

Why social impact matters

The UK's community-owned business sector is growing, and its success owes much to the efforts of the hard-working locals behind each project. Simply by existing, community businesses are delivering lasting change to the communities and the wider areas in which they operate. This change is often referred to as 'social impact', and it can represent different things to different people.

If you're starting out on the journey to community ownership, why is it important to consider social impact?

What is social impact?

Social impact can be described as the tangible, lasting outcomes brought about by economic, social, and environmental activities. At Plunkett UK, our mission is to help rural communities create innovative, impactful, and inclusive spaces. To achieve this, we support both pipeline and trading businesses in focusing on five specific areas linked to delivering long-term benefits.

- Providing a wide range of services and amenities that communities value and need
- Stimulating the local economy through localised supply chains
- Creating access to employment and training and volunteering opportunities, often supporting people who are excluded from the labour market
- Tackling climate change through delivery of environmentally sustainable initiatives
- Promoting equity, diversity and inclusion by creating safe and welcoming spaces for all

Community businesses are set up to trade for the benefit of people living locally. When creating a business plan, the consideration of these five strands makes your project more likely to deliver a lasting impact beyond its core trading activities. They also make sound business sense.

Social impact and why it's good for business

The planning stages of a community business are exciting, filled with ideas and dreams about what the project will become. These enterprises often share core principles with privately-owned equivalents, but their long-term aims are often different. The delivery of business success and social impact is not mutually exclusive: in fact they are closely linked.

Providing a wide range of services and amenities

- Rural communities are routinely losing vital services. Community businesses are well placed to step in and provide replacements or alternatives to meet the need. From Post Offices to dry cleaning and hosting health services, the breadth of services you offer can help your bottom line and keep people coming through the door.

Stimulating the local economy

- We know that for every £1 spent with a community business, 56p remains in the local economy, compared with just 40p for large private sector firms. This means a boost for local suppliers and traders near you, profits being reinvested back into the business or for the benefit of people living near it and a greater connection to local producers, providing a route to market.

Creating access to jobs, training, and volunteering

- Investing in local people is an important part of running a community-owned business. You will need paid staff or volunteers on every aspect, and the skills learned or money earned can help to improve the lives of everyone involved. This is particularly true for young people getting their first step into the jobs market, or for people needing to make connections in a new community and build their confidence.

Tackling climate change

- Climate change is an issue for all of us and community businesses are in a fantastic position to make positive changes leading to a more sustainable future. They are gateways to sustainable actions for their communities, reducing food miles with local suppliers and selling more eco-friendly refill products, or installing energy-efficient appliances and solar panels can drastically lower your running costs.

Creating safe and welcoming spaces

- Everyone should feel that they can be part of your community business. Whether as a committee member, a volunteer, or a customer, there should be no barriers to involvement. If people don't feel included they are unlikely to spend money at a community business and missing out on revenue helps no one!

Showing how your community businesses does more than the sum of its parts is attractive to funders and investors. Making your community a better place is worthwhile for your business and benefits everyone. For the benefits of measuring social impact, and our social impact calculator, go to the Member Hub resources library. For help with engaging your community and delivering what it needs contact Plunkett on 01993 630022.