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Supporting analysis of the Community Business Market Report 2018

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Contents

Introduction

This technical appendix supports Power to Change's 2018 report on the community business market. It provides more detail on the technical details of the methods used to estimate market size for individual sub-sectors, and for the market overall.

There are three appendices in this document.

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

– **Appendix B** details the model developed to incorporate the secondary analysis used to supplement survey findings for market estimation, especially data on income, as well as staff and volunteer numbers; and

– **Appendix C** details the secondary analysis and results from Power to Change's grantee and applicant database.

Supporting data and tables from the community business market survey 2018 (CBMS18) is also provided in Excel format on the Power to Change Research Institute webpages.[1] The data tables provide a breakdown of all single code, multi-code and numeric survey questions from the survey. Base sizes and proportional responses by item are shown. For numeric questions, mean and median scores are presented in addition to estimates for standard deviation.[2]

In some instances the data in the tables differs to the figures or tables displayed in the 2018 main report. This is due to the data used in the report being derived from more than one survey question or where not all responses to a question have been included e.g. when outliers have been excluded. The raw survey data for all closed questions is also provided in .csv format on the Power to Change Research Institute website for import into analytical software for anyone seeking to undertake their own analysis. For the main report, SPSS was used for data analysis.

1 https://www.powertochange.org.uk/research/

2 Mean is the average, calculated by adding together all entities then dividing the total by the number of entities. The median is the middle number of the data set, identified by putting all the numbers in a data set in order (e.g. highest to lowest) then selecting the middle number. The standard deviation is the number which indicates how spread out measurements for a group are from mean. A low standard deviation means that most of the numbers are very close to the average. A high standard deviation means that the numbers are spread out.

Appendix A: Primary research methods

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

The research activities used to build the evidence base were:

– A rapid evidence assessment of relevant literature about the community business market to revisit and update the literature identified in 2017 and conduct searches to find new secondary literature and data to aid the market assessment tasks;

– A review of existing secondary data sources and subsequent analysis;

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

– Qualitative in-depth telephone interviews with community business and sub-sector representatives.

This approach has been taken to provide the best quality evidence possible to describe the community business market and draw conclusions about its structure. The study was designed to answer a series of research questions:

– What is the composition and size of the community business market?

– What is the outlook for the community business market in the immediate future?

– How is the community business market performing against comparable businesses or organisations?

– What are the threats to market growth?

– Where are the opportunities for market growth?

[3] The screener question in the 2018 survey is: Which of the following apply to your business? a) My business was started by members of the local community b) My business is currently led by members of the local community c) My business exists to meet a local need d) My business is defined by its link to a local area e) My business's primary purpose is the generation of economic and social and/or environmental benefit in the local community. For respondents to be able to continue to complete the survey they had to select criterion 'b' and two of the other statements.

Rapid evidence assessment and review of data sets

– Relevant literature was reviewed, including published research, grey literature, and policy documentation. Relevant data sets were identified and reviewed to inform the development of research tools and assess existing intelligence of relevance to the key research questions.

Search Tools

Literature was sourced in the following ways:

– A revisit of the literature and data sets included in the 2017 annotated bibliography;

– A library database for research studies published in academic journals;

– Online search for publicly available material using Google search, including Google Scholar. This is to cover non-peer reviewed content, including governmental reports, policy documents, and grey literature;

– Through recommendation by Power to Change and other key stakeholders during scoping interviews; and

– Hand searching the bibliographies of relevant publications identified through other methods.

Search Terms

The search criteria were as follows:

– A time limit of material published since 2010 to ensure relevance to current context; and

– Search terms relating to the community business sector as defined by Power to Change.

The initial set of search terms were the same as those employed in 2017 and were used in combination with 'community' plus:

Table 1: Search terms for rapid evidence assessment 2017

Business/es	Turnover	Opportunity
Enterprise/s	Asset	Enablers
Social enterprise/s	Shares	Change
Sector	Comparison	Policy
Number	Growth	Economy
Legal structure	Decline	Funding
Location	Threat	Grant
Performance	Barriers	

These search terms were added to in 2018 to include sectors of particular interest for Power to Change, either because of a paucity of data in previous studies of this nature or due to a current strategic focus. The additional terms were:

- Finance
- Health
- Social care
- Housing
- Village halls

The search terms were then modified and expanded on an ad hoc basis in order to narrow or broaden searches as required. An internal tabulated summary of the key findings pertaining to the research objectives was submitted to Power to Change. Data from some of the sources identified were used to inform the market size estimates, especially in the case where the data on sub-sectors could be shown to be robust.

Review of data sets

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

- Power to Change's grantee and applicant data;
- The Plunkett Foundation's research into community-owned shops and co-operative pubs; and,
- Social Enterprise UK's (SEUK's) 2017 survey.

The data sets discounted from inclusion in this study following the review include:

- The Global Entrepreneurship Monitor data set - as its central measure is business owners/managers not businesses themselves and the sample size when cut to community businesses would be too small; and,
- The Department for Business, Energy & Industrial Strategy's longitudinal small business survey - for which the measures of small businesses are not sufficient to identify those who meet Power to Change's definition of community businesses.

Community Business Market Survey 2018

The 2018 study continued to use the community business survey first employed in 2016, with small improvements made to reduce the number of respondents dropping out and increase the survey response rate. The key changes made to the survey in 2018 were to slightly relax the screener question,[4] reduce the number of questions and simplify the type of information requested regarding income, and remove several questions relating to the types of business support used. The resulting survey for 2018 was simpler and quicker for respondents to complete.

[4] This is the opening question in the survey to ensure that respondents represent a community business in line with Power to Change's definition (https://www.powertochange.org.uk/what-is-community-business/). In previous surveys the respondent was required to select 'my business is currently led by members of the local community' and three other criteria, while the 2018 survey only required an additional two criteria to be selected.

The CBMS18 was disseminated throughout July and August 2018 via two modes:

Online	The survey was programmed into CFE's survey software Confirmit and disseminated directly to respondents of the 2017 survey willing to be surveyed again and Power to Change's grant applicants, in addition to being shared by community business support organisations via newsletters and social media pages.
CATI	CATI: Those businesses which had been surveyed in 2017 and were willing to participate in future surveying activity but had either only provided a contact telephone number previously or had not yet responded to the email invitation to complete the survey online were approached to undertake the survey by telephone.

In total, 300 full survey responses were received in the 2018 study; 52 via CATI and 248 online. This is an increase of 41 complete survey responses compared with the number received in 2017. In total, 2,037 businesses were contacted by email (1,692 from CFE and 345 from Power to Change) to participate. Of these 1,924 emails were delivered successfully and 113 bounced back. Based on these figures the indicative response rate (excluding bounce back emails) was 16%.[5] The online link to the survey was also promoted via social media channels so the size of the wider sample of organisations in receipt of this link is unknown.

As per the 2017 report, only complete survey responses were analysed. The survey data was thoroughly checked and cleaned before being analysed.

A breakdown of the type of organisations that took part in the survey is provided in the tables below.

[5] 203 of the email addresses contacted were generic i.e. started with 'admin@' or 'info@' etc. which may also have an impact on the response rate as they were not directed to a specific individual.

Table 2: Descriptive data on community businesses

Sub group	Response (n)	Valid proportion answering (%)
Current operational status	**300**	
Organisation currently operating	276	92%
Organisation not yet operating	24	8%
When operating businesses started trading	**276**	
Pre-recession (2007 or before)	91	30%
Recession (2008 to 2013)	79	29%
From 2014 onwards	106	38%
Size of business (staff numbers)	**286**	
No paid employees (includes not yet operating)	62	22%
Micro (1 to 9 paid employees)	152	53%
Small to medium (10+ paid employees)	72	25%

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

Designated Sector	Response (n)	Proportion (%)
An arts centre	16	5%
A business centre/business support facility	6	2%
A cafe	6	2%
A community hub/facility	95	32%
Craft, industry and production	2	1%
Digital services, consultancy or products	4	1%
Energy services, consultancy or generation	9	3%
Environmental/nature conservation services, consultancy or products	5	2%
Finance services, consultancy or products	2	1%
Food catering and production/farming	8	3%
Health and social care services, consultancy or management	16	5%
Housing services, consultancy or management	8	3%
Information, advice and guidance/employability support	8	3%
A library	4	1%
A pub	17	6%
A shop	31	10%
Sports and leisure services, consultancy or management	18	6%
Training and education	24	8%
Transport services, consultancy or management	2	1%
A village hall	6	2%
Childcare	4	1%
Other	9	3%
Total	**300**	

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

Region	Response (n)	Proportion (%)
East Midlands	16	5%
East of England	18	6%
London	29	10%
North East	27	9%
North West	46	15%
South East	33	11%
South West	53	18%
West Midlands	28	9%
Yorkshire and the Humber	50	17%
Total	**300**	

Table 5: Office of National Statistics (ONS) rural/urban classification of community businesses taking part in the survey

ONS rural/urban classification	Response (n)	Proportion (%)
Urban sparse	1	*%
Town and fringe sparse	4	1%
Village sparse	5	2%
Hamlet sparse	2	1%
Urban less sparse	201	67%
Town and fringe less sparse	34	11%
Village less sparse	40	13%
Hamlet less sparse	6	2%
Unknown	7	2%
Total	**300**	

Depth interviews with community businesses and sector body representatives

Fifteen depth interviews were undertaken with a purposive sample of stakeholders representing sub-sectors within the community business market. The sub-sectors selected were those for which secondary information was poor in 2017 and/or they represented areas of strategic interest to Power to Change. The latter also included community businesses in Power to Change's priority geographic areas.[6] Potential interviewees were identified by Power to Change from their list of contacts and approached by the organisation.

Interviews focussed on opportunities and challenges that community businesses had experienced over the previous 12 months in addition to those they were likely to face in the future, what changes they would need to make to respond to such opportunities and challenges, and any support they required. The interviewees were also invited to share any examples of innovations they believe have, or are likely to, help community businesses set up and grow. In addition, the interviewees were asked questions about the size of the market in their sector to help inform the market estimates for this study.

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

List of community business and sector body interviewees

- Abraham Ward Community Cooperative
- Action with Communities in Rural England (ACRE)
- B-Inspired
- BS3 Community
- Centre 4
- Centre for Community Finance Europe
- Community Energy England
- Marsh Farm Futures
- Power to Change programme managers representing the energy, finance, and health and social care sectors
- Real Ideas Organisation
- Research Unit for Financial Inclusion, Liverpool John Moore's University
- The National Community Land Trust Network
- The Wharton Trust
- Tonic Housing CIC
- UK Cohousing

[6] The seven areas are: Hartlepool, Leicester, Luton, Plymouth, Wigan, Bradford and Grimsby.

Appendix B: market size estimates

Introduction

The main methodological change to the study this year is a further move towards an evidence-based market-size estimation model. The 2017 Community Business Market Report began this process through increasing the role in secondary data in the estimations.

One significant difference this year is the availability of data from the SEUK's survey published in September 2017. The survey collected data from 1,581 social enterprises. Importantly, questions in the survey can be used to partially recreate the screener questions used in the CBMS18 survey to identify 233 potential community businesses in the SEUK data. This data can be triangulated against CBMS18 and used for market estimation.

The inclusion of the SEUK data in the modelling process does not solve all of the estimation issues faced in defining the community business market but is vital in moving towards the goal of a method that uses data rather than anecdote to estimate the market size. This section of the report details the estimation process in three stages.

Firstly, we outline the three main data sources used to estimate the size of most individual subsectors, including the data processing and transformation processes used to identify potential community businesses in the SEUK data set.

Secondly, the modelling approach is described from which estimates are derived. The principle of the method is to use weighting as proxy for reliability in the three different data sources used to estimate market size.

Thirdly, we outline the deficiencies and caveats in the new model and how these may be addressed in subsequent waves.

The data sources used as the foundation of the model

Secondary data sources

Some of the best estimation data available is that derived from research conducted by other organisations. Research and data describes the number and operational characteristics of community businesses in seven sub-sectors.

This data is particularly useful in the model as it provides a foundation upon which estimates for other sectors can be calculated. The seven sectors in Table 6 represent "known" cases and the relative size of each acts as an initial distributive template for the known subgroup of the wider market. For example, we know that the size of the housing, transport and libraries sector is roughly the same. We can therefore use this to calibrate survey returns from the CBMS18 and SEUK 2017 results (described in more detail later).

Table 6: Known sub-sector data based on secondary data

Sector	Sources	Model trust weight	Businesses (n)	Income (£)	Staff (n)	Volunteers (n)
Housing	Community Land Trusts (2018); Heywood (2016); Cohousing (2018).	10	479	n/a	n/a	n/a
Transport	Department for Transport (2018); Butcher (2015)	25	498	n/a	n/a	n/a
Libraries	Internal documentation (2018)	25	492	n/a	n/a	n/a
Pubs	Plunkett market data (2018)	25	86	Other source	n/a	n/a
Shops	Plunkett market data (2018)	25	345	Other source	Other source	Other source
Food	Community Supported Agriculture (2018); Sustainweb (2018)	25	251	n/a	n/a	n/a
Energy	Community Energy England (2018)	25	197	£72,600	166 (total)	1,800 (total)

Excluding community hubs (more of which later), the size of the 16 remaining sectors is then decided based on either secondary data of poorer quality, or from the estimates used in the 2017 Community Business Market Report. In the case of the finance sector, data is now available that estimates the number of credit unions in the UK (Find Your Credit Union, 2018). However, the number of these known to be community businesses is unknown, especially as a number operate across geographies larger than “local”. Similarly, an estimate for the number of village halls operating as community businesses is suggested in work conducted by Village SOS (2018) but more work is required to achieve a more credible number. Both of these sources are down-weighted in the estimation model described later in this section.

Where no new secondary data exists in the remaining sectors, the anecdotal estimate derived in the 2017 study is used as a base for estimation. As a result, a secondary estimate of all sectors bar community hubs can be derived using secondary data, as per Table 7.

Table 7: Secondary data estimate of sector sub-sizes excluding community hubs

Sector	Estimate	Weight	Distribution
Employment, IAG; Training and Education; Business Support	880	0.5	15%
Housing	479	10	8%
Health, social care and wellbeing	300	0.25	5%
Transport	498	25	9%
Sports and Leisure	350	0.5	6%
Arts Centre/Facility	200	0.5	3%
Libraries	492	25	9%
Pubs	86	25	1%
Shops (and cafes)	345	25	6%
Food, catering and production	251	25	4%
Energy	197	25	3%
Craft, Industry & Production	150	1	3%
Finance	350	0.25	6%
Environment/Nature Conservation	150	0.25	3%
Village Halls	900	1	16%
Childcare	150	0.25	3%
Totals (minus community hubs)	5,778		

Data from the CBMS18 survey

As described in Appendix A (Table 3, p.9), a total of 300 individuals representing community businesses responded to the CBMS18 survey. In total, 2,037 businesses were contacted to participate (including 113 for which the email invitation bounced back).

One of the main outcomes of this study is to estimate the size of the community business market. It is simple to show that CBMS18 in isolation cannot be said to be representative of the total market. For example, there is some level of certainty regarding the number of community businesses in the pub and library sectors. We therefore know from Table 7 that the ratio of libraries to pubs is a little over 6:1. However, as shown in Table 3 earlier, the ratio of libraries to pubs in the survey returns is 1:4. Survey findings alone do clearly not represent the wider market. However, we can use the survey sector distribution to adjust the secondary data sub-sector estimates by making a subjective judgement in the trust we have in the survey data. This judgement is made by considering the distribution of sectors in the secondary data and the SEUK 2017 survey returns.

Data from the SEUK Survey

Identifying community businesses in the 2017 SEUK Survey data

The third data point used in the model is from the 2017 SEUK survey (Social Enterprise UK, 2017), which used a mixed methodology approach to achieve 1,581 interviews from a database of UK organisations collated from numerous sources.

The sample was collated from a range of separate sources including SEUK's own data sets and that managed by Co-operatives UK, Locality, and UnLtd. A survey link was also distributed via a free-find snowballing method through a number of other organisations. The potential data set comprised nearly 33,000 organisations;.

– This data set was randomly sampled for the purpose of CATI; 957 interviews were achieved in this way. 223 interviews were achieved with the remaining unsampled contacts with a valid email address and a further 401 interviews via a generic link through free-find methods.

Participating organisations were screened so only self-classifying social enterprises with at least a quarter of income from trading activities were included. This screener is not designed to identify community businesses. For our purpose, this means that not all businesses in the SEUK survey are community businesses. Firstly, the SEUK survey covers the whole of the UK whereas Power to Change only works in England. Secondly, the screening criteria applied to CBMS18 are not used. Finally, Power to Change would ideally define community businesses as those drawing most of their income from trading (or those who intend and have a plan to start trading). However, the percentage of income from trading is not used to screen businesses in CBMS18.

The SEUK survey allows respondents to self-classify as a "community business" and 495 did so in 2017.[7] However, cross analysis against a question defining the geographic reach of operations[8] shows only 145 self-identified community businesses operated at a local or neighbourhood level; a further 45 operated at the local authority level. All others operated at a multiple local authority level or larger.

We therefore derived a variable to identify likely community businesses in the SEUK 2017 survey using two survey questions on businesses operating in England:

1	Businesses operating at a neighbourhood or local level only; and
2.	Businesses deriving at least half of their income from trading.[9]

This identified a sample of 200 businesses; 15% of the total English sample. For the purpose of estimating sector level metrics (median number of staff, volunteers and income), the trading criterion was sometimes relaxed to increase the number of observations used in the sector-level calculation. The sector summaries in the main report state when this approach was taken.

Assigning sector to SEUK organisations

Power to Change use a bespoke set of sector descriptions which do not precisely align to the categories used in the SEUK Survey. Furthermore, although the SEUK survey asks businesses to identify their "principal" area of trading,[10] it offers the question as a multiple, not single response. This means that some transformative work is required to assign a single, comparable CBMS18 sector to the SEUK 2017 data. The sector mapping between the two surveys is presented in Table 8 overleaf. Sectors with an asterisk (*) are those that were aggregated for analysis into a larger business support category.

[7] Choosing the "Community business" item in response to question 3: And which, if any, of the following terms would you use to describe your organisation?
[8] Question 5: Thinking about your organisation, what is the widest geographic area it operates across?
[9] Question 12: And what is the main source of income your organisation receives? The first six items cover trading: Trading with the public sector; Trading with the private sector; Trading with third sector organisations (e.g. charities, voluntary groups); Trading with other social enterprises; Trading with the general public; and Trading internationally (including EU contracts)
[10] Question 6: What is the principal trading activity of your organisation?

Table 8: Sector mapping between CBMS18 and SEUK 2017

CBMS18	SEUK 2017
A business centre or business support facility*	Business support or consultancy*
Childcare	Childcare
A community hub or facility	Workspace I Community development
Craft, industry and production	Manufacturing
Digital services, consultancy or products	Creative industries web design print I Telecommunications
Energy services, consultancy or generation	Energy or Utilities
Environmental or nature conservation services, consultancy or products	Environmental recycling re-use awareness etc.
Finance services, consultancy or products	Financial support and services
Food catering and production or farming	Farming or agriculture or gardening
Health and social care services, consultancy or management	Social care I Health care
Housing services, consultancy or management	Housing
Information, advice and guidance or employability support*	Employment and skills*
A pub	Hospitality
A shop	Retail
Sports and leisure services, consultancy or management	Culture and leisure
Training and education*	Education*
Transport services, consultancy or management	Transport
Other (please specify)	Warehousing or storage I Cleaning I Other

Modelling the total market size

The estimation model

The secondary data, and data from the CBMS18 and SEUK 2017 surveys are used in a triangulation model to derive an estimate for the size of all sectors excluding community hubs. This is shown in the left-hand columns of Table 9 overleaf. There is some variation between data sources as to the size of individual sectors e.g. the difference between survey and secondary estimates for pubs and shops. No English community businesses are present in SEUK 2017 data for the transport, arts, libraries and village halls sectors. With the exception of transport, this is because there is no equivalent sector listed in the SEUK 2017 data.

Table 9: Outline of main data used in the estimation model

Data for estimates				Weights					
Sectors	**CBMS18 (CBe_a)**	**SEUK: Local & Trader (STe_b)**	**Secondary (SCe_d)**	**CBMS18 (CBw_a)**	**SEUK Trader (STw_b)**	**Secondary (SCwd)**	**Weighted estimate**	**Indexed estimate**	**Sector size estimate**
Business support	21%	10%	15%	1	1	0.5	15%	14%	874
Housing	4%	3%	8%	1	0.5	10	8%	7%	440
Health	8%	11%	5%	1	1	0.25	9%	8%	507
Transport*	1%		9%	0.25		25	9%	8%	489
Sport	10%	8%	6%	1	1	0.5	8%	8%	464
Arts*	9%		3%	0.5		0.5	6%	6%	347
Libraries*	2%		9%	0.25		25	8%	8%	484
Pubs	9%	17%	1%	0.5	0.5	25	2%	2%	110
Shops	17%	34%	6%	0.5	0.5	25	7%	6%	385
Food	4%	1%	4%	1	0.5	25	4%	4%	245
Energy	5%	1%	3%	1	0.5	25	3%	3%	195
Craft	1%	2%	3%	0.5	0.5	1	2%	2%	111
Finance	1%	6%	6%	0.25	1	0.25	5%	5%	297
Environment	3%	6%	3%	0.5	1	0.25	5%	4%	262
Village Halls*	3%		16%	0.5		1	11%	11%	656
Childcare	2%	5%	3%	0.5	1	0.25	4%	3%	204
Totals (minus hubs)	185	200	5778				106%	100%	6,069
Community Hubs	*34%*	*5%*	*25%*	*0.5*	*0.25*	*0.5*	*25%*	*0%*	*1,982*

We can place a higher level of trust in data depending on the source. Rather than calculate a flat average, a subjective weight is assigned to describe the level of trust in that specific sector data item.

The weighting method is subjective and is outlined in Table 10. The purpose of the weight is to downplay the size of a sector described depending on how much faith can be placed in the estimate for each of the three data sources. The weights for "highly likely" or "near certain" outcomes need to be markedly higher than estimates to reflect the level of certainty so that the sector total is close to this estimate. A guess needs a weight because a weight of zero would discount that estimate altogether.[11] "Faith" underlines that the model is arbitrary and uses a series of prior assumptions.

Table 10: Subjective weights to describe the quality of data

Level of certainty	Weight	Description
Guess	0.25	Survey data is based on a very low number of observations, or secondary data cannot be verified
Educated guess	0.5	Survey data is based on a low number of observations, or secondary data is not very compelling
Best estimate	1	Survey data is derived from larger numbers of observations or secondary data has qualitative support
Highly likely	10	Secondary data comes from a good source, but may be incomplete
Near certain	25	Secondary data that comes from a verified source.

The model uses two estimators depending on whether or not there is data available from the SEUK survey. Where SEUK data is present, this model is used:

$$((CBe_a * CBw_a) + (STe_b * STw_b) + (SCe_d * SCw_d))/(CBw_a + STw_b + SCw_d)$$

[11] As x * 0 = 0

Data source sector size estimates CBe_a, STe_b and SCe_d are multiplied by their respective weights and then divided by the sum of the weights.

Where there is no sector data from SEUK, the associated variable (STe_b) is removed. Such sectors are identified with an * in column 1 of Table 9.

This method means that a stronger emphasis is placed on data derived from robust secondary evidence. The “highly likely” and “near certain” weights are used in cases where there is a well-referenced, defensible secondary data source. For example, we know from qualitative interviews that the number of libraries is accurate, and similarly good secondary data exists for the energy, pubs, shops, transport and food sectors. We therefore want the estimated sector size from the model to be close to these values. However, we also want to ensure we take some of the survey metrics into account in order to calibrate the secondary data to account for potential unknowns missed by the secondary sources.

A total of 2,348 businesses operate in “known” sectors i.e. those for which good secondary data exists. The weights for these sectors are represented by dark green cells in Table 9.

The sum of the proportions derived in the weighted estimation model is more than 100% (the weighted estimate column) so this is indexed to ensure the sector distribution sums to 100 for all businesses that are not community hubs.

Summing the indexed proportions (darker blue cells) accounts for 39% of the total market. We can therefore distribute the remaining 61% according to the individual sectors with limited secondary data based on the distribution estimated from the survey data. This results in a total estimated market minus community hubs of 6,069 businesses.

The model is sensitive to the secondary data estimates (SCe_d). Where no secondary data suggesting a market size exists for a sector, the data from CBMS17 is used and typically down-weighted.

Estimating the number of community hubs

As noted earlier, community hubs operate numerous services and are difficult to assign to a single recognised sector. However, a third of all businesses in CBMS18 choose community hub as their main sector. There is no way to be sure about any specific estimate on the proportion of community hubs as their definition is open to interpretation. Because of this, the model estimates that community hubs comprise 25%[12] of the total community business market. To estimate the total for the community hubs sub-sector, the total estimate for the rest of the market, 6,069, is divided by (1-0.25) to reach an estimate of 1,982 community hubs.

12 24,6% to a decimal place

Estimating financial and staffing data

Seven data points in each sector are provided if evidence exists for estimation.

1. Number of organisations: This is an estimate of the total number of community businesses operating in that sector. This year, the figure has been derived from a weighted model of the distribution of businesses as found in CBMS18, such as community businesses in the SEUK survey and estimates derived from secondary data sources. The weighting model and, most importantly, a series of underlying assumptions is summarised below.

2. Median income: Median income is used to address outliers and is derived using the following priority method:

a. From CBMS18, estimates where there are 15 or more sector observations present;

b. SEUK community businesses where there are more observations compared to CBMS18;

c. SEUK neighbourhood or local businesses regardless of their income source (i.e. less than half of income through trading);

d. Data from grantees only[13] using Power to Change's database; and

e. Data from all organisations[14] listed on Power to Change's database.

3. Median assets: All assets are derived from Power to Change's grantee database. If there were enough observations present, grantee-only data is used rather than the full database.

4. Total sector income: The total income for the sector as a whole. This is recorded in millions. Income is typically derived by multiplying the median for the sector by the estimated number of community businesses in the sector.

5. Total sector assets: As per total sector income, median assets (where known) are multiplied by the estimated number of sector organisations.

6. Staff numbers: The total number of paid staff estimated to work in the sector. This is a headcount, not a full-time equivalent figure. The total number is again the median multiplied by the estimated number of organisations in the sector. The prioritisation described above under "median income" is used to choose the median figure to use.

7. Volunteer numbers: As per staff.

As the sector size estimates are reliant on a series of assumptions, total numbers in Table 11 are rounded to the nearest hundred for business, staff and volunteer estimates, and to the nearest £m for total income and assets.

[13] i.e. business that have made a successful application or have passed an initial sift phase n=285
[14] n=1.024

Table 11: Market size estimates for Community Businesses, 2018

Sector	Number of organisations	Income (£m)	Assets (£m)	Income (£m median)	Assets (£m median)	Staff	Volunteers
Community Hubs	1,900	£371	£161	£0.20	£0.09	7,600	37,800
Employment, IAG; Training and Education; Business Support	900	£88	£100	£0.10	£0.12	5,100	11,500
Housing	400	£132	£49	£0.30	£0.11	1,300	5,300
Health, social care and wellbeing	500	£35	£38	£0.07	£0.08	2,500	1,000
Transport	300	£126	£62	£0.43	£0.21	4,400	3,200
Sports and Leisure	500	£61	£68	£0.14	£0.15	3,600	7,700
Arts Centre/Facility	300	£19	£5	£0.06	£0.02	1,400	6,100
Libraries	500					1,500	7,700
Pubs	100	£27	£21	£0.25	£0.19	700	1,600
Shops (and cafes)	400	£57	£60	£0.15	£0.16	1,400	10,400
Food, catering and production	200	£29	£20	£0.12	£0.08	1,500	4,400
Energy	200	£14	£7	£0.07	£0.03	200	1,800
Craft, Industry & Production	100						
Finance	300	£32	£97	£0.11	£0.34	600	3,800
Environment/Nature Conservation	300	£13	£4	£0.05	£0.02	300	2,000
Village Halls	700	£34		£0.05		1,300	19,300
Childcare	200	£10		£0.05		200	1,600
Total	**7,800**	**£1,048**	**£692**	**£0.14**	**£0.12**	**33,600**	**125,200**

Appendix C: Applicant and grantee database analysis

Power to Change provided access to their data sets on applicants and grantees for the market sizing exercise. The data sets were combined and also supplemented from other data sources, for example internet searches for missing information regarding the organisations included. The analysis of this combined data set was useful for two reasons;

– Firstly, it provided a separate data source from which some of the market size estimates could be triangulated noting that the whole application data set includes businesses rejected, including those failing eligibility criteria; and

– Secondly, this data set is the only independent source of data on assets outside of other secondary data collected by community business sector bodies. In the absence of any other data, this imperfect data has been used to derive asset estimates for the sector.

This appendix describes the approach taken to analyse this data.

Data cleaning approach taken in the applicant and grantee database analysis

The first stage was to identify and remove duplicates (i.e. businesses that were identified in more than one data set and/or had made more than one application). This was done by sorting unique identifiers for a particular data set and/or name and postcode of the organisation where provided. Where duplicates were found the most recent (identified by submission date where possible) or the most complete (based on the number of relevant variables available) was retained.

Based on its structure, the applicant and grantee database includes records from three sources provided by Power to Change:

– Grantee data from a bespoke benchmarking database created by Power to Change which contains data on grantees and comparator organisations from across the social and cultural sectors;

– Community Business Fund data on applicants from Power to Change's partner Renaisi[15] which manages the updating and monitoring of outputs for this fund; and

– Trade Up fund grantee data from the School for Social Entrepreneurs.[16]

[15] CFE would like to thank Renaisi for their help in providing the data for this study.
[16] The School for Social Entrepreneurs (https://www.the-sse.org/) manages the Trade Up programme (https://www.the-sse.org/courses/community-business/) on behalf of Power to Change.

The majority of records are Power to Change's own and the data quality of these records (coverage, consistency) is good. In addition to other variables, the bespoke benchmarking data set included a variable on assets. It was not clear, however, how these asset figures were derived and in the cases where a duplicate record for the same organisation was identified in the Renaisi Community Business Fund data on applicants data set (which includes more records) the asset data differed. For this reason the asset data in the bespoke benchmarking data set was omitted from this analysis. In the de-duplicated combined applicant and grantee data set 117 of the cases did not include a sector definition. In these instances an internet search was conducted to identify the organisation's website. The most appropriate sector was selected based on the organisation's description on its own website. Where possible the sector categories for all grantees and applicants have been aligned to those used in the CBMS18.

Further cleaning of the data set was undertaken to remove cases where the organisation's name or information on their website indicated that they did not have a local focus, for example national charities with local branches. This action was taken as such organisations would not meet Power to Change's definition of local accountability.

Reviewing the applicant and grantee database

This analysis covers the full database provided (all "applicants") and a subset of those that at least passed some sift criteria, referred to as "successful" applicants. This categorisation (see Table 12) is based on:

– The Assessment Decision variable listed in the 'Community Business Fund applicants' data set which lists an outcome decision. As the "successful" group meet certain funding criteria an assumption is made that they are more likely to be community businesses;

– The "applicant" or "grantee" flag in Power to Change's bespoke benchmarking data set; and

– All cases from the 'Trade Up' data set being grantees.

Table 12: Categorising items in the Assessment Decision variable of the grantee and applicant database

"Unsuccessful" applicants	"Successful" applicants
Declined, Deferred, Not Yet Decided, Rejected, Undecided, Unknown, Unsuccessful, Withdrawn, Applicant flag	Approved, Progress to Stage 2, Successful, Grantee flag

Describing applicant businesses

Overleaf, Table 13 provides some aggregated data by sector for all applicants in the combined database and Table 14 shows the same data but only for the "successful" group. The main use of this data was to provide some estimate for community business assets using median figures (to better account for stronger bias in the average figures). In addition, data on income as well as staffing and volunteer numbers was also used to triangulate data collected in the survey by sector.

The sample sizes are small in many cases, so when used to generalise about the market as a whole, the data should be treated as an approximation at best. In addition, it was only possible to use sector-level data from all applicants in some cases as opposed to those passing sift criteria for funding.

Distribution

Looking at all data records, just over a third (35%) of all applicants are classed as a community hub/facility/space; one in six (17%) as an employment/training/business support/education business; and, one in ten (11%) as health and social care. When discussing assets and income, Table 13 shows data for only those businesses providing a figure. The distribution of sectors remains broadly the same after removing businesses supplying no data, although the relative proportions change a little. When businesses with missing income data are excluded, businesses within these three sectors comprise nearly two thirds of all applicants (Table 13) and just over two thirds of "successful" applicants (Table 14).

Financials

Assets

The median total assets of all applicants was £49,000 compared to £138,000 for "successful" category. This suggests that businesses with smaller assets are less likely to succeed in their application although there is a large amount of variance in the figures for the "successful" group. The data is also skewed by the large asset values of the small number of successful finance, transport and other applicants.

Analysis by sector should take the number of observations into account. Applicants from the finance, housing and transport[17] sub-sectors had the largest assets; the environmental/nature conservation, arts centre, and café had the least.[18]

Income

The relationship for income is similar to assets; the median for all applicants is £132,000 which is less than the £178,000 median for the "successful" group. In the main, sector observations for "successful" applicants are too small for comment.

Staffing

The median number of full and part time staff employed by applicants was six, with 15 regular volunteers engaged on average. The median figures for "successful" applicants is similar (six staff; 19 volunteers).

[17] n=5, 25 and 24 respectively
[18] n=10, 56, 60 and 9 respectively

Table 13: Sector, financial and staffing profile of all applicants providing data

	All		Assets				Income				Staffing	
Sector	**(n)**	**(%)**	**(n)**	**(%)**	**Average Assets**	**Median assets**	**(n)**	**(%)**	**Average income**	**Median income**	**Median (FT&PT staff)**	**Median (Volunteers)**
Arts centre	61	6%	56	7%	£516,046	£15,508	57	6%	£487,251	£57,109	4	18
Business centre/ business support facility	3	0%	0	0%	N/A	N/A	3	0%	£991,359	£702,000	N/A	N/A
Café	18	2%	9	1%	£74,473	£18,591	12	1%	£83,849	£42,274	4	18
Childcare	3	0%	0	0%	N/A	N/A	1	0%	£1,713,072	£1,713,072	4	16
Community hub/facility	359	35%	259	32%	£843,847	£53,863	316	34%	£1,134,635	£133,738	6	20
Digital	6	1%	0	0%	N/A	N/A	0	0%			1	14
Employment, training, business support, education	172	17%	156	19%	£835,887	£26,054	168	18%	£566,121	£125,075	6	10
Energy	15	1%	11	1%	£927,555	£34,020	13	1%	£77,107	£40,452	1	10
Environmental/ nature conservation	20	2%	10	1%	£317,571	£15,418	16	2%	£265,667	£100,797	4	20
Finance	6	1%	5	1%	£606,210	£335,379	6	1%	£174,784	£192,709	2	15
Food catering and production/farming	35	3%	29	4%	£513,691	£82,303	31	3%	£656,735	£119,810	6	18
Health and social care	111	11%	97	12%	£328,682	£37,587	107	12%	£560,118	£134,966	7	10
Housing	27	3%	25	3%	£692,156	£280,442	26	3%	£396,452	£193,812	6	10
Library	3	0%	0	0%	N/A	N/A	1	0%	£63,825	£63,825	3	16
Other	35	3%	32	4%	£789,442	£20,665	32	3%	£1,043,700	£81,402	6	16
Pub	10	1%	8	1%	£195,739	£194,182	8	1%	£109,644	£91,581	8	17
Shop	43	4%	31	4%	£250,022	£60,785	32	3%	£351,936	£179,887	4	26
Sports and leisure	70	7%	60	7%	£532,182	£88,058	64	7%	£373,854	£157,509	7	14
Transport	27	3%	24	3%	£406,006	£209,322	26	3%	£597,265	£427,168	15	11
Total	**1024**	**100%**	**812**	**100%**	**£659,200**	**£49,301**	**919**	**100%**	**£728,050**	**£131,897**	**6**	**15**

Table 14: Sector, financial and staffing profile of "successful" applicants providing data

	All		Assets				Income				Staffing	
Sector	**(n)**	**(%)**	**(n)**	**(%)**	**Average Assets**	**Median assets**	**(n)**	**(%)**	**Average income**	**Median income**	**Median (FT&PT staff)**	**Median (Volunteers)**
Arts centre	9	3%	4	3%	£293,198	£364,309	5	3%	£244,291	£80,531	2	25
Business centre/ business support facility	1	0%	0	0%	N/A	N/A	1	1%	£1,703,167	£1,703,167	N/A	N/A
Café	9	3%	0	0%	N/A	N/A	3	2%	£104,174	£60,867	1	13
Childcare	2	1%	0	0%	N/A	N/A	0	0%	N/A	N/A	4	16
Community hub/facility	128	45%	54	43%	£491,105	£85,041	91	47%	£366,052	£172,037	6	20
Digital	5	2%	0	0%	N/A	N/A	0	0%	N/A	N/A	1	14
Employment, training, business support, education	29	10%	17	14%	£927,680	£117,742	27	14%	£452,550	£358,094	10	11
Energy	4	1%	3	2%	£135,089	£183,135	4	2%	£104,341	£62,240	0	9
Environmental/ nature conservation	11	4%	3	2%	£752,837	£10,000	7	4%	£206,009	£137,225	6	30
Finance	1	0%	1	1%	£834,096	£834,096	1	1%	£321,936	£321,936	6	42
Food catering and production/ farming	13	5%	8	6%	£168,932	£125,729	10	5%	£362,478	£270,549	10	41
Health and social care	15	5%	5	4%	£858,399	£78,086	12	6%	£924,216	£157,681	4	8
Housing	5	2%	5	4%	£172,164	£111,849	5	3%	£109,976	£65,029	2	11
Library	3	1%	0	0%	N/A	N/A	1	1%	£63,825	£63,825	3	16
Other	9	3%	6	5%	£3,458,098	£2,398,544	6	3%	£2,436,149	£949,454	9	18
Pub	4	1%	2	2%	£381,803	£381,803	2	1%	£179,117	£179,117	8	19
Shop	19	7%	7	6%	£230,915	£157,735	8	4%	£273,946	£240,567	2	28
Sports and leisure	15	5%	7	6%	£1,060,155	£150,477	9	5%	£285,223	£178,231	7	25
Transport	3	1%	3	2%	£1,156,019	£546,083	3	2%	£662,977	£685,456	27	12
Total	**285**	**100%**	**125**	**100%**	**£699,864**	**£137,685**	**195**	**100%**	**£451,281**	**£178,231**	**6**	**19**

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