Institute for Community Studies
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People shaping places, places shaping people: the role of community asset ownership

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Image: Community owned shop, The Midsteeple Quarter Project, Dumfries
Alison Brown / Alamy Stock Photo

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Foreword

At Power to Change, we've been supporting community asset ownership since our inception in 2015, and this has also given us an opportunity to deepen our understanding of the role they play in communities and in places.

Our role as a funder and supporter of community businesses and community asset owners means that, over time, we have amassed a wealth of data and experience that we can draw on. We build on that with our commissioned research into the financial sustainability and beneficial outcomes of community asset ownership, and our partnership with the Institute for Community Studies, to hopefully offer a rounded picture of the role and potential of community asset ownership now and in the years ahead.

Our work, and the research projects that this report from the Institute for Community Studies draws on, have conclusively shown a range of benefits associated with community asset ownership:

- Community assets give places a new lease of life, creating a community-driven pathway for local regeneration and delivering measurable economic and social benefit to local areas.
- Community assets provide long-term stability and sustainability to both the community business and the communities they serve, underpinning community resilience. For example, more Mutual Aid Groups were founded during the Covid-19 pandemic in areas with higher community asset ownership.
- Community asset ownership drives pride in place. Assets are often taken into community ownership by people who want to drive improvements in their local area.

With this research digest, and the panel discussion that accompanied it, we hope to contribute to a debate about community asset ownership. Not a debate about whether it's a positive thing, or whether we should support it to grow – both are now widely recognised by funders and policymakers alike. Rather the debate should be about how these two groups can best do this.

The research that this digest summarises has identified a number of barriers to greater community ownership, and yet we know that it can deliver outcomes that help to tackle inequality. The opportunity we now have is to draw on the evidence to address these barriers in a coherent manner.

Ailbhe McNabola
Director of Policy and Communications
Power to Change

Introduction

Samanthi Theminimulle,
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People's lives are shaped by the places they live, and community spaces are vital to local economies, community cohesion, civic pride and cultural identity. In growing recognition of this, the goal of local communities, private developers, local government and policymakers are converging more than ever around the need for strong civic institutions, assets and relationships.

Highlighted by the Covid-19 pandemic, places need to be built on resilient entities that bring social and economic value to a place and its community. Community asset ownership plays an essential role in that, by ensuring local communities have control over buildings and spaces that are important to them, and that these spaces can be used in ways that prioritises the needs of the local community.

Whether that involves retrofitting and repurposing a single asset to better serve the community, or building entire housing schemes on community-owned land, community asset ownership brings benefits to local communities, local businesses, private sector developers, and local government.

This research digest summarises the findings from three recent reports published by Power to Change that explore the role of community asset ownership in helping to build resilient places. Spanning the past three years, the research helpfully provides a view of community assets in ownership both pre-pandemic, and as we emerge into the 'new normal'.

Our assets, our future (2019) sets out the history and current state of community asset ownership, while Saving the high street: A community takeover (2020) takes a case study approach to understanding the benefits of community asset transfer and the role that the public and private sector can play. Meanwhile, Assets and community businesses (2022) brings together qualitative research to explore the impact that asset ownership can have on community business viability.

By taking three different standpoints, the reports bring to life the benefits, but also the challenges and barriers, to community asset ownership. They outline the different role that local communities, funders, local government and the private sector could and should take to enable local communities to play a far greater role in the places and communities of which they are a part.

Background on community asset ownership

With the right support in place, local communities are increasingly turning to community asset ownership, finding pride in the places they live, and repurposing what exists to better meet the needs and aspirations of those living locally (Chan et al., 2022). It is modestly estimated that there are more than 6,300 assets in community ownership in England, and there has been a marked increase in communities bringing assets into their ownership in the last decade (Archer, 2019).

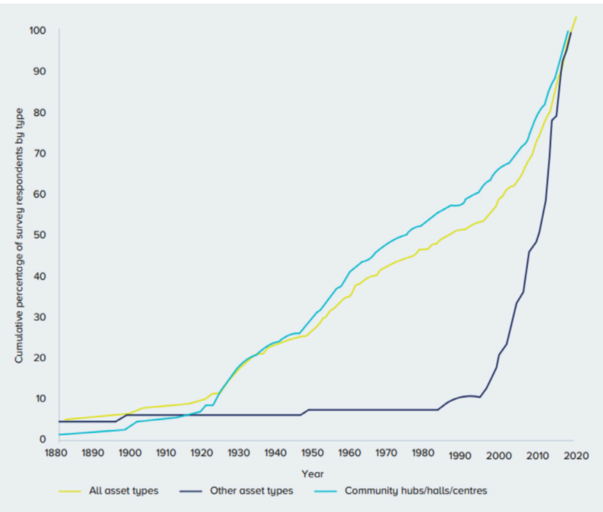

Figure 1: A history of community asset ownership, from Our assets, our future (Archer, 2019)

Playing an essential role in a local place's service delivery and financial sustainability, community asset ownership has also been found to reduce vacancy rates, enable bottom-up regeneration, improve health and wellbeing, and support a transition to 'net zero' carbon emissions (Brett and Alakeson, 2019; Wood and Finlayson, 2020; Lee and Swann, 2019; Macaulay and Dalgish, 2021).

Themes emerging from the research

While the reports take a view on community asset ownership from different standpoints, three cross-cutting themes emerge.

Theme 1: Giving places a new lease of life

Community asset ownership creates a different, community-driven pathway for local regeneration. Declining high streets and town centres point towards a struggling private sector, in the context of changing funding models for retail development and rising building vacancy rates. Meanwhile, community businesses have a good track record of taking empty space and bringing it back into use, presenting local people with a powerful way to improve local places.

> ***"We've got 100 organisations [using] the space for free. We try and really ensure that this kind of space speaks to the whole community… since we've been here, we've got 60 full time jobs linked to the venue itself… the venue [has] become a busy well-frequented place in the centre of [the city]" – Grantee, in Assets and community businesses***

Undertaking an economic assessment of community assets in ownership, Our assets, our future sets out the clear benefits in terms of economic growth and economic resilience. These benefits play out both nationally and locally, where the research estimated the total net additional expenditure of community assets into their local communities at £147,733,000 per annum.

While the economic gains associated with community asset ownership are clear, there is consensus across all reports that the benefits reach far wider than just providing local jobs or encouraging local spending. For example, all reports noted positive benefits around improving community cohesion and reducing social isolation, making places more accessible and inviting to a greater range of people, increasing volunteering opportunities, and improving access to services.

Our assets, our future used cost-benefit analysis to identify clear social and health benefits of community asset ownership. Of the community assets in ownership analysed, a large proportion were shown to improve health and wellbeing for local people, provide volunteering opportunities, and increase community cohesion.

Acknowledging these calculations to be high-level insights, the research finds greatest indicative public value benefit to be reducing social isolation (estimated £15,500 per annum per beneficiary), followed by economic regeneration (estimated £14,433 per annum per beneficiary).

Image: Harlock Hill Wind Farm, near Ulverston, Cumbria
Martin Bond / Alamy Stock Photo

Theme 2: Long-term sustainability and stability

Across the reports, community asset ownership can be seen to enable greater financial sustainability and stability, and longer presence in a place. Indeed, Our assets, our future's pre-pandemic findings found that 76% of surveyed assets were in 'very good' or 'good' financial health. Only 4% of community assets expected their financial health to worsen over the next three years.

Although research from Assets and community businesses suggests the pandemic limited community businesses' ability to generate income from assets, overall asset value nonetheless increased, and the pandemic encouraged community businesses to rethink their business models, to help maintain the stability that community assets have previously upheld.

> ***"Looking to the future we know we have that asset, if we had to run the asset in a different way, we could do that. [It's] just the security of knowing we have the building... it [also] gives us the opportunity to develop the building more…" – Community Business, in Assets and community businesses.***

Beyond simply surviving the pandemic, the case study approach taken by Saving the high street: A community takeover highlights how community leadership and community asset ownership helped places to build resilience to the wider social impacts of the pandemic, such as food insecurity, and indeed other moments of crises and adversity, such as major flooding.

Theme 3: Communities as stewards

Community asset ownership is often spurred by communities wanting to see and be actively involved in better things for their local area. While the private sector might focus on balance sheets and returns, local communities can steward assets in community ownership now and in the long-term to increase pride in place, retain as much money in the local economy as possible, and generate a range of positive social outcomes (Power to Change, 2022).

Our assets, our future identifies two primary categories of motivation for community asset ownership: to preserve an asset deemed to be of local value to communities; and to provide benefits to the community by ensuring services and facilities meet local needs and maximise reinvestment into the local community.

The social impacts of community asset ownership explored in *Assets and community businesses* largely derive from assets being repurposed to better meet the needs of the community, in some cases becoming an anchor for social activities and becoming a place communities identify with.

> ***"I think the biggest impact in our community has been for the older population. We've the only public toilet in the village. [For an] older person who wants to go shopping, [it's] good to know [that] in the centre there is a toilet to use." – Grantee, in Assets and community businesses***

Community asset ownership also presents pathways for communities to participate in the stewarding of important local assets – be it through investing in financial mechanisms for asset transfer, such as community shares, community businesses reinvesting profits into local causes, or creating volunteering opportunities that give more of the local community a greater sense of ownership over local assets.

The case studies explored in *Saving the high street: A community takeover* also demonstrate that, where communities are limited to asset management of public and privately-owned assets through short-term leases and licenses, they continue to play an important role in the stewarding of those assets - often to the benefit of those in ownership. Notably, community asset management can be an important part of the process towards full community asset ownership.

Theme 4: The enabling role of the public and private sector

Our assets, our future maps the trends in community asset ownership, with a notable shift from assets coming into ownership through private donation, towards assets coming into ownership through public asset transfer. While various policies and funds have been put in place to support community asset ownership, the drawn-out, resource-intensive and complex process can be a significant barrier.

The role of external support and specialist technical advice is emphasised across all reports. While *Assets and community businesses* is more focused on the role of the third sector in enabling community asset ownership, it shares lessons about the most useful type of technical support . These are useful when considering how the public sector might also provide support to navigate the process.

While communities can often look inward to secure skills for community asset ownership, *Our assets, our future* shares an example of a community asset located in a deprived, urban setting that struggled to find members from the local community with the necessary legal, business, and marketing skills. This may provide some insight into why community asset ownership is less prominent in deprived places, and urban places.

Both *Our assets, our future* and *Saving the high street: A community takeover* demonstrate various financial support mechanisms that public bodies and local authorities can use to support community asset ownership, including pump-priming investment to support planning applications, co-investment to overcome early-stage financing challenges, and public sector transfer at nil cost or low 'peppercorn rent'.

> ***"The hardest bit is getting started and having the capacity to produce the feasibility studies etc., so that you're in a position to apply for funding. Without council funding, this wouldn't have happened." – Director of Community Asset, in Saving the high street: A community takeover.***

Saving the high street: A community takeover presents an important argument for engaging the private sector. Fragmented and opaque property ownership can present a significant barrier to identifying and buying assets, as well as to establishing a more strategic or cohesive approach for local placemaking. At the same time, with local retail decline and high vacancy rates, the private sector has both the incentive and means to bring about local transformation.

Questions for policy and practice

Across the reports, there is strong acknowledgement of both the enabling role of policies and funding in support of community asset ownership, as well as the many barriers and challenges they can bring to communities. Important questions remain, such as:

- What are the key lessons from community asset ownership to take forward in the government's forthcoming Strategy for Community Spaces and Relationships?
- What type of listening needs to happen and with whom, to understand what polices and actions are needed to strengthen community infrastructure in support of community asset ownership?
- Where communities face challenges in realising community asset ownership, how can existing policies and actions - such as the Asset of Community Value Scheme - be enhanced to enable a more supported pathway?

The reports emphasise that community asset ownership is an important way in which community power and pride in place manifests, with great economic and social benefits. As new funding and partnership models are explored and developed, communities must remain at their core. Questions here include:

- How can we foster and maintain effective public-private-community partnerships that centre, equip and empower local communities?
- What might we learn from the Community Ownership Fund about the role the private sector could play, or from the testing of Community Covenants about how local authorities can support local communities?

Consistent with the reports' findings that urban and deprived places struggle to access community asset ownership, the government's forthcoming Strategy for Community Spaces and Relationships highlights the need to engage with the most disconnected communities. Efforts such as the High Street Task Force focus on allocated funding using the Indices of Multiple Deprivation.

- How can we support urban places and the most deprived places to gain access to and maintain community assets in ownership?
- How might new approaches for community partnership and neighbourhood governance account for and accommodate the specific needs of more deprived communities?
- How can community asset ownership support young people's needs and priorities, particularly in more deprived places?

There are challenges in defining, monitoring and evaluating the impact of community asset ownership. With new approaches to policies and actions being tested in the immediate future, it's important the right information and evidence is captured to enable community asset ownership to flourish, asking:

- What is important to measure and monitor?
- What is useful data and information to local communities, to the public sector and to the private sector, and how should it be shared?

1. Our assets, our future

Tom Archer

1.1 Introduction

There is a growing awareness of the value and importance of community ownership of assets. Whether its community-owned pubs, shops, housing, energy infrastructure or any other physical property, community control and ownership are increasingly seen as means to deliver key benefits for different communities. What has not been fully understood is the scale and distribution of this activity in England, the wider economic contribution this makes, and the different paths to community ownership in local areas.

Our research, commissioned by Power to Change and the Ministry for Housing, Communities and Local Government, and undertaken by the Centre for Regional, Economic and Social Research (CRESR) and the Institute for Voluntary Action Research (IVAR), seeks to build a sector-wide view of this. We combined quantitative and qualitative research methods, conducting bespoke surveys, and compiling secondary datasets, alongside cases studies of 27 community organisations owning different types of property assets.

The multi-dimensional impacts of the Covid-19 pandemic, on both communities and property markets, gives this research a renewed significance. With the advent of the Levelling Up agenda, post-Brexit funding regimes, and new funding programmes for Community Ownership, applying the lessons from this research will be critical if we are to adequately support and catalyse community ownership in future.

Given the contested nature of the concepts used in this field, we sought to provide a broad definition of community-owned assets. This was based on literature reviews relating to the key concepts of 'community', 'ownership' and 'assets'. Despite attempts to develop a simple definition, the heterogeneity of this sector meant significant ambiguity remained. For the purposes of the study, we applied the following definition:

> ***Land, buildings or other large physical structures for which long-term ownership rights are in place – for instance, through a freehold or leasehold of 25 years or more – and where this is held by a community or voluntary organisation which operates for the benefit of local people. The decision-making body for the asset is controlled by local residents.***

1.2 The current state of community asset ownership

Compiling various data sets from different sources, we estimated there were 6,325 assets in community ownership in England in 2019. This is likely to be an underestimate, given acknowledged gaps in the data, and allowing that some forms of ownership may be 'under the radar'. Analysis of the location and characteristics assets in community ownership revealed interesting trends:

- They are unevenly distributed, with the highest numbers in less deprived, rural local authorities. The most deprived 30% of neighbourhoods[1] contain just 18% of assets in community ownership
- There are varying numbers of assets by type; over 80% of assets identified fitted the description of 'community hub/hall/centre'.
- There has been an increase in the number of assets brought into community ownership in the last decade: 29% of current assets came into community ownership in the last 10 years.
- Most assets in community ownership generate a 'micro' or 'small' revenue of less than £100,000 per annum.

1.3 The origins and routes to community ownership

Our extensive case study research revealed two categories of motivation for taking assets into community ownership. Firstly, to preserve (or improve) an asset in jeopardy, eg, to prevent it from falling into disrepair, being closed down or acquired by another party who will not serve the community's interest. The second motivation was related to generating specific benefits for a community, eg, ensuring services and facilities meet local needs, to securing new funds for improvement or to maximise surpluses that can be reinvested in a community. Both motivations can co-exist.

Our surveys revealed that a majority of assets came into community ownership from a private source (41%) and around 30% came from a public body. Just under half of assets came into community ownership either through a transfer from a public body (25%) or via donation (24%) at no cost or for a nominal ('peppercorn') rent.

[1] Neighbourhoods is defined as Lower Layer Super Output Areas with a typical population of 1,500

1.4 The financial health of assets in community ownership

Using a dedicated financial health survey, we gathered perceptions on the financial health of assets, alongside data such as profit ratios. Financial health is fundamental to an asset's continuing existence, ensuring that expenses can be covered and investments can be made in the physical fabric of the property.

A little over three-quarters of survey respondents reported their asset to be in 'very good' or 'good' financial health and almost half experienced improvements in financial health over the period 2016-2019.

Despite this positive picture, closer analysis revealed some worrying signs:

- One in five assets made an operating loss of 10% or more of their revenue in their latest financial year
- Up to a fifth were likely to have insufficient reserves to meet a modest unexpected expense or income shock.
- Controlling expenses was a significant issue for many. A third of survey respondents did not agree that their asset's expenses were 'regular and predictable' and 56% did not feel their expenses adjusted in line with revenues.
- Assets were increasingly considering loan-funding. However, with 28% feeling their debts were not under control, this was not a viable option for many.

We developed a measure to account for the multi-faceted nature of financial health, which indicated that 31% of assets had 'excellent' financial health, with only 4% assessed as being in 'extremely poor' health. This presents a pre-pandemic picture; the financial health of some assets may have changed.

1.5 Factors affecting financial health of assets

Our surveying and qualitative work highlighted a number of factors affecting assets financially. The cost of maintenance was by far the most common factor reported to have affected financial health in the last three years; this was the case for 46% of our sample. Other common factors, identified by more than one in six respondents, included the scale of expenses, poor revenue from the asset, not being able to recruit a full volunteer base, and limited access to grant-funding.

Statistical modelling identified several factors having a significant impact on financial health:

- Assets with a higher income were more likely to have excellent financial health: the likelihood of excellent financial health increased with the scale of operations.
- Community hubs/halls/centres were negatively associated with excellent financial health, reflecting the fact that these facilities often run on a shoestring budget.
- Operating in an area of deprivation is a challenge and negatively associated with excellent financial health.

1.6 The costs and benefits of community asset ownership

This study provided the first detailed analysis of community asset ownership, outlining costs, net additional benefits[2] and contribution to the wider economy:

- The total expected cost of an asset over a 10-year period was £1,757,000 (in 2019 prices). This included average ongoing revenue costs of £81,000 per annum and capital costs of £32,000.
- Taking the estimated 6,325 assets in community ownership in England as the basis for our analysis, we argue that they provide:
  - £216,819,000 worth of net additional GVA to the economy per annum
  - £147,733,000 per annum additional expenditure into local communities
  - 7,000 net additional FTE jobs, providing £15,753,000 in fiscal benefit savings per annum
  - 151,000 net additional volunteer hours a week, the wellbeing benefit of which is equivalent to £131,926,000 in additional income for those taking up these roles.
- The costs and benefits for individual assets varied considerably by type, revenue, locality, and when and how the assets came into community ownership.

Despite these positive signs in terms of economic contribution, our assessment could not include the most commonly cited social, health and wellbeing benefits. This suggests a range of benefits beyond the economic are prevalent, and in future may be quantified and monetised. Our case research, for instance, identified 'improved health and wellbeing for local people' as a major benefit associated with community owned assets. Using our case studies, we calculated an indicative public value benefit of £3,537 per annum per beneficiary linked to indicators around physical exercise. Other monetised public value benefits can be seen in terms of reduced isolation, volunteering and community cohesion, among several other benefits. More work is required to generalise beyond our cases, but nonetheless some of the social and environmental benefits are clear.

[2] Net additional implies over and above what would have been occurred in the absence of community owned assets.

1.7 How policy interventions can support community asset ownership

Since the 2006 Quirk Review , various governments have sought to expand community ownership. For example, the coalition government's 2011 Localism Act enabled communities to apply for an asset to be listed as an Asset of Community Value (ACV). If a listed asset is put up for sale within the five-year listing period, the community can claim a Community Right to Bid, which gives them a moratorium period of six months to raise the finance to purchase the asset.

In the absence of any publicly available information on the numbers of ACVs that had come into community ownership, we explored this through our data. We identified 90 ACV listings that subsequently came into community ownership – a conversion rate of 15 assets for every 1,000 listed as an ACV.

However, we cannot know how many would have come into community ownership anyway and so the impact of this intervention is unclear - but clearly this has not been a game-changing intervention, and nor have any other of the community rights.

Decision-making, resources and external support emerged as vital to both the acquisition and transfer of assets into community ownership. The Community Asset Transfer (CAT) process was highlighted as being particularly complex, and there was often limited understanding at the outset about what it would entail.

Transferring an asset from public to community ownership requires significant time and resources from both communities and local authorities. The requirement for specialist skills frequently frustrates efforts to transfer assets. As a result, the external support and technical advice often proved invaluable, alongside a local authority that fully embraced the opportunity.

Since the research was completed, new government funds have been launched to support different forms of community ownership. A dedicated Community Housing Fund was initiated in 2018, allocating just over £50m to community-led housing groups, from a total pot of £163m. The delays in opening the programme and restrictions on the timescale for expenditure hampered allocations.

Similarly, the government launched a £150m Community Ownership Fund in 2021, but this too has been perceived as too restrictive to be of maximum benefit. Lessons need to be learned in terms of giving community organisations certainty around funding timescales, and structuring these opportunities so they can be most impactful.

1.8 Recommendations

The report provides several recommendations relating to funding and policy, and also the practice of community ownership. Specifically, we recommended improving local processes and the wider policy frameworks around asset transfers and community rights. A better support infrastructure is needed to support CATs, and community rights will continue to have a limited impact unless they are strengthened, eg, in line with Scottish powers, such as the Community Right to Buy.

In addition to these enhancements, we recommend the following actions:

- Enhancing the support for, and business planning within, community assets
- Agreeing measures of good financial health specific to this field
- Improving funding, finance and protections for asset owners
- Enhancing the evidence base on costs and benefits, building on the approach developed in this research.

2. Saving the high street: a community takeover

Neil Lee and Polly Swann

2.1 Introduction

Our high streets face a critical moment. The viability of many existing businesses has long been threatened by the rise of out-of-town shopping and, increasingly, by online shopping. These problems were exacerbated by the Covid-19 pandemic, which initially led to the forced closure of many high street stores.

But the pandemic also led to an increased recognition of the importance of local high streets for people's lives. It re-connected people with their local areas and, for many, reduced the need to travel to work. The government's recent Levelling Up agenda has also focused attention on the role of community in local development.

The aftermath of the pandemic is an important moment to think about how our high streets can be reconfigured to meet the needs of local communities. Community assets and businesses provide a chance for high streets to be rebuilt both by and for the benefit of local communities.

Our research, focusing on the role of community business and assets as part of rebuilding after the pandemic, found that community businesses and assets (1) are locally rooted, (2) are accountable to the local community, (3) trade for the benefit of the local community, and (4) have a broad community impact.

To investigate how community businesses are shaping local high streets, the research profiled six case studies, making use of a mix of community owned or community managed assets. These include:

- The Old Library, Bodmin –a significant local building used by a community business as a cultural facility, drawing visitors to the high street
- Midsteeple Quarter, Dumfries – a community-led initiative, which is developing a group of high street buildings into a live/work quarter
- Hebden Bridge Town Centre – a town with a thriving high street, with multiple community businesses supported by the local authority through their 'community anchors' policy
- Made in Ashford, Kent – an independent shop, which provides a platform for local business to sell on the high street and for community-based craft activities
- Radcliffe Market Hall, Bury – a rejuvenated market hall, combining a traditional market with an evening dine-in street food and community venue
- The Ultimate Picture Palace, Oxford – where members of the local community hope to bring an independent cinema into community ownership.

2.2 The local role of community business

Our case studies show the importance of community business as 'destination places', drawing people back to the high street and helping to increase footfall. Community businesses can play an important role in ensuring high streets have a more diverse mix of uses and activity, meeting local needs and bringing a wider range of people to the high street.

Our case studies show this works well when community business plays a role as a complement, rather than a competitor, to other high street businesses. We also identify a number of benefits which community business can have to the rest of the high street (extending beyond their 'basic' role providing goods and/or services) and potentially increasing the number of customers visiting other, non-community businesses.

We identified several roles for community business in local areas. Firstly, serving as a 'destination place', by increasing footfall in the high street, and so bringing people in to use other local businesses. For example, Bodmin Old Library runs events that attract people across Cornwall to the town, many of whom also visit local restaurants, pubs, and cafés.

Community businesses also have a role in increasing the diversity of high street users. They often appeal to groups who would not otherwise have felt comfortable or been attracted to the high street. For example, The Ultimate Picture Palace in Oxford brings elderly people to the high street, who otherwise have little reason to come.

Community businesses were also found to help build resilience. As stewards of important local buildings, community businesses embrace a wider role in enabling the high street to thrive in adversity. For example, Hebden Bridge Town Hall played an important role in the town's recovery from major flooding events in 2012, 2015 and 2020.

Our case studies share examples of how community businesses help build links with other local businesses, for example through voucher programmes or by providing incubator space for other local businesses to sell, as in the case of Made in Ashford.

Lastly, community businesses play an important role in shaping a vision and building a reputation for the high street as an interesting, thriving place. The success of Radcliffe Market Hall Community Benefit Society in turning it into a 'destination place' had a significant impact on people's views of what can be achieved in the town centre.

Image: The Ultimate Picture Palace, Oxford
Martin Anderson / Alamy Stock Photo

2.3 Challenges and Covid-19

Our case studies highlighted community businesses and assets facing major challenges because of the pandemic. Some saw significant problems staying afloat – staff were often furloughed and, in one case, a proposed share issue had to be postponed.

But they have also shown innovation, launching initiatives and crowdfunding to ensure survival. Our case studies further strengthen the argument that community businesses can, and do, play an important role in high street regeneration. Community businesses and assets can achieve benefits, such as increased customer loyalty, which allow them to succeed where commercial businesses do not.

While in each case the driving force of these case studies has been the local community, the local authorities have realised it is in their interest to support them. Efforts to do this have included asset transfers, subsidised leases, and using community business to deliver services.

However, town centre regeneration is often made harder for local authorities because of fragmented property ownership and a lack of transparency on who owns the high street. With many different landlords, it can prove impossible to create unified regeneration strategies.

The case studies included in the research show how support for asset ownership and management can give back more control and enable this sort of regeneration, with local authorities taking a critical role in facilitating community ownership. Similarly, the example of the Midsteeple Quarter shows that 'meanwhile use' of community buildings during the asset transfer process can be just as important.

Local authorities can also support community business to manage both public and privately-owned assets, through short-term leases and licenses. While ownership of the asset remains with the freeholder and provides no legal rights of tenure, it can be an important part of the process towards full community ownership and can allow community businesses to bring empty or under-used buildings into immediate community use, as in the case of Radcliffe Market.

Image: The Rising Sun, community owned pub, Woodcroft, Gloucestershire
Adrian Sherratt / Alamy Stock Photo

2.4 How local authorities can grow community business

As the case studies show, community groups often face difficulties in gaining access to assets and/or making the transition from grassroots fundraising to running a successful community business. Local authorities and other statutory funders can play a crucial role in supporting community businesses through these challenges.

In the report, we outline three principles for local authorities wishing to facilitate the growth of community business on the high street and one principle for community business looking to move onto the local high street.

Principle 1: Providing flexible finance for establishment, growth, and sustainability

Community businesses often require short-term funding to move from being the ambition of the community to a successful business. Local authorities have an important 'enabling role' to play in providing flexible funding to help this happen. For example, through:

- initial 'pump-priming' investment to support planning applications, business plan development, and ensuring the ongoing sustainability of an asset
- providing grants, bridging loans, and co-investment in properties to overcome early-stage financing problems faced by community business.

Principle 2: Ensure access to high street locations

Our case studies showed the important role local authorities can play in helping community business to access properties. Local authorities can:

- ease the asset transfer process/support greater community ownership
- support the 'meanwhile use' of buildings and management leases of high street assets such as markets, public spaces, libraries and community hubs, directly to trusted community businesses
- connect community businesses with vacant properties on the high street
- provide leases, which are either secured leases, or which start at a low level and scale up gradually, giving community business the space to grow and become financially sustainable

Principle 3: Build effective, clear and collaborative long-term relationships

Local authorities can place community business at the heart of their strategies. For example:

- having a designated policy for community businesses, such as Hebden Bridge's community anchor policy
- having community business representatives in the governing bodies of Business Improvement Districts (BIDs)
- ensuring community businesses are represented in local economic development fora, in particular on Local Enterprise Partnership boards

2.5. How community business can work on the high street

Our case studies show the need for community businesses to have the necessary structures in place to take advantage of emerging opportunities – such as when high street buildings become available - together with the ability to sustain activity. For example, community businesses and assets can:

- ensure they are able to demonstrate financial sustainability, with a robust (and commercially viable) business plan to take on and maintain an asset
- ensure they have 'fit-for-purpose' governance to manage an asset, with the necessary capacity and skills
- use community shares as a way of securing community involvement through pooled commitment and investment
- build connections with local authorities and other statutory agencies, helping make themselves relevant to the priorities and core activities of a council/strategic body (or bodies) and, in doing so, access a greater range of funding sources

Case study: Local communities and local authorities working together

Hebden Bridge has an unusually high number of community businesses and the local authority has actively worked with community assets through a 'Community Anchors' policy, established in 2016. Community Anchor organisations each have a designated relationship manager. They are seen as important parts of local service provision, being offered shared objectives and 'parity of esteem'.

Hebden Bridge Town Hall is a significant local building close to the centre of the town. A community association, the Hebden Bridge Community Association (HBCA), was formed in 2008 and the Town Hall was given to them by Calderdale Council in 2010, along with a grant of £60,000 and a loan of the same amount.

The development of the town hall was, in part, a reaction to protests by the community against the loss of another building, which had been sold by the council. The asset transfer process was led by local residents with a large number of consultation events. It is now funded largely by revenue, with a small amount of grant income from the council who ask the HBCA to provide services.

Image: Hebden Bridge Town Hall
Globuss Images / Alamy Stock Photo

3. Assets and community businesses

Joyce Chan and Waseem Meghjee

3.1 Introduction

Community assets can be essential to a community business' service delivery and financial sustainability, and can contribute to greater community empowerment and pride. Power to Change is supporting community businesses at different stages of their journey through their three funding programmes:

- Bright Ideas: helps community groups explore ideas for setting up a community business
- Trade Up: supports community businesses grow by increasing sales and income from trading
- Community Business Fund: supports community businesses towards self-sufficiency

Our research, commissioned by Power to Change and undertaken by Renaisi, drew on qualitative research and evaluation methods to explore the impact of asset ownership on community businesses.

Image: Cherry-Merry / Adobe Stock Images

3.2 How community assets interact with community businesses

Most of the community businesses across Bright Ideas, Trade Up, and the Community Business Fund involve assets in their business idea and model, and there are several ways in which community businesses access or come to own assets.

Some 95% of community businesses in later rounds of the Community Business Fund programme owned an asset. The programme was established with specific remit of supporting mature businesses to maximise ownership and utilisation of assets for financial sustainability. Community businesses looked to the Community Business Fund to support their acquisition of buildings or to support with buildings refurbishment or expansion.

On the Bright Ideas programme, 85% of community businesses involved assets. Many were community groups with existing assets who wanted to diversify or implement new ideas, others were community interest groups aspiring to establish a community hub. Some groups also tried to get asset ownership but required businesses planning support first.

On the Trade Up programme, 27% of community businesses owned an asset but needed investment to bring it up to standard. Other community businesses were renting buildings that required refurbishment, including some which were on short-term lease agreements.

3.3 Assets enhancing social value in their communities

Across Bright Ideas, Trade Up, and the Community Business Fund, assets played a critical role in amplifying community businesses' social impact – for example, by increasing health and wellbeing, fostering community pride and empowerment, improving the local environment, and enabling greater community cohesion.

Assets enabled community businesses to provide a safe and welcoming space for members of the community to interact socially, engage in group activities, and talk about common challenges they were facing, which helped reduce social isolation. One example directly supports people with physical disabilities as asset ownership enabled them to adapt the physical environment to better fit its purpose.

Assets helped small community businesses carve out a role in their community, often becoming an anchor for social activities and a place that local people identify with. This enabled community businesses and their assets to become a source of pride and empowerment as the community becomes more invested in the community business' development. Community empowerment also came from assets providing opportunities for employment within the community.

Community businesses have used their assets to directly improve and increase access to the natural environment by maintaining those areas, and using them as a way of engaging the local community. Many community businesses saw the opportunity to use their assets to bring services and public infrastructure to the doorstep of their communities. For example, by setting up a community shop where basic household items were sold, or providing a public toilet for their community.

These impacts foster greater community cohesion, providing space for regular social interaction, or avenues to support the local community. Assets also enable community businesses to establish a longer presence in their locality, creating stability and familiarity that is critical for lasting social and civic infrastructure.

Image: Union Street, Plymouth, where Nudge Community Builders have taken over four buildings that were standing empty
HiStock / Alamy Stock Photo

3.4 Assets strengthening financial sustainability of community businesses

Assets have often enabled community businesses to strengthen their long-term sustainability by generating revenue, helping the running of the business, and increasing its value. Tangible assets such as land and buildings were often essential for small businesses as a fixed operating resource over a long period of time, laying the foundation for a stable future.

All three Power to Change-funded programmes had an impact community businesses' finances; overall, grantees saw a growth in total revenue income and fixed asset value across the programmes.

Although limited, available evidence across the programme suggests that, while asset values have increased, the pandemic has limited the ability of community businesses to utilise assets to generate income and / or the ability of community businesses to generate sales from the assets have stayed the same.

3.5 The role of funders in supporting community asset ownership

The Bright Ideas programme provided early-stage community businesses (or community groups) support to explore the viability of their ideas. The programme helped community businesses explore whether their business model required an asset, or what asset would suit their needs - and community businesses often used the grant to cover fees, including planning and application, architect, or legal fees. Our research found that:

- across the breadth of trading models and services of grantees on Bright Ideas, the tailored one-to-one support provided to community businesses was one of the most effective in helping them access and/or acquire assets
- the Bright Ideas grant enabled some community businesses to define how to use their asset
- for community businesses that did not own an asset, the Bright Ideas grant provided seed funding to lay the foundations of their businesses, with the plan of eventually owning an asset.

While some Trade Up grantees were supported to acquire assets, this programme mainly helped with tasset management. Overall, the Action Learning component of Trade Up helped community businesses build confidence to manage or acquire an asset, whereas the grant provided additional income to invest in new equipment or renovate their asset. Our research found that:

- community businesses with assets consistently reflected that one of the greatest values was the peer-learning and support network. Many drew inspiration from peers who were running similar activities or similar business models
- most community businesses in Trade Up received a matched grant worth between £2,000 and £10,000, depending on how much their trading income increased. For community businesses that owned an asset, the grant was mostly used to renovate their assets and make them fit for purpose. Many noted the usefulness of the flexibility of use for the grant

Community businesses received a combination of asset acquisition and management support through the Community Business Fund. The programme provided community businesses with a grant worth between £50,000 and £300,000 to cover capital costs. There was the option to have a flexible mix of capital and revenue grants. Grantees could also access peer brokerage – business development support delivered by community business peers. Our research found that:

- the substantial grant funding provided by Power to Change was a rare opportunity for many community businesses. Some used the grant to purchase a new asset, while others invested in renovating existing assets to be more accessible and better suited for income generation. It also enabled them to increase their impact
- revenue grants provided community businesses running cost support. For many grantees, this enabled community businesses to see through asset acquisition processes by covering running costs since resources were diverted to acquiring an asset
- peer brokerage was most helpful for community businesses that required specific expertise to ensure they were able to meet the physical or spatial needs of their target service users. Some felt that the peer brokerage support was ill-placed as they were already knowledgeable about the community business model

3.6 Mitigating capital and asset risks

Assets are often one of the most significant investments for community businesses, yet capital and asset risks exist. Therefore, the possibility of losing money from this investment require close monitoring and mitigating.

If a community business fails to engage the community, they carry the risk of investing a significant sum into an asset without generating social or financial returns. Technical advisory organisations can help carry out community consultation during asset acquisition and renovation to ensure community buy-in, and align service delivery and income generation strategies with the community's needs.

The cost of maintaining an asset can easily be underestimated, and the scale of income generation overestimated. Operational and asset management processes can be refined by taking inspiration from good practice among peers, and by testing different ways to diversify revenue streams.

Managing and maintaining the right balance in long-term assets and working capital is important for community businesses to understand their limits and guide their decision-making. It is helpful for community businesses to receive support with business and financial planning for better asset management, and to evaluate the different options they have for asset ownership and access.

3.7 Recommendations

The report provides several recommendations for funders to generate positive social impact by ensuring that community businesses have access to land, buildings or other physical structures in their local area, and are equipped to acquire such assets and manage them sustainably. In particular, we recommend:

- support to community businesses to access the right technical and practical support. This may be support with leases for asset transfers or management support for more established organisations.
- provide the right type of funding to community businesses, may that be seed funding to lay the foundations for asset ownership in the longer term, or capital and revenue grants to enable community businesses to holistically build their business around the asset.
- maintain platforms for peer-learning between community businesses facing comparable challenges. Having access to a sounding board or source of inspiration can help community businesses manage their own assets.
- support and fund community businesses in a flexible way, building on their knowledge of the local community's needs, and recognising the risks and uncertainties that come with acquiring or managing as asset.

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