

The extent the Community Asset Transfer scheme promotes and supports effective development of community assets

Research funded by Power to Change and conducted by the Centre for Regional Economic and Social Research found that 25% of a sample of 340 community assets in England came into community ownership via asset transfer (Figure 1).¹ Notably, assets located in the most deprived LSOAs were more likely to come into ownership via asset transfer than in less deprived LSOAs, which typically benefitted more from ownership through donation at no cost/‘peppercorn rent’.² However, individual case studies highlighted that the community asset transfer in particular can be a complex process that is difficult for communities to access.

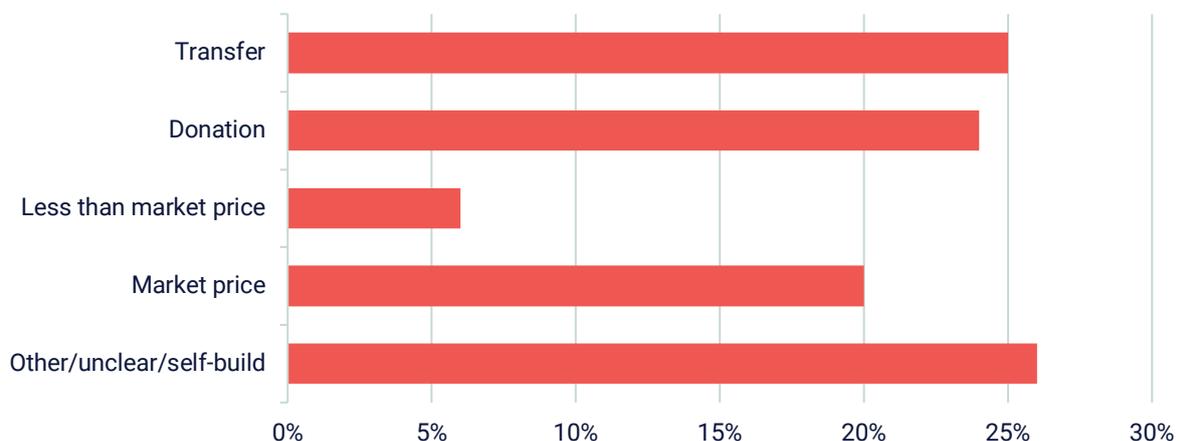


Figure 1: Survey of assets in community ownership (base 340), from Archer 2019

Evidence from a community asset advocacy programme undertaken by Locality and supported by Power to Change found that community asset transfer is a key lever that local authorities can use to capitalise communities and protect, strengthen, and grow local community infrastructure.³ Again, this research found significant disparities in the availability and accessibility of asset transfer, linked to land value, inequitable distribution of assets and the existence of proactive council policies to support community asset transfer. The programme highlighted an inconsistent approach to developing community asset

¹ Archer, T., Batty, E., Harris, C., et al. 2019. Our assets, our future: The economics, outcomes and sustainability of assets in community ownership. Power to Change: Research Institute Report No. 21. Available from: <https://icstudies.org.uk/repository/technical-report-our-assets-our-future-economics-outcomes-and-sustainability-assets>.

² The abbreviation LSOA stands for ‘Lower Layer Super Output Area’ and refers to a standard unit of geography equivalent to an average population of around 1,500 people or 650 households.

³ Power to Change, Locality (2022). Sustaining Community Asset Ownership. Available from: https://locality.org.uk/wp-content/uploads/2022/06/LOC_Sustainable_Community_Assets_Ownership_Programm_WG07.pdf.

transfer policies within local government and councils. Nonetheless, partnership working proved invaluable to the long-term success of community assets.

Findings from case study research funded by Power to Change and conducted by LSE Consulting provides several concrete examples of community asset transfer processes supporting the effective development of community assets.⁴ For example, in Midsteeples Quarter, asset transfer of several buildings enabled neglected properties to find a new lease of life as a mix of housing and enterprise space, whilst building a track record and confidence amongst funders, investors and residents. In this case, a ‘meanwhile use’ of the assets during the asset transfer process proved an effective and important way of introducing immediate life to the asset and helping it to be sustainable. Other case studies also highlight that asset transfer-enabling community asset management can be an important part of the process towards full community asset ownership.

Research undertaken by Power to Change with local government officers, policymakers and practitioners highlighted the role of community asset transfer in supporting reducing the cost of service provision, as well as safeguarding a service or amenity that would otherwise be lost, actively involving communities in the delivery and design of services, and meeting the demand for assets from the community.⁵ Nonetheless, and despite many local authorities having asset transfer policies in place (Figure 2), the research found that the number of asset transfers conducted remained low, with 20% having not conducted an asset transfer in the last five years, and almost half having conducted between one and ten.



Figure 2: Status of local government asset management strategies (base 58), from Gilbert 2016

⁴ Lee, N., and Swann, P. 2020. Saving the high street: the community takeover. Power to Change. Available from: <https://icstudies.org.uk/repository/saving-high-street-community-takeover>.

⁵ Gilbert, A. 2016. A common interest: The role of asset transfer in developing the community business market. Power to Change: Research Institute Report No. 3. Available from: <https://icstudies.org.uk/repository/common-interest-role-asset-transfer-developing-community-business-market>

Several research reports note that as well as providing important economic and social benefits, the process of community asset transfer can itself enable the more effective development of community assets. An evaluation of a Power to Change grant programme supporting community businesses found that the social impacts of community asset management and ownership largely derive from assets being repurposed to better meet the needs of the community.⁶ The process of community asset transfer can also establish more diverse pathways for people to participate in the development of local assets – be it through investing in financial mechanisms for asset transfer such as community shares, community businesses reinvesting profits into local causes, or creating volunteering opportunities that give the more of the local community a greater sense of ownership over local assets.⁷

Across the research and evidence cited, a number of recommendations specific to the community asset transfer process in the English context were made that might offer useful transferable learning. These include:

- Ensuring good public information about roles, responsibilities and steps in the asset transfer process would help, in addition to clearer local policy frameworks. This could entail making it obligatory for all local authorities to have an asset transfer policy, with this predicated on a fuller programme of peer learning for local authorities.
- Local government could support sustainable asset transfer by committing to ‘good terms’, including providing unencumbered long-term leases of at least 30 years to provide community owners with the time to embed their business plans, leverage external funding and earn income for community re-investment.
- A national programme of community asset transfer support, managed independently of government, should be set up to provide specialist advice to community organisations and local authorities. This should include focused support for racially minoritised communities and attention for areas where the supply of ‘traditional’ community assets is limited.⁸
- Local government to develop an asset registers so that communities know which assets are available for transfer in their area. This should be accompanied by capacity support and guidance for groups developing bids and investment in these groups.

⁶ Chan, J., Meghjee, W., Pacot, M., and Alraie, M. 2022. Assets & Community Businesses: What is the impact of asset ownership on community businesses? And how can funders support community businesses to acquire and manage assets? Power to Change and Renaisi. Available from: <https://icstudies.org.uk/repository/thematic-paper-assets-community-businesses>.

⁷ Ibid; Archer et al., 2019; Gilbert, 2016.

⁸ This recommendation was made prior to the introduction of the Community Ownership Fund. The fund is welcomed and in alignment with the objectives of this recommendation. There is value in the Senedd exploring how community asset transfer might align with the Community Ownership Fund in the Welsh context, and the extent to which it might be extended through a Wales-only top-up.

Barriers and challenges faced by communities in taking ownership of public or privately owned assets, including finance and support services

While, in England, policies and funds have been put in place to support community asset ownership, the drawn-out, resource-intensive and complex process can present significant barriers and challenges to communities. Transferring an asset from public to community ownership requires significant time and resources from both communities and local authorities. Research carried out by the Centre for Regional Economic and Social Research found evidence that very slow and lengthy processes could seriously jeopardise community asset ownership.⁹ Respondents in the research noted that serious delays left community businesses feeling “left in the dark” and made for a more resource-intensive process for local authorities. It also impacted on retaining volunteers, who play a significant role in driving forward community asset ownership.

Respondents in research conducted by Power to Change with local government officers, policymakers and practitioners noted that community businesses are typically more successful in asset transfer when they are able to align with a local authority’s strategic objectives or plan for place, as well as when they are able to build partnerships with local councillors, who can act as champions.¹⁰ Findings from research carried out by University of the Arts London’s Social Design Institute and funded by Power to Change build on this further, where workshops with community businesses highlighted that while finding allies and maintaining positive relationships with local authorities is important, they often face challenges in negotiating equitable arrangements.¹¹

Additionally, poor resourcing and technical capacity within local authorities was found to hinder the transfer process for community asset management and ownership. It was found that such challenges often resulted from a general lack of experience in handling transfers, and in poor systems for initiating and managing transfers. The Centre for Regional Economic and Social Research flagged the importance of the support and capacity of local authorities to an asset transfer, sharing an individual case of a change in key personnel markedly speeding up the asset transfer process. The research also flagged innovations in resourcing, such as the London Borough of Wandsworth providing an interesting example of enhanced support and capacity arising through sharing staff with neighbouring Richmond upon Thames. It’s important to note that while poor resourcing and technical capacity within local authorities is a challenge, this was also true within community organisations seeking asset ownership and management.¹²

⁹ Archer et al., 2019.

¹⁰ Gilbert, 2016.

¹¹ Rex, B., Foxtton, K. 2020. The ‘Locally Rooted’ community business: Meanings, practices, challenges and the role of community assets. UAL Social Design Institute. Available from: <https://icstudies.org.uk/repository/locally-rooted-community-business-meanings-practices-challenges-and-role-community>.

¹² Gilbert, 2016; Archer et al., 2019.

Several research reports have also surfaced the competing priorities and conflicts of interest that act as a barrier to community asset ownership (Figure 3). Interviews with various stakeholders relevant to asset transfer conveyed that often communities faced challenges in persuading their local authority to release assets that could be used for other purposes including income generation.¹³ Local authority officers interviewed about community asset transfer noted that community asset ownership of some assets, particularly those in urban areas, would likely be unattainable due to ownership challenges and unaffordable.¹⁴ Relatedly, community businesses highlighted that poor access to formal research and evidence made it difficult to 'prove' community need, despite holding intimate local knowledge.¹⁵

The complexity of the process has proven the need for technical capacity and specialist advice that might not already exist within community looking to pursue community asset ownership. There has also been a shift in the skills that asset owners must hold, as assets now typically take on multiple funding sources that require understanding of a greater diversity of sectors and can introduce additional risk to manage.¹⁶ Findings from an evaluation of Power to Change's grant programmes supporting community businesses found tailored one-to-one support was one of the most effective in helping them access and acquire assets. In particular, community businesses drew on practical capacity and legal support with leases for asset transfers and understanding how to work with stakeholders like councils, while others needed support in terms of strategic and business planning.

In conducting qualitative research, the Centre for Regional Economic and Social Research came across an array of skills held by those in the community supporting community asset ownership – often provided in a volunteering capacity. This included repurposing technical knowledge and skills from roles in construction, project management, bookkeeping and administrative support. However, the research found the sometimes limited capacity of 'inexperienced' individuals to grasp financial and technical challenges to reveal the potential of latent skills in communities. The loss of key volunteers also often resulted in profound setbacks for communities.¹⁷

¹³ Bramley, J., Zappia, Z. 2020. Building a sustainable data ecosystem around community assets in England. MySociety. Available from: <https://icstudies.org.uk/repository/building-sustainable-data-ecosystem-around-community-aset-England>.

¹⁴ Gilbert, 2016.

¹⁵ Rex and Foxtton, 2020.

¹⁶ Bramley and Zappia, 2020.

¹⁷ Archer et al., 2019.

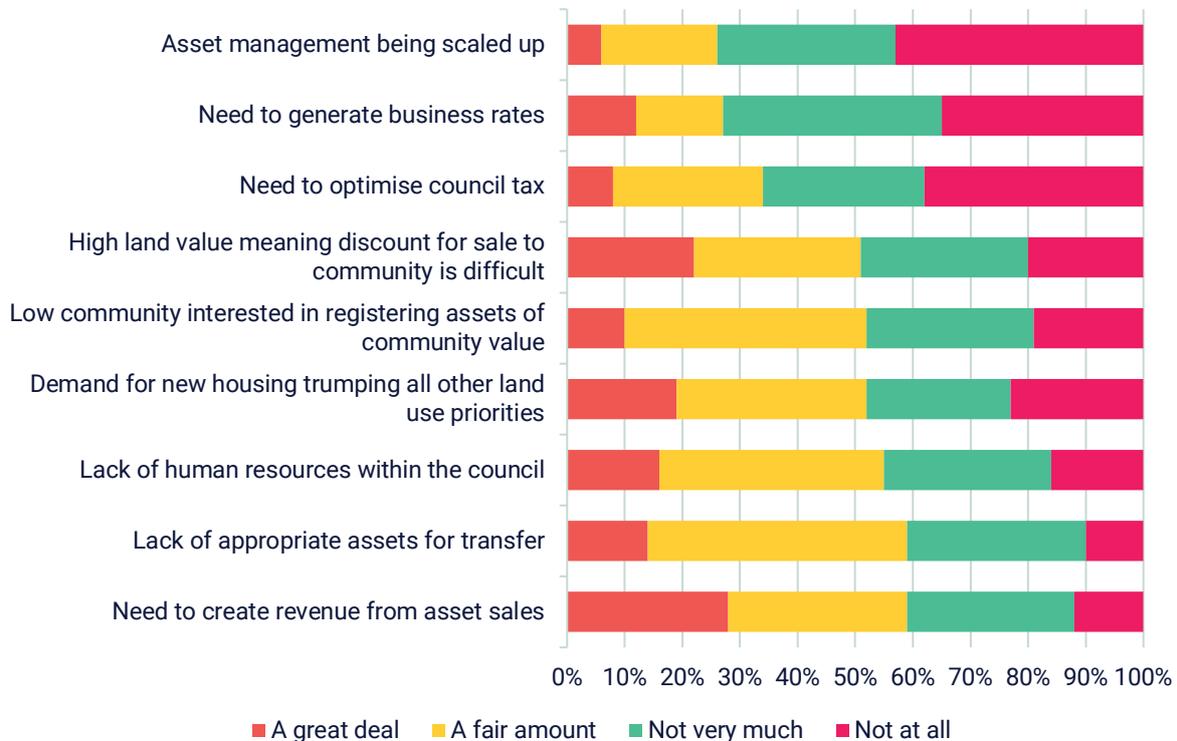


Figure 3: Perceived barriers for local authorities to community asset transfer (base 58), from Gilbert 2016

The requirement for specialist skills highlights disparities between places and communities in trying to access and achieve community asset ownership. The research also shared an example of a community asset located in a deprived, urban setting where the local community struggled to find people with the necessary legal, business and marketing skills. By looking across individual case studies, the research found variance by geography, where the presence and quality of advisors and specialist skills varies at local level. It also found variance in terms of the support available to different types of assets, where the infrastructure of support for certain types of assets is more developed than others.¹⁸

Across research and evidence, incomplete information about assets has also been found to act as a significant barrier or challenge. In the case of ownership by local authority, research highlighted that a majority of local authorities do not actively advertise surplus or underused assets or advertise them poorly online, leaving local communities in the dark about what opportunities exist – particularly those lacking digital skills or without existing relationships with relevant local authority officers. In some cases, local authorities are not aware of what they own and lack access to original deeds.¹⁹ Where assets are privately owned, fragmented ownership and opaque information on who owns what makes it challenging for communities

¹⁸ Archer et al., 2019.

¹⁹ Gilbert, 2016.

to even begin the process.²⁰ Research conducted by Keep It In The Community and funded by Power to Change found that word of mouth was the primary mechanism for identifying suitable assets and spaces for communities, with community businesses and organisations having to rely on potentially outdated information or informal knowledge.²¹

It was found across several of the reports that communities face significant financial barriers that communities face in taking ownership of assets, predominantly in accessing funding for significant capital spend, but also for paying for staff and external support. Case study research funded by Power to Change and undertaken by LSE Consulting, and an evaluation of Power to Change’s community business grant programmes have highlighted a need for increased funding and low-cost finance to support planning, business development and ongoing sustainability of an asset from both local authorities and third sector funders. The evaluation identified small grants for development and start-up seed funding, match funding, capital grants and revenue grants as particularly useful funding mechanisms for enabling access to community asset ownership, renovating and maintaining assets for the community, and ensuring assets remain financially stable and sustainable.²² The case study research highlighted support such as initial ‘pump-priming’ investments from local authorities, community shares and crowdfunding as significant.²³

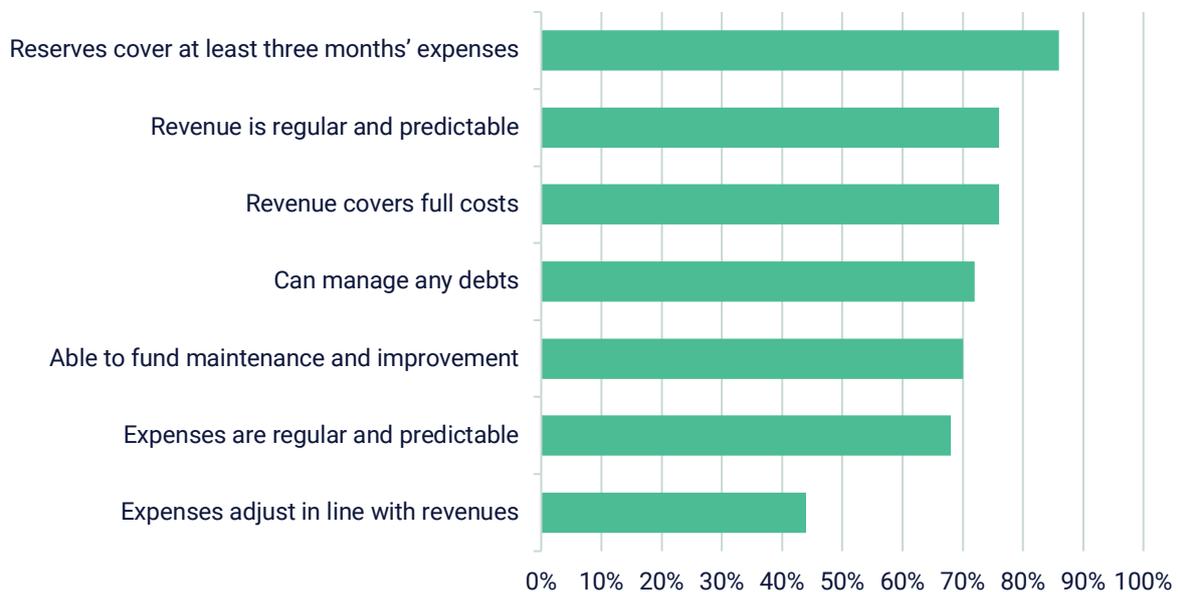


Figure 4: Financial health of assets in community ownership (base 341-355), from Archer 2019

²⁰ Lee and Swann, 2020.

²¹ Bramley and Zappia, 2020.

²² Chan et al., 2022.

²³ Lee and Swann, 2020.



Research funded by Power to Change and conducted by LSE Consulting on the role of private developers in enabling community asset management and ownership has highlighted several financial challenges communities face in acquiring private assets.²⁴ It found that stubbornly high rents and traditional long-term leases offered by private owners and developers invariably locks out communities. This stems from the historical way in which (British) leases are structured, incentivising landlords to chase the highest rent-payer for every unit. A case study example is shared in the research carried out by LSE Consulting, where a community was able to crowdfund a large amount of money to acquire two buildings through auction, only for those buildings to be quickly sold to an anonymous buyer. This demonstrates the challenges communities face in securing privately-owned property, especially when property sells in excess of the valuations.²⁵

Even where rents are falling and becoming more affordable to communities due to decline in the value of retail space, traditional lease and rent structures prevent communities from accessing these assets. However, the research surfaced an emerging conversation about the way private developers and landlords can develop more community-oriented models within their property portfolios.²⁶ This includes more flexible leasing arrangements such as turnover-based leases and specific rents for start-up and independent businesses. The research also provides examples of local authorities harnessing property assets, partnerships and procurement in new ways to deliver social value, including imposing requirements on private developers to identify how their business activities can best benefit the communities in which they work. These innovations present an interesting opportunity for communities to partner with private developers and landlords.

²⁴ Lee, N., and Swann, P. 2021. A high street revolution: How private developers can support the community takeover of our town centres. Power to Change. Available from: https://www.powertochange.org.uk/wp-content/uploads/2021/06/High_Street_Working_Paper_FA.pdf.

²⁵ Lee and Swann, 2020.

²⁶ Lee and Swann, 2021.