

**Power to  
Change**

Backing  
community  
business

# Roots of renewal: Empowering communities, transforming Britain





Hastings Commons are transforming derelict buildings in Hastings. They turned an iconic town centre building left empty for over 30 years into a place for people to live and work.

# Foreword

As a new government takes power, the scale of the challenge it faces is clear. But so is the opportunity. The new government campaigned on a simple promise – change. To deliver this, they must first change how politics is done in this country.

For too long, the state has imposed its agenda on our communities, doing things to local people, not with them. This has resulted in disempowered communities and distrust in the state and its institutions. But nobody is better placed to understand the problems in our communities, or to deliver the solutions, than the people who live and work there. To achieve change which can be felt by ordinary people, government must harness the transformative power in our communities and work with them as partners.

At Power to Change, we know that community business strengthens local communities and makes their places better. They are already working to address many of the challenges this government has identified as national priorities, paving the way for the transition to net zero with community owned energy, transforming our struggling high streets to restore local economic prosperity, and creating opportunities for people in the places where they live.

As the think-do tank that backs community business, we've seen community businesses in action, and we have built the evidence to show that community business works. Now, as we look ahead, we will demonstrate that strong local economies – in which community businesses play a key role – can form the bedrock of a stronger and fairer national economy. We will use this insight to influence change and shape the conditions for community businesses to thrive.

This manifesto sets out how the new government can help to create these conditions. It situates community business within a new political economy that appreciates and values the local. And it demonstrates that, with the right support from government, communities can drive national transformation from their neighbourhoods.

As the new Government begins its work, they will find, in community business, a willing and able partner in tackling the challenges they face and delivering change.



**Tim Davies-Pugh**  
Chief Executive, Power to Change



# What we are calling for

Government cannot deliver the transformational change the country needs solely from the top down and the centre out. To make a tangible difference, that can be felt in the lives of ordinary people, it must also come from the bottom up, from our neighbourhoods to the nation. To do this, government must back community business.



To build community power, government should introduce new community rights through the English Devolution Bill

It should also:

- Enable the formation of Community Covenants;
- Appoint an independent Community Power Commissioner
- Implement a Community Wealth Fund.



To enable communities to take back their high streets, government should extend, expand and improve funding for community ownership

It should also:

- Introduce a Civic High Streets Accelerator.



To finance the future economy, government should establish a Community Growth Network

It should also:

- Introduce interim business rates relief for community businesses;
- Incentivise investment in the social economy through a successor to Social Investment Tax Relief
- Boost the community energy sector through the Local Power Plan.

# A new political economy

We have arrived at a moment of political and economic transition, with a new government in power setting out its plans to transform the country. But the conditions that face us, both domestically and internationally, reveal the extent of the challenge before them.

In the span of the last parliament, successive shocks – from the Covid-19 pandemic to the escalation of international insecurity – have highlighted the risks of a global system in which we are all interconnected, including with countries that may not share our interests or values. Continued disruption to food systems, in part due to climate change, is affecting prices, and shows that this is not a passing phase but a new reality.

These events, and the challenges they present us with, have forced a reassessment of globalisation and of the way our politics and economy function.

## The age of localisation

This reassessment has rightly focused on national economic resilience. But these events have also highlighted a greater preference for the local: the scale which feels relevant to people's lives and where policy change – whether that is on the green energy transition, creating opportunity, or revitalising the high street – is tangibly delivered. By working together with communities, the new Government can usher in an age of localisation.

The age of localisation is one in which people desire a politics and economy that is less distant from their lives. It is an age in which people want decisions to be made closer to where they are – not just in Westminster – so they have more say in their own lives and are not just 'done to' by the state or market forces. It is an age in which people can find work in local businesses that respond to the needs of local people, on thriving high streets, keeping money in the community. That this is not the reality in too many places shows that the political and economic model of recent years is no longer fit for purpose.

An age of localisation can deliver change that can be felt by ordinary people, helping them to take back control of their own lives and the places where they live. And it can help restore people's trust in politics, by replacing fragmentation with genuine partnership between the central state and local people.

We need a new political economy that values the local, and disperses political and economic power into the hands of communities through locally rooted and accountable organisations that people can trust.

Community businesses can meet this demand, and help the new government bring about this age of localisation. But too often they are overlooked as political and economic actors.

## The opportunity of community business

# 48%

Community businesses operate in areas where there are broken markets, thus helping to spread opportunity everywhere: **48% of community businesses** operate in the **30% most disadvantaged areas** of England.<sup>1</sup>

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# 86%

They employ and are accountable to local people – **86% of paid staff live locally** and community businesses disproportionately employ those who have experienced long-term unemployment.

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Community businesses lead local economic development. They improve the physical fabric of their place by owning assets that are accessible to local people, and the money they make stays within the local economy.

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# 83%

Community businesses combine the social productivity of charities with the economic productivity of other forms of business, with **83% of community businesses** generating earned income through trading.<sup>2</sup>

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# 70%

Community businesses are also tackling global challenges at a local level. **Seven in ten community businesses contribute to tackling climate change** while **3/4 are reducing inequality** where they work.

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## Seizing the moment

To bring about an age of localisation, we need a new approach to how the country is governed and how our economy functions. This new approach, with community businesses at its heart, will be crucial to delivering on the new Government's promise of change in a way that feels real to the public.

Power to Change backs community business. We work with our partners to do, test and learn what works to empower communities and help community businesses thrive. We have seen how with the right support, community business can create more empowered communities, thriving places and stronger local economies.

But to achieve this, government must also help to remove the barriers that stand in their way. These realistic and deliverable proposals call on government to back community business in three ways: by building community power, helping communities to take back their high streets, and financing the future economy – one which is more locally rooted, equitable, and delivered by and for communities.

If government does this, they will find in community business a willing and able partner in delivering an age of localisation, and the change our country needs.



Wolves Lane Horticultural Centre is a community-led food growing hub in the heart of North London promoting education and enterprise.

# Building community power



When communities see a problem, they must be able to fix it. When they see an opportunity, they must be able to grasp it. When a decision is made about their community, they must have a seat at the table and their voice should be heard. That's community power.

But in the UK, power remains too centralised and too distant from the lives of the people it affects. This way of making policy results in decisions which are not fit for the local context. Problems remain unresolved, and communities cannot exercise their full contribution to public life.

With the world becoming ever more complex, embracing localisation would free up the centre to deal with issues like foreign affairs, preparedness for future pandemics and climate resilience. Done right, it could also restore people's trust in politics, which has reached its lowest level on record.<sup>3</sup>

There is talent and potential in every community. Community businesses are giving expression to this and making change happen in a system which works against them. They are ready to do more with one that works with them.

To build community power, government should **introduce new community rights through the English Devolution Bill**

Introducing a Community Right to Buy through the English Devolution Bill will give communities around the country the power to take ownership of the spaces that matter most to them, with a right of first refusal to buy assets of community value and a 12-month moratorium period to raise the capital and build a business plan to ensure these assets can remain in stable community ownership for the long term.

But government shouldn't stop there. This Bill presents the opportunity to fundamentally reshape how power is distributed in England, ushering in an age of localisation. Introducing new community rights through the English Devolution Bill, along with the structures to support communities in taking up these new powers, will give communities the power to change what matters to them.



In addition to the Community Right to Buy, this should include:

- **A Community Right to Shape Public Services**, encouraging greater collaboration between communities and public institutions when designing, commissioning and delivering local services. This could be used by local communities to trigger a joint review of a local service run by the local authority or other public body, which would mandate a set period of community consultation and co-design with the option to trigger a full commissioning exercise, which may result in a decision to insource a service.<sup>4</sup>
- **A Community Right to Control Investment**, increasing community control over the key spending decisions which affect their neighbourhoods by giving accountable community-level institutions control of a significant proportion of all public regeneration and local economic devolution funds allocated to that area. This would allow communities to shape how funds such as the UK Shared Prosperity Fund and Community Infrastructure Levy are spent in their place. It could also be used to trigger an open book accounting process of council spending and could lead to decisions being devolved directly to the community in some areas of spending, or to the use of methods such as participatory budgeting.
- **Enabling the formation of Community Covenants**, to provide a structure or mechanism through which local people and community organisations could take on power to shape their places. They would be established as neighbourhood-level joint working and power-sharing arrangements between local people, community organisations, and local authorities and other public bodies. Covenant partners would be able to draw down a range of powers from an agreed menu of options and would receive resources and capacity-strengthening support to allow them to exercise these powers effectively.
- **Appointing an independent Community Power Commissioner**, charged with steering and promoting cross-governmental action to unlock the power of communities. The Commissioner's office would evaluate government's performance in unlocking community power and would oversee the formation and development of Community Covenants. It would also support Ministers and officials to identify opportunities for mission delivery by unlocking the power of communities.

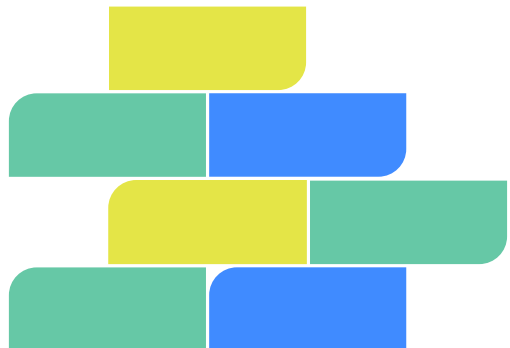
## To support this proposal, government should:

### Implement the Community Wealth Fund

Implementing the Community Wealth Fund from dormant assets would support communities in England's most disadvantaged neighbourhoods to exercise these new powers.

Bringing forward flexible funding pots of around £1.5 million per place over ten years, delivered alongside a programme of capability building support, will help communities who have long suffered from underinvestment to grow the community-led institutions they need to exercise community power.<sup>5</sup> These institutions can in turn leverage additional investment from the public and private sectors and social investment over time. Community Wealth Funds should be distributed to both communities with no social infrastructure and communities which are disadvantaged but have some existing community institutions, like community businesses, that could play a convening role in developing social infrastructure. They should be allocated in places with highest need, while maintaining a geographic spread across England.

The Community Wealth Fund is a popular proposal among England's communities and their backers that will build social infrastructure and unlock community power. With funding from dormant assets, this can be implemented outside of usual Treasury spending constraints. Government could also unlock further funds from dormant assets by reducing the quantum of funding reserved for the Reclaim Fund.





The Anstice is a community hub in a restored Victorian working men's club. After being saved from closure and renovated by local people, it once again stands proud at the heart of the community in Madeley, Telford.

# Taking back the high street



Our high streets have suffered a long decline, with the demise of department stores and the rise of out-of-town and online retail changing how we shop. Each year, more shuttered buildings sit empty on our high streets. They are left this way by distant owners without a stake in the local community, and many stay vacant for years.

But across the country, people are taking back their high streets. More and more communities are taking ownership over key assets. Community businesses are helping create destination spaces that serve local needs.

We want communities to have the power to create vibrant and resilient high streets that work for them. But to do so, local people must have a seat at the table. They need the opportunities and resources to take ownership of the spaces and places that matter to them.

Introducing a Community Right to Buy is a vital first step in enabling communities to turn the tide on the decline of their high streets. Local people have the vision and energy to tackle vacant spaces and bring new life to their high streets, but to take advantage of this new power, they also need resources and support for community ownership.

To enable communities to take back their high streets, government should **extend, expand and improve funding for community ownership**

The Community Ownership Fund has been a much-valued source of investment in community asset ownership, supporting over 330 community ownership projects across the UK so far. This has helped to elevate the profile of community asset ownership, and the role of community ownership in preserving the social and economic benefits of at-risk assets. It has also leveraged other forms of investment in community-owned assets, including democratic finance models like community shares. The Community Ownership Fund has also helped to scale ambition and appetite for community asset ownership. To deliver on this, government should extend and expand the funding available for community ownership to £1 billion over ten years. This should be drawn from a range of sources, including government grant, charitable foundations, social investment and Dormant Assets. We expect the government contribution to be roughly £300m over this period.

Nudge is building a strong local community and economy by bringing empty buildings back into use on Union Street in Stonehouse, Plymouth, providing spaces for local people and businesses to grow.



This fund would go beyond the ambitions of the current Community Ownership Fund, enabling a more strategic approach to community ownership and not just the purchase of assets 'at risk', helping communities to strengthen their social infrastructure and boosting their local economies. Part of the funding would be ringfenced to deliver capacity-building support, so more communities can take advantage of the opportunity of community ownership, and ensure these assets remain in stable community ownership for years to come.

To boost community-led regeneration and tackle high street vacancy, a portion of this expanded fund would be dedicated to supporting the creation of a **British High Street Investment Vehicle**. This agile investment vehicle would support community-led high street regeneration by purchasing and restoring a diversified portfolio of vacant high street properties to be transferred into community ownership, over time and with support. Investing £100 million in government subsidy could crowd in a further £250 million in commercial and social purpose capital. This would provide a much-needed source of patient and flexible capital for community ownership on the high street and meet demand for an impact investing opportunity on a scale attractive to institutional investors.<sup>6</sup> The investment vehicle would be run and managed by combining commercial property expertise with on-the-ground community intelligence, with high street property purchased according to local demand.

### The impact of community ownership

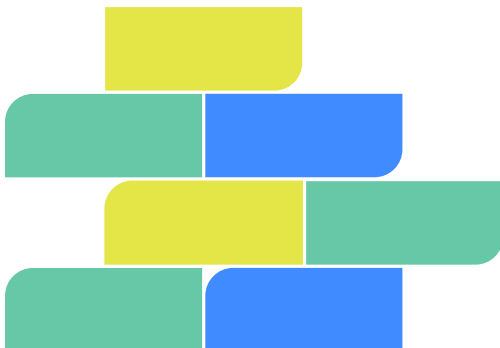
- Community-owned assets contribute an estimated **£220m to the economy each year and 56p of every £1 they spend stays in the local area** compared to just 40p for larger private sector firms.<sup>7</sup>
- Community ownership **creates destination spaces on high streets** that helps drive footfall and boosts spending in other high street businesses.<sup>8</sup>
- High street assets in community ownership are **less likely to be vacant** than those owned by pension funds or investment management schemes.<sup>9</sup>

## To support this proposal, government should:

### Introduce a Civic High Streets Accelerator

To enable communities to revitalise their high streets and town centres through community leadership, ownership and economic development, government must implement a cohesive policy, funding and support framework. A **Civic High Streets Accelerator** would ensure communities can make best use of new powers and resources for community ownership to transform their high streets, by:

- **Providing expert support for community-led regeneration:** building on the expert advice provided by the High Street Taskforce with expertise in community-led high street regeneration and advice on exercising new powers such as the Community Right to Buy.
- **Creating opportunities for community-led governance:** rolling out Community Improvement Districts as a means of putting communities in the lead of high street regeneration, building on insights from Power to Change's Community Improvement District pilots.
- **Mapping existing funds:** ensuring existing funding within places can be directed to strategically improving the high street, complementing the extended and expanded funding for community ownership.
- **Boosting communities' local economic contribution:** explicitly aiming to increase community ownership of high street assets to drive regeneration and keep money in the local economy, working with community business.



# Financing the future economy



Community businesses are building a fairer economy from the ground up. They create local growth that can be felt in the lives of ordinary people, and they provide opportunity with good jobs and opportunities to learn new skills. This is the future of our economy – one which delivers for people and planet, and stays rooted in our communities, not extracted.

Like mainstream business, community businesses need investment to start up and grow, to diversify their income streams and invest in their people. But community businesses have not been backed in the same way as mainstream business, which benefit from venture capital tax reliefs and low-cost business loans.

Government can support communities to create good growth in their local economies by providing them with access to subsidy and incentives to attract investment, like those already on offer to the private sector. By doing so, government can help to crowd in more private and social purpose capital to be invested for the public good.

To finance the future economy, government should **establish a Community Growth Network**

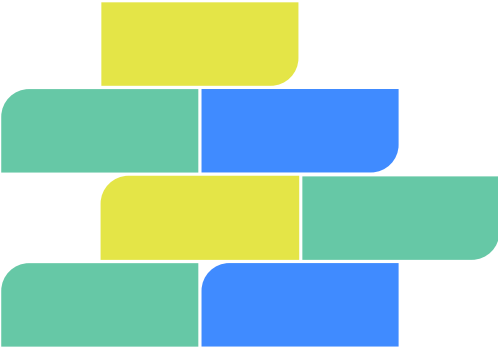
Community businesses can deliver local growth which is equitable and can be felt in the lives of ordinary people. But many communities still lack the social capital and established organisations (such as community businesses) to enable them to contribute to economic growth. A Community Growth Network would support the strengthening of community capacity to deliver on a national mission for growth in a way that is equitable and fairly distributed across the country.



A Community Growth Network would build on initial investment in places with low social infrastructure and high deprivation through the Community Wealth Fund, by then translating increases in capacity into community-level institutions and a contribution to equitable growth. This organisation, modelled on the New Schools Network, would connect communities in receipt of investment, supporting them to formalise community-led institutions and establish trading activity to finance their ambitions. It would establish a network of communities building growth from the neighbourhood up, enabling them to engage in peer learning and gain insight into best practice from existing community businesses.



Coexist Community Kitchen uses food to bring people together in Easton, Bristol. They run outreach cookery classes with local support services and provide free, healthy meals to people in the community who need them.



## To support this proposal, government should also:

### Introduce interim business rates relief for community businesses

While community ownership of vacant and neglected buildings is helping to restore the economic vitality of our high streets, many of these enterprises are threatened by unaffordable business rates. While the new Government has committed to an overhaul of business taxes, to bring about a much-needed equalisation between bricks and mortar and online business, this will take time to enact.

An interim business rates relief of 75 per cent for Community Interest Companies (CICs) and Community Benefit Societies (CBSs) – among the most common legal forms for community businesses – would help more communities to take control of local assets and use them to deliver local growth. This relief would help community businesses reinvest an additional £169.5 million into their local communities each year.<sup>10</sup> This relief is aligned with the 75 per cent relief currently offered to retail, hospitality and leisure businesses, and should not supersede a higher discretionary relief where available.

### Incentivise investment in the social economy through a successor to Social Investment Tax Relief

Government can also help to unlock the investment that community businesses and the wider social economy need by introducing a successor to Social Investment Tax Relief (SITR). Despite commitments from the previous government to introduce a stronger scheme upon the expiry of SITR, no alternative has yet been advanced – leaving a significant gap in investor-focused tax reliefs for the social economy. Meanwhile other venture capital tax reliefs, such as the Seed Enterprise Investment Scheme and Enterprise Investment Scheme, remain inaccessible to the majority of community businesses due to their focus on equity-based investment.

A successor scheme should learn from and address the challenges of SITR, expanding eligibility to the widest possible range of venture types to capture the potential of high-growth sectors such as community energy and community-led housing.

## Boost the community energy sector through the Local Power Plan

Community energy businesses are using renewable energy generation to reinvest in their communities, tackling energy poverty and retrofitting their community facilities to be fit for a greener future. Expanding the community-owned energy sector will be vital to achieving government's net zero goals, by increasing the UK's renewable energy generation capacity and building local buy-in for local energy projects.

Government must use the Local Power Plan to provide low-cost finance and support to grow the community energy sector. Government should focus on enabling community energy businesses to start up and scale up, as well as supporting existing community businesses to diversify into renewable energy generation.



Wight Community Energy is delivering community-owned renewable energy and low carbon projects on the Isle of Wight. It was one of five community energy businesses involved in the UK's largest community solar asset transfer, with support from Power to Change.

# Work with us

By working with community business, government can achieve the change the country, and the political moment, demands, and bring about an age of localisation.

Partnership between government and community businesses can deliver:

- **Good growth:** community businesses are accountable, locally rooted and resilient, helping to drive a fairer and stronger national economy from the local level up.
- **Empowered communities:** community businesses build stronger and more connected communities who are equipped to meet the challenges our country faces and deliver on their own ambitions.
- **Vibrant places:** community businesses transform their high streets and town centres through community ownership and by giving voice to local people in town centre governance.
- **Opportunity for all:** community businesses create good jobs and opportunities, including for those furthest from the labour market.
- **Health and wellbeing:** community businesses partner with their local health and care services to tackle loneliness and isolation, improve wellbeing and enable people to live healthier for longer.

At Power to Change we have used our expertise and experience of community business to convene and build partnerships between community businesses, funders and investors, local and regional authorities, and central government. We have called for and shaped the development of interventions like the Community Ownership Fund and the Community Right to Buy. And we know what it will take to give communities the power to change what matters to them.

We invite government to work with us to do, test and learn what works to back community business.

For more information on our proposals, or to work with us, please contact us at: [info@powertochange.org.uk](mailto:info@powertochange.org.uk).



Sister Midnight is launching Lewisham's first community-owned music venue in a disused working men's club in Catford. The space will provide a much-needed cultural community hub for the local area, increasing participation and access to live music and fostering a sense of belonging and pride in the local area.

# Endnotes

- 1 CFE Research and Power to Change, *Community Business Market Report* (Power to Change, 2022), <https://www.powertochange.org.uk/impact/market-report-2022/>.
- 2 Ibid.
- 3 John Curtice, Ian Montagu, and Chujan Sivathasan, *BSA 41: Damaged Politics? The impact of the 2019–2024 Parliament on political trust and confidence* (NatCen, 2024), <https://natcen.ac.uk/publications/bsa-41-damaged-politics>.
- 4 These proposals are further outlined in Richard Bell et al., *Introducing the Community Power Act* (We're Right Here, 2022), <https://www.right-here.org/wp-content/uploads/2022/05/The-Community-Power-Act-Were-Right-Here.pdf>.
- 5 Jessica Craig and Rachael Dufour, "Power to Change's response to Government's consultation of the £87.5 million Community Wealth Fund", *Power to Change*, 13 November 2023, <https://www.powertochange.org.uk/evidence-and-ideas/news-and-events/our-response-to-governments-consultation-on-the-87-5-million-community-wealth-fund/>.
- 6 Modelling by Resonance for Power to Change, <https://www.powertochange.org.uk/wp-content/uploads/2022/03/Take-Back-the-High-Street-report.pdf>.
- 7 Tom Archer et al., *Our assets, our future* (Power to Change, 2019), <https://www.powertochange.org.uk/wp-content/uploads/2019/07/Assets-Report-DIGITAL-1.pdf>.
- 8 Neil Lee and Polly Swann, *Saving the high street: the community takeover* (Power to Change, 2020), <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>.
- 9 Will Brett and Vidhya Alakeson, *Take Back the High Street: Putting communities in charge of their own town centres* (Power to Change, 2019), [https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf).
- 10 Calculations by Social Enterprise UK for the Business Rates Review in September 2021. Based on the assumption that the social enterprise sector pays £756 million in business rates annually, with CICs and CBSs comprising 30 per cent of the market.



Global Grooves is an artist-led Carnival arts organisation based out of a converted former textile mill in Mossley, Ashton-under-Lyne. They bring together culturally diverse artists from around the world to create carnival presentations, develop new artists, incubate Carnival arts businesses and inspire diverse communities to participate in Carnival.



Backing  
community  
business



## About Power to Change

Power to Change is the think-do tank that backs community business.

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them. We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.

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