

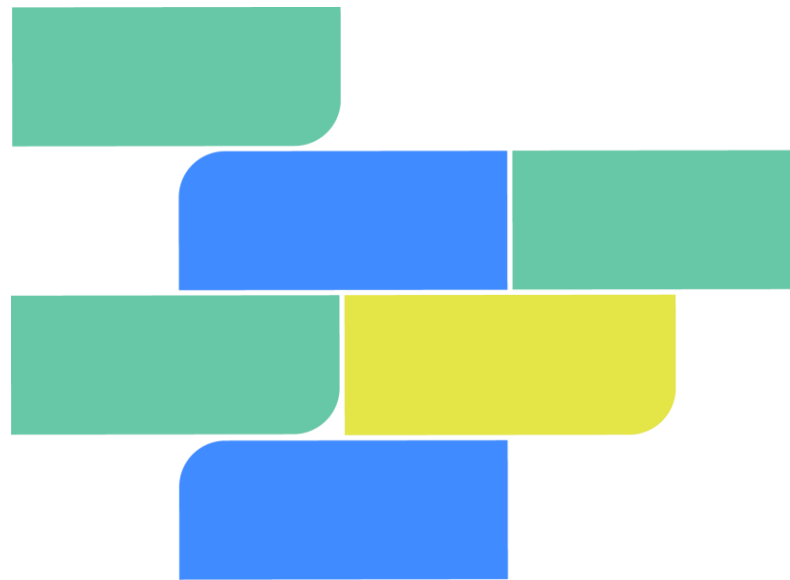


Backing
community
business

The economic contribution of community business

A reader's guide

April 2025



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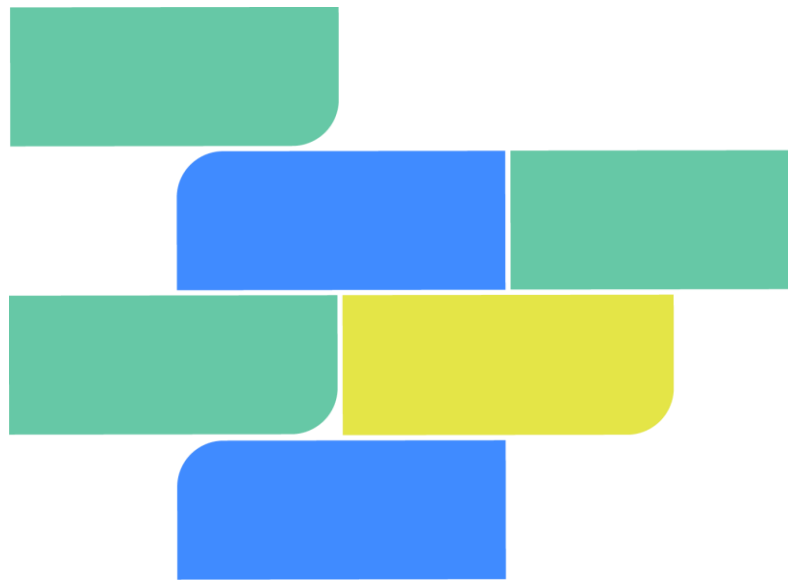
Backing
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About Power to Change

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.



Background

Power to Change has long advocated for greater support for and investment in community business. However, there have been gaps in quantitative evidence around the unique economic contribution that community business makes, both at national and local levels.

Power to Change has set out to bolster the evidence base. We commissioned Ortus Economic Research and Stephen Miller to provide an estimate of the total economic contribution made by community businesses to the national economy, and to provide a comprehensive story of the different ways, to whom, and where community businesses drive economic benefits locally.

This readers' guide pulls out the key findings from our research, and explains what they mean and how they can be used by and for community businesses. This guide accompanies the [full report](#), published on our website.

About the research

The research combines qualitative and quantitative methodological approaches to understand the economic contributions of community business. The research firstly provides an estimate of the total economic contribution made by community businesses in terms of Gross Value Added (GVA) output, an economic measure commonly used by policymakers and others to assess the growth impact of certain sectors or investments. This is the first time a GVA estimate has been made for the sector.

However, GVA does not tell the full story of how community businesses contribute to the local and national economy, therefore this figure has been supplemented with more inclusive measures, including quantifying the social value of community business. The report uses a range of quantitative sources to undertake this analysis, including our Community Business Market Report, our historic Power to Change funding data, Ortus Economic Research's own business dataset called the Trends Central Resource, and the Institute for Community Studies' Community Business dashboard.

Twenty-nine community businesses were also consulted and provide the basis for case studies throughout the report, which dive deeper into the different types of economic benefits that community businesses provide.



Report structure

The report is intended to narrate from an initial local estimate of economic contribution focused on one community, before extending outwards to regional and national estimates of economic contribution. As such, the report begins by covering Grimsby, in North East Lincolnshire, and its 'cluster' of community businesses as a typical case study of the types of local economic benefits that flow from groups of community businesses. An estimate of the direct GVA of community businesses in Grimsby is provided.

The report then explores and in some cases quantifies the different aspects of community business' economic contribution, focused on six main themes: labour markets, wellbeing benefits, local physical and economic regeneration, the regeneration of high streets, community-led housing, and energy production. Case studies of community businesses across England are used to illustrate the economic benefits that community business makes at the local and national level, across these themes.

Finally, the report outlines the total GVA of community business at the national level; the typical direct GVA that could be generated by community business in rural, urban and suburban localities; and potential return on investment in community business, particularly if investment were to be made in areas with community businesses delivering below average economic contribution. The report concludes with insights into opportunities to further support and invest in community business.



Interpreting the findings

Total GVA

Gross Value Added (GVA) is a measure used to understand the monetary value generated by any individual, industry or sector in the production of goods and services, minus the cost of all inputs that were directly used to produce those goods and services.ⁱ¹

GVA is an important measure of economic productivity as it enables comparison between different sectors and regions of the country's economy. It is often used by policymakers e.g. the Treasury, to inform policy assessments, help policymakers decide which regions or sectors need investment, and to develop policies.ⁱⁱ

A comprehensive analysis of GVA will include direct, indirect and induced impactsⁱⁱⁱ:

- **Direct:** direct employment and economic output resulting from the production of goods and services. In our report, direct GVA has been measured as the sum of the remuneration of employees, plus gross operating profit.
- **Indirect:** the value generated in the wider supply chain and suppliers.
- **Induced:** the value generated by the increased spending of community business suppliers and employees.

Gross value added (GVA) of community business

We estimate that 11,000 community businesses in England contributed **£1.5 billion** in direct GVA in 2022.

Including indirect and induced GVA, the total economic contribution was approximately **£5.8 billion**, representing about **0.3%** of the total national GVA.

¹ A simplified explanation and diagram of how Gross Value Added is defined is available from the Scottish Parliament's Guide to Gross Value Added (2018, pg. 8), accessible at <https://bprcdn.parliament.scot/published/2018/2/23/A-Guide-to-Gross-Value-Added--GVA--in-Scotland/SB%2018-15.pdf>



This compares to, for example, the solar industry which contributed £1.9 billion in GVA in 2024^{iv} and the agriculture, forestry and fishing industry which contributed 0.6% of total national GVA in 2023.^v We estimate that community business represented about 10% of the voluntary sector contribution to the national economy in 2021.^{vi}

However, if a full social value based approach was taken, considering community business' wider impact on local economies through job creation, volunteering and skills development, **the full economic contribution of community business could be as much as nine times that expressed through traditional economic measures.**^{vii} We estimate that community businesses generate:

- £95 million in social value of employing people who were previously unemployed.
- £471 million in social value of volunteering, and £183 million in the social value of training provided by community businesses to employees and volunteers.
- £1.7 million in social value for every 100 people experiencing an improvement in their general health, the equivalent of freeing up over 30,300 GP consultations.²
- £761,400 in social value for every 100 people experiencing an improvement in their sense of belonging to their neighbourhood.

GVA per head

Whereas GVA only shows the total economic contribution of the whole population, calculating GVA per head allows more accurate and meaningful comparisons of economic productivity to be made between areas of different population sizes.

GVA per head of community business

We estimate that GVA per employee in community businesses was **£36,073** in 2022.

This is higher than in food and drink manufacturing, and close to the level in the health and social care sector. By contrast, GVA per head in the voluntary sector was around £18,705. GVA per filled job (all industries) in England was £62,751.

² In 2022/23, the average 10 minute face-to-face GP consultation cost £56. Source: [The Kings Fund](#).



GVA by local archetypes

We know that community business can drive local economic prosperity, and economic benefits often flow directly to people in the communities that they serve. We have therefore generated estimates of the direct economic contribution made at the local level, using three ‘archetypes’:

- **Predominantly rural areas**, for example County Durham, Sevenoaks or South Cambridgeshire
- **Predominantly urban areas**, such as Wigan, Gateshead and London boroughs
- **Urban areas with significant rural areas**, such as Great Yarmouth, Lancaster and Cheshire East

These estimates help us make the case that community business **makes unique local economic contributions in these types of areas**. The analysis shows the typical level of contribution that places aligned with each archetype area might generate, and can be used to ‘scale’ the importance of community businesses in rural, urban and suburban localities - acknowledging that these areas will have different population sizes and numbers of community businesses.

Table 1: Economic contribution of community businesses in local area archetypes

	Local area archetype		
	Predominantly rural	Predominantly urban	Urban with significant rural
Estimate of Total Direct economic contribution (GVA £m)	377	1,101	117
Mean average direct economic contribution per area (GVA £m)	5.4	7.5	2.8
Mean average economic contribution per 100,000 resident population (GVA £m)	3.1	2.8	1.8
Mean average resident population	169,000	237,000	175,000
Mean number of community businesses	7.0	9.5	3.9

Source: Ortus Economic Research for Power to Change. Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. ONS Population Statistics (Census 2021)



Further analysis shows the additional economic contribution that could occur through investment of community businesses in these three local archetypes. If an investment of **£98 million** (see ‘return on investment’ section below) was directed at all under-capacity areas i.e. those delivering below average economic contribution through community businesses in each of the three localities, there could be a **39% increase** in economic contribution, which results in an additional annual **£587 million in GVA**.

Table 2: Potential additional GVA through investment in local area archetypes

	Local area archetype			Total
	Predominantly rural	Predominantly urban	Urban with significant rural	
Estimate of Total Direct economic contribution (GVA £m)	377	1,010	117	1,500
Potential additional GVA through investment (GVA £m)	144	407	36	587
Percentage growth in economic contribution	38%	40%	31%	39%

Source: Ortus Economic Research for Power to Change. Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change.

GVA of community business in local area archetypes

Economic contribution is mostly concentrated in **predominantly urban areas** (with a **GVA of £1,101 million** or 67%), while **rural areas have a GVA of £377 million** (25%), and **suburban areas contribute £117 million** (8%).

However, areas which are predominantly rural produce a higher economic contribution per 100,000 resident population (with a GVA per 100,000 residents of £3.1 million, compared to £2.8 million for urban areas and £1.8 million for mixed areas).

The analysis suggests that average performance for local areas is driven down by locations which are under-capacity in terms of their community business population. An investment of £98 million to bring these locations up to the current average could deliver an additional **£587 million in direct GVA annually**.



Return on investment

Return on investment is a commonly used measure which helps us understand the profitability of investments in individual producers or sectors, and can be used to inform calculations and decisions on further investment.

We used our [Empowering Places](#) work to examine potential return on investment of new community businesses. Empowering Places was a five-year programme which explored ways in which 'locally rooted' anchor organisations, operating in areas of high deprivation, could be supported to 'catalyse' new community businesses.

The programme supported six lead anchor organisations, or 'catalysts', to develop local networks and grow the sector at neighbourhood level in Wigan, Leicester, Grimsby, Plymouth, Hartlepool and Bradford.

Through the programme, we invested £5 million and developed a total of 74 new community businesses across England.^{viii}

If the GVA of 11,000 community businesses is £5.8 billion, the average total economic contribution of each community business would be around £527,000 per annum. By investing in the 74 community businesses above, this could make an additional contribution of **£39 million per annum, a benefit-cost ratio of approximately 6:1.**

This can also be expressed as a calculation:

$$\frac{£5,800,000,000 \text{ (total GVA)}}{11,000 \text{ (number of community businesses)}} = \sim£527,000 \text{ (GVA per community business)}$$

$$74 \text{ (new community businnes)} \times £527,000 = \sim£39,000,000$$



Return on investment

We estimate that investing in clusters of local community businesses can return as much as **£6 of economic contribution (GVA) for every £1 invested**.

Based on this calculation, it is estimated that an investment of **£98 million** to build capacity in under-capacity areas (as outlined in the local archetypes section) could help to deliver an additional **£587 million** in direct GVA, boosting local and national economic growth.

Note that new community businesses will take time to scale up to meet the average economic contribution of existing community businesses; and we assume that there is no crowding out of other community businesses in the creation of new businesses.

What can you do with this data?

If you are a community business leader:

We work collaboratively with communities and community business to understand what works and why, and to transform how things are done.

If you are interested in discussing how you can use this data – for example, in funding bids or making a case to local authorities – we invite you to reach out to us.

We hold estimates for direct GVA broken down by local authority. We can also discuss with you how to use these estimates, including the assumptions and limitations you might need to consider when using this data.

If you are a policymaker or stakeholder:

We draw on our active engagement with communities to influence policy change and further unlock the potential of community business.

If you want to further investigate the data in this piece of research or are thinking about how to best invest in community business, get in touch with us.



Endnotes

- ⁱ Office for National Statistics (2025). *Gross Value Added (GVA)*. Available at: <https://www.ons.gov.uk/economy/grossvalueaddedgva> Accessed April 2025.
- ⁱⁱ The Scottish Parliament (2018). *A Guide to Gross Value Added (GVA) in Scotland*. Available at: <https://bprcdn.parliament.scot/published/2018/2/23/A-Guide-to-Gross-Value-Added--GVA--in-Scotland/SB%2018-15.pdf> Accessed April 2025.
- ⁱⁱⁱ Office for National Statistics (2010). Measuring the economic impact of an intervention or investment. Paper One: context and rationale. Accessed April 2025.
- ^{iv} Solar Energy UK (2025). *The economic impact of solar and battery storage*. Available at: <https://solarenergyuk.org/wp-content/uploads/2025/04/Solar-Energy-UK-Economic-Impact-of-Solar-and-Battery-Storage.pdf> Accessed April 2025.
- ^v Hutton, G and Zaidi, K (2024). *Industries in the UK*. House of Commons Library. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-8353/> Accessed April 2025.
- ^{vi} Office for National Statistics (2024). *Household satellite account, UK*. Available at: <https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/datasets/householdsatelliteaccountfullukaccounts2005to2014>. Accessed Nov 2024 Accessed Dec 2024.
- ^{vii} Power to Change (2020). *Employment and skills - The role of community businesses*. Available at: www.powertochange.org.uk/wp-content/uploads/2020/11/PtC_Employment_and_Skills_RI_report_Final.pdf Accessed Dec 2024.
- ^{viii} Power to Change (2023). *Five years of Empowering Places – an evaluation report*. Available at: <https://eprints.icstudies.org.uk/id/eprint/450/1/Five-years-of-Empowering-places-Evaluation-report-no.5.pdf>

