

# **THE CONTRIBUTION OF COMMUNITY BUSINESSES TO THE RURAL ECONOMY OF YORKSHIRE AND THE HUMBER**

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## **Executive Summary**

### *Introduction*

1. This study sets out the **economic contribution of Rural Community Businesses (RCBs) in the Yorkshire and the Humber region**. Previous work on community businesses has focused on their role within metropolitan environments and in particular as part of the process of urban regeneration.
2. To help address this gap the **Humber and the Wolds, and Yorkshire Rural Community Councils** commissioned a Yorkshire Forward funded study in February 2003 to review the scope, extent and impact of community owned businesses operating in the Yorkshire and Humber region. The study was undertaken by the Centre for Regional Economic and Social Research at Sheffield Hallam University and the Policy Research Institute at Leeds Metropolitan University.
3. Rural Community Businesses take a number of different forms and serve different purposes. Defining what a rural community business is is therefore difficult. However, for the purpose of this study, RCB is defined as: **a community-owned organisation involved in trading activities that meet local needs and in which any surplus of income over expenditure is reinvested to improve or widen the range of goods and services provided, or is used in other ways to benefit that community**. RCBs can include activities as disparate as village shops, cafes, farms, transport services, childcare, post offices, farmers' markets and training schemes.
4. The study focuses in particular on the scope of RCBs to address a range of **rural issues and problems**. These include the long term decline of the farming economy in the region, issues of housing shortages and the ageing of the rural population and the difficulties in accessing services. This final factor is compounded for those without access to a car by the considerable variation in public transport services across the region. The existence of these issues varies considerably and reflects the diverse settlement, physical landscape, social and economic patterns of the region.

### *Policy Environment*

5. Rural issues have been the attention of considerable international, European Union, national government and regional and local policies in recent years. Much of this has focused on **reforms to the support of the agriculture based economy** and in particular the debates surrounding the reform of the European Union's Common Agricultural Policy. In the United Kingdom national and regional policies have also had to respond to crises such as Foot and Mouth Disease which has had huge adverse effects on substantial parts of the region.
6. Increasing attention has also been paid to issues beyond agriculture and in particular the **economic, social and environmental sustainability of rural areas**. This is reflected in the 2000 White Paper, *Our Countryside: The Future – A Fair Deal for Rural England*, and by the 2003 Countryside Agency report, *Rural Economies – Stepping Stones to Healthier Futures*. The focus of this report has been on issues of access for rural businesses in terms of business advice, training, finance, ICT and other infrastructure provision.
7. Central to many of these issues is the **access of people in rural areas to services**, such as shops, pubs, garages and post offices. These are seen to play a much wider role in rural and urban areas, both as service providers, focal points for villages and as employers. The decline of such services is seen to be driven by wider economic

and social changes, evidenced by the growth of supermarkets. The result has been that access of services for many in rural areas has become more difficult and some have been excluded, through for example the lack of adequate public transport provision.

8. At a time of rapid change in rural areas, new solutions to the withdrawal of services have been sought. Greatest attention has been given to the role of **social enterprises** as organisations in delivering services which are no longer considered viable by the public or private sectors. Social enterprises are a form of community business, have strong community control and are non-profit making. Social enterprises therefore offer an alternative method of delivering services but also seem to provide the possibility of delivering public services in ways which better meet the needs of users. Although greatest consideration has been given to their role in urban areas, they appear to offer possibilities for rural areas in the delivery of social care, training, transport and local services such as post offices.
9. **Regional Policy** through the Regional Economic Strategy and supported by Yorkshire Forward have also given increasing consideration to rural issues and to the scope of social enterprise. Within the region there is already an array of support agencies which have assisted RCBs. These include the Rural Community Councils, Countryside Agency, Chambers of Trade, Voluntary and Community Sector forums, social enterprise support agencies, sectoral support groups (for example for village shops and for recycling schemes), local authorities and the Business Link network. Links between these organisations are growing and increasing attention is being given to RCBs.

#### *Rural Community Businesses and their Economic Contribution*

10. The scope and scale of RCBs varies considerably across the region. The study found **90 RCBs in the region** which appeared to meet our working definition. These were predominately involved in the delivery of local services (for example post office counter services), transport (for example community transport schemes), social services (for example elder care) and the provision of local goods (for example village shops).
11. These RCBs also took on **different legal forms**. Many were companies limited by guarantee and/or registered charities (both having not for profit status). However, we also found some RCBs having no formal legal status (although this was being planned), some being private limited companies and one being a public limited company.
12. From 20 case studies undertaken for the study, the **economic contribution of RCBs** can be summarised as follows:
  - **Employment:** most RCBs employ fewer than three full time equivalent staff each. However, some, which are longer established and have more substantial public assistance, can employ up to 25 FTEs. However, the smaller RCB is much more typical. Most employees (58 per cent) were found to live within five miles of the RCBs. No employees lived outside the same district as the RCB.
  - **Volunteers:** 67 per cent of volunteers were found to reside within five miles of the RCB. This reflected a strong association between volunteering and community or village related activities. Some RCBs were almost entirely dependent on volunteers for their existence (and received few public grants) while others involved no volunteers at all in the day-to-day running of the RCB. As a rule,

smaller scale activities and RCBs focused on a single village relied far more on volunteers than larger RCBs.

- **Suppliers:** the majority of supplies were purchased within the same district as the RCB. There was also found to be a strong wish on the part of RCB managers to purchase goods locally. This reflected the commitment to the local area and an awareness of other local companies.
  - **Customers:** just over half of the customers of RCBs resided within five miles of the RCB. This reflects the strong local market serving role of RCBs. Where customers were more dispersed, this reflected organisations which were acting as intermediaries (such as agricultural auction marts), tourist attractions or providing a social service across a wide catchment area.
  - **Beneficiaries:** relatively few RCBs were providing services at no or low cost: those, which were, could strongly focus on a tight geographical area. Examples of such providers included community development trusts.
  - **Competitors:** the location of competitors provides an indication of the level of displacement by RCBs. Most RCBs could not identify direct competitors and where they could they were most often in the nearest town or elsewhere in the same district and region. This suggests that displacement may be relatively low (partly because the scale of the RCB sector is so small) and that competition is not being significantly distorted.
13. The **geographic footprint** of different RCBs was found to vary considerably. However, there was found to be some evidence that the footprint was determined by the scale of the business. Small, single village RCBs relied heavily on volunteer support (which was a partial substitute for public assistance), provided goods and services to a small geographic area and employed local people. In contrast, the larger RCBs typically resembled fully-fledged social enterprises or commercial enterprises and were engaged in activities which had a much wider economic footprint. These are two distinct groups of organisations and contribute to the rural economy in different ways.

#### *Development and Growth of Rural Community Businesses*

14. The 20 case studies undertaken for the report highlighted the key stages in the development of RCBs, their sources of funding and support, and their strategies for future development. These can be summarised as follows:
- **Business Establishment and Start-up:** understanding the starting point for RCBs was found to be critical to understanding its development and its wider social and economic impacts. Three factors were identified as being critical to converting local needs into fully fledged RCBs: **local leadership** provided by an individual or a local forum such as a parish council; **capacity building** where consultation with residents is used as a mechanism to engage residents in a local activity; and the use of **community owned assets**, where local residents seek to maximise the use of buildings such as village halls.
  - **Sources of Funding:** RCBs had accessed a range of public and private funding. This varied from a few hundred pounds through a local fund raising activity to grants of several hundred thousand pounds to buy a building. The access of funding sources was typically linked to the purpose and activity of the RCB: those

delivering a social service or a regeneration and employment initiative were able to draw down large amounts of revenue funding. However, these were few and far between in rural areas. More typically, small village focused organisations would access funding administered locally (for instance by the local authority) and use this to undertake a feasibility study or to employ one or two part time staff.

- **Support Services:** there were found to be a wide range of different support agencies which the RCBs accessed. Many were linked to grant support. Some had accessed no support and were sustainable without public intervention. However, a frequent comment was that whilst support for starting up an RCB was good and getting better, there was a lack of ongoing support. This was seen to be critical for sustaining RCBs. Relatively small amounts of grant funding (less than £5,000) were found to be highly effective in providing initial support to local communities.
  - **Future Plans:** RCBs had different long terms aims. Some did not want to grow but to consolidate existing business within the village. Other RCBs, often newly established, felt that they needed to grow quite quickly to become sustainable. Typically these were RCBs reliant on short-term grant funding which needed to identify alternative sources of revenue. Some, large organisations, had deliberate strategies to diversify their businesses, whether by offering new services to local residents or by making better use of assets. This may involve selling off surplus asserts or, where there was demand, renting them to private or public sector tenants.
15. A number of internal and external factors appear to explain the growth and sustainability of RCBs. The factors which are **internal** to the business or community include: a catalyst for change (such as the closure of a shop), a process of capacity building in the village, the emergence of a small group of people or individual who can provide leadership and long term commitment, and the conversion of a local vision into a plan which can be used as the basis of consultation with local stakeholders and funding bodies. The **external** factors include: a supportive policy environment, support provided by intermediary agencies and sustained investment over time (in the form of public support and/or volunteer time).

### *Conclusion*

16. The number and scale of community businesses in rural areas of Yorkshire and the Humber is at present relatively small. The distribution of RCBs across the four sub-regions of Yorkshire and Humber also varies considerably. The evidence of whether RCBs can be self-sustaining is also relatively mixed. This is because they are frequently operating in very marginal markets which the commercial sector has left. Where RCBs are focusing on providing goods and services (for example in a village shop), these activities are often sustained by the time and skills of local volunteers.
17. Some RCBs operated across wide ranging areas and often from market towns. These RCBs were typically involved in the delivery of services such as training, childcare, transport and recycling. These organisations typically relied much more heavily on public support, often through a contract with a local public organisation to deliver a service. These organisations tended to resemble social enterprises. The support needs of these organisations differed from those of RCBs providing goods and services to individual villages.
18. The third main group of businesses were found to operate in the private sector but to be owned and controlled by a community of local producer interests. Examples of

these include farmers' markets and agriculture auction marts. Both seem to have a particular role in supporting the diversification of the agriculture based economy. Their support needs more typically resemble the needs of commercial businesses.

### *Recommendations*

19. The following three broad recommendations are made by the report:

- **Creating a supportive policy environment:** there is a need for greater coordination between local, regional and national policies through the setting (at regional and sub-regional levels) of common aims and objectives for the development of RCBs.
- **Coordinating support:** recognising that the development of RCBs in the region is a long term process which requires action to develop local capacity (through for example the village planning process), and where local plans identify an objective to develop RCBs, providing assistance from a range of support agencies and the Business Link network.
- **Enabling community-led development:** the development of RCBs often comes from very specific responses to a local need or shortage. Public policies and the work of the support agencies therefore need to see the development of RCBs as a process which is community-led but which requires support at a range of levels. This should include awareness raising of the potential of RCBs and over time the development of networks between RCBs.

20. How the development of RCBs can be supported, at each of these three levels is outlined in a recommendation for an Action Plan at the end of this report. This sets out the components that need to be put in place to develop RCBs in the Yorkshire and Humber region and which address the needs of its rural areas.

## 1. Introduction

### 1.1 Aims and Objectives of the Study

There has been widespread interest over the past decade in the role that community businesses and social enterprises can play in addressing economic and social problems at the local level, and in assisting in the tasks involved in regeneration. However, in line with regeneration policy, the bulk of attention in terms of funding and research has been focused at activity in large metropolitan and urban areas. Thus, there is a fairly good knowledge base concerning the ingredients of success for social and community business, and myriad policy initiatives that have sought to bring these elements together. In contrast, to date there has been little consideration given to the particular problems in establishing such businesses in rural areas, and to ways in which their distinctive needs can be met. Equally, the focus has been on their contribution to social and community cohesion rather than on their beneficial contribution to the economy of the area where they operate.

To help begin to fill this gap, Humber and the Wolds and Yorkshire Rural Community Councils commissioned a Yorkshire Forward funded research study in February 2003 to review the scope, extent and impact of community-owned businesses operating in the rural areas of the Yorkshire and Humber region. The work has been carried out by a specialist team drawn from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University and the Policy Research Institute (PRI) at Leeds Metropolitan University. This report sets out the findings of that study, and presents a set of action planning points and recommendations for support and funding agencies operating in the sector.

The study had five objectives:

- a) To examine the current policy environment and framework with regard to rural community business support and encouragement and, if necessary, suggest helpful changes or developments.
- b) To identify existing rural community businesses in the Yorkshire and Humber region and, through detailed case studies of a selection of these, to devise practical tools to help rural community business start up and develop.
- c) To identify the positive role that agencies (voluntary and statutory) can play in supporting rural community businesses.
- d) To devise ways of assessing the effects of these businesses with particular regard to their economic impact on their immediate locality as well as in the wider region.
- e) To recommend actions and approaches designed to stimulate and encourage further development and expansion of community businesses in rural areas of the region.

In other words, the study involved a number of different components and issues:

- a) The extent to which **community-owned** businesses act as initiatives that are designed to meet a particular local need or address a specific issue.
- b) A **rural** focus looking at the feasibility of community businesses in country areas (for example, a village post office or shop) to develop or retain services.

- c) Identification of the '**secrets of success**' of such businesses through case studies – particularly with reference to overcoming the problems faced in starting up and in sustaining the business once set up.
- d) Distillation of the '**ingredients of success**' as potential guidance for new initiatives.
- e) Assessment of the **contribution to the economy** that these businesses make.
- f) Identification of ways in which the **development and expansion** of the community business sector could be further promoted in rural areas of the Yorkshire and Humber region.

## 1.2 Definitions

There are three main elements of the study that warranted further examination and clarification before investigations could commence. These are "rural areas", "community businesses" and "economic contribution".

- a) The usual definition of a **rural area** is a community of 10,000 population or less. Most rural communities in Yorkshire and the Humber fall under this threshold, and these have been the primary focus of this research. However, the use of alternative definitions by different agencies working in the region prompted a number of additions to these core areas. For example, the ward-based definition of rural Yorkshire devised by the Countryside Agency excludes certain areas that qualify for agricultural and forestry funding support under the South Yorkshire Objective 1 programme. We have combined these different definitions together to produce a broad-based outline of the rural parts of the region. In doing so it should be recognised that certain settlements on the fringes of the main metropolitan areas have been included. However, many of these are former coal-mining villages set within a rural context, and facing many similar issues in terms of economic regeneration as the core rural areas themselves. Some consideration has also been given to the role of community businesses in market towns, some of which exceed the 10,000 population guideline. In such cases we have only included those examples that serve a wider rural hinterland as well.
- b) The meaning of the term **community business** is rather loose, with different people using it to denote slightly different things in different contexts and at different times. For the purposes of this research, the following working definition has been adopted: **a community-owned organisation involved in trading activities that meet local needs and in which any surplus of income over expenditure is reinvested in the organisation to improve or widen the range of goods and services provided, or is used in other ways to benefit that community.** The key elements here are community ownership and trading. The former has been interpreted in its broad sense, encompassing not only the geographical variety (for example a rural village), but also communities of interest (for example hill farmers in the Dales) and minority or socially marginalised groups. In terms of trading, the main qualification is for the business to be self-supporting on the basis of its economic activity, or to show evidence of aiming for and moving towards this status. This underlines the fact that there is a strong overlap between community businesses on the one hand and social enterprise and the social economy on the other, but that the two are not one and the same. It should also be noted that while support and development agencies do not strictly conform to the definition of community business as such, their role as a catalyst in

establishing and spinning out such initiatives may merit their inclusion as a form of intermediary business.

This basic definition was supplemented by a functional typology of community businesses which also outlined possible activity types and economic impacts (see Table 1.1). This was useful initially as a means of clarifying exactly what was to be examined, and subsequently as an aid in the identification of community businesses on the ground and as a framework for the choice of case studies.

**Table 1.1: Typology of Rural Community Businesses**

Function	Form	Direct Impacts
A: Local Goods	Village Shop Post Office Pub Cafe Food Co-op/Network	Customers Suppliers Employees Reinvestment
B: Local Producers	Farm Food Producer Craft Manufacturer Other Producer	Producers Customers Suppliers Employees Reinvestment
C: Transport Services	Bus Service Community Transport Car Club Rail-related Services	Customers Employees
D: Social Services	Childcare Elder care Support services (respite etc.) Education/Training	Customers Employees
E: Local Services	Credit Union Post Office (see above) Tourist Facility/Attraction Recycling Service	Customers Employees
F: Intermediaries	Farmers' Market Craft Market Marketing Scheme/Co-op Hire Service Business/Service Centre	Producers

- c) The **economic contribution** of community businesses to the rural economy has been examined using a number of components, such as use of suppliers and service providers, employees, customers, beneficiaries, volunteers and competitors. The main focus of the analysis has been to establish the *geographic footprint* of rural community businesses in relation to the surrounding area, and tests out the extent to which this is concentrated or dispersed. It looks at both positive and negative effects, the first in terms of the benefits associated with keeping money circulating in an area for longer, and the second around issues of displacement from, or duplication of, services provided by other organisations. Interpretation of these negative effects is complicated by a lack of hard data on the scale and severity of accessibility problems in the particular areas concerned.

### 1.3 Rural Issues and Problems

The focus of the study, then, is on community businesses as a response to changes in the nature and scale of economic activity and service provision in rural areas, and their contribution to securing improvements in the state of the rural economy. There are a number of issues and problems facing all rural areas in the United Kingdom, but with different emphases and impacts in the different rural areas of Yorkshire and the Humber. Before examining the policy context within which community businesses are developing, it is worth briefly reviewing the key rural challenges that they face. Drawing principally on evidence contained in the Countryside Agency's *State of the Countryside Report 2003* (and the 2002 regional chapter for Yorkshire and the Humber), these can be summarised under six headings:

#### *Farming*

Although agriculture is no longer a major employer of labour (3.5 per cent of all employment in Yorkshire and the Humber), it still plays a key role in the rural economy, occupying around three-quarters of the land area of the region and thus presenting the most visible face of conditions in the countryside. Continuation of farming activity is essential in maintaining rural landscapes in the current form, such as the Yorkshire Dales and North York Moors, that attract large numbers of visitors each year. However, in recent years the sector has been in decline in economic terms, with farm incomes falling in real terms by 70 per cent since 1995. This trend has been aggravated over the same period by a succession of animal health problems: bovine spongiform encephalopathy (BSE), classical swine fever (CSF) and foot and mouth disease (FMD). These have particularly affected upland farms where there is less scope to switch to alternative livestock or crops. In 2001 FMD also had severe repercussions for the rest of the rural economy in Yorkshire and the Humber, with a general hiatus in the income received by agricultural support services, and the number of tourists and day visitors falling dramatically.

While there has been some recovery from this crisis, further threats to farm income levels remain. These include the uncertainty over global trade agreements following the recent breakdown in the World Trade Organisation (WTO) negotiations, and the shape and size of European Union support following the prospective reform of the Common Agricultural Policy (CAP). Farmers have responded in a variety of ways, with many leaving the industry and their holdings being swallowed up by larger more efficient farms. Some owner-occupiers have continued on a more restricted scale or a part-time basis, taking up paid work elsewhere to supplement their earnings. In certain areas others have been able to increase their income by adding accommodation, meals and/or visitor attractions aimed at the tourist market. There are also possibilities involving a focus on quality produce, selling it direct to the public or to independent retailers, or in renting out land or buildings for other purposes such as storage. Around a third of individual farmers in England have become involved in such diversification, and the income from such activities averages about a third of the total they receive. At the collective or community level, the main avenue for increased income generation has been to devise new and alternative means of packaging and selling farm produce, by organising farmers' markets but mainly by forging links with the independent retail sector via special marketing initiatives.

#### *Business and employment*

While roughly a third of all businesses in England are located in rural areas, the figure for Yorkshire and the Humber is much lower (25 per cent). Only two regions fare worse in

terms of the number of rural businesses in relation to their population (North West and North East). The vast majority of firms in rural parts of the region are very small (85 per cent employ 10 people or fewer), and unlike most other regions where there has been growth in recent years, the stock of businesses in rural Yorkshire has remained fairly stable. In England, growth has tended to be concentrated in more accessible rural areas, especially in the south and east, and has been closely linked to the in-migration of people from urban and suburban areas. The more remote rural areas, by contrast, have experienced very sluggish business development, and in some cases decline. The main areas of business activity and hence employment in rural parts of Yorkshire and the Humber are wholesale and retail, public services, tourism and manufacturing.

The rural workforce in the region is relatively well educated and skilled, with a higher proportion than average holding National Vocational Qualification (NVQ) Level 3 or above. In line with England as a whole, there are higher proportions of part-time and seasonal workers, as well as self-employed, than in urban areas, and claimant unemployment rates are relatively low. However, while rural Yorkshire has a lower percentage of households with an income of under £20,000, the majority are found in the £20-30,000 bracket, with fewer affluent households than nationally.

These patterns provide conflicting signals in terms of the prospects for community business development and success. Thus, higher rates of part-time working and the highly qualified nature of the workforce could free up more people with the appropriate skills and time to help develop such businesses, either as directors or volunteers. On the other hand, the relatively high number of self-employed may mean that the attention of those with entrepreneurial skills is already focused elsewhere.

### *Population and housing*

The population of rural areas has grown over the last twenty years, particularly in villages and small towns with good access to the main urban employment centres. This increase has been mainly as a result of net in-migration, with commuters, pensioners and those taking early retirement moving out from the towns, and mainly young people and families moving in the opposite direction. The latter trend is only partly related to job opportunities. It also reflects the extent of house price inflation resulting from the competitive bidding process where a large number of affluent people are seeking to purchase from a relatively limited stock of properties. As they all tend to be car owners, newer residents have a high degree of mobility and are more likely to buy goods and obtain services from outside their home area. Those who commute long distances to work are also unlikely to have much time to devote to voluntary activities such as helping with a community business. On the other hand, those who have retired could provide a range of useful skills and experience to such ventures, providing they are welcomed or can be persuaded to become involved.

The other consequence of these population trends is that rural areas generally (and those in Yorkshire and the Humber are no exception) have a much higher proportion of residents in the older age groups (45 and over). In the medium to long term this will inevitably impose a much larger burden on a wide range of services such as social support, health and elder care and transport. In more remote rural locations the issue of in-migration is less acute, but again the lack of opportunities has prompted many young and skilled people to leave in search of work and housing. Houses for sale may be slightly less expensive in such areas, but in this case the prices are again pushed out of the reach of local people by investors looking to buy properties for holiday use, either for their own visits or for rental to others. This again has implications for the viability and sustainability of locally provided services, in particular in terms of residents' capacity to mount their own response to what is required.

### *Access to services*

Geographical access to basic services is a key component of people's quality of life in both urban and rural areas. In the latter, however, the scattered nature of the population makes it difficult to maintain a customer or user base of sufficient size. This is especially the case at present as both public and private sector providers seek to contain costs or improve profitability by centralising and rationalising their networks of service points. In many cases this has led to the withdrawal of local provision of services and amenities, with banks, building societies, post offices (and associated shops), pubs, libraries and in some cases hospitals all affected.

Data for 2000 indicated that rural parts of Yorkshire and the Humber had average or above average accessibility for primary and secondary schools and supermarkets when compared with England as a whole. However, for all other indicators it had a below average score, being placed in the worst three regions in terms of automated teller machines (ATMs - cash points), petrol stations, libraries, job centres, doctor's surgeries, banks and building societies.

### *Mobility and transport*

Car ownership is much higher in rural areas (involving 85 per cent of households) than the national average (70 per cent). Almost 40 per cent of households own two or more cars, compared with 25 per cent nationally. Given that cars are often tied up all day in people's journeys to work (travelling in either direction or parked at the workplace), then there remain mobility issues for other members of the household. Typically those without access to private transport are those who face disadvantage in the labour market, and as a consequence tend to have much lower incomes. In this context, it is also instructive to note that in 2002 around a fifth of all rural journeys in the region were on foot or by bicycle. This suggests that there is considerable scope for maintaining locally provided services in rural areas, and that it may be possible to justify them on environmental as well as social and economic grounds.

Public transport services can play a key role, but given potential patronage levels these are inevitably variable in frequency and coverage. Indeed, apart from the West Midlands, in 2001 Yorkshire and the Humber had the lowest proportion of rural parishes with a bus service every day of the week. The region is also less well served by "dial-a-ride" and community minibus/taxi services than other parts of England. The geographical nature of rural areas mean that transport services are of key importance, and different forms of community-based provision are already making a contribution to these. However, in addition to the difficulty of gaining access to a sufficiently large customer (or passenger) base, such provision also needs to solve the geographical conundrum of multiple and dispersed origin and destination points.

### *Social needs*

Rural areas generally fare well in comparison to towns and cities where indicators of economic and social deprivation are concerned. As already outlined, unemployment rates, standards of health, income levels, car ownership, educational attainment and incidence of crime all compare favourably. However, this is not to say that problems of social exclusion do not exist in the countryside, just that they are less concentrated and therefore harder to detect. Nor is the issue merely a product of geographical rather than economic or social isolation. For example, the same processes will be at work in hampering a person with learning difficulties or other disability in securing employment, irrespective of where they live.

What is distinctive about rural areas in this context is that those with social and economic needs are likely to be widely dispersed within an already sparse and scattered population. It is then very difficult for any organisation to mount cost-effective initiatives of sufficient scale to provide the types of training, employment or support services that are often available to their equivalents who live in urban areas. This essentially captures the challenge in terms of what community regeneration and the social economy can offer to rural residents who are in need.

## 1.4 Report Structure

The remainder of the report is set out as follows:

- Chapter 2 examines the policy environment for rural regeneration, community business growth and social enterprise development. It does so firstly by summarising the main thrust and underlying principles of the government's strategy, and secondly by reviewing the support structures and funding streams currently in place in Yorkshire and the Humber, at regional, sub-regional and local levels.
- Chapter 3 presents the main findings of the research on community business in rural parts of the region. Following a brief outline of the patterns and types of business identified, there is a more detailed analysis of the economic linkages and impacts that the twenty selected case study businesses have had on their local economies.
- Chapter 4 seeks to take this analysis a step further, by examining the main ingredients involved in establishing and running a range of community businesses, based on the in-depth case study research.
- Chapter 5 draws together the main conclusions from the research study, and presents a set of more general recommendations aimed at policy-makers in the region as well as nationally.
- This is followed by a free-standing Action Plan for the stimulation, support and development of community businesses in rural parts of Yorkshire and the Humber. This is organised around the principal elements of the rural community business development process identified in the study.

## **2. Policy Environment**

### **2.1 National Policy Framework**

There have been a range of developments in national rural policy in recent years, principally in response to the economic problems facing British agriculture, to unforeseen events such as FMD, and to the reduction in locally provided services. Some of these are specifically aimed at helping individual farmers develop new products or activities as a means of expanding their income base, while others are concerned with the development or recovery of private sector businesses, particularly in the tourism sector. The emphasis throughout tends to be on ensuring local or community involvement and action in meeting the needs and requirements of a particular area. By implication, this includes the establishment and development of community businesses and social enterprises. However, apart from a few exceptions, most documents on current rural policy contain little in the way of precise or definitive measures by which such initiatives can be stimulated and helped to progress.

#### *The Rural Economy*

The 2000 Rural White Paper, *Our Countryside: The Future - A Fair Deal for Rural England*, sets out the government's aim of sustaining and enhancing "the distinctive environment, economy and social fabric of the English countryside for the benefit of all". Central to this is a vision of thriving rural communities, characterised by access to high quality services, and a diverse rural economy. This involves support for key village services through a number of regional and local support mechanisms. The White Paper also outlined an increasing role for Parish Councils as a means of giving power to local communities by enabling them to shape the future of their towns and villages through parish plans, consultation exercises and small project funding. Such developments are intended to build the capacity of rural communities, and to encourage participation which is essential if there is to be a growth in the number of rural community businesses. Parish Councils are increasingly seen as the democratic forum for rural communities where debate can sow the seeds of community action.

A recurring issue in recent policy documents is the need for rural business support and the creation of a favourable environment in which rural businesses can flourish. The 2003 Countryside Agency paper - *Rural Economies: Stepping Stones to Healthier Futures* - proposed ways in which public sector bodies can strengthen the rural economy by building on its distinct aspects. One of the key reasons put forward for public intervention is the significant contribution of rural businesses to the national Gross Value Added (GVA). In order for this to continue and for the countryside to be a viable location for businesses from all sectors, the appropriate infrastructure must be in place. The Countryside Agency maintains that rural businesses "must be able to access appropriate business advice, training, finance, ICT and other infrastructure" if they are to remain competitive. This is perhaps even more of an imperative for rural community businesses, which do not always possess the full range of business skills required for growth and sustainability. With this in mind continued support over a significant period could increase the chances of survival, growth and sustainability for many community businesses, thus increasing their contribution to the regional and national GVA in the long term.

The Rural Delivery Review conducted by Lord Haskins is expected to draw attention to the infrastructure for rural businesses. One of the seven *Guiding Principles* listed in an early statement on the review is a 'customer focus', which calls for greater accessibility and transparency in the services available to rural businesses and communities. The details of what this might involve remain to be seen pending release of the review in

Autumn 2003, but there will clearly be recommendations aimed at creating a more suitable environment for all types of rural business.

In addition to the £1 billion allocated to rural programmes in the Rural White Paper, there is also continuing expenditure of the £1.6 billion available under the England Rural Development Programme (ERDP) 2000-2006. While its main aim is to help farmers respond better to consumer demands and to become more competitive and environmentally responsible, the ERDP also contains elements that relate to the wider rural economy and places a particular emphasis on encouraging and developing ideas at grass roots level. This includes community business responses to local needs. The Rural Enterprise Scheme is the principal ERDP measure that can support initiatives of this type (see box below).

#### **Rural Enterprise Scheme (REntS)**

REntS is governed by Articles 4 and 33 of the European Council Regulation 1257/99, and is aimed at creating "more sustainable, diversified and enterprising rural economies and communities". It is backed by £152 million of government and EU money, and is currently scheduled to run between 2000 and 2006. Its coverage is wide-ranging but the primary aim is to help farmers adapt to changing markets and develop new business opportunities. Three of the nine measures that comprise the REntS are potentially applicable to community-based business activity:

- "Marketing of quality agricultural products": potential projects that could be supported include the formation or development of collaborative groups to market quality products, consumer and quality assurance schemes, the establishment of farmers' markets and regional or local branding of foodstuffs.
- "Basic services for the rural economy and population": this is targeting pump-priming projects designed to support local communities and the rural economy, such as minibus links, voluntary carer or 'out of school' childcare schemes, information and communication technology links and other types of infrastructure for dispersed rural communities.
- "Encouragement for tourist and craft activities": possible activities include the marketing and promotion of local tourist initiatives, upgrading accommodation, facilities for on-farm tourist activities and craft activities and links to local food catering.

The Rural Enterprise Scheme is available throughout England, except designated Objective 1 areas (including South Yorkshire), where separate funding schemes apply. A particular target for aid are projects which benefit designated EU Objective 2 rural areas, to reflect their special need for assistance within the EU context.

#### *Reform of the Common Agricultural Policy (CAP)*

Impending reforms of the common agricultural policy (CAP) set to be introduced in 2004 and 2005 represent a shift in the thinking and approach towards the rural economy, with an emphasis on rural development and environmental protection as opposed to subsidising agricultural output. These changes could provide more scope for the support (and funding) of rural economic activity and service provision, and thus be of benefit to community businesses and the rural economy in general. The new approach is for subsidies to be decoupled from production, taking away the incentive for farmers to overproduce. The introduction of a single payment scheme linked to criteria such as respect for the environment, food safety, animal and plant health and animal welfare standards will replace direct aid. Thus, the aim will be to redirect funding towards rural development and environmental schemes with an emphasis on tourism and leisure. There is also great emphasis being placed on farm diversification and looking beyond food production as a means of income for farmers. This should also throw up new opportunities for rural community business and collaboration with the agricultural sector.

*The Curry Report and the Strategy for Sustainable Farming*

The Cabinet Office Policy Commission on the Future of Farming and Food issued its report, *Farming and Food: A Sustainable Future*, in January 2002. Its central argument was that British agriculture could only become successful again through a process of reattachment with the rest of the food chain (food processing firms, wholesalers, retailers and consumers), and with the wider ecological environment in which primary production takes place. On the basis of wide-ranging analysis, the report formulated an extensive list of policy recommendations that would help to achieve these aims. While most of these were geared towards specific elements of the farm support regime and to appropriate actions required at individual farm level, there were a number that related to the development of business initiatives, including:

- tapping the potential of collaborative ventures for all farmers, large and small, via the establishment of an English Collaborative Board;
- high priority for and increased assistance with investment in collaborative enterprises seeking to develop product processing and marketing;
- mainstreaming of locality food marketing in RDA's regional economic strategies;
- wider promotion of "product of designated origin" and "protected food name" schemes involving farmers and producers in a given area; and
- examination of public procurement of food to ensure that it supports healthier nutrition and lower environmental impacts.

The core recommendations have been since incorporated into the Government's Strategy for Sustainable Farming and Food, launched in December 2002. Amongst other things, this included "measures to improve farming competitiveness, by reconnecting farmers to their customers and developing a more joined-up, efficient food chain."

*Rural Proofing*

Another important initiative has been the introduction of "rural proofing" to ensure that all major policies are assessed for their impact on rural areas. The Countryside Agency definition of rural proofing is outlined below.

**Rural Proofing**

Rural proofing means that as policy is developed and implemented, policy makers should systematically think about the impacts in rural areas and make adjustments to their initiatives if appropriate.

Rural Proofing is intended to ensure that the interests of the rural population, rural businesses and people wishing to visit the countryside are considered. The Countryside Agency has produced rural proofing checklists for use by policy-makers and regional government offices, and proofing activity is already under way in areas such as the health service funding review, forestry and healthy eating.

*Rural Services*

Central to current rural policy developments is the issue of access to rural services, propelled on to the agenda as a result of the dramatic rise in service withdrawals from the countryside. Village shops, pubs, post offices and other rural outlets have been disappearing as the number and size of supermarkets increases along with the range of goods and services they offer. Recent policy has sought to halt the demise of rural service provision and at the same time revitalise those areas which have suffered economically and socially.

A range of initiatives has been developed to ensure the delivery of these service commitments including:

- a £15 million community service fund towards the re-establishment of lost services;
- a 50 per cent mandatory rate relief to pubs, village shops and garages that benefit the local community; and
- the renewal of the rural Post Office network with an extension of services to incorporate banking, internet access, prescriptions and health advice.

£450 million has been allocated in support of the rural Post Office network, and Rural Transfer Advisers have been appointed to cover all parts of the country. Coupled with this support is a modernisation of services aimed at harnessing the opportunities available through information and communications technology (ICT). This will provide 100 internet access points across the country. All of the above can contribute to the development of rural community businesses through creating a favourable environment which acknowledges their unique circumstances.

A major pledge in the Rural White Paper is "to maintain and stimulate communities, and secure access to services which is equitable in all circumstances". One of the means of achieving this measure has been the recent introduction of the *Rural Services Standard (RSS)*, which details the level of access to services that rural communities can expect to have. For instance, the 2003 version states that 50 per cent of the rural population should live within about 10 minutes' walk of an hourly bus service by 2010. However, in general such detailed geographical standards tend to be the exception rather than the rule, with the result that some of the standards are quite vague. For example, the document says there is a requirement on the Post Office to maintain the rural network, but offers no indication of an acceptable distance that rural people can be expected to travel in order to access this service. That said, the document could prove a useful tool for identifying opportunities for community business involvement in the delivery of rural services. Where gaps exist there is scope for the promotion and support of community business as a means of correcting market failure. Communities could use the standard as additional justification for securing funding and/or business support by highlighting areas where their village does not meet the set standards. The standard is reviewed and updated every year by the Committee on Rural Affairs and the Countryside Agency who then recommend improvements where necessary. The standard also contains details on how to access rural services in a range of different ways.

Transport is also an area earmarked for big improvements and funding is available to promote alternative, flexible transport schemes such as car clubs and dial-a-ride services through the Countryside Agency's *Rural Transport Partnership (RTP)* scheme. This has financed over 70 local and four national (across England) RTPs, including the Community Transport Association's English Rural Transport Initiative. There are also grants of up to £10,000 available to parish councils for community-based solutions to transport issues. The rejuvenation of market towns is increasingly seen as the key to a vibrant rural economy and ensuring people have regular transport links to their nearest market town is central to this.

The Countryside Agency is also exploring new models of rural service delivery, often through social enterprise, and in particular the idea of 'joint provision' in villages where outlets are not financially viable. This typically involves a range of services delivered from one point, which could include: a shop; a post office; a Citizen's Advice Bureau; legal and benefits advice; internet access; and a cash point for instance. The agency is also creating more scope for community participation through its recent initiatives:

- *Vital Villages Scheme*: the Vital Villages programme is a small grants initiative administered regionally by the Countryside Agency. Its aim is to give rural communities control over decision-making in their village. The community decides what is required through a grant-funded parish plan and can then apply for grants in three categories: community services, parish transport or rural transport partnerships. The scheme has so far delivered £12 million to rural communities and in many cases provided the incentive for community action, which in some instances has resulted in the establishment of community businesses.
- *Market Towns Initiative (MTI)*: this initiative is operated jointly by the Countryside Agency, DEFRA and the RDAs, and is backed by a fund of £37 million as a result of its endorsement by the Rural White Paper. The aim is to rejuvenate small rural towns as service hubs providing core services for its residents and for those living in the surrounding rural hinterland. Support is available for facilitators and project managers to help local communities carry out the health checks and to devise and implement action plans. To date 14 towns in Yorkshire and the Humber have been identified for inclusion in the programme. These are as follows:

North Yorkshire: High Bentham; Malton & Norton; Pateley Bridge; Richmond; Thirsk; Whitby.

North Lincolnshire: Brigg.

East Riding of Yorkshire: Hornsea; Market Weighton.

South Yorkshire: Thorne; Penistone; Hemsworth.

West Yorkshire: Todmorden; Otley

The key task at present is for the MTI to develop relationships with funding bodies at national, regional and sub-regional levels so as to channel project funding into the programme. Research is also currently under way investigating appropriate ways in which market towns can act as service centres for hinterland communities. This is due to report in late 2003, and should contain ideas and recommendations about the role that community businesses could play in this process. This scheme is now being developed to include further settlements under the 'Renaissance Market Towns' banner by Yorkshire Forward.

### *DTI Strategy for Social Enterprise*

The prominence of social enterprise as an item on the policy agenda is illustrated by the large number of recent government studies in this domain. In July of last year the Department of Trade and Industry (DTI) published a document, *Social Enterprise: A Strategy for Success*, which put forward the strategy for supporting and promoting social enterprise as a means of delivering government objectives. This vision of the social economy taking on a significant role in the delivery of core objectives including public service delivery, regeneration and wealth creation centres on 3 broad actions to be led by the DTI Social Enterprise Unit (SenU). The first of these is to 'create an enabling environment' through: the promotion of successful social enterprises and their values; ensuring the appropriate legal frameworks are in place and that they do not hinder social enterprise growth; and opening up procurement processes to the social economy. The second aim is to 'make social enterprises better businesses' which involves the provision of quality advice and training and ensuring the availability of suitable finance for the development of the sector. Establishing the value of social enterprise is the final goal encompassing research into the sector, recognition of success and examples of these to encourage other enterprises.

In establishing the value of the social enterprise sector ECOTEC Research and Consulting has produced a report to the DTI entitled *Guidance on Mapping Social*

*Enterprise.* This is seen as imperative to informing strategy development, monitoring programme delivery and assessing the economic contribution of social enterprises. The report proposes that three tests in the areas of registration, trading and the pursuit of social objectives be applied in identifying social enterprises. There are also recommendations as to what key information should form the core of any mapping exercise to maintain a degree of consistency and enable comparability.

### *Funding Sources for Social Enterprise*

There are also policy developments that have focused on the financing of social enterprise and specifically the need to broaden the options and move the sector away from a culture of grant dependency, which is seen as an impediment to growth. The Bank of England (see *The Financing of Social Enterprises*) has made a number of recommendations to facilitate this which involve widening the awareness of alternative funding sources and encouraging borrowing through highlighting success stories. A range of actions relating to the supply of finance are also being implemented, such as an increase in the amount of funds available to Community Development Finance Institutions (CDFIs) and the encouragement of the take up of Community Investment Tax Relief (CITR). There is also a concerted effort to encourage banks to be more flexible towards the needs of social enterprises in light of their higher rejection rates relative to private small and medium-sized enterprises (SMEs). The document also emphasises the potential of 'patient' finance whereby investors accept lower financial returns where there are positive social outputs.

From this brief review of the current national rural policy climate it is evident that while most programmes contain some elements where rural social enterprises or community businesses could make a valuable contribution, there are very few measures that make specific reference to their potential role or particular needs. This implies a lack of consideration towards the unique challenges that rural social enterprises face and the particular conditions required for them to develop and be successful.

## 2.2 Regional Priorities and Initiatives

The recent revision to the *Regional Economic Strategy (RES)* updates the framework for the delivery of economic development initiatives within Yorkshire and Humber for the period 2003-2012. The Strategy is intended to guide both the delivery of the Single Pot, the resources at the disposal of the regional development agency Yorkshire Forward, and all other public investment in economic development. The RES is delivered through a Regional Action Plan and a series of four Sub Regional Action Plans (SRAPs). The SRAPs are intended to become 'investment plans' for coordinating public sector economic development investment in each of the sub-regions.

There is no direct mention of rural community businesses in the Regional Economic Strategy. However, it is evident from the strategy that rural community businesses could be supported from a number of key interventions, or deliverables, contained within the strategy. These appear under the following two strategic objectives in the RES:

**Objective 2: To achieve higher business birth and survival rates: to create a radical improvement in the number of new, competitive businesses that last**

Deliverable A under this objective is intended to: "Create a long term culture change to value entrepreneurs, enterprise and creativity" and one of the three year actions identified is to support social enterprises. Deliverable C under the same objective aims to "develop

entrepreneurial skills and business skills” and one of the three year actions identified is to “work with communities to promote social enterprise skills”.

**Objective 5: Connect all of the region’s communities to economic opportunity through targeted regeneration activity**

Under this objective, Deliverable H aims to “create a broader and stronger economic base for rural communities” with a specific three year action to “support the renaissance of market towns”.

The RES also contains six cross-cutting themes, one of which is “geographic adaptation”. The aim of this is to reflect the “differing needs and characteristics of places across the region and makes a flexible approach sensible. Delivery will differ according to local needs, in both rural and urban areas”.

The RES therefore contains scope to develop rural community businesses and in particular to provide business support, support the skills needs of entrepreneurs and more broadly to implement local initiatives which strengthen the rural economic base.

Ideally, programmes delivered within the region should be aligned to the RES. However, as many programmes were agreed prior to the recent revision of the RES, this is inappropriate, although where possible supported initiatives should take account of changes to key regional priorities (as set out in the RES). Examples of programmes where there are likely to be such residual mismatches include the Structural Funds Programmes in the region (in particular Objective 1 and 2) and the English Rural Development Programme. There are also likely to be some SRB programmes which are still committing funding, although recent SRB programme funds have now been incorporated into the Single Pot.

Yorkshire Forward has combined its key rural actions under the *Rural Renaissance* banner. This incorporates the Market Towns Initiative in the region (see above), support for rural businesses (including Dales Action for Local Enterprise (DALE) aimed at young people), and the production of a Tourism Action Plan in collaboration with the Yorkshire Tourist Board.

Several organisations in the region have also collaborated to produce a *Development Framework for the Social Economy* in Yorkshire and the Humber (issued in October 2002). This has been led by the Regional Forum, which represents the voluntary and community sector, but it has also involved all the other major agencies: Yorkshire Forward, the Government Office, The Regional Assembly and the Small Business Service. The Framework highlights a number of aims and goals for the region over the next two years:

- growth in social economy activity;
- a more secure funding base;
- increase in the ability of social enterprises to take on long-term contracts;
- stronger links with private sector firms;
- creation of a social economy support network in partnership with Business Link;
- increase in business skills, mentoring and sharing of practical ideas and solutions;
- development of loan and equity investment routes and sources.

The document does give recognition of the special needs and challenges facing social enterprises in rural areas, although it contains no concrete proposals on how they could be met other than via the Market Towns Initiative. Indeed, many of the suggested

mechanisms look to take advantage of urban economies of scale, such as the promotion of clusters of growth activities and the provision of "social enterprise parks". Other ideas are more generic, including improved access to different types of finance, local and flexible training courses and an improved position with regard to public agency contracting.

It is envisaged that most of the support for social economy development will be provided at a sub regional level. At the regional level the main task is to link the development of the sector with the activities of regional government bodies on the one hand and national initiatives and agencies like the Social Enterprise Coalition on the other. The *Social Economy Task Force (SETF)* has been established to perform this role, and to ensure that the Development Framework is updated on an annual basis. During the preparation of the original Framework there was no representation on the SETF from rural bodies, but this has recently changed with the inclusion of the two Rural Community Councils that serve the region (see below).

### 2.3 Support Structures

Interviews with key agencies in the region revealed the diversity of support structures which have developed in Yorkshire and the Humber. In addition to the formal government funded support agencies such as the Business Link network and Yorkshire Forward, a range of other support mechanisms have developed. These can be grouped under the following categories:

- **Rural Community Councils:** there are 38 Rural Community Councils (RCCs) across England. These are county-based charities that provide support to people at grass roots level who are working to improve the quality of life of their local communities. RCCs supply information and practical guidance and advice on a wide range of village services and related issues including: transport; banking schemes; availability of grants; retention of village services (especially post offices and shops); village halls; and youth issues. There are two RCCs serving Yorkshire and the Humber. Humber and the Wolds RCC covers the East Riding and North/North East Lincolnshire, whilst Yorkshire RCC covers the rural parts of North, South and West Yorkshire. Although they receive a certain amount of public funding, most of the support activity they provide is delivered on a grant-funded project basis. They are heavily involved in initiatives to improve rural services, including housing enabler projects, rural transport partnerships, healthy living initiatives and village hall advisory services. They can also provide a limited amount of advice and guidance to groups looking to develop service provision or other local business ideas, although lack of dedicated resources hinders a greater involvement in this task. Finally, they act as the home for the county branch of the Local Councils Association, representing and serving all Parish Councils in their area. In performing these varied roles, RCCs maintain a vital link between policy-making and funding bodies and local rural communities. Their core work is capacity building and community evaluation.
- **Countryside Agency:** The Countryside Agency is a non-departmental public body and has been in existence for four years (est. 1999). It was formed by a merger of the Countryside Commission and part of the Rural Development Commission. It took over the rural and business development elements of the Rural Development Commission. The Leeds office of the Countryside Agency supports three main theme teams. These include: Vital Villages (including transport work and activities on active communities and social exclusion); Market Towns (managing the MT Initiative with Yorkshire Forward); and Rural Economies

(this is within a wider land management team and also includes work on rural transport links).

- **Chambers of Trade:** these organisations are membership bodies which support and provide services to businesses within particular sectors. Examples include local chambers of tourist businesses and agricultural marts. They can often play a significant role in linking mainstream services (provided by Business Links and Learning and Skills Councils) to the needs of members.
- **Voluntary and Community Sector forums:** at a regional level this role is provided by the Yorkshire and Humber Regional Forum. This is supported by sub-regional groups such as the North Yorkshire Forum for Voluntary Organisations and the South Yorkshire Open Forum. These forums are membership organisations which represent and advocate voluntary and community sector issues in wider sub-regional and regional partnerships. The forums also provide support to help the development of the voluntary and community sector. The forums do not have a specific rural focus. An exception is the West Yorkshire Rural Forum.
- **Social Economy development:** typically supported regeneration funding at a range of local, sub-regional and regional levels. At the regional level social economy development is overseen by the social economy taskforce. At a sub-regional level organisations such as the Social Economy Support Centre (SESC) and West Yorkshire Social Economy Link (WYSE Link) have been established. WYSE Link is a collaborative venture between the West Yorkshire Business Link and SESC. At a local level initiatives such as the Rotherham Social Enterprise Unit have been created. The majority of the social economy development infrastructure does not have a rural focus, although social enterprises in rural areas can be created.
- **Specialist Support Groups:** these include organisations such as the Development Trusts Association (DTA), Business in the Community (BITC), Village Retail Services Association (ViRSA), Co-operative Movement, Yorkshire Chapter of Credit Unions. Many of these bodies are national organisations but with regional delivery teams. Some such as ViRSA have a strong rural focus.
- **Local Authority Rural Development support:** support for rural community development varies across local authorities. Some local authorities have rural development officers, either located in economic development departments or in planning departments. Rural development officers play an important role in providing support to rural communities, providing a route for parish plans to be reflected in local authority plans and a focal point for rural communities to gain the support of agencies. Apart from local economic development departments, a key role can also be played by transport department staff in local authorities.
- **Grant Funded Initiatives:** many of the above organisations deliver services through grant funding, provided through Structural Funds programmes, the Single Pot, the English Rural Development Programme and other local programmes. The existence of programme funding in the region, much of it geographically targeted, has a strong bearing on the development of support for rural community business development.

Although initiatives such as the Countryside Agency's Vital Villages can be accessed by any village within the region, the existence of other, less inclusive grant programmes has had a significant bearing on the support infrastructure which has developed in the region.

The most striking contrast is probably between South Yorkshire and the Humber. Grant programmes in South Yorkshire have given far greater support to developing a support infrastructure for social enterprises and community businesses. Support now includes, a social economy support network, grant and loan aid accessible through a key fund and training and mentoring support through the Regen School. This is in contrast to the Humber where the support infrastructure is far less developed. Although much of the infrastructure developed in South Yorkshire has an urban focus, it still highlights differences in the support which is likely to be available.

Interviews with key agencies stressed that community businesses in general can best be developed where there is sustained investment in the sector and its capacity, where there is a strong emphasis on opening up public service delivery to community businesses and social enterprises and where the comparative advantage of the sector is recognised, namely the strength of the community and voluntary sector in addressing particular problems such as homelessness.

However, the key agency interviews also revealed that social enterprise and community business is weaker in rural areas and tends to take on different forms. This issue is discussed in more detail in the case studies. Rural community businesses based on single villages may also lack the critical mass to effectively engage in public service delivery (seen as the largest opportunity for growth in the sector). Under these circumstances, rural community businesses will have a much closer focus on addressing specific local needs. However, this also needs to be recognised by support agencies: the support framework for rural community businesses needs to be conducive to supporting smaller scale initiatives with a smaller impact.

## 2.4 Local Rural Infrastructure

The generation of successful community-based responses to rural economic needs and problems is not only dependent on external grant funding, support and advice, but is also crucially reliant on the existence and positive use of local infrastructure and facilities. The role played may vary considerably. For example, it might just provide a forum where people get together to discuss an idea or proposal, or it might also be in a position to mobilise financial and other resources to progress the scheme as well. Alternatively, it might provide a physical base (premises) which enable the activity to operate.

The main items of rural infrastructure in this context can be grouped under four main headings:

- Parish councils;
- Village halls;
- Churches;
- Other facilities.

### *Parish Councils*

Parish councils (PCs) act as the primary level of government in rural parts of England and Wales, and are made up of a number of elected Councillors (typically 10 to 15, depending on population). They are able to perform a wide array of functions - one list contains 35 different headings, from allotments to water supply. These include powers for the direct provision of basic amenities and facilities, such as bus shelters, public toilets, parks and open spaces, village halls and other public buildings, and the right to be consulted by the District and County Councils on planning and highway matters. In this regard PCs have strong potential to play a key leadership role in local rural communities. However, the capacity and willingness to take the initiative in this way varies considerably between

PCs. At one extreme, many are very proactive and innovative in fostering and co-ordinating community activities, including responses to service withdrawals and needs, the generation of ideas to improve village amenities and facilities, and the mobilisation of physical, financial and volunteer resources to help these bear fruit. At the other extreme, however, some PCs are virtually moribund, with little interest shown by local residents in keeping them going or resuscitating them. That said, PCs could be afforded a more prominent role at local level via the government's current local government modernisation agenda, and may have access to more resources to fulfil this local leadership role in the future.

### *Village Halls*

One of the most valued of rural community-owned assets is the village hall. The various roles that village halls can play may be summarised under five broad headings (drawn from ACRE's report 'The Role of the Community Building'):

- governance and participation: venue for full PC and committee meetings, public meetings, consultation events;
- social support: premises for pre-school playgroups and out-of-school clubs, Senior Citizens, etc.;
- social interest: venue for local clubs and societies, village shows and other events;
- social benefit: home for village services such as shop, post office and even doctor's surgery
- private events.

According to ACRE, this range of potential uses points towards a role for village halls in rural regeneration which places them as "central to the cross-government agenda of community engagement and empowerment". Within this there may be scope for the village hall to become a sustainable enterprise with joint provision of services supplemented by income from 'private events'. However, the charitable status of village halls places a major constraint on the extent to which they can expand in this direction. Permanent use of any part of the building for what are considered to be commercial purposes has to be approved by the Charity Commissioners, and needs to be justified on the grounds that the room or space to be used is no longer required for the core functions of the hall.

In spite of that, there are examples where village halls have been designed for dual use with other facilities such as primary schools. This can have benefits in the form of lower costs for the village, the local education authority and the wider community. Clearly this approach raises issues such as the security of pupils and shared management arrangements, and these inevitably involve a willingness and ability to work in partnership with different organisations and sectors. The opportunities and potential of village halls are wide ranging and vary considerably from one community to the next. The key factor which will ultimately determine the success of a village hall is sufficient volunteer support from people with the appropriate skills. If these are available, the diversification of village halls and their emergence as a joint service provider could act as a location from which future community business ventures may be spawned.

However, some village halls have been neglected in terms of maintenance and facility upgrading, and have become less attractive as the needs of rural communities have changed over time. Another ACRE study found that "more than half of village halls were more than 60 years old and were struggling to keep up with modern requirements of hygiene and access". In such circumstances village halls can struggle to find a role and represent a wasted resource. The obvious counter to this is to build a new village hall or improve the standard of the existing one by updating facilities such as providing disabled

access. This can be very problematic due to health and safety legislation and the issue of raising sufficient funds. Upgrading and maintaining community-owned village halls is a more difficult proposition than that of urban community centres which are normally owned by councils or national organisations with greater fund-raising experience and capability.

### *Churches*

Churches often act as a major focus for social and community activity in rural areas, and in some cases they provide the premises that operate as the village hall. They are one of the key places where people get together to socialise, and in doing so may discuss ways of dealing with deficiencies in local service provision. Such interaction can also lead to the formation of groups committed to taking action to fill the gaps. The role of the vicar or priest can also be crucial in this process, partly in suggesting ideas that can be taken forward, partly in bringing people together or even leading the group, and partly in providing links into a wide network of key players and agencies.

### *Other Facilities*

There are a number of other places where groups of people assemble on a regular basis, and are able to discuss matters of local significance. As with the church, this can then lead to the formation of a group and an active community response to addressing a problem or meeting a need. Examples include the village primary school and the public house. The latter are seen not only as a vital part of rural service provision, but in many cases are also the last remaining meeting place if the local school and shop have closed down. The Countryside Agency's *Pub is the Hub* initiative is an attempt to encourage landlords to double up their premises as a means of filling gaps in local service provision. There are now several examples of this kind of development across the United Kingdom, with an ever-widening range of services being provided. These now include sale of groceries and other goods, banking, post office services, hairdressing, and a fish and chip shop. More recently a small number of rural pubs have become part of the network of United Kingdom Online Centres, which aim "to provide people from disadvantaged communities with access to Information and Communication Technologies (ICT) in order to encourage them into learning and to gain the skills for the knowledge economy". Some of the services provided could be run by community businesses; indeed, in some cases it is the pub itself that is the prime focus of community-based or co-operative ownership and control.

## 2.5 Gaps and Needs

Interviews with stakeholders revealed that the success of community businesses is dependent on sustaining investment, on recognising that solutions need to be developed locally, and that mentoring and networks are needed if community businesses are to enter new markets (for example broadband, transport and farmers markets). In addition to financial support (provided through small grant initiatives such as Vital Villages or the Key Fund), key areas of support were identified as:

- Learning from Success: the dissemination of good practice can help to provide practical guidance as to what is possible
- Increasing awareness of opportunities for rural community businesses within local communities and by agencies
- Development of networks and special interest groups. These were seen to be a practical way of providing a support framework based on mutual assistance.

- Practical mentoring: existing services were found to concentrate support on identifying needs and establishing the business. There was a need for longer term assistance.
- Professional expertise: accessing professional legal and financial services is costly and can be daunting for small businesses that lack expertise and capacity.
- Delivery alongside mainstream services. Although rural community businesses do have specialist needs they also require many services which are common to all businesses. However, for this to be successful may require financial assistance.

The policy environment for rural community businesses in Yorkshire and Humber is generally very supportive. Initiatives have been or are being developed which will address many of the specialist and general support needs of rural community businesses. However, areas which required greatest attention were highlighted to be:

- Aligning strategies, support frameworks, action plans, programmes and special initiatives. Many respondents reported that the plethora of support arrangements lacked coherence and more frequently was seen to be off putting for potential rural community businesses.
- Development of rural community businesses required sustained investment and a supportive policy environment both regionally and locally.
- There were considerable variations in the support across the region for rural community businesses. In part this reflects the economic needs of different parts of the region. However, it also means that a rural community business in South Yorkshire can access a greater array of support than one in the Humber. It was also evident that support was most thinly spread in the most rural parts of the region.

It was recognised that these issues need to be reflected in regional plans for rural community businesses, in sub-regional action plans and by partner organisations charged with the delivery of sub-regional action plans.

### **3. Rural Community Businesses and their Economic Contribution**

#### **3.1 Scope and Extent of Community Business Activity**

In order to gauge the level of community business activity and support within the region and to identify potential case studies, an extensive scoping exercise was carried out as the first stage of the project. This also sought to establish an idea of what types of community business existed, whether there were particular areas of activity that were more likely to feature this response than others, and to what extent the development and scale of community business differed between sub-regions. It also served to highlight other patterns which could be subsequently investigated in more detail.

As a result of this exercise, two databases were developed. The first comprises contacts within agencies and organisations that offer support and advice to social enterprise (in its widest sense), perform a strategic or co-ordinating role at District, sub-regional or regional level, or provide the policy framework and funding streams for community economic development. This database contains around 270 entries, some of more relevance than others.

The second database contains names and contact details of community businesses located in or known to serve the rural parts of Yorkshire and the Humber. This information was assembled from a variety of sources, including:

- Steering Group members
- North Yorkshire social economy database
- North Yorkshire consultations database (proposals as well as existing enterprises)
- Countryside Agency Vital Villages grants database
- South Yorkshire social economy mapping study (scoping phase)
- listing provided by Yorkshire and the Humber Regional Forum
- Stakeholder and partner interviews
- Web searches
- Individual enterprises

This database currently consists of 90 entries (see Annex 1). However, it must be noted that this does not represent a definitive list of community businesses within Yorkshire and the Humber, as there are ongoing developments and caveats to consider. For instance, a number of village shops were identified which were set to be taken over and run by community groups, but at the time of the study were not yet operational. Also, from the information received it was not always possible to establish whether an organisation was a rural community business in the strictest sense of the term. The wide ranging ages and characteristics of the various businesses also meant that some were at a more advanced stage of development than others, while each case involved different types and degrees of community involvement.

The limited information to hand at first prompted further investigation as to their nature and legal structure in order to clarify their status as rural community businesses. There were cases where this proved particularly problematic, and some businesses were given the benefit of the doubt. However, any potential overestimation resulting from this is likely to be offset by the fact that there will inevitably be community businesses that were not identified in the exercise. For example, community businesses are not always underpinned by a common geographical locality but can also be representative of a community of interest. They may not have sought any form of public support, and similarly may not involve direct social provision in the same way that classic social

enterprises do. As such these organisations may not have appeared on support agency "radar", and hence will be much more difficult to see.

Several patterns emerged in terms of the type of businesses prevalent, their activities and their uneven distribution across the region. It is widely acknowledged that rural community businesses tend to be involved in certain activities and services more than others (for example, running a village post office and shop, childcare provision, waste recycling schemes, providing transport links). This was evident from the database with almost 60 per cent of those identified providing local goods, local services or transport services (see Table 3.1). A full listing of rural community businesses in the region may be found in Annex 1.

The picture painted is one of uneven development across the region. Not surprisingly, the majority of community businesses identified were located in North Yorkshire, which has the most extensive rural area of the four sub-regions. However, rural Humber emerged much less favourably than might be expected, with only 5 examples identified. Here it was acknowledged by several commentators that the stage reached by community responses to rural economic problems has rather lagged behind other areas. At the same time, it should be mentioned that there are ongoing developments in the sub-region, with a number of interesting embryonic projects in the areas of rural transport, community buildings and LETS schemes that have the potential to become fully-fledged community businesses in the future. In contrast, the larger number of community businesses in rural areas of South Yorkshire can at least in part be attributed to long-standing regeneration initiatives in old mining villages in the east and south-east of that sub-region. There are also more developed social economy networks in place in South Yorkshire as well as the reported view of Sheffield as an historically strong centre for voluntary and community activity.

**Table 3.1: Number of community businesses by type and sub-region**

Sub-region	Local goods	Local producer	Transport services	Social services	Local services	Intermediaries
Humber	-	-	3	-	1	1
North Yorks.	9	8	11	10	9	5
South Yorks.	2	1	2	6	8	1
West Yorks.	5	-	2	1	3	2
<b>Total</b>	<b>16</b>	<b>9</b>	<b>18</b>	<b>17</b>	<b>21</b>	<b>9</b>

**Note:** Some businesses undertake multiple functions but have been classified according to their principal purpose, for example a pre-school playgroup running a cafe as well will appear under social services.

The provision of local goods is dominated by community shops and post offices in villages where this provision would not exist in the absence of community involvement. In all cases these businesses have developed following the closure of a previously privately owned and run outlet. Other businesses involved in the production or provision of local goods include furniture stores, cafes and local food groups, which often have links to farmers markets and other local marketing and sustainability initiatives.

The tendency for rural community businesses to be involved in the provision of local services is perhaps what one would expect given the decline in availability or problems of local access in recent years. Businesses in this category include credit unions, recycling schemes, internet cafes, cinemas, theatres and other leisure and recreational services. The emergence of credit unions as an alternative source of finance for people who

struggle to obtain savings and credit facilities from the high street banks is an important one, although as is revealed later in the report there are major difficulties in establishing these on a sufficiently large scale in rural areas to make them fully viable and self-sustaining.

Community transport services are more common in North Yorkshire than elsewhere in the region. This correlates directly to the geography of the region and the relatively high number of small, isolated communities distributed across a large rural area. This obviously has implications in the form of social exclusion and has resulted in the development of a range of ideas and initiatives including car clubs, community railways, taxi buses and the more common community transport partnerships.

As mentioned above, childcare provision is a common activity of community businesses and Yorkshire and the Humber is no exception with various forms of childcare accounting for much of the social services provision. There are also businesses providing care for the elderly and activities and training for people with disabilities and learning difficulties. Table 3.1 suggests that these activities are confined to the North and South Yorkshire sub-regions, but it is worth reiterating the point that there may be other community organisations undertaking these functions that are not included in our database.

From this brief review it is evident that in most cases the emergence of rural community businesses is a response to certain circumstances and generally to the community's need for essential services. The database shows numerous examples of this. For instance, the several community-owned (and run) cinemas identified in North Yorkshire have been developed as a direct response to the lack of recreational facilities readily available to communities in certain areas. Similarly, community childcare services such as playgroups and out-of-school clubs can be found in areas characterised by a lack of public or private provision, due in some cases to insufficient numbers to make the service profitable, but more generally to underdeveloped structures of provision that means that neither local authorities nor the private sector has been able to respond to the demand. Lack of profitability is also a major factor in the declining number of village shops and post offices. Also, the emergence of credit unions can be seen as a direct measure in countering spiralling debt due to people's inability to access finance at reasonable rates, and the consequent prominence of high interest loan sharks in certain areas. Thus community businesses have generally developed where market failure or lack of market response exist, and in this sense are providing extremely important goods and services which are often crucial to the everyday functioning of rural society.

### 3.2 Case Study Investigation of Community Businesses

Twenty-five rural community businesses were selected from the full list of 90 as the subject of further in-depth investigation. These were chosen to give representation from each of the six broad categories in the typology shown in Table 1.1. Efforts were also made to obtain a spread across the various functions listed under each of these headings, and to include examples from each of the four sub-regions as well. In the end interviews were conducted with representatives of 20 of these organisations, and relevant documents on them were obtained and analysed as well. This means that we gathered information on just over 20 per cent of all the rural community businesses identified. This should provide a sound basis for drawing conclusions about the nature of this activity across the region as a whole.

The case studies covered a wide range of rural community business types, not only in terms of the goods and services provided, but also in respect of their legal form and their wider social and economic purpose. Key areas of difference were in terms of the origins of the business, the context within which they operate, their purpose and their stage of

development. These differences were reflected in the legal structure which had been adopted. Table 3.2 lists each of the case studies, their type of business and their legal form.

**Table 3.2: Community Business Case Studies**

<b>Type of Business</b>	<b>Name</b>	<b>Legal Form</b>
<b>Local Goods</b>	Bradfield Post Office, Shop and Café	Private Company
	Castle Bolton and Redmire Village Shop Association	Association
	Craven Furniture Scheme	Project of VA Craven
	Midgley Community Shop	Society Registered for Community Benefit
<b>Local Producer</b>	Claro Enterprise (Sheltered Workshop)	Company Ltd. by Guarantee and Charity
	Wildwood Project Bentley	Company Ltd. by Guarantee and Charity
<b>Transport</b>	Holderness Hopper	Association (will become a Company Ltd. by Guarantee)
	Whitby Good Neighbours Community Transport Scheme	Company Ltd. by Guarantee
	Wensleydale Railway	Public Ltd Company
<b>Social Services</b>	Dacre Banks Pre-school Group	Charity
	Thurgoland Out of School Club	Company Ltd by Guarantee
	Hudson House (Sheltered Workshop)	Company Ltd by Guarantee
<b>Local Services</b>	Ryton Credit Union	Membership based financial organisation
	Scout Dike Activity Centre	Company Ltd. by Guarantee and Charity
	The Ribblesdale Area Moving Picture Show	Unincorporated association
	Pennine Magpie	Company Ltd by Guarantee
<b>Intermediaries</b>	Kiveton Park and Wales CDT	Co. Ltd by Guarantee
	Richmond LETS	Association
	Craven Cattle Marts Ltd.	Private limited company
	Dales Quality Meat	Private limited company

Case study information was collected using a standard interview template. All case study respondents were asked about the history and origins of the business, its main sources of funding, its main outgoings and its plans for future development. Case study respondents were also asked to comment on the geographic distribution of various economic links. These included the residential location and number of employees, the residential location and number of volunteers, and the location of suppliers, customers, beneficiaries and

competitors. Respondents were asked to categorise the location by the following classifications:

- Same village or town
- Within five miles
- Nearest town
- Wider District
- County
- Region
- Outside or beyond the region

The classification can be seen as a series of concentric rings spreading out from the business. The one exception to this is 'nearest town'. This category was used where the business was wholly located within a single village and a 'nearest town' could be identified. The 'nearest town' category was not used where the community business was located in a town and where a service was delivered across a district, as in the case of rural community transport schemes.

The information provided through this form of analysis is intended to provide an indication of the **geographic footprint** of rural community businesses, and to demonstrate how effects can either be concentrated or easily dispersed. An example of the former might be a local economic trading scheme (LETS) initiative which encourages barter-based trading within a restricted locality. The latter is likely to occur where the main suppliers are in the wider region or beyond (as in the case of a business requiring specialist equipment). Analysis of the geographic footprint of rural community businesses also highlights levels of displacement. For instance, a community business may do nothing to increase aggregate consumer spending, merely displacing trade from competitors in a neighbouring area. However, on the positive side, analysis of supply chain and employment patterns is also able to highlight the extent to which money is kept within a locality. Issues of deadweight (the extent to which an outcome would have happened anyway), displacement, and income and supply chain effects, which combined are used to estimate the net impact of community businesses, are discussed in the concluding sub-section of this section. The initial analysis discusses gross impacts and the initial effects rural community businesses have.

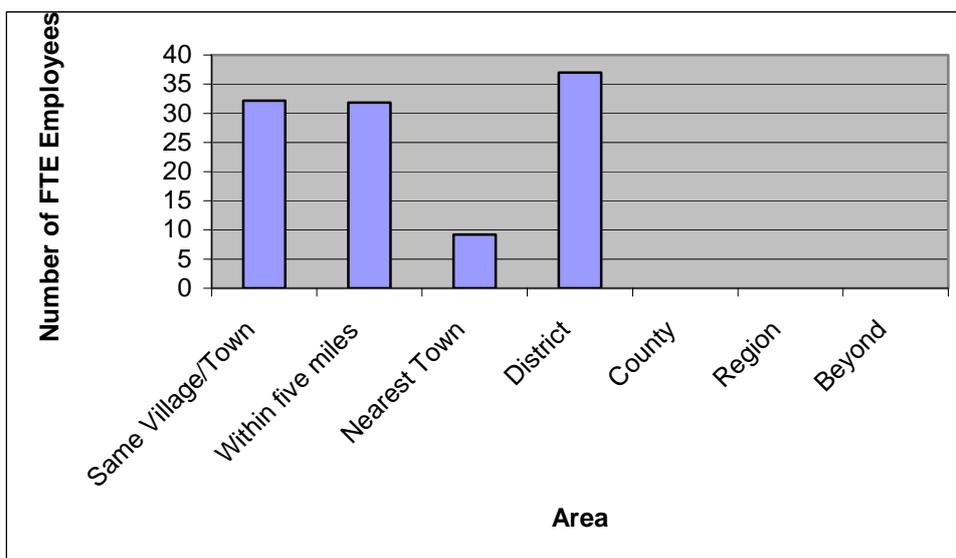
While the case studies reflect the range and variety of rural community businesses in the region, they should not be viewed as a statistically representative sample. Moreover, community businesses operate at a variety of geographic scales. Sometimes they provide a service to a single village or community, whereas in other cases they have a rural base but provide services and goods across the region, and even beyond. For these reasons it is difficult to estimate the aggregate impact of rural community businesses in the region. Developing a database of businesses which would allow the development of a robust sample frame should be undertaken before substantial support is given to rural community businesses. Surveys of a representative sample of community businesses would allow estimates of the impact of support to be made, and for the needs of community businesses to be identified. This would allow future support to be targeted more effectively. The analysis presented here instead seeks to provide an overview of geographical impacts, to provide a range of impacts (from those serving a very local market to those with regional and national markets), and to comment on what appear to be "outliers": that is, those cases which appear to have very distinctive patterns of impact.

### 3.3 Employment Impacts

Figure 3.1 reveals that employment is concentrated in a relatively small area: 58 per cent of employees in the case study businesses live within five miles of the business and all

employees live within the district. This figure appears high and it is noticeable that there was no in-commuting from outside the district. This appears to reflect four distinctive supply and demand characteristics of rural community businesses. Firstly, many of the jobs are not highly paid against average salary levels, although they were broadly similar when like-for-like comparisons were made. In general, travel to work distances tend to rise with income levels. Secondly, and more significantly, many of the jobs are part-time and need to be fitted in around other commitments, in particular childcare. Being close to work is therefore an important consideration when searching for employment. Thirdly, there is also a commitment on the part of many community businesses to employ local people. Finally, travel to work distances often mask disproportionately higher travel to work times in rural areas. This can be compounded by weak public transport provision. Unfortunately, the case studies were unable to reveal which of these factors is most significant in explaining employment concentration. However, it is unlikely that this pattern will change significantly.

**Figure 3.1: Residential Location of Employees (Full Time Equivalents)**



- Notes:**
1. Data extracted from case studies. 17 out of 20 case studies responded that they contributed directly to employment.
  2. Full time equivalents (FTEs) are used as a standard measure of employment. FTEs assume a 35-hour or more working week. Part time jobs are counted as a proportion of FTEs based on the number of hours worked each week. Seasonal and temporary jobs are also expressed as a proportion of an FTE depending on hours worked.
  3. Area refers to the residential location of employees. Where the employment is based in a town, responses for 'nearest town' were recorded as district.

Employment levels vary greatly between the case studies. In total the businesses examined employ 110 full time equivalents (FTEs). However, just four of the twenty account for 69 per cent of these FTEs. These are typically large social enterprises (such as the Scout Dike Activity Centre and Wildwood) or the Auction Marts (such as Craven Cattle Mart). If these businesses are excluded from the analysis the other case studies with employees (twelve in total) have on average less than three FTE employees each. This is far more typical of rural community businesses that develop within individual villages and communities. On their own such businesses therefore cannot be considered as major employers. However, while a focus on the number of full time equivalents helps in making comparisons, it can mask the wider impact of the businesses on people and households within a rural community. Thus, their role in providing work can be more significant for local communities than the overall figures suggest, not least because much of the employment is provided on a part-time basis. For example, although a business may employ two FTEs it may in fact be employing eight staff working between five and 10 hours a week.

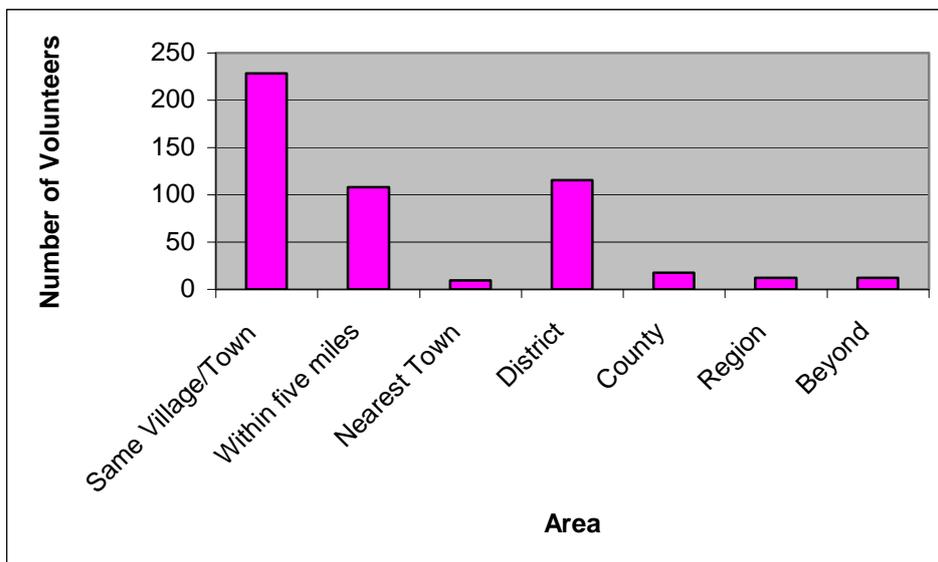
### 3.4 Volunteering

Figure 3.2 shows the residential location of volunteers involved in running community businesses. This reveals that nearly 67 per cent of volunteers reside within five miles of the business. This is a greater level of concentration than for employment. As with the employment figure there appears to be a similar set of explanatory factors:

- volunteering is normally fitted in around other activities (close proximity is therefore required);
- it can be difficult to travel to the location where volunteer activity is provided; and
- there is normally no financial return to cover travel costs.

However, of far greater significance for rural community businesses is the fact that volunteering is a 'community' activity, which in the case of rural areas will more frequently be centred on the village itself.

**Figure 3.2: Residential Location of Volunteers**



- Notes:**
1. Data extracted from case studies. 14 out of 20 case studies responded that they used volunteers in the course of running the community business. Volunteers were not counted who were involved as board members or in the setting up of the initiative.
  2. The number of volunteers represents the total number of people who regularly volunteer and not full time equivalents. Some allowance is made for occasional volunteers (for example volunteering on an seasonal basis).
  3. Area refers to the residential location of volunteers. Where the business is based in a town, responses for 'nearest town' were recorded as District.

The level of volunteer activity ranges from zero and unimportant to all-encompassing and indispensable to the operation and survival of the business. Six of the case study examples draw on no volunteer support in the running of the business (often because they are run on a commercial basis or have reached a certain scale and have a full complement of staff). Many small-scale projects often rely heavily on a few volunteers, and this is recognised as a factor which could undermine them in the long term if no replacements could be found. However, typical village-centred community businesses often involve between 10 and 25 active volunteers who provide a range of skills and are engaged through local village forums. Three projects reported far greater numbers of active volunteers: Scout Dike Activity Centre with 50; Richmond LETS with 100; and Wensleydale Railway with 150. Whether the participants in the Richmond LETS scheme

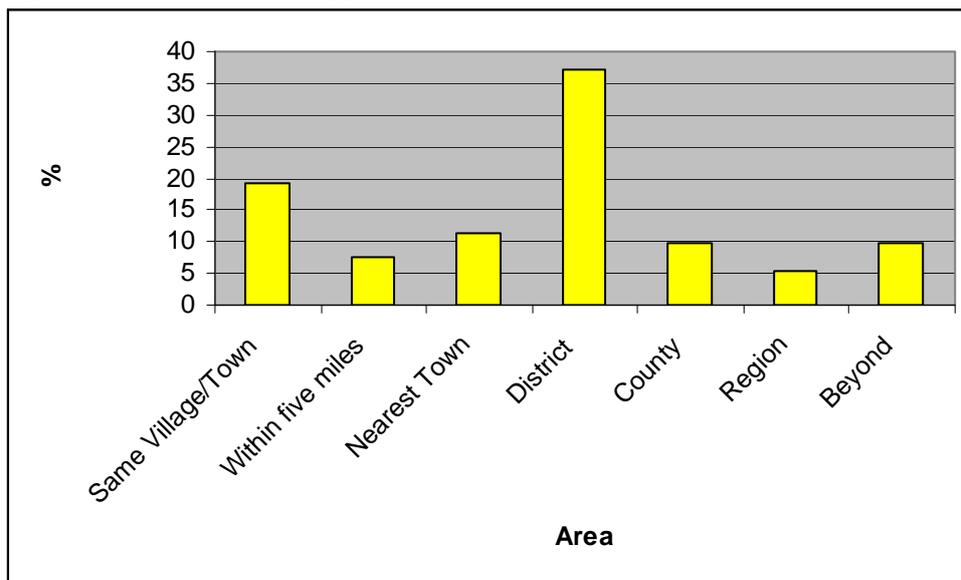
should be classed as volunteers is debatable as they also act as suppliers and customers to the scheme.

### 3.5 Suppliers

The geographic location of suppliers provides an indication of the extent of local trading. Together with employment patterns, it shows whether money remains within the local economy or leaks out. In most cases the largest element of expenditure by rural community businesses is on staffing. However, there are two notable exceptions to this: firstly, businesses which rely solely on volunteers, such as the Midgley Community Shop and secondly, businesses which have just been established and needed to make substantial capital investments.

The following graph shows that nearly 27 per cent of suppliers are within five miles of the rural community business. This figure is actually much higher than expected. It is explained by two factors. Four businesses (Claro Enterprises, Wensleydale Railway, Ribblesdale Area Moving Picture Show and Pennine Magpie) have over 30 per cent of their suppliers within the same town (all are based in market towns). Many businesses also reported a strong commitment to sourcing supplies locally and moreover would like to increase the amount of locally supplied goods. This is especially the case for community run shops.

**Figure 3.3: Location of Suppliers**



**Notes:**

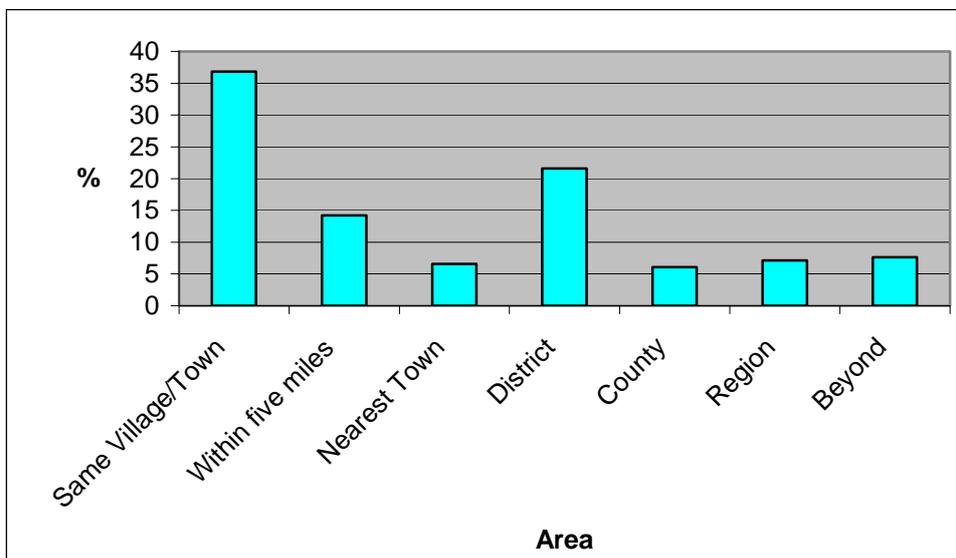
1. Data extracted from case studies. 19 out of 20 case studies provided information on the links with suppliers.
2. Case Study businesses were asked to comment on the proportion of their suppliers from a particular area.

The location of suppliers may also mask significant issues around volume. The location of suppliers has been used as a proxy for supply chain issues. Ideally, the volume or monetary value of purchases would have been used. This would also have highlighted the variance between businesses in terms of the amount spent on supplies. In those case studies where this issue was explored in more detail it was evident that most supplies by volume probably come from across the District rather than the immediate locality, and that a higher proportion than shown comes from across the county. For those requiring specialist goods and services, sourcing is more likely to occur within the wider region or even beyond.

### 3.6 Customers

Figure 3.4 shows the location of the customers of the rural community businesses. Across all of the twenty examples studied, just over half (51 per cent) of customers are located within five miles of the business. This reflects the strong local market serving role of community businesses. Moreover, six of the businesses have much wider markets. These include: Claro Enterprises; Wildwood; Scout Dike Activity Centre; Wensleydale Railway; Craven Cattle Marts; and Dales Quality Meat. In each case this would be expected. These organisations are typically providing a service as an intermediary (such as the Marts), are providing a service across a wider area (Scout Dike Activity Centre) or the sale of goods is not the core aspect of the business (Such as Claro's provision of sheltered workshop support for people referred from local social service and health organisations).

**Figure 3.4: Location of Customers**



**Notes:**

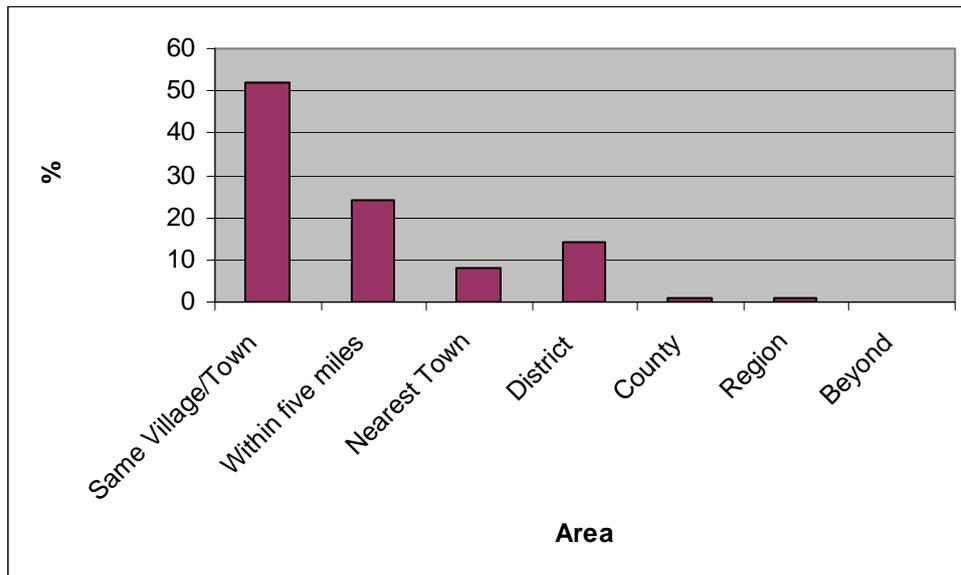
1. Data extracted from case studies. 19 out of 20 case studies provided information on the location of their customers.
2. Case Study businesses were asked to comment on the proportion of their customers from a particular area.

If these six organisations are excluded from the analysis, then a much greater level of market serving is revealed. Ten businesses reported that over 60 per cent of their customers are located within five miles: this is half of the case study sample. Four businesses have over 90 per cent of their customers within five miles. These businesses are typically local shops or childcare initiatives. Similar levels of local service are achieved by local transport initiatives (Whitby Good Neighbours and Holderness Hopper). However, to a large extent both initiatives are able to target specific groups of customers.

### 3.7 Beneficiaries

Five of the case study businesses support beneficiaries. These are people or groups who received a service at zero or substantially reduced cost. The following graph shows that 52 per cent of beneficiaries are located in the same village and 76 per cent within five miles. This reflects the ability of businesses to target specific client groups: which in most cases are geographically defined.

**Figure 3.5: Location of Beneficiaries**



- Notes:**
1. Data extracted from case studies. Five out of 20 case studies provided information on the location of their beneficiaries.
  2. Case Study businesses were asked to comment on the proportion of their beneficiaries from a particular area. Beneficiaries were defined as individuals, groups or other businesses which benefited from the provision of goods or services provided either free of charge or at a substantially reduced rate.

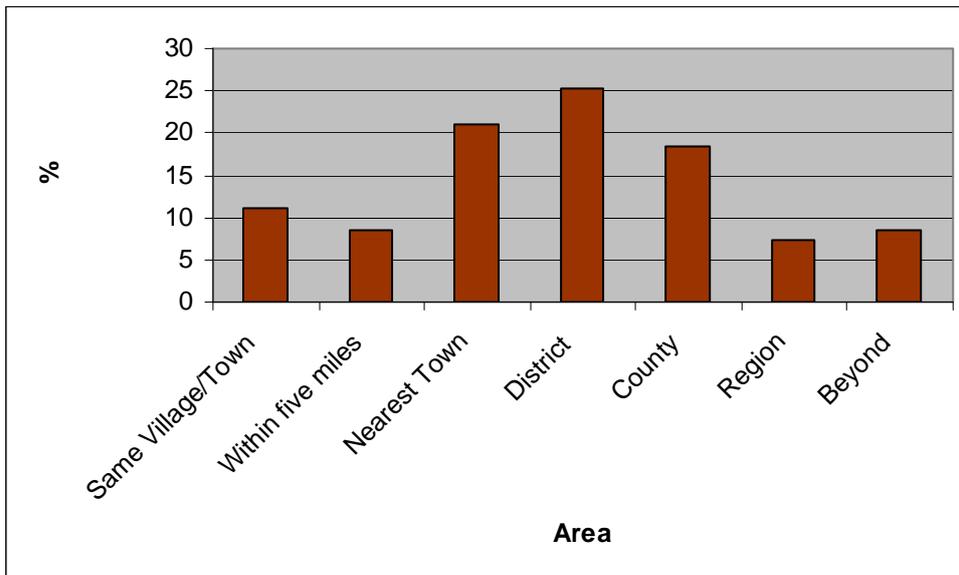
Two organisations operate across their districts, Claro Enterprises and Craven Furniture Scheme. The organisation with the greatest concentration of beneficiaries is Kiveton Park and Wales Development Trust.

### 3.8 Competitors

Identification of competitors was possible for 18 out of 20 case studies. However, seven case studies highlighted that they do not have 'direct' competitors and that they are providing goods and services which would not otherwise be provided to a particular market or at a reduced price. In these instances, competitors are taken to be other public or private sector organisations working in similar markets. However, even in these cases it is likely that some consumers will be willing to pay a higher price or to travel further to access goods and services provided by a private sector competitor to the rural community business. The justification for the community business is that issues of rurality (such as sparse population and poor transport access) mean that too many residents are excluded from a particular market. Rural community businesses therefore provide one mechanism for addressing these issues of equity.

Figure 3.6 shows the location of the competitors to rural community businesses. It provides a good illustration of the geographic dispersion of competitors to rural community businesses, which in turn reflects issues of access. The graph reveals that 34 per cent of competitors are outside the immediate district area and that less than 20 per cent of competitors are within five miles. However, this masks considerable variations between different types of rural community business. Rural shops and childcare initiatives face greatest competition from either neighbouring villages or nearby towns. In contrast other initiatives, such as transport schemes, mobile picture theatres and recycling schemes see most competitors as being at the district or regional levels. These are activities that are unlikely to be provided without significant public assistance or volunteer action.

Figure 3.6: Location of Competitors



**Notes:** 1. Data extracted from case studies.  
2. Case Study businesses were asked to comment on the proportion of their competitors from a particular area.

Geographic dispersion also raises the key rural issue of accessibility, a difficulty faced by some residents even where alternative provision is located in the nearest town. Unfortunately the case study investigations focused on the operation of particular community businesses, and not on the alternative sources of provision that might be open to their customers, and the extent to which these customers have difficulties in gaining access to them (whether this be through reasons of availability of transport links or ability to meet travel costs, or both). The lack of localised data on such matters means that such calculations will always be tricky, but there needs to be some form of assessment of the scale of the problem in selecting the most appropriate response.

Indeed, the nature and extent of market failures is at the heart of identifying the most appropriate support which is required in rural areas and how that support should be provided. Community businesses provide one mechanism to address such market failure. However, there are clearly alternatives which should be considered alongside community businesses. These may include:

- providing direct financial assistance to specific target groups in rural areas;
- providing incentives and or regulation which ensures key services continue to be delivered in rural areas by mainstream commercial providers;
- building community capacity and volunteering to allow services to be delivered voluntarily.

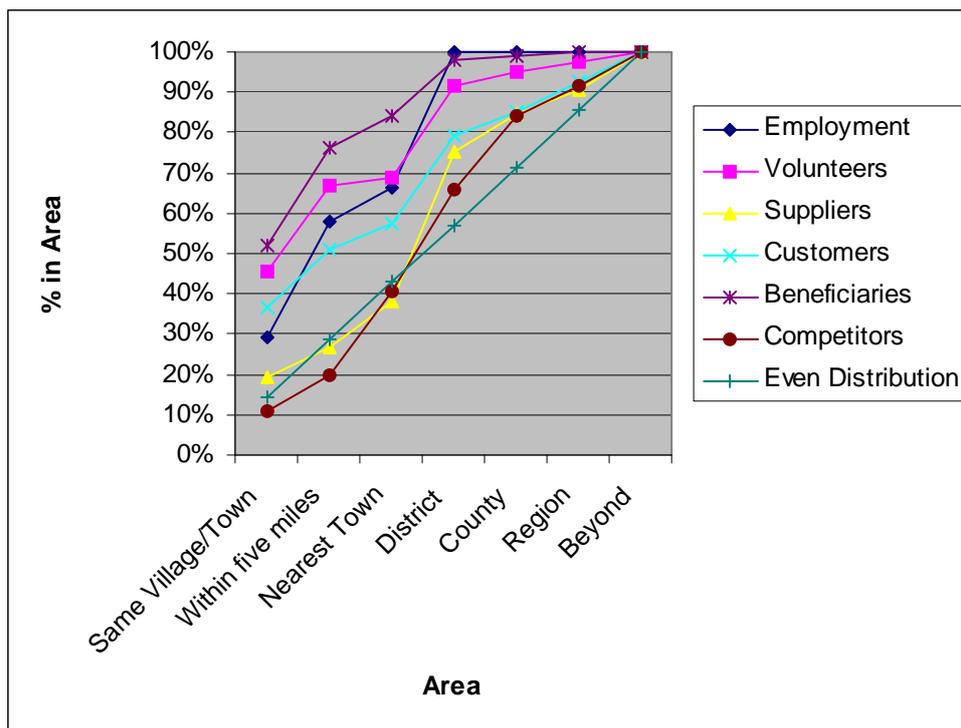
The first option although difficult to administer does give significant control and freedom of choice for individuals. However, it may be inappropriate for the delivery of public goods or social services which require public investment in infrastructure and service delivery (for instance, a community transport scheme for disadvantaged groups). The second alternative may also be highly effective and may reap benefits from the scale economies and service benefits which commercial providers can bring, for instance in terms of choice. This may be the case for financial services. Finally, voluntary action has been shown to underpin rural community activities. This is to some extent an alternative delivery mechanism to either the public or private sectors. Underpinning the choice of

which alternative should be considered is an understanding of how market failures can be overcome and the extent to which these are due to rural issues.

### 3.9 Summary of Contribution

Figure 3.7 compares the geographic footprints of employment, volunteering, suppliers, customers, beneficiaries and competitors. The graph also contains a 45° line (marked in green). The greater the distance from this line indicates the greater levels of geographic concentration. Above the line and linkages are concentrated more locally, below the line and activities are more dispersed.

**Figure 3.7: Summary of the Contribution of Rural Community Businesses**



**Notes:** Summary data extracted from analysis of key areas of contribution by Rural Community Businesses.

The graph shows that beneficiaries, volunteers and customers are most geographically concentrated for rural community businesses, especially at the level of the village or town. It also illustrates that over 50 per cent of employment, beneficiaries, volunteers and customers are captured within a five-mile radius. Most geographically dispersed are suppliers and competitors. To a large extent this is as would have been expected. However, the graph does mask the considerable variance for specific types of community business. For instance, a community owned shop or childcare initiative is likely to have an even greater concentration of volunteers, employment and customers within a five mile radius, probably of an order ranging between 80 and 100 per cent. Its suppliers are likely to be contained within the district and its competitors are likely to be in neighbouring villages and nearby towns and certainly not outside the district.

### 3.10 Estimating the Net Impact of Rural Community Businesses

The preceding analysis has outlined the geographic footprint of rural community businesses. The analysis has focused on explaining the direct, or gross, effects of rural community businesses. However, many of the rural community businesses used as case

studies had received public assistance in the form of grants. Caution therefore needs to be shown in assuming that rural community businesses are having similar net effects. Some of these issues were touched upon in the discussion on the competitors to rural community businesses. The standard method to move from gross to net effects is to estimate levels of deadweight, displacement, supply chain linkages and income multipliers. Although these factors are normally used in the estimation of the employment effects of an intervention, they can also be applied to the estimation of other benefits. How the terms can be applied to rural community businesses is explored below:

- **Deadweight** is the extent to which any change, for an instance an increase in employment or provision of services, would have happened anyway. Levels of deadweight across rural community businesses appear to vary greatly. In some cases there was a clear case that rural community businesses are responding to the withdrawal of services in the village. However, those willing to pay higher prices may still have accessed those services, although at greater cost. This may either be through travel or by paying for goods and services to be delivered.
- **Displacement** is the extent to which benefits have been achieved in one area at the expense of another. This issue was discussed in the section on the location of competitors. Many rural community businesses responded that they had no direct competitors. This reflects the very marginal markets that many rural community businesses operate within. However, there were clearly alternatives for customers, typically being provided in the nearby town, to some rural community businesses. The question here is to what extent the businesses studied stimulated additional spending over and above what people would have bought anyway. Two key questions arise: first, does securing a relatively small shift in spending patterns to the more local level have an adverse effect on other suppliers? Second, does this minor shift produce local social and economic benefits that make it justifiable? The overall impression is that rural community businesses have a very small bearing on spending patterns across a wider geographic area and do not significantly distort competition. On the basis of the case study evidence, the answers appear respectively to be "no" and "probably". In terms of the latter, however, this then raises the important follow-on question: if the business relies on public funding for its existence, could the benefits it generates have been achieved in a more cost-effective way?
- **Supply chain effects** are a measure of the extent to which rural community businesses trade with other businesses in the locality. The greater the level of trading within an area, the greater the knock-on effects will be. Unlike deadweight and displacement, supply-chain effects are a gain to the area. There were some encouraging attempts to build local supply chains and a commitment to purchase goods locally. Examples include: the development of a wholesale delivery service to village shops in Wensleydale by a local supermarket in Leyburn (which emerged out of an initial arrangement to provide supplies to the Redmire Community Shop); and the tie-up between the Dales Quality Meat marketing initiative and a newly established abattoir, also in Wensleydale. However, in general, the evidence suggests that most rural community businesses purchase the majority of supplies from outside a five mile radius. This is as expected given that it is likely that most villages will have a limited range of businesses. Where there was evidence of local purchasing it was more likely to be by a rural community business based in a market town. It is therefore highly unlikely that supply chain effects will be very significant from rural community business activity, and indeed are likely to be lower than in urban areas.
- **Income multipliers** measure the extent to which direct beneficiaries of a rural community business (that is additional employees) purchase goods and services

within the locality and therefore their contribution to further local economic activity. As with supply chain effects, income multipliers are a positive gain to the area. However, the level of income multipliers is likely to be very low for most community businesses in rural areas. Exceptions to this are LETS schemes and other local trading schemes which seek to retain local personal expenditure in the locality. The nature of most rural community businesses mean that such effects are likely to be the exception.

The following table provides an example of the differences between gross and net effects. It uses employment as the main impact measure. The levels of deadweight, displacement, supply chain effects and income multipliers are typical of small business support schemes. It assumed that the initiative creates 10 jobs in the first instance.

**Table 3.3: Worked Example Gross and Net Employment Effects**

Effect	Level	Impact
<b>Scheme creates 10 jobs...</b>		
Deadweight	30 per cent	
Displacement	30 per cent	
<b>Less Deadweight and Displacement</b>	-6 jobs	4 Jobs
Supply Chain	Multiplier is 1.10	
Income Multiplier	Multiplier is 1.10	
<b>Add Supply and Income effects</b>	+0.8 Jobs	4.8 Jobs

Although a simplified example, the table shows that providing support to rural community businesses is unlikely to result in significant employment effects, especially when net impacts are estimated. However, the case studies and stakeholder interviews revealed that such analysis needs to be considered alongside two other factors.

Firstly, the levels of deadweight and displacement may be tolerable for public intervention. This recognises that supporting rural community businesses may be difficult but that the wider benefits outweigh the costs. This may be especially the case in the provision of services for social and equity reasons. For example, the support of a local shop which benefits the elderly or the provision of transport for a disadvantaged group, such as the rural unemployed.

Secondly, direct employment effects may be relatively small but the rural community initiative has wider effects. For example, childcare initiatives such as Dacre Banks Pre-School Group and Thurgoland Out of School Club allow parents to enter the labour market, and social enterprises often provide training and employment advice (such as Kiveton Park and Wales Development Trust). However, in these cases assessments of deadweight and displacement can still be made (for example, to what extent would parents using the childcare initiative have found employment anyway?). Again, there is an equity issue here and the initiative whilst having a high level of deadweight may prove to be the most effective way of helping a particular group.

### 3.11 Conclusion

This section has outlined the geographic footprint of rural community businesses. It has found considerable variation between the different types of business included in the case studies. Some have far greater local effects than others. This section has also highlighted that both the gross and the net impact of rural community businesses on employment is likely to be relatively small. However, rural community businesses may provide the basis for the wider renewal of rural economies, for example through improving access to transport and childcare provision, and providing services to specific disadvantaged groups.

Two other factors should be considered. Firstly, many rural community businesses, perhaps to a greater extent than their urban counterparts, benefit from substantial amounts of volunteer support. The case studies showed that this often brought a wide range of skills to the business. Volunteering was also geographically concentrated, with rural community businesses providing a focal point for voluntary action in some places, where none might be forthcoming otherwise. Moreover, the success of rural community businesses often depended on voluntary action.

Secondly, the analysis of competitors highlighted that rural community businesses provide one approach to addressing the withdrawal of a range of local services. Alternatives to supporting rural community businesses include providing incentives (or regulation) to mainstream commercial providers to continue a service in rural areas, providing direct financial assistance to those groups facing particular hardship from the withdrawal of a service and the development of local capacity to allow services to be delivered on a voluntary basis. These alternatives should be considered alongside the case for supporting rural community businesses.

## **4. The Development and Growth of Rural Community Businesses**

### 4.1 Introduction

This section examines the origins of rural community businesses in particular localities, the process by which rural community businesses are set up and how they develop. The section draws on the case studies to provide real examples of business development. Although many of the case studies are highly context specific they do provide a series of general lessons for other rural community businesses.

### 4.2 Business Establishment and Start-Up

Understanding the **starting point** of the business and its rationale was found to be crucial to understanding how it relates to the wider social and economic context of the rural area within which it operates. The starting point for rural community businesses tended to take the following forms:

- Response to the withdrawal, or to the lack of, local services (for example community owned shops, transport schemes);
- Attempts to sustain the rural (and specifically agricultural) economic base through collaboration (for example Meat Marts);
- Provision of services to meet economic and social needs (for example childcare, furniture schemes and sheltered workshops);
- Attempts to improve quality of life (for example through cultural activities);
- Use or reuse of community assets, usually via rental, lease or purchase of premises.

In most of these cases the gap in provision or need for a particular service is easily identified, and is likely to be actively discussed by local residents, either informally or in the normal meeting places or arenas such as village halls, churches, parish council meetings, etc. However, in some cases there may be **hidden gaps or latent needs** that individuals might notice but around which collective discussion and group formation tends not to occur. The role of consultative processes like the work around the Community Investment Prospectuses in North Yorkshire and the Community Action Plans in South Yorkshire could help in this regard, indicating where a sufficient number of people independently indicated a type of service that they would like to see being provided locally. However, this is only the first step, and there then has to be some mechanism whereby people interested in the idea come together to see if they can put it into practice. This generally falls to the initiative of one person or a small number of committed people, who organise an open meeting to bring people together, advertised as widely as possible to ensure that all those interested have a chance to attend. Successful examples of this approach include the Holderness Hopper and TRAMPS. The main question is how to ensure that this process is put in train where this local resident initiative does not emerge.

Reflecting the variety of businesses in the case studies, there was no one form of **community involvement**. Community involvement took many forms and was typically reflected in the legal form and purpose of the rural community business. That is, the 'community' for each business varied. Four broad types were found which cut across the different good and services businesses provided:

- **Area based and controlled rural community businesses:** this was the largest group of case studies. The business had been set up by a group of residents either from a single village or from a group of neighbouring villages. This form was typical where the local community had responded to the withdrawal of a local service (for example a bus service or local shop) or had identified the opportunity to provide a new service (for example childcare). This form of rural community business tended to be highly inclusive of all residents or a group of residents (for example parents with children)
- **Social enterprises with a wider social purpose:** other RCBs, although providing services locally did not have a clear link to a specific geographic community, although most of their services may be delivered locally. This type of business was typified for the sheltered workshops providing support to groups with specific needs (due to learning difficulties, mental or physical health needs) or providing a service across a community (for example furniture re-use schemes).
- **Intermediary businesses owned by other businesses or stakeholders:** the Agricultural and Meat Marts were the best example of these. They typically involved Meat Mart diversifying into new areas of activity which could provide a greater return for shareholders.
- **Community-linked commercial businesses with a market serving role:** these businesses had arm's length rather than direct ownership and control links to the local community. Here the primary relationship with local residents, members or other businesses was a trading one. One model for this was where a local community-based organisation owned the premises but leased it out on a contractual basis to an individual or firm who then ran the business on a commercial footing (for example, Bradfield Post Office and Shop). An alternative is a public limited company with shareholders largely drawn from the area served, with conventional financing and structure but with a strong local commitment and awareness of its potential contribution to the wider rural economy (for example, Wensleydale Railway). However, these businesses recognised that their long term success depended on gaining support, custom and perhaps even voluntary input from local residents and businesses.

These different types of business were found to have quite different economic and social effects on rural areas and they were found to have differing support needs (including financial aid and business advice).

Two common features of the case studies, regardless of the type of business examined, were the **leadership** of the organisations and the **capacity** at their disposal. These two factors appeared to have a strong bearing on the relative success to date of the organisations and the likelihood that they would be sustained into the future. Leadership was exercised either by an individual or group of individuals (in the case of locally controlled businesses) or by a particular intermediary organisation or businesses (as in the case of the Meat Marts). In the latter case the Meat Marts typically operated entrepreneurially to develop new markets for their stakeholders (local farmers).

### **Case Study: Local Leadership**

#### **Midgley Community Shop**

Midgley is a village of approximately 600 people and is a mile outside the village of Mytholmroyd in West Yorkshire. The idea for the shop was born out of the activities of the Midgley Community Forum, which consists of 25 active members or representation from around 10 per cent of households in the village.

The Forum came together in October 2001 in response to the closure of the shop and Post Office in the August of that year. The group decided to relaunch the shop but needed property. Through local fund raising and support from the Countryside Agency and Post Office they raised the necessary set-up costs of £64,000.

A survey of local households yielded a response of 120 questionnaires – all but 12 of the respondents said that they would use the shop at least once a week and also gave an indication of the amount they would spend.

The shop is constituted as a society registered for community benefit with the Industrial and Provident Society. 56 members have purchased £10 shares. The management consists of eight members (three officers) who are elected by AGM. A shop volunteer rota has been established and this involves 20 people contributing a few hours each week.

The Midgley community shop and post office has been carried forward by a large group of active volunteers in the village. It provides a model for the response to the loss of local services. The active volunteers have shown considerable leadership in developing the business and, as with many rural villages, have brought a wide range of managerial skills to the development of the business.

The establishment of rural community businesses and social enterprises was often due to the time, resources and skills of a relatively small group of people. However, their ability to drive forward the development of the business also depended on the level of ownership local people had in the organisation.

### **Case Study: Local Capacity Building**

#### **Kiveton Park and Wales Development Trust**

This community development trust was formed in 1997 in response to the hardship and deprivation suffered by the local community as a result of the closure of the colliery in 1995. The trust is a mix of local groups, agencies and residents working to secure the social and economic regeneration of this former coalfield area.

Project Development Worker, David Oldroyd, a local resident and former volunteer, gained a great deal of skills and knowledge from the attendance of courses run by the South Yorkshire Regen School. Staff at the trust also benefited from the mentoring received from the established Manor and Castle Trust in Rotherham, which was made possible through the Development Trusts Association network. They were able to pass this expertise on and a range of capacity building initiatives have increased the level of community involvement. Extensive consultations, community-planning days, IT workshops and the production of newsletters and questionnaire surveys have enabled the most marginalised members of the community to gain the confidence and skills to participate. The knowledge and capacity that staff have built up is now being utilised to draw in income through various activities such as a consultancy service to other community groups.

The development of rural community businesses, typically those owned and controlled by local residents, generally followed a series of steps. These included, the identification of local need, the development of a community response, the development of a business plan and the establishment of the business. For some, one of the key aspects in whether or not they got started was success in securing access to suitable premises (or land) where the business activity could take place or be based. The case study evidence indicates that this can occur in all sorts of shapes and forms. Thus, it might involve the local parish council taking the initiative and arranging for the purchase of the building, as

in the case of the Bradfield shop. In other instances, good links with a local landowner (and a positive attitude on their behalf) has been instrumental. Community-owned assets can also be of crucial importance here. A number of examples where village halls are being used for local service provision emerged from the overall scoping exercise, although not on the scale that might be expected. For some that had followed this route, in fact the whole operation of the hall as a community facility had been turned into a community business in its own right, the Riccall Regen Centre being the most prominent of these. Unfortunately, none of these examples was included in the selection of case studies.

Running alongside these steps in all case studies were the building of local capacity and structures and the leadership role played by a group of individuals or existing organisation. Where this process worked well, there was a high degree of trust between local residents and the key group of individuals leading the activity.

#### **Case Study: Use of Community-Owned Assets**

##### **Dacre Banks Pre-School Playgroup**

This pre-school playgroup was previously run by a private businesswoman who decided to end the service in 1998 as it was not deemed profitable. This prompted a group of local parents to get together, form a Board of Trustees and take over the running of the service as a not-for-profit venture. The pre-school playgroup provides a service for parents and children who would otherwise have to travel significant distances in order to access early years provision. It relies on a core set of users and a fairly limited resource base.

The Trustees have been able to minimise costs by hiring the Hartwith and Dacre village hall which is well equipped with wheelchair access and disabled toilets. As the playgroup is in the community interest the hall is hired at a relatively cheap rate from the Parish Council, thus ensuring that the money stays within the local economy. Without this arrangement the playgroup would struggle to find alternative premises and may not be able to operate.

### **4.3 Finance and Funding**

The diversity of rural community businesses used as case studies is reflected in the financing of rural community businesses. All the businesses used as case studies have managed a cocktail of funding streams. These include a mix of:

- public grants
- public service contracts
- subsidised loans
- awards from charitable trusts
- use of own reserves
- donations and loans from private companies
- bond issues
- membership fees
- trade income
- commercial loans
- income from local fund-raising events.

This income has come in a range of forms and has been used for different purposes. Typically grants from the public sector have been used for pump priming or to fund a specific project. Most businesses have also aimed to cover their running costs with their trade income. This appears to be a useful benchmark of sustainability. Income from additional activities (for example fund raising events or donations) have often been sunk into reserves either for future capital investments or to ensure that short-term cash flow problems do not jeopardise the business.

Table 3.3 lists some of the sources of funding the case studies have used.

Although there was a wide range of funding models used to support the businesses these tended to reflect the type, purpose and organisation of the business, particularly where a mix of funding was being managed successfully.

**Table 3.3: Sources of Funding for Rural Community Businesses**

<b>Sources of Funding</b>	
<p><b>Public Grants</b></p> <p>Single Regeneration Budget                      Single Pot (Yorkshire Forward)                      Local Authorities (for example small grant schemes)                      Parish Councils                      National Lottery                      Structural Funds programmes                      Coalfields Regeneration Trust                      Volunteer Bureau                      Countryside Agency (Vital Villages)                      Landfill Tax                      Rural Enterprise Scheme</p>	<p><b>Public Sector</b></p> <p>Health Authority contracts                      Probation Service Community Service contracts                      Social Services departments                      Department for Education and Skills                      Royal Mail Sub-Post Office contracts</p>
<p><b>Private Trusts and Companies</b></p> <p>Tudor Trust                      Lloyds TSB Trust                      BIFA Grant                      Scarman Trust                      Ecology Building Society</p>	<p><b>Private Income</b></p> <p>Fund raising and donations                      Membership Fees                      Bond issues                      Share issues</p>

**Community owned businesses** had typically received funding to undertake initial capacity building and feasibility work, for example through the Vital Villages initiative or through a small Structural Funds grant. More substantial funding had then been received, again from grants, to cover some initial start-up costs. This approach was taken for community owned village shops, LETS, credit unions and some cultural activities (for example The Ribblesdale Area Moving Picture Show). Once established these organisations typically did not have substantial plans to grow further. Rather, they placed an emphasis on strengthening and improving a particular service and maintaining its viability. This was often through a mix of financial and in-kind support. This primarily included income from trading, donations and membership fees and the support of volunteers, particularly in being members of the board and providing guidance. A rule of thumb for many organisations was that trading income was used to cover running costs (at least in the early years) and that other support would make a contribution to reserves.

### **Case Study: Funding Community Owned Businesses**

#### **Castle Bolton and Redmire Village Shop**

In 1997 the closure of the Post Office and shop in Redmire prompted a group of villagers to band together in an effort to reopen it. With support from ViRSA, they decided to set it up and run it themselves. Funding was raised from five main sources: Association membership fees; local fund-raising events; a grant from the local Parish Council; a grant from Richmondshire District Council; and a grant from the European Structural Funds. The Royal Mail paid directly for the post office fittings and equipment, and a local developer made garage premises available at a peppercorn rent. In kind support was also provided by the local council in the form of assistance in preparing a Business Plan.

Income is exclusively from trading (sale of goods), plus the sub-post office contract payment from Royal Mail. This forms the salary payment for the shop manager and postmistress. There are no other employees; all other shop workers are volunteers.

**Social Enterprises** (including area based development trusts) were found to be much more dependent on public assistance. This largely reflects the primary purpose to address social needs and in effect to provide an alternative to public sector delivered welfare policies. Public assistance took a range of forms, including grants to develop the social enterprise (i.e. start-up activities), ongoing community capacity building, and the delivery of a range of public and quasi-public services. These services include running training and employability schemes, supporting intermediate labour markets (ILMs), supporting other community based organisations and delivering services on behalf of social services and health organisations. This array of support reflects wider regional and national policies for the direction of social enterprises. Although current funding arrangements are often grant based and short term (between six months and three years), the longer term aim is for social enterprises to build the necessary capacity to deliver public services on a contractual basis.

In summary, the social enterprises remain heavily grant dependent (accounting for over 60 per cent of annual income in most cases) but the focus of future development is likely to be in terms of: developing capacity; developing long term contractual relationships with the public sector; and in identifying additional revenue streams. The additional revenue streams are important, will come through wider trading activities and will provide greater opportunities to build up surpluses for future development. Surpluses that contribute to social enterprise reserves will also provide some protection against the risks of short term cash-flow problems.

### **Case Study: Funding Social Enterprises**

#### **Case Studies include: Claro Enterprises, Hudson House**

**Hudson House** came about as a response to the closure of a bank in Reeth, North Yorkshire. A group of local volunteers came together to save the bank, but when this proved impossible, turned their attention to finding alternative uses for the building. With support for local government and from the Government Office for Yorkshire and Humber, the group of volunteers produced the Two Dales Partnership Community Investment Prospectus, the two dales being Arkengarthdale and Swaledale. Part of the Prospectus was the conversion of the bank into a resource centre with social housing flats above.

In January 2001 a group of trustees was formed for Hudson House and after sale and conversion works, the building was opened for business two years later. The rationale of Hudson House is to deliver a range of community services which engage public and private sectors through a socially owned asset.

The centre functions by letting space to a range of partner organisations. The main project partners include Yorkshire Dales National Park Authority, Richmondshire District Council, North Yorkshire Police Authority, North Yorkshire County Council and Swaledale Festival. The flats in the building were converted by Chevin Housing and provide rented accommodation.

Capital funding of £450 thousand for Hudson House came from a range of sources, including Chevin Housing, Yorkshire Forward Single Pot, Yorkshire Dales National Park Authority and the European Regional Development Fund. Revenue costs are met on an equal basis from the Single Regeneration Budget and from the rent of space.

Demand for office space in the village is anticipated to grow as the population of Reeth expands. This is likely to allow Hudson House to grow and to become sustainable from a mix of public and private sector client organisations.

**Claro Enterprises** was established in 1989 and is located in Harrogate. It is a company limited by guarantee and is a registered charity. It provides a sheltered workshop for sufferers of mental illness. The rationale of the organisation is that work in a sheltered environment provides an important form of ongoing support to sufferers of mental illness who are capable of work but would not be able to secure and maintain work in the regular labour market.

The main funding for Claro comes from North Yorkshire Social Services Department and from the Harrogate Health Authority. These organisations provide over 75 per cent of Claro's income. Additional income is earned by trading activities and the sale of products made in the workshop. These help cover some running costs and make a contribution to reserves.

**Hudson House** and **Claro Enterprises** provide two very different funding models of community owned businesses. Claro do not have a specific geographic remit although tend to cover the Harrogate, Ripon and Wetherby areas. They primarily provide a service for the public sector to a specific group. However, they do earn some revenue through trading. **Hudson House** have a much stronger geographic focus. Set up costs were primarily from public support. However, their long term rationale is to provide a range of service functions for the benefit of a specific geographic area. This will include renting space for meetings and training (for example in Information Technology) to public service organisations. They will also be able to rent office space on a longer term base to businesses setting up in the area. Finally, the flats in Hudson House will provide some socially owned housing for local residents.

**Intermediary businesses** are typically controlled by other businesses, either on a membership basis (for example Chambers of Trade) or through shares (for example the Meat Marts). They are either established as private companies with a shares issue or as companies limited by guarantee. The commercial purpose of the organisations means that public grant funding can often only support specific activities and at a certain intervention or grant rate. Where public grants have worked well, the case studies provided evidence of other funding which had been levered in, had worked alongside other forms of business support and ensured compliance with State Aid rules.

### **Case Study: Funding Intermediary Businesses**

#### **Dales Quality Meat**

Dales Quality Meat (DQM) is a marketing intermediary set up as a subsidiary of Hawes Auction Mart Ltd (HAM). It acts as the linkage between local farmers and the new abattoir 3 miles from Hawes - where they send their lambs and beef cattle - and also links the abattoir to the retail sector. Thus the business is performing the function of "matching livestock to particular market needs", with the underlying objective being to enable retailers and consumers to identify the route of their food "from pasture to plate".

SRB funding was acquired for the development phase of the idea which involved a feasibility study and market research. An extensive consultation with farmers revealed a very positive response to the initiative which then continued to gather pace culminating in the incorporation of DQM into HAM Ltd in November 2002, with trade commencing in March 2003. The business is currently supported by the Rural Enterprise Scheme via a grant which is designed to cover a diminishing proportion of expenditure year-on-year over a three year period.

DQM is currently in the process of a feasibility and marketing study, funded by SRB and Barclays Bank FMD fund, in relation to the building of a processing and packaging plant on the auction mart site. Proposed, is the inclusion of visitor facilities, partly as a means of demonstrating transparency, but also to provide further educational insight into the food chain, and to "sell" quality food as an idea. Part of this expansion also includes the sale of branded, pre-packed ready meals with the idea to market these to a number of high street butchers for instance. The funding sources for this capital expansion are not clear but are likely to involve a mix of public and private monies. DQM is a good example of intermediary business diversification.

**Private businesses which serve local markets** have a much narrower scope for receiving public assistance. This is typically based on where there is a market failure or where there has been a withdrawal of services. In these cases financial assistance should primarily be used for pump priming, that is providing incentives for commercial businesses to re-enter the area, and then through ongoing business support to ensure that the business is sustainable into the longer term.

### **Case Study: Funding Commercial Enterprises**

#### **Bradfield Post Office, Shop and Café**

Opened in April of this year Bradfield village shop and post office provides a good example of an innovative, collaborative approach towards maintaining rural service provision. Bradfield has had a village shop for many years but when the previous owners moved on, the City Council wanted to transform the property into a private residence and a struggle with residents ensued. The Parish Council eventually purchased the premises from the City Council with funds acquired through the Objective 1 programme.

Initial funding for this venture came from: a rural post office grant; the Objective 1 programme; and a private loan from relatives. The business is run on a commercial basis with profits accruing to the private owner. However, as the building is owned by the Parish Council, it fixes the rent against the shop income from the sub-post office contract payment received from Royal Mail. In return for this favourable rate the Shop Manager must conform to the details of the lease set out by the parish council which stipulate that grocery and post office provision must be maintained. Aside from the initial assistance with start-up costs the business has received no financial support due, in part, to its commercial status which closes a lot of funding avenues.

Some of the case study organisations fell between these classifications. One example is the Craven Furniture Scheme. This is currently a project overseen by Craven Voluntary Action. In the next eighteen months it intends to become a company limited by guarantee and contract for services in its own right. Sustaining its current level of activity will require a combination of volunteer support (at or above current levels), support to provide a furniture scheme for disadvantaged groups in Craven (typically the unemployed) and the development of revenue streams (for example through recycling activities). Through balancing these three activities it will both meet its social objectives and be sustainable.

This will require further local capacity building (to ensure volunteer support) and contracts to deliver particular services (for example low cost furniture to disadvantaged groups).

#### 4.4 Employment and Volunteers

The case studies revealed some striking differences in the use of paid employees and volunteers by rural community businesses. As with funding, these divisions were greatest between the different types of rural community business.

**Community owned businesses** providing local services (such as retail, financial services or transport) employed very few people. Where people were employed they were at present being funded from grant income. Examples of employment in community owned businesses included the Holderness Hopper (two part time staff) and the Craven Furniture Store (2 part time staff). The viability of these organisations relied on the support of volunteers and in particular the support of a core group of volunteers who would provide support on a regular basis. The best example of this is the Midgely Community Shop which was sustained by 20 volunteers providing up to half a day of support each week. Volunteers also played vital roles in filling the officer positions on the boards and committees which oversaw community businesses. In many cases they brought a range of skills, in finance and accountancy, in local economic development and in specialist areas (for example retail, transport or recycling).

Employees and volunteers, as would be expected, lived very close to the business concerned, either in the same village or within five miles.

A key finding from the analysis of community owned businesses is that they would be unviable without support, and overwhelmingly this support has come through volunteer time and not through grant assistance. However, grant assistance may have played a key role in providing start-up support. An example of this is the Vital Villages initiative.

#### **Case Study: Employment and Volunteering in Community Controlled Businesses**

##### **Holderness Hopper**

South Holderness is an area characterised by isolated communities with a relatively large proportion of the population elderly. The Holderness Hopper is a reaction to these circumstances, and has been running since January 2002 from its base in Withernsea. The idea emerged from a consultation across the Holderness community in which the need for rural transport links was highlighted by young and elderly alike.

The Hopper provides a dial-a-ride service for those residents in the South Holderness area who have a "serious problem with transport". The Hopper is also available for hire by groups, although anyone wishing to drive the Hopper must hold a Minibus Driver Awareness Scheme (MiDAS) accreditation. The bus has a capacity of 13 but often runs below this as the seats can be removed to accommodate wheelchairs.

Volunteers are also relied upon for the driving of the Hopper in the evening and on weekends. This is seen as a crucial means of increasing accessibility. Volunteer management is conducted on an ad hoc basis due to the work commitments of the volunteers. Typically, a booking is received, the needs of the group are identified and the availability of the volunteers is checked to see if it is possible to provide the service. In this sense the flexibility of the volunteer drivers is crucial to groups who require the use of the Hopper outside the hours of the conventional working day. All volunteers are resident within the South Holderness area with their hours varying according to need.

**Social enterprises** were distinguished from community controlled businesses by their employment structure. Social enterprises had typically progressed from being small voluntary run and controlled initiatives to having a staff funded through a range of public service and commercial contracts. Employment of staff had meant securing sufficient

funding to be able to offer reasonable employment contracts. In many cases this was through delivering social services to specific groups (for example Claro Enterprises or Hudson House), to providing a specific service supported by a mix of public assistance and commercial revenue (for example childcare support initiatives such as Thurgoland Out of School Club) and delivery of regeneration and employment projects to local residents (for example Kiveton Park and Wales Development Trust).

In some cases such as Wildwood, the Scout Dike Activity Centre and Kiveton Park and Wales Development Trust, these social enterprises were now employing up to 20 people, the majority of whom were full time. Childcare schemes, by contrast, required far less staffing and primarily on a part time and term-time basis. For childcare schemes in particular wage levels were relatively low (a combination of relatively few hours and a low hourly rate) which relied largely on local people, many of whom had children in the childcare scheme. Other social enterprises actively tried to recruit people locally (as part of their development and social purposes). This meant that the majority of staff came from the same village or from within five miles. In most cases the social enterprises did not rely on volunteers, except to provide some officer functions on committees and boards.

### **Case Study: Employment in Social Enterprises**

#### **Wildwood**

Wildwood was started in 1999 as an Intermediate Labour Market (ILM) project with 10 trainees and 4 managers, supported by 5 years' worth of SRB3 funding from Doncaster Metropolitan Borough Council. The idea grew out of local church activity: an appeal for furniture donations was made and the church hall was inundated. The initiative was started as a restoration idea, but quickly moved into recycling to give the provision wider scope. Wildwood is essentially a wood-working production unit, based on recycling waste timber that would otherwise end up as landfill. Work has a number of different strands including the design and production of rustic furniture, restoration and a French polishing service.

These activities are essentially a vehicle for ILM employment and training provision of trainees and workers from the local area. The project also includes continuing mentoring and support once employees have left.

There are eighteen full time employees in total and there are no volunteers. 40 per cent of staff are from the local village while a further 45 per cent are resident within five miles of the business.

Initially the business was heavily reliant on grant support but this has declined as a proportion of expenditure as trading income has increased.

**Intermediary businesses and private businesses serving local markets** did not rely at all on local volunteers. However, there was found to be some considerable differences in the employment, pay and conditions of staff. Intermediary organisations such as Skipton Auction Mart and Dales Quality Meat both employed people who lived in the local area (within five miles). However, they offered competitive salary and conditions packages similar to other businesses in the same industry. Staff may also move to the area to take up employment. By contrast, employment in commercial businesses with a local market serving role often relied on recruiting local people on a part time basis at rates of pay just above the national minimum wage. For many these served as second jobs in households or were fitted in around other employment or activities.

A common feature across all types of community business was the location of employees and volunteers. Most resided within five miles of the organisation and many were from the same village. The location of volunteers is as would be expected and is probably a prerequisite for sustaining a volunteer base: the village provides a natural focus for a

range of voluntary activities. The location of employees within close proximity is also welcome and it has a number of benefits. It shows that all rural community businesses provide local employment initiatives, albeit on a small scale, that to some extent they rely on a local labour market and finally, that it will help to trap some (albeit limited) second round expenditure (i.e. spending of wages and salaries) in the local area. This will make a small contribution to sustaining other economic activities.

#### 4.5 Economic Linkages

The case studies each identified the scope, scale and geographic location of their main suppliers, their main customers, their beneficiaries where appropriate, and who and where their main competitors are. There were found to be remarkable similarities between **community controlled businesses, social enterprises and community businesses**. In most cases supplies were sourced from within the same local authority district (between 75-95 per cent of expenditure). Typical exceptions were the purchase of one off goods and services: for example, refrigeration units for shops, sign painting services, computers and vehicles). Most organisations also had a strong commitment to purchase locally, either through local and regional purchasing networks (for example Yorkshire Purchasing Network or through a local authority initiative) and in the case of retail outlets to stock local produce. Most organisations traded with suppliers on standard terms and conditions, no exceptions were made because they were a social and community based enterprise.

The customer base, as would be expected, was tightly geographically focused. In most cases over 95 per cent of customers were located within the village or within five miles. Exceptions included businesses which also attracted tourists and the social enterprises that provided services for local authorities and health authorities. In the latter case the customer was at the district level. Beneficiaries, for social enterprises in particular, were typically located across the local district although in some cases there was a wider national remit (for example Scout Dike Activity Centre) or a narrower local one (for example Kiveton Park and Wales Development Trust).

Of perhaps greatest interest in terms of the findings is who rural community businesses thought their main competitors were. Some social enterprises responded that they had no direct competitors because they were working with a specific client group (for example Hudson House and Claro Enterprises). However, the overwhelming response was that the rural community business could identify competitors providing similar services. For example commercial childcare schemes and childcare schemes attached to schools (for Dacre Banks Pre-school group), supermarkets and markets (for the community and village shops), other tourist attractions (for Whitby Musicport and TRAMPS) and other cinemas (for TRAMPS). However, in each case there were very similar responses. Rural community businesses were offering both a different service (for example stocking local goods or providing greater flexibility) and most importantly were providing a service locally, in the community, which would not be used by as many and as frequently if it were provided in the nearest town.

#### **Case Study: Economic Impact of Rural Community Businesses**

##### **Pennine Magpie**

The business was founded in 1997 as a paper collection round. It soon amalgamated its interests with a sheltered workshop that existed on the same site and the company was formed 'to provide work experience, training and support for a wide range of people with learning difficulties, mental health and physical disabilities'.

It started with three staff and eight trainees. The first project to be developed was cardboard shredding which, unlike paper, was useable as horse bedding. It then developed a scrap store and in 1999 began to recycle carpet tiles which were collected from a local manufacturer, Interface

Carpets Ltd, as a waste product from business refurbishment programmes. Pennine Magpie cleaned, rebuffed and passed on the tiles to social organisations.

Pennine Magpie currently employs eight staff and has 45 trainees. A trainee will typically work two or three days and at anyone time there will be 15 in the building.

Pennine Magpie has a range of economic impacts on the local area. It provides low cost tiles to a range of voluntary groups, social organisations and schools across Calderdale. The organisation also supplies horse bedding to local stables at a competitive price. It also brings strong social and environmental benefits to the area through working as a sheltered workshop and through recycling and reusing products. Although serving a wide area, Pennine Magpie provides an example of the range of economic impacts an organisation can have.

The **business intermediaries** had different trading patterns. Their main supplies were also local (typically local farmers) but their markets were very different with the majority of the market being at a regional level (up to 75 per cent) and the remainder being further afield. The business intermediaries such as the agricultural goods marts were also under considerable competitive pressure from other Marts, from supermarkets wishing to contract directly and with some abattoirs. These pressures were driving the Marts to look to undertake two strategies. They were seeking to increase the product differentiation of their main supplies and were encouraging farmers to move into higher quality produce which could be sold at a premium. They were also seeking to diversify and move away from meat products (to under 50 per cent of their trade income) into activities which increased the usage of their sites. For example through providing other forms of markets and operating as a tourist attraction.

#### 4.6 Use of Support Services

All the case study organisations had received support either in the form of grants or advice from public sector bodies or agencies. However, the use of support and the benefits the support brought, were found to be extremely variable. For some organisations, the viability of the business would have been threatened without the support and for others it appears to have made little or no difference.

Most organisations, particularly social enterprises and community controlled businesses highlighted that the most significant support they had received was in the form of grant aid. This ranged from relatively small amounts (for example £250 from the Parish Council) up to £35,000 as a contribution towards the purchase of premises and towards meeting running costs. In some cases it was difficult to differentiate between assistance which had been awarded to establish the organisation and public funds which had been accessed to deliver services. The sources of public grant finance are outlined in a previous section on funding.

The key sources of advice for rural community businesses came from the following:

- Local authorities (community development or economic development departments)
- Specialist support organisations (such as ViRSA (Village Retail Services Association), Community Transport Association, Development Trusts Association, Social Economy Support Centre).
- Voluntary and Community Sector Organisations (such as the two Rural Community Councils and the North Yorkshire Forum for Voluntary Organisations)

- Regeneration agencies and support projects (such as Barnsley Development Agency and the Regen School)
- Similar businesses and projects provided considerable advice and support in identifying pitfalls. This was perceived to be particularly helpful for social enterprises and recycling businesses where there were beginning to be well developed networks.
- Government departments (including GOYH and DEFRA, in the case of the agricultural Marts)
- Yorkshire Forward (in particular through providing grant assistance)
- Small businesses in the same village or town.

However, there was considerable variation across the case studies as to the effect this support had and whether the support was easily accessible. Case study responses highlighted variation in the support provided by local authorities. Those with specialist rural community development units were found to be more helpful. Local authorities also offered other support which removed burdens of community businesses, for example through managing payroll services or exemption/relief from Council Business Tax. The specialist support organisations (such as ViRSA) were found to be particularly helpful and provided substantial guidance on starting up specific forms of rural community businesses. Similarly, support from regeneration initiatives was also found to be helpful and tailored to specific needs.

The support provided by community and voluntary sector organisations was found by some to be very helpful. The two RCCs had been involved in a number of the initiatives, especially shops and transport schemes, and brought a depth of knowledge and understanding to the situation. However, others found that the support was not sufficiently tailored to their specific needs. None of the case studies had accessed substantial amounts of assistance from Business Links. This was typically because they were perceived to provide services to established commercial businesses or to start-up companies with considerable growth prospects.

However, the case studies highlighted that there was a lack of ongoing support provided. Many felt that once they had established the business that there were few opportunities to discuss business progress, except when a claim for funding was due. Particular needs included having the opportunity to get an external progress check on the state of the business and in being able to access advice on how to take forward future plans and strategies.

#### 4.7 Future Plans

All the case studies had given considerable attention to future planning. In some cases this was because they were relatively new and recently completed community consultation exercises had set a series of priorities for between three and five years. In comparison to previous sections, the future plans of community businesses can not be tied to specific organisational types. However, four broad strategies are apparent.

Many community controlled businesses and social enterprises were planning to adopt a strategy of **consolidation**. They felt that their initial targets had been accomplished and that there was little scope to grow business activities, either through attracting new grants or identifying new markets. Businesses adopting a strategy of consolidation, however, stressed that consolidation did not mean do nothing. They recognised that work was still

required to refresh existing markets (for instance through offering new products), to ensure the continuation of existing contracts and for small community controlled businesses, to ensure that their volunteer numbers were maintained.

### **Case Study: Consolidation Strategies**

#### **Dacre Banks Pre-school Playgroup**

The Chair of the Board of Trustees conceded that there was limited scope for future development of the business, mainly due to the lack of strength in numbers to support any expansion. A questionnaire survey was sent out to local residents which confirmed that there was simply not enough interest in the Pre-school. There is also the issue of premises: as the village hall is a multi-use facility and there are often activities taking place directly after the Pre-school sessions, they would not be able to be extended. The business also has limited options in accessing new markets due to the low population base of the surrounding area. The option of casting its net further afield is also restricted by the existence of what are seen as indirect competitors: other pre-school playgroups serving other small localities nearby, but not really competing for the same customers.

Thus the business will continue to provide a valuable service to its core local users, filling a gap in provision vacated by the private sector, with the continuing objective of ensuring that local parents and children do not have to travel significant distances in order to access pre-school provision.

A second strategy identified by typically small organisations and those funded on short term contracts can be termed **transitional**. These organisations recognised that their current state was not sustainable. They typically faced two options: either to complete current contracts and then to fall back to being a primarily voluntary activity at a smaller scale; or to work to secure longer term contracts and to develop new markets. Most case study organisations were understandably aiming to achieve the latter. Most of these organisations were typically small community controlled initiatives but which had some potential to develop into social enterprises. This would require capacity building, the attraction of public service contracts, and the development of alliances which would offer entry into new markets.

### **Case Study: Transition Strategies**

#### **Craven Furniture Scheme**

The Craven Furniture Scheme collects furniture and small electrical goods from across the Craven district area, cleans and refurbishes them, and then provides them at low cost to local residents who cannot afford to pay prices for new or even some second hand goods. Beneficiaries are most often unemployed but may also include people on low incomes who need to furnish a house. The scheme is currently sponsored by Craven Voluntary Action and receives support from the Single Regeneration Budget and from the Lloyds TSB Trust. Other income comes through donations, payment for goods and payment for furniture collections.

Grant funding has allowed the Craven Volunteer Scheme to employ a manager and driver, who both work part time, and to rent premises in Gargrave. The premises have a location at which customers can view the goods. The scheme also relies on volunteers from the local area, for instance to drive the van, to help move furniture and to check electrical goods. Before grant funding the scheme relied largely on volunteer action and donations. With the additional funding, the scheme is now better able to meet the needs of local people.

Craven Furniture Scheme is in a period of transition, which is typical of many small voluntary organisations aiming to become sustainable social enterprises. Grant funding has allowed activities to be scaled-up and to have someone in post who can begin to develop the sustainability of the enterprise. This is likely to involve establishing the scheme as a company limited by guarantee, developing the client base and identifying new sources of income and volunteers.

The third strategy identified by the case studies was based on **diversification**. These organisations recognised that although they had achieved some sustainability and were

not vulnerable to short term shocks (for example if there was a cash flow problem) they nevertheless needed to continually identify new markets. These organisations recognised that socio-economic conditions in rural areas were not static, that new needs emerged and that existing activities may be threatened by new competitors or by a falling off in demand for specific services. Strategies for diversification were planned for the following reasons: to reduce seasonal variations in income; to keep ahead of the competition; and to reduce dependency on specific income streams.

The final strategy being developed focused on developing **asset based income streams**. This strategy was being adopted by organisations which already owned an asset and saw that these could either be extended or could be better utilised. The aim of these approaches was to develop a more sustainable income stream which was not dependent on grants. In the case of community controlled businesses and social enterprises this income could be re-invested. This strategy clearly relies on a ready market for renting space in buildings in the local area either to deliver public services or to attract commercial uses. This strategy is highly contingent on local socio-economic conditions and may be ill suited to areas where there is little local demand for rented space. However, where a rural area is developing a thriving small business base and where the local population is increasing, such a strategy may be appropriate.

#### **Case Study: Asset Based Income Strategies**

##### **Craven Cattle Marts**

Craven Cattle Marts dates back to 1892 when local farmers ran the market on Skipton High Street. As cattle started to be transported by rail, the market was moved to a site adjacent to Skipton station and when this was sold to be developed as a supermarket in 1990, Craven Cattle Marts opened up on Gargrave Road. It is a limited company with 550 farmers holding the shares. Craven Cattle Marts employs 13 staff and 26 part time staff.

The main business of the market has changed significantly as less and less fat stock cattle are sold to local butchers and there has been a concentration on a few abattoirs serving the main supermarkets. Although sheep continue to be sold through local markets, the role of sheep markets has also declined. This trend was exacerbated by foot and mouth disease.

Since moving in 1990, the site has been home to several agricultural suppliers, the NFU and an estate agent. It holds five markets a week, including ones for sheep dogs and poultry. It also owns sites in Sedburgh and Masham. The current strategy of Craven Cattle Marts is to sell outlying properties and to invest in projects which will generate income. This will help the long-term trend of diversification through reducing concentration of livestock markets. Reinvestment of funds from selling assets has allowed the following new activities to be launched:

- *New markets*: a twice monthly 4x4 market and plant and ceramic markets.
- *Exhibitions and events*: reorganisation and roofing the market area has allowed events such as a western festival and an organic food day to be staged.
- *Founding of Dalesfresh*: this is a cutting and packaging subsidiary that can help a farmer or small abattoir sell directly to the customer
- *Craven College partnership*: with grant funding from Yorkshire Forward this has allowed Craven Cattle Marts to develop an equestrian and rural skills centre on site.
- *Workshop units*: three units have been developed for agricultural purposes.

Craven Cattle Marts is an example of a particular form of rural community business: one which is owned by local farmers. It has used its assets in innovative ways to launch profitable new ventures, develop partnerships and sustain employment in the local area.

#### **4.8 Key Factors**

Review of the case studies has revealed that there is no single model for rural community businesses. Rural community businesses take different forms and require a range of assistance. However, four basic types have been identified:

- Community controlled businesses
- Social Enterprises
- Business Intermediaries
- Commercial businesses serving a local market

These types expand the traditionally received definition of community businesses. However, the evidence from the case studies suggests that support should not be limited to specific business types. One common feature of the businesses is that none were found to be making substantial profits or surpluses. Most were marginal activities (reliant on public funding or volunteer support) or were actively attempting to develop new higher value added and more sustainable markets.

Across the case studies eight factors appeared in different ways in each. Four are internal to business and the community and four are external, requiring wider public sector or intermediary support. Internal factors include:

- **Catalyst for change** was often because a service was withdrawn, there was a lack of services for a particular group or businesses would face closure unless new markets were found.
- Community-based and owned activities were successful where there was a **process of capacity building** which served to identify and prioritise needs, bring out local expertise and skills and begin to build a volunteer and activist base.
- Activities progressed quickly where an individual or a small group provided **leadership** and were able to put into practice local plans. This individual or group had strong local support and often brought relevant expertise.
- Local plans provided a **vision** for the local area or business which could be effectively communicated to the community and to external stakeholders and funders.

External factors include:

- Favourable **public policy environment** which is supportive of community-led approaches and rural needs.
- **Public sector and intermediary agency support** delivered through grants, advice and longer term contracts is appropriate to local needs.
- Recognition that the social and economic returns may only come if **investment is sustained**.
- Links to wider **networks** of similar organisations provide considerable support and help to underpin sustainability and long term development.

## **5. Conclusion**

This study has investigated the contribution of Rural Community Businesses (RCBs) to the economic and social development of the Yorkshire and Humber region. The study has found that:

- The number and scale of community businesses in rural areas of Yorkshire and the Humber is at present relatively small.
- However, apart from a few exceptions the emergence of these rural community businesses is a recent phenomenon, and there is some evidence to suggest that this growth will continue in the future. The larger base of RCBs in South West England and in East England suggests that there is still considerable scope for development in the Yorkshire and Humber region.
- The distribution and development of RCBs varies across the four sub-regions of Yorkshire and the Humber. This is due to a number of different cultural, geographical and economic factors. However, it also strongly reflects variations in the level of public assistance given to RCBs in the four sub-regions.
- RCBs in Yorkshire and the Humber tend to be involved in certain activities and services more so than others: almost 60 per cent of the RCBs identified were providing local goods or services. However, although the type of services were similar, in most cases the emergence of RCBs represented the need for tailor-made solutions to unique, local problems.

While the details of how RCBs have been established vary considerably, all have certain elements in common. These include:

- a meeting point or forum where interested people can propose and discuss the idea
- the formation of a group committed to putting the idea into practice, and the appropriate mix of skills, experience and determination to achieve it
- different types of support (financial, practical, moral) from members of the wider community, from well established community businesses working in similar fields and from public agencies.

The evidence on the long-term viability of RCBs as self-sustaining enterprises is mixed. Those with small but isolated customer bases and those providing training and/or employment for disadvantaged beneficiaries are likely to require public support on a continuing basis unless other forms of financial support can be found, or additional profitable activities are introduced into the business remit.

In some instances this may require a change in culture from grant dependency to one where RCBs serving individual villages or a wider rural area deliver publicly funded services on a longer term basis. The advantage for the public sector in this approach would be that services are more effectively tailored to the needs of local residents through giving rural areas a greater voice in their delivery. For this to happen, investment may be required in the infrastructure needed to deliver services in rural areas: for instance, in terms of financial and organisational capacity. The level of such capacity was found to vary considerably across the region, often reflecting the different levels of public assistance which areas have received but also that different areas have prioritised different needs.

Most RCBs that are currently run without subsidy were found to be reliant on unpaid volunteer labour and/or on investors who are willing to forego a competitive financial return in the interests of ensuring that a service they see as worthwhile is able to continue in operation. An exception to this were those businesses which operated as intermediaries on behalf of producer interests. The best example of these were the Meat and Auction Marts in the Dales which are owned by local farmers.

Some RCBs see procurement from the public sector as a means of growth and ultimately sustainability. Contracts with local education authorities and the NHS are viewed as a way of countering the lack of a sufficient customer base, which is an issue in many rural areas. However, this will require investment in the infrastructure required to deliver services, in the legal and governance arrangements of businesses to ensure accountability and financial probity and in the skills of RCBs. The experience of existing social enterprises in the region suggests that this may be a route which is only open to a few, at least in the short term. In the longer term there are likely to be more substantial opportunities for RCBs, especially those acting as social enterprises, to play a role in public service delivery. This may help to make public services more responsive to local needs in rural areas, but also help to stimulate other activities in the private and third sectors.

There are a number of broader cultural, social and economic aspects of RCBs that have a bearing on their future prospects. These include:

- in general they are based on a philosophy of providing local services to local people, and as such wish to charge "affordable" rather than commercial prices
- there is a widely accepted recognition that they should not present a direct challenge, competition or threat to private sector commercial operators
- in developing their business they often face difficulties in shifting from relatively simple forms of provision to the more complex, time consuming tasks involved in taking on employees and dealing with loans.

There is an identifiable development process for RCBs, comprising a series of stages stretching from conception of the idea to business development, growth and sustainability. There is no set path through this process that all RCBs should take, and no compunction that they should pass through all stages, as each case is unique. Rather the decisions and actions of a particular RCB will be determined by a whole plethora of different factors. These include: the nature and outlook of the group of people involved; the products or services on offer; the existence or absence of an asset base; the nature and size of the business's clientele and the scope for expanding it; the presence or absence of direct beneficiaries; the amount and type of financial backing available; and the range and appropriateness of advice and support provided. If an objective of public policy in Yorkshire and the Humber is to develop a thriving and diverse base of RCBs as a means of sustaining and stimulating the development of rural areas then these factors need to be addressed.

## **6. Recommendations**

The development of a thriving and diverse base of Rural Community Businesses requires action at different levels. This is reflected in the Action Plan for this report which follows this section. Firstly, there needs to be **greater coordination between local, regional and national policies** to support RCBs. Within Yorkshire and the Humber, the regional and sub-regional levels appear to be the most appropriate for such coordination to take place. Secondly, the types of RCBs and their needs are extremely diverse, and they need to be able to **effectively access a range of different support agencies**. Finally, and most importantly, the success of RCBs, as with businesses in the private sector, **depends on the action of individuals and groups**. This needs to be reflected in the design of policies and support made available.

As part of achieving **greater coordination** between local, regional and national policies, the following recommendations can be made:

- Common sub-regional and regional **aims and objectives** for RCBs need to be agreed and reflected in the Regional Economic Strategy. This should allow for sub-regional and local variations in contexts, funding and needs to be reflected.
- Appropriate mechanisms for **cross-agency working and partnership** at regional and sub-regional levels should be identified which can agree and implement an action plan
- **Funding streams should be aligned**, including Single Pot, DEFRA English Rural Development Programme, Countryside Agency, Structural Funds and SRB support. This can most appropriately be done through sub-regional Investment Plans. Support for RCBs should be clearly set out and investment should be sustained.
- **Intelligence on the RCB base** in the region needs to be enhanced. Information on the scale and scope of RCB activity needs to be systematically captured through regular surveys. This should also identify the key needs of the sector. This intelligence should be used to set **realistic targets** for the growth and development of RCBs. Targets should include measures of volunteer contributions (an important input into RCBs) and improvements of service delivery in rural areas (a key outcome indicator).

**Improving the support available** to RCBs should reflect better regional and sub-regional policy coordination but must ultimately respond to the needs of RCBs. The following recommendations can be made in this area:

- Support is available and should continue to be available through a range of agencies. This reflects the different types and needs of RCBs. Generally, support should be targeted at two main areas of activity:
  - Firstly, **strengthening the capacity and planning mechanisms of rural areas** to identify needs, prioritise actions and negotiate plans with support agencies for support. This form of support can be delivered by agencies such as the Rural Community Councils with local authorities and the Countryside Agency.
  - Secondly, if parish plans prioritise the creation of RCBs, and these appear to be feasible, then support should be provided through the Business Link Network for both start-up and growth activities. **The role of Business Link**

**should be to act as a broker to specialist support agencies.** The support packages developed need to recognise the different starting points of individual villages and RCBs in terms of their capacity.

- **Support should take different forms** and include activities which:
  - Provide Good Practice examples to RCBs
  - Raise awareness of RCBs amongst stakeholders and support agencies
  - Develop specialist networks between RCBs
  - Provide practical mentoring support and advice (including identification of grants, loans and skills support)
- Support for RCBs is still in its infancy. **Activities to support RCBs should be carefully piloted and if successful should inform mainstream delivery of business support.**

The development of RCBs will for many rural areas reflect a highly specific response to a local need or shortage. However, a strength of many RCBs was found to be the depth of volunteer action and the diversity of skills and resources available. The development of RCBs is therefore very much a **community activity**. Moreover, the success and sustainability of RCBs depends on the continuation of high levels of community ownership. Support for RCBs therefore needs to support this approach.

## **7. Action Planning for Rural Community Business Development**

### **7.1 Introduction**

The preceding sections have reviewed the national and regional policy environment, provided evidence on the economic contribution of rural community businesses and presented case study evidence. Drawing on this material, this section develops a recommendation for an action plan for the development of rural community businesses in the Yorkshire and Humber region. The evidence gathered in this report suggests that such an action plan needs to operate at three distinct levels and reflects the structure of the recommendations in the preceding section:

- It needs to suggest how and where **local, regional and national policies** need to be brought together for greatest effect on rural community businesses;
- Secondly, it needs to provide recommendations on the **most appropriate support structures** for rural community businesses;
- Finally, it needs to provide **practical guidance to rural communities** as to the processes of effective rural community business development.

These three levels must be closely interlinked for the action plan to be successful, and more importantly the policy environment and support structures must be highly focused on rural community business development which effectively addresses local needs. Key themes of the action plan should be on creating a supportive policy environment which encourages the growth and sustainability of rural community businesses.

### **7.2 Policy Environment**

The public policy environment for rural activities includes a range of local, sub-regional, regional and national organisations providing a diversity of funding and support. Interviews with rural community businesses reflected this pattern. Most case study organisations had been successful in accessing financial support and assistance. However, they also reported that accessing support could be a frustrating (and time consuming) experience. In part this reflects the diverse needs of the rural community business sector. The case study evidence also highlighted that the policy environment could have a strong bearing on the success of rural community businesses. Where the policy environment was effective, three features were highlighted: supportive policies; appropriate policies for local needs; and that investment and support was sustained. Table 7.1 details the key elements of each of these which should be reflected in an action plan.

### **7.3 Support Structures**

Table 7.2 sets out the types of support required from a range of organisations. Specific attention needs to be given to ensuring the support organisations are addressing specific needs and that duplication is minimised. The development of networks between organisations which can broker support are a necessary part of putting in place the right package of support for rural community businesses and ensuring that it can be delivered effectively in rural areas. Support appears to be in three main areas. Firstly, awareness raising amongst both key agencies and local communities of the potential of rural community businesses. This is still relatively low and varies across the region. Secondly, the development of appropriate packages of support which respond to the needs of rural community businesses and which are appropriately delivered. Finally, the sustainability of

many rural community businesses depends on the extent to which there is a supportive policy environment and in particular how support is mainstreamed.

#### 7.4 Rural Community Business Development

Table 7.3 represents a basic development model for a community business from its idea through to its early stages of trading. Support may be required from different agencies at different stages of development. For example, initial support may be required from RCCs to support the process of building local forums and capacity to develop an idea and identify a range of options. Support in subsequent stages may be required to develop a business plan and to broker links with funding bodies. From a relatively early stage community businesses should be considering means of increasing income generation and moving towards sustainability.

The evidence from the case studies suggests that many rural community businesses are operating in marginal markets from which commercial providers have withdrawn. Short-term sustainability, without either public assistance, substantial volunteer time or local funding, is highly unlikely. The early stages of business development therefore need to be concerned with testing out the extent to which support can be generated locally, what the level of trade is likely to be and from this what the likely requirement for public assistance will be.

The development of rural community businesses requires a clear assessment of demand to be made (or need in the case of social service delivery) and the scale to which this can be met through local provision. As a range of rural community businesses have shown, there will not necessarily be a requirement for public assistance. The local community may well have a plentiful array of skills and there is a high level of volunteer commitment. In many respects this is an ideal model for rural community businesses as it engages local people in the provision of local goods and services. In other cases support may be required to help build such local capacity (the time required for this should not be underestimated) and advice and support in setting up the business.

In Chapter 4 four broad strategies for development were identified that rural community businesses could take. These included: consolidation; transition; diversification and asset based income strategies. The first referred to rural community businesses such as village shops, community transport schemes and local pubs. In these cases the businesses were meeting a very specific demand which was unlikely to change significantly. These businesses are likely to require start-up support but will ideally be sustainable within the short-term without grants. However, where they are providing a service some longer term service contract may be required, for example in the delivery of a community transport scheme.

In the second case, the rural community business had recognised that unless it grew significantly then it would be less likely to be sustainable. This may involve developing a business which serves a number of local communities, or brings together a wider range of goods and services under the same roof. In this case, support may be required into the medium term. However, in this case the economic and social returns should be expected to be greater.

A third set of businesses were focused on diversification: in particular the Auction and Meat Marts which were helping diversify rural economies. These rural community businesses resembled typical commercial businesses and support should be accessible through the established business support networks.

The final set of rural community businesses recognised that through the control of an asset that they could secure an income stream through renting space. This model of

development is similar to that of the 'transition strategy'. In this case up-front capital support may be required. However, investment in assets should also require a greater level of detail as to the viability of the business. This is the case for the investment of 'patient finance' into social enterprises.

**Table 7.1: Policy Environment Action Plan**

<b>Feature</b>	<b>Action</b>	<b>Rationale</b>
<b>Supportive Policy Environment</b>	Agree common Regional and Sub-regional aims and objectives for RCBs and reflect in RES	<ul style="list-style-type: none"> <li>• Reflect need and contribution of RCBs in key regional and sub-regional strategies</li> </ul>
	Identify mechanisms for cross-agency working at regional and sub-regional levels	<ul style="list-style-type: none"> <li>• Join up funding streams</li> <li>• Ensure joint-working is action oriented</li> </ul>
	Alignment of Single Pot, DEFRA, Countryside Agency, Structural Fund Programme and SRB investments	<ul style="list-style-type: none"> <li>• Reduce duplication</li> <li>• Increase concentration of common objectives</li> </ul>
<b>Respond to Local Needs</b>	Build evidence base and collect data on RCBs systematically	<ul style="list-style-type: none"> <li>• Identify which businesses to target</li> <li>• Identify needs of RCBs and rural areas</li> <li>• Identify most appropriate mechanism for support</li> <li>• Evaluate effects of support</li> </ul>
	Set targets for creation of rural community businesses	<ul style="list-style-type: none"> <li>• Focus on businesses which address local needs (for example through RCBs and social enterprises)</li> </ul>
	Develop measures of level of voluntary contributions to RCBs	<ul style="list-style-type: none"> <li>• Recognises that small community businesses rely on volunteer support and may come through capacity building and local activism</li> <li>• Identify the range of skills which are at the disposal of rural areas</li> </ul>
<b>Sustain Investment and Support</b>	Through the regional strategy and sub-regional action plans/investment plans, identify available funding and other support for RCBs	<ul style="list-style-type: none"> <li>• Clear funding plan or programme required</li> <li>• Develop at local and sub-regional levels to reflect sub-regional variations (and available resources)</li> </ul>
	Provide support at different levels and through specialist agencies	<ul style="list-style-type: none"> <li>• Support should be provided through a network of organisations</li> <li>• Support organisations include RCCs, Business Link, local authorities and specialist organisations</li> <li>• Recognise that initiatives may involve individual villages (for example shops), groups of villages (for example transport) or cover a wider area and be provided by a market town (for example access to social services)</li> </ul>
	Mainstream support for RCBs in sub-regional and local agencies: in particular through LSPs	<ul style="list-style-type: none"> <li>• Local authorities have an important role to play in reflecting rural needs, for instance through supporting parish planning</li> <li>• Parish plans may raise issues which cut across policy areas and agencies</li> </ul>

**Table 7.2: Support Structure Action Plan**

<b>Feature</b>	<b>Action</b>	<b>Rationale</b>
<b>Good Practice and Awareness Raising</b>	Disseminate good practice guidance and provide models for successful development	<ul style="list-style-type: none"> <li>• The provision of practical and accessible support based around examples of what works</li> <li>• Target for good practice guidance and support should be local community forums, parish councils and rural development officers.</li> </ul>
	Awareness Raising among key support agencies and stakeholders	<ul style="list-style-type: none"> <li>• A range of agencies should play a role in the development of RCBs (including Business Link, local authorities and funding agencies) and these should be targeted in the first instance</li> </ul>
<b>Networks and Support</b>	Development of networks and special interest groups	<ul style="list-style-type: none"> <li>• These are a practical approach to providing a framework of mutual assistance</li> <li>• Support networks are also likely to be demand- and needs-led and be more sustainable</li> </ul>
	Practical mentoring advice	<ul style="list-style-type: none"> <li>• Existing services were found to concentrate on start-up support.</li> <li>• There is a need also for ongoing and practical support to help increase sustainability</li> </ul>
	Access to Professional Experience	<ul style="list-style-type: none"> <li>• accessing professional legal and financial services is costly and can be daunting for small businesses that lack expertise and capacity.</li> </ul>
	Provide Access to a range of Financial Support (loans, grants and equity)	<ul style="list-style-type: none"> <li>• Short term grant support may undermine sustainability</li> <li>• A range of financial support instruments may be required</li> </ul>
	Support to own and control assets	<ul style="list-style-type: none"> <li>• Control of community owned assets with potential revenue streams are an accepted part of achieving sustainability.</li> <li>• Provision needs to be made for identifying appropriate form, scale and use of assets</li> </ul>
	Skills development for rural community businesses	<ul style="list-style-type: none"> <li>• Rural communities often have an array of untapped skills which can support RCB development</li> <li>• Skills support may be required either through specialist groups (for example recyclers) or through mainstream business support programmes.</li> </ul>
<b>Mainstreaming</b>	Delivery alongside mainstream services	<ul style="list-style-type: none"> <li>• Although rural community businesses do have specialist needs they also require many services which are common to all businesses. However, for this to be successful may require financial assistance.</li> </ul>

**Table 7.3: Stages of Development for Rural Community Businesses**

Stage of Development	Issues	Support made available
<b>Idea</b>	Catalyst for idea may be the withdrawal or closure of a shop or service, or product of community consultation process.	<ul style="list-style-type: none"> <li>• Help in formulating idea – provide a sounding board for options and provide examples of other businesses.</li> <li>• Support to establish local consultative mechanisms and steering or management group.</li> </ul>
<b>Market Research</b>	Is there local demand?	<ul style="list-style-type: none"> <li>• Provision of guidance on undertaking local market research</li> <li>• Provide examples of similar market research</li> <li>• Highlight other local opportunities and facilitate links with other villages if appropriate</li> </ul>
<b>Feasibility Plan</b>	<p>What are the options for addressing the local need and delivering the local service?</p> <p>How will the business be financed? What level of volunteer support can be maintained and developed?</p>	<ul style="list-style-type: none"> <li>• Guidance on developing assessment of options and provision of opportunities to access a critical friend</li> <li>• Provide guidance on options for legal form, financial management and governance of business</li> <li>• Identify options for funding, scope of volunteering and identify ideas for local fund raising.</li> <li>• Support provided on identifying funding bodies</li> </ul>
<b>Business Plan</b>	How can the preferred option be developed into a plan for a viable business?	<ul style="list-style-type: none"> <li>• Identify key aspects of support required.</li> <li>• Prepare detailed financial plan with 6, 12 and 24 month cash flow forecasts</li> <li>• Approach funding bodies and banks</li> </ul>
<b>Professional Consultation</b>	What professional support is required and in particular what legal form will the business take?	<ul style="list-style-type: none"> <li>• Support in accessing accountants and solicitors as required.</li> <li>• Provide guidance on insurance requirements</li> </ul>
<b>Training Provision</b>	What skills are needed for the business to be successful?	<ul style="list-style-type: none"> <li>• As part of feasibility and business plan work, identify existing skills. Can these be met locally and can they be developed.</li> <li>• Identify who should provide training?</li> </ul>
<b>Start-up and Launch</b>	<p>How will start-up costs be met?</p> <p>What level of staffing is required? How will staff be recruited?</p>	<ul style="list-style-type: none"> <li>• The lead-up and launch periods of the business are likely to be times when intensive support is required, particularly if the community lacks key skills and experience (for example of running a business).</li> </ul>
<b>Trading and Market Development</b>	Initial business ideas and plans may need to be refined following launch. This should be part of the regular management process of the business.	<ul style="list-style-type: none"> <li>• Guidance may be required following the launch of the business to assess how the business can be made more sustainable and improve services/provision of goods for local people.</li> </ul>

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**Annex 1: List of community businesses identified through scoping exercise.**

Please note that this Annex does not represent a definitive list of community businesses within Yorkshire and the Humber, as there are ongoing developments and caveats to consider (see section 3, sub-section 3.1).

Sub-region	Type of business	Organisation
<b>Humber</b>	<i>Transport Services</i>	Holderness Hopper
		Nafferton Community Minibus
		North Lincolnshire Community Transport
	<i>Local Services</i>	Axholme & Crowle Community Resource Centre
	<i>Intermediaries</i>	Goole Development Trust

Sub-region	Type of business	Organisation
<b>West Yorkshire</b>	<i>Local Goods</i>	Calder Food Group
		Food Futures Network
		Midgley Community Shop
		Notton Community Shop
		Robin Hood Inn
	<i>Transport Services</i>	CAMEO (Volunteer Driver Scheme)
		Penistone Line Partnership
	<i>Social Services</i>	Treesponsibility - Climate Action in Calderdale
	<i>Local Services</i>	Hebden Bridge Alternative Technology Centre
		Ovenden Community Credit Union Limited
	<i>Intermediaries</i>	Pennine Magpie
		Colne Valley Trust
		Meltham Crossroads Centre

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Sub-region	Type of business	Organisation
North Yorkshire	Local Goods	Bedale Youth Cafe Project
		Craven Furniture Store
		Redmire Community Shop & PO
		Riccall Regen Centre
		Settle Cyber Café
		Stillington Community Shop & PO
		Welburn Post Office
		Whitby Musicport/Porthole Shop
		Whixley Village Shop Association
	Local Producer	Brunswick Organic Nursery
		Chopsticks (North Yorkshire)
		Claro Enterprises
		Forest for Thirsk
		Helmsley Walled Garden Project
		Northdale Horticulture
		United Response
		Workcrafts
	Transport Services	Bedale Mini-bus and Social Car Scheme
		Bentham Community Transport Initiative (CDT)
		Esk Valley Railway Development Company
		Harrogate District Community Transport
		Northallerton Wheels to Work Scheme
		Ryedale Rural Transport Partnership
		Selby & York Rural Transport Partnership
		South Craven/ Care Scheme Mini Bus Service
		St Agathas Transport in the Community
		Wensleydale Railway
	Whitby Good Neighbours Community Transport	
	Social Services	Basics Plus
		Castleton Carers Network
		Cliff House
		Dacre Banks Pre-school playgroup
		Darley Dynamos
		Filey Coble Preservation Society
		Filey Heritage Centre
		Glusburn and Cross Hills Childcare
		Hudson House (Reeth)
	Thirsk Clock	
	Local Services	Acorn Services (Ryedale)
		Georgian Theatre (Richmond)
		Masham Railway Station
		Mid Wensleydale Recycling Centre
		Pateley Bridge Community cinema
		Ritz Cinema
		Settle Festival Theatre Company
		Settle Moving Picture Theatre (TRAMPS)
		Wensleydale Internet Centre
Intermediaries	Local Food Produce Initiative	
	Richmond LETS	
	Skipton Auction Mart	
	Upper Wensleydale Community Office	
	Wensleydale Fine Foods	

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Sub-region	Type of business	Organisation
South Yorkshire	<i>Local Goods</i>	Bradfield Post Office and Shop
		Doncaster Local Food Network (DOLFN)
	<i>Local Producer</i>	Wildwood Project
	<i>Transport Services</i>	Barnsley Dial-a-Ride and Community Transport
		Comet Community Transport
	<i>Social Services</i>	Brampton Bierlow Kids Zone Club
		Busy Bees Pre-school (Penistone)
		Cawthorne Pre-school Playgroup
		Cradledays
		Daisy-chains Pre-school
		Thurgoland Out-of-School Club
	<i>Local Services</i>	Danum Credit Union Ltd
		Kerbside / Rabbit Recycling
		Rossington Extreme Sports Association (RESA)
		Ryton Credit Union
		Scout Dike Activity Centre
		Stainforth & District Credit Union
		Stocksbridge Area Recycling Project
		Stocksbridge Town and Rural Area (STAR) CU Ltd
	<i>Intermediaries</i>	Kiveton Park and Wales Community Development Trust

## **Annex 2: Organisations contributing through stakeholder interviews.**

The research team would like to thank those representatives from the following organisations who gave their valuable input:

Business Link York & North Yorkshire  
Co-operative Group  
Co-operatives UK  
The Countryside Agency  
The Development Trusts Association  
East Riding of Yorkshire Council  
Humber & Wolds Rural Community Council  
In My Back Yard  
Rotherham Social Enterprise Unit  
RuralNet UK  
Social Enterprise Support Centre  
Suffolk ACRE  
Village Retail Services Association  
West Yorkshire Rural Forum  
York and North Yorkshire Partnership Unit  
Yorkshire & Humber Regional Forum  
Yorkshire Chapter of Credit Unions  
Yorkshire Forward  
Yorkshire Rural Community Council

**Annex 3: Other organisations which contributed to the research project.**

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North Lincolnshire Council  
South Yorkshire Open Forum  
South Yorkshire Social Economy Network  
Stocksbridge Training and Enterprise Partnership  
Voluntary Action North Lincolnshire

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*The contribution of community businesses to the rural economy of Yorkshire and the Humber*

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