The impact of community businesses on people

September 2020

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Executive Summary

The COVID-19 crisis exposed how unequal the UK is. Most of us with office jobs have been able to continue working from home. But key workers – such as supermarket assistants, couriers and cleaners – continued leaving their homes throughout the crisis. As a result they were four times more likely to contract and die from COVID-19. All the while for a low wage and often no guarantee of minimum hours.

In the recession to come, industries such as retail, accommodation and hospitality will bear the brunt of job losses. Yet these industries account for a disproportionate number of jobs in deprived areas. These areas face a second blow to their local economies, having navigated the first blow of the virus. Community businesses will play a more important role than ever.

Community business helps the most deprived communities

Many community businesses coordinated the local response as people lost their jobs, were furloughed or told to shield. As locally-based, trading organisations with physical assets they were well placed. **Seven in ten are within the 30 per cent most deprived communities in England.**

Community business is for everyone but is not 'one size fits all'

What makes community business unique is the ambition and ability to tackle many local challenges. In doing so, they work with and support a diverse group of people: the customers for their goods and services, the wider group of beneficiaries that the business was created to support, the staff they employ and the volunteers they engage, as well as their members, supporters and their shareholders. There is no 'one size fits all' approach to community business. This is why **two-thirds aim to deliver five or more social impacts**. These are often interlinked. This is also why **half of community businesses do not target any specific group** in their work. They are open to all.

Community businesses bring people together

Before the crisis, community businesses had already mobilised more than **205,000 volunteers in the most deprived parts of the country**. Many also use community organising as a way to strengthen communities and build resilience.
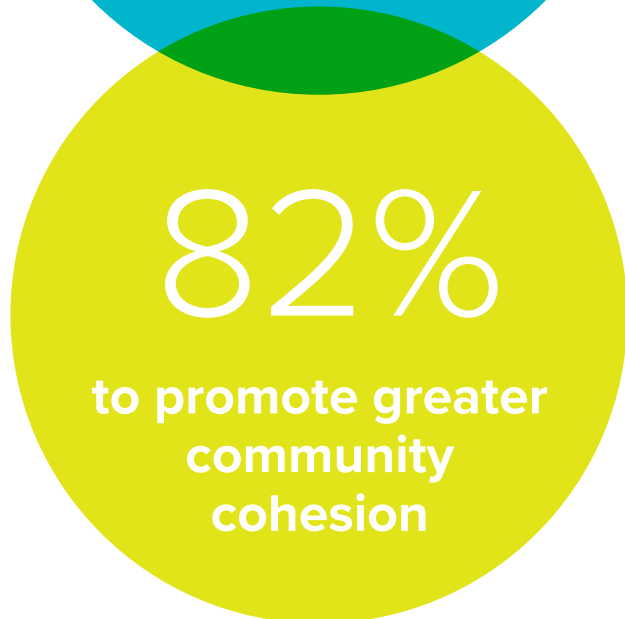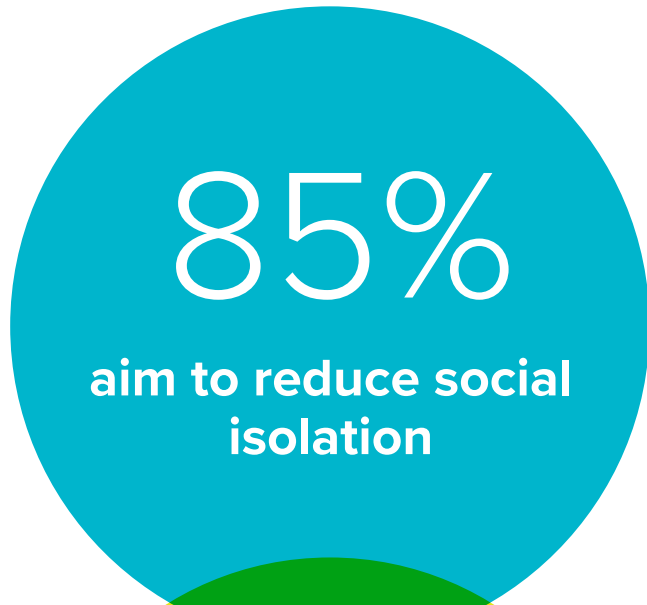
The work of community businesses, their staff and volunteers creates, nurtures and sustains relationships locally. It builds trust and reciprocity. It builds social capital, the glue that holds communities together. **Social capital improves employability, reduces isolation, improves health and facilitates collective action**. This paper finds evidence that community businesses achieve all these things.

This is also what enabled community businesses to play a coordinating role during the COVID-19 pandemic. **Strategic partnerships between local government and community businesses spontaneously emerged overnight** to address local need and support the most vulnerable. This is in part down to the ability of community businesses to foster trust and collaborative and reciprocal relationships. This gives them reach and influence that local government can't achieve alone.
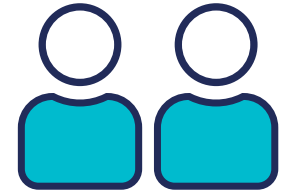
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The challenges community businesses tackle

85%
aim to reduce social isolation

82%
to promote greater community cohesion

Who community businesses work with

69% of Power to Change grantees work within the 30% most deprived areas
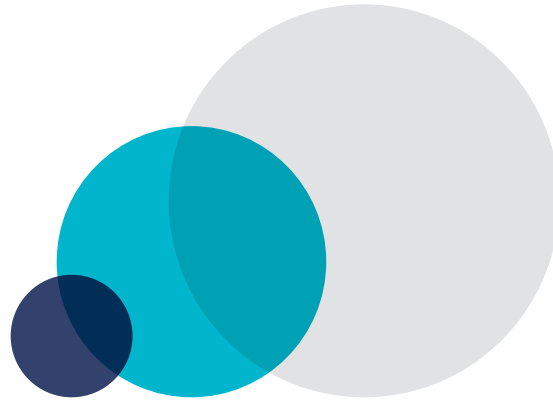
1,170
service users (average per community business)
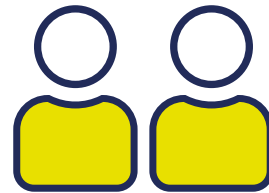
2,440
customers (average per community business)

85%
of customers or service users are from the local area

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How community businesses support people

Providing good work for local people living in deprived areas

33,900
people employed

15 employees per business (average)

up to **88%** of staff are from the local area

Mobilising communities

205,600
volunteers

£250,000,000
Maximum value of volunteer time contributed to community businesses per year

Putting communities in charge

203
formal members per business (average)
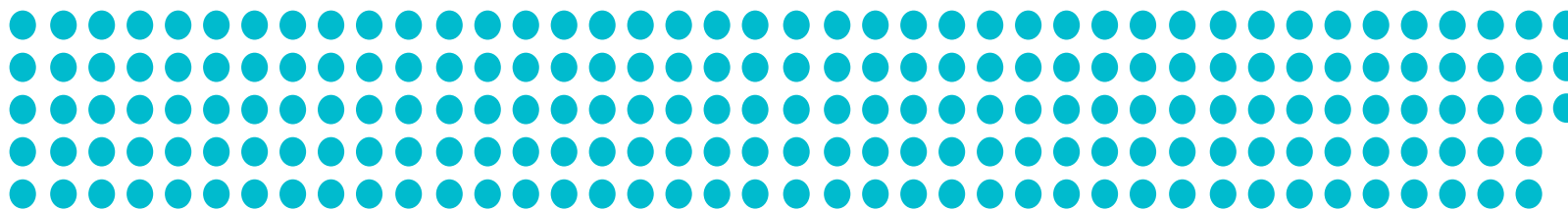
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Community businesses have many impacts. These are often bespoke to their local area and the challenges residents face. Yet they have notable impacts on people's lives in several common ways.

Community business reduces social isolation

Social isolation and loneliness affect more than nine million people and costs the UK economy £2.5 billion a year in lost productivity and staff turnover.

Most community businesses (85 per cent) tackle social isolation. Most are founded by local residents who come together over a shared cause or challenge. As such, they are highly relational and person-centred organisations. This plays a key role in their social impact. **Community businesses provide a safe and welcoming environment for people to enjoy and meet others**. This might be through providing volunteering opportunities, targeted activities or a space to access services or learn new skills. It can even simply be through providing a space to sit and have a chat.

Community business improves health and wellbeing

People living in the most deprived areas of the UK spend around a third of their lives in poor health, twice the proportion spent by those in the least deprived areas. Added to this, mental health problems in the UK workforce cost employers almost £35 billion last year.

A third of community businesses work with people with physical or mental health conditions. They support them to progress their personal lives and develop valuable relationships with others. This contributes to other positive health and social care outcomes. **They improve individual's confidence and wellbeing** and also support community-level improvements, such as increasing community involvement and enhancing social relations.

Community business improves the local environment

Community businesses productively use buildings and green spaces to improve local areas.

Community-owned spaces contribute £220 million to the UK economy, and 56p of every £1 they spend stays in the local economy. Community and public ownership of high streets also leads to **fewer empty units**.

Community business provides better access to services

Community businesses provide much needed social infrastructure. Many start after residents discover their only shop, pub, post office or other local facility is closing. Many then becomes a 'one-stop shop' or 'community hub' providing crucial services, often **over and above 'basic' provision**, in response to community needs and wants.

Community business improves employability

Nearly two-thirds of people in poverty live in a family where someone works. For many, work doesn't pay.

Community businesses support people facing exclusion from employment and/or challenges with their physical or mental health. They already provide **stable employment for 33,900 people in the most deprived areas of England**, and **most jobs go to local people**. Many community businesses are **supporting the Real Living Wage and provide good working conditions**. They also support local people to gain qualifications.

They are able to do this because their trading income often pays for the support they deliver. This cross-subsidy model enables them to work cost-effectively with those facing difficulties.

This provides cause for optimism as the economic impacts of COVID-19 take hold. Community businesses are already working within communities most likely to be hardest hit. And they have already shown they can engage those traditionally excluded or furthest away from the labour market, and provide them with good work.

Questions for Power to Change to consider

Employability

Community businesses are important local employers in some of our most deprived communities. How should we make the case for their contribution to economic recovery over the coming years?

Volunteering

Community businesses mobilise communities through volunteering. What are the best ways to talk about the value and impact of volunteering in a community business as we rebuild better?

Social capital

There is strong evidence that social capital is essential for a healthy national economy – it's the glue that holds communities together. How can we shift the focus of politicians and policy makers so that they value social capital alongside more narrow economic outcomes?

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Introduction

About this paper

This paper was originally produced for a sub-committee of Power to Change's Board of Trustees. The Impact Committee, as it is known, holds the Trust to account on whether it and the community businesses it supports are creating a positive impact. Each quarter the committee reviews the evidence against one of the four dimensions of Power to Change's Impact Framework, as published in 2018.

Using data from multiple sources, this paper investigates the degree to which community businesses have an impact on their customers, services users, staff and volunteers, and how they interact with their members and shareholders. This in turn provides a useful discussion of the potential and limits of the community business model.

Through this discussion, the paper also contributes evidence testing several of Power to Change's core hypotheses:

Employability: Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.

Volunteers: Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits.

Social capital (members/shareholders): Community businesses increase bridging social capital by engaging members and/or shareholders in local decision-making through the development of skills and access to information.

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To do this, the paper uses a series of simple questions:

What challenges do community businesses tackle?

▼

Who do community businesses work with?

▼

How do they do it?

▼

What impact do community businesses have on local people?

02

What challenges do community businesses tackle?

What challenges do community businesses tackle?

To understand the impact of community businesses, it is important to first understand the challenges they intend to tackle, why they are important, and who they are working with. Power to Change has identified seven social impacts it believes community businesses contribute to. All of these were pressing issues prior to COVID-19, and in some cases have been worsened as a result of the crisis:

Access to services

Where we live and the availability of local services such as shops, schools, community centres and pubs influences our life outcomes, satisfaction and wellbeing. In deprived areas, basic services can be missing or difficult to access. That is why within the six Empowering Places priority areas, which are all within the 10 per cent most deprived areas in England, residents reported being more dissatisfied with local services compared to similar areas elsewhere (Kantar, 2020). Community businesses are well placed to address this issue, and many seek to use the buildings they manage or own to improve service provision and access for everyone in their community.

Community cohesion

Creating and maintaining connections and trust between people has been shown to be a key factor in improving places. As locally-based, trading organisations with physical assets, community businesses are well placed to improve areas by supporting social capital and promoting greater community cohesion.

Community pride and empowerment

The UK has a persistent democratic deficit. Voter turnout has been falling since the 1950s (House of Commons, 2019) and electoral participation is falling fastest among the young and the least affluent (Gottfried et al., 2013). A key risk of this is that it reduces the incentive for political parties to address their interests. Yet research suggests that empowering initiatives can help people exert some control in their local area, which in turn can improve their wellbeing. As such, community businesses are well placed to address the democratic deficit and boost community pride in the most deprived communities, by enabling local people to have a say and control in how they operate, via community shares and issues. Such forms of participation are an important complement to representation, addressing the deficiencies of formal representation feeling remote for most people.

Employability

While COVID-19 has impacted the whole UK economy, certain sectors have been more affected than others – the retail and hospitality industries for example. It is likely that we will see more pubs and high street shops closing, a trend that was already accelerating before the crisis. Such sectors, which include retail, accommodation, food and administrative services, account for a third of all employment in the UK (ONS, 2019), and an even higher share of employment in areas of deprivation. Yet the jobs they provide are often low wage, lower productivity and less secure (Thompson et al., 2016) and is why nearly two-thirds (63 per cent) of people in poverty can be living in a family where someone works (Social Metrics Commission, 2020). As trading organisations, community businesses are well placed to provide alternative better quality employment, as well as support vulnerable adults and those further away from the jobs market into paid employment elsewhere.

Health and wellbeing

COVID-19 has exposed how place, health and the economy are interlinked. For example, areas along the northern spine of England (including Nottinghamshire and South Yorkshire) were exposed to greater risk because of the clustering of relatively older, more deprived communities (Davenport et al., 2020). Prior to the crisis, mental health problems in the UK workforce cost employers almost £35 billion last year (Centre for Mental Health, 2017). People in the most deprived areas were also more likely to spend around a third of their lives in poor health, twice the proportion spent by those in the least deprived areas (Public Health England, 2018). Meanwhile, priority places were more likely to report lower levels of self-reported health and wellbeing, than similar areas elsewhere (Kantar, 2020). Yet there is extensive evidence that connected and empowered communities promote good health, while more active community involvement can lead to increased life satisfaction and wellbeing (McClean et al., 2020). Enhanced individual agency and feelings of control over one's life have also been found to be key determinants of wellbeing at both the individual and community levels (Marmot, 2020).

Local environment

Our immediate environment can shape our identity and our relationships with others. It can affect who we see each day (Putnam, 2001), the jobs we have access to (Cheshire, 2007), the shops, goods and services we use (Cheshire, 2007), and our health and wellbeing (Public Health England, 2017). Many community businesses form when residents spot an opportunity to improve their local area and environment, and they are well placed to deliver services to improve satisfaction with the local area as a place to live.

Social isolation

Prior to the pandemic, an estimated nine million people in the UK across all adult ages described themselves as either 'always' or 'often' lonely. Loneliness and social isolation are particularly pronounced issues for older people, with two-fifths of all older people saying the television is their main company (Campaign to End Loneliness, 2020). In total, social isolation and loneliness cost the UK economy £2.5 billion a year in lost productivity and staff turnover (Campaign to End Loneliness, 2017). COVID-19 is likely to exacerbate these challenges. With enforced lockdown restrictions and shielding in place, a third of all people said their wellbeing had been affected from being isolated or lonely (ONS, 2020a). Community businesses seek to improve places by reducing social isolation, by providing places and spaces where people can meet and build and strengthen mutual bonds and relationships. This is important – research shows that the absence of social spaces and places to meet compound the effects of deprivation, and deprived areas which lack such social infrastructure also have higher rates of unemployment, ill health and child poverty than other deprived areas (Local Trust, 2019).

Grantees work with a diverse range of people and seek to deliver a wide range of impacts. For example, in 2019, just under two-thirds (63 per cent) of community businesses responding to the annual community business market survey stated they planned to deliver five or more impacts. This is in line with findings in 2018, where 65 per cent planned to deliver five or more (Higton et al., 2019, Diamond et al., 2018). This illustrates an important distinction between the community business model and more traditional, private sector models. Community businesses – like other types of social economy organisations – effectively price in the costs of both the positive and negative externalities they create (i.e. their social and environmental impacts). Many private sector firms externalise the social costs of their operations, which is how we entered the pandemic with more than eight million people experiencing 'in work poverty' (JRF, 2020).

Figure 1: Community businesses' intended social impacts (n=312)

● Personal impact ● Community impact ● Other

85%
reduced social isolation

82%
greater community cohesion

81%
improved health and wellbeing

75%
greater community pride and empowerment

61%
increased employability

41%
better access to basic services

49%
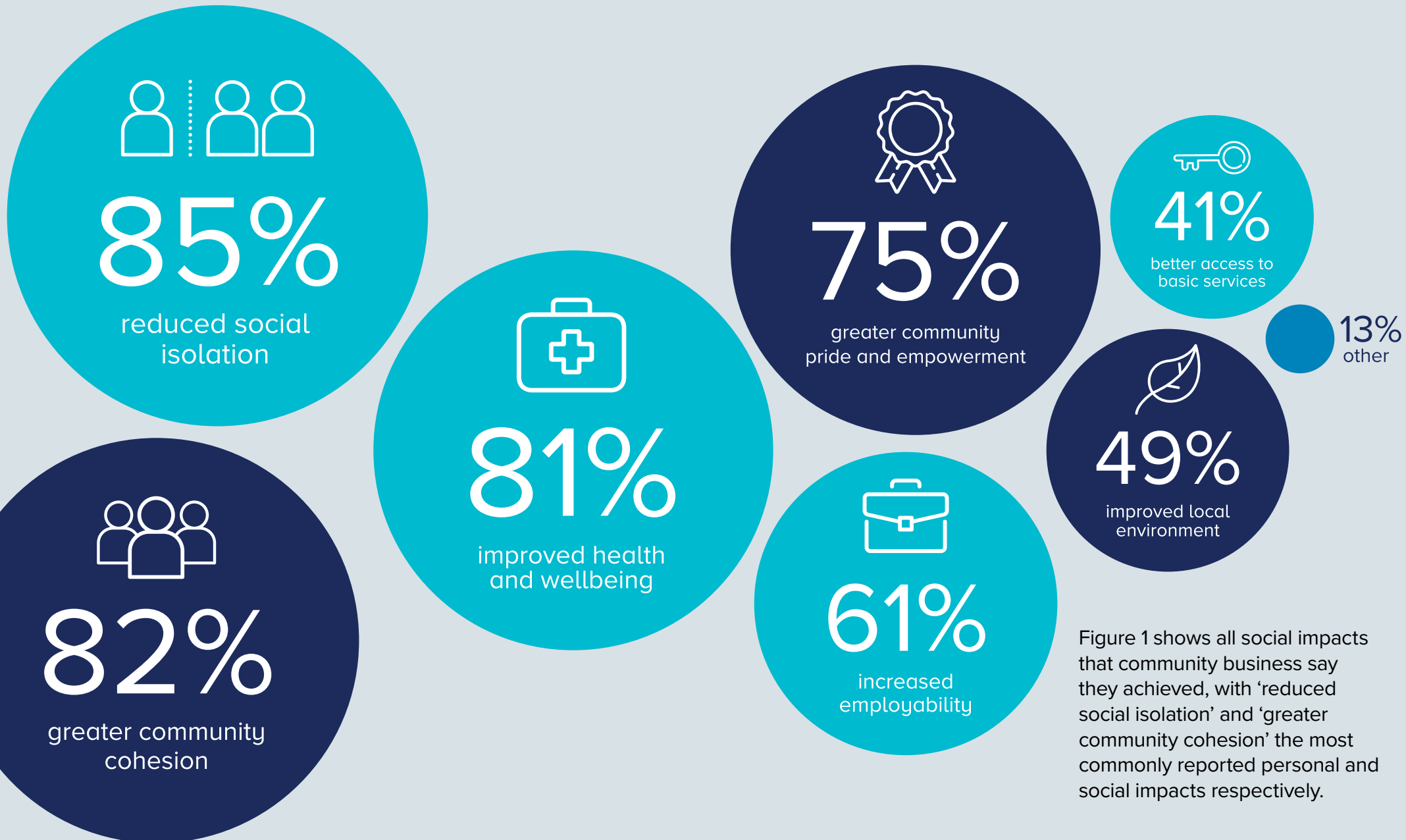improved local environment

13%
other

Figure 1 shows all social impacts that community business say they achieved, with 'reduced social isolation' and 'greater community cohesion' the most commonly reported personal and social impacts respectively.

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Given the diversity of activity, Power to Change grantees are also asked which of their social impacts they consider to be their primary impact. Promoting greater community cohesion remains a high priority focus, as illustrated in Table 1.

Table 1: Primary intended social impacts of Power to Change grantees

Intended social impact	Power to Change grantees (n=1,024)
Greater community cohesion	24%
Improved health and wellbeing	22%
Better access to services	19%
Increased employability	12%
Greater community pride and empowerment	9%
Reduced social isolation	9%
Improved local environment	6%

(January 2015–June 2020; n=1,024)

In summary, community businesses support local and diverse needs, with a strong focus on impacts at both community and individual level.

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03

Who do community businesses work with?

Who do community businesses work with?

Community businesses engage a wide range of stakeholders in a variety of ways. This includes as customers (those purchasing goods or services) and/ or service users (those paying for or freely accessing services, often related to health and social care related activities). National data suggests that the average community business engages more customers than service users (2,444 compared to 1,173), reflecting their focus on revenue generation (Higton et al., 2019). This also highlights an important distinction between where income is drawn from, and where social impact occurs. Overall, 69 per cent of Power to Change grantees work within the 30 per cent most deprived areas, where disposable income to buy non-essentials is typically lower. As such, many community businesses depend on customers coming from outside their immediate neighbourhood.
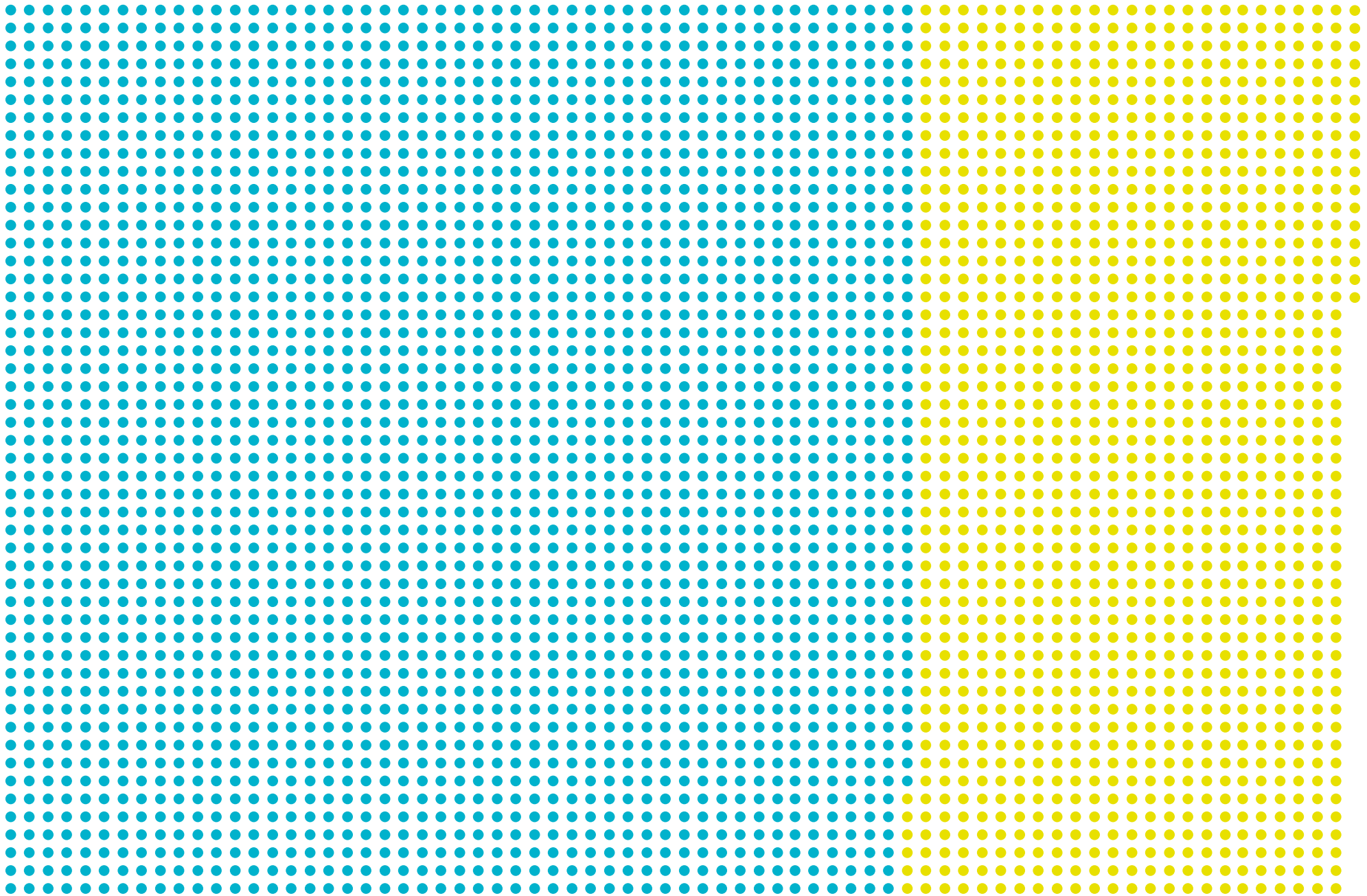
Fig 2: Average customers and service users per community business
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● 2,444 customers   ● 1,173 service users

The total number of people engaged by community businesses varies according to their organisational maturity, sector and location. For example, newer community businesses typically reach fewer customers or service users than more mature organisations. This is illustrated by comparing two Power to Change programmes – Trade Up, which supports earlier-stage community businesses, and the Community Business Fund, which typically supports more mature ones. Comparisons suggest that more mature community businesses engage a greater number of people on a monthly basis than earlier-stage community businesses do in a year (Litchfield et al., 2020).

Table 2: Number of people engaged by community businesses

	Early-stage community businesses – people engaged within a 12-month period (n=117)	Mature community businesses – people engaged per month (n=156)
Total	667,502	438,470
Mean	5,705	2,811
Median	800	1,007

Yet even within these categories there are distinctions, with some organisations opting for broad engagement, while others opt for narrower reach but deeper, more intensive engagement (Litchfield et al., 2020). Table 3 illustrates that for earlier-stage community businesses, 55 per cent engage 1,000 people or fewer, whereas 61 per cent of mature community businesses engage between 1,000 and 6,000 people.

Table 3: Number of beneficiaries engaged, by development stage of community business

Number of beneficiaries engaged	Early-stage community businesses – engagement within a 12-month period	Mature community businesses – engagement per month
Fewer than 250	24%	12%
251–500	12%	14%
501–1,000	19%	24%
1,001–3,000	21%	24%
3,001–6,000	9%	13%
6,001–12,000	6%	10%
12,001+	10%	3%

The social impact of many community businesses is localised. The evaluation of the Community Business Fund shows that despite engaging a large number of people, a high proportion of those are from their local community. On average, 85 per cent of customers or service users are from the local area. This reinforces the point that most community businesses trade within a small catchment area, and prefer more intensive engagement over wide outreach.

The people supported by community businesses are diverse and varied. At application, grantees can specify more than one type of beneficiary group. Analysis of the application data shows:
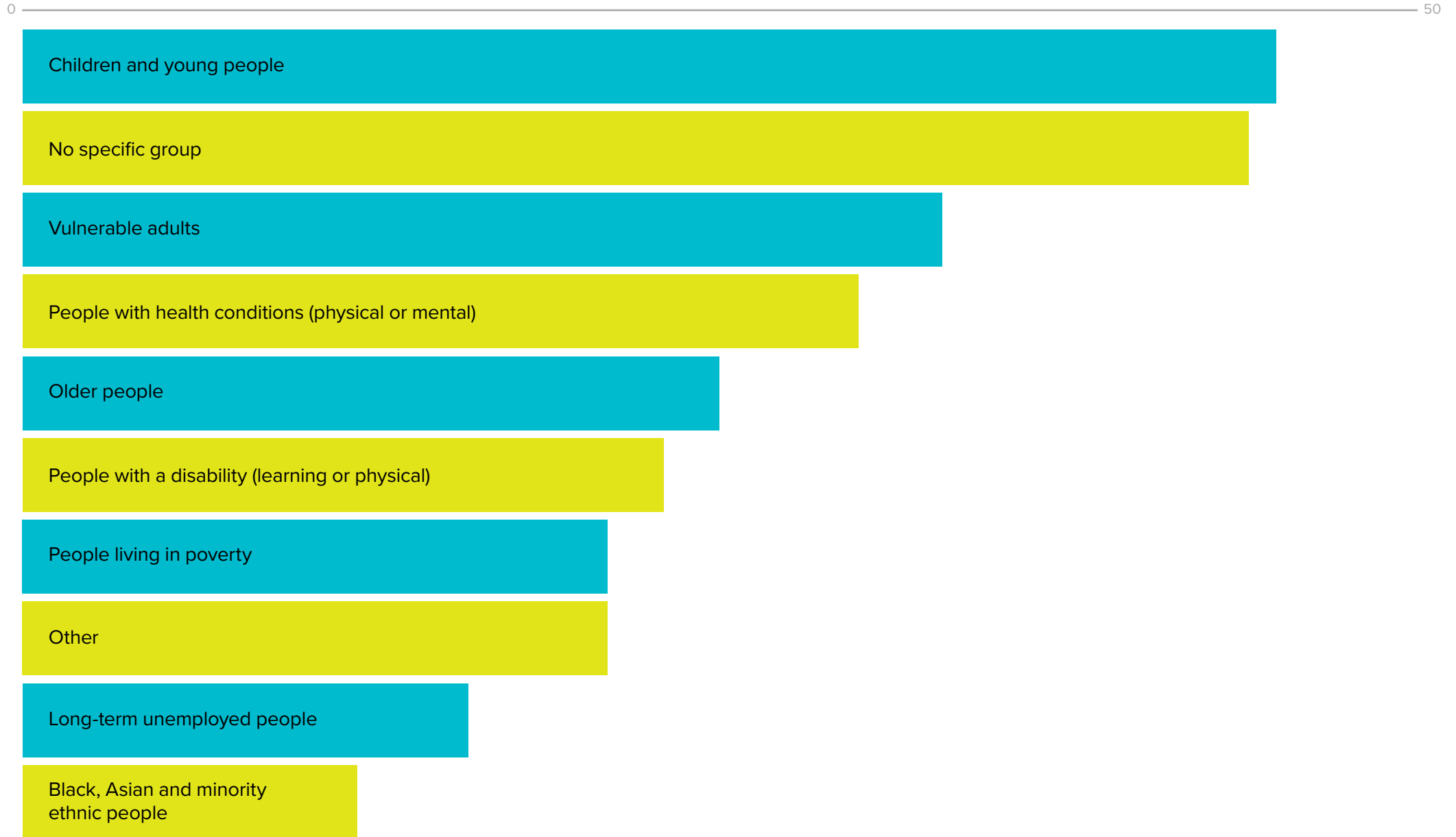
- almost half of Power to Change grantees work with children and young people

- a similar proportion work with 'no specific group', reflecting the open nature of trading businesses and their ambitions to support the whole community

- around a third also identified 'people with health conditions (physical or mental)' and 'vulnerable adults' as potential beneficiaries of their work – the latter group includes ex-offenders, homeless

people and people with addiction issues

- a quarter of grantees now work with 'older people', representing a considerable increase over the past two years

- only 12 per cent of grantees have been focused on working with Black, Asian and minority ethnic (BAME) communities to date.

The intensity and extent to which they work with these groups will vary. For example, some community businesses will provide dedicated childcare facilities throughout the year, while others may run one-off events, such as a summer playscheme.

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Figure 3: Community business beneficiaries (application data January 2015–June 2020; n=1,081) [1]

0		50

Children and young people

No specific group

Vulnerable adults

People with health conditions (physical or mental)

Older people

People with a disability (learning or physical)

People living in poverty

Other

Long-term unemployed people

Black, Asian and minority ethnic people

[1] Represent distinct organisations. Each organisation could select more than one option.

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Grantees seek to help these groups in different ways, recognising their unique challenges. For the beneficiary groups highlighted, the most common challenges being addressed are:

- **Children and young people**: 31 per cent of grantees working with children and young people aim to improve their health and wellbeing. This is the most common intended impact at application.

- **No specific group**: grantees that say they do not target a specific group are most likely to specify their intended impact as greater community cohesion (35 per cent), followed by providing better access to services (27 per cent). This reinforces both their openness as trading businesses as well as the fact many operate within areas of deprivation, with long-standing issues such as access to services.

- **Vulnerable adults**: for a group which includes ex-offenders, homeless people and people with addiction issues, it is unsurprising that the most commonly intended impact is improving their employability (30 per cent).

- **People with health conditions**: 50 per cent of grantees working with people with a physical or mental health condition aim to

improve their health and wellbeing.

- **Older people**: improving health and wellbeing is also the most commonly intended impact for those working with older people (31 per cent). Reducing social isolation is also a focus for 10 per cent of grantees working with older people.

Table 4: Intended impact within each beneficiary type (application data January 2015–June 2020; n=1,081) [2]

Beneficiary

Intended impact	People from Black, Asian and minority ethnic communities	Older people	Long-term unemployed people	People with a disability (learning or physical)	People with health conditions (physical or mental)	Children and young people	People living in poverty	Vulnerable adults	No specific group	Other
Better access to services	11%	11%	16%	4%	17%	11%	10%	3%	27%	0%
Greater community cohesion	16%	22%	16%	19%	13%	25%	19%	17%	35%	14%
Greater community pride and empowerment	14%	8%	0%	9%	0%	7%	15%	18%	7%	0%
Improved health and wellbeing	29%	31%	36%	34%	50%	31%	30%	20%	11%	29%
Improved local environment	5%	2%	0%	1%	0%	4%	2%	2%	8%	0%
Increased employability	20%	15%	16%	25%	4%	18%	19%	30%	8%	14%
Reduced social isolation	4%	10%	16%	8%	17%	6%	6%	10%	4%	43%

2   Based on total number of responses per beneficiary type. Each column adds up to 100 per cent.

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04

How do they do it?

How do they do it?

Having established the various challenges community businesses tackle and the diverse beneficiaries they aim to support, it is necessary to consider how they create impact before evaluating that impact. This can be summarised as improving employability, mobilising communities and putting communities in charge.

Improving employability

The COVID-19 pandemic has negatively affected many areas of the economy. In April 2020 GDP fell by 20.4 per cent (ONS, 2020b) while the number of people claiming out-of-work benefits doubled between March and June 2020, hitting a peak of 2.6 million (ONS, 2020c). Those in lower-paid jobs are also more likely to have been furloughed, lost hours and pay or lost their job (Resolution Foundation, 2020).

Community businesses have not been immune from the economic impacts of COVID-19. An ethnographic study of 17 community businesses found that almost all needed to furlough their staff, and most made some changes to staff structures (e.g. reducing hours, reducing the number of volunteers). A large majority of businesses also had staff or volunteers in the vulnerable/shielding category (Institute of Community Studies, 2020). However, as businesses which operate in some of the most deprived areas in England, community businesses are in a good position to support the recovery.

Community businesses are typically small or medium-sized enterprises (SMEs) and are unlikely to create a huge volume of jobs. To put this into context, 96 per cent of all UK businesses have no more than nine employees (Rhodes and Ward, 2020). Yet community businesses are more likely to create jobs than other types of third sector organisations (Chapman, 2020) and they typically provide stable employment in areas of high deprivation and/or unemployment. In turn, their staff are central to their success and impact (Heap et al., 2019; Davies et al., 2017b).

There are an estimated 33,900 people employed within the community business sector in England (Higton et al., 2019). The skills of staff affect the social impact created. Some interventions – such as dance, yoga or in public health – require specialist skills. These interventions in turn have a positive impact on people's health and wellbeing (Miller, 2019). Paid staff also provide subject knowledge and sector expertise. For a sector like housing, employment and skills development are an important part of their social impact (Miller, 2019) and have played a key role in community businesses' response to the COVID-19 crisis.

Across the sector there are, on average, around 15 employees per business (14 (Higton et al., 2019); 15 (Power to Change Research Institute, 2019)). Community business employees may be more likely to work part-time, as over half of all staff are employed on this basis (2019, 64 per cent; 2018, 55 per cent) (Higton et al., 2019). Following a grant from Power to Change, the number of part-time staff typically increases by one. This new post is most likely to held by a local person (Litchfield et al., 2019).

While many community businesses have a small staff team, they are deeply embedded in their local areas, particularly through their leaders, employees and volunteers (Swersky and Plunkett, 2015; Buckley et al., 2017; Heap et al., 2019; Kotecha et al., 2017). As the emphasis is local, leaders benefit from holding a shared vision for the business and maintaining effective relationships with each other and the workforce (Davies et al., 2017b; Davies et al., 2017a; Buckley et al., 2017). Evaluation of Power to Change grant programmes suggests that 88 per cent of staff in early-stage community businesses, and 71 per cent in mature community businesses, are from the local area (Litchfield et al., 2020). This is a unique feature of community business.

Evidence shows that only 21 per cent of social enterprises are operating at a neighbourhood or local level, with most operating across, and recruiting their staff from, the wider local authority area (SEUK, 2020).

As small organisations, community businesses face challenges that all small businesses face in terms of fluctuating income and limited resources. COVID-19 has exacerbated these issues for some.

Frontline community business staff have used their knowledge of local families and creatively responded to the challenge of helping children engage and learn. Here, a community business staff member is hosting a 'Jungle day' to support children struggling with their home schooling, dressing up to take part in geography and environment-themed lessons (Institute for Community Studies, 2020).

Homebaked – navigating the crisis [3]

Homebaked is a community-owned bakery opposite Liverpool Football Club in Anfield and, like most community businesses, found its income streams drying up at the same time as social need was increasing.

The bakery normally employs 20 people on fixed-hours contracts that suit their personal circumstances, and over 70 per cent of the team live within walking distance. The majority joined after volunteering. Yet Homebaked makes most of its income from match day sales, and revenue dried up when crowds were barred from the football stadium. As a result they placed three-quarters of their staff on furlough, with just five of the 20-strong team remaining on site.

The remaining Homebaked team continued working, sending out 50–70 loaves of fresh bread daily to local food banks, and helping the most vulnerable to eat affordable, healthy food. They also introduced a successful 'pay it forward'/donation option to provide pies for foodbank volunteers and local NHS operations, and have slowly re-opened to provide a takeaway service, bringing more of their staff back into work.

[3] For further reading, see: https://ftalphaville.ft.com/2020/04/01/1585737203000/Why-an-Anfield-bakery-thinks-they-can-emerge-stronger/#comments

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Despite such constraints, previous research on the working conditions in smaller businesses (Croucher et al., 2013) has shown how many offer decent maternity protection (Lewis et al., 2014) and pay the living wage (Werner, 2016), in ways that also contribute to the sustainability of the business. Middlesex University was awarded a research grant by Power to Change in late 2019 to further explore what 'good work' looks like in community businesses. Its initial investigations have found that many community businesses are supporting the Real Living Wage and are motivated to provide good working conditions – meaningful work does not have to be at the price of decent work conditions.

This provides cause for optimism as the economic impacts of COVID-19 take hold. Not only are community businesses based within communities most likely to be hardest hit, but they have already demonstrated that they can engage those traditionally excluded or furthest away from the labour market, and provide them with good work. Given the job insecurity and high degree of 'in work' poverty observed as the country entered the pandemic (JRF, 2020), as well as the observed links between good work and improved health and wellbeing (James et al., 2017), this is an important impact.

Mobilising communities

Over a third (36 per cent) of UK residents formally volunteered (with a group, club or organisation) at least once in 2018/19. Yet activity varies by socio-economic status, and among those living in the most deprived areas of England, only 14 per cent were involved in formal volunteering regularly, compared with 29 per cent in the least deprived (NCVO, 2020). The COVID-19 pandemic has contributed to an upswell in informal volunteering, with more than 4,000 Mutual Aid groups spontaneously emerging, and an estimated 10 million people volunteering during lockdown (Legal and General, 2020).

Existing community networks, such as those facilitated by community businesses, have proved significant for the development of some Mutual Aid groups (Tiratelli and Kaye, 2020), and levels of social capital – the networks and relationships that hold communities together – have proved important for their emergence. While not to diminish how widespread the community-level response to the crisis has been, there is evidence that Mutual Aid groups were more likely to emerge in areas with higher disposable household incomes, residents with undergraduate or higher degrees, as well as higher wellbeing measures such as happiness and life satisfaction (Felici, 2020).

This provides important context to the work of community businesses. Many are based within the most deprived communities facing multiple barriers to participation, and they are there permanently (unlike many temporary Mutual Aid groups). Figures from 2016 for the six Empowering Places priority areas show how five of these areas had lower levels of volunteering than the national average for England.

The impact of community businesses on people: September 2020

"On a personal, and community business level, the pandemic has demonstrated the importance of community, neighbours and friends and local businesses in a way that needed to happen and hasn't happened for decades. I hope it will be possible to translate this enthusiasm into community action."

Community hub

Table 5: Volunteering rate in six priority places (2016) [4]

	England	Hartlepool	North East Lincolnshire	Leicester	Plymouth	Wigan	Bradford
Volunteering	15%	11%	12%	13%	17%	13%	13%

Yet activity started to rise in 2017, with only two areas below the national average, and four at or above.

Table 6: Volunteering rate in six priority places (2017) [5]

	England	Hartlepool	North East Lincolnshire	Leicester	Plymouth	Wigan	Bradford
Volunteering	14% ▼	13% ▲	16% ▲	11% ▼	17%	14% ▲	18% ▲

Volunteers play a key role in community businesses. There are an estimated 205,600 volunteers within community businesses in England (Higton et al., 2019).

The impact of community businesses on people: September 2020

The average number of volunteers per business is around 30 (27 (Power to Change Research Institute, 2019); 32 (Higton et al., 2019)). Recent estimates suggest these volunteers provide between 15.5 and 18 million hours of time every year. This time is worth £210¬–250 million each year, or the equivalent of £24,000–£27,000 on average for each community business (Nicol, 2020). Following a grant from Power to Change, 41 per cent of mature community businesses reported an increase in volunteers. Following the lockdown triggered by the COVID-19 pandemic, 10 per cent of community businesses reported an increase in community support, while six per cent reported an increase in volunteers (Higton et al., 2020).

Volunteers are typically involved in community businesses from the outset, and their involvement during the earliest stages of a business can be vital to success (Richards et al., 2018a; Davies et al., 2017b; Richards et al., 2018b). Volunteers cover a wide range of roles and typically engage in the same types of activities as employees (Higton et al., 2019; Plunkett Foundation, 2019), including inputting into decision-making (Kotecha et al., 2017). Voluntary labour is only one way community businesses use volunteers, though it allows them to maximise the values of their assets. It also enables them to keep their cost base down and deliver activities which contribute to their social impact but

otherwise do not generate income (e.g. grounds maintenance and youth mentoring) (Miller, 2019). However, community businesses are less reliant on volunteers than other third sector organisations, which on average have fewer employees – 73 per cent of community businesses rely mainly on regular volunteers compared to 83 per cent of general third sector organisations (Chapman, 2020).

Prior to the COVID-19 pandemic, most volunteers within community businesses were older (aged 45 and over) and female. This is linked to life-stage and paid employment patterns. Secondary evidence suggests women and older people are less likely to be engaged in full-time paid employment, and thus more likely to volunteer (Miller, 2019).

Most volunteers (83 per cent) live in the area local to their community business (Dunn et al., 2016). This is typical as it helps to ensure the businesses are rooted in and engage with the local community (Swersky and Plunkett, 2015; Gilbert, 2016; Richards et al., 2018a; Scott and Probert, 2018). For some businesses, former beneficiaries of the service go on to become volunteers (Richards et al., 2018b). In exchange for an individual's time, volunteering opportunities can provide an increase in confidence, skills and expertise which can help increase employability (Bailey et al., 2018). In addition, some community businesses specifically recruit volunteers who may be farther from the labour market (Bailey et al., 2018). This may be to support the local area by increasing skills.

In addition to activating local volunteers, through the Empowering Places programme, several community businesses are also using community organising as an approach to encourage local people to act on common concerns.
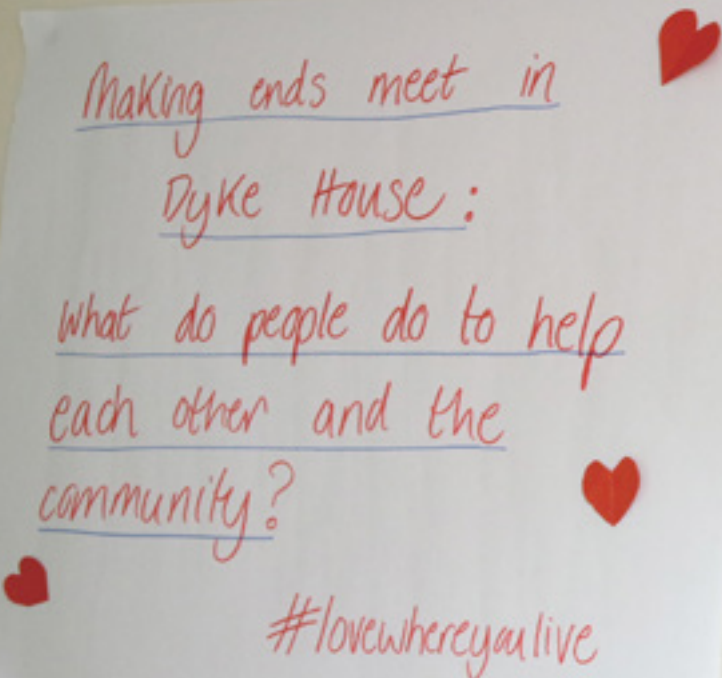
The intention is that through listening to local people and connecting them to others in their community, new community business ideas could emerge to address local issues. Community organising is an effective and well-evidenced tool of community engagement and grassroots-led change. It has been an important feature of the approach catalysts use in strengthening communities and building resilience locally, which could have long-term positive effects. Its effectiveness as a tool to catalyse community business is as yet unclear: it represents an indirect route to achieving this goal but may yet prove to be effective as a long-term method of inspiring change (O'Flynn and Thornton, 2020).

Community organising is an effective and well-evidenced tool of community engagement and grassroots-led change.

Hartlepool Community Organisers

Over the past five years The Wharton Trust has transformed itself and its relationship with local residents through community organising – no longer 'doing for' but 'doing with'.

By taking an organising approach, many thousands of listening sessions have generated activity and there has been a real desire in the local community to work together and commit to social action. This cultural shift has seen local people adopting flowerbeds, challenging anti-social behaviour and taking direct action.

Making ends meet in Dyke House: what do people do to help each other and the community? #lovewhereyoulive

Community businesses have also played a key facilitating role in coordinating volunteer activity during the emergency response to the COVID-19 pandemic.

"We put systems in place that ensured we were able to have staff and volunteers available to collect prescriptions, undertake shopping and maintain contact through regular phone calls. This has been very successful and helped us to stay in touch with people as well as enabling people to understand that we are still available to help."

Community hub

Many repurposed their buildings and assets, adapted their services and increased their local network of community organisations to support their communities through the crisis. This included coordinating and mobilising the upswell in volunteers to support those most in need (Institute for Community Studies, 2020).

However, many community businesses also faced challenges in mobilising their existing volunteers. Previous analysis suggests community business volunteers are typically older, and 24 per cent of all male volunteers are aged 65 and over (Miller, 2019). COVID-19 posed a heightened risk to elderly volunteers, many of whom had to shield, limiting the capacity of community businesses to respond to the crisis (Institute for Community Studies, 2020; Trier, 2020).

"Volunteers – they are mostly of an age that makes social distancing very important. We are working closely with them both to keep them informed … and to see how we can allow safe volunteering to start once more."

Arts centre

"When the pandemic hit us it suddenly became apparent that we would have to change a lot to enable us to continue supporting our community … We turned our hall over to the main foodbank … and it soon became apparent that access to food was going to become a major issue. Also the need to keep two metres apart has become a way of life for us all which is clearly marked now within our building."

**Community hub (Institute for Community Studies, 2020)**

Putting communities in charge

Many community businesses are focused on improving community cohesion in their local area, which typically refers to the levels of understanding and mutual trust between different groups (Cantle, 2001). Many commentators often align community cohesion with the presence and strength of 'social capital', and this is an important concept for thinking about how community businesses work with individuals to create better places. The concept of social capital complements the concept of economic capital – typically the money you have access to – and it refers to the networks of relationships between individuals, built on mutual trust, understanding and reciprocity (Putnam, 2001). An individual with a large network, on which they can call for favours, is said to have good levels of social capital. It has been argued that, when considered across many people, these norms and networks can facilitate collective action (Woolcock, 2001).

Social capital is typically seen as taking one of three forms:
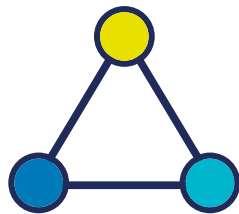
Bonding capital: this develops within a group of people who often share similar interests or backgrounds, and binds that group or organisation together.
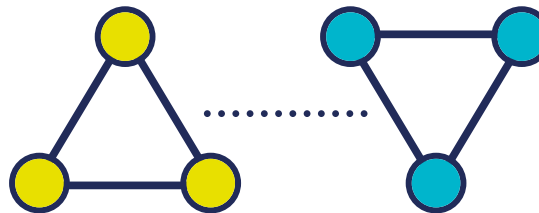
Bridging capital: this enables groups or organisations to reach out and network with other groups and organisations that are not the same as them.

Linking capital: this connects communities to political decision-making, and relates to the capacity to lever resources, ideas and information from formal institutions beyond the community (e.g. local authorities and grant funders) (Kay, 2005).

The impact of community businesses on people: September 2020

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While the concept is long-established, its importance is increasingly gaining recognition amongst policymakers. Andy Haldane, Chief Economist at the Bank of England, argues that our ability to nurture and develop our individual and collective social capital will be key to the recovery from the COVID-19 pandemic (Haldane, 2020). Social capital was already 'recognised as a driver for economic growth and as a facilitator for a variety of improvements for individual and wider community wellbeing' (ONS, 2017). As this paper demonstrates, it can therefore play a key role in individual level improvements, such as improving health outcomes and reducing isolation. The next Impact Committee paper will focus on its role in improving outcomes at community level.

The formation of most community businesses requires the presence of strong 'bonding' social capital (CLES, 2019). This develops within a group of people and binds that group or organisation together (Putnam, 2001). In the case of community businesses, it is typically when local residents come together on the basis of a shared interest or challenge (Litchfield et al., 2020).[6]

It is important for community businesses to generate buy-in – not just from staff and volunteers, but the whole local community.

It can only happen through positive action, is a two-way relationship and demonstrates the business's accountability to the community, partners and funders. It can take many forms.

Communities which are more 'community-oriented' are most likely to start community businesses, and the local support should make the venture a success.

Recent research into success factors for community businesses found that engagement from the community is a common enabler (84 per cent listed it) and for community hubs it is key (Richards et al., 2018a). This implies that community businesses also facilitate 'bridging' social capital between people, which enable them to reach out and network with others unlike themselves (Putnam, 2001). There is some evidence to support this.

There is a high concentration of community businesses in South Liverpool, for example, with evidence that many are able to attract and mobilise additional skills and resources from outside their local area, particularly in terms of the staff they employ (CLES, 2019).

While mixing between local areas facilitates the development of bridging capital, it also facilitates 'linking capital', as community business staff bring in resources from infrastructure bodies, the local authority and funders (CLES, 2019). However, at this stage there is not enough evidence to categorically confirm or disprove the hypothesis that most community businesses improve an *individual's* bridging capital.

However, there is sufficient evidence that community businesses are good at collaborating with, and building networks between, other local organisations. Community businesses foster a range of partnerships with other organisations to help them achieve their social aims. These relationships could be with other community businesses, with official bodies such as their local authority or with their community. These are collaborative and reciprocal relationships, distinct from other connections such as funder–grantee interactions (Byrne et al., 2020). This ability has been most evident during the COVID-19 pandemic, with strategic partnerships between local government and community organisations spontaneously emerging to address local need and support the most vulnerable (Alakeson and Brett, 2020). While there is some evidence that this was more likely to happen in more progressive local authority areas (Tiratelli and Kaye, 2020), this presents a new context in which to

accelerate the movement of community power embodied by community businesses.

The average community business has more than 200 formal members (Higton et al., 2019). An overview of the distribution of members and shareholders indicates that community businesses tend to engage members more often (71 per cent) in their activities than they do shareholders (28 per cent), and involve more of the former than the latter on average (203 versus 49).

The incorporation of more members than shareholders in business models could be an indicator of the value they place on achieving social objectives rather than a return on investment for shareholders (Higton et al., 2019). The State of Social Enterprise Survey 2019 shows a fifth (21 per cent) of social enterprises generate income through their members, and this could be an effective approach for community businesses to adopt in order to grow if they are not doing so already (SEUK, 2020).

One reason that community businesses with

an engaged community are more successful is that they can rely on the community to help them, particularly when:

- the business wants to raise community shares

- it needs support to complete an asset transfer

- there is an ongoing need for a regular base of customers and volunteers.

By raising awareness in the community and building on the sense of community ownership, they were more likely to be able to rely on the support of community volunteers or customers (Litchfield et al., 2020).

Community engagement is also key for the resilience of those businesses to whom local authorities transfer ownership or management of an asset, and examples from two sectors reveal just how crucial community buy-in can be for success. The business model for community pubs, for instance, depends on local community customers for income (Davies et al., 2017b), and community buy-in is essential in the community housing sector, if opposition to planning applications is to be minimised so that work can progress smoothly (Davies et al., 2017a).

In practice, accountability is delivered not only through formal governance and meetings, but also through dialogue and communication such as consultation and social media. It is important for businesses to be able to demonstrate that effectively, particularly to funders (Buckley et al., 2017).

Four critical indicators of successful accountability are:

- connection to the community

- engagement and knowledgeable leadership and governance

- alignment with local partners and initiatives

- working with the community when the business is in difficulty.

This engagement is not an end in itself. There is a range of evidence from previous place-based interventions that putting communities in charge can improve outcomes for those communities. For instance, greater participation in local decision-making has been shown to steer decisions towards addressing community needs and allowing local groups to achieve their goals, as well as reducing social isolation (Ipsos Mori/NEF, 2015).

The impact of community businesses on people: September 2020

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What impact do community businesses have on local people?

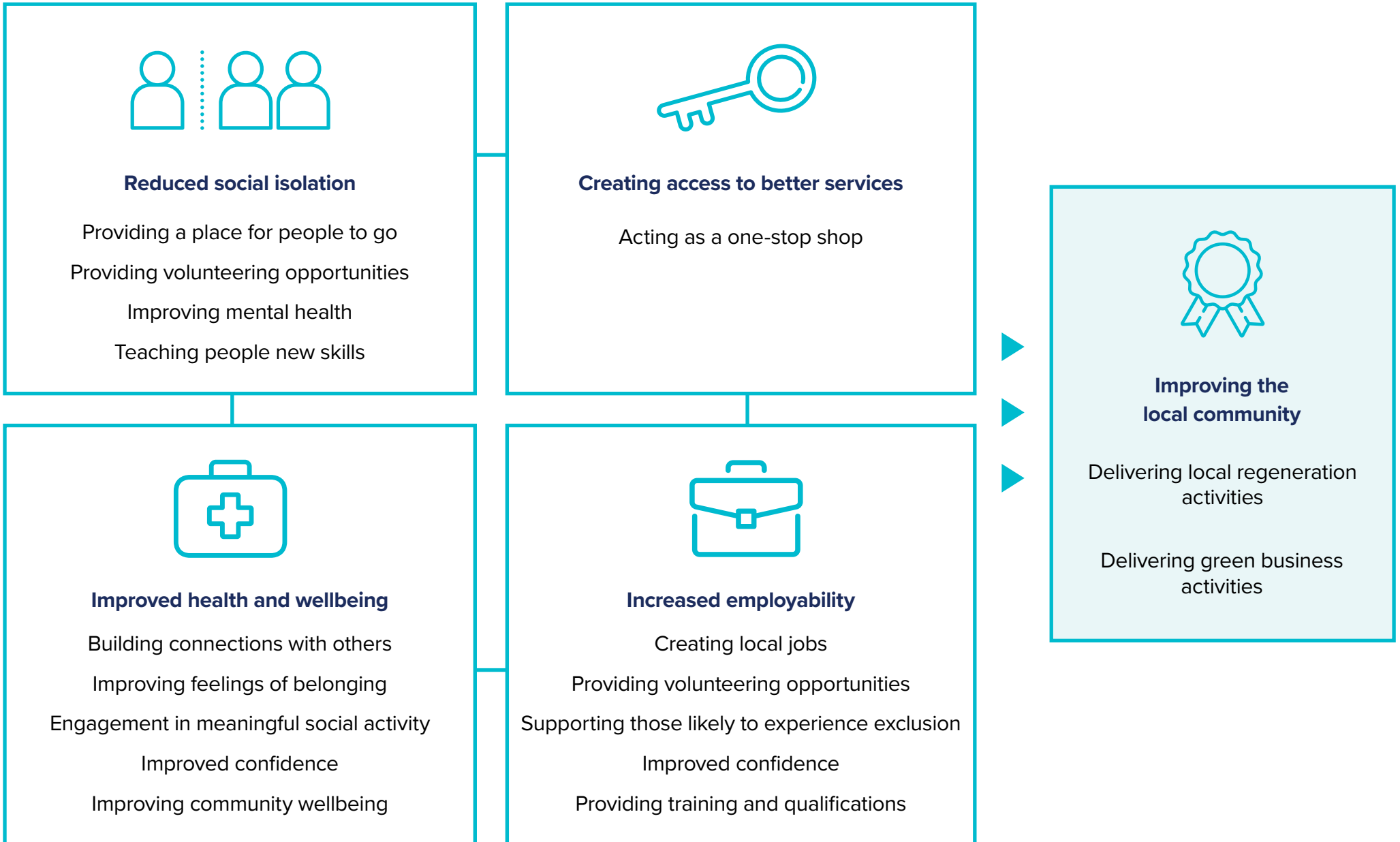# What impact do community businesses have on local people?

The local and dynamic nature of community businesses means they work with a varied and broad range of people, delivering numerous services to address a plethora of challenges. As earlier analysis highlighted, two-thirds planned to deliver five or more impacts. Rarely are the outcomes and impact they achieve mutually exclusive.

There is evidence to suggest that success in improving local people's lives is linked to taking an approach that tackles multiple aspects of a local area — for example, working to improve the economic base (production/supply chains), supporting people (unemployed and socially disadvantaged) and improving the physical surroundings (infrastructure, housing and environment) (Tyler et al., 2019). Even seemingly simple interventions can generate multiple outcomes. For instance, in low income areas community-led housing can provide volunteering, education or training opportunities, generate higher satisfaction with the local area and housing, greater community cohesion, as well as empowerment through participation in projects (CRESR and JRF, 2016).

Despite these blended outcomes, there are several significant examples of social impact which tally with Power to Change's seven priority impact areas. These are summarised in Figure 4, and then explored in detail.

Fig 4. overview of community business impacts on people

Reduced social isolation

Providing a place for people to go

Providing volunteering opportunities

Improving mental health

Teaching people new skills

Creating access to better services

Acting as a one-stop shop

Improved health and wellbeing

Building connections with others

Improving feelings of belonging

Engagement in meaningful social activity

Improved confidence

Improving community wellbeing

Increased employability

Creating local jobs

Providing volunteering opportunities

Supporting those likely to experience exclusion

Improved confidence

Providing training and qualifications

Improving the local community

Delivering local regeneration activities

Delivering green business activities

The impact of community businesses on people: September 2020

Reduced social isolation

The highly relational and person-centred nature of community businesses is most evident in their ability to reduce social isolation. Community businesses provide a safe and welcoming environment for people to enjoy and meet others. This might be through providing volunteering opportunities, targeted activities or simply a space to sit and have a chat. Those making use of community businesses voiced how they had been at risk of, or experiencing, social isolation and the impact of the community business in reducing feelings of loneliness and isolation (Litchfield et al., 2020). Allied to this, the majority (79 per cent) of community businesses in northern England feel they make a 'strong' or 'good' contribution to reducing social isolation. This is much higher than comparative third sector organisations (Chapman, 2020). This is likely the result of organisations specifically targeting their activities at reducing social isolation and loneliness, as many see the need for this in their communities (Litchfield et al., 2020).

During evaluation of several Power to Change programmes, the researchers have observed that community businesses often attract people who otherwise feel disconnected from society. They serve as places where beneficiaries can use the space to learn new skills and access services, either directly delivered by the business, or by other community groups using space provided by the community business. For some people, the activities they have taken part in through the community business have been deeply meaningful.

People who were at risk of isolation and experiencing poor mental health appreciated the opportunity to be around others, and some described the people in the community business as family. For those that were retired it gave them a chance to relieve their *boredom and do something* meaningful. This links back to an important feature of community business – many aim to be 'open to all' and open up their spaces in a way many other forms of social infrastructure don't (e.g. to access some community-level services, individuals may require a referral from a statutory agency).

"It's been life changing!"

Volunteer

The openness of community businesses is therefore a key feature of their social impact.

These positive benefits can be experienced by volunteers as well as beneficiaries. For example, one volunteer revealed that she had recently experienced a relationship breakdown and was suffering from alcoholism. Consequently, she had lost her family and friends and felt very lonely. Volunteering at the community business gave her somewhere to go where she felt welcome (Litchfield et al., 2020).

Improved health and wellbeing

People living in the most deprived areas of England have borne the brunt of the COVID-19 pandemic, and are twice as likely to die from it than those in the least deprived (ONS, 2020d). Health inequalities had already been worsening prior to the pandemic, with a widening gap between the north and south of England and declining life expectancy among women living in the poorest communities (Marmot et al., 2020). Before the crisis, a girl born in the least deprived decile could expect to live about 70 years in good health. A girl born in the most deprived decile could only expect to live 52 years in good health – an 18-year disparity (Finch, 2020). COVID-19 has exposed these health inequalities and threatens to make them worse.

The impact of community businesses on people:

How to reduce these inequalities has been the subject of debate, with ideas ranging from pollution taxes to better provision of information (Finch, 2020). Recently, there has been significant interest in the idea that welfare can be re-organised along more relational lines, with social entrepreneurs such as Hilary Cottam arguing for the benefits of a more human-centred, community-level approach. 'When people feel supported by strong relationships, change happens. And when we make collaboration and connection feel simple and easy, people want to join in' (Cottam, 2020).

"I can come and sit alone and chat to anyone."

Beneficiary

"It's just about everything I've got at the minute. It's Thursday and some mornings I think, you know you look out and think 'shall I go?'. But I get here and I'm glad that I've come because it's always, always pleasant. For me it's everything right now."

Volunteer

This idea had already gained some traction with healthcare leaders prior to the pandemic[7] and is likely to receive further attention following the collective response to it.

Community businesses are well placed to capitalise on this moment, and present themselves as part of the solution to the entrenched inequalities that neither the state nor free market alone are able to address. Community businesses act as a source of support for those who are experiencing poor health, including mental health. A comprehensive review (McClean et al., 2019) of health and social care community businesses suggested that improving social connectedness is a core feature of community business approaches to health and social care, from which other positive health and social care outcomes often derive. These include an improvement in social participation and alleviating social isolation in specific community-related activities, and the broader impact this has on social connectedness (social capital), feelings of belonging (social integration), a decline in feelings of loneliness, and engagement in meaningful social activity. This is why 81 per cent of community businesses in northern England report making a 'strong' or 'good' contribution to improving health and wellbeing (Chapman, 2020).

As a result of their involvement with the community business, many people also described having more confidence and improved wellbeing. Others highlighted the role that the community business played in supporting them to progress in their personal life and develop valuable relationships with others (Litchfield et al., 2020).

"Then I heard that they do a soup day so I started coming here and it's got me out more, I've got my confidence back. I'm in a flat now. I try and do my best to volunteer here as much as I can and help [staff member] in the garden. Things are just falling back into place now, I'm closer to being back on my feet, close to getting back into work now. I'll be happy."

Volunteer

In addition to supporting individuals, community businesses also improve community wellbeing. They do this in three ways:

1. **Putting communities in charge:** Engagement with the local community is vital to community businesses' success, allowing businesses to adapt and shift to meet local needs. Outside of the services they run, these businesses provide opportunities for local people to get involved. This could be as a customer or beneficiary, as a volunteer or a member of staff. Getting involved can reduce social isolation and enhance social relations.

2. **Developing skills:** Community businesses are great at focusing on developing the skills of local people. This often leads to increased confidence in communities – improving individual wellbeing and employment prospects which lead to a stronger local economy.

3. **Strengthening social infrastructure:** Community businesses operate services or premises which are often not commercially viable. These services provide vital lifelines to communities. Through strengthening social infrastructure in this way, community businesses work to improve local neighbourhood environments, making them better places to live.

These processes reflect the values found at the heart of community businesses. The combination of these activities means community businesses contribute to a number of improvements at a local level (Bagnall et al., 2020), including:

- community involvement

- enhanced neighbourhood environment

- enhanced social relations

- reduced social isolation.

The impact of community businesses on people: September 2020

Better access to services

Community businesses create better access to a range of services for their local community. Some Power to Change grantees only exist because local people were motivated to set one up after discovering that their only shop, post office or other local facility was closing.

These community businesses are often used as a 'one-stop shop' or 'community hub' providing crucial services such as a post office, shop or café. Sometimes they are used to hold important community meetings, as a food delivery service, or even as a contact point for community members in need.

Community businesses sometimes provide services over and above 'basic' provision, for example drug and alcohol support services, housing support and other specialist services (Litchfield et al., 2020).

Many community businesses (46 per cent) moved services online as a result of COVID-19, and 41 per cent say they have discovered new ways of engaging customers or delivering products/services as a result of the crisis (Higton et al., 2020).

Examples of how community businesses have adapted their services include:

- **Food delivery boxes**: community hubs, community shops, community pubs and food production community businesses are some of the types of businesses that created a food delivery service.

- **Takeaway service**: some community pubs and cafés switched to a takeaway service.

- **Community shop**: some community businesses that were not community shops created a shop with essential products for their community to buy. These included pubs and community hubs (Litchfield, 2020).

Others found their activities less affected by the lockdown, particularly those delivering local authority commissioned services like health and social care, education (particularly for vulnerable people) and youth services (particularly for vulnerable young people) (Litchfield, 2020).

"I think it has created a social place for people to meet, it has created a pride in what we have achieved. It provides vital services ..."

Bright Ideas grantee

"With the Start Network, you can call and just get someone to help you. I had someone come and do hoovering, sometimes they take you to the hospital."

Beneficiary

Improving employability

The formation and management of community businesses inherently improves employability. For instance, the process of community asset transfer has been identified as increasing training and employment opportunities, by making volunteers more confident and therefore more employable (Bruni et al., 2017). Depending on the community business, this happens through investment in volunteers' skills development and by employing members of the community, as well as by working on the employability of service users or customers.

In delivering their services, many community businesses support people who are likely to experience exclusion from employment and/or challenges with their physical or mental health. In particular they provide them with a chance to develop their skills through volunteering. This includes people with physical and mental health needs, or people who have been out of employment for a significant amount of time.

One reason they can do this is because of the community business model. Specific groups and individuals can be targeted with income retained within the local community. It is this small but often strategically important source of income and employment that can be of significant value in helping specific individuals

or groups and enabling the provision of core services or a community facility (Tyler et al., 2019).

An example of this is an organisation that works primarily with refugees and asylum seekers. Despite some volunteers not being able to take on paid employment due to their immigration status, they have a reward scheme so that they can work with the community business in exchange for vouchers. One person who had been seeking asylum for five years was on this reward scheme. Once they were eventually given their status, it meant they had developed a lengthy CV and were able to secure a job running a café.

Another beneficiary secured jobs as a cleaner and standby cook because they had acquired work experience with the community business, and were provided with training to handle food.

Community businesses also support local people to gain qualifications through their support services. There is a mutual benefit for the employees, who often feel good about their impact, and beneficiaries, who report improved self-esteem or can progress to their desired employment and/or education. This is illustrated in the case of a member of staff who supported a young woman looking for work who lacked advanced level qualifications

and had unfortunately lost her certificates from school. She also lacked confidence, which stopped her from applying for jobs. The staff member took some time to call her school to retrieve her list of qualifications, since when she has attended college and is looking to go to university (Litchfield et al., 2020).

"We are leading people to other employability even if they don't want to stay [with us]."

Bright Ideas grantee

Community-led housing

Community-led housing supports employment and skills training. Ten of the projects funded by Power to Change are explicitly based on a model which creates ongoing social enterprise opportunities for non-residents, in relation to newly built or co-located community facilities and landscaping or grounds maintenance. These schemes are not only intended to contribute to interests and skills in particular trades, but also to develop confidence and build relationships with others after periods of difficulty.

Community-led housing also supports employment and training opportunities by offering housing at below market rent or at local housing allowance levels. People living in supported housing have typically had very little choice about the housing available to them, are only eligible for housing for a limited period of time (anything between six and 24 months), and are often segregated from wider communities by being placed in housing for people with specific needs. By addressing an issue like this that impacts upon their employment prospects, many community-led housing projects are indirectly improving employability (Archer et al., 2020).

Improving the local environment

Community businesses take an active role in using their assets and experience to improve the places where they operate. This can mean leading local regeneration activities or, less commonly, delivering environmental initiatives and projects.

Community-owned spaces contribute £220 million to the UK economy, and 56p of every £1 they spend stays in the local economy. Three-quarters of community-owned spaces report being in good financial health, and they have an extremely high survival rate. Evidence also suggests that there are fewer empty units on community or publicly owned high streets (Alakeson and Brett, 2019).

Some community businesses have a major role in delivering green business activities, for example removing waste from their locality and repurposing waste that would otherwise go to landfill. Others have been described as instrumental in improving open spaces for their local neighbourhood.

The impact of community businesses on the local environment is generally around their support or leadership in regeneration (Litchfield et al., 2020).

"I just look at what this area was 20 years ago, I just think they are incredible with what they have done really, not just here but in the whole area, and outwards."

Staff member

06
Conclusion

Conclusion

Community businesses change lives. They help the most deprived communities, and tackle a range of local issues for a varied group of beneficiaries. As this paper has demonstrated, community business is for everyone but is not 'one size fits all'. Community businesses have considerable reach, and a flexible approach that enables them to provide bespoke services and support to individuals as well as their wider community.

Their highly relational, person-centred approach brings communities together and facilitates a range of social impacts, including reduced social isolation, improved health and wellbeing and improved employability. COVID-19 has exposed many inequalities in these areas, and is likely to exacerbate their impact. Community businesses are well placed to help communities recover from the crisis.

The discussion has highlighted several points of evidence which support Power to Change's hypotheses. In conclusion, there is now a strong evidence base that community businesses improve employability and positively impact upon their volunteers. They also develop and nurture social capital. The evidence is outlined in the table, alongside examples of how the story is being communicated externally.

Hypothesis	Evidence	The story so far
Employability: Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.	Community businesses provide stable employment for 33,900 people in the most deprived areas of England. Most of these jobs go to local people, and a significant proportion of these are likely to be considered 'good' jobs. Many of the people they support (either through direct employment or other opportunities such as volunteering) are likely to have experienced exclusion from employment, and/or challenges with their physical or mental health. They also support local people to gain qualifications through their support services.	Seb Elsworth: Social enterprises can play a unique role in helping employment bounce back from Covid-19 – Third Sector magazine
Volunteers: Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits.	Community businesses have volunteering at their heart, mobilising 205,600 volunteers. They do this by providing formal and informal volunteering opportunities, such as in the case of the community business supporting asylum seekers. There is also evidence that volunteering opportunities provide social benefits, like reduced social isolation.	Two-thirds of Brits pledge to do more for their local community when pandemic ends – The Mirror (online) Local Heroes: How to Sustain Community Spirit Post Covid-19 – Government Events

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Social capital (members/shareholders): Community businesses increase bridging social capital by engaging members and/ or shareholders in local decision-making through the development of skills and access to information.	The average community business has 200 members, and for many their formation is dependent upon the pre-existing presence of 'bonding' social capital. But sustained and meaningful engagement with the local community is vital to their success, allowing community businesses to adapt and shift to meet local needs. Engagement from the community is a common enabler of community business success, and for community hubs it is key. This implies that community businesses also facilitate 'bridging' social capital between people, which enable them to reach out and network with others unlike themselves. While evidence on engagement levels is good, to date there is little evidence that community businesses systematically improve 'bridging' social capital, so this hypothesis cannot be confirmed or disproved.	[Bramley Baths and the power of communities to pull together](#) – The Yorkshire Post

Appendix:
Standards of evidence in this paper

Appendix: Standards of evidence in this paper

The analysis in this paper draws on a number of published reports (see bibliography) as well as bespoke analysis of Power to Change's administrative grants data (January 2015–June 2020).

The quality of evidence in this paper has been assessed using the quality assessment matrix. As a reminder this assesses quality and quantity of evidence using a RAG rating system.

	Level 0	Level 1	Level 2	Level 3
Quantity of evidence: highlighting the amount of data and evidence available to support the observations and points being made.	None	Low	Moderate	High
Quality of evidence: highlighting the quality of evidence and the research behind it.	Unacceptable	Poor	Acceptable	Good
Quality of analysis: in some cases data exists on a particular topic, but further analysis is required.	Unacceptable	Poor	Acceptable	Good

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The following table presents the quantity and quality of evidence for each chapter, as well as the quality of analysis.

	Quantity of evidence	Quality of evidence	Quality of analysis
What challenges do community businesses tackle?	🟨 Yellow	🟩 Green	🟨 Yellow
Who do community businesses work with?	🟨 Yellow	🟨 Yellow	🟩 Green
How do they do it?	🟩 Green	🟩 Green	🟩 Green
What impact do community businesses have?	🟨 Yellow	🟩 Green	🟩 Green

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