

GROWING, HIRING AND OUTPACING THE SME SECTOR: MEET THE GRASSROOTS BUSINESSES THAT NOW CONTRIBUTE £1BN TO THE ECONOMY

Submitted by: B JL Group

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- Community Business in 2018 Report shows the sector now employs at least 33,600 people and 158,000 volunteers and contributes £1.05bn to the local economies
- Independent trust Power to Change is launching Community Business Weekend (16-19 May 2019), a national open-doors event to help the public to learn more about this thriving sector

New research published by independent trust Power to Change in the run up to Community Business Weekend (16-19 May) reveals the sector is growing, optimistic and showing increased levels of confidence.

The trust's fourth study into the strength of the sector shows that there were an estimated 7,800 community businesses in England in 2018, compared with 6,600 in 2017 and 5,650 in 2015 when Power to Change was founded.

This is in contrast to the sluggish growth of the SME (small to medium sized enterprise) sector as a whole which contracted by 0.5% from 2017-18.

The report estimates community-run businesses contributed a total market income of £1.05 billion to the economy in 2018 and hold £690 million in assets.

Furthermore, the community business sector now employs an estimated 33,600 people with an additional army of 125,200 volunteers working across these grassroots community ventures.

And when it comes to their outlook for the future, two thirds (66%) of community businesses surveyed are confident about their financial prospects – up from 63% in 2017 and 47% in 2016 – while 70% believe they will engage more volunteers and 50% say they will employ more paid staff this year.

To put this in context the FSB Small Business Index, which measures small business' confidence as a whole, fell from +12.9 in Q2 2018 to -1.7 in Q3 2018, only the third time the index has dipped below zero since the start of 2013.

A total of 75 per cent of community businesses surveyed expect their income from trading or contracts to increase as a result of expanding or diversifying their offer, while more than half (53%) say they are active in at least two additional categories beyond their primary purpose as a business, such as training and educating local people or providing health and social care services.

And community businesses are much less fazed about the impact of Brexit thanks to their predominantly localised supply chain and customer base. Only one in 10 mentioned challenges related to Brexit when asked about the challenges they face.

Power to Change CEO Vidhya Alakeson said: "Our figures show that community business is fast becoming a strong, viable and essential business sector, helping to drive a shift towards responsive local leadership, entrepreneurship and economic renewal."

“As community businesses expand their work to deal with the many complex challenges being faced by communities across the country, we’re calling on everyone to get involved in shaping the future of their local area by supporting this year’s Community Business Weekend.”

Community businesses come in many forms, from community run pubs, shops, libraries, clothing manufacturers, cafés and leisure centres, to housing trusts and solar farms. They are categorised as being rooted in a local area, run by members of the community and trading for the benefit of that community. A key benefit is their flexibility in being able to respond to community needs as and when they arise and this is identified as being a key driver of their growth.

The community businesses include property acquired through asset transfers of closed-down local authority sites such as libraries or swimming pools, or the redevelopment of derelict shops in high streets and town centres.

Examples include:

- Bramley Baths, a community run Edwardian bath house in Leeds which acts as a social hub for the community providing a centre for fitness, fun and wellbeing. Originally taken over from the local authority who were running it at a loss, at the end of the 2018 financial year, Bramley Baths recorded an £80k surplus in profit which has been reinvested into the building for the benefit of the community.
- Sunderland Homegrown CIC is a growing and thriving community nursery and garden centre that trains and supports vulnerable people in the heart of Sunderland’s Thompson Park. The community business is growing through increased referrals from the NHS, local council and Sunderland College, while the commercial side of the business is also expanding as it now supplies flowers to customers across the North East including the Palace Green at Durham Cathedral.
- B-inspired in Leicester is continuing to diversify its operations as a community business in the Braunstone area of the city, from running a food bank and community outreach projects, to its current refurbishment of a new community sports and wellbeing centre.
- In Plymouth, Nudge Community Builders was set up by community activists with the aim of creating activity in disused or underused urban spaces in the Stonehouse area of the city. Projects to date include transforming a disused shop into a community centre, and the conversion of disused pub The Clipper into a pop-up market space. The business is currently looking for further sites to renovate and transform.

The full report from Power to Change can be viewed at:
<https://www.powertochange.org.uk/research/community-business-market-2018/>

For more information please contact:

Laura Hunt: Laura.Hunt@bjl.co.uk – 0161 731 8141
Jonathan Bacon: Jonathan.Bacon@bjl.co.uk – 0161 731 8141
Ellyn Grant - Ellyn.Grant@bjl.co.uk – 0161 731 8141

About Power to Change: Power to Change is the independent trust that supports community businesses in

England. Community businesses are locally rooted, community-led, trade for community benefit and make life better for local people. The sector is worth £1.05 billion, and comprises 7,800 community businesses across England who employ 33,600 people. (Source: Community Business Market 2018) From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are creating great products and services, providing employment and training and transforming lives. Power to Change received its endowment from the National Lottery Community Fund in 2015.