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change

business in
community
hands



EMPOWERING PLACES: THE IMPACT OF THE PROGRAMME ON COMMUNITY BUSINESSES

How the programme has
supported community businesses
to develop and thrive

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Introduction

Empowering Places aims to build more resilient and prosperous communities by building the capacity of local organisations to ‘catalyse’ and support the growth of new community businesses. It funds locally rooted ‘catalyst’ organisations in six areas of high deprivation:

- [Wigan and Leigh Community Charity](#) (WLCC) formally Abram Ward Community Cooperative, in Abram, Wigan
- [B-inspired](#) in Braunstone, Leicester
- [Centre4](#) in Nunsthorpe and Bradley Park, Grimsby
- [Real Ideas](#) in Devonport and Stonehouse, Plymouth
- [The Wharton Trust](#) in Dyke House, Hartlepool
- [Made in Manningham](#), incubated by [Participate](#) in Manningham, Bradford

The Empowering Places programme is delivered by a consortium of organisations including [Power to Change](#) and [Co-operatives UK](#), the lead delivery partner, with support from specialist advisors known as ‘tech leads’ at the [Centre for Local Economic Strategies](#) (CLES) and [The New Economics Foundation](#) (NEF). The catalyst organisations also have access to a pool of capacity support providers, grant funding and money to award seed grants to emerging community businesses to deliver a five-year plan in their areas. Each catalyst receives up to £1 million (July 2017–2022).

Renaissi is evaluating the programme. The aim is to enable Power to Change and its stakeholders to learn more about how to work in places, and how community businesses can drive local change. Four and a half years into the five-year programme, this report is part of a series of outputs taking a developmental approach to understanding and improving the programme, offering wider learning for future capacity-building programmes.

The report includes an overview of the assistance that has been provided to the community businesses, a detailed case study exploring the journey of five businesses in Leicester, and summarises findings about the impact of the programme to date.

Methodology

The evaluation aims to take a realistic approach to understanding impact and what has contributed to it, focusing on understanding the experiences of those involved. We draw on quantitative data on community businesses provided by the catalyst organisations, qualitative data including interviews with staff at Power to Change, delivery partners, catalyst staff and community businesses, and observations from meetings and learning events. Researchers have taken detailed notes and used an observation and learning log to track relevant findings to develop a comprehensive understanding of the development and impact of the programme.

Change framework

Empowering Places was designed as an experiment to explore what happens when local anchor organisations are supported to catalyse community businesses in deprived communities in England.¹ This means that, while the programme started with several specific aims, it has been delivered in a flexible and iterative way that allows the places themselves to articulate what impact looks like as the programme progresses. For the evaluation, this meant using similarly flexible methods to understand emergent change, and we didn't develop the framework until we had a better idea of what the shared features of 'change' looked like, three and a half years into the programme.

The change framework has been developed from the evidence collected throughout the evaluation and in collaboration with catalysts and delivery partners to build our knowledge, as well as the aspirations of the catalyst organisations themselves.² It illustrates the ultimate vision, as well as shorter-term outcomes for the three levels on which Empowering Places is focused: the community, community businesses and the wider place.

Because it is challenging to measure impact in place-based programmes, and because one of the defining features of this programme is about capacity-building to catalyse change, the **framework aims to understand and learn about the process for change (as well as the change itself)**, and includes not only the outcomes but also the 'activators' or 'enablers' of change (see Diagram 1).³

We use the framework to understand change at the community business level, demonstrating what has been achieved and the activators and enablers for those changes. It reflects outcomes that remain aspirational, for which there is insufficient evidence to demonstrate change, to identify gaps that catalysts and Power to Change could prioritise for the remaining term of the programme and in future.

1 Informed by the 2015 English indices of deprivation (the most recent data available at the time).

2 Including interviews with programme delivery staff, community businesses, people in places and Power to Change; observational data, and data from monitoring reports.

3 The levels are neither hierarchical nor linear, and each level supports others to thrive.

Diagram 1: Empowering Places change framework

Empowering Places Change Framework

External context and potential influencers

Ongoing or increased support from the six local authorities for community business

The rate of new community businesses developing in an area

Willingness within the local communities to support and work with the community businesses

Ongoing strong partnerships between the catalyst organisations, community businesses and other organisations working in similar spaces

Additional funding streams

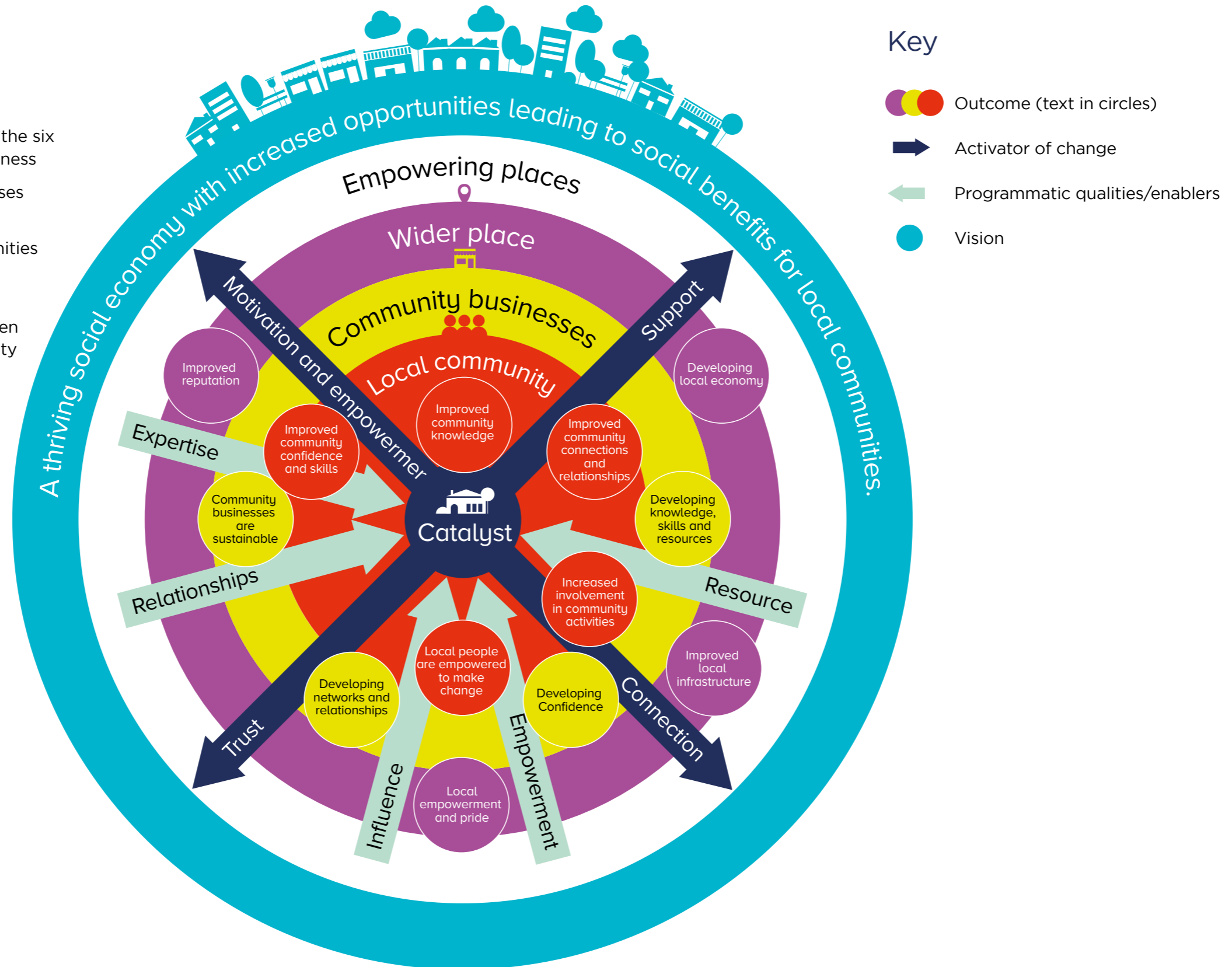
The ongoing Covid-19 crisis prevents businesses from trading

Wider ecosystem

Increased focus at national government level on the benefits of community business



A locally rooted organisation that has strong relationships with both their community and strategic local organisations

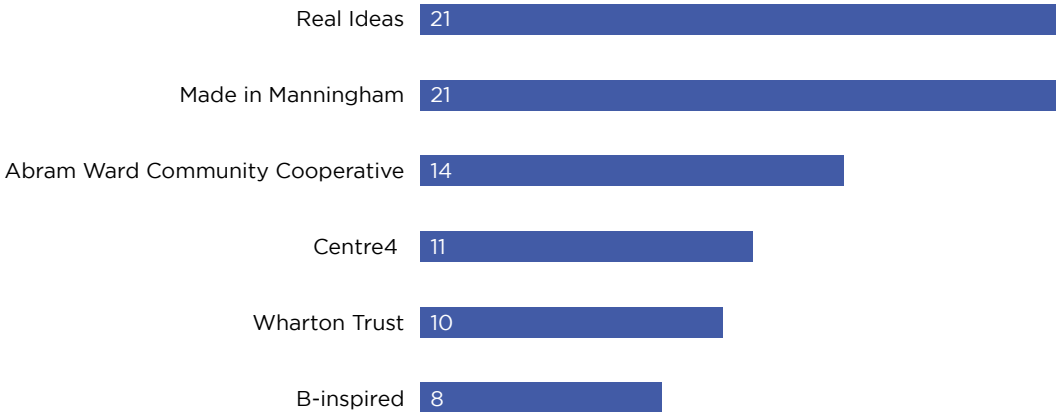


Community business overview and background

Each Empowering Places catalyst organisation has supported and incubated several community businesses. These vary in size, by sector and in terms of their journey. Figures 1-4 provide an overview based on available data.⁴

Figure 1 shows the number of community businesses supported both formally (using resources made available through the programme, like seed grants and access to expertise) and informally (through advice, guidance and referrals provided by the catalyst organisation). This includes all supported organisations, community groups and people, even if they didn't ultimately incorporate as a community business or are no longer active.

Figure 1: Number of community businesses supported per catalyst organisation (n=85)



4 Figures have been taken from Co-operatives UK's reporting system (Airtables), self-reported by catalysts, and the Power to Change annual seed grantee survey.

Figure 2 shows what we know about the number of community businesses that are still active (at January 2022). It should be noted that the data is not consistent across the catalyst organisations because it is reliant on self-reporting, and comprehensive data on the operational status of community businesses is only available for 46 of the 88 supported. For example, although it looks like Real Ideas has no inactive community businesses, it has only reported on the operational status of four of the 21 community businesses it supports. Of the 46 businesses where comprehensive data is available, **80 per cent (37) are still active.**

Figure 2: Community businesses supported by catalyst organisations and community businesses who are either still active or no longer active (as reported by catalyst organisations)

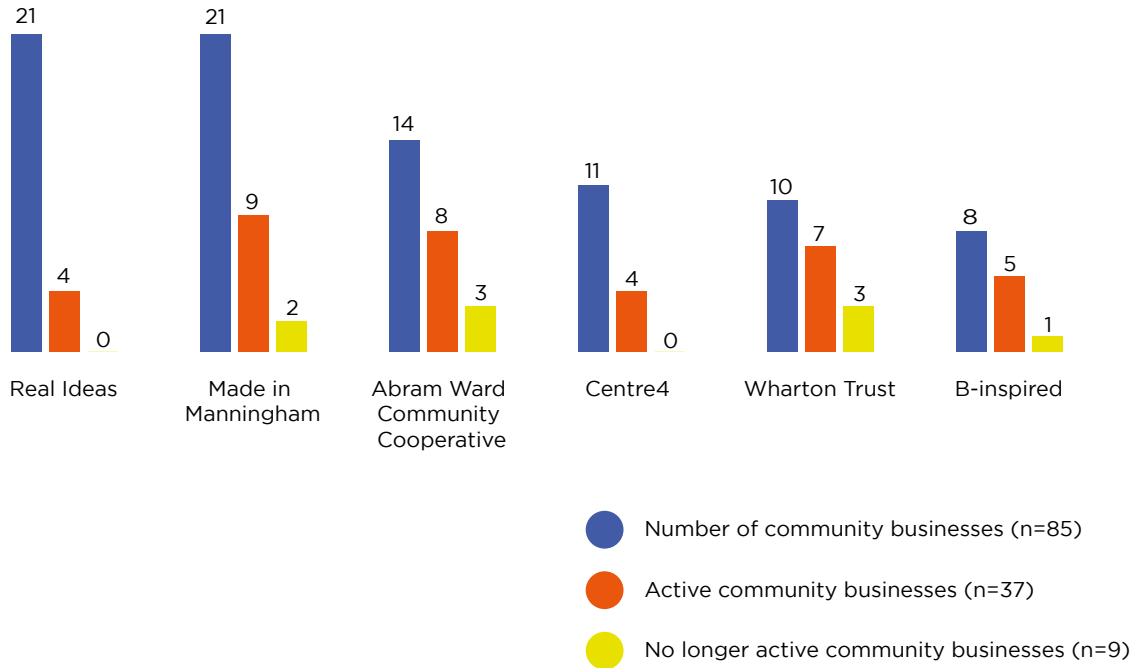
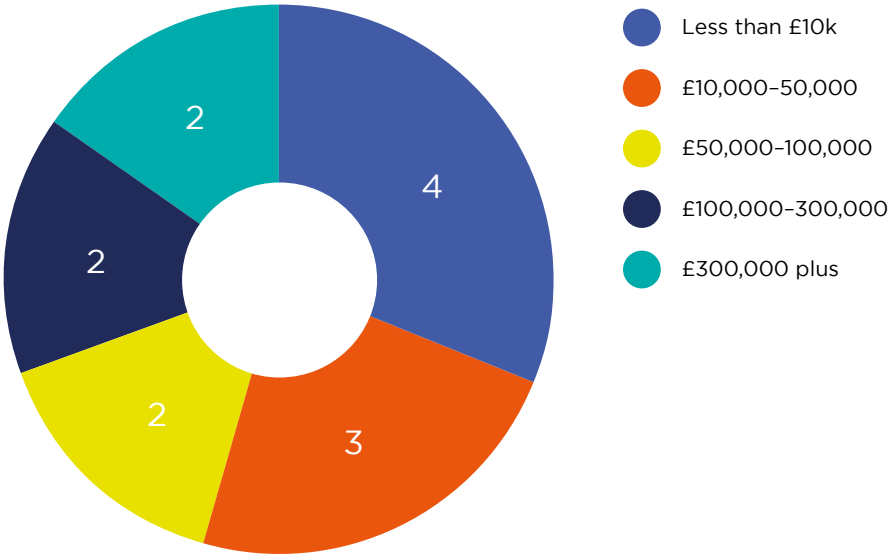


Figure 3 shows the annual income of community businesses, as reported by catalyst organisations. Income data is only available for 13 of the 88 community businesses. This is partly because the data has yet to be reported by catalyst organisations and partly because only a handful of community businesses have started trading or earning income; some had not been trading long enough to have a full set of accounts. For example, in the Power to Change annual seed grantee survey (2021) 40 per cent of community businesses did not yet have a full set of accounts (eight of the 20 community businesses took part in the survey).⁵

Figure 3: Annual income for community businesses support by catalyst organisations for financial year 202021 (n=13)



5 Power to Change annually surveys community businesses receiving seed grants. The data for this figure is taken from the 2021 survey.

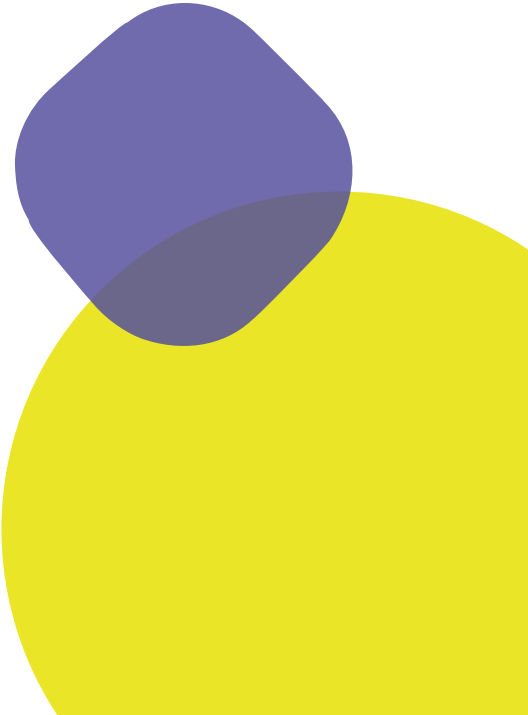
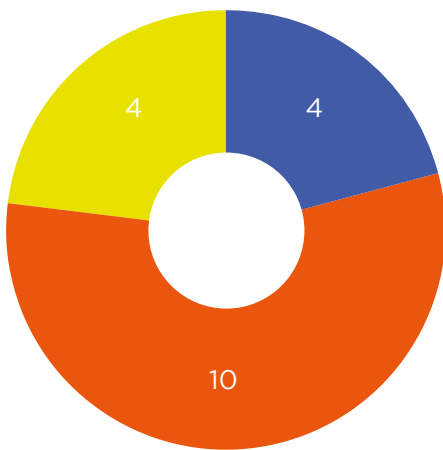


Figure 4 shows the average number of trustees, staff and volunteers at the community businesses (data is available for 19 of the 88 businesses), highlighting **how reliant Empowering Places community businesses appear to be on unpaid volunteers.**

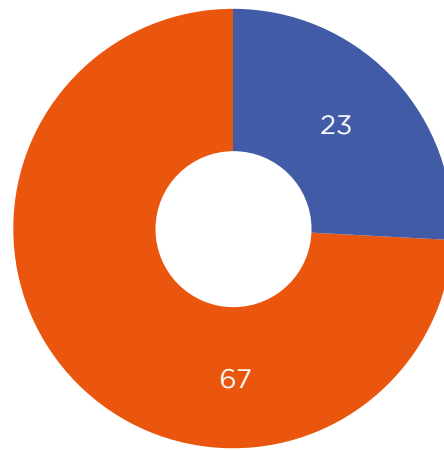
A comparison with businesses on the Community Business Fund programme, however, reveals that high proportions of volunteers in a community business workforce are not uncommon and differences can just as easily be explained in terms of business evolution as in operating environment. The Community Business Fund, for example, supports more mature community businesses while Empowering Places supports those at an early stage of their life cycle, when dependence on volunteers tends to be more common (see Figure 5).⁶

Figure 4: Average number of trustees, volunteers and paid employees of community businesses supported by **Empowering Places** (n=24)

Figure 5: Average staff and volunteer numbers for **Community Business Fund** grantees pre-pandemic (n=28)



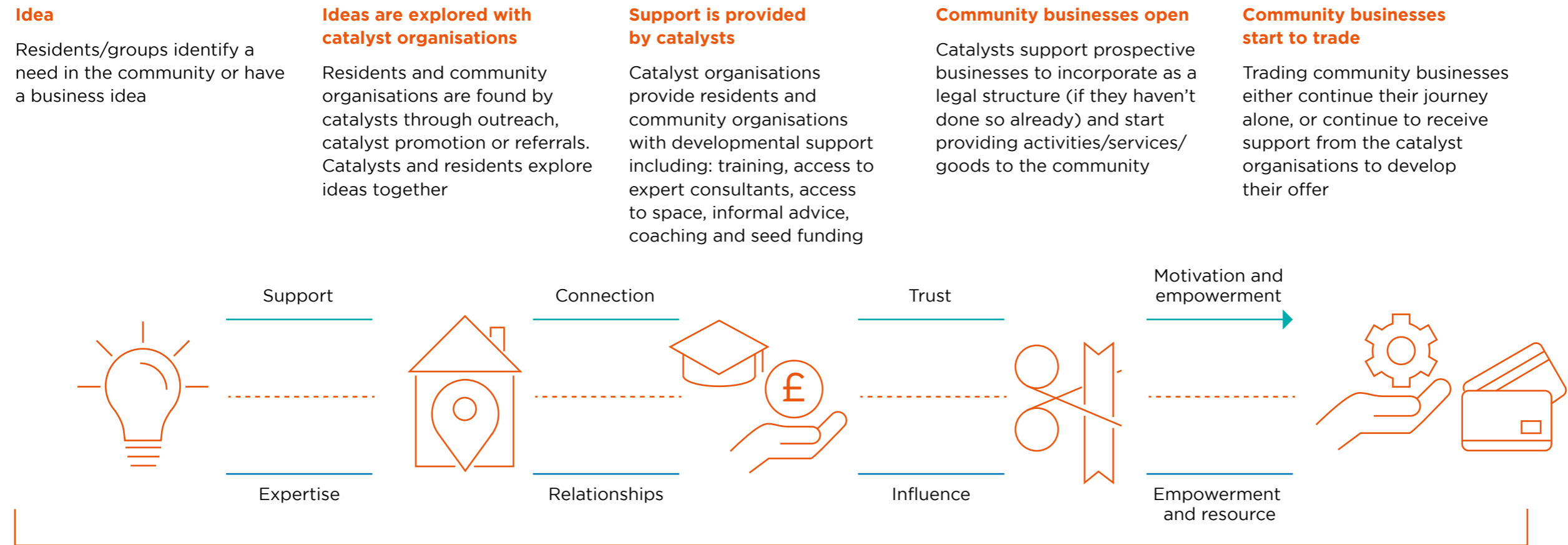
- Trustees
- Volunteers
- Employees



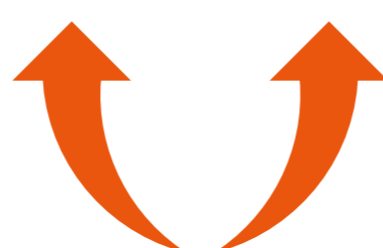
- Staff
- Volunteers

6 Renaisi (2021) Valuing the contribution of volunteers to community businesses supported by the Community Business Fund. Available at: <https://icstudies.org.uk/repository/valuing-contribution-volunteers-community-businesses-supported-community-business-fund>

Diagram 2: The life cycle of a community businesses in an Empowering Places area



- Ongoing or increased **support for local businesses** from the six local authorities
- **Rate of new community businesses** developing in an area
- Increased focus at national government level on the **benefits of community businesses**
- The ongoing **Covid-19 crisis** prevents businesses from trading



EXTERNAL INFLUENCING FACTORS

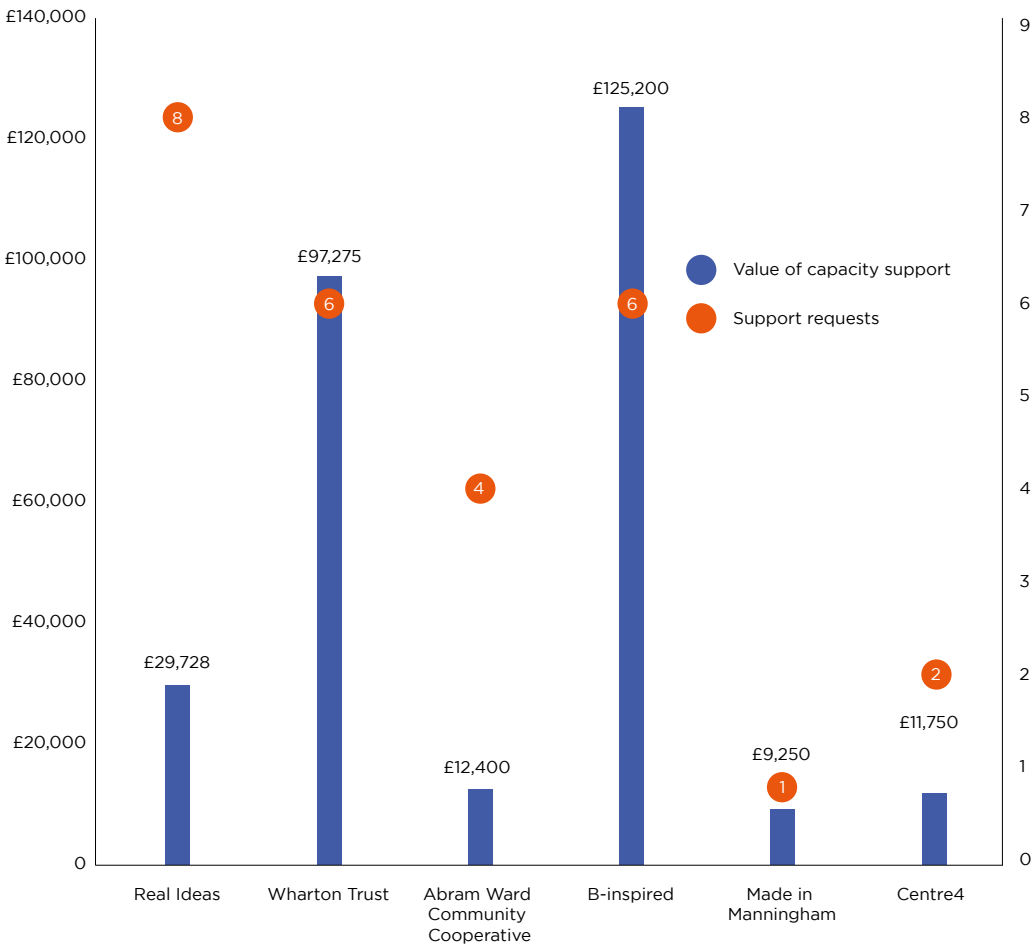
That have a bearing on the effectiveness and success of community businesses

- **Willingness within the local communities** to support and work with the community businesses
- **Strong ongoing partnerships** between the catalyst organisations, community businesses and other organisations working in similar areas
- Additional **funding streams**
- Community businesses are an accepted part of the **wider ecosystem** of places

Programme support for community businesses

Community businesses are offered a range of support through Empowering Places. At a programme level, this includes access to a pool of capacity support providers: a group of pre-approved suppliers who deliver expert services ranging from governance advice to marketing support. Figure 6 shows the number and value of capacity support requests made by catalyst organisations for community businesses. The variety in value shows how catalysts differ in their approach to supporting community businesses in their areas.⁷

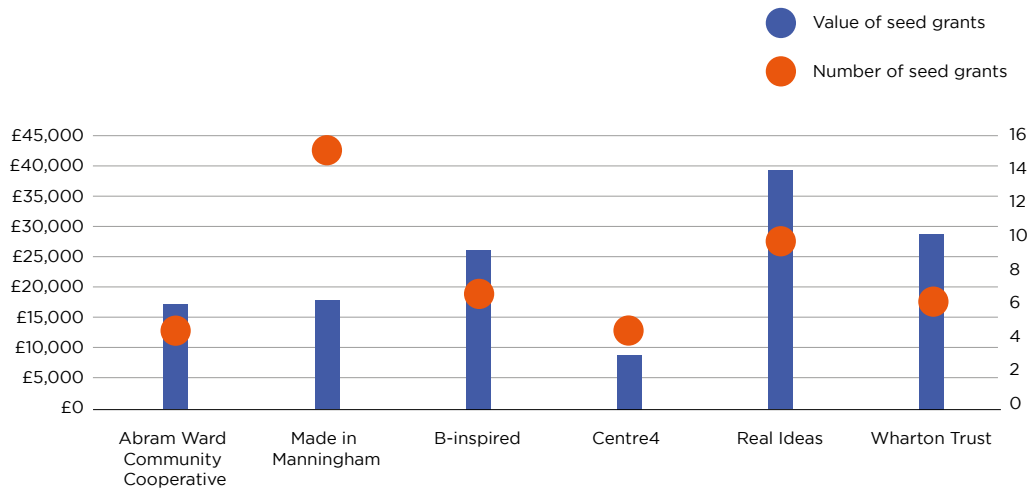
Figure 6: Number and total invoiced value of capacity support requests for community businesses by catalyst organisation (n=27)



Community businesses or emerging community businesses can also apply for seed funding from the catalyst organisations. Figure 7 shows the number and value of seed grants made by catalyst organisations in each place.

7 For more on the different approaches, see: <https://www.powertochange.org.uk/news/the-empowering-places-model-and-emerging-impact/>

Figure 7: Number and total value of seed grants distributed by catalyst organisations (n=50)



In some cases, the **technical experts** that support each catalyst organisation have also provided coaching and advice directly to the community businesses.

The programme structure also creates considerable opportunities for **peer support throughout**, including study visits and an annual learning camp which brings people together from across the programme to share experiences, good practice and challenges. At a more informal level, community businesses across the six places are connected to each other by programme staff and catalysts.

However, **the majority of community business support is provided or facilitated by the catalyst organisations**. This support takes many forms and depends on the community businesses' individual needs, as well as the strengths and connections of the catalysts. This is often holistic, encompassing financial and pastoral support, and business advice. You can read more in the section on impact.



A hub of community businesses in Braunstone, Leicester

B-inspired is the catalyst organisation in Braunstone, Leicester. Set up in 2010, the charity runs several local services including a food bank and befriending service as well as health services and a range of community activities. Its trading arm owns the local health centre and office space that it rents to local business, with the proceeds funding its charitable work.

The charity is devoted to supporting the people of Braunstone, an area of high deprivation that has a large amount of green space but no high street, limited shops offering groceries or provisions and no supermarket or pub.

B-inspired chose to focus on supporting fewer community businesses with significant amounts of support, to get them to a point where they are sustainable. These businesses have been developed through three routes: making use of existing assets, engaging with the local community to explore need, and collaborating with existing community groups to explore the potential to develop them into community businesses.

This has resulted in the development of five community businesses: a café, bar, dance group and a grassroots football club, all operating out of its biggest asset, The Grove, a former council-run sports centre renovated by B-inspired in 2019.

The café was designed to fill a local gap as residents had limited options for a hot drink and something healthy to eat, and a bar was chosen because the area didn't have one. The dance group builds on an existing community group, and the football club makes good use of the land surrounding The Grove. Both provide opportunities for young people to take part in exercise and give them somewhere to go outside of school. There is also a second-hand shop just across the road from The Grove selling clothes and household goods.



A local hub of community businesses

The Grove is very much designed to be at the heart of the community and the aspiration is that, although the community businesses operating out of The Grove will be independent, they will also support each other by offering complementary services and peer support.

The community shop and café are both being developed by community development workers, who started in paid part-time roles in Autumn 2020, to help progress the community businesses to a point where they had governance structures and volunteers in place. While both ventures have been hampered by Covid-19, the development workers are very positive about their experience of working with each other and the support they have received from B-inspired itself.

'If I'm struggling or stuck with something, I know that there's somebody I can go talk to.'

Community business CB5

Starting work at the same time has meant they have together navigated the challenge of creating processes and procedures, planning marketing strategies and setting up business bank accounts. This has resulted in real efficiencies but also some welcome peer support.

The bar has been developed by local residents with experience in hospitality, and opened in November 2021. In the absence of a local pub it was important to set the right tone while providing an inclusive environment – the family sports bar provides a friendly and welcoming place for all to socialise. Staff feel the bar could never have existed without Empowering Places and B-inspired.

It is taking time for the café and bar to identify how they can provide complementary rather than competing services – if it works for the bar also to sell hot drinks and some food, for example.

The dance group and football club both aim to provide constructive and healthy activities for local children, young people and adults. Both faced major setbacks during the pandemic – the football club is now being managed by a different organisation – but B-inspired's support has been extensive, and both ventures are determined to succeed.

Intensive support

Evidence from the evaluation to date suggests that B-inspired's strategy of providing intensive support to a small number of businesses may have paid off. Providing such support has been challenging, and required considerable resources, but the community businesses it has developed have benefited hugely – all five businesses are trading, with the potential to become self-sustaining and successful. Business staff are enormously grateful for the training, guidance and financial support B-inspired provided and some also feel they have developed new skills and confidence.

'Without them [B-inspired] it would have been really difficult'

Community business CB6

An optimistic outlook

Covid-19 has created numerous barriers, but the Braunstone community businesses are largely optimistic that, together, they will have positive impact on the local community – not only providing much-needed services, but also developing a sense of local community and pride. All of the community businesses have clear aspirations for development, and already provide opportunities for local residents to volunteer and be involved in the ventures.

'I think from what they're telling me, it's helping them in their day to day life; they've got somewhere to go, somewhere to volunteer, somewhere to do something, somewhere to meet other people, somewhere to learn things. And think in that way, it's helping them.'

Community business CB5

Impact for community businesses

This section explores the impact and changes brought about by the programme, and the enabling elements of support that have helped.

Our findings reflect three outcome areas that feature in the Empowering Places change framework (see Diagram 1):

- developing confidence, resources, skills and knowledge
- developing networks and relationships
- creating sustainable community businesses.

Tables of evidence summarise our findings. As these are a 'catch all' they cannot represent the position everywhere, or the huge diversity between places. But they do indicate how the programme is progressing overall, and where work still needs to be done.

Although green boxes highlight where the programme has made particularly significant progress, these are neither 'complete' nor 'achieved', as they represent long-term goals that community businesses will continue to strive towards long after the programme has ended. Orange indicates where the programme hasn't yet created significant change.

Developing confidence, resources, skills and knowledge

<p>Emerging community businesses feel supported</p>	<p>Emerging community businesses have confidence in their ideas and plan</p>	<p>Individuals are willing and able to take risks to drive forward new or emerging community businesses</p>
<p>Community businesses reported feeling supported during challenging parts of their journey</p>	<p>Community businesses reported having increased confidence and skills to pursue their ideas, having received wraparound support and expert advice from catalysts</p>	<p>Some community businesses tested new ways of working to develop trading income</p> <p>Many have taken big financial risks to set up, but many others have had to step away, unable to take further risk or lose more</p>
<p>Have improved organisational capacity and resources</p>	<p>Improved enterprise knowledge and understanding</p>	<p>Have been able to unlock space and assets to trade from</p>
<p>The majority of community businesses started out as just an idea and have been supported to set up as a legal entity, with a bank account, staff and volunteers, some trading income</p> <p>Multiple successful funding applications have been made by community businesses</p>	<p>Community businesses reported greater understanding of the concept of social enterprise and community business</p> <p>Community businesses reported being able to think more strategically</p> <p>Community business exposure to different approaches, through the peer network</p>	<p>Catalyst as community businesses have been able to unlock assets to trade from, for themselves and for community businesses</p> <p>In many cases, community businesses haven't unlocked assets themselves, but are working towards doing so</p>
<p>Have skills to build their business</p>	<p>Knowledge of the wider landscape and how they fit</p>	<p>Developed plans based on local needs and can identify future opportunities</p>
<p>Community businesses reported learning specific business skills such as fundraising, marketing and finance to create more sustainable trading models.</p> <p>As well as specific community development skills, to further the impact of their business</p>	<p>Community businesses reported new capabilities to use sector language, apply for funding and build more strategic relationships</p>	<p>The majority of community businesses have business plans for the future</p> <p>A few are sustainable and have plans for the future that don't rely on the catalyst; most are in the process of determining this</p>

Community businesses characterised the impact of **developing skills and knowledge** as a new or greater understanding of practices that helped them develop their business – like learning about different governance models, developing business plans and methods for understanding community needs – and which have enabled them to consider how to create opportunities and respond to the needs of the communities they serve. Lily Anne’s café in Hartlepool, for example, used ‘community organising’ to explore markets and model ideas, which resulted in ‘socially-prescribed coffees’ to help reduce loneliness and isolation to improve mental health. In December 2021, the National Lottery Community Fund awarded them a £75,000 grant to continue this work.

Improved confidence helped community business staff feel they have a voice that ‘carries more weight’. Some indicated they now feel more confident in speaking up in situations where they previously wouldn’t. They feel confident in building new mutually beneficial relationships and feel better equipped to apply for funding (using sector specific language). This has led to new partnerships, relationships and income (through grants and trading).

Another aspect is **feeling supported and knowledgeable enough to develop their businesses and take more risks**. For example, the Ethical Recruitment Agency (ERA) – incubated by Centre4 in Grimsby – was hosted rent-free in the Centre4 building, and started with one full-time employee (employed by Centre4). Although highly skilled in community development, they felt less confident in corporate business models and recruitment. Centre4 helped them identify and close gaps in their knowledge, putting them in touch with others who had run recruitment businesses, helping them seek legal advice, and carrying out research on the ‘recruitment journey’ of candidates and employers. As a result of the support and funding, the staff member has grown in confidence, developed new skills and feels better able to increase trading income and take on staff, while not compromising on the values and ethos of the business.

By December 2021, the business had moved 45 people into jobs, the majority of which were full-time, and the business won two awards – for their pandemic response and as best recruiter – at the Recruitment and Employment Confederation Awards.

Increased resources from the programme – like grant funding or the skills and knowledge to leverage more through funding applications or connecting with new people – has enabled community businesses to develop staff capacity and capability. Buying in support to develop business plans, transform physical spaces, secure space for trading, cover repair bills and buy equipment, has enabled them to gain more recognition, attract new customers and create stronger mutually beneficial partnerships with other businesses. There are now more places for people to go and an increased sense of local pride in the businesses and the community. As well as more partnership working which has supported community businesses to take greater risks and explore more diverse ways of working with the community than if they were doing it alone.

The **outcome areas where there is less evidence to support progress are related to sustainability** and the community business’ ability to survive as a business without support from the catalyst. We provide more detail on enablers and barriers to sustainability in the final outcome section on sustainability.

While many individuals have taken risks to pursue the development of their community business – such as key staff quitting day jobs for a more full-time involvement – where key members of staff have been unable to take similar risks, community businesses have had to close. For example, the Men’s Shed in Wigan was unable to sustain itself as a trading entity during the Covid-19 pandemic and was discontinued in 2021.

The activators and enablers for developing confidence, resources, skills and knowledge

Community businesses found **the training and coaching** (that catalysts delivered or organised) instrumental for their development. Training focused on the logistics of setting up a community business, including: business planning, business models, trading, fundraising and understanding the community business landscape. Community businesses we interviewed felt that enhancing their knowledge in these areas led to greater confidence in professional settings.

Catalysts have also supported community business staff in **accessing training specific to their needs**. For example, one community business in Plymouth received training in solution-focused practice skills, which staff described as ‘ridiculously helpful’. This enabled staff to develop a more effective strategic approach to working with their local community.

Some of the community businesses also explained that **access to personal development training**, such as leadership using ‘appreciative enquiry’ and action learning sets, helped them develop their softer skills and build confidence.

‘Receiving professional advice, development and training on leadership and power got us to the next level. We are now taking part in sector meetings.’

Community business CB11

While the formal training was highly appreciated, there is something far less tangible that catalysts provided which has helped equip community businesses with the confidence to take more risks. That has been **informal ongoing day-to-day support, advice and external perspective** and access to **catalyst staff members’ knowledge**. Community business leads found it reassuring to know that there were people available who had ‘done it all before’ or who might be able to point them in the direction of relevant contacts if something fell outside their own expertise. They also appreciated the catalysts’ role in **providing them with gentle challenge**.

‘A bit of kind of reassurance about our thinking from somebody who knows what they’re doing and has done this kind of thing. Quite often it’s like a validation, “yeah you’re on the right track”.’

Community business CB13

Related to the informal support was a **sense of shared endeavour** and community business staff appreciated the feeling of being part of a wider team, which helped develop confidence and momentum. Many we interviewed were clear that they would not have been willing to take the plunge without the support of the programme around them.

‘Without them (the catalyst organisation) it would have been really difficult’

Community business B6

Learning camps provided by the programme have also helped community businesses generate new ideas, grow in confidence and, in some cases, reassess their direction by taking inspiration from others. For some, the learning camps were important in helping to develop this sense of being part of something bigger; a wider movement which inspired and motivated them.

‘And then coming up to Bradford and going around and seeing some of those great projects, it was really quite remarkable and it just kind of deepens and strengthens my conviction, you know, and determination to just keep on with what I’m doing.’

Community business CB3

‘Money is helpful, but being able to learn from other people, getting business advice and peer learning, has driven us to where we are.’

Community business CB6

The **financial support** has understandably been central to community business development –catalysts have been able to distribute **seed grants** of up to £5,000 to support the development of new community businesses. Businesses have also received significant help with **accessing other pools of funding or setting up crowdfunding campaigns**.

Some of the catalysts have been able to **unlock assets**, providing community businesses with spaces to trade from. For example, a new community business hub in Manningham Mills providing shared workspace for local people to connect and develop their community businesses.

Catalysts have also been able provide some level of **financial security** to community businesses, by taking steps to reduce their financial burden in the early phase of development. In some cases, catalysts have **charged little or no rent to community businesses** while they set up. Interviews revealed that this had given community businesses the opportunity and time to develop without worrying about balancing the books. One community business had four years rent-free as a courtesy from the catalyst and said they ‘couldn’t have continued without it’.

Additionally, some catalysts **provided in-house functions and services** that emerging community businesses would otherwise struggle to access, for example, setting them up with a business bank account. Other examples include employing community business staff on their own books and holding funds where necessary.

Developing networks and relationships

Can communicate using shared language around community business	Have a strong local presence and reputation which allows them to support other businesses
Community businesses reported feeling better equipped to talk about and sell what they do in a professional setting	Some community businesses are recognised for what they have done during the pandemic Some are generating income by expanding stakeholder reach
Forge new connections across sectors and services	Broadly community businesses have a greater understanding of, and ability to engage with, the local landscape Overall community businesses are providing diverse services and goods and have a strong level of community ownership and buy-in There are still many community businesses that are yet to start trading or really establish themselves in the community
Community businesses have developed new connections with others doing similar things around the country Community businesses have developed new relationships with local stakeholders such as councils	
Experience improved partnerships, networks and profiles	Have an equal seat at the table in local discussions
In some areas community businesses have built mutually beneficial networks of businesses and services Some community businesses have developed local partnerships that have helped them to progress Community businesses reported having a wider community through others on the Empowering Places programme	In some areas, community businesses are beginning to form part of local referral networks In many cases community businesses are setting the foundations for longer term strategic relationships, but would not consider themselves to have an 'equal seat'

On the whole, community businesses started on fairly individual journeys building their businesses with support from the catalyst. As the programme has progressed, they have gradually widened their networks and relationships, realising the **value of connecting with others, benefiting from both peer-to-peer support and business growth.**

One of the benefits of the networks created between community businesses catalysed by the programme is that they have been able to work in a much **more strategic** way than if working alone. Some have even applied a 'systems change' approach at a very local level, creating holistic support structures to improve and support individuals' wellbeing. One example is in Hartlepool, where a partnership project run by a catalyst organisation has combined the skills and expertise of various community businesses for the benefit of the community, including: mental health support, sports and physical activity and creative and artistic skills. The project provides one point of contact to engage with and, as well as building skills, it helps people to develop relationships with others locally and is linked to a social prescribing offer. It has also supported referrals between the community businesses leading to growth for all those involved.

Another community business identified a benefit of local networks as being **better equipped to know what funding to apply for** – the catalyst helped them understand the local landscape and connected them to people they could partner with.

In recent years there has also been an **increase in referral partnerships** between Empowering Places community businesses, the local council and NHS. This has led to an increased customer base, higher profile and better-connected community businesses, and the chance of a sustainable future beyond the life of the programme. For example, men's mental health support group Stand Together Grow Stronger (STAGS) Hartlepool, running club RunFit, and Lily Anne's café in Hartlepool are working with the borough council on a consortium for better mental health. In Plymouth, one of the community businesses attributed its rapid growth to the council having 'confidence' in what they are doing, something they feel had been strengthened by the connection to the catalyst, Real Ideas.

Where there is less evidence is for community businesses having a strong and influential presence and an 'equal seat at the table'. Although this is beginning to happen in cases like those outlined here, there is still a way to go for it to be normalised. At this stage of the programme there are still a large number of community businesses in their first year of trading, who aren't yet trading or whose annual income is below £10,000. Many are largely staffed by volunteers, making it much harder to find the time to establish themselves in wider circles.

Activators and enablers for developing networks and relationships

Catalysts have played a critical strategic role in creating enhanced networks between community businesses by using **creative methods to bring community businesses together**. For example, Made in Manningham in Bradford held an interactive session mapping different community businesses and the services and goods they provided. The session provided the community businesses with an incentive (to be promoted on the map once produced) and an opportunity to come together, understand more about each other's models, and build connections.

Funding and support from reputable national organisations such as Power to Change, Co-operatives UK, Centre for Local Economic Strategies (CLES) and New Economics Foundation (NEF), alongside connections with catalysts, has also helped give community businesses legitimacy locally.

'It's kind of turbocharged things quite a lot. I think having the Power to Change brand is really helpful, it brings a lot of legitimacy. And to say they're working with NEF and Co-ops and CLES.'

Community business CB13

In some cases, **Covid-19** has also played a role in strengthening community businesses' relationships and profile by providing some of them with an opportunity to **showcase what they could do**. The Ethical Recruitment Agency in Grimsby, for example, used the period of the pandemic to diversify its offer so that it was more able to meet local need and respond to calls for support from the local authority. A business in Wigan also widened its network during the pandemic by drawing on the local community to make bags which were then donated to the local hospital. This helped raise the morale of the local residents involved and the profile of the business in the local community.

In several areas, a **community hub** has been central to creating a community business network; although hampered by the pandemic, being in the same space has allowed community businesses to share ideas and challenges and work more cohesively. In Leicester, the group of community businesses being nurtured by the catalyst and operating out of The Grove said they had worked on marketing 'as a team', and supported each other with things like setting up bank accounts.

Community businesses are sustainable

Community businesses experience new opportunities for funding, or relationships that could lead to funding	New community businesses are developed outside of the catalyst support	Community businesses no longer need intensive support from catalyst organisations
Community businesses have been able to access further funding	There is no evidence of this through our research, however, that is not to say that it hasn't happened	<p>Community businesses have developed business and funding plans</p> <p>Community businesses have new and innovative ideas for generating income outside of the Empowering Places programme</p> <p>Many community businesses are not yet trading, and it is likely they will struggle to sustain themselves as businesses without catalyst support</p>

Sustainability can be defined as community businesses having some degree of financial self-sufficiency; no longer being reliant on funding from Empowering Places, but also less reliant on grant funding in general, and moving to a place where they are generating their own income as a business.

At this stage of the programme, catalysts have **successfully supported a large number of diverse, interesting and much-needed new community businesses to set up and start trading**. Examples include three cafés, support groups for women and for men, activities for children, three shops, a community theatre and even a community farm. Through being supported to trade, **many of the community businesses are in a financially safer place than when they started**; some are even operating without any support from the catalyst. For example, the Ethical Recruitment Agency in Grimsby has secured future work with the council as well as additional funding from Power to Change, and it now operates independently of the catalyst. Additionally, the Penalty Box Social Bar in Leicester is now raising such a surplus that it has been able to support smaller developing community businesses. One of the community businesses in Plymouth has also managed to unlock an asset it is negotiating with the local authority to transfer, with only minimal support from the catalyst. And many have made successful applications for grant funding to support them into a more secure future.

In addition, some have **created new and innovative ideas to generate ongoing income**, such as becoming an approved provider for local authority commissioners. Some are capitalising on the new networks and relationships they have developed through the programme to expand their reach into new parts of the community.

However, it is not clear **whether many of the community businesses are robust enough to be sustainable without ongoing support from the catalyst** when the programme ends. For example, the business model is at risk for community businesses staffed entirely or largely by volunteers, as no one is fully accountable, and volunteers may have other family or work commitments and priorities. Attracting and retaining volunteers with the necessary capacity and capability is also challenging: while businesses might generate a reasonable level of interest from the community, many volunteers are only able to do limited hours or need their confidence and skills building, and finding volunteers with the right skills and experience to fulfil core roles in the business can be particularly hard.

In addition, **few community businesses are financially stable enough to pay rent**, not only raising concerns over sustainability of the business but also, in some areas, for the sustainability of the catalyst organisations. For example, catalyst organisations in Leicester, Wigan and Grimsby are making the transition from business incubator to landlord.

There is broad agreement that for community businesses to be successful in the long term, **they need to have at least some paid staff, and/or a considerable bank of committed volunteers** to ensure they can operate continuously without constantly needing to plug staffing gaps. For some community businesses, sustainability will also mean **owning their own assets, or having premises of their own, so that they have more autonomy and some protection from rent increases**. They will also need a **strong profile in the local area**. This will look different for each business but might involve high levels of awareness and usage amongst local residents, a good marketing strategy, strong partnerships with other local businesses and stakeholders, and engaging with businesses in other local groups, activities or causes.

Key challenges and barriers to sustainability

Our findings suggest that the sustainability of community businesses might be the key risk for the programme and this section therefore provides more detail on the kind of challenges and barriers associated with sustaining nascent community businesses in deprived areas.

Many, if not all, of the community businesses have experienced **financial pressures**. Several have received seed grants throughout the programme and, in some cases, other targeted funding. Setting up any business is expensive, particularly where specific equipment or staff training is required. Some community business staff have found that the challenge of tight finances has been exacerbated by the pandemic and the rising costs of living. Operating in areas of high deprivation means their customers' spending is inevitably already restrained, and as many funders re-aligned their funding towards pandemic recovery, available funding for other activity like establishing a business became limited. During the crisis period, for example, Power to Change stopped taking applications for Bright Ideas funding.

Community business staff also suggested they **need a more business-oriented mentality**. By definition, most are focused on improving outcomes for the local community and for some community business staff this had included providing free services to those who might otherwise not have been able to afford them. Making the transition to a business mindset and charging appropriate and sustainable amounts for goods and services was a difficult step, particularly those who found it hard to attach a realistic value to what they do, or to apply charges when they knew that local families were struggling financially. This was compounded by **practical challenges** like finding free or cheap spaces from which to operate, and navigating local authority permissions. This prevented some from continuing all their activities, while others found progressing with asset transfers slower and more painful.

Limited business acumen early on led some to make decisions they felt they wouldn't have made with more experience. For example, choosing one governance structure over another. Some also suggested that not enough research or community consultation had been done upfront, to assess the local need for the business, and this was having consequences for their current planning.

The **Covid-19 pandemic** and its associated restrictions have had an impact on the sustainability of community businesses across the programme. Not only did it hit at the time that many community businesses were just about to start trading, but there were ongoing challenges as restrictions lifted, as communities had changed how they used certain services and facilities – particularly in hospitality and retail – and key equipment and supplies became harder to source because of issues with supply chains.

There were also **challenges for resourcing**. Staff and volunteer sickness during the pandemic had a significant impact on many community business plans for development. Catalysts were also concerned about the impact of the pandemic on the **mental and physical health of the communities and on themselves**. There were also community businesses who had built up volunteer interest but found it hard to maintain what they had established, as lockdowns and restrictions persisted. In some cases, businesses managed to recruit volunteers but now had to train them online rather than face-to-face, which brought novel challenges that couldn't have been planned for.

Activators and enablers for more sustainable business models

It is clear that, alongside funding, the main enabler for more sustainable businesses has been the **role the catalysts have played as agents for change** – providing **holistic, person-centred training and support** and creating more sustainable community businesses.

But to play this role, staff at the **catalyst organisations have to be confident in their abilities to advise on business models and have faith in their abilities to support people into potentially risky situations**. This has been an adjustment for the majority of the catalyst organisations who hadn't previously provided business coaching. Formal training has therefore been equally important for catalyst staff, building their ability to help community businesses evolve, as well as building the capability of catalyst organisations (as community businesses) to develop and extend their own offer. Many cited the opportunity to take part in enterprise coaching training as being particularly useful.

Additionally, **understanding the process of 'unlocking' assets** to trade from has not only helped catalysts to sustain their own businesses, but also the businesses they are catalysing. Staff at the catalyst organisations have been supported by technical experts to help navigate complex asset transfer processes, and learning camps have provided inspiration and guidance.

It is also important to acknowledge the **value of the networks and connections the catalysts have facilitated** during the term of the programme, drawing on their existing reputation and position as respected local organisations. These connections provide community businesses with a wider support network as well as, in some cases, plugging them into strategic conversations about local economy and empowerment which could be critical to their future success.

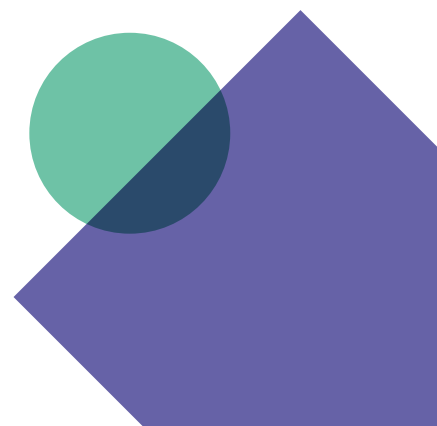
Improving sustainability in future

When reflecting on how the sustainability support that Empowering Places provided could have been improved, and to inform the design of similar programmes in future, community businesses identified three areas:

1. Unsurprisingly, some community businesses would have welcomed **more financial support**. While they were grateful for the seed grants they had received, some felt that they needed a bigger cash injection to help the business get off the ground. Power to Change has already changed the process to allow community businesses to have multiple seed grants of much larger amounts (the largest being £15,000, up from a previous £5,000 cap). However, in many cases, the financial challenges of setting up a new business – including staff and rent costs – means that even this has not gone very far.
2. There were also requests for **more training and expert support**. In some cases, financial challenges meant that community businesses were struggling to provide basic first aid and health and safety training for staff and suggested that this was something catalyst organisations might support. Some community businesses are also operating in quite specialist areas and are staffed by volunteers with limited knowledge of those sectors. For many, a lack of marketing was also a key shortcoming of their business model. Community business staff indicated that access to more expert support to build the specific knowledge and skills they needed would have been helpful.
3. Some community businesses would welcome **more guidance on what ‘sustainable’ might look like for them** and, while sustainability was often set as a target for a business, few felt they received enough guidance on how to achieve it.

‘Your funder asks you in every application, how is this project going to be sustainable, but nobody in the industry ever tells you how to be sustainable. You really are just left in the dark and have to try and figure it out for yourself. And eventually, what happens, sadly, is you’re taught to just use buzzwords that the funders want to hear. And nobody really has an intention to make that project sustainable ... Sustainability is probably the biggest one, because we genuinely had to, we were left on our own to figure out how we were going to make it work. And we struggle.’

Community business CB19



Linked to this were requests for **more support with bids for funding** – while some catalysts were providing this, there were businesses who would have welcomed more guidance in the area.

Finally, some community businesses would welcome **more support from Power to Change** that was better tailored to small and early-stage community businesses. One reported how little of the high volume of communication they received from Power to Change was particularly relevant to their circumstance, and often contained jargon they didn't understand. Attending a learning camp alongside mostly larger businesses had also left them feeling too small and out of place. While they were very grateful for the support from the catalyst organisation, they would have welcomed a more direct relationship with Power to Change itself, tailored to their needs as a small community business.



Conclusion

Empowering Places is not like other Power to Change programmes, which can rely on the existing motivation and appetite of those applying for support to participate in the programme. Instead, Empowering Places seeks people with ideas, bolsters them with support and encourages them to take part, hoping it will benefit both the business and the wider community they serve. In doing so, it can leave local people feeling vulnerable when they are asked to consider taking personal risks with their own livelihoods, albeit in the interests of community wellbeing and sustainability.

This approach was always going to be challenging, especially in the context of high levels of deprivation where residents often lack the confidence, skills, resources or social capital to set up a business; all the more so in the context of an unprecedented pandemic. However, the evaluation reveals many of the community businesses that have been catalysed have prevailed, in spite of adversity.

This reflects the flexibility of the programme design, its capacity-building approach, the flexible funding it makes available over a long period of time, and the capability of individuals at the catalysts who have delivered it. The support provided by the catalysts has been holistic and relational and described as gradual and 'organic'. It relied on catalysts taking time to understand the needs of the community businesses and creating safe environments for people to build skills, relationships and to start operating, before introducing them to the idea of trading for sustainability.

'It's always going to be the case that something like this is going to challenge you and it's going to be tough ... but I've learnt so much doing this, I have gained skills, I've gained experience and I've gained confidence. So, I absolutely can say that if it wasn't for the catalyst organisation I wouldn't have been doing this.'

Community business CB 16

However, the biggest risk to the success of the programme is in securing the future survival of these community businesses – something that will need addressing urgently if this bold and ambitious programme is to fully realise its aspirations for the long-term wellbeing of the communities it was established to serve.

The report suggests some ways to increase the sustainability of community business, including more money, more strategic advice and direction, and more skills in areas like marketing. It also highlights the challenge of setting up a community businesses from scratch and the investment of time that requires. The extension of the programme to December 2022 (from July 2022) will help mitigate some of this, and upcoming health checks and diagnostic sessions, led by specialist advisors ('tech leads') and involving both catalysts and community businesses, will provide insight and support at this crucial stage of strategic planning for the future.

Catalyst organisations now have two possible pathways ahead: they can start gradually stepping away from supporting community businesses now, so that those businesses have some time to forge their own independent paths, and the impact of a final drop-off in their support at the end of the project is less severe. Or they can start embedding the conditions for maintaining ongoing support within their organisations, so that it becomes a core function of their work now and in future.



Annex: Community businesses supported by Empowering Places

Below is the full list of community businesses supported by each catalyst organisation in the programme, and the help they received in the form of seed grants and capacity support.⁸ In a few cases, support was provided informally and therefore not registered as either seed grants or capacity support.

Made in Manningham, Bradford

Community business	Support from the programme
PCC	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Made in Manningham Markets	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
My Manningham	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Bradford Organic Composting Services	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Mary Magdalene CIC	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
Regeneration Bradford	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Creche 24	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Hollings Youth Association	Seed grant: Received a seed grant of £984. Capacity support: Have not requested capacity support.
The Hive	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Bradford Youth Development Partnership	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Cecil Green Arts	Seed grant: Received a seed grant of £250. Capacity support: Have not requested capacity support.
Millan Centre	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
The Sharakat Project	Seed grant: Received a seed grant of £750. Capacity support: Have not requested capacity support.
Elder's Well Being Café	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Learning At Home	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.

⁸ The list draws on a range of sources, including monitoring data from Co-operatives UK and the Power to Change annual grantee survey.

Community business	Support from the programme
Manningham Cricket Centre	Seed grant: Received a seed grant of £1,000 Capacity support: Have not requested capacity support.
Nutrition Advice, Fitness & Selfcare (NAFS)	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Sunnah Sports Academy	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Abilities	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.

Centre4, Grimsby

Community business	Support from the programme
Ethical Recruitment Agency	Centre4 has provided funds for start-up and staff costs, and £48,000 was awarded at the end of 2020 to support them to incorporate separately. Seed grant: Have not received a seed grant. Capacity support: Provided to B-inspired to support the Ethical Recruitment Agency.
Community Orchard	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Nunny's Farm CIC	Seed grant: Received two seed grants totaling £5,003. Capacity support: Received tailored support with strategy development, income generation and mentoring. Requested 24.5 days of support worth £12,250 and have so far used nine days.
Craft Collective	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Callies Baby Clothing	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Community Gym	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support
Thrift Shop	Seed grant: Received a seed grant of £1,000. Capacity support: Provided to B-inspired to support the Thrift Shop.
Tool Library	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Musical Arts Stage Theatrical Productions CIC	Seed grant: Received a seed grant of £1,994. Capacity support: Have not requested capacity support.
Daisy's Wish	Seed grant: Received a seed grant of £999. Capacity support: Have not requested capacity support.

The Wharton Trust, Hartlepool

Community business	Support from the programme
Run Fit Hartlepool CIC	Seed grant: Received a seed grant of £3,000. Capacity support: Have not requested capacity support.
BloomInArt	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
Make Dyke House Beautiful	Seed grant: Received a seed grant of £500. Capacity support: Have not requested capacity support.
Annexe Housing	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Bringing Communities Together CIC	Seed grant: Received a seed grant of £4,992. Capacity support: Have not requested capacity support.
STAGS (formerly Mind for Men)	Seed grant: Received a seed grant of £5,000. Capacity support: Two consultants for business support and development, and funding.
Community Personal Support Service	Seed grant: Received a seed grant of £3,000. Capacity support: Have not requested capacity support.
Grayfields Recreation Ground and Pavilion	Seed grant: Have not received seed funding. Capacity support: Received £10,500 worth of capacity support.
Hartlepool Ambulance Chairty	Seed grant: Have not received seed funding. Capacity support: Received £19,000 worth of capacity support.
LilyAnne's Coffee Bar	Seed grant: Received a seed grant of £7,500. Capacity support: Have not requested capacity support.

B-inspired, Leicester

Community business	Support from the programme
Garage Sale/Community Shop	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Braunstone Park 18 FC	Seed grant: Received a seed grant of £1,000. Capacity support: Support for bid-writing and developing business support. Requested 25 days valued at £12,500. So far used 23 days.
ER Crew	Seed grant: Received two seed grants totaling £6,000. Capacity support: For website development and storytelling. Requested 25 days valued at £12,500. So far used 22.3 days.
The Penalty Box Social Bar CIC	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
Nutri-Bodyblast	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
FSD Football CIC	Seed grant: Received a seed grant of £5,000. Capacity support: Received £9,500 worth of capacity support.
Parkside Community Cafe CIC	Seed grant: Received a seed grant of £5,000. Capacity support: Received £32,500 worth of capacity support.
Preloved@45 Community Shop CIC	Seed grant: Received a seed grant of £4,330. Capacity support: Received £32,500 worth of capacity support.

Real Ideas, Plymouth

Community business	Support from the programme
Snapdragons Plymouth CIC	Seed grant: Received a seed grant of £2,000. Capacity support: Have not requested capacity support.
Nudge Community Builders	Seed grant: Received a seed grant of £5,000. Capacity support: Requested support to achieve standard mark for four days at £2,000. Used all four days.
Column Community Events	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
The Underground Theatre CIC	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Street Factory CIC	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Billy Ruffian's Brewing Co.	Seed grant: Received a seed grant of £2,000. Capacity support: Requested business support for 14 days at £7,000. All 14 days have been used.
Yoga Loft Plymouth	Seed grant: Received a seed grant of £2,000. Capacity support: Have not requested capacity support.
Red Velvet Cinema	Seed grant: Have not received a seed grant. Capacity support: Requested community business support for three days at £1,500. One day has been used so far.
Pollenize CIC	Seed grant: Received a seed grant of £500. Capacity support: Requested marketing and communications support and community engagement support for a total of 9.5 days at £4,750. One day has been used so far.
Stonehouse Voice	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Bikespace	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
St Saviours CIC	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Cliik Community Limited	Seed grant: Received a seed grant of £3,000. Capacity support: Received £3,700 worth of capacity support.
Devon and Cornwall Furniture Reuse	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
Friends of Wyndham Square	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
Jabulani CIC	Seed grant: Have not received a seed grant. Capacity support: Received £3,000 worth of capacity support.
Pembroke Estate Management Board (PEMB)	Seed grant: Have not received a seed grant. Capacity support: Received £2,925 worth of capacity support.
Plymouth Scrapstore	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Stiltskin	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
The Village Hub	Seed grant: Received a seed grant of £5,000. Capacity support: Received £4,000 worth of capacity support
KARST	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.

Wigan and Leigh Community Charity, Wigan

Community business	Support from the programme
Wigan Men's Sheds	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
TasteBuds Café	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
MissPlaces Ltd	Seed grant: Received a seed grant of £5,000. Capacity support: Have not requested capacity support.
Bicky Lads and Lasses	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Betty'scafe	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Pianos, Pies and Pirouettes	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Made in Wigan	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
617	Seed grant: Received a seed grant of £1,000. Capacity support: Have not requested capacity support.
Bickershaw Village Community Club	Seed grant: Have not received a seed grant. Capacity support: Received £1,440 worth of capacity support.
Bom Ta Bom	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Platt Bridge Community Zone	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
The Sharakat Project	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
The Tudor House	Seed grant: Have not received a seed grant. Capacity support: Have not requested capacity support.
Wigan Cosmos	Seed grant: Received a seed grant of £1,333. Capacity support: Received £960 worth of capacity support.

About Renaisi

We're passionate about creating the conditions for strong, inclusive communities to thrive.

We're constantly learning from the different perspectives we see working directly with communities, with the providers of services and the investors in communities. It gives us a unique perspective on how systems work and how to improve places equitably.

The combination of our research and evaluation consultancy with employment and advice programme delivery, makes Renaisi a uniquely well-rounded learning partner for the voluntary and community sector.





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