power to change | business in community hands

Research Institute

Research summary – March 2021

The community business market in 2020

This research demonstrates how community businesses in England identified opportunities, made changes to their services and remained resilient during the early stages of the Covid-19 pandemic. With reduced trading capacity and volunteers, these locally rooted organisations continued to serve and positively impact their communities.

This is the sixth Power to Change annual report into the structure, size, shape and outlook for the community business market in England. The 2020 iteration benefits from the same robust methodological approach as 2019, enabling continued confidence in the findings. The market size estimates are based on pre-Covid-19 data but the survey was live during the first lockdown and contains some pre-pandemic comparisons. The addition of case studies illustrates the response of individual community businesses to the pandemic. An **overview** of the market in 2020 is appended to this summary – see page three.

Key findings

- The estimated **number of community businesses in England was11,300** before the onset of the Covid-19 pandemic which is 2,300 more than the 2019 estimate. This is largely due to improvements in data describing village halls.
- Venues such as **community hubs and village halls continue to be the largest category of community businesses,** comprising 44% of the market. They are responsible for around a third of the market's total income and staff numbers.
- **73% of community businesses identified some opportunities in light of Covid-19** and **nine in 10 adapted or changed** their services in response.
- The research estimates that pre-Covid **community businesses employed 37,800 staff and 148,700 volunteers**.
- The pre-pandemic total **market income is estimated at £973 million with £870 million of assets**. Changes in these numbers compared to previous years are also due to better data on village halls.
- Community businesses reported on the **impact** their organisation was having on its users and customers. The most reported impacts were **improving health and wellbeing (83%), reducing social isolation (82%) and increasing community cohesion (75%).**

John Higton, Rachael Archer, David Merrett, Michelle Hansel and Peter Howe (2021). *The Community Business Market in 2020*, London: Power to Change.

Adaptability, future outlook and support needs in light of Covid-19

By early summer 2020, nine in 10 businesses adapted or changed services with nearly half (46%) of these providing services remotely. Nearly three-quarters (73%) of community businesses identified some business opportunities and more than half (55%) expected to open up a new line of trading activity or diversify their products and services once the pandemic ended. Only 1 per cent of surveyed businesses had ceased operating and did not anticipate reopening. However, of those still operating, two-thirds (65%) saw a decrease in business activity levels by June 2020. Financial concerns, the impact of Covid-19 guidelines and lower business performance were key influences on the three-quarters (73%) of community businesses less confident about their future financial outlook. One in six (18%) were not confident about the future in 2020. Seven in 10 (71%) survey participants anticipated their business' overall future income would decrease, driven by an expected fall in income from trading and contracts. This a striking reversal of fortunes, as 71 per cent in 2019 expected overall income to increase. Eight in 10 (79%) community businesses had already received some form of financial support and when asked about the most important types of support required, three-quarters (77%) placed 'flexible grants or cash injections' in the top three. The non-financial support that community businesses received from other businesses and membership bodies helped them to navigate the newly introduced Covid-19 regulations and guidance at the time of the survey.

Workforce

An estimated 37,800 people were employed by community businesses in England in 2020. The proportion of paid staff working part-time increased by a further nine percentage points on the 2019 estimate to 72% and represents an interesting three-year trend which suggests community businesses may be flexible employers. An estimated 148,700 volunteers work for community businesses, which is 28 per cent fewer than 2019. Improved secondary data on village halls is a key factor in significantly revised downward estimates. Volunteers are essential in libraries who have an estimated an average of 44 volunteers each, environment or nature conservation (an estimated 26 on average) and food, catering and production sectors (23), cafés and shops (21) and community hubs (20). The pandemic caused an average fall of 11 volunteers per community business amongst survey participants by early summer 2020 (in comparison, the average number of paid staff fell by just one over the same period). This presents a significant challenge given the market's reliance on a volunteer workforce.

Public services

In early 2020, one in nine (1,200) mainly delivered services categorised as business and employment support, guidance and training (up 300 since 2019). This reflects community businesses continued provision of services aligned with, or formerly provided by, the public sector. This includes an estimate of 700 community businesses mostly providing health, social care and wellbeing services (also up by 300 since 2019), 600 offering sports and leisure services and 400 libraries.

About the research

For a fourth year, the report was researched and written by CFE Research, an independent non-profit organisation. The 2020 assessment is based on: a combined dataset of responses from an online and Computer-Assisted Telephone Interviewing (CATI) survey of community businesses from 2019 and 2020 totalling 449 respondents (the 2020 survey was live throughout May and June); telephone interviews with 15 individuals which reflected the range of sectors within the community business market and the differing extents to which Covid-19 had impacted levels of operation; secondary databases; and literature. The market estimate figures are based on pre-Covid-19 data.

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Appendix: Market overview 2020

Market size estimates for community businesses in England, 2020

Sector	Number of businesses	Income (£m)	Assets (£m)	Median income (£m)	Median assets (£m)	Staff	Volunteers
Village halls	2,700	47	316	0.02	0.12	5,400	10,800
Community hubs	2,300	324	182	0.14	0.08	9,000	45,100
Business support, employment IAG, training and education	1,200	139	76	0.12	0.06	3,600	9,700
Health, social care and wellbeing	700	30	82	0.05	0.12	7,400	9,000
Arts centre or facility	600	122	16	0.21	0.03	1,200	11,600
Sports and leisure	600	101	81	0.17	0.14	5,900	7,100
Transport	500	-	-	-	-	-	-
Cafés and shops	400	70	16	0.17	0.04	1,200	8,300
Libraries	400	19	-	0.05	-	400	17,500
Environment or nature conservation	400	18	45	0.05	0.12	2,300	10,400
Energy	300	29	19	0.12	0.07	200	1,800
Other	300	27	-	0.10	-	300	4,200
Food, catering and production	300	21	7	0.08	0.03	800	6,900
Housing	300	14	27	0.05	0.11	500	4,600
Childcare	100	-	-	-	-	-	-
Finance	100	-	-	-	-	-	-
Pubs	100	11	3	0.12	0.03	400	1,000
Craft, industry and production	100	2	-	0.02	-	200	800
Digital services, consultancy or products	0	-	-	-	-	-	-
Total (may not sum due to rounding)	**11,300**	**973**	**870**	**0.10**	**0.08**	**37,800**	**148,700**

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