



power to  
change

business in  
community  
hands



# A guide to local government for community businesses

SEPTEMBER 2019



## Power to Change

Power to Change is an independent charitable trust, established in 2015, that supports and develops community businesses in England through grant-making, research, capacity building and policy work. Over seven years, until 2022, it is using its £150 million endowment from The Big Lottery Fund to strengthen community businesses, providing money, advice and support to help local people come together to solve problems for their community, revive local assets, take control and make better places. Power to Change believes that nobody understands a community better than the people who live there.

## About the author

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Andy has also worked as a Senior Research Fellow at the Institute for Public Policy Research, as an Expert Analyst at the Ministry of Justice and in a number of roles with the Metropolitan Police. He has performed consultancy assignments for clients including charities (e.g. the Jo Cox Foundation and the Living Wage Foundation), think tanks (e.g. the New Economics Foundation, the Royal Society of Arts and the Centre for London), members of parliament (e.g. Jim McMahon MP and Catherine West MP) and the Local Government Association.

You can follow Andy on Twitter at [@AndyHull79](https://twitter.com/AndyHull79)

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# Executive summary

Community businesses stand to benefit greatly from a strong working relationship with their local authority, and vice-versa. However, many community businesses may find the world of local government difficult to navigate. This guide explains that world in simple terms and offers practical advice to community businesses to enable them to strengthen their relationships with their local councils to mutual benefit. A limitation of this guide is that it can never substitute for human relationships between people working in community business and local government respectively. Relationships between organisations, after all, are underpinned by relationships between people.

Local authorities – steered by elected members and managed by appointed officials – are responsible for delivering a wide array of services in the local area, using their staff, contractors, money, land, buildings, vehicles, powers and influence. They do this through a variety of structures in order to secure a limited set of high-level outcomes to which they aspire, to make a place, for instance, ‘safe and cohesive’, to create ‘a clean and healthy place’ or ‘an inclusive economy’. If a community business can show that its work contributes to one or more of these outcomes – demonstrating strategic alignment with the council – then it is well-placed to derive meaningful support from its local authority.

This support can take a number of forms. It may come in the form of physical assets, such as empty land to develop, a pier to regenerate or premises to rent. Under some circumstances, ownership of these assets can be transferred altogether to a community business which then takes on any associated liabilities. On other occasions, support may come from the council in terms of planning permission to develop a site or build an extension, or the allocation of a licence to serve food and drink in a community hub’s café. Often, support will be available in the form of money, either via business rates relief, grants, contracts for commissioned work or impact investment. Alternatively, the support on offer might take the form of assistance with capacity building, helping the community business develop its business plan, fundraise externally or quantify its impact.

In return, community businesses can offer a great deal to local authorities, even if councils that are unused to dealing with community businesses might need some help to realise it. Community businesses can step up and fill gaps left in public service provision as parts of the state recede, constrained by austerity. Community businesses, with their deep roots in a local community, can offer a business model which secures more by way of social and economic value for members of that local community than most alternative providers, creating jobs

for local people, harnessing the skills and energies of the local population, developing its skills, and so on. Work entrusted to a community business will usually see money reinvested in the local area. Community businesses are also exceptionally placed to tap into parts of the community that local authorities sometimes struggle to reach. This, in turn, can leave local communities with a sense of ownership, empowerment and confidence. Lastly, the evidence suggests that community businesses stick around for longer than other forms of private enterprise. This staying power is important in communities where relationships of trust need to be built up over years. Stability is a particularly precious commodity when the national and international socioeconomic backdrop appears so precarious.

Community businesses can put in place measures to reassure councils that they are credible partners – that all of their legal, financial and governance arrangements are sufficient and compliant with relevant regulation. The guide lays out what some of those steps are and provides links to information about how to take them. The guide then signposts community businesses beyond their relationship with local authorities to look at how they relate to the rest of the public sector in their area. Finally, the guide provides two checklists to make it as easy as possible for a community business to satisfy itself that it has considered all the different ways in which it and its local council stand to gain from a stronger relationship. We sincerely hope those relationships are indeed strengthened as a result of some community businesspeople reading and acting upon the advice offered in this guide.



# Introduction

Levels of knowledge and understanding among local authorities regarding community businesses in general are low. Community businesses wishing to leverage the many benefits of engaging constructively with their local authority may need to appreciate this fact and assume little prior knowledge on the part of the council when it comes to the community business model or its particular strengths. If community businesses appreciate the buttons to press – and those to avoid – when approaching their local council, they have a better chance of forging a mutually beneficial relationship with it. By following the straightforward advice contained in this guide, community businesses can profit from productive engagement with their local council on a number of fronts. There are concrete benefits to be had by the council, the business and the local community they both serve.

This guide introduces community businesses to the world of local government and offers them practical advice for how best to understand and engage with it to mutual benefit.

## The purpose of this guide

Power to Change recognises that local authorities are anchor institutions in their communities, socially and economically, capable of acting as civic leaders and shaping places. From its work with community businesses, it is apparent that such businesses appreciate the importance of local authorities as potential partners and are keen to develop a better understanding of how they might benefit from engaging with their local councils and of how to do just that. This guide offers practical guidance for community businesses to help them understand and engage better with their local authorities. Likewise, community businesses are not generally well understood by councils, so this guide focuses in part on how community businesses can explain and articulate what they do to councils and how to communicate the special value they can add.

## Relationships underpin this guidance

Invariably, the most important connections a community business can form with a local authority take the form of relationships between its people and theirs. Merely transactional interactions are short-lived and create weak bonds. Personal relationships with a council's staff and elected members, forged over time, face to face, will stand a community business in much more solid stead. When a community business has something to ask of a local authority (or vice-versa), the strength of its relationships with people working for or representing the council will often be an influential factor, however indirectly, in determining the success or otherwise of its request. There is no substitute for such relationships, nor anything improper about them. Investing in them should be a priority for any community business serious about engaging with its local authority.

Local authorities have, however, faced severe financial cuts from central government over recent years, which has led to a large reduction in the numbers of council staff. This has left some councils able only to deliver the statutory services which they have a legal obligation to provide, with fewer resources to develop schemes with community businesses. Personal relationships developed over time between a community business and its local authority may then suddenly be disrupted by council redundancies, leaving little choice but for the community business to build up new personal contacts within the local authority.

Nevertheless, the strength of the relationships which community businesses have with their local authorities is a key determinant of their success. For the community pub sector, for example, support from local leaders and public bodies helps prevent assets from being sold to private developers, e.g. by registering a pub as an asset of community value. Indeed, the lack of a strategic national policy around community business means that symbiotic relationships and partnerships with local political and public bodies are all the more important.



**SUGGESTION: Who do you already know at your local council(s)? Make a list of council officers and elected members whom you already know. How positive a set of relationships do you have with them? What could you do to strengthen these relationships?**

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# Understanding councils

## What councils do

Councils receive funding primarily from council tax, business rates and government grants to discharge a wide array of responsibilities. Some of these responsibilities, such as child protection, are statutory. Others, such as the provision of youth services, are discretionary. Council services are extremely diverse, so it is highly likely that one or more of them will be relevant to your community business. The following list of services provided by a council in its local area is not exhaustive:

- Adult social care
- Cemeteries and crematoria
- Childcare and early years
- Children’s social care
- Communications and consultation
- Community development
- Community safety
- Democratic services
- Economic development and inclusive growth
- Employment and skills
- Energy, fuel poverty and climate change
- Environment and sustainability
- Housing and homelessness
- Integration and cohesion
- Libraries, arts and culture
- Licensing and night-time economy
- Loneliness and social isolation
- Parks and greenspace
- Planning and heritage
- Play and youth
- Preventing extremism and exploitation
- Public health
- Public protection
- Refugees and no recourse to public funds
- Regeneration and town centres
- Resilience and civil emergencies
- Revenues and benefits
- Schools and lifelong learning
- Sport, leisure and recreation
- Street scene, roads and highways
- Traffic and parking
- Transport, active travel and air quality
- Voluntary and community sector support
- Waste and recycling
- Youth offending

In order to discharge these myriad responsibilities, councils can mobilise:



**Staff**

employed directly



**Buildings**

residential, office accommodation, community and commercial



**Contractors**

councils across the UK spend c£40bn per annum on contracts



**Vehicles**

from school buses to rubbish trucks



**Money**

via multi-million-pound revenue and capital budgets



**Powers**

e.g. to issue fines for littering or collect council tax



**Land**

including for development



**Influence**

beyond their immediate authority



**SUGGESTION:** Consider what are the key council services or departments for your community business? Who are the key people in those departments? Who are the elected members with responsibility for those areas?

## Who councils are

You may come into contact with three different categories of people working for and representing your local council:

### Elected members:

- Known as councillors, each member of the council is elected once every four years (either in all-out or partial elections) to represent their ward on the council.
- Some wards have two elected members; others have three.
- Usually, a councillor will represent a political party on the council too, although there are some independent councillors with no party affiliation.
- Fundamentally, elected councillors have two roles: representing the residents in their ward, and collectively steering the council as a whole.
- Most councils operate a leader and cabinet model. Under this model, one councillor is elected as Leader of the Council by their peers. They are supported by a Cabinet or Executive of other frontbench councillors. The rest of the councillors are called backbenchers and, among other things, sit on committees which scrutinise the work of the frontbench.

- Being a backbencher is a part-time commitment. Many backbenchers have day-jobs as well. Being a cabinet member is also usually part-time, although it requires more time than being a backbencher. Being a council leader is usually a full-time role.
- Most councils have about 50 elected councillors.



**SUGGESTION:** Find out who your own ward councillors are and get to know them. Invite them to visit your community business, individually or together, such as on Open Days or over Community Business Weekend.

**Appointed officers:**

- Local authority officers are the local government equivalent of central government's civil servants.
- Politically neutral, council officers are appointed rather than elected.
- The role of officers is to implement the strategy set by the elected members and to deliver the council's services in keeping with the direction offered by councillors.
- Officers also ensure continuity during elections periods.
- Officers range from frontline workers through to the council's chief executive.
- A council will usually employ thousands of officers.

**Contracted workers:**

- All councils outsource the delivery of certain services to external contractors, rather than using their own staff to perform every function.
- Overall, each council spends hundreds of millions of pounds every year on such contracts.
- Contracted workers are not employed directly by the council, but they are nonetheless in the end working on the council's behalf.

## Council priorities

Councils are much more likely to support your community business if your work is aligned with one or more of their corporate priorities. In recent years, local authorities have lost as much as half of their core funding, so councils will understandably prioritise work which contributes towards their stated outcomes. To find out what a council's priorities are, search out and read its high-level corporate plan. While each council will have a gamut of strategies and policies, they should all flow from this overarching corporate plan. It may be that you do not need to flex your own proposals too much to fit with your local authority's established agenda, but bringing out explicitly how you can help them further their identified causes will serve your community business well.



**SUGGESTION: Find out your local council's priorities from its website. List your own organisation's priorities. Identify the areas of greatest overlap between the two.**

## Council structures

Each council is structured slightly differently. However, every council's officer corps will be led by a Chief Executive or Head of Paid Service, and every council's membership will be led by a Leader or Mayor. Identifying these people and their contact details should be simple via a standard online search engine or on the council's website. One or both of these two people would be a reasonable place to start in terms of you making an initial approach to the council. They will likely then pass your correspondence down through the council's hierarchy to the appropriate officer and/or member to respond to you on the council's behalf.

The other logical point of entry for you to the council should be the local ward councillors elected to represent the ward in which your community business is based. Use the MySociety<sup>1</sup> search facility to enter the postcode of your community business. This should tell you which ward your community business is based in and who its councillors are. Your local ward councillors are well-placed to act as advocates and champions for your community business, regardless of their party political colours, so it is advisable to contact them early on in your dealings with the council. They can help you navigate the council system efficiently. It is almost certainly worth inviting them to visit your community business in person to initiate a relationship face-to-face and to help them understand the nature and relevance of your work.

<sup>1</sup> <https://www.mysociety.org/wehelpyou/contact-your-local-councillor/>

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# How councils can help community businesses

There are a whole host of ways in which community businesses can benefit from a relationship with their local council.

## Physical space

Local authorities own a variety of physical assets, ranging from roads and bridges through piers and marinas, parks and sports pitches to empty land and buildings of all sorts. If your community business needs a space in which or from which to operate, your local council may have one that is available. Whether you require access to a whole building or just part of one, it is worth asking your council if they have what you need. Often, a council will want to retain the freehold, but you may be able to lease premises from it on a medium or long term basis, rent them for the shorter term, or even just occupy them on a meanwhile basis to tide you over while the council gets around to using them for something else. Councils will transfer freeholds where a building or space is surplus to requirements. This is usually done by the mechanism of Community Asset Transfer – discussed further below.

Often a council will organise its properties into three or more categories, including: office accommodation for its own staff, which it will endeavour to utilise as efficiently as possible; commercial buildings in lucrative areas, which is let at market rates to maximise income; and community buildings, which it will make

available at discounted rates or on a peppercorn rent to community-based organisations, such as local charities, which can add social value in the area.

Sometimes a council will acquire or build a new facility. Some local authority buildings, however, come to be viewed by the council in question as liabilities rather than assets. This may be the case if, for instance, they are struggling to find a way to operate the site without heavy subsidy. These are the buildings of which the council may be keen to dispose, often at a significant discount. There is ample precedent nationally when it comes to community groups acquiring a failing council asset cheaply and then successfully turning it around to create a sustainable business. No doubt some such asset transfers have had a less happy ending, often through an inability to afford the cost of maintenance, poor revenue from the asset, not being able to recruit a full volunteer base or limited access to grant funding. It is important then to exercise due diligence before taking on responsibility for an asset from a council. Assets in public and private ownership, of course, fail too.

Currently, there are believed to be at least 6,325 assets in community ownership in England, contributing nearly £220 million to the economy every year. Three quarters of these assets report being in good financial health and nearly a third of them came into community ownership in the last decade (Power to Change 2019a).

Power to Change estimates that up to £7bn of local authority assets could be transferred to community ownership under Community Asset Transfers (CAT). Local authorities have already identified £2.5bn of their existing assets as surplus, as many scour their portfolios with an eye to potential disposals (Audit Commission 2014). Locality<sup>2</sup>, the national membership network for community organisations, estimates that on average more than 4,000 publicly owned buildings and spaces in England are being sold off every year (Locality 2018).

The assets most likely to be taken over by local communities are community centres (56 per cent of local authorities surveyed had transferred management), public green spaces (49 per cent), sports facilities (35 per cent) and libraries (28 per cent). Approaches to asset transfer vary significantly between local authorities. Most authorities state a preference for transfer of leasehold over freehold in Community Asset Transfer policies, and this is reflected in practices over the last five years. Many authorities do recognise the potential of asset transfer to achieve their objectives. Over 80 per cent of local authority officers surveyed recognised that asset transfer can support their authority to reduce the cost of service provision, protect a service that would otherwise be lost, or improve service user engagement (Power to Change 2016).



**SUGGESTION: Ask your local authority for a copy of its asset register and its asset transfer policy (if it has one). Identify any assets on the register in which your community business might be interested. Ask the Head of Property at the council what the local authority's plans are for those assets.**

<sup>2</sup> <https://locality.org.uk/>

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## CASE STUDY: BRAMLEY BATHS



Bramley Baths were built in 1904 and refurbished in 1991. The baths used to be part of Leeds City Council's leisure service. They were losing money, so the council started to limit opening hours and then chose to close them altogether. The local community rallied around to get an asset transfer to run them for themselves.

Now, Bramley Baths has a board with 10 local trustees, employs 18 (FTE) staff, has a £650,000 turnover and makes a healthy surplus. It does this by offering a wide range of services, including: a gardening group; a community hub; swimming; ballet and opera in the pool; discos; film nights; and baptisms.

Bramley Baths has always had a local councillor on its board. It has dealt primarily with council officers in the Heritage, Planning, Facilities and Property departments. It benefits from full business rates relief. It received some council grants at the outset. It is also commissioned by schools to run swimming classes.

Privately-owned spaces and buildings can also be accessed by community businesses, with support from the local authority. Under the Localism Act 2012, anyone can nominate a local building or space as an 'asset of community value', and councils must keep a register of assets of community value in their area. If the nomination is successful, then the asset then benefits from: the removal of permitted development rights; material protection from planning permission for demolition or change of use; the ability to be compulsorily purchased by the local authority, if under threat of long-term loss to the community; and, most relevantly for you as a community business, the ability to be purchased by a community group exercising the new community right to bid. The same act of parliament also empowers community groups to exercise a community right to build, enabling them to bring forward small-scale developments of community benefit without the need for planning permission.



**SUGGESTION:** Ask your council for its register of assets of community value (ACV), and look on [keepitinthecommunity.org](http://keepitinthecommunity.org) to see all ACV and community-owned assets in your local area. Ask the council for an explanation of the process locally, for nominating an asset of community value.

## Permissions

If your community business wishes to develop a site or change the use to which a building is put, it will ordinarily need to seek and secure planning permission from the local authority to do so. The planning function of a council is exercised by a combination of council officers and members in a quasi-judicial way, meaning it is deliberately somewhat detached from the rest of the council's business.

Planning decisions are informed by policy formulated at national (National Planning Policy Framework), regional (e.g. London Plan) and local (Local Plan) levels.

Likewise, if you wish your community business to sell or give out food and/or drink, you will need to seek and secure a licence from the local authority's licensing function in order to be able to do so legally. This function is again tightly regulated and quasi-judicial in nature.



**SUGGESTION: Identify what permissions your community business might need from the council in the future and establish its processes for securing those permissions.**

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## CASE STUDY: BRETORTON COMMUNITY SHOP



Bretforton Community Shop, in the Vale of Evesham, serves a community of approximately 1,500 people. It mainly sells groceries and convenience items, such as milk and bread. It also provides a sales outlet for local, independently produced produce.

Mostly volunteer-run, it employs 3 part-time staff. Its turnover is roughly £200,000. It raised £38,000 from a share offer.

It has received grants from both Wychavon District Council and Worcester County Council. A founding member of its committee was a councillor. It gets 100 per cent business rates relief. The shop is currently planning an extension, for which it will need to secure planning permission from the local authority. It also hopes to forge stronger links with the council's Adult Social Care department on issues of shared concern, such as social isolation.

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## Funding

Local authorities are significant budget holders. Some of their money is accessible to community businesses, in a number of ways:

### Business rates relief

Those responsible for any non-residential building must pay business rates to the local council each year for it. Although councils collect these business rates, they are set by a national organisation, called the Valuation Office Agency. Councils must give mandatory business rates relief (worth 80 per cent of the total bill) to organisations with charitable status. Councils may increase this discount up to 100 per cent at their own discretion. Councils also grant small business rate relief to small enterprises with a property which has a rateable value of less than £15,000. Beyond that, councils can give discretionary business rates relief, largely as they see fit, within the limits of their local policy and budget. If you use premises for which you pay business rates, it is worth exploring if your community business is eligible to apply to your council for partial or total business rates relief.



**SUGGESTION:** Ask the council what the criteria and process are locally for being granted business rates relief. Apply for such relief for your community business, if eligible.

## Grants

Many local authorities have one or more grants schemes to which local organisations can apply for grants. Some of these funds are disbursed at a ward level, whilst others are disbursed at a council-wide level. The eligibility criteria and sums available will vary from council to council. It is definitely worth finding out if your community business might qualify for one or more of the grant schemes run by your local authority.

Having mentioned planning policy above, it is also worth noting that the developers of most new developments are required to make a contribution via the local authority to the local community, to offset the disruptive impact of their development. This contribution normally takes the form of a payment to the council under either Section 106 of the Town and Country Planning Act 1990 or the Community Infrastructure Levy enshrined in the Planning Act 2008. In either guise, it must be spent by the local authority on improving the local area. The mechanism for its disbursement will again vary from council to council, but it is worth exploring whether and how your community business might be able to bid for any such funds, known as 'planning gain'.



**SUGGESTION:** Find out what grants are available from your local authority. Ask too how your council disburses the proceeds of planning gain, i.e. Section 106 and Community Infrastructure Levy monies.

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## CASE STUDY: SHEFFIELD RENEWABLES



Sheffield Renewables is a community energy association, set up a decade ago. Its work is predominantly concerned with harnessing solar energy. It experimented with hydro power as well but found that field challenging.

A small community business with no paid staff, Sheffield Renewables has 9 directors, 10 active volunteers and 254 member-shareholders. Its turnover is £40,000 a year.

Its local authority is Sheffield City Council, from which it received a start-up grant. Sheffield councillors have helped open doors for the business. It rents an office from the council at a peppercorn rate. The council frequently namechecks the business in promotional materials regarding its green agenda. The local authority's Sustainability Officer has helped the business navigate the council's bureaucracy.

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## Procurement and commissioning

All councils procure goods and commission services. No council runs every single one of its services in-house; every council secures contracts with outside providers to deliver some of them. You might consider whether your community business could be one of those contractors. Given the range of council services listed above, it is highly likely that your business is operating in a space in which the council needs or chooses to provide a service. If you can convince the council that your community business is best placed to provide that service on the council's behalf, then you could secure a significant contract from the council to do so.

Normally, when a council wishes to procure a service, it will put a tender for it out in the marketplace, soliciting bids from potential providers to run the service. In selecting its preferred provider, it will bear in mind both national procurement regulations and local procurement policies. Increasingly, these local policies put a premium on contractors delivering social value, for instance through generating local jobs or apprenticeships, paying the real Living Wage, avoiding Blacklisting or stamping out Modern Slavery. Often, community businesses will be well placed to compete with other bidders on these criteria, even if economies of scale can make it harder for them to compete straightforwardly on price. Increasingly, councils are looking towards more community-oriented models for commissioning which bodes well for community businesses interested in bidding for council contracts (NLGN 2019). Indeed,

some councils are proactively encouraging community businesses to submit tenders, as they want to demonstrate that they are using local suppliers. Moreover, where a local supplier is not currently available, some councils are providing support for community businesses to diversify into the area in question.

It is not uncommon for a council to spend half or more of its gross budget on contracts. So, it may well be worthwhile contacting your local authority's central procurement team to find out when and where they advertise such tenders and opportunities and how your community business might put itself forwards, individually or as part of a consortium with others, to win the work.



**SUGGESTION:** Ask your council when, where and how they advertise tenders for contracts so that your community business can see if it wishes to bid for any of them in the future.

If you think that your community business could run one of the council's services better than the council, you can also look to exercise the Community Right to Challenge enacted in the Localism Act 2012. This forces the council to put out a tender for the service, enabling you to submit a bid to run it. It does not necessarily guarantee that such a bid would be successful. Of the first 50 expressions of interest in posing such a challenge, four resulted in the challenger winning the work from the council (House of Commons 2015). Some councils have a preferred supplier list and a community business will have to satisfy various criteria to get onto such a list to be able to bid.



**SUGGESTION:** Ask your council what the process is for exercising the Community Right to Challenge in your local authority area.



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## CASE STUDY:

### TOTNES RENEWABLE ENERGY SOCIETY (TRESoc)

Totnes Renewable Energy Society (TRESoc) is 12 years old. Based in Devon, between the moors and the sea, it generates renewable energy from 46 solar sites, including on community buildings and housing, and from 1 hydro site. It meets in small business incubation premises run by Transition Town Totnes and made available by the local council for free.

TRESoc has 550 community shareholder-members, 95 per cent of whom live within 10 miles of Totnes. It employs 4 part-time staff and has 7 board members. Its share capital amounts to £0.5m and its turnover is £63,000.

Its local authorities are South Hams District Council and Devon County Council. Within each of the two councils, TRESoc has its advocates, although it was frustrating that a council Planning Committee rejected a TRESoc proposal to install wind-turbines. Currently, there is no energy efficiency arm to TRESoc's work, but it is considering developing one, in which it hopes one of the councils might then be interested. Meanwhile, TRESoc is hoping to win a council contract for an anaerobic digester for food waste. TRESoc is also hoping to put solar panels on, for instance, the roof of the council swimming baths.

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## Impact investment

Many local authorities today invest funds to generate returns by way of income that can be channelled back into cash-strapped local services. However, many of these investments appear distant and remote from the council's social purposes. Some enlightened councils are starting to align their investment more closely with their social aims, including by focusing their investment into local buildings, businesses and projects in their patch. That way, they can generate a return to plough back into local services while having a positive impact in the local area as well. In recent times, Plymouth, Swansea, Hertfordshire, Frome, Leeds and Hull councils have borrowed from the Public Works Loan Board to finance new community business initiatives. Local authorities can invest in community businesses that deliver economic, social and environmental benefits for council tax payers at the same time as delivering a financial return for councils. More local authorities could use their balance sheets, or their access to cheap finance from the Public Works Loan Board, to benefit community businesses (Power to Change 2018a).

Social impact bonds (SIBs) – a commissioning tool which makes funding for services conditional on achieving results – are also available as a potential source of finance for community businesses, at even lower interest rates than the PWLB. There are over 30 SIBs across the UK. The government's website<sup>3</sup> contains useful resources regarding SIBs and how to access them.

<sup>3</sup> <https://www.gov.uk/guidance/social-impact-bonds>

## Capacity

Beyond buildings and money, your local council may be willing and able to help your community business build its capacity in a variety of ways. This capacity building could take such forms as expert support for set-up or business development, advice on external fundraising, tips for bidding for contracts, or training in terms of how best to quantify impact or evidence demand.

Moreover, your local authority may be a good source for your community business of people. Some councils might be able to point volunteers your way, not least in the form of potential board members with relevant skillsets. Indeed, recruiting a local councillor onto the board of your community business can be an effective way to tap their local knowledge whilst securing a degree of council buy-in.

There is no need to align your community business to one particular political party on the council, and doing so may serve you badly if the political complexion of the council changes after an election. Your local authority might signpost local people to apply for the jobs you advertise, or refer clients to the services you offer.

Councillors are not the only leaders in a community. Inviting other, unelected community leaders to become members of your community business's board may also assist you to work with the local authority.

A local authority could also assist your community business with marketing and promotion through its extensive networks and frequent online and hard-copy publications, some of which are unrivalled in terms of their local market penetration.

A local authority ought to be able to introduce your community business to any relevant local networks, peer groups or communities of practice. It may even have or be willing to co-create a dedicated forum or portal for community businesses locally.

Some councils already enjoy strong relationships with community businesses in their area. For example, Calderdale Council supports a range of community businesses such as Hebden Bridge Town Hall, Incredible Edible, Todmorden Learning College, The Picture House cinema, Pennine Community Power and Halifax Opportunities Trust. There is even a dedicated community business advisor based in Heptonstall. Likewise, Sutton Council supports Eco-Local, The Hope Pub, The Brook, Sound Lounge and Sutton Community Farm. Suffolk County Council supports a host of community-run pubs, like the Sorrell Horse at Shottisham. These three councils, each of a different political colour, show how local authorities can develop their relationship with community businesses in their patch.



**SUGGESTION: Ask your local authority to share the details of relevant networks locally which your community business could consider joining in order to ensure that you do hear about every upcoming opportunity and can offer and receive appropriate support from your peers.**

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# How community businesses can help councils

## Plugging gaps

The past decade has seen an unprecedented level of reductions in local government funding. As a result, local authorities are stretched more thinly than ever. Community businesses are in a position to help local authorities achieve their corporate outcomes, as outlined in their corporate plans, when councils themselves are sometimes struggling just to deliver the basics. In particular, community businesses may be able to add significant value in those areas where council expenditure is at least in part discretionary or where the impact of budget cuts has been felt most keenly. Such areas might include, for instance, youth services, libraries and children's centres.

By making themselves relevant to the preservation of a council's core activities, rather than appearing peripheral, community businesses can optimise their appeal to councils as potential partners. Community businesses should only do this, however, if it does not involve compromising their own organisational purpose. Furthermore, whilst community businesses would be ill-advised to underbid for funding to deliver work previously done by the council, it will sometimes be the case that, by mobilising community assets and energising volunteers, community businesses can undertake similar activities at least as cost-effectively as the council.

BS3 Community is a thriving community business in Bristol, which provides a number of successful services – from running a large nursery, to provision for older people struggling with loneliness, to social prescribing – which Bristol City Council might have delivered directly in the past.

The local council have even given BS3 the keys to some of the local tower blocks, which they describe as 'vertical streets of isolation', to help connect their residents into the local community.



**SUGGESTION: Read your local council's annual budget documentation (usually available online) and/or associated local press coverage. Consider if there are any areas where the council has reduced expenditure or service provision, where your community business does or could operate.**

## Community wealth building

The embeddedness of community businesses in their local community is a strength which will appeal to councils wanting to grow the local economy in ways that benefit existing residents. Local authorities have a vested interest in reducing levels of unemployment and underemployment locally. Community businesses, unlike some larger organisations, tend to employ local residents. Among the full-time employees working for organisations in receipt of Community Business Fund grants, for example, on average over 70 per cent came from the local community (Power to Change 2019b). The wages earned by their staff are then reinvested in the local economy. Connecting with the local community, creating jobs locally and supporting local residents to get those jobs are all in the economic and political interest of every council, regardless of which party is in control of the town hall.

Homebaked, for example, is a community bakery which has grown its annual turnover to over £300,000: the business spends predominantly with local suppliers and employs 19 local people. The average community business employs 9 staff, meaning that community businesses employ 33,600 staff nationwide. And the average community business uses 31 active volunteers, meaning collectively they deploy 125,200 volunteers across England (Power to Change 2018b).

Community businesses are predominantly located in disadvantaged areas, and many operate in areas with higher than average

unemployment. Gyroscope, for example, a community-led housing organisation in Hull, is improving the quality of housing in the local area, with support from Power to Change. This is helping to reduce anti-social behaviour in the area and improve the quality of life for local people. As well as contributing to community wealth building then, community businesses can also contribute to community wellbeing.

Community businesses are perfectly placed to deliver social value at a level of concentration that is beyond less locally-rooted organisations' capability. If a community business can glean from the local council which priority cohorts in the local population it especially wants to see supported, the community business will often be able to articulate creatively how it might assist those groups on the ground. Where it cannot tick every such box on its own, a community business might consider entering into a consortium arrangement with other local, regional or national providers, collectively to meet all of the local authority's requirements. In this win-win way, community businesses can bolster the social value component of, say, a national organisation's bid for a local authority contract.



**SUGGESTION:** In order to make your community business as attractive as possible to your local authority, itemise all the ways in which your community business supports the local community, e.g. through employing local people, deploying local volunteers, etc.

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## CASE STUDY:

### WINDMILL HILL CITY FARM

Windmill Hill City Farm (WHCF), set up in 1976, occupies 4 acres of gardens and farms in central Bristol. It is a local anchor organisation, engaging 400 volunteers per year, employing 80 staff, having 380 members and a turnover of £1.6m.

WHCF's income is primarily earned from contracts, fees, rents and some limited grants. It offers a daycare nursery; social care work with adults with mental health problems and/or learning difficulties; a visitor attraction in the form of the city farm; meeting rooms for hire; other community businesses as rent-paying tenants on site; and an active events programme, including private hires.

The local authority is Bristol City Council, from which WHCF gets its land for a peppercorn rent, a discount on its business rates and £70,000 per annum over 4 years from the Bristol Impact Fund, which is the council's strategic pot of funding for investment in the local community and voluntary sector. Reductions in staff numbers at the city council have stretched its ability to stay in good touch with the farm. WHCF also delivers some work under contract for the local Clinical Commissioning Group.



## Reach into communities

Rooted as they are in their local communities, community businesses are sometimes able to reach deeper into them than local authorities can (University of Liverpool 2019). This can mean making employment or volunteering opportunities available to sections of the community traditionally viewed as 'hard to reach'. Volunteering time towards the set-up or running of a local community business is attractive to a diverse range of people. People who want to get involved in a community business are often younger people and people from minority ethnic communities (Britain Thinks 2016). At its best, this can mean mobilising active citizens whose energy may otherwise go untapped. Community hubs, of which there are an estimated 1,900 in England, also provide space for local people to meet and participate together in activities, combatting social isolation and promoting cohesion (Power to Change 2018b).

Community ownership of assets benefits local communities; it supports the delivery of valued local services, builds community wealth, supports bottom-up regeneration, and gives local people a greater sense of control of the things that matter to them. Local people who understand an area's challenges because they live and breathe them themselves every day will often be in a stronger position to help address those challenges than others coming in from outside.

Community businesses can provide a way of reinvigorating local democracy. A survey conducted by YouGov for the Localism Commission, set up by Power to Change and Locality, found that nearly three quarters of those polled felt they currently have little or no say over the decisions that affect their neighbourhood (Power to Change 2018a). Too many people currently feel disconnected from, and disillusioned with, power. A more participatory approach to business offers to help bridge this gap.



**SUGGESTION: Do some basic analysis of who your community business's staff, volunteers and users are. Consider if they live locally, as well as their age, gender, disability, ethnicity, religion and sexual orientation. The council will be interested in this information, especially if it demonstrates an ability on the part of your community business to reach into elements of the local community which the council traditionally struggles to engage.**

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**CASE STUDY:**  
**CUCKMERE COMMUNITY  
BUSES LTD**

Cuckmere Community Buses Ltd (CCBL) has been going since 1976. This community transport company uses 55 volunteer drivers and 15 other volunteers. It has eight 16-seat, low-floor, fully accessible minibuses serving 25 local, passenger-led routes across a territory of 300 square miles, seven days a week.

Most of the company’s revenue, with a turnover of £220,000, comes from passenger fares. East Sussex County Council gives CCBL £14,000 in grants to run certain routes. CCBL does not compete for council contracts, nor is it overly reliant on council grants, but it is often asked by one

or more of the five councils its services run through to salvage struggling routes. Its stakeholder board meets biannually and is attended by representatives of every parish served. CCBL would find it useful to be part of a network of local community businesses in the region.



## Resilience

The ability to develop relationships with the local community is critical to the successful delivery of services at the local level. Developing such relationships takes time – it cannot happen overnight. If initiatives stop and start too frequently, not least due to short-term funding streams, these relationships suffer. It is therefore important that the providers of work in the community prove resilient, so that they stick around and have the time to forge the relationships necessary. This resilience is an area where community businesses have a definite edge.

Research commissioned by Power to Change suggests that community shops trading in England can boast a 95 per cent long-term survival rate, compared with a 45 per cent five-year survival rate for UK small business in general. For community pubs, the survival rate rises to 100 per cent. During 2016, for example, no co-operative pubs closed their doors, while CAMRA reported 29 privately-run pubs closing every week. In 2015 and 2016, there was no overall decline in any of the fifteen most prevalent sub-sectors of community business. Indeed, the community business sector continues to grow, as does its confidence. In 2018, nearly two-thirds (66 per cent) of community business representatives were confident about their financial prospects, up from 63 per cent in 2017 and 47 per cent in 2016. Overall, the community business sector grew by 5 per cent in 2016, comparing favourably to growth rates in both the charity and small business sectors (1 per cent and 2.3 per cent respectively) (Power to Change 2018b).

Community ownership and investment lend an institution a degree of stability and staying power that may otherwise be in short supply. When the national context is one of extreme socioeconomic uncertainty, organisations with firm roots in a place and a community may be better able to weather any changes in the direction of the prevailing political winds. This ought to encourage their potential funders.



**SUGGESTION: Draft a basic ‘succession plan’ which outlines what your community business would do to ensure its continuity if one or more of its key individuals became unexpectedly unavailable. This will help demonstrate to the local authority that your community business could withstand shocks and is not overly reliant on one or two particular individuals to function effectively.**

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## CASE STUDY: THE CHARLES BURRELL CENTRE

The Charles Burrell Centre was set up in 2014 in an old senior school owned by Norfolk County Council. NCC gave the lease to Thetford Town Council, which then leased it on, for free, to The Charles Burrell Centre, which is run by a group of local residents, as the council couldn't run the building in a sustainable way.

The centre has a management board with 9 members, 12 staff, 5 volunteers and an annual turnover of approximately £300,000. In order to make the centre work as a business, it diversified its service offer. The services the centre now provides include: employment support for older people; the hiring out of spaces (e.g. old classrooms); a foodbank; a night shelter;

cheerleading sessions; martial arts classes; a community hub; and a business centre.

The centre has relationships with three councils: Thetford Town Council; Breckland District Council; and Norfolk County Council. There are councillors on the centre's board. It benefits from 100 per cent business rates relief from the local authority. It has also secured grants from its local councils, such as £5,000 for a project to tackle social isolation. Whilst the centre does not currently have any contracts with local authorities, it hopes to bid for one relating to grounds maintenance shortly. Most of its relationships with its local councils are with elected members.



# How community businesses can instil confidence in councils

In addition to appealing to what local authorities hope to achieve in the area, community businesses engaging their local authority should also strive to reassure the council that they will neither waste council money nor bring the council into disrepute. In order to offer that reassurance, community businesses need to communicate to any council they are approaching about potential collaboration that they:

- Are able to evidence local demand for the service they propose to offer, for instance by drawing on data in the local Joint Strategic Needs Assessment (available online)
- Are able to demonstrate a measurable impact<sup>4</sup> in the local area, adding social value
- Have a robust business plan<sup>5</sup> for financial sustainability
- Have in place necessary policies<sup>6</sup>, where relevant, such as for safeguarding and equalities
- Have a thought-through approach to risk identification and mitigation<sup>7</sup>
- Can put forward a clear and realistically costed proposition, quantifying any projected savings or cost avoidance for the council
- Are legally constituted, democratically structured and have good governance<sup>8</sup> arrangements in place
- Comply with relevant rules and regulation, e.g. with Companies House, the Financial Conduct Authority (FCA) or Her Majesty's Revenue and Customs (HMRC)
- Have adequate succession plans in place, in order not to rely overly heavily on any individual.

<sup>4</sup> <https://knowhow.ncvo.org.uk/organisation/impact/>

<sup>5</sup> <https://www.gov.uk/write-business-plan>

<sup>6</sup> <https://knowhow.ncvo.org.uk/organisation/operations/policies-and-procedures>

<sup>7</sup> <https://knowhow.ncvo.org.uk/governance/board-responsibilities/managing-risk>

<sup>8</sup> <https://knowhow.ncvo.org.uk/governance/getting-started-in-governance/getting-started-in-governance-1>

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# What next

Once a community business has struck up a well-gauged relationship with its local authority, it may wish to consider how it relates to other parts of the public sector in the area. Local Clinical Commissioning Groups (CCGs), for instance, led by GPs, may be a potential further source of collaboration. Whether in the form of community businesses hiring out space to health projects or community businesses being commissioned to deliver work, for example, on rehabilitation or counselling, CCGs may offer some community businesses a rich vein to explore. This may be especially true in the light of the prominence afforded in the NHS's latest ten-year plan to social prescribing<sup>9</sup>, i.e. helping patients to improve their health, wellbeing and welfare by connecting them to community services which might be run, for instance, by the council or a local charity.

Working with local colleges and universities might also offer opportunities for community businesses, as many tertiary educational institutions are keen to collaborate with local organisations and perform research in the local community.



**SUGGESTION: Map out the other public bodies in the area, besides the council, which are relevant to the work of your community business and assess your relationships with each of them to date.**

<sup>9</sup> <https://knowhow.ncvo.org.uk/funding/commissioning/commissioning-1/social-prescribing>

## CASE STUDY: NEW WORTLEY COMMUNITY CENTRE

New Wortley Community Association (NWCC), which runs New Wortley Community Centre, was formed in 1982. Recently, Power to Change helped enhance the community centre to make it fit for purpose. It is in a priority area for the local council, due to levels of deprivation in the vicinity.

NWCC has 600 users, 30 (FTE) staff and 42 volunteers, with a £0.5m turnover. It is open 70 hours per week. Its offer includes: a charity shop; advice and support; supporting offenders post-release; one-to-one counselling and group counselling, including by referral from the NHS; a community laundry; zumba; martial arts; arts and crafts; a café; and rooms for hire.

Its local authority is Leeds City Council. Councillors hold a surgery at NWCC each weekend. The centre gets small grants from the council via area committees. It has won a contract from the council to deliver work with ex-offenders and one from the local Clinical Commissioning Group to perform counselling. Taking on these contracts has meant doing in-depth monitoring of their take-up and impact.



# Summing up

This guide has laid out the extensive range of ways in which community businesses and local authorities can assist one another, where their interests are aligned. The case studies it contains exemplify the sort of symbiotic relationships that are possible between community businesses and councils, provided elements of both organisations’ missions match. The actions suggested in the guide should help a community business in straightforward, practical ways to enhance its understanding of, and engagement with, its local authority. Community businesses have much to offer local government, just as they stand too to benefit from it. This guide will hopefully enable community businesses nationwide to articulate effectively the additional value they can bring to their local authority area and its residents. That, in turn, should see community businesses winning more support from councils to deliver on their shared aims.

These two checklists may prompt you to make the most of your community business’s relationship with the local council.

<b>My council can help my community business with...</b>	<b>Applicable?</b>
Land	
Premises	
Other assets	
Permissions (e.g. planning or licensing)	
Business rates relief	
Grants	
Contracts	
Investment	
People (e.g. clients, board members, staff or volunteers)	
Capacity building	
<b>My community business can help my council with...</b>	<b>Applicable?</b>
Achieving its stated outcomes	
Plugging gaps in services	
Community wealth building, adding social value	
Reaching into communities	
Building resilience	

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# Methodology

In order to produce this guide, Power to Change commissioned the author as a consultant to:

- perform a review of the relevant literature
- collate data on both community businesses and local authorities
- perform 15 semi-structured stakeholder interviews by telephone with community businesses, spread across the country, in a mixture of urban and rural settings
- perform three semi-structured stakeholder interviews by telephone with local authorities (one Conservative, one Liberal Democrat and one Labour)
- incorporate feedback on the draft guide from three community businesspeople



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# Definitions

## Community businesses

Community businesses are trading organisations run by and for the local community, into which their profits are reinvested. Community businesses bring together a unique combination of entrepreneurialism, social purpose and local community ownership. The approximately 7,800 community businesses in England:

- are locally rooted, responding to the needs of their particular place
- trade for the benefit of the local community, as businesses
- are accountable to the local community, eg through community shareholders
- have a broad community impact, benefitting their community as a whole.

Collectively, they generate £1.2bn of total market income and have £2.1bn in assets.

## Local authorities

In this guide, the term 'local authorities' (also known as 'councils') refers to all 428:

- Single-tier authorities, where one (unitary) authority is responsible for providing all local government services and for local taxation, including:
  - Unitary Councils
  - London Boroughs
  - Metropolitan Boroughs
- Both levels of two-tier authorities, where responsibility for providing local government services is divided between the two tiers, including:
  - County Councils (which tend to be responsible for education, transport, social care, libraries and waste)
  - District, Borough or City Councils (which tend to be responsible for housing, leisure, planning and local taxation)
- Combined authorities, where more than one local authority come together to operate jointly in order to discharge certain functions at a regional level.

The term local authority in this guide does not include the 10,000 or so much smaller Parish Councils and Town Councils which exist across the UK.

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# Contact

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