Public Asset Transfer
Empowering Communities

Policy and practice across Scotland

Development Trusts Association Scotland

DEVELOPMENT
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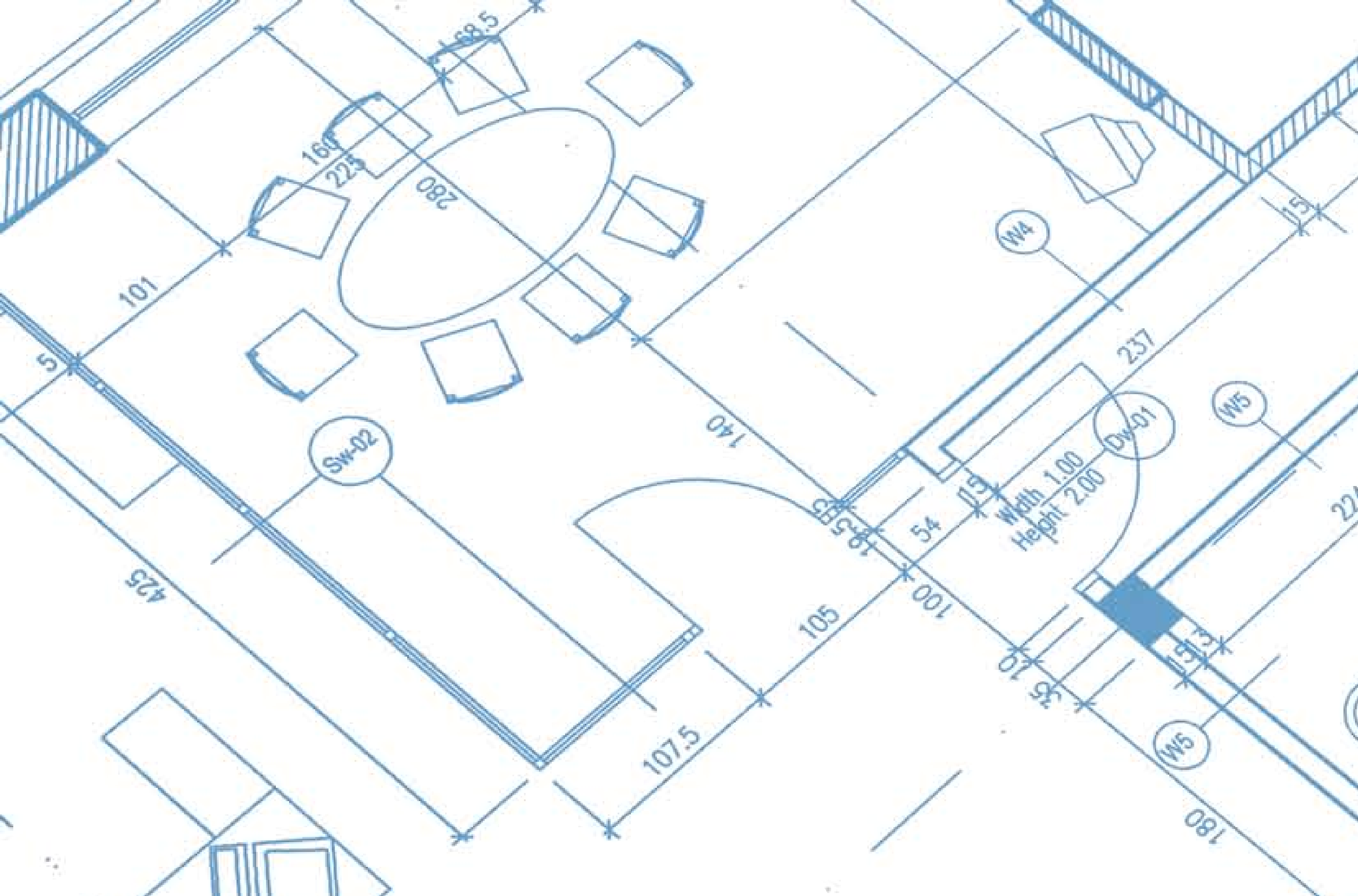
SCOTLAND
the community-led regeneration network



Contents

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Introduction

The Scottish Government / COSLA Community Empowerment Action Plan makes clear that there are a number of different ways in which communities can become empowered. The Community Empowerment Action Plan does however recognise the important contribution that the ownership of assets (land and buildings) can have in relation to the empowerment of communities.

Asset ownership won't be the answer for all communities, as much will depend on local circumstances, and while there is no one model of empowerment that fits every circumstance, it should be noted that when it is appropriate, community ownership of assets can:

- generate long term sustainable revenue streams for community organisations making them more sustainable.
- instil a heightened sense of civic pride and responsibility
- provide local people with a meaningful stake in the future development of the place in which they live and/or work.
- contribute to more effective and more intensive use of local resources
- be used as leverage to draw in new finance and expand the level of community activity
- improve the quality of the relationship between the citizen, the community and the local state
- provide new opportunities for local learning and community capacity building

In these ways, the community ownership of assets can make an important contribution to the range of innovative, bottom up solutions which community groups can develop to address local needs. Importantly, these solutions not only meet the need of local people, they can also contribute to the delivery of both local government Single Outcome Agreements and central Government National Outcomes.

'In these ways, the community ownership of assets can make an important contribution to the range of innovative, bottom up solutions which community groups can develop to address local needs.'

Background

The transfer of assets from local authorities and other public sector organisations is recognised as an important means of supporting communities to own assets.

In 2009, DTA Scotland received grant funding from the Scottish Government to deliver the Promoting Asset Transfer programme. The principle purpose of this project is to increase levels of awareness and interest within local authorities in asset transfer as a means of increasing community ownership of assets.

As the ownership of assets is one of the principle means by which communities can be empowered, the Promoting Asset Transfer programme needs to be seen in the context of the joint statement by COSLA and Scottish Government which describes their commitment to community empowerment and the Scottish Government's Community Empowerment Action Plan. The full CEAP can be read or downloaded at: www.scotland.gov.uk/Publications/2009/03/20155113/0

Specifically CEAP commits the Government to:
- highlighting examples where assets have been successfully transferred from local authorities to community groups;
- highlighting examples where local authorities have developed a strategic approach to community asset ownership;
- issuing revised guidance to local authorities on disposing of assets at less than best consideration;
- developing a toolkit and other resources that contribute to a fuller assessment of the risks and benefits of community asset ownership.

In addition, it is worth noting that the Promoting Asset Transfer programme is taking place at a time when there is an increasing amount of research and policy attention focused on the broader area of community assets. Recent examples are Joseph Rowntree Foundation who have embarked on a two year programme – *Community Assets*, and Carnegie Trust who have recently completed a programme of action research – *A Manifesto for Rural Communities*.

'The principle purpose of this project is to increase levels of awareness and interest within local authorities in asset transfer as a means of increasing community ownership of assets.'

Summary

The broad aim of the programme is to increase the flow of assets into community ownership. It aims to do this by encouraging and supporting local authorities and community groups both to gain a wider appreciation of the benefits and risks associated with asset transfer and by developing an understanding of the processes involved. In this context, asset transfer can range from disposal at full market price or for a nominal amount and can also include long leases.

The programme is running over two years (2009-11) and has three main components:

I. a review of current local authority policy and practice in relation to asset transfer across Scotland. In addition, this review aims to highlight examples of where local authorities have successfully transferred assets to community groups and provide illustrations of some of the key issues that can arise during the course of an asset transfer.

II. a series of seminars running through 2010/2011. The seminars will target different audiences – elected members, council officers and community groups. These seminars will explore aspects of the rationale for increasing community ownership of assets, highlight the benefits and risks that are inherent in asset transfer and in the community ownership of assets more generally. The seminars will also introduce some practical resources for those involved in the process – particularly in relation to assessing the benefits and risks involved.

III. a series of demonstration projects focusing on different parts of the country and different aspects of asset transfer. The selected projects will be offered a range of specialist support in order to facilitate a successful outcome and will take the form of partnerships between local authorities and community groups who have agreed to engage in a transfer of assets in their area. The scope of this phase will be broad and it is anticipated that it could range from consultancy support to assist in the development of a local authority-wide asset transfer strategy to the provision of a range of technical advice services with a focus on a specific transfer.

This report relates to the first element of the Programme and contains the main findings of the review of Council policy and practice.

Local authority assets: wider context

To provide some broader context to this report, it is useful to consider some general facts about council assets in Scotland. Audit Scotland in their 2009 report, *Asset management in local government*, reported that:

I. Council's total property assets in 2007/08 were valued at around £21bn comprising council housing (£8bn), schools (£7.1bn), libraries(£0.3bn),residential homes and day care centres (£0.5bn) sports centres and pools (£0.9bn), offices and admin buildings (£0.7bn), museums and galleries (£0.3bn) and other buildings (£3.2bn)

II. These assets had associated running costs of £1.1bn in 2007/8, the second biggest item of revenue expenditure after staff costs.

III. Of 12,400 property assets, councils reported 27% in poor or bad condition, 23% are not sufficiently suited for the services being delivered from them and 14% fail in both respects.

IV Almost two-thirds of councils reported that the property maintenance backlog is increasing (23 councils could quantify the backlog which amounted to £1.4bn of which £376m was urgent).

V. Councils are normally required to obtain "best consideration" in the sale of their assets, normally interpreted as market value.

VI. Councils can apply to the Scottish Government for permission to sell assets at less than market value in certain circumstances, and where this is for public benefit. More recent legislation enables Ministers to make regulations that councils must follow when selling assets. The Scottish Government has consulted on the issue of new regulations but has not issued revised guidance.

Another Audit Scotland report mentioned in a number of the review interviews was ***Following The Public Pound*** published in 2004. Its main purpose was to highlight the importance of principles involved in following the public pound at a time when councils may be reviewing existing approaches and considering options for new ways of delivering services in response to their statutory duties, powers and freedoms under the Local Government Scotland Act 2003 including Best Value and Community Planning. To ensure that public funds are used properly, to maintain accountability, and to ensure that value for money is secured, the report concluded that it must be possible to trace the funds from the point at which they leave the council to the point at which they are ultimately spent by the receiving organisation. In relation to asset transfers, councils are required to ensure transparency and consistency in the disposal of land and property assets. There should be measurable links to council service delivery objectives to underpin good asset management. In light of this report, the Accounts Commission stated that it had concerns about councils' funding of arm's length bodies, and particularly about the lack of reliable information on the activities carried out by these bodies.

Review of policy and practice

Every local authority chief executive was invited to participate in the review. All 32 local authorities engaged positively with the review which was conducted through a series of face to face or telephone interviews with council officers.

The main areas of inquiry covered during the review were:

I. Asset management policy

- What is the local authority's asset management policy and does the transfer of assets to community groups feature as a discrete element?

II. Asset transfer practice

- What factors are taken into account when deciding whether or not to dispose of an asset to a community organisation either at full or less than market value in terms of:
  - a) Risks and benefits
  - b) Viability of the asset and any measures put in place to enhance viability
- Experience of asset transfer, and in particular:
  - a) Scale of transfers
  - b) Basis on which transfers were made (MV, less than MV, long lease)
  - c) Measuring successful outcomes
  - d) Learning points from LA experience
  - e) Likelihood of more or less in future
  - f) Barriers to increasing levels of asset transfer in future

Data has now been collected from all 32 councils. A report of the review's interim findings was circulated to all councils for comment and feedback. 12 councils responded and where additional comments were made, these have been reflected in this final report. In addition, a number of DTA Scotland members and other community bodies were asked to provide feedback on their experience of asset transfer in order to triangulate the validity of the review findings.

'What is the local authority's asset management policy and does the transfer of assets to community groups feature as a discrete element?'

Review Advisory Group

As a point of reference throughout this review process, a number of key individuals from the field of community asset based development and asset management were invited to participate in an advisory group.

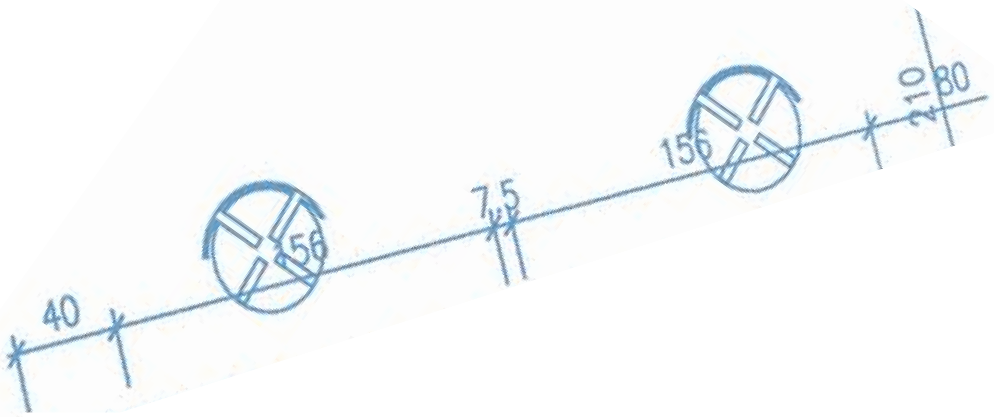
- Andrew Robinson, Director of Market Development at CCLA (specialist investment management for charities, faith organisations, and local authorities), Quirk Review Commissioner.
- Nick Allan, Strategic Asset Management, Argyll and Bute Council
- Jim McCormick, Joseph Rowntree Foundation (Scotland advisor)
- Andy Wightman, Land reform researcher and writer
- Raymond Young, chair Architecture and Design Scotland

Summary of findings from interviews

Each interview was introduced with a short explanation of why the review was being carried out with specific references to the Community Empowerment Action Plan, work that has been taking place in other parts of the UK and in particular the significance of the Quirk Review in terms of the Review's impact on the development of policy and practice in England.

While a significant number of Councils were broadly aware of the existence of the Community Empowerment Action Plan, only a few were aware of the references in the plan to the contribution that community ownership of assets could make, and fewer still were familiar with the findings of the Quirk Review and its report – ***Making Assets Work***.

This may explain why only a very small number of councils were found to be making a direct connection, either strategically or operationally, between how they managed their assets and how communities within the local authority area could be supported to become more empowered and resilient.



Asset management policy – key findings

Aim of asset management

The overarching purpose which characterised the approach of most councils towards managing their assets was to have an estate of the correct size and condition which is fit for purpose in terms of being able to meet each council's service delivery obligations.

Recent increase in proactive approaches to the management of assets

A significant number of councils reported that they had recently undertaken comprehensive asset reviews and were in the process of implementing newly agreed asset management strategies. The key drivers behind this increase in proactive asset management activity appears to have been a combination of the recent Audit Scotland report, internally driven processes of service rationalisation, and external budgetary pressures. Of these, the principle driver of policy was most commonly reported as the need to rationalise assets in order to reduce the associated revenue costs. This pressure had intensified in recent months as the prospects of severe constraints in public spending have become more certain. The need to generate capital receipts was also considered to be important but current market conditions were severely restricting activity in this respect.

Strategies not joined up

No council cited the disposal or transfer of assets to community groups as being part of, or reflected in, any formal strategy or council policy relating to community empowerment. A small number of councils reported that they were familiar with the correlation between community development and asset ownership and as a result were operating informal policies which had been informed by the experience of council officers and which had evolved over many years through local custom and practice. In general however the absence of any formal local authority strategy or policy was not necessarily considered to be a barrier to asset transfer. Most respondents viewed any barriers as being external to the council.

Disposal of surplus assets

For the majority of councils, asset disposal was typically considered as an option only after the council had declared an asset to be surplus to its service requirements. The most common description of Council policy in these circumstances was to offer the asset, in the first instance, to community planning partners and thereafter to place it on the open market. For these purposes, the community sector was not considered to be a CP partner. Whether this reflected a wider issue of the community sector's engagement in the local community planning process was beyond the scope of the review.

Asset transfer practice – key findings

Ad hoc transfers – mainly demand led

Asset transfer to community organisations was described by most councils as being ad hoc and in the main arising out of direct approaches to the council from local groups.

Leases rather than ownership

With very few exceptions, councils viewed the concept of asset transfer as referring to the transfer of management responsibility through a lease arrangement rather than the transfer of outright ownership. The leases could vary in length from medium term (15 - 20 years) to long term (99 year lease). Councils that expressed a preference for leases referred to the need for some assurance that these public assets could ultimately be brought back under council control if it were considered necessary. In addition, the majority of councils expressed concern that if public assets were to be disposed of, best value had to be the principle consideration and therefore consideration of disposal at less than market value would be unlikely. Several councils argued that there is no material difference or advantage to be gained when choosing between the transfer of outright ownership and providing a very long lease.

Sale at less than market valuation

A small number of councils were willing to consider the case for disposing at less than market value where community benefit could be demonstrated. Current regulations require councils to seek Ministerial approval (Section 74) before making such a transfer and although the government is currently consulting on whether this requirement should be lifted, councils did not view the additional requirement as an impediment to the transfer of assets.

Volume and value of transfers

It proved difficult to obtain definitive information on the scale and value of disposals/transfers which had taken place over the past few years and which could in any way be extrapolated to describe an accurate national picture or trends over the last three years. Overall, the scale and value of assets transferred through lease arrangements over this period appears to be relatively minimal, and with respect to the transfer of outright ownership, the level of reported activity was negligible.

Type of asset transferred

The main asset class which councils consider in this context is what might be referred to as 'community amenity' assets: former town halls, village halls, community centres, bowling greens, golf courses etc. In many cases these were being leased at peppercorn rents and sometimes with the council retaining an element of maintenance responsibility. However, a number of councils appeared to be reviewing their approach to this asset class because many of these assets are no longer considered core to service delivery, give rise to increasing revenue costs and there is additional pressure to be more transparent re how financial support is provided to groups. (***Following the public pound*** report by Audit Scotland previously cited). A variety of approaches are also being pursued which include large scale transfers on a locality basis into an arm's length trust, case by case reviews, and putting leases on more commercial terms with corresponding grants from the council to offset increased costs to groups where this is consistent with council policy objectives and priorities.

Demand or supply led?

It is difficult to determine whether the emphasis on 'community amenity' assets reflected the nature of the demand from community groups or a lack of an appreciation on the part of councils as to why or how different types of asset, with more obvious commercial potential, might be of interest to a community. For instance while many councils appeared to be reviewing other asset classes (e.g. offices, schools) with a view to rationalising their estate, there was no evidence that disposal of these assets to the community sector would typically be considered.

Interest in ownership blamed on funders

In general, councils reported limited demand from community groups to purchase assets outright. Most councils reported that in their view the preferred option of communities was for a long term lease arrangement. Where interest in assuming outright ownership had been expressed, a number of councils voiced concerns that this was this was a result of grant conditions stipulated by certain funders rather than the result of genuine community led interest. This was not entirely borne out by the feedback from communities – some of whom reported that their local councils had not responded favourably to their expressed interest in pursuing outright ownership. However, a number of councils indicated that they could become more enthusiastic around sales rather than long leases in the future due to the anticipated budgetary restrictions in the short to medium term.

Physical condition of asset

Councils would normally seek to transfer a building in its current state of repair although some refurbishment might be considered where a third sector organisation was going to use the asset in order to deliver a service as part of a service level agreement with the Council.

The role of elected members

Elected members were described as having both a corporate and constituency role. Very few responses indicated any level of political leadership at a council-wide level in relation to promoting asset ownership by communities but individual councillors were seen to be highly influential in making the case for particular projects in their wards. In more rural local authorities where communities are more dispersed, the local councillor appeared to exert more influence and was able to argue for different terms of transfer than might exist elsewhere in the local authority area. A number of councils reported that the changing political complexion of their councils since the last election has had an impact in terms of the overall willingness to engage in asset transfer (50% first time councillors elected at last election).

Understanding the rationale for asset transfer

A number of councils appeared to acknowledge that community ownership or control of assets is potentially empowering for local communities and can result in better local services (especially in areas which might not otherwise be a high priority for council services). However there was no evidence that this perspective was formally reflected in any council policies.

Inherent risks of asset transfer

Most councils reported that there were a number of significant risks involved in transferring assets to communities. Most commonly cited were concerns over the capacity of groups to manage, maintain and develop assets. This concern was linked to a concern around the longevity and sustainability of groups – the cyclical nature of the stability of community groups was often referred to. Councils were concerned that where they had transferred buildings to community groups, there nonetheless remained an undiminished public duty to step in if things went wrong (especially where iconic local buildings were concerned). In those circumstances the overriding concern was that the council would be taking an asset back in a worse condition than when it was transferred or having to operate an asset in a locality which would not necessarily be a priority for the council. A number of examples were cited but further work is required to assess whether this general view is supported by the evidence.

Some councils noted concern about how representative and inclusive some community groups were and that some groups were reported as being unwilling to share their facilities with the wider community.

Underlying attitudes which inform practice

On a number of occasions, councils raised concerns that asset transfer was akin to 'selling off the family silver' and as such was an activity to be avoided. This was linked to both losing control of an asset once it had been transferred, as well as forgoing potential future capital receipts. The same concerns did not seem to apply to disposals on the open market which suggests that different attitudes were being applied to transfers to the community sector. Many councils appeared to start from the assumption that there was little demand or interest from community groups to take on ownership of assets. Consequently many councils felt it unnecessary to expect or propose to communities that they should consider taking on the burdens and risks of running an asset in circumstances where the council was prepared to fulfil that function.

Concerns about capacity

Many councils expressed concerns about the organisational capacity of groups to own, maintain and develop assets in the long term. Whether this is a generally held perception or whether it is based on practical experience was difficult to determine as very few concrete examples were presented. Only a very few councils said they would commit resources towards building the capacity of groups where capacity was being identified as a risk factor in a potential transfer.

Funding and resources

A serious concern for all councils was the lack of external funding available to community groups who wish to acquire assets, especially at full market values. In addition the lack of available sources of ongoing revenue support to assist in the post acquisition phase was frequently cited as a barrier. Given how few councils felt able to commit resources to build local capacity, a significant barrier to increased levels of transfer was the lack of external support available to groups.

Conclusions and implications for further work

The Review Process

It is worth noting that the findings contained in this report are only a snapshot of how officers in specific sections of the each local authority responded to the researchers. Given the apparent absence of formal strategic linkages between approaches to asset management and community development and empowerment, it is quite possible that different perspectives on these issues would have been proffered if different sections of the council had engaged in the interviews.

Levels of awareness less well developed

It seems that the general levels of awareness of the key issues surrounding the community asset agenda are not as developed in Scotland as they are in parts of England. The development of the remaining elements of this programme of work will need to reflect this and consider the differences in approach between local authorities in Scotland and those in England.

Opportunities and risks in future

The next few years could be potent ones for increased levels of asset transfer as many councils throughout Scotland may be looking to rationalise their assets. However, there are risks regarding the type and physical condition of assets which could be made available for transfer and concerns regarding the capacity of community groups to respond to opportunities.

Ownership vs. Long lease

The case for community asset ownership needs to be promoted and encouraged in a way which reflects the current levels of activity and general awareness of this agenda – both in terms of why communities might be interested in assets and how asset transfer can be of benefit to councils – particularly from the point of view of elected members. Furthermore, it would be worth exploring models of ownership and leasing, and the benefits that flow from each option. This could be taken forward during the remainder of the programme.

'The next few years could be potent ones for increased levels of asset transfer as many Councils throughout Scotland may be looking to rationalise their assets.'

Resources are crucial

Funding and support to groups are critical issues which need to be addressed. There appears to be a need for more and better designed funding and finance programmes. The model pioneered by the Adventure Capital Fund (now called the Social Investment Business) in England and adopted in the English Government's Communitybuilders programme is relevant (an integrated programme of feasibility, business planning and support; grant funding; and loan financing including patient capital) could be studied to assess applicability in Scotland.

National policy needs to connect locally

A stronger focus on the community empowerment agenda from Scottish Government, backed up with resources, may help to create a more positive policy framework within which councils could respond. More specifically, the new guidance for councils promised in the CEAP on disposal at less than market value could also provide an opportunity to make a clearer, more positive statement about community asset ownership.

Promoting community anchor organisations

Active promotion and support of the concept of community anchors by Scottish Government could encourage a more strategic and sustainable approach and would link community empowerment objectives nationally with community ownership of assets locally.

'A stronger focus on the community empowerment agenda from Scottish Government, backed up with resources, may help to create a more positive policy framework within which councils could respond.'

Appendix A

Community Empowerment Action Plan: extract of references to community ownership of assets

How do communities become empowered?

There are many different ways in which communities can become more empowered. There is no one model which would fit every circumstance. For some communities empowerment will involve owning assets, and controlling budgets, or generating their own income to re-invest. In some cases, communities will want to take action around an injustice or to protect a valued resource. Others will want to have an enhanced role in shaping the services delivered on their behalf by others.

All of these approaches can be empowering depending on the circumstances. Whatever models work for different communities, they must provide an explicit and real increase in the level of power and influence that local people have. The key thing is that empowerment cannot be given to communities by others. Communities must decide the level of empowerment they want and how to get there themselves.

Most often a critical characteristic of communities which are empowered is the existence of locally owned, community led organisations which often act as 'anchors' for the process of empowerment. These organisations, which may be the local housing association, church group, community association, development trust, community council or any combination of these, often have a range of characteristics that enable them to provide a local leadership role and a focal point for other local services and groups. Some of these characteristics include: that they are multi-purpose, usually operate from a physical hub, and will often own or manage other community assets. The confidence and ability of these groups is closely linked to the confidence and ability of the people who are involved in them. Individuals who feel empowered can bring a dynamic and enterprising approach to the work of their groups.

Support for communities to own assets

Communities owning their own land and buildings can have a huge impact on their empowerment. Asset ownership won't be the answer for all communities, depending on their circumstances and their own wishes, but it can be very powerful.

Asset ownership can have key impacts. It can provide revenue for community organisations, making them more sustainable in the long term. It can give local people a renewed sense of pride in their communities, a real sense of a stake in the future of the places they live and work. For some community organisations, working towards asset ownership can be a fantastic catalyst for the group growing and maturing.

Of course many community organisations in Scotland already own assets - our highlighted examples include Gigha and Cordale Housing association who own significant amounts of land and buildings. We also have a long history of work that has supported asset ownership and development - most notably in rural Scotland. This includes the community right to buy legislation which has enabled communities to form over 120 properly constituted companies, or community bodies, register their community interest in land, and have a pre-emptive right to buy the land when it comes up for sale. Financial assistance and guidance has been provided over the years by the Scottish Land Fund, and Highlands and Islands Enterprise Community Land Unit. There is also a strong tradition of community based housing associations who, along with their housing stock, have played a major part in developing a range of other assets, from managed workspaces to community facilities.

In recent years community asset ownership and development has also benefited greatly from the existence of BIG Lottery Scotland's Growing Community Assets programme. This has provided £50m for community organisations to acquire and develop a wide range of assets.

So there is much to build on. However, taking on the ownership of assets is a complicated business. There are many pitfalls that can get in the way of community asset ownership working. Indeed, there may be occasions when a community seeking to own an asset may be the wrong way to develop the community. There are also important questions of principle and practice that have to be carefully considered in relation to asset ownership, for example if an asset is to be transferred from public sector ownership into community ownership there are important considerations like value for money and accountability to the public which have to be looked at carefully. In any circumstance where a community takes on an asset the issue of identifying and securing ongoing revenue streams to develop and maintain the asset is critical; otherwise communities find themselves stuck with a liability rather than an asset.

We will invest resources in new work that will help to overcome some of these barriers to ensure that community asset ownership happens in a way that benefits communities.

Working with colleagues in the third and public sectors, we will:

- Highlight examples where assets have been successfully transferred from local authorities to community groups;
- Highlight examples where local authorities have developed a strategic approach to community asset ownership;
- Issue revised guidance to local authorities on disposing of assets at less than best consideration;
- Develop a toolkit that helps people to assess the risks and benefits of community asset ownership;
- Work with BIG Lottery Scotland, in the context of their consultation on their future programme and Ministerial directions, to learn from the Growing Community Assets programme and consider future support for community asset ownership.

Appendix B – case studies

The case studies in this report show that, when it has been appropriate for the transfer of assets to the community, the resulting activities have assisted in meeting shared objectives which reflect both local and national government priorities such as Tackling Poverty, Reducing Health Inequalities and addressing the priorities in the Early Years framework.

The case studies illustrate how the asset transfers have resulted in new local facilities being developed in such a way that a very diverse range of local needs have been met. These include a new resource for employment training; a heritage and visitor centre to attract tourists to the area; a new internet café for children and parents and a relocated library within a building that could also offer commercial lets and free up public space for further development.

A key feature of these projects is that they are sustainable, generate their own income, and help to build community spirit and local capacity.

These examples are just a few of many innovative solutions community groups have developed to address local needs. But not only do they meet the needs of local people, they also contribute to both the delivery of local government Single Outcome Agreements and central Government National Outcomes. Most crucially, they achieve this from the bottom up – not top down.

1. Asset Transfer between Inverclyde Council and Kilmacolm New Community Centre Company Ltd

History

The village of Kilmacolm (population 4,500) sits 7.5 miles south east of Greenock and 16 miles west of Glasgow. The village has long been recognized as an attractive dormitory town for Glasgow commuters and perhaps as a consequence of its reputation, the community feel they have consistently been overlooked by local authority investment plans particularly in relation to social and community facilities. A 30 year period without any capital investment in the village's four community facilities had created a situation where all of the properties had fallen into serious disrepair and were no longer fit for purpose.

In 2002 a group of residents established the Kilmacolm Village Centre Forum to explore the options and to secure the best solution to the perceived levels of unmet need in the village. In 2003 the Forum incorporated as a company limited by guarantee, obtained charitable status and became known as Kilmacolm New Community Centre Company. (KNCCC)

KNCCC's task was to develop proposals for the development of new community facilities for the village and surrounding areas. These proposals have evolved gradually over the past seven years both in terms of design and scale as the full extent of the community's needs and the available funding has become clear. The current set of plans emerged after a major reappraisal of options and a review of available funding had been undertaken in early 2008.

The proposal

The proposal that was finally agreed is for a major upgrade and refurbishment of two of the four existing community facilities (former school buildings) that are situated in the centre of the village main street. Construction work started on site in Oct 2009 and is expected to be completed by the end of 2010. The larger of the two buildings will become the new community centre and the smaller will be used to accommodate the new Council library and provide space for commercial let. Both the library and the commercial let form a crucial part of the business plan as they will generate a significant and long term income stream that will underpin the revenue requirements of the new community facility. The other two buildings will be demolished. One of these scheduled for demolition is a temporary building which has previously served as a a Day Centre. The space created will be landscaped and converted for public open space with plans to hold events such as farmers markets. The existing community centre, which currently accommodates the library and meeting room facilities, is to be sold and redeveloped by the Council. This property is held and administered by Inverclyde Council as Trustees of a public trust known as the Kilmacolm Institute.

The transfer of asset and financing

The two buildings due for refurbishment and the attached land are being transferred from Inverclyde Council to KNCC on a 99 year lease at minimal rent. In addition, Inverclyde Council has committed £1 million from its capital budget to the refurbishment programme. As the existing community centre is part of a public trust known as the Kilmacolm Institute, Inverclyde Council was granted the necessary permissions from the Court of Session to act on behalf of the Kilmacolm Institute to sell the asset on the open market. The Council has agreed that the capital receipt up to a maximum of £500,000 from the sale of the building (currently estimated to be between £300k - £400k) will be reinvested in the new community centre refurbishment. Until this disposal has been completed, KNCCC's funding from this source will be provided in the form of a 'soft' loan from the Council of £300k.

In addition the Council has agreed to underwrite potential losses of the new community centre in the first three years up to £30,000 p.a. The community has been able to secure a further £1million from a charitable trust (WA Cargill Fund) and has raised a further £ 80k from other sources (50k raised from local donations and other fundraising activities and £30k from other external sources).

Key factors contributing to successful outcome

From the council perspective:

- The Board of Directors of KNCCC is perceived to have a good balance in terms of skills and experience As the project has progressed the Council officers have been impressed with the Board's readiness and ability to draw in additional individuals with particular backgrounds and knowledge as required.
- The community's willingness to work within realistic parameters of what was possible and what could be expected of other stakeholders.
- Two elected members of Inverclyde Council sit on the Board of KNCCC and it is acknowledged that the political support from the sitting councillors has been a significant factor in changing the relationship between Inverclyde Council and the Kilmacolm community.
- The overall condition of the existing community facilities had deteriorated to the point where a major investment decision needed to be made.

From the community perspective:

- The drive, energy and vision of one local resident in particular had been crucial in galvanizing sufficient widespread local support for the project. Although the individual is no longer involved in the detail of the project, it is widely recognised that his earlier contribution ensured sufficient momentum has been maintained over such a long period of time.
- Positive relationships with particular council officers and the commitment of the Council to make the project work on a financially sustainable basis.
- The contribution of the charitable trust.
- Successful programme of engagement with the wider community. High levels of participation in the early consultation events and then maintaining regular contact and updates of progress.

Learning points

- This transfer seems to have been achieved because there was a level of confidence that developed on both sides of the transaction. While the process was not entirely without tensions, these were resolved because both sides were able to maintain focus on the bigger picture.
- Contributions of key individuals on both sides are critical to a successful outcome.
- The level of capacity, technical skills and experience on the community side of the transfer were exceptionally high. An absence of concerns over local capacity enabled the Council to progress with confidence. ■

2. Asset transfer between Fife Council and Benarty Regeneration Action Group (BRAG Enterprises)

History

BRAG was founded in the late 1980`s by a group of community activists in the former coalfield areas of central Fife. The initiative was a direct response from the community to the demise of the coal industry and the social and economic impact of this on the communities of Benarty, Kelty, Cowdenbeath and Lochgelly. The early focus of BRAG was to tackle local unemployment– both in terms of helping local people to access the labour market through the provision of employment training and in attracting new businesses into the area. In 1988, BRAG secured the former primary school Crosshil Primary School on a long lease (99 years) from Fife Council at a pepper corn rent. This enabled BRAG to develop its core function by offering small workspace units to a range of local business and third sector organisations that were delivering services into the local community. In its first year of trading BRAG's turnover was approximately £20k. This has grown over the years to the current levels trading of approximately £1.5 million. 50 small businesses are currently accommodated by BRAG employing around 120 people. Occupancy rates are consistently between 90% - 95%. The growth and development of BRAG through the 1990's and early part of the 2000's was gradual and piecemeal with different parts of the organisation cross subsidizing other parts. Throughout this period BRAG existed as one large registered charity and it was impossible to discern which parts of the organisation were financially viable and which parts represented a potential liability. Much of the activity was underpinned by short term grant support which restricted the organisation's ability to engage in long term strategic planning.

In 2004, a new CEO of Bragg was appointed with a brief to review the financial robustness of the organisation and to make the necessary changes to secure a greater degree of financial stability and sustainability into the long term. One of the new CEO's early observations was that although BRAG was run by a Board of Directors of local residents, the wider community appeared to have little affinity with the organisation. This was evidenced by levels of graffiti and vandalism on the building. An Open Gala Day was organised with the expectation that perhaps as many as 50 local residents respond. More than 700 residents turned up – a strong indication of the community's interest and as a result of this local engagement strategy which has continued since then, all vandalism ceased overnight.

The transfer of asset and funding mechanisms

Over time, BRAG found that it was gradually investing in upgrading the fabric of the building and in the workspace units located in the grounds of the school, and was becoming uncomfortable that this investment was in an asset that it didn't own. The organisation made an initial enquiry to Fife Council with regards to whether they would be willing to sell. The initial approach was made to the Council's economic development team rather than to the community development team. This was a deliberate strategy on the part of BRAG as it wished to project itself as a social enterprise with principally an economic rather than community development function. The principle rationale for this was because it felt it would enhance its credibility as a potential purchaser of an asset. The business case was supported by an exercise which demonstrated the Social Return on Investment that had been generated by BRAG – a calculation that had the added advantage of being based on actual figures provided by many of the previously unemployed individuals that had been helped back into employment in recent years.

The council agreed to consider the request and instructed the District Valuer to provide a valuation which was set at £210,000. On the basis of that valuation BRAG set about raising the necessary financial support from a variety of sources. (Coalfields Regeneration Trust, Communities Scotland and ERDF) Meanwhile, BRAG had instructed a further private valuation for its own purposes which indicated that the DV valuation was significantly below open market valuation. With the finances in place, BRAG agreed to proceed with purchase at DV valuation and the a paper recommending sale of the asset was presented to Fife Council by its officers. However, as a result of concerns on the part of some councilors that the DV valuation may have been lower than best consideration, the committee deferred a final decision pending the outcome of a further independent valuation of the asset. The new valuation came back closer to the figure that BRAG had privately secured.

BRAG did not have the necessary funding to finance a purchase of the asset at the higher valuation and, with the possibility of losing the secured funding if it was not spent within a short timeframe, went back to the Council with an ultimatum – either sell it at the original price or revert to the existing lease arrangement with its pepper corn rental.

Fife Council agree to sell at the original price with a caveat – that in the event of BRAG ever choosing to sell the building, the Council would hold a charge on the asset up to a value of £210,000 which represents the difference between the original DV valuation (and the eventual purchase price) and the open market valuation of the asset at the time of the sale.

BRAG agreed to these conditions and the sale proceeded to successful conclusion. Although this has resulted in BRAG effectively not having 100% ownership of the asset, it has resulted in a far greater degree of control over the asset. In addition, it paved the way for a more comprehensive programme of investment and a consequent appreciation in asset value. BRAG reports that acquiring ownership of the asset changed it relationship and attitude towards the asset and it is now viewed as an essential part of it forward planning process.

Key factors contributing to successful outcome

- The decision to approach the council from an economic development perspective and to present its argument principally in terms of the wider economic benefits seemed to secure early Council backing.
- The ability to back up its case with evidence based measures of Social Return on Investment. ie how many £s contributed to the local economy by engaging with long term unemployed and supporting them to become economically active again.
- Decision to shift the strategic focus of the organisation from being a local charity to a being a social enterprise with distinct and separate trading operations all with individual cost centres.
- Securing wider community support and engagement.
- The decision to engage in brinkmanship with Council over the purchase price & timing of sale. ■

3. Case study of Asset Transfer between Argyll and Bute Council and Arrochar and Tarbet Development Trust

History

The community of Arrochar and Tarbet – an area which stretches from the top of Loch Long and up the west side of Loch Lomond – has spent the last eight years drawing together and slowly implementing a local plan designed to meet the needs of the four main settlements – Arrochar, Tarbet, Succoth or Ardlui and to secure the prosperity of the area in the long term. The vision and drive of the community won national recognition last year when the villagers were awarded first prize in the Scottish Calor Village of the Year competition.

The asset transfer which prompted this case study focused on a parcel of land which was formerly the site of a public toilet situated near the shores of Loch Long in the village of Arrochar. As often happens, the transfer of this asset became just one critical element in a series of linked transactions and property developments that need to be seen as part of an overall development.

In 1998 a Council run village hall in Arrochar, which was attached to an Outdoor Activities Centre, was closed down. Argyll and Bute Council offered the community the option of having this building transferred to them for £1. However, having considered the building's physical condition and development potential, the community declined the offer in order to pursue the plans for a new hall at a different location in the village.

The proposal

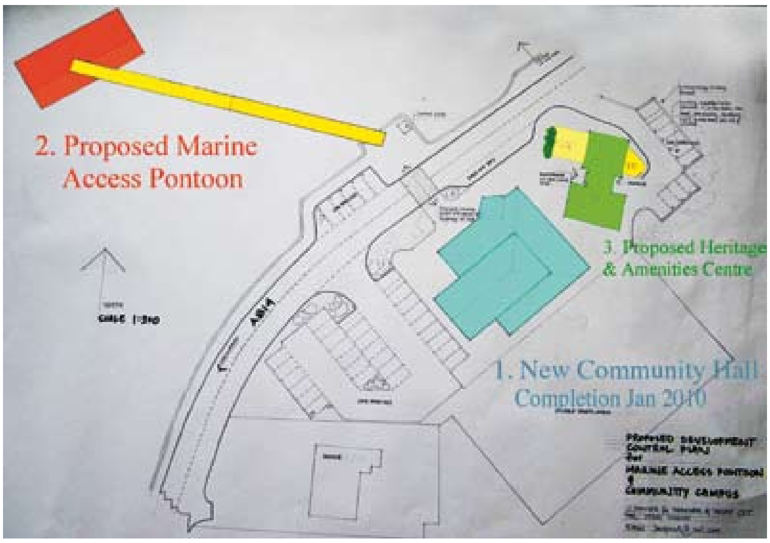
Since losing their village hall, one of the main objectives for the community has been to replace it with a new, purpose-built facility. The loss of the public toilets was perceived to be an important issue. Often it is the existence of toilets that will draw passing tourist trade into a village and, depending on the presence of other facilities, encourage visitors to spend their money within the local economy. In 2005 with a mixture of grant and loan, the community purchased a café in the village – The Pit Stop – and ran it as a community enterprise with the intention of generating sufficient surplus revenues to finance their plans for a new community centre. Although the café has managed to survive financially, it has not been the financial success hoped for and the community has now secured the necessary funding to redevelop the site of The Pit Stop into a purpose built heritage and visitor centre. This new heritage/visitor centre will be adjacent to the site of the former public toilets on which the new, multi-purpose Three Villages Community Hall has recently finished been constructed. The new Community Hall will have a range of facilities including toilets and it is proposed that these will generate income in their own right as well as attract visitors into the wider community.

Across the road from these two new community-run facilities, the final piece in the jigsaw is soon to fit into place. Funding has been secured from a range of sources but principally the Scottish Government Rural Priorities funding initiative. This is a joint partnership application involving the Arrochar and Tarbet Development Trust, Argyll & Bute Council, Loch Lomond and Trossachs National Park Authority, SPT (Strathclyde Passenger Transport) and Community Links Scotland (CLS) for a marine access pontoon. With these new facilities the village will be able to offer visiting yachts and pleasure cruises a stop off point and access to the other new facilities on offer in the village.

The transfer of asset and financing

Much of the funding package for these developments has come through a range of successful grant applications. However two elements of the financing merit special mention. After the community turned down the offer from the Council of the former outdoor activity centre at a substantial discount (£1), the Council put the property on the open market and received a capital receipt of £300,000. At this point the community argued that because the receipt had been generated from the sale of a local asset, the money should be retained locally rather than go into the Council's central 'pot'. The Council eventually agreed with the underlying principle of the community's argument and committed this receipt to the development of the new community hall.

The other key factor that enabled this whole development to proceed in the way that it has, was the agreement of Argyll and Bute Council to transfer into community ownership the land on which the former public toilets were situated at a valuation of £1. With this land in community ownership, the local Development Trust were able to demolish the unused toilet blocks and prepare the site for development.



Key factors contributing to successful outcome

- The presence of a clear vision of what the community needed.
- The synergy generated through the efforts of the local community council and the Arrochar and Tarbet Development Trust was crucial. The community council pursued the argument to retain the capital receipt within the locality budget, and the Development Trust drove forward the physical development of the new community facility. ■

4. The asset transfer from East Dumbartonshire Council and Twechar Community Action

History

Twechar is a village of 1400 people near Kilsyth in East Dunbartonshire: the Antonine Wall runs close by and the main street has a definite sense of history. The old industries of mining and quarrying have given way to unemployment, making it one of Scotland's 15% most deprived areas; although it has tended to remain 'hidden' as a pocket of poverty within a more affluent area.

Twechar Community Action was formed in response to the threatened closure of the Council's recreation centre. Since April 2001, it has been managing and developing the Centre; now the refurbished Twechar Healthy Living and Enterprise Centre. The organisation also has a wider role supporting the community's involvement in a Regeneration Masterplan that includes housing development and economic development.

Towards a proposal

In 2000, East Dunbartonshire Council took the decision to close the local recreation centre as it had proven financially unsustainable – a combination of high staffing and maintenance costs coupled with low usage. As council workers arrived to put up the shuttering, players from the local football club reacted spontaneously and barracaded themselves in the centre. Other villagers joined them in a sit-in. Council concluded that negotiation with the local opposition was the wisest course.

The transfer process and funding

The Council was apprehensive about considering other uses for the building, while planning constraints prevented its demolition. However, they were also aware that Twechar was a low-income community with few local amenities and there was a clear need for a community resource. On the basis that they wouldn't put in funding for staffing and maintenance, the Council began to listen to the community's proposal to run the facility themselves.

Getting the legal arrangements right: a 25 year lease was agreed, giving Twechar Community Action (TCA) management responsibility for the building. Advice from CVS and council officers was valuable in establishing the lease and in setting-up the organisation's Memorandum and Articles.

Planning with the community: consultants were appointed by TCA who worked with the Committee and the wider community to produce a feasibility study and business plan. The Committee wanted to make sure that the building could offer services the community would use and therefore be financially sustainable. Rooms in the Centre were to be multi-purpose and flexible enough to provide a wide range of services for all. Under Council control, it had lacked this flexibility which had limited its ability to generate sufficient levels of income.

Developing a Healthy Living and Enterprise Centre: plans grew and included a café, a sport hall and outdoor footbal pitch, rooms suitable for a range of activites, support for healthy-living activities and health services including a pharmacy along with support for community enterprises and lifelong learning.

Finding the funding: The Committee worked with the Council's Economic Development team to secure funding over 2004 and 2005 for the extension of services and refurbishment of the building . Some funding was made available via the Regeneration Outcome Agreement for areas of multiple deprivation, and for healthy living through Lloyds TSB. Capital funding for the refurbishment was raised from East Dunbartonshire Council, NHS Greater Glasgow and Clyde, Twechar Community Action and the Glasgow Metropolitan Fund. £750,000 was raised in total, and the £1million target met by claiming back VAT. A council officer worked closely with the Committee to project manage the process.

Initially, the Committee and volunteers had run the existing building to provide space for adult learning, youth groups, meeting rooms etc. Rent and hire charges from the local authority, voluntary groups and local business covered the costs of maintaining the building. The first two years were incredibly hard work and this took its toll on those local people who had led the process thus far. People were passionate about the Centre but the committee became exhausted; new members had to be found. Everyone worked as a volunteer until funding was secured in 2006 to create the post of Commuity Regeneration Manager.

The refurbished Twechar Healthy Living and Enterprise Centre was officially opened by the First Minister in October 2006; and was nominated for Architecture Scotland's Best New Buildings Awards. It now provides facilities for all the community: adult learning and training; health, sport and leisure activities; meeting spaces for groups, advice and a credit union; a café and catering facilities; a sports hall and football pitch; a youth club and under-fives group; a pharmacy, holistic therapies and GP services; and a beauty salon and garden maintenance project.

The Centre aims to earn more income through its services and to meet core costs via a service level agreement with the Council. At first, the Committee lacked experience and decided a tenancy with a peppercorn rent was the safest option. The Committee now consider that leasing has become a barrier to securing funding for further initiatives and plans are underway to secure outright ownership of the building.

Factors contributing to successful outcome

From a community perspective:

- Listening to the community – and developing a one-stop-shop: making sure the community had the biggest say in the design of the building so that everyone, young and old, got the building and the services they needed.
- The dedication and hard work of the Committee and volunteers in both running the building before funding was in place and in working to locate funding.
- Partners: particularly the Council's Economic Development team.
- Learning to be flexible: taking up the challenge and finding new ways forward - volunteers and staff don't have fixed roles and are keen to learn new skills.
- A community coordinator: The presence of someone at the heart of the organisation to hold things together.

From a council perspective:

- Community commitment: the Centre Manager/ Community Regeneration Manager, the Board, the staff and volunteers have been crucial: they think ahead and work with their Business Plan.
- Working with other community projects: including the Twechar Youth Group to bring in further funding.
- Commitment of funders: Funders who are willing to listen and then commit funds to support good ideas
- Commitment of the Council: through funding and providing a staff post to project manage the refurbishment; by providing a holding account for funding for the process; and in supporting wider regeneration.
- Finding a business to rent units at the Centre: a pharmacist who would provide services the village badly needed and income for the Centre.

Learning points

- The value of having a community anchor: a committed community organisation and community coordinator provides great strength; vital to sustaining services for the wider community.
- The importance of a range of organisations and funders committing to the transfer: not just through talking but by investing. ■

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