



power to  
change

business in  
community  
hands



# NOURISHING COMMUNITY BUSINESSES: BEYOND MARKET DEVELOPMENT

Power to Change: evaluation  
and learning support



**Insight Report, January 2022**

**Authors:** Julian Dobson and Cathy Harris, Centre for Regional  
Economic and Social Research, Sheffield Hallam University

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## Key points

- Power to Change's new strategic priorities will require a more open, flexible approach to the development of community businesses. The Covid-19 pandemic has challenged the trading model of community businesses, and shown the need to build capabilities and skills. There will be less emphasis on defining community businesses and more on the difference they can make within their localities.
- Power to Change is entering a phase of its lifecycle where the focus will be on building capabilities within community businesses and creating favourable conditions for their growth and development. As its funds reduce, it will need to adopt more of an enabling and influencing role, although the reduction of resources may make this shift more challenging.
- Internal restructuring has created new, multi-disciplinary teams designed to offer a more agile and responsive approach. While this builds strongly on learning from the Covid-19 pandemic, it needs to be tested in practice and refined in the light of experience.
- Continuous feedback and insight will be required to gauge the impacts of the new priorities and ways of working on individual community businesses and the wider development of the sector.



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# 1. Introduction and context

This report builds on the themes of an earlier insight report, [Food for Thought: Understanding Market Development](#) (Dobson, Macmillan and Wells, 2020), which was prepared in late 2019 and published in February 2020. Since then there have been major changes within Power to Change, the community business sector and the social and economic context within which community businesses operate. These changes call for new reflections on what ‘market development’ now means and how community businesses can flourish in the future.

The major contextual change, which continues to reverberate throughout the sector, has been the Covid-19 pandemic. This has placed community businesses and funders under extraordinary stress and revealed both the potential and the limits of the community business model. It has raised significant questions about trading as a basis for meeting community needs, and about the role of place and locality in a digital age characterised by distributed and overlapping networks of connections. Covid-19 has also highlighted the strengths and vulnerabilities of a model of community business that relies heavily on volunteers, with nearly three volunteers to every member of paid staff (Higton et al., 2021). This volunteer base was seriously impacted by the pandemic in 2020.

Power to Change, with other funders, responded rapidly and imaginatively to these unforeseen challenges. These responses have informed a strategic review that would have taken place in any case, shaping and challenging the selection of priorities and structures. During this review period, Power to Change has also had confirmation of an extension to its lifespan and additional funding of £20m from the National Lottery Community Fund: it will now cease operating in 2027 rather than 2022.

Three strategic priorities have been set for the period 2021-25. The table below shows the new priorities and those set in the 2019-2022 strategy, as well as the initial lifetime objectives for Power to Change set in 2015, to illustrate how the organisation’s approach has developed over time. While this is not explicitly stated in Power to Change’s literature, the new strategic priorities have been accompanied by detailed work on a [theory of change](#) for the next stage of Power to Change’s life, which suggests a move away from the ‘hypothesis-testing’ mode of previous work.

This is consistent with a sharper focus on legacy for the wider community business sector, rather than emphasising intra-organisational learning.

| Lifetime objectives set in 2015                              | Strategic priorities 2019-22                                | Strategic priorities 2021-25                          |
|--|---|---|
| 1 Grow the community business sector                         | 1 Support community businesses at every stage of their life | 1 Community business at the heart of a fairer economy |
| 2 Demonstrate that community businesses can transform places | 2 Engage intensively in priority places                     | 2 More resilient community businesses                 |
| 3 Make the case for community business                       | 3 Focus on high-growth, high-potential sectors              | 3 A more diverse, equitable and inclusive sector      |
|  | 4 Improve market conditions for community business success  |   |
|  | 5 Advocate for community business                           |   |

This development of priorities is discussed further in sections 3 and 4 below.

While there have been major changes, there are also continuities. A recap of key points from the initial report helps set the scene. In *Food for Thought*, market development was characterised as having a twofold purpose: to create the conditions in which community business can flourish, and to support specific localities or areas of business in order to put community businesses on a firmer footing. Both continue to be relevant, though within Power to Change and the sector more widely, there is a more sophisticated understanding of the conditions for flourishing and the means and focus of support.

The second key point from *Food for Thought* was that market development is focused on legacy after Power to Change ceases to exist. This continues to be the case.

Third, market development was seen as involving a very wide range of activities, or ‘flying lots of kites’. As Power to Change moves towards an exit, this range of activities is likely to become more focused and there may be less scope for experimentation.

*Food for Thought* also considered some of the conceptual thinking behind market development, examining how the language of ‘the market’, ‘systems change’ or ‘field building’ summarised and shaped Power to Change’s activities. While ideas of systems change continue to be important, Power to Change’s role is now shifting towards the more ‘field-building’ role of influencing longer-term participants in the systems that support community businesses. The current report, based on a documentary review and fieldwork undertaken in summer 2021, focuses on the impact of the strategic review and development of new priorities.



1 We reviewed internal documentation relating to Power to Change’s strategic review alongside papers produced by the evaluation team at Sheffield Hallam University over the last two years and other public outputs from Power to Change. We followed this up with questionnaire-based interviews with senior staff at Power to Change and a workshop, mainly attended by staff who were previously in the market development team. Work was undertaken in August and September 2021.

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## 2. Market development and beyond: Power to Change's strategic review

Power to Change's [Strategic Plan 2021-25](#) (Power to Change, 2021) was published in June 2021 but is the outcome of a review process that began in August 2020. Confirmation of the organisation's additional funding and extended lifespan was made public in March 2021. The new funds, however, do not allow activities to continue at the same scale over the next five years as in the first six years of Power to Change's existence. The questions of legacy and continuity remain salient.

As part of the strategic review new workstreams have been identified, some existing activities will come to an end, and staff have been reorganised into new teams. Market development is no longer seen as a discrete activity and, significantly, the language of market development is much less prominent than previously. However, the broad goal of working to create conditions under which community businesses can grow and succeed remains central. Most of the former market development team have been appointed to new roles in Power to Change that build on their previous activities. Advocacy, supporting pilot projects and building relationships and partnerships are all activities that were integral to the former market development team and will continue to be at the heart of Power to Change's work.

However, where the 2019-22 strategy emphasised business continuity, growth and creating the conditions for commercial success, the 2021-25 strategy has a more normative flavour, linking community business activities to the goals of creating a fairer and greener economy and building on movements such as Black Lives Matter by highlighting the need to improve equality and diversity within the community business sector. These activities could be described as 'field shaping' or 'market leadership' rather than traditional business support; they also raise questions about how 'the market' itself is conceptualised.

The new priorities are supported by an outcomes matrix setting out short-, medium-, and long-term objectives. The matrix provides a logic model linking the strategic goals with activities under the headings of increasing engagement; building capacity; and harnessing new opportunities. Alongside this model, detailed theories of change have been developed to align workstreams with strategic priorities.

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## 3. Rethinking community business support after Covid-19

### 3.1. Learning from the pandemic

**Covid-19 subjected community businesses to unprecedented stresses.** Many organisations that were predicated on a commercial trading model struggled to survive the first months of lockdown in 2020. Businesses such as community hubs that depended on rental income from office or venue hire saw a precipitous decline in revenue; the cohort of dedicated volunteers was also hit hard by the pandemic. New needs arose such as food distribution to households that had lost work or were self-isolating due to illness or vulnerability. Community businesses learned to use online networks and provide digital services. **This was often a steep learning curve in organisations that had previously depended strongly on face-to-face contact and connections within tightly drawn localities.**

In many cases community businesses coped with the first year of the pandemic, which was characterised by lockdowns and severe disruption to business, by turning to grants rather than trading. Power to Change and other funders worked together to channel emergency support into the sector to plug income gaps and keep organisations afloat. This was frequently achieved by relaxing grant conditions that would have been imposed in normal circumstances. The focus of support shifted from new to existing businesses.

Covid-19 highlighted many of the strengths and vulnerabilities of community businesses, but also accelerated a process of rethinking definitions and priorities within the sector.

### 3.2. Rethinking definitions

**Covid-19 has exposed the hypotheses behind Power to Change's support for community business to a rigorous interrogation.** While Power to Change still very much supports the concept of locally accountable and rooted businesses trading for community benefit, there is an awareness of the need for a more flexible, responsive approach that recognises the different ways in which organisations may meet local need and the multiple connections and networks involved.

In the past Power to Change has used four tests of community business to determine whether or not they are eligible for grants (Power to Change, n.d. (a)):

- They are locally rooted
- They trade for the benefit of the local community
- They are accountable to the local community
- They have a broad community impact

The pandemic has challenged the first and third of these criteria by disturbing the idea of the 'local'. When connections are made digitally as well as physically, drawing boundaries on a map becomes increasingly problematic. Communities of interest and practice are increasingly perceived as being as important as communities of location. Power to Change has acknowledged this more hybrid understanding of the local – a view that has been highlighted by the experience of Covid-19, but which predates the pandemic and will continue beyond it. The new strategic plan (Power to Change, 2021, p.6) uses a looser definition: 'community businesses are run by and for a local community to make a place better'. While place continues to be at the heart of Power to Change's work, there is a consciousness that it should not be used – even unintentionally – as an excluding factor.

Work before the pandemic with Black-led community businesses in Bristol and Liverpool City Region highlighted the risk that an emphasis on physical locality may exclude minoritised communities from eligibility for support. Forms of governance and accountability that stress location may lead to a loss of accountability towards communities that are already disempowered within current governance systems.



**The new approach also recognises that certain types of location have a particular salience as part of the social infrastructure of localities.** High streets and community hubs or meeting places are emphasised – a response not just to the challenges of the pandemic but also to long-term challenges of economic restructuring (in the case of high streets) and loss of traditional forms of funding (in the case of community meeting places).

The second criterion – that community businesses trade for the benefit of the local community – has also been challenged through the experience of the pandemic. If a business relies on grants to fulfil its mission of meeting community needs, or requires a mix of grant support and trading income, it may still be the type of organisation that can contribute to Power to Change’s goals of transforming places and contributing to a fairer economy. Across the wider social enterprise sector there is evidence that grants were key to sustaining social businesses through the pandemic. In the longer term, however, social enterprises are more concerned about the availability of low-cost loans and access to opportunities through programmes such as the anticipated Shared Prosperity Fund which will replace EU structural programmes (Social Enterprise UK, 2021); this is likely to be true too of the community business sector.

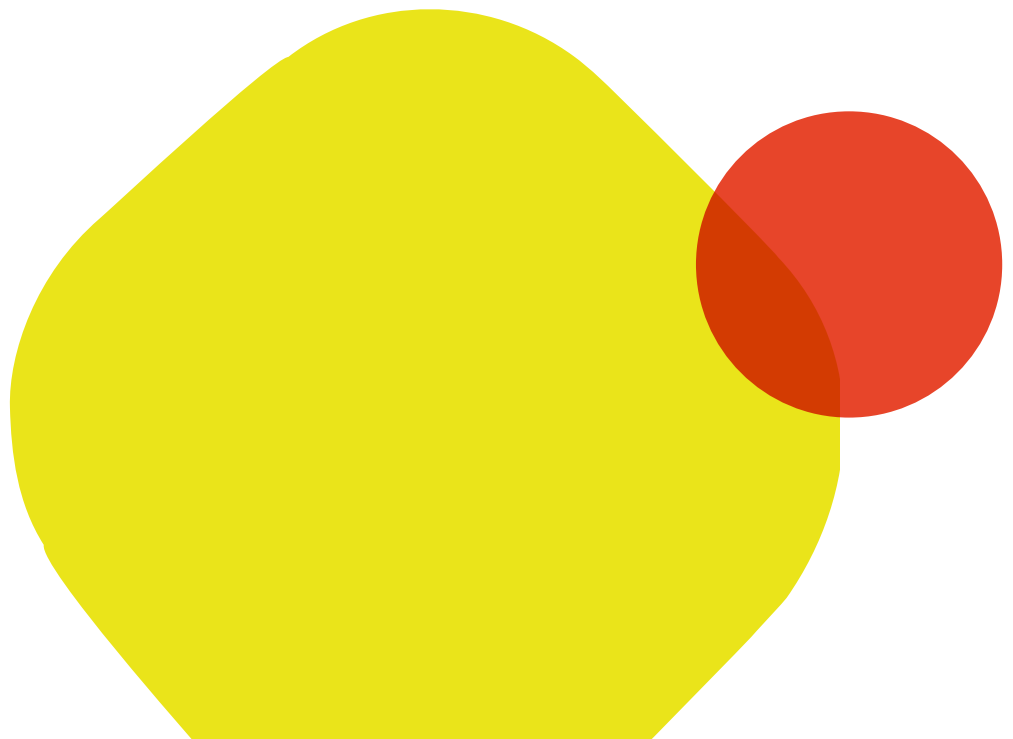
There is a risk that moving too far from the original criteria set out by Power to Change will make it hard to distinguish a community business from any other social enterprise or third sector organisation. So the **definitions of community business** that have served Power to Change over the last six years are not being abandoned. Rather, they **are being interpreted more flexibly in ways that respond to the different forms in which community businesses might emerge and the various approaches to governance and activity they might adopt over their lifetime.**

This reflects the experience of the former market development team, who in practice found ways to flex the four tests in order to support activities or organisations that were seen as key to the development of the sector, such as Black South West Network in Bristol. Similarly, the use in Liverpool City Region of the phrase ‘socially trading organisations’ reflects the need to apply definitions of community business in ways that are sensitive to local contexts and histories. This learning is now being applied more broadly across Power to Change’s work in developing the community business sector.

### 3.3. Capabilities and skills

Covid-19 has underlined the ways in which both community businesses and their funders have been able to adapt and respond rapidly to emergency situations, even while coming under intense pressure themselves. It has shown the determination, resilience and responsiveness that underpin many community businesses and that reinforce their connections with local communities. Power to Change has recognised the value of peer support: its Peer Brokerage scheme, using the experience and networks of 16 community business leaders to provide advice and troubleshooting, is seen as a model that can inform future practice.

However, the pandemic has also exposed areas where community businesses need additional strengthening and support. The priorities are to boost businesses' financial management skills, and to support community businesses in adapting to a digital environment, especially in terms of trading using online platforms and marketing via social media. One interviewee commented that while digital skills had been on Power to Change's radar for some time, 'it shot up the list of priorities with lockdown'. Community businesses also need assistance in adapting and responding to climate change and taking advantage of the opportunities arising from a transition to a net-zero carbon economy.



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## 4. The new strategic priorities

### 4.1. Community business at the heart of a fairer economy

Power to Change's new strategic priorities have been informed strongly by the experience of Covid-19, but draw on a depth of experience in supporting community businesses that stretches back six years. They mark a shift in terms of what was previously labelled 'market development', focusing less on markets in commercial terms and more on how community businesses might make a difference, and the support they need to do so.

**The goal of putting community businesses at the heart of a fairer economy foregrounds an emphasis on addressing inequalities** that was present, but not prominent, in previous strategies. The normative goal of 'fairness' is now centre stage and this is likely to play a greater part in decisions about which businesses to support. An example given during interviews for this research was proposals for community pubs: in the past Power to Change would have supported groups on the basis of wanting to bring pubs into community ownership, but now there might need to be additional evidence that doing so would help to create a fairer local economy – for example, by trading with other community businesses or by offering services and facilities for community use. One of the findings of the evaluation of the 'More than a Pub' programme was that most support had gone towards less deprived areas (Thornton et al., 2019).

One likely focus of investment as a consequence of this new priority is supporting locally-based climate action. For example, access to good quality, locally produced food can be an important part of meeting environmental goals as well as contributing to social and economic justice, and community businesses have the potential to play a significant role in food-related enterprise. Power to Change has already been active in supporting agricultural and farming businesses: it supported the Real Farming Trust in setting up the £1.34m Loans for Enlightened Agriculture Programme (LEAP), launched in January 2019, to finance the development of community based agroecological enterprises. Health and social care is another area where community businesses are seen as important participants in the market.

## 4.2. More resilient community businesses

Resilience has always been a challenge for community businesses and social enterprises, and is more so in a post-Covid environment where patterns of trading have been significantly disrupted. The priority of building resilient community businesses is a natural extension of previous work, but with a sharper focus on particular areas of skill and capability (see section 3.3).

**Covid-19 has underlined the need to build survival skills as well as skills for growth.** These include:

- being able to manage cashflow and finance in a crisis
- developing new routes to market (especially using digital technologies)
- understanding the lifecycles of community businesses and the products and services they offer.

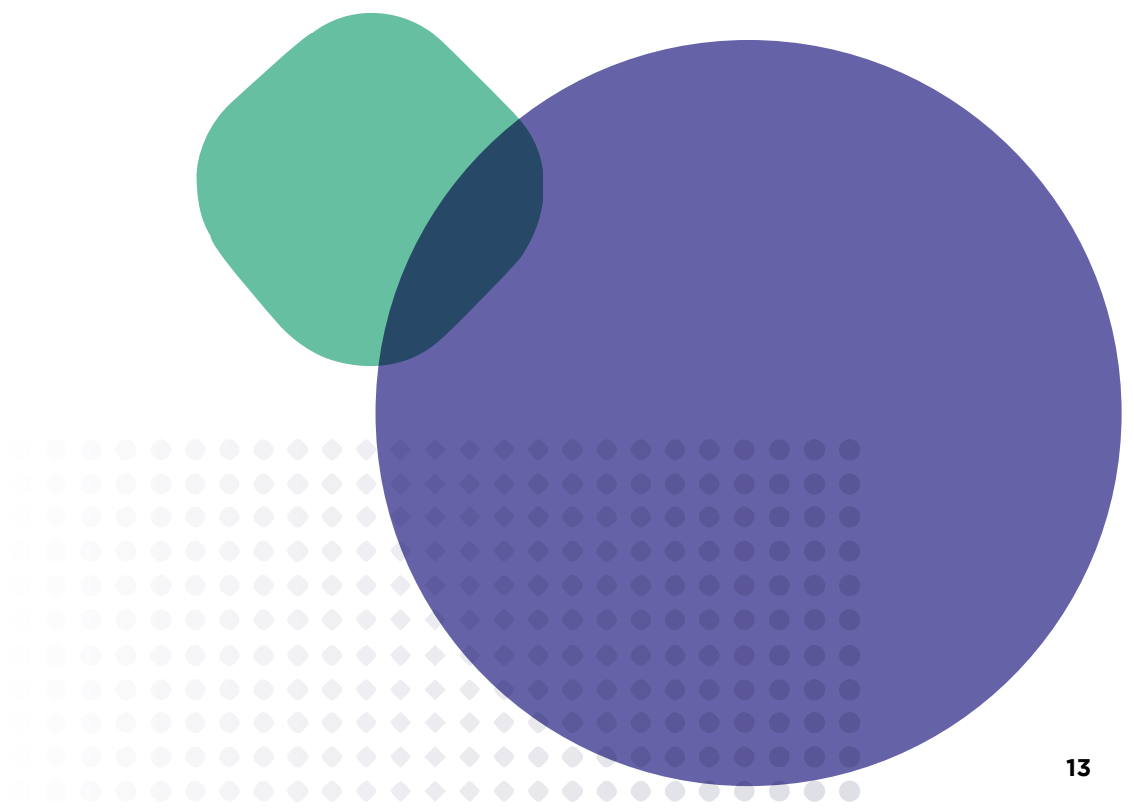
It has also highlighted the need for trusted peer support within the sector – as evidenced in a recent study of the peer networks funded by Power to Change (Dobson, Harris and Macmillan, 2020).

## 4.3. A more diverse, equitable and inclusive sector

Creating a more diverse, equitable and inclusive community business sector has never been absent from Power to Change's agenda. Much of this work has been pioneered within the former market development team, where opportunities have existed to be more flexible with Power to Change's support and resources.

Equality issues have come to the fore through engagement with communities of interest, through increased public awareness of the impact of inequalities through movements such as Black Lives Matter, and through Power to Change's own knowledge of the make-up of the community business sector, which has disproportionately featured older, white, people. Power to Change now explicitly seeks to 'inspire younger and more diverse changemakers to get involved in the sector' (Power to Change, 2021, p.8), with mentoring for community business leaders under the age of 35 and support for under-resourced groups. Funding will in future be weighted towards minoritised communities and those most affected by the impacts of Covid-19, building on the success of the £9.5m CCLORS (Covid-19 Community Led Organisations Recovery Scheme).

For some staff there has been a personal journey of learning as they have engaged more deeply with minoritised communities. One workshop participant described how they used to 'shy away' from equalities issues, not wanting to make mistakes – but were now much more aware of the need to engage. As an organisation, Power to Change has become more aware of the impacts of racism and inequalities, and of the ways in which funding programmes can unintentionally discriminate. Organisations such as Ubele in London and Black South West Network in Bristol have become key partners in helping Power to Change to examine and improve its practices. Power to Change is now growing from a position of predominantly examining its own practice to considering how it can also influence the community business sector more widely to address racism and inequality. As one workshop participant commented, 'It feels like a genuine attempt to make a change'. Staff welcomed the open and 'safe' discussions that had taken place within Power to Change in setting the new priority.



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## 5. The evidence base

The new strategic priorities have been informed by a wealth of evidence emerging from Power to Change programmes, from commissioned research, and from research that assesses the impact of Covid-19 (e.g. Avdoulos et al., 2020; Higton et al., 2020; Higton et al., 2021a; Renaisi, 2021). The Covid-19 research, which included ethnographic studies of communities in action during the lockdown and video diaries from the Empowering Places programme, has informed Power to Change's understanding of the capabilities that exist within local communities.

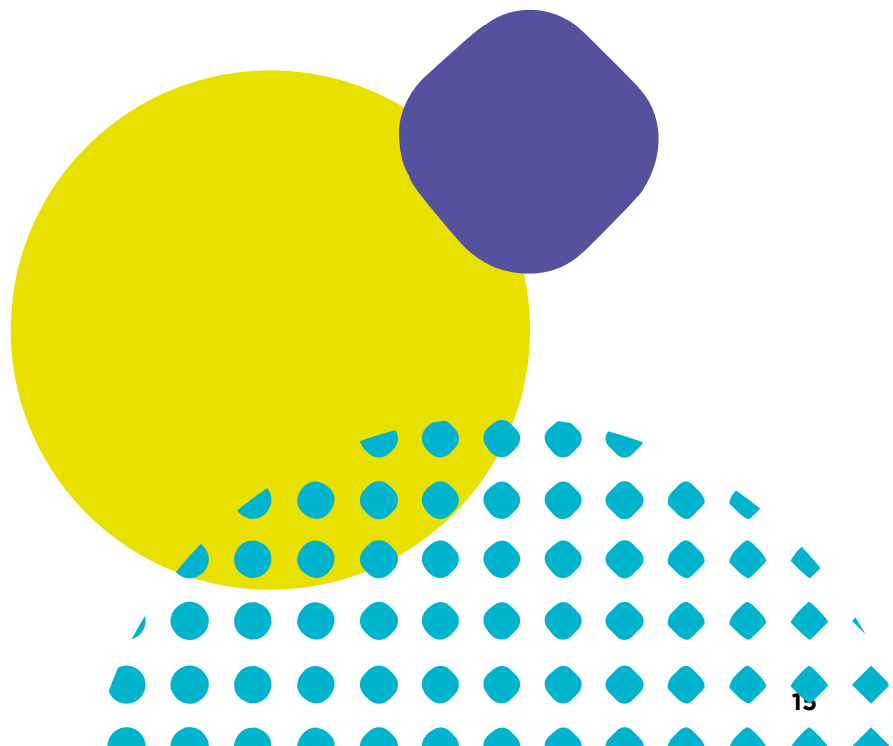
**A growing evidence base on the pros and cons of running community-owned assets has shown how they provide volunteering opportunities and local jobs as well as bring in revenue** (Higton et al., 2021b; Ellis Paine et al., 2021). They could also help to revitalise run-down high streets (Lee and Swann, 2020). Evidence of the skills and capabilities within the sector, and of the demographic make-up of the sector, have been important in informing the new priorities. An internal paper on Power to Change's new workstreams and activities notes:

'Our evidence tells us that many require more support with the technical and cultural skills to deliver more of their services, and generate income, online. We also know from recent emergency funding programmes there remains a gap in the financial skills and knowledge of community businesses...'

However, **there are also gaps in the evidence needed to inform Power to Change's future activities**. Workshop participants highlighted the need for policy-relevant knowledge that could be deployed to inform thinking among politicians and funders in local and central government, especially in relation to the outcomes achieved by community businesses. While Power to Change has enjoyed some success in working with policymakers and think tanks, its links with national and local politicians are less well developed. There is also a continued need for accurate and informative knowledge on the state of the market – the make-up of community businesses and industrial sectors in which they operate (including SIC codes, for example), their density and distribution, the demographics of the people working within the sector and their customers or service users, and areas of potential growth. Alongside this, there is a need to map the support that is likely to be available to community businesses in future so that community businesses know where they can turn for technical help and funding.

Evidence on the wider place-based impacts of community businesses is still relatively limited. It can be difficult to quantify the effect of one business beyond the experiences of its immediate workers and customers, or to disaggregate its impact from that of other organisations and initiatives. Workshop participants highlighted the value of quantitative evidence now being generated through the hyperlocal booster sampling undertaken by Kantar alongside the national DCMS Community Life Survey (Power to Change, n.d.(b)) and suggested that more regular, quantitative sampling would help to demonstrate the contribution community businesses are making to disadvantaged localities.

As Power to Change moves into a phase where its resources for commissioning research become more limited, the question arises of how the value of community businesses will be evidenced beyond the lifespan of Power to Change, and who will do this. While Power to Change is anticipating this challenge through the adoption of a 'test and learn' approach to new programmes, with an emphasis on practical learning that can be shared beyond the funding timeframe, the risk is that flows of knowledge and expertise will begin to dry up without an accessible knowledge hub for the community business sector. This gap may be filled by the Institute for Community Studies, whose activities include the curation of a repository of relevant research (hosted at <https://icstudies.org.uk/repository>) but to make the most of this resource, community businesses will need to know that it exists and how to access and navigate it in ways that are relevant to their needs.



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## 6. New ways of working to support community business

The new strategy and structure emerge from an understanding that community businesses will need different forms of support over the final years of Power to Change. Rather than delivering programmes and inviting community businesses to be part of them, the organisation is adopting a more flexible and responsive mode, seeking to work with community businesses and their supporters to create the conditions for long-term success.

As well as becoming more flexible, Power to Change is also seeking to be more streamlined, creating a 'single point of entry' for community businesses. There will be a greater emphasis on influencing the external environment, working with government and other funding organisations. Instead of seeking to drive change directly, the emphasis will be on catalytic actions that can create favourable conditions for the sector and a more co-designed approach to providing short- to medium-term financial support. As one interviewee commented, 'If we're going to tackle these thorny issues we need multi-disciplinary teams'.

Power to Change has moved to a 'matrix management' approach that seeks to foster greater cooperation and knowledge-sharing across the organisation. Five multi-skilled project teams will work thematically on 'capabilities'; 'enabling conditions'; 'market opportunities'; 'new economic models'; and 'new and diverse audiences' – reflecting the strategic priorities of more resilient community businesses, a fairer and greener economy, and a more diverse, equitable and inclusive sector. The same staff will also be allocated to five 'home teams' reflecting skills and responsibilities. These are finance and resources; communications; policy; programme delivery; and impact and learning.



The internal document on workstreams cited in section 5 underlines that the new approach builds on learning from the pandemic. It ‘recognises that community businesses have provided vital support to communities during the pandemic and a strong community business sector is essential to a fair recovery for all communities’. It also aims to give community businesses a greater say in identifying challenges and designing solutions. The approach is based on three key elements: project-based teams, agile delivery, and a test and learn approach. The themed teams are an extension of the approach adopted during the initial stages of the pandemic, when established systems were suspended in favour of a more nimble and responsive approach to emerging needs. The workstreams document outlines a four-step process:

- Convene partnerships and secure a funding partner
- Explore the problem and generate ideas to respond
- Design a solution (bringing together Power to Change staff and community businesses)
- Implement and iterate the proposed solution.

While this is a significant shift in organisational structure, it may be less of a major change in practice. Workshop participants pointed out that during the initial stages of Covid-19, staff rapidly flexed their organisational roles in order to support community businesses through a time of crisis; they have also observed how community businesses themselves operated in a flexible and relational way to offer mutual support. However, there is also a recognition that staff will need time to adapt to the new roles and ways of working.

There are some risks associated with the new approach. Flexibility can sometimes be experienced as being pulled in all directions, juggling competing demands without clear guidance on priorities. Similarly, sharing responsibilities across a team can mean that nobody is clear where the buck stops or who should take the lead. The new approach may require staff to spend more time managing their workload and priorities, potentially limiting the time available to work directly with community businesses.

Staff are aware of these risks and working to mitigate them, but the emergency situation of the last 18 months has meant that there has been limited opportunity to explore how the new approach works and to arrive at a state of equilibrium within Power to Change. Given the continuing risks and uncertainties associated with Covid-19, it is likely that much of the work in the next stage of Power to Change’s lifespan will appear provisional and experimental. **The risk here is that Power to Change will run out of time to embed the learning from these experiments, and to use the evidence generated to inform the provision of long-term support for the community business sector.**

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## 7. A future beyond Power to Change

### 7.1. Alliances and influencing

Power to Change is now clearly focused on the environment for community businesses that will pertain in the medium to long term, and on what it can do over the next few years to make that environment as favourable as possible. The internal paper quoted earlier underlines this approach:

We want to build a strong case to influence government and other funders to increase their funding and support for community business, ensuring that our role in the sector acts as a catalyst to draw in new resources. We will continue to strengthen the infrastructure that is a critical enabler of community business.

**This entails a process of letting go as well as directing.** The legacy of Power to Change will be increasingly contingent on external factors – including the agendas and capacity of partner organisations, politicians, and national and local government. Achievements will be more provisional, and impact will become more difficult to evidence. Power to Change will need to build alliances and relationships that can carry the momentum forward when the people and funding that have contributed to the organisation’s impact to date are no longer there.

Local and central government organisations are seen as increasingly important in this context. Local authorities in particular, despite their continuing financial challenges, have a continuing interest in the vitality of their local economies and the role community businesses can play within them. The health of the community business sector will increasingly depend on local government’s enabling and supporting role, and Power to Change can help to build a cohort of knowledgeable and supportive officers who can diffuse an awareness of community business within local authorities as their careers progress. Elected mayors and political leaders in local government are also seen as key allies who can help to create a more favourable climate for community businesses – the role of Liverpool City Region’s Metro Mayor, Steve Rotheram, in prioritising economic fairness is one example.

Other funders will also become important allies. Unlike many Lottery-funded bodies, other charitable and philanthropic trusts have a lifespan of decades or more, and can offer longer-term support, albeit not on the scale provided by Power to Change and within the confines of their own charitable priorities and objectives. The National Lottery Community Fund may also be a significant partner, in line with its goals of helping to create stronger, more connected communities, and ensuring community organisations are thriving, diverse and fit for the future (The National Lottery Community Fund, n.d.). There are also synergies with the work of Local Trust, whose £197m endowment funds the Big Local scheme in 150 locations. Some private charitable trusts, such as the Esmée Fairbairn Foundation, are also closely aligned with Power to Change's goals.

**There is scope to bring new funders and intermediaries into the community business sector.** Workshop participants spoke of 'broadening the people we speak to', looking outside the traditional supporters of community business – building alliances, for example, with organisations in the digital sector, and with organisations from minoritised communities and their supporters.

## 7.2. A different focus on place

In the past, Power to Change has been able to work with places that were seen as priorities for developing or expanding community business by offering direct funding to catalyse activity. This will not be available on the same scale in future. However, Power to Change can still act as a broker and convenor, bringing people together through its reputation and knowledge as well as through its ability to provide additional funding. Service commissioners are likely to be particularly important collaborators, as their role can either create opportunities for community businesses or put barriers in their way.

The establishment of Kindred in Liverpool City Region as a funder and supporter for socially trading organisations, as well as the Bristol City Fund, are seen as examples of an approach to be replicated – although it is recognised that Kindred came about as a result of a significant programme of prior research and the injection of £1m of financial support. Power to Change is aware that it will have less say on the focus of such place-based initiatives than it has had in the past.

### 7.3. Working with reducing resources

Recognition that resources are now more limited than in the past, and that this decline will continue, has informed Power to Change's approach to working with strategic allies and seeking to align with other funders' priorities. The support for individual community businesses will be more targeted, and workshop participants accepted that this might involve 'saying "no" more often'. There was also recognition that in some cases the amount of money Power to Change could bring to the table was important in catalysing conversations, and leverage may reduce as the resources available shrink.

Some concerns remain about what kind of legacy or handover may be possible. Previous plans involving a handover of some work to trusted partner organisations (such as Locality, the Plunkett Foundation and Co-ops UK) are no longer appropriate and Power to Change is concerned to work with a wider and more diverse range of organisations while continuing to develop existing relationships.

The work on Power to Change's legacy will develop over the next few years and priorities will become clearer. However, one workshop participant commented that 'I've rarely seen a programme continue after the end date'. There is also the risk that experienced and knowledgeable staff will leave as the organisation approaches its end, leaving work unfinished. Mitigating these risks will be a continuing challenge.



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## 8. Conclusions

Community businesses will welcome the extension of Power to Change's work and the additional funding available. They are also likely to respond positively to structures and ways of working that are designed to be more adaptive and responsive to community businesses' needs.

Power to Change has taken a clear view on the needs of the sector, including the need for a significant shift on diversity and inclusion; and on the role that community businesses can play in creating a fairer and greener economy. This may challenge some existing recipients of Power to Change support, and will mean that some organisations will have to make a stronger case for the support they receive. At the same time it will open up opportunities for organisations, especially from minoritised communities, that previously found it difficult to access assistance and funds.

These shifts in emphasis come at a time when the future of Lottery funding in general is uncertain, and it is unclear how far the current government's 'levelling up' agenda will benefit the sector. The aftershocks of Covid-19 and Brexit will create further financial and political uncertainty. Funders responded rapidly to help organisations survive Covid-19, but may have less money available in the future as a consequence at a time when reliance on grants is likely to remain high.

In the short term, Power to Change will need to assess rapidly the effects of its new structures and ways of working, and what will need to happen next to build the sector and develop new markets. Three areas of evidence and impact stand out as significant.

a) **How the new structures, teams and changes in funding programmes are impacting on community businesses** and on their ability to become established and financially sustainable. There is an organisational aspect to this – are the structures the best ones to achieve the results Power to Change desires? – and an evaluative question, which concerns the effects on community businesses. It will be important to hear from community businesses about their experiences of accessing support from Power to Change following the restructuring. There is also a need to know whether community businesses are becoming more successful in accessing support from other sources, and/or in finding the means to grow their businesses with less external assistance.

- Recommendation: within the next 18 months, research the impact of Power to Change’s new structures and organisational style on community businesses.
- Recommendation: within the next two years, commission research on the ability of community businesses to diversify their sources of funding and support.

b) **How Power to Change is able to build on its reputation and develop its influencing role**, what activities best support this, and at what scales. Given the frequent changes in government policies and priorities at the best of times, and the continual turnover of ministers and local politicians, it will be important to know whether the influence Power to Change can wield is long-term or temporary. This requires a deeper analysis than (for example) noting how often and how favourably ‘community business’ is referenced in policy documents. Measures of success could include the extent of support for community businesses within mainstream spending programmes at national, local and city-regional level; and the extent to which community businesses are able to influence decision-making through local structures such as economic development programmes, Integrated Care Systems, and other relevant partnerships.

- Recommendation: through policy monitoring and stakeholder consultation, track the continuing influence of Power to Change and consider how this should inform implementation of the new strategy.



- c) **The benefits other funders and institutions consider Power to Change brings to them**, and how these relationships can be maximised. In the short to medium term, it will be vital to know where other funders consider that Power to Change adds value, and to examine how this value may be sustained after Power to Change has run its course – whether through a bespoke service or consultancy, or by replicating within other organisations the expertise Power to Change has been able to offer as an independent agency.
- Recommendation: through stakeholder engagement and research, consider the views of funders and commissioners on how the value added by Power to Change may be replicated and sustained.

*Food for Thought* considered Power to Change's work in 'system change' and 'field building' through market development. If anything, the new strategy redoubles the efforts to create system change, focusing on strategic objectives around fairness, resilience and diversity. But the leverage points for system change will increasingly be outside Power to Change's direct influence. To make the most of the opportunity over the next four years, Power to Change will need to be confident and assured in its direction, yet able to listen, reflect and respond to the emerging needs of community businesses.



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**Power to Change**

The Clarence Centre  
6 St George's Circus  
London SE1 6FE

020 3857 7270

[info@powertochange.org.uk](mailto:info@powertochange.org.uk)

[powertochange.org.uk](http://powertochange.org.uk)

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