



2020

# THE GOOD COUNCILLOR'S GUIDE TO COMMUNITY BUSINESS





www.plunkett.co.uk

Established in 1919, Plunkett Foundation is a national charity that helps communities to tackle the challenges they face through promoting and supporting community businesses.

Our support is tailored to each individual community's needs. This may include:

- Time with one of our specialist business advisors
- Access to technical resources
- Peer networking and learning opportunities
- Study visits to other successful community businesses
- Training and learning events

Every community business is different, but we know they can improve communities by:

- Keeping valued services open, thriving and accessible
- Improving wellbeing and reducing loneliness
- Creating jobs and training opportunities
- Providing an outlet for local products and services
- Helping the environment

To find out how we can help, please complete our contact form available from: [www.plunkett.co.uk](http://www.plunkett.co.uk) or call our community business team on 01993 810 730.

This guide aims to help local (parish and town) councils and their councillors better understand what community businesses do so that they can consider whether they would be beneficial for their area. The publication also features seven local council case studies, showcasing real examples of engagement with this form of business.

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# WELCOME

**Cllr Sue Baxter**  
Chairman of the National  
Association of Local  
Councils

On behalf of the National Association of Local Councils (NALC) it gives me great pleasure to introduce The Good Councillor's guide to community business.

This guide is aimed at local councillors who are interested in finding out more about how to support and encourage local community businesses.

Local (parish and town councils) already play an important part in local economies: supporting the high street, holding markets and organising events. They have promoted take up of community rights and used neighbourhood planning to support wider renewal. This will be increasingly vital as we address the economic problems caused by the pandemic.

A key lesson emerging is the importance of effective local leadership and as councillors you can do much to support and encourage community businesses as the case studies in this publication illustrate.

It is therefore vital for local councillors to understand the potential of community businesses and how you and your council can support them in so many ways. Setting up or instigating a community business or supporting existing businesses. As customers and consumers of services. Through active involvement in the management of community business.

For these reasons, NALC and Power to Change have worked together to commission this guide from the Plunkett Foundation in order for local councillors to be equipped with the basic information to support community businesses and extend their take-up across the country.

I wish you every success in supporting community business, your local economies and residents.

**Ailbhe McNabola**  
Head of research and  
policy at Power to Change

Power to Change is the independent trust that supports community businesses in England.

Community businesses are locally rooted, community-led, trade for community benefit and make life better for local people. The sector owns assets worth £890m, and comprises 9,000 community businesses across England who employ 33,600 people. (Source: Community Business Market 2019.).

From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are creating great products and services, providing employment and training and transforming lives. Power to Change received its endowment from the National Lottery Community Fund in 2015.

At Power to Change, we regularly hear from community businesses that we are funding or supporting, how important their local council is to their business. Councillors are of course also local residents and engaged members of the local community, and their support whether individually or through council policies

and actions, can make a crucial difference to the success of community-led activity and community businesses.

During the Covid-19 pandemic we have encountered many examples of community businesses working with councils to deliver emergency support, and innovating to turn their service offering into one that can be delivered remotely – so that local people are still supported and connected during this time. An extremely challenging time for councils and communities alike, it has highlighted the interdependencies and the scope for different ways of collaborating.

We hope that this informative guide will result in even more mutually beneficial relationships between community businesses and their local councils. Our thanks to the Plunkett Foundation and the National Association of Local Councils for bringing this guide from idea to reality.



# INTRODUCTION

There are estimated to be around 9,000 community businesses operating across England, according to research completed by Power to Change, an independent charitable trust that supports and develops community businesses in England. Although a fair number of these operate with the support and involvement of their local councils, the extent to which a local council can aid such enterprises is not yet widely recognised.

The role of community business in relation to helping local councils, to manage and sustain their local natural and built environment, can be beneficial in any area. For example, they sustain key local services through a community-owned, community-run approach such as shops, post offices, libraries, pubs, child care and local food production. Community businesses also demonstrably help to reduce levels of social isolation locally, through creating multi-functioning, open and inclusive places to meet – something we intend to demonstrate via the case studies produced for this guide. There is a growing opportunity around health and social care, community energy generation and local digital connectivity which may also be relevant for some local councils to consider when reading this guide.

The guide will aim to demonstrate how a relationship between a community business and its local council can encourage a more localised, greener economy which creates employment and delivers broad social benefit. The people-centred nature of these businesses means that a community can genuinely contribute to their local social, economic and

environmental sustainability – something which it is hoped could inspire more local councils to become involved.

The timing of the production of this guide has greater relevance in this present moment, with society looking to life beyond the coronavirus pandemic – whenever that may fully come around. Learning from this time will be key and during this period of world-wide crisis, the availability of local services has been a key factor in enabling residents to maintain their homes, families and businesses. Local councils have the opportunity to seize upon this experience and consider how community businesses could support their local area to create, enhance and sustain a more cohesive and inclusive community in future.

There has been huge amount of “community spirit” in response to the events of 2020 and community businesses could offer an opportunity to channel this goodwill in to something which could create local employment, contribute to the wider green agenda and genuinely deliver local social benefit. This guide will help local councils and community business to consider their future relationship and consider how they can use legislative powers, funding opportunities and mutual benefit to decide on what services are most needed to make their community thrive.

This guide contains 12 sections and aims to help local councillors learn about the development stages of a community business, consider their role and that of the local council and also learn from examples of where collaboration has succeeded in other areas. The guide also has 7 supplementary case studies and a list of useful websites, to facilitate further learning about this form of business.

# WHAT IS A COMMUNITY BUSINESS?

There is an increasing number of communities turning to a form of business that is both accountable to local residents and also uses any profits or surpluses generated for positive local impact. Often focused around meeting an identified local need, community businesses are a way of communities sustaining or reintroducing services such as shops, meeting spaces, post offices, transport routes and pubs. They are a form of business which can be used to protect local assets (e.g. buildings, woodlands, sports facilities) that have a value to local community. A community business can also lend itself to local initiatives focused on energy generation, food production or provision of local connectivity such as broadband. In short, community businesses are a flexible form of business that can be adapted and adopted to suit a community's need.

For the context of this guide, a community business can be defined by using the Power to Change (an independent charitable trust that supports and develops community businesses in England) definition. Namely the businesses, or developing projects referenced in this document are:

- Locally rooted
- Trading for the benefit of the local community
- Accountable to the local community
- Capable of having broad community impact

The local accountability and rootedness of these businesses are key principles that can align directly with the activities of local councils. With the ambition to deliver a broad community impact, community businesses can enhance local social cohesion and therefore offer clear opportunities for collaboration with local councils.

At a grass roots level, given the variation and size of some of these businesses, the element of trading is where communities may interpret the definition of a “community business” with some flexibility. For some, such as small community markets, their operations are founded solely on non-constituted, volunteer-led activities which may limit their ability to trade in the traditional sense. They are however often still providing a service, and in these areas an enhanced relationship with the local council could be hugely beneficial and help these smaller operations continue for community benefit.

## COMMON FORMS OF COMMUNITY BUSINESS

There are many local businesses, services, facilities and assets that will lend themselves to a community ownership approach in terms of their future sustainability. The opportunities for collaboration will be presented throughout this document, and the following list of businesses simply sets out the types of business which are commonly found to be running as a “community business” in areas across England.

- Shop (food distribution, convenience and wider retail)
- Pubs and cafés
- Post offices and other providers of access to finance

- Public-facing support services (Inc. training provision, health and social care services, childcare, youth services)
- Village halls, community buildings and other multi-service hubs
- Heritage buildings
- Sports and Leisure facilities
- Libraries
- Community energy generation
- Broadband and digital connectivity
- Community woodlands (Inc. training provision, health and social care services)
- Farming
- Food and drink processing and production (bakeries, breweries, distilleries)

To aid a councillor's learning about the community business model it would be advisable to visit existing businesses and hear first-hand about their operations. Whilst not all councils will have a direct relationship with a business to learn from the way the business operates may help with the understanding of how this form of business could operate in other areas. The Plunkett Foundation, an independent charity that supports the development of rural community businesses across the UK have a Community Business Map on their website ([www.plunkett.co.uk](http://www.plunkett.co.uk)) and the annual Power to Change "Community Business Market" report, found on their website ([www.powertochange.org.uk](http://www.powertochange.org.uk)) will be useful

resources for any council wanting to learn directly from already established community businesses.

## **THE LONGEVITY OF COMMUNITY BUSINESS AND CONCLUDING COMMENTARY**

The community business model is flexible and robust. The vast majority of community businesses have a much longer-term sustainability than many privately owned enterprises, with very few closing after reaching trading status. This can be attributed to how they are set up and how the operations are directly influenced by a membership, the community and the customer base, meaning that they are adaptable to change. The Covid-19 experience demonstrates how a community can and will step up to meet local need and demand in a time of crisis. It is now important to make sure that these businesses remain open in more settled times as well.

Through an enhanced relationship or collaborative partnership between a local council and community business, a mutually beneficial relationship can be established. This connection enables both parties to uphold their responsibilities to the local area, and enable local residents to access vital services and other community business benefit in their community.

## WHAT CAN BE THE MOTIVATIONS BEHIND ESTABLISHING A COMMUNITY BUSINESS?

There are many reasons why community businesses are set up, but often the motivation comes from a local desire to protect a service or an asset, add new services to an existing “offer” or to reintroduce a service lost previously. It is common to find that there are a lot of local emotions to consider at the outset of any such project, both for and against. Engaging the community and consulting widely are essential to starting any community business project.

Local councils should consider their role in respect of how they could support and encourage community involvement in those early stages of a project, to make sure that residents are both aware of the project and have an opportunity to influence how it progresses (or not). Community consultations should also take place and it may well be that the local council has a role to play in facilitating, supporting or even providing some funding towards this phase of work. Community engagement works best when it is an ongoing process that enables relationships to build and strengthen over time, therefore there should be an ongoing opportunity for local councils to be involved.

As we will look at in greater detail later in this guide, the opportunity for collaboration between a community business and a local council can take on a variety of forms but the common principle of locally rooted decision making should enable a relationship to be developed between any community business project and local council(s) at a very early stage of any project.

The following points will consider the most common motivations behind the establishment of a community business.

### PROTECTING AN ASSET OR SERVICE

Many local councils will already be familiar with community feelings associated with the closure of post offices, shops or pubs. It is also likely that a lot of councillors will have received representation from residents when there is a change to, or cancellation of, a particular service. The intention of this guide is to help councils in these situations to consider whether there is, or could be, local support for a community business solution.

The powers afforded to local councils and communities under the Localism Act 2011 will be explored later in the guide along with the legislative opportunities available. However, in the spirit of local communication it may well be that the local council needs to be the instigator of the conversation. Establishing a community business to protect a local asset can be a great way of harnessing local feeling and interest. At the heart of all community businesses are people, and it will be important to promote how local residents can get involved if it is the local council that is kicking off the conversation.

**Learn from others: Hailsham Post Office, in Sussex is a great illustration of how a local council can directly save a service for local benefit. When the Post Office on Hailsham's High Street was threatened with closure, the Hailsham Town Council stepped in to support the creation of a Community Interest Company (CIC) to keep it in operation. The business is now operated by the council's clerk, who also acts as the sub-postmaster. A full case study can be found at the end of this guide.**



## ADDING NEW SERVICES TO AN EXISTING PROJECT OR BUSINESS

This can directly link to the previous point about protecting a service, in that it may need to be moved to within another business to safeguard a service delivering local benefit. It can however, also be about introducing something new to help sustain the community business long term.

In many communities the concept of a multi-service hub is nothing new, with many areas already enjoying the benefits of accessing multiple services or businesses “under one roof”. It is now quite common to find that a village hall or community building is hosting a post office, running a farmers market, providing a space for health services to operate from and hosting the local nursery or other childcare facility. Whilst some premises may be limited by capacity and the available physical space, the reality is that the co-habiting of community businesses and any “other” services can be a mutually beneficial set up as long as the services offered continue to meet the local (or customer) needs.

How the additional services operate may differ from project to project, and it will be important for a local council to familiarise themselves with the different models. Most commonly the set up should be one of the following:

- Run by the community business itself, fully adopted and absorbed into the business plan and operating under their stewardship.
- A tenant, leased or rented relationship whereby the community business is receiving a payment for rental of space but the business is co-located within the community business and is operating as a separate entity.

- An outreach or “hosted” model, whereby the additional service visits the community business at set times during the week – commonly seen with post offices where they maybe the van parked outside, or with a neighbouring sub-postmaster using space within the business to operate from during set and limited hours. This model does not necessarily guarantee an income for the community business, rather that the hosted service increases the footfall for the business at set times during the week.

### REINTRODUCING A LOST SERVICE

For many communities the unfortunate reality of business closures or service withdrawal is a very real experience. This is ever more acutely felt in rural areas, where the loss of a business may have resulted in the only business of its kind closing and the loss of service being felt by multiple communities in the proximity. It can be difficult to retain a customer base, once a business has closed and ceased trading for a prolonged period of time. A community business, developed from a point of community consultation, may create a means through which a new business could be opened again. Local councils may wish to review local consultations and communications, and get a sense of the appetite locally for reintroducing services that have been lost previously.

As will be explained later in this guide, the reintroduced or lost service does not need to necessarily operate in exactly the same way as the closed business. Neither does it need to operate from its own premises, it could be that the reintroduced business or service would be better suited in a co-location within the community.

**Learn from others:** A good example to learn from is the Tower Gardens Pavilion in Skegness. Here the Town Council stepped forward and saved a community

facility that had fallen in to disrepair and was no longer being used. The Town Council revitalised the facility for ongoing community benefit. A full case study can be found at the end of this guide.

### **DEVELOPING AN ENTIRELY NEW SERVICE**

In the same way as there is an opportunity for any privately-run new business to open their doors, anywhere there is believed to be custom and support the same is true for a community business. Whilst many community business projects start in response to the loss of a service this is not universally true for all community businesses. Community businesses may open to meet a locally identified need, following local consultations and engagement. This could lead to a new business or service being established in a community for the first time.

Local councils may wish to consider whether new services are required locally to meet the needs associated with new development, changes in the population or to adapt to current societal trends such as reducing carbon emissions. The community could then be consulted on whether a community-led, community-owned solution may be the most appropriate way to run these services.

## ROLES AND RESPONSIBILITIES OF THOSE INVOLVED WITH A COMMUNITY BUSINESS PROJECT

Community business projects require a representative group of people at the heart of their project, who will ensure that the operation of the business truly meets an identified local need. It may well be that at the inception of a project there are a lot of interested parties (individuals, representatives of other local groups/organisations/businesses and the local council) involved, however a smaller working or “steering” group (average of around 12 people) will need to be formed in order to make decision making processes simpler and accountable. Steering groups will ideally have a mixture of skills, knowledge and interests in the makeup of the group and it may be that the local council considers whether they are well placed to fill any gaps in expertise.

In addition, a steering group lends credibility to an idea and as long as the membership of this group is diverse, it can provide the community with confidence of how the project is being progressed. Where possible, local councils should be represented on a steering group – either through direct attendance at meetings, or through being consulted and engaged in decisions relating to the future of the project. The local council may also wish to suggest other local bodies or interested individuals that they believe could benefit the project.

## WHAT LEGAL STRUCTURE OR FORM MIGHT A COMMUNITY BUSINESS TAKE?

Whilst some community business projects may have been instigated by and run by a local council, it is more common for a community business to become an independent entity that operates separately from the local council. As some projects will have been developed with little local council input, this section aims to set out the type of legal structures that a community business may consider, if it becomes a more formal incorporated form.

A legal form is simply how the organisation will be set up and be seen in the eyes of the law. The decision is usually made at the point when the group is considering what are the benefits of remaining as an unincorporated community group? Against, what are the benefits of becoming a more formal incorporated entity? This decision is usually taken at a time when the project reaches a point when they may need to open a bank account, start to raise finances for the project and make the project a more formal business proposal.

There are a range of options available to any aspiring community business in terms of the legal setup of their business, and each developing group will need to consider which option is most appropriate to them and how they would like the business to run. The Plunkett Foundation published a guide in 2018 called "How to Set up a Community Business" that sets out the range of legal structures available, the guide can be found on their website [www.plunkett.co.uk](http://www.plunkett.co.uk). Local councils should consider their role in respect of the decisions taken

about which legal structure is chosen and developed and also what relationship this body will have with the council in future.

A lot of rural community businesses also have a membership structure of some kind in their setup, which enables local residents or service users to become members of the organisation. This encourages inclusive and community cohesion, through enabling local voices to directly influence the future of the organisation from the point of being a member.

A membership structure is often associated with the use of investments through community shares, which enable businesses to develop start-up or ongoing finances. As stated above, there are multiple options available to community groups in terms of what legal structure they adopt but the Plunkett Foundation promotes Community Benefit Societies (CBS), legislated by the Financial Conduct Authority, as a really positive structure for new community business groups. This is because it has a very democratic membership structure as part of the setup. In short, a CBS is founded upon the principle of one member, one vote regardless of how much a member is able to invest in the organisation. A membership fee, or share can start from as little as £1 to enable the organisation to be as inclusive as possible.

As long as the community business is able to remain aligned with the four principles set out in the Power to Change definition of a community business, then they can decide which legal structure suits them best.

Of course, for some community businesses, the choice to remain an unincorporated body is the preferred option. As an unincorporated body, the law only recognises that there is a group of members who have agreed to work together for a purpose and they will have unlimited personal liability which is 'joint and several'.

Put more simply, this means that if the organisation cannot pay its debts at any time then members that are most able to pay (as opposed to all members equally) may be liable for these debts from their personal assets. Unincorporated organisations cannot own property and contracts are signed by individuals on behalf of the members. Being unincorporated suits groups where there is little financial risk and all members are comfortable with the level of financial risk they are taking on.

## WHERE MIGHT A COMMUNITY BUSINESS OPERATE FROM?

How the community business intends to trade can often influence the community's interest in the project. Throughout the consultation and development stages of a community business project there will be consideration given as to where a community business will operate from, and whether it should own an asset, or rent/lease a space/building. Groups will look at whether they own the land on which their operation is run from, or consider if their activities can be in partnership with another organisation such as the local council, a charity, community business or even a private enterprise. The flexibility of the model means that community businesses are set up in a huge range of ways but commonly the businesses are set up in one of the following ways:

- The community business owns outright the building/land from where they trade
- The community business leases the building/land from where they trade
- The community business owns outright the building/land, but the main business activities are run by a tenant (individual or organisation)
- The community business leases the building/land, but the main business activities are run by a tenant (individual or organisation)



A local council may wish to consider whether it could be a landlord for a community business in their area, if they have access to space within any building or land which they own. As will be explored later in this guide, a local council may also wish to purchase a premises on behalf of the community with the sole intention of renting it to a community business in order that it can operate in future.

# THE OPPORTUNITY FOR LOCAL COUNCILS TO COLLABORATE WITH COMMUNITY BUSINESS PROJECTS

Most commonly, where a community business exists it is likely to be an independent organisation in respect of its operations. There are however positive opportunities for the local council to collaborate, partner with or even lead the community business activities. Local councils will understand their own limitations in respect of capacity and budgets, and this section will help councillors to consider the potential relationship their local council should have with a community business in their area.

The following points highlight the potential relationship opportunities and may all be relevant for some local councils.

## **INSTIGATING AND/OR LEADING A COMMUNITY BUSINESS PROJECT**

A local council may find itself instigating a community business project, following representations received from residents to the local council or through other forms of community consultation. The council may even choose to ultimately run the service in future. The principles of local engagement and consultation remain key, as this will encourage involvement and a sense of ownership for the project. Local engagement will also be key in terms of developing and sustaining a customer base. This will also be an ongoing process and the local council should look to use its platform as a statutory body and avenues for communication to keep the community apprised of the operations. Where possible there should also be the opportunity to seek feedback on how to make improvements or changes to continue meeting local need.

## SUPPORTING A DEVELOPING COMMUNITY BUSINESS PROJECT

The early stages of any developing community business can involve a lot of individuals, representing the interests of residents, community organisations and other businesses. A huge number of the projects develop the core working group (latterly a steering group) fairly early on, but others may benefit from the support of a local council to help give a project direction in these early phases. As mentioned above the local council may have instigated the work, but if this is not the case then at the very least a supportive relationship with open lines of communication should be brokered early on so that the community business and local council can liaise with one another.

Also in these early stages, when the project has no formalised structure, the working group may usefully benefit from support in relation to access to finance and meeting spaces to enable them to conduct the early stages of community engagement and consultation. Local councils may wish to consider whether they could help in this regard. Councillors should also consider the council's own response to any consultation carried out, and help to create opportunities for more residents to engage with this work.

There may also need to be engagement activities with the principal planning authority or highways in respect of any proposed community business. This contact may be most effectively facilitated via the local council, or at the very least the local council should seek to be copied into any communication with the principal authorities. Of course, if there is a dispute or a concern raised in relation to any proposals - for example, an access query from highways - then the local council will need to consider their stance, as they would in any such consultation, and make representation as a local council. This

representation does not necessarily need to be done in partnership with, or in support of the community business if the concern raised is understandable. Obviously where there is still a local desire to see the community business reach opening status, then the local council should remain engaged in any further dialogue to remedy concerns raised by the principal authority.

### **SUPPORTIVE RELATIONSHIP WITH AN EXISTING COMMUNITY BUSINESS**

If there is an existing, open and trading community business within the local council's area, then it would be beneficial to develop a relationship of some form – if there isn't one already in place. This may be as simple as an informal (unwritten) agreement to keep each other apprised of activities, events and service changes. The council may already have similar arrangements in place with other businesses in the area, and may include working with a chamber of trade or commerce. Given the community-centred nature of community businesses, local councils may also wish to consider that their relationship might follow that which they have with other community organisations, or charities such as those running other facilities in the area.

The benefits of a collaborative relationship are clear. For example, a community business seeking to make physical changes to their premises or site (land), or in the case of those selling alcohol in relation to their premises license will need to engage their local principal authority as part of this process. The local council will already be a statutory consultee for the principal authority, but an established relationship with the community could benefit all parties in this event. This is because:

- The council should be aware of any proposed change and may have had opportunity to influence it.

- The local council will have already been able to consider their stance in respect of any response.

The local council may also be asked to make representation in support of any proposed changes, which requires the approval of a principal authority. Through having an established relationship the community business will be able to set out the rationale and evidence of need to help inform the local council's view.

Through an understanding of the community businesses activities, there could also be a potential for the local council to offer direct support such as funding, support for promotional activities and supporting funding applications or share offer activities.

### **DIRECT INVOLVEMENT WITH A COMMUNITY BUSINESS**

As detailed in the next section, councillors as individuals may have a formal or informal relationship with a community business, but some local councils may also wish to consider the structure of their own relationship with the community business.

It may be as simple as having a memorandum of understanding and agreement in place to inform each other of operations and provide opportunity to continue being consulted on community business operations. A memorandum could include an agreement to a set number of meetings, or commit to briefings or reports being submitted at set time intervals. However, local councils could consider a more formal relationship, such as:

- Landlord for the community business, if the community business is operating from a local council owned asset

- Tenant, if the local council could operate from within the community business premises
- Commissioner for the community business (for specific services, such as village maintenance or grass cutting) where there are appropriate skills available to complete such tasks
- Partner, if the local council has instigated the community business project and it is now operating as a separate entity

Should the local council and community business enter in to any sort of more formal relationship then professional legal advice is required, to ensure that any agreement or contract put in place reflects the status of the relationship.

# ROLES AND RESPONSIBILITIES OF LOCAL COUNCILLORS

Whilst there are various elements of a community business project, local councillors are well placed to engage, or even become directly involved with a community business. As residents themselves they will likely have participated in community consultations, and in their role as councillors they have an opportunity to positively influence the future sustainability of the business.

## AS CUSTOMERS

First and foremost, a community business needs customers in order to be sustainable. Whether it is buying from the local shop, or paying to attend training courses being run in a community-owned woodland, local councils should consider their role in helping to promote the business operations to encourage custom. There are opportunities for simply featuring the business in council communications, or via any online means (including social media). However, something more formal could be put in place, to enable the local council to directly contribute to the income for the business. For example, could the local council:

- Hire space within a community business for meetings, or other community events?
- Commit to purchasing stock or stationery from their local community business?

- Manage their bank account or finances through a local post office that is associated with a community business?
- Fund a community business to run a service in the local community? For example events for young people, or luncheon clubs?

It would also set a real positive foundation for any relationship between a local council and a community business if councillors were also customers themselves.

### **AS INVESTORS OR MEMBERS**

There are no rules which prevent local councillors from investing and becoming members of a community business as individuals. These investments would need to be declared by the councillor and noted in respect of any vote made by the council about matters related to the community business. Similarly at any member meetings for the community business, which the local councillor attends as an investor there should be a declaration of their role as a councillor so that this may be recorded appropriately.

### **AS DIRECTORS OR MEMBERS OF A MANAGEMENT COMMITTEE**

Many local councils are approached by community organisations asking that a councillor becomes a member of their board of directors, to assist in liaison between the organisation and the council. There is often great merit in such a step and no legal reason to decline such a request. A nominated councillor must consent to becoming a director.

The usual legal position is that directors are not personally liable for a company's debts unless they have



given specific guarantees, for example to the bank. In a company limited by guarantee, the members are only liable up to the amount of the guarantee, often just a nominal £1. Directors may become liable for the company's debts if there has been "Wrongful Trading" i.e. where companies continue to carry on their daily business but are trading insolvent, that is, unable to pay their debts as they fall due. In such a case, once the company is put into receivership or administration, the liquidator can seek a court order requiring the directors at the relevant time(s) to contribute towards the company's debts. This is rare in practice.

When a councillor is appointed to the board of a company, they have two potentially conflicting duties:

- Their duty as a Councillor towards the council; for example, when in a council meeting, and
- Their duty as a Director towards the company; for example, when at a board meeting

It is always good practice to remind fellow directors or councillors (as the case may be) of their other role, and their interests can be declared in meetings or when completing business on behalf of the community business or council.

**Learn from others:** At The Tollerton Flying Club in Nottinghamshire, the Parish Council has the right to nominate two members on the board of the community business. The Tollerton Flying Club is a pub set up as a community business, with the council having provided financial support and being intrinsically linked to the development of the project. A full case study can be found at the end of this guide.

## AS COUNCILLORS

Councillors should seek to create a relationship with developing community business projects, or already existing community business that are trading in their area. Becoming informed about the operations of the business and how the operation is managed will be useful when considering how the community business may relate to other council business. For example, it may well be that the local council can introduce other community organisations or groups to a community business (or vice versa) where there is mutual benefit – to continue fostering and improving local cohesion.

Similarly as a councillor, the individual may wish to advocate on behalf of a community business at public meetings or even in a more formal setting such as in dialogue with a local authority or planning committee. In the event of making a more formal representation then it should be decided by the local council whether the councillor is representing the view of the whole council, or simply their view as an individual councillor.

# HOW COMMUNITY BUSINESS CAN HELP LOCAL COUNCILS

If the experience of 2020 and the response to the Covid-19 pandemic has taught society anything, then it has been the positive benefits of communities having access to services in their local area. Throughout the crisis, communities have demonstrated incredible strength and resourcefulness to provide vital services and support to people living there, and especially to those who are vulnerable and at risk of being isolated. Community businesses have been very much on the frontline of responding and their ability to diversify their offer, change the way they trade and attract new volunteers and staff (to replace others who were shielding) to remain open through the pandemic demonstrates the resilience of this form of business.

Of course, the pandemic has been hugely challenging for the sector more widely, and the ability to continue trading at this time has not been universal but where there was an opportunity to continue serving local customers then many community businesses have stepped up to the plate. For example, a survey completed by Plunkett Foundation during lockdown showed that despite the enforced closure of pub businesses nearly two thirds of community pubs continued to offer alternative services such as takeaways, food distribution and online social activities. In some areas these pubs also provided a diversified offer including pop-up shops and prescription deliveries throughout lockdown.

Community businesses also frequently offer multi-generational and other inclusive activities, this reflects the makeup of their community, the membership of the organisation and how they respond to identified local needs. The following points should help local councillors to consider the potential impacts of community business in their community.

### **SOCIAL IMPACT**

The people-centred nature of community business creates an inclusive opportunity for local residents to participate in and run a business or service for the benefit of their local area. It is common to find community businesses offering services which are “more than” the traditional services associated with certain business models and often with a health and wellbeing focus. For example, health practitioners using space within a community building to run surgeries, homework clubs being conducted in pub rooms and community woodlands providing space for wellness activities.

Community businesses also frequently offer multi-generational and other inclusive activities, reflecting the makeup of their community, the membership of the organisation and in responding to identified local needs. There are examples where volunteer opportunities, or other activities run by (or at) a community business are being offered as part of local social prescribing services. In rural areas in particular, a community business – in many places, the last business remaining in the community – plays a hugely important role in terms of reducing isolation as they are often considered as the heart of the community.

### **ENVIRONMENTAL IMPACT**

Recognising that many local councils have recently declared a “Climate Emergency” in response to the

global environmental crisis, community businesses are well placed to help reduce carbon emissions locally. For example local supply of services, will reduce the need for travel and community businesses may also help to generate local greener power.

**Learn from others:** A great example of this can be found in Devon in the form of Yealm Community Energy (YCE), formed as a Community Benefit Society in July 2015, with the aim of providing affordable renewable energy to the residents of Brixton, Holbeton, Newton & Noss, Wembury, and Yealmpton. A full case study about this project can be found at the end of the guide.

In relation to local supply, one of the primary challenges for many small rural community businesses during the Covid-19 lockdown period was access to stock, with many of the larger wholesalers not servicing complete orders during this time. This experience led to more businesses seeking to establish relationships with more local, independent suppliers which again has the environmental benefits of a reduction in food miles of any stock being sold through the community business. This commitment to local supply is likely to go beyond the coronavirus pandemic and new community businesses could be encouraged to build this in to their operations, to be more environmentally sustainable but also to support the wider local economy.

Community-ownership of green spaces and woodlands is another approach being adopted in many areas, not only creating easy access to natural resources to be used for local wellbeing activities but also a space for environment-related training and trading activities. Simple examples are community composting schemes, community supported agriculture initiatives, community parks and gardens.

## ECONOMIC IMPACT

Community businesses add much to the local economy, not least the creation of employment, training and volunteering opportunities. The types of employment are also often flexible and varied, reflecting the type of employment most needed in that community. For example some community businesses may offer 3 full-time equivalent positions, but the work is then completed by 5 or more people on a part-time basis. Also those volunteering within a community business may use the skills and training associated with their role to move on to more formal, permanent employment elsewhere.

Community businesses are intrinsically not-for-profit in the way that they are set up. Those that perform to a certain level are therefore potentially able to use their surplus for local benefit, with examples of community business providing grants or support to other community organisations or business in the local area.

A local supply chain has the wider economic benefits of the employment associated with the suppliers and finance staying in a more localised area.

# HOW CAN THE LOCALISM ACT 2011 HELP?

The Localism Act became an Act of Parliament in 2011, with the intention of facilitating the devolution of greater decision-making powers from central government to local communities. A fundamental principle of the Act is the transfer of powers from central to local government and from the higher levels of local government to neighbourhoods. Of particular interest in the context of this guide is that the Localism Act has given local authorities, including local councils, a “general power of competence”, enabling them to do anything that is not specifically prohibited by law.

What is the general power of competence?

On 1 April 2012 the general power of competence came into effect for local councils in England, allowing councils specifically to:

- Carry out any lawful activity
- Undertake any lawful works
- Operate any lawful business
- Enter into any lawful transaction

This might include making grants or loans, giving guarantees, buying the freehold or taking a lease or subscribing for shares. To qualify as having the general power of competence, there are three conditions of eligibility that must be met by a parish council:

1. Two-thirds of the council must have been elected.
2. The clerk must be qualified and have undergone training in the general power of competence through the Certificate in Local Administration.
3. The Council must resolve at a meeting that it meets the criteria for eligibility relating to the electoral mandate and relevant training of the clerk. The resolution can be passed at any meeting of the council but a further resolution must be passed at every subsequent “relevant annual meeting” for the council to be able to continue to exercise the power.

The general power of competence should be a key consideration for any local council considering entering a relationship (informally or formally) with a community business. Any decisions taken in respect of how a council wishes to interact, or collaborate with a community business should also be referenced in the minutes of the appropriate meeting.

Also included in the Localism Act are a number of “Community Rights” that apply to communities, enabling them to directly influence planning policy and the treatment of physical assets within their local area. The following points will consider those most relevant to community businesses.

## **NEIGHBOURHOOD DEVELOPMENT PLANS**

Neighbourhood Development Planning (NDP) was introduced in the Localism Act with the intention of enabling communities to set out a vision for their local area for the next 10, 15, 20 years. As set out in The Good Councillor's Guide to Neighbourhood Planning, neighbourhood plans provide a great opportunity to



set out a future vision for any area and can include references to and policies in support of small, local and community businesses.

An NDP must be in “general conformity” with the strategic policies in the Local Plan (held by the Local Planning Authority) for the area, as well as being consistent with national planning policy. An NDP is adopted by the local council, or other designated Neighbourhood Forum (where no local council exists) following a referendum for the community to illustrate their support for the document. The Plan then immediately becomes part of the Local Planning Authority's Local Development Plan. This, in turn, means that the Plan policies have significant force and the LPA will be expected to decide planning applications in accordance with those policies. Policies included in the NDP can't block development which would be in accordance with the Local Plan – but they can shape where such development would go and what it would look like.

In relation to community businesses and developing community business projects, NDPs offer an opportunity to directly outline how the community wishes to protect specific services, businesses or assets. NDPs could contain policies specifically about these facilities, provided these don't conflict with anything in the Local Plan. The main opportunity is to enhance and promote the status of these assets in the NDP with more detailed requirements such as proving “non-viability” before allowing change of use, and instruction on how and where a vacant business should first be marketed as a going concern. The plan document is also a good space to promote the availability of alternative facilities, further strengthening the case for protecting specific assets.

Local councils should use an adopted NDP to influence their decision about whether to form a relationship with a community business and also how this relationship should be structured.

**Note:** At the time of writing this document there is a government consultation on changes to the planning system which may affect NDPs in future.

### **ASSETS OF COMMUNITY VALUE ORDERS (COMMUNITY RIGHT TO BID)**

Communities can apply for a building or other assets within their community to be listed as an Asset of Community Value (ACV) with their local authority. Local councils, community businesses or other non-constituted community groups (with at least 21 members) can nominate ACVs, and will need to clearly set out the social benefits and interests associated with the asset which they are registering. If the nominated asset successfully meets the criteria, then it will then be added to a list of assets held by the Local Authority and the status will be in place for at least five years.

If the council decides that the nomination doesn't meet the criteria, then they must write to the group who nominated the asset and provide an explanation. The Local Authority must also keep a list of unsuccessful nominations. Landowners can ask local authorities to review the inclusion of an asset on the list, and this triggers an appeal to an independent body, called a First Tier Tribunal.

The predominant reason that communities list buildings as ACVs relates to the ability to trigger a moratorium period, which provides up to 6 months for a community group to develop a proposal and bid for the asset should it ever become available for sale. It is not a right of first refusal for the community, it simply provides time to develop an associated business case.

There are two moratorium periods to be aware of, the first is a 6 week initial moratorium when the community (or a representative group) must notify the Local Authority of their intention to bid. The second is the extended 6 month period, in order to develop a formal proposal and secure the necessary finance to support a bid for the asset. It would be good practice for a local council to be working with any developing and aspiring community business project, that is preparing a bid for an ACV – particularly in relation to making sure that a professional valuation of the building has been completed and that the community is not being asked to pay over market-value.

Councillors can access comprehensive guidance in relation to ACVs (and all the Community Rights) on the MyCommunity website ([www.mycommunity.org.uk](http://www.mycommunity.org.uk)). Coordinated by Locality, the national membership network supporting local community organisations, and supported by 11 other infrastructure bodies, the site provides a detailed overview of information. Councillors may also wish to visit the Keep it in the Community website ([www.keepitinthecommunity.org.uk](http://www.keepitinthecommunity.org.uk)) which contains the details of over 10,000 community assets, including every ACV listing in England.

## COMMUNITY ASSET TRANSFER

A Community Asset Transfer is the transfer of land, buildings or structures that are owned by a public body to local councils, community/voluntary groups or social enterprises (including community businesses). Public bodies are able to transfer the ownership and management of land and buildings they own to local communities at 'less than best consideration' – at less than full market value, making this an attractive option for some community business groups to secure a site from where to operate.

Communities can enter into discussions with public bodies about Community Asset Transfer where it is their intention to promote social, economic and environmental well-being. As with ACVs, the community will need to present their evidence of support in a clear coherent way, and a letter of support from the local council would strengthen the representations made. The local council may also wish to make the representation on behalf of the community, with other groups (including a community business) providing supporting material for this.

The ultimate aim of Community Asset Transfer is community empowerment – that is, to ensure that land and buildings are retained or transformed then operated for public benefit through community asset ownership and management. A range of agreements can be entered into to facilitate the transfer of an asset to a community-based organisation – but the most common form is long leasehold. Often, local authorities will explore shorter term agreements in discussion with newly formed community organisations.

In recent years a number of public libraries have been transferred into community hands, to continue operating as a library facility. It is not necessarily the case however, that the usage of the asset needs to remain the same after the transfer. There are some fantastic examples of historic heritage buildings such as old swimming pools, council buildings and public toilets being transferred and transformed in to host facilities for a range of new services.

## COMPULSORY PURCHASE ORDERS

Local Authorities have powers to make 'Compulsory Purchase Orders' (CPOs) where there is 'a compelling case in the public interest' to do so – which might apply, for example, if an important community asset like a pub is being left redundant and in a deteriorating state. As part of the Localism Act, the Government issued guidance to councils on the use of CPO powers to save community assets. Councils are now obliged to take seriously all viable requests put to them by voluntary and community groups for the compulsory purchase of a threatened community asset.

A local council may wish to consider their role in terms of supporting a representation to a Local Authority to pursue a CPO or not. Given that relatively few community business projects have thus far benefited from a CPO decision, and securing the support of a local council to influence the authority could further strengthen the case of how much a community values the asset. The representations made by the local council could be directly to the authority, or as supporting material for a community-led response. The most important thing will be to include a level of detail, similar to what would be required for listing an ACV, that clearly articulates the local value of the business and why the Local Authority should progress a CPO.

# LOCAL COUNCILS PROVIDING ACCESS TO FINANCE OR OFFERING “MATCH” FUNDING

As identified earlier in this guide, one of the potential barriers facing new and developing community business projects is access to finance. Many projects will look to utilise community share investments or raise money through fundraising, crowd funding or through applying for grants and loans to realise their project ambitions. This can however sometimes not be enough and there is an opportunity for local councils to offer community businesses access to long-term, low-cost funding.

This section will set out some of the opportunities and associated processes for how a local council can directly contribute to the funding efforts of community businesses.

## PRECEPT FUNDING

The precept is the local council's small share of the council tax. The precept demand goes to the billing authority, such as the District Council or Unitary Authority, which collects the tax for the local council. The 'Precept' is converted into an amount per Council Tax Band and that is added onto the Council Tax bill. The money collected is paid to local councils in two six-monthly instalments. Parish and town councils can also apply for other funding such as grant and funding awards for specific community projects that the precept cannot support, but they do not receive funds direct from central government, as principal authorities do.

If a local council wishes to raise the precept to support a specific project, such as a community business, it is good practice to ensure that there is clear communication with the residents of the community. There are examples where communities have been offered the opportunity to directly influence the decision of a local council to raise the precept, through voting or local consultations.

In relation to community business projects, this may be an option that local councils wish to consider on a sliding scale. It may simply be that the council wishes to earmark a small amount of funding to support a steering group or community business development project with administration or community engagement activities. Alternatively it may be that the council wishes to utilise precept monies in the form of a grant to a community business project, or existing community business and depending on the scale of this grant there should be the appropriate community engagement. For further information on how local authorities can act as social investors, see *Investing In Localism: How Local Authorities Can Provide Good Finance For Community Business*.

## **PUBLIC WORKS LOANS**

Once a local council has established that it has the general power of competence (referenced earlier in this guide) and wishes to borrow to fund a local project or asset, it can seek a loan from a variety of sources, including from the Public Works Loan Board (PWLB), which lends to local councils at low interest rates.

Local councils wishing to apply will need a borrowing approval from the Ministry for Housing, Communities and Local Government (MHCLG), and need to approach their County Association of Local Councils before applying for this approval.

A list of county associations and local county officers can be found on the NALC website at [www.nalc.gov.uk](http://www.nalc.gov.uk).

There are four steps that a local council and community business would need to follow:

1. The community business approaches the local council for funding or the local council identifies the opportunity for utilising such funding, in discussion with the community business.
2. The local council seeks advice from county association.
3. The county association checks the local council's status before applying to MHCLG who have to approve any borrowing for capital expenditure in England.
4. Once borrowing approval has been agreed the local council can apply to the PWLB.

There needs to be a clear local mandate for applying for a loan, which can be demonstrated through community consultation and letters of support. There also must be a robust plan for how the loan would be repaid, over a period of up to 50 years.

The finance raised in this way can then be used for capital projects, either by extending grants to bonafide community organisations or buying or establishing businesses themselves, for the benefit of their communities.

The loan cannot be lent to another entity, including community groups or to a community business.

**Learn from others: A great example of parish council using PWLB finance to support a community business**



is the White Horse pub in Church Fenton, North Yorkshire. The council purchased the pub using a Public Works Loan and instigated the setting up of Church Fenton Community Hub, a community business with the responsibility of running the business once a refurbishment had been completed. A full case study can be found at the end of this guide.

### **SUPPORT FOR FUNDING APPLICATIONS TO EXTERNAL BODIES**

Demonstrating the support of a local council can improve the chances of success for applications for funding submitted by a community business project to external bodies, organisations or funders. Whilst it would be expected that the community business would have presented a compelling case for funding and an accompanying business plan when making an application, having a complementary letter of support from the local council can provide genuine confidence for the funder that the project truly is in the best interest of the local community.

### **DEVELOPER CONTRIBUTIONS**

Local councils can facilitate access to finance, or other appropriate support for community businesses via developer contributions and planning gain. In current planning legislation developers contribute to any community in which they are building via the Community Infrastructure Levy and other obligations such as Section 106 (s106) of the Town and Country Planning Act 1990. Local councils' as part of their engagement with developers at planning stage could make a representation on behalf of the community as to how these contributions would best be utilised in their area. This could include direct support for a community business in terms of premises, site access or financial contribution.

Note: At the time of writing this document there is a government consultation on changes to the planning system which may affect developer contributions in future.

# UNDERSTANDING THE POTENTIAL PITFALLS, CHALLENGES AND DELAYS

Community business projects do not always develop to a point of opening the doors to customers in a simple step-by-step way. Local councils should consider and understand some of the challenges which may prevent a smooth transition of a concept project, through to open and trading community business. The following points identify some of the challenges faced, and how a local council may wish to consider their role and response to each situation.

## LOCAL DISPUTE

At the earliest point of any community project there may be opposition to what is being proposed. New community business projects are no different in this regard. In this guide we have already touched on the local emotional response that may be attached to these projects, and also how the starting point may often be in response to something negative, such as a service or business closure. Local dispute can originate from multiple sources but could include:

- Residents not backing the project as they don't see it as viable
- Other businesses not supporting the project for fear of competition (covered in greater detail below)
- The make-up of the core working group or steering group not being seen as representative of the community

- Representatives of the community feeling that money raised by the community business/project could be better spent elsewhere in the community

Every project and community business will be different and the list above is not exhaustive, but it is important to be aware of the conflicting views that may arise when a community business is starting up. The principles of community engagement and consultation will go some way to addressing these points, with the opportunity to influence the direction of the project playing a key role.

**Response:** The local council may also wish to consider their role as facilitator or mediator to promote better community relations if the community business project is one that they are backing as a council because they believe there to be demonstrable community benefit.

## COMPETING BUSINESS

This can be a complex and often sensitive matter. Where there are similar businesses within the community, or even in neighbouring areas, whose custom will be affected by a community business there may be some opposition received. In such instances, competition shouldn't be seen as a complete barrier to developing a community business but the local engagement and consultation will need to be handled in a manner that provides clear opportunity for other businesses to make representation to the project.

Community businesses will consider their impact on the local economy as a natural part of developing their business plan and the competition is something they would also need to factor in to their plans.

**Response:** Local councils, potentially working with chambers of trade or commerce, should encourage businesses to work collectively for local benefit.

## AN INABILITY TO RAISE THE REQUIRED FUNDS

One of the biggest barriers for community business projects reaching trading status, particularly for those needing to buy a property or land, is access to finance. As referenced earlier in this guide, community businesses commonly use share finance as a way of raising significant funds in support of the project. There will also be an opportunity to access some grant funding (on a varying scale depending on postcode) and as with any business proposition, loan or mortgage finance could be obtained. The issue however, is how much debt the community business are willing and able to take on. Their business plan will identify whether they could service a loan and/or mortgage, and more importantly what size of loan they could manage. However, even with this blended finance approach to raising the required funding there can still be a gap and this can be a barrier to a community business opening.

The problem can be further exacerbated if the requirement to raise funds has a time-limitation too. Groups that have used the Localism Act and the Asset of Community Value orders will, for example, have only 6 months (during the moratorium) to raise the required finance, or face the asset or property that they are looking to buy be sold on the open market.

**Response:** As set out in this guide, a local council could provide access to some finance and it will be for councillors to consider whether this is simply bridging finance to fill a gap, or a more permanent commitment to support the project.

## LACK OF AVAILABLE PREMISES FROM WHERE THE COMMUNITY BUSINESS CAN TRADE

The lack of available premises is a common problem which is more acutely felt in rural communities,

particularly where the last shop, village hall or pub in the community has shut and been converted into an alternative use. The price of property in these areas can also be a challenge for any aspiring community business to overcome. Community businesses will have considered multiple premises options in the development phase of their project, which may have included temporary solutions to get the services up and running, but without the long term permanent or semi-permanent solution being identified the business may not be able to sustain their operations for long.

Local councils could consider whether they themselves could be a landlord for the community business, if they own property with any vacant space within the community. Or they could help to engage other community organisations or bodies, such as the village hall or local church to see if they could host a community business on site. There are plenty of options and it may simply be a case of learning from others as community businesses have been established in a variety of facilities including in converted toilet blocks, churches, porta-cabins and redundant agricultural buildings.

**Response:** The local council should encourage the group to keep their options open, particularly if their first choice option is not available or viable. The service that the community business will provide must remain the priority.

### **UNWILLING OR UNCOOPERATIVE SELLER/ LANDLORD**

This is a common problem for developing community pub groups, where they are trying to engage an uncooperative seller that is not willing to consider a community business proposal to purchase or lease their premises. Of course the landowner's rights must be respected and protected, but on occasion a local council

may be required to make a decision about whether the lack of cooperation is in the best interests of the community. Particularly in those communities where the landowner may own a site on which the only local pub, shop, post office, café etc. could operate.

**Response:** The potential powers associated with the Localism Act, and in particular Compulsory Purchase Orders are legislation that local councils could explore in regards to protecting the interests of the community.

# TEN STAGES FOR DEVELOPING A COMMUNITY BUSINESS

This final section simply summarises the 10 stages associated with setting up a community business project, so that local councils may consider which stages are most relevant to them.

1. Engaging and consulting the community on the concept of a local community business
2. Establishing a steering group
3. Managing the volunteers associated with the project
4. Deciding on an appropriate legal structure and appropriate governance
5. Developing a business plan
6. Securing the funds required to progress the project
7. Acquiring premises (purchased or leased)
8. Sourcing suppliers for the business
9. Opening
10. Ongoing trading



# CASE STUDIES

## CHURCH FENTON COMMUNITY HUB AND CHURCH FENTON PARISH COUNCIL, NORTH YORKSHIRE

Precept: £20,500

### Background

The Community Hub in Church Fenton promotes community projects in the village and currently operates a pub. It was first set up as a steering group in November 2017, in response to the closure of the village's only pub, The White Horse, in the previous year.

### Council Involvement

Prior to evolving into a Community Benefit Society, the group of parishioners keen to save the pub approached Church Fenton Parish Council (CFPC) to enlist its support to the project primarily with a view to CFPC purchasing the asset for the village. After considerable due diligence the parish council supported the process and undertook to obtain borrowing powers. Part of the due diligence from the Parish Council required an intermediary body to take responsibility for the lease of the pub. At this point the informal group adopted Plunkett Foundation model rules and formed as a CBS. The Parish Council purchased the freehold property and partially funded through PWLB drawdowns, funded basic refurbishment of the property to lettable standards. Church Fenton Community Hub identified and agreed a lease for the pub to commercial tenants to operate The White

Horse as a pub / restaurant. While the pub was being refurbished, the Community Hub launched a share offer. Closing in October 2018, the share offer resulted in almost 200 shareholders and raised more than the target amount £50,000. The Hub's community asset, currently the pub, is leased to a tenant, generating enough funds through rent to cover the Public Works Loan. Separately, the council utilised PWLB funding to purchase a closed shop and let it to a tenant. No increase in the council's precept was necessary for these assets to be secured for the community.

The Community Hub anticipates that they will continue to work with the parish council to support existing projects and explore new ones, such as a community garden. Although the council is not directly involved in the operations of the Community Hub, a provision was included in the CBS' rules to allow the council to nominate one member to serve on the society's board (comprising twelve members in total).

### **Lessons Learned**

CFPC were very careful with their due diligence. The pub group and the Community Hub were required to identify and deliver a number of controls necessary to mitigate the perceived financial risk to the parish council. These were all achieved and parties agreed simultaneous signing of sales contracts and leases to satisfy parish council requirements.

Their advice for other community businesses and local councils looking to collaborate is to:

- Establish a close working relationship
- To be honest and open with each other
- To have mutual trust between both parties

## YEALM COMMUNITY ENERGY AND NEWTON AND NOSS PARISH COUNCIL, DEVON

Precept: £55,000

### Background

Yealm Community Energy (YCE) formed as a Community Benefit Society in July 2015, with the aim of providing affordable renewable energy to the residents of Brixton, Holbeton, Newton & Noss, Wembury, and Yealmpton. YCE set out to achieve this by identifying two local solar farms which could be brought into community ownership (Newton Downs and Creacombe). YCE acquired Newton Downs for the benefit of the community with the support of CORE (Community Owned Renewable Energy), which had received financial backing from Power to Change and Big Society Capital. YCE part owns Newton Downs with CORE, and is raising money through share offers to complete ownership in the next 12-18 months. YCE estimates that the Newton Downs solar farm generates enough energy to power the equivalent of 2000 average homes. Creacombe solar farm is now also fully operational and will initially be purchased by CORE, with the intention that YCE will later acquire full ownership. YCE anticipates that with this second acquisition enough electricity will be provided to meet the consumption of 10,000 residents each year.

YCE is owned by over 150 members and is run on a democratic 'one member, one vote' basis irrespective of the amount invested. The profits generated from the solar farms are put into a Community Fund, which in turn is distributed by YCE's board of trustees drawn from its membership. The Community Fund regularly invites applications for grants from any community organisation in the Yealm area for projects benefitting the community. A minimum £20,000 of grants will be available every year. 14 projects were funded in 2017-2018 to benefit the lives

of over 1,000 residents in the five parishes of the Yealm estuary. Examples include the installation of solar panels on a community building, reinstating a pond at a school, and educational initiatives on bees and the impact of plastic waste.

Community ownership also has the advantage of introducing accountability of the management of the solar farm to that community, e.g. for the impact of the facility on the local environment and biodiversity. This means that the solar farm can be managed responsibly and sustainably.

### **Council Involvement**

A representative of YCE commented that although there was no formal collaboration with the Newton and Noss Parish Council, the council's broad support and declaration of a climate emergency led to situation where five separate parishes could cooperate together towards achieving mutual goals, and coordinate an approach on planning approvals. The interviewee did not seem aware that their project could have been supported with a Public Works Loan.

### **Lessons Learned**

- Have clear objectives
- Communicate, consult and engage with all stakeholders, especially the public
- Profits can be reinvested for community causes

## **NORTH CURRY COMMUNITY CAFÉ AND NORTH CURRY PARISH COUNCIL, SOMERSET**

Precept: £19,000

### **Background**

The North Curry Community Café was established when an old farmhouse near the village was redeveloped into housing. As a condition for the planning application, it was agreed that a new facility would be provided for the community. The café turned out to be even more profitable than initially anticipated, and currently generates all of its income through trade. It has been particularly popular with older residents, who benefit from the affordable prices and the opportunity to socialise. Other benefits of the café include the creation of volunteering opportunities in a relatively isolated area, and donations of profits to charities nominated by the volunteers (since opening in 2006, the café has donated over £100,000). There was broad support for the idea of a community café, with only some initial opposition to the café by the owner of the village shop, on account of competition. However, this was readily resolved with an agreement that the café would not sell products stocked by the village shop. The café serves food and drinks, and provides a venue for local artists and crafts people to exhibit and sell their work.

### **Council Involvement**

The community café was set up as an IPS (now a Community Benefit Society) and pays rent to the Parish Council. Apart from this formal agreement, the Parish council does not have any involvement in the day-to-day operations of the community café. A representative of the café commented that this relationship works well and the business is still on good terms with the Parish Council.

## Lessons Learned

Some of the valuable lessons shared by the café's representative for other community businesses were:

- Establish good partnerships while retaining as much independence as possible for the business
- Always be aware of the community's needs, and be ready to adapt your services and products
- Disputes around competition are not necessarily a barrier; they can be resolved through consultation

## TOWER GARDENS PAVILION AND SKEGNESS TOWN COUNCIL, LINCOLNSHIRE

Precept: £469,290

### Background

Tower Gardens Pavilion was set up as a community hub through the work of the Skegness Town Council. The old pavilion had fallen into a state of disrepair, becoming a magnet for drinking and drug use. The council saw an opportunity to regenerate the neglected public space for the good of the community. The town council hoped that this new community hub would “help create a cohesive, supportive and inclusive community that shares a common goal, making Skegness an attractive place to live, work and visit”, according to their 2019 Tower Gardens business plan. The hub now has a community hall, a café, and a changing room for disabled residents. All users of the surrounding park have access to the facility.

### Council Involvement

Following the town council's submission of a viable proposal for the project, the East Lindsey District Council agreed to transfer the freehold of the site to the Skegness Town Council, by way of asset transfer. The project was financed by the Public Works Loan Board. After investigating the possibility of restoring the building, the town council eventually decided to demolish the building, which could not be feasibly restored. A new pavilion was purpose built for the community hub, and has the benefits of disabled access and being more environmentally sustainable.

The Pavilion is now owned by the town council and is hired out to residents, local clubs and societies. The success of the business meant that the town council could provide permanent employment opportunities, which is particularly valuable in an area where employment is skewed towards seasonal work. The availability of the public venue led to several new clubs being established. According to a representative of the Pavilion, the "levels of communication, consultation and engagement between the council, the executive and the public have improved" and "the end result has been transformational". There are now plans to create a new Heritage Centre.

### Lessons Learned

When asked why they thought the project was successful, a representative of the Pavilion identified the following key factors:

- Clarity of purpose and agreed objectives
- Transparent communications and regular dialogue with stakeholders

- A clear definition of the roles of councillors and Officers, and the extent of the powers delegated to Officers

## HAILSHAM POST OFFICE AND HAILSHAM TOWN COUNCIL, EAST SUSSEX

Precept: £1,250,000

### Background

When the Post Office on Hailsham's High Street was threatened with closure, the Hailsham Town Council stepped in to support the creation of a Community Interest Company (CIC) to keep it in operation. The motivation for saving the Post Office was to keep the high street thriving. The post office now provides a full range of services for local residents, including banking for individuals and businesses.

### Council Involvement

It is believed that the Hailsham Post Office, which newly opened in 2019, was the first post office to be taken over by a town council. This was done through the creation of Hailsham Town Council CIC, which is wholly owned by the town council.

According to a representative of the town council, the council's decision to save it has kept "the High Street as a focal point for local retail and other businesses." The council continues to be involved in the project and has agreed to set aside some of its precept to support the business financially for several years. Even with the negative impact of COVID-19, the Post Office is guaranteed longevity thanks to the council's decision to secure this essential asset for the community.



## Lessons Learned

Along the way, the lessons learned were:

- Have clear objectives and good communication are necessary for success
- Understand necessary processes from an early stage
- Engage lawyers to advise on complex issues encountered (e.g. TUPE arrangements)
- Be prepared to learn new things and keep an open mind to other ways of operating
- Councils should be aware of the workload for officers major projects such as this can bring

## **THE FRIENDLY TRANSPORT SERVICE — BROSELEY TOWN COUNCIL, MUCH WENLOCK TOWN COUNCIL AND SHIFNAL TOWN COUNCIL, SHROPSHIRE**

Precept for Broseley Town Council: £266,286

Precept for Much Wenlock Town Council: £187,605

Precept for Shifnal Town Council: £447,975

## Background

The Friendly Transport Service (aka The Friendly Bus) provides a door-to-door service. The bus runs regular trips to neighbouring towns and shops. Their friendly and reliable service can also be booked for individual journeys, such as to medical appointments. The Friendly Bus is also available for use by schools, local clubs or groups. The service is particularly invaluable in an area with few transport links, and enables older residents to maintain their independence and get out and

about. The small management team based in Broseley receive requests from users and coordinate volunteer drivers. Membership is available to groups for £15 and individuals for £5, and a small charge is made towards mileage. A wheelchair accessible vehicle is available and accompanying carers are allowed to travel for free. There is often a Passenger Assistant on hand as well as the driver. The Friendly Bus offers Minibus Awareness Training and Passenger Assistance Training (both developed by the Community Transport Association) to its volunteers.

### **Council Involvement**

The Friendly Bus, established in 2002, is run relatively independently from the local Broseley Town Council, but it has received some support. Broseley Town Council awards the scheme between £600-700 annually, and has allotted some parking spaces to the service in its office car park. A Service Level Agreement has been set up with Shifnal Town Council for an initial 5 year period. A representative of Friendly Bus commented that this support was not critical for the service's existence. This was partly out of necessity – when the Friendly Bus was set up almost two decades ago, the support structures and financial sources available were different to those available today.

### **Lessons Learned**

The representative for the business commented that if they were setting the business up today, they would have turned to the council for support with regards to securing premises, capital purchases and financing from the precept to reliably secure a valuable community service for the long-term. The Friendly Bus would welcome closer collaboration with councils in the future, for instance attendance at their Annual Meeting, or proactively considering the business as a potential provider for other services, such as deliveries.

- Clear objectives and timescales are important
- Build on whatever already exists, beware of duplicating what already might be in place
- Councils could do more to take a proactive interest in community businesses, e.g. by attending their meetings or enlisting them to provide an essential local service

### THE TOLLERTON FLYING CLUB AND TOLLERTON PARISH COUNCIL, NOTTINGHAMSHIRE

Precept: £62,750

#### Background

The Tollerton Flying Club is a pub established as a CBS. When the original pub was put up for sale, the parish council received the first right to bid to purchase the asset, because the pub had been designated an ACV. The pub was purchased through a community share offer (which raised over £165,000) and funding from the Tollerton Parish Council through a Public Works Loan (both amounting to £500,000 in total). The decision to purchase the pub for the community was reached at the parish council meeting in May 2019 and the council was actively involved in a community consultation in June, which showed overwhelming support to save the pub. Volunteers helped with the restoration process, and the pub opened in July 2020. The pub was extended to allow it to serve food for the first time, and the outside terrace and lawn are also being extended. It also forms a community hub, hosting various clubs. The CBS is responsible for managing the community business, while the pub is leased to tenants who run the pub business. The tenant was chosen by the residents, through the CBS.

### Council Involvement

A Deed of Trust exists between the parish council and the community business. It outlines the business' obligations and responsibilities resulting from the council's investment in the community business. The parish council has the right to nominate two members on the board of the community business. The Treasurer also attends parish council meetings regarding finance and funding. Some of the business' costs are met by the council, when cash flow necessitates this. The result is a formal relationship that is structured, but flexible.

### Lessons Learned

According to a representative from the Tollerton Flying Club, the relationship relies on teamwork and mutual support. Some valuable insights they identified were:

- The process of purchasing the pub with PWLB funding is something that could be replicated for other community assets
- As a result of the council's involvement, there was a higher level of engagement from the community (e.g. more volunteers coming forward)
- Community cohesion has been enhanced in the village

## USEFUL WEBSITES

National Association of Local Councils	<a href="http://www.nalc.gov.uk">www.nalc.gov.uk</a>
Plunkett Foundation	<a href="http://www.plunkett.co.uk">www.plunkett.co.uk</a>
Power to Change	<a href="http://www.powertochange.org.uk">www.powertochange.org.uk</a>
Action with Communities in Rural England	<a href="http://www.acre.org.uk">www.acre.org.uk</a>
Campaign for Real Ale	<a href="http://www.camra.org.uk">www.camra.org.uk</a>
Community Energy England	<a href="http://www.communityenergyengland.org">www.communityenergyengland.org</a>
Community Transport Association	<a href="http://www.ctauk.org">www.ctauk.org</a>
Cooperatives UK	<a href="http://www.uk.coop">www.uk.coop</a>
Keep it in the Community	<a href="http://www.KeepitintheCommunity.org">www.KeepitintheCommunity.org</a>
Locality	<a href="http://www.locality.org.uk">www.locality.org.uk</a>
Making Local Woods Work	<a href="http://www.makinglocalwoodwork.org">www.makinglocalwoodwork.org</a>
MyCommunity	<a href="http://www.mycommunity.org.uk">www.mycommunity.org.uk</a>
National Community Land Trusts Network	<a href="http://www.communitylandtrusts.org.uk">www.communitylandtrusts.org.uk</a>
National Council for Voluntary Organisations	<a href="http://www.ncvo.org.uk">www.ncvo.org.uk</a>
Pub is the Hub	<a href="http://www.pubisthehub.org.uk">www.pubisthehub.org.uk</a>

# NOTES

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