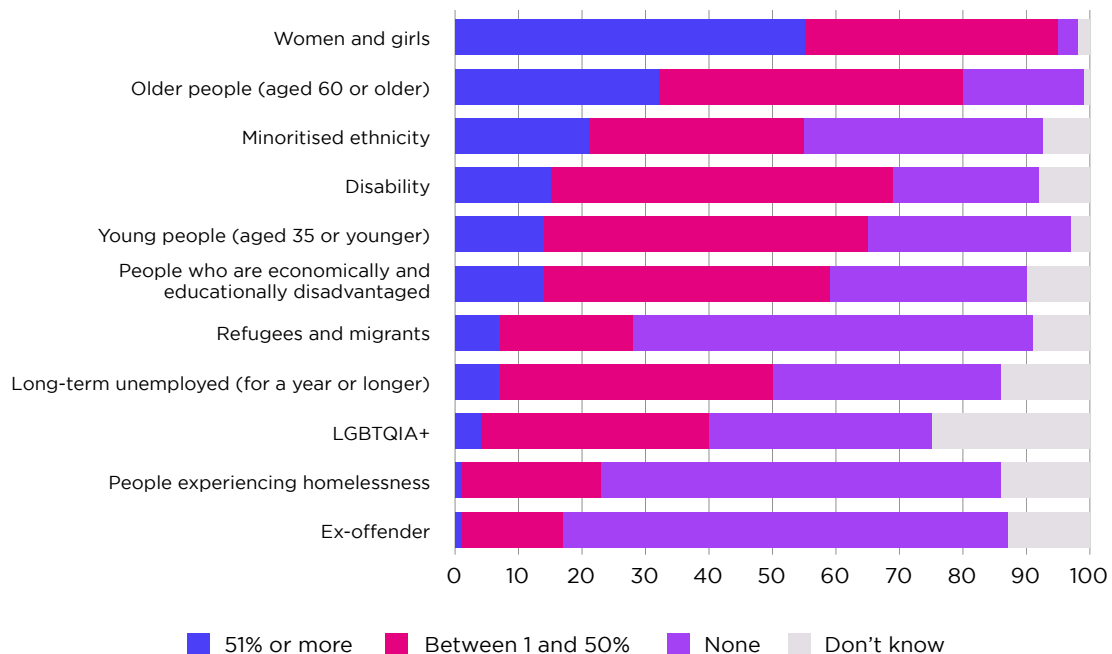
Chart 6: Characteristics of those using community business services and local disadvantage



Base size varies between 868 and 916

Women and girls, older people (aged 60 and over), and minoritised ethnicities are the most represented characteristics in community business senior leadership teams (including their boards). Women and girls make up a majority on leadership teams in 55% of community businesses, people aged 60 or older in 32%, and minoritised ethnicities in 21%.

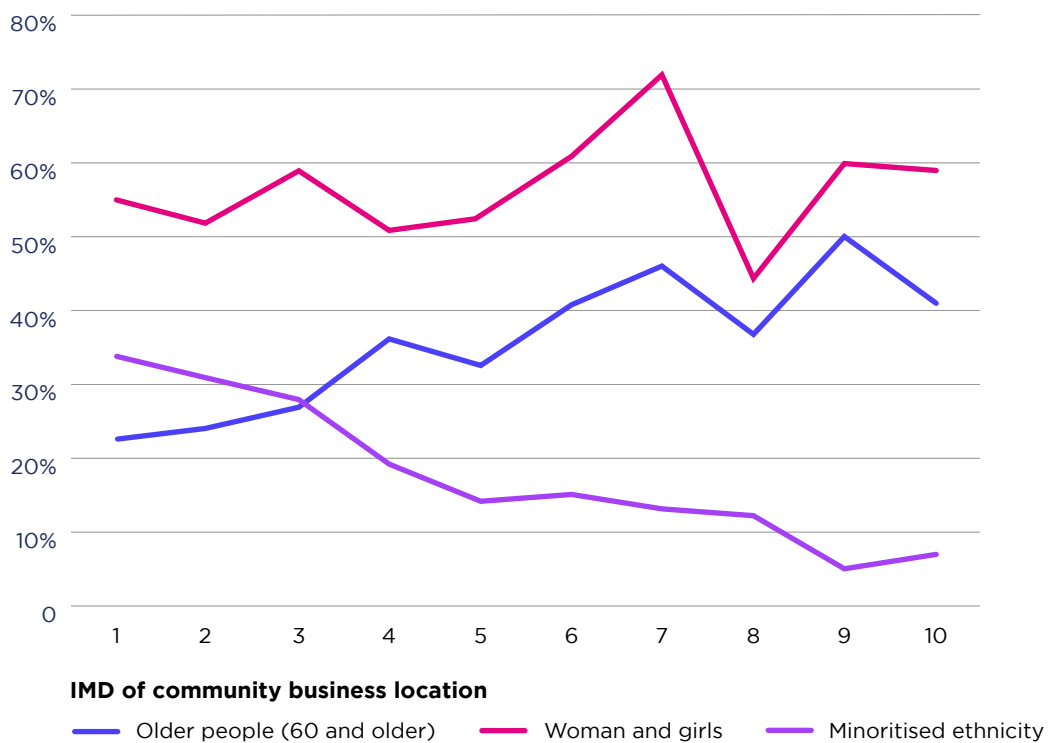
Chart 7: Characteristics of community business senior leadership teams (N=1015)



The high proportion of ‘don’t know’ responses suggests community businesses are least aware of whether their senior leadership are LGTBQIA+, long-term unemployed or ex-offenders. This may be because community businesses don’t collect this data or have access to secondary data about these groups.

Community business leadership tends to reflect the level of disadvantage faced by the community where they operate: 34% of community businesses located in IMD 1 (most disadvantaged) are run by leadership teams with a majority of people from minoritised groups, compared with only 7% in IMD 10 (most advantaged).

Chart 8: Characteristics of community business leadership teams and local disadvantage



Case study: Anstice Community Trust

When the Grade II listed Anstice Building in Madeley – one of the top 10% most deprived areas of the country – went into liquidation in 2014, three local women started a campaign to bring the building into community ownership.

“There was a tremendous amount of support for it when it was at risk... There was this huge upswell of support. Local people immediately started a passionate Save the Anstice campaign, attracting over 900 Facebook supporters in two weeks and lobbying local councillors for support.”

When the Anstice was bought by Madeley Town Council, who worked with the Anstice Community Trust to renovate the building, a priority was making it fully inclusive to all of the community. The building is now a vibrant hub at the centre of the community, providing benefit to a range of local people. The centre has increased community pride, empowered local people, and reduced social isolation.



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A FAIRER ECONOMY

Community businesses contribute to fairer local economies through operating, trading, and partnering locally. Compared with the private sector, a higher proportion of what they spend stays in their local community,⁵ and their trading income is invested in developing and delivering more services and facilities for local people.

Often operating in areas of high disadvantage, social exclusion, and economic inactivity, they support financial inclusion and employability where it is most needed.

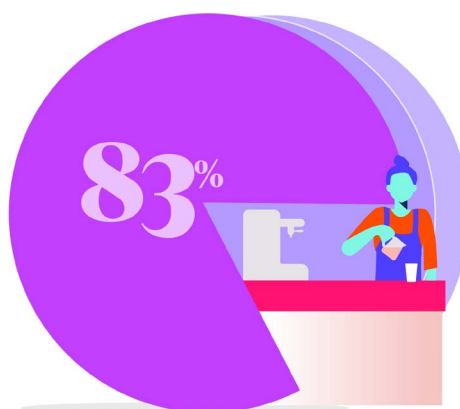
They provide sustainable work for local people and build skills through volunteering opportunities, making a much-needed contribution to the prosperity and prospects of their local areas and the people living there.

2.1 KEY FINDINGS

The average⁶ total income reported by survey respondents this year is £264,000. The hybrid model of community business typically includes earnings from trading and grants. At the time of the survey, 83% of respondents generated some income from trading, 84% said they receive grant funding. Grant income can help maintain services while trading helps with growth and sustainability.



Reported average annual income.



Income generated by trading.

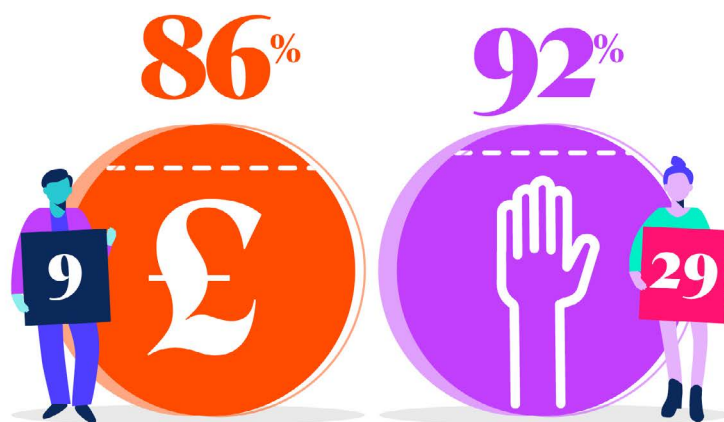
⁵Archer, T. et al. (2019) Our Assets, Our Future: The Economics, Outcomes and Sustainability of Assets in Community Ownership.

⁶Unless otherwise specified, when we use the term 'average' we refer to the 'mean' figure.

“In order to better serve the wider community, we’ve really had to develop as a business to generate income. We’ve built revenue that can then further support community events and activities. ...all those activities go towards the wellbeing of the people in the community and our business model is fundamentally about providing a venue that benefits the entire community’s wellbeing.”

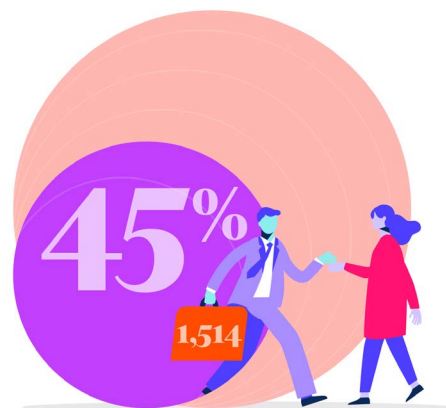
Fieldgate Arts Centre

Community businesses provide high quality work and employ an average of 9 staff and 29 volunteers – nearly all live locally (86% and 92% respectively).



This year, 45% of community businesses reported they had employed someone who had no previous paid employment in the last 12 months. This is equivalent to 1,514 people.

Leading community-driven regeneration, community businesses improve the physical fabric of places and the services available to local communities that live there through fixed assets like land and buildings. This year, 43% said they operate on or near a local high street, and 56% said that they own and/or manage a physical asset in their local area.





Community businesses located on or near a high street

Our market analysis estimates the total value of fixed assets owned by the sector at £744 million. The average value of buildings owned by survey respondents was £1,173,400, higher than the average of those they managed (£1,024,000). However, the average figures can be skewed by a small number of very high value assets; the median figures are £375,000 for those owned and £470,000 for those managed.



Community businesses owning and/or managing assets in their local area

2.2 ECONOMIC CONTRIBUTION

With a primary purpose of generating economic and social benefit in the local community, community businesses earn income from a mix of trading and grants to develop and provide services to meet local needs. Community businesses reported an average total annual income (made up of grants and trading) of £264,000 for the financial year preceding the survey (2021/22).

Community businesses typically operate with a hybrid business model, financing the development and delivery of facilities and services with a mix of grants (84%) and income from trading (83%).

Chart 9: Reported grant income (FY21/22)

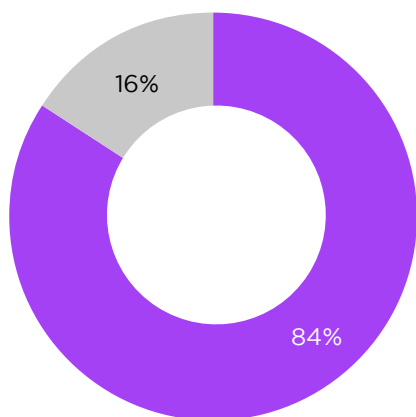
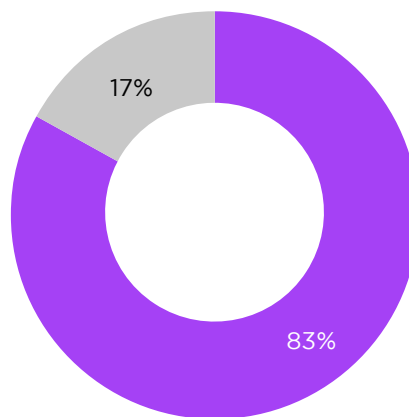


Chart 10: Reported trading income (FY21/22)



Base sizes = 1,015.

Grant funding can help maintain services while trading contributes to sustainable development and growth. Although the average annual community business income reported for the financial year preceding the survey is £264,000, larger high-turnover operations tend to skew the average upwards. A more meaningfully representative measure is the median income, which was £108,000 (a 17% decrease from £130,000 last year).

Trading plays a key role in the community business model and 83% of those providing financial information in the survey earned income in this way. The average reported trading income for the financial year preceding the survey (2021/22) was £157,000. Again, larger organisations affect the average, and the median was £34,000.

Table 1: Reported income for the last financial year (FY21/22) (N=1,015)		
Total income	Average	£264,000.00
	Median	£107,946.00
Trading income	Average	£157,000.00
	Median	£33,786.00
Grant income	Average	£99,000.00
	Median	£32,000.00

In last year’s survey (financial year 2020/21), the reported median was £50,000, and in 2019/20 it was £63,000. While median trading income has nearly halved since the pandemic, we are cautious about drawing direct conclusions given the significant change in the size of our survey sample over a similar period.

“You cannot solely rely on grants for income. I’ve got three things generating [income], the garage generates money, the men’s shed and furniture project generates money, and the transport generates money. So, they’re my three things, that’s what we were told, get your grants in but you also need to start looking at what else is going to generate your income.”

Hour Community

Overall, 84% of survey respondents receive grants, with an average grant income of £99,000 and a median of £32,000. Grant income has fluctuated since 2020, and may have been playing a more important role in community business finance since the pandemic.

Chart 11: Median reported income data (2019-2022)



Base sizes vary between 312 and 1,015

Community businesses are continually adapting their business models to respond to emerging challenges. In the research interviews, some mentioned increasing or diversifying trading activities to gain extra revenue to cover increased costs and build resilience. For example, one community farm offered corporate customers the opportunity for their employees to visit the farm as part of team-building and therapeutic exercises. Their intention is that this keeps them afloat while other customers struggle to meet costs, so they might be able to continue to offer their services to schools and other non-corporate customers.

“Schools’ budgets have been slashed as well so we’re seeing fewer schools booking (at the farm). So, one of the things we are now looking to do is to offer a service for corporate clients based on therapeutic use of our facilities, basically, for their staff in exchange for sponsorship. (It’s income) from a different source. A more sustainable source.”

Community farm



2.3 PROVIDING EMPLOYMENT AND OPPORTUNITIES FOR LOCAL PEOPLE

Community businesses provide good work for local people, often in areas facing disadvantage. They create high-quality jobs and volunteering opportunities, and provide advice and support to build the confidence and skills of those furthest from the job market. By strengthening the local economy, their work helps address regional inequalities, and build local community pride and purpose.

Community businesses provide meaningful employment and volunteering opportunities for local people, building skills and employability for those who need support to re-enter the job market, in areas typically facing inequity and disadvantage.

Staff

This year, 88% of survey respondents said that they had a positive impact on employability. On average, surveyed community businesses said they employ nine paid staff, although there is huge variability across businesses: reported numbers of paid staff range from zero to 250. This reflects the diversity of the sector and its business models. The data on staffing (and volunteers) from the survey changes little year to year, despite the annual increases in survey respondents.

Table 2: Staff and volunteers (2019-2022)

		2019	2020	2021	2022
Staff	Average	14	10	10	9
	Median	4	3	3	4
Volunteers	Average	32	29	29	29
	Median	17	15	15	14

Base sizes vary between 312 and 1,015.

Nearly half (45%) of surveyed community businesses employed someone who had not previously been employed in the last year. When taken together, they employed a total of 1,514 people without previous employment in 2022, and 3,458 people in similar circumstances since these community businesses began operating.

Assuming the survey sample is representative, the sector would have employed around 16,500 people who were previously unemployed in the last year.

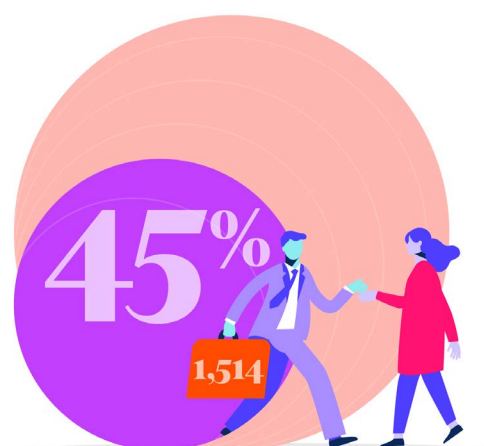


Table 3: Number of people employed by community businesses without prior employment			
People with no previous paid employment employed in...	Average	Median	Total
... the last 12 months	3.3	2	1514
... ever	8.2	4	3458

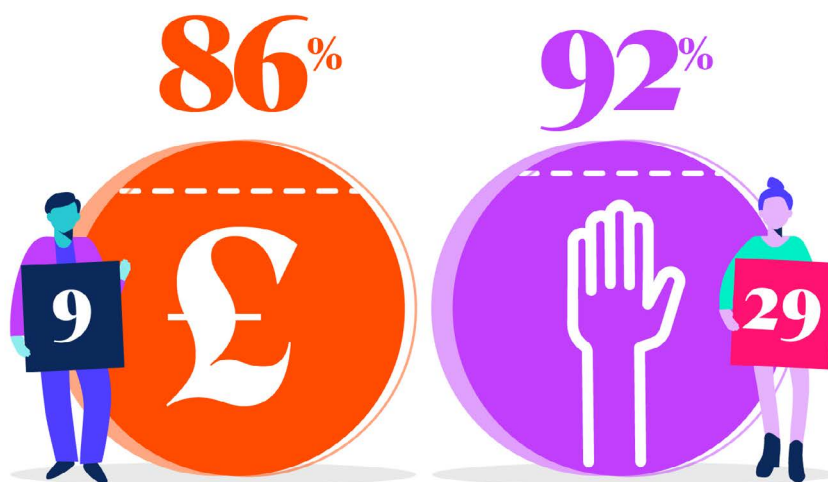
Base sizes vary between 420 and 459.

For the first time, we also collected information on where staff lived, and learned that on average 86% of paid staff lived locally.

Community businesses employ more people compared with traditional SMEs: 80% of respondents said that their community business has at least one paid employee, whereas 75% of SMEs in the UK have none.⁷ 53% said they employ between one and nine people, compared with 29% of the UK's SMEs. The predominance of smaller businesses in the sector explains why the median number of paid staff (4) is lower than the average.

Volunteers

On average, surveyed community businesses said they engage 29 volunteers, which is three times higher than paid staff. Volunteers are central to the community business market model and the ratio of volunteers to paid staff has remained constant over the past few years. Larger community businesses tend to influence the average, as 10% of surveyed community businesses employ more than 60 volunteers. Most (92%) volunteers live in the local area.



Average paid staff: 9 | 86% paid staff live in local area.
 Average number of volunteers: 29 | 92% volunteers live in local area
 Base size = 1,015.

⁷Department for Business, Energy & Industrial Strategy (2021) Business population estimates for the UK and regions 2021: statistical release www.gov.uk/government/statistics/business-population-estimates-2021/business-population-estimates-for-the-uk-and-regions-2021-statistical-release.html#composition-of-the-2021-business-population

Community business market sector estimates

In 2022, we estimate that 11,000 community businesses employ a total of 41,800 staff and 126,000 volunteers.

The estimated numbers of staff and volunteers across the community business sector generally remain consistent across the years. However, this year, we estimated that community businesses employed 11% more paid staff in 2022 compared with 2020, but engaged 15% fewer volunteers.

During the interviews, community businesses said that increases in the cost of living led some volunteers to reduce their volunteering hours in favour of paid employment elsewhere or stop volunteering completely:

“We are going through a particularly tough time at the moment, especially in the charity sector. The voluntary hours being provided across the country are down by 40% in the last year, so people are not volunteering anymore. I’ve got volunteers who have been volunteering with me for x amount of years now, saying, I might have to go and get myself a part-time job now to top up my salary, to top up my pension to keep me going.”

Hour Community

We estimate the total number of staff and volunteers in the sector using data from the Community Business Market Survey and a variety of secondary sources.

2.4 SUPPORTING REGENERATION

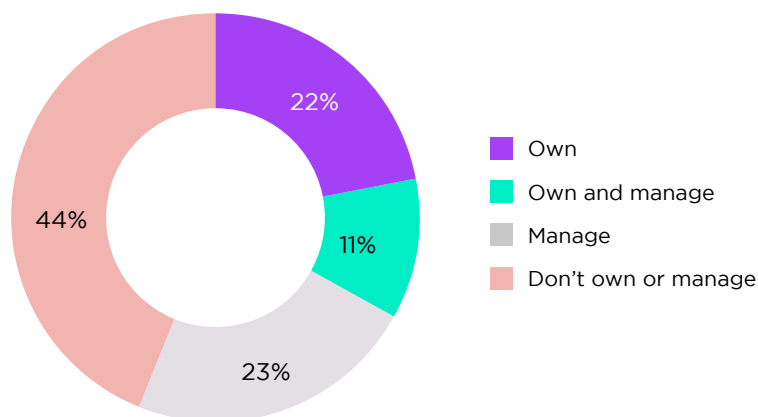
Community businesses improve the physical fabric of places and the services available to the communities that live there. As locally-rooted organisations, their physical presence on high streets and in buildings brings local people together. They are at the forefront of community-led regeneration through providing infrastructure and facilities.

Community businesses play a vital role in community-led regeneration, helping recover local infrastructure and high streets. They are helping areas move away from outdated retail-led models towards local enterprises providing services, facilities and experiences developed and owned by the communities that depend on them.

Assets and local regeneration

Community businesses are improving the physical fabric of places and the services available to the communities that live there through access to fixed assets like land and buildings. 56% of survey respondents owned or managed at least one fixed asset,⁸ and 9% had taken a new asset into ownership (such as a building or capital services) in the past 12 months.⁹

Chart 12: Community businesses owning or managing assets (N=987)



Our market analysis estimates the total value of fixed assets owned by the sector at £744 million. Within the survey, the value of average fixed assets is higher for those owned than managed. The average value of owned fixed assets amongst relevant survey respondents is £1,173,400¹⁰ and managed fixed assets is £1,024,400.¹¹ However, the median for both is much lower – £375,000 for those owned and £470,000 for those managed – because the data is skewed by a low number of high value fixed assets. The highest value reported for fixed assets owned is £75,000,005 and for those managed is £12,800,000.

Table 4: Values of buildings owned or managed by community businesses

	Average	Median
Owned buildings	£1,173,400	£375,000
Managed buildings	£1,024,400	£470,000

Base size varies between 189 and 253.

Compared with other community businesses, survey data indicates that those owning or managing building assets typically employ more staff, engage more volunteers, and generate more income. Those owning or managing assets employed an average of 11.9 staff and generated an average income of £360,777, compared with 5.4 and £136,523 for those who do not.

⁸n=987

⁹n=1003

¹⁰n=253

¹¹n=189

Table 5: Differences in staffing, volunteers and income based on building asset ownership

	Owns or manages building assets		Does not own or manage building assets	
	Average	Median	Average	Median
Staff	11.9	6	5.4	3
Volunteers	36.7	20	19.2	10
Total income	£360,777	£175,000	£136,253	£65,000
Trading income	£209,268	£59,953	£83,280	£20,000
Grant income	£125,645	£44,829	£63,820	£20,000

Base size varies between 344 and 544.

Most community businesses with fixed assets hold a long-term lease on their building, own their premises outright or hold it in a trust. The latter maintain the building in exchange for rent-free use. Some obtained premises from an asset transfer arrangement with the local authority, and others are owned by the community. In many cases, community businesses come to own fixed assets through harnessing the power of their community.

“It was funded by the community; it was a “buy a brick” kind of thing. They all contributed weekly to build the hall.”

Grange Welfare Association

Most community businesses feel that owning or leasing fixed assets can offer long-term stability, and typically fund their ownership or long-term lease through methods such as grants or issuing community shares. However, owning assets brings greater benefits than leasing. For example, one community business said that if they owned their building they could then sell and move to a better location to expand their services. Another had made significant investments in renovating from which they felt they should benefit.

“We have a full repairing lease. So, the council get loads out of it because anything we do to the building, [the council] are getting the benefit. So, we have spent £200,000 over the last four or five years on renovating a new space, of which we are obviously getting the benefit but ultimately, their asset, in the community, is worth more.”

Ware Arts Centre

Case Study: The Fieldgate Centre

The Fieldgate Centre is run by the Kingsclere Community Association, providing a diverse and fundamental service to the local community. Located in a rural area, the building is a focal point for bringing people together, and allows the association to be financially sustainable through private hire activities.

A huge amount of work, restoration and upgrading has gone into the building, making it not only a crucial hub for the community but a valuable asset.

“It had a reputation as being a bit of a falling-down building but we’ve managed to attract a lot more people here... We’ve built revenue that can then further support community events and activities. And all those activities go towards the wellbeing of the people in the community and our business model is fundamentally about providing a venue that benefits the entire community’s wellbeing.”

High street location

Often the heart of the community, high streets offer a diverse range of services to complement the traditional retail model. More than two in five community businesses are currently located on or near a high street (43%).¹²

Respondents that felt positive about operating from high streets usually represented community businesses already based in such locations. Overall, 51% of community businesses agree a high street is, or would be, a suitable location for their business.¹³ The proportion agreeing is larger for those currently located on around a high street (72%)¹⁴ and smaller for those based elsewhere (31%).¹⁵ Community businesses operating from areas of high disadvantage (low IMD) are also more likely to agree that a high street is a suitable location for their business.¹⁶

¹²n=999

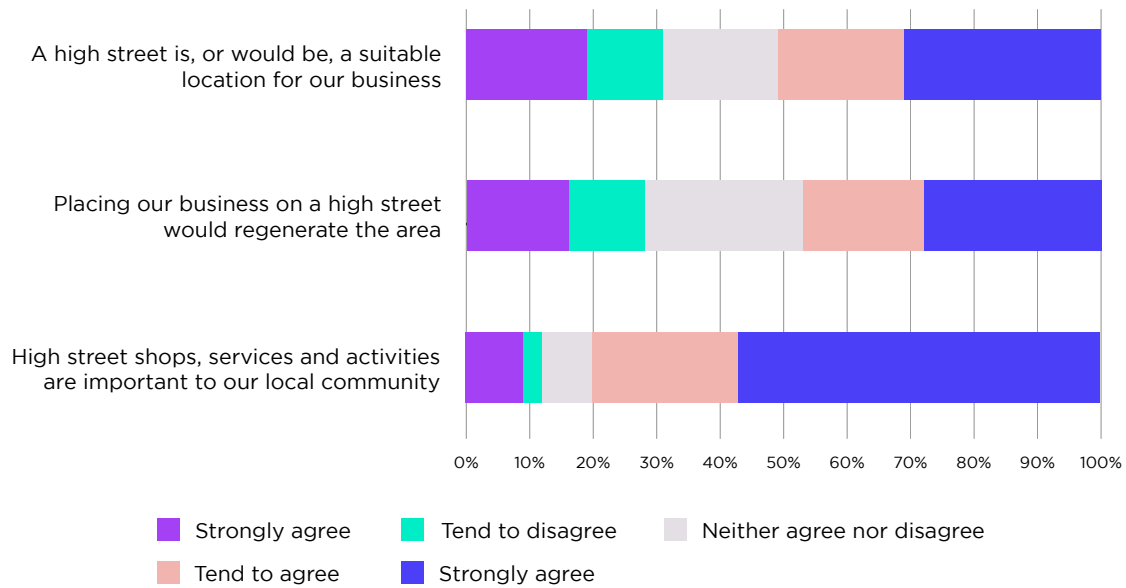
¹³n=882

¹⁴n=422

¹⁵n=454

¹⁶See Table 2 in the Technical Appendix in Section 5 for further detail on the multiple linear regression results. Note of caution: this model is the weakest of all used for analysis as it only accounts for 5% of the variation in respondents' view on this topic. This means 95% of the variation in response remains unexplained.

Chart 13: Views from community businesses about high streets



Base sizes vary between 843 and 922.

A high street location may not be appropriate for all community businesses, such as those already based elsewhere. Respondents that own or manage fixed assets are less likely than others to agree the high street is a good location for them. Some interviewees felt the relative scale of high street rents or the long-term leases they had already negotiated elsewhere were financial barriers, and as a result relocation offered little business benefit. These findings from the surveys and interviews suggest a broad range of factors influence preferred locations, like building costs, community needs, and access requirements.

Regardless of location or appropriateness to individual community businesses, 80% of those surveyed agree that the high street is important to their local community. Many interviewees had witnessed a steady decline in physical condition and appearance of these traditionally vibrant economic and social hubs in recent years:

“The high street has been decimated and it’s really sad to see that.”
Cornerstone Place

“The reality is, we have a lot of people come to Framingham on Sundays and bank holidays but there’s very little to do because the majority of the shops are shut... it’s got to change with new people coming in with new ideas.”
Hour Community

Visible and accessible services can attract people back into otherwise declining areas by increasing footfall and opportunity for others trading locally. Increasing community ownership of assets on the high street is one such way to facilitate community-led regeneration. Community businesses currently operating on or around a high street are more likely to agree their presence would lead to regeneration – 66% of high-street based community businesses agreed, compared with 30% located elsewhere.

One interviewee, the Anstice Centre, explained how a high street presence can help encourage other people, shops and businesses back into the local area:

“What was this fairly dead space... is now quite a lively, nice place to be. So, a lot of the feedback we’ve got is that it’s just brought life back to the middle and that’s because we’re there, because The Anstice is there and it’s open. It’s a very big, physical presence... I think if you’ve got something that’s a bit of a destination, something to pull people in, it will draw in people and other shops.”

The Anstice Centre



3

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MAKING THINGS BETTER FOR PEOPLE AND PLACES

Owned by and at the heart of communities, community businesses are ideally placed to identify and respond to the distinctive needs of local people and their neighbourhoods. Adaptable and resilient, they have continued to adjust their services to reflect changes in demand in the face of persistent and emerging economic, social, and environmental challenges. Their impacts are wide-ranging and make a sustainable contribution to the long-term wellbeing of communities and the places where they live.

3.1 KEY FINDINGS

95% of respondents said that their business's primary purpose is generating economic and social and/or environmental benefit in the local community (n=995). By operating in ways that generate sustainable benefits for people and places, community businesses contribute to local prosperity and wellbeing.



Reported primary purpose is generating economic and social and/or environmental benefit



Reported positive impact on improving the environment and taking climate action

As community businesses understand and have strong connections with local people – 90% said their business is defined by its link to the local area – they are particularly well-placed to develop and adapt products and services that address some of the persistent economic, social and health disparities and disadvantages areas face. Community businesses deliver wide-ranging benefits for the people they serve; 98% said they have a positive impact on health and wellbeing, and 97% on reducing social isolation.

“What we’ve always tried to do is be a safe and a welcoming space for people, so people can come, and they can enjoy the café, or do a course, or just enjoy the space. It has strengthened the community quite a lot.”

Anstice Trust

Putting power in community hands, community businesses are at the forefront of building community resilience, pride, and empowerment. 98% said that they have a positive impact on community cohesion, and 97% identified growing local empowerment and pride as a key area of impact.

With social purpose at the heart of their operating model, community businesses are also ideally placed to address global challenges at a local level. A significant majority feel that the way they trade or operate makes a contribution to improving the environment or tackling climate change (72%), and 74% said that they had a positive impact on tackling injustice and inequality.

3.2 CONTRIBUTING TO COMMUNITY WELLBEING

Community businesses identify and respond to a local area's appetite for more community-led services, and provide a wide variety of accessible support to build community prosperity and wellbeing. Whatever their primary activity, nearly all (over 97%) report a positive impact on the inclusion, health, and wellbeing of local people; and the pride, cohesion, and empowerment of the wider community.

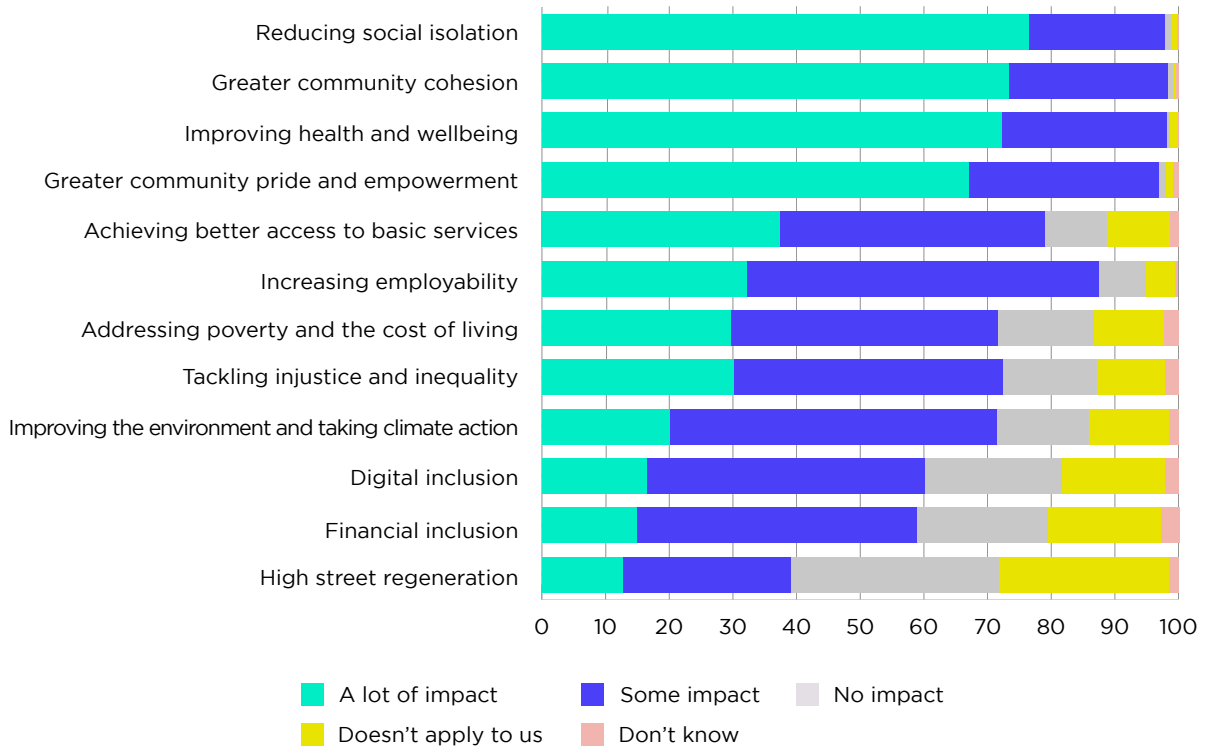
As the foundational purpose of community businesses is contributing to local prosperity and wellbeing, with trading and operating models designed to generate sustainable long-term benefits for people, places and the environment, there is little to surprise and much to reassure in this year's findings about the sector's reported impact on communities.

Community businesses identify and respond to distinctive local needs, and provide benefit in areas facing multiple disadvantage, and regional disparity. Despite the varied nature of their business activities, nearly all (over 97%) consistently report making a positive impact on the inclusion, health, and wellbeing of local and the pride, cohesion, and empowerment of the wider community.

“We promote bonding and attachment between children and their adults. We help reduce isolation, help parents develop supportive social networks. We promote health and well-being of children and families. And we enable access to our services from all sectors of the local community.”

Walthamstow Toy Library

Chart 14: Reported impacts by community businesses (N=1,015)



Community businesses are located in some of the country’s most deprived areas – 48% operate in the 30% most disadvantaged areas in England. Many actively work to address the issues facing the people who live there – 74% said that they had a positive impact on tackling injustice and inequality.

“We work with families, refugees, families who have no recourse to public funds... so they are able to get bundles of clothes, shoes and toys that we can just give to them.”

Walthamstow Toy Library

73% of survey respondents said that they have a positive impact on addressing poverty and the cost-of-living crisis (find out more in section 4). For example, some are offering free and subsidised food to older people, refugees and struggling families through foodbanks and cafes. Many hubs were acutely aware their beneficiaries valued being somewhere warm, especially when they could not afford to heat their own homes. Because their sustainable business models allow them to be financially independent, this impact is delivered over the long term.

“The project that we did in Bankside is now live and the charity took in their first tenants in April. Now, every night, 13 people have a roof over their head that otherwise wouldn’t have done... That probably wouldn’t have happened without Power to Change funding and that will now have a transformational impact on 13 people every night. It’s probably 20 people have used it so far and in the next 10 years it’ll be hundreds. Because of the way we’ve created the model, in that period of time it’ll end up being owned by the charity and end up being a long-term community asset that will hopefully do that for decades to come.”

Cornerstone Place

There was a notable increase this year in the proportion who said that they had at least some positive impact on delivering better access to basic services, to 78% from 69% in 2021. As their characteristic business and operating models provide community businesses with flexibility to adjust services to meet needs in the face of external social or economic challenges, this change is likely to be just one indicator of how readily the sector stepped in with support during the Covid-19 pandemic. It also shows how well-placed it is to provide help for those struggling with energy prices and cost-of-living challenges now, and comparable challenges in future.

Case study: Ware Arts Centre

The Victorian Southern Maltings building in Hertfordshire has become a crucial hub for the community, since it was taken on by Ware Arts Centre in 2016. Since taking on the building and opening it up as a varied and versatile arts centre, it has become a crucial hub for the community, offering up a huge selection of events, classes, activities, markets and courses. From live music to film clubs, and gong baths to Yoga, ballet and choir groups, it has become a central creative and cultural force in Ware.

“We’ve had people come to new events that we’ve run who have lived in the town for 30 years and have never been in the building.”

Alongside its cultural and creative contribution to the community, it also provides a variety of services for more marginalised members of the community. There are activities for people with learning disabilities, those suffering from social isolation, and a peer support group and milk bar for new mothers. “

The centre has galvanised local people. ‘As soon as we can get people through the door, then we get them excited. Once you walk in, you become part of that community.’

The community has responded to that inclusive attitude too, and Southern Maltings have more than 80 volunteers registered with them.

“A lot of the other local towns are quite fragmented because we’re in the commuter belt... But we’ve retained that sense of community and we just want to make it a space that everyone can come in to learn, laugh, grow and do fun things in.”



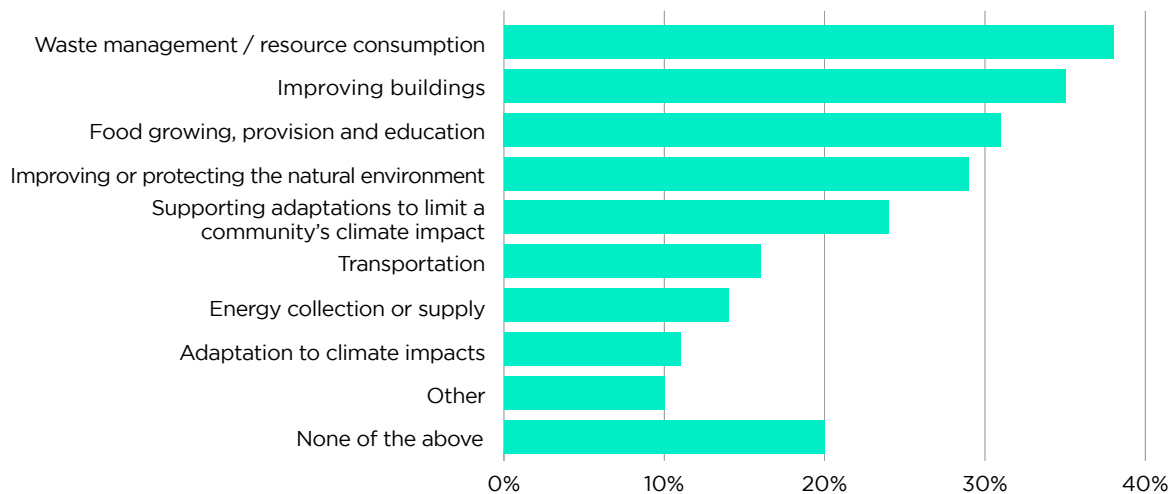
3.3 IMPROVING NEIGHBOURHOODS AND PROTECTING THE ENVIRONMENT

This year, 72% of community businesses reported that they made some impact on improving the environment and taking climate action, either generally or in ways specific to their business offer. Many are taking effective action to address environmental concerns by improving local buildings, facilities and green infrastructure, as well as promoting commitment to community climate action, while striving to operate more sustainably themselves.



General impacts included actions on waste management or resource consumption (38%) or improving buildings (35%), whereas specific impacts included growing, providing or educating about food (31%), and transportation (16%). Many community businesses said they saved money by reducing their waste and lowering energy consumption.

Chart 15: Actions taken by community businesses to improve the environment and take climate action (N=970)



Interviews with community businesses revealed how many are making small changes to reduce their carbon footprint, including recycling and reducing waste. Others are involved in larger-scale energy-saving investments, such as renewable energy or improving building insulation. Some of the investments are externally funded, and some are funded through the community business's own income.

“We’re also putting solar panels on the rear roof of the building to generate solar energy. Our idea is that we’ll look at energy savings and various other things associated with running the pub. (We want to) invest some of our profits into the sustainability of the village or environmental projects.”

Port Bannatyne Development Trust

Two community businesses involved in housebuilding considered carbon neutrality as an important part of their long-term plan. These businesses build energy-efficient housing using the latest technologies and materials to ensure a positive lasting impact on the environment, while limiting the negative impacts of traditional building techniques.

“The actual building system is carbon negative, so it sequesters carbon out of the atmosphere because the building system doesn’t have to have concrete foundations, it’s really light-touch foundation development, so it really lends itself to (rewilding) areas that are sensitive to that kind of activity.”

Digital Woodoo

Community businesses preserve and improve the local natural environment by, for example, growing food and protecting local wildlife habitats. An interviewee from a community farm described how they aim to teach residents about local food growth and the importance of ‘regenerative horticulture’ in the context of climate change. They use co-operative decision-making to devise community action that has a positive impact on the environment.

“We’ve got a garden, we look after the wildlife of the place. And we support other people. We put boxes around for birds, which are made by the Men in Sheds, in winter. And we keep the environment tidy and clean.”

Kimberworth Park Community Partnership

When community businesses actively address environmental issues, they influence the local community to do the same. For example, by offering facilities for local people to reduce waste, actively encouraging community climate action in their area, and expecting residents to contribute towards climate action.

“(We are) setting up an up-cycling workshop as well, to help the local community with what it’s doing with its building material...”

Community farm

“(Tenants) have to be ready to join a tenant management co-op. They have to be prepared to take on some responsibility for managing the environment in which they live, and that is really good for all sorts of things. They’ll be meeting maybe once a month to go through all of the things they need to do, to become part of the tenant co-operative... involved in that is thinking about a car club and recycling more, all of those things.”

Oxford Community Land Trust

Others influenced the behaviours of their community by offering opportunities to recycle and reuse items, and to learn about tackling climate change. One organisation described how they showed people how to grow and cook food. Another encouraged families to buy fewer toys and borrow them instead, reducing the amount of plastic going to landfill.

Case study: Walthamstow Toy Library

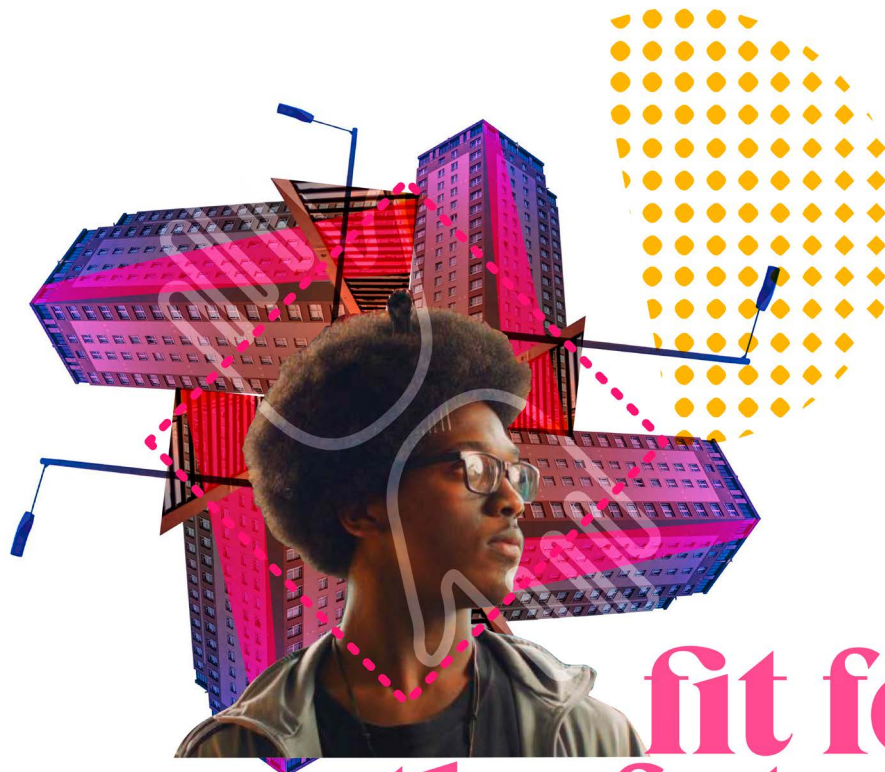
As part of its commitment to environmental action, Walthamstow Toy Library and Play Centre tackles throwaway culture.

“The toy industry is incredibly wasteful. So much stuff is made of plastic that breaks in five minutes and then goes to landfill... the packaging of toys as well is ridiculously wasteful.”

The centre encourages people to waste less and reuse more, by lending toys and promoting the use of sustainable materials. It runs craft activities using materials that staff and families bring from home, set up a mobile library during lockdown, and established a pop-up ‘swap shop’ with donations from members. Its sustainable activities benefit local people who are struggling financially.

0 4

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fit for the future

FIT FOR THE FUTURE

The post-pandemic economic landscape is being shaped by a renewed appreciation of community-led responses to external challenges. With their sustainable business models and high local profile and impact, community businesses are well-placed to thrive. Our survey and interviews show that those who have been adjusting their operating and business models to maintain or adapt their services in response to new challenges have been proving the most resilient and optimistic.

However, feelings of confidence about the future are understandably mixed – at the time of the survey 50% of respondents were feeling more confident about their financial prospects over the coming year, whereas over a third (37%) felt less confident.

4.1 KEY FINDINGS

With the right type of support, the sector has proven itself resilient to external shocks. Community businesses continue to adapt and be responsive, ensuring their continued sustainability. However, in the light of ongoing and emerging economic and social challenges, the sector needs renewed support to fully realise its considerable potential.

More recent geopolitical developments abroad have joined domestic economic instability and uncertainty to exacerbate economic, social and health disparities, and disadvantage. Community businesses are not only facing the same operational challenges as the private sector, but are also seeing growing demand for support.

“The cost-of-living crisis has only just really begun to be felt. I think this is going to be a very difficult winter. I think projects like ours are going to be needed more than ever.”

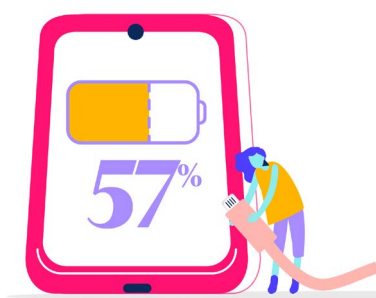
Community farm

Even at the time of our research in July 2022, 77% of community businesses reported increased demand for support related to the costs of food, and 79% for support related to increases in the costs of energy. Anecdotal insight from community businesses through our operations indicates that these concerns have only risen since then.

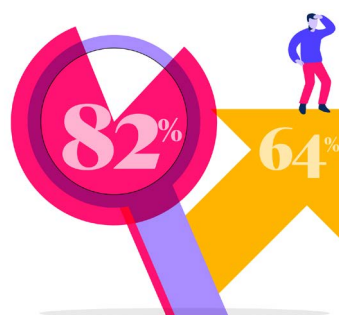


In this year's survey, 37% of community businesses said they are less confident in their financial prospects for the next year. Of these, 69% cited an increase in the cost of living as a contributory factor, and even 31% of those who felt confident about their prospects were still worried about the impact of the cost-of-living crisis on their business.

Fragile finances across the market mean there's a perennially high priority on seeking financial support, and there's a similar appetite for help with strategic development, business planning and evaluation, to build sustainability. Nearly two-thirds (64%) of community businesses aspire to grow income from existing sources, and 82% said they will seek new sources of grant funding.



Reported improved digital systems or processes



Plans to seek grant funding and boost trading revenue

Many community businesses have been exploring, embracing, and developing their own digital technology (57%), which helps to provide innovative additional or alternative community-focused services. These flexible, novel, and entrepreneurial approaches are ensuring that the services they provide can sustainably meet the growing and changing expectations of their community, and their own future business aspirations.

4.2 FLEXIBLE AND RESPONSIVE

Community businesses are responding flexibly and nimbly to growing and shifting demands by developing and adapting the nature and range of services they provide. Many continue to transform their services with technology and are offering an ever-growing variety of accessible public-facing services.

The typically innovative ways in which community businesses adapt to prioritise the needs of those they support demonstrates the potential for the sector to continue making a significant ongoing contribution to community wellbeing and prosperity.

Flexible support

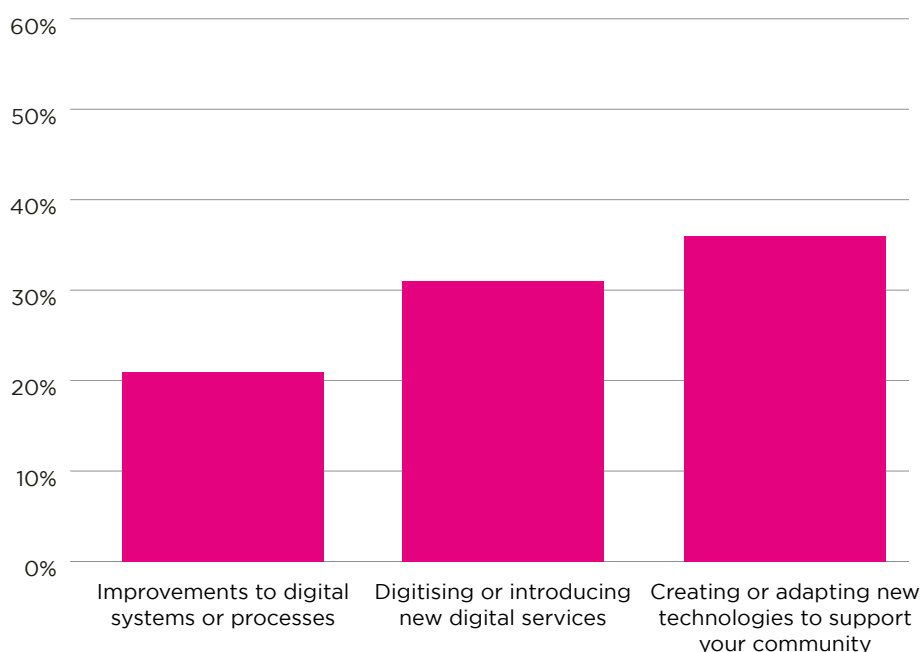
A majority of community businesses have long offered more than one service to their local community, frequently aimed at building local people's health and wellbeing, skills, prospects and employability. Their flexible and sustainable business models enable them to adjust their approach in response to the kind of external challenges that are exacerbating the economic and social disparities in the areas where they operate.

Community businesses responded creatively and effectively to meet the growing needs of the community through the pandemic; the proportion stating that they primarily provide public-facing support services has increased by 10 percentage points since 2021, to 31%. This year, this includes rising demand from their community for support with the increasing costs of food and energy, while also facing increased operational pressures.

Community technology

Many have been exploring, embracing and in some cases developing their own community technology; hardware or software created or adapted by a business for the benefit of the community. 57% of community businesses said that they improved their digital systems or

Chart 16: Reported digital activities in the past year (N=1,008)



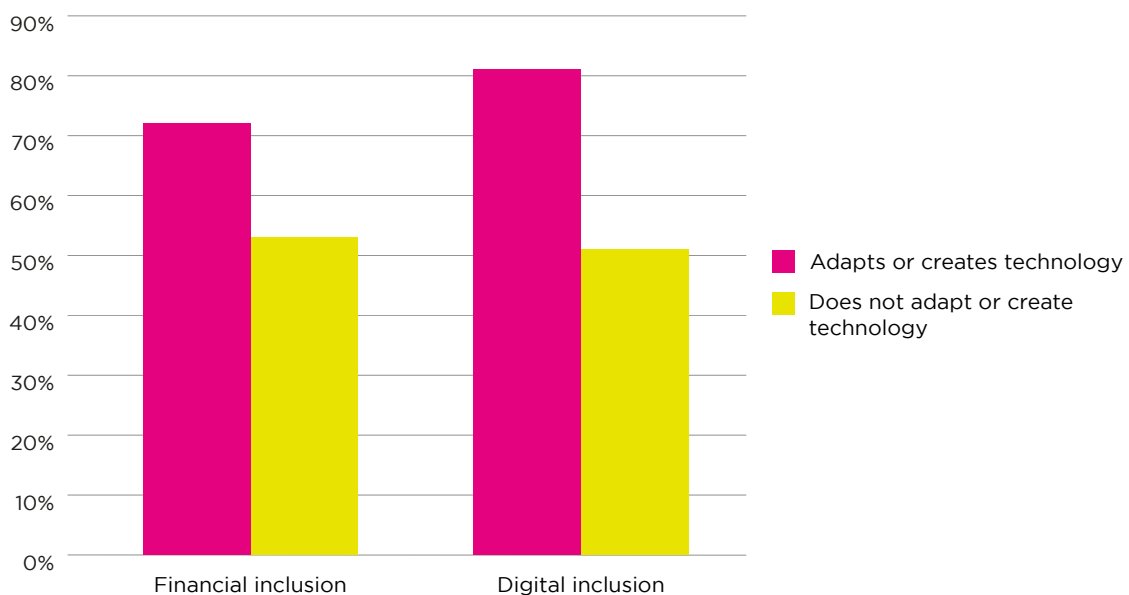
Community businesses typically needed staff to create or adapt technologies: only 27% of those with no paid staff participated in technology activities in the past 12 months. These actions typify the responsive and entrepreneurial approaches helping community businesses meet the growing expectations of their communities, and their own aspirations for development and growth.

Respondents who said their community business created or adapted new technologies to support their community were more likely than others to have recently opened a new line of trading activity, diversified their services or developed new partnerships and collaborations with other organisations. Those creating or adapting technologies also reported a stronger impact on digital and financial inclusion in their communities compared with others.¹⁸

¹⁷www.powertochange.org.uk/our-work/our-programmes/community-tech/

¹⁸See Table 5 in the Technical Appendix in Section 5 for further detail on the logistic regression (logit) results.

Chart 17: Community businesses creating and adapting technology and impact on inclusion measures



Base sizes vary between 978 and 986.

Interviewees from organisations who had worked with digital technology in this way elaborated on these findings, and said their aim was to bring technology, and the benefits it can offer, to the community. Grange Welfare Association, for example, introduced a new system to record activity and automatically generate invoices for the local authority. This reduces the time required for financial administration and improves cashflow through effective processes.

“We record and collect what they’ve done, any problems they’ve had, whether they’ve accessed any other facilities that we’ve got... We fill all of that in on a computer software package, and that is sent to the local authority on a four-weekly basis, to generate our funds. It’s a complete package where we record, report, and then produce invoices.”

Grange Welfare Association

Some interviewees said they had used digital innovation to improve their services. Digital Woodoo adapted new house-building technology to reduce the environmental impact and cost effectiveness of social housing projects. It adapted an ‘off-the-shelf’ system, bought using Power to Change funding, and created a prototype building template. It donated a building to a local Scout group and is working with local schools and youth groups to build new hubs for the community.

“We’ve offered this building to the community, and we’re also involved in another project... which links the school and the Scouts together to try and build a Scout headquarters for the district Scout movement. We’re just trying to give something back to the community.”

Digital Woodoo

Case study: Community Care Connect

Community Care Connect (CCC) provides advice, resources and tailored support to community anchor organisations and local authorities, supporting them to develop their own, place-based Carer Introduction Services.

CCC's online platform enables people seeking care to find and employ their own care and support workers, manage their rotas, communicate with their care teams, engage in peer support and utilise safe billing and payment processes.

Using funding from Power to Change, Community Care Connect adapted and developed a rapid prototype platform in partnership with Made Open, who operate a similar community-based matching program. This platform has proved popular, particular for its potential to address significant gaps in care and to help build local care capacity:

“We were making, on average, 1.6 care matches a week and within 8 months there were 1,000 hours of care happening every week, which we directly facilitated. It had so many other brilliant impacts as well. We started off with 4 or 5 carers on our database, we ended up on 40.”

Community Care Connect intends to sub-license its community-focused platform to connect organisations and different elements of the care system (such as peer networking, good practice advice for carers, and training). This could improve the resilience and reach of voluntary sector social care by improving connections between local networks and the breadth of services offered.

The platform is currently being rolled out to new communities who want to develop their care provision and build better social care than is being provided by larger, profit-driven communities.

“Bristol City Council want to roll the approach out across Bristol... they want to move away from commissioning large profit-driven multinationals to deliver their social care and start building up the capacity of the community sector to be able to move into that space, which is going to make their voluntary community more viable and make the whole system just a bit more resilient.”

Evidence of impact in Bristol and other areas will be instrumental to Community Care Connect's growth. Now the concept has been proven, the next step is finding investment to build a bespoke platform.

4.3 LEVELS OF CONFIDENCE

Community businesses remain confident that with the right support they can continue to make a sustainable contribution to the social economy and help communities thrive. The cautious optimism of recent years seems well-founded and community businesses anticipate growth in both income and the sector, as well as in the need for their services.

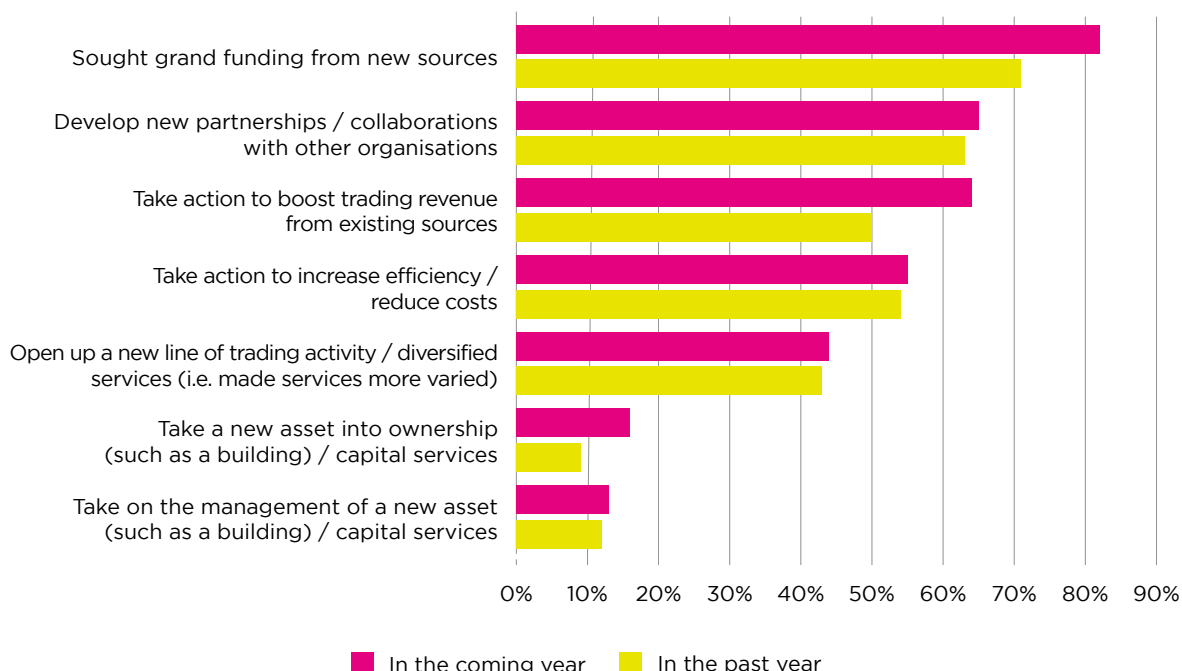
Community demands are only expected to grow, while finances across the sector remain fragile. Along with their aspirations to build income from both grant funding and trade, community businesses also recognised a parallel need for efficiency, cost-effectiveness and collaboration. Half of community businesses are optimistic about their financial prospects over the coming year and most anticipate increased income.

Planned activities

In the coming year, notable proportions of respondents said they planned to seek grant funding from new sources (82%), develop new partnerships or collaborations (65%), and diversify their services or open up a new line of activity (44%). Some even plan to take on a new asset (16%).

Those with incomes over £100,000 were particularly likely to look to improve efficiency and costs (67% compared with 55% for all community businesses) alongside boosting income from trade (74% compared with 64%).

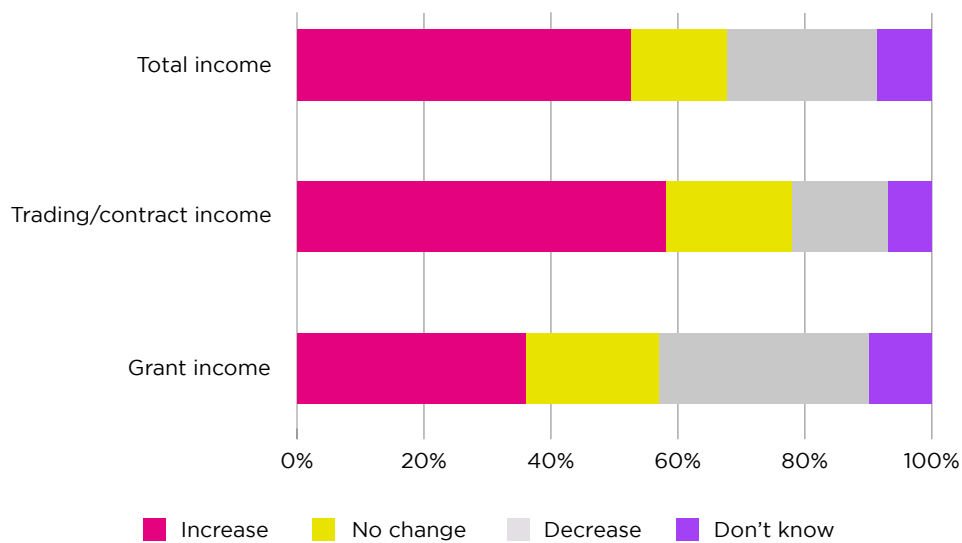
Chart 18: Planned activities in the past and coming year (N=1,015)



So we could understand any changes in their planned activity, we also asked community businesses about their activities in the past 12 months. Compared with last year’s survey, there was a 10 percentage point increase (72% to 82%) in community businesses planning to seek new sources of grant funding, and a 14 point (to 64%) increase in the proportion who said they will take action to boost trading revenue from existing sources.

When asked about their anticipated income over the next 12 months, 53% said they expect to see an increase in their total income; 58% expect to see an increase in income from trading/ contacts and 36% from grants.

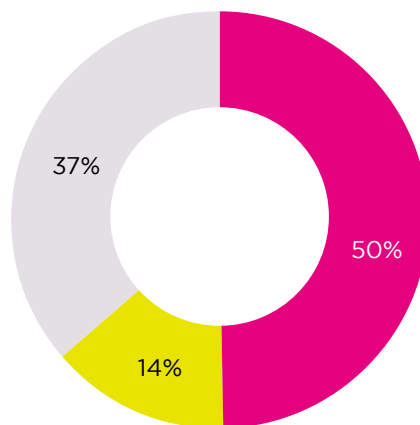
Chart 19: Expected change in income over the next year (N=1,015)



Cautious Optimism

When asked about how they felt about their financial prospects over the next 12 months compared with the previous year, 50% of community businesses said they are more confident and 37% less confident.

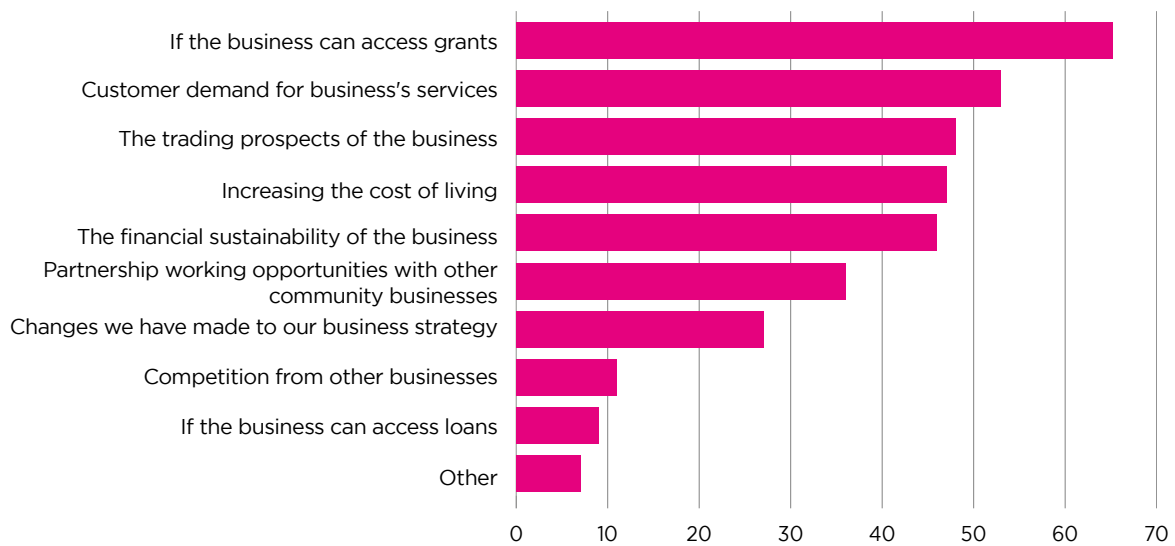
Chart 20: Confidence in financial prospects for the next year (N=992)



Community businesses were asked to select the factors that influenced their level of confidence in their financial prospects over the coming year. The main reasons for confidence were: perceived customer demand for services (selected by 53% of respondents, 71% of whom said they are confident in their financial prospects); a financially sustainable footing (46% selected, 60% of whom are confident); and positive trading prospects (47% selected, 65% of whom are confident).

In contrast, the main reasons for lack of confidence are an increase in the cost of living (selected by 47% of community business, only 37% of whom are confident in their financial prospects) and if the business can access grants (64% selected, 54% of whom are confident).

Chart 21: Drivers of confidence in a community business’s financial prospects over the next 12 months (N=1,015)



Drivers of confidence - Relationships between confidence and business characteristics

We used 'linear regression' to identify patterns between community business confidence over the next 12 months and other survey responses. You can find out more about linear regression in the technical appendix.

Community businesses who took, or plan to take, certain actions expressed higher confidence than other businesses:

- Took action to boost trading revenue from existing sources in the last 12 months
- Plan to increase efficiency or reduce costs in the next 12 months
- Expect income from trading and/or grants to increase in the next 12 months.

Younger community businesses also expressed higher confidence than respondents from established businesses. We found no statistical relationship between confidence and total income: higher turnover community businesses are no more confident than those with lower turnover. Additionally, we found that neither size (by number of paid staff) nor scope (groups of people that benefit from the business's services) influence confidence.¹⁹

4.4 EMERGING CHALLENGES

Despite typically resilient business models that mix trading with grants, income from both sources has fallen and sector finances are fragile. In the current economic climate, community businesses face the same operational pressures as private sector businesses, but also have a responsibility to support their local community through hardship. As a result, the current crisis is affecting the confidence of even the most optimistic, and many are anxious about its adverse effects on their business.

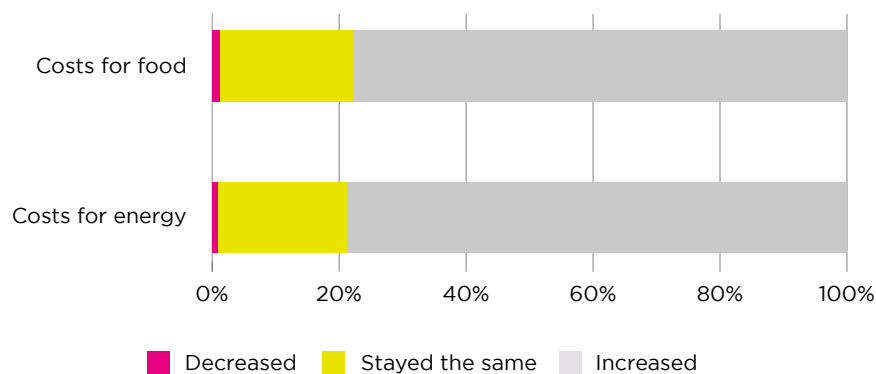
Although deriving income from a mix of trading income and grants is a key characteristic of the community business model, falling earnings and external factors driving demand are having an impact on the sector's capacity and capability to plan with wholesale confidence. While survey responses captured the scale of concern about the cost-of-living crisis across the sector, feedback during interviews revealed the broad impact it was already having on the experience and expectations of community businesses, and the individuals they help.

At the time of the survey (June to July 2022), 77% of community businesses had reported an increased demand for support related to the costs of food, and 79% for support related to increase in the costs of energy. There was a strong correlation between the two.²⁰

¹⁹See Table 1 in the Technical Appendix in Section 5 for further detail on the multiple linear regression results.

²⁰There is a strong relationship between reported demand from the community for support associated with the costs of energy and costs for food (Pearson test = 0.78, significant to the 0.01 level). This means most respondents reporting an increase in demand for support with energy also saw the same increase for support with food.

Chart 22: Reported change in demand from customers for support related to the cost of living



Base sizes vary between 762 and 788.

Community businesses serving economically or educationally disadvantaged people were a third more likely than others to experience greater demand for support with increases in food and energy costs. Those offering public-facing support²¹ were nearly twice as likely to report increasing demand for support with the cost of living.²²

“In the community, more people are using the food bank-cum-larder and there are families facing hardship.”

Kingsclere Community Association

Community businesses have seen significant increases in their running costs. Since 2021, the median income from surveyed community businesses has fallen 32%, and by 36% for median grant income. Anxiety is fairly widespread, 37% are less confident about their financial prospects and 69% of these cited the cost of living as a factor. Even 31% of those who felt confident about their prospects were still worried about the impact of the cost-of-living crisis on their business.

“Our gas went up three times, it trebled. Electricity more than doubled. So, our utility bills already have actually increased our operating costs by over 25%.”

Kingsclere Community Association

“Costs have gone up, our fuel’s gone up to get our people to the hospitals and the doctors, all the appointments we take them to.”

Hour Community

²¹Community businesses categorised as offering ‘public-facing support’ include those saying their main activity was: health and social care services; training and education, information, advice and guidance, and employability support; youth services; housing services; education and education support; or childcare.

²²See Table 3 in the Technical Appendix in Section 5 for further detail on the logistic regression (logit) results. The logit model accounts for 18% of the differences between respondents who say demand for their community for support associated with the costs of energy increased and those who do not. Logistic regression (logit) estimates the statistical likelihood that one group will respond differently to another for all questions placed in the model.

As well as increases in running costs, community businesses were also feeling the effects on their resources. Some volunteers reduced the time they offer in favour of paid employment elsewhere. Concerns about costs meant some community businesses feared they would have to lay off staff or reduce their hours. Falling income and higher costs have led some interviewees to make redundancies, and one had closed their café and shop.

“We’ve just had an electricity bill actually and it’s more than doubled... So, yes, we’re just beginning to think, what do we do about that?”

Hale Village Hall

Community businesses also struggle to increase staff pay to reflect the cost of living. For example, one wanted to offer staff the National Living Wage, but trustees felt unable to in the current economic conditions:

“We’re now a couple of years behind the London Living Wage which I actually feel very uneasy about from an ethical point of view. I feel like we should be paying the staff the London Living Wage. (A senior manager) is leaving because she is a single parent and she is going to a job where she is paid more. The cost of living is having an impact on staff and she has had to make that choice... So it’s really having an impact on our team and then consequently the organisation.”

Walthamstow Toy Library

In response to rising costs of food, energy, and other running costs, many community businesses reported reducing their services and increasing prices. One café, for example, simplified its menu and sought to minimise ingredient costs. Some reluctantly passed costs on to those using their services.

“We’ve had to tell people that we’ve had to put our prices up. Because we can’t do anything else, if we run at a loss, then the charity won’t last.”

Hour Community

Even though they knew it was unsustainable, a few relied on reserves to cover rising costs temporarily.

“If we have to continue with an increased cost of living going on, and increased support for some of the projects we’re working for, we’ve got to be careful that we don’t diminish our reserves. In the longer term, it’s just not viable.”

Kimberworth Park Community Partnership

Not only did interviewees describe how rising living costs were already directly affecting their community business, they also anticipated future struggles when local residents' disposable incomes fall, particularly those whose revenue mainly comes from the community.

“The cost-of-living crisis has only just really begun to be felt. I think this is going to be a very difficult winter. I think projects like ours are going to be needed more than ever, just to be there for the community, but it’s how we fund that. I see these type of projects as being like the life rafts... More and more people are going to want to jump on as things get bad, but we have the difficult job of staying afloat during this time and still being there for the community.”

Community farm

“We’re starting to dry up for community group hires going into the latter part of the year... When people start paying their heating bills and what have you, that’s when we’ll really start to notice it.”

Kingsclere Community Association

One community hub felt clear about the scale of the challenge:

“We haven’t even scratched the surface. As far as I’m concerned, this is 100 times worse than the pandemic, or (is) going to be.”

Hour Community



4.5 ONGOING SUPPORT TO REALISE POTENTIAL

The community business sector consistently demonstrates that with the right kind of coordinated help, it can help deliver the collective ambitions for community health and prosperity it shares with government and public services across the country, providing much-needed help to tackle pressing national and global challenges.

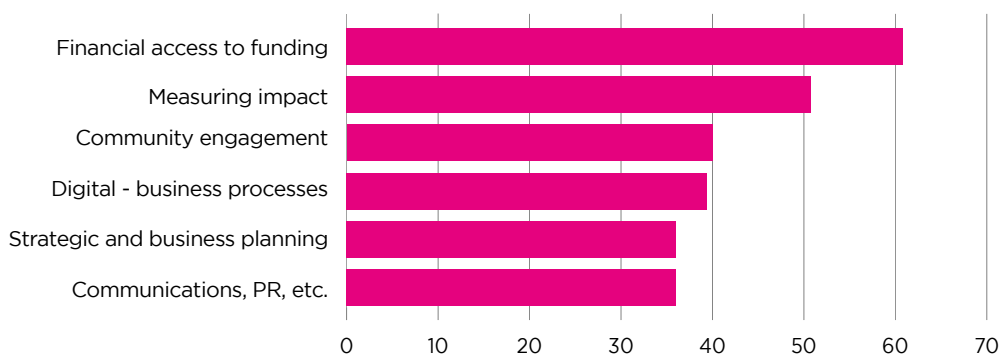
The sector continues to prove relatively resilient to external shocks, but our research findings show how the scale of current economic challenge means the sector's need for help and support to maintain and grow services is broad and pressing.

Support Priorities

The survey findings clearly show how seeking financial support remains a persistently high priority for community businesses: 61% wanted support to find and access sources of funding, with high value placed on receiving this support.

The other important areas of support in high demand from community businesses were help with measuring community impact, digital business processes, and strategic and business planning.

Chart 23: Most selected support requirements for community businesses (N=1,015)



More than half of respondents wanted support with evaluating their impact on the communities they serve. This has been a priority in previous surveys, and community businesses shared how providing evidence of the impacts they achieve is important for supporting funding applications. One community business interviewee said their organisation negotiated a lower rent on their council-owned building because they could effectively calculate their social impact.

“(Our) Leytonstone site is a council building and they use this... social impact measurement tool. They [the Council] calculated our rent based on our social impact and they were just like “Right, you’ve got a really high social impact”, so we pay a really low rent. I think our rent and our utilities per month are like £369. When you compare it to the old place, where they were asking us to pay £10,000 a month, it’s really good.”

Walthamstow Toy Library

Despite lower prominence in survey responses, some needs emerged more clearly in interviews, including help with managing buildings, climate change and environmental sustainability. While help with relocating to a high street, regeneration and levelling-up are not areas addressed by the survey questionnaire, they did emerge as areas of interest and need during the interviews.

Climate action

Community businesses can benefit from additional expertise and funding to support their efforts to mitigate the impact of their operations on the environment. For example, by using grant funding to instal solar panels and buy electric vehicles. Interviewees felt they would benefit from reliable advice, particularly in the form of building audits, on how to reduce their carbon footprint and make small everyday changes, and some reported receiving such advice from local environmental hubs.

A few interviewees requested help with finding sustainable buildings with lower running costs. For example, inefficient lighting and heating systems that needed considerable maintenance can be barriers to reducing the carbon footprint of an existing building. Community businesses also sought more time to draw down grant funding, to allow for planning permission timescales.

“(It’s) a 200-year-old listed building, so every time you touch something it costs four times as much.”

Ware Arts Centre

Managing assets

Assets are often seen as a crucial enabler of impact, provide stability and a source of income. Most community businesses interviewed felt that long-term premises are important for providing a sustainable service to the community. The prevalence of buildings that are unfit for purpose, or those with high rents, prevents community businesses from providing such services; instead, they need the confidence of reliable cost-effective places to develop, adapt and expand a sustainable offer to the local community. Such community businesses would appreciate guidance on choosing more appropriate, long-term places from which to work.

“We’re not fixed, we have to just go where we can... we have got nowhere where we can set ourselves up and become impactful... if we had a facility in which we could do something, we could deliver no end of services and that would make an enormous difference.”

Hour Community

High streets

A few interviewees expressed interest in moving onto the high street, believing higher footfall would benefit their exposure and potentially increase revenue:

“The high street is pretty dead... like a bit of a no man’s land. I think, for us, that visibility would be amazing... anything to do with family and children, it does have a real positive impact on an area.”

Walthamstow Toy Library

“Because there aren’t many libraries anymore, we have thought about wanting to be able to open up a children and young people’s library and that would be ideally placed on the high street.”

Success4All, education centre

However, interviewed community businesses mentioned that they required financial support to relocate, or maintain a presence in a high street location:

“If you gave me a blank piece of paper and money was no option, yes, I would have a presence, a shop, [on the high street] in which I could do something, even if I could sell bits and pieces and other things just to draw attention to what we’re doing.”

Hour Community

Technology

Community businesses said they would welcome external advice about how to identify suitable technology that meets their specific needs. Customer-focused community businesses already recognise the potential benefits in software that can manage bookings, develop customer insight, and handle data-related tasks. However, despite knowing what they need, they did not always know where to turn for specialist technology support, nor where to source associated funding to implement any changes.

Interviewees said it was difficult to find funds and grants for updating out-of-date hardware and adding new functionality to software, and that such funds would appeal to a wider group of community businesses.

“I definitely feel like I need support in choosing the CRM [Customer Relationship Management system] and I feel that we need some funds as well to be able to buy the package.”

Walthamstow Toy Library

Small community businesses

Community businesses identified that it was essential that communities and community businesses are involved in decisions that influence their local areas, including influencing how spending decisions are made.

“If (government) want to change things, they’ve got to involve communities because that’s where... the power in terms of people power sits. That’s the only place they’re going to (hear from the) workforce, and it’s directly from communities.”

Community Care Connect

The interviews revealed that the smallest community businesses needed help with accessing and applying for support and funding. This might be through raising awareness of available funds or training to build skills in developing effective funding bids. Some interviewees from smaller organisations said they lacked resources to dedicate to grant applications. One community business hired a bid writer to apply for funding, who was paid on a commission basis. Smaller organisations felt there was unequal access to funding pots like Levelling Up, because larger organisations have better networks to learn about funding opportunities, and more resource and experience for applying.

Cost of living

Since the main concern arising from the cost-of-living crisis is financial instability, it follows that community businesses would benefit from financial support in the round. This support need not be 'aid' and might come in various forms, including advice on how to generate new forms of revenue, or with shaping an offer and pricing it correctly.

“We don't get any money for the green prescribing, but we do the green prescribing type service. What we're struggling with is not pitching it too low or too high price-wise. Help around that sort of thing would be helpful.”

Community farm

Alongside support to make money, community businesses would also benefit from advice on how to save money, perhaps as simple as ensuring they are on the cheapest energy tariff. A few organisations would also appreciate advice, or an audit, to ensure their building is energy-efficient.

05

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technical appendix

This is our eighth annual report on the community business market, drawing on the findings from an unprecedented number of responses to our survey and in-depth interviews with community businesses. Together with our analysis of data from a wide range of sector and other external sources, it provides the most comprehensive picture yet of the nature and scale of the community business market.

The research was carried out by CFE Research with input from Power to Change, and this report has been written jointly by CFE Research and Power to Change.



Power to Change is the independent trust that strengthens communities through community business. We started life in 2015 and use our experience and evidence to bring partners together to fund, grow and back community businesses in England to make places thrive. We are curious and rigorous; we do, test, and learn. And we are here to support community business, whatever the challenge.

CFE Research is an independent not-for-profit social research company providing research and evaluation services to government departments, public sector agencies, education providers, and local and national charities. It specialises in education, employment and skills, helping its customers understand what works, in what context and why.

If you would like to reference this report, please use the following citation: Community Business Market Report 2022, CFE Research and Power to Change (2022) www.powertochange.org.uk/market-reports/market-report-2022/

For further information or any questions about the research, you can contact Chloe.Nelson@powertochange.org.uk, Head of Impact and Learning at Power to Change, and John.Higton@cfe.org.uk, Research Director at CFE Research.

The final section outlines our methodology in more detail, and includes supporting sources to view and download.

5.1 ABOUT

The Community Business Market Report for 2022 (CBM 2022) uses primary data to measure market sentiment and secondary data to help estimate the population of community businesses operating in England. This technical appendix provides detail on the methodology used and accompanies the main report.

Primary data was collected directly from representatives of community businesses through a survey and follow-up in-depth interviews. This data was analysed and compared with results from previous years to assess how views change over time. Case studies were also created from information provided during interviews.

Secondary research data was sourced from a range of different organisations that support community businesses. This data was used directly to understand the size of different community market sub-sectors. Secondary data was also combined with this year's survey responses to estimate how many community businesses operate in England, their economic contribution and staffing levels.

The purpose of this Technical Appendix is to explain how data is collected and used to derive our estimates. The Technical Appendix in three parts:

- The survey method outlines the design, sampling, implementation and analysis of survey data.
- The qualitative method describes our approach to interview fieldwork, coding and analysis.
- We also undertook a market size estimate this year. This section describes the approach and the series of assumptions made during the estimation process.

There are several supporting resources for this report are available to view and download:

- MARKET SIZING ESTIMATE TOOL
- FULL ANONYMISED SURVEY DATASET
- SURVEY QUESTIONS
- SURVEY DATA TABLES
- INTERVIEW TOPIC GUIDE

5.2 COMMUNITY BUSINESS MARKET 2022 SURVEY

Fieldwork

We continued to develop the Community Business Market survey first employed in 2016. The key changes we made were to insert additional questions for new topics of interest, namely the cost of living, the profile of customers by different characteristics and views on the high street and community technology. As in the 2021 iteration of the survey, the trend questions closely matched those used in surveys before the pandemic.

The survey was disseminated online late in June and remained open until late July. In total, we received 1,015 complete and valid survey responses from operational businesses – almost double those received in 2021 (548).

The survey was issued to a much larger sample of community businesses than in previous years. For example, in previous years we only contacted organisations who had received funding from Power to Change. This year's sample included community businesses who applied for, but did not receive, funding from Power to Change, and was also distributed via partners and newsletters. This year, the survey featured a question giving participants the option to enter a prize draw, with the chance to win one of five £900 prizes.

Participants only needed to complete this question to enter the draw and were not required to complete the whole survey. Winners were chosen randomly by CFE Research in September 2022 and prizes awarded shortly afterwards. To select winners, the research team assigned a random number to each eligible contact. A random number generator was then used to determine the winners of the draw, who were then contacted via email and telephone.

As the composition of the community business sample surveyed differed this year (i.e. the significant increase in responses), we cannot say with certainty whether any changes recorded in longitudinal questions are evidence of changing views or experiences, or reflect differences in the participant profile. For example, it may be that changes are simply a more accurate representation of the whole community business market, rather than trends/changes in the market itself.

For insight, we present comparisons between the survey findings from different years of the study where they indicate a noteworthy change in the structure or behaviour of community businesses. Tests for statistical significance are used to compare data. However, readers should note differences are illustrative because of the difference in the profile of businesses between this wave of the survey and the last in 2021.

Statistical analysis techniques

Two methods of analysis were used on the survey data. Firstly, a basic frequency analysis was used to show what all respondents thought. This includes deriving statistics on the proportion of respondents answering items in questions and the mean or median results for measures like community business income, staffing and volunteer numbers. We also include some bivariate or cross break analysis comparing answers from one question by a feature of the community business such as its sector, size or location.

Secondly, regression analysis was also used because we wanted to interrogate the data to answer some specific questions like:

- What factors influence a community businesses confidence in the future? or
- Are there any features of a community business that make it more or less likely to report rising concern about energy costs from its customers?

Multiple linear regression

Two types of regression were used depending on the way a question was structured. We used multiple linear regression to assess whether answers to questions in the survey can predict the answer to another specific question, or outcome variable, of interest. In this case, our two outcome variables were:

- How confident are you in the financial prospects of your community business over the next 12 months, compared to the previous 12 months? (Table 1) and
- To what extent do you agree or disagree that a high street is, or would be, a suitable location for our business (Table 2).

Both these questions use a five-point response scale. The regression model compares responses to selected survey responses to the outcome variable and identifies statistically significant relationships. Significant relationships are those with p values lower than 0.05 and are highlighted with red text in each table's "Sig." column. A positive t value indicates a positive relationship. For example, confidence increases with expectations of increased trading in Table 1. A negative t value shows an inverse relationship. Table 2 shows agreement that the high street is a suitable location for their business decreases as social advantage increases.

Table 1: Multiple regression model showing the variables that relate to community business confidence (r2 = 0.269)

Tested questions	t	Sig.
(Constant)	-1.823	0.069
Whether they expect income from trading / contracts to increase or decrease (q29a)	10.384	0
Whether they expect income from grants to increase or decrease (q29b)	8.375	0
If the businesses took action to boost trading revenue from existing sources in the last 12 months (q32a)	2.449	0.015
Whether the business improves buildings (q14a)	2.347	0.019
Whether people who are economically or educationally disadvantaged benefit from the business's services (q20f)	-2.212	0.027
The year the community business started operating (q4)	2.049	0.041
If the businesses took action to increase efficiency / reduce costs in the last 12 months (q33c)	-1.974	0.049
Index of Multiple Deprivation (IMD) Rank (where 1 is most deprived) in the location in which the business is based derived from the postcode.	1.824	0.069
Whether the business does waste management and/or resource consumption (q14f)	1.684	0.093
Whether young people (aged 35 or younger) benefit from the business's services (q20i)	1.647	0.1
Reported impact on greater community cohesion (q12f)	-1.531	0.126
Whether refugees and migrants benefit from the business's services (q20g)	1.241	0.215
Whether the business says it has some or a lot of environmental impact (q12e)	-1.003	0.316
Total trading income plus grant income (derived)	-0.524	0.6
Whether or not the business owns or manages assets (q6)	0.435	0.664
Number of paid staff (q15)	-0.32	0.749
Whether customers have seen increased energy costs (q13b)	0.265	0.791
Whether people with a disability benefit from the business's services (q20a)	-0.235	0.814

Table 2: Multiple regression model for whether respondents agrees / disagrees a high street is, or would be, a suitable location for their business (r2 = 0.055)

Tested questions	t	Sig.
(Constant)	-1.769	0.077
Whether the business improves buildings (q14a)	3.316	0.001
Whether or not the business owns or manages assets (q6)	-2.587	0.01
Index of Multiple Deprivation (IMD) Rank (where 1 is most deprived)	-2.2	0.028
Whether refugees and migrants benefit from the business's services (q20g)	2.123	0.034
The year the community business started operating (q4)	2.093	0.037
Whether older people (aged 60 or more) benefit from the business's services (q20g)	1.942	0.053
Total number of volunteers (derived)	-1.553	0.121
Whether they expect income from grants to increase or decrease (q29b)	-1.271	0.204
Businesses which main activity is a venue (q11)	1.237	0.217
Whether customers have seen increased energy costs (q13b)	-1.072	0.284
Whether the business says it has some or a lot of environmental impact (q12e)	-0.962	0.337
Total number of staff (derived)	0.956	0.34
Whether young people (aged 35 or younger) benefit from the business's services (q20i)	-0.917	0.36
Whether the business does waste management and/or resource consumption (q14f)	0.863	0.389
Whether they expect income from trading / contracts to increase or decrease (q29a)	0.846	0.398
If the businesses took action to increase efficiency / reduce costs in the last 12 months (q33c)	0.83	0.407
Whether people with a disability benefit from the business's services (q20a)	-0.783	0.434
Whether the business created or adapted new technologies to support their community in the last 12 months (q36c)	0.78	0.436
Whether the business opened up a new line of trading activity / diversified services (q32b)	0.721	0.471
Whether women and girls benefit from the business's services (q20h)	0.665	0.506
Whether the business developed new partnerships / collaborations with other organisations in the past 12 months (q33e)	0.631	0.528
Reported impact on greater community cohesion (q12f)	0.591	0.555
Businesses which offer public facing support (q11)	-0.589	0.556
Whether people who are economically or educationally disadvantaged benefit from the business's services (q20f)	0.557	0.578
Total trading income plus grant income (derived)	-0.309	0.757
Whether the business took action to boost trading revenue from existing sources in the past 12 months (q32a)	0.235	0.814

Logistic regression

Logistic regression (logit) is a predictive method of analysis. It compares a binary dependent variable (yes / no; present / not present, etc.) against other independent variables. In this case, the logit analysis considers what other factors relate to three questions:

- Respondents that said support associated with the costs of energy increased over the last 12 months compared to all other respondents (Table 3)
- Respondents that said they had at least some impact[1] on improving the environment and taking climate action compared to all other respondents (Table 4), and
- Respondents who said their community business create or adapted new technologies to support your community over the last 12 months compared to all other respondents (Table 5).

Respondents who are the target for each analysis are assigned a value of 1 versus a 0 for all other values. The key output of logistic regression model is a likelihood ratio (a chi-squared test) which predicts how the target group of respondents answer a question compared to the non-target group. The output is an odds ratio which shows whether the target groups are more or less likely than others to think in a certain way or perform an action. This statistic is the Exp(B) ratio in Tables 3 to 5. Ratios greater than one show the target group is more likely to do something or act a certain way. For example, community businesses that experienced increased demand for support from customers on the costs of energy are nearly twice as likely (Exp(B) of 1.889) as other businesses to offer public facing support. Ratios lower than 1 mean the target group is less likely than others on that measure. For example, Table 4 shows community businesses that report at least some positive impact from their services on improving the environment and taking climate action are a third less likely (Exp(B) of 0.652) to expect income from trading / contracts to increase.

Table 1: Multiple regression model showing the variables that relate to community business confidence (r2 = 0.269)

Tested questions	Sig.	Exp(B)
Whether the business took action to boost trading revenue from existing sources in the past 12 months (q32a)	0.001	0.548
Businesses which offer public facing support (q11)	0.003	1.889
Whether the business does energy collection or supply (q14b)	0.003	2.212
Whether people who are economically or educationally disadvantaged benefit from the business's services (q20f)	0.006	1.345
Index of Multiple Deprivation (IMD) Rank (where 1 is most deprived)	0.012	1
Whether refugees and migrants benefit from the business's services (q20g)	0.019	1.259
Whether the business does waste management and/or resource consumption (q14f)	0.048	1.452
Whether the business developed new partnerships / collaborations with other organisations in the past 12 months (q33e)	0.059	1.42

Tested questions	Sig.	Exp(B)
Whether they expect income from grants to increase or decrease (q29b)	0.142	0.864
Businesses which main activity is a venue (q11)	0.206	1.314
Whether older people (aged 60 or more) benefit from the business's services (q20g)	0.22	1.128
Whether the business improves buildings (q14a)	0.428	1.166
Whether the business says it has some or a lot of environmental impact (q12e)	0.455	1.162
If the businesses took action to increase efficiency / reduce costs in the last 12 months (q33c)	0.464	1.144
Total number of volunteers (derived)	0.569	1.001
Total number of staff (derived)	0.596	1.005
Whether they expect income from trading / contracts to increase or decrease (q29a)	0.625	0.944
Whether or not the business owns or manages assets (q6)	0.765	0.944
Whether the business opened up a new line of trading activity / diversified services (q32b)	0.8	1.046
Total trading income plus grant income (derived)	0.978	1
Constant	0.022	0.265

Table 4: Logistic regression for community businesses reporting at least some positive impact from their services on improving the environment and taking climate action (r²=0.234)

Tested questions	Sig.	Exp(B)
Whether the business improves buildings (q14a)	0	2.819
Whether the business does waste management and/or resource consumption (q14f)	0	3.639
Whether they expect income from trading / contracts to increase or decrease (q29a)	0.004	0.652
Whether the business does energy collection or supply (q14b)	0.017	3.01
Total number of volunteers (derived)	0.017	1.009
Whether refugees and migrants benefit from the business's services (q20g)	0.028	1.297
Whether people with a disability benefit from the business's services (q20a)	0.071	1.256
Whether women and girls benefit from the business's services (q20h)	0.071	0.732
Ta Whether the business took action to boost trading revenue from existing sources in the past 12 months (q32a)	0.157	1.357
Whether they expect income from grants to increase or decrease (q29b)	0.161	1.179
In which year did your community business start operating	0.286	1.007
Index of Multiple Deprivation (IMD) Rank (where 1 is most deprived)	0.398	1

Tested questions	Sig.	Exp(B)
Level of agreement that a high street is, or would be, a suitable location for their business (q35c)	0.528	0.956
Total number of staff (derived)	0.605	0.995
Total trading income plus grant income (derived)	0.691	1
Whether people who are economically or educationally disadvantaged benefit from the business's services (q20f)	0.714	1.052
Whether customers have seen increased energy costs (q13b)	0.943	0.985
Constant	0.306	0

Table 5: Logistic regression for community businesses which say they created or adapted new technologies to support their community in the past 12 months (r²=0.150)

Tested questions	Sig.	Exp(B)
Reported impact on greater community cohesion (q12f)	0.004	1.753
Whether refugees and migrants benefit from the business's services (q20g)	0.004	1.319
Whether they expect income from grants to increase or decrease (q29b)	0.006	1.308
Whether the business opened up a new line of trading activity / diversified services (q32b)	0.008	1.577
Whether the business developed new partnerships / collaborations with other organisations in the past 12 months (q33e)	0.019	1.571
Whether people with a disability benefit from the business's services (q20a)	0.023	1.27
Whether customers have seen increased energy costs (q13b)	0.028	1.489
Whether they expect income from trading / contracts to increase or decrease (q29a)	0.074	0.816
Index of Multiple Deprivation (IMD) Rank (where 1 is most deprived)	0.096	1
Businesses which main activity is a venue (q11)	0.125	0.738
Whether the business says it has some or a lot of environmental impact (q12e)	0.143	1.348
The year the community business started operating (q4)	0.21	0.994
Total trading income plus grant income (derived)	0.414	1
Total number of volunteers (derived)	0.565	0.999
Whether people who are economically or educationally disadvantaged benefit from the business's services (q20f)	0.665	0.951
Total number of staff (derived)	0.82	1.002
Whether or not the business owns or manages assets (q6)	0.971	0.993
Constant	0.406	2608.961

5.3 IN-DEPTH INTERVIEWS WITH COMMUNITY BUSINESS

We conducted 15 in-depth follow-up interviews with community business leaders who had completed the 2022 Community Business Market survey. These interviews were based on a purposive sample to reflect the range of sectors within the community business market. Sub samples were selected to gain insight from community businesses who:

- Had moved, or were considering moving, to the high street or similar areas
- Were working towards climate action directly or indirectly through the community
- Had created and/or adapted technology as part of their work.

Potential interviewees were identified via a consent to re-contact question in the survey. With interviewees' permission, the in-depth interviews were recorded to allow for full transcription. We then analysed these transcripts and coded them thematically.

All 15 interviewees consented to possible participation in a themed case study. The themes these focused on were:

- High streets
- Community technology
- Environmental impact
- Asset management and ownership
- The cost-of-living crisis

A draft of each organisation's case study was shared with the corresponding interviewee who were provided the opportunity to provide feedback. Each organisation was also contacted with the opportunity to review quotes used in the summary of interview findings.

One of the interviewees requested that their community business remain anonymous during the research. The remaining 14 interviewee organisations are as follows:

- Hour Community
- Success4All CIO
- Kingsclere Community Association (The Fieldgate Centre)
- Walthamstow Toy Library and Play Centre
- The Anstice Community Trust
- Ware Arts Centre Limited (Southern Maltings)
- Kimberworth Park Community Partnership
- Stamford Villa Ltd (Cornerstone Place)
- Grange Welfare Association
- Community Care Connect CIC
- Oxfordshire Community Land Trust
- Port Bannatyne Development Trust
- Digital Woodoo
- Hale Village Hall New Forest

5.4 MARKET ESTIMATION ANALYSIS

Main principles

No population-level data collection exists that accurately lists all community businesses in England. Since its inception, the Community Business Market survey estimated the overall number of community businesses. CFE Research began refining the process for estimating market size from different data sources in 2018 and used to provide an annual update. Since 2020, we moved towards conducting this analysis every two years as this frequency better reflects changes in some of the available background data.

The broad principle is to combine data collected in the survey with data produced by Power to Change and other organisations which support community businesses. We then make a series of assumptions to calculate how many community businesses operate in England. With each iteration, we continue to refine our approach to estimating the size of the market. This Technical Appendix is intended to provide transparency about the approach to the market estimation, with the emphasis on estimate. This modelling is not an exact science.

Using data from the CBM 2022 survey

We were delighted to receive more than 1,000 surveys this year. The questionnaire we use includes a screener question to only include businesses meeting three of five criteria. To take part in the survey, all businesses must agree that their “business is led by members of the local community”. They must also agree with two of the following four criteria:

- My business was started by members of the local community
- My business exists to meet a local need
- My business is defined by its link to a local area
- My business’s primary purpose is generating economic and social and/or environmental benefit in the local community

As a result, we can be confident that all surveyed businesses meet the main definition of a community business.

Furthermore, we added data from all businesses that were surveyed in 2021 who did not participate in 2022. We can use older data because this is contemporaneous with the secondary data we use (explained later). This means we have data from 1,340 community businesses to use in an estimation model.

We calculate several metrics from this data for 19 sector categories (See Table 9 later). These metrics are a count of community businesses per sector and then means and medians for total income, fixed assets, paid staff and volunteer numbers. These estimates are useful on their own and are used with other data in an estimation model for the overall market size, explained later.

Twine data from the institute for community studies

In prior estimates, Power to Change provided data collected from certain fund applicants and grantees to estimate market size. These funding programmes are no longer live, so we turned to the Institute for Community Studies' (ICS) Community Business Sector Overview²³ data collection (formerly known as Twine) to use in the model. The Twine dataset was originally created from Power to Change grantee and application data, so is a good proxy in the absence of the grantee application dataset.

The ICS dashboard uses data collected between 2015 and 2020. We received the underlying data so we could strip out only that collected in 2020 and then run a similar by-sector analysis as used on the Community Business Market survey data. The 14 sectors used by ICS do not exactly match the 19 used in the survey, but there is broad alignment. For the purpose of the model, the 14 ICS sectors were assumed to match the equivalent used in the survey. Five sectors used in the survey were therefore not matched.

Further, not all ICS data was assigned a sector category. We therefore coded businesses with a sector to improve the number of businesses from which we could calculate the same financial and staff market estimates derived from the CBM survey. Sector was assigned by visiting the websites of uncoded community businesses. The most valuable aspect of the ICS data is extensive coverage of fixed assets.²⁴

Data from other sources

Data from seven sectors is derived from research conducted by other organisations. The frequency by which this data is collected varies. Some data is new or updated from that used when we last estimated market size in 2020. For example, The Plunkett Foundation has revised the number of community pubs, shops and cafes in operation in 2022. Other data has not been updated, but still represents a better estimate of sector size compared to that collected via the survey or by ICS. For example, the number of community-run libraries and independent community libraries was last updated in 2018 (Department for Digital, Culture, Media & Sport, 2017).²⁵ This source has been retained this year as we made the subjective judgement that the number of libraries listed in this data is more accurate than the number completing the survey.

²³<https://icstudies.org.uk/dashboards>

²⁴Data from Twine is taken from balance sheets submitted by community businesses, from which the value of fixed assets in the sector is calculated. When we state 'fixed assets owned by the sector' in the research, we are making an assumption that any fixed assets included on balance sheets are owned rather than managed as long-term leases.

²⁵See <https://www.gov.uk/government/publications/public-libraries-in-england-basic-dataset>

Table 6: Counts of community businesses by sector for each data source

Main activity (Sector category)	2022 and 2021 survey		ICS data		Secondary sources	
	n	%	n	%	n	%
Arts centre or facility	59	4%	43	6%	-	-
Business support, employment, IAG, training and education	254	19%	74	11%	-	-
Cafes and shops	120	9%	46	7%	413	8%
Community hubs	346	26%	227	34%	-	-
Childcare	16	1%	27	4%	-	-
Craft, industry and production	14	1%	11	2%	-	-
Digital services, consultancy or products	17	1%	8	1%	-	-
Energy	27	2%	11	2%	323	6%
Environment or nature conservation	46	3%	30	4%	-	-
Finance	16	1%	-	-	-	-
Food, catering and production	46	3%	37	6%	272	5%
Health, social care and wellbeing	110	8%	63	9%	-	-
Housing	43	3%	14	2%	550	11%
Libraries	6	0%	-	-	350	7%
Pubs	64	5%	22	3%	123	2%
Sports and leisure	78	6%	57	9%	-	-
Transport	20	1%	-	-	350	7%
Village halls	25	2%	-	-	2,700	53%
Other	33	2%	-	-	-	-
Total	1,340		670		5,081	

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 7 represent those for which more reliable external estimates exist. They are referred to as 'known' sectors for the purpose of explaining the estimation model.

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 sizes of the housing, transport and libraries sectors are roughly the same. This can therefore be used to calibrate survey returns from the CBMS19 and Social Enterprise UK (SEUK) 2018 results (described in more detail later, see SEUK, 2018).

Table 7: Known sector data based on external data

Sector	Sources	Businesses (n)	Income (£ per CB)	Staff (n per CB)	Volunteers (n per CB)
Housing ²⁶	Community Land Trusts (2022) Cohousing (2022)	550	n/a	n/a	n/a
Transport ²⁷	Department for Transport (2020)	350	£6,500	n/a	n/a
Libraries ²⁸	Department for Digital, Culture, Media & Sport listing (2018)	350	n/a	n/a	n/a
Pubs ²⁹	Plunkett Foundation (2022)	123	n/a	n/a	n/a
Cafés and shops ³⁰		413	£156,000	1.0	14.4
Food ³¹	Community Supported Agriculture (2022) Sustainweb (2022)	272	n/a	n/a	n/a
Energy ³²	Community Supported Agriculture (2022)	323	£116,000	1.3	5.8
Total of known businesses		2,381			

²⁶Derived from counts in England on two websites: www.communitylandtrusts.org.uk/what-is-a-clt/about-clts and <https://cohousing.org.uk/members-directory/> (accessed 22 September, 2022)

²⁷Community bus and transport operators derived from <https://www.gov.uk/government/publications/bus-service-operators-grant-payments-to-english-operators-from-2010-onwards> (accessed 22 September, 2022)

²⁸DCMS figures last updated in January 2018. <https://www.gov.uk/government/publications/public-libraries-in-england-basic-dataset>, (accessed on 24 October 2022)

²⁹Plunkett Foundation Report on Community Pubs. <https://plunkett.co.uk/wp-content/uploads/Plunkett-Urban-Pubs-report.pdf>, (accessed 22 September, 2022)

³⁰Plunkett Foundation Report on Community Shops. https://plunkett.co.uk/wp-content/uploads/Plunkett_BB-2020-Shops.pdf, (accessed 22 September, 2022). Café numbers are estimated from Plunkett’s total of shops in England. The survey returns show that the number of sole cafés is around 30% that of shops. This percentage is applied to the shops numbers to derive an estimate for both.

³¹Estimates drawn from maps on two websites: <https://communitysupportedagriculture.org.uk/> and <https://www.sustainweb.org/foodcoops/finder/>

³²<https://communityenergyscotland.org.uk/news/community-energy-state-of-the-sector-2022-report-read-it-now/>

The issue of village halls

There are a lot of village halls and the survey collects data from few of them. Later, we explain why we deal with village halls separately in the model because they exert strong influence on the estimate.

Action with Communities in Rural England (ACRE) assessed the impact of Covid-19 on village halls³³ which updated some figures in their 2019 survey. We adopted the 2020 method of estimating which village halls operated as community businesses using three criteria:

- Excluding those operating as church halls or rooms, parish or town council halls, halls used jointly with a school, reading rooms, Women's Institute halls or Scout/Guide halls.
- Excluding all run by 'members or trustees with no power for user groups to appoint trustees or a parochial church council'.
- Including 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'.

A quarter (25%) of surveyed village halls met all these criteria. Applying this proportion³⁴ to ACRE's estimate of 10,700 village halls in England gives a rounded total of 2,700 operating as community businesses.

Estimating the size of the sector

The size of the sector is estimated in several stages.

Table 6 provides sector counts for the survey and, where present, the ICS data. If there are counts for the survey and the ICS data, an average is taken for that sector. Where there is only data from the survey, that count is used to represent that sector. These sectors are identified by an * in Table 8's second column. This creates a new estimated count and distribution for each sector.

1. Table 7 shows there are 2,381 businesses in our seven known sectors. The survey included 320 businesses from these sectors, representing an estimated response rate of 13.4% (or 0.1344).
2. We assume that this response rate applies to all other sectors except village halls. The average number of businesses in Stage 1 is then divided by the response rate to create the sector estimate. For example, the average number of arts centres or facilities is 51 which, when divided by 0.1344, is an estimate of 379. The sector estimate is the number of businesses from the secondary data for the seven known sectors.
3. Village halls are excluded from the calculation because it has a very large influence on the response rate. Including village halls would result in an estimated response rate of 6.8% (345 / 5,081). This would more than double sector estimates. For example, the estimate for arts centres or facilities would increase to 751. Instead, we add village halls to the estimate after all the other calculations are made.

³³Archer, T., and Skropke, C. (2021) The Impact of Covid-19 on Village and Community Halls in England. ACRE. <https://acre.org.uk/wp-content/uploads/impact-of-covid-on-village-halls-final-report-june-2021.pdf>

³⁴To one decimal place, the proportion is 25.3%

Table 8: Estimating the size of each market

Main activity (Sector category)	2022 and 2021 survey		ICS data	Secondary sources	
	n	%	n	n	%
Arts centre or facility	51	5%	-	379	3%
Business support, employment, IAG, training and education	164	15%	-	1,220	11%
Cafes and shops	83	8%	413	413	4%
Community hubs	287	30%	-	2,132	19%
Childcare	22	1%	-	160	1%
Craft, industry and production	13	1%	-	93	1%
Digital services, consultancy or products	13	1%	-	93	1%
Energy	19	2%	323	323	3%
Environment or nature conservation	38	4%	-	283	3%
Finance	16*	1%	-	119	1%
Food, catering and production	42	4%	272	272	2%
Health, social care and wellbeing	87	9%	-	644	6%
Housing	29	3%	550	550	5%
Libraries	6*	0%	350	350	3%
Pubs	43	4%	123	123	1%
Sports and leisure	68	7%	-	502	5%
Transport	20*	1%	350	350	3%
Village halls	25*	2%	(2,700)	2,700	25%
Other	33*	1%	-	246	2%
Total	1,055		2,381 (5,081)	10,952	

Estimating financial and staffing data

For total income, staffing and volunteers estimates, the Community Business Market survey is usually the best data source available. The only exceptions are estimates for the café and shops, energy and village hall sectors, which are drawn from secondary data.

Sector estimates for total income, staff and volunteers are calculated through multiplying the estimated number of businesses in Table 8 by the median income, staff numbers or volunteers reported in the survey. For the café and shops, energy and village hall sectors, the average reported in the secondary data is used instead of the survey median.

The only different calculation is for fixed assets. The ICS data contains more observations for median assets than the survey so that data is used instead. Note the data from the housing sector is based on data from a low base of 11 community businesses.

As the sector size estimates are reliant on a series of assumptions, total numbers in Table 9 are rounded to the nearest hundred for business, staff and volunteer estimates, and to the nearest million for total income and assets.

Table 9: Estimated size of the community business market, 2022

Main activity (sector category)	Number of businesses				Sector income		Sector fixed assets		Sector staffing		
	n (2022)	N (2020)	% share	% share	(£m)	Median	(£m)	Median	Paid staff (s)	Volunteers (v)	ratio v:s
Arts centre or facility	400	600	3%	5%	£59	£155,000	£15	£40,000	1,900	4,600	2.4
Business support, employment, IAG, training & education	1,200	1,200	11%	15%	£122	£100,000	£24	£20,000	6,100	9,800	1.6
Cafes and shops	400	400	4%	5%	£64	£156,000	£13	£30,800	400	5,900	14.8
Community hubs	2,100	2,300	19%	26%	£234	£110,000	£229	£107,400	10,700	40,500	3.8
Childcare	200	100	1%	2%	£15	£93,800	£4	£24,800	3,000	1,600	0.5
Craft, industry and production	100	100	1%	1%	£1	£11,200			100	600	6.0
Digital services, consultancy or products	100	0	1%	1%	£7	£80,000			400	800	2.0
Energy	300	300	3%	4%	£37	£116,000			400	1,900	4.8
Environment or nature conservation	300	400	3%	3%	£18	£62,500	£4	£14,000	800	4,200	5.3
Finance	100	100	1%	1%	£15	£122,700			400	1,000	2.5
Food, catering and production	300	300	2%	3%	£17	£61,300	£7	£25,200	800	5,400	6.8
Health, social care and wellbeing	600	700	6%	8%	£129	£200,000	£15	£24,000	5,800	8,400	1.4
Housing	600	300	5%	7%	£22	£39,800	£295	£537,000	600	4,400	7.3
Libraries	400	400	3%	4%	£12	£35,000			700	8,800	12.6
Pubs	100	100	1%	1%	£6	£46,300	£45	£362,600	800	1,500	1.9
Sports and leisure	500	600	5%	6%	£39	£77,500	£93	£184,500	1,000	7,500	7.5
Transport	400	500	3%	4%	£105	£300,600			2,100	4,900	2.3
Village halls	2,700	2,700	25%		£47	£17,500			5,400	10,800	2.0
Other	200	300	2%	3%	£10	£40,000			400	3,700	9.3
Total (may not sum due to rounding)	11,000	11,300		8,300	£959		£744		41,800	126,200	3.0

The model is reliant on strong assumptions.

Response rate: The strongest is applying the overall response rate from all known sectors to all other sectors. The individual response rates from known sectors (excluding village halls) varies between 2% for libraries to 52% for pubs. The research data on pubs and shops is recent whereas that for 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 very sensitive to reported response rate as per the reason for removing village halls. A percentage point difference roughly changes estimates by 500 businesses. For example, a response rate of 12.4% would increase the overall market estimate to 11,500 community businesses.

Limited data: The model's sensitivity is also influenced by the small number of observations available to estimate the income, asset and staffing and volunteer numbers for some sectors (such as the assets for the 11 housing community businesses noted earlier). This is one reason why the median rather than average figure is used in the model. Nevertheless, the median is still affected by small numbers of observations.

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. When this data changes a lot, so does the model.

Coding: 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 Power to Change 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.

We continue to refine and improve the model whenever possible.

For further information or any questions about the research, you can contact Chloe.Nelson@powertochange.org.uk, Head of Impact and Learning at Power to Change, and John.Higton@cfe.org.uk, Research Director at CFE Research.