power to change | business in community hands

Research Institute Report No. 3

# A common interest: The role of asset transfer in developing the community business market

November 2016

Abigail Gilbert

LOTTERY FUNDED

# Contents


About this report 1
Foreword 2
Executive summary 3
1. Introduction 9
2. Local government and community asset transfer 11
2.1 Policies and priorities 16
2.2 Transferred assets: type and business model 20
2.3 Barriers to asset transfer and risk management 26
2.4 Conclusion 34
3. Asset-based community businesses 35
3.1 Case study selection 35
3.2 A framework for success 39
3.3 Success in practice: evaluating resilience 42
4. Conclusions 62
Bibiliography 64
Appendix 1: Methodology overview 67
Appendix 2: Survey questionnaire 73
Appendix 3: Case study questions 77
Appendix 4: Case studies 79
South Tynedale Railway Preservation Society 79
Bristol Community Land Trust 81
Brighton Open Market 83
Alt Valley Community Trust 85
Croydon Saffron Central 87
Appendix 5: Checklist for local government 89
Appendix 6: Checklist for asset-based community business 90

# About this report

Power to Change commissioned New Local Government Network in March 2016 to provide the most comprehensive possible mapping of asset transfers from local authorities to communities in recent years. Many community businesses own or manage an asset, and the asset is often central to business operations. The research gathered local authority views on asset transfer, informing our understanding of whether and how austerity and the new policy environment are changing local authority attitudes. The research also aimed to provide an in-depth assessment of a number of community businesses built around transferred assets to understand both how they have succeeded and why some have failed.

The report has been researched and written as an independent assessment. Although Power to Change has provided input and support to the team, the views expressed here (and any errors that persist) remain entirely those of the authors. The findings in this report are based on 16 interviews, an online survey of 58 local government officers working on community asset transfer, five case studies of asset-based community business, desk research, and publicly available data.

NLGN
NEW LOCAL GOVERNMENT NETWORK

New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower communities. Working alongside a network of leading edge councils, it identifies ways to drive innovation and inspire tomorrow's places with work that is creative, collaborative and thought-provoking, but never strays too far into impractical blue skies thinking.

Published by The Power to Change Trust (2016)
ISBN 978-1-911324-02-7

This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License. To view a copy of this licence, visit http://creativecommons.org/licenses/by-sa/4.0/

# Foreword

This comprehensive review of the agenda for community asset transfer offers incredibly useful advice to those who want to harness public assets to advance social action. This agenda began almost a decade ago when the then New Labour Government asked me to lead a small multi-disciplinary team of professionals to work out some practical ways in which public action could be combined with community and social action. Since then the agenda has been blown a little off course by six years of public sector austerity. But there has been a growing list of successful stories of change.

**Barry Quirk,**
Chief Executive,
London Borough
of Lewisham

This report is hard-headed but it's also optimistic. It acknowledges that cuts to local authority budgets have placed new pressures on asset management. In many instances this has led council managers to want to raise revenues from local public assets rather than use them to boost community action. However, by attempting to map community asset transfers across the nation this report provides an in-depth assessment of possible reasons why community businesses (built around transferred assets) have succeeded, as well as why some have failed.

The research reported here also includes in-depth surveys and interviews with policymakers and practitioners. The five case studies of community businesses built around local authority owned assets merit your careful attention.

Idealism is vital to raise spirits and set goals – but the achievement of these goals relies on practical realism. And this report offers practical realism in abundance. I highly recommend that you read it closely. If in your locality you can see how some public assets could energise social and community action through repurposing their uses, this report offers you some great examples of how this can be achieved.

Understanding the key constraints on policy and action locally is a precursor to discovering positive ways forward.

# Executive summary

## Context

Community businesses and local government share a common interest: the development of self-sufficient, community-led public services which empower communities, generate social value and increase community resilience over the long term. When successful, community businesses using public assets can help local authorities to achieve their public service goals, because they are place-based, responsive to service users, and financially self-sustaining.

In 2007, the Quirk Review[1] argued that handing more assets to local people could help achieve this, by creating a surge in social action and innovation, allowing councils to step back and facilitate communities to address their own challenges. Asset-based approaches have become increasingly popular to improve resilience and manage demand on public services. They are characterised by strategies which begin by looking at the resources available, building 'up' from the strengths of an individual or community to improve levels of self-sufficiency. However, today, these longer-term ambitions may take a backseat as cuts to local authority budgets have placed new pressures on asset management. Rather than finding ways to progress towards networked, self-reliant places, asset management departments are expected to fill holes in revenue spending budgets simply to meet immediate demands. Understanding the extent of this conflict – between asset management strategies which yield revenues immediately, and those that generate social value over time by strengthening the capacity of communities to look after themselves – is imperative given the ability of community businesses to respond to several key drivers of public service transformation.

## Research aims

New Local Government Network (NLGN) undertook a six-month research project, to deliver on the following aims:

– Provide the most comprehensive possible mapping of asset transfers since the Coalition Government of 2010

– Understand how austerity and the new policy environment is changing local authority attitudes to asset transfer

– Provide an in-depth assessment of a number of community businesses built around transferred assets to understand both how they have succeeded and why some have failed

In delivering these aims, we focused on community businesses which are seeking to deliver a public service offer.

[1] Quirk, B. (2007) Making assets work: the Quirk review of community management and ownership of public assets. HMG.

## Methods

To achieve this, we conducted a survey in conjunction with a polling company. We contacted all 353 local authorities in England, achieving responses from 14% of these. We surveyed 58 local government officers working on community asset transfer. A breakdown of response by local authority type is available in Appendix 1. We also conducted semi-structured interviews with 16 policymakers and practitioners; carried out five case studies of community businesses built around local authority owned assets, and hosted a discussion between local government representatives and community business experts at a roundtable event. The findings of the research were tested with local government representatives.

The survey was designed to comprehensively map the extent of asset transfer over the last five years; and to evaluate attitudes to CAT by local authority officers under the current policy climate. The survey revealed that opportunities for transfer are varied across local government. To further understand how these variations affect the success of asset-based community businesses, we chose five case studies offering a cross section of different geographical and political contexts.

Using a process of retroduction, we created a conceptual framework to understand what success means in asset transfer to community businesses. Given the highly varied nature of the community business market, and the fact that success should have more long term objectives than an authority simply disposing of an asset, this framework understands success as a journey from vulnerability towards greater community resilience – a desired outcome of asset-based empowerment.

## Key Insights

– There are rarely designated staff dealing with community asset transfer in local authorities. Often responsibility is shared, reflecting the fact that for many authorities CAT is not a leading priority.

– Approaches to CAT vary significantly between local authorities. However, most authorities stated a preference for transfer of leasehold[2] over freehold[3] in CAT policies, and this is reflected in practices over the last five years.

– Many authorities recognise the potential of CAT to achieve their objectives, such as reducing the cost of service provision (85%), protecting a service that would otherwise be lost (81%) or improving service user engagement (81%).

[2] A leaseholder owns a property and its land for the length of the lease agreement with the freeholder.
[3] The freeholder of a property owns it outright, including the land it is built on.

– CAT remains largely reactive rather than proactive. Only half of the officers surveyed reported that their authority actively pursues opportunities to transfer assets into community ownership. However, a small handful of councils are beginning to very proactively engage with asset transfer, as a means of rebalancing the balance of responsibility between citizen and state.

– The need to generate capital sales receipts is still a leading barrier to asset transfer (88%) suggesting a conflict between asset management strategies which yield revenues immediately, and asset management strategies which yield social value over time.

– Other barriers to CAT include a perceived lack of appropriate assets for transfer (90%), a concern that community groups will not be able to secure the necessary funding after transfer (88%), a desire for flexibility in asset management leading to a reluctance to make assets available, and the challenge of effectively quantifying social value.

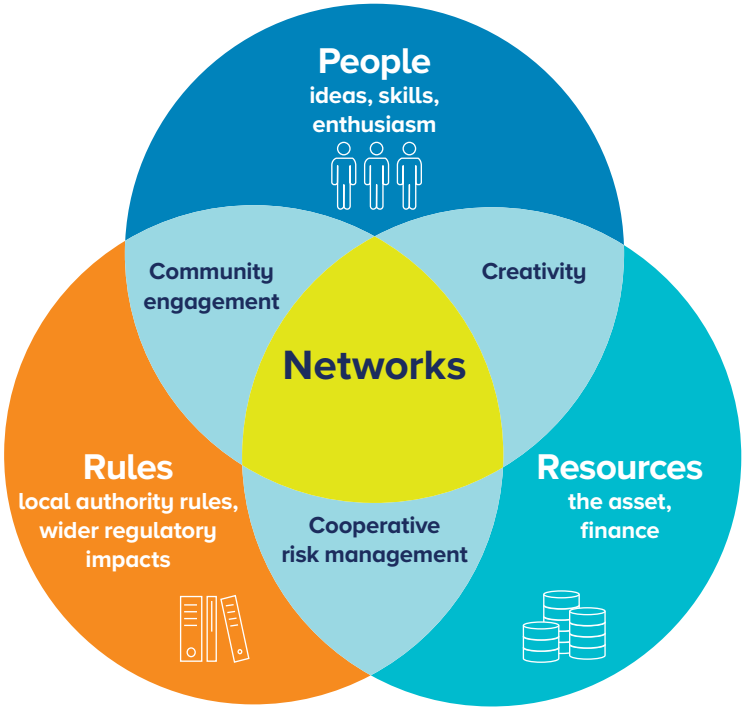
– Community businesses are more successful in obtaining an asset when they consult the local authority's strategic objectives and find ways to align with an overarching plan for place.

– Community organisations are more successful when they build partnerships with local councillors. As representatives and custodians of the public interest at the community level, they can be much needed champions.

– Community businesses are more successful when they continue to engage their community of interest (those who work or volunteer for the enterprise) and community of place (those who live near to and use the services of a community business) to include a wide range of actors. These networks allow them to lever in resources, including people's skills, time and often also monetary or material resources in the stages leading up to and following an asset transfer.

## A framework for resilient community businesses

Conceptual framework for resilient asset-based community businesses




Given the differences between authorities in their approach to managing community asset transfer, we set out to discover through our research some key components of what makes for a successful community business. To do this, we created a conceptual framework, which was then tested and, where necessary, revisited in light of five in-depth case studies of different community businesses from across England. Our research suggests that three key activities determine the success of a community business:

– **Community engagement:** For an asset-based community business to become resilient, processes of engagement should happen within the community of interest, namely those who work or volunteer for an organisation, and with the wider community of place, including local businesses and political representatives. This should create a common vision, which is constantly revisited to ensure relevance to local need.

– **Cooperative risk management:** For an asset-based community business to become resilient, it needs to develop effective strategies to manage risk. These partnerships may be with the council, other public bodies, or businesses.

– **Creativity:** For an asset-based community business to become resilient, they must find inventive ways to lever in resources, and find innovative ways to deliver local public services at lower cost to the public purse, or without any form of public revenue.

These strategies should help to ensure the resilience of an asset based community business. However, the ability of a community business to deliver these strategies effectively is determined by wider place-based factors. These are people, rules, and resources.

– **People:** As stated in the Quirk Review, the greatest asset of any community is its people. However, not all places have the same demographic opportunities to support community businesses. One of the main challenges to growing the civic realm is the very place-distinct challenge of finding people with the time and skill sets to instigate and then manage community business operations.[4]

– **Rules:** Different authorities take very different approaches to their management of the asset transfer process, as highlighted in Chapter 2. This can determine what assets are made available to communities, how they will be transferred, and the nature of the transfer (i.e. short or long-term lease preferences and opportunity for freehold). Further, to secure resources from cooperative partnerships, community businesses may have to navigate wider rule systems.

– **Resources:** Not all assets present the same level of baseline opportunity to community businesses. Some may need minor repairs while others may need more serious work. Equally, not all of the resources from partnerships will come with the same level of freedom and flexibility.

Key to ensuring a functional relationship between people, rules, and resources are the networks of a community business. These allow a community business to create a vision and deliver a service which remains responsive to need, develop partnerships which can bring in resources and source creative solutions, and manage risks relating to their ownership or stewardship of an asset.

[4] Percy, C. Swersky, A. Hull, D. & Medley-Hallam, J. (2015) The community business market in 2015. Power to Change.

## Conclusion

While it is undoubtable that community businesses can help local authorities to make short-term savings, to fully achieve the benefits of community asset ownership, the process must be led by long-term thinking. Investment is needed, in officer time to ensure that the process of finding suitable community groups is run well; to help develop capacity in those groups; to communicate the value of the project across silos (different departments within government which do not communicate with each other or share objectives, barring more integrated efforts to achieve outcomes) and when necessary, to help find appropriate trustees and board members for the businesses. Further, financial investment may be needed to help get projects off the ground, particularly with the transfer of liabilities. In the long term, this approach can pay off by creating more self-sufficient, resilient communities.

# 1. Introduction

Support for the transfer of assets from public bodies to local communities is at least 40 years old. The agenda has been given fresh impetus over the past decade by the Quirk review, which argued that asset transfer was key to empowering communities to run their own public services. Quirk argued that handing more assets to local people would create a surge in social action and innovation, allowing councils to take a step back, and to focus on enabling and empowering communities to address their own challenges.

In line with this, there has been growing interest in the community business market. Asset-based community businesses are diverse in operational mission, form, and function. However, key characteristics of high functioning asset-based community businesses have been identified.[5] First they are started and then run by a local community, deriving their strength from being rooted in the networks of a place. When working well, they have democratic governance structures to engage the local community. Finally, their primary purpose is to generate social value for the local community, which they do by trading in goods or services, with a view to being independent of grants.

Over the last year, the community business sector has grown. Research on the state of the market in 2015 has estimated that there were approximately 5,650 community businesses, generating £0.9 billion of income on £1.4 billion of assets, representing a 9% growth on the previous year[2]. Many examples can be found that exemplify the way in which community businesses respond to current drivers of public service transformation.

For instance, restrictions on public spending mean that local government must work towards a new relationship with communities and to find solutions to the challenges they face. While the Localism Act (2011) created more opportunities for direct community participation, devolution deals created an impetus for public service reforms to create local economic growth. Finally, as budgets have been tightened, local authorities have sought new ways to tailor their services to improve outcomes, while empowering service users either through greater consultation or absolute co-production. At their best, community businesses can help local authorities to achieve these public service goals because they are place-based, responsive to service users, and financially self-sustaining.

However, in the aftermath of 2008, changes in the fiscal environment have meant that the level of direct central government support for asset transfer has been reduced. For instance, the Asset Transfer Unit, a former government-funded advice agency, is now run as a wing of Locality, a charitable body. Further, cuts to local authority budgets have reduced human resource capacity, and shifted the

[5] Percy, C. Swersky, A. Hull, D. Medley-Hallam, J. (2015) The community business market in 2015 (Research Institute Report No. 1). Power to Change.

focus of asset management towards generating much-needed revenue through more commercial use, or sale, of assets. CAT involves the transfer of land or buildings from the council's ownership into the stewardship and/or ownership of third sector organisations at up to £2 million 'less than best consideration' – i.e. less than the highest obtainable or estimated market value. This discount is based upon a presumption of long-term benefits. However current pressures may mean that a focus on the immediate need for capital sales receipts frustrates the progress of CAT.

Understanding the extent of this conflict – between asset management strategies which yield revenues immediately, and asset management strategies which yield social value over time – is significant.

Given the ability of asset-based community businesses to respond to several key drivers of public service transformation, it is timely to identify and explore any CAT practices which may create barriers to growth of the community business market.

## Our research aim

**Our aim was to understand how recent changes in the policy context are shaping the progress of community asset transfer, and explore what makes for a successful asset-based community businesses in this context.**

To achieve this, we conducted interviews with 16 policy makers and policy shapers; held a roundtable to bring representatives of the community business market and local government officers into conversation; conducted a survey of local authority officers working with CAT; and carried out five case studies of community businesses, which were used to iteratively inform the development of a conceptual framework.[6]

This report presents the findings of this research in two main sections.

– **Chapter 2** explores the extent of CAT over the last five years, and current attitudes towards CAT in local government.

– **Chapter 3** begins by exploring the meaning of success in a community business, building towards a conceptual framework. It then uses the framework to demonstrate how the five case studies used community engagement, cooperative risk management, and creativity to achieve success.

[6] Full methodology available as Appendix 1.

# 2. Local government and community asset transfer

> *'In the future we need to reach out and find the champions within the community who will take the lead.'*
> Survey respondent, local government

Community businesses and local government share a common interest: the development of self-sufficient, empowered communities,[7] with public services which deliver social value, keep money circulating locally,[8] and ultimately increase community resilience over the long term. Locality,[9] The Rural Policy Centre,[10] The Kings Fund[11] and the Scottish Community Development Centre[12] all consider asset ownership to be central to building communities which are more resilient.

Community resilience has been considered widely as a relationship between risk, vulnerability, and the capacity of a community to adapt.[13] The concept is increasingly being used to understand adaptability to all kinds of shock, including socio-economic change.[14,15] Some have argued that understanding or achieving resilience requires an approach which draws together a variety of actors to 'engage communities in their own governance, to share information, make decisions, and control resources'.[16] Strategies which try and build community resilience therefore seek to empower communities to take control over their collective destiny and increase their capacity to respond to disadvantage or highly adverse conditions.

7 Sirianni, C., & Friedland, L. (2001) *Civic innovation in America: Community empowerment, public policy, and the movement for civic renewal*. University of California Press, Berkeley and Los Angeles.

8 APSE (Association for Public Service Excellence) (2008) Creating resilient local economies: Exploring the economic footprint of public services.

9 Locality. What are community assets?. Available at: http://locality.org.uk/our-work/assets/what-are-community-assets/ [Accessed 08/08/16].

10 Turnbull, K. (2012) Building resilient institutional infrastructures for development in remote rural areas: A report for the Arkleton Trust. Rural Policy Centre, SAC, Edinburgh.

11 Buck, D. & Gregory, S. (2013) Improving the public's health: A resource for local authorities. The Kings Fund.

12 SCDC (Scottish Community Development Centre) (2012) Community resilience and co-production: Getting to grips with the language. A Briefing Paper. Available at: http://www.scdc.org.uk/media/resources/assets-alliance/Community%20Resilience%20and%20Coproduction%20SCDC%20briefing%20paper.pdf [Accessed 08/09/16].

13 Cutter, S. L., Barnes, L., Berry, M., Burton, C., Evans, E., Tate, E., & Webb, J. (2008) A place-based model for understanding community resilience to natural disasters. *Global Environmental Change*, 18(4), pp. 598 – 606.

14 OECD (Organisation for Economic Co-operation and Development) (2014) Guidelines for resilience systems analysis: How to analyse risk and build a roadmap to resilience. OECD Publishing.

15 McInroy, N. & Longlands, S. (2010) Productive local economies: Creating resilient places. Centre for Local Economic Strategies (CLES).

16 LGiU (2015) Project resilience: An outline for future research. LGiU.

Asset-based approaches have become increasingly popular in increasing the resilience of individuals, and communities. Asset-based approaches are characterised by strategies which begin by looking at the resources which are immediately available, building 'up' from the strengths of an individual or community to engender self-sufficiency.[17] It was in this light that the Quirk Review considered what role ownership of assets could play in communities. Quirk argued that the greatest asset of any community was the people within it, and that ownership of assets by those people could be a platform for a range of positive outcomes, including community self-regeneration.

However, in 2007 at the time of the review, when the economy was in good health and local government was comparatively wealthy, Quirk identified that a key barrier to asset transfer was that public sector landlords felt the need to maximise capital sales receipts with 'no room for offering discounts to communities', and even that 'local authorities don't have the powers to act, even when they want to'.[18]

However, this lack of power is likely to be due to informal rules, rather than formal rules, as local authorities have in fact had the power to transfer land or buildings from the council's freehold ownership into the stewardship and or ownership of third sector organisations at 'less than best consideration' as first set out in the 1972 Local Government Act. This makes understanding informal rules, or attitudes towards CAT in local government particularly important.

[17] Foot, J. & Hopkins, T. (2010) A glass half-full: How an asset approach can improve community health and well-being. Great Britain Improvement and Development Agency.
[18] Quirk, B. (2007) Making assets work: the Quirk review of community management and ownership of public assets. HMG.

### Box 1: Asset transfer policy

*The Local Government Act (1972)* first allowed for the disposal of assets at less than best consideration, meaning less than the highest estimated market value.[19]

*The General Disposal Consent (2003)* removed the requirement for authorities to seek specific consent from the Secretary of State for such transfers when the purpose to which the land will be disposed is likely to contribute to improved economic, social or environmental wellbeing, and the undervalue – the discount given – is less than £2 million.[20]

*The Localism Act (2011)* created a range of levers to support 'community rights' and enable civil society to pursue their own entrepreneurial development. This included:[21]

– *The Community Right to Bid*: this gives community groups the chance to protect assets that are important to them by listing them as 'Assets of Community Value'. This allows the group to trigger a six-month moratorium on any proposed sale of a community asset, allowing them the opportunity to submit their own bid to buy the asset.[22]

– *The Community Right to Challenge:* The Right to Challenge allows voluntary and community groups, charities, social enterprises, parish councils, local and fire and rescue authority staff to bid to run authority services where they believe they can do so differently and better.

– *Community Right to Build*: The Community Right to Build allows local communities to propose small-scale, site-specific, community-led developments without having to go through normal planning processes

The Department for Communities and Local Government (DCLG) maintains a record of Assets of Community Value (ACV), which suggests that over 2,600 community assets have been listed under the right to bid to date.[23]

19 Local Government Act 1972. London: The Stationery Office.
20 The General Disposal Consent (2003) Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained. Office of the Deputy Prime Minister, The Stationary Office, London
21 The Localism Act (2011) The Stationary Office, London
22 DCLG (Department for Communities and Local Government) (2012) Community right to bid: Non-statutory advice note for local authorities. Part 5 chapter 3 of the Localism Act 2011 and the Assets of Community Regulations 2012.
23 DCLG data tables. Available at: http://communities.maps.arcgis.com/apps/webappviewer/index.html?id=d195c3134caa46b5a638ad0c4f0cce77 [Accessed 08/09/16].

In contrast to the General Disposal Consent, which encourages transfer of local authority owned assets into community hands, this policy is principally geared towards local authorities supporting communities to buy private assets.

This represents a dichotomy between an exclusive focus on ownership (transfer of freehold to a community organisation) and the transfer of management (the leasehold). Organisations such as Locality have been involved in supporting communities to understand these differences, and have provided a wide range of supportive sources to explain what the differences are,[24] how to choose a legal model[25] and more.

DCLG also maintains a record of assets under community ownership.[26] However, these data only consider community-owned assets in Yorkshire and the Humber, the North West, North East, and East Midlands. The dataset contains no information on transfers in the South West, London Boroughs, West Midlands, or South East, as it has focused on authorities involved in the Community Ownership and Management of Assets (COMA) programme – a support scheme coordinated by DCLG and supported by Locality. While there is a requirement for local authorities to maintain a register of assets of community interest, there is no requirement to publish information about assets which they have transferred under the General Disposal Consent. Therefore, DCLG's database is maintained through occasional internet searches by staff.[27]

These data therefore does not provide a representative sample, and cannot be used to present a comprehensive picture of the role local government is playing in community asset ownership. To address this, we designed a survey with a polling company[28] to: comprehensively map asset transfers that have taken place over the past five years; assess attitudes to asset transfer in local government under the current policy context; and examine local government's forward pipeline for asset transfer.

In total, we contacted all 353 local authorities in England, and surveyed 58 local government officers with a responsibility for overseeing community asset transfer online between 11 May and 22 July 2016. The sample was generated by a dual approach – approaches were made both through direct contact

[24] My community rights: Understanding community asset transfer. Available at: http://mycommunity.org.uk/wp-content/uploads/2016/09/LOCALITY-ASSET-TRANSFER_UNDERSTANDING.pdf [Accessed 13/09/16].
[25] Locality. Choosing a legal structure: A toolkit for organisations. Available at: http://locality.org.uk/wp-content/uploads/Choosing-a-legal-structure-toolkit.pdf [Accessed 13/09/16].
[26] See a map of community assets created from DCLG data at: http://communities.maps.arcgis.com/apps/webappviewer/index.html?id=d195c3134caa46b5a638ad0c4f0cce77 [Accessed 08/09/16].
[27] National Government Interviewee
[28] Full details of the survey can be found in Appendix 1

with officers, and via Chief Executives of local authorities where direct contact with officers was not possible. A list of local government officer job titles with responsibility for community asset transfer was created to develop a sample.

This approach was designed to overcome the difficulties inherent in identifying those with responsibility for community asset transfer, as responsibility for this policy is often shared across job roles and departments within local authorities, and may differ between councils. From this point, a snowballing method was adopted – with officers who had been contacted but had identified that it was not their responsibility telephoned and asked for the details of an appropriate officer.

The response rate reflects the difficulties presented by the lack of a defined job title for those with responsibility for overseeing community asset transfer, and diverse distribution of responsibility for overseeing it. When probed, many officers said that they were unsure who would be best placed to participate and were therefore unable to refer the survey to a relevant colleague. This suggests that CAT expertise may still be absent or hidden within many local authorities. A lack of time and resource to complete the survey were also primary reasons for not participating given by some local officers.

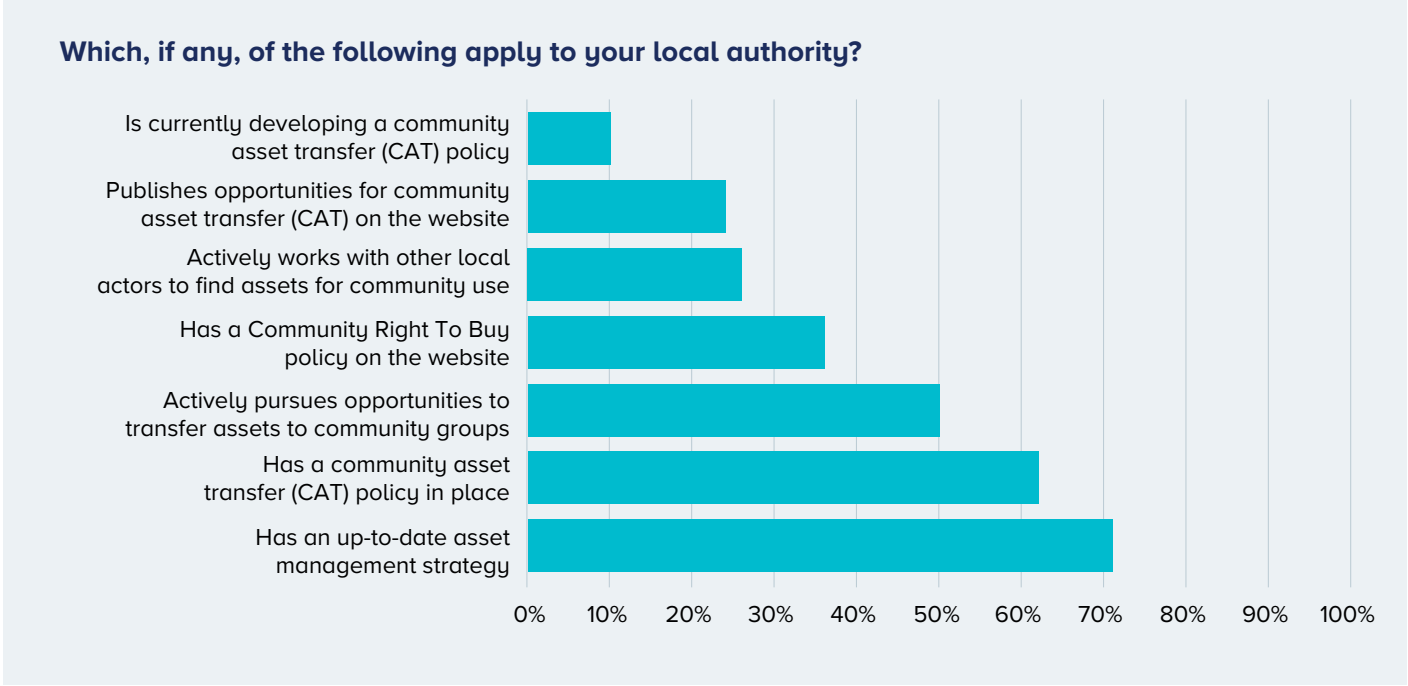
This meant that a comprehensive mapping was not possible. However, our 58 responses generated interesting material, contributing to the evidence base on asset transfer and generating original findings about the relationship between austerity and attitudes to asset transfer within the sector.

## 2.1 Policies and priorities

This section presents the findings of the survey, first considering policies and priorities for asset transfer with reflections on the numbers made to date, and then moving on to consider barriers to asset transfer.[29]

Figure 1 below explores current local government activities relating to CAT. Most notably, over 60% of all local government officers who responded to the survey reported that their local authority has a community asset transfer policy in place. One in ten say their authority is currently developing a CAT policy. However, only half of the officers reported that their authority actively pursues opportunities to transfer assets to community groups. It is worth noting that those who responded to the survey are likely to be more engaged in CAT activities. This indicates that CAT is not particularly high on the local government agenda. It is useful therefore to look at the reasons why asset transfer sometimes can be a priority for local authorities.

Figure 1: Local government asset management strategy

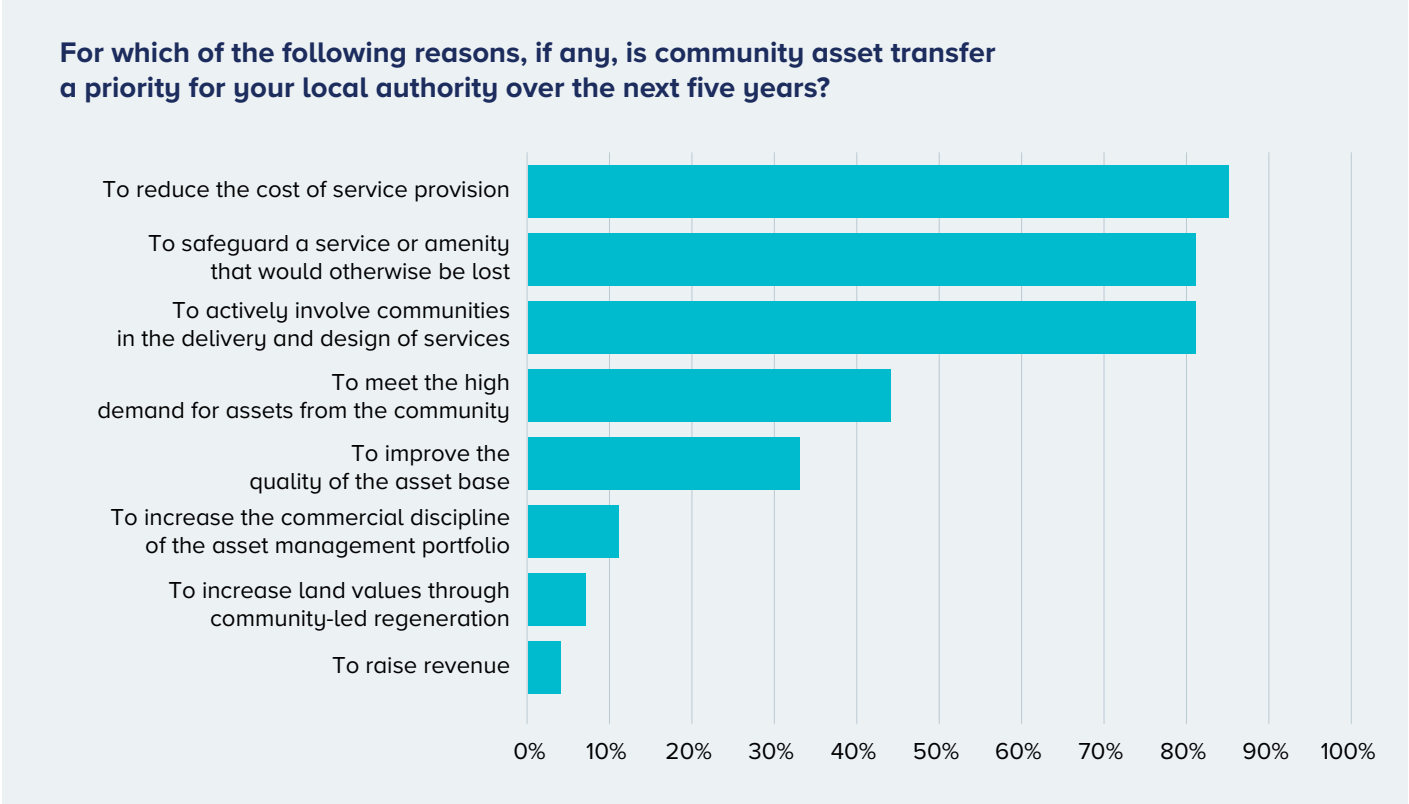



[29] All survey questions were optional, and some were only asked in line with skip logic. As a result, not all respondents answered all questions and so the total response figure is in some cases lower than 58.

Unsurprisingly, given cuts to local government funding, a leading reason for support for CAT was reducing the cost of service provision (see figure 2). High priorities include safeguarding a service or amenity that would otherwise be lost, and actively involving communities in the delivery and design of services. This suggests that local government priorities for CAT align with the wider policy agenda for local service provision: to reduce the cost of service delivery, and increase user participation.

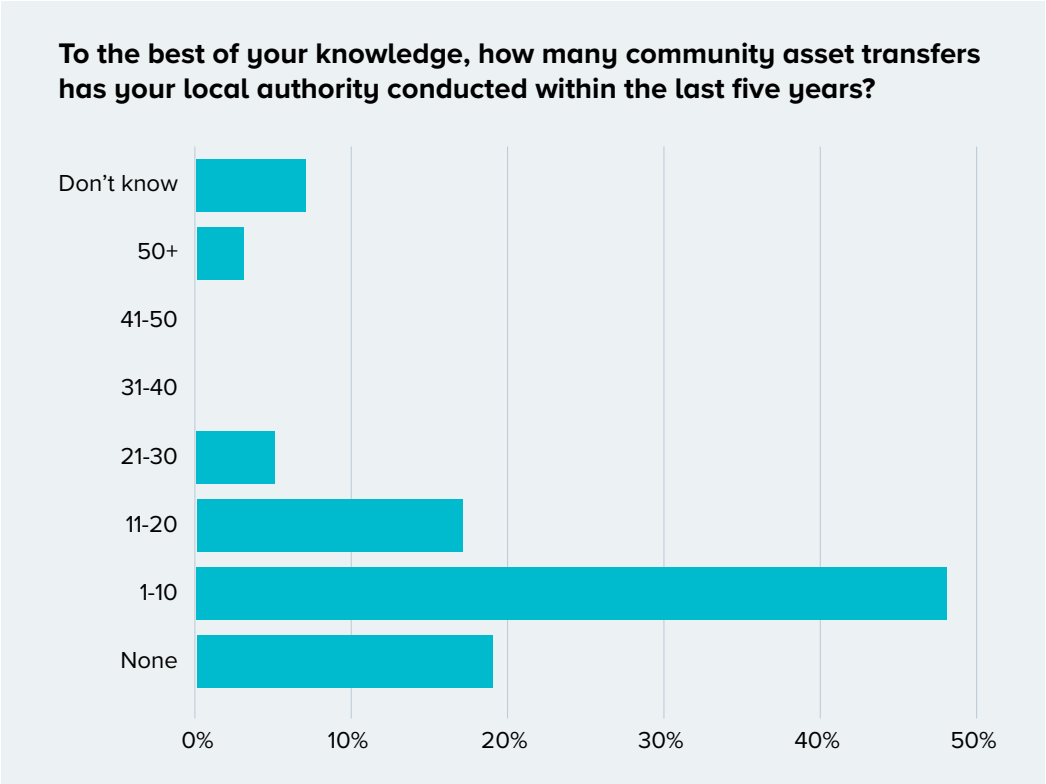
The interviews did reveal some more far-reaching outcomes of CAT. As one officer noted, the transfer of a town hall to the community had hugely increased local networks. These helped to make the community more resilient to a shock some years later, when the town was badly flooded. The social connections arising from the scheme allowed for a well-coordinated and collective emergency response, and community-led after-care for elderly people with who had resided in badly affected houses. The networks created around a community asset increased the community's self-sufficiency and adaptability.

Figure 2: Reasons why community asset transfer is a priority for councils



Nonetheless, the number of asset transfers completed by local authorities remains quite low. Almost a fifth of officers responding to the survey reported that their authority had not conducted any asset transfers in the last five years. Given the likelihood that officers who had more experience in asset transfer would have answered the survey, this figure may be considered quite low. However, almost half did report that their authority had conducted between one and ten transfers over this period.

Figure 3: Number of asset transfers completed




Despite these figures our data suggests that an authority having previously been successful at CAT does not mean they will pursue it in the future. For instance one officer working for an authority highly experienced in asset transfer, having conducted over twenty-five transfers in the last decade, said that they were adopting an increasingly risk-averse approach, choosing not to publicise opportunities for community asset transfer or consider the transfer of freehold.

> *'We don't have a transfer policy – this was a deliberate political decision because we didn't want to formalise anything... in a few years we won't be able to afford services, so we can't afford to just give away buildings.'*
> Senior Projects Manager, local government

This leads to a largely reactive approach, as another interviewee said:

> *'It's not the best way but it's a lack of capacity, officer time. It would be better to have a policy to prepare community groups for what we are expecting, and make things clearer'*
> Development officer, local government

Of those with a policy in place, just under a quarter of officers reported that their authority actively publishes opportunities for community asset transfer on their website. Even authorities that have made an explicit statement about the role of CAT in creating a new kind of civic contract between community and council[30] do not always advertise the assets which may be available. This is because there is no requirement to put these assets out to tender. As one officer described in interview, often councils will notify members, and the process then operates on a 'first come first served' basis. Another suggested that opportunities are listed on the website, but 'perhaps would only be found if you knew where to look'. What this may mean is that less proactive, or less tech-savvy community groups are not presented with opportunities. As one survey respondent noted, what is required to grow the market in the future is for local authorities to

> *'... be clear when you have an asset that is surplus; seek expressions of interest and set out the conditions by which a bid will go to the next stage.'*
> Survey respondent

The reluctance of local authorities to advertise opportunities may also be the prevention of 'land-grabbing' by a community to prevent alternative uses. As one council interviewee described, this had happened to a community green space, where the community applying to gain control of the site were principally motivated by a desire to prevent the access of travelling communities who sometimes occupied the site. Similarly, some officers reported a problem with communities having a high level of enthusiasm and support in the pursuit of an asset, but that this commitment can fade after the asset is received.

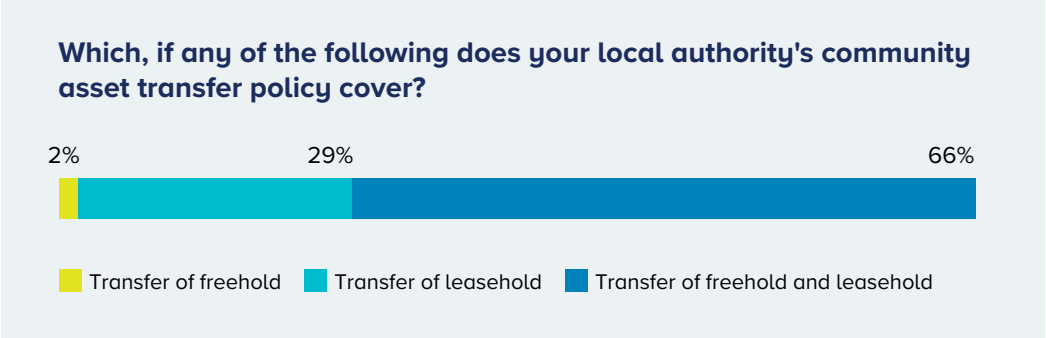
[30] See, for instance, the Wigan Deal. This actively asks residents to do more for and with the council, and promises in return to keep local taxes at a minimum and enable communities to do more for themselves – with asset transfer one tool for this. See more at: https://www.wigan.gov.uk/Council/The-Deal/The-Deal.aspx

## 2.2 Transferred assets: Type and business model

### Type of transfer

Asset transfer policies predominantly cover both leasehold and freehold (66%). Three in ten say that their authority's CAT policy covers just the transfer of leasehold, while policies exclusively covering freehold are rare. The preference towards leasehold suggests that authorities are keen to keep long-term control over their assets wherever possible.

Figure 4: Asset transfer policy coverage




However, it may also reflect the fact that as the agenda has developed, there has been wider acceptance of the fact that for smaller community organisations, full ownership of an asset can be an unnecessary burden.

> *'There are as many advantages in not owning an asset, as owning an asset'.*
> Local government officer

As Quirk stated in 2007, the greater the stake, the greater the financial and legal risk a community business takes on. However, this risk is reflected in greater freedom to exploit the asset's potential.

Reflecting the preference for leasehold in policy, long term leaseholds (81%) and full repairing and insuring leases (70%) are the kinds of transfer officers who responded to the survey were most likely to say their authority had conducted in the last five years. A slim majority (56%) report having transferred on short term leaseholds, with 47% of respondents having transferred ownership. One interviewee, who formerly worked at a council but now works within a community business, suggested that councils may be reluctant to let go of assets (and their associated services) because they consider themselves to be the vanguards of high quality service provision.

> *'... I understand that perspective – I held it, but I got over it because rather than leaning into discomfort and embracing change, some have battened down the hatches... You either fight against [change necessary because of financial pressures and watch it collapse all around you, or you lean in and try to make change, ensuring that services go on'*

However, while some authorities have done this, research suggests that an active reliance on the community business market to make up for a retrenchment of the state can create problems, such as community burnout.[31] Strategies to develop CAT therefore need to reflect an ambition to achieve more far-reaching objectives, as part of a wider debate about the future balance of responsibility between state and civil society.[32]

### Type of asset

Community centres are the most commonly transferred asset type. Among our survey respondents, 53% had transferred ownership of a community centre and 56% had transferred management. Community hubs hosting a number of different third sector organisations in one space are becoming increasingly popular. This may be due to the opportunity hubs present to join up services, co-locating organisations that target similar service user cohorts. This also reduced the complexity for local authorities of having to transfer multiple assets. This was reflected in assets listed as a priority for future transfer, with community buildings/centres/halls the main asset listed in 'other' by officers as a priority for transfer to the community, along with community sports and leisure facilities. Often, these kinds of facilities are better suited to cohorts of the Voluntary and Community Sector (VCS), making partnerships between organisations important.

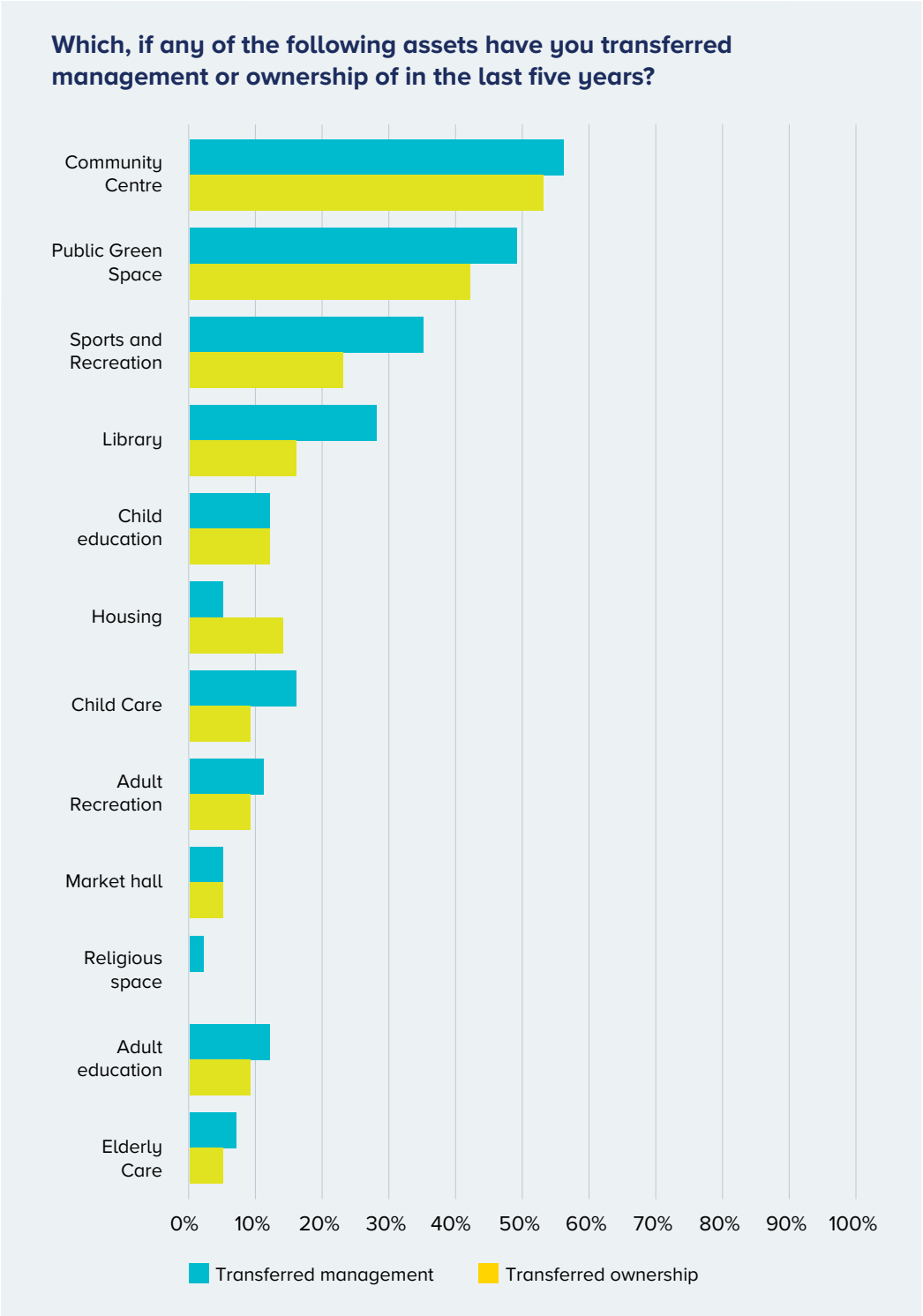
Some officers interviewed reported that under current financial pressures, there is a lessened appetite for investing in voluntary and community sector infrastructure unless there is a tangible and immediate benefit. However, other authorities have actively developed their local voluntary and community sector to stimulate a wider, more strategic use of community centres, creating new arm's length bodies that can facilitate 'multiple asset transfer'.[33] Therefore, we found no consistent trend across authorities.

[31] Herbert, S. (2005) The trapdoor of community. *Annals of the Association of American Geographers*, 95(4), pp. 850 – 865.

[32] Parker, S. (2014) The council and the common: Local Government in 2020. New Local Government Network (NLGN).

[33] Leeds City Council for instance have set up a Special Purpose Vehicle (Company Ltd by Guarantee) to take on the management of eight community centres, and oversee relationships with residents thereafter. See: Leeds Community Spaces Business Plan. Making the most of Leeds Community Spaces. (2016) Locality Leeds Consortium.

Figure 5: Transferred assets



As shown in figure 5, the preference for transfer of management (leasehold) is present in all cases except for child education assets and market halls, which receive an equal split, and housing, which sees an unusual preference for ownership (freehold). The biggest preference for transfer of management, as opposed to ownership, is for libraries and adult recreation centres. Around one in three (35%) officers list open spaces as a priority asset for transferring to the community, with just over one in five citing buildings in need of redevelopment (23%) and heritage assets (21%) as priorities for transfer. This may reflect the fact that planned and re-active maintenance work has been strongly affected as a result of reduced revenue budgets, and while condition surveys are still being undertaken in many authorities, there are not always the funds available to put in place a planned maintenance programme.[34] Some officers have reported a hesitation about transferring liabilities to communities, as they are aware this can seriously damage their reputation and relationship with communities.

'Other' types of transfer listed in the survey included public toilets. One interviewee working nationally suggested that many local – town and parish councils – have been looked to find innovative and new solutions to the delivery of non-commercial services, such as public toilets. This has become popular since The Local Authorities Calculation of Council Tax Base Regulations 2012 gave town and parish councils 'precepting' ability – the ability to collect taxation revenue from another local authority.

Precepting ability creates faith in the ongoing financial sustainability of an asset transfer. However, officers suggested that in some cases, the town and parish council still want an asset brought up to a high standard before transfer. One officer explained that counties may be reluctant or unlikely to do this:

> *'... when these are assets that we have already taken out of use, there is no financial incentive for us to do the building up before transferring it'*
> Local government officer

This represents a catch 22, whereby an organisation needs an asset to secure finance for work and repairs, but cannot secure the asset until there is knowledge that they will have the funds to renovate it.

### Type of recipient

Figure 6 shows a significant preference for community interest companies and trusts as recipients of assets. The need for 'commercial acumen' in recipient organisations was emphasised by several local government interviewees, and

[34] Taylor, J. (2010) The effects of the public sector spending cuts since 2010 on asset management. The Chartered Institute of Public Finance and Accountancy (CIPFA).

may explain the preference for Community Interest Companies (CIC), with CIC representing 48% of all transfers. Among some authorities, there is a sense that

> *'... the purpose of asset transfer is to bring commercial discipline into the management of public assets'*
> Local government interviewee

Such a view is commonly expressed by interviewees:

> *'If I'm blunt... if they are just passionate people, there is a huge learning curve to get your head around'*
> Local government interviewee

It may also reflect a lack of confidence that other models, which can require more democratic, but less commercial governance, will be sustainable over the long term. Another feature of the CIC model is that it cannot attract charitable funding, increasing the need for strong commercial acumen of those involved.

Figure 6: Types of community organisation receiving assets

Lastly, this may reflect the fact that not all community organisational models entail a mandatory asset lock. This is a constitutional device that prevents the distribution of residual assets to members. Charities (including charitable community benefit societies) and community interest companies are obliged to have asset locks, but co-operative and community benefit societies are not. However, the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 introduced the option for community benefit societies to adopt an asset lock with similar qualities to those available to Community Interest Companies.

However, this is not the only measure local authorities can use to prevent an asset from being used in a manner that does not serve the public interest. Several authorities also include covenants within contracts, which prevent an asset from being passed on to another party without consent for a change of use.

## 2.3 Barriers to asset transfer and risk management

### Conflicting priorities in asset management

When asked about the barriers to increasing the amount of community asset transfer, the majority of local authority officers responding to our survey cited the need to create revenue from asset sales (88%) and a lack of human resources within the council (84%) as major barriers – alongside a lack of appropriate assets for transfer (90%). A smaller number (76%) considered the need to deliver housing as a barrier to CAT, as it is a competing land use priority. Several interviewees noted the challenges presented by stretched human resources within the council, reporting that some transfer processes can take over three years to complete. In response to this, some have introduced a six-month compulsory transfer requirement, in which community businesses are required to gain the legal title to the land within that period, or accept that they may lose the asset.

Placing the requirement to obtain a legal title with community businesses may however be burdensome for smaller organisations. Several authorities reported that they often do not know what they own, and therefore often do not have the deeds.

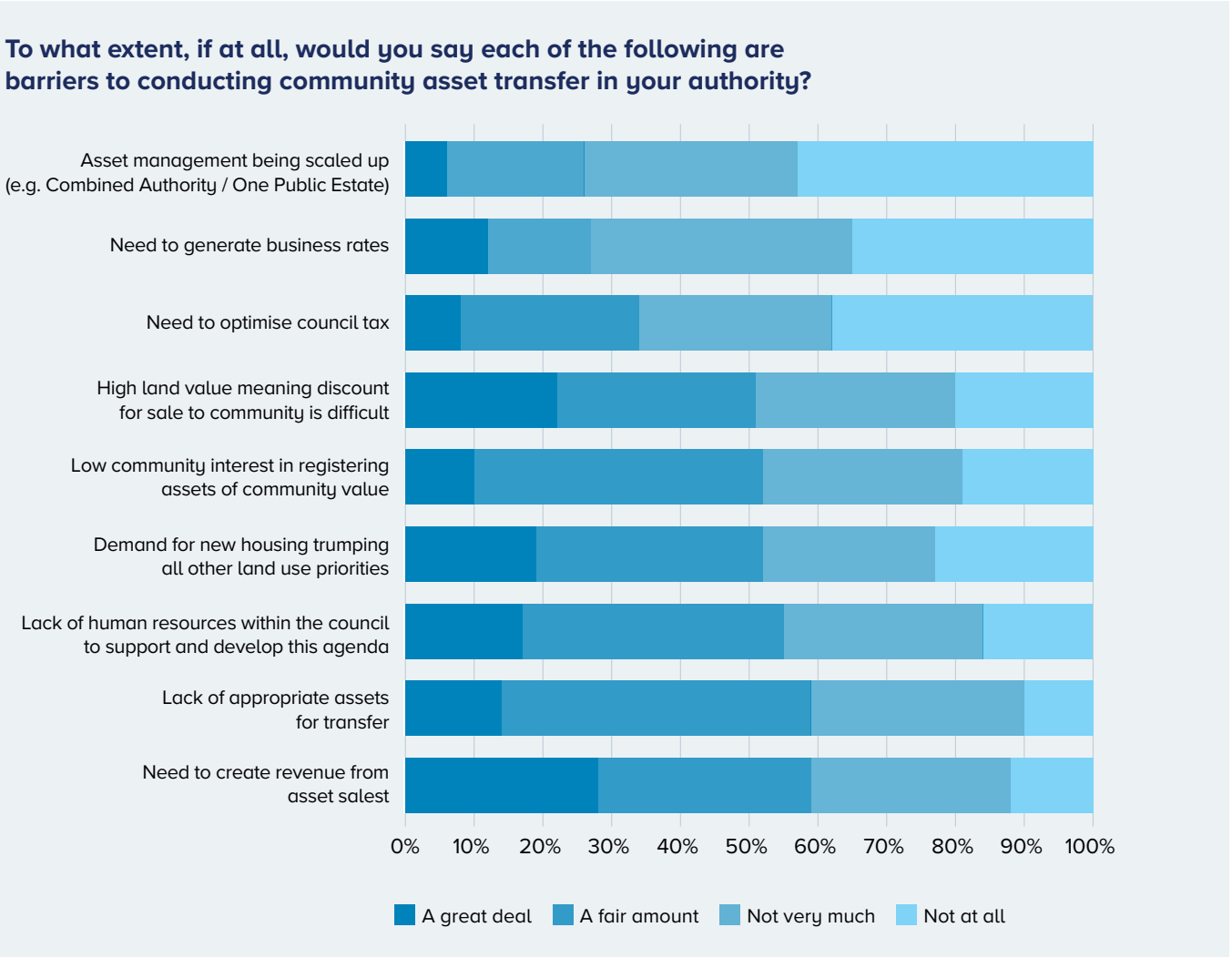
As shown in figure 7, the scaling up of asset management responsibilities as a result of devolution was considered to be one of the lowest concerns in terms of being a barrier to asset transfer by officers surveyed. This may reflect the fact that as one officer said,

> *'I doubt devolution would make things different, it is more about local political will'*
> Local government interviewee

Devolution has not given councils any new powers in relation to asset transfer – local authorities have had the power to carry out CAT without seeking consent from the Secretary of State since The General Disposal Consent of 2003.[35]

[35] This removed the requirement for authorities to seek specific consent from the Secretary of State when the purpose to which the land will be disposed is likely to contribute to improved economic, social or environmental wellbeing, and the undervalue – the discount given – is less than £2 million.

Figure 7: Perceived barriers to community asset transfer




Nevertheless, the impacts of devolution remain to be seen, as all devolution deals to date have included combined Strategic Asset Management Boards. A number of authorities have become involved in the One Public Estate Programme,[36] which collates assets across the public sector locally and finds ways to make their disposal more efficient. Given that officers already consider the need to generate capital sales receipts as a barrier to asset transfer, it is possible this programme will create a new pull on assets, which may affect their availability. Further, the fact that business rates will become such a central part of local authority financing may exacerbate the preference for community interest companies, who will not be exempt from the charges.

[36] LGA (2016) One Public Estate: Unlocking the value in public sector assets. Local Government Association.

Also highlighted by figure 7 is the challenge presented by land values. Interviews suggested that high land values combined with pressure for affordable housing was one of the greatest challenges in the South East and London. As one Local Authority Chief Executive said:

> *'... policy doesn't determine what works on the ground – local land values do'*

However, interviewees with experience conducting asset transfer across the country suggested that the £2 million undervalue limit (the maximum discount permitted in an asset transfer before permission must be sought from the secretary of state) was rarely a barrier. This suggests that the issue around land value is therefore more about the loss of possible revenues to the public purse and differs by the willingness or ability of an authority to accept this loss. This challenge is exacerbated by the poor development of social value measurement tools,[37] which would allow authorities to more effectively evaluate the long-term return on their investment[38] in community businesses.

Figure 7 also suggests that communities have demonstrated a low interest in registering local authority assets as Assets of Community Value. Several interviewees felt that the Community Right to Buy legislation was not helpful. They felt asset transfer was a more viable solution to meeting community asset needs, particularly in urban areas where purchasing an asset at market value would be impossible for many groups. There was a sense that the rights approach perpetuates a less cooperative style of interaction between the community and council:

> *'We think that the community rights legislation is misleading – it can't be an advantage to our communities. Most of the assets they register are not council properties anyway, and even if they were, it would be very rare that the community could afford to buy them. We would like to develop a more cooperative approach.'*
> Local authority interviewee

### Local authority concerns about asset-based community businesses

The interviews suggest that the greatest barrier to asset transfer, which results in absent or shifting goalposts for community groups, is the lack of support for CAT among councillors. This was first identified in 2010[39] and has not yet necessarily been overcome. This is partly because of the concern councillors have about assets being managed in the public interest, as they are duty-bound

[37] Wood, C. & Leighton, D. (2010) Measuring social value: the gap between policy and practice. Demos.
[38] Pathak, P. Dattani, P. (2014) Social return on investment: three technical challenges. *Social Enterprise Journal*, 10(2), pp. 91 – 104.
[39] Pathak, P. & Dattani, P. (2014) Social return on investment: Three technical challenges. *Social Enterprise Journal*, 10(2), pp. 91 – 104.

to taxpayers to ensure that they are. As a result of this lack of engagement with CAT however, many authorities do not dedicate officer time to CAT, are not able to set out a clear agenda for it, and do not communicate the parameters which are guiding their decision making:

> *'We have a case by case judgement system – it is not objective.'*
> Local authority interviewee

In turn, not all authorities make clear what rules guide their decisions about CAT. This can lead to some resentment among community groups about differences in the CAT offer. However, several interviewees suggested that there is often a battle between the members holding responsibility for capital receipts and ensuring optimum financial returns to the public purse, and those holding responsibility for community empowerment.

As one council officer suggested, the council shares responsibility with community businesses to equip the cabinet officer in charge of securing capital receipts with the relevant and necessary justification for a transfer, should a freedom of information request ever be filed. With this in mind, one authority has developed a scoring system which overcomes the current limitations of social value calculations. To calculate the appropriate extent of discount given, they use a scoring system, which looks at how the scheme will deliver each of the council's corporate objectives, and ranks the project on the degree of evidence they have to support this, ranging from no evidence, to some evidence, to extensive evidence. As local authorities do not have to directly monetise the benefit delivered, this offers a strong alternative.

Local authorities may seek to retain flexibility in order to manage what they perceive to be the key risks of asset transfer. More than two in five officers interviewed reported concern about the ability of the recipient organisation to manage an asset, and to access the finances needed to manage the asset sustainably. These risks are recognised by the community business market also. As one interviewee suggested:

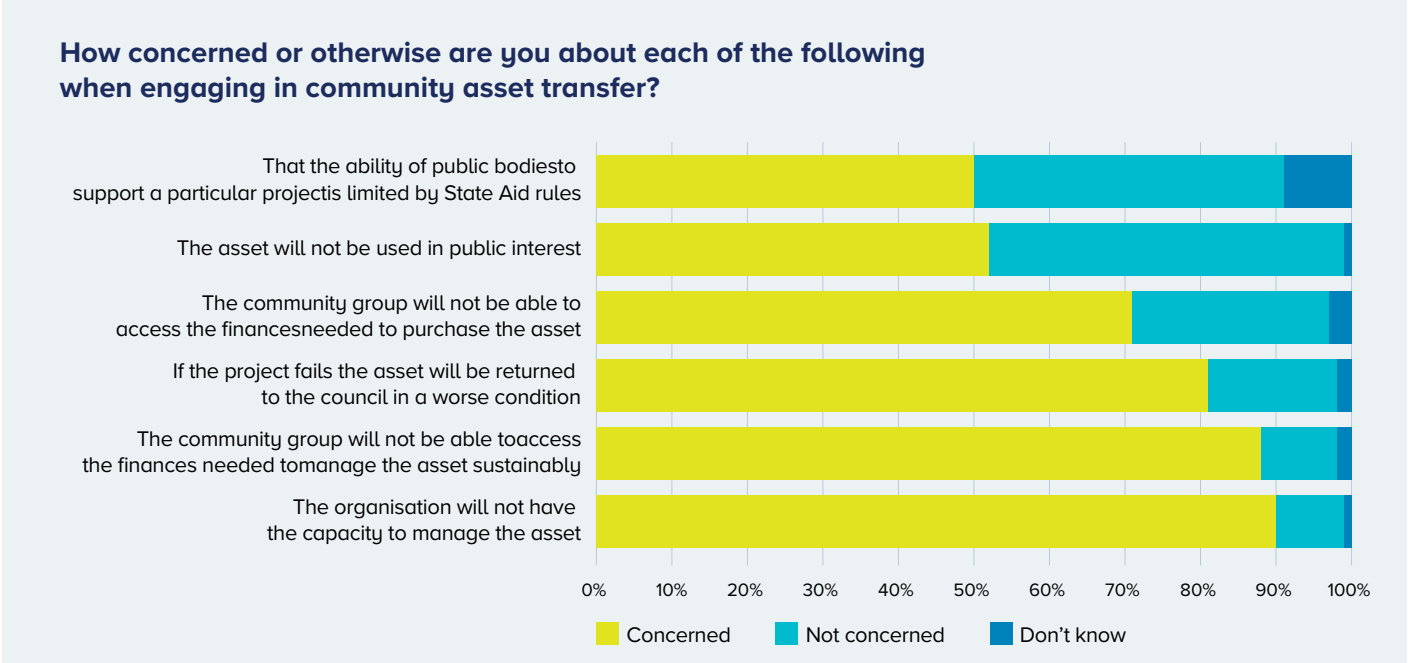
> *'You need to know how to cover depreciation to manage an asset... that's not a skill just lying around. And the problem is people with time on their hands – retired folk – often don't live in the urban areas any more, and won't commute to volunteer for the 'less sexy' projects like libraries. So there's a real difficulty in finding the right people with time in urban contexts.'*

In turn, some councils reported that they were more likely to maintain management oversight of an asset when the community had less management experience. Around half of all responding officers were also concerned about the asset being managed in the public interest. Balancing the needs of community factions with the whole local public is a challenge for local

authorities. While some authorities are happy to conduct leaseholds on church buildings to religious groups, other officers reported concerns about whether an explicitly faith-based group would uphold the public interest. One officer noted that they had asked a church group expressing an interest in a community building to establish a separate legal body to take on the lease, with the intention to let the space to them when they require it – but also maintain access to other groups.

To overcome these difficulties, community businesses need to demonstrate how they will ensure open access to the asset and wider community participation, and involvement in management of the asset. However, recent research suggests that hesitations about faith groups are unfounded[40] and demonstrated that far from being exclusivist and discriminatory, many are highly motivated and effective, and often serve as permanent and persistent pillars of community action.

Figure 8: Local government concerns about asset transfer




[40] Birdwell, J. (2013) Faithful providers. Demos.

Figure 8 also demonstrates that local authorities are concerned about the ability of community groups to run assets well. This may mean they are more likely to transfer their assets to organisations which have a strong financial history (several interviewees suggested this), disadvantaging new or smaller organisations. Some authorities have sought to overcome this by directly providing seed funding to support community businesses until their operations allow them to become self-sufficient, or by linking local community entrepreneurs with other financial bodies.[41]

Lastly, figure 8 highlights that 50% of officers are concerned about breaching State Aid regulations. These are designed to prevent government assistance in the form of grants, loans or assets from creating unfair advantage within a market. However, changes to procurement law in recent years do allow for more clear terms of engagement between the government and third sector. Specific statutory guidance for asset transfer has not been published since 2011. Updating this in light of recent findings, and clarifying rules relating to asset transfer in regards of state aid could help to address this.

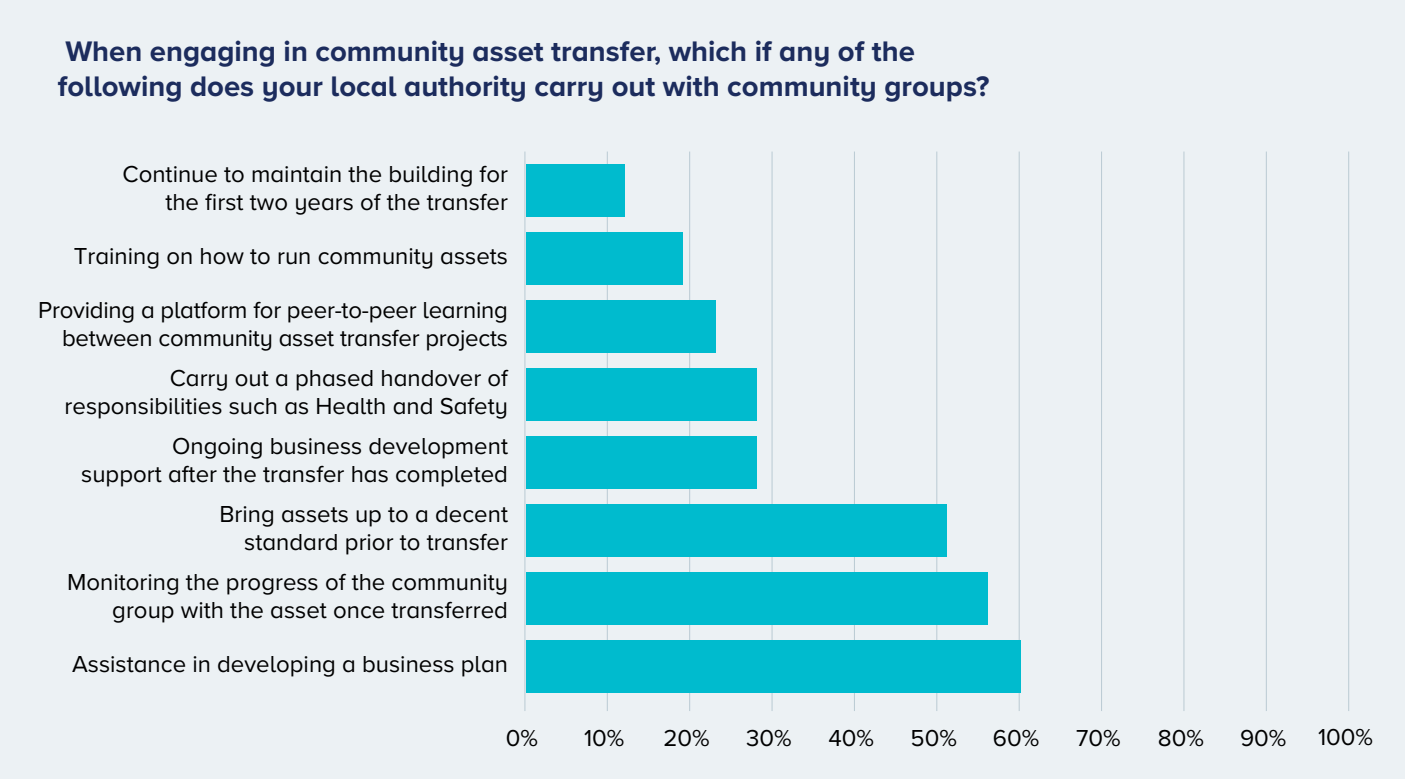
### Managing risk in asset transfer

Some authorities require community businesses to meet certain quality assurance standards as part of their vetting process to manage risk. For instance, Practical Quality Assurance Standard for Small Organisations (PQASSO). While 56% of officers surveyed reported that their local authority does not require any quality assurance measures, 27% of responding officers did not know. This suggests that there is also uncertainty about what the requirements for a community businesses are, reflecting earlier findings that goalposts are often poorly defined.

Seeking to address some of these risks, nearly one in five authorities surveyed offer training to community groups on how to manage assets over the longer term, and just over one in ten continue to maintain the building for the first few years while the business becomes established (figure 9).

[41] Miller, S. (2013) Unlocking local people's potential to tackle local problems. A summary of a roundtable exploring how Local Authorities can engage with social entrepreneurs. Available at: https://unltd.org.uk/wp-content/uploads/2013/05/Social-Future-final-report.pdf [Accessed 05/09/16].

Figure 9: Local government support to asset-based community businesses




As shown in figure 9, 60% of officers surveyed reported that their local authority provided community groups with assistance in developing a business plan. As revealed by the interviews, in some authorities, an officer is seconded to a local community development organisation to ensure this help is at arm's length.[42] However, other interviewees suggested that it is common for authorities not to have breakdowns of individual asset running costs. In the last year new legislation has come into effect which demands that all local authorities publish information about their asset holding, including all assets which are surplus to requirements to increase transparency and public scrutiny.[43] This will be important to overcoming some of the challenges surrounding asset transfer, but regulations do not require the provision of operating costs for specific assets.

Figure 9 also reveals that 51% of responding officers reported that their authority brings assets up to a decent standard before transfer. This suggests that many authorities are seeking to address risks that the asset will become increasingly run down, by ensuring it is in a good state of repair before transfer. A more thorough examination of how this plays out across different types of asset

[42] See for instance the model of Douglas Valley Community in Wigan – available at: http://douglasvalleycommunity.org/

[43] DCLG (2015) Local Government Transparency Code. Department for Communities and Local Government.

would be interesting to see, as much of the drive to transfer heritage assets is founded on an assumption about the superior ability of community groups to secure funding.

A lack of confidence amongst some local authority officers to carry out CAT effectively can heighten their perception of risk, in turn affecting the extent to which transfer is a priority for the authority. Those who said that their authority was confident in conducting asset transfers were more likely to say CAT was a priority. Those who felt transfer was a priority for their authority were considerably more likely to say they felt CAT had been a success over the last five years. This suggests that one of the key challenges is to develop a positive environment for CAT in the future which gives local authorities the confidence to proceed. In authorities which sought to manage the risks presented by their support for asset-based community businesses, they did so by engaging early and often.

> *'... we have to move from risk avoidance, to risk management – and if we don't see any failures, we aren't doing it properly'*
> Councillor, local government

If local authorities are trying to work towards the creation of more resilient local economies, they will truly need to take this approach, as part of empowerment for resilience building requires individuals and groups to experiment in order to develop and strengthen their adaptive capacities.[44]

[44] Greenham, T. Cox, C. & Ryan-Collins, J. (2013) Mapping economic resilience. NEF (the New Economics Foundation) and Friends Provident Foundation.

## 2.4 Conclusion

In conclusion, when looking at the current policy landscape we have learnt that councils adopt different approaches to CAT. Many take a pragmatic approach, and see asset transfer as a tool to preserve services, while negotiating a change in their relationship with communities. In some cases, this renegotiation can mean a more open conversation about the consequences of cuts on the authority's ongoing ability to deliver services.

However, even when CAT is a policy priority, it is rare for opportunities to be advertised, or for standard measures and procedures to judge applications to be in place. This is largely due to the budget constraints facing local authorities, meaning many are keen to retain a degree of flexibility in their asset management approach. An additional barrier is the lack of officer time available to dedicate to CAT. Officers that were interviewed suggest this reflects councillor hesitation about asset transfer and concerns about the ability to justify losses to the public purse.

The low response rate to the survey suggests that there is a lack of dedicated officer time, and possibly also confidence about skill in asset transfer in councils. For asset transfer to deliver its potential of creating more resilient and self-sufficient communities, this would need to change. This could also be supported by more recent statutory guidance, which was last updated in 2011. Particular clarification around how state aid regulations affect asset transfer would be useful.

What is clear is that the opportunities for CAT are varied. These variations begin with the kinds of asset that may be considered for transfer, and the type of transfer that a local authority will put on offer (freehold/leasehold). Subsequently, there are variations in the amount of officer time dedicated to supporting CAT across authorities and no standard procedure for advertising opportunities. Finally, decisions on approval appear to be shaped by local authority politics, and attitudes about how different kinds of community business model are likely to succeed after transfer. In this context, the characteristics of asset-based community businesses become increasingly important to determining whether or not asset transfers happen, and whether or not they will be successful.

Using the findings of this chapter, a checklist to achieve positive outcomes in asset transfer was created. This can be found in Appendix 5.

# 3. Asset-based community businesses

Given that we have seen how opportunities for asset transfer vary between authorities, we wanted to explore what makes for success in asset-based community businesses. This chapter sets out how case studies were chosen to achieve this and provides a conceptual framework from which the case studies can be analysed, identifying community engagement, cooperative risk management, and creativity as central to creating successful community businesses. It then examines factors making community businesses a success or failure.

## 3.1 Case study selection

Previous research[45] has shown that it is difficult to draw clear boundaries around the community business market as it is so diverse. Community organisations based around assets range from small voluntary-run groups that mange a single asset, to multi-purpose organisations that may own multiple assets. They may even run operations which are capital-intensive, with varied means of income generation.[46]

Several researchers have sought to categorise this diversity in a typology. For instance, in 2011, Aiken et al.,[47] identified three brands of Community Asset Organisation by focusing on the scale of operations, whereas in 2015 Swersky and Plunkett[48] identified five kinds of community enterprise focusing more on organisational remit and original impetus (see figure 10 below).

[45] Percy, C. Swersky, A. Hull, & D. Medley-Hallam, J. (2015) The community business market in 2015. Power to Change.

[46] Moore, T. & McKee, K. (2013) The ownership of assets by place-based community organisations: Political rationales, geographies of social impact and future research agendas, *Social Policy and Society*, 13(4), pp. 521 – 533.

[47] Aiken, M. Cairns, B. Taylor, M. & Moran, R. (2011) Community organisations controlling assets: A better understanding. Joseph Rowntree Foundation (JRF).

[48] Swersky, A. & Plunket, J. (2015) What if we ran it ourselves? Getting the measure of the community business market. Power to Change.

Figure 10: Summary of typologies of asset-based community enterprise

| Types of community asset organisation (Aiken et al., 2011) | |
|---|---|
| **Stewards** | **Small, mainly volunteer-run groups with a single, long-standing asset (usually a building) used largely for hiring out to local community groups and residents. Such groups have a low income and rarely employ staff.** |
| **Community developers** | **Medium-sized organisations, often with a range of assets, involved in local service delivery and local partnerships. These organisations normally have paid staff and a mix of sources of income.** |
| **Entrepreneurs** | **Organisations running larger, more professionally styled social enterprises. While still community based they have a mix of assets for social and commercial purposes and a business model. These organisations are more likely to have capital-intensive assets.** |

| Types of community enterprise (Swersky and Plunkett, 2015) | |
|---|---|
| **Public asset managers** | **Such as community -run libraries. These businesses must turn what was a publicly-run and funded service into a viable venture, using a combination of government contracts, new revenue streams, and in-kind resource contributions.** |
| **Business savers** | **Such as community-run pubs. These ventures inherit an existing commercial model, but one which has often failed to generate a financial surplus. Their challenge is, therefore, to turn around a previously for-profit enterprise by using the resources and assets of the community.** |
| **Community start-ups** | **For example community energy schemes. As indicated in the name, these organisations start from scratch and are, therefore, closest to the traditional conception of social enterprise, albeit with a much stronger focus on a particular place.** |
| **Cross-subsidisers** | **Such as a charity café that subsidises a community centre. These organisations focus on maximising profit in their commercial wing and then using this profit to fund the activities of their charitable arm.** |
| **Clubs** | **For example a local football group that meets in public playing fields. Clubs are typically low-cost and low-income; they often do not need a business model beyond collecting small payments for activities from participants.** |

These categories are more indicative than discrete, and many community businesses do not fit into them neatly. Thus, while typologies explaining the differences between organisations are useful to highlight to policymakers that the sector cannot be treated as if homogenous, they do not help work towards a general understanding of 'success' in asset-based community businesses. In contrast, work outlining the 'minimum' and 'aspirational' criteria for a community business may begin to do so, as outlined in figure 11 below. This provides a useful starting point for continual and ongoing debate within the sector[49] about what makes for a good community business.

Figure 11: Four 'Tests' of a Community Business[50]

| | 'Floor': Minimum conditions | 'Aspiration': ideal conditions |
|---|---|---|
| **Leadership** | **Led and initiated by the local community to meet a local need.** | **With a democratic governance structure and processes that ensure active, ongoing engagement in the community.** |
| **Place** | **Defined by its link to a physical place.** | **With firmly established ties to the locality (e.g. trustees, employees and volunteers from local area).** |
| **Community value** | **Primary purpose is the generation of social value in the local community.** | **With asset locks in place and measures to avoid more than private gain.** |
| **Local returns** | **Trading in goods or services as a means to being mainly independent of grants, and ultimately generating economic returns.** | **With demonstrated sustainability and revenues being generated and recycled locally.** |

To identify what makes for successful asset-based community businesses then, we looked for asset-based community groups who, at a minimum, met the floor conditions set out in figure 11, and represented a cross-section of types of community enterprise regarding scale, organisational remit and original impetus, as discussed above. This is presented in Table 1 below. Each case was explored using triangulation of interviews with community business representatives, council officers, local politicians and secondary sources.

[49] Percy, C. Swersky, A. Hull, D. & Medley-Hallam, J. (2015) The community business market in 2015. Power to Change.
[50] Percy, C. et al., (2015) Ibid

Table 1: Case study selection criteria: overview

| Community business | Type(s) of asset | Type(s) of transfer | Scale of project | Business model and type | Authority and region |
|---|---|---|---|---|---|
| Bristol Community Land Trust | Land and former school | Freehold | Redevelopment | Community Land Trust — Unclassified[51] | Bristol City Council, Unitary, South West |
| South Tynedale Railway Preservation Society | Land and former railway lines | Freehold and leasehold | Redevelopment | Company Ltd by Guarantee — Public Asset Manager/ Cross Subsidiser | Various councils[52] and the HCA,[53] North West |
| Brighton Open Market | Market | 999-year lease | Redevelopment | Community Interest Company — Business Saver | Brighton and Hove City Council |
| Croydon Saffron Central | Brownfield site | Not yet agreed | Minor adaptations | Not yet registered — Community Start-Up | Croydon Council, London Borough |
| Alt Valley Community | Leisure centre, Care Home, books, computers | Leasehold, and ownership[54] | Minor adaptations | Company Ltd by Guarantee — Public Asset Manager | Liverpool City Council, North West |

[51] Community land trusts do not fit into any of the categories detailed in previous typologies. However, they do meet all of the aspirational criteria outlined above to be classified as a community business.
[52] Cumbria County Council, Northumberland County Councils, and Eden District Council
[53] Homes and Communities Agency
[54] Ownership of books and computers was made with a clause that they could be bought back by the council for £1 should the service end.

## 3.2 A framework for success

As outlined in Chapter 2, one of the leading motivations for asset transfer is to empower communities to become more self-sufficient, and resilient. As already discussed, community businesses can help local authorities to respond to financial pressures. However, success should not be defined through this short-term lens, as it will short circuit the transition towards more genuinely democratic outcomes.[55] As Quirk made clear, success in community asset transfer cannot be achieved only from the perspective of the public landlord. Rather, success must be defined by achieving goals which are of mutual benefit:

> *'The starting point is the recognition that optimising the use of public assets is not the primary objective: the over-riding goal is community empowerment'*[56]

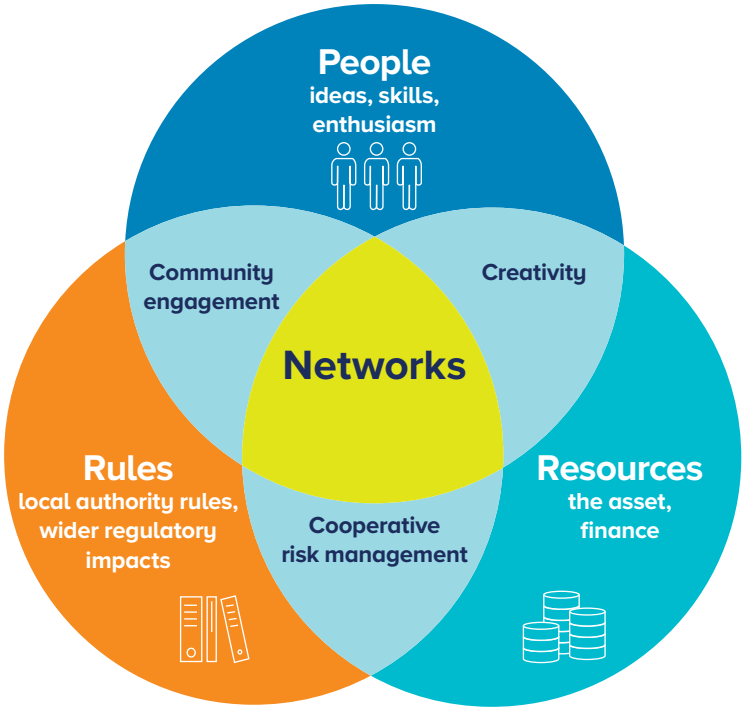
In practice, the ability of a community business to empower communities and increase their resilience varies, reflecting in part the varying degrees of vulnerability of community organisations once they have received an asset. Some have a greater or lesser propensity to fail. The success of community enterprises, therefore, is determined not only by their ability to secure an asset, but also by their actions thereafter. In this context, we felt it was necessary to go beyond the process of obtaining an asset to effectively evaluate 'success' and begin to generate some clear overarching lessons or principles.

Therefore, in our evaluation of community businesses we sought to develop a more general theory which recognised success in an asset-based community business as a journey from precariousness and vulnerability towards a state of networked resilience.[57]

To work towards a strong theoretical explanation of similarities across a diverse set of conditions, we deployed a process of retroduction.[58] In this approach, a theory is developed on the basis of existing social theory and research findings, and then tested against new empirical information, and adapted as is necessary to reflect these findings.

55 Parker, S. (2014) The council and the common: Local Government in 2020. New Local Government Network (NLGN).
56 Quirk, B. (2007) Making assets work: the Quirk review of community management and ownership of public assets. HMG.
57 Berkes, F. & Ross, H. (2013) Community resilience: Toward an integrated approach. *Society & Natural Resources*, 26(1), pp. 5 – 20.
58 Meyer, S. & Lunnay, B. (2013) The application of abductive and retroductive inference for the design and analysis of theory-driven sociological research. *Sociological Research Online*, 18(1), p. 12

Figure 12: Conceptual framework for resilient asset-based community businesses




The literature and case studies suggest that the following three activities are important in creating a resilient asset-based community business:

– **Community engagement (people and rules nexus)**
In analyses of the resilience of private companies, there has been a growing interest in extending processes of engagement beyond shareholders,[59] to include a wider range of stakeholders. In the context of a community business, where the primary goal is the creation of social value for a community, processes of engagement should happen first within the community of interest: between those who work or volunteer for an organisation, and then with a wider community of place, including local businesses and political representatives.[60] This is necessary to overcome a leading barrier to asset transfer identified in Chapter 2, namely local authorities' requirement for evidence that an asset will be used in the public interest and that a project has community support.

[59] Avery, G. & Bergsteiner, G. (2011) Sustainable leadership practices for enhancing business resilience and Performance. *Strategy and Performance*, 9(3), pp. 5 – 15.
[60] LGA (Local Government Association) (2012) Empowering communities: Making the most of local assets, A councillors' guide.

– **Cooperative risk management (rules and resources nexus)**
Cooperative approaches to risk management[61,62] are critical to ensuring the resilience of a community business. Two of the key risks facing community businesses are that they will not be able to secure an asset after investing time in trying to get hold of one, and that they will not be able secure the necessary resources to manage it financially. To overcome this, they must develop effective strategies to manage risk. These partnerships may be with the council, other public bodies, or businesses.

– **Creativity (people and resources nexus)**
Creativity is central to the resilience of all kinds of business.[63] For a community business to be successful, it must work to find inventive ways to lever in resources, and find innovative ways to deliver local public services in ways which are commercially self-sustaining, or run at a lower cost than conventional public service delivery. To become resilient, it must also ensure there are a range of skill sets within its network.[64]

However, the ability of a community business to effectively achieve these three things is determined by wider place-based factors. These are people, rules, and resources – the three leading variables shaping the use of common resources.[65,66]

– **People:** As stated in the Quirk Review, the greatest asset of any community is its people. However, not all places have the same demographic opportunities to support asset-based community businesses. One of the main challenges to growing the civic realm is the very place-distinct challenges of finding people with the time and skill sets to instigate and then manage community business operations.[67]

61 Cvetkovich, G. & Winter, P. (2007) The what, how and when of social reliance and cooperative risk management. In: Siegrist, M, Earle, T.C., & Gutscher H. (Eds.) *Trust in cooperative risk management: Uncertainty and scepticism in the public mind.* London: Earthscan, pp. 187 – 209.
62 Das, T. & Teng, B. (1998). Resource and risk management in the strategic alliance making process. *Journal of management*, 24(1), pp. 21 – 42.
63 Coutu, D. (2002) How resilience works. *Harvard Business Review.* Available at: https://www.boyden.pt/mediafiles/attachments/7030.pdf
64 Newman, L. & Dale, A. (2005) Network structure, diversity, and proactive resilience building: A response to Tompkins and Adger. *Ecology and Society*, 10(1), r2.
65 Agrawal, A. (2001). Common property institutions and sustainable governance of resources. *World Development,* 29(10), pp. 1649 – 1672. .
66 Ostrom, E. Gardner, & R. Walker, J. (1994) *Rules, games, and common-pool resources*. University of Michigan Press, Michigan.
67 Pretty, J. (2003) Social capital and the collective management of resources. *Science*, 302 (5652), pp. 1912 – 1914..

– **Rules:** Different authorities take very different approaches to their management of the asset transfer process, as highlighted in Chapter 2. This can determine what assets are made available to communities, how they will be transferred, and the nature of the transfer (i.e. short or long term lease preferences, opportunity for freehold). Further, to secure resources from cooperative partnerships, community businesses may have to navigate wider rule systems.

– **Resources:** Not all assets present the same level of baseline opportunity to community businesses. Some may only need minor repairs while others may require more serious work. Equally, not all of the resources from partnerships will come with the same level of freedom and flexibility, or opportunity.

Key to ensuring a functional relationship between each of these variables are the networks of a community business.[68] Networks encourage resilience through supporting diversity. These allow a community business to create a vision and deliver a service which remains responsive to need, develop partnerships which can bring in resources and source creative solutions, and allow them to manage risks relating to their ownership or stewardship of an asset.

## 3.3 Success in practice: Evaluating resilience

Taking each element of our conceptual framework, we now use the lessons from each of the case studies to explore good practice in asset-based community businesses. A full write up of each case is available in Appendices 4. At the end of each section are the relevant sections of a checklist for success, also presented as Appendix 6.

### 3.3.1 Community engagement

> *'We would be nothing without our members... 50% of whom are within half an hour of us.'*
> Deputy Chairman, community business

Our research suggests that for asset-based community businesses to successfully serve a community's interests in an innovative and bespoke way, they must work with the council to mobilise a supportive network, and effectively mitigate local government concerns about whether the asset is being used to serve the local community. Processes which engage the wider community of place and this can also ensure the business remains responsive to need.

[68] Newman, L. & Dale, A. (2005) Network structure, diversity, and proactive resilience building: a response to Tompkins and Adger. *Ecology and Society*, 10(1), r2.

### A common vision for the community business

In many types of community development,[69] it is important to create a common vision. This can garner support, and build a network of interested and supportive actors and agencies. This may be referred to as the 'community of interest' – those who help to make the project happen, and continue to do so by working or volunteering for the project. In the most successful case studies, a common interest was first identified by a small group or an individual who went on to build a supportive network. Often, but not always, these coalitions were established in response to a public resource being taken away.[70] For instance, the South Tynedale Railway Preservation Society (box 6) and Alt Valley Community Trust (box 4) were both established by activists resisting the removal of a public service – a railway and a school respectively. In such situations, the vision must create a new strategy to preserve an established service.

Asset-based community businesses are not always developed in reaction to the loss of a local public service. Some may identify new opportunities to create a wider public service offer from an existing – if declining – commercial venture. These may be 'business savers' as described in section 3.2. The Brighton case study, (see box 2) suggests that in this case, it can be more difficult for community organisations to develop a common vision. In Brighton, the Open Market Traders Association was established in 2006 to resist the decline of the market, as the local authority could not afford to invest in the building which was highly run down.

The council first agreed to the principle of an asset transfer in the same year,[71] and in 2011, a Community Interest Company (CIC) was established with the aim of taking on full ownership and responsibility for the market after redevelopment. The CIC included the Open Market Traders Association, and two established businesses who could help to redevelop the site and take it in a new direction.

69 Robinson, D. (2005) The search for community cohesion: Key themes and dominant concepts of the public policy agenda. *Urban Studies*, 42(8). pp. 1411 – 1427.
70 Aiken, M. Cairns, B. Taylor, M. & Moran, R. (2011) Community organisations controlling assets: A better understanding. Joseph Rowntree Foundation (JRF).
71 Quirk, B. (2007) Making assets work: the Quirk review of community management and ownership of public assets. HMG.

Box 2: Brighton Open Market case study

## Brighton Open Market

| | |
|---|---|
| **Type of asset:** | **Market hall** |
| **Legal model:** | **Community interest company** |
| **Type of community enterprise:** | **Business saver** |
| **Year of transfer:** | **March 2011** |
| **Type of transfer:** | **999-Year lease** |
| **Full-time staff:** | **4** |

**Overview:**

**Established in the 1880s, Brighton Open Market has played a pivotal role in Brighton's history. After a period of decline starting in the 1970s, traders decided to form the Open Market Traders Association and create a renovation plan for the market. This was approved by Brighton and Hove in 2006. A 250-year leasehold on a peppercorn rent was given to a Community Interest Company, 'Brighton Open Market', formed in 2011. The market re-opened in 2014.**

However, while these three parties were in general agreement about the principle of regeneration, a single common vision about what this meant in practice was not agreed between all members of the community of interest.

> *'When we started it was understood as regeneration. The project aim was not only the market but also London Road. We wanted to empower local people, enable them to meet, have workshops, do things for kids and enhance the local area'*
> *Community business interviewee*

However, the impetus for change created a split between members of the community of interest. While many of the original traders who first set up the association wanted to continue to service the existing, economically-disadvantaged community, the wider network of actors and agencies wanted to introduce new stalls which addressed environmental and food quality concerns, which may also draw in a new, higher-income demographic.

This led to tensions which, for a period at least, prevented the business from progressing. Only recently, as processes of democratic engagement have been strengthened by the bringing together of two separate market holder groups into

a single, representative body, has the Open Market been able to develop and deliver a local service for the local community and move towards a condition of financial stability. This also required a grant from the council.[72] This is partly because, united around a common vision, the community of interest has been better able to lever in goodwill from its network – with several traders now putting in their own resources to ensure that wider social value outcomes are secured.

> *'Since we unified the two trader associations, we made things happen, now there's something going: on Tuesday there are activities for children, on Wednesday and Thursday other activities and... on Saturday there is also a Jazz band playing'*
> *Community business interviewee*

In addition to the need for a common vision to be developed between people in the community business, the community business needs to open out processes of engagement with the wider community of place.

### A common vision for place

Beyond working to ensure that there is consensus within a community business, work should be done to make sure the vision reflects the needs and priorities of the wider community that it serves. This is important, because one of the key concerns local government has about asset transfer is that the asset may not be managed in the public interest.

As discussed in Chapter 2, different types of organisations have different regulated requirements for an asset lock. As asset locks are a criterion for some funding bodies, it is advisable for community organisations with a less commercial strategy to take this into consideration when making an application for the freehold ownership of an asset. However, an asset lock alone is not necessarily enough to overcome concerns about how the common good will be secured. The second concern is about ongoing management of the asset. Finding ways to demonstrate how the plan for an asset fits into wider strategies for the area and responds to a universal need, or addresses the council's corporate objectives, will help secure council support for a proposal. This was important in Brighton, where the project formed part of a wider regeneration strategy. Surveys of market users were conducted and used in evidence for the asset transfer to guarantee that redesigns met service user expectations.[73]

[72] See: http://present.brighton-hove.gov.uk/mgIssueHistoryHome.aspx?IId=50131 [Accessed 12/09/2016].

[73] Brighton and Hove City Council (2010) Open Market Redevelopment Scheme: Economic Benefits Statement. Available at: http://wam.brighton-hove.gov.uk/PlanningWAM/doc/Supporting%20Document(s)-1712612.pdf?extension=.pdf&id=1712612&location=VOLUME3&contentType=application/pdf&pageCount=1

Once they have obtained an asset, is important that the community businesses use engagement to remain responsive to need and to secure support from the community. Previous work[74] has characterised approaches of asset-based community businesses on a spectrum of engagement ranging from entrepreneurial leadership, to community accountability. In the Brighton case above, the CIC board relied more upon an 'entrepreneurial leadership' approach with only a few people involved in developing the common vision. As the skill sets in this small cohort did not match the commercial ask of this vision, and the wider community were not engaged to secure support through collective creativity, the vision was temporarily compromised. When they began engaging the community more systematically, these problems began to be overcome demonstrating that in many cases, increasing the level of community accountability can be helpful to everyone involved.

However the debate surrounding leadership or community accountability debates is difficult to resolve, as one community business interviewee suggested:

> *'To run any successful business sometimes demands decisions that the majority simply do not like or want. You can't run a sustainable business if it's shackled by open, transparent, democratic processes. Annual reports and accountability are one thing – as for a charity – democratic decision making is a recipe for inefficiency and waste. On a routine basis we rely on entrepreneurial leadership; but we are also accountable to our communities of place, and of interest through a formal constitution, reporting and one member one vote rule'*

This highlights that imposing excessive administrative burdens on community businesses can compromise one of their key public service transformation offers –lower cost services. However, as this interviewee also highlights, a good way to strike the balance between the two approaches is to run the business on a daily basis with strong entrepreneurial leadership, with the skills in place to effectively run a competitive business, but then also to allow those leaders to be deposed through membership structures. One way an asset-based community business can more systematically engage a wider community of place is through rule based systems, such as formal organisational membership. This allows people to elect community business leaders. Good practice is exemplified by Bristol Community Land Trust (Bristol CLT) who grew their community of interest through membership to create a wider network. In Bristol CLT, (see box 2) membership is set at the affordable nominal price of £1. This entitles members to a single vote which they can use to elect the board. To build this membership network, a leafleting campaign across the city invited people to come to a public event.

[74] Aiken, M. Moran, R. & Taylor, M. (2016) Always look a gift horse in the mouth: Community organisations controlling assets. *Voluntas*. 27(4), pp. 1669 – 1693.

Box 3: Bristol Community Land Trust

| **Bristol Community Land Trust** | |
|---|---|
| **Type of asset:** | **Former primary school and surrounding land** |
| **Legal model:** | **Community land trust** |
| **Type of community enterprise:** | **Not classified** |
| **Year of transfer:** | **2014** |
| **Type of transfer:** | **Freehold** |
| **Full-time staff:** | **1** |

**Overview:**

**Bristol Community Land Trust (CLT) was launched in 2011 with the aim of identifying and redeveloping land to serve community interests. The Trust has recently completed its first project, the redevelopment of an old school into 12 housing units in Fishponds Road. The site was transferred for £1, with covenants about the redevelopment of the adjacent park land. Building on the lessons of Fishponds, Bristol CLT is currently working on a new development, which will comprise a community space and more than 40 shared ownership housing units.**

However, achieving this relied upon the assistance of the council. Backing from councillors for a community land trust in Bristol meant that seed funding for a development officer role was supported.[75] This individual was then able to dedicate time to attract members. New members advised Bristol CLT on preferred designs for their first housing scheme, ensuring that the service provided responded to community needs. This highlights the advantages of new development being supported by a community business.

In all successful case studies, the engagement of and support from local councillors was key to the transition from community activism to the development of a viable business case.[76] For instance, ongoing relationships with local councillors for the Alt Valley community in Liverpool (see box 4) were central to their acquisition of the school building, which they used to create a 'communiversity'. Similarly, several councillors were supportive of the asset

[75] Watkis, V. (2014) Report to Cabinet Members, 4th March 2014: Disposal of 325 Fishponds Road to Bristol Community Land Trust. Bristol City Council. Available at: https://www.bristol.gov.uk/documents/20182/33612/Disposal%20fo%20325%20Fishponds%20Road%20to%20bristol%20Community%20Land%20Trust.pdf/2bfb493b-efda-4de9-bb5c-55ea5117a434

[76] Gittel, R. & Wilder, M. (1999) Community development corporations: Critical factors that influence success. *Journal of Urban Affairs*, 21(3), pp. 341 – 362.

transfer to Brighton Open Market, securing wider council support for the transfer and helping the Market Traders Association gain traction.

Several community businesses also engaged the wider community of place by more direct mechanisms. Alt Valley Community Trust, for instance strive to only employ local people. This is a deliberate strategy to raise local social capital and increase contact between service users and service providers.

> *'The trust on the board is made up of local people, community engagement events happen weekly, and the annual general meeting each year has the community attend.'*
> Community business interviewee

They argue that this overlap between the community of interest, and community of place works to allow for constant feedback on service provision, and to strengthen networks to prevent vulnerable people from 'falling through the cracks'.

> *'... these spaces are community bases. There is a lot of latent knowledge about community which we can use to make sure people do not slip through the cracks... the social side is really enhanced, it is very welcoming'*
> Community business interviewee

This alludes to the idea that the networks arising from community-scale public service providers may be able to overcome some of the problems of silos in adult health and social care.[77] Alt Valley are able to link-up services more easily, as they are a single community hub with multiple service offers. Through this engagement, and due to the fact that they function as a community hub overseeing multiple services, Alt Valley suggest that they can tailor their service to meet the needs of the immediate community, rather than providing a universal national service locally.

In conclusion, councils and community businesses need to work together to ensure that high levels of public engagement are carried out for the ongoing management of assets used in the community's interest. For a local authority to have faith in a community business, a vision must be developed which is agreed upon by the community of interest, and mechanisms by which the community of place will be engaged and consulted over the longer term should be identified. Ultimately, this kind of approach may be able to reduce vulnerability within communities, contributing to their resilience. More quantitative evidence of how this works is needed.

[77] However, there are issues around the move towards commissioning and market models, which may affect the extent of data sharing and collaborative working. For instance see: Rees, J. Miller, R. & Buckingham, H. (2014) Public sector commissioning of local mental health services from the third sector. Third Sector Research Centre Working Paper 122

### Checklist for Community engagement

Using the findings of this section, we created the following checklist.

## Community engagement

| Action | Outcome |
|---|---|
| **Check to see if your local authority has an Asset Transfer Strategy and if objectives are not outlined, consult the council's Corporate Strategic Objectives.** | **A business plan which aligns with local objectives is more likely to merit support from a local authority.** |
| **Make connections with local councillors.** | **A stronger network to support the progress of the project.** |
| **Create a clear vision which responds to a local need, and demonstrate in your business plan how the community will be served, and engaged over time.** | **A common vision which responds to the needs of a community of place.** |

### 3.3.2 Cooperative risk management

> *'To run a community business you need an unusual combination of heart and head.'*
> Deputy Chairman, community business

Many asset-based community businesses have the passion and creativity to produce a vision. However, often they can struggle to navigate the formal and informal rules which allow them to realise it. This section will look at how these challenges can be overcome, by engaging in cooperative risk management to mitigate the risk that they will not secure an asset, and ensure that they can deliver their ambitions thereafter. Our research has demonstrated that asset-based community businesses need to be able to work with the rule structures local government has, appreciating the constraints that they face, to work towards more collaborative solutions. Further they need to engage in partnerships based on shared values, and ensure partners have bought into and value the common vision. Finally, they need to ensure that their community of interest contains the appropriate skill sets.

### Cooperation with local government

Throughout our research, several officers suggested that their authority could be more transparent about what guides their decisions on asset transfer. It would be easier for communities if there were a clear set of guidelines setting out objectives for CAT. However, as revealed by our roundtable participants this is often a deliberate strategy to maintain flexibility on the part of the council, as their assets are one of the only ways they can generate revenue to continue to support key services. This means that to garner success, council and community business need to build a relationship and understand the challenges that both sides face. This can help find creative solutions to the problems which they share.

Box 4: Alt Valley Community Trust

**Alt Valley Community Trust**

| | |
|---|---|
| **Type of asset:** | **Various (sports centre, residential care home, library books)** |
| **Legal model:** | **Company limited by guarantee (trust)** |
| **Type of community enterprise:** | **Cross-subsidiser** |
| **Year of transfer:** | **Various** |
| **Type of transfer:** | **30-Year leasehold, freehold** |
| **Full-time staff:** | **70** |

**Overview:**

**In September 2014, Liverpool began consultations on closing 11 of their remaining 18 libraries to make savings in line cuts in funding. Alt Valley Community Trust were invited to make an expression of interest for two of the libraries, based upon their previous successes locally, such as their 'Communiversity' for adult education, a project which is cross-subsidised partly through membership fees of the sports centre they were transferred leasehold for in 2010. Breck Road Library, and the site's non-fixed assets (books, computers, fixtures and fittings), were legally transferred to the trust, receiving 10,000 books for free, with a legal covenant that if they failed to deliver the service in the future, all the books could be bought back for £1.**

For instance, in Liverpool, spending has been cut by around 58% in real terms since 2010/11.[78] In this context, it is impossible for the City Council to maintain the same kind of service provision.

In turn, Liverpool City Council adopted a pragmatic approach. In September 2014, the city council began consultations on closing eleven of their remaining eighteen libraries. However, having strong relationships with the community business sector, and knowing Alt Valley Community Trust (see box 4) well, they sought a collaborative solution, working with communities, to ensure that service provision went on. As stated by Alt Valley Community Trust, while they believe in municipal ownership and would never actively seek to take over a service, they do feel that there is a lot of added value for the community from the way they run the service. This demonstrates that a trusting relationship can underpin productive partnerships between council and community. As one interviewee suggested, the chances of community organisations getting hold of assets are improved when the business is

> *'... an experienced, value for money partner... We are in a position to hit the ground running, but not every community business will be. Partnerships are the key – especially with councillors.'*
> Community business interviewee

Of course, for this kind of trust to be established, relationships need to be developed over time. This may be frustrated by current staffing constraints in local government. Unfortunately, cuts to local government have resulted in the loss of a lot of third sector support staff, with shifting responsibilities for non-statutory work. Changing relationships between community groups and individuals within the council who hold responsibility for CAT can create delays in the process, and mean learning is lost. Some suggested that even where their jobs have been retained, expectations have changed:

> *'I used to be corporate lead for the VCS, but now my role focuses much more on communities as a route to deal with austerity.'*
> Local authority interviewee

This move to deal with austerity has resulted in new practices in CAT contracts, such as profit share arrangements, and deferred capital receipts. For instance, in Bristol for their second project, a deferred capital receipt has been agreed for the transfer of the second site. This mechanism allows payments to be paid in instalments over time. Working with the local authority to find a way to make this viable for both parties was necessary to ensure that the asset could be transferred. As councils are currently hugely financially restricted, their priority is necessarily to find revenue to support the provision of key services. Our case

[78] The mayor's budget 2014/15 – 2016/17, Liverpool City Council website https://liverpool.gov.uk/mayor/budget/

studies suggest that successful asset-based community businesses were those that understood the challenges the local authority faces, and sought to find mutually beneficial solutions by demonstrating the public benefit of, or long term savings from an asset investment.

### Cooperation with companies

It can be useful for a community business to partner with larger organisations who have the resources (such as finance or expertise) they do not possess.[79] However, often a community business needs to follow new rules (such as meeting funder requirements, or adding new dimensions to their business offering) in order to obtain resources from a partnership. When two or more organisations share a common philosophy, this can be to their mutual advantage. However, it is important to choose the right partner, as when organisational aims differ, compromises may be made which detract from the original vision.

As discussed, in successful projects, the council can be a key partner, and one part of the network that makes the community business work. In Brighton, for instance, having councillors on the board was very important to navigating the asset transfer. In Liverpool, the council provides ongoing staff-development training for librarians within the Alt Valley Community Trust, and maintain a single membership scheme which ensures that citizens across the city region can take out and return books easily.

Where partnerships were developed between asset-based community businesses, and land or property developers, things became more difficult. While there is no requirement for councils to put assets for transfer out to tender, it is common practice for a local authority to agree with a community group that a site can be used, and subsequently put the site out to tender for a development/ contracting partner, who should then either 'create' a community business component or work with the existing group.

These open processes are a reflection of procurement law. However, the problems this can create are exemplified by Brighton Open Market. A local housing association was given the initial asset transfer of the site, with an agreement that their scheme would incorporate the redevelopment of the market, with ownership then turned over to the CIC. The Housing Association's interest was in the creation of flats adjacent to and above the market. The close proximity of residential development has led to rule-based challenges for the CIC. For instance, traders are not allowed to load on Sundays, to stay open late on weekends without a licence, or to open in the evenings. At the moment, they have 12 late night licences a year, which cannot be used on consecutive weekends. These rules in turn limit the potential for the market to act as a social venue.

[79] For a comprehensive review of partnerships and key factors for success, see: Asset Transfer Unit (2008) Asset Transfer, A Partnership Routemap

However, a partnership with a housing association was shown to be helpful in Bristol, where the common vision was shared. The development officer post which the local authority funded was hosted by United Communities, a local housing association. United Communities offered handholding, advice, guidance, personal development training, and a registered address. They do this because they believe in the mission and ethos of Bristol CLT. The council's costs for the position were repaid through 'enabling fees'[80] from United Communities over the coming years. Similarly, in the roundtable one officer explained that a national charity had partnered up with a local group taking on an adult day care centre to facilitate their management of their TUPE (Transfer of Undertakings Protection of Employment) arrangements. Skills in the management of these complex processes are rare, and often community businesses cannot manage the compliance risks it presents. However, in another case study the community business explained that it was because the terms of employment were changing that the scheme was viable:

> *'... we don't have the resources to deal with that. It would be impossible for us to take on. Staff take voluntary retirement, or redundancy and may come and join us on new terms later'*
> Community business interviewee

In conclusion, asset-based community businesses which rely on partnerships to deliver their organisational mission need to engage partners early, and ensure that priorities are aligned around a common vision.

### Levering in skill sets

> *'[social value] is a harder story to sell, but it's a better one to tell.'*
> National Public Body interviewee

For some of the case studies, finding people who have the time to volunteer and skills required to make a business a success was a key challenge. Projects are most successful when the right skill sets are within the community of interest. As demonstrated in previous research, not all networks are created equal. To improve resilience, a network (or community) should seek to diversify its components, making it more able to respond to different types of stressor.[81]

For the South Tynedale Railway (see box 6), the society were only able to accelerate their recent successes by harnessing the decades of experience of their deputy chairman, who had previously spent his career working in banking,

[80] This fee is paid to the council on entering a building contract or at start on site by the developer, re-chargeable directly or indirectly by the organisation retaining ownership of the affordable housing unit. The fee is a non-qualifying cost in respect of any bid for public subsidy and applies to all affordable housing units.

[81] Newman, L. & Dale, A. (2005) Network structure, diversity, and proactive resilience building: A response to Tompkins and Adger. *Ecology and Society*, 10(1), r2.

running his own business, working in the NHS, and for a social enterprise development agency. However, the railway reported a lack of skills in marketing, as was also the case for Brighton Open Market in its early stages.

In contrast, in Croydon Saffron Central (see box 5), marketing was arguably the strongest skill set. The media expertise of the project's instigator – and his access to the local radio – helped mobilise public interest. This was much needed, as the project was seed-funded through community donations using the crowdfunding platform Spacehive. This highlights the fact that different skill sets may be needed at different times in the lifetime of a project. In some cases, councils can help to lever these skill sets in. For instance, in Bristol the city council helped to actively recruit potential board members.

Box 5: Croydon Saffron Central

**Croydon Saffron Central**

| | |
|---|---|
| **Type of asset:** | **Brownfield land** |
| **Legal model:** | **Not legally incorporated** |
| **Type of community enterprise:** | **Community start up** |
| **Year of transfer:** | **Not yet confirmed – occupying temporarily** |
| **Type of transfer:** | **Not yet confirmed** |
| **Full-time staff:** | **0** |

**Overview:**

**Croydon Saffron Central is a pop-up Saffron farm. The project began in summer of 2015, when a resident proposed the scheme for a brownfield site in the city centre, and received crowd-funding for it. Since, the project has attracted a lot of interest and support from the community. However, the site has always been designated for new residential development, to provide much needed affordable housing. Therefore, Croydon Saffron Central are now looking to become registered as a business and negotiate an asset transfer as part of the new development.**

A further challenge facing asset-based community businesses is finding ways to effectively value the contribution they make to place. While mechanisms for estimating social value are improving, we are a long way from being able to quantify social value or the wider economic benefits of asset-based community businesses, and skills in evaluating social return on investment are extremely

rare.[82] Consequently, many authorities and community businesses struggle to demonstrate how 'best value' – distinct but potentially inclusive of social value – is obtained in transfers. In these cases, council and community need to work together to secure local outcomes.

In a similar vein, several community businesses case studied had to negotiate between different departmental silos, as the value of their vision may not be recognised consistently across departments.

> *'We like to keep things simple... but it is the authority that makes it complicated... Silos make it particularly difficult'*
> Community business interviewee

For instance, in Bristol the authority agreed to transfer the Fishponds Road site to Bristol CLT. However, to gain access to the site for redevelopment, the Parks Department – who held control over access– pushed for a redevelopment leading to an additional £150,000 in costs. Achieving this final outcome relied upon strong negotiation skills, and the ability of the community business to speak the 'language' of different departments. This required local government skills within the network, or community of interest, who worked in the council and were able to communicate across departments.

[82] NEF (New Economics Foundation) (2008) Measuring value: A guide to social return on investment (SROI) Second edition.

Box 6: South Tynedale Railway Preservation Society

## South Tynedale Railway Preservation Society

| | |
|---|---|
| **Type of asset:** | **Multiple assets transferred – decommissioned railway lines and surrounding areas** |
| **Legal model:** | **Company limited by guarantee** |
| **Type of community enterprise:** | |
| **Year of transfer:** | **Ongoing since 1984** |
| **Type of transfer:** | **40-50 Year short-term leaseholds, 999-year leasehold, freehold** |
| **Full-time staff:** | **8** |

**Overview:**

**In 1973, British Rail announced the closure of a 13 mile branch-line in South Tynedale. The railway closed in 1976 but volunteers grouped together in an attempt to purchase and preserve the line. In 1984 the South Tynedale Railway Preservation Society (STRPS) was registered as a Charitable Company Limited by Guarantee, and that same year they re-opened the railway between Alston and Gilderdale. In the subsequent three decades, the railway expanded via five asset transfers, from district and county councils, and national public agencies.**

Where assets are sought from national public agencies, asset-based community businesses need to be alert and proactive to ensure they have a chance of obtaining the asset, and getting it at best value. For instance, South Tynedale Railway Preservation Society (see box 6) has been a recipient of several transfers, one of which came from the Homes and Communities Agency (HCA). The society approached the HCA shortly after they acquired the asset, which had been transferred to the HCA by British Rail Residuary Board (BRBR) for £110,000 with an expectation that revenue from the sale of the site would be returned to central government. While the land was a liability for BRBR, it became an asset on the HCA's books, which meant that it was very difficult for the agency to transfer the site at any significant discount. It therefore relied upon the persistence of the South Tynedale Preservation Society Railway team to eventually secure the asset for £75,000 plus VAT. As one community business leader said:

> *'... sometimes the thing you need most is sheer bloody mindedness...'*
> Community business interviewee

### Checklist for cooperative risk management

Using the findings of this chapter, the following appear to be important in securing cooperative risk management in a community business.

| Cooperative risk management | |
|---|---|
| **Action** | **Outcome** |
| **Ensure that the relevant and necessary skill sets are within the community of interest.** | **Local support from citizens and councillors can help mobilise a project in its early stages. At later stages, the community of interest can be relied upon to lever in resources which improve the resilience of the operation.** |
| **Ensure that there is oversight by an individual with relevant expertise to the needs of the venture.** | **Prevention of hazards, compliance with requirements, security of tenure.** |
| **Where possible, choose partners who share your ethos or organisational mission.** | **More productive outcomes are achieved through collaborations based on mutual aid, than mutual benefit.** |

### 3.3.3 Creativity

> *'Creation out of nothing is a form of ingeniousness that belongs to the community scale'*
> Community business interviewee

Our research demonstrates that one of the most significant resources a community business can receive from a local authority is the asset itself. While the national policy context for asset transfer has focused on buildings and land, some resources transferred by local authorities to community groups can also be mobile, such as books, or even vehicles. To get the most out of these assets, however, asset-based community businesses must find ways to lever in other resources – such as community goodwill, private wealth, and external funding.

## Bringing assets to life

Assets can be the most significant resource a community business receives. In many successful asset-based community businesses, these assets are used to generate revenues, which then support the provision of other community services. For instance, Tynedale Railway Preservation Society provides a seasonal, tourist heritage railway service on lines which they have already acquired through transfer. Over time, they will use the revenues that this generates to fully reconnect the line with the national railway network, providing a more comprehensive community service. Alt Valley Community Trust aims to use revenues from membership of their leisure facilities, and private hires of their conference rooms to support their library provision. As one council officer said of their experience:

> *'When CAT goes well it's because they have a complementary economic wing – a coffee shop or commercial space... but sadly, this requirement often diverts community groups from their original social mission/objective'*
> Local government officer

In asset-based community businesses using this kind of model, the loyalty of volunteers and service users is an asset in itself. For instance, South Tynedale Railway relies on the enthusiasm of its highly skilled community of interest to maintain the railway and the trains in order to provide its seasonal tourist service, with over 70 volunteers. Even in Alt Valley Community Trust, which employs 70 staff there are still 8 volunteers who help to ensure good community engagement.

In several cases private donations (both money and other resources) went into getting the project off the ground. For instance, in Croydon Saffron Central, crowdfunding platform Spacehive was used to secure investment and buy-in from communities and the private sector. Costs for setting up the Saffron Farm were estimated to be £4,075. In all, 107 people donated, with an average donation of £40. A local housing developer promised after one week to make up whatever was left of the funding gap, eventually donating almost a fifth of the sum. Previous work[83] has suggested that community businesses are ideal partners for corporations to achieve their corporate social responsibility goals. In future, local government should find opportunities to link together big business and community enterprises.

In addition to financial donations, all the topsoil, several pots and a number of plants were donated, with un-costed investment increasing as the community visited more and felt increasing ownership of the site:

> *'It is amazing how much volunteering will take place when you give people power, real power – money – they won't spend it. Goodwill is the least tapped currency'*
> Community business interviewee

[83] Tracey, P. Phillips, N. & Haugh, H. (2005) Beyond philanthropy: Community enterprise as a basis for corporate citizenship. *Journal of business ethics*, 58(4), pp. 327 – 344.

However, not all assets provide a future economic benefit immediately. Some assets require work first – these can be conceived as liabilities because they present a future obligation. In Brighton, several interviewees suggested that the council were keen to transfer the market hall when traders showed interest, because it was a liability. However, because of the council's reluctance to saddle the community with a liability, they helped to find ways in which it could be made into an asset before transfer. The CIC was one way to do this. This case suggests that when community groups are interested in obtaining a liability, they must be prepared to cope with the debt that goes with it.

### Financial resilience

One of the biggest concerns expressed by officers responding to our survey about the risks of asset transfer was the ability of a community business to raise the necessary finance to maintain an asset (88%). Finding ways to finance the community business market is a challenge.[84] While many successful asset-based community businesses use their assets to generate revenues to sustain the provision of a service, seed funding is often needed in order to hit the ground running. The need for seed funding of Brighton Open Market was first identified by the Quirk Review. While the council did not provide initial seed funding, they have not withdrawn from supporting the project, demonstrating a sense of responsibility even long after the transfer. In 2016, the council granted the CIC a loan of £61,000[85] under the condition of a change in the management structure.

More systematic opportunities for seed funding from central government have not materialised, and are unlikely to in the current context. While it is debatable as to whether seed funding should come from government, some local authorities have taken it upon themselves to provide it. For instance, Cornwall Council[86] operates a revolving loans fund to support new community land trusts and other asset-based community businesses, drawing on finance from the Public Work Loans Board. However, the confidence of local authorities in funding asset-based community businesses varies. Bristol CLT received substantial capital and revenue funding support from the Council for capacity building, predevelopment works and free land to accommodate 12 new homes in its first scheme in Bristol. However the ability of the Council to transfer land to a Community Land Trust at nil or discounted value was affected by EU State Aid Regulations which required the Council to ensure the CLT or other organisations

[84] Percy, C. Swersky, A. Hull, D. & Medley-Hallam, J. (2015) The community business market in 2015. Power to Change.

[85] Brighton and Hove. Meeting Minutes of Policy & Resources Committee 15/10/2015. Targeted Budget Management (TBM) 2015/16 Month. Report of the Interim Executive Director for Finance & Resources. Available at: http://present.brighton-hove.gov.uk/ieListDocuments.aspx?CId=689&MID=5756 [Accessed 01/08/2016].

[86] Cornwall Council, see more at: https://www.cornwall.gov.uk/business/economic-development/revolving-loan-fund/ [Accessed 01/08/2016].

were aware of their specific responsibilities under the legislation. This process was not as smooth as first thought and the resultant delay in agreeing contracts led to significant increase in costs and some aspects of the housing products the CLT intended to deliver ultimately had to be cut back. The EU State Aid regulations continue to be a key concern, as our survey demonstrated. This suggests that clearer statutory guidance surrounding state aid and asset transfer may be needed.

Local political change is not the only factor which can influence the financial sustainability of a community business. As identified in previous work,[87] there is a gap in the funding opportunities for community businesses for grants between £75,000 and £200,000, the so called "missing middle" of finance. In these cases, asset-based community businesses may rely on national or supra-national governmental funding. For instance, Alt Valley Community Trust receive European Social Funding (ESF) for their education services. They have been one of the key recipients of ESF, and ERDF (European Regional Development Funding) for capital projects. There are concerns about whether this funding will be replaced over the long term by the government following Brexit. Recent statements confirm that all structural and investment fund projects signed before the Autumn Statement will be fully funded, even when these projects continue beyond the UK's departure from the EU.[88]

In contrast, Bristol CLT have struggled to maintain their common vision of delivering affordable rented properties, because of changes to the structure of funding for affordable housing made by central government. Despite having provided gap funding to support building new for-rent only properties for several decades, the government has now altered the funding profile to focus exclusively on home ownership. In turn, it is now impossible for the CLT to deliver rent-only properties. This has in large part diverted them from their ability to serve the local community in line with their organisational vision of providing affordable housing by and for local people in perpetuity.

87 Swersky, A. & Plunket, J. (2015) What if we ran it ourselves? Getting the measure of the community business market. Power to Change.

88 GOV.UK (2016) Chancellor Philip Hammond guarantees EU funding beyond date UK leaves the EU. News Story, 16th August 2016. Available at: https://www.gov.uk/government/news/chancellor-philip-hammond-guarantees-eu-funding-beyond-date-uk-leaves-the-eu [Accessed 01/09/2016].

### Checklist for creativity

Using the findings of this chapter, the following appear to be important in optimising the creativity of a community business.

| Creativity | |
|---|---|
| **Action** | **Outcome** |
| **Use the asset to create a revenue stream which can cross-subsidise activities that generate wider-reaching social value.** | **This will ensure financial sustainability of the organisation, so long as the revenue-generating service is in line with community needs.** |
| **Put in place a mechanism to allow for ongoing engagement of the community of place and community of interest, to ensure that the business remains responsive to their needs and can continue to find creative solutions.** | **The resources – social, ideational, and material – which communities source from their networks are essential to the success of community businesses.** |

# Conclusions

> *'We have to trust the people who elect us and ultimately, who pay for our existence. We need to start to celebrate the things we helped make happen, not the things we did.'*
> Interviewee, councillor

Councils and community businesses share a common interest: the creation of resilient communities which are rich in social capital, and free from social problems. CAT presents a strong opportunity to build a new, more equal relationship between councils and communities. However, the opportunities it presents are yet to be fully harnessed.

Success stories demonstrate how community ownership of public services can deliver significant added value, which extends beyond simple cost efficiencies. Asset-based community businesses can effectively engage the local community, ensuring their mission remains relevant to local need, find creative ways to lever in resources, often by drawing on the currency of good will; and effectively manage risk while remaining adaptable to change.

However, councils face a number of pressures which make their ability to commit to CAT – or position it within a strategy for long term change – difficult. A lack of human resources, political hesitation, and most significantly, financial constraints, have resulted in a predominantly reactive, rather than proactive approach. For most authorities, generating capital sales receipts is the priority, and making the change towards longer-term asset strategies is constrained by the need for resource flexibility, and the limited ability to translate social value arguments into quantifications of public benefit.

To fully achieve the full potential of community asset ownership, the process cannot be driven by motivations to make savings in the short term. Officer time is needed to ensure that the process of finding suitable community groups is run well, to help develop capacity in those groups, to help communicate the value of the project to various departmental silos, and potentially, to help find appropriate governors for the businesses. Further, financial investment may be necessary to help get groups going, particularly with the transfer of liabilities. In the long term, this approach will pay off by creating more self-sufficient, resilient communities.

There are a number of examples which demonstrate how effective collaboration between councils and asset-based community businesses can find innovative solutions to local problems. As local authorities struggle to implement innovations which will allow them to balance their books in line with funding cuts, the endurance of public services relies upon councils and communities working together to serve their common interest, by spreading power out locally. Such an approach – one which seeks to use public resources to empower communities to meet their common needs – demonstrates how boundaries between council and community may become blurred in the future, to their common interest.

# Bibliography


Agrawal, A. (2001) Common property institutions and sustainable governance of resources. *World Development*, 29(10), pp. 1649 – 1672.

Aiken, M. Cairns, B. Taylor, M. & Moran, R. (2011) Community organisations controlling assets: A better understanding. Joseph Rowntree Foundation (JRF).

Aiken, M. Moran, R. & Taylor, M. (2016) Always look a gift horse in the mouth: Community organisations controlling assets. *Voluntas*. 27(4), pp. 1669 – 1693.

APSE (2008) Creating resilient local economies: exploring the economic footprint of public services. Association of Public Service Excellence.

Asset Transfer Unit (2008) Asset Transfer: A partnership routemap.

Avery, G. & Bergsteiner, G. (2011) Sustainable leadership practices for enhancing business resilience and Performance. Strategy and Performance, 9(3), pp. 5 – 15.

Badiou, A., Butler, J., Didi-Huberman, G., & Khiari, S. (2016) *What Is a People?* New York: Columbia University Press.

Berkes, F., & Ross, H. (2013) Community resilience: Toward an integrated approach. *Society & Natural* Resources, 26(1), pp. 5 – 20.

Birdwell, J. (2013) Faithful Providers. Demos. Available at http://www.demos.co.uk/files/Faithful_Providers_-_web.pdf?1358533399.

Bollier, D. (2001) Public assets, private Profits: Reclaiming the American commons in an age of market enclosure. New America Foundation, Washington.

Buck, D. & Gregory, S. (2013) Improving the public's health. The Kings Fund.

Coutu, D. (2002) How resilience works. *Harvard Business Review*. Available at: https://www.boyden.pt/mediafiles/attachments/7030.pdf

Cutter, S. L., Barnes, L., Berry, M., Burton, C., Evans, E., Tate, E., & Webb, J. (2008) A place-based model for understanding community resilience to natural disasters. *Global Environmental Change*, 18(4) pp. 598 – 606.

Cumbers, A. (2012) *Reclaiming public ownership: Making space for economic democracy*. Zed, London.

Cvetkovich, G. & Winter, P. (2007) The what, how and when of social reliance and cooperative risk management. In: Siegrist, M, Earle, T.C., & Gutscher H. (Eds.) *Trust in cooperative risk management: Uncertainty and scepticism in the public mind.* Earthscan, London, pp. 187 – 209.

Das, T. & Teng, B. (1998) Resource and risk management in the strategic alliance making process. *Journal of Management*, 24(1), pp. 21 – 42.

DCLG (2012) Community Right to Bid: Non-statutory advice note for local authorities. Part 5 Chapter 3 of the Localism Act 2011 and the Assets of Community Regulations 2012. Department of Communities and Local Government, London.

DCLG (2015) Local Government Transparency Code. Department for Communities and Local Government. London.

DCLG (2011) Community orchards case studies. Department for Communities and Local Government. London.

DCLG (2011) A Plain English Guide to the Localism Act. Department for Communities and Local Government. London.

DCLG (2008) Building on strong foundations: A framework for local authority asset management. Department for Communities and Local Government. London.

Gilbert, J. (2014) *Common ground: Democracy and collectivity in an age of individualism*. PlutoPress, London.

Gittel, R. & Wilder, M. (1999) Community development corporations: Critical factors that influence success. *Journal of Urban Affairs*, 21(3), pp. 341 – 362.
Greenham, T. Cox, C. & Ryan-Collins, J. (2013) Mapping economic resilience. NEF (the New Economics Foundation) and Friends Provident Foundation.

Herbert, S. (2005) The trapdoor of community. *Annals of the Association of American Geographers*, 95(4), pp. 850 – 865.

LGA (2016) One public estate: Unlocking the value in public sector assets. Local Government Association.

LGA (2012) Empowering communities: Making the most of local assets, A councillors' guide.

LGiU (2015) Project resilience: An outline for future research. LGiU

*Local Government Act (1972) The Stationery Office, London*

Locality. What are community assets?. Available at: http://locality.org.uk/our-work/assets/what-are-community-assets/ [Accessed 08/08/16].

McInroy, N. & Longlands, S. (2010) Productive local economies: Creating resilient places. Centre for Local Economic Strategies (CLES).

Meyer, S. & Lunnay, B. (2013) The application of abductive and retroductive inference for the design and analysis of theory-driven sociological research. *Sociological Research Online* 18(1).

Miller, S. (2013) Unlocking local people's potential to tackle local problems. A summary of a roundtable exploring how Local Authorities can engage with social entrepreneurs.

Moore, T. & McKee, K. (2013) The ownership of assets
by place-based community organisations: Political rationales, geographies of social impact and future research agendas, *Social Policy and Society*, 13(4), pp. 521–533.

by place-based community organisations: Political rationales, geographies of social impact and future research agendas, *Social Policy and Society*, 13(4), pp. 521 – 533.

NEF (New Economics Foundation) (2008) Measuring value: a guide to social return on investment (SROI) Second edition.

Newman, L., & Dale, A. (2005). Network structure, diversity, and proactive resilience building: a response to Tompkins and Adger. *Ecology and Society*, 10(1), r2.

Nichols, G., Forbes, D., Findlay-King, L., & Macfadyen, G. (2015). Is the asset transfer of public leisure facilities in England an example of associative democracy? *Administrative Sciences*, 5(2), pp. 71 – 87.

OECD (2014) Guidelines for resilience systems analysis, OECD Publishing.

Ostrom, E. Gardner, & R. Walker, J. (1994) *Rules, games, and common-pool resources*. University of Michigan Press, Michigan.

Pathak, P. & Dattani, P. (2014) Social return on investment: three technical challenges. *Social Enterprise Journal*, 10(2), pp. 91 – 104.

Percy, C. Swersky, A. Hull, D. & Medley-Hallam, J. (2015) The community business market in 2015. Power to Change.

Pretty, J. (2003) Social capital and the collective management of resources. *Science*, 302(5652), pp. 1912 – 1914.

Quirk, B. (2007) Making assets work: the Quirk review of community management and ownership of public assets. HMG.

Rees, J. Miller, R. & Buckingham, H. (2014) Public sector commissioning of local mental health services from the third sector. Third Sector Research Centre Working Paper 122.

Robinson, D. (2005) The search for community cohesion: Key themes and dominant concepts of the public policy agenda. *Urban Studies*, 42(8), pp. 1411 – 1427.

SCDC (2012) Community resilience and co-production: Getting to grips with the language. A Briefing Paper.

Sirianni, C., & Friedland, L. (2001) *Civic innovation in America: Community empowerment, public policy, and the movement for civic renewal*. University of California Press, Berkeley and Los Angeles.

SQW (2010) Evaluation of the Asset Transfer Unit. Accelerating Change. Year 1 Interim Report.

Swersky, A. & Plunket, J. (2015) What if we ran it ourselves? Getting the measure of the community business market. Power to Change.

Taylor, J. (2010) The effects of the public sector spending cuts since 2010 on asset management. The Chartered Institute of Public Finance and Accountancy (CIPFA).

Tracey, P., Phillips, N. & Haugh, H. (2005) Beyond philanthropy: Community enterprise as a basis for corporate citizenship. *Journal of Business Ethics*, 58(4), pp. 327 – 344.

Turnbull, K. (2012) Building resilient institutional infrastructures for development in remote rural areas: A report for the Arkleton Trust. Rural Policy Centre, SAC, Edinburgh.

Watson, M. (2009) Planning for a future of asset-based welfare? New Labour, financialized economic agency and the housing market. *Planning, Practice and Research*, 24(1), pp. 41 – 56.

Wood, C. Leighton, D. (2010) Measuring social value: the gap between policy and practice. Demos.

White, S. (2007) Making anarchism respectable? The social philosophy of Colin Ward. *Journal of Political Ideologies*, 12(1), pp. 11 – 28.

Wyler, S. (2009) A history of community asset ownership. Development Trusts Association.

# Appendix 1: Methodology overview

## Methods

This projected was instigated as the result of a conversation between NLGN and Power to Change about the role of local government in supporting the future of the community business market.

While there is data available on the way that current financial pressures are affecting local government asset management strategies, data on the extent of community asset ownership is limited (see discussion of DCLG's community assets register in Chapter 2). Therefore a research project which could more comprehensively understand the relationship between current policy pressures on local government, and the progress of community asset transfer as an agenda, was set upon. The table below sets out the research questions, and chosen methods.

| Research question | Method | Justification |
|---|---|---|
| Provide the most comprehensive possible mapping of asset transfers since the Coalition Government of 2010. | Survey of local government officers working in the field. | Most efficient way to secure the information, a desk based study/review of every authority would have been too intensive. |
| Understand how austerity and the new policy environment is changing local authority attitudes to asset transfer. | Survey of local government officers, interviews with policy makers and practitioners, and a roundtable. | An attitudinal survey is best accompanied by qualitative measures to explore causal factors. The connections between policy, attitudes, and change were discussed at interview, and through a dialogue between representatives of the community business market and local government at the roundtable. |
| Provide an in-depth assessment of a number of community businesses built around transferred assets to understand both how they have succeeded and why some have failed. | 5 case studies of asset-based community businesses which vary in their degree of 'success'. | To understand success, projects which had either not come to fruition or had suffered from instability after asset transfer were considered. |

## Policy interviews

Interviews with 16 policy makers and practitioners were conducted between the 31st of March and 1st of August 2016. The organisations spoken to, and job roles of those interviewed are summarized in the table below. In some cases, two individuals from the same organization were contacted. All interviewees were offered anonymity, and are therefore not named.

| Policy shapers/ community business advisors interviewees | |
|---|---|
| Community business research/support/advocacy organisations | – Community Land Use<br>– CLT Network<br>– Plunkett Foundation<br>– Shared Assets<br>– Locality<br>– Sport England |
| National governmental organisations/representative bodies | – Department for Communities and Local Government<br>– Homes and Communities Agency<br>– The National Association of Local Councils |
| Local government officers | – Chief Executive, London Borough<br>– Corporate Policy Director, South West<br>– Senior Projects Manager, North West<br>– Senior Surveyor, North West<br>– People and Projects Manager, North West |

While interviews were not transcribed, notes were taken with occasional direct quotations recorded.

Interviews followed a semi-structured format. The topic guide is presented below.

**Questions for policy shapers and community business advisors**

- **What has your professional involvement with community asset transfer (CAT) been over the course of your career?**
- **How do you think the current policy context affects local government's ability to support CAT projects?**
- **What impact do you think austerity is having on local government's approach to asset transfer?**
- **What is driving support for CAT in your authority?**
- **How do you feel opportunities for CAT have changed?**
- **What do you consider to be the key factors shaping success in CAT?**
- **What is the role of geography, place and community composition?**
- **Do you know of any failed CAT community businesses?**
- **What do you think would improve support for CAT in local government?**
- **How can local authorities be better supported to deliver community asset transfer?**
- **What do you think are the key risks to councils of CAT?**
- **What do you think are the risks to community businesses in the CAT process?**
- **How can these be overcome?**

## Survey

The survey was intended to:

- Identify the asset transfers they have undertaken in the past five years.
- Assess local authority attitudes to asset transfer in the current policy environment.
- Understand their forward pipeline for asset transfers.

ComRes were contracted to conduct the onlime survey of Local Government Officers in England with a responsibility for overseeing community asset transfer between the 11th May and 22nd July 2016. The sample was generated by a dual approach – approaches were made both through direct contact with Officers, and via Chief Executives of Local Authorities where direct contact with offices was not possible. In partnership with the New Local Government Network, ComRes created a list of Local Government Officer job titles which may have

responsibility for community asset transfer. Using ComRes's Local Government database, an initial approach was made to these officers. In local authorities where this data was not available, ComRes made a direct approach to Chief Executives asking if they would be willing to complete the survey themselves, or pass it on to relevant officers.

This approach was designed to overcome the difficulties inherent in identifying those with responsibility for community asset transfer – as responsibility for this policy is often shared across job roles and departments within local authorities, and may differ across authorities.

For the email to be passed on by Chief Executives to relevant staff whom we did not have the email addresses for, an 'open link' was created. This contrasts with a closed link which is tied to a pre-existing name in a database. An open link allows the same link to be opened by multiple participants. Quality assurance by ComRes ensured that all answers received through the open link were relevant and did not compromise quality of the sample. However, using this approach makes it difficult to calculate a precise response rate, because it is difficult to identify how many of those who clicked on the open link but did not respond would have been eligible to take part.

| Survey | Response rate |
|---|---|
| – Closed link<br>– 1548 emails delivered<br>– 41 completed surveys | – 1/38 (e.g. for every 38 emails sent, one responded) |
| – Open link<br>– 312 clicks<br>– 17 completed surveys | – 1/18 (e.g. for every 18 clicks on the open link – rather than emails sent – one responded) |

In total, 58 officers from 48 local authorities responded to the survey. This represents 14% of local authorities. However, the final response rate, based only on the closed link sent to the original sample, is around 3%. This reflects the difficulties presented by the lack of a defined job title for those with responsibility for overseeing community asset transfer, but is not out of line with response rates for this audience: when probed, many officers said that they were unsure who would be best placed to participate and were therefore unable to refer the survey to a relevant colleague. A lack of time and resource to complete the survey were also primary reasons for not participating given by some local officers.

The following tables demonstrate the geographical spread of survey responses, and types of authority participating in the survey.

Table 2: Responses by local authority type

| Responses by local authority type | | |
|---|---|---|
| Total | 58 | 100% |
| Unitary | 14 | 24% |
| County Council | 4 | 7% |
| District Council | 21 | 36% |
| London Borough | 6 | 10% |
| Metropolitan Council | 12 | 21% |
| Don't know | 1 | 2% |

Table 3: Responses by region

| Responses by region | | |
|---|---|---|
| Total | 58 | 100% |
| North East | 2 | 3% |
| North West | 10 | 17% |
| Yorkshire & Humberside | 10 | 17% |
| West Midlands | 4 | 7% |
| East Midlands | 3 | 5% |
| Wales | 0 | 0 |
| Eastern England | 8 | 14% |
| London | 6 | 10% |
| South East | 16 | 9% |
| South West | 6 | 10% |

## Case studies

Case study selection details are set out in Chapter 3. For this project, five case studies were chosen to understand what makes an asset-based community businesses a 'success' or 'failure'. The approach taken was that success is best understood on a spectrum, ranging between precariousness or vulnerability through to stability and resilience. In turn, case studies were chosen that could demonstrate varying degrees of precariousness or stability, in ways which related to their use of an asset.

Other variables used to select case studies and ensure a breadth of coverage include:

- **Community business sector**
- **Transfer of freehold/leasehold**
- **Scale of project (small scale transfer or large redevelopment project)**
- **Organisational model of recipient organisation**
- **Type of authority**
- **Regional location**

In each case, representatives of the council and of the community business were interviewed. In total, the case studies involved 24 interviews. Information provided was triangulated with secondary sources where appropriate.

| Case study interviewee overview | | |
|---|---|---|
| **Bristol Community Land Trust** | **Community Business Representatives** | **3** |
| | **Council Representatives** | **2** |
| | **Total interviewees** | **5** |
| **Brighton Open Market** | **Community Business Representatives** | **4** |
| | **Council Representatives** | **2** |
| | **Total interviewees** | **7** |
| **South Tynedale Railway Preservation Society** | **Community Business Representatives** | **1** |
| | **Council Representatives** | **4** |
| | **Other** | **1** |
| | **Total interviewees** | **6** |
| **Alt Valley Community Trust** | **Community Business Representatives** | **1** |
| | **Council Representatives** | **2** |
| | **Total interviewees** | **3** |
| **Croydon Saffron Central** | **Community Business Representatives** | **1** |
| | **Council Representatives** | **2** |
| | **Total interviewees** | **3** |

# Appendix 2: Survey questionnaire

Prior to the research questions were a series of identification questions, not included here.

Several questions were coded in relation to the others, meaning not all were answered by every participant.

**Q1. Which, if any, of the following apply to your local authority?** Please select all that apply.

a. Has a community asset transfer (CAT) policy in place
b. Is currently developing a community asset transfer (CAT) policy
c. Publishes opportunities for community asset transfer (CAT) on the website
d. Actively pursues opportunities to transfer assets to community groups
e. Actively works with other local actors to find assets for community use
f. Has a Community Right to Buy policy on the website
g. Has an up to date asset management strategy
h. Don't know
i. None of these

**Q2. Which, if any of the following does your local authority's community asset transfer policy cover?** Please select one only.

a. Transfer of freehold
b. Transfer of leasehold
c. Transfer of freehold and leasehold
d. Don't know

**Q3. To the best of your knowledge, how many community asset transfers has your local authority conducted within the last five years?**

a. 1-10
b. 11-20
c. 21-30
d. 31-40
e. 41-50
f. 50+
g. None – my authority has not conducted any community asset transfers within the last five years
h. None – my authority has never conducted any community asset transfers
i. Don't know

**Q4. How confident or otherwise would you say your local authority is in conducting community asset transfers?** Please select one only.

a. Very confident
b. Fairly confident
c. Not very confident
d. Not at all confident
e. Don't know

**Q5. How much of a priority, if at all, is community asset transfer for your local council over the next five years?** Please select one only.

a. Very high
b. Fairly high
c. Not very
d. Not at all
e. Don't know

**Q6. For which of the following reasons, if any, is community asset transfer a priority for your local authority over the next five years?** Please select all that apply.

a. To reduce the cost of service provision
b. To raise revenue
c. To improve the quality of the asset base
d. To safeguard a service or amenity that would otherwise be lost
e. To actively involve communities in the delivery and design of services
f. To increase land values through community led-regeneration
g. To increase the commercial discipline of the asset management portfolio

h. To meet the high demand for assets from the community
i. Other, please specify
j. Don't know

**Q7. Thinking about community asset transfer, what types of asset, if any, are a priority for your local authority to transfer to the community?** Please select all that apply.

a. Heritage assets
b. Open spaces
c. Buildings in need of redevelopment
d. Services
e. Other, please specify
f. Don't know
g. None of the above

**Q8. To what extent, if at all, would you say each of the following are barriers to conducting community asset transfer in your authority?** A great deal | A fair amount | Not very much | Not at all | Don't know

a. Need to generate business rates
b. Need to optimise council tax
c. Need to create revenue from asset sales
d. Demand for new housing trumping all other land use priorities
e. Asset management being scaled up (e.g. Combined Authority / One Public Estate)
f. High land value meaning discount for sale to community is difficult
g. Low community interest in registering assets of community value
h. Lack of appropriate assets for transfer
i. Lack of human resources within the council to support and develop this agenda

**Q9. How concerned or otherwise are you about each of the following when engaging in community asset transfer?** Not at all concerned | Not very concerned | Fairly concerned | Very concerned | Don't know

a. The organisation will not have the capacity to manage the asset
b. The asset will not be used in the public interest
c. The community group will not be able to access the finances needed to purchase the asset
d. The community group will not be able to access the finances needed to manage the asset sustainably
e. That the ability of public bodies to support a particular project is limited by State Aid rules
f. If the project fails the asset will be returned to the council in a worse condition

**Q10. What kinds of community asset transfers, if any, has your local authority conducted in the last five years?** Please select all that apply.

a. Ownership (freehold)
b. Leasehold (short term)
c. Leasehold (long term)
d. Full repairing and insuring lease
e. Other, please specify
f. Don't know

**Q11a. Which, if any, of the following assets has your local authority transferred management or ownership of in the last five years?** Please select all that apply. Transferred management | Transferred ownership | Have not transferred management or ownership for this asset in the last five years | Not applicable

a. Library
b. Public green space (e.g. park or sports field)
c. Sports and recreation (e.g. indoor facilities)
d. Community center
e. Housing
f. Elderly care
g. Religious space
h. Child care
i. Adult recreation
j. Adult education
k. Child education
l. Market hall

m. Don't know

**Q11b. And are there any other assets which your local authority transferred management or ownership of in the last five years?**
Please write in the boxes below.

a. Transferred management
b. Transferred ownership
c. My local authority has not transferred management or ownership of any other assets in the last five years
d. Don't know

**Q12. To the best of your knowledge, which, if any, of the following business models are used in community asset transfer by your local authority?**
Please select all that apply.

a. Community Interest Company
b. Community Benefit Society
c. Company Limited by Guarantee
d. Industrial and Provident Society (Co-operative)
e. Unincorporated Association
f. Trust
g. Local branch of a national charity
h. Other, please specify
i. Don't know
j. None of these

**Q13. You mentioned that your local authority uses the following business models in community asset transfer. Which, if any, of the following is your preferred business model?** Please select one only.

a. Community Interest Company
b. Community Benefit Society
c. Company Limited by Guarantee
d. Industrial and Provident Society (Co-operative)
e. Unincorporated Association
f. Trust
g. Local branch of a national charity
h. Don't know
i. I do not have a preferred business model

**Q14. Which, if any, of the following quality assurance standards does or will your community asset transfer policy require community groups to have when applying for transfers?** Please select all that apply.

a. Visible
b. Practical Quality Assurance System for Small Organisations (PQASSO)
c. CC10 Hallmarks of an effective charity
d. Quality First
e. Pre-Visible
f. European Foundation for Quality Management (EMQM)
g. ISO 9001
h. Investors in People
i. Other, please specify
j. Don't know
k. My local authority does not require community groups to meet any quality assurance standards

**Q15. When engaging in community asset transfer, which if any of the following does your local authority carry out with community groups?**

a. Assistance in developing a business plan
b. Training on how to run community assets
c. Providing a platform for peer-to-peer learning between community asset transfer
d. projects
e. Ongoing business development support after the transfer has completed
f. Monitoring the progress of the community group with the asset once transferred
g. Bring assets up to a decent standard prior to transfer
h. Continue to maintain the building for the first two years of the transfer
i. Carry out a phased handover of responsibilities such as Health and Safety
j. Other, please specify
k. None of the above

**Q16. With which other local actors, if any, does your local authority work with to create an asset base for community use?** Please select all that apply.

a. Local fire authority
b. Local schools
c. Local police force
d. One Public Estate
e. Other, please specify
f. Don't know

**Q17. Overall, how successful or otherwise would you say community asset transfer has been in your local authority over the last five years?** Please select one only.

a. Very successful
b. Fairly successful
c. Not very successful
d. Not at all successful
e. Don't know

**Q18. For which of the following reasons, if any, do you think community asset transfer projects have been successful in your local authority over the last five years?**

a. High demand from local community
b. Good level of commercial acumen within the community
c. Good level of management expertise within the community
d. The local authority is confident in administering community asset transfer
e. Good number of transferable assets within the authority
f. Good level of advice and support provided for community members involved in community asset transfer
g. Other, please specify
h. Don't know

**Q19. For which of the following reasons, if any, do you think community asset transfer projects have been unsuccessful in your local authority over the last five years?** Please select all that apply.

a. Lack of knowledge transfer from successful community asset transfers elsewhere
b. Lack of commercial acumen with the community
c. Lack of management expertise within the community
d. Need for more staff training within the authority
e. Need for more staff resource within the authority
f. Lack of confidence within the authority
g. Impact of spending cuts within the authority
h. Impact of the economic downturn on the local community
i. Inability to lever in finance
j. Wrong legal model
k. Other, please specify
l. Don't know

**Q20. Thinking about community asset transfer overall, do you have any recommendations on how to ensure best practice in the future?**

Open

**Q21. The New Local Government Network (NLGN) would appreciate the opportunity to speak to you about your experiences in more detail. Please could we contact you to arrange a time convenient to you? Please note that we may not contact everybody who agrees to participate, as we are conducting a limited number of follow up interviews. If you would be happy to participate in a follow up interview please provide your email address in the box below.**

a. I would be happy to be contacted
b. I would not be happy to be contacted

# Appendix 3: Case study questions

Interviews were conducted using a semi-structured style, allowing the researcher to probe more where responses led to unconsidered research avenues. The following questions were used as a guide.

**Local government representative**

1. What was your involvement, and the wider involvement of the council in this transfer?
2. What was the social value or big idea for this project; what were the benefits of it from the council's perspective?
3. How if at all did the plans change throughout negotiations?
4. What particular challenges or risks did this project present?
5. How did you help the community group to prepare for the transfer, and what involvement have you had with them since?
6. How do you think that the characteristics of place determined success in this project?
7. What has the council learned from this process, and how would you work differently in the future to make CAT easier for both community groups and the LA?
8. What lessons could be used to transform public service delivery more broadly?
9. What impact do you think devolution will have?
10. General
11. What do you think are the main barriers to CAT?
12. Has your authority changed its CAT strategy over the last few years?
13. What impact do you think austerity is having on the CAT agenda?
14. What do you think would improve support for CAT in local government?
15. Are there any types of asset/public service which you think would not be suited to CAT?

### Community business representative

1. What has your involvement in this project been, how did it begin?
2. What was the social mission of this organisation? What were the big ideas?
3. How did you find the process of asset transfer, and how were you supported by the local authority?
4. Did you have assistance when developing the business plan? Who was involved, what information was needed?
5. How did you chose a legal model– and what difficulties did this throw up?
6. How is the community engaged over the long term, and how has this developed or progressed?
7. What resources were needed to get the project of the ground, and how has financial stability been maintained since the transfer happened?
8. What have been the biggest challenges? What do you consider to be the greatest risks? And how have you overcome them?
9. What do you think your public service offer is?
10. How if at all, do you think your community business yields lessons for wider public service reform?
11. How do think the specificities of this place have determined or affected your success?

# Appendix 4: Case studies

## South Tynedale Railway Preservation Society

### Background

Opened in 1851, South Tynedale railway was under the control of British Rail (BR) up until 1973 when BR announced its closure. The railway closed in 1976, but volunteers grouped together in an attempt to purchase and preserve the line. In 1983, the South Tynedale Railway Preservation society (STRPS) was registered as a Company Limited by Guarantee, and that same year under the management of the society, the railway re-opened between Alston and Haltwhistle following the former BR route. In the subsequent thirty years, the railway has expanded gradually. In 2014, the Heritage Lottery Fund gave £4.25 million to the railway as part of a 3 year, £5.6 million regeneration plan which will allow STRPS to connect Slaggyford to the railway and to conduct major maintenance works in Alston. The transfer of the railway to the society occurred in different stages and has involved five asset transfers, from Eden District Council, Northumberland and Cumbria County Councils, and the HCA. The Society are now negotiating a further transfer from SUSTRANS. Reflecting differences in approach taken by each of these bodies, the society has received 40-50 year short-term leaseholds, a 999-year leasehold, and a freehold.

### People

The initial idea of the group of volunteers who gathered together in 1973 was to purchase and preserve the entire standard gauge railway. However, when British Rail decided not to transfer the entire railway to them in the first instance, it became clear that the group would need to purchase it in separate stages. Therefore, the new vision behind the CAT was to re-establish parts of the railway for community use and tourism. The revenues generated by the seasonal tourist service are intended to eventually subsidise reconnecting the line to the main national rail network, creating a general, public transport facility. Unified by their passion for trains and tourism, the group of volunteers own and manage the site, carrying out a heritage operation on the railway complemented by a series of facilities for tourism and restoration.

The railway project was made possible thanks to the expertise in and passion for trains by a group of mainly retired individuals with enough time and goodwill to dedicate to the project. Experience in asset transfer came from the project coordinator, who is one of the only employees of the organisation. Indeed, the management team and the board were properly organized in terms of charitable financial management, but they lacked skills in marketing which may have accelerated the progress of the project.

### Rules

Internal rules governing the operation of the charitable company follow a democratic model in which each member is granted one vote. Members elect Trustees at the AGM each year. Trustees are responsible for appointing the General Manager, who manages and runs the railway on behalf of the Society and for governance, strategic direction, and for ensuring that STRPS activities and operations meet the Society's charitable objectives. The Society owns the assets and both the Trading Company – South Tynedale Railway Ltd – and the Development Company – South Tynedale Developments CIC. There are 350 members in total, half of whom live within thirty minutes journey from the railway. The scheme relies upon the dedication of the community of interest.

However, the railway has struggled as a result of rules governing decisions about value made by their asset donors. Unlike buildings, property rights on land are not always clear. Boundaries and titles on the railway were not always precise, and, as the project coordinator highlighted, this made the transfer process lengthy and burdensome. Furthermore, the fact that the land was under the control of different councils doubled the workload and the length of the process to have

all the paperwork done. Councils did not share the same standard procedure to deal with community asset transfer, hence for 13 miles of railway, they had to negotiate 5 separate CATs. Furthermore, changes in the designated employee dealing with the transfer within the council, changing rules around asset transfer, and alterations in the political make up of authorities slowed the process down, with cost implications for both parties. Leaving property rights and estimations of value aside, compliance with the requirements of grants also affected the railway. Applications for grants often make a number of stipulations which can divert the project from its original goals.

## Resources

### Partnership

The organisation, being well established with a good track record of charitable financial management, has been able to secure resources without explicit partnership arrangements. However, as one interviewee pointed out, the group needed local political backing from councils to facilitate the project and be able to get the idea off the ground. The relationship between the railway and authorities through which it passes has been limited.

### Assets/money/funds

Costs of running and maintaining a railway are high. According to the project coordinator, £35 million is needed for the 13 miles of route the community group is working on but it is necessary to invest in completing the route because only once it has been completed will it be able to attract the right number of customers and to function full time throughout the year, as well as providing more job opportunities to the local community. However, on the journey to financial self-sufficiency, the group have needed to secure finance from a range of sources. The society received £75k from DEFRA's Leader Programme for their reclamation and improvement of a woodland surrounding one of their sites. They also received a £4.2million Heritage Lottery Fund grant for development.

Securing the railway assets was not always easy, and STRPS had to proactively seek sites from wider public agencies. One site was transferred to the Homes and Communities Agency (HCA) by British Rail Residuary Board (BRBR) through the Public Land Investment Fund, a programme set up to enable the Agency to acquire assets from other public bodies. The HCA were transferred a piece of land through this programme from British Rail Residuary Board. This was transferred at market value, for £110k. This value was calculated on the basis that the land had previously gained planning consent for 50 housing units. It was transferred with the expectation that the HCA would be able to find a developer for the site, with the money being fully recoverable – meaning that the value paid to BRRB by the HCA had to be recovered through the subsequent disposal of the site to pay back central government. This meant that despite the site having been a liability on BRRB's books, it was now a highly valuable asset on the HCA's books. While there had once been a planning application for housing on the site, it was not viable for housing. Despite this there was an expression of interest in the site when it was put to tender. As a result, STRPS paid £75k for the asset. While the HCA could have transferred the asset to the local authority for subsequent transfer to STRPS, resource constraints prevented this.

# Bristol Community Land Trust

## Background

Bristol Community Land Trust (Bristol CLT) was launched in 2011 with the aim of identifying and redeveloping land to serve community interests. The Trust has recently concluded its first project and is currently working on the second one. The first project consisted of the redevelopment of a former school building into six housing units and an additional six new-build units on Fishponds Road. The freehold for the site was transferred for £1. Houses were self-finished, with the new residents actively taking part in the fitting out of the interiors to gain 'sweat equity'. Building on the lessons of Fishponds, Bristol CLT is currently working on a new development, in Shaldon Road. This will comprise a community space and more than 40 shared ownership housing units, with an allocations policy developed in partnership with members of a 'prospective residents' group.

## People

Housing prices are on the rise everywhere in the UK, but they are particularly high in Bristol which is one of the most expensive cities in the UK. Bristol CLT was established to offer an innovative solution to this challenge. The Community Land Trust model also reflects a desire for greater dweller control over design, management and community make-up in affordable housing schemes. The board was drawn from community members and local housing activists. Bristol CLT's vision is to develop new homes for its members and promote self-build housing across the city region, offering affordable opportunities and community based amenities to individuals that could not otherwise afford to purchase. To deliver this vision, the Trust has grown a membership of interested individuals, who each join for the affordable price of £1. This entitles them to a single vote, and is the limit of their liability. To instigate the network, a poster campaign across the city invited people interested in forming a CLT to come to a public event. The range of skill sets of individual members of the Board was useful for the success of Bristol CLT. The site on Fishponds Roads was General Fund land that required access across land managed by the Parks Dept. Dogged negotiation skills were needed to secure agreement from all stakeholders over the redevelopment plans for the site. The presence of expert members on the board, including a lifelong regeneration professional, a development officer working at the council, and the chief executive of a housing ass ociation, were invaluable in securing the first site and to bring expertise and resilience to the organisation.

## Rules

Learning from their first project, Bristol CLT has supported and encouraged community engagement on their second development at Shaldon Road from the outset, reaching out to the local community as well as Bristol CLT members to develop a design brief for the site. While the local community of Lockleaze was invited to participate in workshops and events, eventually it was only Bristol CLT members reflecting a wider, interested community in Bristol, who stayed engaged and worked together to become de facto clients for the scheme. However, just as the project was able to create rules in the interests of a community of place outside of conventional processes of local democracy, Bristol CLT has been subject to national regulations which have shaped the project. The second scheme may not include any affordable to rent properties. This is because the rental income from the 'affordable' rents alone will be unable to repay sufficient debt finance to fund construction costs. To overcome this, the established approach has been gap funding by government through the Homes & Communities Agency (HCA). However, recent policy changes have shaped the housing support funding profile to focus exclusively on home ownership. In turn, it is now extremely difficult for the CLT to deliver rent-only properties. This risks diverting it from its organisational vision. Bristol CLT is therefore looking for a new financial model to enable it to fund the development of affordable rented accommodation.

## Resources

### Partnership

Bristol City Council took a supportive approach to Bristol CLT, by funding a Development Officer role with responsibilities for progressing the project at Fishponds Road and finding appropriate land for development. This post was hosted by Bristol Community Housing Foundation (BCHF), a local housing association. BCHF offered personal development and support for the role. The council's investment in the position was repaid through 'enabling fees' on other BCHF affordable housing projects, meaning that the cost of seed funding Bristol CLT was not an up-front cost to the council. BCHF did this because it supports the mission and ethos of Bristol CLT. Because the partnership is based on a common vision, it has resulted in a productive and supportive relationship. In Bristol CLT's second scheme at Shaldon Road, United Communities (an amalgam of two housing associations) will bring in finance and own 18 of the housing units, with Bristol CLT developing the remaining 28.

### Assets/money/funds

One of the often cited benefits to a local authority of supporting the CLT model is that it can 'turn NIMBYs into YIMBYs' in the delivery of new development, as a result of improved community support. Having considered some very difficult sites, it took some time for Bristol CLT to find a site which could meet their needs, reflecting the desire from members for the project to incorporate new build. Eventually, the site at Fishponds Road was found, incorporating new build and conversions. The open market valuation of the Fishponds site with planning permission was valued by the council to be £286,000. The site was sold to the Trust for £1 on the condition that full market value would be returned to the council if the land were ever sold for non-housing purposes. Holding this asset meant the Trust could use the value of the land to attract finance for the capital development. Negotiations with the council also involved the parks department, which controlled the land that would give access to the site. Agreement was reached that enabled Bristol CLT to utilise land owned by the parks department in return for reinstating a wall, tarmacking and landscaping an area of the adjacent car park. This added £100,000 in costs but made the project achievable. In the second scheme, due to changing priorities within the council, the transfer is a 'deferred capital receipt'. This means that while the site will be sold to the Bristol CLT for £1, there is a legal mechanism which allows the council to capture any value created through redevelopment of the site through an 'overage' clause in the addendum to the sale.

Bristol CLT received substantial capital and revenue funding support from the Council for capacity building, predevelopment works and free land to accommodate 12 new homes in its first scheme in Bristol. However the ability of the Council to transfer land to a Community Land Trust at nil or discounted value was affected by EU State Aid Regulations which required the Council to ensure the CLT or other organisations were aware of their specific responsibilities under the legislation. This process was not as smooth as first thought and the resultant delay in agreeing contracts led to significant increase in costs and some aspects of the housing products the CLT intended to deliver ultimately had to be cut back. Compliance with EU State Aid regulations continue to be a key concern, as our survey demonstrated. This suggests that clearer statutory guidance surrounding state aid and asset transfer may be needed.

For its second scheme, Bristol CLT is working on a finance package which will include debt finance from Triodos bank or a similar ethical lender, as well as equity stakes from occupiers, some grant finance and a partnering arrangement with United Communities. Debt will be repaid through equity sales and a small continuing rental income from unsold equity.

# Brighton Open Market

## Background

Established in the 1880s, Brighton Open market plays a pivotal role in Brighton history. After a period of decline started in the 1970s, the Open Market Traders Association asked Brighton & Hove City Council as owner of the market for its support to bring forward a redevelopment plan for the market, which the council agreed in 2006. Although Brighton & Hove City Council did not have a CAT policy at this time, nor has it developed one since, the redevelopment plan of the market was achieved through a CAT of a 250-years leasehold on a peppercorn rent. According to councillors, the community asset transfer was seen as the most desirable way to renovate the market given the key role it plays in the area and inability of the council to invest in the site. Hence, in 2011, a Community Interest Company (CIC) was established with the aim of taking on full ownership and responsibility for the market after redevelopment. This redevelopment would be delivered through a partnership between the council, Open Market Traders Association, Hyde Housing Association and the Ethical Property Company. The market re-opened in 2014, and has been operating since.

## People

The redevelopment of Brighton Open Market was key to the wider regeneration of the London Road area, which had been struggling with the loss of retail and the effects of severe and multiple deprivation for some time. At the beginning, the traders motivation to take on the asset was from a desire to keep the market alive as it desperately needed investment which the council could not put into it. The notion of full redevelopment of the site was instigated after Hyde Housing came on board. The idea was for the market to be a community social venue with space for activities in the central square, which also provided cheap products and services for the community. However, in the push for regeneration of the area there was also a desire to attract new and different kinds of buyer and trader to the market. More recently, there has been a call not only for cheap products but also for quality food reflecting health and environmental concerns. For a period, this change in vision created turbulence within the CIC, with ramifications for their delivery of a clear public service offer. However, within recent months these challenges have been overcome, with some market traders investing their own money to ensure that the public service aspect of the central space is delivered and community groups are brought into the space.

The CAT proposal was brought about by long-standing traders who were personally attached to the market. Yet, as they admitted, passion itself is not enough to determine the success of a transfer. Traders were working full time, trying to renovate the market on the side on a voluntary basis. This meant they had to work with the skills available, relying on third parties for advice wherever possible. A supportive development officer at the council, and the involvement of councillors with previous experience in regeneration and community involvement proved crucial to make the project a reality. However, skills in marketing tailored to market's were missing in the early stages of the project. This made overcoming the markets reputational legacy and attracting new business challenging, with subsequent financial implications. However, management of the market changed in 2016 to secure more relevant expertise and oversight. This has included stronger skills in building management and health & safety regulations to improve risk resilience.

## Rules

As mentioned earlier, the redevelopment of the site was delivered by Hyde Housing. Their interest in this was the creation of 87 flats adjacent to and above the market. Unfortunately, the close proximity of residential development has led to regulatory challenges for the CIC. For instance, traders are not allowed to load on Sundays, or

to open in the evenings. This limits their ability to attract new trade. At the moment, they have 12 late night licences a year, which cannot be used on consecutive weekends. These rules in turn limit the potential for the market to act as a social venue.

Internally, there have also been rule related challenges. Before choosing the CIC model for the market, the charity model was considered and then disregarded as the project partners believed it to be too restrictive for a market. The disparate and ultimately, individually commercial interests of the traders led cooperative models to be dismissed. Therefore, the CIC model was chosen.

However, which 'community' interest was being represented by the board was contested, resulting from a lack of consensus around a common vision. As not all traders can be on the board and the minutes of board meetings are kept private, some traders felt resentment and exclusion from processes of decision making. However, these challenges are being addressed with the CIC appointing new independent directors and working towards a single market traders' representation body, to unite traders around a common vision for the project.

## Resources

### Partnership

The main challenge to partnerships in this project was imbalances in information. This revealed itself relating to secrecy and the board as discussed above, but also played out in other relationships. To make the CAT possible, the CIC relied heavily on the council and Hyde for information. While all parties trusted that the council shared their interests, some traders remain sceptical about the motivations of Hyde, as a commercial operator. While some councillors felt that their participation on the board was crucial in the beginning to get the project approval, Hyde's superior experience in processes of development led the market traders to take a backseat in design and planning stages, potentially leading to the regulatory challenges they face.

### Assets/money/funds

As soon as the redevelopment was complete, the CIC inherited a £1m debt which needed to be repaid. This situation was exacerbated by the absence of any seed funding; the CIC had to immediately generate income, to pay off the loan which they secured from Triodos Bank in 2014. The absence of finance contributed to the inability of the CIC to buy in relevant expertise, leading to financial difficulties in 2015. In early in 2016, the council granted the CIC a loan of £0.061m under the condition of a change in the management structure. It is now improving and is aiming to secure its successful future.

# Alt Valley Community Trust

## Overview

During summer and autumn 2014, Liverpool City Council held a series of public and stakeholder consultation meetings on proposed changes to their public libraries. The proposals consulted on included eleven of Liverpool's eighteen community libraries being at risk of closure unless alternative arrangements could be found. This was in relation to severe budget pressures on Liverpool City Council with all service areas required to make savings due to a 58% cut in funding from central government. Alt Valley Community Trust, a Company limited by Guarantee, was set up in 1983 by the local community to oppose the closure of a school. Alt Valley Community Trust submitted expressions of interest for two of the eleven libraries, based upon their experience as a commissioned provider of library services in Croxteth. Alt Valley were commissioned to deliver the Croxteth Library service in November 2010, simultaneously taking on sports centre management under a 30 years lease at a peppercorn rent. The library at Croxteth is integrated with a community café and other learning facilities previously owned by the council. Due to the successful delivery of Croxteth Library for several years, Alt Valley were viewed as a potential solution which could help to prevent the closure of both Dovecot and Breck Road Libraries following the most recent round of city council budget cuts.

Dovecot Library is situated in the Dovecot Multi-Activity Centre (MAC) which Alt Valley was already in the process of acquiring from Liverpool City Council. Breck Road Library is situated in a shopping mall in a building that is leased by Liverpool City Council. Dovecot MAC was subsequently taken over by Alt Valley and arrangements were put in place for Alt Valley to take on a sub-lease for the Breck Road Library site. In both cases, all of the libraries' non-building related assets, including the books, computers, fixtures and furniture, were legally transferred to Alt Valley. A legal agreement was also put in place stating that if Alt Valley failed to deliver the library service in the future, all of the library assets (books, computers, fixtures and fittings) could be bought back by the council for £1.

## People

Alt Valley support and advocate municipal ownership of library services. However, they recognise that the council face formidable financial pressures which mean services could be lost. Building on their experience of salvaging local public services and delivering changes or improvements tailored to the community, they had expressed an interest in Dovecot and Breck Road libraries to help prevent their closure. Despite taking a reactive approach to asset acquisition, they have added significant value to their previous service takeovers, by tailoring the service to the community and actively engaging users in processes of service design. With over a thousand people a week using their services, they maintain an open dialogue with service users about improvements, and through frequent contact with library members are able to signpost them to other services, ensuring that no one 'falls through the cracks'. The trust are made up of local people, community engagement events happen weekly, and the annual general meeting each year is open for all of the community to attend. The ability of Alt Valley to tailor this service to the needs of their community has resulted in a 500% increase in book lending in their first library takeover at Croxteth library.

The relationship between the community and local councillors was described as being critical to the success of the project. Further, Liverpool has a strong history of community activism, and a well-established voluntary sector. The council recognise that changes in provision of their library service could mean the loss of expertise accrued over years by their in-house workforce. In turn, the City Council's Library Service continue to offer ongoing training and support for staff working for Alt Valley Community Trust who are now providing local library services.

## Rules

Even as a relatively established organisation, Alt Valley Trust report that it would have been impossible for them to take on the burden of TUPE (Transfer of Undertakings, Protection of Employment). However, dealing with these rules was not necessary for the take-on of either Breck Road, or Dovecot Libraries. This was due to the fact that Liverpool Libraries staff are not contracted to specific buildings, rather they are contracted to work across the service.

Alt Valley Community Trust have a series of their own rules surrounding employment. Firstly, they do not rely on volunteers to deliver their service. Secondly, staff should be chosen from the local community. To enable this to work over time, staff are supported to progress up the career ladder. This supports their ambition to create local jobs for local people. However, in general the organisation seeks to avoid making any other rules which might prevent staff from being able to take 'real decisions' and make changes in line with community needs. The trust feel that this cooperative, flexible approach which allows employees to make change is part of their improved offer.

## Resources

### Partnership

Alt Valley Community Trust have a close relationship with the city council. Membership of all three libraries will be maintained under a single membership scheme which allows users to issue and return books consistently across the whole of Liverpool. Croxteth Library as a commissioned service has an allocated annual bookfund for purchasing additional books. However, Breck Road and Dovecot Libraries are independent from Liverpool City Council and Alt Valley Community Trust have sole responsibility for replenishing their own books at those sites.

### Asset/finance

In Croxteth, the site was designated as requiring statutory library provision, demanding it stay in municipal ownership. The Breck Road Library building is not owned by the council. They hold the main lease, which they now sub-let to Alt Valley. Therefore the transfer in this instance was of books and fixtures only. The trust are currently looking to buy an alternative and larger property to deliver the service from in order to deliver additional community services.

Aside from the commissioned services by the council, Alt Valley generates revenue through membership of their sports centres. They also receive some funding from hiring out rooms for conference events, and have a steady turnover of around £2.5m a year. They have received national funding, under the Future Jobs Programme, and European Social Funding (ESF) for their education services. They have been one of the key recipients of ESF, and ERDF (European Regional Development Funding) for capital projects. There are concerns about whether this funding will be replaced by the Government following Brexit.

# Croydon Saffron Central

## Overview

Croydon Saffron Central is an urban farm, growing Crocuses, Woad, Lavender and vegetables, also housing two bee hives. The project began in summer of 2015, when a Croydon resident who is also a part time local DJ of radio show 'Made in Croydon' and full time council employee in the children's services department, pitched the idea to the regeneration department. The proposal was to create a pop-up farm for 4 months, on a brownfield site which formally housed Croydon Council's offices. Since, a number of community groups have come to visit the site, demonstrating interest in the scheme. However, the site had always been designated for new residential development, to deliver regeneration and provide much needed affordable housing. The farm is currently still on the site, under an informal arrangement. However, the project's initiator is now seeking to negotiate a place in the redevelopment of Queens Gardens, one of the only green spaces in the town centre which is adjacent to the site. The project was crowd funded using Spacehive – a platform specifically for public investment in civic projects.

## People

The guiding idea for this project was to create a community saffron farm which could give people access to nature in the centre of Croydon and create a place-specific scheme to develop a new identity for the town, following the Croydon riots in 2011. Croydon Saffron Central is therefore a heritage and education project, with indirect implications for place regeneration. Once the first round of flowers had bloomed, the corms (seeds) were collected and offered to the 127 schools in the borough, and Friends of Parks and to Community Groups who were involved in the early stages of the project. While the project took significant upfront investment, it was planned to become self-sustaining through the sale of saffron gathered from the plants. This revenue would be reinvested in more corms for a second round of the project. However, as their occupation of the site was only ever promised to be short-lived, where this could take place was unknown.

One of the most significant assets to Croydon Saffron Central was the wide-reaching local social network of the projects instigator. This was particularly relevant in securing funding for the project, as a weekly radio show promoted the scheme. Connections with the wider local media were built upon and developed to secure positive coverage in the Croydon Citizen, Inside Croydon, and Croydon Guardian. The initiator, and other local celebrities used Twitter and Facebook to promote the project and opportunities to come and get involved. But most significantly was the involvement of local councillors, who bought into the scheme at an early stage and wanted to make it happen.

Enthusiasm about the scheme within the community awarded the project support – both goods and services – on the basis of good will. For instance, a local artist agreed to design an image for the Spacehive website. When the farm was first planted, on September 19th 2015, nearly 200 local people came to help. The local Women's Institute provided cake and refreshments, and a scout group put up a marquee so volunteers could shelter from the sun.

## Rules

In comparison with other projects in which securing a leasehold or freehold agreement for the asset took a long time, the shift from concept to occupation was rapid in this project – because of the informality of the arrangement. The projects future is now under negotiation with the regeneration department and re-developer of the site, to find a way to incorporate the project into the scheme.

However, Croydon Parks Department is looking to extend the degree of community involvement in management of their 127 green spaces, creating a possible opportunity for Croydon Saffron Central to live on elsewhere. However,

to formally receive an asset under loan or lease, Croydon Saffron Central would have to become a registered business. At present, the project's inventor holds responsibility for the scheme as a private individual, with the strong involvement and support of the wider community. To receive an asset transfer, he would also need to register the project as a formal charitable body.

## Resources

### Partnership

The success of this project has relied on a strong working relationship between the council and community members participating in its creation. A large part of this was based on trust. However, there are limits to a cooperative approach, and ultimately a community business must conform to rules. For instance, despite positive reviews from youth groups who had visited the site privately, the council did not want the venture to be used to deliver council schemes for young people due to health and safety concerns.

The space presents a number of hazards with two basement stories filled with debris from the demolition, lift shafts still in place, and a number of trip hazards. Because the site remains in council ownership, the council are liable for any injuries. Croydon Saffron Central was able to secure insurance for volunteers on the site for free from The Conservation Volunteers (TCV) underpinned by Zurich. However, health and safety requirements meant some community innovations in design could not go ahead. For instance, chairs made out of pallets could not be delivered because they would not pass maximum weight resistance levels, and a bicycle which would spray water over the plants was not permitted because of the risk of legionaries' disease.

### Assets/money/funds

The project was funded through Spacehive, a platform for crowdfunding of civic projects. Working from a business plan, project costs were estimated to be £4,075. While Spacehive usually suggests that crowdfunding platforms are open for 12 weeks, to get the corms in the ground in time a 1 week turnaround was needed. Generating a huge amount of community buy in, they were able to raise over three quarters of this within five days. 107 people donated, with an average donation of £40 each. At this point David Wilson Homes, who were completing a new development nearby in Coulsdon, promised to make up whatever was left of the funding gap by the end of the week. The level of public buy-in was considered to be a response to the romance of the concept, and the knowledge that the scheme would go on to give something back to all of the communities across the borough, developing this new place identity.

# Appendix 5: Checklist for local government

## Local government

| Action | Outcome |
|---|---|
| **General asset management** | |
| Maintain data on the running costs of individual assets and share this with asset-based community businesses ahead of making business plans. | Better business plans which are more likely to create sustainable financial strategies. |
| Strive towards better transparency about what is available for community use. Local authorities should carry out due diligence prior to any transfer to ensure that they hold the position. | Many authorities do not know what assets they actually own. There is no statutory requirement for land to be registered until a 'trigger event', a change of ownership or ownership challenge. The burden of acquiring legal titles can be burdensome for smaller asset-based community businesses. A local authority holding the title to a piece of land can be useful. |
| **Community asset transfer policy** | |
| Work towards a clear set of objectives for CAT. | Greater consistency and transparency of decision making, building trust between local authorities and the community, to work towards a more cooperative approach. |
| If the agenda is a priority for the local authority, ensure there are dedicated staff with skills and talents in the area. | Skills in asset transfer are not lost, a local body of expertise can be developed. |
| **Community asset transfer practice** | |
| Work collaboratively with asset-based community businesses to help them find suitable partners for projects involving a build or redevelopment, working towards a presumption in favour of communities. | True partnerships are created on the basis of trust, and relationships which arise through choice are more likely to be sustainable and produce innovative outcomes. |
| Recognise when to step in, and when to step back. | Some community visions will need support from the authority in order to gain traction. However, it is also important to 'let go' once a group are established. |

# Appendix 6: Checklist for asset-based community businesses

## Community business

| Action | Outcome |
|---|---|
| **Community engagement** | |
| Check to see if your local authority has an Asset Transfer Strategy and if objectives are not outlined, consult the councils Corporate Strategic Objectives. | A business plan which aligns with local objectives is more likely to merit support from a local authority. |
| Make connections with local councillors and other people with different types of knowledge and skills. | A stronger network to support the progress of the project. |
| Create a clear vision which responds to a local need, and demonstrate in your business plan how the community will be served and engaged over time. | A common vision which responds to the needs of a community of place. |
| **Cooperative risk management** | |
| Mobilise a supportive network to grow the community of interest, securing relevant skill sets. | Local support from citizens and councillors can help mobilise a project in its early stages and mitigate the risk that an asset will not be secured. At later stages, the community of interest can be relied upon to bring resources, material (such as finance) and social (such as skills). |
| Ensure that there is oversight by an individual with relevant expertise to the needs of the venture. | Prevention of hazards, management accountability, focus on compliance. |
| Where possible, choose partners who share your ethos or organisational mission. | More productive outcomes are achieved through collaborations based on mutual aid, than mutual benefit. |
| **Creativity** | |
| Use the asset to create a revenue stream which can cross-subsidise activities that generate wider-reaching social value. | This will ensure financial sustainability of the organisation, so long as the revenue-generating service is in line with community needs. |
| Put in place a mechanism to allow for ongoing engagement of the community of place and community of interest, to ensure that the business remains responsive to their needs and can continue to find creative solutions. | The resources – social, ideational, and material – which communities source from their networks are essential to the success of community businesses. |

**Power to Change**
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@thepowertochange.org.uk

thepowertochange.org.uk

@peoplesbiz

Registered charity no. 1159982

ISBN 978-1-911324-02-7

Design: red-stone.com

LOTTERY FUNDED