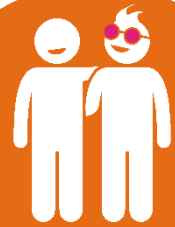


# The business case for supporting the development of community business



COMMUNITIES  
CARE

communitycatalysts®  
unlocking potential effecting change

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# 1. EXECUTIVE SUMMARY

Community businesses (CBs) have an ethos that encourages and enables volunteering, and are focussed on single neighbourhood. Because of this they can be easily overlooked by policy-makers and commissioners who are seeking to respond to multiple changing needs and concerns in the wider health and care sector.

Research undertaken by the University of Birmingham finds that these CBs are well placed to:

- deliver support that generates positive outcomes for the recipient of the care
- contribute to wider social and economic policy priorities

Whilst this paper focuses on the direct contributions that CBs are making to a range of local authority priorities, it also recognises that because of the way they operate, they are creating secondary and even wider benefits to larger groups and types of other people in the same communities through 'ripple effects' (which are often hard to capture and quantify).

This paper summarises the business case for the direct support of CBs through resourced programmes and interventions. It also separately considers the role that for Community Catalysts could offer in supporting the delivery of these programme of support.

This paper explains the role that CBs can and could play in:

- addressing structural problems in current care sector provision;
- reducing the financial pressure to the state of changing public health and care needs;
- creating employment and also jobs that are more inclusive;
- their contribution to the recovery of communities and economies from the Covid-19 pandemic.

It also shows how the potential impact of CB is being limited by:

- their difficulties in fully engaging in commissioning processes;
- challenges over internal succession;

the need for greater support in building further collaborative working practices with other CBs.

## 2. INTRODUCTION

During 2017-20, with funding from Esmée Fairbairn, the University of Birmingham began to look into better understanding the role and impact of community businesses (CBs) delivering health and social care services within the context of defined local authority areas.

For clarity, CBs are defined as being: *“run by and for the local community and are reliant on a number of sources of income so able to respond quickly to local needs. The four features of a CB are: locally rooted; trading for the benefit of the local community; accountable to the local community; have a broad community impact.”*

The University of Birmingham based their research on projects that had been funded by the national grant making body Power to Change, and managed by Community Catalysts. Power to Change had agreed to fund two local programmes designed to help test and prove models of support to further encourage the development, diversification and impact, of CBs at local and neighbourhood levels.

Drawing on the findings, analyses, and conclusions of this research, the purpose of this document is to bring together the recommendations into a coherent business case explaining why commissioners, local authorities, and other funders should specifically prioritise supporting these groups of organisations (at all stages in their development and growth cycles). This document also references where appropriate, findings from parallel research undertaken by the New Economic Foundation on the impact of community micro-enterprises on local economies<sup>1</sup>

The resulting business case is structured around several overarching themes, illustrating the benefits that CBs can offer and create within each and identifying why there is a need for CBs to be further supported. It also separately considers the rationale for Community Catalysts to lead on any such interventions and support.

Where assertions are made, these are referenced against the findings in the reports through footnotes and quotations from different stakeholders. Quotations from CBs

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<sup>1</sup> Community Micro-enterprise as a driver of local economic development in social care, NEF, May 2020 (in these footnotes 'NEF')

captured through the research programmes are included against these to further illustrate the role and impact of CMEs.

## 2.1 Existing care sector challenges

There is growing recognition of the erosion of the provision and quality of care services by the business model used by some of the major suppliers of care, which are financed by private equity. Such a wealth-extraction model leads to provision being undermined through practices such as: low pay, weak job security, and a culture of long shift hours, amongst others. And these practices are often attributed to the ongoing loss of skills and expertise in the care sector<sup>2</sup>.

CBs directly address these concerns and proactively mitigate against them as they are incorporated with legal forms that prevent wealth extraction. Those providing personal care are regulated by external bodies to protect the focus of the provider on the quality of its service. CBs reinvest their trading surpluses to maintain and further enhance the quality of their service offer.

These commitments and ownership models are important in enabling CBs to create wider benefits and impacts through their contribution to the economic resilience and capital within local communities. CBs are also able to quickly respond to changing needs in local communities, in part through having diversified income sources.

## 2.2 Changing public health and care demand

It is widely accepted that the demand for public health and care services is growing exponentially across all communities as people live longer. There is also widespread acceptance that as a result, communities need to see gains in their health and well-being to best manage the impact this is having on the state.

The models of support used, and provisions offered, by CBs directly address these issues through their targeting their services at priority groups of people and themes in the community for example:

- Older people

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<sup>2</sup> NEF, p5

- People with mental health problems
- Informal carers
- People on the autistic spectrum

Over the 2-year test period, there was a 94.4% increase in existing and new groups created and 103% increase in existing and new sessions used.

CBs using the Warwick Edinburgh Mental Wellbeing Scale (WEMBS) – a recognised framework for assessing aspects of wellbeing as well as people’s capacity to make up their own mind about things, and the closeness that they feel to others - can evidence the impact of their services on the wellbeing of the people that use them. People supported by CB services report higher WEMWBS scores than in the population more widely. There is also evidence that they become better able to self-manage long-term health conditions, which reduced the need for clinical interventions.

CBs deliver against policy priorities relating to loneliness and social isolation, issues that are more likely to lead to poor health and earlier death, especially amongst older people.

*“At one point, I was very withdrawn, I didn’t go out the house, and then (CB) kind of got me back into the community...I’m lot more confident. I’m a lot more smiling.”*

**Customer of CB Services**

*“My husband died and this has made such a difference, I’d be stuck in the house otherwise looking at four walls. They’re like my family, it’s something to look forward to. You feel normal here.”*

**Customer of CB Services**

Through their delivery models, CBs create volunteering opportunities for people that help to reduce social isolation. Users of CB services and support report feeling more involved with their local community.

## 3. THE CASE FOR COMMUNITY BUSINESS

### 3.1 Employment, employability and job creation

The agenda around employability is not just related to the creation of jobs, but also to enhancing people's future employability.

The Birmingham University research found that CBs:

- Increase job opportunities in their area by 37.25% over a 2-year period
- Create 75% more volunteering opportunities that are structured to offer direct pathways into employment

*"it's a good thing to put on their CVs [...] we had two volunteers resign on Thursday within half an hour of each other. One girl who I think she's got confidence issues and she's just got a Christmas job in Marks & Spencer, and I think helping in the café has given her the confidence to springboard and do that"*

***Community Business leader on the benefits that volunteering roles they are creating have for young people***

- Proactively support people using their services into volunteering roles. 1/3 of people interviewed in the study using services provided by CBs progressed into volunteering roles, with some of these people subsequently pursuing and gaining paid employment

*"So the cooking, I'm learning, working in the café, the management of money and life skills for me to go in to employment, given me the skills to be confident to go and want to work and be paid for working and have the confidence to go and get an interview for God's sake!"*

***Customer of CB services***

### 3.2 Wider community benefits and individual wellbeing (social value)

As highlighted in the preceding sections, CBs are recognised as being able to create secondary and ancillary benefits beyond the direct health and social care services they



offer such as employment and employability, creating stronger links between people living the same community, and tackling loneliness. This is sometimes referred to as the ‘ripple effect’ of investment in support for CME. This ‘ripple effect’ is increasingly being recognised as the ‘added social value’ that commissioners are keen to see being realised in the design and awarding of contracts.

*“We managed to influence a much greater emphasis within procurement processes and a recognition by central procurement, that they [CBs] actually have a role to play in helping individual commissioners understand how to [...] look at what are the social value opportunities and how smaller organisations can really compete in terms of, the benefit that they bring to communities to make them fully competitive [...] not just on the core service that they’ve been commissioned to deliver, but also on what was their social value commitment.”*

**Local authority commissioner**

Examples of this wider social value and community benefit include:

- enabling people in local communities to become more involved in social action and mutual support:

*“And when you do get involved in community projects which we often do, it gives you a sense of purpose, you’re not just making something or doing something for yourself, you’re actually helping a wider community.”*

**Customer of CB services**

- designing services that engage and involve people of all generations allowing natural mingling

*“Everybody needs a place like this, other cities need a place like this I think we might be sort of not unique but not far off. A new sort of generation of places people can come to but everyone should have a place like this, it suits the elderly, young and people in between because it’s a place to gather. ... All different ages, big mixing pot.”*

**Customer of CB services**

- ensuring the continuation of community-based lower-level services that help reduce the need for acute support and care – services that have been progressively withdrawn by local authorities as a response to the central government austerity programme

*“I think it [CB] gives you the confidence to be able to walk into the library, it gives you the confidence to be able to walk into the town hall, it gives you the confidence that actually people aren’t going to look at you because, you know, my circumstances, aren’t going to look at you differently because you may dress different or act different or talk a different way”*

***Customer of CB on how they have enabled them to be able to (re)engage with other local support provisions***

- being seen as a trusted and safe space for people who feel vulnerable and aren’t comfortable about accessing services through other providers and organisations

*“I feel safer here than I do at the hub. I go to a mental health place, every Tuesdays and I feel more safer here than I do there and that’s a mental health place.”*

***Customer of CB services***

### 3.3 Covid-19 recovery

In the wake of the Covid-19 pandemic, many agencies are keen to ensure that whatever they commission or support in 2021 onwards will directly support communities, (both socially and economically), to recover from the impact of this health crisis.

The standards and themes set by government nationally are being seen by many as a core framework for how this can be best achieved<sup>3</sup>, and CBs are well placed to contribute to them through:

<sup>3</sup> <https://www.gov.uk/government/news/new-measures-to-deliver-value-to-society-through-public-procurement>

1. Supporting local communities to recover from the impact of Covid
  - CBs are usually incorporated with legal forms that prevent the extraction of wealth, meaning that trading surpluses are retained within the local community
  - CBs are able to respond more quickly to changing local needs through having more diversified income sources.
2. Driving equal opportunity by reducing the disability employment gap
  - 1/3 of CBs' service users interviewed in the study progress into volunteering roles, with a number of these people subsequently gaining paid employment
3. Driving equal opportunity by improving health and wellbeing
  - Service users of CBs in the study report improved WEMWBS scores and feel better able to self-manage long-term health conditions
4. Driving equal opportunity by improving community integration
  - Service users of CBs in the study report feeling more involved with their wider local community

## 4. COMMUNITY BUSINESSES

The transformative potential of CBs against the range of policy priorities and community needs is clearly illustrated in this paper. In order to deliver that potential CBs require resourced support and interventions in the following strategic areas:

### 4.1 Commissioning

Most CBs in the study were heavily reliant upon grant income to sustain their health and social care services. In this study the University of Birmingham found this was also at levels that are more than twice that expected for CBs nationally (regardless of their type of activity). CBs in the study only derived about 5% of their income from direct payments

CBs of all types nationally are able to generate over half of their income through payments and gifts from individuals, but for CBs in the study delivering health and social care activities, this makes up only 26% of their income, calling into question the CBs ability to sustain their support:

*“Part of being in the community is that we do it for free and we don’t want to rip people off. But we’ve obviously got to cover the heating and maintenance and improvements.”*

**Community Business leader**

Public sector commissioning of CBs would enable more stable and longer-term financial planning and service development. This in turn would allow CBs to better help local authorities meet their strategic priorities. However, without the right kind of support, many CBs are unaware or unable to engage with commissioning processes:

*“And community businesses in particular struggle to access information or data or anything to do with social care, you know, I’m talking about social care and it’s like a foreign language to them they just don’t... it’s something that’s not even on their radar...”*

**local Community Catalysts worker**

## 4.2 Succession

CBs are typically reliant on a core groups of ageing volunteers. Without support around succession planning, CBs are likely to struggle to be able to maintain their level of service and impact

*“...we’re all pensioners, but replacing them and finding new ones is hard”*

***Community Business leader  
reflecting on the make up their core team***

CBs also need help to identify, induct and sustain new volunteers into new roles

*“Volunteers need investment, they need, you know, people investment, they need recognition, they need praising. They don’t just happen, volunteering just doesn’t carry on and on and on without any people investment, so someone needs to be paid to do that people investment, if that makes sense to you. [...] because some people think having volunteers is a cheap option. It isn’t. People do need to be supported, you know.”*

***Community Business leader on the importance of being  
able to resource support for volunteers***

## 4.3 Collaboration and networking

One key factor important to generating the successes CB achieve is collaboration and networking with other CBs. However, CBs in the test sites typically struggled to be able to engage in such activities with their peers without external facilitation and support.

## 4.4 Awareness of information and support available

The CBs in the test sites identified a key challenge, at whatever stage they are at in their development, is in identifying and accessing the information that they need to develop, grow and maintain the quality of their services. The information needed related to both organisational issues:

*“...[the local Catalyst worker was] constantly supplying me with information. Now some of it [information] I have already got, but an awful lot of it I haven’t.”*

## **local CB manager**

and to specific local knowledge and intelligence:

*“Who in the Council will be the right person around the table to help with this?’ You know, I might have to make six phone calls and then explain who I am, I probably speak to four different people, get to somewhere in the end or not”*

**local CB manager**

Without a clearer signposting and brokerage information service, CBs will be limited in their potential to deliver services and impact. Some potentially important CBs may never be able to be created.

## 5. WHY COMMUNITY CATALYSTS?

Community Catalysts is a UK organisation established to catalyse local communities to deliver their own health and social care through building on the strengths of the local people within them.

Community Catalysts allocate local workers to:

- Co-ordinate local authority, health, and VCSE sector bodies in defined geographic areas;
- Work with local commissioners to support changes in systems and practices;
- Support people to develop aspiration for, and subsequently start-up, new CMEs;
- Create new learning and development opportunities for health professionals.

Community Catalysts has worked in approximately 100 local authority areas to date. In the test sites examined by the University of Birmingham the Community Catalysts approach has created:

- An additional 103% increase in CB capacity where they have received support
- More resilient clusters of CBs who cite the involvement and presence of Community Catalysts as being the critical factor in enabling them to be able to collaborate with each other through peer networking

A trusted and proven model for both local authorities and community businesses:

*“What I would say is that Community Catalysts brought a very good process, the process that we followed to get people engaged was the right one.”*

**local authority officer**

*“I think if we didn’t have the Community Catalysts [local catalyst], it is the Community Catalysts that have made the link with [Name] Council much better.”*

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