



power to
change

business in
community
hands

Community business: The power on your doorstep

Executive summary

Power to Change 2020 Impact Report

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About this report

This report looks at the impact the Power to Change grants programme and other activities have had on communities over the past five and a half years. Power to Change is an endowed charitable trust whose funding is used to strengthen community businesses across England. It commissioned the Research Institute to carry out this independent research, which includes the state of the community business marketplace and the challenges it faces.

The views expressed are those of the authors alone and do not necessarily represent the views of Power to Change or its trustees. For further information about any of the research or data referenced in this report, please visit powertochange.org.uk/research or email the Research Institute on institute@powertochange.org.uk.

Executive summary

The world has transformed since Power to Change first opened its doors in 2015. And if the pandemic of 2020 has shown anything, it's that communities are a powerful part of our lives.

Across England, businesses that are locally rooted, and which benefit the local community, stepped up during the crisis. These community businesses – such as community hubs, shops, farms and pubs – were at the forefront of efforts to ensure that no one went hungry, that the need for physical isolation did not result in social isolation, and that thousands of volunteers could come together and play an active part in their communities.

As the champion for the community business sector, Power to Change believes community businesses make places better. During its first five years it has supported and given grants to more than 1,000 of them to improve their local areas. But has it made a difference? And what lessons can be learnt for the post-Covid world?

This report examines the impact of Power to Change – on its grantees, on the community business market and on communities. It looks at the people these businesses work with and the places in which they operate.

What difference did Power to Change make in its first five years?

For individual community businesses



Provided support where it's needed most: invested £86m in community businesses. Two-thirds of this money went into the 30% most deprived areas.



Put assets in community hands: helped community businesses raise an additional £19m to keep local assets in community hands. There are now 6,600 community-owned assets across the country.



Improved financial resilience: improved business models and revenue streams. For example, participants in the Trade Up programme generated £13,584 more in trading income than a control group.



Improved operational capacity: enabled community businesses to create voluntary opportunities and jobs for local people, many of whom are likely to experience exclusion from employment and/or challenges with their physical or mental health.



Strengthened capacity and skills: enabled community businesses to improve their business models, better plan, build their networks and strengthen their skills.

For the community business market



Grew the market: the number of community businesses in England doubled, from c. 5,500 to c. 11,300.



Built new opportunities: leveraged an additional £70.3m into the market, in the form of grants, community shares, crowdfunding and social investment.



Supported priority sectors: tripled the number of community pubs in England, invested £40m in community energy and built 889 community-owned homes.

How did Power to Change create that impact?

- **Funding and support:** provided more than £86m in grants plus more than 2,000 days of capacity-building support. This included blended finance – which has an element of repayable investment alongside a grant, and community shares.
- **Market development:** built capacity in the sector through experimentation, testing and iterating solutions in response to changing market needs. This included areas such as local economic regeneration, health and social care, and social investment.
- **Communications:** campaigned on behalf of the sector and developed new relationships with key partners, to help further build a movement and tell the story of community business.
- **Research and policy:** built a rigorous evidence base that not only helps community businesses improve practice and also shows the value of high-quality analysis in a sector previously overlooked by commissioners and policy makers.



The impact of Power to Change on its grantees



£86,000,000

Funding for community businesses



1,938

Grants made



1,282

Unique community businesses supported



67%

Funds to the 30% most deprived areas

The impact of Power to Change on the community business market



11,300



Increased total of community businesses in 2020, up from 5,500 in 2015



£70.3m

Additional finance from other sources leveraged into the sector



3x

Increase in number of community-owned pubs



£40m



Invested in community energy



889

Community-owned homes built

How do community businesses help people?

Community business is a different way of doing things. There are many types – shops, pubs, solar energy farms, even leisure centres – yet they are all accountable to their community and use their profits to improve lives and places.

Community businesses improve people's lives in three ways:



Improving employability: community businesses support people facing exclusion from employment and/or challenges with their physical or mental health. They provide stable employment for 37,800 people in the most deprived areas of England, where most jobs go to local people. Many community businesses support the Real Living Wage and provide good working conditions. They also support local people to gain qualifications.



Mobilising communities: 148,700 volunteers play a key role in community businesses across England. They run various activities, from lunch clubs to mental health services, from pulling pints to doing the accounts. They make their communities better, while generating another £250m in value for the economy each year.



Putting communities in charge: community businesses are accountable to their local community. The average community business has more than 200 members, who get a say in how it is run and help facilitate its social impact.

What impact do community businesses have on places?

Community businesses have many impacts. These are often bespoke to their local area and the challenges residents face. Yet there are notable impacts they all share.

- **Bringing communities together:** there are 11,300 community businesses running in 6,300 community-owned buildings in England. They bring people together from different backgrounds, serving as socialising spaces to create, build and strengthen mutual bonds and relationships. This facilitates trust and respect, and that's why 82% target improving community cohesion.
- **Making local economies more wealthy:** community-owned spaces contribute £220m to the UK economy, and 56p of every £1 they spend stays in the local economy, compared with just 40p for large private sector firms. Community and public ownership of high streets also leads to fewer empty units.
- **Improving access to services:** community businesses provide much needed social infrastructure. Many start after residents discover their only shop, pub, post office or other local facility is closing. Many then become a 'one-stop shop' or 'community hub' providing crucial services, often over and above 'basic' provision, in response to community needs and wants.

- **Reducing social isolation:** most community businesses (85%) tackle social isolation. Most are founded by local residents who come together over a shared cause or challenge. They put people at the heart of all they do. This aspect plays a key role in their social impact. Community businesses offer a safe and welcoming environment for people to enjoy and meet others. This might be through providing volunteering opportunities, targeted activities or a space to access services or learn new skills. It can even be through providing a space to just sit and talk.
- **Improving health and wellbeing:** a third of community businesses work with people with physical or mental health conditions. They support them to progress their personal lives and develop valuable relationships with others. This contributes to other positive health and social care outcomes. They improve an individual's confidence and wellbeing and also support community-level improvements, such as increasing community involvement and enhancing social relations.
- **Improving the local environment:** community businesses use their assets and experience to improve the places where they operate. This can mean leading local regeneration activities or delivering environmental initiatives and projects. For example, community energy businesses prevented a further 60,000 tonnes of CO2 entering the atmosphere in 2019.

- **Improving employability:** the formation and management of community businesses improves employability. This happens through investment in volunteer skills development and by employing members of the community, as well as by working on the employability of service users or customers.
- **Promoting greater community empowerment and pride:** community businesses can use the assets and knowledge present within each community to address issues that the community faces. Evidence from a sample of neighbourhoods suggests community businesses may be contributing to increased social action locally, bolstering community empowerment and pride.

Community businesses are already working within those areas most likely to be hardest hit by Covid-19. And they have shown they can engage with people traditionally excluded or furthest away from the labour market, providing them with work, and spaces to meet and connect. They can harness the energy, knowledge and skills within communities to improve the local environment as well as morale. This provides cause for optimism that, as the social and economic impacts of Covid-19 take hold, business can persist, in a way that supports powerful communities, and builds better places.

How do community businesses help people?

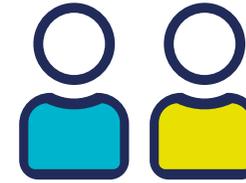


37,800

Jobs for people in the most deprived areas

148,700

Volunteers playing a key role in community businesses



200

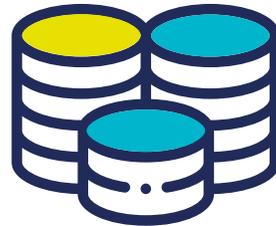
Members per community business

What impact do community businesses have on places?



6,300

Community-owned buildings



56p

From every £1 spent that stays in the local economy

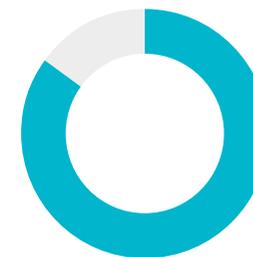
60,000

Tonnes of CO2 saved in 2019 by community energy businesses



82%

Promote community cohesion



85%

Reduced social isolation

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