



CITIZENSHIP, COMMUNITY AND COMMUNITY ASSETS

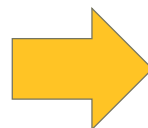
Candice Motran, Big Society Capital

April 2017

SCOPING THE COMMUNITIES PROJECT

Question

- What is a community?



Options

- Communities of interest
- Physical communities

- Which types of social sector organisations tackle community issues?



- Community-owned assets
- Community organisations /enterprises
- Local charities
- Civic/heritage trusts
- CDFIs

Given BSC's strategic priorities and the localism agenda, this project has focused on community assets within a physical area

ADDRESSING ISSUES ACROSS THREE KEY LEVERS LEADS TO IMPACT FOR COMMUNITIES AND PROVIDES A FRAMEWORK TO DEFINE THEIR HEALTH



Level and quality of social interactions

- Social isolation
- Lack of social cohesion
- Low levels of well-being
- Low levels of participation, representation, leadership and engagement by community members



BUILD SOCIAL CAPITAL

Socio-economic drivers

- Poverty
- Lack of employment
- Lack of education, skills and capacity
- Financial exclusion
- Lack of critical services
- Social inequality



ADDRESS LOCAL NEED

Infrastructure

- Poor transport linking people to jobs, schools and other services
- Lack of appropriate, accessible private and public services
- Poor quality built and natural environment
- Non-diverse local economy



AN ENABLING ENVIRONMENT

COMMUNITY ASSETS ARE ONE WAY OF TACKLING SOME OF THESE ISSUES



Community assets are land or buildings owned or managed by community-based organisations

- Ownership or management can mean day to day responsibility and accountability for operation and use of building
- Characteristics of community-based organisations:
 - Located within a physical community
 - Independent of public bodies
 - Governing board or committee includes [majority/significant] community representation
 - Main or exclusive focus is to seek benefits for certain defined people or places in the locality where it is based

Three main types of organisations who purchase and manage assets

Stewards

Community developers

“Entrepreneurs”

Broad range of asset types

- Town and village halls
- Community centres
- Sports facilities
- Affordable housing
- Libraries
- Village shops (> 300)
- Pubs (c. 30)
- Community energy
- Building preservation trusts

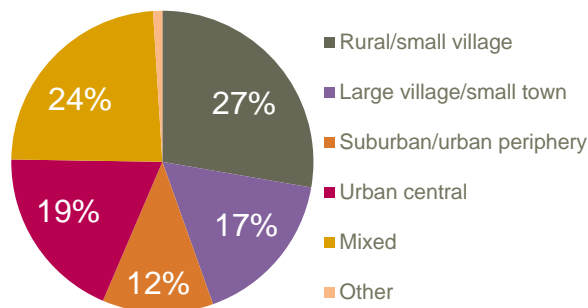
*“Not all land and buildings are community assets. We believe that land and buildings are only community assets if they are **capable of generating a profit that can be reinvested into activities that benefit the community**”*

Locality

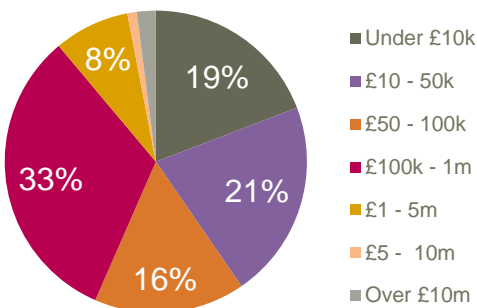
SCALE AND SCOPE OF COMMUNITY ASSETS: 56% EARN UNDER £100K EACH YEAR, WHILE 61% EMPLOY LESS THAN 4 STAFF

JRF survey in 2010 identified 640 community-organisations owning assets across the UK

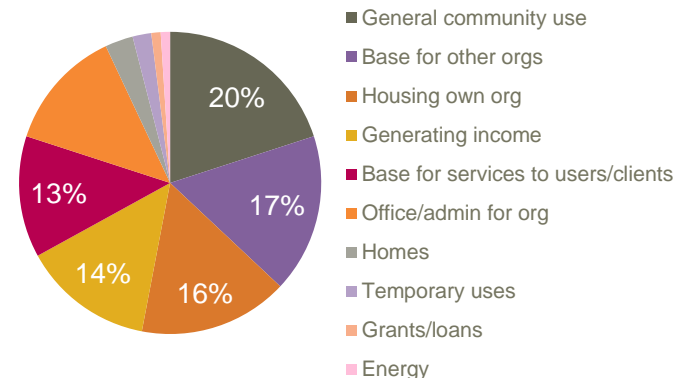
Location



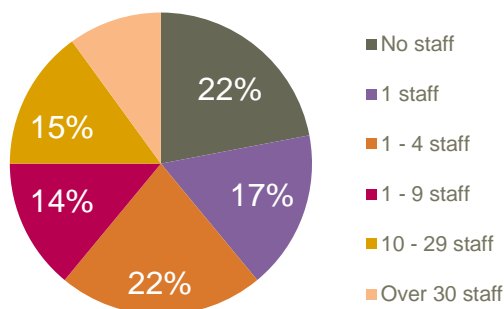
Organisational income



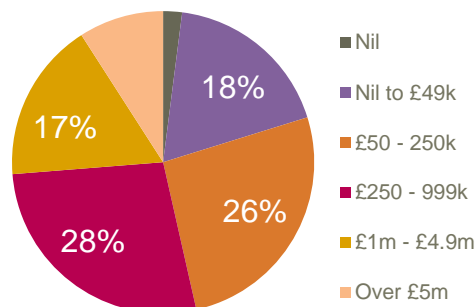
Purpose of asset



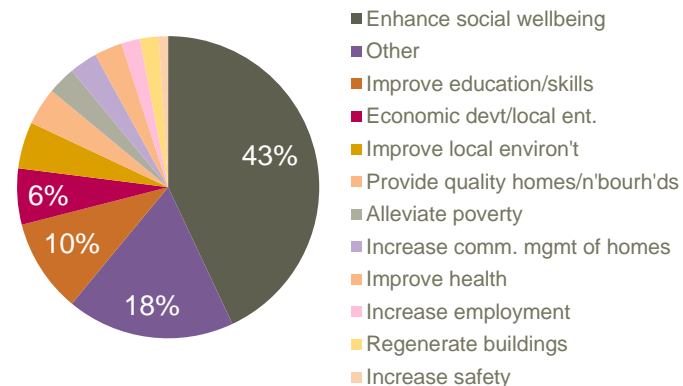
No. of staff



Value of assets



Main reported outcomes



"The survey revealed the considerable diversity of organisations involved in the assets field in the UK...Despite [this] there were some common features: for example, most organisations saw their main purpose as enhancing community benefit and well-being; relatively few had acquired assets with the intention of generating income"

DO COMMUNITY ASSETS HAVE A SOCIAL GOAL – AND DO THEY DELIVER?

- ✓ **Community assets are not an end in itself but a means to an end**
- ✓ **The use of community assets should be driven by the community itself and should address local needs (e.g. unemployment, health, troubled youth, crime)**
- ✓ Key social outcomes were identified by JRF and Big Lottery research
- ✓ However, social benefits vary significantly between projects (for example, some are intrinsic to the asset, others are based more on the services provided)
- ✓ Measuring and attributing benefit arising to the community from ownership is also complex (e.g. attribution, measures of well-being)

Social Outcomes
Building community identity and cohesion
Enhancing community capacity
Improved and more accountable services
Community economic regeneration
Improving the environment
Enhancing democratic voice

*“By the end of the series there could be no doubt that asset ownership and development offers communities a route to **economic and social empowerment and sustainability** that, when it works well, can be more powerful than government intervention and more responsible than most private investment”*

Joseph Rowntree on community assets, 2010 - 2011

SUCCESSFUL ORGANISATIONS RESPOND TO LOCAL NEEDS OVER TIME,
DELIVER MULTIPLE PROJECTS AND BUILD CAPACITY AND SUSTAINABILITY

The Goodwin Trust, Hull



SMALLER, RURAL PROJECTS HAVE ALSO SHOWN GREAT POTENTIAL FOR DELIVERING SELF-SUFFICIENT, IMPACTFUL DEVELOPMENTS

The Bevy, Moulsecomb



Hampstead Norreys Community Shop



[The Bevy Video](#)

SOME ORGANISATIONS HAVE STRUGGLED DUE TO A LACK OF FOCUS ON COMMERCIAL SUSTAINABILITY

Stocksbridge Training and Enterprise Partnership, Sheffield (STEP Dev Trust)



SUCCESS FACTORS FOR COMMUNITIES OWNING ASSETS

- ✓ Clear strategy, driven by addressing local needs
- ✓ Community engagement
- ✓ Business and social acumen
- ✓ Talent within the community
- ✓ Expertise to assess assets
- ✓ Leadership throughout the life of the community asset
- ✓ Volunteers
- ✓ Constructive relationship with local authorities
- ✓ Business support and advice
- ✓ Good governance

COMMUNITY SHARES IS A GROWING TREND, ALLOWING LOCAL PEOPLE TO INVEST IN LOCAL PROJECTS IMPORTANT TO THEM

Over 400 Share offers to date

In 2014:

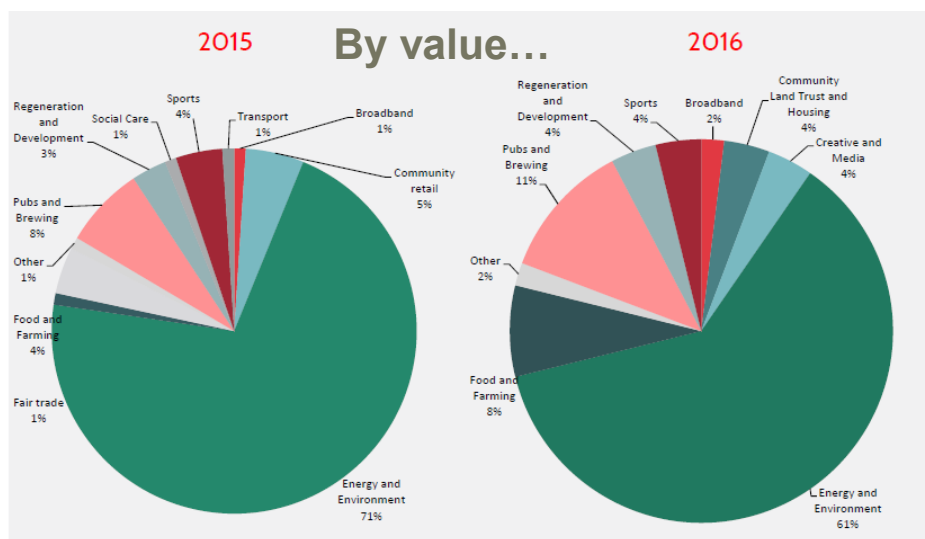
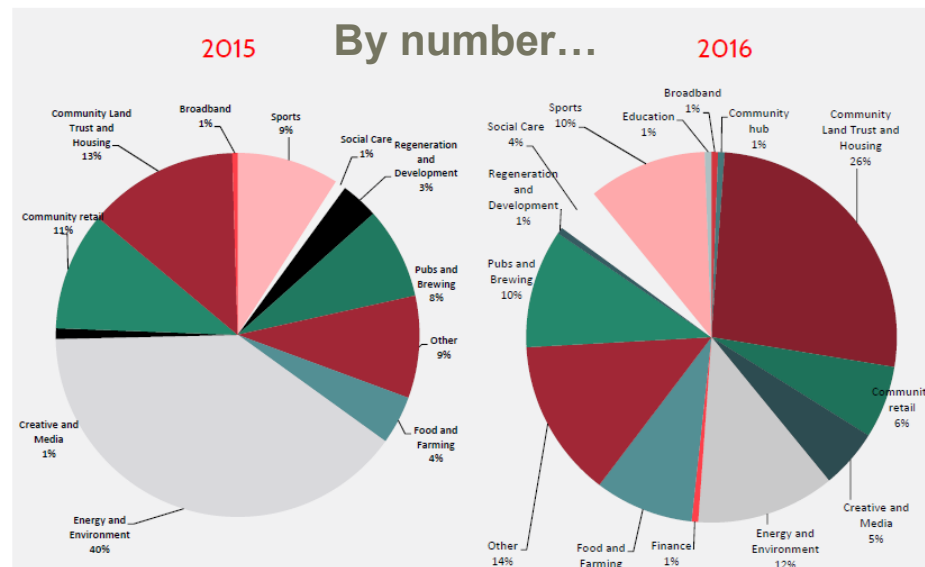
- ✓ 113 Registrations
- ✓ 65 Share offers launched
- ✓ £34m equity targeted

In 2015:

- ✓ 209 Registrations
- ✓ 101 Share offers launched
- ✓ £62m equity targeted

To Nov 2016:

- ✓ 174 Registrations
- ✓ 52 Share offers launched
- ✓ £24m equity targeted



THREE LARGE GRANT PROGRAMMES FROM BIG LOTTERY FUND ARE CATALYSING COMMUNITY ENTERPRISE ACROSS ENGLAND



Big Local

- Long term innovative programme that aims to achieve lasting change in 150 areas in England.
- **Goal:** Improve urban and rural communities that have been overlooked for funding in the past
- **How?** Mixture of funding, finance and support. Allows long-term thinking: areas have 10+ years to plan and deliver the best options
- **Resources:** £200m to be spent by 2026. At least £1m for each of 150 designated areas, which residents themselves will be in charge of spending

“Big Local brings together all the local talent, ambitions, skills and energy from individuals, groups and organisations who want to make their area an even better place to live.”

<http://localtrust.org.uk/get-involved/big-local/>

Big Potential

- Big Potential, a Big Lottery Fund grant fund, has the aim of improving the sustainability, capacity and scale of VCSE organisations in order that they may deliver greater social impact.
- **Goal:** raise awareness of social investment and support VCSEs who want to prepare themselves for social investment or winning contracts.
- **How?** By providing grants and practical support with the aim to grow through investment
- **Resources:** £20m over 3 years

Big Potential supports organisations looking to grow through securing repayable investment, to buy in specialist support from a range of expert ‘providers’ to improve their investment readiness.

<http://www.bigpotential.org.uk/>

Power to Change

- The Power to Change is an independent charitable trust set up in January 2015 to support, develop and grow community business across England.
- **Goal:** encourage new community businesses to start and enable existing ones to grow and becoming more self-sustaining.
- **How?** By providing grants and practical support
- **Resources:** £150m Trust from Big Lottery Fund

“Across the country there are examples of communities coming together to save local shops from closure, setting up community centres to provide a place for people to meet, and developing community-led housing to help regenerate local areas. We want to help these organisations to thrive. We also want to help more people to set up businesses that respond to local need and change the place in which they live for the better.”¹²

<http://www.thepowertochange.org.uk/>

ARE COMMUNITY ASSETS INVESTABLE?

- ✓ Base for **community enterprise models** to develop
- ✓ Transfer of **public service contracts**
- ✓ **Community engagement** can drive stronger demand and better use of local services
- ✓ Asset provides **security for investor**
- ✓ **Multiple projects** emerge from community empowerment



Opportunity for social investment to fund:

- Asset acquisition and development
- Working capital
- Growth and expansion

But discussion with social investors reveals some challenges



- **Liabilities NOT assets** – disrepair, TUPE
- **Weak business models** – lack of planning, weak demand
- **People** – lack of skills, experience and time
- **Governance** – lack of clarity on roles; tensions between commercial and social activities
- **Development and start-up risks** – over-runs, valuation issues

Social investors are typically looking for a) track record and/or b) blended capital.
Community organisations need support and advice as well as risk finance

WE HAVE IDENTIFIED THREE NEEDS FOR SOCIAL INVESTMENT AND SOME ESSENTIAL ENABLERS FOR THE MARKET TO THRIVE



Use of social investment for community assets

1

Blended risk capital essential at early stages...
but “pure” investment capital for expansion stage

2

“Underwriting” could catalyse grant and/or community shares

3

Consider transitional or co-ownership of assets by funds or existing SSOs

Enablers

1

Grant funding for feasibility work

2

Innovations to catalyse community engagement (e.g. platforms such as SpaceHive)

3

“One stop shop” to match grants and loans for projects

WHAT SHOULD BSC BE LOOKING FOR IN COMMUNITY ASSETS? BEST IN CLASS AT A PROJECT LEVEL



Social mission: community benefit should be the primary objective

- Community assets are not an end in itself but a means to an end:
 - A good understanding of, and desire to address, local social issues
 - Clear link between proposed use of community asset and target social outcomes
 - Potential to achieve considerable and far-reaching social improvement for whole community (“extent” of change)

Strong community engagement & governance...

- Local Board or committee of individual community members, with appropriate representation from across the community
- Consultations with as many community members as possible, including a concerted effort to reach the most excluded groups
- Accessible, affordable, inclusive (free at point of entry if possible, or means tested)
- A partnership approach at local level
- Retention of old user groups, and attraction of new user groups

...combined with a financially viable model

- Financial and commercial skills within Board or management team
- Realistic approach to business planning from the outset, to assess:
 - Local demand for services and products, which often emerges from high levels of community engagement
 - Contingencies for development cost over-runs or delays in trading business
- Route to a viable business model with:
 - A mix of revenues where possible
 - Sufficient margins for sustainability and (re)investment

KEY QUESTIONS FOR BSC'S APPROACH TO INVESTING IN COMMUNITY ASSETS

Which communities?

- Do interventions need to target a minimum level of deprivation? Or another self-defined measure of social or community “need”?
- Is there a priority between rural or urban communities?
- Open to all communities regardless of affluence or need? Ensure a strategy which offers equal access to all types of communities?

Which assets?

- Which asset type (whether a pub, community centre or energy facility)?
 - Agnostic provided community groups have social motivations, and a clear social need and outcome are identified?
- Restrictions on certain asset types/sizes/uses? How can we assess impact yield when it comes to community assets (long term impact)?
- Should there be a minimum requirement for social use of assets (e.g. X% let to SSOs)?
 - Agnostic provided overall project has clearly identified social impact targets?
 - Agnostic provided the community has decided for themselves?

Social vs commercial use?

Ownership?

- Must all assets be owned by community organisations? Are long leases acceptable?
- What, if any, proportion of assets could be sold for commercial purposes?
- Covenants/clawbacks in respect of any private sale? (private benefit)

Governance?

- What is the right balance on the Board of external experts and community members, where the latter do not have the right skills?
 - Minimum level of community representation from across the spectrum of community members on Board?

