



with

Stephen Miller

The Economic Contribution of Community Business

From local impacts to national growth

For: Power to Change

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April 2025

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Ortus Economic Research Ltd

Economic research, data and analysis

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Executive summary

Introduction

Community businesses are a unique model of enterprise. There are an estimated 11,000 in England, ranging from local shops to cafés, solar farms to community hubs. They are characterised by being locally rooted, trading for the benefit of their local community, being accountable to that local community, and having a broad community impact.

These businesses often operate in areas that have been left behind by economic changes, facing significant deprivation and inequalities. Community businesses address these issues by investing in local communities, improving wellbeing, regenerating buildings, developing skills through volunteering, supporting people into work and much more. While their social and environmental impact is well-evidenced, this report represents the most comprehensive study to date to understand how they drive and support economic benefits at both the local and national levels.

About the research

Commissioned by Power to Change, this report explores the economic contributions of community businesses. Power to Change is the think-do tank that backs community business from the ground up. The study was conducted by Ortus Economic Research in partnership with Stephen Miller, combining qualitative and quantitative approaches to understand and quantify the economic contributions of community businesses. For the first time this report provides an estimate of the total economic contribution made by community businesses in terms of GVA output, an economic measure commonly used by policy makers. As such, it also provides insights into the opportunities and potential for further supporting and developing the community business sector.

Key findings

How community businesses contribute to the national economy

Gross Value Added (GVA): Community businesses in England contributed an estimated £1.5 billion in direct GVA in 2022. Including indirect and induced GVA, the total economic contribution was approximately £5.8 billion, representing about 0.3% of the national GVA.

Employment: Community businesses create significant employment opportunities, particularly for those who are unemployed or disadvantaged:

41,800 people are employed by community businesses (81% of whom live locally) ¹	9,000 people were previously unemployed (21% of all community business employment)
£95m The social value of employing people who were previously unemployed	£42m The social value of recruiting people to secure (permanent) jobs

¹ Power to Change (2022) *Community Business Market Report 2022*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/market-report-2022/>. Accessed Nov 2024.

Return on investment: Investing in clusters of local community businesses helps build more scale and critical mass. The return on investment can be as much as £6 of economic contribution (GVA) for every £1 invested.

Volunteering: Community businesses also provide extensive volunteering opportunities, which contribute to the economy and offer social value through improved wellbeing and skills development:

126,200 people volunteer with community businesses (91% of whom live locally)	£90m Additional economic contribution generated by volunteers	£471m The social value of volunteering in community businesses
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Leveraging funding: Between 2015 and 2023, Power to Change's funding leveraged an additional £210 million into the sector. This includes grants, community shares, crowdfunding, government funds, refinanced debt, social investment, and co-funding. This means that for every £1 contributed by Power to Change, an additional £4.68 has been leveraged into community business.

How community business contributes to local economies

Economic contribution: This study has generated estimates of the direct economic contribution made at the local level against three local area 'archetypes' – predominantly rural areas, predominantly urban areas, and urban with significant rural areas. The analysis shows that economic contribution is concentrated in predominantly urban locations, but areas which are predominantly rural produce a higher economic contribution per 100,000 resident population.

	Local area archetype		
	Predominantly Rural ²	Predominantly Urban ³	Urban with Significant Rural ⁴
Estimate of Total Direct economic contribution (GVA £m)	377	1,101	117
Mean average direct economic contribution per area (GVA £m)	5.4	7.5	2.8
Mean average economic contribution per 100,000 resident population (GVA £m)	3.1	2.8	1.8
Mean average resident population	169,000	237,000	175,000
Mean # community businesses	7.0	9.5	3.9

The analysis suggests that the average performance for local areas is driven down by locations which are under-capacity in terms of their community business population. Investment to bring these locations up to the current average could deliver an additional £587 million in direct GVA annually. Based on the return on investment analysis presented here, it is estimated that an investment of £98 million to build capacity in these areas could deliver this important outcome, and boost local and national economic growth.

² Examples include County Durham, Sevenoaks and South Cambridgeshire

³ Examples include Wigan, Gateshead and Exeter and London Boroughs

⁴ Examples include Great Yarmouth, Lancaster and Cheshire East

Meeting local needs: Community businesses are deeply embedded in their local communities, addressing specific local needs. For example, one community business has transformed its area by refurbishing houses and providing affordable housing, education, and employment opportunities. As such they significantly impact local economies and labour markets through job creation, volunteering, and skills development. In addition to providing job and volunteering opportunities, they also generate the following value:

£183m The social value of the training provided by community businesses to employees and volunteers	£1.7m The social value for every 100 people experiencing an improvement in their general health	£761,400 The social value for every 100 people experiencing an improvement in their sense of belonging to their neighbourhood
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Inclusive growth: Community businesses support inclusive growth by addressing the needs of deprived communities. Examples include community businesses providing therapeutic and educational benefits through a range of services from training and wellness sessions, to supporting both local tourism and the rural economy.

Sustainable growth: Community businesses like Grimsby Community Energy contribute to sustainable growth by generating renewable energy and reducing energy costs for local organisations. These efforts support local jobs and provide training and development opportunities. Community Energy England found that community energy projects alone generated an estimated £43 million in turnover in 2023, of which £12.9 million was reinvested back into local communities.

Regenerating local heritage: Many community businesses invest in regenerating local heritage buildings and community assets. There are numerous examples captured in the report of how community businesses have transformed derelict buildings into vibrant community spaces, supporting local businesses and creating jobs. There are an estimated 6,300 community-owned assets, contributing nearly £220 million annually to the UK economy.

High street regeneration: Forty-three percent of community businesses operate on or near a local high street, playing a crucial role in regeneration by increasing footfall, creating jobs, fostering civic pride and creating vibrant community hubs.

Community-Led Housing: Community-led housing initiatives address the housing crisis by providing affordable, sustainable homes. Community Land Trust (CLT) examples are provided which show how community businesses develop and manage housing projects that prioritise quality, affordability, and sustainability. A range of impacts and benefits flow from community-led housing, demonstrating the link across themes presented in this report.

£1.60 Every £1 in grants to community-led housing projects results in £1.60 in benefits	£560 Healthcare cost savings per home per year
£1,000 Wellbeing benefits per home per year	£550m The market value of all community-led homes to the UK economy

Source: CLT Network

Environmental impact: Community businesses actively work towards Net Zero goals by improving energy efficiency, reducing waste, sourcing locally, and embedding sustainability into their core operations. Despite challenges with older buildings and limited public transport, their efforts demonstrate a strong commitment to environmental sustainability.

Challenges and opportunities

Community businesses face several challenges, including:

- **Funding and financial sustainability:** Accessing funding is a significant challenge, with a preference among funders for new or time-limited projects, conditional funding, and limited opportunities due to organisational legal forms.
- **Economic factors:** Rising costs, external economic factors, and a shortage of skilled staff impact the operations of community businesses.
- **Operational challenges:** Managing older buildings, addressing anti-social behaviour, and balancing financial sustainability with staying true to their values are ongoing challenges.

Despite these challenges, there are numerous opportunities for community businesses to thrive:

- **Policy support and funding:** Continued support and investment from funders and policymakers are essential. Flexible, long-term funding will allow community businesses to grow and sustain their impacts. Local investment can have a highly catalytic effect in developing impactful clusters of community businesses.
- **Partnerships and collaboration:** Strengthening relationships with local authorities, private developers, and other stakeholders can enhance the ability of community businesses to deliver community benefits.
- **Skills development and employment:** Investing in skills development and employment opportunities can address labour market challenges and improve economic outcomes.
- **Environmental sustainability:** Prioritising environmental sustainability in operations and receiving support from policymakers and funders can help community businesses adopt sustainable practices.
- **Community engagement and wellbeing:** Enhancing community engagement and wellbeing should remain a central focus, fostering social cohesion and improving living conditions.
- **High street and local regeneration:** Supporting community-led regeneration efforts and involving community businesses in strategic decision-making processes can maximise their impact.
- **Housing:** Community-led housing initiatives offer scalable solutions to the housing crisis, with partnerships and support from policymakers being crucial.

Conclusion

Community businesses are a vital force in local regeneration, wellbeing, and economic development. Their contributions to the economy, community wellbeing, and environmental sustainability are significant and far-reaching. By addressing the challenges they face and leveraging opportunities for growth and collaboration, community businesses can continue to drive positive change and create stronger, more resilient communities. Continued support and investment from policymakers, funders, and stakeholders are essential to maximising their potential and ensuring their long-term success.

Introduction

Community business is a different way of doing business. Community business invests in local communities instead of paying dividends to shareholders. The local communities it invests in have often been left behind by economic change, and now experience considerable deprivation and inequality.

People living in deprived communities experience poor health and wellbeing, a lack of access to public services, and exclusion from economic activity and employment. Local housing is often of poor quality. Low incomes mean that local people often struggle to afford the cost of living and can't pay for local amenities or the cost of travel to them.

In many places, once-important local buildings and public spaces have fallen into disuse and disrepair. In many places, the local shop or pub or village hall has faced closure, depriving the local community of an important community asset.

Community business invests in local communities to address these issues. There is lots of evidence of this investment benefiting local communities. Yet the ways in which community business contributes to the economy are not always immediately obvious, and often go unrecognised.

Traditionally, economists have used financial metrics such as Gross Value Added (GVA) to try to measure local economic growth. There is growing recognition among economists – and the policymakers who rely on them – that a more inclusive approach is needed, recognising that wellbeing, environment and economic activity are interrelated. Community business is rooted in this inclusive economic approach. It invests in improving community wellbeing, increasing social trust, regenerating buildings and enhancing the environment, reducing harmful emissions and increasing sustainability, providing education and training, developing skills through volunteering, and supporting people into work.

This report describes how community business contributes to local economic growth through a wide range of inclusive activities, and how these in turn contribute to the national economy.

About this research

This report was commissioned by Power to Change. Power to Change was established in 2015 with an endowment from the National Lottery Community Fund (then the Big Lottery Fund) which recognised the impact of community business on local places.

Power to Change asked Ortus Economic Research and Stephen Miller to explore how community business contributes to the economy, and to quantify this contribution where we can. Ortus is an independent research consultancy which specialises in describing the economic contribution of diverse sectors, whose contribution is hard to measure using traditional approaches. Ortus has partnered with Stephen Miller to deliver this research. Stephen is an independent researcher and an expert in community business.

Our approach

There are already a lot of research and evaluation reports which describe different ways in which community business benefits local communities. Many of these have an economic dimension. For example, research shows that community-owned assets contribute nearly £220 million to the UK

economy every year⁵. As far as we know, this is the first attempt to tell the whole story of how community business contributes to the economy.

We began with a review of the available research, to help us identify all the ways in which community business might contribute and consider which we could measure. We then explored the themes we identified through a combination of qualitative and quantitative approaches.

We spoke to 29 community businesses across England. We asked them about their place in their local community, and how they thought they contributed to the economy. We asked about their staff and volunteers, and about their customers, clients or service users. We asked how they support community wellbeing. We asked about their assets, and their role in regenerating local places. We asked about their Net Zero goals. We asked about opportunities to maximise their benefit to their communities, and the barriers to doing so.

We present several case studies, drawing on the evidence from these interviews, to illustrate the ways in which community business contributes to the economy. These case studies sit within the wider evidence we've gathered, both qualitative and quantitative.

We've tried to quantify as many of the ways that community business contributes to the economy as we can. Our estimates include an overall measure of the contribution of community business in terms of Gross Value Added. GVA is an important measure for economists, because it allows comparison between different sectors of the economy. Yet it only measures financial contributions to the economy and does not tell the full story of community business. We've also included other measures, including some which quantify the social value of community business. Social value measures take account of both direct and indirect contributions to the economy. For example, improving the wellbeing of a community leads to reduced public spending on health and social care. Supporting people into work leads to reduced public spending on welfare benefits, as well as increased personal income which in turn leads to increased spending.

There is no single source of data on community business. Our quantitative analysis draws on various data sources, the most important of which are:

- Estimates of the number of community businesses, from the Community Business Market Report 2022⁶. We've also used data from the 2024 Community Business Market survey.
- The Institute for Community Studies' Community Business dashboard⁷. This provides data on income, expenditure and assets owned by community business.
- Power to Change's internal grant funding data.
- Our own business dataset, called TCR, which we matched to Power to Change's data.
- The HACT UK Social Value Bank⁸.

Our quantitative analysis presents our best estimates of the economic contribution of community business. Full details of our methodology can be found in the appendix.

⁵ Sheffield Hallam University Centre for Regional Economic and Social Research & Institute for Voluntary Action Research (2019) *Our assets, our future: the economics, outcomes and sustainability of assets in community ownership*. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2019/07/Assets-Report-DIGITAL-1.pdf>. Accessed Nov 2024.

⁶ Power to Change (2022) *Community Business Market Report 2022*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/market-report-2022/>. Accessed Nov 2024.

⁷ Institute for Community Studies, Community Business Sector Overview. Available at: <https://viaanalytics.shinyapps.io/ics-community-business/>. Accessed Nov 2024.

⁸ <https://hact.org.uk/tools-and-services/uk-social-value-bank/>

About community business

A community business is one that sells products and services and reinvests its profits into the local community. There are many different types. A community business might be a local shop or café or pub, a call centre or leisure centre, or even a solar farm. Like all businesses, they are registered with Companies House and must submit regular accounts.

A community business might be incorporated (registered with Companies House) as one of several legal forms of business, for example a Community Interest Company or Community Benefit Society. These types of business face additional scrutiny from various regulators, who confirm that the activities of the business are or will be carried on for the benefit of the community.

Power to Change identifies four characteristics as fundamental to community businesses. Community businesses are defined as:

1. Locally rooted: they operate in a specific geographical place and respond to its needs. The area could be one of urban deprivation or rural isolation, and the area of benefit and area of business operation do not necessarily overlap.
2. Trading for the benefit of the local community: most of their income comes from activities such as renting out their workspace to other organisations, trading as shops or cafés, or delivering services commissioned by the local authority.
3. Accountable to the local community: they are accountable to local people, for example through community shares that create members who have a voice in the business's direction.
4. Broad community impact: the work they do benefits their whole community. Together with the other criteria, this means that community businesses are unambiguously about 'communities of place', not 'communities of interest'. They must be open to all.

There were an estimated 11,000 community businesses operating in England in 2022, with a total income of just under £1 billion. They employed an estimated 41,800 people (more than the pharmaceutical industry⁹) and drew on the additional support of around 126,200 volunteers. They owned an estimated £744 million of community assets (buildings and land)¹⁰.

Community businesses operate in a wide range of sectors, as shown in Table 1.

⁹ ONS Business Register & Employment Survey 2022.

¹⁰ Power to Change (2022) *Community Business Market Report 2022*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/market-report-2022/>. Accessed Nov 2024.

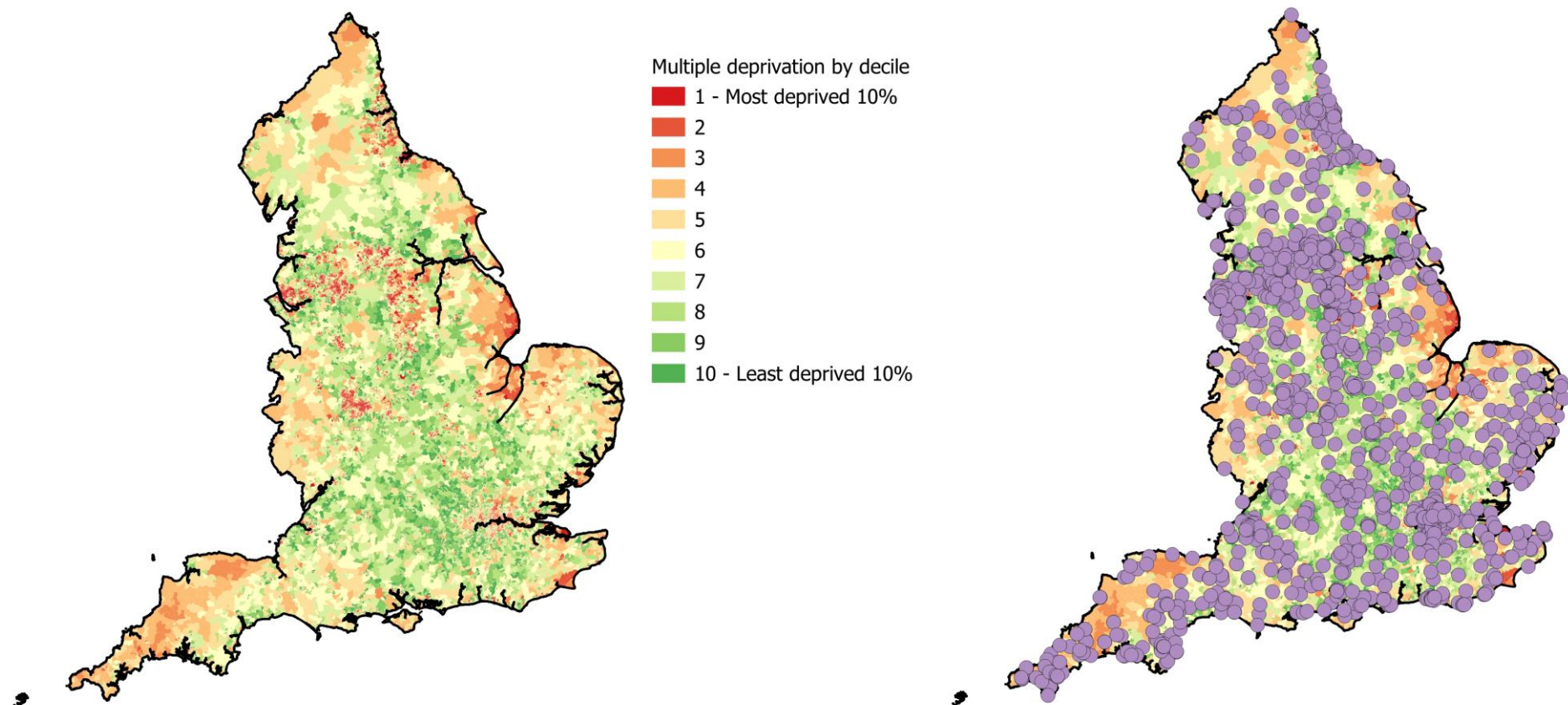
Table 1: Community business in 2022

Sector	Businesses	Income (£m)	Assets (£m)	Staff	Volunteers
Arts centre or facility	400	£58.8	£15.2	1,900	4,600
Business support, employment, IAG, training and education	1,200	£122.0	£24.5	6,100	9,800
Cafes and shops	400	£64.4	£12.7	400	5,900
Community hubs	2,100	£234.5	£229.0	10,700	40,500
Childcare	200	£15.0	£4.0	3,000	1,600
Craft, industry and production	100	£1.0		100	600
Digital services, consultancy or products	100	£7.4		400	800
Energy	300	£37.5		400	1,900
Environment or nature conservation	300	£17.7	£3.9	800	4,200
Finance	100	£14.6		400	1,000
Food, catering and production	300	£16.7	£6.8	800	5,400
Health, social care and wellbeing	600	£128.7	£15.4	5,800	8,400
Housing	600	£21.9	£295.3	600	4,400
Libraries	400	£12.3		700	8,800
Pubs	100	£5.7	£44.6	800	1,500
Sports and leisure	500	£38.9	£92.7	1,000	7,500
Transport	400	£105.2		2,100	4,900
Village halls	2,700	£47.3		5,400	10,800
Other	200	£9.8		400	3,700
Total	11,000	£959.4	£744.1	41,800	126,200

Source: Power to Change (2022) *Community Business Market Report 2022*

Reflecting the community issues they respond to, community businesses are often clustered in areas facing high levels of deprivation, as shown in Figure 1. Around one in four (23%) of community businesses receiving a grant from Power to Change are located among the 10% most deprived local areas in England. More than half (51%) are based among the 30% more deprived local areas in England.

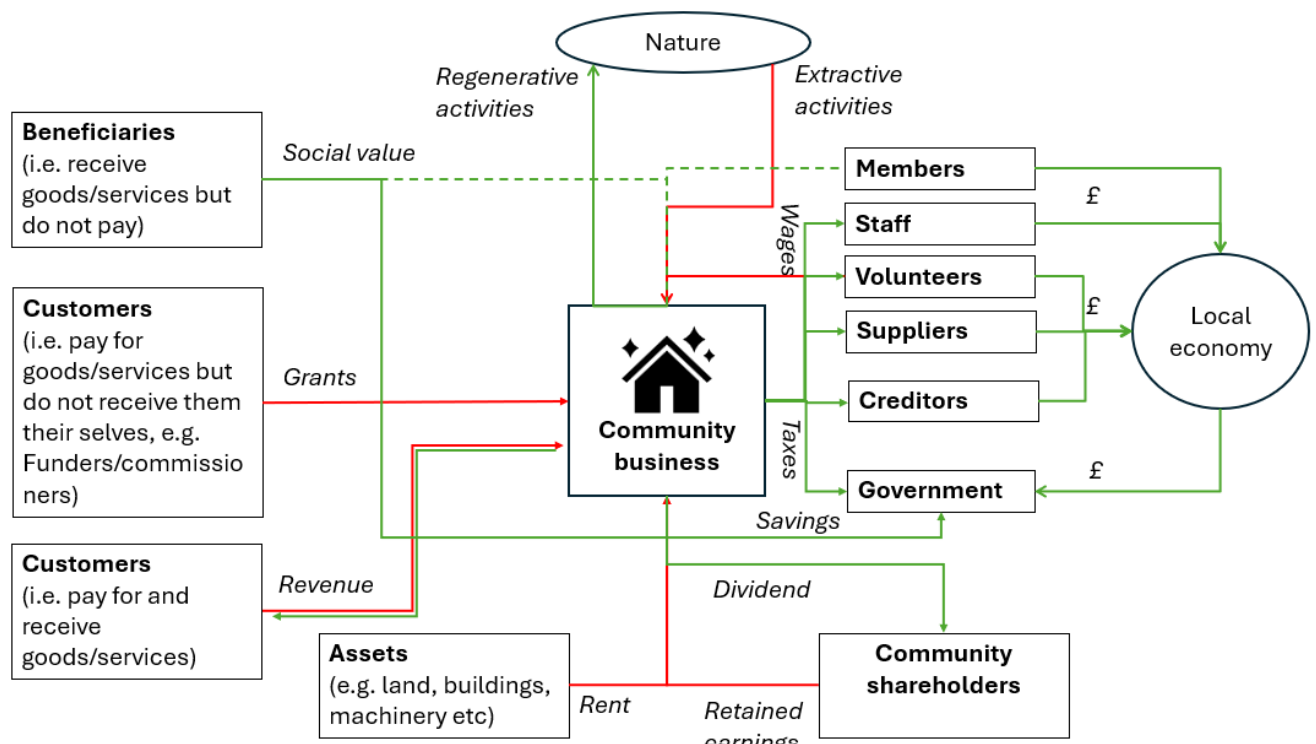
Figure 1: Deprivation in England and the distribution of community businesses



Source: MCHLG Indices of deprivation 2019 and Power to Change, Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024. Note that the distribution of community businesses shows those receiving a grant from Power to Change.

While this report is primarily focused on the economic contribution of community businesses, where appropriate we have also reviewed other types of value community businesses create, as well as how they create it. This is in recognition of the different *modus operandi* of community businesses, which have more explicit social and/or environmental objectives than other business types. The diagram below aims to provide a high-level illustration of the types of value an archetypal community business generates, based on what the existing literature says they do and create. It shows how they interact with different stakeholder types, with red arrows indicating where value is flowing from others to the community business (for example customers paying for its services), while green arrows indicate where value is flowing from the community business to different stakeholders.

Figure 2: Illustration of value exchange between a community business and key stakeholders



Structure of the report

This report aims to explain the range of ways in which community businesses and the activities that they drive and support lead to economic benefit at a local and national level. The report sets out, for the first time, an estimate of the total economic contribution made by community businesses in terms of GVA output, an economic measure commonly used by policy makers and Treasury officials to determine the comparative value of sectors, projects and policies. The report therefore allows the subject of community business support, and associated policy, to be discussed in those terms.

An important point, however, is that discussing the benefit of community business in economic terms alone may narrow readers' understanding of the broader impact, value and benefit that community businesses bring to their users, staff, volunteers and those resident of and visiting the locations and communities they serve. This report, therefore, should be read as an addition to the very significant volume of work that sets out these broader impacts and benefits.

In the process of developing our estimates of economic contribution, which are set out in the section titled 'Understanding contributions to national and local growth', we have also considered the mechanisms by which economic contribution is delivered, and the different types of benefit (which each have an economic component). As such, the report examines six main themes as follows:

- Labour markets
- Wellbeing benefits
- Local physical and economic regeneration
- The regeneration of high streets
- Community-led housing, and
- Energy production, consumption and net zero goals.

The report is structured against these themes, and each section seeks to examine the context, highlight the nature of the impact that community businesses deliver, the mechanisms by which these are delivered and the implications or effects at the national level. Case studies are presented which dive deeper into the types of economic benefits that are being unlocked by community businesses, and how these are achieved.

There are two important points to bear in mind when considering our evidence across the six themes listed above. Firstly, they are not mutually exclusive: moreover, there are significant inter-relationships, with impacts and benefits often being additive and linked across them. Secondly, the six themes focused on here provide an insight into key mechanisms for economic contribution, but they are by no means exhaustive.

Lastly, we wanted to use this study as an opportunity to provide additional insight into clusters of community businesses: to investigate how as a group they combine (informally, formally and sometimes unconsciously) to tackle complex needs and challenges, and deliver an outcome which is greater than the sum of the parts. The ecosystem of community businesses which we have focused on is located in Grimsby, and we comment throughout the report, within each theme and in the final analysis, on how this ecosystem of care and support makes a real difference to the communities it serves.

The first section of the report sets out some initial comments and evidence in relation to the breadth of impact achieved by the community business sector, with a major focus on Grimsby as a case study. Thereon, the section discusses the six themes outlined above, and includes case studies which exemplify contribution and benefit that flows from activity relevant to each theme.

Thematic review of local economic contribution

Community businesses interact with, and have an impact on, a diverse group of people: the customers for their goods and services, the wider group of beneficiaries that the business was created to support, the staff they employ and the volunteers they engage, their members and supporters and shareholders.

This section begins by examining what ‘local community’ means and then provides a broad range of evidence from our place-based case study in Grimsby under the heading of ‘meeting the needs of local communities’. This section touches on a number of sub-themes: for example, it presents case studies examining community-led housing and how community needs are met through creative arts and culture. It then reports evidence on supporting local inclusive growth, an underlying theme of this report, addressing labour market challenges, delivering sustainable energy, regenerating local heritage, leveraging funding and supporting the local economy. Subsequently, this chapter presents evidence from each of the six economic contribution themes, providing examples and case studies to demonstrate the benefits being created and the mechanisms through which they arise.

What does ‘local community’ mean?

Community business is rooted in local communities. Yet ‘local community’ means different things to different businesses. Some businesses are focused on hyperlocal communities, for example those living in a particularly deprived part of town. Others deliver benefits for the communities of the whole town or region. Many have ambitions to expand their local activities to wider communities, or other local communities. A few are national businesses, focused on demonstrating how local community action can be replicated elsewhere and scaled up to deliver national benefits.

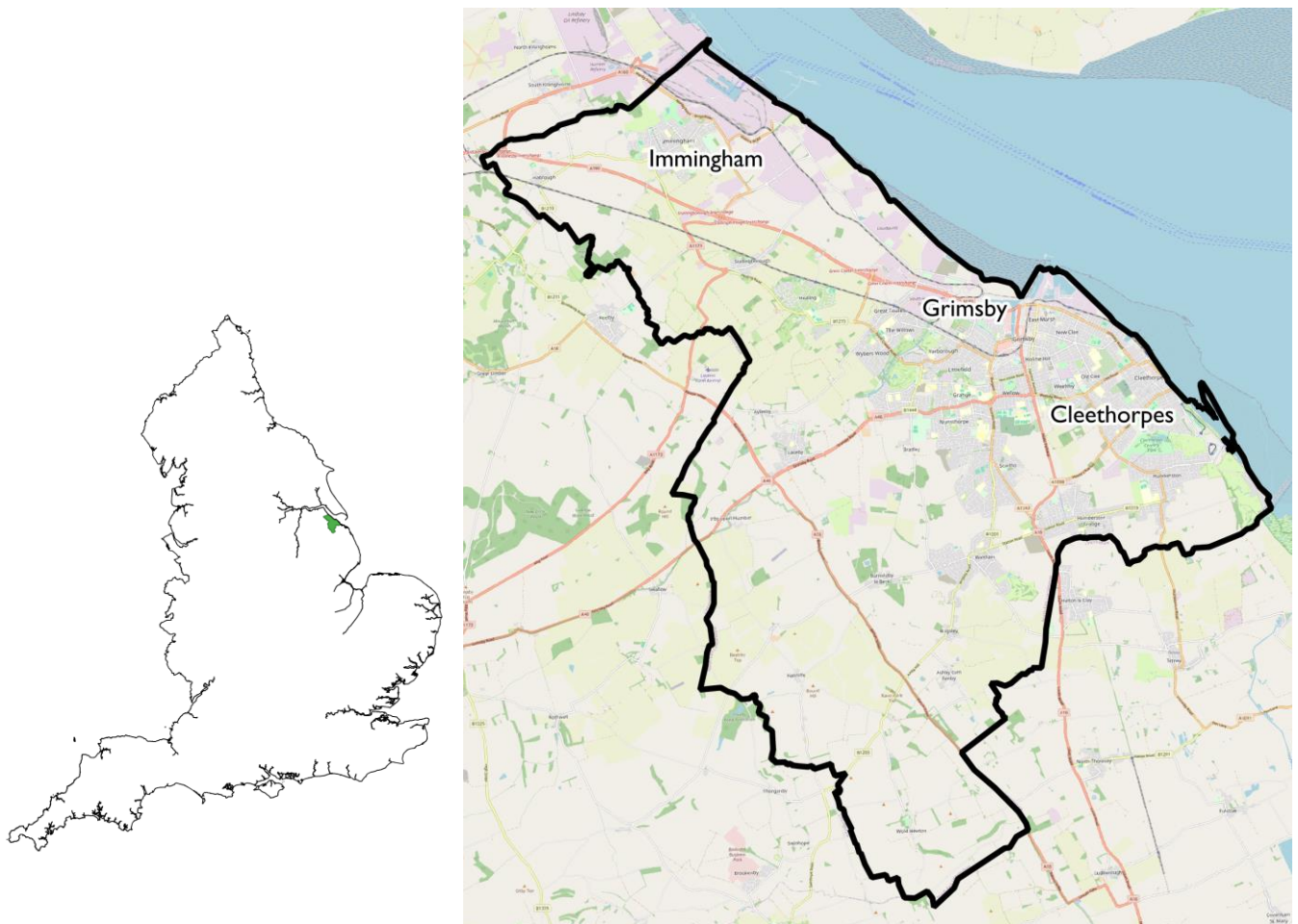
We did not define ‘local community’ in our research. Instead, we took a place-based approach that let businesses describe the scale of their communities themselves. What is clear from the interviews is that while all community businesses we talked to address very localised need, the spatial extent of their impact can extend well beyond this. Community businesses operate on a range of spatial scales, therefore, and the extent of this can often be driven by the business model or the nature of the activity at the heart of the business. Community energy, for example, will often be distributed beyond the local community, attractions will draw visitors from wide areas, and projects and programmes can be rolled out across other locales where common need is identified.

We spoke to businesses across England but focused on one place – Grimsby, in North East Lincolnshire – so that we can tell the story of how community business responds to local needs and how this contributes to national economic growth.

Meeting the needs of local communities

Located on the east coast of England, Grimsby was once a thriving fishing port. With much of the town left behind by the collapse of the local fishing industry in the 1970s and 1980s, it's now characterised by high levels of deprivation, worklessness and poor health, and poor economic outcomes for the community. While fish and food processing remain significant in the local economy, factory wages are low. Economic divides are significant with a larger hinterland of prosperous areas enjoying employment in the two oil refineries and various chemical factories along the Humber bank, and the UK's largest container port at Immingham. The burgeoning offshore wind sector has revitalised the docks with tens of millions of investment, but this has not yet benefited the whole town.

Figure 3: Grimsby and North East Lincolnshire



Source: MCHLG Indices of deprivation 2019, Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024.

Grimsby is part of the borough of North East Lincolnshire, which also includes the neighbouring town of Cleethorpes, a seaside resort, and Immingham, a port town nearby which also suffers high levels of deprivation. Almost a third of the local areas within North East Lincolnshire are among the 10% most deprived in England¹¹. Deprivation in Grimsby is concentrated in a few local areas, including East Marsh, West Marsh (which lie either side of the former fish docks) and Nunthorpe.

Economic participation among people living in Grimsby is lower than average. An estimated 24% of adults aged 16 to 64 in North East Lincolnshire are economically inactive, compared with 21% in England¹². 12% of 16 to 24 year olds in North East Lincolnshire are economically inactive (excluding full-time students), compared with 7% in England. Only 40% of 16 to 24 year olds in North East Lincolnshire are in full-time education and training, compared with 51% in England¹³. Local opportunities are limited, which leads to a significant brain drain of young people to university cities from which they never return.

“Grimsby is a place that ambitious young people leave.”

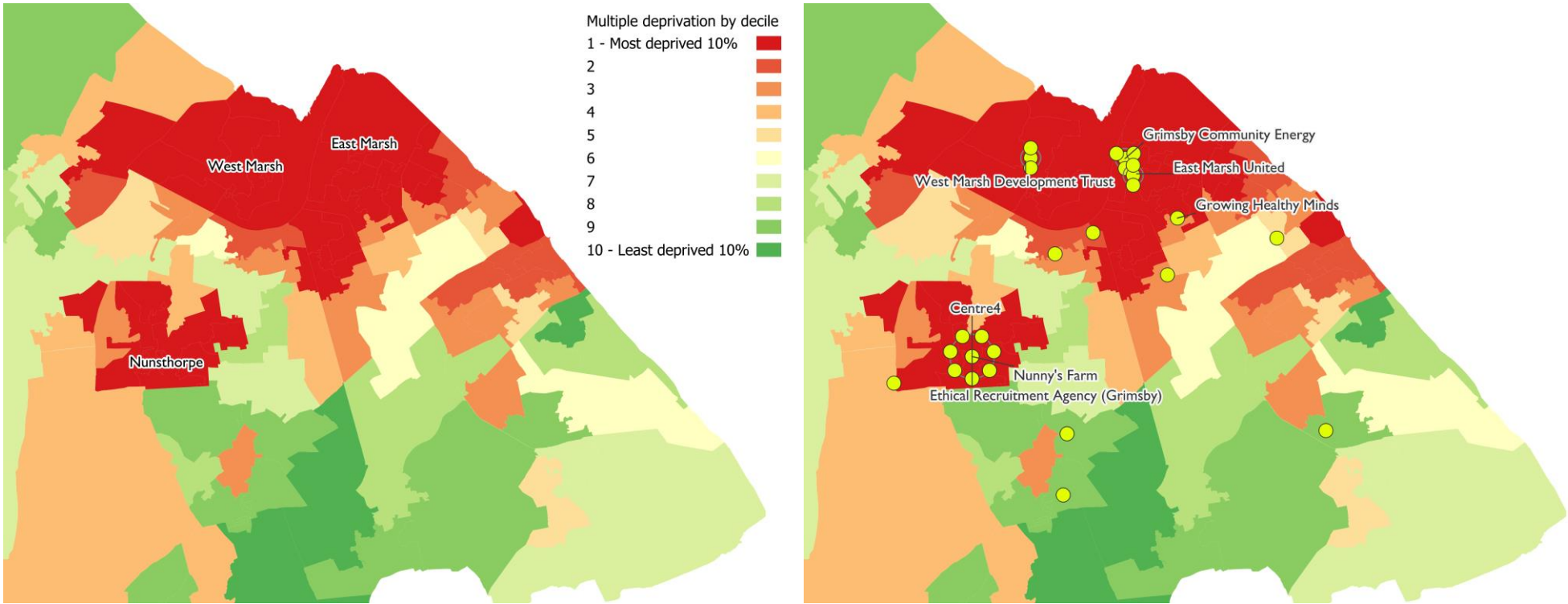
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¹¹ MHCLG (2019) *English indices of deprivation 2019*. Available at: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>. Accessed Nov 2024.

¹² ONS Annual Population Survey July 2023 to June 2024. Accessed via [Nomis](https://nomis.com), Nov 24.

¹³ Census 2021. Accessed via [Nomis](https://nomis.com), Nov 24.

Figure 4: Deprivation in Grimsby and the distribution of community businesses



Source: MCHLG Indices of deprivation 2019 and Power to Change, Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024. Note that the distribution of community businesses shows those receiving a grant from Power to Change.

Social trust in Grimsby is below average levels. Grimsby has a net social trust score of –14.4%, compared with the England average of –3.1%¹⁴. Net social trust is defined as the proportion of people who say they generally trust others minus the proportion of people who say that you cannot be too careful when dealing with people. Levels of social trust are generally lower in more deprived areas.

Responding to local needs in East Marsh

East Marsh has been described as “the most deprived estate in England”¹⁵. Levels of economic inactivity and crime are high. Qualifications levels and earnings are below average. Housing quality is poor. Originally built to house people working at the nearby docks, the area was particularly affected by the decline of the local fishing industry.

“It was ‘boomtown’ for a very, very long time. Then the fishing industry ended, and then austerity, and things just kind of crumbled around us.”

East Marsh United¹⁶

East Marsh United is a community group from the East Marsh of Grimsby, dedicated to transforming the area where they live. They started by clearing alleys of rubbish and sweeping streets, and have developed into an organisation promoting education, employment, arts, and community engagement.

Realising they needed to take a hands-on approach to tackling issues with empty homes, the group formed a community benefit society to do so. They have taken ownership of three houses, refurbished them to a high standard, and are now letting them to East Marsh families at affordable rates. These homes will be held in community ownership in perpetuity.

East Marsh United want to buy, refurbish and let more local houses. It has ambitions to improve housing and the local environment for all local people, as an active and ethical community landlord.

“If we can actually change the way the street looks; if we can buy 100 houses to show some love to our people in their homes to make them feel secure... that’s gonna make all the difference, and starting to get past this feeling of helplessness that I think is definitely out there, you know...”

East Marsh United¹⁷

¹⁴ Onward (2023) *Good Neighbours: How do levels of hyper-local trust vary and why does it matter?* Available at: <https://www.ukonward.com/reports/good-neighbours/>. Accessed Nov 2024.

¹⁵ Daily Mail (2024) “I’m ashamed to live here”: Inside Britain’s most deprived estate where locals in £50k homes on ‘lawless’ streets earn lowest wages in the country and drug addicts steal BINS to get their fix. Available at: <https://www.dailymail.co.uk/news/article-13348943/Im-ashamed-live-Inside-Britains-deprived-estate-locals-50k-homes-lawless-streets-earn-lowest-wages-country-drug-addicts-steal-BINS-fix.html>. Accessed Nov 2024.

¹⁶ Via Tortoise Media (2022) Grimsby’s proud East Marshians. Available at: <https://legacy.tortoisemedia.com/audio/grimsbys-proud-east-marshians/>. Accessed Nov 2024.

¹⁷ *ibid.*

Case study: Responding to local need through community-led housing

The UK has a long-standing crisis in both the supply¹⁸ and affordability of housing. In 2023, full-time employees in England could expect to spend over eight times their annual earnings buying a home¹⁹. The UK's housing stock is also the oldest in Europe, making it poorly suited to the evolving needs of an ageing population²⁰. Approximately 10 million people in England live in 'non-decent' homes that pose serious health risks²¹. In the face of this housing crisis, more and more communities are taking matters into their own hands.

Community-led housing (CLH) is a grassroots approach that empowers communities to take control of the planning, delivery, and management of housing projects. It prioritises community involvement, long-term affordability, and addressing specific local needs, offering a powerful alternative to traditional, profit-driven development models. CLH initiatives often take the form of cooperatives, co-housing projects, or Community Land Trusts (CLTs), with a focus on creating homes that are affordable, sustainable, and tailored to local aspirations.

In the UK, the community-led housing movement has gained momentum. There are approximately 26,800 community-led homes in the UK, which is about 1% of the housing stock in England. However, the number of community-led homes in the UK is growing, with an estimated 21,700 more in the pipeline over the next decade²². A significant portion of these initiatives is driven by approximately 350 Community Land Trusts, which are designed to secure land in perpetuity, ensuring homes remain affordable despite market fluctuations. The Community Land Trust (CLT) Network estimates that there is potential to develop up to 278,000 community-led homes with the right support²³.

The sector's growth reflects rising interest in models that provide stable, community-owned housing as a response to escalating property prices and constrained housing supply. For example, working with the local authority, Hastings Commons has received £1.5m funding to develop 12 new flats in an abandoned publishing house. Of these, 8 will be used by the council to house families who otherwise would be in temporary accommodation. Another example is Calder Valley CLT, who aim to provide affordable rented homes with secure tenancies in the Upper Calder Valley area. The organisation was formed in 2014 following a public meeting about local housing issues, and has since become a registered provider of social housing, developing new housing projects, managing community land, and partnering with local stakeholders to address housing needs.

Calder Valley CLT prioritises secure and affordable rents, often below market rates. For example, a two-bedroom house is rented for £500 per month, significantly lower than the local market rate of approximately £1,000 per month. The CLT currently owns or manages seven properties, including independent living bungalows, a community hall, and residential houses. In addition to raising funds via community shares and grants in order to subsidise costs and make housing affordable for local residents, they have also developed innovative financing models, such as a 21-year 0% mortgage arrangement, to make their projects viable.

Their redevelopment of local housing has also had benefits for the local economy. For instance, not only are they spending with local tradespeople for property renovations (for example £50,000 on a single property), but they also have plans to develop an Enterprise Centre, which aims to support local businesses and provide workspace, particularly targeting young professionals returning to the area. Nineteen new affordable rented homes will be built alongside it, built to Passive House standards, ensuring energy efficiency, warmth and affordability. The CLT aims to own 11 of these homes, and will also take responsibility for running the Enterprise Centre, which will house 23 offices, again built to high environmental standards. This could have significant long-term benefits for the local economy:

“Thinking about young people...they grow up here. But after uni, can they come back here and work?...We’ll market the Enterprise Centre to more modern businesses. So hopefully it’ll be a tie in there between the things that young people are studying for and potential for work. [And] there’s a little row of shops down the road from there, and...with 50, 60 people on the doorstep, they might just get a chunk more trade.”

Calder Valley CLT

The CLT also places a strong emphasis on environmental sustainability. Not only are they building new homes to Passive House standards, which significantly reduce energy consumption, they are also involved in a major retrofit project of their community hall, aimed at reducing energy bills by 41%, thus ensuring its long-term financial viability as well as lowering its environmental impact. The CLT also focuses on improving the energy efficiency of older properties through upgrades such as insulation and modern glazing.

Calder Valley CLT is just one example of how, when communities have greater control over addressing their housing needs, they prioritise quality, affordability and sustainability, all the while reinvesting money back into the local economy. The notional market value of all community-led homes to the UK economy is £550 million, and if all planned homes were built, the stock value

¹⁸ House of Lords Library, (2022), *Housing in England: Issues, statistics and commentary*. Available at: <https://lordslibrary.parliament.uk/housing-in-england-issues-statistics-and-commentary/#heading-1>. Accessed Nov 2024.

¹⁹ Office for National Statistics, (2023), *Housing affordability in England and Wales: 2023*. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2023>. Accessed Nov 2024.

²⁰ Resolution Foundation, (2024), *Housing Outlook, Q2 2024*. Available at: <https://www.resolutionfoundation.org/publications/housing-outlook-q2-2024/> Accessed Nov 2024.

²¹ Centre for Ageing Better, (2021), *The Good Home Inquiry*. Available at: <https://ageing-better.org.uk/sites/default/files/2021-09/good-homes-for-all-a-proposal.pdf> Accessed Nov 2024.

²² Community-led Homes, (2024), *Community Led Housing Data*. Available at: <https://www.communityledhomes.org.uk/community-led-housing-data> Accessed Nov 2024.

²³ Community Land Trust Network, (2023), *State of the Community Land Trust Sector 2023*. Available at: <https://www.communitylandtrusts.org.uk/wp-content/uploads/2023/03/State-of-the-Sector-2023-PRESS-1.pdf> Accessed Nov 2024.

would rise to £2 billion, generating a potential social value of £1.2 billion²⁴. Beyond financial impacts, these projects foster social cohesion, higher resident satisfaction, and a strong sense of local identity. As the Calder Valley CLT example shows, many community-led housing initiatives also emphasise sustainable construction, integrating green building practices and shared communal spaces to meet environmental goals.

In the face of a national housing crisis, community-led housing offers a scalable and innovative solution by prioritising people over profits. As the movement continues to grow, it highlights the potential for resident-driven projects to transform the housing landscape in England, creating more inclusive, affordable, and sustainable communities.

As well as housing, East Marsh United also provides education and employment. It has employed apprentices to learn how to renovate the houses it owns. It has a range of community engagement programmes, including a community potting shed and a 'kitchen table', which acts as a safe space for the local community. It operates the East Marsh Timebank, which enables the community to share its skills. It publishes its own newspaper, *The Proud East Marshian*, and has an extensive programme of arts events, including local festivals and street theatre performances staged in the local Freeman Street Market.

Another community business based in Grimsby, the Culture House, is an arts organisation which serves the local community with a focus on designing and staging festivals, events and projects which uplift and stimulate their audience and positively impact on pride of place. They work with visiting artists and local talent to widen access to cultural opportunities, enliven public spaces, and lay the foundations for cultural development in Grimsby and the surrounding areas. In 2022, despite the additional challenges post Covid-19, they engaged 50,000 people of all ages in creative and cultural activities.

Case study: Responding to local needs through creative arts and culture

The Community Business Market Report 2022 is underpinned by a market sizing²⁵ exercise undertaken by Power to Change that estimates that there are 11,000 community businesses in England. Of these, 400 are 'arts centres or facilities' and a further 100 are 'craft, industry and production'. There are a further 400 community libraries. Each of these three categories would fall under the DCMS definition of the creative and cultural sector²⁶. In addition, a wide range of community businesses classified in other categories utilise arts, crafts and other creative and cultural activities as part of their everyday work – either for their own sake or as a mechanism or medium through which other explicit outcomes can be achieved (such as wellbeing, skills and training, events and so on).

This case study focuses on two community businesses which are fundamentally linked to creativity or culture and utilise that link to deliver a range of economic contributions.

Northampton Film Festival started as a pilot project in 2019 because those involved "wanted to shout about the brilliant town of Northampton – everyone should know Northamptonshire and its

²⁴ Community Land Trust Network, (2023), State of the Community Land Trust Sector 2023. Available at: <https://www.communitylandtrusts.org.uk/wp-content/uploads/2023/03/State-of-the-Sector-2023-PRESS-1.pdf> Accessed Nov 2024.

²⁵ <https://www.powertochange.org.uk/evidence-and-ideas/market-report-2022/supporting-information/>

²⁶ DCMS (2016), *Creative Industries Economic Estimates – Methodology*. Available at: https://assets.publishing.service.gov.uk/media/5a8039af40f0b62302692413/CIEE_Methodology.pdf

people are kind of a big deal, in film and beyond²⁷". The pilot had 739 admissions to 11 events and the short film competition has a stellar line up of judges. In 2023 Northampton Film Festival (NFF) became an independent non-profit organisation. It was established to tackle a low sense of local pride and challenges around social mobility, as well as the specific issue of a low representation of people and businesses in creative industries. NFF's focus is to support people into the creative industries, and to promote and celebrate Northampton in the process, to improve local pride and individual wellbeing. They have recently opened a creative industries hub, following a consultation undertaken with their local community, which found there was a need for the organisation to be better connected and more visible. The creative industries hub is the mechanism to address these challenges.

Central to their work is the objective of being a 'connector between creatives'. Most of these creatives are freelancers working with external clients. Their goal is to showcase and connect local talent, and to help local businesses of all sectors find and use local creative talent. In doing so, they are filling gaps in the market, such as building a database of creatives which is free to access, running creative industries expos (free to creatives), and running their creative industries hub (which is a resource available to other, external organisations to use for exhibitions, pop-ups and so on). It is affectionately known as the "world's smallest arts centre." The development of mutually beneficial partnerships is an important mechanism through which they build their impact and reach.

Challenges that constrain economic contribution include:

- Their reliance on short-term, small, project based funding, which they feel forces them to think short-term, rather than being able to develop a long-term financial plan. A lot of resource is consumed by writing funding applications. They suggest that a long-term, 12-month flexible fund would unlock their capacity.
- The local authority has a perception of enhanced risk when considering support for organisations such as NFF, so they would encourage a change to this attitude that would allow a modest amount of risk-taking.
- Building capacity within the sector requires resource, which is very scarce. They perceive that there are many people in the local area working individually, and their goal is to encourage them (and create opportunities for them) to work together and contribute to bigger opportunities and plans.

Meanwhile, the NewBridge Project is an active artist-led community that supports artists, curators and communities through the provision of space for creative practice, curatorial opportunities and an ambitious artist-led programme of exhibitions, commissions, artist development and events. It was established in 2010 to provide exchange and support to an engaged community of artists, and its public spaces are places where artists and local communities can come together to work, learn and socialise with each other. Its work programme is based on an artist-led model, and it aims to deliver an ambitious programme of exhibitions, performances, screenings, educational talks, workshops and bookshop events in consultation with its artist members. This creates a programme that reflects the diversity of contemporary art practice, is responsive to the environment within which it exists, that builds solidarity, and that places community-centred, experimental, collaborative and socially conscious programming at its heart.

It is based in a local authority-owned building in a comparatively deprived neighbourhood of Newcastle upon Tyne (Shieldfield), an area with complex economic and social deprivation challenges. As well as programmes to support artists, open up artistic career paths and create a bridge between

²⁷ <https://northamptonfilmfestival.co.uk/about/>

formal education and an artistic career, NewBridge undertakes a very important and significant programme of work with the community in which it sits. NewBridge has moved around considerably, and only took up a lease in Shieldfield in 2021, relocating from a building in central Newcastle which has since been demolished to make way for an extensive commercial property scheme. Its community work is based around the concept of a community hub, in order to create a welcoming and public space, and to provide a resource for the creative and local community alike. NewBridge hosts a regular programme of events including communal meals, social events and creative workshops. They work with a group of Co-Investigators annually; these are community researchers who gather insights and provide feedback from a diverse range of perspectives on the programme and/or themes and issues NewBridge are exploring, which directly feeds into the development of its programme.

A recent report examining the social impact of NewBridge²⁸ found that

- NewBridge delivers value across a range of dimensions – artistic, social, economic, and cultural.
- NewBridge often delivers this value hyper-locally – in direct relationship with the immediate neighbourhood where it is situated.
- NewBridge is a space of care and inclusion. It is also a space for developing personal and collective agency.
- NewBridge is part of a strong network of local mutually supporting spaces, who often share resources and collaborate. Impact generated by NewBridge is thus often forged in connection with this network.
- The impact achieved so far has been done within a structure that is precarious – NewBridge has a short-term lease on its building and is subject to the ongoing uncertainty shared by many grassroots arts organisations in terms of access to funding and resources.

These examples demonstrate how community businesses can fill gaps in provision, focus on unique local need and embed themselves in local communities to become anchor institutions, generating a wide range of economic and social benefits which use creativity, art and culture as the means to an end, as a unifying resource and as a mechanism by which people and communities can come together, repair and grow.

Responding to local needs in Grimsby and beyond

East Marsh United works in a small local area of Grimsby. On the other side of the docks, the West Marsh Development Trust delivers a range of support and activities for the local community at the community centre it operates, which also provides hireable spaces for others to run daytime, evening and weekend activities. Other community businesses serve very local communities in Grimsby, too, such as Welholme Works which until recently operated a community hub in Heneage ward (which neighbours East Marsh) and The Canopy, a community hub in nearby Grant Thorold Park which is run by Growing Healthy Minds.

The multi-faceted business models of community businesses, and the diverse array of local people they engage with as a result, are perhaps best exemplified by community hubs. Community hubs are multi-

²⁸ The NewBridge Project (2024), *Listening and Learning: A social impact report*. Available at: <https://thenewbridgeproject.com/online-resource/listening-and-learning/>. Accessed Dec 2024

purpose spaces, such as community centres and village halls. For example, for organisations such as **Kingsclere Community Association**, which runs The Fieldgate Centre in rural Hampshire, their users are almost exclusively local, coming from within six miles of the centre. The Community Association led the construction of the building and has leased it from the local authority since opening in 1990; it has proven to be an important space locally. It contains a large hall with a stage, a social area and several meeting rooms. The space delivers various facets of wellbeing, which is a key charitable purpose of the Association. Examples include a youth club, family-friendly activities (e.g. Play Days for children during the school holidays, a pantomime and plays run with the local drama group), community groups and events (e.g. community fun days, regular Meet-Ups, concerts, several choirs and a Christmas Singalong run with local singers) as well as health and wellbeing classes (e.g. Pilates, Zumba, Clubbercise, Slimming World, badminton, as well as various kinds of dancing). It also acts as the local blood donation centre and base for a mother and baby clinic. As such, it has become an important place for people to meet and interact with each other.

While community hubs are often focused on social impacts, they can also be important focal points for the economic contribution of community businesses. Often, they house several community businesses, working together to deliver benefits for their community. From its hub in Grimsby, Centre4 exists to serve the wider community of North East Lincolnshire and the surrounding areas. The largest community hub in the area, Centre4 is located in Nunsthorpe, another very deprived part of town. It has a long-term lease on a former school building and its grounds, which are owned by the local authority. While the large building allows Centre4 to work across North East Lincolnshire and beyond, its community hub is rooted in Nunsthorpe.

“The building is, is really, really important because of where it’s located. It is in the heart of this community. So I think the building is really, really important. That’s not to say that we don’t do outreach, because we do, we get out and about in the community. But people like this building. They like coming here. We have the community shop, and we have the café, and so people come, and they’ll be coming for lunch at the cafe, and then they’ll go to the shop. Or, they’ll come to the shop, then they’ll come to the cafe. They might join an activity, you know, they’ve got a lot of things here that people, that people can, can access.”

Centre4

Centre4 acts as an anchor organisation. It is home to 14 other community businesses and organisations, which it works with closely. One is Nunny’s Farm, a community farm which is housed on the former school playing field, after struggling to find a site from which to operate. Centre4 also provides spaces for other local organisations, and delivers outreach across Grimsby and Cleethorpes, in Immingham and as far afield as Scunthorpe and Lincoln, in collaboration with a wide range of partners.

Established with grant funding support, Centre4 is now at a stage where sustaining and growing its impacts is a challenge.

“The initial funding did such a good job of the business being set up, getting the business up and running, you know, staffing in place, achieving outcomes of the business, that kind of thing. And then you get to a stage with the business where it can’t stay still anymore, but that’s not an option for the businesses to stay still. It needs to grow, and it’s that growth so that that business can be sustainable is a massive challenge for the community business, because you’re looking for investment in order to be able to make that growth. So you have, like a chicken and egg situation. You know, it’s difficult to do one without the other, but you haven’t got the other. And we can see the potential for growth, but the investment for community business doesn’t. Having services that are already established and wanting to then take that next step is hard.”

Centre4

Case study: A network of support rooted in the local community

Centre4 is an example of how community businesses cluster together and with other community organisations. The community hub houses a café and community shop, a gym, a day nursery, businesses which support health and wellbeing, and which support excluded people's journeys towards the labour market. They take a holistic approach to working together and collaborating with others to maximise the impact of their support for the community, and to avoid duplication.

"We have 14 other businesses here in Centre4, and we like to think of ourselves as a family. So, although it is a landlord relationship with the tenants that are here, we try not to use the word 'tenant'. We use 'family' instead. We work together."

Centre4

The café is The Canopy Kitchen, an offshoot of the community hub run by Growing Healthy Minds in Grant Thorold Park. Chef Tony sources the menu on a daily basis from Centre4's community shop. Members of the shop can eat at a reduced price, and children eat free. The shop also supports a community kitchen. The shop, café and kitchen interact to support easy access to good nutrition for the local community. Their economic interactions – the shop is part of the café's supply chain, for example – underpin the direct community benefits they provide.

Centre4 adds capacity to the community businesses it hosts. For example, school holiday programmes delivered by Climb4 and Creating Positive Opportunity are supported by Centre4's youth team. These programmes deliver out-of-school activities and day trips for children growing up in families experiencing poverty, who wouldn't otherwise be able to afford them.

Centre4 also provides opportunities for other community organisations to deliver their support. For example, Centre4's gardens are tended to by the Stroke Association. Community Payback keeps the site free of litter. Refurbishment of their building has provided opportunities for the local YMCA to deliver skills training, while also providing economic opportunities for local contractors. The contractor employed to build Centre4's new youth centre was required to provide apprenticeship training opportunities. Grimsby Centre4 and Creating Positive Opportunity also facilitate the North East Lincolnshire Voluntary, Community & Social Enterprise Alliance, which gives the local VCSE sector an opportunity to network.

There is a strong focus on children and young people in this collaborative approach. Intergenerational poverty is a considerable issue in Grimsby's deprived areas. Youth provision is lacking - there is a shortage of qualified youth workers, as well as a shortage of youth centres. Centre4 works closely with the North East Lincolnshire Youth Alliance, whose members include youth providers in the area.

"We've got YMCA, Fusion, Train, Oasis, the churches. And the local authority's involved in that as well. So that's the coming together of all sorts of youth provision in the area to try and provide some consistency around, you know, just sharing, what is it that we are doing here?... [The risk is we'll] have a youth club on the same night in the week. So, it's about mapping, mapping the provision, making sure that we work together so that we're not duplicating. It just benefits everybody, especially young people."

Centre4

Community business in Grimsby is closely involved in delivering the local authority's services and economic objectives. For example, the council turned to the Ethical Recruitment Agency (Grimsby) at Centre4 to help fill vacancies in the care sector which arose at short notice during the Covid-19 pandemic. Grimsby Community Energy is helping deliver the Net Zero ambitions of the council's UK Shared Prosperity Programme (UKSPF). Grimsby Community Energy works with community

organisations to support the switch to renewable energy, reducing their energy bills and emissions. From its base in Freeman Street Market in the heart of East Marsh, it also provides work placement opportunities for Further Education students at the Grimsby Institute.

The community businesses at Centre4 work together to build confidence and improve wellbeing within the community, and to provide skills development opportunities and routes into work for those excluded from the labour market. Volunteering opportunities have led to some people going on to work directly for Centre4. The Ethical Recruitment Agency offers opportunities for volunteers and others to find work which also provides training to accredited qualifications, helping people sustain employment in a difficult labour market.

The aggregate economic impacts of the community businesses based at Centre 4 and elsewhere in Grimsby are impossible to quantify. They are many and varied, and not always immediate. It's difficult to attribute economic impacts directly to community business, because of its interaction with other community organisations. Community businesses themselves don't always find it easy to articulate their economic contribution because they are usually focused on more direct social impacts. Yet Grimsby tells a story of communities working together to build confidence and cohesion, and improve economic outcomes for local people, driven by locally rooted community business.

Supporting local inclusive growth

Community business is rooted in what economists have come to understand as inclusive growth. The community business model recognises that deprived communities living in poor environments, with low-quality housing and public spaces, and poor access to green spaces and clean air, are also those with poor health and wellbeing, which are barriers to economic participation and success.

Nunny's Farm, a community farm located at Centre4 in Nunsthorpe, Grimsby (its name is a reference to local slang for Nunsthorpe) was established in response to the challenges of intergenerational poverty. Inspired by a US project which reduced re-offending by enabling young prisoners to interact with animals, and their own visits to community farms, the founders decided to establish a care farm. The farm provides opportunities to see and interact with animals that deprived local communities would not otherwise be able to access.

"We're going to set up a farm and make it that it shouldn't be a barrier. Finance shouldn't be a barrier for people to have access to animals."

Nunny's Farm

They chose Grimsby after identifying a gap in similar provision. Yet at first, it was difficult to find a suitable location. At an event hosted by Centre4, the old school playing field – then largely unused – was suggested.

"They were running a sort of community business initiative thing, just talking to people who have new business ideas. And we said, we're trying to do this. We think it would be really good for the community, but we need some space to do it. And that's when they kind of just looked out the window and said, Well, what about out there?"

Nunny's Farm

Despite some initial scepticism, the farm has become embedded in the local community. It has 8 full-time equivalent staff and draws on 25 volunteers, most of whom are from Nunsthorpe. Many of its staff and volunteers are neurodiverse. This lived experience is important to the care farming model that Nunny's Farm operates. Care farms provide a programme of farming-related activities for individuals with diverse needs, and deliver health care, social care and specialist educational services for

vulnerable groups of people. The care farming ethos is central to Nunny's Farm. Interaction with the animals is important, and is recognised for its therapeutic and educational benefits.

"Our focus has been more on getting hands on. It seems that a lot of petting farms these days are more changing to big play areas or ball pits, or lots of things for the children which aren't really animal related, or the animals are behind two or three fences. You can't really stroke them or get near them, and so our approach is to just sort of go back to basics and actually let people interact with the animals and feel what their fur feels like, or feathers, or, you know, learn about the animals and understand their position in the environment."

Nunny's Farm

They also provide placements for Community Payback, for both adult and young offenders. They employ apprentices, and provide work placement opportunities for students in Year 10 as well as agricultural students in Further Education.

The farm has become a local tourist attraction. During the summer, holiday camps along the North East Lincolnshire coast are popular as places for low-cost staycations. Nunny's Farm attracts high numbers of visits from both tourists and locals during the summer months. Its latest open day, offering free entry at the end of the school summer holidays, was attended by around 2,000 people. Annual visitor numbers are as high as 30,000.

As well as being embedded in the local tourist economy, Nunny's Farm also supports the region's rural economy. North East Lincolnshire is a mostly urban economy, surrounded by satellite commuter settlements and a much wider rural hinterland. The commuter settlements are more affluent than East Marsh and Nunsthorpe. The wider rural hinterland has pockets of deprivation, related to low incomes and poor access to services. Nunny's Farm buys its feedstock, animal bedding and other agricultural supplies from businesses which are not themselves community businesses, but which underpin the local rural economy.

The Ethical Recruitment Agency (Grimsby) was established by Centre4 to provide pathways into sustainable employment. Known as ERA, their aim is to take a more community-focused approach than traditional recruitment agencies.

"Agencies were all about money and not people, and a lot looked at sort of factory workers that were sent in large numbers and then would be turned away because of lack of hours, they weren't needed. And really they felt devalued, you know, undervalued as a person. Centre4's idea of ERA was to try and change that concept, to try and make it a much more personal approach, and make it more about the person and what their skills were and where, where they best fitted, and what did they need if they needed to move into a different career"

Ethical Recruitment Agency (Grimsby)

ERA's model is threefold. They support people to become job-ready through a range of community projects and volunteering opportunities. They provide opportunities to retrain for those whose skills are no longer relevant (for example, those returning to the labour market) and opportunities to gain the certification needed to work in some sectors (for example, a DBS certificate for the care sector, or a Construction Skills Certification Scheme card). And they link local people to local temporary and permanent employment opportunities.

Initially set up as a Centre4 project, ERA was established as a separate business to mitigate the risks associated with being a recruitment agency. Based on advice, ERA was incorporated as a private limited company, but this model has proved a constraint in terms of access to grant funding and ERA is seeking to convert to a Community Interest Company, which is closer to how it operates.

Sustaining ERA is a challenge in a competitive marketplace. Local public service providers admire the model, and some recruit via ERA. Despite the social value ERA offers, others such as the local authority contract with large profit-making agencies. Yet during the Covid-19 pandemic, the local

authority turned to ERA to recruit support staff. Around 70 people found employment over the course of 18 months. Some were taken on permanently, and some were promoted. Some council departments are now approaching ERA directly for staff.

ERA maintains a bank of qualified care and other workers, who can provide cover at short notice. They work extensively in the care sector, and have run training programmes such as Proud to Care which provided a short period of initial training followed by an eight to ten week paid work placement with an employer.

“It was almost like, kind of try before you buy, you know. There was nothing [the employer] had to do in terms of them having that person. And then if they decided at the end of the eight weeks that the person wasn’t a fit for their organisation, or whatever, there was nothing that they needed to do to not to let that person go. And then, of course, the advantage for the individual, if it didn’t fit, was that they would then come onto our bank, and then that person could then access some shifts, bank shifts. So it was a win.”

Ethical Recruitment Agency (Grimsby)

Case study: Addressing labour market challenges

A critical element of any economy is the human capital on which it can draw, and the quality of that capital is significantly influenced by skills and qualifications. With national productivity levels having flatlined since the financial crisis of 2008, and the economy having experienced major shocks in more recent years (such as the UK's exit from the EU, the Covid-19 pandemic and significant inflationary pressures) the importance of the skills base has arguably grown. Recent evidence suggests that skills shortages are becoming more acute, with national skills shortages more than doubling between 2017 and 2022²⁹, with an estimated cost to the economy of £120 billion by 2030. At this point, it is forecast that there will be a shortfall of appropriately 2.5 million skilled workers in our economy³⁰. The challenge is equally significant when it comes to basic skills, with many employers struggling to find candidates with essential literacy, numeracy, and digital skills. This skills gap is exacerbated by factors such as economic inactivity, the complex needs faced by some individuals and an ageing population. It is also exacerbated by Brexit³¹.

Add to this the confounding issue of long-term disadvantage which is experienced in so many of the communities which community business serve, and one can conclude that there is a very significant challenge to be faced in providing suitably skilled labour for the UK economy.

Skills, training and education support is provided by an extensive range of community businesses. This case study focuses on Edventure Frome and The Community Farm, but other evidence demonstrates that education or training support services are highly prevalent across the sector. For example, the latest data³² indicates that among community hubs/facilities, 38% support training and education, and 35% provide education and education support. Similarly, 45% of community cafes provide training and education support, and 36% provide education and education support services.

These services are provided to users of community facilities. Community businesses also facilitate training and skills development for their staff and volunteers. Evidence from 2020³³ indicates that within community businesses, 65% of employees and 27% of volunteers received formal training. Furthermore, of those that received formal training, this resulted in a formal qualification for 60% of full-time employees, 32% of part-time employees and 21% of volunteers. In addition, 84% of employees and 48% of volunteers received informal training.

Comparisons with data that represented the whole national economy reveal that, even though community businesses may have fewer resources (capacity and finances) to provide training, this group of community businesses are delivering a comparable proportion of formal training to and a greater proportion of informal training than more traditional businesses. Furthermore, community businesses are providing these opportunities to paid staff and volunteers who are disadvantaged from the labour market in some way.

An example of a community business supporting skills development within its community is Edventure Frome, which has the aim of supporting “community entrepreneurship through educational programmes, events, and partnership projects comes from its transformative impact on people and the places they live in”³⁴.

Edventure Frome was established in 2012 and is run by people in its local community. It has a permanent staff team (around ten), a voluntary board of directors who guide the development of the organisation, and a team of volunteers (around 15) that contributes to the organisation and running of projects. The interview elucidated a number of important issues related to impact, how they operate regarding skills and training, and how they relate to the funding and support structures that are focused on education or business incubation.

“We see ourselves as a community convener hub. As a result of the community listening activities we undertake, we run different programs, deliver education, offer mentoring, and deliver upskilling. So it’s not that we are an education hub simply delivering various courses. We run a social enterprise incubation hub and we provide the tools for community resilience. Some of that is learning. And we call ourselves a learning organisation because that’s how grant funders know how to package money. We deliver about £6.83 of social return of investment for every pound invested in us. That’s the community value we offer. But it’s very hard for us to leverage that, because we’re not a traditional education supplier. We’re not a traditional incubation hub. We sort of sit in the middle.”

Edventure Frome

Another is The Community Farm, based a few miles south of Bristol. This is a 14 acre organic horticultural farm selling organic fruit and veg boxes across the local around. As well as their core products, every year they welcome around 1,500 people onto their site for events, courses and volunteering. Courses are focused on wellbeing, targeting those experiencing social isolation or mental health issues, on which they learn new skills and connect with the wider environment and communities. Attendees report that they had improved their skills, confidence, sense of community and knowledge³⁵. Many of the people benefiting from these outcomes are out of work, either in between jobs or long-term unemployed. The courses include, among other things, employability skills, soft skills (for example talking to people) and technical skills. Those acquiring these skills are then encouraged to put these, and the experience that they have gained through the courses at the farm, on their CV, leading to improved employability.

As the data and evidence shows, support for education and training – for users of community businesses and their staff – is widespread across the community business sector. Based on the central focus on need, the support offered is often very distinct from more traditional provision, delivered in environments that are safe and comfortable for people who often have complex needs. It is very difficult to place a monetary value on the skills and training dimension of the economic contribution that community businesses make in this respect – both in terms of upskilling and improving health and wellbeing, but it is considerable. More important perhaps is the nature of that provision and how it sits alongside and adds value to the mainstream offer.

Supporting sustainable growth

Grimsby Community Energy, based in offices at Freeman Street Market in East Marsh, is a community benefit society with 100 members. Launched in 2016, it delivers locally owned renewable energy. Its place-based approach to energy generation means local community organisations pay less for their energy.

²⁹ Department for Education. See <https://www.gov.uk/government/news/skills-england-to-transform-opportunities-and-drive-growth>. Accessed Dec 2024

³⁰ Learning and Work Institute (2019), Local Skills Deficits And Spare Capacity. Available at: <https://learningandwork.org.uk/resources/research-and-reports/local-skills-deficits-and-spare-capacity/> Accessed Dec 2024.

³¹ LPIP Hub (2024), *National and Local Skills Policies in the UK*, Available at: <https://blog.bham.ac.uk/lpip/2024/12/04/national-and-local-skills-policies-in-the-uk/> Accessed Dec 2024

³² Power To Change (2024), *Community Business Market Report 2024* (pre-publication). Accessed Dec 2024

³³ Power to Change (2020), *Employment and skills - The role of community businesses* (Research Institute Report No. 27). Available at: www.powertochange.org.uk/wp-content/uploads/2020/11/PtC_Employment_and_Skills_RI_report_Final.pdf Accessed Dec 2024

³⁴ <https://edventurefrome.org/about-us/>

³⁵ <https://www.thecommunityfarm.co.uk/about-us/our-impact>

Grimsby Community Energy have investor members from all parts of the town, without an obvious dominance from the wealthier outer areas. They also have support from out of town investors with an interest in climate change. Their membership and public meetings offer a rare diversity, and bring together people who would not otherwise meet or share common goals.

Since 2016, Grimsby Community Energy has raised £444,732 of investment and installed 536kW of solar photovoltaic (PV) panels on 120 buildings in North East Lincolnshire, generating around 160MWh of clean electricity and saving 184t of CO₂. Its customers, all of which are community organisations, have saved £65,400 on their energy bills. These savings mean these organisations can invest more in their communities. Grimsby Community Energy also operates a community benefit fund, which helps local organisations to decarbonise and make their spaces less costly to run. For example, the community benefit fund has enabled local arts organisation The Big Picture to install loft insulation, and has helped local environmentalist the North Wall Cleaner with the cost of skips for his work. They also deliver Net Zero related outcomes as part of the local authority's UK Shared Prosperity Fund programme.

Grimsby Community Energy's current share offer seeks to raise £315,200 to install solar PV at three sites in 2024, with more new sites from 2025 onwards. One of the confirmed sites is at CATCH, the national technical skills centre for the process, engineering and energy industries. CATCH is a champion for clean industrial growth, with an industry-leading apprenticeship programme. Other confirmed sites include St James House, a landmark local building which is currently undergoing refurbishment as a new business hub, retail and creative space, and the main site of St Andrews Hospice, who already have solar PV installed by Grimsby Community Energy on their Freeman Street Shop.

Grimsby Community Energy supports local jobs, for example in installation. It provides training, development and work experience placements. They have hosted 15 young people from Further Education for work placements since January 2022.

Case study: Supporting sustainable growth through community energy

The UK energy system is currently in the throes of a major transformation, and this is creating a range of new opportunities. In England, community-owned energy projects have emerged as a grassroots response to the climate crisis and the need for a just transition to renewable energy sources. Yet the primary aim of these projects is not only to generate renewable energy but also to empower communities, foster local economic development, and ensure that the benefits of renewable energy are equitably shared among residents.

Community Energy England (CEE) estimate there are currently over 580 community energy organisations across England, with the majority based in England. These groups collectively manage more than 400 distinct energy projects, which include solar, wind, hydro, and innovative technologies like battery storage and district heating. In 2023, community-owned energy projects produced approximately 617 GWh (gigawatt-hours) of renewable electricity, enough to power over 225,000 homes and save over 165,000 tonnes of carbon emissions.³⁶

Community energy projects in the UK generated an estimated £43 million in turnover in 2023, of which £12.9m was reinvested back into local communities from organisational expenditure and community benefit funds. Organisations such as Kent Community Energy reinvest their profits directly back into the community through grants, supporting local voluntary and community groups working to address fuel poverty and improve local biodiversity, among other causes. This is particularly important given a dearth of other grants available locally, and they estimate that their community benefit fund will eventually distribute between £15,000 and £29,000 per year. Alongside this, they are also reinvesting profits into developing other new green energy projects, such as installing solar panels on schools and community buildings.

Grimsby Community Energy also reinvests its profits back into the local community via a community benefit fund, alongside work to install solar panels on community buildings such as the YMCA Humber, St Andrew's Hospice, and the Rock Foundation. In the process of doing this, Grimsby Community Energy has also reduced energy costs for these organisations, allowing them to allocate more resources to their core services. Additionally, Grimsby Community Energy also collaborates with local educational institutions to offer work experience and training, enhancing skills and awareness of community energy and climate change solutions among students and volunteers.

What these examples show is how the unique model of local ownership and profit-sharing ensures that financial benefits are retained within communities, helping to boost local economies and providing funds for social initiatives such as fuel poverty alleviation and education programmes.

Despite these successes however, community energy faces several challenges, including regulatory barriers, grid access issues, and a need for greater financial support. Nonetheless, the sector has shown remarkable resilience and growth, driven by strong community engagement and a shared vision for a more sustainable and equitable energy future.

³⁶ Community Energy England, (2024), *Community Energy State of the Sector 2024*. Available at: https://communityenergyengland.org/files/document/960/1720710752_CommunityEnergyStateoftheSector2024UKOverview.pdf. Accessed Nov 2024.

Regenerating local heritage and investing in community assets

Many community businesses invest in regenerating local buildings that have fallen into disuse and disrepair. Others invest in assets of community value which would otherwise be bought by private investors and whose use might exclude members of the local community.

In Grimsby, East Marsh United has sought to lease a historic public house to use as a community hub but has so far been unable to do so. Docks Beers is a privately-owned brewery and taproom which has converted a historic chapel in East Marsh into a community-focused space. There is an ongoing campaign aimed at restoring the Kasbah, part of Grimsby adjacent to East Marsh, where historic red brick buildings which once served the fish docks have fallen into disrepair. Many of these buildings would provide opportunities for local businesses in a range of sectors. Larger heritage buildings in the Kasbah such as the Ice Factory – thought to be the earliest and largest known surviving ice factory in the world – are the subject of longstanding campaigns to restore them to community use.

Case study: Boosting local regeneration and investment

The term ‘regeneration’ typically infers the process of improving the physical fabric of a building or locality, but when used in an economic sense it can also encompass a range of activities which are designed to improve economic outcomes – supporting new enterprise, job creation, business growth, innovation, productivity improvements and so on. Community businesses make contributions in all such areas.

There are several ways in which community businesses contribute to local physical regeneration. Evidence about their role in high street regeneration provides more broadly relevant lessons. Firstly, community businesses often contribute to the refurbishment and reuse of under-used or disused buildings. Second, when they cluster together, they create a critical mass of activity which has spillover effects – such as improved footfall in a location, a pooling of resources which gets more done, drawing in other investments and generally forming a whole which is greater than the sum of its parts. Third, community businesses can animate and make use of spaces on a temporary basis during market downturns. Fourth, they can identify places where groups of buildings can be brought back into use, creating a buzz of activity in a specific area that can then ripple out.

From the point of view of economic regeneration, community businesses can bring new economic activities into local areas and expand what is there already. They can create a link between communities and people within them and volunteering and job opportunities, and target people from disadvantaged backgrounds or suffering directly from challenges which distance them from the labour market (resulting in long-term unemployment). They can provide tailored support services which focus on local needs and address explicit challenges that is holding a local economy back.

Often, such economic regeneration outcomes and physical regeneration outcomes are intrinsically linked, as demonstrated by two example community businesses.

Nudge Community Builders (“Nudge”) is a Community Benefit Society working to transform Union Street, Plymouth, by unlocking land occupied by derelict and empty buildings, supporting local people and businesses, and advocating for local and national change for communities like Union Street and its neighbourhood. Nudge’s vision is to make Union Street a place ‘loved by all’ – by making it a street that meets the community’s needs both now and in the future. Their mission is to ‘nudge’ lasting change in ‘surprising and enterprising’ ways, which starts by building a strong local community and economy. They aim to achieve this by:

- ‘Nudging’ local buildings and spaces to be used and loved.
- ‘Nudging’ local people and businesses to be brave, creative, resilient and healthy – supporting themselves and their local community.
- ‘Nudging’ local and national change for communities by using their voice and leading by example.

In bringing buildings back into use and reconnecting them to the local community, Nudge is achieving a wide range of local regeneration outcomes. New space has been created for a range of permanent and temporary activities. By redesigning the interior of large buildings, they have created the supply of 32 smaller units which are occupied by local small businesses that were previously struggling to find suitable local premises. Jobs have been created for local people, both directly within Nudge but more extensively within the businesses located in their buildings, within their supply chain (construction contractors, for example), and in other businesses drawn into the area based on the improvement in the environment and the ‘buzz’ that now exists along Union Street. Their achievements are considerable³⁷:

- Unlocked 27% of Union Street land with derelict and empty buildings on it, and made improvements and brought new uses to 4,000 square metres of land.
- Employed six full-time members of staff (five live within one mile) and two part-time members of staff (one lives within one mile).
- Spent 96% of its income in Plymouth and 53% within one mile.
- Supported 87 people to develop projects and businesses in Stonehouse, hosted 107 interventions and improvements on the Street.
- Worked with 286 organisations and individuals to host 1,479 events, attracting 54,000 people.

An economic impact assessment recently undertaken as part of a funding bid process indicates an impressive potential for economic contribution³⁸:

- During the construction phase, Nudge's future redevelopment plan could support an estimated 70 to 80 person-years per annum of net additional employment within Plymouth's construction sector, generating wages between £2.7 and £2.9 million per annum.
- During the operational phase, once all units are operational and occupied, the redevelopment plan would accommodate an estimated 110 to 170 FTE net additional jobs per annum in Stonehouse (generating wages between £3.2 and £4.7 million per annum), and 240 FTE net additional jobs per annum in Plymouth (generating wages of around £6.7 million per annum).

What holds Nudge back from delivering its full potential is long-term funding, recognition and support from key agencies of economic regeneration, and capacity constraints that limit how quickly it can move forward.

Another example is Real Ideas Organisation, also based in Plymouth. Established in 2007, it is committed to making positive social impact through its four business units focused on regeneration: immersive and digital technology, arts, youth skills, and nature and neighbourhoods. Each business unit has a unique focus and purpose, though they are all driven by the same core values: creativity, innovation, and social responsibility. Their work spans Devon, Cornwall, and Plymouth, with significant partnerships with local authorities. They employ a mix of paid staff and volunteers, emphasising local recruitment. Their initiatives include community economic development, asset regeneration, and environmental sustainability, with a focus on net zero and urban nature restoration. Challenges include funding, skills, and capacity, with a need for better support and understanding of community economic development.

Regeneration of buildings, job creation, education and training, and professional development emphasised partnerships with local authorities, including Plymouth City Council and Cornwall County Council, and their work with town councils. The following quotes demonstrate the mechanisms by which economic contribution is delivered and the themes of those contributions:

"We are focused on the regeneration of spaces and places in an inclusive way, with a focus on people's lives and wellbeing – the regeneration of buildings, redevelopment of community assets, which create economic outputs around jobs."

"We create lots of outputs around education, training and skills for pretty much everybody, that includes schools, young people, but older people as well. And professional development, we take a lot of that work to other communities. We do a lot of work with community economic development strategies and community

³⁷ <https://www.nudge.community/difference>. Note, first bullet point presents a more current figures, based on the interview undertaken for this project

³⁸ HJA for Nudge Community Builders (2022), *Union Street Transformation - Economic Impact Statement*. Unpublished

asset development in other communities. I think it's those big three areas in which we make our economic contribution; skills development, job creation and physical capital regeneration."

Real Ideas Organisation

Factors which constrain the scale and breadth of the economic contribution made by Real Ideas Organisation include:

- the lack of funding which supports community assets and environmental transition
- a lack of recognition from other agencies of the importance of training and skills for community businesses and the need for better support
- a public deficit of knowledge and understanding around community economic development and economic democracy, and
- a need to integrate community ownership into the design of new towns and buildings.

What is abundantly clear from the evidence presented is that all community businesses make a contribution to regeneration in some way, whether that be physical regeneration and/or broader economic regeneration. The centrality of this outcome to the work of community businesses is an important finding of the study. They are capable of delivering and leveraging impact which appears to be beyond the reach of mainstream economic and physical regeneration agencies, based on their ability to connect communities with opportunity and take a long-term view.

Leveraging funding

Community business leverages funding to increase its impacts. Power to Change estimates that between 2015 and 2023, its funding has leveraged an additional £210 million into the sector in the form of additional grants, community shares, crowdfunding, government funds, refinanced debt, social investment and co-funding. This additional finance has been secured by £45 million of Power to Change's spend³⁹. This means that for every £1 (of this £45 million spend) contributed by Power to Change, an additional £4.68 has been leveraged into community business.

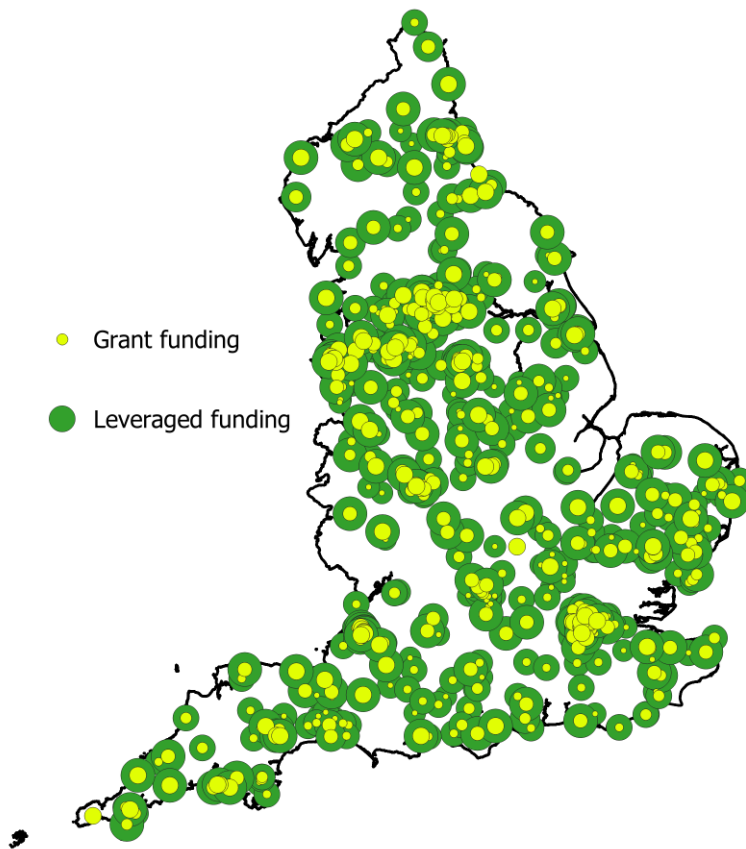
The additional funding leveraged by Power to Change includes co-funding, where programmes are funded in partnership with other funders. It also includes income received directly by Power to Change and spent by them on their programmes, as well as income from other sources that is not paid through Power to Change but contributes to funding programmes.

A fourth element is funding which is leveraged by community businesses themselves. This includes money unlocked through Power to Change funding that does not contribute to the delivery of planned projects, for example, funds raised by community businesses as a result of a Power to Change grant.

Almost £89 million was leveraged by community business through Power to Change funding of £38.6m between 2015 and 2023. This includes additional funding leveraged through eight programmes, and Power to Change's local and regional advocacy work. The rates of leverage varied across different programmes. The overall return on investment was an additional £2.30 leveraged for every £1 community businesses received from Power to Change through the eight programmes. Figure 5 illustrates the distribution of this funding and the additional funding leveraged.

³⁹ Power to Change (2023) *Bringing more investment into the community business sector*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/news-and-events/bringing-more-investment-into-the-community-business-sector/>. Access Nov 2024.

Figure 5: Additional funding leveraged by recipients of Power to Change grants (selected programmes)



Source: Power to Change

Data is not available to describe the funding leveraged by community business through all Power to Change funding they receive. If an average rate of return of £2.30 leveraged for every £1 of funding received applied to other Power to Change grant programmes, for which data is not available, we estimate that the total of around £97 million given to community businesses might have resulted in an additional £217 million being leveraged into the sector.

Supporting local economies

While most community businesses cater to a wide variety of audiences, there is a notable emphasis on working with groups that are either socially or economically marginalised. For example, The Anstice Community Trust provides a café service from its building in which they also deliver support services for socially excluded groups (for example a homelessness support service; a Winter Warm Hub) in addition to hiring out its ballroom to the local community, hosting everything from exercise classes, a youth club and a Parents and Toddlers Club, to parties and events during evenings and weekends. Meanwhile, Stretford Public Hall deliver services directly to people experiencing multiple disadvantage, ex-offenders, families and older people, while also regularly hiring out rooms within their building for training days, workshops and conferences to local organisations, and their larger spaces for one-off events such as weddings and parties. In Grimsby, community businesses such as Centre4 and Nunny's Farm deliver support to vulnerable groups within the community.

Community business has many social impacts, some of which are measurable. Power to Change used the Community Life Survey to measure hyperlocal social impacts of its Empowering Places programme, for example. Empowering Places provided a blend of funding and capacity-building support to locally

rooted ‘catalyst’ organisations in six areas of high deprivation, to develop local networks and grow the sector at neighbourhood level.

The research⁴⁰ provided strong evidence to show that the efforts of the catalysts and the cumulative impacts of the community businesses they supported enabled communities to maintain better personal wellbeing during a time in which this was severely affected across the country by the Covid-19 pandemic and its aftermath. Other comparable areas saw consistently negative trends across measures of wellbeing between 2018 and 2022. In contrast, Empowering Places areas mostly saw increases between 2018 and 2020, before decreasing in 2022, but to a lesser extent than in the comparison areas. In some areas, these positive differences were statistically significant across multiple measures of wellbeing. In Nunsthorpe, where Centre4 is located, there were statistically significant ‘net positive increases’ for local residents (when compared with those in similar areas) in terms of their personal wellbeing and satisfaction with local services and amenities. This study suggested that the presence of Centre4 – and other community businesses it supported – contributed to these changes.

We include our own estimates of the value of community business’ social impacts elsewhere in this report (for example, the social value of wellbeing improvements on page 51, and the social value of training and development on page 47).

As place-based organisations, community businesses generate employment and trading opportunities for other local businesses. While it is not always possible to get everything they need locally, interviewees revealed a strong preference among community businesses for buying from local producers and service providers, such as local tradespeople, cleaners and caterers. There was an explicit recognition from many of our interviewees of the potential for this to keep money within the local economy, and the importance of doing so.

“We do a lot to try and ensure that any trade that we do, we do from the local area, local businesses, before we go out of area, to try and sort of support local businesses as well. And that’s been the forefront right from the word go, engaging with local businesses and trying to keep everything sort of in-house, because it benefits everybody.”

Nunny’s Farm

“It’s important to use local suppliers, regardless of the cost of it.”

Whalley Bridge Trust

On average, about half (51%) of community businesses’ expenditure in the last year was spent on local suppliers. Over a quarter (27%) of their suppliers are other community businesses⁴¹.

Some of our interviewees highlighted that localised supply chains also reduce transportation distances and carbon emissions. The Community Farm is a good example of a community business that has developed a localised supply chain that meets both local economic and environmental goals. Community Farm is a not-for-profit organic farm that aims to help local people in North East Somerset enjoy better food. In addition to selling produce, they drive community engagement through education, partnerships, and outreach programmes. Approximately 10% of the produce they sell is sourced from their own fields, supplemented by other local farmers and, when necessary, from more distant suppliers to ensure year-round availability. They have a strong focus on creating market access for local suppliers and encouraging the community to consume more locally produced goods. To

⁴⁰ Power to Change (2023) *Community Life Survey Hyperlocal Booster Report*. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2023/11/Community-Life-Survey-Hyperlocal-Booster-Report.pdf>. Accessed Nov 2024.

⁴¹ Power to Change (2025) *Community Business Market Report 2024*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/research-and-reports/community-business-market-report-2024/>

achieve this they have collaborated with Better Food Traders, to build connections among local food producers and support a broader movement for localised food systems, as well as achieving certification from the Soil Association, enabling them to promote organic food production locally as well as enhance their market appeal.

Case study: Anfield - a community-led transformation

What does it mean to live well? This is the question residents of Anfield, Liverpool have been working to answer since 2010.

For many years the neighbourhood was facing decline, with abandoned streets left behind by a failed government regeneration plan. The Housing Market Renewal Initiative in the early 2000s had marked 1,800 homes and shops for demolition. However, after the plan stalled due to the recession, many houses were left boarded up, with the area losing many residents and, with them, part of its identity.

Yet during the 2010 Liverpool Biennale, Dutch artist Jeanne van Heeswijk collaborated with local people to envisage a new future for their neighbourhood, focused on the question: “What does it mean to live well?” Together, they envisioned a community-led regeneration, including affordable housing, a bakery, and shared meeting spaces. The Homebaked Community Land Trust emerged from this vision, rooted in collective ownership and the desire for community-led development.

Homebaked Community Land Trust

The Homebaked CLT was founded by residents who believed affordable, quality homes are key to living well. Their first project was the renovation of the old bakery building, converting it into a commercial space downstairs with a four-bedroom home above. Despite a strong start, however, their ambitions to transform local homes into community-owned housing have suffered a series of challenges and setbacks since 2018, including the local authority being placed under intervention by the UK government, which adversely affected plans for a proposed community asset transfer.

While continuing to navigate these challenges, the CLT widened its focus to develop a wider programme of neighbourhood engagement and development. This includes projects like the ‘Cosy Homes Club,’ which advises residents on retrofitting homes for energy efficiency. This project aims to help locals save money and keep their homes warm.

“As a CLT, our work is generational. It’s not just a 12-month project; it’s about changing how development happens in our neighbourhood.”

Homebaked CLT

The CLT has also worked to create job opportunities locally. While other high street businesses pivoted towards catering primarily for football matchday crowds, the CLT sought to support more community-focused businesses. Their ‘Neighbourhood as Incubator’ programme helps residents develop new businesses by connecting them with mentors, fostering local entrepreneurship. The CLT also facilitates the Anfield Improvement District, encouraging collaboration among local businesses to strengthen the area’s economy by supporting greater trading and collaboration with each other.

In 2010 residents identified their third priority was to develop quality spaces and places for the community to learn, share and be. While the CLT directly continues to facilitate shared spaces for residents to connect and collaborate, including seasonal community events such as local litter picks, they have also inspired the formation of other spaces in the local area.

Homebaked Bakery

Established in 2012, Homebaked Bakery operates independently from the CLT. The bakery aims to provide high-quality, affordable food while creating local job opportunities. Located near Liverpool FC’s stadium, it has adapted its business model to serve both local residents and matchday crowds. Not only do they sell pies on matchdays, but they also cater for other local organisations including

Everton FC, Liverpool Arena and several pubs and bars across the city, alongside a commercial delivery service. The profit from this commercial activity is used to subsidise their offer to their local community, such as providing cheaper meals for local nurseries and pensioner lunches.

“Our commercial contracts mean that there’s a chunk of that money that comes from outside of the community [that is reinvested locally].”

The bakery also employs differential pricing, charging higher prices on matchdays and using the profits to subsidise local offerings. As they are located on the high street, they try to keep café prices affordable during the day. Their pies have been £3 for 10 years, despite rising inflation. Their bread is equivalent to supermarket prices, and premium coffees are £1.75. Their cost of sales is 70%, whereas 20% to 30% is normal hospitality. But they’ve chosen to do this as it enables them to create jobs and meet their social objectives. They are open 8am to 3pm every day, except Sundays, and are the only business on the high street open every day, as the other local businesses tend to cater primarily for matchday crowds.

Being open regularly and carefully managing how any profits are used means the bakery is able to achieve its other two main aims – providing good quality jobs, and provide training for local community. They employ 20 people, approximately 85% of whom live within walking distance and 75% of whom were previously further away from the jobs market. For example, one of the team was previously homeless and unemployed. Several employees have gone on to do other things since working for the bakery, thanks to the training and support they’ve received. For instance, previous chefs and bakers have opened their own businesses while apprentices and younger staff have moved into further employment.

“If we were a purely commercial business...we’d have all our team on zero hour contracts which is standard in hospitality...We wouldn’t be a real living wage employer. We certainly wouldn’t be encouraging them to join the pension scheme...[or] providing them with deposits for the houses when they get evicted...and all the wrap around support that comes with it. We wouldn’t give our shop front over to a debt advice service for a whole day every week...[or] provide school meals...We’d be charging a profit for them and our pies wouldn’t be priced at the same price that they were ten years ago...”

Homebaked bakery

No wonder then that a 2019 Social Return on Investment Calculation found that, for every £1 spent with the bakery, they generate £20.37 in social value.

In addition to creating jobs and catering for local residents, the bakery sources its ingredients from nearby suppliers, reinforcing a hyperlocal economy.

“We buy meat from the local butcher. We buy flour from the baker, who are a cooperative. We buy all our fruit and veg from a local fruit and veg supplier. We buy our pie cases from a local supplier. All of these are within two or three kilometres of the bakery.”

Homebaked bakery

This approach proved resilient during the Covid-19 pandemic and the subsequent cost of living crisis, as close supplier relationships helped mitigate price increases.

“Rather than the big suppliers passing all of their pricing increases onto the customer, and then the business is then passing their price increase onto the customer, we spread the price increase. So when the price of meat went up, the butcher absorbed some of it to keep his prices down for us because we worked in partnership with them, then we absorb some of it to keep the prices down for our customer. So our supply chain worked in a really hyperlocal way.”

Homebaked bakery

Kitty's Launderette

Kitty's Launderette offers affordable, environmentally friendly laundry services for local people and local partners (such as Everton Football Academy and local bed and breakfasts). They also host a range of activities, from knitting clubs to film nights, creating a space where people can connect and combat social isolation.

Kitty's was founded with an ambition to open up access to quality services in the local area that meet the basic needs of local people, but also better utilise the assets that exist within the area. For example, they partner with local children centres and food banks to provide free laundry services (which is cross-subsidised by their commercial work). This desire to open up access also extends to their events and activities, ensuring their space is welcoming and accessible (for example for refugees and migrants), in order to tackle social isolation and build connections.

The laundrette was also founded with a commitment to provide quality local jobs.

"We run our community business with paid employees (rather than volunteers) because creating good jobs is one of the ways we can support our neighbourhood."

Kitty's Launderette.

All staff are paid the Real Living Wage (as set by The Real Living Wage Foundation), have guaranteed hours, and are offered flexible working arrangements.

"If you need to start work after you've dropped the kids at school and leave in time to pick them up, then we will arrange your work around that."

Kitty's prioritises hiring people who face additional barriers to employment, such as those with caregiving responsibilities or young people who haven't worked before. The majority of their 10 staff live within walking distance.

"We go beyond just giving people a job, we really think about how to support each other. So we do things like interest-free worker loans...access to counselling and professional coaching...personal learning budgets that workers can spend on things they want to do in the life...all good for our mental health."

Kitty's Launderette.

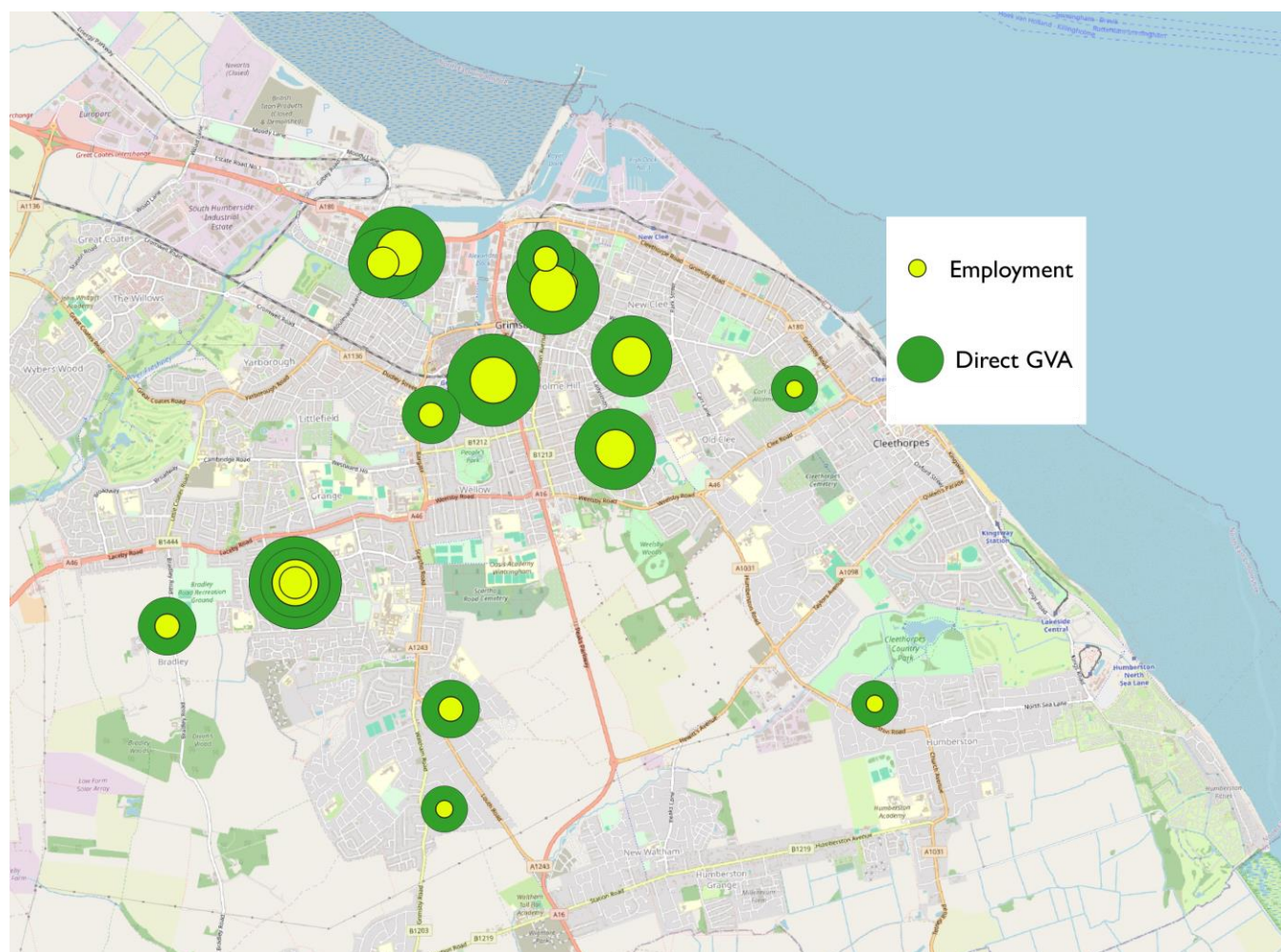
Local residents in Anfield have demonstrated the power of community-led initiatives to bring about meaningful change. Through their individual and combined efforts, residents have created vibrant spaces, supported local jobs, and fostered a resilient local economy. While challenges remain, the progress made in Anfield shows what can be achieved when communities take ownership and work together to shape their future. These projects offer a blueprint for community regeneration, showing what it truly means to live well.

The economic impacts of community business can also be measured. In Grimsby, we estimate that community businesses generate around **£7.9 million** in direct Gross Value Added⁴², 0.3% of total direct GVA in Grimsby⁴³. GVA is a measure of the increase in the value of the economy due to the production of goods and services. It is one measure of the economic contribution of community business. Figure 6 illustrates how community businesses in Grimsby contribute GVA, in relation to employment.

⁴² Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. See the technical appendix for details.

⁴³ Derived from ONS Small area gross value added estimates, UK: 1998 to 2022.

Figure 6: Gross Value Added of community business in Grimsby



Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change, Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024. See the technical appendix for details. Note – spaces between circles should not be read to infer a lack of community business coverage or economic contribution. Contribution is allocated to the address of the community business, but the spatial extent of that contribution may be considerable.

Empowering communities during economic transition

Our Future is a national organisation which backs people who care about their local area to build a thriving future. It acts as a catalyst and convenor, bringing together leaders from every sector in a place to create a shared vision while connecting them with the national support they need to make it a reality. Our Future partners with Grimsby Town Football Club, a key part of the area's cultural identity (its historic ground, Blundell Park, was built in 1899 as the fishing industry boomed, close to East Marsh) and an active supporter of the community through its Foundation.

“The point of Our Future really is to provide a space for people who care about Grimsby and North East Lincolnshire to come together, build shared ambitions and then connect in with the skills and resources that they need to achieve them. So in a sense, it's sort of, it's a bit of mass movement building. So we're providing ways for people to come together in person and through digital engagement, find collaborators, find the funders that they need to support their work and build that sense of collective identity and direction.”

Our Future

In summer 2024 Our Future worked with partners to run a town wide conversation called *Grimsby Together*. Driven by c.100 people who came together at Blundell Park in May 2024, the conversation

worked with over 1,000 Grimsby citizens to shape a vision for the town which was published in September. Our Future also promotes the ongoing community-led transformation of Grimsby – often led by the community businesses we talked to in this research – at an annual event which brings local and national policymakers together with the community.

“Grimsby, like many places outside the South East, is disconnected from policy making – this means that people leading the change aren’t supported and in fact often blocked ... Part of what we’re doing is bringing people together to showcase the breadth of brilliant people doing exciting work in the area and connect them to each other and support.”

Our Future

The work of Our Future puts people who live in and love the town at the centre of building the future they want.

“ [Our Future’s role is] convening and facilitating, and our next phase is to work together to create something more concrete.”

Our Future

This townwide *Grimsby Together* conversation directly shaped the local authority’s Grimsby Plan, which is being developed as part of the government’s Long-Term Plan for Towns⁴⁴, and unlocks £20 million of government investment in North East Lincolnshire over the next ten years.

The conversation was widely advertised, promoted by people across the area who have been core leaders in the Our Future network. They helped engage more than 1,000 local people who were asked, “If you think of the best possible Grimsby in 2034 what specific things will have happened in the town to make it so great?” Respondents were invited to share ideas, and vote on the ideas shared. A high-level of consensus emerged for ideas including:

- “All residents feel valued and respected.”
- “There is a positive inclusive culture that welcomes incomers and makes young people want to stay and contribute.”
- “Help local organisations to manage unloved properties - commercial and residential”
- “Empty buildings are utilised and improved”

Our Future has also worked with community organisations and the local authority to develop the East Marsh Community Plan, which will inform local public spending. This is now connected to the East Marsh Community Research Network (EMCRN), a partnership of local community organisations (including Our Future and East Marsh United), the North East Lincolnshire Health and Care Partnership, the NSPCC and the University of Lincoln. The EMCRN has recently been awarded for phase two of its work, which will involve the local people in participatory action research and investigate what works and what doesn’t in achieving the community’s vision for the neighbourhood. Phase one was spent developing the partnership, engaging the community and building trust in its objectives.

It is therefore evident community business helps build a sense of belonging in local communities. We estimate that for every 100 people experiencing an improvement in their sense of belonging to their neighbourhood, this has a social value of £761,400⁴⁵.

⁴⁴ MHCLG and DLUHC (2023) Long-Term Plan for Towns. Available at: <https://www.gov.uk/government/collections/long-term-plan-for-towns>. Accessed Nov 2024.

⁴⁵ HACT UK Social Value Bank.

Labour market impacts

The consultation identified several key themes regarding labour market benefits and impacts, including:

- Employment creation
- Volunteering opportunities
- Skills development
- Addressing labour market disadvantage

Employment creation

All interviewees explained that their community businesses provided salaried work for at least one individual, with some providing many jobs. All would fall into the economic classification of ‘small and medium sized business’ (SME) and many would be considered as ‘micro’ entities (employing ten or fewer⁴⁶). The nature of employment created, and who takes these jobs, is very much related to the business model of the community business and the sector it operates in. For example, Kirklees TV operates a model which is based on the engagement of freelancers, which follows the common business model found in the film and TV sector.

The interviews indicated that community businesses typically draw from a highly local labour market, for several reasons. Firstly, focusing on community benefit drives an imperative to provide such opportunities to local people, so recruitment practices follow a policy of local recruitment. Secondly, the nature of the activity is often hyperlocal and therefore suits employees who are part of that community, and not just from a practical perspective - they understand local needs and therefore can make an important contribution to community business objectives. Thirdly, the nature of employment in some cases may limit the likelihood that employees will travel longer distances to take it up (for example due to level of pay).

A good example of the specific skills that community businesses might require in their staff is provided by Gaia Giving CIC, which operates a community cafe in Paignton:

“Our baristas are here to support the community and not just serve coffee. All our baristas have some form of relevant training to support the community work we do – this might be counselling, mental health first aid, or some other expertise. This started with us working with NHS (via local GPs) through a social prescribing project where those in need of support were encouraged to use the café, and we’ve built some fantastic relationships and supported many people in this way.”

Gaia Giving CIC

The interviews also provide important evidence of economic spillovers, in the form of new economic activity arising from employment within a community business. For example, Homebaked Bakery reports that several of their prior employees have gone on to open their own businesses as chefs or bakers. Not only are these positive outcomes for the people involved, but in moving on from Homebaked Bakery, they create an opportunity for another (potentially disadvantaged) individual to find work. In this way, community businesses contribute to an important economic multiplier effect.

We estimate that almost 9,000 people working in community businesses were recruited from unemployment (21% of all employees)⁴⁷. This is very similar to the proportion working in social

⁴⁶ Following the definition used by Companies House – see <https://www.gov.uk/annual-accounts/microentities-small-and-dormant-companies#:~:text=Micro%2Dentities%20are%20very%20small,10%20employees%20or%20less>

⁴⁷ Derived from Community Business Market Report 2022, Community Business Market Report 2024.

enterprise more broadly (22%)⁴⁸. We estimate that the total social value created by community businesses employing people who were previously unemployed is £95 million. Within this total, we estimate that the social value of recruiting people to secure (permanent) jobs is around £42 million. This includes the value of the indirect, secondary impacts to the economy in terms of government cost reductions, including benefits payments and reduced healthcare costs from wellbeing improvements⁴⁹.

Volunteering opportunities

In addition to formal employment community businesses commonly provide opportunities for, and very much benefit from the commitment by, volunteers. This might include a board of trustees, for example, who donate time, experience and expertise to advise and guide the business, or people who give their time to support the delivery of activities, projects or events. Such relationships can be one-off and informal (for example, people helping set up stalls and serving food at a food festival) or more formalised and connected to a specific activity of the community business (for example regular engagement to support the delivery of a funded project). There can also be a specific imperative or objective associated with the engagement of volunteers, such as to encourage people who are disconnected from the labour market to get involved in a structured activity, to support skills development, confidence raising or to deliver other specific outcomes – both for the community business and the volunteer.

It is of course also true that volunteers are essential to the viability of community business as they are essentially cost-free and provide valuable human resources, skills and expertise to help run the business and its activities. Furthermore, working with volunteers has positive benefits for the individuals involved, such as improved confidence and wellbeing, feeling part of the community and finding a sense of purpose, as well as other, more economically focused outcomes such as skills acquisition.

“We have countless volunteers for the events we run around the Arcade. For the food festival, for example, these are local people who support by setting the festival up and helping it run.”

Dewsbury Arcade

Volunteers can provide a vital link back into, and role within the local community, including providing two-way feedback, ‘market testing’, strategic advice and facilitating communication. These can be considered vital to the successful operation of a community business and while not directly creating an economic contribution, the role is vital in sustaining the wider impact of the business.

“It’s about their development. We want to grow active citizens that have capacity and power and voice in their communities. So it’s about growing people and developing their skills. It’s about reach and connection so we can reach into communities and connect with more people for those networks that come with them as well. You know, they, you know, they fulfil a role. So they allow us to expand and do more work and have a greater impact. You know, they provide us with very good intelligence and advice in terms of our direction, our planning.”

Real Ideas Organisation

Community businesses use their volunteering programmes to help address inequality. Kirklees TV, for example, states that it has a specific focus on equality and diversity when engaging volunteers and working with its freelancer pool. For example, they worked with a neurodivergent individual who had

⁴⁸ Social Enterprise UK (2024) Good work: Working conditions in social enterprise. Available at: <https://www.socialenterprise.org.uk/app/uploads/2024/09/Good-work-working-conditions-in-social-enterprise-summer-24.pdf>. Accessed Jan 2025.

⁴⁹ HACT UK Social Value Bank.

very low confidence in personal interaction but after working with them for several months has developed sufficient confidence levels to be involved in interviews.

Volunteers may 'graduate' from support by community businesses and go on to do life-changing things, such as studying or gaining employment elsewhere. Homebaked CLT talked about a group of three volunteers who worked on redeveloping a shared flat and worked in traineeships, learning from local contractors on the job. One went on to study architecture at university and later returned to volunteer on the CLT board.

Constraints on the use of volunteers do exist, however. For example, Emerge 3Rs – which provides a range of upcycling and recycling services - reports that it is only able to use volunteers in roles that do not require the use of certain tools, due to the health and safety considerations involved.

There is further evidence of economic spillover in this theme. The Ethical Recruitment Agency is a spin-out from Centre4 in Grimsby. It was created to continue and extend Centre4's work in helping disadvantaged people access the labour market. This involves a range of activities such as helping people to become job-ready, supporting retraining, finding work opportunities and providing volunteering opportunities. The aim is to change the concept of recruitment agencies, focusing on personal approaches and skills rather than simply maximising throughput.

We estimate that the social value of volunteering in community businesses is £471 million⁵⁰. This includes the value of wellbeing improvements, as well as the indirect, secondary impacts to the economy in terms of government cost reductions, including healthcare costs.

Skills development and confidence building

A key point about economic contribution is that volunteering opportunities can lead to employment, and this is often by design. Community businesses provide a pathway to employment which offers scarce opportunities for people to begin to build the skills, confidence and experience they need to join the labour market. In this way, volunteering can be used as a stepping stone to paid employment.

"In the two funded projects we run, CHEFF and Hat-Trick, we recruit local volunteers, many of whom have found it difficult to join the labour market, to become volunteers. These are typically local people, drawn from the communities that the projects serve. The goal is to build their skills and confidence and, in numerous cases, we then recruit them into the team in paid roles"

Centre West

Formal education is often also supported and facilitated by community businesses. For example, Gaia Giving has recruited numerous baristas with qualifications in counselling, mental health first aid and other relevant subjects, but took on one barista without such training and funded them through a relevant course.

Work experience opportunities are also on offer from community businesses, such as Grimsby Community Energy, which has provided such opportunities to local young people studying T-Levels and to students at the University Centre Grimsby. For this business, working with students is seen as preferable to working with less skilled volunteers, as students have aligned interests and the time/effort involved with training volunteers negates the benefit of engaging them. This demonstrates that models related to acquiring and managing human capital vary considerably depending on the context of the community business.

Further insight is provided in the labour market case study.

⁵⁰ HACT UK Social Value Bank.

We estimate that around 27,000 employees of community businesses (65% of all paid staff) have received formal training and 35,000 (84%) have received informal training from the business. We also estimate that around 34,000 volunteers (27% of all volunteers) have received formal training and 61,000 (48%) have received informal training⁵¹. Reflecting the nature of community businesses, many of these individuals are disadvantaged in relation to labour market participation, as shown in Table 2.

Table 2: Number of staff and volunteers receiving training from community businesses

	Paid staff receiving formal training	Volunteers receiving formal training	Paid staff receiving informal training	Volunteers receiving informal training
All paid staff and volunteers	27,164	34,068	35,104	60,565
<i>Of whom...</i>				
Long-standing physical or mental illness or disability	5,098	7,255	7,439	19,557
Caring responsibilities for someone who is sick, disabled or elderly	3,218	12,189	3,678	14,511
Ethnicity identified as BAME	3,719	2,524	3,719	10,094
English not first language	969	5,047	2,374	7,571

Source: Derived from SERIO and Community Business Market Report 2022. See the technical appendix for details.

We estimate the total social value of this training is around £183 million. Around 39% of this social value (£72 million) is generated by training employees, and 61% (£111 million) by training volunteers. Around 32% (£58 million) is generated by providing formal training, and 68% (£125 million) through informal training⁵².

Addressing labour market disadvantage

As described above, community businesses often utilise the volunteering route as a stepping stone to work (employment, or self-employment). They also use volunteering as a mechanism by which skills can be developed, confidence built, and to build a sense of community, purpose and belonging.

They often also have an explicit intention to address labour market disadvantage through their volunteering programmes and/or employment and recruitment practices. For example, at Kitty's Launderette in Liverpool, one-half of the team was previously long-term unemployed, often due to parenting or other caring responsibilities.

An economic impact assessment undertaken for Nudge Community Builders estimated that if Nudge's development plans for Union Street were fully realised, this would create between 110 and 170 FTE jobs, which, given the practice of hiring from the local community, could increase the economic activity rate in the Stonehouse area by up to 11%. This could also have a significant impact on the unemployment rate if all staff could be drawn from the local area, reducing the number of unemployed individuals in Stonehouse by up to 30%. The estimated 70 to 80 person-years per annum of net additional employment within Plymouth's construction sector would support further job opportunities for unemployed Stonehouse residents.

⁵¹ Derived from SERIO and Community Business Market Report 2022. See the technical appendix for details.

⁵² HACT UK Social Value Bank.

Summarising the contribution made by community business to labour market challenges

Community businesses significantly impact local economies and labour markets through job creation, volunteering, and skills development. Key insights include:

- **Local Engagement:** 78% of customers, 81% of staff, and 91% of volunteers are from the local community.
- **Employment:** community businesses create jobs, especially for the unemployed, with 21% of employees previously unemployed. These businesses provide essential local employment, often in small-scale or micro-enterprises.
- **Volunteering:** volunteers contribute to business viability and gain skills, confidence, and a sense of purpose. Volunteering can often act as a pathway to employment, and many community business actively pursue this outcome.
- **Skills Development:** many community businesses offer training, with over 27,000 paid staff and 34,000 volunteers receiving formal training, helping to enhance employment outcomes and improve wellbeing.
- **Social Value:** community businesses generate significant social value, with estimates of £95 million from employing previously unemployed individuals and £471 million from volunteering.

These businesses play a vital role in tackling labour market disadvantage, especially in some of the country's most deprived communities, and often in tackling complex needs.

Wellbeing impacts

The discourse around the impact of community business on wellbeing provides evidence of benefits at both the individual and community level. Individual wellbeing is a person's overall state of health and happiness, which is a combination of many factors (including physical, mental, emotional, and social health) and 'community wellbeing' is additional to individual wellbeing and concerns relational aspects between groups of people, such as social networks, trust and reciprocity, power and control⁵³.

Research by the What Works Centre for Wellbeing found that there is consistent evidence from qualitative studies relating to positive perceptions of impact on community wellbeing, community involvement, neighbourhood environment, social relations and reduced social isolation. It also found that community businesses are very good at developing effective mechanisms of change in their communities, through the identification of need, design of services and collaborations between organisations and people in their community. An analysis of logic models identified three main mechanisms by which community businesses impact on wellbeing outcomes:

- community engagement leading to increased community involvement, increased individual wellbeing and a better place to live
- strengthening community infrastructure, leading to more connected community infrastructure and a better place to live
- skills development, leading to increased skills and confidence, improved individual wellbeing, better employment prospects and a stronger local economy.

⁵³ What Works Centre for Wellbeing (2020). A systematic review of the community wellbeing impact of community business. Available at: <https://eprints.icstudies.org.uk/id/eprint/156/1/TPR-2020-05-A%20systematic%20review%20of%20the%20community%20wellbeing%20impact%20of%20community%20business.pdf>. Accessed Dec 2024.

The research also outlined the critical risks for community businesses in pursuing their objectives, notably in relation to balancing the need to become financially sustainable and seek diverse sources of funding, versus the need to stay true to the original values of the community business. The study found modest evidence from qualitative and quantitative studies of positive impacts on social cohesion, civic participation and individual wellbeing.

The body of work around the activities and benefits of community business provides important and compelling evidence about the positive impact on both personal and community wellbeing. In some cases, attempts have been made to monetise the scale of those benefits using social value calculations techniques, though to our knowledge this has not translated into an estimate of the total value at the national level. For example, a study of how community business drive benefit in the area of skills and training uses the HACT Social Value Bank to monetise the wellbeing benefits arising from skills development and training⁵⁴.

Our interviews highlighted a range of approaches used by community businesses to enhance the individual wellbeing of staff, volunteers and users of their services. These are discussed below, split into the groups for which community businesses have direct responsibility (staff and volunteers), and the groups that benefit from their activities (users).

Wellbeing of staff and volunteers

Examples of practices and approaches adopted by community businesses to improve staff and volunteer wellbeing include:

- Entrust have a counselling service that is run by volunteers, which includes a counsellor that staff can access. They will buy-in support if required. They also conduct regular team meetings and will even pay staff who would not ordinarily be working at that time to attend.
- First Choice organises away days which are designed to bring a sense of fun to their team and to help them relax.
- Anstice Trust provides mental health first aid training for staff (which is in practice shared by other community businesses).
- Homebaked CLT received a grant from Tudor Trust aimed at improving the health and wellbeing of the team. This led to a trip to a local theatre where one of their tenants was producing a show. They also organise team dinners and away days. The working day starts with a 'team check' during the staff meetings to identify any challenges and organise support. They provide other flexible working opportunities, maintaining a balance between working from home while maintaining a community presence.
- Kitty's Launderette has sought the support of an organisation called Cooperative HR to support on wellbeing. They have ringfenced a wellbeing budget and organise wellbeing walks in nature, therapeutic massages and other support which is available to staff. Professional coaching is provided, as well as access to a self-referral counselling phoneline. They provide access to nutritious food to staff through their supplier relationship with Suma. Cooperative HR have helped them bring their staff together to co-produce policies. For example, the wellbeing policy was co-written, and staff identified the importance of spending more time together as a goal. Staff are paid to attend co-design sessions. Another example of a co-designed policy is their conflict reduction framework which was coupled with a significant amount of training to help them have better meetings. They feel that organisational culture is really important – they want everyone to

⁵⁴ Power to Change (2020), *Employment and skills – The role of community businesses*. Available at: <https://eprints.icstudies.org.uk/id/eprint/190/1/RI-27-2-Technical%20appendix.pdf> Accessed Dec 2023

be involved in running the organisation, to understand what is happening, and to feel like they have agency in decision making.

- Centre4 / Ethical Recruitment Agency have trained mental health first aiders, have a staff buddy system and fund community gym memberships. They also support a range of other fitness sessions and organise regular informal staff meetups (“chew and chatter” lunches) and social events.
- Real Ideas Organisation delivers initiatives to improve staff and volunteer wellbeing through flexible working, family-friendly policies, and connecting people to the organisation’s purpose.

Wellbeing of users

Because the central ethos of community businesses is around the provision of care, it is fair to conclude that all community businesses deliver some form of wellbeing out into their community, through the users of their services, visitors to their buildings and spaces and participants in the events that they host. Examples of practices and approaches adopted by community businesses to improve user wellbeing include:

- BS3 works with social prescribers, linked to GP surgeries, which brings in a different audience. Their team of ‘Community Connectors’ work in small areas (lower super output areas, LSOAs) helping local people describe their aspirations, make connections, and enhance community resilience. This was prompted by the formation of Integration Care Boards and the focus on the prevention of ill health and maintenance of wellbeing. They are inherently interested in the community determinants of health.
- Eco Carriers provides a service which transports local residents to hospital and other essential appointments, which extends to taking them into the hospital, ensuring they have a cup of tea and generally supporting them during their hospital visit. Their project Bury-Rickshaw was set up to tackle social isolation, so addressing community wellbeing is considered to be at the root of the organisation.
- Entrust highlighted that post Covid-19, a lot of children and young people have not returned to school, and constituents have been hit harder in terms of their mental health. They provide a ‘Lean on Me’ service, which is based around a counsellor training their volunteers in good listening, with the aim of providing support that helps people discuss their challenges and ‘unload’. Individuals are provided with up to six support sessions. Their Friendship Club was born out of what young people were telling them - that for positive health and wellbeing, you need to be social and have people you can trust. They also run mindfulness sessions for parents.
- First Choice provides a signposting service to other helpful organisations and services. They recognise that life can be hard and people sometimes need a diverse range of support. Their aim is to make work and volunteering fun, pleasant and to provide a comfortable place in which to perform these functions.
- Gaia Giving received funding through the NHS to train up and cover part of the employment costs of a wellbeing barista – someone who can talk to local people, and act as a confidante and counsellor in a safe, welcoming space. This developed into a relationship with three local GP practices (the GPs were customers of the café, and the idea developed through their visits) which led to social prescribers referring local people to them. This was initially targeted at addressing isolation, but has grown. All their baristas are now mental health trained to varying levels: they have experience in peer-to-peer support groups, mental health first aid training or other forms of counselling training. Conversations that people feel able to have in their supportive cafe environment often lead on to broader projects, like peer-to-peer support

groups, a walking group, the development of community garden and so on. Social prescribers also attend youth groups (quarterly) and support young people. For example, many young men and boys do not have a GP, so the social prescribers help address niggling health issues. The cafe is therefore acting as a bridge between services.

- Northampton Film Festival runs a wellbeing programme, focused on helping people come up with life and career goals. Their broader focus is on enhancing how local people feel about the place that they live, which drives their *raison d'être*: to help people achieve what they want to in the place that they live.

These examples demonstrate the diverse ways in which community business deliver wellbeing benefits to their staff, volunteers and communities.

The challenge of estimating the value of this social impact is significant, because of the diversity within the community business sector. However, we estimate that for every 100 people experiencing an improvement in their general health as a result of interacting with community business, the social value is £1,725,700⁵⁵. This is equivalent to freeing up over 30,300 GP consultations⁵⁶.

Summarising the contribution of community businesses to wellbeing

Community businesses positively impact both individual and community wellbeing through various mechanisms, such as:

- Community engagement, which increases community involvement, individual wellbeing, and improves living conditions.
- Strengthening community infrastructure, which leads to more connected communities and better living environments.
- Skills development to enhance skills, confidence, employment prospects, and strengthen the local economy.

Community businesses undertake a wide range of activities to enhance the wellbeing of staff and volunteers, including the provision of counselling services, flexible working practices, organising away days and team activities, and providing mental health support.

Their entire ethos is focused on enhancing the wellbeing of their community and users, through mechanisms such as social prescribing, providing transport and appointment 'buddy' arrangements, counselling, signposting (often through partnerships) and offering broader wellbeing programmes.

These efforts demonstrate the diverse ways community businesses deliver wellbeing benefits, although estimating the monetary value of this important social impact remains challenging.

Local physical and economic regeneration

Community businesses play an important role in contributing to local regeneration, as acknowledged in the Community Business Market 2022 report:

"Leading community-driven regeneration, community businesses improve the physical fabric of places and the services available to local communities that live there through fixed assets like land and buildings. This year,

⁵⁵ HACT UK Social Value Bank.

⁵⁶ In 2022/23, the average 10 minute face-to-face GP consultation cost £56. Source: [The Kings Fund](#).

43% said they operate on or near a local high street, and 56% said that they own and/or manage a physical asset in their local area.”⁵⁷

This theme therefore links to the ownership or management of physical assets – buildings, gardens, green spaces, and so on. In 2019 it was estimated there were more than 6,300 community-owned assets, contributing nearly £220 million annually to the UK economy. Evidence suggests that this is also a growing trend, with a third of these coming into ownership within the previous ten years⁵⁸.

Across our interviews, we found that seven community businesses were directly involved in local regeneration (whether high-street based or otherwise), meaning that through their activities they have facilitated local physical regeneration.

The interviews have identified several relevant issues concerning economic contribution:

- Importance of community ownership in regenerating local assets
- Challenge of community ownership
- The catalytic effect of community-led regeneration.

Importance of community ownership in regenerating local assets

Often, community businesses will step in to take ownership or management of a community asset that is underused, neglected or in disrepair. For buildings, this is often where the property market places insufficient value in a property, leaving it vacant and without the income streams needed for its upkeep. Community businesses align such assets with community needs, finding a new or rejuvenated role for them in supporting local people. Sometimes buildings are historic or play a role in culture (a sector which has been particularly badly affected by the Covid-19 pandemic). What is also interesting about the community businesses covered by the interviews is that a reasonable number are located on ‘minor’ high streets⁵⁹, and therefore likely to be outside the spatial focus of recent high street regeneration funding, which has been considerable in recent years.

By aligning asset use with community needs, community businesses create a relationship that is sustainable and mutually beneficial. The building is revitalised, brought back into use and provides a useful function to the community. In return, the community benefits from a space to undertake activities that may have been out of reach beforehand, either because they existed at a distance or not at all.

Nudge Community Builders own three and lease two other buildings on Union Street in Plymouth (representing 27% of the land that stands empty on that street). Community share schemes have been used to raise funding for the purchase of assets and these schemes create a tangible sense of community ownership, which is further bolstered by the involvement of local people in the rejuvenation of those buildings (through volunteering and paid contractor roles) and in shaping the buildings’ future use. Empty buildings are often associated with anti-social behaviour, as was the case in Union Street. The area could be considered ‘high cost’ to the taxpayer in terms of the services it was consuming, through anti-social behaviour and associated deprivation. The change being made to Union Street, driven by Nudge, is beginning to reduce that cost, which is an important economic contribution made, albeit on the cost-reduction side of the equation. Their approach is also generating new

⁵⁷ Power to Change (2022) *Community Business Market Report 2022*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/market-report-2022/>. Accessed Nov 2024.

⁵⁸ Archer, T., Batty, E., Harris, C., Parks, S., Wilson, I., Aiken, M., Buckley, E., Moran, R. and Terry, V. (2019), *Our Assets, Our Future: The Economics, Outcomes and Sustainability of Assets in Community Ownership*, Available at: <https://www.powertochange.org.uk/wp-content/uploads/2019/07/Assets-Report-DIGITAL-1.pdf>. Accessed Nov 2024.

⁵⁹ This is a fairly informal definition, but it refers to local shopping streets which are not part of the key high street locations. They may be distant from the centre of a town, or located in a suburb or adjacent neighbourhood, for example.

economic activity, by providing space for new, small local businesses that otherwise would be unable to find suitable, affordable premises. These examples demonstrate the positive outcomes that can be driven by community ownership and management of local physical assets.

Partnership models also exist, where one authority leads on the physical regeneration (through capital expenditure) and another (community business) provides the capacity to create demand for the regenerated buildings. Dewsbury Arcade is an example of such a model, with Kirklees Council managing the construction project (funded by the National Lottery Heritage Fund) and the Arcade Group (the community business) building capacity to ensure community benefit and sustainability once the arcade is brought back into use (due late 2025). In this way, the power of community business to manage commercial activities housed in a community asset is acknowledged.

A key feature of the contribution made by community businesses in regenerating local places is that they address the results of prior market failure. Buildings stand empty for a reason: the uses that they housed are no longer present, viable or relevant to the modern world. For example, the nightclubs that used to line Union Street in Plymouth were vacated many years ago, as social tastes changed and activity moved elsewhere. Some have stood vacant for 25 years. Since then, the market has failed to find a viable use for these buildings, perhaps because of the nature of the space, the level of dilapidation, or because the uses that the market might bring forward are not viable in these locations. Community businesses can create a crucial link between these assets and the communities in which they sit, achieving outcomes that the market not only would not achieve but does not even contemplate.

Challenges of community ownership/management

While the interviews provided evidence of the important economic (and other) contributions made through asset ownership and management, they also provided evidence of the challenges and risks associated with doing so. It is important to acknowledge that in itself, community ownership and management of assets is not some global panacea. While it can play an important role in achieving community benefits, ultimately its success depends on the quality of the management of that asset, and part of that is the quality of the connection built between the community and its asset.

Beyond that, other practical challenges are often highlighted such as acquiring and managing the resources (paid and voluntary) to manage and refurbish those assets, acquiring the funding to purchase and support renovation and ongoing maintenance of those assets, and finding the time to respond to the often highly resource intensive funding application processes (that may only resolve short-term issues, or may be about re-financing as previous deals expire). There are also challenges associated with managing assets in locations with high levels of anti-social behaviour, rough sleeping (which can be coupled with aggression), high levels of addiction and substance misuse, vandalism and associated staff safety concerns.

Further relevant evidence is provided in the discussion of high street regeneration, and also in the case study on local regeneration (page 33).

Summarising community business benefits to local physical and economic regeneration

Community businesses play a crucial role in local regeneration by running activities, providing services and owning and managing physical assets like buildings and green spaces. This involvement often revitalises neglected properties, aligns them with community needs, and supports local economic activity. The key mechanisms through which contribution is made include:

- Community management and ownership: community businesses often take over underused or neglected assets, revitalising them to serve local needs. This creates sustainable, mutually beneficial relationships.

- Economic contribution: community-owned assets contribute nearly £220 million annually to the UK economy. They also reduce costs associated with anti-social behaviour and generate new economic activities.
- Partnership models: successful regeneration often involves partnerships between local authorities and community businesses, combining capital expenditure with community-driven demand creation.
- Market failure: community businesses address market failures by finding viable uses for buildings that the market has neglected.

Owning and managing community assets involves challenges like securing funding, managing resources, and dealing with anti-social behaviour, while success depends on effective management and strong community connections. The evidence presented here demonstrates the significant impact of community businesses on local regeneration, despite the challenges they face.

The regeneration of High Streets

Two fifths (39%) of community businesses believe they have had at least some impact on high street regeneration. Community businesses are helping not only to revive but also redevelop local high streets. They cite examples of taking on and renovating previously empty buildings, thereby increasing footfall to high streets, and working in partnership with local groups to help regeneration endeavours.

The considerable potential for community business impact on high streets has yet to be fully harnessed. Fewer than three in ten (28%) businesses agreed local authorities or private sector organisations encouraged community businesses to contribute to strategic decisions about high streets. Engaging community businesses in local decision making could yield considerable result in greater benefits in the future⁶⁰.

Several of our interviewees said they were located on or close to a high street. Based on their responses, a number of key themes emerged with regards to the benefits and impacts of being located there, including:

- Increased footfall
- Wealth creation and retention
- Accessibility
- Place-making and civic pride

Increased footfall

Whaley Bridge Canal Group have transformed an underutilised building close to Whalley Bridge high street. Located on the canal basin, their space includes a bookshop, a food bank and clothing bank, among other offers including a market. When they first launched the market, there were some concerns locally about the impact it would have for other traders. The once thriving high street was already struggling. But, since the launch of the market, every shop in nearby Whalley Bridge also has a stall at the market, as it brings trade in. By restoring the building and the canal basin, the group have been successful in bringing tourists to the area, thereby increasing footfall.

⁶⁰ Power to Change (2025) *Community Business Market Report 2024*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/research-and-reports/community-business-market-report-2024/>

Wealth creation and retention

The Anstice Community Trust have restored a Grade II listed building on the high street in Madeley, Telford. The building houses a café, library, ballroom and a bar. First opened in 1870, for a long time the building was used as a working men's club until it went into administration in the mid-2010s.

"It just wasn't being used so it was like this dusty relic stuck in the middle of Madeley."

Anstice Trust

Since the building was re-opened by the trust, it has helped attract more people onto the high street, create jobs and reinvests its profits back into the community.

"We've brought jobs...we then invest that back into the community because we have to pay the electrician who keeps the lights on...we've brought visitors into the community who weren't here before."

Anstice Trust

Accessibility

Several community businesses commented that being in or near a high street has increased their visibility and made it easier for people to visit them.

For example, Northampton Film Festival conducted a Creative Industries consultation, asking local people and industry professionals what they thought Northamptonshire needs to prosper in the creative industries. A key insight is that people felt the creative industries in the region need to be better connected with each other and more visible. In response to these findings, in September 2024 the organisation opened a new hub inside the Market Square, which remains a key shopping destination in the city, which they refer to as "the smallest art centre in the world".

"We can't be more visible than in the centre of Northampton. You know, everyone buys their fruit and veg there. Hopefully, being that visible also means that we can kind of connect people. There's no shortage of things necessarily happening here, but actually the vast majority of people don't see it. And that means that people say 'Northants is not creative' and those that want to work and create say 'we have to leave to do it'."

Northampton Film Festival

The above quote indicates a potential unintended consequence of being located on a high street, which is to raise the visibility of an issue or initiative and, in this case, challenge existing perceptions about an area.

Face-to-face interaction remains important for the work of many organisations. For example, First Choice Credit Union noticed that when they moved their branch onto the high street a few years ago, people started coming in more.

"People can come and talk to you – face-to-face works really well."

First Choice Credit Union

They felt this was pertinent for several reasons, including an increase in high street banks closing branches. Although they can't provide the same facilities, people value having somewhere to chat and the ability to "talk to a human".

Social infrastructure and place-making

A few interviewees highlighted how by either re-opening or keeping alive important local buildings, they are not only providing places and space for people to meet, but also contributing to place-making and restoring a sense of civic pride.

While the Plymouth Athenaeum is not located on the main thoroughfare in the city centre, it is nonetheless in a central location. However, there have been challenges in the local area in recent years, with many unoccupied shops and buildings, vandalism and anti-social behaviour. Yet as part of a designated conservation area and Heritage Action Zone, the Athenaeum is working with several other local organisations to look at ways of restoring life to the area.

“How can the things we do support those who feel isolated from the community?”

Plymouth Athenaeum

The Anstice Community Trust have approximately a thousand people coming through their doors each week, as the building is also regularly used by other local groups (for example a Parent and Toddler group; a local homelessness support group). The building has become a focal point on the local high street:

“We’re just across the road from a Tesco. So, people used to come into shop but then they just went home... There was nothing else to keep you here, but... we made it more of a destination.”

Anstice Trust

The increased visibility of Northampton Film Festival’s new creative hub, located in the market, has also helped stimulate new discussions and ideas about what else may be possible in the city centre.

“We literally opened two weeks ago, and people are kind of pitching to us as a way to use it [the new space], to run their own events in it and to run exhibitions. To use it as a space to sell as pop-ups on the market.”

Northampton Film Festival

The catalytic effect of high street and local regeneration

By creating a direct link between the community and the buildings and spaces within that community, community businesses create a catalytic effect which delivers economic benefit through a range of mechanisms:

- Regeneration of buildings creates space for economic and other activities that might support new start-ups.
- Renovation activities provide revenue to local businesses (through preferential spending within the local area)
- Local earnings are boosted which leads to increased local expenditure
- Community activities based in the spaces being rejuvenated have a leveraging-in effect on investment, bringing other businesses to the locale based on increased footfall, an improved environment and the creation of new or improved space for business
- Contracts for renovation stimulate growth in the supplier businesses.

Summarising community business benefits to high street regeneration

The key benefits and impacts arising from community-led regeneration of high streets include:

- Increased footfall: Whaley Bridge Canal Group's market revitalised the high street, attracting tourists and boosting local trade.
- Wealth creation and retention: The Anstice Community Trust restored a historic building, creating jobs and reinvesting profits locally.
- Accessibility: High street locations increase visibility and ease of access, as seen with Northampton Film Festival's new hub.

- Place-making and civic pride: Community businesses like Plymouth Athenaeum and The Anstice Community Trust foster social infrastructure and civic pride by maintaining important local buildings.

The approaches evidenced in this report also lead to a range of important catalytic effects which extend and broaden the benefits that flow from community engagement in high street regeneration:

- Economic activities: regenerated buildings support new start-ups and draw economic activity into refurbished buildings.
- Local revenue: regeneration activities boost local business revenue.
- Increased induced expenditure: higher local earnings lead to more spending.
- Investment attraction: improved environments attract other businesses and investment as places become better locations to trade, work and visit.
- Supplier growth: renovation contracts stimulate growth in the supply chain, much of which is very localised.

Community-led housing

The affordability of housing across the UK has been a persistent problem for some time. The average house price in England is at its highest ever level at £253,266⁶¹, and the new UK government is proposing a significant programme of housebuilding to address supply shortages⁶² and tackle the housing crisis.

Not only do community businesses make an important contribution to increasing the supply of homes, they do so in ways which make them affordable. Research⁶³ shows that the majority of community-led housing groups are focused on developing more affordable homes. Over 90 per cent of such groups see affordability as a priority issue that they are trying to address. While reflecting the acute needs of local communities, this focus is also a function of the funding that is available. Grant funding and finance for community-led housing is focused on the development of affordable homes, and the nature of the funding naturally shapes the objectives pursued. The research also presented data on the level of affordability of community-led housing compared to mainstream housing. It found that community-led homes cost households an estimated 25% of their incomes, which is considerably below the 33% to 35% typically used as an affordability measure⁶⁴.

There is also evidence of the range of impacts and benefits that flow from community-led housing, demonstrating the link across themes presented in this report. For example⁶⁵, each £1 in grants results in £1.60 in benefits, healthcare cost savings are estimated at £560 per home per year, and wellbeing benefits are estimated to be £1,000 per home per year.

⁶¹ Land Registry House Price Statistics. See <https://landregistry.data.gov.uk/app/ukhpi/browse?from=2019-07-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2Fengland&to=2020-07-01&lang=en>. Accessed Dec 2024

⁶² See for example <https://www.gov.uk/government/news/housing-targets-increased-to-get-britain-building-again>

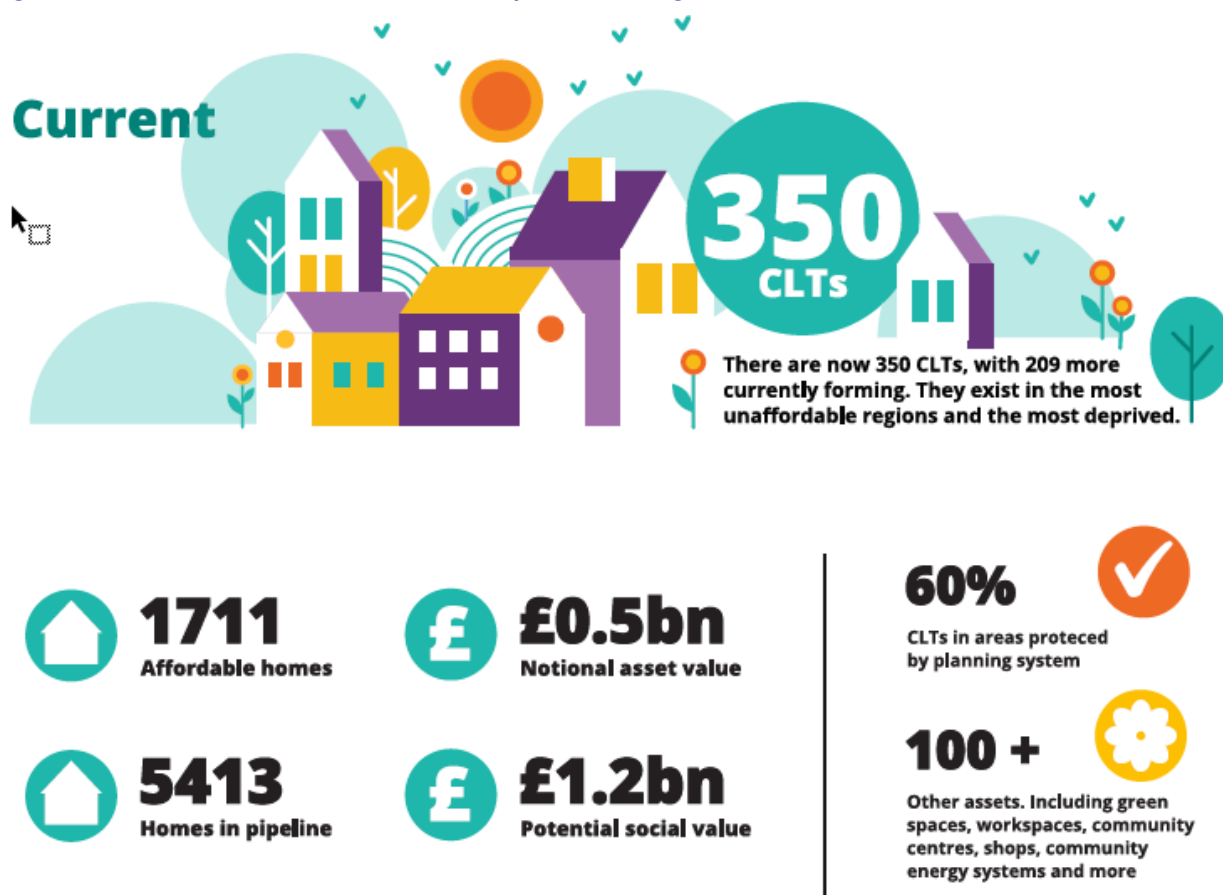
⁶³ Centre for Regional, Economic and Social Research (2023), *The Affordability of Community-Led Homes*. Available at: <https://nationwidefoundation.org.uk/wp-content/uploads/2024/01/Affordability-of-Community-led-Homes-FINAL.pdf> Accessed Dec 2024.

⁶⁴ Affordable Housing Commission, (2019) *Defining and measuring housing affordability – an alternative approach*. Available at: <https://nationwidefoundation.org.uk/wp-content/uploads/2019/06/Definingandmeasuringhousingaffordability.pdf>. Accessed Dec 2024

⁶⁵ Capital Economics for the National CLT Network (2020), *Housing by the community, for the community An assessment of the value for money of community led housing in England*. Available at: <https://eprints.icstudies.org.uk/id/eprint/209/1/TPR-2020-09-Housing%20by%20the%20community%20for%20the%20community.pdf>

A National CLT Network report provides some valuable insight into the scale of the benefits delivered by this part of the community business sector. Note that while housing is a significant part of the 'output' of CLTs, their impact stretches beyond this into gardens, civic buildings, pubs, shops, shared workspace, energy schemes and conservation landscapes. Figure 7 shows that across the 350 CLTs that are part of the Network, 1,711 affordable homes were delivered with a further 5,413 in the pipeline.

Figure 7: CLT success around community-led housing



Source: National CLT Network⁶⁶

It is also important to acknowledge the role that partnership plays in delivering community benefit, and CLTs are a great example of this. CLT activity interfaces with that of local authorities primarily through the planning process. The same report shows that 49% of local councils are engaged with community-led housing, much of it with CLTs. Furthermore, the report indicates that 30 private developers were engaged on projects involving CLTs. Lastly, the report suggests that the activities of CLTs have a potential social value amounting to £1.2bn.

This evidence demonstrates how Community Land Trusts are at the heart of the drive to create affordable community-led homes. The interviews involved two Community Land Trusts with a goal of developing community-led housing (among other goals). Calder Valley CLT and Homebaked CLT provided evidence which demonstrates several opportunities and challenges associated with maximising the economic contribution it makes:

⁶⁶ National CLT Network (2023), *State of the Community Land Trust Sector 2023*. Available at: <https://www.communitylandtrusts.org.uk/wp-content/uploads/2023/03/State-of-the-Sector-2023-PRESS-1.pdf>. Accessed Dec 2023

- A key issue is land ownership, which is both an opportunity and a challenge. It can be used as a vehicle to steward, develop and look after local assets in a way that puts people's needs and aspirations first. Asset transfer is a key mechanism to enable CLTs to achieve this goal.
- There is a need for more flexible funding. Community-led housing development is a long-term project. Schemes are developed over time, meaning the key financial parameters can fluctuate considerably (for example, interest rates more than doubling from 3% to 7.5%). Furthermore, the grant landscape shifts and changes over time. CLT work is 'generational', a life's work, aimed at changing the way development is happening in a neighbourhood.
- There is a perception of location being overlooked because properties in deprived areas tend to be of low market value. Often, the cost of the development is greater than what the asset is going to be worth in a monetary sense, meaning the system discourages this type of development and securing finance is difficult.
- Recent inflationary pressures have meant that construction costs have risen very considerably, which tests the financial viability of schemes. It also reduces the possibility of completing extra developments elsewhere across the neighbourhood, as resources are consumed by the original scheme. Some of this impact can be mitigated through design changes, for example, but there are still important limitations on the breadth and scale of impact that can be achieved.

Summarising the contribution made to community-led housing

Community businesses make an important contribution to addressing challenges associated with affordable, safe housing. As well as helping to address affordability, through the provision of safe, healthy homes, the community-led housing sector is known to deliver a range of other benefits to homeowners and tenants, including economic, health, and wellbeing gains.

Partnerships with local authorities and private developers are vital, and the scale of the opportunity is very significant: the National CLT Network estimates that with the right policy stimulus and industry support the CLT movement could take replicable products to scale, building 278,000⁶⁷ new homes in place (80% of which would be 'additional' – that is, not built without CLTs).

However, community-led housing initiatives face several key challenges:

- Land ownership: Acquiring and managing land can be both an opportunity and a challenge. It allows community businesses to steward local assets, but securing land can be difficult and costly.
- Funding flexibility: Community-led housing projects are long-term and require flexible funding. Financial parameters can fluctuate, and the grant landscape changes over time, making consistent funding a challenge.
- Location perceptions: Properties in deprived areas often have low market value, making development costs higher than the asset's worth. This discourages investment and makes securing finance difficult.
- Rising construction costs: Inflation and increased construction costs test the financial viability of projects, limiting the ability to complete additional developments.

Despite these challenges, CLTs (and other community vehicles) remain vital in creating affordable, community-led homes.

⁶⁷ National CLT Network, op cit

Energy production, consumption, and Net Zero Goals

As the UK seeks to meet its climate targets, reducing carbon emissions and improving biodiversity, there is a need to ensure that a transition to a greener economy is also inclusive. Previous analysis by IPPR North and Locality has shown that climate action is already a key feature of many community businesses.⁶⁸ This latest research complements this insight, exploring how this focus also supports local economies and better social outcomes.

Two in three interviewees felt they were reducing their environmental impact and carbon emissions in some way. Several key patterns and themes emerge from the interview data regarding how community businesses work towards achieving Net Zero or other environmental goals, including:

- Improving energy efficiency
- Reducing waste and recycling
- Sourcing locally and minimising travel
- Sustainability at the core

However, community businesses also face unique challenges with regards to becoming more environmentally friendly.

Improving energy efficiency

Many community businesses are focused on improving the energy efficiency of their buildings. This is pertinent given that many own or manage older buildings, which can be less energy efficient and more costly to operate. Many interviewees highlighted this as a challenge, including BS3 Community Development, EdVenture Frome, Kingstone Community Association, Stretford Public Hall, and Whalley Bridge Canal Group.

“The roof leaks at times when the rain is horizontal. So, is it an asset or is it a liability? It's a beautiful building. We use it extensively. I had a massive battle with the council heritage team about putting solar PV on the roof and installing double or triple glazed windows. So I've yet to win that...but I think we can get there...it's not a museum, it's a living building that's still in use...it makes it harder...to run the building. It's very expensive.”

BS3 Community Development

“It's a really un-energy efficient building. The windows leak. The landlady won't put in double glazing. We're on a green tariff. But really we've taken all the things as far as we can that are within our control.”

EdVenture Frome

The Anstice Community Trust remarked on the challenges of managing an old Victorian building which is also listed. They are interested in installing a heat pump but for it to be effective the building also needs to be made draught-proof, which is more difficult to realise. Instead, they have found other ways to improve energy efficiency, including improving internal lighting and upgrading their boiler.

Reducing waste and recycling

Several businesses highlight efforts to minimise waste through recycling, reusing materials, or reducing their reliance on non-essential resources, such as printing. For example, Northampton Film Festival

⁶⁸ IPPR North and Locality (2023) *Community Business and Climate Action*. Available at: https://www.powertochange.org.uk/wp-content/uploads/2023/09/Community_Businesses_And_Climate_Action_DR4-1.pdf. Accessed November 2024.

purposely choose not to print programmes. First Choice Credit Union have progressed moving to digital record-keeping systems and an app, which has reduced the need for printing.

Several organisations highlighted how they were working to reduce food waste, including Centre4, Emerge, Entrust, Nunny's Farm, Stretford Public Hall and Whalley Bridge Canal Group. The ways they did this included not over-ordering food for cafes, or using or re-distributing food that might otherwise go to waste. For example, while Emerge 3Rs pioneered household recycling services in the late 1990s, they began exploring food distribution in the late 2000s. Activity ramped up during the Covid-19 pandemic, and the operation now works closely with Fair Share to redistribute food donated by supermarkets and others. Their work is supported by 120 regular volunteers delivering to 260 community food members (for example after school clubs; community centres providing hot meals for elderly and refugees; hostels), reaching an estimated local population of 38,000 people.

Sourcing locally and minimising travel

Many community businesses also focus on reducing their carbon footprint by sourcing products locally and minimising travel wherever possible. This supports both environmental goals and local economic development. In several instances organisations expressed a preference to source food for their cafes locally. In the case of Entrust Care Partnership, which provides support for disabled children and young people, they prioritise linking people up with each other locally to minimise travel and emissions wherever possible.

Eco Carriers provides a range of services to help minimise the impact of travel in their community. Not only does this include a cycle courier service for local businesses, they also provide cycle training, a bicycle library, host an active travel forum and facilitate a 'Bike Chain' three days per week, escorting children to school on their bicycles.

Challenges remain, however. First Choice Credit Union highlighted how poor public transport connections forces a dependence on car travel in their local area.

Sustainability at the core

Several community businesses have placed sustainability at the forefront of their work, incorporating environmentally friendly practices as a core business value.

Emerge 3Rs represent a group of services which includes waste, recycling and confidential shredding services, food waste reduction and redistribution in partnership with Fair Share, and wood reclamation. While enabling others to reduce their environmental impact is at the core of their business, they have also sought to reduce their impact in a number of ways. For example, in their main building they have sought to re-use or make their own furniture, reclaimed the carpet tiles, used water-based paint on their wall (to minimise chemicals), installed a heat recovery system (which heats 5,000 litres of water which is used in their heating system) alongside 327 solar panels (which has reduced their electricity bills to zero). They also use two electric vehicles, have installed a 20-space cycle park and have sought to renovate their garden ethically, with a demonstrator vegetable patch to show others what is possible.

Similarly, Stretford Public Hall removed car park spaces to plant trees, and also manage a green space next to their building where they've planted a mini-orchard and wild flower area. After conducting an energy audit of their building, they are also installing motion sensor LED lighting, adding thermostatic valves to heating, as well as installing insulation and undertaking roofing repairs to make the building warmer and more energy efficient.

These examples show a broad commitment to environmental sustainability through energy efficiency, waste reduction, and local sourcing, though some businesses face challenges with older buildings that are harder to retrofit and operating in areas where access to public transport can be more difficult.

Summarising the contribution of community businesses to energy production and net zero goals

Community businesses are actively reducing their environmental impact and working towards Net Zero goals through various strategies and approaches, including:

- Improving energy efficiency: Enhancing energy efficiency in older buildings, despite challenges like leaky roofs and windows.
- Reducing waste and recycling: Minimising waste through recycling, reusing materials, and reducing reliance on non-essential resources.
- Sourcing locally and minimising travel: Reducing carbon footprints by sourcing products locally and minimizing travel.
- Sustainability at the core: Embedding environmentally friendly practices as core business values.

These efforts demonstrate a strong commitment to environmental sustainability, though challenges with older buildings and limited public transport remain.

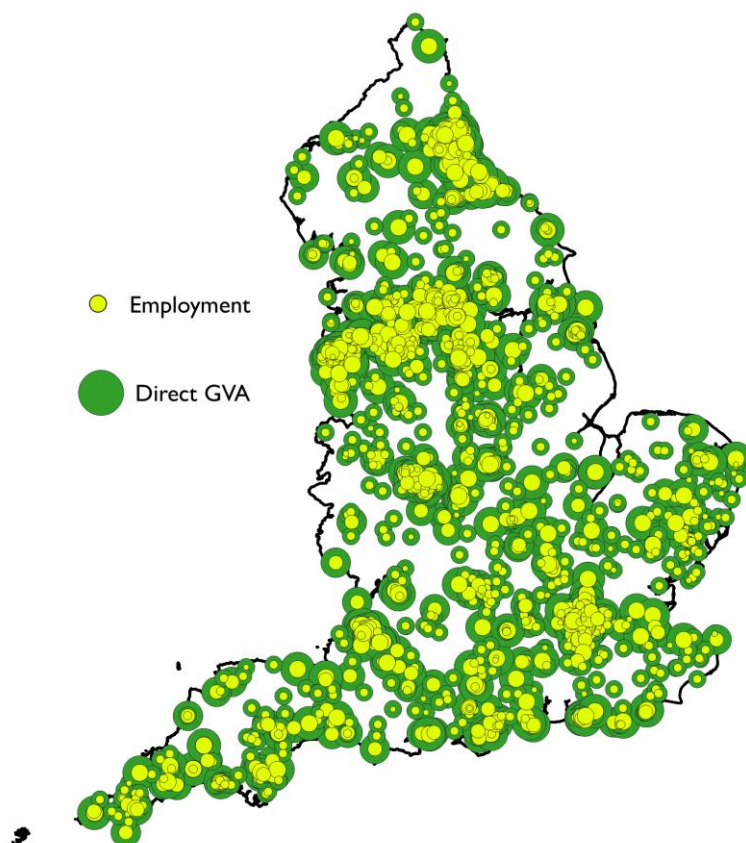
Understanding contributions to national and local growth

Gross Value Added

We estimate that community businesses in England contributed £1.5 billion in direct GVA in 2022⁶⁹.

GVA in England in 2022 (all industries) was £1,940 billion, according to ONS⁷⁰. Differences in methodology mean direct comparisons are not possible, but our estimate suggests that community businesses in England directly contribute around 0.1% of GVA. Figure 8 shows how direct Gross Value Added is distributed, relative to employment.

Figure 8: Direct Gross Value Added of community business



Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change, Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2024. See the technical appendix for details. Note – spaces between circles should not be read to infer a lack of community business coverage or economic contribution. Contribution is allocated to the address of the community business, but the spatial extent of that contribution may be considerable.

⁶⁹ Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. See the technical appendix for details.

⁷⁰ ONS (2024) *Regional gross value added (balanced) per head and income components*. Available at: <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalregionalgrossvalueaddedbalancedperheadandincomecomponents>. Accessed Nov 2024.

NCVO's latest estimates⁷¹ suggest that the voluntary sector contributed £17.8 billion to the UK economy in 2020/21. Our estimate for the community business sector's GVA represents around 8% of this amount. Meanwhile, ONS estimates⁷² that volunteering for organisations contributed £14.6 million in GVA in 2021; our estimate for the community business sector's GVA represents 10% of this amount.

We estimate that the community business sector contributed a further £1.9 billion in indirect GVA and £2.3 billion in induced GVA⁷³. Indirect GVA measures the value of the business-to-business transactions required to generate the direct GVA (that is, supply chain effects). Induced GVA measures the value of spending on goods and services by employees of community businesses and their suppliers.

We therefore estimate that **the total economic contribution of community businesses in England in 2022 was £5.8 billion**, roughly 0.3% of total (all industries) national GVA (again, the difference in methodologies means this comparison should be treated with caution).

This report uses a fairly traditional economic accounting approach to estimating GVA output of the community business sector. Whilst valuable, it represents a conservative estimate of the monetary value of the contribution made. Research for Power to Change⁷⁴ indicates that, if it were possible to take a full social value based approach, the full economic contribution could be as much as nine times that expressed through traditional economic measures.

Table 3 shows direct, indirect and induced GVA (and total GVA) by community business sector.

⁷¹ NCVO (2023) *UK Civil Society Almanac 2023*. Available at: <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2023/>. Accessed Nov 2024.

⁷² ONS (2024) *Household satellite account, UK*. Available at: <https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/datasets/householdsatelliteaccountfullukaccounts2005to2014>. Accessed Nov 2024.

⁷³ Derived from Community Business Market Report 2022, Community Business Sector Overview, Power to Change and Scottish Government. See the technical appendix for details.

⁷⁴ Power to Change (2020), *Employment and skills - The role of community businesses*. Available at: www.powertochange.org.uk/wp-content/uploads/2020/11/PtC_Employment_and_Skills_RI_report_Final.pdf Accessed Dec 2024

Table 3: GVA by community business sector, 2022 (£ millions)

Sector	Direct GVA	Indirect GVA	Induced GVA	Total GVA
Arts centre or facility	£68.4	£89.0	£111.3	£268.8
Business support, employment, IAG, training and education	£220.1	£275.0	£335.0	£830.1
Cafes and shops	£14.9	£17.6	£21.2	£53.8
Community hubs	£384.5	£478.0	£581.0	£1,443.5
Childcare	£109.6	£137.0	£176.0	£422.6
Craft, industry and production	£3.4	£4.3	£5.3	£12.9
Digital services, consultancy or products	£13.4	£15.3	£18.7	£47.4
Energy	£15.1	£25.1	£27.6	£67.8
Environment or nature conservation	£30.6	£44.8	£53.3	£128.7
Finance	£15.0	£20.7	£24.5	£60.3
Food, catering and production	£29.4	£35.9	£44.5	£109.8
Health, social care and wellbeing	£209.0	£260.0	£335.0	£804.0
Housing	£19.8	£25.5	£28.0	£73.4
Libraries	£25.3	£35.3	£44.8	£105.3
Pubs	£28.8	£35.2	£43.6	£107.6
Sports and leisure	£36.2	£48.4	£60.9	£145.6
Transport	£75.8	£100.0	£124.0	£299.7
Village halls	£194.8	£242.0	£294.0	£730.8
Other	£13.3	£14.9	£16.7	£45.0
Total	£1,507.5	£1,904.1	£2,345.4	£5,757.0

Source: Derived from Community Business Market Report 2022, Community Business Sector Overview, Power to Change and Scottish Government. See the technical appendix for details.

GVA per head

We estimate that GVA per employee in community businesses was £36,073 in 2022. This is a higher level of productivity than in food and drink manufacturing, and close to the level of productivity in the health and social care sector⁷⁵. By contrast, GVA per head in the voluntary sector was around £18,705⁷⁶. GVA per filled job (all industries) in England was £62,751⁷⁷.

Economic contribution of Volunteers

We estimate that volunteers in community businesses made an additional economic contribution worth £90 million in 2022⁷⁸.

⁷⁵ Derived from ONS (2024) Regional gross value added (balanced) per head and income components and ONS Business Register & Employment Survey 2022.

⁷⁶ Derived from NCVO (2023) *UK Civil Society Almanac 2023*. Available at: <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2023/>. Accessed Nov 2024.

⁷⁷ ONS (2023) *Subregional productivity in the UK: June 2023*. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/june2023>. Accessed Nov 2024.

⁷⁸ Derived from Nicol Economics, Annual Survey of Hours & Earnings, Community Life Survey and Community Business Market Report 2022. See the technical appendix for details.

This is lower than previous estimates for the sector⁷⁹, which suggested that in 2019 the economic contribution of volunteers was between £212 and £246 million. However, due to the impacts of the Covid-19 pandemic, the number of volunteers in community businesses was much lower in 2022 than in 2019 (126,200 compared with 205,600), while the number of hours volunteered was also lower.

Local economic contribution

This study has developed, for the first time, an estimate of the economic contribution made by community business to the national economy. This naturally begs questions about localised economic impact, and the study has contemplated how to develop evidence around this. Data limitations – particularly limited data on the geographic distribution of the community business sector and the size of individual community businesses at the local level – has limited the opportunity to explore local economic contribution in detail. For the estimates presented in this report related to Grimsby, additional data gathering and validation was undertaken to ensure that the analysis reflected the population, and diversity, of community businesses in the town. This exercise could not be replicated for all local areas across England, due to resource constraints. However, through using a methodology which builds on Power to Change’s grant awards data, and developing estimates for three local area ‘archetypes’ (aligning to the ONS urban/rural boundaries at local authority level), some progress has been made. The results of the investigation are presented here. Further details of the approach are presented in the Technical Appendix.

The three local area archetypes and the estimates of economic contribution are set out in the table below. This analysis allows Power to Change to make comments on the typical level of economic contribution that places which align to each archetype area might generate. This helps ‘scale’ the importance of community businesses in localities which are rural in nature, suburban in nature or urban in nature. This analysis could provide the basis for more precise further research into the *total* economic contribution of community businesses at the local level (noting that these figures relate only to the direct economic contribution of community businesses – for reasons explained in the Technical Appendix). Note that locational archetypes are used here, and the economic contribution estimates are drawn from the range of local areas which fit into each archetype.

Table 4 shows that the economic contribution of predominantly rural areas is estimated to be £377m (25%), whilst predominantly urban areas contribute £1,010m (67%). The urban with significant rural areas contribute £117m (8%). The average contribution per area ranges from £3.1m (urban with significant rural areas) to £7.5m (predominantly urban), with predominantly rural areas sitting between these two figures at £5.4m.

The table also demonstrates the difference in scale across the three archetypes, both in terms of average population and average number of community businesses per area. Note again that the number of community businesses is derived from Power to Change internal data and this is a sample of the full population⁸⁰.

⁷⁹ Nicol Economics (2020) *Assessing the value of volunteers in community businesses*. Available at: <https://www.powertochange.org.uk/evidence-and-ideas/research-and-reports/assessing-value-volunteers-community-businesses/>. Accessed Nov 2024.

⁸⁰ The Power to Change dataset contains c. 1,900 businesses compared to a population estimate of 11,000, meaning that there is approximately one community business in the sample for every 5.8 community businesses in the population. As noted in the Technical Appendix, there are likely to be spatial skews in the sample data but these cannot be estimated due to a lack of data on the population.

Table 4: Economic contribution of community businesses within three local area archetypes

	Local area archetype		
	Predominantly Rural ⁸¹	Predominantly Urban ⁸²	Urban with Significant Rural ⁸³
Estimate of Total Direct economic contribution (GVA £m)	377	1,101	117
Mean average direct economic contribution per area (GVA £m)	5.4	7.5	2.8
Mean average economic contribution per 100,000 resident population (GVA £m)	3.1	2.8	1.8
Mean average resident population	169,000	237,000	175,000
Mean # community businesses	7.0	9.5	3.9

Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. ONS Population Statistics (Census 2021)

Additional charts which present the range of estimates for the direct economic contribution made by the local areas within each archetype are presented in the Appendix. These are followed by charts which show the range of economic contribution per 100,000 population. These graphs serve to demonstrate the breadth of the range within each archetype, and to provide insight into the profile of the areas within the range. This allows us to visualise, within each archetype, the number of local areas which sit below and above the mean average performance.

This analysis provides the opportunity to estimate the additional economic contribution that could arise through additional investment. For example, if investment was directed at under-capacity areas (i.e. those delivering below-average economic contribution) in order to stimulate the creation and development of community business, then additional economic contribution would be generated. Examples of successful initiatives to achieve precisely this outcome are discussed in the section on Return on Investment, below.

Table 5: Potential economic gains through investment

	Local area archetype			Total
	Predominantly Rural	Predominantly Urban	Urban with Significant Rural	
Estimate of Total Direct economic contribution (GVA £m)	377	1,010	117	1,500
Potential additional GVA through investment (GVA £m)	144	407	36	587
Percentage growth in economic contribution	38%	40%	31%	39%

Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change

Table 5 shows that, assuming that all under-capacity areas could be supported to bring the number of community businesses up to the level of the average area in each of the three archetype locations, the

⁸¹ Examples include County Durham, Sevenoaks and South Cambridgeshire

⁸² Examples include Wigan, Gateshead and Exeter and London Boroughs

⁸³ Examples include Great Yarmouth, Lancaster and Cheshire East

study estimates that an additional £587m in GVA could be generated per annum (a 39% increase in the overall level of economic contribution by community businesses).

The positive effects of community business clustering

It was also the ambition of this study to examine whether the additional economic value arising from clustering (agglomeration) of community businesses could be quantified. This has not been possible with current available data, partly because of the spatial targeting which has been a feature of the approach of Power to Change in delivering grant programmes. However, qualitative insight about such behaviours and their benefits has been drawn from desk research, and demonstrates the acceleration and multiplication of economic effects which can occur when clusters of community businesses develop.

The power and benefit of close working is emphasised in a report prepared for Power to Change⁸⁴ that examines collaboration within the community business sector, which identifies the following types of collaborative activity, many of which are distinct to this form of business activity:

- Learning: exchanging knowledge, ideas, contacts
- Influencing: seeking collectively to change policy and practice
- Connecting: acting as community anchors and hubs
- Sharing: distributing funds, staff, skills, equipment, space
- Designing: co-designing services or products
- Market-building: joint promotion and sales, building social supply chains
- Bidding: partnerships to win contracts and grants or attract investment
- Delivering: joint implementation of projects and programmes
- Place-shaping: working together to develop social economy ecosystems

The final evaluation⁸⁵ of Power to Change's Empowering Places programme provides further qualitative evidence of the power of clustering for community business, and how this helps groups of community business achieve more than might be possible without the strong connections and relationships which grow through co-location. The Empowering Places programme was built on the idea that building the capacity of specific, existing local anchor organisations ('Catalysts') could enable them to catalyse and support the growth of new community businesses in their local area. The programme targeted six Catalysts and local areas, providing grant assistance and funded support for capacity development and growth.

The evaluation report evidences the following key findings:

- The Catalysts actively encouraged community businesses to form strong relationships with each other. In Leicester and Grimsby this occurred not only because most of the businesses are co-located in their respective hubs, but also because the Catalysts encouraged an approach to sharing and learning together. This resulted in the businesses finding ways of supporting each other as they develop. This has developed inter-trading relationships, for example, which support the financial sustainability of each community business involved.
- In Hartlepool, a cluster of community businesses was proactively built to meet social prescribing needs by piloting a combined approach to tackling mental health. This allowed the

⁸⁴ Power to Change (2018), *Community Business and Collaboration*. Available at:

<https://eprints.icstudies.org.uk/id/eprint/211/1/WVP-2018-11-Community%20business%20and%20collaboration.pdf>

⁸⁵ Power to Change (2023), *Five years of Empowering Places – an evaluation report*. Available at:

<https://eprints.icstudies.org.uk/id/eprint/450/1/Five-years-of-Empowering-places-Evaluation-report-no.5.pdf>

businesses to showcase and use their complementary skills, build stronger relationships and create business development opportunities.

- Others also reported that working in clusters of community businesses enabled them to build a name for themselves locally and helped some to identify and apply for new funding. The cluster has more 'critical mass' and therefore gains more traction with the local community and voices needed to promote it.
- The evaluation report provides two insightful quotes from Catalyst representatives which further explain the benefits of clustering:
 - "There's an interdependency you can create which is beneficial for everybody. So the community business can benefit by the trading together, which actually improves the offer and broadens the offer."
 - "More people, in a better place, more joined up, which creates a set of unique opportunities which would never have existed before."
- Greater critical mass also helps develop the reputation of the community businesses, and this was cited by some community businesses as helping to bring in additional money for their areas after successful funding applications. One respondent to the evaluation commented that the Catalyst's network had also served to bring in ideas, partnerships and funding opportunities for other local organisations.

The Empowering Places evaluation therefore demonstrates that clustering has demonstrable benefits for community business, including knowledge sharing, inter-trading, collaboration and greater capacity to capitalise on a wider range of opportunities. The Empowering Places final evaluation report also provides valuable evidence of the impact that has been generated by the investment in the catalysts and the new community businesses that were stimulated through the programme. This is helpful in supporting an estimate of the potential return on investment that could flow from additional investment in the community business sector across the country.

Return on Investment in community business

Power to Change invested £5m through the Empowering Places programme, which led to the development of 95 new community businesses across the six locations targeted. Co-location was a key part of the development strategy across most of these places. 21 of these businesses were reported to have later closed, meaning the net effect of the investment was the creation of an additional 74 community businesses.

As shown above in the Gross Value Added section on page 63, the total economic contribution from 11,000 community businesses is £5.8bn (across direct, indirect and induces effects), meaning that the average total economic contribution of each community business in the population is around £527,000 per annum in GVA. If the 74 new community businesses were to develop to a level where they all matched the average economic contribution for the average community business, therefore, they would make an economic contribution of £39m per annum. This would imply a benefit-cost ratio of 6.8:1 – that is, for every £1 of investment, the investment returns £6.8.

It is important to recognise a number of caveats when attempting to estimate the return on investment, however:

- New community businesses are likely to be smaller than the average community business and may take some time to reach the scale at which they would meet the average level of economic contribution.

- The estimate does not address ‘net additionality’ of the investment. The estimate would assume that there is zero displacement of other economic activity and that all new community businesses stimulated by the scheme would not have come to fruition without it.
- Any estimate of return on investment would also assume that there is a non-saturation of the demand that community businesses can respond to and that there is ‘room’ for them to make an additional economic contribution beyond what existing community businesses are delivering in each location. It would assume that there is no ‘crowding out’ of similar activity or duplication of offer.

Given these issues, it is fair to assume that the effect of such a scheme would be less than the estimate derived from the Empowering Places analysis. It is challenging to accurately estimate how much below this estimate the return on investment may be. The evidence would support the conclusion that investment in community business development can deliver a benefit-cost ratio which is up to 1:6 – that is, for every £1 invested, the additional community business activity stimulated could generate up to £6 in economic contribution to national GVA.

On this basis, the investment required to bring under-capacity local areas up to the average level of performance is estimated to be around £98m (i.e. in order to deliver the additional £587m in economic contribution that it is estimated could be generated through such investment, as outlined above).

Challenges and constraints

A consistent theme to emerge from interviews was the challenges many community businesses continue to face with regards to **accessing funding**. This included:

- a perceived preference among many funders for funding new or time-limited projects, which hinders long-term financial planning by community businesses.
- conditional or restricted funding limiting the ability of community businesses to generate a surplus or build reserves.
- limited funding opportunities for some community businesses due to their organisational legal forms or lack of awareness about community business models among some funders.
- difficulty balancing earned income with grants to remain sustainable while offering community-focused services for free or low cost.

Like many other types of businesses, community businesses are also affected by **wider economic factors**. For interviewees this included:

- Rising costs, such as construction, staff wages, and materials.
- Impact of external economic factors, such as the cost of living and energy crises, and post-pandemic recovery.
- Shortage of skilled or experienced staff, particularly for specialised roles like youth workers and music facilitators.
- Reduced availability of local government funding and the shift of services in-house by local authorities.

Conclusions

Key findings

The UK government has demonstrated a strong commitment to inclusive growth through the implementation of various policies aimed at reducing disparities and promoting fairness. The new UK government, installed in July 2024, has organised its key policy thrust around the achievement of five missions⁸⁶:

- Kickstart economic growth – with good jobs and productivity growth in every part of the country making everyone, not just a few, better off.
- Make Britain a clean energy superpower – to cut bills, create jobs and deliver security with cheaper, zero-carbon electricity by 2030, accelerating to net zero.
- Take back our streets – by halving serious violent crime and raising confidence in the police and criminal justice system to its highest levels.
- Break down barriers to opportunity – by reforming our childcare and education systems, to make sure there is no class ceiling on the ambitions of young people in Britain.
- Build an NHS fit for the future – that is there when people need it; with fewer lives lost to the biggest killers; in a fairer Britain, where everyone lives well for longer.

This report demonstrates that community businesses can make vital and significant contributions to each of these, not simply the first economic mission related to economic growth.

Community businesses have emerged as a vital force in local regeneration, wellbeing, and economic development. These businesses play a crucial role in revitalising neglected assets, fostering community engagement, and enhancing both individual and community wellbeing. Despite facing numerous challenges, discussed below, community businesses demonstrate remarkable resilience and innovation in addressing local needs.

One of the most significant contributions of community businesses is their economic impact. They generate nearly £220 million annually through community-owned assets and have a total economic contribution of £5.8 billion in 2022. This figure includes direct, indirect, and induced Gross Value Added, underscoring their substantial influence on both local and national economic growth. In addition, we estimate that volunteering adds a further £90m in GVA contribution per annum.

The study also concludes that investment in building capacity in existing, and stimulating new, community businesses delivers a powerful impact on economic contribution, with every £1 invested leading to an additional £6 of GVA generated by the local economy. An investment of around £98m could deliver an additional £587m in annual GVA in locations which are under-capacity in terms of their community business base.

In addition to their economic contributions, community businesses play a pivotal role in enhancing individual and community wellbeing. They engage communities, strengthen infrastructure, and develop skills, leading to increased community involvement, improved living conditions, and better employment prospects. These businesses provide essential services to their local communities, support mental health, and foster social cohesion, all of which contribute to overall community and individual wellbeing.

Local regeneration is another area where community businesses excel. By taking management or ownership of underused or neglected assets and aligning them with community needs, they create

⁸⁶ <https://labour.org.uk/change/mission-driven-government/>

sustainable, mutually beneficial relationships that drive economic growth and improve quality of life. Community businesses are instrumental in high street regeneration, with evidence demonstrating that their engagement in this important theme leads to increasing footfall, creates jobs, and fosters civic pride. When involved in high street regeneration, they operate as the critical bridge between local communities and their high streets. It is difficult to see how recent policy efforts and significant investments can fully succeed without community business at their heart.

Environmental sustainability is also a key focus for community businesses. They actively work towards Net Zero goals by improving energy efficiency, reducing waste, sourcing locally, and embedding sustainability into their core operations. In addition, some community businesses generate renewable energy and in so doing contribute directly to net zero goals. Despite challenges such as managing older buildings and limited public transport, their efforts demonstrate a strong commitment to environmental sustainability.

Community businesses significantly impact local economies and labour markets through job creation, volunteering, and skills development. They provide essential local employment, often in small-scale or micro-enterprises, and offer training opportunities that enhance employment outcomes and improve wellbeing. These businesses play a vital role in tackling labour market disadvantage, especially in some of the country's most deprived communities.

Summarising challenges

Funding is a critical challenge for many community businesses. They often face difficulties accessing funding, with a perceived preference among funders for new or time-limited projects, which hinders long-term financial planning. Conditional or restricted funding can limit their ability to generate a surplus or build reserves, which is of particular relevance to community businesses that are working in physical regeneration and community-led housing. Additionally, some community businesses struggle with limited funding opportunities due to their organisational legal forms or driven by a lack of awareness about community business models among some funders. Balancing earned income with grants to remain sustainable while offering community-focused services for free or at low cost is another significant challenge.

Economic factors also pose challenges for community businesses. Rising costs, such as those for construction, staff wages, and materials, impact their operations. External economic factors, including the cost of living and energy crises, as well as post-pandemic recovery, further complicate their financial stability. A shortage of skilled or experienced staff, particularly for specialised roles like youth workers and music facilitators, adds to their operational difficulties. Moreover, reduced availability of local government funding and the shift of services in-house by local authorities exacerbate these challenges.

Operationally, community businesses often grapple with managing and maintaining older buildings, which can be less energy efficient and more costly to operate. They also face issues related to anti-social behaviour, rough sleeping, high levels of addiction and substance misuse, vandalism, and associated staff safety concerns. Balancing the need to become financially sustainable and seek diverse sources of funding while staying true to their original values is a delicate act.

A world of opportunity – local contribution, national impact

Despite these challenges, there are numerous opportunities for community businesses to thrive. Continued support and investment from policymakers are essential. Recognising the unique contributions of community businesses and providing flexible, long-term funding will allow them to

grow and sustain their impacts. Strengthening partnerships and collaboration with local authorities, private developers, and other stakeholders can enhance their ability to deliver community benefits. Collaborative efforts can help address challenges such as land ownership, funding flexibility, and rising construction costs, enabling community businesses to scale their impacts.

Investing in skills development and employment opportunities within community businesses can address labour market challenges and improve economic outcomes. Providing training and support for disadvantaged individuals can help them gain the skills and confidence needed to enter the labour market. Community businesses should continue to offer volunteering and work experience opportunities that act as stepping stones to paid employment.

Environmental sustainability should remain a priority for community businesses. Improving energy efficiency, reducing waste, sourcing locally, and embedding sustainability into their core values are crucial steps. Policymakers and funders should support these efforts by providing resources and incentives for community businesses to adopt sustainable practices.

Enhancing community engagement and wellbeing will also remain a central focus. By fostering social cohesion, supporting mental health, and providing essential services, community businesses can create stronger, more resilient communities. Continued investment in community engagement initiatives can help build trust, improve living conditions, and enhance overall wellbeing.

Community businesses have a significant role to play in high street and local regeneration. By revitalising neglected assets and creating vibrant community spaces, they can drive economic growth and improve quality of life. Policymakers should support community-led regeneration efforts and involve community businesses in strategic decision-making processes to maximise their impact.

Community-led housing initiatives offer a scalable and innovative solution to the housing crisis. By prioritizing affordability, quality, and sustainability, community businesses can create more inclusive, affordable, and sustainable communities. Partnerships with local authorities and private developers are crucial to achieving these goals. Policymakers should provide the necessary support and resources to enable community businesses to develop and manage community-led housing projects.

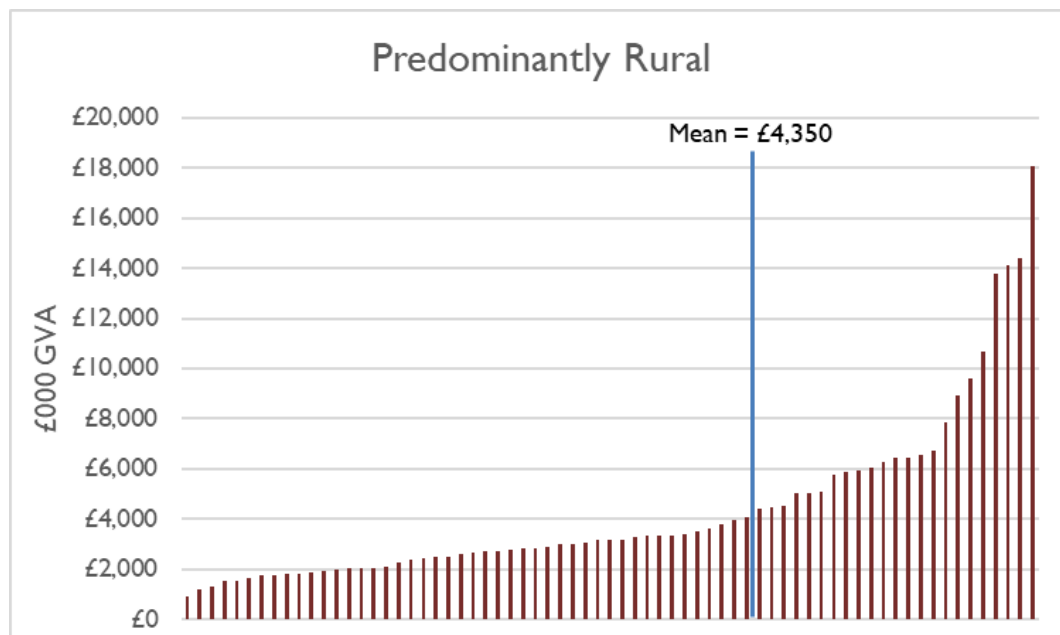
Ongoing research and evaluation is essential to understanding the full impact of community businesses and identifying areas for improvement. By continuously assessing their contributions to economic growth, wellbeing, and environmental sustainability, stakeholders can make informed decisions and implement effective strategies to support community businesses.

Looking forward to a brighter, community-led future

In conclusion, community businesses are a vital force in local regeneration, wellbeing, and economic development. Their contributions to the economy, community wellbeing, and environmental sustainability are significant and far-reaching. By addressing the challenges they face and leveraging opportunities for growth and collaboration, community businesses can continue to drive positive change and create stronger, more resilient communities. Continued support and investment from policymakers, funders, and stakeholders are essential to maximising their potential and ensuring their long-term success.

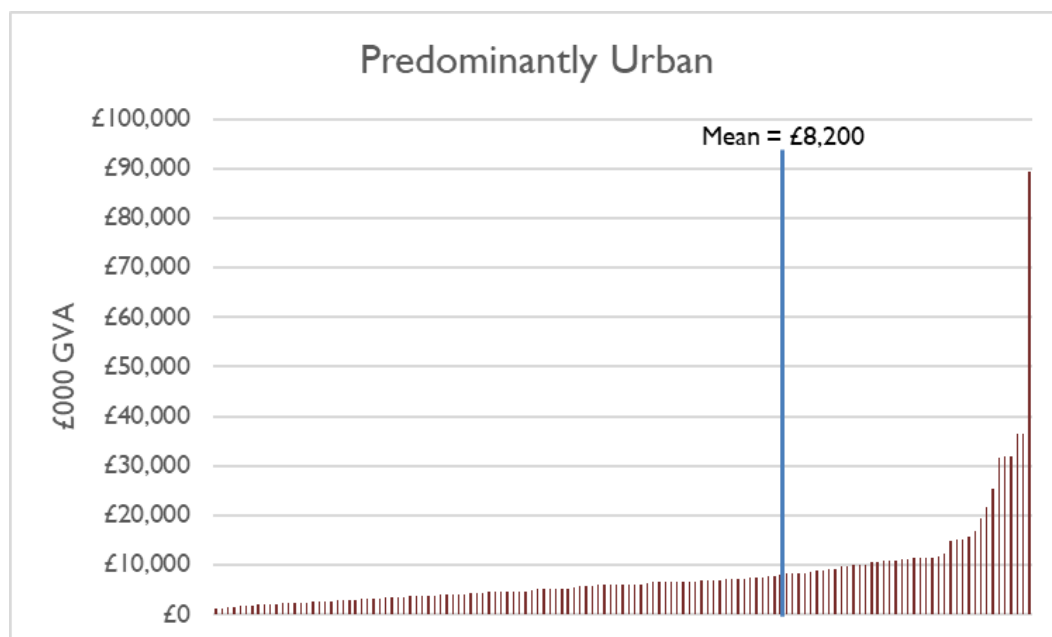
Appendix – Additional Local Contribution Charts

Figure 9: Economic contribution of 69 'Predominantly Rural' local areas



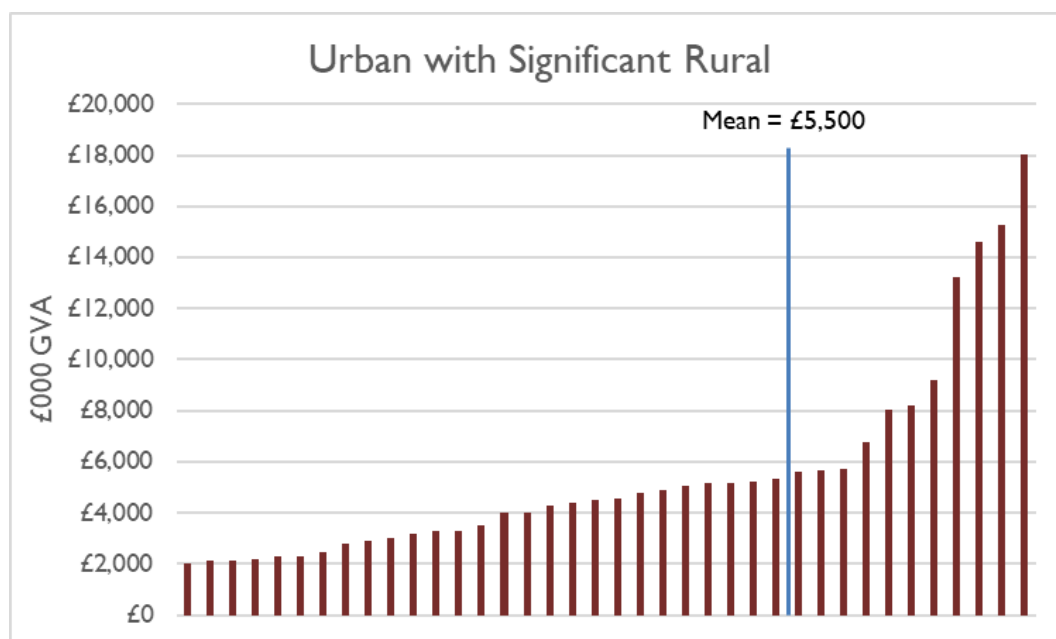
Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. Uses ONS urban/rural definitions for local authority areas

Figure 10: Economic contribution of 135 'Predominantly Urban' local areas



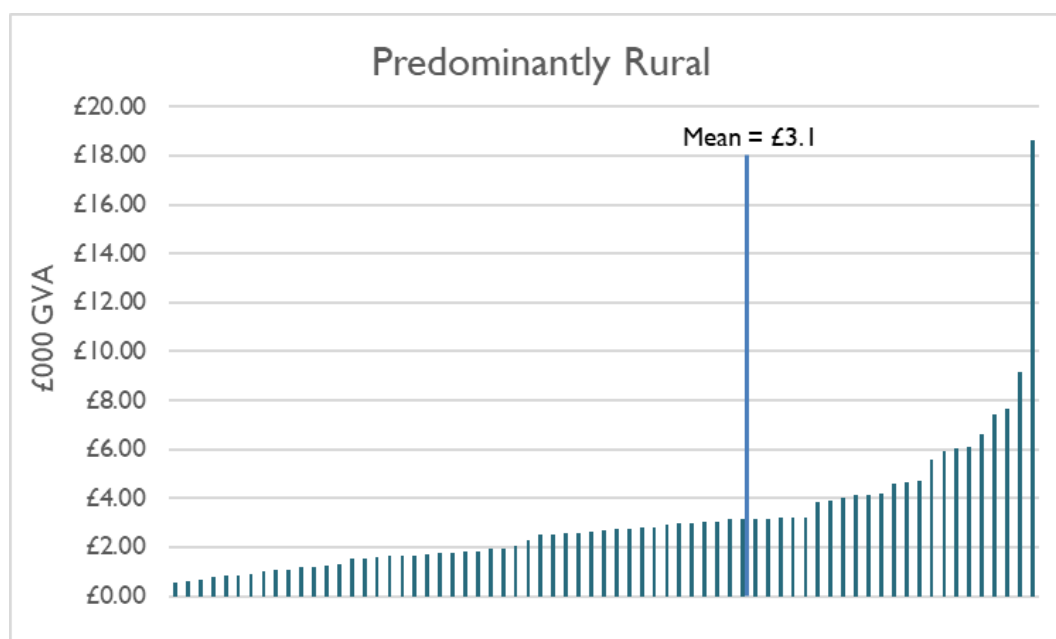
Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. Uses ONS urban/rural definitions for local authority areas

Figure 11: Economic contribution of 38 'Urban with Significant Rural' local areas



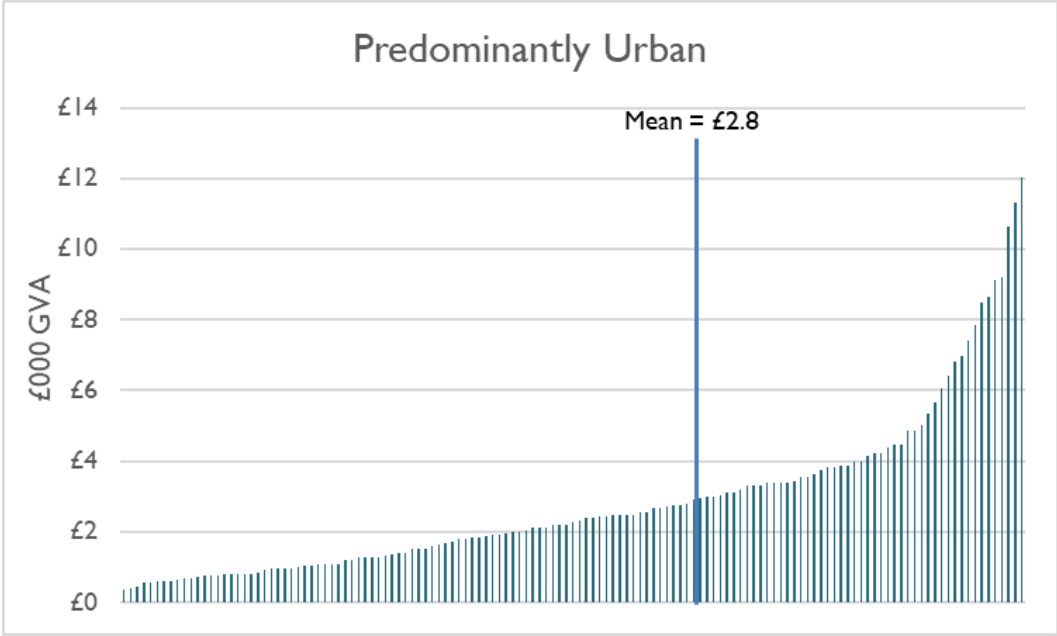
Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. Uses ONS urban/rural definitions for local authority areas

Figure 12: Economic contribution per 100k population of 69 'Predominantly Rural' local areas



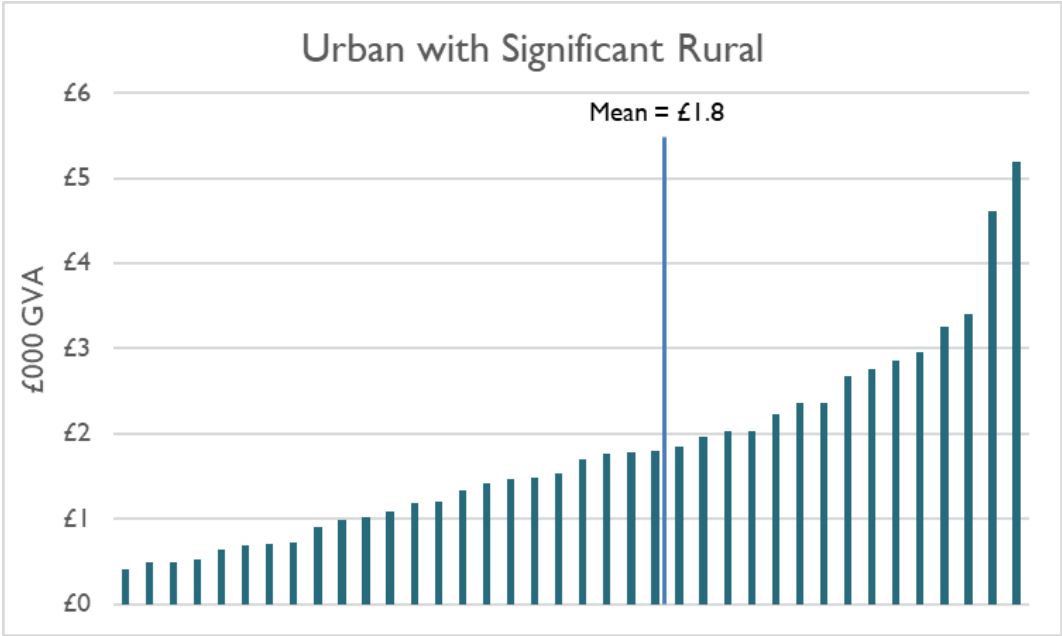
Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. Uses ONS urban/rural definitions for local authority areas

Figure 13: Economic contribution per 100k population of 135 ‘Predominantly Urban’ local areas



Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. Uses ONS urban/rural definitions for local authority areas

Figure 14: Economic contribution per 100k population of 38 ‘Urban with Significant Rural’ local areas



Source: Derived from Community Business Market Report 2022, Community Business Sector Overview and Power to Change. Uses ONS urban/rural definitions for local authority areas

Technical Appendix: Methodology

GVA

Direct GVA is measured as the sum of the remuneration of employees plus gross operating profit.

- An estimate for the remuneration of employees is derived by multiplying average salary costs (ICS Community Business Sector Overview dashboard) by the number of community businesses (CBM 2022).
- An estimate for gross operating surplus is derived by subtracting average expenditure from average income (ICS dashboard) and multiplying the result by the number of community businesses (CBM 2022).

Direct GVA is apportioned to sectors on the same basis as employment (that is, the share of GVA by sector is assumed to be the same as the share of employment).

Indirect and induced GVA are estimated by mapping the community business sector to the Standard Industrial Classification, and applying Type I and Type II multipliers published at sector level by the Scottish Government⁸⁷ to the direct GVA estimate (Type II multipliers are not available for England). In line with user guidance, multipliers for 2019 are used to avoid the effects of Covid-19.

Local GVA was estimated by applying average direct GVA per head to employment counts from TCR, and moderating the results by our total estimate. Indirect and induced GVA are difficult to estimate at the local level as there is limited information on business sector in the local data.

Volunteers

Our methodology is based on that used in the 2020 research *Assessing the value of volunteers in community businesses*⁸⁸. We estimate the value of the economic contribution of volunteers by treating them as if they were paid employees.

We assume that the equivalent median hourly wage for volunteers in community businesses is 3.5% above the media for all jobs, based on the findings of the previous research. The Annual Survey of Hours and Earnings provides the gross median hourly wage for part-time workers in England.

We calculate the average number of hours volunteered by dividing the total number of hours volunteered by the number of volunteers, using data from the Community Life Survey⁸⁹. The previous research found that the average volunteer in a community business spends two thirds of their volunteer hours in that business and the other third elsewhere, and so we apply a factor of 0.67 to estimate the average number of hours volunteered in community businesses.

An estimate for the economic value of volunteers in community businesses is then derived by multiplying the equivalent median hourly wage by the average number of hours volunteered by the number of volunteers (CBM 2022).

⁸⁷ <https://www.gov.scot/publications/about-supply-use-input-output-tables/>

⁸⁸ <https://www.powertochange.org.uk/evidence-and-ideas/research-and-reports/assessing-value-volunteers-community-businesses/>

⁸⁹ <https://www.gov.uk/government/statistics/community-life-survey-202122/community-life-survey-202122-volunteering-and-charitable-giving> and https://assets.publishing.service.gov.uk/media/62a9bd3e8fa8f50390d45147/CLS_ad_hoc_Volunteering_Final_220609_ods

Social value is estimated using the HACT UK Social Value Bank⁹⁰.

Employment

We have taken the proportion of staff who were previously unemployed from the CBM 2024 survey, and applied it to the total number of people working in community businesses (CBM 2022).

Social value is estimated using the HACT UK Social Value Bank.

Skills

We estimate the number of staff and volunteers receiving training by applying the proportions in Employment and skills: The role of community businesses⁹¹ to the number of staff and volunteers in community businesses.

Social value is estimated using the HACT UK Social Value Bank.

Leveraged funding

We used Power to Change's analysis of leveraged funding to produce our map. We applied the average rate of return to grant awards in funding programmes where leverage had not been measured to estimate the potential additional funding that might have been leveraged by community business.

Data matching

Data from the Power to Change Salesforce dataset were matched to TCR data (see below) using two techniques. Firstly, where it was present with the Salesforce data, the Company Registration Number was utilised. Note that many records present on the Salesforce data are not registered companies or other entities which register at Companies House, so these would not be captured by this approach. This matched around 930 organisations. Secondly, for all records not matched through the first step, a fuzzy match on organisation name and postcode was undertaken. This elicited around 100 further matches.

TCR

TCR - Trends Central Resource - is one of the most extensive bodies of information on UK enterprise. It was developed by our team following original research undertaken 30 years ago to demonstrate the important job creation role of small firms. It contains data on over 3 million live firms and organisations in the UK, together with historical information on a further 5 million organisations going back to the 1970s.

TCR is incredibly rich. It contains, for each firm on the database, details on size and performance, business activity, ownership structures, executives, type of entity, start-up year and a host of other descriptors. This information is held as a seamless time series making data access and retrieval an extremely efficient process.

⁹⁰ <https://hact.org.uk/tools-and-services/uk-social-value-bank/>

⁹¹ <https://www.youngfoundation.org/institute-for-community-studies/repository/employment-and-skills-the-role-of-community-businesses/>

TCR embodies the breadth and depth of the UK economy over the last 30 years. It is large, detailed, unique and longitudinal. With it Ortus Economic Research can add value to economic statistics by generating greater detail than that which is provided through government statistics. It allows us to shed light on issues of economic strength and weakness that otherwise remain hidden and tell our clients things about their sectors and local or regional economies that they cannot discern from traditional economic data sources.

TCR represents the whole UK population. Unlike other data sources it includes firms below the VAT threshold, branch sites, and the self-employed. As such TCR is a fuller, more complete picture of a local economy or market. It enables our clients to capture their subject of focus and make relevant comparison. TCR will be employed to deliver economic performance and trend analysis, and to deliver the sample required for the survey.

Social Value

This research used HACT's Social Bank tool to calculate the social value associated with community business outcomes. Each outcome has a defined financial metric, which incorporates a wellbeing value, a health top up value and, where applicable, an Exchequer value (savings to the state).

For wellbeing calculations, we've matched the questions used in the Community Life Survey Hyperlocal Booster Survey (conducted by Kantar Public in target neighbourhoods participating in Power to Change's Empowering Places programme) with those used in HACT's Social Value Bank. We've then calculated the social value for the number of residents who have, or are projected to have, experienced each outcome.

Local economic estimates

Using local area archetypes provides evidence about the likely scale of economic contribution at the local level without identifying specific localities. This was deemed important given the nature of the data available to the study. There is also selection bias within the underlying grants award data which is of a spatial nature, in that Power to Change has historically prioritised awarding the majority of its grants to neighbourhoods within the top three decile of the Indices of Multiple Deprivation. Spatial distortions therefore exist, and these are not easily measured or countered.

The study therefore has selected three local areas from an analysis of economic contribution of community business at the local authority level, where those localities are considered to demonstrate the scale of economic contribution that community businesses make. Note that the approach here also only presents estimates of direct economic contribution – indirect and induced effects are therefore not included. This is because the modelling for those elements is based on sectors, and the grants award data does not support a sector-based approach.

The approach can be summarised as follows:

- Take our national estimate of direct economic contribution (£1.8bn in GVA).
- Analyse Power To Change's Salesforce data by local authority area, to create an estimate of the spatial distribution of the community business population at the local level.
- Distribute the national direct economic contribution figure across local authority areas based on the proportion of the community business population within each.
- Agree the three local area archetypes for which estimates were to be prepared. This was done through discussion with Power to Change staff.

- Use the ONS Urban/Rural definitions to group local areas into categories that align with the three chosen archetypes
- Identify a local area for each archetype which could be considered ‘typical’ of that archetype – i.e. where the level of economic contribution sat relatively central within the range for each category.

Consultees

We would like to extend our gratitude to all the community businesses who volunteered their time to take part in the research:

- Anstice Community Trust
- Arcade Group Dewsbury
- Bs3 Community Development
- Centre West (Newcastle)
- Centre4
- Eco Carriers Bury St Edmunds Ltd
- Edventure Frome CIC
- Emerge 3rs Manchester
- Entrust Care Partnership CIC
- Ethical Recruitment Agency (Grimsby)
- First Choice Credit Union Limited
- Friends of Stretford Public Hall
- Grimsby Community Energy Limited
- Homebaked Bakery
- Homebaked CLT
- Kent Community Energy
- Kingsclere Community Association (The Fieldgate Centre)
- Kingstone Community Society Limited
- Kirklees Local Television Ltd
- Kitty's Laundrette
- Northampton Film Festival Ltd
- Nudge Community Builders
- Nunny's Farm
- Omnimusic
- Plymouth Athenaeum
- Real Ideas
- The Community Farm Ltd
- Whaley Bridge Canal Group