

# Community organisations controlling assets: a better understanding

Findings  
Informing change

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Control of assets, such as buildings and land, by community organisations resonates strongly with the current localism agenda. This study examines the benefits that come from community organisations owning or managing assets, what makes for success and what are the challenges. It also provides key messages for practitioners and policy-makers in taking forward the community assets agenda.

## Key points

- Local communities' engagement in controlling assets took many forms. Communities were inspired for different reasons, participated through a variety of agencies, exercised differing levels of control and used their assets for a wide range of activities. However, together they could be understood as an 'extended family' of stewards, community developers and entrepreneurs.
- The benefits of community control of assets included: a heightened sense of identity; greater financial viability; improved levels of activity and access to services; increased opportunities for training, jobs and business development; a better physical environment; and enhanced credibility with local authorities and outside agencies. These benefits contributed to a 'social good' of local wellbeing.
- The benefits of community control cannot, however, be taken for granted. Without the right conditions in place, asset ownership/management can struggle to achieve benefits. Community organisations need to be mindful of the risks and costs involved in asset control, as assets can become liabilities that undermine community aspirations.
- Community organisations need to strike a difficult balance between achieving financial sustainability and delivering community benefit. The opportunities for generating income vary among different organisations and communities, and support is needed in developing the skills required to manage assets effectively.
- Interest in community assets has intensified under the Government's localism proposals and 'Big Society' agenda. Mechanisms are needed to ensure that all communities are able to benefit from opportunities to take control of appropriate assets.

## The research

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# Background

## Governments across the UK are committed to giving communities more power and influence over their neighbourhoods.

The transfer of community assets has been building momentum since the Quirk Review of 2007. In England, these developments have been given new impetus by the Localism Bill, which proposes to give local communities more control, including community rights to buy, to challenge and to build. These are all intended to make it easier for community organisations to acquire assets and run local services. Despite some differences in Northern Ireland, Scotland and Wales many aspects of the community control agenda are shared across the UK. Public sector bodies across the UK are reviewing their capital portfolios and seeking to rationalise their estates through the sale and transfer of assets. The supply and availability of community assets has probably never been greater.

This study looked at a range of community-based organisations to explore the factors for success and identify some of the challenges that community organisations face in developing community assets. It provides key messages for practitioners and policy-makers in taking forward the community assets agenda.

### Framework for community organisations controlling assets

The study found a lack of coherence across the range of community assets. This was unsurprising, given the extreme diversity of community organisations controlling assets, ranging from small voluntary organisations to large social enterprises. Their assets might have been acquired by design or default (a legacy or gift), as a response to the threatened loss of a valued facility, or as a legacy from a government neighbourhood regeneration programme. An asset might be a means to an end, by generating rental income from managed workspace or providing a home for the organisation's activities, or it may be an end in itself, as with a community hall, community-managed housing or renewable energy.

The analysis suggested that community organisations controlling assets constituted an 'extended family' exhibiting different characteristics but sharing a commitment to enhancing local wellbeing. Within this broad spectrum it suggested three main overlapping 'bands' of different approaches to controlling assets:

- **Stewards** – small, mainly volunteer-run groups with a single long-standing asset (usually a building) used largely for hiring out space to local community groups and residents. These groups often acquired their building as a legacy or gift. They usually had a low income and rarely any paid staff.
- **Community developers** – medium-sized organisations, often with a range of assets, involved in local service delivery and local partnerships. These organisations normally had paid staff and a mix of income sources. They were more likely to have acquired their assets by design.
- **Entrepreneurs** – organisations running larger, more professionalised social enterprises, still community based but with a mix of assets for social and commercial purposes and a comprehensive business model. These organisations were more likely to have capital-intensive assets and to have acquired them by design.

This framework is by no means rigid or static. Some organisations might move through these bands as they develop, but this would not always be the case, nor always desirable.

Community organisations had different aspirations for their assets. Stewards saw success in terms of maintaining a building and making it available to the immediate community. For entrepreneurs, and some community developers, community and other social benefits remained important, but they gave much greater emphasis to commercial viability and development.

### Benefits of community-controlled assets

The study confirmed many of the benefits claimed for community control of assets over the years: a sense of community identity and pride; increased confidence, skills and aspirations; improved access to services and activities; jobs, training and business opportunities; and physical improvements to the area. Assets could help organisations to achieve greater financial viability and more credibility with the local authority and other outside agencies, including leveraging additional investment. By enhancing local environments, successful community assets could help to stem decline and regenerate an area, making it more attractive to existing and prospective residents.

There was some variation among community organisations. For stewards, the major benefit was a place for local people to meet and connect. Community developers and entrepreneurs were more likely to generate complex outcomes in terms of investment and job creation.

Taken together, these benefits contribute to a 'social good' of wellbeing and quality of life that resonates powerfully with the localism agenda in current Government policy.

## Success factors underpinning community assets

Allowing time for staged growth and development was a key success factor, along with access to support technical aid, brokerage and community development. The diversity within communities and the nature of local community organisations were also important factors; assets needed to be embedded in a strategic approach to local community development that recognised organisations' interdependence with other public, private and third sector agencies.

Other key success factors included:

- financial and business planning:
  - capital acquisition/transfer requiring marshalling of funding and investment streams and securing a viable asset;
  - on-going business planning based on prudent assumptions of revenue-generating capacity and anticipated costs;
- physical factors – due diligence to ensure that the asset's condition and energy efficiency were known and that it was fit for purpose;
- capacity and leadership within the community – the skills and time to make an asset work, a history of voluntary and community action;
- effective governance – clarity of roles and functions and community buy-in, with adequate democratic control;
- external partners – establishing strong, effective relationships with other partners (such as local authorities), with these partners having a positive, informed approach to the community control of assets.

To help foster these success factors, high-quality, long-term brokerage and technical aid are needed to link together finance, people, ideas and opportunities. The support available to community organisations needs to be mapped and a strategy developed for streamlining and expanding access to brokerage and other specialist skills. Organisations also need to be able to access appropriate levels of capital and revenue finance.

## Taking on appropriate levels of risk – managing assets not liabilities

Community organisations underlined the importance of getting a professional survey and independent advice: “Always look a gift horse in the mouth!”. They highlighted the need for organisations to make themselves fully aware of all potential costs associated with the asset, and warned that those which do not could find themselves saddled with buildings with heavy maintenance costs, and/or buildings that are unsuitable for community use. There is a need for adequate support for organisations taking on control of physical assets and where assets are being transferred receiving organisations need to be given better information on maintenance and running costs. A review of existing tools is required, to assess, on a whole-life costing basis, the maintenance and repair costs of assets.

Community organisations need to beware of over-extending themselves. There are risks when community-based organisations take on assets they are ill equipped to control. Too often, assets may end up being liabilities, undermining community empowerment aspirations.

## Balancing financial sustainability and community benefit

The supply of funds and support to underpin the work of community-based organisations when they receive assets through transfer processes has contracted significantly and is unlikely to recover in the next few years as public spending remains tight. The wider impact of public spending cuts is also likely to have adverse effects on the financial sustainability of many community organisations.

The study found that asset ownership and management could be successful where there was a mix of community and commercial uses. However, strategies to ensure financial sustainability could sometimes lead to conflict between commercial and community needs, as organisations were required to generate income through their assets at the expense of providing community services and facilities. This inherent tension needs to be balanced and managed according to the specific circumstances and contexts of individual organisations.

Within the current funding and financial environment it seems imperative that, wherever feasible, community organisations – particularly entrepreneurs and larger community developers – place increased emphasis on developing more self-sustaining financial models and adopt a professionalised approach to asset management.

## Securing opportunities for all communities

The Big Society agenda, particularly as represented by the Localism Bill, offers new opportunities to create stronger, more sustainable communities. However, initiatives such as the community rights to bid, buy and challenge will play out differently in different areas. Well-established community organisations may be able to thrive and grow in this new environment if the right conditions are in place. In disadvantaged areas there may be a lack of capacity and more limited opportunities to generate revenue from community assets. There is a real risk that some communities will be left behind in the asset transfer agenda, representing a missed opportunity that may exacerbate existing inequalities among communities.

If large and rapid transfer takes place, new models may be required to hold assets temporarily while community organisations assemble finance and stakeholder support. The potential for such intermediary vehicles or holding structures would need exploration. In addition, the potential for sheltered arrangements, such as licence, rental or part-buy mechanisms, could be expanded for those who find asset management too complex or risky. These arrangements could also offer community organisations options to gain assets over longer timeframes and allow for capacity building at local level.

## Conclusion

Greater appreciation is needed of the differences among organisations involved in asset control and the different role that assets play in different communities. The steward, community developer and entrepreneur approaches provide a useful framework for developing this understanding.

Unless the right conditions are in place, asset ownership or management can struggle to achieve benefits. Although some of these factors for success – human, physical, environmental and financial – can be met through individuals and community action, they also require adequate, sustained and multi-faceted investment.

There are significant risks in asset management and ownership. Any decisions to take on responsibility for an asset should consider the physical condition of the asset, its suitability for community purposes and its financial viability.

Recommendations to help in taking forward the community assets agenda include:

- *enhancing understanding of the field* – through a regular field survey;
- *brokerage and technical aid* – to link finance, people, ideas and opportunities and enhance skills and capacities where needed;
- *access to capital and revenue finance* – to support acquisition and ownership in distinct packages for different types of organisation;
- *transparency and quality of information about assets* – to be required of transferring authorities, along with new tools to support community asset management practice;
- *monitoring and assessment* – to develop practicable, robust and proportionate assessment methods for different types of organisations.

In order to ensure that all communities are able to gain benefits the appropriate human, physical, environmental and financial conditions need to be present. Even in such settings, adequate and sustained technical aid and financial investment to community organisations will need to be available. Otherwise, there is a real risk that some communities will be left behind and inequalities across communities will increase.

## About the project

The research was conducted between August 2009 and January 2011. It was led by Mike Aiken and Ben Cairns, with Marilyn Taylor, Rebecca Moran, Saima Tarapdar and Gordon McCullough (Institute for Voluntary Action Research). It was conducted in association with the following partners: Brendan McDonnell, Gladys Swanton (Community Evaluation Northern Ireland, CENI) and Colm Bradley (Community Places); Lucy Asquith (Cordis Bright); Jonathon Coburn and Rick Rijdsdijk (EKOS and latterly i-think); Geof Cox Associates; Marilyn Taylor Associates; Roger Spear and Chris Cornforth (Open University).

The study analysed a survey of community-based organisations owning and managing assets, across more than 13 organisational networks throughout the UK. There were 15 case studies (six in England and three each in Northern Ireland, Scotland and Wales) and five mini-cases, entailing 89 interviews in all. Four groups involving over 60 practitioners discussed the emerging findings, and key policy-makers and practitioners were interviewed.

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## For further information

The full report, **Community organisations controlling assets: a better understanding** by Mike Aiken, Ben Cairns, Marilyn Taylor and Rebecca Moran, is published by the Joseph Rowntree Foundation. It is available as a free download from [www.jrf.org.uk](http://www.jrf.org.uk)

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