



Growing community businesses

An interim evaluation of Bright Ideas, the Community Business Fund and Trade Up

A report prepared for Power to Change

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About this working paper

Power to Change commissioned Renaisi in April 2019 to evaluate three programmes: Bright Ideas, Trade Up and the Community Business Fund. The overall aim of the evaluation is to help Power to Change draw lessons about the impact of the funding, and to measure whether the three funds have met their aims to: (i) understand the impact of Power to Change on grantees and the wider marketplace; (ii) understand the impact of community businesses on people and places; and (iii) test and revise Power to Change's hypotheses about the role of community businesses in creating better places. This working paper is the first annual report for the evaluation, and builds on the findings from outputs delivered in the first year of the evaluation, including two data visualisations, a blog, a quarterly report and a case study.

About the authors



Renaisi is a social enterprise committed to understanding what it takes to improve a place. For twenty years it has worked with individuals, communities, charities, social enterprises and government to understand what supports, influences and drives change.

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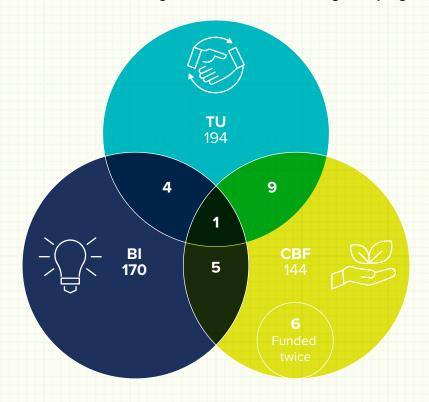
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Executive summary

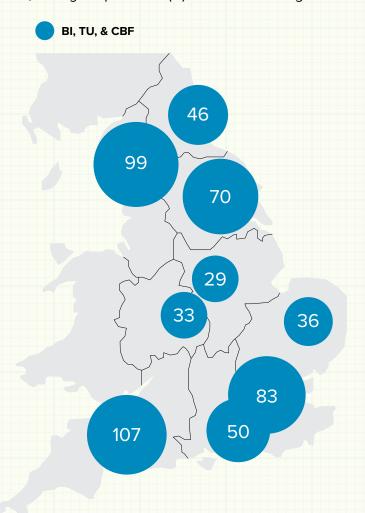
This report summarises the interim findings from an independent evaluation of Bright Ideas (BI), Trade Up (TU) and the Community Business Fund (CBF). Key findings include:

Key characteristics of community businesses funded through the programmes



- A total of 553 grants were received through BI, TU and CBF to date, by at most 527 community businesses.
- Community businesses work across a wide range of sectors. The most prevalent amongst grantees funded through the three programmes are community hubs, facilities or spaces: more than half of grantees fall into this category.
- BI is more likely to support younger community businesses (less than a year old), whilst TU typically supports those aged between two and five years and CBF typically supports those at least ten years old. These variations reflect the type of support and scale of funding available on each programme.
- The total estimated income of community businesses across the three programmes represents 8.53% of income recorded in the community business market as a whole.

- Grantees are located across the nine regions of England. Over half are in the South West, North West, or Greater London. The distribution of grantees' locations varies slightly by programme, which is mainly driven by the number of applications submitted by community businesses in each region.
- Over 50 per cent of grantees are located in the 30 per cent most deprived areas in England. Of the three programmes, CBF is most likely to support community businesses in the most deprived areas (60 per cent).
- Compared to applicants who were rejected across the three programmes, successful applicants were more likely to (i) be located in the South West,
 (ii) be in the 30 per cent most deprived areas (CBF only), (iii) be a community hub, facility or space and (iv) older than average.

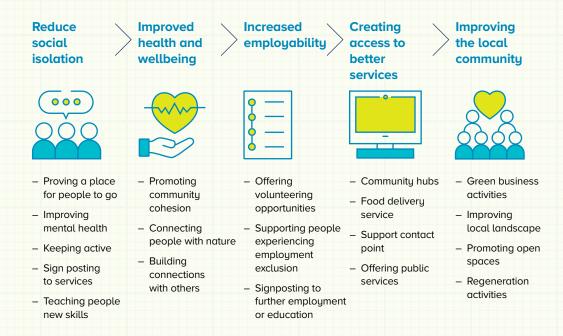


Impact on the organisation or individual involved in the programme

- BI grantees reported progressing their business faster than they otherwise would have been able to, TU grantees saw the greatest improvement in business skills and entrepreneurialism, whilst CBF enables community businesses to acquire or improve assets, which plays a role in impacting their business model and financial sustainability.
- Having a clear business model and plan, an engaged and strategic board, a supportive community and perseverance and strong leadership are all factors that contribute to a community businesses' success on BI, TU or CBF.
- The combination of business development support and the grant, as well as the role of the advisor, contribute to the programme's impact on BI grantees. Match funding, and the training days and workshops, were particularly important for TU grantees, but arguably the most important aspect of the programme was being part of a cohort of community businesses. Grantees valued three key elements of the financial offer available through CBF: the fact it is a grant; the relatively large amount of funding available; and flexible grant terms.
- Some community businesses fail to achieve their aims. BI grantees can fail to launch a new community business because of factors outside of their control or an unviable business idea. Trade Up grantees sometimes struggled to implement the learning they received through the programme, and CBF grantees found that new income streams could sometimes be less successful in generating additional revenue than planned.

Impact on people and place

- Community businesses have an impact on a wide range of people in their community, including staff, volunteers, customers, members and beneficiaries. The most targeted beneficiary groups across the three programmes are older people, young people, and those who live in poverty.
- A key impact for beneficiaries, customers and members is building connections with other people. The community businesses seemed to give people in the community a place to go and talk to others where they would otherwise feel alone.
- Almost 3,000 staff members are employed by TU and CBF grantees, and these staff report feeling more part of a community as a result of being involved in community businesses.
- Around 16,000 people regularly volunteer with grantees funded through the three programmes. The community businesses often help volunteers to learn new skills, and improve their health and wellbeing.
- Many community businesses work with other voluntary and community sector organisations in their area, accessing opportunities for mutual learning, and increased profile and income.
- Community businesses achieved various types of social impact, which are rarely mutually exclusive.



1. Introduction

1.1. Wider context

Power to Change's overall vision is to support 'better places through community business', where community businesses revive local assets, protect the services people rely on, and address local needs.

Power to Change's funding and support includes both open programmes, and targeted funding programmes that support particular sectors or businesses at a certain stage in their lifecycle.

This evaluation emerged from the need to better understand the impact generated by the community businesses that Power to Change supports, and Power to Change's role in facilitating this impact. It focuses on Power to Change's Business Support Programmes: Bright Ideas, Trade Up and the Community Business Fund.

Each of these programmes specifically target different stages and support needs in the community business life cycle. Each programme is different from the others, though they are all designed to support community businesses that have a particular set of development needs to move to the next step. This was the original rationale for evaluating the programmes together.

Yet each of the three programmes was created independently of the others, and there is therefore no single theoretical model underpinning the programmes as a set. However, the programmes do share some common design elements, principles and assumptions which can be evaluated in a consistent way through our work.

1.2. The three programmes being evaluated

This evaluation covers three of Power to Change's programmes: **Bright Ideas (BI), Trade Up (TU) and the Community Business Fund (CBF)**.

The Community Business Bright Ideas Fund aims to give community groups in England the support necessary to start setting up their community business. Groups accepted on to the programme receive tailored business development support, mentoring and visits and can apply for a small grant of up to £15,000 to fund development and start-up costs. It is delivered by a consortium including Co-operatives UK, Plunkett Foundation and Groundwork UK, led by Locality and funded by Power to Change.

The Community Business Trade Up Programme is a programme designed for community business leaders who are looking to increase their income from trading. Leaders accepted on to the programme receive a learning programme of 12 days spread over nine months and a grant of up to £10,000. It is delivered by the School for Social Entrepreneurs.

The Community Business Fund is designed to support existing community businesses with grants to help them progress towards greater self-sufficiency. The projects funded are designed to help increase trading income, secure an asset and/or significantly reduce revenue costs. Grants of £50,000 – £300,000 are available to cover: capital costs including building, vehicles, equipment of significant value, and refurbishment costs; and project-specific revenue costs like staff costs, professional fees, and volunteer costs. The grant administration was delivered by Umi until May 2020.

1.3. Aims of this paper

This working paper is the first annual report of the evaluation of BI, TU and CBF and covers activity up to March 2020. The overall aim of the evaluation is to assess whether the three funds have met their aims, and to help Power to Change draw lessons about the impact of the funding, to:

- Understand the impact of Power to Change on grantees and the wider marketplace
- Understand the impact of community businesses on people and places
- Test and revise Power to Change's hypotheses about the role of community businesses in creating better places

This report is published at an interim stage in the evaluation and will focus on the following:

- 1. Understanding the types of community businesses supported
- 2. Understanding the intended impact of the programmes on the individuals or organisations involved
- 3. Understanding the impact of Power to Change grantees on people in their local communities

Further evaluation and learning questions included in our learning framework will be addressed in the next phase of the evaluation.

1.4. Hypotheses about community businesses

In August 2019, Power to Change published a new set of hypotheses that underlie its understanding of the role of community businesses, and its approach to supporting the community business sector.

	H1: Knowledge	Community businesses have high levels of customer/service user satisfaction because they understand what people want. This is because the majority of their staff, volunteers and/or customers/service users are from the local area. As a result, they offer better products and services than alternative providers.
el hypotheses	H2: 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-business level hypotheses	H3: 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.
Commu	H4: 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.
	H5: Sustainability	Community businesses are less likely to close if they understand what local people want (H1), use local volunteers to deliver their products and services (H3) and engage local people as members and/or shareholders (H4).

evel	H6: Infrastructure	The provision of third-party business development support increases the productivity and resilience of community businesses.
Sector-level hypotheses	H7: Assets	The transfer of local physical assets from public and other bodies stimulates community business growth. This is because they contribute to financial resilience, provide a physical base for operations and generate goodwill.
Place-level hypotheses	H8: Collaboration	Community Businesses collaborate with others, accessing more resources (i.e. skills and money). This enables them to offer more services, products and activities, benefiting their community.

The findings in this report contribute to our understanding of the five hypotheses at the community business level. Further work, including learning from other Power to Change funds, will be required to assess these hypotheses more comprehensively. We highlight where findings are relevant to each hypothesis throughout the report.

1.5. Brief note on methodology

The evaluation is a mixed methods study drawing on a variety of quantitative and qualitative data. Table 1 below summarise the sources of data used for each analysis in this report.

Table 1: Data sources for analyses presented in this report

	BI TU		TU		CBF		
		Source	Rounds	Source	Rounds	Source	Rounds
	Descriptive statistics about grantees	Application	1-6	Application	1-3	Application	1-7
<i>'</i> 0	Impact on organisations / individuals	Monitoring report, group final report	1-3	Baseline, end of programme, follow up surveys	2	Monitoring form	1-7
analysis	Impact on people	Application	1-6	Application, Follow up survey	1-3	Latest monitoring form	1-7
Quantitative analysis	About the businesses	Final advisor report, final group report	1-3	Baseline, end of programme, follow up surveys	end of programme, 1-2 follow up		1-6
	Impact on people	Final advisor report, final group report, telephone interviews	1-3	Baseline, end of programme, follow up surveys, telephone interviews, fieldwork visits	1-2	Monitoring form, telephone interviews, fieldwork visits	1-6

Our work on the evaluation also involved working with two partners, MyCake and Close-Up Research. As part of the evaluation, MyCake are compiling financial data on BI, TU and CBF grantees and provide detailed financial analysis relevant to each programme, and Close-Up Research are undertaking video ethnography to produce videos each year on key findings in the research.

1.6. Limitations to our work

Where possible, we make comparisons in findings across the three programmes. However, each of the three programmes was created independently of the others and the quantitative data available varies in type, and therefore direct comparisons between programmes is not always possible.

In addition, within each programme, the type of quantitative data collected through grantee surveys has sometimes changed between different funding rounds. As such, it is not always possible to include all programme grantees in all analyses. At times, the analysis is limited by the quality of data available, due in part to errors in self-reporting by grantees.

Our evaluation is being undertaken at a similar time to a Qualitative Impact Protocol (QuIP) study focussing on peer brokerage, commissioned by Power to Change. As such, we have not focussed on peer brokerage in too much detail in this year of the evaluation, and will seek to triangulate our findings with the QuIP research in year two.

Where any of the above are relevant, we highlight limitations to specific analyses throughout the report.

1.7. COVID-19

This report was written at the end of March 2020, a few weeks after the Coronavirus outbreak hit the UK. The majority of the qualitative and quantitative research for this report had already taken place before the impact of the Coronavirus was felt by community businesses, and therefore it is not reflected in this report. We will however be using these analyses as an informal 'baseline' to help us to understand the impact of the COVID-19 crisis on community businesses, and how they have responded, in the coming months.

2. The programmes being evaluated

This section describes the aims, structure and key characteristics of the three programmes being evaluated in more detail.

2.1. Bright Ideas (BI)

The aim of Bright Ideas is to provide community groups with advice and a small amount of revenue funding to develop, test and launch their community business idea. In essence, it is a business start-up mentoring programme with a small grant attached. It is delivered by Locality, with additional advisors from Co-operatives UK and Plunkett Foundation.

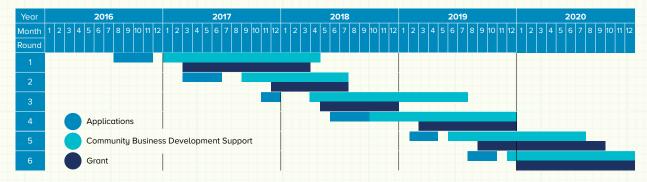
Businesses are provided with the following support:

- 1-to-1 business development support from advisors at Locality,
 Plunkett Foundation or Co-operatives UK.
- Support from their advisor to apply for a grant, either:
 - Ideas stage grants (£1,000 £10,000)
 - Pre-venture stage grants (£1,000 £15,000)
- Opportunities to learn from other community businesses, including visits to other community businesses, access to online resources, webinars and grantee networking events run by Locality and Power to Change

Bright Ideas aims to support 150 community businesses over three years: 90 new organisations with a new idea, including those not yet incorporated; 40 existing Bright Ideas grantees who require ongoing support; and 20 established organisations that want to launch a distinctly new idea.

After the programme, it is hoped that groups will have progressed from an idea to an operational reality, and will have either: launched a community business, moved further along their life cycle, secured investment and/or used the support received to lever additional funding.

Figure 1: Timeline of Bright Ideas Funding Rounds



2.2. Trade Up (TU)

Trade Up supports the growth of community businesses with a focus on increasing their sales and income from trading. It is delivered by the School for Social Entrepreneurs (SSE).

Businesses on Trade Up are provided with the following support:

- Action learning programme over a 9-month period, which includes:
 - Eight one-day study sessions (including witness sessions, expert sessions, peer support and study visits) in groups of 10 community businesses (with up to two participants from each community business per session)
 - Four Action Learning Set meetings
 - Webinars between meetings
- A small group of grantees receive a grant of £10,000. The remaining receive a
 (matched) grant of between £2,000 and £10,000 which varies in value depending
 on how much their income from trading increases (so that businesses are
 incentivised to focus on increasing trading income, in order to receive a larger grant)
- Access to a support network of other community businesses

Trade Up aims to support 210 community businesses over three years (80 in year one / 80 in year two / 50 in year three), which meet the following criteria: (i) businesses must have an organisational structure; (ii) businesses must be incorporated or working towards incorporation; (iii) either early stage businesses (one to five years old) planning to increase trading; or established businesses (> five years old) where they are making significant changes to their business plan to refocus on trading or develop a new / additional trading income stream.

After the programme, it is expected that the individuals and community businesses involved in the programme will have greater confidence in running their community business, feel more part of the community business community, be more sustainable and actively moving towards becoming less reliant on grant funding, and become a part of SSE's fellows network.

Figure 2: Timeline of Trade Up Funding Rounds



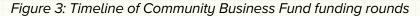
2.3. Community Business Fund (CBF)

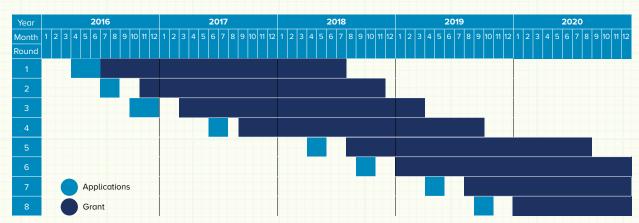
The Community Business Fund aims to help community businesses grow and become more financially sustainably, by increasing income from trading, securing an asset and/or significantly reducing revenue costs. The fund is currently administered by Umi.

As part of the fund, community businesses can receive a grant between £50,000 and £300,000 which can be exclusively capital or revenue funding, or a blend of both:

- Capital grants: including to fund the costs of acquiring or refurbishing buildings or land, purchase of vehicles or other equipment of significant value
- Revenue grants: for project-specific revenue costs like staff costs, professional fees, volunteer costs
- Businesses can also access peer brokerage: business development support from community business peers

Community businesses are eligible for support through CBF if they are an established community business, with at least one year of financial accounts and are incorporated.





3. Key characteristics of community businesses funded through the programmes

This section uses descriptive statistics to identify the types of businesses that have received grants from BI, TU and CBF. It describes all funded grantees and its findings are based on data collected through the programmes' respective application forms completed by grantees before receipt of their support.

A total of 553 grants were received through BI, TU and CBF to date, by at most 527 community businesses. This figure represents approximately 6% of the estimated 9,000 community businesses in England, and the majority of community businesses supported by Power to Change in its first five years (958).

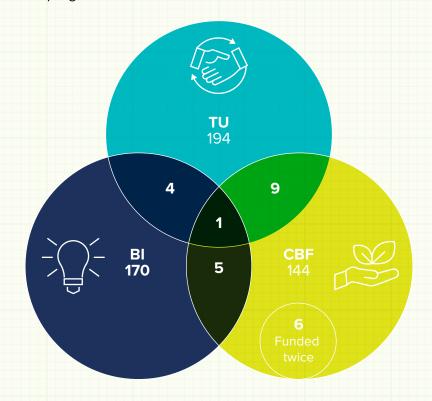
Table 2: Number of grants by programme (n=553)

Number of grants by programme to March 2020	Bright Ideas	Trade Up	Community Business Fund
Total (553)	180	208	165

¹ The analyses presented in this section are based on the total number of grants (553), rather than the number of grantees (at most 527). The exact number of funded organisations is uncertain because BI grantees, and another 69 TU and CBF grantees, did not provide a company/charity number which allows us to check whether they have been funded more than once. The 25 organisations (at least) which were funded through more than one programme, or received more than one CBF grant, are therefore 'double-counted' (or in one case, triple-counted) in the following analyses.

² Higton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. 2019. The Community Business Market in 2019. Research Institute Report No. 24. [online] The Power to Change Trust, p.3. Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/12/CBM-19-Report-DIGITAL.pdf [Accessed 11 May 2020].

Figure 4: Number of grantees by programme – showing grantees funded through more than one programme





3.1. Business sectors

Community businesses work across a wide range of business sectors. The most prevalent sector amongst grantees funded through the three programmes is *Community hub, facility or space*: more than half of grantees fall into this category (see Table 3). This is also the most common sector amongst the wider community business market.

Table 3: Grantees by sector (n=553), compared to the wider community business market (n=9,000)

Grantees by sector	Grantees (N)	Grantees (%)	CB market (2019) ³
Community hub, facility or space	292	53%	80%
Employment, training, business support or education	186	34%	55%
Health, care or wellbeing	163	29%	60%
Community pub, shop or café	145	26%	85%
Sports and leisure	77	14%	25%
Other	74	13%	30%
Food catering or production (inc. farming)	65	12%	20%
Arts centre or facility	65	12%	20%
Environmental or nature conservation	51	9%	30%
Visitor facilities or tourism	33	6%	-

Note: Community Businesses can self select more than one sector.

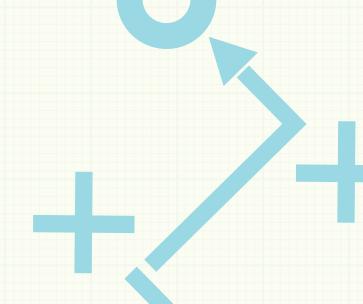
Other prevalent sectors include Employment, training, business support or education (particularly in BI and CBF) and Community pub, shop or café (particularly in TU and CBF).

³ Taken from: Higton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. 2019. The Community Business Market in 2019. Research Institute Report No. 24. [online] The Power to Change Trust, p. 37. Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/12/CBM-19-Report-DIGITAL.pdf [Accessed 11 May 2020]. NB: Survey respondents could select more than one option.

Table 4: Number of grantees by sector and programme, and as a proportion of the total cohort within each programme (n=553)

Grantees by sector	ВІ	τυ	CBF	ВІ	TU	СВБ
Community hub, facility or space	77	93	122	43%	45%	74%
Employment, training, business support or education	46	36	104	26%	17%	63%
Health, care or wellbeing	31	30	102	17%	14%	62%
Community pub, shop or café	20	51	74	11%	25%	45%
Sports and leisure	13	16	48	7%	8%	29%
Other	29	18	27	16%	9%	16%
Food catering or production (inc. farming)	21	20	24	12%	10%	15%
Arts centre or facility	14	12	39	8%	6%	24%
Environmental or nature conservation	12	24	15	7%	12%	9%
Visitor facilities or tourism	11	1	21	6%	0%	13%

Note: Community Businesses can self-select more than one sector.



3.2. Legal structure

Overall, grantees are most likely to be registered as a Company Limited by Guarantee (29 per cent), or a Community Interest Company Limited by Guarantee (20 per cent). Few grantees across the three programmes are registered as a Company Limited by Shares or a Trust.

Table 5: Legal structure of grantees (n=527)

Legal structure	Total	%
Company Limited by Guarantee	152	29%
Community Interest Company Limited by Guarantee	103	20%
Community Benefit Society	80	15%
Charitable Incorporated Organisation	69	13%
Unincorporated Association	52	10%
Other	29	6%
Community Interest Company Limited by Shares	17	3%
Co-operative Society	11	2%
Trust	9	2%
Company Limited by Shares	5	1%

Note: Excluding 26 grantees for whom this data is not recorded.

CBF grantees are most likely to be registered as a Company Limited by Guarantee (47 per cent), whilst TU grantees are more likely to be a Community Interest Company Limited by Guarantee (26 per cent). A quarter of BI grantees are unincorporated (24 per cent).

Table 6: Legal structure of grantees, by programme (n=527)

Legal structure	ві	TU	СВБ	ві	TU	СВБ
Company Limited by Guarantee	32	42	78	18%	23%	47%
Community Interest Company Limited by Guarantee	31	47	25	17%	26%	15%
Community Benefit Society	30	29	21	17%	16%	13%
Charitable Incorporated Organisation	16	27	26	9%	15%	16%
Unincorporated Association	44	7	14	24%	4%	1%
Other	14	8	7	8%	4%	4%
Community Interest Company Limited by Shares	5	11	1	3%	6%	1%
Co-operative Society	3	4	4	2%	2%	2%
Trust	5	4	0	3%	2%	0%
Company Limited by Shares	0	3	2	0%	2%	1%

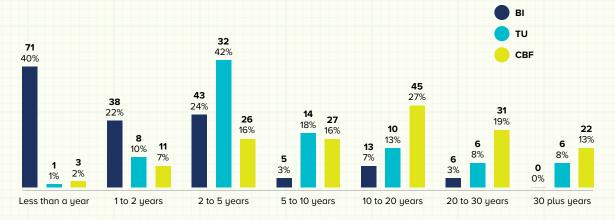
Note: Excluding 26 grantees not recorded.

⁴ This community business applied twice, in 2016 and 2017. In their first application, it was categorised as Unincorporated whilst the second application it was categorised as a Company Limited by Guarantee. It is not clear if they were unincorporated when they submitted the first application and became a company in the next year, or if it was an error in their first application.

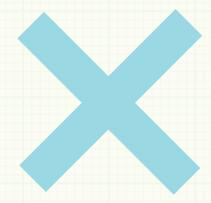
3.3. Age of community businesses

Forty per cent of BI community businesses were less than a year old when they submitted their application. In contrast, community businesses on TU were most likely to be aged between two and five years (42 per cent). The majority of community businesses on CBF were at least ten years old (59 per cent). These variations reflect the type of support and scale of funding available on each programme. Furthermore, this validates Power to Change's initial rationale on developing different programmes to support community businesses differently based on their development maturity.

Chart 1: BI, TU and CBF grantees by years in operation (n=418)



Notes: Excluding six community businesses for whom this data is not recorded (4 on BI, 2 on TU), and excluding year 1 and year 2 of TU community businesses (this data was not recorded).



3.4. Income of community businesses

The total estimated income of community businesses across the three programmes is £75,939,890 5 (9% BI, 36% TU, and 56% CBF) which represents 8.53% of income recorded in community business market. 6 The median income across the community business market is £140,554. 7 Amongst grantees, thirty-two per cent of BI community businesses had no trading income upon application to the programme, and 45 per cent had an income of less than £50,000. Eighty-eight per cent of TU community businesses' income was less than £250,000. In contrast, 48 per cent of CBF community businesses' income was above £500,000 at application stage. Again, this reflects the differing nature and scale of funding offered by the programmes.

Table 7: Income of grantees when submitting application (n=539)

Income	ві	TU	CBF	ВІ	TU	CBF
Zero/not trading	57	2	0	32%	1%	0%
Less than £50,000	81	81	20	45%	41%	12%
£50,000 – £250,000	32	94	64	18%	47%	40%
£250,000 – £500,000	9	17	31	5%	9%	19%
£500,000 – £1,000,000	0	4	28	0%	2%	17%
£1,000,000 — £1,500,000	0	0	12	0%	0%	7%
£1,500,000+	0	0	7	0%	0%	4%

Notes: Excluding 14 community businesses for whom this data is not recorded (1 on BI, 10 on TU, 3 on CBF)

⁵ Estimated income of CBs is calculated by income value in latest survey/monitoring form where available, and income value in application form where no further updated values were recorded

⁶ Higton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. 2019. The Community Business Market in 2019. Research Institute Report No. 24. [online] The Power to Change Trust, pg. 5. Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/12/CBM-19-Report-DIGITAL.pdf [Accessed 11 May 2020].

⁷ Higton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. 2019. The Community Business Market in 2019. Research Institute Report No. 24. [online] The Power to Change Trust, p. 28. Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/12/CBM-19-Report-DIGITAL.pdf [Accessed 11 May 2020].

3.5. Community businesses in place

3.5.1. Geography

Grantees are located across the nine regions of England. Fifty-two per cent (287) of grantees are in the South West, North West, or Greater London (see Table 8).

Table 8: Grantees by region (n=553)

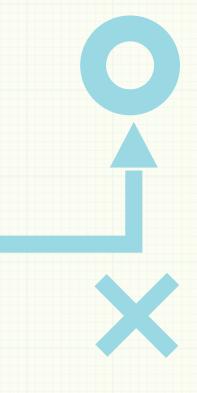
South West	107	19%
North West	99	18%
North West	99	18%
Greater London	83	15%
Yorkshire and Humber	70	13%
South East	50	9%
North East	46	8%
East of England	36	7%
West Midlands	33	6%
East Midlands	29	5%

The distribution of grantees' locations varies slightly by programme, which is mainly driven by the number of applications submitted by community businesses in each region. The highest percentage of CBF and BI grantees are located in the North West (20 per cent, 18 per cent), while the highest proportion of TU grantees are in the South West (23 per cent). The lowest percentage of CBF grantees are in the South East (2 per cent), while the East Midlands also has a low proportion of BI and CBF grantees (6 per cent, 5 per cent).

Table 9: Grantees by region and programme (n=553)

Grantees by region	ві	TU	СВБ	ві	TU	CBF
South West	28	47	32	16%	23%	19%
North West	33	33	33	18%	16%	20%
Greater London	28	27	28	16%	13%	17%
Yorkshire and Humber	25	20	25	14%	10%	15%
South East	19	28	3	11%	13%	2%
North East	16	15	15	9%	7%	9%
East of England	11	16	9	6%	8%	5%
West Midlands	10	12	11	6%	6%	7%
East Midlands	10	10	9	6%	5%	5%

Note: Percentage is of the total number of community businesses in each programme.



BI, TU, & CBF **Bright Ideas** Trade Up **Community Business Fund**

Figure 5: Geographic spread of BI, TU and CBF grantees

3.5.2. Demography – Indices of Multiple Deprivation (IMD)8

The IMD measures relative deprivation in areas in England. Seven domains of deprivation are included in the IMD: income, employment, education, health, crime, barriers to housing and services, and living environment.

Over 50 per cent of grantees of the three programmes are located in the 30 per cent most deprived areas in England based on the IMD, whilst only 12 per cent are located in the 30 per cent least deprived areas (see Chart 2 below). This is in keeping with trends seen across Power to Change's wider portfolio.

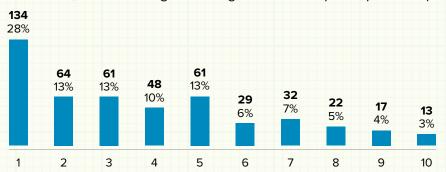


Chart 2: BI, TU and CBF grantees by Index of Multiple Deprivation (n=481)

Note: one to ten in the chart above refers to deciles. The lower the IMD decile, the more deprived the area.

This chart excludes 72 community businesses for whom postcode data was not available: 18 in BI (six of these categorised as unincorporated association, four not registered with charity commission), and 54 in TU (30 from year 1 where postcodes were not recorded in application forms, and 24 in years 2 and 3 were either not recorded or incorrect).

The proportion of grantees located in the least deprived areas is relatively similar across the three programmes, ranging from 10 per cent to 12 per cent. However, CBF sees the greatest proportion of grantees within the 30 per cent most deprived areas (60 per cent), compared to 52 per cent for TU and 49 per cent for BI.

⁸ The data in this section are taken from: Ministry of Housing, Communities & Local Government. 2019. English Indices of Deprivation 2019. Available at: https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019 [Accessed 11 May 2020].

Table 10: Grantees by IMD decile (n=481)

Grantees by IMD decile	Total	%	ВІ	TU	CBF	ВІ	TU	CBF
[1-3] Most deprived	259	54%	80	80	99	49%	52%	60%
[4-7]	170	35%	64	56	50	40%	36%	30%
[8-10] Least deprived	52	11%	18	18	16	11%	12%	10%

This chart excludes 72 community businesses for whom postcode data was not available: 18 in BI (six of these categorised as unincorporated association, four not registered with charity commission), and 54 in TU (30 from year 1 where postcodes were not recorded in application forms, and 24 in years 2 and 3 were either not recorded or incorrect).

3.6 How do community businesses supported by BI/TU/CBF compare to unsuccessful applicants?

In November 2019, Renaisi produced a data visualisation for Power to Change comparing community businesses that applied to BI, TU and CBF but were unsuccessful in their application, to those who were accepted on to each of these programmes.

The analysis highlighted some differences between those supported by BI, TU and CBF and those who were not supported:

- Location: Successful applicants were more likely to be located in the South West, and less likely to be in the West Midlands and East Midlands. This was predominantly the case for applicants to TU and CBF.
- IMD: CBF accepted a higher proportion of community businesses in the 30 per cent most deprived areas (61 per cent) compared to the proportion of applicants from those areas (44 per cent).
- Sector: Applicants were more likely to be successful if they were a community hub, facility or space. This is true across all three programmes.
- Age: 48 per cent of BI applicants were less than a year old, compared to 41 per cent of those accepted on the programme. Older applicants were more likely to be successful on TU, and a similar trend can be seen for CBF too.

More detail on the above can be seen in the data visualisation <u>here</u>.

4. Impact on the organisation or individual involved in the programme

In this section we explore the following evaluation questions:

What is the impact on the organisation / individual involved in the programme?						
ВІ	How do Community Businesses develop during the course of BI?					
	How does BI support individuals to develop a viable organisation and create a new community business idea?					
	What is the impact of BI on the grantees, in terms of business model innovation and resilience?					
τυ	What is the impact of the TU learning programme on the individuals that attend?					
	How do Community Businesses change during the course of TU? How does this compare to other types of firms? What explains these differences, if any?					
	What is the impact of TU on the grantees, in terms of business model innovation, financial sustainability and resilience?					
	How do business finances compare to similar organisations not funded?					
CBF	How do Community Businesses change during the course of CBF? How does this compare to other types of firms? What explains these differences, if any?					
	What is the impact of the CBF grant on grantees, in terms of business model innovation, financial sustainability and resilience?					
	How do business finances compare to similar organisations not funded?					

Community businesses supported					
ВІ	Which businesses fail to become a community business? Why?				
	Which factors make a BI grantee more or less likely to achieve success through the programme?				
TU	Which businesses go out of business? Why?				
	Which Community Businesses have failed to achieve their aims from the TU programme? Why?				
	Which factors make a TU grantee more or less likely to achieve success through the programme?				
	Which businesses go out of business? Why?				
CBF	Which Community Businesses have failed to achieve their aims from CBF? Why?				
	Which factors make a CBF grantee more or less likely to achieve success through the programme?				

4.1. What is the intended impact on the organisation or individual involved in the programme?

Our first quarterly report submitted to Power to Change in January 2020 focused on the theme of the impact of the three programmes on grantees. The key findings from this report include the following:

	What is the intended impoint the programme?	act on the organisation / individual involved
ВІ	How do Community Businesses develop during the course of BI?	The most frequently identified areas of need for CBs were in Business Planning (66), Budget/Cash flow (51), Strategic Planning (51), Developing a new CB (48), Start-up estimates (46), Risk Analysis (45), Marketing (44), and Securing finance (43) The largest proportion of CBs achieved their development plans under Organisational Development at 54 per cent (27), followed by a similar proportion in Marketing and Relationships, Development funding, and The Community Business Idea
	How does BI support individuals to develop a viable organisation and create a new community business idea?	This question was not answered in the quarterly report
	What is the impact of BI on the grantees, in terms of business model innovation and resilience?	By developing a more robust and sustainable business plan, Bright Ideas helped some grantees progress their business faster than they otherwise would have been able to It also helped grantees plan for additional funding, and led to and supported applications for larger grants, such as capital grants from Power to Change For some grantees, being on the programme helped their financial sustainability by helping them to start trading and generate further income

	What is the intended impact on the organisation / individual involved in the programme?					
TU	What is the impact of the TU learning programme on the individuals that attend?	The largest improvement in skills developed for individuals was in Business Skills & Entrepreneurialism				
		Within this, particularly well-developed were developing professional networks, income generation and new product/service development				
		Our qualitative research found that TU helped Community Businesses see what was possible, making them feel more confident about running their business and more able to make difficult business-related decisions				
	How do Community Businesses change during the course of TU?	In our qualitative research, some Community Businesses noted that they had acquired assets during the course of TU				
	How does this compare to other types of firms? What explains these differences, if any?	It had also led to quicker than expected growth of their business				
	What is the impact of TU on the grantees, in terms of business model innovation, financial sustainability and resilience?	98% of Community Businesses believed that the programme made at least some difference to their thinking about the sustainability of their business It has made Community Businesses think about				
		financial sustainability and their business model, and in some cases this has turned in to changes in the business model used				
	How do business finances compare to similar organisations not funded?	This question was not answered in the quarterly report				

	What is the intended impact on the organisation / individual involved in the programme?					
CBF	How do Community Businesses change during the course of CBF? How does this compare to other types of firms? What explains these differences, if any?	Most Community Businesses saw increases in the number of people they hired as staff or volunteers, and the amount of income they generated People indicators were quite volatile— they were unlikely to stay the same, and more likely to either increase or decrease Almost all percentage increases in people indicators were larger for local, than overall indicators, suggesting a skew towards local recruitment MyCake's analysis of finances of CBF grantees highlight some challenges around calculating financial impact, including how capital grants are considered in P&L accounts				
	What is the impact of the CBF grant on grantees, in terms of business model innovation, financial sustainability and resilience?	Assets play a major role in the level and type of impact CBF has on grantees' business model and financial sustainability, such as helping to create new revenue streams and the ability to work with different organisations				
		The size and flexibility of the fund allows grantees to achieve their impact faster, and the knowledge of it being a grant, rather than a loan, can lead to a feeling of financial sustainability				
		Additional support through peer brokerage enabled Community Businesses to think about their business model more widely, and identify areas of need for capacity building				
	How do business finances compare to similar organisations not funded?	This question was not answered in the quarterly report				

Since the first quarterly report in January 2020, we have been able to undertake additional qualitative interviews, which have given us more insight into the impact of the programmes on the individuals and community businesses that are involved in them.

Bright Ideas

Increased capacity

The grantees we spoke to in our qualitative fieldwork highlighted the importance of the additional capacity which the programme has enabled them to benefit from. For example, one community business explained that had it not been for the Bright Ideas programme they would not have been able to hire a café worker, meaning that they would be overly reliant on other volunteers. Now that the business has a café worker, they can be more flexible and have a bigger pool of volunteers to come in and support the café.

Similarly, another community business reported that without the support from Bright Ideas they would not have been able to employ a part time member of staff which they needed to do to scale up the business. The Bright Ideas programme funded this additional member of staff and the community business has been able to grow their catering business as a result. In this way, Bright Ideas was key to moving them towards financial sustainability.

"We would have a found a way around it, but we probably wouldn't be employing the people we are now, just one or two ladies."

Bright Ideas grantee

Business model innovation

Other community businesses recognised that Bright Ideas supported them to develop and refine their business model. For some grantees, this was a core element of their business development support and involved community consultations, feasibility planning and market research. This could be a challenge for grantees who started the programme with strong expectations about what they thought would work for their business idea. With support from their advisor, some grantees also had to ensure that their business model was in line with their core business.

"We spent six months developing our business model through market research, consultation, developing our communications, meeting partner organisations and working on our business model and plan with our business advisors."

Bright Ideas grantee

For example, one community business felt that Bright Ideas was the catalyst for enabling them to develop as an energy community co-op that both generates energy and provides energy saving support.

"Just by getting something real done... [we] now have the platform to go on and help the local authority achieve zero carbon by 2030."

Bright Ideas grantee

Conversely, one grantee we spoke to agreed that that the Bright Ideas programme had a role to play in enabling the business to get off the ground, but did not feel that the programme was responsible for the business model innovation or resilience of their business. Following Bright Ideas, this community business took part in the Trade Up programme and felt this had much more of an effect on sustainability. More on the impact of Trade Up on individuals and grantees in the section to follow.

Trade Up

Increased confidence

Many of the Trade Up participants felt that the programme had helped to increase their confidence. The learning programme gave them more self-assurance in what they were doing as a business, and by meeting other community businesses and realising where they were positioned in the wider community business landscape, they came to understand the ways in which their work was meaningful.

"It was great to learn from community businesses which had succeeded but also good lessons from ones that failed. Great to meet others and have the validation that what we were all doing was valuable."

Trade Up grantee

Similarly, before participating in Trade Up some community businesses felt that there were no other businesses that worked like theirs. After taking part in the learning programme, they realised that there are so many other businesses operating in the same way. This feels significant, because it suggests that the programme has helped participating members of the community business sector to become more connected and self-confident in their identity.

Nurturing a business mindset

Several businesses felt they could not focus on the financial aspect of the organisation before the programme, because they wanted to ensure they were having maximum social impact and felt that there was a tension between those aims. However, organisations reported that the Trade Up programme had nurtured a business mindset and had helped them to focus on the whole business. For example, participants started to think more about the progression of the organisation, including its finances, marketing and plans to scale up.

"Increasing our profit has been a focus of our community business for some time, but the SSE programme has provided us with the tools and the mindset, as well as the motivation and excitement."

Trade Up grantee

Taking their learning back to their community businesses, participants found ways to increase their trading income and saw the value of trading income diversification. As their income trading increased, participants felt that they were then able to have a more substantial impact: that by increasing trading income, they could then invest more in community impact. The programme also gave some participants the motivation and inspiration to try out new ideas to further develop their social impact.

"The learning programme encouraged me to develop our programme of activities. This has allowed us to reach more people with different interests and backgrounds within our local community. Outreach to schools has meant we are beginning to see new faces on a regular basis and attendance of activities is improving."

Trade Up grantee

Embedding learning across the organisation

Some grantees felt that the programme had given them the tools and skills to develop and embed learning throughout their business. For example, some participants felt that the programme equipped them with the evidence to support new plans, approaches and ideas to develop focused and sustainable models across the business. Moreover, some participants felt that they had developed a clearer understanding of their community business aims and future and sought to embed their learning across the organisation.

"[The programme was] essential to our business, helped us seek out opportunities, consider who and what we are, created a focus that will stay with us. It gave time to focus on the business and not as often feel [like we are] struggling within it."

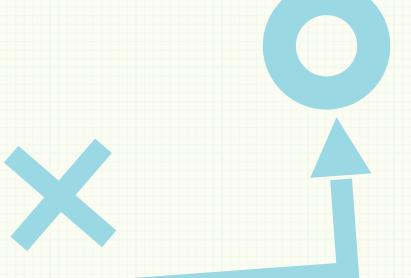
Trade Up grantee

Effective delegation and capacity building

The programme encouraged participants to share responsibility with others, instead of dealing with challenges alone. Post programme, some community businesses had invested in additional staff or amended their processes to ensure that effective delegation could happen. One participant was able to extend their contract to begin working full time and felt that the programme had given them the confidence to persuade the Board to increase their role in the business. The Board supported them to identify where they needed help, which led to the community business hiring three additional members of staff.

"[In the last 12 months, I have taken steps] to appoint more staff so that I can be better placed to think strategically."

Trade Up grantee



Motivation

Overall, participants felt that the Trade Up programme had made them feel much more motivated and inspired. For some, this was because of the people they had met through the programme, and participants were keen to continue to build on these connections. Other participants highlighted that the opportunity to have general moral support was beneficial and helped to sustain momentum: having a network of people to check in with helped them to focus on their aims, objectives and timeframe. Participants cited an increased drive to grow the business, paired with the tools to do so.

"It reignited my passion for the business."

Trade Up grantee

Community Business Fund

A key feature of the Community Business Fund programme is the impact of asset ownership on business model innovation, financial sustainability and resilience.

Asset ownership and renovation

For some community businesses, renovating an asset was essential to expanding or launching a new business venture. For example, one organisation used the grant to turn one of their assets into a wedding venue, so that income generated from developing their commercial business could be re-invested into their community. Without the CBF grant, it would have been very difficult to launch the wedding business because of the risks associated with loan finance.

"... but it would have just broken us, we just couldn't have actually taken the risk of that kind of investment [i.e. loan finance]. We might have done that, but it would have taken us ten years rather than one, and it would be an uncertain route."

Community Business Fund grantee

The CBF funding enabled some organisations to improve their assets to become more accessible to the local community. For example, one community business which was based in a portacabin used the funding to build a larger shop which made them more accessible to people using wheelchairs or prams. Another grantee used the grant to renovate their premises so that they were more fit for purpose, which in turn enabled them to attract additional funding to run new activities.

"The [previous] building slowed down the potential to grow new activities.

And now in 2019 they've already outgrown the space we built."

Community Business Fund grantee

Expanding business operations

For some grantees, the programme enabled them to expand their business which in turn increased their income. For example, one community business used their grant to renovate their kitchen and hire an operations manager which allowed them to broaden their business offer. They now have a larger café and rent out space to other local organisations. Another grantee explained that without the fund they would not have been able to develop the community business in the way they have been able to. Through the grant, they set up a new community business: the grant enabled them to rent a new industrial premises, buy equipment and employ staff to run the new business.

"The CBF grant enabled us to set up a brand-new community business in its own premises... without the CBF grant we would not have had a successful wood working grant."

Community Business Fund grantee

4.2. Financial impact on grantees

Our partners, MyCake, have begun to undertake an analysis of the financial impact of the three programmes on grantees.

4.3. Factors contributing to community businesses' success on BI, TU and CBF

Factors contributing to community business success



This section explores the factors that contribute towards the success of community businesses supported by BI, TU and CBF. It draws on programme data alongside analysis of the qualitative fieldwork that has been completed to date. As a caveat, this section relied heavily on qualitative data from Bright Ideas and Trade Up; in the following year we will seek to understand the factors contributing to success for businesses on the Community Business Fund in more detail as well.

Clear business model and plan

One important factor behind community business success is having a clear business model and plan. Community businesses tended to complete the programmes with a much clearer business plan and model, substantiated by their development work on the mission and vision of the community business. Particularly on Bright Ideas, advisors felt that some community businesses came to the programme with an unclear idea of the project aims.

"Re visiting business plan and looking at our network has enabled us to develop our connections further. Looking at our vision has also ensured that we don't jump to every need but stick true to our focus on poverty."

Trade Up grantee

Governance structure

As is the case for all organisations, it is important that community businesses have an engaged and strategic board. Challenges with governance can be a significant barrier towards moving the business forwards. Some community businesses experienced challenges in keeping their board engaged due to their commitments outside the community business. Reflecting on their achievements on the programme, some community businesses felt that their work with the advisor helped in the process of forming a stronger and more communicative Board.

"... as a result of the business development support there is a better appreciation and a clearer division between strategic and management priorities, and the enhanced Board has agreed a more realistic and focused strategy with identified lead responsibilities and performance measures."

Bright Ideas advisor

A selection of advisors commented on ensuring that the Board were bought into and supported the community business idea. This can be a particular challenge when developing a new community business from more than one existing organisation. Similarly, any lack of synergy between the project leads, senior management and Board can impact on the likelihood of success.

"Lack of internal capacity to proceed at a consistent pace, coupled with a lack of Board level buy-in into the proof of concept [created challenges for the business]."

Bright Ideas advisor

Supportive and engaged community

'Community' is very important to the success of community businesses. The programmes helped community businesses to improve community engagement and boost local support. On Trade Up, grantees learnt about the value of community engagement through their business development support and training days. Also, the peer support elements of the programmes gave grantees the opportunity to learn about the ways other community businesses engage their community. However, the practicalities of community engagement, and the level of resource that good engagement requires, is a constant challenge for community businesses.

"Community engagement has been the biggest challenge. [The community business] is run by volunteers and it was important to develop a strategy to engage with local people and get more people actively involved."

Bright Ideas advisor

One reason that community businesses with an engaged community are more successful is that they can rely on the community to help them, particularly in three key contexts: when the business wants to raise community shares; when it needs support to complete an asset transfer; and the 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 the community as volunteers or customers.

"[Key challenges in moving the business forward include] community engagement, volunteer recruitment and management, and marketing."

Trade Up grantee

Post programme support

Some Bright Ideas advisors felt that grantees could have benefitted from post-programme support, particularly clearer routes into Power to Change's other community business support programmes. For grantees that have been able to move forward or have been successful in opening a new community business, continued expertise as provided on the Bright Ideas programme could be beneficial as the business develops.

"The early stages of business development are challenging and some ongoing (but limited) professional support at this stage could help improve survival rates."

Bright Ideas advisor

Perseverance and strong leadership

Finally, community businesses need perseverance and strong leadership. Start-up community businesses face several challenges and sometimes it may take years to start trading. "Not giving up on the idea" can in itself be a significant achievement. Grantee organisations are often led by one, or a few, key individuals who are pivotal to the success of the community business.

"The dynamism, drive and enthusiasm of the Project Leader and volunteers has given this Community Business a great start and increased its profile, relevance and support in its local community. It has made great strides over the last 6 months to increase its commercial revenue and raised finance to fund building improvements."

Bright Ideas advisor

Some of the programmes cultivate strong leadership by giving grantees business-centred advice and providing connections to other leaders in their fields. This can be particularly useful for new social entrepreneurs. Community businesses on Trade Up cited the action learning as principally useful for supporting changes in leadership skills. We found that the Trade Up programme equips grantees with the skills and knowledge to develop their business as a leader by providing a safe and nurturing place to ask questions and learn valuable lessons from others. This can be through the provision of workshops and training.

How the programmes support community business success

This section describes the ways in which Power to Change's programmes support community business success.

Table 11: Programme factors contributing to the success of community businesses

Bright Ideas	Trade Up	Community Business Fund
 Business development support 	– Match funding	– Grant aspect and size
- Role of advisor	 Learning days and workshops 	– Peer brokerage
		– Flexibility of the fund
	 Cohort structure and 	
	peer support	

Bright Ideas



Business development support



Role of



Programme timescales



Missin

- + Reflect on community needs
- + Develop and refine business plan
- + Opportunity to test and try ideas
- + Technical capacity to develop project
- + Confidence
- + Support with share offers, writing bids and legal structure
- Relevance of expertise
- + Helps get things moving
- Overlooks internal and/or external project delays
- + Ensure the matching process for advisors is accurate
- + Provide a way for grantees to change advisors
- + Have a way to measure the quality of an advisors deliverables
- + Additional advisors support for grantees experiencing unexpected delays

Business development support

Grantee organisations on Bright Ideas valued the combination of business development support and the grant. Grantees felt that the 1-1 business development support gave them the opportunity to reflect on their business idea and why it was particularly important for their community and target audience. At this stage, the community businesses report that they can develop an effective business model and ensure that they have refined business plans and processes. Organisations spoke about the importance of the Bright Ideas programme in giving them an opportunity to try and test out their ideas through means such as feasibility studies, piloting and market research.

"We didn't have the technical capacity to analyse and take the project forward as a solar co-op. [Our advisor] did. [The advisor] helped with the business model, solar spreadsheets to assess sites, assessed some sites for us, and produced a model for costs etc. to give 25-year ROI and a sense of what the financials would look like."

Bright Ideas grantee

When some community businesses join the programme, they may not have completely established their business plan and model for their idea. In the business development support, some community businesses discover that their idea does not fit well with their current organisation. After working with their advisor, one grantee decided not to continue with their business idea. This was because they felt the financial and management investment needed at the early stage of development was prohibitive and took them too far away from their original core mission.

Role of advisor

Community businesses attached particular importance to the role of their advisor. They were able to make use of the advisor's technical capacity to take the project forward. For example, some grantees reported that they had little to no experience in developing share offers, writing bids and deciding on a legal structure, but they were able to draw on the experience of their advisor to progress their community business idea. It is important that grantees are allocated with a well-suited advisor who has the ability to flex as the project develops, and one advisor noted the importance of having clear expectations of the role and ability of an advisor.

"[The advisor] has been a massive help and support over the last few months. Having somebody that we can turn to discuss ideas or talk through issues has been invaluable."

Bright Ideas grantee

Similarly, one grantee highlighted that their advisor helped them develop a plan for their core development needs, such as training, finding the right technical support and feasibility studies. As above, they could use the grant to pay for an additional role which they felt was very important in getting the project of the ground. They also appreciated that there was not an expectation that they had to be in a position to open as soon as the grant finished as it gave them the opportunity to refine their business idea.

"[The] programme acknowledged the time and energy required to get something going."

Bright Ideas grantee

A few grantees felt that their advisor was not well suited to them or that there was a risk of their community business being negatively impacted based on the support they received from their advisor. This can be an issue for three reasons: community businesses are reliant on the advisor understanding the business initiative; advisors need to be knowledgeable and committed to the business; and advisors themselves are responsible for delivering against the action plan. There is a strong emphasis on the advisors' role in supporting the grantee to pitch to the grants panel on their behalf. Some community businesses felt that where they did not have sufficient time with their advisor, there was a risk of a lack of understanding and commitment for the business initiative.

One grantee felt that the support they received from their advisor was below expectations because of a lack of timeliness of the support, leading to delays in the project. In this case, the grantee observed that the current model puts full trust in the advisor to deliver, and they felt "let down" by this approach. Implementing an approach that measures the quality of an advisors' deliverables, as well as the extent to which grantees meet their intended deliverables might balance this.

"... in case of problems or mismatch, it would be useful to give projects a choice of advisor and a clear process to look at changing advisor."

Bright Ideas grantee

Programme timescales

Delays to the project can put additional pressure on the community businesses and advisors due to the timescales of the wider Bright Ideas programme. Whilst advisors appreciated the flexibility of the fund to adapt to the changing nature of the project, it was highlighted that the timescales are not always appropriate for some grantee organisations.

Upon entering the programme, grantees are given two to three weeks to develop and agree an action plan with their advisor. The action plan is used to track and monitor progress. In the three to six months allocated for the business development support, grantees are expected to meet the projected action plan aims. However, we found that organisations may not be able to meet these targets due to internal and/or external factors that act as a bottleneck for the continuation of the project.

In addition, advisors felt that the support needs of grantees can change in the time period and the programme could do more take this into account. Considering that timescales are an important part of how grantees experience support, allocating additional advisor time for grantees who experience delays in their project is one way to account for unexpected changes. Hence, grantees can receive advisor support to overcome unforeseen delays, that does not diminish their business development support.

"... the BI programme assumes a very logical time progression that rarely happens in community businesses."

Bright Ideas advisor

Trade Up



Match funding



Learning days and workshops



Cohort structure and peer support



Missin pieces

- + Incentivised to increase turnover
- + Engage with creativity
- + Additional income
- + Input from expert speakers
- Variations of relevance for community businesses
- + Fostering shared learning
- + Bringing community businesses together
- Opportunities to meet outside the programme
- More opportunities to network outside the programme
- Prioritising placement of grantees in the most geographically convenient school
- Bespoke advice for businesses not achieving expected trading income increase

Match funding

Grantees that received a 'matched' grant enjoyed the challenge that is inherent in this model: they can claim the grant in instalments, dependent on increasing their income from trading compared to the same quarter in the previous year. The amount is matched pound-for pound based on increased trading, up to a maximum of £4,000.

One grantee described this as the "gamification" of increasing income from trading activities. By being challenged to increase their income by an allocated amount, the grant supported them to focus and incentivised them to increase turnover. Organisations recognised that they had to be creative in order to increase their income and enjoyed the opportunity to change their ways of working. We found that that some grantees appreciated this because it meant that they had to actively push to meet their goals and were proud of being able to do so. It also meant that they were not solely dependent on the grant as an income stream.

"The incentive to increase sales was great... The team worked together to increase trading across all areas and we really pushed some new avenues."

Trade Up grantee

On the other hand, some grantees recognised that whilst the grant was a huge incentive to grow the business through trading, the reality of doing so was a challenge. There are risks associated with exploring new income streams, such as increasing expenditure without being sure of realising the expected growth in income.

"The incentive to increase trading income has had the main impact and we have performed well so far... The downside is we have also increased our expenditure!"

Trade Up grantee

Learning days and workshops

The training days and variety of workshops are a significant aspect of the programme. Grantees spoke about the variety of skills they could learn through these learning days, such as marketing and financial processes. The input from expert speakers was also appreciated. Some of the learning days were more relevant to each community business than others, and the travelling distance was an issue for some grantees because the school they were matched with very far from their base. For instance, one grantee based in Newcastle was matched with a school in London. Others felt that the programme could provide more opportunity to network outside of the learning days; the programme could consider ways in which communication between cohort groups can be facilitated outside the learning days, such as online forums or instant messaging platforms.

Cohort structure and peer support

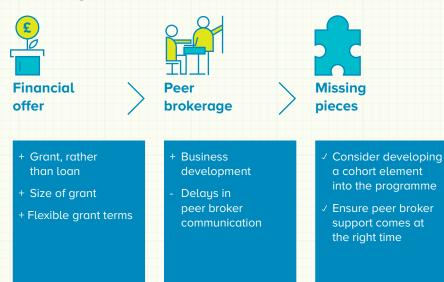
The cohort element of Trade Up was a valued part of the programme. Grantees felt that they benefited from meeting with other community businesses, learning from others' experience and seeing how they compare. One grantee commented that the opportunity to speak to other organisations helped them to understand their position and support needs, and that this was the most beneficial part of the programme as managing a business can be an isolating experience.

"What worked really well for us was seeing other people in similar situations, but the businesses were quite different."

Trade Up grantee

Most of the community businesses we have spoken to so far said that the cohort was the most valued aspect of the programme, over and above the specific content of the learning programme. Whilst they found learning programme to be beneficial, it was belonging to a cohort of peers that was key to making a difference to the business.

Community Business Fund



Financial offer

Grantees valued three key elements of the financial offer available through CBF: that it is a grant, rather than a loan; that the amount of funding available is relatively large; and that the grant terms are relatively flexible.

Community businesses felt that by having access to the grant, they did not have the financial pressure of paying back a loan, which for some was too risky, or not possible. For example, one community business told us that they had considered taking a loan but realised it would have been an uncertain route and could have led to the business becoming unviable.

"... the fact we didn't have to take out a loan but instead to get a grant contributed to our financial sustainability."

Community Business Fund grantee

The opportunity to receive a blend of revenue and/or capital grant funding was also valued. Community businesses reliant upon volunteers recognised the value of being able to hire staff through the grant and grow the capacity of the organisation as a factor contributing to success through the programme. The capital element of the grant allowed grantees to invest in renovating or acquiring a physical asset. For some grantees, this meant that they had additional space to deliver additional services.

"We have a wedding venue to rent with a bar, which is a good income stream and give us a facility where we can also deliver conferences as we grow not only as an income generator."

Community Business Fund grantee

To continue building their business and increase their offer, one grantee needed to renovate to meet the standards they need to have to be able to work with a wider range of people. Since the renovations funded by Power to Change, the community business now has the necessary facilities to progress their business as an official learning provider.

"We have been very impressed by the overall support offered by Power to Change and the flexible approach has enabled us to succeed in our aims despite delays we have faced."

Community Business Fund grantee

The flexibility of the grants to accommodate changes in project planning, or delays to the project, is also helpful. However, some community businesses did not feel they were offered the same level of flexibility when it came to budgets and monitoring. For instance, one community business had received gifts in kind. Consequently, they had to make amendments to their budget to reflect that they no longer needed the allocated spend and would use the funds elsewhere. The grantee felt that there was a lack of trust and experienced administrative pressure to ensure the substitute could be made. Similarly, another grantee thought that the process to get their claims approved was complicated. It was difficult for them to ensure that claiming deadlines were aligned with work schedules. Thus, when they had to reconfigure what they were claiming based on project delays, it was not always clear what the process for doing this was.

A new **Additional** - Grow business exists community business offer Better or Generate - Increased more facilities higher Asset capacity to support revenue community income impact Impact of revenue **Asset acquistion Additional staff**

Figure 6: Impact of CBF on grantees

Peer brokerage

and capital funding

Lastly, peer brokerage supported grantees with their development. For grantees experiencing a period of significant change, they reported that the peer broker helped them to analyse how to maximise the impact and success of the community business. Whilst one community business understood the strengths in the peer broker, there was a lengthy delay in the organisation being assigned the peer broker. As a result, the community business had already spent the allocated money necessities such as training, as the peer broker was assigned nine months into their project starting.

"I immediately called someone at Power to Change – we need someone, we would have loved to crack on with this... in July 2019 we finally got one. By that point, we had spent other budgets to respond to that training need. We had to move on."

Community Business Fund grantee

4.4. Community businesses that fail to achieve their aims through the programme

Bright Ideas

- Lack of coordination and skills
- 6
- Inability to purchase asset
- Personal life circumstances
- Viability of business idea

The primary aim of Bright Ideas is to move community groups with an idea for a community business towards becoming a community business. As such, to fail to achieve the programme aims is to fail to become a community business. To understand which grantees fail to become a community business after taking part in Bright Ideas, we explored programme data from the final advisor and grantee reports.

Overall, there have been 85 Bright Ideas grantees between rounds one and three and looking at the final advisor reports, there were three grantees for whom advisors felt the support provided had not helped the community business to move forward. However, the advisors reported that only one of these would not go on to develop a community business. The reasons for this are varied.

Lack of coordination and skills

The advisors highlighted the importance of a well-coordinated and skilled group to progress the community business. For example, one of the grantees were unable to move ahead due to the key person being unable to commit the time and skills required to develop the business, and as a result key milestones were not met. In addition, the advisor was unable to deliver the business planning advice, which impacted on the continuation of the community business development.

"Unfortunately [the team member] has refused to start work on it through his own personal time constraints and he holds all information and will not delegate."

Bright Ideas advisor

External factors impacting progression

Sometimes factors outside of grantees' control can prevent them from moving forward. This can be seen in the case of one community business where the support provided had not helped the community business to move forward. They were unable to move forward when it appeared that the vendor was unwilling to sell the asset they were looking to acquire, which led to the grantee cancelling their involvement in Bright Ideas because the programme is unable to address this type of challenge.

As reported by the advisors, only one community business did not go on to develop a community business. On this occasion, the organisation ceased trading due to the personal life circumstances of those involved in the community business.

Two grantees reported that the support provided on Bright Ideas did not help the community business to move forward in their grantee report. One of these grantees experienced significant delays in purchasing the property needed to develop the community business, which the programme was not able to help them with.

Viability of the business idea

Another factor that can influence on the likelihood of the community business failing to achieve their aims through the programme is the viability of the business idea. One grantee reported that they did not move forward because of this. Whilst the grantee experienced some initial success, this effect was not realised in the long term. This is because the cooperative model which the community business was built on was reliant on the consistent engagement of members, but the business was unable to maintain the necessary level of engagement. Combined with the challenge of maintaining financial sustainability, the community business proved to be unviable.

Trade Up - Finance of the community business - Promotion and marketing - Staff capacity

Grantee organisations on Trade Up described the types of obstacles that might contribute to a community business failing to achieve its aims through the programme. This includes some of the barriers to implementing learning into the community business, and the key challenges experienced in moving the community business forward. The following is a summary of the most common factors grantee organisations brought attention to.

Finances of the community business

A key element of the Trade Up programme is that businesses are expected to increase their income from trading activities. However, grantees can experience challenges with generating sufficient increased income to claim the grant. Difficulties include ensuring that the project costs stay within budget without affecting the overall progression of the project. One grantee experienced difficulty in accessing additional capital funding to fund increased capital costs. Community businesses were sometimes battling with the need to maintain overhead costs, such as new staff and stock, whilst waiting for the project to deliver increased income and reported the effect of this on accomplishing their aims.

"Finances mostly, as trading increases so do our costs — this will always be a major challenge."

Trade Up grantee

Promotion and marketing

In developing the business, grantees reported the need to improve marketing and promotion of their activities in order to attract more customers and thereby increase trading income. However, some community businesses feel that they lack the skills and resources to embed marketing techniques into the organisation and this could have an impact on their ability to achieve their aims. Some community business highlighted that the additional finance and learning from Trade Up had a positive impact, giving grantees the confidence to invest in marketing to move the business forwards.

"We were able to reduce the marketing burden by using some funding to employ someone to focus on that side of the business."

Trade Up grantee

One grantee highlighted that improving their marketing and customer service was valuable, though they found this challenging. They were aware that they were not well known and did not have a website to increase their profile. Whilst on the programme, they networked with other service providers and promoted themselves on social media. They felt that the learning programme allowed them to expand their customer base, and were therefore able to raise the income required to receive a full matched grant.

Sometimes, organisations may lack the relevant skills and/or capacity to invest in promotion and marketing. By sharing with grantees the importance of their promotion and marketing skills, it can increase the likelihood of community businesses achieving their programme aims.

"... social media is something I despise but it seems to be becoming more and more prevalent."

Trade Up grantee

We identified three ways in which Trade Up supports community businesses with developing and implementing a communications and marketing strategy: marketing workshops; business model planning tools to include a marketing strategy; and increasing the availability of funds to employ someone with the relevant expertise. This is beneficial for grantees because they can share knowledge from sessions among the rest of the business team. Also, they can use the business planning tools to conduct a strategic analysis of potential strengths, weakness, opportunities and threats related to the marketing of the project. Additionally, the increased capacity can free up the time of core team members, which can reduce the marketing burden.

"We couldn't have sustained our growth without the additional person responsible for social media marketing."

Trade Up grantee

However, the likelihood of grantees achieving success in fulfilling an effective marketing strategy is highly dependent on the resources available within the community business. More specifically, grantees need to have someone within the team who is available to commit the time needed to execute a lucrative marketing strategy. Otherwise, community businesses might want to consider investing in employing someone focus on this. Indeed, the learning from the Trade Up programme on marketing can be slowed down and flawed by an absence of the resources to invest in it.

"[We] have begun re-writing business plan based on business model canvas, implemented lots from the marketing sessions when developing new marketing materials and on social media... Only barrier has been time when back at work!"

Trade Up grantee

Staff capacity

Community businesses with small staff teams could struggle to implement learning from the Trade Up programme in the longer term. Some participants told us that balancing current business needs with implementing programme learning was a challenge that had prevented them from moving the business forward.

"There were many things that I would like to implement from what I learnt over the past few months, particularly how to manage my time and ensure that I have the confidence of my convictions. Unfortunately, this training coincided with a staff shortage, which meant that I had to fill in in areas of the business that aren't part of my usual role leaving me little time to fulfil my actual tasks. This is a challenge in a small business with limited staff numbers."

Trade Up grantee

Grantees reported that recruitment had a substantial effect on their time. By spending more time trying to find the right person for the role, they had less availability to deliver on the project aims. Community businesses that rely on grant funding can find the associated admin challenging, especially in organisations with small staff capacity.

"Staff recruitment and training across the project has taken up considerable time and energy."

Trade Up grantee

Community Business Fund

- Ability to increase revenue income
- Delays acquiring or renovating asset



We used programme monitoring data to understand the aspects of grantee's journey that tend to put them at risk of failing to achieve their aims whilst on the Community Business Fund programme. We wanted to analyse the effect of the Community Business Fund on income. Community businesses that experienced a decrease in income between their application and the latest monitoring form by more than 10% were scored as red, and are the businesses that we focus on in this section. To supplement our understanding of these factors, we also used data from qualitative fieldwork.

Ability to increase revenue income

A specific issue for some grantees is their ability to increase revenue income. This can happen when grantees experience the challenge of turning a revenue grant for a specific post, into enough increased income to make the post sustainable.

For example, one grantee reported having many different revenue streams, but found that not all their ideas succeeded in generating the expected demand. They received a revenue grant for a full-time manager, and had expected that after some time they would be able to increase income enough to pay for this role themselves, but this turned out to not be possible.

In retrospect, the organisation felt that one year of a manager's time to make that role financially sustainable was not realistic. They proposed that more advice or financial support at an earlier stage in their application would have been useful, for example to apply for a greater amount of funding in the first place, or to fund a part time role instead.

Similarly, another grantee received a revenue grant for two new roles with the aim of offering additional services to the public and providing a new revenue stream for the business. Usually, the organisation delivers health and wellbeing classes. Considering that the new business idea was especially different to the rest of the business, it was a risky project to undertake. Eventually, they realised that they were unable to draw enough customers to make this venture successful.

"Looking back, I wish [I] had used that money on an outreach worker, which would free up some of [my] time to work on strategy and put in funding bids."

Community Business Fund grantee

Delays acquiring or renovating assets

Grantees on this programme also commonly reported asset-related issues that impacted on their ability to deliver on their aims. The problems they faced with assets varied. Where community businesses were dependent on the opening of a new premises, the likelihood of their ability to deliver on their original aims dropped dramatically. This was usually related to delays in renovation or building projects.

"The downside of last year is that the [stadium] did not open in September 2018 as promised. This has dramatically affected our trading and profits have considerably dropped."

Community Business Fund grantee

For example, one grantee organisation planned to use the capital grant to build an outdoor classroom. Unexpectedly, they experienced delays to their project because they struggled to find the right builder. Other development costs, such as the kitchen, ended up being more expensive than anticipated. This meant that they ran out of budget and could no longer build the outdoor classroom. Power to Change was understanding of these delays, and the community business was able to crowdfund for the costs of building the outdoor classroom and recently completed the build.

4.5. Key findings and recommendations

In this section of the report, we focussed on the impact of the three programmes on the individuals and organisations that they support. We found that:

There is a significant impact on individuals and grantees

Most grantees report significant changes to themselves, and their community businesses, after being involved in the three programmes. For BI, grantees reported progressing their business faster than they otherwise would have been able to, and being on the programme helped their financial sustainability. TU grantees saw the greatest improvement in business skills and entrepreneurialism, as well as confidence and sharing of responsibility. CBF enables community businesses to acquire or improve assets, which in turn play a major role in the level and type of impact CBF has on grantees' business model and financial sustainability, such as helping to create new revenue streams and the ability to work with different organisations.

Particular factors related to community business contribute to making this impact even greater...

Having a clear business model and plan, an engaged and strategic board, a supportive community and perseverance and strong leadership are all factors that contribute to a community businesses' success on BI, TU or CBF.

... As do particular aspects of the programmes

We found that the combination of business development support and the grant, as well as the role of the advisor, contribute to the success of BI grantees. Of particular importance is the role of the advisor, and grantees were able to make use of their advisor's technical capacity to take projects forward. However, getting the wrong advisor can have a negative impact on a grantee, and this can be an issue for three reasons: community businesses are reliant on the advisor understanding the business initiative; advisors need to be knowledgeable and committed to the business; and where advisors themselves are responsible for delivering against the action plan.

Match funding, and the training days and workshops, were particularly important for TU grantees, but arguably the most important aspect of the programme was being part of a cohort of community businesses. Grantees felt that that they benefited from meeting with other community businesses, learning from others' experience and gaining inspiration and motivation through seeing how their work compares to others'.

Grantees valued three key elements of the financial offer available through CBF: that it is a grant, rather than a loan; that the amount of funding available is relatively large; and that the grant terms are relatively flexible. In addition, peer brokerage supported grantees with their development, however, to have the most impact, it must come at the right time for the grantee.

However, some community businesses fail to achieve their aims

BI grantees can fail to achieve their aim (of launching a new community business) due to factors outside of their control, because of issues in acquiring an asset, because the business idea turned out to be unviable, and/or because the business was too reliant on a single individual who could not commit to taking it forward. Trade Up grantees noted they experienced some barriers to implementing learning into their community business, such as lack of resource and dealing with the strain of balancing current business needs and implementing programme learning. CBF grantees found that new income streams could be less successful in generating additional revenue than planned. In addition, challenges around assets, such as delays to renovations or running out of budget, led to community businesses struggling to achieve their project aims.

Table 12: Conclusions and recommendations for programme development and support

Conclusions and recommendations for programme development and support ВΙ TU CBF Review the matching Speed up the process Some community process for grantees of matching community businesses felt they were to ensure that they are business and peer brokers, matched with an advisor matched to schools and make it clear that that was not appropriate for their business. and other community community businesses businesses in their locality can use peer brokerage To minimise the risk of support at a time that is this, it might be worth most useful to them (which considering reviewing may not always be at the the matching process for beginning of the CBF grant advisors and community programme) groups to improve its accuracy, give grantees a choice of advisor and a way in which grantees can change advisors if it is not working for them

Conclusions and recommendations for programme development and support

BI TU CBF

Advisors take ownership over all of their deliverables to the delivery partner for BI, which means that community businesses might get different outputs depending on who their advisor is

It is worth considering having a way to measure the quality of an advisors' deliverables

The cohort was a significant aspect of the programme for many TU grantees.
To foster the greatest impact of the cohort, it is worth considering ways in which communication between cohort groups can be facilitated outside the learning days, such as online forums or instant messaging platforms

In many cases, the delays and issues related to assets are outside of anyone's control, however, Power to Change and the delivery partners could still support community businesses with challenges around assets. This could be providing support to community businesses with negotiations if they decide to buy an asset; if delays occur due to assets, supporting community businesses in finding revenue funding to fund project manager / other staff involved in the project; and linking grantees with community businesses who are experiencing similar challenges, peer support/learning is really valued amongst community businesses

Conclusions and recomme	Conclusions and recommendations for programme development and support							
ВІ	ти	CBF						
	Many TU grantees are small and have limited capacity to implement the learning from the training programme. SSE and Power to Change could consider adding additional learning days on how to implement learning, or provide additional capacity through an advisor to help implement learning effectively	To support grantees that apply for revenue funding, perhaps Power to Change could provide grantees support with sustainability planning and advice to plan for completion of the grant						
	It was found that some community businesses were unable to increase their tradable income despite developing and investing in new ideas. It may be worth offering bespoke advice to such businesses to support them through this challenge	Where community businesses have received grants to fund a worker to develop the project, it could be beneficial to support organisations to recruit additional staff. Possibly this could be done by advertising roles through the funder and delivery partner networks						

5. Impact on people and place

In this section we explore the following evaluation questions:

What is the	impact of the commun	ity business on people	and place?
ВІ	What is the impact of Community Businesses on: (i) their beneficiaries, customers and members? (ii) their		
TU	members? (ii) their staff and volunteers? How do customers, members of the public, beneficiaries and volunteers describe the CB's impact on them?	Do Community Businesses collaborate with others in their local	How does the impact of TU learning programme filter through to their Community Businesses and their wider community?
CBF		area? If so, how does this impact on their success?	What social impact do Community Businesses create, particularly in relation to PtC's seven priority outcome areas?

5.1. Impact on people

All grantees have an impact on people in their community, through hiring employees to supporting beneficiaries.

5.1.1. Impact on beneficiaries, customers and members

Beneficiaries

The number of beneficiaries reached is estimated using different methodologies across the three programmes, and therefore the figures reported here are not directly comparable.

In the application phase of the programme, BI grantees report the total number of people they expect to benefit from their community business idea in the future. Overall, 5,635,782 people were expected to benefit, based on 174 community business idea applications.

Around half (55 per cent) expect to reach 3,000 or fewer beneficiaries, whilst 40 BI grantees expect to reach upwards of 12,000 beneficiaries (23 per cent). However, this group of applicants seem to have overestimated their potential reach when compared to businesses supported by TU, where only 10 per cent of community businesses reported reaching over 12,000 beneficiaries. The figure for BI is estimated by grantees at application stage where 74 per cent of BI grantees are in testing an idea stage (pre-venture), and therefore are likely to be over-estimating the potential reach of their community business.

Table 13: Number of community businesses by number of people estimated to benefit (n=174)

	BI (N)	BI (%)
Less than 250	17	10%
251-500	19	11%
501-1000	20	11%
1001-3000	39	22%
3001-6000	21	12%
6001-12000	18	10%
12001+	40	23%

Notes: Excluding six community businesses in BI (not recorded)

In TU, the total number of beneficiaries reached has been captured in the follow up survey in the first and second years of the programme, and included in the application form in the third year. The estimation of total number of beneficiaries reached by 117 community businesses is 667,502, which amounts to 5,705 beneficiaries per community business on average (mean) and a median of 800. Table 13 below shows that the mean is skewed heavily by a small number of community businesses (12) reporting a high number of beneficiaries per year (12,001+).

⁹ The corresponding question in follow up survey year 1 was 'number of beneficiaries they currently have and worked with in the last 12 months'. In follow up survey year 2, the question was 'total number of beneficiaries worked with during the last six months'. In application forms year 3, the question was 'approximate number of people are engaged with organisation per year'

Table 14: Number of community businesses by number of beneficiaries per year (n=117)

	TU (%)	TU (%)
Less than 250	28	24%
251-500	14	12%
501-1000	22	19%
1001-3000	24	21%
3001-6000	10	9%
6001-12000	7	6%
12001+	12	10%

Notes: Excluding 91 community businesses (not recorded). Year 1 and 2 from follow up survey, year 3 from application forms.

In contrast to BI and TU, the latest monitoring forms for CBF are able to provide us with estimates of the total number of customers or service users reached by community businesses per month (rather than per year). In the latest monitoring forms submitted by 156 community businesses, the total number of customers or service users reached per month was 438,470, an average of 2,811 per community business, whilst median is 1,007.

Table 15: Number of community businesses by number of customers / service users reached per month (n=156)

	CBF (N)	CBF (%)
Less than 250	19	12%
251-500	22	14%
501-1000	37	24%
1001-3000	38	24%
3001-6000	21	13%
6001-12000	15	10%
12001+	4	3%

Notes: Excluding 9 community businesses on CBF (not recorded)

CBF and TU grantees are able to choose up to three target beneficiary groups in their application form, while BI grantees can select as many target beneficiary groups as they would like. Most TU and CBF grantees specified three groups, while most BI grantees planned to target over four groups.

Table 16: Number of beneficiary groups targeted by TU and CBF grantees (n=244)

Number of beneficiary groups selected by grantees	TU	CBF	τυ	CBF
1	14	19	18%	12%
2	7	10	9%	6%
3	58	136	73%	82%

Table 17: Number of beneficiary groups targeted by BI grantees (n=180)

Number of beneficiary groups selected by grantees	ВІ	%
1	22	12%
2	8	4%
3	16	9%
[4-10]	97	54%
10+	37	21%

Note: potential beneficiary group of community business as stated in application.

The most commonly targeted groups across the three programmes are **older people**, **young people**, and those who **live in poverty**.

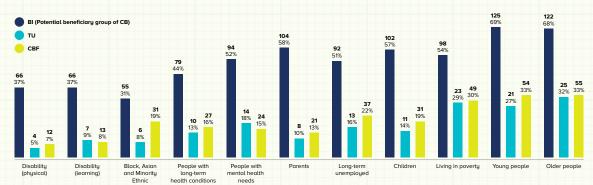


Figure 7: Grantees by beneficiary group targeted (n=424)

Notes: *Each grantee can target more than one beneficiary group; TU includes only year 3

5.1.2. Impact on staff and volunteers

Employment

Almost 3,800 staff members are employed by TU and CBF grantees, which equates to 11% of staff employed across the whole community business market in England. Of these, 992 are employed in 137 community businesses supported by TU (Mean=7, Median=5), while 2,808 are employed by 158 CBF grantees (Mean=18, Median=12). There is no data on the number of staff members employed by BI grantees, many of whom are supported by volunteers for the duration of their involvement in the programme.

Fifty-three per cent of CBF grantees employ more than 10 staff members (FTE), while 82 per cent of TU grantees employ 10 or fewer staff members (FTE). Fifty-nine per cent of staff members work on part-time basis in organisations funded by CBF, compared to 78 per cent funded by TU (based on year 1 and year 2 follow up survey).

¹⁰ Higton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. 2019. The Community Business Market in 2019. Research Institute Report No. 24. [online] The Power to Change Trust, p. 30. Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/12/CBM-19-Report-DIGITAL.pdf [Accessed 11 May 2020].

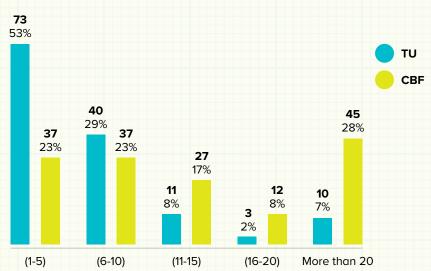


Chart 3: Number of staff employed (n=295, 137 TU, and 158 CBF)

Notes: Source: TU: year 1 and 2 follow up survey, year 3 application, CBF: Latest monitoring form submitted. Excluding 78 community businesses (not recorded), 71 on TU, and 7 on CBF

Table 18: Number of staff employed by CBF grantees, by type (n=186)

Number of staff employed	TU	CBF	%	%
Full Time Equivalent (FTE) staff	-	1,823		-
Number of staff employed	427 (Year 1 and 2)	2,808	100%	100%
Full time staff	94	1,142	22%	41%
Part time staff	333	1,666	78%	59%

Notes: Source: TU year 1 and year 2 from follow up survey, CBF from latest monitoring form submitted. Excluding 82 community businesses (not recorded), 44 on TU, and 38 on CBF

Volunteers

An estimated 19,294 people regularly volunteer with grantees across the three programmes. This represents 9.4 per cent of the estimated 205,600 volunteers recruited by the community business market in England.¹¹

Table 19: Number of volunteers by programme (n=505)

Volunteers	ВІ	TU	CBF
All	7,270	5,107	6,917
Mean volunteers per CB	40	32	42

Notes: Source: Bl: application, TU: Year 1 and 2 follow up survey, year 3 application, CBF: Latest monitoring form submitted. Excluding 48 community businesses on TU (not recorded)

Despite the difference in size in terms of income and staff employed, CBF grantees have on average 42 volunteers, TU grantees have on average 32 volunteers, while BI grantees have 40 volunteers on average at the point of application. Almost half of community businesses in the three programmes have one to 25 volunteers, while 28 per cent of TU grantees, 31 per cent of CBF grantees, and 23 per cent of BI grantees have between 26 and 50 volunteers.

Table 20: Number of community businesses by number of volunteers (n=505)

	ВІ	TU	CBF	ВІ	TU	CBF
0	5	3	0	3%	2%	0%
[1-25]	91	96	76	51%	60%	46%
[26-50]	41	44	51	23%	28%	31%
[51-75]	18	9	17	10%	6%	10%
[76-100]	12	0	5	7%	0%	3%
100+	13	8	16	7%	5%	10%

Notes: Source: Bl: application, TU: Year 1 and 2 follow up survey, year 3 application, CBF: Latest monitoring form submitted. Excluding 48 community businesses on TU (not recorded)

¹¹ Higton, J., Archer, R., Steer, R., Mulla, I. and Hicklin, A. 2019. The Community Business Market in 2019. Research Institute Report No. 24. [online] The Power to Change Trust, p. 30. Available at: https://www.powertochange.org.uk/wp-content/uploads/2019/12/CBM-19-Report-DIGITAL.pdf [Accessed 11 May 2020].

96 60% ы 91 51% 76 TU 46% **CBF** 51 44 31% 28% 41 23% 16 18 17 13 12 10% 10% 10% 9 8 7% 5 7% 5 6% 3 5% 0 0 3% 3% 2% 0% 0% (1-25)(26-50)(76-100)100+ Zero (51-75)

Chart 4: Number of community businesses by number of volunteers (n=497)

Notes: Source: BI: application, TU: Year 1 and 2 follow up survey, year 3 application, CBF: Latest monitoring form submitted. Excluding 48 community businesses on TU (not recorded)

5.2. Impact on place

5.2.1. Collaboration with others in the local area

Many community businesses stated that they worked with other voluntary and community sector organisations in their local area. By doing so, organisations reported that they could build new collaborative relationships, leading to new projects and partnerships in some cases. By engaging with other organisations, community businesses accessed opportunities for mutual learning, increased profile and income.

"[We] communicated and engaged with more local organisations and community members... We believe this has increased our profile and credibility, particularly with other local organisations."

Bright Ideas grantee

There were two ways in which collaboration with others and partnership increased income. Some community organisations rented their rooms or premises to other organisations. Other community businesses worked in partnership to develop their referral pathways for their programme delivery. The types of organisations businesses were working in collaboration here with include charities; GP surgeries; social care departments; schools; and the local authority.

"We have further networked with new and potential partners within the city and beyond to help build our organisation's public profile and develop support, referral pathways and resilience within the sector."

Trade Up grantee

We identified a few ways in which community businesses used their partnerships with other local organisations to foster the development of their business. Some grantees used their partnerships to generate additional resource as volunteers or coop members. Other community businesses worked in coalition with partners to secure the future of their asset, and could draw on the support of partners for capital spend. Some community businesses were even working with other voluntary sector community organisations through shared project delivery. However, some community businesses were negatively affected by partnerships because they were reliant on the joint availability of other partners to progress. It is important that community businesses in working in partnership are aware of the time needed to be committed to the project to ensure that it is successful.

"We have one new coop member as a result of getting to know the organisation through running gardening sessions due to the funding. She adds new skills and experience to the organisation and is now the Volunteer Coordinator."

Bright Ideas grantee

Some organisations worked with locally based contractors, including architects, roofers and auditors, to have work completed pro bono or at a lower rare. Generally, community businesses could secure this support because locally based contractors could see the value of the work the community business was doing in the community. Some community businesses were also in the process of restoring historic and/or listed buildings which these contractors had a personally invested interest in. In turn, some community businesses hired out, or had plans to hire out, their venue to local organisations at a preferential rate.

"... everyone we are using has a connection, because it's an iconic building a lot of people know it."

Community Business Fund grantee

Some community businesses had focused on developing positive relationships with their local authority. This can have varying benefits. Some community businesses experienced improved access to other local partners or potential customers, for example schools. Other businesses were able to use this relationship to access local authority support and good will in the asset transfer process. For others, local authority support was beneficial in pursuing their business activities, for example one case where the authority agreed to amend the terms of the community business' lease so that they could meet grant funder requirements.

"My responsibilities are to keep everything going, keep making new contacts and contracts, developing leads for how we can be in the future, maintaining relationships with tech companies, schools and councils."

Trade Up grantee

5.2.2. Social impact created by community businesses

At application stage, community businesses are asked to think about the social impact they aim to create, particularly in the relation to Power to Change's seven priority outcome areas. These are:

- 1. Reduce social isolation;
- 2. Improve health and wellbeing;
- 3. Increase employability;
- 4. Create better access to basic services;
- 5. Improve local environment;
- 6. Enable greater community cohesion; and
- 7. Foster greater community pride and empowerment.

It is hoped that as organisations develop their business they continue to build on their social impact.

"The social impact is huge."

Community Business Fund grantee

In analysing the fieldwork and programme data, we saw a range of ways that community businesses were working to ensure social impact. However, we will draw on the most significant examples of social impact across the businesses and according to the priority outcome areas. At this early stage in the evaluation period, and as we found in the previous report, rarely are the outcomes of community businesses mutually exclusive.



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. Some organisations specifically targeted their activities at reducing social isolation and loneliness as they saw the need for this in their community.

"[Our] achievements have included combating social isolation and increasing resident mobility."

Bright Ideas grantee

We have noted that community businesses often attract people who otherwise feel disconnected from society; it is a place 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 business. For some people, the activities they have taken part in through the community business have been deeply meaningful.

"It's been life changing!"

Volunteer

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.

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

Beneficiary

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.

"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

Improved health and wellbeing

Community businesses can act as a source of support for those who are experiencing poor health, including mental health. As a result of their involvement with the community business, many people 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.

"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

For example, one woman we spoke to had recently moved to the local area and did not know anyone. For this reason, she was mostly staying in her flat and started to put on weight. Once she had become involved with the community business as a beneficiary of one of their programmes, she got to know more people in the area who she describes as friends. The effect of this is that the activities she takes part in help her to manage her health condition and she no longer feels socially isolated.

"I come here to help me recover from my stroke. The exercises are making my arm stronger, and the conversations are helping me improve my speech."

Beneficiary

One business was particularly interested in understanding the impact they were having on their service users' wellbeing. The community business has developed a measurement tool with a university and are in the process of getting it validated so that they can measure the level of wellbeing of service users before and after their involvement in the programme.

Increasing employability

Although many community businesses have a small staff team, they tend to employ at least some local people, with 88% of staff in TU grantees¹² being local; and 71% for CBF grantees¹³. By providing volunteering opportunities, community businesses also able to support their volunteers to build skills and find employment.

Echoing our findings from our previous evaluation of the Community Business Fund, some community business offer people who are likely to experience exclusion from employment and/or challenges with their physical or mental health a chance to develop their skills through volunteering. This includes people with physical and mental health needs or in other cases people who have been out of employment for a significant amount of time.

A positive example is of this is an organisation that works primarily with refugees and asylum seekers. Despite some of their volunteers not being able to have 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 an asylum seeker for five years was on this reward scheme, once they were given their status they had a lengthy CV which meant they were able to get another job running a café. Another person has a job as a cleaner and standby cook because they had all that experience and were provided with training such as food handling.

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

Bright Ideas grantee

Some businesses support people in the local area 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 can have improved self-esteem or can progress to their desired employment and/or education. This is illustrated in the case of one staff member who supported a young woman seeking employment. Unfortunately, she did not have any advanced level qualifications and had lost her certificates from school. She also experienced low confidence which stopped her from applying to jobs. The staff member took some time to call her school and retrieve her list of qualifications, and since then she has attended college and is looking to go to university.

¹² TU rounds one to three

¹³ CBF rounds one to seven

¹⁴ Thornton, A., Litchfield, A., Brooks, S., Britt, R. and Hitchin. 2019. Community Business Fund Interim Report. [online] The Power to Change Trust, p. 48. Available at: https://www.powertochange.org.uk/research/community-business-fund-interim-evaluation-report/ [Accessed 11 May 2020]

Whilst the quality of volunteering and employment opportunities that community businesses offer tend to be high, they are typically too small to provide a substantial number of jobs. The number of jobs provided by grantees tends to differ between programmes: 82 per cent of Trade Up grantees employ ten or fewer staff members and therefore tend to be relatively small, whereas more than half of Community Business Fund grantees employ more than ten staff members and are therefore larger employers.

Create better access to basic services

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

"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

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

"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

Community businesses sometimes provide services over and above 'basic' provision, for example drug and alcohol support services, housing support, and other specialist services.

Improving the local environment

We highlighted in our Interim Evaluation Report for the Community Business Fund that some grantees take an active role in using their assets and experience to improve the places in which they function. This can mean leading local regeneration activities, or less commonly, delivering environmental initiatives and projects.

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.

"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

Generally, in line with our findings from the previous year, the impact of community businesses on the local environment is around their support or leadership in regeneration activities.

Other impacts

Some of the impacts of community businesses we found did not fit neatly into the seven priority outcome areas identified by Power to Change. Their impact is varied and we found that community businesses are involved in shaping their local community in a few ways.

Some of the outcome areas are strongly interlinked. Amongst other approaches, community businesses act on *reducing social isolation* by providing a place to go; improving mental health and signposting to additional services. This comes hand in hand with the Power to Change's desired outcome of *improved health and wellbeing*. Community businesses do this by promoting community cohesion and building connections with others, which in turn can have an impact on reducing social isolation. In the same way, community businesses *create access to better services* through community hubs or acting as a crucial public provision. Consequently, this can have an impact on reducing social isolation and improved health and wellbeing.

Grantees that support local people to *increase employability* are also likely to support them with related needs such as reducing financial exclusion. It is probable that these groups are also more likely to be affected by poor mental and physical health. In offering volunteering opportunities and signposting to further services, some community businesses simultaneously provide a place for people to go for support. This can relieve the social exclusion these groups might be experiencing.

We recognised that some community businesses did **enable greater community cohesion and foster greater community pride**. In the previous report, we observed that almost all community businesses fostered a sense of ownership, pride and and/or empowerment amongst people actively involved in the business. Not only do grantee organisations provide employment opportunities for people in the community, employees that we spoke to feel more part of the community because of being involved in the business, and enjoyed being able to help others in their local area.

"It can be life changing in very little ways or sometimes in more significant ways. So, we really work with people in disadvantage and take them on a journey from wherever they are at..."

Bright Ideas Fund

Building on that finding, it is likely that the extent to which this occurs varies depending on the sector and model of the community business. For example, some grantees with a community shares business model were more likely to enable community cohesion and pride, as those with shares have an equal ownership of the business. Some community businesses with a very specific focus on place, such as grantees working in estates to support regeneration in the area, are also likely to increase community pride in the area. Others were more likely to foster greater community cohesion and pride because they were reliant on community support in negotiations for community asset transfer or in their campaign to save a building.

"It provides vital services, in terms of the community side, it really brought the community together and enhanced social interaction of the community."

Bright Ideas grantee

However, this sense of ownership and community pride was not as apparent in other community businesses that have lower levels of community engagement and/or focus service delivery rather than wider activities to support the place.



This section of the report focussed on the impact of the grantees of the three programmes on people and place. We found that:

Community businesses have an impact on a wide range of people in their community, including staff, volunteers, customers, members and beneficiaries.

The most targeted beneficiary groups across the three programmes are older people, young people, and those who live in poverty. A key impact for beneficiaries, customers and members is building connections with other people. The community businesses seemed to give people in the community a place to go and talk to others where they would otherwise feel alone.

Almost 3,000 staff members are employed by TU and CBF grantees, and these staff report feeling more part of a community as a result of being involved in community businesses. Delivery staff at the community businesses said that they enjoyed being able to help others in their local area.

Around 16,077 people regularly volunteer with grantees across the three programmes. The community businesses often help volunteers to learn new skills, and improve their health and wellbeing.

Many community businesses stated that they work with other voluntary and community sector organisations in their area.

By doing so, organisations reported that they could build new collaborative relationships, leading to new projects and partnerships in some cases. By engaging with other organisations, community businesses accessed opportunities for mutual learning, and increased profile and income.

Community businesses achieved various types of social impact, which are rarely mutually exclusive.



Amongst other approaches, community businesses act on *reducing social isolation* by providing a place to go; improving mental health and signposting to additional services. This comes hand in hand with the Power to Change's desired outcome of *improved health and wellbeing*. Community businesses promote community cohesion and build connections with others, which in turn can have an impact on reducing social isolation. In the same way, community businesses *create access to better services* through community hubs or acting as a crucial public provision.

6. Conclusions and Recommendations

This research was conducted prior to March 2020, when the COVID-19 crisis started to impact England. As such, the research is a snapshot of the three programmes prior to the crisis.

However, most findings are still relevant to Power to Change and Bright Ideas, Trade Up and Community Business Fund grantees as they adapt to the new context in which they are operating. The following findings strike us as particularly important to be mindful of when planning for the response, recovery and rebuild phases of the community business sector as a result of COVID-19.

Our key conclusions and recommendations are:

- Bright Ideas is an effective programme, supporting community businesses at a stage in their lifecycle when they would often otherwise find it difficult to find funding or support. However, Bright Ideas grantees often have different needs, which can be complicated, and it is likely that these needs will become more challenging after COVID-19. It is important for the programme to respond flexibly to those needs, and consider adapting the programme during and after the crisis.
- One way of adapting may be to take learning from Trade Up about the most valued aspects of that programme. Our research found there was immense value for community business leaders in being part of a cohort and learning from their peers. This may be particularly needed in the current context, and it may be worth considering how to offer a cohort or peer learning element to BI, as well as other Power to Change programmes such as CBF and the Emergency Fund.
- Given the economic and social impacts of the crisis, it is even more important for Power to Change to support community businesses in more deprived communities. They are more likely to be represented in CBF than TU or BI cohorts (Table 9). Therefore Power to Change should pay particular attention to the needs of CBF grantees in more deprived areas and think about the needs of those businesses specifically as they plan any adaptations to the CBF offer.
- Over and above this, it may be important to more stringently prioritise deprived areas, or those that are most impacted by COVID-19 in the Power to Change programmes, and deprioritise community businesses in areas where local people have the wealth to rescue businesses themselves.

- Assets play an important role for community businesses, particularly for CBF grantees many of whose projects aims to translate the value of an asset into revenue income. With the type of businesses on CBF, if they lose the asset, they basically cease to exist. It is therefore important for Power to Change to consider thinking about what they could do to help businesses avoid getting to that stage. For example, do CBs need help with reprofiling their revenue income from the asset? How do they reopen safely to get revenue flowing again? How do we keep those assets in community hands even if the business goes under? Fundamentally, what can CBF do as a programme to help grantees be as resilient as possible to these issues?
- COVID-19 has impacted all areas of England, to varying degrees. Given
 this, it will be important for Power to Change to take learning from the
 priority places, such as those on the Empowering Places programme, and
 think about how it can be applied to the situations of community businesses
 in other programmes.
- Our evaluation has found that community business success is associated with a range of factors: good governance, strong leadership, supportive and engaged community, as well of course the importance of financial resilience.
 It is important that in the crisis response, PTC (and other funders) don't lose sight of the importance of resilience factors other than financial resilience.
- We think that having a supportive and engaged community is particularly important. CBs (particularly those in more deprived areas) can sometimes struggle with financial viability, but often have a very invested community which is willing to support the business in a whole range of ways to keep it going.
- There is a risk that funders prioritise helping organisations with healthier finances to limit the risk to their own funds, which could lead to the loss of some organisations which are very valued by local communities in more deprived areas who would be willing to do a lot to support the continued survival of the organisation, given the chance

Power to Change

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