



power to  
change

business in  
community  
hands



# A short guide to community business

What they are and how they make places better



## What is a community business?

England's 9,000 community businesses are established and run by the community, trading to generate income that is reinvested locally, and working to improve the place in which they are based. They are part of the social economy alongside social enterprises and cooperatives and they are part of civil society alongside charities and other voluntary sector organisations. But they are unique in the way in which they focus locally and root their trading activities and social purpose in place.

There are many types of community business ranging from shops, pubs, cinemas and sports centres to youth services, farms and housing – all sharing this unique quality and achieving wide-ranging and significant impacts for the local community.



“I was unemployed with not many qualifications but voluntarily running a football academy for boys aged 5-14. Staff at Highfields Centre provided me with the information and support to access various courses... Now I have 10 qualifications and have gained employment.”

Shaheen, Highfields Centre,  
Leicester

“Y.E.S. is a constant that has meant I always have somewhere to go. A place that celebrates the difference in people, not the similarities. A place that makes everyone feel special and feeds on love and compassion, rather than money and greed.”

Harry, Y.E.S. Brixham  
Community Hub

## How do you recognise a community business?

1

### Locally rooted:

They are rooted in a particular geographical place and respond to its needs.

Because community businesses employ and engage local people, they achieve a high level of local integration. This drive to support local people is crucial in areas of relative deprivation, where the majority of community businesses are located.

88%

They prioritise hiring locally, so on average 88% of staff are from the local area.<sup>1</sup>

85%

Services are often provided in partnership with other organisations. On average 85% of beneficiaries are local.<sup>2</sup>



2

### Trading for the benefit of the local community:

They generate income from a wide variety of sources.

Community businesses generate income (for example: renting out space in their buildings, trading as cafés or generating energy) which is reinvested locally, benefitting people and improving the place in which they are based. While grants are vital in the early stages of the business, sustainability is built through securing trading income.



The median income of community businesses is an estimated

£140,500

typically made up of both trading and grant income.<sup>3</sup>



<sup>1</sup> Litchfield, A., Norrlander, A., Sisy, K., Alraie, M. and Thornton, A. (2020) Power to Change Community Business Fund, Trade Up, Bright Ideas – annual report. [forthcoming]

<sup>2</sup> Litchfield et al (2020) [forthcoming]

<sup>3</sup> Highton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. (2019) The Community Business Market in 2019. London: Power to Change. <https://www.powertochange.org.uk/research/community-business-market-2019/>

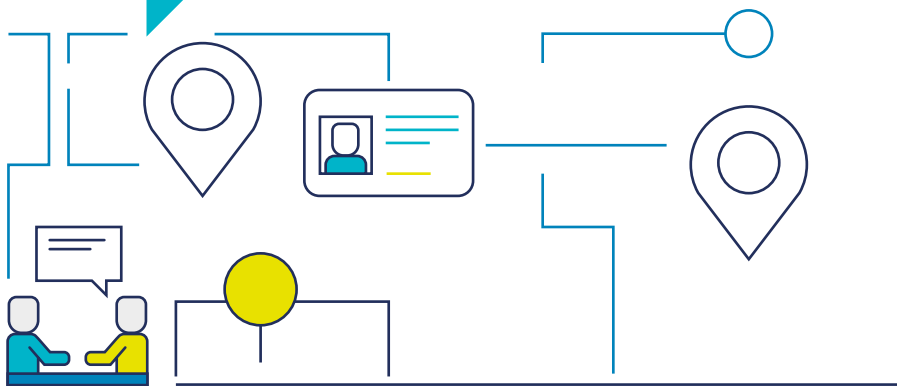
3

### Accountable to the local community:

They both serve the community and are led by it.

Accountability to local people is at the heart of community business, and a wide range of approaches are adopted. For example, a community share offer can create members who have a voice in the business's direction as well as vital investment income.

Alternatively, a membership-based organisation may have local people who are active in decision-making.



4

### Offering broad community impact:

They benefit their local community as a whole.

# Over 80%

of community businesses aim to reduce social isolation or increase community cohesion or improve health and wellbeing in the place where they are based.<sup>4</sup> They may have a specific focus on disadvantaged groups within the community and groups who struggle to access services.



# 9m



Community businesses build social connections by involving local people, through volunteering and providing places for people to meet, helping the 9m people affected by loneliness, and thereby improving local health and wellbeing and building social capital.

## What do community businesses actually do?

### The case of Homebaked, a community-run bakery regenerating a high street

Homebaked is an iconic neighbourhood bakery based opposite Liverpool Football Club, in an area of significant social and economic deprivation. The only occupied building in a terrace of boarded-up houses, the bakery and café provides employment, training, mentoring and a place where people can meet.

It is also the anchor for a larger scale community-led development that will help to regenerate Anfield's high street and bring a renewed sense of pride to the area.

The overall scheme has been initiated by a group of local residents and stakeholders in response to stalled regeneration schemes in the area. They formed two community organisations, both established in 2012:

- Homebaked Community Land Trust (CLT), which acts as the landlord and development body.
- The community bakery, Homebaked Co-operative Anfield.

Both organisations worked hand-in-hand to save the bakery building from being demolished. The organisations ran a highly successful crowdfunding campaign and secured initial funding from Power to Change and other funders. The bakery business has since increased its trading income and become financially sustainable by taking on bigger catering contracts, such as providing match day pies at Anfield stadium.

A second Power to Change grant of £215,694 in 2017 allowed refurbishment of the upper floor of the bakery, developing affordable housing for local people and reanimating the local high street, which was key to the CLT getting the rest of the street transferred over to them from the council.

Today, Homebaked Bakery employs 20 people, spends £160k a year on salaries and £100k with local suppliers. All profits are re-invested into training and quality local employment.



# Why and how do people start a community business?

## The case of Radcliffe Market Hall, Bury, Greater Manchester



CBS involves local traders, local residents and the wider community



Local residents and stallholders came together, hoping to manage the market. They consulted the community and formed a Community Benefit Society (CBS). With support from the local authority and grant funding from Power to Change, they put together a bid to manage the market.



Market stalls go from 5 to 32.  
Community spaces developed.  
Market becomes a destination point for the town centre.  
High street rejuvenated.

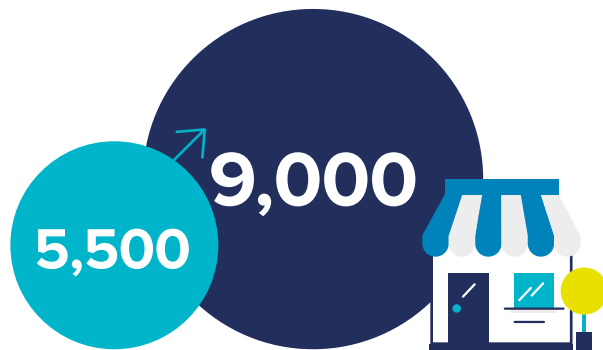


**24 employed**  
**25 volunteers**



## What's the size and impact of a community business?

### The size of the market<sup>5</sup>



Over the past five years the number of community businesses is estimated to have almost doubled from 5,500 to 9,000 in 2019.

**46%** | **63%**

Are estimated to be community hubs or village halls.

Offer more than one service to their local community.

They are diverse, offer business and employment support services, guidance and training, and a large proportion provide services that are aligned with, or used to be provided by, the public sector.

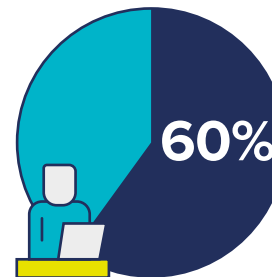
### Jobs and volunteers

Community businesses create jobs and provide stable employment for

**33,900** people<sup>6</sup>

**88%** of which are from the local area, in the most deprived parts of the country.

60% of community businesses focus on employment,<sup>7</sup> creating vital ways into work for young people and those facing exclusion from the labour market, with training, experience and a boost to confidence.



**205,600**

Volunteers commit their time to community businesses.<sup>8</sup> Their time is estimated to be worth up to £250m.<sup>9</sup>

### Assets and income<sup>10</sup>

Community businesses improve the physical fabric of places, through ownership and management of about 6,325 assets currently worth close to

**£1bn**

These buildings and community spaces are often restored iconic buildings, attracting new investment, maintaining the vitality of the high street, local shops and new houses.<sup>11</sup>

These assets generate an estimated

**£0.9bn**

income a year contributing £220m

to UK Gross Value Added by employing local people and using other local businesses in their supply chains.

They build wealth in their local communities:

**56p of every £1 spent stays local**

7,000 full time equivalent (FTE) jobs and 151,000 net additional volunteer hours per week<sup>12</sup> have been created as a result.



<sup>5-8</sup> Higton et al. (2019)

<sup>9</sup> Nicol, S. (2020) Assessing the value of volunteers to community businesses. London: Power to Change <https://www.powertochange.org.uk/research/putting-value-people-power/>

<sup>10</sup> Archer, T., Batty, E., Harris, C., Parks, S., Wilson, I., Aiken, M., Buckley, E., Moran, R. and Terry, V. (2019) Our assets, our future: the economics, outcomes and sustainability of assets in community ownership. London: Power to Change. <https://www.powertochange.org.uk/research/assets-futureeconomics-outcomes-sustainability-assets-community-ownership/>

<sup>11</sup> Higton et al. (2019)

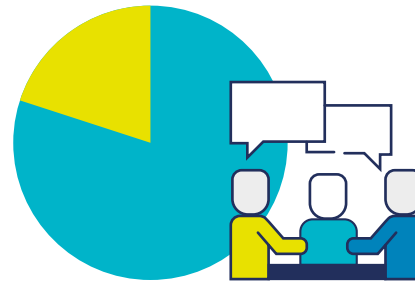
<sup>12</sup> Archer et al. (2019)

## What difference does a community business make to people and places?

### The Anglers Rest – a community owned pub, post office and café in Derbyshire

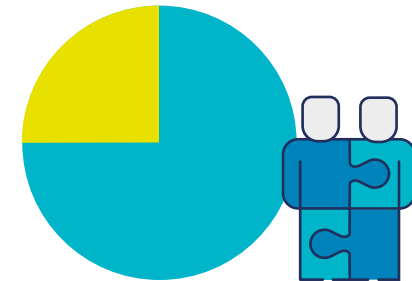
Faced with the potential loss of the last remaining pub in the village, 300 members of the rural Bamford community clubbed together in 2011 to buy their local pub to prevent its closure. It is now run for the benefit of the community by the Bamford Community Society. The pub has become a key community asset, providing a wide variety of services for local people, including a post office and café, and reducing social isolation.

- Bamford risked becoming a dormitory commuter village. The hub has given it a new social heart where villagers meet and get to know one another.
- Events held in the Anglers Rest include: Regular live bands, covering a range of musical genre, range of U3A group meetings and special food nights.
- The hub employs about 25 local people, uses locally sourced produce and reinvests its profits in the community.



**80%**

of the Society's members have said that they have got to know more people since the pub was bought.



**75%**

say they feel more part of the community.<sup>13</sup>

<sup>13</sup> <https://www.anglers.rest/bamford-community-society/>



## About Power to Change

Power to Change is the independent trust that supports community businesses in England.

Community businesses are locally rooted, community-led, trade for community benefit and make life better for local people. The sector owns assets worth £890m and comprises 9,000 community businesses across England who employ 33,600 people. (Source: The Community Business Market in 2019).

From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are creating great products and services, providing employment and training and transforming lives.

Power to Change received its endowment from the National Lottery Community Fund in 2015.

### **Power to Change**

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

020 3857 7270

[info@powertochange.org.uk](mailto:info@powertochange.org.uk)

[powertochange.org.uk](http://powertochange.org.uk)

[@peoplesbiz](https://twitter.com/peoplesbiz)

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