



Community Assets

*The benefits and costs of
community management
and ownership*

The report and its publication are funded by the Department for Communities and Local Government's Civil Renewal Unit as part of the Together We Can campaign.

For more information on Together We Can please visit www.togetherwecan.info or contact the Civil Renewal Unit at

Civil Renewal Unit
Department for Communities and Local Government
1st Floor Peel Building
2 Marsham Street
London SW1P 4DF

Tel: 0207 035 6058 (to order publications)
Tel: 0207 035 6060 (for general enquiries)

If you require this publication in an alternative format please email alternativeformats@communities.gsi.gov.uk or contact

DCLG Publications
PO Box 236
Wetherby
West Yorkshire
LS23 7NB
Tel: 08701 226 236
Fax: 08701 226 237
Textphone: 08701 207 405
Email: communities@twoten.com
or online via the DCLG website: www.communities.gov.uk

© Crown Copyright, 2006

*Copyright in the typographical arrangement rests with the Crown.
This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation.
This is subject to it being reproduced accurately and not used in a misleading context.
The material must be acknowledged as Crown copyright and the title of the publication specified.*

Any other use of the contents of this publication would require a copyright licence. Please apply for a Click-Use Licence for core material at www.opsi.gov.uk/clickuse/system/online/pLogin.asp, or by writing to the Office of Public Sector Information, Information Policy Team, St Clements House, 2-16 Colegate, Norwich, NR3 1BQ. Fax: 01603 723000 or email: HMSOlicensing@cabinet-office.x.gsi.gov.uk

Printed in the UK on material containing no less than 75% post-consumer waste.

July 2006

Product Code: 06DOC 04051

Acknowledgements

The Centre for Social and Evaluation Research at London Metropolitan University undertook the fieldwork for this research during December 2005 and June 2006. This report draws on four inputs: previous research, a review of the published literature, interviews with key stakeholders and opinion formers and a limited number of case studies. Sanjiv Lingayah undertook the literature review and interviews. Melanie Nock undertook the case study visits. Members of the Work Group on Community Ownership and Management of Assets commented on an early draft of this report. It has benefited enormously from their inputs as well as the contributions of those who have participated in the different strands of this study (see Appendix 2).

The Department for Communities and Local Government is grateful to the Development Trusts Association, which received a grant from the Civil Renewal Unit to commission and advise on this report. The Development Trusts Association supports a growing network of over 350 development trusts: community-led organisations which use enterprise and asset building to generate community prosperity. For more information visit www.dta.org.uk

Community Assets: the benefits and costs of community management and ownership

Written by Stephen Thake, Reader in Urban Policy, Centre for Social and Evaluation Research, London Metropolitan University.

Front Cover

Photograph by Richard O'Rourke showing Duncan Keith in the Guitar Workshop, one of a series of workspaces created by Ibstock Community Enterprises in the redundant school building in the High Street. The building employs around 25 local people and houses a variety of start up and small business enterprises. As well as restoring guitars and drums Duncan runs music workshops for 160 local young people.

Contents

Executive summary	1
Introduction	5
Context	6
Community-based organisations	11
Distinctive nature of community-based organisations	11
Activities	14
Community-based organisations	14
Community groups	14
Community organisations	15
Multi-purpose organisations	16
Wealth creating, multi-purpose organisations	20
Strategies for sustainability	23
Fragility	23
Approaches to sustainability	23
Professionalisation	24
Earned income	26
Surplus generating enterprises	27
Management and ownership of physical assets	29
Purpose-built space	29
Management agreements	29
Leasehold/ownership	30
Funding for acquisition and refurbishment	33
Potential for growth	33
Redundant buildings	36
Management agreements	36
Leasehold/ownership	36
Funding for acquisition and refurbishment	37

Continued ...

Potential for growth	37
Acquisition and new build	37
The benefits	45
Community	45
Stakeholders	46
Organisation	46
Next Steps	49
Scale	49
Institutional framework	49
Commitment	49
Co-operation	49
Funding	51
Pre-construction project funding	51
Capital funding	51
Organisational development	52
Adult and continuing education	52
Risk management	52
Role of social developers	52
Project and/or organisational failure	53
Loss of mission	53
Appendix 1 References	57
Appendix 2 Interview and research participants	59

Executive summary

Community-based organisations, when they take control of the buildings they occupy, embark upon a journey that can produce significant positive outcomes for themselves, the communities they serve and a wide range of other stakeholders.

Community-based organisations are independent, locally based and comprise the majority of the estimated 500,000 non-profit organisations in the UK. They range in number, scale and sophistication from the multiplicity of small, single-purpose groups run by volunteers through to the groundbreaking, wealth-creating, multi-purpose organisations that provide an important anchor role for the communities they serve. Community-based organisations are active in every location from the smallest rural community through to the densest inner-city neighbourhood. They are embedded within well-to-do communities as well as in run-down, local authority estates. Working with marginalised communities and in disadvantaged neighbourhoods, community-based organisations have pioneered new forms of engagement and provide an important alternative bottom-up, self-help approach that complements the interventions of most external agencies.

Although the vitality of community-based organisations impacts upon the well-being of society as a whole, virtually all are organisationally and financially fragile and reliant on over-stretched staff, volunteers and uncertain funding. Their prospects have deteriorated in recent years as a consequence of changes that have taken place in the funding and structure of the non-profit sector.

Community and multi-purpose organisations have responded by exploring a wide range of approaches to strengthen their organisational and financial resilience. These include greater professionalisation, the replacement of grant with earned income and through the formation of surplus generating enterprises. As a consequence leading community-based organisations have established complex interdependent structures that underpin their community and wealth creating activities with surpluses generated through workspace developments and community enterprises.

The search for organisational and financial sustainability is inextricably linked with the ability of community and multi-purpose organisations to take control over the buildings they occupy. There are two avenues that offer the best prospect of significant progress: the transfer of existing community buildings and the acquisition of redundant buildings.

There are an estimated 18,000 community buildings, such as community centres and village halls, across England and Wales. These offer opportunities for smaller multi-purpose organisations. Taking over the long-term responsibility for these buildings is a major turning point for the organisation that is transferring the building as well as the organisation receiving it. Both need to be confident that the 'new' owners have the capacity and resources to take on what can be a significant challenge.

The list of redundant buildings includes primary and secondary schools, shops, offices, warehouses, factories, pubs, town

halls, churches, elderly people's accommodation and many others. These buildings can be owned by public, private or voluntary sector bodies and some have an iconic status in their communities. They are present and sometimes in significant numbers in almost every neighbourhood: many are large. They, therefore, offer the greatest potential for larger multi-purpose organisations.

Taking over the management of these redundant buildings offers benefits to both the occupying organisation and the owner. The problems tend to emerge at the acquisition stage as owners and purchasers can take a different approach to valuation. Although the consent to allow local authorities to dispose of assets at less than 'best consideration' is a positive advance, it only applies to local authorities.

Occupying existing buildings offers community-based organisations the opportunity of learning by doing and adopting an incremental approach to growth and change. It also allows staff and management committees to increase and deepen their skill sets at their own speed.

New build developments play an important role in the regeneration of neighbourhoods and can be a major statement of measurable progress. However, they have to be envisaged and funded in their entirety at the outset. It is not surprising that most new build schemes have been underpinned by mainstream programmes.

The benefits to community-based organisations arising from taking control of the buildings they occupy are many. Taking responsibility for the management of their space provides these organisations with a secure base. They are able to make better utilisation of the space and increase their income streams. They have the opportunity to plan ahead and expand and diversify their activities. They are also able to experiment with new approaches to meeting the needs of their communities.

Taking over a long leasehold interest in their building gives them additional status and responsibilities. It allows them to raise the funds that are often required to undertake the refurbishment and reconfiguration necessary. Taking over the ownership of the building brings to the 'new' owners the authority that ownership bestows. It strengthens the balance sheet, provides the collateral for working capital loans and enables them to raise a mortgage and other finance to support further growth.

The benefits for the communities with which they work are also considerable. Bringing back into active use an underused or redundant building can have a major psychological impact. New build projects can have a similar effect. With the confirmation of their locus within the community, community-based organisations are able to develop strong, long-term and trusting relationships with local people. Families and individuals can benefit from the wider range of activities that take place and opportunities that are on offer. Community groups have an accessible place to meet.

Owners also benefit. They can see underused or redundant buildings become hives of local activity and take on new purpose. The ability of the 'new' owners to attract additional resources and create value can help to halt the process of decline. This, in turn, can create an environment that is attractive to other investors.

The existence of strong sustainable community-based anchor organisations offers significant benefits to public sector service providers. These agencies have the knowledge that there are organisations working locally that can tap into resources and networks that are not open to them. The activities that these organisations undertake can forestall the call on their services, complement those that they deliver and provide early warning signs of changing needs. The space that

community-based organisations provide can also allow these providers the opportunity to deliver responsive and integrated services locally.

However, supporting community-based organisations to take greater control over the buildings they occupy is neither a cost free or risk free initiative. Until there is an understanding of the scale and pattern of under-funding of community-based organisations, it will not be possible to establish whether the response is appropriate.

The ownership of good quality accommodation is not, as many settlements have found, a guarantee for sustainability. It will be necessary to adapt and improve buildings if they are to meet changing needs and standards. It will also remain difficult to cover an organisation's core operating costs. Several organisations have, therefore, sought to develop surplus generating activities. This requires a profound change in culture on the part of the sponsoring organisation. In addition, funding for these quasi-commercial ventures is more difficult to assemble and often entails raising loan finance. This can expose the organisation to greater uncertainty.

Community-based organisations that embark upon this long and stressful journey are taking on formidable responsibilities and expectations. Their endeavours need to be supported by a similar level of cross sector, cross party commitment.

Unless adequate funding is in place activity levels will remain low and slow. In addition to capital funding streams to allow transfers of ownership and subsequent construction work to proceed, funding also has to be in place to support organisational development, pre-construction feasibility studies and the training of staff and committee members.

In addition, organisations representing community-based organisations and major funders need to establish a robust risk management framework, in order to ensure that projects, funders, organisations and the communities they serve are not unnecessarily exposed if projects or organisations get into difficulties.

If these caveats are addressed, there is real potential to give substance to the important contribution that community-based organisations make to civil society in general and the future of disadvantaged neighbourhoods and communities in particular.

Introduction

This report was commissioned by the multi-stakeholder Work Group on Community Ownership and Management of Assets as part of the government's wider Why Neighbourhoods Matter project. The lack of physical capital, primarily in the form of land and buildings and the income that such assets can generate, jeopardises both the contribution that community-based organisations make to civil society in general and the future of disadvantaged neighbourhoods and communities in particular. The ownership of capital assets, therefore, is inextricably linked with the sustainability and continued growth of the community sector.

The focus on the acquisition of such physical assets, however, should not marginalise the importance of the other assets that community-based organisations create, attract or manage.

These encompass the huge variety of activities they undertake and the commitment, experience and skills of the staff, volunteers and trustees involved. They also include local knowledge and contacts, financial and management systems and the ability to operate and to innovate within a complex and changing environment. At a broader level, they include the networks and trust – the connective tissue and social capital – that staff, volunteers, members and users create within these organisations and beyond.

This report has three main themes: the contribution of community-based organisations; their organisational and financial fragility; and the important function that the management and ownership of capital plays in a strategy of growth and sustainability. Summaries of the case studies are distributed throughout the report.

Context

All societies experience change. Over the last 60 years, the UK has come to terms with the passing of Empire, the growth of US and Far Eastern economies and the concomitant switch from a manufacturing, production-led to a service, ideas-led economy.

It has not been easy. The UK, at all levels and in all spheres, has been engaged in, and will continue to be engaged in, profound programmes of adaptation. However, there are grounds to be satisfied. The UK has experienced advances in wealth unimaginable in the 1950s and is embedded within the EU – the world's largest trading block. It has avoided the stagnation that has been the recent feature of Germany and Japan and, in the last 10 years, enjoyed the benefits of uninterrupted economic growth. It would also appear that the UK has established a more tolerant society than either the US or France.

But the system is under strain.

First, the private sector has to respond to the relentless pressure of technological change and the growth in developing economies. As a consequence, businesses continue to shed labour, restructure and abandon activities that can be more cheaply carried out elsewhere.

Second, in many households, both the adults have to be in employment in order to establish and maintain a reasonable standard of living. As a greater and greater proportion of the population has been brought into the active labour market, there is less time available both within and

beyond the home. This has given rise to profound changes in shopping, eating, childcare and leisure activities. It has also coincided with the decline in traditional forms of civil society as measured by membership of political parties and trade unions and participation in elections at all levels.

Third, the government has sought to manage the situation. On the one hand, it has sought to create a favourable environment for business while, on the other, it has attempted to mitigate the worst consequences of the changes taking place.

In this stressed environment, a new landscape is opening up. In the successful parts of the economy, civil society is being hollowed out by the demands that arise from participating in the economy. Meanwhile, however, in those areas of population decline, major demographic change or where there has been major economic restructuring, civil society is being hollowed out as a consequence of the erosion of social and economic activity.

The forces of polarisation are greater than those of cohesion, with high or scarce skill markets pulling away from those in lower skill labour markets.

As a consequence there are 'permanently marginalised groups in society which live in permanent poverty, with low educational attainment, poor working and living conditions and a multiplicity of other deprivations associated with life on low or very low incomes'.¹

¹ Power Inquiry (2006) *Power to the People: an independent inquiry into Britain's Democracy*, York Publishing, York

This does not mean that there should be any lessening of a commitment to create a thriving private sector or to extend, modernise and improve the delivery of publicly financed services. But there is recognition that the social sector – made up of individuals and non-profit organisations – has important roles to play as well.

It is estimated that there are over 500,000 non-profit organisations in the UK² – one for every 120 or so people. Non-profit organisations are a physical embodiment of the mutual co-operation that is part of the human condition. At one extreme they include global networks such as British Red Cross and Amnesty International and range through national organisations, such as the National Institute for the Deaf, meeting the needs of specific communities of interest, to groups, organisations and grant giving organisations that have a local focus. They also include social enterprises such as registered social landlords (RSLs) that control revenue budgets measured in excess of £8 billion and own capital assets valued at over £65 billion³.

It is recognised that larger non-profit organisations make an invaluable contribution to the health and wealth of society; that many national voluntary organisations have a local presence and some, such as the National Association of Citizens Advice Bureaux, are a federation of independent locally-based organisations. This report, however, focuses on the contribution of community-based organisations. Community-based organisations are active in that local space that lies beyond the reach of private and public sectors and most larger voluntary sector organisations. Community activity takes place in the centre, on the periphery and in the suburbs of major conurbations. It is also present in the varied array of large and small towns and villages across the country. It is found in well-to-do neighbourhoods and run down local authority estates. The strength and vitality of community-based organisations impacts, therefore, directly upon the well being of the whole of society.

Community Links, Newham, London

Turnover	£7 million per annum
Staff	120 full time and 300 part-time or sessional staff
Capital assets	£4.5 million (insurance replacement value) plus several smaller leaseholds

Community Links was formed in 1977 and is a multi-purpose, community development and wealth-creating organisation. It is a community anchor with a national profile.

Community Links has expanded its activities significantly over the last seven years mainly through local authority contracts and project funding. It has been at the forefront of developing the corporate responsibility agenda and raises some £0.75 million from private sponsors, many of them from Canary Wharf. Only about a third of its income takes the form of unrestricted funds. Its main concerns, in terms of revenue income, are to focus on full-cost recovery budgeting to establish a sustainable financial strategy and to improve inward cash flow.

2 NCVO, (2006) *UK Voluntary Sector Almanac: the State of the Sector 2005* London

3 Housing Corporation (2006) *2005 Global Accounts of Housing Associations*, London. There are over 1,800 active housing associations registered with the Housing Corporation in England, currently managing around two million homes. Some were founded in the 19th century but many trace their origins to the 1960s. More recently their number has grown through the voluntary transfer of local authority housing stock to independent non-profit social landlords

Its local activities focus on advice and working with adults, children and young people. It provides housing, debt and benefits advice to approximately 11,000 people annually from more than 50 outreach venues. These activities generate or lever in an estimated £5 million + in additional income for local residents each year. It engages with some 30,000 children and young people through 80-90 projects delivered at 27 different venues and funded through about 100 different funding streams. Its activities with adults and young people bring it into contact with over 40,000 people locally each year.

Community Links achieves its national profile through the work that it does locally but also through consultancy and training, the delivery of evaluated pilot projects, policy advice and the publication of reports and of its Ideas Annual.

Physical assets

Community Links was in the vanguard of community-based organisations that engaged with the taking over and management of physical assets.

Canning Town Hall

In 1993, Community Links took over a 100-year, fully repairing lease at a peppercorn rent on the semi-derelict town hall that had been mothballed following the formation of the London Borough of Newham. It mounted a successful and groundbreaking campaign to raise the £1.5 million necessary to bring the building back into active use. About half of this came in the form of in-kind support from major national companies, many of whom were themselves concerned at the time with the impact of buildings on their operations as they moved into the new Canary Wharf Development.

Capital value: £3.7 million insurance replacement value. It generates no rental income.

Play Hut 2 Youth Centre

Community links, in partnership with the local authority, secured funds for the building of a new children's centre at a cost of some £0.5 million. The facility is owned by the Council and is sited in one of its parks. It is leased to Community Links and is used almost entirely for publicly funded projects. It will not generate any surplus income, beyond a reasonable contribution to overheads.

The Arc in the Park

Community Links has taken a 20 year lease from the local authority. The building needs major refurbishment and Community Links plans, in partnership with the local authority, to raise the necessary capital funds. Capital value: in present condition and with current planning permission, very little. It will not generate any surplus income.

Impact

The 'town hall' established a highly visible and well-located presence and headquarters building for Community Links. Taking on such a large-scale undertaking gave the organisation a base for its activities, a sense of its own being and the confidence to tackle large issues. It provides a constant reminder of its own mission and is a showcase for what it does and its thinking for funders, partners and other stakeholders. In many ways, its most important impact has been to show what the resources (financial resources but equally importantly practical resources) of the private sector can achieve when coupled with the energy and vision of the voluntary sector and the good will and flexibility of the local authority. This required something as tangible and iconic as the town hall building to provide the rallying focus. The experience of that process and the long term relationships generated by it has been of lasting importance to Community Links.

However, there are unfunded long-term and major refurbishment liabilities. The building does not generate any significant surplus revenue income. It is registered as an asset in its accounts and is used to secure an overdraft facility to cover any unevenness in its cash flow. However, because its market value is limited by style of building, condition and planning restrictions, so too is its utility as security for borrowing. In this sense, the story of Community Links is an important reminder that property per se is not necessarily an asset in financial terms to a community organisation. In this case, the fact that the organisation does not own the freehold but is responsible for the maintenance of a historic building, constructed for another purpose, presents it with some significant challenges.

Community Links has focused on developing its community development and wealth creation agenda not on the acquisition of assets. It occupies space across Newham on a wide range of terms. Most of its advice and children/youth outreach activities take place on a sessional and rent-free basis in buildings owned by other agencies. It does have a number of short leasehold interests and licences on some of its venues but this has evolved on a case-by-basis as funding opportunities arose. However, the time is probably ripe for a strategic assessment of the capital position. Community Links has an emerging forward strategy to create a centrally supported network of multi-purpose, fit for purpose centres. At present this strategy is unfunded.

Community-based organisations

Distinctive nature of community-based organisations

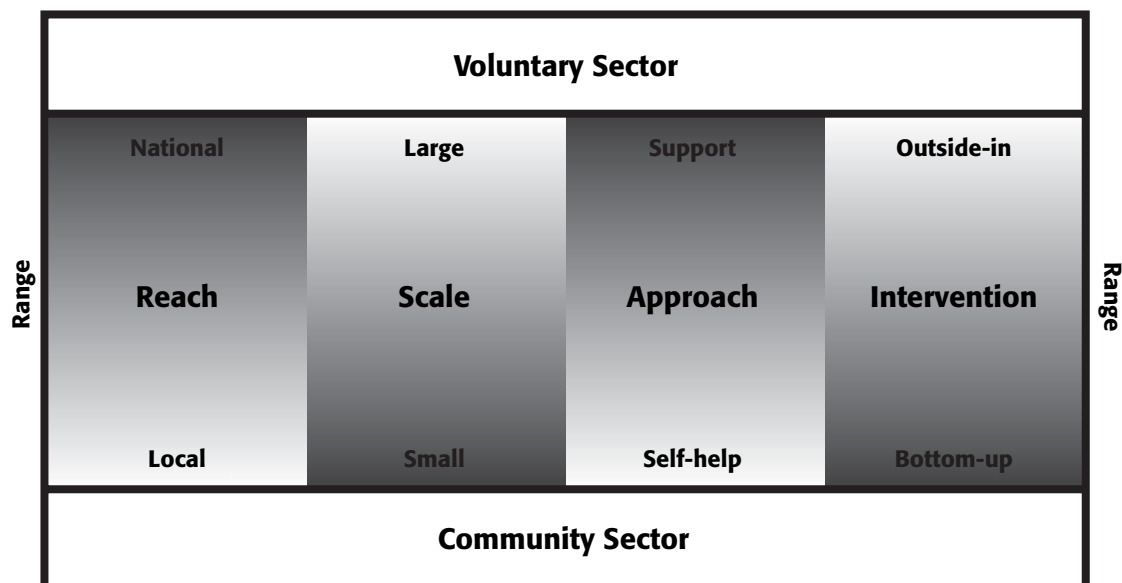
Community-based organisations, although further from the public eye than some larger non-profit organisations, constitute the large majority of non-profit organisations. Like their larger counterparts, they are independent and have access to funds and resources that are not available to either public or private sector agencies. There are, however, a number of features that distinguish community-based organisations (see Fig 1).

First, they are local. In this respect local can range from a village or few streets, in terms of a neighbourhood organisation, to borough-wide or even sub-regional, for organisations meeting the needs of a more dispersed community. The activities that these undertake represent a specific community's response to its needs or aspirations.

Second, although some of the larger community-based organisations control annual revenue turnovers of up to and in excess of £5 million and will depend upon full time skilled staff, they are small in comparison with larger regional and national charities and are less able to raise funds through external donations and appeals.

Third, a great deal of community activity, because it is local, grows out of a tradition of self-help and self-improvement. So, although community activity has a strong element of altruism, it also has a significant element of self-interest, as the participants are also the beneficiaries. It, therefore, differs from the voluntary giving and service delivery model of many charities: 'The residents' association might well look after its [children's playground] upkeep better if assigned the responsibility and given the resource to do so, since it will be their children who are affected.'⁴

Fig 1. Community and Voluntary Sectors: Range of characteristics



4 ODPM/Home Office (2005) *Citizen Engagement and Public Services: Why Neighbourhoods Matter*, London

Who does the giving differs too. 29 percent of volunteers engage 'through a role in the community' as distinct from a role with a charity or voluntary organisation. Such involvement is inclusive, with people in semi-skilled manual jobs and those dependent on benefits more likely as a percentage to volunteer through a community role than other groups.⁵

Fourth, they have competitive advantage over most external agencies. Their local presence and ability to make specific interventions means that they are less constrained by the need to maintain internal consistency than larger external agencies delivering generic services. They are therefore able to respond more rapidly to emerging needs and can be places of innovation and experimentation.

Community-based organisations therefore provide an important alternative, bottom-up, self-help approach that complements the interventions of most external agencies.

Working with community-based organisations is not easy. First, they are a product of free association and value their independence. Second, they are numerous, diverse and ever-changing and, therefore, difficult to co-ordinate. Third, their activities do not necessarily conform to ward or borough boundaries or fall within the remit of a particular public service provider. Fourth, being beyond both public and private sectors and growing out of a self-help tradition, they are no one's responsibility and have no natural champions. Their contribution, as a consequence, tends to be under-estimated.

Glyncorrwg Pools, Glyncorrwg, West Glamorgan

Turnover £100,000 per annum

Staff 1 full time, 2 part time
(directly employed)

Capital assets £300,000

Glyncorrwg is a small village set amidst beautiful forested hills. Its coal mine was closed in 1971, some 20 years before the bulk of the closures and before there were extensive programmes to tackle the resulting deprivation. In the early 1980s, the Welsh Development Agency built two factories at the lower end of the village. One was originally a shoe factory, then a furniture factory but, when the grants ran out, it was abandoned. The other was run by West Glamorgan County Council and an Enterprise Trust to provide small units for local small businesses but was severely under-occupied.

By 1989, the village needed a new focus of economic activity. Many of its fine

public buildings, including the Baptist and Methodist chapels and Memorial Hall, had been abandoned. It had lost its police centre and depopulation was threatening the future of the primary school. The local doctor, who was undertaking pioneering research into high blood pressure and related issues within the local community, was concerned by the threatened closure of the health centre and took the lead in forming the Glyncorrwg Action Group.

The physical assets

In 1990 the Action Group, which had established itself as a company limited by guarantee and supported by the Cooperative Development Agency, made a successful application to the Welsh Office Valleys Initiative programme and West Glamorgan County Council, for £1 million to build a series of fishing lakes on 30 acres of the flood plain at the bottom of the village. The sale of 2,500 £1 shares to local people was seen as a

5 nfp synergy (2005) *Charity Awareness Monitor, Executive Overview*, CAMEO Number 10: Who volunteers?

tangible symbol of the village's commitment in the approval process.

At the same time, the group took over the derelict factory. It was first used as a visitors' centre and then converted into workspace with an £80k grant from the Welsh Office. This venture was unsuccessful so the building was further adapted to turn half of it into a day centre for local people with special needs. This is rented to and run by West Glamorgan Social Services Department. The other half was converted into an IT learning centre for adults. This still operates, although numbers of students using the centre are now lower because satellite centres have been developed in other villages.

In 1995 the land adjacent to the ponds was turned into a caravan park. Ford UK gave a grant of £65k for the shower block, matched by a grant from the Welsh Tourist Board. In addition, Ford UK, which was refurbishing its plant at Bridgend, sent a small team that had been laid off but paid during the refurbishment, to help develop the caravan park.

In 2002, Woodlands for All obtained European money to open up the local forests for recreation and encouraged Glynorrwg to apply for a grant for a mountain biking centre. The original plan was to create a series of mountain biking trails, supported by a new visitor centre with bike hire facility, café and bunkhouse. Eventually, after a process that almost brought the group to disaster, three trails and a visitor centre were built with a grant of £650k from Woodlands for All, £128k from the Welsh Tourist Board and £90k from the Forestry Commission.

The businesses

Glynorrwg Ponds runs the fishery and caravan park directly. The first fishpond was stocked with brown trout, profits from the fishing licences were used to

stock the second pond with coarse fish and then the final pond. 'Fishing Wales' voted the ponds one of the top 10 fishing locations in Wales for this year. They attract some 3,000-4,000 anglers per year. However, extensive local competition limits the fees that can be charged. The caravan park is full most weekends and is now a significant tourist facility for the area.

The mountain bike shop and café were franchised out but the franchisee employs five local people in the café and five people in the shop two of whom are local. The number of people using trails in the area generally has gone from 12,000 to 60,000 per year. 'What Mountain Bike' names Glynorrwg amongst the top 10 mountain biking locations in the world.

Revenue from the businesses and rents just covers the centre's running costs but staff costs are funded from grants from the Community Regeneration Fund. Looking to the future, they would like to develop on-site accommodation for bikers and fishermen – probably wooden lodges.

Impact

The benefit to the community can be seen in a wide range of ways. The ponds development has generated a canoe club for local young people (the first to canoe across the Bristol Channel), is home to the local fishing club and has produced a bike club for local mountain bikers. The centre regularly hosts international volunteers who come to assist with practical work. These volunteers also go into the school to talk to the children about their countries, thus broadening the experience of those children.

In economic terms, the centre has resulted in a blossoming of B&Bs in the next village down the valley although not in Glynorrwg itself. Centre customers provide business for the village shop.

Local house prices have gone from an average of £12k when the project started to £90-100k now. Local estate agents entirely attribute this to the presence of the ponds project. One of the abandoned chapels is to be converted into flats – signalling a turn of the tide of

depopulation. The neighbouring small business unit is now fully occupied, all with locally owned businesses including one mountain bike hire business. The arrival of the bike shop franchisee and his family resulted in the job of one teacher at the primary school being retained.

Activities

Community activity is bewilderingly diverse and this is not surprising. Community activity reflects the diversity of our society from the smallest rural settlement through to the densest inner city neighbourhood.

Community activity represents society at play and covers school summer fetes, village carnivals, Christmas bazaars, street festivals and country fairs. It means music, dance, singing, theatre, writing and painting. It includes sporting activity such as amateur football, cricket, rugby, hockey basketball and many, many more.

It also takes in more serious activities such as caring for the elderly, people suffering from long-term illness and those with a physical or mental disability. It can take the form of representing and meeting the needs of asylum seekers, political, economic and ecological migrants and minority communities. Children are also an important focus and include parents and toddlers clubs, youth activities, pre- and after-school clubs and summer play schemes. Health is an important feature, with keep fit classes, walking, yoga, tai chi, and aerobics well represented, as are self-improvement activities such as adult education and book reading circles.

Improving the environment is an important theme and covers recycling, opening up footpaths, clearing derelict or overgrown land, protecting heritage sites and buildings and managing open space. There are also activities that deal with darker issues such as drug and alcohol dependency, gambling, victims of domestic violence, racial

intolerance, homelessness, crime prevention, debt counselling, benefit advice and much more.

Community-based organisations

It is possible to divide community-based organisations into four generic groups, though the boundaries between the categories can be fuzzy (see Fig 2, opposite).

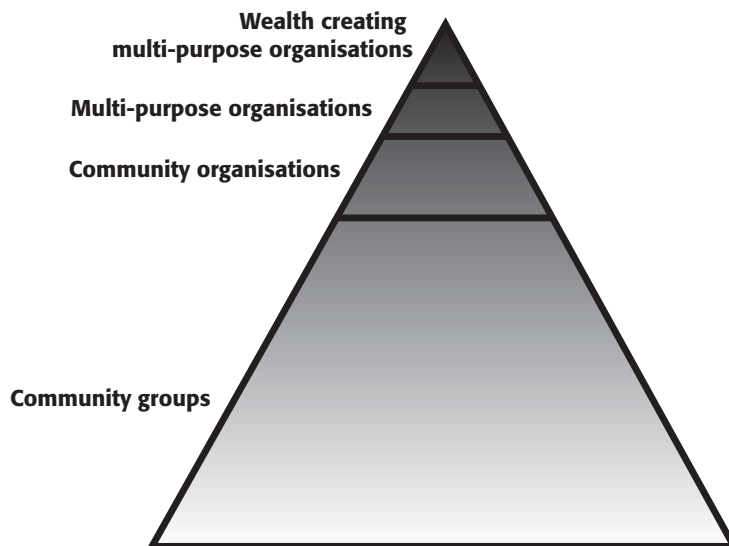
Community groups

No one can be sure how many community groups there are across the UK at any one time. Similarly, it is not possible to list the full range of activities undertaken by community groups. They are a reflection of the diversity of human life, expectations and endeavour. Nevertheless, they do share a number of characteristics. Most will focus upon a single activity (for example a choir). Some will come into existence for a single purpose and go into abeyance once that purpose has been achieved, such as a summer play scheme. Others will operate all the year round, for example a tenants group.

Community groups are frequently dependent upon the commitment and energy of a single person who energises and co-ordinates the inputs of other volunteers. Those who organise the activities also participate as users. Most community groups will have some form of organisational structure but the decision processes are often informal.

The large majority have a small turnover and will be self-financing. Some will be

Fig 2. Community-based organisations



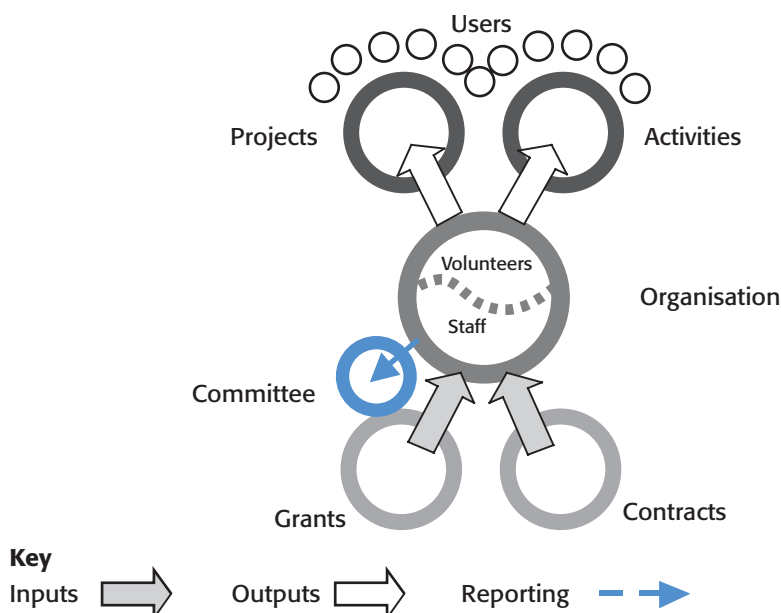
supported by small grants from local authorities, charitable foundations or other sources. Few will own significant amounts of capital or equipment. These groups are almost entirely dependent upon other organisations to provide them with the space in which to carry out their activities – community centres, village halls, church halls, back or upstairs rooms of pubs, libraries, parks, municipal sports grounds and so on. Few will have any aspiration to own and manage capital assets. Their need is to have reasonable access to good quality reasonably priced facilities.

Most community groups are not affiliated to any national regional or local body. However, the Scarman Trust, the CAN network, the School for Entrepreneurs and similar organisations are in touch with local community leaders. These leaders are the driving force behind many community groups. Councils of Voluntary Service and their rural equivalents seek to represent the interests of community groups at the local level.

Community organisations

Community organisations are the next up in scale (see Fig 3). Most will tend to focus

Fig 3. Community organisations



on a particular theme – such as children, the elderly – and many will further have a specific focus within that category – such as young children or elderly people from a particular community.

They are likely to be active throughout the year. Like smaller community groups, they too will depend upon volunteers. They will have an organisational structure and be governed by a formally constituted committee of management. Users will be less engaged in organising and delivering the activities undertaken than is the case with community groups.

Their turnover will be small. Some of their activities will be self-chosen and self-financed. Others will be supported by grants from public authorities, charitable foundations and other grant awarding bodies. Some will enter into contracts with public sector agencies to deliver specific projects. Some community organisations have been able to use these contracts as the basis for establishing one or more social businesses, such as non-profit activity, with sufficient guaranteed income streams from identified funders to employ staff and offer long-term services. Some will have sufficient income to employ a part-time or full-time member of staff.

Most will have a base for their operations but few will own their own building. In the main they will be tenants in buildings owned and managed by another agency. They need to have some control and security over the space they occupy, either through a management agreement or a lease, and space into which they can grow to meet the needs of the communities they serve.

There is no single umbrella organisation representing the interests of smaller community-based community organisations. Many will affiliate to the national or regional organisation that most

closely reflects their specific area of activity. At a local level, they depend upon Councils of Voluntary Service and their rural equivalents seek to represent their interests.

Over time many single theme community-based organisations have extended their remit to become multi-purpose organisations involved in a range of activities. This diversity is a reflection of the multiplicity of the needs of the communities within which they are embedded, as well as the inter-connectedness of those needs.

Multi-purpose organisations

Multi-purpose organisations range from community centres, village halls and church halls, within which a range of activities take place, through to settlements and development trusts that initiate and run activities in their own right with the larger organisations, such as Cambridge House in London, managing as many as 70 projects at any given time.

It is estimated that there are over 18,000 community-managed buildings across England and Wales.⁶ In addition there are approximately 500 settlements and development trusts. Community Matters is the national body most closely associated with smaller multi-purpose organisations. British Association of Settlements and Social Action Centres (bassac) as its name implies the interests of settlements and the Development Trusts Association (DTA) provides a similar role for development trusts.

Most multi-purpose organisations will derive their income from a host of sources locally, regionally, nationally and also through EU programmes. However, their financial viability will depend upon their ability to raise grants or enter into delivery contracts and any income they derive from lettings.

6 Dawson, J. (ed.) (2005) *Occupying Community Premises: Guideline for community associations and local authorities*, London, Community Matters

Successful multi-purpose organisations will have created a number of semi-permanent social businesses.

Most community centres and village halls have a simple organisational structure. Their complexity comes though the range of community groups making use of their premises. Some larger multi-purpose organisations have established complex structures both to create cost centres but also to reflect the requirements of their funding streams. Some are single entities but have themed internal structures and governance arrangements (see Fig 4). Others will comprise a number of associated organisations with complementary aims and management committees with overlapping membership.

The administration of larger multi-purpose organisations requires the employment of full-time and part-time professional staff. Although volunteering remains an important element in such organisations, it will tend to be focused on particular events and within their governing bodies.

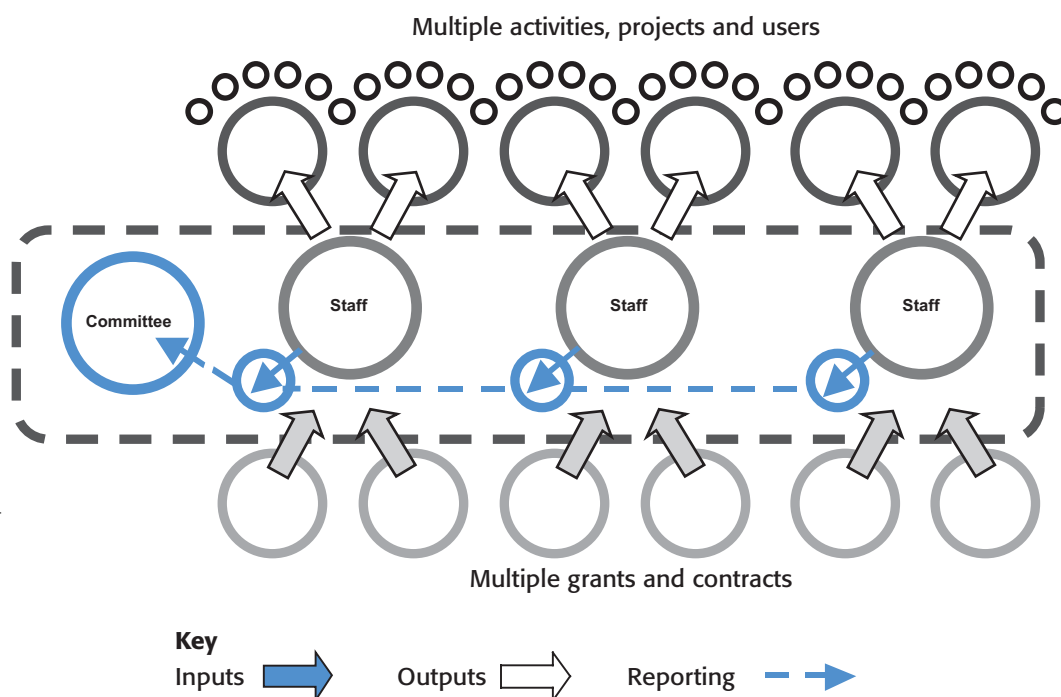
Most multi-purpose organisations will make use of a significant amount and variety of enclosed space: large halls for leisure,

recreational and cultural activities, small meeting rooms, offices, IT training suites, quiet rooms for study and reflection, and kitchens. Some will also have access to open space for sports activities, gardening and play.

The older settlements, which benefited from endowments from their sponsoring institutions, will own their buildings. Others, such as those that have grown out of faith-based institutions, also have long-term security over the space they occupy. Most of the recently established multi-purpose organisations, however, have found their home within buildings that are surplus to the requirements of other owners.

Many multi-purpose organisations fulfil a wider role. Like the major tenant in a retail development, they provide a hub around which other groups, organisations and individuals can revolve. Their activities and those of the cluster of organisations and groups with which they work create their own marketplace of opportunities. It is no coincidence that a café or restaurant is to be found at the centre of most multi-purpose organisations. As a consequence multi-purpose organisations are in a position to take a 'whole person/whole family approach'. A significant part of their

Fig 4. Multi-purpose organisations



added value stems from the ability to make local connections and deliver appropriate joined-up services. This can allow people to find their place in the wider community.

The importance of the role that these organisations play within their communities has been recognised in Firm Foundations, the government’s framework for community capacity building⁷, and the term Community Anchor Organisation (CAO) has been coined to describe them.

The point at which a multi-purpose organisation crosses the threshold and takes on the role of being a CAO is partly a matter of scale and therefore footfall. However, some village halls, operating at a much smaller scale, can provide an anchor role for their communities. It is also a question of consciousness. Those involved in the running of CAOs have developed a deep understanding of the issues that affect their particular community.

Neighbourhood Services Partnership (NSP) Alt Valley, Liverpool

	AVCT	NSCT	NSC	Total
Turnover	£1.3m	£750,000	£1.3m	£3.35m per annum
Staff	21 full time	40 full time	75 full time	136 full time
Capital value	£1.5m	£20,000	£1.0m	£2.52m

Neighbourhood Services Partnership (NSP) co-ordinates the overall direction of three community-based organisations active in the Croxteth area of Liverpool. Alt Valleys Community Trust (AVCT) delivers performing arts and adult education activities and has grown out of Croxteth Community Trust (CCT). NSC Training (NSCT) delivers vocational training and work experience programmes, and NSC delivers local employment initiatives. Each organisation has its own management and governance structure and accounts.

Over the last 20 years, these three organisations have grown and diversified to become a significant multi-purpose, wealth-creating anchor for one of Liverpool’s most disadvantaged peripheral districts. They have achieved a sufficient scale to be recognised by institutional networks beyond its locality. They have experienced staff teams that have generated multiple relationships with service providers and communities of interest within the locality.

Physical assets

CCT, now AVCT, started out by taking over a large redundant building and using it as a base to develop their activities. NSC and NSCT have adopted the same approach of taking over redundant buildings and using them as the base in which to expand. The space released in the original building has provided the opportunity for further expansion.

Communiversity building

In 1999, following a campaign to keep the secondary school open, CCT led a successful campaign to stop the local authority selling a redundant old people’s home on the open market. As a consequence it took over a 999 year fully repairing lease on the building and was able to assemble a £300k grant from ERDF and Liverpool City Council to undertake a partial refurbishment of the building. This provided CCT, NSCT and NSC with a base for their operations but further expansion was constrained as the remainder of the building did not meet basic health and safety standards.

⁷ Home Office (2004) *Firm Foundations: The Government’s Framework for Community Capacity Building*, London, Home Office

NSC Services

In 2002, CCT developed proposals to acquire and improve the severely vandalised local Kwik Save supermarket to provide larger and more appropriate space for NSC Services and to refurbish the remainder of the old people's home. The funding for this phase of development came in the form of a £450k grant from the EU Objective 1 ERDF programme and £200k from the Adventure Capital Fund (ACF). The support from the ACF took the form of a £100k, 8-year low interest loan and a £100k repayable grant. It was the first time that CCT had taken on loan finance. The grant will be repaid 'in kind' with the repayments calculated as the monetised value of the social and economic benefits provided by AVCT to the wider community.

Skills Centre

In 2004, the Roman Catholic Diocese of Liverpool decided to close the local church. CCT moved rapidly to prepare proposals to purchase the church and transform it into a base for an expansion and diversification of NSCT's training and work placement programmes, CCT's personal development programmes and incubation space for a small number of new micro-businesses. This is the largest development undertaken by CCT to date. The estimated £2.25 million conversion costs are to be covered by a £1.25 million EU Objective 1 ERDF grant and a £1 million part-loan and part-grant facility from Futurebuilders. The £700k loan is to be repaid over 20 years and has an interest rate of 6 percent per annum.

NSC Environmental Services

In 2005, a 30-acre farm that lies beyond the estate but within the East Lancs Road came onto the market. NSC used its cash balances of £100k to purchase an option on the farm and farm buildings while it made a successful EU application for £650k to purchase the freehold. The farm buildings provide a base for NSC's

recently established NSC Environmental Services subsidiary and allow NSC's maintenance activities to expand into the space released in the Kwik Save building.

Impact

The acquisition of capital assets has been a central feature to the emergence of AVCT and the NSP as a significant wealth creating, multi-purpose anchor organisation. The old people's home secured a significant asset in the heart of the community and provided a low cost, low risk space in which CCT was able to explore and establish different effective forms of intervention.

The expansion to take on the Kwik Save building represented a significant turning point. It meant that NSC had grown to a scale and maturity to require its dedicated space. Its ability to bring a building that had been an eyesore back into active use had an important psychological impact upon CCT and the wider community. It showed that CCT had a role in physical as well as social and economic regeneration. The decision to raise part of its funds through taking on loan finance opened the organisation to greater external scrutiny and meant that it had to develop organisational and financial management tools to enable it to plan its activities over a 10-year period.

The skills and confidence acquired during this process have enabled the organisation to expand and diversify rapidly – taking on larger projects and more sophisticated forms of financing. CCT has renamed itself as the Alt Valley Community Trust in recognition of its changed status. However, this is not the end of the journey. Although ALVT is now well capitalised, it will need to continue the development of its community business activity in order to generate revenue surpluses appropriate to its scale of operations. It will then be well positioned to take a central role in any new local initiatives.

Wealth creating, multi-purpose organisations

The older multi-purpose organisations grew out of a philanthropic tradition and focused on community development and individual support activities. In the last 25 years or so a new type of multi-purpose organisation has emerged in multiply disadvantaged neighbourhoods. These organisations appreciate that a central feature of all disadvantaged communities is their poverty and that poverty has many dimensions. They have pioneered a range of new wealth creating interventions⁸ that have sought to strengthen:

- Financial capital in the form of bank accounts, savings, pensions and access to credit
- Human capital as measured by education, skills qualifications and confidence
- Social capital in the form of knowledge and networks that build connections beyond the neighbourhood/community
- Intellectual capital as measured by the numbers of micro-businesses and ideas from which to derive an income
- Physical capital in the form of equipment, locally owned business premises and home ownership.

These forms of capital are taken for granted in more affluent neighbourhoods and communities. The lack of them leaves people consigned to a life of debt, low self-esteem, periods of unemployment, poor health, isolation and dependence upon the labour market or state benefits. They have

little by way of knowledge or assets to hand on to the next generation.

The wealth creating multi-purpose organisations work with the young, those with long-term illness or disability, those seeking to re-enter and those tumbled out of the labour market, as well as those who have newly arrived in this country, such as asylum seekers and those from areas experiencing economic, political or ecological upheaval and many others. These organisations provide safe havens where trust can grow and healing can take place. Not least, they develop meaningful long-term relationships and partnerships within and beyond their communities.

The Inner City Trust in Londonderry, Alt Valley Trust in Liverpool, the Bromley-by-Bow Centre in East London, the Manor and Castle Development Trust in Sheffield and many others have begun to map out the scale and complexity of this new agenda. They have helped pioneer cultural, positive health and money advice programmes to overcome the barriers to individual growth. They are engaged in skills development, training, new business development and intermediate and protected employment programmes. They act as change agents within their communities and are committed to altering the perceptions and experiences of, and the opportunities and outcomes available to, their client groups.

The programmes developed by wealth creating multi-purpose organisations call for different types of accommodation from that usually associated with community-based organisations. It will include large and well-serviced spaces for construction training, incubation units, depots and garages for start up businesses and move on accommodation for established businesses. It will also call for equipment such as

8 These initiatives were developed in parallel with and largely independent of a similar approaches being developed in the US and known assets-based approaches to neighbourhood revitalisation. Kretzmann, J.P. and McKnight, J.L., (1993), *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*, Evanston, IL: Institute for Policy Research and Sherraden, M. (1991) *Assets and the Poor: A New American Welfare Policy*. Armonk, NY: M.E. Sharpe

mowers and rotivators for horticultural businesses and vans and tools for maintenance businesses.

The experience of the Amble Development Trust in Northumberland or Ibstock Community Enterprises in Leicestershire shows that disadvantage is not confined to the inner city, peripheral and suburban neighbourhoods of major cities. It is also to be found in the 'X' towns and villages across the country: ex-steel, ex-railway, ex-cotton, ex-wool, ex-shipbuilding, ex-mining, ex-fishing, ex-market towns and fading seaside resorts – where the despair is palpable and the resources negligible.

Taken together, community groups, community organisations and multi-purpose organisations make a distinctive contribution to the well being of civil society. They are active across the length and breadth of the country and the multiplicity of activities they are engaged in help build and maintain the connective tissue that binds society together.

They have also responded to the changed social and economic landscape of the 21st century and developed new approaches, initiatives and practices in the disadvantaged neighbourhoods and marginalised communities that are beyond the usual reach of public service providers, the private sector and the traditional voluntary sector organisations. Although they have operated largely below the radar, there is now scope to establish a national strategy for this valuable component of the non-profit sector.

Strategies for sustainability

Fragility

Virtually all smaller community-based organisations live a hand-to-mouth existence and are reliant upon over stretched staff, volunteers and uncertain funding. This situation has deteriorated further in recent years as a consequence of changes that have taken place in the funding and structure of the non-profit sector.

The turmoil in the equity markets during the first years of this millennium impacted detrimentally upon the funds available to charitable foundations for distribution to the non-profit sector.⁹ These are only now returning to previous levels. Lottery funding to the voluntary and community sectors has also levelled off. Central government's SRB programme is being wound up and the EU's ESF and structural funds are being redirected towards the accession states.¹⁰ Many local authorities faced with pressure on their core activities have reduced their discretionary funding programmes for the voluntary and community sectors.

These changes in the funding environment have coincided with an increased concentration of the available funds within larger non-profit organisations. The 200,000 organisations registered with the Charity Commission have a total income approaching £30 billion. Although there has been a significant increase in the number of registered charities in recent years, the

number of larger charities has grown faster with over two-thirds of the total income generated by less than 2 percent of all registered charities. Within this group there are 14 national organisations that generate 10 percent of the income of all registered charities¹¹.

These changes have exacerbated the organisational and financial fragility of community-based organisations with their average size decreasing over the period. The reduction in funding to community-based organisations goes largely unnoticed. Full-time staff become part-time; part-time staff revert to being volunteers but many organisations simply cease trading: pin pricks of destroyed social capital. The abolition of the Greater London Council in the mid-1980s and the closure of the Urban Programme in the early 1990s witnessed a similar wastage in the community sector.

Approaches to sustainability

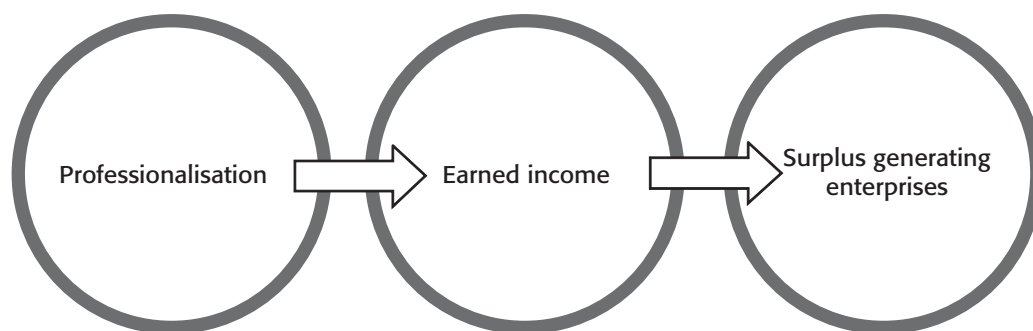
In response to this deteriorating environment, community based organisations have developed three primary routes to improve their levels of sustainability (see Fig 5, over).

9 Charitable Trusts and Foundation funding streams are smaller due to lower investment returns – with £492 million available in 2004 compared to £577 million in 2002. Association of Charitable Foundations, (2004) *Members Review*, London

10 The wind down of Single Regeneration Budget funding represents a reduction of over £350 million in 2004-5

11 UK Voluntary Sector Almanac: the State of the Sector (2006) NCVO, London

Fig 5. Sustainability strategies



Professionalisation

Many community-based organisations have sought to give themselves competitive edge in a crowded marketplace by consciously improving their presentation, policies and procedures. Grant giving bodies have also

contributed to increased standards by setting down revised guidelines that require higher levels of professionalism on the part of applicants.

As a consequence there has been a significant improvement of standards across the community sector. However, there are limits. Unless there is a balance between the availability of and demand for funding, increased professionalisation simply acts a mechanism that rations the supply of inadequate funds and does little to improve longer-term sustainability.

Gamblesby Village Hall, Cumbria		
Turnover	N/A	difficulties and morale amongst local people was at a very low ebb.
Staff	None	
Capital assets	£86,000	
<p>Gamblesby is a village of less than 200 people in Cumbria’s Eden Valley some 12 miles from Penrith. The layout of the village was designed to protect the inhabitants from border raiders but has been no defence from more recent challenges.</p> <p>Falling rolls in the 1960s resulted in the school’s closure. During the late 1990s, the village gradually lost all its public facilities. The village hall, which had fallen into such dereliction that it no longer met health and safety standards, also closed. Then in 2001, foot and mouth blighted the village. For a year, there was no social life and, by the end of it, the local economy was in</p>		<p>The village hall</p> <p>Led by an energetic and visionary chair, a local action group was formed and decided that revitalising the only remaining public building in the village would be important both as an important element in and also a symbol of the village’s recovery.</p> <p>The building which is now the village hall was built in 1875 as the village school with an endowment from William Harrison, a local gentleman farmer who also provided two fields, the rental income from which was intended to pay the teacher’s salary, and land for six allotments and a recreation area. Cumbria County Council later added a kitchen annexe to the original school house.</p> <p>With closure of the school, the County Council tried to sell the building but the</p>

village mounted a successful campaign, which showed that the school had been given to the village rather than the council, and resulted in the Council, the Village Trust which held some of the other assets and the descendants of William Harrison handing the buildings and associated land over to a new village hall trust.

The renovation project

In 2002, the trust made a Lottery bid. This failed, possibly because the neighbouring village had been awarded a substantial grant to renovate its hall and to adapt it to allow theatre and similar activities to take place. In response, trust members undertook research. This confirmed that competition for funds was fierce and highlighted the need to stand out from the crowd.

Building on interests within the committee, two key decisions were made. First, to focus the project on green issues – it includes a ground source heat pump; high levels of insulation and the use of renewable materials – and, second, to make it a whole village project utilising the skills and energies of all local people both in the project's development and its implementation.

In 2004, phase one was completed with grants from the North Pennine Leader+ initiative (£17.5k), Northern Rock Foundation (£11k), the District Council, local fundraising (£6k) and a small grant but much advice from the Claren project. The hall currently provides a space for parish council and WI meetings, the children's club, monthly ceilidhs, regular social evenings, a bowls club and private functions. The hall has hosted meetings of external bodies such as the LA21 group and the Cumbria Village Hall advisers, offering these groups a 'package' of hall hire and lunch (produced by local residents). A film club is also planned.

Volunteers carry out all the work associated with the running of the hall,

although thought is being given to employing a cleaner.

Impact on the village

The village has an attractive focal point for their social activities that is sustainable and secure, with a planned maintenance programme in place to prevent future maintenance crises. The project has done much to restore pride in a community devastated by foot and mouth. It has helped ensure that the social capital built over decades is maintained through the experience of the joint endeavour and protected by the existence of the communal facility. Some economic opportunities may be opening up through the establishment of the hall as a venue and the associated demand for catering.

Phase 1 gave both the committee and potential funders the confidence to move on to the next phase, which is currently underway. Grants totalling £235k have been raised from the Big Lottery, DEFRA, the local councils, Cumbria Community Trust to demolish the existing kitchen annexe and replace it with new toilets, modern catering facilities and smaller meeting space. Clearskies is putting up £17.5k towards a wind turbine to provide for its electricity needs, including driving the heat pump.

Their experience has attracted extensive external interest from other village halls and, most recently, from a group of 'green' United Reform Church ministers. They realise that they have something important to offer others and has encouraged the village to look outwards.

The green programme has been prompted a number of local people to implement similar measures in their own homes and the whole process has increased skills and confidence that may open up future avenues for collective activity to benefit the village.

Earned income

Community-based organisations have sought to improve their sustainability by delivering service contracts to local authorities and other public service providers. Some have also been successful in securing EU funding for the delivery of local services. These earned income activities have allowed them to expand their turnover and take greater control over their affairs.

At the most basic level these contacts have taken the form of short-term ad hoc arrangements. Many were loosely drawn and not tightly monitored. The security they offered was often illusory as there was little guarantee of continuity.

At the next level come tendered contracts. Some of these extend for as long as three years and therefore offer better security. However, again there are limits.

Tendering costs are high and the outcomes uncertain. Some clients presume that the community-based organisation will find alternative funding to continue with the project at the end of the period. On other occasions, the client's priorities have changed during the period and the programme has been terminated.

Many clients have been unwilling to contribute to the core costs of the organisation, limiting themselves to meeting only the marginal costs of delivering the service. It has taken significant advocacy on the part of the community and voluntary sectors to secure the introduction of full cost recovery guidelines by central government. Implementation has also been patchy and, as a consequence, most community organisations strive to keep their core costs to a minimum and defray them over as many projects as is possible. The senior managers are therefore almost always over stretched.

Central government, through its support of Capacity Builders, Change up programmes and Futurebuilders, has provided welcome and important means by which community-based organisations can put in place the necessary organisational and product development programmes that will allow them to undertake significant public service contracts.

Even if they are successful, however, the nature of project and contract funding leaves community-based organisations exposed.

First, community-based organisations have to juggle an extraordinary level of complexity in accounting procedures and timetables to stay on top of their day-to-day activities and meet the requirements of their funders. The more successful they are the greater the complexity. Although there is some progress towards harmonisation, most funding bodies retain their own allocation, monitoring and reporting systems.

Second, because the majority of funding is related to specific projects, most of the income generated by community-based organisations is restricted in its use. The little discretionary funding they have has to be set aside to meet unfunded core costs, bad debts, cost over runs, redundancy payments etc. As a consequence there is little funding available for strategic planning or staff and organisational development.

Third, the more successful community-based organisations are in generating earned income streams, the smaller is the proportion of their workload that is devoted to self-chosen activities. Their ability to undertake projects that are not covered within established programme streams or to respond to emerging needs is diminished. They can become increasingly dependent upon the agencies that fund them and less able to question their policies and practices.

Surplus generating enterprises

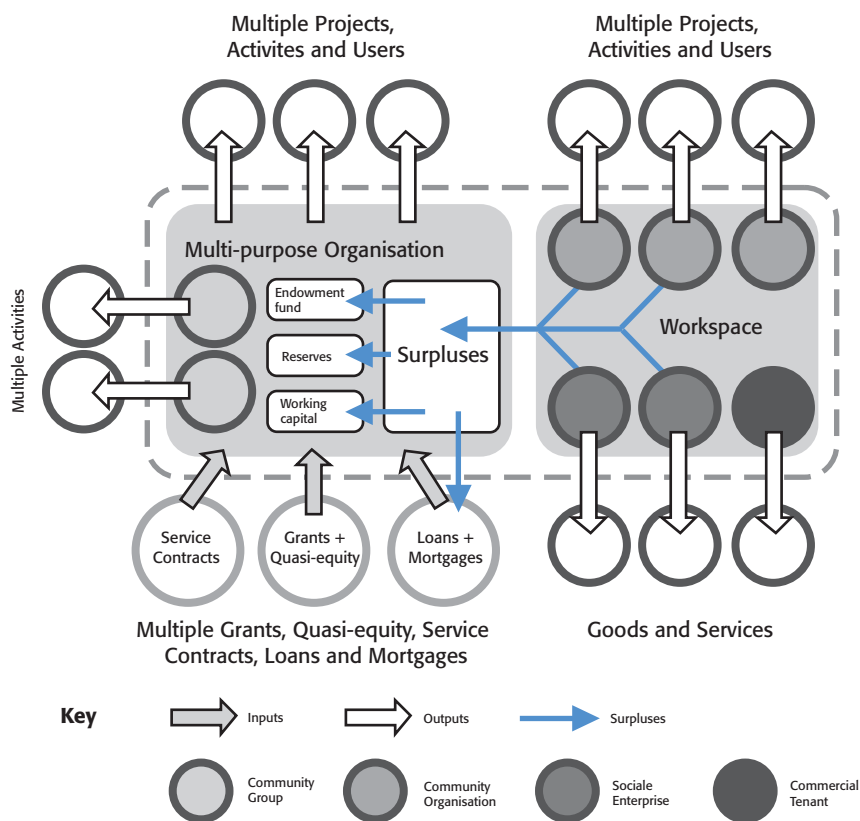
Few community-based organisations have been successful in establishing a portfolio of rolling, full cost recovery contracts and those that have discovered that they remain exposed. Few have significant capital assets and therefore are unable to secure overdraft facilities to cover their lumpy cash flows or raise mortgages to fund capital expansion or improvement programmes. Few generate significant surpluses and therefore do not have the ability to build up financial reserves or service any loans or mortgages even if they have capital assets in the first place. As a consequence, even significant community-based organisations remain organisationally and financially fragile.

In order to address these issues a number of multi-purpose organisations have embarked on the difficult journey of establishing surplus generating enterprises with the intention that the surpluses generated are covenanted back to the sponsoring organisation.

Two models have been developed. The first requires the host organisation becoming a social entrepreneur. This entails the development of a business proposal for a community enterprise that will supply goods or services that in turn generate revenue surpluses for the sponsoring organisation. The second model entails the host organisation becoming a social developer. This involves the acquisition/refurbishment/construction of a building to create office or workspace that is let to commercial tenants, other community organisations or their own community enterprises. The intention is to generate a surplus on the rental income that is covenanted back to the host organisation.

Multi-purpose organisations that have established associated or subsidiary workspace and community enterprises represent the most complex model of community-based organisations so far developed (see Fig 6).

Fig 6. Model of an emergent sustainable community anchor organisation



Community-based organisations engaged in surplus generating activities continue to derive a significant part of their income through raising grant support for specific projects and through contracts with public bodies to deliver local services. But they also derive income from the surplus rental, income from their workspace developments and the 'profits' from community enterprises. The workspace developments can provide a hub for other community organisations, incubation centres for micro-businesses, accommodation for community enterprises and commercial lettings.

The surpluses can service any outstanding loans and contribute to establishing financial reserves, working capital and even an endowment fund from which small grants can be distributed to community groups.

The initiation and successful implementation of workspace developments and community enterprises requires the investment of time, money and human capital. The Westway Development Trust, Coin Street Community Builders, both in London, and the Inner City Trust in Londonderry in Northern Ireland are, perhaps, the most fully developed examples of this approach. However, there are few dedicated support programmes and it has taken them nearly 30 years to reach their current levels of sustainability.

More recently the Adventure Capital Fund has been able to assist ABL (Bradford) Ltd to purchase a major workspace project in Manningham that it was managing on behalf of the local authority and Ibstock Community Enterprises to convert a local redundant school building to provide workspace. It has also helped Fairfield Waste Management in Manchester to set up a pioneering approach to the recycling of vegetable waste, and Free Form Arts in London to create a similarly pioneering approach to the recycling of glass.

The community sector has traditionally been seen as lacking in scale or sophistication and dependent upon a never sufficient stream of grant funding. It is clear, however, that community-based organisations are exploring a wide range of approaches to strengthening their organisational and financial resilience. Although they will continue to make claims on grant making bodies, they are able to offer a different form of partnership with the communities they serve, their funders and other stakeholders. Support for these approaches to improve the sustainability of community-based organisations needs to be an integral aspect of the development of any strategy to promote the community sector at national, regional, sub-regional or local levels.

Management and ownership of physical assets

Control over the space that community-based organisations occupy and access to funds to acquire, renovate or build that space lies at the heart of any strategy to consolidate, grow and sustain the community sector. Without control over their physical environment, community organisations and multi-purpose organisations do not have a secure base for their operations. Without such a base their ability to establish a local presence or develop strong partnerships with local people or external stakeholders is constrained. Without the benefit of a long leasehold interest they are unable to raise the funds to undertake improvement programmes. Without ownership they do not have the collateral on their balance sheet to negotiate an overdraft facility or raise loans and long-term mortgages to purchase additional accommodation to expand its activities.

In this section consideration is given to three types of space:

- Purpose built buildings such as community centres, village halls, tenants' rooms and church halls
- Redundant buildings such as schools, town halls, offices, industrial buildings, churches, shops, old people's homes, pubs and distribution centres
- Construction or acquisition of new build solutions.

In each situation consideration is given to four issues: the management of the space, taking over the ownership or entering into

long-leasehold arrangements; funding for acquisition and refurbishment or construction costs and potential for growth and income generation.

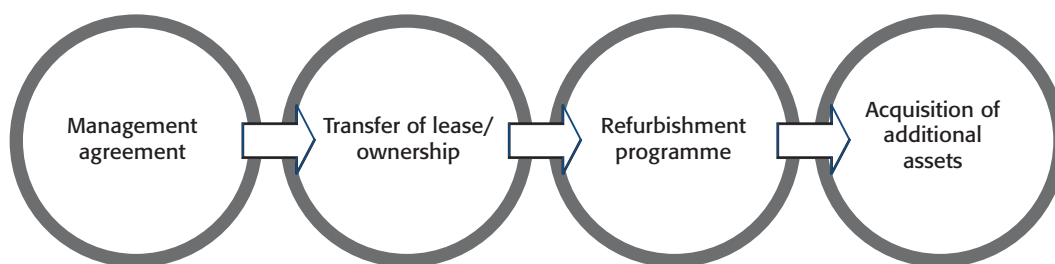
Purpose-built space

Buildings that are managed by community-based organisations are often a hive of activity with individuals and community groups coming and going everyday of the week and throughout the year. On the other hand, many other community centres, church halls, village halls and tenants rooms are under-utilised, cold and uninviting places. Experience from a number of New Deal for Communities areas and umbrella organisations such as Community Matters shows that the failure to invest in community facilities in the communities that use them is the major problem, not the lack of facilities. The bodies responsible for these facilities often do not have a local presence or the resources and personnel to manage these facilities pro-actively. In many instances, with the withdrawal of funds or changing priorities, community groups have become 'de facto' the sole occupants of these buildings.

Management agreements

The terms under which community-based organisations occupy their space are often uncertain. The act of drawing up a management agreement that sets down the parameters within which they occupy their space is for many the first step on the long journey to sustainability (see Fig 7, over).

Fig 7. Property ladder for community-based organisations: existing buildings



This process can bring to the surface a realisation that some host organisations have not put the necessary policies and procedures in place to enter into long term management agreements with their users. Community-based organisations will need to give consideration to governance issues. They will need robust financial systems and to make arrangements to have their accounts externally verified. They will also need to establish a structure that recognises the separation between roles of the day-to-day manager of the facility and management committee. Without that separation it will be difficult for the person who acts as the centre manager to derive any income or for third parties to make a complaint.

Drawing up a management agreement takes considerable time, energy and commitment. Getting under-utilised buildings back into shape can involve the staff and management committee in a blizzard of activity such as getting gas and electricity meters changed, ensuring that health and safety and fire regulations are adhered to, establishing letting procedures and pricing structures, dealing with obstreperous users, ensuring that there are appropriate insurance policies in place, finding and keeping cleaners, electricians plumbers, carpenters and decorators. Most organisations will need access to advice and will need additional funding and support to help them through during this period of transition.

For many community-based organisations securing access to their building and the freedom to manage it effectively is a sufficient challenge. However, many are

drawn further in. They can discover that, because the building lacks an adequate heating system, it cannot be used during the winter months. Some also discover that they face being closed down because their buildings do not meet present day standards. They have the choice of walking away or becoming more deeply involved. If they become more deeply involved they take the lead in making applications for capital funding to undertake the necessary refurbishment programme. For that they will need to have a longer term-security in the property.

Leasehold/ownership

With the exception of recently built facilities, the large majority of purpose built buildings have a legacy of under-funding. Local authorities have not seen investment in village halls, community centres and tenants' rooms as a high priority and church groups have not had the funds. The transfer of long leases to community-based organisations opens up the potential for breaking the cycle of under investment. Community-based organisations have a vested interest in the renovation of their space and access to sources of funding not available to the existing owners.

The process of transferring the long-term responsibility for a building to a new organisation is a major turning point for both the organisation disposing of an asset and the organisation receiving it.

For many owners, the issues are psychological as much as they are technical. The central issue is that they have to be pro-active on behalf of another

Vassall Centre Trust, Fishponds, Bristol

Turnover	£150,000 per annum
Staff	3.9 full time equivalents
Capital assets	£1.4 million

The Vassall Centre Trust (VCT) owns and manages the Vassall Centre that aspires to be a national centre of excellence and provides workspace for community organisations and voluntary groups working with and for disabled people. These organisations employ 100 members of staff and are supported by 140 volunteers. The centre also includes a high quality, fully accessible conference facility that caters for people with and without disability. In total the centre attracts some 15,000 users/visitors per year and acts as an anchor for disabled people across the Bristol area.

VCT also seeks to establish a national profile by championing 'barrier free' working environments and challenging institutional discrimination.

Physical assets

This is an example of a community-based organisation taking over a substantial asset that was surplus to the requirements of the previous owner. It is also an example of work-in-progress. The asset comprises a 3-acre site and a 43,000 sq ft complex of 12 single storey blocks arranged as spurs along a corridor in a stem and leaf pattern. Built during World War II it provided offices for a number of central government departments and also workspace for an artificial limb and appliances centre.

The limb and appliances centre was relocated to a new orthopaedic centre and in 1994, after lengthy negotiations, the PSA gave a short-term lease to a local community organisation, Disabled Living

Centre (DLC). DLC then sub-let a considerable proportion of the space to other voluntary groups working in the disability field.

When the PSA, having vacated the remainder of the building, decided to sell the site for private housing, DLC assembled a group of community organisations interested in leasing parts of the complex and led a three-year campaign, supported by the local authority, to bring the site into social ownership. In 1996, the impasse was broken, when a Bristol-based charity working in the field, which had completed its mission and had sold its own building, decided to purchase the site on behalf of the group.

The PSA agreed to sell the building in 1998 at a discount on the understanding that the building would be used for the benefit of disabled people. It was bought by the charity, which then transferred the asset to the newly created Vassall Centre Trust and dissolved itself. The total costs of bringing the building up to modern and 'barrier free' standards are estimated to be in excess of £5 million. VCT has therefore adopted an incremental approach to regenerating the building and tackles one spur at a time. The unimproved space is let on license at a level significantly below market rates. This rental income meets half of VCT's core costs.

The first phase of the improvement programme was supported by grant funding from major charitable foundations and centred on the creation of the conference facilities and infrastructure work. It was completed in 2001 and generates a revenue income that covers the other half of VCT's core costs.

The current (third) phase costs £900k and involves the demolition and rebuilding of one of the spurs as well as

bringing another part of the building up to 'barrier-free' benchmark. Grants from the Community Fund and other trusts cover half the costs and the Adventure Capital Fund (ACF) covers the other half. The ACF contribution is made up from a £320k 10-year loan with a 5 percent per annum rate of interest and a one year capital repayment holiday, a £50k working capital grant and an £80k repayable grant with the repayments calculated in terms of social benefits to the centre's users, such as discounted rents.

The tenants of the refurbished space are offered a five-year lease with an option to renew. The rental levels remain below market rents and the level of discount is related to the proportion of disabled people employed. It is anticipated that, with the current phase completed, VCT will be able to embark upon a rolling five-year programme that will see the whole of the complex regenerated and reconfigured as 'barrier free' workspace for disabled people.

Impact

The impact of VCT has been impressive. It has established a major centre providing space for a wide range of community and voluntary groups meeting the needs and aspirations of disabled

people and attracts over 15,000 users and visitors each year. The centre is also a significant local employer. VCT has established a robust and sustainable incremental business model that will enable it to complete the whole refurbishment programme.

Ownership of the centre has been essential to VCT's strategy of proactively encouraging excellence in employment practice for disabled people. The use of variable rents as an incentive to tenants to increase the proportion of disabled people in their workforce has been an important dimension of this and could not have been achieved without ownership.

The VCT has grown in general organisational competence, specific expertise and confidence with each phase of the programme. It has set the standard in the field of 'barrier free' workspace. It is experimenting with alternative approaches to creating a self-supporting community of interest that encourages the employment and support of disabled people. It has also recently achieved an important judgement at the VAT tribunal that has implications for others working in the field.

less powerful organisation and accept that others can be more effective owners. This can be difficult and it is not surprising, therefore, that they can be reluctant to dispose of their assets even though the buildings are dilapidated and they lack the funds necessary to undertake refurbishment that is necessary.

Drawing up a lease can be a messy affair and can require the current owner to delve back into the covenants and restrictions associated with the building. Over-stretched legal departments find it difficult to prioritise non-essential matters.

Community-based organisations also have to be pro-active. Existing owners need to be convinced that they have the capability to take on what are significant responsibilities. They need to be confident that they can meet the challenges that they are taking on. Business plans need to be developed, sketch plans and costings need to be prepared and feasibility studies on whether the funds can be raised have to be undertaken. The drawing up of a long lease or the transfer of ownership often takes place only when these precursors are in place.

At this stage, taking over the freehold ownership of the building might not seem to be a priority. Nevertheless, as the importance of ownership may surface in the future, it is prudent to include an option to purchase in the lease.

The process can be time consuming and difficult. Community-based organisations need to have access to advice and funding to cover their development and legal costs. As this is a process of negotiation between unequal partners, access to independent mediation might also be necessary in instances where there is a danger of a breakdown in relationships, otherwise the receiving organisation can be left in 'a take-it-or-leave-it' position.

Funding for acquisition and refurbishment

The value placed on the transfer of the lease/ownership of a purpose built community building to a community-based organisation need not be a major issue. The use to which the building can be used can be specified in the lease and the purposes of the receiving organisation can be clearly stated in their memorandum and articles of association. The main problems centre on the cost of refurbishment programmes.

Many settlements own the buildings they occupy as a consequence of philanthropic endowments made at the end of the 19th and at the beginning of the 20th century. They have found that, some hundred years later, it has been difficult to raise the necessary funds to renovate their assets. Community-based organisations entering the ring will face the similar difficulties.

Unless capital funds are available to improve the facilities transferred, few owners will wish to dispose of their assets and few community-based organisations will be willing to take them on.

Some existing owners and community-based organisations agree to the transfer of

a long-term interest without the benefit of a funding package in place. Both bank on the ability of the community-based organisation to work with users and volunteers and to raise small grants to undertake specific improvement works. The strategy is that once the centre is a going concern with a story to tell it will be in a better position to raise the funds to undertake the major repairs and refurbishment programme.

The scale of the funding programme to address the catch-up refurbishment needs of existing community buildings is unknown. However, it will be considerable and the current programmes are small. The Community Fund has invested around £60 million a year to support capital works in community buildings. The New Deal for Communities programme also offers the potential for making significant investment in community owned infrastructure in 39 severely deprived urban neighbourhoods and the Big Lottery has announced a £50 million fund. The Adventure Capital Fund (ACF) and the Futurebuilders programme are designed to enable community-based organisations to develop income-earning activities not take over existing community buildings.

Potential for growth

Most community centres, village halls, tenants rooms and church halls are quite small and do not provide significant potential for growth. Even if they have been refurbished and are effectively managed, few are able to generate sufficient income to support a full time worker. Community-based organisations will continue to require on-going revenue support to remain financially viable. Similarly, their income streams will not be sufficient to generate the reserves necessary to make the investment in the physical fabric that will ensure the maintenance of the quality of their facilities. The cycle of under-investment will start all over again.

Faced with these issues, community-based organisations will consider taking on

additional premises in order to expand or to engage in income generating activities. Others will respond to opportunities that arise within their neighbourhoods.

These additional assets can take many forms: empty/under-used shops, redundant buildings, garages and car parking facilities on municipal estates, industrial units and so on. The cycle of business plan development, feasibility studies and raising the capital to purchase and improve the assets acquired and taking on new management responsibilities begins again.

It is at this point that the ownership of their existing premises takes on particular importance. A strong balance sheet provides comfort to funders asked to support these new ventures and can

provide collateral if it is necessary to raise loans or mortgage finance.

Agreeing the price of the freehold of their existing premises can be contentious. Notwithstanding advice given by central government about the disposal of assets at less than best value, cultures are slow to change. Valuers are not experienced in taking social purpose or the contribution of the sitting tenants into account when assessing value.

Even if successful, these new ventures do not do away with the need to raise additional revenue and capital funding but the income and assets can provide additional security and matched funds required by other funders or income to service loans.

Hastings Trust, Hastings, Sussex

Turnover £1.6 million per annum

Staff 11 full time and 9 part time

Capital assets £2.3 million

Hastings is a small seaside town. Although once, one of the premier resorts for the well-heeled, it now suffers from multiple problems; a weak economy due to its remoteness from London, dilapidation of the once glorious built environment and a low skilled workforce, in part associated with the high number of placements in HMOs by external housing authorities. Hastings Trust was established in 1991 to tackle these issues through its own energies and in supporting an active community sector in the town. It is a multi-purpose organisation that provides an anchor role as well as a social developer role for other community groups. It derives its income from a range of income earning projects and letting out its property portfolio to community groups,

community organisations, public funded agencies and private enterprises.

Its decision to buy a base for its operations came after several years of moving from one short-term lease property to another.

Physical assets

Hastings Trust has not been the focus of a specific SRB programme and has adopted an incremental approach to acquiring their assets and often in response to community engagement.

Mixed use

Hastings Trust acquired its first property in the town centre in 1997 with the benefit of a £30k grant and a £30k loan from CAF/Investors in Society. It then purchased the adjoining property with the benefit of another CAF/Investors in Society loan. Both loans were rolled together and secured against both properties. Each property provided a ground floor shop, three floors of offices

and a basement. The Trust uses one shop and some of the offices as a base for its activities. The remainder of the space is occupied by a bookshop, a social enterprise, which trains interpreters and a community and regeneration unit working in the five most deprived wards in the town. The capital value is £400,000. It also generates £20,000 surplus rental income that covers part of its core costs and unfunded project work.

Silchester Mews, an old spectacle factory in St Leonards, was purchased and refurbished with the benefit of SRB, Objective 2 and New Opportunities funding to create six office suites, a healthy living centre for young people, a crèche and a meeting room. The capital value is £125,000. It also generates £36,000 revenue.

Workspace

The trust leases three road arches from the County Council at a peppercorn rent and sub-lets them to community group working with severely disabled young people, a local artist and as construction industry training space in partnership with local college.

Community ventures

Wherever possible the Trust acts as a social developer setting projects up and then devolving them to local groups to own and manage.

The Bridge is a new build high quality conversion of a former leisure youth centre purchased from the County Council at a discount following a local campaign and refurbished with funding from English Partnerships, Sure Start and EU programmes. It includes a training kitchen and community café. Completed in November 2005, it is to be handed over to a local organisation to own and manage. The capital value is £1.8 million.

It will take about a year to establish an income stream during which the running costs are met by the Trust's overdraft. It will not generate any revenue surpluses for the Trust.

Impact

Hastings Trust has taken an incremental approach. It has covered virtually all of its development costs by grant funding from a range of sources. Its limited exposure to loan finance has been with a social purpose lender. None of its projects are of such a scale to unbalance the organisation.

The purchase of the first two buildings in the town centre brought immediate benefits to the local area. People and life began to return and the squatters moved on. Its development programme has been driven by need – its own to have a permanent base and in response to local concerns. Hastings Trust has also been willing to be a landlord to 'unpopular' causes, allowing programmes such as work with young offenders to take place in a location that is easy for the target group to reach.

The ownership of assets has many knock on benefits. They are a permanent and independent voice in the town. They now chair both the Area Investment Framework (AIF) and SRB partnership boards. That keeps them well informed, well networked and able to influence the agenda locally. Their asset base has enabled them to raise an overdraft from a commercial bank to cover uneven cash flows.

The decision to devolve the Bridge to local management has sent an important message about the perceived worth of those communities and by creating local management boards they have fostered the development of local social capital.

Redundant buildings

Many owners are willing to sub-let existing buildings to community-based organisations that are either surplus to the requirements or are awaiting redevelopment. Although such buildings may be at the end of their 'useful' lives and can be in poor condition and not precisely meet the needs of the new residents, community-based organisations are also adept at seeking out such buildings and taking them on: they offer the prospect of substantial space at low cost and without the need to raise any capital.

These buildings can be in the ownership of public, private and even other voluntary sector organisations: some can be very large. The list of the types of building is extensive and includes primary and secondary schools, shops, warehouses, factories, offices, pubs, elderly people's accommodation, town halls, churches, distribution depots and many others.

This arrangement serves a number of important uses for the owners as well. First, buildings that are occupied are less prone to vandalism and damage. Second, by keeping the building weather tight and warm, the community-based organisations groups cover some of the costs that would fall upon the owner. Third, there is the reputational benefit to be gained from supporting community-based organisations to meet unmet or emerging needs.

This symbiotic relationship can carry on for many years. During this period the building becomes the 'home' of the resident community-based organisations, even though their title remains weak. Also during that period the condition of the physical fabric is likely to deteriorate as the owner has no strong interest in investing in the building and the community-based organisations do not have authority to raise capital funding required.

Management agreements

Taking over the management of these buildings often does not pose a problem. It is an arrangement that is of mutual benefit to both parties. Nevertheless, community-based organisations wishing to formalise the basis on which they occupy their space will find that they have to deal with many of the issues facing those taking over the management of community centres and village halls and similar purpose built buildings (see pages 29-30).

Leasehold/ownership

The problems occur when the resident community-based organisation feels confident enough to take over a long-term interest in the building, or the owner wishes to take the building back into its active portfolio. This poses a very different set of issues to those associated with purpose built community buildings.

The expectations of the two parties can be very different. Most owners anticipate the return of the property or its disposal at commercial value. On the other hand the community-based organisation wishes to stay put and seeks recognition of its non-commercial status and for the sweat equity that it has invested in the building.

The power relationships are also different. The building owner has no responsibility for the long-term existence of the organisation and the community-based organisation does not have strong grounds to remain. Without a successful resolution, the community-based organisation faces the prospect of going out of business, seeking other 'meanwhile use' accommodation or having to launch a new build solution within a restricted timeframe. The knock on effects for other users of the building can be equally disruptive.

Even where there is agreement to transfer a long-term interest, the negotiations can be difficult. The recent directive on the disposal by public bodies to voluntary sector agencies for social purpose activities

has been helpful in this respect. However, practice is still being established and there are relatively few examples to help determine the value of the contribution made by the community-based organisations while they were in occupation or the discount that should apply to a non-profit organisation. The guidelines also apply only to assets held by public bodies.

Unless there are adequate funding streams to support the transfer of assets between existing owners and community-based organisations, the exchange process will be contested and few will result in a positive outcome.

Community-based organisations will also need to have access to funding streams to commission valuation and take legal advice, as some buildings will have become a liability rather than an asset. They might also need access to a mediator if the negotiations stall.

Funding for acquisition and refurbishment

The purchase of a long-term interest in a redundant building is only a staging post on a journey. Almost inevitably the buildings will require extensive renovation before they meet current standards and the needs of its new client group. As the properties are usually much larger, the challenges facing community-based organisations taking over redundant buildings are likely to be greater and extend over a much longer timeframe than those facing those taking over community centres, village halls and the like.

Any application for funding has to be backed by business proposals and detailed plans and costings. Raising the necessary funds can be time consuming and complicated, involving grant funding from a wide variety of sources. If the project includes surplus generating activities, many funders will expect these elements to be funded through community development finance institutions offering loan finance.

A community-based organisation embarking on this journey has to meet the costs of commissioning the necessary preparatory work. At present there are few designated funding streams to help meet these costs.

Assembling a successful funding package can take a significant amount of time and the transfer of ownership will only take place when the receiving body has managed to raise the necessary funds. Those community-based organisations, which take over a long-term responsibility and fail to secure the necessary refurbishment funds, are left holding a deteriorating asset. This can drain them of funds and energy.

Potential for growth

The size of some redundant buildings taken is such that community-based organisations in residence will not need to contemplate seeking additional assets. The challenge of establishing a sustainable, multi-purpose wealth-creating organisation within its 'new' building will be enough.

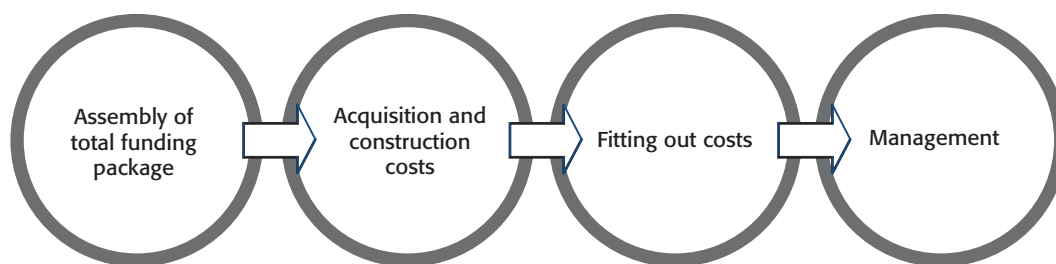
Others, which have taken on smaller buildings, will need to expand further in order to respond meaningfully to the needs of their communities or to achieve financial sustainability. Others, which feel confident with the responsibilities that they are managing, will wish to respond to opportunities that arise from time to time.

Acquisition and new build

In the main, community-based organisations take on new build project because they need additional accommodation, their landlord has reclaimed their building or the costs of refurbishment of their existing premises are prohibitive.

The construction of a new building poses a difficult set of challenges (See Fig 8, over). First, the community-based organisation is

Fig 8. Property ladder for community-based organisations: new build and acquisition



not in residence. This means it cannot take an incremental approach to the development process. It has to envisage the whole scheme at the outset including its future management. Management, therefore, comes at the end of the process, not at the beginning and the organisation is, as a consequence, unable to learn by doing. It has to get everything right or pay the price, in terms of unsuitable buildings that are late and over budget.

Community-based organisations have to shoulder predevelopment costs, as there are no funds available and few design teams, surveyors and solicitors are willing to work entirely at risk. They also have to assemble the funds for the whole project at the outset, as there are no programmes that allow community-based organisations to purchase land in advance of need. This is a time consuming process often involving many different funders. Except in the very rare examples of where they know a sympathetic owner, they are at a severe disadvantage when trying to purchase land in the open market, as they will have to compete with private developers both on price and timescales. Most community-based organisations, therefore, look to acquire the land from public sector agencies when contemplating new build schemes.

Even when they have been able to assemble the funds, purchase the land and let the contract, they remain exposed. They have to operate two sites at the same time and meet the costs of any time or cost over runs. They will also need to raise the funds for fitting out and furnishing the new building.

It is no surprise therefore that virtually all new build schemes for community-based organisations have been under-pinned by other programmes. For example, O-Regen has benefited from the investment programme of the Waltham Forest HAT.

Some community-based organisations unable to benefit from mainstream programmes have contemplated purchasing a long-term interest in an existing modern building but there are few successful examples. The purchase of a lease does little to improve the financial viability of the organisations as the rents they pay are subject to regular review. Opportunities to purchase a freehold interest in a modern building are rare and community-based organisations are at a severe disadvantage in the open market as they are unable to compete with private investors on time or price.

While many local authorities have parcels of land that can be developed by community-based organisations, very few have good quality modern buildings that they can or wish to sell. The purchase by ABL Bradford of a major workspace development, therefore, is likely to represent an exception rather than a general practice. The project had been initially developed by the Task Force programme and, unlike the development in Leeds, had been transferred to the local authority rather than a community-based organisation. ABL Bradford also had the benefit of being the sitting tenant and responsible for the management of the project at the time the local authority was rationalising its holdings.

Action for Business (Bradford) Ltd (ABL), Manningham, Bradford

Turnover	£850,000 per annum
Staff	8 full time and 6 part time
Capital value	£4.5 million

ABL was established in 1992 by community leaders in a district of Bradford with high levels of deprivation and where BME communities represent a large proportion of the local population. ABL's mission is to support the local community through community development and economic development. It championed the development of the Carlisle Business Centre (CBC), which was developed by the Inner Cities Task Force with EU ERDF funding. ABL is now the owner and manager of this 40,000 sq ft. complex that provides a community (now private) café, meeting rooms, high quality conference facilities and nearly 100 units of office accommodation, workshops and craft units for the local Primary Care Trust, small businesses, and a range of community and public sector organisations. In addition to its role as a facilities manager, ABL provides business services to its tenants; is the accountable body for local projects, such as the Manningham Healthy Living Initiative and has established a Community Investment Fund through which it supports smaller community groups in the Manningham area. It also acts proactively to organise seminars, conferences, exhibitions, job fairs, social and cultural programmes and other events, and delivers small externally-funded training projects. ABL has become one of only two voluntary/community sector organisations out of a total of nearly 3,000 in the wider district to have a seat on the Bradford Learning Partnership Board (the learning arm of Bradford Vision), and is thus able to contribute to and influence district-wide learning policy and provision.

Many of ABL's tenants serve and draw a significant proportion of their employees from the locality. In total CBC provides employment for over 300 people and attracts over 40,000 users and visitors each year, including many women who would not normally enter an official-looking building. It is therefore an important social as well as economic hub within the locality.

Physical assets

CBC is ABL's only significant capital asset. Although ABL does not have experience in the development of physical assets, it has from its inception championed the development of a complex such as the CBC. In the event, central government's Inner Cities Task Force developed the complex, which opened in 1996, with funding from the EU ERDF programme. The subsequent ownership was vested in the local authority but with the responsibility for facilities management devolved to ABL.

This arrangement continued until 2002 when, as a consequence of the Best Value review, the local authority decided to sell CBC on the open market. ABL faced the prospect of going out of business, as there was no guarantee that it would continue as the site managers under the new owners.

ABL then mounted a campaign to purchase the building. This would both secure its future and ensure that a major facility remained available for the local community. In 2003, ABL successfully negotiated the purchase of a 999-year lease of CBC for a premium of £800k. This valuation reflected the earning potential of the complex, ABL's input and the fact that the local authority had been the beneficiary of an asset that had been developed by another agency. The financing package had three elements: a

commercial loan from Barclays Bank, a 15-year mortgage facility from the local authority and £300k loan from the ACF charged at an interest rate of 1 percent per year. The ACF loan will be repaid in 2008 or converted into a local investment fund that makes grants and in-kind investments in local community organisations. ABL now has a secure base for its operations.

Impact

From the outset, ABL established good working relations with the Inner Cities Task Force team (and subsequently the regional Government Office) and had an influence on the decision to invest £4.3 million in the construction of the CBC. ABL's engagement in the development process helped secure for it the role of facilities manager. In that role it had an important influence on ensuring that the tenants of CBC came from and served the needs of the local community. As a consequence CBC has been seen as an important local resource and helps explain why during the riots that took place in 2001, CBC was not vandalised whereas many other businesses, such as the nearby Mercedes Benz showroom, were.

During the period when ABL operated as facilities manager for CBC, it was able, within a relatively risk free environment, to gain experience, develop its procedures and establish networks. This established a secure base from which it could mount a credible campaign to broker the takeover of the ownership of the complex from the local authority.

Since taking on the full responsibilities of CBC, ABL has undergone a rapid growth in organisational development. This has impacted upon the management team and the management committee. As a consequence ABL recently undertook a comprehensive review of the tenancy arrangements which identified a wide disparity in the rents charged at various managed workspaces in the district, given the fact that rents at CBC had not been increased in line with inflation since 1996. Establishing a consistent framework for the whole complex has allowed ABL to increase its rental income considerably. It has also been able to increase occupancy from around 66 percent to almost 100 percent by bringing into active use space that had become unlettable because of damp penetration. It was able to do this without additional capital outlay as the remedial works were undertaken by the incoming tenant and reflected in the rental agreement.

ABL is now able to manage CBC without the benefit of the fee that used to be available from the local authority and make a surplus large enough to establish a community investment fund. ABL also recognises that the site and the building have significant development potential. However, because ABL is now a well-established, well-capitalised organisation generating respectable surplus income, there are limited avenues available to it to develop proposals for CBC's next stage of development.

Fig 9. Property ladder for community-based organisations: new build and acquisition

Building type \ Sustainability	Purpose built	Redundant building	New build
Degree of professionalisation	*	**	***
Potential for earned income	*	***	**
Scope for surplus generation	*	***	**

Key

- * Low
- ** Medium
- *** High

Community-based organisations have developed incremental approaches to taking over the management, ownership and refurbishment of a wide range of purpose built and redundant buildings. Their progress is determined by their own capacity, their awareness of the associated risks, the availability of funds and support from other stakeholders. They have also initiated and benefited from new build solutions.

The increasing engagement by community-based organisations in the management and ownership of physical assets is closely correlated with their growth, the broadening of their scope and the complexity and maturity of their organisations (see Fig 9). It is a long, stressful and uncertain process but it can bring multiple benefits to the organisations concerned, the people, communities and neighbourhoods with which they work and other stakeholders.

The Pavilion, Hailsham, East Sussex

Turnover £79,000 per annum

Staff 1 full time, 2 part time, 3 sessional, 150 volunteers

Capital value None

Hailsham is a small market town in East Sussex, some seven miles north of Eastbourne. Previously home to a flourishing rope making industry, it is one of the few towns in the district with any significant social housing stock. It has a reputation – somewhat exaggerated – for being a bit ‘rough’. The town centre has a couple of small supermarkets, branches of most banks and a range of other national and local retailers. There is a large leisure centre and community hall close to the town centre.

Hailsham Pavilion

The Pavilion was built in 1921 as a cinema. It is one of the most elaborate provincial cinemas ever built, with a very fine façade, complete with pillars, moulded architraves and plaster figures of children. The cinema closed in 1965 and reopened as a bingo hall in 1967. The bingo hall too closed in 1985. It was sold at auction for more than £65,000 in 1987, with a view to its redevelopment as a combined residential/retail development, but the building stood empty, sliding into dereliction.

In 1993, the Mayor of Hailsham decided to invest the unspent £1,400 of her mayoral expenses fund in a project to benefit the community. She set her sights on bringing the Pavilion back into community use. A fundraising committee was formed and, following representations from the committee, local councillors and Hailsham Town Council, Wealden District Council agreed to buy the building, then in the hands of

receivers, for £10,000. By October of that year, the fundraising committee had signed up 100 members at £5 each and set about raising the money to restore the building.

In 1998, the Heritage Lottery fund agreed to provide a grant of £250k, subject to the fundraising committee matching it pound for pound. With support of £100k from local fundraising, £50k from Wealden DC and smaller contributions from the County Council and a range of other sources, the building work was eventually completed in November 2000.

The business

A charitable company limited by guarantee was established in 2000 to run the Pavilion and it has a 31-year lease at a peppercorn rent. The fundraising committee continues in existence as an unincorporated charity and provides an important contribution to the company's income – in 2005 this was of the order of £14k. It is thought that the District Council is unlikely to hand over ownership unless the company can demonstrate that it is fully financially self sufficient without the need for fundraising support. But the Council is a very hands off landlord and provides no revenue support.

The Pavilion offers regular screenings of current films. It has an ongoing relationship with two independent promoters who arrange live music events that draw an audience from beyond the local area. These are becoming more successful. In addition, it provides a venue for a wide range of community groups including a film club showing foreign language films, art films, a local theatre group, an organ club and a range of local dance and drama groups. Hire charges are on a sliding scale with the

benefit given to clubs and societies, particularly local ones.

The local community college/secondary school, a specialist media school and other educational bodies are increasingly using cinema facilities to present short films made by pupils during the year as well as various film masterclasses. Last year, the Pavilion also facilitated a well-supported event for local youth bands. Next year, it is planning to stage live professional theatre for the first time in three years.

The Pavilion depends heavily on volunteers to undertake much of the day-to-day operational work. A team of 150 volunteers manages the front-of-house, including 10 volunteer duty managers and undertakes a wide range of other tasks. A major volunteer recruitment drive is planned, partly to try to recruit younger people to begin to take over from some of the original supporters.

Community benefits

The Community benefits from the Pavilion in a range of ways. It provides current films at low prices without the need to travel to larger multiplexes (the nearest is Eastbourne). It provides a professional venue for local performing arts groups, which is of an entirely different quality and ambience from a traditional community hall. It provides an arts-based social experience for regular visitors. It has contributed to the regeneration of the immediate area; the derelict pub opposite has now reopened and the street generally is 'on the up'. It brings visitors to the town who would not otherwise visit and who use the shops while they are there. It is an important focal point for the arts within the District generally which otherwise has no quality arts centre or professional theatre.

The benefits

The engagement of community-based organisations in the management and ownership of physical assets can bring profound benefits to the users, the wider community, community-based organisations themselves and external stakeholders. The benefits can be both short-term and long-term. They can be psychological and intensely practical. They can be local and can also impact upon much larger issues such as the extent to which society is at ease with itself, the cost of public services and the competitiveness of the UK economy.

Community

The decision by a community-based organisation to take over the management of a building is a declaration of hope that the future can be better than the past. That hope can spread throughout the neighbourhood and community. The building and activities that take place within it become a focus for local energy and the building becomes the practical vehicle through which a vision of better future can be achieved.

A formal management agreement establishes an on-site presence and gives the individuals, community groups and community organisations that use the building an organisation to work with. With a secure base, they can plan for the future, expand their activities and make long-term commitments.

With control over its space, community-based organisation can make productive local connections and encourage other community groups to use the building. This not only improves the utilisation of the

space, it also helps establish a new identity for the building and facilitates the creation of local networks.

Community-based organisations working in disadvantaged neighbourhoods or with marginalised communities have been able to experiment in the development of new approaches and practices. They have been able to develop whole-person, whole-community, multi-faceted and integrated approaches to tackling the problems presented by multiple deprivation. They have also developed a wealth creation agenda aimed at improving the health and skills of local people and at creating jobs and increasing income within the community.

Many of the redundant buildings taken over by community-based organisations have an iconic status within their communities. Their blight provides a daily reminder of the life and energy that used to be present. Bringing these buildings back into use allows communities to move on. The buildings take on a different role within the community and meet the unmet needs of a different clientele and acquire value where none existed before.

The hive of activity generated by a hub of agencies associated with a successful wealth creating, multi-purpose organisation can change the image and reputation of a locality. The exodus of people declines and rather than being a place to leave it becomes a place to which people wish to move or return. Local authority housing is no longer difficult to let and voids are reduced. The activities of successful community anchor organisations have been responsible for adding to the value of the local housing stock and land values. With the rise in

property values, commercial developers are willing to invest in areas where hitherto it was impossible to sell land.

The income generated through lettings, service contracts, revenue grants and capital investment remain within the community. It is ploughed back into improving the fabric of the building, investing in the initiatives that take place within it, meeting unmet needs and supporting local community groups.

The benefits for users and the wider community can be enormous: otherwise individuals would not put themselves through the stress and persevere over the timescales that they do. The prize at the end of the journey is significant. Old and tired buildings can begin to sparkle and resonate with the hum of a multiplicity of activities. Individuals and communities develop a greater confidence and sense of self-worth.

But is it not only the local community that benefits.

Stakeholders

External service providers have the knowledge that there are organisations working locally that can tap into resources that are not open to them. Community based-organisations have the contacts and networks that can facilitate and enhance local consultation to provide feedback on existing or proposed service provision. They can also provide an early warning system for emerging needs allowing external service providers to plan ahead.

Community-based organisations providing good quality accommodation can provide office space, meeting rooms and other accommodation that enable public service providers to deliver their services locally in a more community-responsive and integrated manner. They can also provide the on-the-

ground vehicle for delivering ad hoc programmes.

Community-based activities can make a significant contribution to the ability of public service providers to meet their objectives. Their activities are able to forestall the call on their services, complement those that they do provide and provide follow-on services when the remit of public service providers is reached.

Every person whose health improves as a consequence of participating in a community-based positive health programme represents a saving to the primary care trust. This can free up doctors and practice nurses to care for other patients. The benefit of every disruptive child who participates in school as a consequence of a homework or a breakfast club is felt not only by the child but also by the school community as a whole. Every person who secures employment reduces the benefit liability of the State and increases its tax income. Every youth who is out of control and channels his or her energy into productive activity reduces the potential burden on the criminal justice system.

These outcomes have a direct and positive impact on the pressures experienced by service providers. It means that they can focus on making the best use of the resources that are available to them.

Organisation

Taking over the management and developing a long-term interest in the space they occupy can also bring significant benefits for the organisation concerned.

In the first instance, taking over the management of the building confirms its position within the locality and allows it to take a higher profile in developing productive relationships with users and other stakeholders. It enables the organisation to take control over its

immediate environment: accumulated rubbish can be cleared out, floors sanded, broken windows mended, repairs tackled, minor improvements undertaken, painting and decorating carried out and cleaning rosters established.

The income generated from lettings offers the potential of moving beyond an uncertain hand-to-mouth existence and the prospect of achieving organisational and financial sustainability.

As long as there is an adequate match between the capacity of the community-based organisation and the building that it is taking over, there is benefit to be derived from scale. A large building increases the potential for creating a critical mass of activity and achieving relatively fast growth. Having more space than is required provides the opportunity for innovation and an ability to respond to unmet needs.

However, increased responsibility has to be matched by increases in the skills base and capacity of the staff and the management committee. In order to become an effective and successful facilities manager, they will have had to develop and implement a raft of policies, procedures and practices.

Taking over a long-term lease or ownership of a capital asset has a transformative effect. Ownership is a statement of power and wealth. Owners can make long term plans secure in the knowledge that the space cannot be taken away. It allows them to enter into long-term relationships. It also means that the benefits of any improvements and any increases in property or land values accrue to them.

Taking a long-term interest in a building and embarking on a major improvement programme requires the staff and management committees to grow further in stature and competence. They will need to become skilled in business planning, fund raising, the supervision of design teams and understanding the construction process.

Those that embark upon income generating initiatives, such as setting up community enterprises and undertaking workspace developments, can be involved in raising loan finance. This can require profound changes in the culture of the organisation to take place.

Raising finance, acquiring a building and engaging with the construction industry requires a community-based organisation to embark upon a process of continuous organisational development. It will bring these organisations into contact, contract and partnership with a range of new players. Many will be local but others will be regional and some national or international. These interactions extend their networks and contacts beyond the locality.

They will have to open themselves up to external scrutiny. This can be a difficult threshold to cross but if successfully accomplished, can give rise to increased confidence and authority. The organisation knows that it has been benchmarked against independent criteria of capacity and competence.

Ownership of an asset is not necessarily an end in itself. It can provide the security against which to raise loans to fund further expansion. In addition, the surpluses generated, if more than sufficient to repay loans and met unmet core costs, can provide funds for organisational development activity and feasibility studies for new initiatives.

For those that embark upon the journey there is an important prize awaiting them. They will have a high quality building that is pleasant to come to and work in. They will also have a significant local presence and a pride in and recognition of what they have achieved. The value of the asset will be recorded on their balance sheet. This provides comfort to funders and bankers and allows the organisation to raise working capital loans.

There are significant advantages to be gained from engagement by community-based organisations in the management, ownership and refurbishment of buildings in their locality. These buildings include community centres, village and church halls as well as a wide range of redundant buildings in both the private and public sectors. There is also scope for new build solutions particularly in areas of comprehensive redevelopment or the building of new communities in rural areas.

The benefits accrue to the wider community, the existing owners, public service providers and the participating organisations. Practical, on-the-the-ground experience can inform the emergent national policy debate and the development of regional, sub-regional and local implementation strategies.

Although there is agreement on the broad framework for these interventions, there are also areas where further developmental work needs to take place.

Next steps

A policy consensus may be emerging in favour of a significant investment in the community sector. However, every policy wave reveals an implementation vacuum in its wake. The ability to anticipate and fill that vacuum will have a significant bearing on the outcome of any policy initiative in this area. Four issues deserve attention.

Scale

Until there is an understanding of the scale of the investment required to create a vibrant community sector, it will not be possible to assess whether the response nationally, regionally and locally is appropriate. It is already clear that the scale is formidable. It is important to carry out a stock take of existing community sector assets, similar to the study already undertaken for village halls, in order to establish an estimate of the capital costs required to bring them up to present day standards.

There is a need for a better understanding of the well-being of the existing community sector and the way it is changing over time. It is important to undertake a series of sub-regional mapping exercises to establish the potential number and possible location of multi-purpose community-based organisations necessary to meet and respond to local needs.

Attention also needs to be given to the community needs of new settlements and areas where comprehensive regeneration is taking place. In these locations proposals need to be established at the outset in order that a community sector legacy can

be in place once the development phase has been completed.

Institutional framework

Commitment

Creating a substantial, sustainable, diverse and vibrant community sector relevant to the needs and able to thrive in the 21st century can no longer be a discretionary responsibility carried out at the margins of existing institutions. It will require a 10-20 year cross sector, cross party commitment to develop and implement a multi-stranded, incremental approach in order to bring this about.

The community sector will need to have its own dedicated infrastructure with its own income streams.

Co-operation

It needs to be accepted that investing in the community sector challenges current practices and not everybody will necessarily support such a commitment. Some will be ignorant of what the community sector can achieve. Others will be sceptical. Others will be risk averse. Some will view it as a loss of authority.

Some institutional players view the increase in funds to the community sector as an opportunity to withdraw to their core responsibilities, leaving the community sector to pick up the slack. Others will take the opportunity to reduce the amount of discretionary funding they allocate to the community sector. Some will do both.

Others can choose the path of non-co-operation or not disclose the assets they hold. Others will make arrangements to dispose of their assets to other players or give community-based organisations insufficient time within which to prepare their proposals. Others will seek to include onerous conditions or extract excessive value from the disposal.

Community-based organisations need protection from such practices. Further consideration might need to be given to the obligations of owners of under utilised and redundant buildings, in both the public and private sectors, and the rights of community-based organisation in their management and future ownership.

Hunworth and Stody Village Hall Ltd, Hunworth, North Norfolk

Turnover £5,000 per annum

Staff None, all volunteers

Capital value None

Hunworth and Stody Village Room Ltd was set up in 2001 (out of a Millennium Committee formed in 1999), as a company limited by guarantee to take over, renovate and manage Hunworth and Stody parishes' church hall. Hunworth has a population of about 120 people and is one of six separate villages, with a total population of 800 people, that make up a group ministry in the upper Glaven valley. At that time, no more than fifteen of the Hunworth and Stody population participated in church activities and of these many were in their 80s and 90s or in failing health. In addition, from 1995 to 1998 the villages were without a stipendary priest and by the late 1990s both Hunworth Church and its hall were dilapidated and the hall, used only three or four times a year for Saturday 'coffee mornings', was structurally unsound.

The dilapidation of the church hall and the recognition that neither of the churches had either the energy nor the money to change the situation was cause for sadness. Bringing the hall back into active use was one of main ideas, and the best supported, that surfaced when the Parish Council canvassed local opinion as to a possible focus for a Millennium Project in 1999.

Physical asset

The church room (now known as Village Hall) is a plain timber structure measuring 9 metres by 18 metres and includes, in addition to the main activity space, a kitchen, storage and toilet facilities. Following the Parish Council consultation, a local group was formed to take the project forward. By 2001, when they took over a 25-year lease on the building, they had raised £23,000 to undertake the improvement works and cover the legal fees incurred in setting up the charitable company. Half came from North Norfolk Council and Norfolk Rural Community and the remainder was self-raised locally. The funds were enough to engage a Contractor who installed a septic tank, re-roofed the building, rebuilt the west wall and erected a new entrance lobby and new toilets. Local tradesmen fitted the kitchen, which had been donated by a local resident, and undertook the electrical works and plumbing as gifts in kind.

The newly appointed priest-in-charge took the lead in facilitating the drawing up of the lease which has an annual ground rent of £25 per annum to be paid to both the Stody and Hunworth parishes. This was a complex matter as the hall had covenants that restricted its use to church purposes, was owned jointly by the Stody and Hunworth parishes and held in trust by the diocese. It took two years and involved solicitors acting for the church, the diocese and the new village hall company.

In addition to the plot on which the hall sits, the company has the use of a parcel of adjoining land that has been set aside by a local landowner for community use and to which he has established vehicular access.

Impact

The process has had many outcomes. First, there is a community organisation in the village in addition to the church through which people can participate in community life. Second, new and more people are engaged in community activity. Getting the project up and running has helped build bridges between those of faith and secular traditions and has led to greater communication and co-operation. It has also provided the means by which community leadership has passed from one generation to another.

The building is used much more. In addition to the coffee mornings, adult

education classes, health and well being activities and children's and private parties now take place. The Parish Council and the parochial church councils meet there and the whole village comes together for an annual barbecue, Harvest Supper and Quiz Night. There are also plans for its use as a village cinema and music evenings.

This expansion of activities has entailed trustees and directors of the company developing policies and procedures to govern the management of the building, obtaining fire and health and safety certificates, entertainment licenses, insurance cover and establishing all the organisational capital that has to be put in place before a building can take on a life of its own.

It is a low cost project that is sustainable because enough people are engaged and the tasks are shared. It has changed the way in which people think about themselves and the village.

Funding

Pre-construction project funding

Insufficient attention has been given to the costs involved in developing well-prepared project proposals: at present they are met by the community-based organisation. The pre-construction work covers feasibility studies, site and building surveys, costed design proposals, planning applications and legal costs. There is a need for project funding streams to be established in order that community-based organisations can have access to working capital to cover these costs.

Capital funding

The voluntary transfer of assets occurs only when there is a willing vendor and a funded purchaser. In the absence of either, a flow of transactions will not take place

and the potential contribution of the community sector will be constrained.

At present community-based organisations are heavily reliant on the public sector, and mainly municipal sector, as their primary source of capital assets. Although this has a place, it cannot be the only means of acquiring assets. Adequate funding streams need to be put in place in order that community-based organisations can purchase land and buildings at a reasonable price from a range of owners otherwise their ability to purchase from private owners will be limited.

The current programmes designed to support community-based organisations to acquire and upgrade physical assets have helped establish good practice but they are small when measured against longer-term capital requirements of the community sector. Meeting the capital needs of the

sector will require the creation of new funding mechanisms that will include public, private and charitable sector involvement on a significant scale.

Organisational development

The experience of the Adventure Capital Fund and Futurebuilders indicates that considerable investment in organisational development is essential in order to ensure that community-based organisations seeking to acquire capital assets have capacity to take on board their new challenges. The organisational development work covers strategic reviews, business planning and the upgrading of governance and management systems.

Adventure Capital Fund and Futurebuilders experience has also shown that the input of a strategic companion has been of significant benefit in the run up to and carrying out a major capital investment programme.

Adult and continuing education

The staff and those associated with community-based organisations taking over responsibility for the management, ownership and physical assets and the development of income generating activities have to become confident in using new skills.

The learning agenda is significant. In addition to the organisational aspects of strategic and business planning and improvements to management systems, it includes facilities and asset management, appointing and managing consultants, cost planning, understanding and explaining design drawings, consultation and planning processes, engaging the community, contract management, managing conflict, tackling racism, confronting organised crime, dealing with bureaucracy and many more.

A commitment to developing the community sector requires a new form of professionalism. Architects, surveyors,

engineers and cost consultants need to learn how to address the needs and expectations of new client groups. Planners, valuers, local, health, education and police authority front line and administrative staff need to learn how to respond to new demands and proposals.

These are important issues which if not addressed will restrict the potential of the community sector and make the journey to sustainability more stressful than is necessary. These adult and continuing education programmes need to be delivered locally but the funding has to flow from a national commitment.

Risk management

Role of social developers

The acquisition, ownership, development, management and maintenance of capital assets is a time consuming, stressful and uncertain business. At present, community-based organisations take the full burden of supervising the project preparation and construction stages of any investment programme. These require the acquisition of a range of very different skills from those that they need to deliver their community development and wealth creation programmes. The process can shift the focus of an organisation from its main purpose for a long period of time and in some instances irrevocably.

Significant benefit could be obtained from establishing local partnerships between community-based organisations and a local registered social landlord or heritage trust that would act as a social developer on its behalf. The community-based organisation would focus on its core activities while learning about and long-term facilities management and the social developer would provide the project development and implementation aspects.

Project and/or organisational failure

If significant funds flow, occasions will inevitably occur when the project or its sponsor fails. These projects and organisations exist for the benefit of the wider community: if they fail the costs are born locally. At present there are no mechanisms in place to protect users, the wider community and investors from these unwanted outcomes.

Loss of mission

There are many ways in which a community-based organisation can lose direction. The assets can be used for inappropriate purposes such as drinking

clubs or as a cover for illegal activities. They can be taken over by groups with extreme opinions. Surpluses can be used for personal not community benefit. The organisation can run out of energy or get into difficulty and seek to dispose of its assets.

National umbrella bodies representing the interests of community-based organisations need to work with funders and other stakeholders to develop a robust framework of risk management strategies that will minimise the potential of community-based organisations getting into difficulties and an agreed range of intervention measures that come into play when they do.

Community Action Furness, Barrow-in-Furness

Turnover £750,000 per annum

Staff 50 full and part time staff in
 14 linked enterprises

Capital £2 million
Value

Barrow-in-Furness is an isolated town, which suffered the catastrophic and unpredicted loss of jobs in the local shipyard and associated engineering firms and other trades. The impact on the economy and culture of the town was profound; many young people had believed they had a secure future in the shipyard and had given no thought to other options. The Community Action Furness (CAF) was set up in 1993 as a two-year project by Churches Together in Barrow and community organisations with a grant from the Church Urban Fund. The original and still current Chief Executive approached the issue from a youth work perspective and from a church base. The initial focus was on the training and employment needs of 16-25 year olds and the project started by buying and refurbishing town centre houses to provide construction training and accommodation

for young people. CAF has taken an enterprise approach, looking for gaps in the local market then training and employing its clients to run businesses in these areas. Over the years, they have had some 20 work areas, mostly operated as distinct but linked entities with board members in common and operational crossovers. Some work areas have been reshaped or merged but they are constantly looking for new opportunities and their businesses are managed to take account of market needs.

Physical assets

In 2003, CAF bought a former listed Victorian Sunday school. This followed a comprehensive survey of the town to identify any potentially suitable buildings to house CAF and its projects. With £2m funding from the Heritage Lottery, ERDF, SRB, Adventure Capital Fund and some charitable Trusts and business sponsorship, CAF has refurbished the building to provide high quality, accessible, modern training and office space for themselves coupled with a community café, workspace units to let and a large conference area, the Great Hall, to rent. As a heritage building, CAF

have been required to redevelop it to a very high specification and have had to deal with structural issues such as dry rot and deteriorated roof slates which needed a complete replacement. These factors have led to increased costs.

The refurbishment of the building was completed in 2005. It is anticipated that the rental streams will generate £50,000 per annum. All the office space and business incubator units had been let within one month of moving in.

Community ventures

CAF is associated with three projects which began life within CAF but are now independent: Project John which buys and refurbishes houses to let to young people and now concentrates on tenant support to young single mothers; Jibcraft which provides woodwork training skills, and Furness Homeless Support Group which provides a day centre and emergency accommodation.

Within the organisation, there are seven projects providing vocational training and work experience in a range of fields from cycle maintenance to catering. Funding is a mix of contracts from LSC, JobCentre

Plus, Connexions, spot contracts, charitable trusts and earned income. They are increasingly encouraging grant givers to see their input as an investment. CAF, through these projects, works with some 500 clients, of whom 50 move on into employment or further training each year. CAF is now moving into providing alternative curriculum provision for 14-16 year olds.

Impact

The refurbishment and conversion of the former Sunday school was a major organisational development that consumed considerable time and energy from senior staff but also offered a steep learning curve. It has resulted in an exciting new town centre development, bringing back into use a building of historical importance and contributing to the regeneration of that area of the town centre. The building has made possible the expansion and improvement of CAF's own services and, in developing a building which is able to go beyond housing CAF and its projects, the organisation has potentially made a contribution to the development of other small enterprises and community and voluntary groups.

Taken together, community-based organisations have mapped out a profoundly important area of engagement that is particular to the UK. There is no equivalent in the US or in European Union. Along with other parts of the community sector, they are able to work with and represent the interests of individuals and groups for whom the public and private sectors are seen to be irrelevant. That is important in its own right but, perhaps more significantly, they have been able to create the means by which these communities, the public and private sectors can be reunited.

Support for community-based organisations is part of a much larger agenda of creating a healthy and vibrant community sector, made up from a myriad of community groups, tens of thousands of community organisations and thousands of multi-purpose organisations many of which will sponsor community enterprise and wealth creating programmes.

Community-based organisations, when they take control of the buildings they occupy, embark upon a journey that can produce significant positive outcomes for

themselves, the communities they serve and a wide range of other stakeholders. However, it is neither a cost free nor risk free initiative.

If these caveats are addressed, there is real potential to give substance to the important contribution that community-based organisations make to civil society in general and the future of disadvantaged neighbourhoods and communities in particular.

Appendix 1

References

- Association of Charitable Foundations (2004), *Members Review*, London.
- Building and Social Housing Foundation (June 2005), *Redefining the Commons: Locking in value through community land trusts*, Coalville, BSHE.
- Bynner, J. and Despotidou, S. (2001), *Effects of Assets on Life Chances*, Centre for Longitudinal Studies, London: Institute of Education.
- Countryside Agency (2005), *Capturing value for rural communities: Community Land Trusts and sustainable rural communities*, West Yorkshire, Countryside Agency Publications.
- Dawson, J. (ed.) (2005), *Occupying Community Premises: Guideline for community associations and local authorities*, London, Community Matters.
- Hart, L. (2001), *Asset Transfer: a can-do guide*, London, Development Trusts Association.
- Hart, L. (2005), *To Have and To Hold: The DTA guide to asset development for community and social enterprises*, London, Development Trusts Association.
- Hawe, M.J. (April 2004), *Individual Development Accounts and Community Action Agencies - A Natural Partnership*, Greater Stamford, Connecticut. CTE inc.
- Home Office (2004), *Firm Foundations: The Government's Framework for Community Capacity Building*, London, Home Office.
- Housing Corporation (2006), *2005 Global Accounts of Housing Associations*, London.
- Kretzmann, J.P. and McKnight, J.L., (1993), *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*, Evanston, IL: Institute for Policy Research.
- Lyons, M. (2004), *Towards Better Management of Public Sector Assets: A Report to the Chancellor of the Exchequer*, London, HM Treasury.
- NCVO, (2006), *UK Voluntary Sector Almanac: the State of the Sector 2005* London.
- nfpSynergy (2005), *Charity Awareness Monitor, Executive Overview*, CAMEO
- Number 10: Who volunteers? London, nfpSynergy.
- ODPM/Home Office (2005), *Citizen Engagement and Public Services: Why Neighbourhoods Matter*, London.
- Pike M. (2003), *Can Do Citizens: Rebuilding Marginalised Communities*, London: Social Enterprise Services.
- Power Inquiry (2006), *Power to the People: an independent inquiry into Britain's Democracy*, York, York Publishing.

Local Government Association and Community Matters (2006), *Community Buildings – Maximising Assets*, London, Community Matters.

Reason, J. (ed.) (2005), *Managing Your Community Building: A practical handbook for people running buildings in local communities*, London, Community Matters.

Sherraden, M. (1991), *Assets and the Poor: A New American Welfare Policy*, Armonk, NY: M.E. Sharpe.

Skidmore, P., Bound, K. and Lownsborough, H. (forthcoming 2006), *Participation: who benefits? Community participation in governance and social capital*, London, Demos/Joseph Rowntree Foundation.

Thake, S. (2001), *Building Communities, Changing Lives: the contribution of large, independent neighbourhood regeneration organisations*, York, York Publishing Services.

Thake, S. (2004), *Sustainable Futures: Adventure Capital Fund Round 1 Implementation Report*, London, New Economics Foundation.

Young Foundation (2005), *Seeing the Wood for the Trees: The evolving landscape for neighbourhood arrangements*, London, Young Foundation.

University of North London, Marilyn Taylor Associates and Capital Action Ltd (2002), *Putting Down the Anchor: LDA Support Programme for Community-Based Regeneration Organisations*, London, University of North London.

Appendix 2

Interview and research participants

Leigh Acteson	Glyncorwg Pools, West Glamorgan
Tom Bentley	Demos
June Bourne	Hailsham Pavilion, East Sussex
Richard Clarke	Building and Social Housing Foundation
Pat Conaty	Common Futures/New Economics Foundation
Liz Cox	New Economics Foundation
Tim Crabtree	Social Enterprise West
Anne Diss	Community Action Furness, Barrow-in-Furness
Tom Douglas	Vassall Centre Trust
Christine Goldschmidt	Hastings Trust, Hastings
Ben Hughes	BASSAC
Phil Knibb	Alt Valley Trust, Croxteth, Liverpool
Rev. Robert Marsden	Hunworth and Stody Village Hall, North Norfolk
Sue McMullen	Vassall Centre Trust, Bristol
Bill Mitchell	Gamblesby Village Hall, Cumbria
Richard Murray	New Economics Foundation
Paul Nunney	Hailsham Pavilion, East Sussex
Stuart Orme	Vassall Centre Trust, Bristol
Nick Pearce	Institute for Public Policy Research
Matthew Pike	Scarman Trust

Gareth Potts	Young Foundation
Jenny Pupius	Manor and Castle Development Trust, Sheffield
Tony Rich	Local Government Association
Ashok Suri	Action for Business, Manningham, Bradford
John Taylor	New Economics Foundation
Shann Turnbull	Macquarie University, Australia
David Tyler	Community Matters
Max Weaver	Community Matters, Tower Hamlets
Tim Williams	Office for Deputy Prime Minister
Charles Woodd	Department for Communities and Local Government
Steve Wylor	Development Trusts Association