



HOUSE OF LORDS

Built Environment Committee

Corrected oral evidence: High streets in towns and small cities

Tuesday 12 March 2024

10.45 am

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Members present: Lord Moylan (The Chair); Baroness Andrews; Lord Bailey of Paddington; Baroness Eaton; Viscount Hanworth; Baroness Janke; Lord Mair; Lord Mawson; Baroness Miller of Chilthorne Domer.

Evidence Session No. 4

Heard in Public

Questions 54 - 75

Witnesses

I: Josh Westerling, Policy Manager, Power to Change; David Moynihan, Head of Services (South), Locality.

Examination of witnesses

Josh Westerling and David Moynihan.

The Chair: Welcome to this meeting of the House of Lords Built Environment Committee and a further evidence session today in our inquiry into the future of high streets. Today we welcome two witnesses: Josh Westerling, who is policy manager at Power to Change, and David Moynihan, who is head of services at Locality.

My name is Daniel Moylan and I chair the committee. I will not introduce other members of the committee individually at the moment, but I will call their names when they ask questions. Each of them has a nameplate in front of them to help you, in any event, with identifying people. Our first question comes from Viscount Hanworth.

Q54 **Viscount Hanworth:** It is a fundamental question: how we should define a high street and a town or small city, and what are its functions? Beyond that, should we be excluding major conurbations from our definition when they too, presumably, contain high streets in some localities?

Josh Westerling: With the high street, as I think other people who have given evidence previously have said, people know one when they see one. Obviously, for making national policy, it is a good starting point to have a more solid definition. Some previous definitions focus on the retail aspect of the high street. The ONS definition talked about 15 retail units within a 150-metre area. Other definitions focused on the physical aspect of the high street, with clusters of buildings coming together.

We go a little beyond that. The high street plays a social role, so it is just as much about the relationships formed within those walls as the walls themselves and within the public spaces that are there. We need a high street definition that encompasses the physical, the economic and the social effects that a high street has.

As for its purpose, public opinion can be instructive here. Last year, we did a report with More in Common looking at people's attitudes to levelling up, of which high streets are obviously a key part. That report showed that when people thought their high street was improving, it was for quite a range of reasons: the variety of shops increasing, having more independent businesses, the streets being cleaner, more cafés and restaurants, and a better community atmosphere.

That shows that people do not want an identikit high street that looks the same as every other high street in lots of towns. They want something suited to their place that feels a little different. People still use the high street for shopping to some extent, but we need to think beyond that about how it can play a more civic role and provide that space where people from across the community can come together.

David Moynihan: Josh covers it very well, but I would just add that it is also associated with a strong sense of identity. Communities see the high street as representing whether their area is doing well or not. It also

helps to fill a basic need to feel connected with their community, so it is a kind of hub for connection, as well as all the other areas that Josh identifies.

Viscount Hanworth: We tend to think of high streets as centres of small clusters, but what about high streets in conurbations? I think we are excluding them from our definition. Is that appropriate? Indeed, are there not areas in conurbations that totally lack such centrality?

David Moynihan: Yes, but I guess the idea of a high street can also exist within a conurbation while still having similar functions. It brings together a cluster of retail and the social, economic and physical functions. There is not that much to distinguish between small towns and the larger conurbations other than the scale of a high street obviously being much bigger in conurbations.

Q55 **Viscount Hanworth:** What do you think are the obstacles to filling vacancies on high streets and markets? What impedes this?

David Moynihan: One factor we have found in the context of our work, which is about helping communities to address vacancies, is opaque ownership. Owners are not always traceable or contactable, so where you have a boarded-up shop it is sometimes hard to find out who the owner is and then take steps to address that.

Sometimes there are restrictive local plan policies; local plans are sometimes too slow to react to the changing face of the high street. If they are protecting a lot of retail functions, that can make it difficult to change use. There is also declining footfall, so where some shops are closing that leads to a sort of downward spiral, and commercial retail offers are less interested in being the business that will start reversing that downward spiral.

Obviously, online retail shot up during the pandemic, but it still represents a quarter of all retail activity. I also mentioned the sale of public sector assets. Local authorities and public bodies often have a footprint on the high street, and own civic and community buildings. Local authorities selling some of their assets has also meant that important civic and community buildings have been lost on the high street. These were sometimes the hub of the high street.

Viscount Hanworth: So there could be a vicious circle in this process.

Josh Westerling: Another challenge that community businesses often face when trying to take hold of vacant units on the high street is being able to get capital at pace to compete on the market and purchase an asset. That combines with the existing powers in the Localism Act for communities to purchase assets of community value, particularly on their high street. We might come to this later. The community right to bid triggers a moratorium of six months for the community to put together a bid on that asset, but that power is quite weak in practice. It has not led to a great number of conversions of an asset of community value into community ownership.

There are two reasons for that. Six months is often not a long time for community businesses and organisations to put together a competitive bid, and even if they do, who the owner sells to at the end of that process is at their discretion.

A number of organisations, like Power to Change, Locality and the We're Right Here campaign, are calling for a community right to buy, which would strengthen that power, extend the moratorium to 12 months and introduce a right of first refusal on those assets.

Q56 **Baroness Andrews:** I want to ask you about your organisations. How do you effect the power to change? How are you funded and what is the balance of your funding? How do you use that to deliver your ambitions? Are you a distributor body, for example? Do you pass on grants and, if so, what is the bidding process? How do you measure success? What is the impact and evaluation?

Some of those questions are for David as well, but we are really interested in how Locality puts good practice together and gets it into the system. What sort of partnerships do you draw on to make things happen? When do you know that it has worked?

Josh Westerling: This is actually a timely question, because we recently refreshed our purpose as an organisation. It was set up in 2015, with an endowment from the National Lottery Community Fund.

Baroness Andrews: Was it an endowment, not a grant?

Josh Westerling: Yes. Over the years, our role in the sector has been as a funder, distributing grants to community businesses to support and build capability and capacity in the sector. We have recently moved towards trying to shape conditions nationally, trying to influence policymakers and other funders to create the conditions for community businesses to thrive. We are still funding some programmes, but it will not be at the scale it was at before and it will be targeted more at testing new ideas so that we can learn from them and feed what we have learned back to policymakers.

A good example of that is the pilots of community improvement districts, which you might have read about in preparation for this session. Community improvement districts had not previously been tried in England; these were the first pilots of their kind. We have taken what we have learned from those pilots—David worked closely on that programme—and have been feeding that back into government as part of the role that communities and community businesses can play on the high street.

Q57 **The Chair:** You still have questions to answer, but can I interrupt and ask what you mean by a community business?

Josh Westerling: In our view, community businesses have, in essence, four characteristics. They are locally rooted, locally accountable trading organisations that create a wider social benefit. We are not prescriptive

about organisational form. They are often a CIC or a community benefit society.

The Chair: What about profitable ordinary businesses, such as somebody setting up a business to sell vegetables—a greengrocer—in a traditional fashion?

Josh Westerling: The key thing is that these businesses have to be accountable to the community. There has to be a way of demonstrating that. Community benefit societies have a one member, one vote system. That is not the only way in which it can be demonstrated; there are other ways. It is also about creating a wider social benefit. For example, your vegetable seller might be rooted locally and creating an economic benefit, but it might not.

The Chair: Would a local business engaged in ordinary trade qualify for your grants, even if they were locally rooted, sourcing their vegetables only from local farmers and so forth?

Josh Westerling: They would not if they were not creating a wider social benefit alongside.

Baroness Andrews: What is that?

Josh Westerling: Community businesses do a range of things. They might trade products and services, but also deliver social programmes.

The Chair: Can you give us some examples?

Josh Westerling: Community pubs are a good example of this, because they still operate as pubs. They still sell food and drink but, in a different part of the building, they might provide a food bank or a warm bank, for example—something along those lines. They are multi-purpose. The trading aspect is important, but they are not limited to that. They are creating a wider social benefit for people in the local area, which can adapt to what people in that area want and need.

Q58 **The Chair:** We heard from other witnesses that sometimes organisations benefit from particular financial advantages because of their social characteristics. The example given was that charities, exempt from business rates, are able to use that advantage to bid up rents to the disadvantage of small private businesses of a similar scale. Do you see any evidence of that in the high street, which you are contributing towards?

Josh Westerling: I have not come across a direct example of that, but there are clearly a lot of issues with the business rate system.

The Chair: This is not about business rates but whether your grants to community businesses are disadvantaging private businesses.

Josh Westerling: No, I have not seen any evidence of that. In fact, research by LSE shows that community-owned spaces often help to generate footfall to other local businesses on the high street. Community

businesses are there not just to benefit themselves but to create a wider social and economic impact for businesses in the local area.

The Chair: Yes, but it might be at the expense of private businesses.

Q59 **Baroness Andrews:** If I can drill down on this, you changed your business model by the sound of it. Was that driven by the lottery, or did you decide to change the balance of what you were doing because something was not working? Has it always been a bidding process and, if so, how have you encouraged the most vulnerable areas of the country or high streets to be part of it? How have you evaluated it?

Josh Westerling: I will address what I can from that. I do not manage our funding.

Baroness Andrews: You can always write to us to follow up some of those questions.

Josh Westerling: Yes. We can absolutely follow up on all of this in written evidence.

The Chair: Written evidence is always welcome and valuable. It gets treated with the same weight as evidence given to the committee directly.

Josh Westerling: Fantastic. I will address that as best as I can now. What Power to Change is doing came out of a recognition that we have distributed a lot of our endowment and are now trying to make a difference in whatever way we can. Obviously, I was not in a lot of discussion about that, so we can follow up on that if it is of interest. Can you remind me of the second part of your question?

Baroness Andrews: Yes. It was about the bidding process, because that process often means that you are rewarding success rather than identifying where you could put your money more effectively in order to compensate for failure—perhaps not to compensate but to build resilience. Do you think that what you have done has achieved that and that we can see on it the high street?

Josh Westerling: On our funding more broadly, we have consciously tried to direct it to the areas that need it most. Off the top of my head, 50% of our funding has been directed to the 30% most deprived areas according to IMD 1 to 3. On specific high streets, as I said, the programme was quite a limited one; we were trying to test an idea, so it had people applying to be part of it in that case.

Baroness Andrews: But, having changed your model, you are not interventionist in the same way. Does that mean that it was not effective or that it needs to be scaled up in order to be effective, with more money going into high streets in the way you were doing?

Josh Westerling: Yes. What we are trying to do now is take what we have learned to influence national policymakers and funders in order to get not just more money—

Baroness Andrews: But more ideas.

Josh Westerling: Yes, to get more ideas about how to do this into the high street. We can talk more about community improvement districts a little later on.

David Moynihan: I just want to add to the point about competing with commercial businesses. A lot of community businesses and organisations are operating in areas of economic failure. Sometimes the market has failed—sometimes that state has failed as well—so it is about communities stepping up and doing something in those areas, as opposed to competing in thriving high street locations. That is important context for our work.

Locality is a national charity. We cover the whole of England. We have been around for about 12 years. We were the result of a merger, so we go back a bit further. We have a broader scope in terms of the organisations we work with. We call them “community organisations”. They are an array of different types of place-based organisations, all with different legal structures and doing different types of activities. Many of these organisations often deliver a range of activities. Sometimes they hold assets, sometimes they deliver public services. We sometimes refer to them as community anchor organisations, because they act as a voice for a particular place or neighbourhood.

We are a membership organisation. We have around 1,800 members who are community organisations. Our mission is to help them become stronger and more successful in what they do. We do not get any core funding as an organisation. We have to compete for contracts and work; we sometimes get that from government departments. We run the neighbourhood planning programme on behalf of DLUHC, and we support the community ownership fund by helping applicants to it put their best foot forward and make a really good application. We also get an array of contracts from local authorities. Sometimes it is from community organisations directly, but it is generally from funders such as local authorities and government.

We have a theory of change where we identify what we are planning to make an impact on as an organisation. Each year, we do an impact report to show the progress we are making in helping community organisations to become stronger and more successful. We have metrics that we look at to show that that is happening. That is the way we know that we are making an impact.

Q60 **Lord Mawson:** I just want to dig a bit deeper after Baroness Andrews. What percentage of the staff in your organisations have run a community business? What percentage of these community businesses have moved beyond a grant-dependent culture?

David Moynihan: Off the top of my head, it is hard to say the number of staff. I would say that it is around a fifth or a quarter. Quite a few staff members have run their own community organisation at some point.

Lord Mawson: What about a community business? We need to be clear: a business is a thing that makes a profit. It is not a charity.

David Moynihan: That is probably where we are slightly different in that our focus includes community businesses and those who trade but uses a broader definition of community organisation. Some of them have less of a trading element, whereas Power to Change is much more focused on community businesses.

Josh Westerling: On your first question about staff, I do not know whether we collect that information.

Lord Mawson: Have you ever run one?

Josh Westerling: Personally, no. We have three representatives on our board who have experience of working in community businesses and make a very valuable contribution to our board.

The Chair: Just to be clear, your staff do not run the businesses. Your staff are grant distributors.

David Moynihan: Or supporters. Sometimes they provide technical support to these organisations, such as in business planning or governance—those kinds of areas.

The Chair: What about Power to Change? Do you provide that level of support?

Josh Westerling: We do not do so in the same way that Locality does.

The Chair: So, in effect, your staff administer an endowment that is turned into grants. They are grant processors and grant givers.

Josh Westerling: On one side of the organisation, yes.

The Chair: What is on the other side?

Josh Westerling: A team of us form a policy and research team, which collects insight from those programmes and uses it to feed into government and political parties.

The Chair: So that is the answer to Lord Mawson's first question, just to tease out where we are on that. What was the second question?

Q61 **Lord Mawson:** What percentage of these organisations have moved on from grant dependency?

The Chair: How do you measure that? Let me put it another way: is that a success criterion for you? I did not get a clear picture from your answer to Lady Andrews' question about what success looks like as a result of the grants that you distribute. Can you dwell on that? Also, on Lord Mawson's

question, is businesses moving away from grant dependency and becoming self-sustaining a relevant criterion for you?

Josh Westerling: On the question about our broader impact, it would be more valuable for us to feed in our answer via written evidence because there is a whole host of research and detail that we can send over. On your question about grant dependency, 83% of community businesses generate income through trading. That will not necessarily be their only source of income but it is an aspiration for—

The Chair: That means that 17% do not generate income through trading. How do they generate income? You call them community businesses. How does a community business generate income if not through trading?

Josh Westerling: They will be at the earlier stage of their life, in essence.

The Chair: Right. So they have not started.

Josh Westerling: Yes. We build up their capability so that they can move into trading, to generate income in that way, but there will be a period—

The Chair: They are on a journey.

Josh Westerling: Yes.

Q62 **Lord Bailey of Paddington:** Good morning, panel. In asking my question, I will try to wrap two things together. Which types of community business and community ownership models have been the most successful, and what value have they contributed to the high street? Again, I am asking about the models of ownership and what that business has gone on to deliver for the high street.

David Moynihan: Coming back to the variety of community organisations we work with, there is no set model: each community organisation is different and has a different legal structure. There are community interest companies, charitable incorporated organisations and community benefit societies, as well as organisations with group structures to represent the diversity of their work on the ground.

As I say, our focus is on a broader definition of community organisation. Some of them will have a big emphasis on trading, while others will have more of a traditional charity model. We encourage that they have a diversity of income and do not depend on any one source of income. In the mix will be grants and trading—the way they generate their own income—as well as public sector contracts. A lot of these community organisations are being commissioned by health bodies and local authorities to deliver on some of their outcomes. They enter into tendering competitions to win work from public bodies to deliver social value. That is a business element as well in their delivering public goals.

Lord Bailey of Paddington: I understand that there are many different types of community organisation. I am asking whether any legal structure, for instance, is more prevalent because it is easier and cheaper to administer, and easier to involve a wider community in? Alternatively, are some used because some of these businesses end up having finances going through them and somebody needs to take control of that legally? Are a few models a bit more prevalent than others because they are easier to use or more successful?

David Moynihan: Yes. Where trading is important, community interest companies and community benefit societies are the two more prevalent ones. Community benefit societies in particular are good for pubs and shops that are taken over by the community, because there is a group structure and you can raise community shares through that model. But a lot of my examples that have had a big impact on a high street are quite varied in their structures.

Q63 **Lord Bailey of Paddington:** Can you give me an example of an organisation and the benefit it has provided to its high street that you know of?

David Moynihan: I talked about market failure. There is a street in Hendon in Sunderland called Vilette Road. A community organisation called Back on the Map does an array of things, aside from focusing on particular projects kick-starting the high street. It has taken it upon itself to take action where the market has failed. Pretty much all the shops on Vilette Road have shut, and it has taken steps to own each of those shops and bring back the businesses that the community wants—everything from a grocer to a chip shop to various other things. It has used community ownership funds to kick-start something again on that high street. It is going really well, and there is much more of a sense of community around that road now. That is a good example of a community organisation.

Lord Bailey of Paddington: Was there an individual behind that? Was there a local businessperson who said, "Let's stop the slide on the high street"?

David Moynihan: There are obviously community leaders who are really important. In this instance, there is more than one person; a collection of individuals has made an impact. There are other examples where an individual strong community leader has taken that initiative and galvanised the community around doing something for a high street, but in this particular instance it is more than one individual.

Lord Bailey of Paddington: I want to focus on the impact here. Josh, can you give me some examples of community businesses, projects or whatever that have made an impact on their high streets and what they have delivered?

Josh Westerling: Back on the Map is a great example. Nudge Community Builders in Plymouth is also worth having a look at. It is a community benefit society that is buying property on Union Street, which

used to be an iconic high street in its area of Plymouth. It is buying property that is not attractive to commercial investors and filling those units to meet the needs of local people and other businesses. David mentioned community shares—a user-friendly name for withdrawable non-transferable share capital that is uniquely available to co-ops and CBSs—and they used it to do that. I encourage you to have a look at that.

Q64 **Baroness Janke:** I am interested in this business of sustainability. Are your organisations ultimately financially sustainable without government funding?

The Chair: Are they sustainable without lottery-derived funding?

Baroness Janke: Lottery is only one-off. I am talking about sustainable long-term funding.

The Chair: In this case, they are not strictly getting government funding. They are getting lottery funding.

Baroness Janke: That is a one-off. I am talking about them being able to sustain themselves over a period. How do the witnesses feel that their organisations succeed in doing this?

Josh Westerling: To be honest, that question would be better addressed by people who are involved with the strategic direction of Power to Change.

Baroness Janke: You are dealing with quite a lot of money, and it is important for us to know what longer-term impact that achieves, rather than creating lots of projects that people enjoy at the time but that do not necessarily continue.

Josh Westerling: That is a fair question to ask, and in our written evidence we will be able to give a good account of what we have done over nine years. I do not think I would be able to do full justice to that within the hour we have. Just as important is thinking about the financial sustainability of the community businesses that we work with, rather than Power to Change as an organisation.

The Chair: Maybe there is a misunderstanding, but that is exactly the question we are asking. We are not asking about Power to Change and its sustainability. I am slightly disappointed that there is not a better answer to this, even though you are welcome to give written answers. The first question—the big question—is: what are your criteria for success? When you give financial assistance to particular community businesses, no doubt some of them are very successful—you mentioned Plymouth as an example—and others are flops. That is life; that happens. So how do you know the difference? What are your criteria for success? Within that, two members of the committee have now effectively asked a similar question: is one of the criteria financial and commercial sustainability as a business without assistance?

Within that, to what extent is financial and commercial sustainability without assistance a measure of your success in your own assessment of whether you have succeeded or not with a particular grant or element of support?

Josh Westerling: Absolutely. Our goal should be both to grow as a sector and to sustain it, and then to move away from grant dependency. That is why we have been backing innovative approaches to grant funding such as incentivised grant-making where, for every £1 of income from trading, you £1 in grants.

When you look at the research that has been done in and around the community business sector, you see that there is resilience there, particularly given all that has happened over the past four years. The Plunkett Foundation, which works with rural community businesses, found a long-term survival rate of 92% for those businesses. In our community market survey, we have seen the number of community businesses remain at around 11,000. That indicates that, although the sector is not growing, it has been resilient in the face of significant challenges. Locality has similar data, I think, through the research it has done.

Q65 **The Chair:** Do you have key performance indicators for the success of your own grant funding?

Josh Westerling: When you are thinking about funding programmes, there might be a funding programme to address a specific issue. Overall, our goal was to grow and maintain the community business sector. Now that we are not able to play that role as we once did, as I said earlier we are trying to influence the conditions at a national level and with other funders to support community businesses.

Q66 **Baroness Janke:** You talked about evaluating grants in terms of social value. How do you evaluate social value? How do you prioritise grants? If that is one of your criteria, how does it work?

Josh Westerling: When people apply for grants, it is there on the application form and in how they are approached in the project. More specifically, in terms of evaluation to show whether it has had an impact—

Baroness Janke: What do you really mean by “impact” and “social value”? That is what I am not at all clear on. They seem to me to be quite big terms that encompass quite a lot. If you are going to get money, you need to be a bit more precise about what that means.

Josh Westerling: That is a fair question. What I was going to move on to, which addresses that in part, is the evaluation of our programme on empowering places. It was quite a long programme—five years—in a number of areas across England. Basically, we took a hyperlocal approach to evaluating it to see what impact it had had. We then compared those areas to areas that had not been recipients of grant funding. Against

social indicators—for example, well-being—it showed that they fared better off over those five years.

Baroness Janke: How do you evaluate that? Do you ask people whether they feel better because they have a shop or a community centre?

Josh Westerling: It was self-reported well-being data, as I understand it. In a slightly different sector, a similar method was used in the evaluation of the five integration areas from a while back by Belong-the Cohesion and Integration Network, which found that, during Covid, people felt better connected to their local community than those in areas that were not part of the programme. So there are ways to demonstrate the impact that this is having on something that is not just economic.

Baroness Janke: When you are giving the grants, again, how do you evaluate whether they are worthwhile social investments? What kinds of criteria do you work off?

Josh Westerling: It would depend on exactly what the grant programme was intended to do. It might, for example, focus on community leadership or a high street. Obviously, that would influence what we look at.

There are more national-level figures that we have collected over time. The most recent figures that we have on economic impact show a contribution of £220 million to the UK economy and that, for every £1 community-owned spaces spend, 56p stays in the local area compared to 40p for private sector firms. So we do collect that kind of national-level data.

Baroness Janke: When you are giving the grants, do you have these objectives? How do you evaluate them? It sounds to me as though there is quite a lot of subjectivity in judging these grants.

Josh Westerling: Over our lifetime, we have done quite a few different grant programmes that will have had different aims. Again, we can address this with greater specificity on the grant programmes in written evidence.

Baroness Janke: It just seems to me that, when you give grants, you have to be really clear about why one group is getting a grant and the others are not. I would like to know much more about how you decide that, what your criteria are, whether they are quantifiable and what kind of evidence you need in evaluating these grants. From what you have said, it seems that there is a high level of subjectivity—that is, who gets the grants depends on who is deciding. That is a bit worrying.

David Moynihan: Here is one shift that has happened more recently. Funders used to put a lot of onus on community businesses and community organisations to deliver outputs and monitoring and to count things in a different way. Now, there is a lot more emphasis on community businesses and community organisations self-defining their own theory of change and how they know that they are making a

difference. Funders also trust that a bit more now, so it is less about them putting systems in place which are perhaps not owned in the same way as if they did it themselves, but community connectedness, people moving closer to the labour market and people feeling healthier with a better sense of well-being are really difficult to measure.

Baroness Janke: If it were me applying for one of these grants and somebody told me that a particular group had said that people were going to feel better at the end of six months, and it got a grant for that but I did not get one, I would want to see how that could be justified. Perhaps you could make your evaluation system a bit clearer to us.

David Moynihan: They would be able to show that, I think. They would need to show that they had moved people from one position to another.

Baroness Janke: When you give the grant, it is also about what basis it is on. You would be able to send us that, would you?

David Moynihan: Yes. We can give examples of the kind of information that we would collect and the indicators that would be relevant. As I say, it is much more on the community organisation or community business to define that model rather than a set of indicators being passed to a grantee.

Q67 **The Chair:** In a different context, we hear that local authorities often have to bid for money from government and that the bidding process is quite onerous because the bids take time to prepare and, of course, some of them are wasted because not everybody is a winner in the process. Do you put a similar burden, in effect, on communities and their organisations when they bid with you? Leaving aside the criteria by which you judge it—they are of great interest to us—is the bidding process an onerous one for communities? Does it deter applicants? Do they feel that they have wasted their time if they do not succeed? I understand entirely what you are saying about the advantages of a more self-defined assessment of what success looks like, but it must make drafting the bid a more complicated process.

David Moynihan: From Locality's point of view, our core function is not distributing grants. We are more likely to work with community organisations in order to help them to be more fundable as organisations. We help them with their theory of change and how they measure impact, as well as on having sensible business planning and governance so that they look like a fundable organisation. We might provide some support in accessing some of those grants. As I said earlier, they are mixed models, so they have a combination of trading, grants and, sometimes, contracts with public authorities.

We do not want them becoming too dependent on one source so that they are less resilient. Going back to Josh's earlier point about resilience, we did some research after the pandemic called *Navigating the Storm*, which again showed that community organisations not only survived through several crises but were agile, there to meet a lot of people's

needs and respond to opportunities in different communities. They were much more agile than perhaps some businesses or even local authorities in responding to the relevant issues.

Q68 Lord Mair: Earlier, in response to a question from Lord Bailey, David touched on the importance of enthusiastic individuals. To what extent do successful community-owned businesses depend on important key personalities? How can the models for these sorts of enterprises be designed to survive changes, if a real enthusiast or leader promoting the success of the community-owned business disappears, leaves that area or does something else? Are they vulnerable to that problem?

David Moynihan: Yes, it is a very real issue. You often need that inspirational, energetic leader to get something off the ground. Much of Locality and Power to Change's work focuses on pushing an organisational structure so that it is less dependent on that individual. We hear about founder syndrome being an issue in these types of organisations. It is very hard for them to let go of control and let others in to build in broader structures that allow that organisation to grow. It is a very real issue, but our role is to help organisations through that to go beyond that initial stage and grow as a community organisation.

Lord Mair: How do you apply that role? What do you do to anticipate the potential vulnerability of a leading personality losing interest?

David Moynihan: Part of it is working with the individual and getting them to understand that they have to let go of control and bring through other people. If they are in a charitable incorporated organisation, they have to work with trustees, and it is their responsibility to steward the organisation. That is a broader role to develop those other people. Part of it is structural and part of it is supporting individuals so that they do not all rely on that one person.

Josh Westerling: I think David has covered it really well. It is a source of strength for the sector that these inspiring individuals are driving community businesses forward. I would add that they are often not doing it alone. On average, community businesses employ nine people and work with a team of volunteers. So there are people in that ecosystem who might be able to step up when the time comes, but, as David said, you need to support them to do so.

David Moynihan: I have one final point on that. A lot of our work is about connecting peer organisations. They prefer to learn from each other. On the earlier point about the percentage of staff who have run a community business or organisation, we connect organisations, because it is quite lonely at the top. They can provide each other with advice and guidance to help progress through this stage.

Q69 Lord Mawson: Have you ever partnered with organisations that have been through this process? Businesses go through this process; they succeed, move on and grow. Are you partnering with experienced people in this space?

David Moynihan: We definitely are. Community organisations want to speak to somebody who has been at this stage and got through this challenge. We do knowledge exchanges between Locality members so that they can connect on particular issues. This might be one of them.

Q70 **Baroness Eaton:** I would like to talk a little about local authorities. What is their appropriate role in both convening and supporting community ownership of properties on the high street?

David Moynihan: They are key organisations. They act as a central point of contact and sometimes have a footprint on high streets themselves which they can use to their advantage. A few years ago, we did some research called *The Great British Sell Off*, in which we submitted freedom of information requests to lots of local authorities to find out how many public assets were being sold. We found that 4,000 were being sold across England. That is a worrying trend. Local authorities are selling some of their assets, some of which are on high streets.

With the financial crises going on in local authorities in different parts of the country recently, there is a very real worry that there will be more fire sales. That is a concern. We are very keen that those fire sales do not happen and that communities are entrusted with some of those assets. We are part of the Save Birmingham campaign, which is seeking to protect local community spaces from the cuts that the local authority is making.

In this research we found that less than half of local authorities have a community asset transfer policy. In such a policy, a local authority would outline its property portfolio and provide an opportunity for community organisations to bid for assets. Where local authorities have a clear policy, community organisations—people on the high street, for instance—can say, “We can do something about this local authority-owned asset. There are steps that we can follow to acquire it”. However, as 55% of local authorities do not have a community asset policy, communities are left at sea when trying to do something.

Local authorities could also use their compulsory purchase powers more effectively, particularly when properties have been left empty for a time. I refer to my earlier comments about opaque ownership and trying to find out who owns certain properties. The planning process could also be more reflective of changes on the high street, and the local planning authorities could be more flexible in their approach to high streets. In thinking about different mixed uses, they could also support neighbourhood plans to do this so that communities have more control over what happens on the high street.

Josh Westerling: I think that was quite comprehensive.

Q71 **Baroness Eaton:** Then who do you think should ultimately be responsible for community ownership and the improvement of community spaces? Where does the responsibility lie?

David Moynihan: It lies partly with government, so we need some leadership. A national strategy for community ownership would be really helpful. We talked a couple of times about the community ownership fund, which we are expecting to spend out early. It was due to run until next spring, but we think it will spend out much earlier, which shows a real appetite from community organisations to take on assets. That is positive, but there needs to be more funding available in the future to help communities do this.

Q72 **Baroness Eaton:** One thing that has not been mentioned in all this conversation is the role of the elected councillor. I am sure there are other people around this table who have been elected members. From what you are saying, you would be working not only with the community but with the councillor, who is your access in how you deal with planning issues—indeed, your access to any issues that the local authority can help with. Is that part of it? It does not seem to be.

David Moynihan: It is definitely part of the mix. In some of the examples that we will include in our written evidence, you will see that, where you have community-led approaches to revitalising a high street, the community is often in the lead and is the one taking action, but local councillors and the local council are definitely involved. As I mentioned earlier, the cuts to local authorities' finances mean that they do not have the energy and time to focus on this.

Baroness Eaton: That does not stop the councillor doing his or her job, though. At least, it should not.

David Moynihan: No, you are completely right.

Q73 **Lord Mawson:** What you have just said assumes that there will be more funding available out there. Going forward, there might be less funding available. Are the Government's funding programmes and policies for community organisations working to improve high streets, and are they joined up or fragmented?

Secondly, has the community ownership fund in particular been helpful in supporting communities to invest in their high streets? Has it created a dependency culture, or has it stimulated a self-help, entrepreneurial culture? What sort of cultures are these funds stimulating?

Thirdly, how many lessons are there to learn from community organisations that are supported in other countries? You may not have any, which is fine. It is just a question.

Josh Westerling: We would say that the government funding programmes are quite fragmented. I do not think I could name off the top of my head all the different levelling-up funding parts, but I know that there is recognition of that in the department and that work is ongoing to try to consolidate them.

It is probably too soon to tell whether they are having an impact in many cases. Some analysis of the towns fund by Jack Shaw at the IPPR showed that 20% of projects were not due to be completed by the end of the

month just gone and that fewer than half are due to be completed by November-time. The Government are looking at 2026 for the completion for those projects, I believe, but only around that time would we be able to say for sure whether they are having an impact. Clearly, inflation over the past year or two has had an impact on those projects.

We are quite pleased with how the long-term plan for towns is set out on paper. Its approach to funding is a bit different from what the Government have done previously in that it offers funding on an allocative basis over a 10-year timeframe, providing certainty. We are also pleased with how the towns boards are set up; the fact that they are not local authority-led means that either a business leader or a community leader will provide that leadership role. So we hope that in many areas community businesses will be able to step up and take on a leadership role, related to the programme, in their town centre. We will be pushing and working with DLUHC on that.

I can talk quickly about the community ownership fund, but I know that Locality has done more detailed work on it. The fact that the Government listened and made changes to the match funding requirement is a good thing. It means that more money has gone out the door to save lots of community assets that are really important to their local communities.

Q74 **Lord Mawson:** Do you think they are assets or liabilities?

Josh Westerling: We view them as assets. Clearly, we do not want to pass liabilities on to community organisations, particularly in the context of council asset sales, but community organisations can often do amazing things with these assets in their community.

My final point concerns the funding landscape. I mentioned earlier access to capital at pace on the high street in order to support community ownership. There is probably still a bit of a gap there when you look at the funding landscape. Although the community ownership fund makes a valuable contribution, it cannot move quickly because of the bidding process to go into it.

So we developed the idea of a British high street investment vehicle. It would use £100 million in government subsidy to bring in commercial and social investments to create a £350-million investment vehicle that can move at the same pace as private capital, purchase an asset when it comes to market and, over time, transfer that asset into community ownership by supporting a community organisation or community business to put together a business plan for it. When we modelled it—this was a couple of years ago now, so we probably need to revisit it, given inflation—we found that it could bring 200 strategically important high street assets into community ownership over time. That, too, is a useful point for the committee to consider when thinking about the funding landscape.

David Moynihan: There is a lot of activity in government funding out there. There are levelling-up funds and there is the towns fund, the UK

prosperity fund and the long-term plan for towns, which was announced. Community organisations tell us that when these funds get allocated they do not necessarily have much sway over how they get spent locally, so they sometimes feel left out of decisions on those funds. That is where the community ownership funds are a little different. The community improvement districts pilot is also slightly different in that regard.

You have talked about policies. The localism legislation, like the asset of community value and the community right to bid, as Josh mentioned, is a bit weak on creating lots of community assets. Those have a symbolic role in galvanising the community to say, "This is a really important location for us", and that sometimes leads to action. But, in terms of creating community-owned assets, it needs to go further on the amount of time organisations have and their having first refusal.

The community ownership fund does not have a high street focus, but some of those projects have invariably been on high streets and in important high street locations. It has a focus on community assets that are at risk of being lost—that is its purpose—and, as I say, sometimes that aligns with revitalising the high street. It is early days for the community ownership fund. It has been around for only a couple of years, and we are obviously biased to say that there is a lot of interest and a lot of communities are being galvanised to do something with an asset. It is very positive from that point of view. It is too early to tell whether that will act as a catalyst for things on the high street, creating ventures that will be around for the long term, but it is helping with community centres, pubs, shops, and leisure and healthcare facilities. A whole range of uses are coming into the high street with this fund.

Q75 Baroness Miller of Chilthorne Domer: Can you tell us the difference between community improvement districts and business improvement districts? Can you give us some examples of where a community improvement district has improved outcomes for business? You have spoken a bit this morning about the role that community improvement districts offer but said that business improvement districts do not. You spoke a lot about community interest companies, but I would be interested to know what the CIDs offer for traditional businesses.

Josh Westerling: On how community improvement districts differ from business improvement districts, they are defined as an approach to community development and leadership as a means to regenerate high streets. They came out of a recognition that, although lots of BIDs do lots of good community engagement work, community organisations often do not feel like they have a seat at the table when decisions are made about their local areas. Community improvement districts put communities in the lead in that sense.

It is worth noting that some of the pilots grew out of business improvement districts and recognised the value that a community improvement district could bring. In Ipswich, for example, people wanted to widen their community engagement, particularly with young people. The community improvement district brought new impetus for that.

On benefiting local businesses, one example that comes to mind is Back on the Map, which David mentioned earlier. In the report on the community improvement district pilots, there is a quote from a local trader who said that they had never been invited to the discussions that bring together all the different stakeholders that are important on a high street, such as local businesses, community groups and hospitality. That illustrates that CIDS are not in tension with business: it is about getting everyone into the same room to set the vision for a high street and make those strategic decisions.

David Moynihan: BIDs where traders come together can focus on what they can do to improve the offer on a high street, be it public realm improvements or marketing their offer to people. Where you need to reinvent a high street or where there is economic decline, that is much more difficult. A community improvement district can focus on being a catalyst for change for that high street. I do not think that BIDs would do that. We have seen that in some of the pilot areas; CIDs are kick-starting, or restarting, economic activity that will create the footfall that might lead to commercial businesses benefiting as well. So it is not only communities; it is communities and traders coming together with a community improvement district, but it has that broader focus.

The Chair: Thank you. That brings our session to a close. We raised a number of issues on which you kindly volunteered to submit written evidence. I will leave you with one of the questions that you might answer in that: other than money, what would be the most important things in helping community businesses in the high street context to remain sustainable? If we were looking outside the financial sphere, what would be the most effective things and the policy areas that would be most useful? We are grateful for your time.