



COMMUNITY BUSINESSES AND CLIMATE ACTION

EXECUTIVE SUMMARY

A report for Power to Change

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ABOUT THE RESEARCHERS

IPPR NORTH

IPPR North is the dedicated think tank for the north of England, with bases in Manchester and Newcastle. IPPR North develops bold, progressive ideas to empower England's regions so that everyone, wherever they live, has the opportunity to live a good life.

We are part of the IPPR, the Institute for Public Policy Research, which is the UK's leading progressive think tank. We are an independent charitable organisation with our main office in London. IPPR Scotland, our dedicated think tank for Scotland, is based in Edinburgh.



LOCALITY

Locality is the national membership network supporting local community organisations to be strong and successful. We believe in the power of community to transform lives and create a fairer society. Our 1,600 members create the services their community needs most in spaces where everyone belongs.

Locality provides specialist advice, peer-learning, resources and campaigns to help every community thrive.



ABOUT THE PUBLISHERS

POWER TO CHANGE

Power to Change is the independent trust that strengthens communities through community business. We use our experience to bring partners together to fund, grow and back community business to make places thrive. We are curious and rigorous; we do, test and learn. And we are here to support community business, whatever the challenge.

Executive summary

Introduction

This report, commissioned by Power to Change and delivered by IPPR North and Locality explores:

- what climate action looks like among community businesses, whether climate-focused or otherwise
- the main opportunities and barriers for the community business sector in the transition to a fairer, greener economy
- what makes such community climate action or business models viable and replicable, and
- the climate impact of these actions and models, setting out a framework that can aid in measuring and maximising impact.

What community climate action looks like

Community climate action takes many forms, and there is a distinction in this research between intention and impact. This distinction is made because one key finding of the research is that a significant amount of climate action undertaken by community businesses has arisen from wider goals or objectives; it is often incidental.

Community businesses are distinct from traditional businesses in their prioritisation of social, economic and environmental improvement in their communities – and climate action flows from this. Serving, and reinvesting profits back into, their communities, they act as hubs of action for change.

Community businesses disproportionately operate in areas facing disadvantage. These communities are also disproportionately affected by the accelerating climate crisis. Thus, community businesses operating in these areas have a crucial role to play in building resilience and promoting a fair and fast transition to a net zero society. Community businesses are already taking action to get there – with a significant percentage engaged in relevant activities like food production, building retrofit, protecting the natural environment or waste management.

There is a wealth of different business models for community businesses to choose from to help address the climate crisis. This research has not exhaustively investigated all of them, and has focused on the areas in which case study organisations interviewed within this programme operate. The areas explored are:

- **Community energy** – this includes local communities generating sustainable energy, achieving notable success supporting local economies, creating jobs and strengthening supply chains – and reaching 331 megawatts of community-owned renewable energy in the UK at the time of writing.
- **Low-carbon transport** – these projects are driving modal shifts in their communities towards more sustainable and accessible transport, and are also addressing local social need. These include car-sharing schemes and active travel projects.

- **Community-supported agriculture** – these partnerships between citizens and farmers promote fairness and sustainable supply chains throughout the food (and other grown product) supply chain.
- **Community land trusts** – primarily focused on delivering affordable housing, these are also reducing housing-related carbon emissions, as well as providing additional community amenities and better placemaking. Over 8,000 homes have been built by or are in the pipeline of community land trusts.
- **Circular economy initiatives** – swap shops and repair cafés promote waste reduction by intervening at all points of the production cycle. Their focus on reducing waste, recirculating goods and resources, repair and recycling has a clear impact on the environment and reducing pollution.

Opportunities for community businesses to take climate action

There are significant opportunities for community businesses to take climate action. They have the potential to drive legitimacy, efficacy and resilience in responding to climate change locally. Their climate action offers meaningful contributions to address the climate crisis and building a just approach to the net zero transition. Local climate action has been found to have stronger legitimacy and efficacy than at higher levels, offering community businesses a powerful means to directly engage citizens in impactful initiatives on the journey to net zero.

Community work is climate work, and community businesses are exceptionally well placed to drive long-term climate impact. As highlighted, the evidence is clear that community action does not need to focus explicitly on the climate emergency to have climate impact. Meanwhile, the co-benefits of community-led initiatives contribute to the transition of social and economic norms needed for achieving a societal shift to net zero. A considerable number – 72 per cent – of community businesses are already driving climate action in one form or another.

Partnering with local authorities is an opportunity too. Many have declared a climate emergency, are embedding climate policy in different policy areas and are actively engaging in deliberative work, such as citizens' assemblies, to engage and involve the local community in finding climate solutions. Working with community businesses would be a clear extension of this work. While there are resource and capacity constraints, local authority powers in areas like infrastructure, transport, waste management or housing can be used to bolster community businesses' efforts.

The government's levelling-up agenda aligns with a just transition to net zero. Devolution deals in England are evolving and providing more powers for climate and community action to local government. This empowering of local places offers further routes for community businesses.

These opportunities to contribute to climate action are strong. Despite barriers, there is clear potential for community businesses to drive positive climate impact and be part of the answer to a just transition to net zero.

Barriers to community businesses in making climate action

Community businesses are resilient. Though the experience varied, the Covid-19 pandemic further evidenced their adaptability and resilience. Nonetheless, several specific barriers hinder community businesses in taking climate action, and the pandemic did exacerbate many issues and impede progress towards the net zero transition.

A lack of funding and difficulties in reaching viability for community businesses pursuing climate action or environmental projects is one such example. Funding remains limited and it has not sufficiently increased for climate action by community businesses. For instance, only 3 per cent of charitable funding is directed at environmental causes. While grant funding is crucial for initiating projects, achieving financial viability for climate action does prove challenging as community businesses often lack clarity and capacity on available routes and opportunities to reach viability.

The policy context poses a paradoxical problem – the UK is not on track to meet its carbon budget and action must be accelerated, but the policy landscape for community climate action is fragmented, fails to sufficiently recognise the transformative potential of community-owned businesses and has even reversed in some areas. For example, support mechanisms for community energy have been removed, slowing progress.

Inflexible bureaucratic processes impede community businesses' ability to act. Rigid regulations, processes not optimised for community businesses and affordability issues are all barriers. Some community businesses face particular challenges trying to collaborate with local authorities due to a lack of understanding, support and responsiveness to community business models.

Community businesses themselves often lack organisational capacity, such as in the community energy sector. Stalled and incomplete projects often arise from capacity gaps, as many community organisations rely on volunteers. Particular difficulties in raising funding, and high costs of entry in some sectors, contribute to projects stalling.

The net zero transition is an opportunity for community businesses to drive climate action into extensive climate impact, and the adaptability and resilience of community businesses, learning from the tools in this research, provide some routes to overcome them – but broader change is needed too.

Measuring climate action activities

Measuring the impact of community business climate action is crucial, but challenging. Often focused on social or local economic change rather than environmental outcomes, community businesses are not always equipped to understand and evidence their climate impact. To address this, a framework for measuring climate impact has been developed, using existing evidence, stakeholder engagement and action research.

The full framework typology seeks to capture and measure climate impacts, differentiating between the different ways impact can be quantified or qualified, and presented.

Using this framework, community businesses can provide an overall picture of their climate impact. They are recommended to select relevant indicators and outline measurements where possible or qualified descriptions where more appropriate. The aim of the typology is to encourage measurement without overburdening community businesses.

While the domains summarised are not exhaustive indicators, they cover key areas of climate action and suggestions for measurement. The typology aims to be both sufficiently flexible and comprehensive to account for all community business climate impact to be readily presented, improving understanding and better communicating climate impact.



	Land use and acquisition	Renewable heating and efficiency measures	Renewable energy	Woodland creation and management of natural environment	Adaption to climate impacts (resilience)	Active travel and community transport	Local food production	Circular economy (waste and reuse)	Education and skills
Indicator	Land acquired/ used for sustainable activity	Installation of low carbon heating solution by community business	Presence of community owned renewable assets (e.g., solar farms)	Woodland spoaces developed/ managed by community businesses	Contribution to community adaption/ initiatives (e.g., flood defences)	Active travel schemes supported by community businesses	Growing activities undertaken	Repair and reuse actively supported by community businesses	Training into low carbon jobs
	Planned land acquisition for climate action activities	Undertaking of retrofit activity	Installed renewable energy initiatives within business (e.g., PV panels)	Management of other green spaces		Community travel schemes supported by community businesses	Business is involved in wider supply of local food produce (e.g., sustainable delivery)	Recycling and reuse by commuinity businesses	Education linked to the environment and climate change
		Building refurbishment		Measures to increase biodiversity		Investment in active travel/ community transport infrastructure			Supporting behaviour change

Green	impact can be readily and precisely quantified	Yellow	impact can be effectively measured, although not precisely quantified	Blue	impacts are intrinsically difficult to quantify or effectively measure, but can be qualified.
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Community business models and approaches

The research also presents a 'Climate Opportunity Map', which aims to be a valuable resource for community businesses seeking to pursue climate action reach viability and impact. It has been developed through working with ten case study community businesses, offering a range of different community business models and approaches.

The Climate Opportunity Map is not exhaustive, offering instead a starting point for community businesses to understand and develop sustainable models. It can be continuously expanded and improved as it evolves. The four domains set out in the map, available in the full report, are finance, risk, scalability and people. These particular indicators provide a comprehensive understanding of different models.

The map and the case studies are summarised below, focusing on the impacts, opportunities, barriers and successful examples of key models for different types of community climate action. These actions and models are:

- Community owned wind turbines
- Paint recycling schemes
- Flower farms
- E-club cars and car sharing
- Recycling and upcycling
- Community farming
- Vegetable boxes
- Bike repair and sales
- Building retrofit
- Eco-hubs

There are three prerequisites for all types of climate action: passion, impact and knowledge. They collectively emphasise the importance of community involvement, considering impact on the path to viability, and having a solid understanding of community business principles and practice as necessary.

Renewable energy: Community-owned wind turbines

Impacts	Produce renewable energy Help reduce energy demand Tackle fuel poverty
Opportunities	Sustainable revenue business model Good potential source of ongoing, stable income once established Potential for a range of partnerships in different sectors Once established, limited capacity demand for community businesses
Barriers	High cost of energy and capital entry cost Resource intensive and long-term project development time High exposure to strategic risks and external factors (such as a change in government policy)
Successful model	Ambition Lawrence Weston: Once built, the turbine has the potential to generate electricity for 3,000 homes and save 120,000 tonnes of CO ₂ e over its lifetime. Ambition estimates that about £100,000 a year could be invested back into the community

Circular economy: Paint recycling schemes

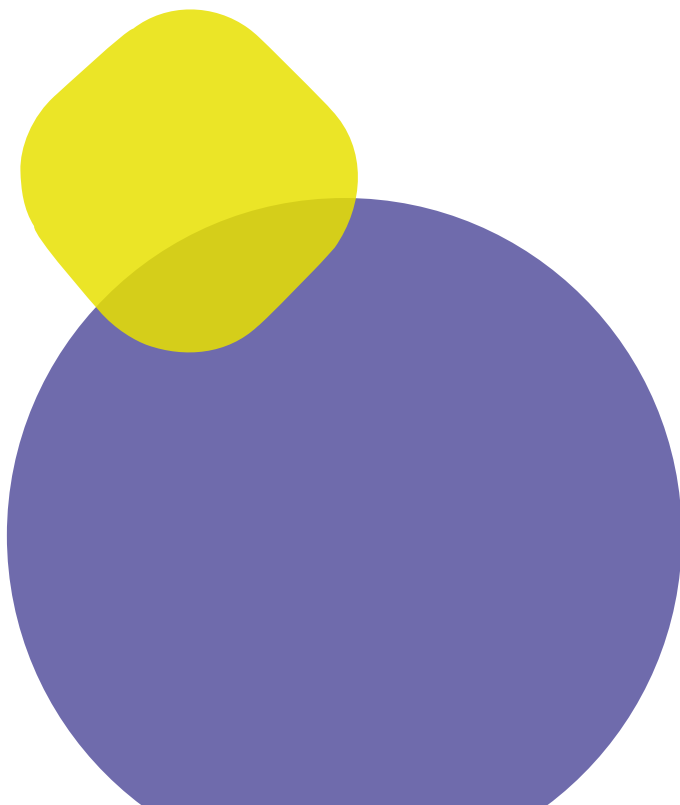
Impacts	Diverting waste from landfill Educating local community on recycling and waste Providing education, training and practical skills
Opportunities	A considerable market and ready supply of paint for recycling means that a stable income can be generated Many potential partnerships to be built with local authorities, traders, manufacturers, individuals and other businesses Good chance of being a profitable model
Barriers	High start-up costs, including vehicles and storage space Risk of external factors like legislative change in classification of paint Requires a lot of development time, is labour intensive and requires specific skills
Successful model	Bradford Community RePaint (Bradford Organic Communities Service): In 2017 diverted 64,000 litres of reusable paint away from waste and supported 21,000 people with low-cost paint. In doing this, opportunities were provided for volunteers to gain essential employment skills and work with local people, especially young people with mental health issues and autism

Land use: Flower farms

Impacts	<p>Large-scale community engagement in the local area</p> <p>More sustainable land-use and management of the natural environment</p> <p>Reducing the carbon footprint of the flower market by having local growing and delivery</p>
Opportunities	<p>Large available market in many places</p> <p>Many potential partnerships, including the local community</p> <p>High investment potential</p> <p>Lots of potential for diversification – both to other flower crops and activities linked to flower-growing</p>
Barriers	<p>Purchase of land can represent a high cost to entry</p> <p>Farming, and flower-growing, are very labour intensive and require organisational capacity</p> <p>Need a workforce with the right level of skills – technical complexity can be a barrier</p> <p>Stability of income stream – can be impacted by the weather</p>
Successful model	<p>Heart of BS13: A flower farm has been added to a larger set of climate-related projects. It has developed and diversified, with the flower farm hosting a household waste composting enterprise which could have annual carbon savings of up to 26.5 tonnes of CO₂e</p>

Active travel and community transport: E-car clubs/car sharing

Impacts	<p>Reducing emissions through shared use of electric cars</p> <p>Supporting behaviour change by encouraging modal shift away from fossil-fuelled cars</p> <p>Encouraging the use of renewable energy sources for electric car charging</p>
Opportunities	<p>A good size of available market – with lots of individuals looking to reduce reliance on personal vehicles</p> <p>A lack of competition in rural areas in particular</p> <p>Community ‘buy-in’ relatively easy to achieve</p> <p>Embedded growth potential – with move away from personal cars</p>
Barriers	<p>A high cost to entry/capital requirement – with purchase of vehicles</p> <p>Risks around profitability – with need to reach certain scale to generate revenue</p> <p>Limited potential for diversification – especially once capital is purchased</p> <p>Highly labour-intensive operation – need organisational capacity to set up and deliver the scheme</p>
Successful model	<p>Derwent Valley Car Club: It has calculated that it can have a financially sustainable business model with 10 cars in the car club. The club ensured that it took the time to build a market for the service and time to develop a user base</p>



Circular economy: Recycling and upcycling

Impacts	<p>Promoting a circular economy by encouraging reuse and repair in the community</p> <p>Diverting food and other materials from landfill</p> <p>Providing training and low-carbon jobs in the community</p>
Opportunities	<p>Large and ready market</p> <p>Many sources of finance for circular economy business models - potential for profitability without a grant</p> <p>Many potential partnerships - and customers - including the ability to take on contracts from partners such as local authorities</p> <p>Potential for growth and diversification into different materials</p>
Barriers	<p>High cost to entry with potentially tens or hundreds of thousands of pounds to secure infrastructure</p> <p>Technically complex and high skill business - requires large amounts of staff capacity</p> <p>Need a long period of development to secure capacity and contracts</p>
Successful model	<p>EMERGE Recycling: EMERGE acquired the knowledge of the recycling sector and built partnerships over the last 30 years, operating as a community benefit society. In recent years it has been able to raise £350,000 to invest in the business to increase the capacity of the operation and continue to grow</p>

Land use: Community farming

Impacts	<p>Reducing carbon emissions through less intensive, organic methods</p> <p>Using farmland to support health and wellbeing through exercise and healthy eating</p> <p>Providing volunteering opportunities and engaging the community</p>
Opportunities	<p>Good potential to build community buy-in</p> <p>Diverse range of income streams available</p> <p>Opportunities to build partnerships</p>
Barriers	<p>Dependent on availability of land</p> <p>Long-term time horizon required to develop</p> <p>Specialist farming skills needed</p> <p>Highly labour intensive and dependent on volunteers</p>
Successful model	<p>Fordhall Farm: England’s first community-owned farm, with 8,000 community members, has made the 140-acre site accessible to local people and promotes interest in small-scale organic farming</p>

Local food production: Vegetable boxes

Impacts	<p>Reducing food miles and food waste</p> <p>Providing affordable healthy eating options</p> <p>Supporting behaviour change</p>
Opportunities	<p>Ready market to step into</p> <p>Can harness existing social food project networks</p> <p>Plentiful potential partnerships</p> <p>Can bring communities together and build solidarity</p>
Barriers	<p>Can be hard to generate sufficient income</p> <p>Lots of competition from private sector</p> <p>Difficult to sustain high-quality, affordable, socially just offer within wider industrialised food system</p>
Successful model	<p>Granville Community Kitchen: The Good Food Box scheme uses a tiered pricing system for locally grown produce, where those who can afford it pay a little more, so that those who need to pay less can still access fresh organic produce</p>

Active travel and community transport: Bike repairs and sales

Impacts	<p>Promoting health and wellbeing through exercise</p> <p>Encouraging recycling and reuse</p> <p>Providing training, volunteering and employment opportunities</p>
Opportunities	<p>Clear potential for profitable business model</p> <p>Well understood business model that can attract investment</p> <p>Opportunities for partnerships with public and private sector</p> <p>Growing market</p>
Barriers	<p>Likely to be multiple competitors</p> <p>While entry costs can be low, sale of new bikes requires investment</p>
Successful model	<p>Heeley Trust: One of a diverse range of projects, award-winning community bike shop and workshop A Different Gear repairs donated bikes and sells new ones, generating income for the Trust and promoting active, low-carbon travel locally</p>

Renewable heating and energy efficiency measures: Building retrofit

Impacts	<p>Increased energy efficiency in retrofitted properties</p> <p>Reduced sunk carbon costs</p> <p>Providing good-quality, affordable housing for local people</p>
Opportunities	<p>Increasing demand for homes with low carbon emissions and low running costs</p> <p>Green technology is attractive to lenders</p> <p>Clear income stream despite tight margins</p>
Barriers	<p>Requires significant upfront investment</p> <p>High levels of technical expertise needed</p> <p>Strategic threats from external environment, like rising interest rates and costs of materials</p>
Successful model	<p>Latch - Leeds Action To Create Homes: This Leeds initiative buys and renovates six to eight derelict properties a year, providing local people with high-quality, socially rented housing options, offering reduced emissions and low running costs</p>

Renewable heating and energy efficiency measures: Eco-hub

Impacts	<p>Increased energy efficiency in community buildings</p> <p>Building environmental citizenship among local people</p> <p>Reduced sunk carbon costs from construction</p>
Opportunities	<p>Reduced running costs for community business</p> <p>Social lenders prioritising renewable energy and energy efficiency</p> <p>Making community ownership model environmentally and financially sustainable</p>
Barriers	<p>Cost of purchasing and refurbishing building can be high</p> <p>Building materials and skilled trades cost have increased</p> <p>Requires development time and in-house skills</p>
Successful model	<p>Witton Lodge Community Association: Operating an eco building as a community hub, earning income through room hire and managed workspace, using sustainable building in a disadvantaged urban area to engage community in climate action</p>

Conclusions and recommendations

Community businesses play a crucial role in achieving net zero and building resilient communities. This study outlines the diverse forms of climate action undertaken by community businesses, from energy generation to circular economy initiatives. Despite facing barriers, there are several opportunities that show now is a good moment for community businesses to make and drive climate action and impact.

This research has created tools that support measuring impact and help community businesses understand the challenges, barriers and opportunities associated with different business models and climate action. These tools are designed to support community businesses in advancing climate initiatives, measuring their impact and supporting continuous improvement.

Recommendations

The report makes a number of recommendations to build on the production of these tools and enhance the ability for community businesses to undertake climate action and drive climate impact. These include:

- making the Climate Opportunity Map and impact framework (presented in the research) widely accessible to support climate action
- future refining of the framework through action research with community businesses
- testing the applicability of the impact framework
- engaging the wider community business ecosystem to improve funding opportunities
- establishing a common typology for assessing climate impacts
- aligning socioeconomic and environmental goals.

These actions aim to provide tools, improve impact measurement, promote funding opportunities to extend and deepen climate action, and foster better economic, social and environmental outcomes by accelerating community businesses' capabilities to make climate action.

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