COMMUNITY OWNERSHIP SUPPORT SERVICE
Development Trusts Association Scotland

6

MODULE SIX: ASSET MANAGEMENT

COMMUNITY ASSET TRANSFER

SIX

www.dtascommunityownership.org.uk

The Scottish Government
Riaghaltas na h-Alba

The Community Ownership Support Service is funded by the Scottish Government to support the transfer of assets into community ownership. This advisor-led service provides advice and support on every stage of the asset transfer journey.

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► 1.3 Summary

This module aims to provide an introduction to running an asset effectively post-acquisition. It considers key issues such as premises management, maintenance and use, financial controls and sustainability, risk management, social value and good environmental practice. It relates strongly to the previous modules in this programme, which contain information to ensure that once you take control of the asset, regardless of tenure, you will be in a strong position to manage it successfully.

► 1.4 Asset ownership overview

Taking on the management or ownership of an asset is a significant undertaking and it's important that organisations don't underestimate the scale and level of responsibility involved, and that they have (or have planned how to acquire) the necessary skills and expertise for running the particular asset in question.

Organisations take on assets for all kinds of reasons, but once they decide to do so, it's imperative, as earlier modules of this programme have shown, that they have:

- a clear idea of how the asset fits with their wider aims and objectives
- a robust business plan
- excellent financial information, systems and controls
- support from their community and other stakeholders
- strong governance and leadership

and that they understand how the asset will contribute to both organisational sustainability and community wellbeing.

For whatever reason an organisation takes on an asset, they must ensure that it is sustainable, and in most cases, this will require the land or buildings to have a commercial as well as community benefit function. There is often an inherent tension between these two facets, and it's important that before taking on an asset (as well as during your tenure) your board, members and community understand the need for commercial activity, and are in agreement with the delivery of this.

Organisations may hold assets with different forms of tenure with the Community Empowerment (Scotland) Act 2015 giving communities the right to request the transfer of publicly held assets on the basis of management, lease or ownership. COSS believes ownership to be the preferred ultimate option for most communities. For the purposes of this module, we will use 'ownership' to cover all tenure types, unless stated otherwise.

The form of tenure, reasons for ownership, and operational model will all impact on the level of risk an organisation is taking, and, along with the type of asset, may be a major consideration for how they use the asset. However, the underlying principle for all tenures and operating models remains 'viability not liability'.

SECTION 2: Management and Maintenance of Assets

2.1 Facilities management overview

There are two strands of activities which are essential to the effective running of an asset: the management and maintenance of the physical asset, and the management of the uses made of it. Together, these can be broadly classified as 'facilities management'.

Underpinning both strands is a robust organisation which has the necessary skills and experience to run the asset in line with the business plan. This ensures there are clearly understood decision-making processes, good governance and leadership, financial literacy, and strong relationships with the local community and other stakeholders.

Fig 2.1: Facilities management

These activities can be broken down into tasks, as shown in Table 2.1

Table 2.1: Facilities Management tasks

Facilities Management	
Activity	**Potential tasks**
Strategic Facilities Management	Property policies – who may rent or use an asset and on what terms Strategic asset management – how the asset delivers against key objectives Capital management – managing the investment in the property Corporate landlord responsibilities – insurance, statutory compliances Business risks and continuity – making sure the bills are paid and that the land/ building remains usable
Site Maintenance and Management	Assign an officer in charge of/responsible for key functions of: • Fire prevention and health and safety • Grounds maintenance • Security • Health and safety compliance • Parking
Building Maintenance	Repairs and planning upgrades Cyclical and preventive maintenance
Contractor/ Staff/Volunteer Management	Negotiating contracts with sub-contractors Management of services provided by staff, volunteers and third parties in respect of: • Cleaning • Catering • Grounds maintenance • Security • Repairs

Source: Hart, Lorraine (2010). To Have and To Hold, The Development Trusts Association guide to asset development for community and social enterprises (second edition).

The volume of these tasks will vary from asset to asset, depending on its size and complexity, although all the activities will require some degree of administration. How the activities are delivered is for organisations to decide. This is based on secured funding, likely income and the scale of the asset and its services. Some asset-based projects may generate sufficient income to employ staff, or contractors, whilst others may rely on volunteers, or get existing staff to take on some of these responsibilities. It is crucial, however, that everyone understands who is responsible for what, and how decisions are made.

▸ 2.2 Strategic facilities management

Every asset, however acquired, and with whatever tenure, will be linked to a series of project objectives, as well as needing to deliver against the aims and objects of the owning organisation, the needs of the community, and the requirements of funders, transferring bodies and other stakeholders. The project objects may be to save a building or land, to generate just enough income to keep it open, to deliver services, to be the trigger for wider regeneration, or to generate a revenue surplus that can be used for other purposes – or a combination of these.

It is important to see all that you do through the filters of viability – whether the asset will generate the financial resources to stay open, in good condition, and delivering the objects – and sustainability – whether the organisation, asset and services are run effectively. Good strategic planning will go a long way to helping with both these things, as well as providing a way of regularly checking that the asset is, in fact, achieving its purpose(s).

▸ 2.2.1 Property use policies

When they make the building available for use, asset owners must protect their own interests as well as those of others. There will be different responsibilities for different assets, and different service user groups and customers, but it is vital to be clear about any terms of use, so that users of the asset have clear and realistic expectations. This will require formal arrangements, such as licences, sub-leases, or hiring agreements, the exact form of which will be situation specific (and it is crucial that before offering sub-leases or other long-term forms of space rental, the building owners understand any limitations on this as a condition of their funding or asset acquisition process).

But there are strategic issues too: to whom will you rent space, and on what terms? What will you charge? Will there be variable rates? On what basis? If there are fees for services, or room use, how will you ensure that you don’t discriminate by excluding those who can’t pay? How will you make the match between covering costs (or generating a surplus if that is one of the objects), meeting community needs, and (if you are a charity) any public benefit requirements?

And how will you explain your decision-making to your stakeholders?

These are policy decisions which the board (and potentially the membership) will have to make. There is no single right or wrong answer to any of the issues – they are very much asset and community specific. What matters, however, is that any decisions and policies will allow the objects (which should have been agreed with the community during the development phase) to be delivered, and will contribute to the sustainability and viability of the asset. Organisations should be transparent and honest with their users and wider stakeholders about why they have chosen the policies they have.

► 2.2.2 Strategic asset management

"Strategic asset management is the activity that seeks to align the asset base with the organisation's corporate goals and objectives."[1]

In the context of community assets, this can be read as ensuring that the asset is delivering against the objects of the project, the aims of the owning organisation, and the needs of the community and other stakeholders – all within the framework of viability and sustainability.

Having this strategic framework for them will allow an organisation to:

- be clear about how well the asset is delivering against the objectives set out for it
- take into account projected costs for the asset
- plan for the future, including identifying when additional resourcing will be necessary, and where this is expected to come from
- give consideration to the disposal of the asset[1]

Once the strategic framework is clear, it would be worth giving some thought to an asset management plan for the asset (one plan per asset is the best approach) covering:

- operations
- maintenance
- funding
- risk assessment and management
- disposal

As you will see, this module actually provides the key information for all of these elements.

[1]Whilst it may seem pessimistic or negative to consider such things in the early days of ownership, some consideration should be given to the disposal of assets, even if only to identify clearly the circumstances in which this might be necessary (for financial reasons, or because the asset no longer serves its purpose) or optimal (because, for example, the money raised could be better used to delivery community need or to invest in a new building or service). It is important that organisations understand any limitations on asset disposal from funders or transferring bodies.

[1]RICS, Public Sector Asset Management Guidelines

2.2.3 Capital management

Capital management is described by the Business Dictionary as "an accounting strategy which strives to maintain sufficient and equal levels of working capital, current assets, and current liabilities".

In simpler terms, it's a careful analysis of how each component, enterprise or service of the asset is managed in order to make it as efficient and cost-effective as possible, and wherever possible to increase earnings.

The focus should be on the key areas of operation, and should be used to identify redundant activity, and, more importantly, good enterprises, with the aim of reducing the former and building on the latter.

Capital management complements an organisation's asset management strategy, and plays a key role in helping identify the phasing of investment (both in expenditure and income terms) whether that is the organisation's own resources or external funding such as grants. Clearly, in the early days, some of this may well be informed by the 'milestones' required by any grant funding you have received, so it's important that board members are clear on what these are.

2.2.4 Whole life costing

Decisions and actions about all the strategic management processes can be made with more confidence if the organisation understands the likely whole life costs of the asset (although there can still be unexpected costs or developments) and any likely key building costs. Locality (one of DTAS's sister organisations) has developed the Building Calculator to assist organisations with this process. Whilst it is beneficial to use the tool before acquisition, it can be helpful at almost any stage https://www.buildingcalculator.org.uk/lifecycle-costing

2.3 Maintenance and repairs

2.3.1 The importance of regular maintenance

Whilst the cost of acquiring and/or improving an asset can be high, the cost of running and maintaining a building or land over many years can be far higher. It is very easy to neglect assets, or to pay little or no attention to them until something goes wrong – but once they start to deteriorate, they do so very quickly, and putting them right can be very expensive. It's far better to ensure regular inspection, and to maintain your asset to a high standard from the outset. Clearly there are resource implications for this, both financial and human, and they should be factored into your financial projections and business practices.

It isn't just the direct cost of major repairs that makes maintaining your asset good practice. Tenants and users will quickly stop using (and either paying for or benefitting from) land and buildings that are neglected, dirty, outdated or otherwise not fit for purpose.

Building maintenance falls into two main categories: cyclical maintenance (that is things like making sure the boiler is serviced), and repairs and planned upgrades. Repair costs can be minimised (although not avoided entirely) by undertaking regular checks and inspections. Planned upgrades need to be factored into your asset management and capital programme management strategies.

Whilst the detail of maintenance and inspection will vary from asset to asset, a checklist of the issues that may apply can be found in Appendix I.

► 2.4: Facilities management checklists

It is worth taking time to think through – and regularly review – these activities, and their delivery, in detail. The following checklists[2] will help you do that, and also highlight the kinds of capabilities the organisation owning the asset will need in order to run it successfully. The checklists can be used as part of the overall project management for the asset.

Table 2.2: Management and maintenance of the physical asset

Task	Decisions required			
	What is required	**Who will arrange it**	**Who will do it**	**Staff, volunteer or contractor**
Cleaning For example: Development of specifications and contractor/employee supervision				
Gardening For example: Develop specifications and approved contractors for work Supervision of contractors/employees				
Cyclical maintenance For example: Development of specifications and approved contractors for work Supervision of contractors/employees				
Health and Safety For example: Development of risk assessments and policy Inspections				
Repairs and renewals For example: Development of specifications Approved contractors for work				
Security For example: Development of specifications and employee/contractor supervision				

[2]Hart, Lorraine, To Have and To Hold, 2010, Development Trusts Association

Rates For example: Registration of property Payments				
Utilities, fire, and health and safety compliance For example: Certification and inspections Development of specifications				
Administration For example: Dealing with correspondence related to maintenance activities, complaints, etc Keeping records, collecting monitoring information				
Other				

Table 2.3: Managing the use of the asset

Task	Decisions required			
	What is required	Who will arrange it	Who will do it	Staff, volunteer or contractor
Insurance (land/buildings/public liability/ employers' liability/contents) For example: Develop specifications, inventories, risk assessments Negotiate and secure cover Renew				
Marketing/letting space For example: Preparation and agreement of terms of tenancies or leases Development of booking and hiring policies and prices Specifications of service contracts				
Promotion/publicity For example: Development and production of publicity materials Managing social media/websites				
Tenants' liaison For example: Support programmes – individual support to tenants on workspace or housing lettings and management issues Inspections Credit control Liaison over repairs/improvements				
Administration For example: Determining hire rates of hall or other spaces/service charges Managing booking systems Credit control Collecting monitoring information – building users, number of enterprises or local projects supported etc				
Other				

Table 2.4: Managing the organisation responsible for the asset

Task	Decisions required			
	What is required	Who will arrange it	Who will do it	Staff, volunteer or contractor
Management of staff Development of contracts and supervision and management of processes				
Management of contractors Development of contracts and supervision and management of processes				
Governance of the organisation For example: Developing a skilled board of trustees, with the relevant experience and knowledge, including enterprise and finance Developing and maintaining an engaged membership				
Administration Maintaining communications (IT, telephone etc), Company and charity reporting Dealing with correspondence etc				
Financial administration For example: Collecting rents and other income, bookkeeping, administering expenditure and income, audit and reporting/accounting for grants, loans etc Developing robust financial processes and ensuring they are adhered to				
Legal compliance For example: Health and safety as an employer, VAT/ company/charity annual returns etc				
Management of projects Projects made possible by other fundraising or income generating from assets				
Record keeping, impact monitoring Keeping records and collecting monitoring information				
Other				

Every organisation that has tenure of an asset, whether through an asset transfer or not, must consider in detail activities which carry specific legal responsibilities. There is an overview in Table 2.5, but organisations should seek expert advice on specific issues when necessary.

Table 2.5: Legal considerations

Legal area	Issues and potential actions
Licensing	The use of assets and equipment associated with them may be subject to specific licensing laws and agreements. Examples of such licensing requirements relevant to facilities management include the serving of alcohol and playing of music. It is not solely the individual users of assets who need to obtain licenses and permissions but the building owners and managers who, under their duty of care responsibility, will require written evidence that licensing laws are being adhered to by tenants. Further information can be found at https://www.mygov.scot/business-licences/
Health and safety	All workplaces and managed facilities must adhere to health and safety legislation such as the Health and Safety at Work Act (1974), and to additional regulations covering first aid, hazardous substances and fire safety. Adherence requires regular inspections, risk assessments, formal reporting systems and evidence that staff, volunteers and users of the facility are informed about policies and practices. Further information may be obtained from www.hseni.gov.uk/
Fire precautions	In Scotland, these are covered by the Fire (Scotland) Act 2005, supported by the Fire Safety (Scotland) Regulations of 2006. The fire safety regime requires persons with responsibilities for premises to ensure the safety of others by putting in place appropriate fire safety measures as indicated by a risk assessment. Responsibility for fire safety is in direct proportion to your level of control over the premises, and more than one person can have fire safety responsibilities. For example, a landlord, tenant or contractor could each have responsibilities, and are required to act in a co-ordinated and co-operative fashion. Employers always retain responsibility for the safety of their employees. More information can be found here http://www.gov.scot/Topics/Justice/policies/police-fire-rescue/fire/FireLaw
Children and vulnerable adults	There are very specific requirements about working with, and providing space for, these users. Advice should always be sought. Information on the Scottish ‘Protecting Vulnerable Groups’ scheme can be found here https://www.mygov.scot/pvg-scheme/ Further information is available from Disclosure Scotland https://www.mygov.scot/organisations/disclosure-scotland/
Disability and access	Access to buildings and services for people with disabilities are covered by both reserved and devolved legislation, and is also a matter of good practice. Disability Information Scotland provide a range of resources and guidance http://www.disabilityscot.org.uk/
Insurance	It is essential that an organisation is insured for the building in which it operates and also for the activity it undertakes within the building. Examples include buildings and contents, employers’ liability, professional indemnity and business continuity insurance etc.
Formal agreements with users of the asset	When an asset is made available to use, the asset owners need to protect their own and others’ interests. The arising responsibilities will largely depend on the nature of the asset and its intended use. Regardless of the exact nature of the asset it is important to manage the expectations of the users and to be clear about the terms in which their use is made possible. The formal setting out of agreed usage terms can take the form of a lease, licence or hire agreement. The type of agreement that is entered into will be determined by the nature of the asset, the legal structure or the organisation managing/owning it and the conditions under which it is allowed to make the asset available to others.

► SECTION 3: Environmental Management

► 3.1 Environmental management overview

Organisations may wish to minimise the impact of their buildings and land on their environment for a range of reasons: principle, or because environmental concerns are part of their objectives; legislative; to access funding; and/or to save money on the cost of running the assets. In the context of environmental good practice, it's worth remembering that the approach to asset development which has the lowest environmental impact is to re-use or re-purpose what is already there. This may not, of course, always be possible.

Even where it is not, prior to taking on the asset, organisations should have factored opportunities to reduce environmental impact into all possible decisions. Module 3 'Business Planning' contains information on how to factor environmental impact into the development from the planning stage onwards.

Once they are in possession of the asset, organisations may take a number of steps and actions to reduce their environmental impact, and to consider how to support their community to do likewise. A proportionate response, depending on the size of the organisation and the scale and complexity of the asset can be considered, from developing and implementing policy statements, to education, to waste management and energy saving, through to a full environmental management system.

► 3.2 Making assets greener

In addition to thinking about how to use resources responsibly in your asset, there are a number of structural ways to improve its environmental performance. As with all other matters, what is possible, or even reasonable, will vary from asset to asset – for example, it's easier to fit some systems, when you are redeveloping a building, than others – and may well depend on what funding is available at any given time.

The Green Asset Guide[3] provides a plethora of useful information on 'greening' both physical assets and the way in which they are used. In Scotland, Keep Scotland Beautiful has a number of programmes and initiatives which support communities, community anchors and others with assets to reduce their carbon footprint and to take other actions to reduce their environmental impact: https://www.keepscotlandbeautiful.org/sustainability-climate-change/climate-challenge-fund/climate-change-engagement/

► 3.3 Developing an environmental impact policy

Even small organisations and assets will, to one degree or another, engage in activities that may have a negative environmental impact. Developing a policy allows an organisation to identify these areas and to agree how to address them. It can help reduce harmful and wasteful practices, and may well help asset owners save money or find more efficient ways of working.

As with any policy, don't just write it and hide it away in a drawer: policies are guidance as to how the asset is run, and the way it is used, and should be widely promoted and known to everyone involved. As with all other aspects of the performance of the asset, environmental impact actions should be regularly monitored and updated, amended or reinforced as needed.

[3]Garner, Harold & Hart, Lorraine (2007). The Green Asset Guide, Help with improving the environmental performance of built assets http://locality.org.uk/resources/green-asset-guide/

Fig 3.1: Steps to creating an environmental impact policy

Step 1 Identify current activities that impact on the environment. Try doing this by asking questions, for example:					
Do we use a lot of water?	Do we use a lot of energy?	Do we travel a lot in cars?	Do we have a lot of waste?	Do we use land in a damaging way?	How do products we buy and use impact on the environment?
Step 2 Discuss and agree actions to reduce your impact					
Reduce water use Examples: Installing water saving taps Having rainwater butts for garden use Mending dripping taps, or broken toilet cisterns	Use less energy Examples: Having lights on sensors Turning lights off Turning off computers and appliances every night Having an energy audit annually If leasing, persuading the owners to install energy saving measures	Reduce car dependency Examples: Holding meetings that fit with bus times Encouraging cycling, including paying a mileage allowance Co-ordinating car sharing	Minimise waste and recycle more Examples: Buying products with less packaging Buying goods that are recycled Buying locally	Manage our land as sustainably as possible Examples: Reduce or eliminate chemical controls Composting Not using peat-based products Encouraging wildlife	Buy less, and buy products that have as little impact as possible Examples: Reduce the amount of paper we use by printing double-sided. Buy locally Buy recycled goods Repair goods wherever possible
Step 3 Use your list of agreed actions to create positive statements which will form the 'headings' of your policy. Promote the policy widely! Raise awareness of what you are doing, and why					
We will seek to minimise the use of energy and water in every area of our activities	We will seek to reduce our use of fossil fuels	We will actively promote public transport use	We will seek to minimise the amount of waste we generate. We will promote re-use and recycling wherever possible	In our land management, we will take opportunities to enhance wildlife and the natural environment	We will ensure that all our members are familiar with this policy and have the chance to find out more about environmental good practice

Consider including a commitment to continually improving environmental performance.

Explain how you will be monitoring the policy.

The 'Brighter Futures Together' toolkit, produced by the Sustainable Communities North East Initiative (SCNEI) contains a number of useful factsheets on the different elements of an environmental impact policy www.brighterfuturestogether.co.uk

3.4 Environmental Management Systems

Environmental Management Systems (EMS) are designed to enable organisations to target, achieve and demonstrate continuous improvement in environmental performance, as one integrated management system. EMS should provide clear environmental objectives and targets, procedures and practices, roles and responsibilities. They work towards reducing negative, and enhancing positive, effects. An EMS covers all activities, which are documented (including policies and procedures) so that actions can be traced and audited.

Although it is customary for just one person to take the lead on ensuring implementation, developing staff understanding and training should be included to ensure that everyone 'buys-in' to the delivery of the EMS.

The concept behind an EMS is a loop of continuous improvement, and the audit is used to periodically check compliance with the legislation, policy and objectives, and to test the efficiency of the system itself.

The key elements of an EMS are:

- Production of an Environmental Policy which makes a commitment to continual improvement in performance
- Implementation of an Environmental Review, which describes the current position, documents current practice, and identifies any non-compliance with the policy or legislative requirements
- Establishment of an Environmental Programme, reflecting the policy, which defines targets, action, staff resources and responsibilities
- Development of an Environmental Management System which includes procedures, controls, data collection, monitoring, manuals, documentation and training
- Implementation of periodic Environmental Audits
- Preparation and publication of an Environmental Statement
- Independent validation (through verification or certification) of all the above elements

In the UK, EMS are voluntary, although there are a number of standards and schemes relating to them. The two main standards are the British Standard Institute's BS7750 (Specification for Environmental Management Systems) and the International Standards Organisation's ISO 14000 range (Environmental Management Systems). The two main schemes are The Eco-Management and Audit Scheme (EMAS) (limited to light industrial manufacturers), while the adaptation of this scheme into the Eco-Management and Audit Scheme is developed by the UK government for application in the public sector, for the majority of community assets, ISO 14001 is the model.

Overview of ISO 14001

There are a number of steps associated with the development and implementation of an effective EMS. The checklist below can be used to guide an organisation through the initial stages, and is a useful environmental management tool regardless of whether or not the organisation decides to proceed with the formal certification route.

Fig 3.2: EMS development and implementation

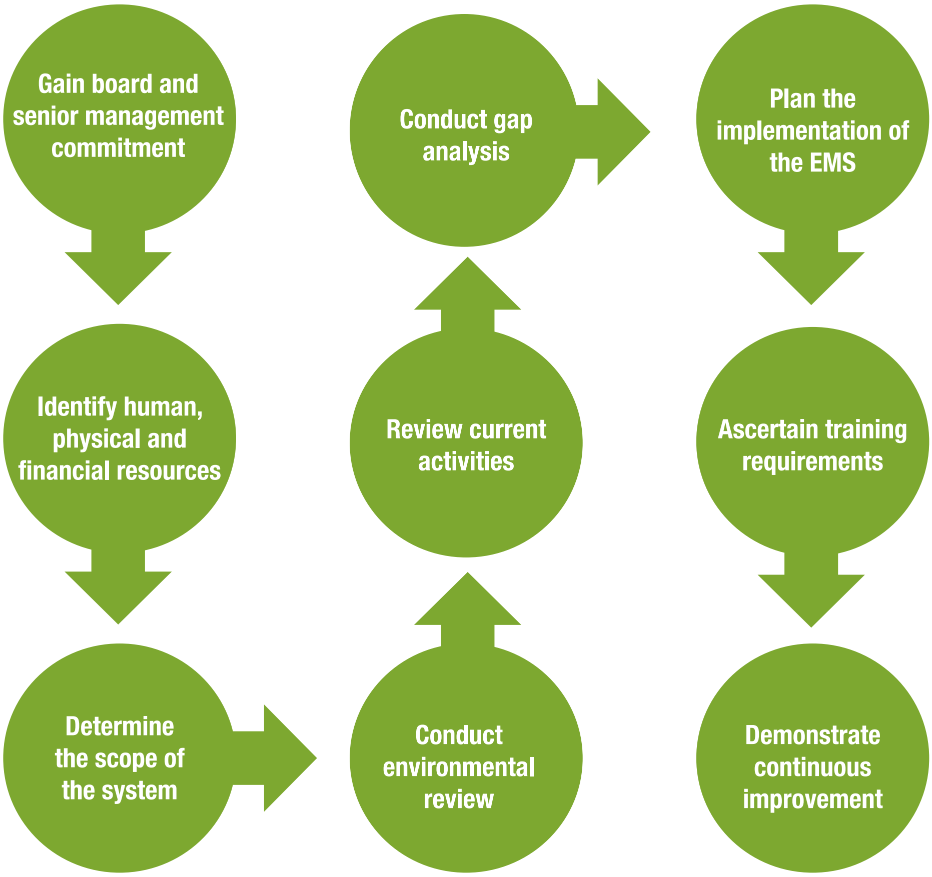


Fig 3.3: Benefits of an EMS

Promoting a positive image with stakeholders, customers and employees	Meeting legal environmental requirements	Lowering costs through reducing consumption and waste production
Improving environmental performance, reducing environmental impact and controlling environmental risk	Retaining environmental knowledge and ensuring information is effectively communicated	Committing to social responsibilities
Achieving environmental policy requirements and other commitments	Increased demand for services and products through a marketing advantage	Scoring well in some tender for contract work

► SECTION 4: Risk Management

► 4.1 What is risk?

Risk can be defined as 'the likelihood of an event or circumstance that has a negative effect'. In the context of community-owned assets, the majority of risks are likely to relate to the enterprise activity that takes place in the building, and therefore to the financial stability of the owning organisation.

It is important to understand that

- Risk is an inherent part of business or enterprise activity
- Elimination of all risk is not realistic, or even possible
- Risks need to be managed
- Organisations who practise good risk management are more likely to survive and thrive

It is vital, however, that when an organisation is considering the acquisition of an asset, it weighs up the real likelihood of risks occurring, and determines realistically whether they can be mitigated, and if so, how.

When working out the level of risk, the following formula is useful:

RISK = LIKELIHOOD x IMPACT

► 4.2 Common risk categories

The most common risk categories (for any organisation or business) are:

- Strategic – relating to your objectives
- Compliance – with laws, regulations, standards, codes of practice
- Financial – financial transactions, systems and processes
- Operational – operational and administrative procedures, including health and safety
- Environmental – not in the green sense, but relating to external events over which you have little control
- Reputational – both services and business depend on you having a good reputation and goodwill amongst stakeholders

Use the table overleaf (which is not a risk register, but an exercise to get you thinking) to identify a key risk for each common category in relation to your asset and its enterprise activity

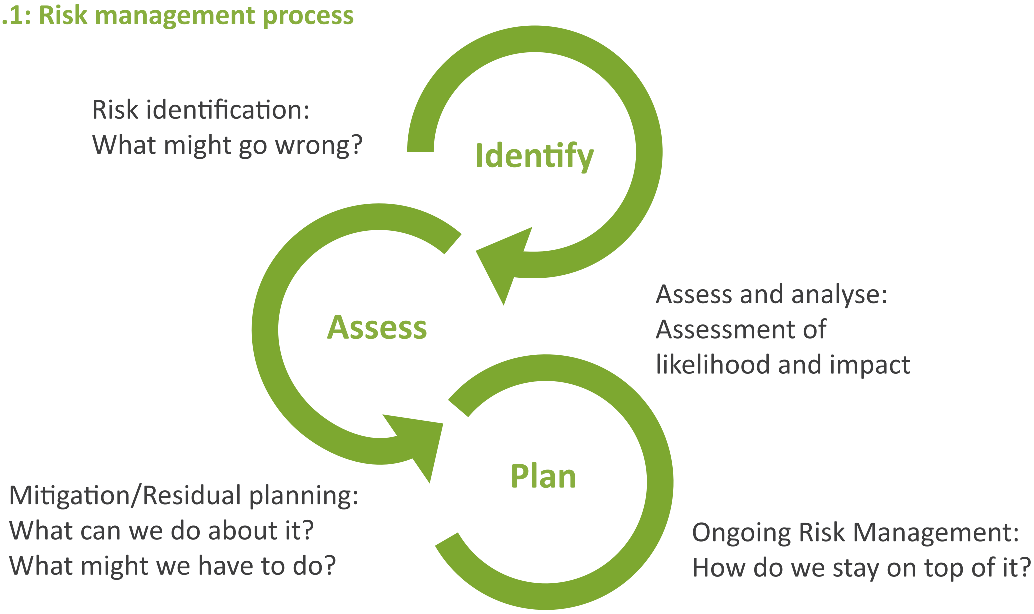
Table 4.1: Risk identification

Risk category	Risk	Action required	By whom	By when	Approximate cost
Strategic					
Compliance					
Financial					
Operational					
Environmental					
Reputational					

▸ 4.3 Risk management

Because risks can't be eliminated, they need to be managed, and a plan developed to deal with risk.

Fig 4.1: Risk management process



Source: pmis consulting www.pmis-consulting.com

Risk management should be led from the top. Boards and (where it exists) senior management should work together to embed awareness of current and emerging risks throughout the organisation. Organisations should develop a risk management plan.

► 4.4 Risk register/risk management plan

Your risk management plan (often referred to as a 'risk register') should detail strategies for dealing with, or mitigating, the risks you identify. It is worth spending time and resources on the risk register to reduce the likelihood of an incident affecting your business or asset.

A risk management plan shouldn't be intimidating or even overly complicated. It needs to set out how the organisation plans to manage each of the risks identified, so they focus resources where it matters. A good risk management plan will help boards and managers make better decisions and react more quickly if there is need.

Taking on an asset, even if an organisation has others, should be seen as an opportunity to develop or review your risk register. The key elements of a risk register are:

- Identify the main risk facing the organisation/asset
- Assess the likelihood and impact of a threat on a scale of 1 – 5
- Detail a strategy for mitigation/management of the risk
- Re-assess the risk to show the residual risk
- Develop a contingency plan or action

If both likelihood and impact are scored on a 1 – 5 scale, the maximum score the formula (likelihood x impact) allows is 25. If a score of 25 is recorded, immediate measures to manage the risk should be put into place. If the proposed asset has a large number of risks all scoring highly, it may be necessary to rethink your plans.

More information on risk registers and risk mitigation can be found in Module 3, Business Planning, and there is a template risk register in Table 4.2 which you may find useful.

Table 4.2: Risk register – use this template to start to compile a risk register and develop a risk management plan for your asset. Add more rows if necessary

No	Risk owner	Date identified	Last updated	Description

	Likelihood 1 – 5	Impact 1 – 5	Bearer	Proposed counter-measures	Financial impact	Residual risk 1 – 5	Contingency plan	Date of last review

▸ 4.5 Risk mitigation

There are a number of ways in which risk can be addressed or mitigated against.

Fig 4.2: Risk mitigation

TERMINATE
Whilst it isn't possible to avoid risk, some risks can be eliminated.
If, however, there are significant risks which cannot be managed or mitigated, serious consideration must be given to terminating the project, or the element which is of concern

TRANSFER
Remove the risk by making someone else accountable for its management, through contracts or financial measures such as insurance

TREAT
Lessen the likelihood or impact through preventative measures

TOLERATE
Tolerate the risk as being either an opportunity worth pursuing or a threat with an acceptable impact or likelihood, such that no further action is required

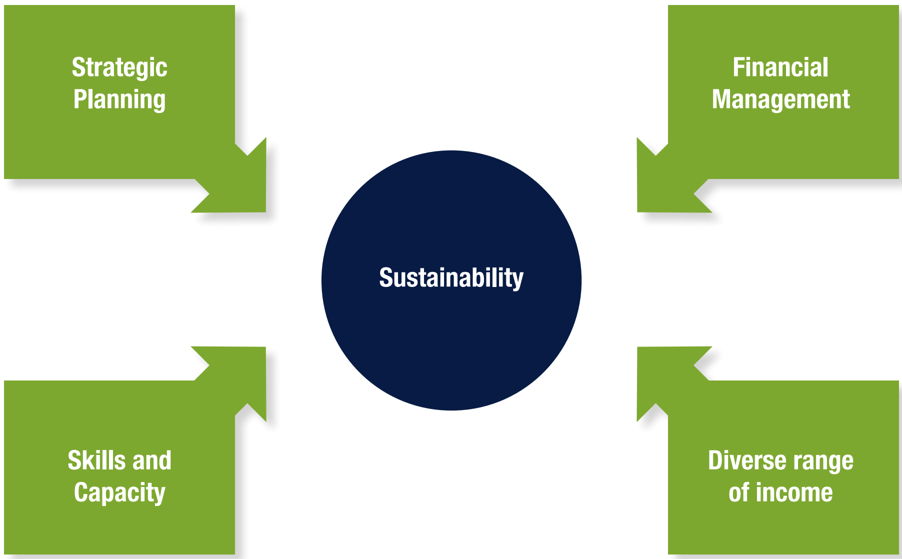
► 5.1 Long-term sustainability overview

Often third-sector organisations take on assets as a way of increasing the sustainability of both the organisation itself, and, more importantly, their key services, by reducing their dependence on grants. Even where this isn't a primary motivation, perhaps for organisations who take on assets to avoid them being demolished or redeveloped inappropriately, there will still be a need to find (and probably earn) money to keep those assets in good condition.

There are four key areas that are critical in ensuring that an organisation is sustainable in the long term:

- Strategic planning
- An understanding of diverse and durable income streams
- Organisational skills and capacity building
- A sound understanding of financial management

Fig 5.1: Key components for sustainability



▶ 5.2 Strategic planning

A robust strategic plan with a clear vision for the use of the asset should be developed and implemented. It is essential that everyone in the organisation is working to the same vision and goals. The acquisition of an asset, if well managed, should provide an opportunity for growth within the organisation. Any growth plans should be incorporated into the strategic, operational, and business plans for the organisation as a whole.

There are two types of growth: internal and external. If you are planning either, it’s essential to ensure that any opportunities are measured against the aims and objectives of the organisation; that growth is planned and resourced adequately; and that the impacts, as well as the benefits, to the rest of the services and enterprises are carefully considered before a decision is made.

▶ 5.2.1 Internal growth

This type of growth is more common with third-sector organisations and involves maximising the output within the context or practices of the current operation. For example, a training organisation could add an additional IT course to its existing portfolio. It could further diversify and offer personal development support and training, or target a new client group such as older women. This type of diversification is still counted as internal growth.

Table 5.1: Advantages and disadvantages of an internal growth strategy

Advantages	Disadvantages
It takes place in stages	Can be a lower rate of return
It is more manageable	Using limited capacity or capabilities
Existing resources can be deployed initially	This may impact on existing delivery
It has a lower level of investment	Slow rate of growth
It can be less risky	Risk of organisation not changing or adapting to accommodate growth
More control is retained	Staff may be resistant to doing more

▶ 5.2.2 External growth

External growth is most commonly defined as the ‘taking over’ or acquiring a new business. This is entirely feasible for community enterprises, and the acquisition of an asset can provide a good opportunity. It is potentially a higher-risk strategy, and would need strong business and strategic plans, and buy-in from both the board and senior staff.

There are also opportunities for working in collaboration with other organisations; this is particularly true when it comes to tendering for contracts. Increasingly, contract opportunities are being offered at larger scale, or for wider geographic areas, and this can make it difficult for smaller organisations that are focused on a particular geographic community to tender successfully. Consortia can bid at a wider level, and member organisations can use their assets to deliver locally, which makes them attractive partners.

Increasingly, contract opportunities are being offered at larger scale, or for wider geographic areas, and this can be difficult for organisations that are focused on a particular geographic community to tender successfully.

Table 5.2: Advantages and disadvantages of an external growth strategy

Advantages	Disadvantages
Working collaboratively with others	Difference in values and cultures can be problematic
Sharing ideas	Challenges around leading change
Access to additional skills and expertise	Loss of control
Shared risk	Shared return
Opportunity to scale	Impact of failure, particularly if investment is high
Wider opportunities for local economy	Operational challenges linked with rapid growth

5.3 Diversifying income streams

Increasingly, earned income is a vital part of any voluntary organisation's funding strategy and funding mix. In fact, since 2003/4, the UK voluntary sector has had more income through earning than through other sources such as grants and donations. The Scottish Council for Voluntary Organisations, SCVO notes

> *"Excluding housing associations,* **44% of the third sector's income in Scotland now comes from selling goods and services, totalling over £2billion every year.** *Three out of every five Scottish charities sell goods or services – anything from service charges, membership fees, ticket sales and rental income, to shop sales, café income and training fees."*[4]

Earning income isn't just a way to replace lost grants: as unrestricted funding, it gives community and voluntary organisations independence and the freedom to respond to community needs and aspirations when determining how they spend money.

In addition, earned income as one part of a funding mix means that organisations don't become dependent on a single funder – or indeed a single enterprise – with the risk that if this source of income stops, they can no longer survive. It is wise, therefore, to aim for a variety of stable income streams, supplemented by grants, donations and corporate support, as long as this is in line with the vision and mission.

There are two main sources of earned income available: trading (selling on the open market) and contracting (delivering goods and services under a contract with another body). Within each of these is a variety of options; which of them suits an organisation best will depend on a number of factors: the nature of the organisation, and its mission and objectives; the size and type of asset; the potential market(s); the customer base; the community and other stakeholders.

[4]https://scvo.org.uk/post/2017/05/09/new-uk-almanac-highlights-importance-of-earned-income

▸ 5.3.1 Trading

Trading is essentially charging for goods or services in order to generate income. Successful trading requires a development stage, and for organisations to be business-minded. The key to success is identifying a potential market and a product that people will purchase. Before starting, you need to consider things like assessing the viability of ideas, market research, piloting and evaluating. If, after this, an enterprise appears viable, then business development and planning, recruiting suitably skilled staff and, depending on the scale and type of activity, deciding whether it is necessary to create a trading subsidiary, and seeking expert advice where necessary must also happen.

Developing a trading idea will almost certainly require some level of investment, including funding to cashflow the early days, the potential purchase of equipment, staff training and changes in the financial processes of the organisation. There are a number of investors and funders who may give grants or loans for this development stage, and to cashflow the early operation of the enterprise. Community Shares may also be an option. If an organisation has reserves, they may feel this is a suitable use for some of them.

There can be a tension in community organisations deciding to trade; it's essential that boards and staff understand the need, and wholeheartedly support the idea, otherwise it is unlikely to ever get off the ground, let alone succeed. It may help if enterprise activity – at least to start with – is something that also contributes to the aims of the organisation. Even where this isn't possible, or if an organisation wants at a later date to move to unrelated trading, never get distracted from your core mission – all income is there to support this.

Trading isn't a quick fix that will provide an immediate influx of money! It can take months to get an enterprise from idea to reality, and it takes time to build capacity within an organisation, and to develop (or recruit) the right skills amongst staff and volunteers. Organisations may also need expert help on issues such as VAT, or broader tax implications.

Once you have started trading, it's essential to be sure that the enterprise is actually generating income. It should, at least, be breaking even if it is meeting a community need, but preferably making a surplus. It is not uncommon for groups to convince themselves that because they are selling something, or employing someone for a 'business', they are making money, when a careful reading of the accounts show the complete opposite. Financial systems should be set up which enable every individual enterprise to be scrutinised properly.

5.3.2 Procurement and contracting

Contracting is the process of entering into a legal agreement with a purchaser to provide goods or services.

This is a growing area of activity for many voluntary organisations, although the take-up rate varies widely. Some areas of work, such has health and social care, have been funded by contracts for a long time, but other types of service have been less commonly contracted, so organisations with specific areas of expertise benefit differently. Also, in reality, organisations that are successful in winning contracts tend to be larger and well-established, particularly as the size and scale of contracts increases. However, working in consortia or partnerships may provide a route for smaller organisations to engage with this area of work. Having a particular area of expertise, or being able to help those letting contracts deliver in communities they would find hard to 'reach' may also provide opportunities.

A major proportion of the third sector's contractual work is carried out on behalf of the public sector in the delivery of public services. Opportunities also exist to provide services under contract to private businesses or even other voluntary and community organisations.

A standard route to contracting is that a public-sector agency will put out an 'invitation to tender' (ITT) specifying what service it needs. If an organisation wishes to offer its services it will need to prepare a formal offer known as a tender which describes how it will deliver those services and what it will charge. Some public-sector agencies ask providers to complete a pre-qualification questionnaire (PQQ) before tendering.

Another option is to seek to turn an existing grant into a contract, particularly if a community organisation can negotiate a term longer than that of the grant (ie 3 years instead of year by year); the purchaser does not have to be the original grant giver.

Before deciding to enter into a contract, there needs to be a clear understanding of organisational capacity and skills (for tendering and delivery in the organisation that wins the contract), and clarity on what would be appropriate contracts to consider. This will depend on the vision, mission and values of the community organisation, and whether delivering a service under contract will help meet needs in the community it serves.

It's also important to remember that the public sector isn't a single entity; organisations should research the different departments and agencies, and what they contract for, and build relationships with those that provide the best fit.

Again, contracting is not a quick win; it needs strategic planning, possibly organisational change and capacity building work; staff training (or recruitment) for the tendering process; and, unfortunately, often the ability to cashflow the first quarter or more of any contract, as they are typically paid in arrears.

Bear in mind that contracts can be both difficult and expensive to get out of. If an organisation is successful in winning a contract, it should take expert advice on the terms, ensure that it is happy with the whole contract, and refuse to be pressured into signing something that has unreasonable criteria, or very low fees – if you're going to lose money, this isn't an enterprise activity.

▶ 5.3.3 Loans and other finance

Loans aren't an income stream, but a financial enabling tool which can be used to underpin enterprise development and delivery in a number of ways: improving cashflow, investment in organisational skills and capacity (to enable them to win a contract, for example), bridging gaps in contract or grant payments and spend, or an investment capital.

Clearly, loans require a firm grasp of business planning, and financial discipline, but they can be a useful part of an organisation's growth and income-generating strategy.

There has been a recent growth in the development of loan finance initiatives aimed at voluntary and community organisations. Loans are now available from both High Street banks and providers who have emerged specifically to meet the needs of the third sector, such as Charity Bank, Triodos, and, for Scotland specifically, Social Investment Scotland.

In general, they will only invest after careful assessment, and to organisations that they believe will be able to use and manage loans effectively. This process can be very useful in helping community organisations think through their ideas before proceeding.

Fig 5.2: Checklist for loan finance decision-making

Have you prepared a business plan?	●
Will the project make a surplus after loan repayments?	●
Will the project allow more beneficiaries to be helped?	●
Does your governing document give you the power to borrow and pledge assets? • If not, have you consulted The Scottish Charity Regulator (OSCR) and a solicitor to agree you can do so?	●
Is your board happy with the idea of using loan finance?	●
Are your staff?	●
Does your organisation have the expertise to manage a loan?	●
Is the board satisfied that repayments can be made?	●
Have you had discussions with lenders and identified a suitable one?	●
If the lender needs a charge on your asset: • Is this allowed under the terms of any asset transfer? • If there are grant funders or lenders for the asset, are they happy to permit this?	●
Have the board taken specialist advice on the terms of the loan?	●

Source: Community Impact Buckinghamshire

Community Shares

Community shares are a form of share capital which provides a way to attract investment for an enterprise. They are very different to the kind of shares that are common in private companies.

1. This type of share capital cannot be transferred between people. Instead, the society allows shareholders to withdraw their share capital, subject to terms and conditions that protect the society's financial security.
2. The value of shares is fixed and not subject to speculation, although some societies have the power to reduce share values if the society is experiencing financial difficulties.
3. Shareholders have only one vote, regardless of the size of their shareholding, so the society is democratic.
4. There is also a limit on the interest paid on share capital, based on the principle that interest should be no more than is sufficient to gain and retain investment.
5. Finally, the majority of societies are subject to an asset lock, which prevents the society being sold and the proceeds of the sale being distributed amongst shareholders.

Based on all these qualities, community shares are an ideal way for communities to invest in enterprises serving a community purpose and have been used to finance shops, pubs, community buildings, renewable energy initiatives, local food schemes, along with a host of other community based ventures.

Community Shares Scotland have a useful animation on how community shares work, and can provide further information, advice and support http://communitysharesscotland.org.uk/

5.4 Organisational capacity development

Acquiring an asset, regardless of the size of the organisation, and whether or not it has staff, will require different, and probably additional skills, knowledge and experience at all levels.

The terms 'capacity building' or 'capacity development' describe a range of activities you might use to expand your organisation or change direction. The United Nations has defined capacity as 'the ability of individuals, institutions, and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner.' That is the basis of any well-functioning organisation.

Capacity building can be challenging, and ideally an organisation will need to invest resources in assessing, and where necessary developing, the following areas.

The fundamentals

The mission statement should be examined periodically, to make sure that it is still fit for purpose. It asks two questions – of board, staff, volunteers, and members:

- Why are we here, what do we add that nobody else does?
- What do we think is the main purpose and function of our organisation?

Checking that the responses are still aligned with your mission and aims will help focus clearly on your purpose and ensure that the use you make of the asset is appropriate.

If there is a significant difference, and the role of the organisation has clearly changed over time, then taking time to rethink the mission and vision is sensible. It is often useful to have an external facilitator for this process.

5.4.1 Strategy and direction

A clearly defined mission and aims lead to a clear strategic direction – or, more simply, the activities that the organisation must deliver to achieve those aims. The strategy provides both a focus for decision-making, and a benchmark against which new enterprises, services or other projects should be measured.

5.4.2 Leadership capability

Leadership is best defined as the ability to motivate and inspire everyone in the organisation, so that staff, volunteers, members and stakeholders are working together to achieve clearly articulated aims. It also involves being accountable and responsible for the whole organisation.

Determining who is meant to be leading, and on what, can be a tricky proposition, particularly for smaller organisations without staff. In this case, the leadership falls to the board, and it's important that it can be distinguished from governance.

It is also important not to underestimate the significant cultural change involved in moving from an informal voluntary-led organisation to one that employs a team of staff, manages a significant asset and a portfolio of projects and activities. The step-up in scale and scope of activities brings with it new challenges, new ways of working and often a different team dynamic.

Adding staff into the mix also adds a new dynamic that requires careful management to ensure staff and volunteer roles and responsibilities are clearly defined. For board members this may require a move away from executive functions to a greater focus on their non-executive role, which can be challenging especially when it comes to 'letting go' of some of the day-to-day control to an executive staff team.

Module 5 'Governance and People' has more detail and ideas on this, and on building board capacity as a whole.

5.4.3 Staff and volunteer development

It's important to know what skills, knowledge and experience the organisation needs, both for its core functions and for managing the new asset successfully. It's a cliché to say that an organisation's biggest asset is its people, but it's true nonetheless. However, managing and motivating staff and volunteers can be easily overlooked when there are so many other pressing demands on an organisation.

But if talented staff and volunteers feel unappreciated, they will move to another job, taking their skills and knowledge capital away from your organisation. You will not just lose talent – you will also lose time, energy and productivity while you recruit and develop new people.

Research shows that talent can be nurtured by increasing the level of responsibility, degree of autonomy and span of control. All of these factors contribute to employee satisfaction and satisfied employees tend to be loyal and contribute more to their jobs.

Actions for staff and volunteer development

Asking the following questions will help you to build organisational capacity, retain vital staff and develop a succession plan for the future:

- Do you know the skills and experience of your staff and volunteers?
- Have you audited the range of skills that staff and volunteers have, and that they are willing to use for the organisation?
- Do you know the career aspirations and ambitions of staff and volunteers?
- Have you set up any mentoring, shadowing or development schemes that encourage people to develop?
- Does your culture support new learning?
- Do you know who is ready for more responsibility and/or promotion?

5.4.4 Human resources

Again, if you have no dedicated HR personnel, this role is likely to fall to the board. It is complex, and covers a whole range of responsibilities, beyond those legally required. HR is a part of all these areas of operation:

- Corporate governance
- Internal communications
- Social responsibility
- Staff and volunteer recruitment and retention
- Succession planning
- Training and mentoring
- Organisational efficiency

If you don't have HR experience amongst your board members, it would be wise to try to recruit someone with this skillset, or at the very least to ensure that you have access to someone with relevant experience and expertise to advise you. If the organisation's financial permission permits, there are specialist groups who provide HR services, help and advice for a fee.

5.4.5 Organisational culture

Whilst this can seem like a hugely daunting and complex area, there are straightforward steps that organisations can take to make sure that organisational culture aligns with the mission and values, and is a place that staff, members, users, volunteers and stakeholders can all engage with and feel valued.

It is worth considering an organisational audit, looking at your whole organisation from strategy to delivery, to help determine whether there is a need for change in any area of work. This is best done by asking an external organisational development expert to work with you. Local infrastructure and membership support bodies, such as the Development Trusts Association Scotland, or Community Woodlands Association, would be able to advise on this.

▶ 5.5 Financial management

It is important to understand the difference between financial management and financial systems:

Financial systems are the tasks and procedures by which an organisation processes its monetary transactions and creates its financial records.

Financial management is the use of this information as a management tool to help inform day-to-day running and future planning.

Both are crucial, and good financial systems are what underpins good financial management, which every community organisation, of whatever size, and no matter the terms of tenure of its asset must value and practise.

Good financial systems should be workable, tailored for the organisation, able to accommodate change as it happens. Organisations need clear policies and procedures, which cover everything from managing day-to-day cashflow to ensuring the organisation is fully and properly paid for the work that it does (achieving what is called 'full-cost recovery').

All staff and trustees (not just those directly responsible for finance) should understand the basic financial procedures, and at least some trustees should be fully financially literate, and have a detailed understanding of the financial operation and position of the organisation at all times.

As the financial position can be a key marker of organisational health, finance staff should ideally be involved in the wider planning processes of the organisation. This is perhaps particularly true where organisations have a part-time or volunteer finance worker.

Effective financial systems and management are absolutely crucial to the sustainability of the asset and the organisation. Table 5.3 highlights some key areas an organisation should have in place.

Table 5.3: Financial systems and management

Activity	Yes	No	Action
Development of financial procedures for financial transactions (financial memorandum)			
Set annual budgets and review financial performance and variance on a monthly basis			
A finance sub-committee to oversee financial performance			
Board identification of financial risks (i.e. are the income sources from a diverse range of sources?)			
Use financial reporting as a management tool			
Close scrutiny of costs			
Regular meetings with auditors and social investors			

Table 5.4: Sustainability checklist

On a scale of 1 – 5, use the checklist below to rate (and monitor) the organisation in relation to the key sustainability areas

Key area	1 Not developed	2 Under development	3 Under consideration	4 In development	5 Well developed & regularly reviewed	Action required, with timescales
Strategy • **Internal growth** • **External growth**						
Diverse and durable income streams						
Capacity/skills/capability of board and staff/volunteers						
Financial management and procedures						

And finally, remember that sustainability is not the same for each organisation. There aren't any simple formulae that apply to everyone, no one size-fits-all solution, and no magic answer: every group, every asset and every community is different, so sustainability is about exploring the options, and deciding what will work for each particular community asset.

There are no guarantees of survival, but applying the principles of sustainability will do a lot to help achieve it:

- planning effectively
- avoiding reliance on one source of funding
- building organisational skills and capacity
- choosing income streams that are appropriate for the aims of the organisation
- being enterprising
- excellent and strong financial management

▶ SECTION 6: Performance Measurement

▶ 6.1 Performance measurement overview

It's likely that organisations will be required to measure the performance of their asset to satisfy the demands of funders and investors, or as a requirement of any asset transfer. However, what these stakeholders want may not be what an organisation needs to measure for its own purposes.

For funders and investors, its often financial performance, or only quantifiable information such as how many users the asset has that matters. For asset transfer bodies, it may be how many local people use the facility, or how many jobs have been created. But for community organisations, every metric they use should be for only one purpose: to see how well they are delivering against their mission and aims – and their asset, of course, is a means to that end.

Thus, organisations need to link performance measurement to their strategy. As discussed earlier in this module, they need clarity about vision, mission and values –

- What is the organisation there for?
- What are its guiding principles?
- What are its strategic aims?
- What is the role of the asset in delivering these?

When this is clear, the board should determine how success will be effectively measured. At this point, a number of relevant Key Performance Indicators (KPIs) can be chosen – these will vary from organisation to organisation and from asset to asset.

Organisations are therefore likely to be measuring two strands: the management and day-to-day performance of the asset, and its social impact.

What is most important is that organisations and asset managers don't try to measure everything: choose what is important to your theory of change (what do you want to be, and what do you want to do to get there?) and measure that.

Table 6.1: Key benefits of performance measurement

Shows how the asset is contributing to achieving its own, or the owning organisation's, mission and aims
Can be used to improve the performance of the asset or its services, and of the owning organisation
Evidence of social impact and social value
Information to improve services and/or day-to-day running of the asset
Is part of a process of keeping stakeholders and the community informed and engaged
Can provide evidence for funding, investment or contract opportunities
Can form the basis of marketing material for service users or beneficiaries, members and others and increase the use of the asset

6.2 Key performance indicators for asset management

While the KPIs chosen will vary from asset to asset, depending on its functions and purpose, and, of course, depending on the requirements of funders and others, the following table of key elements and example KPIs may provide a starting point for organisations to think through what would work for them.

It doesn't include financial performance measurement; this is taken as given, but it's worth stressing that this is a management tool for the asset board and/or staff team.

Table 6.2: Performance management KPIs

Element	Outcome measure (example)	Key Performance Indicator (example)
Sustainability	Revenue mix	To increase trading income to 30% of overall income by end of year one via facility hire and office rental
	Reserves	To increase unrestricted income and generate reserves of £20,000 per annum
	Profitability	To generate a surplus of £30,000 by the end of year one
	Energy usage	To reduce energy bill by 30% through introduction of energy efficient heating system in new asset by the end of year one
	Economic performance	To create two new jobs by the end of year one to manage the asset and procure services to the value of £80,000 from the local community
Stakeholders	Beneficiary (or user) numbers	To attract 700 service users by the end of year one within the new asset facility
	User satisfaction	To achieve a satisfaction level of 95% amongst users
	Membership growth	To increase members by 10% in the next year
	Accountability	To create transparency through publishing performance data at each AGM
Internal	Costs	To decrease costs by 3% by end of year one
	Lettings	Increase office rental by 4% by end of year one
	Cross sell ratio	Increase cross selling (selling more than one product or service to the same user) by 10%. Measured through database analysis
Knowledge & Skills	Social innovation	To identify one new opportunity which can add value to the asset and that will address an inherent social need. Test feasibility and commercialise where appropriate (one per annum)
	Intellectual property	To ensure all IP is protected upon development as appropriate
	Research and development	Commitment to ongoing research and development of good practice and improved practice. Introduce at least one new practice per annum
	Employee retention	Ensure that staff retention is in the region of 80%

▶ 6.3 Social impact measurement

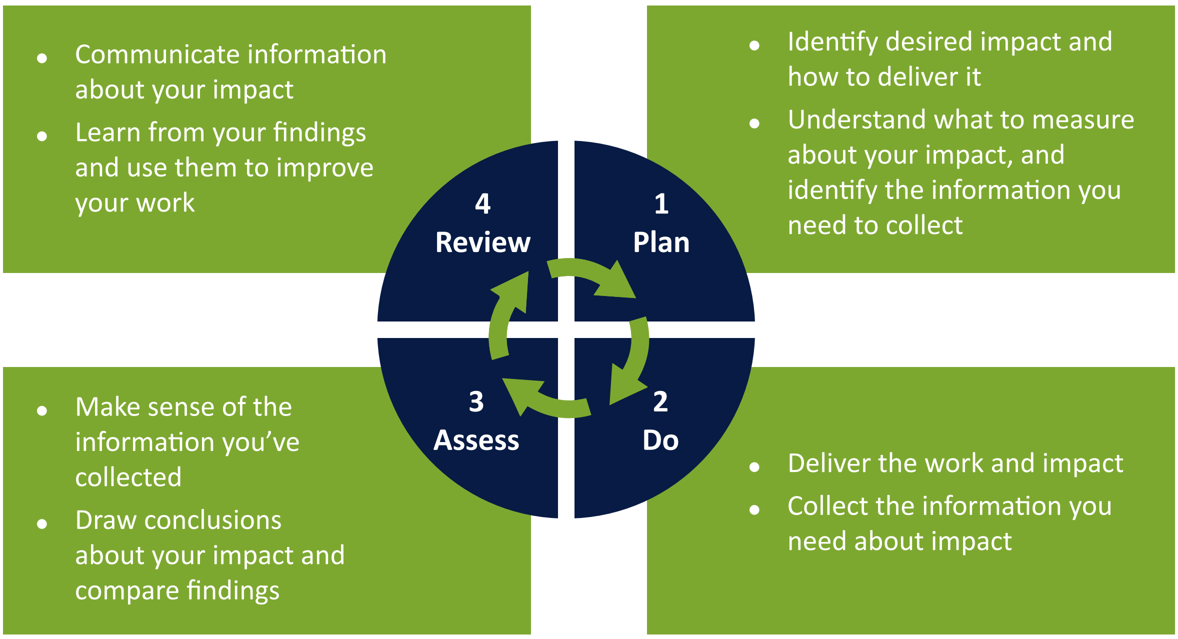
Measuring the performance of the organisation in relation to social value and social impact is critical. The added social value/social impact that the transfer of the asset will provide to a public body should be recorded and communicated to the relevant authority on a regular basis. This can help attract ongoing investment for services. John Baird (World Health Organisation) said “Unless you measure something, it doesn’t really exist in the minds of decision makers.”

Measuring social impact is becoming an increasingly important issue for third-sector organisations and identifying a relevant and effective method to demonstrate social value to key stakeholders is critical. It allows organisations to:

- Improve programme management (through more effective planning and evaluation)
- Increase the understanding of the impact of their work
- Improve communication to the people that matter such as key stakeholders
- Pay attention to the social, economic and environmental value created

A set of four key activities have been developed through the Inspiring Impact project, which recognises that third-sector organisations are unique and have their own range of activities and resultant impact. As such, the cycle illustrated in Fig 6.1 shows the four key activities that should be undertaken to focus on impact.

Fig 6.1: Impact cycle



Source: www.inspiringimpact.org

Inspiring Impact have identified around 150 tools and methodologies that are available to support organisations and to help them better understand and measure their impact. These range from the complex, such as Social Return on Investment, to simpler ‘storytelling’ methodologies.

What is important is that any social impact measurement approach is proportionate to the size and scale of the asset and the organisation, and that it provides a framework within which the organisation can choose the most appropriate and useful indicators.

Fig 6.2: Good practice for social impact measurement

1. Take responsibility for impact and encourage others to do so too

Impact is embedded in the culture of your organisation. All staff and volunteers see it as their responsibility to create impact through their work, to play their part in showing how their work makes a difference and sharing what they learn from it with others. Leaders of your organisation see delivering impact as their primary responsibility and duty.

2. Focus on purpose

You're clear about your purpose as an organisation: the difference that you exist to make. You're able to explain your intended impact in meeting this purpose. You can describe how you will create this impact, plainly and in ways that everyone can understand.

3. Involve others in your impact practice

At all stages of impact practice, you look for appropriate opportunities to involve others. As a minimum this includes involving those with direct experience of the organisation's activities. It could also include other organisations doing similar work or funders.

4. Apply proportionate and appropriate methods and resources

You're realistic in your impact practice – you apply time, effort and methods proportionate and appropriate to the scale and scope of the work. If necessary, you keep things simple and do what you can to focus on impact. You choose methods that fit with the values and ethos of your organisation, and you're clear about the purpose of collecting impact information, who will use it and for what.

5. Consider the full range of the difference you make

You know that you might have an impact beyond your intended beneficiaries or a negative as well as a positive impact. You acknowledge that in some cases you will balance positive impact on your beneficiaries with negative impact on others. You seek to understand why your work might have a longer term or wider impact than anticipated. Equally, you know that change may be short term, have occurred without your involvement, or be the result of other initiatives.

6. Be honest and open

You're honest and open about the impact you intend to have, and your findings on the difference you have or haven't made, as well as what you have learnt from these findings and how you will act on these lessons. You're honest and open about the scope of your impact practice. You and your funders discuss what works, what doesn't work, and what you can learn.

7. Be willing to change and act on what you find

You're ready to change as a result of finding out what impact you are or are not having. You commit to learning from your impact assessment and you actively use it to inform strategy, planning and delivery. Your funders are also willing to learn and change.

8. Actively share your impact plans, methods, findings and learning

You communicate your impact plans, methods, findings and learning to ensure others know what you're trying to achieve and to contribute to a wider view of what does or doesn't work. You share appropriate information inside and outside the organisation. You acknowledge the limitations of your findings.

source: www.inspiringimpact.org

6.4 Social value

As highlighted in Section 6.3, many organisations see the clear benefit of measuring social impact and social `value' as this is important in terms of differentiating the work undertaken and the impact achieved by the organisation operating within the third sector. In terms of community asset transfer there is a clear benefit in relation to communicating the social value to stakeholders and also in ensuring internally that there is a clear understanding and appreciation of the impact community ownership of the asset has on the community as a whole. The potential importance of impact measurement is inextricably linked to the question of acquiring assets for 'less than market value' and being able to illustrate the 'added value' and social impact created by the organisation.

6.4.1 Where to start

It isn't possible to recommend a model for every organisation, but looking through some of the tools and methodologies will help groups to think through what measures and indicators might be most appropriate and proportionate for them. For this purpose, the following two approaches may provide useful information:

Inspiring Impact have created their own impact measurement system, called Measuring Up! Described as 'a straightforward, step-by-step' tool, using an online diagnostic, Measuring Up! lets organisations review and plan, evidence and communicate about their impact. There are two versions for voluntary organisations, one for smaller organisations, and one for larger groups (as well as a version for funders). More information can be found on their website at https://inspiringimpact.org/measuring-up/

Big Society Capital, as part of its work to broaden social investment, has created the Outcomes Matrix, which allows organisations to plan and measure their social impact. The matrix, which is free to use, comes with detailed, plain English guidance.

The tool allows organisations to browse and select relevant outcomes and measures from nine outcome areas:

- Employment, training and education
- Income and financial inclusion
- Mental health and wellbeing
- Citizenship and community
- Conservation of the natural environment
- Housing and local facilities
- Physical health
- Family, friends and relationships
- Arts, heritage, sports and faith

The Outcomes are statements of change that the organisation is trying to achieve for its beneficiaries. Measures are sources of data which will help organisations to gather evidence to demonstrate social impact. There is also an option to select beneficiary groups to highlight suggested outcomes and measures which relate to that specific group. Multiple beneficiary groups can be added if appropriate.

Once an Outcome area is selected, two menus of Outcomes, one for individuals and one for communities, are produced. Selection of an outcome then produces suggested indicators and KPIs. More information can be found here https://www.goodfinance.org.uk/impact-matrix

As with sustainability, performance measurement, whether of management of the asset or social impact, is different for each organisation. Think carefully about what you need to know to help you evidence how your asset is functioning, serving its community and delivering lasting social change for the community and the people who live there, and draw up your performance measurement plan to provide what you need to know.

Notes

► Appendix 1: Checklists for asset maintenance

Not all items will apply to every asset. Some checks are legally required and the timescales for these will be statutory. Others, particularly in the preventative maintenance section, are a matter of common sense but should still be carried out regularly. Regular checks and maintenance when required can save considerable sums that would otherwise need to be spent on ad hoc or emergency repairs.

Servicing and Testing

- Electrical fixed wiring
- Electrical PAT testing
- Emergency and exit lights
- Fire alarms
- Portable firefighting equipment
- Any renewable energy products (PV cells, turbines etc)
- Powered access doors
- Lifts
- Gas appliances test and certification
- Gas systems, including boilers
- Oil boilers and other oil-fired appliances
- Air conditioning systems
- Water quality sampling and chlorination
- Playground equipment
- Gym equipment
- Kitchen equipment: coffee machine
- Hearing loop systems
- Burglar alarms
- Control panel testing
- Other

Planned preventative checks and maintenance

Building element	Check for
Floors, stairs and landings	Damage and trip hazards
Roof coverings	Defective tiles, lifting edges, defects likely to let water in
Gutters, drainpipes etc	Blockages, cracks, damaged fittings
Windows and doors	Locks, opening mechanisms, closers where fitted, integrity of glazing, damage to glass
Walls, internal and external, and ceilings	Any damage
Outbuildings or other structures	Any damage
Lightning protection	Check tapes and earthing pits at least annually. Seek specialist advice if necessary
Sinks and visible pipes	Check for damage, particularly leaks
Pest control	Check for signs of vermin and seek specialist help if necessary
Playgrounds, car parks, other external areas	Check that they are all in a safe condition, with no trip or other hazards
Grounds, general	Weekly and seasonal maintenance for grass cutting, flowerbed maintenance etc
Fences, gates, boundary walls etc	Check gates for correct operation, check walls and fences for damage, safe condition
Internal and external decoration, including tiling and paintwork	Flaking paint, damaged surfaces etc. It may be worth setting up a rolling programme of painting works, with high use areas being painted more often
Other	

COMMUNITY
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