JOSEPH ROWNTREE FOUNDATION

REPORT

COMMUNITY ASSET TRANSFER IN NORTHERN IRELAND

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This report examines the state of community asset transfer in Northern Ireland using in-depth interviews with policy-makers, practitioners and representatives of NGOs, and case studies.

Northern Ireland faces considerable challenges developing sustainable schemes, especially in divided and disadvantaged communities. This report aims to identify a range of issues that might help support more sustainable forms of asset transfer in the future.

The report:

- highlights that innovation in the statutory sector had a significant impact on area-based regeneration, public health, community development, education and training and childcare provision;
- demonstrates that asset transfer has had positive effects on community relations, segregation and social inclusion;
- emphasises the need to consider new legislation similar to the right to challenge and right to buy in Britain;
- shows that new forms of finance, skills and support for practitioners are needed to strengthen the enabling environment in the region.

NOVEMBER 2012
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GLOSSARY OF TERMS

Clawback is a condition on (some) government grants that gives the funding body a charge over the asset so that, if the recipient proposes to sell or change the use of the asset acquired with the grant, the recipient must: consult the funder; return the grant to the funder; or yield the proceeds of sale (or a specified proportion) to the funder.

Community asset transfer is a shift in management and/or ownership of land or buildings, from public bodies, to community and voluntary sector groups, community businesses or social enterprises.

Financial intermediation is about connecting organisations that need money with the appropriate sources of finance. Intermediaries help to make the social finance market operate by linking organisations that want to establish or grow their business with the necessary sources of capital.

Meanwhile uses aim to use empty spaces and buildings creatively by working with landlords, agents, potential occupiers and local authorities to enable uses that benefit the community while something else is waiting to happen.

Patient capital, sometimes called 'soft capital', is where the investor is willing to make a financial investment in a business with no expectation of an early profit. It may take the form of equity, debt, loan guarantees or other financial instruments and is characterised by higher risk and support of the management team as they grow their enterprise.

Social enterprises are businesses that trade for a social or environmental purpose, have clear social objectives, democratic ownership and reinvest any profit to help achieve their social aims.

Social Impact Bonds are a form of outcomes-based contract in which public sector commissioners commit to pay for significant improvement in social outcomes (such as a reduction in offending rates, or in the number of people being admitted to hospital) for a defined population.

Social Return on Investment (SROI) is an analytical tool for measuring and accounting for the social, environmental and economic costs and benefits of a programme or project.

The triple bottom line is the achievement of economic, environmental and social outcomes, discussed here in the context of the work of social enterprises.

EXECUTIVE SUMMARY

This research examines the policy environment, scope and impact of community asset transfer in Northern Ireland. It shows that considerable progress has been made, but that legislation, skills and new forms of social finance would help to maximise the benefits of asset transfer.

What is community asset transfer?

Community asset transfer involves the transfer of ownership or management of land and buildings of a range of types, from central government departments, agencies and local authorities to community organisations. In Northern Ireland this has involved the transfer of social housing, disused public buildings and land, often surplus to requirement, for roads or industrial estates. There are various types of asset ownership, business models and legal structures to enable larger-scale social enterprises to develop, from small-scale, peppercorn or nil-value rent arrangements to the legal transfer of title.

Needs and asset-led approaches

The concept of asset transfer challenges Northern Ireland's preoccupation with 'needs-based approaches' to local development. Understanding and analysing social deprivation is important, but programmes such as Neighbourhood Renewal and related area-based strategies have often led to resource competition, a dependence on external help and a deficit model of urban regeneration. Here, using various assets (social, economic, cultural and community) along with physical infrastructure highlights the value of asset transfer in the creation of more resilient and adaptable communities.

Support infrastructure

The infrastructure to support asset transfer is under-developed compared with policies, legislation and funding programmes in the rest of the UK. Supportive practices are emerging with new forms of community finance (such as the Building Change Trust model), the establishment of the Development Trust Association (Northern Ireland) and a commitment in the *Draft Programme for Government* (2011) to prepare a policy on asset transfer. However, there is the potential for communities with assets (and the skills to sweat them) to pull away from neighbourhoods with weaker capacities or access to resources. New finance, policy instruments and legislation are needed to support progressive approaches to transfer across places and communities in Northern Ireland.

Policy and practice

There are important developments in local authorities and public sector agencies, such as the Northern Ireland Housing Executive, which are keen to develop bespoke asset transfer programmes to achieve regeneration, cost saving and community relations outcomes. The Asset Management Unit of the government's Strategic Investment Board (SIB) is developing an *asset register* as well as departmental strategies to divest assets in order raise an estimated £100 million. However, the Unit is open to ideas about community asset transfer and is flexible about the productive use to which assets are put. The Department for Social Development introduced the Modernisation Fund in order to support capital development by the community and voluntary sector but there are few dedicated asset transfer investment programmes in Northern Ireland.

Legislative support for asset transfer

Effective policy development and implementation will require preparatory investment in skills, social finance products and new delivery mechanisms, such as community share initiatives. Practice across Britain is supported by a Community Right to Challenge and Community Right to Buy that asserts *local* property rights in asset use and management. The *power of wellbeing* under the Reform of Public Administration provides an opportunity to develop tailored asset transfer policies in the new councils in Northern Ireland.

The lack of progress on asset transfer in the region is thus, in part, explained by a lack of skills and knowledge on investment readiness, business planning and financial management. There are third sector models such as the Building Change Trust and its investment in Charity Bank, and, while these are largely experimental, they demonstrate the community and voluntary sectors' capacity to innovate. There is also increasing recognition of the need to gain access to the national social finance market, especially for groups who have significant property portfolios and reserves.

The wider debate

The research project also attempted to create a wider debate about asset transfer (via an online seminar and stakeholder conference) and this highlighted a range of concerns: over-regulation of asset disposal, lack of innovation on the part of government departments and weak coordination between public owners on potential projects. There was also a concern about the lack of political leadership on asset transfer and the desire of Members of the Stormont Legislative Assembly (MLAs) in particular to bring in legislation and resources to develop and sustain schemes.

The opportunities around asset transfer were also highlighted in the wider debate. Markets that could deliver significant gain, such as green technology and renewables, are expanding but are dominated by the private sector, and asset transfer might help social enterprises compete more effectively. It was emphasised that community enterprises have developed their own sources of finances (such as the Ashton Community Trust share initiative), but it was acknowledged that not all organisations have the capacity or size to take on loan funding.

There was a degree of cynicism about who, or what, was driving asset transfer and whether it was really just about efficiency savings for government. However, there was also recognition of the potential of asset transfer to create new forms of property ownership, enables communities to build collateral and to lead more sustainable forms of urban and rural regeneration. Technical assistance in both government and in the sector was felt to be important, as well as the necessary legal permissions to make asset transfer a priority, not an exception.

Key recommendations

There is significant interest in asset transfer and the announcement of a new policy affords an opportunity to shape reformist and sustainable models, effective practice and ultimately stronger communities. The policy needs to reflect what asset transfer is for, which is to be primarily concerned with the resilience and adaptive capacity of disadvantaged communities, not just cost efficiencies for the state. While it is legislatively possible to transfer assets to community groups in Northern Ireland, new laws, modelled on Scottish and English approaches, could help to make it operate more easily, efficiently and effectively. For example, a General Disposal Consent-type of provision, which would reflect the configuration of the public sector in Northern Ireland, could further enable community asset transfer in the region.

Financial guidance on the disposal of assets to the community and voluntary sector would ensure that a progressive attitude is taken to asset transfer by agencies, programme managers and auditors. The SIB Asset Management Unit's asset register and subsequent departmental asset strategies should be systematically evaluated to identify a pool of assets with potential for community transfer.

Resources are required to underpin the policy, although there are existing initiatives including Neighbourhood Renewal, the Rural Development Programme and the Social Investment Fund that could prioritise asset transfer in the short term. Linked to this, patient capital, community shares, ethical property investment and equity finance could be developed to create mixed sources of grant and loan funding for the sector.

Different types of skills and knowledge are needed to enable asset transfer to be delivered effectively, and, while there are components in place, a stronger skills framework aimed at investment readiness is required in both government and the community sector. There are organisations such as Community Places that have been working with a range of groups on asset transfer but need longer-term support to strengthen practice. The proposed

Development Trusts Association (Northern Ireland) also has the potential to tap into the expertise and skills of the Locality organisation, especially to support research, lobbying and improving skills.

Market research would help to identify growth sectors for asset transfer in the medium to long term, especially in areas such as green technologies, childcare, ethical property and facilities for older people. It is important that the community and voluntary sector shapes asset transfer in inclusive and socially just ways rather than on purely market and efficiency grounds. Better systems are thus required to measure and account for social value and the full economic effect of asset transfer in achieving beneficial outcomes for the state, the voluntary and community sector and local communities.

1 INTRODUCTION

The context for this research was the UK-wide analysis of practice on community ownership and management of assets (especially land and buildings) carried out by the Joseph Rowntree Foundation (JRF) in 2010–11. This work identified a significant lag in Northern Ireland compared with other regions of the UK, and concluded that 'asset transfer has not appeared high on the political agenda in Northern Ireland compared with England, Wales or Scotland' (Aiken *et al.*, 2011, p. 14). This project seeks in part, to explain the gap, but also to review more closely the obstacles to progressive change and the strategic drivers essential to the development of a more sustainable, scaled and professional community asset transfer movement.

The research shows that part of the explanation for the lag in policy development and practice has been the role of the community and voluntary sector during three decades of violence and in a process of conflict resolution and peace building in Northern Ireland. The priorities here have centred on developing strong inter- and intra-community relations, building capacities, especially on local engagement and governance structures, and delivering projects, particularly under the European Union (EU) PEACE programmes as well as international investments in peace building. In that effort, social economics, alternative forms of non-monetised trading and community assets have received comparatively less attention and remain under-developed as a form of area-based regeneration. In many ways, the sheer availability of grant aid for a range of social programmes has reduced the necessity for community organisations to diversify their income streams.

The objectives of this research were to:

- understand the extent of community asset transfer in Northern Ireland;

- set out the key drivers critical to the sustainable growth of asset transfer in the region;
- set out the implications for policy, practice and legislation in the creation of an effective enabling environment for democratic models of asset transfer.

In order to achieve these objectives, the empirical investigation comprised a series of interlinked phases:

1. A review of policy and practice in the UK, where the legislative and funding environment is comparatively well developed.
2. A series of semi-structured interviews with 20 policy-makers, non-governmental organisations (NGOs) and funding organisations in Northern Ireland to explore the state of transfer, obstacles to its development and priorities for action.
3. Ten case studies of asset transfer reflecting the diversity of experiences in the region.
4. An online archive of presentations, case studies and personal testimonies on asset transfer in order to stimulate a wider debate about its value and long-term development.
5. A seminar to debate national policy, local experience and the implications for asset transfer in the region.

Definitions

The Development Trusts Association (DTA) (now replaced by Locality) defined community asset transfer as:

> Local communities' ability to acquire land and buildings, either at market value or at a discount, in order to deliver services that meet local needs. It is seen as one way in which local authorities [in particular] can support the development of social economy organisations, and thereby meet their wider strategies for renewal and improved delivery of local services. (quoted in IPPR, 2006, p. 6)

The IPPR (2006) also identified three forms of ownership of rights in asset transfer:

- the right to use an asset;
- the right to appropriate returns from an asset; and
- the right to change the form and substance of an asset.

In Northern Ireland, most transfers fall into the first category and this chimes with the Aiken *et al.* typology of *stewards* or smaller voluntary-led organisations that often have little interest in taking full ownership, and the costs and legal responsibilities this implies (as set out below).

Typology on asset transfer in the UK

Aiken *et al.* (2011) carried out a survey and analysis of different approaches to community asset transfer in the UK. They found that most schemes in Northern Ireland tended to be smaller projects that did not involve a full transfer of the title (a minimum of a 25-year lease).

They distinguished between three types of projects in the UK, including:

- *stewards* – small volunteer-run groups typical of the Northern Ireland profile;
- *community developers* – medium-sized organisations often with a range of assets involved in service delivery;
- *entrepreneurs* – larger more professionally managed social enterprises.

Source: Aiken *et al.* (2011, pp. 44–45)

By comparison with other parts of the UK, Northern Ireland lacks more complex forms of asset ownership and social enterprise, although models of excellence do exist. It is more common for organisations to manage rather than directly own land and buildings to deliver on their agenda.

Creative destruction and new possibilities

One of the emerging narratives from interviews with leading voluntary sector organisations is the need to see the economic, financial and funding crises as an opportunity to rethink the whole purpose and nature of the third sector in Northern Ireland:

> There was a community development review in 1991 which missed the opportunity for change and the RPA [Reform of Public Administration establishing 11 new local authorities] as regards community development is potentially another missed opportunity ... perhaps through this period of change we could get it right.' (chief executive, NGO, development trust)

Economic theorists have shown how in a time of crisis, capital re-forms itself in fitter, leaner and more profitable ways through a process of *creative destruction* as characterised currently by the global recession. The chaos in economic, social and political life creates new energies and urgencies to do things in different and more imaginative ways, and for some this is the time to rethink economics, the role of the sector, its relationship with the state and its ability to reform itself in more socially and economically progressive ways. Communities owning, controlling and making profit from physical assets, reflects one strategy in this direction.

Prematurity?

While the political and policy willingness to progress with a new initiative on community asset transfer is important, there is a danger that it is formed without a realistic possibility of being effectively implemented. We argue that the enabling environment in terms of programme support, finance (especially new forms of patient capital) and skills (especially investment readiness, legal obligations and property development) needs to be put in place in order to build sustainable transfer models. It should be emphasised that the skills agenda is important across the stakeholders and is as relevant to the public sector as much as it is to community groups managing specific projects.

Structure of the report

In this report we emphasise the drivers and issues that shape asset transfer in Northern Ireland and how it might be developed.

- Chapter 2 sets out a wider conceptualisation of assets that challenges our traditional reliance on *needs-based* and often *needs-only* approaches to local development. In particular it makes the argument for physical assets to be integrated with economic, social and community capitals in more effective ways. The analysis also highlights some of the critical issues shaping community asset transfer nationally in order to benchmark regional conditions.

- Chapter 3 examines the key drivers affecting policy and practice, drawing on analysis of the UK picture, and while identifying important models and particular case studies in Northern Ireland, it also describes a lack of a clear policy rationale, objectives and methods of achieving change in Northern Ireland. Community asset transfer has a long history, with a range of agencies pursuing progressive approaches, but these have tended to be incremental, lack support and have not achieved the scale required to achieve meaningful local change.

- Chapter 4 sets out some of the opportunities for asset transfer, the implications for finance and skills, and identifies legitimate concerns about the risks of asset transfer, especially for the community and voluntary sector.

- Chapter 5 summarises the results of the online debate and seminar on asset transfer and the views of Northern Ireland stakeholders in the long-term development of this agenda.

- Chapter 6 sets out the implications for community asset transfer policy and practice in Northern Ireland.

2 CONTEXT FOR COMMUNITY ASSET TRANSFER

This chapter outlines the conceptual basis for asset transfer and its relevance in a Northern Ireland context. One of the key strengths of community asset transfer is the wider strategic implications of focusing on *capital*, resilience and the adaptive capacity of local people to respond to urban problems.

Urban resilience has become a more prominent feature of urban planning since the 9/11 attacks and how places confront more unpredictable risks (Coaffee *et al*., 2009). However, the concept has been well established in the fields of climate change, vulnerability and the global south, and has the potential to help think through more positive policies for asset transfer (Pelling and Dill, 2010). The argument is that understanding vulnerability and the multiple stresses that disadvantaged communities face is important, but that it has tended to ideologically dominate local strategy development. Adaptation and risk reduction is primarily about resilient development and transformative change. *Reactive resilience* that simply allows a community to return to its original state or bounce back after a shock event (say, a factory closure) is insufficient, but *proactive resilience* means developing a range of capitals or assets to engineer change. This form of *adaptive capacity* emphasises experimentation, learning and innovation, and a preference for self-organisation rather than dependence (Folke, 2006).

Haines (2009) also emphasises the need to rebalance from a needs or a deficit model to an assets-based approach. *Learning* is central to the process of systemic change, but in Northern Ireland, building vaguely defined 'capacities' rather than strategies for social innovation have tended to dominate. He argues that asset transfer is most effectively used when combined with other capitals and a process that emphasises social learning and clearly defined policy outcomes. This contrasts with area-based approaches, such as Neighbourhood Renewal that invite competition between poor communities to be the poorest, especially on ranking deprivation indices.

The management and ownership of assets is considered important to influence change and build community resilience (Resilience Alliance, 2010). Thus, 'a useful way to envision the system's resilience and adaptability together, is to consider the levels of and changes in the "pools" of various capitals':

- natural capital – environment including local environmental amenity, ecosystems and biodiversity;
- financial capital – economy, income and expenditure;
- built capital – infrastructure, buildings and machinery;
- human capital – levels of education, professions, health; and
- social capital – trust, networks and organisational capabilities (based on Resilience Alliance, 2007, p. 38).

There has been considerable emphasis on community capacity building in Northern Ireland and supporting social capital, but in their consideration of capacity building, Beckley *et al.* (2008, p. 61) ask in the context of Northern Ireland: 'the capacity to do what?' There is also the question of 'for whom?', as the government may expect a set of outcomes that are different from and even contradictory to that of the community. Here, the critical point is about the link between community capacities, various forms of capitals and the need for a clearer sense of the *outcomes* from the interventions that support their development.

Asset versus needs-led approaches

In the 1990s Kretzmann and McKnight (1993) and later Lerner *et al.* (2006) warned against a *deficit model* of local development exemplified by deprivation mapping and resource competition, not least on the attitudes and motivations of local people as they 'think of themselves and their neighbours as fundamentally deficient, victims incapable of taking charge of their lives and of their community's future' (Lerner *et al.*, p. 2). Other consequences flow from the *power of the needs map*, not least in that it focuses on lists of demands rather than analysis of the interconnected nature of problems, and it directs funding, not to residents, but to the priorities of service providers. Skills and capacities are centred on an ability to denigrate the community as much as possible, reinforcing the sense of dependency and a reliance on outsiders to sort it out. It thus minimises the critical relationships within the community, thereby deepening the cycle of dependence: 'problems must always be worse than last year, or more intractable than other communities, if funding is to be renewed' (Kretzmann and McKnight, 1993, p. 2).

There are a number of qualifiers here. This does not mean that understanding need and mapping deprivation is unimportant, only that this should not be the basis of local development. Nor does it mean that outside help is not required but that it will be most effectively managed when it is integrated with different forms of economic and social capital that are critical to local regeneration. Finally, it does not mean that differences within and between Nationalist and Unionist communities are irrelevant to a deeper analysis of poverty and how the same places appear over time to be disadvantaged. Clearly, describing, auditing and understanding deprivation has value, but it should not be the basis for community development. Asset-based approaches, however, also raise other questions, including the scope for divisions between asset-rich and asset-poor communities:

> Many, if not most, funding sources require a problem-focused grant application. Additionally, giving attention to assets is not the same as ignoring problems, but there is the potential for misappropriating an assets orientation to justify funding cuts by using the argument that assets-rich communities must have no need for dollars and resources from the outside. While communities may have tired of constantly having their problems highlighted they may also look with suspicion on the rhetoric of assets orientation unless a groundwork of mutual respect and trust has been established. (Sharpe *et al.*, 2000, p. 210)

There is thus an understandable wariness in some communities about asset-based approaches, and this highlights the need for strong community buy-in to deliver successful strategies. Mallach (2006) also points out that the poorest communities are characterised by economic transition in which physical assets, land and buildings are abandoned but also represent a significant resource for local people. However, in *Bringing Buildings Back* he provides insights from law, economics, planning and design to address how abandonment can be prevented and how best to bring properties back into productive reuse. His analysis sets out examples of how cities, community development corporations and planners have devised creative, locally owned strategies for urban regeneration.

Writing about post-industrial America, McKnight and Kretzmann (1996) make the point that regardless of changing economic circumstances, the most disadvantaged areas are not likely to benefit from economic change:

> The reason for emphasizing the development of the internal assets of local urban neighborhoods is that there is very little prospect that large-scale industrial or service corporations will be locating in these neighborhoods. Nor is it likely, in spite of a prospective "Peace Dividend", that significant new inputs of federal money will be forthcoming soon. Therefore, it is increasingly futile to wait for significant help to arrive from outside the community. The hard truth is that development must start from within the community and, in most of our urban neighborhoods, there is no other choice. (McKnight and Kretzmann, 1996, p. 2)

Mapping assets

Rarely in Northern Ireland's Neighbourhood Renewal or Rural Development Programme strategies do we see asset-mapping techniques used as a basis for strategy development. More often will be a long rehearsal of small area deprivation statistics and grim renditions about the longevity of local poverty. Beaulieu (2002) argued that local planning processes should capture the range of social, community, economic and physical assets as the basis for more realistic and realisable approaches, and sets out five steps to the development of *asset mapping:*

1. The beginning point involves an effort to map the community's assets, including the talents of local residents, emerging leaders, local institutions, informal community and neighbourhood organisations and existing

community leaders who are committed to building a more vibrant community.
2. Next, relationships should be built between residents, institutions and informal groups. This involves providing opportunities for emerging leaders to have an active voice in long-term economic development strategies for the community.
3. Step 3 involves mobilising these identified resources for economic development.
4. Step 4 is convening the community to develop a shared vision for the future. This requires active discussions, debates and disagreements that identify which priority issues need to be dealt with first.
5. Finally, outside resources that can support local priority activities should be located. Communities that have local partnerships firmly established can ensure that outside resources are used to support the community's priorities.

McKnight and Kretzmann (1996) point out that not all physical assets are equally available for community-building purposes as some are simply more accessible than others:

- The most easily accessible assets, or building blocks, are those that are located in the neighbourhood and controlled by those who live in the area.
- The next most accessible are those assets that are located in the neighbourhood but controlled elsewhere.
- The least accessible are those potential building blocks located outside the neighbourhood and controlled by those outside the neighbourhood (Beaulieu, 2002, p. 3).

The key point here is that mapping physical assets provides a strong empirical platform for local planning and identifying priorities for action. Understanding the distribution of various forms of *capital*, especially the buildings and land that could be available to local groups, provides a proactive point of departure for community-based strategy-making.

Infrastructure and supporting asset transfer

Aiken *et al.* (2011) point out that without the right conditions in place, asset ownership and management can struggle to achieve benefits, especially for community groups. A clearer understanding is needed of the risks and costs involved in asset control, as assets can become liabilities that undermine the social purpose of many groups. Similarly, they point out that community organisations need to strike a balance between achieving financial sustainability and delivering community benefit. The opportunities for generating income to sustain the project financially vary considerably, and new skills are required to manage assets effectively. For success, public authorities need to be supportive, strong governance should be in place to manage the project and the asset should be in good physical condition. However, the prize of effect asset transfer and management are considerable:

> 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. (Aiken *et al*., 2011, p. 7)

These issues highlight the value of a distinctive focus on asset transfer in Northern Ireland. Comprehensive data on the scale and scope of asset transfer in the region is limited, although organisations, such as the Northern Ireland Housing Executive, have led in the transfer of land, commercial property and dwellings for community use. But there are generic and distinctively regional challenges in furthering its growth. The Joseph Rowntree Foundation (JRF) (2011, p. 1) Community Assets Seminar Series cautions that approaches under new localism have not always been effective, and 'there is a danger that localist and entrepreneurial approaches will deepen divides between the poor and not-so-poor. Capacity, skills and funding are not available equally.' This is potentially the case between supposedly more experienced Nationalist communities and their Unionist counterparts, in middle-class communities especially around facilities with high heritage value, and in scenic rural areas that have attracted highly skilled retirees (Stockdale, 2006).

Conclusion

Asset-based approaches are more than just concerned with fixed property, and a wider understanding of asset-based development might challenge the dependency created by some needs-led approaches. *Need* is critical, but solutions are more likely to emerge from strategies that focus on the social, economic and environmental assets that even the most deprived areas possess. Physical assets are just one part of this picture. The potential of asset transfer of land and buildings as part of an asset-based approach to community development is examined in the next chapter, which examines specific policies and practice support for community asset transfer in Britain and its relevance in Northern Ireland.

3 POLICY AND PRACTICE DRIVERS

This chapter looks at policy, practice and the implementation of asset transfer in Britain and Northern Ireland. The previous chapter highlighted the *conceptual* underpinnings for asset transfer in a Northern Ireland context, while this chapter focuses more on the *mechanics* of asset transfer, and draws on how this has been applied in Britain to inform how this could be developed in Northern Ireland. The policy environment is examined before exploring the legislative and resource implications of asset transfer.

Political commitments on asset transfer in Northern Ireland

Most Northern Ireland political parties made a general commitment in the 2011 elections to developing communities and the social economy, but there were few specific references to community asset transfer.

The SDLP (Social Democratic and Labour Party) is committed to a 'accelerate the disposal of revenue generating assets and reinvest the proceeds in infrastructure', but this relates to the public sector estate in general rather than community transfers in particular.

The DUP (Democratic Unionist Party) has identified the potential of Social Impact Bonds to deliver services and also aims to 'Introduce a Community Empowerment and Renewal Bill providing means to enable communities to acquire under-used public sector assets and deal with dormant land, strengthening communities and promoting social entrepreneurship.'

Policy context in Britain

The recent drive to promote asset transfer in Britain began with the Quirk Review and its resultant report, *Making Assets Work*, published in May 2007, which explored the barriers and incentives affecting the transfer of public assets to community management and ownership. Following the Review, the Labour Government set up the specialist Asset Transfer Unit, the Advancing Assets Programme operated by Locality and a £30 million Community Assets Programme delivered by the Big Lottery Fund.

The successor Coalition Government's emphasis on Big Society and community empowerment also led to the Localism Act 2011, and three provisions are important for asset transfer, especially in the context of RPA in Northern Ireland:

- the *General Power of Competence* gives local authorities the freedom to act in the interests of voters, not dissimilar to the 'power of wellbeing' proposed for community planning in the new councils;
- the *Community Right to Challenge* gives community groups an interest in taking over a local service or facilities a right to challenge local authority provision; and
- the *Community Right to Buy* requires local authorities to maintain a list of assets of community value which groups and individuals will be able to buy for a community use, when it comes onto the market (Hostick-Boakye and Hothi, 2011).

The Community Right to Buy enables community organisations and parish councils to nominate an asset to be included on a 'list of assets of community value' that the local authority is required to maintain. The nomination needs to be validated by the council and the owner can challenge the listing. If the owner assents and then wants to sell the asset, a six-month moratorium period is triggered, during which the asset cannot be sold. This period gives community groups the time to develop a proposal and to raise the required capital to bid for the property when it comes onto the open market at the end of the moratorium period.

One significant legislative support in England has been the General Disposal Consent set out in *Circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003*, which enables disposal of land for less than the best consideration that can reasonably be obtained. This provides a facility that enables the local authority to transfer an asset at below market value where it contributes to community wellbeing, and the specified circumstances are:

a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
  i) the promotion or improvement of economic well-being;
  ii) the promotion or improvement of social well-being;
  iii) the promotion or improvement of environmental well-being; and
b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (£2 million) (Circular 06/03, 2003).

In 2003, the Scottish Executive introduced the Land Reform Act providing a Community Right to Buy for rural communities, essentially giving the community first refusal if land came onto the market for sale. Holmes (2010) pointed out, however, that since its introduction, only nine schemes have been completed. The Big Lottery Fund established the Scottish Land Fund to support the Act, and in 2006 extended that work in a £50 million Growing Community Assets investment programme covering both rural and urban areas. The Scottish Executive also recently launched a consultation on the proposed Community Empowerment and Renewal Bill which aims to extend the Community Right to Buy to urban areas, strengthen asset transfer and develop 'grow your own' and 'meanwhile use' of property. It has also brought forward proposals to enforce the sale of vacant buildings for community good.

In Wales, the £13 million Community Asset Transfer Fund was established with the assistance of the Big Lottery, and the 2005 Social Enterprise Strategy for Wales also prioritised community transfers, especially linked to area regeneration programmes.

Policy and practice context in Northern Ireland

Although Northern Ireland lags behind this infrastructure, there are developments that show that policy is not starting from a blank slate:

- The *Draft Programme for Government* (OFMDFM, 2011, p.31) made a commitment to 'Invest in social enterprise growth to increase the sustainability of the broad community sector', and for the Department for Social Development (DSD) to work with the Department of Finance and Personnel (DFP) to prepare a community asset transfer policy. The danger here is that asset transfer is viewed in limited ways as an issue about the sustainability of a grant-laden sector rather than a more radical approach to regeneration and inclusion. Accompanying the *Draft Programme for Government* is the *Economic Strategy* (DETI, 2011) which aims to create 160 new social enterprises by 2030 (p.57); and the *Investment Strategy* (SIB, 2011) which highlights the importance of co-location of public services, social clauses and *realising the surplus and under-utilised assets*, citing the Artemis schools initiative (see below) as an illustration of best practice.

- The Asset Management Unit of the NI Government's Strategic Investment Board (SIB) is developing an *asset register* as well as departmental asset strategies to raise an estimated £100 million for the public exchequer in Northern Ireland through the sale of any asset currently in public ownership (including central government, local authorities and non-departmental public bodies). However, the Unit is open to ideas about community asset transfer and is flexible about the productive use to which assets are put.

- Linked to this, the new *Concordat* between government and the sector aims to investigate the potential for community asset management and ownership and supports co-location, collaboration and refurbishment via the Modernisation Fund (DSD, 2011).

The Modernisation Fund

The aim of the *Modernisation Fund* is to support voluntary and community organisations to modernise to enable them to become more sustainable and deliver new and better services. The three-year capital grant programme (£15 million) is competitive and is delivered by DSD. It encourages collaboration and resource sharing among voluntary and community organisations through the development of physical infrastructure. The programme places particular emphasis on: improving access to services; youth facilities provision; partnership and collaboration; cost reduction and income generation; and the development of good relations between and within communities.

While comprehensive data on the scale and distribution of community asset transfers is not available, a number of agencies have pursued progressive policies.

For example, the Housing Executive has extensive asset transfer experience and is developing bespoke policies to formalise and enhance their work (see below).

Leading asset transfer: Northern Ireland Housing Executive

The *Housing Executive*, Northern Ireland's regional housing agency, is leading asset transfer across the region. It has transferred to the community: 320 houses for tenant organisations, 34 commercial properties and 24 land deals. Most of the houses are on short-term lease or license but the approach has had a significant impact on regeneration, community development and environmental renewal. Only 10 per cent of community asset transfer projects in England are in deprived areas, but 54 per cent of community houses are in the top 20 per cent of disadvantaged wards in Northern Ireland. Moreover, the distribution of houses is comparatively even between Protestant and Catholic estates, and they have provided a basis for developing community relations and cross-community contact schemes. The Housing Executive points out that its role as a *wholesaler* both enables and frees local groups to get on with the task of delivering services.

The Northern Ireland Housing Executive identifies the main impact of asset transfer as sustaining tenancies, stabilising housing estates and achieving community relations outcomes. In the scheme below, at Kilcooley, Bangor, the community house in a comparatively small housing estate decreased waiting lists, long-term voids and rent arrears.

Assets in single identity communities: Kilcooley Community Forum

Kilcooley is a large housing estate (1,300 units) in Bangor, North Down, built in the 1960s, and was declared a Neighbourhood Renewal Area in 2003. The area has a concentration of deprivation, history of paramilitary activity and anti-social behaviour (ASB), but the catalyst for change came with the refurbishment of a shop unit owned by the Housing Executive for the Community Forum (see www.kilcooley.org/).

Previously the group had occupied two flats on the estate, and by taking one shop unit confidence has been renewed, with a new chemist opening in the complex. There has been significant work carried out with young people, especially around restorative justice, training and personal counselling. As a Learning and Resource Centre it has become a focal point for a new intermediary labour market initiative (Steps Back to Work), and the group report a significant reduction in police complaints, with a 27 per cent decrease in ASB reported last year. Their scheme, Mediation and Community Support (MACS), has extended restorative justice and highlighted the cost savings to the authorities by diverting young people from the high cost judicial system.

The Housing Executive worked with the group to develop an allotment scheme with a 10-year lease on seven raised beds (fully let) that were offered to local people for a £150 fee. This type of 'meanwhile use', where assets are used on a temporary basis with minimal cost outlay, has supplied food for an over-50s Diners Club, thus strengthening healthy eating programmes. There are also plans to develop more allotments at the community centre and to extend the earning potential of the Forum. There is a significant cross-community dimension to the project, including contacts with the Nationalist community on identity issues, and the centre has hosted a visit from the Irish President, Mary McAleese. The scheme has created space, legitimacy and provided resources to assist progressive transformation, effective forms of community development and a fundamental change in conditions on the estate.

Local authorities, such as Belfast City Council, have also prioritised asset transfer, but they rely on the provisions in the Local Government Act 1972 to justify the six leisure and community centres that they have transferred. This is not necessarily the most appropriate vehicle for community transfers, and some local authorities are concerned about acting *ultra vires* without new legislation.

Asset management: Shaftesbury Recreation Centre, South Belfast

Belfast City Council, along with a range of local authorities, have a legacy of expensive and often poorly located recreation centres, and although they have not transferred ownership, they have rolled out community management agreements in six schemes across the city with an asset lock on each one. Shaftesbury Recreation Centre is located in the lower Ormeau area of South Belfast, and exemplifies transfer of management responsibilities (rather than the full property), which was to the Lower Ormeau Residents Action Group (LORAG) in 2000. Following the lease agreement, LORAG redesigned services and facilities enabling space for community events and a training suite and a function room. Prior to the transfer the facility was open for only 30 hours a week and cost £200,000 per annum, whereas it is now open seven days a week, from 9.00am to 7.00pm. The centre employs 17 full-time staff, all of whom are residents of the neighbourhood, making it the largest local employer. Furthermore, social enterprise activities account for approximately 40 per cent of staff salaries and 80 per cent of running costs. Sport NI provided £1.7 million to the outdoor 3G (3rd generation, that is, plastic) football pitch, a new fitness suite and changing rooms as well as £155,000 for five years to assist the sports development officer.

The centre receives health referrals from local GPs and associated payments on average of £60 per person for a 12-week programme. Approximately 550 people a day use the centre and the organisation has proposals to develop water-based sports activities on the river Lagan. LORAG emphasise the role of a competent board that have a clear understanding of the need to commercialise services, including charging local groups at near commercial prices.

There are emerging practices led by larger voluntary agencies to audit asset holdings, develop funding mechanisms and work with charities to create new investment. In a sense these financial mechanisms are forming independent of policy or legislative support but respond to the needs of investment-ready enterprises.

It was noted above that the Northern Ireland administration saw the Artemis schools initiative as a model of asset development and use. Five schools were built in Belfast under the private finance initiative (PFI), and the company leading the development, Amey, established and funded the core costs of Artemis as a social enterprise to manage the school estate in partnership with both the school and the local community. The governance structure of the initiative is set out below, and demonstrates the hybrid nature of social, public and private finance in the use and management of new and expensive educational assets.

Hybrid forms of asset transfer: Artemis schools initiative

Artemis is a social enterprise that creates economic and social value from five schools built by the construction company Amey, under PFI arrangements. It identifies suitable services that can be 'rented' from the school estate outside school hours and these include sports, the arts and education. They also partner with local training providers to offer opportunities for lifelong learning, including: further education, accredited and non-accredited qualifications. These programmes are independent of the school curriculum and again, are operated outside core school hours.

Their work on facilities management has helped to embed state-of-the-art schools within the community, strengthened a sense of local ownership and offered new opportunities for training and employment. It has also enabled the rationalisation of expensive, high specification sports facilities in some of the most disadvantaged areas of the city, and strengthened the role of the school estate in urban regeneration.

The approach is backed by a strong governance structure including: a Community Partnership Liaison Board (CPLB) and Artemis and Community Development Boards (North and East). The CPLB has representatives from the key stakeholders – community and voluntary representatives, the schools, the education authority, Amey and Stratagem (a policy lobbying company) – and sets the policies including service pricing (effectively the rent of the building and fee for the training or support programme where relevant). Artemis is responsible for ensuring that policies are applied fairly and appropriately and money generated from the services is distributed to local community organisations.

Costs are comparatively low because the capital investment of the building has already been paid and include: energy, heat, light, security, caretaking, cleaning, insurance, wear and tear and a 5 per cent investment margin to create surpluses for target groups who cannot afford to pay.

The arrangement is still developing, but staff feel that it provides an efficient model for multi-facility management with low overheads in a way that can create a significant surplus. It forms part of the emerging hybrid asset management models where commercial profit sits alongside community surpluses, and in this case, ownership does not prevent the accumulation of community profit.

Fashion and fadism

There is a concern that asset transfer and recent speculation about Social Impact Bonds are fads that engender a lemming-like rush to schemes in wholly inappropriate or financially unsustainable ways. Under the EU PEACE II programme a number of community organisations re-badged themselves as social enterprises to follow the revenue stream, but this clearly did not necessarily make them viable businesses. Similarly, there is a level of cynicism that we are seeing the same with asset transfer and that the concept (and participating community groups) could be discredited by ineffective implementation.

> 'Asset transfer is not the next big solution … asset classes have to have a market value and very often these government buildings or other assets are not very valuable.' (chief executive, voluntary sector umbrella group)

For others, this is simply the marketisation of services, with communities accepting facilities they simply cannot make viable. However, the analysis of actual transfers suggests that there is little evidence of irresponsible practices; rather the approach is too cautious and lacks a strategic direction to ensure that viable projects are fully qualified. The Maureen Sheehan Centre (see below) shows what is possible but it takes time, partnership working and commitment from the statutory providers to help consolidate the project.

Triple bottom line: Maureen Sheehan Centre

A local community partnership came together in 1998 in response to social and health problems and to discuss the development of a new community centre that would join the existing health centre into a single complex. They formed a new group to take forward the healthy living centre proposal. The Northern Ireland Housing Executive owned the site, and the newly formed community group agreed with the Health and Social Care Trust (HSC NHS Trust) that if they secured funding to build a new centre, the HSC would refurbish it. The Housing Executive donated the site to the HSC in 2002 under the proviso that they would lease it to the community group at a peppercorn rent. Maintenance and running costs are covered by the HSC, but the community group have control of the building and its uses.

The complex incorporates two buildings. Building 1 is a community-managed health centre and is occupied by the HEART Project (Health, Education and Relaxation Therapy), Clan Mor Sure Start and a pharmacy. There is also a health information point, the HABIT Suite (Health Awareness Boosted by Interactive Technology) (Intelligent gym) and the Loaf Cafe. Building 2 is a health centre and is occupied by a GP's practice and a variety of social care services provided by the Belfast Trust.

The total cost of the development was approximately £1.25 million and this was funded through the Belfast Development Office, the Community Fund and the HSC. The project revenue is funded through the Big Lottery Fund and the Public Health Agency, and additional funding is brought in from rents from tenants in the centre and the pharmacy, Sure Start centre and the Loaf Cafe (£30,000 per annum). The cafe operates as a social enterprise and provides training and employment for people with learning disabilities; it is now financially sustainable.

Competition and collaboration

One of the overriding narratives emerging from interviews and stakeholder discussions for this research was the scale of competition within the sector: between voluntary and community groups, urban and rural, Nationalist and Unionist and between politicians and the third sector. New forms of competition, especially on assets (and because they are assets) have emerged: from larger UK-based charities who have the appropriate skills sets, the private sector and even trade unions concerned that we are now being offered cut-price alternatives to effective local government. Public sector spending cuts and the end to the Structural Funds have set off almost inevitable resource competition, with agencies struggling to maintain revenue and forced to seek new 'markets' to survive. Collaboration and even mergers have occurred in the volunteering and the age sectors, but some are concerned that assets will simply be seen as a way of establishing a market advantage.

> We are not in the business of providing services on the cheap either … as this arena gets tougher the language will get tougher too but we can eventually all get to a better place.' (director, NGO, youth sector)

For some, the forced merger of voluntary or community organisations or allowing the market to rationalise facilities will damage relationships, the diversity of the sector and service delivery, and intelligent commissioning would allow groups to collaborate in more interdependent ways. The overriding narrative is still defensive – the need to hold the resources, the size of the sector and the status of current organisations in place. Part of the problem here is the lack of control and dependency on core grant funding decisions, when assets and a capacity to build cash reserves might strengthen resilience and independence.

Quadruple bottom line: assets in a divided society

Social economic interventions are desired because they achieve economic, social and environmental outcomes (the triple bottom line), but there is also evidence that asset transfer achieves important community relations benefits. This relates to the creation of shared space and the inclusion of ex-paramilitaries in creative development approaches. The Suffolk Lenadoon Interface Group (SLIG) used land and property gifted by the Housing Executive to develop community offices, childcare and training facilities, and this created opportunities for a private sector investment in formerly abandoned retail units. This reduced violence, incidents of ASB and built trust and cross-community governance in addressing mutual problems. The Housing Executive is developing its own asset transfer policy but linking it to the potential to create new models of sharing and integration and addressing contested space and problems on interface areas on its estates. Similarly, the Community Relations Council interview highlighted the need to address three questions:

1. How can community asset transfer take us away from segregation?
2. Do current community governance arrangements ensure genuine community participation rather than community control, and if not, what are the safeguards against this happening and being exacerbated by asset transfer?
3. Can communities handle the assets, that is, will the stronger groups get stronger and will the weaker groups get weaker?

Any emerging policy must therefore confront the constraints but also the potential of asset transfer to address residential segregation and the dual use of services and facilities: "If we don't invest in peace first then we are missing a unique opportunity to get asset transfer right. Girdwood Barracks is a classic example of getting it wrong, let's not keep making the same mistakes, instead let's start moving to a democratic participative planning approach within communities and government…" (policy officer, community relations sector). Here, the use of the former army barracks became the focus of competition between Protestant and Catholic communities in North Belfast, which had very different agendas, especially around housing, and the site remains vacant and undeveloped. St Columb's Park House (see below) is a good example of getting it right, and shows the potential of asset transfer to create new opportunities for community relations and contacts.

The quadruple bottom line and assets in a divided society: St Columb's Park House

St Columb's Park House (SCPH) (www.stcolumbsparkhouse.org/) is a community relations group named after the 18th-century manor house in which it is based (in the Waterside area of Derry/Londonderry). Derry City Council (DCC) originally leased the house to a community relations group on a long lease at a peppercorn rent. The existing lease is due to expire in 2013, and the Board are currently in negotiation to agree a new 50-year term, but there are also proposals from DCC to introduce a new rent of £25,000 per annum.

The community group have full responsibility for the maintenance and running of the house, which has two main components. First, there is a community business offering conference and residential facilities and second, there is the Reconciliation Trust dedicated to community relations work but with an emphasis on the Protestant minority in the city. The business cross-subsidises the charity and has ensured a measure of stability given reducing budgets for community relations work. Their Gateways to Protestant Participation programme works with 36 groups, mainly in the Waterside area, to support engagement between the community and statutory sector, to strengthen capacity and to research community group needs.

The initial refurbishment of the house cost £500,000, which came mainly from the International Fund for Ireland and DSD. The SCPH has secured £1 million for a major refurbishment of the house, which aims to develop conference facilities that will be let on a more commercial basis.

A cross-community management board run SCPH and there are currently 10 people employed on a full- or part-time basis in the house. About 15,000 people use the programmes on an annual basis and it provides one of the few neutral spaces, especially for community groups, to meet on a cross-identity basis.

SCPH is still highly grant-dependent and not commercially profitable, highlighting a key tension between social and economic activity as explained by the director: "Our main aspiration is that we become sustainable and be less dependent on government funding. We aspire to run and fund our programmes as a charitable non-profit making business without external help while maintaining our main ethos of community relations. But there is a danger that our activities become about making money and not about community relations. We want to make sure we can get this balance right. The social economy is just a means to an end. Once we go down the economic route we don't want to get away from the core values and mission about good relations and reconciliation work which is first and foremost our priority."

The case study demonstrates the importance of assets in neutral space, their capacity to operate community relations programmes and their role in a city emerging from conflict. Here, community relations outcomes can reinforce social, economic and environmental benefits to produce effective models of asset transfer.

Sustaining asset transfer

> 'There is a danger that we miss the opportunity for real social enterprise here; that we miss the thematic opportunities to develop businesses for women, for youth ... we need to keep our life course lens.' (chief executive, NGO, age sector)

> The sector should retain its independence and separateness so as to enhance, not hamper, its creativity.' (chief executive, NGO, environmental sector)

It was noted earlier that there are different interpretations of asset transfer within the community sector, and from those who see crises as an opportunity to rethink the sector's value base to those who see asset transfer as a crisis response that could erode the ethic of voluntarism. Principally, a number of groups felt that they would be incentivised into owning assets that were not financially viable or where they expended disproportionate resources in making them work. This ideological debate reflects changes in funding and the financial readiness of community and voluntary sector organisations in Northern Ireland. Table 1 shows that

Table 1: Income in the community and voluntary sector in Northern Ireland

	Earned		Voluntary		Investment	
Level	**£m**	**%**	**£m**	**%**	**£m**	**%**
Total (2003/04)	213.1	34.8	392.2	63.8	8.4	1.4
Total (2006/07)	290.0	50.8	263.0	46.2	17.1	3.0

Source: NICVA (2010, p. 26)

overall income in the sector declined by 7 per cent between 2003/04 and 2006/07, from £614.5 to £570.1 million. However, in the same period, the overall proportion of total income that was generated from *earned* income increased by 16 per cent from £213.1 to £290.0 million. The potential of asset transfer to strengthen the trading capacity and even independence of the sector was highlighted as an important tactic: "the more we own and control collateral, the more we will [be able to] do our own thing" (director, community development organisation).

Conclusion

Asset transfer is present in Northern Ireland with schemes offering a range of social, economic and environmental programmes. However, the region lacks the type of legislative and policy support that has made asset transfer a mainstream component of regeneration in Britain. Practice in Northern Ireland is by exception, and relies on the enterprise of public officials and the creativity of groups, neither of which are assisted by financial resources bespoke to the sector.

4 FINANCING TRANSFER AND ACCOUNTING FOR SOCIAL VALUE

This chapter highlights some of the risks involved in asset transfer and the practices that support sustainable schemes. O'Leary *et al.* (2010) make the point that it is the purpose of the scheme rather than the asset itself that counts most. The analysis highlights the need for: stronger market intelligence on what assets work best; sector-specific obstacles and risks; where returns can be maximised; and what types of ownership models are appropriate in different contexts.

Opportunities for community control of assets

In the interviews for this project, there were a number of business sectors, especially linked to renewable energy, organic produce and horticulture, which were identified as significantly underdeveloped in Northern Ireland where community asset transfer could be a useful stimulus to growth. The *Green New Deal* was one where community assets and facilities could develop into markets with growth potential. However, the *Draft Programme for Government* dropped a commitment to invest £12 million in the New Deal that could have been used to attract private finance. Not surprisingly, the sector is sceptical about government commitment to the project: "The Green New Deal programme was supposed to be about government and the sector tackling fuel poverty and unemployment through a home insulation scheme. It was delivered through an ambitious social partnership model between government and the sector but government ideology crept in and the scheme failed" (director, NGO, environmental sector).

This is also an area where community–private ventures could expand, especially in sectors such as wind farms, where community buy-in is essential to their acceptability. Successful models in Scotland show that where the community has a financial stake and monetary return, the acceptability of unpopular land use facilities is substantially reduced. Again, the potential of hybrid models might be explored in key areas where the risk could be better shared across sectors.

Finance and intermediation for asset transfer

These hybrid models often form as social enterprises, which are businesses that trade but use their profits for social good, and like all businesses, they need finance to survive and expand. Colin Stutt Consulting (2004) undertook a review in *Finance for the Social Economy in Northern Ireland* and concluded that three priorities for financial support were important, including:

- a Northern Ireland form of patient capital for social economy organisations, comparable to the Adventure Capital Fund and Futurebuilders approaches that were adopted in England;
- developing a means of raising money locally for investment in the social economy by community shares or local bonds; and
- establishment of a social economy sector-led centre of expertise, especially on finance and management.

The majority of demand is for 'soft capital', that is, patient, semi-commercial loans or a mix of loan and grant finance, especially for the acquisition and development of the asset. Patient capital is characterised by lower interest rates, longer lending, repayment holidays and business mentoring from the lender. These forms of finance may not achieve a commercial return on many of the investments, and repayment holidays, low interest rates and long repayment periods mean a comparatively long time to return the initial loan. However, there are good examples in Northern Ireland of where asset transfer projects have used this kind of finance to develop facilities and extend services, such as the Newhill Community Centre below.

Asset transfer and loan finance: Newhill Community Centre

Newhill Youth and Community Centre Association (www.communityleadershipprogramme.org/group/newhill-community-centre) (now Newhill Community Centre) was established in West Belfast in 1974. The Association launched a childcare project in 1990 operating from temporary accommodation, but in 2005 they were successful in assessing funding from the Big Lottery Fund and Belfast Local Strategy Partnership to construct a new purpose-built facility. The overall development cost £750,000 and the shortfall in funding was met with a £50,000 loan from the Ulster Community Investment Trust (UCIT), repayable over 15 years.

Newhill can provide full-time childcare places for 125 children between the ages of three months and five years, including those with disabilities. The organisation has a service-level agreement with the health trust for a daycare scheme and a Sure Start programme, and has received extensive support from UnLtd to skill up core staff in the development of a more financially viable social enterprise model.

Belfast City Council provided land for the building under a 99-year lease at a rent of £4,250 pa. In the last financial year, income was £307,432, with most being generated via crèche fees, and this has enabled the loan to be repaid.

According to Iona *et al.* (2011), the key priorities for social enterprise finance are:

- to stimulate demand for finance by building awareness, marketing products and developing a preliminary understanding of the grant–loan relationship;
- developing the capacity of investees to help them become investment-ready, improve their financial literacy and ability to scale up or replicate successful business models;
- processing demand and supply by supporting intermediaries to generate bankable deals. It is important to ensure that the market is not over-stimulated creating a shortage of processing capacity among intermediaries;
- developing financial products that appeal to investors as well as investees.

There has been considerable change in social finance in the UK with the Coalition Government aiming to develop finance for social ventures and the creation of a new asset class to enable social ventures to access mainstream capital (Thorlby, 2011). The government established the Big Society Bank, not to directly fund businesses, but to invest in social finance intermediaries who lend on to social enterprises. However, Lloyd (2011, p. 8) argues, 'the London hub has become a recognised preserve for a supporting group of successful entrepreneurs, financiers and fund managers who have migrated into social investment looking for potentially lucrative solutions to social and environmental problems.' For Lloyd, the challenge in Northern Ireland is to develop investment-ready social enterprises with a potential to connect to these circuits of capital and expertise. The Social Enterprise Investment Fund typifies the type of initiative that needs to be supported and up-scaled to have stronger effects (see below).

Finance for social enterprise: Social Enterprise Investment Fund

Dedicated finance for asset transfer in Northern Ireland has been slow to emerge, but one example of innovation is the *Social Enterprise Investment Fund* in which UCIT has partnered with Big Issue Invest (BII) to offer a new source of finance to social enterprises in Northern Ireland. The Fund recognises the need to support social enterprises with medium and long-term funding that moves beyond grants, loans and venture philanthropy. Most social enterprises, due to their legal structures, cannot look to equity issuance as a 'patient' financing option. In response to this funding gap, the Social Enterprise Investment Fund offers 'equity-like' investment solutions, providing growth capital to social enterprises with the potential for scale and sustainability. UCIT has made an investment of £250,000 into BII's Social Enterprise

Investment Fund in order to bring the Fund to Northern Ireland, and the partnership with BII will enable social enterprises in Northern Ireland to access lending of up to £10 million over the next 10 years. The government's economic development agency, Invest Northern Ireland, delivers the Social Entrepreneurship Support (training) Programme and is developing a start-up loan fund for new social enterprises in the region.

Table 2 sets out our attempt to differentiate between different forms of finance which would support asset transfer including intermediary services offered by agencies such as UnLtd. It emphasises the point made earlier that there is limited government stimulation of the marketplace, especially around intermediation and technical assistance.

Catalytic social finance in Northern Ireland

It was noted earlier that philanthropists and charities are most likely to be incentivised into the market where risk can be shared, expert management can be guaranteed and where the social returns can be clearly accounted for. With the lack of development of patient capital, the community sector has itself developed innovative financial models such as the Building Change Trust (see below).

Innovative community finance models: Building Change Trust

The *Building Change Trust* (www.buildingchangetrust.org/) was established in 2008 with a £10 million grant from the Big Lottery to the Community Foundation for Northern Ireland, Community Evaluation Northern Ireland (CENI), Business in the Community, Rural Community Network and the Volunteer Development Agency. The Trust aims to make up to 20 Deliver Change awards of £50,000 to strengthen organisational sustainability up to 2013. It also supports a Partnership, Collaboration and Mergers programme, and through Charity Bank, a £1 million investment to strengthen a Social Loan Fund for the sector. Around 50 loans and £4.2 million worth of lending to social enterprises is planned by 2018, and this will be supported by an Investment Readiness skills programme to strengthen the trading capabilities of the sector. The programme aims ultimately to take 190 groups to the point at which they are capable of submitting a successful loan application, and then helping more than 100 groups and organisations to deliver the business plan for their project.

Risk and asset transfer

IPPR (2006, p. 5) define two types of risks linked to asset transfer, including 'accountability' to a wider set of stakeholders and 'capture', whereby unrepresentative groups can secure important and often expensive assets. This is especially problematic in Northern Ireland where the groups close to ex-combatants play a productive role in community development. Effective regimes for asset transfer emphasise the need for the following:

Table 2: Social finance market relevant to asset transfer in Northern Ireland

Type	Content	Northern Ireland
Small organisations need grants to get to first base	Finance needed to develop asset transfer proposal to scale	UnLtd provide specific assistance to social entrepreneurs, especially on asset management
Organisations ready to go with a specific proposal	Fees to prepare architectural drawings, economic appraisals, feasibility studies and business plans, legal advice, contracts and lease agreements, planning permission fees and planning technical advice	New start-up loans being developed by Invest Northern Ireland will help to incubate small and medium-sized and asset-based social enterprises
Small to medium-sized groups aiming to transfer a specific scheme	These tend to aim for £20,000–£250,000 higher risk investments to get the scheme to the next level. This might include purchase and refurbishment costs as well as finance for key staff and working capital	In Northern Ireland UCIT has a key role to play on intermediation around specific deals/transfer projects. Commercial banks are also capable of supporting asset-backed and more secure investments
Medium-sized organisations aiming to develop the asset service portfolio	Here, specialist loan finance, contracts, grants and possibly Social Investment Bonds will be needed to develop services and facilities capable of generating a revenue flow for the asset	Specialist lenders operating and active in Northern Ireland include Charity Bank. The UCIT/BII Social Enterprise Investment Fund also has potential here
Organisations that need working capital to bridge private income	A group may have secured the asset, remodelled it and have ready-to-start programmes but high preparatory costs could lead to a significant cash flow problem	Again, specialist lenders such as Charity Bank understand the nature of the market, risk and cash flow and the security of future income
Organisations looking to share risk by co-locating and developing community hubs via land or property transfers (or purchases)	There has been a strong policy thrust to rationalise service provision with co-location projects and mergers	The DSD Modernisation Fund has assisted organisations to rationalise services, share property and develop integrated service centres
Organisations trying to scale up an asset or asset portfolio	There are a number of public sector estate refinancing initiatives, especially in health and social care, and in the use of PFI schools. Landmark East is proposing to refurbish the Bryson Street surgery and rent the existing practice, which does not wish to lock their capital in the new build. The surgery provides a shared community space in the highly volatile East Belfast interface	Organisations with mortgage exposure, especially in the downturn of the Northern Ireland land and property market, may find it difficult to access capital. Risk finance is needed, especially to take advantage of lower cost property acquisitions
New ideas, vehicles and consortia to develop asset transfer	There are considerable start-up costs in areas such as Social Impact Bonds and they are not always in the interests of progressive asset transfer and social economics more broadly	Support is needed among the social finance community to develop, market test and support new products. These might be simple forms of bond-type finance such as the Ethical Property Fund or the work of the Acorn Fund linked to the City of Culture in Derry/Londonderry

- setting objectives that clarify the outcomes from the ownership, use and management of the asset;
- robust governance systems (such as development trust status, Industrial and Provident Society [IPS] or Community Interest Company [CIC] formats) that impose a degree of rigour on decision-making, internal supervision, accounts, audit and reporting regulations with the Charity Commission;
- a strong and qualified management team;
- independent board members with a good skills mix;
- robust mechanisms for independent audit.

One of the main concerns raised in the literature, practices in other countries and in the interviews was the level of *community* risk in transferring assets, especially given a concern that councils will attempt to offload unprofitable assets running up to the reform of local government. Some of the comments from the interviews highlight the risks and liabilities associated with asset transfer across the sector:

> The sector has lost its way and needs to re-think its value, its merit and role. In the 1990s it looked like there was going to be genuine partnership between government and the sector in terms of service provision but something went wrong.' (director, NGO, development trust)
>
> 'It became less about the relationship and became more about cost … as well as this all of the risk was placed on the provider and from then on government's view changed … voluntary organisations became service providers … these changes were not for the better.' (director, NGO, health sector)

Distorting effect of grant aid

The heavy reliance on grants to purchase, refurbish and revenue fund assets was identified in the analysis, but it was recognised in a number of interviews and case studies that grant aid may not always be the best form of finance. As one interviewee noted, "Having fed the animal for such a long time it no longer knows how to feed itself" (director, NGO, childcare sector). The Boston Consulting Group (2011, p. 25) point to the distortive effects of grants in that viable assets are also the most likely to attract grant aid; grant aid is, in effect, 'crowding out the best investment opportunities'. Soft finance can also artificially inflate returns, especially during the early years of social investments in the purchase and refurbishment of an asset. If the full costs of establishing and providing a service are not fully accounted then the prospects for long-term profitability cannot be accurately assessed.

Annuality, or spending grant aid within tight timescales, has created hasty applications, inefficient or wasteful spend and ineffective performance. Iona *et al.* (2011, p.39) refer to it as 'an enemy to disciplined investment', but it has been especially problematic under EU Structural Fund de-commitment regulations. (Here, monies committed in a particular year must be spent within two years.) Moreover, grant aid is, in most cases, awarded with strict conditions on asset disposal, which restricts the capacity of organisations to accumulate reserves or use surpluses from efficient delivery of the grant to support other programmes or developments. Clawback commitments can also limit the use of the asset to the sponsor and limit innovation and risk-taking. Finally, grant aid has reproduced a dependency mindset in which money, whatever its source or format, "is someone else's and needs to always be considered as an investment" in which the holder is responsible for a defined outcome and return on the monies granted or lent (social finance expert interview).

Accounting for social value

A number of interviewees across the community, voluntary and public sectors pointed out that there are no agreed measures of social value or accurate ways of accounting for the economic outcomes associated with asset transfer. One approach is to use methodologies such as Social Return on Investment (SROI) work, where cost savings can be clearly valued, but the interviews with public sector officials in particular highlight that the technique has been discredited by over-claiming financial impact and weak evidence about causality between activities and outcomes.

There are a number of alternative techniques that could be examined, including CENI's work on *social assets* that might have read across to understanding the broader concept of asset-based community development and how this works in disadvantaged neighbourhoods. The social assets approach examines the stock of social capital on a geographic basis, and importantly the authors point out that it does not 'suggest that need/deprivation should be replaced as the determining factor, but rather that decision-making could be complemented and enhanced by an understanding of the level and nature of social assets in communities' (Morrissey *et al.*, 2008, p.5). CENI's index matches the Multiple Deprivation Measure and provides a more complete spatial analysis of the state of communities by describing their capacity, capability and social capitals including bonding, bridging and linking networks. There is an opportunity to extend this work via similar mapping exercises of physical assets, transferred facilities and even buildings and land that have the potential for community ownership. The geo-coding of such data has been valuable in publicising available buildings on Locality's Asset Transfer Unit site (www.theplacestation.org.uk) linked to the Community Right to Bid in England, but there are resources such as the Buildings At Risk Register of listed properties in Northern Ireland (www.uahs.org.uk/resources/section.php?section=4) that could be developed in a similar way.

Conclusion

This chapter has helped to identify a range of issues linked to legislation, policy and finance that forms the basis for a broader debate about the potential future of asset transfer in Northern Ireland. The next chapter sets out the findings of an interactive, online discussion as well as a seminar that examined the state of asset transfer and its potential as an instrument of sustainable regeneration for Northern Ireland.

5 STAKEHOLDER VIEWS ON POLICY DEVELOPMENT ON ASSET TRANSFER

The first phase of policy analysis, interviews and case studies helped to identify the key issues for further exploration in a more structured debate about community asset transfer with policy-makers, practitioners and the wider community and voluntary sector in Northern Ireland. The approach was designed in three phases: a series of podcast-based and written case studies aimed to define the scope and impact of asset transfer; this was then used to generate a number of critical issues for a half-day seminar on the topic; which in turn informed an online discussion about how to strengthen transfer and community-based economics in the region.

A total of 10 case studies or experiences were posted, 172 tweets were made and 57 people attended the seminar. The seminar involved speakers from Locality to set the national context, a presentation of the initial findings from the Northern Ireland JRF research and a case study of asset transfer and social housing as a prelude to an open forum and live interactive blog as the discussion unfolded.

Scoping practice

The opening debate was set up via multi-media presentations of asset transfer experiences from practitioners, projects and leading NGOs. Five themes emerged from that phase of work:

- First, there was a concern not to isolate asset transfer as a separate sphere of social economics but to see it as an instrument of regeneration in which the physical asset (usually land or building) offers collateral for the local community. The point was made that the government had invested in communities in multiple forms, including capital grants and revenue programmes, as well as the transfer of facilities and services. This had been happening for some time, although it was acknowledged that the environment needed to be strengthened to maximise the benefits of asset transfer.

- Second, there are unexploited and undervalued markets in areas such as renewable energy and green technology. Private suppliers with the capacity to invest in start-up infrastructure have dominated sectors such as wind farms where the community gain is significantly less than that in the rest of the UK. Community asset transfer could be linked to this growth agenda.

- Third, the downside of asset transfer and the everyday obstacles to developing sustainable schemes was a significant issue for a number of projects. The efforts to develop viable asset transfers highlight the need to manage expectations, especially if new policies are not backed by dedicated resources or a culture of commitment by public officials.

- It was also acknowledged that there is progressive practice in Northern Ireland including the Housing Executive, which has used a mix of leasehold and freehold transfer, short-term leases and licenses to transfer land, houses and commercial stock. However, without the transfer of the title of land or buildings, the full regenerative impact of the asset will not be realised.

- The need for technical assistance, especially on financial management, legal compliance and business planning, was a recurring theme in the case studies, blogs and online debate. It was acknowledged that capacity building will need to change to focus on a narrower range of skills and practices aimed at sustaining transferred facilities. There are effective programmes such as Invest Northern Ireland's Social Entrepreneurship Programme that provides a sound grounding in business planning skills.

Themes from the seminar

A number of these themes were explored in further detail in a half-day conference, which also reflects issues raised in JRF's UK seminar programme, and these formed the basis for the online discussion:

- There was an acknowledgment that Northern Ireland lags behind the rest of the UK in policy innovation, legislation and funding programmes. However, the seminar noted that asset transfer is not new in the region

– there are some high quality projects and agencies with an interest in developing transfer policies and programmes.

- There was a range of examples of viable asset transfer schemes not progressing mainly because of legal and financial restrictions about best value for the site or facility. It was pointed out that many assets appear on the balance sheets of departments and agencies, officials lack permission to dispose of assets below best value and rules about clawback limit their value to the transferee.

- HM Treasury guidance has relaxed rules on asset disposal and emphasised proportionality and social outcome considerations but regionally, the Department of Finance and Personnel's (2008) *Managing Public Money in Northern Ireland* and the Land and Property Service's (2010) *Disposal of Surplus Public Sector Property In Northern Ireland* make little provision for community access to government assets.

- Political support for community asset transfer and other forms of social enterprise was considered limited, and some participants identified weak leadership across political parties in developing the concept in the same way as in the other devolved administrations.

Online discussion and priorities

The online discussion and inputs after the seminar raised a number of issues relevant to the long-term sustainability of asset transfer. In particular, there was frustration about the lack of progress on transferring under-used assets to the community sector, and these included examples from the health estate, vacated schools, water service facilities and a Carnegie library. Again, the key problem identified was public sector accounting rules and a lack of legal permission to dispose of property at less than best value. It was pointed out that many assets that might logically be used for community and voluntary purposes could not be transferred because the rules simply do not allow it. The need for legislation is an issue we return to in the final chapter.

The lack of a dedicated financial programme to support asset transfer in Northern Ireland was identified previously, but the experiences of projects demonstrate local innovation in financing projects that has enabled practice to develop. Community share offers, 'meanwhile uses' and loan funding were used in addition to grant aid, and it was emphasised that the best projects use a mix of finance to purchase and refurbish property. Linked to this a number of contributors highlighted the value of initiatives such as Total Place and Community Budgeting to maximise the resources available to asset transfer. These approaches help to identify and audit the public sector funding coming into a neighbourhood and have been used in England to better understand the integration of both revenue and capital investment, especially in disadvantaged areas. Ashton Community Trust is an example of a community-based social enterprise that was initiated through community shares, and Brown (2011) highlighted the value of this form of social capital for a wide range of social enterprise development.

Community shares: Ashton Community Trust

Ashton Community Trust (www.ashtoncentre.com), one of the largest community-based social enterprises in Northern Ireland, started with a Community Share-type scheme; 720 shares valued at £35 per share were issued with contributors offering £1 per week to build the initial capital. This enabled pump-prime funding, gave the community a material stake in the organisation and showed commitment and self-confidence to resource further developments. The shares had both material and symbolic value and allowed Ashton to raise additional funding in order to build scale and financial robustness in a volatile property and funding market.

Over time, the organisation built a new multi-purpose facility that integrated childcare, commercial and community uses and was constructed on DSD-owned land. With the help of the NGO Community Places, the land was sold at 'community value' rather than the original commercial value set by the government's Land and Property Services, making the project financially viable. Grant aid from the EU URBAN II programme core funded the facility that is now fully let, and yields a sustainable income stream. Now, Ashton Community Trust is in a position to develop a government-transferred youth club, which was struggling to attract numbers and finance. The organisation feels that because they are so embedded in the community, they can build volume and offer a range of more flexible programmes to operate the centre more efficiently.

The online debate also focused on revenue streams and in particular the support needed to help the public sector and the transferee to think through the long-term implications of transfer. The concern about *liability transfer* highlighted the need for detailed business plans and financial projections that provide realistic estimates of cash flow as well as the risks and opportunities for mitigation if things go wrong.

Conclusion

Through the engagement of practitioners in the various forums used in this project, there was considerable discussion about the *politics* of asset transfer. For some, it is an extension of 'new right' state disinvestment characterised by Big Society rhetoric, while for others it offers a new form of ownership based on collective rights and local control. Clearly, it has the potential to be both, and hence there is a need for a rationale for community groups to decide whether assets are worth owning and on what terms. As one contribution noted, the detail is critical. These issues are linked, as only those projects that offer valued local services, recycle income and provide the community with useable assets are worth pursuing. Having the skills set to interrogate the detail was a recurring theme.

The debate also highlighted other recurring themes including the need for stronger legislation and finance accompanied by a deeper understanding of the purposes of asset transfer within area-based regeneration policy. The final chapter that follows develops these points and in particular the implications for policy and practice in Northern Ireland.

6 CONCLUSIONS AND POLICY IMPLICATIONS

There is considerable interest in Northern Ireland in community asset transfer. It is not new, some schemes are well developed and there is a wealth of good practice from which to learn. The commitment in the *Draft Programme for Government* to develop a new strategy offers an opportunity to shape inclusive and effective approaches and pulling together the learning from this research, this chapter sets out the implications for policy in the region. The findings suggest that asset transfer is a vital instrument of community-based regeneration, but that an effective enabling environment needs to be put in place by building legislation, skills and sources of finance for effective policy development.

Opportunities for asset transfer

The case studies in this research and work elsewhere (Aiken *et al.*, 2011) show that asset transfer has multiple social, economic and environmental effects and can deliver a range of benefits. In the Northern Ireland context this includes:

- removing blight, developing derelict buildings and land and improving the public realm of some of the most disadvantaged areas in Northern Ireland;
- providing community-based facilities and permitting high quality integrated services to be provided in areas where public and private services are failing;

- developing dedicated, high quality healthcare, childcare, education and recreation;
- providing training, access to the labour market and in some neighbourhoods, a facility which is the most significant economic asset and job creator;
- developing the financial resilience of community groups by diversifying their income streams, enabling them to access loan finance and supporting the establishment of social enterprises;
- developing the skill base and especially a culture of social entrepreneurship and leadership in asset management;
- developing solidarity by providing a focal point for community engagement and the involvement of local people in regeneration; and
- creating opportunities for conflict transformation and in particular cross-community work in even the most divided and contested areas.

The case studies also demonstrate the diversity and impact of asset transfer schemes and the different levels and practices across the region. Figure 1 provides a typology of approaches. It shows that at the most basic level, 'meanwhile uses' can make effective use of land and property in disadvantaged areas, while short-term leases and licenses can also enable community groups to offer services without the responsibility of maintaining a facility. Some models have been scaled up as *community anchor organisations* that have developed social enterprises based on an initial transfer of land or buildings. Each level has its own advantages and limits and the overall range of options demonstrates the complexity of organisations, financial supports and potential of a gradation of transfer initiatives.

Figure 1: Types of asset transfer and key features

Levels of community asset transfer	Type	Key features	Illustration
↑	Social enterprise	Assets used to develop more complex forms of community business with multiple objectives and diverse forms of loan and community finance	Ashton Trust in North Belfast developed as a community anchor organisation
	Local development	Organisations with strong property portfolios based on asset transfer but which achieve social and environmental outcomes, including the management of contested spaces	Suffolk Lenadoon Interface Group (SLIG) regenerated complex peace line areas
	Hybrid assets	Assets co-financed by the state and private sector but with guaranteed community uses locked into asset development	Artemis school estate providing community facilities in new PFI school model
	Short-term lease or license	A landlord, such as the Housing Executive, acts as a *wholesaler* leasing out facilities for community uses	Housing Executive community houses offer community groups a facility free from core costs and maintenance responsibilities
	Meanwhile use	Temporary, short-term and flexible uses that help regenerate areas and make effective use of redundant assets	Kilcooley Community Forum developing flexible use of community allotments and vacant commercial property owned by the Housing Executive

Critical success factors

Similarly, the analysis from this research (echoing research elsewhere, for example, by Aiken *et al.*, 2011) also enables the identification of what makes asset transfer work, and clearly there is a mix of factors in effective schemes. The analysis shows that the key ingredients include the following:

- The transfer is just the start of the process and the best examples are linked to functioning community organisations with a clear business case, viable uses, market prices for services and revenue funding in place to sustain the facility.
- Grant investment is also important to refurbish or re-equip the asset and incubate businesses capable of producing a revenue stream at the point of transfer.
- Progressive policy-makers and an entrepreneurial attitude have helped to support responsible forms of asset transfer, trust and effective working relationships between partners.
- Skilled leaders and competent managers capable of developing the potential of the asset are also critical, and many of the most successful schemes are associated with charismatic individuals, although this is risky if succession planning is not put in place.
- Relevance to local needs is essential, and the best schemes offer a range of services and mechanisms to keep local people on board, including community financing and share options.

Policy and the transformative role of assets

It is important that the rationale for community asset transfer is based on a clear set of *outcomes* that express what this policy is *for* rather than over-emphasising the mechanics of transfer itself. It is also important not to overburden asset transfer with multiple and unrealistic objectives, especially around community relations, equality and targeting social need. We noted that there was a concern in the community and voluntary sector that asset transfer is a financial expediency for cash-strapped local authorities, and that liabilities are more likely to be disposed of than financially viable facilities. Community asset transfer is something that should be happening regardless of Big Society politics, public sector spending cuts or problems running public services, and is as appropriate in cash-rich as well as cash-starved times.

It is thus important that policy objectives stress the contribution of asset transfer to community-based regeneration, empowerment and making places more resilient and adaptable. We noted earlier that community resilience and adaptive capacity have become a more prominent discourse in urban studies and local development and this should shape the core aims of any community asset transfer policy in Northern Ireland. The collateral created in communities, capacity to build reserves and opportunity to provide local services rather than cost efficiencies need to be prioritised in government attitudes to its role and purpose.

The Asset Management Unit of the SIB is open to the productive community use of assets where feasible and as with the registration of community interest under the Localism Act 2011, it is appropriate that the schedule of public assets is evaluated for transfer potential. An initial high level sift could help to filter assets that have community value for further more focused analysis, and the criteria might include:

- Is the asset in an *area of disadvantage*, especially a Neighbourhood Renewal Area, a priority for the Rural Development Programme or one of the Social Investment Fund *zones*?
- What is the *size*, *scale* and *quality* of the asset, and in particular, are there technical obstacles such as contamination, land assembly or covenant restrictions?
- What is the *planning context* and potential uses for the site or building including transport, access and infrastructure implications?
- Are there established *community uses*, a strategic context that would suggest a community use or an opportunity to develop, integrate or rationalise facilities via the asset?
- What is the strength of community *group infrastructure* to deliver community facilities on site?

Assessments could be taken forward by the current agencies with most experience of the local context including the Housing Executive, Neighbourhood Renewal Partnerships, rural support networks and local authorities. Clearly, assets with community potential need further assessment and feasibility analysis; there are *absorption* limits to the number of assets that can be transferred to communities; and there are issues about group capacity to manage new facilities. The point is that a more systematic interrogation of assets with a community use value would signal a significant endorsement of the concept politically as well as in policy terms.

The need for legislation?

While it is legislatively possible to transfer assets to community groups in Northern Ireland, new legislation, modelled on Scottish and English approaches, could help to make this process operate more easily, efficiently and effectively. Some of the key obstacles in the development of progressive asset transfer relate to a lack of legislative rights for communities to get the opportunity to buy facilities when they become available, and provision to enable public agencies to dispose of assets at below market value. The Right to Buy and General Disposal Consent legislation will not in themselves guarantee results, and we noted that only nine transfers have been made under land transfer legislation in Scotland since 2004 (Holmes, 2010). However, legislation could help to change practice and make community asset transfer a priority, not an exception, and ensure that regulatory obstacles to transfer are reduced as far as practically possible.

One specific example here is the issue of Community Land Trusts (CLTs), which are not-for-profit community-controlled organisations that acquire and develop assets on behalf of the community and for its benefit. The Housing Executive (2012) commissioned legal opinion that suggested that legislative change would be required for CLTs to operate in Northern Ireland, underscoring the nature of obstacles to the operation of asset transfer in the region. A General Disposal Consent-type of provision, which would reflect the configuration of the public sector in Northern Ireland, could further enable community asset transfer in the region. Financial guidance on the disposal of assets to the community and voluntary sector would also help to ensure that a progressive attitude is taken to asset transfer by agencies, programme managers and auditors.

Legislation should thus be considered for three reasons:

- First, it makes transfer simpler and easier. The case study analysis showed that there are delays and transaction charges involved in current mechanisms to dispose of an asset that legislation would more readily enable.

- Second, it helps to encourage a more permissive environment for asset transfer across a range of public sector agencies. As noted earlier, a number of local authorities encounter *ultra vires* as they struggle to find appropriate legislation to enable transfers below market value. Given the public finance culture and audit rules, the need to create a more permissive culture via appropriate laws is critical to shift attitudes to risk and social value.

- Third, legislation shifts the conceptualisation of property rights by establishing, in law, that a *community* and not just the legal title holder, have a defined interest in land and property. The property crash in the UK has been most severe in Northern Ireland as the commodification of housing, profit and over-extended credit produced a hollow and socially unstable economic boom. Asserting a different understanding of property, assets and growth challenges the assumed efficiency of markets, and provides an opportunity for the community sector to offer alternative development approaches.

Resourcing community asset transfer

Table 2 set out the types of finance needed to support community asset transfer and it is important that infrastructure is developed to supply different levels of capital. We also noted previously that there are dedicated programmes to facilitate community asset transfer across other jurisdictions in the UK, some partnering with agencies such as the Big Lottery to develop grant-based programmes. Clearly, it is comparatively easy to insist on more resources, but in a time of public sector cuts and competiveness within the sector, more pragmatic responses are needed. Thus, there is a need to protect resources available, especially from programmes such as the Social Investment Fund and existing area-based regeneration initiatives including Neighbourhood Renewal and the Rural Development Programme.

While resource constraints are inevitable, it is similarly of limited value to launch a policy without the means to support effective transfer programmes. Even larger organisations such as the Housing Executive, health trusts and education boards find it difficult to create surpluses for non-core business, and resources need to be protected for purchase and refurbishment, land assembly and decontamination works and incubating projects.

Linked to this, many transfer projects in Northern Ireland were able to develop because of small amounts of technical assistance to undertake feasibility studies, prepare architects and technical drawings, and put together business plans and grant applications. The lack of pump-priming has prevented viable projects moving ahead or limited the rigorous assessment of projects that should not have proceeded. In a sense, this is an important facility in Northern Ireland in minimising risk and uncertainty and ensuring the quality of projects that are ultimately supported.

We have also stressed the need for a mixed use of finance including grants, loans and where appropriate, more commercial lending. A number of asset transfers across Britain and Northern Ireland are bankable and potentially squeeze out grant support from organisations that really need them, especially in the early phases of development. Forms of patient capital and stronger technical support are also required to enable effective asset transfer in particular and social economics in general.

Skills on investment readiness

There needs to be a stronger skills, knowledge and learning framework to ensure that the right capacities across sectors are developed to take forward asset transfer. As we noted there are components of supply at different levels and aimed at a range of groups – entrepreneurs, new forming enterprises and NGOs – but there are gaps, especially in investment readiness. A number of programmes are also short term and depend on project funding, making it difficult to create the scale, expertise and the level of skill required. Accessible technical support is also needed, and with the expertise in Locality, elements of the skills 'kit' are being assembled but need to be more formally and sustainably organised.

The brief review of projects highlights that there is a need for a core set of skills that are currently deficient within area-based regeneration. Murtagh and Ellis (2011) showed that urban regeneration practitioners lack specific skills in financial management, project planning and breakthrough thinking, especially compared to their British counterparts. These skills require further development to strengthen practice, especially around:

- business and organisational planning, and a clear understanding of where asset transfer fits with wider organisational, area-based and community priorities;
- financial analysis, projections and cost revenue budgeting that strengthen government and community understanding of the long-term implications of transfer, especially on the financial sustainability of the facility;
- financing development and sources of capital, different types of capital needed for long-term development and sources of finance. The use of loan and grant finance, procurement and the need for long-term financial planning are all part of the picture;
- risk, uncertainty and contingency planning, the need for reserves and succession in human resource management;
- the legal implications of asset transfer, responsibilities and leasing and the disposal of assets in the medium to long term;
- good governance, democratic control and accountability in organisational structures;
- social impact measurement and accounting for the financial, economic, environmental and social effects of asset transfer.

Asset management is experiential, and more effective models of learning, sharing best practice and co-producing policies and programmes are needed to support implementation. However, these exchanges also need to be managed and maintained and cultures of participation in project development encouraged in order to build up the scale of community asset development.

We have emphasised that much of the infrastructure to support community asset transfer already exists, and organisations such as Community Places have provided a range of community groups and statutory agencies with technical assistance to implement schemes. It is also important to access the specific expertise and experience of Locality, especially to develop the knowledge base, support advocacy and transfer best practice to Northern Ireland.

Stronger market analysis

Asset transfer has inevitably been opportunistic and responds to local agendas, policies and properties. However, there needs to be stronger market intelligence about likely growth areas so that the sector can identify and shape transfer strategies rather than responding to the agendas of central or local government. There is considerable potential in: green energy and renewables, illustrated in the Scottish wind farm experience; the opportunities and challenges of an ageing population; and housing provision. There has been exploratory work undertaken on an ethical property investment fund and property company, and the sector could mimic speculative behaviours by building land and property reserves for the long term. Land banking for, say, a 20-year time frame, may be unfamiliar and even unacceptable for some in the sector, but as markets recover in the next wave of accumulation, NGOs could consider a similar process of strategic capital investments. In England, Locality is examining the use of Special Purpose Vehicles to group purchase assets and ramp up the scale of community transfer, especially outside traditional sectors such as sports, arts and recreation. This raises issues about compliance with EU State Aid regulations, and requires more sophisticated skills, finance and legal knowledge to deliver. However, it illustrates the longer-term vision for progressive asset transfer and property rights in England and Scotland and potentially in Northern Ireland.

Better systems of measuring social value

As audit cultures become more embedded in asset transfer transactions, it is important that the sector is better skilled in value for money analysis and that government officials appreciate the full economic cost and value of transfers. There are a number of aspects to monitoring and evaluating social value:

- Even small-scale asset transfer projects have levered definable savings for government agencies. We saw in Kilcooley, Bangor, how the transfer enabled the local group to turn around the estate and reduce long-term voids and rent arrears and increase rental revenue and the waiting lists. Here, the group welcomed any estimate that properly accounted for their net worth to public finances and the economic value of their work.

- Similarly, if investors are to be attracted into ethical property or even asset transfer, then accurate information on the returns and performance of the project is essential. Building reliable and valid measures of financial returns requires more systematic and rigorous methodological approaches.

- One such example is SROI, which aims to provide a stable measure of inputs and valorised outputs and has been supported by the Cabinet Office (2009). The problem here is that some SROIs have over-inflated values, or have been applied to projects where valorisation is difficult if not impossible, meaning that the approach has lost some measure of credibility among the statutory sector. A pilot programme of SROI on specific asset transfers would be appropriate as it is suited to the clearer estimates of direct costs and benefits associated with transfer effects.

- CENI (2010) has also developed measures of social capital change on a geographic basis, but increasing emphasis has been placed on a standardised measure of the impact of the social sector (New Philanthropy Capital, 2011). This work could reflect on the specific needs of asset transfer and transferred projects could contribute to the development of specific methodologies. GIS (Geographic Information Systems) (such as the Place Station, see www.theplacestation.org.uk) could also plot current transfers, and potential transfers from the SIB/ Asset Management Unit asset register and properties on the market that might be suitable for community use.

Potential actions

It is hoped that this research will stimulate debate about the value of progressive forms of community asset transfer and the various stakeholders involved in its development. Universities have a role in strengthening applied research and educational programmes to support policy-makers and practitioners.

Overall a number of steps are recommended for all the main stakeholders. For *policy-makers* the priorities might involve:

- considering the value of legislation enshrining community rights over land and property in their area;
- making it easier to dispose of assets to communities where there is a case for transfer at below market value;
- supporting technical assistance programmes and the development of stronger skills to deliver effective models; and
- helping to finance the refurbishment and development of facilities, especially through patient capital as well as grant aid.

For *statutory agencies* holding assets, there is a need to:

- develop clear policies setting out their aims and approach to asset transfer;
- prepare lists of viable assets capable of being transferred to the sector;
- work with partners to ensure responsible transfer practices and schemes are supported; and
- develop staff, support programmes and where appropriate, funding mechanisms to ensure that asset transfer works effectively.

For leading *voluntary sector* organisations the possibilities include:

- advocating for the right policy and legislation to ensure asset transfer is implemented effectively;
- supporting community groups with research, intelligence and access to experience nationally and even internationally; and
- technically supporting groups with the day-to-day implementation of community asset transfer.

Finally, the *community sector* need to:

- develop its awareness of asset transfer, appreciate its value but also understand the risks and real costs of managing facilities;
- network effectively to ensure the right facilities are available and that groups have the capacity to take on responsible asset management;
- work cooperatively to secure assets in a way that supports social inclusion and not just the interests of the group or agency involved; and
- share learning on their experience of asset transfer as they develop their expertise and skills to encourage mutual learning and support practice development.

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A CIP catalogue record for this report is available from the British Library.

First published 2012 by the Joseph Rowntree Foundation
ISBN: 978 1 85935 946 4 (pdf)
Typeset by The Policy Press

Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
www.jrf.org.uk

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