



power to
change

business in
community
hands

Power to Change Procurement

Invitation to Tender Consultancy Brief

The economic contribution of community business

Final

1.0 About Power to Change

Power to Change is an independent social change organisation. We know community business strengthens the local community and we work to dismantle barriers, unlock funding, amplify what works, and make the case for change - to shape the conditions for community business to thrive.

We know community business works to create thriving places when local people take ownership over spaces that matter and deliver services that communities need. From pubs to libraries; shops to bakeries; swimming pools to solar farms, community businesses are locally rooted, community-led and trade for community benefit to make life better for local people. There are currently 11,000 community businesses across England with combined assets of £744m, employing more than 41,000 people.¹

www.powertochange.org.uk @peoplesbiz

2.0 Overview

Power to Change is looking to appoint a research provider to increase the evidence base about the economic impact of community business. This will include reviewing existing data and additional data collection, followed by robust analysis to determine the unique contribution of community businesses to their local and national economies, and where this benefit flows to.

The guiding research question underpinning this aim is to quantify the unique contribution of community businesses to the English economy at a local and national (England²) level. Focusing specifically on how this manifests:

- What is the unique contribution of community businesses to their local economies?
- Where and to whom do the benefits of this economic contribution of community businesses flow?

This Invitation to Tender document outlines the full details of the research project.

¹ (Source: The Community Business Market in 2022. Available at <https://www.powertochange.org.uk/market-reports/market-report-2022/understanding-community-business/#1-2>).

² Power to Change's remit is limited to England, therefore our data is limited to England.

3.0 Context

3.1. Rationale:

In making the case for community business, Power to Change has increasingly focused on the 'business' in community business, that is to make an economic argument for community business as well as focusing on the social impact that it has. This is so that Power to Change can make the case that community business is worth investing in, both to Treasury, the Department for Business and Trade, and investors – all stakeholders who are often more concerned with economic impacts over social impacts.

Having begun work on producing an economic narrative in 2023, it became clear that bolstering the evidence base regarding the economic case for community business was needed. This was to enable Power to Change to effectively make the case that community business makes a unique contribution to local and national economies to stakeholders such as the Treasury as well as political stakeholders. Equally, the work was envisaged as being useful to community businesses when making an economic case to local stakeholders, such as their Chambers of Commerce or Local Authority.

3.2. Making the case for community business

Community businesses create fairer local economies through operating, trading, and partnering locally. Compared with the private sector, a higher proportion of what they spend stays in their local community, and their trading income is invested in developing and delivering more services and facilities for local people.

Often operating in areas of high disadvantage, social exclusion, and economic inactivity, they support financial inclusion and employability where it is most needed. They provide sustainable work for local people and build skills through volunteering opportunities, making a much-needed contribution to the prosperity and prospects of their local areas and the people living there. Community businesses employ an average of 9 staff and 29 volunteers, with nearly all living locally (86% and 92% respectively). 45% of community businesses reported they had employed someone who had no previous paid employment in the last 12 months, equivalent to 1,514 people in a year. Not only does this have economic benefits, but this economic value is likely to have a greater benefit for local areas and the people that live there, such as reduced climate emissions (through buying or trading locally), and benefits the most disadvantaged areas (48% of CBs operate in the 30% most deprived places).

We want to make the case that community business is a better form of business, which brings additional benefits to local communities beyond other models, including economic benefits. To do this, we recognise the need for increasing the evidence base about the economic impact of community businesses, and the benefits this brings to the areas in which they operate.

This research will increase our evidence base about the economic contribution of community businesses, while emphasising that the benefits of community business expand far beyond economic value. The research will help us to amplify our messages to key regional, local, and national stakeholders, and enable community businesses to have important conversations about their vital role in their local economies.

3.3. Audiences

This evidence will enable Power to Change form a persuasive narrative that can help make the case for community business to key stakeholders for Power to Change. The narrative will be used by both Power to Change staff and community businesses themselves. As such, the audiences for this work are:

Local and national political stakeholders:

- Political stakeholders are likely to be persuaded by a strong narrative that demonstrates the value of community business and that can differentiate it from other forms of business. In particular, a narrative may have purchase when it aligns with wider thinking within a political party or is one that may resonate with the public.
- Therefore, the narrative will be aimed primarily at this audience while the data that we collect will form the evidential basis for this narrative.

The Treasury [and similarly minded stakeholders]:

- The Treasury is most likely to be most persuaded by hard economic evidence that makes a case for investment in community business on economic grounds and in line with the Treasury's Green Book.
- Therefore, the aspect of the piece that is most likely to be of interest to the Treasury is the economic data related to community business that it generates, particularly when tied to criteria drawn from the Green Book.

Community business:

- Community businesses may want to use the findings of this piece of work to promote themselves, add legitimacy to their work, and support bids for funding and investment.
- The evidence that this report collects will provide a vital resource for the advocacy that community businesses undertake for themselves and for the wider sector.

Power to Change Staff:

- Power to Change need to make an economic case for community business so the evidence this work generates, and the narrative that it supports, will be used by Power to Change staff in future communication related to community business.



4.0 Detail of contract and services

4.1 Research focus

Our overarching aim is to emphasise the unique contribution of community businesses, through their operations and impact, on the local areas in which they operate, with a specific lens on economic contribution. Data will be captured and analysed with a view to demonstrating the crucial and unique role of community business in their local economies. The project will help to demonstrate where the wealth created by community businesses flows within local economies, and quantify who this benefits and how.

The guiding research question underpinning this aim is to quantify the unique contribution of community businesses to the English economy at a local and national (England³) level.

Focusing specifically on how this manifests:

- What is the unique contribution of community businesses to their local economies?
- Where and to whom do the benefits of this economic contribution of community businesses flow?

We anticipate some key lines of enquiry will guide the analysis, which will be collaboratively discussed with the supplier based on our policy priorities, data availability and suitability, and proposed methodology:

- For example, valuing the quantity and quality of community business' economic and financial benefits through their operating models, such as:
 - Local and ethical supply chains and partnerships
 - Keeping trading activity local
 - Providing high quality⁴ and sustainable employment, including to those furthest from the labour market.
 - Productivity
 - Delivering these financial and economic benefits in areas of higher deprivation and disadvantage
 - Innovative business practices, growth and resilience
 - Valuing community business contribution to a just transition to a low carbon economy, climate emission mitigation and nature regeneration
 - Resilience e.g. diversified income streams
 - Benefits to the local surrounding areas (e.g. increased visitor footfall on high streets)
- Understanding how contribution is amplified or affected by variables of interest, such as:
 - Asset ownership
 - Location (e.g. high street)
 - Activity/business model
- Projected or future potential

³ Power to Change's remit is limited to England, therefore our data is limited to England.

⁴ For example, [Rodrik and Spencer](#): define high quality employment as "any definition of a good job will involve work that pays well enough to maintain reasonable living standards; that provides dignity, security and autonomy; and that creates opportunities for progression and self-development over time"

- Estimating the potential economic growth/benefits with investment in the community business model.⁵

The supplier should expect to work with Power to Change to prioritise and refine these, which will guide data collection.

4.2 Other Considerations

GVA calculation is not the foremost goal of the project. However, we recognise that some calculation in this direction may be necessary in order to define community business' unique local or national contribution. Suppliers are invited to recommend the best approach to meeting our research priorities.

It is important to note that community businesses are hugely diverse in nature, and it may be difficult to arrive at an 'average' representative overall figure when considering the research questions. We hold much data about the nature of the sector and its sub-sizes (see 2022 [full market estimation data](#)), which can help the analysis to break down benefits in this way.

Once the analysis is complete, Power to Change will conduct a literature review to incorporate Comparison of the economic contribution, beneficial nature, and financial value of community businesses compared to other similar organisations and/or small and medium-sized enterprises. Your approach should not include approaches to collecting data from comparators (such as traditional SMEs), as our focus is on the evidence base behind community businesses (i.e. we do not want to use resource on collecting significant data about SMEs).

Cost Benefit Analysis (CBA): whilst conducting the economic analysis, we are keen to explore whether there are opportunities to expand this into an analysis that also includes financial savings. For example, the economic analysis will undoubtedly include elements such as employment and its contribution to economic value at local and national levels through spending power. However, providing employment also brings financial savings, particularly where people were formerly unemployed (45% of community businesses reported they had employed someone who had no previous paid employment in the last 12 months. This is equivalent to 1,514 people). These financial savings can be calculated in order to show not just the economic value created, but also the financial savings to state institutions. This would be a purely financial calculation, and not include any social value measures. Any analysis should include advanced considerations such as cashability and attribution. Your proposal should recognise the possibility for a CBA in future, but does not need to include specific plans for a CBA at this stage.

4.3 Methodology

Power to Change invites bidders to propose the most suitable methodology to meeting the research priorities outlined above, within the parameters set out in this section. The research will involve primary data collection and analysis, as well as use of secondary and existing data sets from Power to Change and partners. Our proposed approach to data collection is as follows:

⁵ We have evidence about how investment incentivises trading increases, so we can use this data to inform this. See: <https://www.youngfoundation.org/institute-for-community-studies/repository/understanding-the-financial-impact-of-power-to-change-s-grant-funding-on-community-businesses/>

Using our existing data

The approach should begin with reviewing our existing data and insight to inform your methodology. Several data sources can provide the foundation for an analysis, more detail of which is provided in Appendix 1. For example:

- Community Business Market Survey 2022
 - Revenue and trading income
 - Market estimation data, including:
 - No. CBs, broken down by sector
 - Sector fixed assets value (total and median)
 - Sector income (total and median)
 - Sector staffing (paid and volunteers)
 - Employment figures (self-reported)

- Community Life Survey Hyperlocal Booster Report
 - This evaluation report proves that clusters of community businesses have a positive impact on residents' wellbeing. Using linkages between employment and wellbeing, multipliers could be used to determine the productivity and employment benefits of community businesses, as well as others that contribute to financial savings and economic growth.
 - It demonstrates the potential of building community business presence in local areas, and the likely impact they will have. Due to the strength of the methodology and its findings, this research shows evidence of replicability.

Updating this data

After reviewing this data, the supplier should propose any additional data requirements. Our suggested approach is to build in data collection to our Community Business Market Survey 2024, which in 2022 received responses from over 1,000 community businesses. We are able to add multiple questions into the survey and ensure consent permissions enable the supplier to receive the raw data.

The survey is currently set to run in Spring 2024, and will be delivered by a separate provider. Power to Change will be responsible for coordinating between the two providers to ensure that the survey meets the needs of both projects in terms of content, timelines, and data access.

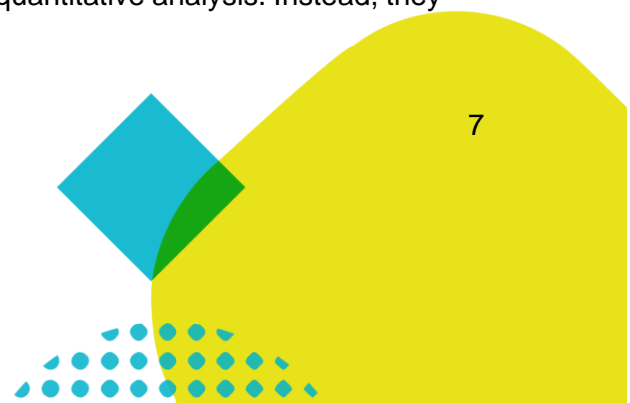
We **do not** wish to run a separate survey out to community businesses, so your approach should plan to include any primary data collection from community businesses in this survey.

4.4 Additional data analysis

Suppliers may suggest additional data required and we can explore how this is collected.

The methodology should also include primary qualitative research with community businesses. The purpose of this would be to:

- Build a greater picture of their role in the economy
- Understand their needs and how they could best use this research (e.g. what level of detail they need, investigate the output for CBs)
- Sense check findings
- (in partnership with PTC) craft 5 case studies. We recognise the difficulty in capturing detailed quantitative data from individual community businesses. As a result, we do not anticipate that these case studies will be detailed in quantitative analysis. Instead, they



should bring to life the benefits included within the analysis through painting a story of impact. For example, sharing operating models, their impact on individuals (e.g. through employment or training), and local areas (e.g. on supply chains or high street regeneration).

Power to Change remunerates community businesses for their participation in research interviews at a rate of £350 per day, pro rata'd to £50 per hour, inclusive of VAT. This **does not** need to be included within your budget.

Bidders should consider how their methodologies support community business participants in a reciprocal manner, and do not place an undue burden on participants. Bidders should also outline how they will ensure materials and outputs related to the research are accessible to all audiences with a range of accessibility needs, including research participants and community businesses.

4.5 Outputs and deliverables

It is our intention that the final report will be written by Power to Change, with input and review by the successful provider. For example, see our [Hyperlocal Booster Report from 2023](#), in partnership with Verian Group.

As a result, the following research outputs are proposed:

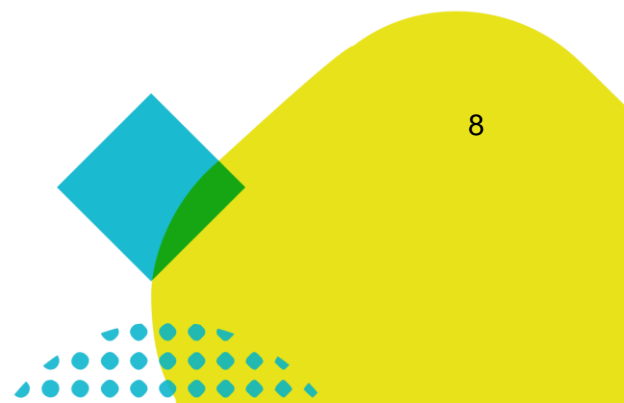
- Technical Analysis report from research provider including all analysis and findings
- Technical appendices from research provider
- Contribution to a full report delivered jointly by Power to Change and reviewed by research provider
- Output(s) for community businesses – see below ('Community business utility')

Community business utility

To ensure we stay grounded in community business, it is important that the outputs of this research have utility for community businesses. Several options have been discussed and we will decide on a best approach during the course of the project. These options include:

- An output for community businesses. This should be tested with community businesses both before creation (during the interviews) and once drafted.
 - For example, this may provide community businesses with unit costs that they can use to understand their own economic and financial contribution.
 - It could allow community businesses to add in their costs and benefits, calculate the economic/financial impacts associated with these benefits (such as the value of employment) and enable them to show their individual value.
- Crafting a narrative for community businesses to use with key stakeholders to demonstrate their unique economic contribution to their local economies. This will include both key data and insight from the analysis, figures they can apply to their own activities or operations, and narrative from the policy paper that is targeted to their key local stakeholders.

You should reference participation in these discussions, but the outputs will be produced by Power to Change and you do not need to include resource for creating them (but should expect to review them).



Bidders should consider how their outputs are accessible and engaging for their intended audiences. Power to Change is committed to sharing findings externally, including any data sets produced from this work.

4.6 Power to Change's approach to diversity, equity, and inclusion

Power to Change is committed to the advancement of diversity, equity, and inclusion. Power to Change seeks to be a genuinely fair and inclusive organisation by advancing equality and diversity through its supplier (procurement and contracting) policies and practices.

Power to Change believes diversity drives great outcomes through encouraging the different points of view that come from a diverse workforce. Power to Change believes that people from different backgrounds can bring fresh ideas, thinking and approaches which make the way we work more powerful, more innovative and effective.

Power to Change is therefore committed to working with a rich diversity of suppliers and to ensuring its suppliers and contractors advance diversity, equity and inclusion in the discharge of their duties.

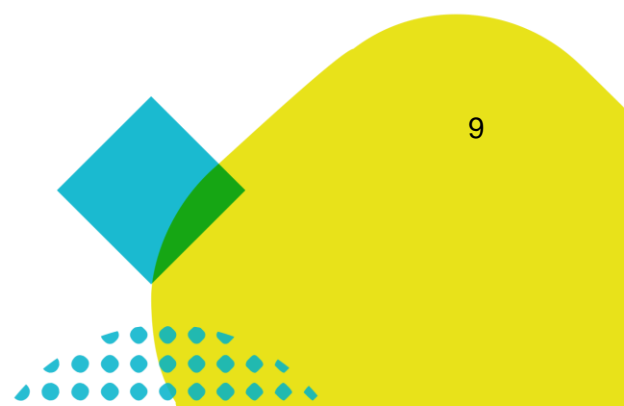
Evidence indicates that community businesses serve and benefit a wide range of individuals within their communities, but we know that impact and outcomes are not always felt equitably across communities. Not all community business or communities will experience or benefit from the economic value produced in the same way.

In recognition of the diversity within the sector, the research should consider the intersectionalities across economic contribution, and how impact is affected by and varies according to experiences of marginalisation (for example, where are impacts most felt, by whom, and how can benefits be equitably realised?)

4.7 Power to Change's climate & sustainability statement

Power to Change's mission is to strengthen community businesses to tackle society's greatest challenges at a local level and we are committed to supporting the sector in realising its full potential in the shift to a fairer, greener economy.

As an original signatory and advisory group member of the [Funder Commitment on Climate Change](#) Power to Change is committed to integrating sustainability in its activities, policies and procedures where possible. We recognise our responsibility for minimising our own negative impacts, as well as influencing our partners and suppliers to do the same. As part of this, we want to make sure that the products and services we buy are aligned with our mission and values and we may ask new suppliers to provide a short statement of sustainability impacts of their operations generally and specific to the delivery of a contract.



5.0 Required Competencies & Experience

Bidders must be experienced in providing research projects at a large scale, including the use of both quantitative and qualitative methodologies. Bidders must be specifically experienced in delivering economic and financial analysis, from design through to reporting, ideally beyond the private sector. Knowledge of community business is desirable.

We also expect bidders to be experienced in sharing findings in engaging formats that are accessible to a wide and diverse range of audiences and communities.

6.0 Timetable and Budget guidelines

6.1 Commissioning timetable

Tender release	11/03/2024
Deadline for Clarification Questions	02/04/2024
Response to Clarification Questions published	04/04/2024
Deadline for Tender Response	08/04/2024
Online interview dates	10/04-12/04/2024
Identification of Preferred Bidder	15/04/2024

This work will commence in April and should be completed as soon as possible. Please note the interdependencies around data collection and specify if you are able to commit to these.

Preferred timeline	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
ITT and provider appointment								
Research design								
Data collection ⁶								
Analysis								
Narrative crafting								
Reporting								

6.2 Budget and fees

There is a budget of up to **£40,000 plus VAT** for this work. This is inclusive of all expenses and you should not include any costs beyond this budget as they will **not** be met.

Power to Change will provide additional budget for design (for example, of research reports), and this **does not** need to be included within your budget.⁷

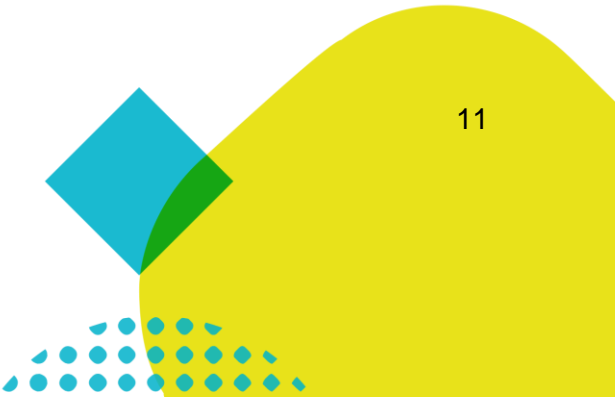
Power to Change remunerates community businesses for participation in research interviews at a rate of £350 per day, pro rata'd (if a community business participated in research for one hour they would receive £50). This **does not** need to be included within your budget.

⁶ Interdependent with the timings of CBM 2024, please be clear if you are unable to work to this timetable.

⁷ Exact amounts and processes for design will be agreed with the successful supplier, not at application stage.

A full and complete budget should be submitted within the proposal, including team members' associated day rates.

A payment schedule will be agreed with the successful supplier on contract award.



7.0 Application requirements and evaluation

7.1 Proposals

Proposals from prospective Providers should outline their proposed approaches to delivering the services outlined within this tender. Proposals should be no more than 12 pages, and should include:

- Your experience of conducting economic impact analysis
- Understanding of the work
- How you would approach the work, including:
 - Proposed or potential methodology
 - Important considerations and research ethics
- Indicative timetable
- Full budget breakdown, including day rates

Within an additional appendix no longer than three pages including:

- Project team, including individual profiles
- Track record with examples of projects completed relevant to the brief

During the ITT stage and up to 17:00 on 02/04/2024 bidders may submit questions and requests for clarification or further information. Bidders should address their questions via e-mail to: procurement@powertochange.org.uk

Power to Change will upload responses to clarification questions via the web page at <https://www.powertochange.org.uk/about-us/work-with-us/> regularly until close of business at 17:00 on 04/04/2024. after which we will not be making any further updates. It is the bidder's responsibility to review for updates regularly.

7.2 Procedure for Submitting

Bidders shall submit one electronic copy ITT by no later than 17:00 on 08/04/2024 to: procurement@powertochange.org.uk. We will aim to acknowledge all bids.

Please provide your response to this ITT by completing the required documents. Please do not provide separate or different types or formats of documents unless specifically requested to do so. Unless specifically requested to do so, please do not include or upload any standard marketing or promotional material within your answer as this will be disregarded.

Late submissions may not be accepted. Power to Change will not be held liable for failures to submit an ITT on time due to technical issues reported less than 24 hours before the submission deadline.

7.3 Content of Bids

All bids must consist of the following items/documents. Scanned signed documents will be accepted:

- 7.3.1 A completed copy of the General Information and Standard Questions as set out at Appendix A, found here: <https://www.powertochange.org.uk/about-us/work-with-us/> (Standard questions we ask suppliers)

- 7.3.2 A comprehensive proposal in line with the requirements set out in this invitation to tender specifying how the bidder meets the requirements for the Services to be provided.

By submitting a bid, bidders:

- 7.3.4 Agree to the Standard terms and conditions as set out at Appendix B, found here: <https://www.powertochange.org.uk/about-us/work-with-us/> (Terms & Conditions)
- 7.3.5 Confirm that neither they nor any person employed by them or acting on their behalf have fixed or adjusted the bid by, under or in accordance with any agreement or arrangement with any other bidder (other than as a member of their own consortium) (see clause 6.3)
- 7.3.6 Confirm that neither they nor any person employed by them or acting on their behalf have or will canvass or solicit any officer or employee of Power to Change in connection with the award of the Contract (see clause 6.4)

7.4 Important Notices

Important notices are attached at Appendix C, found here: <https://www.powertochange.org.uk/about-us/work-with-us/>. By submitting a bid, bidders are confirming acceptance of all important notices attached at Appendix C.

7.5 Checklist for Tenderers

Failure to provide all of the items in the checklist may cause your quote to be non-compliant and not considered.

	Item	Included in Bid
1	Standard Questionnaire	
2	ITT Response	

7.6 Evaluation of Proposals

Proposals will be evaluated by a panel comprising representatives from Power to Change. Power to Change reserves the right to call for further information from bidders to assist in its consideration of their bids. Note that Power to Change reserves the right to adjust the scoring of a bidder's bid if information is established during clarifications that fundamentally changes a proposal.

Bids will be evaluated on the basis of quality and value for money, in line with the criteria outlined below.

7.7 Quality Criteria

We will be assessing proposals on the evaluation criteria below. Proposals will be scored out of 100 according to the below evaluation criteria and scale. The bids with the highest scores will be invited to an online interview with the evaluation panel. The bidder with the highest score at the end of the process will be the preferred bidder.



Evaluation Criteria	Maximum Score	Weighting	Maximum weighted score
Demonstrated knowledge and understanding of community businesses and economic and financial analysis methods	5	5	25
Quality and suitability of proposed methodology	5	5	25
Approach to developing and sharing outputs	5	3	15
Value for money	5	3	15
Experience and expertise	5	4	20
Total			100

Responses to each question above will be allocated a score based on the methodology contained in the table below. This score will then be multiplied by the weighting in the column on the right.

7.8 Quality Questions Scoring Methodology

0	Poor	No response or partial response and poor evidence provided in support of it. Does not give Power to Change confidence in the ability of the bidder to deliver the Contract.
1	Weak	Response is supported by a weak standard of evidence in several areas giving rise to concern about the ability of the bidder to deliver the Contract.
2	Satisfactory	Response is supported by a satisfactory standard of evidence in most areas but a few areas lacking detail/evidence giving rise to some concerns about the ability of the bidder to deliver the Contract.
3	Good	Response is comprehensive and supported by good standard of evidence. Gives Power to Change confidence in the ability of the bidder to deliver the contract. Meets Power to Change's requirements.
4	Very good	Response is comprehensive and supported by a high standard of evidence. Gives Power to Change a high level of confidence in the ability of the bidder to deliver the contract. Exceeds Power to Change's requirements in some respects.
5	Excellent	Response is very comprehensive and supported by a very high standard of evidence. Demonstrates strengths, no errors, weaknesses or omissions and exceeds expectations in some or all respects giving Power to Change a very high level of confidence in the ability of the bidder to deliver the contract.

Appendix: More detail on existing data

Power to Change holds a range of data related to the economic value of community businesses, including:

[Our Assets Our Future](#)

- Data from 2019 estimates that there are 6,325 assets in community ownership in England that provide £216.8 million of net additional Gross Value Added (GVA) to the economy per annum, with 56p of every £1 staying in the economy.
- Asset-based community businesses have created 7,000 additional full-time equivalent jobs, providing £15,753,000 in fiscal benefit savings per annum from reduced expenditure on benefit and health services
- Power to Change estimates that community-owned assets generate 151,000 net additional volunteer hours per week, the wellbeing benefit of which is equivalent to £131,926,000 in additional income for those taking up volunteer roles (McClean et al. 2019; Harries and Millar 2020, p. 48)

[Community Business Market Report 2022](#)

- There are an estimated 11,000 community businesses in England, generating £959 million in income, £744 million in fixed assets, employing 41,800 staff and 126,2000 volunteers. This estimation is based on 2,381 known community businesses.
- The number of community businesses have grown from 5,500 in 2015. The community business sector has almost double in size over the past seven years.

[Third Sector Trends 2022](#)

- Data from 2022 in England and Wales suggests that:
 - o 29.5% of community businesses reported significantly increased income in the previous two years, compared to 18.1% of general third sector organisations earning income and 14.5% of those not.
 - o There were an estimated 9,600 community asset transfers since 2011 and that almost 9% of community businesses have taken control of assets in England and Wales.
 - o Community businesses are much more likely to invest in general training (71%), digital training (47%) and make provisions for personal development (79%) than other types of third sector organisations.
- This data is based on 6,070 survey responses and uses evidence from 187,200 organisations to scale the survey up to national estimates. It compares community businesses to other third sector organisations (specifically, those working locally and earning income and those which do not earn income).

[Community Business Sector benchmark tool](#)

- Data from 2019 suggests that the average total income is £163,793 per community business, average total assets is £235,681 and average total liabilities is £139,530.

- This data feeds into the Community Business Market Survey market estimation analysis, so needs to be treated with caution to avoid duplication. The Young Foundation at the Institute of Community Studies is planning to update this data in the second half of 2024.

Other sources of information

- [Social infrastructure](#): At macroeconomic level, social capital is strongly linked to GDP growth – connected communities produce more fulfilled productive employees. Better Business (Plunkett), Community Land Trust data, State of the Social Sector data SEUK, NCVO Civil Society Almanac
[The Impacts of Social Infrastructure Investment \(Local Trust + Frontier Economics\)](#)
- Power to Change - Financial accounts data from MyCake, Salesforce and monthly grantee survey data
- [Purpose Dividend](#) - purpose led economy adds a £149 billion boost to UK GDP per year – 7% - seven-fold increase in R&D expenditure (around £116 billion), £86 billion in capital investment and £5.3 billion pay rise for lowest paid
- [Social Value of Democratic Commons in Tottenham](#) – income generation of around £5 million and cost savings of £12 million (using social value index)