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# What works: Successful health and wellbeing community businesses

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## 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 health and wellbeing. 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](http://powertochange.org.uk/research)**

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# 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](http://powertochange.org.uk/research).

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

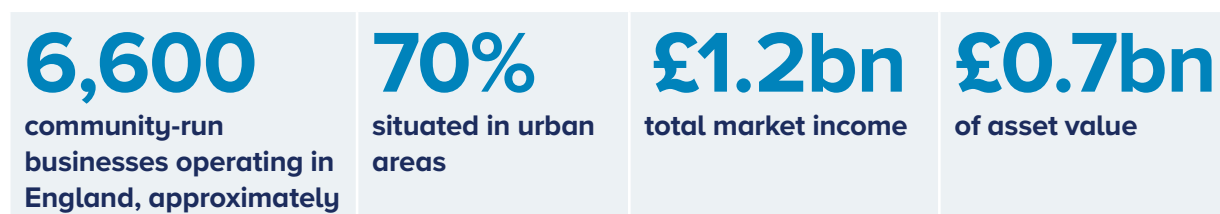
Community business	Location	Brief description of activity
<b>MSH Health and Wellbeing CIC</b>	London	Provides health and wellbeing services to private and NHS clients, with a focus on public health outcomes, mental health and wellbeing, safe and effective clinical trials and healthy ageing.
<b>The Sweet Project</b>	Birmingham	A not for profit organisation established by social workers to provide support to vulnerable children, families and adults and to offer placements for social work students. The business operates in deprived areas of South Birmingham and provides social work placements for numerous universities nationwide.
<b>Unlimited Potential</b>	Manchester	Develops innovative solutions to health, wellbeing, and wider social and economic problems, for a variety of different clients including the NHS, local authority, charitable foundations and Trusts.
<b>Wellspring Healthy Living Centre</b>	Bristol	A centre housing a GP practice, Boots Chemist, Dentist, Community Midwives, Health Visitors and other statutory health services. In addition, it delivers services to tackle health inequalities including talking therapies, therapeutic arts, and food and nutrition. The centre also offers peer support groups and a range of community activities.
<b>Zest</b>	Sheffield	Delivers a range of services to the local community covering health, employment, training, social and physical activities to adults and children and the hiring of office space.

Full case study details can be found on the Power to Change website [powertochange.org.uk](http://powertochange.org.uk)

## 2. Health and wellbeing community 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 shows 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%. In 2016, 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:



Examining the health and wellbeing sector there is evidence to suggest that the sector is an emerging area for community businesses, in which the growing trend within the NHS towards social prescribing (i.e. non-clinical interventions to improve wellbeing) has ‘created new opportunities for community businesses to develop services and win contracts’ (Percy *et al.* 2015). As such, growth in this sector currently relies on outsourcing standard medical and clinical care services from the NHS, as well as an increase in social prescribing (University of York 2015). This is coupled with a move towards ‘personal budgets’, which give people the right to decide on their own packages of support, rather than such decisions being made on their behalf by a local authority (Newbronner *et al.* 2011, 2014). Percy *et al.* (2015) suggest that this sector is currently comprised of organisations delivering mainly frontline services and those that are set up to help engage individuals with local support services and care.

A recent policy review of the treatment of mental health in the community revealed that since 2015 there has been more movement in this sector, however this was largely focused on community-based discussions around appropriate

services (Newbronner *et al.* 2011, 2014). Hull *et al.* (2016) estimates that, while this has not resulted in the creation of a large number of new community businesses, the number of businesses increased by just 15 to 75 from 2015 to 2016, the health and wellbeing sector is still deemed as one of potential growth. However, Diamond *et al.* (2017), in taking a different methodological approach to estimating the size of the sector, estimates it comprises of **300 businesses with an income of £90 million and £15 million of assets.**

Research in the health and wellbeing literature has identified key themes of success for the sector: asset transfer, business size and sector specific support and peer networking (Hull *et al.* 2016). Community Asset Transfer is promoted as being key in empowering communities to run their own public services, however there are still a number of barriers that have been identified in this process, namely local authorities need to create revenue from asset sales, a lack of human resources within local authorities and a lack of appropriate assets for transfer (Hull *et al.* 2016, Quirk 2007). The health and wellbeing sector is heavily reliant on appropriate contract arrangements and partnerships with commissioners, which requires significant sector specific support and peer networking (Hull *et al.* 2016). Johnstone and Lionais (2004) also argue for the importance of networking, suggesting that community businesses must identify skill gaps and be able to recruit individuals with those skills.

Finally, research also points to the size of the business as being a success factor for the health and wellbeing sector in particular. Needham *et al.* (2014) revealed that compared to larger enterprises, community micro-businesses (with five or fewer full time equivalent staff) in the health and wellbeing sector are best placed to succeed due to their capacity to offer more personalised support, being better valued than larger organisations, being better placed to support outcomes when people are at a low to moderate level of need, being better than larger organisations at some forms of innovation and their ability to offer better value for money than larger organisations.

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### 3. Health and wellbeing community businesses – success factors

Five health and wellbeing community businesses, who responded to an online survey as outlined in the methodology above, were selected in consultation with Power to Change to be interviewed as case studies. The case studies were written by considering 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 depth, however an in-depth analysis can be found in the main report on the Power to Change website.

### 3.1 Developing strong partnerships

A common theme across health and wellbeing businesses was the importance of developing and sustaining strong partnerships and working collaboratively rather than in competition with a diverse range of organisations. For most health and wellbeing businesses covered in the case studies, having an integrated and collaborative approach with partners was a fundamental enabling factor to the success of their businesses. For example, a partnership of businesses and stakeholders, such as general practitioners, social workers, diverse therapists and counsellors, all work as part of a collaborative network able to provide holistic services offering physical, social and mental support.

#### Raising business profile

Health and wellbeing businesses indicated that they approach partnership building in different ways. For some, especially for those located in larger cities, investing time and resources in attending meetings and networking was reported as a successful strategy in raising their profile amongst health commissioners, resulting in greater success in gaining access to commissioned health services and grants. Businesses also reported that investing time in raising profile amongst peers also helped to build their reputation and, if partnerships were subsequently created, their capacity to deliver services. To that end, simultaneously ensuring that the business has a strong profile and reputation is an important factor for success. Therefore, some businesses have prioritised resources which focus on identifying potential partners and building partnerships.

#### Adaptability and flexibility

For other businesses, the formation of strong partnerships has occurred as a result of successfully delivering contracts or proactively proposing services to potential partners that better serve local health needs. However, health and wellbeing businesses operating in areas with larger populations and a diverse range of communities with different health needs also acknowledged that they have a greater number of opportunities to identify innovative services to propose to potential partners, which is a benefit. Despite this, being adaptable and quickly developing the knowledge to deliver specific health services, in addition to engaging with potential partners outside of the local communities they serve has been a key enabler of success. An example of where this approach has been successful is illustrated by a health and wellbeing business which utilised its own datasets to make a proposal to the local authority regarding the development of a service which would support a previously under-recognised social group in the local community. Due to this proactive approach, the business was able to demonstrate a need to support domestic violence perpetrators to reintegrate into the community. Subsequently, the service was developed and a strong working relationship was created with the local authority.

### **Balancing income generation against new collaborations**

However, a reported drawback of working with a diverse range of partners, is that this can sometimes result in the business providing services that are not within their realm of expertise or do not meet their core aims. Therefore, striking a balance between generating consistent income from trading activities and working collaboratively with partners is challenging, particularly when having to take into consideration the various aims of each partner. Nevertheless, businesses see this challenge as an opportunity to increase knowledge of new communities and partners, which is an important enabler in identifying new income streams. Subsequently, this increased exposure has helped to inform business strategies and create new and innovative services, in addition to finding new users for existing core services. An additional benefit has been that by working with a diverse range of partners, businesses have been able to identify other services that can benefit users of their own services, and as a result, local residents can access a greater level of holistic support.

## **3.2 Financial self-sustainability**

Commonly, for health and wellbeing businesses to remain financially self-sustainable, the capacity to generate a consistent income stream, guided by strategic leadership and management skills, is a key enabler of success. From examining the case study interviews, three key strategies to achieve this were identified, these being; the ability of the business to be adaptive, having the knowledge and partnerships to secure contracts and ensuring the staff and volunteers with the right skill sets are available. These strategies and their accompanying challenges are discussed further below.

### **Adaptability and flexibility**

Health and wellbeing businesses identified having the capacity to be flexible in the delivery of health contracts as a key factor in ensuring a consistent income and good reputation with funders and commissioners. Some businesses also indicated that they would adapt to a funders requirements and service demands, which could include revising their business model, legal structure or strategic aims. However, these adaptations ensure the financial sustainability of the businesses by increasing the ability to secure specific contracts. Businesses that have employed this strategy reported strong competition for providing health services in their local community, and subsequently face challenges to remain financially sustainable. Therefore, the ability to be adaptive has been a key factor for the viability of their businesses. Other examples of innovative ways to adapt services to reflect the needs of local communities, included offering women-only swimming sessions and creating flexible payment schemes for healthcare services to attract and retain local residents that may have found costs prohibitive.

### Securing long-term contracts

Health and wellbeing businesses indicated that a key success factor is the ability to secure long-term income streams through contracts provided by public sector health organisations, i.e. the NHS and local authorities. This includes developing a strategy that focuses on securing these contracts as the main income source, and taking resource away from applying for income from grant funding sources. Social prescribing is an area where businesses felt there could be greater opportunity to secure service contracts, however it was also acknowledged that social prescribing would need to be embedded in mainstream healthcare if it is to become a viable option for providing long-term services. The main issue identified with securing contracts from public sector healthcare organisations is the substantial timeframes involved and the complexity of recommissioning cycles, which are often postponed or delayed. This uncertainty subsequently creates a challenge for businesses to plan effectively.

In addition, the value of the healthcare contracts being let are often at a scale too large for health and wellbeing businesses, precluding them from bidding to deliver services. Therefore, if procurement processes surrounding larger healthcare contracts were adjusted to allow for larger contracts to be broken down into smaller lots, this would enable a greater number of health and wellbeing businesses to be eligible to bid. However, irrespective of these issues, health and wellbeing businesses have indicated that they are appointing staff members who are tasked with examining how to become more competitive and attractive for commissioners of healthcare services. In doing so, this demonstrates that businesses are continuing to explore innovative ways to secure income for the delivery of health and wellbeing services to their local communities.

### Staff and volunteer skill sets and roles

Unsurprisingly, employing staff and engaging volunteers with the appropriate skill sets was identified as a key enabling factor for success for health and wellbeing community businesses. This requirement being driven by the need to have staff and volunteers that have specialist skills and can deal with sensitive issues, e.g. sexual and mental health. In terms of volunteers, businesses acknowledged the importance of engaging suitable volunteers for appropriate roles. For example, businesses working with children or vulnerable adults require specialist skills and strict safeguarding procedures. Therefore, for these businesses, recruiting and training volunteers is a costly exercise. Subsequently, it is important to assess volunteer suitability carefully in order to find appropriate roles without risking volunteers being deterred from providing their time.

However, health and wellbeing businesses revealed that they felt a clear indicator of their success could be demonstrated by the fact that former users of their services went on to become volunteers. For the businesses, this achievement represents success on two levels. First, former users have strong existing connections with the community they serve and have the first-hand



knowledge and skills necessary to help specific groups in the community. Secondly, these volunteers are evidence of the positive impact the business is having on the community, especially given that inclusion and community engagement are impact measures for the majority of community health and wellbeing businesses.

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## 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; 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 identify 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 business 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 volunteers 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.

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