



power to
change

business in
community
hands

Research Institute Report No. 25

Community business in England: Learning from the Power to Change Research Institute 2015–19

June 2020

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Contents

Glossary of terms	2
Foreword: The Power to Change Research Institute	4
Executive summary	5
1. The community business model	8
2. Impact	20
3. Assets	24
4. Workforce	35
5. Geographic distribution	46
6. Growth	49
7. Finance	55
8. Relationships	63
9. Conclusion and next steps	67
Bibliography	68

About this report

From its inception in 2015 to the end of 2019, the Power to Change Research Institute published over 70 research reports, evaluation reports, and working papers. These are all available online at the Power to Change website.

This report synthesises that body of work and aims to provide a useful overview of evidence on the role and value of community business. It is the second such summary – the first was published in 2018, covering the years 2015, 2016 and 2017.

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Glossary of terms

Annual grantee survey – an annual survey of community business recipients of Power to Change funding grants.

Asset lock – a term which covers all the provisions put in place to ensure that the assets (including profits and surpluses generated) of the organisation are used for the benefit of the community. It is a fundamental feature of Community Interest Companies.

Community asset transfer – the legal process by which a local authority transfers ownership or management of an asset to the community at less than market value.

Community business – a business that is locally-rooted, is accountable to and trades for the benefit of the local community, and has broad community impact.

Community Business Fund – Power to Change’s flagship funding programme, offering existing community businesses capital and project-based grants to help them progress towards self-sufficiency.

Community Life Survey – an annual survey by the UK government that tracks trends and developments in areas that encourage social action and empower communities.

Community shares – withdrawable share capital that can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.

Empowering Places – Power to Change’s place-based funding programme which aims to empower local communities in six locations to develop community businesses.

Grant income – restricted and unrestricted grants from local authorities, trusts and foundations, the national lottery and central government.

Hyperlocal survey – a Power to Change survey which adapted the Community Life Survey to run in seven areas. The eight metrics that it covered were: social isolation, health and wellbeing, employability, local environment, community cohesion, community pride and empowerment, social action and volunteering.

Indices of Multiple Deprivation – an annual metric of relative deprivation in small geographical areas of England published by the UK government. It measures income, employment, education, health, crime, barriers to housing and services, and living environment.

Initial Grants Programme – Power to Change’s first grant funding programme for community businesses to help them progress towards self-sufficiency, which closed in 2015.

LSOA – Lower Super Output Areas are a statistical unit used to report small area statistics, created by the Office for National Statistics.

Rural area – an area located outside of a settlement of more than 10,000 residents, as defined by the Department for Environment, Food and Rural Affairs.

Social enterprise – a business that uses their profit towards a social or environmental mission. Social enterprises are defined in more detail on the Social Enterprise UK website.¹

Trading income – income from activities such as running cafés, selling in shops, delivering contracts or services.

¹ <https://www.socialenterprise.org.uk/what-is-it-all-about/>

Foreword: The Power to Change Research Institute

Power to Change was established in January 2015 with a vision of ‘better places through community business’. It was founded on the belief that when local people come together to tackle problems, through a commercial model built around trading, the results are both more powerful and more sustainable than traditional approaches taken by the public, private or third sector. Community businesses not only breathe life back into isolated and deprived neighbourhoods, they also enable local people to have a new sense of power and purpose.

The trustees at the time had the foresight to direct five per cent of Power to Change’s £150 million endowment toward the generation of high-quality research. A year later, the Research Institute was launched with a remit to construct and curate an evidence base that would both guide the work of Power to Change and leave behind a legacy of independent research as an ongoing resource for the community sector.

Much has changed in the intervening years. Guided by its Advisory Panel of experts drawn from academia, government and community businesses themselves, the Research Institute has:

- published more than 70 research and evaluation reports and working papers
- sponsored five doctoral students from four universities
- co-commissioned research with three Whitehall departments
- supported a new Institute for Community Studies at the Young Foundation
- employed a pool of 19 research associates to extend its ability to analyse the large and ever-growing evidence base.

Although generating knowledge is a good in itself, it is even more powerful when used to advance the common good. In the face of Covid-19, the Research Institute has focused its resource toward supporting community businesses in crisis. Evidence gathered over the years, combined with rapid analysis of the effects of the pandemic, has fed directly into the design of the £12 million emergency funding package offered by Power to Change.

This is the second in a planned series of three compendium reports. The final report will be published in 2022, fulfilling the trustees’ original ambition in creating the Research Institute. However, as growth in knowledge is not linear, this report presents considerably more depth and breadth of insight than its 2018 predecessor. The final report will offer a definitive statement not about whether community businesses make places better – that is now settled – but about which types of business work best in which types of community, why, and how best this unique form of social organisation can be supported in future.

Executive summary

The Power to Change Research Institute has spent the last five years conducting, commissioning and publishing more than 70 rigorous studies which explore the community business model and the wider market. This report brings together a summary of the evidence from this body of work, to promote understanding and appreciation of community business as a unique and impactful mechanism through which local people can improve the places where they live.

Community businesses are operated by local community members to provide services and support within their locality. They are the subset of social enterprises which feed the impact and benefits of the business back into the community. Community businesses work to make places better, most commonly focusing on social isolation, greater community cohesion and improved health and wellbeing.



There are an estimated 9,000 community businesses in England, and they are more likely to be in rural rather than urban settings. These businesses can be anything from libraries, community hubs, shops or pubs, to community-managed green spaces or solar farms. Community businesses in England employ an estimated 33,900 paid staff and 205,600 volunteers. Most community businesses have both staff and volunteers: on average, each has around 15 members of staff and around 30 volunteers. The reliance on volunteers allows businesses to keep costs low and benefit from flexible resources, but it can also increase vulnerability. Staff and volunteers not only contribute at all levels of seniority, from sitting on the board to delivering services, but also help the business stay rooted in and engaged with the local community.

In many cases, the community becomes the owner of an asset – a valued local building or piece of land which provides a public service or community space. Communities can become asset owners by forming a business of interested community members, such as setting up an organisation with community members as leaders. Having an asset contributes significantly to community businesses’ sustainability and growth but, at the same time, exposes them to risks and costs of upkeep. Research indicates that these community-owned assets are more prominent in rural, less deprived areas: just 18 per cent of community-owned assets are found in the most deprived 30 per cent Lower Layer Super Output Areas in England. As most of the estimated 6,000 plus community-owned assets in England are community hubs or centres and village halls, this implies that there is less community space in the most deprived areas.



Community businesses are set apart from other types of social-purpose organisations, in that they must be trading as well as benefiting the community. In 2019, the community business market in England had an estimated income of £890 million, and held £945 million in assets. The median income of community businesses is an estimated £140,500, typically made up of both trading and grant income. While grants are vital in the early stages of the business, sustainability is built through securing trading income. Financial sustainability is often a key goal, and there has been some success; in 2019, three-quarters (75 per cent) of community businesses reported that their trading income had increased in the previous year.



Grants are most commonly given to community businesses by trusts and foundations, though some are also provided by local authorities, the National Lottery Community Fund and central government departments. Despite the majority of community businesses receiving income from trading, there is still a significant reliance on grants. In 2019, just over half (54 per cent) expected their income from grants to increase in the coming year. Community businesses may also access finance through other means, such as social investment, community shares, friends and family, crowdfunding and loans and credit.

Community businesses cultivate relationships with others including traditional businesses, other community businesses and local authorities, as well as continuing to engage with their local community. Over half have developed new partnerships in the past year. The motivations for developing these partnerships are often to advance the businesses' social aims and bring further benefits to the community. Community businesses must continually engage with the local community to ensure its needs are heard. Engagement requires significant buy-in from the community, is built by maintaining a local presence as well as developing informal and formal relationships, and can be supported by volunteers and staff.

At the time the research was carried out, leaders of community businesses across England typically had a positive outlook for the year ahead, and most of them predicted an increase in income in regular times. The research evidence shows strength and resilience in the sector. At the start of 2020, community businesses had a balanced income from trading and grants and engagement with communities was high. Growth in the market is underpinned by the acquisition of new customers, partnership working, winning new contracts and gaining assets – with community ownership on an upward trend over the past decade. However, there remained significant barriers to growth including access to finance, lengthy processes and operational capacity.

As in the wider economy, growth and sustainability in the community business market are likely to be impacted by the Covid-19 pandemic. The Power to Change Research Institute is gathering, in the course of 2020, evidence on the impact of the pandemic on the community business sector and plans to publish insights from this research later in the year.

1. The community business model

Community businesses have a history dating back to the nineteenth century, when the co-operative movement first gained traction in Britain. They are woven into the fabric of a community, offering support and services. They are locally accountable and focus on a specific place (Centre for Local Economic Strategies, 2019a).

This chapter explores the nature and make-up of community businesses in England. It defines community business, and estimates the size of the market and sector. To help understand community businesses and the way they operate and develop, it also explores:

- sectors that make up the community business market
- scope of community business activity
- life stages of community businesses – how they tend to progress and the needs and experiences at each stage
- common legal structures
- community involvement and accountability.

1.1 Defining community business

The community business market is extremely varied. Some organisations operate in urban areas, some rural; some are long-established, others are starting up. They are spread across the country and a wide range of economic sectors – from health and wellbeing to transport and pubs.

In 2016, Power to Change developed a definition of a community business with the following key characteristics (Percy *et al.*, 2016):



1. Locally rooted: They are rooted in a particular geographical place and respond to its needs. This could be, for example, high levels of urban deprivation or rural isolation.



2. Trading for the benefit of the local community: They are businesses. Their income comes from activities such as renting out space in their buildings, trading as cafés, selling produce they grow or generating energy. Trading activities respond to local needs.



3. Accountable to the local community: They are accountable to local people. This can mean different things depending on the community business. For example, a community share offer can create members who have a voice in the business's direction, or a membership-based organisation may have local people who are active in decision-making.



4. Broad community impact: They benefit and impact their local community as a whole. They often morph into the hub of a neighbourhood, where all types of local groups gather.

These four characteristics should be treated flexibly and act as guide rather than a strict definition. Community businesses are organisations which are locally or community-centred in their founding and approach, but which also need to make a profit to survive. This is a key characteristic of community businesses, and Bailey *et al.* (2018) refers to this as a ‘hybrid’ mix of social purpose and financial sustainability.

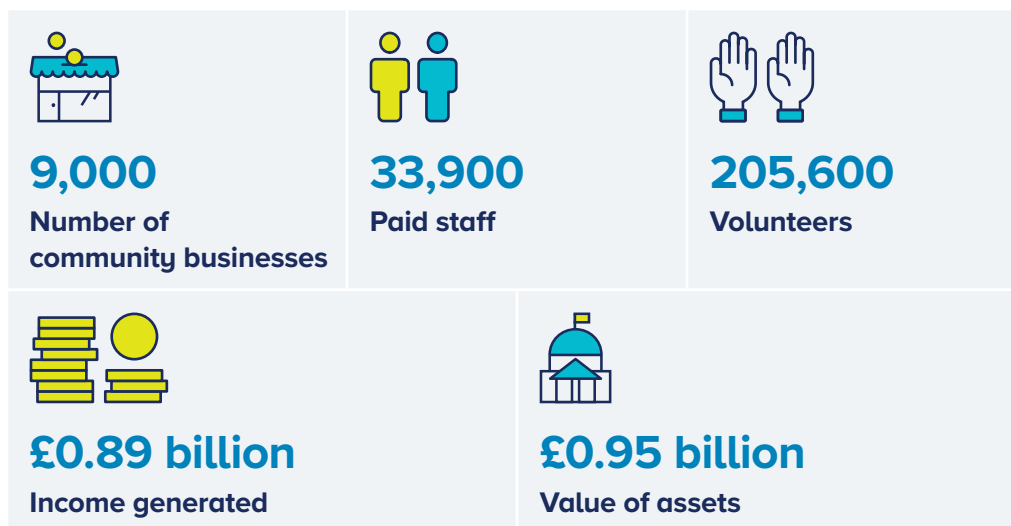
1.2 Estimating market and sector size

Power to Change has produced five reports in the Community Business Market series from 2015 to 2019, tracking the shape of the market and trends over time. The reports include annual estimates of the numbers of community businesses, employed staff and volunteers, income generated and assets held. Community businesses cannot be easily identified in national business datasets, so these studies fill an important knowledge gap. They contain estimates that have been reached by triangulating survey and secondary data.

As the methodology behind these estimates has been adapted over time, it is not possible to present longitudinal trends in this report. However, it is possible to say that over the last six years, estimates of the number of community businesses in England have almost doubled from c.5,500 to c.9,000. The level of income generated by community businesses seems to be fluctuating over time and in 2019 is currently at its lowest level, £0.89 billion. Assets held also fluctuate over time, sitting at just under £1 billion in 2019. These shifts could be due to market factors, or methodological change.

In terms of people resources, numbers of paid staff have fallen to a lower and more static level in the last two years, to an estimated 33,900 in 2019. Volunteer numbers appear to be at their highest level in 2019, at an estimated 205,600 (Higton *et al.*, 2019; Percy *et al.*, 2016; Hull *et al.*, 2016; Diamond *et al.*, 2018; Diamond *et al.*, 2017).

The community business market – estimates for 2019



Source: Higton *et al.*, 2019

The community business market can be analysed in a variety of ways to build a better understanding of its nature and development, including by sector, business activity, geography, life stage and finance.

1.3 Sectors

Exploring the community business market by sector is a crucial way to understand the spread of organisations. Power to Change has considerable evidence providing a breakdown of the number of community businesses, their finances and workforce by sector.

The sector estimated to be the largest is village halls. Community hubs had consistently been identified as the largest sector until data on village halls was accessed and included in the 2019 analysis (Higton *et al.*, 2019). Although now the second largest sector, with an estimated 2,000 organisations, the community hubs sector is still more than twice the size of the next largest sector, which is business support at an estimated 900. Although community hubs have the largest share in terms of income, village halls hold the highest value of assets – more than four times that of community hubs (Higton *et al.*, 2019).

Table 1: Market size estimates for community businesses, by sector

Sector	Number of organisations	Income (£m)	Assets (£m)	Income (£m median)	Assets (£m median)	Staff	Volunteers
Village halls	2,100	17	642	0.01	0.30	3,200	66,300
Community hubs	2,000	247	98	0.13	0.05	7,900	39,500
Business support; employment; IAG; training and education	900	148	40	0.16	0.04	4,600	11,600
Arts centre or facility	400	50	9	0.13	0.02	1,800	11,900
Cafés and shops	400	63	19	0.15	0.05	1,300	10,500
Health, social care and wellbeing	400	123	47	0.30	0.11	4,900	8,200
Libraries	400	7	-	0.02	-	400	17,600
Sports and leisure	400	118	62	0.29	0.15	3,700	9,400
Environment or nature conservation	300	9	-	0.03	-	1,000	8,700
Housing	300	17	15	0.06	0.06	1,000	4,200
Transport	300	-	-	-	-	-	-
Energy	200	36	8	0.15	0.03	200	1,900
Food, catering and production	200	21	1	0.09	0.00	2,400	9,600
Childcare	100	-	-	-	-	-	-
Craft, industry and production	100	3	-	0.05	-	300	300
Digital services, consultancy or products	100	3	-	0.05	-	400	1,500
Pubs	100	14	4	0.17	0.06	300	1,300
Finance	-	-	-	-	-	-	-
Other	300	15	-	0.05	-	900	5,200
Total	9,000	890	945	0.11	0.05	33,900	205,600

Source: Higton *et al.* 2019:37

You can find more detail on staffing and volunteers in Chapter 4 and an analysis of community business finances in Chapter 7.

1.4 Scope of community business activity

The wealth of Power to Change research on the activities of community businesses reveals a range of primary and secondary activities.

The Community Business Market reports categorise community business activities into seven distinctive types and enable businesses to be ranked by their primary business activity (Higton *et al.*, 2019):

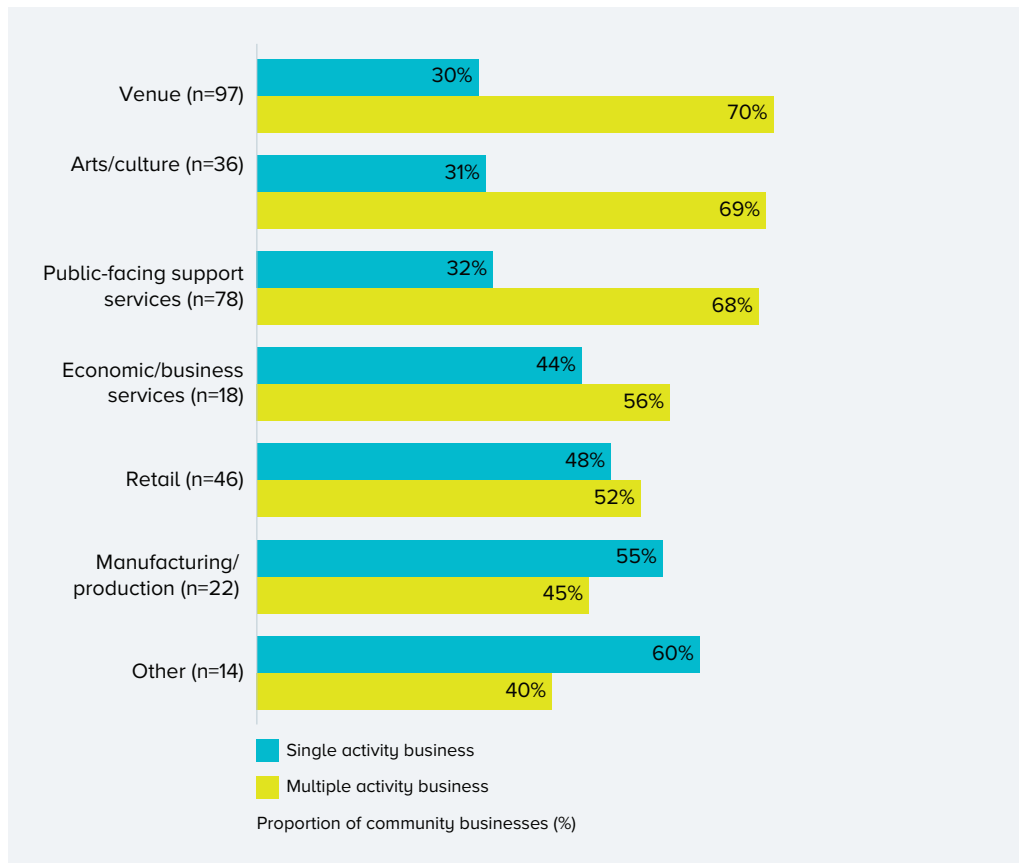
1. venue (31 per cent)
2. public-facing support services (25 per cent)
3. retail (15 per cent)
4. arts/culture (12 per cent)
5. manufacturing/production (7 per cent)
6. economic/business services (6 per cent)
7. other (5 per cent).

The largest group, venues, includes community hubs and village halls. These are also the businesses that are most likely to deliver more than one activity (70 per cent) despite a fall from 82 per cent in 2018 (Higton *et al.*, 2019). Providing a café (28 per cent) and training/education (27 per cent) are the next most likely activities across the sector (Higton *et al.*, 2019).

Over the last year, the proportion of businesses specialising in just one activity has increased from 33 to 37 per cent, with 63 per cent pursuing more than one activity. Providing a community hub is the most likely primary (30 per cent) and secondary (29 per cent) activity (Higton *et al.*, 2019).

There are differences across the sector in terms of how many businesses engage in multiple activities. Over 90 per cent of businesses providing community hubs or sport and leisure services have a secondary business activity compared, for example, with health and wellbeing services (72 per cent). Two-thirds of hubs (66 per cent), a third of health and wellbeing organisations (34 per cent) and 30 per cent of those providing sports and leisure engage in three or more activities (Richards *et al.*, 2018a).

Figure 1: Grouped primary business activity categories by single vs multiple business activities



Source: Higton *et al.*, 2019:13

1.5 Life stages of community businesses

There is a growing body of evidence about the changing needs of community businesses over their lifetime, which enables a much richer understanding of their business support needs, funding sources and income levels. Swersky and Plunkett (2015), Richards *et al.* (2018a), Thornton *et al.* (2019b) and Capacity (2019) all developed typologies to explore the life stages of community businesses.

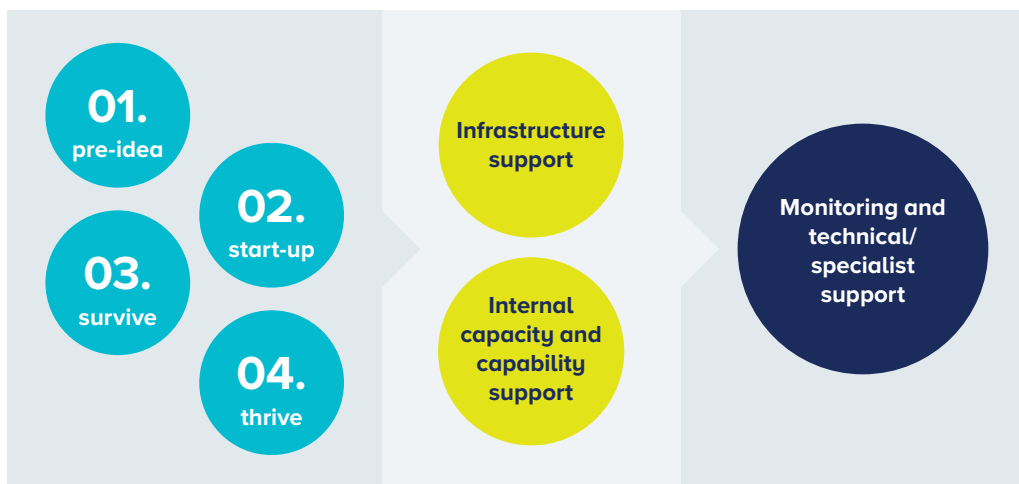
The typologies follow four broad stages, which Swersky and Plunkett (2015) note are neither always encountered consecutively nor always from the beginning. The typologies cover:

	Pre-start up – generating ideas where community businesses are considering their organisation’s social aims and strategy.
	Start-up – starting up the community business the launch of the community business which includes accessing funding.
	Growth – becoming sustainable a significant stage where funding often shifts from grants towards trading income and professional business support is required.
	Expansion/consolidation – scaling up and thriving the period when a community business grows stronger, perhaps becomes more professionalised (similar to charities) and succession planning is considered.

The stage a community business is at tends to drive the income sources they access most. An analysis of trading and grant income among applicants to the Power to Change Initial Grants Programme reveals that, generally speaking, the older an organisation is the more likely it is to rely on trading income, whereas younger organisations tend to depend on grants (Dunn *et al.*, 2016). Others point out how some businesses try to bridge any funding gap between these two stages with other approaches, like issuing community shares (Swersky and Plunkett, 2015).

The average (median) income across all businesses (founded both pre- and post- the 2008 recession) increased to £140,554 in 2019 from £107,000 in 2018. Older organisations (founded pre-2009) tended to have a higher average (median) income in both 2018 and 2019 than those founded after the recession (2009 or later). The median income for those founded before the crisis is £437,000 in 2019 – a significant increase from £281,953 in 2018. However, median income for post-recession founded businesses was static in 2018 and 2019, at £90,000 (Higton *et al.*, 2019).

Business support needs also depend on the life stage of the organisation. Research on community businesses in the Liverpool City Region found that the most important factor in determining the business support needs of an organisation is the stage of development it is at, rather than the type of business it is or what service it provides; and they recommend that support is tailored to their needs as a socially trading organisation. This research identified the business support needs at four life stages (Capacity, 2019):



Business support can range from programmes to raise awareness and engage people at pre-idea stage onto specialised and technical support when starting out, sustained support for more than a year when growing and replicating the community business in other locations through social franchising during the expansion stage (Swersky and Plunkett, 2015).

1.6 Legal structure

There are numerous legal forms that a community business can opt to take (see Swersky and Plunkett, 2015; Thelwall, 2017; and Richards, 2018a). The key structures are:

Charitable incorporated organisation (CIO)

This was a legal structure launched in 2013 that offers limited-liability protection, and accounts for which only need to be filed with the Charity Commission and not Companies House.

Community benefit society

These are set-up to serve the interests of the community, must be registered with the Financial Conduct Authority, and can have shareholders.

Community interest company (CICs)

Limited by shares or by guarantee – this was a legal structure launched in 2005 for a business with social objectives, and is particularly for social enterprises to use their profits and assets for social good, and they have an asset lock.

Cooperative

A structure with a long tradition, where a business is owned and run by its members, to serve their interests.

Company limited by guarantee

This is the structure most popular with non-profit organisations. The company is owned by guarantors who have a limited liability and do not receive any profits as they are re-invested into the business.

Company limited by shares

This is the most popular company structure in the UK and offers the owners limited liability.

Registered charity

This is for organisations registered with the Charity Commission for England and Wales/Office of the Scottish Charity Regulator/The Charity Commission for Northern Ireland, who must fulfil charitable objectives and work for the public benefit.

Grant applicants to the Initial Grants Programme in 2015 were most often companies limited by guarantee (CLG) (46 per cent), 74 per cent of which are also charities. Community interest companies (CIC) are the second most common legal form (Dunn *et al.*, 2016). In a benchmarking study, the predominant legal status for community business was companies limited by guarantee, which accounted for 65 per cent of the sample (Thelwall, 2017).

Table 2 reveals the notable differences in the finances of community businesses according to their legal structure.

- CICs limited by guarantee have the highest average turnover at £1.8 million and charitable trusts the lowest at £382,000.
- Total grant funding however is highest for charitable trusts at £62.2 million and lowest for companies limited by guarantee (£48.2 million).
- Total venue-based income is highest among the CIOs at £44.7 million and lowest among the charitable trusts (£34.5 million).
- CIOs also enjoy the highest levels of non-venue-based income (£33.9 million), which was lowest among CICs limited by guarantee (£23.7 million).

Table 2: Annual grantee data for 2015

	CIO	Charitable trust	CIC (guarantee)	CLG
Average turnover	£0.685 m	£0.38 m	£1.8 m	£1.4 m
Total grant funding	£52.9 m	£62.2 m	£58.0 m	£48.2 m
Total venue-based income	£44.7 m	£34.5 m	£43.0 m	£40.1 m
Total non-venue based income	£33.9 m	£23.7 m	£22.3 m	£28.7 m

Adapted from: Thelwall 2017:56-57

1.7 Community involvement and accountability

It is important for community businesses to generate buy-in – not just from staff and volunteers, but the whole local community. It can only happen through positive action, is a two-way relationship and demonstrates the business’s accountability to the community, partners and funders. It can take many forms.

Communities which are more ‘community-oriented’ are most likely to start-up community businesses, and the local support should make the venture a success. Recent research into success factors for community businesses found that engagement from the community is a common enabler (84 per cent listed it) and for community hubs it is key (Richards *et al.*, 2018a).

Applicants to the Initial Grant Programme were asked how they engage with local people. Eighty-three per cent said that all of their volunteers are local people and 73 per cent reported all of their board members are local people. Businesses work with other local organisations, hold local meetings and events, and use a range of ways to gather feedback and measure satisfaction (Dunn *et al.*, 2016).

Community engagement is key for the resilience of those businesses to whom local authorities transfer ownership or management of an asset (see Chapter 8), and examples from two other sectors reveal how just how crucial community buy-in can be for success. The business model for community pubs, for instance, depends on local community customers for income (Davies *et al.*, 2017b), and community buy-in is essential in the community housing sector, if opposition to planning applications is to be minimised so that work can progress smoothly (Davies *et al.*, 2017a).

In practice, accountability is delivered not only through formal governance and meetings, but also through dialogue and communication such as consultation and social media. It is important for businesses to be able to demonstrate that effectively, particularly to funders (Buckley *et al.*, 2017). Four critical indicators of successful accountability are:

- connection to the community
- engagement and knowledgeable leadership and governance
- alignment with local partners and initiatives
- working with the community when the business is in difficulty.

1.8 Other analysis

There is a wide variety of ways to explore and analyse community businesses to better understand the market. Chapter 2 considers the social impact at the heart of community business aims. Chapter 5 looks at Power to Change research into the location of community businesses across England, and their tendency to be located in urban and deprived areas (Higton *et al.*, 2019). Community businesses access a wide range of income streams to fund their work – grants are the most frequently accessed, but trading income is also important for building financial stability. Chapter 7 looks in more depth at community business finance and sustainability.

1.9 Research gaps

The community business model is challenging to research and understand. Although Power to Change has developed a definition based on the common attributes of community businesses, some organisations meeting the criteria would not consider themselves a community business, and this can make it harder to measure the market accurately. Many village halls, for example, don't appreciate, use or connect with the term 'community business' and don't feel it represents what they do (Scott and Probert, 2018). Conversely, some organisations, such as social enterprises, consider themselves to be community businesses without meeting the Power to Change definition (Hitchin, 2018).

The key gap in research is the availability of reliable large scale data sets and samples. An ability to identify community businesses in national datasets would aid analysis enormously, particularly with understanding the geographical spread of community businesses. It is therefore disappointing that a 2017 study concluded it was not feasible to identify a sample of community businesses from nationally available data, as many are missed and others identify incorrectly (Roper and Bonner, 2017).

1.10 Summary

The estimated size of the community business market in 2019 is almost twice the size it was in 2014. In 2019, generally finances appear less healthy than in previous years and income is at its lowest recorded point at £0.89 billion. In the absence of robust national level data, it is not clear whether these apparent disparities are the result of genuine changes in the market or the methodology of measuring it.

Although research over recent years has consistently identified community hubs as the largest group of community businesses, newly available data on village halls indicates they are in fact currently the most common form of community business.

Community businesses tend to be located mainly in urban areas and areas of deprivation. They are most frequently companies limited by guarantee, but those that are constituted as community interest companies have the highest turnover.

Nearly two-thirds of community businesses are involved in multiple activities, the most popular of which is providing a community hub.

Community businesses need to actively engage with their community to be successful and sustainable – because buy-in brings in customers and volunteers – and engagement can be both formal and informal.

2. Impact

In the two years since the last edition of this report, Power to Change has produced substantial research into the impact of community businesses, through internal monitoring, commissioned research and grant-funded research. This chapter summarises the research into community business impact and its measurement, and then considers the gaps that still exist in the available research.

A key characteristic of a community business is that it has broad social impact. In 2015, seven long-term outcomes were developed to reflect these social impacts (Harries and Miller, 2018; Thornton *et al.*, 2019b):

 <p>reduced social isolation</p>	 <p>greater community cohesion</p>	 <p>improved health and wellbeing</p>	
 <p>increased employability</p>	 <p>better access to basic services</p>	 <p>improved local environment</p>	 <p>greater community pride and empowerment</p>

2.1 Measuring impact

Measuring impact is vital for community businesses to demonstrate the difference that they make. Many need support with this and although most do measure impact, not all do. Two-thirds (66 per cent) of participants of the annual grantee survey 2018 say that they measure social impact in some way, which is broadly the same proportion as the previous year. Of those that do not attempt any measurement, the most common reason cited is that they do not have staff/volunteer capacity to do so (Bailey *et al.*, 2018; Power to Change Research Institute, 2018).

There is great variety in the level of measurement attempted. For organisations accessing grants, there can be prescriptive monitoring and evaluation requirements dependent on the organisation providing the grant. For others there may be customer satisfaction surveys, larger organisations may track quantifiable output data and some may employ external organisations to conduct an impact evaluation or social return on investment (SROI) analysis on their behalf (Swersky and Plunkett, 2015). Thirty-five per cent of Power to Change’s annual grantee

survey participants report measuring their impact as a discrete activity, 48 per cent achieve it through general data-gathering and nine per cent have other methods in place such as focus groups and ongoing discussions with participants (Power to Change Research Institute, 2019a). Having the skills and resources to measure impact can be an issue for community businesses, and so what perhaps ought to be a formalised evaluation process can become embedded in daily activities (Bailey *et al.*, 2018). Community businesses also report that the demonstration of impact is now a key requirement of grant funders but that it is challenging to achieve it by themselves (Higton *et al.*, 2019).

Community businesses are aware that they need to measure their impact, but do not necessarily have the skills to do this within their organisation, and need to bring in support. In Higton *et al.* (2019) the top type of business support requested is ‘help with measuring impact’ (17 per cent); similarly, 82 per cent of applicants to the Initial Grant Programme wanted support with measuring impact (Dunn *et al.*, 2016).

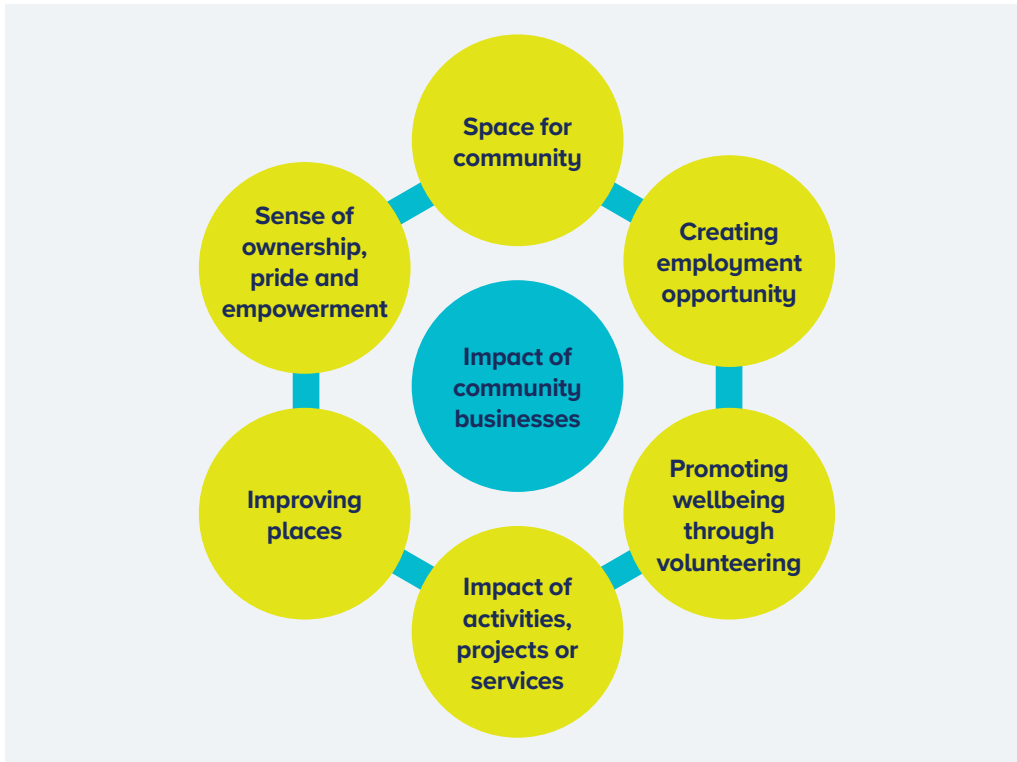
The largest group of annual grantee survey participants said that they measure their impact because they want to see the difference that they are making (60 per cent) (Power to Change Research Institute, 2019a).

2.2 Intended impacts

The impacts that organisations intend to make are varied and Power to Change has built up a wealth of evidence on the impact that its applicants and successful grantees intend to make. The impacts depend hugely upon market sector, and there are often multiple intended impacts for an organisation. In 2019, just under two-thirds (63 per cent) of community businesses responding to the community business market survey stated they planned to deliver five or more impacts. This is in-line with findings in 2018, where 65 per cent planned to deliver five or more impacts (Higton *et al.*, 2019, Diamond *et al.*, 2018). Improved health and wellbeing continues to be the most common primary impact listed by community businesses (27 per cent in 2019 up from 22 per cent in 2018) (Diamond *et al.*, 2018; Higton *et al.*, 2019).

Reducing social isolation (85 per cent), improving community cohesion (82 per cent) and improving health and wellbeing (81 per cent) are common aims among community businesses (primary or secondary aims) (Higton *et al.*, 2019). Thornton *et al.* (2019b) presents these impacts in Figure 2 as six key types of practical improvement.

Figure 2: Type of impact created by the community business model



Source: Thornton *et al* 2019b:47

There are also impacts for community businesses themselves. Some organisations share their learning and models with other community businesses for the common good. Sharing like this is a positive experience but can also come with tensions as they could be risking their competitive advantage when bidding for contracts (Stumbitz *et al.*, 2018).

Power to Change published results from a baseline ‘hyperlocal’ version of the national Community Life Survey (Department for Digital, Culture, Media and Sport 2017). The baseline survey measured eight metrics to allow future analysis of possible impacts of community businesses by comparing results from a sample of individuals living near community businesses against a control group not living near community businesses. The research will be repeated in the future in order to measure change over time, compared against a matched sample in order to determine whether change can be attributed to the programme (Coutinho *et al.*, 2019).

There are some findings available on the impacts of specific community business sectors. In the community pub and community shop sectors the two main impacts on the community are community cohesion and overcoming isolation (Plunkett Foundation, 2019a and 2019b). In the community housing sector, a literature review reveals that the sector's impact is on: healthy ageing, social inclusion, improved physical health, tackling multiple disadvantages and meeting additional support needs (McClymont *et al.*, 2019). Another literature review found that the community businesses operating in the health and social care sector delivered on outcomes including social connectedness, self-esteem, physical health, mental wellbeing and quality of life (McClean *et al.*, 2019).

2.3 Research gaps

Although Power to Change has produced a lot of new evidence since the last report in 2018, more information is still needed on the specific impacts of Power to Change on grantees and the community business market, as well as on community businesses' impact on people and places. A forthcoming Power to Change report around impacts of community businesses in 2020 seeks to address this. Impact continues to be an important focus for Power to Change over the next two years, and there is a plan to repeat the 'hyperlocal' Community Life Survey in order to measure change from the 2018 baseline.

2.4 Summary

In order to demonstrate their impact, community businesses need to devise a way to measure it. Two-thirds of community businesses do measure impact, and a mixture of internal and externally commissioned evaluations are used across the market. Measuring impact is not always easy for community businesses, and skills and resources are the main reasons given by those not measuring it – indeed, getting support to measure impact is the top business support need expressed.

Community businesses will each have several intended impacts, just under two-thirds (63 per cent) plan to deliver five or more impacts. The most frequently listed intended impacts are social isolation, community cohesion and improved health and wellbeing. Where primary areas of impact are identified, the top listed is health and wellbeing.

In addition to these intended community impacts, there can be benefits for community businesses themselves, as some organisations are sharing their learning and models with other community businesses for the common good.

3. Assets

Assets are at the heart of many community businesses. They are taken on to save a valued public service, such as a library or swimming pool, or to provide space for the community to meet, from which much needed services can be offered. More than 80 per cent of England's estimated 6,325 assets in community ownership identify as a 'community hub/hall/centre' (Archer *et al.*, 2019).

An 'asset' could mean any resource a community business owns or controls, but is most commonly used to mean land or buildings (Archer *et al.*, 2019). This chapter uses the definition of 'community-owned asset' developed by Archer *et al.* (2019):

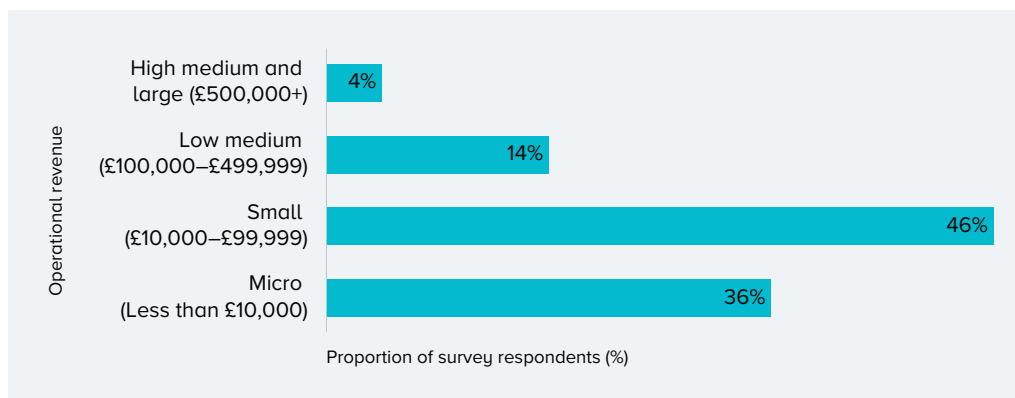
Land, buildings or other large physical structures for which long-term ownership rights are in place – for instance through a freehold or leasehold of 25 years or more – and where this is held by a community or voluntary organisation which operates for the benefit of local people. The decision-making body for the asset is controlled by local residents.

Source: Archer *et al.*, 2019: 18

While developing such a broad and inclusive definition is useful, the community business sector is so heterogeneous that even this excludes some community-owned assets in the sector (Archer *et al.*, 2019).

Power to Change has a large body of evidence that asset ownership contributes significantly to community businesses' sustainability and growth (Archer *et al.*, 2019; Bailey *et al.*, 2018; Centre for Local Economic Strategies, 2019a; Diamond *et al.*, 2017; Gilbert, 2016; Harries and Miller, 2018; Heap *et al.*, 2019; Hull *et al.*, 2016; Hull, 2019; Percy *et al.*, 2016; Richards *et al.*, 2018b). Owning an asset, however, increases risk as well as opportunity. Along with the potential to increase revenue comes increased costs, which is perhaps why Archer *et al.* (2019) found that four out of five assets in community ownership provide only a 'micro' (32 per cent) or 'small' (48 per cent) revenue (Archer *et al.*, 2019).

Figure 3: Size of assets in community ownership by operational revenue.



Source: Archer *et al.*, 2019:24

The most accurate estimates from Power to Change’s annual Community Business Market reports give a total asset base of £945 million across 9,000 community businesses for 2019 (Higton *et al.*, 2019). Seventy-eight per cent of these assets are held by village halls (£642 million) and community hubs (£98 million) (Higton *et al.*, 2019). Other large asset-owning community business sectors are sports and leisure (£62 million), health, social care and wellbeing (£47 million) and business support, employment, information advice and guidance (IAG), training and education (£40 million) (Higton *et al.*, 2019). The number of assets in community ownership is accelerating, with 29 per cent of current assets coming into community ownership in the last decade (Archer *et al.*, 2019).

Forty-one per cent of assets come into community ownership from a private source, 31 per cent from a public body via a community asset transfer (CAT), two per cent from the third sector and 26 per cent from other sources including self-builds (Archer *et al.*, 2019). A community asset transfer is the legal process by which a public body can transfer ownership or management of land and buildings to the community for less than market value. Before an asset is transferred into community ownership, it may be listed as an asset of community value (ACV), a legal concept introduced by the 2011 Localism Act. The Act’s Community Right to Bid allows community groups to nominate assets they think are of particular importance to the local community, so that they cannot be sold without the community being given an opportunity to buy them (Gilbert, 2016). Other powers conferred by the Act are the Community Right to Challenge, whereby community and VCSE groups can bid to take over local authority services, and the Community Right to Build, which enables community groups to bypass normal planning processes if they wish to build community housing on small scale sites (Gilbert, 2016).

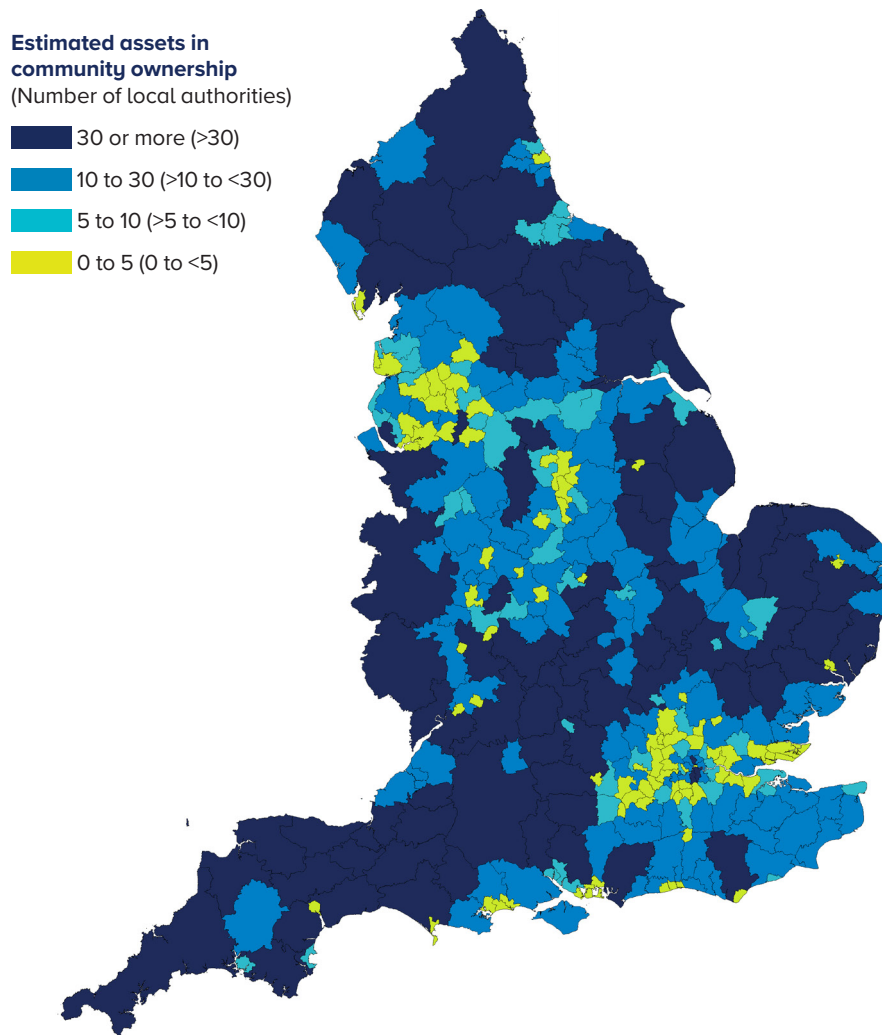
Responding to evidence of a need for centralised, up to date national information about ACVs uncovered by our research, in 2018 Power to Change created the open source platform, www.keepitinthecommunity.org. With communities' help, the website aims to maintain an up to date register of all listed and nominated ACVs held in England (Harries and Miller, 2018). The conversion rate of ACVs into assets owned by the community remains very low. Archer *et al.* (2019) estimates that only 15 assets make it into community ownership for every 1,000 ACVs that are listed.

3.1 Geographical distribution of community assets

England's estimated 6,325 assets in community ownership are unevenly distributed across the country, with more in rural, less deprived areas. Conversely, the most deprived 30 per cent of LSOAs² contain just 18 per cent of England's assets in community ownership. On average, rural local authorities contain 38 assets in community ownership, compared to just 12 in urban authorities – the large number of rural village halls contribute significantly to this difference (Archer *et al.*, 2019). Overall the number of assets found in a local authority varies widely, with 47 local authorities (14 per cent) containing three or fewer assets, while the rural counties of Cornwall, Wiltshire and Shropshire each have more than 100 assets in community ownership (Archer *et al.*, 2019). Figure 4 shows the differing levels of community asset ownership, by local authority.

² Lower Layer Super Output Area – a geographic area containing approximately 1,500 people or 650 households

Figure 4: Local authority map of assets in community ownership



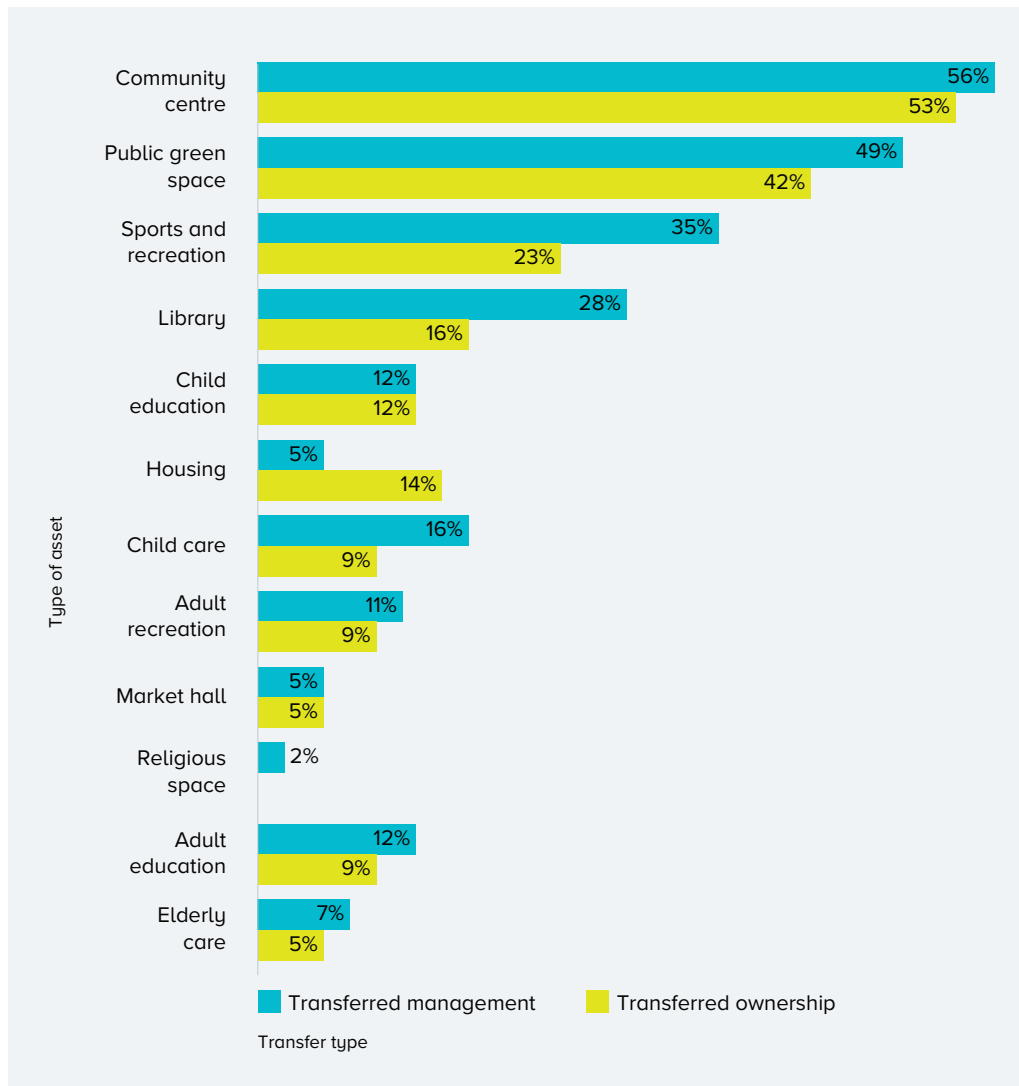
Source: Archer *et al.*, 2019:23

3.2 Asset ownership and management

Asset ownership is often at the core of community businesses' social mission. Communities are motivated to seek ownership of the local assets they value when they are in danger of closing, falling into disrepair or being sold into private ownership (Archer *et al.*, 2019). They also seek ownership or management of assets to provide local benefit; space to meet that can provide a base for developing or strengthening services to meet local needs (Archer *et al.*, 2019; Hull *et al.*, 2016; Gilbert, 2016; Thornton *et al.*, 2019b).

Figure 5 gives some indicative data on the types of assets most commonly transferred from local authority to community ownership.

Figure 5: Assets transferred into management/ownership in the last five years



Source: Gilbert, 2016:22

Of the estimated 6,325 assets in community ownership, 70 per cent hold the freehold to their asset, with the remaining 30 per cent having a lease of at least 25 years. An estimated extra 1,975 assets are held in community ownership with leases of less than 25 years or licences (Archer *et al.*, 2019). Ownership of an asset, or management on a long lease, is important for business sustainability and development: assets with short leases may not be useful as collateral to raise investment (Archer *et al.*, 2019).

The legal form and associated governance structure of a community business can be crucial when seeking to become the recipient of a community asset transfer from a local authority (Gilbert, 2016). Local authorities may seek to manage the risks of asset transfer through the length of lease they grant or by requiring a community business to take a specific legal form, put in place an asset lock or sign a covenant restricting its use (Gilbert, 2016). Community businesses wishing to take ownership of a pub or a shop most frequently take the legal form of a Community Benefit Society (Plunkett Foundation, 2018a, 2018b, 2019a, 2019b) which allows them to raise share capital. You can find a list of the different legal forms community businesses may take in Section 1.6.

Contrary to some local authorities' fears, community businesses are successful at managing assets (Gilbert, 2016, Archer *et al.*, 2019). A 'healthy majority' of assets surveyed by Archer *et al.* (2019) held the standard good practice levels of reserves needed to withstand shocks and two thirds made an operating profit in their most recent financial year. To increase its chances of success after taking on an asset, other research suggests it is essential for a community business to seek wide community participation in its management to draw in additional skills and expertise (Davies *et al.*, 2017b; Gilbert, 2016). Archer *et al.* (2019) includes a wealth of qualitative evidence on how community businesses approach the challenges and opportunities of managing assets in 26 in-depth case studies.

3.3 Asset ownership and business sustainability

Power to Change has a great deal of evidence linking asset ownership to increased community business sustainability and resilience (Archer *et al.*, 2019; Bailey *et al.*, 2018; Centre for Local Economic Strategies, 2019a; Gilbert, 2016; Harries and Miller, 2018; Heap *et al.*, 2019; Hull *et al.*, 2016; Hull, 2019; Percy *et al.*, 2016, Richards *et al.*, 2018a, Richards *et al.*, 2018b). Owning or having a long lease on an asset enables community businesses to increase their income and impact by diversifying their services, delivering contracts and raising capital. An asset gives them a physical presence and an increased ability to leverage other resources (Diamond *et al.*, 2017).

Asset ownership makes community businesses more optimistic about their finances (Archer *et al.*, 2019). Community businesses believe that owning an asset will make their business more sustainable and therefore wish to acquire one (Diamond *et al.*, 2017; Diamond *et al.*, 2018; Trup *et al.*, 2019). Sixty-eight per cent of community business grantees in the first four rounds of Power to Change's Community Business Fund used their grant to purchase or renovate a building (Thornton *et al.*, 2019b).

With the increased opportunities of asset ownership comes greater risk, especially in the area of building maintenance costs. Owning a physical asset increases costs and can make a community business's finances more unpredictable, which can outweigh the benefit of increased revenue (Archer *et al.*, 2019; Heap *et al.*, 2019; Richard *et al.*, 2018A; Thelwall, 2017; Trup *et al.*, 2019). Forty-six per cent of asset-owning community businesses surveyed cite the cost of maintenance as the factor most affecting their financial health over the past three years (Archer *et al.*, 2019).

Around 20 per cent of community-owned assets reported making an operating loss of 10 per cent or more over the previous financial year (Archer *et al.*, 2019) and a further 20 per cent reported not having enough reserves to cope with a modest financial shock. Given that nearly four out of five community-owned assets are community hub/hall/centres (Higton *et al.*, 2019), it is also worth noting that being in this sector is typically negatively associated with excellent financial health (Archer *et al.*, 2019).

Acquiring an asset is not a passport to sustainability. Community businesses need continued support after acquiring an asset (Archer *et al.*, 2019; Gilbert, 2016; Richards *et al.*, 2018a). Commenting on the long-term sustainability of community pubs, Hull *et al.* (2016) noted that broader engagement with the community beyond the initial group of highly motivated individuals was essential. The main barriers to success with assets in community ownership are a lack of funding opportunities, lack of local authority/government support and lack of access to people with relevant business and fundraising experience (Gilbert, 2016; Richards *et al.*, 2018a).

3.4 Impact of community asset ownership on place

Community-owned assets bring measurable benefits to their localities. They spend 56 per cent of their gross operational expenditure in the local economy – just under £46,000 a year per asset on average, rising to £128,000 per annum for assets in the most deprived 30 per cent of LSOAs (Archer *et al.*, 2019). Seventy-nine per cent of jobs at community-owned assets are filled by local people (Archer *et al.*, 2019). While community-owned assets have, on average, only 2.1 full-time equivalent (FTE) paid employees, in the 30 per cent most deprived LSOAs this rises to 5.1 FTE jobs (Archer *et al.*, 2019). Ninety-two per cent of community-owned assets' volunteers are local people and each community-owned asset provides an average of 47 hours of volunteering opportunities each week, climbing to 106 hours per week in the most deprived 30 per cent of LSOAs (Archer *et al.*, 2019).

An asset coming into community ownership often means it has been saved from closure (Archer *et al.*, 2019). Once owned by the community, an asset can attract grant funding not available to the council and this can contribute positively to the viability of local services. In some cases, when the community takes over a

local asset, it can boost the desire of local people to use that asset (Archer *et al.*, 2019). Other beneficial impacts of community asset ownership suggested in Power to Change’s research include: helping forge a sense of local identity (Percy *et al.*, 2016), increasing a sense of local empowerment (Centre for Local Economic Strategies, 2019a; Percy *et al.*, 2016), creating a space where the community can meet (Archer *et al.*, 2019), promoting a more inclusive economy (Harries and Miller, 2018) and increased employment, environmental awareness and social cohesion (Davies *et al.*, 2017a).

3.5 Asset ownership and market growth

Hull *et al.* (2016) draws a causal link between asset ownership and community business market growth, particularly in those sectors where local authorities are keen to transfer public services into public hands. Community asset transfers have been used by many local authorities to hand over responsibility for libraries and youth facilities and services – and to a lesser extent sports facilities, community hubs and green spaces. Table 3 shows the estimated value of asset holdings by community business sector from Highton *et al.* (2019).

In 2019 the estimated 6,325 assets in community ownership in England contributed almost £220 million to the British economy, spent nearly £150 million in their local economies, and created around 7,000 full-time equivalent (FTE) jobs and 151,000 net additional volunteer hours per week (Archer *et al.*, 2019). The most recent and best estimate of the total value of assets in community ownership is £945 million (Highton *et al.*, 2019). Note that this cannot be compared with previous years’ total asset values due to the constantly evolving way the figure is calculated. Power to Change’s annual grantee survey in 2018 gives some sense of growth by noting that grantees’ assets increased in both 2018 and the previous year (Power to Change Research Institute, 2019a).

It does appear that community asset ownership is accelerating, with nearly a third (29 per cent) of assets coming into community ownership in the last decade (Archer *et al.*, 2019). Power to Change’s annual grantee surveys and whole market research shows that community businesses are consistently keen to take on new assets (Diamond *et al.*, 2017; Diamond *et al.*, 2018; Highton *et al.*, 2019; Power to Change Research Institute, 2016). Community businesses substantially increased their asset value within 12 months of receiving a grant from Power to Change’s Community Business Fund, according to early monitoring data (Harries and Miller, 2018).

Table 3: The value of assets owned by Community Business Fund grantees (n=32)

	Average asset value		Average change in asset value
	Baseline	After 12 months	
Median	£124,868	£197,451	+£24,675
Mean	£355,943	£458,527	+£102,584

Source: Harries and Miller, 2018:29

The number of assets designated as being of community value is also growing. In 2016, the Department for Communities and Local Government (DCLG) recorded that more than 2,600 assets of community value (ACVs) had been listed under the community right to bid (Gilbert, 2016). In early 2020 this was more than 4,000.³

3.6 Community asset transfers

Community asset transfer (CAT) is the process by which public bodies transfer ownership or management of their assets into the hands of the community. Power to Change has produced reports scrutinising the community asset transfer process, as well as mapping England’s assets of community value (ACVs) and trying to plug the information gap about how many of these ACVs become community-owned assets (Archer *et al.*, 2019; Bruni *et al.*, 2017; Gilbert, 2016).

Researchers consistently find that CAT is a frustratingly long, highly complex process that is not well understood by community businesses or many local authorities and requires specialist support on both sides (Archer *et al.*, 2019; Gilbert, 2016; Percy *et al.*, 2016). Councils often do not promote opportunities for CAT, for a variety of reasons, and community businesses are unsure of how to seek them out (Gilbert, 2016; Percy *et al.*, 2016). That said, CAT can be a significant driver of the community business market, especially in sectors related to public services (Bruni *et al.*, 2017, Percy *et al.*, 2016). Overall, just under a third of the assets in community ownership come from a public body (Archer *et al.*, 2019).

³ www.keepitinthecommunity.org, accessed 28/3/20.

Austerity has been a double-edged sword for CAT. The same impetus to reduce costs and responsibilities that can lead local authorities to transfer assets and services to community businesses (Bruni *et al.*, 2017; Gilbert, 2016; Percy *et al.*, 2016), can also make them sell assets, develop them themselves or transfer ownership to businesses that will generate higher business rates (Capacity, 2018; Gilbert, 2016; Richards *et al.*, 2018a). Widespread local authority redundancies have disrupted previously fruitful relationships and central government support for CAT has decreased since 2008 (Gilbert, 2016).

Several studies report that community businesses need more information from local authorities about the CAT process, business support before, during and after acquiring an asset and funding for infrastructure investments and business development once they have taken ownership (Archer *et al.*, 2019; Bailey *et al.*, 2018; Bruni *et al.*, 2017; Capacity, 2018; Centre for Local Economic Strategies, 2019b; Diamond *et al.*, 2017, 2018; Percy *et al.*, 2016). Local authorities' approaches to CAT vary widely although they often show a preference for leasehold over freehold arrangements (Gilbert, 2016; Hull, 2019). It would be helpful for councils to have a clear policy on CAT that their staff are familiar with, designated staff with responsibility for managing asset transfers and a framework for evaluating CATs' success (Archer *et al.*, 2019; Bruni *et al.*, 2017; Gilbert, 2016;). Progress is too often dependent upon having personal contacts in the local authority or the good luck to find a highly motivated council officer to help (Bailey *et al.*, 2018).

Action research on the community asset transfer process in the Liverpool City Region concluded with the following principles for successful community asset transfer:

01.	Community asset transfers must be commercially viable – social outcomes are not enough.
02.	High quality business support is crucial for both community businesses and local authorities.
03.	Open-minded community collaboration is crucial for both community businesses and local authorities.
04.	There must be political, executive and community 'buy-in' for the community asset transfer to be successful.
05.	There needs to be a clear process and policy for community asset transfer within local authorities.

Source: Capacity, 2018:23

3.7 Research gaps

The role of assets in community business has been comparatively well researched. One issue that surfaces in several reports that might deserve deeper analysis is that of funding: a thorough cost–benefit analysis of the economic impact of asset-ownership on community businesses could be very useful.

3.8 Summary

‘Assets’ is most commonly used to mean land, buildings or other large physical structures for which long term ownership rights are in place. In 2019, there were an estimated 6,325 assets in community ownership in England, contributing almost £220 million to the British economy, spending nearly £150 million in their local economies and creating around 7,000 FTE jobs and 151,000 volunteer hours per week. They have a measurable positive impact on their local economies.

Asset ownership contributes significantly to community businesses’ sustainability and growth but also increases risk and costs. Community businesses’ total asset base in 2019 was estimated at £945 million across 9,000 businesses.

Just under a third of community-owned assets came into community hands in the last decade. Most assets in community ownership come from the private sector or from a public body. The 2011 Localism Act gives community groups the right to nominate land or buildings as assets of community value (ACV) to protect them from private sale. Local authorities’ approaches to community asset transfer vary widely and it is a long, complex process. Community businesses need more support before, during and after the community asset transfer process to make it a success.

4. Workforce

Community businesses provide stable employment and volunteering opportunities and, in turn, staff and volunteers are central to enabling success (Heap *et al.*, 2019; Davies *et al.*, 2017b). There are an estimated 33,900 people employed within the community business sector in England and an estimated 205,600 volunteers (Higton *et al.*, 2019). Table 4 provides an estimate of the numbers of staff and volunteers within each sector.

Table 4: Number of staff and volunteers estimated in each sector

Sector	Staff	Volunteers
Village halls	3,200	66,300
Community hubs	7,900	39,500
Business support; employment; IAG; training and education	4,600	11,600
Arts centre or facility	1,800	11,900
Cafés and shops	1,300	10,500
Health, social care and wellbeing	4,900	8,200
Libraries	400	17,600
Sports and leisure	3,700	9,400
Environment or nature conservation	1,000	8,700
Housing	1,000	4,200
Transport	-	-
Energy	200	1,900
Food, catering and production	2,400	9,600
Childcare	-	-
Craft, industry and production	300	300
Digital services, consultancy or products	400	1,500
Pubs	300	1,300
Finance	-	-
Other	900	5,200
Total	33,900	205,600

Source: Higton *et al.*, 2019:37

Note: for Transport, Childcare, and Finance sectors, too few observations were available in the data sources to estimate these market characteristics.

Community businesses are deeply embedded in their local areas, particularly through their leaders, employees and volunteers (Swersky and Plunkett, 2015; Buckley *et al.*, 2017; Heap *et al.*, 2019; Kotecha *et al.*, 2017). As the emphasis is local, leaders benefit from holding a shared vision for the business and maintaining effective relationships with each other and the workforce (Davies *et al.*, 2017b, Davies *et al.*, 2017a; Buckley *et al.*, 2017).

4.1 Paid staff

Paid staff are often critical to the success and operation of a community business (Davies *et al.*, 2017b; Davies *et al.*, 2017a, Heap *et al.*, 2019). The majority employ at least one member of staff (cited as 88 per cent (Dunn *et al.*, 2016) and 71 per cent (Power to Change Research Institute, 2019a)). Those businesses without paid staff tend not to be trading, or to have been trading for less than a year (Dunn *et al.*, 2016). Table 5 shows the distribution of employees by the size of business.

Table 5: Organisational structure of surveyed community businesses – workforce

	<i>Base</i>	<i>All</i>	<i>Small/ medium</i>	<i>Micro</i>	<i>No employees</i>
Distribution by type (%)	309	-	28%	49%	23%
Number of employees (mean)	310	14	44	4	-
Number of employees (median)	310	4	25	4	-
Mean proportion part-time employees (%)	239	64%	56%	69%	-
Number of volunteers (mean)	309	32	43	27	31
Number of volunteers (median)	309	17	25	15	12

Source: Higton *et al.*, 2019:16

The employment of staff varies between sector and business composition, such as whether there is a community-owned asset. Employment of staff is particularly high among pubs (88 per cent; Plunkett Foundation dataset, 2019, note: very small base) and hubs, sport and leisure businesses, and health and wellbeing businesses (79 per cent; Richards *et al.*, 2018a). However, some parts of the sector may be less likely to employ staff. For example, three-fifths (60 per cent) of community businesses with an asset have no employees (Archer *et al.*, 2019), likely due to the high number of village halls in this dataset. Over half of land-based businesses (55 per cent) have no full-time paid staff (Shared Assets, 2019).

4.2 Number of staff, employment type, roles and wages

Across the sector there are, on average, around 15 employees per business (14; Higton *et al.*, 2019; 15; Power to Change Research Institute, 2019a).

On average there are 7–13 FTE employees within a community business (Power to Change Research Institute, 2019a). Employees may be more likely to work part-time, as over half of all staff are employed on this basis (2019, 64 per cent; 2018, 55 per cent) (Higton *et al.*, 2019).

Community businesses may be seeing an increase in their workforce. Of businesses with paid staff, over half (54 per cent) reported their staffing numbers increasing in the previous year while for around a third (31 per cent) the numbers had stayed the same (Richards *et al.*, 2018a). Looking forward, less than half of community business representatives (44 per cent) expect to take on more staff, but significantly more (65 per cent) expect to recruit additional volunteers (Higton *et al.*, 2019).

As with traditional businesses, employees within community businesses cover a range of roles from delivering services to senior oversight. Specifically for community businesses, staff enable success by raising awareness and support for the business (Davies *et al.*, 2017a), providing a quality service (Davies *et al.*, 2017b) and ensuring services are delivered in a consistent and professional way (Richards *et al.*, 2018a; Plunkett Foundation, 2019b). Employees within community businesses combine social and commercial aspects in their role in ways which may be less prominent in traditional businesses (Stumbitz *et al.*, 2018).

Staff are likely to be rooted within local communities and may have engaged with a business's offerings before joining the team (Heap *et al.*, 2019). Community businesses choose to recruit staff from the local area for various reasons, including raising local social capital (Gilbert, 2016) or because they understand the local area and experience best (Bedford *et al.*, 2018). Looking specifically at the staff within community-owned assets, most (79 per cent) are from the local area (Archer *et al.*, 2019).

Employee wages remain somewhat unknown. Some research suggests that community businesses try to pay staff above the national minimum wage, while standalone examples were paying the national minimum wage (Heap *et al.*, 2019). Wages are likely to be a significant outgoing; nearly half of land-based community businesses (46 per cent) cited staffing costs as their most significant outgoing (Shared Assets, 2019).

4.3 Staffing challenges

A key challenge is having limited funding to employ paid staff (Richards *et al.*, 2018a). Turnover and recruitment are also challenging. Looking specifically at community pubs, turnover of staff has had a negative impact on profitability in some cases (Plunkett Foundation, 2019a). Similarly, community transport businesses have reported challenges in recruiting staff for key paid positions such as management and administrative roles. The reasons for this are unclear, although it may be due to the salary or working hours (Kotecha *et al.*, 2017).

Another common challenge is capacity for staff to undertake evaluation (Bailey *et al.*, 2018). Two-fifths (42 per cent) of community businesses suggest a lack of staff and volunteer capacity is a primary reason they are unable to measure social impact (Power to Change Research Institute, 2019a). Staff capacity is also commonly cited as a challenge to engaging the wider community (Davies *et al.*, 2017a) and developing growth (Stumbitz *et al.*, 2018).

4.4 Volunteers

Community businesses frequently rely on volunteers to operate and volunteers are central to ensuring continuity (Buckley *et al.*, 2017; Richards *et al.*, 2018a; Heap *et al.*, 2019; Higton *et al.*, 2019; Richards *et al.*, 2018d; Plunkett Foundation, 2019b). In addition to keeping costs low, having a majority-volunteer workforce can provide increased flexibility by allowing businesses to adjust resources in line with fluctuating demand (Stumbitz *et al.*, 2018).

The benefits of a volunteer workforce, such as increased flexibility and low costs, are evident as nearly all community businesses utilise volunteers (cited as 94 per cent (Richards *et al.*, 2018a); 95 per cent (Dunn *et al.*, 2016); 91 per cent (Power to Change Research Institute, 2019a)). Those with no volunteers are typically younger businesses (less than a year old) (Dunn *et al.*, 2016).

There are an estimated 205,600 volunteers within community businesses in England (Higton *et al.*, 2019). Some sectors in particular are engaging with significant proportions of volunteers, for example, half of all volunteers within the community business sector (51 per cent) support community hubs and village halls (Higton *et al.*, 2019). In addition, village halls also have the highest ratio of volunteers to staff across all sectors, at nearly 21:1 (Higton *et al.*, 2019).

4.5 Volunteer numbers, profile and roles

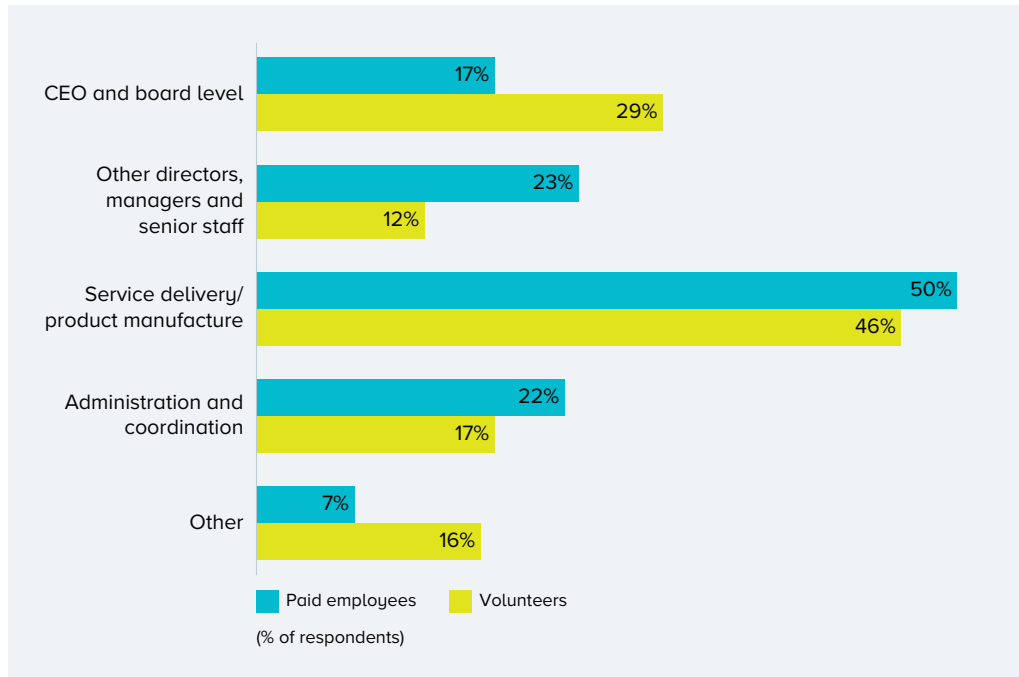
Volunteers are central to operating community businesses – most community businesses (81 per cent) have between 1 and 50 volunteers (Dunn *et al.* 2016) and are most likely to have up to ten volunteers (Richards *et al.*, 2018a). Across all community businesses, the average number of volunteers per business is around 30 (27 (Power to Change Research Institute, 2019a); 32 (Higton *et al.*, 2019)).

The reliance on volunteers continues; in the past year the majority (59 per cent) increased their volunteer base (Richards *et al.*, 2018a) and most (63 per cent) report an increase in the number of hours worked by volunteers (Power to Change Research Institute, 2019a). The majority (65 per cent) also anticipate increasing their volunteer base in the coming year (Higton *et al.*, 2019).

Volunteers are typically involved in community businesses from the outset, and their involvement during the earliest stages of a business can be vital to success (Richards *et al.*, 2018a; Davies *et al.*, 2017b; Richards *et al.*, 2018d). Volunteers cover a wide range of roles and typically engage in the same types of activities as employees (Higton *et al.*, 2019; Plunkett Foundation, 2019a), including inputting into decision-making (Kotecha *et al.*, 2017).

Volunteers are prominent at all seniority levels but are more likely to be involved at CEO or board level than as directors or senior staff (Higton *et al.*, 2019; Davies *et al.*, 2017b; Plunkett Foundation, 2019b). Within the category (CEO or board level), volunteers are more likely to be board or committee members than chief executives (Higton *et al.*, 2019). Figure 6 shows the proportion of staff and volunteers in each type of role.

Figure 6: Roles of workforce in community businesses (base sizes vary)



Source: Higton *et al.*, 2019:16

Most volunteers (83 per cent) live in the area local to their community business (Dunn *et al.*, 2016). This is typical as it helps to ensure the businesses are rooted in and engage with the local community (Swersky and Plunkett, 2015; Gilbert, 2016; Richards *et al.*, 2018a; Scott and Probert, 2018a). For some businesses, former beneficiaries of the service go on to become volunteers (Richards *et al.*, 2018b) demonstrating local emphasis on that business.

In exchange for an individual's time, volunteering opportunities can provide an increase in confidence, skills and expertise which can help increase employability (Bailey *et al.*, 2018). In addition, some community businesses specifically recruit volunteers who may be farther from the labour market (Bailey *et al.*, 2018). This may be to support the local area by increasing skills.

4.6 Challenges of involving volunteers

A key challenge is recruiting and retaining volunteers (Higton *et al.*, 2019, Kotecha *et al.*, 2017; Archer *et al.*, 2019). This includes recruiting volunteers with the needed skills and recruiting the appropriate number of volunteers (Higton *et al.*, 2019; Kotecha *et al.*, 2017; Richards *et al.*, 2018a). It can be especially challenging to recruit volunteers to the board due to the skills required for the role (Higton *et al.*, 2019). Some businesses find specific groups of volunteers difficult to recruit, for example, rural businesses and those with an asset find recruiting younger volunteers challenging (Scott and Probert, 2018a; Archer *et al.*, 2019).

The second most important type of support for business sustainability is around maintaining volunteers (15 per cent), behind measuring impact (17 per cent) (Higton *et al.*, 2019). For community pubs and sport and leisure businesses, maintaining volunteer interest over time can be challenging, however this can be mitigated by identifying local issues and recruiting for specific actions and by providing training, mentoring and incentives (Davies *et al.*, 2017b; Richards *et al.*, 2018c).

The heavy reliance on volunteers can be a barrier to development and future planning (Bailey *et al.*, 2018; Stumbitz *et al.*, 2018; Bailey *et al.*, 2018; Scott and Probert, 2018a). This reliance, paired with a loss of key volunteers, can make community businesses especially vulnerable (Archer *et al.*, 2019). Despite this, the reliance on volunteers enables businesses to continue to operate, as volunteers keep costs low (Richards *et al.*, 2018a; Kotecha *et al.*, 2017). In some instances, such as community transport and shops, the reliance on a volunteer workforce allows areas to be served which are commercially unviable, and therefore not offered by commercial businesses (Kotecha *et al.*, 2017; Plunkett Foundation, 2019b).

While volunteers enable businesses to keep costs low, recruiting and training volunteers is a costly exercise (Richards *et al.*, 2018b) and maintaining volunteers is not free, as they require supervision and support (Richards *et al.*, 2018d). Some community business representatives also note that whilst volunteers are vital to success, if they're not managed in a strategic way, they can become burdensome to staff (Heap *et al.*, 2019).

4.7 Workforce skills and training

Having staff and volunteers with the right skills is vital to success (Davies *et al.*, 2017a; Richards *et al.*, 2018b). Key skills and attributes for staff and volunteers include dedication, people skills, business and financial management, and sector specific skills (Kotecha *et al.*, 2017; Davies *et al.*, 2017b; Davies *et al.*, 2017a; Richards *et al.*, 2018a; Richards *et al.*, 2018c; Richards *et al.*, 2018b; Duncan and Lavis, 2018; Archer *et al.*, 2019). It is also important for key staff to be equipped with relevant specialist skills, such as writing bids (Stumbitz *et al.*, 2018; Archer *et al.*, 2019) or project management (Duncan and Lavis, 2018).

As businesses move through life stages, requirements for skills and expertise change and develop. At the inception, skills are needed around gathering support from the local community (Swersky and Plunkett, 2015) and marketing to increase interest (Gilbert, 2016). Setting up a business requires specialist skills including financial management skills, planning procedures and employment law (Swersky and Plunkett, 2015).

Finding staff and volunteers with the right skills has been widely cited as a challenge (Gilbert, 2016; Kotecha *et al.*, 2017; Davies *et al.*, 2017a; Power to Change Research Institute, 2019a; Higton *et al.*, 2019). Community business employees and volunteers often take on multiple roles which expands the skillset required (Davies *et al.*, 2017a). A challenge to the stability of a business can be where staff members and volunteers lack the skills necessary for required activities (Bailey *et al.*, 2018). However, some businesses have overcome this by engaging with more of the community (Gilbert, 2016), bringing in additional expertise (Davies *et al.*, 2017a) and developing current staff and volunteers (Richards *et al.*, 2018c).

The most common skills gaps are using IT or software (21 per cent) and communication and marketing (20 per cent), followed by research and evaluation (13 per cent) (Higton *et al.*, 2019). This is significant given that measuring impact is viewed as key to sustainability, most likely because of the need to evidence this in funding applications (Higton *et al.*, 2019).

Well-trained staff and volunteers are central to business success (Richards *et al.*, 2018a), and often occurs informally (Duncan and Lavis, 2018). Providing training to staff and volunteers is important to community businesses, however sometimes a challenge is investing in this while maintaining the business (Stumbitz *et al.*, 2018).

4.8 Governance and leadership

Community businesses are set up in a range of ways, so leaders (chief executives, directors, board members, management committee members and members of the business) vary between organisations, but most have a chief executive and a board or committee. Some sectors, such as pubs and shops, may have ‘members’ who are the share-owners of the business (Plunkett Foundation, 2019a; Plunkett Foundation, 2019b). In these instances, the members may elect the board members (Plunkett Foundation, 2019a).

Governance structures tend to reflect the business’ values, often including democratic decision-making processes, local people sitting on the board and shared ownership (Buckley *et al.*, 2017). These aspects need to be balanced to ensure the business can maintain its values whilst operating successfully (Buckley *et al.*, 2017, Richards *et al.*, 2018b).

Governance structures may shift as a business moves through life stages (Buckley *et al.*, 2017). This can include changes of members and senior leadership, bringing in people with required skills (Buckley *et al.*, 2017) or providing a share offer for the community to invest in the business. When bringing in members, community businesses found it critical to ensure new members are aligned to the values of the business (Buckley *et al.*, 2017).

Community business boards are responsible for setting out strategy, establishing culture, monitoring performance and making high-level decisions (Bailey *et al.*, 2018; Duncan and Lavis, 2018). Effective decision-making is aided by open and frequent communication with staff (Davies *et al.*, 2017b). Growth is supported where a community business has a strong chairperson who delegates responsibilities (Kotecha *et al.*, 2017) and defined responsibilities for board members contributes to success (Davies *et al.*, 2017b; Davies *et al.*, 2017a).

Board members tend to volunteer their time (Plunkett Foundation, 2019b) and are appointed on the basis of their skills, rather than being democratically elected (Bailey *et al.*, 2018). Experienced volunteers can be a good source of board recruitment as they know the business well (Bailey *et al.*, 2018). In contrast, chief executives are more likely to be paid staff than volunteers (Higton *et al.*, 2019).

Chief executives oversee the business, implement strategy and identify opportunities (Bailey *et al.* 2018). They also play a key role in bridging the gap between the board and the workforce and also ensure core values are held throughout the organisation (Bailey *et al.*, 2018). Chief executives are usually responsible for cultivating and maintaining relationships with partners (Bailey *et al.*, 2018). This supports by providing additional expertise and capacity which would otherwise be lacking due to limited workforces (Davies *et al.*, 2017a).

4.9 Attributes of community business leaders

Community business leaders are passionate, motivating, entrepreneurial, resilient and dedicated (Swersky and Plunkett, 2015; Gilbert, 2016; Davies *et al.*, 2017a; Davies *et al.*, 2017b). It is critical for leaders to continually build support from the local community (Davies *et al.*, 2017b; Buckley *et al.*, 2017), and these qualities enable leaders to mobilise communities and gather support. Successful chief executives provide the direction, momentum and skills to drive the business forward. Key attributes can include attention to detail, being dynamic, identifying new opportunities, developing a vision, networking, and being approachable (Kotecha *et al.*, 2017; Davies *et al.*, 2017a; Buckley *et al.*, 2017).

It is important for community business leaders to have the appropriate skill set; businesses benefit where leaders have a good understanding of business management, HR and finance, and sector-specific expertise (Davies *et al.*, 2017a; Davies *et al.*, 2017b; Richards *et al.*, 2018c; Duncan and Lavis, 2018). A key challenge, however, is finding board members with the appropriate skills (Bailey *et al.*, 2018; Duncan and Lavis, 2018). Over time, the relevant skills of potential board members becomes more important (Bailey *et al.*, 2018).

Board members tend to live in the area local to the business (78 per cent, Dunn *et al.*, 2016; Heap *et al.*, 2019). This helps to ensure businesses are rooted in their locality and sustained over time due to a sense of local ownership (Davies *et al.*, 2017a; Buckley *et al.*, 2017). Boards are not representative of communities but may draw on local insight (Bailey *et al.*, 2018).

The vast majority (92 per cent) of senior members of community businesses are older (aged 45 or above). Leaders are more likely to be female; the proportion of female leaders is 13 percentage points higher than male leaders (Power to Change Research Institute, 2019a). This contrasts to the profile of traditional business leaders.

4.10 Leadership and governance challenges

The capacity of leaders is often a challenge for community businesses (Davies *et al.*, 2017a; Heap *et al.*, 2019). Succession planning for board members is critical for any organisation, and Davies highlights that this is useful in case of burnout (Davies *et al.*, 2017b; Davies *et al.*, 2017a). When board members or chief executives step down, businesses are more vulnerable (Davies *et al.*, 2017a; Kotecha *et al.*, 2017) and vacancies at board level can challenge stability (Bailey *et al.*, 2018). Some have found replacement members by appealing to the community (Davies *et al.*, 2017b), while others have increased staffing numbers to offset the additional work (Davies *et al.*, 2017a).

The governance process itself may be a challenge. Within the pubs sector, democratic decision-making can often take substantial time which may hinder enterprising activity (Davies *et al.*, 2017b). Similarly, a challenge to growth may be where the leadership team hold perceptions which may limit business development, for example among transport businesses, some organisations may not capitalise on new technology due to a misconception that their customers cannot use it (Kotecha *et al.*, 2017).

4.11 Research gaps

Further research would be helpful around what motivates staff, volunteers and leaders to get involved in a community business, and how these driving forces influence their levels of involvement. Understanding further what makes a ‘good’ community business leader, how to set up an effective board, and how best to drum up interest from the local community would be welcome. A final gap which could be filled is around decision-making processes within community businesses, and the dynamics between chief executives and boards.

4.12 Summary

There are an estimated 33,900 staff and 205,600 volunteers within the community businesses in England. Nearly all have staff and volunteers and on average have around 15 members of staff and around 30 volunteers. This workforce is critical for the running and success of community businesses. Having strong leadership is also vital for driving the business forward, as it brings the strategic vision, values, and skills required.

As businesses move through life stages, the governance structures, roles and skills needed may change. Community businesses must be able to respond to changing needs through the appointment of an appropriate workforce. Community business leaders, staff and volunteers tend to be from the area local to that business. This not only enables the business to gather local support, but critically it helps community businesses engage with the local population and respond to local needs.

Key workforce challenges encountered by community businesses include limited funding for paid positions, limited capacity and skills across all positions, and recruiting and retaining appropriate volunteers.

5. Geographic distribution

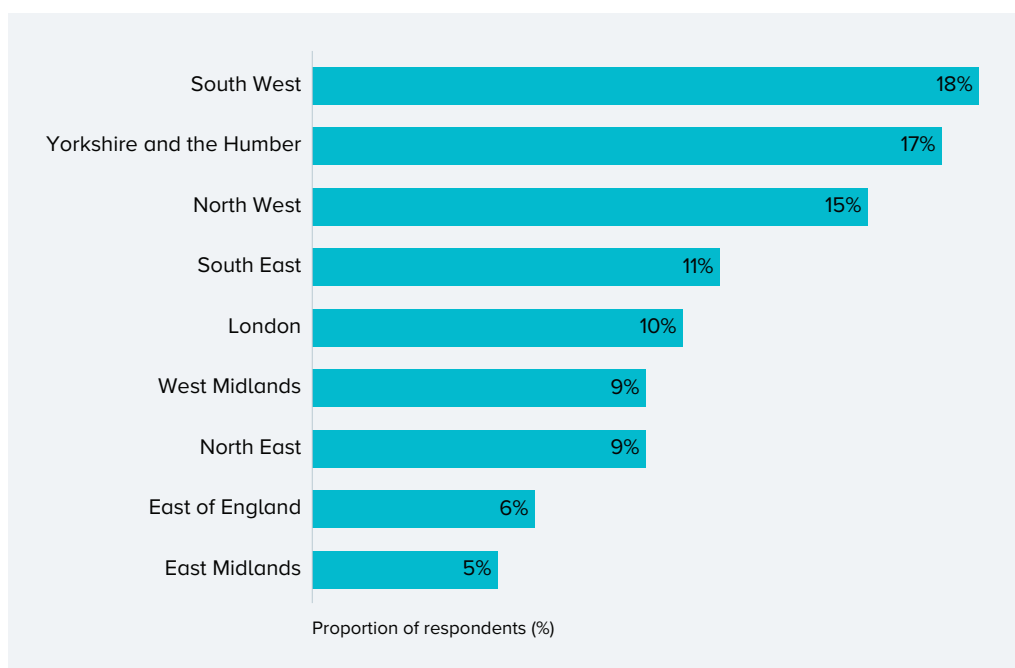
Additional research since the first summary report offers new information and insights about the regional distribution of community businesses.

5.1 Spread of community businesses

In the absence of official or national statistics on where community businesses are located, the best indications come from estimates and analyses of smaller datasets from Power to Change’s grant programmes.

A postcode analysis of community business market survey participants reveals that the highest concentrations of community businesses are in the South West, Yorkshire and the Humber regions; whereas the East of England and East Midlands have the lowest. (Diamond *et al.*, 2018). A separate analysis of 79 Community Business Fund grantees reveals a particularly high density in London (16) and the South West (15), with very few in the East (four) and South East (two) (Thornton *et al.*, 2019b). Swersky and Plunkett (2015) noted that the South West particularly stood out as having a far higher proportion of community businesses relative to its population.

Figure 7: Regional location of grantees (n=300)



Source: Diamond *et al.* 2018:23

Financially, the regions vary greatly. In 2015, community businesses in the East Midlands had the highest collective turnover at £8.1 million, and Yorkshire and the Humber the lowest at £437,000. Total grant funding (as a percentage of turnover) was highest in the North West at 60.7 per cent, and lowest in the East Midlands (38 per cent). Income from trading at venues, such as shops and cafés, was the highest in the East Midlands (53 per cent) and lowest in the North West (31.2 per cent) (Thelwall, 2017).

Community pubs and shops are the two sectors for which absolute trend figures are available, rather than indicative results or estimates. Grantees of Power to Change's *More Than A Pub* programme are typically based in rural areas (Thornton *et al.*, 2019a). The trends show that of the 95 community pubs who are part of Plunkett's membership, the highest concentration is in the South East (30), followed by the East of England (15). All other regions in England have no more than eight pubs each (Plunkett Foundation, 2019a). Plunkett Foundation support people to set up and run community businesses, predominately rural community pubs and shops. Among the 363 community shops in England, there is a bias in location towards southern and central areas and it does not appear that the population size has any bearing on the number of shops in an area. The highest concentration is in the South West (117) followed by the South East (77) (Plunkett Foundation, 2019b).

5.2 Regional differences

The majority of the community businesses are located in urban areas, with a roughly 70/30 urban to rural split in 2018 and 2019 (Diamond *et al.*, 2018; Higton *et al.*, 2019). An additional analysis of Community Business Fund grantees reveals that 85 per cent were in urban and 15 per cent in rural areas (Thornton *et al.*, 2019b). While the proportion of community businesses in rural areas is far lower than in urban areas, there does appear to be a higher incidence of community businesses in rural areas relative to their population (Diamond *et al.*, 2018), as Department for Environment, Food and Rural Affairs data suggests that only 17 per cent of the population of England lives in rural areas (Diamond *et al.*, 2018).

Community businesses tend to be located in areas characterised as being economically deprived with above average recent migration, having a higher level of skills than is typical for the deprivation level, and places with a history of alternative approaches to social problems and thus already have some of the assets and institutions to support them (Hitchin, 2018).

Analysis reveals that grantees operate in the most deprived areas, although this may reflect the objectives of the Power to Change grant programmes rather than indicate where most community businesses are located. 63 per cent of funds are distributed to community businesses located in the 30 per cent most deprived areas (Power to Change Research Institute, 2019a). For the Community Business Fund, 71 per cent of grantees operate in the 30 per cent most deprived lower super output areas (Thornton *et al.*, 2019b).

5.3 Research gaps

There are no national statistics on where community businesses are located, meaning research can currently only draw on estimates and localised studies. Power to Change is already conducting additional research into the spread of community businesses across England to gain further insight into locations, similarities and differences.

5.4 Summary

Studies frequently show the South West as having a high concentration of community businesses, particularly in relation to its population density. The North West and Yorkshire and the Humber also have high numbers of community businesses. These studies are indicative as they do not use large sample sizes.

The high density of community businesses in a region is not necessarily reflected in high regional turnover – East Midlands, for example, has the lowest incidence of community businesses, but the highest income. The reliance upon grant and trading income also varies by region.

Although urban areas have by far the largest proportion of community businesses, at around 70 per cent over the last two years, there is a higher incidence of community businesses in rural areas relative to their lower population density. Community businesses also tend to be located in areas of deprivation.

6. Growth

The growth of the community business market is often considered in terms of change over time in the number of businesses, financial performance and numbers working. Although Power to Change has gathered annual estimates on these variables, changes in methodology mean the estimates cannot be used to indicate clear trends. Other measures from annual interviews and surveys, such as business confidence, obstacles to growth and drivers of change, also play a part in understanding growth in the market.

Power to Change estimates suggest 5,500 community businesses were operating in 2014, with more robust estimates now available showing that by 2019 the market had doubled in size to 9,000. Income generated in 2019 fell below £1 billion for the first time since 2015. Asset estimates fluctuate considerably, staff numbers are fairly flat and volunteer numbers are very changeable (Higton *et al.*, 2019; Percy *et al.*, 2016; Hull *et al.*, 2016; Diamond *et al.*, 2018; Diamond *et al.*, 2017). Much of the apparent change can be attributed to the introduction of village halls (with their considerable assets, high volunteer numbers and lower income levels) to the analysis. See Section 1.2 for more on the market.

6.1 Business confidence

Financial confidence among community businesses dropped slightly in 2019, to its lowest point at 58 per cent, and business confidence has failed to show any upward trend over the last three years. Finance and external societal factors are likely to influence confidence (Higton *et al.*, 2019), the main drivers of which are funding, and the prospects and performance in business or trade. Performance doesn't always follow prediction – a 2018 analysis of the community business market found that financial confidence for the 'next 12 months' had increased to 66 per cent, up from 63 per cent in 2017 (Diamond *et al.*, 2018).

Table 6: Confidence in financial prospects over the next 12 months
(Per cent of participants in the community business market surveys)

	2016	2017 (n=241)	2018 (n=300)	2019 (n=312)
Slightly or more confident	47%	63%	66%	58%
Slightly or much less confident	28%	20%	13%	18%

Source: adapted from Davies and Swersky (2016); Diamond *et al.* (2017); Diamond *et al.* (2018); Harries and Miller (2018); Higton *et al.* (2019)

(n=total number of participants who responded to the corresponding questions in the surveys)

Around 70 per cent of surveyed community businesses predict a growth in income in the next 12 months (the community business market survey, fieldwork took place in May and June 2019), mainly from grant funding (proportions anticipating such an increase are up from 48 per cent in 2018 to 54 per cent in 2019). The value of grants is expected to grow by 62 per cent, much higher than the 45 per cent predicted in 2018.

The proportion of businesses predicting an increase in trading has gone down from 75 per cent in 2018 to 66 per cent in 2019 (Higton *et al.*, 2019), although the value of trading or contracts is expected to be up by 39 per cent – albeit less growth than the 51 per cent predicted in 2018 (Higton *et al.*, 2019). Looking ahead over three years from September 2018, 83 per cent of annual grantee survey participants say that they feel confident about the sustainability of their business (Power to Change Research Institute, 2019a).

6.2 Business survival rates

Data on rates of business survival across the whole community business market is not available, although it is for the community shop and community pub sectors. There has been consistent growth in the number of shops trading in every year since 1996 except 2017 when there was a slight drop as closures were not compensated for by the unusually small number of openings (Plunkett Foundation, 2019b). Although there are far fewer community pubs than shops, the sector does boast a 100 per cent business survival rate – there have been no community pub closures since recording began in 1982 (although a few have transferred into private ownership) which is in stark contrast to trends in the wider pub market (Plunkett Foundation, 2019a).

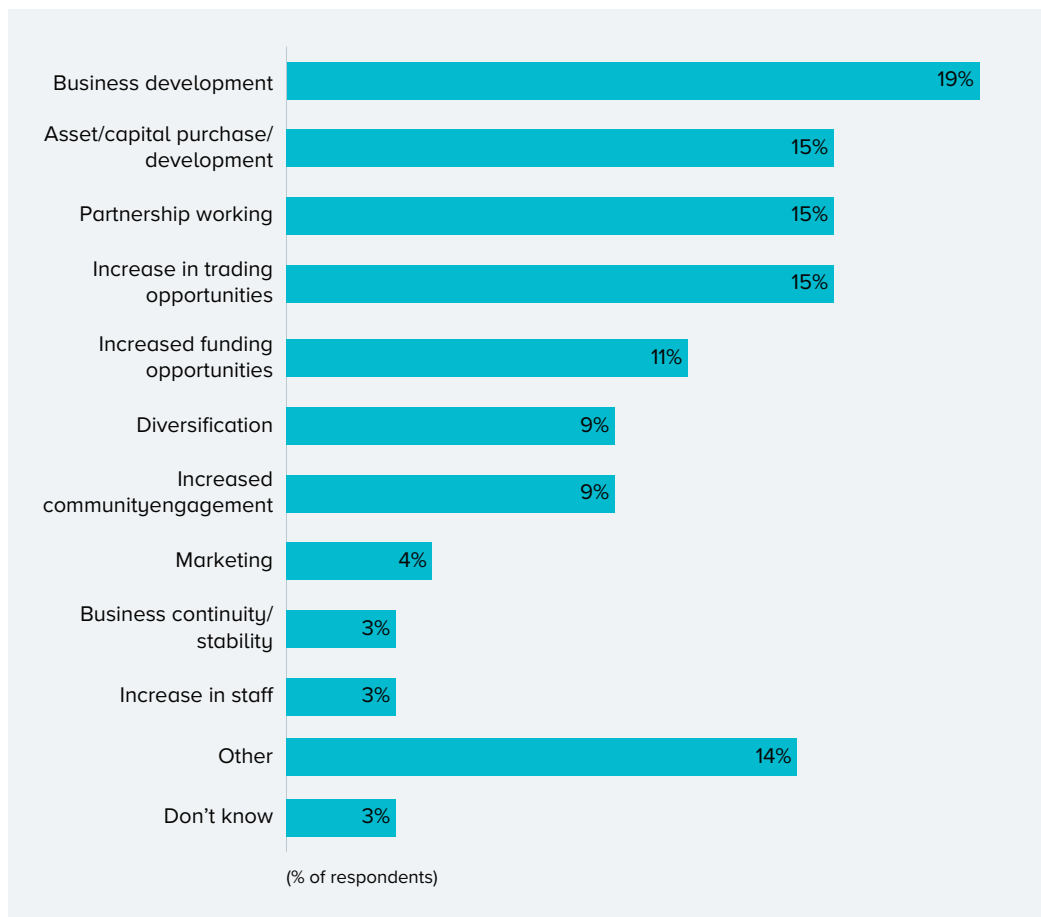
6.3 Opportunities for growth

Business development is considered the main opportunity for growth in the immediate future, suggested by 19 per cent of community business. Three further opportunities are considered of equal potential: buying or developing assets, partnership working and increasing trading (15 per cent each). Businesses are not anticipating growth to be driven as significantly by funding or diversifying (Higton *et al.*, 2019).

To take advantage of the opportunities community businesses need to have the right skills and knowledge. In 2019, training and mentoring/personal support are the next most important needs (Power to Change Research Institute, 2019a).

Research has not revealed many examples of specific plans that community businesses have laid out for the future. However, an analysis of what they see as the main opportunities gives some indication of general intentions (see Figure 8).

Figure 8: Main opportunities over the next 12 months



Source: Highton *et al.*, 2019:54

6.4 Drivers of growth

Although there is no data on drivers of growth for the whole community business market, specific sector studies provide some indicators of what might be involved.

A range of income sources and operating multiple services can help income security with stable growth driven by gradual increases in trading activity (Bailey *et al.*, 2018) and diversification – an increasingly popular route to achieving financial stability and something half of community businesses had done by moving into new markets in 2018. Expansion most frequently comes from attracting new customers or clients (over 80 per cent) while recruiting more staff or volunteers (60 per cent) can increase the capacity of businesses to explore securing new contracts (over 40 per cent). Attracting investment to expand (over 40 per cent) is one alternative to relying on trading income or grants to support growth (Power to Change Research Institute, 2019a).

In the sector-specific studies, growth is attributed to localised key drivers like public sector funding trends in local authorities and the NHS. Although community hubs and the sport and leisure sectors are particularly affected by reduced local authority funding, public policy changes like moves towards social prescribing in the NHS can open opportunity for those community businesses operating in health and wellbeing. For example, the increase in provision of home-based care for vulnerable people through services delivered by community hubs, and a focus on reducing social isolation by growing local groups and facilities, is actually fuelling growth even while other funding has fallen (Richards *et al.*, 2018a). Broader trends in social prescribing mean community businesses have been able to win contracts to deliver outsourced NHS services, and individuals can help to sustain their local community services by spending their personal budgets with community businesses (Richards *et al.*, 2018c).

While local authority funding cuts have adversely affected sport and leisure community businesses, this has driven them to reducing their dependence on grant funding and exploring new routes to sustainability. These shifts, coupled with the emphasis from central government on promoting sport for social impact, mean this sector has actually enjoyed rapid growth (Richards *et al.*, 2018d).

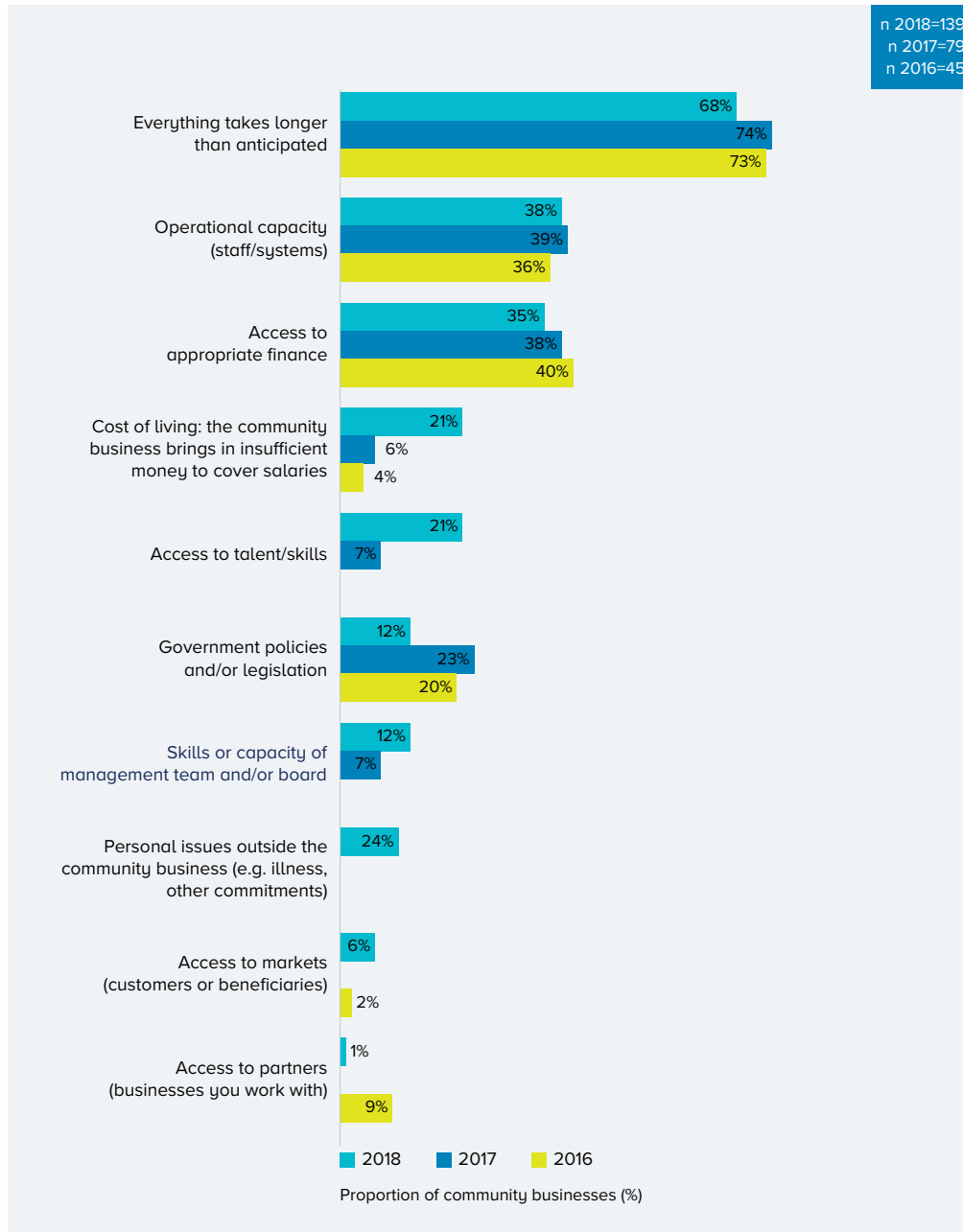
Understanding what most drives growth in a particular locality can also reveal what might contribute more widely. The top three sources of growth in the next 12 months in the Liverpool City Region, for example, are new partnerships with local organisations, seeking grant funding from new sources and attracting new customers or clients. Organisations in the wider social economy also listed the same drivers, albeit suggesting new commercial sources will contribute more for them than grant funders (Heap *et al.*, 2019).

6.5 Obstacles to growth

The main challenges in growing a community business are: applying for/accessing funding, staffing and developing sustainability (Higton *et al.*, 2019). You can find more on staffing in Chapter 4, sustainability in Section 7.1 and funding in 7.3.

Figure 9 shows how the key obstacle to success is consistently that everything takes longer than anticipated (for around 70 per cent of businesses). It's also typical for operational capacity (of staff/systems) and access to appropriate finance to be problematic (Power to Change Research Institute, 2019a), although not always to the same degree. While the length of time things take was the dominant problem in the Liverpool City Region, for example, operational capacity was more of a challenge than accessing appropriate finance (Heap *et al.*, 2019).

Figure 9: Key barriers to growth



Source: Power to Change Research Institute 2019a:25

6.6 Research gaps

A key gap in the research on community business growth is data on business survival rates – currently there is only comprehensive data for the community pub and community shop sectors. To build an overview of the whole market, either this approach needs to be replicated across all sectors or a top-level longitudinal study should be established to track community businesses over time. Researching the detail of community business plans ‘for the next 12 months’ would usefully supplement what’s already learned from existing survey questions about confidence. It would help to know more about specific plans that have been made, how formalised the plans are and how decisions are reached.

6.7 Summary

Although business confidence is down from 2018 the majority (70 per cent) of community businesses still predict an increase in income over the next 12 months; anticipated from grant funding and positive commercial and trading prospects. A notable 83 per cent have felt confident of their longer term sustainability (over three years). Those more conservative in their predictions worried about funding and societal factors outside their control. Aside from business development and increasing trade, future growth plans include investing in assets and exploring partnership working, but expert advice is needed to help community businesses achieve their full potential.

Some key opportunities for growth are from broadening customer bases through new markets and contracts and establishing new partnerships, while taking on new workers will help address widespread challenges with capacity and skills. While there’s optimism that acquiring assets from local authorities can provide stability and open trading opportunities to overcome uncertainties about other sources of funding, businesses can also anticipate everything taking longer than they expect.

7. Finance

Community businesses rely on a diverse range of income streams, and often what is accessed is dependent upon the point in their life stage and the sector in which they operate. This chapter considers all of the available types of funding and the capability of community businesses in securing it, and explores how the traditional reliance on grants fits with sustainability plans.

The total estimated income of the community business market in 2019 is £890 million, with assets of £945 million. The median income of community businesses is estimated at £140,500, recovering to 2017 levels (£140,000) after a dip to £107,000 in 2018 (Higton *et al.*, 2019).

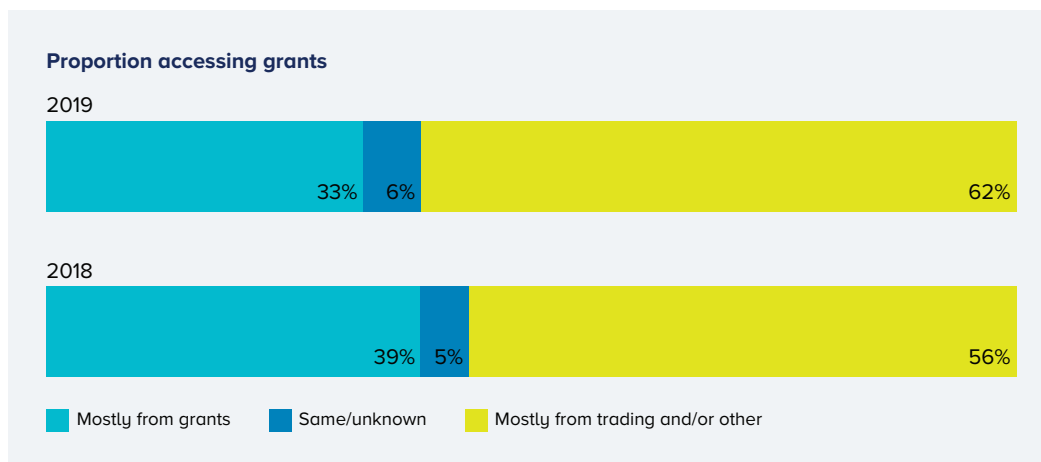
7.1 Life stages and sustainability

Community businesses vary enormously in their needs and plans according to their life stage. In their early years, community businesses rely on grants and loans and then work to increase trading income to improve their sustainability. It is an important goal, and community businesses see achieving financial sustainability as being the best possible measure of their success (Bailey *et al.*, 2018).

If achieving financial stability is most often cited as the key indicator of success, many community businesses have a diverse income to help make them resilient (Richards *et al.*, 2018a). Nearly two-thirds (64 per cent) of applicants to the Initial Grant Programme said that trading is their largest single funding stream, and public sector contracts are the biggest source of trading income for a quarter of them (Dunn *et al.*, 2016).

Whatever the desire to increase trading income, community businesses remain particularly reliant on grants – 83 per cent accessed it in 2019 (as they did in 2018) and seeking new grant funding is the most commonly planned development in business operations (63 per cent) (Higton *et al.*, 2019).

Figure 10: Proportions of income from trading and grants



Source: Highton *et al.* 2019:28

7.2 Trading income

Trading income can come from many sources such as hiring out venues, cafés and shops, running activities or providing services. By generating income these can reduce a reliance upon grants to keep operating, and help build a more sustainable business.

Considering all types of trading income together, 75 per cent of community businesses report that trading income has increased in the last year (up from 66 per cent in 2017) (Power to Change Research Institute, 2019a). More than a third (36 per cent) of trading businesses earn at least three-quarters of their total income in this way, although trading tends to provide a lower proportion of income for smaller organisations (Dunn *et al.*, 2016).

For those community businesses earning from any kind of retailing, the key income sources are shops, ticket sales, education and participation, catering and cafés and hiring out space (Power to Change Research Institute, 2019b). Businesses in the sport and leisure sector have found newer streams, like organising and hosting national events and offering training and qualifications, to supplement traditional sources like venue hire (Richards *et al.*, 2018c). Among village halls, trading income comes from a wide variety of activities such as bonfire displays and hot desking (Scott and Probert, 2018). For community hubs, the most significant sources of trading income are hiring out meeting space, health or wellbeing activities and providing workspace for local groups (Trup *et al.*, 2019).

In 2019, two-thirds (66 per cent) of community businesses earning from trading income anticipated that trading income would increase in the coming year (a drop from 75 per cent in 2018) (Higton *et al.*, 2019).

7.3 Income from grants and subsidies

Grant funding is the most frequently mentioned source of income for community businesses. Grants most often come from trusts and foundations, followed by local authorities, the national lottery and central government (Thelwall, 2017). Grants became scarcer during the post-financial crisis recession and, like charities, organisations are increasingly competing for a shrinking pot of funds. Although there are slightly fewer for whom grants formed the majority of their income (down from 39 per cent in 2018 to 33 per cent in 2019), 83 per cent have still accessed grant funding in the last year (Diamond *et al.*, 2018; Higton *et al.*, 2019). Generally, as a community business's turnover increases, the proportion coming from grant sources drops (Thelwall, 2017).

Experience differs across the sectors. Community hubs which have increased their income in the previous five years have been particularly successful at securing grants, and overall trusts and foundations provide the second largest source of income, after hall hire, for community hubs (Trup *et al.*, 2019). Just seven per cent of start-up income for community pubs now comes from grants, perhaps reflecting the increased use of community shares to raise finance (Plunkett Foundation, 2018a). In contrast, grant funding accounts for 43 per cent of start-up income for community shops (Plunkett Foundation, 2019b) and land-based businesses most often list grant funding as the type of support they consider 'very helpful' (Shared Assets, 2019). Grant finance is especially valuable in mitigating the risks faced by community-led housing groups, particularly at the early stages of projects (Ward and Brewer, 2018).

Community businesses use grants in a variety of ways – 81 per cent of applicants to the Initial Grants Programme requested capital funding and around two-thirds asked for a combination of capital and revenue funding. Of those asking for revenue funding, 84 per cent want to spend it on new or existing staff. Grants are most commonly used to purchase, expand, develop or refurbish premises/piece of land (66 per cent) and to expand services/activities (63 per cent) (Dunn *et al.*, 2016).

Contrasting with typical plans for sustainability, community businesses generally believe that they will become more dependent upon grants and therefore less dependent on the trading income normally contributing to stability and resilience (Higton *et al.*, 2019). Over half (54 per cent) of community businesses predict that grant funding will increase in the next 12 months (16 per cent predict a decrease). Indeed, seeking grants from new sources was the most popular response given (63 per cent) for current operations/activities that they plan to continue with (albeit down from 73 per cent in 2018) (Diamond *et al.*, 2018; Higton *et al.*, 2019).

7.4 Social investment

Social investment is defined as achieving a social purpose by using repayable finance.⁴ It may come from private sources but can also include a variety of other sources such as lease finance, bonds, online platforms (such as crowdfunding), community shares, friends and family, large organisations investing in a smaller businesses, and government investment. One study estimated that £1 billion of social investment is unaccounted for in previous analyses, which had focussed on fund models and the investment activities of UK social investment finance intermediaries and the broader social venture lending of community development finance institutions (Floyd and Gregory, 2017). Local authorities can also be seen as social investors, supporting a public mission by bringing risk capital and expertise to the table (Pagura *et al.*, 2018).

Analysis of the community business market survey in 2019 found that across all social investment funding streams, less than one in five community businesses accessed funding from these sources in the previous year and a similar proportion anticipate accessing funding from these sources in the year ahead (Higton *et al.*, 2019, unpublished data). When thinking about future funding, social investment is a popular choice after grant funding, particularly among the sport and leisure sector (Bailey *et al.*, 2018).

Community businesses which responded to the community business market survey in 2019 anticipate that the types of funding sources they access may change in the next year. While Table 7 shows that a fractionally smaller proportion of community businesses expect to access informal funding from friends, family or social networks in the year ahead (16 per cent) than in the previous year (17.6 per cent), a larger proportion of community businesses expect to access finance from community shares, crowdfunding, secured debt, non-community equity, and personal health budgets in the year ahead than previously (Higton *et al.*, 2019, unpublished data).

⁴ <https://www.goodfinance.org.uk/understanding-social-investment>

Table 7: Sources of social investment finance accessed and anticipated

	Accessed in the last complete financial year	Planning to access in the next 12 months
Informal funding from friends/family/social networks	18%	16%
Community shares	14%	19%
Crowdfunding	10%	19%
Secured debt (e.g. a mortgage or a loan backed by assets)	11%	17%
Non-community equity (e.g. investment into the community by single individuals or professional investors)	6%	12%
Unsecured debt (e.g. credit cards, loans not backed by collateral)	10%	7%
Personal health budgets	2%	6%

Base: 312

Source: Higton *et al.* 2019 – unpublished data

7.5 Community shares

The term ‘community shares’ refers to withdrawable share capital; a form of share capital unique to co-operative and community benefit society legislation. This type of share capital can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.

Community shares have been used to save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage buildings, and above all, build stronger, more vibrant, and independent communities.

Community shares are a form of patient, long-term risk capital for community businesses. Community Shares offer a hugely effective mechanism to increase community ownership and participation. Community Shares allow for democratic, accountable business decision-making via their governance structure and a one member, one vote system - regardless of how many shares a person owns.

Community businesses can and do attract diverse investors, investors willing to invest for social and community purpose rather than a financial return, and who in turn become valuable members, supporters, volunteers and customers. They are becoming a popular way to generate capital and community buy-in, and are the largest (by value) type of unsecured investment in the UK's social investment market.

Community shares are an ideal way for communities to invest in businesses serving a community purpose. Community share offers are a particularly useful way to raise funds to purchase an asset and tend to work best with community businesses where there is a clear source of revenue, such as shops and hubs with rental income (Swersky and Plunkett, 2015).

Community shareholders may withdraw their investment, subject to terms and conditions. Most societies have rules that give the board discretionary powers to refuse or suspend withdrawals if it is financially prudent to do so. This means withdrawable share capital is fully at risk. Shareholders could lose some, or all, of the money they invest. But they also have the scope to withdraw some, or all, of their capital when they need it, subject to consent. Investment in share capital can be encouraged by offering a financial return on shares expressed as an interest rate, but the interest rate offered must be the minimum necessary to attract and retain the capital. Profits cannot be distributed in the form of a dividend on share capital.

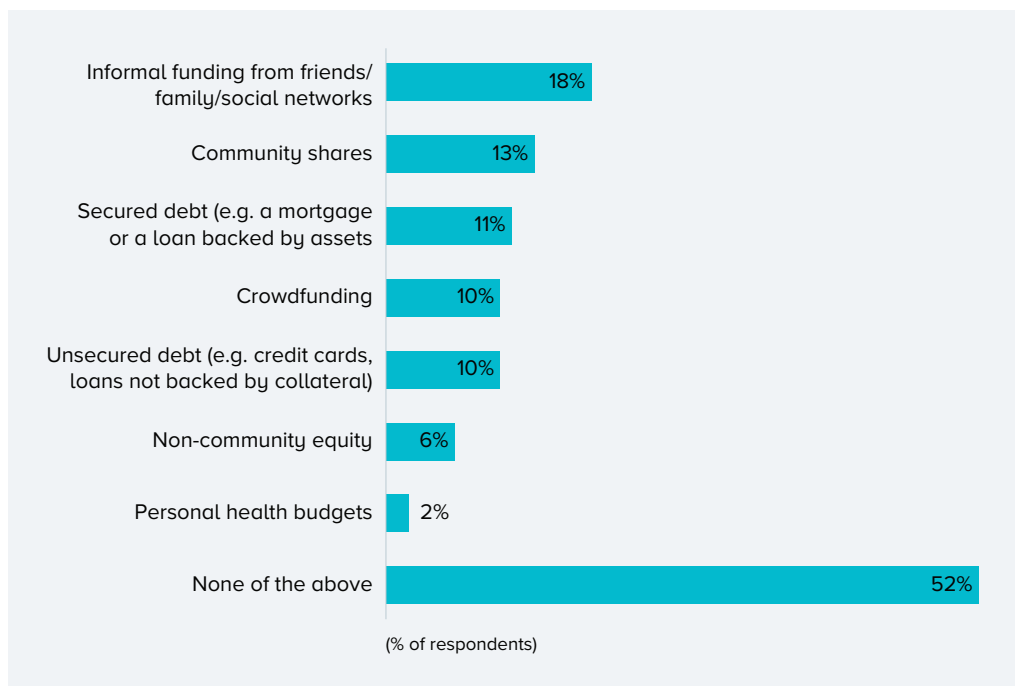
By 2014, in the UK, community shares had become the second largest form of crowdfunding in the alternative finance market (Floyd and Gregory, 2017). The three sectors with the highest number of community share offers made between 2009–16 are energy (138), pubs (48) and shops (37) (Floyd and Gregory, 2017).

Around 20 per cent of community businesses say that they will offer community shares in the next 12 months. Behind informal funding from friends, family and networks, community shares are the second highest ranked source of capital that community businesses say they are using, and will continue to use, in 2018 and 2019 (other than grant and trading income) (Diamond et al., 2018; Higton et al., 2019).

7.6 Other income sources

Income from friends and family is an informal source of funding, and in the community business market survey it is the largest behind grants and trading – just under 20 per cent accessed it in the last financial year. For the last two years, informal funding from friends/family/social networks is the most mentioned type of funding that will continue, followed by community shares (Diamond et al., 2018; Higton et al., 2019).

Figure 11: Finance (other than grants and trading) accessed in the last complete financial year



Source: Higton *et al.* 2019:29

Crowdfunding is a way of raising funds online for a specific purpose. It is perhaps the newest of all fundraising techniques employed by community businesses, but is gaining traction. After grant funding, crowdfunding is a popular choice among community businesses thinking about future sources of funds (Bailey *et al.*, 2018). Besides the traditional grant and trading income, crowdfunding will be the most likely source of new income-generating activity in the next 12 months (Higton *et al.*, 2019).

Taking on debt – such as loans and mortgages or using credit cards – is a common way for community businesses to generate income, particularly in the start-up stage of their lifecycle. Repayable finance like loans, social and private investment can also play an important part in organisations achieving scale and growth as they get older (Swersky and Plunkett, 2015).

A small proportion of community businesses say that they will try to access debt in the next 12 months – either secured (like a mortgage or loan backed by assets) or unsecured (like a credit card or loan not backed by collateral). For the majority, this is a new income stream (Higton *et al.*, 2019). As another alternative, after grant funding, bank loans are also popular (Bailey *et al.*, 2018).

7.7 Accessing appropriate finance

Community businesses have to look externally for professional support, or recruit staff or board members with the appropriate fundraising or finance skills to support them. Smaller organisations in particular find it difficult to access grants, especially large ones, as they lack the skills or capacity to submit bids (Stumbitz *et al.*, 2018), and find it difficult to meet the often tight submission deadlines (Jones and Yeo, 2017).

One of the main barriers to running a successful business is the ability to access appropriate finance (Power to Change Research Institute, 2019a). The key areas most requiring support are business identifying and accessing funding (funding support, 12 per cent, and bid-writing, 12 per cent), accountancy (15 per cent) and general advice (14 per cent), and business development (12 per cent) (Diamond *et al.*, 2018).

7.8 Research gaps

Although information is available for grants and trading, wider datasets would enable deeper analysis of income from all sources. It would be particularly helpful to gather more data on the delivery contracts that community businesses bid for and run, as well as better understanding the role of friends and family in supporting community businesses with funding.

7.9 Summary

Throughout their life cycle, community businesses will rely on a variety of funding sources – typically grants in the early stages, before building their trading income to improve sustainability. Notwithstanding the general desire of organisations to increase their trading income to secure their business for the longer term, accessing grant funding is the primary plan for businesses that want to pursue new activities or maintain current ones over the next 12 months.

Community shares are a relatively new income source that can help businesses transition from grants to trading. Funding from friends and family is not a well-researched area but is the second largest income stream behind grants. Crowdfunding is the newest income stream and the one businesses suggest they will be most likely to try in the next 12 months.

Lacking financial skills can be a barrier to community business growth and resilience, and community businesses most need professional support to help with finances – including advice on accounting and help to access funding, particularly larger grants.

8. Relationships

Community businesses foster a range of partnerships with other organisations to help them achieve their social aims. These relationships could be with other community businesses, with official bodies such as their local authority or with their community. They are collaborative and reciprocal relationships, distinct from other connections such as funder–grantee interactions.

When presented with an opportunity to work in partnership with another organisation, community businesses need to weigh up two drivers. These are the need for autonomy against needing to work with others, and the need to access the necessary resources against having a positive impact on their community (Chapman *et al.*, 2019). Only then can an informed decision be reached.

Over half of community businesses (55 per cent) say that they have developed new partnerships/collaborations with other organisations in the last 12 months and will continue to do so. Thirteen per cent say that they will start in the coming 12 months (Higton *et al.*, 2019). The transport sector offers a useful example of the benefits of partnership working, where successful community transport organisations found that they could gain new funding streams, new business opportunities particularly with other community transport businesses, and access to information and advice (Kotecha *et al.*, 2017).

8.1 Relationships with other businesses

Building relationships with the private sector and other community businesses is an important way that community businesses can build networks and improve their resilience.

The relationship between a community business and the private sector needs to be mutually beneficial and not necessarily about money, as time and skills are more important in making the partnership work. It particularly needs to be a reciprocal relationship not a top-down power imbalance (Chapman *et al.*, 2019). Looking at land-based community businesses, 52 per cent of organisations access support from local businesses, which is more than seek help from organisations offering formal support (Shared Assets, 2019).

It is generally easier for a community business to work with another local community business if they have different strengths, but building this relationship takes time. Working with a similar organisation is easier to set up but, to avoid competition, it is best if they are not in the immediate local area. The local authority's history in either awarding bids to consortia or to single entities also plays a role in whether community businesses feel that a partnership would be a good approach or not (Chapman *et al.*, 2019). There is a risk that where funders encourage collaboration to obtain funding, relationships can be fostered purely in order to secure funds rather than to meet other mutually beneficial business or social aims (Wylter and Adjaye, 2018).

8.2 Relationships with local authorities and public bodies

One of the success factors in achieving community accountability is forming partnerships with public bodies and aligning with their mission (Buckley *et al.*, 2017). Some community businesses build a relationship with their local authority with a view to delivering services on the authority's behalf, such as training and work experience (Higton *et al.*, 2019). There is also the option to bid as a partnership to provide scale (Centre for Local Economic Strategies, 2019) and the general experience is that it is increasingly difficult to win contracts without working in partnerships (Chapman *et al.*, 2019).

Locality, a membership body supporting local community organisations, produced two reports looking at the effect of the Localism Act 2011 on communities. The term 'localism' has been coined to refer to the devolution of power and resources from central government to the local level, and then onwards to communities in order to empower them. This is important because being in an empowered community leads to pride and wellbeing as well as to service design appropriate for local needs. The first of the reports concluded that the shift of power envisioned by the Act had not been achieved (Locality, 2018). The second report studied four local authorities and identified six common routes to create the shift in power to communities (Locality, 2019):

- create the localism vision in partnership with communities so that it is not a top-down strategy
- local authorities need to create an internal structure that supports localism in everything it does
- support local communities to take control
- offer strategic support to communities to enable them to participate
- embed a 'power partnership' approach during engagement and local decision-making
- offer funding for community/social action to kick-start community action.

When working with the public there is a risk that contracts to deliver services can lead to community businesses being out of pocket. For some this is because they want to add better value than the previous service, and some will offset this cost by taking money from other income streams. A knock-on effect of this can be that other community businesses cannot afford to compete against them for the work.

8.3 Relationships with the community

Engaging to open-up and maintain conversations with the community benefits both the community business and their community. This makes community businesses best placed to ensure that the community is heard and that local provision is appropriate for their needs, as well as making sure that communities themselves can take ownership of their area (Centre for Local Economic Strategies, 2019b). Relationships within the community do not have to be formal, they can be very informal, and often their function is to develop and maintain a presence locally – this can be as simple as having an open-door policy for all local people (Buckley *et al.*, 2017).

Community businesses need to engage with their local community for a wide variety of reasons, many of which form the basis of their operations. Volunteers will only support a community business if they really feel a sense of buy-in with the organisation, and customers will often only come if they feel engaged with the ethos of the business and value what is offered. It is critical for the success of community businesses that they proactively engage with their community and gain their buy-in. The community housing sector provides good examples of how to gain buy-in. Board members have held public meetings, leaflets have been distributed, and meetings with residents held. Without buy-in, the success of a (housing) scheme can be stopped in its tracks rather than propelled forward (Davies *et al.*, 2017a), as consent is needed regardless of whether or not the community has initiated or is managing the scheme (Archer *et al.*, 2018).

Taking on a new asset through community asset transfer is one of the biggest undertakings a community business may consider. Although this is usually a negotiation between the business and the local authority, there needs to be community buy-in too (Capacity, 2018), particularly among volunteers and paid staff, then the wider community which includes local businesses and political representatives (Gilbert, 2016). The capital expense and on-going costs of the asset can only be paid if customers keep visiting and if other fundraising activities such as share offers are a success.

A more usual need for engaging with the community is to gain more customers. In the annual grantee survey, 85 per cent of respondents said that they had attracted new customers or clients in the last 12 months (Power to Change Research Institute, 2018).

Engagement is closely linked with accountability (See Section 1.7 for more detail).

8.4 Research gaps

There is currently relatively little research available on how community businesses work with others – like private businesses – and particularly on their experience of working in partnership with other community businesses.

8.5 Summary

Developing collaborative relationships is essential for the success of community businesses, be it with the community, local authority, private sector or fellow community businesses. Seeking engagement and buy-in is vital to secure investors, customers and volunteers in the future. In particular, engaging and working with the community is essential in order to open-up and maintain conversations which are beneficial for both the community business and their community. Engagement can yield formal or informal relationships.

In terms of partnerships, half of survey participants say that they have developed partnerships over the last year and 15 per cent say they will start in the next 12 months. In working with public bodies, it is possible for community businesses to align their mission so that they can work together more seamlessly. It is also possible and popular to form partnerships with organisations in order to win contracts from local authorities.

9. Conclusion and next steps

Power to Change has spent the last five years conducting, commissioning and publishing more than 70 rigorous studies which measure, explore and evaluate the community business market. This substantial body of evidence allows conclusions to be drawn not just on the demographics of community businesses but also their areas of business activity, social impacts and future confidence.

This review of the evidence finds that there are many factors crucial to the success of community businesses. They cannot operate without community buy-in and to get this they must actively engage. From this flows the volunteers and paid staff needed to start up and keep the doors open. Building a relationship with the local authority and aligning with their aims is also crucial, and for those interested in public service delivery, finding another community business to partner with in order to bid for the larger contracts can be valuable.

Start-up is often accompanied by a substantial tangible asset being bought or gifted to the community business, usually a building from where a service to the community can be delivered. It is essential to have the right skills in the organisation for scaling-up, and these can be obtained through training or bringing in new staff, volunteers or board members with the required experience or professional skills. Accessing finance is also key to a community business's success: while the majority rely on grant funding, building the proportion of income provided by alternatives like trading can help them to build long-term sustainability.

There are gaps in the evidence base that need to be addressed and, in the coming years, research to understand the impact of both Brexit and Covid-19 on the community business market will also be essential. Looking for best practice in how to respond to these challenges will help the sector, and the communities they serve, plan for the short and longer term. As Power to Change approaches the potential end of its endowment in 2022, it will be of paramount importance to evaluate its own impact on the community business market and pass on its accumulated knowledge.

There are predictions on the ways in which the UK will change over the next decade, and community businesses will play a crucial part in responding. Social fragmentation and precariousness, global volatility and environmental pressures will contribute to economic restructuring and the expansion of the social economy, challenging longstanding business models and traditional approaches to public policy (Power to Change Research Institute, 2018).

Community businesses will be well-placed to understand how these changes are affecting the communities they serve, helping them respond by engaging and working with them in ways that will continue to make their community a better place.

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