



Backing
community
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Community Business Market Report 2024

January 2025

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About us



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About Power to Change

Power to Change is the think-do tank that backs community business.

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them. We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.



About CFE Research

Established since 1997, CFE is an independent not-for-profit company specialising in the provision of research and evaluation services across a broad field of wellbeing, education and workforce development.

About this report

For many people across England, 2024 was a year of change. Inflation and cost-of-living challenges continue to have an impact on many communities. A new government means more change on the horizon in 2025. It also brings new opportunities for community business, particularly in accessing more community power, contributing to a fairer and more inclusive economy, and helping to regenerate high streets and town centres.

Our 2024 Community Business Market Report reveals a stable and resilient community business sector – one that contributes to the economic, social and environmental wellbeing of their communities. The research used a survey, in-depth interviews and a range of quantitative data sources to build a comprehensive snapshot of the market.

The report shows that community business continues to have a positive impact on local communities, other businesses and high streets. As in past years, local people are also interested in owning and running more of their own local assets. Support for community ownership continues to be important, helping local people save the spaces and places that matter to them and deliver vital services for their community. Our report looks at how they do that, and what support they need to become more resilient in future.

This is our first bi-annual report, and ninth report overall, on the community business market. The research was carried out by CFE Research with input from Power to Change. The report was written jointly by CFE Research and Power to Change.

Interpreting the evidence provided by community businesses

The community business market is stable

Community business continues to enjoy a distinctive stability and resilience, demonstrating its flexibility and capability to evolve in response to community needs, and the long-term social and economic impact of the Covid-19 pandemic.

The composition of England's community business in 2024 is very similar to that reported in 2022. Community hubs remain the core business type for around a quarter (26%) of community businesses providing multiple services (compared with 25% in 2022). The most common legal structures continue to be charities limited by guarantee (26% compared with 24% in 2022) and community interest companies (25% in 2024 and 2022).

As the median income of community business (£154,000) is now higher than levels before the Covid-19 pandemic (£140,554 in 2019), the promising resilience and recovery of community business revealed by the 2022 survey seems to have been maintained, despite the cost-of-living and wider post-pandemic economic and social challenges that have otherwise persisted.

Volunteers continue to be critical to community business, with a ratio to paid staff of 3.1 to 1 (compared with 3.0 to 1 in 2022). Despite relying on volunteers, community businesses still appear to employ more people compared with UK business in general. Half (51%) of community businesses employ fewer than ten staff compared with a fifth (21%) of businesses nationally.

As over half (56%) of the 424 community businesses we surveyed this year have been operating for more than 10 years and only 3% for less than 12 months, our findings largely reflect the circumstance and experience of those that are more mature rather than recently established or emerging. You can find more about the survey and the 15 in-depth interviews we conducted in the technical appendix.

Community businesses are responsible employers

Over two-thirds (68%) of community businesses pay all their staff at least the real Living Wage. This compares very favourably with only one in seven UK employees working for Living Wage Employers. On average, community business uses zero-hours contracts to employ 18% of their paid staff. While this is much lower than is common in the accommodation and food industry (32%), it is above the proportion employed in this way nationally (3.5%).

There is an appetite for community ownership

Many community businesses want to own and run more of their local assets. Nearly a third (31%) of community business agreed that permission to purchase buildings or land will be a priority for them and two-fifths (41%) would focus on identifying available buildings or land to grow their business. Owning and running local assets has potential to empower communities, and community business can play an important part – nearly three-quarters (74%) felt that engaging local people in the governance of their business will be a priority in the coming 12 months.

However, community business needs support to own and operate assets effectively. Three-fifths (60%) believe barriers prevent their community business from taking on the vacant spaces and buildings that could help sustain local high streets. The support they seek to help them includes legal advice about acquisitions and lease agreements, accessible lists of public sector assets available for lease or transfer, and public sector guidance and help with the processes involved.

Nearly three-quarters (73%) are most likely to approach local or combined authorities for support. Given the contribution community business makes to the social and economic wellbeing of the communities they serve, and the growing momentum behind devolution and creating more combined authorities, the voice of community business will be crucial to new decision-making structures.

Grants are an important part of the funding mix

The use of zero-hours contracts could reflect the nature of community business income. Grants continue to be an important part of the funding mix, typically making up 40% of total income. While nine in 10 (88%) considered accessing grants to be a priority in the next 12 months, interviewees suggest it's becoming increasingly competitive. The likelihood of accessing grants is the most common reason (80%) for lower confidence about financial outlook.

Sustainability could be strengthened

Increasing the proportion of income derived from trading (48% on average) and diversifying income streams will be critical for improving sustainability. On average, only 2% of community business income came from social investment in 2024. Community business would welcome support to identify alternative funding streams, like brokering access to investors interested in community benefit.

Financial prospects determine community business confidence. Community businesses are more likely to be confident in financial outlook if they are trading and there is customer demand for their services. However, cost-of-living pressure continues to suppress demand and consequently confidence.

Owning assets appears to contribute to business stability. Community businesses with fewer paid staff are significantly less likely to own any assets. Community businesses with no employees (46%) do not own or lease any assets, compared with 33% of those with fewer than ten employees and 18% of those with 10 to 49 paid staff.

Benefits of community business

For local communities

Community businesses continue to play an important role in the communities they serve. At least three-fifths report having a strong impact on creating greater community cohesion, reducing social isolation, improving health and wellbeing, and building community pride and empowerment. On average, over three-quarters (78%) of customers live locally, a similar proportion (81%) of paid staff and nine out of 10 (91%) volunteers are drawn from the community. On average, over a third (37%) of paid staff were unemployed before working for the organisation. Community businesses are often highly trusted representatives of their communities.

“

We've had meetings with the Greater London Authority, and they have consistently said, 'The biggest thing about you guys is trust in the community. People trust you more than they trust us, they trust us more than they trust central government, they trust central government more than they trust businesses', and there's that chain. We are at the top of that food chain in terms of trust.

Community energy organisation representative

”

For businesses

This year we also looked at the importance of community business investment in other local and community businesses. On average, half (51%) of community business expenditure in the last year was on local suppliers and over a quarter (27%) of suppliers are other community businesses.

For high streets

Two-fifths (39%) believe their community business has had at least some impact on high street regeneration. Community businesses are helping not only to revive but also redevelop local high streets. Interviewees cited examples of taking on and renovating previously empty buildings, increasing footfall and partnering with local groups to help regeneration endeavours.

The considerable potential for community business impact on the high street has yet to be fully harnessed. Fewer than three in ten (28%) felt local authorities or private sector organisations encouraged community business to contribute to strategic decisions about high streets, and it is clear that engaging community business in local decision making could yield considerable benefits in the future.

The characteristics of community businesses

Composition of the community business market in 2024

As we've seen in previous surveys, community hubs continue to be the single biggest type of business, comprising just over a quarter (26%) of those we surveyed (it was 25% in 2022).¹ The next most common activities make up only 6% of the market:

- arts centres/spaces
- health and social care services
- consultancy or management
- pubs
- shops
- sports and leisure services.

Table 1 illustrates the interconnectivity of community business activities. The heat map shows the volume of respondents engaging in each activity: red squares show the most activities, blue squares the least.

As an example, 229 community businesses (54%) self-identify as a community hub (compared with 53% in 2022). Many of these also house a range of support services, including training and education (n=86; 38% of community hubs), education and education support (n=81; 35%), information, advice and guidance/employability support (n=75; 33%), and youth services (n=70; 31%). Just over a third (n=79; 34%) that operate as a community hub also run a café.



¹A community hub is a place or space hosting or providing a range of services for local people.

Table 1: Number of community businesses providing different activities (base: 424)

	An arts centre/space	A business centre/business support facility	A café	A community hub/facility	Childcare	Craft, industry and production	Digital/technology services, consultancy or products	Education and education support	Energy services, consultancy or generation	Environmental/nature conservation services, consultancy or products	Finance services, consultancy or products	Food catering and production/farming	Health and social care services, consultancy or management	Housing services, consultancy or management	Information, advice and guidance/employability support	A library	Law and advocacy	A pub	A shop	Sports and leisure services, consultancy or management	Training and education	Transport services, consultancy or management	A village hall	Waste reduction re-use or recycling	Youth services
An arts centre/space	80																								
A business centre/business support facility	17	41																							
A café	34	21	99																						
A community hub/facility	60	34	79	229																					
Childcare	10	6	11	27	33																				
Craft, industry and production	21	7	9	23	3	31																			
Digital/technology services, consultancy or products	9	5	5	16	2	1	27																		
Education and education support	36	18	36	81	19	20	16	116																	
Energy services, consultancy or generation	3	3	1	5	0	2	3	5	17																
Environmental/nature conservation services, consultancy or products	15	7	13	24	5	10	6	27	4	39															
Finance services, consultancy or products	2	2	2	3	2	1	3	4	1	4	7														
Food catering and production/farming	11	6	18	33	6	8	5	24	1	11	2	44													
Health and social care services, consultancy or management	14	7	14	38	8	7	8	25	3	14	3	11	66												
Housing services, consultancy or management	2	8	7	14	3	1	2	5	2	2	2	3	5	29											
Information, advice and guidance/employability support	28	17	31	75	17	7	15	45	3	10	3	9	26	10	91										
A library	5	3	10	17	5	2	0	8	0	0	0	3	2	1	9	20									
Law and advocacy	2	2	3	4	1	0	1	3	0	1	1	2	2	1	5	1	9								
A pub	4	2	5	14	1	1	1	1	0	1	0	5	0	2	1	2	1	31							
A shop	13	8	23	29	2	7	1	9	0	4	1	9	2	3	10	5	1	1	43						
Sports and leisure services, consultancy or management	9	7	17	33	7	2	6	22	4	8	2	6	9	2	9	3	2	3	2	55					
Training and education	38	19	43	86	16	19	19	78	5	23	4	20	24	9	53	11	5	2	13	24	129				
Transport services, consultancy or management	1	3	3	7	1	2	1	4	1	3	2	3	6	4	5	0	0	0	0	3	6	11			
A village hall	5	3	9	13	4	1	0	6	0	0	0	1	0	1	4	1	0	1	3	4	4	0	14		
Waste reduction re-use or recycling	11	6	7	22	2	7	2	6	1	7	1	4	1	1	10	1	0	0	10	3	11	2	0	27	
Youth services	30	13	31	70	16	15	12	59	3	18	3	16	25	6	37	7	3	2	7	19	56	4	5	6	86

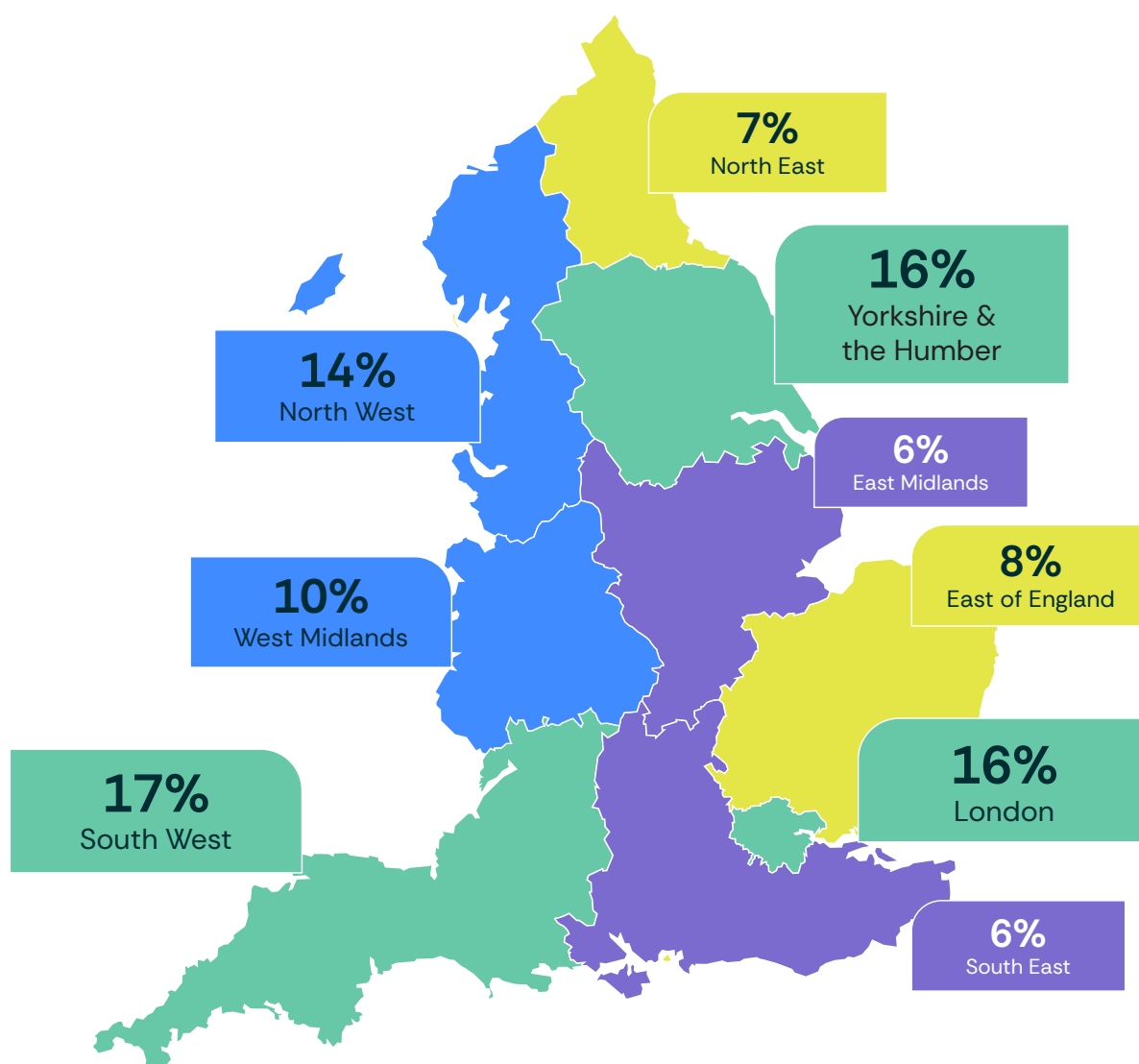
Operating status

Of the community businesses we surveyed in 2024, 90% are fully operational and 8% partially. Over half (56%) have been operating for more than 10 years and only 3% for less than 12 months.

Geographic location

Community businesses in England are mostly located in the South West (17%), followed by London and Yorkshire and The Humber (both 16%), and the North West (14%) (Figure 1). More than three-quarters (77%) are in urban areas, with two in five (42%) based in major conurbations. The previous Community Business Market report in 2022 found community businesses were disproportionately located in areas of disadvantage.²

Figure 1: Location of community businesses by region



Source: Community Business Market Survey 2024 (base: 424)

The number of people working for community businesses

Staffing numbers

Community businesses reported employing 10 paid staff on average, with the number of paid staff ranging from 0 to 220. The data relating to staffing (and volunteers) has changed little year to year across the community business market surveys (Table 2).

Table 2: Mean and median staff and volunteers reported in community business market surveys, 2019 to 2024

Staff and volunteer numbers	2019	2020	2021	2022	2024
Base	312	447	548	1,015	424
Mean staff	14	10	10	9	10
Median staff	4	3	3	4	5
Mean volunteers	32	29	29	29	31
Median volunteers	17	15	15	14	15

Source: Community Business Market Surveys 2019 to 2024 (bases in table)

In terms of average employee numbers, community businesses are slightly larger in 2024 than in 2022. In 2024, a smaller proportion have no paid staff (16%) and pay 1 to 9 employees (51%), compared with 2022 (19% and 53% respectively). This compares with 74% of businesses UK-wide having no employees and 21% employing fewer than 10 people.³

On average, 68% of paid staff worked part-time, 30% were employed on temporary or fixed-term contracts and 18% were employed on zero-hours contracts.⁴ The average proportion of paid employees on zero-hours contracts in community business is much lower than in the accommodation and food industry (32%); the industry with the highest proportion of such contracts.⁵ However, it is higher than the 3.5% of the UK's working population with zero-hours contracts.⁶

This year's survey was the first considering community business use of the real Living Wage. Just over two-thirds of community businesses (68%) pay all their staff at least the real Living Wage. Of those not paying it to all their employees, on average they pay it for 33% of them. These findings compare very favourably with only one in seven workers in the UK working for Living Wage Employers.⁷

⁴This is the first year in which we collected this data.

Volunteers

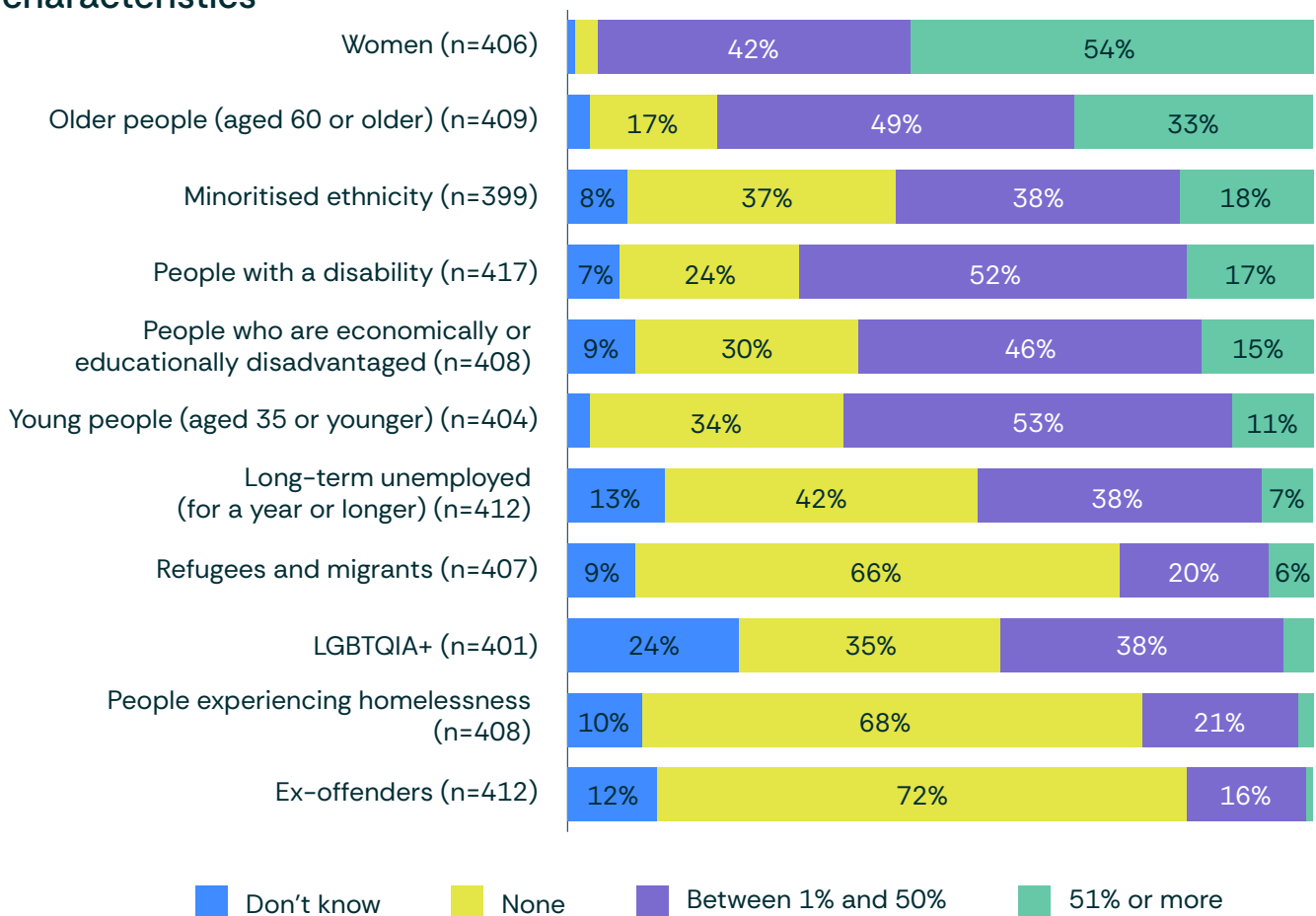
Volunteers continue to be crucial to community business. In 2024, community businesses engaged an average of 31 volunteers.⁸ This is three times the number of paid staff and consistent with previous years (Table 2).

Composition of senior leadership teams

Women make up more than half of leadership teams in 54% of community business and people aged 60 and over in 33% (Figure 2). This is similar to 2022 (55% and 32% respectively).

Most community businesses have at least some senior representation from people with lived experience of economic or educational disadvantage and long-term unemployment.

Figure 2: Composition of leadership teams by demographic and economic characteristics



Source: Community Business Market Survey 2024 (bases in figure)

⁸Any references to 'average' are the mean average unless stipulated.

Stakeholders involved in community businesses

Community businesses engage a wide variety of stakeholders including financial supporters and clients. We defined financial supporters in the 2024 survey as:

- shareholders: who have paid for and own community shares in a community business
- members: where formal membership, for example of a society or charity, is granted by a community business
- investors: individuals who have financially invested in a community business and are not members.

We defined clients as:

- customers: who have purchased goods or services from a community business
- beneficiaries: who benefit from the services offered by a community business.

Table 3 shows the average number of financial supporters and clients engaged by community businesses.⁹ Those with many financial supporters and clients skew the data and result in high means.

Table 3: Mean and median stakeholders engaged in community businesses

Number of community business stakeholders	Mean	Median
Financial supporters ...		
... shareholders (n=346)	99	0
... members (n=346)	137	0
... investors (n=324)	14	0
Clients in the last 12 months ...		
... customers (n=330)	6,906	145
... beneficiaries (n=338)	9,304	650

Source: Community Business Market Survey 2024 (bases in table)

⁹This is the first year this data has been collected.

Engaging the local community

Table 4 illustrates the pivotal role community businesses play in the local areas they were established to serve. On average, nearly four out of five customers (78%) live locally,¹⁰ a similar proportion of paid staff (81%, slightly lower than 2022: 86%) and nine out of 10 of volunteers (91%, similar to 2022: 92%) are drawn from the local community. Furthermore, an average of over a third of paid staff (37%) were unemployed before working for the organisation.¹¹

Table 4: Mean and median percentages of local people engaged in community businesses

Proportion of local people	Mean	Median
Paid staff living in the local community (n=283)	81%	95%
Paid staff unemployed before working for community business (n=214)	37%	29%
Volunteers living in local community (n=385)	91%	100%
Customers engaged in last 12 months living in local community (n=246)	78%	83%

Source: Community Business Market Survey 2024 (bases in table)

Support for local and community business suppliers

Community business makes an important economic contribution, investing in other local and community businesses. On average, about half (51%) of community business expenditure in the last year was spent on local suppliers, and over a quarter (27%) of suppliers are other community businesses.

Community business income

Community businesses reported an average annual income of £594,405 (compared with £264,000 in 2022). Businesses with large incomes skew this average upwards. The median income is £154,000, which Table 5 shows is both higher than the median income in 2022 (£107,946) and above pre-pandemic levels (£140,554 in 2019).

¹⁰This is the first year this data has been collected.

¹¹As the wording of this question has changed since 2022, this is not comparable.

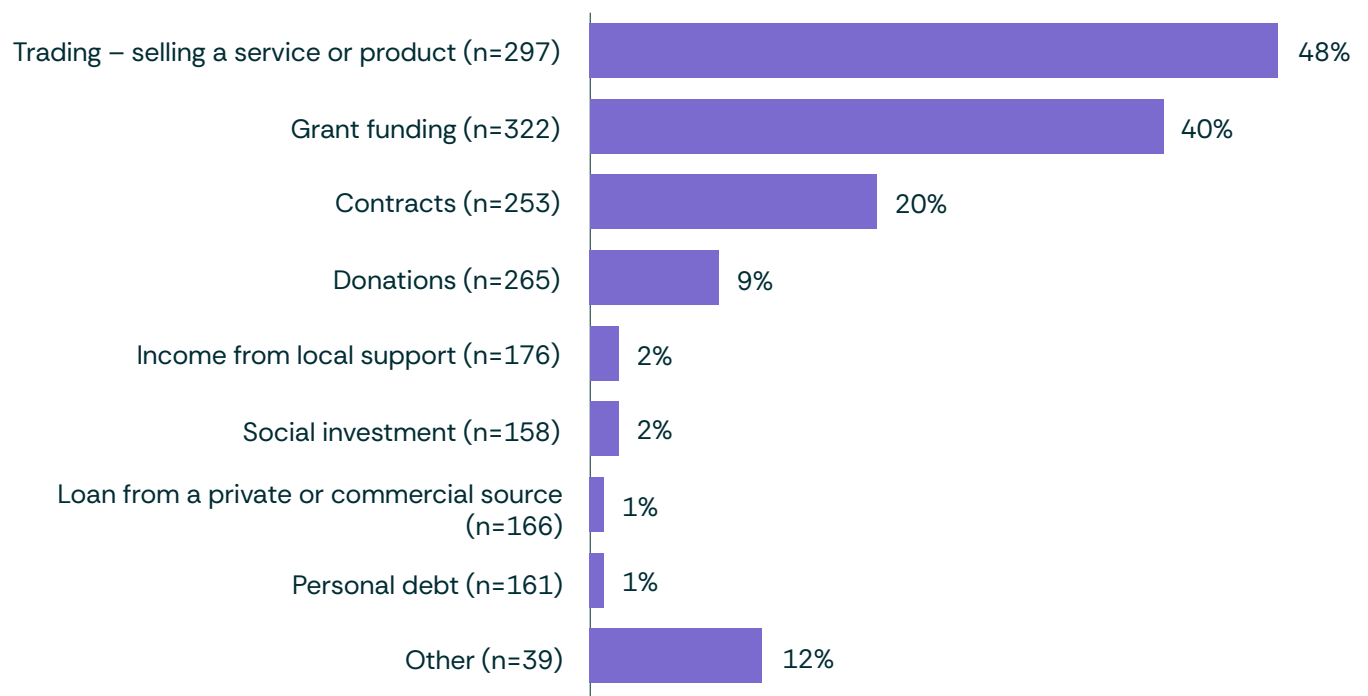
Table 5: Median income reported by community businesses since 2019

Median income data	2019	2020	2021	2022	2024
Total median income	£140,554	£110,000	£130,000	£107,946	£154,000

Source: Community Business Market Surveys 2019 to 2024

Figure 3 shows the contribution that different sources make to overall income, with trading (48%) and grant funding (40%), followed by contracts (20%), making up the largest proportions.¹²

Figure 3: Average proportion of community businesses' total income made up by different sources



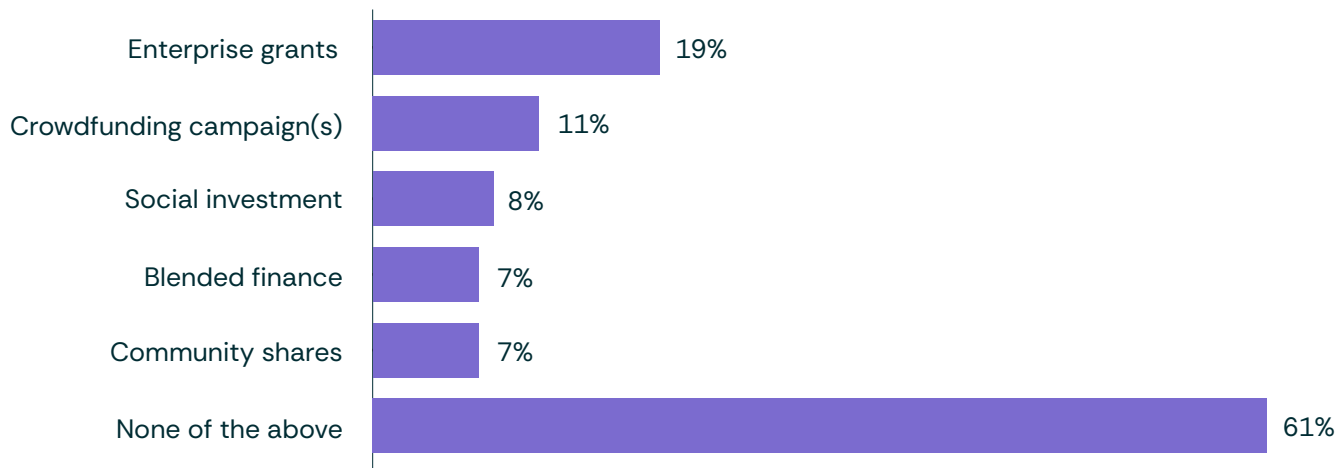
Source: Community Business Market Survey 2024 (bases in figure)

Note: Figure totals more than 100% as it is a multiple response question

¹²This is the first year we asked this question.

In the last 12 months, one in five (19%) community businesses successfully applied for enterprise grants and one in 10 (11%) raised income through crowdfunding (Figure 4). However, three out of five (61%) have not successfully accessed or raised income of this kind.¹³

Figure 4: Proportion of community businesses which have successfully accessed/raised different types of income in the last 12 months



Source: Community Business Market Survey 2024 (base: 411)

Despite only 7% of survey respondents successfully raising income through community shares in the last year, two community pubs shared their experience and achievements.

Engaging the local community

Kingstone Community Society owns The Shrewsbury Arms, a community pub in Staffordshire. Ownership was transferred to the community in 2019. Kingstone Community Society has 13 volunteers and the pub is run by tenants.

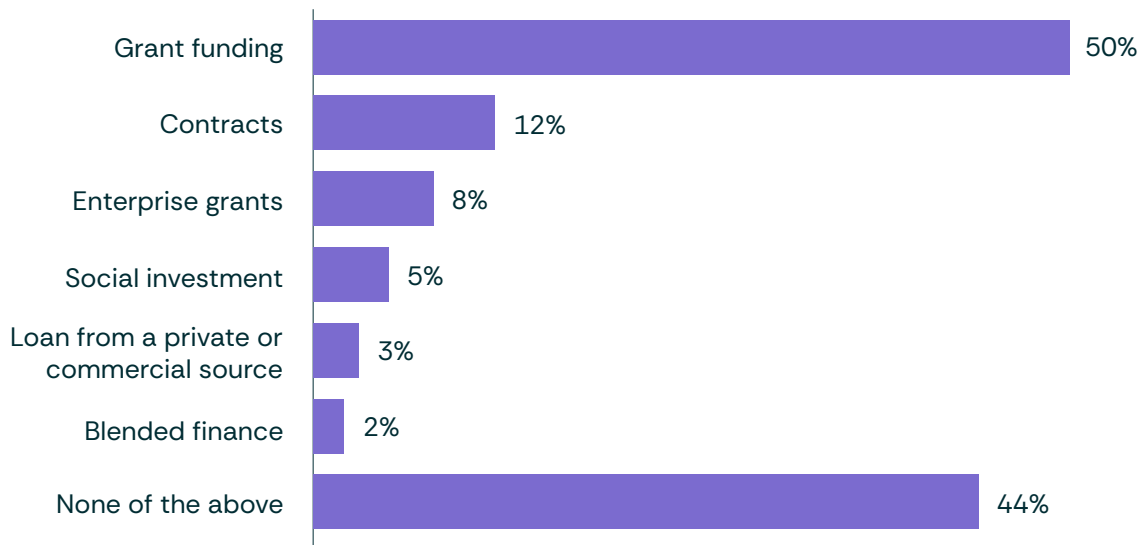
The purchase of the pub was partly funded by community shares. The organisation has raised £140,000 from 208 community shareholders who mainly live in the village of 250 properties and 650 inhabitants. The shareholders were eager to keep the building for the benefit of the community rather than it being demolished and developed for housing. The pub currently generates an annual rental income, half of which services the mortgage, which has five years left to run, with the remainder reinvested in the pub and community activities.

The organisation wants to raise more money via community shares to match fund a large Ministry for Housing, Communities and Local Government grant it has applied for, to renew and insulate the pub's roof. The treasurer suggested it will be challenging to encourage residents to increase the number of shares they own, now the aim of acquiring the asset has been achieved. To overcome this challenge and secure residents' further investment, the board feels it needs to identify new services that the pub can provide. One current proposal is hosting a parcel delivery and collection box system, to remove the need for residents to travel into town for such a service.

¹³This is the first year this data has been collected.

One in two (50%) community businesses were unsuccessful in securing grant funding in the past year (Figure 5).

Figure 5: Proportion of community businesses which have been unsuccessful in applying for different types of income in the last 12 months



Source: Community Business Market Survey 2024 (base: 403)

Experiences of grant funding

Several community business interviewees had successfully applied for grants. These were awarded by a variety of organisations and schemes including, for example:

- government programmes – UK Shared Prosperity Fund
- charities – School for Social Entrepreneurs
- social enterprises – The Ubele Initiative
- global chains – KFC.

As they did not differentiate between enterprise grants and grant funding when describing the sources, there may be limited awareness of the distinction.

Those receiving grants attributed their success to experience and skills in making bids, stressing the importance of highlighting the impact funding will have on the local community, by promoting diversity, ensuring accessibility or providing local employment, for example. At least one community business employed a bid-writing consultant to increase their chance of securing grants.

One digital technology consultancy valued the information workshop their grant provider offered for applicants, which helped improve the quality of her applications and enabled her to connect with other social entrepreneurs.

Unsuccessful applicants felt that strong competition was a key factor, with funders noting the high volume of applications in feedback that was also short on specifics, given the constraints on their time dealing with all the bids.

Some recognised where their applications lacked detail on what outcomes would be delivered and how they would be evaluated.

Some made changes following unsuccessful outcomes to improve chances in future. One community hub improved its online information about the business' aims and its governance structure to promote a more professional image, and an arts centre director planned to be more ambitious about the outcomes they proposed to deliver.

Grant funding will continue to be an important source of funding for community business. A significant majority (88%) agree that accessing grants will be a priority for them in the next 12 months, in contrast to the one in five (21%) who considered accessing loans to be key. The type of support sought to make grants more accessible includes:

- a simpler, less time-consuming process for organisations with few paid staff experienced in writing bids
- funders who understand and value the role community businesses play in their localities and the impact they have on local people.

“

Often it felt like it was a case of whoever writes the best application gets the funds, not necessarily who's going to do the best work.

A community hub representative

”

Experiences of crowdfunding

One community business used a crowdfunding campaign to raise finance to renovate a building for its sports and leisure organisation. Despite the significant funds raised, they needed to invest considerable time and resource to maintain and build public interest in the venture, and would welcome a way for community business to identify companies willing to finance activities for community benefit. This would narrow the spread of approaches required, and ensure the same sources aren't repeatedly approached for investment.

“

It's difficult because you tend to be hitting the same people all the time, and a lot of the time it's the friends and family of service users, [who] aren't necessarily the people we want to be putting lots of money into something. It would be great if we had a crowdfunder where you could get matched with businesses that wanted to spend some of their tax relief money or something.

Community sports organisation representative

”

Legal status of community businesses

A quarter (26%) of community businesses are charities limited by guarantee and a similar proportion (25%) are community interest companies (Figure 6). Little has changed since 2022 (24% and 25% respectively) and the next most common forms of business remain charitable incorporated organisation and community benefit society (both 15%). Similar results were reported in 2022 (16% and 13% respectively).

Figure 6: Legal structure of surveyed community businesses



Source: Community Business Market Survey 2024 (base: 424)

Those we interviewed identified some of the benefits and drawbacks from the variety of organisational status they represented. Table 6 summarises the findings.

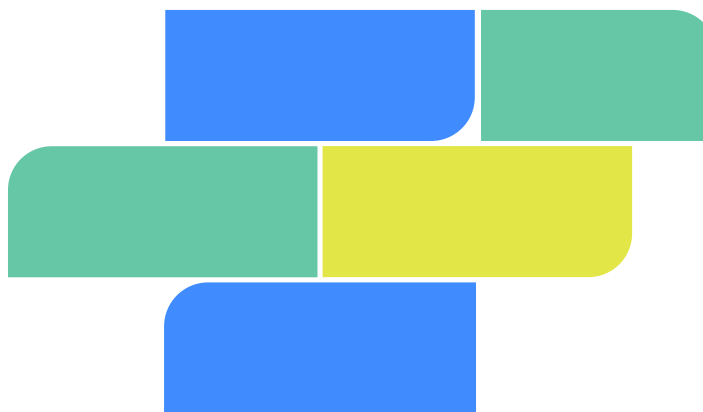


Table 6: Perceived benefits and drawbacks of different types of legal status for community businesses

Legal status	Perceived benefits	Perceived drawbacks
Charitable company limited by guarantee	<p>No individual liability, i.e. directors are not liable for business debts or losses. This is critical for community business which often starts with limited financial resources and directors volunteering their time to establish the organisation.</p> <p>Ability to continue service seamlessly in case of closure, by passing on resources and assets to another charitable organisation.</p> <p>Access to more funding streams.</p>	<p>Less opportunity to earn an income as a founding director.</p> <p>More stringent monitoring requirements.</p>
Community interest company (limited by guarantee)	<p>Greater access to funding opportunities.</p> <p>Not-for-profit status enables organisation to provide the community with flexible and affordable services which meet their needs.</p> <p>The categorisation makes it clear for partners you are trying to engage, e.g. local councils, that you are serving the community and not personal profit.</p>	<p>None reported by interviewees.</p>
Community benefit society (industrial provident society)	<p>Tax relief is accessible to help community businesses save money.</p> <p>Enables a community business to raise funds via community shares.</p> <p>Allows for an asset lock whereby the assets cannot be sold off or liquidated. They can only be passed on to another organisation with similar objectives, ensuring they continue to be for the benefit of the community.</p>	<p>Fewer funding opportunities are available.</p> <p>Challenging to sustain membership funds if an individual or representative of an organisation no longer sees the benefit of the business for them.</p>

Source: Community business interviews 2024

Given the variety of legal arrangements available to community business, clarity about the advantages and disadvantages of options would be beneficial. The founder of a digital services community business explained how she deliberated about which legal status would be most appropriate for her organisation.

“

As a person of African and Caribbean heritage, Black British, I didn't want to be a charity. It just didn't make me feel good about myself and I wanted to earn, be able to sell our services and products, make an income, but also do charitable work and do voluntary work when necessary as well.

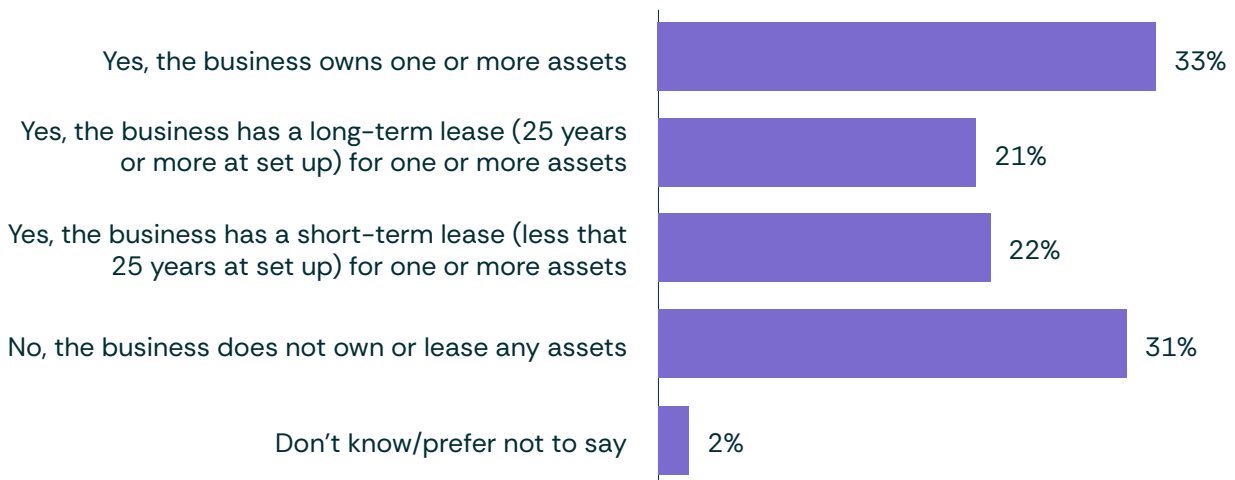
Digital heritage educational resources provider representative

”

Owning and leasing assets

One in three (33%) community businesses owned one or more assets (building and/or land), 43% manage an asset on a short or long-term lease, and less than a third (31%) neither own nor lease any assets (Figure 7).¹⁴

Figure 7: Proportion of community businesses which own and/or manage assets (building or land)



Source: Community Business Market Survey 2024 (base: 424)

Note: Figure totals more than 100% as it is a multiple response question

¹⁴This survey question was worded differently in 2022 so cannot be compared with this year's results.

The number of staff a community business employs appears to influence its propensity to not own or lease an asset (Table 7). Those with no employees or fewer than 10 paid staff are more likely than those with 10 to 49 employees to not own or lease any assets.

Table 7: Likelihood of a community business not owning or leasing assets by number of paid employees

Number of paid employees	Proportion of community businesses not owning or leasing any assets
0	46%
1 to 9	33%
10 to 49	18%
50+	23%

Source: Community Business Market Survey 2024 (base: 424)

Community businesses own or lease a wide range of properties, including large community buildings, pubs, modern office buildings, art centres and sports facilities.

These assets can be critical, either for delivering services like a pub, or for the income from other businesses renting office space or hiring sports facilities.

Several asset owners indicated how fortuitous circumstances resulted in their acquisition. These included previous owners gifting them a building or needing to sell it at a very affordable price due to mitigating factors.

On average, those managing buildings or land reported having 28 years remaining on their longest lease, with the median being 15 years.¹⁵ Longer-term leases give community businesses more confidence to plan for the future and invest in assets.

“

The last building we were in, we had a two to three year lease, so that means you are very limited on what you can achieve in that time. To be able to get something for 25 years that’s likely to just be rolled-on [means] we should have this as a forever home. And that makes a real difference to how much money we can invest on the site because we know we’ve got the potential to make it worthwhile.

Community sports organisation representative

”

¹⁵This is the first year this data has been collected.

The total value of the buildings owned or leased by community businesses responding to the 2024 survey is £366,032,399; our market analysis in 2022 estimated the total value of fixed assets owned by community business at £744 million. The median value of buildings owned or leased by community businesses in 2024 is £500,000.¹⁶

Table 8: Value of buildings owned and/or leased by community businesses

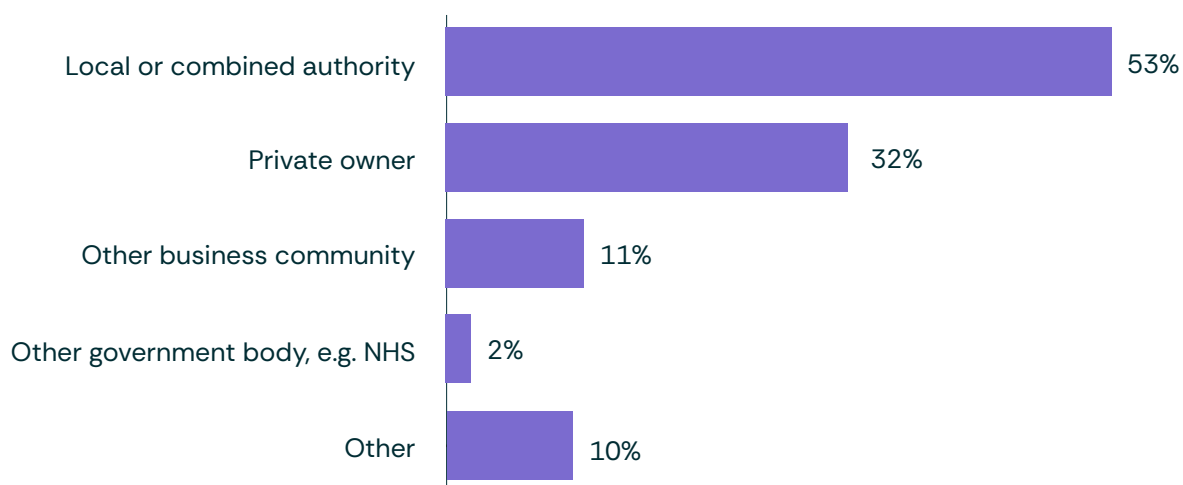
Value of buildings ...	Average	Median
... owned/leased	£2,115,794	£500,000

Source: Community Business Market Survey 2024 (base: 173)

Experiences of owning or leasing assets

Local authorities play an important role in community business' access to assets. Over half (53%) of community businesses say they lease their building or land from a council (Figure 8). There are several reasons for leasing rather than purchasing assets including affordable rents, often from local authorities, and high purchase prices, requiring a reduction in services to be able to afford them.

Figure 8: Organisations from which community businesses lease their asset/s (building or land)



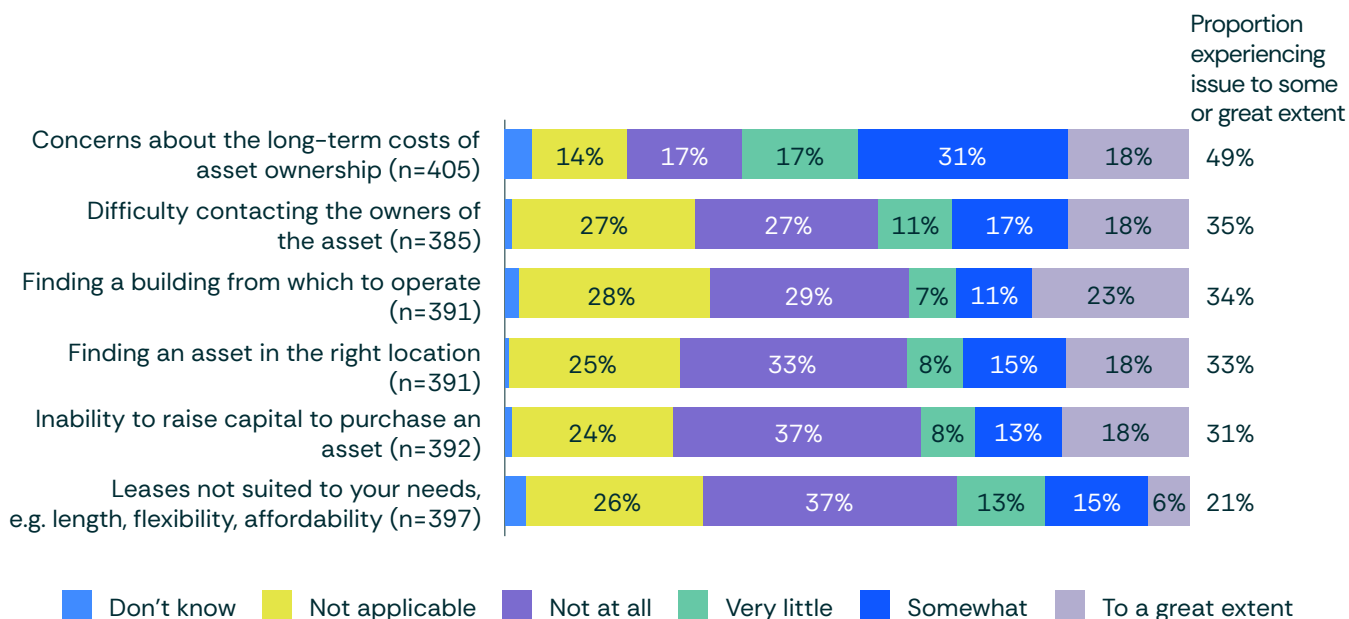
Source: Community Business Market Survey 2024 (base: 192)

Note: Figure totals more than 100% as it is a multiple response question

¹⁶This survey question was worded differently in 2022 so cannot be compared with this year's results.

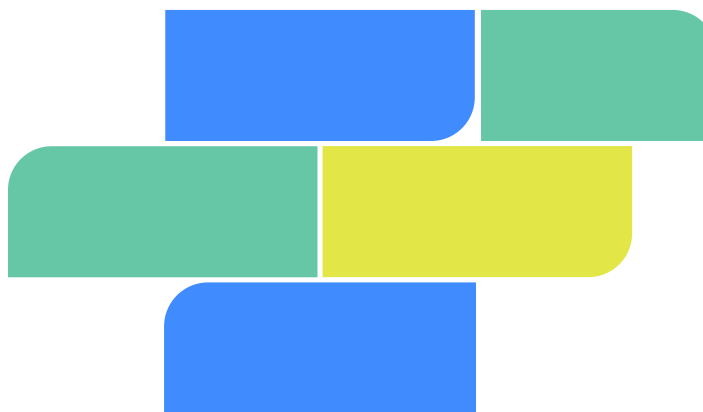
Figure 9 shows how at least one in five (21%) community businesses have experienced issues relating to assets in the last year, with concern about the long-term costs of owning assets affecting the most (49%).¹⁷

Figure 9: Proportion of community businesses experiencing issues relating to assets in the last 12 months



Source: Community Business Market Survey 2024 (bases in figure)

Interviewees identified several benefits and drawbacks of owning or leasing assets, summarised in Table 9.



¹⁷This is the first year this data has been collected.

Table 9: Benefits and drawbacks of community businesses owning or leasing assets

	Benefits	Drawbacks
Owning assets	Provides long-term security as the community business controls the asset.	The financial investment required to purchase a building.
	Financial security – able to use the facilities without paying rent and can raise income from renting all or part of the building to other organisations providing services.	
	Freedom to provide the services and products the local community wants or needs, e.g. short notice periods for other organisations renting the asset.	
Leasing assets	Requires less upfront financial investment than servicing the purchase of an asset.	Uncertainty about future plans as the owner could sell it, e.g. a local authority renting a building with a lot of land to a community hub could choose to sell the land to a housing developer.
	Being based at a single site rather than delivering services from multiple locations helps local people know where to find the organisation and access its services.	Financial insecurity about the extent to which the cost of a lease will increase at the end of its term.
Renting a site	Flexibility to leave a location which no longer meets the needs of the community business at short notice.	Lack of control over changes to rental charges or use of the space.

Source: Community business interviews 2024

“

When a business is community-owned, as long as you have a group of people who are willing to take on that responsibility, it responds to the needs of the community. And if we hadn't taken it into community ownership, it would now have something built on it or it would be a derelict eyesore which there would be huge discontent with.

A community pub representative

”

Benefits of asset ownership

The Hive provides start-up advice to micro, small and medium-sized businesses in North Somerset. This includes free business advice, mentoring and training. This community business also owns a managed workspace which rents out individual offices to other local businesses. The building provides these businesses with a managed reception and the rent includes all charges including services. The Hive also connects its business tenants to other local organisations like the chamber of commerce or local authority, and professional services like accountants and solicitors.

Owning the managed workspace provides financial sustainability. By renting out the premises to other businesses, the business makes an income to cover the building's running costs and invest any surplus in the provision of free business advice and support for start-ups. Owning this asset also means the community business can provide flexible renting arrangements for its customers. The community business only stipulates that its tenants provide 30 days' notice to end their rental agreement rather than having to sign up to leases of multiple years. The amount of space in the building rented by a tenant can be easily changed by inserting or removing partition walls. These flexibilities give the tenants greater freedom to adapt their office space in response to changes in the market.

Acquiring assets will be a priority for many community businesses in the coming year. Nearly a third (31%) felt that permission to purchase buildings or land will be a priority and two in five (41%) will focus on identifying available buildings or land to grow their business.

Several interviewees suggested that selling or leasing assets to organisations like themselves offers advantages for local authorities, as they would maintain and improve sites which might otherwise become derelict and draw anti-social behaviour. However, a few reported that more risk-averse local authorities had been reluctant to transfer assets to their community business.

“

Local authorities don't like giving up an asset. Even if that asset is derelict, and clearly needs to be replaced. Sometime in the future, they think they're going to be criticised for giving something away. I don't think they see the people in the community as being sufficiently knowledgeable and capable of running these things. They almost never ever see the upside, not just in financial terms, but in pulling people together, in making communities, in creating places where people want to live.

Sports services consultancy representative

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Support for owning or leasing assets

There are several types of support with assets that community businesses would welcome, including:

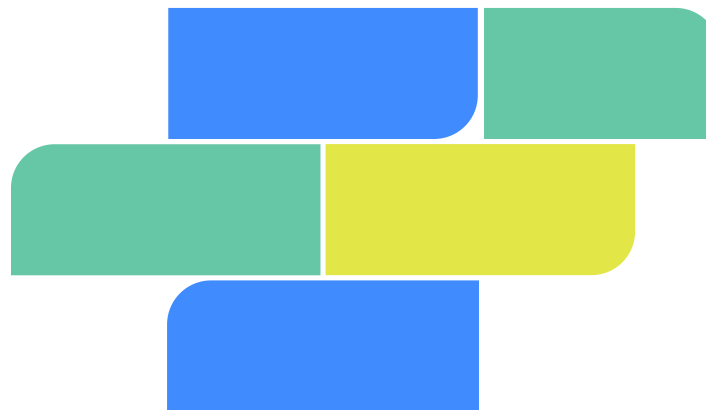
- legal guidance for acquiring assets or navigating lease agreements: one community pub recommended the advice they had received from Plunkett Foundation to identify loans to enable their purchase of the building and business
- an accessible list of the assets owned by the public sector available for lease or transfer
- proactive support from local authorities with staff who understand the value of community businesses to local communities and provide the help they need to acquire and manage assets.

“

The delay [in arranging the new lease] highlights the district council's apathy around engaging with community businesses. We've been asking for a new lease for two years now and we're now two weeks from it running out.

Community hub representative

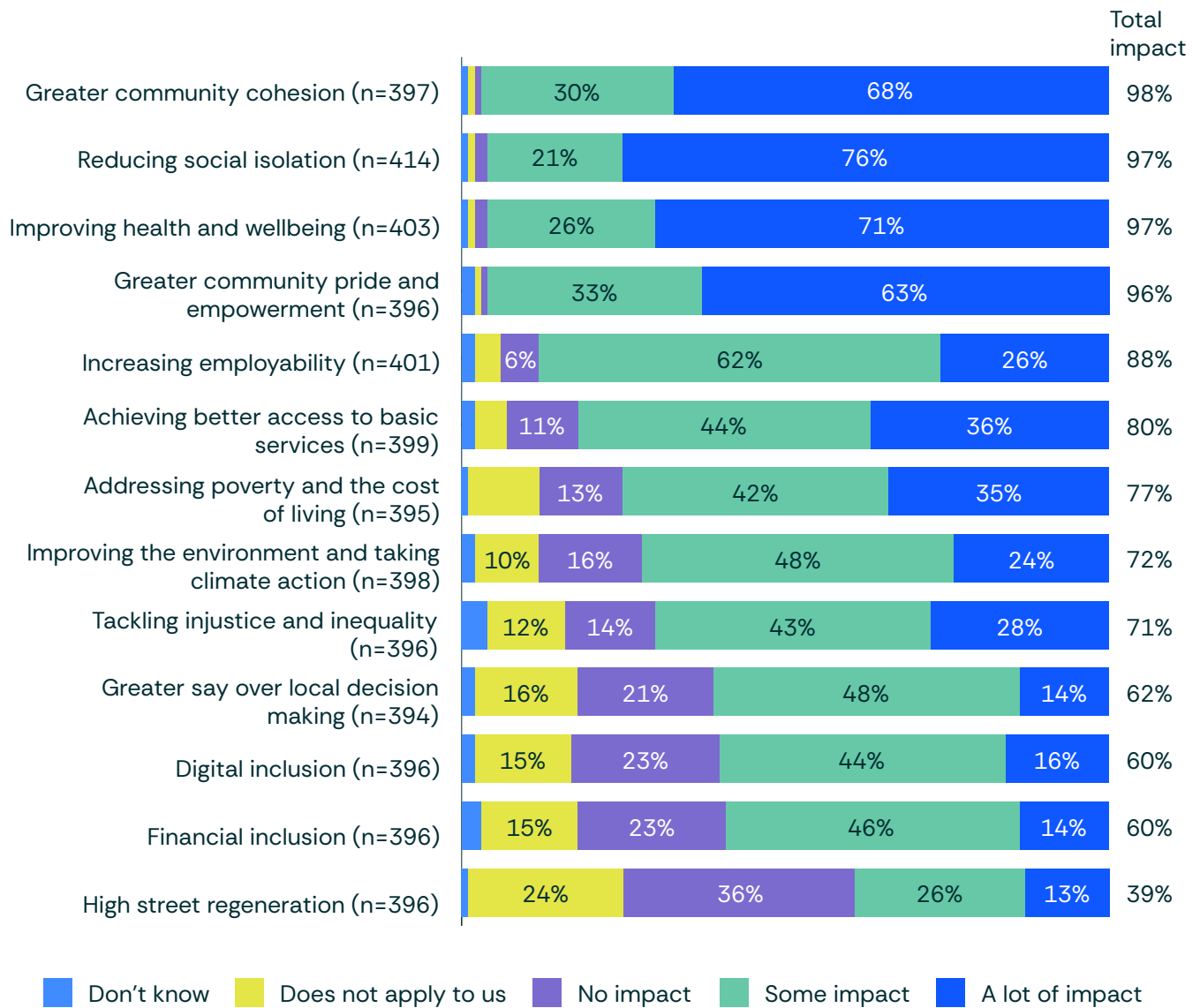
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Community impact

Almost everyone said their community business had at least some positive impact on community cohesion (98%), reducing social isolation (97%), improving health and wellbeing (97%) and community pride and empowerment (96%) (Figure 10). Two in five (39%) reported having an impact on high street regeneration. The variety and mix of impacts community business claimed this year are very similar to those reported in 2022 and 2021 (Figure 10).

Figure 10: Community impacts reported by community business respondents



Source: Community Business Market Survey 2024 (bases in figure)

Business confidence

We asked community businesses to rate their confidence in their financial prospects over the next 12 months compared with the previous 12. One in seven (14%) are much more confident and a third (34%) slightly more. Although these proportions are very similar to those reported in 2022 (16% and 34% respectively), there has been an encouraging drop in the proportion who are less confident (29% in 2024 compared with 37% in 2022). It is also notable and promising that community businesses are more confident about their financial outlook (48%) than members of the Institute for Directors (where 41% are very or quite optimistic about their organisation over the coming 12 months).¹⁸

Figure 11 shows the principal factors influencing confidence and concern about financial prospects, of which the most common for both confidence (67%) and concern (80%) is the likelihood of accessing grants. Trading prospects, financial stability, and customer demand for services (all 61%) are other key drivers of confidence, with cost of living increases continuing to be a key concern (68%).

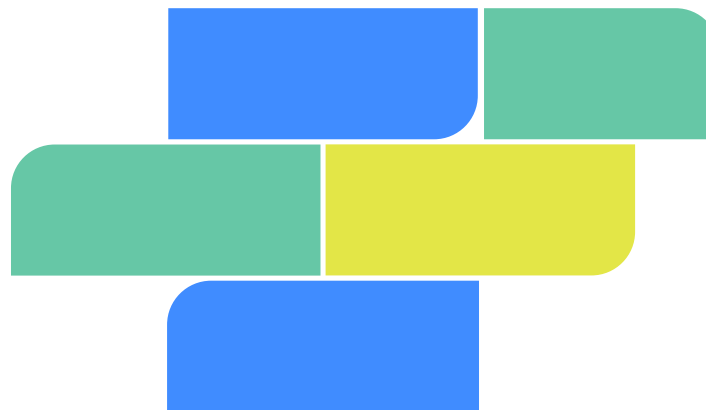
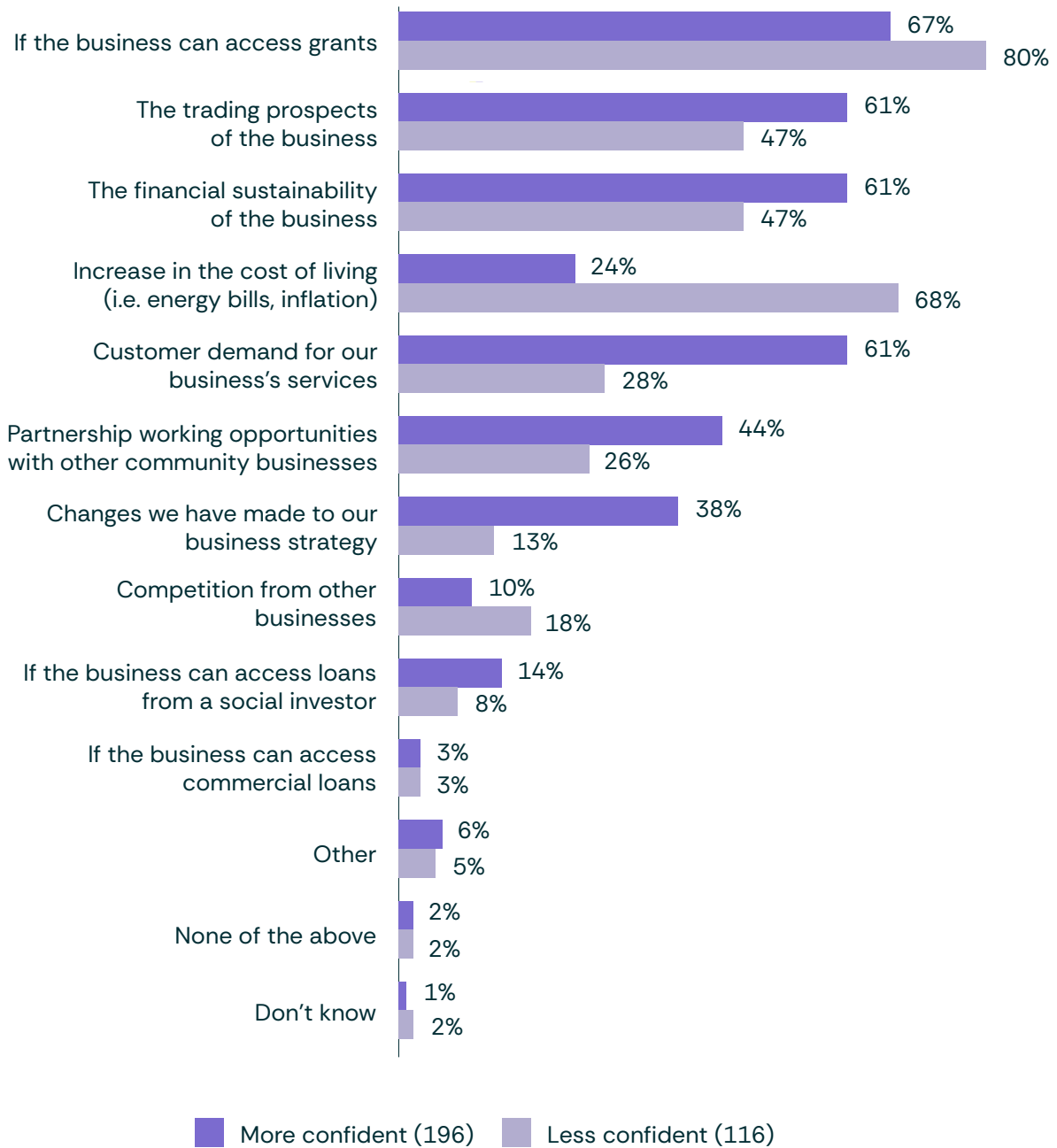


Figure 11: Factors influencing levels of confidence in the financial prospects of community businesses over the next 12 months



Source: Community Business Market Survey 2024 (bases in figure)

Note: Figure totals more than 100% as it is a multiple response question

Those community business interviewees that were confident about their outlook had either recently secured grant funding, subcontracted their property or land, experienced a post-pandemic return to normal sales, or witnessed greater appetite for their expertise. For example, the objectives of a community energy organisation have risen up the political agenda at both local and national levels.

Those feeling less confident believe grant funding opportunities are becoming more limited and competitive. One interviewee highlighted the impact of high inflation on staffing costs.

“

[The issue is] wages, it's linked back to cost of living. We give people the real Living Wage, but our wages have gone up significantly. I think this year we're going to make zero profit and from next year we'll start to make a loss.

Community pub representative

”

Drivers of confidence

We used linear regression to identify patterns in responses between confidence in a community business' financial prospects over the next 12 months and other survey questions. Two key factors are associated with financial confidence:

- respondents are more likely to be confident in their business' financial outlook if they report customer demand for their business' services
- they are less likely to be confident if they feel increased cost of living (i.e. energy bills, inflation) will affect their organisation.

Supporting community businesses

Many community businesses are likely to seek help or support from a wide range of organisations in the coming year. At least two in five (39%) said they are likely to approach all the organisations listed in Figure 12.

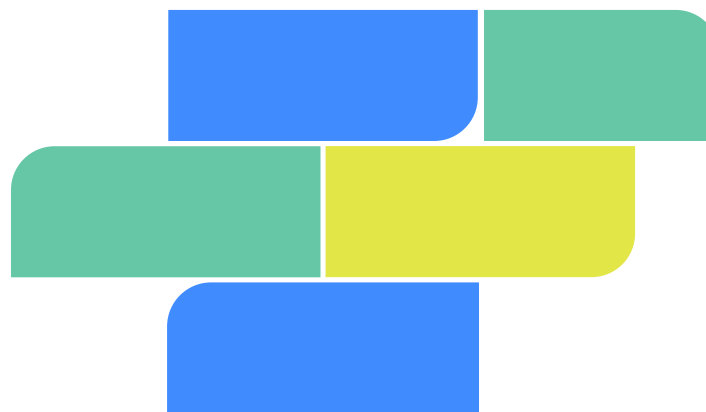
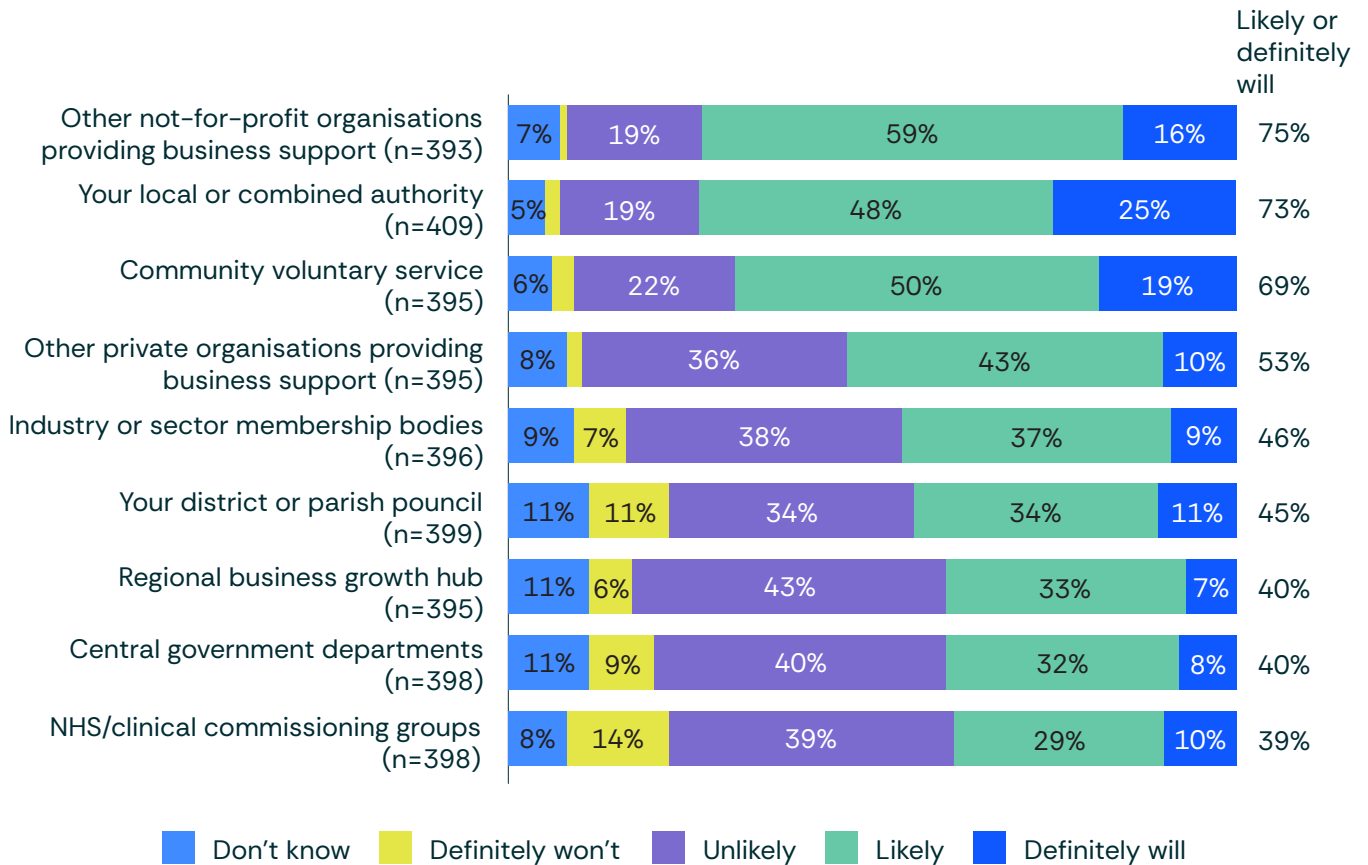


Figure 12: Likelihood that community businesses will seek help or support from particular types of organisations in the next 12 months



Source: Community Business Market Survey 2024 (bases in figure)

Interviewees said they would seek support from a wide range of organisations to secure the sustainability of their organisation by:

- funding renovation works or development plans for their assets
- developing partnerships to increase the reach and customer base of their business.

Operating from the high street

Suitability of high street location for community business

Just under half (46%) of community businesses are located on or near a high street. Those with fewer than 10 paid staff members are significantly more likely to be located on a high street than those with no paid staff members (53% compared with 30% respectively). Those situated on high streets identified several benefits of the location, including greater visibility and footfall in a place where potential customers and service users are already spending time for other purposes.

“

That high street location definitively gives us the most accessible space that we've ever operated for audiences.

Arts venue representative

”

However, high street locations are not viewed positively by all community businesses. Some identified issues deterring them from locating on a high street, including perceptions about higher rents for high street locations, costs of parking for customers and visitors, and a greater risk of anti-social behaviour.

Role in high street regeneration

As reported in 'Community impact', two in five (39%) community businesses believe they have had at least some impact on regenerating the high street. Interviewees described multiple ways in which they had helped:

- improving the aesthetics of a high street and making it a more appealing place for people to visit, by occupying previously empty buildings and renovating derelict sites
- increasing business for other organisations located on the high street, by providing more reasons for people to visit the area, for instance by setting up new shops or cafés
- participating in local place-making and regeneration groups, like partnerships between the public sector and local businesses, to drive redevelopment.

“

The next big project that we're doing is partnered with the local authority and is to re-engage local audiences with the town centre to try and engage a renewed pride in that area and reduce apathy and get audiences back into a mindset of thinking, 'Actually, what do I want my high street to look like and what do I want it to offer?'

Arts venue representative

”

Barriers to participation in high street regeneration

Despite many believing they can have a positive impact on high street regeneration, some perceive they are prevented from doing more. For instance:

- three in five (60%) felt that barriers prevent their community business from taking over the running of vacant spaces and buildings which could help to secure the sustainability of high streets
- fewer than three in ten (28%) agreed that community businesses are encouraged by local authorities or private sector organisations to play an active role in strategic decisions about high streets.

The barriers that interviewees suggested were stopping them from taking over vacant sites on high streets fell into two categories:

- financial – related to higher business rates associated with high street locations or renovating buildings in disrepair
- administrative burden – of complex asset transfer processes or planning permission for change of use, particularly if the asset is owned by absentee landlords it is difficult to identify and engage.

While some cited ways they have been encouraged to participate in strategic partnerships to improve local areas, others reported being sidelined. One leader of a community hub believes their local authority values the engagement of large national retail chains, perceived to have greater financial stakes in the area, over local organisations; while the founder of a sports and leisure consultancy said that local authority staff do not understand the impact community business can have on people and places.

“

We've got, in the town, buildings that have been empty for years and years and years. And then you hear on the grapevine that it's gone up for auction. If we knew about these things in advance, maybe people could mobilise, and we could have done something about them.

Community pub representative

”

Ways to engage community business in high street regeneration

Interviewees proposed several ways for local government to enable their contribution to high street sustainability, including:

- incentivising more community businesses to acquire or manage vacant spaces through reducing the financial costs, simplifying the administrative processes or providing support and advice to help overcome these challenges
- working more proactively with community businesses to understand the benefits they can bring to a local area, helping them to identify vacant properties and land, and brokering partnerships with other organisations to help take over the ownership or running of assets.

The positive and negative influence of the public sector in asset management

Defiant Sports delivers accessible group and individual sports and physical activity sessions to help overcome barriers to participation in East Sussex. It has a team of 11 paid staff and 40 volunteers.

This community business was redeveloping a council-owned site as the lease for its original venue was about to end. However, after construction had started, the council unexpectedly changed its plans and ended negotiations for the lease agreement on the new site. This decision left the community business having to pay for the incomplete building works and divert staff time to finding a new property rather than helping the community to participate in physical activity.

Following a community-backed publicity campaign, the local authority assigned an asset officer to help the community business find an alternative site and provided a nominal rent of £1 per year for the first five years of the lease agreement.

The sports organisation is now based at a disused block of changing rooms on a publicly owned recreation ground which had been empty for 14 years. However, fewer sessions are currently run and are limited to outside activities due to the lack of space available. Staff have also reduced their hours to save money for the site's renovation, and staff resource re-focused to designing redevelopment plans. The community business' managing director has found the planning permission process to be frustratingly slow and burdensome. They believe local authorities' processes for supporting community businesses to take over the management of assets need to be simpler and faster, to encourage more of them to commit.

Community power

Community business influence on local decisions

More than three in five (61%) believe their community business helps the community have a greater say over local decisions that affect them. This can include representing residents in local government consultation activities, for instance:

- a sports activity provider proposing that a new tennis centre should be located outside the town centre so more parking space would be available, making it more accessible for disabled people
- a community hub persuading the local council to fund a line dancing class to meet local appetite.

Some public bodies do recognise the important role community business plays in brokering relationships with local people.

“

We've had meetings with the Greater London Authority, and they have consistently said, 'The biggest thing about you guys is trust in the community. People trust you more than they trust us, they trust us more than they trust central government, they trust central government more than they trust businesses', and there's that chain. We are at the top of that food chain in terms of trust.

Community energy organisation representative

”

Community businesses are eager to play a role in the development of their local communities. Nearly three-quarters (73%) considered influencing local decisions a priority in the next 12 months. One community energy business will be taking over the running of a local authority community building to raise local people's awareness of climate change and influence their use of energy.

However, only half (53%) felt they can influence decisions affecting the local area and the communities they serve. Those saying they were able to influence local decisions stress the importance of investing significant unpaid time in public and private partnership meetings like local town boards or economic development groups, and developing relationships with partners.

“

[We will] be keeping doing what we're doing and making sure that we've got a seat at like the industrial strategy that's going to be coming out and the wealth fund that is going to be coming out. Making sure that we're on top of all that and working with the local authority to maximise those opportunities as they arise.

Business support centre representative

”

This is challenging for those with limited staff or funding for time to engage in partnership meetings rather than earning income.

“

Our main issue is that we don't have core funds, so unless it's funded for a project then I'm not getting paid. So, it's difficult to be committed to attending a lot of these spaces where a lot of these figures might be because it's coming out of time where we could earn money elsewhere.

Community hub representative

”

One community sports activity provider highlighted how important third party organisations can be in helping community business influence local decision making. They cited the School for Social Entrepreneurs' independent information and advice on influencing decisions, without which they would have needed guidance from the council itself about how to have an impact on its own decisions.

Community business typically helps build community power by integrating local voices in their organisations, and nearly three-quarters (74%) were intending to prioritise engaging local people in their governance in the coming 12 months.

Conclusion

In 2022, community businesses were feeling the broad impacts of the cost-of-living crisis. They expressed increasing concern over their financial prospects and unsustainable running costs. Despite these challenges persisting into 2024, community business has proven stable, resilient and confident of the future.

- The composition of community business and average number of employees and volunteers remain similar to 2022.
- The median income of community business (£154,000 in 2024) is higher than before the pandemic (£140,554 in 2019).
- Community business confidence has persisted at similar levels to 2022. This year, we also saw a drop in the proportion of those less confident in their financial prospects (from 37% in 2022 to 29% in 2024).

By keeping things local, community business continues to contribute to the social and economic wellbeing of the communities they serve. They employ people from their community – 81% of paid staff live locally – and two-thirds are paid at least the real Living Wage, compared with one in seven working for other Living Wage Employers UK-wide. They trade locally too. Over three-quarters (78%) of customers and just over half (51%) of community business suppliers are local. This contributes to a local economy that is ‘felt’ by the people living within it.

Finally, community business’ appetite to further empower communities remains clear. Communities want to own or lease more local assets, with 41% of community business focused on identifying available buildings or land to grow their endeavour. Community business also plays a key role in regenerating our high streets, with 39% feeling they’ve already made a difference. Although 60% feel that barriers still prevent them from taking over vacant spaces, our report identifies some of the ways the private sector and local government can help overcome challenges, with access to opportunity and support to take on assets and build high street sustainability.

Overall, our 2024 report shows that, despite external shocks, a complex funding landscape and persistent barriers to community ownership and local decision making, community business continues to thrive. It is clear that, now more than ever, supporting and enabling community business will be crucial to the sustainable transformation of community wellbeing and prosperity envisaged in emerging national discussions about devolution and local growth.

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Power to Change

The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk
powertochange.org.uk

✕ [@powertochange_](https://twitter.com/powertochange_)

🦋 [@powertochange.org.uk](https://www.facebook.com/powertochange.org.uk)

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