



power to
change

business in
community
hands



The success guide to delivering services from a community space



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1. Introduction – who is this guide for?

This guide is for you if you are starting to think about earning income from providing services from your community hub, or want to grow the income you earn from the services you provide to your community.

Our Success guide to community services explores how community businesses can develop income streams through providing services for their community which are paid for by third parties in public or private sectors. This might be statutory services on behalf of the local authority, services for individuals paid for in part by other sources, or selling services to organisations such as private schools or hospitals.

As a community business there are many services you can provide and charge for, but what will suit your business and the community it serves? This guide will help you decide. This is the sixth in our series of guides providing facts, figures and guidance to help you plan for a more sustainable future.

We've looked at the activity of 180 community businesses across England to provide some benchmarks to help you with your own business development. We've also included insight from interviews with senior managers at community business successfully selling their services, and observations from larger service

providers. We've drawn up some guidelines, hints and tips from what we've learned, although these can never replace the peer advice, local knowledge and community engagement that really help community businesses flourish.

We've identified examples of successful business models and approaches for you to consider – these are the different approaches being used by community businesses that have already successfully introduced or enhanced their service activity as an income stream.

Learning from what others have done can give you a sense of what is achievable, but it's not only important to compare your business with others that operate in the same way but also with those that share other key characteristics – like scale, location and facilities. You might find it useful to gather a list of similar organisations to see what you can learn from comparing their performance to yours and the benchmarks we have presented.

The guide also provides insight into the contribution made by other revenue streams like grants, donations and sponsorship. If you're considering what else might bring you additional income, other guides in our popular 'business success' series can help you explore things like lettings, room hire or running a café. You can find these at www.powertochange.org.uk/research-type/guides.

A note on our research and the findings

Our study analysed data on the financial performance of 180 community businesses across England that have received or applied for grant funding from Power to Change, the independent trust supporting community businesses in England. As well as using data from the Charity Commission, the Mutuals Register and Companies House, we interviewed organisations that were already providing services successfully.

The benchmarking data is presented as percentages of total turnover – a simple way to compare yourself with other organisations. The income and expenditure figures do not always add up to 100 per cent as not every organisation draws income from every stream or faces the same range of costs. We've rounded the percentage figures where that makes things simpler, or where more detail was unnecessary.

You'll notice we often use 'median' values, as they represent the mid-point of any range of income or expenditure figures and provide a better sense of what's 'typical' across the range of community businesses we studied.

1.1. How this guide can help you

If you're a community business that's considering charging for your services to cover the costs of supplying to your community, or want to make your charged-for services a more sustainable part of your community business, you'll have questions. We hope this guide will help you get started, with some of the answers you're looking for:

1. How can you start generating income from your services?
2. What's the right approach for you and your community?
3. How do you decide what mix of services is appropriate?
4. What other sources of income are there?
5. What lessons can you learn from others to become more sustainable?

2. Community business and services

As a community business, there are many services that you might like to provide for your community and a wide variety of ways to cover the costs of delivering them. There's no shortage of need but how can you earn income from delivering those services? Although many community businesses successfully rely on volunteers or grants to enable them to continue serving their community, others have found that charging for some of the services they provide directly from their hub or through third parties is a sustainable way to generate income and cover costs.

The kind of services typically provided by community businesses are usually free at the point of use or not fully paid for by the individual user (or their carer, or parent). For example, parents may recover some of their expenditure on childcare or a nursery service you provide with childcare vouchers. Or someone who may have been unemployed for some time might freely draw on back-to-work support or wellbeing for mental health, delivered from a community hub on behalf of a local authority or central government department who commissions the community business to provide those services. We use 'services' throughout this guide to refer to all these kinds of arrangements.

We've gathered information and insight from numerous community businesses, of various size and business model, looked at characteristics of successful approaches, identified trends and opportunities, to help you decide what would work for you.

2.1. What kinds of community businesses provide services?

Community businesses provide a huge variety of services with a range of different approaches and business models. This guide uses the terms used by Power to Change to identify the primary focus of the various common types of business in the sector – 'community space, hub or centre', 'employment support or training', 'mental health and wellbeing', for example.

Although many service providers operate from community hubs – where nearly a third (30 per cent) are based – and typically have similar approaches to business, the nature of the service provided by community businesses depends as much on the needs of the community being served as it does on the location or business model of the provider.

Despite the huge variety across the sector, our study revealed we could draw insight from the three most common types of services delivered by community businesses:

- nurseries and childcare
- mental health
- physical health

Amongst the 180 businesses we reviewed, 116 are community hubs and 118 are businesses drawing some revenue from their services, some of which are also community hubs.

Our survey of the 118 community businesses reveals that while a great variety provide services that are not charged for at the point of use, certain types of business are more likely to provide more than one kind of service. These organisations appear in more than one segment of the chart.



Table 1. Community businesses with services (% of total)

Sector	Community businesses with services	Nursery or childcare services	Mental health related services	Physical health related services
Arts centre	1			
Business support	1			
Community café	2			10
Community shop	2			
Community hub or centre	30	60	25	40
Conservation of the environment	3			5
Education support	7	20		
Employment training or support	19	10	21	15
Energy generation	1			
Food catering or production	3		8	10
Mental health or wellbeing	11	3	42	
Physical health or wellbeing	4	3		15
Provision of housing	2	3	4	
Sports facility or activities	3			5
Transport	12			
Visitor attraction	1			
Sample size	118	30	24	20
Median turnover, all income sources	£443,000	£470,000	£248,000	£481,000

Nursery and childcare services are often provided in a community hub, where other activities and facilities are available (60 per cent of our community-based nurseries). This service provision is almost exclusively paid for with childcare vouchers, where parents have their approved childcare payments refunded. A fifth of nurseries are located within larger education-focussed organisations – twice the proportion in the employment services business segment.

Physical health oriented services are provided from the broadest range of organisation types. While often based within community hubs (40 per cent) these kinds of services are also provided by organisations focussed on employment and training, as well as community cafés and food production facilities.

By contrast, those community businesses providing mental wellbeing services are typically provided by organisations whose primary focus is on mental health (40 per cent). Community hubs and employment support services also provide mental health services, but to a far lesser extent (25 and 21 per cent respectively).

2.2. What can the income from services look like?

Although community businesses can earn meaningful income from many different types of service, this guide concentrates on those services which are not entirely paid for by the recipient or are provided as a statutory obligation by a local authority or other organisation under a fixed-term contract – you can find out more about those in our community business success guide to contracted services.

Amongst the 180 businesses we studied, annual revenue varies from £10,000 to many millions, and the proportion of that revenue that comes from services similarly varies widely – from almost nothing to 100 per cent. The median revenue for businesses in our research is £442,000, more than double the average for the 280 organisations supported by Power to Change in our larger dataset (£230,000). We've included larger businesses because there is much that a smaller business can learn from those who are successfully charging for the services they provide at scale.

We've also looked in particular at community hubs. These are often central to the community, and it is typically to them that community members turn when they identify a need, working with them to address problems by introducing new services for the community.

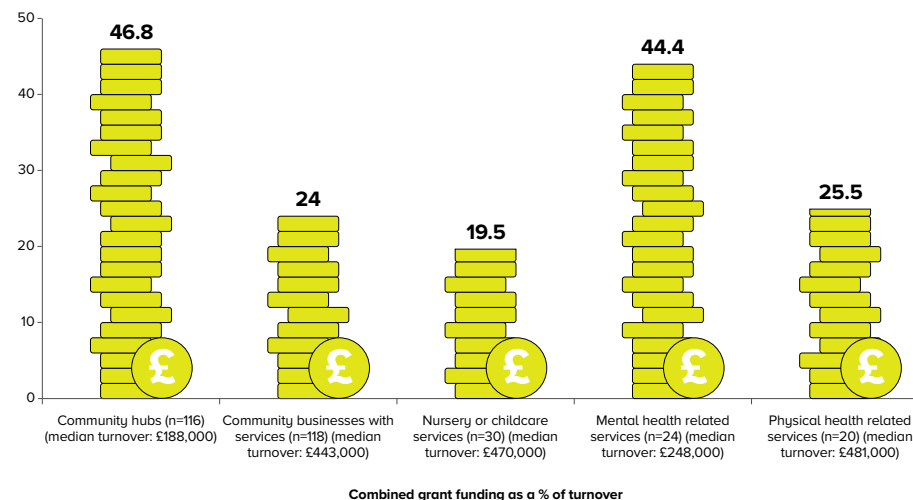
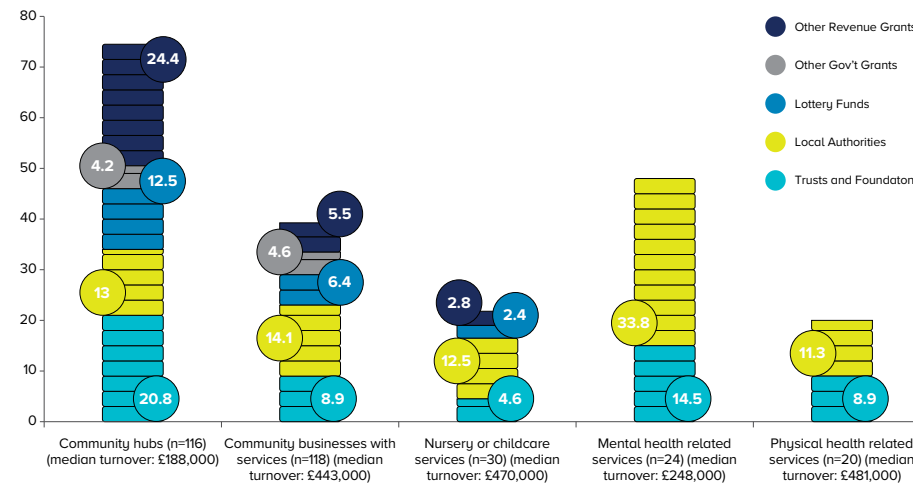
3. What about other sources of income?

It's clear that, whatever their main purpose, community businesses across all the groups can generate revenue from their services, but that there are clear differences in their dependence on the revenue they generate in that way. Income from services is clearly not the only source of income for community businesses and you will want to explore what else you might do to bring in extra money to help make your business more sustainable.

Although many community businesses benefit from some kind of grant, donation or sponsorship, or generate revenue from the venue they occupy or manage to supplement their income, the extent differs across the groupings we've identified. Whatever their main focus of activity, grants continue to provide an important source of funds for community businesses across the sector.

3.1. Grants

Chart 2. Grant income as a percentage of total turnover (2015)



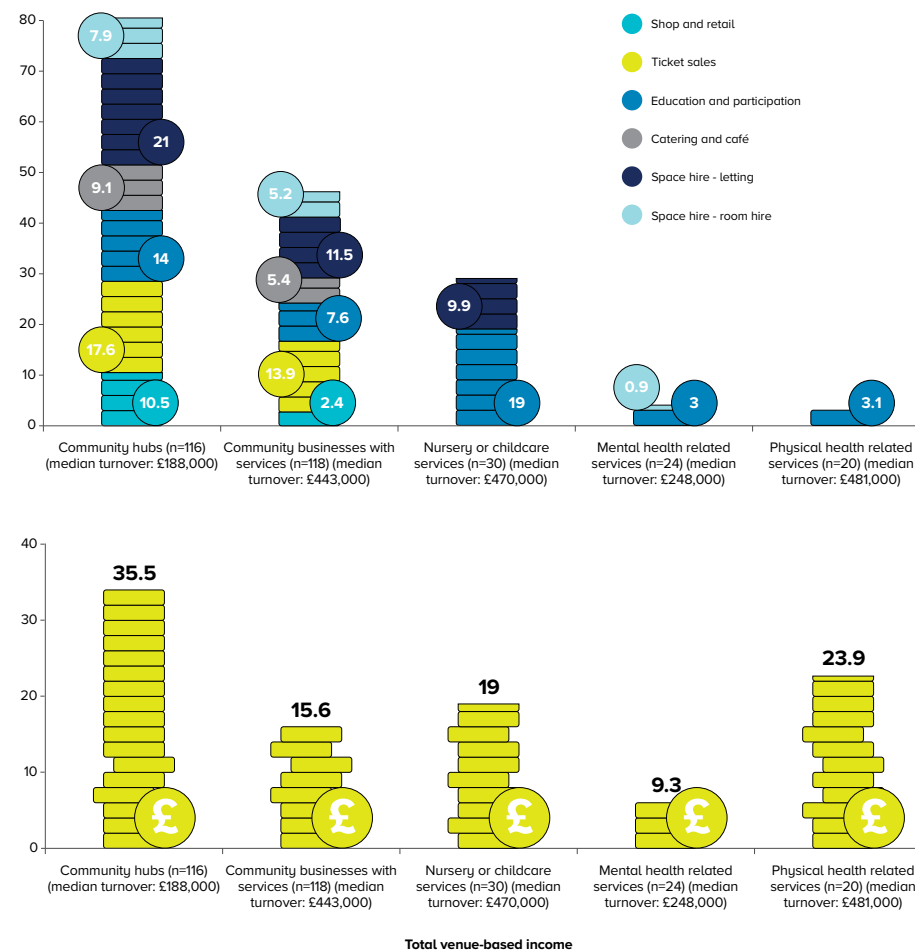
Further analysis shows:

- It’s clear that local authority support can be key for any community business that’s considering developing its services. Across most of the sectors detailed above, local authority grants are a consistent source of funds and can provide 13–14 per cent of revenue for those that receive it. This includes around a third of community hubs, half of community businesses delivering physical health and wellbeing services, and 60 per cent of nurseries receive such support.
- The exception is mental health related services, where local authority funding can account for almost 34 per cent of grant funds.
- Lottery funding is also common, but accounts for a smaller proportion of the overall funding across the segments – it supports a quarter of those providing childcare or mental health services, and 15 per cent of physical wellbeing service providers. A fifth of community hubs and 15 per cent of service-providing community businesses also benefit from lottery funds.
- Grants are the primary source of additional funding for organisations providing mental health services (a median of 44 per cent), where the majority comes from the local authority (34 per cent) and typically 15 per cent from trusts and foundations.

3.2. Generating revenue from your venue

If you operate from or manage facilities at a venue, there are a wide variety of ways to enhance your income, and services can play a part. It is little surprise that it’s venue-based community businesses that draw the greatest proportion of their revenue from their activities on site – like retailing, ticket sales and room hire.

Chart 3. Venue-based income sources, as a percentage of total turnover (2015)



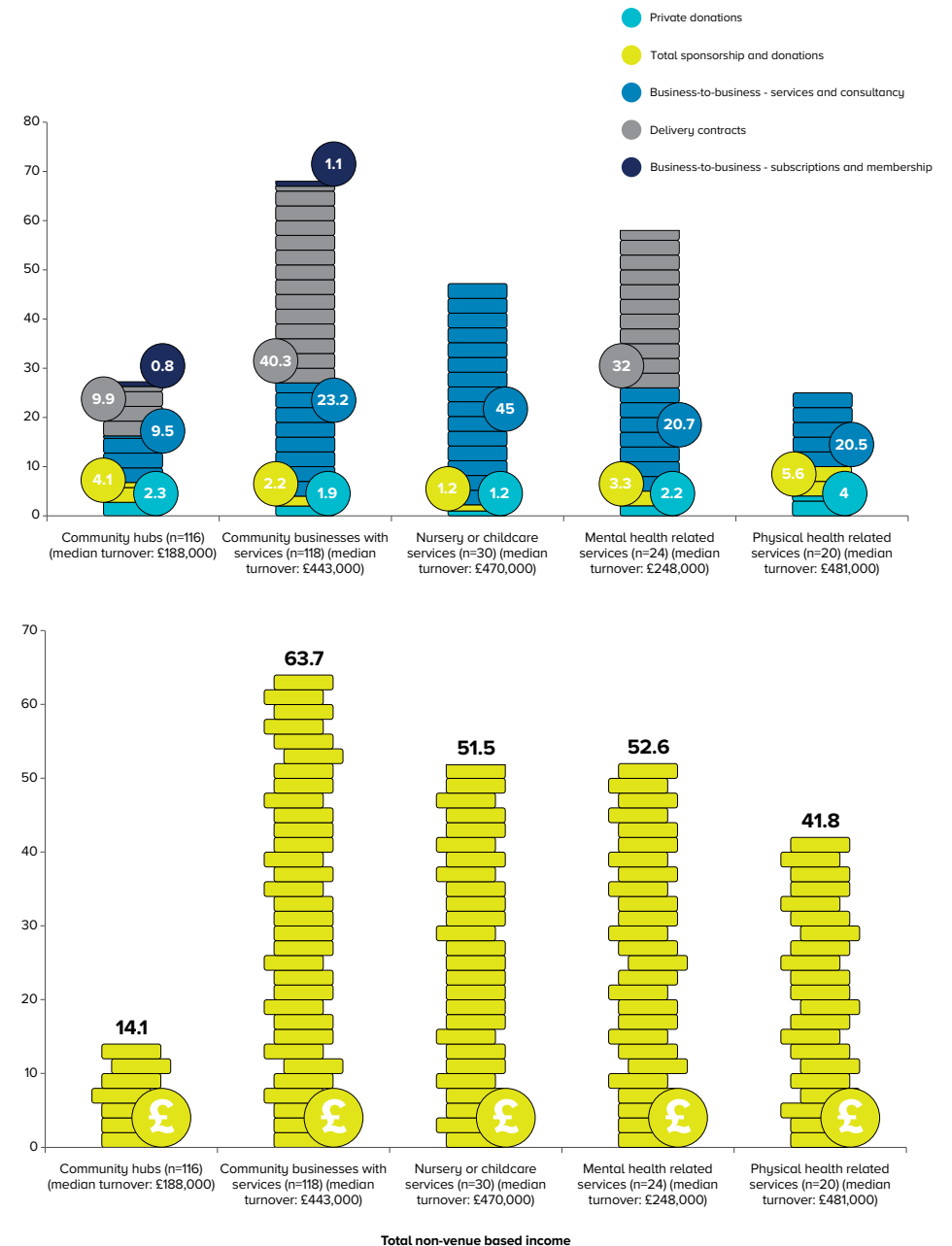
Further analysis of this data shows:

- Although service providers across the sample generate a median 16 per cent of revenue from venue-based activity, it is those providing physical wellbeing support that typically enjoy more revenue than others from their venue (75 per cent of organisations and 24 per cent of revenue), where they have some form of space or room hire or letting as a revenue stream. Room hire is the most common activity.
- Half of nurseries generate revenue from hiring out space at their venue, predominantly lettings that account for an average of 10 per cent of their revenue.
- Along with ‘Space Hire – Lettings’, nursery and childcare services both enjoy revenue from education, typically linked to the service they offer (19 per cent income for one-third of businesses in this group).
- In comparison with community hubs, service-providing businesses overall generate less revenue from their venue, as they are less likely to have a shop, café or run ticketed events.

3.3. Donations and sponsorship

Along with generating revenue from any venue or facilities they manage, service providers are often well-placed to earn income from their intangible assets – selling their skills and insights through consultancy or delivery contracts. The services these businesses provide to the community can also be recognised in charitable and philanthropic donations or attract sponsorship from commercial corporate social responsibility programmes.

Chart 4. Non-venue based income as a percentage of total turnover (2015)



Further analysis shows:

- Long-term contracts account for nearly a third of income for 60 per cent of organisations providing mental health services. This is a notably higher proportion than amongst the general population of service-providing businesses (35 per cent), although the contribution such contracts make is larger for these (at 40 per cent).
- Organisations providing physical health services appear least likely to earn from those services, which account for half of their non-venue income. On average, this also tends to be the lowest amongst all the groups (at 42 per cent) aside from community hubs.
- Although two-thirds of community businesses earning from their services also benefit from donations or sponsorship, the contribution to overall income is minimal (2 per cent median).

4. Where does the money go?

The approach you take to selling your services will depend on what you need the money for. Not surprisingly, typically and almost universally, nearly all revenue was spent by all the business we studied (from around 95 per cent by mental health services to nearly 99 per cent by business working to support physical health). The median expenditure for all is 98 per cent.

We've separated out the direct and indirect costs – for the majority of services you might deliver, your outgoings will mostly cover staff costs rather than raw materials, as it's less likely you're making tangible products or running a shop or café.

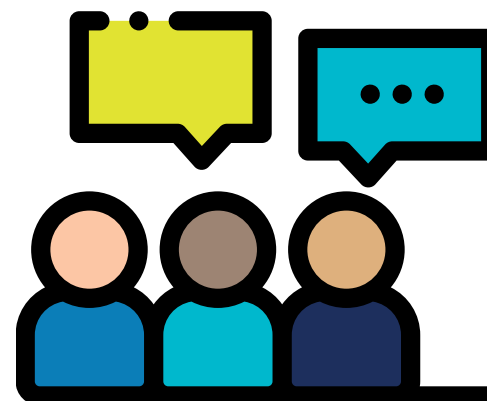
As the figures we've used date from 2015, circumstances for some organisations may have changed as austerity policies have continued to impact on public spending and services.

Table 5. Expenditure by type (2015)

Expenditure type	Community hubs	Community businesses with services	Nursery or childcare services	Mental health related services	Physical health related services
Retail and shop stock	11.3	4.1	*	*	*
Production costs	4.2	5.0	2.9	9.4	3.8
Workshops and courses	8.3	6.0	2.4	*	*
Café and catering (ingredients)	3.1	2.3	2.8	*	*
Total direct costs	14.4	14.0	6.0	19.0	16.8
Total salaries costs (ex NIC and pensions)	46.1	52.3	63.1	53.3	52.8
Rent and rates	3.9	4.4	3.2	5.0	5.7
Utilities	4.6	1.8	2.2	0.7	2.2
Buildings maintenance	3.2	2.6	2.2	*	*
Total indirect costs	80.2	83.7	87.7	78.7	86.2
Total expenditure	96.9	98.3	95.6	94.6	98.6
Sample size	116	118	30	24	20
Median turnover (all incomes sources)	£188,000	£443,000	£470,000	£248,000	£481,000

Additional points of note include:

- Staff costs are the largest single expenditure for organisations generating revenue from services (53 per cent median).
- Nurseries, unsurprisingly, have the highest median salary costs (at 63 per cent), and the fact that smaller community hubs and other non-specialist providers are more likely to draw on a higher proportion of volunteers to help deliver services, means their average salary spend is inevitably lower (46 per cent).



5. How can we start providing a new service?

There are many services you can provide as a community business. But can you make money from selling those in a way that suits your organisation and the community it serves? How can you decide what's appropriate and what financial assistance might be available to help?

Most questions can be answered by considering how starting to charge for services might fit in with your social purpose, and whether you need money to cover costs or to invest in new services and facilities.

5.1. Is 'piloting' a service a way to start?

You might have identified an issue within your community that you want to tackle, or a community campaign has drawn various people together to improve the lives of local residents. But how to start, and how to fund your development?

The advice from community business is simple - start small, plan to provide a small-scale service for your community and apply for grant funding for a pilot. Charitable trust funding in particular is useful for innovative ideas and services.

'Grant funding provides both time and expertise in order to build the business case.'

**Graeme Williams –
Partnership Director, Centre-West**

Is there a particular and specific problem for the local authority or health trust that you could tackle in the short term? It might be a small part of your longer-term ambition such as creating activities for young adults to start re-invigorating community pride in the neighbourhood. Or a problem might be affecting a small segment of your wider community, like single parent families, older people at risk of isolation or people needing advice on nutrition and diet.

Here is some advice from NESTA:¹

You may like to run a proof of concept. A proof of concept often involves a small exercise to test the real-world potential of an incomplete idea. This isn't about delivering the idea, but demonstrating whether it is feasible. It should be used in the early stages when you first have an instinct about an idea. A proof of concept shows if a product, feature or system can be developed, whilst a prototype shows how it will be developed. For example, a proof of concept might

be used to test a technical feature of an online service by quickly building a working model.

A prototype is the visible, tangible or functional manifestation of an idea, which you test with others and learn from at an early stage of the development process. For example, a prototype might be used to test an idea for a new service. This might be a role-playing exercise between a community user and the community employee to test out a new way of talking about a problem..

Prototypes should be used when you have a solid idea about a solution, but there is still uncertainty about how it looks, feels and works. Insights from testing can then be used to improve the idea. By developing and improving the prototype, you can maximise what you learn and refine your idea. This helps you move from a version with little detail or functionality (like a rough draft that illustrates the idea) to a version with much more detail and functionality (giving test-users a better sense of how it works).

Prototypes are also a way to engage your stakeholders to develop a shared vision or common ground for a solution.

Could you tackle this in the short term? Perhaps show your expertise or innovative approach by writing a white paper on the subject, or provide a demonstration of your abilities.

When selecting an initial project, remember to have clear line of sight between this new project and your organisation's central purpose and mission. Do not be distracted by solving other organisations' problems, unless they are within the scope of your organisation.

Aim to learn from this project by working closely with your initial clients and community members. Learn about how to deliver the service, listen to feedback from service-users, include them in your planning process wherever and however possible, and look for ways to make the service more effective for your clients, perhaps signposting to other follow-on services that you offer.

¹ <https://www.nesta.org.uk/blog/proof-of-concept-prototype-pilot-mvp-whats-in-a-name/>

5.2. Measuring impact

Measure the impact of the service from the start. This should include measuring the status of clients before they encounter your service and their experience during delivery – remember to measure the status at the end of the service and at regular intervals throughout.

While there are specialist consultancies that can help you with setting up impact measurement systems and processes, there are also free resources, such as:

- From the Big Lottery Fund, a Guide to Measuring Social Impact: <https://bit.ly/2FtNhmw>
- From The Guardian, a guide to resources and tools to measure impact <https://bit.ly/2AKyPmc>

As well as measuring hard outputs from your service (such as how many people attended sessions, how many received assistance or the exam grades they achieved), you should also measure soft outputs, such as changes in attitude like becoming more confident. These measurements enable you to show the ‘distance travelled’ by your clients. You can use this information to show to service commissioners and funders that the service has delivered results, and you will understand the extent to which your efforts are effective and appreciated.

Remember your multiple audiences for these measurements – funders, community members, service-users and people within your organisations as well as the wider community.



Highfields Community Centre

Since it opened in 1974, Highfields Centre has been the cornerstone of the local community in Highfields, Leicester. It is located in a richly diverse area of Leicester – behind it is a large public housing estate and only two miles away is Narborough Road, frequently referred to by the media as ‘the most diverse road in Britain’. The centre is an invaluable resource to all members of the community, and since its independence from the local authority in 2010 it has served more than 500,000 users. In a half-mile radius alone, there are a total of nine state primary schools, making the centre’s space even more important for local young people.

Highfields put in place a framework to measure impact, and is now used to responding to tenders in the language expected. They have also hired staff for specific fund-raising and bid-writing projects.

5.3. Proving the business model

Consider it a task within a starter project to prove that the business model associated with your service works. This might be as simple as understanding the costs associated with setting up and running the service and identifying the current budget holder, contracts commissioner or relevant grant process.

Understanding the business model for the new service offering may also include understanding the effects on the rest of your existing business model – using a room for a service rather than hiring it out, for example, or additional custom at the café from service-users. These may cost money, generate income or both.

Flexibility is key when starting a new service, and flexibility of employment contracts tends to benefit the employer more than the employee. So, remember that you can provide additional staff benefits, such as training courses or continuing professional development, to compensate for lack of permanent contracts.

5.4. Delivering as a sub-contractor

Many service commissioning organisations set stringent conditions on the providers of contracted services. These often include conditions about the size of organisations that are allowed to be 'prime contractors'. Providing the services as a sub-contractor to a prime contractor may be the way to start. Talk to the community and the commissioners about the client need and provision, and talk to larger partners about the potential to sub-contract and particularly what issues you might resolve for them as part of a contract.

Learn from providing these services – what reporting do you need to put in place and do you need staff qualifications or training? Are there procedures or policies that will be required for the sub-contract?

Sub-contracting has its own risks and the level of service provision may be reduced or changed within the term of the contract, for example. This may fundamentally alter your ability to recover your costs – especially if the contract is weighted so that you incur a greater level of cost at the start which is offset by income later on.

5.5. Using volunteers

Individual volunteers may bring special qualities and experiences to their role within a service contract. They might have been a service-user themselves, or have a specialist skill such as guitar playing which would not be realistic to hire for. Few organisations used volunteers to deliver the primary service, but many felt that the services they delivered were enriched by the volunteers playing a part in the organisation.

If volunteers and volunteering remain at the core of your purpose and vision, think imaginatively about where volunteers can enrich the service provision as well as their own lives. Think about where volunteers can assist with the running of the organisation or its buildings and facilities.



6. Your service options – what you need to know

There are many different ways that your community business can develop services to meet emerging or changing community needs, or expand the range of services it currently provides. We've drawn on our research and interviews with community businesses, particularly community hubs, to develop guidance to help you decide what might work for you. We've presented our insights around the services in the three areas we've been using throughout the guide:

- physical health
- mental health
- nurseries and childcare

6.1. Services for physical health

There are numerous ways to help people with their physical health and wellbeing – with sports, dance or lower-impact activities like yoga and Pilates – depending on the physical space and the skills and experience you have available. Most will be paid for by an individual or their parents or carers.

Only 30 per cent of the community businesses with services we reviewed focused on physical health. The remainder provided a mix of services, 40 per cent from community hubs with a range of other fun and supportive activities available.

Services paid for by government or trusts and foundations typically include:

- dance, exercise or hairdressing for the elderly
- specialist sports coaching such as football, gymnastics or swimming
- healthy eating advice and programmes
- social prescribing physical activities
- transformational coaching for people with physical challenges



Centre-West

Community is at the heart of Centre-West, helping local people in Newcastle's West End find solutions to tackle the problems they face and giving residents a voice. Its Hat-Trick service, founded in 2005, uses football to engage young people, helping them gain new skills and confidence. It has worked with more than 10,000 children and young people, helping over 100 Newcastle residents to gain Football Association coaching awards.

Its runaway success means that Hat-Trick now works with schools and youth organisations throughout Newcastle and the North East – while remaining firmly rooted in the West End.

6.1.1. The financial health of businesses providing physical health services

Enabling local people to value and look after their physical health can play a huge part in building the broader wellbeing and sustainability of communities, especially where opportunities and facilities are lacking.

A typical community business might have income and expenditure that looks like the table below.

Table 6. Income and expenditure of a typical community business providing physical health services (n=118)

Grants from the local authority	£70,000
Total grant funding	£120,000
Venue based income	£140,000
Healthy eating programme and gymnastics coaching	£95,000
Events	£120,000
Total Income	£475,000
Staff costs	£245,000
Rent and rates	£26,500
Total expenditure	£460,000

The grant income comes from the local authority where it operates and the neighbouring borough. A small grant of £5,000 is to pilot a new service supporting healthy-eating and exercise for older people on a budget, which they plan to start next year. They run a range of classes, clubs and groups which hire the main hall, and evening classes and clubs meet in some of the classrooms of the former school building they occupy.

Following a successful pilot last year, they now run a programme helping people make better dietary choices, making use of the kitchen facilities available. Some of this is delivered as part of a national campaign, while other elements they've developed themselves. They provide sports coaching services, and are well known for their junior gymnastics. All of this brings in £95,000 a year. They also host two annual events for larger organisations which take over the majority of the space for four weeks a year.

They inherited an old school building, which enables them to provide, and earn, more than others. At £475,000, their overall annual revenue is higher than many other community organisations.

In terms of costs, they spend £245,000 on staff which includes small pension contributions, and their rates bill is £26,500. They now own the building as part of an asset transfer three years ago, which has given them greater freedom for plans to regenerate it. They want to bring more of the building back into use when they can afford it, but for now they are trying to make best use of the space that is already suitable.



6.1.2. Top tips for physical health services

- Start small and prove to potential commissioning authorities that you can change the lives of your community members in a direction they would pay for.
- Talk to your local authority or health trust about a grant to support innovative new services to help get you started.

6.2. Services for mental health

Tackling the mental health challenges of local people is a crucial priority for those looking to build sustainable community wellbeing.

Mental health is the primary focus for most (72 per cent) of our service-providing community businesses that provide any mental health services, and a quarter of mental health programmes are provided in community hubs.

For community businesses with a mental health focus:

- 40 per cent concentrate exclusively on mental health
- 20 per cent do so in the context of routes to employment
- 12 per cent also provide either sheltered housing or employment (particularly employment related to gardening or food preparation)

Services supporting community mental health typically include:

- outreach work amongst mental health and substance misuse pathways
- creative courses for adults, such as writing, photography or drawing
- hosting counselling services
- parenting classes
- personal behaviour courses
- pathways to independent living, such as cooking, budgeting and socialising



Holborn Community Association

Holborn Community Association supports a huge range of individuals to improve their wellbeing, increase their skills and confidence and engage with the wider community. The activities they provide include a befriending project which pairs volunteers with isolated older people across south Camden.

6.2.1. The financial health of businesses providing mental health services

Although many community businesses naturally support people with poor mental health through providing comfort and companionship within the community, businesses earning revenue from mental health services are less common – they are more likely to require discrete specialist services separated from their broader community engagement work.

A typical community business might have income and expenditure that looks like below.

Table 7. Income and expenditure of a typical community business providing mental health services (n=118)

Grants from the local authority	£90,000
Total grant funding	£115,000
Contracted services	£130,000
Annual fundraising	£5,000
Total income	£250,000
Staff costs	£132,000
Material costs	£25,000
Specialist consultancy	£25,000
Total expenditure	£460,000

The main funding comes from grants and income from the services they are contracted to provide for statutory care. They have managed the transfer of funding to personal care budgets through forging close relationships with the users of their services and their families, the local care trust and the local authority.

The local authority also granted them £25,000 to develop an innovative way of supporting the mental of local people who had long been out of work. They raise £5,000 through an annual fundraising auction of pottery which also showcases what they are

doing within the community. After they have grown the numbers accessing their services each year, they want to expand the market for their products.

Their greatest single expenditure is on staff salaries at £132,000, although they also depend on volunteers from the community with lived experience of long-term unemployment and substance misuse.

Materials for the creative ceramics course and the other programmes they run consume £25,000 of their budget, and they spend a similar amount on specialist consultancy. Although their building is not ideal, it has not needed any emergency repairs, and their spending remains cautious.



6.2.3. Top tips for mental health services

- Start by helping a larger organisation deliver services to your community.
- Employing qualified staff and working with community stakeholders, including neighbours, will be essential.
- Support volunteers from the community and guard against burnout by caring for each other as well as your service-users.

6.3. Childcare and nursery services

Working parents with small children can be eligible for vouchers to fund 30 hours of childcare, so many community hubs host nurseries or offer childcare to enable parents to continue working. But daytime care is only one of a range of childcare services available from community businesses, and options now include homework, after-school or breakfast clubs and music lessons.



High Street Centre

With a mission to enable, equip and establish services that make Rawmarsh a better place to live and work, High Street Centre opened Get Active in January 2012 to provide after-school childcare for children from FS2 to Year 6. They provide a wide range of activities, planned around seasonal and topical themes and the children's own ideas.

6.3.1. The financial health of nurseries and community businesses providing childcare

Nearly two-thirds (60 per cent) of community businesses providing nursery or childcare services are hosted within community hubs. They typically provide childcare alongside services such as employment training, mental or physical health support, or specialist housing. Only 20 per cent solely provide nursery care.

A typical community business nursery might have income and expenditure that looks like below.

Table 8. Income and expenditure of a typical community business providing nurseries and childcare (n=118)

Grants from the local authority	£32,000
Total grant funding	£92,000
Activities within the building	£53,000
Nursery fees	£235,000
Additional services: breakfast and after-school clubs	£80,000
Total income	£460,000
Staff costs	£290,000
Food costs	£14,000
Materials	£12,000
Total expenditure	£455,000

They have received several grants to improve their facilities and open up an outside space for the children. This includes a £15,000 grant from Power to Change and £32,000 from local authorities. As they are near a borough boundary, they attract children from two council areas and provide services for children who attend the three local primary schools.

They have reduced the range of other activities they provide from the building since opening the nursery, as rooms are now dedicated to the children and no longer hired out to others. But the building is still widely used for other activity throughout the year.

While the majority of the centre's income comes from the childcare vouchers, they also charge for providing a breakfast club, an after-school club for the 6–11 year olds, as well as for providing extended hours for the younger children not covered by the voucher schemes, and these top-up fees bring in £80,000 a year.

They spend £290,000 on staff to deliver industry best practice ratios of children to carers. All staff are accredited and the management team are familiar with the regulatory requirements for nurseries and childcare. Food costs around £14,000, and the centre is considering expanding its offering into a proper café. Although they accept donated toys they still spend £12,000 on educational and play materials.



6.3.2. Top tips for childcare and nurseries

- Ensure all your people are fully qualified and accredited for childcare duties and responsibilities.
- Getting approval to host a nursery or provide childcare services can be a lengthy process, so look for financial assistance from organisations like Power to Change or local funding organisations to support your set-up period.

7. Top tips for all community spaces and services

What's clear from our survey is that all successful community spaces and service providers focus on their communities. Their community of volunteers and staff, of visitors and service-users and most of all, on their community of customers. And, from the managers we interviewed, we picked up some invaluable tips for any community business looking to grow its income from providing services:

- **Know your community.** It is different from other places – it is your community.
- **Don't change who you are for a particular finance source.** Don't get too far from your community and if you are applying to an organisation for funding don't stretch your vision to embrace them. Tell the relevant part of your organisation's story in your application.
- **Think broader than the service.** What might it alter for the rest of the organisation? What other things that your organisation already provides might be of use to users of any new service, or what additional service-users might you attract to your community centre?
- **Don't do everything at the same time.** Make sure that you can give your best to what you do, to give the service the best chance of success and your community the best chance of sustainable change.
- **Everyone can be an ambassador for your organisation.** Prepare all your volunteers, staff and trustees to be true ambassadors. This may involve presentations or training, but will certainly involve example and joy.
- **Supplement your skills.** If you are missing some key business skills, it might be that the private sector would be happy to share theirs with you. Many businesses have corporate social responsibility programmes and are particularly interested in supporting local organisations. Usually there's something on their websites – look for the 'CSR' or 'Work with us' sections.

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