power to change | business in community hands

Research Institute Report No. 7

What works:
Successful community transport

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About this report

Power to Change commissioned NatCen Social Research and WPI Economics to conduct exploratory research examining the factors that have contributed to the development of successful community businesses in a number of economic sectors. The research arose from a desire to improve the understanding of what makes a successful community business, drawing on the experience of established businesses. This report summarises findings in relation to community transport. Further studies of community business success in the housing and pub sectors can be found on the Power to Change website.

The findings in this report are based on evidence drawn from five strands of research: 11 stakeholder interviews, desk research, development of a set of success factors for community businesses, four in-depth case studies of successful community businesses from the transport sector and the development of a measurement framework.

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Executive summary

Background

Community businesses are diverse organisations with a set of common characteristics (Hull et al., 2016). These characteristics include community businesses:

– being rooted in a particular geographic area and responding to local need and expectations;

– being accountable to the local community;

– being set up with a business model designed around trading in goods or services;

– delivering positive social, economic and/or environmental benefits for the whole community.

Power to Change commissioned NatCen Social Research and WPI Economics to conduct exploratory research examining the factors that have contributed to the development of successful community transport organisations. The specific questions explored in the research were the following:

– What is 'success' for community businesses?

– What makes a successful community business in the transport sector?

– What are the common enablers and barriers to success within the transport sector?

– Can common models or pathways to success be identified?

Research approach

The research comprised of five phases of work: stakeholder interviews, literature review, development of a set of success factors for community businesses, case studies of successful community businesses from the transport sector and the development of a measurement framework.

Outlined below are the community transport case studies that formed part of this research:

– **Barnet Community Transport** was established in 2002 in North London. Its key aim is to help people realise their potential by providing affordable, safe, accessible and reliable community transport to the London Borough of Barnet and its surrounding areas. It has also recently added the objective of being a resource for young people (aged up to 30) to access support, assistance and programmes of educational, physical and other activities. It is a registered charity and also has private company limited by guarantee status. It operates a fleet of 14 vehicles, including three specially-adapted mobile youth facility vehicles.

– **Cuckmere Community Bus** was established in 1976 in East Sussex with the aim of providing reliable and accessible transport to residents in the Cuckmere Valley region. It is a registered charity and also has private company limited by guarantee status. It operates eight 16-seater fully-accessible low floor minibuses that deliver on 25 local bus service routes seven days a week.

– **The Friendly Bus** was originally set up in 1999 in order to bridge the gap caused by the limited commercial and public transport available in the rural towns of Broseley and Much Wenlock, in Shropshire. It is a registered charity and also has private company limited by guarantee status. It operates a small fleet of four buses of differing sizes and has also expanded to offer a community car scheme and has recently introduced a 'car club' scheme.

– **Tavistock Country Bus** was established in 1981 in Devon and is a registered charity. Its key purpose is to extend mobility and independence to those who do not have access to local public or commercial transport or a car. It has a focused delivery model consisting of a single bus operating a core service to the town centre three days a week, with a supplementary service offered to places outside of Tavistock.

Case study reports outlining the success factors for these community businesses can be found alongside this report on the Power to Change website.

Key findings

Evidence from the literature review, stakeholder interviews and case study research found that there are a number of high-level success factors common across the community transport sector.

Defining success

Success within the community transport sector can be defined in three ways:

– **Sustainability and growth.** Community transport organisations' (CTO) success is often defined in terms of having the sustainability needed to deliver on their social objectives. That is, being able to generate the revenue needed to continue to deliver services and invest in future delivery.

– **CTOs delivering social and economic value.** Social relevance is an important motivating factor for CTOs and includes delivering value for the passenger, benefits for the community through promoting social cohesion, and economic value for the local community by connecting local passengers to local retailers. CTOs generate social value not only in the outcomes of their service but also in how they deliver services (e.g. generating social interaction amongst lonely passengers).

– **Passenger satisfaction.** A distinguishing feature of CTOs is their person-centred approach to passenger service. This involves providing transport that is reliable, flexible and person-centred.

Key success factors for community transport organisations

Overall, CTOs have a structure that replicates commercial bus companies closely, the key difference being that they provide a more passenger-oriented service to populations who may be otherwise underserved.

In this report, success factors for community transport organisations are grouped according to whether they relate to the business itself, the people involved in running the community transport organisation or the community and external environment.

Business

– **Meeting and adapting to market needs.** Successful CTOs emerge from and speak clearly to market needs. As they mature, CTOs also need to be able to adapt to changing market realities and funding, particularly by being open to growth and diversification. Diversification is most sustainable when it is gradual and takes into consideration the time needed to acquire partnerships and resources to deliver services.

– **Passenger-oriented business model.** This is instrumental in helping CTOs generate new and repeat business. A passenger-oriented model is one where drivers deliver a service that is personable, helpful and committed to passenger safety.

– **Careful asset management.** Successful CTOs are able to proactively anticipate and manage the expense of vehicle stock replacement through forward planning, such as having a clear sense of the cycles in which vehicles need to be replaced, and tailoring asset acquisition to financial means (e.g. buying second-hand buses when funds are low but higher quality if the funds allow).

People

– **A culture of openness to change.** In adapting to changing market needs, CTOs need to be open to change. This includes having an appetite for growth, being innovative in meeting financial and social objectives (e.g. cross-subsidising low passenger volume routes with other services) and able to identify opportunities in challenges (e.g. branching out to other funding sources to compensate for the loss in grant funding).

– **Collective decision making and strong leadership.** CTOs benefit from governance structures where a strong chairperson leads a team of governance members with clear roles. This enables the workload to be shared and multiple

perspectives to inform the decision-making process. A dynamic, approachable chief executive who is able to network with funders and collaborators and identify new business opportunities is also required to help shape the vision and its delivery.

– **High quality staff and volunteers.** Drivers are pivotal to providing a safe and high-quality passenger service. Successful CTOs retain and invest in their volunteers/staff to deliver high quality service through training, promoting a team identity to improve coordination and reduce driver isolation (e.g. through social events and formal communication channels, such as online forums), and bringing them into the organisation's decision-making processes.

– **Nurturing a range of partnerships.** To survive and expand, CTOs need to develop a range of partnerships. This includes with funders, other delivery organisations (e.g. other CTOs) and organisations able to offer support and advice (e.g. the Community Transport Association).

Community and external environment

– **Streamlining delivery on regulations.** CTOs need to identify sources of advice and support to help them navigate complex transport regulations and to develop internal processes that enable them to efficiently meet these requirements (e.g. applying for route changes in batches).

– **Community buy-in and support.** In addition to generating demand, CTOs also rely on local communities as a source of volunteers and staff. This requires the community to value the services and the social objectives underpinning their work.

Measuring success

A measurement framework was developed to provide guidance on how success factors might be assessed in an objective way. Using the set of success factors determined by the literature review and stakeholder interviews; specific questions that could be used to test each success factor were developed, using a combination of factors including how comparable organisations such as micro or small businesses or charities would measure each factor. The result was a subset of measurement questions for each success factor (please see 3.6, 4.5 and 5.4 in this report for an overview of the success measures developed or Appendix A for the full framework).

1 Introduction

This chapter introduces the background to the research and summarises the methodology and limitations of the study.

1.1 Background

Community businesses are diverse organisations with a set of common characteristics (Hull et al., 2016). These characteristics include community businesses:

– being rooted in a particular geographic area and responding to local need and expectations;

– being accountable to the local community;

– being set up with a business model designed around trading in goods or services;

– delivering positive social, economic and/or environmental benefits for the whole community.

The concept of community business overlaps with other hybrid organisations such as social enterprise. However, as the definition above suggests, a key factor that distinguishes community business from other socially motivated organisations is that community businesses aspire to transform their local areas through engaging local people as co-creators in delivering goods or services. As such, community businesses have the potential to save assets which may otherwise fail through building high levels of community buy-in and support for ventures and developing innovative and often low cost business models. Community businesses are also well-placed to strengthen local communities by involving local people in decision making and building social capital through for example, providing vital meeting spaces for residents and developing links between staff, volunteers and customers (Percy et al., 2015).

Community transport businesses are set up to benefit the community by providing people with the opportunity to be independent in society. Community transport can take on a wide range of forms including minibuses, mopeds or car schemes. In this report we focus on community transport businesses that are set up using minibuses to provide a local bus service.

While the community business model is not new, there has been renewed focus on community business in recent years due to factors such as the transfer of power to communities through the Localism Act 2011 , as well local businesses and services being at threat of closure due to changing market conditions, the recession and reductions in public service spending, for example.

To inform its longer-term research and evaluation programme Power to Change commissioned NatCen Social Research and WPI Economics to carry out exploratory research examining the factors that have contributed to the development of successful community businesses. The specific questions explored in the research were:

— What is 'success' for community businesses?

— What makes a successful community business in the transport sector?

— What are the common enablers and barriers to success within the transport sector?

— Can common models or pathways to success be identified?

As the evidence base on community business is comparatively limited, it was recognised that this research would produce early insight and learning for Power to Change as well as generate questions for future investigation. In particular, it was understood that in-depth knowledge of the lifecycle of community businesses and pathways to success would be developed over time based on evidence from cumulative studies.

The research was carried out from October 2016 to March 2017.

1.2 Research approach

The research comprised five phases of work: stakeholder interviews, desk research, and development of a set of success factors for community businesses, case studies of successful community businesses from the transport sector and the development of a measurement framework. The five research components are outlined below.

1.2.1 Stakeholder interviews

In total, 11 in-depth interviews with specialists in community business and related fields were carried out to explore enablers and barriers to success. Participants were purposively selected to include individuals from established community businesses, sector bodies, and organisations working in related fields such as community assets and social enterprise and policy experts. Potential participants were initially sent written information about the study by the research team or Power to Change. A telephone interview, lasting around 45 minutes, was carried out with those who agreed to take part. Interviews were carried out using a topic guide and audio recorded and transcribed verbatim to aid comprehensive analysis. See below for information about data analysis.

1.2.2 Literature review

A review of academic and grey literature was carried out to gain a better understanding of the success factors for community businesses. Search terms were developed to identify literature on the success factors for community pubs, as well as for other relevant literature on social enterprise, community asset management and small and medium-sized enterprises. A literature search was conducted using academic databases such as Business Source Complete, ABI/INFORMS, Emerald, Web of Science, SAGE Journals Online, Science Direct, Sociological Abstracts and Policy Press, reference tracking of relevant studies and input from stakeholders who participated in a research interview. Additional searches for grey literature were carried out through selected websites (such as sector bodies) and Google Scholar. Seven documents were selected for detailed review, based on their relevance to the study objectives. Key information from the seven documents was summarised using analytical matrices that reflected the project's key questions (see above).

1.2.3 Development of set of success factors for community businesses

Findings from the literature review and stakeholder interviews were synthesised to collate a set of success factors for community businesses that would be tested against empirical evidence collected during the case study phase of the research. Success factors can be grouped according to whether they relate to the community business, to people involved in running the CTO or to the community and external environment. A detailed breakdown of the categories and corresponding sub-themes identified through the literature review and stakeholder interviews can be found below:

— **Business-related factors** include issues such as the viability of the business model and plan, the financial health of the business and organisational culture.

— **Factors related to people** cover issues related to governance, leadership, capacity and partnerships.

— **Factors related to community and external environment** include issues such as levels of community buy-in and support, market conditions, legislation and regulation, the approach taken to community ownership by public bodies and the availability of external support and guidance.

The proposed set of success factors were reviewed and agreed with Power to Change prior to the start of the case study phase. The findings then informed the selection of case studies, content of topic guides and data analysis.

1.2.4 Case studies of successful community businesses

Four case studies of successful community businesses in the community transport sector were carried out by NatCen in order to 'test' the success factors identified in the earlier stage of the research, and build an understanding of the pathway to becoming an established community transport business from the perspectives of those who manage, run or use them.

It was recognised that the meaning of success would vary from community businesses to community business. For the purpose of this research, 'successful' community businesses were defined in terms of longevity (e.g. businesses that have entered the 'growth' stage of the business lifecycle) or evidence of positive social or economic outcomes. Community businesses were also judged to be successful based on the recommendations of stakeholders (see below).

Sampling and recruitment

A list of successful community businesses was identified through internet searches, a review of relevant reports by sectors bodies and advice from stakeholders who participated in a research interview. As this is a qualitative study, four community businesses were purposively selected from the list to achieve diversity with respect to sampling criteria agreed with Power to Change. These were:

– **Diversification:** a range of businesses that have taken steps to diversify or adapt and those who have not to explore which factors of success play out across both models.

– **Rural/urban:** a mixture of rural and urban businesses.

– **Variety of communities served:** the sample includes some community transport organisations who are serving particular groups within the community such as older people or people with a disability.

Selected community businesses were invited to take part in the study by the research team. A single point of contact was identified in each participating community business. The single point of contact provided the research team with a brief overview of the community business to help inform sampling decisions. The single point of contact also helped the research team to recruit staff and volunteers for interviews and customers for focus groups, based on guidance from the research. For staff and volunteers, this involved speaking to people in different roles who had been involved in the community businesses for different lengths of time. For customers, decisions about the composition of group discussions were agreed on a case-by-case basis (see Appendix B).

Outlined below are the community transport case studies that formed part
of this research:

— **Barnet Community Transport** was established in 2002 in North London.
Its key aim is to help people realise their potential by providing affordable,
safe, accessible and reliable community transport to the London Borough
of Barnet and its surrounding areas. It has also recently added the objective
of being a resource for young people (aged up to 30) to access support,
assistance and programmes of educational, physical and other activities.
It is a registered charity and also has private company limited by guarantee
status. It operates a fleet of 14 vehicles, including three specially adapted
mobile youth facility vehicles.

— **Cuckmere Community Bus** was established in 1976 in East Sussex with the
aim of providing reliable and accessible transport to residents in the Cuckmere
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that deliver on 25 local bus service routes seven days a week.

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by the limited commercial and public transport available in the rural towns of
Broseley and Much Wenlock, in Shropshire. It is a registered charity and also
has private company limited by guarantee status. It operates a small fleet of
four buses of differing sizes and has also expanded to offer a community car
scheme, and has recently introduced a 'car club' scheme.

— **Tavistock Country Bus** was established in 1981 in Devon and is a registered
charity. Its key purpose is to extend mobility and independence to those who
do not have access to local public or commercial transport or a car. It has a
focused delivery model consisting of a single bus operating a core service to
the town centre three days a week, with a supplementary service offered to
outside of Tavistock.

Case study reports outlining the success factors for these community
businesses can be found alongside this report on the Power to Change website.

Data collection

Data were collected from each of the four community transport businesses
using the following methods:

— **Four in-depth interviews** were carried out with those involved in establishing,
managing or running the community businesses. Interviews lasted around 45
minutes and explored how success is defined and measured by the community
business and the factors that were perceived to have contributed to its success.

– **One focus group** or a number of telephone interviews with customers of the community business was carried out. Discussions lasted up to 1.5 hours and explored customer views and experiences of the community businesses including what works well, less well and suggestions for improvement. Discussions also explored what difference, if any, the community business was perceived to have made to customers and the wider community.

– **A questionnaire** was administered to gather structured information about the business, its staff and volunteers and the external environment in which it operates (please see Appendix C for a copy of the questionnaire).

– Community businesses were also asked to share **key documents** such as published accounts and business plans to give a fuller picture of the characteristics of the business, and to help identify learning about 'what works'.

Interviews and focus groups were carried out using a topic guide. They were audio recorded and transcribed verbatim to aid comprehensive analysis.

Community businesses received a £500 honorarium payment for participating in the research. Customers who participated in a focus group received £10 in recognition of their time and contribution to the study.

Data management and analysis

Interviews and focus groups transcripts were managed using Framework in Nvivo. Framework (Ritchie et al., 2014) is a data management technique developed at NatCen. Two analytical frameworks were drawn up (one for staff and volunteers and one for customers) and a series of thematic charts or matrices were set up. Each matrix related to a different thematic issue and data from each transcript was summarised into the appropriate cells. The analytical stage involved working through the charted data, drawing out the range of experiences and views, identifying similarities and differences and interrogating the data to seek to explain emergent patterns and findings (Spencer et al., 2014).

1.2.5 Measurement framework

A measurement framework was developed to provide guidance on how success factors could be assessed objectively. Using the set of success factors determined by the literature review and stakeholders interviews, specific questions that could be used to test each success factor were developed, using a combination of factors including how comparable organisations – such as micro or small businesses or charities – would measure each factor. The result was a subset of measurement questions for each success factor.

Data sources that could be used to evaluate each measurement question were mapped to each measurement category, including specifications about how data might be collected or used where relevant. Finally, a rationale for the inclusion of each measurement question was included, such that the relationship between each measurement question, the data source, and the overall success factor was clear. For a detailed overview of the measurement framework, please Appendix A.

1.2.6 Ethics

This study underwent a full review by NatCen's Research Ethics Committee (REC). This ethics governance procedure is in line with the requirements of the Economic and Social Research Council (ESRC, 2005) and Government Social Research Unit Research Ethics Frameworks (GSRU, 2005).

This study posed a number of ethical considerations. For example, participants were informed, by the research team and in writing, of who was funding the research, the voluntary nature of participation, what taking part would involve, confidentiality and data use. Community businesses were given the option of being named in reports or remaining anonymous. Individuals taking part in the research were informed of the decision in relation to anonymity and were able to redact information at the end of interviews/group discussions if required. Permission to share redacted transcripts with Power to Change and the UK Data Archive was sought. A multi-stage consent process was used to ensure that participants could agree to take part in an interview or focus group without having their transcript shared outside the research team.

1.2.7 Reading this report

This report shows the range and diversity of views and experiences among those who part in interviews and focus groups. As this is qualitative research, we have not reported the number of people who hold a particular view as it bears no indication of the extent to which these views are held in the wider population. Any numerical inference is likely to be misleading or inaccurate as qualitative samples are not designed for this purpose.

1.2.8 Limitations

With any research there are limitations. This study is no exception and we have noted the potential limitations below.

With respect to the selection of case studies, the aim was to achieve as much diversity as possible within the sample with the time and resources available. While we believe the achieved sample increases understanding of the range of success factors that are relevant to the community transport sector, certain views and experiences will be missing from this research. This is for three key reasons:

— It would be challenging to fully represent all characteristics of community businesses that are likely to influence success across four case studies.

— While every attempt was made to achieve a diverse sample, successful community businesses who agreed to participate in the research may differ in important ways to those who did not. For example, community businesses who are more heavily reliant on volunteers may have found it particularly challenging to find the time to participate in the study.

1.2.9 Summary of report content and structure

This report had four chapters. The first outlines how CTOs define themselves and their success. The remainder of the report is split into three thematic chapters exploring the three high-level success categories in turn. Each chapter synthesises the evidence the literature review, stakeholder interviews and qualitative interviews with founders, board members, managers/tenants and volunteers of CTOs as well focus groups with passengers who use the bus services. Information and data has also been taken from the questionnaire responses and business information such as published accounts and business plans.

— **Chapter 2** provides an overview of how CTOs define success.

— **Chapter 3** summarises business related success factors

— **Chapter 4** summarises success factors related to people involved in setting-up and running the CTOs

— **Chapter 5** summarises success factors related to the local community and external environment.

2 Defining success for community transport organisations

The following chapter sets out evidence from the literature, stakeholder interviews and case study research and provides an overview of how community transport organisations and their success are each defined.

Defining success

The key factor distinguishing CTOs from other transport organisations is their not-for-profit status and, underpinning this, their community-facing role. According to the literature, stakeholder interviews and case studies, success is conceptualised in three separate ways: passenger satisfaction, social and economic value and social value for the wider community.

Passenger satisfaction

An important feature that is seen to distinguish CTOs from mainstream transport services is their "person-centred" approach to passenger service. According to successful CTOs, this includes enabling passengers to participate in local community activities (e.g. attend events), helping them to do routine tasks (e.g. shopping) without relying on friends and family and helping them feel less isolated (e.g. by enabling to meet friends and through the interaction with drivers and other passengers).

> *'Elderly people in the community – it's difficult for them at times to get about and, and get them out of the house, because you know it's not easy like being inside 24/7 and not able to go out and trips and meet up with friends and stuff like that. So what I think this, this company does provide that, access for the elderly and people with disabilities to go about get, involved with society, get involved with what's happening in the country. That's what I think this community transport is based upon.'* (Community transport organisation, rural)

Social and economic value

The success of community transport is also measured by the wider economic, social and environmental value it generates, in the following ways:

– **Economic benefit.** This is interpreted in two ways: (a) the role played by community transport in connecting local people with the local economy (e.g. facilitating trips to local markets and retail centres) and (b) community transport schemes providing cost savings for other organisations through delivering cost-effective and responsive transport (Canning, et al. 2015; stakeholder interview).

– **Social value for communities.** Community transport should bring benefits to the wider community through things like contributing to the sustainability of rural communities (Canning et al., 2015) and leaving a legacy of social activism (Whitelaw & Hill, 2013). Participants also reported that CTOs help promote social cohesion, for example by enabling a wider group of people to attend local events and giving volunteers and paid drivers an opportunity to feel part of the community by delivering services.

– **Environmental.** Community transport can also deliver environmental benefits through providing more carbon efficient transport options (stakeholder interview).

Measuring community business success

Financial sustainability and passenger satisfaction are two important measures for CTOs of different sizes. Financial sustainability is often gauged through route usage data and CTO accounts of costs and revenue. Passenger satisfaction is gauged in a number of ways, depending on the resources available to CTOs. These include formal channels of communication, such passenger surveys and passenger group meetings; as well as more informal ways, such as drivers speaking to passengers routinely during journeys.

Some CTOs have also made some tentative steps into monetising the value their services generate in order to make a business case for their services to funders, such as local authorities. For example, setting up short surveys that ask passengers to estimate how much they spent in local shops during their visit.

3 Success factor: business

This chapter reports on the key success factors relating to the community business itself, including establishing market need, setting up a viable business model, adapting to changing context and asset management.

3.1 Establishing evidence of market need

At the start-up phase, it is important for CTOs to be able to identify and speak clearly to a market need for their services. For rural CTOs in particular, the impetus often comes from a lack of public and commercial transport in low passenger volume routes. In urban settings, where public and commercial transport is more readily available, CTOs' success rests on identifying a niche market for their services. This could include delivering on routes underserved by local transport, targeting underserved populations (e.g. community groups, those with mobility issues), and/or delivering services in a specific way (e.g. tailored to specific needs, such as door-to-door services) or at a more affordable rate than existing transport networks.

There are three key demand-related challenges that CTOs face to their revenue and service provision.

– As a community business, CTOs tend to service low income passengers and community groups, which limits revenue generation as they are unable to charge full market prices for their journeys.

– In some rural areas, population groups that CTOs have traditionally served are declining (e.g. older people), and so this exerts pressure for CTOs to expand their passenger base in order to survive.

– Increased demand for their services, which exerts pressure on a CTO's ability to deliver. There can be a number of contributing factors to this increase in demand, including cuts in local authority services, the demise of other local CTOs and commercial transport organisations gradually withdrawing from low passenger volume routes.

3.2 Viable business model that is passenger-oriented

According to the literature, community transport requires a business model which enables the organisation to provide transport at an affordable cost, while also generating sufficient income to operate in a way that is financially sustainable (Whitelaw & Hill, 2013). Due to permit restrictions CTOs can only usually deliver services to their members. The literature suggests that many CTOs could do more to use this requirement to their advantage. For example, the financial viability of the business could be strengthened by raising additional revenue through charging membership fees.

While membership fees were charged by some successful CTOs, board members, chief executive officers (CEOs) and volunteers reported that the key to a financially viable business model was having passenger-oriented services, which generated demand for services through repeat use of services and 'word of mouth' recommendations.

Good service delivery involves providing a service that has three key characteristics:

— Reliability: transport turns up on time and informs passengers of delay.
— Flexibility: the service meets the needs of passengers. This includes transport being responsive to when passengers need it, the mode of transport suitable for their needs (e.g. different modes of transport provided, minibuses adapted to meet mobility needs) and where they need to be transported to (e.g. door-to-door services).
— Person-centred: drivers are personable, helpful and committed to passenger safety.

3.3 Adapting to changing local markets and funding streams

According to Ryley et al. (2014), grant funding for CTOs is important as it is difficult to generate adequate income from community transport because the service is often located in low density areas. However the contrary view is that reliance on grant funding can adversely influence the financial stability and long-term planning of community transport schemes. This is because it means that the success of the CTO is linked to the funding decisions and cycles of external organisations (Moreton, et al. 2006, Canning, et al. 2015).

Business plans and accounts collected from the CTOs participating as case studies demonstrated that many were reliant on grant funding, and that this was perceived to be barrier to long-term planning.

> *'It means, you know, you, can't do any long-term planning. Everything is short. Your project is then short. How do you become sustainable? Well not on short-term funding, you know, we have to - we've been living from hand to mouth for these last years.'* (Community transport organisation, urban)

Successful CTOs were moving towards sustainability by reducing their reliance on grants, but this in turn made them vulnerable to changing environments that might affect demand or their revenue streams.

According to board members and CEOs, an important contributing factor to the success of CTOs was their resilience and adaptability in the face of challenges around changing local markets and funding streams. For example, a rural CTO recognised that the number of people using their services during the week had decreased due to people moving out of the area. To ensure the bus routes continued to run, they found a use for the buses on the weekend. The weekend activity was then able to subsidise the weekday bus services that were still crucial for some local people, but not as well used.

> *'Well, we've watched as the demographic has changed and we've adapted to that. We could see that the number of passengers on the original services was reducing but equally we were conscious that the people who still needed our services in those areas had no alternative … we looked at other things that we could do to help keep those services running.'* (Community transport organisation, rural)

In particular, the growth and diversification in service delivery is an important element in how CTOs adapt to changing environments through tapping into new revenue streams that can complement and/or enhance the CTO's core delivery model. This not only generates additional revenue but also has the advantage of reducing their reliance on a single source of funding, which is particularly important within the context of recent reductions in local and national government funding.

3.4 Diversification

There were two models of diversification, which were route diversification and service diversification. Route diversification, which remained close to the business' original model, relied on the same mode of transport but expanded the service delivery (for example, through more daily routes or providing longer-distance weekend services). Service diversification was more innovative and involved expanding the mode of transport offered (for example, car schemes in addition to minibus hire), and delivering entirely new services for a different recipient group (for example, providing mobile youth activities in deprived areas or doing contract work for local authorities).

Often diversification was most sustainable when it was considered and gradual. That is, when careful thought was given into how growth impacts upon the social objectives.

> *'What we have done is identify journeys that the passengers want. We, we've asked them what they want and we've provided those journeys.'* (Community transport organisation, rural)

Analysis of the accounts and business plans of CTOs revealed that revenue was highly dependent on sufficient bus journeys being undertaken, and that fare revenue is the dominant source of revenue for several of the CTOs. As a consequence, sustaining or growing the volume of journeys is necessary for growth or continued operation, and the ability of CTOs to adapt to changing circumstances is therefore crucial.

3.5 Careful asset management

A key challenge facing the successful CTOs was the ability to plan the replacement of vehicles as they deteriorated over time, given the high costs involved. A founder of a successful CTO reported that their ambition was to replace buses every 18 months, but they found this difficult to afford. CEOs and board members of successful CTOs reported no easy solutions to address this issue, but described trying to make the process more manageable in a number of ways including:

– identifying sources of funding in advance of vehicles breaking down;

– having a clear sense of the cycles in which vehicles need to be replaced;

– tailoring asset acquisitions to means (e.g. buying second-hand buses if resources are limited) and, when funds allow, buying higher-quality vehicles that have low maintenance costs in the long-term; and

– continuing to use buses for longer when there are financial constraints.

Having bought or replaced vehicles, the other key challenge reported was maintaining vehicles and keeping them on the road. The need to ensure a vehicle is serviced and fixed as soon as possible after it has broken down required CTOs to have either good in-house mechanics or, particularly for smaller CTOs, a strong working relationship with external providers.

Another important aspect of asset management for CTOs was the use of technology, which supported the sustainability of CTOs in three ways:

– Helped to maximise vehicle utilisation and revenue (e.g. through vehicle trackers and office booking systems);

– Aided communication between drivers (e.g. online forums) and so contributed to the seamless delivery of services (e.g. drivers being able to cover each other routes);

– Helped to gauge demand for routes and provided evidence of use to local authorities (e.g. ticketing machines that automatically calculate concessionary bus pass usage).

3.6 Chapter conclusion

Findings suggest that successful CTOs face similar challenges as commercial transport organisations, i.e. the financial model is heavily reliant upon fare revenue, combined with occasional capital expenditures. In order for CTOs to be successful they therefore have to operate commercially viable routes or find ways to cross-subsidise.

The need to generate fare revenue suggests that CTOs must be forward-looking regarding routes, planning to diversify if their current mix of routes does not work, as well as finely balancing social impact with serving areas that are cost-effective. In this sense, they can be viewed as similar to commercial transport businesses, but restricted in how they operate by social considerations and their overall mission.

Table 1 below sets out the questions that can be used to measure the success of community transport organisations in terms of business-related factors.

Table 1. Success factors: business

Success factor	Measurement questions	Rationale for inclusion
A robust business plan	1. Does a business plan exist? 2. Does the business plan include financial projections? 3. Does the business plan outline how the CTO will engage with and involve the community?	According to the literature, community transport requires a business model which enables the organisation to provide transport at an affordable cost, while also generating sufficient income to operate in a way that is financially sustainable. Due to permit restrictions CTOs can only usually deliver services to their members. The literature suggests that many CTOs could do more to use this requirement to their advantage. For example, the financial viability of the business could be strengthened by raising additional revenue through charging membership fees.
Access to finance	1. Does the CTO produce a clear set of accounts? 2. From what sources does the CTO derive its annual income? 3. How reliant is it on grant income or subsidy? 4. What proportion of the CTO's revenue is generated from its sales? 5. Are there sufficient liquid reserves?	Grant funding is important because it is difficult to generate adequate income from community transport because service provision is provided in low density areas. However there is another view that reliance on grant funding can adversely influence the financial stability and long-term planning of community transport schemes. This is because it means that the success of CTO is linked to the funding decisions and cycles of external organisations.
Organisational culture	1. Is the organisation open-minded and willing to embrace change?	A key factor underpinning the success of the CTO is having a leadership team and staff group who embrace a culture of openness and who can identify and take advantage of opportunities. In contrast, evidence from the stakeholder interviews suggests that perceptions and attitudes of the leadership team may limit business development. For example, some CTOs may not capitalise on new technologies due to a misconception that their customer groups cannot or do not use these technologies.

4 Success factor: people

This chapter reports on the key success factors relating to the people involved in setting up, running and working for a community transport organisation. This includes issues related to openness to change, leadership and decision-making, the quality of staff and volunteers and the development and maintenance of partnerships.

4.1 Culture of openness to change

According to the literature and stakeholder interviews, strong leaders and governing bodies are those who are open to new opportunities and willing to take risks, while also ensuring the financial sustainability of the business (Whitelaw & Hill, 2013). Characteristics of such a culture of openness include the leadership team having an appetite for growth, thinking innovatively about how service diversification can help to support and strengthen its social mission, and being able to think creatively about finding opportunities in challenges (e.g. using the loss of grant funding as a 'springboard' to move towards a multiple funding source business model).

In line with the literature, board members and CEOs reported that, as they moved from setting up the business to the delivery stage, they encountered various challenges around changes in the availability of funding and the demand for their services. This required CTOs to be flexible and open to change to face new market realities, while also being mindful of not allowing changes in service delivery to undermine its social objectives.

> *'[Diversification] makes us more marketable. There's a sense that it adds to our sustainability. Because, you know we can go for wider contracts you know, not just those that meet the needs of old folk.'*
> (Community transport organisation, urban)

Evidence from the stakeholder interviews however, suggests that perceptions and attitudes of the leadership team can also limit business development. For example, some CTOs may not capitalise on new technologies due to a misconception that their passenger groups cannot or do not use these technologies. This barrier to success was not, however, identified by the case study CTOs.

4.2 Strong leadership and collective decision making

Growth of CTOs was supported by the presence of a strong chairperson who was able to delegate responsibilities to other board members, giving them specific and clear roles regarding the running of the CTO. This governance model enabled board members (who tended to be volunteers) to share the workload.

'We are six people each with a specific role, whether you're treasurer, secretary or bus maintenance or timetabling, whatever, and everyone contributes to that, that running and so that makes a huge difference.'
(Community transport organisation, rural)

As the CTOs became more complex, sharing responsibilities between board members enabled multiple perspectives to be bought into the decision-making process, and for the vision and direction of the CTO to be shared and owned by the board as a whole.

Regardless of the board structure, the literature indicates that CTOs require strong leadership from the chief executive officers/chairperson. The CEO often provides the direction, skills and the momentum needed to both help shape a vision for the CTO and, importantly, to deliver on it. Key qualities required from CTO leaders include:

– the ability to work with the board to develop a vision;

– having attention to detail and the commitment to deliver this vision on a daily basis;

– being dynamic in identifying new service delivery opportunities;

– being able to network with funders and collaborators; and

– being approachable to staff, volunteers and passengers so that issues can be identified and addressed.

However, when a CTO is solely reliant on a single individual to drive their organisation forward, the challenge lies in what would happen if that individual were to step down or move on for any reason and the need for succession planning.

4.3 Good quality staff and volunteers

CTOs have adopted different human resource models, which exist along the spectrum of having an entirely volunteer-based delivery, a mixture of volunteers and paid staff but with clear roles for each, to a mostly paid staff model of delivery. The choice of model reflects financial means, the delivery context (for example whether the CTO undertakes contract work) and the availability of volunteers in the locality.

Regardless of model, the quality of staff and volunteers is key to the success of CTOs in delivering both a safe and passenger-oriented service. The literature indicates that key skills among staff and volunteers highlighted as beneficial include self-reliance, dedication, risk-taking, social passion, business acumen and strong financial management (Whitelaw & Hill, 2013). According to board members volunteers that successfully provide a passenger-oriented service do more than just drive the mini-bus, they also providing a vital social connection.

> *'They're not just driving, they are talking to passengers, they are lightening them up, they're asking them how they're getting on, they, they get to know them and you.'* (Community transport organisation, rural)

It is therefore important for CTOs to retain volunteers and staff when they are effective, and they have done this by investing in them in a number of ways. The first is through training and induction programmes, including driver safety training (e.g. the Minibus Driver Awareness Schemes – MiDAS) and allowing newly recruited individuals to shadow more experienced drivers. A second way is by promoting a shared 'team' identity, using various measures to improve communication and coordination between among staff and volunteers. These range from setting up formal communication channels (e.g. online forums), to more informal social gatherings.

A final way in which CTOs invested in volunteers is by giving drivers an input into the decision-making process. This not only ensures that decisions take account of experiences of delivery but it also helps drivers feel a valued member of the organisation. Involvement in the decision-making process ranged from informal opportunities to approach leadership teams to more formal mechanisms, such as regular driver-led meetings.

> *'We also have drivers' meetings every three months. We've got about 60 drivers, probably somewhere between 35 and 40 of them turn up to those meetings, and [they] discuss operational problems that they have, ticket machines, buses, where passengers are waiting, you know, suggestions for timetable.'* (Community transport organisation, rural)

Recruiting volunteers was easier in socially cohesive rural areas than in urban areas. CTOs involved in the research highlighted recruitment of volunteers as one of their key challenges. In particular the concern was not just the raw volume of volunteers, but also that volunteers did not have sufficient time for the required driving commitments or the necessary ability or confidence to drive their vehicles. All CTOs indicated that at least to some extent their services were dependent on volunteers.

CTOs also reported challenges around recruiting staff for key paid positions, particularly in recruiting to management and administrative posts. The reasons behind these recruitment challenges are unclear but may well reflect the salary that CTOs can offer as a charity or that they cannot afford to fund certain senior posts full-time.

4.4 Partnerships

Evidence from the literature indicates that for CTOs, forging partnerships with other organisations in the statutory, voluntary and commercial sectors is of key importance. For example, partnerships with rail providers can lead to business expansion through providing services to and from railway stations (Moreton, et al. 2006; Whitelaw & Hill, 2013).

According to successful CTOs, partnerships provided access to a number of important benefits:

— Funding streams: partnership work with local authorities and local NHS organisation being good examples of this;

— New business opportunities: partnership work with other CTOs in particular being important in this respect. This partnership work ranges from *ad hoc* arrangements (e.g. the borrowing of vehicles and the use of parking space belonging to other CTOs) to a more systematic approach (e.g. CTOs working as consortia to bid for contract work); and

— Information and advice: partnerships with regulatory bodies and the Community Transport Association helped CTOs successfully navigate transport rules and regulations.

4.5 Chapter conclusion

CTOs rely heavily on volunteers to fulfil critical roles and services. CTOs in the sample made significant use of volunteers to fulfil their skills needs, which were focused in areas such as driving larger transport vehicles. The use of volunteers enabled CTOs to operate routes that would be commercially unprofitable. Using volunteer capacity significantly reduced labour costs and overheads, with fare revenue covering variable costs, and a combination of other revenue and grant income covering capital costs. This meant that whilst the routes may not be commercially viable (and would probably be provided for by other organisations if they were), they were viable for the CTOs. All businesses indicated that the combined challenge of finding volunteers and staff with the right skills was among the top barriers to success and growth for their businesses. The other key area to note was the importance of partnerships, particularly with local authorities who could fund some routes creating a form of proxy grant income.

Table 2 below sets out the questions that can be used to measure the success of community transport organisations in terms of factors related to people.

Table 2. Success factors: people

Success factor	Measurement questions	Rationale for inclusion
A clear governance structure	1. Does the CTO have a governance structure? 2. Does the CTO review and update its governance structure? 3. Does the governance structure of the CTO allow it to balance sustainability and appropriate risk-taking?	Strong governance is important to allow a community business to clearly set out roles and responsibilities. In the case of community businesses operating in the transport sector, it is also clear that the community business will need a structure that allows it to adapt to changing circumstances as transport routes and businesses can be vulnerable to disruption or changing demand.
Leadership	1. Does the CTO have leaders with the appropriate mix of skills?	Our work has suggested that leadership qualities necessary for success in this sector include self-reliance, risk-taking, social purposes, and business acumen. The ability to realise growth opportunities is also important. Whether or not leadership have these attributes will directly impact the success of the business.
Capacity and support	1. Does the CTO have sufficient people to run the business? 2. What is the mix of paid employees and volunteers? 3. Does the CTO have access to the requisite skill sets to run the required services?	Community businesses working in the transport sector are dependent on a mix of paid staff and volunteers to both operate the vehicles themselves, as well as the wrap-around services and coordination. Our research identified that finding individuals with the right set of skills, and in particular the confidence, willingness, time, and people skills to operate the service was a crucial determinant of success.
Partnerships	1. Does the CTO have strong relationships with partners, such as support organisations sector bodies or local councils?	Integrating the transport offer with those from other voluntary sector organisations, commercial sector organisations, or local councils can be a key determinant of success. For example, if a local council supports the scheme and reimburses fares from a certain route, this can contribute to the growth and self-sufficiency of the business.

5 Success factor: community and external environment

This chapter reports on the key success factors relating to the community and external environment, including community buy-in, navigating regulations and external support.

5.1 Community buy-in and support

Staff of successful CTOs reported that community demand was an important factor for the business to be successful. Effective ways of encouraging buy-in included consulting with the community about where bus routes should go and how regular they should be. A volunteer of a successful CTO explained that an effective way of consulting the community was talking to them while they were using the service.

> *'Well, very often, when people are, are loading up or unloading, we stay and we help them and we talk to them, and, as they get off and say, 'You know, where do you think would be a good place to go?'*
> (Community transport organisation, rural)

Other more formal ways of evaluating the service have been undertaken, such as passenger surveys. Successful CTOs reported that there was very low response rate to these and found that it was more effective to informally discuss service provision with passengers during their use of the service.

Buy-in from the wider community was also important to recruit volunteers and staff to deliver their services, which requires the community to value the services and the social objectives of the CTO. Current volunteers of successful CTOs, particularly in rural areas, reported that they try to promote the CTO among their peers to encourage them to become involved. To a lesser extent, community buy-in was also identified as a way for CTOs to raise additional funds through fundraising activities organised by community members. For example, a small group of volunteers in a successful CTO organised regular coffee mornings and a monthly tombola stall to raise funds. All of these activities required the community to be invested in the CTO, which was fostered by the fact that it has a physical building at the centre of the local area where members of the community are able to drop-in and get to know staff and volunteers in person. It is also helped by the fact that its staff and volunteers are making a point of attending existing community events.

5.2 Navigating transport regulation

According to stakeholder interviews, CTOs are perceived by some stakeholders to be subject to onerous legislation. This means that communities who wish to establish a CTO must navigate regulations on issues such as health and safety and operator licensing. It has been argued that the complexity of these regulations can act as a barrier to market entry (Ryley et al. 2014). In line with findings from the literature, participants believed that successful CTOs are those that are able to negotiate complex regulations, and this was done using one or both of the following strategies:

— Having external advice and guidance on these from regulatory bodies (e.g. the Traffic Commission) themselves and/or the Community Transport Association; and

— Streamlining the process of navigating regulatory processes (e.g. applying for route changes in batches, rather than individually and giving plenty of time for approval).

However, even using these strategies certain aspects of the regulatory framework appeared to be problematic for CTOs' service delivery. This included aspects of sections 19 and 22 of the Transport Act 1985 and the Local Transport Act 2008 which, for example, require those who received their driving licence after 1st January 1997 to complete an additional test if they are to be paid and drive a vehicle of a particular weight. This constitutes an additional cost that many CTOs were unable to afford and restricted their ability to recruit drivers, particularly younger ones.

> *'All of our drivers have to have the D1 licence category because the buses weigh more than three and a half tonnes, and if you didn't pass your test before 1997 you won't have the D1 category on your licence. To put the D1 category on your licence would cost us, we estimate, something like £1,500 or £2,000 per person. They are then effectively the equivalent of a PCV fully-qualified driver and we're not paying for driver training for the commercial operators, I'm afraid.'* (Community transport organisation, rural)

Successful CTOs reported that regulation was the largest overall barrier to the success of their business. Additionally, CTOs noted that they also viewed themselves as exposed to some indirect pressures that would also be faced by commercial businesses in the same sector. These ranged from costs such as MOT testing and fuel duty, but also included the fact that the environment that they operated in could be changed in the medium to long-term by how transport policy changes at both the national and local level.

5.3 Availability of external support and guidance

According to Whitelaw and Hill (2013), resilience is believed to be enhanced by access to tailored business support, enterprise training, and networking opportunities. In line with this, participants noted that their success was supported by having the opportunity to access relevant support and guidance from a variety of sources such as the local council, other businesses, and sector bodies, such as the Community Transport Association. For example, the CEO of a successful CTO reported that they attending the Community Transport Association's annual conference at the initial setup stage of the CTO. The conference provided a wide range of useful information such as particular rules and regulations they were required to adhere to when running their CTO. Support and advice was also drawn from local community transport consortiums.

'For me, personally, very helpful, because when I started I'd not worked in community transport before, ever, and it was really great to be able to go and talk to people who were, you know, experienced and who I respect their experience as well, and so they, you know, advise best practice.'
(Community transport organisation, rural)

5.4 Chapter conclusion

Community buy-in and use of the CTO's services is essential to ensure the business is financially viable. A key way CTOs have been successful in securing long-term buy-in is by developing a passenger-oriented service that is continually reviewed informally and formally to ensure it is meeting the needs of the customers. As discussed above, CTOs operate in a similar way to that of commercial transport companies and are required to adhere to the same regulations. Accessing advice and guidance from sector bodies, other CTOs and the local council can support new CTOs to successfully navigate complex regulations that might act as a barrier to setting up and running services.

Table 3 below sets out the questions that can be used to measure the success of community transport organisations in terms of community and environmental factors.

Table 3. Success factors: community and external environment

Success factor	Data and information source	Measurement questions
Community buy-in and support	1. Does the CTO have community buy-in and support?	A belief that transport services should be publicly provided can affect the take-up of services, or the recruitment of volunteers. As such, ensuring that there is a high level of community buy-in and support is crucial to business success.
Economic and social context/market conditions	1. Does demand exist for the CTO? 2. What factors affect demand for the product or service? 3. What competitive pressures does the community business face?	CTOs are heavily dependent on fare revenue. As such, demand for their business, and whether it is likely to grow or shrink, is key for determining feasibility, or for how their strategy might need to change. Similarly, if there is already a high level of provision then the services of the community business are likely to redundant.
Ability to navigate legislation and regulation	1. Are regulations and legislation effectively complied with?	Health and safety regulations and operating licensing can cause issues for community businesses in this sector. The extent of the problem is at least partially dependent on the class of vehicle being operated, but partnerships with local areas may also require the business to comply with rules or regulations.
Approach to community ownership by public bodies	1. Are there examples of goodwill and support from local public bodies?	If local bodies actively support and promote the community business then integrating transport services would be possible, and the community business is more likely to be able to obtain funding commensurate with its social value, as well as to be able to win local government contracts.
Availability of external support and guidance	1. Does the community business have the opportunity to access the relevant support and guidance from a variety of sources?	Support, and in particular guidance on business operations, training, networking opportunities, and the ability to navigate various processes can be useful to help operate or grow the business.
Availability of assets	1. Does the community business have access to available assets? 2. Does the community business have the ability to service the costs of its assets?	The running costs of assets is a large piece of the overall cost level that community businesses in the transport sector face, and further expansion to new routes requires investment in new vehicles. As such, determining the availability of assets is vital to determining if scaling, or continued operations, will be successful.

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Appendix A: Measurement framework

Success factor: business

Success factor	Measurement questions	Data and information sources	Rationale for inclusion
A robust business plan	1. Does a business plan exist? 2. Does the business plan include financial projections? 3. Does the business plan outline how the CT scheme will engage with and involve the community?	– The CT scheme's business plan would be the source for this information. It can be used to compare current financial projections against those of previous years. – There is plenty of information on what a good cash flow forecast should include, such as the government's source here: https://www.startuploans.co.uk/cash-flow-forecast-template/	According to the literature, community transport requires a business model which enables the organisation to provide transport at an affordable cost, while also generating sufficient income to operate in a way that is financially sustainable. Due to permit restrictions CT schemes can only usually deliver services to their members. The literature suggests that many CT schemes could do more to use this requirement to their advantage. For example, the financial viability of the business could be strengthened by raising additional revenue through charging membership fees.
Access to finance	1. Does the CT scheme produce a clear set of accounts? 2. From what sources does the CT scheme derive its annual income? 3. How reliant is it on grant income or subsidy? 4. What proportion of the CT scheme's revenue is generated from its sales? 5. Are there sufficient liquid reserves?	– The CT scheme's accounts should provide clear information on the income and expenditure of the business. – One indicator is the breakdown of annual income to establish if it is too reliant on one source for its income. For example, how much is from grants, how much is from fares, how much is from membership fees etc. – Liquid Reserves are the assets held by a company that can be used immediately to meet emergency needs or future payment requirements. A "sufficient" level of liquid reserves will vary from business to business. That said, a rough rule of thumb is that three to six months of reserves should be held.	Grant funding is important because it is difficult to generate adequate income from community transport because service provision is provided in low density areas. However, there is another view that reliance on grant funding can adversely influence the financial stability and long-term planning of community transport schemes. This is because it means that the success of CT is linked to the funding decisions and cycles of external organisations.

Success factor	Measurement questions	Data and information sources	Rationale for inclusion
Organisational culture	1. Is the organisation open minded and willing to embrace change?	– This success factor is unmeasurable with data. – There may be indications of a strong organisational culture within business plans and within annual reports, but these will be subjective judgements.	A key factor underpinning the success of a CTO is having a leadership team and staff group who embrace a culture of openness and who can identify and take advantage of opportunities. In contrast, evidence from the stakeholder interviews suggests that perceptions and attitudes of the leadership team may limit business development. For example, some CT schemes may not capitalise on new technologies due to a misconception that their customer groups cannot or do not use these technologies.

Success factor: people

Success factor	Measurement questions	Data and information sources	Rationale for inclusion
A clear governance structure	1. Does the community business have a governance structure? 2. Does the community business review and update its governance structure? 3. Does the governance structure of the community business allow it to balance sustainability and appropriate risk-taking?	– The answers to the first two questions will be found in the published information of the community business. – Although not a necessary condition for good governance, regular turnover of board members can indicate a refresh of ideas and skills. – Adaptability might be measured either by how regularly governance structures were refreshed, or by a subjective assessment of business plan content.	Strong governance is important to allow a community business to clearly set out roles and responsibilities. In the case of community businesses operating in the transport sector, it is also clear that the community business will need a structure that allows it to adapt to changing circumstances as transport routes and businesses can be vulnerable to disruption or changing demand.
Leadership	1. Does the community business have leaders with the appropriate mix of skills?	– This measure is largely subjective and unlikely to be established by the data, although some insight might be gained from priorities listed in the business plan.	Our work has suggested that leadership qualities necessary for success in this sector include self-reliance, risk-taking, social purposes, and business acumen. The ability to realise growth opportunities is also important. Whether or not leadership have these attributes will directly impact the success of the business.
Capacity and support	1. Does the community business have sufficient people to run the business? 2. What is the mix of paid employees and volunteers? 3. Does the community business have access to the requisite skill sets to run the required services?	– A survey of staff would answer whether the community business can meet its immediate skills needs. – An assessment of the ratio of paid workers to voluntary workers would illustrate the extent of dependence on volunteers. – If there is a shortage of a particular skills then using government or local data on skills distribution could answer whether the skills could be obtained easily.	Community businesses working in the transport sector are dependent on a mix of paid staff and volunteers to both operate the vehicles themselves, as well as the wrap-around services and coordination. Our research identified that finding individuals with the right set of skills, and in particular the confidence, willingness, time, and people skills to operate the service was a crucial determinant of success.
Partnerships	1. Does the community business have strong relationships with partners, such as support organisations, sector bodies or local councils?	– Whether there are existing partnership schemes, either with this community business or with others, could be an effective way of measuring partnerships. – Surveying both the community business and potential/current partners would offer greater insight into how the community business was positioned.	Integrating the transport offer with those from other voluntary sector organisations, commercial sector organisations, or local councils can be a key determinant of success. For example, if a local council supports the scheme and reimburses fares from a certain route, this can contribute to the growth and self-sufficiency of the business.

Success factor: community and external environment

Success factor	Measurement questions	Data and information sources	Rationale for inclusion
Community buy-in and support	1. Does the community business have community buy-in and support?	– A locally run survey or information gathered at a community meeting could be one way of determining buy-in and support. – Surveying local leaders could be another quicker and easier way to gauge local opinion.	A belief that transport services should be publicly provided can affect the take-up of services, or the recruitment of volunteers. As such, ensuring that there is a high level of community buy-in and support is crucial to business success.
Economic and social context/ market conditions	1. Does demand exist for the product? 2. What factors affect demand for the product or service? 3. What competitive pressures does the community business face?	– Existing passenger and fare data would be a useful tool for analysing existing demand. – Local transit plans combined with population data could be used to analyse areas of low provision. – Analysis of the customer base and demographic projections could be used to determine if demand is likely to increase or decrease. – Surveys of the target population could be conducted to determine if they are likely to use the service.	Community businesses operating in the transport sector are heavily dependent on fare revenue. As such, demand for their business, and whether it is likely to grow or shrink, is key for determining feasibility, or for how their strategy might need to change. Similarly, if there is already a high level of provision then the services of the community business are likely to redundant.
Ability to navigate legislation and regulation	1. Are regulations and legislation effectively complied with?	– The business could be directly surveyed to understand the extent to which regulations were understood, and whether they were barriers to growth or continued operation. – A scan of local and national regulation of particular forms of transport could be collected and analysed.	Health and safety regulations and operating licensing can cause issues for community businesses in this sector. The extent of the problem is at least partially dependent on the class of vehicle being operated, but partnerships with local areas may also require the business to comply with rules or regulations.
Approach to community ownership by public bodies	1. Are there examples of goodwill and support from local public bodies?	– An analysis of previous grants made available, or previous forms of cooperation between the community business and local government could be used. – Surveying local government, or the agencies that run transport in that area, could also be a way to gauge support for the community business.	If local bodies actively support and promote the community business then integrating transport services would be possible, and the community business is more likely to be able to obtain funding commensurate with its social value, as well as to be able to win local government contracts.

Success factor	Measurement questions	Data and information sources	Rationale for inclusion
Availability of external support and guidance	1. Does the community business have the opportunity to access the relevant support and guidance from a variety of sources?	– A survey of those involved in the running of the community business could determine how widely support and guidance from other sources is accessed.	Support, and in particular guidance on business operations, training, networking opportunities, and the ability to navigate various processes can be useful to help operate or grow the business.
Availability of assets	1. Does the community business have access to available assets? 2. Does the community business have the ability to service the costs of its assets?	– Depreciation and maintenance costs can be determined from business accounts and compared to income streams there. – DVLA data or privately held databases on vehicle sales could be used to determine approximate asset costs.	The running costs of assets is a large piece of the overall cost level that community businesses in the transport sector face, and further expansion to new routes requires investment in new vehicles. As such, determining the availability of assets is vital to determining if scaling, or continued operations, will be successful.

Appendix B: Achieved sample

Tables 4 and 5 provide an overview of the participants in each of the case studies.

Table 4. Number of achieved interviews with CTO staff and volunteers by case study

Case study	Volunteer board members	Volunteers (other)	Paid staff	Total
Friendly Bus	2	1	1	**4**
Cuckmere Community bus	3	1	0	**4**
Barnet Community Transport	2	1	1	**4**
Tavistock Country Bus	2	2	0	**4**

Table 5. Number of achieved focus groups or telephone interviews with CTO passengers by case study

Case study	Residents/members
Friendly Bus	4
Cuckmere Community bus	2
Barnet Community Transport	6
Tavistock Country Bus	8

Appendix C: Case study questionnaire

Business Characteristics

1. How many years has the
Community Business been operating? ☐

2. How many people does the
Community Business employ on a full-time basis? ☐

3. How many people does the
Community Business employ on a part-time basis? ☐

4. How many full-time volunteers does the
Community Business have? ☐

5. How many part-time volunteers does the
Community Business have? ☐

Barriers to success

1. We want to know about the biggest obstacles to overall success for your Community Business. Please rank the top 3 reasons, with #1 being the biggest obstacle to success and #3 being the third largest obstacle:

– Lack of access to finance to fund the business ☐

– Other providers in the area competing with the
Community Business ☐

– Regulation restricting business activity ☐

– Finding the right skills to run the business ☐

– Inadequate access to advice and support
on how to run the business ☐

– A lack of buy-in, or interest, from the community ☐

– A lack of available assets
(land, vehicles, buildings) ☐

If a major obstacle to the overall success of your community business is not included here then please specify.

2. We want to know about the biggest obstacles to growing your Community Business. Please rank the top 3 reasons, with #1 being the biggest obstacle to growth and #3 being the third largest obstacle:

– Lack of access to finance ☐

– Other providers in the area competing
with the Community Business ☐

– Regulation restricting business activity ☐

– Finding the right skills to run the business ☐

– Not having enough specialist knowledge
to scale the business ☐

– You, your staff, and your volunteers
having insufficient time ☐

– Not having access to assets required
to scale, such as property or vehicles ☐

If a major obstacle to the overall success of your community business is not included here, then please specify.

Business Plan

1. How often does your business review and update its business plan? (please tick one box only)

– Once every six months (or more frequently) ☐

– Once every 6-12 months ☐

– Once every 12-18 months ☐

– Once every 18-24 months ☐

– Less frequently than any of the above ☐

2. How often does your business review and update its governance structure? (please tick one box only)

– Once every six months (or more frequently) ☐

– Once every 6-12 months ☐

– Once every 12-18 months ☐

– Once every 18-24 months ☐

– Less frequently than any of the above ☐

3. Which of the following contribute to funding your Community Business? (please tick all that apply)

– Grant or subsidy ☐

– Loan from a third sector organisation ☐

– Loan from a high street bank ☐

– Community share funding ☐

– Other (please specify) ☐

4. Roughly how much of your Community Business' annual income comes from grant funding or subsidy? (please tick one box only)

– None of our annual income comes
from grant funding or subsidy ☐

– Less than 10% ☐

– 10% - 20% ☐

– 20% - 30% ☐

– 30% - 40% ☐

– 40% - 50% ☐

– 50% - 60% ☐
– 60% - 70% ☐
– 70% - 80% ☐
– 80% - 90% ☐
– 90% - 100% ☐

5. Liquid Reserves are the assets held by a company that can be used immediately to meet emergency needs or future payment requirements. A 'week' of Liquid Reserves refers to the amount of liquid reserves required to cover operating costs for a week.

How many weeks of Liquid Reserves do you carry?

6. If your business does receive income from grant or subsidy, which of the following statements best represents your position. (please tick one box only)

– Our business is unlikely to survive
without grant or subsidy. ☐

– Our business may be able to survive without grant or subsidy in the future, but we would have to change our business model. ☐

– Our business will be able to survive without grant or subsidy in the future with few changes to the business model, but cannot right now. ☐

– Our business could survive without
grant or subsidy now. ☐

Human Capital

1. We want to know which skill sets are most important to the successful running of your Community Business. Please rank each of the following in order of importance, with #1 being the most important skill set and #6 being the least important skill set.

– Financial management skills ☐
– Human resources management skills ☐
– Knowledge of how to navigate
regulations affecting your business ☐
– Trade skills (such as bricklayers,
electricians or drivers) ☐
– People skill ☐
– Sector specific skills ☐

If we have missed an important skill set related to this question please tell us.

2. We want to know which skill sets would be most important to grow your Community Business. Please rank each of the following in order of importance, with #1 being the most important skill set and #6 being the least important skill set.

– Financial management skills ☐
– Human resources management skills ☐
– Knowledge of how to navigate
regulations affecting your business ☐
– Trade skills (such as bricklayers or electricians) ☐
– People skills ☐
– Sector specific skills ☐

If we have missed an important skill set
related to this question please tell us. ☐

Community and External Environment

1. What are the biggest factors affecting demand for the product or service that your business provides? Please rank in order of importance, with #1 being the biggest pressure and #5 being the smallest pressure:

– Other businesses providing the same
product or service ☐
– The performance of the economy ☐
– Overall demand within the community
that the business serves ☐
– High business costs pushing up prices ☐
– Our Community Business faces no
competitive pressures ☐
– Other (please specify) ☐

2. Which of the following types of organisations does your Community Business currently have relationships with? (please tick all that apply)

– Local authority ☐
– High street bank ☐
– Third sector funding provider ☐
– A sector body ☐
– Other (please specify) ☐

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