

## **Response to Cabinet Office Mission-led Business Review: Call for Evidence**

**Ailbhe McNabola, Head of Research and Policy**

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### **About us**

Power to Change Trust was interested to see the Cabinet Office call for evidence relating to mission-led business. In this short submission we set out some evidence we wish to share, as well as some reflections and comments. We would be very happy to discuss further any of the points raised here.

Power to Change is an independent charitable trust set up in January 2015 to grow and support community business across England. Over ten years, with a £150 million endowment from Big Lottery Fund, Power to Change is supporting community businesses to create better places across England. We want to support people to take action to address local challenges, enabling them to control vital assets and services that might otherwise disappear, or start new businesses themselves in response to local needs. At the heart of our vision is the devolution of power to local communities. We believe that putting business in community hands makes places better.

### **Q1. What do you know about the number and profile of mission-led businesses operating in the UK? Please share evidence.**

We would like to share some potentially useful material in response to this question.

Power to Change Trust is in the process of establishing a research programme looking at the area of 'community business'. Whilst this does not map exactly onto 'mission-led business' there are doubtless overlaps, not least because the definitions of both 'community business' and 'mission-led business' are evolving.

To date, Power to Change has undertaken two broad surveys of the community business sector, in order to establish its size, make-up, growth rate, and draw out some immediate issues for the sector. We felt it would be helpful to this Review to share the findings of this research, which might inform your definition and understanding of mission-led business.

It is worth pointing out that many community businesses could also be classed as mission-led businesses, because they incorporate a trading aspect and an intention to make a positive social impact.

One interesting point of commonality between our research on community business, and your Review, is around definition. Our definition of community business is evolving, based on empirical evidence and our experience of working with and studying the sector. An overview of our definition can be found on our website . Similarly, the concept and definition of mission-led business is evolving. Community business and mission-led business can both be seen as emerging business types (whilst both building on a long history of business with a social purpose). Both PtC and Cabinet Office are taking the approach that the sector is

made up of those who already meet the definitional criteria, and those who do not yet meet all of the criteria but are recognisably working towards achieving that status. We share the Cabinet Office view that this is a sensible way to approach a developing sub-sector of business/social enterprise, using evidence over time to better refine definitions and indeed make decisions on whether and how to provide support.

**Q2. What do you know about the impact of being a mission-led business on business performance and social impact? Please share evidence.**

Power to Change is in the process of putting in place an impact measurement programme focussing on recipients of our grant funding. We will be very happy to share data and evidence emerging from this work with the Cabinet Office team.

Additionally, there may be transferrable learning relevant to your topic of 'mission-led business' in research emerging from UWE/Bristol Business School, on so-called 'lifestyle businesses' and their impact on local economies and social capital in the area where they operate. As yet unpublished, the research lead is economist Prof Don Webber.

Similarly, the AHRC-funded Brighton Fuse research (published 2014, see <http://www.brightonfuse.com>) contained some interesting insights into business motivations and the (potentially negative) impact on business growth - there was some evidence that smaller businesses were most motivated by stability and quality of life in the area in which they were based, rather than by achieving aggressive growth.

**Q4. Why would a business set-up as or become a mission-led business? Please share evidence.**

In our experience, the primary motivation for the establishment of community businesses is to deliver a positive social impact for a local area and community. From our research:

*The critical differentiator for community businesses from other socially-motivated organisations is the impact they have on their localities by the means of their production, and not just the ends. While many organisations deliver valuable and socially beneficial services to a local population, such as healthcare or education, community businesses create a special kind of impact by engaging local people as creators, not just consumers, of their outputs.*

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