Productive community assets: generating the benefits

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Summary

Community assets are essential parts of what makes a place and a community. They are valued for their contribution to the social, cultural and community life and well-being of a place and people. What is less articulated and explored in discussions of these assets is their economic value – their potential and capacity to generate local, shared wealth.

This paper explores some of the current understandings, experiences and opportunities of community assets. We find that some have limited ability to build local wealth but are valued locally for other important reasons. There are others that deliver significant social value and impact and there are those that are economically productive and have potential to help regenerate local economies. It is these economically productive assets that have the most scope to contribute to building and retaining local wealth.

There are multiple understandings of community assets, and the context in which assets operate, survive, and thrive has changed markedly since the global economic crash of 2008 and subsequent downturn. With a serious recession following the global pandemic now inevitable, harnessing the economic potential of assets, especially for local economies most exposed to downturn, is more pressing than ever.

We suggest that there are several factors that are central for harnessing the economic potential of community assets for local wealth building:

- Better community rights and control: While there has been progress on this in other parts of the UK, it has remained relatively underexplored in Wales. By having a better set of rights and frameworks around community ownership or control, new forms of community innovation and regeneration can emerge and flourish.
- Detection, understanding and promotion of economic value: Community assets are well understood to have social and well-being merits. Their economic potential all too often appears secondary. There is scope for the economic potential of assets to be emphasised more, and the need to develop their potential recognised.
- Measuring and demonstrating social impact: Not all assets generate a profit but many generate social value. How this social impact is measured and understood is variable and sometimes fragmented. A comprehensive understanding of social value can help to reveal the impact of assets and where their latent productive potential may lie.
- Anchor institutions as enablers: Anchor institutions have powers of ownership, control, planning and strategic oversight of some community assets. By pooling resources and sharing risks and rewards, they are well placed to spot opportunities for innovation and follow them through to unlock economic potential.
- Natural resources as community assets: Resources such as water, air and land are increasingly emerging as assets with productive potential. Renewable energy, innovative land use projects and dividends from natural resources are likely to continue to grow. With this, so must the benefit to communities and their opportunity to harness and control them grow.

1. Introduction

In 2019 the Bevan Foundation began a project on building economic resilience in the south Wales valleys. The project includes exploration of the capacity of community assets, social business and procurement to contribute to economic resilience. This paper outlines some early findings from some of the work on assets, based on desk research, activity with project partners and roundtable discussions with key stakeholders working in asset and community development.

Economic resilience gained currency in the aftermath of the 2008 global financial crash as the crisis affected different people, places and communities dramatically. Over ten years on from the financial crisis and amidst the outbreak of the Coronavirus pandemic, the impact of sudden changes and shocks has again been thrown into the spotlight. Many community assets have come to the fore, with the role of people themselves being fundamental to the crisis response.

The changing nature of society is a key consideration for resilience including demographic change, climate change, Brexit, the changing nature of work and automation. How can community assets contribute to building better resilience? Can they play a role in supporting economically disadvantaged places to rebuild and re-orient where wealth is generated and how it is shared? For places where the stock of existing assets is more limited, these questions are thrown into even sharper focus.

This paper first explores different understandings of community assets. We find multiple and varied kinds of community assets covering civic and cultural activity, natural resources and community facilities. To be a community asset, we contend that an asset must be under majority community or public control.

The role of communities as the guardians, caretakers and beneficiaries of community assets means that people themselves must be part of the discussion as well as in delivering good governance, building capacity and developing innovative and entrepreneurial assets.

We look at the current state of play as well as opportunities to harness their productive potential to contribute to a more resilient community and local economy. This includes economic activity that generates jobs and revenue and which supports local supply chains.

Most if not all community assets face challenges in their current and future financial security. A tension exists between the need to protect and maintain existing assets and the capacity to develop them economically. Financial pressures further blur whether an asset is seen as an asset or a liability. At worst, this tension can – and does – result in the loss of community assets permanently from the public and community realm with the economic potential only being realised once an asset is in private ownership.

By understanding assets in relation to the communities they serve, there are opportunities to capture social value, create comprehensive rights for community control, promote more confidently the economic opportunities and work in co-operation. By doing this the potential of assets can be unlocked for the benefit of local, shared wealth.

2. Understanding assets

Establishing what counts as a productive community asset is not as straightforward as it may first appear. There is no single definition of what a community asset is and there are multiple and competing views. The range of circumstances across places and communities, combined with differences in what communities value, who controls an asset and the capacity to develop them all add to the complexity. What emerges are several interrelated kinds of asset.

For the purposes of this paper, we argue that community assets, by definition, must be either community-controlled or community-owned.

2.1 Traditional understandings

Traditional understandings of community assets tend to be associated with physical amenities such as land and buildings that are a forum for community and civic activities. They include community halls, centres, parks and recreation facilities that provide shared spaces for people to meet and from which other activities, organisations and groups can function. The breadth of activities that occur in these traditional assets reflects their critical role, from sporting groups and youth clubs to OAP groups and food banks. They not only contribute to the well-being of a place, but many do much more. They can operate as community hubs, as was seen in the flooding of February 2020 when some community venues doubled up as community kitchens, shelter and assistance centres.

2.2 Community infrastructure

Some commercial and public services, such as those provided by libraries, post offices, banks and schools, are highly valued for their role in community and economic life. They have been referred to as "community cornerstones"[1] or basic community infrastructure rather than assets. For some places, a local shop, post office or bus service is prized as the sole provider of an essential service. Basic services and infrastructure have received increased attention as a result of interest in the foundational economy. Such amenities provide "foundational" or essential goods and services and are often vital for the liveability of a place. They may well also be key ingredients for determining how well other parts of the foundational economy can prosper in specific places.

2.3 Cultural assets

Cultural assets include the historical, heritage, musical, sporting and religious amenities and activities that are associated with a place and which contribute to its civil life. Often, they are bound up with the history of a place itself – they are what "makes" somewhere what it is and defines its cultural life. These assets generate social value and also have capacity to generate income from their core activities as well as by drawing custom from beyond the local area. Their ownership and management can range from private to publicly owned (although increasingly less so) and community owned.

2.4 Natural resources

Natural resources range from the landscape and land itself to the resources within it such as air, water, forestry and biodiversity. They are fundamental for meeting some of our basic needs as well as defining the places in which we live. Access to them is often considered critical for personal well-being. Natural resources are increasingly included in wider understandings of community assets. They can be and are owned and managed privately, publicly and by communities, and generate social and economic benefits – these are discussed later in this paper.

2.5 Valuing people

Community assets cannot be viewed in isolation from the guardianship, time, skills and expertise dedicated to them by the people who maintain and develop them. In this respect, many stakeholders and practitioners are keen to emphasise that the community assets should be understood and valued in relation to the people who perform these critical roles. As one stakeholder observed:

> *We talk about assets, but in nearly every case, it's people that are the biggest asset. It's good governance, time, volunteers… because most of what we are talking about just wouldn't be possible without them*

Whether people themselves can be understood as 'assets' as such is more contentious. There are mixed views about how people should be viewed in relation to assets. Some feel that they could not be compared to buildings, landscapes and activities, while others see them as inherently part of assets.

Where there is consensus, though, is about the value that people bring to successful community assets and that people are fundamental to whether an asset reaches its full potential. We conclude that people are the "glue" that binds assets to communities and determine their future. In this sense people are essential to asset development and as such are worthy of investment, recognition and support.

Research from the Joseph Rowntree Foundation[2] suggests that there are three categories of people and organisations who run community assets:

- Stewards – small, mainly volunteer-run groups with a single long-standing asset used for hiring out space to local community groups and residents.
- Community developers – medium-sized organisations, often with a range of assets, involved in local service delivery and local partnerships.
- Entrepreneurs – organisations running larger, professionalised social enterprises, mixed local social and commercial assets, following a comprehensive business model.

This categorisation mirrors the location of capacity to tap into and harness economic potential. Stewards play a fundamental role in keeping mostly traditional assets open, operating and available to the people they benefit and appreciated parts of community life. However, they may not deliver an impact beyond their stewarding role. In contrast, community developers tend to be more proactive and have wider reach, often associated with delivering clear social impact and wider social value. Community entrepreneurs are most closely associated with those activities that generate economic value and an income and are discussed further below.

2.6 Valuing assets

The term "asset" is naturally associated with value, including monetary value. At its broadest, some practitioners suggest that whatever is of value to a community is a community asset. We heard a range of views about what is valuable in a community, with some assets struggling, some surviving and some thriving.

In relation to creating more wealth and retaining it locally, however, an asset must be able to generate revenue or at the very least have potential to generate revenue from which the wider community can benefit.

There are three broad categories that reflect the different kinds of value that community assets generate:

- Struggling – assets that experience difficulty surviving. They often struggle financially but are valued by their beneficiaries or wider community.
- Social value – assets that survive and generate tangible social impact that is equal to or outweighs their economic value.
- Economic value – economically productive assets that generate revenue and have an impact on the wider local economy.

Struggling assets often get by through a mixture of volunteer time, grant funding and perhaps modest revenue generation. They often experience fragile governance and finances and struggle to be able to plan for the long term. Unfortunately, we heard about many assets that go from one year to the next facing uncertain futures. They have limited scope to move beyond struggling and surviving. These assets are clearly of value to the beneficiaries and communities they serve but their ability to consistently and demonstrably deliver wider social impact is constrained and their capacity to generate *economic value* is limited.

Assets that deliver clear social value that equals or even outweighs economic value are a second category. The provision of education, skills and training, childcare, support, advice and advocacy services, for example, is often made possible by assets that do not generate significant revenue. However, they play a role in meeting a community's immediate and basic needs and support the long-term fostering of resilience on both a community and a personal level through prevention, increased confidence, well-being and skills development. This is especially the case in areas experiencing economic challenges and associated deprivation. To build a more inclusive economy, people's basic needs must first be provided for.

The third category of community assets is economically-productive assets. They are able to generate economic value in a variety of ways, from conventional trading, to activities that reduce costs, to activities that generate dividends. Some productive assets also act as springboards for self-employment or social businesses. They can be exploited for private gain, as in the case of windfarms and some tourism endeavours, or for public gain, as in the case of water or publicly-owned forestry, and for community gain.

Productive assets have traditionally been overlooked in discussion of community assets, but there are many important examples of successful generation of wealth by assets whose profits or surpluses are re-invested into communities, adding to the local economy and retaining the economic benefit locally.

Some assets can and do move between these three categories. There are also examples of assets that have been undervalued or overlooked, and only become viewed as assets after some form of trigger factor unlocks their potential. In our view there is considerable untapped potential, which we explore further in section 4.

3. The state of assets

The current state of play in relation to community assets reveals both challenges and opportunities. Here we outline the state of community assets including some of the factors, debates and circumstances that shape the context in which they operate.

3.1 Financing and resourcing

The economic crisis of 2008 and subsequent downturn had a sizeable and lasting impact on community assets. Stakeholders identified this as perhaps the most defining feature of the current landscape. Triggering the deepest recession since the Second World War, and followed by slow recovery, the crisis heralded budget cuts across the public realm. Ten years on, the Welsh Government's budget remains below 2010 levels.[3]

Local authorities are identified as critically important partners in the guardianship, support and management of community assets. Yet local authorities have experienced significant real terms that have rippled into communities and community assets as budget lines have been cut and the workforce has been reduced by one-fifth.[4] As the Welsh Local Government Association (WLGA) has observed:

> *This is not abstract accountancy. The impact of austerity has seen libraries close; the end of meals on wheels for the elderly; bus services which no longer run; and youth services being decimated. When added to the weight of welfare cuts administered through councils these changes have a pernicious impact on our communities.*[5]

In parallel to the experience of local government, access to grant funding has also been considerably reduced and has had similar knock-on effects for staffing and resourcing across the third and community sectors. Many commentators describe a perception that the third sector and volunteers are often expected to fill the void where services have been cut.

We also found that many asset managers and guardians recognised that grant funding is sometimes essential for their economic viability and survival. Practitioners described how the drying-up of grant funding had resulted in asset owners and managers, particularly of traditional assets, seeking to be self-sufficient and financially sustainable.

This points towards a wider debate around the purpose of different kinds of asset and the financial support they should receive. Each kind of asset, from struggling to thriving, is likely to require some form of public subsidy and support either on an ongoing basis or, in the case of a start-up, to help them get going. There is a wider debate to be had about the returns on these investments and how the activities generated by different kinds of asset are measured, valued and shared out equitably.

3.2 Assets and liabilities

In a climate of economic downturn and extreme pressure on public sector budgets, it is no coincidence that the transfer of assets out of the public sector has significantly increased. One practitioner referred to the "tsunami" of community asset transfers and sell-offs that had taken place over the last decade. Some stakeholders expressed alarm at the rapid pace of some community asset transfers that had occurred in individual local authority areas.

The increase in asset transfers has sparked debate about whether community assets are in fact viewed as liabilities that need to be "offloaded" by managing authorities. Some successful community asset transfers have transformed struggling facilities into active, vibrant and economically productive community assets. These cases demonstrate that facilities previously viewed as liabilities can have potential to become prized community assets with the right interventions, processes and people.

Unfortunately, there are also numerous examples of asset transfers that have resulted in difficult and unsustainable situations for the organisations taking the assets on, and some that have gone back to the transferring authority as a result.

Stakeholders acknowledged that public bodies' approaches to community asset transfer have evolved and become more informed over time. Some local authorities have reformed their practices and have made concerted efforts to ensure ongoing relationships, including funding, with recipient bodies, while the Welsh Government has refreshed and expanded its guidance on community asset transfer[6]

It is important to recognise that community asset transfer is a means to an end rather than an end in itself. Practitioners suggested, and we also found, that there can be too much emphasis on asset transfer itself rather than on what happens once the transfer has been achieved. Yet this is when the productive potential of such assets really begins.

3.3 Assets or infrastructure?

There is a real concern that basic public and community infrastructure, including key services and facilities, is being erroneously viewed as a community asset. This infrastructure comprises common, public goods that are fundamental to the healthy operation of a society and its communities. The labelling of basic infrastructure as a community asset risks downgrading its importance and long-term sustainability. Behind this sits a tacit expectation that communities now need to take on more responsibilities for public goods and services.

The transfer of some assets raises important questions about who is best placed to run them and what communities can or should be expected to do. This was highlighted in the 2007 Quirk review of community assets which advocated a cultural shift to allow communities a greater role in the running of community assets through more active forms of citizenship.[7] It is also reflected in the "community paradigm", a concept advocated by the New Local Government Network, which traces a shift from the post-war consensus paradigm, where the state played a central role in the provision of assets characterised by a transactional and hierarchical relationship with the public as passive recipients, to a community one, where citizens are partners with power:

> *If public services are to move towards a more preventative approach then individual citizens, and particularly their communities and networks, must take on much greater responsibility for their own lives. However, that flourishing of responsibility will only occur if citizens and communities are given the power to*

exercise it. This means fundamentally challenging the strong tendency of public services to hoard power rather than share it.[8]

Community power and community resourcing are attractive propositions. Practitioners consider that there is an appetite amongst many communities to have more control and greater opportunity to take charge of their own affairs. However, others such as the Centre for Local Economic Strategies (CLES) have argued that the approach hollows out local government and public services:

> *there is little benefit in devolving the remnants of a broken social safety net to communities who are often themselves time and resource poor. We are in an era of deep economic, political, environmental and social change. As such, we should be wary of any slippery slope in which a struggling community sector delivers less with less – and inadvertently contributes to the weakening and hollowing out of local government – dressed up in the language of empowerment.*[9]

Practitioners argue that some communities are filling a vacuum left by local government, which manifests itself as a lack of funding, capacity and officer time. The question of who is best placed to run an asset and where strengths lie is an important one and depends on the nature and circumstances of the asset.

We suggest that there is scope for a comprehensive public conversation in Wales about the role of public services and communities in the guardianship and development of infrastructure and assets. This must explore how power is shared and examine the quality, resourcing and understanding of the kind of "social contract" that can and should exist between communities and public services to develop a new transparent settlement.

3.4 Community rights

The ability to meaningfully own or control community assets is a key issue, and are recurring themes. There is a marked difference in the levels of community ownership of fixed community assets by area. In England, the 30 per cent most deprived areas contain only 18 per cent of assets in community ownership,[10] while in less deprived, rural areas, community ownership of assets is much higher. This pattern is likely to be similar in Wales and has implications for the potential role of assets in communities where deprivation levels are higher.

There are different approaches to community rights across the UK. Wales perhaps has the weakest provision for community rights of ownership and control, with no explicit right to bid or right to own. Some practitioners saw this as reflecting tensions between the role of public bodies and community organisations, in which public bodies were unwilling to devolve meaningful control to communities.

While community ownership can be viewed as a means of safeguarding the future of an asset, it can also be a heavy burden. It may be unreasonable to expect some communities – especially where there are significant liabilities or where capacity is weak – to take on that burden. In the case of some privately owned assets that are run on a purely profit driven basis, the dividends to communities would be considerably greater if they were in public or community ownership, signalling there may be more of a place for community rights to play a role with the right framework and resourcing.

Community asset transfers are not the same as the right to own. In a transfer, transferring authorities sometimes retain the freehold, transferring on a leasehold basis. Some leases are short: there is a substantial difference in control between a ten- or fifteen-year lease compared with a 99-year lease.

Other practitioners emphasised the varied role of community rights depending on the asset itself. A community right to manage in the case of assets with historic or ongoing liabilities[11] may be more appropriate. This is advocated by the Green Valleys Community Interest Company (CIC) in relation to community management of land that was formerly coalfield and carries associated geological risks. In this instance, a "bundle of rights" is advocated that effectively devolves real control to communities but retains the liability with the landowner. In the case of communities with a history of wealth extraction with little dividend and significant risk, this is entirely right and demonstrates the importance of a historical understanding of specific assets and communities.

UK Community Rights: Legislation

Well-being of Future Generations Act (2015) Wales

The Well-being of Future Generations Act requires public bodies to have regard to the long-term impact of their decisions on future generations by ensuring economic, social, environmental and cultural well-being of Wales, in a way that accords with the sustainable development principle. The legislation does not create additional rights to bid or own assets and relies in part on public bodies adhering to the spirit of the legislation.

Localism Act (2011) England

Part 5 Chapter 3 of the Localism Act enshrines a community right to bid for assets that an owner has decided to dispose of. Local authorities are obliged to maintain a list of "community assets" which can be nominated as such by community groups and parish councils. Residential property is exempt. Groups wishing to bid for an asset are then given time to create the bid via a moratorium mechanism. There is no community right to buy the asset but there is a right to bid.

Community Empowerment Act (2015) Scotland

Parts 4 and 5 of the Community Empowerment Act extend the existing community right to buy in Scotland and give communities first right of refusal to buy land that comes up for sale. It also creates provisions for community bodies to purchase abandoned or neglected land or land causing harm to the environmental well-being of the community, where the owner is not willing to sell that land.

Local Government Act (2014) Northern Ireland

Part 10 of the Local Government Act makes provision for community planning and requires local government to have due regard for community plans, but does not enshrine rights to buy, own or control. However, there appears to be a growing movement for rights to buy, bid, challenge and participate through new legislation and frameworks to underpin the current approach to transfer of assets to communities in Northern Ireland.

In relation to the transfer of assets, transferring authorities that exercise good practice require a robust business plan as a means of ensuring that there is capacity in place to make the transfer a success. The Wales Audit Office[12] has suggested that where community asset transfer takes place, it should be simpler and more appealing. Transferring authorities that help build community capacity, give more guidance in raising finance, measure their social impact and support models like social enterprises that promote social value and citizen involvement, are more likely to reap the benefits. This support can help avoid unsuccessful asset transfers that impact significantly on the transferring authority itself in officer time, workload and resourcing.

3.5 Community capacity

Community capacity, good governance and appropriate support are critical ingredients in enabling assets to thrive and reach their full productive potential. Capacity can vary from community to community, and so too can the resources to develop them as budgets have shrunk. Part of the capacity needed is the skill to identify when to bring in outside expertise such as legal, accountancy or technical knowledge. This links back to the role of people themselves as stewards, community developers and entrepreneurs identified by the Joseph Rowntree Foundation.

The economic downturn and associated pressures on budgets have also been key drivers for some anchor institutions to change their approaches to people and assets:

> *a few years ago we tried to do things to and for people but now we want to build capacity on the ground. It's an easy thing to talk about but it's really hard to do. To get communities to step in requires building skills, lots of time, patience and being prepared for bumps in the road.*

Related to community capacity are the complex internal dynamics of communities, which can have a sizeable impact on the success or failure of community ventures. Community groups and organisations can be in direct competition with each other for funding, custom, footfall and local buy-in. Community dynamics can hinder assets from reaching their full potential, but also potentially have a wider impact on community capacity to innovate and capitalise on opportunities around new or emerging community assets. A clear and widely shared vision based on co-operation appears to be a key ingredient for developing productive assets.

Demographic change, especially generational patterns of involvement with community assets, is also a consideration for some community assets. Especially in the case of some long-standing and traditional assets, the older profile of key people involved in asset management is a worrying factor for ensuring the asset's long-term future.

4. Diversifying assets

Understandings of what counts as a community asset continue to evolve. The changed landscape over the last decade has created significant pressures as well as significant opportunities to innovate and diversify.

4.1 Key drivers

The factors that drive diversification or innovation in community asset management appear to be a combination of push and pull factors. At opposite ends of the spectrum in some respects are the engineering of solutions to financial pressures by offloading assets, and the ability of individuals and communities to spot an economic opportunity and take it forward. The threat of loss or closure of an asset can also be a catalyst for communities to develop an asset but as one local authority pointed out:

> *The last thing that we want is to bounce communities into impossible positions. We are reliant on maintaining positive community relations for us to effectively operate as a council, and the prospect of a closure should always be the last resort after all other possibilities have been completely exhausted.*

Practitioners saw this as the least desirable driver of asset diversification, whereas the proactive spotting of opportunities presented far greater possibilities and space for creativity. Practitioners referred to this as an entrepreneurial mindset that is prepared to take appropriate risk and be supported to do so. However some question whether this culture currently exists or is supported to thrive enough.

> *Are we lacking the social entrepreneur with the skills to do this kind of thing? It's a rare thing. They are not a businessperson in the conventional sense of the word but they do have entrepreneurial spirit.*

4.2 Business potential

Community assets have a key yet often underexplored role in providing the kinds of activities and services that help communities thrive, including infrastructure that generates income. Some traditional assets have moved towards being social businesses partly as a means to survive but also to develop new kinds of business models and activities.

The leasing of disused or underutilised spaces to social businesses and entrepreneurs and the provision of in-kind resourcing and support for start-up businesses by some community assets contribute towards strengthening communities' business base. They also reinforce the networks and relationships that foster mutual benefit and co-operation. As an example, the Skyline project has shown how community management of land can create the conditions for a number of businesses to develop including forestry, tourism and food growing,[13] taking inspiration from Scottish crofting and models of community land management.

The community asset response to the specific circumstances, needs and economic profiles of different places is vital to ensure that interventions support enterprise and innovation. The Coalfields Regeneration Trust (CRT) takes this approach through asset guardianship – working with communities over a long-term period to protect assets, bring them back into community use and manage business and services that are tailored and responsive to specific community needs. This approach is particularly relevant to places where capacity is low or where there is limited access to capital and expertise. Yet by working with communities directly and in partnership it avoids the paternalism that some community practitioners feel does not build capacity. It also bridges the gap between asset stewardship and community control.

Case Study: Innovations in assets

Coalfields Regeneration Trust

Asset guardianship

Coalfields Regeneration Trust (CRT) works in coalfield communities across the UK. If a community identifies a building as an asset but capacity of the community to step up and take over the asset is constrained, CRT can step in to buy or take on a long-term lease of the building to safeguard its future. It acts as an advisor and arranges technical surveys and work to refurbish the building and design its use to meet identified need. By working with communities over a long-term period, including capacity building and governance, it manages the building back into the community at a pace that is suited to the individual circumstances of the community. It also project manages the introduction of new services into the asset by working with the community.

Supporting businesses

Some coalfield communities suffer from a lack of available and suitable business space for local businesses to operate from. In response, CRT will take on land to redevelop it for high quality affordable business space, such as mixed light industrial units. These are often integrated in or located close to town centres to stimulate the business profile of an area and stimulate the town centre itself.

During the development of the business space, it also works with contractors to employ local talent and make use of apprenticeship schemes.

4.3 Community benefits, shares and dividends

Although community benefits are associated with procurement practices and with Section 108 regulations that are the result of planning consent and development, stakeholders highlighted the important relationship that exists between community benefits and community assets.

The form that community benefits take varies considerably. Those associated with commercial harnessing of natural resources such as solar parks, quarrying or mining, and wind turbines, for example, can result in substantial funds over the long-term, sometimes decades. These can be administered directly by asset managers or through trusts, boards or local bodies such as local authorities and town and community councils. They can also be paid out on an ongoing or one-off basis.

Matching community benefits to community needs and maximising the gain from an asset can be complex and sometimes unsatisfactory. Practitioners suggested that when allocating funds, the survival and maintenance of community activity tend to be prioritised over innovation or long-term sustainability. The impact of funds can also be variable and are not necessarily widely experienced. There appears to be more scope to change how these sources of local revenue are used that increase shared local wealth.

Community shares are also mooted as ways of widening community involvement in asset development and can raise finance for specific community ventures. Where community shares have been used to fund specific schemes, they have often worked well. However, in communities with high levels of deprivation or with low household incomes the ability to invest in shares, even where returns are guaranteed, is more limited. To increase the use of community shares in disadvantaged places would at the very least require lower minimum share values. The active input of a trusted local organisation or anchor institution could also make such schemes more viable.

Direct community dividends from commercial enterprises and planning developments are also a means of retaining the economic benefits within a given community. Dividends paid directly to everyone living within a specific locality or area of interest have the advantage of reaching a greater number of people – a whole community. They put money directly into people's pockets, raising household incomes and, in the process, potentially boosting the local economy. Direct dividends appear to be a fairly underutilised instrument – perhaps because the outcomes associated with them are significantly more dispersed and less immediately tangible for awarding organisations and trusts. Understandably, fund managers are keen to demonstrate how funding has been spent. Nevertheless, the contribution of direct dividends to raising household incomes could be a more widely tested tool to support a locality and to deliver benefit to substantial numbers of people.

4.4 Natural assets

Natural assets have long been harnessed for private and commercial profit. The towns and villages of the south Wales valleys were founded on the extraction of natural minerals like iron ore, coal and stone. While they generated high levels of local employment and stimulated local supply chains, the work was often dangerous and the profits largely extracted. Far greater wealth flowed out of these places than was retained.

Natural assets are generally fixed and immoveable. They are normally associated with specific places and have potential to deliver long-term economic benefits. Natural assets can be springboards for the development of a place's economic and business profile. Small businesses, social businesses and entrepreneurs, energy, horticulture and food growing, forestry, tourism, training and development, for example, are some of the ways natural assets help create local wealth.

Community owned natural assets also play a direct role in guaranteeing the sustainability of more traditional assets. For example, a micro-hydro plant in the Rhondda valley, owned by a local development trust, generates electricity from a local stream which it sells to the national grid. The income generated is used to help fund a local community centre and associated childcare facility.[14]

There is a growing interest in natural renewable assets as a means to support local economies. The Welsh Government aims to achieve 1 gigawatt of community owned energy by 2030 and for all new energy projects to have at least an element of local ownership.[15] The reduction in government support and financial incentives for community energy is a challenging factor, as it affects the financial sustainability and income generation of all types of projects.

The extent to which natural assets are community assets is more problematic, given that they exist across private, public and community realms. Some natural assets are not community owned and are unlikely to ever be. Others sit in private and commercial hands. However, for those that are publicly owned – which is a significant amount – there remains scope to devolve power and management rights to communities that are willing and able to have a serious and active stake in them.

Other aspects of natural assets, including by-products, also merit more exploration for their productive potential. In south Wales, this potential ranges from the use of mine water to heat homes, farms and tourism facilities[16] to the use of iron-oxide from disused mine works for pigments used in fine art.[17] The prospect of using by-products for community enterprise holds great appeal as a way of reaping the benefits from formerly extractive industries.

4.5 Safeguarding assets

The loss of community assets is an ongoing concern. The manner of their loss illustrated the need to safeguard assets appropriately from the start. It also holds important lessons for realising their potential.

We heard cases of high levels of public investment over decades in the maintenance and regeneration of assets that were subsequently sold on the open market (often in response to budgetary pressures). Open market sale of assets results in the loss of substantial levels of public investment. It means the assets falling out of public benefit permanently, with little prospect of ever returning. Even more frustrating were cases where private purchasers of assets had spotted an economic opportunity – such as land or buildings – that were then developed with planning permission and sold on again at a much higher price. Cases such as these represent missed chances by the original asset owner to identify and develop the economic potential.

The risk of loss of assets reduced through tools such as asset locks and covenants. For example, Fields in Trust offer to safeguard local green spaces via covenants and Deeds of Trusts.[18] The Welsh Government also has guidance on conferring village or town green status to certain community assets. These measures are valuable but do not offer comprehensive protection for the vast range of assets in existence. We suggest there may also be other tools that are available, or that could be developed by public bodies and anchor institutions. They could be utilised both to safeguard assets and to bring them into more economically productive use, as discussed in the following section.

4.6 Productive assets, productive institutions

The role of local institutions in facilitating and harnessing the economic capacity of community assets is an area ripe for development. Amongst these institutions are local authorities, registered social landlords and educational institutions. They also include what one practitioner referred to as "community anchor institutions" such as proactive local community businesses and some third sector organisations.

Such institutions are often the owners or guardians of assets and they therefore have significant control over them. They have convening powers to bring other key partners and communities together. Co-operation between anchor institutions, communities, and other organisations is an important tool for joint and collaborative ventures. It can help to establish what capacity exists where and to understand who is best placed to do what. At a time when resources are limited and the economic outlook is bleak, collaborative pooling of resources can enable innovation and entrepreneurialism. In a tough economic climate, harnessing the economic potential of assets is all the more pressing.

The powers of many anchor institutions go beyond convening. Smarter use of local authority compulsory purchase powers, outline planning permissions, and regeneration and business support could help to harness the economic potential of assets already within their ownership or control. So too could partnering with communities, businesses and other anchor institutions on joint ventures and shared risk agreements. The strategic oversight and pool of skills of anchor institutions make them well placed to spot economic opportunities. They are also in a position to develop and execute a plan to harness them. Where risks are higher or where risk aversion is a factor, the sharing of risks through collaborative ventures can enable innovations and initiatives that might not otherwise be considered viable. Consequently, the rewards of making assets more productive are also there to be reaped amongst anchor institutions and the communities they serve. This catalytic role of anchor institutions is even more critical in communities with lower levels of resources and bigger economic challenges.

5. Conclusion

Understandings of community assets are multiple and varied. They range from community centres to fully fledged, money-making enterprises to the landscape around us. Each kind of asset has intrinsic value either for its contribution to various social goods including collective and individual well-being, cultural identity or participation, or to its social and economic value, amongst many other goods.

Assets are all too often viewed as assets *in spite* of their economic potential rather than because of it. However, as interest in local wealth building grows, their economic potential should be part of planning and delivery of interventions designed to grow local, shared wealth, especially in places that are economically disadvantaged. For this purpose we suggest that community assets that can and do generate economic value are, by definition, the most productive form of asset. The economic profile of an area is a fundamental determinant of many other factors, including the quality of and access to local services, the investment that it receives and the life chances, opportunities and experiences of the local population. Improving the economic profile of a place through generation of revenue, employment and diversification of the local economy will accordingly generate wider benefits.

Productive community assets also come in a variety of types and ownership models. This variety means that different ones require different interventions and kinds of support. Asset development that is responsive to local circumstances, such as the asset guardianship delivered by the Coalfields Regeneration Trust, offer some of the best ways of guaranteeing the long-term viability of assets by working with communities rather than doing things for or to them.

We recommend that there are a number of factors that are central for harnessing the economic potential of community assets for local, shared wealth:

- Better community rights and control: While there has been progress on this in other parts of the UK, it has remained relatively underexplored in Wales. By having a better set of rights and frameworks around community ownership or control, new forms of community innovation and regeneration can emerge and flourish.
- Detection, understanding and promotion of economic value: Community assets are well understood to have social and well-being merits. Their economic potential all too often appears secondary. There is scope for the economic potential of assets to be emphasised more, and the need to develop their potential recognised.
- Measuring and demonstrating social impact: Not all assets generate a profit but many generate social value. How this social impact is measured and understood is variable and sometimes fragmented. A comprehensive understanding of social value can help to reveal the impact of assets and where their latent productive potential may lie.
- Anchor institutions as enablers: Anchor institutions have powers of ownership, control, planning and strategic oversight of some community assets. By pooling resources and sharing risks and rewards, they are well placed to spot opportunities for innovation and follow them through to unlock economic potential.

- Natural resources as community assets: Resources such as water, air and land are increasingly emerging as assets with productive potential. Renewable energy, innovative land use projects and dividends from natural resources are likely to continue to grow. With this, so must the benefit to communities and their opportunity to harness and control them grow.

By taking these steps, communities will be better placed to unlock the full benefit of assets and share the benefits equitably. So too will anchor institutions be able to play a critical role in asset protection and development. With communities and community assets in the spotlight as part of the response to challenge and crises, the chance to support them to thrive in new and better ways is not to be missed.

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