

This guidance has been produced to help community groups develop community owned enterprises as a way to address the loss of local services, such as the closure of a much valued shop or pub. Community enterprises can also include the establishment of new projects such as renewable energy projects.

What is a community enterprise?

A community enterprise is owned and managed by members of that community. In other words, an organisation run by the community as well as for the community. This makes them a distinct group within the wider social enterprise sector, not only trading for social purposes but reinvesting any profits in ways that provide benefits to a particular community.

Where to start

Start by developing an understanding of your community's needs, and what the motivations are for doing something. The reasons might include:

- Concern that the loss of the local shop or pub will adversely affect the vibrancy of the community
- Opportunity to meet a wide range of community needs through a new enterprise, potentially providing the community with an ongoing source of income
- Opportunity for the community to benefit from plans for new development by including a local meeting facility or additional services

You will need to get together as a group to discuss ideas, decide the purpose of the community enterprise project, and what you want to do. Think about:

- What are your aims? What is needed?
- How could this be achieved in terms of practical activities?
- Avoid duplication! Is someone already doing something similar? Could you work in partnership with them?
- Who will be involved in making sure it happens?
- How will your activities be paid for?
- What liabilities might you have e.g. staff, property, assets

Learning from others

There are an increasing number of community groups who have discovered that its possible to set up and run their own enterprise to benefit their community. The range of community enterprises continues to expand. Large numbers are already well established across the UK.

What is a Community Enterprise?

- Owned and managed by the community, for the community
- Reinvests any profits to benefit the community

Understand your community's needs

- Why is the project needed?
- What are your aims

Caution!

- Community Enterprises, just like any business, are susceptible to market uncertainties
- Managing these risks is an ongoing task

Sources of Information and Support

- Learn from the experience of existing community enterprises
- Many sources of support and advice available; technical, funding , project planning etc

These range from community run shops and pubs to land cooperatives and renewable energy schemes, each helping to meet their community's needs. ACT's Case Study on Community Owned Enterprise focuses on a community owned pub in Crosby Ravensworth.

Ways to set up the enterprise

A community can come together and start a group without legal formalities (as an unincorporated association) but there are various legal structures which may be chosen as the means to run a community enterprise. Each has its own pros and cons. The main types include:

- Limited company
- Charitable company
- Charitable trusts
- Industrial and provident societies (IPS)
- Co-operatives
- Development trusts
- Partnerships
- Community Interest Companies

Finding the most suitable legal structure for the community-owned enterprise requires careful consideration of the advantages and disadvantages of each. Fortunately there are organisations that can offer advice on these, but much can be learned by visiting or speaking to those already running a community enterprise and learning from the practical experience of others.

Considerations

One final word of caution, a community enterprise is susceptible, just like any other business, to the uncertainties of the market. Failure to adapt to changing circumstances, internal strife, taking one too many risks, or unforeseen events can result in business failure.

Managing these risks is an ongoing task and may lead to changes in the way the enterprise is being run, or indeed whether it should continue at all.

Sources of help

Investigating the potential for a community owned enterprise can seem too risky or even prohibitive in terms of the initial start up costs.

Fortunately there are some excellent sources of advice for communities such as:

Business Links provides online information and support for those considering setting up social enterprises, with a helpful checklist and tools to help with financing, marketing, meeting regulations and so on: www.businesslink.gov.uk

Locality are a membership based organisation made up of a national network of over 600 community led organisations, providing specialist support in community enterprise including asset ownership and commissioning: locality.org.uk/community-enterprise/

The Plunkett Foundation operate a national community shops network and offer online tools and resources for community enterprises: www.plunkett.uk.net/

In Cheshire, the local authority has produced a **Community Enterprise Toolkit**: www.cheshireeast.gov.uk/community_and_living/social_enterprise/community_enterprise_toolkit.aspx

Other useful websites

www.cumbriaaction.org.uk

www.socialenterpriseincumbria.org

www.plunkett.co.uk

www.acre.org.uk



For more information please contact ACTion with Communities in Cumbria on Tel: 01228 817224 or visit our website: www.cumbriaaction.org.uk

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