

ELECTED MEMBER BRIEFING NOTE No. 23

Community Ownership and Transfer of Local Authority Assets



What is the purpose of the briefing note series?

The Improvement Service (IS) has developed an Elected Members Briefing Series to help elected members keep pace with key issues affecting local government.

Some briefing notes will be directly produced by IS staff but we will also make available material from as wide a range of public bodies, commentators and observers of public services as possible.

We will use the IS website and elected member e-bulletin to publicise and provide access to the briefing notes. All briefing notes in the series can be accessed at www.improvementservice.org.uk/elected-members-development.

About this briefing note

This briefing note has been prepared by the Community Ownership Support Service (COSS), a government-funded programme supporting the transfer of assets from local authorities to community ownership, and is based on experience working with community groups, local authorities and elected representatives over several years.

COSS is part of the Development Trusts Association Scotland, a member-based organisation which supports and represents over 200 Development Trusts across Scotland. Development trusts are set up and run by local people to tackle local issues and to improve the quality of life in their community. As established anchor organisations, Development Trusts are often the type of organisation that will take on ownership of an asset. (It should be noted, however, that a community group does not need to be a Development Trust or a member of the DTAS in order to take ownership of an asset).

What is Community Asset Transfer and what is the background to it?

Over recent years legislation and national policy in Scotland (such as the Land Reform (Scotland) Act 2003 and the joint Scottish Government/COSLA Community Empowerment Action plan of 2009) has recognised the importance of, and been developed to support, strong, independent and resilient communities - empowered communities.

Community ownership of assets has been identified as having a role to play in this through inspiring people, creating opportunities and potentially transforming communities by helping them respond to these challenges by taking even greater control of land and buildings where they live.

The Disposal of Land by Local Authorities (Scotland) 2010 Regulations further facilitated the drive for asset ownership. These regulations give discretionary powers to local authorities to dispose of land, buildings or associated rights such as sporting, riparian (land bordering a body of water) or mineral rights to community organisations at less than best financial consideration, without reference to the Minister, provided a local authority is satisfied that they are achieving “best value” through economic, regeneration, social, environmental or health benefits.

Why is asset transfer and community ownership important now?

In communities across the country local people are concerned about losing locally valued assets and associated services - from inner-city community centres to parks and libraries.

At the same time councils are facing intense financial pressure, resulting in the need to maximise the use of publicly-owned land and buildings, or dispose of them and the associated costs, wherever possible. This can enable a redundant public building to thrive again or turn a marginal public service in to a viable community service.

In response the Scottish Government is committed through the Community Empowerment Bill, which it introduced in June 2014, to increase the pace of public service reform and to empower more communities in Scotland. This forms part of the Scottish Government's response to the recommendations of the Christie Commission and the Scottish Government's and COSLA's review of Community Planning.

If enacted the Bill will, for example:

- make it easier for communities to take over public sector assets that are not being used or are under-used by giving presumption in favour of the community
- extend the Community Right to Buy to all of Scotland, including towns and cities
- help communities deal more effectively with vacant and derelict property in their areas
- promote significantly improved community participation in the design and delivery of public services and community participation and influence in Community Planning Partnerships.

What can asset transfer and community ownership achieve for communities?

The transfer of assets to well-run community organisations can lead to a wide-range of benefits for local authorities, their partners and local communities. These include:

- giving a foundation for sustained community-led enterprise through the use of an asset that supports local economic growth
- creating more confident and robust community organisations. Ownership of an asset can enable community organisations to develop diverse and long-term revenue streams under their own control, and thereby become more sustainable
- helping build a renewed sense of civic pride and responsibility: where local people feel a greater sense of ownership over their local assets they tend to be better used and protected as a result
- assisting in increased community cohesion and capacity through the involvement of local people in shaping and regenerating their communities
- opening up access to alternative funding streams open to communities but not local authorities
- creating new partnership and collaborations at a local level. Where control of an asset lies closer to the local community, the group can become strong partners in local service delivery and more likely to initiate collaboration in the future. These partnerships can deliver on the local authority's Single Outcome Agreement and/or Corporate Plan.

Asset transfer has the potential therefore to turn liabilities in to assets, problems into solutions and to ensure that key local services and facilities are protected and enhanced.

How do we know it works?

A study into community ownership of assets was carried out by COSS in 2009¹ showing that a wide range of assets are to be found in community ownership across Scotland including buildings, amenity land, whole rural estates, commercial forestry and development plots:

- 75,891 assets are owned by a total of 2,718 community-controlled organisations in Scotland
- these have a combined value of £1.45bn
- these assets comprise 483,006 acres - 2.38% of Scotland's land area
- 2,740 assets are "community assets" (bring benefits to the whole community)
- combined value of these assets is £0.65bn

These transfers have unlocked community enterprise, encouraged volunteer commitment, helped utilise local knowledge, and allowed these organisations to attract the necessary capital investment to create a thriving community hub.

1. From *Community Ownership in Scotland: A baseline study*: COSS September 2012

Examples of asset transfer and community ownership

Boyndie Trust and Boyndie Visitors' Centre, Aberdeenshire



In 1999 The Boyndie Trust was formed, to take forward a multi-faceted plan to provide development and job coaching for adults with special needs, together with creation of employment for the area. In 2003, Aberdeenshire Council transferred a semi-derelict Victorian school building to the Boyndie Trust for the discount price of £1. Opened in 2004, the Trust has developed the building into the 4-star Boyndie Visitor Centre which attracts 45,000 visitors a year and is home to a range of successful enterprises including a destination restaurant, gift shop, garden centre, workshops, and office space for the Trust and another local charity.

These enterprises provide voluntary training opportunities for around 60 unemployed people, and paid employment for a further 30 people. Products from the workshops are sold on-site.

Ownership of the property, and widespread local engagement in fundraising enabled the Trust to lever in £600k from other sources to convert the building. Aberdeenshire Council did not include any clawback provision as part of the transfer agreement.

Around two thirds of the Trust's £300k annual income comes through the Centre's tills, the remaining third comes from a Service Level Agreement with Aberdeenshire Council for provision of services.

This is a good example of a surplus local authority asset being transferred to a rural development trust; underpinning successful and diverse enterprise development, improving the life chances of local people who are disadvantaged in the labour market, and enabling the development of a strong delivery partner for the council.

North Coast Connection and the Kyle Centre

North Coast Connection (NCC) formed as a community based charity in Tongue, Sutherland in 2011 when the community became aware that the local day care service which then operated at the Kyle Centre in Tongue was being reviewed and that the likely outcome of that review was that the service would not continue, at least in its current form. Following extensive community consultation NCC committed to look at new ways of delivering health and social care for all ages in the area, working with the community to do it. The group's presentation of its plans to representatives from Highland Council's

Social Work department was favourably received and in 2012 NCC opened its Health and Wellbeing Hub in the Kyle Centre following an asset transfer in to its ownership from Highland Council.

Within 12 months the Centre and the services it provided had changed and grown beyond recognition. Having employed three part-time staff and assisted by 24 volunteers the uptake of its core service had increased by 100%.

As well as maintaining the service for all those who previously came for day care and with many more folk from the community coming along to the lunch club, the Centre now hosts a variety of community activities including a newly formed mother and toddler group and a youth cafe. Improvements to the ground to the west of the building has enabled the erection of a poly tunnel as part of a garden project for all ages with further plans for the creation of outside social areas.



Plans to expand the building as a community hub and increase the activities available from three to five days a week are well underway with funding in place to improve the fabric and access to the building. This will allow greater flexibility in its use, increasing the range of activities on offer and the numbers who can attend and benefit from them.

NCC has also worked in partnership with service providers including local community transport scheme “Transport for Tongue” making sure users can access opportunities and a Service Level Agreement in place to deliver care services.

Marion Macdougall from North Coast Connection, said: “We are committed to maintaining the current service and also to opening up the Kyle Centre for all sections of the community. It will be a valuable resource, available for and bringing benefit to all ages. Acquiring the building and the land is the first step.”

Moffat CAN, Moffat

Moffat CAN (Carbon Neutral) is a community-owned company and charity established in 2009:

- to provide local jobs, work experience and training within the green sector, particularly for those facing barriers to employment.
- to promote environmental and sustainability awareness and engagement throughout the community.
- to provide sustainable, low-carbon products and services, with an emphasis on reducing carbon footprints.



The biggest “re-use” so far, came with the preservation of a derelict church previously used as a depot by the council but which was standing derelict. After ten years of failing to sell the building on the open market, the council voted to sell it to CAN for £1 in August 2009. The building has now been returned it to its former glory, back in use for community benefit as a base for Moffat CAN’s multiple projects and services. The surrounding one acre of land is used for community market garden and allotments for local food growing and Scotland’s first Aquaponics greenhouse.

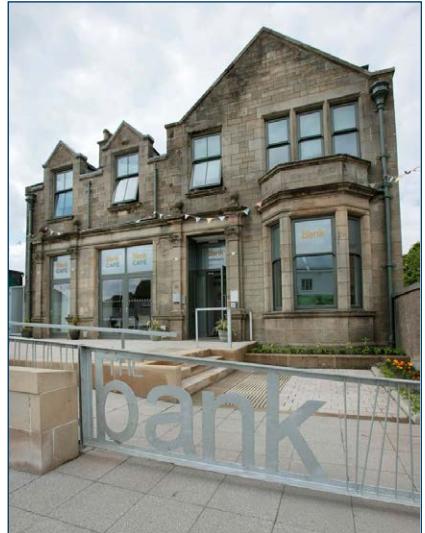
Examples of the wide array of projects Moffat CAN now run include: door step recycling (after council withdrew the service), computer re-furb, Moffat CAN Drive (access to car hire), gardening services, bike repair and hire, milk delivery, fresh vegetable delivery, furniture refurbishment and sale, small scale removals, PAT testing.

As well as providing local jobs there are plenty of opportunities for volunteering for all ages across all the projects. A good example of how ownership of a building has enabled a community to develop the identified aims of the community in to practical, beneficial solutions.

Neilston Development Trust, Neilston, East Renfrewshire

In 2004 “Neilston: Space to Live” was formed by the community to embark on a community-led, strategic plan for the village, one that would respect and cherish its identity while pressing for a better designed environment and sustainable future. The initial group was clear from the outset that the test of all its efforts would be any strategy’s fit with the planning system, and for that it needed the participation of the statutory authorities. Quite how that might happen was not clear but a start was made.

In the 10 years since, a transformation has taken place with many exciting developments including the production in 2009 of a Town Charter developed through working in partnership with others including the local authority, other agencies and groups both local and national . This Town Charter, reviewed during a Charette process in 2014, is about to be enshrined in the council’s Development Plan policies.



“Our ambition, we soon discovered, would not be realised in the pages of a design document, however creative, but by the building of new relationships with the council,

growing trust and collaboration among groups in the community, creating new structures of governance, developing capacity for the work we had given ourselves.”

(Pauline Gallagher, NDT “Neilston Going Places” Charette Report April 2014)

There were many important landmarks on the way including the incorporation of the group as Neilston Development Trust in 2006 to enable the successful take-over of the former bank building through Community Right to Buy. The process was hard both to get the building and to renovate it, but the community worked hard to make it happen. Eventually, almost exactly five years after it was purchased, and with the support of 11 funders, the Bank opened its doors in December 2011. It has proved to be all that was hoped and provides a base for the Trust with office and desk space to let over 7 days. There is also the ‘Bank Café’ run by a team of staff and volunteers, open five days a week, and available for parties and events. The cafe not only provides good food at reasonable prices but is also a “living room in the community”, a space for local people to come together to find out what is going on locally.

A major asset project for NDT was the joint-venture building of the £15.6m Neilston Community Windfarm in which it holds a 28% stake and which over its 25 year life will generate substantial income to support the long-term sustainability and development of the village, in local control.

What are the key challenges within the asset transfer process?

For communities:

Developing a sustainable proposition - questions that communities need to ask

- Identification of need- what are the needs and how do you know? This involves community consultation.
- Engaging the wider community - how to get “buy-in” from the wider community.
- Dealing with competing interests - what happens if other community groups are after the same property?
- Ensuring they are not taking on a liability - what is the condition of the building, can they bring in enough money to keep it going?
- Getting the business model right - what are the governance structures, is the business plan robust?
- Ensuring future sustainability of the project - how does the group ensure community support in to the future?
- Trust and flexibility - do all parties, within the community and local authority, trust each other enough to be flexible?

For local authorities:

- Balancing capital receipts versus added social value - this is a particular issue in urban areas.
- Balancing loss of control versus creating empowered communities.
- Ensuring the public pound is well spent - how do you know this transfer will be successful in the longer term; what if it doesn’t work out?
- Defining community particularly in an urban setting - is the geographical community easily identifiable; what about “communities of interest”?
- Resources available to support transfer - what support can be given from within the local authority - finance, legal, CLD, economic development? What support is available from other organisations?
- Trust and flexibility - do we trust each other enough to be flexible?

How can risk be managed in asset transfer?

As we have seen there are key challenges in the whole asset transfer process for all parties but these are challenges that can be managed.

An excellent guide, *Managing Risks in Asset Transfer*, was produced by the Department for Communities and Local Government: London in 2008 following the Quirke Review “Making Assets Work” and is available on the Community Ownership Support Service website. This guide was designed to help local authorities and community-based organisations manage and minimise the risks inherent in the transfer of land and property assets from the public to the community sector. It lists a number of common risks and sets out ways that these can be managed. This publication also states:

“It is important to remember that there will be risks inherent in all courses of action in relation to asset management. Not transferring an asset to a community-based organisation may mean that the local community risks missing out on the social, economic and environmental benefits that can result. Processes such as community engagement, undertaking ‘joined up’ reviews of assets and developing approaches for valuing social benefit can all contribute to clarifying the situation. They can help show that the transfer of public assets to community-based organisations can meet local needs and generate value for communities that justifies any risks involved.”

One of the key ways that the challenges and risks in asset transfer can all be managed is by ensuring that there is a clear asset transfer policy with detailed procedures in place to deal with these issues. Many local authorities have developed these policies and procedures already and examples are available on the Community Ownership Support Service website.

What is the role of elected members in the asset transfer process?

Elected members, as elected representatives within their communities, can play a central role in the asset transfer process. They can bring together their council, other statutory authorities, local voluntary and community groups, local businesses and other private landowners to build a constructive partnership, and by:

Being a critical friend to community groups and asking the difficult questions

- What do you want to do and why do you want to do it?
- Can you make it financially viable?
- Will the project be sustainable in to the future?

Ensuring policy and procedures are in place within the local authority and are working by asking the questions

- How are we as elected members together with officers engaging with all our local partners, including other public bodies, local voluntary and community organisations, local residents and local business to help map assets, appreciate their ambitions and capacity to have greater influence over local assets and understand the different tools to enable this to happen?
- Is our local authority making as much data as possible available about the local authority's assets, including annual energy costs, likely maintenance costs, and can we encourage other asset holders to do the same?
- Have we as elected members agreed a community asset transfer strategy that ensures consistent and fair access for voluntary and community organisations?
- Have we established a single gateway in to the council on community asset issues?
- Does our local authority offer support to community organisations to develop viable business plans to underpin the efficient and effective ownership and management of community assets?
- Do our local authority officers have the skills and capacity to appraise business plans produced by community enterprises?
- Do we know what support is available to help community groups in the asset transfer process both within the council and from outside organisations?
- Are the local authority's legal team involved at an early stage of discussions about community asset transfer and acquisition to facilitate the process?

Key messages

- The transfer of assets into community ownership can empower these communities, enable services to be delivered in the best way and ensure sustainability into the future.
- Elected members need to be clear what its local authority's policy is on asset transfer and ensure that there are transparent procedures in place to facilitate this.
- Elected members can play a very important role in this process by acting as a link between both parties, encouraging community groups to think through all aspects of an asset transfer request and help to manage expectation.
- There is support available to both communities and local authorities to deal with all aspects of asset transfer and community ownership through the Community Ownership Support Service.

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