Speaking Out on Taking Over

Perspectives on Community Ownership, Community Control and Sustainability

Summary Report
July 2017

Background

The Big Lottery Fund in Scotland has supported the community ownership, management and development of assets since 2001, first through the original Scottish Land Fund, then the Growing Community Assets programme, and now the Community Assets programme. The aim of these programmes has been to empower people to create strong and resilient communities by helping them acquire and/or develop local assets that are important to them. These have mainly been physical assets like buildings or land, but also include other types, such as renewable energy. The ideas for these projects originated in the local community, were developed there, and had the clear support of local people. A total of around £95 million has been invested to date in over 400 projects throughout the length and breadth of the country.

In 2016, the Big Lottery Fund commissioned the Scottish Community Development Centre, in conjunction with Community Enterprise, to carry out a review of the Fund's investment in this activity. We asked the researchers to examine whether support by the Fund for the ownership, management and development of assets is an effective and efficient way to increase and improve the strength and resilience of disadvantaged communities adversely affected by inequalities.

Using a blend of research techniques, this study explores why communities choose certain tenure routes to develop their community asset, and examines s the factors which make projects succeed or face challenges in achieving their aims. It does this by exploring the relative efficacy of owning and leasing and the environmental, human and organisational factors which support communities to deliver services and improve the quality of life for those who use them.

The Scottish Community Development Centre designed and conducted the main elements of the study in conjunction with experienced consultants from Community Enterprise who supported the work and the production of the case studies, and who produced the financial analysis.

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Organisation	Role
NATIONAL LOTTERY FUNDED	Big Lottery Fund in Scotland is focussed on distributing National Lottery good causes funding to help people make a difference in their communities and support those most in need. We deliver this through a portfolio of funding, making grants from £300 up to and over £1 million. Since 2001, over £95 million of our funding has been invested in over 400 community assets projects, throughout the length and breadth of Scotland - first through the original Scottish Land Fund, then through programmes such as Growing Community Assets. The Fund commissioned this research.
scottish community development centre	Our purpose is to support best practice in community development in Scotland and to be a key partner for the Scottish Government and communities themselves. Our three overarching priorities are to: • Influence policy by researching issues and contributing to government working groups and processes on community development, related policy and their implementaion. • Work with public agencies and wider partnerships to achieve effective community engagement by helping them improve the planning and delivery of partnership working with communities in a fair manner. • Support local people and their organisations to build strong, healthy, sustainable and equitable communities by working directly with local groups and other stakeholders. In working on these priorities we undertake research, produce policy briefings, deliver training and support practice development by devising and dissemenating a wide range of information, practice tools and opportunities to engage with policy makers on the core issues of empowerment and participation
community enterprise	Community Enterprise is a 30 year old, completely independent national social enterprise support agency and consultanacy company. Our focus is on developing community based social enterprises and third sector groups across Scotland. We have developed three cross-fertilising divisions. • Our *development team* develops enterprise, communities and organisations by way of strategic thinking, market research, business planning, evaluations, organisational reviews, communitiy plans and fund-raising. • We operate Scotlands first social enterprise *creative and strategic marketing company*. Now in its third year of development, its services include beautiful branding, social media campaigning, innovative engagement and creative marketing strategy. • We established a national on-line e-commerce site for social enterprises and are interested in how the digital space can develop the third sector. Our Mission states : We live in a society where places are vibrant and people feel good about their lives.

Executive Summary

Summary of purpose and methods

This research looked at key questions which explore community ownership in the light of the Big Lottery Fund experience in Scotland of funding communities to acquire or develop community assets. In doing so, it also looks at the role of other community control options, particularly leasing, in the context of the implementation of the Community Empowerment Act 2015. It examines which factors lead to projects being successful and sustainable.

Structure of this report

This mixed methods study included semi-structured interviews, an online survey, case studies and financial analysis of organisations owning or leasing assets. It also used a co-inquiry process, in which participants reflected on findings to deepen insights and generate recommendations. The report describes each strand in turn and presents specific recommendations. Appendices include the case study evidence, illustrating the analysis in the main body of the report

Summary of Findings

The main findings of the study can be summarised as follows:

Vitality & confidence – Organisations are delivering a wide variety of very useful services. Whilst they have had a range of positive and challenging experiences along the way, organisations are making community control of assets work locally.

Ownership & Leasing - Most respondents remain committed to ownership for a range of reasons. For many, communities owning and developing community assets is an important step towards increased empowerment. The policy & funding framework underpins this approach. However, this research highlights the existence of a diverse ecology of community control in Scotland which includes ownership, leasing and combined approaches. Some of the most successful groups are making leasing work as an alternative and/or complementary mechanism to ownership: known success factors such as wide community participation and sense of ownership can be delivered through both owned and leased assets. As the potential of the Community Empowerment Act is realised, leasing is likely to become a more important part of the community control landscape in Scotland.

Success factors – Thriving, Surviving and Struggling – The majority of projects who participated in this research described themselves as *thriving* or *surviving*. Although not for the want of trying, we acknowledge that we may have undercounted those who might be *struggling*. Project status is seldom due to a single feature and a range of factors interrelate. Struggling projects exhibit challenges in planning, securing finance, governance and community engagement, which reinforce each other and can quickly become intractable. Thriving projects are better planned with relationships with funders and partners who attract investment and deliver stronger services. The relationships between these factors are dynamic and projects move between periods of stability and instability. Importantly, although early-stage project planning is important to a project's success it does not appear to be a defining factor. Instead, problems and challenges can emerge as projects grow and mature. The most successful can deal with challenges, but even the most robust are vulnerable to shocks which undermine them.

Partnership is everything **-** The most successful organisations are those where transfer is only part of the journey and where community ownership and commissioned public sector service delivery sits alongside other grants and social enterprise activity. The spread of both income sources, and risk, suggests that this model should be explicitly developed wherever practical.

Support - What, when and if things go wrong **-** The value of skilled support was raised by most respondents, especially at key points of transition. The need for help with community capacity building to strengthen organisations and specialist assistance to help with business planning, market analysis and technical issues such as VAT were raised. The fact that support needs change over time is a challenge. Although there are significant sources of support, its quality was variable and it would benefit from co-ordination at programme and project level. On-going support such as that provided by HIE, or councils like East Ayrshire, was thought to be a model which should be available more widely, with both generic advice and more specialist skills if required.

Financial Realities - Most organisations self-reported that they were breaking even, or generating surpluses. The financial analysis of participating projects suggests that the picture is more complex. Even the most successful relied heavily on grants or contract income and were generating much less from selling goods or services directly to communities. In most cases, there was quite limited provision in unrestricted reserves to withstand shocks.

A fair transfer process **-** Most participants found the process of taking over assets (whether leasing or owning) tiring, legally complex and challenging for volunteers without significant support. Although there was recognition that 'best value' dictates inevitable tension in terms of valuations or claw back arrangements. There was a sense that culture and practice shifts which put the developmental outcomes of public service reform to the fore of relationships and behaviours were needed to deliver more achievable outcomes for both community projects and public services.

Summary of Recommendations – The Big Lottery Fund should consider implementing the following:

Dialogue for development - Sharing these findings with Scottish Government, Local Authorities and others, to help seed optimum conditions for successful community control. This should include long term partnerships with community ownership projects in a public service reform context, as the Community Empowerment (Scotland) Act 2015 is implemented.

Combating inequality and tenure options – As the possibilities of the Community Empowerment Act unfold, some communities will need further support before they could take over and maintain the ownership of key assets, with even leasing being challenging for them. Community use options, where groups share the running and financial responsibility with public agencies, is a viable option in some communities as part of a menu of transfer options.

Enabling choice - Help develop a common process of exploration of all tenure options, and progression between them, to ensure that communities can choose the best route for them and secure funding to realise their aims.

Safe self-evaluation- Supporting co-production of a revised system of self-assessment, with projects able to discuss challenges without being judged and with better subsequent access to existing support to prevent and address problems. More research is required to better understand projects who are struggling as, overall, these projects were more reticent about engaging with this research.

Improving support – Existing Big Lottery Fund and other support was viewed positively, but a more holistic approach to accessing it for projects facing particular issues would be helpful. Promoting discussion on co-ordinating programme and project support, and how support agencies and funders could collaborate in addressing gaps, was also felt to be useful.

Sound financial planning - Further exploration of financial trends would be useful to support financial planning. This should include what can be sustainably generated by projects from the social economy given the contraction of the subsidy environment and economic conditions in communities themselves. Some contributors suggested that a national fund should be established to assist projects finding themselves in justifiable financial difficulties.

Promoting fairness - The Big Lottery Fund, with other key partners, should contribute to the development of a best practice leasing agreement model to ensure more equity and fairness in transfer deals.

1. Introduction

The Big Lottery Fund in Scotland has supported the community ownership, management and development of assets since 2001 by investing around a total of £95 million in over 400 projects throughout the length and breadth of the country. The Scottish Community Development Centre (SCDC) and Community Enterprise (CE) were commissioned by the Big Lottery Fund Scotland to undertake research to answer the following research questions:

1. The ownership of assets is claimed to be a good way to increase and improve the strength and resilience of disadvantaged communities adversely affected by inequalities.
   a. What are the benefits and challenges of asset ownership for communities?
   b. Is leasing or managing assets as effective in helping communities tackle inequality, and if so, what are the challenges faced using these arrangements?
2. Over the past 15 years, the Big Lottery Fund has invested around a total of £95 million in over 400 community ownership projects.
   a. What proportion of these projects are (i) thriving, (ii) surviving, and (iii) struggling? What are the main reasons the projects are in these positions?
3. What challenges do communities face in trying to make assets sustainable – both financially and more generally? How have projects that are 'thriving' become viable?
   a. Do different ownership/leasing arrangements work better for (i) different types of asset and (ii) different communities?

The project was carried out between October 2016 and June 2017 and involved the following research processes:

Research activity	**Lead Responsible**	**Dates**
Key-stakeholder interviews	SCDC	Nov – Dec 2016
Literature review	SCDC	Nov – Dec 2016
Survey of relevant projects	SCDC/CE	Dec 2016
High-level analysis of accounts from a random sample and from case studies from published financial records	CE	Dec 2016 – March 2017
Case Studies	SCDC/CE	Jan – March 2017
Co-Inquiry	SCDC	May2017

The term 'community control of assets' is used throughout as a collective term for all types of community asset transfer (e.g. ownership, leasing and management). Where specific forms of community control are important, we refer to these specifically (e.g. 'ownership of assets).

2. Literature Review Summary

Background

- Transfer of assets into community control has a long history in Scotland.
- Since the late 1990s and early 2000s there has been an increasing focus on asset transfer as a mechanism for achieving social policy objectives, especially those relating to community participation, inequality, empowerment and localism.

Policy, funding and impact

- To match this interest, the pool of resources available to communities has increased.
- Evaluations show that many of the benefits hoped for by policy makers and communities have been borne out in reality.
- There has been a policy and funding focus on community ownership of assets over other forms of community control (most commonly leasing).

Stress and resilience factors

- The factors which lead to projects succeeding or struggling are fairly well known, and largely intuitive. For example, projects who are operating well often demonstrate a combination of practices including: good community engagement activity; dedicated paid staff; effective planning; a 'fit-for-purpose' asset; strong governance structures and ability to recruit appropriately skilled staff and volunteers etc. In contrast, those experiencing difficulties often exhibit: assets which become liabilities; difficulties in recruiting key volunteers, stress and burnout of project leaders; resistance to asset transfer from public bodies etc.
- However, the dynamics which lead to individual projects succeeding or struggling are overall less well documented in the literature (although they are well understood by key policy and programme staff).

Benefits attributable to specifically to ownership, leasing or management of assets

- There is little previous research evidence which illustrates that any particular form of community control delivers benefits directly attributable to the form ownership takes, i.e. it is not clear if owning an asset necessarily leads to better outcomes (and vice versa).

3. Methodology

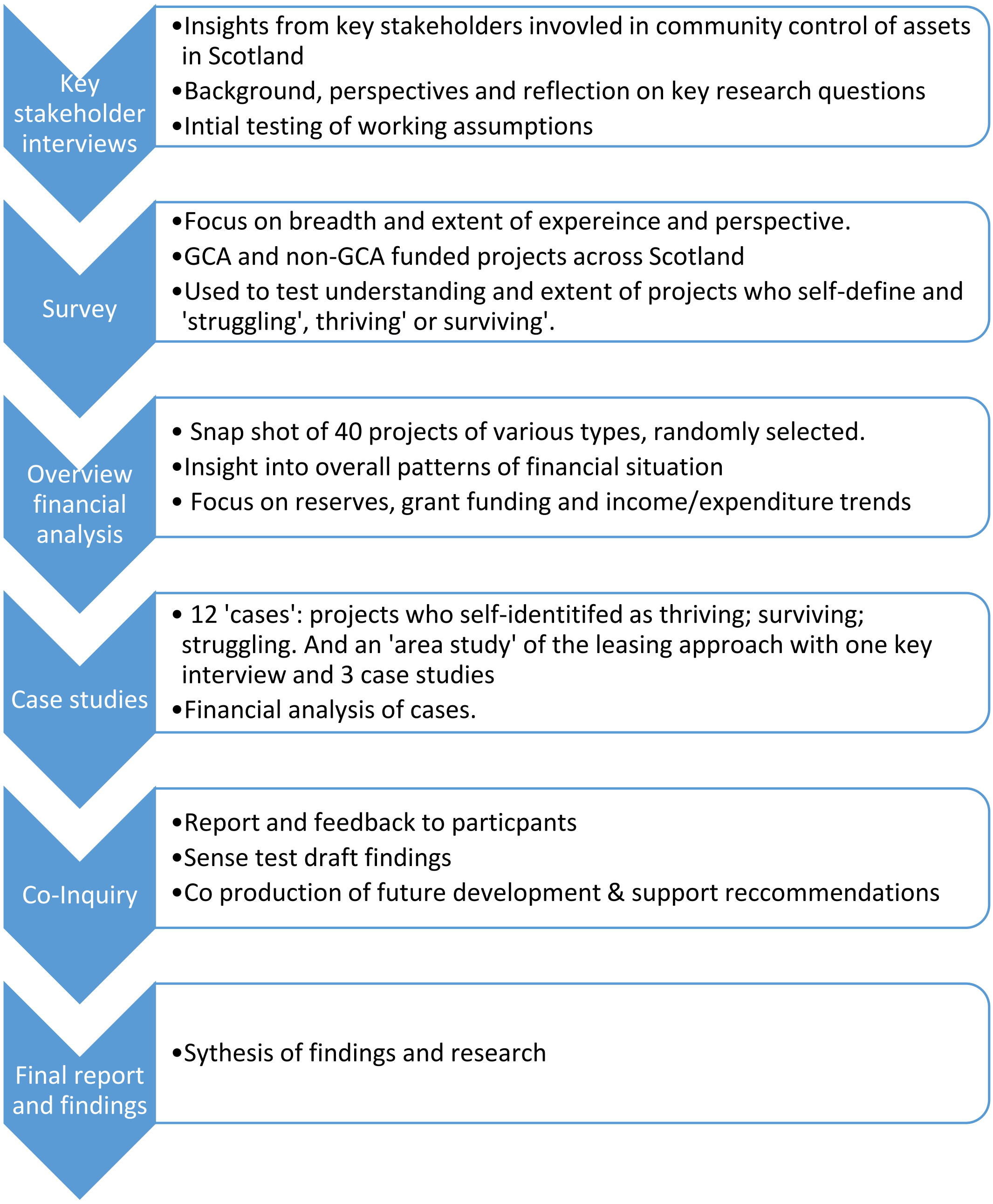
A mixed methods approach was designed in order to get multiple perspectives and triangulation on relations, experiences and understandings of the wider community control process in a variety of contexts. This was particularly important for two key reasons:

1. The research questions as described above require a focus on both *breadth and extent* (e.g. 2a) and *depth and complexity* (e.g. 3a) of experience.
2. Scotland hosts a rich and varied ecology of community controlled projects. This variety reflects the nature and history of Scotland's diverse communities but introduces many variables and complexities which makes research design challenging.

Therefore, components of the approach were as follows:

- Online survey
- Key-informant interviews
- Financial analysis
- Case studies
- Co-Inquiry

Principle	**Relevant research questions**	**Manifestations**
A need to measure *breadth and extent* of experiences across Scotland using qualitative data	1a, 1b, 2a, 2b	Online survey
A need to measure *depth, complexity and experience* using qualitative data	1a, 1b, 2b, 3a	Case studies, key informant interviews, co-inquiry
A need to measure and understand *patterns* of financial activity at *breadth and depth*	2a, 2b, 3a	Analysis of public financial records of a) a random selection of projects b) case study projects
A need to understand 'high level' and strategic perspectives of the topic	1a, 1b, 2b, 3a	Key informant interviews



Case studies

Allocated project number for this study	**Category from survey/recommendation/ (n.b. notional)**	**SIMD decile (2012)**	**SIMD Geog.**	**Tenure**	**Year of project start (n.b. may be different from organisation start date)**
1	Struggling	7th	Very remote rural	Own	2012
2	Struggling	1st	Urban	Own	2008

3	Struggling	1st	Urban	Own	2006
4	Struggling	6th	Small Town	Own	2010
5	Surviving	6th	Remote rural	Lease	2014
6	Surviving	6th	Rural remote	Own building, lease land	2014
7	surviving	7th	Remote rural	Own	2012
8	Surviving	8th	Remote accessible	Own	2008
9	Thriving	4th	Accessible rural	Lease to own	2016
10	Thriving	1st	Town	Own building, lease land	2011
11	Thriving	7th	Remote rural	Lease to own	2016
12	Thriving	3rd	Urban	Long Lease	2007
13	Thriving	4th	Rural accessible	Own	2009
14	Surviving	2nd	Remote rural	Lease	2016
15	Thriving	8th	Accessible rural	Own	2015
16	Struggling	6th	Rural accessible	Lease	2015

3. Analysis and response to research questions

Q 1 - *The ownership of assets is claimed to be a good way to increase and improve the strength and resilience of disadvantaged communities adversely affected by inequalities.*

(a) What are the benefits and challenges of asset ownership for communities?

Benefits and challenges - of asset ownership

As noted in the literature review, identifying benefits and challenges which can be *especially attributed to ownership independent of other factors* can be challenging (Aiken, 2011). However, beyond a general sense of ownership being an inherent good, the case studies illustrate a greater complexity in this regard. These benefits and challenges cut across projects who self-identified as struggling, thriving and surviving. As the general factors which promote success in community control of assets are well known, here an attempt is made to focus specifically on factors which specifically relate to tenure choice.

In general, many respondents (from projects and key informants) considered that ownership tended to be an inherently superior option to leasing. This point was exemplified by an informant who argued that full ownership of assets represented the "full expression of how you empower communities and people." (Key Informant respondent, 2016). The majority of surveyed projects also noted the extent to which ownership – over leasing and management – was a preferred option. These findings largely echo those in the literature which emphasise the importance of community control – especially in rural contexts.

How are benefits realised by ownership projects?

The benefits of community ownership, as described in the literature review, key informant interviews and survey were reinforced and further exemplified by case study projects:

- Ownership as a means of securing project development - Prior to full ownership, project 8 was unable to develop and had received a notice of eviction due to an increasingly challenging relationship with a private landlord. This instability stalled the development of the project and posed a serious risk to viability. Although the sense that the landlord may 'pull the rug from under our feet' was frequently described, this was the only case where the threat was realised. Although infrequent in occurrence, it is clear that such scenarios represent existential crises for local projects.
- In some circumstances, ownership as-best-option is shaped by the nature of the asset itself. This was evident on projects 6, 7 and 11. For project 6, energy generating equipment to create community income necessitated asset ownership as other choices were not available or viable. For project 7, the community, cultural, symbolic, aesthetic, and regeneration significance of the asset was an important objective (and the private asset owner was only interested in disposal of the asset on an ownership basis). And for project 11, the central and prominent location of the asset was essential to the effective delivery of the project and the identified accommodation was only available on a purchase basis therefore requiring the ownership option.
- The majority of owning projects highlighted benefits of control and autonomy in decision making and finances. These included: better terms of trade and commerce (7); ability to set and control use of space (3,6,10,12) and subsequent ability to develop new projects and innovate; ability to raise access income streams in terms of loans and grants (6,7,8,10,12,13).

What are the challenges?

Again, the content of the case studies reinforced that of the other sources of data. Although these challenges are not necessarily specific to ownership projects, there was a sense that the scale and complexity of some projects and the need for skills transition as projects moved through natural development phases (e.g. through planning, build, and implementation phases c.f. Skerratt, 2011) were multiplied in projects where full ownership meant that the 'buck stopped' with the projects themselves:

- Cited by every project, the time and effort required to deliver a successful ownership project is extensive. Complexities are many and varied and include legal issues, negotiating planning systems, shifting imperatives of land owners, arranging and coordinating funding and working with multiple partners and agencies. In one case (8) the project was delivered a decade after it started.
- As a corollary of this, all projects recognised a substantial workload which often fell on few shoulders. Moreover, (as will be described in more detail later) changing demands of projects required ongoing succession planning.
- The role of experts – relating to legal, business planning and design/build whilst often of immense value, had their own challenges of developing effective briefs for consultants/contractors, operational oversight and assessing quality of their work (10) and cost of this (6).
- Whilst ownership can bring opportunities for opening up new funding and resource opportunities three projects (6,10,13) reported taking loan finance which proved to be extremely expensive, despite coming from state supported social investment sources, due to interest repayments in the early stages of their projects. One project has been able to restructure their loan via an alternative private sector source, and the other two are considering these options.
- Owning, managing and running a building – especially where generating rental and let income is an important part of the business plan – can be a challenge. Whilst building and resource opportunities are a great benefit, they nevertheless have the potential to undermine the viability of the project if projections are flawed or market circumstances shift beyond projects control (2,3,7).

Q. 1b - Is leasing or managing assets as effective in helping communities tackle inequality, and if so, what are the Challenges faced using these arrangements?

Whilst the evidence described above generally supports much well-known evidence, knowledge, political and policy commitment, the evidence gathered from projects who lease, lease with a view-to-own, or who lease and own assets in tandem differs in important aspects. For better and worse, those who lease can face very similar opportunities and challenges to those who own their assets. There appeared to be increasing interest from key stakeholders in exploring leasing issues where these are seen as 'best fit' for the organisation and community in question, particularly in a "try before you buy" context where leasing may ultimately lead to ownership. It should be noted that most of the lease projects had an interest in taking ownership of their asset.

As above, the benefits of taking community control of assets in terms of connectedness to the community and the ability to improve project design, implementation and therefore use, are well stated elsewhere in this report and in the associated literature. Here, we will focus on the importance that leasing has to making a project viable.

Benefits

Benefits of leasing arrangements for communities were described as follows:

- Leasing can be used as a 'stepping stone' towards full ownership and a way of testing out ideas and developing business plans (9,11).
- Taking on a lease can be a quicker, more straightforward and relatively easier for communities to take over and activate benefits of community control (5).
- Long leases (150 years in the case of project 12) are considered functionally equivalent to ownership in terms of stability, ability to work with partners, community participation and business transactions.
- One project, although funded by GCA, employed a 'mixed economy' of leasing the land but owning the building (10). This arrangement has had no impact on the sustainability of the project.
- Depending on the current landowner or landlord, there can be a lack of willingness to sell the desired asset. Leasing, so long as it is achieved on fair terms – offers a solution to this potential impasse (16).
- Leasing an asset on positive terms can free up time, capital and resources which can be instead used for core project purposes (12).
- A number of projects demonstrated that driving community engagement, involvement and commitment was independent of ownership. Rather, what was important was a 'sense of ownership and control' (5,9,14,16). In each of these cases, a strong sense of 'by the community, for the community', consistent with ongoing community engagement activity, and effective and responsive delivery of services were encouraging a wider sense of community ownership.
- Positive and productive relationships between land owners and lease holders are an essential pre-requisite in supporting success in leased projects (5,14,16).

Challenges

- Concerns about stability and longevity of leases remain important drivers towards ownership (9). Although fears may be seldom realised, where they are the implications can be severe (8).
- The workload and requirements of regulatory and legal compliance for leasing can be as demanding as for ownership (5,14).
- By their very nature, lease agreements mean that a community's ability to have complete control over an asset is limited. In some cases, this lack of control limits potential to redevelop, expand activities and develop creative solutions (9, 14, 15).

Whilst a long and secure lease can be de facto equivalent to ownership with most of the resulting positive dimensions, other lease structures we encountered were experienced as problematic. These included: short term leases which compromised security (9); full repair leases (15); and where capital repairs or ongoing maintenance costs had been a contentious issue in the valuation of buildings and the setting of rents (14).

Leasing - in a defined local authority area

Whilst GCA and SLF were/are nationally coordinating systems of funding and allied support, the Local Authority case study we have considered in this research places (at least) an equal emphasis on leasing and offers a different model to support community control of assets. This approach, which was characterised as a systemic way of linking public sector reform and community based action planning to community assets, is embedded in a clear local policy. This appears to have had observable positive benefits with over thirty local examples of increased community control in a small local authority area over the last few years.

Overall, by working closely with communities, traction for community control has been gained which appears to be providing benefits by bringing control of resources closer to communities in ways that increase their use and relevance. In contrast to national programmes, there is a relative lack of emphasis on ownership and a strong view that leasing is likely to be part of a developmental journey which emphasises consideration of specific needs prior to choosing a tenure option.

Within the overall approach there were differing perspectives about the roots of the policy and how it balances community benefit and savings targets. There were also differing views about the emphasis which particular tenure choices enjoy. Case study projects placed a considerable emphasis on the importance of open and genuine choice with regards their trajectory, independent of institutional concerns. Most stakeholders interviewed seem to accept the programme was at a relatively early stage and that whilst positive, had room for improvement. Differing experiences of some elements of the available support also suggest that the integrated support package itself could be strengthened, with this also articulated by all participants in this part of the study.

Irrespective of tenure and in line with the literature and other findings in this study, sound local engagement and ongoing community connections were deemed to be vital in sustaining projects and their management committees. There was also a corresponding recognition that transfers themselves were not the end of the process and that ongoing partnerships with public agencies, as well as community development assistance at other transition points, was important

Discussion: The difference that leasing and ownership – as tenure options – can make

Our case studies represent a rich ecology not only of communities, types of projects, geographies and objectives – but also of tenure options. Of the 16 case studies: 7 currently lease their asset, and 1 used to lease; of the 7 leasing projects, 2 have immediate plans to pursue ownership, and two have longer term aspirations to own; 1 project is on a lease so long it proffers the effect of ownership. Another project owns their building, but leases their land.

At the same time as this diversity has emerged, key informants have for the most part an increased interest in the development of leasing as a fully-formed model to support community control of assets (albeit in most cases this was seen as a staging post to ownership at some stage). Our local authority case study has undertaken a programme of support for communities on a full range of tenure options but orientated around leasing local authority assets to community organisations in most cases.

We have focused on the specific differences that ownership and leasing can make to communities and their assets. The overall key learning points are as follows:

- The majority of projects were positively pre-disposed to ownership, as per the dominant policy, knowledge and funding environment. Reasons largely tally with what is already well known: ownership has the potential to bring the advantages of control, autonomy and a long term vision for both project and wider community. They were also able to leverage funds and support from the Big Lottery Fund which allowed them to own assets – and use these as the basis for further community activity, grants, loans and trading.
- Ownership ensures a project isn't at the mercy or whim of a landlord – although the majority of our leasing case studies had positive and productive working relationships

with their landlord, these relationships could be challenging (and in one case nearly destructive).

- A *sense* of wider community buy-in and ownership is not *necessarily* tied to tenure. Instead, these characteristics are a related to good and ongoing community engagement and development work. Projects who both lease and owned exhibited high levels of community involvement and participation.
- Whilst ownership can endow a number of direct and tangible benefits we also saw how long leases (150 years) can have the same effect – ultimately conferring many of the same benefits of ownership. On the other hand, from the perspective of some of our case studies, the lease offered wasn't fully suitable.
- Other forms of leases have their own benefits: they can be easier to set up and manage, can offer a 'stepping stone' to ownership and can free up energy for other activities.

Either tenure option has the possibility for supporting communities to tackle inequalities. Whilst there are distinct benefits which accrue depending on tenure option as it relates to project circumstances (as described above), *some of these are related to the wider institutional environment rather than the tenure option per se.* As described above, leasing tends to become problematic where leases are short, and terms restrictive – these are not necessarily related to the leasing option itself.

Finally, although the predominant policy and funding direction has been towards community ownership of assets, the varied experience of case study projects, and willingness of key stakeholders, might suggest development of a programme to support leasing activity in a systematic manner. In this way, it could be shown that it is the best option for communities when weighed against the alternatives (similar to how ownership has been supported through GCA 1 and 2).

Q. 2 - Over the past 15 years, the Big Lottery Fund has invested around a total of £95 million in over 400 community ownership projects.
a) What proportion of these projects are (i) thriving, (ii) surviving, and (iii) struggling?

Based on the responses from the survey, 45% (20) projects reported they were thriving, 45% (20) reported they were surviving and 9% (4) reported that they were struggling. The survey was circulated to all projects who had previously received GCA funding as well as a wider selection.

Q. 2 b - What are the main reasons the projects are in these positions?

Our discussions with key informants identified a number of characteristics which they felt were evident in projects they recognised as fitting the typology. These were:

Thriving projects:

Tended to have excellent and ongoing community engagement and a strong sense of self-reliance and independence. They were typically forward looking and good at the ongoing development of new ideas and projects. As a result they were able to attract and retain appropriately skilled board members for the project's developmental stages and were often delivering on more than their initial outcomes. They had been able to access funding and support when and where required, and had access to regular income by way of a mixed economy comprised of social enterprise activity with significant service contract or grant income. The resultant spreading of risk undoubtedly supports resilience to shock

Surviving projects:

Were often felt to be able to meet proposed outcomes to a good standard without necessarily looking to grow and develop further in the short term. They were felt to be relatively content with their current position, with fundamentally sound and deliverable forward planning and delivery of their aims and services. Whilst generally financially sound, they could be in a position where more time than is ideal is spent 'chasing money'.

Struggling projects

The main characteristics identified were instability at board level including: loss of key individuals on management committee or boards and a lack of succession planning to be able to avoid or address this. This was felt to accelerate a loss of skills from the organisation (staff, board, volunteers) and create difficulties in replacing these which could cause projects to reach a crisis point from which it was difficult to break out of

Developing a typology

We also explored this question using the survey and case studies which added to the emerging profile of how projects related to the typology. Both methods told a similar story: projects who are thriving and surviving share similar success and risk factors. However, struggling projects tend to be undermined by compounding and self-reinforcing problems and challenges.

Based on the survey responses, projects who are thriving and surviving share similar success and risk factors. Although 'thriving' and 'surviving' projects often have similar profiles and experiences, they do however exhibit a number of differences. Projects who identify as:

- Thriving have more volunteers and paid staff.
- Thriving appear to have higher levels of financial turnover.
- Thriving noted receiving more support of various kinds from agencies and other organisations.
- Thriving appear to have been more successful in leveraging grant and commercial income.
- Thriving noted strong growth in the creation of spaces for 3rd sector organisations to deliver services from.
- Surviving were notably positive about developing new community spaces for a range of community activities.
- Surviving were notably more positive about their ability to advance community interest
- Thriving projects noted the creation of work opportunities.

Although the sample is small, there does appear to be a pattern of responses from those who described themselves as struggling. Struggling projects:

- Reported less agreement with known success factors (see literature review) across virtually all indicators.
- Tend to have fewer staff and volunteers than other projects.
- Appear to be more motivated by the need to save a community asset, and the (possibly related) need to raise funds.
- Generally report less benefit across the majority indicators in comparison with other types of project – including organisational and wider community benefit.

- Struggling projects reported similar planning-stage experiences. This is possibly as a result of the need for rigour in making a funding application (for example to GCA). It also suggests that challenges may well develop and emerge as projects mature, at least as much as being 'in with the bricks'.
- Struggling projects report a relatively lower ability to access grant funding. Many of the most successful projects exhibit the opposite: an ability to leverage substantial grant resources where and when needed.

Despite the size of the sample of struggling projects, it appears that those who identified as struggling describe lower levels of community, economic and organisational benefits, and have been beset by multiple, and possibly overlapping, challenges. In addition, whilst all projects are affected by similar challenges, projects who identify as struggling appear to be most affected by them. Moreover, evidence from the case studies backs up the survey data. Both align with established thinking in the field (see literature review).

In addition, what is already known about project sustainability in the academic and grey literatures is further reinforced through the case studies. There are a number of examples which are worth drawing attention to. Case study projects who described themselves as 'thriving' or 'surviving' exhibited the following features:

- Although differing considerably in terms of size, scale, ambition and stage, they all demonstrated a level of confidence in the future, and in their ability to manage change.
- All but the very newest of thriving and surviving projects had endured shocks, uncertainty and instability – often caused by factors beyond their control (12, 8) – however they had ultimately overcome these experiences and emerged stronger.
- Projects who identified as thriving or surviving, whilst subject to challenges, shocks and problems, appear to have developed two complimentary strategies: 'battle hardening' and 'skill acquisition'. 'Battle hardening' involves the acquisition of skills, learning and resilience through adversity – for example learning how to manage projects, oversee builds and run a social enterprise with little prior knowledge and experience (5,6,7,8,9,10,11,12,13). Often, this learning involved a reassessment of the initial business plan projections (7,10). Other times, it can relate to the development and innovation of new services and community activities not originally envisaged (7). 'Skill acquisition' on the other hand involves the ability to recruit (or at least draw upon) appropriately (and sometimes specially) skilled staff and committee/board members as a project develops (6,7,8,11,12).
- Some were in the 'first flushes' of success and optimism (9,11). A number who identified as thriving were young organisations on a strong upward trajectory – others have endured upturns and downturns along the way.

The struggling projects:

- In one case (2), the loss of a key tenant and centre manager – and subsequent inability to recruit another – built on a loss of reserves during the building process and had created a 'hollowing out' of capacity. In practice, this has meant that it has been hard to promote and develop the project leading to further weakening of capacity.
- Underused capacity was an issue for a number of projects – particularly, but not exclusively, those struggling (2,3,4,15). The result was a loss of revenue and ongoing engagement with the community. This arose when market analysis and resulting planning assumptions appeared to be wrong or where circumstances had changed rendering original assumptions unsafe.
- One project (4) had experienced a disconnection from the community – possibly due to local community politics.

- Overall, projects who identified as struggling showed a certain ‘stuckness’ and inability to move forward, access new opportunities and develop their organisations.

Figure 5 Illustrates some of the circumstances affecting whether projects find themselves “thriving” or “struggling”

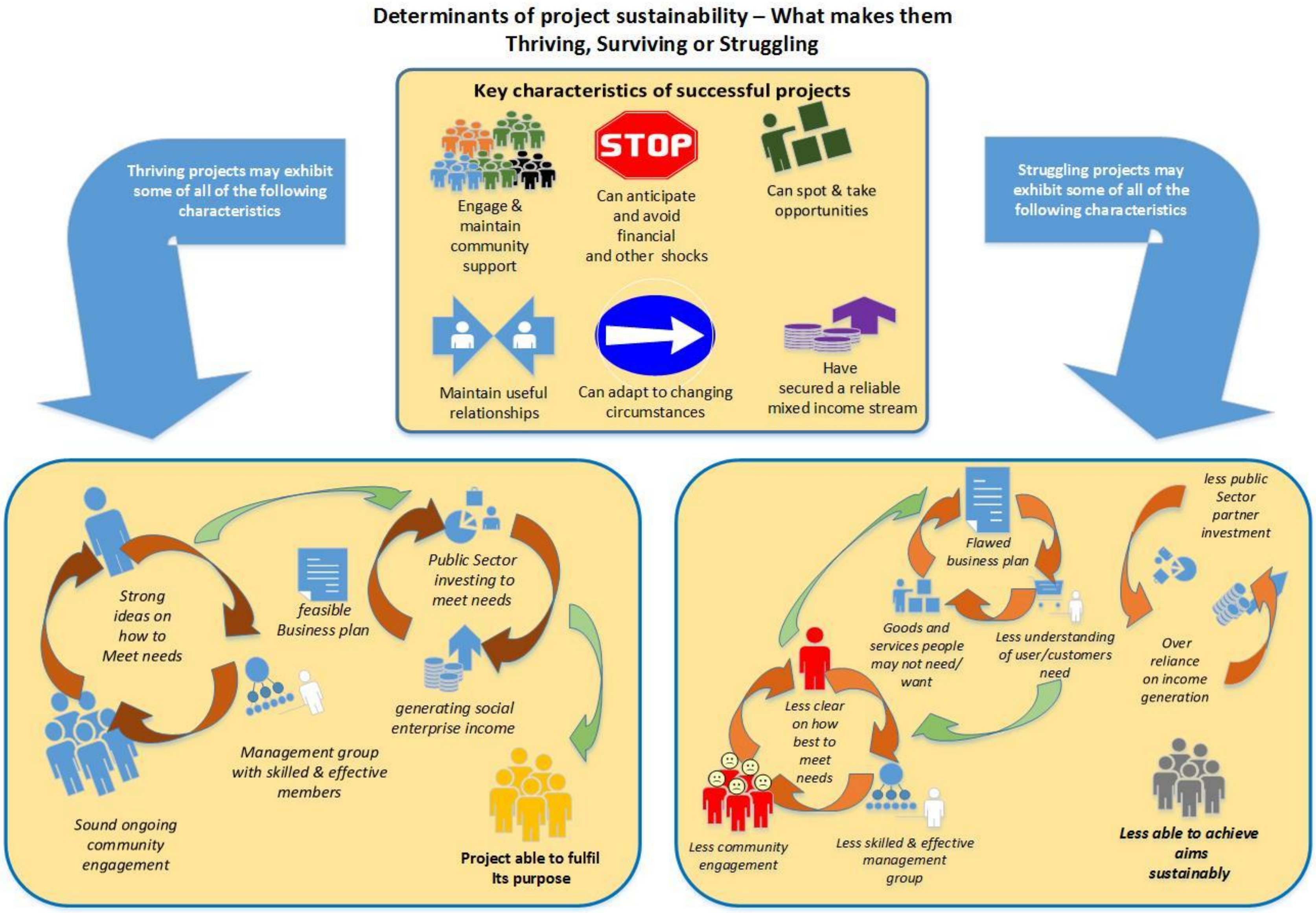


Figure 5 factors affecting projects sustainability

The importance of context

Beyond factors relating to specific projects, organisations and their relative capacities, wider economic, cultural and social policy contexts played an important part in offering opportunities to projects. In some cases, these contexts, although negative, were the spur to community action (the closing of a Post Office [9]; the realisation that only the community could 'help themselves' by solving key local issues and developing services [10]). In others, policy environments around food waste reduction [12] or policy instruments such as 'feed-in' tariffs (6) were key factors. In one case, a large local employer's 'community benefit' clause were taken advantage of. These varied factors have provided an enabling environment by both bolstering their purpose and prospects and providing financial or in-kind support. Meanwhile, the settlement of (often incoming) professional retirees to an area has provided the basis of a very highly skilled management committee, as in the case of one project (7).

Whilst projects who identified as thriving and surviving appear to have been able to make the most of the wider policy, economic, social and cultural environment in creative ways, those who described as struggling seemed less able to do this. It's not clear the extent to which they may not be aware of opportunities, find it more difficult to recognise them, are unable to leverage them (e.g. due to lack of time and resource to develop bids or plans) or whether there are simply fewer of these in some localities. What does seem clear is that the most successful projects see opportunities based on strong relationships with potential partners and explore these systematically to maximise their value.

Financial analysis

As described below, there are challenges for organisations (especially, it seems, GCA funded projects) in terms of sustainability as measured by availability of unrestricted reserves. The financial analysis of the case studies suggest considerable variability in terms of unrestricted reserves and use of grant funding. In summary:

- There appears to be little direct relationship between how those who report as thriving, surviving or struggling and their relative profit/loss, levels of unrestricted reserves and use of grant funding. For example, one of the largest and most successful organisation has unrestricted reserves of 2%, whilst some organisations who are struggling have small or no reliance on grant funding.
- Instead, ongoing financial viability and stability, appear to depend on levels of adaptability (e.g. responding to falling revenue by increasing grant funding) and also in a close analysis of project context and situation.

Balance sheets analysis can reveal high deficits for reasons of investment and grant funded expenditure. However, in four projects consistent deficits were recognised. The thriving and surviving examples were developing strategies to deal with this, whereas the struggling projects were less confident in their ability to address these issues.

Support and the challenge of capacity

A large number of projects were extremely positive about the support offered to them by a range of organisations. Big Lottery Fund and their team were noted as being especially supportive and helpful – both in financial and technical guidance. The support offered to projects especially in the early stages of their development was regarded as very helpful. However, ongoing support doesn't seem as well developed, and less support seems to be available in lowland and urban areas. Although, based on our case studies, 'crises' can be slow burning.

Whilst thriving and surviving projects exhibit strengths and capabilities, a number also illustrate previous experiences of vulnerability. Two projects (8,12) were at one stage facing existentially threatening ‘pinch points’ where (through no fault of the projects) timescales came close to overtaking funding. In two other cases (5,15) a large amount of the work falls upon few shoulders which the project acknowledge as being unsustainable in the longer term.

As described above, a number of projects have effectively managed the changing demands of projects by successfully recruiting key staff with the appropriate skills (8) and the ability to attract highly and appropriately skilled management committee and board members (6,7,10,12). Some were retired experienced professionals with many years’ business and commercial experience, others were associated with large local industries. Although two of these projects (10,12) were in relatively more deprived locations, the skill profile required to run larger projects can be considerable. The extent to which the required skills are available in all of Scotland’s communities is not clear. This has implications for both generic and technical capacity building aimed at maximising local assets. It also has implications for tackling inequality and how best to target resources to reduce structural disadvantage.

Q. 3 - What challenges do communities face in trying to make assets sustainable – both financially and more generally? How have projects that are ‘thriving’ become viable?

Financial Sustainability

The financial analysis underlines the diversity of the community control experience in Scotland – as well as its complexity.

Based on an analysis of 40 randomly selected community assets projects, GCA projects are more heavily grant dependent (average 62.5% of income from grants) than SLF funded organisations and additional projects (40.5% and 39.9% grant funded respectively). On the other hand, 2 GCA projects receive no, or minimal grant funding raising all of their running costs via their trading: one a community forest, the other a community association.

Available unrestricted reserves contribute to sustainability and provide a cushion against the cuts in funding and squeeze on income from contracts and services that many organisations are currently experiencing. Whilst many organisations held high levels of restricted funds, levels of unrestricted funds were more precarious.

- SLF projects had higher unrestricted levels of funds (42%, expressed a percentage of total funds) compared to GCA projects (17.3%).
- There were 14 (63.6%) of GCA organisations with less than 10% held as unrestricted reserves.
- To emphasis diversity, one GCA project had 97% unrestricted reserves.

The level of grant dependency and lack of unrestricted reserves highlights the vulnerability of organisations and illustrates that generating sustainable income from a community-owned asset and investing this for leaner times, is very challenging.

Q3 (a) - Do different ownership/leasing arrangements work better for (i) different types of asset and (ii) different communities?

There are times when owning a particular asset is a formal necessity, a practical necessity, principled necessity or a contingent necessity – or, as is very often the case, a combination of these factors. The case studies illustrate this as follows:

- Formal necessity: in these cases, for example community energy projects (6) it is essential that the generating equipment is owned by the community in order that the community control subsequent revenues. In these cases, other forms of control, such as leasing, would negate the possibility of the project.
- Practical necessity: In these cases, owning an asset is required due to a particular set of circumstances. For example, because of the nature of an asset, its specific situation (11, 7) or specific utility is important (7, 16). Or, because the current owner(s) are not interested in leasing, only disposal of an asset.
- Principled necessity: In some cases there is a strong emotional connection or pull to the asset, or the asset is of aesthetic, cultural or social importance (7). Although difficult to quantify, these can be important community motivators.
- Contingent necessity: In these cases, ownership is regarded as a required step because leasing arrangements do not allow sufficient latitude for projects to develop and grow – by developing the asset and/or raising new revenue. In these cases (e.g. 9,11,14) ownership becomes desirable and required – however, this relates more to the specific terms of any lease agreement rather than leasing per se (c.f. 10,11).

Across the case studies, and from the other evidence, it does not appear that leasing or ownership are more or less suitable for any given community. As described above, the case studies demonstrate a 'mixed economy' of options. In addition, whilst the challenges and burdens associated with ownership are significant, projects who currently lease their asset also point to considerable administrative load (14, 5). As noted above, some – especially larger – projects require a range of skills to deliver effectively.

Leasing appears to work effectively in a number of different community and project circumstances on a case by case basis.

- Leasing as a supportive stage in an emergent process: Where communities wish to 'try before they buy', to test out plans, or where 'proof of concept' would be helpful (5,9,14), or where a project is short term in nature. In addition, leasing can be helpful where projects wish to focus on the practicalities of project work, rather than building management and control (5).
- Leasing as equivalent option: As project 12 demonstrates, a long (in this case 150 year) lease gives an equivalent benefit of ownership to communities, and allows the project to focus on core activities.
- Leasing as practical necessity: In one case (16) leasing was a required option due to the landowner being unwilling to sell.

In other cases, leasing appears to work less well for communities than an equivalent ownership arrangement:

- Where leases are short term but not part of a pathway to longer term solutions (restrictive of development (9,11,15) or contain 'full repair' clauses (15) they can act as a hindrance to the development of projects. In these cases, communities often aim to become owners of the assets.

- Leasing works well were it is not perceived as ‘draining’ resource from the community (10). However, in one case leasing the land where energy generation equipment is located (6) leads to revenue leaching out from the community.

To conclude, leasing and ownership of community assets bring their own specific opportunities and draw backs which are experienced differently by communities and their projects. The drawbacks of ownership (and most explicitly building and resource management issues) are in practice mitigated by skilled staff and board members. Targeted and robust support where these skills are underdeveloped could be used to support projects and communities. Many of the current drawbacks associated with leasing are related as much to as *how* leasing arrangements have been structured rather than leasing *in and of itself*. Whilst there are scenarios (as described above) where leasing would not be suitable, in other cases leasing of assets offers a space of development for the community control agenda.

4. Where next: Pathways to Progress

Through the end-of-project co-inquiry, participants identified the following ideal destinations and subsequent actions and milestones:

<table>
<tr><th>Pathway to Progress</th><th>Positive Destinations</th><th>Milestones/Recommendations & Resources</th></tr>
<tr><td>Wider choices</td><td>Groups will have the knowledge they need to evaluate available community control options (ownership, lease, use or combination of these).
They will be able to make Informed decisions which would endure as solutions for what they wished to achieve</td><td>Funded learning visits for projects considering and pursuing community control
Development of a system describing different routes and choices according to groups needs
A nationally developed and available toolkit to help groups access options
Where groups can access a wide range of relevant support in understanding and evaluating choices
With good accessible information
Identifying exit points and get out clauses
Ensuring tenure options that are in community interests prevail rather than those of other stakeholders such as Councils or funders
Allowing for formal points of review
Building on the use of the Development Trusts Association roadmap
Access to insights informed by the real world experience or other groups knowledge and experience</td></tr>
<tr><td>The strongest start</td><td>Groups will have Identified their skills gaps and be accessing the capacity building support they need to build fit for purpose organisations,
They will be well connected with strong partnerships with</td><td>Key to set the right local agenda for skills development based on existing skills & talent
Ensuring better quality and consistency in use of consultants – currently mixed experiences
The right kind of relationship with 'partners' is central- acting together for longer term community benefit
Communities are better supported to describe how they can connect with public sector 'investor's' plans
Local residents have control of that process rather than vice versa
Agency partners are responding to the locally set agenda rather than only requiring communities to fit their 'blueprint'
Aim is for an equal partnership building on different strengths of the partners
Officials better informed about quality of community services</td></tr>
</table>

	funders, delivery partners and communities to deliver their roles	• Spread risk and opportunity by having contact with lots of potential partners • Linking the purposes and outcomes of participation requests with asset transfer process • There may be lessons from England which could inform practice and the Big Lottery Fund could help share these • Foster a positive public service reform community empowerment culture which values joint ventures with communities • Combating negative perceptions of the quality of 'community' services
More holistic process	• *Improved and continuous dialogue with partners will result in positive tools being created such as standard progressive leases or fair approaches to clawback.* • *Smoother processes and better relationships with wider community benefit outcomes will be more prevalent*	• Need to act now to begin to create principled and honest dialogue between communities and asset owners • Worth recognising that even difficult starting points can lead somewhere positive • Vibrant Communities type of approach (East Ayrshire) integrating community needs, local planning and asset development needs to become more common to benefit communities and public agencies • Communities, and the assets they control, should be full partners in public service reform solutions • Social/economic impact studies of the value of community controlled assets would support work • Communities must be recognised as positive solutions to agreed issues and problems • Empowerment dialogue is an opportunity for bigger community led vision • Exploration of progressive templates for leasing, claw back, etc. would improve outcomes/relationships
Realistic revenue funding	• *Commissioning bodies are better trained on potential for community led solution* • *Communities have access to more/better enterprise, training and leadership support*	• Gaps in tools and training for supporting community enterprise are identified and addressed • Quality training opportunities are developed for public agencies and communities together • Need to gather and share learning opportunities • Lottery policy on ownership is unlikely to change, therefore other funding mechanisms and streams may need to be developed. • The Big Lottery Fund's tapering of revenue funding is valued • Need funding for review and specialist support at key transition points in projects • Identification, training and education of the specific skillset needed to be a 'community asset manager' – recognition of this type of role.
Self-awareness & sustainability	• *Organisations have increased confidence in their own ability (growing*	• Safe spaces for reflection and critical learning are needed to support ongoing self-evaluation • Good diagnostic tools are needed linked to co-ordinated support • This could include communities mentored by other communities

	own experts) and have developed key, trusting relationships	• Community mentoring should be supported financially to compensate some groups for their time • Shared practitioner and management committee/board based learning are both needed • Robust crisis management response needed for when things go wrong • Realistic case studies based on difficult situations as well as positive ones would be useful
Support	• *Organisations have confidence to access support as required* • *Training and mentoring opportunities accessed and shared*	• Mapping of current support is required. Based on a dialogue about the true nature of existing provision • Augmented by systematic identification of gaps based on real experience • Leading to the co-ordination of support – nationally in funding programmes such as the Big Lottery Fund's and at the project level • Need to link the thinking into development of Local Outcome Improvement Plans • General community development support also very important linked to local community empowerment and Community Learning and Development planning