

# Durability in the community business sector

Lessons learnt from Power to Change's  
research and evaluations, January 2023

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# About The Institute for Community Studies

The Institute for Community Studies is powered by and part of the not-for-profit organisation, The Young Foundation. It's a research institute with people at its heart. The Institute gives increasing weight to the stories, experience and evidence created in communities, supported through its national network of researchers. It provokes direct engagement with business and those influencing change, bridging the gap between communities, evidence and policymaking.



## About Power to Change

Power to Change is the independent trust that strengthens communities through community business. We use our experience to bring partners together to fund, grow and back community business to make places thrive. We are curious and rigorous; we do, test and learn. And we are here to support community business, whatever the challenge.



We know community business works to create thriving places when local people take ownership of spaces that matter and deliver services that communities need. Our 2021-26 strategy sets out how, using strategic funding, trusted partnerships, rigorous research, policy insight, and a strong network of remarkable community businesses, we will back the sector, creating the ideas, evidence, and exemplars that make the case for others to back them too. Ultimately, we will amplify the efforts of community businesses and put them at the heart of a fair economy.

## Acknowledgements

This report was written by Stuart Haw and Samantha Theminimulle from the Institute of Community Studies at the Young Foundation. We would like to acknowledge the following organisations who contributed to the evidence reviewed in this report: Renaisi, Centre for Regional Economic and Social Research (CRESR) Sheffield Hallam University, CAG Consultants, MyCake, Social Finance, University of Liverpool, Delft University of Technology, Erasmus University Rotterdam and Cyta Consulting Ltd.

Front cover image: travellinglight / Alamy Stock Photo

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# Executive summary

Durability – concerning the conditions and qualities community businesses might possess to enable their long-term operation in a community – is thought to play an important role in the success and sustainability of the community business sector. This report summarises findings from a desk-based review of 18 publications commissioned by Power to Change, to build our understanding of the conditions for durability (Kleinhans et al., 2020), and what helps and hinders durability of community businesses in the context of practical learnings and findings from Power to Change’s support and funding.

Looking across some of Power to Change’s support and funding programmes - such as the Bright Ideas, Trade Up and Community Business Fund programmes - the review also distils various external shocks that community businesses have recently faced, and explores whether and how ‘durability’ enables communities to operate, particularly through crises and adverse events.

While the conditions for durability are well understood and, to some extent, evidenced, the review found that community businesses will need bespoke support to achieve these. Likewise, community businesses need support that is more tailored to their needs, and longer in term, to ensure they have the capability to address societal challenges. The connections

and networks community businesses build should also reflect the longer-term need of community business support and, where this is not reflected, informal networks of support may be more effective in keeping up with the needs of community businesses. In particular, the review highlights opportunities for funding and resources to support networks that enables better collective leadership, as well as supports community businesses to realise the condition of aligned entrepreneurial culture.

Sharing several practical examples, this report highlights that while community businesses have different vulnerabilities, shocks and challenges to overcome, their unique commitment to serving the needs of their community, often combined with the right financial and technical support from funders and local stakeholders, helps them to creatively adapt and, ultimately, be more durable. Indeed, the examples shared demonstrate that community businesses do draw on or strengthen some of those conditions to be more durable. However, the review also highlights the need to progress towards a sector-wide approach to holistically and empirically understanding and measuring durability. Ultimately, this would enable community businesses, funders and other local stakeholders to better prioritise their efforts for a more durable community business sector.

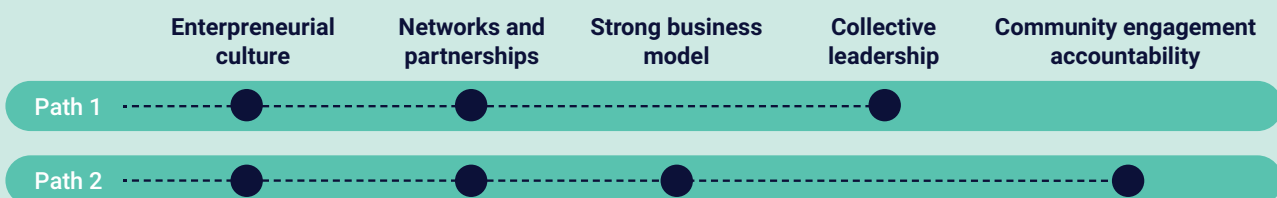


Figure 1: Conditions and paths for durability (Kleinhans et al., 2020)

# Introduction

Power to Change is the independent trust that strengthens communities through community business. Since 2015 it has made significant investments in research, evaluation, and data analysis to better understand whether community businesses improve places, and, if so, whether and to what extent it has supported them to do so. Power to Change's vision is that by 2025, more communities in England will run businesses that give them power to change what matters to them. As part of the move towards this vision, Power to Change is supporting community businesses to be more impactful.

Key to this is the concept of 'durability', introduced by Kleinhans et al. (2020), which extends beyond the more familiar idea of 'resilience' (ie, the ability to bounce back after a specific shock) and relates to the 'capacity to deal with enduring stress or perturbations, which are chronic and endogenous to the system rather than exogenous'. Durability is thought to play an important role in the long-term success of community businesses and, as part of its wider Impact and Learning Framework, Power to Change asked the Institute for Community Studies to conduct a review of its repository of research and evaluation publications to build a better understanding of how to support durability in the sector going forward.

This report summarises findings from a desk-based review of 18 publications commissioned by Power to Change between 2015 and 2022, undertaking a thematic content analysis approach across evaluation reports, programme summaries, research outputs, and commentaries, to reflect on the following questions:

1. What are the conditions for their durability? What increases durability in community businesses? What hinders it?
2. What kind of external shocks do community businesses have to face? What qualities enable community businesses to continue to operate despite crises and adverse events?

# Power to Change programmes and support

The aims of the Power to Change programmes and support summarised in this report are listed below.

## Bright Ideas

To help community groups and businesses develop their ideas, by giving them a better understanding of the community business sector, granting them access to funding and expertise, and supporting them to better engage with their local community.

## Community Business Fund

To enhance the value of community business' capital assets (by acquiring new assets, increasing the value of existing assets, and covering running costs) and help them increase their trading activity.

While the support from the network was primarily financial, beneficiaries of the fund were able to join a peer network where they could access ongoing support.

## Empowering Places

To develop 'network approaches' to supporting community businesses that are rooted in or working for their local communities. This programme involves those who might be seeking to start a community business as well as those who are local residents and have a vested interest in the area.

## Homes in Community Hands

To support Community-Led Housing (CLH) projects run by community businesses. Funding covers grants to CLH projects, grants to CLH enabler organisations, and grants to/investments in other funding and finance mechanisms.

## Next Generation Community Energy

To help community businesses address energy issues in communities. The funding is offered flexibly and without rigid criteria to allow businesses the freedom to use the funding in ways that they need without being penalised.

## Trade Up

To build the confidence of community business leaders to increase their income from trading; grants are provided to community businesses to invest in new equipment or diversify their work.

# Conditions for durability

## What is durability?

With seed funding from Power to Change, Kleinhans et al. (2020), conducted a critical literature review of successful community businesses, to identify the conditions for community business durability. This review adopts Kleinhans et al.'s definition of durability (2020), taking it to be a community business' community satisfaction, financial stability, staff capacity and capability to continue realising its goals for the benefit of the community. Using qualitative comparative analysis, the research identified five conditions for durability: collective leadership, community engagement and accountability, a strong business model, aligned entrepreneurial culture, and networks and partnerships.

The research found that not all of the five conditions need to be met for community businesses to be durable, and that multiple combinations of a few of these conditions via certain 'paths' may be sufficient. While aligned entrepreneurial culture was found to be a necessary condition for durability, Kleinhans

et al. identified two paths, highlighting that durability looks different across community businesses and local contexts. The first path combined aligned entrepreneurial culture, collective leadership, and strong networks. The second path combined an aligned entrepreneurial culture, high levels of community engagement and accountability, a strong business model, and strong networks for durability.

Identifying how community businesses can be made durable requires understanding these contexts, the skills, qualities, and competencies of those involved in and external to the community businesses, as well as the challenges and shocks they may face. The following section looks across learning from several Power to Change programmes to build on this understanding of durability in the context of support to community businesses.

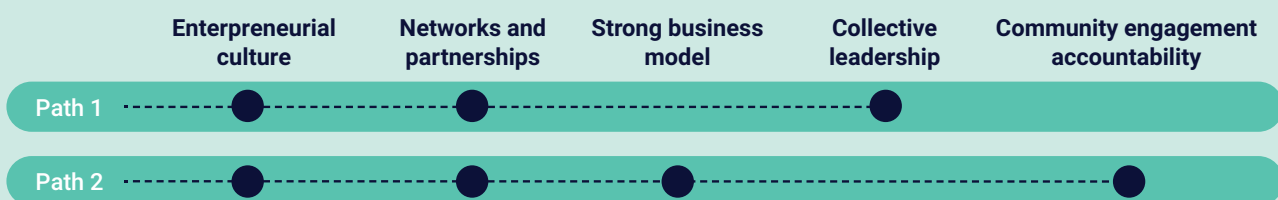


Figure 2: Conditions and paths for durability (Kleinhans et al., 2020)

# Collective leadership

The distinctiveness of community businesses being run by and for a community often creates collective leadership among community stakeholders, including staff, volunteers and other local leaders. As a condition for durability, good collective leadership creates shared passion and ambition that reduces dependence on just one or two individuals to lead. Instead, it distributes responsibility across many members of the community and implies more participatory decision-making that helps to build a community business' legitimacy as an ambassador for the wider community (Kleinhans et al, 2021). Developing collective leadership skills reflects the changing ways in which support has evolved from traditional community businesses to reflect the diversity of the community business market (Dobson et al, 2022; Kleinhans et al., 2021).

Community businesses are likely to be more durable if leadership and responsibility are shared between the chief executive officer, board members, staff and volunteers (Kleinhans et al., 2020). The capacity and capability within that leadership is significant – particularly its ability to mobilise community assets in ways that can unlock opportunities for the community business at large (Stumbitz et al., 2018). Community business leaders need to be committed to leadership and managing staff to mobilise the collective ambition and passion from across the organisation (Clare & Marwood, 2008). More broadly, connections with other leaders in the community and local organisations can support the community business.

Our review identified several Power to Change programmes that successfully supported leadership. The Community Business Fund is a good example of community businesses being supported to develop strong leadership, which was highlighted as key in the journey to become sustainable (Meghjee et al, 2020). However, the review surfaced fewer examples of support for building collective leadership. Another Power to Change programme, Bright Ideas, found that communities sometimes struggled to start a community business or incubate an idea, with advisors sharing that, in some cases, this was because staff and other senior leadership were not being brought along with the process (Meghjee et al, 2022).

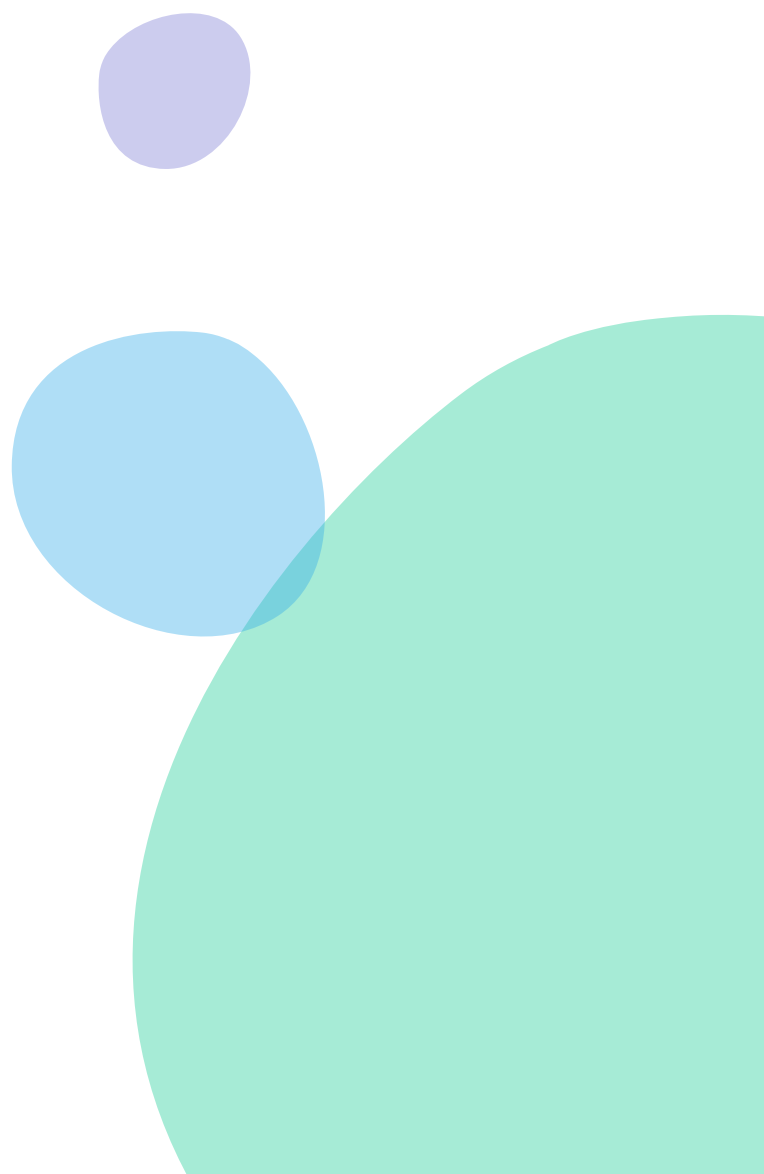


# Community engagement and accountability

A defining feature of community businesses is that members of the local community are actively involved in the (co-)creation, delivery, and consumption of services and goods provided by community businesses. This might include their involvement in the management, service delivery, or service use of a community asset. Regular engagement with the surrounding community is vital to ensure the business responds to local need, and that local people can contribute. This might include actively shaping the business' priorities and strategic direction, engagement through the provision of voluntary initiatives and opportunities, or other ways of sharing resources with the community beyond the core service offering from the community business. (Buckley et al., 2017; Valchovska & Watts, 2016; Haugh, 2007).

In the context of durability, community engagement and accountability create better conditions for a community business to secure support from the community, for it to represent and be accountable to the community, and for it to realise its ambitions and objectives. Greater community engagement and accountability can be achieved through both formal mechanisms, such as more participatory governance structures, and informally through on-the-go exchanges and relationship building (Klienmans et al., 2021; Meghjee et al., 2022). Another study found that factors such as having diverse means to connect to the community, engaged and knowledgeable leadership and governance, strong alignment with other local activity and working with the community to navigate through challenges, all facilitated better community accountability (Buckley et al., 2017).

There are examples of external support from local authorities, support agencies, and funders as being vital in developing community engagement for durability to increase. Power to Change's Empowering Places programme was found to enhance durability through the use of 'catalyst organisations' – locally rooted organisation that have strong relationships with both their community and strategic local organisations – who carried out engagement activities to connect with and work to understand community need (O'Flynn et al, 2021). Additionally, community business leaders involved in research on the programme Trade Up identified support with community engagement as a significant method of support for their community business (Sturgis, 2022).



# Business model

Community businesses trade for the benefit of their local community, often relying on grants, fundraising, and revenues from public and other charitable sources. The business model can take many forms including cooperatives, charitable companies limited by guarantee and others, but ultimately should enable and reflect each individual business' ambitions and values. Business models may reflect the use of the community business' venue; for example, community businesses utilising assets (specifically buildings and land) to generate income may rent out spaces for work, recreation or other activities. The business model might also reflect how paid staff and volunteers play a role in delivering key services for the community businesses where, for example, unpaid volunteers might reduce operational costs (Klienmans et al., 2020).

As a condition for durability, the business model plays an important role in determining the success of a community business. Business planning - including feasibility studies, financial planning and evidence of good relationships with service users and the local community - should underpin the business model that a community business adopts (Meghjee et al, 2022; Archer et al. 2019). Nonetheless, it is essential for community leaders developing community businesses to understand the models available to them, and what the benefits and disadvantages of each are. Community leaders must also therefore understand the needs of the organisation and how these limit the number of viable models, making developing a business model a complex process.

Power to Change's Bright Ideas and Trade Up programmes found that clear business models and plans are key to understanding operational and financial risks and opportunities in the journey towards sustainability (Meghjee et al., 2022). Examples in programmes such as Next Generation show that community businesses can benefit from specific support and tools. For example, developing a viability map, guiding community businesses on the different business models that can be formed, helped to highlight the level and types of technical and organisational capacity required for different models, flagging those that would be more feasible for smaller, less experienced community groups (Anderson and Kirkup, 2022).

# Case study

## Brighton Energy Co-operative – Next Generation Programme

Brighton Energy Co-op (BEC) is a community business with more than 700 members and more than 70 solar panels at 40 locations in the South East. Income from selling this solar electricity is distributed as interest to members, as capital repayment, and also goes into their community fund. The group has several paid staff and takes a highly professional approach to its work.

BEC were funded by Next Generation to pilot electric vehicle (EV) charge points linked to their existing solar panels ('PV plus EV'). The aim was to develop a business model that would support future investment in community-owned solar after the end of the Feed-in Tariff, while supporting low-carbon usage of EVs by members of the local community.

Next Generation programme enabled BEC to increase their expertise and capacity around EVs. For example, a member of staff has been brought in to cover communications and engagement around the charge points. Further, the model played a role in enabling more commercial/institutional rooftop panels, while improving access to charge points for members of the community. The learning from the project has given BEC the credibility to pursue other projects. In particular, BEC is launching a £2m European Regional Development Fund (ERDF) project.

# Aligned entrepreneurial culture

An aligned entrepreneurial culture within community businesses is defined by the extent to which entrepreneurial values are incorporated and shared by all stakeholders. This can help mobilise energy towards a shared purpose, supporting the organisation's capacity to thrive. It plays a determining role in a community business' organisational development, encouraging community businesses to take on activities that support its continuation and sustained impact, as well as to adapt and innovate in challenging circumstances (Kleinhans et al., 2021). Aligned entrepreneurial culture has been identified as one of the two lynchpin conditions for durability; the potential consequences of lacking such a culture includes a lost sense of mission, disoriented employees, increased staff turnover, and a damaged public image and cynicism in the local community (Stumbitz et al., 2018).

As a necessary condition for durability (Kleinhans et al., 2020), an aligned entrepreneurial culture can be built through creating the conditions for shared responsibility and embracing change. An openness to experimentation and proactive learning is also important, and connecting into or working with a variety of partners across the diverse community businesses sector can enable community business leaders to improve their capacity as they identify opportunities and diversify income streams (Stumbitz et al., 2018). As community businesses develop and grow, support to maintain their aligned entrepreneurial culture can help to avoid 'mission drift' and build up a pool of skills and experience for greater resilience despite new or different risks emerging (Plunkett & Swarksy, 2015; Trup et al., 2019).

Power to Change has supported the development of organisational cultures in community businesses through a wide range of programmes. For instance, its Bright Ideas programme has supported early-stage community businesses in ways which they can carry forward, such as staff developing trust and confidence in each other. This gave them greater confidence in their business idea or project, bolstering the impact of the work which the community business was doing. Reflections from a peer broker taking part in the Community Business Fund revealed the importance of having strong leaders who can maintain a vision despite changes that may occur in community businesses (Meghjee et al, 2022). And programmes such as Trade Up provided community businesses with both financial and action learning support to build confidence to acquire new assets, which ultimately led to strengthened long-term sustainability by generating revenue, helping the running of the business, and increasing its value (Chan et al., 2022).

## Networks and partnerships

These conditions for durability can be seen as internally rooted within the community business itself. However, our review also revealed examples of conditions related to the external characteristics of the community businesses and, in particular, the role of strong networks and partnerships as a way for community businesses to become more durable (O'Flynn et al, 2022).

As the second lynchpin conditions for durability, developing networks and partnerships are important because they support leaders, staff, and service users to develop a repertoire of knowledge, practices, and values for navigating the ever-changing external landscape (Kleinhans et al, 2020). Networks and partnerships include strong ties both within the local community and beyond, extending into connections and partnerships with key institutional players and organisations at district, city, regional, or even national level. However, networking does not by default provide benefits. More important is the extent to which community businesses can access the social capital – such as information, skills, funding, and support – embedded within these networks.

Successful community businesses have a clear understanding of where an investment of time will generate the most productive outcomes, by influencing strategic agendas, identifying business opportunities, or developing partnerships that add value. For those leading community businesses, possession of a range of informal and formal relationships is key for ensuring durability (Stumbitz et al., 2018). This involves building quality connections with the wider community business ecosystem, broader networks, and partnerships with other kinds of institutions.

As previously discussed, the Empowering Places programme involved catalyst organisations advocating for the value of community business and using local networks to help the community businesses form strong connections and position themselves in their communities. This included making introductions, involving the community businesses in local events, or linking them with other organisations that can support their work (O'Flynn et al., 2021). Broader support has also been provided to ensure networks and partnerships are sustained over time. In Power to Change's Trade Up programme, for example, community businesses were supported by being linked with their peers so they could exchange ideas and support each other through challenging situations.

# Case study

## Made in Ashford

Made in Ashford is an independent shop run by Craftship Enterprise Community Interest Company (CIC). Based in the Park Mall shopping centre in Ashford, Kent, it is one of the longest running organisations delivering community-based craft and creativity activities in the area. The shop has been successful in attracting people who would not necessarily choose Ashford High Street as a shopping centre, thereby benefiting other local businesses and supporting the town's regeneration. It is also successfully incubating other small enterprises and new businesses.

The founder of Craftship Enterprise CIC originally used the shop to showcase her homemade clothing business. When Ashford Borough Council asked for more from the community business, the founder asked five other creative individuals to work collaboratively with her and, such was its success, they took on the Made in Ashford shop unit permanently in 2015. They formed Craftship Enterprise CIC to run the Made in Ashford shop as a community-focused, not-for-profit enterprise to support local creative businesses and deliver art-based activities to help improve the health and well-being of local people.

Membership is drawn from the creative community in Ashford and other interested individuals, supported by four directors who meet on a monthly basis. The success of this venture can be strongly attributed to collective leadership and an aligned culture, strong networks and partnerships with the creative sector in Ashford, and the enabling CIC business model which encourages accountability to members, but also financial support in the form of rate relief on the building they occupy. Made in Ashford also supports other creative individuals and fledgling businesses, by providing flexible space and business support.

# Durability put to the test

The conditions explored in the previous section are important for the long-term operation of community businesses towards their goals in the community. However, they become even more pronounced in the face of external shocks, to which all community businesses are vulnerable. In some cases, these ripples and shocks can create significant challenges, impacting on trading income, volunteer momentum, or the postponement of business and partnership development. However, our review has also found several examples of creative and collaborative problem-solving that saw community businesses turn external shocks into opportunities to become more durable and resilient.

While the impacts of Covid-19 are still being felt across the country, several funding and support programmes found the pandemic to be a significant external shock affecting volunteering capacity within the community business sector (eg Archer et al, 2020; Chan et al, 2022). For community businesses heavily reliant on volunteers, this had considerable impact on the size of their workforce and capacity. The pandemic also created strain across the paid workforce, as community businesses were forced to close – in some cases furloughing or letting staff go, or redirecting resources to address unusual needs – exacerbating the impacts of reducing volunteering numbers.

## Reduced volunteering numbers

With more than 200,000 volunteers working in the community business sector, volunteers are thought to contribute up to 18m hours of volunteering each year, representing 13 to 15% of the average median operating cost of a community business (Nicol, 2020). As such, volunteering represents a critical practical resource that enables community businesses to operate sustainably, as well as an important mechanism for involving local people. However, reliance on unpaid volunteers also creates vulnerabilities and challenges within a community business, and a sudden decrease in the availability of volunteers, or 'volunteering fatigue', can lead to decrease in this important resource (Avdoulos et al., 2021).

## The impact of Covid-19 on volunteering

Power to Change has previously discussed a looming 'volunteer' crisis – with a quarter of England's community businesses struggling to recruit volunteers – and there were concerns that Covid-19 would worsen the risk of a volunteer shortage (Power to Change, 2020). While the pandemic encouraged more people who typically wouldn't volunteer to do so, many had to step back in order to manage personal risk. Additionally, previous evidence suggests those with prior experience of volunteering are more likely to sustain volunteering (Paine, 2020). Community businesses that were forced to temporarily close or repurpose activity due to imposed national lockdowns had concerns that volunteers would not return, which would have significant impacts on their operational capacity.

An unexpected reduction in the size of the workforce due to an external shock can undermine a community business' business model, straining an important condition for durability. At the same time, despite reduced capacity, the review highlighted the opportunity for strengthening both a community business' aligned entrepreneurial culture and capacity for community engagement and accountability. Indeed, while the pandemic highlighted the vulnerability of the workforce, it also accelerated a process of rethinking ways of working which pushed community businesses to creatively adapt to suit the different needs of their community, often taking up multiple roles and services (Chan et al, 2022; Harris, 2022).



## Insecure income streams

As many community businesses rely on grants and loans from public and charitable sources, particularly in their early or pre-venture stages of development, a lack of access to grant funding can be a major barrier to their growth (Richards et al., 2018a; Wallace, 2005). However, over time, community businesses usually seek to combine trading and non-trading activities to minimise financial exposure. A common form of trading is using assets (specifically buildings and land) to generate income through renting out spaces for work, recreation, or other activities (Kleinhans et al, 2020). That said, an overreliance on grant funding or a single income stream might negatively impact on a community business' durability when faced with external shocks (Sturgis et al., 2022).

It is also important to note that over the last few decades, there have been varying levels of political support for the community business sector, which have created ripples of shock impacting on individual business' financial durability. Where political support wanes, less grant funding might be available to support community businesses. The review found that those leading community businesses may, in such cases, struggle to meet changes to administrative requirements to access funding or support. In challenging political and economic climates, community businesses might also be deprioritised. For example, if a local authority needs to balance a deficit, they may reject a community business's claim for remaining rate relief. The likelihood of this can be driven by national and even international political changes (Harris, 2022).

While financial sustainability is not in itself identified by Kleinhans et al. (2020), it underpins a community business' capability and capacity to achieve several stated conditions of durability. However, overcoming insecure funding models also relies on conditions such as aligned entrepreneurial

culture and the entrepreneurial capacity to identify opportunities and diversify income streams. As well as ensuring sufficient resources are available to consistently deliver services to the community it serves, achieving financial sustainability and, if possible, independence also means to achieve independence from the agendas attached to funding. Instead, the community business is in a better position to develop a way that best suits the community (Buckley et al., 2017).

### The impact of Brexit

A significant political change in the last five years has been the UK's exit from EU membership, with changing regulation likely to change opportunities for community businesses (Dobson, 2022). The impact of this on community businesses is somewhat contested across publications. Generally, community businesses were not concerned by the uncertainty of the wider political landscape given Brexit (Diamond et al., 2017; Plunkett Foundation, 2021). However, in a 2021 survey, 30% of respondents identified some negative impacts from Brexit, for example in relation to supply (Plunkett Foundation, 2021). That said, Brexit has also been identified as a potential 'positive shock', which may increase demand for community businesses as the market becomes more challenging for the mainstream private sector, or where provision from outside the UK is disrupted (Diamond et al., 2017).

## Unexpected costs

Community businesses can be particularly vulnerable to external shocks that impact their operational viability. The unexpected increase in energy rates through 2022, for example, can be destabilising to a community business, which is unlikely to have built up the reserves needed to face these costs. Again, this kind of financial exposure can stretch a community business' business model and financial planning in both the short and long term. Placing limits on the available resources a community business might have can interrupt community engagement and accountability efforts. Shocks to income might also reduce a community business' ability to fund maintenance and improvement to assets, which may undermine their ability to respond to community need (Archer et al., 2019).

Across the publications reviewed, several examples of the impact of unexpected costs were identified. For instance, reports on community asset transfer showed that external costs - such as dealing with live supplier relationships, maintenance costs, and utility bills - create uncertainty in predicting and controlling expenses (Chan et al., 2022; Plunkett and Swersky, 2015). Community businesses in the community energy sector are particularly vulnerable to such changes as the services they provide to communities may involve related services or support, meaning that when fuel costs rise, the costs of their operation rise significantly (Anderson & Kirkup, 2022). Similarly, the length of time needed to secure land and funding for community-led housing often leads to underestimates of costs that fail to account for inflation (Archer & Harrington, 2021).

### Sector-wide challenges to financial durability

Power to Change research into the financial health of community asset ownership in the community business sector found that up to a fifth of 551 community businesses surveyed were likely to have insufficient reserves to meet a modest unexpected expense or income shock. Controlling expenses was seen to be a challenge for many, where a third of respondents did not agree that their asset's expenses were 'regular and predictable' and just over half did not feel their expenses adjusted in line with revenue. Only 30% of community businesses surveyed had faced no factors that had negatively affected their asset in the three years prior to the research (Archer et al, 2019).

# Climate-related disruption

There is growing risk from the effects of climate change, with flooding, water shortages and extreme weather leading to local and global economies that are more vulnerable to climate-related disruption. Community businesses are in no way immune to this (UK Climate Risk, 2021; Dobson, 2022). In recent years, in the UK and globally, there has been an increase in unpredictable natural disasters and extreme weather conditions that might create challenges for community businesses such as decreased footfall, damage to assets, or disrupted infrastructure such as power cuts. This could create a sudden shock to a community businesses' income or costs. Climate-related disruptions to global supply chains have led to materials shortages or increased prices.

Examples from the review of publications highlight how challenging climate-related disruption, particularly sudden and unexpected disruption, can be of a community business' business model in the face of reduced trading capacity or increased maintenance cost of assets. However, there were also examples of more adaptable and resilient community businesses creating an opportunity for greater collective leadership and effective mobilisation of place-based assets, networks and partnerships in the local area when facing climate-related disruption. In fact, community businesses have been found to play an important role in reducing a places' vulnerability to climate-related disruption, as well supporting the recovery of places that have been affected by climate-related disruption (Pringle, 2021).

## Hebden Bridge: from a flooded high street to a flourishing one

Hebden Bridge is a small market town in West Yorkshire with a population of 5,000. The town is a river valley surrounded by steep hills, and the high street flooded in 2012, 2015, and 2020. These floods caused significant damage to the town centre, with multiple buildings being closed. The Town Hall – which was transferred into community ownership – played an important role in the recovery of other community businesses, hosting and organising volunteers and helping the town build back. Consequently, new community businesses emerged and the town now has fewer chain stores and few vacancies compared to other similar towns, despite these floods, and the Town Hall serves as an important anchor organisation for the local community.

# Supporting community business durability

## Building financial planning capacity

Evident from our review was that access to grant funding can be a significant mitigation for overcoming unexpected or challenging costs. However, dealing with financial uncertainty requires expertise in financial planning to maintain a healthy balance between costs, income, and reserves to ensure that the community business can continue their operations and be resilient to unexpected costs and income shocks. External funding with variation allowances, such as the grants provided through the Community Business Fund, provided community business leaders with the flexibility needed to deal with unexpected shocks and costs. This allowed for grant extensions, and freedom to spend the funding on unexpected costs, providing a safety net when unexpected costs arose and enabling community businesses to continue carrying out their plans (Chan et al., 2022).

## Supporting the development of appropriate business models

Although Kleinhans et al proposes a strong business model, adopting the appropriate business model is essential for community businesses being able to fulfil their service to the community, and being organisationally and financially viable in the long run. Having the right model means community value will be supported, but - as touched upon in the previous section - this requires support from authorities and third sector agencies to provide information on the viability of different business models (Anderson and

Kirkup, 2022). Programmes such as Trade Up equipped community business leaders with the tools and the time to re-evaluate their business models and consider whether they would be durable. Traditional and matched trading funding also helped community businesses to invest in their business and diversify their income streams, to increase their stability (Sturgis et al., 2022).

## Building confidence within leadership

To present themselves as viable responses to community need, community businesses require confident leadership. This can make them more trusted by funders and service users alike, increasing their durability in both securing funding and delivering a high-quality service that speaks to a local societal challenge. Many Power to Change programmes have been found to improve the confidence of community business leaders. By working with advisors, leaders can be empowered to make informed decisions, and to take risks when launching their community businesses in the market (Sturgis et al, 2022; Meghjee et al, 2022). Resilience and commitment from community business leaders can also help to mitigate negative consequences in the face of external shocks.

## Bringing together catalyst organisations

Catalyst organisations can help build a supportive ecosystem for community businesses to operate, providing them with strong networks and partnerships, and information and resources to better understand their own operating environment and the opportunities available to them. In the Empowering Places programme, Power to Change provided support to community businesses through catalyst organisations rooted in or working for their local communities. Catalysts were able to bring together local stakeholders, such as local authority and other community businesses, in an incubator approach that encouraged community businesses to be entrepreneurial, and start from a place of strong networks and partnerships to support their development over time (Plunkett et al, 2015).

## Supporting better community engagement and accountability

Community businesses must understand the often-varied needs of the community and how to best support them (Mehgee et al, 2020). This may be achieved via consultation and engagement activities to connect with, and understand, the community's aspirations and needs (O'Flynn et al, 2021). Once this understanding is made, community businesses can make a plan for how such needs can be addressed. Support programmes by Power to Change and other agencies have been useful in helping community businesses gain this understanding (Meghjee et al, 2022), as well as carrying out community engagement in the form of marketing and communications support (O'Flynn et al, 2021).

## Encouraging peer support

Community businesses can be supported through working in peer networks, utilising the expertise of other external community businesses or support agencies to enhance the capacity of small community businesses. Empowering Places catalysts used incubator and networking approaches to address these needs. Other programmes, such as the Community Business Fund, developed a 'hubs' approach, where community businesses can receive funding as well as support from peers (Moore, 2021a; Moore, 2021b; Meghjee et al, 2021). Dobson and Harris (2022) similarly showed how peer broker schemes used experience and networks of community business leaders to provide advice and troubleshooting, to enhance the capacity of community business in becoming durable and able to address societal change.

## Enabling informal networks and connections

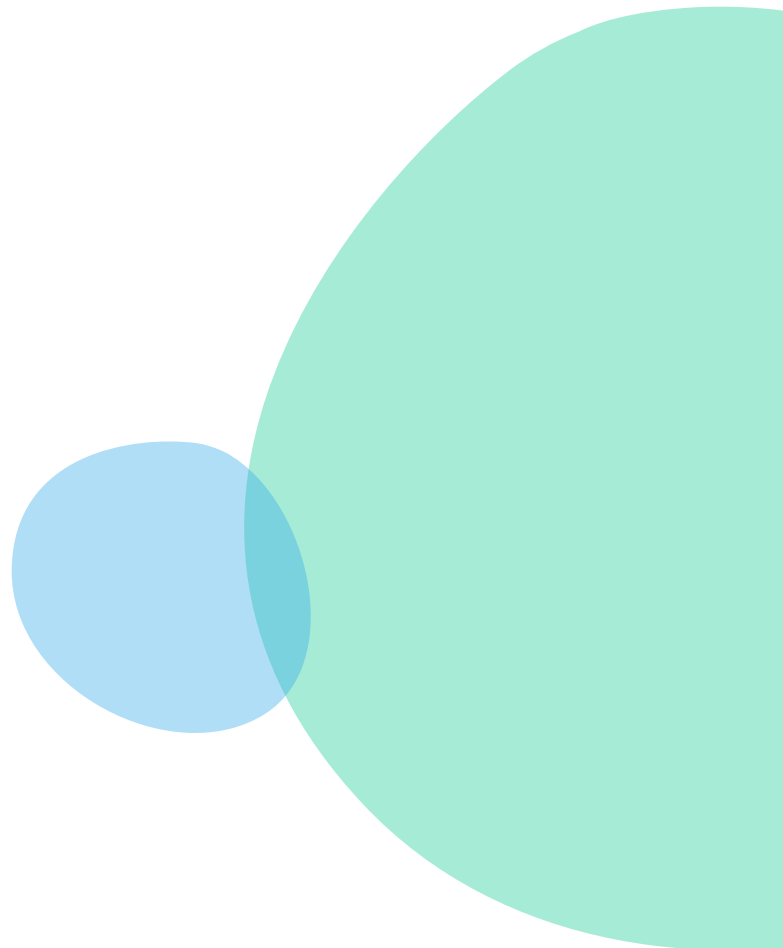
There was evidence across the evaluations of Power to Change programmes that informal connections – which may be developed through networking and partnership working (Kleinhans et al, 2021) - can be useful for enhancing the durability of community businesses. Support accessed in such informal networks and connections can be more accessible and readily available to local projects on terms that they are comfortable with. This includes support from private and public sector bodies. As community businesses develop over time, they can develop informal relationships which reflect the unique needs that they have at each stage of development (Plunkett et al, 2015; Stumbitz et al., 2018 in Kleinhans et al, 2020).


# Conclusion

Based on primary and secondary research in the community business sector, Kleinhans et al. (2020) proposed five conditions for durability – collective leadership, community engagement and accountability, a strong business model, aligned entrepreneurial culture, and strong networks and partnerships. Our review set out to understand those conditions for durability and what helps and hinders durability in the context of practical learnings and findings from Power to Change’s support and funding. It also sought to explore how external shocks interact with these different conditions for durability, and whether and how durability enables communities to operate, particularly in the face of crises and adverse events.

This review of publications and evaluations by Power to Change has identified how support and funding from various programmes has enabled community businesses to achieve or enhance these conditions in different contexts. The review also highlighted several instances of community businesses already working proactively and creatively to enhance their capabilities across these five conditions to build their durability. This has flagged important qualities in their ambitions, values and resources, including being accountable and connected to the community, having cultures of trust and openness, and maintaining an inspiring mission. In both cases, this provides valuable insight into what conditions for durability might be better supported in the future, to enable more community businesses to realise their goals of serving their community in the long term.

Considering the different external shocks community businesses have faced while receiving funding and support from Power to Change has also thrown light on how these conditions are put into practice under stressors and strain. This review found that, in some cases, external shocks can expose where community businesses might not be equipped with the conditions for durability. Examples shared in this report give insight into how this translates into tangible vulnerabilities and challenges that community businesses subsequently face. However, our review also found that external shocks sometimes unleash an energy within community businesses to help them creatively adapt, fuelled by their ongoing commitment to serving the needs of their community. Examples shared in this report demonstrate that, in this context, community businesses do indeed draw on or strengthen some of those conditions for durability in order to overcome those shocks.





While the conditions for durability are well understood and to some extent evidenced, many community businesses will need bespoke support to achieve them. Likewise, community businesses need support that is more tailored to their needs and longer in term to ensure they have the capability to address societal challenges. The connections and networks that community businesses build should also reflect the longer-term need of community business support, and where this is not reflected, informal networks of support may be more effective in keeping up with the needs of community businesses. In particular, the review highlights opportunities for funding and resources to support networks that enable better collective leadership, as well as supports community businesses to realise the condition of aligned entrepreneurial culture.

In identifying the different conditions for durability and the different combination of conditions that seem to work, Kleinhans et al. (2020) encouraged the community business sector to examine these conditions for success in conjunction, focusing in on the interplay between them to understand what ultimately makes for durability. However, there seems to be an opportunity to progress Kleinhans et al.'s proposed conditions of durability to a sector-wide approach to understanding and measuring durability holistically and empirically. In particular, this would help to identify the practical relevance of the different conditions to help funders and other stakeholders prioritise their funding and support to community businesses. It would also be a useful tool in helping community businesses to prioritise the ways in which they become and remain durable.

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