

House of Lords Select Committee on the Rural Economy: Response to the Committee's call for evidence

10 September 2018

About Power to Change

1. Power to Change is an independent trust, established in 2015 with funding from the Big Lottery Fund. 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 over £40m in over 500 community-run businesses, across a wide variety of economic sectors such as pubs, shops, community centres, transport, energy generation, and sports facilities.¹
2. In 2017, we made a strategic decision to become a place-based funder and invest in a number of priority places. Among these is Suffolk, where our aim is to understand the support needs of rural community businesses. We also co-invest with the Ministry for Housing, Communities and Local Government, in the [More Than A Pub](#) programme – which offers support to those wanting to take pubs into community ownership, two-thirds of which are in rural locations. We have drawn on learning from these initiatives, as well as on data from our research programme, in our response to this call for evidence.

About community business

3. Community businesses are established and run by local people who want to make a difference in their area. Unlike charity, private business or even other social enterprises, 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 or isolated 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. See Appendix A for a more detailed definition of community business, and Appendix B for a case study profile of a successful community-run pub offering a range of local services.
4. Our research estimates that there are **over 6,600 community businesses across England**, with their numbers growing each year.² These businesses are estimated to employ 35,500 staff and engage nearly 120,000 volunteers, generating more than £1.2bn income each year.

¹ Our grant awards data is available online at <http://grantnav.threesixtygiving.org/funder/GB-CHC-1159982>

² Diamond, A., Vorley, T., Mallett, O., Higon, J., Spong, S., Corley, A. and Mulla, I. (2017) *The Community Business Market in 2017*. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2017/12/Report-11-Community-Business-Market-2017-DIGITAL-revised-191217.pdf>. Accessed 21.08.2018.

Response to the Call for Evidence questions

Q1. What do you understand by the “rural economy”? How has it changed over recent years, and what has been the impact of these changes?

5. **The relevance of community business to the rural economy is growing.** The rural economy, like the UK economy overall, has seen recent growth in social enterprise and community-run business. Government estimates now set the number of social enterprises in England at approximately nine per cent of the small business population³. Within this statistic sit many businesses established and run by local communities. Our research estimates that there are at least 6,600 community-run businesses in England, with roughly 30% of community businesses in rural locations.⁴ With only 17% of the population of England living in rural areas⁵, this suggests that community businesses could be more relevant to rural communities than better-served urban areas. The majority of community businesses offer services to the local community (rather than, for example, producing goods).⁶ For rural populations these services are likely to be of increased importance due to the reduced access to services in rural locations, and the impact of local government budget reductions.

Q2. Could you give examples of notable success stories and good practice in the rural economy? How might rural successes be replicated and better promoted?

The following are two examples of entrepreneurial success stories in rural locations, which we have supported.

[The Cheese and Grain, Frome, Somerset](#)

About 10 years ago, Frome Parish Council set up a trust to ensure a recently refurbished 1800s agricultural building would become sustainably run. The Cheese and Grain, as the building is now known, is on a 25-year lease to a non-profit, member-owned community business. The business runs predominately as a music venue, hiring out spaces for functions, providing office spaces for local businesses and running a café and bar. By being open seven days per week, the Cheese and Grain has increased its income to £365,264 in 2016-17. Surplus revenue goes towards enabling local health professionals, charities and community groups to use their facilities cost effectively. In this way, the business is increasingly successful in its aim to enhance the social, cultural and economic environment for the community of Frome.

[Cuckmere Community Bus Ltd, East Sussex](#)

Since 1976 this community transport company has provided reliable, accessible means of transport to Cuckmere Valley residents. It now has eight 16-seater low floor, fully accessible mini buses servicing 25 local bus routes seven days per week. The bus routes have been diversified to not only be passenger-led but also aligned with where the business can get the most revenue. This has been very effective; the vast majority of Cuckmere Community Bus Ltd’s revenue comes from passenger fares. The business is run entirely by 70 volunteers, including a board with strong business acumen.

³ Department for Digital, Culture Media and Sport and Department for Business, Energy and Industrial Strategy (2017) *Social Enterprise: Market Trends 2017*. Available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644266/MarketTrends2017report_final_sept2017.pdf. Accessed 21.08.2018.

⁴ Diamond et al 2017.

⁵ Department for Food, Environment and Rural Affairs, *Rural population 2014/15*. Available at <https://www.gov.uk/government/publications/rural-population-and-migration/rural-population-201415>. Accessed 21.08.2018.

⁶ Diamond et al 2017.

Q3. How do you see the future of the rural economy? Where is the greatest potential for growth, and what might be the impact of technological and other changes?

6. We see strong potential for growth in the rural community business sector – in particular, in community-run shops, pubs, transport, housing, and in hubs and village halls. **Community pubs**, for example, have increased in number from 6 in 2010 to 61 today, at least in part due to targeted support funded by Government and Power to Change, through the More Than A Pub programme. A further 288 are in the pipeline, where communities have received development support towards the opening of a new community pub. Two-thirds of these are in rural areas. Community pubs had a 100% survival rate in 2017.⁷
7. **Rural community shops** in the UK have grown from 70 in 2000 to 348 in 2016. These are predominantly in England, with the highest density in the south west. Alongside the valued retail service offer, they provide a range of services to their local communities – for example, 59% of rural community shops offer postal services via Post Office Limited, and some provide consulting rooms for visiting GPs and nurses. Rural community shops have a 99% five-year survival rate.⁸
8. Recent research on **village halls** highlighted their enterprising nature. In a 2017 survey, 80% of village halls responding reported that they traded for the benefit of the local community, with income coming from room hire (60%) and a mix of other services, such as cafés, bar sales, clubs, hot desking, business workshops (30%).⁹

Q4. How can access to transport be improved in rural areas?

9. The community transport sector plays a significant role in transport provision in England, and services are mainly based in rural areas.¹⁰ Of the estimated 6,600 community businesses in England, 1,200 are community transport organisations¹¹ - the largest sub-sector, after community hubs. Government, local and central, can support this important sector in the following ways:
 - Local (and health) authorities are usually key stakeholders for community transport businesses, and can support the sector by providing access to premises or inviting community transport businesses to bid for contracts – such as for hospital transport services. The introduction of the Bus Services Act 2017 has given local authorities powers to intervene in their local bus markets. This creates opportunities for community transport businesses to partner with local authorities in the provision of integrated transport services.
 - The Department for Transport is currently considering legislative changes to what are known as ‘Section 19’ and ‘Section 22’ permits. We support the [Community Transport Association’s analysis](#) of the potential negative impact of the proposed changes on this important sector.

Q7. What can be done to support local shops, community pubs and other rural amenities at risk of closure?

⁷ The Plunkett Foundation (2017) *Co-operative Pubs: A better form of business*. Available at http://www.powertochange.org.uk/wp-content/uploads/2017/07/Plunkett_BetterBusiness_Pubs_final.pdf

⁸ The Plunkett Foundation (2017) *Community Shops: A better form of business*. Available at https://plunkett.co.uk/wp-content/uploads/Plunkett_BetterBusiness_Shops_final.pdf

⁹ Scott, N Probert, Y (2018) *Village halls, rural community hubs and buildings*. Available at <https://www.powertochange.org.uk/wp-content/uploads/2018/08/Village-halls-open-call-report-Final.pdf>

¹⁰ Diamond et al 2017.

¹¹ Community Transport Association data referenced in Diamond et al, 2017.

10. **Local authority buy-in:** Proactive support from local authorities is key, such as in Suffolk where we are partnering with the Council to grow their local community business sector. Local government can transfer surplus assets - such as buildings - to community groups, providing an asset base for sustainable growth. We estimate that up to £7bn of local authority assets could be transferred to community ownership under Community Asset Transfer (CAT). The legislation around Assets of Community Value (Localism Act, 2012) could be strengthened, giving the community more time to raise funding to take over a valued local asset, as recommended in 2016 by the House of Commons Communities and Local Government Select Committee.¹²
11. **Funding and support:** As recognised by the Government’s Civil Society Strategy (July 2018), there is a role for strategic grant-making to help stabilise a growing movement. There is also an important role played by sector support bodies – such as the [Plunkett Foundation](#), [ACRE](#) and [Locality](#). Community pubs have benefited from dedicated central government funding and support over the past three years, resulting in strong growth in the number of community pubs across England, and to date no pub closures. As mentioned (para 2) above, the More Than A Pub programme is an example of how targeted help and the creation of a peer network can build resilience in a growing sector.
12. **A rounded approach to local economic planning:** Enlightened areas should involve community groups, businesses and the wider third sector in local economic planning and the development of local industrial strategies. The recent Review of Local Economic Partnerships (LEP) and policy paper on strengthening LEPs were disappointing in their lack of emphasis on inclusive growth and the benefits of wider thinking around local economic actors and partners.¹³

Q9. How can deprivation and inequality in rural areas be tackled?

13. As mentioned in paras 11-13 above, supportive local and central government can help grow an entrepreneurial culture and service provision that can be integrated with, and work alongside, public services, such as library or transport services. The role of communities in local economic planning must not be neglected, and we have concerns about the future administration of the planned Shared Prosperity Fund – this Fund will replace substantial EU funding that previously supported the community sector. Current thinking is that LEPs will play a major role in distributing these funds.

Q11. What opportunities are there for the older retired population to help support the rural economy?

14. The community business sector provides many meaningful volunteering and employment opportunities for an older population, as well as providing a range of services (such as community transport) that support that population to live independently.

Contact

Ailbhe McNabola, Head of Research and Policy, Power to Change
ailbhem@powertochange.org.uk / 07769 316 913

¹² House of Commons Communities and Local Government Committee (2016) *Community Rights*. Available at <https://publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/262/262.pdf>. Accessed 21.08.2018.

¹³ Ministry of Housing, Communities and Local Government (2018) *Strengthened Local Enterprise Partnerships: Policy paper*. Available at <https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships>. Accessed 21.08.2018.

Appendix A: Definition of community business

There are many types of community business. They can be shops, farms, pubs or transport organisations, among many other types of business. What they all have in common is that they are accountable to their community and that the profits they generate deliver positive local impact. They share much with social enterprise more broadly; what sets them apart is that they are rooted in a particular place and local community.

The four key features of a community business are:

Locally rooted: They are rooted in a particular geographical place and respond to its needs. For example, that could be high levels of urban deprivation or rural isolation.

Trading for the benefit of the local community: They are businesses. Their income comes from things like renting out space in their buildings, trading as cafes, selling produce they grow or generating energy.

Accountable to the local community: They are accountable to local people, for example through a community shares offer that creates members who have a voice in the business's direction.

Broad community impact: They benefit and impact their local community as a whole. They often morph into the hub of a neighbourhood, where all types of local groups gather, for example to access broadband or get training in vital life skills.

Appendix B: Case study – The Angler’s Rest, Bamford <http://anglers.rest/>

<https://www.powertochange.org.uk/wp-content/uploads/2017/06/The-Anglers-Rest-Case-Study-1.pdf>



Faced with the potential loss of the last remaining pub in the village, local residents in Bamford decided to take action. They launched a community share offer and raised over £260,000 from local residents to purchase the pub. It now turns a profit and incorporates a post office and café.

When communities lose their local services, such as pubs, shops and post offices, they are at risk of becoming dormitory towns and villages where people leave the community for work and return to their house. The Anglers Rest is a community pub in Derbyshire which was established in 2011, when 300 members of the rural Bamford community clubbed together to buy their local pub to prevent its closure. Together, the residents of Bamford ensured that the village did not become just a commuter town for Sheffield and Manchester. Today, the village has a new focal point and a renewed sense of community.

The pub is now a key community asset, providing a wide variety of services for local people, including a post office and café. The hub employs local people (6 full-time and 19 part-time), uses locally sourced produce and reinvests its profits in the community.

Community ownership

Bamford Community Society Ltd. has over 300 members, primarily drawn from the local area, who feel genuine ownership of the business. They have a say in how the business is run and are regularly consulted on future plans.

Reducing isolation

Bamford risked becoming a dormitory commuter village. The hub has given it a new social heart where villagers meet and get to know one another. It hosts numerous local groups and societies and offers a post office, café and IT services.

Financial information

The following table provides an overview of Bamford Community Society's income, expenditure and assets for the period 01/09/2015 to 31/08/2016.

Income*	£484,364
Expenditure	£478,351
Difference between income and expenditure	£6,013
Surplus/(deficit) on ordinary activities before taxation	£1,962
Annual income from grant or subsidy**	£122,596
Fixed Assets	£297,074
Current Assets	£77,926
Net Assets	£333,370

Source: Bamford Community Society Ltd. Accounts 2016, Mutuals Public Register

*Income includes revenue and other operating income.

**Includes donations and fundraising, revenue grants received, and capital grants

We're much more than a pub. We're a community running a business that local people need.

Sally Soady, Company Secretary, Bamford Community Society

Media

Featured on BBC Breakfast, 7 August 2018:

<https://twitter.com/BBCBreakfast/status/1026728439137501184>