



power to
change

business in
community
hands

Research Institute Report No. 14

What works: Successful community hubs

March 2018



Lee Richards, Donna Vascott, Claudia Blandon and Lorna Manger

**NATIONAL
LOTTERY FUNDED**

About this report

Community businesses are usually established by local communities in order to meet a local need, whether that is to revive local assets, protect the services that local people rely on, or address local needs.

To further build the evidence base on the factors that contribute to community business success, Power to Change commissioned SERIO, an applied research unit at the University of Plymouth, to conduct an England-wide research project to answer the overarching research question of “what makes a successful community business?” in the following three community business sectors:

- 1. Community ‘hubs’ or centres**
- 2. Sport and leisure**
- 3. Health and wellbeing**

This report focuses on hubs. The other reports, including a synthesis of success factors for community business from all three sectors, can be found on the Power to Change website at powertochange.org.uk/research

Published by The Power to Change Trust (2018)
ISBN 978-1-911324-15-7



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License. To view a copy of this licence, visit <http://creativecommons.org/licenses/by-sa/4.0/>

1. Summary of methodology

The research methodology consisted of a desk-based review to collect important contextual and comparative data, followed by an online survey to collect a high-level dataset of community business characteristics to provide a broader context of the factors that enable community businesses to be successful. This was followed by a detailed financial sustainability review of publicly available community business accounts and the development of 15 detailed case studies, five for each of the three sectors. Full details of the methodology and research results can be found in the main report on the Power to Change website powertochange.org.uk/research.

This report looks specifically at success factors within the community hub sector and draws out common themes from the five structured interviews conducted with community hub case studies, the desk-based review and online survey. An overview of the five community hub case studies is provided in the table below:

Community business	Location	Brief description of activity
Aspire Ryde	Isle of Wight	Numerous music and creative arts groups, with a number of sessions dedicated to improving wellbeing. Also offers room hire; café and pop up restaurant; sale of paint donated by manufacturers to other community groups or local members of the community; and sale of refurbished furniture and bicycles.
BS3 Community Development (The Southville Centre)	Bristol	Offers room hire, early years nurseries, a parent and toddler group, children's breakfast club, after school club, holiday play schemes, and older people's clubs. It also runs a café and uses its wall space as an art gallery, selling local artist's art.
The Cheese and Grain	Frome	Predominantly a music venue, the Cheese and Grain also hires out the site for markets, weddings and festivals. It has an onsite café and bar, and the building has a number of rooms to hire for local businesses.
Netherton Community Centre	Netherton	Provides a range of community activities including room hire for local community groups, parties and special events. It also hires out marquees and equipment for weddings and other large events such as concerts.
The Old Co-op Community Building	North Yorkshire	Provides the local rural community with access to a wide range of services and facilities, e.g. job seeker training, credit union, Age UK, drugs and alcohol addiction clinic and small enterprise support.

Full case study details can be found on the Power to Change website powertochange.org.uk

2. Community hub business sector – history and context

Community businesses are usually established by local communities in order to meet a local need, whether that is to revive local assets or protect the services on which local people rely. As such, community business models exhibit a range of different characteristics, and subsequently an equally diverse range of barriers and success factors. Thus, for the purposes of this report, a community business is defined as a business that is locally-rooted, trades for the benefit of the community, is accountable to the local community and has a broad community impact (Power to Change 2018).

Research has shown that the community business sector in general has gone through a period of expansion in recent years. Following the rapid growth of available community finance in the early 2000s, a 2015 survey by Social Finance estimated that there were around 5,650 community businesses operating in England across 15 different sectors (Percy *et al.* 2015). These businesses generated approximately £0.9 billion of income on £1.4 billion of assets. They further proposed that the community business market overall has expanded by 9% from around 5,050 businesses in 2014 to approximately 5,500 in 2015, and that income had grown by 10% and assets by 15%. Hull *et al.* (2016) estimated that the market had expanded by a further 5% to approximately 7,085. However, a report by Diamond *et al.* (2017), which was commissioned with a remit to develop and refine the methodology of the annual community business market survey, found that growth in the sector was likely to be over-estimated for 2016 and provided updated estimates of the market size in 2017:

6,600 community-run businesses operating in England, approximately	70% situated in urban areas	£1.2bn total market income	£0.7bn of asset value
--	--	--------------------------------------	---------------------------------

A community hub is defined as a multi-purpose centre or building that is made accessible to the residents of the area that it occupies. It provides a range of community services, delivered by community members, and is often managed by a dedicated community organisation (Locality 2016). Examples of services include parent and toddler groups, employment support, childcare, library services and health and wellbeing activities. Hull *et al.* (2016) suggests the growth of community hubs is driven by:

- **Local authorities looking to reduce costs** e.g. by reducing building maintenance costs through asset transfer to community groups
- A **movement towards home-based care** for vulnerable people that will be delivered through services based within hubs
- A growing **focus on reducing social isolation through an increase in local groups and facilities** within hubs

Hull et al's (2016) report identifies that the number of community hub businesses increased by 60 in England between 2015 and 2016 to 1,300. This growth looks to have continued in 2017 with Diamond *et al.* (2017) estimating that **the sector is now comprised of 1,650 businesses.**

The aforementioned work of Hull *et al.* to identify sector specific success factors found that community hubs have a high reliance on community engagement and awareness, and ultimately, on their volunteers and employees. 74% of respondents surveyed indicated that local community engagement remains very important to their success. Swersky and Plunkett (2015) found that the leaders, volunteers, and staff involved in the running of community businesses are typically:

“deeply embedded in their locality [which] ensures they are in the best position to understand and respond to their community’s needs, but also that they are able to tap into local sources of knowledge, expertise and funding”.

The same survey revealed a heavy reliance on committed volunteers, thus reducing running costs, increasing local awareness and allowing businesses to continue to survive through difficult periods (also see Courtney, 2016).

Community support and engagement also appears to be a reciprocal process; Peredo and Chrisman (2006) propose that it is characteristic of community populations that contain community run businesses to already be more community-oriented in their approach. This suggests that a community that is more community-oriented may be more likely to set up a community-run business, which then in turn has a greater reliance on the ongoing support of its local members for its continued success.

Hull *et al.* (2016) reported that the importance of community engagement was closely followed by a reliance on successful asset transfer for community hubs. Furthermore, Gilbert (2016) argues that for an asset-based community business (such as a community hub) to be resilient and successful, they must be creative and inventive when seeking out ways to bring in resources, and find innovative ways to deliver services at a lower cost. These techniques should help to ensure the resilience of an asset-based community business. Other organisations also acknowledge the importance of creativity and innovation for successful community hubs. For example, Locality (2016) propose that successful and sustainable hubs should be responsive to the changing needs and demands within the community, and suggest that it is good practice to undertake regular reviews to ensure that customer feedback, statistics and impacts to date are taken into account.

3. Community hubs – success factors

Five community hubs, who responded to an online survey as outlined in the methodology overview above, were selected in consultation with Power to Change to be interviewed as case studies. These case studies take into account factors which enable success that were identified from both the case study interviews, the desk-based review and the businesses responses to the online survey. The following section of this report discusses these success factors in more detail, however an in-depth analysis can be found in the main report on the Power to Change website.

3.1 Financial sustainability

A theme common to the success of all the community hub businesses interviewed as part of the research was the ability to maintain financial sustainability. This was defined as obtaining the majority or all of their income from trading activities, with either minor or no dependency on grant funding. More specifically, the two key enablers that contributed most to achieving financial sustainability were the acquisition and development of key capital assets and the diversification of income streams.

Acquisition and development of assets

Acquiring and developing assets, either through asset transfer or by purchasing the asset through a community funded initiative, e.g. a share capital or community bond raise, is a key enabler of financial sustainability for community hubs. Those interviewed acknowledged that not having control of assets, which allow for the provision of a wide variety of services and activities, would make achieving financial sustainability significantly challenging or unlikely.

Diversifying income streams

All of the businesses interviewed reported that the diversification of income streams, through providing a range of services, was a key factor in becoming financially sustainable and reducing the reliance on grant funding. However, diversifying income streams and having control of assets are not mutually exclusive and therefore many community hubs also reported that they do see grant funding as a useful source of income to invest in the development of capital assets, rather than using these funds to contribute to the general running of the business. These additional or improved assets are then utilised to diversify income streams further by increasing the number of trading activities. One example of this is a community hub investing grant income in a new marquee and disabled toilet renovations, which helped to expand the demographic of users accessing the hub and create additional revenue through the development of a new trading activity.

Once established, income streams from diversified trading activity are then used to generate sufficient capital to undertake improvements and maintenance to key assets, further removing a reliance on grant funding. Some examples of these

additional income streams include leasing additional space to local groups or businesses, selling food and beverages in cafés or pop-up restaurants and selling refurbished goods.

3.2 Developing and maintaining strong partnerships

Developing and maintaining strong partnerships with the local community, service providers and stakeholders is a common enabler of success identified by community hubs interviewed. Maintaining these strong partnerships also helps to enhance and diversify the services that community hubs are able to offer, which is essential to continued financial sustainability.

Engaging with the local community

Specifically, from the perspective of the local community, maintaining good levels of engagement ensures that community hubs are consistently aware of the changing needs of the community and can adapt or develop new services that can meet these needs. Subsequently, meeting community needs helps to raise local awareness of the community hub and the services it provides, in addition to generating an increased willingness by the local community to support the business by providing volunteering time or financial donations, allowing businesses to continue to survive through difficult periods.

Building partnerships

Where local community needs cannot be met by the community hub, many hubs reported the importance of building partnerships with other service providers, so that appropriate services can be sought out to meet those needs, i.e. working with specialist partners to deliver a specific service in-house, or signposting community members to other services in the local area. Community hubs also highlighted the importance of these partnerships for the sharing of knowledge, in addition to sharing best practice, generating innovative ideas and working together to develop funding proposals. However, it was also recognised that when developing partnerships with other service providers a willingness and open-mindedness to explore new areas and ideas is required, whilst still recognising potential limitations and risks.

Examples of how community hubs have developed relationships with key partners such as other charities and public bodies include leasing workspace within the hub to other service providers, identifying a local community need and researching and approaching the appropriate service provider to fill that need, and aligning with other providers that fulfil a particular need within the local community, e.g. the local Job Centre.

Focussing on the needs of the local community

A common enabler of success reported by community hubs is the importance of maintaining a focus on the specific needs of the community it serves. Community hubs report that to achieve this, ensuring regular engagement with the local community is key. Many community hubs also report that this engagement is also the key source of gathering of information regarding the demand for services. In addition, regular engagement ensures that support from the local community is maintained and that the services provided are fit for purpose and meet the needs of the community.

Identifying and developing services that meet local needs also helps to support businesses financially, as funding campaigns for capital investment into local assets are often cited as more successful when the local community sees the value of the services and assets the community hub provides or protects. An example of this from the case study interviews is the success of a community bond campaign, which raised £280,000 from selling bonds to the local community and other individuals. Alongside funding sourced from other activities the bonds were used to build an additional community centre hub which is to be used to meet a specific community need for additional childcare space.

4. Common success factors across community business sectors

As part of the research, success factors that were common across the three community business sectors (sports and leisure, health and wellbeing and community hubs) were examined. This analysis identified three factors that were common contributors to success; these being the ability to maintain financial self-sustainability, having access to motivated staff and volunteers and the importance of forming and maintaining strong partnerships. The following section of this report discuss these themes in more depth.

4.1 Financial self-sustainability

Businesses across all sectors identified financial self-sustainability as a primary factor in their success. Despite businesses highlighting the importance of grant funding to support them in the initial stages of their formation, particularly where substantial asset improvements were required, all acknowledged that transitioning their income streams away from grant dependency is a key factor that has enabled their longer-term sustainability. A key method to securing this transition has been to diversify income streams into trading type activities. Some examples of this diversification have included maximising the potential of available building space by increasing room hire revenues and opening bars and cafes. Other approaches have been to develop goods for sale, for example refurbishing furniture, bicycles, and other recycled items to sell to the general public. Still further, some businesses have collaborated with educational institutions to offer vocational or other qualifications as part of their efforts to diversify their incomes. However, a common theme across all three sectors in developing innovative ways of generating additional income has generally involved the combination of testing ideas through stakeholder or peer group networks alongside consulting with the local community and identifying gaps in the provision of services that would benefit them.

4.2 Staff and volunteer skill sets and roles

All three sectors also reported that having the volunteers or staff with the required skill sets to plan a financial strategy for the future, including assessing risk and identifying solutions, is a key enabler for success. They also acknowledged the vital role volunteers have played in their success, particularly the support they provided when the business first started. However, a common theme that emerged was the requirement for the business to have paid members of staff that occupy key positions to ensure that services are delivered in a consistent and professional way.

In fact, a key position identified by businesses from across different the sectors is a volunteer coordinator. As businesses grow, they attract increasing numbers of volunteers which in turn pose a significant commitment for businesses in terms of time and resources. Businesses noted that volunteer input is not free, as it requires supervision and training for volunteers to remain motivated. In addition, businesses see a direct relationship between the number of volunteers and the

businesses effectiveness in connecting with the local community. Indeed, for businesses across sectors, having committed volunteers represents evidence of their local impact, with this view being particularly felt in the sport and leisure and health and wellbeing sectors.

Consequently, business across sectors found that volunteer coordinators maximise the use of volunteers' skills and input into their businesses, and helps businesses to engage the right volunteer for the right role within the organisation. For example, businesses in the health and wellbeing and sport and leisure sectors tend to work with children or vulnerable adults that require specialist skills and strict safeguarding procedures. For these businesses, recruiting and training volunteers could be costly and therefore it is paramount to assess volunteers carefully and find appropriate roles without the risk of deterring them from providing their time.

4.3 Forming strong partnerships and networks

Finally, a common success factor that emerged from across the three sectors was the ability to form and maintain strong partnerships and networks. Being able to network effectively and communicate ideas in a simple and coherent way was noted as the main driver of creativity within businesses, which in turn lead to new services and greater sustainability.

It was also a common view that strong partnerships supported the diversification of income streams. Specifically, businesses across sectors found that as a result of working with a diverse range of partners they were able to generate additional opportunities to diversify their trading income. Community hubs in particular tended to be successful in creating partnerships.

In addition, as businesses from across the three sectors move away from a reliance on grant funding, the formation of strong partnerships has been beneficial in creating a supportive network and building expertise. However, despite the formation of national and peer networks being an important enabler of success, ensuring that the business has strong networks locally that focus on the needs of the community was a commonly noted factor of success. Examples of this view were found across all sectors, with businesses proactively and creatively enabling local community access to their services.

Bibliography

Courtney, P. (2016). *Development of a Monitoring and Evaluation framework and a Forecast SROI for HCGC and to support the Growing Health network*. Countryside and Community Research Institute (CCRI), University of Gloucestershire

Diamond, D., Vorley, P., Mallet, D., Higton, J., Spong, S., Corley, A. and Mulla, I. (2017). *The Community Business Market in 2017*. Research Institute Report No. 11. [online] CFE Research. Available at: <http://www.powertochange.org.uk/wp-content/uploads/2017/12/Report-11-Community-Business-Market-2017-DIGITAL-revised-191217.pdf>

Gilbert, A. (2016). *A common Interest: The Role of Asset Transfer in Developing the Community Business Market*. Power to Change

Hull, D., Davies, T. and Swersky, A. (2016). *The Community Business Market in 2016*. Research Institute Report No. 4 [online] Power to Change. Available at: <http://www.socialfinance.org.uk/sites/default/files/publications/the-community-business-market-in-2016-digital.pdf>

Locality. *Community Hubs How to set up, run and sustain a community hub to transform local service provision* [PowerPoint slides]. Retrieved from: <http://mycommunity.org.uk/wp-content/uploads/2016/10/Community-Hubs-FINAL.pdf>

Percy, C. Swersky, A. Hull, D. and Medley-Hallam, J. (2015) *The Community Business Market in 2015*. Research Institute Report No. 1. [online] Power to Change. Available at: http://www.powertochange.org.uk/wp-content/uploads/2016/03/PTC-State-of-the-market-2015-research-report-tagged_AW-REV1.pdf

Peredo, A. M., & Chrisman, J. J. (2006). *Toward a theory of community-based enterprise*. *Academy of management Review*, 31(2), 309-328.

Power to Change. (2018). *What is community business?* [online] Available at: <http://www.powertochange.org.uk/what-is-community-business/>

Swersky, A. and Plunkett, J. (2015). *“What if we ran it ourselves?” Getting the measure of Britain’s emerging community business sector*. Power to Change.

Power to Change

The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

 [@peoplesbiz](https://twitter.com/peoplesbiz)

Registered charity no. 1159982

ISBN 978-1-911324-15-7

