



power to
change

business in
community
hands



**THE COMMUNITY
DIVIDEND: WHY THE
NEXT GOVERNMENT
SHOULD EMPOWER
COMMUNITIES**

The community dividend

We're living through a unique moment of challenge and change – from the Covid-19 pandemic to the growing cost of living crisis. Each time, community has been and will be our first line of defence. Local people and organisations stepped up to coordinate a response and provide support to those struggling, often much more quickly than statutory partners. But too often this vital 'third pillar' of community plays second fiddle to the state and private sector in the minds of our politicians and in the policies they implement.

Strong communities are the bedrock of successful nations. And enterprising people in these communities have the ability to build powerful organisations which respond to local need and provide people agency and purpose. What follows is a manifesto for the ways that government can harness this talent.



Jubilee Pool, Penzance, an iconic facility owned and operated successfully by the local community



Fordhall Farm

The community business sector and Power to Change

Community businesses are locally rooted and community-led, trading for community benefit and making life better for local people. From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are revitalising neighbourhoods, providing employment and training and transforming lives.

Many are multi-purpose community hubs which deliver a range of services, provide workspace, build housing and much else besides. They are hyper-local organisations driving regeneration and enterprise.

Since 2015, this dynamic and growing sector has doubled in size¹.

11,300

Community businesses
in England

38,000

People employed and
149,000 volunteers²

£870m³

Community owned
buildings and spaces

At Power to Change, we know community business strengthens local communities. We use our experience to bring partners together to fund, grow and back community business to make places thrive. An independent Trust, we use our evidence and expertise to shape thinking across the political spectrum.

We work closely with community businesses across England that are delivering the services their communities need, taking ownership of the spaces and services that matter to them and are building resilience into their local economies.

Work with us to create the right conditions for community business to thrive. Together we can address regional inequalities, create local opportunities, restore pride and purpose in our communities and address regional inequality.

¹ Higton, J. et al (2021), *The Community Business Market in 2021*, Available at: <https://www.powertochange.org.uk/wp-content/uploads/2021/12/Community-Business-Market-in-2021-Report.pdf>

² Ibid.

³ Archer, T. et al (2019), *Our Assets, Our Future: The Economics, Outcomes and Sustainability of Assets in Community Ownership*, Available at: <https://www.powertochange.org.uk/wp-content/uploads/2019/07/Assets-Report-DIGITAL-1.pdf>

Our three asks of the next government:

- 1. Back the enterprising community business sector** by extending and expanding the Community Ownership Fund to £300m over four years to put 1,300 spaces into stable community ownership.

1,300 additional assets brought into community ownership would create at least 5,000 jobs and 30,000 volunteering opportunities.

- 2. Empower local people** by introducing a landmark piece of legislation, a Community Power Act, that would give communities a right to control spaces, services, and spending decisions in their local area.

This would help establish a dynamic new form of governance at the local level, leading to more responsive public services, better decisions about local public spending and greater local power and say over important buildings and spaces.

- 3. Revitalise our high streets** by introducing a High Street Buyout Fund, consisting of a £100m government grant leveraging social and commercial investment, to enable communities the time to raise the capital to purchase high street assets.

This agile fund attracts additional non-government investment and improves the physical, social, and economic impact of high streets in a relatively swift way but with real longevity and sustainability.



1. Back the enterprising community business sector by extending and expanding the Community Ownership Fund to £300m over four years to put 1,300 assets and spaces into stable community ownership

The challenge:

The country faces multiple and interconnected challenges. There is a widespread feeling of lack of control over local decisions. Inequality within and between regions is a persistent problem. Decades of regeneration funding from successive governments has made little discernible difference on the social and economic fabric of many places. This economic decline impacts people's pride in place.

Why this matters:

Research by the think tank Onward has shown that the most successful past regeneration efforts were rooted in community-led change.⁴ As government looks to tackle the rising cost of living, drive economic growth after years of stagnation and reach net zero it needs to turn to organisations who are trusted by local communities and are the first line of response to these shocks and challenges. Community businesses do just this.

The solution:

Community businesses work at the heart of communities. Because they are locally rooted and accountable, they provide people with a meaningful role in their community. And their responsiveness to local need means they can tackle the underlying causes of economic decline, such as through helping people furthest from the labour market back into work.

Capitalising communities through support for community ownership is a way of making government investment go further. As enterprising organisations, they build businesses which last – reinvesting their profits into goods and services for the local community. 56p of every £1 they spend stays in the local economy, compared with just 40p for large private sector firms.⁵ Therefore, the next government should actively support the community business sector as part of growing a fairer, more secure and sustainable economy for the future. It should do this by:

- Extending and expanding the Community Ownership Fund to £300m over four years to put 1,300 assets and spaces into stable community ownership. This provides the basis for community businesses to operate and is the foundation of stability and future income for these locally-rooted businesses.

4 Tanner, W. et al (2021), *Turnaround: How to regenerate Britain's less prosperous communities by helping them take back control*, Available at: <https://www.ukonward.com/reports/turnaround-regeneration-neighbourhood/>

5 Harries, R and Miller, S. (2021), *Community business: The power on your doorstep*, Available at: <https://community-business.powertochange.org.uk/wp-content/uploads/2021/03/Power-on-your-doorstep-Full-Report.pdf>

Benefits:

- 1,300 additional assets brought into community ownership over a 4-year period, a 20% increase in the number of community-owned assets can create at least 5,000 jobs and 30,000 volunteering opportunities.
- These new community-owned assets can be expected to invest 56% of their expenditure in their local economies and contribute nearly £220m to the UK economy every year with more of this money staying in the local economy than comparable private sector firms.
- Up to 2,000 communities helped to explore community asset ownership with potential for more of these to convert over the longer-term.

Cost:

To put 1,300 buildings into community ownership will cost £300m over 4 years.

Supplementary asks:

As well as providing funding, government should seek to ensure community businesses are able to access dedicated support to grow and develop. Too often, community businesses slip through the cracks of mainstream business support. They need specialised support and funding to do this, which responds to the unique features and challenges of running a community business. They often have lower profit margins than traditional businesses, for example. This could be done in several ways.

1. Mandate lead authorities to provide community businesses a meaningful role in the decision-making around UK Shared Prosperity Fund allocations locally.
2. Ensure local businesses support, provided through the UK Shared Prosperity Fund reaches community businesses.
3. Work with the LEP Network and Growth Hubs, to ensure tailored community business support is available as part of their wider business support remit.
4. Extend Social Investment Tax Relief beyond 2023 and remove unhelpful exclusions to encourage investment in community businesses. This should include leasing activities (which would enable groups engaged in community ownership to leverage their asset); renewable energy generation and export (to support genuine community energy projects); property development (to enable the growth of community-led housing).

2. Empower local people by introducing a landmark piece of legislation, a Community Power Act, that would give communities a right to control the spaces, services and spending decisions in their local area

The challenge:

Growing distance between our decision-makers and the people they serve is one of the global political stories of the past decade. This feeling has been compounded by inefficiency of the national and local state in delivering services appropriate for local people or programmes of change. Indeed, we have also seen an inefficient distribution of resources via the market.

Why this matters:

Opinion polling for Power to Change and The Cares Family shows that 71% of us say we have 'no' or 'not much' control over important decisions that affect our neighbourhoods and local communities.⁶ Trust in politicians in the UK is at its lowest level on record.⁷

The solution:

Empower the neighbourhood level. Give local people the rights, powers and support to drive change and play a role in their community. Embed this change for the long-term through new legislation and neighbourhood governance arrangements.

Introduce a Community Power Act. Communities are ready to take back control of the spending decisions, services, and spaces in their local area. But they need the system to work with them not against them. A Community Power Act would shift the balance of power out of Whitehall and into the hands of communities.

It is made up of three parts:

1. Establishing new community rights:

- **A Community Right to Buy:** Giving communities the right of first refusal once buildings and spaces with significant community value come up for sale.
- **A Community Right to Shape Public Services:** Encouraging greater collaboration between communities and public institutions when designing, commissioning and delivering local services.
- **A Community Right to Control Investment:** Increasing community control over the key spending decisions which affect local neighbourhoods.

6 Power to Change and the Cares Family (2021), *Building our social infrastructure: Why levelling up means creating a more socially connected Britain*, Available at <https://www.powertochange.org.uk/news/building-social-infrastructure/>

7 Quilter Pinner, H. et al (2021), *Trust Issues: Dealing with Distrust in Politics*, IPPR: London, Available at: <https://www.ippr.org/files/2021-12/trust-issues-dec-21.pdf>

These rights are designed to support and encourage local communities to take actions which determine the future of their neighbourhoods.

- 2. Enabling Community Covenants** – neighbourhood-level arrangements bringing local people, community organisations and local authorities together to share power and make decisions. Once formed, these Covenants will allow communities and local authorities to draw down the powers they need to shape their areas.
- 3. Establishing a Community Power Commissioner** – an independent office charged with ensuring action is taken across government to uphold the new community rights, enable the formation of Community Covenants everywhere.

These three pillars of a Community Power Act are complementary and mutually reinforcing. The three new rights make it much easier for communities everywhere to shape their areas. Community Covenants offer a convenient vehicle for communities to exercise these rights, while also triggering the devolution of extra powers down to the community level, as well as to the local authority. And the Community Power Commissioner is in place to help make sure these new rights, processes and powers are taken up across the country.

Benefits:

A relatively small financial investment would help establish a dynamic new form of governance at the local level. This would lead to more responsive public services, better decisions about local public spending and greater local power and say over important buildings and spaces.

Cost:

The Government should create a development fund which Community Covenants could draw upon to meet their core operating costs, with grants of approximately £60,000 made available to fund the work of Covenants over a three-year period. An initial investment in 100 pilot Covenants in priority places would cost £6m.

3. Revitalise our high streets by introducing a High Street Buyout Fund, consisting of a £100m government grant leveraging social and commercial investment, to enable communities the time to raise the capital to purchase high street assets

Why this matters:

Vacancy rates on the high street are at a near all-time high. The pandemic has further accelerated trends on the high street. The retail dominated model is outdated, and in many places, high street vacancy is contributing to wider social and economic decline. This impacts on people's perceptions of their place as well as their economic opportunity.

Persistent vacancy rates – where property has been empty for more than three years – are particularly acute in so-called 'red wall' constituencies that voted Conservative for the first time in 2019.⁸ Having a strong offer on high streets will be vital for both parties in the run up to the next election – as this is one of the most salient issues in this key electoral battleground. High streets are important markers of local civic pride and the state of the high street comes up time and time again in polling and focus groups when people are asked what levelling up means to them. YouGov polling for Power to Change shows that there is public support for more community say over the future direction of the high street and greater community access to high street property. For example, 72% of people agree with the statement: rather than sitting vacant, local people should have access to vacant buildings on our high streets.⁹

Community ownership on the high street is showing its importance in tackling this decline – such as through diversifying the high street offer and acting as a destination space which drives footfall to other businesses – but it is still on the margins. Property ownership data is opaque and the commercial property market is difficult to navigate. Communities can raise money over time but often lack the capital to move at pace and compete with private investors – many of whom are happy to snap up high street property and leave it vacant for another period. This continues the spiral of social and economic decline on a place.

8 Plumb, N, Roche, M, and McNabola, A (2022), *Why now is the time for a High Street Buyout Fund*, Available at: <https://www.powertochange.org.uk/wp-content/uploads/2022/03/Take-Back-the-High-Street-report.pdf>

9 Ibid.

The solution:

A High Street Buyout Fund would fill an important gap in the placemaking and regeneration policy landscape. Government would part-capitalise the fund, which would in turn leverage significant social and commercial investment.

Once capitalised, a new vehicle would be established to run and manage the fund. It would combine commercial property expertise with on-the-ground community intelligence – decisions to purchase high street property would be informed by local demand and appetite to take on a building. Capital purchase would be accompanied by revenue support, to support groups to build their skills and plans before taking on a building.

Benefits:

This agile fund leverages non-government money and improves the physical, social, and economic impact of high streets in a relatively swift way but with real longevity and sustainability. At the right scale would transform over 200 neglected high street properties across the country – individual asset purchases on some high streets, multiple asset purchases in other places.

Cost:

£100m initial government investment. This would, in turn attract an additional £250m of commercial and social investment.



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Power to Change is the independent trust that supports community businesses in England. We received an endowment of £150m from the National Lottery Community Fund in 2015 and an additional grant of £20m in 2021. Our vision is for more communities in England to run businesses that give them power to change what matters to them, creating more resilient places that are better to live and work in for everyone.

Cover Image: Squash, Liverpool.