

Background

Our Programme for Government is founded on the distinctively Welsh values of community, equality and social justice with many of our commitments focused on enabling people to thrive in their local areas as well as supporting communities of interest. Supporting co-operative housing, community-led initiatives, and community land trusts being one specific commitment. Community buildings and green spaces are widely acknowledged as providing an important focus for sustaining communities and their well-being.

Community assets in Wales are acquired for a wide range of reasons and uses, and from private owners as well as public bodies. It is also estimated that there are many hundreds of assets which are in community ownership and, for a large proportion, have been in community ownership for some years, suggesting a maturity to the sector in Wales under the existing largely policy based framework.¹

In Wales, communities and community action are at the heart of the Programme for Government. This is why we have popular programmes like the Community Facilities Programme (CFP) which provides grants to help communities buy, develop and improve community assets – buildings and green spaces. The CFP has provided over £41m in capital grants to 295 projects across Wales since 2015. We will be investing a further £19.5m through the CFP over the next three years.

Each of these 295 projects represents a well-used and much needed community facility. Not all of these assets are community owned, but they are all run by the community, for the community.

This is why we recently launched a £5m Community Asset Loan Fund, delivered for us by the WCVA, complementing CFP by providing long term loans for community groups seeking to take ownership of community assets.

In addition, Third Sector Support Wales which is made up of WCVA and the 19 county voluntary councils in Wales, along with other third sector organisations including Cwmpas, the Development Trusts Association Wales and others are already providing a range of support to community groups, helping them to manage community facilities.

Our local authorities obviously have a role to play, they are likely to be the owners of community assets. Community Asset Transfers (CATs) work best where the asset owners are involved in the process before, during and after the transfer. Welsh Government's own research into CATs confirms this longer term involvement leads to better long-term outcomes and more successful and sustainable transfers.

We have made a firm commitment to supporting community led developments, and provided a framework which includes advice, guidance and financial support. We believe that in Wales building on these existing measures and encouraging asset

¹ Mapping Community Assets in Wales (2020), Building Communities Trust in partnership with Wales Co-operative Centre, Development Trusts Association and Coalfields Regeneration Trust

owners and community groups to work in partnership for the benefit of our communities will be more effective than for example new legislation.

As part of Wales' recovery from the pandemic and our response to the cost-of-living crisis, we are taking the first steps in developing a Communities Policy which will in turn develop new ways of working with communities. This will include working co-productively with partners from the public, private and voluntary sectors and with community groups across Wales. This will help to ensure that the principles of community empowerment already built into our primary legislation are translated consistently into effective local engagement. The government will look to strengthen the links between this work and the community and buildings assets agenda.

Statutory and Policy Framework in Wales

Legal Framework: The Wellbeing of Future Generations (Wales) Act 2015, sets out a set of principles and behaviours which guide the regulatory and policy framework in Wales.

The Localism Act 2011 provided for statutory intervention on assets by conferring a right to bid or run community assets. Although enacted in England, in Wales the then Minister for Communities and Tackling Poverty considered it would be more effective to rely on a policy framework, reflecting the more fragmented pattern of land ownership in Wales when compared to Scotland or England.²

The Local Government Act 1972 and the General Disposal Consent (Wales) Order 2003 (GDO) provide a legal mechanism for public bodies to support community groups by permitting the disposal of an asset at less than market value in certain circumstances. Local Authorities also have powers to acquire assets from private owners using Compulsory Purchase powers (CPO) at market value, subject to the acquisition being in the public interest, amongst other conditions.

Policy: Communities and community action are at the heart of the Programme for Government (PfG) commitments. Being a vital part of shaping the foundational economy and action on climate change. There is a strong political commitment to supporting community-led initiatives, cooperative housing and community land trusts.

Support for communities wishing to acquire assets or deliver services in Wales comprises a complex framework of policy, guidance and funding. Support is provided directly by WG, devolved to Local Authorities and Health Boards, and provided via a number of directly funded or voluntary projects and organisations.

With community at the core of Welsh public policy, and a wide range of assets held by community groups, the subject of asset transfers cuts across many policy areas, with strong influences from for example planning, housing and rural policy areas.

The planning system in Wales is in itself complex but requires community engagement throughout planning processes. Communities are encouraged to actively participate in the preparation of development plans, although the degree to which communities actively engage in the process is not clear.³ Place plans are also

² Written Statement: Assets of Community Value measures contained within the Localism Act 2011. 14.10.14, Lesley Griffiths

³ Mapping Community Assets in Wales (2020), Building Communities Trust in partnership with Wales Co-operative Centre, Development Trusts Association and Coalfields Regeneration Trust

a means of ensuring community engagement and empowerment and whilst discretionary, many have been adopted across Wales.

Planning Policy Wales encourages community led housing and requires the provision of smaller residential sites to support Ministers' commitments for housing provision, in particular affordable housing. Local Housing Market Assessments (LHMA), produced by local authorities to identify housing need in their area, are available to community groups as well as commercial developers.

Housing policy is an area where community assets are a key element to addressing affordable housing supply, especially in rural and coastal areas where communities are in direct competition with second home owners and holiday lets. Community Land Trusts (CLT) and Co-operative Housing feature in policy commitments and there are good examples of collaborative projects where CLTs, working with Registered Social Landlords (RSLs), are overcoming some of the barriers identified to developing community housing schemes.⁴

WG Guidance: Ystadau Cymru (YC), the assets collaboration network for Wales, commissioned and published comprehensive guidance for all parties to guide them through the CAT process. YC Board membership includes representatives from the WLGA, One Voice Wales and WCVA.

In addition to WG policy and guidance, some, but not all, Local Authorities have their own CAT policies.⁵

Effectiveness of Community Asset Transfers

Although there has been no specific evaluation of the effectiveness of CAT in Wales there is emerging evidence that collaboration and community-run assets strengthen local communities, support local economies and improve health and wellbeing.^{6 7}

In March 21 we published research which broadens and deepens the evidence base around Community Asset Transfer in Wales. The research gives us a Welsh specific view of the barriers to successful transfers from the perspective of both local authorities and community groups.

Barriers and challenges are core themes and findings across research. Scottish and English approaches have attempted to address some of these through legislation. Barriers to communities commonly cited include:

- Market Value, competition with commercial entities.
- Lack of capacity, trust and willingness in Local Authorities.
- Lack of capacity within community groups, especially professional support for acquiring and managing the asset.

⁴ [PLANED | Pembrokeshire Community Land Trust](#)

⁵ Community Asset Transfer; research with the third sector, local authorities and community and town councils (WG, 2021)

⁶ Mapping Community Assets in Wales (2020), Building Communities Trust in partnership with Wales Co-operative Centre, Development Trusts Association and Coalfields Regeneration Trust

⁷ [Double Award Win for Newtown & Llanllwchaiarn Town Council – 03/02/2022](#)

- Dependency on external funding for developing business cases, obtaining reports, funding the acquisition and subsequent management of the asset.

These barriers persist whether or not there is legislation in place to support communities to nominate assets, have the right of first refusal or the right to buy.

A number of recommendations were made in the Welsh Government research:

- LAs should adopt a more strategic approach to CAT which places the needs of the community front and centre.
- LAs should develop a more formalised approach to engaging with transferees at every stage of the CAT process.
- LAs, support organisations and transferees should work together to understand the support that is required for effective asset transfer and post-transfer management, what the support gaps are, and how those gaps can be addressed.
- Transferees and LAs should ensure due diligence procedures regarding CAT and post-transfer arrangements are clear.
- All parties should implement formal monitoring and evaluation approaches to both the CAT process and post-transfer period.

Although dealing solely with public assets, the recommendations of this research fell short of recommending the introduction of legislation.

The recommendation that we should work with local authorities, transferees and WCVA to set up a programme of knowledge sharing for successful transfers is being taken forward by Ystadau Cymru.

One of the difficulties of measuring the effectiveness of community ownership and management of assets where there is a legislative framework in place is the lack of evaluation over a meaningful period of time. The evaluation of the Community Empowerment Act in Scotland⁸ was inconclusive in its findings, but reiterated that the barriers frequently cited elsewhere in this paper remain.

BCT study of community assets in Wales reported that transfers supported stronger communities, with safer, more connected communities resulting from the presence of an active community asset. Their study was based on 438 examples excluding religious buildings, sports facilities, parks and assets in public ownership. The actual number is likely to be considerably higher.⁹

BCT identified that community assets reflected a wide range of uses including hubs, pubs, cafes public toilets and shops. Whilst Welsh Government's own research suggested that continuing budget pressures within Local Authorities were a key driver for transfer of assets, BCT found that there was a high degree of sustainability in the sector. 64% of the assets in their study had existed for more than 10 years, with 22% over 25 years.

Positive community impact was found in relation to saving heritage assets, building skills and capacity, volunteering, and generating local employment. They found that

⁸ Community Empowerment (Scotland) Act 2015: asset transfer requests – evaluation

⁹ By comparison, a review by the Scottish Government found 612 assets in public ownership in 2020 [Community Ownership in Scotland 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/community-ownership-in-scotland-2020/pages/10.aspx)

641 services provided as a result of community owned assets contributed to the foundational economy.

Despite reported barriers to community ownership, BCT evidence suggests that there are likely to be a significant proportion in assets owned by communities that have been acquired other than from public bodies.

Reported backlogs within Local Authorities suggest that there is on-going demand for community assets, although this is likely to include assets that are at risk of closure due to the financial challenges Local Authorities face from austerity.¹⁰

Finance and Support Available

Finance: The diversity and potential of community assets identified by BTC is matched by a diversity of funding routes by Welsh Government. Funding is provided directly, in the form of capital and revenue grants, and to third sector organisations to enable them to provide advice and funding to community groups.

Financial support is provided directly from WG in the form of the Community Facilities Programme, which has delivered grant funding in excess of £40m since 2015. Qualifying community projects are also able to access grant funding from the Social Housing Grant and Land and Buildings Release Fund, where communities work in collaboration with registered social housing providers.

The WCVA administer the WG funded Community Asset Loan Fund, which provides loans of up to £300,000 to community groups wishing to bring assets into community ownership.

The Local Places for Nature Programme is to continue in 2022-23, with capital and revenue funding provided to third sector organisations for grants to community projects.

Support for all types of community-led housing groups is provided through funding of £180,000 for the next three years, delivered by Cwmpas (formally the Wales Co-operative Centre). This support is jointly funded by the Nationwide Foundation.

Communities in Wales can also access the UK Government's Community Ownership Fund which is providing £150m over four years to support community groups across the UK to take ownership of assets and amenities at risk of being lost.

Support: The Ystadau Cymru CAT guidance¹¹ is the primary source of advice provided by WG where the management or ownership of assets are transferred by a public body to a community council, third sector or community group.

This comprehensive suite of documents guides all parties through the transfer process from expression of interest to completion. Sample forms are provided and there are case studies to assist both parties to the transaction.

Advice and support is also available from a number of third sector organisations, including the WCVA, Cwmpas, Development Trusts Association (Wales), Coalfields Regeneration Trust, Community Led Homes and CLAS Cymru.¹²

¹⁰ Community Asset Transfer; research with the third sector, local authorities and community and town councils (WG, 2021)

¹¹ [Community Asset Transfer \(CAT\): guidance for applicants | GOV.WALES](#)

¹² Community Land Advisory Service

Although public and private land ownership details are available to the public from the Land Registry, WG have developed a public sector data mapping tool, DataMapWales.¹³ This contains a wealth of public data which can be viewed in map format. Land Registry data on publicly owned land is available for registered users to view online.

Summary

Recent research has challenged the effectiveness of existing arrangements in Wales and made calls to strengthen the rights of communities. Legislation, targeted funding and removing some of the well documented barriers faced by landowners and communities are cited as necessary to enable more widespread and sustainable transfer of assets into local community ownership.¹⁴

The Scottish and English Governments have favoured legislation over collaboration by creating legal rights for community groups whilst protecting the rights of private owners. But private owners ultimately retain the right to choose if or when to sell the asset, and transfers have to be at market value.

While unlike in England and Scotland, communities in Wales have no formal or informal rights in respect of privately owned assets, there are examples of communities acquiring assets from private sellers to protect their community value over commercial interests.

Research also challenges the call for legislation¹⁵, suggesting instead that communities and public bodies in Wales should be better supported to collaborate and overcome some of the barriers to achieving transfers. Concerns still exist around the level of support available, particularly in more deprived communities. Others suggest that some of the barriers may be overcome with less emphasis on ownership of assets, communities empowered to take a stewardship approach rather than being taking on assets they may not have the capacity or funding to sustain.¹⁶

Welsh Ministers have made a firm commitment to supporting Community Asset Transfers and community led developments as evidenced in this paper by providing a support framework that delivers advice, guidance and finance.

These commitments and the evidence provided in this paper point to an enhancement of existing measures rather than a wholesale change of approach would be a more effective mechanism than legislation. We look forward to receiving the recommendations of the Committee's review and working constructively with the community and third sectors to continually review and enhance our support around Community Asset Transfers across Wales.

¹³ [Home | DataMapWales \(gov.wales\)](#)

¹⁴ IWA (2020) Our Land: Communities and Land Use Wales; Community ownership of land and assets: enabling the delivery of community-led housing in Wales (2022) Co-Operative Centre Wales

¹⁵ Community Asset Transfer; research with the third sector, local authorities and community and town councils (WG, 2021)

¹⁶ Skyline - Report on the feasibility study into landscape style community land stewardship in the south Wales Valleys Blake (2019)