

House of Lords Select Committee on Citizenship and Civic Engagement: Submission to the Committee's call for evidence

Ailbhe McNabola, Head of Research and Policy, Power to Change
1 September, 2017

About Power to Change

1. Power to Change is an independent trust, established in 2015. Our funding is used to strengthen community businesses across England. We help local people come together to solve problems for their community, reviving local assets, protecting the services they rely on, and addressing local needs. We provide practical and financial support to them as they run businesses which help their whole community and recycle money back into the local area. In our first two years of operation, we invested almost £20m in over 300 community-run businesses, across a wide variety of economic sectors such as pubs, shops, community centres, transport, energy generation, and sports facilities.¹

About community business

2. Community businesses are established and run by local people who want to make a difference in their area – active citizens seeking to give something back and to create opportunities for others. Unlike charity, private business or even social enterprise, community business brings together a unique combination of entrepreneurialism, social purpose and local community ownership. Communities are running rural bus services or community shops, developing community-led housing schemes, and delivering health and wellbeing services to deprived populations. When a community centre is run as a community business, it generates its own income from trading and provides services for everyone in the surrounding area. Community businesses often collaborate with other local institutions like schools or GP practices – like [New Wortley Community Centre](#), where a community-run centre is working with the local GP surgery, which refers patients to the centre for counselling and other support. Community businesses are ideally placed to deliver support to local public services, be paid for their time and effort, and re-invest that income back into the local community. See Appendix A for a case study profile of a successful community pub.
3. Our research estimates that there are over 7,000 community businesses across England, with their numbers growing each year.² Overall, the community business sector grew by 5% in 2016, comparing very favourably to growth rates in both the charity and small business sectors (1% and 2.3% respectively).³ These businesses are estimated to employ over 36,000 staff and engage nearly 200,000 volunteers, generating more than £1 billion of income each year on £2.1 billion of assets.

¹ Up to 31st December 2016, Power to Change awarded grants of £19.5 million. Our grants data is available online here <http://www.powertochange.org.uk/research/power-change-grants-2015-2016/>

² Hull et al (2016), *The Community Business Market in 2016*. London: Power to Change. Available here <http://www.powertochange.org.uk/research/the-community-business-market-2016/> and summary here <http://www.powertochange.org.uk/research/the-community-business-market-2016-report-summary/>

³ Most recent available statistics, sourced from: NCVO *Voluntary Sector Almanac* 2015 and 2016, and Department for Business, Energy and Industrial Strategy: *Business Population Estimate 2014 and 2015*.

Introduction to our submission

4. We have interpreted the Committee's questions as being intended to help to frame the work of the Committee over its lifetime, and to aid the Committee to set its detailed agenda for the year ahead. We have not sought to answer all questions but instead focused on three where we have a contribution to make. The questions we have addressed are (with our emphasis in bold):

*Q6. Do voluntary citizenship programmes such as the National Citizen Service do a good job of creating active citizens? Are they the right length? Should they be compulsory, and if so, when? Should they include a greater political element? Should they lead to a more public citizenship ceremony? Are they good value for money? **What other routes exist for creating active citizens?***

*Q7. **How can society support civic engagement? What responsibility should central government, devolved and local governments, third sector organisations and the individual have for encouraging civic engagement? What can the Government and Parliament do to support civil society initiatives to increase civic engagement?***

*Q9. Why do so many communities and groups feel "left behind"? Are there any specific factors which act as barriers to active citizenship faced by different communities or groups - white, BME, young, old, rural, urban? **How might these barriers be overcome?***

Context

5. The Committee's call for evidence sets out a number of reasons why more needs to be done at this time to bring people together and promote engaged citizenship. In our view, the ongoing devolution policy agenda presents an opportunity to boost people's levels of belonging to and ownership of their local area and community. But there are hurdles to be overcome, before communities can really take advantage of these opportunities. In many places, slow economic growth, entrenched deprivation and inequality have conspired to leave communities feeling disempowered and unable to influence decisions that affect their lives. We discuss below how the devolution and localism policy agendas could go further to foster local democracy and local accountability.
6. The Committee is particularly interested in thinking about citizenship and civic engagement in a more vibrant, positive and integrated manner. The recent growth in community-run businesses is just such a positive force for engaging people in their local communities. Local people getting involved in the running of an enterprise offers, we believe, greater empowerment and better sustainability than the traditional model of charitable donations and grant-making. Community business sits between the private and charitable sectors, sharing values with social enterprise but having a stronger local civic engagement aspect. This new economic model is emerging in response to a number of trends and drivers: recent reductions in public spending, the opportunities presented by public service transformation initiatives, the growth in local authority asset transfers. People are responding to the need to do things differently, and, by doing so, they are becoming engaged.

Response to the Call for Evidence questions

7. **Creating active citizens:** Top-down initiatives to create more active citizens can be challenging, and a return on investment is not guaranteed, as the National Audit Office recently commented⁴. We believe that policy should focus on supporting and enabling where there are existing trends towards participation, boosting growing movements. As stated above, we see a growing movement of people establishing community businesses, that has links to the long-established cooperative movement but is also a novel response to modern social challenges. To date, our funding and support is attracting both newly-established groups and existing organisations (often traditional charities) that are considering converting their governance model and becoming more community-led and more entrepreneurial.
8. **Growth potential:** Our funding experience and research evidence to date indicate that there is strong potential for more active citizenship and engagement through involvement in local community businesses. We see considerable demand for investment into community businesses, both new and established. During 2015, our first year of operation, we received c1,500 applications, requesting in total c. £139m (£9 million was awarded). During 2016 and early 2017, 704 applications, requesting c. £104 million, have been made to our flagship Community Business Fund (and £10 million has been awarded).
9. **Deeper engagement:** Community ownership of businesses brings a large number of engaged local people into the sphere of the business, engaging them as citizens and users of the business. Many community businesses are raising capital through issuing community shares. At present, community-owned pubs have over 9,000 engaged shareholders, and for community-run shops the figure is 62,000.⁵ We believe the long-term market potential for community shares is substantial. Since 2009, almost 120,000 people have invested over £100 million to support 350 community businesses across the United Kingdom.
10. **Engaging a diverse population:** Our own unpublished research shows that volunteering time towards the set-up or running of a local community business is attractive to a diverse range of people. People who said they wanted to get involved in a community business were more likely to be younger people, and people from minority ethnic communities.⁶
11. **Sustaining engagement:** Many community businesses are formed as a result of a burning local issue or need, often saving a cherished asset (such as [Hastings Pier](#)) or developing new services around an old asset (employment training for disabled adults at [Burton Street Foundation](#)). This brings people together in 'campaign mode' and energises them, forging a sense of community and getting new people engaged. The benefit of the community business model is that these campaigns are translated into going concerns, maintaining wide community engagement over the longer term. Community businesses are extremely resilient. Our research showed that in 2015 and 2016, alongside overall sector growth, there was no decline in any of the 15 sub-sectors we

⁴ National Audit Office (2017), *National Citizen Service: Report by the Comptroller and Auditor General*. London: National Audit Office. Available at <https://www.nao.org.uk/report/national-citizen-service/>

⁵ The Plunkett Foundation (2017) *Community Shops 2017* and *Co-operative Pubs 2017*. Available at <http://www.powertochange.org.uk/research/community-shops-2017/> and <http://www.powertochange.org.uk/research/co-operative-pubs-better-form-business-2017/>

⁶ Unpublished market research conducted in 2016 for Power to Change by Britain Thinks.

examined.⁷ During 2016, no co-operative pubs closed their doors, while CAMRA reported 29 privately-run pubs closing every week.⁸ Only 17 community shops have closed since 1992 – a 99% five-year survival rate, comparing favourably with the 45% five-year survival rate for UK small business.⁹

12. **Drivers of growth.** There are a number of drivers of growth in this sector that are supported by government policy and where there are policy levers available to drive up engagement. Changes to local government budgets and service provision are prompting local people to come together to replace and/or sustain valued services and amenities. Relatedly, local authorities are beginning to review their property portfolios and to identify surplus assets for disposal. Communities are sometimes energised to bid for these assets under powers bestowed by the 2011 Localism Act, often supported by heritage sector bodies where the asset is of historical importance.¹⁰ Our research shows there is a steady pipeline of asset transfers from local authorities to community groups across England, though more could be done to boost this trend and encourage authorities to work with communities to transfer assets, rather than sell to private sector bidders.¹¹ The 2012 Public Services (Social Value) Act complements this legislation, requiring service commissioners to consider social value during the procurement process. The aim of this legislation was to level the playing field for organisations from the voluntary, community and social enterprise sector who are bidding for service contracts.
13. **How Government and Parliament can support growth:** Specifically, we call for central government to implement the recommendations of the Communities and Local Government Select Committee to boost the impact of the Localism Act.¹² Chief among these was the recommendation to extend the moratorium on the sale of a designated 'asset of community value' from six to nine months, alongside a number of other recommendations to improve take-up and impact. Central government can also take further steps to boost the impact of the Social Value Act. Our research has shown that this legislation has not, to date, been a strong driver for growth in the numbers of community businesses, but it is felt to have potential, if strengthened.¹³ We have called for a lowering of the financial threshold above which the law applies, and a widening of the legislation beyond services to include other public procurement.¹⁴ There appears to be broad consensus that this legislation has been a positive force and should go even further –

⁷ Hull et al (2016).

⁸ Plunkett Foundation (2017) above, and CAMRA (2017). Available here http://www.camra.org.uk/home/-/asset_publisher/UzG2SEmQMtPf/content/new-pub-closure-statistics-revealed

⁹ Royal and Sun Alliance and Centre for Economic & Business Research (2014) *Growing Pains*. Available at <https://www.rsabroker.com/system/files/SME%20Growing%20Pains%20White%20paper.pdf>

¹⁰ For an example of asset transfer to community business, see: Alt Valley Community Trust (case study) available at <http://www.powertochange.org.uk/research/alt-valley-community-trust-case-study/>

¹¹ Gilbert, A (2016) *A Common Interest: the role of asset transfer in developing the community business market*. London: Power to Change. Available at <http://www.powertochange.org.uk/research/common-interest-role-asset-transfer-developing-community-business-market-report-summary/>

¹² House of Commons Communities and Local Government Committee (2015), *Community Rights*. London: House of Commons. Available at <https://publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/262/262.pdf>

¹³ Jones, N. and Yeo, A. (2017) *Community Business and the Social Value Act*. Available at <http://www.powertochange.org.uk/research/community-business-social-value-act/>

¹⁴ Power to Change (2017), *Community Business and the Public Services (Social Value) Act*. Available at <http://www.powertochange.org.uk/wp-content/uploads/2017/08/SVA-policy-recommendations.pdf>

the House of Lords Select Committee on Charities being the most recent publication to reinforce this message.¹⁵

14. **How local authorities can support growth:** There is also a significant role for devolved and local government in supporting local people to become more engaged and do things for themselves. Legislative or guidance changes to support asset transfer are desirable, but much more important is local government's appetite for change, for new relationships with local communities and for shared approaches to service delivery.¹⁶ Similarly, there is a role for local authorities in their approach to public procurement. The Social Value Act and other moves towards more socially-minded commissioning mean that local authorities or health services can actively engage local citizens in the delivery of services, by working with organisations that involve local volunteers, or that are run by local communities. Where direct commissioning is not feasible, authorities can encourage the inclusion of such organisations in their supply chains. More can be done to encourage all councils to use their procurement power to engage their citizens and improve their localities, following in the footsteps of some of the leading authorities – such as Kent County Council, Oxfordshire County Council, Manchester City Council, to name but a few.¹⁷

Conclusion

15. In this submission, we have set out our experience of funding and supporting community-owned and community-managed enterprises across a wide range of economic sectors. We have shown that this is a growing movement with high growth potential and promising longevity. We believe that this offers a different route for people to become engaged citizens, volunteering locally in support of an enterprise that delivers economic and social benefit to its local community. Policymakers should widen their concept of volunteering and citizen engagement to consider this form alongside more traditional charity and cultural volunteering, for the sustained engagement and the positive social impacts it delivers. We would be delighted to share further evidence with the Committee if requested, or to discuss any of the points made in this submission.

Ailbhe McNabola

Head of Research and Policy

ailbhem@powertochange.org.uk / 0207 3857 7270

¹⁵ House of Lords Select Committee on Charities (2017), *Stronger charities for a stronger society*. London: House of Lords. Available at <https://publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/133.pdf>

¹⁶ See, for example, Quirk, Barry (2007) *Making assets work: The Quirk Review of community management and ownership of public assets*. Available at <http://webarchive.nationalarchives.gov.uk/20120920020552/http://www.communities.gov.uk/publications/communities/makingassetswork>

¹⁷ These and further examples of 'embracer' councils can be found in Social Enterprise UK's 2017 research: *Procuring for Good*. Available at <https://www.socialenterprise.org.uk/procuring-for-good>

Appendix A: The Bevendean Community Pub

The first community-owned pub on an estate



Based on the Moulsecombe and Bevendean estates in Brighton, the Bevendean Community Pub, better known today as ‘The Bevy’, was reopened by local campaigners who saw beyond its previous bad reputation when it was closed down by the police. They recognised the pub’s importance as the only one on an estate of 18,000 people, providing vital community space.

Two years on, The Bevy is now a popular community owned pub, helping improve the lives of local people. The Bevy prioritises provision of healthy, accessibly priced food in an area in the top 5% of deprivation in the country. The Bevy offers a kitchen service seven days a week. They have also established a community kitchen where they can teach local people how to cook their own healthy meals. A minibus picks up elderly or disabled members of the community from areas where bus services don’t run, and brings them to weekly ‘Friday Friends’ seniors’ lunch club in a safe and dignified manner, where they enjoy lunch, bingo and a chance to get out and socialise. This is often the only time they get out of the house all week.

How did they do it?

In initial meetings, local people said the Bevy should be more than a pub, given the area has so few community spaces. So they came together and raised £50,000 from over 700 local people – the most shareholders of any co-op pub in the UK. At the first AGM, it was agreed that 70% of committee members must come from the local area. Now, the Bevy is a community pub owned by people on the estate, dedicated to improving their lives in ways beyond an affordable pint.

Making a name for themselves in Brighton and beyond

The Bevy’s work hasn’t gone unnoticed, as it won the prestigious Brighton and Hove ‘Best Business in the Community’ award and made it to the finals of the Great British Pubs as one of the best community pubs in the UK. The Bevy also featured on BBC’s *The One Show*.

Making a difference to real people

The Mayor of Brighton, Pete West: *“In my view, The Bevy is probably the best thing going on in Brighton right now. Much more than a pub, this cooperative project is a hub for local services and has rapidly become the heart of community life”*

See also [coverage](#) in The Guardian, April 2017.