Speaking Out on Taking Over

Perspectives on Community Ownership, Community Control and Sustainability

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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Community Enterprise
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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.
scdc 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 considers 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 includes semi-structured interviews, an online survey, case studies and financial analysis of organisations owning or leasing assets. It also uses 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 was 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?**

Box 1 Original Research Questions

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	June 2017

Table 1: Key research activities

The format of the report is modular, with the intention that readers can utilise the parts report which are of most interest to them. Each section has its own summary with the overall analysis later in the report representing a fuller synthesis of the findings. In the interests of space and brevity, individual case studies are held online. This report is structured as follows.

- Literature review
- Methodology
- Survey findings report
- Key-informant interviews findings report
- High-level financial analysis findings report
- Co-inquiry findings report
- Analysis
- Recommendations

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 of key Points

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).*

Box 2 summary of literature review

2.1 Background and policy development

The current asset transfer agenda can be traced back to the land reform movements dating back centuries (Skerratt, 2011). However, it is only more recently that the process of change has accelerated in terms of both 'land reform' (Ibid; SPICe, 2015; Scottish Government 2012; Land Reform Review Group, 2014), and the transfer of land and physical assets to communities. A number of high profile and significant transfers of land occurred in the 1990s (although many had occurred in previous decades – often smaller scale [Skerratt et al., 2008; COSS 2012]) whilst devolution paved the way for the 2003 Land Reform (Scotland) Act (Scottish Government, 2012; Braunholtz-Speight, 2015; Hoffman, 2013)).

In the 2000s transfer of assets to community ownership became an increasingly important policy formulation in Scotland and the rest of the UK – being considered a process compatible with improved delivery of local services, development of 'localism' agendas, and as a way to 'empower' both urban and rural communities (Quirk et al, 2007; Moore and McKee, 2013; Scottish Government 2012; Braunholtz-Speight, 2015). During this period, notions of 'Asset Based Community Development' (Burns, 2010; SCDC, n.d.) became increasingly important in policy debates, including in Scotland. Although 'assets' are understood differently in each case and should not be confused, they share an emphasis on developing and supporting existing community capacity rather than on more 'problem driven' interventionist models of development. Critics of both community asset transfer and asset based community development frame aspects of both as emphasising 'neoliberal' principles of individualisation, privatisation and 'hollowing out' the state (c.f. Moore and McKee, 2013; MacLeod & Emejulu, 2014).

In recent years, the importance of community asset transfer has deepened with more communities taking ownership, leasing or negotiating use agreements with public agencies or other owners of assets. The principles of the Christie Commission's (2011) recommendations chime with the benefits of community control of assets (see below) and the Community Empowerment Action Plan (Scottish Government, 2009) explicitly notes the benefits of community control for community empowerment. The Community Empowerment (Scotland) Act 2015 further enhances the rights of communities to request transfer of assets and places new and more consistent procedural obligations on public agencies in Scotland to respond to requests in a formal manner (SCDC, 2015).

2.2 Funding

As the policy environment increasingly favoured community ownership and control of assets, a coherent and organised funding environment developed – most notably the 'Scottish Land Fund' (2001 – 2006) and the Big Lottery Fund's Growing Community Assets 1 (2006 – 2010) and 2 (2010 – 2015). Growing Community Assets (GCA) had an increased emphasis on urban projects (although most recipients were still in rural locations [SQW, 2013]).

Currently, the Scottish Land Fund is operational and administered by Big Lottery Fund and Highlands and Islands Enterprise; and the Big Lottery Fund administers 'Community Assets' – a programme with similar objectives to Growing Community Assets. Alternative sources of funding include Local Authority funding of various kinds (e.g. Ward Discretionary Funds or specific policy related funding e.g. the Vibrant Communities approach in East Ayrshire), European LEADER funding and charitable funds from a range of other trusts. Prior to the advent of these major co-ordinated funds, assets could be acquired by fundraising, other funding sources on an ad hoc basis and/or 'gifted' by land owners

(COSS, 2012). COSS' (2012) analysis shows that the introduction of the 2001 Scottish Land Fund increased the number of acquisitions – with a notable upturn starting in 2000 and peaking in 2003 – suggesting that availability of funding was supporting a clear community demand for control of assets:

Fund	Fund total value	Number of investments
Scottish Land Fund 2001 - 2006	£13.5m	239
Growing Community Assets 1 2006 – 2010	£50m	127
Growing Community Assets 2 2010 – 2015	£40m	112

Table 2: Big Lottery Funding for Community Assets 2001-2015

2.3 Benefits of community control of assets

The transfer of assets to community control has, as described above, become an increasingly popular policy prescription for realising multiple policy objectives – from service accountability to community empowerment to environmental sustainability. The potential benefits of community control can be summarised as follows:

Highlighted benefits of community control of assets

For the community

- Users of assets in community control can plan confidently for the future.
- Builds community capacity through involvement and participation
- Wealth creating activities can focus on community needs thereby improving health and wealth rather than using it to pay rent to a third party.
- Offer a 'multiplier effect' by encouraging population retention, greater confidence, increase business confidence and attract new investment.
- Promoting community cohesion by bridging the ethnic, faith and other divisions that may be present in communities.
- Build community confidence, sense of worth and identity.
- Generation of surpluses, access to grant funding anchored in the community facility can support new and innovative projects.
- Restoring buildings to productive use, that directly address current local needs, can offer a morale boost and generate a sense of optimism for communities.
- Environmental improvements
- Enhancing democratic voice and build effective relationships between citizens and the local state.

For stakeholders

- Service providers can gain a local partner which can tap resources they cannot, complement the services they provide, and act as a channel for user and community feedback in response to service provision.
- Offers the potential for neighbourhood-based service provision, making it more accessible to local people. This is particularly important in rural areas, where services are being lost.
- Asset transfer can enable community organisations to support a public body in delivering its objectives in a ways that are more community-responsive and more closely related to local needs.

Organisational benefits for communities themselves

- The journey towards asset ownership and related sustainability brings increased confidence, status and power.
- The needs to transform organisational culture and management capacity can empower those involved.
- Acquiring the necessary finance and meeting the legal requirements will bring an organisation into contact with a wider range of players both locally and often well beyond the locality, opening new horizons to those involved
- The requirement for external scrutiny – whilst challenging – can help organisation become more accountable and effective in their activities.
- Ownership of a capital asset can be one of the key factors in providing collateral for further borrowing, in levering in additional assets, and generating surpluses to finance new activity, thus providing a springboard for further growth

Box 3 Benefits of community control (Quoted and adapted from Quirk et al. (2007) pp. 15-19; Aiken et al (2011) pp.46 – 51; DTAS (2010) p. 1)

Furthermore, Aiken et al. (2011) also point out the way in which these benefits can become 'more than the sum of their parts':

> *"…the benefits that result from bringing an asset into community use are often multiple, unanticipated, and tend to evolve over time. And while many are 'soft' and difficult to measure, cumulatively, they combine to produce a 'social good' of well-being and quality of life that is greater than the asset itself and the hard outputs it can demonstrate."*

Moreover, there is a suggestion that the realisation of these benefits can occur not only in the short term – but are more likely to emerge after many years or decades (SQW, 2013; Skerratt and Hall, 2011).

2.4 What are the success factors for community control of assets – and what challenges can community bodies face?

There is a well-developed understanding in the literature of the characteristics which support success, and those which can undermine projects.

What leads to success?

- Active and ongoing community engagement with the wider community
- Community members who are committed and willing to give their time
- Based on a strong understanding of community needs
- A dedicated paid staff resource – rather than a reliance on voluntary effort alone.
- Adequate financial and business planning when acquiring assets
- An asset that was initially fit for purpose
- A constructive and assistive approach to transfer and community control of assets on the part of public bodies in terms of policy environment, practice and attitude
- Capacity and leadership within the community – the skills and time to make an asset work, a history of voluntary and community action, and technical and community development support;
- Effective governance – clarity of role and function and community buy-in, with adequate democratic control
- Financial sustainability – including fit-for-purpose external investment.
- Access to technical, community development and brokerage support
- Effective contingency planning
- Ongoing creativity and innovation of ideas, activities and services.
- Presence of income generation activity (e.g. social enterprise, room lets, commercial activity)

(Aiken et al. 2009; Big Lottery Fund, 2013)

What causes problems?

Conversely, success in meeting community needs was undermined by:

- Poor or inadequate planning
- Assets that become liabilities
- Resistance to asset transfer from public bodies, protracted negotiations for acquisition, lack of aftercare and unnecessary restrictions on use

- Difficulties in recruiting key volunteers, stress and burnout of project leaders
- Over dependence on a small group of people, reluctance of wider community to take on responsibility and compounding factor that a struggling project is harder to recruit management committee and staff for
- Blurring of roles and accountability between staff and management committees.
- High and/or unforeseen maintenance costs in both older buildings and unanticipated 'snagging' costs in newer builds
- Unwillingness of banks to invest – or to provide appropriate financial packages.
- The concept of community ownership can be challenging – not all in a community realise that an asset is now community controlled
- Volunteers are an important asset, but management, development and capacity building of volunteers requires a dedicated infrastructure
- Legal issues in terms of organisational structures, and development of commercial ventures
- Development and growth brings challenges around transition to more professional structures and working practices (e.g. becoming an employer). This requires added and/or different skill-sets to a smaller community organisation
- Community expectations can be high in terms of cost of services and capacity to deliver – for example it may engender a belief that services to the community should be free
- An unfavourable economic climate in terms of grant and private/social enterprise potential
- Measurement and evaluation of impact and benefit can be difficult – making management and future funding more challenging
  (Aiken et al. 2009; Big Lottery Fund, 2013).

2.5 What *recorded* difference does asset transfer make?

GCA outcomes

SQW note strong performance across all the Growing Community Assets outcome aims:

In summary:

- Those using the GCA facilities reported stronger, more cohesive and more involved communities. In addition, services were closer and people felt they had more awareness and influence of local decision making
- An estimated 36,000 people are using GCA supported services and facilities. Users report these to be an improvement on previous arrangements.
- Skills and knowledge have been developed through practical activity (e.g. developing and managing projects) rather than through formal training. Social links and friendships have been built.
- Respondents felt that services had been improved.
- Communities report increased confidence and ambition. 337 full time and 301 part time jobs have been created or safeguarded. A number of new enterprises have been established (albeit concentrated in specific projects).
- Some projects had been able to use their asset to generate income (especially energy and longer established organisations). However, others were still developing towards sustainably.
- Self-reliance can be thought of as more than financial – for some projects, being 'self-reliant' meant having more control over how an asset is used.

- Facility users found that the biggest individual benefits were in making new friends and contacts (49%), saving money (28%), developing new skills (17%) and improving physical fitness (19%).
- There has been a positive environmental impact in terms of: reduced journeys; more recycling; improved area management and development of renewable energy.

(SWQ, 2013; See appendix 1 for fuller details)

SQW's longer term evaluative approach, research with individual organisations and user/household survey is an example of a robust and well-designed piece of research. It indicates (in general) a positive impact of the asset transfer agenda in general and GCA in particular. As such, the extensive and intensive nature of the research goes some way to overcome some of the below noted challenges of outcome and impact measurement.

2.6 Outcomes and tenure options

Different outcomes: ownership v lease

The extent to which different ownership and management arrangements (e.g. lease versus outright ownership) result in identifiably different community outcomes is not clear from the literature. Where studies have asked questions on the efficacy of community control of assets, they have tended to: a) treat ownership, leasing and management as equivalent (Aiken et al. 2008); b) focus on ownership primarily (SQW, 2013) or; c) been unable to draw clear conclusions (even from fairly large surveys) between those who own and those who lease (Aiken et al. 2011). However, many of these studies draw positive conclusions about the benefits of community control generally.

The extent to which non-ownership models are able to generate the equivalent social, economic, cultural or environmental outcomes was ultimately not addressed in the SQW Growing Community Assets evaluation:

> *"The projects supported through GCA are community owned, so it is not possible to comment on whether other models would or could have been as effective. The projects interviewed felt this was the best approach for them, however, it will not be appropriate for all communities, projects or assets. For those where ownership might not work, leases may offer more flexibility…"*
>
> SQW (2013, 72)

Nearly a third of projects considered no other option other than ownership. Further, SQW's evaluation of GCA noted that:

> *"Community ownership will not be the right approach for all communities, projects or assets. It is just one of a number of potential routes. For example, leases may offer some a better introduction and potentially would be more flexible. Some groups may be reluctant or nervous to commit to full ownership and this could allow them to build experience more gradually."*
>
> (2013, 83)

They also suggest GCA was structured such as to avoid inappropriate recommendation:

"The Big Lottery Fund's focus on ownership means that they work with projects that are appropriate for the ownership model. It would not work if projects were being encouraged to take ownership when it was not appropriate."

(Ibid.)

The extent to which those who would have preferred leases, or for whom leasing was the only viable option, may have 'missed out' on support is not clear from the literature. In contrast to the generally positive tone and emancipatory narrative in much of the policy and academic literature, Skerratt and Hall (2011), drawing on research carried out with village and community halls (*which are not funded under GCA*), note the burden which ownership places on community bodies' social and economic capital. Skerratt and Hall identify the familiar themes of assets-turned-liabilities and drained volunteers. They also note the assistive presence and import of Big Lottery Fund's ongoing support for community bodies and ongoing grant funding requirements for most projects.

Project attitudes

Aiken et al. (2011) highlight their respondent's attitudes to ownership and management of assets. Advocates of ownership point to the importance of independence, resilience and permanence (i.e. continued tenure independent of the owners' preference), and financial autonomy. On the other hand, leasing may provide greater flexibility especially where extensive service delivery was an important factor.

Beyond a binary leasing owner/non-owner understanding, Aiken et al. (2011) suggest that these categorisations exist on a continuum between 'lease' and 'ownership'. For example, a number of projects surveyed by Aiken et al. (2011) highlight the existence of mixed portfolios combining both lease and ownership. Alternatively, some types of activity – such as extensive service delivery – might be better suited to more flexible and mobile leasing arrangements. Lastly, they note that longer term leasing arrangements (50 years or longer) are treated in similar ways in terms of ability to raise finance. In contrast, short term leases are more likely to lead to instability and unsustainability.

Difficulties in measuring outcomes

Aiken et al. (2011) note, recording the difference made as a result of community asset transfer and the organisations involved in this process has a number of challenges as follows:

1. It is difficult to differentiate the benefits of *controlling an asset* from *having that asset available for community use* and *from the presence of active community organisations*. Indeed, as is the case for this work, effective community organisations are necessary factor for community control of assets. In addition, the community organisation and/or asset itself may have either been in use, or owned by the community for a considerable length of time.

2. Reliable statistical measurement can be challenging for the main benefits and outcomes. Use levels, economic indicators, census measurements, housing developments and so on can be measured. However, those which might be the main project objectives – social, cultural, environmental or emotional benefits - are much harder to quantify. In additional, preventative benefits and associated revenue savings which might accrue from local-community control and/or delivery are a considerable challenge.

3. Outcomes can take a long time to realise fully – for community, organisational and social objectives. SQW's (2013) evaluation of Growing Community Assets notes that GCA funded projects vary in current lifespan and that impacts may be fully realised over decades rather than years.

4. What constitutes success can vary by community, organisation and project and will be strongly influenced by community factors.

5. Community organisations operate in complex social, economic and cultural and policy environments with makes attributing impact to one organisation, project or asset difficult.

6. Evaluating Growing Community Assets, SQW (2013), note the challenges associated with accurately measuring the impact of projects which vary widely in terms of assets, purpose, geography and community.

2.7 Challenges and problematics of community control

Income deprived communities

Sayers and Follan (2010) note that income deprived communities may not be able to access the benefits of community control of assets to the same extent as more affluent communities. This situation is precipitated by access to funding – which in turn is influenced by the required level of expertise and skill in terms of bid writing, administration and other, often 'professional' skills. However, as shown below GCA 1&2 supported communities in deprived areas to a significant extent (see survey analysis for more detail).

In addition, beyond technical skills, SQW's (2012) GCA evaluation notes that the concept of community ownership of assets does not necessarily resonate with large sections of the community – although those who do engage report important benefits.

The urban challenge

Urban areas represent challenges to the community asset transfer movement – although there are an increasing and significant number of successful urban and town based projects. In addition, the Community Empowerment Act may also help promote and support further engagement in urban areas as will the extension for the Scottish Land Fund for use in urban contexts. SQW (2013; see also Big Lottery Fund, 2013) highlight a more limited interest in volunteering in urban areas[1] and a lower engagement with GCA projects. Reasons for this may be:

- Rural, and especially remote-rural areas, have a longer tradition of 'self-mobilisation' than urban areas (Big Lottery Fund, 2013) where the state has been seen as a more effective service provider.
- A stronger and better developed sense of connection with land resources, and negative experiences of absentee landlords (Murphy, 2010)
- In deprived areas, a less developed skill and capacity profile (Big Lottery Fund, 2013).
- Reluctance on behalf of local authorities to transfer assets which are perceived as being 'the family silver' (DTAS, 2010).

The evaluation of Growing Community Assets indicated that those in urban areas were less interested in being involved in community activity, less interested in volunteering, consultation and decision making than those in small towns/accessible rural areas – and especially those in remote rural areas. Finally, the Scottish Government (2012), summarising the experience of Growing Community Assets Evaluations (SQW, 2013; Big Lottery Fund, 2013) suggest that urban projects tended to be 'semi-

[1] Volunteering participation is lower in the south of Scotland than the North: http://www.volunteerscotland.net/policy-and-research/data-and-graphs/local-area-profiles/

professional' social enterprises with a shallower conception of 'community' – albeit with a more targeted reach (and lesser reliance on volunteer effort).

Community engagement

Community engagement is essential to delivering successful projects (Big Lottery Fund, 2013). During the initial stages of the project, community energy and enthusiasm can be mobilised relatively easily (SQW, 2012). However, this can be more challenging as projects develop. Ongoing community engagement activity also encourages 'new blood' onto management committees (SQW, 2012).

Skills, capacity and staff

For all projects, irrespective of background, aims and objectives, skills and capacity of staff is a key resource (Skerratt, 2011; SQW, 2012). Murphy (201) notes the importance of early recruitment of dedicated staff (e.g. development officers) who can oversee asset transfer processes and activities – which itself is connected to ability to raise funding to secure such posts. SQW (2012) also note that incoming staff need time to develop trust amongst the local community.

The skills required are likely to change over time (Skerratt, 2011) and with need. SQW (2012) highlight the importance of business skills on management committee and the importance of *both* entrepreneurial *and* community development skills to continue project development. Burnout from fatigue and frustration can also beset projects.

3. Methodology

3.1 Research Questions

The research questions in the Big Lottery brief were as follows:

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?
    b. 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?

Box 4: Research questions

3.2 Research principles

A mixed methods approach was designed 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

Table 4 Methodological design assumptions

Methods flow chart

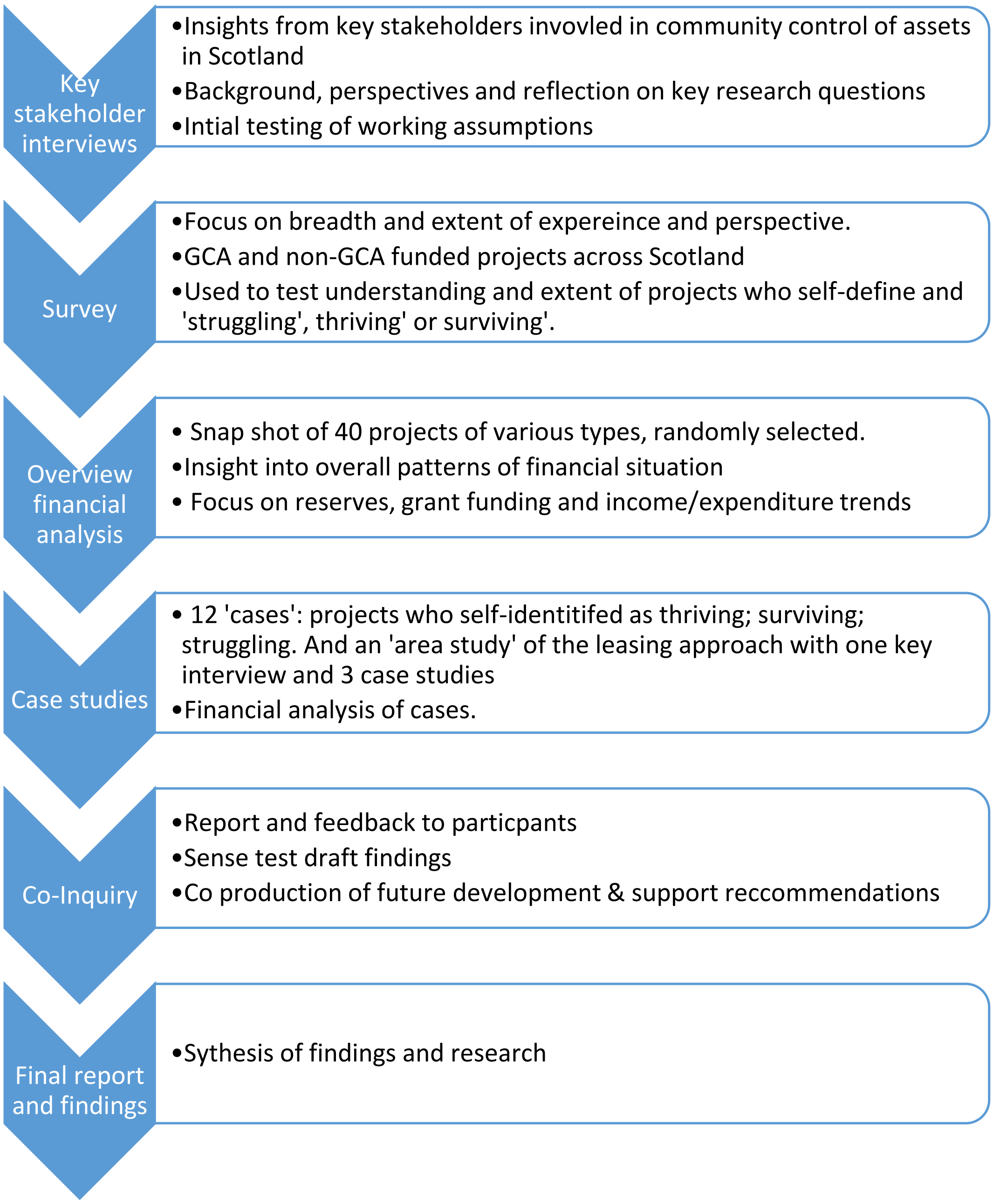


Figure 1: Methods flowchart

3.2 Key-stakeholder interviews

'Key stakeholder interviews' were carried out with seven key individuals in the early stages of the project. The interviews were semi-structured (see interview schedule - appendix 2) and explored the perspectives and experiences of those with a close working knowledge in community control of assets.

These interviews focused on the following areas:

- Nature and extent of current role in relation to community control of assets
- Experience based perspectives of community control of assets in tenure options; community experiences, motivations and aspirations.

- Experience based perspectives on merits of tenure options; as an avenue for successful regeneration activity
- Experience based perspectives on the relationship between tenure option and outcomes
- Perspectives on proportion, extent and utility of ‘thriving’, ‘surviving’, ‘struggling’ typology
- Experience based perspectives on notions of, and actions which, contribute to sustainability.
- Emerging themes; legacy; recent policy directions.

Participants were selected by SCDC and CE in liaison with Big Lottery Fund. Respondents were chosen on the basis of their known expertise and knowledge. Respondents were drawn from the Scottish Government, key support agencies and funding organisations.

3.3 Electronic Survey

The electronic survey was designed to explore the breadth of experience of community control of assets in Scotland. In particular, it sought to address questions 2a and 2b (see above) and move towards a sense where we might understand both the nature and extent of differing project outcomes. In addition, the survey formed an important basis on which to build the case study research.

The electronic survey was developed in November 2017 by SCDC and CE. The Big Lottery Fund commented on an initial draft and final version was circulated for three weeks in November - December 2016. The survey was initially focused on GCA projects. All projects who received GCA 1 or 2 funding were contacted and sent two reminders. However, with assistance from partner organisations, a circulation list of non-GCA projects was compiled. This broadened the reach of the survey to include a wider range of projects, including those who leased their assets.

In order to avoid burdening projects with unnecessary workload in completing the survey, and to comply with data management policies, Big Lottery fund circulated the survey to GCA projects directly.

<table>
<tr><th>Target project group</th><th>Circulated by</th><th>Number contacts circulated</th><th>Email opened</th><th>Total response[2]</th><th>Usable response[3]</th><th>Response rate</th></tr>
<tr><td>Growing Community Assets</td><td>Big Lottery Fund</td><td>121 initial /107 1st reminder</td><td>67 initial /38 1st reminder</td><td rowspan="2">71</td><td rowspan="2">53</td><td rowspan="2">40%</td></tr>
<tr><td>Other projects</td><td>SCDC</td><td>53/53</td><td>18 initial /17 1st reminder</td></tr>
</table>

Table 5 Survey sample analytics

[2] All received responses

[3] Responses usable after data sorting

Main Survey topics

The survey comprised 43 questions (inclusive of the nine background data questions provided by Big Lottery Fund on GCA projects) in the following areas:

- Background data (for non-GCA projects)
- Organisational form, volunteering and staffing
- Motivations and planning for community control
- Community, economic, social and organisational impact of community control
- Challenges of community control
- Notions of sustainability: 'thriving, surviving and struggling'
- Additional comments, case study participation

Four questions contained 'open ended' response boxes. Responding projects were also asked if they wished to be considered as potential case-study sites. 38 projects expressed a willingness to be considered.

3.4 Case studies

A case study method was developed in order to explore the issues and context in depth by illuminating concrete examples from real projects. Given the diverse nature of community control projects and organisations across Scotland, the case studies also aim to unpack the complexity and specificity of projects. The case studies were carefully chosen in the first instance from those who expressed a willingness through the electronic survey. This was backed up by knowledge of projects from SCDC and CE in finding replacements where projects dropped out and/or where new themes emerged.

Importantly, we asked the question: '*what are these cases of?'* The projects were selected on the following basis:

Primary characteristics	**Secondary characteristics**
Projects who self-identified through the survey, or were identified by SCDC and CE, as one of 'struggling, thriving, and surviving'.	SIMD; Geography; type of project; duration of project; tenure option
Projects located in a local authority area which has focused on leasing more assets in preference to ownership	

Table 6 Primary & Secondary Case study characteristics

In addition, we adapted our case study approach to complement the following aspects of the survey:

- To increase the representation of relatively more deprived areas based on SIMD 2012 rankings.
- In order to address questions 1b. and 3a. there was an imperative to investigate projects which do not own their asset and we had relatively few of these in our sample from the survey.
- Two initially selected projects (via the survey) were not able to take the case study forward. One of which cited financial inability to comply after many requests for research participation. These projects were replaced by similar projects as identified by Community Enterprise.

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

Table 7 – Key case study characteristics

Case studies were carried out by the SCDC and CE team February – March 2017. Projects were contacted late January – early February 2017 to secure participation and receive information on the project. Interviews were mainly carried out by phone and lasted between one and two hours each.

The interview schedule (see Appendix 3) for each project was the same and comprised the following:

- Project background, journey, key points of project development, key communities and individuals.
- Role of tenure (e.g. ownership, management, lease) in development of project and organisation.

- Community impact in general, and as related to tenure option
- Future aspirations, key learning points.

3.5 Additional Local Authority area case studies

To address the research questions, it was necessary to identify an area where we could explore the comparative value of leasing to promote community control as a contrast to the community ownership model explored in other parts of the study sample. It was subsequently agreed with the Big Lottery Fund to identify an area where community asset transfer was a policy tool but where leasing was known to be the prevalent tenure choice. The co-operation of the Local Authority was secured on the basis that both the Authority and the case studies would be fully anonymised.

A joint key informant interview with staff in estates policy and community development roles was conducted and the results integrated into the analysis and cross referenced with three case studies who fitted with the broader Thriving, Surviving and Struggling typology. It should be borne in mind that these groups had not self-identified as potential case studies or described themselves using these categories which were identified by the local authority key informants themselves. The research team also requested that projects who had moved to own assets were considered for selection. Of the three sites who agreed to participate one had a full repair lease, one had moved from a long term lease to outright ownership and the other leased land but owned a building on the site.

3.6 Financial analysis

Since both the relative efficacy of ownership and other tenures, and assessment of overall project sustainability, have a financial component. Community Enterprise conducted an analysis using publicly available records. This was based on reviewing the last five years' annual accounts from OSCR's Charity register and full accounts downloaded from Companies House for additional analysis where this was required and where these were available.

The review looked at the following information:

- Legal format of organisation (charitable company or Community Interest Company) and date registered– this shows the maturity of the organisation
- Income & Expenditure over the last 5 years – amounts and percentage annual increase/decrease
- Surplus/deficit over the last 5 years – actual and cumulative
- Level of grant income for the most recent two years – actual; as a percentage of total income
- Level of reserves at the end of the latest year - total and unrestricted funds; unrestricted funds as a percentage of total reserves. This is an indicator of sustainability and potential liquidity.
- Filing history over the past 5 years. This is an indicator of the standard of financial governance and compliance.
- Details of loan security held – taken from Companies House register entry information.
- Comments were drawn from the analysis and from narrative comments in the Notes to the Annual Accounts and the Trustees'/Directors' Annual Report.

N.B. OSCR is in the process of uploading annual accounts online but started with larger charities. In a number of cases, accounts had been filed with OSCR but were not uploaded. Where these were incorporated organisations, the accounts were accessed via Companies House. Where they were SCIOs or unincorporated, accounts were not available to download.

All case studies were analysed in this way, as were 40 randomly selected as follows

Sample selection criteria

The sample of 40 was taken from lists of names of grant funded organisations, supplied by the Big Lottery Fund and was split pro rata as follows:

Funding Source	**Projects on list**	**Number selected**
GCA	174	23
Scottish Land Fund	96	12
Additional projects	39	5
	309	**40**

Table 8 Number of research participants by funding source

The sample was chosen by selecting every eighth name on the lists. A small number had to be re-selected where the original selection could not be found on OSCR or via Companies House (presumably these were projects that have either changed into new organisations or ceased operating). An adjacent name on the list was substituted in this situation.

The sample included organisations from all areas of Scotland, including the islands. The random selection was predominantly rural or small town and included development and community trusts, regeneration companies, youth projects, housing trusts, an amenity trust, a lighthouse, woodland trusts, a childcare service and a community radio station.

3.7 The Co-inquiry

The co-inquiry was held in May 2017 in Glasgow. There were 9 participants comprised of 5 community asset project representatives and 4 support agency staff.

The purpose of the 'co-inquiry' was:

- To share the emerging findings of the research
- To sense check and add to these
- To identify outcomes arising from the emerging themes
- To generate potential recommendations from these for use by the Big Lottery Fund and its stakeholders.

The format is a collaborative process where stakeholders explore findings in depth and detail. The aim is to create a productive space for exploration, elaboration and shared learning. The output is an important part of the synthesis of various strands of insight to shape the learning and input to the final report. Participants were presented with six proposed pathways to progress from the findings. These were then explored using an appreciative inquiry approach in a creative simulation exercise with participants imagining future positive destinations for each theme and describing what would be the milestones that helped to reach these.

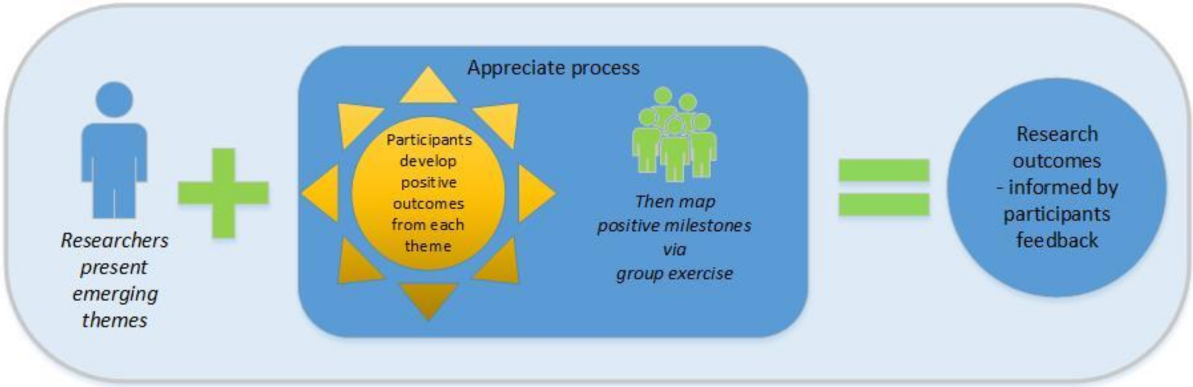


Figure 2 The Co-inquiry process

3.8 Ethical considerations

In line with Social Research Association guidelines (SRA, 2003) we gained informed consent with those taking part in the research. Whilst there was felt to be low risk in terms of project or research participants safety, the key ethical concern was the relative closeness of the funder and key agencies in this research process to the projects and the sensitivity for some regarding areas of project performance and impact. To that end we have anonymised project and key-stakeholder responses throughout this research and projects, individuals, and organisations are referred to by number. The online survey was completed anonymously unless projects chose to identify themselves with their Big Lottery Fund unique identifier. Even in this scenario the actual identity was not revealed to the research team unless the project volunteered for consideration as a case study. The financial data which was examined in the study all came from publicly available sources and has only been used to draw broader conclusions about projects involved in this type of work and further illuminate general trends identified from the case studies. It is not linked to specific projects for publication purposes.

Projects who attended the co-inquiry event agreed to apply Chatham House rules to the discussion and to refrain from disclosing who took part other than in very general terms. Participants were offered the opportunity not to identify themselves to each other but chose to do so within the confines of the session.

4. Survey Findings

As per the proposed research methodology, the survey was designed to contribute to addressing the following research questions as below:

- *What are the benefits and challenges of asset ownership for communities?*
- *What proportion of these projects are (i) thriving, (ii) surviving, and (iii) struggling? What are the main reasons the projects are in these positions?*
- *What challenges do communities face in trying to make assets sustainable – both financially and more generally? How have projects that are 'thriving' become viable?*

Summary of survey findings

1. Who responded to the survey?

Overall, compared to the GCA 1/2 average, our respondents were from slightly less deprived areas, but were similar in rural/urban profile. The community control *projects* tended to be younger than the *organisations* – suggesting that many projects are developed out of existing organisations. Most projects had a turnover between £50,001 and £300,000. However, a significant proportion turned over less than £50,000. A significant number of projects had no full or part-time staff, although similar proportion had between 1 and 3 part time staff. In contrast, projects often had significant number of volunteers. Buildings were, by considerable distance, the most frequently owned asset.

2. What were the motivations and preparations for community control of assets?

Desire to embark upon community control of assets seems to be driven by identified community needs. Social and wider economic and regeneration aims were important motivators for community control of assets. Environmental concerns, and as a way of securing funding and investment, less so. During the planning stages, projects indicated that they carried out effective community engagement (a requirement of GCA funding), felt that they had the skills and support needed, and investigated running costs. However, they were less positive about the support provided by the transferring body.

3. What were the benefits of community control of assets?

The benefits of community control were identified across a range of areas. Most prominent: were direct benefits to the organisation; increased ability to influence partners and; wider community benefit. The benefits accruing to community organisations largely tally with those identified in the literature review. The most prominent benefits identified were as follows: ability to generate independent income; increased use; new spaces for community activity; maintenance of a service which may have been lost; a stimulus to innovate and create new ideas; increased organisational independence, skills, capacity and ability to recruit staff and volunteers; ability to channel and mobilise community voice and increase recognition; creation of jobs and tourism; community pride, organisation and wider community skills. Engagement with the private sector – or private sector type – models of business such as loans and attracting private tenants was identified as less of a benefit.

4. What were the challenges of community control of assets?

Challenges associated with taking community control of assets were generally identified as being of lesser significance than the benefits. The most prominent challenges were both financial: VAT and unexpected costs and fees. Following this, recruitment of staff had been challenging in some cases.

5. **What is the financial situation projects find themselves in, what is their outlook and what proportion of projects consider themselves struggling, surviving or thriving?**

Overall, most projects were both breaking even, or in surplus, and had a positive financial outlook. 20 projects identified as thriving, 20 as surviving and 4 as struggling. In addition, many more projects predict challenges in the future than reported running a loss in the last financial year. Although currently stable, many seem to feel a sense of caution about the future.

6. **For what reasons do projects describe themselves as struggling, surviving or thriving?**

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 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:

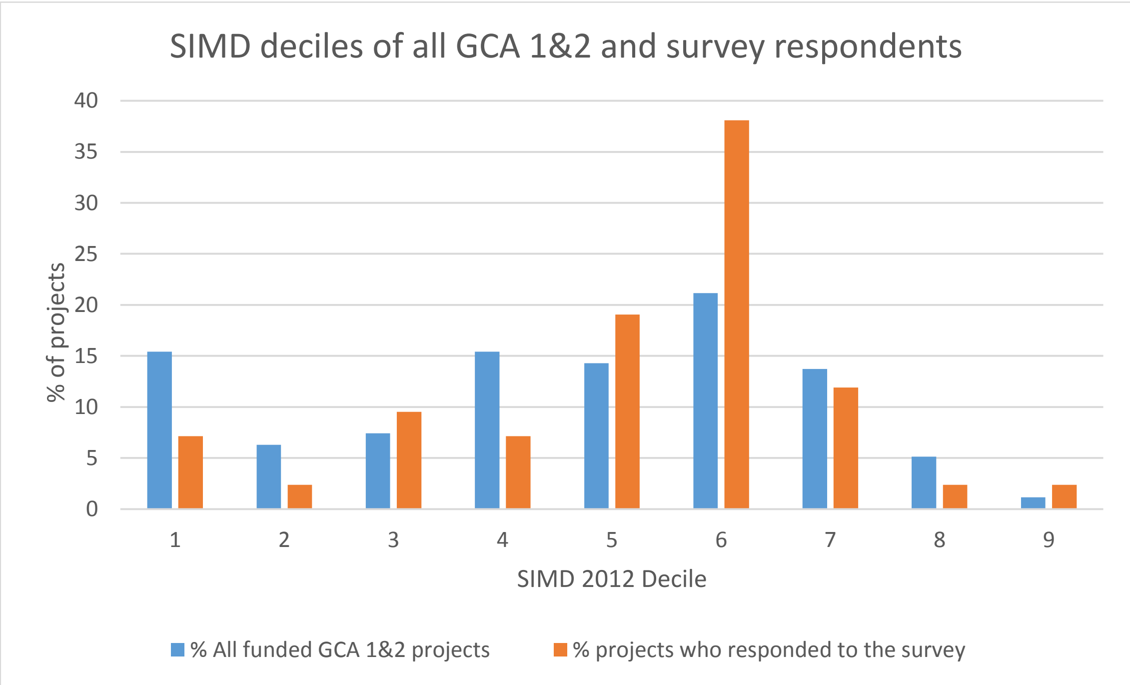
- Reported less agreement with known success factors (see literature review) across virtually all indicators.
- Tend to have fewer staff and volunteers than other projects.
- Appear to be more motivated by the need to save a community asset, and the (possibly related) need to raise funds.
- Generally 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 as a project matures, at least as much as being built '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.

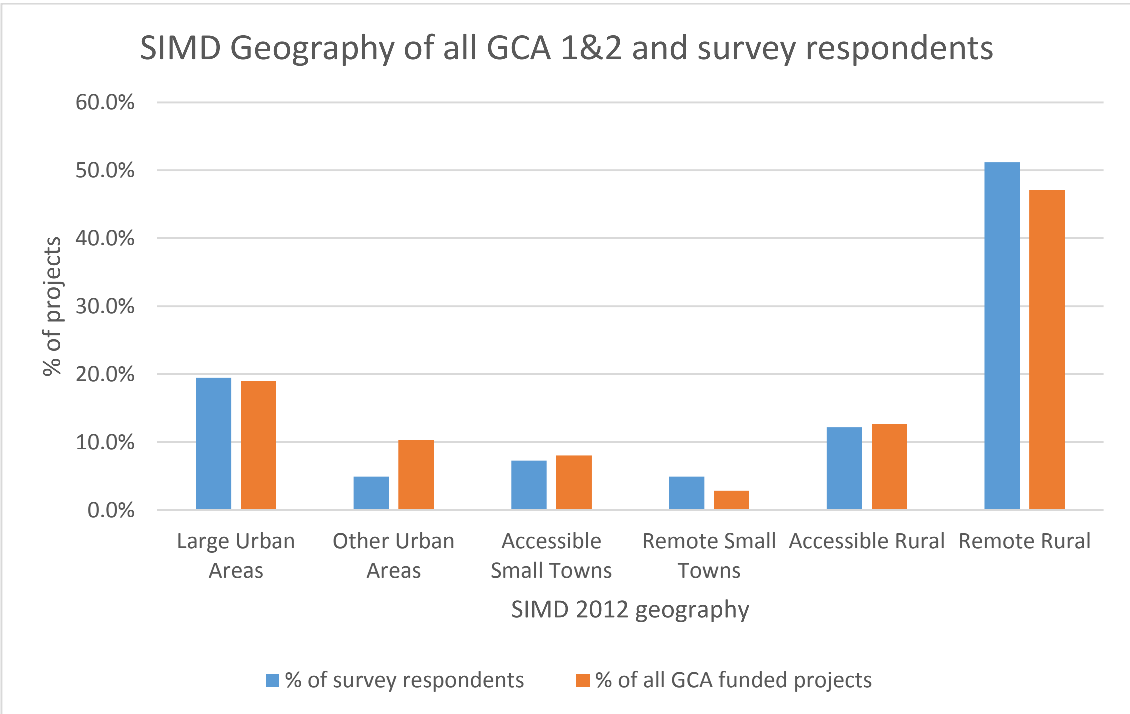
Box 5 Summary of survey findings

4.1 Profile of Respondent projects

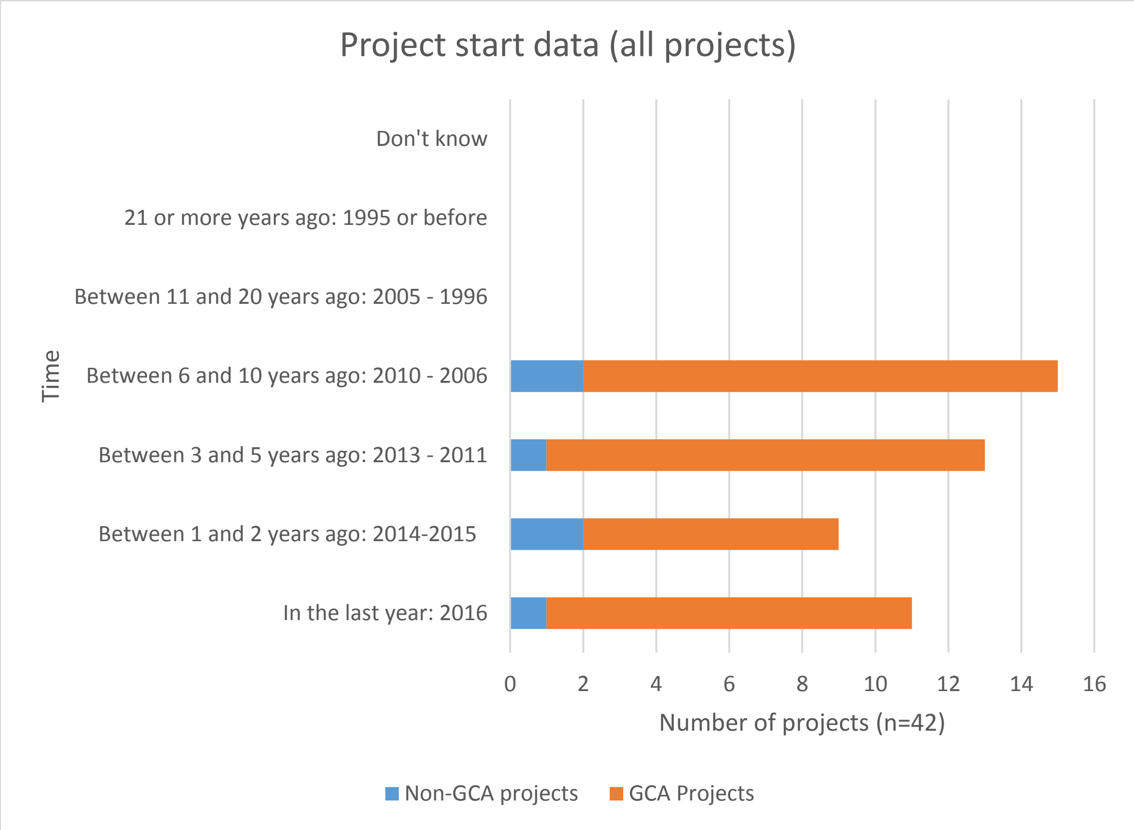
71 responses to the survey were received, 60 from GCA projects and 11 from non GCA funded projects. 46 could be considered complete responses.

By comparison with all GCA funded projects, our survey respondents closely matched the rural/urban profile (based on 2012 SIMD data), but slightly over represented mid-high SIMD deciles whilst under representing lower SIMD projects:

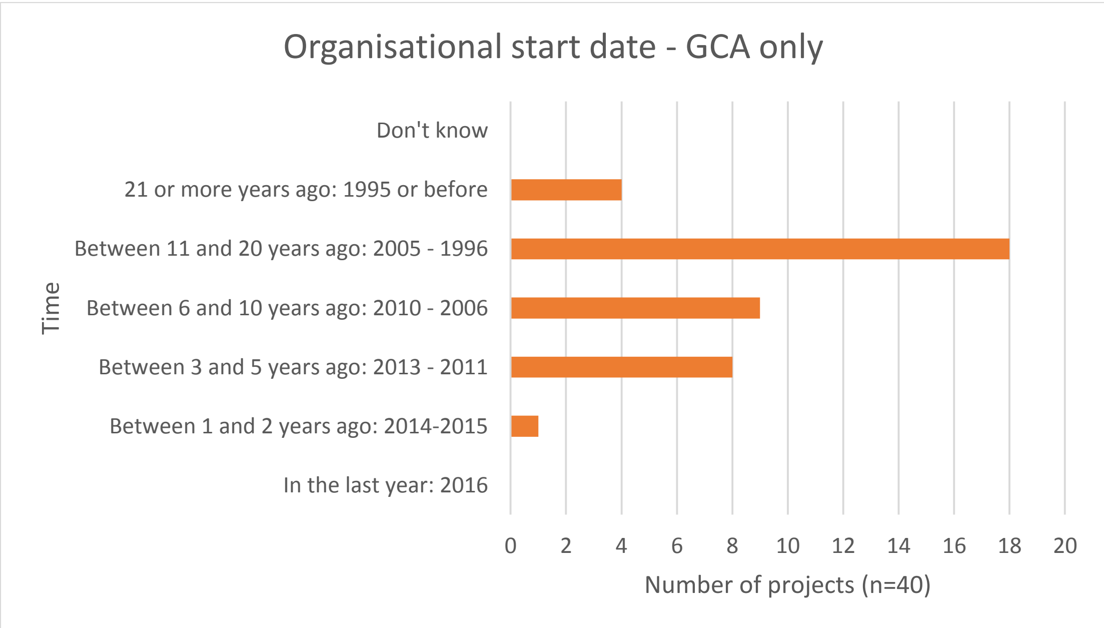


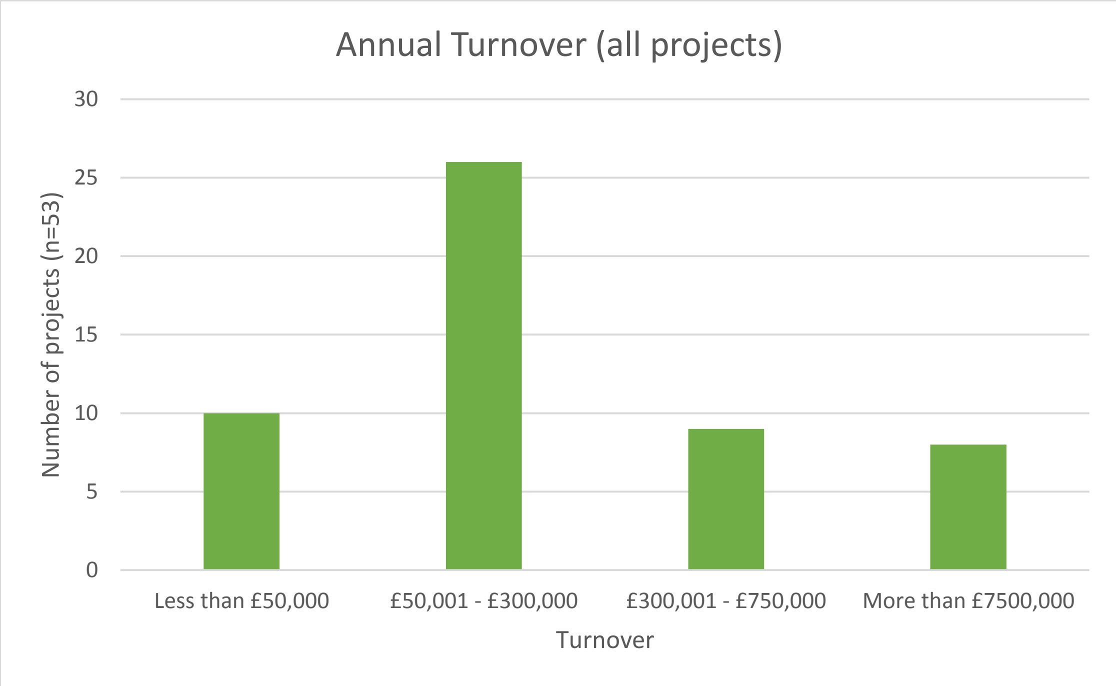


All projects (as distinct from organisations) who responded were relatively recent – with the oldest being no more than 10 years old. The more recent projects were better represented than older projects. This could be because they are more engaged in processes and activities and/or their email contact addresses were more up to date.

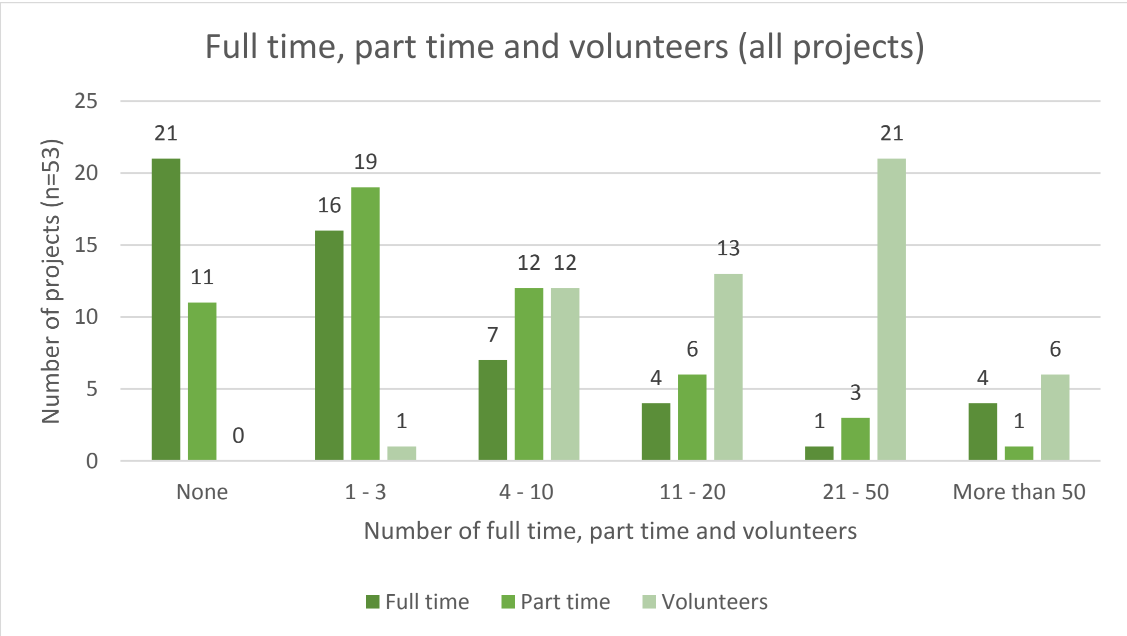


Whilst the projects were relatively new, the profile of their organisations were notably older.





Most projects had a turnover between £50,001 and £300,000. However, a significant proportion turned over less than £50,000 and a few more that £750,000.

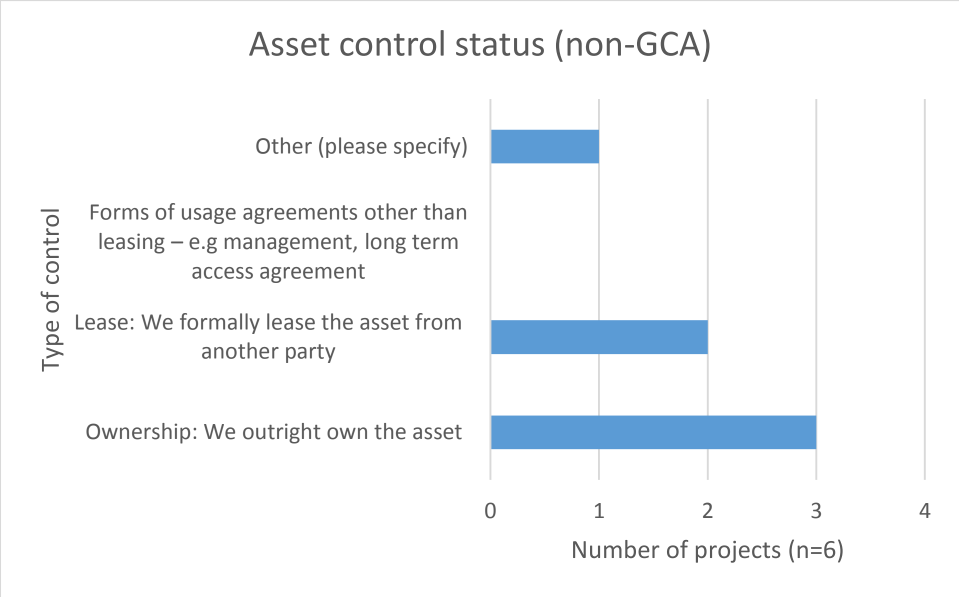


A significant number of projects had no full or part-time staff, although similar proportion had between 1 and 3 part time staff. In contrast, projects often had significant number of volunteers.

Projects who did not receive GCA funding

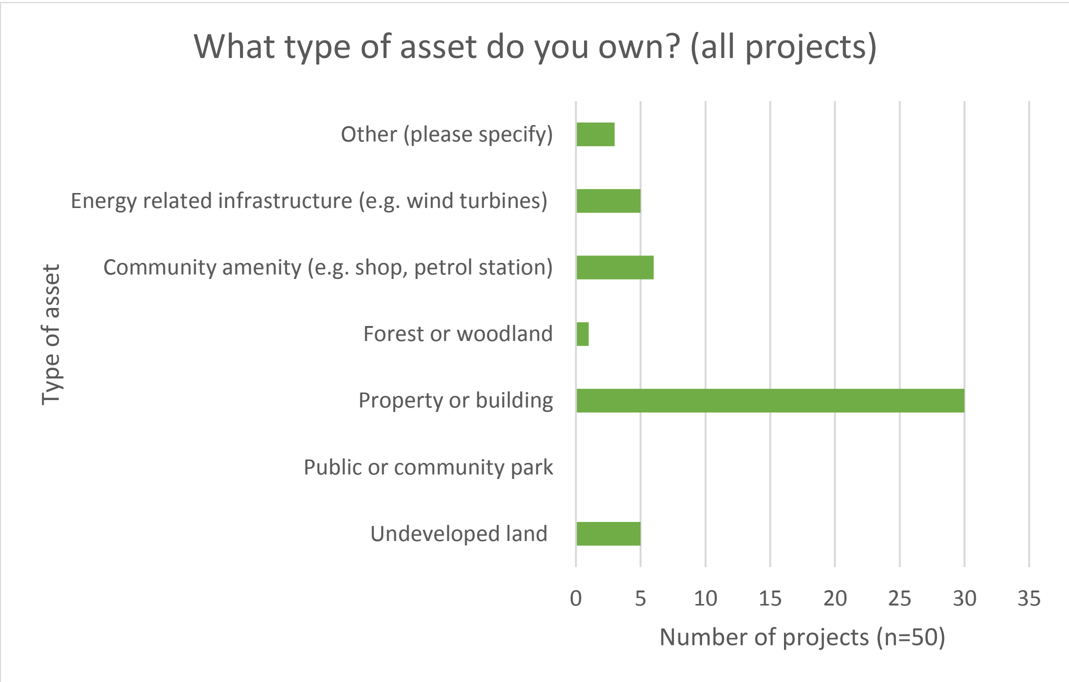
These projects received funding from Community Land Fund (HIE); Scottish Land Fund; WARD Discretionary funding; Argyll and the Island Enterprise; Heritage Lottery Fund; European Agricultural

Fund for Rural Development; LEADER; Scottish Government; OIC Community Development Fund and the Big Lottery Fund. Most non-GCA projects identified at least three sources of funding.



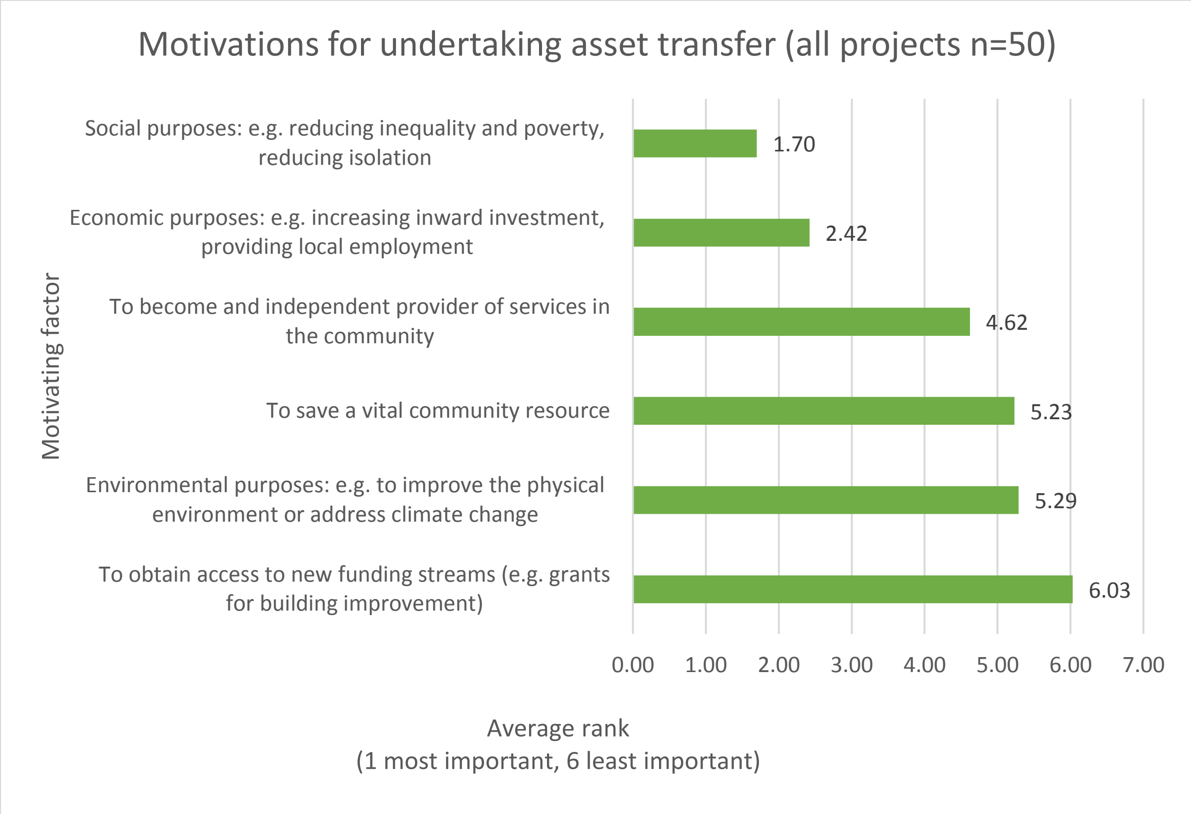
Although not in receipt of GCA funding, most of the non-GCA projects owned their asset. The two who classed themselves 'Other' currently lease with a view to ownership.

4.2 Type of Asset

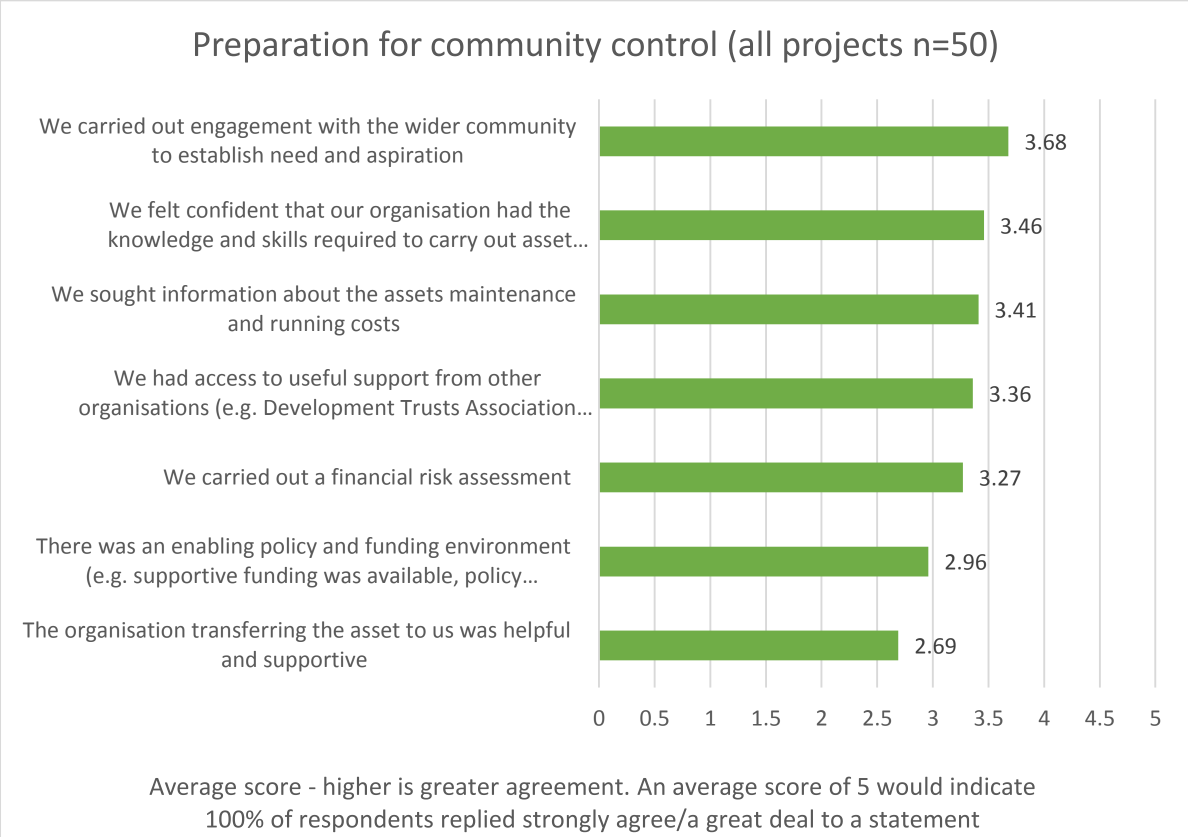


Property or building was by a considerable distance the most common type of asset in community control.

4.3 Preparing for Community Control

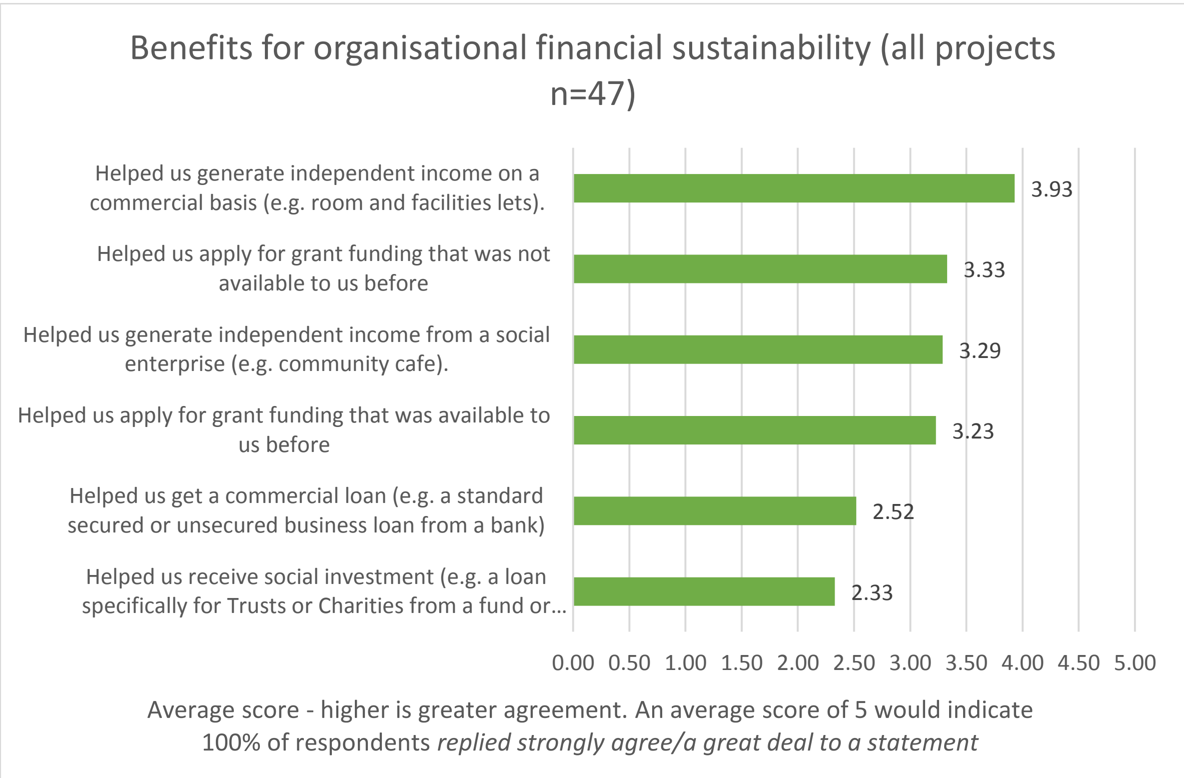


Overall, projects were driven by wider social and economic aims (but not environmental), rather than more 'instrumental' motivations such as securing funding or investment. Becoming a provider of services was mid-ranked – perhaps suggesting its dual status as both project objective and result of longer term activities.

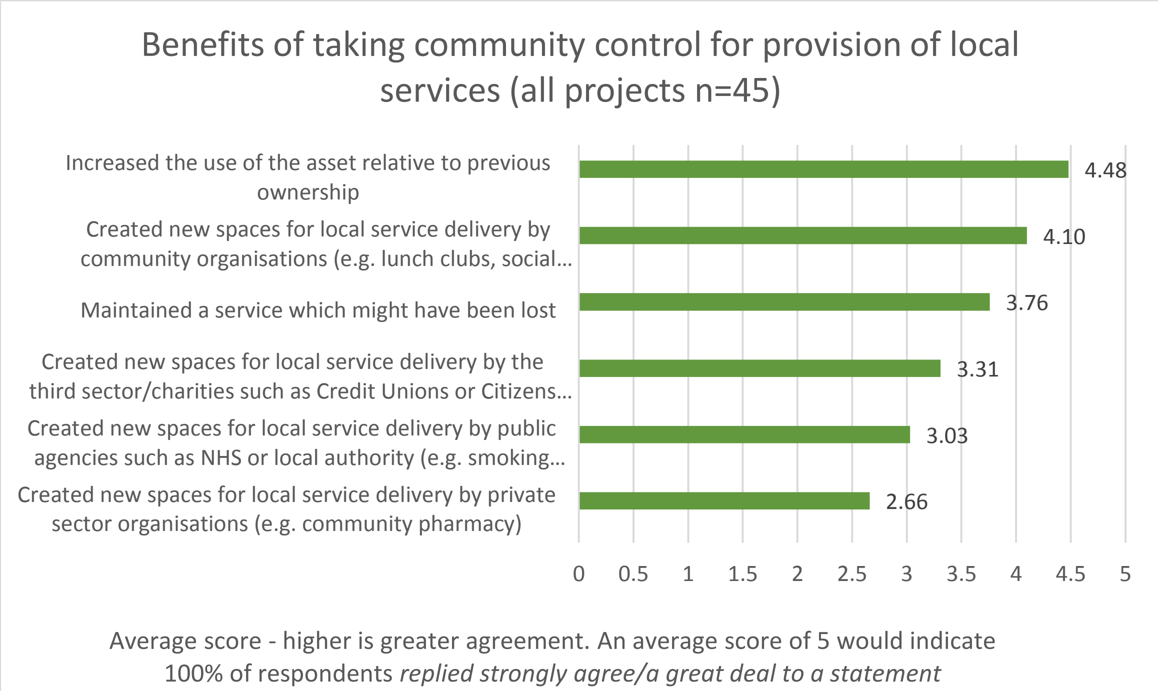


During the planning stages, projects indicated that they carried out effective community engagement, felt that they had the skills and support needed, and investigated running costs. However, they were less positive about the support provided by the transferring body.

4.4 What benefits has community control of assets made?

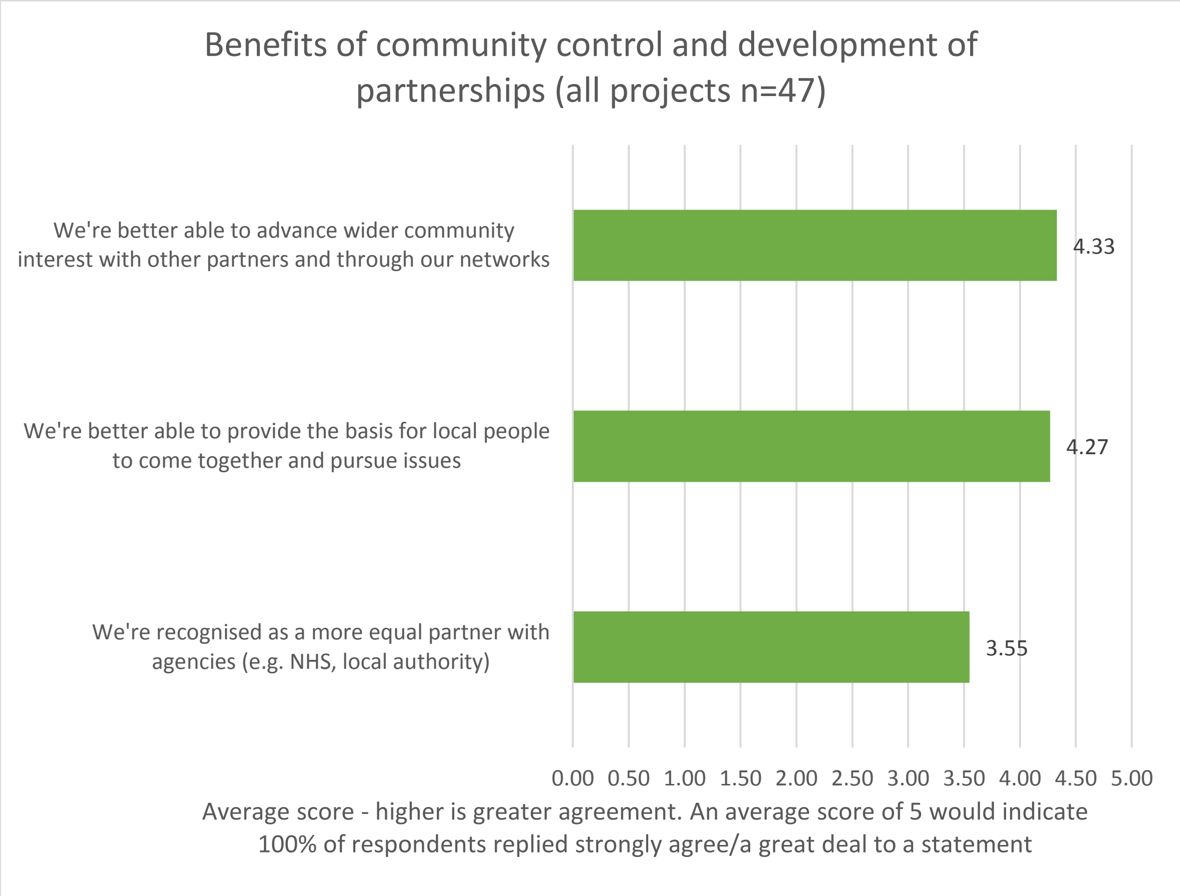


Generation of commercial income, possibility to apply for previously unavailable funding, income from a social enterprise were identified as relatively important. However, the opportunity to raise commercial or social investment loan funding, often cited as a reason for ownership, was seen as less important.

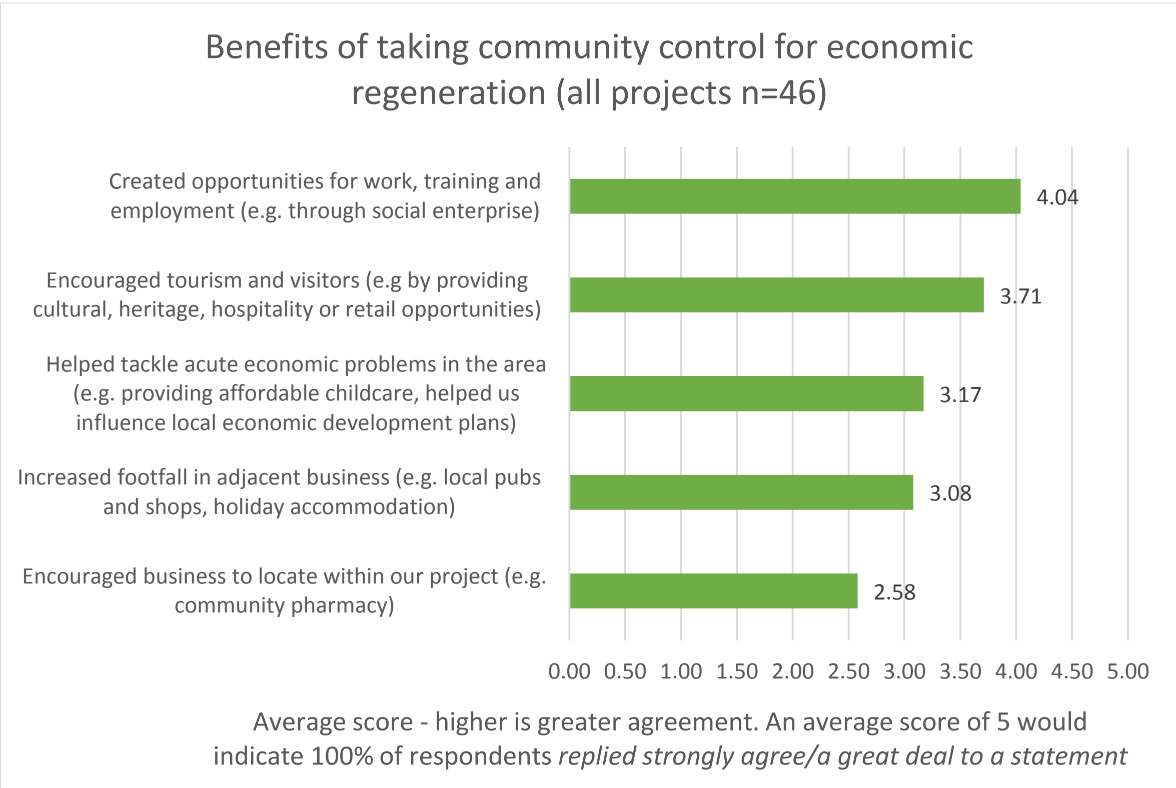


Respondents indicated that taking community control of assets had consolidated and developed local services in terms of increased use of assets, created new spaces for service delivery, and maintained a service which might have been lost. However, there was a less strong sense that community control had enhanced service delivery by private sector organisations suggesting that most anchor tenants were from the public and third sector.

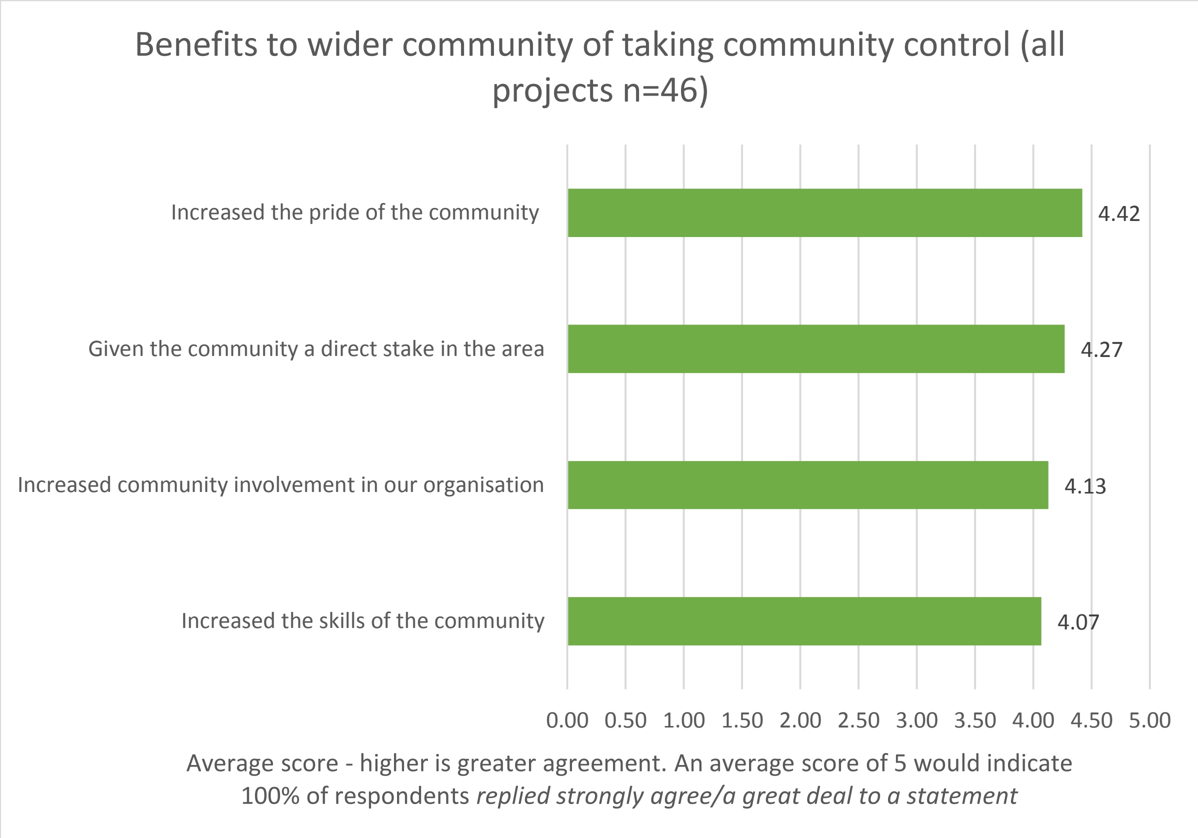
Projects reported relatively strong benefits in terms of building organisational capacity. Development of new ideas, organisational independence and capacity and confidence were notably high. Ability to retain and attract appropriately skilled staff and volunteers were ranked lower in this context, but still relatively highly in relation to other benefits (financial, services, see above).



Projects indicated that community control of assets has increased their capacity to advance and pursue community interests. To a slightly lesser extent they indicated that they have greater recognition with partner agencies.

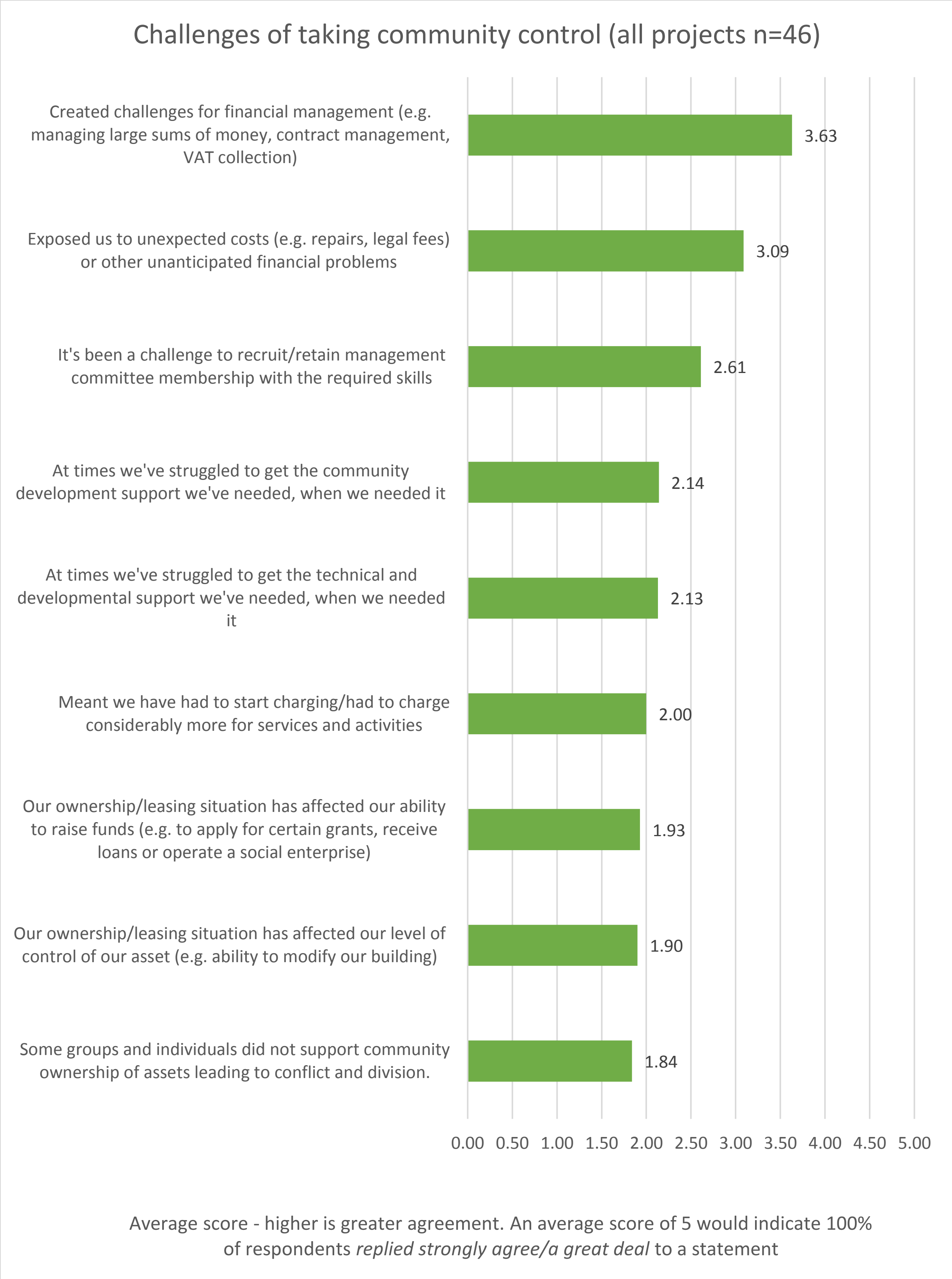


Respondents identified benefits for the local economy in terms of training, jobs, tourism and by providing solutions to acute economic problems. Business location within projects was mixed: although some projects identified success in this area, many had not pursued this approach.



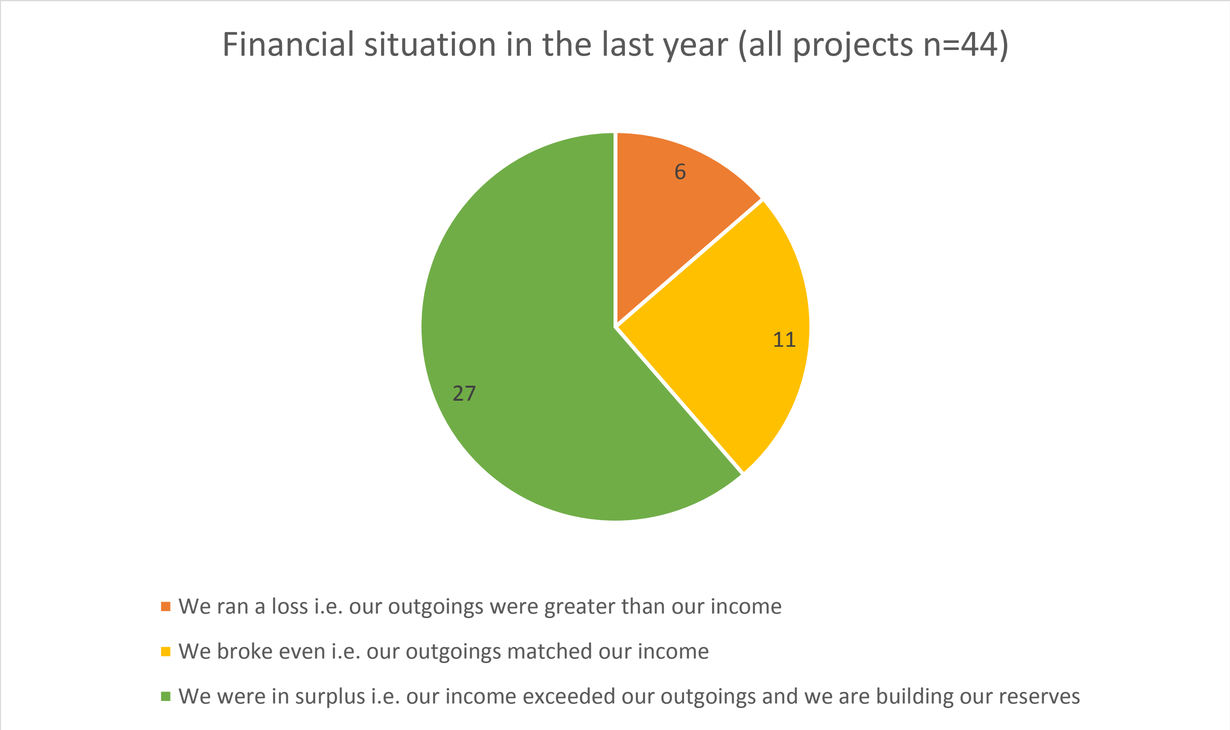
Responses were positive across all areas – community benefits were identified as increased pride, sense of a stake and community involvement in the organisation. An increase in community skills was also reported.

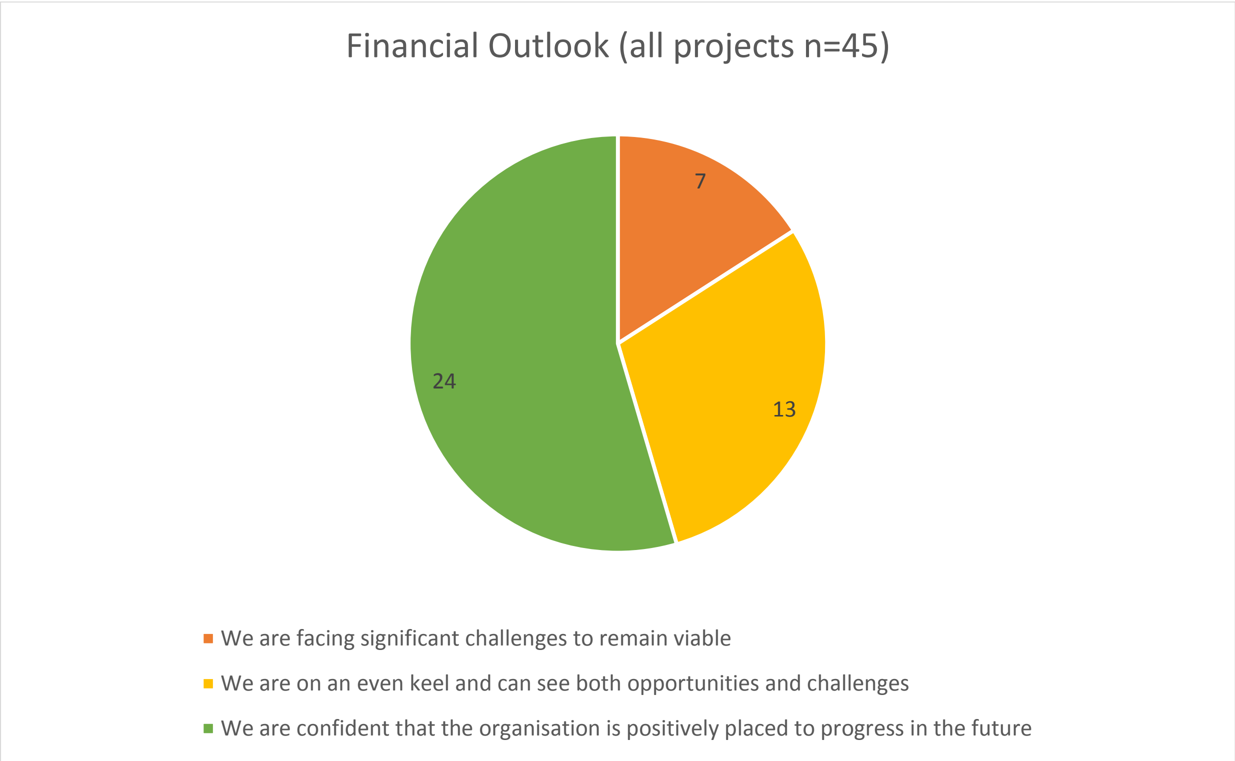
4.5 What have been the challenges of community control ?

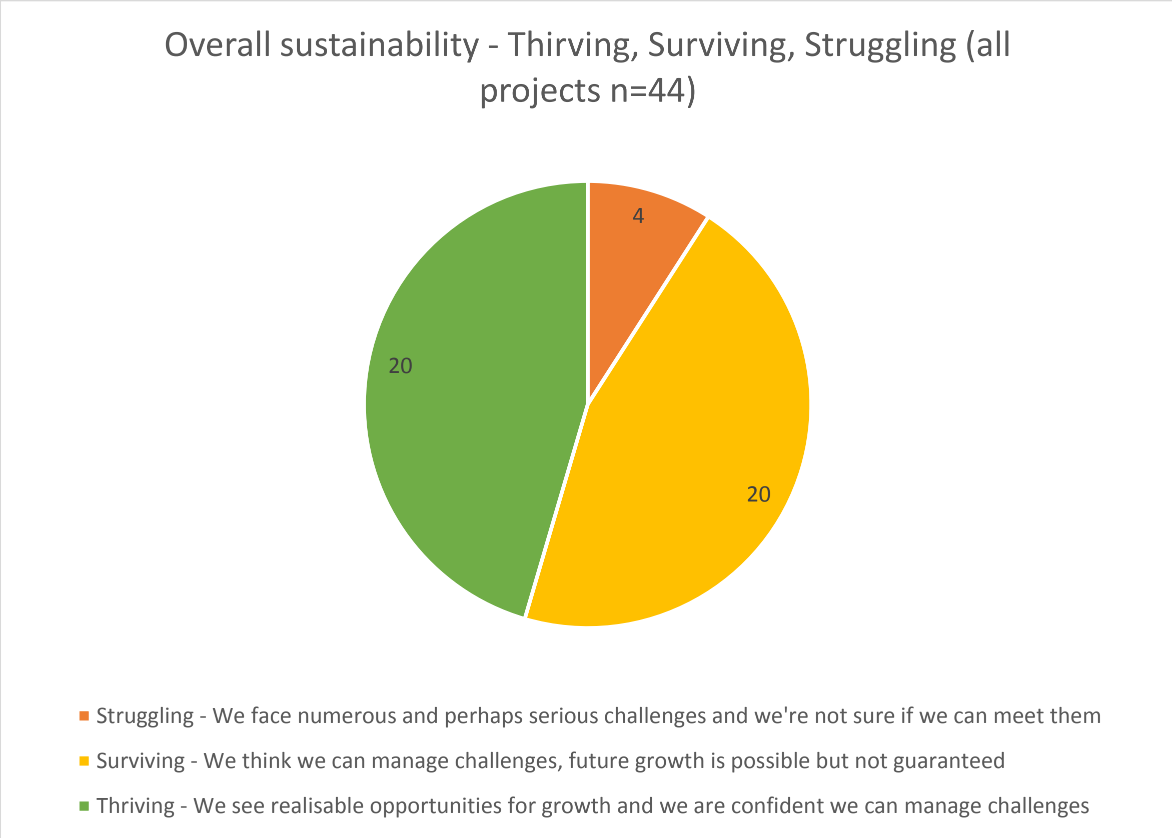


In contrast to previous questions, these questions where posed from a ‘negative’ point of view – therefore, lower scores suggest less challenges. The two most significant challenges identified were financial: in terms of ongoing management and unexpected costs. Attracting skilled staff, and access to support were secondary issues in most cases – however some projects identified acute issues in these areas. Community conflict and negative implications from community control in terms of fund raising were relatively low. It appears that few had difficulty obtaining technical support when required, had to start charging for services or had to deal with community conflict.

4.6 Financial Situation

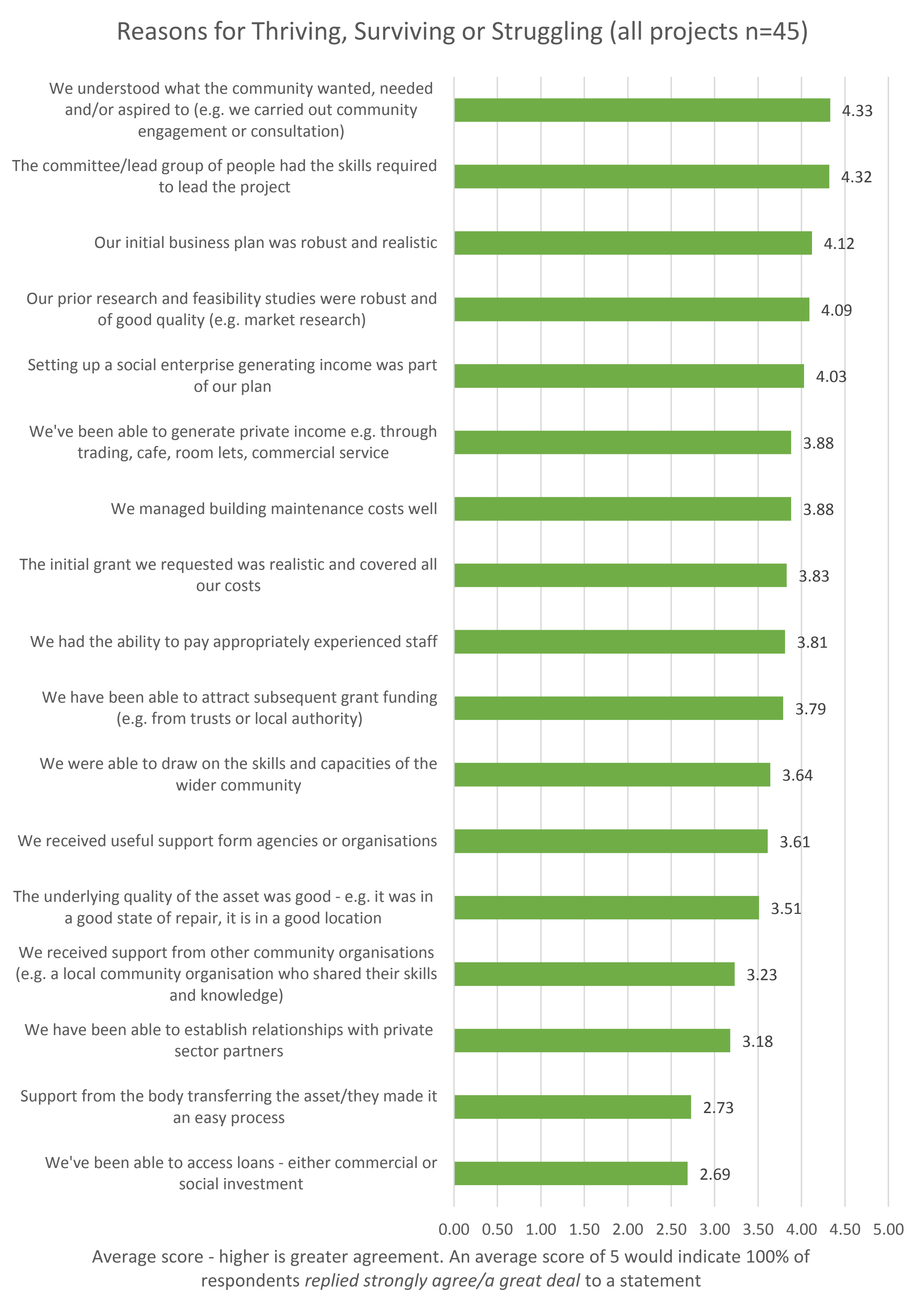






Overall, most projects where both breaking even, or in surplus, and had a positive financial output. In addition, only four projects identified as struggling. However, there are acute challenges for specific projects. In addition, many more projects predict challenges in the future than reported running a loss in the last financial year.

4.7 What contributes to a project being struggling, thriving and surviving?

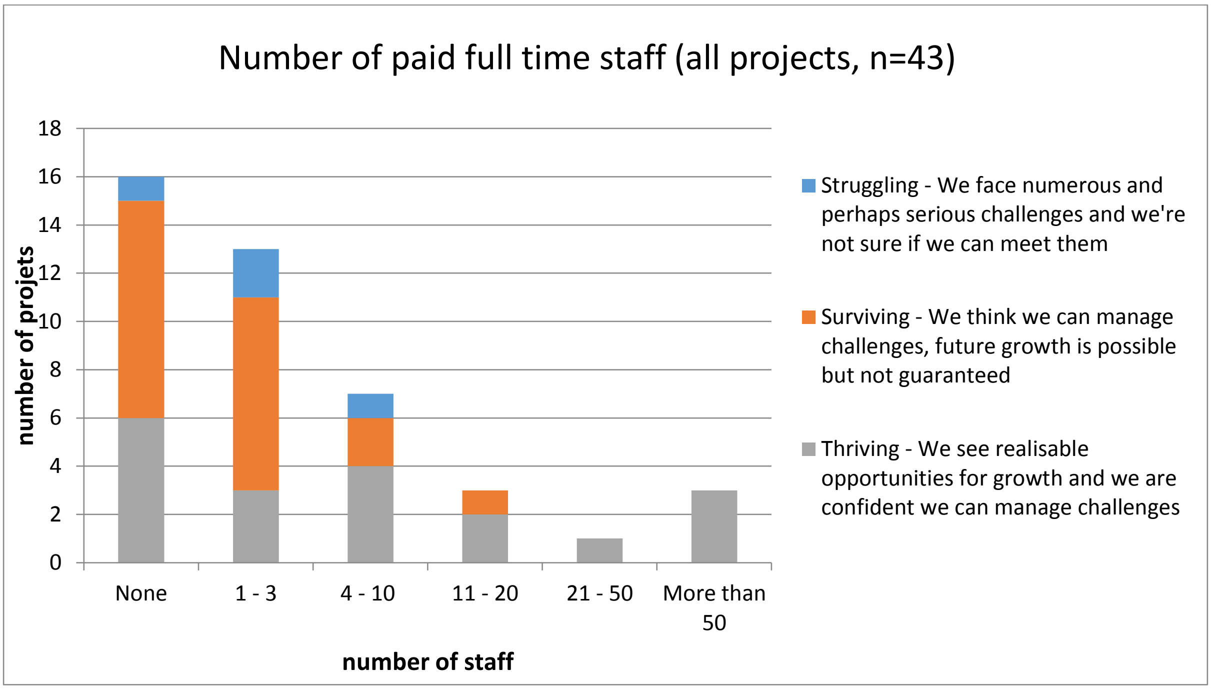


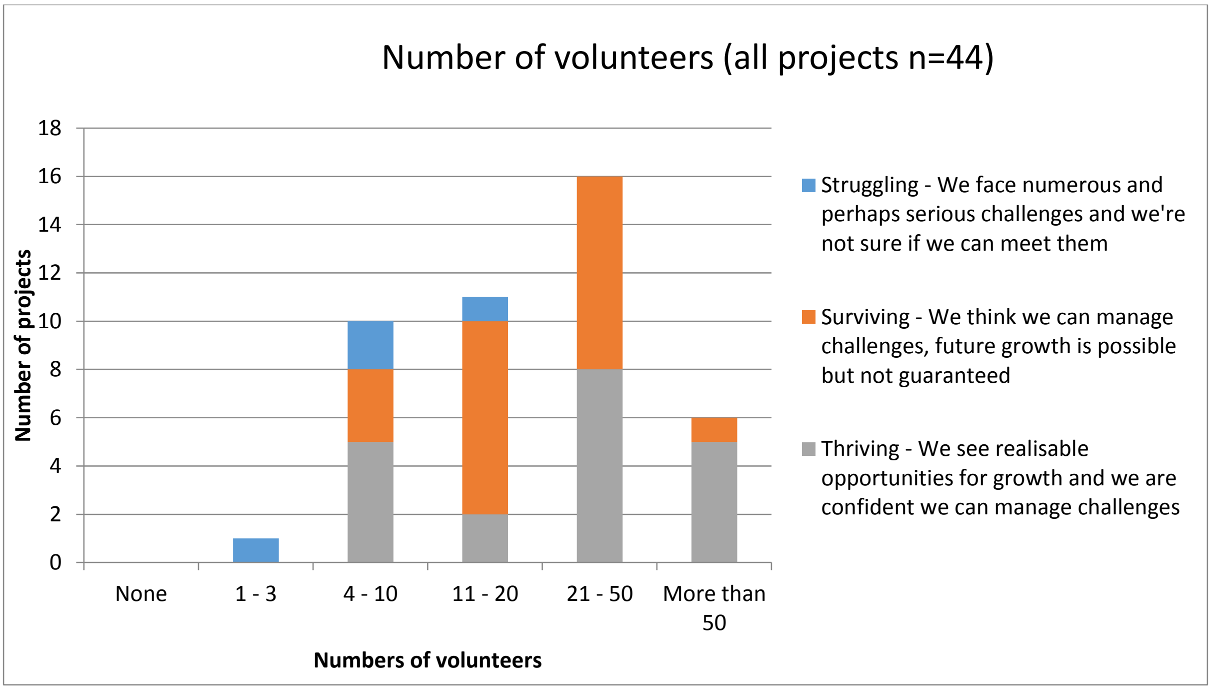

Struggling, thriving and surviving (all projects n=45)
We understood what the community wanted, needed and/or aspired to (e.g. we carried out community engagement or consultation)
The committee/lead group of people had the skills required to lead the project
Setting up a social enterprise generating income was part of our plan
Our initial business plan was robust and realistic
Our prior research and feasibility studies were robust and of good quality (e.g. market research)
We've been able to generate private income e.g. through trading, cafe, room lets, commercial service
We managed building maintenance costs well
We had the ability to pay appropriately experienced staff
The initial grant we requested was realistic and covered all our costs
We have been able to attract subsequent grant funding (e.g. from trusts or local authority)
We were able to draw on the skills and capacities of the wider community
We received useful support form agencies or organisations
The underlying quality of the asset was good - e.g. it was in a good state of repair, it is in a good location
We have been able to establish relationships with private sector partners
We received support from other community organisations (e.g. a local community organisation who shared their skills and knowledge)
Support from the body transferring the asset/they made it an easy process
We've been able to access loans - either commercial or social investment
0.00 0.50 1.00 1.50 2.00 2.50 3.00 3.50 4.00 4.50 5.00
Average score - higher is greater agreement. An average score of 5 would indicate 100% of respondents replied strongly agree/a great deal to a statement
Average Thriving Surviving Struggling

Due to the small number of projects who reported as struggling, it's hard to draw strong conclusions from the survey about what factors contribute to a project categorising as *struggling, thriving or surviving.* However, from the above it may suggest that:

- Pre-transfer planning is important in terms of business plans, community engagement and cost control.
- Struggling projects have found it harder to develop commercial income and attract subsequent funding.
- The quality of the asset was an issue for struggling projects.
- In areas such as skills and support from agencies there appears little difference in project type.

Most organisations which reported that they were thriving tended to have higher organisational turnover:

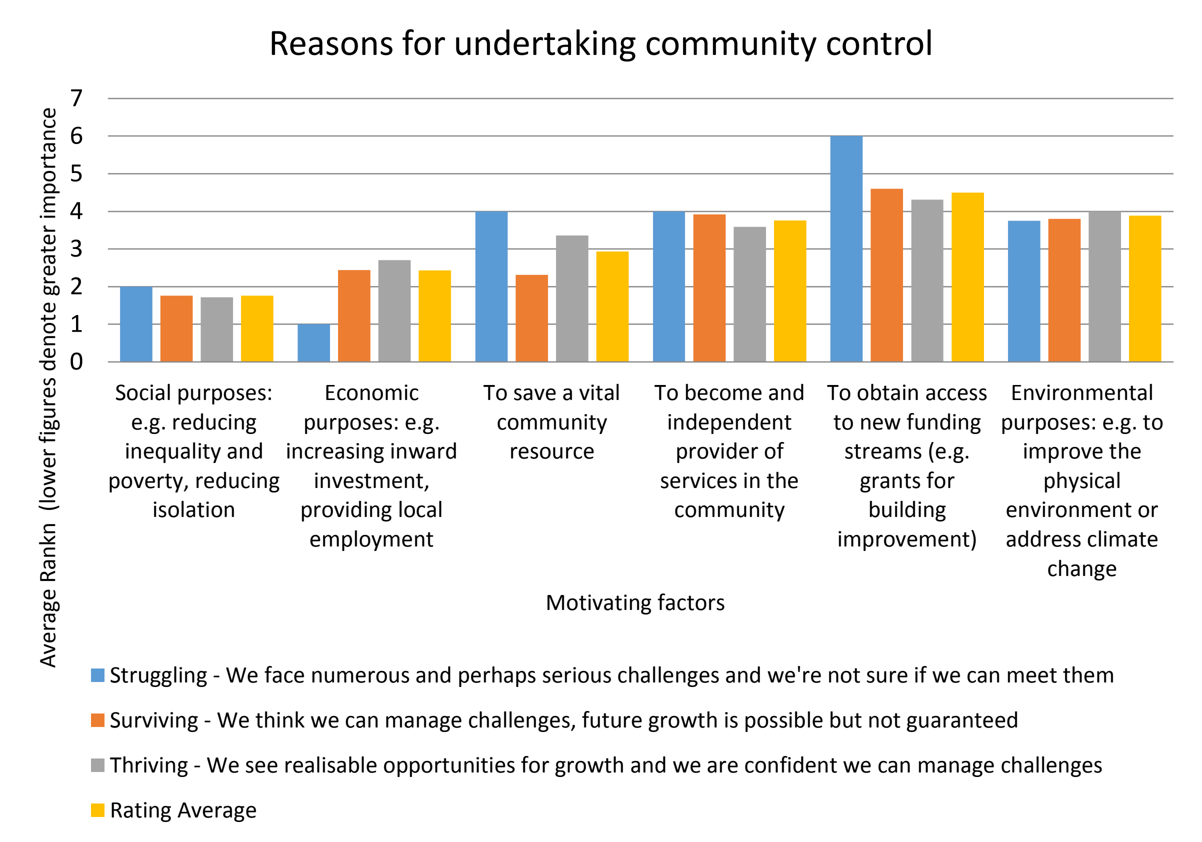




As well as having a higher turnover, organisations which reported that they were thriving tended to have more full time paid staff – and a greater number of volunteers.

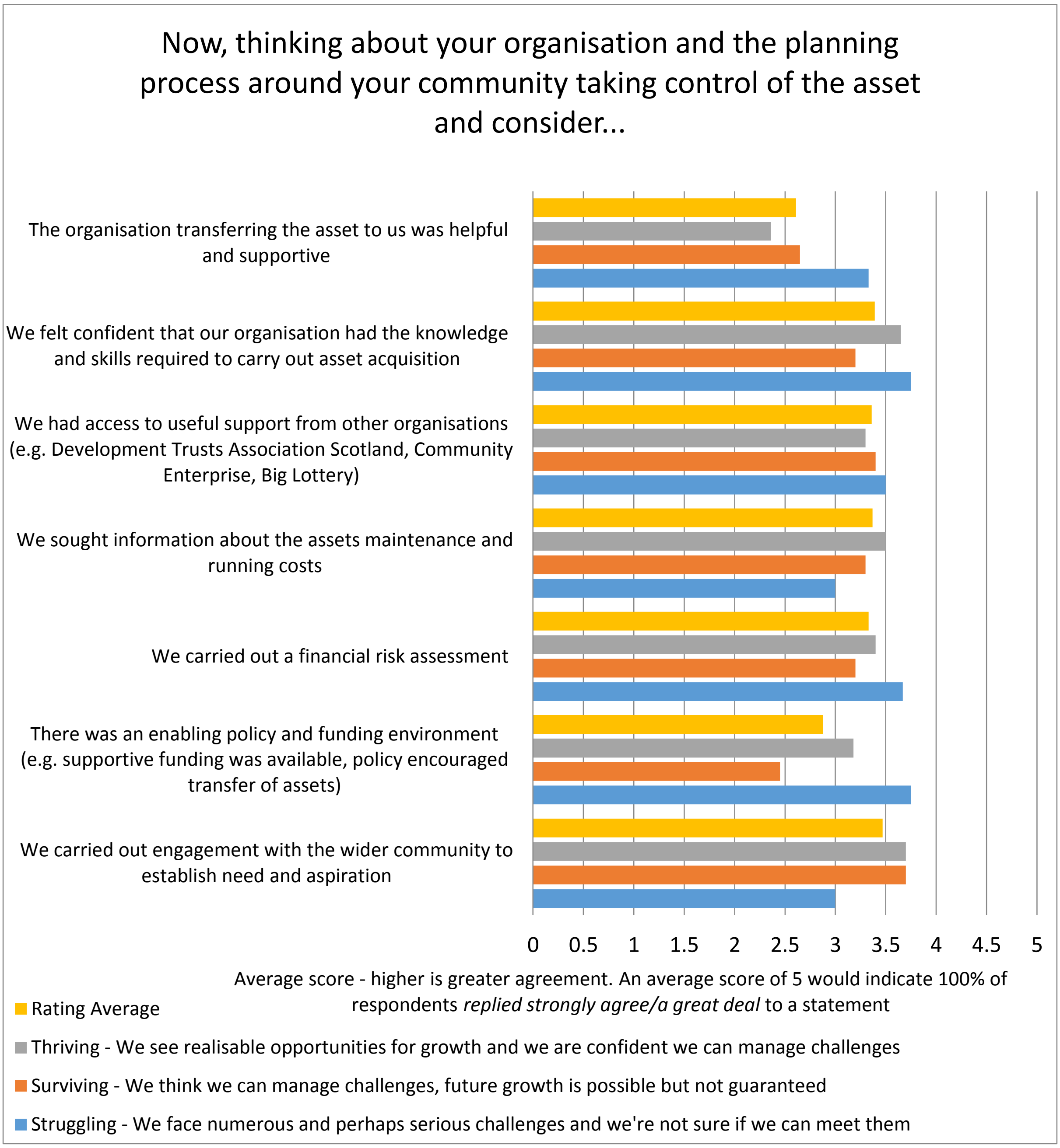
4.8 Underlying Factors which may affect whether groups identify as 'Thriving, Surviving, and Struggling'

The following outlines relative differences between projects as they responded to the 'thriving, surviving and struggling' questions.

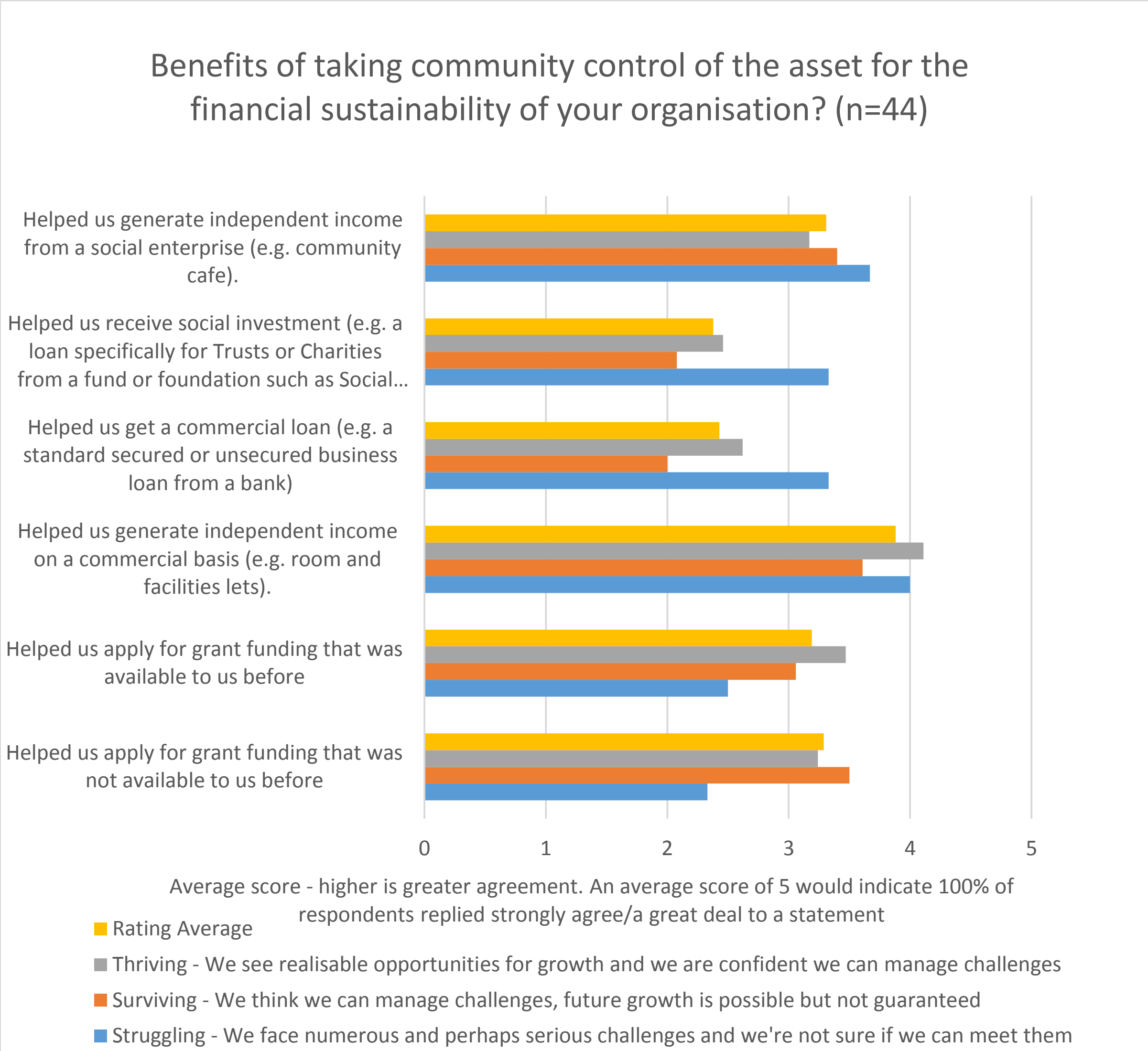


Overall, there appeared to be little difference between projects who reported being thriving or surviving. However, observable differences which could benefit from further exploration include that:

- Though groups in all categories share roughly the same sense of social purpose, struggling groups appear to be less than half as likely to be orientated to local economic development.
- Struggling groups appear to be more likely to be seeking to defend an asset under threat.
- Struggling groups appear more likely to express a desire to access new funding streams.

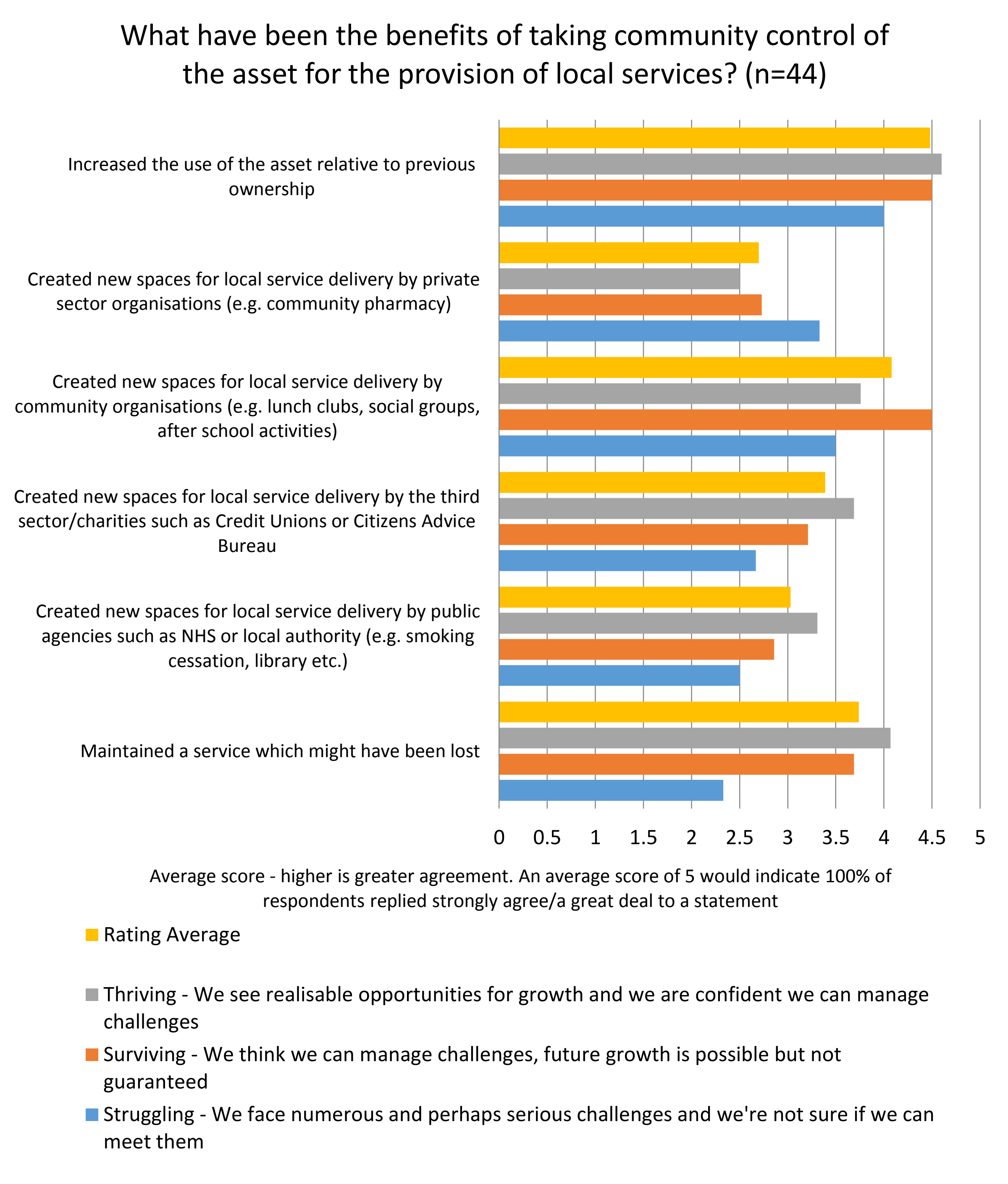


Overall, the experience of all types of project in the run-up to asset transfer seem to have been broadly similar - albeit with slight differences. This suggests that challenges and successes may develop over the longer terms, rather than being 'built in' from the start.



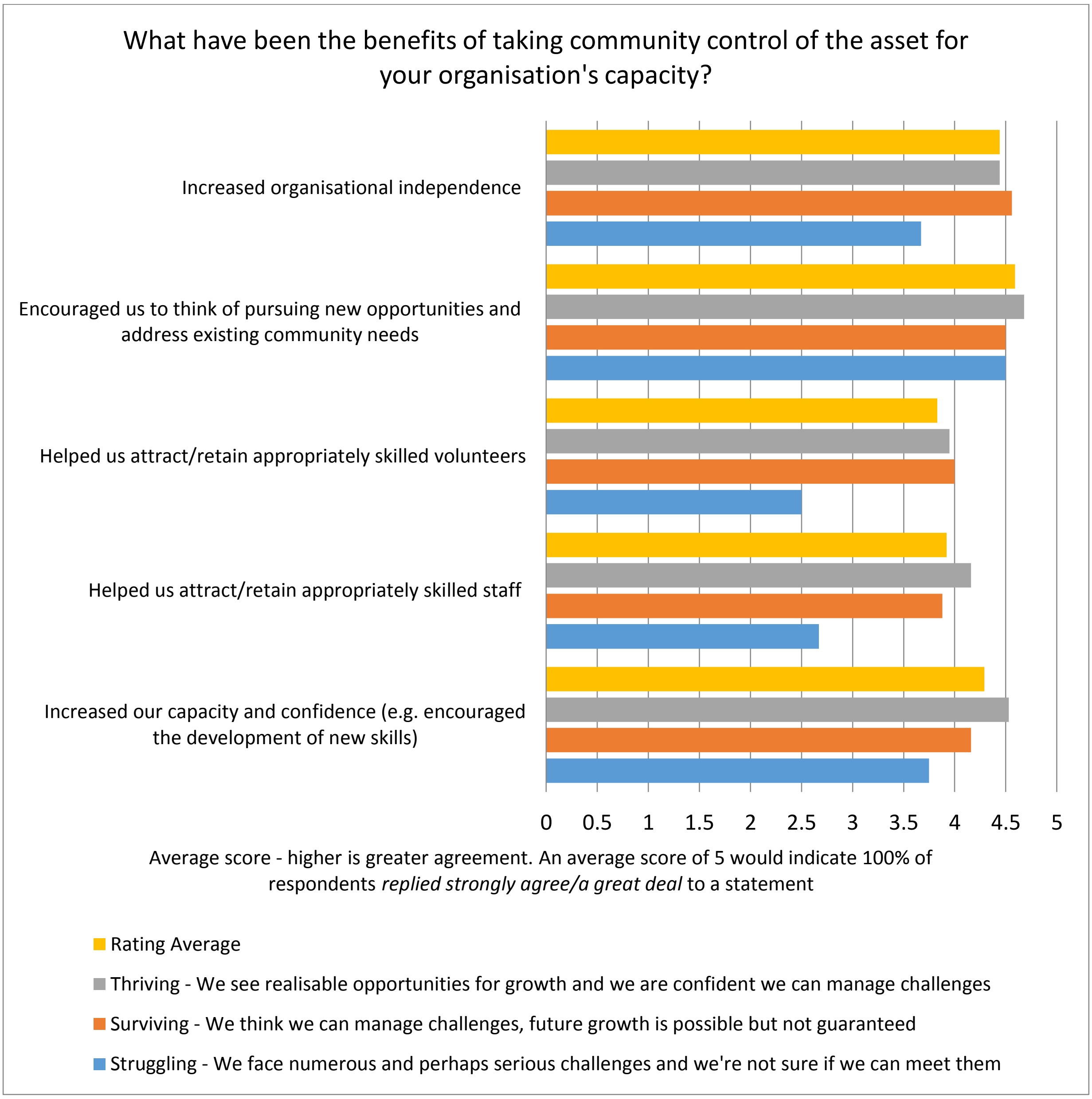
Again, benefits in terms of financial sustainability were relatively consistent. Projects who indicated as struggling did report an increased ability to gain loans from different sources, but a lesser ability to receive grant income. It is possible that these results are a because of the small number of struggling respondents. However, they *may* be linked. A reduced ability to attain grant funding would likely be a factor which might cause a project difficulties.

4.9 Benefits - for local service provision



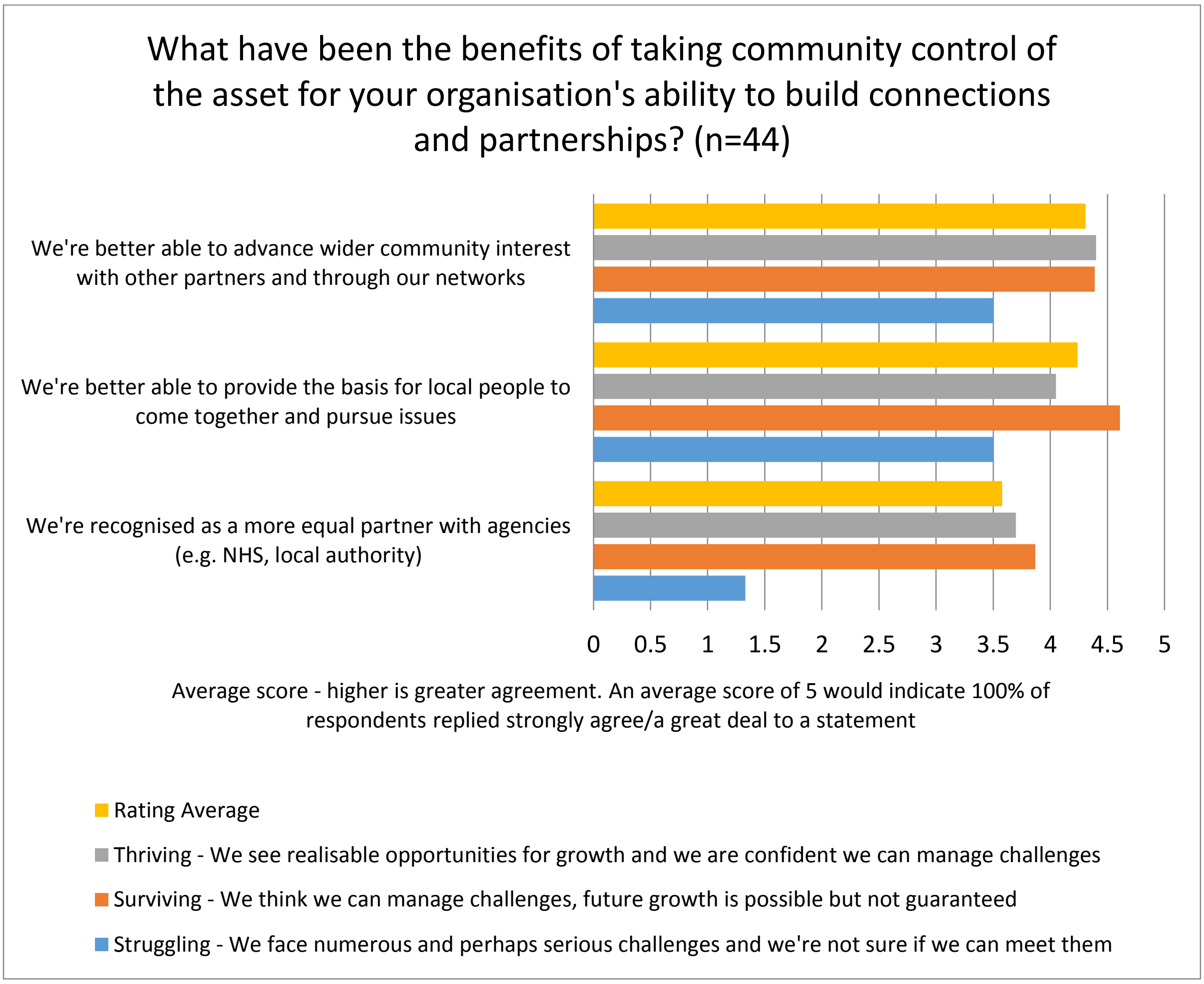
Overall, projects felt strongly that taking community control of their asset had a positive impact on levels of use, and that spaces for community activity had been created – this was especially the case for projects who identified as surviving. Projects who identified as thriving emphasised the community control role in maintaining a service which may have been lost.

4.10 Benefits for organisational capacity



Sentiments were similar across all project types – an emphasis was placed on organisational independence and the encouragement to pursue new opportunities. Although most indicators were similar, it appears that projects who identify as thriving note their increased capacity and confidence. Of the small numbers in the struggling category attracting and retaining volunteers and staff was a problem.

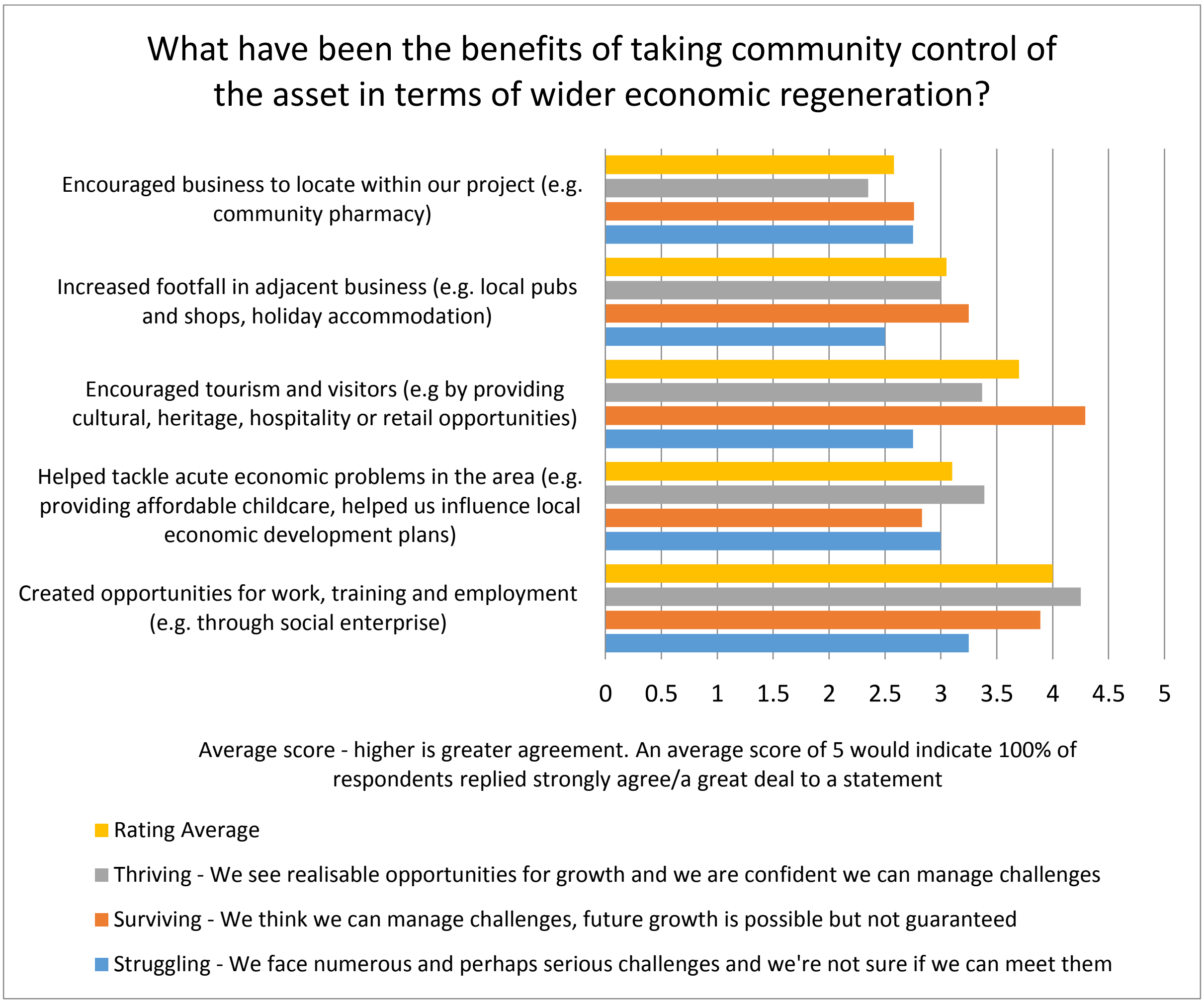
4.11 Benefits for Partnership Development



Across indicators relating to partnership and alliance building, results were similar across thriving and surviving projects. Overall, taking community control of assets appears to build the capacity of organisations to work with partners on behalf of their communities.

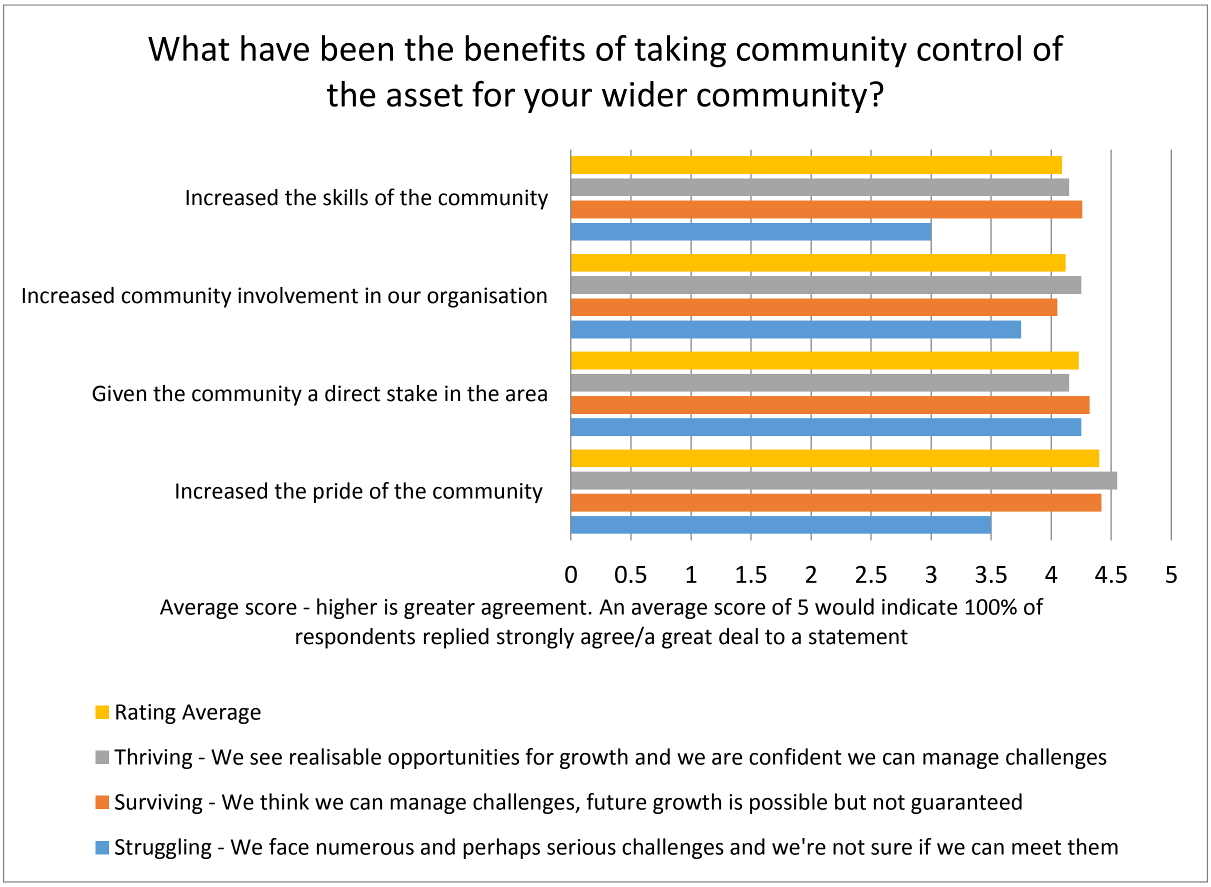
Although small numbers of struggling projects make drawing conclusions difficult, their relationships with partners seem less strong. Further exploration of this could be useful to examine whether this patterns persists and whether it is a cause or effect of weaker partnership relationships.

4.12 Benefits for Economic regeneration



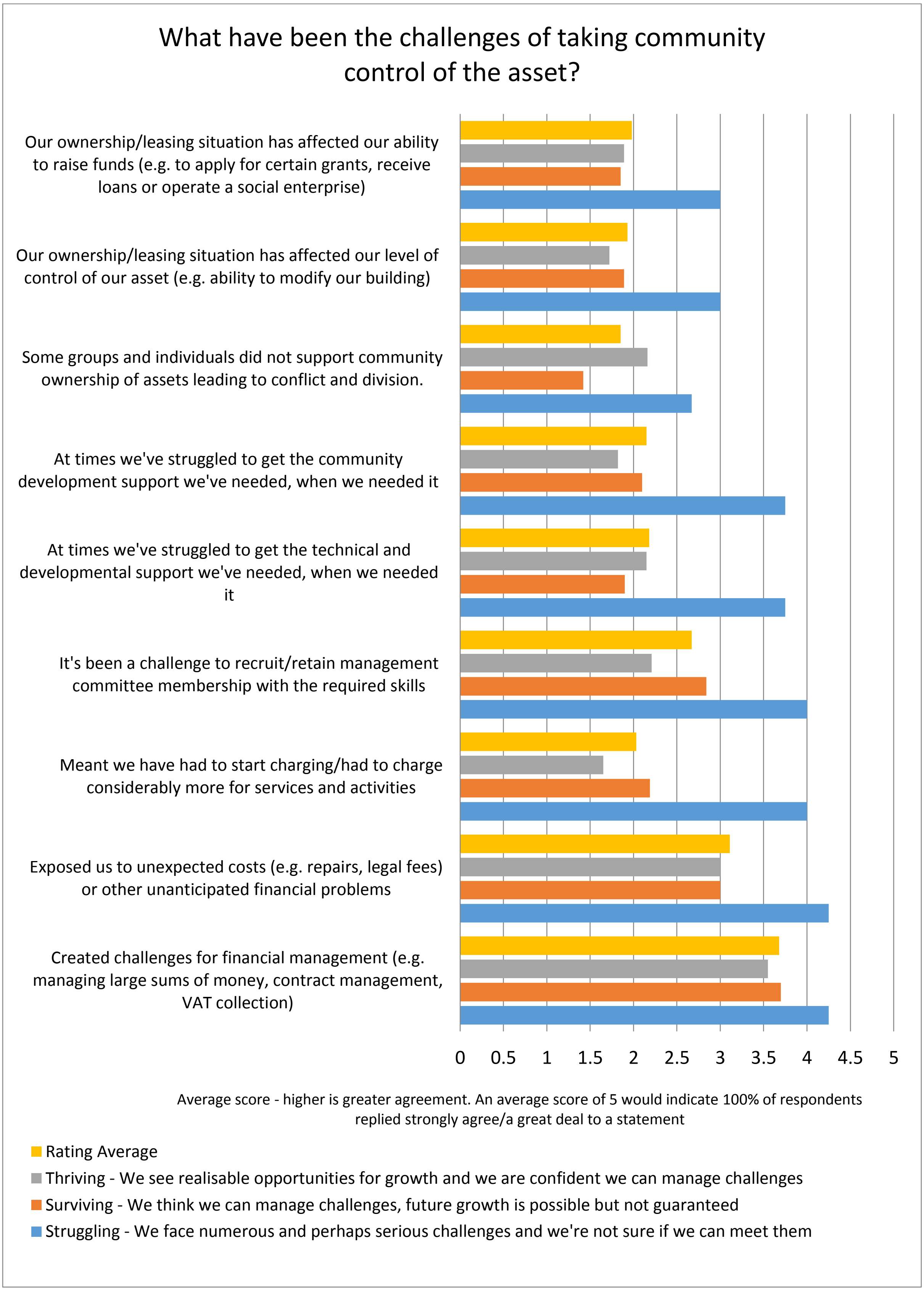
In terms of economic regeneration, benefits were noted across all areas. Of particular note, projects who identified as surviving were relatively more positive about their ability to encourage tourism with consequent economic development benefits.

4.13 Benefits for the wider community



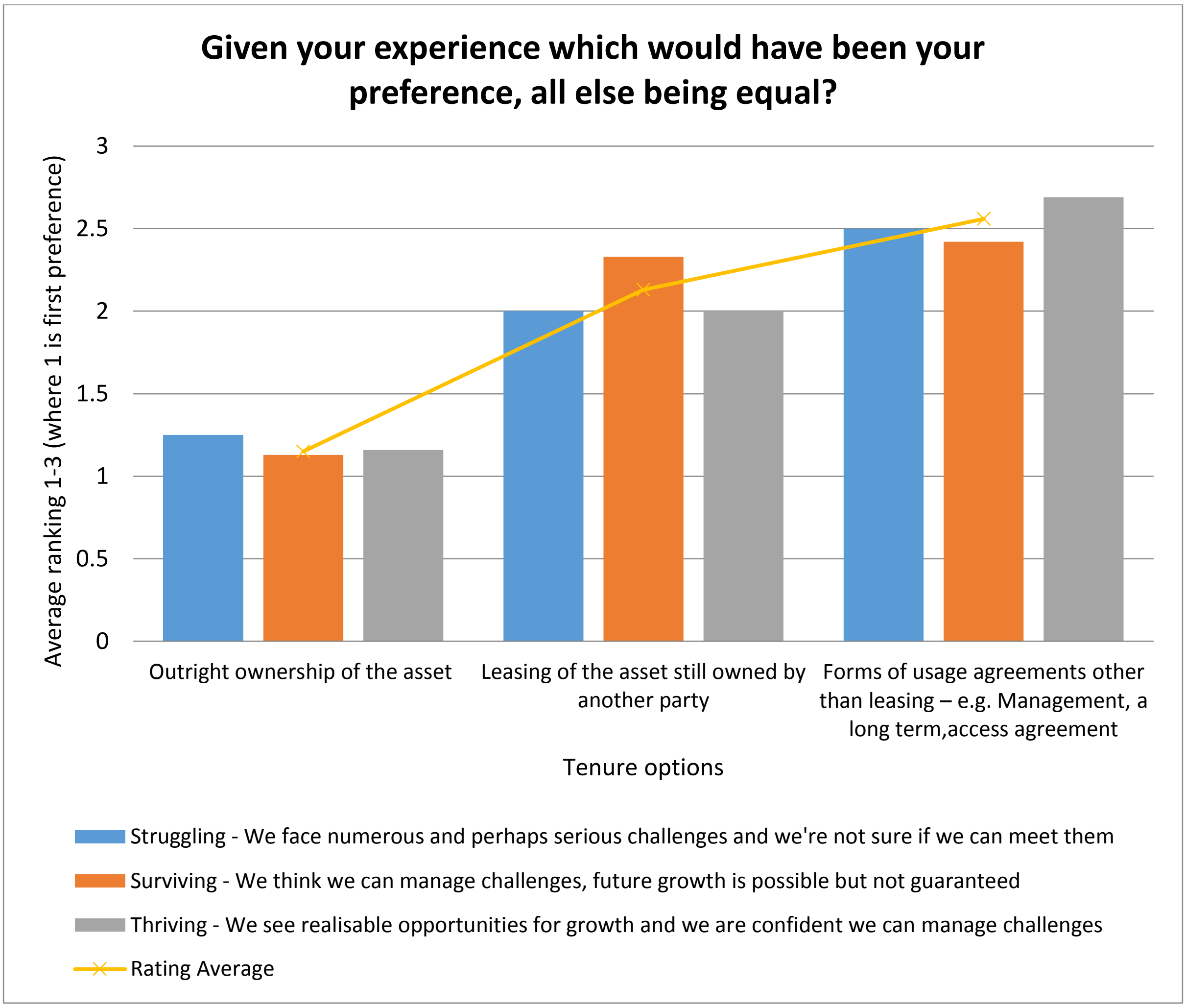
There was strong support for statements which reflected on community benefit of asset control. However, projects who described themselves as struggling reported lower levels of wider community benefit. The possible reasons for this may benefit from further exploration to establish possible reasons for this.

4.14 Overall Challenges of controlling our asset



For the majority of questions above, the challenges faced by organisations who identify as thriving or surviving were broadly similar. The largest noted challenges were around financial management and other financial issues. There were however slight differences between thriving and surviving projects: fewer thriving projects noted the need to start charging/increase prices, and fewer thriving projects have had staff recruitment challenges. Whilst there were very few projects identified as struggling it is striking that they found great difficulty in a fairly wide range of financial, capacity building and technical support aspect of their operation.

4.15 Overall tenure preference



In this question, respondents were asked to reflect upon their preferred mode of community control, had 'all else been equal' (e.g. with regard to available funding, support etc.). There was little divergence between projects with 'outright ownership' being the preferred option. The 'gradient' suggested above implies that where ownership might not be possible, leasing would be a good second choice, with 'other' arrangements third.

5. Key Informant Interview Findings

Summary and key findings from key-informant interviews

Community control of assets and tenure

Key-informants, drawn of relevant policy practice and funding backgrounds, in general emphasised the benefits and distinct values of community asset ownership over other forms of tenure. Reasons for this varied, but centred on principles of: full control; autonomy; status; confidence and empowerment. Motivations centred on the experience of inequality – be that geographic, economic, social or cultural and/or a sense of social, cultural, economic or demographic decline. Leasing was considered to be a viable option in particular circumstances such as: where it is community preference; where it is a stepping stone to full ownership. The Community Empowerment Act was considered something which may increase prevalence of, and interest in, community leasing of assets.

Support mechanisms and structures

The support offer was usually regarded as especially strong in the early stages of project development. Respondents noted that as projects progressed – and as more and more become 'mature' support could diminish and become more sporadic - additional and tailored support might be increasingly helpful.

Sustainability, stability and success

Notions of project's sustainability tended to emphasise the extent to which project income streams remain rooted in third and public sector funding systems rather than raising significant revenue in the private sector. This was evidenced in both the financial planning activities and the financial structures of organisations. Sustainability tended to be understood as ability to confidently raise suitable funding to contribute to core running costs augmented by significant, but not unsustainable, social enterprise development.

As community control has become an increasingly popular option for communities during the last two decades, the number of mature projects has increased. An increasingly mature cohort of projects are facing new challenges including volunteer burnout; squeezed post-acquisition funding; and the challenge of succession planning.

Struggling, surviving and thriving

Respondents identified the characteristics of thriving, surviving and struggling projects as follows:
Characteristics of 'thriving' projects:

- Delivering more than initial outcomes.
- Excellent and ongoing community engagement.
- Able to attract appropriately skilled board members for the project's developmental stage.
- Forward looking orientation and ongoing development of new ideas and projects.
- Access to regular income by way of a mixed economy of social enterprise or investment from grants of service contracts – this planned diversity supports resilience to unexpected events and challenges.
- A sense of self-reliance and independence.
- Able to access funding and support when and where required.

Characteristics of 'surviving' projects:

- Able to meet proposed outcomes to a good standard.
- Not necessarily looking to grow and develop, but relatively content with their current position.
- They have a sound and deliverable forward plan and are able to deliver against it.
- Whilst generally financially sound, they could be in a position where more time than is ideal is spent 'chasing money'.
- Things generally 'running themselves'.

Characteristics of 'struggling' projects:

- Instability at board level including: loss of key individuals on management committee or board; lack of succession planning.
- Loss of skills from the organisation (staff, board, volunteers) and difficulty in replacing these.
- Lack of community engagement and resultant lack of connectedness between community and board
- Financial challenges: e.g. lack of income, an unaffordable asset.
- Negative factors and challenges becoming self-reinforcing

The Community Empowerment (Scotland) Act (2015)

The Community Empowerment (Scotland) Act (2015), with its provision for greater community participation including a commitment to strengthen asset transfer, was seen as a development which had the potential to significantly influence the community control landscape. More profoundly, most key informants hoped that the Act may help support effective models of asset transfer which are characterised by close working relationships between communities and public agencies, a strong conception of community good, and (where appropriate and desirable) formalised service arrangements with community organisations (e.g. anchor tenants; service contracts).

Box 6 Summary of key Informant views

5.1 Attitudes towards community ownership of assets

The majority of key informants were supportive of the emphasis placed on asset ownership in policy and funding structures. These attitudes and perspectives could be broken down into the following areas: underlying assumptions; community motivations and; limits and caveats:

Underlying assumptions on commitment to ownership.

As the agenda has developed, especially in its nascent phase, it has been largely driven by rural communities and organisations with a strong commitment to notions of land and ownership. This has fed into the current emphasis on urban projects in the Community Empowerment Act and the decision to extend access to the Scottish Land Fund. Some informants did express reservations about the extent to which the ideological dimension of empowerment via land ownership translates to an urban context and how this may affect motivations for community ownership

In terms of contemporary perspectives on the importance and value of community ownership of assets some, but not all, key informants described ownership as an intrinsically superior approach to other forms community control of assets. This was summed up by one informant who described asset ownership as the "full expression of how you empower communities and people." (key Informant respondent, 2016).

Benefits of ownership

- Owing the asset gives communities complete control over the asset, they can make changes as required and the owner cannot 'ask for it back'.
- Communities who own their asset are taken more seriously by partners.
- Ownership can be seen as a way of allowing communities better access to assets – although ownership is not the only way of achieving this.
- Ownership, and the 'stake' it brings encourages the development of services, social enterprises and 'holistic' (e.g. multiple resources, services and approaches, delivered flexibly in one location) approaches to service delivery.
- Ownership instils a sense of confidence and encourages community participation – in this context keeping a building, project or service 'ticking over' can be seen as a success and a platform for further growth.
- Options short of ownership can reduce sphere of influence, limit flexibility of action and compromise ability to attract funding. Other options can come with conditions and leasing can be a drain on resources which results in money leaking from the community towards the asset owner.

Community Motivations

The motivations for communities were identified as a complex mix of 'push' and 'pull' factors which largely tally with the available literature and are as follows:

- The proposed or actual closure of a community building or other asset – which could include agency service (e.g. social or childcare) and private sector (e.g. pub, petrol station) services and amenities.
- A longer term sense of decline and disadvantaged underpinned by a local sense of place. This decline might be seen in the physical environment, loss of population, loss of services and amenities, and/or a loss of cultural sustainability. Sometimes these communities feel they have 'their backs against the wall'. However, this is often balanced by an optimism which sees opportunity and latent potential.
- To enable communities to have greater elements of control of their future, life chances and viability.

Limits and caveats to ownership

Whilst generally regarded as positive, the following caveats were noted:

- Community need and engagement: Projects, and the outcomes they seek to deliver, should be rooted in real and genuine community engagement and planning mechanisms such as community action plans to identify 'real' community need. Moreover, this needs to be backed up by ongoing community engagement activity. Without this the notion of 'community control' can be lost.
- Ownership is a stage in a journey, rather than an end in itself: neither communities, nor funders or partners should regard community ownership as an 'end in itself'. Instead, it should be understood as part of a journey towards enhanced community empowerment. In practice this is reflected in successful projects as involving ongoing partnership where communities may own assets but public agencies and other Third Sector organisations deliver services from,

or in partnership, with them. This is done in ways which enhance local outcomes and deliver income in the form of rental and contract income.

5.2 Leasing community assets

Whilst ownership has been considered in funding, policy, political and ideological concerns the 'best' option for community control of assets, most informants also agreed that leasing has played an important part in the development of the current community control landscape. Broadly speaking, narratives around leasing have fitted into four interpretations: leasing as stepping stone to ownership; leasing as community preference; leasing as policy prescription; leasing as subordinate option.

- **Leasing as stepping stone:** In this interpretation leasing is seen as a 'testing phase' for business plans, community engagement and longer term viability. Here, leasing is still understood as subordinate to full ownership, and community preference is for ownership in the longer term.
- **Leasing as community preference:** In this scenario, community preference is expressed for leasing. Perhaps because the building has structural issues, the project is short term, or the burden of building ownership is seen as deleterious to project and organisational success. In this instance leasing is likely to be done in a positive manner e.g. long term, maintenance carried out by building owner etc.

  In addition, and in contrast to the strong policy narrative around ownership some key informants were keen to emphasise the importance of community ambition and preference as relatively more important that specific tenure option, and that choices should be framed by appropriate routes for groups and communities.

- **Leasing as policy prescription:** Whilst community ownership of assets and leasing options has historically been built into wider policy and funding structures, leasing of community assets has not enjoyed this same emphasis in recent years. However, the local authority in our case study has pursued leasing as an important part of the choices for communities in its wider policy programme for transforming services and developing community control of them.

- **Leasing as subordinate option:** Key informants noted characteristics which can make leasing an unsuitable option. Short leases, full repair and no-subletting causes were generally regarded as offering some of the drawbacks of full ownership without the benefits.

- It was also noted that the overarching preference for ownership in policy and funding terms has, by necessity, converted interest in leasing into requirements for ownership. As a result there may be a 'pent-up' demand for more leasing of assets in Scotland. And, had the policy environment been different, there may be more communities leasing assets than at present.

5.3 Support for projects and organisations.

The support provided by agencies to organisations and their projects has developed and evolved in response to project need. The support offer was usually regarded as especially strong in the early stages of project development. Respondents noted that as projects progressed – and as more and more become 'mature' support could diminish and become more sporadic - additional and tailored support might be increasingly helpful.

Current support

Key informants collectively outlined the range of available support as follows. Early stage technical assistance in terms of business planning, architectural services, business advice and consultancy, legal support, assistance with understanding and dealing with legislative requirements and community engagement. 'Revenue support' supports trading and operation in initial years; project specific events and learning. Some support is focused geographically: In the highlands, Highlands and Islands Enterprise provide ongoing support for projects as described above.

Possible future support

Key informants were positive about the current level of support provided by agencies to community organisations. They did, however, identify the following possible areas of development:

- The need to provide first stage support to groups on assessing and making the best choices for them in terms of funding and tenure options which ensure the best chance of meeting their aspirations.
- Support equivalent to Highlands and Islands Enterprise Support package should be available throughout Scotland. Such support should be tailored to projects needs– possibly on a 'draw-down' basis to access specific skills such as market research, legal, project management etc. As they mature, projects are more astute in terms of understanding and asking for what they need.
- More support around working with communities in the earliest stages including fully understanding desires, aspirations and motivations together with the feasibility and business planning.
- Beyond the early stages a suite of support might be offered including: Succession planning and conflict management; moral and mentoring support; preventative and diagnostic support to mitigate against crisis situations; ongoing general community capacity building support would be helpful to ensure boards and their organisations remain viable, visible and connected to communities.

5.4 Experience of community control projects and organisations: sustainability, stability and success.

As community control, has become an increasingly popular option for communities during the last two decades, the number of mature projects has increased. An increasingly mature cohort of projects are facing new challenges:

- Volunteer burnout: as a result of the stress and strain from both acquiring and running community assets.
- Post-acquisition funding in terms of grants for capital and revenue has become squeezed: GCA is oversubscribed and other funds such as LEADER are also under pressure. Match funding is often needed for projects, and this is also reducing. Beyond limiting ambition and ability to deliver, the reduction in post-acquisition funding can negatively impact community and project morale.
- Succession planning: board succession and recruitment of suitably qualified members is an ongoing issue – especially where projects are facing difficulties. In addition, strong boards can weaken dramatically in short periods of time.

Notions of sustainability

Notions of project's sustainability tended to emphasise the extent to which project income streams remain rooted in third and public sector funding systems rather than raising significant revenue in the private sector. This was evidenced in both the financial planning activities and the financial structures of organisations. Sustainability tended to be understood as ability to confidently raise suitable funding to contribute to core running costs augmented by significant, but sustainable, social enterprise development. These experiences were manifest as follows:

Qualitative differences between private and social/community enterprises: Whilst projects may have social enterprise and business functions, they remain fundamentally different propositions to 'regular' private enterprises – especially in areas where private and social markets are seen to have 'failed'.

Need for ongoing grant and project funding: Raising revenue funding for projects represents a significant ongoing challenge for many. Diversification in terms of types of assets and activities was considered a good way to increase sustainability by offering multiple potentials for revenue from grants, service contracts and enterprise activity. Projects often understand commercial borrowing as risky and problematic.

Struggling, surviving and thriving

Informants were asked their initial thoughts on the usefulness or otherwise of such a typology and suggested the following criteria:

Characteristics of 'thriving' projects:

- Delivering more than initial outcomes.
- Excellent and ongoing community engagement.
- Able to attract appropriately skilled board members for the project's developmental stage.
- Forward looking orientation and ongoing development of new ideas and projects.
- Access to regular income by way of a mixed economy of social enterprise or investment from grants of service contracts – this planned diversity supports resilience to unexpected challenges, events and market conditions.
- A sense of self-reliance and independence.
- Able to access funding and support when and where required.

Characteristics of 'surviving' projects:

- Able to meet proposed outcomes to a good standard.
- Not necessarily looking to grow and develop, but relatively content with their current position.
- They have a sound and deliverable forward plan and are able to deliver against it.
- Whilst generally financially sound, they could be in a position where more time than is ideal is spent 'chasing money'.
- Things generally 'running themselves'.

Characteristics of 'struggling' projects:

- Instability at board level including: loss of key individuals on management committee or board; lack of succession planning.
- Loss of skills from the organisation (staff, board, volunteers) and difficulty in replacing these.
- Lack of community engagement and resultant lack of connectedness between community and board
- Financial challenges: e.g. lack of income, an unaffordable asset.

- Negative factors and challenges becoming self-reinforcing

Respondents also highlighted the complexity of using such a typology which notes that projects could in some aspects be surviving, but in others thriving. Importantly, any use of such criteria depends on what success criteria might be used. Board strengths and skill set are highlighted as key issues and these are likely to change throughout the process of developing and then owning an asset. In addition, strong boards can weaken substantially in short periods of time and although some projects have been around for a long time, they may still be quite fragile.

5.5 Success and how it is measured

Measuring and quantifying success (see also literature review) can be difficult. Although not a focus of the interview questions, key informants made the following observations:

Success criteria should be specific to community control projects: Judging community enterprises against standards relevant to the public or private sectors is not appropriate. Instead, rather than making profit per se, they seek to re-invest surpluses in their own running costs or wider for community, environmental or social benefit. Reemphasising the above, this relates to the qualitative differences between public, private and community sectors and the likely ongoing importance of grant funding and support, particularly where levels of social needs mitigate against fully marketised solutions. To be sustainable, organisations need to be able to generate sufficient surpluses to add to reserves without compromising grant funding (as is sometimes the case). In this sense, effective reserves are an indicator of sustainability and should be a supportable goal in their own right.

Success breeds success: Community organisations are often surprised about what they can achieve. They can be nervous initially, but grow in confidence and achieve great things. They can be an outlet for creative and entrepreneurial action which may not have been a feature of their communities before.

A sense of 'making progress' is important*:* There are tangible signs of success e.g. in terms of services delivered, hours of electricity generated, local people helped – but there are also less tangible benefits in terms of individual and collective skills, confidence and capacity grown. It is important to understand that both these sets on indicators are felt to be relevant to how success is understood within community organisations.

5.6 Wider environment and policy context

The Community Empowerment (Scotland) Act (2015)

The Community Empowerment (Scotland) Act (2015), with its provision for greater community participation including a commitment to strengthen asset transfer, was seen as a development which had the potential to significantly influence the community control landscape. Beyond specific statutory requirements now legislated for, it was thought that the Act would be a significant driver of behaviour and attitude in public agencies. For communities, it was felt that it would increase the interest and demand for asset transfer as and when assets come under threat. For local authorities in particular, it was thought that the Act would encourage issues of asset transfer to be more actively addressed. Overall, an increased interest and willingness on both sides would create a more positive environment subsequently speeding up the process of asset transfer.

More profoundly, most key informants hoped that the Act may help support effective models of asset transfer which are characterised by close working relationships between communities and public agencies, a strong conception of community good, and (where appropriate and desirable) formalised service arrangements with community organisations (e.g. anchor tenants; service contracts). Several expressed a view that the process of participation requests and asset transfer requests would be closely related, with the former having potential to start dialogue which could see services transferred to community control as well as assets such as buildings. A smaller number thought that the Act would support a wider menu of workable tenure options available on an equal basis. However, some still retained a feeling that some local authorities would continue their reticence around ownership models of community control (as detailed in the literature review) and prefer leasing in order to preserve estates and future income.

Funding structures and economics

The 'empowerment turn' in Scottish policy making has been accompanied by an increasing uncertainty and pressure on public finances, with an accompanying intensified demand for alternative funding sources. A number of potential pinch points were identified:

The challenge of 'full market value'

Reduction in funding for capital acquisition and/or a reluctance to fund 'full market' prices may be challenging where public bodies require a full market price to dispose of an asset. Both attitude and regulation will become more and more important. For example, some public agencies are unable to dispose of assets at less than best price, whilst some agencies are able to do so, but may prefer leasing options to avoid the loss of revenue and assets. There was a feeling that it was not an appropriate role of funders to subsidise the public sector. Despite this key informants in the local authority case study area examined in this research did regularly produce valuations for leasing and ownership transfers which were below market value as part of a more holistic assessment of the value of the transferred asset to achieving broader community and service delivery outcomes.

Claw back arrangements

From the perspective of public agencies, 'claw back' clauses are an important backstop to ensure 'best value' for tax payers. On the other hand, they ultimately inhibit community action and undermine the foundational right of disposal usually ascribed to 'ownership'. They can also inhibit the ability of organisations to generate revenues in a social enterprise model if economic development burdens are imposed as part of the process of claw back.

Wider policy mechanisms

Changes to policy instruments in other, prima facie non-connected policy domains can have knock on impacts for community control. For example, previous devices to encourage renewable energy by offering healthy returns on investment via 'feed in tariffs' made some community renewable projects economically viable. Subsequent changes to this regime have rendered future projects of this kind unlikely.

Future thoughts

Respondents were asked about future directions community control of assets may take. Along with the above, they also noted the following:

Private ownership of land: Whilst public agencies are often the current asset owners, especially in urban areas, there is a need to encourage private owners to consider disposing of assets. A culture change which supports negotiations of this kind is needed.

Monopoly control of land: Monopoly control of land, alongside vacant, derelict and neglected sites remains an issue in particular areas. Exploring how this could be addressed would increase the scope of and for community ownership.

6. Findings - High Level Financial Overview

This section presents the results of a high level analysis of the financial performance of a sample of organisations, funded by the Big Lottery Fund under Growing Community Assets, Scottish Land Fund 1-3 and other projects that included significant elements of capital funding for asset acquisition.

Summary

This summary draws on both insights from the high-level analysis including the published accounts of case studies.

- Most organisations are delivering good social outcomes in the community. However, it is hard to be financially sustainable without significant, secure and diverse income generating capacity.
- Much income generating activity such as shops, charity shops and cafes generate income but does not always make a profit/surplus. In some cases, they cost more to operate than they bring in considering management, administration time and energy expended.
- 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 is challenging.
- Successful organisations operate a number of projects, supported by cocktails of grant funding, contracts with local authorities, and some income generation.
- Most organisations have strong balance sheets but this is mainly because of the value of the building/community asset. They tend to have low levels of liquid assets, often less than 3 months' running costs, which make them vulnerable if funding applications are not successful.
- More than half of the sample filed annual returns and accounts late in the last five years, some more than once. This could result from changes to Boards or concentration on project development at the expense of administration, but does indicate less awareness of compliance requirements.

Box 7 Summary of financial analysis

6.1 Information sources

The review looked at the following information:

- Date registered as a charity – this shows the maturity of the organisation
- Income & Expenditure over the last 5 years – levels; bands; evidence of any trends
- Surplus/deficit over the last 5 years – actual; spread; evidence of any trends
- Level of grant income for the most recent year – actual; as a percentage of total income

- Level of reserves at the end of the latest year - total and unrestricted funds; unrestricted funds as a percentage of total reserves. This is an indicator of sustainability and potential liquidity.

- Filing history over the past 5 years. This is an indicator of the standard of financial governance and compliance.

The financial information was gathered from OSCR charity register entries for the last 5 years; for some, only 4 years' information was available where the 2016 accounts have not yet been filed because of the year end date.

6.2 Maturity of organisations

All of the organisations are at least 4 years old. The oldest organisations in the sample were registered as Scottish charities in 1972 and 1973, with another one registered in 1979. The others were registered between 1983 and 2013:

- Only 1 in the 1980s
- 11 in the 1990s, mainly in 1996 and 1997
- 16 in the 2000s
- The remaining 9 between 2010 and 2013

Many had evolved from steering groups or other unincorporated bodies.

6.3 Filing history

Both OSCR and Companies House require compliant annual accounts to be filed within 9 months of the financial year end. The filing history is noted on each Charity Register entry. More than half of the sample have filed late with OSCR in the last five years:

- 15 out of 23 GCA projects (65%)
- 4 out of 12 Land Fund project (33%);
- 2 out of 5 Additional projects (20%)

The accounts for two of the GCA projects are showing as well overdue for the year to 31 March 2016:

- One of these had grant funding of more than £2 million for each of the previous two years. It has previously filed its annual accounts on time.
- One has been late with its accounts for each of the last five years. Companies House records show that it has issued the first Gazette notice for compulsory striking off, dated 14th March 2017.

This level of late filing could be as the result of changes on Boards or concentration on project development rather than poor financial governance, but it does indicate the challenges of compliance requirements.

6.4 Income, expenditure and profitability

The table below shows gross income, total expenditure and the surplus/deficit for the last 5 years (financial years ending 2012, 2013, 2014, 2015 and 2016) for each of the 40 projects included in the sample. Note that the 2016 figures are for 25 projects only as many have financial years ending after 31st July 2016 so have not yet filed their accounts with OSCR or Companies House.

	income					expenditure					surplus/(deficit)				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
GCA list															
		£2,284,352	£2,287,357	£181,917			£221,308	£232,717	£154,884		£0	£2,063,044	£2,054,640	£27,033	£0
	£1,757,165	£152,544	£105,690	£58,871	£32,006	£104,705	£147,775	£107,996	£59,286	£47,178	£1,652,460	£4,769	-£2,306	-£415	-£15,172
		£1,547,111	£1,319,867	£1,598,081	£752,758		£1,148,522	£1,121,945	£1,391,677	£179,183	£0	£398,589	£197,922	£206,404	£573,575
		£85,593	£73,917	£1,008,183	£355,045		£77,844	£80,266	£33,877	£140,475	£0	£7,749	-£6,349	£974,306	£214,570
		£165,787	£167,392	£180,069	£307,636		£229,719	£147,677	£187,849	£152,595	£0	-£63,932	£19,715	-£7,780	£155,041
		£1,343,688	£326,908	£43,983	£2,465		£134,571	£68,210	£45,713	£1,477	£0	£1,209,117	£258,698	-£1,730	£988
	£473,672	£458,966	£493,802	£622,253	£1,803,865	£521,662	£519,202	£527,037	£513,001	£372,740	-£47,990	-£60,236	-£33,235	£109,252	£1,431,125
	£35,610	£25,103	£176,469	£41,966	£87,345	£19,747	£38,250	£38,333	£8,995	£7,988	£15,863	-£13,147	£138,136	£32,971	£79,357
	£40,976	£42,474	£41,582	£56,876	£233,661	£44,740	£49,394	£50,697	£55,892	£42,674	-£3,764	-£6,920	-£9,115	£984	£190,987
		£38,623	£29,472	£23,470	£36,806		£58,495	£45,555	£54,479	£68,856	£0	-£19,872	-£16,083	-£31,009	-£32,050
	£220,454	£257,230	£266,178	£220,473	£341,713	£265,982	£293,960	£345,031	£263,542	£223,785	-£45,528	-£36,730	-£78,853	-£43,069	£117,928
	£130,433	£90,741	£113,051	£312,744	£246,347	£110,002	£115,065	£110,211	£116,526	£114,316	£20,431	-£24,324	£2,840	£196,218	£132,031
	£109,296	£165,345	£149,759	£64,586	£536,907	£150,003	£175,703	£173,509	£86,488	£19,585	-£40,707	-£10,358	-£23,750	-£21,902	£517,322
	£248,714	£127,824	£146,600	£142,074	£70,689	£135,642	£151,567	£88,839	£41,413	£60,571	£113,072	-£23,743	£57,761	£100,661	£10,118
	£336,498	£208,644	£204,090	£484,974	£29,650	£342,621	£240,330	£181,237	£104,679	£32,368	-£6,123	-£31,686	£22,853	£380,295	-£2,718
		£114,337	£359,156	£42,900	£64,587		£87,387	£34,488	£62,964	£31,460	£0	£26,950	£324,668	-£20,064	£33,127
		£23,381	£150,550	£33,987			£20,795	£2,304	£3,537		£0	£2,586	£148,246	£30,450	£0
	£107,947	£112,140	£56,543	£6,065	£9,841	£74,432	£63,616	£24,270	£8,852	£16,767	£33,515	£48,524	£32,273	-£2,787	-£6,926
	£77,737	£30,155	£10,253	£0	£332	£3,565	£14,782	£21,617	£7,750	£288	£74,172	£15,373	-£11,364	-£7,750	£44
	£379,396	£343,091	£251,795	£317,199	£262,112	£338,237	£328,768	£315,339	£269,341	£229,033	£41,159	£14,323	-£63,544	£47,858	£33,079
	£309,315	£401,011	£281,844	£211,407	£222,476	£300,931	£396,089	£237,172	£222,263	£225,309	£8,384	£4,922	£44,672	-£10,856	-£2,833
	£61,490	£33,623	£576,065	£64,231	£30,187	£46,880	£24,018	£577,984	£58,255	£16,697	£14,610	£9,605	-£1,919	£5,976	£13,490
		£168,746	£286,362	£66,914	£89,682		£194,055	£261,583	£101,674	£77,352	£0	-£25,309	£24,779	-£34,760	£12,330
	£4,288,703	**£8,220,509**	**£7,874,702**	**£5,783,223**	**£5,516,110**	**£2,459,149**	**£4,731,215**	**£4,794,017**	**£3,852,937**	**£2,060,697**					
Scottish Land Fund list															
	£5,090,260	£4,100,699	£5,980,013	£5,372,900	£5,567,302	£4,376,378	£3,542,988	£2,265,471	£2,043,269	£2,209,679	£713,882	£557,711	£3,714,542	£3,329,631	£3,357,623
		£759,507	£701,390	£279,960	£342,222		£365,647	£378,074	£291,290		£0	£393,860	£323,316	-£11,330	£342,222
	£191,619	£236,388	£241,169	£638,233	£312,433	£205,230	£222,072	£219,817	£341,338	£209,813	-£13,611	£14,316	£21,352	£296,895	£102,620
		£207,008	£477,663	£365,558	£175,032		£183,363	£468,546	£231,047	£165,896	£0	£23,645	£9,117	£134,511	£9,136
	£31,874	£33,749	£63,638	£25,859	£29,834	£40,855	£48,466	£37,473	£38,702	£44,973	-£8,981	-£14,717	£26,165	-£12,843	-£15,139
	£176,800	£29,461	£30,266	£32,525	£34,471	£176,056	£34,533	£33,322	£37,468	£43,945	£744	-£5,072	-£3,056	-£4,943	-£9,474
	£368,198	£380,789	£354,057	£469,700	£319,635	£352,448	£377,802	£373,789	£459,542	£373,260	£15,750	£2,987	-£19,732	£10,158	-£53,625
		£8,938	£10,736	£6,897	£7,599		£6,655	£6,415	£6,080	£4,839	£0	£2,283	£4,321	£817	£2,760
		£616	£847	£850	£600		£632	£1,440	£1,747	£1,070	£0	-£16	-£593	-£897	-£470
		£31,123	£39,156	£51,487	£40,474		£26,876	£37,178	£58,633	£40,580	£0	£4,247	£1,978	-£7,146	-£106
		£22,529	£30,399	£21,786	£22,560		£27,164	£24,734	£25,138	£24,028	£0	-£4,635	£5,665	-£3,352	-£1,468
	£3,472	£7,522	£17,847	£11,922	£11,417	£5,174	£3,604	£20,530	£9,413	£11,694	-£1,702	£3,918	-£2,683	£2,509	-£277
	£5,862,223	**£5,818,329**	**£7,947,181**	**£7,277,677**	**£6,863,579**	**£5,156,141**	**£4,839,802**	**£3,866,789**	**£3,543,667**	**£3,129,777**					
Additional projects list															
	£4,569,716	£5,104,830	£6,762,951	£6,891,187	£5,339,320	£4,972,322	£5,260,633	£4,708,338	£5,087,212	£5,592,474	-£402,606	-£155,803	£2,054,613	£1,803,975	-£253,154
	£779,374	£1,932,206	£670,703	£664,177	£389,290	£718,263	£1,629,610	£564,120	£519,541	£397,506	£61,111	£302,596	£106,583	£144,636	-£8,216
	£71,260	£154,974	£310,644	£309,978		£37,183	£380,249	£72,198	£20,492		£34,077	-£225,275	£238,446	£289,486	£0
	£51,313	£89,054	£370,347			£75,586	£79,975	£50,343			-£24,273	£9,079	£320,004	£0	£0
	£26,490	£78,951				£24,668	£15,313				£1,822	£63,638	£0	£0	£0
	£5,498,153	**£7,360,015**	**£8,114,645**	**£7,865,342**	**£5,728,610**	**£5,828,022**	**£7,365,780**	**£5,394,999**	**£5,627,245**	**£5,989,980**					
	£15,649,079	**£21,398,853**	**£23,936,528**	**£20,926,242**	**£18,108,299**	**£13,443,312**	**£16,936,797**	**£14,055,805**	**£13,023,849**	**£11,180,454**					

Table 9 Gross income, total expenditure and the surplus/deficit for the last 5 years

Income

Total income for all 40 projects is in excess of £20 million per annum:

- £20.9 million in 2013

- £23.9 million in 2013

- £21.4 million in 2014

- £15.6 million in 2015 – but this is for 25 projects only as others have yet to file accounts.

- This ranges from one organisation with £0 income in one year (not a first year) to another with income of £6.89 million in a year, illustrating the diversity of size of asset acquisition projects funded.

- Income spikes in years where there are significant capital grants; otherwise there is no discernible pattern so underlying income trends are not obvious.

- GCA project income totals rose year on year from 2012 to 2105:

  - Up by 4.8% from £5.51 million in 2012 to £5.78 million in 2013

  - Up by more than a third (36.1%) in 2014 to £7.87 million

  - Up again but only by 4.4% in 2015 to £8.22 million

- The two largest projects – one a housing association and one an amenity trust, both with annual income of £4-6 million – experienced lower income levels in the last two financial years.

- Total income for the 12 SLF projects grew by 6% in 2013 and 9.2% in 2014 but fell by £2.13 million, more than a quarter (26.8%) in 2015.

- Additional projects total income also peaked in 2014 at £8.11 million before falling by 9.3% in 2015 to £7.36 million.

Expenditure

Expenditure is equally variable but generally much lower. This is because many of the grants are for capital assets (land, buildings, woodlands, etc.). The accounting treatment means that the grants are recognised in full as income but the cost of the purchase or development of the asset is not recognised as expenditure. Instead the amount invested in the asset is capitalised (added to fixed assets in the balance sheet) with an annual charge for depreciation included in expenditure to recognise the use of the asset.

- Total expenditure for all 40 projects ranges from £13 million to £17 million per annum over the period:

  - £13.0 million in 2013

  - £14.0 million in 2014

  - £16.9 million in 2015

  - £13.4 million in 2016 – but this is for 25 projects only

- As with income, the range of annual expenditure is huge – only £632 for one of the organisations up to £5.26 million income for the largest.

Profitability

The table above also shows the range of surpluses and deficits over the years:

- Only 7 of the 40 projects (17.5%, less than one in five) have not operated at a deficit in at least one of the last five years (3 GCA, 3 SLF and 1 Additional projects).
- 13 organisations have recorded a deficit in one year only (8 GCA, 2 SLF and 3 Additional projects)
- 7 organisations have recorded deficits in two years (5 GCA and 2 SLF), 7 deficits in three years (4 GCA, 2 SLF and 1 Additional) and 6 have deficits in four years (3 GCA and 3 SLF).
- The deficits range from £16 to £402,606 in a year – most are less than £60,000.
- Surpluses are distorted by grant amounts received and recognised in the year. Some surpluses look very healthy but are in fact restricted funds used to purchase or develop capital assets.

6.5 Grant funding

To try to build a better picture of whether asset acquisition leads to income generation, the analysis looked at the percentage of income from grants in the most recent year for each of the organisations. The results in the table below show that:

- Grant income for the 40 organisations sampled totalled £11.8 million, an average of £303,138 per organisation.
- This ranges from no grant income to £2.28 million of grant funding (0% to 100% of total income for the year). This includes mature projects and those that are still in the process of asset acquisition and development; hence the wide range.
- 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). This is partly a reflection on the stage of development of the projects and partly because of the nature of them. The SLF projects included a large Housing Association and the Additional projects included a large Amenity Trust, both of which have relatively low levels of grant funding as they generate a significant percentage of their income.

	Income from grants		Reserves		
	latest year	% grant income	Total Funds	Unrestricted Funds	% unrestricted
GCA list	£2,284,177	100.0%	£4,165,990	-£36,278	-0.9%
	£1,737,725	98.9%	£1,791,456	£2,611	0.1%
	£53,681	3.5%	£1,745,295	£1,379,803	79.1%
	£70,471	82.3%	£1,701,348	£4,086	0.2%
	£83,876	50.6%	£1,659,646	£154,296	9.3%
	£1,335,082	99.4%	£1,469,551	£7,579	0.5%
	£204,155	43.1%	£1,468,511	£36,027	2.5%
	£19,100	53.6%	£1,336,185	£48,654	3.6%
	£1,000	2.4%	£1,026,708	£49,625	4.8%
	£5,186	13.4%	£828,985	£22,840	2.8%
	£101,173	45.9%	£778,669	£30,037	3.9%
	£36,140	27.7%	£699,844	£126,202	18.0%
	£106,285	97.2%	£600,740	£50,068	8.3%
	£240,472	96.7%	£563,849	£294,336	52.2%
	£330,881	98.3%	£372,594	£4,870	1.3%
	£80,798	70.7%	£364,681	£3,414	0.9%
	£22,111	94.6%	£181,282	£31,880	17.6%
	£60,386	55.9%	£115,134	£13,660	11.9%
	£77,237	99.4%	£108,771	£5,770	5.3%
	£326,200	86.0%	£95,258	£43,226	45.4%
	£221,444	71.6%	£69,969	£23,799	34.0%
	£25,839	42.0%	£52,933	£51,357	97.0%
	£8,000	4.7%			
GCA totals	**£7,431,419**	**62.5%**	**£21,197,399**	**£2,347,862**	**17.3%**
Scottish Land Fund list	£1,161,268	22.8%	£4,940,806	£4,940,687	100.0%
	£509,451	67.1%	£3,901,672	£25,851	0.7%
	£42,035	21.9%	£1,716,264	£381,292	22.2%
	£172,709	83.4%	£766,189	£56,795	7.4%
	£2,800	8.3%	£623,519	£65,264	10.5%
	£152,752	86.4%	£243,549	£23,449	9.6%
	£260,201	70.7%	£139,660	£139,660	100.0%
	£0	0.0%	£98,848	£14,777	14.9%
	£500	81.2%	£25,648	£648	2.5%
	£0	0.0%	£16,313	£15,313	93.9%
	£722	3.2%	£5,038	£5,038	100.0%
Scottish Land Fund totals	**£2,302,438**	**40.5%**	**£12,477,506**	**£5,668,774**	**42.0%**
Additional projects list	£1,774,268	38.8%	£14,181,790	£0	0.0%
	£268,625	34.5%	£1,921,807	£392,901	20.4%
	£19,169	26.9%	£336,834	£34,177	10.1%
	£500	1.0%	£310,246	£310,246	100.0%
	£25,992	98.1%	£65,460	£924	1.4%
Additional projects total	**£2,088,554**	**39.9%**	**£16,816,137**	**£738,248**	**26.4%**
Whole sample totals	**£11,822,411**		**£50,491,042**	**£8,754,884**	**17.3%**
Average for whole total	**£303,138.74**	**53.4%**	**£1,328,712**	**£230,392**	**17.3%**

Table 11 Asset acquisition and income generation

2 of the GCA funded organisations are successfully managing to generate almost all of their own income.

- One is a successful community woodland enterprise, generating 96.5% of its £1.5 million income through its operations.

- The other is at the other end of the size spectrum – a community association which is maintaining income at about £40,000 per annum, with only 2.4% grant income in the last year. It has however operated at a deficit over the last three years but this is reducing year on year.

The level of grant funding across all three project types breaks down as follows:

Level of grant funding	>90%	70%-90%	40%-69%	20% - 39%	5% - 19%	< 5%	0%
GCA projects	8	4	6	1	1	3	0
SLF projects*	0	4	1	2	1	1	2
Additional	1	0	0	3	0	1	0

*Note - One SLF project is an unincorporated charity. Figures shown were total income only.

Table 12 levels of grant funding

6.6 Reserves and sustainability

The table above also analyses the level of reserves held by the organisations and in particular looks at the level of unrestricted reserves held at the end of the last financial year. It is these reserves that 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.

The overall figures are encouraging at first glance:

- Combined reserves held by the 38 organisation total £50.49 million, an average of £1.33 million

- Of these total reserves, £8.75 million (17.3%) are held as unrestricted funds, an average of £230,392.

- However £4.94 million of these unrestricted reserves are held by one (housing) association. Another £1.38 million is held by a community woodland trust.

- If these two exceptionally large amounts are excluded, the unrestricted reserves held by the remaining 36 organisations total £2.43 million, an average of £67,622, just 5.6% of total reserves.

- This means that the other 94.4% of reserves are held as restricted funds, representing in most cases the capital value of the asset as shown on the balance sheet, or grant funding spanning the year end and still to be spent.

However these headline figures and averages are misleading in that the level of unrestricted reserves varies from:

- None i.e. one large organisation where all funds are held as restricted funds

- 100% - four organisations (3 SLF and 1 Additional project) where all of the reserves are unrestricted.

- The GCA projects have average unrestricted reserves of 17.3% of total funds. This breaks down as:

    - 14 (63.6%) of the organisations with less than 10% held as unrestricted reserves
    - 5 with between 11% and 50% unrestricted reserves
    - 2 with between 51% and 90% unrestricted reserves
    - 1 with 97% unrestricted reserves

- The SLF projects have average unrestricted reserves of 42% of total funds. This might suggest that these more mature projects have been able to start to build up reserves but this does not appear to be the case as the reserves break down as:

    - 4 (36%) have less than 10% held as unrestricted
    - 3 have between 11% and 23% unrestricted reserves
    - 1 has 93.9% unrestricted reserves
    - 3 have wholly unrestricted reserves.

- The Additional projects have average unrestricted reserves of 26.4% of total funds. The break down again shows that the picture is varied:

    - 3 (60%) have up to 10% held as unrestricted
    - 1 has 20.4% unrestricted reserves
    - 1 has wholly unrestricted reserves

Overall this analysis points to the fact that 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 is challenging.

7. The Co-inquiry – co-producing deeper insights

The co-inquiry was held in May 2017 in Glasgow. An invite was extended to those who had taken part in the case studies and as key informants and subsequently those who had taken part in the survey and wished to participate in further research activities. There were 9 participants - 5 community asset project representatives and 4 agency staff. There were 3 call offs, from community projects in remote rural locations who had difficulty travelling or were affected by illness.

Purpose

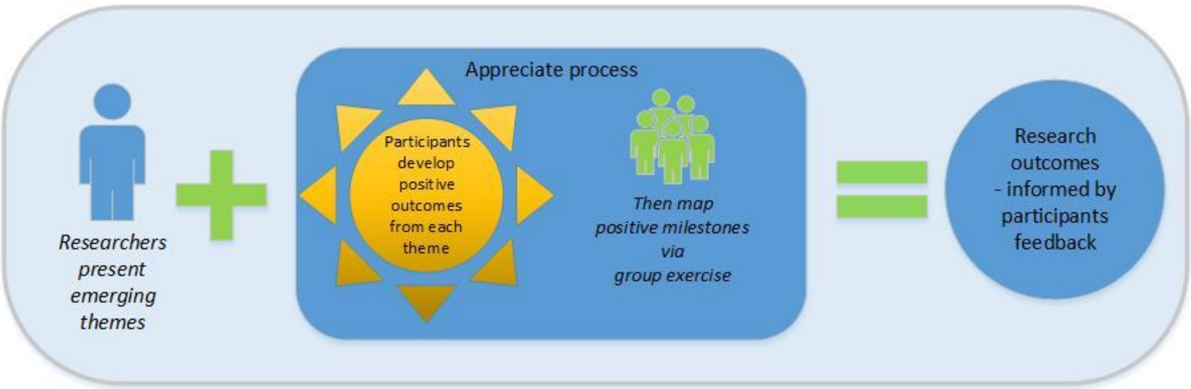
The purpose of the 'co-inquiry' was:

- To share the emerging findings of the research
- To sense check and add to these
- To develop positive destinations which would strengthen outcomes arising from the emerging themes
- To generate potential recommendations for use by the Big Lottery Fund and its stakeholders in projects, support agencies and partners in the Scottish Government, local authorities and public agencies now subject to asset transfer process under the Community Empowerment Act.

The co-inquiry is a collaborative process were stakeholders explore particular aspects of a project or issue in-depth. The aim is to create a productive space for exploration, elaboration and shared learning. The output is an important part of the synthesis of the various strands of insights and data. Here, the ambition was to shape the learning and input into the final report.

Method

Participants were presented with six proposed pathways to progress which researchers had identified from the findings. These were then sense checked and agreed by participants and used as the basis of an exercise which identified positive destinations in an imagined future where the issues in the pathway were being addressed. A creative simulation exercise was then used, with participants describing what had been the milestones that had helped to reach these positive destinations. The brief for the exercise asked participants to think of actions which were feasible but ambitious rather than overly limited by pragmatic considerations in the current landscape.



Results

The exercise produced 60 focussed and practical ideas for action across the six pathways which could usefully inform work to improve the efficacy of community asset control and ownership in future. The session was very supportive of the need to engage in further peer to peer dialogue around specific ideas, develop new diagnostic and educational tools and design support for communities that would further strengthen the process of community asset ownership and community control. The results have been used to inform the analysis and final conclusions of this study and are represented in the table below.

Pathway to Progress	Positive Destinations	Milestones/Recommendations & Resources
Wider choices	• *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*	• 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
The strongest start	• *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 funders, delivery partners and communities to deliver their roles*	• 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 • 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 own experts) and have developed key, trusting relationships*	• 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 • 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

Table 13 Co-Inquiry outputs

8. Analysis of Key research questions

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 & challenging experiences along the way, they are making community control of assets work locally.

Ownership & Leasing - Most respondents remain committed to ownership for a range of reasons. The policy & funding framework underpins this but the study suggests that the choice of community control options is not easily reducible to a binary choice. Some of the most successful groups are making leasing work as an alternative/additional mechanism to ownership. They access funding from other sources, or by exception from the Big Lottery Fund in certain cases. For some, leasing better suits their needs or they "try before they buy" prior to owning. For others, local transfer policies by Councils position a wider range of options and they may choose leasing as a result. Participants predict leasing will be more of a feature as the CE Act is implemented raising questions about whether funding criteria can flex to accommodate it.

Combating inequality and tenure options - Some communities will need further support before they could take over and maintain the ownership of key assets and even leasing may be 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.

Success factors – Thriving, Surviving and Struggling - Projects 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 been periods of stability and instability. 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 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.

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.

Box 8 Summary of analysis of key questions

This chapter brings together the findings from the methods as detailed above to answer each of the research questions. Figure 3 illustrates how various forms of data have been synthesised with researchers existing knowledge related to these questions and enhanced by re-engaging participants with the emerging results to help frame conclusions and recommendations

Figure 3 Overall pathway for generating research insights

8.1 - 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?

Across all areas of the research, there appeared a strong preference for ownership, with numerous benefits identified However, there were some important caveats.

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 appear from the research evidence previously presented from this study, to relate to ownership and leasing of assets.

Whilst many projects were positive about the merits, benefits and opportunities of ownership, the strongest support for ownership as an ultimate destination over all other considerations came from ‘key informants’ (i.e. those with important policy, strategy, support and funding roles), although there were some important caveats with most also acknowledging leasing as having a role.

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). As outlined fully above the reasons for this preference focused on notions of control, autonomy, confidence, stability, financial control and independence. Inequality related to the historically contentious issues of land ownership, principally in rural areas, was also mentioned, and community ownership was inherently seen as a way to overcome this. The majority of surveyed projects also noted the extent to which ownership – over leasing and management – was a preferred option (see survey) These findings largely echo those in the literature which emphasise the importance of community control – especially in rural contexts.

Inequality

The majority of the case study projects were responding to some form of inequality – albeit not always economic inequality. Whilst the case study selection was slightly weighted towards SIMD measures of inequality, in some cases, this inequality was most acutely experienced in terms of: geography and access to resources; accesses to cultural and sporting activities; participation in environmental and 'green' activities; threats of diminishing services and depopulation. As framed by a key informant, these experiences of varied inequality act as spurs for community action.

Key informants in the local authority site where leasing was prevalent took the view that the wrong community control choice could exacerbate inequality as some communities were less able to take more independent control of assets due to community capacity issues related to multiple deprivation and poverty (Key Informants 2016). Their response to this was to explore *use* agreements where these communities took a degree of control of assets alongside public agency investors to share the operational and financial responsibilities in ways which achieved complementary outcomes and protected key community assets .

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).

8.2 – 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.

An increasing interest in leasing

Whilst, as noted above, there has been a strong policy, funding and academic focus on community ownership of assets, some of our key informants and case studies, report an increasing interest in leasing. Whilst leasing has sometimes been seen as a 'stepping stone' option towards ownership in the past, notions of 'best fit' for particular community circumstances were suggested by some key informants as a potentially increasingly relevant mechanism in the context of the implementation of the Community Empowerment Act. Meanwhile, our local authority case study site focused on a supported programme of asset transfer which, whilst ostensibly having a full range of leasing and ownership options as potential outcomes, was so far delivering an overwhelming majority of projects on leasing arrangements. Therefore, whilst the dominant emphasis has been in favour of community ownership of assets, it appears there is increasing divergence amongst stakeholders with more traction developing for a multilateral approach with regards to the wider menu of potential modes of community control.

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.

The progressive approach to valuation, discounts and ongoing cash and in-kind subsidy, were broadly welcomed, however, groups interviewed still found sustainability a challenge based on low turnover and the need to commit enormous effort to run and sustain services and facilities, especially if groups were hampered by "claw-back" arrangements.

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

In terms of appropriateness of this model for different communities there was a view that its value was in offering meaningful options to communities in varying circumstances including some which could enable communities with reduced community strengths to maximise the benefits of community control without more onerous tenure arrangements. The fact that more systematic reflection is being conducted with groups in the process was something that key informants and case studies felt could be developed into an ongoing improvement process to strengthen the approach and offer learning which could be of value to other areas

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 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 most 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).

8.3 – 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. Although the ultimate sample size was slightly less than hoped for, we can still have some confidence in the findings.

When organising the case studies, we found it relatively more challenging to engage with those who identified as struggling projects compared with those who described as thriving or surviving. This may be because: projects in such circumstances find it difficult to spare the time to engage; they are more likely to be reticent about sharing information about their situations. It is possible that this effect also influenced participation in the survey (i.e. struggling projects may have been less inclined to participate).

Despite their policy and practice support roles, key informants didn't generally have a clear sense of the extent to which, or how many, projects may fit within these categories. However, they were able to identify examples of these situations, and provide a description of how these concepts may be fleshed out. The exception was the Big Lottery Fund itself which had recently explored the issue via internal research carried out in 2016.

8.4 – 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.

Fig 5 Illustrates some of the circumstances affecting whether projects find themselves "thriving" or "struggling"

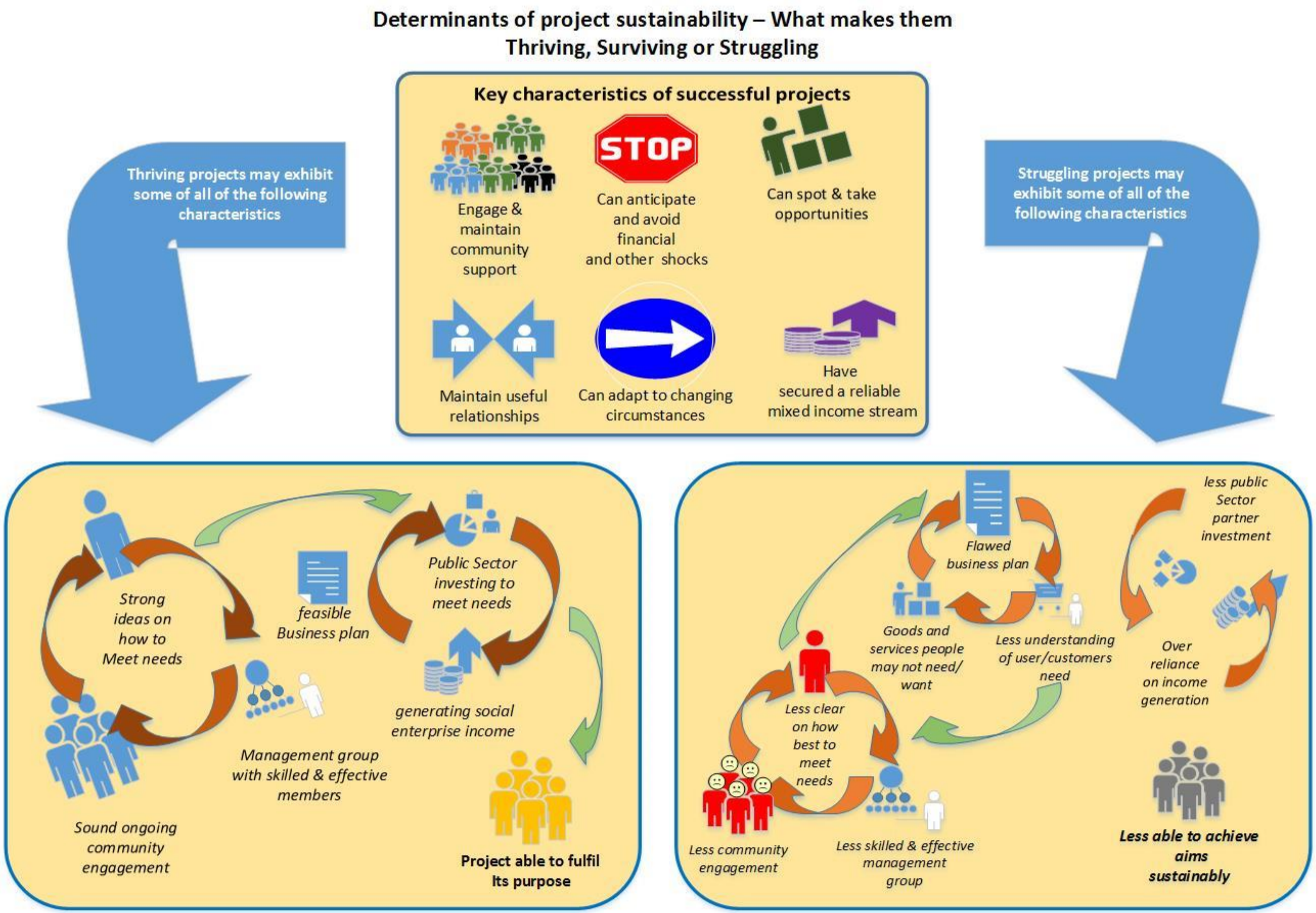


Figure 5 factors affecting projects sustainability

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.

Explicit safe self-diagnostic activity, linked to subsequent support may be useful in supporting prevention and early intervention. Finally, a number of key informants noted the need for generic community capacity building and engagement support to support the links to communities and the development of community organisations themselves.

8.5 - 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.

8.6 - 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 *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.

8. Recommendations

The findings from this research confirms existing knowledge from previous literature and lived experience of respondents and sheds new light on some of these in relation to the key research questions. The study has augmented this with many new insights and ideas from a wide range of projects who participated in the survey and key informant interviews. The co-inquiry considered the emerging themes and findings and developed the insights and ideas which were then used to inform the following recommendations for use by the Big Lottery Fund and its partners in Scotland. These have the potential to further develop the environment for increased community control and ownership of asset by communities themselves by responding to the challenges that participants themselves identified through the research. They have been produced based on direct observations from the co-inquiry session. They are:

- ***Dialogue for development*** – That the Big Lottery Fund should share these findings with the Scottish Government, local authorities and others, to help seed optimum conditions for successful community control, including long term partnerships with community ownership projects in a public service reform context.
- ***Enabling choice*** – That the Big Lottery Fund should work with others to 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 they need to achieve their aims as illustrated in the diagram below

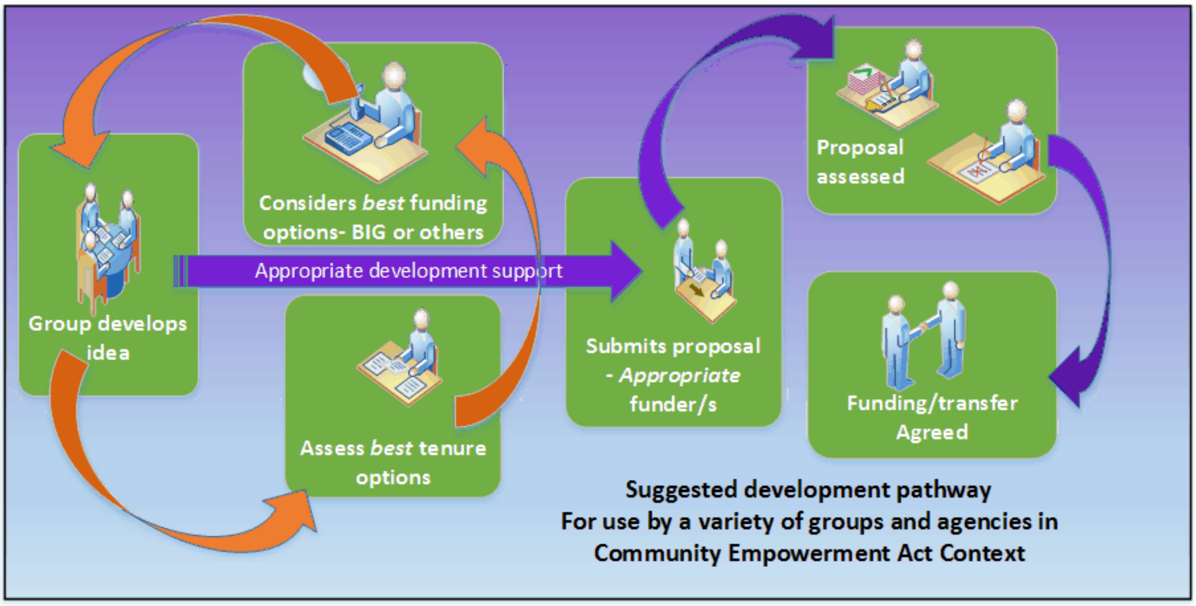


Figure 6 Proposed tenure development process

- ***Safe self-evaluation*** - That the Big Lottery Fund should support co-production of a revised system of self-assessment which better assists groups to diagnose their own development needs and link to available support for projects facing particular issues, and track the efficacy of such an approach through longitudinal action research. This should also seek to engage more projects who are struggling to better illuminate the issues as relatively few such projects appeared to feel able to engage with this research.

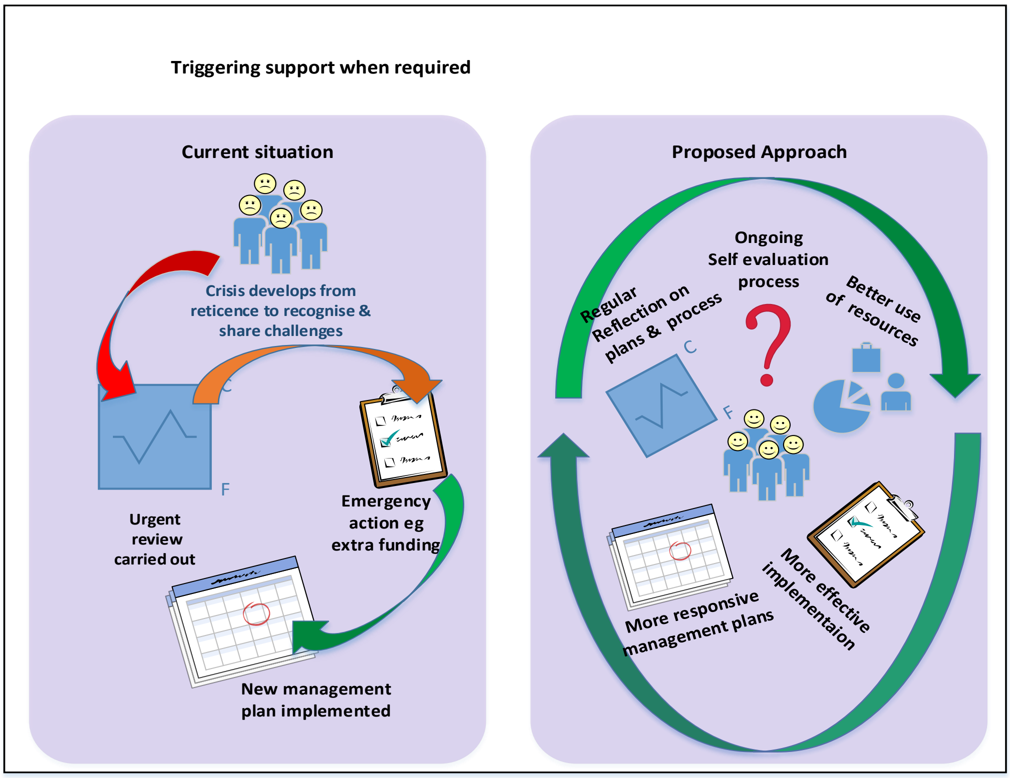


Figure 7 Self Evaluation and support linkage

- ***Improving support*** – That the Big Lottery Fund should co-promote discussion on availability of project support, collaborate in addressing gaps and consider how best to enable co-ordination at the project and programme level.

- ***Sound financial planning*** - The Big Lottery Fund should support further exploration of financial trends in its own and other projects, including how to support effective planning for sustainability based on full understanding of the role of subsidy and what can be sustainably generated from the social economy given the contraction of the subsidy environment. Some contributors have suggested that an equitable accessible national fund should be established to assist projects finding themselves in financial difficulty. Further consideration of this idea is recommended although it has not been developed in this research.

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

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Appendix

Appendix 1 Amended exert from SQW 2013 – results from household survey

Outcome 1 – Communities are stronger, with shared aspirations and the ability to achieve these together.

People where a GCA 1 project is located:

- Rate their area and community more highly, they know more people and they feel they have more influence over local decisions.
- Around half considered it had made the area a better place to live and had brought the community together.
- Those using community facilities found that 58% considered them to have brought the community together and 59% now felt more aware of community decisions, while around a third had become more involved in their community as a result.
- Many case of people no longer having to travel sometimes substantial distances to access the services or facilities they need.

Outcome 2 – Communities have services and amenities that meet people's needs better and are more accessible.

- An estimated 36,000 people across Scotland are using GCA1 supported community-owned services and facilities.
- 74% considered the project had provided services and amenities that meet peoples' needs better.
- Among those using community facilities, 66% would not have been able to access the same service locally, and among those that did have this option, 80% considered their GCA1 facility to be "much better".
- In the projects covered by the user survey, three quarters of the people using the facilities are visiting them once a week or more.
- In the five communities where new facilities opened between 2008 and 2012, the household survey shows higher ratings for facilities for culture, young people and sports, and this can, at least in part, be attributed to the GCA1 projects.

Outcome 3 – People have more skills, knowledge and confidence, and opportunities to use these for the benefit of the community.

- Overall, the strongest impacts on skills, knowledge and confidence are in the development and management of the projects themselves and through strengthening social links, rather than through more formal training or skills.
- Projects instil skills and confidence mainly through arts, sports and social activities, although direct training opportunities have also been provided to around 1,400 people. The assets developed and the facilities supported provide a solid platform for developing more skills and formal training in the future.
- The impacts reported vary greatly across the projects depending on what they offer, but most scored highly on some criteria. For example, on Westray there had been increases in skills through working together. The Ballantrae recycling centre had saved all its users money and Route 81 had led to a large majority of users making new friends.
- A survey of facility users found that the biggest individual benefits were in making new friends and contacts (49%), saving money (28%), developing new skills (17%) and improving physical fitness (19%).

- Based on responses from the project leaders, there are over 700 people involved in project management across 81 operational projects. These management positions predominantly comprise roles on Boards and around 1,700 regular volunteers.

Outcome 4 – Communities are more able to grasp opportunities, and are more enterprising and self-reliant.

- In terms of the community as a whole, the survey of households found that 53% of respondents that had visited or been involved with a project felt that the GCA1 project had increased the "ambition and confidence" of the community to take on other activities.
- The process of securing the GCA1 project demonstrates a community that can grasp opportunities and is enterprising. In some cases the process has helped set up or bring together community organisations that would not be in place otherwise.
- While there are examples of projects that have been able to use the assets to generate income and grow (most obviously the renewable energy projects and some of the more established community organisations), others are still focused on making their first project sustainable in challenging conditions and will take longer to 'find their feet'.
- For other projects, being 'self-reliant' simply means having more control over how an asset is used. Many of the smaller, volunteer run projects now consider themselves to be more self-reliant.
- Given the generally weak economy, there has been fairly modest progress recently in developing more employment and enterprise. In total, 337 full-time jobs and 301 part-time jobs have been created or safeguarded. The greatest proportions of jobs are based in the community facility projects. There, and in community social enterprise projects, part-time employment has grown noticeably recently, a probable consequence of increasingly unfavourable financial conditions.
- In total, 143 businesses have been accommodated and 15 new businesses have started as a result or as part of GCA1 projects. Half of these businesses are accommodated in Out of the Blue.
- Just about one third of projects have developed other projects on the back of the ownership of their new asset, or have used this to leverage additional funding.

Outcome 5 – Communities have a more positive impact on the local and global environment.

- The contribution to this outcome has been strong. The environment has been an important part of most of the projects supported and efforts have taken a variety of forms.
- 17 GCA1 community energy projects are operating or connecting to the national grid in the next 12 months and will generate 9.8 MW of renewable energy. These projects have inspired other communities, like those in South Uist and elsewhere, to generate their own power and therefore income, while at the same time making a major contribution to reducing CO2.
- Thanks to the shops, post offices and petrol stations saved or created, there has been a positive impact on reducing fuel consumption. In the household survey, this was most noticeable at Auchencairn.
- Overall 13% of respondents to the household survey had reduced their household energy consumption as a result of a GCA project.
- Among those that had visited them, or been involved, the proportion of those that feel GCA1 projects had had a positive impact on the upkeep of their area was 52%. Among those that were merely aware of projects it was 35%.
- Almost all the new build and refurbished projects use environmentally friendly heating systems and building materials. The new centre built by the Gairloch and Loch Ewe Action Forum (GALE) was the first public passive building in Scotland and The Big Shed project in Loch Tay won a Carbon Trust Scotland Low Carbon Building Award 2013.
- The Milton of Balgonie project has redeveloped a waste site into a nature area. Several others have created a number of new gardens.

- A number of recycling projects (such as RECAP and Ballantrae) not only save users money, but also divert waste from landfill.

Appendix 2 key informant interview schedule/guide

Semi Structured Interview Schedule

- **What is your involvement in facilitating the development of community assets?**

- **What has been your experience of supporting communities to take control of local assets in terms of**
  - Their motivations/aspirations
  - Subsequent Experience
  - The options in terms of ownership, leasing are agreed use of assets

- **Do you think community <u>ownership</u> is intrinsically a positive thing?**
  - In terms of enabling community led regeneration
  - What circumstances affect this
  - If so how do you think this could/should work?

- **Can other structures (e.g. lease, management) provide equal, or better outcomes?**
  - If so why? If not, why not?

- **Roughly what proportions of the groups you have been working would you describe as thriving, surviving or struggling?**
  - What are the main issues affecting this?

- **What are the best ways of making community assets sustainable?**
  - Tenure and ownership arrangements
  - Assumptions and processes of transferring control
  - Support resources

- **Emerging issues, challenges and opportunities**
  - Legacy issues – as projects reach 'maturity' what issues or challenges are thy facing, and what opportunities might be emerging?
  - In terms of recent policy directions, where should be go now on this agenda?

- **Anything else you wish to add?**

Appendix 3 Case study topic guide

Big Lottery Community Asset Ownership Research

Potential Case Study Questions/pro-forma

NB : These will need to be short and focussed, gaining qualitative data through conversation to augment detailed feedback in the survey and financial audit. The following is a suggestion of questions/topics, but I am keen to simply get the individual talking about the actual real experience of running a community owned asset – in particular the challenges and the benefits that their tenure arrangement brings them. Prompts are to aid and drive the conversation which must be detailed – not a list that must be ticked off.

There are two main areas of focus to explore through the case studies:

1. The extent to which ownership and lease make notable differences to progress, impact and sustainability

2. The relative reasons projects have come to describe themselves as 'thriving' 'surviving' or 'struggling'

Approach: We need solid detail rather than impressionistic responses. With that in mind I think it would be helpful to discuss the development of projects as a timeline along the lines of:

'Thinking back to a year or so before you decided to take control of the asset – what were things like then? Was there a clear need/desire for community control etc.'

'Thinking about the early stages of the process – do you recall making the decision to undertake asset transfer? What motivated you? What did you actually do in terms of funding bids, getting people together, planning? To what extent did you consider ownership or alternatives?'

'Once you received you funding, what was the situation like then? In terms of starting the project – what challenges did you face, how did you overcome them?'

'Thinking about when you opened the facility and the first year – what was it like? What happened? What issues were you dealing with and what opportunities presented themselves? How did you keep the community involved? (etc.)'

And then for periods of time afterwards to the present – as a relevant to the project. Perhaps asking to focus on key events and experiences such as: retention of key staff, loss of key people, successful or unsuccessful funding which had a considerable impact; ongoing engagement with the community and so on.

Organisation		
Building Tenure (is there more than one building)		
Struggling, thriving or surviving		
Question	**Prompts**	**Notes**
Overview of the journey in the clients own words - if you were struggling, surviving or thriving please expand	• What was the spark that made you move towards this – year before the asset transfer • What did you do? Who did you pull together? Was there a business plan? What were you expected to say (what was the expectation) re financial sustainability? What has been the reality? • If it is a Council building would people expect to get it free? If it is a community owned building is there an understanding that people understand that they will have to pay because it is "theirs"? • Building phase – what preparatory work did you do • Open doors – what is happening then? • Over the years, what happened? • What support did you get? What support would have been more useful that was missing?	
How has your tenure benefitted your development	• What framed your choice? Did you have a choice –was it informed or did you feel this was the only option? • Is it ideological (it is politically better for communities to own assets) or practical (access to grants, attracts more community support, ability to take secured loans)? • Does ownership mean you are driven to make better partnerships, recruit more volunteers etc? Are people	

	more involved because you own the asset?	
How has your tenure held you back and created problems or challenges	• Is there a higher repair bill because you own the building? • Do you use the building as security for a loan?	
What if anything would you change	• Have you missed opportunities and why? Any regrets e.g. contracts or funds you didn't go for?	
How positive do you feel looking forward and why	• Is the ownership of the asset making you/the community more positive due to community pride in the building, a sense of ownership? • Do you have the right skill set going forward?	
Could you describe the benefits your project has delivered for you community?	• For users/members • For the wider community • For those directly involved	
What advice would you give a community embarking on a journey to take control of a local asset	• Focussed points of wisdom.	