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Thematic Paper: Assets & Community Businesses

What is the impact of asset ownership on community businesses?
And how can funders support community businesses to acquire and
manage assets?

Lessons from the Bright Ideas, Trade Up and Community Business Fund programmes.

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Introduction

Community assets – buildings or land which are used for the social interest or wellbeing of the wider community – can be essential to a community business' service delivery and financial sustainability, and can contribute to greater community empowerment and pride.

Power to Change supported community businesses at different stages of their journey with assets through the Bright Ideas, Trade Up and Community Business Fund programmes:

Bright Ideas: helps community groups to explore ideas for setting up a community business.

Asset-related support:

- Support for the acquisition of assets at business planning stage.
- Grant funding can be used to cover various asset acquisition fees.

Trade Up: supports community businesses to grow by increasing sales and income from trading.

Asset-related support:

- Support with managing existing assets.
- Planning for income generation.
- Investment in new equipment or renovation.

Community Business Fund: supports community businesses towards self-sufficiency.

Asset-related support:

- A mix of asset acquisition and management support.
- Provision of significant funds for capital and revenue projects, including investments in restoration.

This paper brings together learnings across the three programmes to explore the **impact that asset ownership can have on community businesses**, to review **elements of the programmes that were particularly effective**, and to identify **ways in which funders can further support community businesses to acquire and manage assets**.

Key findings

- Assets can play a critical role in amplifying community businesses' social impact, and can contribute to improving local places.
- Buildings or physical structures can also be valuable to community businesses themselves, by strengthening their long-term financial sustainability.
- Asset acquisition and management can be complex and comes with risks that should be monitored and mitigated.
- Across all three programmes, community businesses found tailored business and technical advisory, peer networks, and flexible funding the most helpful in facilitating their access to and management of assets, and in mitigating risks.

Recommendations for Power to Change and other funders

- Support community businesses to access the right technical and practical support.
- Provide them with the right type of funding.
- Maintain platforms for peer-learning.
- Take a flexible approach to supporting and funding community businesses utilising assets.

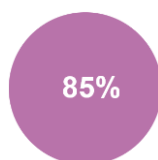
Findings from this paper were drawn from Renaisi's evaluation of the three programmes over the past two years. The research was based on data collected through over 60 qualitative interviews with Power to Change grantees, staff and delivery partners between April 2019 and May 2021, and through four workshops conducted between August and September 2021 with Bright Ideas Advisors, Trade Up Learning Managers and members from the Community Business Fund community business panel.

Section 1: Community businesses interact with assets differently

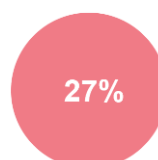
Most of the community businesses across Bright Ideas, Trade Up, and the Community Business Fund involved assets in their business idea and model, and **there are several ways in which community businesses access or come to own assets**. For the purposes of this paper, Power to Change’s definition of asset in community ownership was used:

“Land, buildings, or other physical structures for which long-term ownership rights are in place – for instance, through a freehold or leasehold of 25 years or more – and where this is held by a community or voluntary organisation which operates for the benefit of local people. The decision making body for the asset is controlled by local residents”.¹
– Power to Change

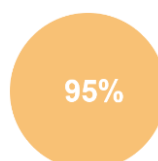
Asset owners can use their land or building themselves, or lease to others to generate income from tenants. Asset owners could also contractually engage with other organisations for the maintenance, management, and renovation of their asset, which are other ways that organisations can access an asset without necessarily owning the rights.



of community businesses on **Bright Ideas** involved assets.² Many were community groups with existing assets who wanted to diversify or implement new ideas, or were community interest groups aspiring to establish a community hub. Some groups also tried to get asset ownership but required businesses planning support first.



of community businesses on **Trade Up** owned an asset but needed investment to bring it up to standard.³ Other community businesses were renting buildings which required refurbishment, including some which were on short-term lease agreements.



of community businesses on round 3 and 4 of the **Community Business Fund** programme owned an asset. The programme was established with specific remit of supporting mature businesses to maximise ownership and utilisation of assets for financial sustainability. Community businesses looked to the Community Business Fund to support their acquisition of buildings or to support with buildings refurbishment or expansion. A few grantees worked in coalition with partners to secure the future of their asset and drew support from partners for capital spend.

¹ Research Institute Report No. 21, [Our assets, our future: the economics, outcomes and sustainability of assets in community ownership](#), July 2019, page 3.

² Source: application data for Bright Ideas.

³ Source: application data for Trade Up.

Section 2: Assets have been beneficial to community businesses and their local areas

Across Bright Ideas, Trade Up, and the Community Business Fund, assets have played a critical role in **amplifying community businesses' social impact**, and in **enabling their financial sustainability**. Below are some of the benefits and types of social value that assets have provided community businesses and the communities they work with.

I. Enhancing social impact in their communities

Community businesses took an active role in using their assets and experience to improve the places in which they were situated; especially by actively involving local people in deciding how the buildings and spaces that were meaningful to them could be used to meet their needs. The social value of community assets can be grouped under four categories: (i) increasing health and wellbeing; (ii) fostering community pride and empowerment; (iii) improving the local environment; and (iv) enabling greater community cohesion.

Increasing health and wellbeing

Assets enabled community businesses to provide a safe and welcoming space for members of the community to interact socially, engage in group activities, and talk about common challenges they were facing, which helped **reduce social isolation**.

“Social isolation [is the] majority of what the feedback is from those that have been able to attend... we've seen through the door the parents, the new moms... There aren't any other places where they can just walk to with their children... it's crucial to have places where they can meet others and talk problems out while their kids play safely”

- Bright Ideas grantee

For some community businesses directly supporting people with physical disabilities, **asset ownership gave them the space and stability to adapt the physical environment** to better fit its purpose, and to invest in larger spaces that were more accessible. This increased the number of community spaces that people with physical disabilities could access, and thus increased their social inclusion and engagement in community activities.

For example, one community business from the Community Business Fund programme used their community café to provide training to neurodivergent young people and young people with physical disabilities. The security of asset ownership not only gave them a sense of stability, but also increased their confidence to invest in their asset to grow their business.

“Looking to the future we know we have that asset, if we had to run the asset in a different way we could do that. [It's] just the security of knowing we have the building... it [also] gives us the opportunity to develop the building more... We would not have made that investment if we didn't own the building.”

– Community Business Fund grantee

Many community businesses actively sought to leverage different aspects of their asset **to provide integrated and creative ways of providing access to health and wellbeing services**. For example, a CIC planned to use their outdoor space to offer therapeutic gardening and use the building to provide therapy sessions.

“The garden is basically going to be a therapeutic garden for community health and wellbeing. Healing through nature and plants [and] developing the garden into an inspirational healing space... The building is going to [have a] therapy room. We got a partnership with a local space that does affordable space for therapy”

– Community Business Fund grantee

Fostering community pride and empowerment

Assets enable small community businesses to be part of their community, often becoming an anchor for social activities and becoming a place that local communities identify with. This enables community businesses and their assets to become a source of **pride and empowerment** as the community becomes more invested in the community business' development.

“The new premises that we moved in was just a commercial property that was on sale on our local high street... We moved from edge of town to high street and all the traders seemed really happy for us to be moving there. It felt like an important and significant move for lots of people in the town and I think you could say that it impacted on community empowerment and pride.”

– Community Business Fund grantee

This is especially true for grantees who were reliant on community support in negotiations for community asset transfer or in campaigning to save a building. By becoming a part of the community's identity, **assets became the core rallying force for community cohesion and pride**.

Assets have also increased community empowerment by providing **opportunities for employment**. These included opportunities that directly supported the maintenance and operations of the asset (i.e., a building, garden, shop), or employing project staff to deliver programmes and activities at their asset (i.e., running events, classes, training). Community businesses that were not financially able to employ staff still generated training and volunteering opportunities in their local areas.

“Our park... needs a lot of maintenance, we have year on year requirements to raise [the beams on the borders of the gardens for the duration of the] 125 year lease. And we're responsible for the grass cutting for all that time. So [with] volunteers coming into the park, we can animate the space, we can make people feel a sense of ownership of that space, it's theirs, they've done the work on it. They're therefore more likely to value it and realise it's different.”

- Community Business Fund grantee

The asset has created more opportunities for local communities to engage with the community businesses, and many staff and volunteers alike **increased their confidence and skillset**, and also developed **a greater sense of achievement and ownership**, changing their self-perception and their relationship with the wider community.

A few community businesses went further to **increase local employment** by using their asset to provide an incubation space for other community businesses, thus encouraging the creation of more social enterprises and contributing to a more vibrant market.

“We've got 100 organisations [using] the space for free. We try and really ensure that this kind of space speaks to the whole community... since we've been here, we've got 60 full time jobs linked to the venue itself... the venue [has] become a busy well frequented place in the centre of [the city]”
– Trade Up grantee

Improving the local environment

Community businesses have used their assets to directly improve and increase access to the natural environment by maintaining those areas, and using them as a way of engaging the local community.

“It was lovely to be able to do that and watch the young people enjoy something that they wouldn't necessarily be able to do without traveling out of the area. I think that the nicest thing is to see groups and families come to try something new... This support has allowed us to have a bigger impact. I think it's mainly because we've got a bigger basis of activities for people, there's people who want different things that are able to attend.”
– Community Business Fund grantee

In addition to improving the natural environment, some communities struggle to reach the closest shops, post offices, and other services. Many community businesses consequently saw the opportunity to use their assets to **bring services and public infrastructure to the doorstep of their communities**. For example, by setting up a community shop where basic household items are sold, or providing a public toilet to their community.

“I think the biggest impact in our community has been for the older population. We're the only public toilet in the village. [For an] older person who wants to go shopping, [it's] good to know [that] in the centre there is toilet to use. [It is a] really small thing but some of the older people wouldn't walk too [far as they know they could need] to go to the toilet quickly. [They used to] get someone else to do shopping, [which has a] detrimental effect to physical health but also mental health.”
– Trade Up Grantee

Enabling greater community cohesion

Assets enabled community businesses to **provide spaces for community engagement**, which fosters greater community cohesion. This could be through providing space for regular social interaction or by providing an avenue to help support their local community.

Assets also enabled community businesses to establish a longer presence in their locality, enabling a sense of stability and familiarity that is critical for lasting social and civic infrastructure.

*“Well I would say everyone knows us and everyone knows the events that are run in the local town. We are often getting people in contact with us. We’re obviously running a football centre that will have about 800 children a week through the door, so we’ve had a big impact on everyone... We’re able to support everyone in different ways.
– Trade Up Grantee*

Impact of Covid-19 on community businesses with assets

The social value of assets for community businesses and the localities in which they operate was accentuated during the pandemic. Many community businesses continued to deliver vital services and support through their asset despite not being able to generate an income, for example, by enabling access to critical services and provisions, and becoming the anchor for community cohesion⁴. In particular, the **pandemic has pushed community businesses to creatively adapt their assets** to suit the different needs of their community, often taking up multiple roles and services. For example, community shops often functioned as a one stop shop, and community hubs started operating as food banks. While not many grantees were able to generate revenue during the pandemic, having an asset created a safe space for people to access social infrastructure and necessities, and placed community businesses at the heart of their community and the response to the pandemic.

The pandemic has pushed community businesses across all programmes to **strategically rethink their business models** going forward. For some community businesses, Covid-19 has demonstrated that physical assets are not the only method for delivering impact, and they are considering more digital methods of service provision. This will have repercussions for community businesses and their relationship with assets, as well as the future engagement between community businesses with their local communities going forward.

II. Financial sustainability of Community Businesses

Assets have often enabled community businesses to strengthen their **long-term sustainability** by generating revenue, helping the running of the business, and increasing its value. Tangible assets like land and buildings are often essential for small businesses as a fixed operating resource over a long period of time, laying the foundation for a stable future.

All three Power to Change-funded programmes have had an impact on community businesses’ finances; overall, grantees saw a **growth in total revenue income** and **fixed asset value** across the programmes (Tables 1, 2, and 3).

Assets in particular played an important role for community businesses in Community Business Fund and Trade Up. For Community Business Fund grantees, the value of an asset often translated into revenue income; they tended to use the capital element of the

⁴ These findings are consistent with Power to Change and CFE’s report on [The Community Business Market 2021](#), December 2021, which focuses on community businesses’ recovery from the Covid-19 pandemic.

grant to acquire or renovate their assets to create new revenue streams, expand the scope of their services, and develop more financially sustainable business models. Similarly, Trade Up grantees tended to use funds to support asset management and acquisition, and those who acquired assets saw growth in their business quicker than expected.⁵ Even for early-stage community businesses in Bright Ideas, the total fixed asset value across grantees saw significant increase in scope within the first two years of the programme.

Although limited, available evidence across the programme suggests that, while assets' values have increased, the pandemic has also limited the ability of community businesses to utilise assets to generate income and / or the ability of community businesses to generate sales from the assets have stayed the same.

Table 1, 2 and 3: Fixed asset value, Total revenue income, Earned income and Fixed Asset Turnover of grantees across Bright Ideas, Trade Up, and the Community Business Fund programmes.⁶

Bright Ideas		Year (0)	Year (1)	Year (2)
Total revenue income	Total	£13,432,764	£15,857,265	£18,093,290
	Median	£74,861	£106,305	£111,373
	Count	35	35	35
Fixed Asset Value	Total	£58,701,019	£61,286,935	£63,766,040
	Median	£27,401	£24,642	£41,409
	Count	21	21	25
Fixed Asset Turnover	Median	739%	428%	549%
	Count	21	21	25

Trade Up		Y(-1)	Y(0)	Y(1)	Y(2)
Total revenue income	Total	£8,117,389	£8,590,644	£9,255,968	£10,341,027
	Median	£92,330	£111,055	£120,954	£139,563
	Count	50	50	48	50
Fixed Asset Value	Total	£5,680,562	£8,561,117	£8,727,196	£11,942,382
	Median	£12,762	£17,214	£31,930	£50,107
	Count	36	46	42	44
Fixed Asset Turnover	Median	992%	733%	432%	271%
	Count	36	46	42	44

Community Business Fund		Y(-1)	Y(0)	Y(1)	Y(2)
Total revenue income	Total	£27,920,080	£30,811,443	£31,905,113	£33,353,089
	Median	£314,420	£337,354	£297,995	£295,412
	Count	56	56	55	56
Fixed Asset Value	Total	£57,501,337	£59,807,998	£62,382,214	£68,826,723
	Median	£266,667	£251,249	£414,466	£453,171
	Count	49	49	53	52
Fixed Asset Turnover	Median	75%	151%	84%	56%
	Count	49	49	53	52

⁵ Growing community businesses, [An interim evaluation of Bright Ideas, the Community Business Fund and Trade Up](#), October 2020, page 34.

⁶ See also: The 'year zero' reporting approach: A data reporting approach to better understand the financial impact of funding programmes on community businesses, MyCake and Renaisi, November 2021.

Section 3: Bright Ideas, Trade Up, and CBF have helped asset acquisition and management

Power to Change supported community businesses at different stages of their journey through Bright Ideas, Trade Up, and the Community Business Fund. The type of support provided in each programme had a different role in facilitating asset acquisition and management.

I. Bright Ideas

As highlighted in Section 1, 85% of Bright Ideas grantees had a community business idea that involved an asset. The Bright Ideas programme provided early-stage community businesses (or community groups) with support to explore the viability of their ideas. For grantees with ideas based around assets, Bright Ideas supported them to acquire assets through strategic and practical support, peer learning and online resources, and a small grant of £15,000 to fund start-up costs. The programme helped **community businesses explore if their business model required an asset, or what asset would suit their needs**, and community businesses often used **the grant to cover various fees** – including planning and application, architect, or legal fees.

Tailored one-to-one business development support

Across the breadth of trading models and services of grantees on Bright Ideas, the tailored one-to-one support provided to community businesses was one of the most effective in helping them access and / or acquire assets. Community businesses drew on specialist support from Advisors depending on their needs. For example, some community businesses needed practical capacity and legal support with leases for asset transfers and understanding how to work with stakeholders like Councils. Other community businesses needed support in terms of strategic and business planning – requiring help from Advisors to translate a vision into practical steps to use their assets to support their community and focus on their core values.

“We had [a consultant] from Shared Assets, who came out to interview us and work with us on producing our business plan with pie graphs and extra bits and pieces.”

– Bright Ideas grantee

Furthermore, having the support of Power to Change – a recognised national funder – through the one-to-ones in different business processes, has provided legitimacy to the community business when engaging with external stakeholders during asset acquisition. For example, a community business looking to launch share offers as an attempt to get a community asset transfer felt that support from their Advisor and Power to Change demonstrated to external partners that they were a serious contender.

Small grant of up to £15,000 for development and start-up costs

For some community businesses on Bright Ideas, the grant enabled them to define how to use the asset that had come into their possession. This included technical and practical

support in scoping, feasibility studies and public consultation. For other community businesses that have yet to own an asset, the Bright Ideas grant provided seed funding to lay the foundations of their businesses, with the plan of eventually owning an asset. This included piloting their ideas at a smaller scale to test their assumptions.

*“Bright Ideas has allowed us to get machine, set up in one of our garages, small scale to do the prototype”
– Bright Ideas grantee*

For community businesses that owned an existing asset, the grant was used for their decision-making processes around their asset – especially in determining the legal structure of their business. For example, in deciding whether or not to launch a community share offer.

*“Bright Ideas helped us investigate the idea of local community being involved in running the mill which we didn’t want to do. [It was a] case of investigating whether a Community Benefit Society could be established and how it would be established... We went through the whole rigmarole of having public share issues to involve local community in subscribing... the local community raised capital to kit out bakery, install artisan baker and managing operation on day to day”
– Bright Ideas grantee*

While peer-learning and online resources were part of the support provided to grantees in the programme, none have referenced this particular component in helping them come into asset ownership or access.

II. Trade Up

While some Trade Up grantees were supported with acquiring assets, Trade Up mainly helped with the management of the asset. Community businesses were provided with an Action Learning programme over nine months, a grant or matched grant of up to £10,000, and access to a support network of other community businesses. Overall, the Action Learning component of Trade Up helped **build the confidence of community businesses to manage or acquire an asset**, whereas the grant provided community businesses with **additional income to invest in new equipment or renovate their asset**.

Action Learning Programme

Community businesses with assets consistently reflected that one of the greatest value was the peer-learning and support network. Many community businesses drew inspiration from peers who were running similar activities or similar business models. Similarly, the peer support network provided a safe space for community businesses to get feedback from their peers, who acted as a sounding board for ideas, or a source of knowledge by sharing their learnings having managed their own assets.

“My main motivation was to look at running the community centre another way... I would say the main support I got from Trade Up was being able to talk about what I was trying to achieve, and having people take it away and then throwing it back at me with different questions and

approaches. It was really useful, to have people looking at it from a different directive. It gave me lots of ideas...

– Trade Up grantee

The peer-learning and study sessions also enabled grantees to take a step back from the day-to-day operations of their community business, and think more strategically about their asset. Many grantees could develop new ideas for income generation, and could reflect on the structure of their organisation.

For one community business, their business model was based around a community sports facility that provided training and activities for the community. The Action Learning sessions enabled them to look at their business model and plan with their staff on how to best use their assets going forward.

“Because of the support I received from Trade Up, I was able to look at the business model and a lot of what came out of it was being able to sit with the staff and directors and do some planning. We found time to do that to make sure we were going in the right direction and obviously the money supported that as well because of the time”

– Trade Up grantee

Matched Grant

Most community businesses in Trade Up received a matched grant between £2,000 and £10,000 dependent on how much their trading income increased. For community businesses that owned an asset, the grant was mostly used to renovate their assets and make them fit for purpose. This ranged from purchasing commodities like signage, buying white goods in kitchens, and also covering staff salaries.

“The grant was particularly useful... the really significant thing we spent it on was signage and signposting around the building... Sounds superficial but actually at the time it was exactly what we needed. It really kind of helped us to shout out about the station house... We were [also] able to set up an online booking system for the room hire, that was another good thing”.

– Trade Up grantee

Grantees also reflected that the flexibility in what the funding could be used for was helpful. This recognised that community businesses knew best where to invest to improve their assets, not only for increasing their trading income, but also to better address the needs of their community. For example, funding the building of toilets in the community hub, which not only increased the footfall to the community hub, but also provided crucial public infrastructure for the community.

III. Community Business Fund

Community businesses received a combination of **asset acquisition and management** support through the Community Business Fund. The programme provided community businesses with a grant between £50,000 and £300,000 to cover capital costs such as acquiring or refurbishing assets, purchasing vehicles or other equipment of significant value;

and / or project-specific costs like staff costs and professional fees. The funds could also be used for restoring heritage or disused buildings, and exploring ways to generate more trading income from their asset. Grantees could also access peer brokerage – business development support delivered by community business peers.

Capital grants

It is often difficult for organisations to access funding for significant capital spend. The substantial grant funding provided by Power to Change was consequently a rare opportunity for many community businesses. Some used the grant to purchase a new asset, while others invested in renovating existing assets to be more accessible and better suited for income generation. This included building works as well as purchasing the equipment and fitting required to make parts of the businesses functional.

“Power to Change essentially [helped us] build the new building. [We had other small funds] that were very modest £5,000 here and £8,000 there. The larger fund from [the] Council had to be for equipment air conditioning and kitchen equipment... [Another] trust provided things like fitting out the shop... Power to Change was the major funding and provided the build”

– Community Business Fund grantee

Increasing community businesses’ asset bases not only enhanced their revenue generation abilities, but also enabled them to increase their impact. For example, a community business that purchased houses to improve housing for community members used the capital funding to expand the scope of their project, thus providing more affordable spaces for their community whilst generating more revenue from tenants.

The flexibility of funding and relational approach of Community Business Fund provided the support community businesses needed to carry out their plans, recognising the challenges of uncertain circumstances.

“I found that the people that I dealt with were really helpful and very supportive... The people were really flexible. When the price changed there was a formula about how much capital we could have. They helped me work around that... explaining how the various options worked to make sure we were still eligible for the grant. They were helpful throughout getting the money to us quickly and all those things”

– Community Business Fund grantee

Revenue grants

Revenue grants provided community businesses running cost support. For many grantees, this enabled community businesses to see through asset acquisition processes by covering running costs since resources were diverted to acquiring an asset.

Nevertheless, the greatest value of Community Business Fund was its flexibility for community businesses to receive a blend of capital and revenue grants, depending on their goals. For some community businesses, this blend of financing provided a safety net in situations where unexpected costs relating to community assets occurred. For example,

acquiring the asset but being unable to generate income because of pandemic roadblocks, or receiving equipment that was not fit for purpose.

The combination of capital and revenue grants also enabled community businesses to use the revenue grant to employ someone to develop programmes around the capital project. For some community businesses, that was the key motivation for applying to the fund because it would allow them to build their business around the asset - as opposed to a piece-meal use of capital funds to acquire an asset, followed by a lack of resources to carry their plans forward.

“One [motivation for applying] was that it was a mixed grant. So sometimes it's like either revenue or capital. And actually... that was like one of the main motivations because... then you can develop the business around the asset, rather than getting some capital money, but then you don't really have any resource to do anything else on top of what you're already doing”

– Community Business Fund grantee

Peer brokerage

Peer brokerage was most helpful for community businesses that required specific expertise to ensure they were able to meet the physical or spatial needs of their target service users.

One community business used the peer broker to inform how to model their garden and horticultural sites to be more accessible for people with physical disabilities.

“Power to change supported us with developing that piece of land... not just the physical space, but the model [of an accessible garden]. So we attended a lot of peer learning events... We had experts that we were able to talk to and bring in. And it allowed us to have these additional posts, which was bringing in expertise specifically in our field. It allowed us to engage with more people in the community to really start developing the next phase”

– Community Business Fund grantee

However, some community businesses felt that the peer brokerage support was ill-placed and did not help them. The support was mainly beneficial when the peer broker contributed additional specialist expertise, as many of the Community Business Fund grantees were already knowledgeable about the community business model.

Section 4: Mitigating capital and asset risks

Asset ownership and / or having the ability to use an asset could place a community business in a more stable and sustainable position, but could equally drag the business down. Assets are often one of the most significant investments for community businesses, yet capital and asset risk exist. Therefore, the possibility of losing money from this investment require close monitoring and mitigating.

I. Common capital and asset risks

Drawing from the experience of community businesses across the three programmes and Power to Change’s *Our Assets, Our Future* report, there are three categories of common capital and asset risks:

- **Failing to engage the community:** community businesses aim to maximise community benefits, and generate trading income to financially sustain their business. For both agendas, the community is at its core either as customers, service users, employees, volunteers, etc. Hence, if the community business fails to engage the community, they carry the risk of investing a significant sum into an asset without generating social or financial returns.
- **Controlling expenses:** in a recent Power to Change research report, the cost of maintenance was by far the most common factor to have negatively affected the financial health of assets – especially due to high maintenance costs and poor revenue.⁷ The cost for maintaining and improving an asset could easily be underestimated, and similarly the scope and scale of income generation overestimated. This requires expertise in financial planning to maintain a healthy balance between costs, income, and reserves to ensure that the community business can continue their operations and be resilient to unexpected costs and income shocks.
- **Balance between assets and working capital:** While acquiring an asset represents an investment in the community business’ long-term productive potential, working capital refers to the liquid resources that a business uses to cover its day-to-day operations. Managing and maintaining the right balance in long-term assets and working capital is important for community businesses to understand its limits and guide its decision-making. The potential consequences could include inability of community businesses to cover short-term income shocks, trading insolvently, incurring more debt, and losing their asset.

II. Mitigating capital and asset risks

Given the existence of such capital and asset risks, mitigation strategies are critical to a business’ long-term resilience and sustainability. Grantees across Bright Ideas, Trade Up, and Community Business Fund have used different components of the programmes to mitigate these risks:

Table 4: Capital and asset risks, and corresponding programme component and mitigation strategies

Capital and asset risk	Programme component	Risk mitigation strategy
Lack of community engagement and buy-in	Community consultation support	<ul style="list-style-type: none"> • Technical advisory helped carry out community consultation during asset acquisition and renovation to ensure community buy-in, and align service delivery and income generation strategies with the community’s needs.

⁷ Research Institute Report No. 21, [Our assets, our future: the economics, outcomes and sustainability of assets in community ownership](#), July 2019, page 6.

Controlling expenses	Peer learning network	<ul style="list-style-type: none"> • Refine operational and asset management processes using peer examples to replicate good practices. • Take inspiration from peers to explore and test different ways to diversify revenue streams, and thus become more financially viable and resilient.
Controlling expenses; balancing assets and working capital	Business and financial planning advisory	<ul style="list-style-type: none"> • Support with business and financial planning for better asset management, diversifying revenue streams, and evaluating different avenues for asset ownership and access.
	Funding	<ul style="list-style-type: none"> • Ability to hire dedicated resources for better planning of asset acquisition and management.

Determining the success of these risk mitigation strategies can be difficult and further research is required to fully assess their effectiveness. This is because community businesses supported through the three programme are still relatively early in their journey with asset ownership, and such capital and asset risks build over time. However, community businesses have expressed that these mitigation strategies made them feel better able to both prevent and face risks. For example, one community business expressed that the peer learning component of Trade Up enable them to think more broadly about business and trading when taking on the lease for their music shop.

“It felt very risky for me to take on lease for the shop...because I had never run a shop before. Every step of the way with [this has] been stepping away from my comfort zone ... [Trade Up] was a really useful programme for me.... It taught me an awful lot about business and thinking about ways of trading in ways I hadn't thought about before.” – Trade Up grantee

Case study: Business planning and peer network support as risk mitigation

This Trade Up grantee, focused on promoting cycling in their community, gained tenancy of a building in their city centre early in their journey as a business. Their main motivation for applying to the Trade Up programme was to access financial and business support. The knowledge they gained from their experience made them feel better prepared to build their business going forward.

“It seemed like a good opportunity to be able to explore ways that we could generate income without the same level of financial risk attached. And just the idea of having a cohort of people that were kind of going through development process seemed very appealing... It's helped me solve some immediate issues... I think the real impact [has been] just better knowledge about how to proceed.”- Trade Up grantee

Conclusion

Community asset ownership is defined as the long-term **ownership of land, buildings or other physical structures by community or voluntary organisations** which operate for the benefit of local people. A large proportion of the community businesses which participated in Power to Change-funded programmes owned an asset, aimed to acquire one, or planned to refurbish, expand or improve the use of an existing physical structure.

When owned or managed by community businesses, assets can be a **powerful way to improve local places**. They can help improve the health and wellbeing of residents, foster pride, empowerment and community cohesion, and enhance the local environment - especially when local people participate in shaping the asset. Such buildings or physical structures can also be valuable to community businesses themselves, by strengthening their long-term financial sustainability.

However, gaining access to an asset is **not always simple**. Often, community businesses on the Bright Ideas, Trade Up and Community Business Fund programmes needed support to navigate legal complexities, undertake sound financial and business planning, manage relationships with local authorities or access the capital necessary to acquire, refurbish and / or expand an asset.

Relatedly, asset ownership **does not come without risks**; and issues can arise if community businesses fail to engage with their local community meaningfully, or if they do not find a healthy balance between costs, income, and reserves, and between long-term assets and working capital.

Going forward, Power to Change and other funders can generate positive social impact by ensuring that community businesses have access to land, buildings or other physical structures in their local area, and that they are well equipped to acquire such assets and manage them sustainably. In particular, Power to Change and other funders should:

- **Support community businesses to access the right technical and practical support**; may that be support with leases for asset transfers for community businesses looking at acquiring an asset, or management support for more established organisations with larger assets.
- **Provide the right type of funding to community businesses**; may that be seed funding to lay the foundations for asset ownership in the longer term, or capital and revenue grants to enable community businesses to holistically build their business around the asset.
- **Maintain platforms for peer-learning** between community businesses facing the same challenges. Having access to a sounding board or source of inspiration can help community businesses manage their own assets at best.
- **Support and fund community businesses in a flexible way**, building on their knowledge of the local community's needs, and recognising the risks and uncertainties that inevitably come with acquiring or managing as asset.

About Power to Change



Power to Change's mission is to strengthen community businesses to tackle some of society's biggest challenges at a local level, including the three biggest challenges of our time: climate change, digital transformation and social inequalities.

Power to Change was set up in 2015 with a £150m endowment from The National Lottery Community Fund (NLCF) and was due to close in 2022. Responding to the impact of the Covid-19 pandemic, Power to Change realised that community businesses needed them more than ever. Power to Change received a further £20m from NLCF which enabled us to set out a new five-year strategy to continue supporting the sector.

In the next five years, using strategic funding, trusted partnerships, rigorous research, policy insight, and a strong network of remarkable community businesses who are changing the world one day at a time, Power to Change will be a catalyst for the whole sector, creating the ideas, evidence, and exemplars that can make a case for others to back community business. Ultimately, we will amplify the efforts of community businesses and put them at the heart of a fair recovery.

Find out more at powertochange.org.uk

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About Renaisi



We're passionate about creating the conditions for strong, inclusive communities to thrive.

We're constantly learning from the different perspectives we see working directly with communities, with the providers of services and the investors in communities. It gives us a unique perspective on how systems work and how to improve places equitably.

The combination of our research and evaluation consultancy with employment & advice programme delivery, makes Renaisi a uniquely well-rounded learning partner for the voluntary and community sector.

Find out more at renaisi.com

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